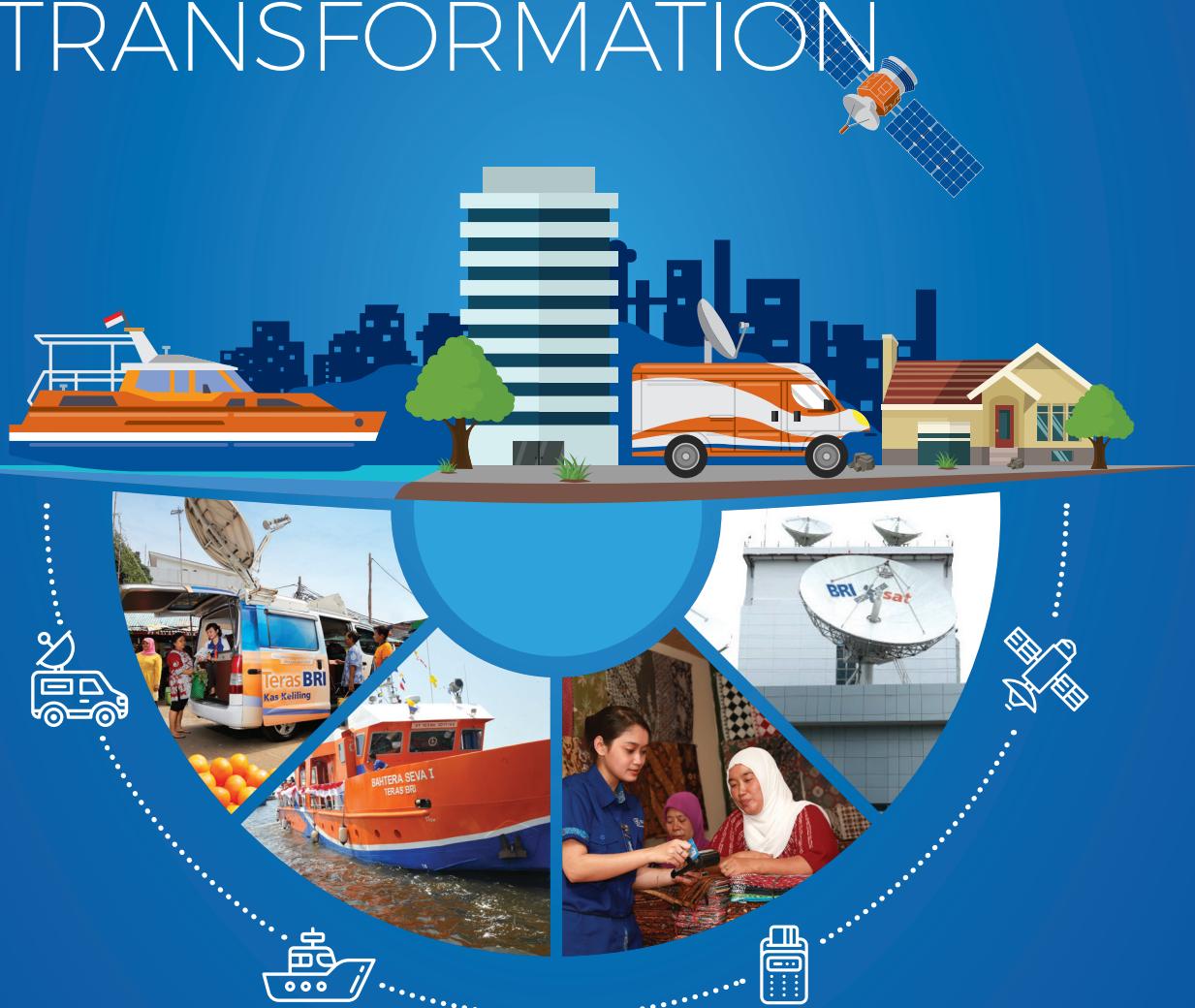
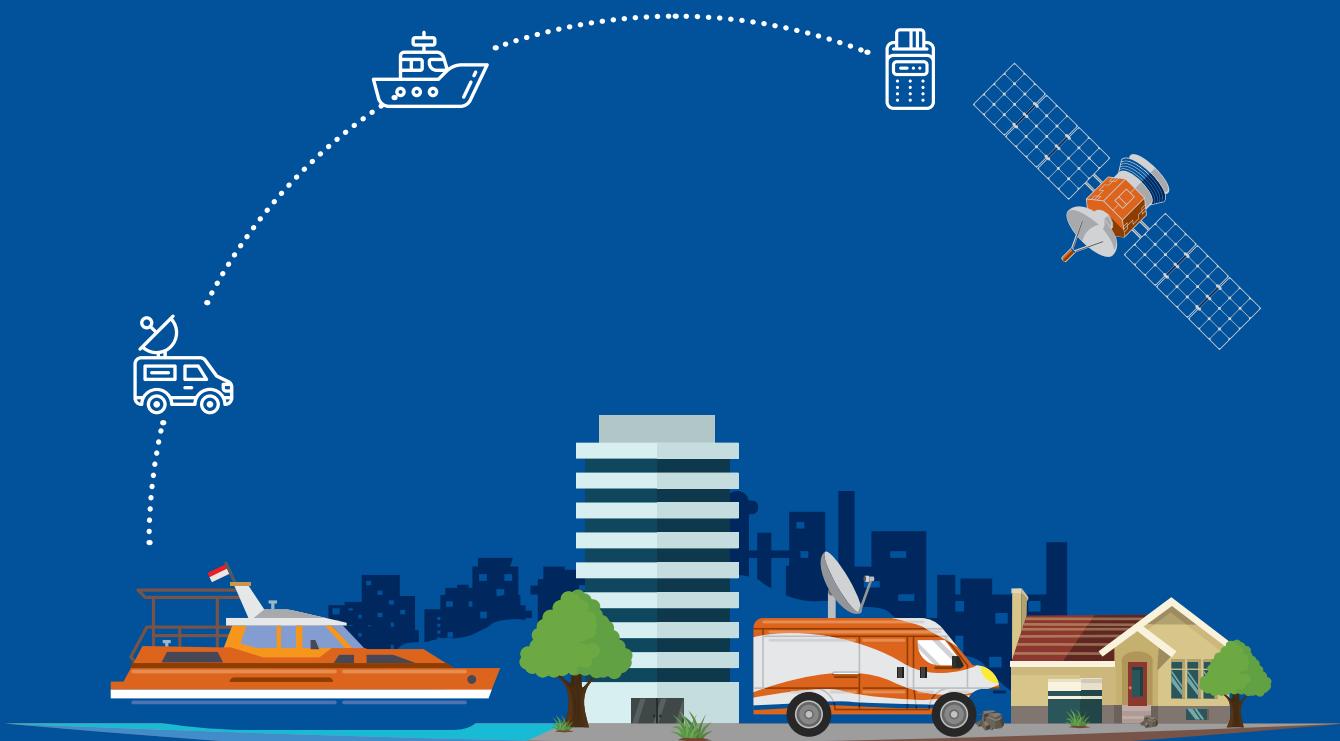


FOSTERING THE NATION THROUGH INTEGRATED BANKING SOLUTION & MSME TRANSFORMATION





FOSTERING THE NATION
THROUGH
INTEGRATED
BANKING SOLUTION
& MSME
TRANSFORMATION

FOREWORD

“

The MSME digitalization serves as part of BRI's breakthrough in developing digital banking through the application of 6 pillars, which are New Way of Working, Fintech Partnership, Mobile First Strategy, Open API, ChatBot and Innovation Ecosystem.

”

Bank BRI continuously focuses on empowering the micro, small and medium enterprises (MSMEs), while maintaining leadership in the micro business market share. Bank BRI carried out transformation by "upgrading" the capacities and capabilities of MSMEs through the access of loans, digital banking and financial inclusion.

The MSME digitalization is implemented by continuously developing a digital platform such as Indonesia Mall. This service fosters the marketing of MSMEs partners products from across Indonesia to go online. The MSME digitalization is part of BRI's breakthrough in developing digital banking through the implementation of 6 pillars, namely New Way of Working, Fintech Partnership, Mobile First Strategy, Open API, ChatBot and Innovation Ecosystem. Bank BRI's digitalization is supported by satellite technology, where BRI is the sole bank in the world to attain and operate its own satellite, BRIsat.

Backed by BRIsat satellites network, Bank BRI's presence is accessible across the archipelago, including in the 3 remote areas (abandoned, isolated, desolated). The presence of BRI in the remote areas aims at providing the integrated financial access of same quality as in the urban areas. The availability of integrated banking access for the communities in remote areas is BRI's commitment in improving financial inclusion in Indonesia.

Bank BRI also continues to penetrate and expand its financial inclusion by developing *LAKU PANDAI* agents called BRILink agents. Up to the end of 2017, BRI has 279,750 BRILink agents capable in posting the transactions with a total value of Rp298 trillion throughout 2017. In addition, BRI is the only bank participating in the *Nabung Desa* Program which aims to expand the awareness of rural communities on the investments in stock instruments.

Bank BRI's commitment to the empowerment of MSMEs is illustrated from the loan portfolio. At the end of December 2017, BRI loans disbursement reached Rp739.3 trillion with 73.5% of which were disbursed into the MSMEs segment. As a result, MSMEs became the main contributor of BRI's performance that subsequently able to record income for the year of Rp29.04 trillion throughout 2017. This led to BRI's achievement as the largest profit-making bank in Indonesia for 13 consecutive years.

Performance Highlights

Management Report

Company Profile

Management Discussion & Analysis

TESTIMONIALS

Joko Widodo

President of the Republic of Indonesia



BRI is able to withstand challenges, various dynamics, and journeyed through several eras. No wonder if BRI has always been a Pioneer in providing services throughout the archipelago. With a focus on providing services to the MSME customers, BRI has supported the government's policy in MSMEs empowerment efforts. Keep working on building the Nation.

H.M. Jusuf Kalla

Vice President of the Republic of Indonesia



From its name alone, BRI stands as the Bank for the prosperity of the people and with the significant achievement, BRI can provide services to all. Essentially, BRI as an agent of development in our financial system has touched so many people and therefore to all Leaders and employees I hope in this transformation of technology era to follow by changing the principles of self-implementation.



TESTIMONIALS

Rini M Soemarno
 SOE Minister of the Republic of Indonesia



I am very proud of Bank BRI, because everywhere I go in all corners of Indonesia I always see BRI, for me it's the pride of its own. No Bank in the World can be accessible anywhere in their country and BRI can. Surely in the future I hope BRI can continue to carry out its duties on how to foster the prosperity of the people of Indonesia, increase its development for small and medium enterprises and on how to transform from micro to become small, from small to become medium, and from medium to become sizeable enterprises.

Eko Putro Sandjojo
 Minister of PDTT Municipality of the
 Republic of Indonesia



I hope BRI continues its penetration to the desolated areas, cooperating with BRI Municipal-Owned Enterprises to continue the establishment of BRIlink and to disseminate the agents as it will help in providing banking access for underprivileged communities. If previously people must pay an expensive motorcycle taxi to get banking access because of the distance, now with BRI helping the Municipal-Owned Enterprises to provide banking access in every village, the villagers can now walk to get the banking access. Hopefully BRI keeps moving forward and takes an active role in the development of this nation.

M. Hanif Dhakiri
 Minister of Manpower of the
 Republic of Indonesia



BRI continues to serve the Indonesian people sincerely and contribute to our national economy. I would like to thank BRI for the sustainable cooperation with the Ministry of Manpower, both for the handling of TKI through various forms of trainings as well as through the People's Business Loan and also for the participation in the BPJS Employment. Continue progressing BRI, Continue your service with all our heart.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

TABLE OF CONTENTS



- 01 Foreword
- 02 Testimonials
- 04 Table of Contents
- 08 Thematics

.41 MANAGEMENT REPORTS

- 42 Board of Commissioners' Report
- 52 President Director's Report
- 64 The Board of Commissioners and Board of Directors Statement of Accountability for the 2017 Annual Report of PT Bank Rakyat Indonesia (Persero) Tbk

.67 COMPANY PROFILE

- 68 Company Identity
- 70 BRI Logo
- 72 BRI at a Glance
- 74 Core Business
- 76 Product and Services
- 80 Operational Areas
- 82 Milestones
- 84 Organization Structure
- 86 Vision, Mission and Core Values

- 88 Corporate Culture
- 90 Board of Commissioners' Profile
- 95 Board of Directors' Profile
- 101 Profile of Senior Executive Vice President (SEVP)
- 104 Employees Demographics
- 107 Shareholders Composition
- 110 List of Subsidiaries and/or Associates
- 111 Corporate Structure
- 112 Shares Listing Chronology
- 117 Other Securities Listing Chronology
- 119 Names and Addresses of Capital Market Institutions and/or Professions
- 120 Awards and Certifications
- 125 BRI Ratings
- 126 Office Addresses and/or Branch Offices or Representative Offices
- 128 Subsidiaries
- 129 Information on the Company Website
- 130 Workshops and Trainings of the Board of Commissioners, Board of Directors, Committees, Corporate Secretary, and Internal Audit Unit

.01 PERFORMANCE HIGHLIGHTS

- 20 Business Segment Performance Highlights 2017
- 22 Financial Performance Highlights 2017
- 24 Financial Highlights
- 26 Shares Highlights
- 28 Bonds Highlights
- 30 Dividend Payout
- 31 Corporate Actions
- 32 Event Highlights



.135 MANAGEMENT DISCUSSION AND ANALYSIS

- 136 Economic and Industry Overview
- 139 Banking Industry and BRI Overview
- 142 Operational Review Per Business Segment
- 144 Micro and Program Business
- 147 Mikro Business
- 150 BRILink
- 153 Program Business
- 158 Retail Business



TABLE OF CONTENTS

<p>161 Consumer Retail Loan Business</p> <p>164 Commercial and Medium-Sized Enterprise Retail Loan Business</p> <p>166 Retail Deposit Business</p> <p>168 Retail Banking Services Business</p> <p>172 Corporate Business</p> <p> 174 SOE Corporate Business</p> <p> 176 Non SOE Corporate Business</p> <p> 178 Syndication and Non Bank Financial Services Business</p> <p> 180 Institution Funds Business</p> <p> 183 International Business</p> <p> 186 Treasury Business</p> <p> 189 Capital Market Support Business</p> <p>192 Subsidiaries Business Review</p> <p> 195 PT Bank BRISyariah (BRISyariah)</p> <p> 199 PT Bank Rakyat Indonesia Agroniaga Tbk</p> <p> 203 BRI Remittance Company Ltd. (BRI Remittance)</p> <p> 206 PT Asuransi Jiwa Beringin Jiwa Sejahtera (BRI Life)</p> <p> 210 PT BRI Multifinance Indonesia (BRI Finance)</p> <p>214 Financial Review</p> <p> 215 Statement of Financial Position</p> <p> 215 Assets</p> <p> 220 Liabilities</p> <p> 222 Equity</p> <p> 222 Statement of Profit or Loss</p> <p> 227 Statement of Cash Flows</p> <p> 228 Financial Ratios</p> <p> 228 Solvency</p> <p> 230 Spot Transactions and Derivative Transactions</p> <p> 231 Capital Structure Policy</p> <p> 232 Material Commitment for Capital Investments</p> <p> 233 Hedging Policy</p> <p> 233 Commitments and Contingencies</p> <p> 234 Rupiah Prime Lending Rate</p>	<p>235 Achievement and Target in 2017</p> <p>235 Target in 2018</p> <p>234 Subsequent Events</p> <p>234 Business Prospects</p> <p>242 Marketing Aspects</p> <p>245 Dividend Policy</p> <p>246 Contribution to the State</p> <p>246 Management and/or Employees Stock Ownership Program</p> <p>247 Initial Public Offering Proceeds Allocation</p> <p>247 Material Transactions with Conflict of Interest and/or Transaction with Related Parties</p> <p>250 Material Information on Investment, Expansion, Divestment, Acquisition, or Debt and Capital Restructuring</p> <p>251 Regulatory Changes</p> <p>259 Accounting Policy Changes Application</p> <p>261 Business Continuity Information</p> <p>262 Human Capital Management</p> <p> 263 Human Capital Management Policy</p> <p> 263 Human Capital Architecture</p> <p> 264 Human Capital Management Strategy</p> <p> 266 Human Capital Management Focus in 2017</p> <p> 267 Work Culture Revitalization</p> <p> 269 Human Capital Management Information System</p> <p> 270 Human Capital Development</p> <p> 273 Human Capital Strategy Implementation and Operational Development</p> <p> 274 Performance Assessment and Remuneration</p> <p> 275 Pension Programs</p> <p> 275 Human Capital Management Performance</p> <p>276 Profile of BRI Human Capital</p> <p>278 Information Technology and Operations</p> <p> 278 Information Technology Policy</p> <p>280 BRIsat</p> <p>282 IT HR Development</p> <p>282 IT Initiatives Realization in 2017</p> <p>283 IT Strategy and Development Plan in 2018</p> <p>280 BRIsat</p> <p>284 Digital Banking</p> <p>284 Achievements in 2017</p> <p>285 Strategy and Development Plan in 2018</p> <p>286 Business Development</p> <p>289 Operations</p> <p> 289 Operations Development in 2017</p> <p> 285 Strategy and Development Plan in 2018</p> <p> 289 Operations Strategy in 2018</p> <p> 290 Fixed Asset Management Policy</p> <p> 290 Fixed Asset Management in 2017</p> <p> 290 Realization of Strategy and Operational in 2017</p> <p> 291 Goods and Services Procurement</p>
--	---

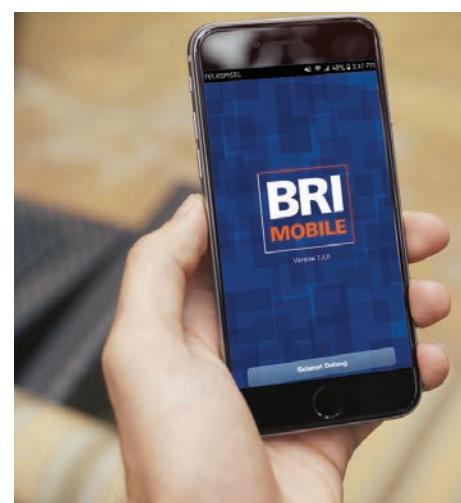
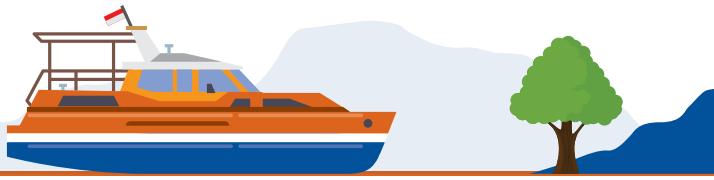


TABLE OF CONTENTS



293

CORPORATE GOVERNANCE

- 294** Governance Commitments
- 296** GCG Awards
- 297** Governance Implementation in 2017
- 298** GCG Principles
- 300** GCG Implementation Objectives
- 300** GCG Roadmap
- 304** Governance Policy
- 305** Governance Structures, Mechanisms and Relations
- 316** GCG Evaluation and Assessment in 2017
- 316** GCG Evaluation and Assessment from Internal Parties, Regulators and External Parties
- 317** GCG Guidelines Implementation
- 330** Self Assessment of Integrated Governance
- 331** GCG Assessment by Independent Parties
- 332** Corporate Governance Performance Index (CGPI)
- 333** GCG Improvement Plan in 2018
- 334** General Meeting of Shareholders
- 359** Board of Commissioners
- 412** Independent Commissioners
- 414** Board of Directors

- 437** Sharia Supervisory Board
- 440** GCG Implementaion Assessment in 2017 Toward the Board of Commissioners and Board of Directors
- 448** Remuneration Policy of the Board of Commissioners and Board of Directors
- 450** Remuneration Governance Policy Disclosures
- 462** Board of Commissioners Meetings, Joint Meetings, & Board of Directors Meetings
- 486** Ultimate Shareholders and Controlling Shareholders Information
- 486** Affiliates Relations Disclosure
- 487** Supporting Organs of the Board of Commissioners
- 491** Audit Committee
- 509** Nomination and Remuneration Committee
- 525** Risk Oversight Committee
- 540** Integrated Governance Committee
- 553** Board of Directors' Committees
- 572** Corporate Secretary
- 577** Investor Relations
- 579** Internal Audit Unit
- 592** Public Accountants
- 594** Compliance Function
- 604** Risk Management
- 626** Internal Control System
- 630** Significant Litigation
- 632** Information Access and Corporate Data
- 633** Code of Conduct
- 636** Whistleblowing System
- 639** Diversity Policy of the Board of Commissioners and Board of Directors
- 640** Anti Corruption Policy and Procedures
- 649** Bank Strategic Plan in 2017
- 650** Other Bank Policies
- 662** Risk Management Tables





TABLE OF CONTENTS

.727

CORPORATE SOCIAL RESPONSIBILITY

- 729 CSR Policy and References
- 730 Social Responsibility Toward Environment
- 734 Social Responsibility Toward Occupational, Health and Safety
- 741 Social Responsibility Toward Social and Community Development
- 742 Increase of Disbursement Realization of BRI Peduli Program for the Period of 2015-2017
- 743 Details of Budget Realization of BRI Peduli Program for the Period of 2015-2017
- 743 Allocation of Budget Realization of BRI Peduli Program in 2017
- 744 Indonesia Peduli
- 745 Indonesia Cerdas
- 748 Indonesia Sehat
- 749 Indonesia Membangun
- 751 Indonesia Takwa
- 752 Indonesia Lestari
- 753 Indonesia Sejahtera
- 754 Total Budget of BRI Peduli
- 754 Partnership Program
- 757 Social Responsibility Toward Consumers



.779

FINANCIAL STATEMENTS 2017

.764

CHECKLIST OF THE ANNUAL REPORT CONTENTS PURSUANT TO THE CIRCULAR LETTER OF OJK NO. 30/2016 ("SEOJK 30/2016")

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis



“

Bank BRI also capitalizes the BRIsat as a network backbone to forge a financial ecosystem that consolidates the entire nation through Bank BRI operating units. These units are continuously expanding and extending with a total of 10,646 conventional operating units and 329,654 e-channel networks by the end of 2017. Through BRIsat, BRI is able to improve the financial inclusion and literacy, “reaching the unreachable”. ”

Bank BRI, Leading in the Era of Banking Digitalization

Embarking into the era of banking digitalization, Bank BRI continues to deliver innovative products and services. Following the launching of its own satellite called BRISat, the access to banking services is now easier to all levels of society, including communities in remote areas such as mountains, coastal areas and outer islands.

Bank BRI also capitalizes the BRIsat as a network backbone to forge a financial ecosystem that consolidates the entire nation through Bank BRI operating units. These units are continuously expanding and extending with a total of 10,646 conventional operating units and 329,654 e-channel networks by the end of 2017. Through BRIsat, BRI is able to improve the financial inclusion and literacy, "reaching the unreachable"

BRI has in place the digital strategy focusing on customer centric. BRI develops the capability in Big Data and Analytic that subsequently will be able to offer products and services to the customers in accordance with its profile characteristics. BRI also in the midst of preparing and upgrading the digital banking supporting infrastructures. BRI is looking into other strategy of taking the opportunities to collaborate with fintech and most importantly to enhance its HR capabilities to be ready in welcoming the era of digital banking. This strategy is delivered to accelerate BRI's intention to accelerate the digital transformation.

Operating Units Development

Outlets	2013	2014	2015	2016	2017
Head Office	1	1	1	1	1
Regional Offices	18	19	19	19	19
Special Branch Offices	1	1	1	1	1
Branch Offices	452	460	466	466	467
Sub Branch Offices	565	584	603	609	610
BRI Units	5,144	5,293	5,360	5,380	5,382
Cash Offices	950	971	983	984	992
Teras BRI	2,206	2,457	2,543	2,545	2,536
Teras BRI Keliling	465	610	636	638	638
Total Operating Units	9,802	10,396	10,612	10,643	10,646

E-Channel Development

E-Channel	2013	2014	2015	2016	2017
ATM	18,292	20,792	22,792	24,292	24,684
EDC	85,936	131,204	187,758	257,712	302,921
CRM	192	392	892	1,392	1,992
E-Buzz	50	55	57	57	57
Total	104,470	152,443	211,499	283,453	329,654

“

Backed by adequate data transmission quality, Bank BRI aimed at making BRIsat as the enabler in optimizing the performance of all operating units and e-channel networks.

”

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

Providing Banking Solutions for All Customers

Bank BRI as one of the largest state-owned bank provides banking solutions through integrated product and services back by digital technology to address the requirements of all customers segmentation.

Backed by more than 50 million customers base, BRI has comprehensive savings and loans products, from micro to corporate supported by modern facilities and features. BRI networks are also accessible to reach across the nation, from rural areas to urban areas, from the coastal areas to the mountain areas.

BRI provides services to individual and institutional customers both within the domestic to international markets. BRI's integrated products and services are in line with the government program to enhance financial literacy and equitable development.

Commitment to Expand Financial Inclusion and Literacy

BRI is committed to expand the integrated financial access to meet the communities' financial needs across the archipelago, both through conventional and non-conventional networks. BRI is the first bank introducing banking technology in rural areas.

BRI's operating units are able to reach across the archipelago and provide networks in the remote areas, BRI is reaching the unreachable and serving those are not served. BRI becomes the pioneer in guarding the Rupiah sovereignty by providing services to the communities in remote areas of 3T (abandoned, isolated, desolated) and providing financial access to the fishermen in coastal areas.





“

BRI becomes the pioneer in guarding the Rupiah sovereignty by providing services to the communities in remote areas of 3T (abandoned, isolated, desolated) and providing financial access to the fishermen in coastal areas.”

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis



“

A total of 279.750 BRILink agents are assisting communities across the archipelago to carry out banking transactions just like it's been conducted in the branch offices. ”

Fostering the MSMEs Transformation

As a bank with core business in MSMEs segment, BRI also fosters the MSMEs transformation in the digital era. This is in line with the vision of the President of RI Joko Widodo, which bring forward the target for Indonesia to become a country with the largest digital economic in Southeast Asia by 2020.

BRI launched the digital marketplace in 2017 which called Indonesia Mall. The Indonesia Mall is a website introduced by BRI to encourage MSMEs entrepreneurs to become technopreneurs, or in other word go digital. With this breakthrough, BRI aims at facilitating the MSMEs entrepreneurs to marketing their products that subsequently increasing the local MSMEs product exposures.

BRI also facilitates the start up by organizing the Coworking Festival 2017 to support creative economic development.

Financial Inclusion Across the Archipelago

Through BRILink Agents, the communities in remote areas are now able to enjoy banking services without the presence of conventional branches. A total of 279.750 BRILink agents are assisting communities across the archipelago to carry out banking transactions just like it's been conducted in the branch offices.

These BRILink agents contribute to the achievement of financial inclusion index in 2019.

MSMEs Transformation and Financial Inclusion Across the Nation

Bank BRI continues to encourage the empowerment and enhancement of MSMEs entrepreneurs in Indonesia. This is carried out by pioneering the procurement of Co-Branding Card facilities for the market traders to constantly make non-cash transactions. Through the

utilization of BRI co-branding cards, they are expected to accustom in getting fast, convenient, and modern banking services, which eventually will be transformed as the cash-less society, capable in optimizing online technology to supporting business development.

Progress of Total BRILink Agents, Total Transactions, Transactions Volume, Fee Based Income of BRILink and Non Interest Income of BRI

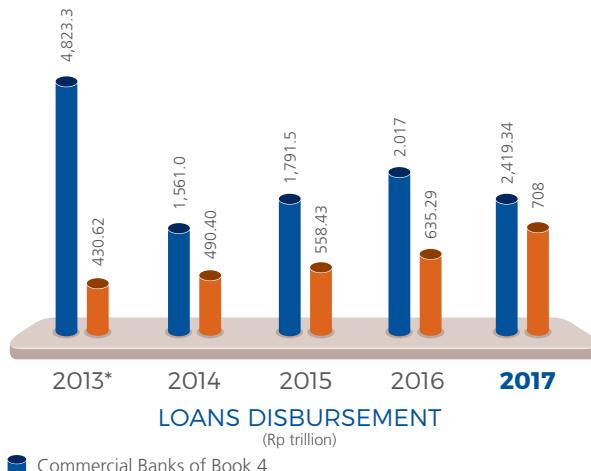


Maintaining Sustainable Growth through GCG Best Practices

BRI focuses in improving the management quality of its loans portfolio through systems improvement and operational procedures, enhancement of information technology infrastructure reliability, as well as improvement of Human Capital competencies and integrity based on GCG best practices.

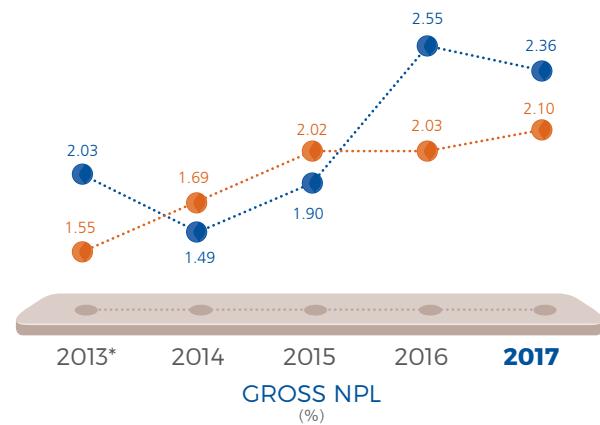
This commitment enables BRI to overcome business challenges and dynamics backed by the customers trusts, both the borrowers and creditors. This led to the increase of BRI assets with a better quality of credit and good profitability of assets compares with national banking average of the same class.

BRI Loans VS National Banking Average of Book 4



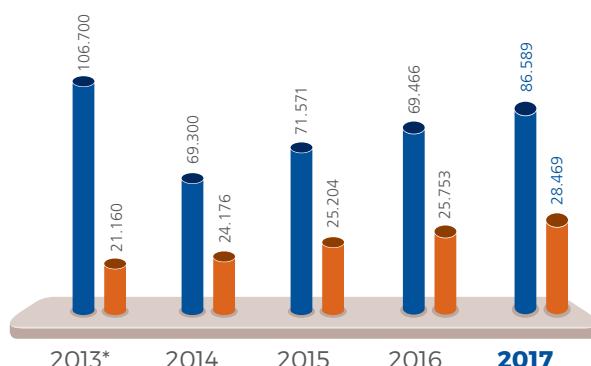
*) The commercial banks data was used for 2013, per book category was not yet available.

BRI NPL VS National Banking Average of Book 4



*) The commercial banks data was used for 2013, per book category was not yet available.

BRI Income for the Year VS National Banking Average of Book 4



*) Pada tahun 2013 menggunakan data perbankan umum, belum tersedia data per kategori buku.

INCOME FOR THE YEAR
 (Rp Billion)

Commercial Banks of Book 4
 BRI Income for the Year (bank only)



“

BRI focuses in improving the management quality of its loans portfolio through systems improvement and operational procedures, enhancement of information technology infrastructure reliability, as well as improvement of Human Capital competencies and integrity based on GCG best practices.”

”

Performance Highlights
Management Report
Company Profile
Management Discussion & Analysis



“

By 2022, Bank BRI has the aspiration to become “The Most Valuable Bank in Southeast Asia and Home To The Best Talent”. ”

”

Transformation to Become “The Most Valuable Bank In Southeast Asia”

- **Bank BRI will be focusing on MSMEs business with the target portfolio of 80% from the total loans disbursement of BRI in 2022.**
- **Bank BRI creates the integrated financial solution**, through its contribution in improving financial inclusion and literacy for the communities followed by **enforcement and empowerment of Subsidiaries**.
- Bank BRI enhances the Subsidiaries roles to **carry out income diversification**, at the same time turning the entities as the place to create the best talents for the Bank.



Bank BRI continues to encourage the empowerment
and enhancement of Micro, Small and Medium
Enterprises (MSMEs) in Indonesia.



PERFORMANCE HIGHLIGHTS

- 20** Business Segment Performance Highlights 2017
- 22** Financial Performance Highlights 2017
- 24** Financial Highlights
- 26** Shares Highlights
- 28** Bonds Highlights
- 30** Dividend Payout
- 31** Corporate Actions
- 32** Event Highlights

**Performance Highlights**[Management Reports](#)[Company Profile](#)[Management Discussion & Analysis](#)

BUSINESS SEGMENT PERFORMANCE HIGHLIGHTS 2017



Micro and Program Business Segment

● Micro and Program Business

posted loans disbursement
of

Rp252.9 trillion

grew 14% from 2016 (YoY)
at Rp221.8 trillion.

● BRILink Transactions Volume

reached

Rp298 trillion

grew 114.2% from 2016 (YoY)
at Rp139.1 trillion.

● A total of 279,750 BRILink agents.

increased by 230.9% from 2016 (YoY)
of 84,550 agents. Total Transactions
of

202.1 million
transactions

grew 105.4% from 2016 (YoY)
of 98.4 million transactions.

BUSINESS SEGMENT PERFORMANCE HIGHLIGHTS 2017



Retail and Medium Business Segment

- Retail Business Loan** of Rp 129.2 trillion **grew 11.9%** from 2016 (YoY) at Rp 115.4 trillion.



Corporate Segment

- Corporate Loans** of Rp 187.4 trillion **grew 6.02%** from 2016 (YoY) at Rp 176.8 trillion.

- Medium Business Loan** of Rp 23.9 trillion **grew 13.4%** from 2016 (YoY) at Rp 21.1 trillion.

- From **the total loans, SOE Loan** was Rp 97.1 trillion **grew 4.64%** from 2016 (YoY) at Rp 92.82 trillion.

- Consumer Loan** of Rp 114.6 trillion **grew 14.4%** from 2016 (YoY) at Rp 100.2 trillion.

- Non SOE Loan** of Rp 90.3 trillion **grew 7.41%** from 2016 (YoY) at Rp 84.09 trillion.

**Performance Highlights**[Management Report](#)[Company Profile](#)[Management Discussion & Analysis](#)

FINANCIAL PERFORMANCE HIGHLIGHTS 2017

Loan Disbursement of  **Rp739.3 trillion**

Loan disbursement of Rp739.3 trillion, **grew 11.4%** from Rp663.42 trillion in 2016 (YoY).
Third Party Funds (TPF) of Rp841.66 trillion,
grew 11.5% from Rp754.5 trillion in 2016 (YoY).
Total Assets of Rp1,126.3 trillion, **grew 12.2%** from Rp1,003.6 trillion in 2016 (YoY).

Income For The Year of  **Rp29.04 trillion**

Income for the year of Rp29.04 trillion,
grew 10.7% from Rp26.2 trillion in 2016 (YoY).

Contribution of Subsidiaries 
1.98%

The contribution of Subsidiaries by 1.98% toward income for the year.



FINANCIAL PERFORMANCE HIGHLIGHTS 2017

FINANCIAL RATIOS

(Bank only)

Loan to Deposit Ratio (LDR) at 

88.13%

Loan to Deposit Ratio (LDR) at 88.13%, increased from the same period in 2016 at 87.7%.

Gross Non Performing Loans (NPL) of 

2.1%

Gross Non Performing Loans (NPL) of 2.1%

Net Interest Margin (NIM) of 

7.93%

Net Interest Margin (NIM) of 7.93%, decreased from the same period of 2016 at 8%.

Cost Efficiency Ratio (CER) of 

41.15%

Cost Efficiency Ratio (CER) of 41.15%, decreased from the same period of 2016 at 41.26%.

Capital Adequacy Ratio (CAR) of 

22.96%

Capital Adequacy Ratio (CAR) of 22.96%, higher compared to 2016 at 22.91%.



Performance Highlights

Management Report

Company Profile

Management Discussion & Analysis

FINANCIAL HIGHLIGHTS

(Rp billion)

	2013 ⁾	2014 ⁾	2015	2016 ^{**)}	2017
BALANCE SHEET					
Total Assets	626.101	801.984	878.426	1.003.644	1.126.248
Total Earning Assets	568.546	728.094	781.931	991.719	1.128.476
Loan – Gross	448.345	510.697	581.095	663.420	739.337
Government Recap Bonds	4.511	4.304	3.816	3.318	3.318
Investment in Shares - Net	223	252	269	2	73.8
Total Liabilities	546.526	704.278	765.299	856.832	958.901
Third Party Funds	504.281	622.322	668.995	754.526	841.656
- Demand Deposits	79.337	90.052	114.367	142.547	147.436
- Saving Deposits	212.997	236.395	272.471	303.270	349.441
- Time Deposits	211.948	295.875	282.157	308.709	344.780
Other Interest Bearing Liabilities	20.896	57.435	68.601	70.349	78.739
Capital/Equity	79.574	97.706	113.127	146.813	167.347
Profit/Loss					
Interest Income					
- With Government Bonds Interest	59.461	75.122	85.434	93.995	102.899
- Without Government Bonds Interest	59.298	74.876	85.092	93.794	102.821
Net Interest Income					
- With Government Bonds Interest	44.106	51.442	58.280	65.418	73.005
- Without Government Bonds Interest	43.943	51.197	57.937	65.217	72.928
Other Operating Income	8.348	9.299	13.855	16.999	19.091
Other Operating Expenses	(22.381)	(26.715)	(31.276)	(34.941)	(38.442)
Provision for impairment losses on financial assets	(3.946)	(5.719)	(8.900)	(13.791)	(17.234)
Income Before Tax	27.910	30.804	32.494	33.974	37.022
Net Income for the year	21.354	24.227	25.411	26.228	29.044
Income attributable to equity holders of parent entity	21.344	24.215	25.398	26.196	28.997
Income attributable to non-controlling interests	10.20	11.69	13.05	32.22	47.8
Comprehensive Income	19.917	24.482	24.872	41.380	30.877
Comprehensive income attributable to equity holders of parent entity	19.913	24.467	24.861	41.340	30.806
Comprehensive income attributable to noncontrolling interests	3,46	14,67	11,05	39,63	71,2
Earnings per share (Rp)	865,22	981,59	1,030,43	1,071,51	237
FINANCIAL RATIO (BANK ONLY)					
Capital					
Capital Adequacy Ratio (CAR)	16,99%	18,31%	20,59%	22,91%	22,96%
Earning Assets					
Earning Assets and Non Performing Assets total earning assets and non performing assets	1,06%	1,09%	1,33%	1,46%	1,38%
Non performing earning assets	1,28%	1,26%	1,57%	1,61%	1,59%
Allowance for possible losses to earn-ing assets	2,90%	2,40%	2,37%	2,75%	3,11%
Non Performing Loans (NPL Gross)	1,55%	1,69%	2,02%	2,03%	2,10%
Profitability					
ROA	5,03%	4,73%	4,19%	3,84%	3,69%
ROE	34,11%	31,19%	29,89%	23,08%	20,03%
NIM	8,55%	8,51%	8,13%	8,00%	7,93%
BOP O (Operating Expenses to Operating Income)	60,58%	65,42%	67,96%	68,69%	69,14%
Liquidity					
LDR	88,54%	81,68%	86,88%	87,77%	88,13%
Compliance					
Violation of Legal Lending Limit					
- Related Parties	Nil	Nil	Nil	Nil	Nil
- Unrelated Parties	Nil	Nil	Nil	Nil	Nil
Excess of Legal Lending Limit					

FINANCIAL HIGHLIGHTS

(Rp billion)	2013 ¹⁾	2014 ¹⁾	2015	2016 ²⁾	2017
- Related Parties	Nil	Nil	Nil	Nil	Nil
- Unrelated Parties	Nil	Nil	Nil	Nil	Nil
Statutory Reserves	8,02%	8,07%	9,31%	6,94%	6,52%
NET OPEN POSITION	3,15%	3,86%	2,33%	6,67%	4,22%

The financial figures presented above represent BRI's consolidated financial statements with subsidiaries for 2013, and 2014: PT BRISyariah, PT Bank Agroniaga Tbk, BRIngin Remittance Co. Ltd; statements for 2015: PT BRISyariah, PT Bank Agroniaga Tbk, BRI Remittance Company Ltd and PT Asuransi Jiwa Bringin Jiwa Sejahtera; statements for 2016: PT BRISyariah, PT Bank Agroniaga Tbk, BRI Remittance Co. Ltd, PT Asuransi Jiwa Bringin Jiwa Sejahtera and PT BRI Multifinance Indonesia; and statements for 2017: PT BRISyariah, PT Bank Agroniaga Tbk, BRI Remittance Co. Ltd, PT Asuransi Jiwa Bringin Jiwa Sejahtera dan PT BRI Multifinance Indonesia.

Financial ratios use bank data only.

*) Restatement following the adoption of PSAK No. 24: Employee Benefits

**) In 2016 there were increases in assets and equity due to fix assets revaluation of Rp14.3 trillion

Source: BRI Annual Report 2017

Research by our team

Search keywords

Referrals

Intelligence Events

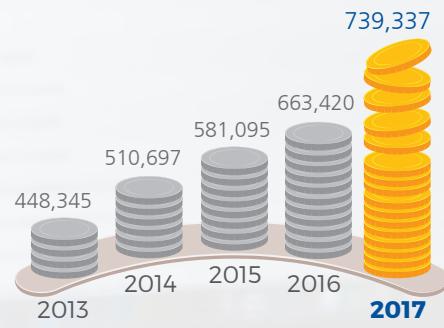
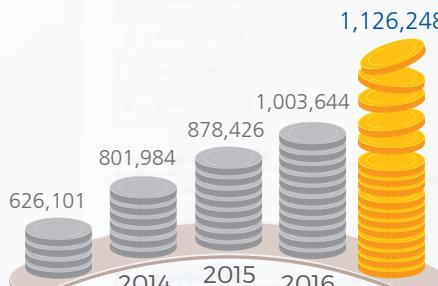
Real-Time

Audience

Acquisition

Behavior

Conversions





Performance Highlights

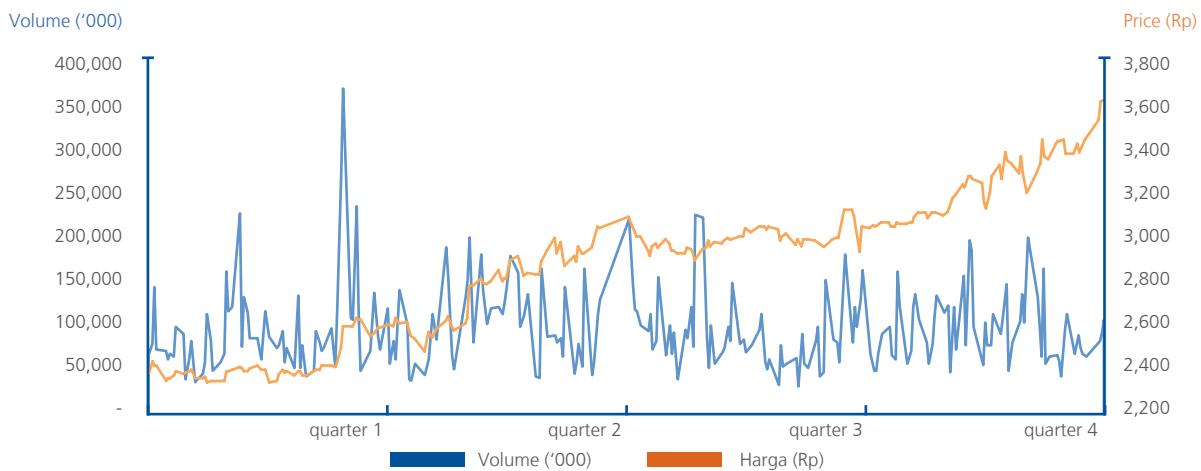
Management Reports

Company Profile

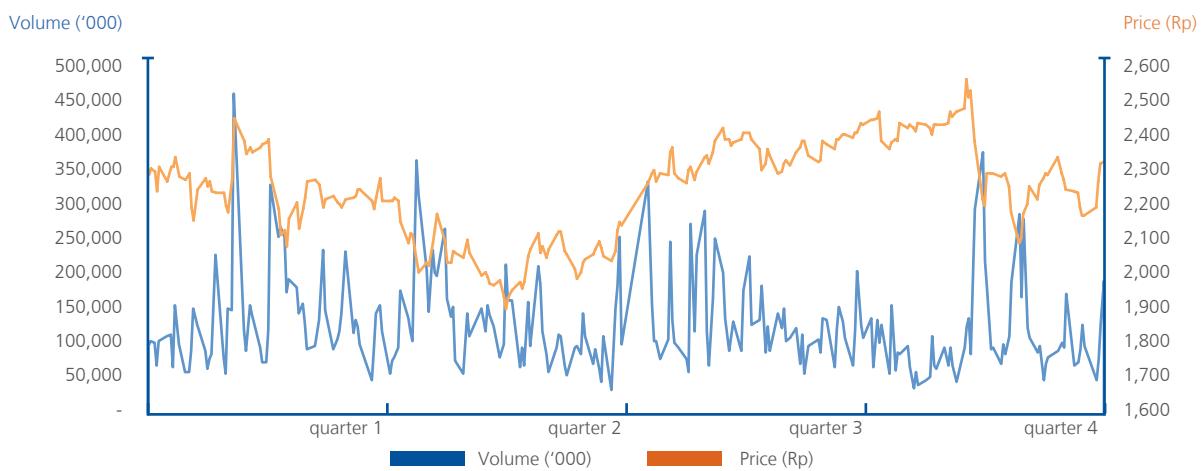
Management Discussion & Analysis

SHARES HIGHLIGHTS

Share Prices Movements, Volume and Market Capitalization 2017



Share Prices Movements, Volume and Market Capitalization 2016



Shares Performance as of 31 December 2017 & 2016

Year	Share Price*				Total Outstanding Shares	Transaction Volume (Share)	Market Capitalization (Rp Trillion)
	Opening	Highest	Lowest	Closing			
2016	2,280	2,575	1,905	2,335	-	32,143,440,000	-
Quarter 1	2,280	2,460	2,090	2,285	123,345,810,000	8,417,654,500	281.85
Quarter 2	2,260	2,230	1,905	2,160	123,345,810,000	8,472,383,500	266.43
Quarter 3	2,180	2,445	2,150	2,440	123,345,810,000	8,073,172,000	300.96
Quarter 4	2,440	2,575	2,095	2,335	123,345,810,000	7,180,230,000	288.01
2017	2,350	3,640	2,340	3,640	-	23,211,823,300	-
Quarter 1	2,350	2,640	2,340	2,595	123,345,810,000	5,965,294,500	320.08
Quarter 2	2,595	3,060	2,485	3,050	123,345,810,000	5,359,020,000	376.20
Quarter 3	3,000	3,135	2,900	3,055	123,345,810,000	5,878,135,000	376.82
Quarter 4	3,055	3,640	3,050	3,640	123,345,810,000	6,009,373,800	448.98

*Already Stock Split Prices

SHARES HIGHLIGHTS

BRI Shares Performance Indicators

Indicators	BRI	
	2016	2017
Closing Price (Rp)	2,335	3,640
Lowest Price (Rp)	1,905	2,340
Highest Price (Rp)	2,575	3,640
Average Daily Transaction Volume	130,664,390	97,528,669
PE (x)	10.90	15.3
PBV (x)	1.95	2.7
Market Capitalization (Rp Trillion)	288,01	448,98

Capital Market Condition and BRI Shares Performance in 2017

Indonesia capital market condition in 2017 indicated an improvement compared to the previous year with the Jakarta Composite Index (JCI) increased by 20% or reaching a level of 6,356 from the level of 5,297 in the previous year. The increase is driven by the Financial Services sector.

The improvement of capital market conditions in 2017 are aligned with the improvement of Indonesian economy, defined by the GDP growth reaching 5.07% level, low inflation rates and high government spending for infrastructure development.

In line with the improved economic conditions, BRI also recorded positive performance in 2017. Loan growth reached 11.4% year on year, above the banking industry average of 9.77% year on year, while the Third Party Funds grew 11% year on year, better than the industry average of 9.35% year on year. BRI also managed to maintain its credit quality with NPL maintained at the level of 2.10% (Bank only), below the industry average of 2.36%.

This performance abled to boost BRI's share price by 56% at the end of 2017 from Rp2,335 in 2016 to Rp3,640. BRI recorded the highest share price of Rp3,640 on 29 December 2017 and the lowest price at Rp2,340 on 25 January 2017. BRI also becomes one of the most liquid public companies whereby BRI's average daily transaction volume was at 97.53 million/day.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BONDS HIGHLIGHTS

Issued Securities and Due

No	Bonds	Currencies	Issuance Date	Maturity	Nominal Value	Tenor (Month)	Coupon/Discount Rates	Ratings	Rating Agencies	Issuance Main Purpose
1	Subordinate Notes due 2013	USD	25 Sept'03	30 Okt'13	150,000,000	120	7.75	B3	Moody's	Strengthening capital structure
2	Bank BRI Subordinated Bonds I Year 2004	IDR	9 Jan'04	9 Jan'14	500,000,000,000	120	13.50	AA+	Pefindo	Strengthening capital structure
3	Bank BRI Subordinated Bonds II Year 2009	IDR	22 Des'09	22 Des'14	2,000,000,000,000	60	10.95	AA+	Pefindo	Strengthening capital structure
4	BRI MTN Phase I Year 2014 Series-A	IDR	10 Okt'14	15 Okt'15	300,000,000,000	370 hari	8.75	F1+	Fitch Indonesia	Loan disbursement with prudential banking and good corporate governance principles.
5	BRI MTN Phase I Year 2014 Series-B	IDR	10 Okt'14	10 Okt'16	60,000,000,000	24	9.25	AAA	Fitch Indonesia	
6	BRI MTN Phase I Year 2014 Series-C	IDR	10 Okt'14	10 Okt'17	360,000,000,000	36	9.50	AAA	Fitch Indonesia	Loan disbursement with prudential banking and good corporate governance principles.
7	BRI MTN Phase II Year 2014	IDR	24 Des'14	24 Des'15	520,000,000,000	370 hari	8.90	F1+	Fitch Indonesia	
8	BRI NCD Year 2014 Series-A	IDR	2 Des'14	2 Mar'15	165,000,000,000	3	8.00	Tidak ada Rating NCD	-	Business expansion through loan disbursement with prudential banking and good corporate governance principles.
9	BRI NCD Year 2014 Series-B	IDR	2 Des'14	2 Jun'15	790,000,000,000	6	8.60	Tidak ada Rating NCD	-	
10	BRI NCD II Phase I Year 2015 Series-A	IDR	22 Apr'15	22 Jul'15	595,000,000,000	3	7.10	Tidak ada Rating NCD	-	Loan disbursement with prudential banking and good corporate governance principles.
11	BRI NCD II Phase I Year 2015 Series-B	IDR	22 Apr'15	22 Okt'15	1,020,000,000,000	6	8.00	Tidak ada Rating NCD	-	
12	BRI NCD II Phase I Year 2015 Series-C	IDR	22 Apr'15	22 Jan'16	265,000,000,000	9	8.10	Tidak ada Rating NCD	-	Loan disbursement with prudential banking and good corporate governance principles.
13	Bank BRI Shelf Registration Bonds I Phase I Year 2015 Series-A	IDR	2 Jul'15	7 Jul'16	650,000,000,000	370 hari	8.40	AAA	Pefindo	
14	Bank BRI Shelf Registration Bonds I Phase II Year 2016 Series-A	IDR	5 Feb'16	8 Feb'17	808,000,000,000	370 hari	8.50	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
15	Bank BRI Shelf Registration Bonds I Phase III Year 2016 Series-A	IDR	25 Mei'16	30 Mei'17	1,212,000,000,000	370 hari	7.50	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
16	Bank BRI Shelf Registration Bonds II Phase I Year 2016 Series-A	IDR	1 Des'16	6 Des'17	616,000,000,000	370 hari	7.25	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
17	BRI MTN Phase I Year 2016	IDR	16 Sept'16	21 Sept'17	1,925,000,000,000	370 hari	7.40	AAA	Pefindo	Developing Bank's business through loan disbursement with prudential banking and good corporate governance principles.

IKHTISAR OBLIGASI

Issued Securities and Outstanding

No	Bonds	Currencies	Issuance Date	Maturity	Nominal Value	Tenor (Month)	Coupon/Discount Rates	Ratings	Rating Agencies	Issuance Main Purpose
1	Senior Notes due 2018	USD	28 Mar'13	28 Mar'18	500,000,000	60	2.95	Baa3	Moody's	Loan disbursement with prudential banking and good corporate governance principles.
2	Bank BRI Shelf Registration Bonds I Phase I Year 2015 Series-B	IDR	2 Jul'15	3 Jul'18	925,000,000,000	36	9.20	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
3	Bank BRI Shelf Registration Bonds I Phase I Year 2015 Series-C	IDR	2 Jul'15	3 Jul'20	1,420,000,000,000	60	9.50	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
4	Bank BRI Shelf Registration Bonds I Phase II Year 2016 Series-B	IDR	5 Feb'16	4 Feb'19	1,018,500,000,000	36	9.25	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
5	Bank BRI Shelf Registration Bonds I Phase II Year 2016 Series-C	IDR	5 Feb'16	4 Feb'21	2,823,500,000,000	60	9.60	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
6	Bank BRI Shelf Registration Bonds I Phase III Year 2016 Series-B	IDR	25 Mei'16	25 Mei'19	2,437,000,000,000	36	8.20	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
7	Bank BRI Shelf Registration Bonds I Phase III Year 2016 Series-C	IDR	25 Mei'16	25 Mei'21	701,000,000,000	60	8.70	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
8	Bank BRI Shelf Registration Bonds II Phase I 2016 Series-B	IDR	1 Des'16	1 Des'19	964,000,000,000	36	8.00	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
9	Bank BRI Shelf Registration Bonds II Phase I 2016 Series-C	IDR	1 Des'16	1 Des'21	193,000,000,000	60	8.20	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
10	Bank BRI Shelf Registration Bonds II Phase I 2016 Series-D	IDR	1 Dec'16	1 Des'23	477,000,000,000	84	8.65	AAA	Pefindo	
11	Bank BRI Shelf Registration Bonds II Phase I 2016 Series-E	IDR	1 Dec'16	1 Des'26	2,350,000,000,000	120	8.90	AAA	Pefindo	
12	Bank BRI Shelf Registration Bonds II Phase II 2017 Series-A	IDR	11 Apr'17	16 Apr'18	1,131,000,000,000	370 hari	7.20	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
13	Bank BRI Shelf Registration Bonds II Phase II 2017 Series-B	IDR	11 Apr'17	11 Apr'20	1,743,500,000,000	36	8.10	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
14	Bank BRI Shelf Registration Bonds II Phase II 2017 Series-C	IDR	11 Apr'17	11 Apr'22	925,000,000,000	60	8.30	AAA	Pefindo	
15	Bank BRI Shelf Registration Bonds II Phase II 2017 Series-D	IDR	11 Apr'17	11 Apr'27	1,300,500,000,000	120	8.80	AAA	Pefindo	
16	Bank BRI Shelf Registration Bonds II Phase III 2017 Series-A	IDR	24 Agu'17	24 Aug'20	980,500,000,000	36	7.60	AAA	Pefindo	Developing Bank's business through loan disbursement with prudential banking and good corporate governance principles.
17	Bank BRI Shelf Registration Bonds II Phase III 2017 Series-B	IDR	24 Agu'17	24 Aug'22	1,652,500,000,000	60	8.00	AAA	Pefindo	Developing Bank's business through loan disbursement with prudential banking and good corporate governance principles.
18	Bank BRI Shelf Registration Bonds II Phase III 2017 Series-C	IDR	24 Agu'17	24 Aug'24	2,517,000,000,000	84	8.25	AAA	Pefindo	



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

DIVIDEND PAYOUT

The AGMS as the highest organ stipulates the dividend amount. The AGMS of 2017 for the fiscal year 2016 has stipulated the dividend payout with a total amount of Rp10,478 billion or at a 40% Dividend Payout Ratio (DPO).

In the DPO process determination, the management has the right to propose the dividend amount by taking into consideration the sustainable business growth projection and with due observance to the fulfilment of capital adequacy ratio (CAR). With the gradual implementation of Basel III that began in January 2015 until completion in January 2019, BRI aims to maintain its CAR at above 17.5% in accordance with CAR requirements level as stipulated in BASEL III.

BRI also considers the sustainable ROE factors in the next three years when proposing the DPO ratio. Backed by strong capital, BRI has the opportunity to grow inorganically by both exercising capital injection to subsidiaries or companies' acquisitions, which will eventually deliver better values for BRI.

GMS Dates	Payout Dates	Year	Dividend Payout Ratio	Dividend (Rp Billion)	Dividend per Share
2004*	23 Juli 2004	2003	75.01	990	84.19
2005	5 Juli 2005	2004	50	1,816	152.88
2006	10 Juli 2006	2005	50	1,904	156.18
2007	2 Juli 2007	2006	50	2,129	173.04
2008	7 Juli 2008	2007	50	2,419	196.34
2009	3 Juli 2009	2008	35	2,085	168.82
2010	15 Juli 2010	2009	30	2,192	132.08
2011	15 Juni 2011	2010	20	2,294	70.04
2012	15 Mei 2012	2011	20	3,017	122.28
2013	15 April 2013	2012	30	5,556	225.23
2014	4 Mei 2014	2013	30	6,348	257.22
2015	22 April 2015	2014	30	7,272	294.80
2016**	22 April 2016	2015	40	7,619	311.66
2017	13 April 2017	2016	40	10,478	428.61

* Dividend Pay Out was calculated based on 2nd Half 2013 Net Income

** Does not consider Shares Buy Back

In 2009 and 2010, BRI paid interim dividends of Rp45.74 per share and Rp45.93 per share, respectively, in accordance with the stipulations of Law No. 40 Year 2007 on the Limited Liability Companies. The interim dividends have been included in the total amount of annual dividend as stated above.

Dividend Year	Payout Dates	Dividend Per Share (Rp)
2009	16 December 2009	45,74
2010	30 December 2010	45,93

CORPORATE ACTIONS

On 22 November 2017, BRI exercised the corporate action in a form of equity investment in PT Bahana Artha Ventura ("BAV") at 71,207 billion of new shares issued by BAV or amounted to Rp71.3 billion or equivalent to 35% of all BAV shares. The purpose of equity investments in this venture capital firm is to increase collaboration with a start-up fintech.

The Bank's Extraordinary General Meeting of Shareholders ("EGMS") held on 18 October 2017 has approved among others the stock split with a nominal value of previously Rp250 (two hundred fifty Rupiah) per share to Rp50 (fifty Rupiah) per share (1:5 Ratio). The amendment of Articles of Association concerning the stock split was carried out as stated in the Deed of EGMS Resolution No. 54 dated 27 October 2017 made by Fathiah Helmi, S.H., Notary in Jakarta with the acceptance notification based on letter No. AHU-AH.01.03-0187521 dated 3 November 2017.

At the closing of trading on 10 November 2017, the share price prior to the stock split at Rp16,450 was changed to Rp3,280 on 9 November 2017. As of 10 November 2017, prior to stock split, the total outstanding shares was 24,669,162,000 shares and following the stock split the total outstanding was 123,945,810,000 shares.

Stock Split In 2017

Description	Shareholders (Total Outstanding Shares)					Total Outstanding Shares
	Government		Public		Nominal	
	Total	%	Total	%	Rp	
Prior to Stock Split	14,000,000,000	56,75	10,669,162,000	43,25	250	24,669,162,000
After Stock Split	70,000,000,000	56,75	53,345,810,000	43,25	50	123,345,810,000



Performance Highlights

- Management Reports
- Company Profile
- Management Discussion & Analysis

EVENT HIGHLIGHTS



11 January 2017

Building Village Economic Halls, BRI Develops Tourism Village in the areas of Borobudur Temple.

BRI Develops Tourism Village in the areas of Borobudur Temple through the Village Economic Centers of Bank BRI at the Tanjung Sari Village, Borobudur District, Magelang Regency, Central Java.

The first groundbreaking ceremony of this Center was attended by the SOE Minister of Republic of Indonesia Rini M. Soemarno, Central Java Governor Ganjar Pranowo, Commander IV Diponegoro Major General TNI Jaswandi and BRI President Director Asmawi Syam.



12 January 2017

Minister Rini Visits the SOE Plus Creative House in Jogyakarta

The SOE Minister of Republic Indonesia Rini M. Soemarno and BRI President Director Asmawi Visit the SOE Plus Creative House of Bank BRI.

Bank BRI continues strengthening its supports in fostering and progressing Micro, Small and Medium Enterprises (MSMEs) sector in Indonesia. One of the supports was carried out through the construction of SOE Plus Creative House (RKB Plus) in Jl. Sagan Kidul No. 123 Terban Gondokusuman, Yogyakarta.

12 January 2017



BRI Kartu Tani Helps Improving the Farmers to Enjoy Financial Inclusion

With the spirit of SOEs For The Nation, BRI also encourages the realization of government programs Nawacita in the area of food resilience, independence and sovereignty in Indonesia through the Launching of Kartu Tani Program located at the Sports Field Supardi, Mungkid, Magelang District, Central Java (12/01). In the launching event and simultaneous distribution of Kartu Tani in 21 Regencies/ Cities in Central Java Province, the SOE Minister of RI Rini M. Soemarno, Central Java Governor Ganjar Pranowo, Magelang Regent Zaenal Arifin and President Director of BRI Asmawi Syam were attended this event.



24 February 2017

President Jokowi Again Launches the BRI Teras Kapal

The President of Republic of Indonesia Joko Widodo inaugurates BRI Teras Kapal Bahtera Seva II and BRI Teras Kapal Bahtera Seva III in Ambon (24/02).

BRI Teras Kapal is one of BRI's financial inclusion that aims to connecting the banking access and services to Indonesian communities, especially for the communities in the archipelago and coastal areas that still cannot gain any access or have not gained any access to banking services.



27 February 2017

Vice President Jusuf Kalla Inaugurates the BRI-UNHAS Microfinance Center

Vice President of Republic of Indonesia Mr. Jusuf Kalla symbolically held the first groundbreaking of the construction of BRI-UNHAS Microfinance Center, an education center from the collaboration of BRI and

EVENT HIGHLIGHTS

Hasanuddin University (Unhas), in Makassar (27/02). Attending the ceremony were South Sulawesi Governor Syahrul Yasin Limpo, BRI President Director Asmawi Syam and Rector of Hasanuddin University Prof. Dr. Dwia Aries Tina Palubuhu M.A.

9 March 2017



BRI Advanced Outlet in Kota Kasablanka

Bank BRI presents BRI Digital in Kota Kasablanka, Jakarta (09/03). The launch was held in conjunction with BRI outlets transformation in digital era. BRI Digital is the most comprehensive digital outlet, which utilized the BRIsat – satellite communication network. This outlet provides customers service from banking product transactions, financial advisory, investment, e-commerce, and other banking transactions.

15 March 2017



Annual General Meeting of Shareholders

Bank BRI convened the Annual General Meeting of Shareholders 2017. In addition to the changes in the Board of Directors' composition, BRI also approved the dividend payout to the shareholders at 40% from the Bank's net income for the year of fiscal year 2016.

April 2017



BRI Organizes Inspiration Class in Remote Islands

Bank BRI organizes series of BRI Care for Education in several outer islands across the archipelago. Introducing the theme of "BRI Educates the Children's Nation", this activity is held as BRI's engagement in building and improving the human resources quality in Indonesia, to provide insights and inspirations to the primary school children from the 3T areas (Abandoned, Isolated and Desolated).

12 May 2017



Bank BRI Grants Master Scholarship to the Journalists

Bank BRI provides scholarship for the Master program to 32 journalists from several prominent national media, from print, electronic and online media. Intelligent Journalist Scholarship is a journalistic kind of scholarship specifically aims for the reporters willing to advance their education in Indonesia's State Universities.

19 May 2017



BRI MSME Parade in Malang City

Bank BRI organizes the MSME Parade event in Malang city, East Java. This parade introducing the theme of "Creative Digital-Based MSME" and held on 19-21 May 2017 at the Gajayana Malang Stadion Parking Area. Malang is the second city from the series of 17 cities included in BRI MSME Parade event until the end of 2017.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

EVENT HIGHLIGHTS



7 June 2017 Five Ministries and State Institutions Utilize the BRIsat Satellite Transponder Slot

Bank BRI presents 4 BRIsat transponder slots to Five Ministries and State Institutions; they are National Policy of RI, National Armed Forces Headquarters, State Intelligence Agency, Marine Security Agency and Financial Ministry of RI. The signing ceremony of this Cooperation Agreement was held at BRI Head Office, Jakarta (07/06) attended by several state officials.



13 June 2017 Rini M Soemarno, Minister of SOE of RI presents the basic foods assistance in conjunction with Ramadhan month witnessed by the President of RI Joko Widodo and BRI President Director Suprajarto

Through BRI Peduli program, Bank BRI participates in distributing 200,000 free basic foods packages granted by SOEs in welcoming Ramadhan across Jabodetabek. This is BRI's commitment in the effort to eradicate poverty in Indonesia.



15 June 2017 Sharing Happiness, HIMBARA Invites Thousands of Orphanages to Open Fasting Together

The Group of State-Owned Banks or usually called HIMBARA that consists of Bank BRI, Bank Mandiri, Bank BNI and Bank BTN again organize Open Fasting

Together with the Orphanages in Jakarta Convention Center on 15 June 2017. Attended at the event were Vice President of RI Jusuf Kalla, SOE Minister of RI Rini M. Soemarno and Board of Directors and Board of Commissioners of HIMBARA.



16 June 2017 Introducing Cashless Society to the National Police Environment, BRI launches Co-Branding Card of BRI-POLRI PROMOTER

BRI introduces Cashless Society to the National Police Environment, by launching the Co-Branding Card of BRI-POLRI PROMOTER



July 2017 CSR Activity: Going Home Together

BRI facilitates 7,000 of its customers to going home for lebaran holiday for free with transportation modes such

EVENT HIGHLIGHTS

as airlines, ships, trains, and buses. This event serves as BRI commitment in realizing its corporate social responsibility which has been held since 2004.

18 July 2017



BRI Receives Award from Bank Indonesia for Consistent Empowerment of MSMEs

Bank Indonesia presents an award to Bank BRI as The First Rank of Excellent MSMEs Empowerment 2017 category Book III and Book IV. The award was directly presented by Bank Indonesia Governor Agus W. Martowardojo to Suprajarto, Bank BRI President Director. Bank BRI has been considered to provide positive contribution in the development of MSMEs in Indonesia. The award was the recognition of Bank BRI's commitment to advance MSMEs sector in Indonesia.

27 July 2017



Forbes Global Award

Bank BRI receives The World's Biggest Public Companies 2017 award from Forbes Global. The award was received by Bank BRI Director Randi Anto on 27 July 2017 in Jakarta.

27 July 2017



Asian Bankers Award

Bank BRI receives the Best Microfinance Product of The Year 2017 award from Asian Bankers. The award was received by Bank BRI Director Donsuwan Simatupang on 27 July 2017 in Jakarta.

9 August 2017



BRI Holds Public Expose at the Bursa Efek Indonesia

Bank BRI Board of Directors presentations in the public expose for investors and stakeholders at the Bursa Efek Indonesia.

11 August 2017



Inviting Communities in Share Investment, BRI Launches "Desa Nabung Saham" Program (Share Investment Program for Villages).

Bank BRI, Bursa Efek Indonesia (BEI) and Kustodian Sentral Efek (KSEI) signed the Memorandum of Understanding for "Desa Nabung Saham" Program. The event was aimed at improving a number of active investors, developing savings and Customer Funds Account services for the Capital Market through Bank BRI banking system.



Performance Highlights

- Management Reports
- Company Profile
- Management Discussion & Analysis

EVENT HIGHLIGHTS

12 August 2017



Bank BRI Invites Young Generation to Say No To Drugs

BRI cooperates with the National Narcotics Agency of RI (BNN RI) organize series of activities "Awareness of The Dangerous of Drugs With Bank BRI". The event was symbolically launched at the Corporate University Bank BRI, Ragunan, South Jakarta (12/08).

18 August 2017



Bank BRI Scholarships For The National Paskibraka (Flag Ceremony Team)

The Paskibraka Team visits BRI Head Office in Jakarta (18/08). Attended the event were BRI President Director Suprajarto with other members of the Board of Directors, and Deputy Ministry of Youth and Sport Development Joni Mardizal. In this event, Bank BRI presents

educational scholarships amounted to Rp165 million for all members of Paskibraka team. The scholarship is one of BRI's engagements in CSR and is expected to enforce other young generation to participate with a spirit of excellence to represent their hometowns to become paskibraka members in the level of regency, province or national.

4 September 2017



BRI Celebrates National Customer Day

BRI Board of Directors and SEVP visit the Branch Offices to meet and greet the customers that are coming to the branch that day. Amongst them was BRI President Director Suprajarto visiting BRI Special Branch Office in Jalan Jenderal Sudirman and BRI Branch Office Tanah Abang, Jakarta.

18 September 2017



Celebrates Indonesia Banking Expo 2017, Bank BRI Develops Banking Industry Digitalization

Celebrates Indonesia Banking Expo 2017, Bank BRI Develops Banking Industry Digitalization

24 September 2017



Improving Migrant Workers Welfares, BRI Launches Indonesia-Malaysia Worker Card

Bank BRI cooperates with Embassy of Republic of Indonesia for Malaysia in Kuala Lumpur regarding the banking product services for Indonesian Workers in Malaysia (24/09). The signing of Memorandum of Understanding was attended by the RI Ambassador for Malaysia Rusdi Kirana, Chairman of PB NU Said 'Aqil Siradj, and BRI President Director Suprajarto and

EVENT HIGHLIGHTS

18 October 2017



Institution Director of Bank BRI Sis Apik Wijayanto. Through this MOU, Bank BRI is committed to issue the Indonesia-Malaysia Workers Card that can be utilized by migrant workers in Malaysia as BRI savings accounts including ATM and debit cards complemented with BRI e-banking.

Extraordinary General Meeting of Shareholders
Bank BRI convenes the Extraordinary General Meeting of Shareholders (EGMS) on 18 October 2017 in Jakarta. The Meeting approved the changes of the Board of Directors and Commissioners, as well as corporate action of stock split with a ratio of 1:5.

19 October 2017



Forbes Indonesia Award
Bank BRI receives The Best of The Best Awards 2017 category of The TOP 50 Companies For 2017 from Forbes Indonesia. The award was received by Bank BRI Human Capital Director Sophia Alizsa on 19 October 2017 in Jakarta.

26 October 2017



Analyst Meeting Q3 2017
Bank BRI Board of Directors presentations to the media regarding the Bank's financial performance. Up to the end of quarter 3 2017, Bank BRI recorded net income for the year of Rp20.5 trillion or grew 8.2% from the same period in 2016.

1 November 2017



The sixth Year of BRIIndocomtech Sponsor, BRI Involved Fintech Start Up
Bank BRI again as main sponsor in the BRIIndocomtech event for the sixth consecutive times since 2012. In this biggest IT event in Indonesia, BRI also for the first time inviting the Financial Technology (Fintech) to participate in the series of BRIIndocomtech 2017 activities.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

EVENT HIGHLIGHTS

4 November 2017



President RI Joko Widodo with SOE Minister of RI Rini M. Soemarno and BRI President Director Suprajarto hold talks with one of the farmers.

Bank Rakyat Indonesia (BRI) actively participates in the disbursement of people's business loans (KUR) to the beneficiaries of social forestry program. As conducted today in Boyolali, Central Java.

10 November 2017



BRI organizes the Opening Bell at BEI, Celebrates the 14th Anniversary of IPO and initial stock trading of BBRI Shares Post Stock Split 1:5

President Director of PT Bank Rakyat Indonesia Tbk (BRI) Suprajarto with all members of the Board of Directors and SEVPs open the stock trading in conjunction with the 14th Anniversary of BRI listed at the BEI. Moreover, the opening bell event also officially began the trading of BBRI shares with the share price post stock split with a ratio of 1:5.

22 November 2017



Bank BRI President Director Suprajarto Symbolically Presents the KUR to Indonesian Workers in Malaysia

PT Bank Rakyat Indonesia (BRI) presents the People's Business Loans (KUR) to the Indonesian Workers in Malaysia witnessed by the President RI Joko Widodo. This is one of BRI programs to provide banking services to the migrant workers.

27 November 2017



ASEAN Corporate Governance Scorecard (ACGS) Award by IICD

Bank BRI receives The 9th IICD Corporate Governance Conference and Award in the Category of The Best Overall in the Implementation of ACGS from IICD. The award was received by BRI Compliance Director Susy Liestiowaty on 27 November 2017 in Jakarta.

EVENT HIGHLIGHTS

5 December 2017



Celebrates 122th Anniversary, Bank BRI Organizes BRIRUN 2017 BOGOR SERIES

BRI organizes national marathon event with the theme of BRIRUN 2017 BOGOR SERIES. The event was in conjunction with the 122th Anniversary and participated by 5,000 runners covering a distance of 5K, 10K and 21K.

10 December 2017



BRI Launches Special Edition Asian Games 2018 Debit Card

To celebrate the Asian Games 2018 that will be held in Jakarta and Palembang next year, Bank BRI as the official prestige partner launches Special Edition Asian Games 2018 Debit Card.

19 December 2017



CGPI Award

Bank BRI receives The Indonesian Most Trusted Companies Based On Corporate Governance Perception Index (CGPI) from SWA Magazine and IICG at the Good Corporate Governance Award 2017. The Award was received by BRI Compliance Director Susy Liestiowaty on 19 December 2017 in Jakarta.

17 December 2017



Celebrates BRI 122th Anniversary, BRI Big Family Joins BRIFFEST 2017

In conjunction with Bank BRI Anniversary on 16 December, Bank BRI organizes BRI Family Festival (BRIFFEST) on 17 December 2017. The cheerful event was attended by more than 65,000 BRI family members.

27 December 2017



Groundbreaking of BRI New Tower in the Golden Triangle Area Jakarta

Bank BRI begins the construction of new tower in the Golden Triangle Area Jakarta, in Jalan Gatot Subroto No. 6. The building named Menara BRI Gatot Subroto, is expected to become a new icon in the capital strategic and prestigious area.

Attended the event were SOE Minister of RI Rini M. Soemarno, BRI President Commissioner Andrinof A.Chaniago and BRI President Director Suprajarto as well as President Director of PT Pembangunan Perumahan Tumiyania.



In spite of the challenges throughout the year, BRI was able to deliver loan growth that exceeded the industry's, a success we attributed to BRI's disciplined asset allocation for Micro Business and Retail Business segments as the main drivers of BRI's profitability.



MANAGEMENT REPORTS

- [**42** Board of Commissioners' Report](#)
- [**52** President Director's Report](#)
- [**64** The Board of Commissioners and Board of Directors Statement of Accountability for the 2017 Annual Report of PT Bank Rakyat Indonesia \(Persero\) Tbk](#)



Performance Highlights

Management Report

Company Profile

Management Discussion & Analysis

BOARD OF COMMISSIONERS' REPORT

“

INDISPENSABLE TO THE BANK'S OUTSTANDING ACHIEVEMENTS WERE THE COMMITMENT TO AND IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE THAT OBSERVED THE CHECK AND BALANCE PRINCIPLE AND PRACTICE BETWEEN SUPERVISORY ORGAN AND THE EXECUTIVE ORGAN OF THE BANK, AS WELL AS OTHER ORGANS UNDER THE BOARD OF COMMISSIONERS AND DIRECTORS. **”**

Dear Esteemed Shareholders,

First of all we express our gratitude to Gold Almighty for the blessings and for enabling the Company to close 2017 with a solid performance.

The Board of Commissioners is satisfied with and appreciates the Board of Directors for the the Bank's achievements in 2017, where the Bank's growth exceeded the national banking industry.

Pursuant to the Articles of Association of PT Bank Rakyat Indonesia (Persero) Tbk and the prevailing laws and regulations, the Board of Commissioners has the duties and responsible to oversight management policies and practices by the Board of Directors, advise the Board of Directors, and ensure the provisions in the Articles of Association as well as other laws and regulations are properly enacted. The Board of Commissioners' oversight performance is elaborated under the Corporate Governance Chapter.

Evaluation of the Board of Directors' Performance

BRI delivered solid consolidated performance. As of December 2017, BRI's assets amounted to Rp1,126.254 trillion, growing by 12.2% from the previous year of Rp1,003.64 trillion. In our view, the Board of Directors successfully implemented prudent strategies to drive loan growth, especially against a highly competitive market in 2017. Until December 2017, the Bank's disbursed loan grew to Rp739.33 trillion or by 11.4% compared to Rp663.42 trillion as of December 2016. Credit quality was well maintained as evident from the gross NPL rate that only slightly increased from 2.13% in December 2016 to 2.23% in December 2017.

On the other hand, Third Party Funds (TPF) rose from Rp754.52 trillion in December 2016 to Rp841.65 trillion in December 2017. This growth was in line with the Bank's strategy to maintain optimum liquidity. The Bank also sought and was able to increase low-cost fund position as indicated by CASA ratio that stood at 59.04% as of the end of 2017.

Corporate Governance
Corporate Social Responsibility
Consolidated Financial Statements 2017

ANDRINO A. CHANIAGO
President Commissioner





Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BOARD OF COMMISSIONERS' REPORT

The Bank's net income rose by 10.7% from Rp26.22 trillion in December 2016 to Rp29.04 trillion in December 2017. Return on Assets (ROA) stood at 3.54% while Return on Equity (ROE) reached 19.73%. BRI also maintained sound capital structure as evidenced by Capital Adequacy Ratio (CAR) at 22.69%, which was significantly above regulatory requirement.

BRI received Composite Rating 2 in 2017, indicating that the Bank was in sound condition and able to withstand impact from negative changes in business conditions and other external factors.

Recommendations and Appreciation for the Bank's Performance

Notwithstanding the Bank's overall strong performance, improvements could be done in a number of areas. The Board of Commissioners has summarized the following points:

- Refining Human Capital placement, strengthening corporate culture, and facilitating employees to adapt with business demands in the digital era
- Continuing efforts to enhance operational efficiency and control operational risk to the level of manageable risk
- Increasing fee-based income (FBI) from banking transactions and other FBI sources
- Continually improving cost structure with focus on growing CASA coupled with service and transaction banking improvements through service and operational digitalization
- Carrying out prudent credit expansion and emphasizing on segments that make up the Bank's core competencies as well as resilient economic sectors
- Optimizing the use of information technology and Digital Banking and Fintech developments to support sustainable business expansion

For the Bank's excellent financial performance, the Board of Commissioners wishes to extend its highest appreciation and congratulations to the Board of Directors and all employees. We hope for the Bank to maintain and advance the already strong results in the future.

Business Overview and Outlook

In addressing the global and domestic economy dynamics and challenges in the banking sector in 2018, it is important for the Bank to continue its strategic initiatives to grow in the SME, Consumer, and Commercial banking, perform mass market business restructuring, increase the synergy between the Bank and its subsidiaries, and carry out more effective marketing activities. The Board of Commissioners agrees that the Bank needs to innovate continuously so as to be ready in terms of digital technology mastery and development. The Bank also needs to strengthen its Human Capital through better Human Capital design and re-dissemination of the corporate culture. These will enable the Bank to be more focused and to build its competitive edge whilst leading in information technology implementation and use of digital banking services to drive higher, more sustainable business growth.

The Board of Commissioners also considers the Bank has achievable Business Plan and Work and Budget Plan for 2018 and the next three years. This is based on available opportunities in the market, the Bank's resources, and the Board of Directors business concept. The Board of Commissioners believes that the optimistic targets identified in the business plans can be met.

With large-scale resources, widespread operating units, and the most extensive service network, the Bank should direct its focus on system strengthening and integrated governance.

BOARD OF COMMISSIONERS' REPORT

With regards to the Bank's current position, a number of objectives need to be advised to the Board of Directors, including:

- Subsidiaries strengthened and the synergy with them improved, including in terms of integrated corporate governance, which is expected to increase the Bank's overall value.
- Digital banking development optimized, bank services and transaction banking enhanced to support business development sustainability and improvement of cost structure by increase CASA.
- Loan expanded prudently by prioritizing growth in the segments that are of the Bank's core competencies and resilient economic sectors, while credit quality across all segments refined.

We hope that the Bank continues to grow in the SME, Consumer, and Commercial segments, and to optimally channel its Partnership and Community Development programs according to the applicable regulations, thus the Bank can play its role as development agent and that equitable development can be realized.

Good Corporate Governance Implementation

In the banking sector, Good Corporate Governance (GCG) implementation in terms of Governance Structure, Governance Process, and Governance Outcome is imperative in the day-to-day operations. Not only GCG protects the Bank from business risks, it also creates public trust towards BRI.

To align its GCG implementation with the current business conditions, the Bank must consistently apply and observe the best practices in the business sector in general and the banking sector in particular. The Board of Commissioners and the Management need to work in concert as closely as possible to apply the best standards and to benchmark its GCG against national and international banking sector practices.

Presently, the Bank refers to the following industry best practices of GCG:

- Principles of Corporate Governance from the Organization for Economic Co-operation and Development (OECD).
- ASEAN Corporate Governance Scorecard.
- Indonesian GCG Guideline issued by the National Committee of Governance Policies (KNKG)
- Indonesian Banking GCG Guideline issued by the National Committee of Governance Policies (KNKG)

During the past several years, the Bank regularly collaborates with the ASEAN CG Scorecard to improve its GCG performance. ASEAN CG Scorecard's assessment and input are one of the sources that inform GCG implementation enhancement. In 2016, the Bank earned "The Best Overall" and received Top Listed Companies award.

Currently, there are four committees that assist the Board of Commissioners in carrying out its tasks, namely Audit Committee, Risk Management and Oversight Committee, Integrated Governance Committee, and Nomination and Remuneration Committee. A commissioner leads each of the committee, while members consist of other commissioners and independent parties from outside the Board.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BOARD OF COMMISSIONERS' REPORT

Committees under the Boards of Commissioners

The committees under the Board of Commissioners soundly performed their roles and responsibilities in 2017, and provided significant support to the Board of Commissioners' duty implementation. The committees' key responsibilities and their performance are as follows:

Risk Management Oversight Committee

- The Risk Management Oversight Committee reviewed the Bank and subsidiaries' risk profile/management implementation including the implementation of GCG, Bank's soundness level, compliance with internal/ external regulations including Anti-Money Laundering (AML) and Counter Terrorism Funding (CTF) through joint meetings of the Board of Commissioners and Directors and Risk Management Committee meetings. The Committee also assists the Board of Commissioners in discussing or communicating with the Board of Directors or responding to an issue of risk governance in general.

The Bank's ability to manage risks is indispensable from the success of the Risk Management Oversight Committee and the Risk Management Directorate in implementing its duties and responsibilities to review and monitor risk management bank-wide. Risk profile rating at "Low to Moderate", sound credit quality portfolio, and low NPL ratio in 2017 evidenced the tangible results of strong risk management synergy

Audit Committee

- The Audit Committee is responsible to assist in assuring the Board of Commissioners that the Bank has adequate internal control to attain its goals. This committee is assisted by the Internal Audit Unit as the 3rd Control of Defense. Review on internal audit findings and corrective measures are carried out regularly. The Audit Committee is also responsible to procure or appoint the Public Accountant Office as the Bank's Independent Auditor.

- Audit Committee plays a role in determining internal control and financial reporting adequacy. Audit Committee evaluates the effectiveness and appropriateness of audit carried out by the Public Accountant Office and reviews financial statements as well as other financial information to ensure they adhere to accounting standards and other applicable regulations.

- In line with regulations from the Financial Services Authority (OJK), the Board of Commissioners has formed an Integrated Governance Committee. Its membership consists of representatives of the Board of Commissioners of the Bank, Bank BRI Agro, BRI Life, BRI Finance, and BRI Syariah including its Sharia Supervisory Board. In 2017, the Integrated Governance Committee assisted in advising the Board of Commissioners on Integrated Risk Management implementation, integrated audit, and integrated compliance function.

Nomination and Remuneration Committee

- The Nomination and Remuneration Committee has substantial contribution especially in terms of evaluating employee remuneration policy and labor practices, Board of Directors and Commissioners remuneration, and the overall Human Capital management. In addition, this committee also provides constructive insights on the system and procedures of appointing and/or replacing members of the Board of Directors and Commissioners as well as Independent members of the Board of Commissioners.

Integrated Governance Committee

- The Integrated Governance Committee has been providing positive contribution particularly in terms of evaluating the implementation of Integrated Compliance Unit, Integrated Internal Audit Unit, and Integrated Risk Management Unit. These functions are carried out under the Board of Commissioners of the respective subsidiaries in BRI as a financial conglomerate and regularly monitored by the Integrated Governance Committee.

BOARD OF COMMISSIONERS' REPORT

Whistleblowing System

The Bank has in place and is applying the Whistleblowing System (WBS) by providing WBS report channels through dedicated phones and emails in each of the Bank's office, and with the President Director as the final person-in-charge for the system. In the Board of Commissioners' view, WBS implementation has complied with GCG principles and that the system has helped enacting the transparency principle within the Bank. The Internal Audit Unit (IAU) is tasked to assist WBS implementation; IAU has followed-up a significant number of cases reported through WBS channels. Every quarter, the Board of Directors monitors and ensures WBS' effectiveness, among others by studying the IAU's reports and follow-up actions.

Risk Management

Risk management quality improvement is carried out following the Bank's business growth. Robust Risk Management implementation would ensure the Bank in attaining its goals. Risk management measures in place are, among others:

- Continuous organizational and governance refinement including by setting up a dedicated directorate for Risk Management in May 2017. This was done in conjunction with comprehensive re-organization that take place within the Bank. Prior to the formation of Risk Management Directorate, risk management and compliance function were jointly overseen by the Compliance Director.

- The Bank's assessment on the risk management efforts carried out by the Risk Management Unit; the Unit uses identified parameters and generates a risk profile to indicate to the Management and Board of Commissioners the priorities of issues to address. Risk Management Committee (RMC) forum is regularly held every quarter - presided by the Risk Management Director, the meeting is attended by the entire management including the Board of Commissioners to carry out bank-wide risk review.
- Independent/ consultant risk management implementation review as needed to enrich risk management improvement input.
- Other than engaging the services of internationally reputable Public Accountant Offices, or the industry's top five, for the Bank's annual audit, OJK also regularly and independently reviews BRI's risk management and reports the result of its assessment as well as recommendations to improve GCG.
- Use of Balanced Score Card in the process to attain the Bank's goals, among other to determine the Bank's financial objectives articulated in Work and Budget Plan disseminated to all operating units as one of the basis of performance assessment, and customer-focused services embedded with the values of integrity and professionalism.
- In 2017, a regular review on Risk Management Implementation of the Bank by the Internal Audit Unit was conducted.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BOARD OF COMMISSIONERS' REPORT

Changes in the Board of Directors and Commissioners' Composition

There were changes in the Board of Commissioners and Directors of the Bank in 2017. Pursuant to 2017 EGMS resolutions, held on 18 October 2017, the Meeting agreed to honorably discharge Mr. Adhyaksa Dault as an Independent Commissioner and to appoint Ms. Rofikoh Rokhim to fill the vacant seat. The Meeting also honorably discharged Mr. Sunarso as Vice President Director and Mr. Randi Anto as Director. The EGMS then appointed Ms. Handayani as the Consumer Director and Ms. R. Sophia Alizsa as the Human Capital Director; their term of office will be concluded at the closing of 2022 AGMS.

In addition to discharging and appointing members of the Board of Commissioners and Directors, there were also changes to the nomenclatures in the boards' structure and transfer of duties within the Board of Directors. The present management structure of the Bank is as follows:

Board of Commissioners

President Commissioner/Independent Commissioner	: Andrinof A. Chaniago
Vice President Commissioner/Commissioner	: Gatot Trihargo
Independent Commissioner	: Mahmud
Independent Commissioner	: A. Fuad Rahmany
Independent Commissioner	: A. Sonny Keraf
Independent Commissioner	: Rofikoh Rokhim
Commissioner	: Nicolaus Teguh Budi Harjanto
Commissioner	: Vicentius Sonny Loho
Commissioner	: Jeffry J. Wurangian

Board of Directors

President Director	: Suprajarto
Director of Micro & Retail Credit	: Priyastomo
Director of Medium, Corporate & SOE Credit	: Kuswiyoto
Director of Digital Banking & Information Technology	: Indra Utoyo
Director of Network & Service	: Mohammad Irfan
Director of Business Strategy & Finance	: Haru Koesmahargyo
Director of Compliance	: Susy Liestiowaty
Director of Risk Management	: Donsuwan Simatupang
Director of Institution	: Sis Apik Wijayanto
Director of Consumer	: Handayani
Director of Human Capital	: R. Sophia Alizsa

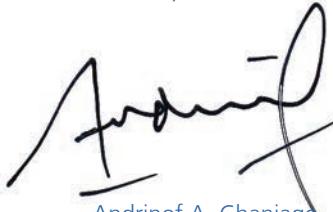
BOARD OF COMMISSIONERS' REPORT

Conclusion

To close, please allow us on behalf of the Board of Commissioners to extend our thanks to our shareholders, customers, business partners, stakeholders, and the public at large for their trust and continued support. We firmly believe the Bank will continue to deliver sustainable growth and exceptional performance in the future.

We hereby conclude the Board of Commissioners' Report of Oversight on the Bank's Management in 2017.

Jakarta, March 2018



Andrinof A. Chaniago
President Commissioner



Performance Highlights

Management Report

Company Profile

Management Discussion & Analysis

BOARD OF COMMISSIONERS



.01 ANDRINOF A. CHANIAGO
**President Commissioner/
Independent Commissioner**

.02 GATOT TRIHARGO
Vice President Commissioner

.03 AHMAD FUAD RAHMANY
Independent Commissioner

.04 A. SONNY KERAFA
Independent Commissioner

.05 MAHMUD
Independent Commissioner

Corporate Governance
Corporate Social Responsibility
Consolidated Financial Statements 2017



.06 ROFIKOH ROKHIM
Independent Commissioner

.07 VINCENTIUS SONNY LOHO
Commissioner

.08 JEFFRY J. WURANGIAN
Commissioner

.09 NICOLAUS TEGUH BUDI HARJANTO
Commissioner



Performance Highlights

Management Report

Company Profile

Management Discussion & Analysis

PRESIDENT DIRECTOR'S REPORT

“

BRI SUCCESSFULLY JOURNEYED THE CHALLENGES IN 2017, AS REFLECTED BY THE BANK'S ACHIEVEMENTS IN FINANCIAL PERFORMANCE INDICATORS THAT ARE EXCEEDING THE INDUSTRY AVERAGE, WHICH SUBSEQUENTLY LED TO THE BANK'S RECORD OF THE LARGEST PROFITS IN BANKING INDUSTRY. GOING FORWARD, THE BUSINESS STRATEGIES WILL BE FOCUSING ON IMPROVING THE BANK'S PERFORMANCE AND COMPETITIVENESS BY DRIVING HUMAN CAPITAL COMPETENCE, PRODUCT INNOVATION, AND DIGITAL SERVICES. **”**

Assalammualaikum Wr Wb,

First and foremost, let us extend our thanks to God for bestowing upon us the strength to navigate through the challenges in 2017. Throughout the year, BRI strived and successfully deliver an exceptional performance. We were able to fulfill the mandate from our stakeholders and therefore increasing value for our shareholders. We believe this success will strengthen BRI's business growth for many years to come. Please allow us to now take you through an overview of BRI's performance in 2017.

Global and Domestic Macroeconomic Overview

The global economy in 2017 experienced an overall cyclical recovery on the back of growth in both developing and developed countries. In the developing economies, United States' economic growth performance at 2.3% from 1.5% in 2016 was driven by increased investments as consumption grew. Meanwhile, Europe grew better than expected at 2.5% from 2.0% in 2016 thanks to stronger exports, consumption, and investments. In line with the US and Europe, Japan's economy was also more

robust (with 1.6% growth from 0.9% in 2016) due to higher consumption level and private investment. In developing regions, China's exports and consumption effectively raised the country's growth level (6.9% from 6.7% in 2016). Conversely, India's growth contracted to 7.1% from 8.2% in 2016.

Stronger global economy condition in 2017 boosted demands and the volume of global trade, followed by increase in commodity prices especially oil and coal. This trend is expected to continue in 2018 although at a moderate level as indicated by revised global economic projections by several international institutions.

Nationally, Indonesia's economy grew by 5.1%, an uptick from 5.0% in 2016. This growth level was driven mainly by improved investment and exports, as household consumption remained contracted due to lower purchasing power. Investments grew significantly from 4.5% in 2016 to 6.2% in 2017, and exports performed notably well to 9.1%, a sharp turn from negative growth of -1.7% in 2016. Meanwhile, household consumption slightly dipped from 5.0% in 2016 to 4.9%.

Corporate Governance
Corporate Social Responsibility
Consolidated Financial Statements 2017



SUPRAJARTO
President Director



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

PRESIDENT DIRECTOR'S REPORT

Overall, the domestic economy was sound, propped by stable inflation rate, surplus in the balance of payments, stable deficit in current accounts, significant inflow of foreign investments to Indonesian government bonds, stable exchange rate, increased foreign exchange reserves, and credible state budget.

With Indonesia's success in maintaining the stability of its financial system and economy whilst driving for sustainable growth, S&P finally raised – after 20 years – Indonesia's sovereign rating to Investment Grade. S&P's rating added to the recognition previously earned by the country from three international rating agencies (Fitch in 2011 and Moody's in 2012). Not only S&P, positive rating was also given by Japanese agencies Rating and Investment Information, Inc (R&I) dan Japan Credit Rating Agency (JCR).

National Banking Sector Performance

Banking Credit Quality Improved

The banking industry experienced a dynamic business environment in 2017. Low inflation and stable current account deficit allowed Bank Indonesia to lower the 7-day reverse repo rate 2 (two) times, respectively in August and September. In total Bank Indonesia has lowered its benchmark interest rate eight times since the beginning of 2016 by a total of 2%. The decrease led to lower deposit interest rate by 65bps in 2017 followed by average decline of interest rates of capital working loan, investment loan, and consumption loan by 67, 65, and 94 bps, respectively.

While monetary transmission from credit may yet to be optimum, credit growth stood at 8.2% or higher compared to 7.9% in 2016. Conversely, third party funds growth slightly declined to 9.4% from 9.6% in 2016. The limited credit growth was due to low household consumption and purchasing power, especially among the lower income society.

Other than that, the banking industry in fact remained solid as evidenced by two key indicators of banking sector stability, namely the Non-Performing Loans (NPL) and Capital Adequacy Ratio (CAR). While in 2017 NPL peaked to 3.16% in February, it improved and reached 2.6% at end of the year, while CAR was maintained at around 23%.

Bank's 2017 Performance Analysis

Strategic Policies

Solid Growth on the Back of Micro and Retail Businesses

In spite of the challenges throughout the year, BRI was able to deliver loan growth that exceeded the industry's, a success we attributed to BRI's disciplined asset allocation for Micro Business and Retail Business segments as the main drivers of BRI's profitability.

In 2017, BRI's Micro loan grew 14.0% year-on-year to Rp252.8 trillion. Its contribution to BRI's total loan also rose from 34.9% to 35.7%. Meanwhile, our Retail Business grew by 13.8% year-on-year to Rp270.6 trillion and now contributed to 38.2% of BRI's total loan. Bank Indonesia recognized this accomplishment and BRI was awarded as the Best MSMEs Support Bank 2017 in the category of BUKU III and BUKU IV banks.

Gearing up for BRI "from Good to Great" Transformation Journey

In line with BRI's long-term plan 2018-2022, the Bank is set on the path of becoming the Most Valuable Bank and Home to the Best Talents. To that end, BRI commenced its initial preparation of the transformation journey in 2017 by communicating the plan to its stakeholders to ensure an efficient process in the future. BRI's entire management were fully involved in the information dissemination stage, and this showed the Bank's commitment to "from Good to Great" transformation plan that will take place from 2018 to 2022.

PRESIDENT DIRECTOR'S REPORT

The transformation encompasses the following aspects:

- CASA: focus in funding growth from low-cost funds or CASA
- Consumer Focus: focus in improving service quality by providing integrated financial services
- Credit Excellence: enhance Risk Management capabilities across all segments
- Capabilities: increase Human Capital's productivity by optimizing digital technologies and data analytics
- Culture: build performance-driven culture

Enhancing Efficiency by Optimizing Technology

In addition to approaching our stakeholders, the first steps of transformation process in 2017 included the piloting of BRISPORT initiative to digitalize the business process of our commercial Micro loan segment.

An Android-backed system that uses Internet connection, BRISPORT allows for credit decisions to be taken immediately on the spot. The implementation of BRISPORT showed that the turnaround time of loan application went down from 3 (three) days to 2 (two) days for new customers while providing same-day turn around for existing customers. Going forward, other improvements of our business process will also cover credit scoring and Retail Business segment.

Through faster loan decisions and leaner back-office process the Bank hopes to drive the productivity of its Human Capital. In 2017, without significant addition of people or Operating Units, profit per employee rose from Rp276 million in 2016 to Rp306 million in 2017, or by 10.9% year-on-year. In terms of employee engagement, 71.9% of BRI's employees were engaged while employee satisfaction level reached 90%. BRI plans to maintain productivity-oriented strategies by optimizing its use of digital technologies and data analytics capabilities.

Our Commitment to the Nation's Economic Advancement

BRI is undoubtedly committed to the advancing the national economy. In 2017, the Bank disbursed a total loan of Rp69.4 trillion under the micro program or KUR to 5.1 million customers. Directly aligned with the government's strategies to empower micro and small enterprises, 40% of KUR disbursements in 2017 were made to productive businesses.

BRI has also been supporting other government initiatives, such as the non-cash subsidy channeled through a variety of programs targeting farmers through Kartu Tani, low-income families through Kartu Keluarga Sejahtera, underprivileged students through Kartu Indonesia Pintar, and student savings program Tabungan Pelajar. BRI's contribution in turn has generated positive outcomes for the Bank's performance, as was evident from BRI's growth in savings fund.

Other than KUR and non-cash subsidy, BRI has continued moving to realize financial inclusion for the currently unbanked segment by growing the BRILink network of branchless banking agents. Today, from the pool of its Loan and Savings customers, BRI has 279,750 agents. Agent applications have always been carefully considered to maintain service quality as the agents represent the Bank in their interaction with customers and that their productivity is reflected in BRI's financial performance. From 2016 to 2017, BRILink agents booked 114.2% increase year-on-year of total transaction amount, from Rp139.1 trillion to Rp298.0 trillion. BRILink agents are expected to continue supporting BRI's operational efficiency and generating sustainable profitability.

Performance of Our Subsidiaries

For BRI, subsidiaries make up one of the Bank's growth pillars. In 2017, BRI focused on growing the businesses of its subsidiaries to create a synergy within the BRI Group as an Integrated Financial Service provider. BRI demonstrated its commitment in this aspect by injecting capital in the amount of Rp873.23 billion in July 2017.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

PRESIDENT DIRECTOR'S REPORT

To synergize the business, BRI partnered with its subsidiaries in terms of financing, marketing, infrastructure optimization, operational network, and Human Capital. Through this successful collaboration, the subsidiaries' profit contribution to the Bank's consolidated performance increased from 1.8% in the previous year to 2.0%.

Particularly notable was BRI Life that delivered 53% profit growth year-on-year to Rp327.7 billion, Risk Based Capital (RBC) at 301.15%, and ROE at 17.30%. The new subsidiary BRI Finance that joined the Group in 2016 also exhibited solid performance - lowering its Non-Performing Finance (NPF) to 4.24% from 9.90% and booked Rp51.07 billion of Net Income. In the conventional banking business, BRI Agro contributed Rp140.5 billion to the consolidated net income.

Sharia Banking Continued to Progress

BRI's subsidiary in sharia banking sector, BRI Syariah, strongly concluded the year with 13.9% asset growth year-on-year to Rp31.5 trillion and Rp105.2 billion in profits. However, these achievements were met with a number of challenges including credit quality that BRI Syariah needed to address. BRI consequently oriented its focus on selective growth and credit quality improvement.

Target Realization

Overall, the Bank was able to meet its targets set at the beginning of 2017; with the growth performance of net income for the year at 10.5% while Non-Performing Loan stood at 2.1%.

Summary of Actual vs. Target performance (Bank only)

Performance	2017 Target	2017 Realization	Target Achieved	Remark
Outstanding Loan	715,294	708,001	99.0%	Below target
LDR	90.88%	88.13%	103.1%	Exceeding target
Net Interest Margin (NIM)	7.85%	7.9%	101.0%	Exceeding target
CER	43.24%	41.2%	105.0%	Exceeding target
Gross NPL	2.11%	2.1%	100.5%	Exceeding target
Net Income For The Year	27,755	28,469	102.6%	Exceeding target

In 2017, BRI successfully met its net income for the year target, delivering Rp28.5 trillion or 102.6% from the 2017 target of Rp25.8 trillion. This performance was mainly driven by the strong level of net interest margin, improved operational efficiency, and growth of non-interest income.

The Net Interest Margin performance was primarily backed by the decrease in cost of fund from 3.83% to 3.27% or by 56 bps in line with Bank Indonesia's decision to lower its benchmark interest rate by 50 bps in August and September. Moreover, a change in loan composition that favored Micro and Retail loans also contributed to asset yield.

In terms efficiency, increase in this aspect in 2017 was mainly due to the lower growth of other operating expenses at only 9.9% year-on-year, far below the compound annual growth rate (CAGR) in the past three years of 17.4%. Contributed to this result was BRI's limited expansion of Operating Units, which was in line with the Bank's strategy of optimizing the role of digital technology to accelerate and ease banking operations.

PRESIDENT DIRECTOR'S REPORT

On the non-interest income, BRI was able to book 12.1% growth year-on-year to Rp18.7 trillion. This growth was driven by the increase in recovery rate ratio from 52.8% in 2016 to 53.1% in 2017, which was mainly due to the improved recovery income in the Micro segment. This was the result of recovery rate acceleration program that took place in the fourth quarter of 2017.

The Challenges

Our performance in terms of outstanding loan was slightly below target as part of BRI's long-term strategy to avoid being aggressive in the Corporate segment. This was coupled with declining credit demand especially investment loan, as Corporate customers preferred to directly access the capital market following the improvement of Indonesia's credit rating.

This was evident from increase in capital market financing, such as: stock issuance (IPO and rights issue), corporate bonds issuance, and medium-term notes (MTN) grew considerably in the last two years. In 2017, capital market financing grew by 31% from Rp195.4 trillion to Rp254.4 trillion. This financing source was attractive for its lower interest rate compared to bank loans. The national banking industry would need to be ready to compete in this area especially since the industry should expect more financing alternatives emerging in the future.

Business Outlook

Given the favorable developments of the domestic economy on the back of recovering global economy and Indonesia's loan to GDP ratio below 40%, the MSMEs business remains offering ample potential. BRI believes that the banking business in 2018 will be similarly promising.

Indonesia is also hosting a series of important events in 2018, such as the regional head election in Java, the Asian Games, and the IMF-World Bank Annual Meeting. These events could be important impetus for the national economy, creating opportunities and potentially triggering demands for working capital loan, investment, and consumption. However, it is also important to remain

vigilant especially with respect to the elections which may cause middle-class customers to hold investments pending safe and smooth elections.

Knowing the potentials, BRI continues to get ready to deliver the Leading MSMEs and Operational Excellence Through Digital Banking in 2018. BRI focuses on digitizing its loan-related business processes and create other digital-based services for Retail and Corporate segments.

In 2018, business development strategies will continue to champion the Micro and Retail business segments, optimizing the marketing of flagship products such as multipurpose loan Kupedes and Briguna, and mortgage product. BRI places its confidence in these sectors as the Government's economic policies favor the development of the Micro businesses, shown by the increase in KUR to be disbursed by BRI from Rp69 trillion in 2017 to Rp79 trillion in 2018.

BRI is expected to balance this focus on loan disbursement, especially in the Consumer and Micro segments, with growth of Third Party Funds (TPF) through effective marketing strategies for the Bank's leading savings products Simpedes and Britama. The increase in the State Budget appropriation for non-energy subsidy and regional transfer is also expected to contribute to higher volume of savings in the Micro segment, continuing the trend in the last 2 (two) years.

Human Capital Management

In terms of maintaining business continuity, Human Capital is the key component in strategy execution and target attainment. BRI is therefore committed to improve the competencies and capabilities of its employees; Capabilities and Culture are included in BRI "from Good to Great" transformation plan 2018-2022.

As part of the Bank's efforts to prepare the first milestone towards becoming "Home to the Best Talents", BRI's Human Capital management in 2017 underlined a number of policy areas, including performance management system, recruitment system, performance-based benefits, and culture revitalization.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

PRESIDENT DIRECTOR'S REPORT

Increasing Productivity, Better Compensation Structure

BRI managed a total of 92,858 employees in 2017, consisting of permanent employees (including employees on probation), trainees, and contract employees whose productivity increased substantially. Profit per employee grew from Rp276 million in 2016 to Rp306 million in 2017, or by 10.9% year-on-year. This improvement showed the fruit of BRI's commitment to driving productivity by maximizing the use of technologies.

BRI also revisited its compensation and benefit structure of its salesforce in the Micro segment, as the frontline of BRI's business strategy execution, to improve their welfare. In addition, as part of benefit structure refinement, BRI expanded its health insurance and pension schemes.

Talent Management Policy Refinement

BRI refined its Talent Management Policy in 2017, the underlying policy of the Bank's Succession Plan mechanism. The Bank aimed to have a more effective and efficient way to fill key jobs by having a robust succession plan mechanism.

Alongside talent management policy improvements, the Bank also improved the KPIs (Key Performance Indicators) in the BSC (Balanced Scorecard) system that was initially implemented in 2016. The improvements included addition and changes to performance parameters to enable quantitative and a more accurate performance assessment.

Upholding Integrity by Increasing the Awareness of Anti-Fraud and Anti-Gratification

To instill the integrity mindset to all employees, BRI has in place a number of initiatives such as anti-fraud strategy and know-your-employee policy. BRI seeks to minimize fraud risk by fostering anti-fraud awareness culture among employees in reference to Compliance Division Internal Memo Number B.132.e-DKP/BNP/05/2015 dated

11 May 2015 on Antifraud Awareness. In 2017, the anti-fraud strategy was disseminated through Performance Improvement Forum in accordance with Human Capital Development Division Letter No. B.61.e-KPS/HBI/02/2017 dated 21 February 2017 on Performance Improvement Forum Implementation Guideline.

BRI also utilized Digital Office channel to campaign for the management's commitment to take firm actions against all forms of fraud (zero tolerance). The campaign encourages all BRI employees to be whistleblowers; communicates prohibition to offer and/or receive any kind of gratification; and promotes the BRI Gratification Control unit (UPG BRI) as the reporting center.

Information Technology Management

The way the customers and banks interact inevitably change and influenced by technology development and lifestyle. Therefore, technology management and governance are increasingly vital in the banking industry.

Digital Banking Business Development

Following the Board of Directors' composition changed in 2017, BRI also added a new structure in Digital Banking to address business challenges in the digital era as the new trend in the financial industry. The presence of financial technologies is believed to be complementing business developments in digital banking. Based on the current trend, BRI has identified 6 pillars of digital banking, namely New Way of Working, Fintech Partnership, Mobile First Strategy, Open API, ChatBot, and Innovation Ecosystem.

BRI's focus during the first year of digital banking business was talent recruitment and long-term strategy design. In addition to that, BRI has also concluded a number of business process developments, products, and services in the pipeline, among others the New Internet Banking, a new version of the current internet banking. The New Internet Banking uses MADP (Mobile Application Development Platform) concept that is more dynamic to improve customer satisfaction and utilization of internet banking.

PRESIDENT DIRECTOR'S REPORT

Supporting Financial Inclusion Program through Technology

Other than building business supporting system, BRI also develops supporting systems for public services and government, such as Online Tax Payment, Social Assistance Channeling System, Online Driving License System, and electronic traffic fine system e-Tilang. For BRILink, BRI develops free Internet-based application for Android users to create faster, more flexible, and more affordable branchless banking services.

IT Infrastructure Upgrade

In 2017, BRI reviewed IT process and upgraded its IT infrastructure to improve the Bank's operational performance, ensure better customer satisfaction, and support Digital Banking business strategies. To that end, BRI has undertaken several initiatives to develop future-ready technology platforms by taking into account factors such as the leading technology, ease, convenience, and information security.

IT Governance

The widespread use of digital technology in banking services increases operational risk; effective IT governance and risk management are imperative to address it. IT governance is articulate in BRI's Board of Directors Decree No: S.874-DIR/PPT/10/2017 on BRI Information Technology Governance and Risk Management. The Decree is used as the reference of control measures of the IT Unit in governing and controlling the risk arising from IT use in BRI.

Corporate Governance Development

As a public company, BRI has the obligation to apply Good Corporate Governance (GCG) principles across all of its business activities. To that end, BRI continually improves its GCG implementation in each business segment. BRI has also performed GCG assessment in accordance with Financial Services Authority (OJK) rules; the Bank believes that disciplined GCG implementation is the main foundation of sustainable business performance.

During 2017, BRI's GCG practices have complied with OJK Regulation POJK No. 55/POJK.03/2016 dated 7 December 2016 on GCG Implementation in Commercial Banks and OJK Circular No. 13/SEOJK.03/2017 dated 17 March 2017 on GCG Implementation in Commercial Banks.

Based on GCG self-assessment conducted in the first half of 2017, BRI had a total score of 2, which indicated that the Bank had applied GCG and met all of GCG principles. BRI showcases its commitment to GCG in:

- a. Vision and Mission that articulate business goals and ways to attain them.
- b. Corporate values and culture that support the Vision, Mission, and business developments and challenges.
- c. Code of Conduct that cover business ethics, professional ethics, and code of conduct of BRI's employees including their interaction with the stakeholders.
- d. Board of Directors and Board of Commissioners Charter as their reference in managing and overseeing the Bank's activities.
- e. Collective Labor Agreement that expresses the result of BRI and the Bank's worker union's consultation process. CLA serves as the guideline for both parties in exercising industrial relations and as the main reference in any case of dispute.
- f. Gratification control policy and the establishment of gratification control unit.
- g. Natural Resources and Environmental Preservation that reflect BRI's commitment to corporate social responsibility. BRI partakes in sustainable economic development to improve the quality of life and environment, which will benefit not only BRI but more importantly the local communities and the society at large.

Whistleblowing System

In 2017, BRI issued new internal policy documents to strengthen the Bank's Corporate Governance, namely the BRI Board of Directors' Circular NOSE:S.27-DIR/DKP/12/2016 on the Whistleblowing System in PT Bank Rakyat Indonesia (Persero) Tbk and Joint Decision Letter



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

PRESIDENT DIRECTOR'S REPORT

of BRI Board of Commissioners and Directors No:03-KOM/BRI/03/2017 and Nokep:S.11-DIR/DKP/03/2017 on Gratification Control Guideline of PT Bank Rakyat Indonesia (Persero) Tbk.

BRI collaborates with the Corruption Eradication Commission (KPK) for the gratification control program, a testament of the Bank's support to building and instilling GCG and integrity values in all employees. A BRI Gratification Control Unit (UPG BRI) was formed in July 2017 to undertake tasks in this area on daily basis. UPG BRI is responsible to receive, process, and submit Gratification Report of BRI employees to the KPK and to internalize anti-corruption and anti-gratification culture within BRI.

For its commitment to GCG implementation and development, BRI earned the Top 50 The Biggest Market Capitalization PLCs in Indonesia & The Best Overall ASEAN CG Scorecard awards in the 9th IICD Corporate Governance Award 2017. BRI was also recognized as Indonesia Most Trusted Company 2017 in Corporate Governance Perception Index Award 2017. These awards solidify BRI's reputation as a sound and robust banking entity.

Implementation of Integrated Governance

The Integrated Governance Committee has been established under the Board of Commissioners. The Committee's membership consists of members of the Board of Commissioners of BRI, BRI Agro, BRI Syariah including members of its Sharia Supervisory Board, BRI Life, and BRI Finance. Under the committee, integrated governance implementation is directly monitored by the Compliance Director through the Integrated Compliance Unit, Integrated Risk Management Unit, and Integrated Internal Audit Unit.

Performance of the Committees under the Board of Directors

In line with the common GCG practice and in reference to OJK regulations, the Board of Directors is assisted by committees that are formed according to business needs

and developments. In 2017, a new BRI committee was established under the Board of Directors, namely the Procurement Committee; it is responsible to evaluate and decide on procurement proposal of a certain value. In the view of the Board of Directors, throughout 2017 the committees have effectively performed their tasks according to their competence and authority.

Corporate Social Responsibility

BRI has a long-standing commitment to the surrounding communities and environment. In 2017, BRI Peduli disbursed a total of Rp150.35 billion of CSR funds, up 13.3% from Rp132.71 billion in 2016. BRI implemented its CSR activities in the fields of education, health, environmental preservation, public facility improvement, religious facility improvement, disaster relief efforts, and social assistance for poverty alleviation.

Changes in the Board of Directors and Board of Commissioners' Composition

The change of the Board of Directors' composition in 2017 took place during the Annual GMS (AGMS) and the Extraordinary GMS (EGMS) held on 15 March 2017 and 18 October 2017, respectively. The AGMS approved the changes of President Commissioner, Independent Commissioner, President Director, and Operational Director positions, while the EGMS approved the changes of the Commissioner positions, to remove Vice President Director position from the organizational structure and approved the changes of Consumer Director and Human Capital Director positions.

The President Director position, formerly held by Mr. Asmawi Syam, is succeeded by me, Suprajarto. Mr. Zulhelfi Abidin as the Operational Director was also succeeded by Mr. Indra Utomo who now holds the position of Director of Digital Banking and Technology. For the Board of Commissioners, the AGM approved Mr. Andrinof Chaniago as the new President Commissioner succeeding Mr. Mustafa Abubakar, while Independent Commissioner Mr. Ahmad Fuad is succeeded by Mr. Nicolaus Teguh Budi Harjanto.

PRESIDENT DIRECTOR'S REPORT

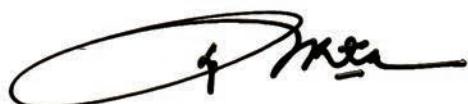
During the EGMS, the Meeting approved to honorably discharge Mr. Sunarso from Vice President Director and eliminate the position from the Bank's management structure. The EGMS also appointed Ms. Handayani as the Director of Consumer succeeding Mr. Randi Anto and appointed Ms. R. Sophia Alizsa as the Director of Human Capital. For the Board of Commissioners, Ms. Rofikoh Rokhim was appointed as a Commissioner to replace Mr. Adhyaksa Dault.

Appreciation

On behalf of the Board of Directors, I wish to convey my highest appreciation to all employees and families of BRI for their hard work, integrity, commitment, excellent cooperation, which gave way for BRI to deliver outstanding results in 2017.

I thank the Board of Commissioners for their guidance and advise, and I express my highest gratitude to all customers, business partners and shareholders, and all of our stakeholders. BRI will continue to demonstrate our finest performance, conduct with reasonable prudence, and create added value for all stakeholders. BRI is here to serve the banking needs of all Indonesians and to synergize with our stakeholders to advance Indonesia's economy to new horizons.

Jakarta, February 2018
On Behalf of the Board of Directors



Suprajarto
Direktur Utama



Performance Highlights

Management Report

Company Profile

Management Discussion & Analysis

BOARD OF DIRECTORS



.01 SUPRAJARTO
President Director

.02 HARU KOESMAHARGYO
Director of Business Strategy & Finance

.03 SUSY LESTIOWATY
Director of Compliance

.04 DONSUWAN SIMATUPANG
Director of Risk Management

.05 MOHAMMAD IRFAN
Director of Network & Service

.06 KUSWIYOTO
Director of Medium, Corporate & SOE Credit

DIREKSI



.07 SIS APIK WIJAYANTO
Director of Institution

.08 PRIYASTOMO
Director of Micro & Retail Credit

.09 INDRA UTOYO
Director of Digital Banking & Information Technology

.10 R. SOPHIA ALIZSA
Director of Human Capital

.11 HANDAYANI
Director of Consumer



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BOARD OF COMMISSIONERS STATEMENT OF ACCOUNTABILITY OF ANNUAL REPORT 2017 PT BANK RAKYAT INDONESIA (PERSERO) TBK

We, the signatories, hereby stated that all information contained in the 2017 Annual Report of PT Bank Rakyat Indonesia (Persero) Tbk has been comprehensively presented and that we are fully accountable for the accuracy of the content of PT Bank Rakyat Indonesia (Persero) Tbk Annual Report.

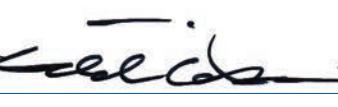
This Statement is made truthfully.

Jakarta, 26 February 2018

BOARD OF COMMISSIONERS



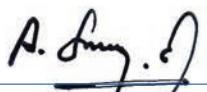
ANDRINOF A. CHANIAGO
President Commissioner/
Independent Commissioner



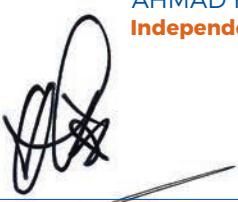
GATOT TRIHARGO
Vice President Commissioner



AHMAD FUAD RAHMANY
Independent Commissioner



A. SONNY KERAFA
Independent Commissioner



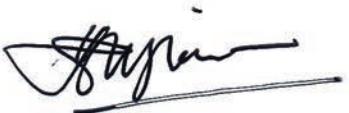
MAHMUD
Independent Commissioner



ROFIKOH ROKHIM
Independent Commissioner



VINCENTIUS SONNY LOHO
Commissioner



JEFFRY J. WURANGIAN
Commissioner



NICOLAUS TEGUH BUDI HARJANTO
Commissioner

BOARD OF DIRECTORS STATEMENT OF ACCOUNTABILITY OF ANNUAL REPORT 2017 PT BANK RAKYAT INDONESIA (PERSERO) TBK

We, the signatories, hereby stated that all information contained in the 2017 Annual Report of PT Bank Rakyat Indonesia (Persero) Tbk has been comprehensively presented and that we are fully accountable for the accuracy of the content of PT Bank Rakyat Indonesia (Persero) Tbk Annual Report.

This Statement is made truthfully.

Jakarta, 26 February 2018

BOARD OF DIRECTORS

SUPRAJARTO
 President Director

HARU KOESMAHARGYO
 Director of Business Strategy & Finance

SUSY LIESTIOWATY
 Director of Compliance

MOHAMMAD IRFAN
 Director of Network & Service

DONSUWAN SIMATUPANG
 Director of Risk Management

KUŠWIYOTO
 Director of Medium, Corporate & SOE Credit

PRIYASTOMO
 Director of Micro & Retail Credit

SIS APIK WIJAYANTO
 Director of Institution

INDRA UTOYO
 Director of Digital Banking & Information Technology

R. SOPHIA ALIZSA*
 Director of Human Capital

HANDAYANI*
 Director of Consumer



BRI Mobile is an application that integrates BRI e-banking apps accessible to the Bank's customers through smartphones. BRI Mobile apps among others include the Mobile Banking BRI, Internet Banking BRI, Call BRI, and Info BRI. BRI Mobile provides benefits for the Bank's customers by offering flexibility and friendly usage wherever the Customers are.



COMPANY PROFILE

- | | |
|---|--|
| <p>68 Company Identity</p> <p>70 BRI Logo</p> <p>72 BRI at a Glance</p> <p>74 Core Business</p> <p>76 Product and Services</p> <p>80 Operational Areas</p> <p>82 Milestones</p> <p>84 Organization Structure</p> <p>86 Vision, Mission and Core Values</p> <p>88 Corporate Culture</p> <p>90 Board of Commissioners' Profile</p> <p>95 Board of Directors' Profile</p> <p>101 Profile of Senior Executive Vice President (SEVP)</p> <p>104 Employees Demographics</p> <p>107 Shareholders Composition</p> <p>110 List of Subsidiaries and/or Associates</p> <p>111 Corporate Structure</p> <p>112 Shares Listing Chronology</p> | <p>117 Other Securities Listing Chronology</p> <p>119 Names and Addresses of Capital Market Institutions and/or Professions</p> <p>120 Awards and Certifications</p> <p>125 BRI Ratings</p> <p>126 Office Addresses and/or Branch Offices or Representative Offices</p> <p>128 Subsidiaries</p> <p>129 Information on the Company Website</p> <p>130 Workshops and Trainings of the Board of Commissioners, Board of Directors, Committees, Corporate Secretary, and Internal Audit Unit</p> |
|---|--|



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

COMPANY IDENTITY



Melayani Dengan Setulus Hati

NAME OF COMPANY
PT Bank Rakyat Indonesia (Persero) Tbk



LINE OF BUSINESS
Banking



LEGAL BASIS OF
ESTABLISHMENT
Law No 21 Year 1968

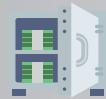


BUSINESS SEGMENT

- Micro Banking
- Retail Banking
- Middle and Corporate Banking



DATE OF
ESTABLISHMENT
18 December 1895



FULLY PAID-IN CAPITAL

Rp 6,167,290,500,000



STATUTORY CAPITAL

Rp 15,000,000,000,000



NUMBER OF
EMPLOYEE
92,858



Corporate Governance
Corporate Social Responsibility
Consolidated Financial Statements 2017

COMPANY IDENTITY

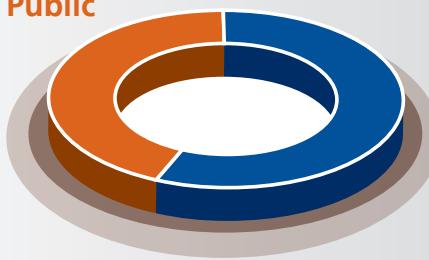


NETWORK

- 1 Head Office
- 19 Regional Office
- 1 Special Branch Office
- 467 Branch Office
- 610 Sub-Branch Office
- 5,382 BRI Unit
- 992 Cash Office
- 2,536 Teras BRI
- 638 Mobile Teras BRI

43.25%

Public



56.75%
Government
of RI



SHAREHOLDERS COMPOSITION

- Government of RI
56.75%
- Public
43.25%



STOCK EXCHANGE

The Company's shares were listed at the Jakarta Stock Exchange (now Indonesia Stock Exchange) on November 10, 2003.



TICKER CODE

BBRI

HEAD OFFICE

BRI I Building
Jl Jend Sudirman Kav 44-46
Jakarta 10210
No. Tel: (62-21) 251-0244, 251-0254,
251-0264, 251-0269,
251-0279
No. Fax: (62-21) 250-0077
Website: www.bri.co.id



CORPORATE SECRETARY

Corporate Secretary Division
BRI I Building, 20th Floor
Jl. Jend. Sudirman Kav. 44-46
Jakarta 10210
Email: humas@bri.co.id
Call center: 14017/(62-21) 57987400



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BRI LOGO



BANK BRI

Melayani Dengan Setulus Hati

BRI LOGO



THE BOARD OF DIRECTORS OF BANK RAKYAT INDONESIA,
 THROUGH DECISION NO.S.3-DIR/2/1985 DATED FEBRUARY 28,
 1985, INAUGURATED THE LOGO OF BANK RAKYAT INDONESIA.

A square shape with rounded edges. The four equal sides denote balance, with the rounded lines signifying a dynamism or flexibility in addressing the changing times.

The bold lettering 'BRI' in capital denotes firmness.

The lines, color and shape of the logotype are firm and simple but precisely measurable, to give impressions that are imaginatively reflective of an excellent management system, conveniences as well as security.

In totality, the simple form is expected to facilitate instant recognition as well as long-term impression.

The firm, regular lines and colour are expected to convey an image of a modern and professional institution, reflecting the characteristics of the banking industry with its emphasis on precision and accuracy. It also gives an

impression of the modern management of a national business with an international outlook and a progressive spirit.

The straight-forward display of lines, shape and colouring give an impression of simplicity and firmness, as a reflection of one of BRI's mission statements as the spearhead of the Government's policies to provide banking services to all segments of society, from the smallest and remote communities to the largest urban groups in cities.

The colour blue denotes a feeling of comfort, calmness, and tranquillity. As a provider of financial services, BRI is committed to deliver these conveniences to customers through the provision of secure services, comprehensive and sophisticated facilities, and an extensive service network.



BRI AT A GLANCE

Change of Name of Bank Rakyat Indonesia



The history of PT Bank Rakyat Indonesia (Persero) Tbk ("BRI", "Bank", or "Perseroan") began in 1895 in Purwokerto, Central Java, by Raden Aria Wiriatmaja, originally to manage mosques' cash, to be distributed to the public using a simple scheme. Throughout history, various names have been attached to BRI, beginning with "Hulp en Spaarbank der Inlandsche Bestuurs Ambtenaren", Hulp en Spaarbank der Inlandsche Bestuurs Ambtenaren, Syomin Ginko, and finally, officially established as Bank Rakyat Indonesia on 18 December 1968 by virtue of Law No. 21 Year 1968.

In 1992, BRI changed its legal status to PT Bank Rakyat Indonesia (Persero) by virtue of Law of Banking No. 7 Year 1992 and listed its stocks on Jakarta Stock Exchange, now the Indonesia Stock Exchange, on 10 November 2003, with the stock code BBRI. In 2007, BRI undertook strategic steps by acquiring Bank Artha Services (BJA), which was then converted into PT Bank BRISyariah. BRI's Syariah Business Unit then was spun-off from BRI and merged into PT Bank BRISyariah (BRI Syariah) on January 1, 2009.

Since its establishment, BRI consistently focuses on micro, small and medium enterprises (SMEs), and became the pioneer of microfinance in Indonesia. The Bank maintains its commitment until today, and with the support of its experience in delivering banking services, especially in the SME segment, BRI has been able to record the achievement of being the most profitable bank in 11 years in a row. Such an achievement is the result of hard

work of all BRI employees who ceaselessly innovate and develop banking products and services for all business segments.

Through innovation, BRI is able to respond to any developments in society and the business world. One of them is the development of technology. BRI is the first to provide banking self-service in Indonesia through BRI Hybrid Banking in 2013.

BRI also brought its technology-based banking services to every corner of the country, even to the small islands of the archipelago. In 2015, BRI launched Teras BRI Kapal, the world's first ever sea-floating banking service. Then, in 2016, a new history was made. On June 18, 2016 18:38 pm Kourou time, French Guiana, BRI launched BRIsat, making it the first bank in the world that owns and operates its own satellite.

Procurement of this satellite was part of BRI's strategic plan to strengthen the supporting infrastructure for digital services of the future, which could offer quality banking technology from the center of the city to the remote corners of the nation.

In order to provide the best service for customers, BRI increased the number of ATM machines up to 24.292 units as well as the number of EDC as many as 257.712 units. E-channel network spread all over Indonesia is the evidence of BRI consistency in reaching the then unreachable.

BRI AT A GLANCE



BRI continues to expand its network. To strengthen its business existence in the global arena, BRI opened overseas units. In 2015, BRI opened an overseas branch office in Singapore, following the existing overseas unit, such as BRI New York Agency, BRI Cayman Island Branch, Hong Kong Representative Office, and BRI Remittance Hong Kong. In 2017, BRI opened a branch office in Timor Leste

To address the growing market and the diverse needs of the community on banking products and services, BRI elaborated its business segments into: Micro Business and Program, Retail Business, Corporate Business, International Business, Treasury and Capital Market Supporting Services, as well as subsidiaries that focus on the business of Sharia Banking, Agribusiness, Remittance, Insurance and Financing.

BRI's elaboration on financing segments became more visible in 2016, as BRI added new members engaging in multi-finance business by increasing its capital participation in PT BTMU-BRI Finance from 45% to 99% so that BRI became the controlling shareholder. Upon completion of this process, PT BTMU BRI Finance later renamed as PT BRI Multifinance Indonesia.

Every corporate action and work plan is part of BRI's effort in providing complete banking services to its customers, especially the SME sector. Following the presence of BRIsat, BRI now can maximize its digital banking services. A number of digital initiatives for SMEs has been in

operation in 2016, from the development of Teras BRI Digital, e-Pasar, one million free domain program for SMEs, and the launch of co-working space. All initiatives for SMEs are carried out to create superior MSMEs in the era of digital economy.

BRI also begins operating the Overseas Unit at Timor Leste in 2017, and officially launched Teras BRI Kapal Bahtera Seva II and Teras BRI Kapal Bahtera Seva III to reach the communities in the coastal areas of Labuan Bajo and Halmahera. In addition, BRI convened the Extraordinary General Meeting of Shareholders on 18 October 2017 that has approved the stock split from previously Rp250 per share to Rp50 per share (Ratio 1:5). The share was initially traded on 10 November 2017, at the same time of the 14th Anniversary of BRI shares listed at the stock exchange.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

CORE BUSINESS



BRI's core business, based on the last deed of Amendment No. 81 dated 23 April 2015, approval from the Minister of Justice and Human Rights of the Republic of Indonesia by virtue of decision letter No. AHU-AH.01.03-0926947 dated 23 April 2015, and article 3 paragraph (2) of BRI's Articles of Association, are:

1. The purpose and objective of the Company is to engage in the activity of banking and optimizing the utilization of the Company's resources to deliver excellent services and strong competitiveness in order to obtain profitability so as to augment the Company's values with due observance to the principles of Limited Liability Company.

2. In order to achieve the above purpose and objective, the Company may undertake the following main business:
 - a. To collect funds from the public in the form of deposits comprising of clearing account (giro), time deposit, deposit certificate (sertifikat deposito), savings account and/or any other form equivalent to the foregoing;
 - b. To provide credits;
 - c. To issue debt acknowledgement letters;
 - d. To purchase, sell or put encumbrance over, whether at its own risk or for the benefit of and under the instructions of its customers, for the following:

CORE BUSINESS

- Money order, including bank certified money order, with a validity period not exceeding the normal practice for trading of such money order;
- Debt acknowledgement letters and other commercial papers, with a validity period not exceeding normal practice for trading of such papers;
- State treasury notes and government guaranties;
- Bank Indonesia Certificates (SBI);
- Bonds;
- Commercial Papers with a validity period in accordance with the laws and regulations;
- Other commercial papers instrument with a validity period in accordance with laws and regulations;
- e. To transfer funds, whether for its own benefit as well as for the benefit of its customers;
- f. To place funds at, to borrow funds from, or to lend funds to other banks, whether by letters, telecommunication facilities, or registered money order, check or other media;
- g. To receive payment of receivable from commercial papers and undertake settlement with or among third parties;
- h. To provide safekeeping for goods or commercial papers;
- i. To engage in a custody activities for the benefit of other party based on a contract;
- j. To conduct a placement of fund from one customer to another customer in the form of commercial papers that are not registered at the stock exchange;
- k. To purchase through an auction or other in the event, collateral whether in whole or in part a debtor fails to meet its obligations to the Company as the Bank, provided that the collateral being purchased shall be liquidated immediately;
- l. To conduct a factoring (anjak piutang), credit card and trusteeship services;
- m. To provide funding and/or any other activities that are based on the Syariah Principles, in accordance with the rules and regulations that are imposed by the competent authority;
- n. To conduct activities in foreign currencies pursuant to the rules and regulations that are imposed by the competent authority;
- o. To conduct capital participation in banks or other financial companies, such as leasing companies, venture capital, securities companies, insurance companies, and a clearance, settlement and depository institutions, subject to rules and regulations that are imposed by the competent authorities;
- p. To conduct temporary capital participation for the purpose of overcoming credit failure or financing failure pursuant to the Syariah principles, provided that such participation shall be eventually withdrawn, subject to rules and regulations that are imposed by the competent authority;
- q. To act as an establisher or management of a pension funds in accordance with the Provisions of laws and regulations;
- r. To conduct other activities normally conducted by banks, provided that the activities shall not contravene with the laws and regulations.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

PRODUCTS AND SERVICES

SAVINGS PRODUCT

Britama Savings

Britama Savings comes complete with e-banking facilities for convenient transactions by customers at any place and any time, as well as free personal accident insurance coverage. BritAma also has sub-products to cater to the specific needs of customers, namely BritAma Bisnis, BritAma Rencana, BritAmaX, and the BritAma Valas with a choice of USD, SGD, AUD, EUR, CNY, AED, HKD, GBP, JPY and SAR currencies.



BRI Junio & Junio Savings Plan

BRI Junio is a savings product especially created for children, representing our commitment to introduce banking to children and to nurture the habit of saving from an early age. The BRI Junio savings product comes complete with e-banking features, financial planning features (Junio Rencana), personal accident insurance coverage for children, and a specially-designed Debit Card.



Simpedes

Simpedes Savings is a savings product from BRI, intended for rural people but comes complete with modern features such as an ATM card that provide access through other bank's domestic ATM networks, supported by 24-hour Internet Banking and Mobile Banking services. Variants of Simpedes Savings include the Simpedes TKI, Simpedes Umum, Simpedes Impian and Simpedes Kredit Pangan.

1. Tabunganku
2. SimPel (Student Savings)
3. Hajj Savings
4. Time Deposit (Rupiah and Foreign Exchange)
5. Current Account (Rupiah and Foreign Exchange)



PRODUCTS AND SERVICES

LOAN PRODUCTS

Micro Loans

Kupedes

KUPEDES is a loan facility for productive and consumptive purposes for eligible micro enterprises and individuals, up to a loan ceiling of Rp200 million.

KUR Mikro

KUR Mikro is a loan facility for start-up micro entrepreneurs with a loan ceiling of Rp25 million.



Consumer Loans

- Mortgages Loan (KPR)
- Vehicle Loan (KKB)
- Credit Cards

Retail Commercial Loans

- Cash Collateral Loan
- Investment Loan
- Working Capital Loan
- Export Loan
- Construction Loan
- BO-I Construction Loan
- Franchise Loan
- Petrol Station Loan
- Warehouse Receipt Loan
- Warehouse Ownership Loan
- Petrol Station Bridging Loan
- Loan for Private Indonesian Migrant Workers Placement Agency (PPTKIS) and Migrant Workers (TKI)
- Pre-Financing Loan
- Post-Financing Loan
- Distributor Financing

Program Loans

- Warehousing (Subsidy & Commercial)
- Retail KUR
- Migrant Workers KUR
- Crops KUR

Medium and Corporate Loans

- Working Capital Loan (KMK)
- Working Capital Loan for Export (KMK-E)
- Working Capital Loan for Import (KMK-I)
- Working Capital Loan Construction (KMK-K)
- Investment Loan (KI)
- Syndicated Loan

BRIGunA

Multipurpose loan for the salaried segment. BRIGuna provides a choice of three products: BRIGuna Karya (for active employees with fixed salaries), BRIGuna Umum (loan for permanent employees and up to retirement age), and the BRIGuna Purna (loan facilities for pensioners).





Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

PRODUCTS AND SERVICES

BANKING SERVICES

Cash Management System

BRI's Cash Management services enable corporate customers to directly monitor their financial transactions via an online facility. The Cash Management service also includes a notional pooling facility as an added value service from GiroBRI for the corporate group customers, enabling consolidated balances and borrowing among group members based on the agreed consolidated balance, a corporate virtual account facility as an added value service to facilitate identification of incoming and outgoing funds transactions by the customers in an integrated manner with the Enterprise Resource Planning (ERP) system, and many other cash management services.



Institutional Services

- Driver's License Online Payment System
- MPN GII (State Revenue Module Gen II)
- E-Tax (Electronic Tax)
- Hospital Online
- Online Tuition Fee Payment System
- Visa on Arrival (VoA)
- Services related to Customer Cooperation Agency (NIK)
- Services related to Otoritas Jasa Keuangan (OJK)
- Services related to State Budget Treasury System (SPAN)
- Multifunction Identity Card (KIM)
- KTA Elektronik
- SIM Online
- E-Samsat
- E-Tilang (Tilang Online)
- PDAM Online
- BPJS-TK Service Point Office

Business & Financial Services

- Bank Guarantee
- Clearing
- Bill Payment
- Deposit Receipt
- Online Transactions
- LLG Transfer and RTGS
- (Real-Time Gross Settlement)



E-Banking

- ATM BRI
- Mobile Banking BRI
- Phone Banking BRI
- Internet Banking BRI
- Mini ATM BRI
- BRIZZI (Electronic Money BRI)



PRODUCTS AND SERVICES

International Business Services

- Import Services
- Issuance of Letter of Credit (LC)
- Issuance of LC Amendment
- Import Credit Facilities
- Pre-Import Financing (Import Guarantee)
- Post-Import Financing (KMKI & Trust Receipt)
- Export Services
- Advising LC
- LC Confirmation
- Export Billing Service
- Outward Documentary Collection
- Outward Clean Collection
- Pre-Shipment Financing (KMKE)
- Post-Shipment Financing
- Negotiated Money Order for Export
- Diskonto Wesel Ekspor Berjangka
- Export Rediscounting Bills
- Refinancing LC
- Risk Participation
- Banker Acceptance
- USD Local Settlement
- Guarantee (Standby LC)
- LC with Domestic Documentation (SKBDN)
- Bill Purchase Financing
- Money Changer

BRIfast Remittance

BRIfast Remittance is BRI's remittance service for outgoing fund remittance to overseas countries and incoming fund remittance from overseas to Indonesia. BRIfast Remittance offers outgoing remittance in 144 currencies all over the world, incoming remittance credited to BRI accounts, incoming remittance credited to other bank accounts, and incoming remittance cash pick-up service (no need for a bank account) that can be withdrawn at around 11,000 BRI outlets as well as at some 155,000 BRILink agents throughout Indonesia, in real-time online mode.

Treasury Services

- Foreign Exchange Transaction
- Swap Transaction
- Forward Transaction
- Trustee Services
- Securities Selling Agent Services
- Custodian Services
- BRI Financial Institution
- Pension Fund (DPLK- BRI) (DPLKBRI)

BRI Priority Banking

BRI's Wealth Management services to cater to the wealth management and financial planning needs of BRI's priority and select customers. Offering a one-stop financial solution concept in the management of customers' financials by professional and certified marketers, BRI Wealth Management services provide mutual funds products, retail government bonds, retail sukuk, retail savings bonds, sukuk savings, DPLK, and bancassurance products.





Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL AREAS



Operation Areas, Branch and E-Channel Network

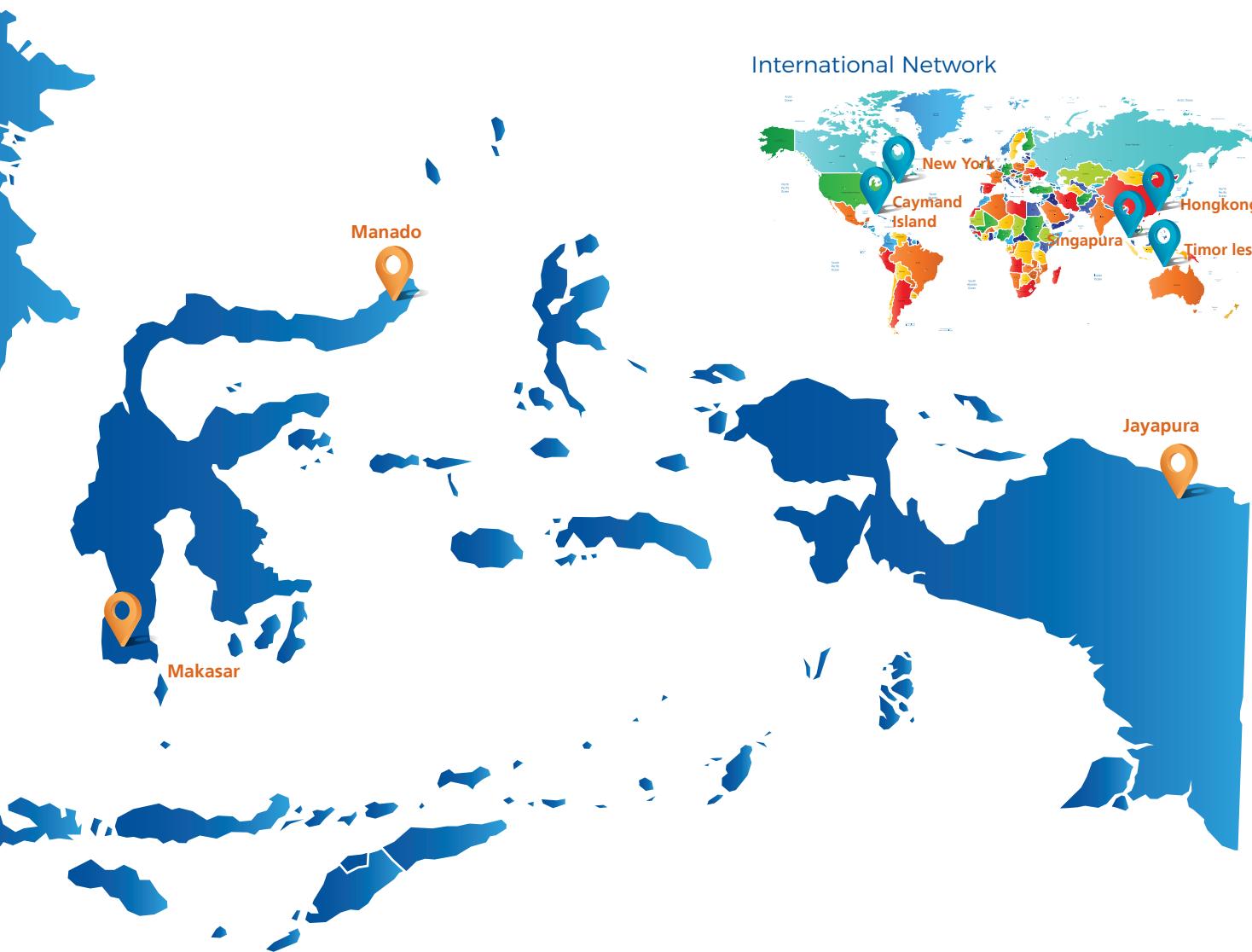
Domestic Regional Office Network

Currently, BRI serves its customers through over 11,284 operating units and 329,654 units in e-channel network across Indonesia.

BRI operates 8 levels of offices, comprising the Head Office, 19 Regional Offices, 1 Special Branch Office, 467 Branch Offices (including 5 Overseas Operating units), 610 Sub-branch Offices, 992 Cash Offices, 5,382 BRI Units, 2,536 Teras BRI, and 636 Mobile Teras BRI.

E-Channel	2013	2014	2015	2016	2017	YoY
ATM	18,292	20,792	22,792	24,292	24,684	392
EDC	85,936	131,204	187,758	257,712	302,921	45,209
CRM	192	392	892	1,392	1,992	600
E-Buzz	50	55	57	57	57	-
Total	104,470	152,443	211,499	283,453	329,654	46,201

OPERATIONAL AREAS



Outlet	2013	2014	2015	2016	2017
Head Office	1	1	1	1	1
Regional Offices	18	19	19	19	19
Special Branches	1	1	1	1	1
Branches	452	460	466	466	467
Sub Branches	565	584	603	609	610
BRI Units	5,144	5,293	5,360	5,380	5,382
Cash Offices	950	971	983	984	992
Teras BRI	2,206	2,457	2,543	2,545	2,536
Teras Mobile	465	610	636	638	638
Total Operating Units	9,802	10,396	10,612	10,643	10,646

Total of Work Units including 5 Overseas Work Units



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

MILESTONES



1895
On 16 December 1895, Raden Aria Wiriatmaja founded De PoerwokertoscheHulp en Spaarbank der Inlandsche Hoofden in Purwokerto as a mosque-fund manager whose function was to manage and disburse funds to the people through a simple scheme. The institution experienced several name changes, from Hulp en Spaarbank derInlandshe Bestuurs Ambtenareen (1895), De Poerwokertosche Hulp Spaar-en Landbouw Credietbank



or Volksbank, to Centrale Kas Voor Volkscredietwezen Algemene (1912). In 1934 the name was again changed, to Algemene Volkscredietbank (AVB). During the period of Japanese occupation, AVB was known as Syomin Ginko (1942-1945).



1946
On 22 February 1946, the Government of Indonesia, by virtue of Government Regulation No. 1 of 1946, changed Syomin Ginko into Bank Rakyat Indonesia (BRI), a government-owned bank with the front-line role of supporting national economic development.



1960
The government changed BRI into Bank Koperasi Tani Nelayan (BKTN).



- In 2015, BRI opened Singapore Overseas Unit and acquired PT Asuransi Jiwa Bringin Jiwa Sejahtera (Bringin Life).
- On 4 August 2015, BRI launched Teras BRI Kapal to reach out to people living in coastal areas that are underserved by banking services.
- BRI also inaugurated BRI Corporate University to provide comprehensive facilities for employee education.



- BRI's ATM network continues to increase, reaching 20,792 ATM units and 131,204 EDC units – constituting the largest ATM and EDC network in Indonesia.
- BRI signed its Satellite Procurement and Launcher Agreement of BRI Satellite (BRIsat) with Space System/Loral (SSL) and ArianeSpace on 28 April 2014.



- BRI's own satellite, the BRIsat, was successfully launched on June 18, 2016, at 18:38 Kourou Time, French Guiana. BRIsat will provide the supporting infrastructure for BRI's digital services.
- BRI acquired BTMU Finance, a multifinance company, and subsequently changed its name to BRI Finance.

- BRI inaugurated a full-digital branch at Terminal 3, Soekarno-Hatta Airport, and launched several programs concerning digitalization for SME, such as e-Pasar, Teras BRI Digital. 1 Million Free Domain for MSMEs, and Rumah Kreatif BUMN.

MILESTONES





Performance Highlights

Management Reports

Company Profile

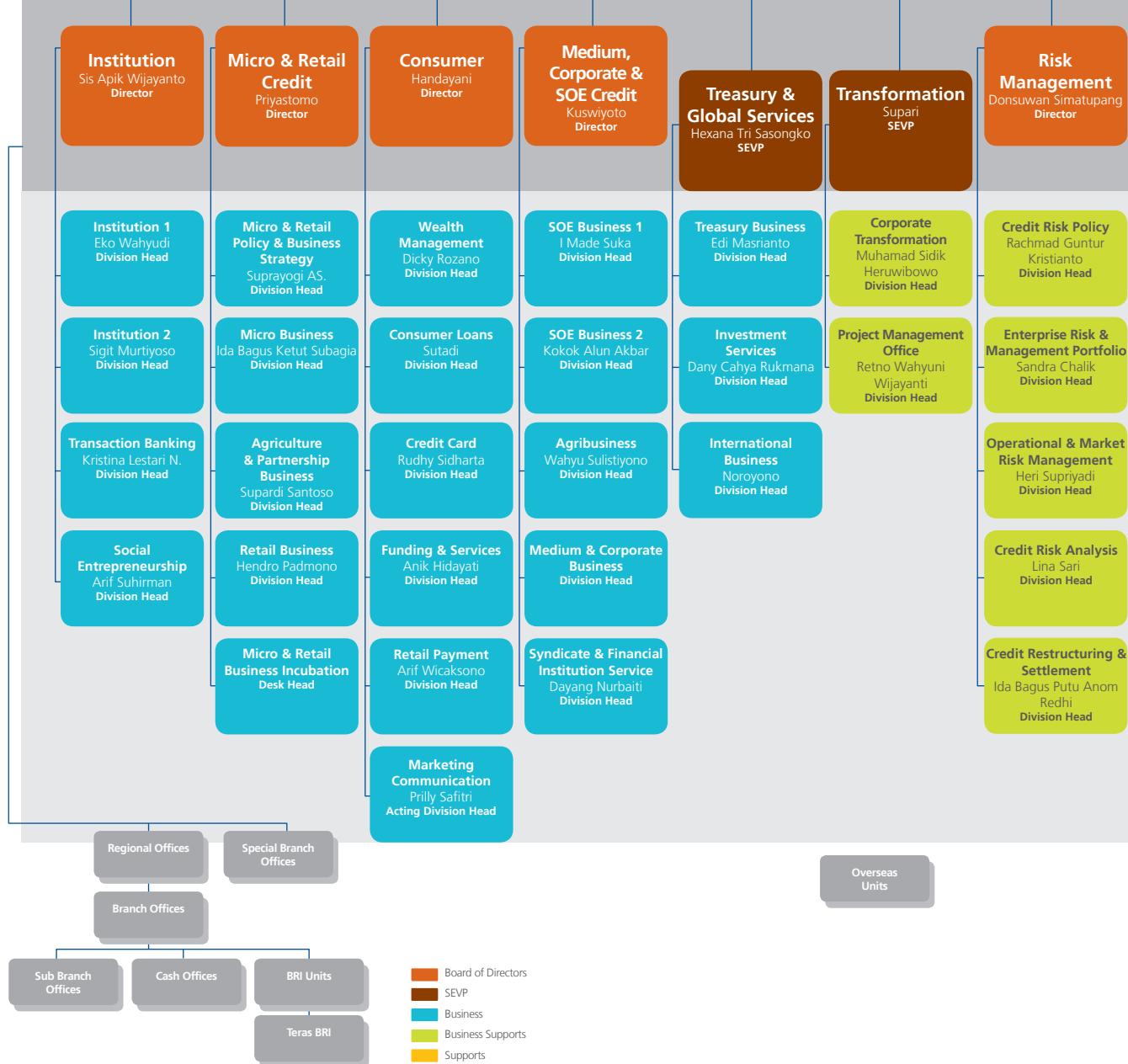
Management Discussion & Analysis

ORGANIZATION STRUCTURE

GENERAL MEETING OF SHAREHOLDERS

BOARD OF MANAGEMENT

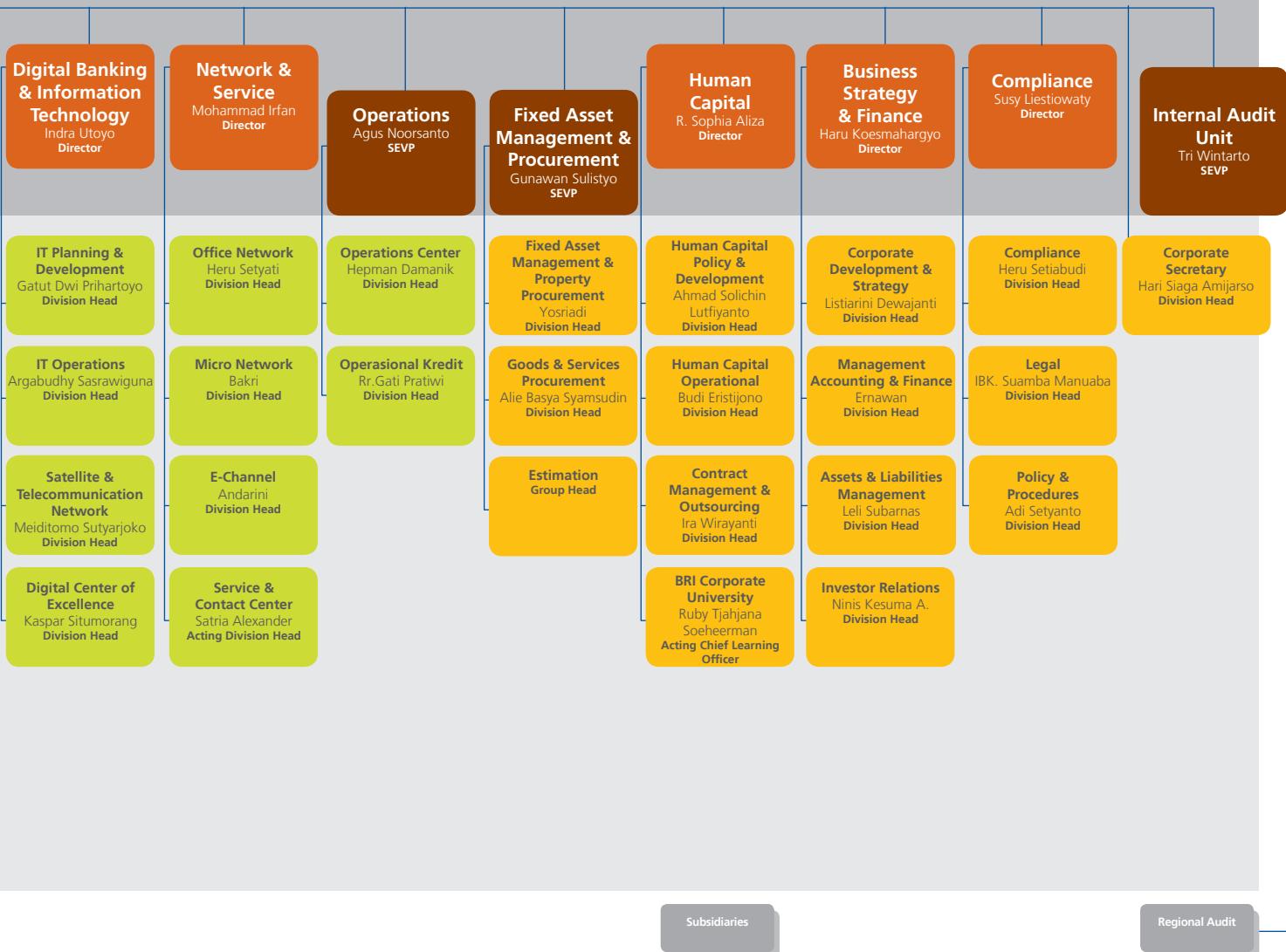
President Director
Suprajarto



ORGANIZATION STRUCTURE

BOARD OF COMMISSIONERS

President Commissioner/Independent : Andrinof A. Chaniago
 Vice President Commissioner : Gatot Trihargo
 Independent Commissioner : Ahmad Fuad Rahmany
 A. Sonny Keraf
 Mahmud
 Rofikoh Rokhim
 : Vincentius Sonny Loho
 Jeffry J. Wurangian
 Nicolaus Teguh Budi Harjanto



Board of Commissioners Committees:
 Audit, Nomination & Remuneration, Risk Management Oversight, Integrated Governance

Board of Directors Committees:
 Risk Management, Credit Policy, Credit, ALCO, HC Policy, IT, Capital & Investment



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

VISION, MISSION AND CORE VALUES

VISION**MISSION**

Becoming The Most Valuable Bank in the South East Asia and Home to The Best Talent

1. To conduct the best banking practices with a priority to serve micro, small, and medium enterprises in order to support the economy of the people
2. To provide customers with excellent services, delivered through:
 - a. Professional Human Resources with a performance-driven culture
 - b. Reliable information technology and future ready
 - c. Productive conventional and digital networks, while adhering to operational principle and risk management excellence
3. To create optimal values and benefits for stakeholders with due observance to sustainable financial principles and Good Corporate Governance best practices.

Approval of Vision and Mission

The Vision and Mission of the Company has been approved by the Board of Commissioners and Board of Directors pursuant to the Decree No. 403-DIR/CDS/05/2017 dated 16 May 2017.

VISION, MISSION AND CORE VALUES

CORE VALUES



Integrity

Intellectual, exemplary communication and conduct, upholding honour and abiding by regulations. Integrity is being transparent, honest and sincere, and obeying the rules.



Innovation

Taking advantage of capabilities and skills to find new solution and ideas to create products/policies in resolving issues. Innovation is being visionary and pioneer in transformation



Professionalism

Always committed to work meticulously and accurately with excellent capabilities and responsibilities. Professionalism value is being a continuous learner and fairness



Customer Centric

Always placing customers as prominent mutually beneficial partners sustainably. Customer centric is providing services beyond customers expectation wholeheartedly and being collaborative



Trust

Always fostering assurance and trust between stakeholders for the company progress. Trust is being mutually respectful and upholding the company and Nation's interest



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

CORPORATE CULTURE



BRI culture that is BRILIAN, 10 Code of Conduct, 20 Indicators of Conduct and 20 Corporate Culture in Practices shows the commitment and determination to make BRI as a leading commercial bank who always put customer satisfaction and leading in building the nation's economy.

10 (Ten) Code of Conduct of BRI Employees



20 (twenty) Indicators of Conduct

20 (twenty) Corporate Culture in Practice



BRILiaN (BRI's Five Values) encompasses the following core values:

1. INTEGRITY
2. PROFESSIONALISM
3. TRUST
4. INNOVATION
5. CUSTOMER CENTRIC



The 10 (Ten) Code of Conduct of BRI Employees are the behavior and conduct expected from each BRI Employees as a reflection of the BRI Corporate Culture (BRILiaN)

1. Honest, trustworthy and obeying the rules
2. Always maintain the honour and reputation, both personally and of the company
3. Reliable, prudent, disciplined and responsible
4. Future oriented
5. Be an unselfish role model
6. Firm in following-up any deviation
7. Provide the best service while considering the interests of the company
8. Skilled, friendly and helpful
9. Treat fellow workers in an open, fair and respectful manner
10. Develop an attitude of cooperation in creating synergies for the benefit of the company

CORPORATE CULTURE

The 20 (twenty) Indicators of Conduct are the parameters used in measuring the implementation of behavior and conduct of BRI Worker that reflect the core values of the Corporate Culture

1. Putting the Company first
2. Encouraging and appreciating the courage to convey the facts as it is, including irregularities
3. Keeping promises and obeying rules
4. Upholding ethics at work
5. Carrying out tasks with attentiveness, according to the rules, and accept the consequences
6. Optimizing the use of resources
7. Always improve own competences
8. Open to new ideas or better way of working
9. Maintain exemplary behaviour at work or in the society
10. Willing to accept criticism and suggestions for improvement
11. Always act without favouritism
12. Confident and dare to make the right decision
13. Understand and meet customers' needs
14. Provide fast, precise and accurate service with politeness
15. Gladly provide the best solution for the customer
16. Act consistently to maintain service quality for the best interest of the customer
17. Act objectively on the basis of behaviour, attitude and achievement to retain and develop BRI Worker
18. Show respect to colleagues, to superiors and to subordinates
19. Appreciation for high-achieving individual/team
20. Coordination and cooperation to enhance achievements and contributions to the company.

The 20 (twenty) Corporate Culture in Practice represent early success factors in the implementation of BRI Corporate Culture.

1. Perform morning prayer together
2. Being on time and on schedule (office hours, meetings, business meetings, report submission).
3. Honest in performing presentations.
4. Refrain from smoking at the office.
5. Use the telephone, computer and other company facilities for office-work only
6. Effective and efficient use of company facilities
7. Optimum utilization of work hours while taking breaks in accordance with the rules
8. Lend a helping hand to subordinates and colleagues in difficulties
9. Maintain regular dialogue with staff and subordinates for information-sharing and motivational sessions
10. Responding to and resolving complaints at the first opportunity in accordance with its authority
11. Be friendly (smiles & greetings) in providing service to customers (internal & external).
12. Maintain a clean and orderly work environment (work station, prayer room, pantry, toilet).
13. Provide appreciation (not necessarily financial) directly in person to those with good performance or behavior.
14. Improving awareness and understanding to be able to recognize and control risks.
15. Improving awareness towards the availability and condition of service-support facilities.
16. Improving knowledge of BRI's products and of banking products in general.
17. Uphold the correct behavior and appearance as a professional banker in accordance with established service standards.
18. Understand and meet internal and external customers' needs.
19. Develop the competences to meet the demand of the organization and the competition.
20. Maintain effective and efficient coordination with internal and external parties.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BOARD OF COMMISSIONERS' PROFILE



ANDRINOF A. CHANIAGO
**President Commissioner/ Independent
Commissioner**

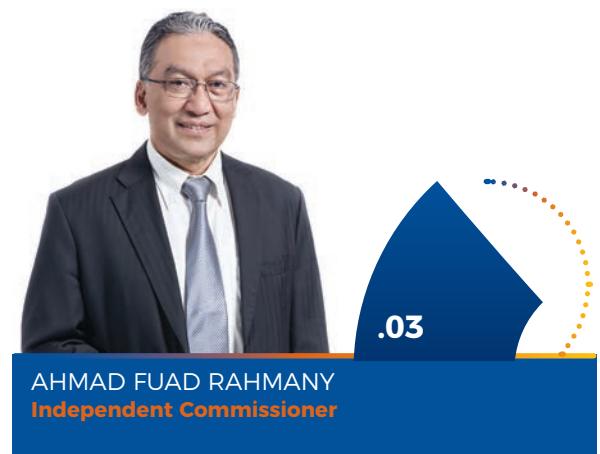
55 years, Indonesian Citizen, domiciled in Jakarta. Studied in Fu Hsing Kang College, Taipei, Taiwan. Obtained Doctoral Degree in Philosophy of Science, University of Indonesia, Master Degree in Public Planning and Policies, University of Indonesia, and Bachelor Degree in Political Science, University of Indonesia.

Currently as Lecturer at The Political Science Department, University of Indonesia (present). He previously served as President Commissioner at Angkasa Pura I (2015-2016), and Minister of National Development Planning, The Working Cabinet (2014-2015),

Appointed President Commissioner/ Independent Commissioner of BRI for the first term since 15 March 2017 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-123/PB.12/2017 dated 21 July 2017.

He also serves as Chairman of the Nomination and Remuneration Committee, Chairman of the Risk Management Oversight Committee, and Member of the Integrated Governance Committee of BRI.

BOARD OF COMMISSIONERS' PROFILE



56 years, Indonesian Citizen, domiciled in Jakarta. Obtained Doctoral Degree in Strategic Management from the University of Padjadjaran, Bandung (2016), Master Degree in Accounting and Financial Information System from the Cleveland State University, Ohio, United States (1993), and Bachelor Degree in Accounting from State Accounting College (STAN) in 1989.

Currently serves as Deputy of Financial Services to The Ministry of State Owned Enterprises (2013-present). He previously served as Commissioner of PT Pertamina (Persero) (2014-2015), Commissioner of PT Telekomunikasi Indonesia (Persero) Tbk (2013-2014), Commissioner of PT Jiwasraya (Persero) (2008-2012), and Commissioner of PT Adhi Karya (Persero) Tbk (2007-2012).

Appointed Vice President Commissioner of BRI for the first term since 19 March 2015 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-99/D.03/2015 dated 1 June 2015.

He also serves as Member of the Nomination and Remuneration Committee, and Member of the Integrated Governance Committee of BRI.

62 years, Indonesian Citizen, domiciled in Jakarta. Obtained Doctoral Degree in Economics from Vanderbilt University, Tennessee, US (1997), Master of Arts, from Duke University, Durham, North Carolina, US (1987); and Bachelor Degree in Economics from University of Indonesia, Jakarta (1981).

He previously served as 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, Indonesian Export Financing Agency (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).

Appointed Independent Commissioner of BRI for the first term since 19 March 2015 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-85/D.03/2015 dated 19 May 2015.

He also serves as Chairman of the Audit Committee, Member of the Nomination and Remuneration Committee, and Member of the Risk Management Oversight Committee of BRI.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BOARD OF COMMISSIONERS' PROFILE



A. SONNY KERAFA
Independent Commissioner

.04

MAHMUD
Independent Commissioner

.05

59 years, Indonesian Citizen, domiciled in Jakarta. Obtained Doctoral Degree in Philosophy, The Higher Institute of Philosophy, Katholieke Universiteit Leuven, Belgium (1995), Master Degree in Philosophy, The Higher Institute of Philosophy, Katholieke Universiteit Leuven, Belgium (1992), and Bachelor Degree in Philosophy, Institute of Philosophy Driyarkara (1988).

Currently serves as Member of The National Energy Council (2014-current) and Lecturer at Atmajaya Catholic University (1988-current). He previously served as Adjunct Lecturer of the Doctoral Degree Program, Environmental Studies, University of Indonesia (2001-2014), Member of The People's Representative Council (2004-2009), and Minister of Environment (1999-2001).

Appointed Independent Commissioner of BRI for the first term since 19 March 2015 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-98/D.03/2015 dated 1 June 2015.

He also serves as Chairman of the Audit Committee, Member of the Nomination and Remuneration Committee, and Member of the Risk Management Oversight Committee of BRI.

59 years, Indonesian Citizen, domiciled in Jakarta. Obtained Master Degree in Finance Management, University of Padjajaran, Bandung (2003) and Bachelor Degree in Economics, University of Diponegoro, Semarang (1982).

He previously served as Senior Advisor, Strategic Support Group to the Board of Commissioners, Financial Services Authority (OJK) (2016), Head of The Department of Bank Supervision I, Financial Services Authority (2013-2016), and Head of The Department of Bank Supervision I, Bank Indonesia (2013).

Appointed Independent Commissioner of BRI for the first term since 23 March 2016 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-40/PB.12/2017 dated 3 March 2017.

He also serves as Chairman of the Risk Management Oversight Committee, Chairman of the Integrated Governance, and Member of the Nomination and Remuneration Committee of BRI.

BOARD OF COMMISSIONERS' PROFILE



46 years, Indonesian Citizen, domiciled in Jakarta. Obtained Ph.D. in Economics from Université de Paris 1 Panthéon Sorbonne, Paris (2005), D.E.A (M.Phil) from Université de Paris 1 Panthéon Sorbonne, Paris (2002), Master Specialist in Public Finance from French Prime Minister, Institute International d' Administration Publique (IIAP) - Ecole National d' Administration (ENA) (2000), Bachelor Degree in Political Science from the University of Gajah Mada, Yogyakarta (1990), and Bachelor Degree in Economics from the University of Islam Indonesia, Yogyakarta (1993).

Currently active as Lecturer and Researcher in the Economics Faculty of University of Indonesia. Previously served as President Commissioner of PT Hotel Indonesia Natour (Persero) (2015-2017), Service Committee and Membership & Organizational 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 & Risk Committee at PT POS Indonesia (2012-2015) and Business Head of Indonesia Intelligence Unit (2008-2013).

Appointed Independent Commissioner of BRI for the first term since 18 October 2017 pursuant to the Extraordinary GMS resolution and currently under the process of fit and proper test from OJK.

She also serves as Member of the Audit Committee, and Member of the Nomination and Remuneration Committee of BRI.

59 years, Indonesian Citizen, domiciled in Jakarta. Obtained Master Degree in the Management and Public Policies, Carnegie Mellon University, Pittsburgh, USA(1998), and Bachelor Degree in Accounting, National Accounting Institute (STAN).

Currently serves as Secretary of Government Accounting Standards Committee (2016-current). Previously served as General Director of State Assets, Ministry of Finance (2015-2017), General Inspector, Ministry of Finance (2011-2015), Commissioner of PT Merpati Nusantara Airlines (2011-2012), Director of Accounting and Financial Reports, Treasury Directorate, Ministry of Finance (2008-2011), and Director of Finance Supervisory on Public Service Agencies (BLU) (2006-2008).

Appointed Commissioner of BRI for the first term since 28 March 2012 pursuant to the Annual GMS resolution and has passed the fit and proper test based on Bank Indonesia Letter No. 14/96/GBI/DPIP/Rahasia dated 3 September 2012.

He also serves as Member of the Audit Committee, and Member of the Nomination and Remuneration Committee of BRI.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BOARD OF COMMISSIONERS' PROFILE



JEFFRY J. WURANGIAN
Commissioner

.08



NICOLAUS TEGUH BUDI HARJANTO
Commissioner

.09

63 years, Indonesian Citizen, domiciled in Jakarta. Obtained Doctoral Degree in Economics from University of Merdeka, Malang (2010), M.Sc. Degree in Agricultural Economics from Oklahoma State University, USA (1999), Master Degree in Business Administration (MBA) from European University, Belgium (1989) and Bachelor Degree in Economics Development from University of Sam Ratulangi, Manado (1980).

Currently serves as Vice Chairman, SOE Cooperation Development, Chamber of Commerce and Industries (KADIN Indonesia) (2016-current). Previously served as Business and Investment Advisor to The Chairman CT Corp, Bank Mega Group (2012-2015), President Director of Bank Sulawesi Utara (2010-2012), Marketing Director of Bank Sulawesi Utara (2008-2009), and General Director of PT Bank Sulawesi Utara (2007-2008), and Operations Director of Bank Mitraniaga (1991-1992).

Appointed Commissioner of BRI for the first term since 19 March 2015 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-137/D.03/2015 dated 3 July 2015.

He also serves as Member of the Risk Management Oversight Committee, and Member of the Nomination and Remuneration Committee of BRI.

45 years, Indonesian Citizen, domiciled in Jakarta. Obtained Doctoral Degree in Political Science, Northern Illinois University, USA, Master Degree in Political Science, Ohio University, Ohio, USA, and Bachelor Degree in International Relations, University of Gadjah Mada, Yogyakarta.

Currently serves as Expert staff, State Secretary Political and Institutional Communication (2015-current), Commissioner of PT Permodalan Nasional Madani (Persero) (2015-current), and Lecturer, University of Paramadina Jakarta (2012-current). Previously served as Researcher, Centre for Strategic and International Studies (1996-2012).

Appointed Commissioner of BRI for the first term since 15 March 2017 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-123/PB.12/2017 dated 21 July 2017.

He also serves as Member of the Risk Management Oversight Committee, and Member of the Nomination and Remuneration Committee of BRI.

BOARD OF DIRECTORS' PROFILE



SUPRAJARTO
President Director

.01

61 years, Indonesian Citizen, domiciled in Jakarta. Obtained Doctorate Degree in Business Management, University of Padjajaran, Bandung, Master Degree in Marketing Management, University of Padjajaran, Bandung, and Bachelor Degree in Economics, University of Pembangunan Nasional "Veteran".

Previously served as Deputy President Director of PT Bank Negara Indonesia (Persero) Tbk (2015-2017), Managing Director of Network and Services at PT Bank Rakyat Indonesia (Persero) Tbk (2007-2015), Head of Regional Office of Jakarta at PT Bank Rakyat Indonesia (Persero) Tbk (2006-2007), and Corporate Secretary of PT Bank Rakyat Indonesia (Persero) Tbk (2005-2006).

Appointed President Director of BRI for the first term since 15 March 2017 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-70/PB.12/2017 dated 3 May 2017.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BOARD OF DIRECTORS' PROFILE



HARU KOESMAHARGYO
Director of Business and Finance Strategy



SUSY LIESTIWATY
Director of Compliance



50 years, Indonesian Citizen, domiciled in Jakarta. Obtained Master Degree in Business Administration, Investment Banking, Emory University, USA (2000), and Bachelor Degree in Technology of Agriculture Industry, University of Brawijaya, Malang (1989).

Previously served as Director of Strategy & Finance at PT Bank Rakyat Indonesia (Persero) Tbk (2017), Director of Finance at PT Bank Rakyat Indonesia (Persero) Tbk (2015-2017), President Commissioner at PT BTMU BRI Finance (2014-2015), Head of The Treasury Division at PT Bank Rakyat Indonesia (Persero) Tbk (2014-2015), General Manager, New York Branch at PT Bank Rakyat Indonesia (Persero) Tbk (2011-2014), and Head of Investor Relations Desk at PT Bank Rakyat Indonesia (Persero) Tbk (2009-2011).

Appointed Director of BRI for the first term since 19 March 2015 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-109/D.03/2015 dated 8 June 2015. In charge as Director of Business and Finance Strategy.

56 years, Indonesian Citizen, domiciled in Jakarta. Obtained Doctoral Degree, Bogor Institute of Agriculture, Bogor (2011), Master Degree in Business Administration, University of Case Western Reserve, USA(1993), and Bachelor Degree in Agronomy, Bogor Institute of Agriculture, Bogor (1983).

Previously served as Director Credit Risk Management at PT Bank Rakyat Indonesia (Persero) Tbk (2016-2017), Director of Compliance at PT Bank Rakyat Indonesia (Persero) Tbk (2015-2016), Commissioner of PT Bank BRI Agroniaga Tbk (2011-2015), Head of The Credit Risk Analysis Division at PT Bank Rakyat Indonesia (Persero) Tbk (2010-2015), Head of The Agribusiness Division at PT Bank Rakyat Indonesia (Persero) Tbk (2009-2010), and Head of Investment Banking at PT Bank Rakyat Indonesia (Persero) Tbk (2006-2009).

Appointed Director of BRI for the first term since 19 March 2015 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-108/D.03/2015 dated 8 June 2015. In charge as Director of Compliance.

BOARD OF DIRECTORS' PROFILE



DONSUWAN SIMATUPANG
Director of Risk Management

.04



MOHAMMAD IRFAN
Director of Network and Services

.05

55 years, Indonesian Citizen, domiciled in Jakarta. Obtained Master Degree in Business Administration, Virginia Tech, USA (1993), and Bachelor Degree in Economics, University of Parahyangan, Bandung (1985).

Previously served as Director of Micro, Small & Medium Business at PT Bank Rakyat Indonesia (Persero) Tbk (2017), Director of Commercial Business at PT Bank Rakyat Indonesia (Persero) Tbk (2015-2017), Head of The Corporate Business Division at PT Bank Rakyat Indonesia (Persero) Tbk (2013-2015), Head of The Regional Office, Surabaya, PT Bank Rakyat Indonesia (Persero) Tbk (2012-2013), Head of The Regional Office, Medan, PT Bank Rakyat Indonesia (Persero) Tbk (2010-2012), and Head of The Retail Business Division, PT Bank Rakyat Indonesia (Persero) Tbk (2008-2010).

Appointed Director of BRI for the first term since 19 March 2015 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-101/D.03/2015 dated 1 June 2015. In charge as Director of Risk Management.

57 years, Indonesian Citizen, domiciled in Jakarta. Obtained Master degree in Management, LPPM, Jakarta (1998), and Bachelor Degree in Fisheries, Bogor Institute of Agriculture, Bogor (1982).

Previously served as Director of Corporate Business at PT Bank Rakyat Indonesia (Persero) Tbk (2017), Director of Micro Business, PT Bank Rakyat Indonesia (Persero) Tbk (2015-2017), Head of The Regional Office, Jakarta I, PT Bank Rakyat Indonesia (Persero) Tbk (2010-2015), Head of The Regional Office, Semarang, PT Bank Rakyat Indonesia (Persero) Tbk (2009-2010), Head of The Regional Office, Padang, PT Bank Rakyat Indonesia (Persero) Tbk (2006-2009), Head of the Information Systems Technology Division at PT Bank Rakyat Indonesia (Persero) Tbk (2003-2006).

Appointed Director of BRI for the first term since 19 March 2015 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-100/D.03/2015 dated 1 June 2015. In charge as Director of Network and Services.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BOARD OF DIRECTORS' PROFILE



KUSWIYOTO
Director of Medium, Corporate and SOE Loans



SIS APIK WIJAYANTO
Director of Institutional Relations



51 years, Indonesian Citizen, domiciled in Jakarta. Obtained Master Degree in Business Administration in Finance, Washington University, USA (1997), and Bachelor degree in Economics, University of Airlangga, Surabaya (1986).

Previously served as Director of Risk Management at PT Bank Rakyat Indonesia (Persero) Tbk (2017), Director of Institutional Relations at PT Bank Rakyat Indonesia (Persero) Tbk (2015-2017), Head of The Regional Office, Jakarta 1, PT Bank Rakyat Indonesia (Persero) Tbk (2015), Head of The Regional Office, Makassar, PT Bank Rakyat Indonesia (Persero) Tbk (2014-2015), and Commissioner of PT Bringin Indotama Sejahtera Finance (2013-2014).

Appointed Director of BRI for the first term since 12 August 2015 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-207/D.03/2015 dated 4 November 2015. In charge as Director of Medium, Corporate and SOE Loans.

55 years, Indonesian Citizen, domiciled in Jakarta. Obtained Master Degree in Management, Airlangga University, Surabaya (2007), and Bachelor Degree in Business Administration Universitas Brawijaya, Malang (1988).

Previously served as Director of Consumer Business, PT Bank Rakyat Indonesia (Persero) Tbk (2016-2017), Director of Funding & Distribution, PT Bank Tabungan Negara (Persero) Tbk (2015-2016), Head of The Regional Office, Jakarta II, PT Bank Rakyat Indonesia (Persero) Tbk (2015), Head of The Regional Office, Banjarmasin, PT Bank Rakyat Indonesia (Persero) Tbk (2015), General Manager of The Special Branch, PT Bank Rakyat Indonesia (Persero) Tbk (2012-2014), and Deputy GM of BRI Regional Office of Yogyakarta (2010-2012).

Appointed Director of BRI for the first term since 23 March 2016 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-85/D.03/2016 dated 20 May 2016. In charge as Director of Institutional Relations.

BOARD OF DIRECTORS' PROFILE



53 years, Indonesian Citizen, domiciled in Tangerang. Obtained Master Degree in International Management, University of Gadjah Mada, Yogyakarta (2008), and Bachelor Degree in Animal Husbandry, University of Gadjah Mada, Yogyakarta (1987).

Previously served as Director of Human Capital at PT Bank Rakyat Indonesia (Persero) Tbk (2017), Director of Compliance, PT Bank Rakyat Indonesia (Persero) Tbk (2016), Head of The Regional Office, Bandung, PT Bank Rakyat Indonesia (Persero) Tbk (2016), Head of The Regional Office, Yogyakarta, PT Bank Rakyat Indonesia (Persero) Tbk (2015), Head of The Retail and Medium Business Division, PT Bank Rakyat Indonesia (Persero) Tbk (2014-2015), and Head of The Regional Office, Jayapura, PT Bank Rakyat Indonesia (Persero) Tbk (2012-2014).

Appointed Director of BRI for the first term since 23 March 2016 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-105/D.03/2016 dated 21 June 2016. In charge as Director of Micro and Retail Business.



55 years, Indonesian Citizen, domiciled in Jakarta. Obtained Doctoral Degree in Strategic Management, University of Indonesia, Jakarta, Master Degree in Communication & Signal Processing, Imperial College, University of London, UK, and Bachelor Degree in Electrical Engineering and Telecommunications, Institute of Technology Bandung, Bandung.

Previously served as Director of Digital & Strategic Portfolio, Telkom Group, PT Telkom (2016-2017), CEO CFU Digital Service, Telkom Group, PT Telkom (2016-2017), President Commissioner, PT Metra Digital Innovation (Telkom MDI) (2016-2017), and President Commissioner, PT Multimedia Nusantara (Telkom Metra) (2009-2016).

Appointed Director of BRI for the first term since 15 March 2017 pursuant to the Annual GMS resolution and has passed the fit and proper test based on OJK Letter No. SR-123/PB.12/2017 dated 21 July 2017. In charge as Director of Digital Banking & Information Technology.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BOARD OF DIRECTORS' PROFILE



R. SOPHIA ALIZSA
Director of Human Capital



HANDAYANI
Director of Consumer Business



58 years, Indonesian Citizen, domiciled in Jakarta. Obtained Master Degree in Agribusiness Management, Institut Pertanian Bogor, and Bachelor Degree in Economics, University of Jember, Jember.

Previously served as Director of Operations and Network, Perum Jamkrindo (2015-2017), General Manager of The Special Branch, PT Bank Rakyat Indonesia (Persero) Tbk (2014-2015), and Head of The Retail Business Networks Division at PT Bank Rakyat Indonesia (Persero) Tbk (2011-2014).

Appointed Director of BRI for the first term since 18 October 2017 pursuant to the Extraordinary GMS resolution and is currently awaiting the fit and proper test approval from OJK. In charge as Director of Human Capital.

52 years, Indonesian Citizen, domiciled in Jakarta. Obtained Master Degree in Management, University of Padjadjaran, Bandung, and Bachelor Degree in Dentistry, University of Airlangga, Surabaya.

Previously served as Director of PT Bank Tabungan Negara (Persero) Tbk (2016-2017), Director of Commercial Business, PT Garuda Indonesia Tbk (2014-2016), Director of Marketing & Alternate Distribution, PT AXA Mandiri (2013-2014).

Appointed Director of BRI for the first term since 18 October 2017 pursuant to the Extraordinary GMS resolution and is currently awaiting the fit and proper test approval from OJK. In charge as Director of Consumer Business.

PROFILE OF SENIOR EXECUTIVE VICE PRESIDENT (SEVP)



HEXANA TRI SASONGKO
SEVP Treasury & Global Services

53 years, Indonesian Citizen,
 domiciled in Jakarta.

Professional Background

Serves as SEVP BRI since 21 October 2015 pursuant to the Decree No. 630-DIR/KPS/10/2015. Currently serves as SEVP Treasury & Global Services, Treasury & Global Services Directorate of PT Bank Rakyat Indonesia (Persero) Tbk. Previously served as SEVP IT Strategy & Satellite, Digital Banking & Information Technology Directorate of PT Bank Rakyat Indonesia (Persero) Tbk.

Began his banking career in BRI since 1988 and has served managerial positions among others Head of Global Market (1999-2007), Head of Strategic Planning & Business Development Division of PT Bank Rakyat Indonesia (Persero) Tbk (2011-2015). In 2013 he was assigned as BRIsat Project Manager and Satellite Mission Director at the launching of BRIsat in June 2016. Has been participating the satellite activities such as RI delegation member for satellite coordination, Head of BRI team for satellite coordination between operators, and participated in the Asia Pacific Satellite Conference.

Educational Background

Obtained MBA in International Business from Monash Mt. Eliza Business School, Monash University, Melbourne, Australia (1996) and Bachelor Degree in Law from University of Airlangga, Surabaya (1986).



SUPARI
SEVP Transformation

51 years, Indonesian Citizen,
 domiciled in Jakarta.

Professional Background

Serves as SEVP BRI since 1 May 2016 pursuant to the Decree No. 459-DIR/KPS/05/2016. Currently serves as SEVP Transformation, Transformation Directorate of PT Bank Rakyat Indonesia (Persero) Tbk. Previously served as SEVP Network Management, Network & Service Directorate of PT Bank Rakyat Indonesia (Persero) Tbk, SEVP SME & Consumer, SME & Consumer Directorate of PT Bank Rakyat Indonesia (Persero) Tbk, Regional Head of Makassar of PT Bank Rakyat Indonesia (Persero) Tbk, Regional Head of Padang of PT Bank Rakyat Indonesia (Persero) Tbk.

Educational Background

Obtained Master Degree in Agribusiness from University of Gadjah Mada, Yogyakarta 2005 and Bachelor Degree in Agricultural Technology from University of Brawijaya, Malang 1989.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

PROFILE OF SENIOR EXECUTIVE VICE PRESIDENT (SEVP)

GUNAWAN SULISTYO
SEVP Fixed Asset Management & Procurement

.03

TRI WINTARTO
Head of Internal Audit Unit

.04

53 years, Indonesian Citizen,
domiciled in Jakarta.

Professional Background

Serves as SEVP Fixed Asset Management & Procurement of PT Bank Rakyat Indonesia (Persero) Tbk, Fixed Asset Management & Procurement Directorate since 1 May 2017 pursuant to the Decree No. 428-DIR/KPS/05/2017 dated 24 May 2017. Previously served as Head of Goods & Services Procurement of PT Bank Rakyat Indonesia (Persero) Tbk, Deputy Chief Learning Officer BRI Corporate University.

Educational Background

Obtained Master Degree in Management of Financial Management from University of Gadjah Mada, Yogyakarta.

55 years, Indonesian Citizen,
domiciled in Jakarta.

Professional Background

Serves as Head of Internal Audit, Internal Audit Unit of PT Bank Rakyat Indonesia (Persero) Tbk since 1 May 2017 pursuant to the Decree No. 427-DIR/KPS/05/2017 dated 24 May 2017. Previously served as Auditor, Auditor Jakarta Office 1 PT Bank Rakyat Indonesia (Persero) Tbk, Auditor, Auditor Jakarta Office 3 PT Bank Rakyat Indonesia (Persero) Tbk, Head of Food Program and Partnership of PT Bank Rakyat Indonesia (Persero) Tbk, and Regional Head of Bandung of PT Bank Rakyat Indonesia (Persero) Tbk.

Educational Background

Obtained Master Degree in Management from the University of Lampung, Bandar Lampung.

PROFILE OF SENIOR EXECUTIVE VICE PRESIDENT (SEVP)



53 years, Indonesian Citizen,
domiciled in Jakarta.

Professional Background

Appointed SEVP BRI for the first term since 1 May 2016 pursuant to the Decree No. 458-DIR/KPS/05/2016. Served as SEVP Operation, Operations Directorate of PT Bank Rakyat Indonesia (Persero) Tbk until December 2017. Previously served as SEVP Network and Service, Network and Service Directorate of PT Bank Rakyat Indonesia (Persero) Tbk, SEVP SME & Consumer, SME & Consumer Directorate of PT Bank Rakyat Indonesia (Persero) Tbk, Regional Head of Jakarta 2 PT Bank Rakyat Indonesia (Persero) Tbk, Head of Institutional 1 Division PT Bank Rakyat Indonesia (Persero) Tbk, and Head of Institutional 2 Division PT Bank Rakyat Indonesia (Persero) Tbk.

Educational Background

Obtained Master Degree in Agribusiness from the Bogor Institute of Agriculture (1990).



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

EMPLOYEES DEMOGRAPHICS

Employees based on Organizational Level

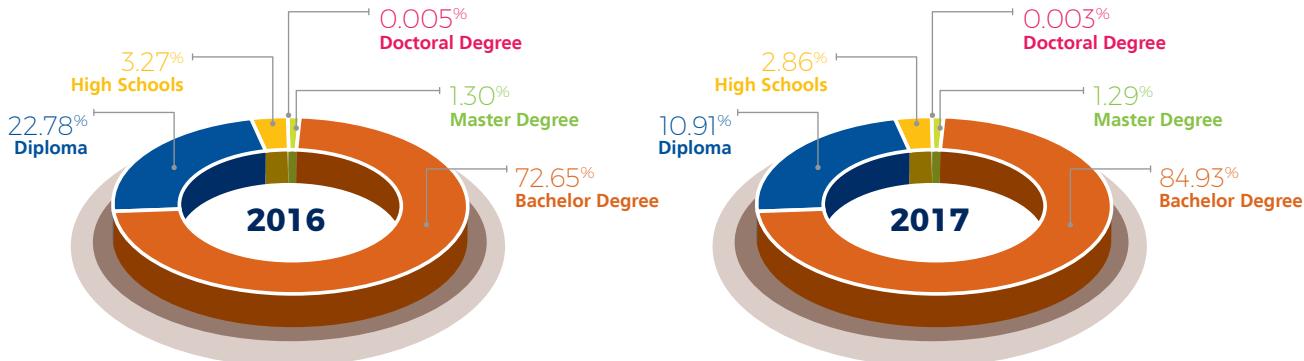
Organizational Level	2015	2016	2017
Senior Executive Vice President	4	4	5
Executive Vice President	50	86	98
Vice President	198	193	209
Assistant Vice President	395	380	345
Senior Manager	738	747	735
Manager	731	1,248	1,331
Assistant Manager	4,331	4,992	5,410
Officer	11,837	12,214	12,003
Assistant	74,290	73,469	72,722
Total	92,574	93,333	92,858

*excluding outsourcing employee

Employees based on Education Level

Education Level	2015	2016	2017
Doctoral Degree	7	5	3
Master Degree	1,195	1,212	1,202
Bachelor Degree	67,953	67,805	78,867
Diploma	19,769	21,261	10,134
Secondary/Equivalent	3,650	3,050	2,652
Total	92,574	93,333	92,858

*excluding outsourcing employee

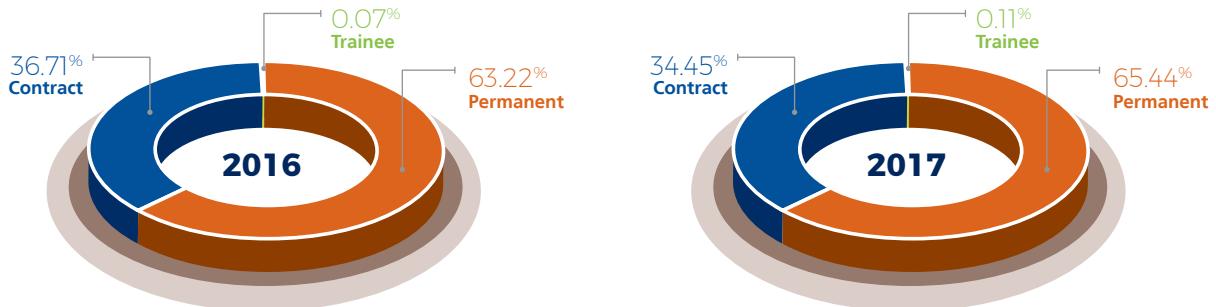


EMPLOYEES DEMOGRAPHICS

Employees based on Employment Status

Status	2015	2016	2017
Permanent	54,859	59,007	60,764
Contract	37,451	34,262	31,994
Trainee	264	64	100
Total	92,574	93,333	92,858

*excluding outsourcing employee



Employees' Competency Building and Equal Opportunities Provided at Each Organizational Level

BRI provides 2 training programs for employees capacity improvements, namely:

1. Development Learning Program, an educational program for prospective employees or BRI employees selected for certain positions aiming at providing competency training to enhance their duties. The Development Learning Program is divided into three programs, which are:
 - a. Management Development Program
An educational career development program for BRI employees, which aims at improving employees competencies for the preparation to take higher corporate positions from Assistant level to Executive Vice President level.
 - b. Competency Development Program
An educational program developed based on competency analysis result, company requirements and actual conditions in the operating units. This program is divided into two big groups, which are hard competency and soft competency created for the Job Title level of participants. The objectives of this program is to provide competency training to improve the duties of certain position such as Head of Branch Offices, Head of Sub-Branch Offices, MP and so forth.
 - c. Master & Doctoral Degree Program
An educational program for BRI employees that aims at enhancing competency through formal education such as Master Degree and Doctoral Degree.



EMPLOYEES DEMOGRAPHICS

- Enhancement Learning Program, an educational program for BRI employees that aims at improving competency for current duties based on competency gap analysis required by the employees. The Enhancement Learning Program is divided into 3 levelling namely Basic, Intermediate and Advanced. The parameter to determine the levelling are among others variety of business product, sales mode, degree of analysis, participants' background, business scale, business model, branch level, and so forth.

Developing Learning Program

NO	CORPORATE TITLE	DEVELOPING LEARNING PROGRAM	
		Management Development Learning Program	Competency Development Learning Program
1	Executive Vice President	Executive Vice President Development Program	Regional Head, Division Head and Auditors
2	Vice President	Vice President Development Program	Regional Deputy Head, Division Deputy Head, and Vice Inspector
3	Assistant Vice President	Assistant Vice President Development Program	Branch Head, Division Head and Group Head
4	Senior Manager	Senior Management Development Program	
5	Manager	Manager Development Program	Sub-Branch Head, Division Deputy Head, Priority Banking Manager, Marketing Manager, Operational Manager and Micro Business Manager
6	Assistant Manager	Assistant Manager Development Program	Operational Assistant Manager, Micro Business Assistant Manager, Fund Marketing Assistant Manager, Loan Marketing Assistant Manager
7	Officer	Supervisor Development Program	Supervisor, Unit Head, Staff and other Officer equivalent position
8	Assistant	Assistant Development Program	Loan & Funding Relationship Manager, Mantri, CS, Teller and other Assistant equivalent position

Realization of Training Costs and Total Participants in 2017

The realization of BRI HR educational and development in 2017 was posted at Rp533.6 billion. While cost per employee was Rp301,000/participant. Whereas the realization of total participants in 2017 was 1.773.194 participant where such total was representing In Class program of 13.6% and E-Learning of 86.4%. The details of training costs and realization of total participants is as follows:

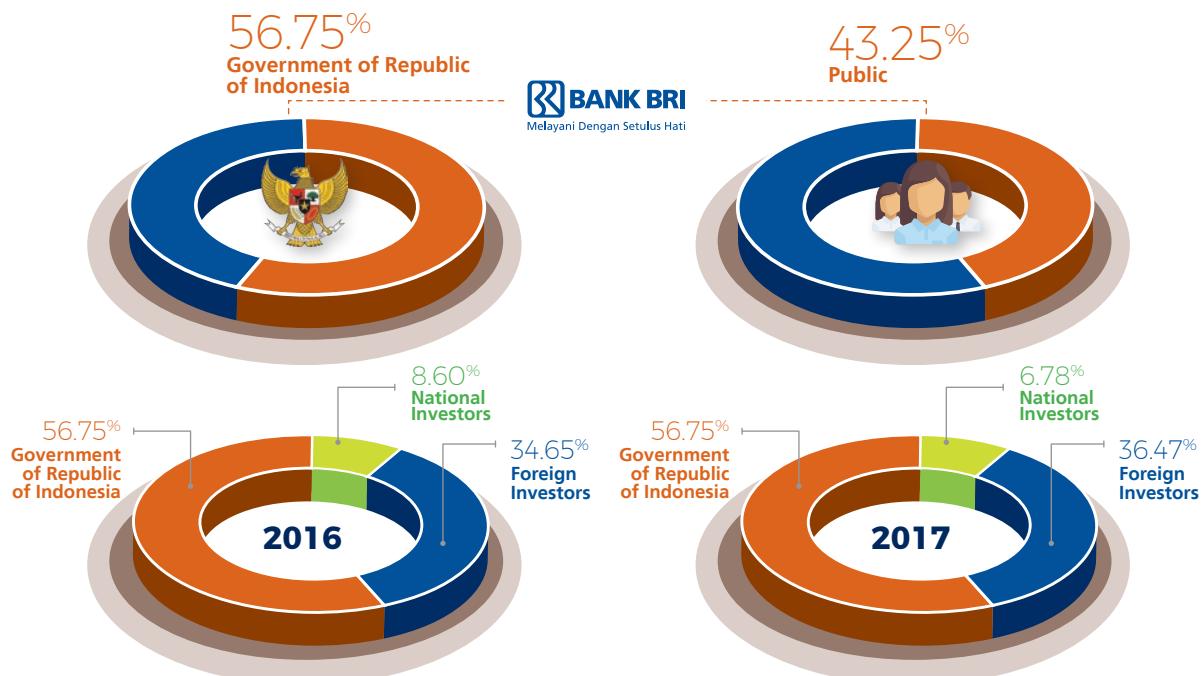
No	Description	2017*) Target (In Million Rupiah)	Realization of December 2017*) (In Million Rupiah)	Percentage of Budget Achievement	Realization of Total Participants	Realization of Cost/ Participant**) (In Thousand Rupiah)
1	Development	289,640	91,192	31.5%	11,326	8,052
2	Enhancement	416,329	295,527	71.0%	1,604,946	184
3	FPK & FGD	146,901	137,255	93.4%	93,691	1,465
4	Socialization	8,833	3,999	45.3%	63,231	63
5	Literacy	2,500	260	10.4%	-	-
6	Support	12,900	5,379	41.7%	-	-
TOTAL		877,103	533,614	60.8%	1,773,194	301

*) In Million Rupiah

**) In Thousand Rupiah

SHAREHOLDERS COMPOSITION

At the end of 2017, BRI has a total of 23,954 shareholders consisting of 21,804 national investors and 2,150 foreign investors. BRI majority shareholder is held by the Government of Republic of Indonesia with 56.75% share ownership. The public holds 43.25% shares and there are no public holding over 5% shares from the total shares as stated in the Share Registrar. Foreign investor holds 36.47% share ownership and the rests are national investors with a portion of 6.78% ownership.



BRI Shareholders Composition as of 31 December 2017

Category	Total Shareholders	Total Shares	Composition
Government of Republic of Indonesia	1	70,000,000,000	56.75%
Public	23,953	53,345,810,000	43.25%
Domestic Investors	21,803	8,358,083,044	6.78%
Individuals	19,585	944,947,153	0.77%
Employee	1,621	186,929,000	0.15%
Local Government	1	1,590,000	0.001%
Bank	1	1,108,590,000	0.90%
Cooperatives	5	4,068,400	0.003%
Foundations	20	101,620,300	0.08%
Pension Funds	122	652,842,100	0.53%
Insurance	83	2,226,410,500	1.81%
Limited Liability Companies	77	671,568,331	0.54%
Mutual Funds	288	2,459,517,260	1.99%
Foreign Investors	2,150	44,987,726,956	36.47%
Individuals	117	44,357,900	0.04%
Foreign Corporations	2,033	44,943,369,056	36.44%
Total	23,954	123,345,810,000	100%



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

SHAREHOLDERS COMPOSITION

BRI Shares Ownership Post Stock Split as of 31 December 2017

Description	Shareholders (Total Shares Outstanding)					Total Shares Outstanding
	Government		Public		Nominal	
	Total	%	Total	%	Rp	
Prior to Stock Split	14,000,000,000	56.75	10,669,162,000	43.25	250	24,669,162,000
Post Stock Split	70,000,000,000	56.75	53,345,810,000	43.25	50	123,345,810,000

20 Largest Shareholders of BRI As of 31 December 2017

The details of 20 largest shareholders is as follows:

No	Name	Shares	Percentage
1	JPMBL SA UCITS CLT RE-FRANKLIN TEMPLETON	1,106,976,500	0.90
2	BBH BOSTON S/A VANGRD EMG MKTS STK INFD	893,284,712	0.72
3	JPMCB NA AIF CLT RE-STICHTING DEPOSITORY	812,212,900	0.66
4	PT. PRUDENTIAL LIFE ASSURANCE - REF	804,417,700	0.65
5	HSBC BANK PLC S/A SAUDI ARABIAN MONETARY	790,647,395	0.64
6	GIC S/A GOVERNMENT OF SINGAPORE	772,118,685	0.63
7	JPMCB NA RE-OPPENHEIMER DEVELOPING MARKE	767,953,500	0.62
8	JPMCB NA RE-VANGUARD TOTAL INTERNATIONAL	694,450,637	0.56
9	NT TST CO S/A GENERATION IM FUND PUBLIC	478,036,000	0.39
10	SSB 24DR S/A FIDELITY INVESTMENT TR:FID	428,578,500	0.35
11	JPMCB NA RE-FIDELITY INVESTMENT TRUST: F	418,348,100	0.34
12	THE NORTHERN TRUST CO S/A CANTILLON FUND	401,719,091	0.33
13	SSB OBIH S/A ISHARES MSCI EMERGING MARKE	401,239,410	0.33
14	THE NORTHERN TST CO SA FIDELITY INVESTME	394,568,100	0.32
15	REKSA DANA SCHRODER DANA PRESTASI PLUS-9	389,327,100	0.32
16	SSB 2Q27 S/A ISHARES CORE MSCI EMERGING	380,380,600	0.31
17	SSB A52A S/A ARTISAN INTERNATIONAL FUND-	361,541,500	0.29
18	NT TST CO S/A HARDING LOEVNER FUNDS, INC	351,943,000	0.29
19	CITIBANK NA-BANK RAKYAT INDONESIA	351,096,800	0.28
20	BNYM RE VIRTUS VONTobel EMERGING MARKETS	347,732,661	0.28

SHAREHOLDERS COMPOSITION

BRI Board of Commissioners and Directors Shares Ownership

The Board of Commissioners and Board of Directors of BRI do not hold over 5% shares ownership from the total shares registered at the Share Registrar.

Board of Commissioners

Name	Position	Ownership			
		31 December 2016		31 December 2017	
		Shares	(%)	Shares	(%)
Andrinof A. Chaniago*	President Commissioner/ Independent Commissioner	-	-	-	-
Mustafa Abubakar**	Vice President Commissioner	-	-	-	-
Gatot Trihargo	Vice President Commissioner	-	-	-	-
Ahmad Fuad**	Independent Commissioner	-	-	-	-
Adhyaksa Dault***	Independent Commissioner	-	-	-	-
A. Fuad Rahmany	Independent Commissioner	-	-	-	-
A. Sony Keraf	Independent Commissioner	-	-	-	-
Mahmud	Independent Commissioner	-	-	-	-
Rofikoh Rokhim****	Independent Commissioner	-	-	-	-
Vincentius Sonny Loho	Commissioner	-	-	-	-
Jeffry W. Wurangian	Commissioner	-	-	-	-
Nicolaus Teguh Budi Harjanto*	Commissioner	-	-	-	-

*) Effective as of 15 March 2017

**) Effective up to 15 March 2017

(***) Effective up to 18 October 2017

(****) Effective as of 18 October 2017

Board of Directors

Name	Position	Ownership			
		31 December 2016*		31 December 2017	
		Shares	(%)	Shares	(%)
Suprajarto	President Director	-	-	-	-
Asmawi Syam**	Vice President Director	-	-	-	-
Sunarso***	Vice President Director	-	-	-	-
Randi Anto***	Director	3,305,000	0.00268	-	-
Sis Apik Wijayanto	Director	700,000	0.00057	700,000	0.00057
Susy Liestiowaty	Director	2,900,000	0.00235	2,900,000	0.00235
Donsuwan Simatupang	Director	142,500	0.00012	142,500	0.00012
Mohammad Irfan	Director	170,000	0.00014	170,000	0.00014
Haru Koesmahargyo	Director	-	-	-	-
Kuswiyoto	Director	-	-	-	-
Priyastomo	Director	-	-	-	-
Indra Utoyo	Director	-	-	-	-
R. Sophia Aliza****	Director	-	-	25,000	0.00002
Handayani****	Director	-	-	-	-
Total		7,217,500	0.00585	3,937,500	0.00319

*) Total shares took into account the stock split

**) Effective up to 15 March 2017

(***) Effective up to 18 October 2017

(****) Effective as of 18 October 2017



Performance Highlights
 Management Reports
Company Profile
 Management Discussion & Analysis

LIST OF SUBSIDIARIES AND/OR ASSOCIATES

BRI Equity Investment As of 31 December 2017

No	Company Name	Business Lines	BRI Investment Date	Ownership %	Commencing Operations	Address
1	PT Bank BRI Syariah (BRI Syariah)	Sharia Commercial Banks	19 December 2007	99.999975	16 October 2008 Operating	Jl. Abdul Muis No. 2-4, Jakarta 10160
2	PT Bank Rakyat Indonesia AgroniagaTbk. (BRI Agro)	National Private Commercial Banks	3 March 2011	86.82	8 February 1990 Operating	BRI Agro Building Jl. Warung Jati Barat No.139 Jakarta 12740
3	PT BRI Multifinance Indonesia (BRI Finance)	Financing	16 December 2011	99.00	7 April 2005 Operating	Wisma 46, 10th Floor Kota BNI, Jl. Jenderal Sudirman Kav. 1, Jakarta
4	PT Asuransi BRI Life (BRI Life)	Life Insurance Company	14 December 2015	91.00	28 October 1987 Operating	Graha Irama 2, 5, 7, 11 & 15 Fl. Jl. HR. Rasuna Said Blok X-1, Kav 1 & 2, Jakarta 12950 Indonesia
5	BRI Remittance Co. Ltd. (BRI Remittance)	Remittance	1 August 1983	100.00	1 August 1983 Operating	Room 1115, 11/F, Lippo Center, Tower II, 89 Queensway, Admiralty, Hong Kong
6	PT BahanaArtha Ventura	Venture Capital	21 November 2017	35	5 August 1992 Operating	Graha Niaga Lt 20 Jl. Jenderal Sudirman Kav. 58 Jakarta 12190 Indonesia

*) BRI has Warrant II BRI Agro of 538,113,617 shares that can be executed until June 2018

CORPORATE STRUCTURE





Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

SHARES LISTING CHRONOLOGY

BRI exercised Initial Public Offering on 31 October 2003 with a total of 3,811,765,000 Registered Ordinary Shares Series B to domestic and foreign investors. The total shares was a divestment of 2,047,060,000 shares of the Republic of Indonesia and 1,764,705,000 shares issued from the portfolio.

The initial public offering was in accordance with the effective registration statement issued by Bapepam - now OJK (Letter of Bapepam Chairman No. S-2646/ PM/2003) dated 31 October 2003. The shares were offered at a nominal value of Rp500.00 per share, traded on 10 November 2013 and registered in Jakarta Stock Exchange (now Indonesia Stock Exchange).

Following the initial public offering, BRI issued two types of shares: Golden Shares Series A and Ordinary Shares Series B. Golden Shares Series A are issued and owned by the Republic of Indonesia and are not transferable to any parties. Holders of Golden Shares Series A have the following privileges to:

- Nominate members of the Board of Directors and Board of Commissioners.
- Approve the appointment and termination of members of the Board of Directors and or Board of Commissioners
- Approve the amendment to Articles of Association, including change of capital
- Approve the consolidation, merger, acquisition, and divestment of the Company; filing for bankruptcy, Company dissolution, and or
- Request report and explanation on certain matters to the Board of Directors and Board of Commissioners in accordance with prevailing laws and regulations especially in the Capital Market.

On 10 November 2003 BRI exercised oversubscription option of 381,176,000 Ordinary Shares Series B of the Republic of Indonesia (divestment) and over-allotment option of 571,764,000 Ordinary Shares Series B of the Republic of Indonesia (divestment) on 3 December 2003. The divestment was listed at the Jakarta Stock Exchange (now Indonesia Stock Exchange).

Subsequent to BRI IPO, oversubscription option, and over allotment option, the Republic of Indonesia owned 59.50% BRI shares.

IPO Proceeds Allocation

The following are details of IPO proceeds allocation of Rp1.47 trilium:

No.	IPO Proceeds Allocation (Rp billion)	Plan	2004	2005	2006	2007	2008	2009	Achievement
1	Upgrade Core banking and IT System	883.27	196.24	564.35	646.96	698.87	723.36	883.27	100%
2	Work network expansion	441.63	213.68	419.34	441.63	441.63	441.63	441.63	100%
3	Product Research and Development	147.21	147.21	147.21	147.21	147.21	147.21	147.21	100%
	Total Proceed	1,472.11	557.13	1,130.9	1,235.80	1,287.71	1,312.20	1,472.11	100%

SHARES LISTING CHRONOLOGY

Management Stock Option Plan (MSOP)

Pursuant to the resolution of the Extraordinary GMS on 3 October 2003, BRI shareholders approved the Management Stock Option Plan (MSOP).

Under the MSOP, BRI issued a total of 588,235,250 shares. The MSOP was exercised in three tranches; MSOP Tranches I and II were completed on 9 November 2008 and 9 November 2009, respectively, while MSOP Tranche III was completed on 9 November 2010.

The three MSOP tranches refer to the Regulation of Bapepam-LK No. IX.D.4 and IDX Regulation No.1-A, Attachment to the Decree of IDX Board of Directors No.Kep.305/BEJ/07-2004 regarding Shares Listing.

In total, there were 569,876,000 shares exercised until the completion of all MSOP phases. Until the end of exercise period, there were 18.3 million unexercised shares that consist of 4.3 million unexercised shares from MSOP Tranche I; 5.2 million unexercised shares from MSOP Tranche II; and 8.8 million unexercised shares from MSOP Tranche III.

MSOP Phases	Total MSOP Shares	Beginning Date of MSOP	Ending Date of MSOP	Prices	Excercised Shares
Tranche I	235,294,100	10 November 2003	9 November 2008	Rp962.50	230,999,000
Tranche II	235,294,100	10 November 2004	9 November 2009	Rp1,750.00	230,047,000
Tranche III	117,647,050	10 November 2005	9 November 2010	Rp20,907 s/d Rp8,649*)	108,830,000
Total	588,235,250				569,876,000

*) MSOP tranche III was executed 8 periods with price according to Bapepam-LK and IDX rules

There were a total of 588,235,250 shares allocated for MSOP Tranche I, II, and III, where until the end of MSOP period, a total of 569,876,000 shares were exercised. The MSOP generated additional equity for the Bank at Rp1,366,089,110,750.00.

No.		Tranche I	Tranche II	Tranche III	Total
1	Paid-Up Capital	115,500	115,024	54,415	284,938
2	Premium	106,837	287,559	474,490	686,886
3	Other Capital (Share x Option Value)	27,117	80,889	10,259	212,265
	Total	249,454	483,471	633,164	1,366,089

With the completion of exercised MSOP in 2010, the government share ownership was recorded at 56.75%.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

SHARES LISTING CHRONOLOGY

Year	Shares Ownership				Nominal (Rp)	Total Shares Issued at the End of Period	Equity Value Issued at the End of Period (Rp Million)	Corporate Actions				
	Government		Public									
	Total	%	Total	%								
2003	7,000,000,000	59.50	4,764,705,000	40.50	500	11,764,705,000	5,882,353	IPO daed 10 November 2003 Total shares post IPO 11,764,705,000 (listed in BEJ)				
2004	7,000,000,000	59.07	4,850,090,500	40.93	500	11,850,090,500	5,925,045	Exercised MSOP 85,385,500				
2005	7,000,000,000	58.16	5,035,700,500	41.84	500	12,035,700,500	6,017,850	Exercised MSOP 185,610,000				
2006	7,000,000,000	56.97	5,286,421,500	43.03	500	12,286,421,500	6,143,211	Exercised MSOP 250,721,000				
2007	7,000,000,000	56.83	5,317,800,500	43.17	500	12,317,800,500	6,158,900	Exercised MSOP 31,379,000				
2008	7,000,000,000	56.79	5,325,299,500	43.21	500	12,325,299,500	6,162,650	Exercised MSOP 7,499,000				
2009	7,000,000,000	56.77	5,329,852,500	43.23	500	12,329,852,500	6,164,926	Exercised MSOP 4,553,000				
2010	7,000,000,000	56.75	5,334,581,000	43.25	500	12,334,581,000	6,167,291	Exercised MSOP 4,728,500				
2011	14,000,000,000	56.75	10,669,162,000	43.25	250	24,669,162,000	6,167,291	Stock Split 1:2 dated 11 January 2011				
2012	14,000,000,000	56.75	10,669,162,000	43.25	250	24,669,162,000	6,167,291					
2013	14,000,000,000	56.75	10,669,162,000	43.25	250	24,669,162,000	6,167,291					
2014	14,000,000,000	56.75	10,669,162,000	43.25	250	24,669,162,000	6,167,291					
2015	14,000,000,000	56.75	10,669,162,000	43.25	250	24,669,162,000	6,167,291					
2016	14,000,000,000	56.75	10,669,162,000	43.25	250	24,669,162,000	6,167,291					
2017	70,000,000,000	56.75	53,345,810,000	43.25	50	123,345,810,000	6,167,291	Stock Split 1:5 dated 10 November 2017				

Stock Split

With the completion of exercised MSOP in 2010, the government share ownership was recorded at 56.75%. In 2017, BRI does not exercised outstanding ESOP/MSOP Program.

Up to 31 December 2017, BRI has exercised two times stock split namely in 2011 and 2017.

Stock Split in 2011

Based on the Bank's Extraordinay General Meeting of Shareholders ("EGMS") held on 24 November 2011, the shareholders has approved to exercise a stock split from previously Rp500,- (Five hundred rupiah) per share to Rp 250,- (Two hundred fifty rupiah) per share (Ratio 1:2).

SHARES LISTING CHRONOLOGY

The share price prior to stock split on 10 January 2011 was Rp9,300.00,- and changed to Rp4,800,- at the closing of trading on 11 January 2011. With such stock split, as of 11 January 2011 the total shares outstanding prior to and at the stock split was 12.334.581.000 shares and 24.669.162.000 shares. There was no changes on the shares ownership composition by the Government or Public prior to and after the stock split.

Stock Split in 2017

Pursuant to the Extraordinary General Meeting of Shareholders ("EGMS") convened on 18 October 2017, the shareholders approved a stock split from previously Rp 250,- (two hundred fifty Rupiah) per shares to Rp 50,- (fifty Rupiah) per shares (Ratio 1:5).

The share price prior to stock split on 9 November 2017 was Rp16,450,- and changed to Rp3,280,- at the closing of trading on 10 November 2017. With such stock split, as of 10 November 2017 the total shares outstanding prior to and at the stock split was 24,669,162,000 shares and 123,945,810,000 shares. There was no changes on the shares ownership composition by the Government or Public prior to and after the stock split.

The shares listing chronology in relation with this corporate action are as follows:

Stock Split in 2011

Description	Shareholders (Total Shares Outstanding)					Total Shares Outstanding
	Government		Public		Nominal	
	Total	%	Total	%	Rp	
Prior to Stock Split	7,000,000,000	56.75	5,334,581,000	43.25	500	12,334,581,000
Post Stock Split	14,000,000,000	56.75	10,669,162,000	43.25	250	24,669,162,000

Stock Split in 2017

Description	Shareholders (Total Shares Outstanding)					Total Shares Outstanding
	Government		Public		Nominal	
	Total	%	Total	%	Rp	
Prior to Stock Split	14,000,000,000	56.75	10,669,162,000	43.25	250	24,669,162,000
Post Stock Split	70,000,000,000	56.75	53,345,810,000	43.25	50	123,345,810,000

Stock Buy Back

No stock buy back during 2017. The Bank has exercised a stock buy back in 2015-2016. BRI exercised the buy back for three months starting 12 October 2015 to 12 January 2016, with the total buy back costs of Rp2.419 trillion. The initial buy back target was Rp2.5 trillion, with the rules that BRI buy back shares should not exceed 20% of total paid-up capital and shares outstanding should be at a minimum 7.5% of paid-up capital.

Stock Buy Back Shares in 2015- 2016

Total Shares	Average Price of Buying	Improved Earnings Per Share
221,718,000 shares	Rp 10,910/share	Rp9,5/share

*before stock split 1:5

[Performance Highlights](#)[Management Reports](#)[Company Profile](#)[Management Discussion & Analysis](#)

SHARES LISTING CHRONOLOGY

In performing the stock buy back and/or bonds, the Bank complies with the prevailing external regulations, among others:

1. Law No. 40 of 2007 on Limited Liability Company
2. OJK Regulation No. 2/POJK.04/2013 on Stock Buyback by Issuers or Public Companies in Significantly Fluctuating Market Conditions
3. OJK Circular No. 22/SEOJK.04/2013 on Other Conditions as Significantly Fluctuating Market Conditions of Stock Buyback by Issuers or Public Companies in Significantly Fluctuating Market Conditions
4. Bank Indonesia Regulation No. 15/12/DASP/2013 regarding the Procedures for the Auction of Government Securities in the Primary Market and the Administration of Government Securities

The source of buyback funds was the Bank's internal cash and there was an assurance that the funds would not impact the Bank's financial condition required to finance its activities. All buy back transactions have been administered to the OJK on 13 January 2016. The buyback shares are planned to be used in MSOP/ESOP (Management Stock Option/Employee Stock Option).

Bonds Buy Back

Up to 31 December 2017, the Bank has not exercised any bonds buy back.

Suspension/ Delisting

Up to 31 December 2017 there were no suspension and/or delisting on BRI' shares.

OTHER SECURITIES LISTING CHRONOLOGY

Bonds	Currency	Issue Date	Maturity	Face value	Tenor (Month)	Coupon/Discount Rate	Rating	Rating Agency	Main Purpose
Senior Notes due 2018	USD	28 Mar'13	28 Mar'18	500,000,000	60	2.95	Baa3	Moody's	Loan disbursement with prudential banking and good corporate governance principles.
Bank BRI Shelf Registration Bonds I Phase I Year 2015 Series-B	IDR	2 Jul'15	3 Jul'18	925,000,000,000	36	9.20	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
Bank BRI Shelf Registration Bonds I Phase I Year 2015 Series-C	IDR	2 Jul'15	3 Jul'20	1,420,000,000,000	60	9.50	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
Bank BRI Shelf Registration Bonds I Phase II Year 2015 Series-B	IDR	5 Feb'16	4 Feb'19	1,018,500,000,000	36	9.25	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles
Bank BRI Shelf Registration Bonds I Phase II Year 2016 Series-C	IDR	5 Feb'16	4 Feb'21	2,823,500,000,000	60	9.60	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles
Bank BRI Shelf Registration Bonds I Phase III Year 2016 Series-B	IDR	25 Mei'16	25 Mei'19	2,437,000,000,000	36	8.20	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles
Bank BRI Shelf Registration Bonds I Phase III Year 2016 Series-C	IDR	25 Mei'16	25 Mei'21	701,000,000,000	60	8.70	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles
Bank BRI Shelf Registration Bonds II Phase I Year 2016 Series-B	IDR	1 Des'16	1 Des'19	964,000,000,000	36	8.00	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles
Bank BRI Shelf Registration Bonds II Phase I Year 2016 Series-C	IDR	1 Des'16	1 Dec'21	193,000,000,000	60	8.20	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles
Bank BRI Shelf Registration Bonds II Phase I Year 2016 Series-D	IDR	1 Des'16	1 Des'23	477,000,000,000	84	8.65	AAA	Pefindo	
Bank BRI Shelf Registration Bonds II Phase I Year 2016 Series-E	IDR	1 Des'16	1 Des'26	2,350,000,000,000	120	8.90	AAA	Pefindo	



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OTHER SECURITIES LISTING CHRONOLOGY

Bonds	Currency	Issue Date	Maturity	Face value	Tenor (Month)	Coupon/Discount Rate	Rating	Rating Agency	Main Purpose
Bank BRI Shelf Registration Bonds II Phase II Year 2017 Series-A	IDR	11 Apr'17	16 Apr'18	1,131,000,000,000	370 days	7.20	AAA	Pefindo	Loan disbursement with prudential banking and good corporate governance principles.
Bank BRI Shelf Registration Bonds II Phase II Year 2017 Series-B	IDR	11 Apr'17	11 Apr'20	1,743,500,000,000	36	8.10	AAA	Pefindo	
Bank BRI Shelf Registration Bonds II Phase II Year 2017 Series-C	IDR	11 Apr'17	11 Apr'22	925,000,000,000	60	8.30	AAA	Pefindo	
Bank BRI Shelf Registration Bonds II Phase II Year 2017 Series-D	IDR	11 Apr'17	11 Apr'27	1,300,500,000,000	120	8.80	AAA	Pefindo	
Bank BRI Shelf Registration Bonds II Phase III Year 2017 Series-A	IDR	24 Agu'17	24 Agu'20	980,500,000,000	36	7.60	AAA	Pefindo	Developing Bank's business through loan disbursement with prudential banking and good corporate governance principles.
Bank BRI Shelf Registration Bonds II Phase III Year 2017 Series-B	IDR	24 Aug'17	24 Aug'22	1,652,500,000,000	60	8.00	AAA	Pefindo	
Bank BRI Shelf Registration Bonds II Phase III Year 2017 Series-C	IDR	24 Agu'17	24 Agu'24	2,517,000,000,000	84	8.25	AAA	Pefindo	

NAMES AND ADDRESSES OF CAPITAL MARKET INSTITUTIONS AND/OR PROFESSIONS

Name & Address	Services	Fees (Rp)	Assignment Period
PT Bursa Efek Indonesia Gedung Bursa Efek Indonesia, Tower I Jl. Jend. Sudirman Kav. 52-53, Jakarta 12190 – Indonesia Tel. (62-21) 5150515 Fax. (62-21) 5150330 E-mail: callcenter@idx.co.id	Capital Market Institution • Organizer and provider of securities trading systems and facilities • Provider of dissemination of information • Supervisor of fair trade transactions	Rp160,875,000	since 2003 - 2017
PT Kustodian Sentral Efek Indonesia Indonesia Stock Exchange Building Tower I, Lantai 5 Jl. Jend. Sudirman Kav. 52-53, Jakarta 12190 Tel. (62-21) 5299 1003 Fax. (62-21) 5299 1129 Website :www.ksei.co.id	Custodian • Securities deposit in electronic form services • Settlement of securities transactions services • Securities administration services • Distribution of corporate action services	Rp424,277,235	2017
PT Datindo Entrycom Jl. Jend. Sudirman Kav. 34-35 Jakarta 10220 Tel. (62-21) 570 9009	Shares Registrar • Securities Administration Services • Organizer of AGM Services • Dividend Payment Services	Rp413,959,700	2017
PT Pemeringkat Efek Indonesia (Pefindo) Panin Tower Senayan City Lantai 17 Jl. Asia Afrika Kav. 19 Jakarta	Rating Agency	Rp1,174,500,000	2017
PT Fitch Rating Indonesia Prudential Tower Lantai 20 Jl. Jend Sudirman Kav. 79 Jakarta 12190 Tel. (62-21) 5795 7755 Fax. (62-21) 5795 7750	Rating Agency	Rp704,430,400	2017
Moody's Singapore Pte. Ltd. 50th Raffles Place #23-06 Singapore Land Tower Singapore 048623	Rating Agency	Rp1,232,250,000	2017
Standard & Poors 30 Cecil Street #17-01/08 Prudential Tower Singapore 049712 Tel. (65) 6438 2881 Fax. (65) 6438 2321	Rating Agency	Rp811,666,000	2017
Purwantono, Sungkoro, & Surja (Ernst & Young) Indonesian Stock Exchange Building Tower 2, Lantai 7 Jl. Jend. Sudirman Kav. 52-53 Jakarta 12190 Tel. (62-21) 5289 5000 Fax. (62-21) 5289 4100	Public Accounting Firm • Financial Statement Audit Services • Limited Audit Review Services	Rp13,545,000,000	2017



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

AWARDS AND CERTIFICATIONS

NATIONAL AWARDS

Period of January 2017

1. 24 January 2017
Indonesia Prestise Brand Award
Brand Used Most Often 2017
Warta Ekonomi Magazine

Period of February 2017

2. 27 February 2017
Indonesia Most Innovative Brand Award
The Winner of Indonesia Most Innovative Business 2017
Warta Ekonomi Magazine

Period of March 2017

3. 09 March 2017
Indonesia Netizen Brand Choice Award
Top of Mind - Netizen Bank Choice
Warta Ekonomi Magazine
4. 24 March 2017
The Best Media Relation SOE : PR Award
The Best Media Relations
PR Indonesia
5. 25 March 2017
Mens Obsession Award 2017
Commercial Banks
Men's Obsession Magazine

Period of May 2017

6. 08 May 2017
Mutual Fund and Customer Choise Award 2017
Best Performance In Custodian
Warta Ekonomi Magazine
7. 19 May 2017
Indonesia Most Admire Company
Indonesia Most Admire Company 2017
Warta Ekonomi Magazine
8. 24 May 2017
Bisnis Indonesia Award 2017
SOE Bank : The Best Issuers
Bisnis Indonesia

Period of June 2017

9. 13 June 2017
Investor Award Best Bank 2017
Bank With The Largest MSMEs Loan with the Assets above 100 trillion
Investor Daily
10. 16 Juni 2017
Indonesian Digital Award 2017
Bank Book 4
Warta Ekonomi Magazine
11. 16 June 2017
Indonesia Digital Innovation Award 2017
Bank Book 4
Warta Ekonomi Magazine



AWARDS AND CERTIFICATIONS

Period of July 2017

12. 10 July 2017
Bank Indonesia 2017
 The Best Supporting Bank for MSMEs
 Group of Bank Book 3 and 4.
 Bank Indonesia
13. 11 July 2017
Indonesia Best Public Companies
 BANKS
 Stern Value Management
14. 11 July 2017
Indonesians Public Companies 2017 : Best Whealth Creator
 Indonesians Public Companies 2017
 Swa Indonesia Magazine
15. 11 July 2017
Asean Public Companies 2017 : Whealth Creator 2017
 Asean Best Public Companies 2017
 Swa Indonesia Magazine
16. 25 July 2017
Digital Economic Challenge
 Digital Economic Challenge
 Swa Indonesia Magazine

Period of August 2017

17. 28 August 2017
Bisnis Indonesia Award 2017
 Book IV
 Bisnis Indonesia

Period of September 2017

18. 07 September 2017
Brand Asia 2017
 Top 3 Most Powerful Finance Institution In Indonesia
 MARKPLUS.INC
19. 07 September 2017
Indonesia Champions ASEAN 2017
 In acknowledgement of Significant and invaluable Contributions in Building The Market In ASEAN Region
 MARKPLUS.INC





Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

AWARDS AND CERTIFICATIONS

NATIONAL AWARDS

Period of September 2017

- 20. 14 September 2017
Top Bank 2017
TOP Bank 2017 - Book IV
BusinessNews
- 21. 14 September 2017
Top Bank 2017
TOP Bank in GCG 2017
BusinessNews
- 22. 14 September 2017
Top Bank 2017
TOP Internet Banking 2017
BusinessNews
- 23. 14 September 2017
Top Bank 2017
TOP Micro/MSMEs Loans 2017
BusinessNews
- 24. 14 September 2017
Top Bank 2017
TOP Mobile Banking 2017
BusinessNews
- 25. 14 September 2017
Top Bank 2017
TOP SMS Banking 2017
BusinessNews

Period of October 2017

- 26. 19 October 2017
Best Of The Best Awards 2017
The TOP 50 Companies For 2017
Forbes Indonesia
- 27. 27 October 2017
Most Powerful Company 2017
Bank
Warta Ekonomi Magazine

Period of November 2017

- 28. 30 November 2017
Top 4 Popular SOE In Financial Sector
Financial Service and Insurance
Warta Ekonomi Magazine
- 29. 30 November 2017
Top 5 Business Performance SOE
Financial Service and Insurance
Warta Ekonomi Magazine
- 30. 30 November 2017
Top 5 CSR SOE
Financial Service and Insurance
Warta Ekonomi Magazine
- 31. 30 November 2017
Top 5 Innovation SOE
Financial Service and Insurance
Warta Ekonomi Magazine



AWARDS AND CERTIFICATIONS

Period of November 2017

- 32. November 2017
Certificate of Appreciation
 Diversity of The Board
 Indonesia Banking School
- 33. November 2017
Certificate of Appreciation
 The Best Bank In Digital Services
 Indonesia Banking School
- 34. November 2017
Certificate of Appreciation
 The Best Bank In Retail Banking Services
 Indonesia Banking School
- 35. November 2017
Certificate of Appreciation
 The Most Efficient Bank
 Indonesia Banking School
- 36. November 2017
Certificate of Appreciation
 The Most Reliable Bank
 Indonesia Banking School
- 37. November 2017
12 Innovation for the Nation
 Transformasi Digital Transformation Innovation
 KoranSINDO

Periode December 2017

- 38. 05 December 2017
The Most Popular Company in GCG Responsibility Issues
 Indonesia Corporate Secretary Award 2017
 Warta Ekonomi Magazine

Period of December 2017

- 39. 05 December 2017
The Most Popular Company in GCG Fairness Issues
 Indonesia Corporate Secretary Award 2017
 Warta Ekonomi Magazine
- 40. 08 December 2017
Indonesia Most Admired CEO 2017
 Top 5 Most Admired CEO in Bank Sector
 Warta Ekonomi Magazine
- 41. 14 December 2017
The Best SOE 2017
 Financial Field Banking Sector
 Investor Magazine
- 42. 16 December 2017
Best Banking Brand Award 2016
 The Winner of Best Banking Brand 2016 For
 Consumer Choice, Best Reputation, Best
 Digital, Most Reliable, Most Efficient, and Best
 Performance Title
 Warta Ekonomi Magazine
- 43. 19 December 2017
Indonesian Most Trusted Companies Based On Corporate Governance Perception Index (CGPI)
 Good Corporate Governance
 SWA Magazine and IICG





Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

AWARDS AND CERTIFICATIONS

INTERNATIONAL AWARDS

44. 27 July 2017

Best Microfinance Product

Award from The Asian Banker

45. 27 July 2017

The World Biggest Companies 2017

Award from Forbes Global 2000



CERTIFICATIONS

ISO 9001:2015

46. The Accounting and Financial Management Division received the ISO 9001:2015 certification with the scopes of "Design of Accounting Policy & Accounting Control, Preparation and Verification of Published Financial Statements, Budget Planning and Control, and Corporate Financial & Tax Compliance" from Certifications Institution PT SGS Indonesia. This is a testament of continuous improvement in quality development and monitoring of Accounting Policy by the Division to address the needs of BRI stakeholders to ensure fairness of the Financial Statements.

47. The Operation Center Division of BRI received the ISO 9001:2015 certification with 8 (eight) scopes: "Operation Centre System for RTGS, Clearing, Remittance, Card Perso Processing, Payment System Reconciliation, ATM Reconciliation, Treasury and e-Banking Settlement, Cash and Trade Finance" from Certifications Institution PT Lloyd's Register Indonesia. This achievement is expected to continually improve the transaction process in BRI hence resulting in improved customer satisfaction.

48. The Goods and Service Procurement Division received the ISO 9001:2015 certifications from PT Lloyd's Register Indonesia in relations with "Provision of Inventory, Purchase Payment and Archiving Service". This certification is recognized in both nationally and internationally by the National Accreditation Committee and United Kingdom Accreditation Services (UKAS) Management System.

49. BRI Corporate University received the ISO 9001:2015 from the certification institute Lloyd's Register. This certification recognized the management System Standard of BRI Corporate University regarding the "Provision of Banking Training Services". This a testament that BRI Corporate University strives to improve its education operational quality and upholding learners satisfaction.

50. The International Business Division received the ISO 9001:2015 certification from Lloyd's Register Indonesia. This certification recognized the management System Standard within the International Business Division in terms of "Provision of Trade Processing Centre Service Including Supporting Function of Policy and Development & Monitoring Trade Finance". This is a testament that BRI strives to enhance its operational quality hence becoming the trusted intermediaries.

ISO 9001:2008

51. BRI Contact Center (LCC) has been operating with quality management system conform with ISO 9001:2008 covering: "The Operation of Call Center for Banking, Premium Banking, Credit Card, Telemarketing and Supporthing Services" from Certification Institute, Guardian Independent Certification Limited. With this certifcation, BRI is expected to providing excellent contact center services to the customers.

52. BRI Internal Audit has carried out the audit functions by taking into account the Quality Management System conform with the ISO 9001: 2008 especially on the "Risk Based Audit of Internal Audit Services". The certification has been awarded since 2003 and PT SGS Indonesia recertified this every 3 years.

BRI RATINGS

BRI RATINGS

BRI Rating	
FITCH	
Long Term Foreign Currency IDR	BBB-, Stable Outlook
Short Term Foreign Currency IDR	F3
Support Rating Floor	BBB-
Support Rating	2
Viability Rating	bb+
National Long-Term Rating	AAA (idn), Stable Outlook
Rupiah Subordinated Debt	A+ (idn)
Senior Unsecured Notes	BBB-
Standard and Poor's	
Outlook	Stable
Long Term Foreign Issuer Credit	BB+
Long Term Local Issuer Credit	BB+
Short Term Foreign Issuer Credit	B
Short Term Local Issuer Credit	B
MOODY'S	
Outlook	Stable
Bank Deposit	Baa3/P-3
Bank Financial Strength	D+
Baseline Credit Assessment	Baa3
Adjusted Baseline Credit Assessment	Baa3
Senior Unsecured Notes	Baa3
PEFINDO	
National Rating	id AAA, Stable Outlook
Sovereign Rating	
Standard and Poor's	BB+, Positive Outlook
Fitch	BBB-, Stable Outlook
Moody's	Baa3, Stable Outlook
Japan Credit Rating Agency	BBB-, Stable Outlook



OFFICE ADDRESSES AND/OR BRANCH OFFICES OR REPRESENTATIVE OFFICES

OFFICE NETWORK

HEAD OFFICE

Gedung BRI I dan II, Jl. Jend. Sudirman Kav. 44-46 Jakarta 10210
Tel. : (021) 2510244, 2510254
Fax. : (021) 2500065, 2500077

REGIONAL OFFICES

Banda Aceh
Jl. Cut Meutia No. 17
Banda Aceh
Tel. : (0651) 22822
Fax. : (0651) 23487, 22352

Bandar Lampung
Jl. Raden Intan No.51 Tanjung Karang, Bandar Lampung 35118
Tel. : (0721) 259340
Fax. : (0721) 259397

Bandung
Gedung Menara BRI Lt.4, Jl. Asia Afrika 57 - 59, Bandung
Tel. : (022) 4200363, 4207977
Fax. : (022) 4236710

Banjarmasin
Jl. Bank Rakyat No. 19 - 21,
Banjarmasin
Tel. : (0511) 4365783, 3353986,
3355050
Fax. : (0511) 4365768

Denpasar
Jl. Dr. Kusuma Atmaja No. 1,
Denpasar
Tel. : (0361) 244174, 225402,
236231
Fax. : (0361) 225402

Jakarta 1
Jl. Veteran No.8, Jakarta Pusat
Tel. : (021) 3840802
Fax. : (021) 3453685

Jakarta 2
Jl. Gatot Subroto Kav.9-11
Gedung Mulia Lt.2 No. 72,
Jakarta Selatan 13330
Tel. : (021) 52920581, 52920585
Fax. : (021) 52920586, 52920587

Jakarta 3
Jl. Kapten Soebianto Djojokusumo
Kav CBD II No.1, Kel.Lengkong
Gudang, Kec.Serpong
Tel. : (021) 29703751 ex 52
Fax. : (021) 7255732

Jayapura
Gedung BRI
Jl. Pasifik Permai, Kompleks Ruko
Dok II, Kel. Bhayangkara, Distrik
Jayapura Utara, Kota Jayapura,
Papua 99112
Tel. : (0967) 524652, 524453
Fax. : (0967) 524862, 537191

Makassar
Jl. Jend. Urip Sumoharjo KM 4, Kel.
Karuwisi Utara, Kec.Panakkang,
Kota Makassar
Tel. : (0411) 312498, 323507
Fax. : (0411) 312731

Malang
Jl. Laksmana Martadinata 80 Lt. 4,
Malang
Tel. : (0341) 555422, 555425,
555620, 555423,
555420
Fax. : (0341) 555421

Manado
Jl. Sarapung No.4-6, Manado
Tel. : (0431) 863592, 863378
Fax. : (0431) 862779, 866966

Medan
Jl. Kapten Pattimura No.100, Medan
Tel. : (061) 4536080, 4536081
Fax. : (061) 4536082

Padang
Jl Bagindo Azis Chan No. 30 Padang
Tel. : (0751) 7052111, 7052528 /
(Sementara) (0751) 71045,
778910 892311, 892312
Fax. : (0751) 7054995 / (0751)
72653

Palembang
Jl. Kapten A. Rivai No.15, Palembang
Tel. : (0711) 310173, 310178
Fax. : (0711) 312343

Pekanbaru
Jl. Jenderal Sudirman No. 11-11A
Rt. 01/RW 01 Simpang Tiga,
Pekanbaru
Tel. : (0761) 7865016 - 18
Fax. : (0761) 7865019

Semarang
Jl. Teuku Umar No. 24 Semarang
Tel. : (024) 8311110
Fax. : (024) 8318436

Surabaya
Jl. Jend A. Yani No. 169 - 171,
Surabaya
Tel. : (031) 8438993, 8438850,
8438728
Fax. : (031) 8439238

Yogyakarta
Jl. Cik Di Tiro No.3 Terban,
Gondokusuman, Kota Yogyakarta
Tel. : (0274) 510850, 520268
Fax. : (0274) 514166, 584883

OFFICE ADDRESSES AND/OR BRANCH OFFICES OR REPRESENTATIVE OFFICES

SPECIAL BRANCH OFFICE

BRI 2 Building 1st Fl.
 Tel. : (021) 5713105
 Fax. : (021) 5707570

OVERSEAS BRANCH OFFICES

New York Agency
 140 Broadway 30th Floor
 New York, NY 10005
 Tel. : +1 212 3793840
 Fax. : +1 212 3793850

Singapore Branch
 50 Collyer Quay, #08-06,
 Oue Bayfront, Singapore 049321
 Tel. : +65 68050686
 Fax. : +65 65091742

Hong Kong Representative
 Room 2211, 22/F Lippo Center
 Tower 2
 89 Queensway, Hong Kong
 Tel. : (852) 25271318
 Fax. : (852) 28623693

Cayman Island
 Cayman Island Branch
 190 Elgin Avenue Grand Cayman,
 KY1-9005, Cayman Island

BRI Timor-Leste Branch
 Grand Diocese Colmera Complex,
 Rua Nicolau Dos Reis Lobato
 Colmera Dili, Timor Leste
 Tel. : +6703311372

Regional Offices and Operating Units under the mentoring of Regional Offices

Regional Offices	Special Branch Offices	Branch Offices	Sub-Branch Offices	Cash Offices	BRI Units	Teras BRI	Teras BRI Keliling	Teras BRI Kapal
Banda Aceh	-	11	15	30	141	44	29	-
Bandar Lampung	-	14	16	33	188	76	21	-
Bandung	-	30	45	80	608	277	42	-
Banjarmasin	-	31	31	55	290	150	56	-
Denpasar	-	31	31	27	58	295	180	1
Jakarta 1	-	26	54	74	96	82	10	-
Jakarta 2	-	32	68	78	191	97	21	-
Jakarta 3	-	36	57	64	260	133	31	1
Jayapura	-	13	12	27	85	48	29	-
Special Branch Offices	1	-	-	5	-	-	-	-
Makassar	-	36	28	69	348	156	53	-
Malang	-	24	36	43	529	271	37	-
Manado	-	17	18	43	205	68	43	1
Medan	-	24	34	47	271	131	47	-
Padang	-	14	8	31	157	67	21	-
Palembang	-	21	29	43	234	119	33	-
Pekanbaru	-	22	20	36	171	118	34	-
Semarang	-	22	38	60	421	177	27	-
Surabaya	-	25	39	41	290	154	26	-
Yogyakarta	-	33	34	67	600	197	33	-



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

SUBSIDIARIES

SUBSIDIARIES

PT Bank BRISyariah (BRI Syariah)

Jl. Abdul Muis No. 2-4,
Jakarta 10160
Tel. : (021) 3450226, 3450227
Fax. : (021) 3513812

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro)

Gedung BRI Agro
Jl. Warung Jati Barat No. 139
Jakarta 12740
Tel. : (021) 79199980
Fax. : (021) 79199950

BRI Remittance Company Ltd Hongkong (BRI Remittance)

Flat 22 G/F Bay View 33
Moreton Terrace
Causeway Bay, Hong Kong
Tel. : +852 25271318
Fax. : +852 28613693

PT Asuransi BRI Life (BRI Life)

Kantor Pusat BRI Life
Gedung Graha Irama
Lt. 2, 5, 7, 11 & 15,
Jl. HR Rasuna Said Blok X-1 Kav. 1 &
2, Jakarta 12950
Tel. : (021) 5261260, 5261261
Fax. : (021) 5261258, 5261472

PT BRI Multifinance Indonesia (BRI Finance)

Wisma 46 Lt. 10 Jl. Jend.
Sudirman Kav. 1
Jakarta
Tel. : (021) 5745333
Fax. : (021) 5745444

CORPORATE WEBSITE INFORMATION

As the public company, Bank BRI facilitates information access to all stakeholders through its official website: www.bri.co.id. This is referring to the OJK regulation No. 8/POJK.04/2015, which requires the issuers to provide information such as:

1. General information of issuers or public companies;
2. Information for investors;
3. Information on Corporate Governance; and
4. Information on Corporate Social Responsibility.

Moreover, in general based on the transparency principle and disclosures, BRI website covers:

- Company sites;
- Career;
- Investor Relations;
- Subsidiaries;
- GCG; and
- CSR BRI.

The information on company sites, consist of:

- General information on BRI comprising of: BRI History, Vision and Mission, General Information for Issuers, Management and Information for Investors.
- Information on Deposits products, such as Saving Deposits, Time Deposits and Current Accounts of BRI.
- Information on Loans product consist of Micro Loan, Retail Commercial and Middle Loans, and BRIGuna.
- Information on International products, consisting of BRI Trade Finance & Services, BRIFast Remittance, Financial Institution, BRI Money Changer, Overseas Unit.
- Information on Bank's Services consist of Business Services, Financial Services, Institution, E-Banking and Treasury.
- Information on Consumer Product, consisting of Credit Card, Mortgage Loan, and Vehicle Loans.
- Information on Banking Investment, consist of Pension Fund, Government Bonds & SR, Trustee, Custodian Services.

- Information on Prioritas Services, consist of Services & Privileges, Mutual Fund, BRIPrioritas Card, Outlets, Customers Criteria.
- Information on Auction, consist of Assets Auction, Procurement Auction.
- Information on GCG, consist of General Meeting of Shareholders, Articles of Association, GCG Structure and Policy, Code of Conduct, Asean Corporate Governance Scorecard, Audit Committee including Audit Committee Charter, Nomination and Remuneration Committee, Whistleblowing System, and Shareholders Rights.
- On Career, BRI welcomes career opportunities for public interested in joining as employee through BRI e-recruitment portal.
- While Investor Relations elaborates the overview, financial information, GCG, services to Shareholders, Event and News.
- Furthermore at the subsidiary section, provide general information on subsidiaries and can be linked with each subsidiary website.
- In addition to the above, BRI Website has covered the Company Group Structure, Profile of the Board of Commissioners and Directors, as well as information for the shareholders.

BRI Website is also fulfilling the ASEAN Corporate Governance Scorecard (ACGS) that includes:

- Part A. Rights of Shareholders
- Part B. Equitable Treatment of Shareholders
- Part C. Role of Stakeholder
- Part D. Disclosure & Transparency
- Part E. Responsibilities of the Board
- Bonus Items

Overall, BRI Website has reflected BRI's commitment in upholding transparency principles.



WORKSHOPS AND TRAININGS OF THE BOARD OF COMMISSIONERS, BOARD OF DIRECTORS, COMMITTEES, CORPORATE SECRETARY, AND INTERNAL AUDIT UNIT

Overseas Workshop/ Trainings of the Board of Directors, SEVP and Commissioners in 2017

NO	Trainings	Participants	Position	Date of Training		Training Location	Organizers
				Begin	Completed		
1	Entrepreneurship Development Program	Jeffry J Wurangian	Commissioner	24 Jan'17	29 Jan'17	Cambridge, USA	MIT Management Executive Education
2	2017 CIB CEO Roundtable Hong Kong	Donsuwan Simatupang	Risk Director	16 Jan'17	17 Jan'17	Hong Kong	McKenzie & Company
3	Living Wills, Planning for Bank Recovery and Resolution	A. Fuad Rahmany	Commissioner	10 Apr'17	11 Apr'17	London	BSMR
4	Refreshement MR: Risk Culture & Leadership	A. Sonny Kerap	Commissioner	22 Apr'17	30 Apr'17	Eropa	CRMS
5	Refreshement MR: Risk Culture & Leadership	Susy Liestiowaty	Compliance Director	22 Apr'17	30 Apr'17	Eropa	CRMS
6	Refreshement MR : Risk Culture & Leadership	Haru Koesmahargyo	Business Strategy & Finance Director	22 Apr'17	30 Apr'17	Eropa	CRMS
7	Refreshement MR : Risk Culture & Leadership	Donsuwan Simatupang	Risk Director	22 Apr'17	30 Apr'17	Eropa	CRMS
8	AGSM General Manager Program	Jeffry J Wurangian	Commissioner	18 Jun'17	23 Jun'17	Sydney	UNSW Business School
9	ASEAN Global Leadership Program	A. Sonny Kerap	Commissioner	11 Sep'17	15 Sep'17	Cambridge	SRW & Co
10	IIA International Conference 2017 & On Site Learning	Sonny Loho	Commissioner	22 Jul'17	29 Jul'17	Sydney	IAIB
11	Intensive Wealth Management and Risk Management Refreshment Programs For Executives	Adhyaksa Dault	Commissioner	23 Agu'17	27 Aug'17	Wina	IBI
12	Enterprise Risk Management and Risk Governance Master Class	Kuswiyoto	Middle, Corporate and SOE Director	16 Sep'17	23 Sep'17	Auckland & Wellington	CRMS
13	Intensive Wealth Management and Risk Management Refreshment Programs For Executives	Tri Wintarto	SEVP	19 Agu'17	27 Agu'17	Frankfurt & Wina	LSPP
14	Living Wills, Planning for Bank Recovery and Resolution	Suprajarto	President Director	28 Sep'17	29 Sep'17	London	BSMR
15	European Confederation of the Institute of Internal Auditor Conference 2017	Andrinof A. Chaniago	Commissioner	15 Sep'17	24 Sep'17	Italia & Swis	Fias Citra Lestari
16	Effective Execution of Organizational Strategy	Haru Koesmahargyo	Business Strategy & Finance Director	25 Sep'17	29 Sep'17	Philadelphia	Wharton University of Pennsylvania
17	Brand Leadership: Strategy Management and Performance	Mohammad Irfan	Network & Service Director	6 Nov'17	8 Nov'17	New York	Columbia Business School
18	Brand Leadership: Strategy Management and Performance	Agus Noorsanto	SEVP Operation	6-Nov-17	8-Nov-17	New York	Columbia Business School
19	Sound Practice ICAAP	Agus Noorsanto	SEVP	17-Oct-17	19-Oct-17	Praha & Wina	BARA
20	Sound Practice ICAAP	Tri Wintarto	SEVP Head of Internal Audit Unit	17-Oct-17	19-Oct-17	Praha & Wina	BARA
21	Brand Leadership: Strategy Management and Performance	Hexana Tri Sasongko	SEVP Treasury & Global Services	6-Nov-17	8-Nov-17	New York	Columbia Business School

WORKSHOPS AND TRAININGS OF THE BOARD OF COMMISSIONERS, BOARD OF DIRECTORS,
COMMITTEES, CORPORATE SECRETARY, AND INTERNAL AUDIT UNIT

**Overseas Workshop/ Trainings of the Board of Directors, SEVP and
Commissioners in 2017**

NO	Trainings	Participants	Position	Date of Training		Training Location	Organizers
				Begin	Completed		
22	Innovative Organization	Donsuwan Simatupang	Risk Director	13-Nov-17	17-Nov-17	California	Haas School of Business
23	Fintech - Innovation Banking	Indra Utomo	Digital Banking & Information Technology Director	5-Dec-17	6-Dec-17	London	Imperial Collage Business School

**Domestic Workshop/ Trainings of the Board of Directors, SEVP and
Commissioners in 2017**

NO	Trainings	Participants	Position	Date of Training		Training Location	Organizers
				Begin	Completed		
1	RM Certification Level 1 Commissioner	Nicolaus Teguh Budi Harjanto	Commissioner	6 Apr'17		Jakarta	LSPP
2	RM Certification Level 2 Commissioner	Andrinof A. Chaniago	Commissioner	8 Apr'17		Jakarta	LSPP
3	Risk Management Certification Refresher Program	Mohammad Irfan	Network & Service Director	23 Mar'17	24 Mar'17	Jakarta	BARA
4	Risk Management Certification Refresher Program	Zulhelfi Abidin	Board of Directors	23 Mar'17	24 Mar'17	Jakarta	BARA
5	Risk Management Certification Refresher Program	Mustafa Abubakar	Commissioner	23 Mar'17	24 Mar'17	Jakarta	BARA
6	Risk Management Certification Refresher Program	A. Fuad Rahmany	Commissioner	23 Mar'17	24 Mar'17	Jakarta	BARA
7	Risk Management Certification Refresher Program	A. Sonny Keraf	Commissioner	23 Mar'17	24 Mar'17	Jakarta	BARA
8	Risk Management Certification Refresher Program	Adhyaksa Dault	Commissioner	23 Mar'17	24 Mar'17	Jakarta	BARA
9	Risk Management Certification Refresher Program	V. Sonny Loho	Commissioner	23 Mar'17	24 Mar'17	Jakarta	BARA
10	Sertifikasi MR Level 5	Indra Utomo	Digital Banking & Information Technology Director	27 Mar'17		Jakarta	LSPP
11	Risk Management Certification Refresher Program	Mohammad Irfan	Network & Service Director	18 Mei'17	19 Mei'17	Bali	LSPP
12	Risk Management Certification Refresher Program	Randi Anto	Board of Directors	18 Mei'17	19 Mei'17	Bali	BARA
13	Risk Management Certification Refresher Program	Hexana Tri Sasongko	SEVP Treasury & Global Services	18 Mei'17	19 Mei'17	Bali	BARA
14	Risk Management Certification Refresher Program	Supari	SEVP Transformation	18 Mei'17	19 Mei'17	Bali	BARA



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

WORKSHOPS AND TRAININGS OF THE BOARD OF COMMISSIONERS, BOARD OF DIRECTORS, COMMITTEES, CORPORATE SECRETARY, AND INTERNAL AUDIT UNIT

Domestic Workshop/ Trainings of the Board of Directors, SEVP and Commissioners in 2017

NO	Trainings	Participants	Position	Date of Training		Training Location	Organizers
				Begin	Completed		
15	Risk Management Certification Refresher Program	Jeffry J. Wurangian	Commissioner	18 Mei'17	19 Mei'17	Bali	BARA
16	Risk Management Certification Refresher Program	A. Sonny Kerap	Commissioner	18 Mei'17	19 Mei'17	Bali	BARA
17	The 3rd ASEAN Marketing Summit	Kuswiyoto	Middle, Corporate and SOE Director	9 Sep'17		Jakarta	MarkPlus Institute
18	Sertifikasi MR Level 5	Rofikoh Rokhim	Commissioner	28 Okt'17		Jakarta	LSPP
19	The 2nd Indonesian Human Capital Summit 2017	R.Sophia Alizsa	Human Capital Director	9 Nov'17	10 Nov'17	Jakarta	Forum Human Capital Indonesia
20	Seminar Sukses Transformasi Organisasi	Supari	SEVP Transformation	21 Nov'17	22 Nov'17	Jakarta	PPM Manajemen

Workshop/Trainings Participated by Members of Audit Committee in 2017

Please refer to the list of the Board of Commissioners workshop and trainings in 2017 section.

Workshop/Trainings Participated by Members of Nomination and Remuneration Committee in 2017

Please refer to the list of the Board of Commissioners workshop and trainings in 2017 section.

Workshop/Trainings Participated by Corporate Secretary in 2017

No	Trainings	Date & Location	Organizers
1.	Risk Management	Jakarta, 3 Mar'17	BRI Corporate University
2.	Anti Money Laundering and Counter Terrorism Financing	Jakarta, 14 Apr'17	BRI Corporate University
3.	Good Corporate Governance	Jakarta, 7 Jun'17	BRI Corporate University
4.	BRI Corporate Plan 2018 - 2020	Jakarta, 17 Jul'17	BRI Corporate University
5.	Corporate Communication, Media Handling, Keprotokoleran & event management.	Jakarta, 21- 22 Mei'17	In House Training, BRI Corporate Secretary
6.	Living Wills, Planning for Bank Recovery and Resolution*	London, 28 Sep'17	Risk Management Certification Agency

*) Workshop participated by the Corporate Secretary

WORKSHOPS AND TRAININGS OF THE BOARD OF COMMISSIONERS, BOARD OF DIRECTORS,
 COMMITTEES, CORPORATE SECRETARY, AND INTERNAL AUDIT UNIT

**Workshop/Trainings Participated by
 Members of Internal Audit in 2017**

No	Name	Types	Total Participant	Starting Date	Completion
1	Group Head of IAU and Kanins BRI Selindo	Enhancement	87 persons	20 Feb'17	22 Feb'17
3	PAI Lateral Joiner Batch 1 of 2017	Development	17 persons	3 Apr'17	13 Apr'17
2	Certification and Competence Text of Internal Audit BRI Batch 1	Certifications	30 persons	5 Apr'17	7 Apr'17
4	Certification and Competence Text of Internal Audit BRI Batch 2	Certifications	26 persons	29 Mei'17	31 Mei'17
5	Test and QIA Certifications for Inspector and Vice Inspector	Certifications	13 persons	10 Jul'17	22 Jul'17
6	Certification and Test of Internal Audit Competency of BRI Batch 3	Certifications	31 persons	7 Agu'17	9 Agu'17
7	CIA	Certifications	7 persons	4 Sep'17	4 Sep'17
8	PAI Lateral Joiner Batch 2 year 2017	Development	19 orang	25 Sep'17	5 Okt'17



The improvement of economic condition in 2017 compared to 2016 was conducive to BRI's performance in which the Bank booked income for the year of Rp29.04 trillion, a 10.74% increase compared to 2016 of Rp26.23 trillion. The high income growth was due to the credit growth of 11.44% and decreased costs, both cost of funds, operating expenses, and loan impairment allowances.



MANAGEMENT DISCUSSION AND ANALYSIS

136	Economic and Industry Overview	172	Corporate Business	214	Financial Review
139	Banking Industry and BRI Overview	174	SOE Corporate Business	262	Human Capital Management
142	Operational Review Per Business Segment	176	Non SOE Corporate Business	278	Information Technology and Operations
144	Micro and Program Business	178	Syndication and Non Bank Financial Services Business	284	Digital Banking
147	Mikro Business	180	Institution Funds Business	289	Operations
150	BRILink	183	International Business		
153	Program Business	186	Treasury Business		
158	Retail Business	189	Capital Market Supporting Services Business		
161	Consumer Retail Loans Business	192	Subsidiaries Business Review		
164	Commercial and Medium-Sized Enterprise Retail Loan Business	195	PT Bank BRISyariah (BRISyariah)		
166	Retail Deposits Business	199	PT Bank Rakyat Indonesia Agroniaga Tbk		
168	Retail Banking Services Business	203	BRI Remittance Company Ltd. (BRI Remittance)		
		206	PT Asuransi Jiwa Beringin Jiwa Sejahtera (BRI Life)		
		210	PT BRI Multifinance Indonesia (BRI Finance)		

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

ECONOMY & INDUSTRY OVERVIEW



“

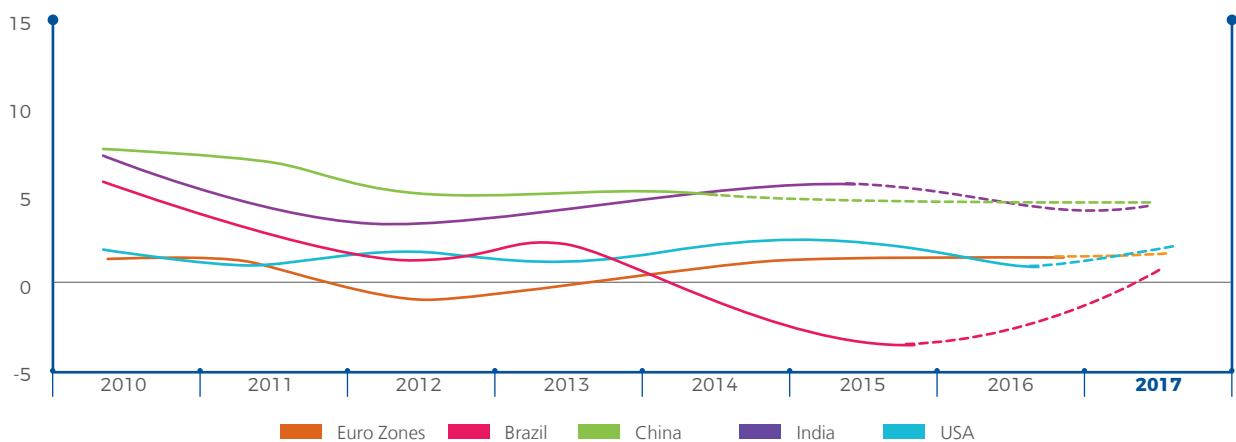
The global economy in 2018 is predicted to continue growing at a positive rate. This conforms to the projections of the World Bank, IMF, and the OECD which forecasted a higher global growth in 2018 than in 2017. These organizations projected global economic growth of 2.9%, 3.7%, and 3.7%, respectively.

”

ECONOMY & INDUSTRY OVERVIEW

Global Economy

The global economic condition in 2017 showed a more solid performance than the previous year. This was supported by the improvement of the economies of both developed and developing countries. The IMF raised its global economic growth projection for 2017 and 2018, each 0.1% higher than forecasts in April and July, at 3.6% and 3.7%. This is a sign of improvement amid a stronger economic growth.



As predicted earlier, in the United States, the Federal Reserve continued its normalization policy, in terms of gradually raising the Fed Funds Rate. This creates volatility that resulted in capital outflows from developing countries including Indonesia, and can impede investment.

The increase in commodity prices in 2017 was mainly driven by rising energy prices, while non-energy prices remained relatively stagnant. The increase in coal prices was higher than the increase in oil prices, causing Indonesia's – a net importer of both commodities – terms of trade to increase throughout the year. This is expected to continue until 2018.

Sources: IMF, World Bank, OECD - quoted from the OJK 2017 Annual Report

Indonesia's Economy

Indikator	2015	2016	2017
GDP Growth (%)	4.88	5.03	5.07
Nominal GDP (Billion USD)	861.94	932.61	1,015.24
GDP/Capita (USD)	3,373	3,605	3,877
Export (Billion USD)	150.37	144.43	168.73
Import (Billion USD)	142.69	135.65	156.89
Trade Balance (Billion USD)	7.68	9.53	11.84
Foreign exchange Reserve (Billion USD)	105.93	116.36	130.20
Reference Rate (%)	7.5	4.75 (7 day reverse repo)	4.25 (7 day reverse repo)
Inflation (%)	3.35	3.02	3.61
JCI (real value)	4,593	5,297	6,356

Sources: BPS, BI

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

ECONOMY & INDUSTRY OVERVIEW

The domestic economy grew moderately, accompanied by a slight slowdown in household consumption and retail sales, although offset by controlled inflation rate. The inflation throughout 2017 was within the target set by Bank Indonesia, at 4±1%. Although inflation from administered price component was quite high due to the increase of electricity tariff and non-subsidized fuel in the first half of 2017, the stabilized food price throughout 2017 overall counterbalanced the movement of inflation rate. On the other hand, the stable movement of exchange rates also helped maintain imported inflation.

The Government has continued to strengthen foundations of the economy through development of sustainable infrastructure and policy reforms for ease of investment. The government has carried out a number of efforts to boost the economy, including devising 16 Economic Policy Packages that was released gradually until August 2017.

With the achievement of inflation rate at around 3.61%, Bank Indonesia then adopted an expansive policy through monetary easing by lowering its benchmark interest rate (BI 7 Days Reverse Repo Rate) by as many as 50 bps throughout 2017. Government policies that are supported by Bank Indonesia and other institutions are expected to encourage bank credits and accelerate Indonesia's economy.

On export, the improving global economy and the economy of Indonesia's main export countries such as the US, Singapore and China have had a positive impact on the development of the domestic economy. The cumulative value of Indonesia's exports in 2017 amounted to US \$ 168.73 billion, a 16.22% increase over the same period in 2016.

In addition to exports, government spending also continued to grow. The realization of government spending rose from Rp1,860.3 trillion in 2016 to Rp2,001.1 trillion in 2017. Government spending growth was supported by increase in human resource expenditure and capital expenditure such as for infrastructure development.

Indonesia's position as an investment destination has grown stronger with its raise of credit rating by international rating agency in 2017. This success was also evident in the realization of investment during 2017, which grew by 13.1% YoY or achieved Rp. 692.8 trillion.

Rupiah weakened slightly as did almost all world currencies that depreciated against the US dollar. On average, the rupiah weakened 0.47% to Rp13,548 per US dollar. The US dollar strengthened globally as a result of the financial market response to the dynamics of the central bank's chairman nominating process, the normalization of monetary policy, rising expectations of interest rate hikes, and tax reform plans in the United States. As a precautionary measure, Bank Indonesia continued to take steps to stabilize the exchange rate according to its fundamental values while maintaining market mechanisms.

Economic Outlook of 2018

The global economy in 2018 is predicted to continue to grow at a positive rate. This conforms to the projections from the World Bank, IMF, and the OECD which stated that global growth in 2018 will be higher than in 2017. All three organizations projected global economic growth of 2.9%, 3.7%, and 3.7%.

Amid the optimism, the world economy is overshadowed by risks of geopolitical tensions such as that in the Korean Peninsula and the Middle East. The condition has the potential to hamper economic growth and trigger oil price hike.

In line with the global economic growth, the Indonesian economy is projected to grow higher than in 2017 as seen in the 2018 State Budget (APBN) which targets 5.4% growth of Gross Domestic Product (GDP), accompanied by a stable rate of inflation at the level of 3.5% + - 1%.

BANKING INDUSTRY AND BRI PERFORMANCE OVERVIEW

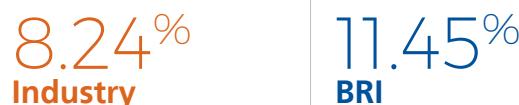
Corresponding with the positive macroeconomic developments, the national banking industry grew steadily throughout 2017. This was characterized by high capital position and adequate liquidity to perform the intermediary function as part of industry support to national development.

Loan Growth

Throughout 2017, banking intermediary performance was reflected in banks' loan portfolio that reached Rp4,605 trillion, or grew 8.24% year on year (YoY) from 2016. However, this number was still below the targeted bank business plan of 11.86 % due to continued consolidations in the banking industry. Several banks were still improving their quality of assets through write off of non-performing loans.

In addition, as the investment climate improves, followed by the upgrade of Indonesia's rating, the corporate segment experienced disintermediation as some companies opted for direct financial access from the capital market.

Meanwhile, BRI booked loan disbursement at Rp708 trillion, or grew by 11.45% from 2016 of Rp635.29 trillion.



Credit Quality

The non-performing loans (NPL) level of the banking industry in general was maintained at a level of 2.59%.

BRI was able to manage its credit quality by recording NPL at 2.10%, or above industry performance. This success was in part contributed by the implementation of "The Lower the Better" Program, a competition program between work units at BRI in order to reduce the NPL and increase loan recovery.



Performance Highlights
Management Reports
Company Profile



Management Discussion & Analysis

BANKING INDUSTRY AND BRI PERFORMANCE OVERVIEW

Growth of Third Party Funds (TPF)

The growth of third party funds of the national banking industry reached 9.35% YoY. BRI's growth in deposits was above the industry's growth rate at 10.98%.



Liquidity

The banking industry recorded sufficient liquidity, reflected in the loan to deposit ratio (LDR) of 90.04%. Meanwhile, BRI recorded liquidity level slightly below the industry's ratio at 88.13%.

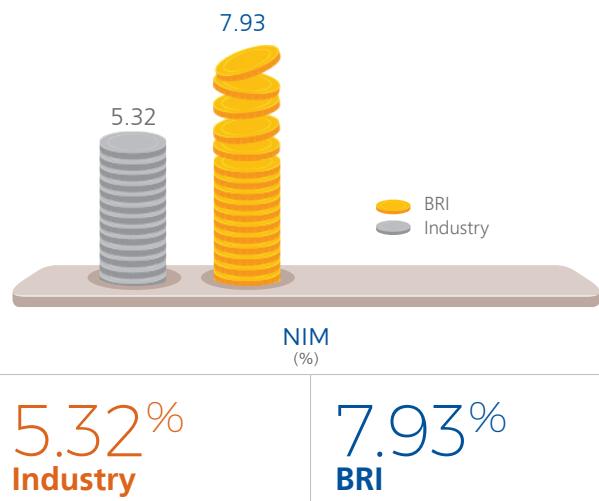
Market liquidity was also seen as adequate with banking excess reserve of Rp644.95 trillion with ratio of liquid instruments per non-core deposit and ratio of liquid instruments per third party funds of 101.75% and 21.44% respectively%.



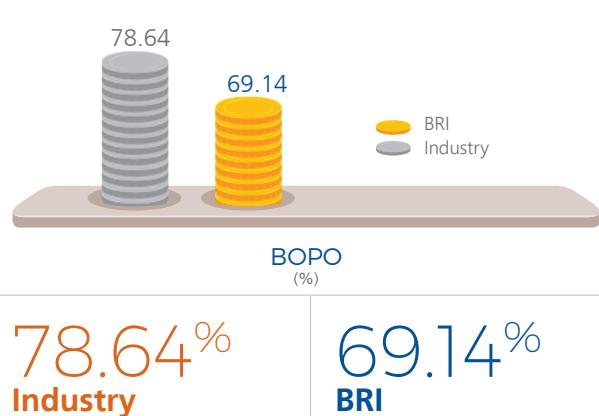
BANKING INDUSTRY AND BRI PERFORMANCE OVERVIEW

Net Interest Margin

The national banking industry booked a net interest margin (NIM) of 5.32%. This was among others driven by the decline of deposit rates and bank loans. Concurrently, BRI has also been able to keep the NIM in the range of 7.93% by lowering the cost of Deposit funds during 2017.

**Operating Cost to Operating Income**

The banking industry's Operating Cost to Operating Income (BOPO) ratio was 78.64%. BRI's BOPO ratio was under the industry at 69.14% which signified a more efficient business and credit risk management compared to that of the banking industry.

**National Banking Performance 2018 Outlook**

By 2018, banking performance is projected to increase compared to 2017 with the recent macroeconomic developments and increasingly conducive global conditions. The Financial Services Authority (OJK) projected loan growth and TPF by 10%-12%.

%YoY	2016		2017		2018	
	Loans	TPF	Loans	TPF	Loans	TPF
OJK					10%-12%	10%-12%
BI	7.87%	9.60%	8.24%	9.35%	10%-12%	9%-11%
LPS					10%	7,60%

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

BRI categorizes its market segment into three main segments, as set forth in its Vision and Mission: Micro, Retail and Corporate. Based on its business activities, BRI elaborates the main business segment into: Micro and Program Business, Retail Business, Corporate Business, International Business, Treasury Business, Capital Market Supporting Business, and Subsidiary Companies engaged in conventional and sharia banking, remittance services, life insurance, and financing services.



● MICRO & PROGRAM BUSINESS

- 1. **Micro Business**
- 2. **BRILink**
- 3. **Program Business**

Micro Business is aimed to serve individual customers and micro entrepreneurs, while the Business Program is aimed to support Government programs in empowering community enterprises.

● RETAIL BUSINESS

- 1. **Consumer Retail Loans Business**
- 2. **Commercial and Medium-Sized Enterprise Retail Loans Business**
- 3. **Retail Deposits Business**
- 4. **Retail Banking Services Business**

Retail Business is intended to serve small and medium enterprises (SMEs), including consumer and commercial financing services.

OPERATIONAL REVIEW BY BUSINESS SEGMENT



CORPORATE BUSINESS

- 1. SOE Corporate Business
- 2. Non SOE Corporate Business
- 3. Syndication and Non Bank Financial Services Business
- 4. Institution Funds Business
- 5. International Business
- 6. Treasury Business
- 7. Capital Market Support Business

BRI's Corporate Business segment serves large corporations and institutions such as State-Owned Enterprises (SOEs) as well as non-state-owned enterprises that provide trickle down business for SME segments, providing a comprehensive range of credit and deposit products and banking services including international banking services, treasury and capital market supporting services. Moreover, this business segment makes syndicated loans and provides committed and uncommitted limit facilities to non-bank financial industry (IKNB) in the country.



SUBSIDIARY BUSINESS

- 1. PT Bank BRISyariah [BRI Syariah]
- 2. PT Bank Rakyat Indonesia Agroniaga Tbk [BRI Agro]
- 3. BRI Remittance Company Ltd. [BRI Remittance]
- 4. PT Asuransi Jiwa Beringin Jiwa Sejahtera [BRI Life]
- 5. PT BRI Multifinance Indonesia [BRI Finance]

The Subsidiaries' business activities include conventional and sharia banking, remittance services, life insurance, and financing services.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

MICRO AND PROGRAM BUSINESS



“

Throughout 2017, Micro and Program business segment accounted for 53.9% of BRI's consolidated income for the year or amounting to Rp15.6 trillion.

”

④ 14.0%

Micro and Program Loans

Loans Outstanding of Micro and Program increased by 14.0% YoY

④ 14.3%

Micro and Program Deposits

Deposits Outstanding of Micro and Program grew 14.3% YoY

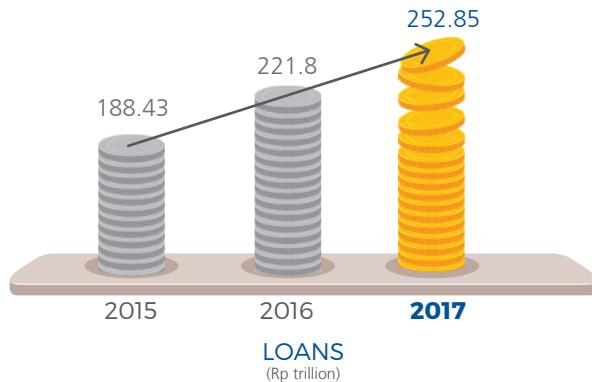
④ 114.2%

BRIlink Transaction Volume

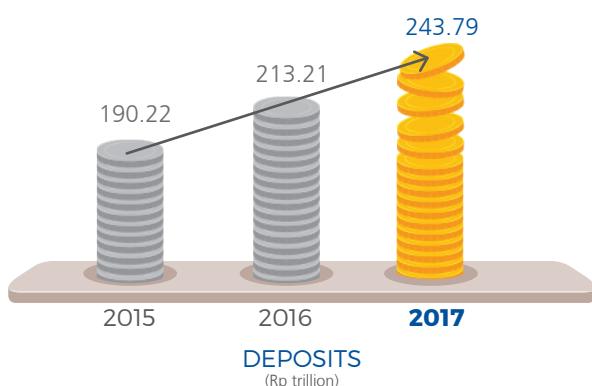
Transaction Volume through BRIlink increased by 114.2% YoY

Micro and Program Business Performance Highlights 2017

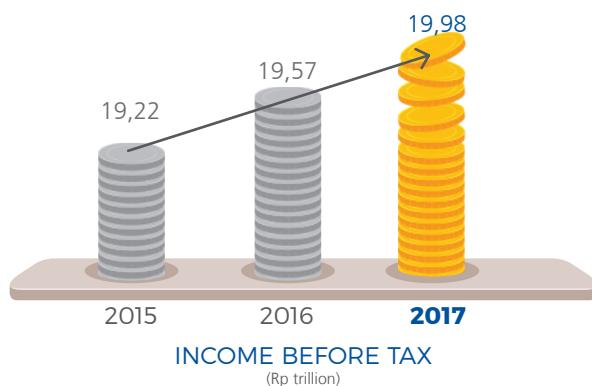
The Micro and Program loans outstanding grew by 14.0% YoY from Rp221.8 trillion in 2016 to Rp252.85 trillion in 2017.



Micro and Program Deposits outstanding grew 14.3% YoY from Rp213.21 trillion in 2016 to Rp243.79 trillion in 2017.



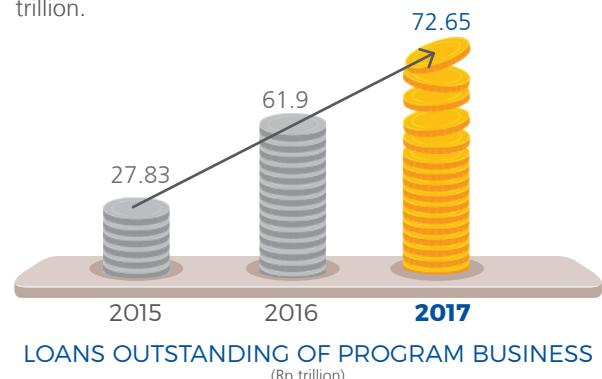
Income before Tax for Micro and Programs grew by 2.2% YoY from Rp19.57 trillion in 2016 to Rp19.98 trillion in 2017.



Transaction volume made through the BRILink service increased by 114.2% YoY from Rp139.1 trillion in 2016 to Rp298.0 trillion in 2017.



Loans Outstanding of Program Business which encompassed the old and new KUR schemes, Food Credit and Other Program Loans amounted to Rp72.65 trillion, or grew 17.4% YoY from 2016's amount at Rp61.9 trillion.





OPERATIONAL REVIEW BY BUSINESS SEGMENT

Micro and Program Business Segments are consisted of:

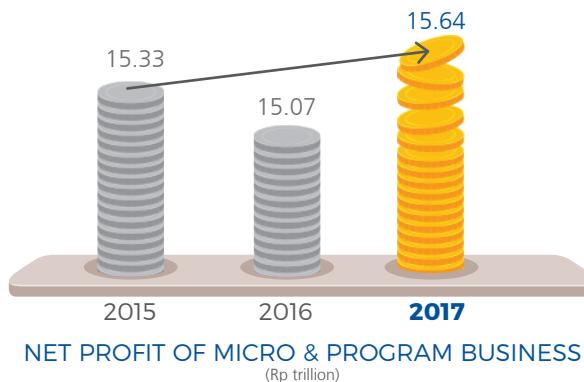
1. Micro Business
2. BRILink
3. Program Business

Profitability of Micro and Program Business Segments

For its performance in 2017, Micro and Program Business Segments accounted for 53.9% of BRI's consolidated Net Income, or amounted to Rp15.6 trillion. Most of Micro and Program's Business profitability was sourced from net interest income, which was necessary to set off the amount of operating costs in this segment when the cross-selling potential of service revenue is limited.

BRI's Micro and Program Business advantage in terms of service network and BRI program can be seen from the many service units spread throughout Indonesia. In addition, the Micro and Program Business also requires significant number of reliable human resource. With this competitive edge, it also requires high operational costs.

Nevertheless, the business potential and opportunities for increased productivity with better use of technology are ample. The Bank is optimistic that the Micro and Program business segments will continue to be the main driving force of the company's profitability.



MICRO BUSINESS

④ **12.7%**

Micro Loans

Micro Loans Outstanding in 2017 Was Rp 180.20 trillion.

④ Rp **243.8** trillion

Micro and Program Deposits

Deposits Outstanding of Micro and Program grew 14.3% YoY

④ **85%**

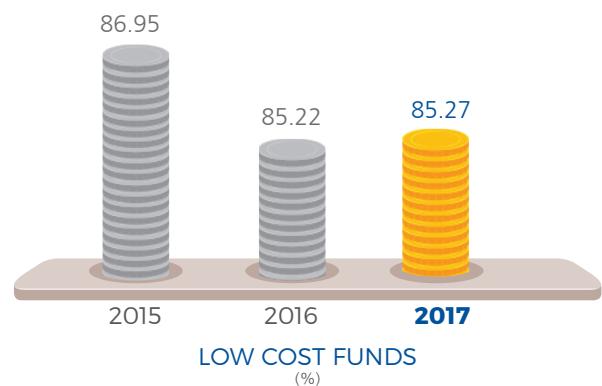
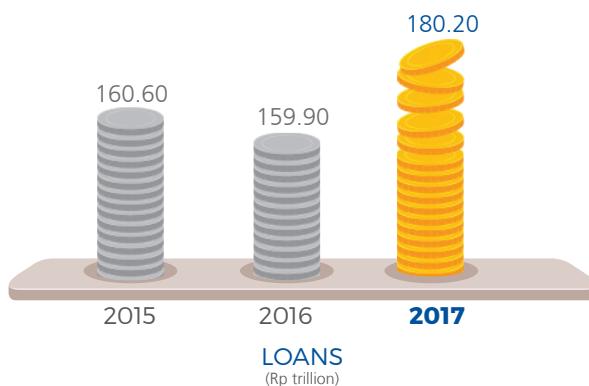
Micro Low-Cost Funds

Micro Low-Cost Funds composition was stable at around 85% during the last 3 years.

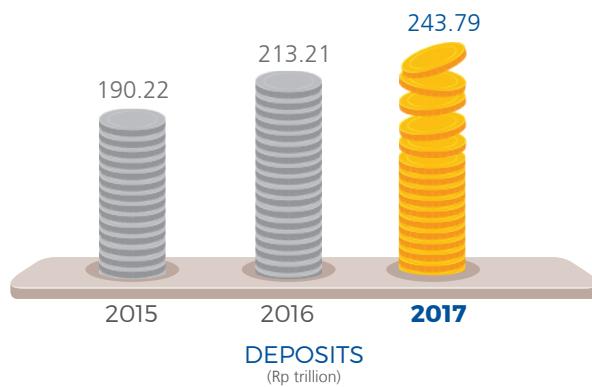
Micro Business Performance Highlights 2017

The total micro loans outstanding in 2017 amounted to Rp180.20 trillion, grew by 12.7% from 2016 of Rp159.90 trillion.

The composition of micro low-cost funds has been stable at around 85% for the last 3 years.



Micro and Program Deposits Outstanding grew by 14.3% YoY from Rp213.21 trillion in 2016 to Rp243.79 trillion in 2017.




 Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

BRI's micro businesses continue to maintain and improve its performance as the Bank's core business and market leader in the industry. The advantage of this business segment is to have the largest network of work units spread across all of Indonesia, supported by reliable human resources and a solid customer base. Currently, more than 65% of BRI employees serve Micro and Program segments through several types of work units as follows:

Outlets	2015	2016	2017	YoY
BRI Units	5,360	5,380	5,382	2
Teras BRI	2,543	2,545	2,536	9
Teras Mobile	636	638	638	0
Total	8,539	8,563	8,556	11

Micro Business Strategy in 2017

Business development strategies that have been implemented in 2017 are:

- a. Maintained the growth of micro loans by increasing the productivity of marketers through the improvement of compensation schemes as described in the HR Operations Review in this Annual Report.
- b. Maintained market share in fixed income segment.

To maintain market share, BRI adjusted its interest rate to remain competitive in the lending products market for the fixed income group where competition was increasingly intense.

- c. Business process reengineering with IT optimization, especially on loan initiative and monitoring process; Implementation of business process reengineering strategy with the utilization of Information Technology is based on the need for faster and safer business processes. This strategy was one of the solutions to improve service speed and risk mitigation. In this regard, BRI has built BRISPORT, a mobilebased application with a one stop service concept for BRI's Mantri (loan officers) for end-to-end credit processing. With this application, the Mantri and Head of BRI Unit can initiate credit wherever and whenever to increase productivity.

- d. Development of new product, Kupedes Keagenan;

The product development strategy of Kupedes Keagenan aims to overcome the limitations of BRILink Agents' liquidity in conducting financial services. Through the innovation of Kupedes Keagenan, BRI expects all levels of the society can easily enjoy banking services.

- e. Review on credit channelling through BRILink Agent referrals; and to expand financial inclusion, BRI processes information on referred potential borrowers from BRILink Agents. The community's closeness with BRILink Agents can provide feedback to BRI in assessing the track record of prospective borrowers.

- f. Community banking development through community empowerment.

Micro businesses also conduct community development as the pioneer in community banking where banks are already part of the community through the fulfillment of overall financial services, such as financial consulting, credit financing, deposit services and capacity building activities. In this case, BRI technically places its BRI Unit employees appropriate to their domicile, in the hope of being able to accelerate the realization of community banking. As a first step, the approach taken is the development of communities that already exist in the community.

Micro Business Performance 2017

Implementation of the business strategies contributed to the achievement of Micro Business performance as explained below:

Micro Loan Performance

As explained in the above summary of Micro Business performance, in 2017, BRI's Micro Business was able to increase its credit outstanding to Rp180.2 trillion, or a 12.7% growth compared to the year 2016's number of Rp159.90 trillion.

OPERATIONAL REVIEW BY BUSINESS SEGMENT

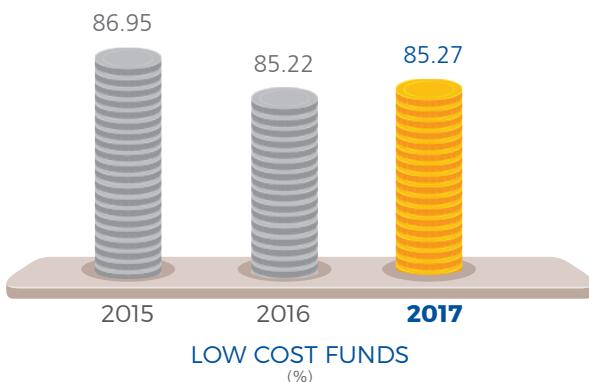
The outstanding was derived from the distribution of Kupedes and Kupedes Rakyat products to 4.4 million debtors.



In addition to achieving loan growth, asset quality is also important in supporting the profitability and sustainability of Micro business performance. By the end of 2017, BRI Micro Business' NPL (Non-Performing LoanS) had been maintained at 1.1% for 3 (three) consecutive years. This shows BRI's commitment to always maintain the level of credit quality by conducting loan disbursement without compromising the prudentiality.

Micro Deposit Performance

In accordance with its loans disbursement, BRI Micro Business also collects funds from the public in the form of savings with Tabungan Simpedes as its leading product. In 2017, Third Party Funds increased by 14.3% to Rp243.8 trillion from Rp213.2 trillion in 2016. The table below shows the composition of low-cost funds in Microfinance in the last 3 years.



Support to the Government Program

As a form of its support to the government's program of increasing financial literacy, Micro Business also markets 5.9 million Tabunganku accounts and 14.15 million Student Savings Accounts.

Micro Business Strategy 2018

Micro Business will remain as BRI's main business focus since Micro Enterprise financing in Indonesia still has ample of room to grow. Some of the strategies that are going to be implemented in 2018 are:

1. Maximizing the implementation of community banking concept through the reallocation of micro employees in their area of origin or its surrounding areas.
2. Focus on increasing the capability (expertise, knowledge, and technology) of marketers in terms of cross-selling and leadership skills in micro business management across Indonesia.
3. Conducting review and improvement of the micro business employees' career paths to motivate them in continuously improving their performance.
4. Optimizing cross selling for product optimization that can generate Fee-Based Income.
5. Revitalization/rejuvenation of product proposition and micro features primarily for the acquisition of Third Party Funds and Fee-Based Micro Income on the young segment.
6. Optimizing business process efficiency and effectiveness through enhancing the loan and deposit products service features.


 Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

BRILINK

④ **279,750**

Total BRILink agents

Total BRILink agents increased by 230.9% YoY

④ **202.1 million transactions**

Total BRILink transactions

Total BRILink transactions grew 105.4% YoY

④ **128.9%**

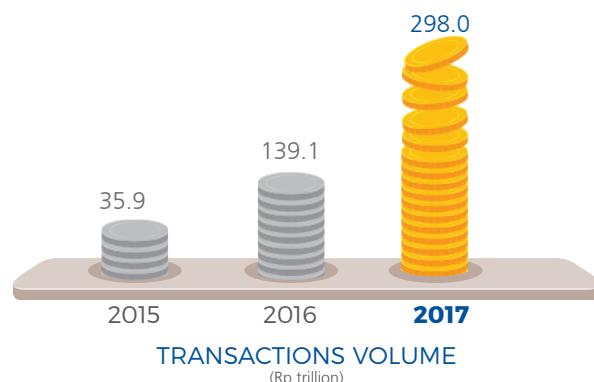
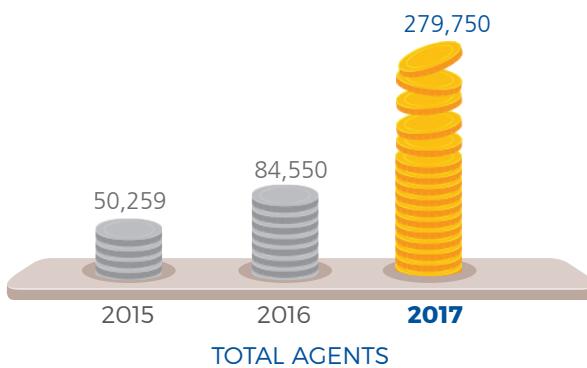
Fee Income BRILink

Fee Income of BRILink in 2017 reached Rp161.6 billion

BRILink Performance Highlights in 2017

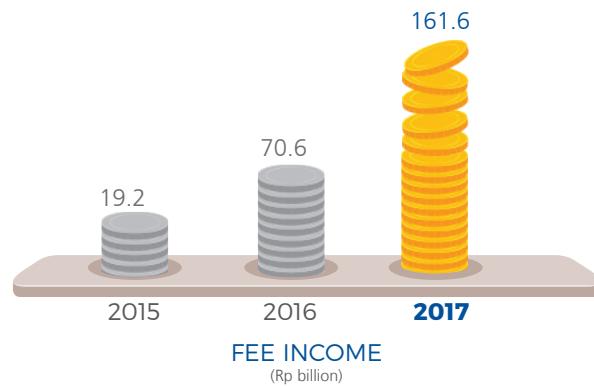
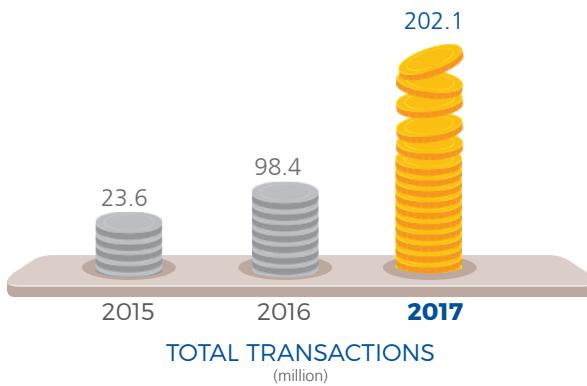
Total BRILink agents increased by 230.9% YoY from 84.550 agent in 2016 to 279,750 agent in 2017.

Transaction value grew 114.2% YoY from Rp139.1 trillion in 2016 tp Rp298.0 trillion in 2017.



BRILink total transaction increased by 105.4% YoY from 98.4 million transactions in 2016 to 202.1 million transactions in 2017.

BRILink Fee Income in 2017 reached Rp161.6 billion, grew 128.9% yoy from fee income in 2016 of Rp70.5 billion.



OPERATIONAL REVIEW BY BUSINESS SEGMENT

BRILink is BRI's branchless banking service launched in 2014. This product is one of BRI's commitments to support government programs in improving inclusive financial services and protecting rupiah's sovereignty.

BRILink's Strategies in 2017

1. Increased number of agents to improve entry barrier

BRI implements a strategy to increase the number of BRILink agents by utilizing existing customer database. BRILink Agents are select, cherry-picked agents of the current BRI Micro customers. In addition, BRI also considers the exact location of the right agent candidate to be more favorable to the surrounding community and supportive to the growth of agent's business. This addition of BRILink agents was aimed to expand BRI's delivery channel to reach all walks of life, especially in the unbanked segment.

2. Developed the internet and mobile version of BRILink services to accelerate agent acquisition process

To facilitate public access to BRILink services, BRI developed Android-based smartphone application to be used by BRILink Agents in conducting financial transactions for the public. One of the advantages of Android-based applications is the ease of adding features and better security from card-skimming risks.

With the development of BRILink Agent services using Android-based application, the Agent can now use two devices in serving financial transactions; via EDC (Electronic Data Capture) and mobile devices (smartphones) that are connected online in real time with BRI's banking system.

With such devices, BRILink Agents can serve the customers' needs for various banking transactions such as deposits and cash withdrawals, payment of BRI loan installments, and bank transfers.

BRILink also offers various features to the public such as phone credit and data packet top ups, and utility bills and health insurance (BPJS) payments. In addition to that, financial inclusion is also reflected in the ease of purchasing microinsurance, which provides many benefits including compensation for health risks, accidents and death.

3. Promotion and education programs to retain agents and improve agent productivity

Aligned with increasing the number of agents, BRI also established communities or associations for BRILink Agents to increase their loyalty and performance. Additionally, the communities also serve to provide agency-related education to new members. By the end of 2017, there were 466 communities/associations of BRILink Agents that have been formed throughout Indonesia.

Moreover, BRI has also carried out effective promotional and marketing programs for both agents and their customers to increase transactions. In this regard, BRI involved BRILink's special marketers to further intensify BRILink's performance.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

BRILink's Performance in 2017

In its development, BRILink has continued to grow both in number of agents and transactions. By 2017, the number of BRILink Agents reached 279,750 agents or an increase of 230.9% YoY from 84,550 agents in 2016. It is estimated that the market share of BRILink agents amounted to 65.2% of the total branchless banking market (Laku Pandai) in the banking industry, which reached 428,852 agents (September 2017).

Meanwhile, the total financial transactions increased by 105.4% YoY or reached 202.1 million transactions, with transaction volume grew 114.2% YoY or amounted to Rp298.0 trillion. The increase in transactions through BRILink resulted in an increase of fee-based income to Rp161.6 billion (less agent's sharing fee), an increase of 128.9% YoY from the 2016 figure of Rp70.6 trillion.

Development Strategy of BRILink in 2018

For 2018, BRI will continue its strategy in expanding delivery channels by increasing the number of BRILink Agents to 500,000 agents, spread throughout the country. This will be supported by BRISat technology to reach areas that were not previously supported by telco service providers. Furthermore, BRILink will continue to improve its service quality by adding product features in collaboration with third parties.

PROGRAM BUSINESS

⌚17.4%
Program Business Loans
Loans Outstanding of Program Business was Rp72.7 trillion

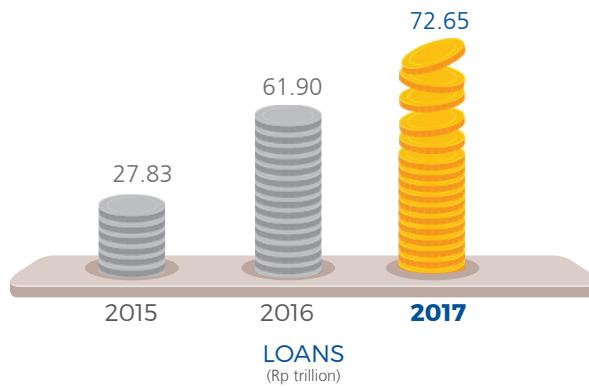
⌚22.75%
Foods Loans
Foods Loans Outstanding reached Rp3.1 trillion

⌚147.4%
Partnership Loans
Realization of Partnership Loans disbursement was Rp222.1 billion

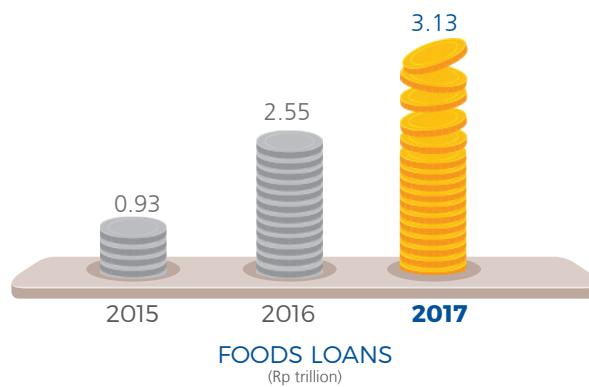
Program Business Performance Highlights in 2017

Loans outstanding of Program Business was Rp72.65 trillion, increased by 17.4% from the 2016 figure of Rp61.9 trillion. The loan composition of the Program Business currently derived mostly from new KUR Mikro products with outstanding loans at the end of 2017 of Rp59.24 trillion.

Realization of Partnership Loans disbursement was Rp222.1 billion, significantly grew 147.4% YoY from Rp89.8 billion in 2016.



Foods loans outstanding was Rp3.1 trillion, grew 22.75% YoY from Rp2.5 trillion in 2016.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

BRI consistently supports the government's efforts in developing and improving the economy, even distribution of development and the people's economic welfare through the strengthening and service for small and medium-sized micro enterprises. BRI is one of the channeling banks of the People's Business Credit (KUR) program, which provides benefits such as accelerating the development of real sector businesses, increasing employment opportunities, and access to financing in accordance with the Government's Nawa Cita (the national development agenda) program.

The total debtors in the program credit category that successfully upgraded to commercial loan during 2017 was 2,052 debtors (excluding new KUR programs). Meanwhile, the total debtors in the Partnership Loans that successfully upgraded to program or commercial loan was 226 debtors (excluding KUR program).

Program Business Products and Services

The Program Business products are:

1. KUR Mikro (Micro Business Loans)

The KUR Mikro program is aimed at accelerating the development of the productive (non-trade) sectors and the empowerment of micro enterprises. The KUR loan scheme is in the form of working capital and investment credit that is provided specifically for productive business units through loan guarantee program. The target of this loan is individual business owners with maximum loan requirement of Rp25 million. The loan is subsidized by the government and is covered by credit insurance of state-owned insurance companies.

2. KUR Ritel (Retail Business Loans)

The KUR Ritel program is similar to the KUR Micro but with slightly larger business sizes compared to the KUR Mikro. The maximum amount of loan that can be borrowed by KUR Ritel customers is Rp500 million.

3. KUR TKI (Loans for Indonesian Migrant Workers)

KUR TKI is a government assistance program for Indonesian Migrant Workers (TKI) who had a side business in their hometown or village. This program aims to help improve the living standards of Indonesian migrant workers and provide employment for them when they come home.

4. Foods Loans

Foods Loans is intended to support the government's food security program.

5. Warehouse Receipt Loans

This loan is primarily intended to assist farmers who have supplies that can be guaranteed in the short term.

6. Partnership Loans

A low interest rate loan aimed to assist the economy of unbanked people that have productive businesses with a potential to develop. BRI also provides training to increase knowledge and skills to the partners of the partnership loan recipients. (Further explanation on Partnership Loans can be found in the Corporate Social Responsibility Chapter in this Annual Report)

OPERATIONAL REVIEW BY BUSINESS SEGMENT

7. Jaring Program

Jaring Program is the OJK's initiative to support the development of the maritime industry, in line with the Government's national development agenda (Nawa Cita) by providing access to Financial Service products, particularly access to financing.

Industrial Sector of Program Business

BRI is committed to empower the low economy group or small business sectors by providing a low-cost source of business financing. This is in line with BRI's commitment to the government to support the Production Sector (Agriculture, Fisheries, Management, and Services).

01. Agriculture

All businesses in the agricultural sector, including food crops, horticulture, plantations, and livestock.

02. Fishery

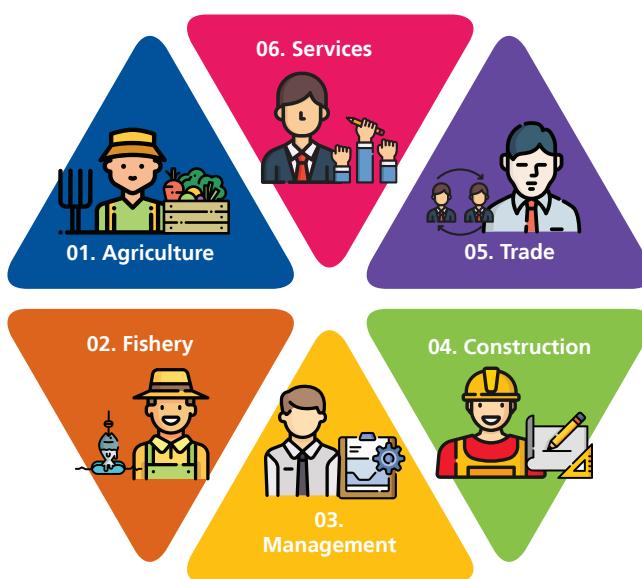
All fishery businesses including fishing and fish breeding.

03. Management

All businesses in the Management Industry, including creative industries in the field of fishery, fashion, animation, video, and machineries to support food security activities.

04. Construction

All businesses in the Construction sector, including housing, building construction, aquatic buildings, etc.



Strategy of Program Business in 2017

To optimize BRI's role in supporting the government's programs, the company has reorganized to be more focused in exploring the potential of the existing agricultural businesses.

Throughout 2017, the strategies that have been implemented by Program Business are:

1. Maximizing the distribution of Micro KUR and new KUR retail as set in the target given by the government.
2. Utilizing the potential in financing leading commodities such as palm oil, sugar, corn, livestock and fisheries by offering special credit schemes and business cooperation with SOEs and other Private National Companies.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis



OPERATIONAL REVIEW BY BUSINESS SEGMENT

3. Expanding services by extending the foods loans segment from Rp500 million for each type of loan (KMK/KI) with Rp 1 billion ceiling, to Rp 1 billion for each type of loan. This is one of the efforts in maximizing the marketing segment of foods loans.
4. Utilizing corporate customer value chain, with core pattern and plasma.

Program Business Performance in 2017

BRI has established its commitment to support the government program, especially in empowering the community's economy by increasing the outstanding of Program Business Total Loans to Rp72.65 trillion, a 17.36% increase from 2016 of Rp61.90 trillion. This achievement was supported by:

1. Successful Distribution of New KUR Mikro and KUR Ritel

BRI is a bank with the largest portion of KUR distribution in Indonesia. Since 2016, BRI has distributed approximately 65% of the total national distribution target. Throughout 2017, BRI has disbursed Rp61.69 trillion of new KUR Mikro and Rp7.77 trillion of new KUR Ritel or a total of Rp69.47 trillion. This achievement was 97.85% of the Rp71 trillion targets, distributed to 3.7 million customers during the year 2017 for both new KUR Mikro and new KUR Ritel, with 40.4% of the disbursement to the productive sector. This is in line with the Government's objective of advancing the non-trade sector.

2. Achievement of Foods Loans and Warehouse Receipt Outstanding

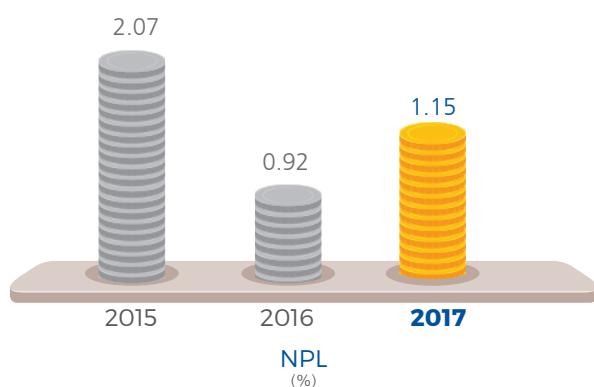
Foods loans outstanding reached Rp3.13 trillion, or grew 22.75% from 2016 amounting to Rp2.55 trillion and Warehouse Receipt outstanding reached Rp28.60 billion.

3. Achievement of Partnership Loans

Meanwhile, the realization of Partnership Loans disbursement amounted to Rp222.1 billion, a significant 147.4% growth from 2016 at Rp89.76 billion.

4. Maintained Asset Quality

In addition to its success in lending, BRI also paid attention to the quality of loan, and managed to maintain NPL level of Program Business Loan at below 3% for the last 3 (three) years.



OPERATIONAL REVIEW BY BUSINESS SEGMENT

Program Business Development Strategy in 2018

The positive performance in 2017 is expected to increase in 2018. The strategies are prepared to anticipate the following areas:

- Maximizing the distribution of new KURs
- Development of a leading commodity-based loan scheme
- Increase collaboration with government agencies/institutions in marketing
- Loan disbursement of value chain and trickledown business with core companies
- Continue cooperation on disbursing partnership loans with SOEs

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

RETAIL BUSINESS

“

IN 2017, Retail Business segment booked a profit of Rp8.97 trillion, increased by 13.88% YoY from Rp7.88 trillion in 2016.

”**↑12.55%****BRIguna
Loans**

BRI disbursed the BRIguna loans of Rp88.05 trillion

↑11.91%**Commercial
Retail Loans**

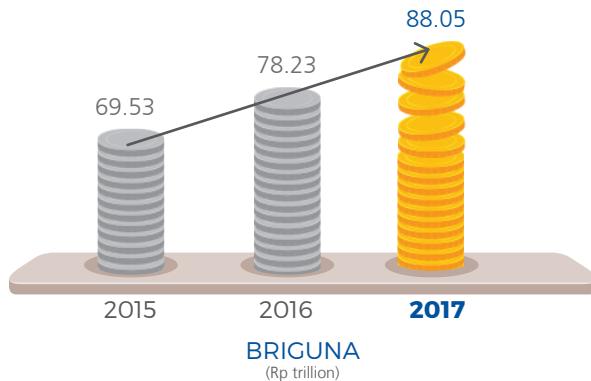
BRI has disbursed total Commercial Retail Loan of Rp129.16 trillion

↑13.36%**Medium
Loans**

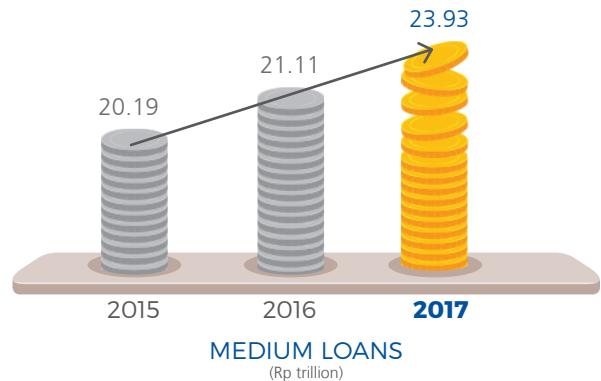
Medium loan was disbursed at Rp23.93 trillion

Retail Business Performance Highlights in 2017

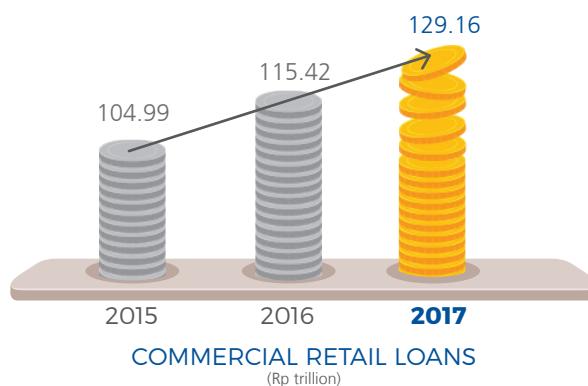
BRI disbursed BRIGUNA loan of Rp88.05 trillion, increased by 12.55% from Rp78.23 trillion in 2016.



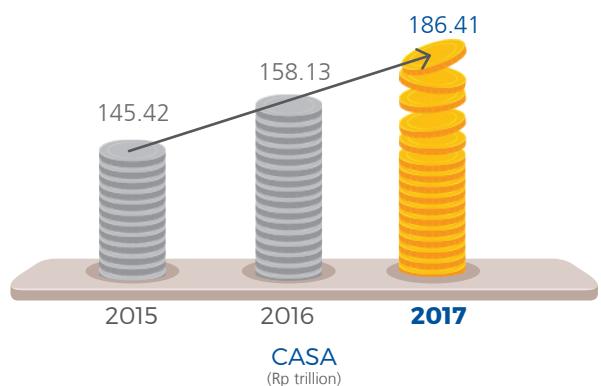
Medium loan was disbursed at Rp23.93 trillion, grew 13.36% YoY from Rp21.11 trillion in 2016.



BRI has disbursed Commercial Retail Loan of Rp129.16 trillion, grew 11.91% YoY from Rp115.42 trillion in 2016.



BRI posted CASA from Retail Business Deposits of Rp186.41 trillion in 2017, increased by 17.88% Rp158.13 trillion in 2016.



Performance Highlights
Management Reports
Company Profile



Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

The Retail Business segment serves retail commercial customers such as small and medium enterprises (SMEs), banking transactions and wealth management services.

In its operations, the Retail Business segment has four business lines:

1. Consumer Retail Loans Business
2. Commercial and Medium Retail Loans Business
3. Retail Deposits Business
4. Retail Banking Services Business

Retail Business Profitability

In 2017, the Retail Business segment booked a profit of Rp8.97 trillion, increased by 13.88% YoY from the 2016 figure of Rp7.88 trillion.



Retail Business, both consumer and commercial, are served in Branch Offices, Sub-Branch Offices, and Cash Offices throughout Indonesia.

Offices	2015	2016	2017	Growth
Branch Offices	467	467	467	1
Sub-Branch Offices	603	609	610	1
Cash Offices	983	984	992	8
Total	2,053	2,060	2,069	10

CONSUMER RETAIL LOANS BUSINESS

⌚ 21.69%
Mortgage Loans

Mortgage loans was disbursed at Rp22.12 trillion

⌚ 22.18%
Motor Vehicles Loans

BRI has disbursed motor vehicles loans of sebesar Rp2.64 trillion

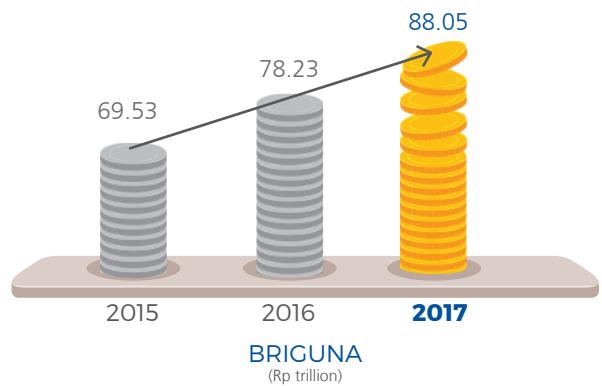
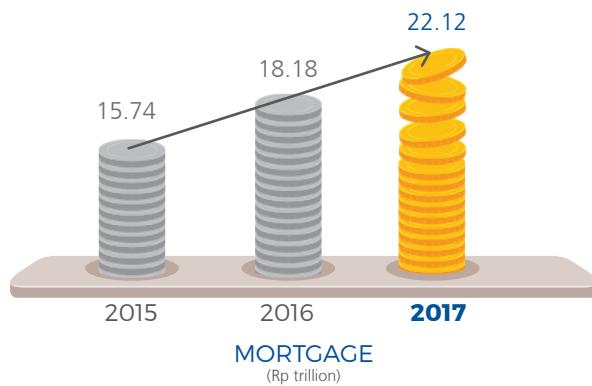
⌚ 12.55%
BRIGUNA Loans

BRIGUNA loans was disbursed at Rp88.05 trillion

Consumer Retail Loans Business Performance Hihglights in 2017

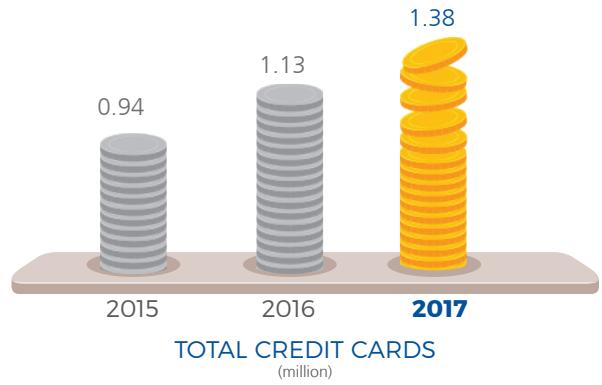
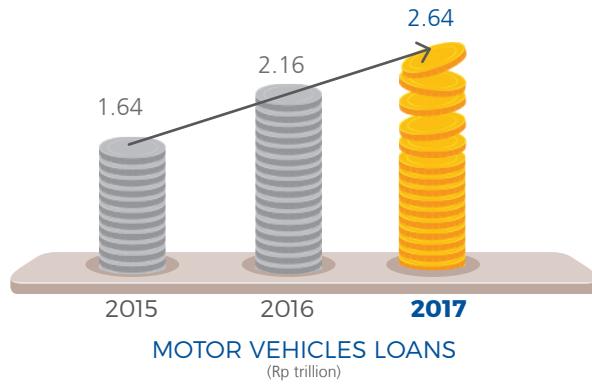
Mortgage loans was disbursed at Rp22.12 trillion in 2017, increased by 21.69% compared to the 2016 figure of Rp18.18 trillion.

BRIGUNA loans was disbursed at Rp88.05 trillion, increased by 12.55% compared to the 2016 figure of Rp78.23 trillion.



BRI has disbursed Rp2.64 trillion of motor vehicles loans, increased by 22.18% compared to the 2016 figure of Rp2.16 trillion.

BRI posted a total of 1.38 million credit cards in 2017, increased by 23% compared to the 2016 figure of 1.13 million credit cards.



Performance Highlights
Management Reports
Company Profile



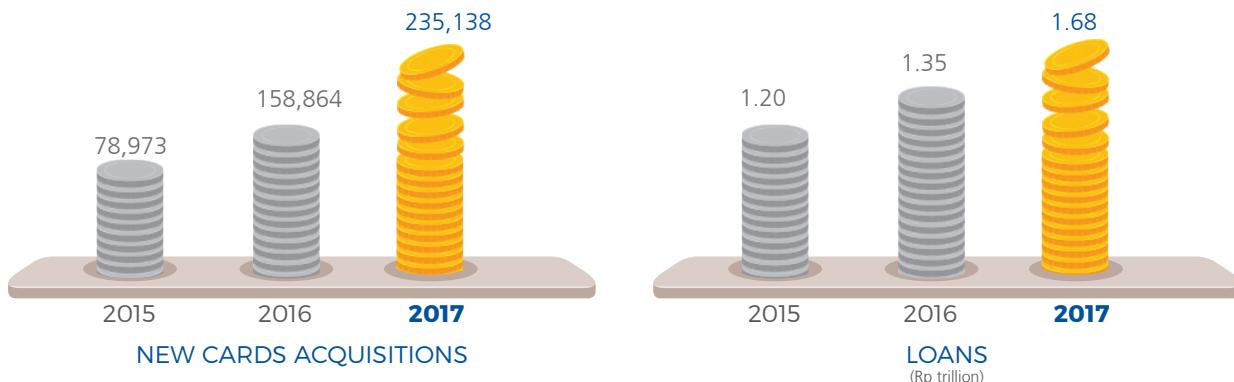
Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

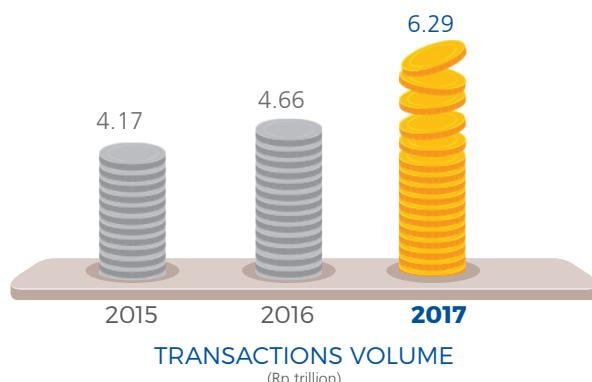


The new credit cards acquisition in 2017 was 235,000 cards, increased by 48% compared to the 2016 figure of 159,000 cards.

BRI credit card loans in 2017 was Rp1.68 trillion, grew 25% from Rp1.35 trillion in 2016.



BRI credit card transactions volume in 2017 was Rp6.29 trillion, increased by 35% compared to the 2016 figure of Rp4.66 trillion.



OPERATIONAL REVIEW BY BUSINESS SEGMENT

The business products of BRI's Consumer Loans consist of:

1. Salary Based Loans (Briguna)
2. Mortgage Loans
3. Motor Vehicles Loans
4. Credit Cards

Business Strategy in 2017

- Development of product features for BRIGUNA Products, especially transfer of branch feature.
- Development of monitoring system and loan submission process.
- Thematic National and special marketing programs for government agencies, such as the launch of the BRI Promoter on June 16, 2017. BRI Promoter is a credit card for members of the Indonesian National Police that provides many facilities such as 0% interest installment, attractive promotions, and free annual fee for life.
- Joint target with large developers who have Mortgage Cooperation Agreements with BRI
- Promotions that include discounts, cashback, or installments, such as offers from BRI Easy Card that was launched on September 15, 2017. The card caters to the needs of young families, especially with its 'TUWAGA' cashback feature on cash withdrawals and spending at select merchants and gas stations.

Consumer Retail Loans Business Performance in 2017 Improvements of Loans Outstanding

- Throughout 2017, BRI's total Mortgage loans outstanding was Rp22.12 trillion, increased by Rp3.94 trillion or 21.69% growth from the 2016 figure of Rp18.18 trillion. This growth was the highest since 2014.
- The total Motor Vehicles loans was disbursed at Rp2.64 trillion, a 22.18% growth from 2016. Meanwhile, BRIGUNA loans disbursed during 2017 was Rp88.05 trillion which grew 12.55% from the 2016 figure of Rp78.23 trillion.
- The increase in sales volume followed by BRI's credit card outstanding increase of 24.57% YoY from Rp1.35 trillion in 2016 to Rp1.68 trillion in 2017.

Fee Based Income Improvements

On fee based income (FBI), BRI credit cards booked an increased of 55.48% YoY to Rp180.61 billion in 2017 from Rp116.16 billion in 2016.

Development Strategy in 2018 Growth Strategy

- Focus on penetration to payroll customer portfolio and maximize the utilization of existing customer's value chain.
- Implement employee gets member program, and development of non-organic card growth.
- Cross-selling credit cards to priority customers.
- The expansion of consumer loan services through the addition of consumer loan initiators that are expected to accelerate consumer loan's growth.
- Strengthening underwriting and collection capability.
- Re-engineering Business Process in the following areas:
 1. Implementation of digital-based consumer credit facility proposal
 2. Re-design end-to-end credit processes of BRIGUNA and Mortgage to speed up TAT (Turn-Around-Time).
 3. Create a new business model for Motor Vehicles Loans in collaboration with BRI Finance.
- Launching the co-branding credit cards.

Performance Highlights
Management Reports
Company Profile



Management Discussion & Analysis

COMMERCIAL & MEDIUM RETAIL LOANS BUSINESS

④ 11.90%

Commercial Retail Loans

Disbursement of Commercial Retail Loans of Rp129.16 trillion

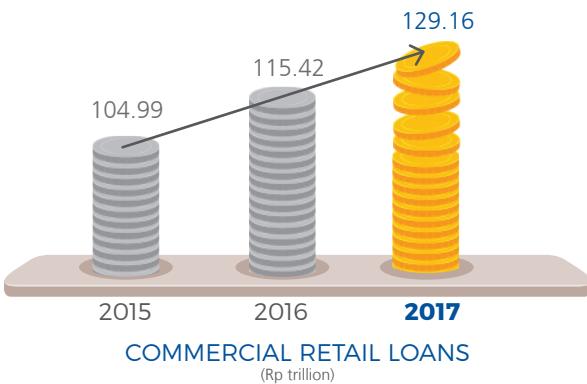
④ 13.36%

Medium Loans

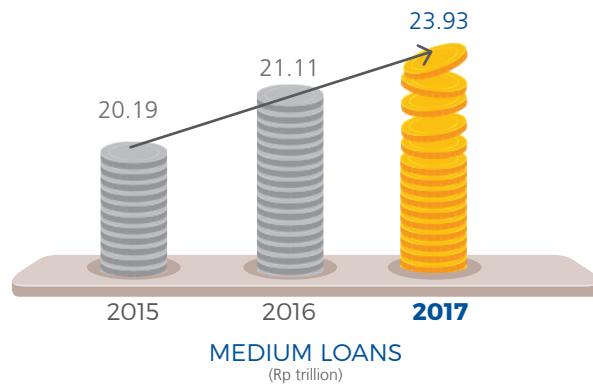
Disbursement of Medium Loans of Rp23.93 trillion

Commercial and Medium Retail Loans Business Performance Highlights in 2017

Disbursement of Commercial Retail Loans of Rp129.16 trillion, increased by 11.90% from Rp115.42 trillion in 2016.



Disbursement of Medium Loans of Rp23.93 trillion, grew 13.36% compared to the 2016 figure of Rp21.11 trillion.



Commercial and Medium Retail Loans Business Strategy in 2017

The growth of commercial and medium retail loan business in 2017 was closely related to the implementation of sustainable growth strategy and market reinforcing, maintaining credit quality, and support of IT platform

Growth Strategy

The sustainable growth and market reinforcing strategy is done through the Focused Acquisition and Margin Increase. On the other hand, credit quality improvement is done through credit quality evaluation, joint sharing

session, and establishment of Adhoc credit improvement team that is involved up to the Branch Office operating unit level.

Marketing Program

BRI also conducted marketing programs to improve the performance of the sub-segment of commercial and secondary retail loan business. The marketing programs are as follows:

- Joint Marketing with relevant divisions to optimize the potential of Value Chain from BRI Corporate debtors.

OPERATIONAL REVIEW BY BUSINESS SEGMENT

- Launching of thematic acquisition program, single digit fixed installment program, Flexible Working Capital Loan, priority customer take-over program and special retention program for priority customers.

Commercial and Medium Retail Loans Business Performance in 2017

Throughout 2017, implementation of the above strategies has managed to support the following performance achievements:

1. Loans Outstanding Improvements
 - Commercial Retail Loans outstanding reached Rp129.16 trillion, increased by 11.90% compared to the 2016 figure of Rp115.42 trillion.
 - Medium Loans outstanding reached Rp23.93 trillion, grew 13.36% or by Rp2.82 trillion from Rp21.11 trillion in 2016.
2. Bank Guarantee Volume Improvements

The volume of Bank Guarantee issued by BRI in 2017 amounted to 20,630 Bank Drafts with a ceiling of Rp19.68 trillion, or an increase of 248 units from 2016 volume that amounted to Rp20.347 trillion.
3. Improved loan quality

The growth of Medium loans and borrowers was followed by NPL quality improvement which dropped from 7.09% to 5.17%.

Strategy and Target in 2018

In 2018, BRI targets the Commercial and Medium Retail business performance to continue growing with the following strategies:

1. Optimizing pipeline acquisition of potential debtors for Corporates and SOEs.
2. Focusing on acquisition of Supply Chain Financing partners and new cooperation.
3. Implementing routine and thematic marketing programs as well as bundling programs with other Divisions.

4. Loans disbursement cooperation through Digital & Fintech platform.
5. Improving the quality of Relationship Manager for Commercial Retail segment through enhancement education program & business profile.
6. Development of monitoring system for the marketers.
7. Development and improvement of commercial retail products.
8. Optimizing the marketing of Bank Guarantee to increase fee based income.
9. Business process improvement for Commercial Retail loans, with IT application support.


 Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

RETAIL DEPOSITS BUSINESS

 **10.73%**
Retail Third Party Funds (TPF)

Posted third party funds (TPF) of Rp303.90 trillion

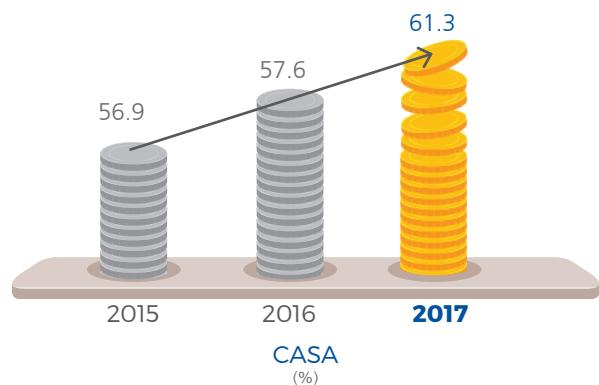
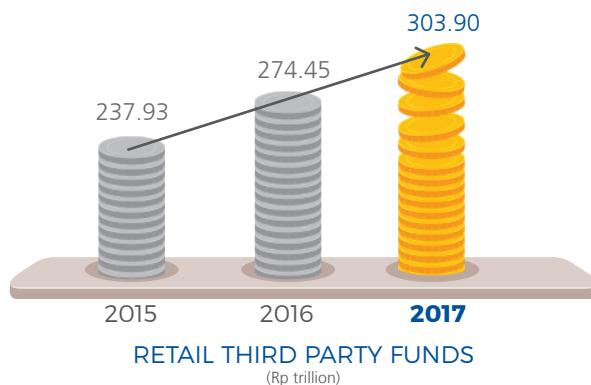
 **61.3%**
Retail CASA Ratio

Retail CASA Ratio increased from 57.6% in 2016 to 61.3%.

Retail Deposits Business Performance Highlights in 2017

Posted third party funds (TPF) of Rp303.90 trillion, increased by 10.73% from Rp274.45 trillion in 2016.

Retail CASA Ratio increased from 57.6% in 2016 to 61.3% in 2017.



Product and Services of Retail Deposits

BRI is committed to continue the development of its Retail Deposits products based on digital saving and product rejuvenation amidst increasingly fierce competition of public funds.

Retail deposits products consist of:

1. Demand Deposits
2. Saving Deposits
3. Time Deposits

Business Strategy in 2017

The development and marketing activities of deposits products in 2017 was focused on the acquisition of low-cost funds such as Savings and Demand Deposits. As such, the marketing activities were conducted both nationally and regionally based on 3 (three) strategic pillars: acquisition, retention and maintenance. Marketing activities were conducted through the acquisitions and optimization of retention, e-commerce and start-up acquisition programs, community programs, point reward programs, multi product marketing and value chains.

OPERATIONAL REVIEW BY BUSINESS SEGMENT

In addition to the marketing programs, there were also efforts to acquire low-cost funds through cross selling activities, especially with retail, medium, and consumer loans. Various programs were also conducted, both locally (with initiatives from each operating unit) and national program.

BRI maintains its focus on the young segment (xenials, millenials), professional/white collar worker, community and business cooperation and e-commerce to increase the acquisition of low cost funds.

Business Performance in 2017

Business performance of the Retail Deposits grew positively on the back of business strategies implemented in a measurable manner.

Deposits Outstanding Improvements

Total Third Party Funds increased to Rp303.90 trillion, or up by 10.73% from Rp274.45 trillion in 2016, with growth attributed from Demand Deposits and Saving Deposits product, as follows:

a. Demand Deposits

Demand deposits increased by 19.64% YoY or to Rp50.87 trillion from Rp42.52 trillion in 2016.

b. Saving Deposits

Saving deposits up by 17.24% YoY, to Rp135.54 trillion from Rp115.61 trillion in 2016.

Decreased Cost of Funds

With the positive growth of the Third Party Funds, BRI also booked a decrease in Cost of Funds mainly on Rupiah Saving Deposits and Time Deposits products. The average cost of the Rupiah Time Deposits cost of funds decreased from 7.49% in 2016 to 6.20% in 2017.

Business Strategy in 2018

The following strategies will be carried out in 2018, among others:

- Rejuvenating deposits products and services to improve FBI (Fee Based Income) by emphasizing on product development, which leads to digital saving.
- To improve CASA, BRI will optimize value chain and provide integrated solutions through cross selling program.

Performance Highlights
Management Reports
Company Profile



Management Discussion & Analysis

RETAIL BANKING SERVICES BUSINESS

④ **41.21%**
BRI Prioritas Fee Based Income

BRI Prioritas fee based income was posted at Rp231.10 billion

④ **21.72%**
BRI Prioritas Funds Management

BRI Prioritas funds management was recorded at Rp82.48 trillion

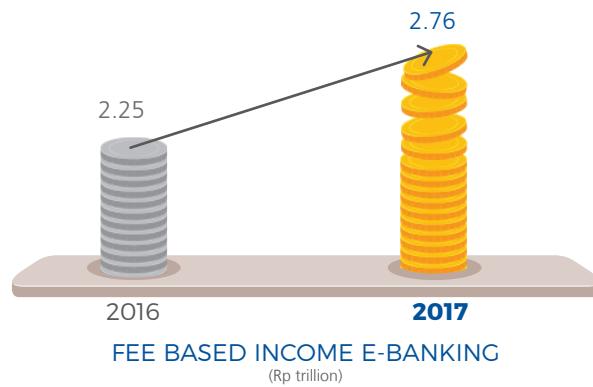
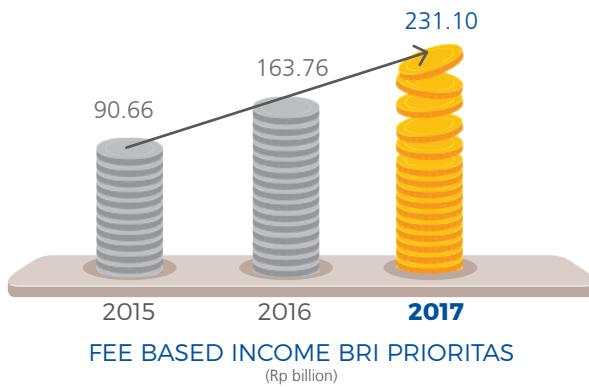
④ **22.89%**
e-Banking Fee Based Income

Fee based income from e-banking services was Rp2.76 trillion

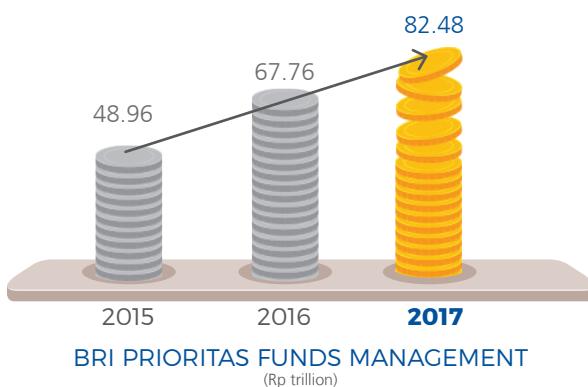
Retail Banking Services Business Performance Highlights in 2017

BRI Prioritas fee based income was posted at Rp231.10 billion, increased by 41.12% compared to the 2016 figure of Rp163.76 billion.

Fee based income from e-banking services was Rp2.76 trillion, increased by 22.89% compared to the 2016 figure of Rp2.25 trillion.



BRI Prioritas funds management was recorded at Rp82.48 trillion, increased by 21.72% compared to the 2016 figure of Rp67.76 trillion.



OPERATIONAL REVIEW BY BUSINESS SEGMENT

The banking industry trend that emphasized on the acquisition of low-cost funds and the increase in fee income has come to BRI's attention. Retail Banking Services is the business line to accommodate that trend. In this regard, BRI continues to develop the transaction banking in Retail segment as well as BRI Prioritas (wealth management) services.

Product and Services of Retail Banking Services Business

Product and services of Retail Banking Services Business are among others:

- Debit Cards
- Electronic money (BRIZZI)
- Retail banking services such as transfer, RTGS, BRIVA, and Safe Deposit

BRIVA

BRIVA is BRI's API service (Application Programming Interface) that uses Web Service technology to support maintenance system automation and payment status information for customers. Through BRIVA, the customers no longer need to manually upload and download, both through BRI CMS or Operating Unit.

- Internet and Mobile Banking Services
- BRI Prioritas Services

Business Strategy in 2017

e-Banking

The development of BRI Mobile into New BRI Mobile used the MADP (Mobile Application Development Platform) with additional features such as online sign up for New Britama Savings Account, the use of Near Field Communication technology to support electronic money top-up of, and pay by QR.

BRI Prioritas

In 2017, in line with the Wealth Management strategy roadmap that emphasizes on Integrated Digital Business Process, BRI has implemented the following strategies:

1. The addition of 35 Branch Offices that can market and conduct mutual fund transactions (APERD).
2. Addition of BRI Prioritas outlets (BRI Prioritas Service Center and Priority Lounge).
3. Enhanced PBO and PBM Capability through soft & hard skill assets, sales force training, and development of performance monitoring systems.
4. Addition of Investment Products in the form of Open End Mutual Fund (Money Market, Fixed Income, Mixed, and Share), Protected Fund, and Retailed Bonds.
5. Added Bancassurance Products (Foreign Exchange Unit Link Term Life, and Endowment).
6. System improvements on online Top Up features, Sales of Mutual Fund products by installment and Payment of Bancassurance Premium.
7. Wealth Management Sales Program (Deposits Program, Investment and Bancassurance).
8. Partnership with companies that provide privileges in travel, lifestyle, education, and concierge service.

Other Retail Banking Services

BRIVA development using web service technology.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Business Performance in 2017

Debit Cards and Electronic Money

- The total issued ATM Cards increased to 56.2 million cards or grew 22.6% YoY.
- The total issued BRIZZI cards in 2017 reached 8.8 million users, or grew 50.79% YoY.

e-Banking

- Fee income from e-Banking and Debit Cards increased to Rp2.76 trillion, or grew 22.9%YoY
- Total Mobile Banking users in 2017 reached 18 million users, or up 21.14% YoY.
- Total Mobile Banking transactions reached 277 million transactions, or grew 26.37% YoY.
- Total Internet Banking users in 2017 reached 7.9 million users, or up 15.62% YoY
- Total Internet Banking transactions reached 311 million transactions, or grew 42.18% YoY.

BRI Prioritas

Based on Service Quality Index 2017, BRI Priority Banking services ranks 5th, and continues to show positive growth in the last three years (2015-2017):

- Total customers increased by 21.8% YoY to 49,033 customers
- AUM Deposits increased by 21.5% YoY to Rp73,99 trillion
- AUM Investments increased by 31.8% YoY to Rp4.24 trillion
- AUM Bancassurance increased by 6.4% YoY to Rp4.25 trillion
- Total fee income during 2017 grew 41.12% YoY to Rp231.10 billion

Other Retail Banking Services

Fee income retail banking services in particular payment services grew to Rp393 billion, or increased by 28.53% YoY.

Business Strategy in 2018

Business strategy on debit card products, electronic money, retail banking services and priority services will be emphasized on increasing repeat buying through improving service quality to existing customers as well as maximizing new customers' acquisitions through cross selling from the corporate business segment. The e-banking business service strategy includes:

1. Increase Transactions

- Expand the network of cooperation with several online merchants
- Conduct various marketing programs aimed at enhancing financial transactions on BRI's e-channel
- Improve brand awareness for BRI Internet Banking & Mobile Banking.

OPERATIONAL REVIEW BY BUSINESS SEGMENT

2. Improve Users' Experience

- Improve service quality in Mobile Banking and Internet Banking channels
- Add features of new transactions aimed at improving customer experience
- Update the features that already exist in Mobile Banking and Internet Banking.
- Promote the New BRI Mobile.

3. Increase E-Banking Users

- Increase the number of users through various acquisition and shifting programs, as well as educational programs to the existing customers.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

CORPORATE BUSINESS

“

BRI's Corporate Business seeks to create, develop and market integrated banking products and services in the form of loan facilities, customer fund management and banking services with primary focus on businesses that can provide synergies with other business segments and support the fee-based income growth.

”**Rp187.4 trillion****Loans**

BRI's Corporate Loans Outstanding, including SOE financing increased by 6% YoY

Rp937.2 billion**Income Before Tax**

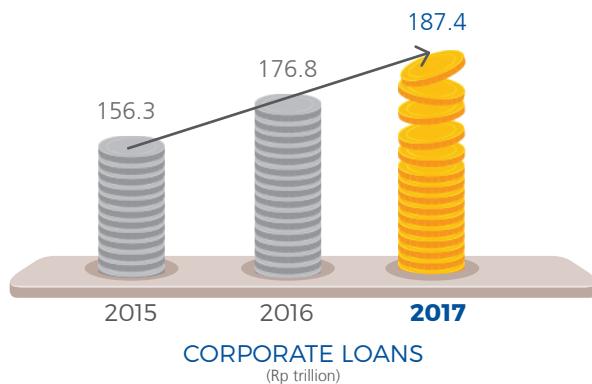
Income before tax of corporate business segment reached Rp937.2 billion

↑25%**Trade Finance Transactions Volume**

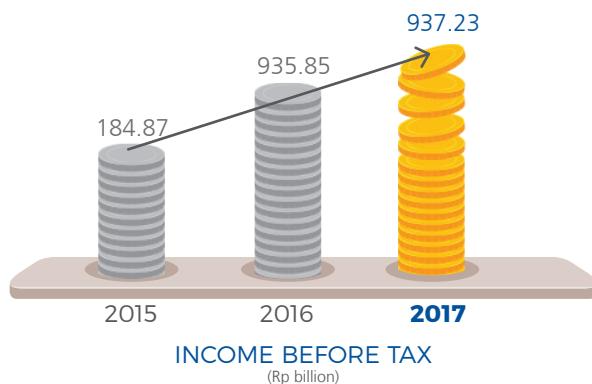
Trade Finance transactions volume in 2017 was US\$37.1 billion

Corporate Business Performance Highlights in 2017

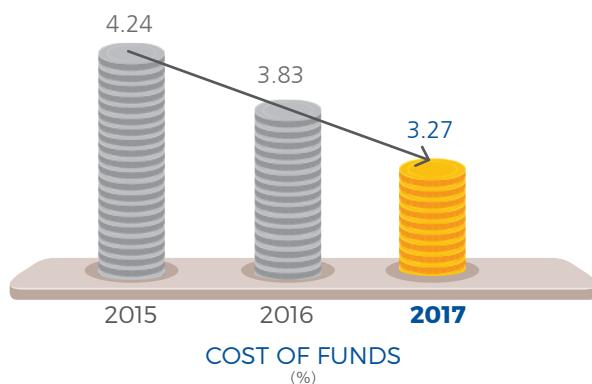
BRI's Corporate Loans outstanding, including SOE financing increased by 6% YoY to Rp187.4 trillion in 2017 from Rp176.8 trillion in 2016.



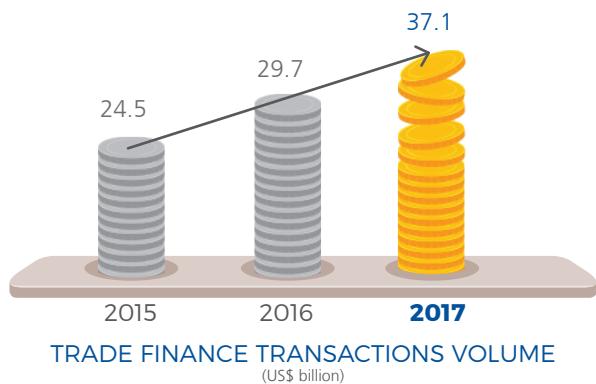
Income before tax of Corporate Business reached Rp937.23 billion, up 0.15% YoY compared to the 2016 figure of Rp935.85 billion.



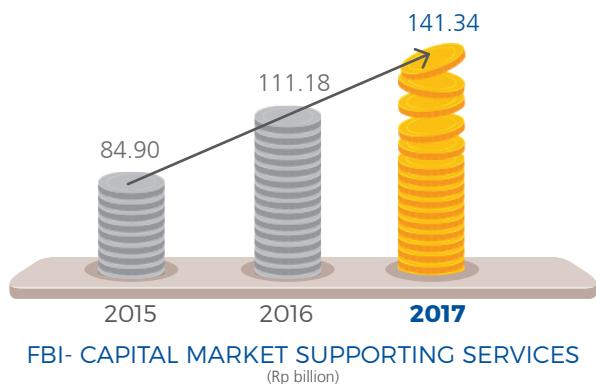
BRI Treasury function management, especially sources of fund, has been well executed, which can be seen from the decrease of cost of funds from 3.83% in 2016 to 3.27% in 2017.



Trade finance transactions volume in 2017 was US\$37.1 billion, grew 25% from US\$29.7 billion in 2016.



Fee income of capital market supporting business increased from Rp111.18 billion in 2016 to Rp141.34 billion in 2017 or grew 27.13% YoY.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis



SOE CORPORATE BUSINESS

Rp97.1 trillion
SOE Loans

SOE loans disbursement
in 2017 grew 4.6%
compared to 2016

SOE Business Performance Highlights in 2017

SOE loans disbursement in 2017 was Rp97.13 or grew 4.6% from Rp92.82 trillion in 2016.



As a State-Owned Enterprise, BRI has a responsibility to supporting government programs in the country's economic development without neglecting profitability and Good Corporate Governance principles.

Considering the existing business potential and the low risk weighted assets, BRI focuses on leading state-owned companies, both parent company and subsidiaries, while still maintaining the Bank's development goals which is to be the main driving force for the growth of microbanking, transaction banking, support subsidiary and implementation of digital banking.

SOE Business Strategy in 2017

In 2017 BRI, undertook a series of initiatives and strategies for the development of state-owned businesses in order to improve loans outstanding, maintain credit quality, manage customer funds, and increase non-interest income.

Improving Loans Outstanding by focusing on improving profitability

The increase of Corporate SOE loans outstanding in 2017 was focused more on businesses that provided trickle down business and cross-selling opportunities for the development of state-owned enterprises that are the backbone of infrastructure, energy, logistics and transportation sectors and to support the development of the national economy.

BRI conducted market development and market penetration initiatives by optimizing collaborations with other banks in the form of syndicated financing, club deal as well as utilization of Sell down facility from foreign banks while maintaining customer profitability analysis.

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Maintaining Loan Quality

In maintaining loan quality of SOE Corporation segment, which is still 0%, BRI has undertaken various initiatives such as regular monitoring both offsite and onsite to the existing BUMN customers, as well as initiating loan restructuring to potentially problematic debtors.

Maximizing Non-Interest Income

In an effort to manage and increase customer funds, BRI strives to become a business partner that can provide solutions for SOE customers. On the other hand, the increase of non-interest income is sought through the development of banking services such as cash management, host to host, BRIVA, Payroll, Corporate Card, Cash Card and other services.

SOE Corporate Business Performance in 2017

Loans Outstanding Improvements

With the above strategies and initiatives, BRI has succeeded in increasing state-owned enterprise's outstanding to Rp97.13 trillion or an increase of 4.6% YoY compared to 2016, driven by infrastructure, services, oil and gas sector, and with NPL that was maintained at 0.00%.

Third Party Funds Outstanding Improvements

Funds managed by December 2017 reached Rp115.9 trillion or grew 0.29% compared to the 2016 figure of Rp115.6 trillion.

Non-Interest Income Improvements

Meanwhile, the contribution of non-interest income reached Rp297 billion in 2017 or an increase of 41.4% YoY compared to 2016 figure of Rp210 billion.

SOE Business Strategy in 2018

Profitability Improvements

The main focus of corporate business in both state-owned and non-state-owned enterprises in 2018 is profitability improvement through margin optimization, fee-based income enhancement and Value Chain Development. A number of strategic initiatives that will be implemented include optimizing margins through Risk-Based Pricing, monitoring loan utilization and selective expansion of borrowers.

Optimizing Integrated Marketing

BRI will seek to increase SOE customers' share of wallets by providing integrated banking solutions and the development of transaction banking as a source of fee-based income. As for value chain development, BRI will conduct market penetration through closed system financing by identifying new business potential and optimizing integrated marketing and trickle down business to assist the performance of SME sector. To achieve this, BRI will also improve the competence of its human resources in Corporate SOE to be able to provide products and services that meet the needs of customers.

Performance Highlights
Management Reports
Company Profile



Management Discussion & Analysis

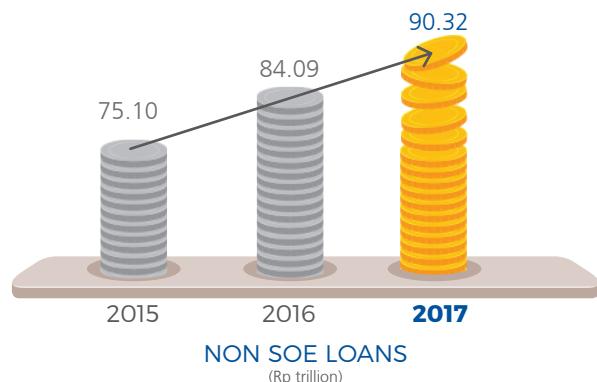
NON SOE CORPORATE BUSINESS

Rp90.3 trillion
Non SOE Loans

Disbursement of Non SOE Loans at Rp90.32 trillion in 2017

Non SOE Corporate Performance Highlights in 2017

Disbursement of Non SOE Loans at Rp90.32 trillion in 2017 or up 7.41% from Rp84.09 trillion in 2016.



BRI's Non-SOE Corporate Business continues to grow and has become one of the segments that support business expansion and enhance BRI's competitive edge. All loans granted to non-SOE corporations must have trickledown business and cross-selling opportunities to accelerate the growth of Micro, Retail and medium segments.

Currently, the majority of the Corporate Business is in agribusiness sector. Loans for companies in agribusiness sector is intended for agricultural business activities in the broader sense, both on-farm and off-farm, upstream to downstream. In addition, BRI also extends credit to farmers using the core-plasma plan. The main target of the agribusiness credit development is to finance export commodities that have competitive advantage and multiplier effect to MSMEs. Some of the choice commodities include palm oil and rubber along with its

byproducts. In industrial and trading sectors, commodities include pesticide, oleochemistry, coconut processing, sugar, rice and so forth.

For non-agribusiness sectors, loans are disbursed to a variety of sectors, including energy industry related to government electricity infrastructure projects, transportation, etc.

Non SOE Corporate Business Strategy

In 2017, Non-SOE corporate business development strategy initiatives were focused on Indirect Loan distribution and Existing Customer Optimization that led to the development of Supply Chain Financing and increase in CASA through Transaction Banking as well as maintaining credit quality by conducting Exit Strategy on Unprospected Customer.

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Non SOE Corporate Business Performance

Loans Outstanding Improvements

With the above-mentioned strategy, loans for Non-SOE Corporate during 2017 reached Rp90.31 trillion or grew 7.41% compared to the 2016 figure of Rp84.09 trillion. This growth was supported by the agribusiness sector, which includes extensive financing for oil palm plantations, Sugar, Livestock, and Fishery Industries as well as non-agribusiness sector such as property and the pulp & paper sector.

Third Party Funds Outstanding Improvements

Non-SOE Corporate deposits reached Rp30.9 trillion, an increase of 32.6% compared to the 2016 figure of Rp23.3 trillion.

Non Interest Income Improvements

Contribution of non-interest income in non-SOE corporate business reached Rp37 billion or grew 27.59% compared to the 2016 figure of Rp29 billion.

Non SOE Corporate Business Strategy in 2018

Profitability Improvements

In line with the SOE's Corporate Business strategy, in 2018, non-SOE business will focus on increasing profitability through margin optimization, fee-based income enhancement and Value Chain Development for non-SOE corporate customers.

Exit from High-Risk Sectors

Applying exit strategy for customers with high risks.

Optimizing Integrated Banking Solution

BRI will seek to increase the share of wallets of non-SOE corporate customers through the facilitation of integrated banking solution as a source of fee-based income. For value chain development, BRI will develop supply chain financing that accelerates the growth of Micro, Retail and medium segments.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

SYNDICATION AND NON BANK FINANCIAL SERVICES BUSINESS

Rp**312.51** billion
Non-Loan Interest Income

Syndication and Non Bank Financial Services Business Performance Highlights in 2017

The non-bank financial services business contributed a non-loan interest income of **Rp312.51 billion**.

The Syndication and Non-Bank Financial Institutions Service Business were established in 2017 with two main business lines namely syndication service business and provision of both committed and uncommitted limit facilities to the domestic non-bank financial industry (IKNB).

Credit syndication service is intended for corporate customers that require large amounts of financing with more than one creditors. BRI's syndication service is experienced in handling syndicated loans from various business sectors such as infrastructure, electricity, manufacturing, oil & gas, trade/hotel/restaurant, plantation, mining and property which includes arranger, facility agent, escrow agent and security agent services.

Non-bank financial services provided to IKNB include security line, money market line, foreign exchange line, trade finance line, bank guarantee and partner credit, intraday facility and bank guarantee. IKNB targeted by BRI's businesses include finance companies (multifinance), insurance, securities, specialized financial institutions and other non-bank financial institutions.

OPERATIONAL REVIEW PER BUSINESS SEGMENT

Strategy in 2017

In 2017, Syndication and Non-Bank Financial Services Business applied financing strategies to productive and consumption sectors. BRI continues to optimize business opportunities in partnership with strategic partners.

Business Performance in 2017

In 2017, Syndication activities resulted in non-interest income of Rp312.51 billion.

Business Strategy in 2018

The syndication business development plan is done through synergy with banks in the state-owned bank association (Himbara), National/Foreign Private Banks, BRI's subsidiaries and regional development banks (BPD). On the other hand, the IKNB business development is carried out through the increase and utilization of existing facility's limits, IKNB business expansion especially securities and insurance company, value chain optimization for BRI's IKNB customer, and improvement of human resource competence.


 Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

INSTITUTION FUNDS BUSINESS

④ **8.85%**

Third Party Funds

Third Party Funds
Outstanding reached
Rp108.2 trillion in 2017

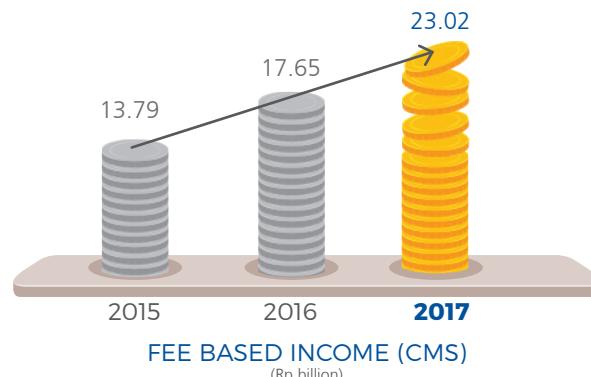
④ **30.68%**

Fee Based Income (CMS)

Fee based income from
transaction banking
(CMS) was Rp23.00
billion

Institution Funds Business Performance Highlights in 2017

Fee based income from transaction banking (CMS) was
Rp23.02 billion, grew 30.31% compared to the 2016
figure of Rp17.65 billion.



Activities of the Institution Funds Business include optimizing the management of funds sourced from the State Budget channeled through ministries or government agencies as well as funds from local government and private companies. In addition, BRI also provided Cash Management System (CMS), an internet banking based customer financial services solution that features Supply Chain Financing, Trade Finance and Host-to-host connection.

Business Strategy in 2017

Providing a One-Stop Service

In 2017, BRI undertook a series of initiatives and strategies aimed at increasing the growth of institution funds and improving Fee Based Income. Some strategic initiatives carried out by BRI to increase funding growth were the acquisition of funds from Ministries/Agencies, Local

Governments and the private sector by developing a one stop service, so that the services provided can be carried out through one door across BRI's network.

Optimizing the Cooperation in Government Program Distribution

In addition, BRI has also partnered with the government programs in the form of social assistance funds (Bansos) for the conditional cash transfer Family Hope Program (PKH) and Non-Cash Food Assistance (BPNT), the acquisition of BUMDES and Dana Desa Selindo, the distribution of Kartu Tani (farmer's card) and the acquisition of Kios Pupuk Lengkap (KPL), fund distribution for Smart Indonesia program (Program Indonesia Pintar), participating in the 'beauty contest' for the placement of Public Service Agency's investment funds as well as Cooperating and Developing the Non-Tax State Revenue (PNBP) application to increase transaction of the State Revenue Module (MPN Generasi 2).

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Transaction Banking Business Development

BRI remain focused on developing Transaction Banking business to increase funding and fee based income. During 2017, Transaction Banking Services already implemented IMFIX strategies (Improve, Maintain, Focus, Increase, and eXpand).

1. Improve

Strengthening products and services, both to internal and external customers in providing integrated banking solution.

2. Maintain

Maintaining and improving business relationships with customers by improbing relationship managers' competence.

3. Focus

Emphasizing attention to the customer segments that bring maximum benefits to the Bank such as industry/manufacturing, wholesale, large-scale services and major government agencies.

4. Increase

Increasing transactional activities for existing customers by exploiting business potential from value chain. Increase transactional activities for existing customers by exploiting business potential from value chain.

5. eXpand

Business expansion efforts to capture prospective customers by taking advantage of the Bank's network & influence.

Business Performance in 2017

Third Party Funds Outstanding Improvements

With the above strategy, the institution fund business succeeded in increasing third party funds amounted to Rp108.2 trillion in 2017 or an increase of 8.85% compared to Rp99.4 trillion in 2016.

Non Interest Income Improvements

Meanwhile, fee income from institution fund business reached Rp49 billion or increased by 8.89% compared to Rp45 billion in 2016.

CMS Performance Improvements

From 2016 to 2017, the BRI CMS performance in terms of number of customers, transactions, transaction volume, and fee based income has increased. Compared to 2016, the number of customers in 2017 increased by 23% YoY to 15,000 customers, the transactions frequency increased by 30% YoY to 15.2 million transactions, and transaction volume increased by 41% YoY to Rp1.193 trillion. As for fee based income from transaction banking (CMS), reached Rp23.02 billion, or grew 30.68% compared to Rp17.65 billion in 2016.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Business Strategy in 2018

Customer Centric Product Development

The institution fund business development strategy in 2018 is to actively engage in product innovation to apply to the needs of customers, especially in areas of reconciliation system, complaint handling, and early warning system.

Performance Monitoring Quality Improvements

Internally, Institution Funds also plans to develop a portfolio monitoring tool to observe internal performance, as well as improving service quality in every aspect of the cooperation with customers.

Transaction Banking Improvements

Transaction banking in 2018 will focus on expanding market share and providing fully integrated banking services. The expansion of market share will be done through extensification of customer base by strengthening transaction capabilities through the development of end-to-end CMS and Supply Chain Financing. Meanwhile, the procurement of fully integrated banking services is done through optimization of coverage model (RM mapping, client service team design based on segment and product specialist).

INTERNATIONAL BUSINESS

⌚ 25%
Trade Finance Transactions Volume
Trade Finance transactions volume was US\$37.12 billion

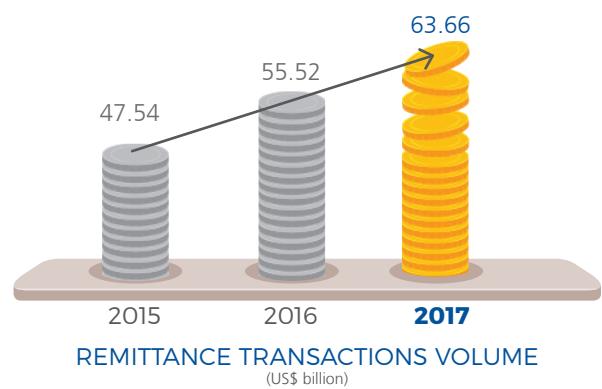
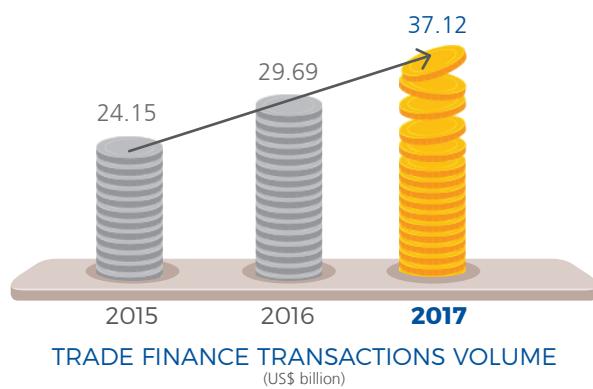
⌚ 45,5%
Money Changer
Transactions volume from money changer activities in 2017 was Rp19.27 trillion

⌚ 14,7%
Remittance Transactions Volume
Remittance transaction volume was US\$63.66 billion

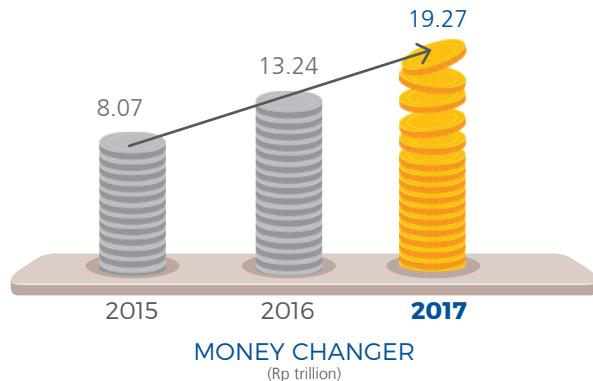
International Business Performance Highlights in 2017

Trade Finance transactions volume was US\$37.12 billion, increased by 24.99% from the 2016 figure of US\$29.69 billion.

Remittance transaction volume was US\$63.66 billion, grew 14.66% from US\$55.52 billion in 2016.



Transactions volume from money changer activities in 2017 was Rp19.27 trillion, increased by 45.54% from the 2016 figure of Rp13.24 trillion.



Performance Highlights
Management Reports
Company Profile



Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

BRI's International Business accommodates various customer needs related to products or services in trade finance, correspondent bank business, remittance, and money changer. In addition, BRI's International Business is also supported by BRI's overseas units in New York, the Cayman Islands, Singapore, Hong Kong and Timor-Leste.

Advantages of International Business Products and services

Support from Professional and Certified Employees

To provide the best services to customers, BRI is supported by trade finance professionals that have international certification to support business activities in line with the customers' dynamic business development.

Counterparts' Supports

BRI is also supported by the cooperation of more than 50 Remittance Companies, more than 1,300 Correspondent Banks across the world in 15 currencies.

Support from Operating Units in Indonesia

In addition, to accommodate the customers' needs of foreign currency, BRI also provides foreign currency exchange services in 18 currencies, through the services provided by its operating units across Indonesia, which are connected online in real time.

Trade Finance Solution

BRI Trade Solution is an integration of international and domestic trade services that are classified into Trade Product, Trade Services, and Trade Finance. The details related to BRI Trade Solution are described as follows:



OPERATIONAL REVIEW BY BUSINESS SEGMENT

International Business Strategy in 2017

Quality Service Improvements

BRI focused on increasing fee-based income and improving service quality. To support the business plan, BRI undertook a number of work programs, including:

- **Trade Finance**

Refining the overall automation of international business transaction system.

- **Money Changer**

Collaborate with national, regional and foreign banks, Hajj and Umrah bureau associations, travel agents, Indonesian hotel and restaurant associations, and foreign exchange traders (PVA).

Encourage business growth at money changer outlets at Terminal 3 Ultimate Soekarno Hatta Airport as part of domestic notes bank market penetration.

- **Financial Institutions Bank**

Expanding cooperation with domestic and overseas correspondent banks, as well as diversifying traded products.

- **Remittance**

Held an annual marketing program: Going-Home Together BRIfast Remittance, as one of the advantages in using the cash pickup service through BRILink agents.

Performance in 2017

The international business achievement in fee-based income in 2017 was around 10% from the Bank's fee-based income achievement in 2017, which amounted to Rp10.3 Trillion. The biggest contributors to fee-based income are trade finance, money changer, remittance, and correspondent banking. This increase was driven by an increase in the volume of transactions of each international business unit with the following details:

- The trade finance transactions volume throughout 2017 reached US\$ 37.12 billion, or increased by 24.99% compared to US\$ 29.69 billion in 2016.
- The bank notes transactions volume increased by 45.54% YoY to Rp19.27 trillion in 2017 from the 2016 figure of Rp13.24 trillion.
- The Core Bank Business transactions volume reached US\$ 276.89 million, grew 107% compared to the 2016 figure of US\$ 133.73 million.
- Growth in Remittance Business transaction volume, especially for incoming remittance transactions. The transactions volume reached US\$ 63.66 billion, or increased by 14.66% compared to 2016 figure of US \$ 55.52 billion.

Development Strategy in 2018

Trade Finance

- Comprehensive upgrading of international business transaction systems to support supply chain services.
- Organizing skill enhancement programs to improve the quality of foreign exchange officers in the Operating Units.

Money Changer

Expanding business-to-business partnerships with wholesale money changer partners and adding money changer outlets at other international airports.

Financial Institutions Bank

Extending cooperation with domestic and overseas correspondent banks, as well as upgrading the license of BRI Hong Kong's unit from representative office to full branch to strengthen BRI's international business as well as BRI's position in the regions.

Remittance

Implement version 2 BRIfast Remittance system with some new features, as well as implementing business development based on Cross Border Payment Solutions.

Performance Highlights
Management Reports
Company Profile



Management Discussion & Analysis

TREASURY BUSINESS

④ Rp **10.93** trillion

Non-Loan Interest Income

Average return of BRI non-loan assets reached 4.48%

④ **3.27%**

Cost of Funds (COF)

BRI managed to decrease cost of funds or COF of time deposits product. Subsequently the COF was posted at 3.27%

④ **22.3%**

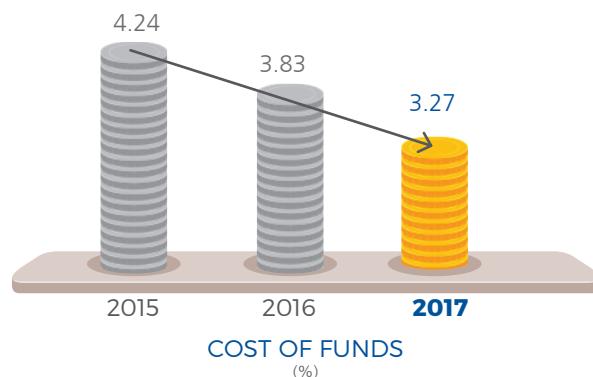
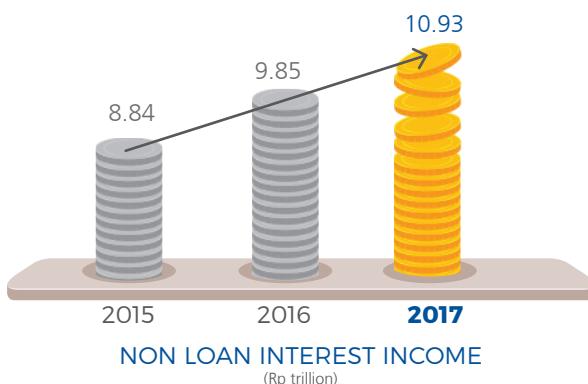
Growth in Customers of Foreign Exchange Transactions

Following the launching of BRIefex Clients, the foreign exchange transactions was increased by 22.3% compared to 2016

Treasury Business Performance Highlights in 2017

The average return of BRI non-loan assets reached 4.48%, or at Rp10.93 trillion, grew by Rp1.08 trillion compared to the 2016 figure of Rp9.85 trillion.

BRI managed to decrease cost of funds or COF of time deposits product. Subsequently the COF was posted at 3.27%, decreased by 0.56% from 3.83% in 2016.



To serve its Corporate customers, BRI continues to develop Treasury products and services aims at sustaining the growth of its products and Human Resources in all operating units. BRI's Treasury business includes the management of bank books and trading book assets and liabilities.

Treasury Business Strategy in 2017

The Treasury business initiated the following strategies in 2017:

Optimizing Excess Liquidity

This is carried out by optimizing the composition of liquidity instrument placement (short term) as well as long term. Currently, the majority of BRI's long-term instruments are placed in bonds issued by the Government of Indonesia and Corporations.

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Optimizing Liquidity Risk Management

To manage liquidity risk, BRI undertook Funding Mix Strategy to meet the short term funding needs derived from third party funds (TPF) by prioritizing low-cost funds and time deposits. While the long-term needs are obtained by issuing Securities.

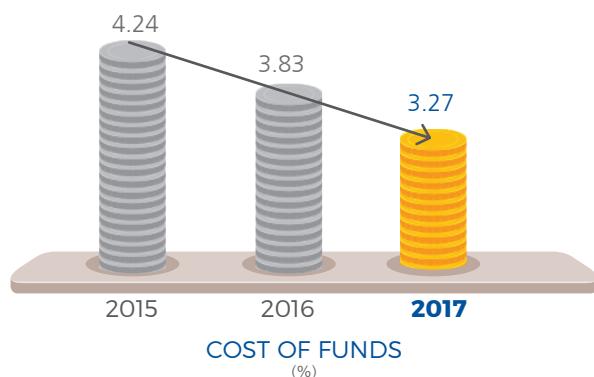
Counterpart's Cooperation Improvements

Meanwhile, BRI's services to customers related to Treasury transactions are aimed at increasing BRI's market share and expanding market access, especially in Banks, BPD, Pension Funds, Insurance Companies and Asset Management Companies.

Performance in 2017

Lower Cost of Funds

BRI successfully reduced COF to 3.27% or dipped by 56 bps compared to 2016 at 3.83%. This was due to the COF deposits that decreased by 5.15% in 2017 compared to the 2016 position at 6.09%.



Return of Earnings Assets of Non-Loan Improvements

During 2017, BRI optimized the excess liquidity by switching low yield assets to high yield assets while still taking into account the liquidity risk from the securities. The Average Outstanding Deposit Facility of Bank Indonesia decreased by 52.67%, which was allocated to High-Yield instrument.

(Rp trillion)

	Instruments	2015	%	2016	%	2017	%	Yield
Low Yields	Depfac	14.1	42.9%	8.5	38.6%	3.7	12.5%	3.50%
	TD IDR	0.03	0.1%	1.51	6.9%	9.48	32.0%	4.02%
	Placements	2.53	7.7%	1.93	8.8%	1.87	6.3%	4.43%
	RR SUN	16.2	49.3%	10.1	45.8%	14.6	49.2%	4.50%
		32.86	100%	22.04	100%	29.65	100%	


 Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

(Rp trillion)

Instruments	2015	%	2016	%	2017	%	Yield
High Yields	SDBI	11.8	51.6%	7.2	42.1%	19.6	64.9%
	SBI	7.93	34.7%	7.12	41.6%	3.72	12.3%
	SPN	2.77	12.1%	1.26	7.4%	5.56	18.4%
	NCD	0.35	1.5%	1.54	9.0%	1.33	4.4%
	22.85	100%	17.12	100%	30.21	100%	

Compositions	2015	%	2016	%	2017	%
Total Low Yield	32.86	59.0%	22.04	56.3%	29.65	49.5%
Total High Yield	22.85	41.0%	17.12	43.7%	30.21	50.5%
Total	55.71	100.0%	39.16	100.0%	59.86	100.0%

By optimizing the portfolio, the average return on BRI's non-loan assets reached 4.48% or Rp10.93 trillion, a Rp1.08 trillion increase compared to Rp9.85 in 2016.

Becoming Primary Dealer in Securities Transactions

Increased securities transactions have brought BRI to the top of the list as the primary dealer in the 2017 primary market. This increase in transaction volume was supported by increased transactions with customers and good risk management activities.

The Treasury transactions growth to serve the customers' needs grew in line with the following buy and sell volumes:

- Volume of services for securities buying and selling grew by 61%
- Volume of foreign exchange buying and selling services grew by 12%
- Frequency of foreign exchange buying and selling services grew 17.9%
- Frequency of buying and selling of derivatives grew 34.50%

Launching New Services to Accommodate Foreign Exchange Transactions

On technology development, the Treasury Business Division has made an innovation by launching BRilefx Client that is expected to simplify and accelerate the transaction of foreign exchange services. The growth of customers conducted foreign exchange transactions during 2017 was 22.3%.

Business Strategy in 2018

- Rebalancing assets portfolio and liabilities to support the Bank's performance
- Developing treasury products and services related to forex transactions such as Currency Swap Deposit, Sharia Hedging Products on exchange rates.

CAPITAL MARKET SUPPORTING SERVICES BUSINESS

⌚ 27.13%
FBI- Capital Market Supporting Services
BRI posted total fee based income from capital market supporting services in 2017 at Rp141.34 billion

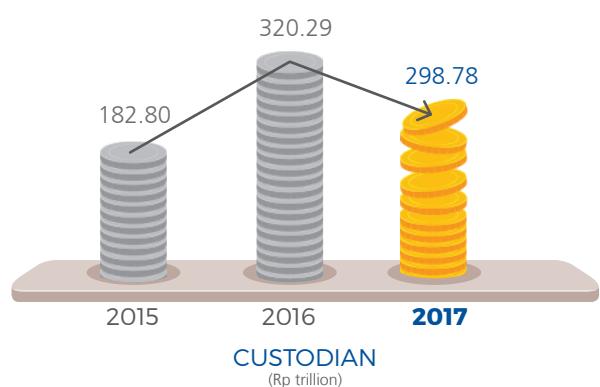
⌚ 45.54%
Transactions Volume from Money Changer Activities
Transactions volume from money changer activities in 2017 was Rp19.27 trillion

⌚ 50.93%
Pension Fund Assets
Pension Fund assets was posted at Rp8.8 trillion

Capital Market Supporting Services Performance Highlights in 2017

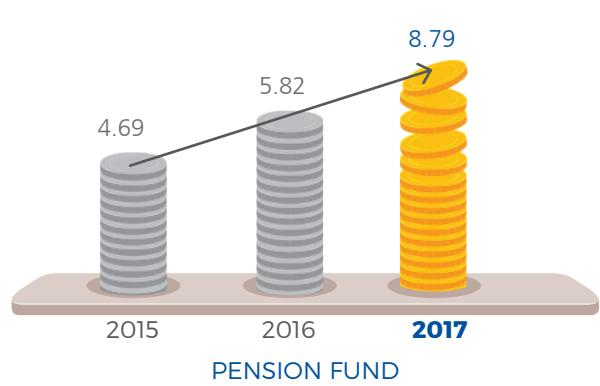
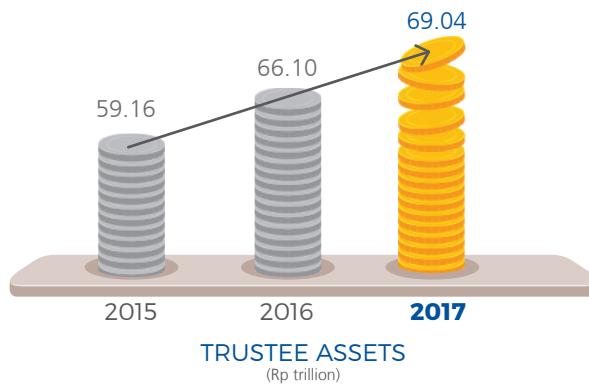
BRI posted total fee based income from capital market supporting services in 2017 at Rp141.34 billion, grew 27.13% from Rp111.18 billion in 2016.

Posted Custodian assets of Rp298.78 trillion in 2017, decreased by 6.72% from Rp320.29 trillion in 2016.



BRI recorded Trustee Assets of Rp69.04 trillion, increased by 4.4% compared to the 2016 figure of Rp66.10 trillion.

Pension Fund assets was posted at Rp8.79 trillion, grew 50.93% compared to the 2016 figure of Rp5.82 trillion.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis



OPERATIONAL REVIEW BY BUSINESS SEGMENT

BRI posted Trust funds at Rp67.28 trillion, grew 79.36% compared to the 2016 figure of Rp37.51 trillion.



As a step to become The Most Valuable Bank in South East Asia, BRI continues to encourage the management of Capital Market Supporting Services Business in 2017 through the improvement of trustee services, Custodian, Trust, Customer Funds Account and BRI Financial Institution Pension Fund or DPLK, both for corporate and retail customers.

- The digitization of other operational services such as the development of the RDN registration for stock trading and the development of DPLK BRI website (<http://dplk.bri.co.id>), conducted to accommodate the increasingly enthusiastic demand for capital market services.

Strategy in 2017

Reorganizing the Capital Market Supporting Services Business

In 2017, BRI's organization of Capital Market Supporting Services business underwent some changes, namely the Syndication Agent Service that is no longer a part of the Capital Market Supporting Services Business. It is aimed to optimize the focus of business development of Capital Market Supporting Services.

Enhancing Operations Capacity through IT

- To support the improvement of custodian business, BRI has been developing Core System Custody: CIPS-MEDALLION for the improvement of transaction processing until reporting.
- The TCS Management System application was developed to improve services to Trust customers and Trustees.

Performance in 2017

Total Fee Based Income generated from the Capital Market Supporting Services business was recorded at Rp130.50 billion in 2017, an increase of 28.69% compared to Rp101.41 billion in 2016.

Custodian

As the first Custodian Bank to manage Asset Backed Securities in Indonesia, BRI Custodian has managed assets amounted to Rp298.78 trillion in 2017 or a 6.72% drop from Rp320.29 trillion in 2016. From the asset management, BRI Custodian was able to book fee based income of Rp71.51 billion or increased by 27.57% compared to the fee based income of Rp56.05 billion in 2016.

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Trustees

Throughout 2017, the total value of issued securities managed by BRI Trustee reached Rp69.04 trillion, increased by 4.4% compared to the 2016 figure of Rp66.10 trillion. BRI's trustee contributed fee based income of Rp8.20 billion in 2017, grew 20.42% from Rp6.81 billion in 2016.

Trust

By the end of 2017, BRI Trust funds was Rp67.28 trillion, grew 79.36% from Rp37.51 trillion in 2016. Fee based income generated by BRI Trustee reached Rp3.91 billion or grew 42.27% from Rp2.75 billion in 2016.

Financial Institution Pension Fund (DPLK)

Since its operation in 2006, BRI's DPLK has continued to perform well each year with managed assets reaching Rp8.79 trillion in 2017, grew 50.93% from Rp5.84 trillion in 2016. BRI posted fee based income from this account at Rp46.87 billion in 2017 or a 30.97% increase compared to the 2016 figure of Rp35.79 billion. BRI's DPLK Investment Performance is indicated by the growth of Net Assets Value per Participation Unit (NAB/UP) of each investment package which posted a 7.25% return for Money Market DPLK, 9.15% for Fixed Income DPLK, 11.05 % for Stock DPLK, 6.83% for Sharia Money Market DPLK, and 7.50% for Balanced Sharia DPLK.

Customer Funds Account (RDN)

For the purpose of transaction settlement in the capital market, BRI provides RDN Current Accounts service. As of the end of 2017, there were 3,360 registered accounts.

Business Strategy in 2018

In 2018, BRI will continue to develop its business support services through the following various initiatives:

Marketing Strategy

- Acquisition of new customers through joint marketing with other BRI operating units
- Increase brand awareness through digital media
- Encourage sales of DPLK through all BRI operating units by organizing special sales programs
- Dissemination and education about DPLK products to BRI's internal and external parties, focusing on informal sector employees
- Marketing of Trustee services through the Capital Market Supporting Agency to complement direct marketing to the issuers
- Roll out the 'Desa Nabung Saham' program in cooperation with BEI, KSEI, and Securities companies.
- Escrow Account management for several business target pipelines.

Product Refinement Strategy

- Improvement of DPLK BRI's System (front end to back end)
- Application enhancements for Trust & Corporate Services
- Integration of Custodian internal system with core custody system
- Innovate DPLK products and services to fulfil communities' needs through other benefits offering

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

SUBSIDIARY BUSINESS



“

In 2017, Total Assets of BRI Subsidiaries reached Rp58.6 trillion, grew 23% compared to Rp47.6 trillion in 2016.

”

④ Rp**58.6** trillion
BRI Subsidiaries Assets

In 2017, BRI Subsidiaries Total Assets reached Rp58.6 trillion, increased by 23% from Rp47.6 trillion in 2016.

④ **13.9%**
BRI Syariah Assets

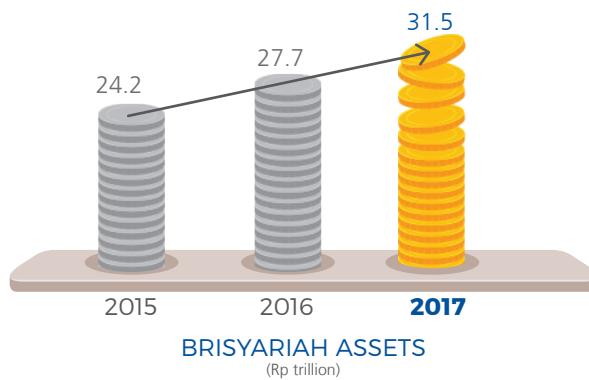
BRI Syariah recorded Assets of Rp31.5 Trillion in 2017

④ Rp**16.3** trillion
BRI Agro Assets

BRI Agro recorded Assets of Rp16.3 Trillion in 2017

Subsidiary Business Performance Highlights in 2017

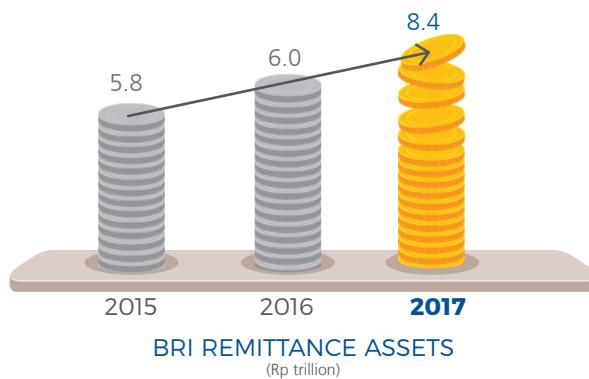
BRISyariah booked a total Assets of Rp31.5 trillion or increased by 13.9% from Rp27.7 trillion in 2016.



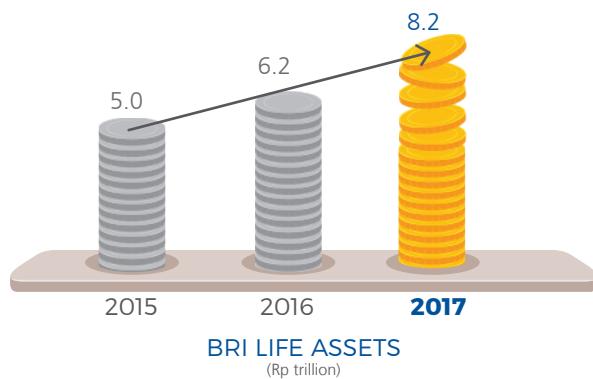
BRI Agro booked a total Assets of Rp16.3 trillion or grew 43.5% from Rp11.4 trillion in 2016.



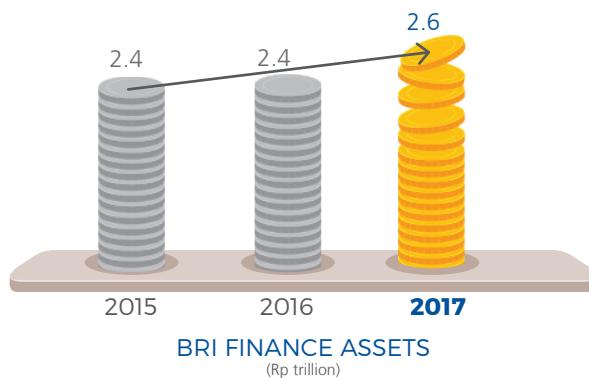
BRI Remittance Hong Kong booked a total Assets of Rp8.4 billion or grew 40.6% from Rp6.0 billion in 2016.



BRI Life booked a total Assets of Rp8.2 trillion or up 32.1% from Rp6.2 trillion in 2016.



BRI Finance booked a total Assets of Rp2.6 trillion or increased by 8.7% from Rp2.4 trillion in 2016.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

BRI is the holding company of a group of financial services companies consisting of:

1. PT Bank BRISyariah (BRI Syariah)
2. PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro)
3. BRI Remittance Company Ltd (BRI Remittance)
4. PT Asuransi BRI Life (BRI Life)
5. PT BRI Multifinance Indonesia (BRI Finance).

The subsidiaries' activities provide business synergy for BRI, which includes conventional and sharia banking services, remittance services, life insurance services and financing services.

Profitability of Subsidiary Business

In 2017, BRI's Subsidiary Business segment contributed Rp575.10 billion to the parent's Company's income, a 21% increase from 2016.

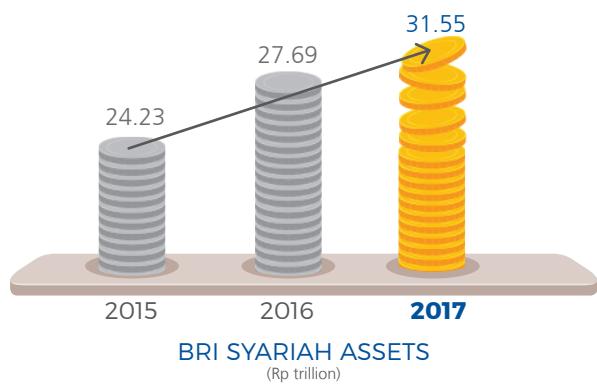
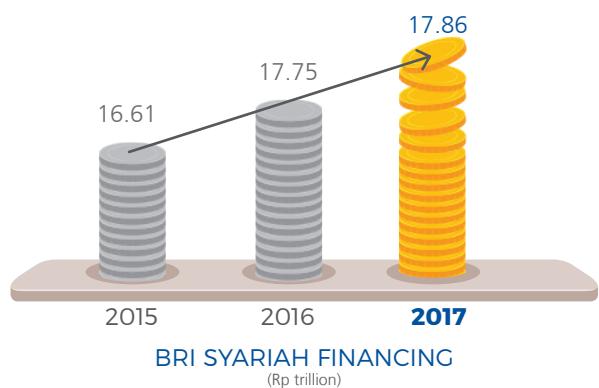
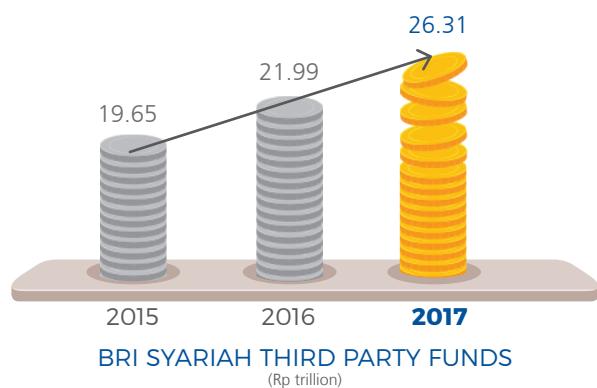
PT BANK BRI SYARIAH (BRI SYARIAH)

Rp **26.31** trillion
BRI Syariah Third Party Funds

Rp **19.01** trillion
BRI Syariah Financing

13.9%
BRI Syariah Assets

BRI Syariah Performance Highlights in 2017





Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Company Profile

PT Bank BRISyariah (BRI Syariah) is a subsidiary that focuses on the sharia banking sector, with 99.99% of shares owned by BRI.

BRI Syariah was established in 1969, under the name PT Bank Jasa Arta, and in accordance with the Deed of Establishment No. 4 dated 3 April 1969. In line with Indonesia's economic development and the sharia banking industry, BRI envisioned the market potential of sharia business banking, and decided to strengthen the positioning of its Sharia Business Unit.

For that reason, on 19 December 2007, PT Bank Jasa Arta was acquired by PT Bank Rakyat Indonesia (Persero) Tbk. In 2008, PT Bank Jasa Arta changed its name to PT Bank Syariah BRI. PT Bank Syariah BRI acquired its sharia banking business permit in accordance with the Decision of the Governor Bank Indonesia No. 16/67/KEP/GBI/DpG/2008 dated 16 October 2008.

Furthermore, BRI conducted a Spin Off of the Sharia Business Unit with the Deed of Management Separation dated 19 December, 2008, and merged BRI's Sharia Business Unit with PT Bank Syariah BRI on 1 January, 2009. By focusing on the middle to low retail segment, BRI Syariah's vision is to become a leading modern retail bank, which offers products and banking services based of sharia principals.

BRI Syariah offers comprehensive sharia banking products and services including financing (for micro, small and medium-sized commercial as well as consumer segments) and savings products (savings accounts, hajj savings accounts, time deposits and demand deposit). BRI Syariah is also one of the first sharia banks in Indonesia to offer the Laku Pandai financial inclusion service through Brissmart.

Management Composition

In carrying out its activities, BRI Syariah is led by 5 Directors, accompanied by 4 members of the Board of Commissioners, and 2 members of the Sharia Supervisory Board (DPS) with details as follows:

BOARD OF COMMISSIONERS	
Eko B. Suharno *)	President Commissioner
Hermanto Siregar	Independent Commissioner
Komaruddin Hidayat	Independent Commissioner
Eko Suwardi *)	Independent Commissioner
BOARD OF DIRECTORS	
Mochammad Hadi Santoso	President Director
Indra Praseno	Director
Wildan	Director
Agus Katon Eko Sedyono	Director
Hilman Purakusumah *)	Director
SHARIA SUPERVISORY BOARD	
Didin Hafidhuddin	Chairman of Sharia Supervisory Board
M. Gunawan Yasni	Member of Sharia Supervisory Board

*) Effective following the OJK approval on Fit & Proper Test

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Milestones in 2017

BRI Syariah achieved several important milestones in 2017, including its appointment as the Tax Collecting Bank of the Ministry of Finance of the Republic of Indonesia (State Revenue Module/MPN) and as the Managing Sharia Bank for Special Account Sharia Securities (SBSN).

In addition to that, BRI Syariah was also officially appointed as one of the Distribution Banks for the People's Business Financing/KUR Syariah for the Year 2017 by the Indonesia's Coordinating Ministry of Economic Affairs.

The BRI Syariah office network has also expanded. As of December 31, 2017, BRI Syariah has 54 Branch Offices, 207 Sub-Branch Offices and 11 Cash Offices. Bank Syariah Services (LSB) in the BRI office network is also continuously developing, and by the end of 2017 the total number of LSB reached 1,044 units.

Financial Review

In 2017, BRI Syariah's asset stood at Rp31.5 Trillion or increased by 13.9% from Rp27.7 Trillion in 2016. The asset growth in 2017 was driven by an increase in Sharia financing by 0.6% or Rp17.86 Trillion from the previous year figure of Rp17.75 Trillion. Meanwhile, third party funds in 2017 also increased by 19.6% or reached Rp26.3 trillion from the previous year figure of Rp21.99 Trillion. Although it is still facing challenges in improving its credit quality, BRI Syariah has been able to book a profit of Rp105.20 billion, slightly lower than 2016. BRI Syariah also has a good capital adequacy ratio (CAR) of 20.45%.

Development Strategy in 2018

Funding Strategy

Funds Acquisition Strategy

In 2018 BRI Syariah will focus on increasing low cost funds (CASA) with the following strategies:

- a. Develop cooperation with the Ministry of Religion in optimizing Hajj Fund Management.
- b. Developing cooperation with educational institutions under:
 - The Ministry of Education (elementary, middle and high school as well as higher education institutions that have an Islamic Business Economy Department)
 - The Ministry of Religion (Madrasah and Islamic Universities)
 - Muhammadiyah Foundation
- c. Operational fund acquisition from institutions such as BAZNAS, PLN, Rumah Zakat, local governments, and SOE (including Pertamina and Syariah Pawnshop) in accordance with BRI Syariah's status of an Operational Bank 2 (BO 2).
- d. Cooperating with Mastercard to simplify overseas transactions.
- e. Expanding the KLS management by optimizing savings account registration, particularly Hajj Savings account.

Hajj and Umrah Business Strategies

In 2018, BRI Syariah is committed to continuously optimize Hajj and Umrah Business with the following strategies:

- a. Increase sales of hajj products, both regular and special by, among others:
 - Cooperating with the Hajj Coaching Group (KBIH) and travel agencies through the provision of bank guarantee and working capital financing
 - Promotion through print and electronic media
 - Simplifying the hajj savings account application process
- b. Focusing on Umrah financing products
- c. Increasing free based income by increasing sales transaction of Saudi Arabia Riyal (SAR) during the hajj season, developing and optimizing the Cash Management System (CMS), cooperating with the Hajj and Umrah Organizer (PHU), as well as improving on the financing of halal products and the creative industry.
- d. Exploring the possibility of establishing a partner Correspondent bank in Saudi Arabia
- e. Strengthening penetration of the Muhammadiyah Business Unit in areas such as education and health (Muhammadiyah Hospital)

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Financing Strategy

Retail - Micro Financing Strategy

- a. Optimizing the distribution of People's Business Loans (KUR) Micro Syariah products, such as the Serbu Pasar Mikro program.
- b. Optimizing funding by direct penetration such as the Open Table marketing tool with or without a mobile ATM unit
- c. Adding new networks with the potential of becoming a micro outlet

Retail - Consumer Financing Strategy

- a. Increasing sales of KMG and Mortgage through the Employee Benefits Program (EMBP) in cooperation with institutions and organizations for BRI Syariah's status as Operational Bank 2 (BO 2).
- b. Increasing sales of Mortgage Faedah Program, Mortgage FLPP and KMG/KMJ

Retail - SME Financing Strategy

- Prioritizing financing for micro customers that have the potential of upgrading to SME customers.
- Creating financing schemes for particular businesses in order to support financing growth in branch offices

Retail - Linkage Segment Financing Strategy

- Optimizing Existing Line Facilities that are not maximally utilized, particularly the Employee Cooperative (Kopkar) or the Sharia Cooperative (Kopsyah) by using a channeling scheme to optimize ATMR and financing insurance.
- Topping Up the ceiling for existing customers with good performance
- Selective financing of multifinance companies with good performance.

Commercial Segment Financing Strategy

- Prioritizing financing related to SOE, infrastructure-related industries, energy, agro industry and land transportation funded by state/local budget (developing value chain with SOE).
- Financial cooperation with the holding company (BRI) through a sell down mechanism for commercial financing to finance BRI's portfolio which has good performance.

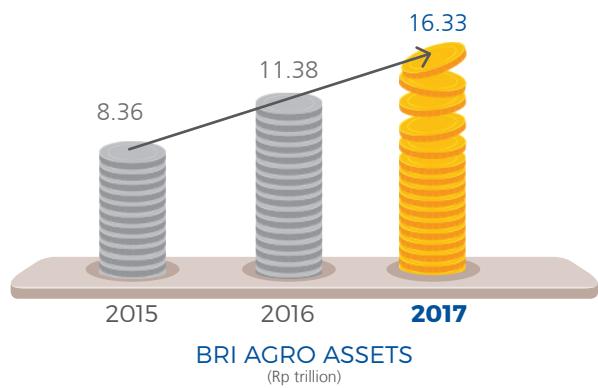
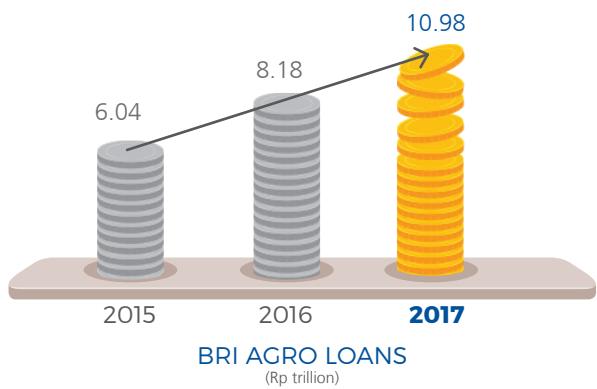
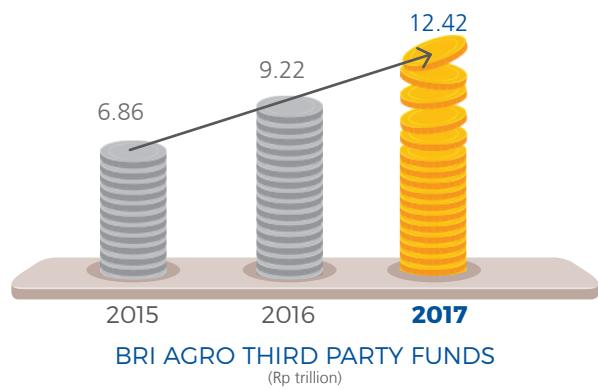
PT BANK RAKYAT INDONESIA AGRONIAGA TBK

④ Rp 12.42 trillion
BRI Agro Third Party Funds

④ Rp 10.98 trillion
BRI Agro Loans

④ 43.5%
BRI Agro Assets

BRI Agro Performance Highlights in 2017





Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Company Profile

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro) is an entity that focuses on banking activities with BRI as the majority shareholder with 86.82%

The establishment of BRI Agro started with BRI's acquisition of PT Bank Agroniaga (Bank Agro) that was established on 27 September 1989 by the Plantation Pension Fund (DAPENBUN) with an ownership of 66.23%, while Astek owned 10.31% of the company and Sarana Wana Jaya Foundation (Forestry Department) 15.46%. PT Bank Agroniaga was established as a commercial bank focusing on the agribusiness sector especially to support plantation companies under the Agriculture Department.

In its development, in 2003, PT Bank Agroniaga listed its shares on the Surabaya Stock Exchange pursuant to Bapepam-LK approval No. S-1565/PM/2003 dated 30 June 2003, thus becoming PT. Bank Agroniaga Tbk with ticker code AGRO. In the same year, the company increased its capital through the Rights Issue process for the issuance of 305,967,338 shares. As a result, the total shares listed and traded on the Stock Exchange after the Rights Issue I was 1,835,205,028 shares.

In 2005, the Company increased its capital through the Rights Issue II with 513,857,128 shares, increasing the total number of shares outstanding to 2,349,061,156 shares or Rp 234,906,115,600 at nominal value. In line with the increased capital, the Company's activities also developed which has greatly supported the Company, hence in 2006, the Company successfully increased its status to a Foreign Exchange Bank.

To meet the capital adequacy requirement, in March 2009, the Company increased its capital through a rights issue without pre-emptive right with 64,000,000 shares and through the Rights Issue III on November 2009 with

1,005,144,172 shares accompanied by Warrant Series I of as many as 199,980,250 shares, increasing the total number of shares to 3,618,095,578 shares. Although the issuance of Warrant Series I shares was not executed fully by the shareholders, the Company's capital structure fell within the required provision enacted by the monetary authority (Bank Indonesia), with a CAR of 16.39%.

In 2011, Bank Agro entered a new era. On March 3rd, 2011, PT Bank Rakyat Indonesia (Persero) Tbk acquired 88.65% of PT Bank Agroniaga Tbk's shares. Since then, BRI officially became the controlling shareholder. In 2012, the Company changed its name to PT Bank Rakyat Indonesia Agroniaga Tbk, with the commercial name Bank BRI Agro.

After the acquisition by BRI, to further strengthen the Bank's capital, the Company increased its capital through the Rights Issue for the issuance of Pre-Emptive Rights (HMETD) for four times; the Rights Issue IV on May 2013 with 3,832,685,599 shares, the Rights Issue V on May 2015 with 4,028,934,521 shares, the Rights Issue VI on October 2016 with 3,845,996,122 shares and the Rights Issue VII on May 2017 with 2,515,555,707 shares.

In the Rights Issue VI, the Company also issued 616,908,103 of Series II Warrant. As of December 31, 2017, the total amount of Series II Warrant that has been converted into shares was 71,270,431 shares.

BRI Agro has a vision to create a leading Commercial Bank focusing on agricultural sector to support of Indonesia's agribusiness development. The BRI Agro missions are:

- To conduct the best banking activities in the Small and Medium Enterprises (SMEs) segment, especially in the agribusiness sector to support the people's economic improvement by taking into account environmental sustainability.

OPERATIONAL REVIEW BY BUSINESS SEGMENT

- b. To meet the basic need for quality banking services, supported by professional and high integrity human resources in implementing Good Corporate Governance.
- c. To give optimal benefits for stakeholders.

As of 2017, BRI Agro operates 16 branch offices and 19 sub-branch offices and 4 cash offices. Moreover, BRI Agro is supported by 683 employees with various backgrounds relevant to the Company's activities.

Management Composition

In carrying out its activities, BRI Agro is managed by 5 Directors and accompanied by 4 Board of Commissioners with the following details:

BOARD OF COMMISSIONERS	
Bambang Soepeno	President Commissioner
Anna Maria Ciadarma *)	Independent Commissioner
Heru Sukanto	Independent Commissioner
Edwind Sinaga *)	Independent Commissioner

BOARD OF DIRECTORS	
Agus Noorsanto *)	President Director
Ebeneser Girsang *)	Director
Zainuddin Mappa	Director
Herry Prayudi *)	Director
Zuhri Anwar	Director

SHARIA SUPERVISORY BOARD	
Didin Hafidhuddin	Chairman of Sharia Supervisory Board
M. Gunawan Yasni	Member of Sharia Supervisory Board

*) Pursuant to the EGMS resolution on 6 December 2017, hereby stated effective following OJK approval on Fit & Proper Test

Milestones in 2017

BRI Agro's milestones throughout 2017 are:

- 4. Issuance of the first Bonds amounting to Rp500 billion in June 2017.
- 5. Opening of Main Branch Office in Jakarta in August 2017 and opening of Branch Office Bintaro in September 2017
- 6. Launching of Agrotama product during BRI Agro's 28th Anniversary in September 2017.
- 7. Conducted the Extraordinary General Meeting of Shareholders (EGMS) in December 2017 with the agenda of the changes of the Company's Management.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Financial Review 2017

In 2017 BRI Agro booked a total Assets of Rp16.33 trillion or grew 44% from Rp11.38 trillion in 2016. This growth was driven by optimization of loan disbursement and collection of third party funds. In 2017, loans disbursed by BRI Agro increased by 34.2% to Rp 10.98 trillion from Rp8.18 trillion in 2016. The Company's third-party funds (TPF) also grew 34.7% to Rp12.42 trillion from the previous year figure of Rp9.22 trillion. BRI Agro was able to improve profitability for 2017, with net profit grew by 36% to Rp140.50 billion from the 2016 figure of Rp103 billion. With the increase in net profit, BRI Agro was able to achieve ROA of 1.45% and ROE of 5.84%. On capital adequacy ratio, BRI Agro was able to maintain the adequate level of 29.7%.

Development Strategy in 2018

In 2018, the Company's main focus is to optimize business in the operating unit while focusing on the retail segment, particularly the distribution of plasma loan and strengthening of CASA. Some of the strategies to be undertaken include office networks expansion, enhancing competency of the marketers, electronic network development, and collaborating with third parties in sales programs (awareness, acquisition and retention). The Company will also focus on distribution loans to the retail segment through plasma financing while maintaining credit quality also develop e-channel products and features such as online account opening, virtual account and other e-channel features. To achieve this, the Company will strengthen its IT infrastructure including utilization of BRI satellite to support reliable information system.

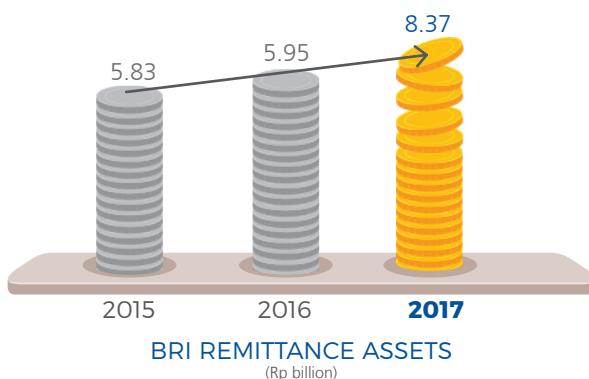
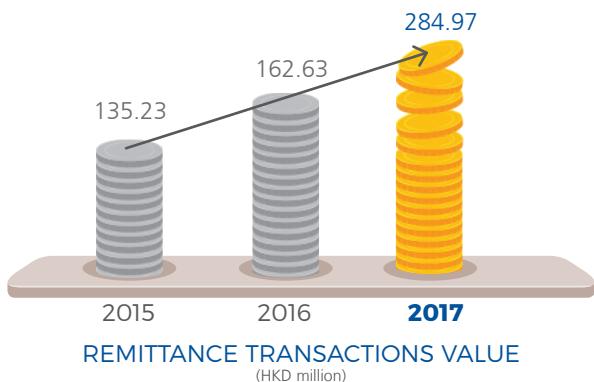
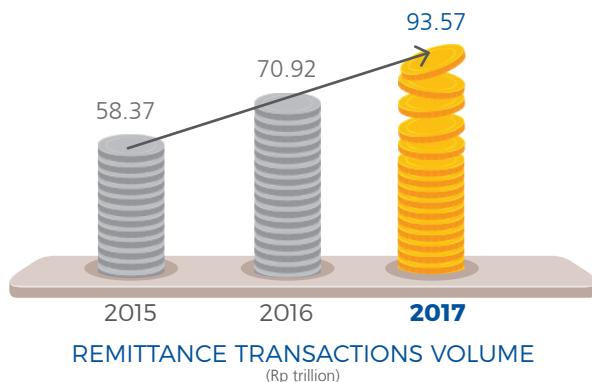
BRI REMITTANCE COMPANY LTD. (BRI REMITTANCE)

④ **Rp 93,570** trillion
Remittance Transactions Volume

④ **Rp 284.97** trillion
Remittance Transactions Value

④ **40.6%**
BRI Remittance Assets

BRI Remittance Performance Highlights in 2017





Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Company Profile

BRI Remittance Company Ltd Hong Kong (BRI Remittance) is a BRI subsidiary that focuses on remittance services, with 100% ownership by BRI.

BRI Remittance was initially named BRI Remittance Company Ltd that was established on 7 April 2005, by PT BRIngin Jiwa Sejahtera (BJS), a subsidiary of Dana Pensiun BRI. On 16 December 2011, BRI became the majority shareholder of BRI Remittance with 100% ownership after the signing of Instrument of Transfer and the Bought & Sold Notes. On July 2, 2012 BRI Remittance Company Ltd was officially changed to BRI Remittance Company Limited Hong Kong based on the decision of the Annual General Meeting of BRIngin Remmitance Company Limited.

In compliance with License No. 12-08-00742 obtained from Hong Kong Customs & Excise Department, BRI Remittance Company Ltd. is a business entity that is permitted to conduct business in financial services (money service operators) particularly remittance business from Hong Kong to Indonesia. BRI Remittance Company currently serves financial transaction needs (savings and remittances) of more than 60,000 Bank Rakyat Indonesia customers, a majority of whom are domestic workers domiciled in Hong Kong.

To date, BRI Remittance has 4 branch offices across potential areas of Indonesian domestic workers in Hong Kong:

No.	Branch Offices Location	Address
1.	Causeway Bay (Main Branch)	Flat 22 G/F Bayview 33 Moreton Terrace Causeway Bay, Hongkong
2.	Yen Long	Shop 25 1/F Hop Yick Building
3.	Tsuen Wan	Shop 214 2/F Lik Sang Plaza
4.	Mong Kok	137 Sai Yee Street Mongkok

Management Composition of BRI Remittance

BRI Remittance Hong Kong is led by 1 (one) Executive Director and 1 (one) Non-Executive Director:

No.	Name	Position
1.	Gigieh Perkasa	Executive Director
2.	Roby Firmansjah Sastraatmadja	Non - Executive Director

Milestones in 2017

On May 2017, BRI Remittance relocated and renovated its Main Branch Office to main street level. The relocation of the main branch office is vital considering the inadequate size of previous office and difficult access to the location, which affected the customers' comfort when making transactions.

BRI Remittance also developed the Brifast system version 2 to expedite the transfer services to other banks and implement the opening of online accounts for overseas Migrant Workers. On-Line Account Opening Services conducted by BRI Remittance Hong Kong is the first to be implemented by BRI, making it the benchmark for on-line account opening service that will be used by BRI's Remittance Representatives in other countries.

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Financial Review 2017

In 2017, BRI Remittance booked total assets of HKD 4.82 million or grew 40.52% from HKD 3.43 million in 2016. Asset growth was driven by an increase in the total transactions and remittance value. In 2017, the total remittance transactions was 93,570 transactions or increased by 31.94% from 70,920 transactions in 2016, while the transaction value grew 75.23% from HKD 162.63 million in 2016 to HKD284.97 million. BRI Remittance booked total profit of HKD 114.35 in 2017 or increased by 18.98% from HKD 96.11 in 2016.

Development Strategy in 2018

In 2018, BRI Remittance will focus on improving services to customers, which will be realized by enhancing the capabilities of the operating system to simplify the integration of both BRIfast system and BRI Remittance Mobile application, and improving the efficiency and flexibility of the back office process to enhance other business developments.

For 2018 business development, BRI Remittance plans to add several potential cooperation partners, especially in Macau and Taiwan to increase the coverage of remittance transaction services. Cross selling strategies of other BRI subsidiary products will also be intensified in 2018, especially for pension fund products and BRI Syariah products.

The marketing strategy will be implemented by initiating community and conducting community-based marketing events, and by exploring the option of professionally managed social media marketing. These efforts are expected to expedite the dissemination of information on BRI Remittance services.

[Performance Highlights](#)[Management Reports](#)[Company Profile](#)[Management Discussion & Analysis](#)

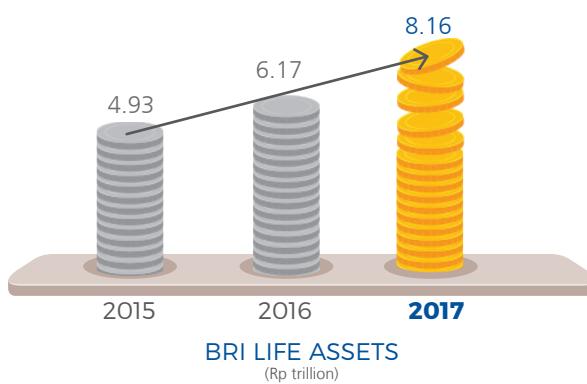
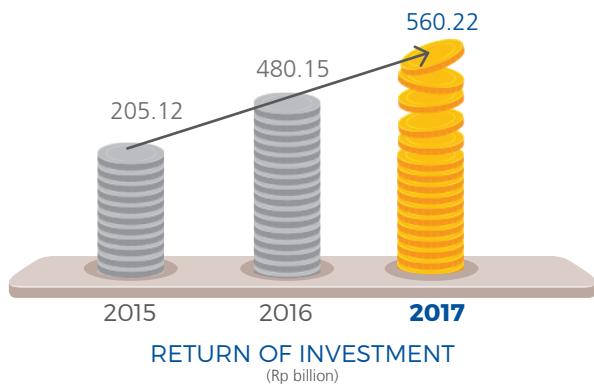
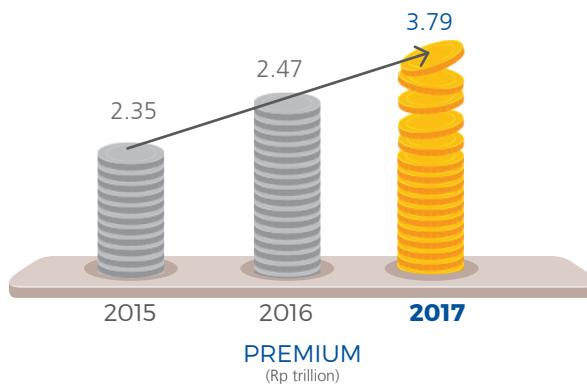
PT ASURANSI BRI LIFE

④ Rp **2.82** trillion
Premium

④ Rp **2.10** trillion
Equity

④ Rp **560.22** trillion
Return of Investment

BRI Life Performance Highlights in 2017



OPERATIONAL REVIEW BY BUSINESS SEGMENT

Company Profile

PT Asuransi BRILife (BRI Life) is a BRI subsidiary that focuses on remittance services, with 91% share ownership.

PT Asuransi BRI Life (BRI Life), previously PT Asuransi Jiwa Bringin Jiwa Sejahtera (BRIngin Life), was established by Dana Pensiun Bank Rakyat Indonesia on 28 October 1987 based on Deed of Company Establishment No. 116 dated 28 October 1987, made by Poerbaningsih Adi Warsito, Notary in Jakarta and has obtained a business license pursuant to Decree of the Minister of Finance of the Republic of Indonesia No. Kep. 181/KM.13/1988 dated October 10, 1988.

At the end of December 2015, 91% shares of PT Asuransi Jiwa Bringin Jiwa Sejahtera was acquired by PT Bank Rakyat Indonesia Tbk and the company was subsequently renamed PT Asuransi BRI Life (BRI Life).

BRI Life was initially established to meet the demands of BRI's customers particularly for small loan customers through Asuransi Jiwa Kredit (AJK) protection. The company detected the huge potential for insurance-related business opportunities such as: life insurance, health, pension fund program, accident, annuity and pension welfare. Consequently, BRI Life began to expand its services and increase its market outside BRI by offering individual and group insurance services to the public.

In 1993, BRI Life opened its first sales offices to serve customers in Jakarta and Surabaya. From that point, with the rapid growth of its business, BRI Life has expanded its service coverage to serve several other major cities in Indonesia.

In 1995, pursuant to the Finance Minister Decision No. KEP-184/LM.17/1995, BRI Life established Financial Institution Pension Fund (DPLK) to meet the increasing demand for pension insurance. BRI continued to expand its services by establishing the Asuransi Syariah business unit in line the Finance Minister Decision No. KEP-007/KM.06/2003 dated 21 January 2003.

In June, 2013, BRI Life developed the Bancassurance business line through its cooperation with PT BRI (Persero) Tbk, and established Bancassurance Relationship Officers (BRO) at BRI offices in Jakarta, Bandung, Yogyakarta, Semarang, Surabaya, Malang, Denpasar, Palembang, Banda Aceh, Medan, Padang, Pekanbaru, Lampung, Makassar, Manado, Banjarmasin and Jayapura to reach BRI's customers aiming to purchase optimal insurance protection.

Entering its 30th anniversary, BRI Life has firmly established its reputation as one of the leading National Life and Health Insurance providers with more than 7 million customers with its distinguished insurance products that are both beneficial and profitable. BRI Life is supported by its insurance products to meet the needs of its customers including: AJK, Individual, Corporation, DPLK, Sharia, Bancassurance, and Micro.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

BRI Life Management Composition

In 2017, BRI Life has 5 members of the Board of Commissioners and 6 members of the Board of Directors. The following is BRI Life management structure:

BOARD OF COMMISSIONERS

Gatot Mardiwasisto	President Commissioner
Mahmuddin Yasin	Vice President Commissioner
Siswarin D. Hendarsapti	Commissioner
Mulabasa Hutabarat	Independent Commissioner
M. R. Rizqi R. Nasution	Independent Commissioner

BOARD OF DIRECTORS

Rianto Ahmadi	President Director
Sugeng Sudibjo	Director
Fabiola Noralita Sondakh	Director
Ansar Arifin	Director
M. Sodo Harisetyanto	Director
Khairi Setiawan	Director

Milestones in 2017

2017 is BRI Life's second year as a subsidiary of BRI. BRI Life continues to improve its business growth. Various efforts and innovations have been conducted by BRI Life to accelerate the achievement of corporate targets, including the enhancement of digital-based services for customers, from initial purchases to after sales service.

BRI Life continues with its product innovations including 28 new products in the form of 8 (eight) unit link products and 20 Rider products issued for In-Branch Sales Bancassurance distribution channels and Distribution Agency (Conventional & Sharia). Through micro insurance, BRI Life will maintain its synergy with the parent company by focusing bancassurance marketing distribution channels. To support these goals, BRI Life implemented a strategy that focused on its main products: Go Unit Link, Go Protection, Go ANP, Go Retail, Go Window and Go Agency.

Financial Review 2017

BRI Life booked total Assets of Rp8.17 trillion in 2017 or grew 31.8% from Rp6.2 trillion in 2016. BRI Life also booked net profit of Rp327.67 billion, increased by 54.66% from the actual realization in 2016 of Rp211.87 billion. The increase in Profit was boosted by the increase in Premium Income of 53.44% or Rp3.79 trillion compared to the 2016 realization of Rp2.47 trillion. Return of Investment was posted at Rp560.22 billion, an increase of 16.68%.

With the above Profit and Assets, BRI Life's ROA and ROE in 2017 were at 4.54% and 17.30%, respectively. Both are higher than the 2016 realizations of 3.81% for ROA and 14.13% for ROE. Equity in 2017 also increased by 31.25% from the 2016 realization of Rp1.60 trillion to Rp2.10 trillion.

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Development Strategy in 2018

The development strategy of BRILife for 2018 is as follows:

1. Bancassurance
 - Expanding the volume of business per BFA (Bancassurance Financial Advisor), by increasing the number of MNM referrals from BRI to 3 referrals/day in 2018
 - Product sales that utilize the Bank's staff selling methods (AMKKM / PRISMA, LENTERA and other new products).
 - Utilization of BRI's customer base as a potential target of insurance product sales and improve the depth of customer journey approach in determining the product according to their needs and profile of.
 - Improve the marketing of life insurance products through telemarketing business.
2. Reviewing bancassurance sales opportunity through bundle product scheme with parent company's banking products (Britama & Simpedes).
3. Synergy between subsidiaries of BRI to work on the retail segment using bank staff selling method.

To foster the strategy achievement, BRI life is also continually promoting work culture and reliable infrastructure.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

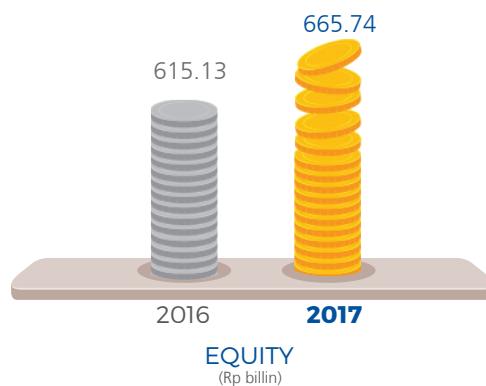
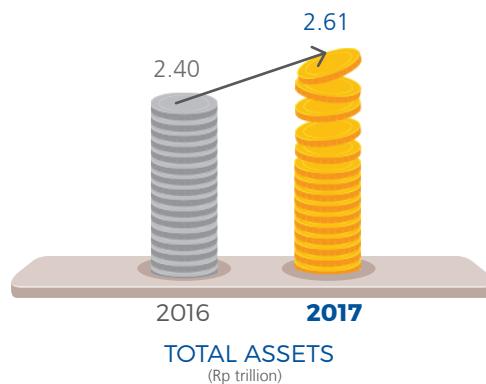
PT BRI MULTIFINANCE INDONESIA (BRI FINANCE)

④ Rp 2.61 trillion
Assets

④ Rp 2.39 trillion
Financing

④ Rp 51.07 billion
Net Income

BRI Finance Performance Highlights in 2017



OPERATIONAL REVIEW BY BUSINESS SEGMENT

Company Profile

PT BRI Multifinance Indonesia (BRI Finance) is a subsidiary of BRI that engages in multifinance business, with a majority share ownership of 99%.

BRI Finance was established in 1983 as a joint company of The Sanwa Bank Ltd, Japan and PT Bank Rakyat Indonesia (Persero), under the name of PT Sari Usaha Leasing. BRI Finance became one of the pioneers of Indonesia's financing industry after it secured a business permit from the Finance Ministry through Decision Letter No. KEP-465/KM.11/1983. The same year, the Company changed its name to PT Sanwa – BRI Leasing.

In 1991, an operation permit was obtained to conduct multi-financing and the company was then renamed to PT Sanwa – BRI Finance. Several changes were made to the Company's business permit, with the latest business permit made pursuant to the Finance Minister Decision No. KEP- 045/KM.102/2008 dated 18 March 2008.

In line with the merger conducted by The Sanwa Bank Ltd, Japan to become The UFJ Bank Ltd, Japan, the Company's name was changed to PT UFJ – BRI Finance in 2002. The new name gave the Company an opportunity for a faster development due to bigger business and financial support from the shareholders. Another merger was conducted when the UFJ Bank Ltd, Japan became the Bank of Tokyo-Mitsubishi UFJ, Ltd Japan, changing the Company's name to PT BTMU – BRI Finance in 2008. With this change, as a joint venture between The BTMU Ltd, Japan and PT Bank Rakyat Indonesia (Persero) Tbk, the Company has benefited from the strong network and financial support to strengthen the Company's position in the financial industry in Indonesia.

On 30 September 2016, PT Bank Rakyat Indonesia (Persero) Tbk and Yayasan Kesejahteraan Pekerja Bank Rakyat Indonesia acquired shares in BRI Finance from The Bank of Tokyo-Mitsubishi UFJ Ltd, Japan. PT Bank Rakyat Indonesia (Persero) currently owns 99% of the total shares and Yayasan Kesejahteraan Pekerja Bank Rakyat Indonesia owns 1%. Following the share transfer, the Company's name was changed from PT BTMU-BRI Finance to PT BRI Multifinance Indonesia, with the brand BRI Finance. This transformation has made BRI Finance a part of integrated financial services and the biggest financial network in Indonesia to reinforce its position in Indonesia's financial industry. BRI Finance focuses on investment financing with a leasing agreement scheme. BRI Finance conducts the business comprehensively across the entire country regardless of the brand, area type or industry.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

OPERATIONAL REVIEW BY BUSINESS SEGMENT

BRI Finance Management Composition 2017

In its operations, BRI Finance has 3 members of Board of Commissioners and 4 Directors. BRI Finance management structure is as follows:

BOARD OF COMMISSIONERS

Edi Masrianto	President Commissioner
Nandi Hendrian Hamaki	Commissioner
Boyke Budiono	Independent Commissioner

BOARD OF DIRECTORS

Kurnia Chaerudin	President Director
Hendrickus	Director
Achmad Chairul Ganie	Director
Hadi Susanto	Director

Milestones in 2017

In 2017, BRI Finance implemented a new financing core system "CONFINS" which will strengthen the financing business development and improve service quality. The system has also been integrated with consumer financing system implemented by BRI Finance beginning in mid-2017. The system development will continue adding new features that will support the digitization process of the entire business operation by 2018.

In 2017, BRI Finance's office network also continued to grow with the addition of 4 (four) new marketing offices located in Palembang, Solo, Makassar and Denpasar. In total, BRI Finance now has 1 (one) head office, 4 (four) branch offices and 7 (seven) marketing offices.

In addition, BRI Finance also received the award from Infobank Magazine as one of the financing companies with "Excellent" performance for the Rp1 trillion to Rp5 trillion asset category in September 2017, as well as the award for "Multifinance Company with Very Good Performance" for the Rp1 trillion to Rp2.5 trillion asset category in October 2017 from Warta Ekonomi Magazine.

Financial Review 2017

In 2017, BRI Finance booked a total Assets of Rp2.61 trillion, increased by 8.8% from Rp2.40 trillion in 2016. The growth was driven by an increase in Financing Lease Receivables by 13.18% from Rp2.20 trillion in 2016 to Rp2.49 trillion in 2017. BRI Finance succeeded in improving the quality of financing lease receivables as indicated by the decrease in NPF (Gross) from 9.90% in 2016 to 4.24% in 2017. BRI Finance booked net income after tax of Rp51.07 billion in 2017.

OPERATIONAL REVIEW BY BUSINESS SEGMENT

Development Strategy in 2018

BRI Finance strives to develop its businesses in 2018 with the following strategies:

- Conduct financing synergies with BRI as a parent entity, among others by developing investment/commercial financing that focuses on vendors and BRI Group, developing operating lease financing scheme with the initial targets of BRI operational vehicles, as well as developing automobile and motor vehicles financing to BRI related parties, such as BRI employees and customers of payroll-basis.
- Developing the Company's network by opening a new Marketing Office in Indonesia's major cities in 2018 and utilize BRI's office network as an outlet for BRI Life service (office channeling) by placing several marketing staff as representative officers in the Regional Office and/or potential BRI branch offices.
- Develop a reliable IT hence to be able to foster the company's business operational processes.

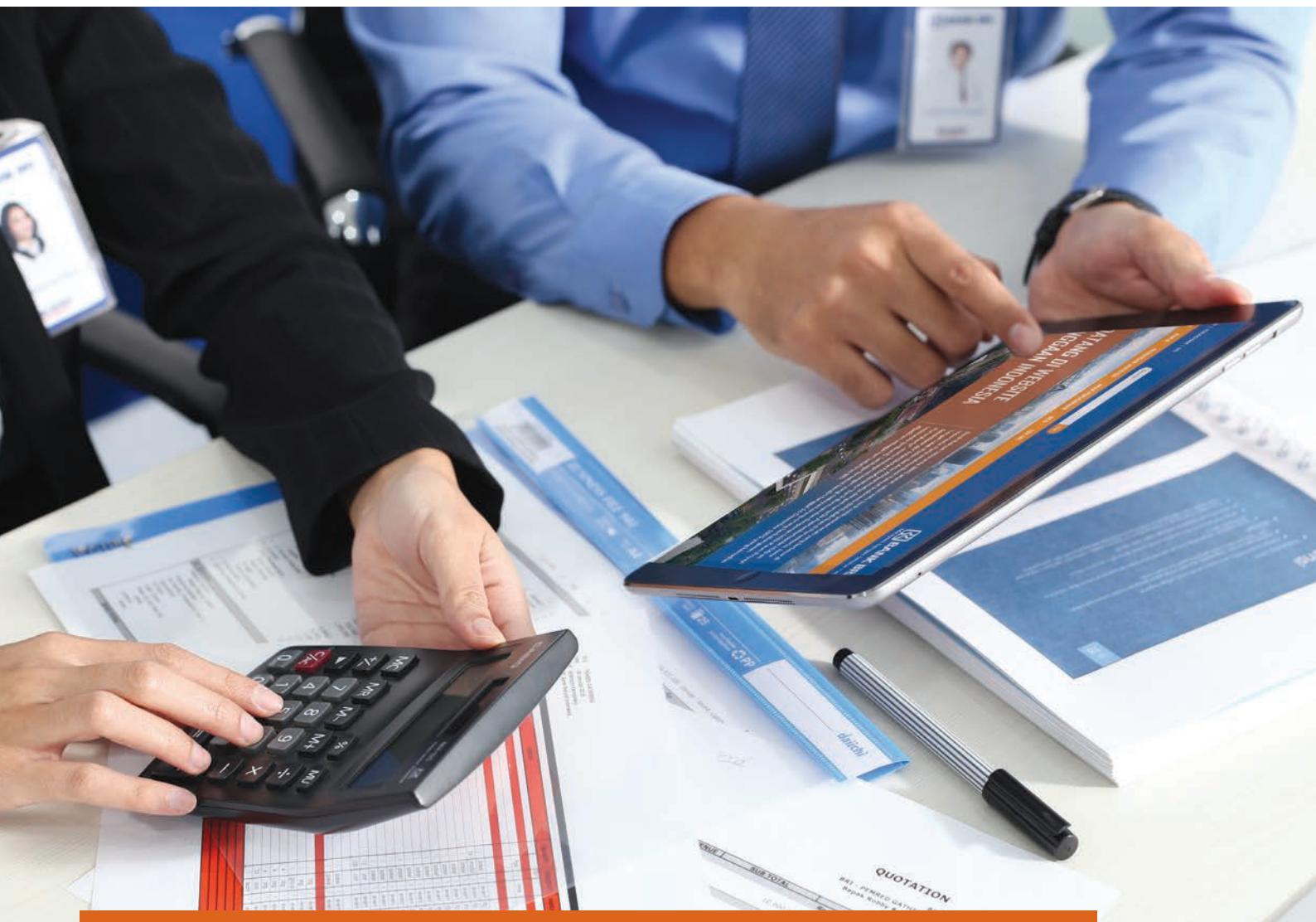
Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW



“

BRI's total assets in 2017 grew by 12.22%, liabilities increased by 11.91%, and equity rose by 13.99%. Given this performance, the proportion of liabilities and equity was accounted for 85.14% and 14.86%, respectively to asset funding.

”

FINANCIAL REVIEW

This sub-chapter contains the analysis and discussion of BRI's financial performance that is presented according to the principles of Indonesian Financial Accounting Standards ("SFAS") and the Accounting and Reporting Guideline applicable for Indonesia's banking industry.

All financial statements presented in this analysis are based on BRI Consolidated Financial Statements audited by Public Accountant Office Purwantono, Sungkoro, and Surja (PSS-EY) and according to the Independent Auditor's Report No. RPC 5581/PSS/2018 dated 14 January 2018. The auditor's opinion rendered to BRI Consolidated Financial Statements for the fiscal year ended 31 December 2017 and 2016 expressed that the statements were presented fairly in all material respects. BRI Consolidated Financial Statements is attached to this Annual Report.

Statements of Financial Position

Assets

Balance Sheet Highlights	(Rp million)							
	2015		2016		2017		Growth (%)	
	Nominal	Composition (%)	Nominal	Composition (%)	Nominal	Composition (%)	2015-2016	2016-2017
Cash	28,771,635	3.28	25,212,024	2.51	24,797,782	2.20	(12.37)	(1.64)
Current Accounts With Bank Indonesia	61,717,798	7.03	55,635,946	5.54	58,155,479	5.16	(9.85)	4.53
Current Accounts and Placements With Other Banks – net	58,570,756	6.67	89,165,469	8.88	61,031,371	5.42	52.24	(31.55)
Securities-net	132,999,555	15.14	142,966,186	14.24	210,553,421	18.70	7.49	47.27
Government Recapitalization Bonds	3,815,958	0.43	3,318,434	0.33	3,317,840	0.29	(13.04)	(0.02)
Loans, Sharia Receivables and Financing	581,094,544	66.15	663,420,218	66.10	739,336,520	65.65	14.17	11.44
Loans Allowance for impairment losses -/-	-17,514,435	-1.99	-22,806,452	-2.27	-30,104,137	-2.67	30.22	32.00
Investment –Net	269,130	0.03	2,439	0.00	73,821	0.01	(99.09)	2926.69
Fixed Assets – net	8,039,280	0.92	24,515,059	2.44	24,746,306	2.20	204.94	0.94
Derivatives Receivable-net	-	-	91,657	0.01	145,928	0.01	-	59.21
Acceptances Receivable-net	5,163,471	0.59	5,692,583	0.57	5,693,425	0.51	10.25	0.01
Deferred Tax Assets	1,983,774	0.23	2,520,930	0.25	3,270,231	0.29	27.08	29.72
Other Assets	13,514,846	1.54	13,909,933	1.33	25,230,455	2.24	(1.37)	81.38
Total Assets	878,426,312	100.00	1,003,644,426	100.00	1,126,248,442	100.00	14.25	12.22

In 2017, BRI booked assets growth of 12.22% to Rp1,126.25 trillion, compared to Rp1,003.64 trillion in 2016. The increased in Assets was mainly driven by the growth of loans disbursement by 11.44% with the composition of 65.65% to total assets.

Cash and Current Accounts With Bank Indonesia

In line with investment performance growth, cash position at the end of 2017 amounted to Rp24.80 trillion, decreased by 1.64% from Rp25.21 trillion in 2016. Meanwhile, current accounts with BI rose 4.53% from Rp55.63 trillion in 2016 to Rp58.15 trillion in 2017. In accordance with BI regulation, BRI shall comply with the Minimum Legal Reserve Requirements (GWM) for rupiah at 6.5% and for foreign currency (forex) of 8%. Current accounts balance at BI has represented the Rupiah GWM of 6.52% and forex GWM of 8.15%, hence BRI has complied with BI regulations.

Performance Highlights

Management Reports

Company Profile



Management Discussion & Analysis

FINANCIAL REVIEW

Current Accounts and Placements with BI and Other Banks

Current accounts with other banks and placements with BI and other banks decreased by 31.55% from Rp89.16 trillion in 2016 to Rp61.03 trillion in 2017. The decrease is part of the earning assets improvement by placing the fund in assets portfolio that resulted in higher yield.

Securities

Aligned with efforts to optimize yields, the Bank's securities portfolio significantly grew by 47.27% in 2017 or Rp67.59 trillion higher than the 2016 figure that increased by 7.49%. Part of BRI's securities are government bonds and Bank Indonesia time deposits certificates.

Government Recapitalization Bonds

At the end of 2017, BRI recorded Government Recapitalization Bonds of Rp3.32 trillion, the same as in 2016 because there is no Government Recapitalization Bonds due in 2017. Government Recapitalization Bonds due in 2018 amounted to Rp1.58 trillion, Rp375 billion will be due in 2019, and the remaining Rp1.37 trillion will be matured in 2020.

Government Recapitalization Bonds

Category	Tenor	(Rp million)		
		2015	2016	2017
Available for sale	2018-2020	715,958	718,434	717,840
Held to maturity	2018-2020	3,100,000	2,600,000	2,600,000
Total		3,815,958	3,318,434	3,317,840

Loans

In 2017, BRI disbursed loans of Rp739.34 trillion, grew 11.44% from Rp663.42 trillion in 2016. The micro and small enterprises segment attributed to the majority of loan growth by Rp28 trillion and Rp16.8 trillion, respectively. The growth in this segment is in line with BRI's commitment to foster micro and small enterprises while enhancing financial inclusion services.

People's Business Loans (KUR) is one of the loans that support loan disbursement in micro segment, as a commitment of BRI in supporting the government programs in the empowerment of micro, small and medium enterprises (MSMEs). Total disbursement of KUR BRI in 2017 amounted to Rp71 trillion. With this disbursement, the micro KUR loans outstanding in 2017 reached Rp59, 24 trillion from Rp51 trillion in the previous year (increased by Rp8.25 trillion). While retail KUR loans outstanding in 2017 rose by Rp3,77 trillion to Rp9.7 trillion in 2017.

Higher MSMEs loans growth compared to corporate loans makes the MSMEs loans composition reaching 73.9% this year higher from the previous year of 72.5%. This is in line with BRI's strategy to refocusing on MSMEs loans.

Loans by Currencies

Segment	2015	2016	2017	Growth (%)	
				2015-2016	2016-2017
Micro	188,428,179	221,802,205	252,850,654	17.71	14.00
Rupiah	188,428,179	221,802,205	252,850,654	17.71	14.00
Forex	-	-	-	-	-
Retail	219,785,772	244,880,936	278,706,760	11.42	13.81
Rupiah	212,380,275	235,956,203	268,647,286	11.10	13.85
Forex	7,405,497	8,924,733	10,059,474	20.51	12.71

FINANCIAL REVIEW

Loans by Currencies

Segment	2015	2016	2017	Growth (%)	
				2015-2016	2016-2017
Corporate	156,266,587	176,787,834	187,425,254	13.13	6.02
Rupiah	105,359,977	127,418,845	126,119,681	20.94	(1.02)
Forex	50,906,610	49,368,989	61,305,573	(3.02)	24.18
Total Loans Non Syariah Financing and Receivables	564,480,538	643,470,975	718,982,668	13.99	11.74
Rupiah	506,168,431	585,177,253	647,512,256	15.61	10.65
Forex	58,312,107	58,293,722	71,470,142	(0.03)	22.6
Syariah Financing and Receivables	16,614,006	17,748,943	17,864,869	6.83	0.65
Lease Receivables	-	2,200,300	2,488,983	-	13.12
Total Loans	581,094,544	663,420,218	739,336,520	14.17	11.44
Allowance for Impairment Losses	17,514,435	22,806,452	30,104,137	30.22	32.00
Total Loans less Allowance for Impairment Losses	563,580,109	640,613,766	709,232,383	13.67	10.71

Loans by Segments

Segmen	2015	2016	2017	Growth (%)	
				2015-2016	2016-2017
Retail	219,785,772	244,880,936	278,706,760	11.42	13.81
Micro	188,428,179	221,802,205	252,850,654	17.71	14.00
Corporate	156,266,587	176,787,834	187,425,254	13.13	6.02
Syariah Financing and Receivables	16,614,006	17,748,943	17,864,869	6.83	0.65
Lease Receivables	-	2,200,300	2,488,983	-	13.12
Total Loans	581,094,544	663,420,218	739,336,520	14.17	11.44
Allowance for Impairment Losses	17,514,435	22,806,452	30,104,137	30.22	32.00
Total Loans less Allowance for Impairment Losses	563,580,109	640,613,766	709,232,383	13.67	10.71

Loans by Types

Segmen	2015	2016	2017	Growth (%)	
				2015-2016	2016-2017
Kupedes	178,759,239	211,417,693	239,446,222	18.27	13.26
Working Capital	181,546,071	186,324,358	206,806,224	2.63	10.99
Consumer	89,621,859	101,031,288	115,320,021	12.73	14.14
Investment	88,058,790	114,261,862	126,173,046	29.76	10.42
Program	7,064,037	10,547,008	15,132,136	49.31	43.47
Syndicated	19,384,044	19,845,592	16,066,562	2.38	(19.04)
Key Employees	46,498	43,174	38,457	(7.15)	(10.93)
Syariah Financing and Receivables	16,614,006	17,748,943	17,864,869	6.83	0.65
Lease Receivables	-	2,200,300	2,488,983	-	13.12
Total Loans	581,094,544	663,420,218	739,336,520	14.17	11.44
Allowance for Impairment Losses	17,514,435	22,806,452	30,104,137	30.22	32.00
Total Loans less Allowance for Impairment Losses	563,580,109	640,613,766	709,232,383	13.67	10.71



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW

Allowance for Impairment Losses (CKPN)

Allowance for impairment losses is calculated using individual and collective impairment approaches. Individual impairment loans are defined as loans that individually have significant value (over Rp 5 billion), have objective evidence of impairment and/or are restructured individual loans. Meanwhile collective impairment loans include loans that individually have significant value (above Rp 5 billion) but without objective evidence of impairment, loans that individually have no significant value, and restructured loans that individually have no significant value.

Improved economic condition in 2017, marked by increased commodity prices and strong national economic growth, is expected to lower BRI's NPL in the future. The allowance for impairment losses was provisioned to set off the losses due to loan value impairment.

Allowance for impairment losses up 32% higher from 30.22% in 2016, this was due to the increase in NPL from 2.13% in 2016 to 2.23% in 2017 subsequently increasing the NPL Coverage Ratio from 161.16% in 2016 to 182.98% in 2017 for loans (including sharia financing and receivables).

BRI maintains credit quality by improving risk management and restructuring non performing loans. Improved economic conditions since 2017, marked by an increase in commodity prices and an improvement in national economic growth is expected to decrease BRI's NPL in the future. The established Allowance for impairment losses is aimed at setting off the losses due to loan value impairment.

In addition to establish adequate allowance for impairment losses, BRI also mitigates credit risk by taking into account the loan collaterals, guarantees, warranties or insurance. Collaterals are recognized as future cash flow for loans that are collateral dependent, or the collaterals are the sources of loan pay off, or there is a significant likelihood of collateral foreclosure and that the Bank has entered into a legal agreement to bind the collaterals. BRI has in place procedures to foreclose collaterals, guarantees, or

credit insurance within a reasonable period of time. To determine the value of collaterals, BRI opts for the lower value between the value stated in collateral agreement and the fair value or the market value of the collaterals. Fair value or market value revaluation of collaterals is carried out periodically.

The methodologies used to compute Allowance for Impairment Losses are elaborated in the Risk Management chapter.

Asset Write-Off and Recovery of Assets Written-Off

In 2017, BRI exercised loans write-off amounted to Rp9.69 trillion, up from Rp8.59 trillion in 2016. Loan write-off is applied on loans that have no prospect of collection. This may occur when a customer's business continues to deteriorate and customer has no other means to repay his/her obligations to BRI despite loan restructuring and other measures. For the micro segment, loan write-off was done on loans that were in arrears for 270 days or in line with the loan-write off budget that had been determined by taking into account operational efficiency.

Loan write-off primarily occurred in the Micro and Retail Commercial segments as also indicated by the loan outstanding of these segments that accounted for 73.93% of BRI's total loans. Recovery from loans written-off amounted to Rp5.05 trillion, up from Rp4.50 trillion in 2016, or achieving recovery rate of 52.12%. Recovery from loans written-off is elaborated in details in Profit/Loss statements.

Investment

In 2017, BRI's investment amounted to Rp73.82 billion, which represented significant growth from Rp2.44 billion in 2016. This was mainly driven by BRI's investment in a joint venture company PT Bahana Artha Ventura, over which BRI owns 71,207 of the company's stocks or Rp71.38 billion. As at 31 December 2017, share ownership composition of PT Bahana Artha Ventura consists of 64.65% ownership of PT Bahana Pembinaan Usaha Indonesia, 35% BRI ownership, and the remaining 0.35% stocks are owned by the Employee Cooperative of PT Bahana Pembinaan Usaha Indonesia.

FINANCIAL REVIEW

Investment

Company Names	Business Sectors	Percentage	Total Investments		
		Ownership (%)	2015	2016	2017
		(%)			
PT Bahana Artha Ventura	Venture Capital	35	-	-	71,382
PT Kustodian Sentral Efek Indonesia	Custodian and Settlement	3	900	900	900
PT Sarana Bersama Pembiayaan Indonesia	Non Bank Financial Institution	8	536	536	536
PT Jakarta Kyoei Medical Center	Healthcare	1.68	220	220	220
PT Pemeringkatan Efek Indonesia	Securities Rating	0.21	210	210	210
PT Menara Proteksi Indonesia	Property	2	200	200	200
BPR Toeloengredjo Dasa Nusantara	Banking	1.5	77	77	77
BPR Tjoekir Dasa Nusantara	Banking	3	77	77	77
BPR Toelangan Dasa Nusantara	Banking	1.5	66	66	66
PT Merapi Gelanggang Wisata	Sport Facility	0.64	50	50	50
BPR Cinta Manis Agroloka	Banking	1.75	35	35	35
PT Sukapraja Estetika Padang Golf	Sport Facility	0.24	25	25	25
BPR Bungamayang Agroloka	Banking	1.13	23	23	23
PT Aplikanusa Lintasarta	Non Bank	0.03	20	20	20
PT BTMU BRI Finance	Financing	45	262,891	-	-
PT Kelola Jasa Artha	Remittance	14.22	2,560	-	-
PT Bringin Gigantara	Procurement and IT	5.14	1,240	-	-
Total			269,130	2,439	73,821

The impairment evaluation of the equity value was done individually given the objective evidence of impairment. As at 31 December 2017 and 31 December 2016, all equity participation was categorized as "current". Allowance for impairment losses was deemed unnecessary since the equity should be able to be recovered.

In 2016, BRI received cash dividends from PT Sarana Bersama Pembiayaan and PT Pemeringkat Efek Indonesia in the amount of Rp170 million and Rp11 million, respectively.

Fixed Assets

In 2017, BRI posted a total fixed assets of Rp33.97 trillion, increased compared to Rp32.26 trillion in 2016 due to additional of land and premises used for office network which previously was under the rental scheme of Rp957.85 billion.

BRI reclassified satellites in development to satellites in 2017 for a value of Rp3.28 trillion and accumulated depreciation value during the year amounted to Rp127.74 billion. Launched on 19 June 2016, BRI Satellites (BRISat) are expected to support the communication network of the majority of BRI's office units, e-channel, and to improve network quality to deliver better services for BRI customers.

Other Assets

The total value of other assets until the end of 2017 amounted to Rp25.23 trillion, or rose by 81.38% from Rp13.91 trillion in 2016. Growth in other assets was mainly due to government receivables from the second generation of KUR disbursement that increased by Rp3.58 trillion from 2016 to Rp4.18 trillion; increase in promissory notes by Rp2.80 trillion; and increase tax advance payments by Rp927.45 billion.

Performance Highlights

Management Reports

Company Profile



Management Discussion & Analysis

FINANCIAL REVIEW

Liabilities

Balance Sheet Highlights	2015		2016		2017		(Rp million) Growth (%)	
	Nominal	Composition	Nominal	Composition	Nominal	Composition	2015-2016	2016-2017
		(%)		(%)		(%)		
Deposits From Customers	668,995,379	87.42	754,526,374	88.06	841,656,450	87.77	12.78	11.55
Demand Deposits	114,367,088	14.94	142,546,863	16.64	147,435,604	15.38	24.64	3.43
Saving Deposits	272,470,992	35.6	303,270,288	35.39	349,440,873	36.44	11.3	15.22
Time Deposits	282,157,299	36.87	308,709,223	36.03	344,779,973	35.96	9.41	11.68
Liabilities Due Immediately	5,138,562	0.67	5,410,313	0.63	6,584,201	0.69	5.29	21.7
Deposits From Other Banks	11,165,073	1.46	2,229,538	0.26	5,593,367	0.58	(80.03)	150.88
Securities Sold Under Agreement to Repurchase	11,377,958	1.49	7,302,398	0.85	12,136,684	1.27	(35.82)	66.2
Fund Borrowings								
Marketable Securities Issued	35,480,358	4.64	35,008,170	4.09	29,403,009	3.07	(1.33)	-16.01
Other Liabilities	10,521,103	1.37	24,800,781	2.89	30,619,658	3.19	135.72	23.46
Total Liabilities	22,620,700	2.96	27,554,262	3.22	32,907,579	3.43	21.81	19.43
Total liabilitas	765,299,133	100	856,831,836	100	958,900,948	100	11.96	11.91

In 2017, BRI total liabilities amounted to Rp958.90 trillion, increased by 11.91% from Rp856.83 trillion in 2016. The increase of liabilities was mainly derived by the increase of third party funds (TPF) amounted to Rp87.13 trillion, or increased by 11.55% from 2016.

Third Party Funds

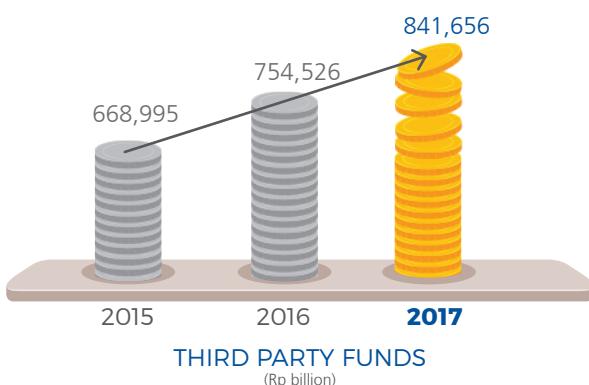
Deposits From Customers	2015	2016	2017	Growth (%)	
				2015-2016	2016-2017
Demand Deposits	113,429,343	141,419,020	145,529,168	24.68	2.91
Wadiah Demand Deposits	937,745	1,127,843	1,766,901	20.27	56.66
Mudharabah Demand Deposits	-	-	139,535	-	-
Saving Deposits	268,058,865	298,110,406	343,420,737	11.21	15.20
Wadiah Saving Deposits	3,715,929	4,176,761	4,749,652	12.4	13.72
Mudharabah Saving Deposits	696,198	983,121	1,270,484	41.21	29.23
Time Deposits	267,884,404	293,029,378	326,417,937	9.39	11.39
Mudharabah Time Deposits	14,272,895	15,679,845	18,362,036	9.86	17.11
Total Deposits From Customers	668,995,379	754,526,374	841,656,450	12.78	11.55
Composition of Demand Deposits and Saving Deposits/CASA	57.82%	59.09%	59.04%	2.20	-0.08
Composition of Time Deposits	42.18%	40.91%	40.96%	(3.01)	0.12

In 2017, BRI posted total deposits from customers/TPF at Rp841.66 trillion, grew 11.55% from Rp754.53 trillion in 2016. The growth in TPF was primarily due to the increase in Saving Deposits by 15.2% from 2016. While the growth of Demand Deposits and Time Deposits at 3.4% and 11.7% respectively.

Low-cost funds (CASA) and term-deposits remained predominant in the TPF composition, contributing 59.04% and 40.96%, respectively. This was in line with BRI's policy to reduce cost of funds thereby sustaining profitability. The acquisition of low-cost funds was enabled by the nation-wide presence of 10,646 BRI offices, including in remote areas of Indonesia, as well as the presence of 279,750 BRILink agents who have been facilitating the financial transactions of BRI's customers through the accounts of BRILink agents.

FINANCIAL REVIEW

The agents are expected to increase the outstanding savings of BRI. As at 31 December 2017, the savings balance of BRILink agents combined reached Rp3.1 trillion



Liabilities Due Immediately

In 2017, Liabilities Due Immediately was posted at Rp6.58 trillion, grew 21.70% from Rp5.41 trillion in 2016. The growth was mainly driven by the advance payment deposits of Rp2.13 trillion, rose by 42.95% from Rp1.49 trillion in 2016.

Transactions included in the Liabilities Due Immediately among others are Advance Payment deposits, tax deposits, ATM deposits and Credit Cards, third parties cooperation deposits, and others.

Deposits From Other Banks and Financial Institutions

This post is used to record inter banks transactions for liquidity operational and management. The deposits included in this post are demand deposits, saving deposits, time deposits, interbank call money, and deposit on call.

In 2017, Deposits From Other Banks and Financial Institutions was recorded at Rp5.59 trillion, significantly grew by 150.88% from Rp2.23 trillion in 2016. The increase was mainly due to the increase in third party Deposits on Call as a result of excess in banking liquidity that subsequently making it more profitable for banks to place their funds in short-term deposits.

Fund Borrowings

In 2017, total Fund Borrowings was posted at Rp29.40 trillion, decreased by 16.01% from Rp35 trillion in. The fund borrowings were generated from:

1. Loan from China Development Bank Corporation amounted to Rp13.40 trillion. The loan is allocated to finance infrastructure and industry projects in Indonesia. A long term loan with 10 years tenor and will be matured on 16 September 2025.
2. Syndicated Club Loan amounted to Rp7.39 trillion or around USD550 million. This loan is allocated to strengthen long term funding and maturity profile. This loan will be matured in several phases, a total of USD325 million will be due on 30 March 2019, a total of USD155 million will be due on 30 September 2019, and a total of USD70 million will mature on 30 September 2020.

Marketable Securities Issued

The value of Marketable Securities Issued in 2017 was at Rp30.62 trillion, increased by 23.46% from Rp24.80 trillion in 2016. This is mainly derived from the following securities issued:

1. BRI Shelf Registration Bonds II Phase II amounted to Rp5.08 trillion.
2. BRI Shelf Registration Bonds II Phase III amounted to Rp5.13 trillion.
3. BRI Agro Bonds I Year 2017 amounted to Rp477.81 billion.

Other Liabilities

This post consists of Derivatives Payable, Acceptances Payable, Taxes Payable, Estimated Losses on Commitments and Contingencies, Liabilities for Employee Benefits and Other Liabilities.

In 2017, Other Liabilities was recorded at Rp32.91 trillion, increased by 19.43% from Rp27.55 trillion in 2016. The increased was mainly due to the increased in liabilities for employee benefits and other liabilities.


 Performance Highlights

Management Reports

Company Profile


 Management Discussion & Analysis

FINANCIAL REVIEW

Equity

Components	2015	2016	2017	(Rp million)	
				Growth (%)	
				2015-2016	2016-2017
Capital stock	6,167,291	6,167,291	6,167,291	0	0.00
Additional paid-in capital - net	2,773,858	2,773,858	2,773,858	0	0.00
Revaluation surplus arising from fixed assets - net	-	13,824,692	13,824,692	0	0.00
Differences arising from the translation of foreign	49,069	23,490	54,199	(52.13)	130.73
Currency financial statements					
Unrealized gain on available for sale	(1,145,471)	75,618	1,813,625	(106.60)	2,298.40
Securities and Government Recapitalization Bonds - net of deferred tax					
Gain on remeasurement of defined benefit plans – net of deferred tax	541,468	665,870	706,403	22.97	6.09
Treasury stock	(2,286,375)	(2,418,948)	(2,418,948)	5.8	0.00
Total Retained earnings	106,733,021	125,309,471	143,827,697	17.4	14.78
Total equity attributable to equity holders of parent entity	112,832,861	146,421,342	166,748,817	29.77	13.88
Non-controlling interest	294,318	391,248	598,677	32.93	53.02
Total Equity	113,127,179	146,812,590	167,347,494	29.78	13.99

BRI's total assets in 2017 grew by 12.22%, liabilities rose by 11.91%, and equity increased by 13.99%. With these increase, assets backed by liabilities and equity stood at 85.14% and 14.86%, respectively.

BRI booked Rp167.35 in equity, grew by 13.99% compared to Rp146.81 trillion in 2016. The growth in equity was mainly driven by retained earnings that rose by 14.78% or Rp18.52 trillion compared to Rp143.83 trillion in 2016. The 13.99% growth in equity was lower than the 2016 growth of 29.78%. This was due to the Bank recognized surplus of fixed asset revaluation amounting to Rp13.82 trillion in 2016. Furthermore, dividend payout rose by 37.52% from Rp7.62 trillion in 2006 to Rp10.48 trillion in 2017.

Dividend payout in 2017 for the 2016 fiscal year adhered to the decision taken in the 2017 Annual General Meeting of Shareholders (AGMS), which agreed on 40% payout from 30% in the previous year.

Treasury stock amounted to Rp2.42 trillion for a total of 221,718,000 stocks was the same position as 2016, as the Treasury Stock program ended on 12 January 2016.

Profit or Loss Statements

BRI recorded Rp29.04 trillion of income for the year, grew by 10.74% compared to the 2016 figure of Rp26.23 trillion. The notable growth was driven mainly by loan growth of 11.44% and the decrease in cost of funds, operating expenses, and credit provisioning.

FINANCIAL REVIEW

Component	2015	2016	2017	Growth (%)	
				2015-2016	2016-2017
Interest Income	83,007,745	91,358,338	100,080,250	10.06	9.55
Sharia income	2,426,292	2,636,677	2,819,042	8.67	6.92
Less: interest and Sharia expense	(28,450,745)	(28,576,716)	(29,893,805)	0.44	4.61
Interest income and Sharia income - net	56,983,292	65,418,299	73,005,487	14.80	11.6
Premium income	-	3,038,864	3,788,965	-	24.68
Claim expense	-	(2,760,154)	(3,403,551)	-	23.31
Premium income - net	-	278,710	385,414	-	38.28
Other Operating Income	13,855,484	16,998,789	19,091,067	22.69	12.31
Provision for impairment losses on financial assets and non financial assets - net	(8,891,305)	(13,700,241)	(16,994,115)	54.09	24.04
Provision for reversal of allowance for estimated losses on commitments and contingencies - net	(844)	347	(1.239)	(141,11)	(457,06)
(Provision for) reversal of allowance for impairment losses on non financial assets - net	(8.056)	(90.757)	(239.132)	1,026,58	163,49
Less: Other Operating Income	(29,979,221)	(34,940,605)	(38,441,648)	16.55	10.02
Operating income	31,959,350	33,964,542	36,805,834	6.27	8.37
Non operating income - net	534,668	9,228	216,323	(98.27)	2,244.20
Income before tax expense	32,494,018	33,973,770	37,022,157	4.55	8.97
Tax expense	(7,083,230)	(7,745,779)	(7,977,823)	9.35	3
Net income before extraordinary items	25,410,788	26,227,991	29,044,334	3.22	10.74
Net income	25,410,788	26,227,991	29,044,334	3.22	10.74

Income and Interest Expenses

As a bank with the largest credit assets in Indonesia, BRI's income was predominantly contributed by interest income. Interest income derives from credit and non-credit assets, such as marketable securities. In addition, BRI's liabilities were mainly made up of third party deposits – making interest expense a significant cost component.

Interest Income

Interest income grew by 9.55% from Rp91.36 trillion in 2016 to Rp100.08 trillion in 2017. It consisted of Rp88.11 trillion of credit interest and Rp11.97 trillion of non-credit interest. Other than interest income, Sharia profit-sharing also rose by 6.92% from Rp2.64 trillion to Rp2.82 trillion.

The following table presents interest income composition in details:

Component	(Rp million)							
	2015		2016		2017		Growth (%)	
Value	%	Value	%	Value	%	2015-2016	2016-2017	
Loans	74,106,341	89.28	81,057,953	88.73	88,108,116	88.04	9.38	8.70
Government recapitalization bonds	242,511	0.29	201,241	0.22	78,020	0.08	(17.02)	(61.23)
Marketable securities held	6,045,007	7.28	7,609,791	8.33	8,968,586	8.96	25.89	17.86
Placements in BI and other banks	1,174,692	1.42	982,287	1.08	1,144,862	1.14	(16.38)	16.55


 Performance Highlights

Management Reports

Company Profile


 Management Discussion & Analysis

FINANCIAL REVIEW

Interest Income

Component							(Rp million)	
	2015		2016		2017		Growth (%)	
	Value	%	Value	%	Value	%	2015-2016	2016-2017
Current accounts in Bank Indonesia	247,729	0.30	158,570	0.17	158,770	0.16	(35.99)	0.13
Others	1,191,465	1.44	1,348,496	1.48	1,621,896	1.62	13.18	20.27
Sharia income	2,426,292	2.58	2,636,677	2.56	2,819,042	2.74	8.67	6.92
Total Interest income	83,007,745	100	91,358,338	100	100,080,250	100	10.06	9.55

The 11.4% loan growth compared to 2016 position contributed to the 8.7% increase in interest income. This reflected BRI's adjustment of its credit interest rate during 2017, which was in line with the decrease in interest rate especially for time deposits that was lower by 91 bps in 2017.

As BRI seeks to sustainably increase its interest income, it also continuously improves its asset quality by applying robust risk management to mitigate credit risk and reduce non-performing loan ratio.

Interest Expense

Description							(Rp million)	
	2015		2016		2017		Growth (%)	
	Value	%	Value	%	Value	Composition	2015-2016	2016-2017
Time Deposits	18,929,633	66.53%	17,114,973	59.89%	16,429,538	54.96%	(9.59)	(4.00)
Saving Deposits	2,897,531	10.18%	2,886,158	10.10%	2,703,451	9.04%	(0.39)	(6.33)
Demand Deposits	1,260,610	4.43%	1,661,252	5.81%	2,102,010	7.03%	31.78	26.53
Deposit from other banks & financial institutions	911,961	3.21%	638,251	2.23%	576,919	1.93%	(30.01)	(9.61)
Marketable securities issued	558,479	1.96%	1,129,485	3.95%	2,226,531	7.45%	102.24	97.13
Securities sold under agreement to repurchase	239,564	0.84%	378,230	1.32%	533,985	1.79%	57.88	41.18
Fund borrowings	335,113	1.18%	1,091,202	3.82%	1,050,731	3.51%	225.62	(3.71)
Subordinated loans	3,225	0.01%	2,286	0.01%	0	0.00%	(29.12)	(100.00)
Others	2,301,459	8.09%	2,639,377	9.24%	3,029,049	10.13%	14.68	14.76
Sharia expense	1,013,170	3.56%	1,035,502	3.62%	1,241,591	4.15%	2.20	19.90
Total Interest Expense	28,450,745	100.00%	28,576,716	100.00%	29,893,805	100.00%	0.44	4.61

In 2017, interest income stood at Rp29.89 trillion, up by 4.81% from Rp28.58 trillion in 2016. Nevertheless, BRI's cost incurring funds grew by 11.6% compared to 2016 position, and this indicated that BRI was able to significantly reduce its cost of funds in 2017 on the back of decreased cost of time deposits in Rupiah by 91 bps and demand deposits in Rupiah by 5 bps.

Further, BRI also successfully maintained CASA composition at around 60%, which contributed to lowering cost of funds throughout 2017.

Net Interest Income

BRI booked Rp73 trillion of net interest income (including Sharia income), or grew by 11.6% from Rp65.42 trillion in 2016. The growth was on track with growth of loan disbursement of 11.44% and interest cost by only 4.61%.

FINANCIAL REVIEW

Other Operating Income

The total other operating income in 2017 stood at Rp19.09 trillion, up 12.31% compared to Rp17 trillion in 2016. Fee based income accounted for the largest contribution with 54.70% of the total other operating income. This increase was also due to growth in the recovery deriving from write-off of non-performing assets.

Other Operating Income

(Rp million)

Description	2015		2016		2017		Growth (%)	
	Value	%	Value	%	Value	%	2015-2016	2016-2017
Fee Based Income	7,355,973	53.09	9,222,558	53.58	10,442,240	54.70	25.38	13.22
Recovery of assets written-off	3,788,388	27.34	4,496,825	26.12	5,050,713	26.46	18.70	12.32
Unrealized gain on securities and Government Recapitalization Bonds - Net	-	0.00	31,025	0.18	50,915	0.27	-	64.11
Gain on sale of securities and Government Recapitalization Bonds - Net	86,485	0.62	447,580	2.60	784,667	4.11	417.52	75.31
Gain on foreign exchange - Net	467,167	3.37	-	0.00	183,974	0.96	(100.00)	-
Others	2,157,471	15.57	2,800,801	17.52	2,578,558	13.51	39.75	(7.93)
Total Other Operating Income	13,855,484	100.00	16,998,789	100.00	19,091,067	100.00	24.23	12.31

Recovery of Assets Written-Off

Recovery of assets written-off rose by 12.32% from Rp4.50 trillion in 2016 to Rp5.05 trillion in 2017. The increase in recovery reflected BRI's successful collection programs over written-off assets.

Fee Based Income

(Rp million)

Description	2015		2016		2017		Growth (%)	
	Value	%	Value	%	Value	%	2015-2016	2016-2017
Fee from Deposits	3,907,092	53.11	4,037,187	43.78	4,079,389	39.07	3.33	1.05
E-Channel and Debit Card Transactions	1,637,396	22.26	2,246,025	24.35	2,760,110	26.43	37.17	22.89
Credit	514,566	7.00	1,170,623	12.69	1,492,927	14.30	127.50	27.53
International Business Transactions	595,229	8.09	886,671	9.61	921,018	8.82	48.96	3.87
Credit Card	128,748	1.75	183,511	1.99	222,041	2.13	42.54	21.00
Fund Transfers	282,806	3.84	306,093	3.32	393,411	3.77	8.23	28.53
Others	290,136	3.94	392,448	4.26	573,344	5.49	35.26	46.09
Total	7,355,973	100.00	9,222,558	100.00	10,442,240	100.00	25.38	13.22

Deposit fee remained the main contributor to fee-based income. Accounted for 39.07% of the total fee-based income, deposit fee's contribution decreased from 43.78% in 2016. Meanwhile, the contribution of e-channel and debit card transaction fees rose from 24.35% to 26.43% in 2017. This was in line with BRI's strategy of improving e-banking service quality. As the majority of BRI's current customer base is yet to access e-banking channel, income from e-banking transactions can be expected to grow in the coming years.

Performance Highlights

Management Reports

Company Profile



Management Discussion & Analysis

FINANCIAL REVIEW

Other Operating Expenses

In 2017, Other Operating Expenses reached Rp38.44 trillion, rose by 10.02% from Rp34.94 trillion in 2016. This increase was considerably lower compared to the 19.20% increase in 2016. The decrease mainly occurred in the general and administrative expenses as BRI held the expansion in operating units. Throughout 2017, BRI opened just 3 new units, which was significantly less than 2016 that saw the addition of 31 new units. Salaries and employee benefits and general and administrative expenses were the largest components in Other Operating Expenses, contributing 52.94% and 34.20%, respectively.

Description	2015		2016		2017		Growth (%)	
	Value	%	Value	%	Value	%	2015-2016	2016-2017
Salaries and Employee Benefits	16,599,158	55.37	18,485,014	52.90	20,352,004	52.94	11.36	10.10
General and Administrative	10,380,547	34.63	11,975,745	34.27	13,146,944	34.20	15.37	9.78
Foreign Currency transaction losses - net	-	-	273,832	0.78	-	-	-	(100.00)
Unrealized loss on changes in fair value of securities and government recapitalization bonds – Net	10,945	0.04	-	-	-	-	-	-
Others	2,988,571	9.97	4,206,014	12.04	4,942,700	12.86	40.74	17.52
Total Other Operating Income	29,979,221	100.00	34,940,605	100.00	38,441,648	100.00	16.55	10.02

Provisions

The 24.04% increase in provisions for losses due to impaired asset value was part of BRI's strategy to increase NPL Coverage Ratio for sharia financing assets and other financing assets from 161.16% in 2016 to 182.98% in 2017.

As part of exercising prudent principle, BRI was able to increase its allowance for impairment losses higher in 2017 to anticipate deteriorating credit quality in the future.

Income Tax Expense

In 2017, income tax expense amounted to Rp7.98 trillion, up 3% compared to Rp7.75 trillion in 2016. This was in line with BRI's growth of income. BRI meets its tax obligations in accordance with the prevailing laws and regulations. BRI is subject to 25% Corporate Income Tax and is eligible to have 5% tax rate cut for meeting the requirement as a Public Company whose at least 40% of its shares are traded in the Indonesian Stock Exchange and owned by 300 shareholders, each with less than 5% ownership.

Income For The Year

BRI successfully increased income for the year to Rp29.04 trillion or by 10.74% compared to Rp26.32 trillion in 2016. From 2005, BRI has been consistently delivering the largest profits in the Indonesian banking sector; its net income has been continuously growing including in 2017 and amid both economic boom and downturn – such as the experience of the past several years. BRI's consistent outstanding performance is backed by strategies to focus on loans disbursement to MSME sector that has been proven resilient.

Other Comprehensive Income

In 2017, BRI booked comprehensive income of Rp1.83 trillion or decreased by 727.87% compared to Rp15.15 trillion in 2016. This was mainly due to inavailability of fixed asset revaluation surplus, whereas in 2016 the Bank booked Rp14.31 trillion in surplus.

FINANCIAL REVIEW

Total Comprehensive Income

Aligned with the Bank's decreased other comprehensive income, BRI's total comprehensive income stood at Rp30.88 trillion or decreased by 34% from Rp41.38 trillion in 2016.

Statements of Cash Flows

Cash Flows			
Description	2015	2016	(Rp million) 2017
Cash flows from operating activities	45,566,447	21,770,833	39,299,109
Net cash used in investing activities	(56,726,069)	(3,324,382)	(30,995,996)
Net cash provided by financing activities	1,804,324	7,081,628	(10,847,132)
Increase/decrease in cash and cash equivalents	(9,355,298)	25,528,079	(2,544,019)
Increase in cash from acquisition of BRI Finance	0	36,764	0
Effect of exchange rate	12,8	1,279	(427)
Cash and cash equivalents at beginning of period	172,731,255	163,388,757	188,954,879
Cash and cash equivalents at end of period	163,388,757	188,954,879	186,410,433

As at the end of 2017, BRI recorded Rp186.41 trillion in cash and cash equivalents. Decreased by Rp2.54 trillion or 1.35% compared to its position at the end of 2016 or beginning of 2017. The decrease in cash flows mainly derived from cash from investing activities such as purchase of marketable securities and cash in financing activities such as payment of borrowings interest.

Cash Flows from Operating Activities

In 2017, cash flow from operating activities (before changes in operating assets and liabilities) stood at Rp51.52 trillion, up from Rp39.79 trillion in 2016 or by 29.5%, which indicated sound banking operations. Income in the form of cash mainly derived from interest and investment income that amounted to of Rp100.17 trillion. Other than interest and investment income and sharia income, BRI also gained recoveries from written-off assets amounted to Rp5.05 trillion in 2017.

The net cash flows from operating activities, less expenses and changes in operating assets and liabilities, increased from Rp21.77 trillion in 2016 to Rp39.39 trillion. The growth was in line with the growth in net cash flows from operating activities by Rp17.53 trillion during 2017.

Cash Used in Investing Activities

In 2017, cash used in investing activities amounted to Rp30.99 trillion. This amount significantly increased from Rp3.32 trillion in 2016, which was mainly due to increase in available for sale and held to maturity securities and Government Recapitalization Bonds amounting to Rp28.92 trillion. This was part of BRI's strategy to increase asset productivity by making placements in high-return portfolio.

Cash Flows from Financing Activities

BRI recorded Rp21.28 trillion of cash expended in 2017. From the total, Rp5.66 trillion was used for payments of fund borrowings, Rp10.48 trillion for dividends paid to shareholders, Rp22.06 billion for loans and subordinated marketable securities, and Rp4.92 trillion for payments of marketable securities due.


 Performance Highlights

Management Reports

Company Profile


 Management Discussion & Analysis

FINANCIAL REVIEW

BRI also received proceeds from marketable securities issued at Rp10.24 trillion. In total, cash used in financing activities amounted to Rp10.85 trillion.

Financial Ratio

	DESCRIPTION	2015	2016	2017	(%)
1	Capital Adequacy Ratio (CAR)	20.59	22.91	22.96	
2	Non-performing earning assets and non-earning assets to total earning assets and non-earning assets	1.33	1.46	1.38	
3	Non-performing earning assets to total earning assets	1.57	1.61	1.59	
4	Allowance for impairment on financial assets to earning assets	2.37	2.75	3.11	
5	NPL Gross	2.02	2.03	2.10	
6	NPL Net*	1.22	1.09	0.88	
7	Return on Asset (ROA)	4.19	3.84	3.69	
8	Return on Equity (ROE)	29.89	23.08	20.03	
9	Net Interest Margin (NIM)	8.13	8.00	7.93	
10	Operating Expense to Operating Income (BOPO)	67.96	68.69	69.14	
11	Loan to Deposit Ratio (LDR)	86.88	87.77	88.13	
Compliance					
1	a. Percentage of Legal Lending Limit Violation				
	i. Related parties	0.00	0.00	0.00	
	ii. Non-related Parties	0.00	0.00	0.00	
b. Percentage of Lending in Excess of Legal Lending Limit					
	i. Related parties	0.00	0.00	0.00	
	ii. Non-related Parties	0.00	0.00	0.00	
2	Reserve Requirement (GWM)				
a.	Reserve Requirement - Rupiah	9.31	6.94	6.52	
b.	Reserve Requirement – Foreign Currency	8.43	8.03	8.15	
3	Overall Net Open Position	2.33	6.67	4.22	

Solvency

The Bank's ability to pay off its debts is indicated by the following ratio:

Liquidity Ratio

Loan to Deposit Ratio (LDR)

Liquidity ratio compares a bank's amount of loans and deposits. In 2017, BRI's LDR stood at 88.13%, up from 87.77% in 2016. This was in line with BRI's loan disbursement growth, which reflected the Bank's intermediary function. BRI's LDR level was close to the target range of LDR between 90% and 92%, or the expected optimal level to allow the Bank to maintain efficient cost of funds.

Loan to Funding Ratio (LFR)

BRI's Loan to Funding Ratio in 2017 stood at Rp84.93%, decreased from 88.81% in 2016. Financial Services Authority (OJK) regulation expected banking LFR to range between 80% and 92%. LFR recognizes marketable securities issued and managed by KSEI and not owned by the Bank at least 2 months before the report date (marketable securities issued prior to October 2017). Given BRI's LFR level, the Bank has enough room to expand its credit disbursement.

FINANCIAL REVIEW

Liquidity Coverage Ratio (LCR)

As part of the Basel III implementation and to maintain a strong level of short-term liquidity, BRI exercised Liquidity Coverage Ratio (LCR) management for next 30 days under stress scenario. LCR compares high quality liquidity assets (HQLA) and the net cash flows. In 2017, the Bank's LCR level stood at 241.97% and consolidated LCR at 243.65%. These ratio levels indicated BRI's success in maintaining adequate liquidity ratio above the minimum level of 100%.

Profitability Ratio

In the banking industry, profitability ratio is generally measured from return on assets (ROA), return on equity (ROE), and net interest margin (NIM).

	Profitability Ratio (%)		
	2015	2016	2017
ROA	4.19	3.84	3.69
ROE	29.89	23.08	20.03
NIM	7.85	8.00	7.93

Return On Assets (ROA)

In 2017, BRI's ROA stood at 3.69%, decreased from 3.84% in 2016. The decrease in ROA by 15 bps was mainly due to increase in provisions by 24.04%.

Return on Equity (ROE)

BRI booked 20.03% of Return on Equity, or decreased from 23.08% in 2016. The decrease was due to increase in retained earnings by 14.78% or by Rp18.52 trillion and Rp1.74 trillion increase in mark to market gains from BRI's marketable securities.

Net Interest Margin (NIM)

BRI's Net Interest Margin (NIM) in 2017 stood at 7.93%, or decreased from 8.00% in 2016 (after reclassification of insurance premium costs of third party funds and insurance premium for KUR). NIM's decreased by 7 bps was driven by decrease in loan interest rate, especially in the consumer segment that was down by 100 bps in 2017 as market competition intensified.

Efficiency Ratio**Operating Expense to Operating Income Ratio (BOPO)**

BOPO ratio stood at 69.14%, representing a slight increase from 68.69% in 2016. This was due to increase in allowance for impairment losses. Nevertheless, BRI's BOPO was still below the average industry-wide BOPO. Based on the above ratio, and given the increasing profitability and sound efficiency, BRI had sufficient ability to meet its obligations.

	Efficiency Ratio (%)		
	2015	2016	2017
BOPO	67.96	68.69	69.14



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW

Asset Quality Ratio

Non Performing Loan (NPL)

In 2017, credit collectability level, represented by non-performing loan/ NPL ratio increased to 2.23% from 2.10% in 2016. However, BRI's NPL was far below Bank Indonesia's regulation on maximum NPL of 5%.

Loan Collectability Period 2015-2017 (Rp million)			
	2015	2016	2017
Loans	581,094,544	663,420,218	739,336,520
Current	540,359,286	619,793,792	692,099,915
Special Mention	28,551,121	29,474,869	30,784,126
Sub-Standard	2,862,971	3,730,004	2,995,624
Doubtful	1,411,066	1,756,805	4,229,123
Non-performing	7,910,099	8,664,747	9,227,732
NPL	12,184,137	14,151,556	16,452,479
NPL (%)	2.10%	2.13%	2.23%

Capital Ratio

Capital Adequacy Ratio (CAR)

A bank's capital ratio is measured from its capital adequacy ratio (CAR) that reflects the bank's ability to manage credit, market, and operational risks.

In 2017, BRI's CAR stood at 22.96%, or far above the minimum CAR regulatory requirement of 9%-10%. BRI's CAR position in 2017 was also higher than in 2016 when CAR stood at 22.91%. This reflected BRI's capability to expand its business and to protect the Bank from solvency risk.

Compliance Ratio

- Percentage of Lending in Excess of Legal Lending Limit**

In 2017, there were no debtors, related parties or otherwise, that did not meet or exceeded the Legal Lending Limit.

- Net Open Position Ratio (NOP)**

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 commitments and contingent liabilities and receivables in the administrative accounts for each foreign currency, stated in Rupiah. In 2017, BRI's NOP ratio stood at 4.22%, down from 6.67% in 2016.

Spot and Derivative Transactions

To protect the value of asset portfolio in foreign currencies, BRI exercised hedging transactions. However, BRI did not issue derivative transactions for trading purposes. In practice, spot and derivative transactions refer to the risk management system that adheres to regulations and best practices. BRI's entire derivative transactions were intended to protect the interest of BRI and its customers.

FINANCIAL REVIEW

In 2017, BRI's spot and derivative transactions consist of currency and interest rate swap, interest rate swap, option, and purchase and sale of foreign currencies forward, foreign currency swap, and purchase and sale of foreign currency spot. BRI's spot and derivative transactions in details are presented in the following table:

Transaksi	(Rp million)			
	Derivative Receivables		Derivative Liabilities	
	2016	2017	2016	2017
Foreign currency and interest rate swap	32,204	64,708	179,286	115,981
Interest rate swap	59,443	60,475	53,780	54,261
Option	-	10,218	-	11,341
Foreign currency and interest rate swap	-	6,883	1,991	15,156
Foreign currency swap	-	2,740	112,160	3,334
Purchase and sale of foreign currency spot	10	904	-	785
Total	91,657	145,928	347,217	200,858

Capital Structure Policy

Capital structure management is intended to ensure that BRI consistently has adequate capital level to set off inherent risks in its business without compromising the value provided to its shareholders.

In 2017, BRI's CAR stood at 22.96%, up from 22.91% in 2016. OJK Regulation No. 34/POJK.03/2016 and Bank Indonesia Regulation No. 15/12/PBI/2013 concerning Minimum Capital Adequacy of Commercial Banks state that the minimum CAR for banks with level 2 risk profile (satisfactory) is between 9% and less than 10%. Other than CAR requirement, BRI must also form additional buffer capital consisting of:

1. Capital conservation buffer of 1.25% of the Risk-Weighted Assets (RWA).
2. Countercyclical Buffer of 0% of RWA.
3. Capital Surcharge for D-SIB of 1% of RWA.

With BRI's total minimum CAR at the level of 11.25%-12.25%, BRI's CAR in 2017 met the regulatory requirements.

In terms of capital structure, in 2017 BRI maintained Tier-1 capital in the amount of Rp154.67 trillion and Tier-2 capital in the amount of Rp7.08 trillion. Tier-1 ratio reached 21.95% or above the required minimum Tier-1 ratio of 6%. BRI's Tier-1 consists of CET-1 since BRI's main source of capital is retained earnings. BRI CET-1 ratio was 21.95% in 2017, or significantly above the minimum requirement of 4.5%.

	Consolidated (Rp million)		
	2015	2016	2017
Core Capital (Tier 1)	93,436,842	139,786,475	159,087,145
Common Equity (CET 1)	93,436,842	139,786,475	159,087,145
Additional Core Capital (AT 1)	-	-	-
Supplementary Capital (Tier 2)	20,763,556	7,459,267	8,306,990
Total Capital	114,200,398	147,245,742	167,394,135
RWA for Credit Risk after calculating specific risks	458,538,460	524,505,486	591,391,731


 Performance Highlights

Management Reports

Company Profile


 Management Discussion & Analysis

FINANCIAL REVIEW

	Consolidated (Rp million)		
	2015	2016	2017
RWA for Market Risk	2,884,354	9,622,076	6,986,505
RWA for Operational Risk	98,655,846	114,841,081	134,420,827
Total RWA	560,078,660	648,968,643	732,799,063
CAR Ratio	20.39%	22.69%	22.84%
CET 1 Ratio	16.68%	21.54%	21.71%
Tier 1 Ratio	16.68%	21.54%	21.71%
Tier 2 Ratio	3.71%	1.15%	1.13%
Minimum Ratio Tier 1	6.00%	6.00%	6.00%
Minimum Ratio CET 1	4.50%	4.50%	4.5%
Minimum CAR Based on Risk Profile	9.42%	9.38%	9.57%

Material Commitment for Capital Expenditures

BRI's material commitment in capital goods procurement intended as capital expenditure was set out in the 2017 Bank Business Plan. The source of funding was BRI's capital for the year.

In 2017, BRI's commitment for capital expenditure was computer and CRM procurement, IT machines and services procurement, communications network lease services, and EDC procurement. For the procurements of these capital goods and services, BRI entered into commitments in Rupiah to minimize the risk of fluctuating foreign currency and that BRI did not need to exercise hedging against this risk.

The material commitments are:

- CRM procurement with a value of Rp100.56 billion
- Server maintenance services for 2017-2020 period with a contract value of Rp80 billion
- Mainframe machine procurement with a value of Rp69 billion
- 3-year Lease of Hub and Remote VSAT with a contract value of Rp68 billion
- EDC procurement with a contract value of Rp74.58 billion.

Capital Expenditures

In general, capital expenditures consists of:

- Investments in subsidiaries/associated entities by way of acquisition or equity participation amounting to Rp944.54 billion.
- IT and Non-IT expenditures amounting to Rp2.1 trillion.

In 2017, BRI invested Rp71.33 billion in PT Bahana Artha Ventura. BRI also increased the capital of BRI Agro in the amount of Rp873.21 billion.

Meanwhile, in terms of capital expenditure, BRI expended Rp2.10 trillion in 2017, or lower from Rp3.67 trillion in 2016. The details are below:

Capital Expenditures	Consolidated (Rp million)		
	2015	2016	2017
Land and Premises	1,022,807	903,822	957,857
Furnitures and Fixtures	184,588	143,069	125,049

FINANCIAL REVIEW

Capital Expenditures	Consolidated (Rp million)		
	2015	2016	2017
Vehicles	146,285	243,909	84,034
Computer and software	578,344	1,422,607	750,309
Leasing	-	-	-
Satellite in development	1,484,677	959,041	183,877
Total	3,416,701	3,672,447	2,101,126

Hedging Policy

BRI applies hedging policy to minimize risks, and elaborated as follows:

General Policy

Hedging consists of on-balance and off-balance sheet transactions performed to protect the value of financial assets, financial obligations, revenues and costs, and cash flows from interest rate risk and/or exchange rate risk at Banking Book and Trading Book positions.

Hedging transactions observe the following principles:

4. A transaction may be exercised as one of the follow-up and risk mitigation options in the event that the moderate limit of Market Risk Profile parameter is exceeded.
5. A transaction may be exercised when there are indications of macroeconomic changes that may result in losses, among others the trend of market variable changes namely interest rate and exchange rate.
6. BRI is not allowed to maintain a position over hedging transactions performed by related parties
7. BRI must pass-on the transactions of a related party at the same time and in the same amount simultaneously to other banks that are not related parties.

Hedging Transaction Techniques

Hedging transactions may be done as macro hedging and micro hedging.

- **Macro Hedging**

This technique is used to mitigate the impacts of economy risk to BRI's entire portfolio. Macro hedging is proposed by the Treasury Division and decided by ALCO.

- **Micro Hedging**

Micro hedging may be done on individual transaction. The Treasury Division has the discretion to exercise micro hedging transaction without requiring proposal from the business division that manages a portfolio on the basis of cost and benefit analysis as well as the ability to control the micro hedging transaction.

Commitments and Contingencies

Assessment on commitments and contingencies with individual credit risk uses objective evidence. The commitments and contingencies of BRIS (subsidiary) (shariah compliant) are assessed using Bank Indonesia's collectability guideline.

In 2017, the minimum estimated loss of commitments and contingencies that the Bank must form was Rp2.13 billion, in line with Bank Indonesia's requirements.


 Performance Highlights

Management Reports

Company Profile


 Management Discussion & Analysis

FINANCIAL REVIEW

The total commitment liabilities in 2017 decreased by 5.60% compared to 2016 position. This was due to decrease in uncollected credit facility/loans by 11.45%. During the same period, contingency liabilities rose by 38.77%, driven by increase in guarantees issued as standby L/C.

Commitments and Contingencies

Description	2016	2017	(Rp million)
Commitment			
Commitment Receivables	12,219,746	4,038,459	
Purchase of Spot and Foreign Currencies	12,219,746	4,038,459	
Commitments Liabilities	136,821,075	129,159,708	
Unused credit facilities granted to borrowers	120,916,072	107,073,032	
Irrevocable letters of credit	8,541,152	8,980,671	
Sale of spot and foreign currencies	7,109,202	13,000,508	
Unused financing facilities granted to debtors	254,649	105,497	
Commitments - Net	(124,601,329)	(125,121,249)	
Contingencies			
Contingencies Receivable	45,208	70,905	
Interest receivable under settlement	45,208	70,905	
Contingencies liabilities	24,523,015	34,030,380	
Guarantees issued:			
Standby L/C	3,838,190	10,841,726	
Bank guarantees	20,684,825	23,188,654	
Contingencies - Net	(24,477,807)	(33,959,475)	

Prime Lending Rate

By Business Segment

Interest Rate	Corporate Loans	Retail Loans	Micro Loans	Consumption Loans	
				Mortgages	Non Mortgages
TMT December 2017	9.95%	9.75%	17.5%	9.98%	12.5%

- Prime lending rate is used as the basis to determine the interest rate charged by the Bank to its customers. The calculation of prime lending rate has not taken into account the risk premium component, which magnitude or size is dependent on banks' evaluation regarding the riskiness of each individual debtors or group of debtors. Thus, the effective interest rate charged for loans to each individual debtors or group of debtors may differ from the prime lending rate.
- Non-Mortgage consumer loan excludes non-collateralized consumer loan as well as Credit Card Loan.
- Information of the existing prime lending rate is published and provided in each of BRI's office and/or on the Company website www.bri.co.id.

FINANCIAL REVIEW

Achievements and Targets in 2017

Description	Bank Only				(Rp trillion)
	Realization 2016	Target 2017	Realization 2017	Achievement (%)	
Assets	964.00	1,054.98	1,076.44	102,03	
Income For The Year	25.75	27.76	28.47	102.56	
Loans	635.29	715.29	708.00	98.98	
Third Party Funds	723.85	787.12	803.33	102.06	
BOPO	68.69%	69.62%	69.14%	100.68	
LDR	87.77%	90.88%	88.13%	103.11	
NPL (Gross)	2.03%	2.11%	2.10%	100.48	
NPL (Net)	1.09%	1.18%	0.88%	134.09	
NIM	8.00%	7.85%	7.93%	101.03	
CAR	22.91%	21.29%	22.96%	107.86	

In 2017, BRI's overall performance was in line with the targets defined in the Bank Business Plan for the year. The targets for assets, net income, third party funds, BOPO, LDR, NIM, NPL, and CAR were met, while credit performance was below target as BRI had not been aggressive in the corporate segment. In addition, credit demand from the segment itself weakened as more companies opted to access funding directly from the capital market.

Targets for 2018

The economy is predicted to grow stronger in 2018 compared to 2017 growth as commodity prices and exports are projected to rise coupled by the organization of several major events in Indonesia such as the Asian Games. BRI has set the following financial targets:

- Loan growth by 10%-12%
- LDR maintained between 90% +/- 2%
- Operating cost increase between 10-12%
- CER at 42%-43%
- NPL at 2.0%-2.2%
- CAR above 20%

Subsequent Events

There were no material events with material value that took place subsequent to the report date.

Business Prospect

Macroeconomic Projection

In 2018, Indonesia's economy is projected to be growing at a higher rate than in 2017. The state budget, or APBN, targets GDP growth at 5.4%. Real sectors, stable household consumption, and growing exports are expected to contribute to this growth as do other factors, including commodity prices, APBN that is postured to increase regional transfers, and favorable political condition in light of the nation-wide regional head elections as well as the preparation towards 2019 presidential elections.

Performance Highlights

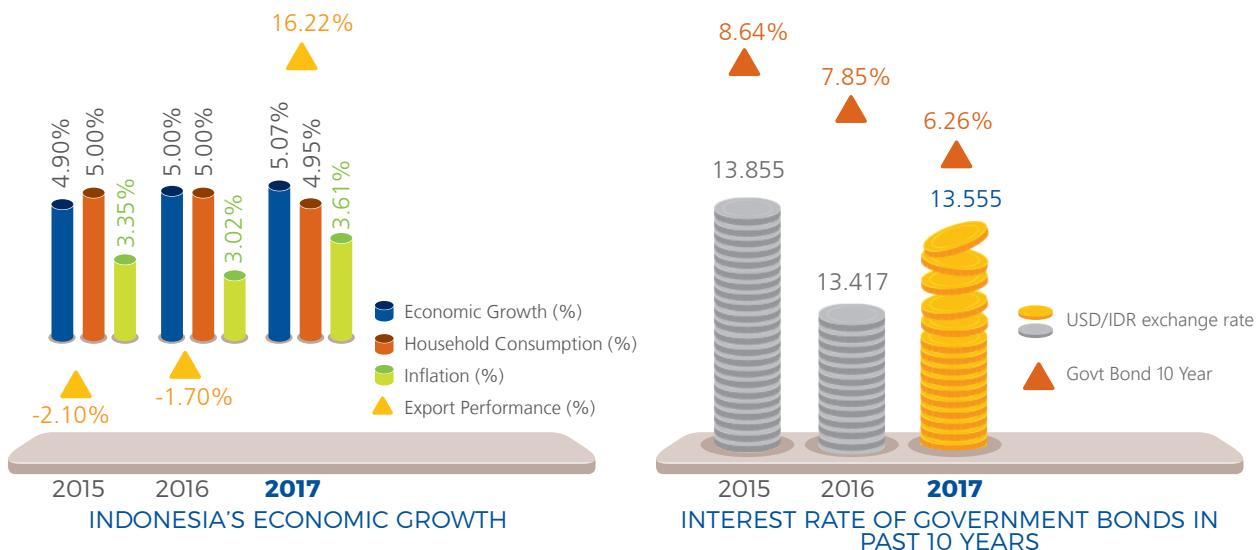
Management Reports

Company Profile

Management Discussion & Analysis



FINANCIAL REVIEW

**Banking Industry Prospect**

The banking industry is expected to perform as strongly in 2018 as it was in 2017. Given the positive economic projections for 2018, loan disbursement sector-wide is estimated to grow around 9%-11% and Third Party Funds around 10%-11%.

Banks' liquidity level is predicted to be stable and may show upward trend on the back of stronger exports and lower demands of corporate loan. The latter is expected to continue, as companies choose to directly access the capital market considering the favorable macroeconomic condition to such measure. In 2017, this trend led to Indonesia's raised credit rating.

BRI Business Prospect

Indonesia's potential GDP growth in 2018 is expected to render positive impacts to domestic household consumption as the consumers' purchasing power increases. This signals better business potentials in terms of loan disbursement in the Micro and Consumer Business.

Consumer Business

BRI seeks to optimally capture the potentials of the Consumer segment through leading product BRIguna – a loan product for fixed income employees – and housing loan or KPR by cultivating cross-selling possibilities in Corporate and SOE segments.

FINANCIAL REVIEW

- **Micro Business**

Realizing business potentials in the Micro segment, BRI will continue managing its KUR product as a pipeline for the Bank's commercial Micro credit, Kupedes. BRI is confident of this segment's prospect, as the Government is committed to develop Micro sector – as evident from the increasing amount of KUR that BRI has been channeling, from Rp69 trillion in 2016 to Rp79 trillion in 2018. BRI recognizes the opportunity it may utilize from maintaining Micro credit growth, which has a number of advantages, as evidenced from BRI's success in positioning itself as the leader in Micro loan through Kupedes and KUR.

- **Low-Cost Funds**

Credit disbursement especially in Consumer and Micro segments is expected to be accompanied by growth in Third Party Funds (TPF), which BRI hopes to achieve through effective marketing strategies designed for flagship products Simpedes and Britama. APBN appropriation that increases the budget for non-energy subsidies and regional transfers is also expected to contribute to Savings growth in the Micro segment, as BRI has been experiencing in the past 2 years.

- **Business Operations**

In terms of business operations, BRI will continue to seek better operational efficiency by limiting the number of new offices and employee recruitment. To maintain service quality and accommodate business growth, BRI will drive BRILink agency, maximizing IT use by building Big Data system, and align business processes with credit approval system.

- **Assets Quality**

BRI's strategy to maintain credit quality is to sustain NPL ratio at 2.0% to 2.25 in 2018. BRI will pursue credit recovery by intensifying its cooperation with the state attorney's office to carry out collateral foreclosure.

Performance Highlights
Management Reports
Company Profile



Management Discussion & Analysis

FINANCIAL REVIEW

Bank's Strategic Plan

BRI has prepared Long-Term Corporate Plan 2018-2022 following the completion of 2013-2017 Corporate Plan. BRI's aspiration is articulated in its vision of becoming The Most Valuable Bank in Southeast Asia and Home to the Best Talent, as illustrated below:



In preparing 2018-2022 Corporate plan, other than adhering to the Bank's vision and mission statements, BRI Board of Directors also considered a number of factors that may affect the development of Indonesia's banking industry in the future, among others:

- Indonesia's demography – the productive age and middle-class population is expanding. Purchasing power increases, and digital-savvy millennials make up the majority of Indonesian people.
- The direction of the government's national development policies – focus on infrastructure projects and energy sector development will stimulate demands for funding from the banking industry.
- Economic integration under the ASEAN Economic Community (AEC) – the free trade era between ASEAN countries will play a role in shaping the competition between banks in terms of funds acquisition and loans disbursements.



FINANCIAL REVIEW

BRI's long-term plan is implemented through the following 3 waves of transformation:

**Short-Term**

The Bank's various short-term strategies are elaborated in the management discussion and analysis by business segment. In summary, the strategies are:

Maintaining Focus on Asset Growth in MSM Segment

BRI prioritizes asset growth strategy in the MSM segment by increasing its penetration in the Micro market through KUR and Kupedes products, fostering Consumer business market especially fixed-salary employee segment, and KPR by cultivating cross-selling possibilities in Corporate and SOE segments.

Increasing Growth of Low-Cost Funds and Sustaining CASA Composition

In the interest of liabilities, BRI will maintain performance growth of Third Party Funds by employing effective marketing strategies in Micro and Retail segments through Simpedes and Britama products, increasing BRILink penetration to build entry barrier in retail payment business, and to capture wholesale transaction banking business opportunities in the Corporate segment.

Driving Operational Productivity

In terms of business operations, BRI will continue to seek better operational efficiency by limiting the number of new offices and employee recruitment. To maintain service quality and accommodate business growth, BRI will drive BRILink agency, maximizing IT use by building Big Data system, and align business processes with credit approval system.

Maintaining Assets Quality

Credit quality is to be managed by using loan settlement strategies. To maintain the quality in Corporate and SOE segments, BRI has linked its growth targets with government projects and domestic-driven sectors.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW

Medium-Term

BRI Competitive Growth Strategy will be employed in the next three years, and delivered by:

Improving Balance Sheet Composition and Income

To improve balance sheet structure, the Bank plans to:

- Improve liability structure, focusing in particular on low-cost funds
- Increase the composition of earning assets
- Diversify income, emphasizing especially on raising fee/income ratio
- Control earning assets quality

Increasing Network Productivity

This strategy includes establishment of clear and measurable KPIs of business and operational units and to nurture a more effective and efficient organization. In addition, BRI updates its performance evaluation system to enhance accountability of Performance Management System, i.e. by aligning individual KPIs with unit KPIs. Furthermore, BRI refines recruitment, development, and placement processes; and creates clear, well-planned career path to better its Human Capital management and increase employee engagement.

Applying operational Excellence

To achieve operational excellence, the Bank applies among others Business Process Re-Engineering especially in the micro, retail, and medium segments; enhancing MIS capacity as a reliable database that can inform decision-making, and applies minimum Service Level Agreement based on industry standards.

Building Synergy Between SOEs to Enhance Competitiveness

Seeking to create value for its stakeholders that include the government, the Bank's efforts among others is to strengthen the synergy between SOEs in order to enhance its competitiveness. The Bank, for example, implements ATM and EDC integration program, take part in the development of SOE Creative House, and participate in syndicated infrastructure financing.

Long-Term

BRI's transformation from 2018 to 2022 is aimed to enable the Bank becoming The Most Valuable Bank in Southeast Asia and Home to the Best Talent.

Business Targets

To support the aspirations, the Bank has established the following targets:

- Micro Segment
Maintain and grow micro segment to achieve at least 50% market share.
- Consumer Segment
Staying as the market leader in salary based loan and a Top Player in other consumer sectors.
- SME Segment
Realizing BRI's aspiration as the Leading SME Bank in Indonesia.
- Corporate Segment
Increase the profitability of the corporate segment.

Transformation Strategy

BRI's transformation set forth in its long-term Corporate Plan and implemented in 3 waves of transformation is detailed as follows:

Sustain BRI's leadership in MSM by digitizing business process

To maintain BRI's leadership in MSM segment, especially Micro segment, the Bank will digitize its business processes and enhance its monitoring, collection, and underwriting capability.

Addressing the Challenges in Savings Business by Developing Wholesale Transaction Banking and Retail Payment Services

To address business challenges deriving from rapid technological development, and to realize the potential of the rising middle-class, BRI will strengthen its position in retail payment and transaction banking services.

FINANCIAL REVIEW

- In retail payment, the focus shall be on individual customers. A number of programs have been devised, among others intensifying penetration and agency productivity of BRILink that was first introduced in 2014. BRI will also focus on improving its management on merchants, which can be the drivers of Savings
- To grow wholesale transaction banking business, BRI will focus on SOEs and non-SOEs organizations. This program has started in 2016 when the Bank established Commercial Transaction Banking unit under Transaction Banking Division. In 2017, Transaction Banking Division became a dedicated division for Medium and Corporate customers.

Enhancing Human Capital Productivity and IT Service Quality

In terms of operational support and to prepare the organization for long-term strategy implementation, BRI needs to strengthen its IT capabilities to support business and operations, enhance the efficiency of its risk management, build data analytics capacity, create a performance-driven culture, and strengthen leadership capability.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW



Marketing Aspects

BRI's success to deliver exceptional performance amid a rapidly changing business environment hinged on not only the Bank's ability to design innovative, appropriate, and all-round banking products and services, but also on the Bank's capability in executing effective marketing communications to all stakeholders.

All of BRI's marketing communication activities are carried out based on Integrated Marketing Communication (IMC) strategy that aims to raise awareness, knowledge, and deliver activation of banking products and services. This strategy targets both existing customers (to increase loyalty) and prospective customers (to increase purchase intention). IMC implementation involves the different functions of the Bank to ensure BRI's brand is consistently communicated to all stakeholders.

As BRI endeavored to be Indonesia's MSME Bank with Full Banking Services in 2017, BRI's marketing communication activities during the year were focused on retail and funding products designed for MSME segment.

BRI's marketing programs in 2017 among others were :

- *Pesta Rakyat Simpedes*
- *MSME Parade*
- *BRI Poin*
- *BritAmax Hai Day*
- *BRI Easy Card Launching*
- *Innovation Center Launching*
- *Kidzania Sponsorship*
- *Basket Junio JRBL*

FINANCIAL REVIEW

- David Foster Concert
- Wednesday It's Lovely day Kahitna
- Indonesian Basket League
- Indonesia Open
- Indonesia Master
- BRIZZI Asian Games Series Launching
- Asian Games Series Debit Card Launching

Recognizing that Indonesian consumers today predominantly come from the millennial generation, BRI adjusts its communication channels and utilizes social media for effective information dissemination. BRI manages several social media accounts, including @BankBRI_ID on Instagram, @BankBRI_ID, @Kontak_BRI, and @Promo_BRI on Twitter, BRI Facebook page, and Bank BRI YouTube account.



Performance Highlights
Management Reports
Company Profile



Management Discussion & Analysis

FINANCIAL REVIEW

Market Share

The Bank's successful marketing communication activities were indicated by, among others, BRI's notable market share in the national banking industry. In terms of assets, BRI contributed Rp1,076.44 trillion in 2017, or accounted for 14.10% to the total industry assets of Rp7,387.14 trillion.

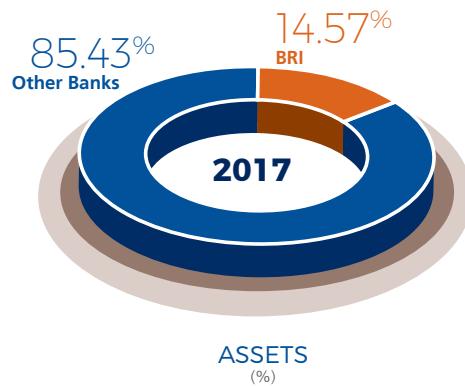
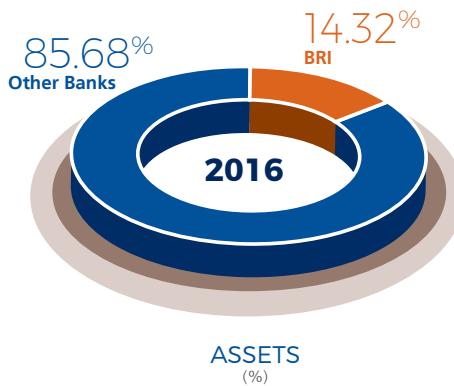
BRI's Third Party Funds in 2017 amounted to Rp803.33 trillion accounted for 15.19% to the total industry TPF of Rp5,289.21 trillion. Moreover, BRI's Rp708 trillion credit accounted for 14.94% market share to the overall credit of the banking industry of Rp4,737.97 trillion.

Marketing Communication Strategies 2018

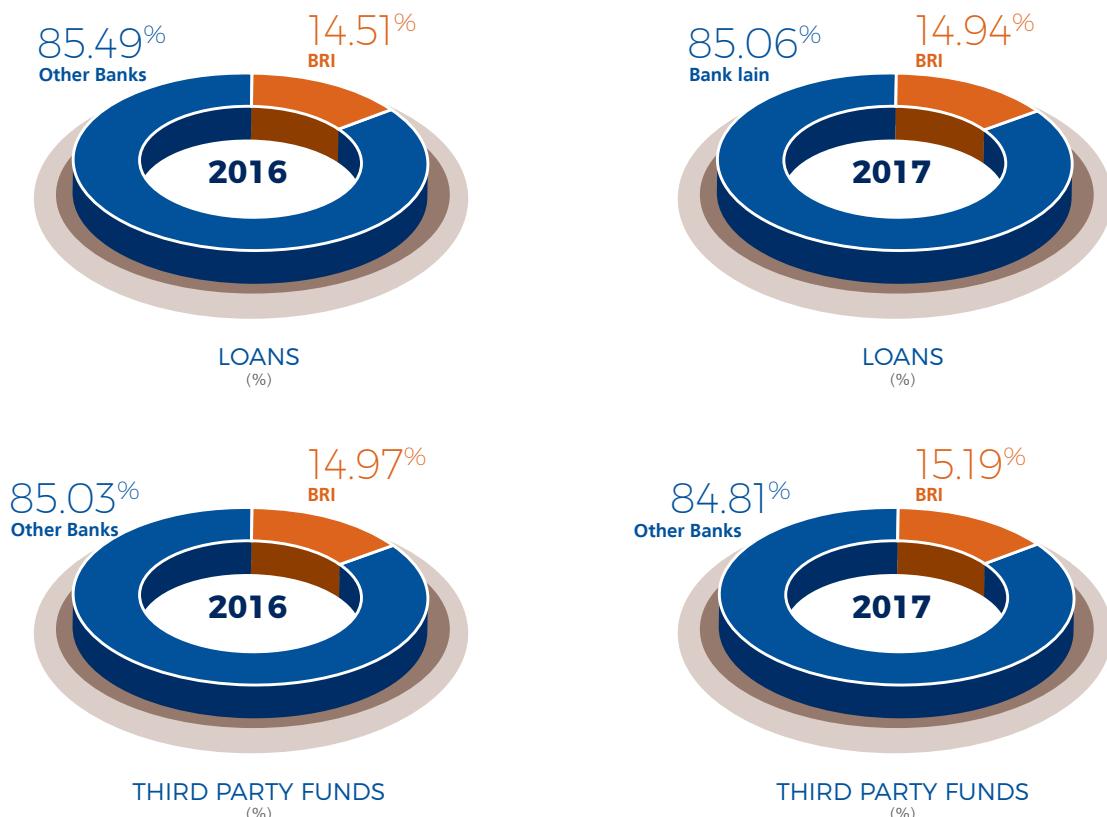
BRI foresees a number of challenges in terms of marketing communication activities in 2018 as digital marketing and the youth segment will continue to grow. With respect to that, BRI has identified the following marketing communication activities:

- Align Corporate Brand & Product Brand communication to avoid misperception
- Create value proposition for BRI's products as digital and transactional products
- Maintain consistent communication of the value propositions
- Focus marketing communication activities on BRI's leading products to increase product value
- Optimize data mining/insight gathering to inform the Bank's above the line/below the line marketing communication delivery
- Maximize Omni Channel to increase awareness and engagement level of customers
- Strengthen brand campaign in digital channels (digital placement, social media, email blast, and SMS blast).

BRI Market Share Performance in the Banking Industry



FINANCIAL REVIEW

**Dividend Policy**

The Annual General Meeting of Shareholders (AGMS) is the Bank's highest organ that has the authority to decide on the amount of dividends. The decision takes into account business projections, capital adequacy, and ROE sustainability for next three years.

BRI AGMS held on 15 March 2017 recognized the Bank's Net Income from fiscal year 2016 amounting to Rp28.47 trillion and approved 40% dividend payment of the net income, or totaling to Rp10.48 trillion. The amount of cash dividend per share was Rp428.61, which was paid on 13 April 2017 to Shareholders whose names are registered in the Bank's Shareholder's Register per 31 March 2017.

Description	2016	2017
Income For The Year (Rp billion)	25,398	26,196
Percentage of Dividend Payment (%)	30	40
Cash Dividend per Share (Rp full amount)	312	429
Date of Payment	22 Apr 16	13 Apr 17


 Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW

National Contribution

As a bank that focuses on providing financing for MSME sector, BRI has been contributing to advancing the people's economy. Other than that, BRI continuously develops its service network, especially digital-based services, to expand financial access in the spirit of financial inclusion and increase financial literacy of the Indonesian people. Being the bank with the largest service network in Indonesia, BRI partakes in upholding national sovereignty by serving customers in outer and remote islands.

Through consistent performance growth throughout the years, BRI directly contributes to state revenues by paying annual taxes and dividends to the Government of the Republic of Indonesia as the Bank's majority shareholder.

BRI's tax and dividend payments for the period of 2015-2017 are as follows:

No	Taxes	(Rp million)		
		2015	2016	2017
1	Income Tax Article 21	694,089	1,029,521	834,583
2	Income Tax Article 22	24,298	33,817	20,789
3	Income Tax Article 23	106,900	104,646	133,348
4	Income Tax Article 26	494,881	756,000	959,794
5	Final Income Tax art. 4 para (2)	3,117,009	3,775,381	3,904,048
6	VAT & VAT for Luxury Goods	56,190	62,773	70,607
7	Stamp Duties	31,797	53,431	37,764
	Sub Total Tax Expense	4,525,164	5,815,569	5,960,932
8	Corporate Income Tax	5,914,612	7,461,426	10,364,586
9	Final Income Tax for Revaluation of fixed assets	245,357	245,478	-
10	Income Tax Collection Letter 2014 (Cancellation in 2016)	1,603,100	-	-
11	Dividend	4,162,776	4,323,965	5,946,440
	Total (Taxes + Dividend)	16,451,009	17,846,438	22,271,959

In 2017, BRI fully complied with tax laws and regulations; the Bank met its payment obligation in full and in timely manner – a practice that is part of the Bank's good corporate governance.

Management/Employee Stock Option Plan

BRI did not offer stock option to the management and/or existing employees in 2017.

BRI's management/employee stock option plan was adopted during Extraordinary GMS convened on 3 October 2003, where BRI's shareholders agreed to exercise Management Stock Option Plan/MSOP. BRI issued a total of 588,235,250 shares in three tranches for this purpose. MSOP Tranche I and II ended on 9 November 2008 and 9 November 2009, respectively, followed by Tranche III on 9 November 2010.

The shares exercised until the end of MSOP amounted to 569,876,000 shares. There were 4.3 million, 5.2 million, and 8.8 million of unexercised shares from MSOP Tranche I, II, and III, respectively. The program referred to Bapepam-LK Regulation No. IX.D.4 and IDX Regulation No. 1-A, Attachment to IDX Board of Directors' Decision No. Kep. 305/BEJ/07-2004 on Listing of Securities.

FINANCIAL REVIEW

Use of Proceeds from Public Offering

BRI exercised initial public offering (IPO) of shares on 10 November 2003. As stated in the IPO prospectus, the IPO's total proceeds of Rp1.47 trillion were utilized as follows:

No	IPO Proceeds Used For	Plan	(Rp billion)						Achievement
			2004	2005	2006	2007	2008	2009	
1	Core Banking and IT System Upgrade	883.27	196.24	564.35	646.96	698.87	723.36	883.27	100%
2	Network expansion	441.63	213.68	419.34	441.63	441.63	441.63	441.63	100%
3	Research and Product development	147.21	147.21	147.21	147.21	147.21	147.21	147.21	100%
	Total	1,472.11	557.13	1,130.90	1,235.80	1,312.20	1,312.20	1,472.11	100%

As of 31 December 2017, there were no balance recorded from IPO proceeds as by 2009 BRI has utilized the proceeds in full.

Information on Material Transactions with Conflict of Interest and/or Transactions with Related Parties

BRI engages in transactions with related parties due to the relationship of ownership and/or management. All transactions with related parties have been made according to the mutually agreed policies and terms.

The following table illustrates the details of related parties with the Bank and the nature of its transactions:

Related Parties	Relationships	Elements of Transactions
Government of Indonesia (RI)	Ownership of majority shares through the Ministry of Finance of the Republic of Indonesia	Securities, Government recapitalization bonds
PT Asuransi Bringin Sejahtera Artamakmur	Control through Dana Pensiun BRI	Insurance of premises and equipment
PT Bahana Artha Ventura	Ownership	Investment in Associated Entities
PT Asuransi Jasa Indonesia (Persero)	Control through Indonesia Central Government	Insurance of premises and equipment
BDH Khusus Bialugri Kementerian Pertahanan	Control through Indonesia Central Government	Irrevocable L/C
Bendahara Khusus Direktorat Angkatan Darat (DITKUAD)	Control through Indonesia Central Government	Irrevocable L/C
Finance Ministry of RI	Control through Indonesia Central Government	Loans
Lembaga Pembiayaan Ekspor Indonesia	Control through Indonesia Central Government	Placement in Bank Indonesia and other banks, securities
Perum Bulog	Control through Indonesia Central Government	Export bills, Loans
Perum Djawatan Angkoetan Motor Republik Indonesia (DAMRI)	Control through Indonesia Central Government	Sharia receivable and financing
PT Adhi Karya (Persero) Tbk	Control through Indonesia Central Government	Acceptance Receivable, Acceptance Liabilities
PT Aero Systems Indonesia	Control through Indonesia Central Government	Export bills
PT Bank BNI Syariah	Control through Indonesia Central Government	Current accounts in other banks, placement in Bank Indonesia and other banks



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW

Related Parties	Relationships	Elements of Transactions
PT Bank Mandiri (Persero) Tbk	Control through Indonesia Central Government	Current accounts in other banks, placement in Bank Indonesia and other banks, Securities, Securities purchased under agreement to resale
PT Bank Negara Indonesia (Persero) Tbk	Control through Indonesia Central Government	Current accounts in other banks, placement in Bank Indonesia and other banks, Securities
PT Bank Syariah Mandiri	Control through Indonesia Central Government	Current accounts in other banks
PT Bank Tabungan Negara (Persero) Tbk	Control through Indonesia Central Government	Current accounts in other banks, placement in Bank Indonesia and other banks, Securities
PT Dirgantara Indonesia (Persero)	Control through Indonesia Central Government	Export bills, Loans, Guarantees issued, Irrevocable L/C
PT Garuda Indonesia (Persero) Tbk	Control through Indonesia Central Government	Loans
PT Garuda Maintenance Facility Aero Asia Tbk	Control through Indonesia Central Government	Acceptance Receivable, Acceptance Liabilities
PT Indonesia Asahan Aluminium (Persero)	Control through Indonesia Central Government	Acceptance Receivable, Acceptance Liabilities, Irrevocable L/C
PT Indonesia Power	Control through Indonesia Central Government	Securities
PT Inti Pindad Mitra Sejati	Control through Indonesia Central Government	Export bills
PT Inti Konten Indonesia	Control through Indonesia Central Government	Sharia receivable and financing
PT Jasa Marga (Persero) Tbk	Control through Indonesia Central Government	Securities
PT Kereta Api Indonesia (Persero)	Control through Indonesia Central Government	Loans, Guarantees issued
PT Koperasi Karyawan BRI Syariah	Control through Indonesia Central Government	Sharia receivable and financing
Koperasi Swakarya BRI	Control through Indonesia Central Government	Sharia receivable and financing
PT Krakatau Steel (Persero) Tbk	Control through Indonesia Central Government	Export bills, Loans, Acceptance receivable, Acceptance Liabilities
PT Pegadaian (Persero)	Control through Indonesia Central Government	Securities, Loans, Sharia receivable and financing
PT Pembangkitan Jawa Bali	Control through Indonesia Central Government	Irrevocable L/C
PT Pembangunan Perumahan (Persero) Tbk	Control through Indonesia Central Government	Acceptance Receivable, Acceptance Liabilities, Guarantees issued, Irrevocable L/C
PT Pertamina (Persero)	Control through Indonesia Central Government	Export bills, Acceptance Receivable, Acceptance Liabilities, Guarantees issued, Irrevocable L/C
PT Pertamina Lubricants	Control through Indonesia Central Government	Export bills
PT Perusahaan Gas Negara (Persero) Tbk	Control through Indonesia Central Government	Garansi yang diterbitkan

FINANCIAL REVIEW

Related Parties	Relationships	Elements of Transactions
PT Perusahaan Listrik Negara (Persero)	Control through Indonesia Central Government	Loans, Guarantees issued, Irrevocable L/C
PT Pindad (Persero)	Control through Indonesia Central Government	Export bills, Acceptance Receivable, Acceptance Liabilities, Guarantees issued, Irrevocable L/C
PT Pindad Enjiniring Indonesia	Control through Indonesia Central Government	Export bills
PT Pupuk Indonesia (Persero)	Control through Indonesia Central Government	Securities
PT Railink	Control through Indonesia Central Government	Irrevocable L/C
PT Semen Indonesia Logistik	Control through Indonesia Central Government	Export bills
PT Sarana Multigriya Finansial (Persero)	Control through Indonesia Central Government	Efek-efek
PT Tabungan dan Asuransi Pensiun (Persero)	Control through Indonesia Central Government	Loans
PT Telekomunikasi Indonesia (Persero) Tbk	Control through Indonesia Central Government	Guarantees issued
PT Telekomunikasi Seluler	Control through Indonesia Central Government	Guarantees issued
PT Waskita Karya (Persero) Tbk	Control through Indonesia Central Government	Export bills, Acceptance Receivable, Acceptance Liabilities, Guarantees issued
PT Waskita Beton Precast Tbk	Control through Indonesia Central Government	Sharia receivable and financing
PT Wijaya Karya (Persero) Tbk	Control through Indonesia Central Government	Acceptance Receivable, Acceptance Liabilities, Guarantees issued
PT Wijaya Karya Industri Energi	Control through Indonesia Central Government	Acceptance Receivable, Acceptance Liabilities
Karyawan kunci	Hubungan pengendalian kegiatan perusahaan	Loans, Sharia receivable and financing

The following table details the Bank's transactions with related parties due to control through the Republic of Indonesia:

	(Rp million)	
	2016	2017
Assets		
Current accounts in other banks	22,848	21,244
Placement in Bank Indonesia and other banks	459,620	332,500
Securities	101,046,956	134,129,616
Export bills	240,712	10,695
Government recapitalization bonds	3,318,434	3,317,840
Securities purchased under agreement to resale	229,983	-
Loans	93,712,615	96,236,121
Sharia receivable and financing	506,838	997,098
Acceptance Receivable	494,645	1,313,237
Investment in Associated Entities	-	71,382
Total Assets from Related Parties	200,032,651	236,429,733
Total consolidated assets	1,003,644,426	1,126,248,442
Percentage of Total Assets from Related Parties to Total Assets	19,93%	20,99%
Liabilities		
Demand Deposits	44,508,984	45,096,920
Saving Deposits	111,485	239,713


 Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW

	2016	2017	(Rp million)
Time Deposits	79,990,772	95,445,443	
Deposits from Other Banks and Institutions	499,475	1,146,162	
Securities Sold with Agreement to Re-purchase	1,454,477	1,465,014	
Acceptance Liabilities	494,645	1,313,237	
Funds Borrowings	100,000	-	
Compensation to employee management	593,984	454,697	
Total Liabilities to related parties	127,753,822	145,161,186	
Total Consolidated Liabilities	856,831,836	958,900,948	
Percentage of Total Liabilities to Related Parties to Total Consolidated Liabilities	14,91%	15,14%	
Commitment and contingencies on Administrative Account			
Guarantees issued	13,999,372	17,517,421	
Irrevocable L/C	6,454,116	5,792,910	
Total Guarantees issued and Irrevocable L/C	20,453,488	23,310,331	
Total Commitment and contingencies on Administrative Account	29,225,977	32,169,325	
Percentage of total Guarantees issued and Irrevocable L/C on Administrative Account of related parties to total Guarantees issued and Irrevocable L/C on Administrative Account	69.98%	72.46%	

As at 31 December 2017 and 2016, BRI (Parent Entity) has insured its premises and equipments to PT Asuransi Bringin Sejahtera Artamakmur and PT Asuransi Jasa Indonesia (Persero) (related parties).

Material Information on Investment, Expansion, Divestment, Acquisition, or Debt and Capital Restructuring

Investment

In 2017, BRI purchased land for Rp340.37 billion, premises for Rp617.48 billion, four and two-wheel vehicles for a total of Rp84.03 billion, computer and machineries for Rp750 billion, office equipment for Rp125.05 billion, and capital expenditure with respect to satellites amounting to Rp183.88 billion.

Expansion

Throughout 2017, BRI opened 1 branch office, 1 sub-branch office, 2 BRI units, and 8 Cash Offices. Some of the additions were upgrades of Teras BRI, and in total BRI closed 9 Teras BRI in 2017. The addition was aimed to further BRI's service coverage to all layers of the society, especially in areas where banking services had been absent.

FINANCIAL REVIEW

Divestment

BRI did not exercise divestment in 2017.

Acquisition

In 2017, BRI's investment amounted to Rp73.82 billion, or grew significantly from Rp2.44 billion in 2016. The growth was driven by BRI's investment in a joint venture company PT Bahana Artha Ventura. BRI acquired 71,207 shares or equal to Rp71.38 billion. As per 31 December 2017, 64.65% of PT Bahana Artha Ventura shares are owned by PT Bahana Pembinaan Usaha Indonesia, 35% by BRI, and remaining 0.35% owned by Employee Cooperative of PT Bahana Pembinaan Usaha Indonesia.

BRI acquired PT Bahana Artha Ventura shares in order to provide integrated financial services to its customers. BRI's strong brand awareness and expansive customer base and network are expected to improve the performance of PT Bahana Artha Ventura through its synergy with the Bank.

Debt and/or Capital Restructuring

In 2017, BRI did not carry out debt and/or capital restructuring.

Changes in Laws and Regulations

No.	Regulation	Subject	Description	Impacts on BRI
1.	POJK No. 42/ POJK.03/2017 dated 12 July 2017	Obligation to prepare and implement bank credit and financing policies for commercial banks	<p>1. Banks are required to have written credit or financing policies approved by the banks' board of commissioners</p> <p>Credit or financing policies must at least contain the following matters:</p> <ul style="list-style-type: none"> a. Prudential principles in credit or financing; b. Organization and management of credit or financing; c. Credit or financing approval policy; d. Documentation and administration of credit or financing; e. Credit or financing oversight; and f. Settlement of problematic credit or financing <p>3. Banks must strongly and consistently adhere to their credit or financing policies when disbursing and managing credit or financing</p> <p>4. The establishment of banks' credit and financing policies must abide by risk management standard as set forth in the Financial Services Authority (OJK) regulations on risk management implementation in commercial banks, sharia commercial banks, and sharia business units. Bank Credit Policy must contain at the very least all aspects defined in this Bank Credit Policy Formulation Guideline.</p>	BRI has made necessary adjustments to its Credit Policy in compliance with the regulation



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW

No.	Regulation	Subject	Description	Impacts on BRI
2.	Regulation of Members of BI Board of Governors No. 19/6/PADG/2017 dated 31 May 2017	Short-Term Liquidity Loans for Conventional Commercial Banks	<p>1. Banks with Short-Term Liquidity issue can request for Short-Term Liquidity Loans (PLJP) to Bank Indonesia. To be eligible to submit this request, a bank must be solvent, has minimum composite score of 2 (two) for bank's soundness level based on OJK assessment, has high value collateral as PLJP guarantee, and is deemed able to repay PLJP loans.</p> <p>2. Bank Indonesia provides PLJP for a maximum of 14 (fourteen) calendar days for each PLJP provided and is effective from the date of PLJP disbursement. PLJP may be extended consecutively at the end of its validity period for a total maximum of 90 (ninety) calendar days. Bank Indonesia charges daily interest rate to banks from their PLJP ceiling. The interest rate refers to repurchase agreement rate of lending facility that is applicable on the date of activation of PLJP plus margin of 400 bps. The formula to calculate PLJP interest rate is: Interest rate = loan ceiling x (lending facility + 400 bps) x number of calendar days/360.</p> <p>3. During the period of LPJP, banks may only follow Bank Indonesia's monetary operations that are intended to increase liquidity.</p> <p>4. Banks that violate the provisions of Regulation of Members of BI Board of Governors will be imposed with sanctions of written reprimand, PLJP not extended, non eligible to request for PLJP for a certain period of time, temporary termination from participation in monetary operations, and altered participation status in SKNBI, BI-RTGS, and BI-SSSS.</p>	BRI will comply with this regulation in the event that the Bank requires Short-Term Liquidity Loans from Bank Indonesia.

FINANCIAL REVIEW

No.	Regulation	Subject	Description	Impacts on BRI
3.	OJK Regulation Number 51/POJK.03/2017 dated 27 July 2017	Application of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies	<ul style="list-style-type: none"> 1. Financial services institutions (FSI), Issuers, and Public Companies must apply sustainable finance in their business activities. 2. Sustainable finance application under point 1 shall implement the following: <ul style="list-style-type: none"> a. responsible investment principle; b. sustainable business strategy and practice principle; c. social and environmental risk management principle; d. governance principle; e. informative communication principle; f. inclusive principle; g. priority sector development principle; and h. coordination and collaboration principle. 3. To apply the Sustainable Finance under point 1, FSI shall prepare Sustainable Finance Action Plan provided under Schedule I as an integral and inseparable part of this regulation 4. The Sustainable Finance Action Plan under paragraph (1) of this article hereof shall be submitted on annual basis to the Finance Services Authority: <ul style="list-style-type: none"> a. at the same time as business plan submission, in case of FSI required to submit business plan as part of business plan or in separate document; and b. on 31 January at the latest, in case of FSI not required to submit business plan. 5. Sustainable Finance Action Plan shall be prepared by board of directors and approved by board of commissioners 6. FSI, Issuer and Public Companies shall prepare Sustainability Report 7. The said Sustainability Report under point 6 above shall be made as either separable or inseparable part of the annual report. 8. The Sustainability Report under point 6 above shall be submitted to OJK on annual basis, in accordance with the time limit of annual report relevant to the respective FSI, Issuer and Public Company. 9. In case where FSI, Issuer and Public Company submit their Sustainability Report separately from the annual report, the Sustainability Report shall be submitted annually to OJK at the latest 30 April of the next year. 	BRI shall make the necessary adjustments with regards to the Application of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies.
4.	Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia No. PER-02/MBU/7/2017 dated 5 July 2017	Second Amendment to the Regulation of the Minister of State-Owned Enterprises No. PER-09/MBU/07/2015 concerning Community Partnership and Development Program of State-Owned Enterprises	<ul style="list-style-type: none"> 1. Amendment to the criteria of Small Enterprises that are eligible to participate in a Partnership Program (point f and g), into: <ul style="list-style-type: none"> a. Business has been running for at least 6 (six) months b. Business is not meeting requirements from banks or non-bank financial institutions. 2. Amendment to the amount of loans for each Partner in a Partnership Program from maximum Rp75,000,000 to maximum Rp200,000,000. 3. Amendment to administration fee charged to partnership program funding from 6% to 3% 4. Provisions on the mechanism of lending without interest rate or grants from Partnership Program to Special SOEs. 	BRI has made necessary adjustments to comply with Credit Policy in Community Partnership and Development Program of State-Owned Enterprises.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW

No.	Regulation	Subject	Description	Impacts on BRI
5.	POJK Number 18/POJK.03/2017 dated 5 May 2017	Reporting and Requesting of Borrower's Information through Financial Information Services System (SLIK)	<p>1. This regulation revokes and annuls Bank Indonesia regulation No. 9/14/PBI/2007 on Debtor Information System effectively from 1 January 2018</p> <p>2. Head Office of the Reporting Party shall submit comprehensive, accurate, up-to-date, full, and timely Report on Borrowers to OJK on monthly basis at end of month. The report shall contain:</p> <ul style="list-style-type: none"> a. Borrowers; b. Lending facility; c. Collateral d. Guarantor e. Management and owners; and f. Borrower's finances (reported in the event that the borrower is a company or a party receiving lending facility from 1 (one) Reporting Party and/or joint financing with more than 1 (one) Reporting Party, with total amount of lending facility of at least Rp5,000,000,000.00). <p>3. New Reporting Party shall submit its first Report on Borrowers to OJK no later than the 12th day of the fourth month since the party is determined as a Reporting Party by OJK</p> <p>4. The Reporting Party may not use Borrowers' information for purposes other than:</p> <ul style="list-style-type: none"> a. supporting smooth process of lending facility provisioning; b. risk management; and/or c. identifying the quality of borrowers in compliance with OJK or other competent authority's regulations. <p>5. The Reporting Party must have written policies and procedures on Borrowers Reporting and/or revising Report on Borrowers</p> <p>6. The Reporting Party must have written policies and procedures on requesting and use of borrowers' information</p> <p>7. The Reporting Party must have written policies and procedures to settle complaints on incorrect information with regards to borrowers</p> <p>8. The Reporting Party must designate an officer and/or official to carry out the following functions:</p> <ul style="list-style-type: none"> a. administer report on borrowers; b. verify report on borrowers; c. request and accept information on borrowers; <p>9. The promulgation of this regulation carries sanctions in the event that BRI fails to meet the requirements set forth hereunder.</p>	BRI has made necessary adjustments with regards to the change from BI's Debtor Information System to OJK Financial Information Services System.

FINANCIAL REVIEW

No.	Regulation	Subject	Description	Impacts on BRI
6.	OJK Regulation Number 44/ POJK.03/2017 dated 12 July 2017	Credit or Financing Limit from Commercial Banks for Land Acquisition and/or Land Development	<p>1. Background</p> <ul style="list-style-type: none"> a. Excessive banking credit or financing in the property sector is one of the factors that may impair monetary stability and banking soundness b. Credit or financing for land acquisition and land development contribute to excessive growth of credit or financing in the property sector. <p>2. Credit Purpose</p> <ul style="list-style-type: none"> a. Credit or Financing Transfer from one developer to another for recovery purpose provided that credit or financing balance is not increased b. Credit or financing extension for recovery purpose provided that credit or financing balance is not increased c. Credit or Financing and/or purchase or collateralizing Marketable Securities or Sharia Marketable Securities by Developer for land acquisition and/or land development for the construction of low-cost houses. <p>3. Reporting</p> <ul style="list-style-type: none"> - Banks must report every credit or financing provided to property developer online via OJK's Financial Information Service System (SLIK). <p>4. Sanctions</p> <ul style="list-style-type: none"> • Banks that provide credit or financing to property developers for land acquisition/land development of non-low cost houses shall be imposed with administrative penalty of 10% of the amount of credit or financing provided • Banks that consider land value as self-financing shall be imposed with administrative penalty of 10% of the land value recognized as self-financing • Banks that provide credit or financing to property developers that are not registered as the landowners and are not holders of Building Permit (IMB) shall be imposed with administrative penalty of 10% of the amount of credit or financing provided. 	BRI will make the necessary adjustments with respect to the Credit or Financing Limit from Commercial Banks for Land Acquisition and/or Land Development regulation



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW

No.	Regulation	Subject	Description	Impacts on BRI
7.	OJK Regulation Number 14/POJK.03/2017 dated 14 April 2017	Recovery Plan for Systemic Banks	<ul style="list-style-type: none"> • The regulation provides obligation to systematic banks to devise a recovery plan and the implementation thereof in the event that an established trigger level is met. • The recovery plan must contain, at least: <ol style="list-style-type: none"> a. Executive summary b. Overview of the systemic bank c. Recovery options d. Recovery Plan • Systemic banks must from time to time evaluate, apply stress test, and update their Recovery Plan. 	As one of the systemic banks, BRI has devised a Recovery Plan and submit it to OJK
8.	Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia No. PER-03/MBU/08/2017 dated 21 August 2017	Cooperation Guideline for State-Owned Enterprises (SOEs)	<p>SOEs that are seeking for Vendors in an SOE-SOE cooperation must have SOP validated by board of directors and approved by board of commissioners. The SOP must contain at least:</p> <ol style="list-style-type: none"> a. Vendor selection mechanism, including direct appointment mechanism b. Required documents, among others feasibility study (including optimum benefits for the SOE), business plan (including operational, financial, legal, and market aspects), risk management assessment, risk mitigation c. Vendor requirements/qualifications d. Vendor selection timeline shall not exceed 90 (ninety) working days from the day administrative documents are submitted by prospective vendors and accepted in full e. Mechanism to extend expiring cooperation, ongoing cooperation, and future cooperation, and/or f. Content of agreement that protects the interest of SOE 	BRI will make necessary adjustments to its internal policies on vendor selection in compliance with this Ministerial Regulation
9.	Bank Indonesia Regulation No. 19/12/PBI/2017 dated 30 November 2017	Financial Technology Implementation; Regulatory Sandbox of information Technology	<p>Financial Technology providers must be registered in Bank Indonesia. This provision does not apply to Payment System Service Providers that have obtained permit from Bank Indonesia and/or Financial Technology providers that are regulated by other authorities.</p>	<p>The regulation gives impact to new obligations for BRI</p> <ol style="list-style-type: none"> a. BRI must submit Compliance Statement Letter using a standardized format b. Before entering into cooperation with registered Financial Technology Providers, Product Owners must request for approval from Bank Indonesia c. BRI has a new obligation of reporting Financial Technology Implementation to Bank Indonesia on monthly and annual basis.

FINANCIAL REVIEW

No.	Regulation	Subject	Description	Impacts on BRI
10.	Bank Indonesia Regulation No. 19/6/PBI/2017 dated 17 April 2017	Fifth Amendment to Bank Indonesia Regulation No. 15/15/PBI/2013 on Minimum Statutory Reserve of Commercial Banks in Rupiah and in Foreign Currencies for Conventional Commercial Banks	Primary Statutory Reserve in Rupiah that the Bank meets is an average of 6.5% during a certain reporting period, consisting of: a. daily average of 5.5%; and b. average for a certain reporting period of 1.5%	BRI has made the necessary adjustments to comply with the required level of Statutory Reserve in Rupiah according to Bank Indonesia Regulation No. 19/6/PBI/2017 dated 17 April 2017
11.	OJK Regulation Number 12/POJK.01/2017 dated 21 March 2017	Implementation of Anti Money Laundering (AML) and Combating Terrorism Funding (CTF) Programs in the Financial Sector	The guideline of Anti Money Laundering (AML) and Combating Terrorism Funding (CTF) Programs in the Financial Sector addresses, among others: <ol style="list-style-type: none"> 1. That with regards to Anti Money Laundering (AML) and Combating Terrorism Funding (CTF) an FSI must: <ol style="list-style-type: none"> a. has policies, oversight, and procedures in place and approved by board of directors and commissioners for the management and mitigation of money laundering and terrorism funding risk b. monitors the implementation thereof and upgrade where necessary c. determine further actions to manage and mitigate risks in the event that a higher risk has been identified d. apply AML-CTF programs to manage and mitigate identified risks based on risk assessment and according to this OJK regulation. 2. AML-CTF programs are part of the overall risk management measures of an FSI 3. An FSI shall have policies and procedures in place to manage and mitigate money laundering and terrorism funding risk that it identifies based on risk assessment (including cross border correspondent banking and fund transfers) 	BRI has made necessary adjustments by updating its AML-CTF policy



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW

No.	Regulation	Subject	Description	Impacts on BRI
12.	Government Regulation in lieu of Law Number 1 of 2017 dated 8 May 2017	Access to Financial Information for Taxation Purposes	<p>1. Director General of Tax has the authority to obtain access to receive and gain financial information for the purpose of implementing tax laws and regulations, and implementing international covenants in tax, from FSIs in the banking sector, capital market, insurance, other FSIs, and/or other entities categorized as a financial institution according to financial information exchange standard in international covenants on taxation.</p> <p>2. FSIs and other FSIs must submit to the Director General of Tax:</p> <ul style="list-style-type: none"> a. Report containing financial information according to financial information exchange standard in international covenants on taxation of each financial account identified as financial accounts that must be reported; and b. Report containing tax-related financial information managed by FSI, other FSI, and/or other entities during one calendar year. <p>3. For the purpose of reporting, FSI and other FSI and/or other entities must undertake financial account identification procedure according to financial information exchange standard in international covenants on taxation</p> <p>4. For FSI, other FSI, and other entities as well as the Leader and/or employees of FSI, other FSI, and other entities that:</p> <ul style="list-style-type: none"> 1) fail to submit a report; 2) fail to correctly follow the procedure to identify financial account and/or 3) fail to provide information and/or evidence or statement, is subject to criminal punishment of imprisonment for maximum 1 (one) year or maximum penalty of Rp1,000,000,000.00 (one billion Rupiah). Every person who provides false statement or conceal the information that should be conveyed in his/her report is subject to criminal punishment of imprisonment for maximum 1 (one) year or maximum penalty of Rp1,000,000,000.00 (one billion Rupiah). 	BRI will identify foreign taxpaying customers and report them to the DG of Tax. BRI has developed a system to identify foreign taxpaying customers that is embedded to its core banking system. BRI has prepared a Standard Operating Procedure to identify said customers.

FINANCIAL REVIEW

Implementation of Changes to Accounting Policies

BRI and subsidiaries have applied accounting standards starting on 1 January 2017 that are considered relevant to the consolidated financial statements. The standards are:

Regulation	Changes	Impacts to BRI and Subsidiaries
SFAS No. 1 "Presentation of Financial Statements about Disclosure Initiative"	Clarifies on materiality, systematic hierarchy flexibility of notes to financial statements and identification of significant accounting policy. This SFAS No. 1 amendment have impacted other SFAS (consequential amendment) as follows: SFAS No. 3 "Interim Financial Reporting", SFAS No. 5 "Operating Segments", SFAS No. 60 "Financial Instruments: Disclosures", and SGAS No. 62 Insurance Contract."	BRI has made necessary adjustments as required by the standard. The application of SFAS No. 1 (Amendment 2015) does not result in significant changes to the reporting and disclosure in consolidated financial statements.
SFAS No. 3 (2016 Adjustment) "Interim Financial Reporting"	Clarifies that the required interim disclosures should be included in the interim financial statements or through cross-references of interim financial statements such as management comments or risk reports available to users of interim financial statements and at the same time. If the users of the financial statements cannot access the information contained in cross-references with the same terms and times, the entity's interim financial statements are considered incomplete.	BRI has made necessary adjustments as required by the standard. The application of SFAS No. 3 (2016 Adjustment) does not result in significant changes to the reporting and disclosure in consolidated financial statements.
SFAS No. 4 Amendment "Separate Financial Statements of Equity Method in Separate Financial Statements"	Allows the use of the equity method as a method of recording the investment in subsidiaries, joint ventures, and associates in the separate financial statements of these entities.	BRI's investment in associate entities is measured using equity method presented in separate financial statements as supplementary information under Notes to Financial Statements.
SFAS No. 5 (2015 Adjustment) "Operating Segments"	Adds short disclosure on combined operating segment and economic indicators that have similar characteristics.	BRI has made necessary adjustments as required by the standard.
SFAS No. 7 (2015 Adjustment) "Disclosure of Related Parties"	Adds criteria of related parties and clarifies disclosure for payables that are given to the management entity.	The application of SFAS No. 7 (2015 Adjustment) has met the changes accommodated in the standard.
SFAS No. 13 (2015 Adjustment) "Investment Property"	Clarifies that SFAS No. 13 and SFAS No. 22 interplay. Entities can refer to SFAS No. 13 to differentiate between investment property and owner-occupied property. Entities may also refer to SFAS No. 22 as a guide whether the acquisition of an investment property is a business combination.	The application of SFAS No. 13 (2015 Adjustment) does not result in significant changes to the reporting and disclosure in consolidated financial statements.
SFAS No. 15 Amendment "Investments in Associates and Joint Ventures on Investment Entities: Application Exception Consolidation"	Clarifies paragraph 36a of exceptions consolidation for investment entities when certain criteria are met.	BRI has made necessary adjustments as required by the standard.
SFAS No. 16 Amendment "Acceptable Amortization and Depreciation Method of Fixed Assets"	Adds explanation on indications when a fixed asset becomes technically or commercially obsolete. SFAS No. 16 Amendment also clarifies that depreciation method based on income is no longer viable.	The application of SFAS No. 16 Amendment does not result in significant changes to the reporting and disclosure in consolidated financial statements. BRI uses straight-line method based on the estimated economic useful lives of the assets to assess asset depreciation.
SFAS No. 19 (2015 Adjustment) "Intangible Assets on Clarification Method Received for Depreciation and Amortization"	Clarifies on the view that income cannot become the basis for measurement of the usage of economic benefits from the use of intangible assets can be rebutted in certain limit circumstances.	The application of SFAS No. 19 (2015 Adjustment) does not result in significant changes to the reporting and disclosure in consolidated financial statements.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FINANCIAL REVIEW

Regulation	Changes	Impacts to BRI and Subsidiaries
SFAS No. 22 (2015 Adjustment) "Business Combinations"	Clarifies the scope and the obligation to pay contingent consideration that meet the definition of financial instruments is recognized as financial liabilities or equity. This SFAS also resulted in adjustments to the impact of: <ul style="list-style-type: none">– SFAS No. 55 "Financial Instruments: Recognition and Measurement"– SFAS No. 57 "Provisions, Contingent Liabilities, and Contingent Assets"	BRI does not recognize contingency pay at initial acquisition or after the initial acquisition. The application of SFAS No. 22 (2015 Adjustment) does not result in significant changes to the reporting and disclosure in consolidated financial statements
SFAS No. 24 (2016 Adjustment) "Employee Benefit".	This adjustment clarifies that the high quality corporate bond market is valued based on the denomination of the bonds instead of the country in which the bond is located.	BRI has made necessary adjustments as required by the standard. The application of SFAS No. 24 (2016 Adjustment) does not result in significant changes to the reporting and disclosure in consolidated financial statements.
SFAS No. 25 (2015 Adjustment) "Accounting Policies, Changes to Accounting Estimates and Errors"	Gives editorial correction to SFAS No. 25 Paragraph 27 about limitation on retrospective application.	The retrospective application of SFAS No. 25 (2015 Adjustment) does not result in significant changes to the reporting and disclosure in BRI consolidated financial statements. There was no error found in the financial statements of previous year.
SFAS No. 53 (2015 Adjustment) "Share-Based Payment"	Clarifies definition of vesting conditions and separately define performance of service condition.	Adjustments in SFAS No. 53 "Share-Based Payment" provides clarification and clearer vesting definition, and is line with BRI's stock option offered to board of directors and employees holding certain positions.
SFAS No. 58 (2016 Adjustment) "Non-Current Assets Held for Trading and Discontinued Operations"	Clarifies that changes of relinquishment methods is regarded as continuous initial plan instead of a new relinquishment plan. This adjustment also clarifies that changes in relinquishment methods do not change the date of classification of assets of relinquished group of assets.	BRI has made necessary adjustments as required by the standard
SFAS No. 60 (2016 Adjustment) "Financial instrument: Disclosure"	This adjustment clarifies that the entity shall assess the nature of service contract benefits to determine whether the entity has a continuing involvement in the financial asset and whether the disclosure requirements related to sustainable engagement are met.	BRI has made necessary adjustments as required by the standard
SFAS No. 65 Amendment "Consolidated Financial Statements of Investment Entities Application Exception Consolidation"	Clarifies the exception of consolidation for investment entities when certain criteria are met.	BRI has made necessary adjustments as required by the standard
SFAS No. 66 Amendment "Joint Arrangements on Accounting for Acquisitions of interests in joint operations"	Amendment to SFAS No. 66 requires that all business combination principles in SFAS 22 "Business Combinations" and other SFAS and their disclosure requirements are applied for the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation, unless they conflict with SFAS No. 66	BRI has made necessary adjustments as required by the standard.
SFAS No. 67 Amendment "Disclosure of Interests in Other Entities of Investment Entities: Application Exception Consolidation"	Clarifies the exception of consolidation for investment associates when certain criteria are met.	BRI has made necessary adjustments as required by the standard.
SFAS No. 68 (2015 Adjustment) "Measurement of Fair Value"	SFAS No. 68 (2015 Adjustment) clarifies that portfolio exception, which permits entities to measure fair value measurement of financial assets or liability groups on a net basis, is to be applied for the whole contract (including non-financial contract) in the scope of SFAS No. 55	Currently BRI is a party to no other contract than financial assets and financial liabilities exposed to counterparty market or credit risks. The application of SFAS No. 68 (2015 Adjustment) does not result in significant changes to the reporting and disclosure in consolidated financial statements.

FINANCIAL REVIEW

Regulation	Changes	Impacts to BRI and Subsidiaries
SFAS No. 70 "Asset Accounting and Tax Amnesty Liability"	SFAS No. 70 provides the standard for accounting treatment of assets and tax amnesty liability in accordance with Law No. 11 of 2016 concerning Tax Amnesty ("Tax Amnesty Law")	BRI has made necessary adjustments as required by the standard.
IFAS 31 "Interpretation of SFAS 13: Investment Property"	Exposure Draft IFAS 31 to IFAS 31 on the Interpretation of SFAS 13: Investment Property An interpretation of the characteristics of the building that is used as part of the definition of investment property under SFAS No. 13 "Investment Property". The building referred to in the definition of investment property refers to structures that have physical characteristics that are generally associated with a building which refers to the presence of walls, floors, and roofs attached to the asset.	BRI has made necessary adjustments as required by the standard. The application of IFAS 31 does not result in significant changes to the reporting and disclosure in consolidated financial statements.
SFAS No. 101 (Revised 2016) "Presentation of Sharia Financial Statements"	This SFAS is a revision of the illustration of the sharia insurance financial statements as a result of the revision of SFAS No. 108 "Accounting for Sharia Insurance", where the provision for future policy benefits is presented in the statement of financial position as liabilities.	BRI has made the necessary adjustments. The application of SFAS No. 101 (Revised 2016) does not result in significant changes to the reporting and disclosure in consolidated financial statements.
SFAS No. 102 (2016 Amendment), "Murabahah Accounting, SFAS No. 103 (Amendment 2016) "Salam Accounting", SFAS No. 104 (Amendment 2016) "Istishna Accounting", SFAS No. 107 (Amendment 2016) "Ijarah Accounting"	This amendment changes the definition of fair value to follow the definition of fair value in SFAS No. 68 "Measurement of Fair Value". Fair value is defined as the price to be received to sell an asset or price to be paid to transfer a liability in a regular transaction between market participants on the date of measurement.	BRI has made the necessary adjustments. The application of this SFAS does not result in significant changes to the reporting and disclosure in consolidated financial statements.
SFAS No. 108 (Revised 2016) "Accounting for Sharia Insurance Transactions"	This revised SFAS changes arrangements relating to sharia insurance accounting, such as initial recognition of participant contributions, allowance calculation for future policy benefits, and presentation of SFAS No. 108 revision in the financial statements.	BRI has made the necessary adjustments. The application of this SFAS does not result in significant changes to the reporting and disclosure in consolidated financial statements.

Information on Business Continuity

BRI views that disasters; natural, man-made, or induced by technology, may threaten the Bank's business continuity.

To maintain its operational continuity, BRI has in place Business Continuity Management (BCM) that is devised to protect the security and safety of BRI's employees, customers, and other stakeholders who are present around BRI's premises (Disaster Management Plan), and to sustain the continuity of key operational activities, BRI's assets, and to provide appropriate response in an event of disaster (Business Continuity Plan). BCM Policy is regulated by BRI Circular No. S.26-DIR/DMR/12/2016.

- BCM, which involves all operating units of BRI, is implemented among others through:
- Establishment of Crisis Management Team
- Call Tree planning
- Alternate sites identification.

BRI's operating units have also carried out risk and disaster threat assessment that is intended to identify the resources needed in the event of disaster. BCM testing is exercised annually; disaster prone areas are prioritized as testing sites including BRI Head Office, IT Building, Corporate University, and Student Housing in Ragunan, South Jakarta.

By conducting annual BCM testing, BRI has proven readiness to ensure business continuity. This was evidenced in 2017 incidents; while Mount Agung volcanic activity in Bali and a 6.2 SR earthquake south to Sukabumi affected BRI's business operations in Denpasar and Pangandaran, respectively, the Bank was able to quickly and properly mitigate the situation in both occasions.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

HUMAN CAPITAL MANAGEMENT



“

Human Capital Management is conducted within the framework of BRIvolution Transformation to make BRI the Most Valuable Bank in Southeast Asia & Home to the Best Talent.

”

HUMAN CAPITAL MANAGEMENT

BRI's commitment to provide best services to employees is proven by the ISO 9001: 2008 Certification for quality management systems in the areas of compensation and benefit payments, employee data management and Human Capital communication with technology-based services that are fast, precise and accurate.

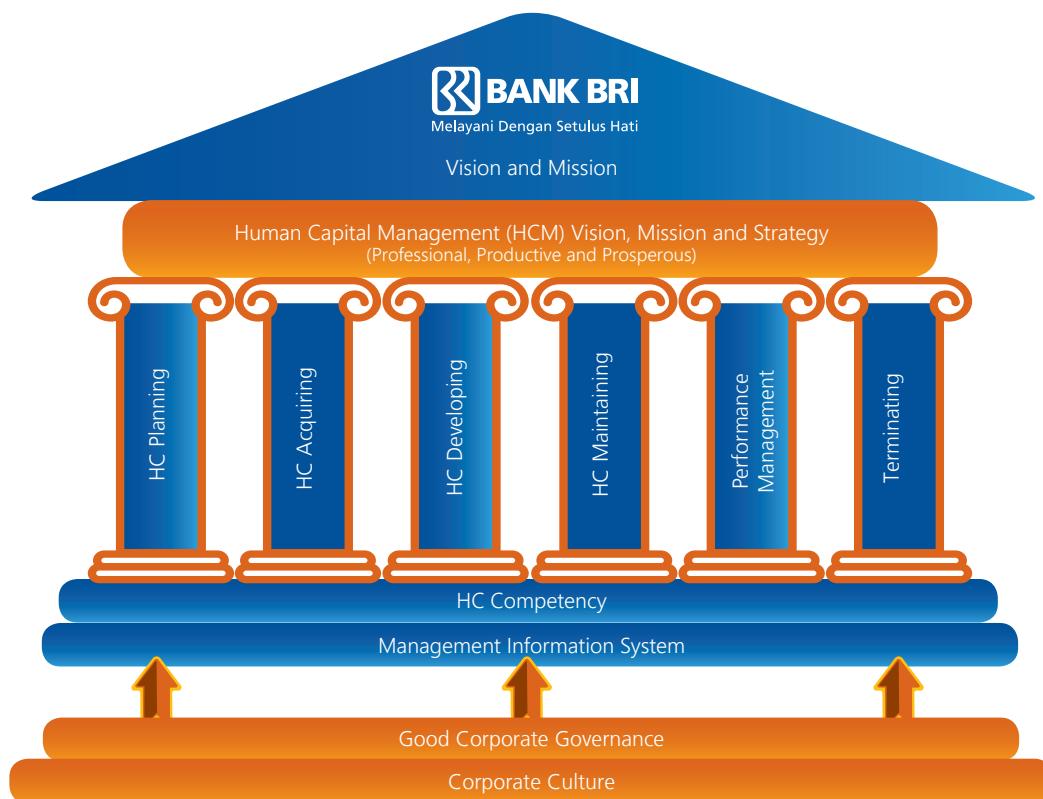
Human Capital Management Policy

Human Capital plays an important role in improving performance and realizing the Company's business objectives. BRI is committed to continuously improve employee's competence and capability based on the Company's core values. BRI Human Capital Development and Management refers to the long-term business plan as stated in BRI's Corporate Plan to become The Most Valuable Bank in Southeast Asia and Home to The Best Talent in 2022. BRI constantly aligns policies and strategies in managing human capital beginning with Transformation process in 2017.

BRI implements Human Capital management policies and strategies within the framework of BRI's Human Capital Architecture with its pillars of planning, acquiring (recruitment, selection, and placement), developing (Human Capital development), retaining and maintaining, performance management, and termination.

The Human Capital management based on Human Capital Architecture is arranged in the human capital management program roadmap that is set every 5 (five) years and adapted to the needs of the company and supported by a valid and accurate Human Capital Management Information System.

Human Capital Architecture





Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

HUMAN CAPITAL MANAGEMENT



In general, in realizing "Home to the Best Talent" in 2022, BRI strategize to achieve the success indicators which are being the Top 5 Employer of Choices in Indonesia and increasing employee engagement score as well as highest employee productivity among peers competitive rate.

Human Capital Management Strategy

In order to ensure Human Capital management policies are in accordance with the plan, the suitable operational strategy is required and must in line with the Bank's work characteristics and culture. Implementation of the appropriate Human Capital management strategy will affect employee satisfaction, engagement and productivity that will directly affect the Bank's business performance.

In 2017, BRI implements Human Capital management operational strategy including:

Communication with Employee

BRI strives continuously to build effective communication between management and employees through various channels such as face-to-face, video conferencing, Human Capital Portal Information System (BRISTARS), e-learning, audio visual, Human Capital call center and by developing Human Capital helpdesk and call center. This helpdesk serves to provide consultation services on various issues related to Human Capital.

Industrial Relations

Harmonious industrial communication will have positive impact in maintaining a favorable working atmosphere. In this industrial relation, BRI always upholds basic principles, namely:

- Respect for Employees' Rights where BRI guarantees employees the right to organize, gather and express opinions.

Freedom of Association Policy

BRI always strives to encourage the creation of qualified and harmonious Industrial Relations with Trade Unions (TU) as representatives of Employees. Through the Bipartite Cooperation Forum that is regularly held with Trade Unions, Employee can convey aspirations to the company so that two-way communication between the Bank and employee is maintained.

BRI's commitment to maintaining harmony in industrial relations is realized through the following:

- a. Issuance of policy on Bipartite Cooperation Forum and Industrial Relations Dispute Settlement to communicate the Bank policies and or accommodate any aspirations/proposals from employees for the Bank's progress; coordination between Management as the Bank's representative with employees so as to align BRI's interests with the interests of employees; to identify early the problems in each Bank Work Unit and to prevent disputes in industrial relations.

HUMAN CAPITAL MANAGEMENT

- b. Regular meetings between Trade Union National Management with Head Office Management to discuss about the Bank's policies and accomodate any aspiration/suggestions from employees for the Bank's progress.
- c. Monitoring of Bipartite Forum between Trade Unions and Regional Management by Head Office Management to detect problems in each of the Bank Work Unit early and to prevent dispute in industrial relation.
- The application of Equality Principles.

Anti-Discrimination Policy

BRI incorporates anti-discrimination policy since recruitment process, competency and skill development, and career and remuneration. The application of Equality Principle is conducted by giving equal opportunity and equal rights to all employees, regardless of ethnicity, religion and race, gender, and physical condition in Human Capital management.

BRI provides employment opportunities for people with disabilities or limitation. Job opportunities for persons with disabilities are tailored to their respective skill and skill levels, such as administrative staff, call center, and help desk. In 2017, as many as 100 people work in executive positions, an increase compared to the previous year of 70 people. This increase is in line with BRI's target.

In career development, BRI conducts performance evaluation to all permanent employees of men and women in all layers of office on a regular basis every year. Performance assessment of permanent employees is conducted based on integrated Balanced Score Card (BSC) through Performance Management System (SMK), while for outsourced employees it is done manually.

Performance assessment of permanent employee consists of two aspects, which are achievement of Key Performance Indicator (KPI) and achievement of standard competency

- **Outsourcing Management Policy**

The scope set forth in the management of outsourced employees includes:

- Provision of minimum wage in accordance with Regional Minimum Wage
- Provision of health insurance
- Provision of overtime wages with a maximum of 16 hours overtime in a week.
- Freedom to become a member and to channel aspirations within the BRI Trade Union
- Minimum age in accordance with the provisions of the Manpower Act
- Implementation of anti-discrimination policy
- Giving bonuses or performance-based incentives
- The application of disciplinary penalties is in accordance with the BRI's internal rules

Diversity Program

In upholding human rights and supporting diversity programs, BRI provides support to employees in religious and cultural activities or customs. One form of supports is through the allocation of physical and spiritual development budget that can be used to support the commemoration of religious activities.

Collective Labor Agreement

In 2017, BRI and the Trade Unions have signed the Collective Labor Agreement 2017-2019 period, which in this Agreement all matters related to personnel administration provisions, rights, obligations, benefits and facilities of employees have been agreed together. The applied industrial relations mechanism is an ongoing effort of employees' commitment in maintaining alignment between BRI and Employees. This agreement has been approved by the Ministry of Manpower and Transmigration of the Republic of Indonesia.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

HUMAN CAPITAL MANAGEMENT

Handling of Employee Complaints

In addition to the Bipartite Cooperation Forum, BRI also provides means for Employees who need information about Human Capital or counseling. The Bank provides Human Capital Call Center services, which can be accessed through telephone and Human Capital Consultation sub-menu accessible through BRISTARS application of each Employee. All services provided by BRI are ISO 9001: 2008 certified.

Monitoring of Disciplinary Violation Case Settlement

BRI facilitates the reporting of disciplinary violations by employee through the Whistle Blowing System (WBS) directly monitored by top management as described in the Corporate Governance Chapter in this Annual Report.

Management is committed to upholding corporate discipline as part of shaping good atmosphere and work ethic. To that end, management has created an online Industrial Relations portal automation application system that integrates all BRI operating units. This system enables Head Office Management to monitor the settlement of disciplinary violation cases in all Operating Units.

Human Capital Management Focus in 2017

In 2017, the Bank focused on Human Capital management in several areas in order to prepare the milestone towards "Home to The Best Talent". The scope of Human Capital policy improvement includes Performance Management System (SMK), Recruitment System, Performance Based Allowance, and Work Culture Revitalization..

Recruitment System

BRI undertook the recruitment process within the framework of Human Capital Architecture in order to support the Bank's business plan. The recruitment system is done through e-recruitment applications to improve effectiveness in accordance with the needs of the Bank, which in line with the Bank's efforts to recruit

Best Talent from leading universities. The Bank has begun to strengthen Employee Branding and Employee Value Proposition. In 2017, BRI has also implemented Video Based Assessment on Talent Acquisition process for BRI Staff Development Program (PPS).

The use of Video Based Assessment is expected to support business process improvement and technology optimization in obtaining and winning talent wars in the industry. Another focus of Video Based Assessment implementation is intended to obtain additional information other than from the CVs submitted by Jobseekers, so Jobseekers who passed the early stages of recruitment have met or exceeded the competency standards set by the Bank.

In 2017, the number of BRI Employees was 92,858 people, down by 0.51% compared to the end of 2016 of 93,333. The decline is due to Hiring Freeze policy to optimize employee's productivity currently seen from the increase Earning per Employee (EPE) reached Rp. 306 Million / Employee in the year 2017 compare to Rp. 276 Million / Employee in 2016.

Talent Management System

In 2017, BRI has perfected the Talent Management Policy, which serves as the foundation to improve the Succession Plan mechanism. Succession plan with good mechanism would enable more effective and efficient key jobs placement.

Performance-Based Career Development

In principle, BRI gives equal opportunity to every employee to develop his/her career. The career development refers to the provisions that regulate employees' career path. Employee career development is also conducted through the implementation of special planned training, such as enrichment, job enrichment, and job enlargement. This performance management is organized into an electronic-based system in order to accelerate processes and facilitate access to BRI employees and management.

HUMAN CAPITAL MANAGEMENT

Performance Management System

The Bank is continuously consistent in perfecting the Performance Management System (PMS). In 2017 BRI has standardized Key Performance Indicator (KPI) for all positions at BRI to make an objective performance assessment for all BRI Employees. Therefore, BRI can give appreciation to the Employees both in terms of career, compensation, education and others.

In 2017, there has been a significant leap in PMS, especially for BRI's Marketers. This year BRI has perfected an online vocational module where the achievement of individual target marketers is automated, so that employees can directly monitor the achievement of their respective targets.

Performance Assessment

In 2017, PMS on BRI Marketers has been conducted in every quarterly assessment performance cycle. This is in line with one of the success indicators of achieving "Home to the Best Talent" aspiration, which is Performance-Driven Culture. The Bank will make this quarterly performance assessment cycle as the foundation to build a performance-caring culture thereby the strategy is expected to improve the productivity of BRI employees, especially Marketers.

Performance-based Allowance

In line with the enhancement of PMS for the Marketers, the Bank gives awards in the form of incentive with variables. This incentive scheme is resulted from a consolidation with previous incentive scheme intended to motivate Marketers more in achieving their targets.

Work Culture Revitalization

Changes in corporate culture are expected to be one of the pillars that underpin the achievement of corporate aspirations and long-term business challenges. The new Work culture is expected to become the foothold for BRI and BRI employees in behaving, conducting, and bringing values in supporting the Bank's performance.

Implementation of BRI Work Culture Revitalization is formulated in:

- The five core values of the Working Culture called BRILiaN. The core values are important values that guide the employees on the behavior and conduct, whether in dealing with customers, fellow employees and other external parties.
- Ten major behaviors of the employee of BRI.
- Twenty Behavior Indicators.

Work Culture Core Values

To achieve a well-internalized Work Culture, they require behavior, symbols, and systems. Therefore, BRI initiated the five core values of corporate culture as follows:

1. Integrity that has the meaning of always having commendable thought, saying and behavior, maintaining the honor, and obeying the rules. Behavior that shows the value of integrity is open, honest, sincere and obedient to the rules.
2. Professionalism that has the meaning of always committed to work thoroughly and accurately with the best ability and full of responsibility. Behavior that shows the value of professionalism is continuous learner and fairness.
3. Trust that has the meaning of always building confidence and trust among stakeholders for the sake of the Bank's progress. Behavior that shows the value of trust is mutual respect and prioritizing the interests of the Bank and the Country.
4. Innovation that has the meaning of always utilizing the ability and expertise to find new solutions and ideas to produce products/policies in answering the challenges of the Bank's problems. Behavior that shows the value of innovation is visionary and pioneering change.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

HUMAN CAPITAL MANAGEMENT

5. Customer Centric that has the meaning of always placing the customer as the main partner of mutual benefit to grow on an ongoing basis. Behavior that shows the value of customer centric is to serve more than customer's expectation sincerely and collaboratively.

The scope of Cultural Work Revitalization includes:

1. Architecture of BRI Working Culture
2. Organization of BRI Working Culture
3. Formulation of BRI Working Culture
4. Core Values of BRI Working Culture
5. Action of BRI Working Culture
6. Internatization and Externalization of BRI Working Culture
7. Indicator and Measurement of BRI Working Culture
8. Communication Media of BRI Working Culture

Work Culture Revitalization Program consists of two programs, namely:

- Work Culture Internalization Program; and
- Work Culture External Program.

Work Culture Internalization Program

BRI's Work Culture Internalization Programs are:

Performance Improvement Forum (PIF)

A forum established for employees to participate actively in the creation of strategies and actions that can improve performance of each work unit in order to achieve its target.

Focus Group Discussion (FGD)

A discussion forum held with internal and external parties as a series of PIF activities. This forum is a formal mechanism to improve the culture of openness in order to improve the work unit performance. Discussions in FGDs include the quality of services, problems, critics and suggestions, and solutions in a work unit.

SportArtcular

Sports and arts activity organized by the Bank in collaboration with the community of Sports and Art Coordinating Board (Bakors) in order to welcome the anniversary of BRI.

Family Gathering (FG)

Activity organized by the Bank for refreshing fo employees and their families as well as a means to apply Know Your Employee principles.

Change Agent Forum (CAF)

Forum organized at BRI Work Unit in order to create, develop, expand, evaluate and monitor BRI's Work Culture programs.

The Best Change Agent

Award program for the best Change Agent selected through a selection process with certain criteria.

New Employee Assistance (NEA)

A coaching program to new employee in a work unit for 1 (one) year supported by a prepared manual, which aims to assist the process of adjusting new employee.

BRI Excellent Award (BEA)

Reward program for employee and the Work Unit that consistently has the best performance, culture and innovation in the Bank that is expected to be a means to find the best talent, and to encourage the emergence of positive cultures to support Bank's competitiveness.

BRI Millennials Forum

Internalization program of work culture aimed at BRI millennials employee in the form of discussion forums to discuss the condition of the Bank or the latest banking with a relaxed atmosphere.

HUMAN CAPITAL MANAGEMENT

Work Culture Externalization Program

BRI's Work Culture Externalization Programs are:

BRI Communities (BRIComm)

A community formed by BRI employees who have an interest in a similar activity. Currently BRI already has various communities including bicycle community, photography, basketball, golf, running, band, dance, tennis and more.

Bussines Gathering

Relationship-building activity performed by BRI Employee with certain customers or communities that aims to increase BRI's customer loyalty.

Social Activity (BRI Peduli)

BRI's social responsibility activities towards social development.

Religious Activity

Religious activities are run by the BRI Spirituality Board.

Monitoring Implementation of Corporate Work Culture

The application of BRI Work Culture has improved the quality of Human Capital Management as reflected by the increasing of following benchmark:

1. The value of Corporate Value Self Assessment (CVSA) which is a reflection of the implementation of Corporate Cultural values by all BRI employees and reported in real time on line by the Change Agent (CA) which has been established in each Work Unit.
2. The value of BRI Internal Service Survey (BISS) which is the result of survey or input from customers, both internal and external to each of BRI Work Unit concerning Quality of Service given to customer.
3. The value of Corporate Culture Index (CCI) that shows the ratio between work unit performance with CVSA and BISS values. The CCI value is a measurement index to identify the relationship between the Bank's performance scales compared with the organizational culture.

Innovation Culture with BRI Excellent Award (BEA)

To improve the engagement and competitiveness of innovation, the Bank periodically organizes BRI Excellence Award (BEA) event. BRI Director views the awarding of employee and Work Units, which consistently show excellent performance, is important.

Through the 2017 BRI Excellence Award (BEA) program, the Bank opened the widest opportunity for Employees to contribute in order to improve the growth of sustainable business performance. The employees' enthusiasm for this program is considered quite high as indicated by the increase in the number of proposals received from 512 proposals in 2016 to 1,675 proposals in 2017.

The BEA program is expected to support sustained growth in business performance. The superior program selected through this activity is further developed to be realized and implemented by the Bank. One of the implementation of innovation idea, which has been realized in 2017, is BRISPOT Application, a digital transformation in micro loan business process.

Human Capital Management Information System

BRI has Management Information System (MIS) to manage Human Capital based on information technology (IT) integrated in Human Capital management process, from planning to termination of employment.

The principles of MIS management are dual control in order to produce accurate and comprehensive data / information. To improve effectiveness and efficiency in Human Capital management, the development of IT systems is continuously performed which leads to automation and Employee Self Service (ESS) with the support of BRISTARS application, which is a web-based application that can be accessed by all Employees to perform service independently and run business processes in Human Capital.

Performance Highlights
Management Reports
Company Profile



Management Discussion & Analysis

HUMAN CAPITAL MANAGEMENT

Various applications in BRISTARS have been built to support Human Capital management in accordance with Human Capital architecture ranging from planning, acquiring (recruitment, selection and placement), developing (retaining and maintaining), performance management (performance management) up to terminating (Termination of Employment), among others: Online recruitment, automatic assessment, monitoring and submission of benefits that facilitate employees, as well as management of business travel online. All applications for payment of compensation and benefits are run independently by Employees to accelerate business processes.

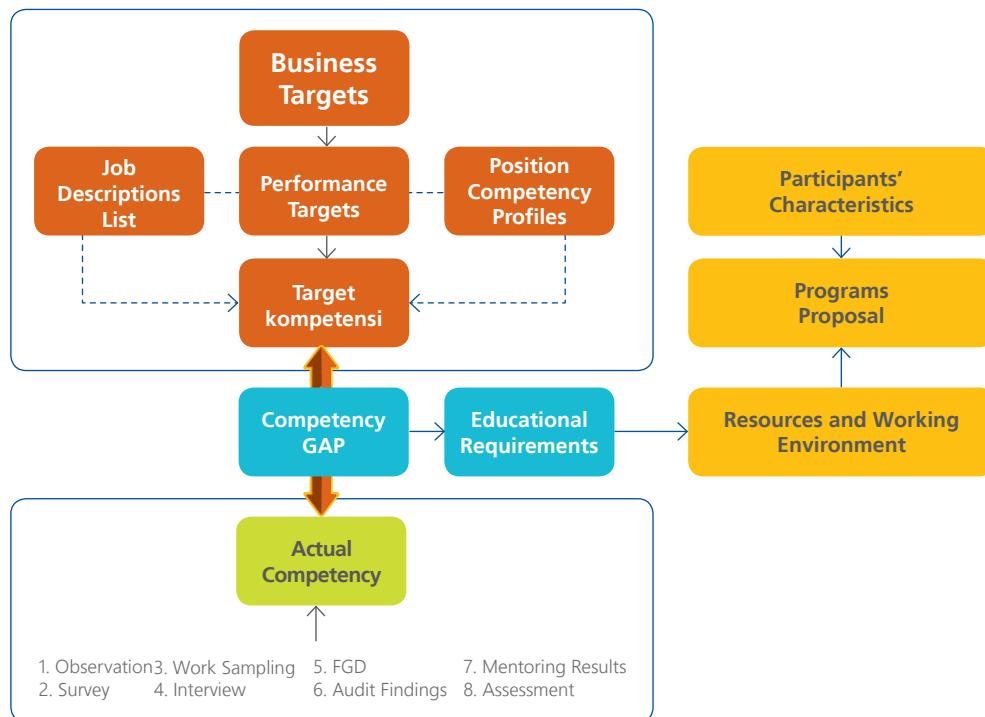
Human Capital Development

BRI Corporate University successfully obtained ISO 9001: 2015 certifications from Lloyd's Register Certification Institute. The certification recognizes the Management System Standard of BRI Corporate University in terms of "Provision of Banking Training Services". This is evidence that BRI Corporate University always improves the operational quality of education and prioritizes students' satisfaction.

BRI regularly conducts training and development of employee's competency to meet Bank's needs and anticipate future challenges. Human Capital development activities are based on analytical framework of three things: Education Needs Analysis, Characteristic Analysis of Educational Participants, and Resource Analysis and Working Environment Conditions.

Framework of BRI Employee Education Analysis

For educational needs analysis, BRI Corporate University identifies the gap between competency target and the actual competencies of prospective participants. BRI also aligns its competency standards with competence standards of SOE.



HUMAN CAPITAL MANAGEMENT



The alignment of SOE competence standards is intended to ensure that the competencies of BRI employees are in accordance with the competency standards for strategic positions in BUMN in the future.

As a form of BRI's commitment to improve the competence of its employees and to support the alignment of SOE competency standards, BRI has organized Development Education Program for 135 Assistant Vice President Development Programs and 82 Vice President Development Programs during 2017.

In organizing educational programs, the Bank first analyzes the characteristics of potential education participants such as age, educational background, employment background, gender, learning style, culture, language and other matters deemed necessary. The Bank also considers resources and environmental factors such as the availability of educational facilities, budget, Subject Matter Expert, Trainer, and information technology as well as on infrastructure, work processes, teamwork and other supporting and inhibiting conditions.


 Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

HUMAN CAPITAL MANAGEMENT

The Bank has 2 (two) types of training programs to improve the capacity of employees in BRI, namely:

Development Program

Educational program to prospective BRI employees or BRI employees, which aim to equip them with competency in a particular position. This program is divided into 3 (three), namely:

1. Management Development Program

Education programs aimed to improve the competence of employees for preparation to occupy corporate title positions ranging from Assistant position level up to Executive Vice President.

2. Competency Development Program

Educational programs prepared based on the results of competency analysis, company needs and actual conditions in the work unit. The program is divided into two major groups, namely hard competency and soft competency for each level of Job Title.

3. Master & Doctoral Degree Program

Educational programs to BRI employees that aim to improve employees' competency through formal education levels including Post Graduate, Master Degree and Doctoral Degree.

Developing Learning Program

No	Corporate Title	Developing Learning Program	
		Management Development Learning Program	Competency Development Learning Program
1	Executive Vice President	Executive Vice President Development Program	Regional Leader, Division Head and Inspector
2	Vice President	Vice President Development Program	Deputy Regional Leader, Deputy Head of Division, Deputy Inspector
3	Assistant Vice President	Assistant Vice President Development Program	Branch Leader, Section Head and Group Head
4	Senior Manager	Senior Management Development Program	
5	Manager	Manager Development Program	Branch Leader, Deputy Head of Section, Priority Banking Manager, Marketing Manager, Operation Manager and Micro Business Manager
6	Assistant Manager	Assistant Manager Development Program	Assistant Operation Manager, Assistant Micro Business Manager, Assistant Fund Marketing Manager, Assistant Credit Marketing Manager
7	Officer	Supervisor Development Program	Supervisor, Unit Head, Staff and other Officer level position
8	Assistant	Assistant Development Program	Relationship Credit and Fund Manager, Mantri, CS, Teller and other assistant level positions

In 2017, BRI has organized various education programs with a total of 1,773,194 participants with composition of 13.6% In-Class education and 86.4% e-Learning, with details as follows:

No	Education Program	2015	2016	2017
1	Development	21,678	12,769	11,326
2	Enhancement	470,274	1,202,377	1,604,946
3	FPK/FGD	124,502	128,163	93,691
4	Socialization	172,323	149,114	63,231
	TOTAL	789,777	1,492,423	1,773,194

HUMAN CAPITAL MANAGEMENT

Educational enhancement programs include certification education, public course and E-learning, while Education development program includes master's degree Education.

Enhancement Program

Employee competency improvement program is divided into 3 (three) levels namely Basic, Intermediate and Advanced, that is adjusted to the level of the job position. Parameters used to determine these levels include variety of business product, sales mode, degree of analysis, background of educational participants, business scale, business model, branch level, and others.

In organizing the Human Capital development program, BRI is supported by 8 Learning Centers throughout Indonesia with an average capacity of 500 participants, professional faculty from various business disciplines of BRI, as well as adequate and up-to-date education and training facilities optimized with information technology.

To support operational training and competency development, BRI uses Enterprise Learning Management System which is integrated information technology and systems for education management including management of education participants' data, Education Program data, storage and distribution of educational materials, evaluation of educational outcomes, and supporting facilities for educational activities.

Implementation of Human Capital Development Strategy and Operations

In 2017, BRI Corporate University has implemented several strategic initiatives such as:

Developing Lecturer & Learning Designer Competency

BRI has been certifying profession certification for Lecturer Main Campus and BRI Campus throughout Indonesia, which will be followed by designer certification in 2018.

Developing and Standardizing Curriculum, Syllabus, Material and Learning Methodology

Developed curriculum, syllabus, learning materials and methodology with blended learning concept (30% e-learning and 70% in class) and continuous learning (10% in class, 20% learning from others, 70% experience).

Developing Digital Learning Management System

BRI has implemented learning delivery system and learning information system through BRISmart. As the core learning system BRISmart allows employees to access e-learning, educational information and educational workplace. In addition, BRI Corporate University also conducts seminars through Webinar where employees can access the broadcast via smartphone.

Providing Modern Learning Facilities (classroom, dormitory)

BRI has updated its computer equipment and provided iPad at Corporate University lobby that can be used by employees and learners to obtain information related to Education.

Developing Student Management Policy & Procedure

BRI continuously reviews education management policies.

Providing and Controlling Learning Budget System

With the use of BRISmart as learning system, education cost per employees can be recorded by system so that the control of breakdown budget and realization of education budget can be more effective.


 Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

HUMAN CAPITAL MANAGEMENT

Human Capital Management Cost

The realization of the BRI Human Capital education and development budget in 2017 was recorded at Rp533.6 billion with the cost per employee being Rp301.000 / participant. Through the implementation of technology (e-learning), BRI managed to have cost efficiency more than 80%. The following is the breakdown of BRI's Human Capital education cost in 2017:

No	Budget	2017 Target*) (in million Rupiah)	December 2017 Actual *) (in Million Rupiah)	Percentage of Budget Utilization	Actual Number of Participants	Actual Cost/ Participants**) (in Thousand Rupiah)
1	Development	289,640	91,192	31.5%	11,326	8,052
2	Enhancement	416,329	295,527	71.0%	1,604,946	184
3	FPK & FGD	146,901	137,255	93.4%	93,691	1,465
4	Socialization	8,833	3,999	45.3%	63,231	63
5	Literation	2,500	260	10.4%	-	-
6	Support	12,900	5,379	41.7%	-	-
TOTAL		877,103	533,614	60.8%	1,773,194	301

*) in Million Rupiah

**) in Thousand Rupiah

***) literacy reporting and support context involving the community

Performance Assessment and Remuneration

BRI continues to apply competency-based performance assessments to ensure objective and fair results. Performance assessment system in 2017 is continuously improved. In setting up the Key Performance Indicator (KPI) on the Performance Management System (SMK) process, BRI always integrates the Bank's target to all its employees, so that Individual KPI and KPI of the Bank can be aligned.

The Bank consistently standardizes KPI content for all Positions at BRI (except Staff and Administrative Officers). This is intended to ensure that performance objectives and fairness of performance assessment are maintained. In addition to standardization of KPI's content in 2017, the Bank has performed automation of KPI target achievement for Position of Marketers and implemented KPI achievement monitoring with Performance Assessment cycle 3 monthly (Quarterly).

BRI designs employee's remuneration structure based on several factors such as work performance, competence, and cost of living in each geographic work unit to ensure a fair, competitive system, as well as the Bank's needs and capabilities.

Types of Compensation and Benefits

Compensation and benefits for BRI employees, namely:

- Fixed compensation consists of Basic Salary and Allowances;
- Variable compensation granted to employees based on performance achievement.
- To provide a sense of security and comfort in working, BRI provides benefits to employees. These benefits are received during the period of employment such as health care programs as well as those received after the expiration of employment relationships such as pension plans, as well as other facilities commonly provided by similar companies in the banking industry.
- To increase employee engagement and sense of belonging to the Bank and provide long-term motivation / incentives for Employee to achieve the Bank's performance targets set, BRI provides Management and Employee Stock Ownership Program (MESOP) to BRI employees in year 2017. Employees given stock allocation are Permanent Employee with certain performance. The grant of share rights (Grant date) is set on December 31, 2016 with a vesting period of 2 (two) to 3 (three) years.

HUMAN CAPITAL MANAGEMENT

Increase in Compensation

BRI implements salary increase policy based on merit increase, so high performing employees will earn high salary increases as well.

Pension Program

To improve the convenience of employees during their active employment, BRI prepares a benefit program after the termination of employment relationship or retirement.

Some of the programs implemented include:

- Defined Benefit Pension Plan (PPMP)
- Defined Contribution Pension Program (PPIP)
- Old-Age Benefit (THT)
- Jamsostek Old Age Security Program (JHT)
- Pension Guarantee Program (BPJS Employment)
- Retirement Health Care.

In the period of retirement preparation, Employees are entitled to receive entrepreneurship education from the Bank as provision for retirement.

Human Capital Management Performance

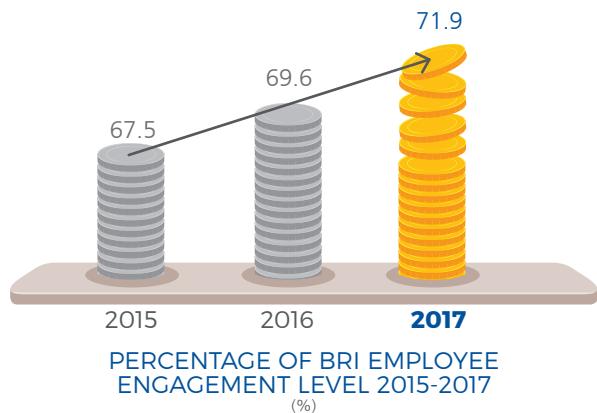
Tingkat Turnover

The satisfaction of BRI employees towards Human Capital management is measured from the turnover rate. By 2017, turnover rate reached 1.22%, lower than the industry turnover rate of 14%.

The turnover figures indicate that the company's efforts to maintain and retain workers have shown positive results. Efforts that have been done by the Bank to maintain the level of turnover are providing compensation at a competitive level compared to industry, benefits that provide a sense of security and comfort in work, a motivating career path and a conducive work environment.

Engagement Level

The internally held Employee Survey 2017 shows that 71.9% of employees claim to be engaged with the Bank. These results increased when compared to the 2016 survey of 69.6%. As for the level of satisfaction in 2017, 90% of employees claim satisfied working at BRI.



The Bank believes the employee engagement is the impact of the implementation of various initiatives in human resource management of BRI. In the future, the Bank will remain committed to formulating policies that will increase the engagement of Employees, especially Generation Y Employees, as the majority of Employees in BRI reaching 75.91% of total Employees.

Productivity Level

By 2017, the level of employee productivity as measured by Earning per Employee (EPE) reached Rp306 Million/Employee. This amount is increased compared to the achievement of EPE in 2016 amounting to Rp276 Million/Employee.

 Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

HUMAN CAPITAL MANAGEMENT

BRI Human Resource Profile

In 2017, the majority of BRI's Human Capital profile based on generation is Y generation with composition as much as 75.91%, generation X as much as 18.91% and baby boomers as much as 5.17%. The dominance of Gen Y on the composition of BRI employees shows that the Bank is extremely ready to transform into Digital Banking, which is characterized by Gen Y as the generation of "tech savvy".

Employees based on Organization Level

The composition of BRI employees according to organization level is as follows:

Organization Level	2015	2016	2017
Senior Executive Vice President	4	4	5
Executive Vice President	50	86	98
Vice President	198	193	209
Assistant Vice President	395	380	345
Senior Manager	738	747	735
Manager	731	1,248	1,331
Assistant Manager	4,331	4,992	5,410
Officer	11,837	12,214	12,003
Assistant	74,290	73,469	72,722
Total	92,574	93,333	92,858

Employees by Employment Status

In general, BRI employees consists of 60,764 Permanent Employees, 31,994 Contract Employees and 37,929 Outsourcing Employee. The composition of BRI employees by employment status is as follows:

Status	2015	2016	2017
Permanent Employee	54,859	59,007	60,764
Contract Employee	37,451	34,262	31,994
Trainee	264	64	100
Total	92,574	93,333	92,858

Employees (Permanent, Contract, Trainee) by Education

The majority of BRI employees based on education level are graduates of Strata-1 and Diploma. The composition of the profile of BRI employees according to education and occupation levels is as follows:

Education Level	2015	2016	2017
Doctoral Degree	7	5	3
Master Degree	1,195	1,212	1,202
Bachelor Degree	67,953	67,805	78,867
Diploma	19,769	21,261	10,134
High Schools/Equivalents	3,650	3,050	2,652
Total	92,574	93,333	92,858

HUMAN CAPITAL MANAGEMENT

Employees (Permanent, Contract, Trainee) by Age

The composition of BRI employees profile by age and level of employment is as follows::

Age	2015	2016	2017
< 25	11,824	8,279	6,235
> 50	4,649	4,805	4,805
25 – 30	47,232	48,882	46,616
31 – 35	12,548	14,291	17,638
36 – 40	6,440	7,615	8,503
41 – 45	4,344	4,125	3,940
46 – 50	5,537	5,336	5,121
Total	92,574	93,333	92,858

Growth of Employees by Generation

The majority generation of BRI employees is Generation Y that is equal to 75.91% or as many as 70,489 employees.

Age	2015			2016			2017		
	M	F	Total	M	F	Total	M	F	Total
Baby Boomers (> 50 years)	3,634	1,015	4,649	3,550	1,255	4,805	3,367	1,438	4,805
Gen X (35-50 years)	10,168	6,153	16,321	10,642	6,434	17,076	11,032	6,532	17,564
Gen Y (18-34 years)	38,065	33,539	71,604	38,282	33,170	71,452	38,035	32,454	70,489
Total	51,867	40,707	92,574	52,474	40,859	93,333	52,434	40,424	92,858

The Bank recognizes that the dominant Gen Y composition needs to be well managed. During the year 2017 there were held communication forums between the Management of BRI with the Gen-Y to explore the aspirations and absorb the ideas of innovation.

Employees (Permanent, Contract, Trainee) by Gender

BRI's support for gender equality issues is seen in the practice of employment recruitment with a fairly balanced composition of 43.53% female employees and 56.47% male employees with the following details:

Gender	2015	2016	2017
Female	40,707	40,859	40,424
Male	51,867	52,474	52,434
Total	92,574	93,333	92,858

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

INFORMATION TECHNOLOGY AND OPERATION



To support strategic program achievement and operation, BRI continuously develops information technology (IT) in accordance with the Bank's business needs and is customer centric. IT development efforts are also intended to improve the productivity and efficiency of business processes and to produce quality services and to support good governance.

Information Technology Policy

In developing and running IT operations, BRI has a foundation of Vision and Mission that aligns with the Bank's Vision and Mission, Roadmap for the Future Development, and guidelines in IT Governance.

INFORMATION TECHNOLOGY AND OPERATION

THEME

VISION

MISSION

To make BRI the Most Modern Bank in order to support BRI to become the Leading Commercial Bank.

To make BRI the foremost by integrating fast and accurate technological expertise and business strategy to achieve customer satisfaction.

1. To implement **breakthrough** IT solutions to strengthen BRI's customers based focus based on competitive SLAs.
2. To ensure that BRI can access **easy, accurate, timely** and **consistent information** and **data** in any systems.
3. To improve sustainable IT professionalisms and function performance with good corporate governance and implementing innovation culture in IT organization to strengthen BRI competitiveness in the market.

IT Development Roadmap

To realize IT's vision and mission, BRI has established a roadmap for IT development that is formulated for a period of 5 years, targeting to become The Most Valueable Bank in Southeast Asia by 2020, as follows:

IT Development Roadmap 2018-2022

2018	2019-2020	2021-2022
Drive Bimodal (waterfall and agile) IT Governance	Improve Agile and Dev-Ops maturity for Business and IT	Excellent Bimodal IT Governance
Build future ready ICT platform	Deliver Robust and Secure ICT Architecture and Operations	Best Practice in Agile ICT Infrastructure

Performance Highlights
Management Reports
Company Profile



Management Discussion & Analysis

INFORMATION TECHNOLOGY AND OPERATION

IT Governance

BRI implements IT policies to ensure that IT management is based on GCG (Good Corporate Governance) principles that support IT risk management and still provide strategic value for the company. BRI's IT governance includes standards that provide an effective and efficient IT governance framework that reflects a good decision-making process and leadership in IT Governance.

IT management process at BRI is divided into two domains: strategic control and operational control in accordance with the Regulation of the Minister of State Owned Enterprises (BUMN) No. PER-02 / MBU / 2013 concerning Guidelines on Information Technology Management of BUMN and PBI No 9/15 / PBI / 2007 concerning Application of Risk Management in the Use of Information Technology by Commercial Banks.

IT GOVERNANCE FRAMEWORK

Strategic Principles

1. Application of IT Corporate Role
2. IT Planning
3. IT Process and Organization Framework
4. IT Investment Management
5. IT Resource Management
6. IT Risk Management
7. Project Management
8. Addressing Requirement and Solution Identification

Operational Principles

9. IT Service Management
10. IT Security Management
11. Management of Third Party Services
12. Operational Management
13. Quality Management
14. Knowledge Transfer
15. IT Performance Monitoring and Evaluation
16. Monitoring and Evaluation of Internal Controls
17. Management of External Regulation Compliance



INFORMATION TECHNOLOGY AND OPERATION

BRIsat

Following the launching on June 18, 2016, BRIsat is fully controlled by BRI since August 3, 2016. BRIsat is controlled by BRI from the earth station in Ragunan-Jakarta as the Primary Satellite Control Facility (PSCF) and in Bali as Backup Satellite Control Facility (BSCF) that was built fully redundant.



Primary Satellite Control Facility (PSCF)



Backup Satellite Control Facility (BSCF) TI

BRI continues to integrate existing systems into BRIsat to improve the effectiveness and efficiency of business processes. As of December 31, 2017 BRI has successfully integrated 12,883 remote point antennas into BRIsat. The integration continues until all points are successfully integrated.

With BRIsat, BRI can develop new services such as Digital Banking, Video Banking, special Wi-Fi Zone for BRI customers, E-Channel on Ship/ Cruise, Train and Aircraft, Video Contact Center and Video/ Audio Conference for BRI's internal communications as well as expanding BRI's network coverage further to areas throughout Indonesia even to areas not covered by cellular networks (blank spot). This is part of BRI's commitment to build the country and to support government programs in improving financial inclusion (e.g. Social Aid distribution through BRI's BRILink Agent in blank spot area).

Management of BRIsat is supported by the core team of Telecommunication & Satellite Network Division, which has participated in special training both held by Indonesian Satellites Association (ASSI) and Teaching Science and Technology, Inc. (TSTI) USA and participated in internship program in satellite manufacturing company (Space Systems/Loral) located in Palo Alto, CA. This is to ensure that BRIsat management is conducted professionally and supported by experts in the satellite field.

BRI's telecommunication network technology includes BRIsat satellites, VSAT, fiber optic, MPLS, and GPRS/ 3G/ 4G, managed by 89 BRI employees including operator, technician, engineer, managerial and competent support functions in their respective fields. The management is equipped with adequate SOP and is monitored 24 hours a day, 7 days a week (24x7) at the Integrated Operation Center (IOC) monitoring facility. BRIsat's condition to date is excellent and its cycle is estimated to reach 15 years since its launch on June 19, 2016.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

INFORMATION TECHNOLOGY AND OPERATION

IT HR Development

In 2017 there are 568 personnel of IT human resources that play a role in strategic and operational areas consisting of:

IT Employees

Organic and Contract Employee	Total
IT Development and Planning Division	177
TSI Operational Division	112
Satellite Division	80
Total	369

IT Employees

Employee Status	Division		
	IT Development and Planning	TSI Operation	Satellite
Permanent	173	112	48
Contract	4	-	32

In 2017, BRI's IT HR has attended various technical and managerial training and risk management certification to improve employee competency. The training followed by BRI's IT HR is as follows:

IT Employee Competency Development

Types	Title
Programming	IBM I RPG/AS400 Fundamental and Advanced, EMV and Payment Masterclass, Building Web API with PHP & MYSQL (Advanced), Developing Windows Azure and Web Service, Developing ASP.NET MVC Web Applications, Android Programming Advanced, iOS9 Programming Using Xcode 7 with Objective C, System Analyst and Design.
Database	Administering a SQL Database Infrastructure 2016, Designing Business Intelligence Solutions With Microsoft SQL Server 2014, DBMS Administration 1 With Oracle 10 or 11g , Oracle Database 11g: Administration Workshop I Release 2, DBMS Administration 1 With Oracle 10 or 11g, Designing Business Intelligence Solutions w/ Microsoft SQL Server (+Exam).
Software Testing	Software Quality Assurance (TiOS-39), Software Testing Foundation.
Security	Security Audit & Forensic, Securing Web API, CSX-F (Cyber Security Nexus) Fundamental, PHP Security and Safe Programming.
Risk Management	IT Risk Management, Disaster Recovery and Business Continuity.
Sertifikasi	Certified Data Science Specialist (CDSS), CICPE (Certified IT Capacity Planning Expert), Ethical Hacking - Best Practices, CISSP (Certified Information System Security Professional), IT Architecture (TOGAF 9.1).
IT Governance	ITIL / IT Services Management Foundation, COBIT 5 FOUNDATION, Prince2 Foundation, Project Management Essentials and Project Management Professional (PMP) Preparation, Mastering Business Analysis (BABOK v3), IT Project Management based on PMBOK 5.

2017 IT Initiative Realization

Modernization of IT infrastructure and security that has been done throughout the year 2017 as follows:

Communication Network

- Strategy and Re-Designed of Work Unit Network Architecture to accommodate BRISAT integration and at the same time to enhance the communication network
- Updated and re-implemented IT Enterprise Architecture Governance
- Implemented Integrated Service Management (ITSM) Phases I, II and III

INFORMATION TECHNOLOGY AND OPERATION

IT Security

1. Performed Cybersecurity assessment
2. Improved IT Security procedures.

Data Center Operation

1. Applied Premium Platinum Power Supply and Implementation of Standard Operations in accordance with ISO 9001: 2015.
2. Updated Network Operation Center (NOC)
3. Updated machine tools and infrastructure in the Data Center.
4. Improved Data Center operational procedures.
5. Conducted assessment for Disaster recovery policy

IT Investment in 2017

In 2017, BRI has utilized IT investment Budget of approximately Rp665.2 billion covering 17 projects. This budget is 53% of BRI's capital expenditures in 2017.

IT Strategy and Development Plan in 2018

In developing BRI IT in 2018, the Bank has strategic initiative and Main Program as follows::

-
- 1. Drive Bimodal system development, as well as Agile and Dev-Ops method**
Planning and system development is done not only with waterfall method, but also agile where many parties collaborate in developing one system. In addition, implementation or deployment can be done quickly with the Dev-Ops method.
 - 2. Enhancement Core Banking System**
Enhancement of Core Banking System to support digital banking
 - 3. Enhancement Middleware**
Enhancement of middleware to support open API architecture
 - 4. Improvement in Network and IT Service Delivery**
Improvement of network infrastructure and service quality
 - 5. Develop Digital Resilience and Fraud Detection System**
Development of IT Security to complete fraud detection in order to realize future-ready ICT platform
-

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

DIGITAL BANKING



The development of digital technology has driven changes in every sector of the economy including the banking industry. Today, banking functions are no longer limited to intermediary institutions, but extending as the national payment gateway. In the current era of digital banking, customers expect banking services that are easy, fast, seamless, and secure. In addition, it requires integrated banking products and services.

To support the financial performance, particularly in the Transaction Banking business, both in Retail Payment and Wholesale Transaction Banking, BRI has changed the responsibility of the Information Technology Directorate to Digital Banking and Information Technology. With the new directorate and expansion of the scope of responsibility, it is expected that the development of digital banking products will be faster, more dynamic and consumer centric.

Achievements in 2017

In 2017, the Directorate of Digital Banking and Information Technology, particularly in Digital Banking area is still in its forming phase with a focus on talent recruitment and long-term strategy development.

DIGITAL BANKING

Long Term Strategy of Digital Banking and Information Technology Directorate

2018-2022 Roadmap Digital Banking		
2018	2019-2020	2021-2022
Nurture Great Digital Talent	Establish ICT and Digital talent pool program, with impactful performance evaluation	Home for Best ICT and Digital Talent (Holding and Subsidiaries)
Establish Big Data and Leverage Data Analytics	Monetizing Data Analytics	Mature Data Management and Strong Data Analytics
Launch Digital Banking and establish partnership with open API	Leader in Digital Banking and Integrated API Ecosystem	The Best Digital Banking and Integrated API Platform in SEA

In addition to the strategic work programs undertaken during 2017, the Directorate of Digital Banking and Information Technology also continues product development in the pipeline as follows:

1. BRISPOT, an internet-based system developed to process end-to-end loans and is utilized by BRI's Micromarketing Officers (Petugas Pemasar Mikro BRI/ Mantri) in cutting paper works and administrative activities by the Micro Work Unit.
2. Consumer Loan Approval System and MYBRI 2.0 as a support system for BRI's consumer loan business.
3. New BRI Internet Banking and Internet Banking for Business with more dynamic MADP (Mobile Application Development Platform) concept for developing new features in single platform.
4. Trust Management System, BRIPENS Gen2, and New Cash Management System to support the management of corporate funds.
5. Development of the blueprint to accommodate the collaboration with Fintech
6. D-Nets to help shorten the opening time of BRI's Overseas Work Unit.
7. BRISMART, a system to facilitate BRI's planning and operational functions associated with Human Capital education and training.

In addition to the development of business support systems, BRI also develops a system to improve the efficiency of government programs such as:

1. Online Tax System which covers the payment of PBB, PKB, Regional Tax, e-Tax, and National e-Samsat to encourage and facilitate the Taxpayer in paying taxes to the government.
2. BANSOS Distribution System (Social Assistance) to support Indonesian programs Smart, TANI card, and others.
3. Online SIM and e-ticket system as a solution for Police and Attorney General of Republic Indonesia in conducting operational of extension of SIM, New SIM, and ticket payment.
4. BRILink Mobile is internet-based and can be downloaded independently for Android users. This system provides an alternative for agents to provide banking transaction services to customers. With BRILink Mobile, the development of smart service can be done faster and flexible.

Strategy and Development Plan in 2018

In developing BRI IT, in 2018, BRI has the following Initiative and Main Program strategies:

Short Term Strategy of Digital Banking and Information Technology Directorate

1. ICT Certification and Digital Product Manager
2. Establish Big Data and Data Analytics
3. Enhance Digital Banking for Retail Customer
4. Launch Digital Partnership through Open API

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis



DIGITAL BANKING

Business Development

Building Nation Through Digital Initiatives

A. The Situation

Technology development in the digital age has spawned both technology-based financial and retail companies (fintech and e-commerce). The presence of new players in this industry complements the service gap that had not been touched by the existing industry players (incumbent) by prioritizing the ease of service to customers. In addition to that, the exponential growth of internet, social media and smartphone users support the business growth of technology-based enterprises both e-commerce and fintech, therefore, disrupting the business owned by the incumbent. This condition requires BRI to transform in terms of business strategy, business proceeding, and culture including in developing and marketing its products and services.

Below is a snapshot of digital growth in Indonesia in 2017

Key Digital Statistical Indicators



B. The Strategy

In facing the digital competition, BRI implements 3 (three) key strategies, by determining the key business channel (Key Growth Channel), adjusting how the organization works and its mindset (Organization), and having the important partnership with third parties to accelerate BRI business growth (Collaboration).

- **Key growth Channel**

In determining business channel, BRI will focus on 2 things: Mobile First strategy and core competency of BRI business. In the Mobile First strategy, BRI utilizes smartphone applications as the primary means of marketing their digital products and services. In the face of competition in digital banking era, BRI focuses on the development of digital banking services which is based on 3 pillars, namely micro, retail and consumer, by placing micro as the largest portfolio in BRI Digital bank.

DIGITAL BANKING

Additionally, the big data optimization to support product development and marketing including business decision and other strategic decision-making process have been made in order to produce more specific decisions, especially in determining which target market to be acquired. To support the big data analysis, BRI currently has 11 data scientists focusing on developing modeling for fraud detection, credit scoring, churn analysis, merchant assessment analysis, customer 360, risk profile and cross selling analysis.

- **Organization**

In the face of competition in the digital era, the transformation of culture and way of working by applying agile & scrum methodology and design thinking, bring BRI to move more agile and quickly in adapting to business changes mainly caused by technological changes. Development of digital talent through BRI Digital Talent Accelerator program has also been done. Target of at least 50 product managers who have knowledge and competence in product scooping, product roadmap, and product growth in order to create digital products and services in accordance with what is required customer (customer centric) has begun to be implemented with BRI Digital Talent Accelerator program. The BRI Digital Talent Accelerator framework is divided into 3 phases: Creative Talk & Digital Workshop, Digital Masterclass and Digital Immersion (Sillicon Valley).



- **Collaboration**

BRI realizes that one of the keys to success in competition in the digital era is to do strategic partnership with fintech and e-commerce practitioners. One strategy is to democratize products and services owned by BRI to third parties (fintech, e-commerce and other digital startups) through the development of BRlapi. BRlapi is an open API service (Application Programming Interface) conducted by BRI to expand the marketing channel of BRI's products and services to the community so that financial inclusion is rapidly spreading to all levels of society in Indonesia.

The creative industry is also a strategic partner for BRI in expanding BRI's business segment, including encouraging the growth of MSMEs. To support this, BRI builds ecosystems in the creative and startup industries using 3P's concept: People, Place and Partnership.

People: BRI will implement incubation and acceleration programs aimed at accelerating the business of MSME and Startup. BRI Incubation and Acceleration Project will start in 2018.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

DIGITAL BANKING

BRI's support in Coworking Festival organized by Coworking Indonesia is the first step in building 2P's, namely Place and Partnership.

BRI has signed MoU with Coworking Indonesia as an association of Coworking Space throughout Indonesia to provide trainings and venues for MSMEs and Startups in each region of Indonesia with various competitive product/business. In addition, coworking space is also an effective means for sharing knowledge from existing communities, so that SMEs/Startups can exchange ideas to increase the potential of business owned and provide benefits for the company.



OPERATIONS

Operational management of the company cannot be separated from the transaction generated by customers who need banking services. Operational Management includes Settlement and Liquidity Management managed by Work Unit Center (Unit Kerja Sentra Operasi/STO). The Work Unit is responsible for managing the processing and monitoring of bank operational transactions throughout BRI's network.

In establishing the STO, BRI aims to ensure the smooth operation of banking transactions in 10,658 conventional networks and 414,576 e-channel networks that are connected in real time online.

Operations Development in 2017

In 2017, the STO Work Unit carried out system and operational development in various areas of management as follows:

1. Settlement

a. Enhancement Centralised Payment System

The STO Division is always coordinating with related divisions in terms of system development that can help improve operational process efficiency, both in STO Division and also in divisions involving BRI work unit. This program has been realized in 2017 and will continue to be done in order to harness the process to increase the efficiency and effectiveness of BRI's operational activities.

STO BRI has a centralized, fast, and low risk operating system. This operational system has an integrated control system according to the needs of BRI, which the STO BRI Work Unit has the ability to process millions of transactions per day with a high level of complexity and involves a huge number of customer databases.

b. Fraud Investigation

2017, BRI was developing Two Factor Authentication Application for Customer Service and Teller at Work Unit as a form of internal fraud prevention in BRI Work Unit. To improve the quality of services to customers, BRI also reorganized the STO Work Unit by separating investigation function of problematic transaction. Thereby, the management of problematic transactions is done centrally by the Service Unit & Contact Center.

c. Stock Management for Cards and Clearings

In 2017, the STO Working Unit continues to maintain the availability of card or script stock (Check & BG), so that the demand for work units can be fulfilled as needed.

2. Liquidity Management

The physical cash management process is done by allocating 19 BRI branch offices to Bank Indonesia Cash Managers during 2017.

3. Operational Excellence

a. ISO 9001:2015 Recertification

This recertification has taken into account the risk factors in operational activities. This initiative has been realized in 2017, with the following scope:

"Operation Centre System for RTGS, Clearing, Remittance, Card Perso Processing, Payment System Reconciliation, ATM Reconciliation, Treasury & e-Banking Settlement, Cash Operation and Trade Processing Center"

b. STO Live in Holiday

In 2017, the STO Work Unit conducted LIVE IN HOLIDAY activities, where the reconciliation process, settlement of complaints and settlement transactions are completed daily, not just weekdays.

Operational Strategy in 2018

BRI has prepared strategic initiatives in the operational areas to face 2018, as follows:

1. Update system in accordance with the latest Regulation on Bank Indonesia Clearing System.
2. Review the maximum limit of the cash of BRI Work Unit and the preparation of ATM cash dispensing dynamic policy.
3. Increase the Number of Card Person Machine.
4. ISO 9001: 2015 certification for all parts of the Operations Center Division.
5. Evaluate the efficiency of business processes through the development of internal systems.
6. Determine and provision of alternate Sites.



Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

FIXED ASSETS MANAGEMENT

BRI fixed assets management is the responsibility of the Fixed Assets Management and Property Procurement Unit (MAT). Generally speaking, this Work Unit has duties and responsibilities in the field of Property Procurement such as the construction and renovation, and lease and purchase of properties, as well as the provision of building facilities such as generators, air conditioners, doors, and so forth. In addition, it is also responsible for the maintenance and optimization of fixed assets, management of fixed asset information systems, and the development of fixed assets management policy..

Fixed Assets Management Policy

BRI Fixed Assets Management is guided by the General Policy of Fixed Assets and Logistics Management (*Kebijakan Umum Manajemen Aktiva Tetap dan Logistik* KEMAL), which is determined by the Board of Directors. BRI KEMAL has been approved by the Board of Directors in 2011 and is effective as of 2012. KEMAL is guided by Regulation of the Minister of State Owned Enterprises No. PER-05/MBU/2008 dated September 3, 2008 concerning General Guidelines for Procurement of Goods and Services of State-Owned Enterprises. Improvement on KEMAL is done continuously by considering the control mechanism and corporate challenge. Thus, it is expected that the procurement process in BRI can be more in line with business needs, priority scale, budget availability, and budget efficiency.

Fixed Assets Management in 2017

BRI fixed assets management is done in an integrated manner using one main system namely BRISMILE. BRISMILE system is an integrated BRI logistics management application starting from requirement planning, budget proposal, procurement, distribution, payment and management of fixed assets covering depreciation, insurance, relocation and write-off. Benefits from using BRISMILE are:

1. Increased effectiveness and speed of budget planning process because it is done directly online.

2. Increased effectiveness in monitoring fixed assets procurement process.
3. Increased speed of insurance closing process because it can be done online with the insurer.
4. Increased effectiveness of bookkeeping depreciation of fixed assets with reduced bookkeeping errors in the process of depreciation of fixed assets because BRISMILE will shrink fixed assets automatically.
5. Increased flexibility during the relocation process (displacement) of fixed assets between work units.
6. Increased effectiveness in the process of monitoring the position of fixed assets because it can be done online so that data inconsistency can be minimized.
7. Increased speed in providing reliable data and decision making.

Strategy and Operational Realizations in 2017

In 2017, MAT Operating Unit has realized following work programs:

1. Operational Excellence: BRISMILE System Enhancement

BRISMILE Application Enhancement (in addition to amortized rental module of leased building and upgrading of leased premises); Establishment and update provisions on standardization of goods and services; Improvement on the Implementation of Procurement Plan List (DRP); as well as the Application of Online Partner Registration.

2. Optimizing Non-Earnings Assets

BRI continues to make efforts to optimize non-earnings assets to be productive in order to support the performance achievement. Optimization of non-earnings assets conducted during 2017, resulting in a decrease in the number of idle properties from 198 in 2016 to 177, or decreased by 21 properties. Most of the decrease in idle property is a result of the re-utilization of idle properties to supporting facility for Operating Unit, Archive Storage Unit, and official residences for BRI employees.

FIXED ASSETS MANAGEMENT

3. Fixed Assets Revaluation

During 2017, BRI did not carry out Fixed Assets Revaluation.

Procurement

Regarding the procurement of goods and services, BRI has established a Procurement Division that manages the procurement process transparently and in accordance with good governance..

BRI Procurement performance in 2017 includes:

1. Implementing the procurement process in accordance with the needs and principles of GCG
2. Maximizing the synergy of SOEs in the procurement process
3. Upgrading the ISO 9001:2008 to ISO 9001:2015
4. Developing the standardization of the goods requirements for work space in Head Office

Procurement Transparency

BRI Procurement is committed to delivering procurement of goods and services transparently as part of the implementation of good governance principles. To support the implementation of GCG and transparency of the procurement process, in 2017, BRI has conducted procurement business process and improved business processes, including payments and guarantees sub-processes.

The GCG policy and the transparency of the procurement process are explained in more detail in the Corporate Governance Chapter.



BRI affirms that the disciplined implementation of Good Corporate Governance is the main foundation in building BRI's reputation as a clean, sound and reliable banking entity.



CORPORATE GOVERNANCE

294	Governance Commitments	359	Board of Commissioners
296	GCG Awards	412	Independent Commissioners
297	Governance Implementation in 2017	414	Board of Directors
298	GCG Principles	437	Sharia Supervisory Board
300	GCG Implementation Objectives	440	GCG Implementaion Assessment in 2017 Toward the Board of Commissioners and Board of Directors
300	GCG Roadmap	448	Remuneration Policy of the Board of Commissioners and Board of Directors
304	Governance Policy	450	Remuneration Governance Policy Disclosures
305	Governance Structures, Mechanisms and Relations	462	Board of Commissioners Meetings, Joint Meetings, & Board of Directors Meetings
316	GCG Evaluation and Assessment in 2017	486	Ultimate Shareholders and Controlling Shareholders Information
316	GCG Evaluation and Assessment from Internal Parties, Regulators and External Parties	486	Affiliates Relations Disclosure
317	GCG Guidelines Implementation	487	Supporting Organs of the Board of Commissioners
330	Self Assessment of Integrated Governance	491	Audit Committee
331	GCG Assessment by Independent Parties	509	Nomination and Remuneration Committee
332	Corporate Governance Performance Index (CGPI)		
333	GCG Improvement Plan in 2018		
334	General Meeting of Shareholders		
		525	Risk Oversight Committee
		540	Integrated Governance Committee
		553	Board of Directors' Committees
		572	Corporate Secretary
		577	Investor Relations
		579	Internal Audit Unit
		592	Public Accountants
		594	Compliance Function
		604	Risk Management
		626	Internal Control System
		630	Significant Litigation
		632	Information Access and Corporate Data
		633	Code of Conduct
		636	Whistleblowing System
		639	Diversity Policy of the Board of Commissioners and Board of Directors
		640	Anti Corruption Policy and Procedures
		649	Bank Strategic Plan in 2017
		650	Other Bank Policies
		662	Risk Management Tables

[Performance Highlights](#)[Management Reports](#)[Company Profile](#)[Management Discussion & Analysis](#)

CORPORATE GOVERNANCE



“

Our corporate governance set the relationships amongst the company's management, which involve the determination of various rules and guidelines, structure as well as performance monitoring. Thus, we consistently impose the key aspects of good corporate governance that include transparency of corporate structures and operations; the accountability of Management and the Boards to shareholders; and corporate responsibility towards stakeholders. ”



CORPORATE GOVERNANCE

GOVERNANCE COMMITMENT

The commitment of BRI in the implementation of Good Corporate Governance (GCG) principle to all levels of the organization at BRI is an effort to increase the Company's added value to stakeholders and protect the interests of shareholders.

Along with the increasingly complex business activities and recent development of the digital era, the implementation of GCG principles shall become the main foundation in conducting prudent operational and business banking. The efforts to implement GCG will contribute positively to the company, such as corporate sustainability, achievement of corporate performance, and added value for stakeholders and shareholders.

BRI is committed to continuously improve the implementation of GCG from the top management, in particular to the Board of Commissioners and Board of Directors. The implementation of the commitment is by applying GCG principles in every business activity of BRI, as shown in BRI's vision and mission, corporate values and policy strategy in sustainability of the company. The management commitments during 2017 includes:

1. As a State-Owned Enterprise (SOE) and public company engaged in the banking sector, BRI is required to be able to adapt for changes in the industrial environment and accommodate the needs of its customers in accordance with the prevailing regulations.
2. Business strategy focusing on the development of the nation through Integrated Banking Solution and Transformation of Micro, Small and Medium Enterprises (MSMEs) is a challenge faced by BRI not only from the operational side but also from the application of governance. Thus, BRI is committed to consistently apply the principles of corporate governance with the best standards in conducting ongoing business activities to achieve BRI's business objectives.

BRI's Governance Commitment is manifested in the form of:

1. Vision and Mission that describe the future business objectives and how to achieve them.
2. Corporate values that shall be embedded and applied by BRI employees at all levels as Working Culture.
3. Code of Conduct as guidance on the business ethics, work ethics and governance procedures of BRI employees in implementing good corporate management practices, including interacting with stakeholders.
4. Manual/Charter of the Board of Directors and Board of Commissioners as reference in the management and supervision of the company's operation.
5. Collective Labor Agreement as a result of negotiations and agreements between BRI and BRI trade unions, which later became the guidance of both parties in implementing employment relations and as the main reference in the event of labor disputes.
6. Conservation of Natural Resources and the Environment as a commitment of BRI in relation with the corporate social responsibility to participate in sustainable economic development in order to improve the quality of life and the beneficial environment, both for BRI itself, local communities and society in general.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

CORPORATE GOVERNANCE

GCG AWARDS

In 2017 BRI was able to respond to the challenge through consistence and development of GCG mechanisms to strengthen BRI's reputation as a transparent and sound banking entity. The successful implementation of GCG is evidenced by the acquisition of The Best Overall & Top 50 The Biggest Market Capitalization PLCs in Indonesia dan Indonesia Most Trusted Company 2017 awards.

**The Best Overall &
Top 50 The Biggest
Market Capitalization
PLCs in Indonesia
(ASEAN Corporate
Governance Scorecard)**



**Most Trusted Company
(Corporate Governance
Performance Index)**



CORPORATE GOVERNANCE

2017 GCG IMPLEMENTATION

GCG Implementation Basis

BRI ensures that the implementation of GCG is in accordance and based on prevailing regulations from the banking and capital market. The regulatory basis is as follows:

- Law of Republic Indonesia No. 7 Year 1992 on Banking as amended by Law of Republic Indonesia No. 10 Year 1998.
- Law of Republic Indonesia No. 40 Year 2007 on Limited Liability Company.
- Law of Republic Indonesia No. 19 Year 2003 on State-Owned Enterprise.
- Government Regulation of Republic Indonesia No. 21 Year 1992 dated 29 April 1992 on Adjustment of Legal Entity of Bank Rakyat Indonesia into Company (Persero).
- Regulation of Ministry of State-Owned Enterprise No. PER-01/MBU/2011 dated 1 August 2011 on the Stipulation of Good Corporate Governance of State-Owned Enterprise (SOE) as amended by the Regulation of Ministry of State-Owned Enterprise No. PER-09/MBU/2012 dated 6 July 2012.
- Circular Letter of Bank of Indonesia No. 15/15/DPNP dated 29 April 2013 on The Implementation of Good Corporate Governance for Commercial Banks.
- Financial Services Authority Regulation No. 4/ POJK.03/2016 dated 26 January 2016 on The Rating of the Commercial Banks.
- Financial Services Authority Regulation No. 55/ POJK.03/2016 dated 07 December 2016 on the Implementation on Implementation of Corporate Governance of Commercial Banks.

- Financial Services Authority Regulation No. 18/ POJK.03/2014 dated 18 November 2014 on The Implementation of Integrated Governance For Financial Conglomerate.
- Financial Services Authority Regulation No. 31/ POJK.04/2015 dated 22 December 2015 on the Disclosure of Information or Material Facts by Issuers or Public Companies.
- Circular Letter of Financial Services Authority No. 13/ SE.OJK.03/2017 dated 17 March 2017 concerning Application of Commercial Banks Governance.
- Circular Letter of Financial Services Authority No. 32/SEOJK.04/2015 dated 17 November 2015 on Corporate Governance of Public Companies.
- Financial Services Authority Regulation No. 21/ POJK.04/2015 dated 16 December 2015 on the Implementation Guidelines of Corporate Governance for Public Companies.

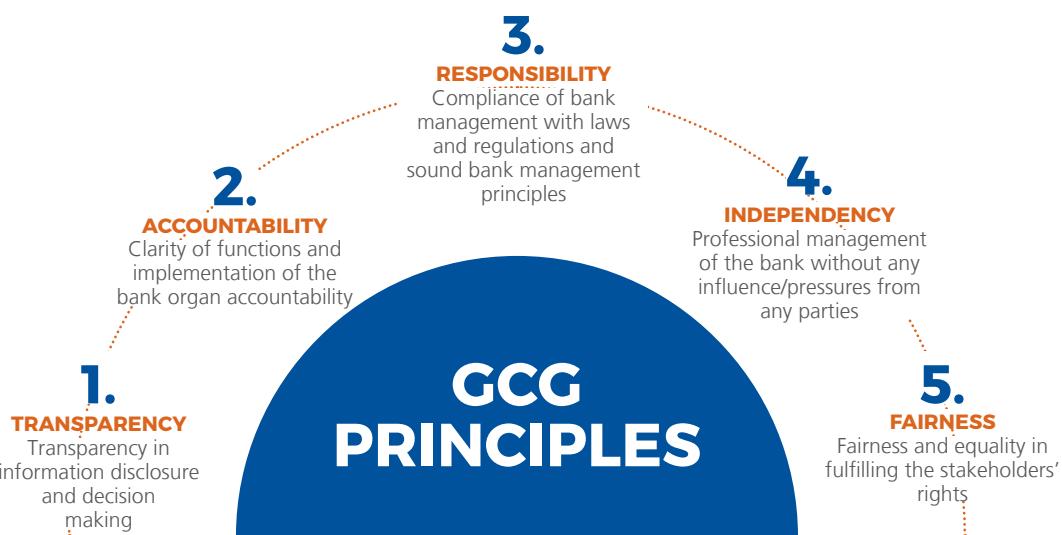
For the purpose of enhancing the quality of GCG implementation based on the updated standard, BRI also conducts and guided by the following applicable best practices in general industry as well as in the field of banking:

- Principles of Corporate Governance by the Organization for Economic Co-Operation and Development (OECD).
- Asean Corporate Governance Scorecard.
- Indonesian Banking GCG Guideline by National Committee of Governance Policy (KNKG).
- Principles for Enhancing Corporate Governance by Basel Committee on Banking Supervision.

CORPORATE GOVERNANCE

In addition, by referring to the aforementioned regulations and updated best practices, BRI also established internal policies and operational guidelines as reference for each work section and unit in carrying its daily operational activities, among others

- Joint Decree of the Board of Commissioners and Board of Directors No. 05-KOM/BRI/12/2013 and No: S.64-DIR/DKP/12/2013 dated 16 December 2013 regarding Good Corporate Governance Policy of PT Bank Rakyat Indonesia (Persero) Tbk.
- Joint Decree of the Board of Commissioners and the Board of Directors No. 06-KOM/BRI/07/2015 and No. S.339-DIR/DKP/07/2015 dated 28 July 2015 regarding the Guidelines for Integrated Financial Governance.



GCG PRINCIPLES

The GCG mechanism in BRI was established by applying the following sets of fundamental principles in supporting BRI's sustainable business activities:

Transparency

Shall means a disclosure in conducting decision-making process, as well as in expressing material and relevant information about the company. BRI's Transparency Principles are as follows:

- a. The Bank has a policy to disclose important information required by the stakeholders.

- b. The Bank discloses information in accordance with prevailing laws and regulations including the Bank's vision and mission, business values and targets and strategies, financial condition, composition and remuneration of the Board of Commissioners and Board of Directors, controlling shareholder, organizational structure, risk management, internal control system, and implementation of GCG and compliance.
- c. The principle of information disclosure does not reduce the obligation of confidential Bank and Customers information in accordance with applicable regulations.



CORPORATE GOVERNANCE

Accountability

It is the clarity of function, implementation and accountability of the organs so that the management of the company is effectively implemented. BRI's Accountability Principles are implemented through:

- a. The Bank establishes long-term business targets and short-term business targets that are accountable to shareholders and stakeholders.
- b. The Board of Commissioners and the Board of Directors submit the annual report and financial accountability in the GMS.
- c. The Bank submits the report in accordance with the applicable provisions to the supervisory authority of the Bank and other stakeholders as applicable.
- d. The Bank shall determine the duties and responsibilities of each of the Boards of Commissioners, Board of Directors and corporate organs and their subordinates in harmony with the Bank's vision and mission.
- e. The Bank ensures that there are structures, systems and SOPs that can ensure the working of check and balance mechanism in achieving the Bank's vision and mission.
- f. The Bank ensures the availability of structures, systems and SOPs that are able to make sure the check and balance mechanism in the achievement of the Bank's vision and mission.
- g. The Bank has in place effective internal control system.

Responsibility

The principle of responsibility is the alignment between the management of the company with applicable regulation:

- a. The Bank adheres to the principles of prudence and guarantees the enforcement of legislation, articles of association and internal regulations of the Bank.

- b. The Bank maintains nature conservation through lending policy and other policies that supports the natural resources preservation.
- c. The Bank acts as a good corporate citizen through social and environmental responsibility.

Independency

Independency is a condition in which a company is professionally managed without conflict of interest and the influence of pressure from any party that is inconsistent with the applicable legislation and sound corporate principles. The fulfillment of this principle is implemented through the following:

- a. The Bank avoids the dominance of any party, unaffected by certain interests, free of conflict of interest and any influence or pressure so as to act objectively.
- b. The Bank performs its functions and duties in accordance with the Articles of Association, internal Bank rules and regulations.

Fairness

Fairness is justice and equality in fulfilling the rights of stakeholders arising under the applicable agreements and laws and regulations where:

- a. The Bank provides fair and equal behavior to the stakeholders in accordance with the benefits and contributions made to the Bank.
- b. The Bank provides opportunities for stakeholders to provide input and convey opinions for the interests of the Bank and access to information disclosure.

CORPORATE GOVERNANCE

OBJECTIVES OF GCG IMPLEMENTATION

The implementation of GCG principles has been applied in every level of BRI organization or in the business process of the company. GCG implementation commitment has a positive impact on the company performance and sustainability. The consistent and sustainable GCG implementation aims to:

1. Support the achievement of Bank's vision and mission.
2. Support the Bank's achievement through significant performance enhancement.
3. Maximize the company's value.
4. Enhance the shareholders and stakeholders' confidence that the Bank management and oversight are professionally implemented.
5. Ensure the sustainable sound and progressive development of the Bank.
6. Provide guidelines to the Board of Commissioners and Board of Directors and all Bank employees.
7. Optimize risk-returns relations that are consistent with business strategy.
8. Support the creation of decision making by all Bank's employees based on GCG principles hence creating the good corporate citizen.
9. Support the creation of decision making by all Bank's employees based on GCG principles.
10. Support the Bank's policy stipulation that are based on the GCG principles.
11. Support the realization of good corporate citizen.

GCG ROADMAP

The GCG Roadmap is a long-term GCG strategy owned by BRI as a supporting reference in determining future business strategy. BRI believes that alignment between business strategy and governance strategy can help achieving the company's performance target and as an added value for the company in the form of trust from shareholders and stakeholders.

In achieving the effective GCG implementation to all stakeholders, BRI has implemented the GCG principles since 2001 with the enactment of the Joint Decree of the Board of Commissioners and the Board of Directors on BRI GCG Principles. The implementation of GCG principles continues to develop with the guiding principles of national and international standards of governance.

The focus of BRI's Roadmap in the last five (5) years is to improve the quality of GCG in which divided into the following stages:

1. Strengthening GCG quality
2. Socialization/awareness and review on GCG
3. Creation of integrated governance
4. Strengthening the integrated governance and GCG optimization based on international ASEAN GC standard.





CORPORATE GOVERNANCE

GCG Roadmap Implementation

BRI continuously working to improve the implementation of GCG principles in the corporate environment. Stages of GCG implementation in BRI are as follows:

YEAR	ACTIVITIES
2000 to 2001	<ul style="list-style-type: none"> · GCG implementation as stated in the business plan · Management's commitment in the vision, mission, core values, and corporate culture · GCG policy (Charter)
2002 to 2005	<ul style="list-style-type: none"> · BRI Code of Conduct Policy · Board Manual of the Board of Commissioners and Board of Directors · Corporate Secretary Charter · Transparency and Disclosures Manual · Audit Committee Charter · Risk Management General Policy · Discipline Regulatory Policy · Manpower Regulatory · Information System Technology Security Policy · Revision of Information System Technology Security Policy · Revision of Logistic General Policy
2006 to 2009	<ul style="list-style-type: none"> · Nomination and Remuneration Committee Charter · Risk Management Oversight Committee Charter · Audit Charter · HR Architecture · Revision of GCG Policy · Revision of Board of Commissioners and Board of Directors Board Manual · Revision of Corporate Secretary Charter · Revision of Transparency and Disclosures Manual · Revision of Audit Committee Charter · Revision of Discipline Regulatory Policy · Revision of Information System Technology Security Policy · Revision of Service Quality Monitoring System
2010 to 2012	<ul style="list-style-type: none"> · Compliance Charter · Compliance Culture Implementation Policy · Conflict of Interest Handling Manual · Anti Fraud Strategy Policy · Service Level Agreement (SLA) Standard · Revision of GCG Policy · Revision of Code of Conduct · Revision of Board of Commissioners and Board of Directors Board Manual · Revision of Commissioners and Board of Directors Board Manual and Charter including its Committees · Revision of Technology and Information System General Policy · Revision of Fixed Asset Management and Logistic General Policy · Revision of Service Level Agreement (SLA) Standard Quality Monitoring System

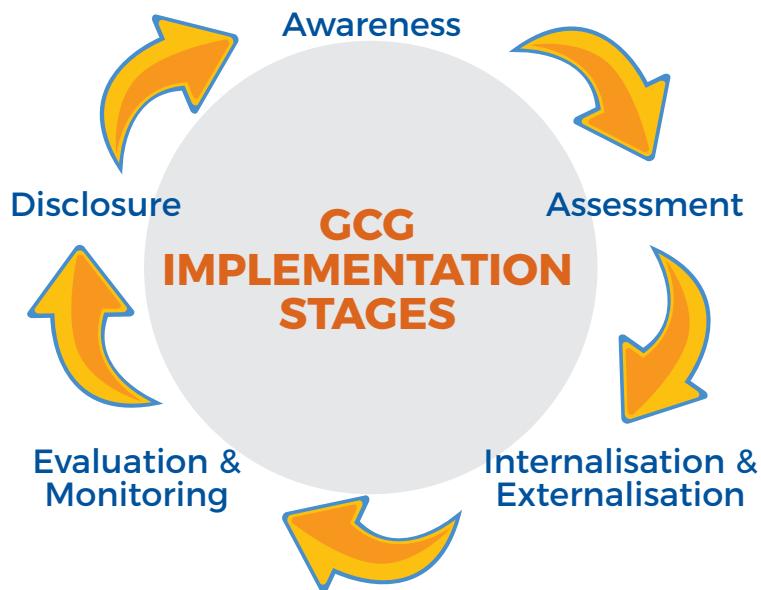
Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

CORPORATE GOVERNANCE

YEAR	ACTIVITIES
2013	<ul style="list-style-type: none"> · Know Your Employee Principle Policy · Community Development Program Implementation · Educational Budget Development and Utilization Guideline · Whistleblowing System Rules · Revision of GCG Policy · Revision of Code of Conduct Gratification Policy · Revision of Risk-Based Bank Soundness Rating Assessment Guideline · Revision of Awards Presentation System and Sanctions in regards to the Service Quality Enhancement · Revision of Accounting Development and Presentation of BRI Financial Statements Policy
2014	<ul style="list-style-type: none"> · Update of Internal Audit Policy and Procedures · New Employee Coaching Program Implementation · AML and CTF Implementation · Bank Soundness Rating Assessment Guideline · Internal Capital Adequacy Assessment Process (ICAAP) · BRI Information System Technology Security Rules · Revision of Conflict of Interest Policy
2015	<ul style="list-style-type: none"> · BRI Corporate Plan General Policy · BRI Corporate Plan Implementation Guideline · BRI Fixed Asset Management and Logistic General Policy · Risiko Risk Management General Policy · Integrated Risk Management Policy · Risk Based Bank Rating Assessment Guideline · Anti Money Laundering (AML) and Counter Terrorism Financing (CTF) Program Policy and Procedures · BRI Integrated Governance Financial Conglomerate Guideline · BRI Internal Audit Charter · IT Strategic Plan · Risk Management Maturity Level Assessment · Revision of Anti Fraud Strategy Policy
2016	<ul style="list-style-type: none"> · Commitment of BRI Gratification Control Program with KPK · Disaster Recovery Plan (DRP) of BRI Information Technology · Implementation of Knowledge Management application, such as sharing of knowledge (internal abd external rules, publication of review/ research results, and training) to all employees. · Implementation of E-learning to all BRI employees. · Revision of Whistleblowing System Rules



CORPORATE GOVERNANCE



GCG Implementation in 2017

GCG implementation in 2017 is aligned with the GCG Roadmap developed by BRI through Formulation, Implementation, Monitoring and Evaluation, which has been sustainably implemented to ensure the final achievement of GCG Roadmap, namely GCG Excellent.

BRI has carried out GCG related activities in 2017 as follows:

1. Signing of the Anti Fraud Commitment by all Employees.

The anti fraud commitment serves as the reference in formulating every policy, system and procedures of BRI business covering risk management, GCG principles and internal control system. As the manifestation of the Board of Directors' commitment in Anti Fraud Strategy, BRI's Board of Directors emphasizes on Zero Tolerance in every form of fraud both from internal or external of BRI. All BRI employees are responsible to uphold anti fraud, which is realized by the signing of anti fraud commitment by all BRI employees.

2. Convention of the General Meeting of Shareholders
 - a. BRI Annual GMS Announcement to all shareholders is transparently published through national print media and the Bank's website on 21 February 2017. BRI Annual GMS was convened on 15 March 2017 with 7 (seven) meeting agenda. The GMS details is separately available in other Chapter of this annual report.
 - b. Convention of the Extraordinary GMS on 18 October 2017.
3. Dividend Payout

The Dividend payout was done on 13 April 2017 less than 1 (one) month from the date of the Annual GMS.
4. Policy and establishment of Gratification Control Unit

Aligned with BRI commitment and KPK on 22 July 2016 regarding the gratification control, in 2017 BRI has in place the Gratification Control Program and Gratification Control Unit.
5. Participation of GCG assessment in the ASEAN Corporate Governance Scorecard (ACGS) and Corporate Governance Performance Index (CGPI).

CORPORATE GOVERNANCE

6. GCG Self Assessment and Integrated Governance of BRI Financial Conglomerate implementation.
7. Submission of the Annual Report fiscal year 2016 to OJK and Bursa Efek Indonesia.
8. Submission of the Integrated Governance Annual Report and publication on the Bank's website.
9. Governance and Information Technology Risk Management Policy
10. BRI Information Technology General Policy.
11. BRI Information Technology Security Rules.
12. Policy and procedures of the AML and CTF Program implementation.
13. Sustainability General Policy

In enhancing the achievement and strengthening the implementation of Environment, Social and Governance, BRI has in place the General Policy of sustainability financial program aim at achieving the bank's vision and mission, integrated business management by managing the Environment, Social and Governance risk and long term added value for stakeholders.

14. BRI Sustainability Implementation Strategy.
15. Dissemination of GCG policy and procedures to all BRI employees.
16. Risk Management Policy on the Environment, Social and Governance.
17. Policy on BRI Gratification Reporting and Gratification Goods Management.
18. Revision on Whistleblowing System Rules Policy.
19. BRI Remuneration Governance Policy.

GOVERNANCE POLICY

In the implementation of GCG, the Bank needs an internal policy that regulates duties and responsibilities at each level of the organization in accordance with GCG principles and regulations. BRI GCG policies include:





CORPORATE GOVERNANCE

1. Decree of the BOD of BRI No. S.281-DIR/DKP/12/2011 on the Implementation of Compliance Culture in Work Unit of PT Bank Rakyat Indonesia (Persero) Tbk.
2. Joint Decree of the BOC and BOD of BRI No. 02-KOM/BRI/15/2012 and Nokep. S.104-DIR/DKP/05/2012 on the General Guidelines for Handling Conflicts of Interest PT Bank Rakyat Indonesia (Persero) Tbk.
3. Joint Decree of the BOC and BOD of BRI No. 05-KOM/ BRI/12/2013 and Nokep. S.64-DIR/DKP/12/2013 on Good Corporate Governance Policy PT Bank Rakyat Indonesia (Persero) Tbk.
4. Joint Decree of BRI's BOC and BOC No. 06-KOM/BRI/12/2013 and Nokep. S.65-DIR/DKP/12/2013 on the Code of Conduct of PT Bank Rakyat Indonesia (Persero) Tbk.
5. Joint Decree of the BOC and BOD of BRI No. 06-KOM/BRI/07/2015 and Nokep. S.339-DIR/DKP/07/2015 on the Integrated Corporate Governance Guidelines for Financial Conglomeration of PT Bank Rakyat Indonesia (Persero) Tbk.
6. Circular Letter of the BOD of BRI Nose. S.27-DIR/DKP/12/2016 on the Whistleblowing System of PT Bank Rakyat Indonesia (Persero) Tbk.
7. Joint Decree of the BOC and BOD of BRI No. 03-KOM/BRI/03/2017 and Nokep. S.11-DIR/DKP/03/2017 on the Guidelines for Gratification Control PT Bank Rakyat Indonesia (Persero) Tbk.
8. Code of Conduct for the Board of Commissioners.
9. Code of Conduct of the Board of Commissioners.
10. Dividend Policy.

GCG STRUCTURE, MECHANISM AND RELATIONSHIP

The complexity of risks encountered by the Bank, leads to greater need for Good Corporate Governance practices. The Good Corporate Governance Implementation is vital in order to build trust, not only from the customers and the general public but also the international community.

As a manifestation of its commitment to the implementation of Good Corporate Governance, BRI has in place the GCG Policy/ Charter applicable to all organizations and individuals, namely the Joint Decree of the BOC and BOD of BRI No. 05-KOM/ BRI/12/2013 and Nokep S.64-DIR/DKP/12/2013 dated 16 December 2013.

The GCG Policy/ Charter formulated based on BRI's business development, evaluation of previous guidelines and GCG best practice includes four (4) governance aspects: commitment, structure, process and outcomes described in the following chart:

CORPORATE GOVERNANCE

GOVERNANCE COMMITMENT	GOVERNANCE STRUCTURES	GOVERNANCE PROCESSES	GOVERNANCE RESULTS
<ul style="list-style-type: none"> Vision and Mission Corporate Values Board Charter Code of Conduct Environment Conservation 	<ul style="list-style-type: none"> Main Organ <ul style="list-style-type: none"> GMS Board of Commissioners Board of Directors Supporting Organ <ul style="list-style-type: none"> Committees Board of Commissioners' Secretary Corporate Secretary Compliance Unit Internal Audit Unit Risk Management Unit Policies and Procedures <ul style="list-style-type: none"> Bank Strategic Plans Bank Business Policies Transparency and Disclosures 	<ul style="list-style-type: none"> GMS Implementation Implementation of the Board of Directors' Duties and Responsibilities Implementation of the Bank Business HR Management Social and Environment Responsibility IT Governance Integrated Governance Policy Dissemination 	<ul style="list-style-type: none"> Bank Sustainability Achievement of the Bank's performance The Bank's benefits for the community and environment

Pillar 1. Governance Commitment

Throughout its business journey, BRI is committed to continuously improve, enhance and refine the implementation of GCG in line with the latest legislation and business conditions. The GCG commitment of BRI is embedded in the vision and mission, core values, and Bank's business policy strategy which is then illustrated into the fundamental elements of the Bank's business as follows:

Vision and Mission

BRI has a vision that reflects the achievement of the corporate objectives in the future. The mission then explains on BRI's measures toward the achievement of these objectives. The Vision and Mission are elaborated further in the Company profile Chapter.

Corporate Values (Core Value)

BRI Core Value includes values and culture that become the foundation of thinking, behaviour and conduct, which further invested as a Corporate Culture translated in the Corporate Culture Conduct. The Core Value is described further in the Company profile Chapter.

BOC and BOD Charters

BRI has in place the BOC Charter and BOD Charter which contains the structure, division of duties and responsibilities, work ethics, meeting procedures,

organization and work relations between the Board of Commissioners and Board of Directors, which is used as a reference for the Boards in performing the duties for the achievement of the Company's business objectives. The Code of Conduct is further described in the Board of Commissioners' sub Chapter.

Code of Conduct

BRI developed the Bank's Code of Conduct as a guideline on business ethics, work ethics and conduct in implementing good corporate management practices, including interacting with stakeholders. The Code of Conduct applies to all BRI employees throughout the organization. The Code of Conduct is further elaborated in the sub Chapter of the Code of Conduct.

Collective Labor Agreement (CLA)

The collective labor agreement (CLA) is developed to regulate the terms of employment as a result of negotiations and agreements between BRI and its trade union, which later became the guidance of both parties in carrying out the employment relationship and as a primary reference in the event of work disputes. CLA is a mandate of the Manpower Act, which in principle upholds the harmonious industrial relations between the company and the workers. The collective labor agreement is clearly described in the HR Chapter.



CORPORATE GOVERNANCE

Natural Resources and Environmental Conservation

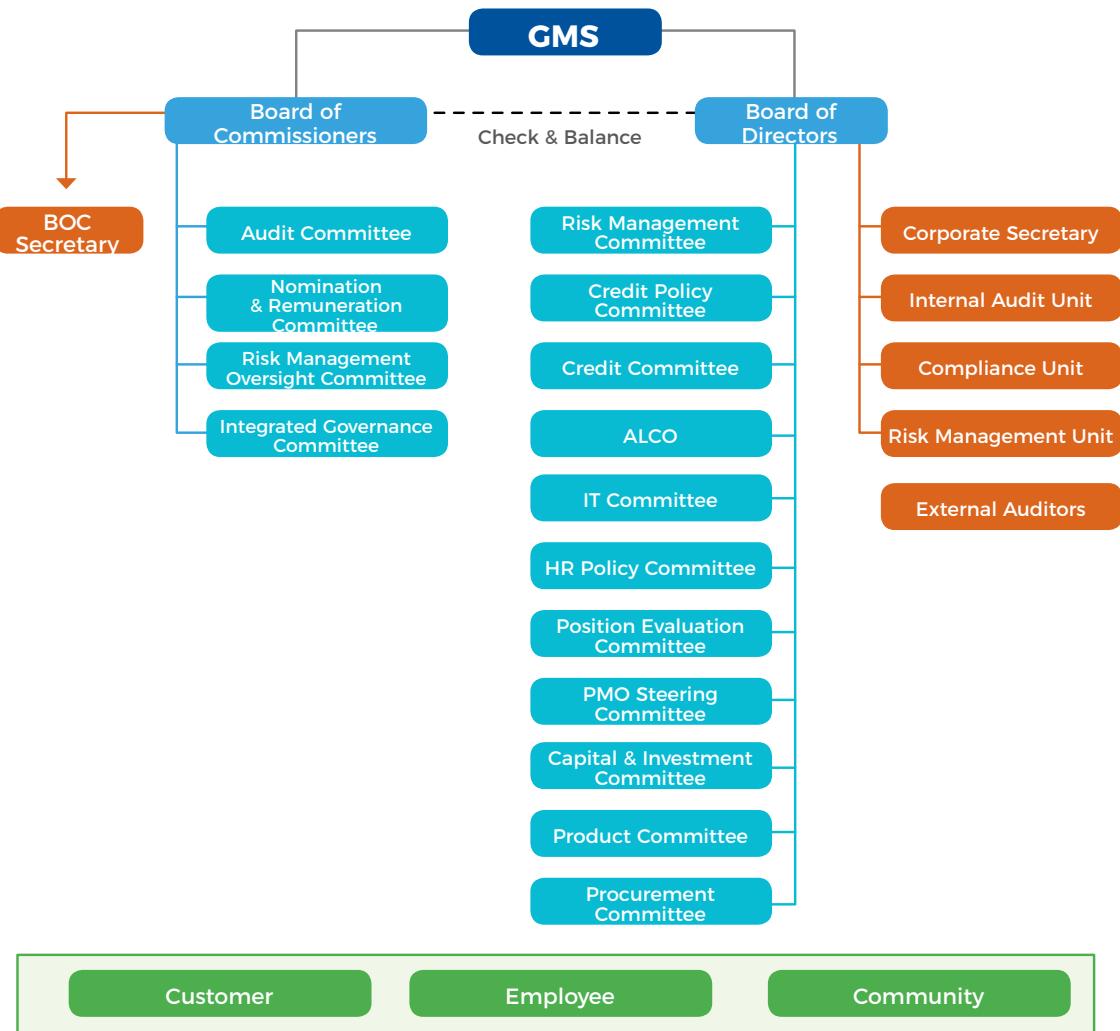
Responsibility toward natural resources and environmental conservation serves as BRI commitment to participate in sustainable economic development in order to improve the quality of life and the beneficial environment, both for BRI, local communities and society in general. The implementation of social and environmental responsibility is published to stakeholders in periodical reports. The role of BRI in the preservation of natural resources is further explained under the Corporate Social Responsibility Section.

Pillar 2. Governance Structures

Pursuant to the Law of the Republic of Indonesia No. 40 Year 2007 on Limited Liability Companies, the structure of GCG BRI consists of 3 (three) main organs, namely:

1. General Meeting of Shareholders (GMS)
2. Board of Commissioners
3. Board of Directors

The Bank's corporate governance organs are built to ensure the implementation of Corporate Governance principles to work effectively with clear roles and responsibilities, hence to create a check and balance control mechanism. The BRI Governance Structure includes Main Organs, Supporting Organs and Policies and Procedures as follows:



CORPORATE GOVERNANCE

Main Organ of the Governance Structures

General Meeting of Shareholders (GMS)

The GMS is the highest organ in GCG structure. The GMS is a shareholder forum for the decision-making and holds accountable for matters relating to BRI's business interests by taking into account on the articles of association and the laws and regulations. The GMS consists of:

- Annual GMS
 Organized once a year and shall be held within 6 (six) months following the end of fiscal year. The mandatory agenda of the Annual GMS includes the approval of the Annual Report, the approval of the financial statements and the approval of the Board of Commissioners oversight report as well as the use of net income and the determination of the external auditors.
- Extraordinary GMS
 Which may be held at any time based on the need for the benefit of the Company. The execution of the GMS shall refer to the articles of association of the Bank and prevailing laws and regulations. Some of the agenda that can be ratified in the Extraordinary GMS include: appointment and dismissal of members of the Board of Directors and Board of Commissioners, as well as corporate actions that have a significant impact.

Board of Commissioners

The BOC is an organ that exercises supervisory function on the management of the Bank by the BOD. The BOC is entitled to request information and accountability from the BOD and the Committee under the Board of Directors on the management of the Bank, including the decisions taken in order to achieve business objectives. The BOC consists of Commissioners and Independent Commissioners. Independent Commissioners shall be liable to at least 50% (fifty percent) of the total members of the Board of Commissioners.

The BOC is not involved in the Bank's operational decisions, except for the provision of funds to related parties, and matters set forth in the Bank's Articles of Association or prevailing laws and regulations. The execution of duties and responsibilities of the Board of Commissioners

shall refer to the Bank's Articles of Association, and the prevailing laws and regulations. More detailed provisions regarding the duties and responsibilities of the Board of Commissioners of BRI are contained in the BOC Charter.

Board of Directors

The BOD shall be the organ that carries out the Bank's management and is responsible for the achievement of the business and is obliged to implement the GCG principles in every Bank's business activities at all elements or organization levels. The BOD shall be responsible to the General Meeting of Shareholders and the President Director shall be independent of the Controlling Shareholder. The execution of duties and responsibilities of the BOD refers to the Bank's Articles of Association, and the prevailing laws and regulations. More detailed provisions on the duties and responsibilities of the Board of Directors are described in the BOD Charter.

Supporting Organ of Governance Structures

- **Committees under the Board of Commissioners**
 - a. Audit Committee
 - b. Nomination and Remuneration Committee
 - c. Risk Management Oversight Committee
 - d. Integrated Governance Committee

Detailed rules of the Committees under the Board of Commissioners is stated in the BOC Charter and is elaborated on separate chapters of this annual report.

- **Committees under the Board of Directors**

- a. Asset & Liabilities Committee (ALCO)
- b. Risk Management Committee
- c. Credit Committee
- d. Capital & Investment Committee
- e. Credit Policy Committee
- f. Information Technology Steering Committee
- g. Human Capital Policy Committee
- h. Position Evaluation Committee
- i. Project Management Office Steering Committee
- j. Product Committee
- k. Procurement Committee



CORPORATE GOVERNANCE

Detailed rules of the Committees under the Board of Directors is stated in the BOD Charter and is elaborated on separate chapters of this annual report.

- **Board of Commissioners' Secretary**

Is the organ appointed by the Board of Commissioners and has the duties to assist the implementation of the Board of Commissioners' duties and responsibilities.

Detailed elaboration of the Board of Commissioners' Secretary is stated on separate chapter of this annual report.

- **Corporate Secretary**

Is the supporting organ responsible to the President Director functioned to assist the duties and responsibilities of the Board of Commissioners and Board of Directors in relation with the implementation of corporate governance and as the communication liaison and manager, both between the bank internally as well as external parties, such as shareholders, regulators and other stakeholders.

Detailed elaboration of the Corporate Secretary is stated on separate chapter of this annual report.

- **Risk Management Unit**

Risk Management Unit has the duties to implement the Enterprise Risk Management (ERM) covering 4 pillars as follows:

- a. Active oversight of the Board of Commissioners and Board of Directors
- b. Adequacy of policy, procedures and limitations
- c. Risk Management Process and Risk Management Information System
- d. Internal Control System

Detailed elaboration of the Risk Management Unit is stated on separate chapter of this annual report.

- **Compliance Unit**

Is an independent Unit responsible in implementing the Compliance Function at BRI.

Detailed elaboration of the Compliance Unit is stated on separate chapter of this annual report.

- **Internal Audit Unit**

Internal Audit Unit is structurally and directly responsible to the President Director and has the communication line with the Audit Committee. Internal Audit Unit has the duties to provide assurance as well as independent and objective consultation by evaluating the adequacy and effectiveness of risk management, internal control and corporate governance process, aiming at enhancing added value and improving the Bank's operations.

Detailed elaboration of the Internal Audit Unit is stated on separate chapter of this annual report.

- **External Auditors**

The Bank's audit is carried out by the External Auditors such as Bank Indonesia, Audit Board of RI (BPK), other auditors based on the regulation and Public Accountant Firm. To audit the Bank's financial statements, the Bank shall appoint the Public Accountant and Public Accountant Firm listed in the Otoritas Jasa Keuangan.

Policy and Procedures

- **The Bank's Plan Development Policy**

The Bank's Plan includes:

- a. Corporate Plan functioned as the comprehensive background of the bank's business direction or the Bank's strategy for the period of 5 (five) years. The policy on corporate plan is stated under the Corporate Plan General Policy and Corporate Plan Implementation Guidelines.

CORPORATE GOVERNANCE

- b. The Bank Business Plan is the detailed implementation of work strategy and program as well as the Bank's 3 (three) years performance targets. The policy on the Bank Business Plan is stated under the Bank Business Plan General Policy and the Bank Business Plan Implementation Guidelines.
- c. Work and Budget Plan is the detailed explanation on the Bank's 1 (one) year performance targets. The policy on the Work and Budget Plan is stated in the Bank's Circular Letter on the Work and Budget Plan.

Business Policy

BRI internal policies and rules is in line with the GCG policy, which includes the Standard Operating Procedures covering circular letters, decrees, Operating Procedures Book and/or Manuals. The GCG principles shall be reflected in all the Bank's internal policies and rules related to the Bank's business and or internal management. Every new product development and/or business activities shall be appropriately aligned with the prevailing rules. The Bank's new product and/or activities is regulated under separate provisions.

Oversight Policy

The Bank's oversight is implemented through Three Lines of Defense concept, which are:

- a. First Line of defense is the oversight conducted by Business/Operating Units responsible to maintain the business output and process quality in accordance with the set policy and procedures.
- b. Second Line of defense is a function conducted by Risk Management Unit and Compliance Unit as stated in Bank Indonesia regulations.
- c. Third Line of Defense is the oversight conducted by internal audit through the evaluation of First Line and Second Line of Defenses. The Unit also provides independent reports to the President Director and the Board of Commissioners.

BRI's Oversight Policy consists of:

- a. Internal control policy is developed by taking into account the scopes of:
 - 1) Control environment, example: three line of defense concept implementation
 - 2) Business risk management and analysis, example: risk assessment on the Bank's product and/or business activities
 - 3) Aktivitas Control activities implemented in every level of the Bank's structures, example: direct supervisor oversight, dual control and so forth
 - 4) Information and communication system, example: information in the Data Warehouse (DWH)
 - 5) Monitoring, evaluation and follow up on internal control activities, example: risk management device implementation policy.
- b. Internal oversight policy, among others covering the internal audit policy, Anti Fraud Strategy, legal analysis and compliance examination.
- c. External oversight policy, which is the oversight by the external auditors and banking oversight regulators in accordance with the prevailing provisions.

Transparency and Disclosures Policy

The Bank's internal policy on transparency and disclosures is stated in:

- a. Transparency and Disclosure Guidelines
- b. Bank Confidentiality Policy
- c. Reporting policy, both internal and external including reports to the Bank's authorities and regulators, which is stated under separate policy according to the report types.
- d. Information Service and Management Policy.

The evaluation and refinement of the Bank's internal policies are periodically carried out by the policy owners in accordance with the Bank's requirements and developments.



CORPORATE GOVERNANCE

Pilar 3. Governance Processes

The governance process of a company is a method or mechanism by the company's organ and its elements in conducting its functions and duties to embody governance commitment and structure, to achieve governance results that conform with GCG principles. BRI Governance Process includes:

1. General Meeting of Shareholders Convention

The Annual GMS/ other GMS is convened in accordance with the times and procedures set forth in the prevailing laws and regulations. The GMS resolutions are published to the stakeholders according to the applicable rules.

2. Implementation of Functions, Duties and Responsibilities of the Board of Commissioners and Board of Directors

The functions, duties and responsibilities of the Board of Commissioners and Board of Directors are implemented on the basis of accountability, goodwill, prudence and professionalism in accordance with the prevailing laws and regulations, Articles of Associations, as well as BOC Charter and BOD Charter. The performance assessment of the Board of Commissioners and Board of Directors is carried out according to the established mechanisms with due observance to the applicable laws and regulations.

3. Bank Business Activities Implementation

The Bank business activities are carried out in conformity with the vision, mission and corporate values, by adhering to the Bank's strategies, toward the set goals and guided by good corporate governance.

4. Human Capital Management

The Bank Human Capital (HC) management is conducted by referring to the articles of association, and HR work plans, Collective Labor Agreement, with due observance to GCG principles, and supporting the Bank's business objectives achievement.

5. Social and Environment Responsibility

The Bank social and environment responsibility shall become part of the Bank strategic targets, and implemented with due observance to GCG principles.

6. IT Governance

The Bank has substantial interest in the availability of reliable, effective, efficient accurate and trusted information technology. To that end, the Bank continues ensuring the development of IT with due observance to GCG principles, good risk management and can provide strategic value to the Bank, at the same time supporting the achievement of BRI vision and mission.

7. Subsidiaries' Management

The development of subsidiaries is carried out to provide added value and support the Bank's business. To that end, the management of subsidiaries has taken into account the GCG guidelines and best practices, as well as sound business principles.

8. Bank Policy Dissemination

The proper and comprehensive dissemination/ communication on all Bank's policies shall be disclosed to employees based on the fields/ duties as the references of work implementation, and to other relevant stakeholders through BRIShare Application and or direct dissemination (face to face).

9. Process Documentation

All corporate governance processes are always documented as the proof of activity implementation as well as activity process evaluation. The document retentions are also carried out according to applicable rules.

Pilar 4. Governance Outcome

The outcome of all the above BRI GCG pillars are reflected at:

1. Business Sustainability

BRI maintains its business continuity through the implementation of GCG best practices in all elements of organization, by referring to GCG principles: Transparency, accountability, Responsibility, Reliability, and Fairness.

CORPORATE GOVERNANCE

2. Customers Protection

BRI strives to maintain the customers' trust and satisfaction according to GCG principles that will be discussed in details in the sub Chapter of Responsibility toward consumers in the Corporate Social Responsibility Section.

3. Social and Environment Responsibility as Good Corporate Citizen

BRI aims at being profitable and at the same time is committed to contribute to the society, which implemented through CSR programs. These programs serve as empowerment and mutually beneficial for the communities, especially toward Small Medium Enterprises (SMEs). In addition, BRI also supports environment program in which one of them through Green Banking commitment in its daily operations and Green Financing in the lending process.

4. Bank's Advantages for the Community and National Economy

Align with the objective of BRI vision, "The Valuable Bank in South East Asia and Home to Best Talent", BRI is committed to provide services supported with reliable technology, extensive networks, and enhancement of product and services that

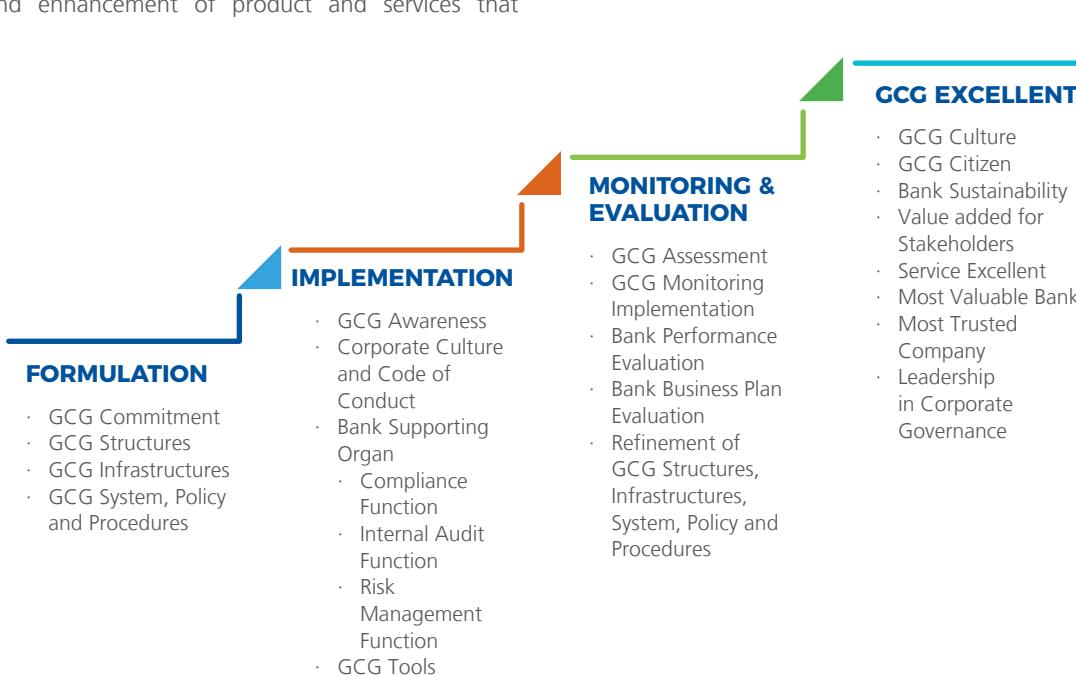
are increasingly closer to the communities. This is evidenced through the variety of products, technology innovations and networks by among others the disbursement of People Business Loans (KUR) to reach un-bankable prospective customers, operating of Teras vessels to reach desolated areas and cooperation with BRILink agents to support the financial inclusion program by expanding the reach of banking services access to the communities.

Governance Mechanisms

To improve the quality of such application, BRI implements GCG through 3 (three) stages which are: formulation, implementation as well as monitoring and evaluation that are continuously and sustainable conducted to ensure the achievement of expected final stages/objectives, namely GCG Excellent.

The stages are complemented with four basic component aspects for quality governance implementation, overall is shaping the GCG Implementation Roadmap, which consistently applied in all aspects of BRI operations.

The Bank's governance mechanism is implemented as follows:





CORPORATE GOVERNANCE

Governance Structures, Mechanisms, and Outcome Relations

The Bank's governance is implemented in an integrated series of 3 (three) governance aspects, namely structure, process, and outcome. The Bank implements the three aspects in an effort to ensuring the availability of adequate governance structures and infrastructures, maximizing the effectiveness of governance implementation process, and encouraging the creation of quality governance outcome to meet the expectation of all stakeholders.

Governance Structure	Governance Process	Governance Outcome
The structure, composition, criteria, number and independence of the Board of Commissioners, Board of Directors and the Company's Supporting Organs meet the needs of the company as well as the criteria of the Financial Services Authority provisions.	The implementation of functions, diversity of the Board of Commissioners and Board of Directors meet the needs of the company as well as the criteria of the Financial Services Authority provisions.	The company's positive performance is among others the achievement of increased profit, good financial performance and strong capital structure.
The Company is required to establish committees and work units in carrying out internal control functions.	In the implementation of internal control functions, the Board of Commissioners shall form 4 (four) committees under the supervision of the company. The Board of Directors shall form 3 (three) Work Units within the company's internal control	The Committees under the Board of Commissioners are the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Monitoring Committee, and the Integrated Governance Committee. Working Units under the Board of Directors are Audit, Compliance and Risk Management Unit.
In the implementation of the Bank's operational activities, the duties and responsibilities of each organ function are determined in the form of Policies, Guidelines, Code of Conduct and Procedures.	The implementation of duties and responsibilities of employees is based on the level of position/ field of duty and segregation of duty in performing internal control functions.	A Job Description List is developed at every level of position within the organizational structure of the company.
The Bank's business strategy plan is in line with the Company's vision and mission.	The preparation of the Bank's strategic plan is comprehensively conducted and measurably approved by the Board of Commissioners and communicated to the shareholders and all levels of the organization.	The Bank's strategic plan illustrates the company's sustainability and positive contributions to shareholders and stakeholders.

CORPORATE GOVERNANCE

INFORMATION TECHNOLOGY GOVERNANCE

Information Technology Governance Policy

The rapid use of technology in society and digitalization era in banking services, the use of information technology will increase the risks encountered by banks hence effective governance and risk management is required.

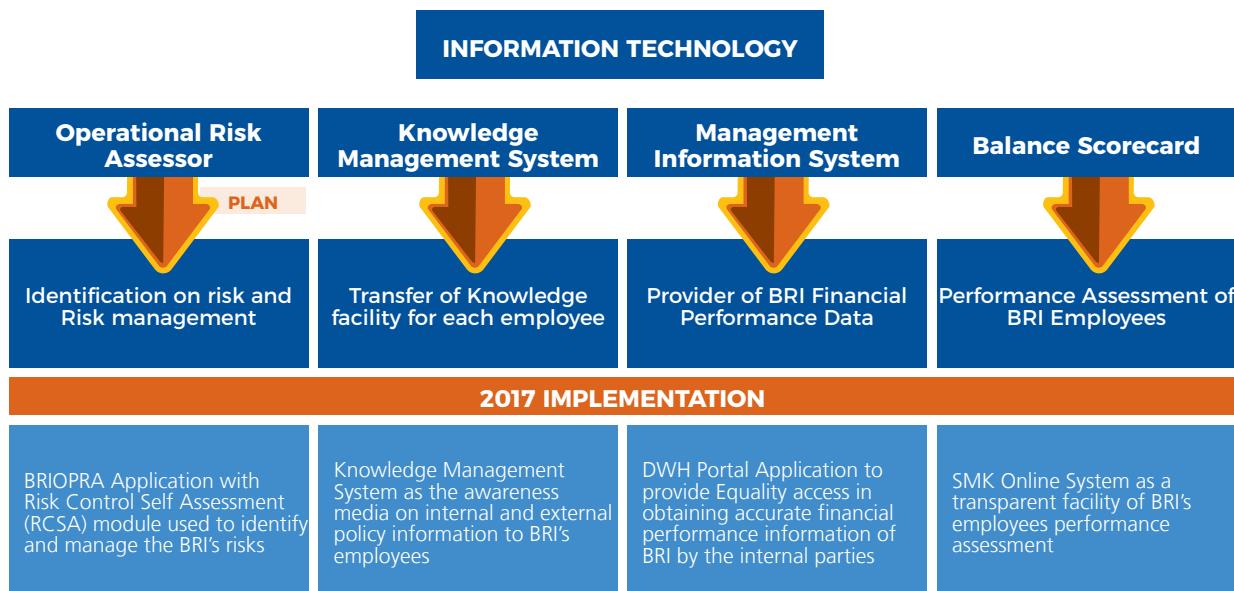
The management of IT governance instruments is stated in the Decree of the Board of Directors of BRI No. S.874-DIR/PPT/10/2017 on BRI's Information Technology Governance and Risk Management Policy. The policy is used as a guideline and control for all Information Technology Unit to implement IT risk management and risk control in BRI.

Information Technology Governance Application

The implementation of information technology governance consists of main frameworks (primary activities) as well as supporting frameworks (supporting activities) in providing added value to stakeholders.

1. Roles and responsibilities of management in the information technology management.
2. Development and procurement of Information Technology.
3. Information Technology Operational Activity.
4. Supply, risk control and information technology risk management.
5. Security of Information Technology.
6. Disaster recovery plan.
7. Electronic banking services.
8. Internal audit of information technology.
9. Use of the Information Technology Services Provider.
10. Provision of information technology services.
11. Information technology reporting.

The following are IT Governance application in 2017:





CORPORATE GOVERNANCE

2017 GCG IMPLEMENTATION

The implementation of GCG in 2017 has been aligned with the GCG Roadmap as structured by BRI through the ongoing activities of amongst others Formulation, Execution, Monitoring and Evaluation. This is carried out continuously in order to ensure the achievement of GCG Excellent as an objective of GCG Roapmap.

In 2017, BRI has carried out the following GCG related activities:

1. Signing of Anti Fraud Commitment by all Employees. The Anti-fraud commitment becomes the basis for the preparation of BRI's business policies, systems and procedures, including the implementation of risk management, GCG principles and internal control systems. As a commitment of the BOD in Anti Fraud Strategy, the BRI's BOD does not tolerance (Zero Tolerance) to any form of fraud either from internal or external BRI. All BRI employees are responsible for prevention of fraud; this is realized by the signing of anti fraud commitments by all BRI employees.
2. The implementation of the General Meeting of Shareholders
 - a. The Annual GMS of BRI to all shareholders was publicly disclosed through the national printed media and the Company's website on 21 February 2017. The Annual GMS of BRI was held on 15 March 2017 with seven (7) meeting agendas. The explanation on the GMS is disclosed in a separate chapter of this Annual Report.
 - b. Extraordinary GMS on 18 October 2017.
3. Dividend Payment

Dividend payments were made on 13 April 2017, less than one (1) month after the date of the AGMS.
4. Policy and establishment of Gratification Control Unit

In accordance with BRI's Commitment with Anti-Corruption Commission (KPK) on 22 July 2016 regarding the gratification control, BRI in 2017 has in place the Gratification Control Program and Gratification Control Unit.
5. Participation of GCG assessment in ASEAN Corporate Governance Scorecard (ACGS) and Corporate Governance Performance Index (CGPI).
6. Implementation of GCG self-assessment and Integrated Management of BRI's Financial Conglomeration.
7. Submission of Annual Report Fiscal Year 2016 to OJK and Bursa Efek Indonesia.
8. Submission of the Annual Integrated Governance Reports and publications on the Bank's website.
9. Risk Management Governance and Risk Management Policy.
10. BRI Information Technology Policy.
11. BRI Information Technology Security Rules.
12. Policy and procedures for the implementation of AML and CTF Program.
13. Sustainability General Policy

In enhancing success and strengthening the implementation of the Environment, Social and Governance (LST), BRI has a General Policy in a sustainable finance program aimed at achieving the vision and mission of the Bank, integrated bank business management with LST risk management and providing stakeholders' added value in the long run.
14. Dissemination of GCG policy and procedures to all BRI employees.
15. Gratification Reporting Procedures and Gratification Goods Management Policy of BRI.
16. Revision on Whistleblowing System Procedures Policy.

CORPORATE GOVERNANCE

2017 GCG EVALUATION AND ASSESSMENT

On the basis of BRI's commitment to implement GCG consistently with the best standards and in line with the established GCG Roadmap, BRI conducts periodic GCG evaluation and assessment (GCG Assessment) aiming to improve the quality of the GCG mechanism in the Bank.

To measure the implementation, BRI always evaluates the GCG implementation in BRI through the Government evaluation, self-assessment and GCG assessment by independent party.

GCG EVALUATION AND ASSESSMENT FROM INTERNAL REGULATORS AND EXTERNAL PARTIES

GCG evaluation and assessment are implemented by the Bank with 2 approaches, which are assessment by external parties and regulators that are mandatory according to OJK Regulation on Governance for Commercial Banks. The evaluation is periodically carried out in accordance with the regulators' rules (by half year), continue with 1 (one) year evaluation period by independent external parties. The assessment and evaluation by the Committee under the Board of Commissioners periodically with due observance of prevailing oversight principles. In addition, self assessment method is also conducted with GCG principles application based on the ACGS standard (ASEAN Corporate Governance Scorecard) and being reviewed toward improvements based on international best practices.



CORPORATE GOVERNANCE

IMPLEMENTATION OF GCG GUIDELINES

The evaluation from the Regulator is implemented based on the POJK No. 21/POJK.04/2015 on the Implementation of Corporate Governance of Public Companies and OJK Circular Letter No. 32/SEOJK.04/2015 on the Guidelines for Corporate Governance Implementation in Public Companies. There are 5 (five) aspects, 8 (eight) GCG principles, and 25 recommendations for the GCG implementation aspects and principles. The detailed implementation of GCG guidelines are as follows:

No	Principles	Recommendation	Explanation of Recommendation from OJK	Explanation and Implementation within the Company
A. Relations of Public Companies with Shareholders in Guaranteeing the Shareholders Rights				
	Principles 1 Enhancing the Value of the Annual General Meeting of Shareholders (AGMS)	Public Company has a way or technical procedure for voting either open or close that emphasized on the independency and shareholders benefit	Shareholders may exercise voting rights at the decision making time, in particular to voting process. However, the decision-making mechanism by either open or close voting has not been set in detail. The Public Company is recommended to have a voting procedure in making decisions for GMS Agenda. The voting procedure (voting) shall maintain the independence or freedom of shareholders. For example, the voting is openly conducted by raising hands in accordance to options as offered by the GMS chairman. Meanwhile, a closed voting by using a voting card or by electronic voting are conducted for decision that require confidentiality or at the request of shareholders.	The General Meeting of Shareholders that covers the Annual and Extraordinary General Meeting of Shareholders, convened with electronic voting methods. The Company has used the decision-making procedure through voting which prioritizes the independence and the interests of shareholders in accordance with the provisions of OJK. The Company has implemented the following matters: <ul style="list-style-type: none"> - Having a voting procedure in decision making for the GMS agenda as stated in the GMS Rules of Conduct which is disclosed to the public, among others through the company website. - Voting procedure is involving the Independent Parties amongst others the Notary, PT Datindo Entrycom, Public Accountant Firm, Independent Appraisal Consultant Service and Legal Consultant.
	All members of the BOD and BOC of public Companies are present in the GMS	The presence of all members of the BOD and the BOC of the Public Companies aims to ensure that each member of the BOD and BOC is able to observe, explain, and directly answer any problems or questions raised by the shareholders regarding the agenda of the GMS.	The AGMS on 15 March 2017 was attended by all BOC and BOD members, namely seven (7) Commissioners and 11 Directors. The BOC and the BOD attended the Extraordinary GMS on 19 October 2017	Description: Comply

Description: Comply

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

CORPORATE GOVERNANCE

No	Principles	Recommendation	Explanation of Recommendation from OJK	Explanation and Implementation within the Company
		The summary of GMS resolution is available in the respective public companies website for at least a year.	Subject to the provisions of Article 34 paragraph (2) of the Financial Services Authority Regulation No. 32/POJK.04/2014 on the Plan and Implementation of General Meeting of Shareholders of Public Companies, the Public Companies shall prepare a summary of the minutes of the GMS in Indonesian and foreign languages (minimum in English), being announced to the public in 2 (two) business days after the GMS, one of which is through the respective Public Companies Website. The availability of the GMS minutes' summary in the respective Public Companies' Website provides an opportunity for the absent shareholders to obtain important information in the GMS easily and quickly. Therefore, the provisions concerning the minimum period of availability of summary of the GMS minutes in the Website are intended to provide sufficient time for shareholders to obtain such information.	The Company has made a summary of the AGMS and Extraordinary GMS minutes, in Indonesian and English being published on the company's website at latest 2 (two) working days after the GMS, which is the AGMS on 17 March 2017 and the Extraordinary GMS on 19 October 2017. Minutes of the meeting are published on Kompas and Bisnis Indonesia, as well as through the Company's website that is available for more than 1 (one) year (www.bri.co.id).
Principles 2 Enhancing the communication quality of public companies with shareholders and investor)	The public companies have communication policy with the shareholders and investor	The communication between the public companies and its shareholders or investors is aimed to enable shareholders or investors to gain a clearer understanding of information made for public, such as periodic reports, disclosures, business or performance conditions and prospects, and the implementation of GCG. In addition, shareholders or investors may also submit feedback and opinions to the management of the public companies. Communications policy with shareholders or investors demonstrates the Company's commitment to communicate with shareholders or investors. The policy may include strategies, programs, and communication, as well as guidelines that support the shareholders or investors to participate in such communications.	BRI already has a communication policy with shareholders or investors as stated in the Letter. This policy includes activities with investor relations such as analyst meetings, public expose aimed at providing shareholders or investors a clearer understanding of information as disclosed to the Corporate Secretary, the disclosure access through this Annual Report and also through the Company website (www.bri.co.id and www.ir-bri.com).	Description: Comply



CORPORATE GOVERNANCE

No	Principles	Recommendation	Explanation of Recommendation from OJK	Explanation and Implementation within the Company
		The public company discloses a communication policy of public company with shareholders or investors in the Website.	Disclosure of communications policy is a form of transparency of Public Company commitment in providing equity to all shareholders or investors for the implementation of communication. Such disclosure also aims to increase the participation and role of shareholders or investors in the implementation of the communication program of public companies.	<p>Disclosure of communications policy with shareholders or investors has been uploaded on BRI website namely www.ir-bri.com and www.bri.co.id.</p> <p>During 2017, there were 117-correspondency.</p>
B. Function and Role of the BOC				
	Principles 3 Strenghtening the membership and composition of the BOC	The determination of number of BOC members takes into account the conditions of the Public Companies	The number of BOC members may affect the effectiveness of the implementation of duties of the BOC. The determination of the number of BOC members of such Public Companies shall be based on the provisions of the prevailing laws, which are at least 2 (two) persons based on the Financial Services Authority Regulation No. 33/POJK.04/2014 regarding the Board of Directors and Board of Commissioners of Issuers or Public Companies. In addition, it is also necessary to consider the conditions of the Public Companies, which include, among others the characteristics, capacities, and scale, as well as the achievement of objectives and the fulfillment of different business needs among the Public Companies. However, the excessive number of members of the BOC may potentially disrupt the effectiveness of the implementation of the BOCs' functions.	<p>Total members of the BOC of BRI as of 31 December 2017 is 9 (nine) members by taking into account the Bank's conditions and business needs.</p>
		The determination of the composition of members of the BOC takes into account the diversity of skills, knowledge, and required experience	The composition of the BOC is a combination of characteristics both in terms of as an organ and individual member of the BOC in accordance with the needs of the Public Companies. Such characteristics may be reflected in the determination of skills, knowledge, and experience required for the implementation of supervisory and advisory duties by the Board of Commissioners of the Public Companies. The Compositions that have taken into account the needs of the Public Company are a positive thing, in particular of decision-making with regards to the implementation of supervisory functions as undertaken by taking into consideration the various broader aspects.	<p>The composition of the BOC members takes into account the diversity of required skills, knowledge and experience as disclosed in the section of the Composition and duties of the Board of Commissioners of BRI.</p>

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

CORPORATE GOVERNANCE

No	Principles	Recommendation	Explanation of Recommendation from OJK	Explanation and Implementation within the Company
	Principles 4 Improve the Quality of Implementation of Duties and Responsibilities of the Board of Commissioners	The Board of Commissioners has in place the Self Assessment policy to assess the performance of the Board of Commissioners	<p>The BOC self-assessment policy is a guideline used as a form of accountability for collegial performance of the BOC. The Self Assessment is conducted by each member of BOC to assess the performance in a collegial manner, rather than assessing the individual performance of each member of the BOC. This Self Assessment is expected that each member of the BOC can contribute to improve the performance of the BOC on an ongoing basis.</p> <p>The policy may include the undertaken assessment activities along with its aims and objectives, implementation timeline, and benchmarks or assessment criteria in accordance with the recommendations provided by the Remuneration and Nomination function of Public Companies, where such function is required in OJK Regulations regarding the Remuneration and Nomination Committee of Issuers or Public Companies.</p>	<p>BRI conducts the performance assessment of the BOC based on applicable laws and regulations in order to improve the quality of implementation of the duties and responsibilities of the BOC and improve the performance of BRI on an ongoing basis.</p> <p>The BOC has the Self Assessment Policy set forth in the Board Charter as described in the performance appraisal section of the BOC of this Annual Report and the Bank's website (www.bri.co.id).</p> <p>Description: Comply</p>
	Self assessment policy for the performance assessment of the BOC disclosed through the Annual Report of Public Companies		<p>The disclosure of Self Assessment policy on the performance of the BOC is conducted not only to fulfill the transparency aspect as a form of responsibility for the performance of its duties, but also to provide confidence to shareholders or investors for the efforts to improve the performance of the BOC. Through such disclosure, the shareholders or investors are able obtain the mechanism of check and balance on the performance of the BOC.</p>	<p>The BOC has the Self Assessment Policy stipulated in the Board Manual as described in the performance appraisal section of the BOC of this Annual Report and the Bank's website (www.bri.co.id)</p> <p>Description: Comply</p>



CORPORATE GOVERNANCE

No	Principles	Recommendation	Explanation of Recommendation from OJK	Explanation and Implementation within the Company
	The Board of Commissioners has a policy related to the resignation of members of the Board of Commissioners if they are involved in financial crimes	The resignation policy of members of the BOC involved in financial crimes is able to increase the stakeholders' confidence in the Public Companies, so that the integrity of the company will be maintained. This policy is required to assist in the legal process and to ensure that the legal process does not interfere with business activities. In addition, in terms of morality, this policy builds an ethical culture within the Public Companies' environment. The Code or Code of Ethics applicable to the Board of Commissioners may cover such policies.	Furthermore, engaging in financial crime shall means the status of the convicted member of the Board of Commissioners from the authorized party. Such financial crimes as manipulation shall refer to various forms of embezzlement in the financial services activities and Money Laundering Crime Act as referred to in Law Number 8 Year 2010 on Prevention and Eradication of Money Laundering Crime.	<p>The Bank has a policy related to the resignation and dismissal of the BOC, as stipulated in the Company's Articles of Association and the Chapter of the Board of Commissioners of this 2017 annual report of BRI.</p> <p>Description: Comply</p>
	The Board of Commissioners or the Committee in charge of the Remuneration and Nomination function shall arrange a succession policy in the process of Nomination of members of the Board of Directors.	Based on the provisions of OJK Regulations on the Remuneration and Nomination Committee of Issuers or Public Companies, the committees performing the nomination function have the duty to formulate the policies and criteria required in the nomination process of the Board of Directors candidates. One of the policies that can support the Nomination process is the succession policy of the members of the Board of Directors. The succession policy aims to maintain the continuity of the regeneration process or leadership in the company in order to maintain business sustainability and long-term goals of the company.	The succession policy of the BOD refers to the Regulation of the Minister of State-Owned Enterprises No. PER-03/MBU/02/2015 on the Requirements, Procedures for Appointment and Dismissal of Members of the Board of Directors of State-Owned Enterprises. In addition, as a public company, the Bank's policy also refers to the Regulation of the Financial Services Authority No. 33/POJK.04/2014 regarding the Board of Directors and Board of Commissioners of Issuers or Public Companies.	<p>The Policy of the Succession of the Board of Directors is disclosed in the Nomination and Remuneration Committee Chapter of the 2017 annual report of BRI.</p> <p>Description: Comply</p>

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

CORPORATE GOVERNANCE

No	Principles	Recommendation	Explanation of Recommendation from OJK	Explanation and Implementation within the Company
C. BOD Function and Roles				
	Principles 5 Strengthening the Membership and Composition of the BOD	Determination of the number of BOD members shall take into account the Public Companies' Conditions as well as effectiveness in decision making	As the organ of the company authorized in managing the company, the determination of the number of BOD affects the performance of the Public Companies. Thus, the determination of the number of BOD members shall be conducted through prudent consideration and shall be subjected to the prevailing laws and regulations, which falls under the Regulation of the Financial Services Authority No. 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies that consists of 2 (two) members. In addition, in determining the number of BOD members shall be based on the need to achieve the objectives of the Public Companies being adjusted to the conditions of the Public Companies covering the characteristics, capacities and size of the Public Companies and how the effectiveness of the Board of Directors' decision-making is achieved.	Determination on the number of BOD members has been thoroughly considered and has been referred to the Regulation of the Financial Services Authority No. 33/POJK.04/2014 regarding the Board of Directors and Board of Commissioners of Issuers or Public Companies of at least 2 (two) persons. Description: Comply
		Determination of the composition of members of the Board of Directors shall observe the diversity of required skills, knowledge, and experience.	Similar with the BOC, the diversity of the composition of BOD members is a combination of the desired characteristics in terms of both the BOD as an organ and individual, in accordance with the needs of the Public Companies. The combination is determined by considering the appropriate expertise, knowledge and experience on the division of duties and functions of the BOD in achieving the objectives of the Public Companies. Therefore, the consideration of combination of such characteristics will have an impact in the accuracy of the nomination process and the individual appointment of members of the BOD or BOD in a collegial manner.	The fit & proper test is conducted to ensure that the competence, experience and educational background of members of the BOD are in accordance with the applicable requirements and the needs of the Company and disclosed in the Diversity section of the Board of Directors' Composition of this Annual Report. Description: Comply



CORPORATE GOVERNANCE

No	Principles	Recommendation	Explanation of Recommendation from OJK	Explanation and Implementation within the Company
		Members of the Board of Directors in charge of accounting or finance have expertise and/ or knowledge in the field of accounting	The Financial Statement is an accountability report on the management of resources owned by the Public Companies, which must be prepared and presented in accordance with the accepted Financial Accounting Standards in Indonesia as well as the related OJK regulations, including the regulations on Capital Market sector governing the presentation and disclosure of Public Company Financial Statements. Under the laws and regulations of the Capital Market sector governing the responsibility of the Board of Directors on the Financial Statements, the Board of Directors is jointly and severally liable for the Financial Statements signed by the President Director and the Director in charge of accounting or finance.	<p>In accordance to POJK 06/2015 on the Transparency and Publication of bank statements. The Director in charge of accounting or finance has expertise and/ or knowledge in the field of accounting, among others:</p> <p>Education: Obtained an MBA, Investment Banking, from Emory University, USA (2000) Bachelor of Industrial Engineering of Agriculture, from Universitas Brawijaya, Malang (1989).</p> <p>Experience: 1. Head of Treasury Division, 2. General Manager of BRI New York Branch Office, 3. President Commissioner of BTMU-BRI Finance.</p> <p>Description: Comply</p> <p>BRI conducts the performance evaluation of the Board of Directors based on applicable laws and regulations in order to improve the quality of the duties and responsibilities of the BOD and to continually improve the performance of BRI.</p> <p>The Board of Directors has a Self Assessment Policy contained in the Board Charter as disclosed in the performance appraisal section of the Board of Commissioners of this Annual Report and the Company's website (www.bri.co.id)</p> <p>Description: Comply</p>
Principles 6 Improve the Quality of Duties and Responsibilities Implementation of the BOD.	The Board of Directors has in place the Self Assessment policy for the performance assessment of the Board of Directors	Similar with the BOC, the BOD self-assessment policy is a guideline used as a form of accountability for the performance of the Board of Directors in a collegial manner. The self-assessment is conducted by each member of the Board of Directors to assess the performance of the Board of Directors' performance in a collegial manner rather than assessing the individual performance of each member of the Board of Directors. Through self-assessment, it is expected that each member of the Board of Directors can contribute to improve the performance of the Board of Directors on an ongoing basis. The policy may include assessment activities along with its aims and objectives, implementation time, and benchmarks or assessment criteria used in accordance with the recommendations provided by the nomination and remuneration function of public company, in which the formation of such functions shall be required in the Regulation of the Authority Financial Services Number 34/POJK.04/2014 concerning the Nomination and Remuneration Committee of Issuers or Public Companies.		

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

CORPORATE GOVERNANCE

No	Principles	Recommendation	Explanation of Recommendation from OJK	Explanation and Implementation within the Company
	Self Assessment Policy to assess the performance of the Board of Directors is disclosed through the annual report of Public companies	The disclosure of Self Assessment policy on the performance of the Board of Directors is conducted not only to fulfill the transparency aspect as a form of responsibility for the performance of its duties, but also to provide important information on the improvement efforts in the management of Public Companies. Such information is very useful to provide confidence to the shareholders or investors highlighting on certainty of corporate management that is continue to be done in a better direction. The disclosure enables the Shareholders or investors to obtain the mechanism of check and balance on the performance of the Board of Directors.	The Self Assessment Policy on the Board of Directors performance has been disclosed in the Board of Directors Performance Assessment section of the 2017 Annual Report of BRI.	Description: Comply
	The Board of Directors has a policy related to the resignation of the members of the Board of Directors if they are involved in a financial crime	The resignation policy of members of the Board of Directors involved in financial crime is a policy that can increase stakeholders' trust in the Public Companies, so that the integrity of the company will be maintained. This policy is required to assist in the legal process and to ensure that the legal process does not interfere with business activities. In addition, in terms of morality, this policy will build an ethical culture in the Public Companies environment. The policy may be covered by the Code or Code of Ethics applicable to the Board of Directors.	Bank BRI already has in place the policy related to the resignation and dismissal of the Board of Directors members involved in actions that are detrimental to the Company and/ or the State and if the respective Board of Directors member is found guilty by a court decision with permanent statutory power, as specified in the Board Charter.	Description: Comply
D. Stakeholders Participation				
Principles 7 Improve Corporate Governance Aspects through the Participation of Stakeholders		The Public Companies have the policy to prevent the occurrence of insider trading	A person who has inside information is prohibited from engaging in a Securities transaction by using the inside information as referred to in the Capital Market Law. Public Companies can minimize the occurrence of insider trading through a prevention policy, for example by firmly separating confidential data and/or information with a public nature information, and divide the duties and responsibilities for the management of information in proportion and efficient.	Available in BRI regulations: BRI Code of Ethics (Joint Decree of the Board of Commissioners and Board of Directors of BRI No. 06-KOM/BRI/12/2013 and No. S.65 DIR/DKP/12/2013 dated 16 December 2013 Guidelines for Handling Conflict of Interest (Joint Decree of BRI's Board of Commissioners and Board of Directors No. 02-KOM/BRI/05/2012 and Nokep: S.104-DIR/DKP/05/2012 dated 24 May 2012)



CORPORATE GOVERNANCE

No	Principles	Recommendation	Explanation of Recommendation from OJK	Explanation and Implementation within the Company
	The Public Companies have in place the anti-corruption policies and fraud	Anti-corruption policy is useful to ensure that the Company's business activities are conducted legally, prudently, and in accordance with the principles of good governance. The policy may be part of the code of ethics, or in its own form. The policy may include among others the programs and procedures undertaken in overcoming corrupt practices, kickbacks, fraud, bribery and/or gratification in the Public Companies. The scope of the policy should illustrate the prevention of the Public Companies against any corruption practices of either giving or receiving from others.	Implementation of Anti fraud Strategy in BRI is regulated in Circular Letter of the Board of Directors of BRI No. S.25-DIR/DMR/12/2016 on Anti Fraud Strategy of PT Bank Rakyat Indonesia (Persero) Tbk. The Anti Fraud Strategy implemented in the Fraud control system, has 4 (four) pillars as follows: <ol style="list-style-type: none">1. Prevention.2. Detection.3. Investigation, reporting, and sanctions.4. Monitoring, evaluation, and follow-up.	The Company also has in place the policy related to corruption practices as stated in the Joint Decree of the Board of Commissioners and the Board of Directors of BRI No. 03-KOM/BRI/03/2017 and Nokep: S.11-DIR/DKP/2017 on BRI's Gratification Control Guidelines. This policy is part of BRI's commitment with KPK in corruption prevention.

Description: Comply

CORPORATE GOVERNANCE

No	Principles	Recommendation	Explanation of Recommendation from OJK	Explanation and Implementation within the Company
	The Public Companies has in place the policy on the selection and development of suppliers or vendors capability	<p>The policy of supplier or vendor selection is useful to ensure that the Company acquires the required goods or services at competitive prices and good quality. While the policy of increasing the capability of suppliers or vendors is useful to ensure that the supply chain run efficiently and effectively. The ability of suppliers or vendors to supply the goods or services as required by the company will affect the quality of the company output.</p> <p>Hence, the implementation of such policies can ensure continuity of supply, both in terms of quantity and quality required by the Public Companies. The scope of this policy includes criteria in the selection of suppliers or vendors, transparent procurement mechanisms, efforts to upgrade the ability of suppliers or vendors, and the fulfillment of rights related to suppliers or vendors.</p>	<p>The Company has in place the policy regarding vendor management as stipulated in the Director's Circular Letter No. S.35-DIR/MAT/12/2015 regarding the Partnership Registration of Providers of Goods and Services of PT Bank Rakyat Indonesia (Persero) Tbk.</p> <p>BRI has a Partnership Management System (SMR) including registration and selection process of prospective partner, monitoring, Vendor Maintenance up to evaluation of partner performance, so that it is expected that BRI has a database of Goods and/ or Services Provision ready and able to supporting the procurement of goods and services.</p>	Description: Comply
	The Public Companies has in place the policy on the fulfillment of creditor rights	<p>The policy on the fulfillment of creditor rights is used as a guideline in creditors lending. The purpose of the policy is to maintain the fulfillment of rights and maintain the creditor's trust in the Public Companies. The policy includes consideration in making agreements, as well as follow-up in compliance with the obligations of the Public Companies to the creditors.</p>	<p>The Company has in place the policy on the fulfillment of creditor's rights as stated in each Credit Agreement between BRI and the debtors. The agreement included the rights and obligations of both parties such as transparency of financial statements to creditors.</p>	Description: Comply



CORPORATE GOVERNANCE

No	Principles	Recommendation	Explanation of Recommendation from OJK	Explanation and Implementation within the Company
	The Public Companies has in place the Whistleblowing System	A well-structured Whistleblowing system policy will provide assurance of protection to witnesses or whistleblowers for an indication of violations committed by employees or the management of the Public Companies. The implementation of policy will have an impact on the establishment of a good corporate governance culture. The whistleblowing system policy includes among others types of offenses that can be reported through the whistleblowing system, complaint modes, protection and security of the whistleblowers, complaint handling, and the results of the handling and follow-up of the claims.	The Whistleblowing System policy in BRI is regulated by Directors Circular Letter No. S.27-DIR/DKP/12/2016. The implementation of Whistleblowing System of BRI aims to create a conducive climate and encourage all parties to open and convey infringement information that can result in financial and non financial losses including those that can impair BRI's image.	Description: Comply
	The Public Companies has in place the policy of providing long-term incentives to Directors and employees	The long-term incentive is an incentive based on long-term performance achievement. The long-term incentive plans have a rationale that the long-term performance of the company is reflected by the growth in the value of the stock or other long-term targets of the company. Long-term incentives are useful in order to maintain loyalty and motivate the Directors and employees to improve their performance or productivity that will impact on improving the company's performance over the long term.	The existence of a long-term incentive policy is a real commitment of Public Company to encourage the implementation of long-term incentives to Directors and Employees on terms, procedures and forms that are tailored to the long-term objectives of the Public Companies. Such policy may include, among others the aims and objectives of providing long-term incentives, terms and procedures for incentives, as well as the conditions and risks in which the Public Companies should pay attention in providing the incentives. The policy may also be included in the existing Public Companies remuneration policy.	Description: Comply

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

CORPORATE GOVERNANCE

No	Principles	Recommendation	Explanation of Recommendation from OJK	Explanation and Implementation within the Company
E.	Disclosure			
	Principles 8 Augmenting Disclosures	The Public Companies are widely utilized information technology than the Website as an information disclosure medium	The use of information technology can be useful as a medium of information disclosure. The disclosure of information is not only information regulated in the legislation, but also other information related to Public Companies, which is useful to be informed to the shareholders or investors. The widely utilization of information technology than the website is expected to increase the effectiveness of the dissemination of corporate information. Nevertheless, the utilization of information technology shall consider the benefits and costs of the company.	<p>The Company continuously strives to improve the quality of information disclosure to Stakeholders through information technology. In addition to BRI website, the Omni Channel is a facility and access where BRI customers can obtain information on BRI's products and services including complaints submission through the following channels:Tatap muka melalui Customer Service di seluruh Unit kerja operasional BRI</p> <ol style="list-style-type: none"> 1. Face-to-face through Customer Service across BRI's operational working units 2. Telephone through 14017, 1500017, and 021-57987400 / Premium call through 021-5758899 and 08001017017 3. SMS 0812 12 14017 4. Web chat via the website www.bri.co.id 5. Email callbri@bri.co.id 6. Telegram 0812 12 14017 7. Internet Banking at https://ib.bri.co.id 8. Twitter on @kontak_bri 9. Facebook at Bank BRI Official <p>Description: Comply</p> <p>The Public Companies' Annual Report reveals the final beneficiary shareholding of at least 5% (five per cent), other than the disclosure of the ultimate beneficial owner in the shares of the Public Companies through its principal and controlling shareholders</p> <p>The related Capital Market regulations governing the submission of the Company's annual report has set out the mandatory disclosure on shareholders holding 5% (five percent) or more of the shares of the Public Companies, as well as the mandatory disclosure on the ultimate and controlling shareholders of the Public Companies either directly or indirectly up to the last beneficial owner in the ownership of such shares. In this Governance Manual, it is recommended to disclose the ultimate beneficiary of an ownership interest in the Public Companies at least 5% (five per cent), other than to disclose the ultimate beneficial owner of the ownership of shares by the ultimate and controlling shareholders.</p> <p>BRI submits the mandatory disclosure in its 2017 Annual Report on the shareholders holding 5% (five percent) or more of the shares of the Public Companies, as well as the mandatory disclosure on the major shareholders and controllers of the Company either directly or indirectly up to the last beneficial owner in the ownership of such shares.</p> <p>Description: Comply</p>



CORPORATE GOVERNANCE

GCG SELF ASSESSMENT

Based on POJK No. 55/POJK.03/2016 and Circular Letter of OJK No. 13/SEOJK.03/2017 on the Implementation of Corporate Governance for Commercial Banks, the Bank shall conduct a comprehensive and structured self assessment integrated into three (3) aspects of governance as follows:

- Governance Structure

Assessment aims to assess the adequacy of Bank governance structures and infrastructures so that good governance principles processes produce results that meet the expectations of stakeholders.

- Governance Process

Assessment aims to assess the effectiveness of the process of applying the GCG principles supported by the adequacy of Bank governance structures and infrastructure so as to produce results in accordance with the expectations of stakeholders.

- Governance Outcome

Assessment aims to assess outcomes that meet the expectations of Bank stakeholders as a result of the GCG implementation process and are supported by the adequacy of the Bank's governance structure and infrastructure.

The self assessment is conducted periodically on the principles of GCG consisting of 11 governance valuation factors, namely:

1. Implementation of duties and responsibilities of the Board of Directors.
2. Implementation of duties and responsibilities of the Board of Commissioners.
3. Completeness and execution of committee duties.
4. Handling of conflict of interest.
5. Implementation of compliance function.
6. Implementation of internal audit function.
7. Implementation of external audit function.
8. Implementation of risk management including internal control system.
9. Provision of funds to related parties and large exposure.
10. Transparency of Bank's financial and non-financial condition, internal governance and reporting reports.
11. Bank's strategic plan.

The assessment of GCG self-assessment is conducted twice a year. The GCG assessment during 2017 resulted in the composite value of 2 (Good) with details as follows:

Periode	Rank	Definition
2017 (Individual) (Semester I and II)	PK-2 (Good)	Reflecting that BRI's management has done a generally good GCG implementation. This is reflected in the adequate fulfillment of GCG principles. If there is a weakness in the application of GCG principles, then the general weakness is less significant and can be solved by normal action by the management of BRI.

Analysis

Structure	BRI Governance Structure has been implemented adequately by the establishment of organizational structure and company organ including the availability of business plans, policies, and procedures in GCG implementation.
Process	The Governance Process has been well implemented, every company organ has the duties and responsibilities to support the company targets achievements. BRI strives to review and conduct evaluation to improve the effectiveness of the company organ's duties and responsibilities.
Outcome	The Governance Outcome has been well implemented, the disclosure and information transparency process, data and report have met the applicable rules. BRI continually evaluate the management information system and reporting system to improve information quality provided to the stakeholders.

CORPORATE GOVERNANCE

SELF ASSESSMENT ON INTEGRATED GOVERNANCE

In accordance with Circular Letter of OJK No. 15/SEOJK.03/2015 on the Implementation of Integrated Governance for Financial Conglomeration, BRI as the main entity conducts self assessment based on 3 aspects, namely structure, process and result covering 7 indicators:

1. Implementation of duties and responsibilities of the Board of Directors of the Main Entity.
2. Implementation of duties and responsibilities of the Board of Commissioners of the Main Entity.
3. Duties and responsibilities of the Integrated Governance Committee.
4. Duties and responsibilities of the Integrated Compliance Unit.
5. Duties and responsibilities of the Integrated Internal Audit Unit.
6. Duties and responsibilities of the Integrated Risk Management Unit.
7. Preparation and implementation of integrated governance guidelines.

The results of self assessment of Integrated Governance in 2017 are:

Based on the results of the BRI Governance rating as the main entity of 2017, BRI obtains a Composite Rating (1) or Excellent Value with details as follows:

Semester I and Semester II of 2017

Rank	Definition
1	The Financial Conglomeration of BRI is considered to have implemented a generally excellent implementation of Integrated Governance. This is reflected in the very adequate fulfillment of the implementation of the principles of Integrated Governance. In the event of weaknesses in the implementation of Integrated Governance, the weaknesses are generally insignificant and can be immediately corrected by the Main Entity and/ or Financial Institutions.

Analysis		
Strengths	Weaknesses	
<ol style="list-style-type: none"> 1. Members of BRI's Board of Commissioners has the excellent knowledge and experience and has the integrity, competency and adequate financial reputation, hence the active oversight process of the Board of Commissioners of Main Entity can be optimally implemented. 2. Main Entity and Financial Services Institutions are moving within supporting industries hence the governance can be efficiently implemented and focused. The Institutions under BRI financial conglomeration are synergizing. 3. The ownership of main entity at the Institutions are very high (>85%) in subsidiaries hence creating efficient oversight by the Main Entity on the Integrated Governance implementation. 4. BRI as Main Entity is routinely carried out quarterly evaluation with Compliance Unit, Risk Management Unit and Internal Audit Unit of Subsidiaries. 	<ol style="list-style-type: none"> 1. The Integrated Risk Management implementation requires the time to adjust with the internal and external (regulators) rules. 2. The management information system is not yet used in the implementation of integrated risk management. 3. The Institutions have not yet adopted the reporting guidelines set by the Main Entity. 	



CORPORATE GOVERNANCE

Analysis	
Strengths	Weaknesses
5. The availability of structured transparency and work culture in the committees of the Board of Commissioners of Main Entity supported by effective collaboration with related divisions within BRI Management.	
Follow Up	
1. Coordination with subsidiaries on the integrated risk management and adjustment of Internal Procedures on BRI Risk Management Implementation with the Financial Services Authority Regulation on the Integrated Risk Management Implementation. 2. Developing the management information system used in the integrated risk management application (the dashboard system in subsidiary is under the development). 3. Conducting standardization of the Financial Conglomeration Institutions Reporting to the Main Entity that are accommodating the specific reportings from the Institutions.	

GCG IMPLEMENTATION ASSESSMENT BY INDEPENDENT PARTY

ASEAN Corporate Governance Performance Index (ACGS)

In the implementation of GCG, BRI is guided by the international GCG standard, namely the ACGS that adopts the principles of Corporate Governance issued by the Organization for Economic Cooperation and Development.

The Assessment of GCG implementation shall be conducted by independent party, namely the Indonesian Institute of Corporate Directorship (IICD) in accordance with the criteria of ACGS Year 2017 and BRI obtain 99.53 score with Very Good rating with the following assessment details:

Principle	2015	2016	2017
Shareholders Rights	7.60	8.80	8.80
Equal Treatment to Shareholders	10.38	12.50	12.50
Role or Stakeholders	9.05	9.52	10.00
Disclosure and Transparency	22.56	24.39	24.39
Responsibility of the Board of Directors and Board of Commissioners	33.51	37.84	37.84
Bonus	7.00	9.00	6.00
Penalty	(2.00)	0	0
ACGS Score	88.55	102.05	99.53

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PERFORMANCE INDEX (CGPI)

The CGPI, organized by The Indonesian Institute for Corporate Governance (IICG) is a research program and GCG implementation rating for the companies in Indonesia with the aim of improving GCG implementation on an ongoing basis.

The implementation of CGPI 2017 under the theme "Management of Change in the GCG Framework" is evaluated on three aspects:

1. Governance Structure covers corporate governance structure and policy.
2. Governance Process includes corporate governance system and mechanism.
3. Governance outcome includes output, outcome and impact of GCG implementation process.

The CGPI 2017 assessment resulted in the score of 88.48 as the Most Trusted rating with the following assessment details:



CGPI Scores of BRI year 2012-2017

2012	2013	2014	2015	2016	2017
84.16	85.56	86.43	86.92	87.74	88.48
Trusted Company	Most Trusted Company				

BOARD OF DIRECTORS PERFORMANCE ASSESSMENT THROUGH THE CRITERIA OF EXCELLENT PERFORMANCE ASSESSMENT (KPKU)

The Board of Directors Performance Appraisal as stipulated by the Ministry of SOEs shall be conducted by applying the Excellent Performance Appraisal Criteria (KPKU) in accordance with the Ministry of SOE Letter No. S-153/S.MBU/2012 dated 19 July 2012 on the Performance Reporting Based on KPKU Approach which consists of 6 (six) Process Category and 1 (one) Result Category, which are:

1. Category 1. Leadership
2. Category 2. Strategic Planning
3. Category 3. Customer Focus
4. Category 4. Measurement of Knowledge Analysis and Management
5. Category 5. Labor Focus
6. Category 6. Focus of Operation
7. Category 7. Results.



CORPORATE GOVERNANCE

The KPKU SOE assessment results are divided into the following categories:



Since 2012, BRI increases its KPKU Scores with positive trends every year. Based on the Result of KPKU Assessment of BRI in 2017 held on January 2018, BRI is able to maintain its ranks as the **Industry Leader**. Through KPKU, BRI may be able to review the process performance and comprehensive results, at the same time receive the Company Strength and Opportunity for Improvement as the input to achieve sustainable excellent performance.

GCG IMPROVEMENT PLAN IN 2018

The implementation of sustainable governance requires long-term planning in the GCG Roadmap as well as implementation strategies in each of the relevant fiscal year. The GCG improvement plan for BRI for each year is based on the recommendations of the GCG Assessment and aligned with the annual business plan of BRI.

BRI has the following plan for the improvement of GCG quality in 2018:

- Improvement and updating the GCG policy.
- Creating and development of GCG online system.
- Transparency of GCG implementation through corporate website in accordance with best practice of banking industry.
- GCG internalization and externalization in a sustainable manner.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders (GMS) is one of the main organs with exclusive authority that is not transferable to the Board of Commissioners and Board of Directors of BRI. Through the GMS, shareholders may exercise their right to engage in the company's strategic decision-making process by referring to the limits of authority in accordance with the regulations and Articles of Association of BRI.

Legal Basis of GMS

In general, the GMS implementation refers to:

1. The Articles of Association of the Company
2. Law No. 40 Year 2007 regarding Limited Liability Company;
3. Law No. 19 of 2003 Regarding the State-Owned Enterprises;
4. Regulation of the Financial Services Authority No. 32/POJK.04/2014 Regarding the Plan and Implementation of GMS of Public Company ("POJK 32/POJK.04/2014").
5. Regulation of the Financial Services Authority No. 10/ POJK.04/2017 on the Amendment of the Financial Services Authority Regulation No. 32/POJK.04/2014 on the Plan and Implementation of the GMS of Public Companies.
6. Indonesian Stock Exchange Regulation No. I-E on Obligation of Information Submission.

Shareholders

Shareholders are individual or legal entity as a legitimate owner of the company's shares. Shareholders do not intervene with the function, duties, and authorities of the Board of Commissioners and Board of Directors.

Information of Main and Controlling Shareholders

The Main and Controlling Shareholders of BRI is the Government of the Republic of Indonesia through an ownership of 56.75%, Series A Dwiwarna share.

Rights of Shareholders

BRI shares are categorized into 2 (two) types, namely Series A Dwiwarna shares and Series B shares. Series A Dwiwarna share is owned by the Republic of Indonesia and is non-transferable to any person. With the ownership of the Series A Dwiwarna share, the Government as the shareholder has the following privileges:

1. The rights to approve in the GMS regarding the following matters:
 - a. Approval of the changes of Articles of Association
 - b. Approval of the changes of Capital
 - c. Approval of the appointment and termination of members of the Board of Directors and Board of Commissioners
 - d. Approval on alliance, merger, take-over, release, and divestment.
 - e. Approval of the remuneration for members of the Board of Directors and Board of Commissioners.
 - f. Approval on transfer of assets based on the Articles of Association requiring the GMS approval.
 - g. Approval on equity investment and reduction of its percentage in other companies based on the Articles of Association requiring the GMS approval.
 - h. Approval of the use of profits
 - i. Approval on investments and long term financing for non operations based on the Articles of Association requiring the GMS approval.
2. The rights to nominate Candidate Members of the Board of Directors and Board of Commissioners.
3. The rights to propose the GMS agenda
4. The rights to request and access the company documents, by such rights mechanisms in accordance with the Articles of Association.

In addition to the privileges owned by Series A Dwiwarna Shareholders, The Series A Shareholders and Series B Shareholders shall have the following same rights otherwise specified differently by the Articles of Association:

1. Attend GMS either directly or through cast a vote. Each shareholder is entitled to be treated equally and to make a sound according to the type, classification and number of shares owned.
2. Receive accurate and prompt information related to BRI with the principle of equality of information to all shareholders.



GENERAL MEETING OF SHAREHOLDERS

3. Receive distribution of dividend and other forms of profit of BRI in proportion to total owned shares
4. To receive remaining result from bank liquidation in the event of bankruptcy.
5. Request a General Meeting of Shareholders by one or more shareholders of either share or jointly representing 1/10 (one ten) or more of the total shares issued by the Company with valid voting rights, in good faith, on the basis of the interests of the Company and does not conflict with the laws and regulations of the Company.
6. Obtain comprehensive and accurate information on the GMS procedures requirement.
7. File a lawsuit against the Bank for any loss resulting from the Bank's acts that are considered unfair and irrational due to the resolutions of GMS, the Board of Directors and/or Board of Commissioners.
8. Request for the Bank to purchase its shares with a fair price in the event that the shareholder disagree with the Company's action/ corporate actions that cause such loss to the Shareholders or the Company.
9. Attain corporate information from the Board of Directors and/ or Board of Commissioners at the GMS as far as the requested information is in line with the meeting agenda and does not contradict the Company's interests.

Responsibilities of Shareholders

1. All shareholders shall:
 - a. Separate the ownership of company's assets and of personal assets.
 - b. Separate its function as shareholders and as members of the Board of Commissioners or Board of Directors in the event the shareholder holds a position in either organ.

2. The controlling shareholders shall:
 - a. Take into account the interest of minority shareholders and stakeholders pursuant to the prevailing laws and regulations;
 - b. Disclose the ultimate shareholders of the Bank to the law enforcement agency, where suspicion of legal breach arises or requested by competent authority.
 - c. Exert the accountability and transparent relationship between companies, where the shareholders are also the controlling shareholders of several other companies.
3. The minority shareholders are responsible to exercise their rights pursuant to the Company's Articles of Association and prevailing laws and regulations.

Shareholders Relationship Policy

The shareholders relationship as stated in the Bank's Articles of Association in which as regulated in the clause of the General Meeting of Shareholders. All communications with the shareholders become the responsibility of the Bank's main liaisons. All shareholders shall obtain equal treatment and information timely as stated in the Board of Directors' Circular Letter No. S.08-DIR/06/2014 on the Information Service and Management Policy of PT Bank Rakyat Indonesia (Persero) Tbk.

Shareholders' Equal Treatment

BRI upholds equality of treatment to all shareholders as reflected by:

1. The voting rights shall be calculated on the basis of total shares ownership, with the right to request the GMS for the shareholders at minimum 10%.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

GENERAL MEETING OF SHAREHOLDERS

2. Providing the same access to information through Investor Relations channel by means of direct interaction at Public Expose, Non-deal Roadshow, Press Conference or 1-on-1 Meeting, Conference Call and Email, as well as Documents availability on the Company's website, Investor Relations, and Indonesia Stock Exchange including the Annual Report, Audited Financial Statement, and Highlights of Company's Financial Performance.
3. The number of independent commissioners is above the minimum limit from Bank Indonesia, which is 5 Commissioners out of a total of 8 Commissioners.

2017 GMS IMPLEMENTATION

During 2017, the Bank has convened 2 (two) GMS that consisted of 1 (one) Annual GMS on 15 March 2017 and 1 (one) Extraordinay GMS on 18 October 2017.

CMS Implementation Stage In 2017

The GMS is convened in accordance with stages regulated in the Financial Services Authority Regulation No. 32POJK.04/2014 dated 08 December 2014 on the Plan and Convention of the General Meeting of Shareholders of Public Companies and the Bank's Articles of Association:

Stages	Activities
GMS Notice to OJK	To submit Notice on GMS plans to Financial Services Authority (OJK) at latest five (5) working days prior the GMS announcement.
GMS Announcement	The GMS Announcement shall be conducted at latest 14 days prior the GMS Invitation through one (1) Indonesian Newspaper with national coverage, Indonesian Stock Exchange Website and Company's website.
GMS Invitation	The GMS Invitation shall be conducted at latest 21 days prior the GMS through one (1) Indonesian Newspaper with national coverage, Indonesian Stock Exchange Website and Company's website.
GMS Minutes Announcement	The Announcement on GMS meeting summary must be submitted to OJK at latest two (2) days after GMS through one (1) Indonesian Newspaper with national coverage, Indonesian Stock Exchange Website and Company's website.
GMS Minutes Submission	The minutes of GMS meeting must be submitted to OJK at latest 30 days after GMS.

Quorum Procedures

No	Agenda	Attendance Quorum	Resolution Quorum
1	The Bank's transfer of assets or making assets debt collateral from a total of 50 net assets of the Bank into 1 (one) transaction or more that is related or not related.	Attended by Shareholders representing at least 3/4 (three quarter) of total shares with legitimate votings	Approved by more than 3/4 (three quarter) of total shares with legitimate votings present at the GMS



GENERAL MEETING OF SHAREHOLDERS

Quorum Procedures

No	Agenda	Attendance Quorum	Resolution Quorum
2	Approval of Transaction with conflict of interest of Shareholders having a conflict of interest shall be deemed to have rendered the same quorum with a decision approved by Independent Shareholders which has no conflict of interest	Attended by Independent Shareholders representing at least 1/2 (one half) of all shares of Independent Shareholders with legitimate voting rights	Approved by more than 3/4 (three quarter) of total shares of Independent Shareholders with votings rights attending the GMS
3	Changes of the Board of Directors, Board of Commissioners, Articles of Association that are not requiring the approval of the Ministry Issuance of Equity Securities and/or Increasing issued and paid-up capital	Attended by Shareholders Serie A Dwiwarna and other shareholders or their proxies representing 1/2 (one half) of total shares with legitimate voting rights	Approved by Shareholders Serie A Dwiwarna and other shareholders or their proxies representing 3/4 (three quarter) of total shares with votings rights attending the GMS
4	Changes of the Articles of Association requiring the Approval of the Ministry	Attended by Shareholders Serie A Dwiwarna and other shareholders or their proxies representing 2/3 (two third) of total shares with legitimate voting rights	Approved by Shareholders Serie A Dwiwarna and other shareholders or their proxies representing 2/3 (two third) of total shares with votings rights attending the GMS
5	Alliances, Merger, Takeover, Spin-Off, proposal of bankruptcy and the Company liquidation	Attended by Shareholders Serie A Dwiwarna and other shareholders or their proxies representing 3/4 (three quarter) of total shares with legitimate voting rights	Approved by Shareholders Serie A Dwiwarna and other shareholders or their proxies representing 3/4 (three quarter) of total shares with votings rights attending the GMS
6	Changes of Articles of Association regulating the changes of rights on shares in the event that the Bank has more than 1 (one) shares classifications	Attended by Shareholders Serie A Dwiwarna and other shareholders or their proxies representing 3/4 (three quarter) of total shares in shares classification impacted by the changes of the rights	Approved by Shareholders Serie A Dwiwarna and other shareholders or their proxies representing 3/4 (three quarter) of total shares with votings rights attending the GMS
7	Outside of Agenda 1 to 6 above	Approved by Shareholders representing 1/2 (one half) of total shares with votings rights attending the GMS	Approved by Shareholders representing 1/2 (one half) of total shares with votings rights attending the GMS

GENERAL MEETING OF SHAREHOLDERS

GMS Procedures

1. GMS procedures should be circulated to all attending shareholders prior to the commencement of the GMS.
2. Opportunity is given to Shareholders or their proxies to raise questions/ responses in each GMS agenda.
3. GMS Chairman or a Director appointed by the GMS Chairman to answer or address the questions/ comments from the shareholders.
4. Voting commences after all questions/ comments are addressed. Voting can only be casted by the Shareholders or their legitimate proxies.
5. Vote counting and/or validation in a GMS are conducted by an independent party, namely a notary, assisted by the company-appointed Share Registrar.

Information Access to Shareholders

BRI provides the access to enable the shareholders to exercise their rights and responsibilities, through the following communication media:

1. The GMS, as the media for the Company to communicate with shareholders, to present the corporate information and enable the shareholders to participate in decision making process that requires shareholders' approval;
2. Electronic media, such as corporate website, Stock Exchange website which is accessible in both Indonesian and English with the availability of various documents, reports and publications that are easily downloaded by the shareholders and the public;
3. Corporate email as a channel to disseminate and stay updated with the latest Company's information;
4. Other communications channels, including conference calls, investor/ analyst meetings, non-deal roadshows, conferences, public exposé, and investor/analyst gatherings.

Efforts to Encourage Shareholders to Attend and Cast Vote

BRI encourage all Shareholders to attend and exercise their rights and authorities in the GMS. The said effort is done in the form of:

1. Prompt notification and invitation of the GMS which are disseminated through the Company and Stock Exchange website as well as in Indonesian Language newspaper with national circulation.
2. Disclose material of each meeting agenda as reference for Shareholder.
3. Open access for Shareholders to communicate with the Company regarding the implementation of GMS through the contacts available on the Company Website.
4. Berkommunikasi baik dilakukan melalui pertemuan maupun korespondensi via email dengan beberapa pihak/investor mengenai penyelenggaraan dan mata acara RUPS untuk mengajak agar pemegang saham dan/atau kuasanya hadir pada RUPS Perseroan.

GMS Voting Mechanism

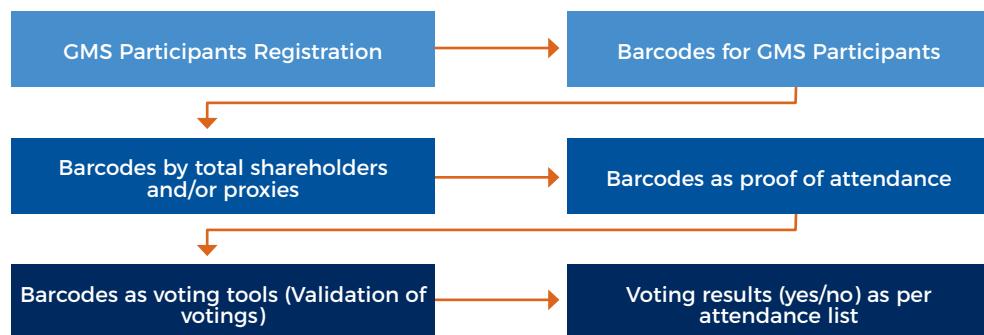
1. Every 1 (one) share extends its holder 1 (one) voting right.
2. Voting mechanism in GMS:
 - a. Shareholders or their proxies that are abstain and against the proposed agenda are requested to raise their hands and submit their votes;
 - b. Shareholders or their proxies that do not raise their hands are deemed in favor of the proposed agenda or item in discussion;
 - c. Shareholders or their proxies that are abstain will be counted as the same votes with the majority of shareholders who cast their votes;
 - d. The notary announces voting result.
3. The attendance of a shareholder in the GMS can be represented by other shareholders or by a third party authorized by a letter of attorney. Members of the Board of Directors, Board of Commissioners, secretary of the Board of Commissioners, and the Bank's employees can represent a shareholder in the GMS however shall not cast a vote on behalf of the shareholders.



GENERAL MEETING OF SHAREHOLDERS

4. A proxy holder that is authorized by a shareholder to abstain in a vote, or to against, but fail to raise hands to express the abstain or disagreement during voting led by the GMS Chairperson, will be regarded as in favor of the item in discussion.

Electronic Voting Mechanism



Mekanisme pemungutan suara melalui sarana barcode yang telah ter otentifikasi sesuai dengan jumlah saham dan absensi kehadiran pemegang saham tertentu.

GMS Voting Involving Independent Parties

In conducting the GMS, BRI invites not only shareholders but also third parties especially in voting and vote counting. The third parties are:

1. Notary
Notary in charge of making minutes/ minutes of the BRI's GMS. In any GMS activity, the Notary directly witnesses and hears the GMS process and provides the opinion/ suggestions/ corrections required in relation to the GMS.
2. Share Registrar
Share Registrar has the duty to administer the registry of securities holder, and periodically updates to the company. In the process of GMS, the tasks of share registrar include:
 - a. To issue written meeting confirmation for employees and shareholders of shares registered in the omnibus account. The written confirmation is distributed to the address of employees or shareholders.

- b. To register and validate shareholders attending the GMS.
- c. To perform electronic count of attendance quorum and votes for each agenda item.
- d. To provide printed materials relating to voting administration.

In addition to Notary and Share Registrar, the GMS is also attended by other independent parties in accordance with the agenda of the agenda held in the GMS such as:

1. Public Accountant Firm
Public Accountant Firm acts as an independent party who audit the financial statements of BRI fairly and provides feedback and suggestions for improvement to the Management.
2. Consultant of Independent Appraisal Services and Legal Consultant
Independent Appraisal Consultants and Legal Consultants are independent parties who are always involved in terms of corporate actions such as debt issues, mergers, acquisitions, acquisitions, and others. The Independent Appraiser Consultant Service is responsible for ensuring the fairness of the transaction value while the Legal Consultant ensures that the transaction will be in accordance with the processes and procedures based on the applicable rules and regulations.

GENERAL MEETING OF SHAREHOLDERS

Implementation of the GMS Financial Year

Throughout 2017, the Company has convened 2 (two) times of the GMS, namely 1 (one) time Annual GMS and 1 (one) time Extraordinary GMS.

Annual GMS 2017

The 2017 AGMS was convened on 15 March 2017 at BRI I Building, 21 st floor Jalan Jenderal Sudirman Kav. 44 - 46, Jakarta Pusat, 10210 in compliance with obligation as stipulated in POJK 32/POJK.04/2014 as follows:

Date	Activities	Description	Status
18.01.2017	AGMS Notice to OJK	AGMS notice to OJK in less than 5 (five) working days prior to the GMS announcement.	Comply
06.02.2017	AGMS Announcement	14 days prior to AGMS invitation and has been published in the print media Investor Daily and Kontan, www.idx.co.id and www.bri.co.id	Comply
21.02.2017	AGMS Invitation	AMGS invitation is 21 days prior to the AGMS and has been published in the print media Investor Daily and Kontan, www.idx.co.id and www.bri.co.id	Comply
15.03.2017	AGMS	AGMS 2017 convention in BRI I Building 21st Floor Jalan Jendral Sudirman Kav. 44-46, Jakarta Pusat 10210	Comply
17.03.2017	AMGS Resolution Minutes Announcement	AMGS Resolution Minutes Announcement to OJK 2 (two) days following the AGMS and has been published in the print media Investor Daily and Kontan, www.idx.co.id and www.bri.co.id	Comply
07.04.2017	Submission of AMGS Resolution Minutes to OJK	Submission of AMGS Resolution Minutes to OJK at least 30 working days following the AGMS.	Comply

AGMS Agenda

The following are the AGMS agenda:

First Agenda	Approval of the Company Annual Report and the ratification of the Company Consolidated Financial Statements, the Board of Commissioners Supervisory Actions Report and ratification of the Annual Report of Partnership and Community Development Program for the financial year of 2016 including submission of Accountability report for the use of proceeds from public offering of the Revolving Bond I of Bank BRI phase II and III 2016 by the number of emissions amounted IDR 9.000.000.000.000 (Nine Trillion Rupiah) and Revolving Bond II Bank BRI phase I 2016 amounted IDR 4.600.000.000.000 (Four Trillion Six Hundred Billion Rupiah) and granting full release and discharge (volledig acquit et de charge) to all members of the Board of Directors and Board of Commissioners from the management and supervisory actions carried out for the financial year ending December 31 st 2016
Second Agenda	Approval of the use of the Net Profit of The Company for the financial year of 2016.
Third Agenda	Approval on the salary of the Board of Directors, honorarium, tantiem and allowance for the Board Commissioners, as well as the facilities and other benefits for all members of the Board of Directors and Board of Commissioners of the Company.



GENERAL MEETING OF SHAREHOLDERS

Fourth Agenda	The appointment of Public Accountant Firm to audit the Company's Financial Report and Financial Report on the Partnership and Community Development Program for the financial year of 2017.
Fifth Agenda	Approval on the enactment of Regulation of Ministry of State-Owned Enterprises No. PER-03/MBU/12/2016 on Amendment to Regulation of Ministry of State-Owned Enterprises No. PER-09/MBU/07/2015 regarding The Partnership Program and Community Development Program of State-Owned Enterprises on December 2016.
Sixth Agenda	Approval on the Amendment to the Articles of Association of the Company
Seventh Agenda	Change of the member of the Board of Commissioners and/or Board of Directors of the Company

Attendance of Shareholders, the Board of Commissioners and Board of Directors

The AGMS was attended by Shareholders that fulfil the quorum requirement, members of the Board of Commissioners and the Board of Directors.

Shareholders	Board of Commissioners	Board of Directors
Meeting is attended by shareholders and/or their proxies representing 20,983,878,884 shares of total shares with legitimate voting rights issued by the Bank	Attended by all Board of Commissioners: - Mustafa Abubakar President Commissioner and Independent Commissioner - Gatot Trihargo Vice President Commissioner - Adhyaksa Dault Independent Commissioner - A. Sonny Keraf Independent Commissioner - A. Fuad Independent Commissioner - A. Fuad Rahmany Independent Commissioner - Vincentius Sonny Loho Commissioner - Jeffry J. Wurangian Commissioner	Attended by all Board of Directors: - Asmawi Syam President Director - Sunarso Vice President Director - Haru Kusmahargyo Director - Susy Liestiowaty Director - Sis Apik W Director - Donsuwan Simatupang Director - Randi Anto Director - Zulhelfi Abidin Director - Mohammad Irfan Director - Priyastomo Director - Kuswiyoto Director
85.83%	100.00%	100.00%

Opportunity to Raise Questions and/or Opinion

Shareholders have the rights to raise question and/or opinion in GMS related with the Meeting Agenda. In AGMS, total questions and/or opinions raised by Shareholders are as follows:

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

GENERAL MEETING OF SHAREHOLDERS

Agenda	Total Questions/ Opinions
First Agenda	4 (four) questions/opinions from 2 (two) attendees:
	<p>Question 1: What is BRI implementation on Fintech?</p> <p>Answer 1: BRI has strengthened the Device, Networking & Application, one of it by increasing payment system and pioneering full digital branch including for micro sector by building digital market.</p> <p>Question 2: NPL BRI is below banking industry average, however the allowance for impairment losses is increased. How much this account is set?</p> <p>Answer 2 : BRI set the allowance for impairment losses at Rp 21.9 Triliun with coverage ratio of 170%. We consider this as adequate level.</p> <p>Question 3: How is BRI Strategy to address the government plan to limit the Net Interest Margin (NIM), a single digit interest rate of time deposits.</p> <p>Answer 3: BRI will focus on improving CASA and transaction banking by strengthening information technology.</p> <p>Question 4: How is the plan on the establishment of Financial and Banking SOE holding?</p> <p>Answer 4: For the establishment of Financial and Banking SOE holding, this plan is not BRI corporate action but shareholders action namely the Government under the coordination of SOE Ministry. The holding establishment is expected to strengthen capital through fundraising capacity improvement. Moreover it is expected to improve Indonesia ratings regionally.</p>
Second Agenda	3 (tiga) questions from 2 (two) attendees:
	<p>Question 1: Why is there a term of Special Dividend this year?</p> <p>Answer 1 : During the last 5 (five) years, BRI Dividend Payout Ratio (DPO) BRI was consistently at 30%. The consideration in stipulating DPO is one of them to maintain BRI CAR to meet Basel III in 2019. For this year, by considering BRI CAR of 22.63% - the level is relatively adequate as it is above ideal limit of 16,75%, in doing so we provided 'additional' DPO of 10% subsequently making a total DPO of 40%. This addition we named it as 'special dividend' as a term only.</p>



GENERAL MEETING OF SHAREHOLDERS

Agenda	Total Questions/ Opinions
Second Agenda	Question 2: How much is the total dividend payout, including the special dividend? Answer 2: Total dividend payout is planned at Rp 10,4 Trillion.
	Question 3: It is expected that for financial year 2017 will be determined to attain 10% - 15% special dividend? Answer 3: We will consider the Bank's needs as well as CAR level in particular for the fulfillment of Basel III in 2019.
Third Agendat	None
Fourth Agenda	None
Fifth Agenda	None
Sixth Agenda	None
Seventh Agenda	None

Voting Mechanism

Resolution Mechanism in the Meeting were resolved based on amicable deliberation to reach a mutual consensus. In the event that the resolutions failed to be reached, the resolutions were resolved by way of voting.

AGMS Resolutions and Follow Up Actions

First Agenda	
Resolution	1. a. Approved the Annual Report including the Board of Commissioners Supervisory Actions Reports, and the Company's Consolidated Financial Statements for the financial year ended on December 31st, 2016 audited by the Public Accountant Firm Purwantono, Sungkoro dan Surja in accordance to Auditor report Number RPC - 2879/PSS/2017 dated January 20th 2017. b. Approved the Annual Report on the Partnership and Community Development Program of the financial year of 2016 audited by the Public Accountant Firm Purwantono, Sungkoro dan Surja in accordance to Auditor report No. RPC-2966/PSS/2017/2017 dated January 25th 2017. c. Received an Accountability report for the use of proceeds from public offering of the Revolving Bond I of the Revolving Bond I of Bank BRI phase II and III 2016 by the number of emissions amounted IDR 9.000.000.000.000 (Nine Trillion Rupiah) and Revolving Bond II Bank BRI phase I 2016 amounted IDR 4.600.000.000.000 (Four Trillion Six Hundred Billion Rupiah).

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

GENERAL MEETING OF SHAREHOLDERS

First Agenda

	2. Granted full release and discharge (volledig acquit et de charge) to all members of the Board of Directors and Board of Commissioners from the management and supervisory actions carried out for the financial year ending December 31 st 2016.
Voting Result	Agree: 20.899.766.184 Shares (99.599%) Against: 7.006.000 Shares (0.033%) Abstain: 77.106.700 Shares (0.367%)
Realization/Follow Up	Laporan Keuangan dan Laporan Tahunan telah disampaikan kepada Otoritas Jasa Keuangan (OJK) dan Bursa Efek Indonesia (BEI) serta dipublikasikan pada situs web Perseroan dan BEI masing-masing pada tanggal 1 Februari 2017 dan 21 Februari 2017.
Status	Has been completed

Second Agenda

Resolution	Approved the distribution of the Net Profit of Rp 26.195.772.245.014 of The Company for the financial year of 2016, as follows:
	<ol style="list-style-type: none"> 1. a. 40% dividend payout ratio (Rp 10.478.308.898.006) consisting of 30% dividend (Rp 7.858.731.673.504) and 10% special dividends (Rp 2.619.577.224.502) distributed to the shareholders. b. Granted authority to the Board of Directors to set the schedule and the procedure of dividend payment of the financial year of 2016 in accordance with prevailing laws and regulations.
	2. 60 % of the Net Profit (Rp15.717.463.347.008) is allocated for retained earnings
Voting Result	Agree: 20.861.067.062 Shares (99.415%) Against: 51.082.422 Shares (0.243%) Abstain: 71.729.400 Shares (0.342%)
Realization/Follow Up	<ol style="list-style-type: none"> 1. Dividend Payment Mechanism has been disclosed on 17 March 2017 at the same time with the AGMS resolution announcement through the Website of the Company and Indonesian Stock Exchange in Indonesian and English version. 2. The dividend has been distributed on 13 April 2017.
Status	Has been completed

Third Agenda

Resolution	<ol style="list-style-type: none"> 1. Granted full rights to the Series A Dwiwarna Shareholders to determine tantiem for the 2016 Financial Year to all members of the Board of Commissioners, as well as the salary/ honorarium, allowances and also other facilities for the members of the Board of Commissioners for the year of 2017. 2. Granted power and authority to the Company's Board of Commissioners with prior approval from Series A Dwiwarna Shareholders to determine tantiem for the 2016 Financial Year to all members of the Board of Directors, as well as the salary/ honorarium, allowances and also other facilities for members of the Board of Directors for the year of 2017.
Voting Result	Agree: 19.322.810.980 Shares (92.084%) Against: 1.140.726.293 Shares (5.436%) Abstain: 520.341.611 Shares (2.480%)



GENERAL MEETING OF SHAREHOLDERS

Third Agenda

Realization/Follow Up	Total Tantiem for the 2016 Financial Year to all members of the Board of Commissioners, as well as the salary/ honorarium, allowances and also other facilities for the members of the Board of Commissioners for the year of 2017 has been decided through the letter of Ministry of State-Owned Enterprise No. 20/D5.MBU/06/2017 dated 21 Juni 2017.
Status	Has been completed

Forth Agenda

Resolution	<ol style="list-style-type: none"> 1. The appointment of Purwantono, Sungkoro & Surja as Public Accountant Firm to audit the Company's Financial Report and the Financial Report on the Partnership and Community Development Program for the financial year of 2017. 2. Granted full rights to the Board of Commissioners to appoint a Public Accountant Firm to audit The Company's 2017 Financial Report. 3. Granted the authority to the Board of Commissioners to appoint Public Accountant Firm and a substitute Public Accountant Office in the case that Purwantono, Sungkoro & Surja as the appointed Public Accountant Firm for any reason fails to complete the audit of the Company's financial report and the Financial Report of the Partnership and Community Development Program for the financial year 2017 as well as to determine the honorarium and other terms applicable to the appointed Public Accountant Firm and the substitute Public Accountant Firm.
Voting Result	Agree: 19.855.151.259 Shares (94.620%) Against: 1.049.568.675 Shares (5.002%) Abstain: 79.158.950 Shares (0.377%)
Realization/Follow Up	Surat Perintah Kerja kepada KAP Purwantono, Sungkoro & Surja No. 374/P-PBJ/PJS/03/2017 tanggal 27 Maret 2017.
Status	Has been completed

Fifth Agenda

Resolution	Approval on the enactment of Regulation of Ministry of State - Owned Enterprises No. PER - 03/MBU/12/2016 on Amendment to Regulation of Ministry of State - Owned Enterprises No. PER - 09/MBU/07/2015 regarding The Partnership Program and Community Development Program of State - Owned Enterprises on December 2016.
Voting Result	Agree: 20.814.320.063 Shares (99.192%) Against: 94.979.121 Shares (0.453%) Abstain: 74.579.700 Shares (0.355%)
Realization/Follow Up	The implementation of Partnership and Community Development Program of the Bank has conformed to the Minister of State-Owned Enterprise Regulation No. PER – 03/MBU/12/2016
Status	Has been completed

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

GENERAL MEETING OF SHAREHOLDERS

Sixth Agenda

Resolution	<ol style="list-style-type: none"> Approval on the Amendment to the Articles of Association of the Company in order to accommodate the letter from the Ministry of State Owned Enterprises on standardization of Article of Association of Public State Owned Enterprises. Approved and reinstated each amendment to the Articles of Association discussed in point 1 Granted authority to the Board of Directors with the right of substitution to perform all acts necessary decisions relating to the agenda of the Meeting, including drafting and reinstate the Articles of Association in a Notarial Deed and deliver to the authorities for approval of notification of an amendment, and to do everything that is necessary for this purpose without exemption, including to include additions and/or changes in the amendment if it is required by the authorities.
Voting Result	Agree: 15.489.018.114 Shares (73.814%) Against: 4.957.930.859 Shares (23.627%) Abstain: 536.929.911 Shares (2.559%)
Realization/Follow Up	Perubahan Anggaran Dasar telah memperoleh persetujuan Menteri Hukum dan Hak Asasi Manusia No. AHU-0015594.AH.02.Tahun 2017 tanggal 01 Agustus 2017
Status	Has been completed

Seventh Agenda

Resolution	<ol style="list-style-type: none"> Board of Commissioners <ol style="list-style-type: none"> Honorably discharged the services of the following names from the Board of Commissioners: <ul style="list-style-type: none"> Mr. Mustafa Abubakar as President Commissioner / Independent Commissioner Mr. Ahmad Fuad as Independent Commissioner Mr. Vincentius Sonny Loho as Commissioner. Effective immediately at the closing of the Meeting, with gratuity for the contribution and services given during the term as members of the Board of Commissioners Mr. Mahmud, who was appointed as Commissioner at the 2015 Annual General Meeting of Shareholders on March 23rd 2016, is appointed as Independent Commissioner by continuing his term. Appointed the following names as member of the Board of Commissioners: <ul style="list-style-type: none"> Mr. Andrinof A. Chaniago as President Commissioner. Mr. Nicolaus Teguh Budi H as Commissioner. Mr. Vincentius Sonny Loho as Commissioner. The end of the term of office of the aforementioned appointed members of the Board of Commissioners shall be until the closing of the 5th Annual General Meeting of Shareholders of the Company since their appointment, and comply with the capital market regulation without diminishing the right of General Meeting of Shareholders to dismiss those members at any time
------------	---



GENERAL MEETING OF SHAREHOLDERS

Seventh Agenda

Resolution	<p>2. Board of Directors</p> <p>2.1. Honorable discharged the services the following names from the Board of Commissioners:</p> <ul style="list-style-type: none"> • Mr. Asmawi Syam as President Director • Mr. Zulhelfi Abidin as Director <p>Effective immediately at the closing of the Meeting, with gratuity for the contribution and services given during the term as members of the Board of Directors</p> <p>2.2. Appointed the following names as member of the Board of Commissioners</p> <ul style="list-style-type: none"> • Mr. Suprajarto as President Director • Mr. Indra Utomo as Director <p>The end of the term of office of the aforementioned appointed members of the Board of Directors shall be until the closing of the 5 th Annual General Meeting of Shareholders of the Company since their appointment, and comply with the capital market regulation without diminishing the right of General Meeting of Shareholders to dismiss those members at any time.</p> <hr/> <p>3. Composition of the Board of Commissioners and the Board of Directors are as follows:</p> <p>Board of Commissioners:</p>
	<ul style="list-style-type: none"> - Andrinof A. Chaniago, President Commissioners and Independent Commissioner - Gatot Trihargo, Vice President Commissioner - Adhyaksa Dault, Independent Commissioner - A. Fuad Rahmany, Independent Commissioner - A. Sonny Keraf, Independent Commissioner - Mahmud, Independent Commissioner - Jeffry J. Wurangian, Commissioner. - Vincetius Sonny Loho, Commissioner - Nicolaus Teguh Budi Harjanto, Commissioner <p>Board of Directors:</p> <ul style="list-style-type: none"> - Suprajarto, President Director - Sunarso, Vice President Director - Randi Anto, Director - Susy Liestiowaty, Director - Donsuwan Simatupang, Director - Mohammad Irfan, Director - Haru Koesmahargyo, Director - Kuswiyoto, Director - Sis Apik Wijayanto, Director - Pryastomo, Director - Indra Utomo, Director <hr/>

GENERAL MEETING OF SHAREHOLDERS

Seventh Agenda

Granted power and authority to the Board of Director with the right of substitution to perform all necessary actions related with this decision in accordance with the prevailing laws and regulations, including to state in a notarial deed and to notify the changes of composition of the Board of Commissioners and Directors to the Ministry of Law and Human Rights of the Republic of Indonesia and to ask OJK to undergo a Fit and Proper Test to the Board candidates according to prevailing regulations.

Voting Result	Agree: 15.283.081.088 Shares (72.832%) Against: 4.927.322.864 Shares (23.481%) Abstain: 773.474.932 Shares (3.686%)
Realization/Follow Up	<p>Board of Commissioners</p> <ol style="list-style-type: none"> 1. Sdr. Andrinof A. Chaniago telah lulus Fit and Proper sesuai surat Otoritas Jasa Keuangan No. SR-123/PB.12/2017 tanggal 21 Juli 2017 2. Sdr. Nicolaus Teguh Budi Harjanto telah lulus Fit and Proper sesuai surat Otoritas Jasa Keuangan SR-123/PB.12/2017 tanggal 21 Juli 2017 3. Sdr. Vincentius Sonny Loho telah lulus Fit and Proper sesuai surat Surat Bank Indonesia No. 14/96/GBI/DPIP/Rahasia tanggal 3 September 2012 <p>Board of Directors</p> <ol style="list-style-type: none"> 1. Sdr. Suprajarto telah lulus Fit and Proper sesuai surat Otoritas Jasa Keuangan SR-70/PB.12/2017 tanggal 3 Mei 2017 2. Sdr. Indra Utomo telah lulus Fit and Proper sesuai surat Otoritas Jasa Keuangan SR-123/PB.12/2017 tanggal 21 Juli 2017
Status	Has been completed

Extraordinary GMS (EGMS) 2017

In 2017, BRI convened one (1) EGMS on 18 October 2017 at BRI I Building, 21st floor Jalan Jenderal Sudirman Kav. 44 - 46, Jakarta Pusat, 10210 in compliance with obligation as stipulated in POJK 32/POJK.04/2014 as follows:

Date	Aktivitas	Keterangan	Status
30 August 2017	EGMS Notice to OJK	AGMS notice to OJK in less than 5 (five) working days prior to the GMS announcement.	Comply
11 September 2017	EGMS Announcement	14 days prior to EGMS invitation and has been published in the print media Investor Daily and Kontan, www.idx.co.id and www.bri.co.id	Comply
26 September 2017	EGMS Invitation	21 days prior to the EGMS and has been published in the print media Investor Daily and Kontan, www.idx.co.id and www.bri.co.id	Comply
18 October 2017	EGMS	EGMS 2017 convention in BRI I Building 21st Floor Jalan Jenderal Sudirman Kav. 44-46, Jakarta Pusat 10210	Comply
19 October 2017	EMGS Resolution Minutes Announcement	Meeting Minutes has been uploaded in the Bank's Website 1 Day following the EGMS	Comply



GENERAL MEETING OF SHAREHOLDERS

Date	Aktivitas	Keterangan	Status
20 October 2017	EGMS Minutes of Meeting Announcement	EGMS Minutes of Meeting Announcement is submitted to OJK 2 (two) days following the EGMS and has been published in print media Investor Daily and Kontan, www.idx.co.id and www.bri.co.id	Comply
31 October 2017	GMS Minute Submission to OJK	GMS Minute Submission to OJK less than 30 working days following the EGMS.	Comply

EGMS Meeting Agenda

EGMS Meeting Agenda are as follows:

First Agenda	A stock split of BBRI from the initial Rp250,00 (two hundred and fifty rupiah) per share to Rp 50,00 (fifty rupiah) per share and the amendment of the Articles of Association following new capital stock – par value per share.
Second Agenda	Changes of Composition of the BOC and the BOD.

Attendance of Shareholders, the Board of Commissioners and Board of Directors

The EGMS was attended by Shareholders that fulfil the quorum requirement, members of the Board of Commissioners and the Board of Directors.

Shareholders	Board of Commissioners	Board of Directors
Meeting is attended by shareholders and/or their proxies representing 21,333,639,247 shares of total shares with legitimate voting rights issued by the Bank	Attended by 8 (eight) of 9 members of the Board of Commissioners: - Andrinof A. Chaniago President Commissioner/ Independent Commissioner - Gatot Trihargo Vice President Commissioner Note: Adhyaksa Dault did not attend the EGMS - A. Sonny Kerap Independent Commissioner - Mahmud Independent Commissioner - A. Fuad Rahmany Independent Commissioner - Vincentius Sonny Loho Commissioner - Jeffry J. Wurangian Commissioner - Nicolaus Teguh Budi H Commissioner The absent member of the Board of Commissioner was Mr. Adhyaksa Dault.	- Suprajarto President Director - Sunarso Vice President Director - Susy Liestiowaty Director - Sis Apik Wijayanto Director - Donsuwan Simatupang Director - Randi Anto Director - Indra Utuyo Director - Mohammad Irfan Director - Priyastomo Director - Kuswiyoto Director - Haru Koesmahargyo Director
87.26%	89%	100%

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

GENERAL MEETING OF SHAREHOLDERS

Opportunity to Raise Questions and/or Opinion

Shareholders have the rights to raise question and/or opinion in GMS related with the Meeting Agenda. In EGMS, total questions and/or opinions raised by Shareholders are as follows:

Agenda	Total Questions/ Opinions
First Agenda	1 question/opinion from 1 (one) attendee: Question 1: Is there any portion for BRI mentoring MSME/Cooperative to participate in new stock split and is or can the government regulation to let the MSME/mentoring to first obtain the portion?
	Answer 1: This stocksplit is not new rights issue, hence the parties that have the right and can buy the shares has comply with the prevailing capital market mechanisms and regulations.
Second Agenda	None

Voting Mechanism

Resolution Mechanism in the Meeting was resolved based on amicable deliberation to reach a mutual consensus. In the event that the resolutions failed to be reached, the resolutions were resolved by way of voting.

EGMS Resolutions and Follow Up Actions

First Agenda

- | | |
|------------|--|
| Resolution | <ol style="list-style-type: none"> 1. Approved the stock split of Series A Dwiwarna and Series B from IDR 250. (two hundred fifty Rupiah) per share into Rp.50,- (fifty Rupiah) per share with ratio of 1:5 (one in five). The result of stock split of initial Series A Dwiwarna into five (5) shares new nominal value consists of: <ol style="list-style-type: none"> a. One (1) Series A Dwiwarna share shall be retained as Series A Dwiwarna shares of the Republic of Indonesia with a nominal value of Rp.50,00 (fifty Rupiah) per share. b. Four (4) Series B owned by the Republic of Indonesia with nominal value of Rp. 50 (fifty Rupiah) per share. 2. Approved the changes of Articles of Association related with the stock split. |
|------------|--|



GENERAL MEETING OF SHAREHOLDERS

First Agenda

3. Granted the authority to the Board of Directors of the Company with the right of substitution to:
 - a. Perform all acts necessary in carrying the mentioned stock split in accordance with prevailing regulations, including but not limited to determine the terms and schedule of stock split.
 - b. Reinstate the decision of stock split including to restate all terms of the Articles of Association in a Notarial Deed and deliver to the authorities for approval/notification of an amendment of Articles of Association, and to do everything that is necessary for this purpose without exemption, including to include additions and/or changes in the amendment if it is required by the Ministry of Law and Human Rights..

Voting Result	Agree: 21.333.627.347 Shares (99.9999%) Abstain: 11.900 Shares (0.0000%) No shareholders were against the voting result.
Realization/Follow Up	<ul style="list-style-type: none"> • The announcement on terms and stock split schedule has been done on 2 November 2017. • Shares with new nominal value have been distributed on 15 November 2017.
Status	Has been completed

[Performance Highlights](#)[Management Reports](#)[Company Profile](#)[Management Discussion & Analysis](#)

GENERAL MEETING OF SHAREHOLDERS

Second Agenda

Resolution

- Honorably discharged the services of Mr. Adhyaksa Dault as member of Independent Commissiober of PT Bank Rakyat Indonesia (Persero), Tbk, being appointed by Annual GMS decision dated 19 March 2015.
- The dismissal of the respective member of the Board of Commissioners shall be effective as of the closing of this Meeting with gratitude for the contribution of personnel and thoughts given during his term of office as a member of the Board of Commissioners.
- Appointed Ms. Rofikoh Rokhim as Independent Commissioner of PT Bank Rakyat Indonesia (Persero) Tbk.
- Honorably discharged the services of the following names from the Board of Directors:
 - Mr. Sunarso as Vice President Director
 - Mr. Randi Anto as Director.Appointed respectively based on AGMS decision dated 19 March 2015 and AGMS dated 23 March 2016. The said dismissal of members of the Board of Directors shall be effective immediately at the closing of the Extraordinary General Meeting of Shareholders (EGMS), with gratuition for the contribution and services given during the term as members of the Board of Directors.
- Changed the nomenclature of the Board of Directors to be as follows:
 - Initially, the President Director remains the President Director
 - Initially Vice President Director into Director of Institutional Relations
 - Initially Director into Director of Micro and Retail Credit
 - Initially Director into Director of Medium Credit, Corporation and SOE
 - Initially Director into Director of Digital Banking and Information Technology
 - Initially Director into Director of Network and Service
 - Initially Director into Director of Consumer
 - Initially Director into Director of Business and Finance Strategy
 - Initially Director into Human Capital Director
 - Initially Director into Compliance Director
 - Initially Director into Director of Risk Management



GENERAL MEETING OF SHAREHOLDERS

Second Agenda

- To transfer the assignment of below names as members of the Board of Directors of the Company:
 - Mr. Priyastomo initially as Director into Director of Micro and Retail Credit
 - Mr. Kuswiyoto initially as Director into Director of Medium Credit, Corporation and SO
 - Mr. Indra Utomo initially as Director into Director of Digital Banking and Information Technology
 - Yuan Mohammad Irfan initially as Director into Director of Network and Service
 - Mr. Haru Koesmahargyo initially as Director into Director of Business and Finance Strategy
 - Mrs. Susy Liestiowaty initially as Director into Compliance Director
 - Mr. Donsuwan Simatupang initially as Director into Risk Management Director
 - Mr. Sis Apik Wijayanto initially as Director into Director of Institutional Relations
 - To appoint the following names as members of the Board of Directors of the Company:
 - Mrs Handayani As Consumer Director
 - Mrs. R. Sophia Alizsa as Director of Human Capital.

The term of office of the respective appointed members of the Board of Directors is until the closing of the 5th (fifth) AGM since the appointment, being the Annual General Meeting of Shareholders held in 2022 with due regard to the laws and regulations of the capital market and without prejudice to the right of the General Meeting of Shareholders to dismiss at any time.
 - Upon the dismissal and appointment of members of the Board of Directors and Board of Commissioners, changes in the nomenclature of title and assignment of duties of the the Board of Directors, as referred to in number 1 to 6, the management composition of PT Bank Rakyat Indonesia (Persero) Tbk becomes as follows:
- Board of Commissioners**
- Andrinof A. Chaniago, President Commissioners and Independent Commissioner
 - Gatot Trihargo, Vice President Commissioner
 - Mahmud, Independent Commissioner
 - A. Fuad Rahmany, Independent Commissioner
 - A. Sonny Keraf, Independent Commissioner
 - Rofikoh Rokhim, Independent Commissioner
 - Nicolaus Teguh Budi Harjanto, Commissioner
 - Vincetius Sonny Loho, Commissioner
 - Jeffry J. Wurangian, Commissioner

GENERAL MEETING OF SHAREHOLDERS

Second Agenda

Board of Directors:

- Suprajarto, President Director
- Pryastomo, Director of Micro and Retail Credit
- Indra Utomo, Director of Digital Banking and Information Technology
- Mohammad Irfan, Director of Network and Service
- Haru Koesmahargyo, Director of Business and Finance Strategy
- Susy Liestiowaty, Compliance Director
- Donsuwan Simatupang, Risk Management Director
- Sis Apik Wijayanto, Director of Institutional Relations
- Handayani, Consumer Director
- R. Sophia Alizsa, Director of Human Capital

Granted power and authority to the Board of Director with the right of substitution to perform all necessary actions related with this decision in accordance with the prevailing laws and regulations, including to state in a notarial deed and to notify the changes of composition of the Board of Commissioners and Directors to the Ministry of Law and Human Rights of the Republic of Indonesia and to ask OJK to undergo a Fit and Proper Test to the Board candidates according to prevailing regulations.

Voting Result	Agree: 14.951.633.535 Shares (25.6463%) Against: 5.471.300.928 Shares (25.6463%) Abstain: 910.704.784 Shares (4.2689%)
---------------	--

Board of Commissioners

Sdri. Rofikoh Rokhim telah lulus Fit and Proper sesuai surat Otoritas Jasa Keuangan No. SR-18/PB.12/2018 tanggal 31 Januari 2018

Board of Directors

Sdri. R. Sophia Alizsa dan Sdri. Handayani saat ini masih dalam proses Fit and Proper Test OJK

Status	1. The appointment of Rofikoh Rokhim as Member of the Board of Commissioners has been done. 2. Effective appointment of R. Sophia Alizsa and Sdri. Handayani is under process.
--------	---



GENERAL MEETING OF SHAREHOLDERS

CONVENTION OF THE PREVIOUS ANNUAL GMS

In 2016, the Bank convened 1 (one) Meeting, namely the Annual GMS.

GMS Resolution of 2016

Resolution of First Agenda

1. Approved and ratified the Annual Report 2015, including the Supervisory Report conducted by the Board of Commissioners and the Financial Statement for the financial year of 2015 which had been audited by the Public Accountant Office Purwantono, Sungkoro and Surja according to the Report No. RPC-250/PSS/2016 dated January 29, 2016.
2. Approved and ratified the Annual Report of the Partnership and Community Development Program for the financial year of 2015 including the Financial Statement audited by the Public Accountant Office Purwantono, Sungkoro and Surja, according to the Report No. RPC-119/PSS/2016/DAU dated 23 February 2016.
3. Granted full release and discharge (acquit et de charge) to the Board of Directors and the Board of Commissioners for their management and supervision during the financial year ended on 31 December 2015 including their management and supervision on the Partnership and Community Development Program provided that the action is not categorized as a criminal action and is reflected in the Company's Annual Report.

Voting	Agree: 20.400.391.665 shares (99,87%) Against: 2.148.800 shares (0,01%) Abstain: 24.402.900 saham (0,11%)
Realization	Laporan Keuangan dan Laporan Tahunan telah disampaikan kepada Otoritas Jasa Keuangan (OJK) dan Bursa Efek Indonesia (BEI) serta dipublikasikan pada situs web Perseroan dan BEI masing-masing pada tanggal 4 Februari 2016 dan 1 Maret 2016.
Realization Status	Has been completed

Resolution of Second Agenda

1. 1. Approved the distribution of the Net Profit of the Company for the financial year 2015 amounted Rp 25,397,740,886,903.00 as follows:
 - a. Amounting 30,00% or Rp 7,619,322,266,071.00 designated as the 2015 Financial Year dividend
 - b. The rest is allocated as the Company's Retained Earnings
 Budget allocation for Community Development Program in 2016 amounting Rp.253.977,42 will be expensed by the Company.
2. Granted the authority to the Board of Directors to set the schedule and the procedure of cash dividend payment of the financial year of 2015 in accordance with prevailing laws and regulations.

Voting	Agree: 20.327.067.643 shares (99,51%) Against: 73.237.022 shares (0,13%) Abstain: 26.638.700 shares (0,35%)
Realization/Follow Up	<ul style="list-style-type: none"> · The components of reserve and retained earnings in the capital structure were increased. · The dividend payout mechanism has been published on 24 March 2016 through Bisnis Indonesia daily, Indonesia Stock Exchange website and the Bank's website. · The dividend distribution was carried out on 22 April 2016.
Realization Status	Has been completed

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

GENERAL MEETING OF SHAREHOLDERS

Resolution of Third Agenda

Granted power and authority to the Company's Board of Commissioners with prior approval from Series A Dwiwarna Shareholders to determine tantiem for the 2015 Financial Year to all members of the Board of Directors and Board of Commissioners who served during financial year 2015, as well as the salary/honorarium, allowances and also other facilities for the members of the Board of Directors and the Board of Commissioners for the year of 2016.

Voting	Agree: 19.062.472.700 shares (93,32%) Against: 1.013.517.937 shares (4,96%) Abstain: 350.952.728 shares (1,72%)
Realization/Follow Up	Letter of SOE Ministry No. S-88/D.5-MBU/06/2016 dated 27 June 2016 on the stipulation of penetapan honorarium/salary, benefits and facility for fiscal year 2016 as well as tantiem on the performance of fiscal year 2015.
Realization Status	Has been completed

Resolution of Fourth Agenda

Granted the authority to the Board of Commissioners to appoint Public Accountant Office and a substitute Public Accountant Office in the case that the appointed Public Accountant Office for any reasons whatsoever fails to complete the audit of the Company's financial report and the Financial Report of the Partnership and Community Development Program for the financial year 2016 as well as to determine the honorarium and other terms applicable to the appointed Public Accountant Office and the substitute Public Accountant Office.

Voting	Agree: 19.377.485.540 shares (94,86%) Against: 965.520.331 shares (4,73%) Abstain: 83.937.494 shares (0,41%)
Realization/Follow Up	Letter of the Board of Commissioners No. R.25-KOM/06/2016 dated 14 June 2016 on the Stipulation of Public Accountant Firm for the Fiscal Year 2016.
Realization Status	Has been completed

Resolution of Fifth Agenda

Approved the diversion of treasury stock coming from share for a Management and Employee Stock Option Program and granted power and authority to the Company's Board of Commissioners to determine the Management and Employee Stock Option Program with prior approval from Series A Dwiwarna Shareholders.

Voting	Agree: 14.936.398.153 shares (73,12%) Against: 4.648.552.386 shares (22,76%) Abstain: 841.992.826 shares (4,12%)
Realization/Follow Up	The MESOP is pending upon the decision of the related SOE Ministry, by adding the long-term benefits for the Bank Management.
Realization Status	In the process

Resolution of Sixth Agenda

- Approved the honorable discharge of names below as members of the Board of Directors:
 - A. Toni Soetirto as Director
 - Randi Anto as Director
 - Gatot Mardiwasto as Director

The completion of the tenure is valid on the closing of the Meeting, with gratituation for the contribution of labor and thought given during their term of service as members of Board of Directors.



GENERAL MEETING OF SHAREHOLDERS

Resolution of Sixth Agenda

2. Approved and appointed names below as members of the Company's Board of Directors:

- Randi Anto as Director
- Sis Apik Wijayanto as Director
- Priyastomo as Director

The said members of the Board of Directors shall be able to perform their duties and responsibilities after the issuance of approval from OJK on Fit and Proper Test and the fulfillment of the prevailing regulations. The end of the term of office of the said appointed members of the Board of Directors shall be until the closing of the 5th Annual General Meeting of Shareholders of the Company since their appointment, and comply with capital market regulation without diminish the right of General Meeting of Shareholders to dismiss those members at any time.

3. Approved and appointed Mr Mahmud as member of the Company's Board of Commissioners.

The said members of the Board of Commissioners shall be able to perform their duties and responsibilities after the issuance of approval from OJK on Fit and Proper Test and the fulfillment of the prevailing regulations. The end of the term of office of the said appointed members of the Board of Commissioners shall be until the closing of the 5th Annual General Meeting of Shareholders of the Company since their appointment, and comply with capital market regulation without diminish the right of General Meeting of Shareholders to dismiss the member at any time.

4. The full composition of the Board of Commissioners and Board of Directors shall be as follows:

Board of Commissioners:

President Commissioner/Independent Commissioner: Mustafa Abubakar
 Vice President Commissioner: Gatot Trihargo
 Independent Commissioner: Ahmad Fuad
 Independent Commissioner: Adhyaksa Dault
 Independent Commissioner: A. Fuad Rahmany
 Independent Commissioner: A. Sonny Keraf
 Commissioner: Vincentius Sonny Loho
 Commissioner: Jeffry J. Wurangian
 Commissioner: Mahmud

Board of Directors:

President Director: Asmawi Syam
 Vice President Director: Sunarso
 Director: Mohammad Irfan
 Director: Zulhelfi Abidin
 Director: Susy Liestiowaty
 Director: Donsuwan Simatupang
 Director: Haru Koesmahargyo
 Director: Kuswiyoto
 Director: Randi Anto
 Director: Sis Apik Wijayanto
 Director: Priyastomo

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

GENERAL MEETING OF SHAREHOLDERS

Resolution of Sixth Agenda

5. Granted power and authority to the Board of Directors with the right of substitution to perform all necessary actions related with this agenda decision in accordance with the prevailing laws and regulations, including to state in a notarial deed and to notify the changes of composition of the Board of Commissioners and Directors to the Ministry of Law and Human Rights of the Republic of Indonesia and to ask OJK to undergo a Fit and Proper Test to the Board candidates according to prevailing regulations.

Voting	Agree: 14.936.398.153 shares (73,12%) Against: 4.648.552.386 shares (22,76%) Abstain: 841.992.826 shares (4,12%)
Realization/Follow Up	<p>Board of Directors</p> <ul style="list-style-type: none"> · Randi Anto as Director has passed the Fit & Proper in accordance with the Letter of Bank Indonesia No. 13/68/GBI/DPIP/Rahasia dated 4 July 2011 · Sis Apik Wijayanto as Director has passed the Fit & Proper based on the Letter of OJK No. SR-85/D.03/2016 dated 20 May 2016 · Priyastomo as Director has passed the Fit & Proper based on the Letter of OJK No. SR-105/D.03/2016 dated 21 Ju3i 2016. <p>Board of Commissioners Mahmud as Commissioner is currently in the process of Fit & Proper.</p>
Realization Status	Has been completed

GMS Resolution Realization and the Background of Pending Realization of GMS Resolution 2016 GMS

The resolution of the 2016 Annual GMS has been realized fully from the first to fourth agenda. However, there are 2 (two) agenda that are pending realization, which are:

- Fifth agenda regarding "The Approval of Buyback shares in order to implement Management Stock Option and Employee Stock Option Programs". This agenda remains in the process of approval from the Dwiwarna Serie A Shareholders.
- Sixth agenda regarding "The Changes of the Bank's Management", for the Fit and Proper process of Mr. Mahmud which was ongoing until the end of 2016 Fiscal Year.

GMS Financial Year 2017

Annual GMS 2017

The resolution of Annual GMS 2017 has been fully realized (100%) subsequently no further follow up necessary for the Annual GMS 2017 resolution.

Extraordinary GMS 2017

There is 1 (one) of 2 (two) agenda in the EGMS 2017 that is not fully realized, namely second agenda on the "Changes of the Bank Management", for the Fit and Proper process of R. Sophia Alizsa and Handayani, which is under process until the ending of Financial Year 2017.



BOARD OF COMMISSIONERS

The Board of Commissioners (BOC) is the Company organ that collectively responsible to perform oversight function on the management policy, general management of the Company and business by the Board of Directors including to monitor the Company's Corporate Plan, Work and Budget Plan, as well as the provision of the Articles of Association and the Resolution of the General Meeting of Shareholders, including the prevailing laws and regulations, for the interest of the Company and with due observance to the Company's purpose and objectives.

LEGAL REFERENCES

As the State-Owned Enterprise under listed Limited Liability Company, the Company's Board of Commissioners is in compliance with the following:

- a. Law No. 40 Year 2007 regarding the Limited Liabilities Company.
- b. Law No. 19 Year 2003 regarding the Board of Commissioners of State-Owned Enterprises.
- c. Government Regulation No. 45 year 2005 regarding the Establishment, Management, Supervision, and Dissolution of State Owned Enterprises.
- d. Regulation of the Financial Services Authority No. 33/POJK.04/2014 regarding the Board of Directors and Board of Commissioners of Issuers or Public Companies.
- e. Regulation of the Financial Services Authority No 27/POJK.03/2016 regarding the Fit and Proper Test for Main Parties of Financial Services Institution.

- f. Circular Letter of Financial Services Authority No. 39 /SEOJK.03/2016 regarding the Fit and Proper Test for Candidate of Controlling Shareholders, Members of the Board of Directors and the Board of Commissioners of Bank.
- g. Regulation of Bank Indonesia No. 8/4/PBI/2006 regarding Good Corporate Governance Implementation for Commercial Banks and its amendment, Regulation of Bank Indonesia No. 8/14/PBI/2006.
- h. Regulation of Ministry of State Owned Enterprises No. PER-02/MBU/02/2015 regarding the Requirements and Procedures for the Appointment and Dismissal of Members of the Board of Commissioners and Board of Trustees of SOEs.
- i. Regulation of Bank Indonesia No. 12/23.PBI/2010 dated 29 December 2010 regarding the Fit and Proper Test.

CRITERIA, APPOINTMENT AND DISMISSAL OF THE BOC

BOC Criteria

The criteria, appointment procedure as well as dismissal of the Board of Commissioners of BRI is stipulated based on the BOC Decision Letter No No. 07-KOM/BRI/07/2015 regarding the Policy of the Nomination of BOC and BOD Members.

Members of the BOC of BRI must fulfill the following general qualifications:

BOARD OF COMMISSIONERS

General Qualification	<ol style="list-style-type: none"> 1. Any individuals that are legally competent, except within five (5) years prior to his/her appointment: <ol style="list-style-type: none"> a. Has been declared as bankrupt. b. Has been a member of the Board of Directors or Commissioners that is proven guilty for causing the bankruptcy of a company; or c. Has been punished for a criminal act that inflicts loss in the state's finance and/or SOEs and/or those related to the financial sector. 2. Has integrity, dedication, and understanding about the company management issues that is related to one of the functions of management, has adequate knowledge in banking, and able to provide adequate time to carry out their duties. 3. Does not hold concurrent position as: <ol style="list-style-type: none"> a. Members of the Board of Directors at other SOEs, regional-owned enterprises, private companies, and other positions that may pose any conflicts of interests; and/or b. Other positions, in accordance with the prevailing laws and legislations. 4. Members of the BOC are only allowed to hold concurrent position as: <ol style="list-style-type: none"> a. Member of the BOC, Directors, or Executives in one (1) non-financial institution/ company, or b. Member of the BOC, Directors, or Executives that has a supervisory function in 1 (one) non-bank subsidiary company that are controlled by the Bank. 5. Not considered as concurrent position, in the event where: <ol style="list-style-type: none"> a. Non-independent members of the BOC conduct its functional duties of the Bank's shareholder in the form of legal entities in its business group; and/or b. Members of the BOC hold his/ her position in a non-profit organization or institution, as long as he/she does not neglect his/her duties and responsibilities as members of the Bank's Board of Commissioners. 6. Do not have any family ties with members of the Bank's Board of Directors and/or Board of Commissioners up to the third degree, either vertically or horizontally, including family ties resulted from marriage. <p>The above general qualifications may be proven by among others a written statement of the relevant Candidate.</p>
Integrity Requirement	<p>The Bank Management shall meet the requirements of integrity, competency, and financial reputation. To meet the requirements of integrity, the BOC candidate shall have the following:</p> <ol style="list-style-type: none"> 1. Good character and morals; 2. Commitment to comply with the prevailing laws and regulations; 3. High commitment to the development of sound bank operations; and 4. Excluded from the Disqualified List.



BOARD OF COMMISSIONERS

Fulfillment of PBI No. 12/23/2010 on Fit and Proper Test.	Dewan Komisaris sebagai Pengurus Bank wajib mendapatkan predikat lulus dalam penilaian kemampuan dan kepatutan yang dilakukan oleh Otoritas Jasa Keuangan (dahulu Bank Indonesia). Pengurus Bank wajib memenuhi persyaratan integritas, kompetensi, dan reputasi keuangan.
Fulfilment of Circular Letter of Financial Services Authority on Fit and Proper Test for prospective Controlling Shareholders, candidates of the Board of Directors and Commissioners of the Bank	<p>Members of the BOC shall have the following:</p> <ol style="list-style-type: none"> 1. Adequate knowledge in the field of banking, relevant to his/ her position; 2. Experience and expertise in banking and/or finance; and 3. Strategic management skills to develop a healthy bank.

NOMINATION SYSTEM AND PROCEDURES OF THE BOC

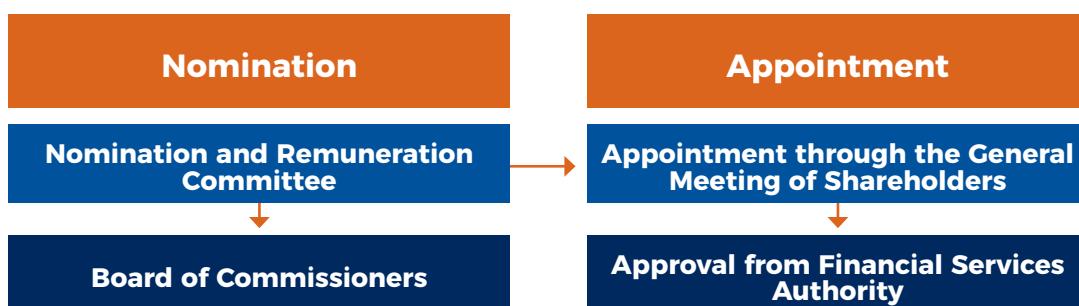
The nomination system and procedures of members of the Board of Commissioners is regulated as follows:

1. The Nomination and Remuneration Committee searches the Prospective Candidate member of the Board of Commissioners that are meeting the set qualifications.
2. The qualified Prospective Candidate member of the Board of Commissioners dianggap is further proposed by the Nomination and Remuneration Committee to the Board of Commissioners to take Evaluation process.
3. The evaluation process is carried out by the Nomination and Remuneration Committee to search for comprehensive information regarding the qualification and competency of Prospective Candidate, among others through reviewing the milestones/ resume of the candidates.
4. The search results of Prospective Candidate member of the Board of Commissioners is discussed in the Nomination and Remuneration Committee meeting to stipulate the chosen Prospective Candidate member of the Board of Commissioners.
5. The discussion results of the Nomination and Remuneration Committee as stated in point 4 (four) is submitted to the Board of Commissioners through Official Memo by the Nomination and Remuneration Committee. The Official Memo serves as recommendations document of the Nomination and Remuneration Committee on the said Prospective Candidate member of the Board of Commissioners.
6. The selected member of the Board of Commissioners is stipulated in the Board of Commissioners Meeting that at the same time serve as recommendation basis of the Board of Commissioners to the GMS through Shareholders Serie A.

Pursuant to POJK No. 27/POJK.03/2016 on the Fit and Proper Test for Financial Services Institution Main Entity, the Candidate of Main Entity (Controlling Shareholders, members of the Board of Directors and Board of Commissioners) shall obtain the approval from OJK prior to carry out act, duty and function as the Main Entity. In providing the approval, OJK conducts fit and proper test to the candidate of the Board of Commissioners covering: integrity, financial reputation and competency as well as shares ownership and Bank management as stated in the prevailing laws and regulations.

BOARD OF COMMISSIONERS

Furthermore, referring to the Circular Letter of Financial Services Authority No. 39/SEOJK.03/2016 on the Fit and Proper Test for Candidate of Controlling Shareholders, Candidate Member of the Board of Directors, and Candidate Member of the Board of the Board of Commissioners of the Bank.



Appointment Procedures

The composition and amendment of members of the BOC of the Company are stipulated in the General Meeting of Shareholders (GMS). In the event that the appointed member of the BOC has not been approved by the Financial Services Authority (OJK), then the appointment is not effective before approval is given to the respective party by OJK.

In order to obtain approval for members of its BOC, the Company submits an application to OJK to conduct a fit and proper test. Approval or rejection of such application shall be provided by OJK no later than 30 (thirty) days after receipt of the complete application.

The fit and proper test conducted by OJK includes administrative and interview research. In the event that the candidate being requested for approval and has been appointed in the GMS is not approved by OJK, then the Company through the GMS shall be obliged to dismiss the person concerned.

For a candidate member of the BOC of the Company that has not received OJK approval, the respective candidate is prohibited from performing duties as a member of the BOC in the activities of the Bank and or other activities that have a significant influence on the Bank's financial policies and condition, even though it has been approved and appointed by the GMS.

Dismissal Procedures

The terms of office of the BOC shall ended if:

1. Passed away
2. End of tenure
3. Dismissed pursuant to the GMS
4. Declared bankrupt by Commercial Court decision with permanent legal force or put under remission based on court decision
5. No longer qualified as member of the BOC based on the Company's Articles of Associations and other laws and regulations (including but not limited on prohibited concurrent position)

Pursuant to the Articles of Association, A member of BOC has the right to resign from his position by written notification to BRI ad BRI must convene a GMS to decide the proposed resignation of respective BOC member at the latest sixty (60) days after acceptance of resignation letter.

Members of the BOC may also be dismissed by the General Meeting of Shareholders based on rational as deemed appropriate by the General Meeting of Shareholders for the purpose and benefit of the Company.



BOARD OF COMMISSIONERS

FIT AND PROPER TEST ASSESSMENT

Based on the POJK Number 27/POJK.03/2016 on the Fit and Proper Test for Main Party of Financial Services Institutions, the candidates of Controlling Shareholders, members of the Board of Directors and members of the BOC shall obtain OJK approval prior to carrying out their actions, duties and functions Main Parties. The BOC of the Company is required to meet the requirements of integrity, financial reputation, and competence.

Members of the BOC who have passed fit and proper test without notes and have received approval from the Financial Services Authority, indicate that each member of the BOC has adequate integrity, competence and financial reputation, can be seen through the table below.

No	Commissioners	Position	Effective Date Based on OJK/BI Letter	Fit and Proper Test By	Results
1	Mustafa Abubakar	President Commissioner/ Independent	19 November 2014	OJK	Approved
2	Andrinof A. Chaniago	President Commissioner/ Independent	19 July 2017	OJK	Approved
3	Gatot Trihargo	Vice President Commissioner	10 June 2015	OJK	Approved
4	Ahmad Fuad	Independent Commissioner	01 June 2012	OJK	Approved
5	Adhyaksa Dault	Independent Commissioner	23 July 2010	OJK	Approved
6	A. Fuad Rahmany	Independent Commissioner	26 May 2017	OJK	Approved
7	A. Sonny Keraf	Independent Commissioner	10 June 2015	OJK	Approved
8	Mahmud	Independent Commissioner	28 February 2017	OJK	Approved
9	Vincentius Sonny Loho	Commissioner	05 September 2012	OJK	Approved
10	Jeffry J. Wurangian	Commissioner	08 July 2017	OJK	Approved
11	Nicolaus Teguh Budi Harjanto	Commissioner	19 July 2017	OJK	Approved
12	Rofikoh Rokhim*	Commissioner	24 January 2018	OJK	Approved

*) Based on the decree of OJK Board of Commissioners No. KEP-15/D.03/2018 dated 24 January 2018

BOC BOARD CHARTER

BRI BOC has in place the BOC Board Charter, which was ratified by the BOC based on the Official Memo of the Board of Commissioners Secretary No. B.41-Sekkom/05/2015 dated 12 May 2015 concerning the Board of Commissioners Board Charter of PT Bank Rakyat Indonesia (Persero) Tbk.

The BOC Charter elaborates the duties, authorities, obligation, responsibilities, and distribution of work, work time, work ethics, meeting procedures and organizational structure, and execution of duties related to General Meeting of Shareholders (GMS). The Board Charter is prepared as a reference for the BOC in performing its duties and as a basis for the implementation of Good Corporate Governance for the BOC.

The Board Charter also describes the duties and responsibilities of the organs of the BOC comprising the Audit Committee, the Risk Management Monitoring Committee, the Nomination and Remuneration Committee, the Integrated Governance Committee and the Secretariat of the BOC.

The BOC Board Charter has been published on the company's website.

BOARD OF COMMISSIONERS

DUTIES AND RESPONSIBILITIES OF THE BOC

Duties of the BOC

In general, the BOC is collectively performing oversight to the management function of the Company. The roles of the BOC also include the provision of advice and direction to the Board of Directors on the implementation of policies the Company's policies in conducting the business activities based of strategy and objectives of BRI.

Duties of the President Commissioner

1. Lead the BOC meetings and the meetings with the Board of Directors.
2. Lead the General Meeting of Shareholders (GMS).
3. Coordinate and monitor the implementation of the work program of the BOC.
4. Coordinate the activities of the Board of Commissioners to supervise the implementation of the tasks and responsibilities of the Board of Directors.

Responsibilities of the BOC

Each member of the BOC is collectively liable on the Company's loss should one of them is guilty or negligent in performing his/her duties, unless the relevant member of the Board of Commissioners can prove:

1. The loss was not caused by his/ her error or negligence;
2. Has performed supervision with good faith and prudence, in compliance with the Company's objectives;
3. Does not have any conflict of interest, directly or indirectly, for any of the Board of Directors' management that has caused the loss; and
4. Have taken actions to prevent the loss and its reoccurrence.

Rights and Authorities of the BOC

In accordance with the Board Charter, the BOC has the following rights and authorities:

1. Verify the Bank's books, correspondences and other documents, audit the Bank's treasury for verification purposes, securities, as well as the Company's assets;
2. Access the Company's premises, buildings and offices;
3. Request clarification from the Board of Directors and/or other management staff regarding all issues related to the Bank's management;
4. To be well informed of any policies and actions that have or will be executed by the Board of Directors;
5. To request the Board of Directors and/or other staff under the Board of Directors, with the Board of Directors' approval, to attend the Board of Commissioners meeting;
6. To appoint and discharge a Secretary for the Board of Commissioners, upon recommendation from the Series A Dwiwarna Shareholders;
7. Temporarily discharge any member of the Board of Directors, as stipulated in the Articles of Association;
8. Establish the Audit Committee, and any other committees if necessary, with consideration of the Company's capacity;
9. Assign external experts for a certain period of time and on the company's expense, if necessary;
10. Manage the Company in certain conditions, for certain periods of time in accordance with the Company's Article of Association;
11. Attend the Board of Directors meetings to provide insights on the discussed topics;
12. Provide written approval on the Board of Directors' following actions:
 - a. Release or sell the Company's stationary property that has exceeded the amount set by the Board of Commissioners Meeting;
 - b. Establish a management contract that is valid for a period of more than three (3) years;



BOARD OF COMMISSIONERS

- c. Establish the organizational structure of 1 (one) level below the Board of Directors;
- d. Take part either partially or entirely, or participate in the company or other bodies or establish a new company, which aim is not for receivables bailout;
- e. Release partially or entirely on the Company's participation in the company or other bodies or establish a new company, which aim is not for receivables bailout;
- f. Omit the collection either entirely or partially on:
 - i. Bad debts, that have not or have been written off; and/or Bad debts that are the difference of transfer (including the release and/or sales) of bad credit under its principal value to the investor; and/or
 - ii. Transfer (including release and/or sales) of bad debt/credit under its principal value to the investor;
 - iii. Conduct other supervisory authorities as long as it does not conflict with the prevailing laws, legislations, the Articles of Association, and/or GMS resolutions.
- 13. Conduct other supervisory authorities as long as it does not conflict with the prevailing laws, legislations, the Articles of Association, and/or GMS resolutions.

Obligations of the BOC

1. To advise the BOD in conducting the management of the Company;
2. Provide an opinion and approval of the Company's work plan consisting of:
 - a. Long Term Plan of the Company (RJPP);
 - b. Business Plan Bank (RBB);
 - c. Work Plan and Budget of Company (RKAP), and
 - d. Other work plans prepared by the BOD in accordance with the laws and regulations shall obtain the approval of the Board of Commissioners;
3. Following the development of the Company's activities, providing opinions and suggestions to the General Meeting of Shareholders on any issues deemed important to the management of the Company;
4. Notify the regulator no later than 7 (seven) days after its post finding of the following events:
 - a. Violation of legislation in the field of finance and banking; and
 - b. Circumstances or predictions of circumstances that may compromise the viability of the Company's business; which has not been or has not been reported by the Company and / or by the Director in charge of the Compliance Function to the regulator.
5. Submit report to the Dwiwarna A-Series Shareholder in case of any declining performance of the Company;
6. To propose to the General Meeting of Shareholders the appointment of a Public Accountant who will conduct examination of the Company's books;
7. To examine and review the periodic reports and Annual Report prepared by the Board of Directors and to sign the Annual Report;
8. Provide explanations, opinions, and suggestions to the Annual General Meeting of Shareholders on the Annual Report if requested;
9. Prepare a report on the supervisory duties exercised by the Board of Commissioners during the preceding fiscal year that is an integral part of the annual report prepared by the Board of Directors.
10. Making a Meeting of the Board of Commissioners and keeping a copy of it;
11. Reporting to the Company regarding its ownership of its shares and / or its family to the Company and other companies;
12. To provide reports on supervisory duties that have been carried out during the past financial year to the General Meeting of Shareholders;
13. Provide an explanation of all matters asked or requested by the shareholders of Series A Dwiwarna by taking into account the prevailing laws and regulations prevailing in the Capital Market;
14. Ensure the implementation of Good Corporate Governance in all business activities of the Company at all levels or levels of the organization;
15. Monitoring the implementation of Integrated Governance;
16. Direct, monitor, and evaluate the implementation of the Bank's strategic policy;
17. Prepare a work program of the BOC which is an integral part of the Company's Annual Work Plan and Budget prepared by the BOD;

BOARD OF COMMISSIONERS

18. Conduct Active Supervision of Compliance Function, through:
 - a. Evaluation of the implementation of Bank Compliance Function at least two (2) times in one year;
 - b. Provide suggestions in order to improve the quality of the Bank's Compliance Function.
19. Conduct active oversight of risk management includes the following matters:
 - a. Approve and evaluate the General Policy of Risk Management in accordance with applicable provisions;
 - b. Evaluate the responsibility of the BOD on the implementation of risk management policies in accordance with applicable regulations.
 - c. Evaluate and take decisions on the proposal from the Board of Directors related to transactions that require the approval of the Board of Commissioners.
20. Ensure the application of Integrated Risk Management in accordance with the characteristics and complexity of the business of Financial Conglomeration and ensure the implementation of Risk Management in each LJK in Financial Conglomeration;
21. To approve the policy on the implementation of Anti Money Laundering and Counter-Terrorism Prevention (APU & PPT) programs and to supervise the implementation of the Board of Directors' responsibilities for the implementation of APU & PPT programs;
22. To guide the growth of culture and awareness of Risk Management, Compliance and Anti Fraud at all levels of Bank organization;
23. Monitor Bank Soundness, and take necessary steps to maintain and / or improve Bank Soundness by applying prudential principles and risk management in conducting business activities;
24. Direct, monitor and evaluate the Information Technology Strategic Plan and Company policy regarding the use of Information Technology and evaluate the BOD accountability for the application of risk management in the use of Information Technology;
25. Ensure that the BOD has followed up on audit findings and recommendations from the Company's Internal Audit Unit, external auditors, the results of supervision by the Financial Services Authority, Bank Indonesia, the Supreme Audit Board, and / or other authorities oversight results;
26. Submit report on the results of supervision on the implementation of the Company's Business Plan every semester to the Financial Services Authority in accordance with applicable laws and regulations;
27. To supervise the management of the Financial Institution Pension Fund (DPLK) by the Management; submit annual report in writing of the results of its supervision; and appoint a public accountant to audit the financial statements of the Pension Fund of the Financial Institution (DPLK);
28. Submit report on the results of the Company's performance evaluation quarterly to the Dwiwarna A Series Shareholders;
29. Ensure that the established committees perform their duties effectively; and
30. Carry out other obligations in the context of supervisory and advising duties, as long as they do not conflict with laws and regulations, Articles of Association and / or the resolution of the General Meeting of Shareholders.

Scope of Obligations of the BOC

The BOC scope of obligations include the following:

Strategy and Policy

Provide opinion and approval of the Company's work plan consisting of the Company's Long Term Plan (RJPP), the Bank's Business Plan (RBB), the Company's Work Plan and Budget (CBP), the Work Plan and Budget of the Partnership Program and Community Development (PKBL) as well as direct, monitor and evaluate the implementation of the Bank's strategic policies.

Corporate Governance

The BOC performs the role to ensure the implementation of GCG in each of the Company's business activities at all of the levels of the organization and monitor the implementation of Integrated Governance. In order to implement GCG, the BOC is responsible among others to:



BOARD OF COMMISSIONERS

- a. Propose the appointment of a Public Accountant to the GMS.
- b. Report the results of monitoring conducted to the GMS.
- c. Investigate and examine the periodic reports and the Annual Report, and provide explanations, opinions and suggestions to the GMS regarding the Annual Report when requested.

Risk Management

Perform active monitoring on risk management by approving and evaluating the Risk Management General Policy in accordance to the applicable regulations and evaluate the accountability of the Board of Directors on the implementation of risk management policy in accordance to applicable regulations. Moreover, within the Bank, the BOC is also responsible to maintain and monitor the Bank's health level and take the steps necessary to maintain and improve the health level of the Bank.

Compliance

Notify regulators of violation to legislation arising in the field of finance and banking, and/or a condition or potential condition that could endanger the Company's business, which is not or was not yet reported by the Company and/or by the Director of Compliance to the regulators and evaluate the implementation of the Bank's Compliance Function.

Prohibition of the Board of Commissioners

In accordance with the Board Charter, the BOC is prohibited from taking the following actions:

1. Engage in decision-making of operational activities of the Company, except for the provision of funds to related parties and other matters specified in the Company's Articles of Association or prevailing laws and regulations.
2. Takes multiple positions as:
 - a. Members of the Board of Directors in BUMN, BUMD, private owned enterprises.

- b. The management of a political party and/ or a candidate/ member of the legislature and/ or the candidate for regional head/ deputy head of the region, other positions that may cause conflict of interest and/ or other positions in accordance with regulations and legislation.
- 3. Utilizing the Company for personal, family, and/or other interests that may harm or reduce the Company's profits.
- 4. Conducting transactions that have a conflict of interest and/ or taking personal advantage either directly or indirectly from the activities of the Company other than a valid income as a member of the BOC.
- 5. Affected by others in carrying out duties and decision-making which lead to misuse of authority and/ or inaccurate decision-making.
- 6. Give or offer to the customer or an official of the Government and/ or other parties to influence or accept either directly or indirectly anything of value in exchange for what he or she has done and other actions in accordance with applicable laws and regulations.
- 7. Engage in the sale or purchase of securities in which the insider has insider trading information.

Members of the Board of Commissioners shall not involve in any financial crimes. In the event that a member of the Board of Commissioners is involved in the financial crime such as being convicted by the authority, then such member of the Board of Commissioners shall resign. The financial crimes include manipulation and embezzlements in financial services activities as well as Criminal Acts in Money Laundering as stated in the Law No. 8 of 2010 on the Prevention and Elimination of Money Laundering Criminal Acts.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

BOARD OF COMMISSIONERS

PERFORMANCE ASSESSMENT OF COMMITTEE UNDER THE BOC

The BOC has four (4) committees assiting the implementation of oversight duties and responsibilities of the BOC, namely the Audit Committee, Risk Management Monitoring Committee, and Integrated Governance Committee. These committees directly responsible the BOC pursuant to its duties and authorities as stipulated under the Charter of each committee.

As of 31 December 2017, the BOC perceives that all committees under the BOC have carried an optimal and efficient performance. The opinion is based on work result, provision of strategic recommendation to the BOC and evaluation of periodic report of the following committees by the BOC:

1. Audit Committee
Supervision on sufficient internal control system, implementation process of financial statement including its review prior to approval from the BOC and submission to the authorities as well as public announcement.
2. Risk Management Monitoring Committee
Evaluating and monitoring the implementation of risk management in the Company.
3. Nomination and Remuneration Committee
Providing inputs on candidates of the BOC and Board of Directors as well as conducting evaluation on remuneration policies in the Company including the remuneration for the BOC and BOD and to evaluate the overall management of Human Resource.
4. Integrated Governance Committee
Providing inputs relevant with governance implementation in BRI and its subsidiaries.

Name	Position	Age (yr)	Appointment Date	Period	Gender	Education
Mustafa Abubakar*)	President Commissioner/ Independent	67	28 March 2012	5 Years	Male	Bachelor Degree of Aquatic Resources, Institute of Agriculture Bogor Master Degree Marine Technology, Institute of Agriculture Bogor Doctoral Degree Marine Technology, Institute of Agriculture Bogor
Andrinof A. Chaniago	President Commissioner/ Independent	55	15 March 2017	8 Months	Male	Bachelor Degree of Political Science University of Indonesia Master Degree Public Planning and Policy University of Indonesia Doctoral Degree Philosophy of Science University of Indonesia



BOARD OF COMMISSIONERS

DIVERSITY POLICY OF THE BOC

In accordance with the recommendation of the Financial Services Authority as set forth in Attachment to Circular Letter of Financial Services Authority No. 32/ SEOJK.04/2015 concerning the Guidelines of Corporate Governance of Public Company, the composition of the BOC shall pay attention to the diversity of the composition of the BOC.

The diversity of the composition of the BOC is a combination of characteristics both in terms of BOC and members of the BOC, in accordance with the needs of the Public Company. Such characteristics may be reflected in the determination of the skills, knowledge, and experience required for the implementation of supervisory and advisory tasks by the Board of Commissioners of the Public Company.

Compositions that have taken into account the needs of the Open Company are a positive thing, especially regarding decision-making in the context of the implementation of supervisory functions undertaken taking into consideration various broader aspects.

The composition of the members of the BOC of the Company comes from various educational backgrounds, knowledge, skills, gender, age and experience as set forth in the profile of each member of the BOC, i.e from banking practitioners, scholars / academics, bureaucracy and those who have a career decision makers / policies in the field of regulation and corporations who are experienced in their respective fields.

During the period of 2017, the diversity of the composition of the Board of Commissioners is reflected in the Board of Commissioners' profiles such as education, work experience, age and gender with the following details:

Professional Background/Directorships		Concurrent Positions		Skills
Period	Position	Period	Position	
1991 - 2001	Inspector General of the Department of Marine Exploration and Fisheries	2012 - present	Supervisory Board of Leuser Internasional Foundation (YLI)	Banking
2001 - 2005	Inspector General of the Department of Marine Affairs and Fisheries	2013 - present	Academic Senate of STIE Indonesia Banking School Supervisory Board of PERBANAS	Risk Management Maine and Aquatic Resources
2005 - 2007	Governor of Nanggroe Aceh Darussalam Province	2013 - present	Supervisory Board of Perbanas	Internal Audit
2007 - 2009	President Director of Perum Bulog		Vice Chairman of IKAL Lemnasham Head Office	
2009 - 2011	State Minister of SOE	2015 - present	Vice Chairman of Supervisory Board of Indonesian Bankers Association (IBI)	
2012 - 2015	Vice President Commissioner of BRI	2015 - present	Chairman of Supervisory Board of BARA	
2015 - 2017	President Commissioner of BRI (March 2017)	2013 - present	Lecturer of Political Science of University of Indonesia	Social, Political & Economic Science
2008 - 2014	Executive Director of CIRUS Surveyors Group (CGS)	2006 - present		
2014 - 2015	Minister of National Development Planning / Chairman of Bappenas			
2015 - 2017	President Commissioner of Angkasa Pura I			
2017 - present	President Commissioner of BRI			

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF COMMISSIONERS

Name	Position	Age (yr)	Appointment Date	Period	Gender	Education
Gatot Trihargo	Vice President Commissioner	55	19 March 2015	1 Year 9 Month	Male	Diploma, State Accounting Academy (STAN) Bachelor Degree State Accounting Academy Master Degree of Accounting and Financial Information System, Cleveland State University Ohio – USA Doctoral Degree of Strategic Management, University of Padjadaran
Ahmad Fuad*	Independent Commissioner	62	28 March 2012	4 year 9 month	Male	Bachelor Degree Legal Faculty, University of Indonesia Master Degree, MBA, University of Adelaide, Australia
Adhyaksa Dault***)	Independent Commissioner	52	20 May 2010	6 year 6 month	Male	Bachelor Degree Legal, University of Trisakti Master Degree Community Empowerment, University of Indonesia Doctoral Degree Fisheris and Marine Faculty, Institute of Agriculture Bogor



BOARD OF COMMISSIONERS

Professional Background/Directorships		Concurrent Positions		Skills
Period	Position	Period	Position	
2006 - 2010	Deputy Assistant of Information and Administration of SOE Ministry	2015 – present	Financial Service, Survey and Consultancy Service, SOE Ministry	Accounting Risk Management
2007 - 2012	Commissioner PT Adhi Karya (Persero)	2014 - present	Board Member of Indonesian Accounting Association	Audit
2008 - 2012	Commissioner PT Jiwasraya (Persero)			Finance
2010 - 2013	Deputy Assistant of Strategic Industries and Manufacturing Sector II SOE Ministry	2010 - present	President Association Certified Fraud Examiner (CFE) Indonesia	Strategic Management
2013 – April 2014	Commissioner PT Telkom	2010 - present	Honorary Board Member of Indonesian Audit Committee Association (IKAI)	
2013 – May	Deputy Assistant of Service, SOE Ministry			
2014 - 2015	Commissioner PT Pertamina	2009 - present	Board Member of Certified Professional Management Accountant (CPMA)	
May 2014 - July 2015	Deputy Assistant of Financial Service, Construction Service and Other Services, SOE Ministry.	2009 - present	Board Member of National Center for Sustainability Reporting (NCSR)	
2015 - present	Deputy Assistant of Financial Service, Survey and Consultancy Service, SOE Ministry	2016 - present	Chairman of Indonesian Management Accounting Association (IAM)	
2015 - present	Vice President Commissioner of BRI			
1983 - 2001	Supervisor, Bank Indonesia	2014 - present	Legal and Compliance Advisor in Bank Sahabat Sampoerna	Legal
2001 - 2005	Deputy Director of Legal, Bank Indonesia	2014 - present	Legal and Compliance Advisor in Bank ICBC Indonesia	Risk Management
2005 - 2008	Director of Banking Investigation and Mediation, BI			Finance
2010 - 2012	Supervisory Board of BI Pension Fund			
2008 - 2012	Legal Director of BI			
2012 - 2017	Independent Commissioner of BRI (March 2017)			
1995 - 1997	Commissioner PT Citra Mitra Inti Kusuma	2013 - present	Chairman of the National Scout Kwartir	Legal
1997 - 1999	Commissioner PT Mitra Himalaya Perdana			Community Empowerment
2000 - 2002	Commissioner PT Kraton Imaji Utama			
2000 - 2004	Chairman of "Dault & associates" Lawyer/Notary			Marine and Fisheries Audit
2004 - 2009	Minister of Youth and Sports			
2010 - 2017	Independent Commissioner of BRI			

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF COMMISSIONERS

Name	Position	Age (yr)	Appointment Date	Period	Gender	Education
A. Fuad Rahmany	Independent Commissioner	61	19 March 2015	1 Year 9 Month	Male	Bachelor Degree Economics, University of Indonesia Master Degree, Master of Art, Duke University, Durham, North Carolina, USA Doctoral Degree Economics, Venderbilt University, Tenesse, USA
A. Sonny Kerap	Independent Commissioner	58	19 March 2015	1 Year 9 Month	Male	Bachelor Degree Academy of Philosophy Driyarkara Master Degree The Higher Institute of Philosophy, Katholieke Universiteit Leuven, Belgium Doctoral Degree The Higher Institute of Philosophy, Katholieke Universiteit Leuven, Belgium
Mahmud	Independent Commissioner	59	23 March 2016	1 Year 8 Month	Male	Bachelor Degree Financial Management, University of Padjadjaran Master Degree Business Economics University of Diponegoro



BOARD OF COMMISSIONERS

	Professional Background/Directorships		Concurrent Positions		Skills
	Period	Position	Period	Position	
2001 - 2006	Commissioner PT Danareksa (Persero)			Does not holds concurrent position	Macroeconomics Science Fiscal
2001 - 2004	Chairman of State Bonds Management Center, Finance Ministry				Financial Market
2002 - 2006	Commissioner PT Bank Internasional Indonesia				
2004 - 2005	Managing Director of State Bonds Management, Finance Department				
2005 - 2006	Deputy of Finance and Funding of the Aceh-Nias Rehabilitation and Reconstruction Agency, Finance Ministry				
2006 - 2011	Chairman of the Capital Market and Financial Institution Supervisory Agency (Bapeciam)				
2009 - 2014	Commissioner ex officio Deposit Guarantee Agency				
2011 - 2014	Directorate General of Tax, Finance Ministry				
2014 - 2015	Member of Non Executive Board of Directors of Lembaga Pembiayaan Ekspor Indonesia				
2014 - 2015	Commissioner PT Indonesia Asahan Aluminium (Persero)				
2015 - present	Independent Commissioner BRI				
1999 - 2001	State Minister of Environment of RI	1998 - present	Lecturer of Accounting Business Ethics & Profession Ethics, University of Atmajaya	Business Ethics	
2004 - 2009	Member of House of Representatives of RI Commission VIII DPR RI			Environment	
2015 - present	Independent Commissioner BRI	2014 - present	Board Member of National Energy	Philosophy	
		2016 - present	Commissioner PT Gorontalo Sejahtera Mining	Political Science	
				Legislation	
				Energy and Mineral Resources	
2002 - 2007	Chairman of BI Pekanbaru	None		Banking	
2007 - 2010	Deputy Chairman of BI Surabaya			Risk Management	
2010 - 2011	Director of DPIP Bank Indonesia			Finance	
2011 - 2012	Head of Department DPIP				
2012 - 2013	Head of Makassar Bank Indonesia				
2013 - 2013	Department Head DPB1, BI Jakarta				
2013 - 2016	Department Head DPB1, Financial Services Authority				
2016 - 2016	Senior Advisor, Board of Commissioners Strategic Support Group, Financial Services Authority				
2016 - present	Independent Commissioner BRI				

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF COMMISSIONERS

Name	Position	Age (yr)	Appointment Date	Period	Gender	Education
Vincentius Sonny Loho	Commissioner	59	28 March 2012	3 Year 9 Month	Male	D3 Accounting, State Accounting Academy D4 Accounting, State Accounting Academy Master Degree Public Policy and Management, Carnegie Mellon University, Pittsburgh, USA
Jeffry J. Wurangian	Commissioner	63	19 March 2015	1 Year 9 Month	Male	Bachelor Degree in Development Economics, University of Sam Ratulangi Master Degree, M.Sc., Agricultural Economics, Oklahoma State University, Oklahoma, USA. Master Degree MBA, European University, Belgium, Joined Program with IEU School of Business Doctoral Degree Economics, University of Merdeka, Malang. Doctoral Degree Ph.D program, Ag. Economics, all courseworks completed, Oklahoma State University, Oklahoma, USA
Nicolaus Teguh Budi Harjanto***)	Commissioner	45	15 March 2017	8 Month	Male	Bachelor Degree in International Relations, University of Gadjah Mada Master Degree in Political Science, Ohio University, Athens, Ohio, USA Doctoral Degree in Political Science, Northern Illinois University, USA
Rofikoh Rokhim****)	Commissioner	46	24 January 2018	-	Female	Bachelor Degree in Management Economics, UII Yogyakarta Bachelor Degree in Public Administration, University of Gadjah Mada Master Degree, Master Specialist, French Prime Minister, Institute International d' Administration Publique (I.I.A.P)-Ecole National d' Administration (ENA), Paris Master Degree D.E.A (M.Phil), International and Development Economic, Universite de Paris 1 Pantheon Sorbonne, Paris Doctoral Degree Ph.D., Economics Université de Paris 1 Pantheon-Sorbonne, Paris

*) terminated based on AGMS 15 March 2017

**) appointed based on AGMS 15 March 2017

***) terminated based on EGMS 18 October 2017

****) appointed based on EGMS 18 October 2017



BOARD OF COMMISSIONERS

	Professional Background/Directorships		Concurrent Positions		Skills
	Period	Position	Period	Position	
2004 - 2006	Head of Sub Directorate Financial Consolidation and Reporting, Directorate General of Treasury, Finance Department		2014 - present	Board Member of IAI Consultant, Public Sector	State Finances Public Management
2006 - 2008	Director of Financial Coaching of General Services, Directorate General of Treasury, Finance Department				Asset and Investment Management
2015 - 2017	Direktorate General of Treasury, Finance Ministry				
2011 – present	Commissioner BRI				
1989 - 1990	Vice President Saseka Finance	2016 - present	Vice Chairman of SOE Cooperation Development - Indonesian Chamber of Commerce and Industry (KADIN Indonesia)	Banking, Finance	
1991 - 1992	Operations Director Bank Mitra Niaga				
2007 - 2008	General Affairs Director PT. Bank Sulut				
2008 - 2009	Marketing Director PT. Bank Sulut				
2010 - 2012	President Director PT. Bank Sulut				
2015 - present	Commissioner BRI				
2013 - 2015	Executive Director of Populi Center (Public Opinion & Policy Research)	2015 - present	Secretary General of Indonesian Political Science Association (AIPPI)	International Relations	
2013 - 2016	Public Opinion Survey Association (PERSEPSI)	2016 - present	Special Staff Mensesneg, Political Communication and Institution State Secretary of Republic of Indonesia	Social & Political Science	
2016 - 2017	Commissioner PT Permodalan Nasional Madani				
2017 - present	Commissioner BRI				
2016 - November 2017	Head of Bisnis Indonesia Intelligence Unit	2006 - present	Lecturer and Researcher, Economics and Business Faculty, University of Indonesia	Economics, Finance, Research.	
2014 - 2015	Audit Committee and Risk Committee, PT. POS Indonesia				
2014 - 2015	Oil & Gas Taskforce, Energy and Mineral Resources Ministry				
2016 - 2017	Municipal Taskforce, Municipal, Transmigration and Isolated Regions Ministry				
2015 - 2017	President Commissioner, PT Hotel Indonesia Natour (Persero)				
2017 - present	Independent Commissioner BRI				

BOARD OF COMMISSIONERS

COMPOSITION OF THE BOC IN 2017 AND ITS CHANGES

The number of members of the BOC may affect the effectiveness of the execution of duties of the BOC. As a public company, the determination of the number of members of the BOC still refers to prevailing laws and regulations, which are at least 2 (two) persons based on the provisions of the Financial Services Authority Regulation No. 33 / POJK.04 / 2014 regarding the Board of Directors and Board of Commissioners of Issuers or Public Company.

In addition, it is also necessary to consider the conditions of the public company which include, among other things, the characteristics, capacities, and sizes, as well as the achievement of objectives and the fulfillment of different business needs among the public companies. Thus, the excessive number of members of the BOC can potentially disrupt the effectiveness of the implementation of the BoC's functions. The number and composition of the BOC of BRI during 2017 is as follows:

The composition of the Board of Commissioners From 1 January 2017 to 15 March 2017

Based on the resolution of the AGMS on 23 March 2016, the GMS appoints Mr. Mahmud As Independent Commissioner, so the composition of the Board of Commissioners of BRI as follows:

No	Commissioners	Position	Age	Appointment Basis
1	Mutafa Abubakar	President Commissioner/Independent	68	AGMS 19 March 2015
2	Gatot Trihargo	Vice President Commissioner	57	AGMS 19 March 2015
3	Adhyaksa Dault	Independent Commissioner	54	AGMS 20 May 2010
4	Ahmad Fuad	Independent Commissioner	63	AGMS 28 March 2012
5	A. Fuad Rahmany	Independent Commissioner	63	AGMS 19 March 2015
6	A. Sonny Keraf	Independent Commissioner	59	AGMS 19 March 2015
7	Vincentius Sonny Loho	Commissioner	60	AGMS 28 March 2012
8	Jeffry J. Wurangian	Commissioner	63	AGMS 19 March 2015
9	Mahmud	Commissioner	59	AGMS 23 March 2016

Composition of the Board of Commissioners 15 March 2017 to 18 October 2017

Based on the resolution of the Annual GMS of 2017 held on March 15, 2017, the GMS dismissed Mr. Mustafa Abubakar (President Commissioner/ Independent) and Mr. Ahmad Fuad (Independent Commissioner) and appointed a new Commissioner, namely Mr Andrinof A. Chaniago as the President/ Independent Commissioner, Mr. Nicolaus Teguh Budi Harjanto as Commissioner. Based on the Results of the AGMS of 2017, the composition of the BOC of BRI is as follows:

No	Commissioners	Position	Age	Appointment Basis
1	Andrinof A. Chaniago	President Commissioner/Independent	55	AGMS 15 March 2017
2	Gatot Trihargo	Vice President Commissioner	57	AGMS 19 March 2015
3	Adhyaksa Dault	Independent Commissioner	54	AGMS 20 May 2010
4	A. Fuad Rahmany	Independent Commissioner	63	AGMS 19 March 2015
5	A. Sonny Keraf	Independent Commissioner	59	AGMS 19 March 2015
6	Mahmud	Independent Commissioner	59	AGMS 15 March 2016 (Transfer of Duty and Commissioner to Independent Commissioner)
7	Vincentius Sonny Loho	Commissioner	60	AGMS 28 March 2012
8	Jeffry J. Wurangian	Commissioner	63	AGMS 19 March 2015
9	Nicolaus Teguh Budi Harjanto	Commissioner	45	AGMS 15 March 2017



BOARD OF COMMISSIONERS

Composition of the Board of Commissioners 18 October 2017 to Now

Based on the Extraordinary General Meeting of Shareholders held on October 18, 2017, the EGMS terminated Mr. Adhyaksa Dault. Then the number of BOC members of the Company effective as per position of 31 December 2016 is 8 (eight) persons with the composition of 5 (five) of whom are Independent Commissioners.

The composition of the BOC has a diversity of education and experience that supports the implementation of the duties and responsibilities of the BOC.

No	Commissioners	Position	Age	Appointment Basis
1	Andrinof A. Chaniago	President Commissioner/Independent	55	AGMS 15 March 2017
2	Gatot Trihargo	Vice President Commissioner	57	AGMS 19 March 2015
3	Rofikoh Rokhim*	Independent Commissioner	46	EGMS 18 October 2017
4	A. Fuad Rahmany	Independent Commissioner	63	AGMS 19 March 2015
5	A. Sonny Keraf	Independent Commissioner	59	AGMS 19 March 2015
6	Mahmud	Independent Commissioner	59	AGMS 15 March 2016 (Transfer of Duty and Commissioner to Independent Commissioner)
7	Vincentius Sonny Loho	Commissioner	60	AGMS 28 March 2012
8	Jeffry J. Wurangian	Komisaris	63	AGMS 19 March 2015
9	Nicolaus Teguh Budi Harjanto	Komisaris	45	AGMS 15 March 2017

*) Based on the Decree of OJK's Board of Commissioners No. KEP-15/D.03/2018 dated 24 January 2018

SEGREGATION OF DUTIES OF THE BOC

For effective implementation of the duties of each member of the BOC, the BoC stipulates the division of duties of each member of the BOC during 2017 as follows:

No	Commissioners	Position	Period	Duties
1	Mutafa Abubakar	President Commissioner/Independent	01 January 2017- 15 March 2017	1. In charge of Nomination and Remuneration Committee. 2. In charge of Risk Management Oversight Committee.
2	Andrinof A. Chaniago	President Commissioner/Independent	19 July 2017 – 31 December 2017	1. In charge of Nomination and Remuneration Committee 2. In charge of Risk Management Oversight Committee 3. Member of Integrated Governance Committee
3	Gatot Trihargo	Vice President Commissioner	1 January 2017- 31 December 2017	1. In charge of Nomination and Remuneration Committee 2. In charge of Integrated Governance Committee
4	Adhyaksa Dault	Independent Commissioner	1 January 2017- 18 October 2017	1. In charge of Nomination and Remuneration Committee 2. In charge of Audit Committee.
5	Ahmad Fuad	Independent Commissioner	01 January 2017- 15 March 2017	1. In charge of Nomination and Remuneration Committee 2. In charge of Risk Management Oversight Committee 3. In charge of Integrated Governance Committee
6	A. Fuad Rahmany	Independent Commissioner	1 January 2017- 31 December 2017	1. In charge of Nomination and Remuneration Committee 2. In charge of Risk Management Oversight Committee 3. In charge of Integrated Governance Committee

BOARD OF COMMISSIONERS

No	Commissioners	Position	Period	Duties
7	A. Sonny Keraf	Independent Commissioner	1 Januari 2017- 31 Desember 2017	1. In charge of Nomination and Remuneration Committee. 2. In charge of Audit Committee.
8	Vincentius Sonny Loho	Commissioner	1 Januari 2017- 31 Desember 2017	1. In charge of Nomination and Remuneration Committee. 2. In charge of Integrated Governance Committee.
9	Jeffry J. Wurangian	Commissioner	1 Januari 2017- 31 Desember 2017	1. In charge of Nomination and Remuneration Committee. 2. In charge of Risk Management Oversight Committee.
10	Mahmud	Commissioner	27 Maret 2017 – 31 Desember 2017	1. In charge of Nomination and Remuneration Committee. 2. In charge of Risk Management Oversight Committee. 3. In charge of Integrated Governance Committee
11	Rofikoh Rokhim*)	Independent Commissioner	-	1. In charge of Audit Committee 2. In charge of Nomination and Remuneration Committee

*) Based on the decree of OJK's Board of Commissioners No. KEP-15/D.03/2018 dated 24 January 2018

INDEPENDENCY OF THE BOC

Berdasarkan ketentuan POJK No: 55/POJK.03/2016 tentang Penerapan Tata Kelola Pada Bank Umum, Dewan Komisaris wajib terdiri dari Komisaris Independen dan Komisaris Non Independen dimana Komisaris Independen paling sedikit berjumlah 50% (lima puluh persen) dari jumlah anggota Dewan Komisaris, Komisaris Independen wajib menyampaikan Pernyataan independensi Komisaris Independen dalam laporan pelaksanaan tata kelola.

The working relationship of the BOC and the Board of Directors is a check and balances relationship with the principle that the two organs of the Company have a duty to maintain the long term Bank's business continuity and have the ultimate goal for the progress and health of the Bank.

The BOC and the Board of Directors of the Company do not hold concurrent positions as Commissioners, Directors or Executive Officers at other Banks / Institutions, and have no family relationship with other members of the

Board of Directors and or with members of the BOC up to the second degree. Under such conditions, the members of the BOC and the Board of Directors of the Company are always acting independently, in the sense that they have no conflict of interest, which may impair their ability to perform their duties independently.

The Company's Board of Directors is chaired by an independent President Director of the controlling shareholder. The Board of Directors shall not assume dual positions as President Director or other Directors of State, Regional and Private Business Entities or other positions related to the management of the Company, as well as structural positions and other functional positions at central and local government agencies/ agencies, as well as other appropriate positions with the provisions of the Company's articles of association and other prevailing laws and regulations.



BOARD OF COMMISSIONERS

AFFILIATION OF THE BOC WITH THE BOD AND SHAREHOLDERS

a. Financial Relations

There is no financial relationship between members of the BOC either with other members of the BOC or with members of the Board of Directors of the Company and Controlling Shareholders of the Company.

b. Family Relationship

There is no family relationship between members of the BOC either with other members of the BOC or with members of the Board of Directors of the Company and Controlling Shareholders of the Company.

The following is affiliated relationship owned by the BOC of the Company as of December 31, 2017:

Relations of Members of the Board of Directors with the Board of Commissioners and Controlling Shareholders

Name	Financial Relations with						Familial Relations with					
	BOC		BOD		Controllling Shareholders		BOC		BOD		Controllling Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Board of Commissioners												
Mustafa Abubakar*	✓		✓		✓		✓		✓		✓	
Andrinof A. Chaniago	✓		✓		✓		✓		✓		✓	
Gatot Trihargo	✓		✓	✓			✓		✓		✓	
Ahmad Fuad	✓		✓		✓		✓		✓		✓	
Adhyaksa Dault **	✓		✓		✓		✓		✓		✓	
A. Fuad Rahmany	✓		✓		✓		✓		✓		✓	
A. Sonny Keraf	✓		✓		✓		✓		✓		✓	
Mahmud	✓		✓		✓		✓		✓		✓	
Vincentius Sonny Loho	✓		✓		✓		✓		✓		✓	
Jeffry J. Wurangian	✓		✓		✓		✓		✓		✓	
Nicolaus teguh Budi	✓		✓		✓		✓		✓		✓	
Harjanto												
Rofikoh Rokhim***	✓		✓		✓		✓		✓		✓	

*) Effective as of 1 January 2017 – 15 March 2017

**) Effective as of 1 January 2017 – 18 October 2017

***) Effective after 1 February 2018

BOARD OF COMMISSIONERS

CONCURRENT POSITION OF THE BOC

The concurrent position held by member of the BOC of BRI refers to and therefore comply with the Financial Services Authority Regulation No. No. 55/POJK-03/2016 regarding the Board of Directors and the Board of Commissioners of Issuers or Public Company, i.e. not holding concurrent position as a member of the Board of Directors, BOC or Executive Officers at:

- a. Financial institution or financial company, whether bank or non bank;
- b. More than 1 (one) non-financial institution or non-financial company, both domiciled within and outside the country.

The following is the Board of Commissioners concurrent positions as of 31 December 2017:

No	Name	Position	Period	Concurrent Positions	Company/Other Institutions
1	Mutafa Abubakar*	President Commissioner/ Independent	2016 – present	Chairman of Supervisory Board	Bankers Association for Risk Management (BARA)
			2015 - present	Vice Chairman of Supervisory Board	Indonesian Bankers Association (IBI)
			2015 - present	Vice Chairman of the Advisory Council	Lemhannas Alumni Association (IKAL)
			2013 – present	Member of Advisory Board	National Banking (PERBANAS).
			2012 - present	Member of Coaching Board	Leuser Internasional Foundation (YLI)
			2013 – present	Academic Senate	STIE Indonesia Banking School
2	Andrinof A. Chaniago	President Commissioner/ Independent	2006 - present	Lecturer in Political Science Department, Social and Political Faculty	University of Indonesia
3	Gatot Trihargo	Vice President Commissioner	Juli 2015 - present	Deputy of Financial Services, Survey and Consultancy Services	SOE Ministry
			2014 – present	Board Member of National Management	Indonesian Accounting Association (IAI)
			2010 – present	President of Association	Certified Fraud Examiner (CFE) - Indonesia Chapter
			2010 – present	Honorary Board Member	Indonesian Audit Committee Association (IKAI)
			2009 – present	Board Member of Examiner	Certified Professional Management Accountant (CPMA)
			2009 – present	Board Member of Examiner	Center for Sustainability Reporting (NCSR)
			2016 - present	Chairman	Indonesian Management Accounting Association (IAMII)



BOARD OF COMMISSIONERS

No	Name	Position	Period	Concurrent Positions	Company/Other Institutions
4	Adhyaksa Dault**	Independent Commissioner	2013 - present	Chairman	Kwartir National Boyscout
			2009 - present	Lecturer of Coastal Resource Management Doctoral Program	University of Diponegoro
			2009 - present	Lecturer of Bachelor Degree	University of Negeri Jakarta
5	Ahmad Fuad*	Independent Commissioner	2014-present	Legal and Compliance Advisor	Bank Sahabat Sampoerna
			2014-present	Legal and Compliance Advisor	Bank ICBC Indonesia
6	A. Fuad Rahmany	Independent Commissioner	None		
7	A. Sonny Keraf	Independent Commissioner	1998 – present	Lecturer of Business Ethics and Accounting Profession Ethics	University of Atma Jaya Jakarta
			2014 – present	Member	National Energy Board
			2016 - present	Independent Commissioner	PT Gorontalo Sejahtera Mining
8	Vincentius Sonny Loho	Commissioner	2014 - present	Consultative Board Member	IAI Public Sector Accounting Compartment
9	Jeffry J. Wurangian	Commissioner	2015 - present	Vice Chairman of SOE Corporation Development	National Industrial Chamber of Commerce (KADIN)
10	Mahmud	Independent Commissioner	None		
11	Nicolaus Teguh Budi Harjanto	Commissioner	2015 - present	Special Staff of State Secretary Minister of Political Communication and Institution	State Secretary Ministry
12	Rofikoh Rokhim***	Independent Commissioner	2006 - present	Lecturer and Researcher, Economics and Business Faculty	University of Indonesia

*) Effective as of 1 January 2017 – 15 March 2017

**) Effective as of 1 Januari 2017 – 18 October 2017

***) Effective after 1 February 2018

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF COMMISSIONERS

SHARES OWNERSHIP OF THE BOC

Members of the BOC have submitted the transparency of bonds' buy and sell transactions through a Statement Letter. The Independent Commissioners are directly or indirectly not permitted to own the Company's shares as stipulated in the BOC Board Charter.

In line with the independency of BOC members of the Company, as of 31 December 2017, none of the BOC members of the Company has 5% or more shares ownership either in the Company or other company or other bank or other non-banking financial institution.

No	Commissioners	Shares Ownership Over 5%			
		BRI	Other Banks	Non Bank Financial Institutions	Other Companies
1	Mutafa Abubakar*	NIL	NIL	NIL	NIL
2	Andrinof A. Chaniago	NIL	NIL	NIL	NIL
3	Gatot Trihargo	NIL	NIL	NIL	NIL
4	Adhyaksa Dault**	NIL	NIL	NIL	NIL
5	Ahmad Fuad*	NIL	NIL	NIL	NIL
6	A. Fuad Rahmany	NIL	NIL	NIL	NIL
7	A. Sonny Keraf	NIL	NIL	NIL	NIL
8	Gatot Trihargo	NIL	NIL	NIL	NIL
9	Jeffry J. Wurangian	NIL	NIL	NIL	NIL
10	Mahmud	NIL	NIL	NIL	NIL
11	Nicolaus Teguh Budi Harjanto	NIL	NIL	NIL	NIL
12	Rofikoh Rokhim***	NIL	NIL	NIL	NIL

*) Effective as of 1 January 2017 – 15 March 2017

**) Effective as of 1 Januari 2017 – 18 October 2017

***) Effective after 1 February 2018

BOC CONFLICT OF INTEREST MANAGEMENT

Each member of the Company's BOC with conflict of interest in the Company's transaction and/or corporate action must declare such conflict of interest and therefore he/she is not included in the decision making process of such transaction and/or corporate action.

Any transaction with a conflict of interest shall first obtain the approval of the independent shareholders prior to its execution.

In 2017 there are no BRI corporate transactions or actions containing conflict of interest.



BOARD OF COMMISSIONERS

ORIENTATION PROGRAM AND COMPETENCY DEVELOPMENT OF THE BOC

The Orientation Program is held for each new member of the BOC of the Company

The Orientation Program is a corporate recognition program organized by the Corporate Secretary to new members of the BOC. Implementation of this program in the form of presentations, meetings, visits to the company's work unit and the assessment of documents or other programs. The objectives of the Board of Commissioners' orientation programs are as follows:

1. Supporting the achievement of the Bank's objectives through continuous improvement of performance;
2. Adding knowledge to new Commissioners on Vision, Mission, Profile and objectives of BRI Bank;
3. Provide an overview of responsibilities, authorities and prohibitions as a Commissioner of BRI;
4. Provide guidance, description of duties and responsibilities of the commissioners in carrying out their duties;
5. To increase the BOC's understanding of work and operational system at Bank BRI;
6. Adding to the understanding of work and operational systems at Bank BRI; understanding of value creation for stakeholders, risk management, understanding of the banking industry or the subsidiary business of Bank BRI;
7. Increase the knowledge and knowledge of the BOC in accordance with its field and business development of BRI;
8. Support the implementation of tasks and responsibilities supported by knowledge of educational outcomes.

Orientation Program of the Board of Commissioners in 2017

No	Participants	Location and Date	Providers	Orientation Materials
1	Andrinof A. Chaniago and Nicolaus Teguh Budi Harjanto	Meeting Room of BRI Board of Commissioners, 23 and 29 March 2017	Risk Management Division	Risk Management training for BRI Board of Commissioners
2	Andrinof A. Chaniago and Nicolaus Teguh Budi Harjanto	Meeting Room of BRI Board of Commissioners, 31 March 2017	Corporate Secretary Division, Corporate Development & Strategy Division, Board of Commissioners' Secretary, Compliance Division	<ul style="list-style-type: none"> · Information on the company, among others vision and mission, middle and corporate strategy and plan, performance and financial. · Information on duties and responsibilities as members of the Board of Commissioners, authorities, working hours, BOC meeting, relations with BOD, relevant rules/provisions. · The company rules on GCG, Code of Conduct, Corporate Culture and other relevant rules on GCG as the support of the Board of Commissioners duties. · Relevant and appropriate company policies with orientation program. · Introduction on Bank BRI consolidated business process and business structure. · Board of Commissioners rights and obligations.

BOARD OF COMMISSIONERS

Orientation Program of the Board of Commissioners in 2017

No	Participants	Location and Date	Providers	Orientation Materials
3	Rofikoh Rokhim	Meeting Room of BRI Board of Commissioners, 23 October 2017	Risk Management Division	<ul style="list-style-type: none"> - Pembekalan Manajemen Risiko bagi Dewan Komisaris BRI .
4	Rofikoh Rokhim	Meeting Room of BRI Board of Commissioners, 31 October 2017	Risk Management Division, Corporate Development and Strategy Division, Contract and Outsourcing Employees Management Division	<ul style="list-style-type: none"> - Information on the company, among others vision and mission, middle and corporate strategy and plan, performance and financial. - Information on duties and responsibilities as members of the Board of Commissioners, authorities, working hours, BOC meeting, relations with BOD, relevant rules/provisions. - The company rules on GCG, Code of Conduct, Corporate Culture and other relevant rules on GCG as the support of the Board of Commissioners duties. - Net Stable Funding Ratio (VSFR) and Liquidity Coverage Ratio (LCV). - Board of Commissioners rights and obligations. - Corporate Plan and Bank Business Plan.

Development Program of the BOC

BRI has a Policy on developing the competency of members of the BOC, which aims to improve the competency and skill of each member of the BOC of BRI in fulfilling their duties.

Development of competence aims to:

1. Increase the knowledge and knowledge of the BOC in accordance with their field and business development;
2. Adding relationships and relationships with outside stakeholders;
3. Support the implementation of tasks and responsibilities supported by knowledge of educational outcomes;
4. Developing the professional knowledge, competencies and leadership capabilities of the Directors and Board of Commissioners in line with the latest developments in industry and good corporate governance.
5. Increase the awareness that the education, and development programs for the BOC is an important part of the learning process and developing the company in addition to strengthening the structure and strengthening of corporate governance.

Implementation of competency development for BOC throughout 2017 is as follows:



BOARD OF COMMISSIONERS

Board of Commissioners Training Program

1. Domestic Education, Training, Conference

No	Commissioners	Place	Date	Description
1	Mustafa Abubakar	-	-	Did not participate in any education/training/conference during 2017
2	Andrinof A. Chaniago	-	-	Did not participate in any education/training/conference during 2017
3	Gatot Trihargo	-	-	Did not participate in any education/training/conference during 2017
4	Ahmad Fuad	-	-	Did not participate in any education/training/conference during 2017
5	Adhyaksa Dault	Jakarta	23 - 24 March 2017	Seminar BARa Risk Forum: Refocusing on Credit Risk Management, Credit Risk Model, Pricing and Being prepared for Upcoming Regulations
6	Sonny Loho	Jakarta	23 - 24 March 2017	Seminar BARa Risk Forum: Refocusing on Credit Risk Management, Credit Risk Model, Pricing and Being prepared for Upcoming Regulations
7	Fuad Rahmany	Jakarta	23 - 24 March 2017	Seminar BARa Risk Forum: Refocusing on Credit Risk Management, Credit Risk Model, Pricing and Being prepared for Upcoming Regulations
8	Sonny Keraf	Jakarta	23 - 24 March 2017	Seminar BARa Risk Forum: Refocusing on Credit Risk Management, Credit Risk Model, Pricing and Being prepared for Upcoming Regulations
		Bali	18 - 19 May 2017	BARa Risk Forum: Deeper Understanding on IFRS 9 & BASEL IV and Progress of BASEL III Implementation
9	Jeffry J. Wurangian	Bali	18 - 19 May 2017	BARa Risk Forum: Deeper Understanding on IFRS 9 & BASEL IV and Progress of BASEL III Implementation
10	Nicolaus T. Budi Harjanto	-	-	Did not participate in any education/training/conference during 2017
11	Rofikoh Rokhim	-	-	Did not participate in any education/training/conference during 2017
12	Mahmud	Bali	4-5 May 2017	Internasional Change Consumer Behaviour Trough Financial Literacy Financial Inclusion and Consumer Protection.

2. Overseas Education, Training, Conference

No	Commissioners	Place	Date	Description
1	Mustafa Abubakar			
2	Andrinof Chaniago	A. Milan, Basel	15 - 24 September 2017	European Confederation of The Institute of Internal Auditor Conference 2017 from Insight to Influence dan On Sie Learning
3	Gatot Trihargo	-	-	Did not participate in any education/training/conference during 2017
4	Ahmad Fuad	-	-	Did not participate in any education/training/conference during 2017

BOARD OF COMMISSIONERS

2. Overseas Education, Training, Conference

No	Commissioners	Place	Date	Description
5	Adhyaksa Dault	Frankfurt, Vienna	19 - 26 August 2017	Risk Management Certification: Intensive Wealth Management and Risk Management Refreshment Programme for Executives
6	Sonny Loho	Sydney, Melbourne	22 - 29 July 2017	The IIA International Conference 2017 & On Site Learning
		Madrid, Granada	28 October - 5 November 2017	International Risk Management Refreshment Program for Executives
7	Fuad Rahmany	London	9 – 11 April 2017	Risk Management Certification: Living Wills, Palnning for Bank Recovery and Resoltion
8	Sonny Keraf	Geneva - Prague, Budapest	22 – 30 April 2017	Enterprise Risk Management Masater Class & Benchmarking in Europe: Risk Culture & Leadership
		London, UK	11 – 15 September 2017	ASEAN Global Leadership Programme: Leadership in a Transformational Digital Era
9	Jeffry J. Wurangian	Boston	22 – 27 January 2017	Executive Education: Entrepreneurship Development Program
		Sydney	18 – 23 June 2017	General Manager Program: Lead Strategically, Navigate Complexity, Drive Performance
10	Nocolaus T. Budi Harjanto	-	-	Did not participate in any education/training/conference during 2017
11	Rofikoh Rokhim	-	-	Did not participate in any education/training/conference during 2017

Risk Management Certification of the BOC

Taking into account on the internal and external banking developments that continue to change rapidly marked by the increasing complexity of banking business activities, the risks faced are also greater. The increasing complexity of these risks will enhance the need for good corporate governance and risk management functions that include the identification, measurement, monitoring and risk control of the Bank.

In order to support the implementation of Risk Management for the Bank's business activities, the BOC must have competence and expertise in the field of Risk Management in accordance with the minimum requirements of the standards in accordance with Bank Indonesia Regulation no. 11/19 / PBI / 2009 dated June 4, 2009 concerning Risk Management Certification for Management and Officers of Commercial Banks and amendment to Bank Indonesia Regulation no. 12/7/PBI/2010 dated April 19, 2010.

In view of the framework of competency development and fulfillment of requirements as a BOC, in addition to attending various trainings and conferences, the Board of Commissioners of the Company has always equipped itself with risk management certification that supports its duties as Supervisory Company. The certification attended by the Board of Commissioners of the Company is as follows:



BOARD OF COMMISSIONERS

No.	Name	Position	RM Certification			RM Certification Refreshment 2017	
			Institution	Level	Date	Institution	Date
1.	Mustafa Abubakar	President Commissioner/ Independent	LSPP	Level 2	23 June 2012		
			LSPP	BOD Executive Program	2016		
2.	Andrinof A. Chaniago	President Commissioner/ Independent	LSPP	Level 2	21 April 2017		
3.	Gatot Trihargo	Vice President Commissioner	BSMR	Level 1	11 April 2015		
4.	Adhyaksa Dault	Independent Commissioner	LSPP	Level 2	15 March 2014	IBI, LSPP ,MM UGM	19 August 2017
5.	Ahmad Fuad	Independent Commissioner	BSMR	BOD Executive Program	08 September 2016		
6.	A. Fuad Rahmany	Independent Commissioner	BSMR	Tingkat 2	17 January 2015	BSMR, GARP	9 April 2017
7.	A. Sonny Keraf	Independent Commissioner	LSPP	Level 2	02 May 2015		
8.	Vincentius Sonny Loho	Commissioner	LSPP	Level 1	26 May 2012	IBI, LSPP, MM UGM	28 October 2017
9.	Mahmud	Independent Commissioner	BSMR	Level 5	2015	BSMR	07 February 2017
10.	Jeffry J. Wurangian	Commissioner	BSMR	BOD Executive Program	07 September 2016		
11.	Nicolaus T. Budi Harjanto	Commissioner	LSPP	Level 1	6 April 2017		
12	Rofikoh Rokhim	Independent Commissioner	LSPP	Level 2	2 November 2017		

BOARD OF COMMISSIONERS

BOC OVERSIGHT IN 2017

In the period of 2017, the BOC has continuously carried out various supervisory activities in accordance with its duties and obligations. Supervision of the BOC in general can be grouped into two (2) categories, which are the regular and special supervision. The regular supervision, are amongst others:

1. Quarterly evaluation of strategic policy and implementation;
2. Quarterly evaluation of the pre-publication financial report;
3. Evaluation of audit conducted by KAP, including financial report audit of 2016, management letter of Fiscal Year 2016 and PKBL audit of book year 2016;
4. Evaluate the results of internal audit every quarter;
5. Monitoring the BOD quarterly follow-up on the results of internal and external audits;
6. Review the Annual Audit plan and monitoring the follow-up of internal audit results;
7. Evaluation of risk profile, implementation of compliance function, and anti-fraud strategy;
8. Quarterly evaluation of Bank Health Rating;
9. Semesterly evaluate of GCG by conducting GCG self-assessment every Semester;
10. Evaluate the performance of subsidiary companies;
11. Evaluate the human resource management;
12. Evaluation of Information Technology, including management and IT development plan post-launch of the Company's satellite (BRISat);
13. Evaluation on Integrated Risk Management policy;
14. Evaluation of Fund Management and Investment of BRI Pension Fund; and
15. Evaluation of DPLK-BRI.

Special supervision is exercised on matters as deemed necessary for further elaboration or matters of a strategic nature and requires an immediate decision. In 2017, the special issues as concern to the BOC are:

1. Management and utilization of Information Technology (IT), including the transformation of IT development and Digital Banking.
2. Risk management, particularly related to efforts to improve the operational and liquidity risks management.
3. Optimizing funding structure and improving CASA, through structured programs related to the intensification of customers acquisition and retention, including retail fundings that are less sensitive toward interest rates.
4. The subsidiaries' development (Bank BRI Agro, Bank BRI Syariah, BRI Life & BRI Finance), among others related to the plan to increase equity investment in subsidiaries, governance of subsidiaries within the integrated governance framework, integrated risk management and business alignment of subsidiaries with the holding.
5. Solution and transactional services development, and integrated e-channel access related to business model toward digital banking.
6. Restructuring of middle and corporate loans and reviewing the productive assets portfolio.
7. Evaluation on the Partnership and Environment Development Program (PKBL) implementation.
8. BRI Core Banking System (CBS) development plan.
9. HR development that aiming to realize BRI Vision as the home to the best talent, and HR preparation in transformation process through the Brivolution program in order to face digital banking era and Fintech.
10. Management Information System (MIS) development of Big Data basis, in order to properly govern all data in BRI, being integrated and beneficial in business development, strategic decision making, risk management, marketing activities and others in a swift, accurate, economist, efficient and structured manner.



BOARD OF COMMISSIONERS

BOARD OF COMMISSIONERS APPROVAL AND RECOMMENDATIONS 2017

Board of Commissioners Approval 2017

The Board of Commissioners carried out oversight and monitoring on the Board of Directors policies implementation. During 2017, the Board of Commissioners has provided approval on the following matters:

No	BOC Approval	Date	Approval Letter No.
1	The appointment of Public Accountant Firm Mulyamin Sensi Suryanto & Lianny to audit financial statements & investment report of BRI DPLK Financial year 2016	03-Jan-17	BOC Letter No: B.01-KOM/01/2017
2	Risk management general policy	18-Jan-17	BOC Letter No: B.18-KOM/01/2017
3	Fee Estimation of the procurement of public accountant firm year 2017	10-Feb-17	BOC Letter No: B.28-KOM/02/2017
4	Know your customer policy and principle of custodian bank PT Bank Rakyat Indonesia (Persero) Tbk.	13-Feb-17	BOC Letter No: B.29-KOM/02/2017
5	Anti money laundering and counter terrorism financing guidelines of BRI DPLK	21-Feb-17	BOC Letter No: B.36-KOM/02/2017
6	Written-off fixed assets of branch office BRI Fatmawati	28-Feb-17	BOC Letter No: B.37-KOM/02/2017
7	Risk management general policy	13-Mar-17	BOC Letter No: B.43-KOM/03/2017
8	Policy on loan write-off, loan recovery, loan restructuring and NPL	14-Mar-17	BOC Letter No: B.44-KOM/03/2017
9	Decree on chairman and member of KPMR & KNR Committee	29-Mar-17	BOC Letter No: B.55-KOM/03/2017
10	Written-off fixed assets of ex building of BRI Kupang Regional office	11-Apr-17	BOC Letter No: B.59-KOM/04/2017
11	Written-off fixed assets of idle building of BRI Jl. Proklamasi No. 29 Central Jakarta	05-May-17	BOC Letter No: B.71-KOM/05/2017
12	Restipulation of limit of authority of writte-off and/or release of immovable fixed assets	09-May-17	BOC Letter No: B.74-KOM/05/2017
13	Change of BRI organizational	12-May-17	BOC Letter No: B.76-KOM/05/2017
14	Appointment of Public Accountant Firm to review interim consolidated financial statements of 30 June 2017	12-May-17	BOC Letter No: B.77-KOM/05/2017
15	Procurement of audit service of Public Accountant Firm	07-Sep-17	BOC Letter No: B.141-KOM/09/2017
16	General policy on capital investment and subsidiary management of PT Bank Rakyat Indonesia (Persero) Tbk.	12-Sep-17	BOC Letter No: B.150-KOM/09/2017
17	Policy and procedures of anti money laundering (AML) and counter terrorism financing (CTF) 2017 PT Bank Rakyat Indonesia (Persero) Tbk.	20-Sep-17	BOC Letter No: B.152-KOM/09/2017

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF COMMISSIONERS

No	BOC Approval	Date	Approval Letter No.
18	Update of IAU Charter	10-Oct-17	BOC Letter No: B.159-KOM/01/2017
19	Founder statement on the regulatory changes of BRI pension fund.	24-Oct-17	BOC Letter No: B.174-KOM/10/2017
20	SBLC facility to PT.BRI Multifinance Indonesia	26-Apr-17	BOC Letter No:R.18-KOM/04/2017
21	Appoiment of BRI IAU Head	12-May-17	BOC Letter No:R.21-KOM/05/2017
22	Funding to related party PT Bringin Srikan Finance	17-May-17	BOC Letter No:R.22-KOM/05/2017
23	Additional scope of consolidated financial statements review and reporting of BRI & subsidiary for the period of six month ended 30 June 2017 by PSS (EY) Public Accountant Firm	14-May-17	BOC Letter No:R.26-KOM/05/2017
24	Bank Business Plan 2017-2019 and Work & Budget Plan 2017 (Revision)	08-Jun-17	BOC Letter No:R.29-KOM/06/2017
25	Funding to related party Dr. Jeffry J Wurangian	09-Jun-17	BOC Letter No:R.30-KOM/06/2017
26	Capital injection of PT Bank Rakyat Indonesia Agroniaga Tbk 2017	16-Jun-17	BOC Letter No: R.31-KOM/06/2017
27	Capital injection of Bank Agro 2017	06-Jul-17	BOC Letter No: R.34-KOM/07/2017
28	Capital injection of Bank Agroniaga	07-Jul-17	BOC Letter No: R.35-KOM/07/2017
29	Extension of term of office of Secretary staff of the Board of Commissioners	25-Jul-17	BOC Letter No: R.37-KOM/07/2017
30	Capital injection of PT Bahana Artha Ventura	10-Oct-17	BOC Letter No: R.52-KOM/10/2017
31	Bank Business Plan 2018-2020 and Work & Budget Plan 2018	21-Nop-17	BOC Letter No: R.60-KOM/11/2017
32	Appointment of Secretary staff of the Board of Commissioners	30-Nop-17	BOC Letter No: R.65-KOM/11/2017
33	Joint Decree of BOC and BOD PT BRI on the Remuneration Governance Policy of PT BRI (Persero) Tbk.	06-Dec-17	BOC Letter No: R.67-KOM/12/2017

Board of Commissioners Recommendations 2017

In addition to conducting oversight and monitoring on the Board of Directors policies implementation, the Board of Commissioners also provides recommendations and inputs to the management based on regular reports to the Board of Commissioners, as well as based on the events or policies conducted by the management. During 2017, the Board of Commissioner has provided the following recommendations:

No	Recommendations	Date	Letter No.
1	Fraud of significant negative impacts and/or potentially inviting public attention in the period of September to December 2016	16-Jan-17	BOC Letter No: B.08-KOM/01/2017
2	Lawsuit of external parties	16-Jan-17	BOC Letter No: B.09-KOM/01/2017



BOARD OF COMMISSIONERS

No	Recommendations	Date	Letter No.
3	Auditing of Financial Services Authority	18-Jan-17	BOC Letter No: B.17-KOM/01/2017
4	Risk Profile Quarter IV.2016, Compliance implementation report Semester II 2016, anti fraud program report Semester II 2016, AML & CTF program report Semester II 2016 and bank rating report Semester II 2016.	14-Mar-17	BOC Letter No: B.45-KOM/03/2017
5	Loan consultation	16-Mar-17	BOC Letter No: B.50-KOM/03/2017
6	Monitoring on follow up of request of Bank Indonesia and Financial Services Authority	04-Apr-17	BOC Letter No: B.58-KOM/04/2017
7	Sanction on obligatory fees by regulator for the period of Januari to March 2017	18-Apr-17	BOC Letter No: B.62-KOM/04/2017
8	Fraud of significant negative impacts and/or potentially inviting public attention in the period of January to March 2017	03-May-17	BOC Letter No: B.67-KOM/05/2017
9	Integrated Risk Profile Semester II 2016	09-May-17	BOC Letter No: B.75-KOM/05/2017
10	Risk Profile Quarter I 2017	26-May-17	BOC Letter No: B.85-KOM/05/2017
11	Audit Committee evaluation on audit service of historical financial information fiscal year 2016 oleh Public Accountant Firm PSS (EY)	16-Jun-17	BOC Letter No: B.92-KOM/06/2017
12	Audit Committee evaluation on audit service of historical financial information of DPLK BRI fiscal year 2016 by Public Accountant Firm M Irawati Sensi Idris.	20-Jun-17	BOC Letter No: B.96-KOM/06/2017
13	Follow up general audit results of financial statements & investment report of DPLK BRI fiscal year 2016	20-Jun-17	BOC Letter No: B.97-KOM/06/2017
14	Restructuring of medium & corporate loans and earnings assets portfolio review.	20-Jun-17	BOC Letter No: B.98-KOM/06/2017
15	Self Assessment result report of factor 2 & factor 3 of integrated governance Semester I-2017	10-Jul-17	BOC Letter No: B.103-KOM/07/2017
16	Implementation chip technology national standard and PIN online 6 Digit usage for ATM cards and/or debit cards.	10-Aug-17	BOC Letter No: B.128-KOM/08/2017
17	Risk Profile Quarter II 2017, Compliance implementation report Semester I 2017, anti fraud program report Semester I 2017, AML & CTF program report Semester I 2017 and bank rating report Semester I 2017.	12-Sep-17	BOC Letter No: B.149-KOM/09/2017
18	Sanction on obligatory fees by regulator for the period of July to September 2017	16-Okt-17	BOC Letter No: B.163-KOM/10/2017
19	Fraud of significant negative impacts and/or potentially inviting public attention in the period of Quarter III/2017	16-Okt-17	BOC Letter No: B.164-KOM/10/2017
20	Guidelines portfolio review and/or earnings assets review/evaluation.	17-Okt-17	BOC Letter No: B.165-KOM/10/2017
21	Risk Profile Quarter III 2017	09-Nop-17	BOC Letter No: B.185-KOM/11/2017

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF COMMISSIONERS

No	Recommendations	Date	Letter No.
22	Feedback on On Site Review result of integrated governance and risk management of BRI financial conglomerate 2017.	27-Nop-17	BOC Letter No: B.200-KOM/11/2017
23	Integrated Risk Profile Review Semester I 2017	14-Des-17	BOC Letter No: B.212-KOM/12/2017
24	Audit result of chip technology national standard implementation and use of 6 digit PIN in the ATM cards and/or debit cards of PT BRI (Persero) Tbk, position 30 September 2016	16-Jan-17	BOC Letter No: R.02 -KOM/01/2017
25	Principal audit results report Semester II 2016	21-Feb-17	BOC Letter No: R.05-KOM/02/2017
26	Board of Commissioners supervisory report on the performance of PT BRI (Persero) Tbk, Quarter IV - 2016	23-Feb-17	BOC Letter No: R.07-KOM/02/2017
27	Notes on the Board of Commissioners visits during 2016	14-Mar-17	BOC Letter No: R.13-KOM/03/2017
28	The IAU audit results report on BRI Remittance Hongkong	14-Mar-17	BOC Letter No: R.14-KOM/03/2017
29	Investment performance evaluation report of DPLK BRI fiscal year 2016	21-Mar-17	BOC Letter No: R.17-KOM/03/2017
30	Loan consultation	02-Mei-17	BOC Letter No: R.20-KOM/05/2017
31	Supervisory report of the Board of Commissioners pengawasan on the performance of PT BRI (Persero) Tbk, Quarter I - 2017	23-Mei-17	BOC Letter No: R.24-KOM/05/2017
32	Audit principals results report up to Quarter I - 2017	23-Mei-17	BOC Letter No: R.25-KOM/05/2017
33	Loan consultation	26-Mei-17	BOC Letter No: R.27-KOM/05/2017
34	Integrated internal audit duties report Semester II 2016	26-Mei-17	BOC Letter No: R.28-KOM/05/2017
35	Financial and investment performance evaluation of DPLK BRI DPLK BRI 2016	20-Jun-17	Surat Dekom No: R.32-KOM/06/2017
36	Governance implementation evaluation of DPLK BRI	20-Jun-17	BOC Letter No: R.33-KOM/06/2017
37	Follow up of management letter on general audit results of financial statements of BRI fiscal year 2016 by Public Accountant Firm KAP Purwantono, Sungkoro, & Surja	25-Jul-17	BOC Letter No: R.38-KOM/07/2017
38	Investment performance evaluation report of DPLK BRI Semester I - 2017	06-Agust-17	BOC Letter No: R.41-KOM/08/2017
39	Monitoring on the follow up of external auditor findings	06-Agust-17	BOC Letter No: R.42-KOM/08/2017
40	Audit principals results evaluation report up to Quarter II - 2017	14-Agust-17	BOC Letter No: R.43-KOM/08/2017
41	Supervisory report of the Board of Commissioners pengawasan on the performance of PT BRI (Persero) Tbk, Quarter II - 2017	29-Agust-17	BOC Letter No: R.44-KOM/08/2017
42	Follow up on the workshop of the Board of Commissioners of BRI	29-Agust-17	BOC Letter No: R.47-KOM/08/2017



BOARD OF COMMISSIONERS

No	Recommendations	Date	Letter No.
43	The IAU findings on goods and services procurement	31-August-17	BOC Letter No: R.48-KOM/08/2017
44	Revision on the Board of Commissioners supervisory report on the performance of PT BRI (Persero) Tbk, Semester I - 2017	14-Sep-17	BOC Letter No: R.50-KOM/09/2017
45	Loan consultation	26-Sep-17	BOC Letter No: R.51-KOM/09/2017
46	Request for approval on limits/criteria of the Board of Directors' actions that require the approval of the Board of Commissioners and Shareholders of Serie A Dwi Warna	31-Okt-17	BOC Letter No: R.55-KOM/10/2017
47	Revision of the draft of joint decree of the Board of Commissioners and Board of Directors of BRI on the remuneration governance policy of PT. BRI (Persero) Tbk	15-Nov-17	BOC Letter No: R.57-KOM/11/2017
48	Board of Commissioners supervisory report on the performance of PT BRI (Persero) Tbk, Quarter III - 2017	21-Nov-17	BOC Letter No: R.61-KOM/11/2017
49	Audit principals results evaluation report Quarter III - 2017	28-Nov-17	BOC Letter No: R.63-KOM/11/2017
50	Re-submission of the request for approval on limits/criteria of the Board of Directors' actions that require the approval of the Board of Commissioners and Shareholders of Serie A Dwi Warna	30-Nov-17	BOC Letter No: R.64-KOM/11/2017
51	Performance evaluation results of the Board of Directors of PT BRI (Persero) Tbk	02-Mar-17	BOC Letter No: SR.06-KOM/03/2017
52	Recommendation on the Public Accountant Firm that will carry out the general audit of consolidated financial statements and PKBL financial statements of BRI fiscal year 2017 PT BRI (Persero) Tbk.	09-Mar-17	BOC Letter No: SR.07-KOM/03/2017
53	Request for approval on member candidates of the Board of Commissioners and Board of Directors PT BRI Agro Niaga Tbk.	06-Des-17	BOC Letter No: SR.15-KOM/12/2017

Board of Commissioners' Recommendations on 2017 Performance

The Board of Commissioners is satisfied with overall achievements by the Board of Directors in addressing economics challenges in 2017. In the performance assessment of the Board of Directors, the Board of Commissioners considers several growth supporting factors.

As of December 2017, The Bank's assets reached Rp1,076.43 trillion, grew 11.66% from the same period of previous year at Rp964.00 trillion. In our observation, the Board of Directors succeeded in implementing prudent loan growth strategy, in particular in a competitive conditions during 2017. Up to December 2017, the Bank's loans disbursement was Rp708.00 trillion, grew 11.45% compared to the 2016 position of Rp635.29 trillion. Credit quality was well maintained as reflected from gross NPL ratio of 2.10%.

Moreover, third party funds grew 10.98% to Rp803.32 trillion, compared to the 2106 same period of Rp723.84 trillion with CASA composition at 60.65%. This is in line with the Bank's strategy to increase low cost funds.

The Bank's income for the year grew 10.55% from Rp25,75 trillion in December 2016 to Rp28,46 trillion in December 2017. Return on Assets (ROA) reached 3.69%, while Return on Equity (ROE) reached 20.03%. Capital structure is maintained with the Capital Adequacy Ratio (CAR) of 22.96%, far above the regulatory limit.

BOARD OF COMMISSIONERS

During 2017, the Bank has achieved the Composit of Bank Soundness Rating at 2 (PK-2) that reflect the Bank's soundness in general hence able to address significant negative impacts from the business dynamics and other external conditions.

Despite the Bank's excellent performance in general, there are remained few issues that require improvements. The Board of Commissioners summarizes several points for improvements as follows:

1. Coordinate HR placements and strengthen work culture values and maintain the efficiency of employees adaptation process in accordance with the digital era.
2. Continuing the operational activities efficiency improvement.
3. Improving fee based income (FBI) from transaction banking and other FBI sources.
4. Improving funding structure by continuous increment of CASA follow by operational service enhancement and transaction banking improvement through digitization of services and operations.
5. Prudent loan expansion strategy by emphasizing the growth of core competence segments as well as resilient economic sectors in facing crisis.
6. Optimizing the benefits of information technology and Digital Banking and Fintech development to support the Company's business sustainability.

The Board of Commissioners conveys appreciation and congratulations to the Board of Directors for the financial performance achievements. We hope that this financial performance can be continuously maintained and improved in the future.

BOARD OF COMMISSIONERS WORK PROGRAMS

Realization of the Board of Commissioners Work Programs

The Board of Commissioners work programs are developed with due observance to the duties, obligations and responsibilities of the Board as stated in the prevailing laws and regulations. This includes oversight on the management policies, general management, both the Bank and its subsidiaries.

The Board of Commissioners work programs are developed in a document called Work and Budget Plan of the Board of Commissioners prepared at every beginning of fiscal year. In implementing the Work and Budget Plan, the Board of Commissioners is assisted by the Audit Committee, Nomination and Remuneration Committee, and Integrated Governance Committee. For effective implementation of duties, obligation and responsibilities, the Board of Commissioners uses all resources, including all members of the Board of Commissioners, Committee Members of Non Commissioners, as well as the Board of Commissioners' Secretary, to support the achievement of such work programs.

Herewith the work programs realization of the Baord of Commissioners in 2017:

1. **Board of Directors' Nomination Process**

As stipulated in the Bank's Articles of Association, the proposal of replacement and appointment of members of the Board of Directors and/or Board of Commissioners shall be submitted by the Shareholders Serie A Dwiwarna to the GMS. The Board of Commissioners has proposed to the Shareholders Serie A Dwiwarna regarding the proposal of the Board of Directors' members candidates for the decision in the GMS 2017, EGMS 2017 and has submited the proposal on the Company's representative candidates that will be assigned as the Management in the Subsidiary and affiliate parties, which are PT BRI Agro Niaga (Persero) Tbk. and PT Bahana Artha Ventura.



BOARD OF COMMISSIONERS

2. Remuneration Review and Proposal of the Board of Directors and Board of Commissioners

The remuneration review and proposal has been carried out by the Board of Commissioners to be proposed in the Annual General Meeting of Shareholders 2017. The review and proposal was done by taking into account the GCG principles, applicable Minister Regulations, financial performance and fulfillment of reserve, fairness with peer group, consideration of the Bank's targets and corporate plan, as well as survey result and reliable analysis from external parties.

3. Employee Remuneration Implementation and Employment Policy Review

The review is conducted to ensure fairness in stipulating the remuneration and employment policy by the Bank, so as to motivate all employees. The remuneration stipulation is adjusted with the Bank's financial capacities and performance.

The review is carried out by evaluating the HR Architecture, strategy and HR development policy. The issues that concerned the Board of Commissioners among others the Employee recombination from Supporting Units to Business Units, Strategy to realize the Bank's vision in HR, which is to make BRI as the Home to the Best Talent, as well as strategy to strengthen work culture values and maintain the efficiency in employees' adaptation with the digital banking and fintech era requirements.

4. Review of the Bank's Vision/Mission and Approval of the Bank's Corporate Plan, Bank Business Plan and Work & Budget Plan

The review on the Bank's Vision/Mission is periodically conducted with the development of Corporate Plan, while the corporate strategy review is conducted with the development of Bank Business Plan.

To direct the Bank's operations in conformity with its vision and mission, the Bank needs to set strategic targets and corporate values that are elaborated further in the business plan. Pursuant to the Financial Services Authority Regulation No. 5/POJK.03/2016 on the Bank Business Plan, the Board of Directors shall develop Business Plan and shall attain the approval on the Bank's Business Plan.

Prior to the approval on the bank's business plan, the Board of Commissioners reviews the Business Plan proposal to ensure a proper development and realistic of the plan based on the prudent principle and risk management application, and by taking into account the internal and external aspects with comprehensive coverages as well as on sound banking principles. Apart from providing approval, the Board of Commissioners also carries out oversight on the Bank's Business Plan Realization presented to the Financial Services Authority at least two months following the report period.

The following are discussion and approval on Business Plan by the Board of Commissioners during 2017:

No.	Discussion Material	Date	Output
1.	Approval of BRI Corporate Plan 2018-2022 and BRI Vision/Mission Review	14 March 2017	BRI BOC Letter No.:R. 15-KOM/03/2017 on the Approval of BRI Corporate Plan 2018-2022
2.	Approval of Bank Business Plan 2017-2019, Work & Budget Plan 2017 (Revision) and Corporate Strategy Review	09 June 2017	BRI BOC Letter No: R.29-KOM/11/2017 dated 09 June 2017 on the Approval of Bank Business Plan 2017-2019 and Work & Budget Plan 2017 (Revision)
3.	Approval of Bank Business Plan 2018-2020 and Work & Budget Plan 2018	21 November 2017	BRI BOC Letter No: R.60-KOM/11/2017 dated 21 November 2017 on the Approval of Bank Business Plan 2018-2020 and Work & Budget Plan 2018

BOARD OF COMMISSIONERS

5. Financial Statements Review

Through the Audit Committee and Internal Audit Unit, the Board of Commissioners has reviewed the financial statements that will be published by the Bank covering financial statements Quarter I and Quarter 3, for the Quarter II and Annual Report review the Bank uses External Audit service appointed by the GMS, Public Accountant Firm Puwanto, Sungkoro and Surja (EY). The review results can be recommendations to the Board of Directors for refinement or improvements prior to report publication.

The following are realization of financial statements review:

No.	Review Material	Date	Financial Statements Review Results
1.	Financial Statements at the end of 2016	20 January 2017	No issues concerned the Public Accountant Firm, which subsequently made the Public Accountant Firm to believe that the consolidated financial information was not presented fairly, in all material respects, the consolidated financial performance and cash flows of PT BRI (Persero) Tbk. and subsidiaries for the period of six month ended on 31 December 2017, according to the Financial Accounting standard in Indonesia.
2.	Financial Statements Quarter I 2017	17 April 2017	Based on the review and discussion of SKAI with the Audit Committee, it is not necessary to modify material caused by inconsistent presentation of items in the Draft of Financial Statement of PT BRI (Persero) Tbk. Quarter I 2017.
3.	Financial Statements Quarter II 2017	27 Juli 2017	No issues concerned the Public Accountant Firm, which subsequently made the Public Accountant Firm to believe that the consolidated financial information was not presented fairly, in all material respects, the consolidated financial performance and cash flows of PT BRI (Persero) Tbk. and subsidiaries for the period of six months ended on 31 December 2017, according to the Financial Accounting standard in Indonesia.
4.	Financial Statements Quarter III 2017	24 Oktober 2017	Based on the review and discussion of SKAI with the Audit Committee, it is not necessary to modify material caused by inconsistent presentation of items in the Draft of Financial Statement of PT BRI (Persero) Tbk. Quarter III 2017.

6. Oversight on Bank Business Plan and Performance

In compliance with the Articles of Association of PT Bank Rakyat Indonesia (persero) Tbk and Based on the Financial Services Regulation No. 5/POJK.03/2016 on the Bank Business Plan, the Board of Commissioners regularly submits the Oversight Report on the Bank Business Plan and Performance including strategy review as follows:



BOARD OF COMMISSIONERS

No	Oversight Report of BRI Board of Commissioners	Date	Reports
1	Oversight Report of the Board of Commissioners on the Performance of PT BRI (Persero) Tbk, Quarter IV - 2016	23-Feb-17	BOC Letter No: R.07-KOM/02/2017
2	Oversight Report of the Board of Commissioners on the Performance of PT BRI (Persero) Tbk, Quarter I - 2017	23-Mei-17	BOC Letter No: R.24-KOM/05/2017
3	Oversight Report of the Board of Commissioners on the Performance of PT.BRI (Persero) Tbk, Quarter II - 2017	29-Agust-17	BOC Letter No: R.44-KOM/08/2017
4	Oversight Report of the Board of Commissioners on the Performance of PT BRI (Persero) Tbk, Quarter III - 2017	21-Nop-17	BOC Letter No: R.61-KOM/11/2017

7. Internal Control Adequacy Evaluation

The Board of Commissioners, through the Audit Committee, has evaluated the planning and execution of the audit and monitoring of the follow-up of audit results in order to assess the adequacy of internal control and monitoring of the findings.

This is the implementation of the Board of Commissioners' function in order to monitor the follow-up of audit findings. The objective is to ensure that the Board of Directors has made improvements in accordance with commitments and suggestions submitted by the Public Accountant Firm, OJK, BI, BPK, and Internal Audit Unit or other regulators. Monitoring shall be conducted simultaneously with regular meetings with the Internal Audit Unit, and if deemed necessary, the Internal Audit will invite the relevant Directors/Divisions or related units.

The realization of the evaluation and approval of the Board of Commissioners on the Annual Audit Planning 2017 and the monitoring of follow-up audit results are targeted as follows:

No.	Materials	Date	Outputs
1.	Evaluation and approval of the Board of Commissioners on Annual Audit Plan 2017	08 February 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter R.04-KOM/02/2017 dated February 8, 2017, on the Evaluation of BRI Annual IAU Audit Plan 2017
2.	Review of Internal Audit Report Semester II 2016	21 February 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter R.05-KOM/02/2017 dated February 21, 2017, on the Evaluation of Audit Report Semester II - 2017
3.	Review of Internal Audit Report Quarter I - 2017	25 May 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. R.25-KOM/05/2017 dated July 12, 2016, on Audit Result Report Quarter I - 2017
4.	Review of Internal and Integrated Audit Report Semester I - 2017	14 August 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. R.43-KOM/08/2017 dated August 14, 2017, on the Audit Result Report Semester I - 2017
5.	Review of Internal Audit Report Quarter III - 2017	28 November 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. R.63-KOM/11/2017 dated November 28, 2017, on the Audit Result Report Quarter III - 2017

BOARD OF COMMISSIONERS

8. Selection and Appointment of the Public Accountant Firm

The procurement of Public Accountant Firm for Audit Services in the Framework of General Audit of Consolidated Financial Statements and Financial Statements of Partnership and Community Development Program of PT Bank Rakyat Indonesia (Persero) Tbk. Fiscal Year 2017 is implemented by BRI's Board of Commissioners through the Audit Committee, using the provisions and procedures for procurement of goods and services applicable at BRI.

This is in accordance with the Minister of SOEs Regulation No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance at State-Owned Enterprises, that the SOEs Annual Financial Report is audited by an external auditor appointed by the GMS/Minister of candidates nominated by the Board of Commissioners/Board of Trustees; and the Board of Commissioners/Board of Trustees through the Audit Committee shall process the appointment of external auditor candidates in accordance with the provision of goods and services procurement. This is also in accordance with the Financial Services Authority Regulation No. 55/POJK.04/2015 dated December 23, 2015, on the Establishment and Implementation Guidelines of the Audit Committee, which states that one of the duties of the Audit Committee is to provide recommendations to the Board of Commissioners regarding the appointment of accountants based on independence, the scope of the assignment, and the fee of the services.

The Board of Commissioners has conducted the selection and appointment of Public Accountant Firm as follows:

- a. Based on the Board of Commissioners' Decree NOKEP: 01-KOM/01/2017 dated January 23, 2017, it is stipulated that the procurement process of Public Accountant Firm Audit Services shall be performed by Technical Team, Owner Estimate (HPS) Compilation Team, and Procurement Team under the coordination of Audit Committee.
- b. Technical Team has the duties, among others, to formulate the scope, submit budget allocation of procurement of Public Accountant Firm services,

prepare Terms of Reference (TOR), and conduct technical assessment of Public Accountant Firm candidates to be appointed, based on technical criteria and experience of each Public Accountant Firm, and request to Procurement Team to carry out the procurement process.

- c. The HPS Compilation Team has the duties, among others, to prepare and analyze the Owner Estimate Price of the Procurement of Public Accountant Firm Services of BRI's Financial Report and propose to the Board of Commissioners through the Audit Committee.
- d. The Procurement Team is a work unit in charge of carrying out the procurement process of services in accordance with the prevailing provisions, including proposing an approximate price
- e. Based on the reports and recommendations submitted by the Audit Committee related to the process of providing audit services to the Public Accountant Firm in the context of the General Audit of Consolidated Financial Statements and the Financial Statements of the Company's PKBL for the fiscal year 2017, the Board of Commissioners has decided and established Purwantono, Sungkoro, dan Surja (Ernst & Young) as the Public Accountant Firm that will perform the duty with Work Order No. B.374 P-PBJ/PJS/03/2017 dated March 27, 2017. The scope of Audit Implementation by the designated KAP includes:
 - 1) General Audit and providing opinion on the consolidated financial statements of the Company and its subsidiaries of the fiscal year 2017, compiled based on the Financial Accounting Standards;
 - 2) General Audit and providing opinion on the Company's PKBL financial statements as set forth in the Indonesian Accounting Standards for Non-Publicly-Accountable Entities (SAK-ETAP);
 - 3) General audit of the Company's consolidated financial statements as of June 2017 and issuance of a comfort letter in conjunction with the Corporate Action Plan 2017.



BOARD OF COMMISSIONERS

9. Review and Evaluation of Audit Implementation by Public Accountant Firm

In accordance with the POJK No. 13/POJK.03/2017 dated March 27, 2017, on the Service of Public Accountant and Public Accountant Firm in Financial services activities. Bank Rakyat Indonesia (DPLK BRI) as the party conducting Financial Services Activities is required to submit Audit Committee Evaluation Report on the Implementation of Audit Service Provision on Annual Financial Information by Public Accountant and/or Public Accountant Firm to the Financial Services Authority. Audit shall be no later than 6 (six) months after the end of the fiscal year.

The scope of evaluation carried out on Public Accountant Firm includes:

1. Compliance of the audit performed by Public Accountant and/or Public Accountant Firm with the prevailing audit standards;
2. adequacy of fieldwork time;
3. Assessment of the scope of services provided and the adequacy of the quotation;
4. Recommendations for improvements.

Evaluation of Audit Implementation by Public Accountant Firm conducted in 2017 includes Evaluation of Audit Service Implementation for historical financial information for the fiscal year 2016 by Public Accountant Firm Purwanto Sungkoro Surja (PSS EY) and Evaluation of Audit Service Provision on Historical Financial Information of DPLK BRI fiscal year 2015 by Public Accountant Firm Mirawati Sensi Idris (MSI), with details as follows:

No	Public Accountant Firm Evaluatioon	Evaluation Scopes			
		Compliance of the Audit Implementation by AP and/or Public Accountant Firm with the Prevailing Audit Standards	Adequacy of Fieldwork Time	Assessment of the Scope of Services Provided and the Adequacy of the Quotation	Recommendation for Improvements
1	Evaluation of the Audit Service Provision of Historical Financial Information fiscal year 2016 by Public Accountant Firm Purwanto Sungkoro Surja (Public Accountant Firm PSS EY)	Public Accountant Firm PSS EY performed audit in accordance with prevailing audit Standards. As reference, the Audit Standards utilized, among others, are the Audit Standards established by the Indonesian Institute of Certified Public Accountants and the Financial Services Authority Regulations (POJK).	Public Accountant Firm PSS has an audit timetable to perform its work in accordance with the scope of the audit. In the implementation, KAP PSS has completed the entire work agenda in accordance with the deadline specified in the audit timetable. In performing the audit based on the Audit Time Table, Public Accountant Firm PSS has resolved the accounting issues found in the field, including significant estimates and judgments. Availability of Data from BRI's work units required by Public Accountant Firm PSS in a timely manner supported the audit implementation in accordance with the agreed audit timetable.	Based on discussions with Public Accountant Firm PSS The Audit Committee believes that Audit risk (identification of inherent risk and control risk, and minimization of detection risk) can be minimized through the planning and implementation of audit procedures identified as sufficient to detect miss statement material in the consolidated financial statements of the Company, and those caused by error. Accordingly, the Audit Committee believes that the Public Accountant Firm PSS has performed a test of the Transaction with sufficient number of Sampling Tests.	Recommendation is stated in the Board of Commissioners' Letter No. B.92 -KOM/06/2017 dated June 16, 2017

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

BOARD OF COMMISSIONERS

No	Public Accountant Firm Evaluation	Evaluation Scopes			
		Compliance of the Audit Implementation by AP and/or Public Accountant Firm with the Prevailing Audit Standards	Adequacy of Fieldwork Time	Assessment of the Scope of Services Provided and the Adequacy of the Quotation	Recommendation for Improvements
2	Evaluation of the Audit Service Provision on Historical Financial Information of BRI DPLK fiscal year 2015 by Public Accountant Firm Mirawati Sensi Idris (MSI).	Public Accountant Firm MSI performed audit in accordance with prevailing audit Standards. As reference, the Audit Standards utilized, among others, are the Audit Standards established by the Indonesian Institute of Certified Public Accountants and the Financial Services Authority Regulations (POJK).	The timely availability of data required by Public Accountant Firm MSI is in accordance with agreed audit timetable.	The Audit Committee ensures that the scope of services provided to Public Accountant Firm MSI is in compliance with prevailing auditing standards. There is no concurrent insurance and non-insurance assignment at the same time.	Recommendation is stated in the Board of Commissioners' Letter No. B.96 -KOM/06/2017 dated Tuesday, June 20, 2017

Based on the above mentioned Public Accountant Firm Evaluation, the Audit Committee believes that the audit on the Company's consolidated financial statements of the fiscal year 2016 by Public Accountant Firm PSS and the Audit of Historical Financial Information of BRI DPLK for the fiscal year 2015 by Public Accountant Firm Mirawati Sensi Idris (MSI) are in accordance with prevailing audit standards.

In 2017, the Audit Committee shall not provide recommendations for non-replacement of the designated Public Accountant Firm in Annual GMS 2017, by taking into account that the Public Accountant Firm appointed in the AGMS 2017 may perform its duties and functions to audit the Financial Statements and PKBL Report 2017 in accordance with the Audit Standards and the prevailing provisions.

10. Audit Findings Follow-Up Monitoring

This is the implementation of the Board of Commissioners' function in order to monitor the follow-up of audit findings. The objective is to ensure that the Board of Directors has made improvements in accordance with commitments and suggestions submitted by the Public Accountant Firm, OJK, BI, BPK, and Internal Audit. Monitoring shall be conducted simultaneously with regular meetings with the Internal Audit Unit, and if deemed necessary, the Internal Audit will invite the relevant Directors/Divisions or related work units.

Follow-up monitoring of the audit findings is as follows::

No	Materials	Date	Outputs
1	Audit of BPK RI for Corporate Credit Management for the Fiscal Year 2016 & 2017	26 September 2017	Written recommendation on the opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.55-KA/09/2017 dated September 26, 2017.



BOARD OF COMMISSIONERS

No	Materials	Date	Outputs
2.	Management Letter for the general audit of financial statements 2016	22 July 2017	Written recommendation on the opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.38-KA/07/2017 dated July 17, 2017, on the Follow-Up of management letter on general audit results of the BRI Financial Statements Fiscal Year 2016 by Public Accountant Firm Purwantoro, Sungkoro, dan Surya (EY)
3.	Monitoring the follow-up of external auditors' findings (BI, OJK, & Public Accountant) by BRI	08 August 2017	Written recommendation on the opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.42-KA/08/2017 dated August 8, 2017, on the Monitoring the follow-up of external auditors' findings (BI, OJK, & Public Accountant) by BRI

Based on the follow-up monitoring mentioned above, the Board of Commissioners has submitted recommendation to Management as follows:

- a. On any audit findings by both external and internal auditors to make an in-depth assessment and evaluation of the causes of the findings.
- b. These assessment results are subsequently used as a basis for establishing appropriate, comprehensive follow-up actions to prevent any repeated findings.
- c. To improve the internal control system, efforts should be made to continue to build awareness of risk awareness culture and discipline of all BRI Employees.
- d. Consistently and sustainably, the Internal Audit Unit (IAU) is required to monitor the implementation of follow-up findings/recommendations of external audit by the relevant work units, within the stipulated time limit.
- e. Requesting the Internal Audit Unit to continue to report on the follow-up progress of the external audit findings/recommendations to the Board of Commissioners regularly in the quarterly Audit Result Report.
- f. Prioritizing the improvement of findings that have a high-risk impact on BRI operations.
- g. The Board of Directors through the Internal Audit Unit (IAU) shall continuously monitor each of the findings and follow-up improvements on the internal audit (IAU) and external audit (BPK, OJK, BI, Public Accountant Firm) results and periodically report to the Board of Commissioners.

11. Review of the Soundness Level Report

As per POJK No. 4/POJK.03/2016 dated January 26, 2016, on the Soundness Assessment for Commercial Banks, the Board of Commissioners is responsible for maintaining and monitoring the Bank's Soundness Level and taking necessary steps to maintain and/or improve the Bank's Soundness. The Board of Commissioners evaluates the Soundness Assessment Report, which covers risk profile, Good Corporate Governance (GCG), earnings, and capital.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF COMMISSIONERS

The evaluation of Soundness Assessment Report is as follows:

No.	Materials	Date	Output and Recommendations	Remark
1.	Soundness Assessment Report July - December 2016	21 February 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B. 45-KOM/03/2016 dated March 14, 2016, on Risk Profile Report Quarter IV 2016, Report on the Compliance Function Implementation Semester II 2016, Anti-Fraud Program Report Semester II 2016, Report of Program Implementation of APU and PPT Semester II 2016, and Bank's Soundness Assessment Report Semester II 2016.	The earnings rating showed improvement from the 2nd place in Semester I-2016 to the first rank in Semester II-2016. However, GCG declined from the first rank in Semester I-2016 to second rank in Semester II-2016. Meanwhile, capital and GCG aspects remained, so the average rating is composite. The final rating of Bank's Soundness has decreased from Composite I Rank in Semester I-2016 to Composite II Rank in Semester II-2016. Based on the self-assessment composite results and based on the established criteria, BRI's condition in Semester II-2016 is generally sound. Thus, the Company is considered capable of facing significant negative effects of changes in business conditions and other external factors.
2.	Soundness Assessment Report January - June 2017	30 August 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.149 - KOM/07/2017 dated September 12, 2017, on Risk Profile Report Quarter II 2017, Report of Compliance Function Implementation, Report of Anti-Fraud Strategy Implementation, and Bank's Soundness Assessment Report Semester I-2017.	Composite rating of Bank BRI's soundness improved from Composite 2 (sound) in Semester II-2016 to Composite 1 (very sound) in Semester I-2017, with details of: Risk profile is in the 2nd rank, GCG, Capital, and Earnings are respectively in the 1st rank. The improvement is supported by the GCG rating improvement from rank 2 in Semester II-2016 to rank 1 in Semester I-2017. Meanwhile, the assessment of other factors (risk profile, Earnings, and Capital) is maintained as the previous semester, which is rank 1.

12. Review and Evaluation of Compliance Function Implementation

In line with the Bank's business development, it is necessary to apply prudential principles to ensure that all business activities and policies have been carried out in compliance with every applicable law and regulation, stipulated by Bank Indonesia or other authorized authorities.

The Board of Commissioners reviews and evaluates the Compliance Function Report, particularly on compliance with the prevailing provisions concerning the implementation of prudential principles, including Minimum Capital Adequacy Requirements (CAR), LLL, Net Open Position (NOP), Derivative Transactions, Minimum Statutory Reserves (GWM) of Rupiah and Foreign Currency, and Non-Performing Loans (NPL).



BOARD OF COMMISSIONERS

The target completion time of review and evaluation of the compliance function implementation is as follows:

No.	Material	Date	Output and Recommendations	Remark
1.	Review and evaluation of Director of Compliance's Duties Semester II 2016	21 February 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.22-KOM/03/2017, dated March 29, 2017, on the Bank's Soundness Assessment Report, Risk Profile Report, Compliance Function Implementation Report, and Report on Anti-Fraud Strategy Implementation Semester II 2016	<ul style="list-style-type: none"> - In Semester II 2016, there were 592 prudential precautions against the policy plans, decisions, and collective agreements that did not deviate from the prevailing provisions. There were 262 internal policy reviews as well. - Review and analysis of impacts on 158 external regulations have been conducted. - Monitoring of the prudential provisions covers CAR, LLL, NPL, NOP, Derivative transactions, and LCR, to ensure that the number does not violate applicable regulations. - Compliance risk is still within good limits, i.e. Rank 2 (Low to Moderate), both by OJK and Self-Assessment.
2.	Review and evaluation of Director of Compliance's Duties Semester I 2017	30 August 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.108-KOM/09/2017, dated September 20, 2017, on the Risk Profile Report Quarter II 2017, Report on Compliance Function implementation Quarter II 2017, report on anti-fraud strategy implementation Semester I 2017, and bank's soundness report Semester I 2017	<ul style="list-style-type: none"> - In relation to prevention of provision deviation, the Company has conducted prudential test against 260 policy plans, decrees, and collective agreements. - In general, the Company has monitored the implementation of prudential regulations, which covers Minimum Statutory Reserves (GWM), CAR, LLL, NPL, NOP, Derivative transactions, and LCR to ensure there are no violations. - Review and analysis of impacts on 175 external regulations have been conducted. - The Compliance Risk Profile is improved and compliance risks are considered Low to Moderate, unchanged or equal to the previous year's assessment.

13. Risk Profile Review and Evaluation

The Board of Commissioners reviews and evaluates the risk profile assessment by taking into account the level of risk attached to the Company's business activities (inherent risk) that may potentially affect the Company's financial position.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF COMMISSIONERS

The review and evaluation of risk profile assessment are as follows:

No	Material	Date	Output	Remark
1.	Risk Profile Report Quarter IV 2016	21 February 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.22-KOM/03/2017, dated March 29, 2017, on the Bank's Soundness Assessment Report, Risk Profile Report, Compliance Function Implementation Report, and Report on Anti-Fraud Strategy Implementation Semester II 2016.	Risk Profile in Quarter IV 2016 remained in Composite 2 (two) or Low to Moderate. The rating did not experience changes, compared with the risk profile assessment in Quarter III 2016. However, there was an increase of composite value score from 2.05 in Quarter III 2016 to 2.11 in Quarter IV 2016. This increase is due to an increase in inherent risk and a decrease in the Risk Management Implementation Quality (KPMR) on some types of risk.
2.	Risk Profile Report Quarter I 2017	23 May 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.85 - KOM/05/2017 dated May 26, 2017, on Risk Profile Report 1 2017	Risk Profile Report Quarter I 2017 is maintained at rank 2 (two) or Low to Moderate. There is a score improvement in the composite value, from 2.11 in Quarter IV 2016 to 2.03 in Quarter I 2017. This improvement is due to a decrease in market inherent risk, operational inherent risks, and improvements in Risk Management Implementation Quality (KPMR).
3.	Integrated Risk Profile Report Quarter II 2017	30 August 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.108-KOM/09/2017, dated September 20, 2017, on the Risk Profile Report Quarter II 2017, Report on Compliance Function implementation Quarter II 2017, report on anti-fraud strategy implementation Semester I 2017, and bank's soundness report Semester I 2017	Risk Profile Report Quarter II 2017 is maintained at rank 2 (two) or Low to Moderate. There is a score improvement in the composite value, from 2.03 in Quarter I 2017 to 2.07 in Quarter II 2017. This increase is due to an increase in inherent credit risk, inherent market risk, and inherent operations risk. Meanwhile, the Risk Management Implementation Quality (KPMR) did not change, compared to the Quarter I 2017.
4.	Risk Profile Report Quarter III 2017	03 November 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.185 - KPMR/11/2017 dated November 9, 2017, on the Risk Profile Report Quarter III 2017.	Risk Profile Report Quarter III 2017 is maintained at rank 2 (two) or Low to Moderate. There is a score improvement in the composite value, from 2.07 in Quarter IV 2016 to 2.03 in Quarter III 2017. This increase is due to a decline in inherent risks, with the exception of inherent market risk and inherent strategic risk. The Risk Management Implementation Quality (KPMR) is the same as KPMR in the Quarter II 2017, with the exception that the KPMR credit risk improved from 1.70 in Quarter II 2017 to 1.68 in Quarter III 2017.



BOARD OF COMMISSIONERS

14. Review of Good Corporate Governance (GCG) Implementation

GCG factor assessment is an assessment of the bank management quality on the GCG principles implementation, taking into account the significance or materiality of a problem on its GCG application to the Bank.

The self-assessment is conducted comprehensively and structurally. The assessment is integrated into 3 (three) aspects of governance: governance structure, governance process, and governance outcome, as a continuous process.

- a. Governance structure assessment aims to assess the adequacy of Bank's governance structure and infrastructure. Thus, the GCG principles implementation process will result in an outcome that is in line with the expectations of Bank's stakeholders.
- b. Governance process assessment aims to assess the effectiveness of the GCG implementation process, supported by the adequacy of the Bank's governance structure and infrastructure to produce an outcome that is in line with the expectations of Bank's stakeholders.
- c. Governance outcome assessment aims to assess the quality of outcomes to meet the expectations of Bank's stakeholders as a result of the GCG implementation process, supported by the adequacy of Bank's governance structure and infrastructure. The results of the governance outcome assessment also reflect the extent of the implementation of governance process and the adequate support of governance structure.

GCG Implementation Review 2017 and Self-Assessment 2017 which has been implemented by the Company's Board of Commissioners are as follows:

No	Material	Date	Output and Recommendations	Remark
1.	Self-Assessment for Semester II 2016 Period	09 January 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.06-Sekkom/01/2017 dated January 19, 2017, on the GCG Self-Assessment Semester II 2016	Bank BRI's GCG in Semester II 2016 obtained rank 2, which decreased compared to the Self-Assessment Semester II 2015, which was rank 1. Based on the GCG assessment by the Independent Party, i.e. IICD (Indonesia Institute for Corporate Directorship) using the Asean Corporate Governance Scorecard, the BRI's GCG in 2016 is 102.5 points or equals to "Leadership in Corporate Governance". This reflects that BRI has implemented GCG on the aspects of Governance Process, Governance Structure, and Governance Outcome that are " Good ". This is reflected in the very adequate fulfillment of GCG principles. If there are weaknesses in GCG, the weaknesses are generally less significant and can be solved by normal actions by the Bank's Management.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

BOARD OF COMMISSIONERS

No	Material	Date	Output and Recommendations	Remark
2.	Self-Assessment for Semester I 2017 Period	18 July 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.236-Sekkom/07/2017 dated July 18, 2017, on the GCG Self-Assessment Semester I 2017	Bank BRI's in Semester I 2017 was ranked I, with the composite value of 1.13, or improved, compared to composite value in Semester II 2016, which was 1.18. The improvement was in Governance Process for the implementation of bank compliance function, which obtained a 0.34 score in Semester II 2016, and a 0.17 score in Semester I 2017. The GCG I rating reflects that BRI has implemented GCG on the Governance Process, Governance Structure, and Governance Outcome that are generally " Very Good ". This is reflected in the very adequate fulfillment of GCG principles. If there are weaknesses in GCG, the weaknesses are not significant and can be improved immediately by the Bank's Management.

15. Review of the Adequacy of Integrated Internal Control, Integrated Compliance Function, and Integrated Risk Profile

In line with the Bank's business development, it is necessary that the Bank is supported by internal controls to ensure that all business activities and policies have been carried out in accordance with the prudent principles, taking into account the possible risks and action plan settlement of all risks and violations of internal control.

Review and evaluation on the Implementation of Integrated Internal Control Function shall be conducted biannually, by taking into account the Biannual Report of the Bank's Compliance Director and Financial Services Institution members of the Company's conglomerates submitted to the Board of Commissioners, and by obtaining explanation through the presentation of the members of the Board of Commissioners of each Financial Services Institution, who are members of the Integrated Governance Committee.

In addition, the Board of Commissioners through the Integrated Governance Committee, review and evaluate the Semester Report of the Director of Compliance's Duties Implementation as stipulated in PBI No. 1/6/PBI/1999 dated September 20, 1999 on the Assignment of Compliance Director and Standard for Implementation of Internal Audit Function of Commercial Banks, which was subsequently amended by the Financial Services Authority Regulation No. 46/POJK.03/2017 on the Implementation of Compliance Function for Commercial Banks.

Review of the adequacy of integrated internal control and integrated compliance functions are as follows:

Material	Date	Output
Review of Compliance Report Semester II 2016	26 May 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.86-KOM/05/2017 dated May 26, 2017, on Integrated Compliance Function Report Semester II 2016.
Review of the Integrated Compliance Report Semester I 2017	13 December 2017	Written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors in the Board of Commissioners' Letter No. B.16-KTKT/2017 dated December 13, 2017, on Integrated Compliance Function Report Quarter I 2017.



BOARD OF COMMISSIONERS

Material	Date	Output
Review of Integrated Audit Report Semester II 2016	26 May 2017	Written recommendation on opinions and advice in the Board of Commissioners' Letter No. B.28-KTKT/05/2017 dated May 26, 2017, on Integrated Internal Audit Function Report Semester II 2016.
Review of the Integrated Internal Audit Report Semester I 2017	13 Desember 2017	Written recommendation on opinions and advice in the Board of Commissioners' Letter No. B.28-KTKT/05/2017 dated December 13, 2017, on the Integrated Audit Result Report Semester I 2017.

16. Review of Integrated Risk Profile Report

As per POJK No. 4/POJK.03/2016 dated January 26, 2016, on the Soundness Assessment for Commercial Banks, the Board of Commissioners is responsible for maintaining and monitoring the Bank's Soundness Level and taking necessary steps to maintain and/or improve the Bank's Soundness. The Board of Commissioners evaluates the Soundness Assessment Report, which covers risk profile, Good Corporate Governance (GCG), earnings, and capital.

Review and evaluation of the risk profile are conducted by taking into account the level of risk attached to the Company's business activities (inherent risk) that may potentially affect the Bank's Financial Conglomeration.

Review and evaluation of risk profile are also conducted on the risk management implementation quality of the Bank's Financial Conglomeration, covering 4 (four) aspects, i.e. risk management, risk management framework, risk management process, human resource adequacy, and adequacy of risk management information system and adequacy of risk control system, which includes 10 types of risk, i.e. credit risk, operational risk, market risk, liquidity risk, legal risk, compliance risk, reputational risk, strategic risk, intragroup transaction risk, and insurance risk. Review and evaluation of risk profiles are more focused on risks that rank 3 (moderate) to rank 5 (high), and risk that has a rating with a worsening trend.

The implementation of the review and evaluation of integrated risk profile in 2017 is as follows:

Material	Date	Output	Remark
Review of Integrated Risk Profile Semester II 2016	09 May 2017	Written recommendation on opinions and advice in the Board of Commissioners' Letter No. B.75-KOM/05/2017 dated May 9, 2017, on the Review of Integrated Risk Profile Semester II 2016	BRI's Integrated Risk Profile is maintained in the Semester II 2016, if compared with the Semester I 2016, which is in rank 2, i.e. Low to Moderate. However, the risk profile has decreased as reflected by the increase in scores from 1.89 in Semester I 2016 to 2.02 in Semester II 2016. Out of 10 types of inherent risks that exist within the BRI's financial conglomerate, there are risks to be observed that have an impact on increasing BRI's integrated risk, i.e.: Liquidity Risk, Strategic Risk, and Operational Risk.

BOARD OF COMMISSIONERS

Material	Date	Output	Remark
Review of Integrated Risk Profile Semester I 2017	12 December 2017	Written recommendation on opinions and advice in the Board of Commissioners' Letter No. B.14-KTKT/12/2017 dated December 12, 2017, on the Review of Integrated Risk Profile Semester I 2017.	BRI's Integrated Risk Profile is maintained in the Semester II 2016, if compared with the Semester I 2016, which is in rank 2, i.e. Low to Moderate. This risk profile did not change because the score was constant, i.e. 1.83. The stable score is due to increase in inherent risks from 2.24 to 2.26, but the risk management implementation quality (KPMR) improved its score from 2.02 to 2.00. Out of 10 types of inherent risks that exist within the BRI's financial conglomeration, there are risks to be observed that have an impact on increasing BRI's integrated risk, i.e.: Liquidity Risk, Credit Risk, and Operational Risk.

17. Board of Directors' Loans Consultation with the Board of Commissioners

The Board of Commissioners has provided an opinion on any lending that meets the credit criteria that is consulted by the Board of Directors, as stipulated in the Directors' Circular Letter of the Company. Such credit consultation may be carried out before or after a credit decision by the Board of Directors.

If for some reason the credit consultation forum is not implemented, credit consultation can be conducted through other media without having to hold credit consultation meeting forum. In 2017, the Board of Commissioners has conducted 4 times credit consultation to 17 Debtors with total credit exposure of more than Rp1 trillion.

18. Whistle Blowing System (WBS) Review

The Board of Commissioners, through the Audit Committee, has reviewed the Whistleblower System (WBS) Report as well as any written complaint or report received by the Board of Commissioners. The review of the Whistleblower System (WBS) is conducted simultaneously with the evaluation and discussion of the quarterly Audit Result Report submitted by IAU to the Board of Commissioners.

Cumulatively, during the period of January to September 2017, the total complaints/reports received through BRI's Whistleblower System (WBS) was 65 reports. All complaints/reports have been followed up by the Internal Audit Unit (IAU), either through investigation or research and follow-up by the relevant work unit in accordance with its authority, with details as follows:

- a. 30 reports with "Finished" status.
- b. 14 reports with "Ongoing" status, as the related work unit still conducted research and follow-up.

In 2017 period, there was no complaint or reports related to the Company's accounting and reporting process. After review by the Audit Committee, complaints and other written reports received by the Board of Commissioners in needs of request clarification in writing to the Board of Directors/IAU for follow-up in accordance with the prevailing rules and regulations, are:

- a. Appeal of Employees of Bondowoso BRI Branch Office
- b. Review of the sanction imposed to Mr. Mangaratua P.H. Simanjuntak
- c. The indictment of BRI's retired community
- d. Complaint from Mr. Ahmad Idris, SE.
- e. Ms. Rachmawati Karandja (Parigi BRI Branch Office),



BOARD OF COMMISSIONERS

- f. Appeal of Mr. Bakhtiar Wijaya
- g. Customer complaints on behalf of Yusuf Efendi (Tangerang BRI Branch Office)

19. Approval of Credit to Related Parties

The Board of Commissioners provides approval and opinion on the credit facilities granted to Subsidiaries or other Related Parties with the Bank, as stipulated in the Bank's Articles of Association and Circular Letter of the Board of Directors of the Bank.

The realization of loan approval agreement to subsidiaries or other related parties is as follows:

No	Material	Realization	Output
1	Approval of SBLC facility to P BRI Multifinance Indonesia	26 April 2017	Board of Commissioners' Letter No. R. 18-KOM/04/2017 dated April 26, 2017, on the Approval of SBLC facility to P BRI Multifinance Indonesia
2	Funding to related parties on behalf of Jefrry J. Wurangian	09 June 2017	Board of Commissioners' Letter No. R. 30-KOM/06/2017 dated June 9, 2017, on the Provision of Funds to related parties on behalf of Mr. Dr. Jeffry J Wurangian
3	Loan approval to Subsidiary/Related Parties, PT Bringin Srikandi Finance	16 May 2017	KPMR's Memo No. B.12 - KPMR/05/2017, dated May 16, 2017, on the Approval of Provision of Funds to Related Parties on behalf of PT Bringin Srikandi Finance
4	Funding to related parties on behalf of Sis Apik Wijayanto	23 October 2017	KPMR's Memo No.30 - KPMR/10/2017, dated October 23, 2017, on the Approval of Provision of Funds to related parties on behalf of Sis Apik Wijayanto
5	Funding to related parties on behalf of A. Fuad Rahmany & Susi Liestiowati	19 December 2017	Board of Commissioners' Letter No. R.72-KOM/12/2017 dated December 19, 2017, on the Provision of Funds to related parties on behalf of Mr. Dr. Jeffry J Wurangian

20. Others

- a. The Board of Commissioners also provides opinions and approvals on the actions of the Board of Directors that require the approval of the Board of Commissioners, in accordance with the Bank's Articles of Association or the prevailing provisions, covering among others:
 - 1) Founder Statement in the Framework of Amendment to the Regulation of the Pension Fund of the Bank;
 - 2) Appointment of Directors and Commissioners of Subsidiaries;
 - 3) Release or sale of immovable property of the Bank;
 - 4) The act of not charging any wholly or partly to the receivable;
 - 5) Taking part either partially or wholly or participating in a corporation or other entity or establishing a new company which is not in order to rescue accounts receivable;
 - 6) Any disposal of part or all of the Company's shares in a company or other entity not in the context of rescue of receivables;
 - 7) Management contract for a period of more than 3 (three) Years;
 - 8) Determination of organizational structure 1 (one) level below the Board of Directors; and Determination of appointment of Chairman of Internal Audit Unit and Head of Division of Corporate Secretariat..
- b. The Board of Commissioners shall prepare an Action Plan concerning the Active Supervision of the Board of Commissioners, with the following supervisory points:
 - 1) Monitoring the progress and realization of the Bank's satellite usage plan.
 - 2) Acquisition of Funds and Loan Disbursement.

BOARD OF COMMISSIONERS

- 3) Improved quality of integrated Risk Management.
- 4) Medium and Corporate Debtor Restructuring, an assessment of the effectiveness of restructuring, and evaluation of the Corporate Borrower's follow-up plan which is expected to decline in quality.
- 5) Monitoring the implementation of office network development.

Work Visitation of the Board of Commissioners

1. Jurisdiction of Members of the Board of Commissioners

In performing the supervisory function of the Board of Directors policy, in addition to meetings with the Board of Directors and related Divisions, the Board of Commissioners also conducts working visits to the Work Units in the region to directly know the implementation, constraints, and problems at the operational level. In the framework of the effectiveness of the supervisory exercise, the Board of Commissioners shall divide the duties of the target areas into the following:

No	Commissioners	Jurisdiction
1	Andrinof A. Chaniago	Bandar Lampung and Padang
2	Gatot Trihargo	Jakarta 2 and Jakarta 3
3	Mahmud	Pekanbaru and Surabaya
4	A. Fuad Rahmany	Banda Aceh and Bandung
5	A. Sonny Kerap	Denpasar, Banjarmasin and Jayapura
6	Vincentius Sonny Loho	Jakarta 1 and Medan
7	Jeffry J. Wurangian	Makassar and Manado
8	Nicolaus Teguh Budi Harjanto	Yogyakarta and Palembang

2. Location of Working Visit of the Board of Commissioners

The working visit of the Board of Commissioners is intended to gain an understanding of the operations and implementation of the Bank's policy in the operating unit. The operational activities of the evaluated work unit substantially cover all activities or operational activities in the respective work unit, such as credit, funding, services, human resources, information technology, and other aspects. The results of the working visit can be used as material of the Board of Commissioners in formulating recommendations for improvement and/or in the framework to improve the Company's performance.

The working visit of the Board of Commissioners shall be conducted from Division, Region level, to the smallest level of BRI Units and Teras BRI. The working visit report shall be submitted no later than 1 (one) calendar month after the working visit is conducted.



BOARD OF COMMISSIONERS

In 2017, the Board of Commissioners has visited the Work Unit as follows:

Name	Regional Offices	Date	Work Visit Report Results
A. Fuad Rahmany	Banda Aceh	23-24 May 2017	BOC Official Memo No. B.05-KOM/05/2017
	Banda Aceh	5-6 October 2017	BOC Official Memo No. B.12-KOM/10/2017
	Bandung	29 November 2017	BOC Official Memo No. B.20-KOM/12/2017
Andrinof A Chaniago	Bandar Lampung	20-22 August 2017	BOC Official Memo No. B.09-KOM/08/2017
	Padang	23-27 August 2017	BOC Official Memo No. B.10-KOM/08/2017
	Malang	28-31 October 2017	BOC Official Memo No. B.13-KOM/11/2017
	Makassar	23-24 November 2017	BOC Official Memo No. B.19-KOM/11/2017
Jeffry J. Wurangian	Manado	22-24 March 2017	BOC Official Memo No. B.03-KOM/04/2017
	Makassar	9-11 August 2017	BOC Official Memo No. B.08-KOM/08/2017
	Manado	25-27 October 2017	BOC Official Memo No. B.14-KOM/11/2017
	Jakarta 2	14 December 2017	BOC Official Memo No. B.20-KOM/11/2017
Nicolaus TB Harjanto	Palembang	14-16 September 2017	BOC Official Memo No. B.11-KOM/09/2017
	Yogyakarta	6-8 November 2017	BOC Official Memo No. B.16-KOM/11/2017
A. Sonny Kerap	Denpasar	5-8 April 2017	BOC Official Memo No. B.03-KOM/04/2017
	Jayapura	11-16 July 2017	BOC Official Memo No. B.06-KOM/07/2017
	Banjarmasin	8-12 August 2017	BOC Official Memo No. B.07-KOM/08/2017
Mahmud	Surabaya	26-27 October 2017	BOC Official Memo No. B.15-KOM/11/2017
	Pekanbaru	23-25 November 2017	BOC Official Memo No. B.18-KOM/11/2017
A. Sonny Loho	Denpasar	16-18 March 2017	BOC Official Memo No. B.02-KOM/03/2017
	Jakarta 1	23 and 30 November 2017	BOC Official Memo No. B.21-KOM/12/2017

INDEPENDENT COMMISSIONER

The Independent Commissioner is a member of the BOC who has no financial relationship, management, share ownership and / or family relationship up to the second degree with other members of the BOC, the Board of Directors and or other controlling shareholder or other relationship that may affect his ability to act independently. The existence of Independent Commissioners is intended to encourage the creation of a more objective climate and work environment and to place fairness and equity among various interests including the interests of minority shareholders and other stakeholders.

The Independent Commissioner of the Company continues to free itself from conflicts of interest and acts independently, in the sense that there is no conflict of interest that may interfere with its ability to perform its duties independently and critically, whether in relation to each other or to the Board of Directors.

Criteria of the Independent Commissioner

BRI has complied with the applicable provisions concerning Independent Commissioners, among others::

1. The number of Independent Commissioners of the Company is 5 (five) persons out of a total of 9 (Nine) persons of the BOC. The amount already exceeds the minimum 30% of the members of the Independent Commissioner as determined by POJK Number 55 / POJK.03 / 2016.
2. Meet the criteria of Independent Commissioners as follows:
 - a. Has no financial relationship and family relationship with members of the Board of Directors and Controlling Shareholders of BRI or any other relationship that may affect its ability to act independently.
 - b. Does not hold concurrent positions as a member of the Board of Commissioners, Board of Directors, or Executive Officer of more than 1 (one) non-financial institution/ Company, SOE, ROE, or Private-Owned Enterprise.

- c. Not a person working or having the authority and responsibility to plan, lead, control or oversee the Company's activities within the last 6 (six) months, except for re-appointment as an Independent Commissioner of the Company in the following period;
- d. Not having any share directly or indirectly to the Company;
- e. Has no direct or indirect business relationship related to the Company's business activities;
3. Has passed the Fit and Proper Test in accordance with Bank Indonesia's provisions on Fit and Proper Test.
4. Proposed by the Shareholders and appointed by the GMS.
5. Within 5 (five) years prior to his appointment:
 - a. Never declared bankrupt.
 - b. Never become a member of the Board of Directors or a member of the BOC or a member of the Supervisory Board who is found guilty of causing a company to be declared bankrupt.
 - c. Never be punished for committing a crime that is detrimental to the finances of the State and / or SOE and / or related to the financial sector.

Independency Statement of the BOC

Each member of Independent Commissioner of BRI has signed a Statement of Independence in connection with his appointment as Independent Commissioner, which was documented by the BOC Secretary as part of the corporate documentation.



INDEPENDENT COMMISSIONER

SURAT PERNYATAAN INDEPENDEN KOMISARIS INDEPENDEN

PT. BANK RAKYAT INDONESIA (PERSERO) Tbk.

Yang bertanda tangan di bawah ini,

1. Andrinof A. Chaniago, Komisaris Utama/Komisaris Independen
2. A. Fuad Rahmany, Komisaris Independen
3. Mahmud, Komisaris Independen
4. A. Sonny Keraf, Komisaris Independen
5. Rofikoh Rokhim, Komisaris Independen

dengan ini menyatakan bahwa saya :

1. Merupakan pihak yang independen terhadap pemilik bank atau PSP.
2. Tidak memiliki hubungan keuangan, hubungan kepengurusan, kepemilikan saham dan/atau hubungan keluarga dengan anggota Dewan Komisaris lainnya, anggota Direksi dan/atau Pemegang Saham Pengendali atau hubungan lain yang dapat mempengaruhi kemampuan saya untuk bertindak independen sebagaimana diatur dalam ketentuan Pelaksanaan Good Corporate Governance bagi Bank Umum.
3. Apabila dikemudian hari, saya ditemukan memiliki hubungan-hubungan sebagaimana dimaksud pada butir 1 diatas, maka saya bersedia melepaskan jabatan Komisaris Independen saya dan bersedia untuk diganti.

Demikian pernyataan independensi ini dibuat dengan sebenar-benarnya.

Jakarta, 19 Desember 2017

Komisaris Independen

PT. Bank Rakyat Indonesia (Persero) Tbk



A. Fuad Rahmany
Komisaris Independen



Andrinof A. Chaniago
Komisaris Utama / Komisaris Independen



Rofikoh Rokhim*
Komisaris Independen



A. Sonny Keraf
Komisaris Independen



Mahmud
Komisaris Independen

* Efekif setelah dinyatakan lulus Fit & Proper Test OJK

BOARD OF DIRECTORS

The Board of Directors (BOD) is an organ of the company that has the duty in the management of the Bank to achieve the Bank's objectives in accordance with the Articles of Association as well as prevailing Laws and Regulations.

LEGAL BASIS OF THE BOD

The BOD of the Bank is appointed and performs its duties under the following rules:

1. Law No. 40 Year 2007 regarding the Limited Liabilities Company.
2. Law No. 19 Year 2003 regarding the Board of Commissioners of State-Owned Enterprises.
3. SOE Ministry Regulation No. PER_01/MBU/2011 dated 01 August 2011 on the Implementation of Good Corporate Governance in the SOE and its amendment, the SOE Ministry Regulation No. PER-09/MBU/2012 dated 06 July 2012.

4. Regulation of the Financial Services Authority No. 33/POJK.04/2014 dated 08 December 2014 regarding the Board of Directors and Board of Commissioners of Issuers or Public Companies.
5. Articles of Association of PT Bank Rakyat Indonesia (Persero) Tbk as stated in the Notary deed No. 26 and has been recorded in the Legal administration system according to the Decree of the Minister of Law and Human Rights of the Republic of Indonesia.

CRITERIA OF APPOINTMENT AND DISMISSAL OF THE BOD

Criteria (Requirements and Term of Office)

The BOD members shall meet the same criteria requirements with the BOC as follows.

General Qualification	<ol style="list-style-type: none"> 1. Any individuals that are legally competent, except within five (5) years prior to his/her appointment: <ol style="list-style-type: none"> a. Has been declared as bankrupt. b. Has been a member of the Board of Directors or Commissioners that is proven guilty for causing the bankruptcy of a company. or c. Has been punished for a criminal act that inflicts loss in the state's finance and/or SOEs and/or those related to the financial sector. 2. Has integrity, dedication, and understanding about the company management issues that is related to one of the functions of management, has adequate knowledge in banking, and able to provide adequate time to carry out their duties. 3. Does not hold concurrent position as: <ol style="list-style-type: none"> a. Member of the Board of Directors of SOEs, Regional owned enterprises, or private enterprises. b. Member of the Board of Commissioners/Supervisory Board of the SOE. c. Structural and functional positions in the central or local government institutions. d. Member in the structure of political party and or legislative candidate/member and or candidate of head/ deputy head of region. and or e. Other positions that may inflict conflict of interests and/or other positions pursuant to the prevailing laws and regulations. 4. Do not have any family ties with members of the Bank's Board of Directors and/or Board of Commissioners up to the third degree, either vertically or horizontally, including family ties resulted from marriage.
------------------------------	---



BOARD OF DIRECTORS

Integrity Requirement	The Bank Management shall meet the requirements of integrity, competency, and financial reputation. To meet the requirements of integrity, the BOC candidate shall have the following: <ol style="list-style-type: none"> 1. Good character and morals. 2. Commitment to comply with the prevailing laws and regulations. 3. High commitment to the development of sound bank operations. and 4. Excluded from the Disqualified List.
Fulfillment of PBI No. 12/23/2010 on Fit and Proper Test.	To pass the Fit and Proper Test conducted by the Financial Services Authority (formerly Bank Indonesia).
Fulfilment of Circular Letter of Financial Services Authority on Fit and Proper Test for prospective Controlling Shareholders, candidates of the Board of Directors and Commissioners of the Bank.	Members of the BOD shall have the following: <ol style="list-style-type: none"> 1. Adequate knowledge in the field of banking, relevant to his/ her position. 2. Experience and expertise in banking and/or finance. and 3. Strategic management skills to develop a healthy bank.

Appointment & Termination of the BOD

Appointment of the BOD Members

Appointment Procedures of the BOD are as follows:

1. Candidate of the BOD who have met the qualifications and competency requirements shall first evaluated by the Nomination and Remuneration Committee of BRI through examination of track record and professional experience. The evaluation result from the Nomination and Remuneration Committee is further submitted to the BOC in a form of Official Memorandum of Nomination and Remuneration Committee.
2. The BOC based on recommendation from the Nomination and Remuneration Committee provides approval on the candidate of the BOD. The BOC resolution also considered as the basis for recommendation of BOD candidate to the GMS through Series A Dwiwarna Shareholders.
3. The candidate of the BOD is further appointed by the decision of the General Meeting of Shareholders being effective after obtain approval from the Financial Services Authority (OJK) by referring to POJK No.27/POJK.03/2016 on Fit and Proper Test for the

Top Personnel of a Financial Services Institution. The OJK assessment is conducted through administrative research as well as interview. In the event where OJK does not approve the proposed candidate who has been appointed by the GMS, then the respective candidate must be dismissed by the GMS

Dismissal of BOD

The terms of office of the BOD shall ended if:

1. Passed away
2. End of tenure
3. Dismissed in the GMS due to a reason deemed to be relevant by the General Meeting of Shareholders for the Company's interests and objectives
4. Declared bankrupt by Commercial Court decision with permanent legal force or put under remission based on court decision
5. No longer qualified as member of the BOD based on the Articles of Associations of BRI and other prevailing regulations, including the prohibited concurrent position or resignation

BOARD OF DIRECTORS

Member of the BOD has the right to resign from his/her position by written notification to BRI ad BRI must convene a GMS to decide the proposed resignation of respective BOC member at the latest sixty (60) days after acceptance of resignation letter.

Substitute Director and SEVP Policy

In the event of a vacant position of the Director(s) and SEVP, BRI has in place the Substitute Director Stipulation policy as stated in the Decree of BRI's BOD No. 20-DIR/CDS/05/2017. The policy is stipulated as follows:

Substitute Director(s)

1. The appointed Substitute Director has a corresponding field of duty with the substituted Director position.
2. The Substitute Director is effective when a Director is absent or unavailable for any reasons, without having to prove the situation to a third party, for certain period of at least 1 (one) day.
3. The First Substitute for President Director is Vice President Director.
4. The Second Substitute for President Director is 1 (one) Director, should the vice president director is not available for any reasons, with due observance to the four eyes principle as stipulated in the Bank's lending policies. The Risk Management Director and Compliance Director are exempted.
5. Should the vice president director is unavailable for any reasons, the president director may take over his/her duties. A Certificate of Responsibility Handover is not required.
6. The Second Substitute of Vice President Director is 1 (one) director, should the president director and vice president director are unavailable for any reasons, except for the Risk Management Director and Compliance Director.
7. The Substitute Director for Compliance Director shall meet Bank Indonesia's requirements regarding the implementation of compliance function in commercial banks, as follows:
 - a. Other Director, except the President Director and Vice President Director.

- b. The Substitute Compliance Director may not oversee business & operational functions, risk management that serves as the decision-making authority on the Bank's business activities, treasury, finance and accounting, logistics, and goods & services procurement, information technology, and internal audit.
- c. In the event that the Substitute Compliance Director is overseeing the functions in the point 'b' of this clause, his/her main duties shall be replaced by the Substitute Director.
8. The First Substitute Director is established when a Director is absent or unavailable.
9. The Second Substitute Director is established when the Director and First Substitute Director are absent or unavailable.
10. The Third Substitute Director is established when the Director, First Substitute Director and Second Substitute Director are absent or unavailable.
11. In the event that the First to Third Substitute Directors are absent or unavailable or under other assignments that are preventing them to take the duties as the Substitute Director, then the President Director and Vice President Director have the authority to appoint other Director as the Substitute Director. The Compliance Director is exempted.
12. In the event that the First to Third Substitute Directors, President Director and Vice President Director are absent or unavailable, then any Director can implement the duty as the Substitute Director. The Compliance Director is exempted.

Substitute SEVPs

1. The appointed Director as the Substitute Director that taking over the SEVP duties has a corresponding field of duty with the SEVP position.
2. The transfer of SEVP duties is effective when a SEVP is absent or unavailable for any reasons, without having to prove the situation to a third party, for certain period of at least 1 (one) day.
3. The First Director taking over the SEVP duties is established when the SEVP is absent or unavailable.
4. The Second Director taking over the SEVP duties is established when the First Director is absent or unavailable.



BOARD OF DIRECTORS

5. In the event that the First and Second Directors taking over SEVP Duties are absent or unavailable or under other assignments that are preventing them to take the duties as the First and Second Directors, then the President Director and Vice President Director have the authority to appoint other Director as the Director taking over the SEVP duties. The Compliance Director is exempted.
6. In the event that the First and Second Directors, President Director and Vice President Director are absent or unavailable, then any Director can implement the duty of SEVP. The Compliance Director is exempted.

Legal Reference of the BOD Appointment

Name	Position in BRI	Appointment Basis
Suprajarto	President Director	AGMS 2017 dated 15 March 2017
Priyastomo	Director of Micro & Retail Credit	AGMS 2016 dated 23 March 2016
Kuswiyoto	Director of Medium, Corporate & SOE Credit	EGMS 2015 dated 12 August 2015
Indra Utomo	Director of Digital Banking & Information Technology	AGMS 2017 dated 15 March 2017
Mohammad Irfan	Director of Network & Service	AGMS 2015 dated 19 March 2015
Haru Koesmahargyo	Director of Business Strategy & Finance	AGMS 2015 dated 19 March 2015
Susy Liestiowaty	Director of Compliance	AGMS 2015 dated 19 March 2015
Donsuwan Simatupang	Director of Risk Management	AGMS 2015 dated 19 March 2015
Sis Apik Wijayanto	Director of Institution	AGMS 2016 dated 23 March 2016
Handayani	Director of Consumer	EGMS 2017 dated 18 October 2017
R. Sophia Alizsa	Director of Human Capital	EGMS 2017 dated 18 October 2017

FIT AND PROPER TEST ASSESSMENT

The following is the fit and proper test assessment of members of the BOD:

Name	Position in BRI	Effective Based on OJK Letter	Regulator	Approval
Suprajarto	President Director	SR-70/PB.12/2017 dated 03 May 2017	Financial Services Authority	Approved
Priyastomo	Director of Micro & Retail Credit	SR-105/D.03/2016 dated 21 June 2016	Financial Services Authority	Approved
Kuswiyoto	Director of Medium, Corporate & SOE Credit	SR-207/D.03/2015 dated 4 Nov 2015	Financial Services Authority	Approved
Indra Utomo	Director of Digital Banking & Information Technology	SR-123/PB.12/2017 dated 12 July 2017	Financial Services Authority	Approved
Mohammad Irfan	Director of Network & Service	SR-100/d.03/2015 dated 01 June 2015	Financial Services Authority	Approved
Haru Koesmahargyo	Director of Business Strategy & Finance	SR-109/D.03/2015 dated 08 June 2015	Financial Services Authority	Approved
Susy Liestiowaty	Director of Compliance	SR-108/D.03/2015 dated 08 June 2015	Financial Services Authority	Approved
Donsuwan Simatupang	Director of Risk Management	SR-101/D.03/2015 dated 01 June 2015	Financial Services Authority	Approved

BOARD OF DIRECTORS

Name	Position in BRI	Effective Based on OJK Letter	Regulator	Approval
Sis Apik Wijayanto	Director of Institution	SR-85/D.03/2016 dated 20 Mei 2016	Financial Services Authority	Approved
Handayani	Director of Consumer	Awaiting result	Financial Services Authority	Approved
R. Sophia Alizsa	Director of Human Capital	Awaiting result	Financial Services Authority	Approved

BOD Charter

The Company has in place the BOD Board Charter, which was approved by Nokep 801-DIR/SKP/11/2015 dated 11 November 2015.

The Board Charter contains rules and guidance on the work of the BOD in performing their respective duties aligned with the vision and mission to be achieved by the Company.

The Board Charter contains among others:

1. General rules of the BOD members position
2. Duties and responsibilities of the BOD
3. Authorities and obligations of the BOD
4. Corporate values
5. Work ethics of the BOD
6. Work period of the BOD
7. BOD Meeting
8. BOD Membership Structure
9. Reporting and Accountability of the BOD

DUTIES AND RESPONSIBILITIES OF THE BOD

The BOD is in charge and responsible in collegial of managing the Company, as well as representing the Company within and outside of the courts. The BOD shall prioritize the interests of the Company in accordance with the purposes and objectives of the Company by complying with prevailing laws and regulations, the Articles of Association and the resolutions of the GMS.

Details of the BOD Duties and Responsibilities

Responsibility to the BOC and Shareholders

- a. Implementing GMS resolutions.
- b. Prepares the Company's Long Term Plan (RJPP), Bank Business Plan (RBB), Work Plan and Budget (RKAP) and other work plans and changes to be submitted to obtain approval from the BOC.

- c. Conduct a GMS based on a written request from one or more shareholders representing at least 1/10 (one ten) of the total shares issued with valid voting rights.
- d. Create and maintain a list of shareholders and special lists containing lists of shareholdings owned by commissioners and directors including their families within the Bank and in other companies.
- e. Consult the provision of credit above a certain amount to the Board of Commissioners by referring to the prevailing provisions.
- f. Submit an Annual Report after being reviewed by the Board of Commissioners within a period of no later than 5 (five) months after the financial year of the Company ends to the General Meeting of Shareholders for approval.

Responsibility in Accounting and Annual Report

- a. Conduct and maintain the Bank's books and administration in accordance with the prevailing practices of the company.
- b. Ensure that the Bank's accounting system is in accordance with financial accounting standards and internal control principles, particularly in terms of financial management, recording, retention and control.
- c. Preparing Annual Report and Periodic Financial Report.

Responsibility in Risk Management

- a. Ensure the adequacy of processes and systems to identify, assess and control the risks faced by the Bank.
- b. Monitor and assess the existence of a sound management process to assess the adequacy of the risk management system and internal control, financial reporting and compliance.



BOARD OF DIRECTORS

- c. Ensure the existence of an effective control system to ensure the reliability and integrity of information, compliance with applicable policies, procedures, rules and laws, safeguards of the Bank's assets, the efficient use of economic resources, and the achievement of defined objectives and targets for operations.

Responsibilities Related with Organization

Establish an organizational structure, tasks and assign clear responsibilities including appointment of management.

Authorities

In carrying the assigned duties and responsibilities, the BOD shall has the following authorities as stipulated under the Articles of Association:

1. To Stipulate of the Policy which appropriate deemed in the Company's management.
2. Arrange the delegation of authority of the Board of Directors to represent the Company inside and outside the court to one or several members of the BOD especially appointed for that purpose, or to the people and/or other entity.
3. Administer the regulations regarding the Company's manpower, including determining salaries, pensions or benefits and other income for the employees of the Company pursuant to the prevailing laws and regulations.
4. Appoint and discharge the employees of the Company pursuant to the Company's manpower regulations and prevailing laws and regulations.
5. Appoint and discharge the Corporate Secretary.
6. Writing-off bad debt hereinafter reported to the BOC.
7. Not to recollect interest receivables, penalties, costs and other receivables besides the basis in order to pay off the Company's receivable.
8. Take or perform all other actions and deeds with regard to the management and ownership of the Company's assets, bind the Company to other parties and/or bind other parties to the Company, and representing the Company inside and outside

the court with respect to all matters and in all events, with the limitations as provided in the laws and regulations, the Articles of Association and/or the Resolutions of the GMS.

Obligations

The BOD has the following obligations:

1. Undertake and ensure the implementation of the Bank's business activities in accordance with the purpose, objectives, and business activities.
2. Prepare in due course the Bank's Corporate Plan, Annual Work and Budget Plan, and other Work Plan and Amendments to be submitted to the Board of Commissioners and approved by the Board of Commissioners.
3. Create a list of Shareholders, Special Lists, Minutes of GMS, and Minutes of Board of Directors' Meeting.
4. Create Annual Report which includes, among other things, the Financial Statements, as a form of accountability of the Bank's management, and the Bank's financial documents as referred to in the Law.
5. Prepare Financial Statements as referred to in point 4 in accordance with the Financial Accounting Standards and to submit to the Public Accountant for audit.
6. Submit an Annual Report after the Board of Commissioners has reviewed it within 5 (five) months after the end of fiscal year, to the GMS for approval and ratification.
7. Provide an explanation to the GMS on the Annual Report.
8. Submit Balance Sheet and Profit Loss Statements that have been approved by the GMS to the Minister in charge of the Law in accordance with the provisions of applicable legislation.
9. Maintain List of Shareholders, Special Register, Minutes of GMS, Minutes of Board of Commissioners' Meeting and Board of Directors' Meeting, Annual Report, Bank's financial documents, and other Bank's documents.
10. Archive List of Shareholders, Special Register, Minutes of GMS, Minutes of Board of Commissioners' Meeting and Board of Directors' Meeting, Annual Report, Bank's financial documents, and other Bank's documents in the Bank's domicile.

BOARD OF DIRECTORS

11. Perform and maintain the Bank's books and administration in accordance with the prevailing rules for a Bank.
12. Develop accounting system in accordance with the Financial Accounting Standards and based on the principles of internal control, especially the functions of handling, recording, storage, and supervision.
13. Provide periodic reports in a manner and time in accordance with applicable provisions, and other reports requested by the Board of Commissioners and/or Dwiwarna Series A Shareholders, with due observance to the laws and regulations, in particular, the prevailing capital market regulations.
14. Prepare the Bank's organizational structure in details with the job descriptions.
15. Provide an explanation of all matters stated or requested by members of the Board of Commissioners and Dwiwarna Series A Shareholders, with due observance to the laws and regulations, in particular, the prevailing capital market regulations.
16. Carry out other obligations in accordance with the provisions stipulated in the Bank's Articles of Association and which are determined by the GMS in accordance with the laws and regulations.
17. Together with the Board of Commissioners shall draw up binding guidelines for each member of the Board of Commissioners and Board of Directors, in accordance with the prevailing laws and regulations.
18. Together with the Board of Commissioners shall establish a code of conduct applicable to all members of the Board of Directors and Board of Commissioners, Employees, and organs of the Bank, in accordance with the prevailing laws and regulations.
19. In performing its duties, the Board of Directors shall put power, thought, and devotion to the duties, obligations, and achievements of the Bank's objectives.
20. In performing duties, members of the Board of Directors shall comply with the Bank's Articles of Association and prevailing laws and regulations, and are required to implement the principles of professionalism, efficiency, transparency, independence, accountability, responsibility, and fairness.
21. All members of the Board of Directors shall carry out duties and responsibilities in good faith, full of responsibility and prudence in the best interest of the Bank, with regard to the prevailing rules.
22. Each member of the Board of Directors shall disclose:
 - a. Share ownership of 5% (five percent) or more, in the Bank or other Banks/companies, domiciled within and outside the country.
 - b. Financial relationships and family relationships with other commissioners, members of the Board of Directors and/or controlling shareholders of the Bank.

Work Ethics

1. Members of the Board of Directors are prohibited from utilizing the Bank for personal, family, and/or other interests that may detriment or reduce the profits and reputation of the Bank and its subsidiaries.
2. Members of the Board of Directors are prohibited from taking personal advantage either directly or indirectly in the Bank's activities with the exception of legitimate income.
3. Members of the Board of Directors are prohibited from holding concurrent positions, as follows:
 - a. A member of the Board of Directors at State-Owned Enterprises (SOEs), Regional-Owned Enterprises, and private owned enterprises.
 - b. A member of the Board of Commissioners/Board of Trustees at State-Owned Enterprises.
 - c. Other structural and functional positions in institutions/agencies of the central and/or local government.
 - d. A political party and/or candidate/legislative member and/or candidate for regional head/deputy head.
 - e. Other positions that may cause conflict of interest and/or other positions, in accordance with the prevailing laws and regulations.
4. Members of Directors, either individually or jointly, are prohibited from owning more than 25% (twenty-five percent) of the paid-in capital in the Bank and/or other companies.



BOARD OF DIRECTORS

5. Members of the Board of Directors are prohibited from using individual and/or professional advisors as consultants, unless they meet the following requirements:
 - a. projects of special nature.
 - b. based on clear contracts, which at least cover the scope of work, responsibilities, time frames, and costs.
 - c. consultant is an Independent Party and has the qualification to work on a project of a special nature as referred to in point 1.
6. Members of the Board of Directors are prohibited from having a family relationship up to the second degree with other members of the Board of Directors and/or members of the Board of Commissioners
7. Members of Directors are prohibited from granting power of attorney to any other party that may result in the transfer of Directors' duties and responsibilities.
8. Members of the Board of Directors shall be subjected to the Bank's Code of Conduct, applicable laws and regulations, and the Bank's internal policies.

SCOPE OF DUTIES OF EACH MEMBER OF THE BOD

Referring to the Articles of Association, the distribution of duties of BOD members is conducted based on the BOD Decree Nokep.802-DIR/REN/08/2012 dated 27 August 2012, which aim to ensure more effective and efficient management function. The distribution of BOD duties are as follows:

Name and Position	Duties	Supervised Regional Office	Supervised Subsidiaries
Suprajarto President Director	<ol style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendment to the guideline in achieving the Bank's performance targets. 2. To direct the development and target achievement of the Bank. 3. To provide report of accountability and explanation on the Bank's management. 4. To review follow-up findings of internal and external audit. 5. To carry out the mentoring functions to members of the Board of Directors to facilitate the achievement of the Bank's performance targets. 	-	All Subsidiaries
Haru Koesmahargyo Director of Business Strategy & Finance	<ol style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendment to the guideline in achieving the Bank's performance targets. 2. To direct the development and target achievement of the Bank in the Business and Finance Strategy Directorate. 3. To provide report of accountability and explanation on the Bank's management. 4. To review follow-up findings of internal and external audit. 5. To carry out the function of Substitute Director to ensure the Board of Directors' duties. 6. To carry out the coordination and cooperation functions between members of the Board of Directors to facilitate the achievement of the Bank's performance targets. 	Jakarta 2	All Subsidiaries

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF DIRECTORS

Name and Position	Duties	Supervised Regional Office	Supervised Subsidiaries
Susy Liestiowaty Director of Compliance	<ul style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendments. 2. To direct the development and target achievement of the Bank in the Compliance Directorate. 3. To provide report of accountability and explanation on the Bank's management. 4. To review follow-up findings of internal and external audit. 5. To carry out the function of Substitute Director to ensure the Board of Directors' duties. 6. To carry out the coordination and cooperation functions between members of the Board of Directors to facilitate the achievement of the Bank's performance targets.. 	Bandar Lampung Jakarta 3	-
Donsuwan Simatupang Director of Risk Management	<ul style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendments. 2. To direct the development and target achievement of the Bank in the Risk Management Directorate. 3. To provide report of accountability and explanation on the Bank's management. 4. To review follow-up findings of internal and external audit. 5. To carry out the function of Substitute Director to ensure the Board of Directors' duties. 6. To carry out the coordination and cooperation functions between members of the Board of Directors to facilitate the achievement of the Bank's performance targets. 	Medan Manado	-
Mohammad Irfan Director of Network & Service	<ul style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendment to the guideline in achieving the Company's performance targets. 2. To direct the development and target achievement of the Bank in the Network and Services Directorate. 3. To provide report of accountability and explanation on the Bank's management. 4. To review follow-up findings of internal and external audit. 5. To carry out the function of Substitute Director to ensure the Board of Directors' duties. 6. To carry out the coordination and cooperation functions between members of the Board of Directors to facilitate the achievement of the Bank's performance targets. 	Semarang Surabaya	-



BOARD OF DIRECTORS

Name and Position	Duties	Supervised Regional Office	Supervised Subsidiaries
Kuswiyoto Director of Medium, Corporate & SOE Credit	<ol style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendment to the guideline in achieving the Bank's performance targets. 2. To direct the development and target achievement of the Company in the Medium, Corporate, and SOE Credit Directorate. 3. To provide report of accountability and explanation on the Bank's management. 4. To review follow-up findings of internal and external audit. 5. To carry out the function of Substitute Director to ensure the Board of Directors' duties. 6. To carry out the coordination and cooperation functions between members of the Board of Directors to facilitate the achievement of the Bank's performance targets. 	Malang	BRI Agro
Handayani Director of Consumer	<ol style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendment to the guideline in achieving the Bank's performance targets. 2. To direct the development and target achievement of the Bank in the Consumer Directorate. 3. To provide report of accountability and explanation on the Bank's management. 4. To review follow-up findings of internal and external audit. 5. To carry out the function of Substitute Director to ensure the Board of Directors' duties. 6. To carry out the coordination and cooperation functions between members of the Board of Directors to facilitate the achievement of the Bank's performance targets. 	KCK	BRI Finance
Priyastomo Director of Micro & Retail Credit	<ol style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendment to the guideline in achieving the Bank's performance targets. 2. To direct the development and target achievement of the Bank in the Micro and Retail Credit Directorate. 3. To provide report of accountability and explanation on the Bank's management. 4. To review follow-up findings of internal and external audit related to the MSMEs Business Directorate. 5. To carry out the function of Substitute Director to ensure the Board of Directors' duties. 6. To carry out the coordination and cooperation functions between members of the Board of Directors to facilitate the achievement of the Bank's performance targets. 	Yogyakarta	BRI Life

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF DIRECTORS

Name and Position	Duties	Supervised Regional Office	Supervised Subsidiaries
Sis Apik Wijayanto Director of Institution	<ul style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendment to the guideline in achieving the Bank's performance targets. 2. To direct the development and target achievement of the Bank in the Institutional Relation Directorate. 3. To provide report of accountability and explanation on the Bank's management. 4. To review follow-up findings of internal and external audit. 5. To carry out the function of Substitute Director to ensure the Board of Directors' duties. 6. To carry out the coordination and cooperation functions between members of the Board of Directors to facilitate the achievement of the Bank's performance targets. 	Jakarta 1 Bandung	-
R.Sophia Alizsa Director of Human Capital	<ul style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendment to the guideline in achieving the Bank's performance targets. 2. To direct the development and target achievement of the Bank in the Human Capital Directorate. 3. To provide report of accountability and explanation on the Bank's management. 4. To review follow-up findings of internal and external audit. 5. To carry out the function of Substitute Director to ensure the Board of Directors' duties. 6. To carry out the coordination and cooperation functions between members of the Board of Directors to facilitate the achievement of the Bank's performance targets. 	Palembang	BRI Syariah
Indra Utomo Director of Digital Banking & Information Technology	<ul style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendments. 2. To direct the development and target achievement of the Bank in the Digital Banking and Information Technology Directorate. 3. To provide report of accountability and explanation on the Bank's management. 4. To review follow-up findings of internal and external audit. 5. To carry out the function of Substitute Director to ensure the Board of Directors' duties. 6. To carry out the coordination and cooperation functions between members of the Board of Directors to facilitate the achievement of the Bank's performance targets. 	-	-



BOARD OF DIRECTORS

Name and Position	Duties	Supervised Regional Office	Supervised Subsidiaries
Hexana Tri Sasongko SEVP Treasury & Global Service	<ol style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendments. 2. To direct the development and target achievement of the Bank in the segment of Treasury Business, Investment Services, and International Business. 3. To provide report of accountability and explanation on the Bank's management. 4. To direct the business development of supervised Overseas Unit, Subsidiaries, and Regional Offices. 5. To review follow-up findings of internal and external audit. 	Pekanbaru	BRI Remittance
Supari SEVP Transformation	<ol style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendments. 2. To direct the development and achievement of Corporate Transformation and Project Management Office. 3. To provide report of accountability and explanation on the Bank's management. 4. To direct the business development in the supervised Regional Office. 5. To review follow-up findings of internal and external audit. 	Banda Aceh	-
Agus Noorsanto*) SEVP Operation	<ol style="list-style-type: none"> 1. To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendments. 2. To direct the development and achievement of Operational Center and Operational Credit. 3. To provide report of accountability and explanation on the Company's management. 4. To direct the business development in the supervised Regional Office. 5. To review follow-up findings of internal and external audit. 	Jayapura	-

*) Effective on January 1, 2016 - January 5, 2018

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF DIRECTORS

Name and Position	Duties	Supervised Regional Office	Supervised Subsidiaries
Gunawan Sulistyo SEVP Manajemen Aktiva Tetap & Pengadaan	<ol style="list-style-type: none"> To direct the Bank's strategy and work plan, including the Corporate Plan, Bank's Business Plan, and the Work and Corporate Budget Plan and the amendments. To direct the development and target achievement of Fixed Asset & Procurement Management; To provide report of accountability and explanation on the Bank's management. To direct the business development in the supervised Regional Office. To review follow-up findings of internal and external audit. 	Padang	-

IMPLEMENTATION OF THE COMMITTEES' PERFORMANCE UNDER THE BOD

The Company has committees under and responsible to the BOD to assist the Company's management functions. Based on the performance and contribution of each committee to the Company, the BOD perceives that the Committees have performed optimal duties. The significant performance results of each committee can be viewed on Sub Chapter Komite Dibawah Direksi.

BOD DIVERSITY POLICY

Name	Position	Age (yr)	Gender	Education	Directorship/Executives		Skills
					Period	Position	
Asmawi Syam*)	President Director	62	Male	Bachelor Degree in Business Economics University of Hasanuddin Master Degree in Business Economics University of Padjadjaran	1999 - 2001 2001 - 2003 2003 - 2005 2005 - 2007 2007 - 2015 2015 - 2017	Regional Head Denpasar Regional Head Bandung Division Head of Consumer Banking Division Head of General Business Director of Institution and SOE President Director BRI	<ul style="list-style-type: none"> · Banking · Certified Wealth Management · Leadership



BOARD OF DIRECTORS

Name	Position	Age (yr)	Gender	Education	Directorship/Executives		Skills
					Period	Position	
Suprajarto	President Director	61	Male	Bachelor Degree in Economics, University of Pembangunan Nasional "Veteran", Yogyakarta Master Degree in Marketing Management, University of Padjadjaran Doctoral Degree in Business Management, University of Padjadjaran	2007 - 2015 2015 - 2017 2017 - present	Director of Network and Services BRI Vice President Director BNI President Director BRI	
Sunarso**)	Vice President Director	54	Male	Bachelor Degree in Agriculture, Institute of Agriculture Bogor Master Degree in Business Administration University of Indonesia	2007 - 2009 2009 - 2010 2010 - 2015 2015 - present	Senior Executive Vice President Plantation Specialist Bank Mandiri Executive Vice President Agrobased Group, Bank Mandiri Director of Comercial & Business Banking, Bank Mandiri Vice President Director BRI	<ul style="list-style-type: none"> · Agrofinancing · Corporate, Commercial & SME Banking · Public Speaker & Motivation · Leadership
Randi Anto**)	Director of Human Capital and Asset Management	57	Male	Bachelor Degree in Economics University of Diponegoro Master Degree in Banking, St. Louis University	2004 - 2006 2006 - 2007 2007 - 2009 2009 - 2011 2011 - 2015 2015 - 2017	Division Head of Compliance and Risk Management BRI Division Head of Credit Administration BRI Regional Head of BRI Palembang Division Head of Human Resources Management BRI Director of Compliance BRI Director of Human Capital & Asset Management	<ul style="list-style-type: none"> · Compliance · Human Capital · Certified Wealth Management
Muhammad Irfan	Director of Network and Services	58	Male	Bachelor Degree in Fishery, Institute of Agriculture Bogor Master Degree in Financial Management LPMM		Division Head of Information System and Technology BRI Regional Head of BRI Padang Regional Head of BRI Jakarta 1 Director of Micro BRI Director of Network and Services BRI	<ul style="list-style-type: none"> · Microbanking · Regional Banking · Information Technology Management & Application

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF DIRECTORS

Name	Position	Age (yr)	Gender	Education	Directorship/Executives		Skills
					Period	Position	
Zulhelfi Abidin*)	Director of Operations	55	Male	Bachelor Degree in Infomatics Engineering Master Degree MSc, University of Wollogong	1997 - 2007	Division Head of Information System and Technology Bank Bukopin	· Certified Information System for Auditor (CISA)
					2006 - 2012	President Commissioner PT Brigin Gigantara	
					2007 - 2014	Division Head of Information System and Technology BRI	
					2012 - 2015	Commissioner BRI Syariah	
					2014 - 2015	Senior Executive Vice President BRI	
					2015 - 2017	Director of Operations BRI	
					2006 - 2009	Head of Desk, Investment Banking BRI	· Microbanking · Regional Banking
					2009 - 2010	Division Head of Agribisnis BRI	
					2010 - 2015	Division Head of Credit Risk Analyst	
Susy Liestiowaty	Director of Compliance	57	Female	Bachelor Degree in Agronomy Institute of Agriculture Bogor Master Degree MBA, Management - University of Case Western Reserve, USA Doctoral Degree Doktor, Institute of Agriculture Bogor	2011 - 2015	Commissioner BRI Agroniaga	· Commercial Banking · Marketing Regional Banking
					2015 - 2017	Director of Credit Risk Management	
					2017 - present	Director of Compliance	
					2010 - 2012	Regional Head of BRI Medan	
					2012 - 2013	Regional Head of BRI Surabaya	
					2013 - 2015	Division Head of General Business	
					2015 - 2017	Director of Commercial	
Donsuwan Simatupang	Director of Risk Management	56	Pria	Bachelor Degree in Corporate, University of Parahyangan Master Degree in Investment Banking, Virginia Tech	2017 - present	Director of Risk Management	· Marketing · Regional Banking



BOARD OF DIRECTORS

Name	Position	Age (yr)	Gender	Education	Directorship/Executives		Skills
					Period	Position	
Haru Koesmahargyo	Director of Business Strategy & Finance	51	Pria	Bachelor Degree in Agriculture Industrial Engineering, University of Brawijaya	2008 - 2011	Head of Desk Investor Relations Corporate Secretary BRI	· Risk Management
				Master Degree in Investment Banking, Emory University	2011 - 2014	General Manager, Overseas Branch Office New York	· Asset & Liability Management
					2014 - 2015	Division Head of Treasury BRI	· Treasury
					2014 - 2015	President Commissioner PT BTMU-BRI Finance	· Corporate Valuation
					2015 - 2017	Director of Finance BRI	· MEA and International Banking
					2017 - present	Director of Business Strategy & Finance BRI	
Kuswiyoto	Director of Medium, Corporate & SOE Credit	52	Pria	Bachelor Degree in Economics, University of Airlangga	2010 - 2014	Division Head of Agribisnis BRI	· Corporate Banking
				Master Degree MBA Finance, Washington University	2013 - 2014	Commissioner PT Brigin Indotama Sejahtera	· Marketing
					2014 - 2015	Finance	· Regional Banking
					2015 - 2015	Regional Head of BRI Makassar	
					2015 - 2017	Regional Head of BRI Jakarta 1	
					2017 - present	Director of Institution BRI	
						Director of Medium, Corporate & SOE Credit	
Sis Apik Wijayanto	Director of Institution	56	Pria	Bachelor Degree in Business Administration, University of Brawijaya	2012 - 2014	Head of Special Branch BRI	· Marketing
				Master Degree in Management, University of Airlangga	2014 - 2015	Regional Head of BRI Banjarmasin	· Consumer Banking
					2015 - 2015	Regional Head of Jakarta 2	· Economic
					2015 - 2016	Director of Funding & Distribution, Bank Tabungan Negara (Persero)	
					2016 - 2016	Director of Consumer BRI	
					2016 - 2017	Director of Institution	
					2017 - present		
					present		

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF DIRECTORS

Name	Position	Age (yr)	Gender	Education	Directorship/Executives		Skills
					Period	Position	
Priyastomo	Director of Micro and Retail Credit	54	Male	Bachelor Degree in Husbandry, University of Gadjah Mada	2012 - 2014	Regional Head of BRI Jayapura	· Compliance · Risk Mitigation
				Master Degree in International Management, University of Gadjah Mada	2014 - 2015	Division Head of Retail and Medium Business	
					2015	Regional Head of BRI	
					2014 - 2015	Yogyakarta Commissioner PT Asuransi Bringin Sejahtera	
					2016	Artamakmur	
					2016 - 2017	Regional Head of BRI Bandung	· Director of Compliance BRI · Director of Micro and Retail Credit BRI
					2017 - present	Director of Compliance BRI	
						Director of Micro and Retail Credit BRI	
Indra Utomo	Director of Digital Banking and Information Technology	55	Male	Bachelor Degree in Electrical Engineering Communication Institute of Technology Bandung	2016 - 2017	CEO CFU Digital Service Telkom Group, PT Telkom	· Director of Digital Banking and Information Technology
				Master Degree in Communication and Signal Processing	2016 - 2017	Direktur Digital & Strategic Portofolio Telkom Group, PT Telkom	
				Imperial College	2017 - present	Director of Digital	
				University of London, UK		Banking and Information	
				Doctoral Degree in Strategic Management		Technology	
R Sophia Alizsa	Director of Human Capital	58	Female	University of Indonesia			· Division Head, Retail Business Network BRI · Head of Special Branch, Special Branch Office BRI · Director of Operations and Network, Perum Jamkrindo · Director of Human Capital BRI
				Bachelor Degree in Economics, University of Jember	2011 - 2014	Division Head, Retail Business Network BRI	
				Master Degree in Agribusiness Management, Institute of Agriculture Bogor	2015 - 2017	Head of Special Branch, Special Branch Office BRI	
					2017 - present	Director of Operations and Network, Perum Jamkrindo	
						Director of Human Capital BRI	
Handayani	Director of Consumer	52	Female	Bachelor Degree in Destinity, University of Airlangga	2013 - 2014	Director of Marketing & Alternate Distribution, PT AXA Mandiri	· Director of Commercial, PT Garuda Indonesia Tbk · Director of PT Bank Tabungan Negara (Persero) Tbk · Director of Consumer BRI
				Master Degree in Management, University of Padjadjaran	2014 - 2016	Director of Commercial, PT Garuda Indonesia Tbk	
					2016 - 2017	Director of PT Bank Tabungan Negara (Persero) Tbk	
					2017 - present	Director of Consumer BRI	



BOARD OF DIRECTORS

BOD COMPOSITION AND ITS CHANGES IN 2017

The composition of the BOD during 2017 has been amended as follows:

Period of 01 January 2017-15 March 2017 (Prior to the AGMS 2017)

No	Position	Name
1	President Director	Asmawi Syam
2	Vice President Director	Sunarso
3	Director of Finance	Haru Koesmahargyo
4	Director of Credit Risk Management	Susy Liestiowaty
5	Director of Consumer	Sis Apik Wijayanto
6	Director of Commercial	Donsuwan Simatupang
7	Director of Human Capital & Asset Management	Randi Anto
8	Director of Operations	Zulhelfi Abidin
9	Director of Micro	Mohammad Irfan
10	Director of Compliance	Priyastomo
11	Director of Institution	Kuswiyoto

Period of 15 March 2017-18 October 2017 (Post AGMS 2017)

No	Position	Name
1	President Director	Suprajarto
2	Vice President Director	Sunarso
3	Director of Finance	Haru Koesmahargyo
4	Director of Credit Risk Management	Susy Liestiowaty
5	Director of Consumer	Sis Apik Wijayanto
6	Director of Commercial	Donsuwan Simatupang
7	Director of Human Capital & Asset Management	Randi Anto
8	Director of Operations	Indra Utoyo
9	Director of Micro	Mohammad Irfan
10	Director of Compliance	Priyastomo
11	Director of Institution	Kuswiyoto

Period of 18 October 2017 – 31 December 2017 (Post EGMS 2017)

No	Position	Name	Tenure
1	Suprajarto	President Director	AGMS 2017 – AGMS 2022
2	Priyastomo	Director of Micro & Retail Credit	AGMS 2017 – AGMS 2022
3	Kuswiyoto	Director of Medium, Corporate & SOE Credit	AGMS 2017 – AGMS 2022
4	Indra Utoyo	Director of Digital Banking & Information Technology	AGMS 2017 – AGMS 2022
5	Mohammad Irfan	Director of Network & Service	AGMS 2015 – AGMS 2020
6	Haru Koesmahargyo	Director of Business Strategy and Finance	AGMS 2015 – AGMS 2020
7	Susy Liestiowaty	Director of Compliance	AGMS 2015 – AGMS 2020
8	Donsuwan Simatupang	Director of Risk Management	AGMS 2015 – AGMS 2020
9	Sis Apik Wijayanto	Director of Institution	AGMS 2015 – AGMS 2020
10	Handayani	Director of Consumer	AGMS 2017 – AGMS 2022
11	R. Sophia Alizsa	Director of Human Capital	AGMS 2017 – AGMS 2022

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF DIRECTORS

INDEPENDENCY OF THE BOD

The Board Charter stipulates the independence of the BOD. In performing the management duties of the Company, the BOD shall prioritize the interests of the Company beyond personal or group interests and to avoid any potential conflict of interest. Any decisions made by the BOD shall be free from any party pressure or intervention.

BRI ensures the independence its BOD through a President Director who is an independent party, has no affiliation with the controlling shareholders nor with fellow members of the BOD and BOC and does not have concurrent position outside BRI.

AFFILIATES RELATIONSHIPS

Name	Financial Relations			Familial Relations			Management Relations		
	BOD	BOC	Controlling Shareholder	BOD	BOC	Controlling Shareholder	BOD	BOC	Controlling Shareholder
Suprajarto	-	-	-	-	-	-	-	-	-
Priyastomo	-	-	-	-	-	-	-	-	-
Kuswiyoto	-	-	-	-	-	-	-	-	-
Indra Utomo	-	-	-	-	-	-	-	-	-
Mohammad Irfan	-	-	-	-	-	-	-	-	-
Haru Koesmahargyo	-	-	-	-	-	-	-	-	-
Susy Liestiowaty	-	-	-	-	-	-	-	-	-
Donsuwan Simatupang	-	-	-	-	-	-	-	-	-
Sis Apik Wijayanto	-	-	-	-	-	-	-	-	-
Handayani	-	-	-	-	-	-	-	-	-
R. Sophia Alizsa	-	-	-	-	-	-	-	-	-

Remark:

✓ : Yes

- : No

DISCLOSURE ON THE BOD CONCURRENT POSITION

In line with criteria requirements, the BOD members do not hold any concurrent position as/ at:

1. Member of the Board of Directors of SOEs, Regional owned enterprises, or private enterprises.
2. Member of the Board of Commissioners/ Supervisory Board of the SOE.
3. Structural and functional positions in the central or local government institutions.
4. Member in the structure of political party and or legislative candidate/member and or candidate of head/ deputy head of region. and or
5. Other positions that may inflict conflict of interests and/or other positions pursuant to the prevailing laws and regulations.

In addition, the BOD of BRI has complied with provision of concurrent position as regulated under the Bank Indonesia Regulation No.8/14/PBI/2016.



BOARD OF DIRECTORS

The disclosure of Concurrent Position by the BOD of the Company is as follows:

Name	Position in BRI	Position in Other Banks	Position in Other Companies/Institutions
Suprajarto	President Director	-	-
Priyastomo	Director of Micro & Retail Credit	-	-
Kuswiyoto	Director of Medium, Corporate & SOE Credit	-	-
Indra Utomo	Director of Digital Banking & Information Technology	-	-
Mohammad Irfan	Director of Network & Service	-	-
Haru Koesmahargyo	Director of Business Strategy and Finance	-	-
Susy Liestiowaty	Director of Compliance	-	-
Donsuwan Simatupang	Director of Risk Management	-	-
Sis Apik Wijayanto	Director of Institution	-	-
Handayani	Director of Consumer	-	-
R. Sophia Alizsa	Director of Human Capital	-	-

SHARES OWNERSHIP OF THE BOD

The disclosure of share ownership by members of the Company's BOD has met the Financial Services Authority Regulation No. 11/POJK.04/2017 with the following details.

Name	Shares Ownership (Share)			
	31 January 2017	Percentage	31 December 2017	Percentage
Suprajarto	-	-	-	-
Priyastomo	-	-	-	-
Kuswiyoto	-	-	-	-
Indra Utomo	-	-	-	-
Mohammad Irfan	34,000	0.0001378	170,000	0.0001378
Haru Koesmahargyo	-	-	-	-
Susy Liestiowaty	580,000	0.0023511	2,900,000	0.0023511
Donsuwan Simatupang	28,500	0.0001155	142,500	0.0001155
Sis Apik Wijayanto	140,000	0.0005675	700,000	0.0005675
Handayani	-	-	-	-
R. Sophia Alizsa	-	-	25,000	0.0000203

*) share prior to stock split

**) share after stock split with the 1: 5 ratio

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF DIRECTORS

DISCLOSURE ON SHARES TRANSACTION BY THE BOD IN 2017

During 2017, the BOD's shares transaction is detailed as follows:

Name	Share Transactions (Share)	
	Total	Rp
Suprajarto	-	-
Priyastomo	-	-
Kuswiyoto	-	-
Indra Utoyo	-	-
Mohammad Irfan	34,000	533,800,000
Haru Koesmahargyo	-	-
Susy Liestiowaty	-	-
Donsuwan Simatupang	27,000	423,900,000
Sis Apik Wijayanto	-	-
Handayani	-	-
R. Sophia Alizsa	-	-

BOD CONFLICT OF INTEREST MANAGEMENT

Each member of the Company's BOD with conflict of interest in the Company's transaction and/or corporate action must declare such conflict of interest and therefore he/she is not included in the decision making process of such transaction and/or corporate action.

Any transaction with a conflict of interest shall first obtain the approval of the independent Commissioners and Independentshareholders prior to its execution.

In 2017 there are no BRI corporate transactions or actions containing conflict of interest

ORIENTATION PROGRAM AND COMPETENCY DEVELOPMENT OF THE BOD

Similar to the Orientation Program for each member of the BOC, the newly appointed BOD members must follow the Orientation Program convened by the Corporate Secretary. The Orientation Programs can be in a form of presentations, meetings, visits to the Company's work unit and the review of other documents or programs with the following scope:

1. Vision, mission and strategy of the Company.
2. GCG Principles within the Company
3. BOC Duties and Responsibilities
4. Introduction of the Company's organs and their duties and authorities including the Committees that assist the implementation duties of the Board of Directors and Board of Commissioners.

Orientation Programs for New BOD

The information on the orientation program for new BOD can be viewed in the sub section of the Corporate Secretary on page xxx of this Annual Report.



BOARD OF DIRECTORS

BOD Development Programs and Trainings

The Competency Development and Trainings aims to improve the competency and skill of each member of the BOD in carrying out their duties.

Implementation of competency development and trainings of the BOD including risk management certification throughout 2017 is as follows:

Name	Material	Location	Organizers
Suprajarto	Living Wills, Planning For Bank Recovery and Resolution	London	BSMR
	Executive Leadership Program	Jakarta	SOE Ministry
Priyastomo	Executive Leadership Program	Jakarta	SOE Ministry
	Risk Governance Masterclass	New Zealand	CRMS
Kuswiyoto	The 3rd Annual ASEAN Marketing Summit	Jakarta	Markplus Inc.
	China Internet Finance Academy	China	McKinsey & Company
	Executive Leadership Program	Jakarta	SOE Ministry
Indra Utomo	Executive Education Program "Fintech – Innovation Banking"	London	Imperial College Business School
	China Internet Finance Academy	China	McKinsey & Company
	Executive Leadership Program	Jakarta	SOE Ministry
Mohammad Irfan	BARa Risk Forum	Jakarta	BARa
	Executive Leadership Program	Jakarta	SOE Ministry
	Executive Education "Brand Leadership: Strategy, Management and Performance"	New York, USA	Columbia Business School
Haru Koesmahargyo	ERM Marterclass & Benchmarking in Europe	Jenewa	CRMS
	Executive Leadership Program	Jakarta	SOE Ministry
	Effective Execution of Organization Strategy	Philadelphia	Wharton Executive Education
Susy Liestiowaty	ERM Marterclass & Benchmarking in Europe	Jenewa	CRMS
	Executive Leadership Program	Jakarta	SOE Ministry
	Women's Leadership Summit	Bali	Dayalima
	US-Indonesia Women Leadership Summit	Washington DC	American Indonesian Chamber of Commerce
Donsuwan Simatupang	ERM Marterclass & Benchmarking in Europe	Jenewa	CRMS
	2017 Asia CIB CEO Roundtable	Hongkong	McKinsey & Company
	Executive Leadership Program	Jakarta	SOE Ministry
	Executive Education, "The Innovative Organization"	Berkeley, CA, USA	Haas Business School, University of California Berkeley
Sis Apik Wijayanto	Cyber Security And Integrating Operation Risk With The Mitigating Factors	Jakarta	IBI
	Executive Leadership Program	Jakarta	SOE Ministry
	Executive Education Program "Design Your Innovation Blueprint: Leveraging Systematic Inventive Thinking"	New York, USA	Columbia Bussiness School
	The 2nd Indonesian Human Capital Summit 2017	Jakarta	Human Capital Indonesia Forum

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOARD OF DIRECTORS

Risk Management Certifications

No.	Name	Position	RM Certifications			RM Certifications Refreshment 2017	
			Latest Risk Management Certification Institute	Levels	Date	Latest Refreshment	Lembaga Sertifikasi Manajemen Risiko Terakhir
1	Suprajarto	President Director	LSPP	Level 5	17 December 2011	07 April 2016	BSMR
2	R. Sophia Alizsa	Director of Human Capital	BSMR	Level 5	6 January 2018	-	BSMR
3	Handayani	Director of Consumer	BSMR	Level 5	4 June 2016	-	BSMR
4	Susy Liestiowaty	Director of Compliance	LSPP	Level 5	08 April 2015	28 April 2017	LSPP
5	Haru Koesmahargyo	Director of Business Strategy & Finance	LSPP	Level 5	08 April 2015	28 April 2017	LSPP
6	Donsuwan Simatupang	Director of Risk Management	LSPP	Level 5	08 April 2015	28 April 2017	LSPP
7	Mohammad Irfan	Director of Network and Services	LSPP	Level 5	08 April 2015	24 March 2017	LSPP
8	Indra Utomo	Director of Digital Banking & Information Technology	LSPP	Level 5	27 March 2017	-	LSPP
9	Kuswiyoto	Director of Medium, Corporate and SOE Credit	LSPP	Level 5	26 August 2015	22 September 2017	LSPP
10	Sis Apik Wijayanto	Director of Institution	LSPP	Level 5	10 April 2015	16 February 2017	LSPP
11	Priyastomo	Director of Micro and Retail Credit	BSMR	Level 5	16 April 2016	-	BSMR

MONITORING AND EVALUATION STRATEGY

The BOD and the BOC jointly carry out monitoring and evaluation of the 2017 strategy contained in the Bank's Business Plan (RBB), the Company's Work Plan and Budget (RKAP) as well as the Partnership and Community Development and Work Program and Budget Plan (PKBL).

The monitoring and evaluation of the 2017 strategy was implemented in various forum of Asset & Liability Committee (ALCO), Capital & Investment Committee, Credit Policy Committee, Information Technology Steering Committee, Product Committee, and HR Policy Committee.

BOD SUCCESSION PLAN

The Board of Directors' succession plan is implemented based on the good governance principles, professionalism and competencies to maintain the Bank's leadership regeneration process sustainability, hence can ensure business continuity and the Bank long term objectives.

The Bank periodically conducts talent review by identifying potential executives to be proposed to the Nomination and Remuneration Committee. The procedures and criteria for the candidates of the Board of Directors are also based on the prevailing regulations and rules among others are POJK No.33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Issuers and Public Companies and Regulation of State Minister of SOE No. PER-03/MBU/02/2015 on the Requirements, Procedures of the Appointment and Termination of Members of the Board of Directors of State-Owned Enterprises.



SHARIA SUPERVISORY BOARD

As a bank conducting business based on sharia principles through BRI Syariah and BRI Life, the Bank's subsidiary, BRI has established the Sharia Supervisory Board.

SHARIA SUPERVISORY BOARD – BRI SYARIAH

The Sharia Supervisory Board (DPS) is in charge of overseeing all products and services offered, and BRI Syariah banking operations to ensure that it is performed in accordance with the Sharia provisions. The Sharia Supervisory Board not only provides opinion to new products and activities of BRI Syariah, but also assures the implementation of sharia principles in Bank's business and operations, by coordinating and assisting the relevant work units within the Bank. In carrying out its supervisory duties, DPS cooperates with the Compliance Unit and the Internal Audit Unit to ensure the implementation of bank compliance with sharia principles.

BRI Syariah DPS Composition

BRI Syariah's DPS organization consists of a chairman and a member, as seen in the following table::

No.	Name	Position
1	KH. Didin Hafidhuddin	Chairman of DPS
2	M. Gunawan Yasni	Member of DPS

*) All DPS' members are domiciled in Indonesia. This is in line with the related provisions that stipulate the DPS' composition and requirements.

BRI Syariah DPS Duties and Responsibilities

Duties and responsibilities of the Sharia Supervisory Board are as follows:

- Ensuring and monitoring the conformity of the bank operations to the fatwas issued by the National Sharia Board - Indonesian Ulema Council (DSN-MUI);
- Assessing sharia aspects of the operational guidelines and product issued by the bank;
- Providing opinion from the sharia aspect towards the comprehensive bank operations in the bank's publication report;
- Assessing new products and services for which there is no fatwa, or requesting fatwas to the DSN-MUI;
- Reviewing the compliance of sharia principles with the mechanism for the fund collection, fund disbursement, and bank's services;
- Submitting a sharia supervision report at least every 6 (six) months to the Board of Directors, Commissioners, National Sharia Board, and the Financial Services Authority;
- Providing sufficient time to carry out their duties and responsibilities optimally.

Frequency and Advisory and Recommendations of the BRI Syariah DPS

- In performing duties and responsibilities, the Sharia Supervisory Board shall hold Sharia Supervisory Board meeting at least once a month, as required by PBI No. 11/33/PBI/2009 and SEBI No. 12/13/DPbS on the GCG Implementation for Sharia Commercial Bank (BUS) and Sharia Business Unit (UUS).
- All decisions set out in the minutes of the DPS' meeting are joint decisions of all members of DPS. The minutes of the meeting contains the decisions and sharia opinions taken in the meeting.

SHARIA SUPERVISORY BOARD

SHARIA SUPERVISORY BOARD - BRI LIFE

Sharia Supervisory Board of BRI Life is the recommended corporate organ by DSN MUI, which performs supervisory function on the implementation of insurance business in accordance with sharia principles. The Sharia Supervisory Board is a supervisory board of sharia aspects, in which each Member of Sharia Supervisory Board cannot act individually, but based on the Sharia Supervisory Board's decision. To support the effectiveness of its duties and responsibilities, the Sharia Supervisory Board is supported by the Sharia Supervisory Board Organ, i.e. the secretary and/or special staff of the Sharia Supervisory Board.

BRI Life DPS Composition

BRI Life's DPS organization consists of a chairman and 2 (two) members, as seen in the following table:

No.	Name	Position
1	KH. DR. Mohamad Hidayat, MBA, MH	Chairman of DPS
2	Ir. H. Agus Haryadi.AAAIJ, FIIS	Member of DPS
3	Hj. Siti Haniatunnisa, LLB, MH	Member of DPS

BRI Life DPS Duties and Responsibilities

The Sharia Supervisory Board of BRI Life supervises and provides suggestions and advice to the Board of Directors in order to ensure that the Insurance Company activities are in accordance with the sharia principles, technically supported by management, to:

- a. Insurance Company Activities in the management of assets and liabilities, both tabarru' funds, corporate funds, and investment funds of participants;
- b. Sharia insurance products marketed by Insurance Companies; and
- c. The marketing of sharia insurance products by the Insurance Company.

Obligations of Sharia Supervisory Board

The Sharia Supervisory Board also has the obligations to:

- 1. Ensure effective, appropriate, and prompt decision-making and act independently with no interest that may interfere with its ability to perform its duties independently and critically.
- 2. Carry out supervisory duties and advisory and recommendations to the Board of Directors for the Insurance Company's activities in accordance with the sharia principles;

- 3. Organize regular meetings between DPS and/or management at least 6 (six) times a year;
- 4. Compile the Minutes of Meeting comprehensively, through management's assistance, including in the case of dissenting opinion of the Sharia Supervisory Board, which shall be well documented, and shall be submitted to all members of DPS;
- 5. Prepare annual report with the management's assistance, on Supervision of the Company's Sharia Supervisory Board in accordance with the code and procedures set by the Regulator.
- 6. Deliver the results of the supervisory report to OJK and submit a copy to Management, and be the part of the Good Corporate Governance compliance report.
- 7. Examine and review the periodic reports and Annual Report prepared by the Directors, and sign the said report;
- 8. Request explanation to the Board of Directors on the policies or actions of members of the Board of Directors assessed by DPS that is not in accordance with the sharia principles;



SHARIA SUPERVISORY BOARD

9. In the event that the Board of Directors refuses the results of DPS assessment, DPS shall report to the Chief Executive and forward to the Board of Directors no later than 7 (seven) working days after the Board of Directors' explanation is received by DPS.
10. In the event that the Board of Directors receives the results of the DPS assessment as referred to in item 8, DPS requests the Board of Directors to make corrections to the policies or actions of the members of the Board of Directors to be in accordance with the Sharia Principles.
11. In the event that a member of the Board of Directors does not revise the policy or action as referred to in point 10, DPS shall immediately report to the Chief Executive and forward to the Board of Directors no later than 7 (seven) working days after the acknowledgement of lack of follow up by member of the Board of Directors.

Frequency and Advisory and Recommendations of the BRI Life DPS

In providing recommendations and advisory, the Sharia Supervisory Board conducts meetings based on the Sharia Supervisory Board Charter, which is regulated as follows:

1. Sharia Supervisory Board Meeting shall be held regularly at least 6 (six) times in 1 (one) year.
2. Meetings may be held at any time upon the request of 1 (one) or several Members of the Sharia Supervisory Board or at the request of the Board of Directors, stating the matters to be discussed.
3. Decisions in the Sharia Supervisory Board Meeting are done through deliberation. In the event that consensus cannot be reached, then a decision shall be made by vote, with agreeing vote of more than 1/2 (one half) of number of valid votes cast in the meeting.
4. All decisions of the meeting shall be binding to all Members of the Sharia Supervisory Board.

2017 GCG ASSESSMENT FOR THE BOC AND BOD

BOARD OF COMMISSIONER PERFORMANCE ASSESSMENT

Board of Commissioners' Performance Assessment

The Board of Commissioners prepares a work plan at the beginning of every year and conducts Self-Assessment for the target performance on a regular basis each semester. In conducting the self-assessment, the Board of Commissioners also reviews the execution of the duties of committees and secretariats reporting directly to the Board of Commissioners, in accordance with the targets set out in the Work and Budget Plan.

Material	Date	Output
Performance Review of the Board of Commissioners and Board of Commissioners' Committee Semester I 2017	29 August 2017	Evaluation results of the committee duties Semester I 2017, submitted in Minutes of Meeting No. R.47A-KOM/08/2016.
Report of the Audit Committee Activities in 2017	25 January 2018	Report on the Audit Committee's work program implementation in 2017.

Assessment Indicators and Criteria

The performance indicator or criteria of the Board of Commissioners is measured from the realization of work plans/work programs and budget (RKA) that have been prepared at the beginning of each year. The Board of Commissioners' work program is prepared by taking into account the Key Success Factors of the Board of Commissioners' duties.

In 2017, Board of Commissioners' Self-Assessment is carried out by using the following indicators:

No	Aspects	Indicators	Weight (%)
1	Off Site Supervision	a. Review of Audit Result Report and follow-up of audit result. b. Financial Statements Review Result c. GCG Self-Assessment Result d. Review results on Risk Profile and Compliance Function Report and bank soundness. e. Review Results of Sufficiency of Integrated Internal Control, Integrated Risk Profile, Integrated Governance, and Annual Report on Integrated Governance. f. Self-Assessment Results on Financial Conglomeration Integrated Governance	10.00 10.00 10.00 10.00 5.00 5.00
Sub Total			50.00
2	On Site Supervision	a. Total Meetings b. Total Working Visit	15.00 20.00
Sub Total			35.00



2017 GCG ASSESSMENT FOR THE BOC AND BOD

No	Aspects	Indicators	Weight (%)
3	Bank Performance	a. Earnings - Profit For The Year - ROA b. Liquidity - Third Party Funds - LDR c. Loans - Credit Expansion - NPL	2.50 2.50 2.50 2.50 2.50 2.50
Sub Total			15.00
TOTAL			100.00

The achievement of the performance indicators is calculated based on the weighted average with the following scoring criteria:

- a. 80 - 100 = Very Good
- b. 70 - < 80 = Good
- c. 55 - < 70 = Moderate
- d. < 55 = Insufficient

BOC Performance Assessment Mechanisms

The Board of Commissioners performance evaluation is conducted through Self-Assessment per semester based on the work plan and Key Performance Indicator (KPI), prepared at the beginning of the financial year. Assessment is carried out by the Board of Commissioners in the Internal Meeting of the Board of Commissioners and the results are utilized as the improvements measures basis of the performance of members of the Board of Commissioners and its Committees.

Review/Results of Assessment and Disclosure

Based on the self-assessment results of the Board of Commissioners, the achievement of Key Performance Indicators (KPI) in 2017 yielded a score of **97.89** with the criteria "Excellent", and the achievement of each indicator are as follows:

No	Aspects	Indicators	Targets	Realizations	Value	Weight (%)	Last Scores
1	Off-Site Supervision	a. Review of Audit Result Report and follow-up of audit.	Conducted according to the provisions and on time according to target	Review of Internal and external Audit Result are carried out in accordance with the provisions and on time according to target	1	10.00	10.00
		b. Financial Statements Review	Conducted according to the provisions and on time according to target	Review of Financial Statements is carried out in accordance with the provisions and on time according to target	1	10.00	10.00
		c. Pelaksanaan Penilaian Self Assessment GCG	Conducted according to the provisions and on time according to target	GCG Self-Assessment shall be implemented every Semester in accordance with the provisions and on time according to target	1	10.00	10.00

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

2017 GCG ASSESSMENT FOR THE BOC AND BOD

No	Aspects	Indicators	Targets	Realizations	Value	Weight (%)	Last Scores	
	d	Review of Risk Profile and Compliance Function Report and bank soundness	Conducted according to the provisions and on time according to target	Review of the Risk Profile Report, Compliance Function, and the Bank's soundness are carried out every Semester in accordance with the provisions and timely on target	1	10.00	10.00	
	e	Review of Adequacy of Integrated Internal Control, Integrated Risk Profile, Integrated Governance, and Annual Report on Integrated Governance	Conducted according to the provisions and on time according to target	Review of Adequacy of Integrated Internal Control, Integrated Risk Profile, Integrated Governance, and Annual Report on Integrated Governance are carried out every Semester in accordance with the provisions and timely on target	1	5.00	5.00	
	f	Self-Assessment on Financial Conglomeration Integrated Governance	Conducted according to the provisions and on time according to target	Self-Assessment on Financial Conglomeration Integrated Governance is carried out every Semester in accordance with the provisions and timely on target	1	5.00	5.00	
Sub Total						50.00	50.00	
2	On Site Supervision	a	Total Board of Commissioners' Meetings	18 BOC Meetings and Joint Meetings	45 BOC Meetings and Joint Meetings	1	15.00	15.00
		b	Total Working Visits	19 Regional Offices	17 Regional Offices	0,89	20.00	17.89
Sub Total						35.00	32.89	
3	Bank Performance	a	Earnings				-	
			Profit For The Year	27.75	28.46	1	2.50	2.50
			ROA	3.68%	3.69%	1	2.50	2.50
		b	Liquidity				-	
			Third Party Funds	787.11	803.33	1	2.50	2.50
			LDR	90.88	88.13	1	2.50	2.50
		c	Loans				-	
			Credit Expansion	715.29	708.001	0.99	2.50	2.47
			NPL	2.11%	2.10%	0.995	2.50	2.49
Sub Total						15.00	14.96	
TOTAL						100.00	97.86	

Assessment Aspects	Scores
Off Site Supervision	50.00
On Site Supervision	32.89
Bank Performance	15.96
Total	97.89 (Excellent)



2017 GCG ASSESSMENT FOR THE BOC AND BOD

Assessment of the Board of Commissioners

General Meeting of Shareholders (GMS)

The Board of Commissioners' performance review procedure shall be conducted by the Shareholders in the Annual GMS at the time of submission of the report of the Board of Commissioners' supervisory duty to the GMS in the Company's Annual Report, whereby the AGMS declares and grants the *acquit et de charge* to the Board of Commissioners for the supervisory actions conducted in the Fiscal Year ending at the end of the year.

- **Performance Evaluation Criteria of the Board of Commissioners by the GMS**

The Board of Commissioners' performance in 2017 is reflected in the achievement of the Annual Work Program/Annual Work Plan of the Board of Commissioners of 2017. The work program is fully achieved on time and in accordance with prevailing laws and regulations.

- **Assessors**

The performance appraisal of the Board of Commissioners shall be conducted by the Shareholders in the General Meeting of Shareholders.

- **Performance Evaluation Results of the Board of Commissioners by the GMS**

The Board of Commissioners' performance in 2017 is reflected in the achievement of the Annual Work Program/Annual Work Plan of Board of Commissioners, which is fully achieved. Based on the Minister of State-Owned Enterprises Regulation No. PER-09/MBU/2012 dated July 6, 2012, on the Amendment to the Minister of State-Owned Enterprises Regulation No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance in the State-Owned Enterprises, the Board of Commissioners is required to prepare an annual Work Plan and Budget (RKA) of the Board of Commissioners, which is an integral part of the Company's Annual RKA. In addition, BRI's Articles of Association also set forth the Board of Commissioners' responsibility to formulate a work program that is an integral part of the Company's Work Plan and Budget prepared by the Board of Directors.

The Annual Work Plan of the Board of Commissioners is prepared by taking into account the duties, authorities, and responsibilities of the Board of Commissioners as stipulated in the prevailing laws and regulations. In its implementation, the Annual Work Plan and Budget of the Board of Commissioners is utilized as the working guideline for each member of the Board of Commissioners in carrying out its supervisory duties throughout the current year.

GCG Self Assessment

The Board of Commissioners also conducts GCG self-assessment related to the bank's soundness level every semester using the Self-Assessment Working Paper, as referred to in the OJK regulation. The self-assessment includes assessment of the Implementation of Duties and Responsibilities of the Board of Commissioners (factor 1), Comprehensiveness and Execution of Committee's duties (factor 3), and Handling of Conflict of Interest (factor 4).

- **GCG Self-Assessment Evaluation Criteria by the Board of Commissioners**

The GCG self-assessment is conducted by the Board of Commissioners in a comprehensive and structured manner that is integrated into 3 (three) aspects of governance, i.e.: governance structure, governance process, and governance outcome that must be supported with adequate data/information and documents, such as internal policies, internal reports, bank statements, and/or other published disclosures.

- **Assessors of GCG Self Assessment**

Board of Commissioners' GCG Self-Assessment is conducted by the Board of Commissioners and Members of the Committees Reporting Directly to the Board of Commissioners.

- **Results of GCG Self-Assessment by the Board of Commissioners**

The Board of Commissioners' GCG self-assessment results in 2017 are as follows:

2017 GCG ASSESSMENT FOR THE BOC AND BOD

Assessment Aspects	Ratings
Governance Structure	1
Governance Process	1
Governance Outcome	1
Average	1 (Excellent)

ASEAN Corporate Governance Scorecard (ACGS)

One of the external performance assessment of the Board of Commissioners is through the ASEAN Corporate Governance Scorecard.

- Procedures of the Board of Commissioners' Performance Assessment through ASEAN CG Scorecard**

The procedures of the Board of Commissioners' Performance Assessment through ASEAN CG Scorecard shall be based on publicly available information or documents relating to GCG practices on the Board of Commissioners' performance.

- Criteria for the Performance Evaluation of the Board of Commissioners by ASEAN CG Scorecard**

The parameters governing the responsibilities of the Board of Commissioners in the assessment of the ASEAN CG Scorecard are as follows:

- 1 Duties and Responsibilities of the Board of Commissioners.
- 2 Structure of the Board of Commissioners.
- 3 Process of the Board of Commissioners.
- 4 Members of the Board of Commissioners.
- 5 Performance of the Board of Commissioners.

- Assessors**

The assessor of the performance assessment of the Board of Commissioners under the ASEAN CG Scorecard is IICD, the official body appointed by OJK to conduct the Bank's assessment..

- Performance Assessment Results of the Board of Commissioners by ASEAN CG Scorecard**

The BRI 2017 Score on the fifth main principal component, i.e. the responsibility of the Board of Commissioners, is 37.84 or with good predicate. This indicates that the Board of Commissioners has been consistent and continuously strives to ensure the GCG principles implementation in every business activity of the Bank.

Compared with the results of the company's compliance assessment related to the Board of Commissioners in the previous year (ASEAN CG Scorecard 2016), there is an increase in performance achievement by **5.40%** (from 89.19% to 94.59%) or an increase in CG Score on Principle E amounted to **2.16 points** (from 35.68 to 37.84 points). This increase was due to the improvement of the company on **4 (four) assessment items**, i.e. the Improvement in the Structure of the Board of Commissioners and Board of Commissioners Process.

Mechanism/assessment process by Independent Party

In addition to Board of Commissioners' Performance Assessment using the KPI Parameters and the Self-assessment of GCG in accordance with the provisions of the OJK, the performance appraisal of the Board of Commissioners is also conducted by OJK and independent parties, in particular, related to Good Corporate Governance implementation. Based on the evaluation of OJK related to the Board of Commissioners' performance in the Good Corporate Governance Implementation, it is **ranked 2** or in **good** category.

Indonesian Institute for Corporate Directorship (IICD) also conducted the Company's GCG implementation. IICD is an independent party that conducting an assessment of the Good Corporate Governance implementation using the ASEAN Score Card standard. Based on the independent assessment, the Company's **scored 102.00** or in **Good** category.



2017 GCG ASSESSMENT FOR THE BOC AND BOD

In addition to IICG, the Indonesian Institute for Corporate Governance (IICG) also assesses the GCG implementation by using the research program of GCG implementation: Corporate Governance Perception Index (CGPI). Based on the independent assessment, the Company's **scored 87.74** or in **Good** category (Self-assessment: 25.90, Documentation 22.85, Paper 13.46, and Observation 25.53).

Performance Assessment on Committees of the Board of Commissioners

Throughout 2017, the Committees Reporting Directly to the Board of Commissioners are the Audit Committee, Risk Management Monitoring Committee, Nomination and Remuneration Committee, and Integrated Governance Committee. They have performed their respective roles and responsibilities well and have provided significant support to the execution of duties and the supervisory responsibility of the Board of Commissioners.

Each committee has performed its appropriate functions and roles in accordance with the prevailing provisions, and has provided recommendations and inputs to the Board of Commissioners in performing its functions and roles as Supervisor and has provided advice to Management. In general, the Board of Commissioners' assessment of the performance of the Committees are as follows:

- **Komite Audit**

The Audit Committee's role is reflected in ensuring the adequacy of internal controls, including the adequacy of the financial reporting process. The Audit Committee has evaluated the effectiveness and suitability of the audit conducted by the Public Accountant Firm and reviewed the financial statements and other financial information in order to ensure compliance with the accounting standards and applicable rules. The Board of Commissioners considers that all of the Work Plan and Budget of the Audit Committee have been carried out according to the set targets.

- **Risk Management Oversight Committee**

BRI's ability to manage risks is an integral part of the success of the Risk Management Oversight Committee along with Directorate of Risk Management in carrying out their duties and responsibilities to review and monitor the risk management implementation at BRI. Risk profile rating is in "Low to Moderate" level. The result of good risk management synergies is good credit portfolio quality and low percentage of non-performing loan in 2017. The Board of Commissioners considers that all of the Work Plan and Budget of the Risk Management Oversight Committee have been carried out according to the set targets.

- **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee also contributes largely, especially related to the evaluation of employees' remuneration and employment policies, the remuneration of the Board of Directors and Board of Commissioners, and the overall management of Human Resources. In addition, the Nomination and Remuneration Committee has also provided constructive advice and input on the systems and procedures for the election and/or replacement of members of the Board of Directors and Board of Commissioners, and the independent members of the committees of the Board of Commissioners. The Board of Commissioners considers that all of the Work Plan and Budget of the Nomination and Remuneration Committee have been carried out according to the set targets.

- **Integrated Governance Committee**

In accordance with the provisions of the Financial Services Authority, the Board of Commissioners has established an Integrated Governance Committee composed of elements from members of the Board of Commissioners of BRI, members of the Board of Commissioners of Bank BRI Agro, BRI Life, BRI Finance, and members of the Board of Commissioners and Board of Trustee of Bank BRI Syariah. During 2017, the Integrated Governance Committee has provided input to the Board of Commissioners on the Integrated Risk Management Policy, integrated audit, and integrated Compliance function.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

2017 GCG ASSESSMENT FOR THE BOC AND BOD

BOD PERFORMANCE ASSESSMENT IN 2017

The BOD performance evaluation shall be conducted based on KPI of the BOD formulated at the beginning of the relevant year.

BOD Performance Assessors

The Nomination and Remuneration Committee and the BOC assess the BOD performance in 2017 quarterly in the form of Key Performance Indicators (KPI) achievement evaluation.

Furthermore, the BOC prepares the Supervision Report to be submitted to:

- Ministry of SOE and OJK periodically in each semester of the respective financial year.
- The General Meeting of Shareholders as part of the BOC Supervisory Report as the basis for the General Meeting of Shareholders in determining the amount of remuneration of the BOC and the BOD in the following fiscal year.

Flow Board of Directors Performance Assessment Procedures



BOD Assessment Indicators

The BOD performance appraisal is conducted by referring to the BOD's KPI which is then categorized into aspects of performance as follows:

- Finance:** The focus of the company to increase revenue and minimize costs
- Customer:** The focus of the company is to improve Customer's perception of the Company's "value proposition". Customers here include internal customers, external customers, including regulators.
- Innovation:** Company focus to improve product / service innovation, customer value, and business process effectiveness
- Workers:** The focus of the Company to improve organizational development, ability, and engagement Workers



2017 GCG ASSESSMENT FOR THE BOC AND BOD

2017 BOD KPI and Achievement Criteria

Position	KPI 2017
Board of Directors PT Bank Rakyat Indonesia (Persero) Tbk.	<ul style="list-style-type: none"> • Implement Corporate Plan, Bank Business Plan and Work & Budget Plan. • Achievement of performance indicator targets, including on the aspects of: <ul style="list-style-type: none"> 1) Finance and Market 2) Customer Focus 3) Products & Process Effectiveness 4) Employment Focus 5) Leadership, Governance & Social Responsibility • Providing the Bank's management reports and documents. • Providing a description of the Bank's management. • Achieving performance targets of Internal Audit and Corporate Secretary. • Follow-up on audit findings.

The Board of Directors of PT Bank Rakyat Indonesia Tbk collectively performs duties and responsibilities based on the Key Performance Indicators (KPI) and conducts the evaluation and assessment of the KPI together with the Board of Commissioners of PT Bank Rakyat Indonesia (Persero) Tbk.

2017 BOD Performance Assessment Result

In addition to the assessments made by the Board of Directors, the Board of Directors also conducts Performance Directors' assessment for 2017 based on Criteria for Superior Performance Assessment (KPKU), which is regularly conducted in accordance with the criteria set by the Ministry of SOEs of the Republic of Indonesia. The assessment results based on the Superior Performance Assessment Criteria (KPKU) are listed in the sub-section of Performance Appraisal of the Board of Directors through Approach of SOE Superior Performance Assessment Criteria (KPKU) with 7 (seven) assessment categories consisting of 6 (six) process categories and 1 (one) category results as follows:

- Category 1. Leadership
- Category 2. Strategic Planning
- Category 3. Customer Focus
- Category 4. Measurement, Analysis, and Knowledge Management
- Category 5. Employment Focus
- Category 6. Operations Focus
- Category 7. Result

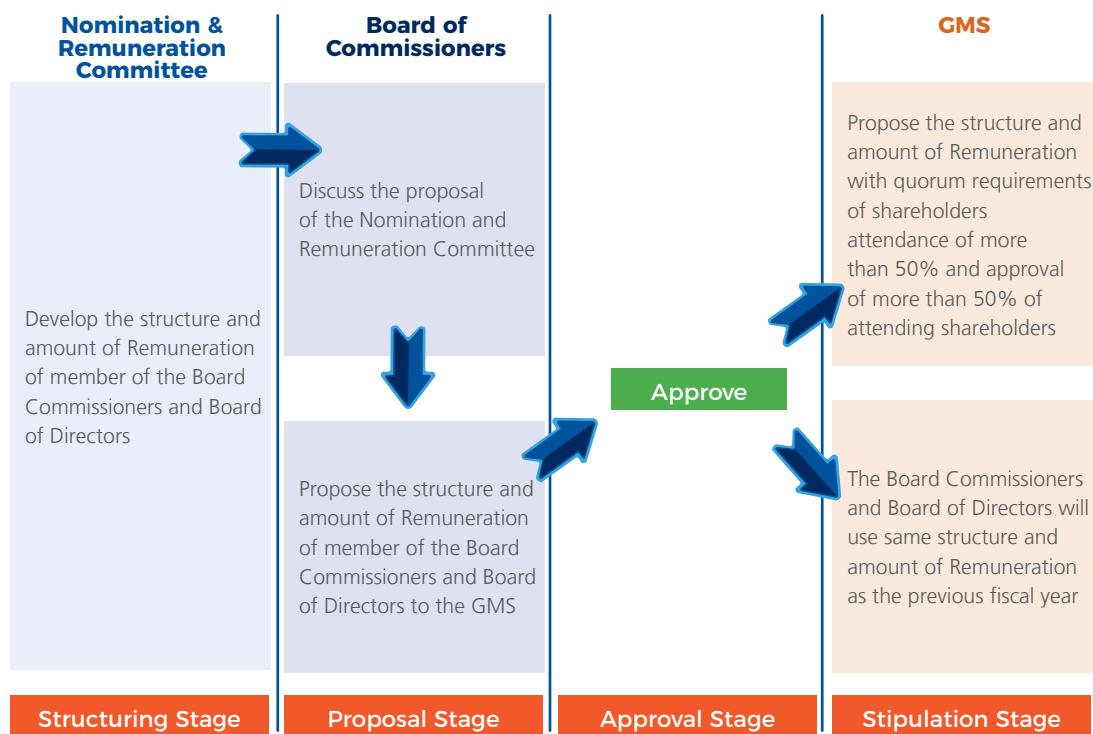
REMUNERATION POLICY OF THE BOC AND BOD

Pursuant to the Article 113 of Law No. 40 of 2007 on Limited Liability Companies, GMS stipulates the honorarium and allowances for the Board of Commissioners. Furthermore, based on Article 96 of the Law, GMS shall determine the amount of salary and allowances for members of the Board of Directors, and the authority of the GMS can be delegated to the Board of Commissioners.

Based on Minister of SOEs Regulation No. PER-01/MBU/06/2017 on the Second Amendment to the Minister of SOEs Regulation No. PER-04/MBU/2014 on Guidelines for Remuneration of Directors, Board of Commissioners, and Board of Trustees of State-Owned Enterprises.

Based on the aforementioned provisions, taking into account the recommendations of the Nomination and Remuneration Committee, in every Annual GMS, the Board of Commissioners submits the proposals on the determination of salaries/honorarium, allowances, facilities, and tantiem for members of the Board of Commissioners and Board of Directors to the General Meeting of Shareholders. The Nomination and Remuneration Committee provides recommendations after evaluating the Company's performance, business size, and remuneration survey results in the banking industry.

REMUNERATION PROCEDURE FOR THE BOC AND BOD





REMUNERATION POLICY OF THE BOC AND BOD

Stages	Activities
Structuring Stage	<p>Nomination and Remuneration Committee</p> <p>The Nomination and Remuneration Committee evaluates the structure and amount of the remuneration of the BOC and the BOD by taking into account the Bank's long-term performance, risks, fairness with the peer group, objectives, and strategies, the fulfillment of reserves as stipulated in legislation, will come. Based on the evaluation results, the Nomination and Remuneration Committee recommended the structure and amount of the Remuneration in the BOC's meeting.</p>
Proposal Stage	<p>Board of Commissioners</p> <p>The BOC submits proposals on the determination of honoraria, allowances and facilities and tantiems for members of the BOC and BOD to the General Meeting of Shareholders.</p>
Stipulation Stage	<p>General Meeting of Shareholders (GMS)</p> <p>The GMS may approve and determine the structure and amount of the remuneration with the quorum requirement of more than 50% shareholder presence and approval by more than 50% of the present shareholders. In the event that the GMS does not approve the proposal, the BoC and BoD will use the same structure and amount of remuneration as in the previous financial year.</p>

REMUNERATION GOVERNANCE POLICY DISCLOSURE

1. Nomination and Remuneration Committee

- a. Name, composition, duties, and responsibilities
- b. The name, composition, duties, and responsibilities of the Members are described in the Chapter of Supporting Organs of the Board of Commissioners - Nomination and Remuneration Committee.
- c. Number of meetings
- d. The number of meetings is delivered in the Chapter of Supporting Organs of the Board of Commissioners - Nomination and Remuneration Committee. (Data supported by Corporate Secretary and Secretary of the Board of Commissioners)
- e. Remuneration paid to members of the Nomination and Remuneration Committee for 1 (one) year.

Remuneration for Members of the Nomination and Remuneration Committee	Total Received in 1 Year (2017)	
	Personnel*	Million
Remuneration	13	111,595

*) including existing Board of Commissioners and changes in the Board of Commissioners in 2017, as well as non-Commissioner committee members

2. Remuneration policy development process includes:

- a. Background and Objectives of remuneration policy.
 In order to maintain and retain the Employees, it is necessary to regulate the Remuneration policy that can maintain and enhance the motivation of Employees and encourage the creation of a conducive working climate. The Company prepares a Remuneration policy aiming at attracting potential Employees, maintaining competent Employees and maintaining Employees' motivation to excel.
- b. Evaluation of remuneration policy of the previous year and its improvement.
 The Bank prepares a Remuneration policy based on practices in the labor market in the banking sector and is constantly reviewing and updating in accordance with changes and business developments with due regard to the Bank's capabilities.
- c. Remuneration independence for employees in the control unit.
 Employees' Remuneration is arranged based on the position of the Employee through the result of job evaluation. Hence, the Remuneration received by the Employees in the control unit is not related to the supervised unit.

3. Scope of remuneration and implementation policies per business unit, per region, and at subsidiaries or overseas branch offices

In order to align with the different levels of trans-regional overhead, the Bank provides assistance with the high-cost adjustment in the form of Premium Allowance. The Bank conducts regular review of Premium Allowance if necessary in accordance with the expenditure level in each region and the Bank's ability. The Subsidiaries have separate and self-made Remuneration Policy by Subsidiaries.

4. Risk associated remuneration includes:

The remuneration is associated with risk and is based on the consideration of Employee's Person Grade and/or Job Grade in a wage structure that describes the Employees Remuneration from the lowest to the highest positions. On all positions, a specified wage range is created that represents the minimum wage, midpoint wage (mid-value), and up to the maximum wage. The amount of remuneration received by the Employee is considered equal to the burden and potential risk attached to the position. The higher the position, the higher the Employees' duties and responsibilities in making decisions that have a significant impact on the Bank's risk profile/exposure.



REMUNERATION GOVERNANCE POLICY DISCLOSURE

As such, the Bank has established the parties as the Material Risk Takers (MRT), based on certain considerations in accordance with the potential risks arising from a position. For those designated as MRT, the Bank shall suspend variable Remuneration payments partially.

5. Performance measurement related with remuneration includes:

- a. Remuneration policy toward performance assessment.

To encourage Employees to excel, the Bank has a variable compensation program provided to Employees who achieve and exceed the performance targets. The Employees with high achievement will obtain high variable compensation as well. Conversely, the Employees who underachieved will obtain low variable compensation, or do not obtain any variable compensation at all.

- b. Individual remuneration methods with the bank's performance, unit's performance, and individual's performance.

In the provision of Employees' variable compensation, the amount of compensation value received by the Employees depends on the performance of the Bank, the unit's performance, and the individual's performance in which each component has a target achievement indicator, weight, and independent multiplier factor.

- c. Remuneration adjustment methods toward underachieved performance.

At the beginning of the year, the Bank has established requirements to be met by Employees to obtain variable compensation, one of which is performance achievement. For Employees who do not meet the stipulated requirements, they will not receive any variable compensation.

6. Remuneration adjustment related to performance and risk which includes:

- a. Remuneration policy on the amount and criteria with suspended variable.

Pursuant to Joint Decree of the Board of Directors and Board of Commissioners No. 09-KOM/BRI/11/2017 dan S.1023-DIR/KPS/11/2017 dated 30 November 2017 on the Remuneration Governance of PT Bank rakyat Indonesia (Persero) Tbk., has been stipulated the following matters:

- a.1 For parties designated as MRT, some variable remuneration will be suspended.
- a.2 The amount of suspension for the Board of Directors and Board of Commissioners is 20% of Tantiem..

- b. Remuneration policy on deferred variable which is delayed or cancelled.

The Bank may defer payment of Remuneration, which is suspended variable to MRT that proven to perform Individual Fraud.

7. Name of external consultant and duties related to the remuneration policy

One of the principles of the Bank's remuneration is externally competitive, in which the Remuneration provided is at a competitive level to the banking industry. As such, the Bank cooperates with Willis Towers Watson in charge of benchmarking and/or conducting Salary Survey, in accordance with the Bank's request regarding remuneration policy.

8. Remuneration package and facilities received by the Board of Directors and Board of Commissioners covering remuneration structure and total amount

Please view the data on Sub Chapter of the Board of Directors and Board of Commissioners Remuneration Structure.

REMUNERATION GOVERNANCE POLICY DISCLOSURE

9. Remuneration packages grouped into income levels received by the Board of Directors and Board of Commissioners within 1 year

Please view the data on Sub Chapter of the Board of Directors and Board of Commissioners Remuneration Structure.

10. Variable remuneration includes:

- The schemes and reasons for the selection of variable remuneration.

The compensation to Employees is provided within the framework of a fair, competitive system, and in line with the Bank's needs and capabilities. The compensation is divided into 2 (two), i.e.:

- Fixed compensation, consisting of Basic Salary and Allowances; and
- Variable compensation granted to Employees based on the performance achievement, as follows:

- Performance Allowances

Performance Allowance is a compensation variable stipulated by the Bank at the beginning of the year. Performance Allowances aims to encourage Employees' motivation,

to directly reward in achieving and exceeding individual targets, unit target, and bank targets.

- Bonus

Bonus is a compensation variable not promised by the Bank. Bonus is granted to Employees to give appreciation on the achievement of the Bank's performance.

- Reasons for differences in variable remuneration (Board of Directors, Board of Commissioners, and Employees).

The Company provides greater variable compensation for Marketers. This is due to the following matters:

- Marketer is a profit maker.
- To encourage Marketers to exceed the target set.
- Appreciation to Marketers.

The differences in variable compensation are based on consideration of performance achievement and competence, including the achievement of unit performance and bank's performance.

11. Total Board of Directors, Board of Commissioners, and Employees received variable remuneration for 1 (one) year and the total nominal value

Description	Total	Total Nominal
Board of Directors	Board of Directors Remuneration Structure Table	
Board of Commissioners	Board of Commissioners Remuneration Structure Table	
Employees	92,819	5.8 Trillion

12. Position and total parties of Material Risk Taker

The following are parties set as MRT:

- Board of Directors
- Board of Commissioners
- Senior Executive Vice President (SEVP)

13. Share Option owned by the Board of Directors, Board of Commissioners and Executives

- Share Option Policy
 (Data is presented in the Share Option sub chapter)
- Total shares owned by the Board of Directors, Board of Commissioners and Executives prior to Share Option facility.
 Can be viewed on the sub chapter of Share Ownership of BRI Board of Directors and Board of Commissioners



REMUNERATION GOVERNANCE POLICY DISCLOSURE

- c. Total Share Option granted

The Share Option quantity considers aspects of the Bank's performance, units, and individuals, and taking into account the stock options that have been allocated for share option policies.

- d. Total share option exercised up to the end of 2017

There was no share option exercised in 2017.

14. Highest and lowest salary ratio

Salary Ratio	2015	2016	2017
Highest and Lowest Employee Salary	39.07	49.47	37.93
Highest and Lowest Board of Directors Salary	1.11	1.11	1.11
Highest and Lowest Board of Commissioners Salary	1.11	1.11	1.11
Highest Board of Directors Salary and Highest Employee Salary	1.51	1.84	2.10

15. Total recipients and total variable remuneration granted without conditions by the Bank to candidates of the Board of Directors, candidates of the Board of Commissioners, and/or candidated of employees during the first year of employment

There is no variable compensation provided with condition requirements.

16. Total employees granted termination and total severance paid

There were no employees granted termination and no total severance paid.

17. Total suspended variable remuneration consisted of cash and/or shares or shares intstruments issued by the Bank

The Bank has not yet implementing the total suspended variable remuneration consisted of cash and/or shares or shares intstruments issued by the Bank.

18. Total suspended variable remuneration paid during 1 (one) year

The Bank has not yet implementing the total suspended variable remuneration paid during 1 (one) year.

19. Details of total remuneration granted within a year

- a. Fixed or Variable Remuneration.

Description	Total
Fixed compensation	9.98 Trillion
Variable compensation	5.8 Trillion

- b. Suspended or non suspended remuneration.

Not yet implemented

- c. Remuneration in cash and/or shares or shares instruments issued by the Bank.

- Monthly Salary
- Religious Holidays Allowances
- Leave Allowances
- Performance Allowances
- Bonus

REMUNERATION GOVERNANCE POLICY DISCLOSURE

20. Quantitative information regarding:

- a. Total deferred remuneration, either under implicit or explicit adjustment.
Not yet implemented during current year.
- b. Total remuneration reduction due to explicit adjustment in 2017.
Not yet implemented during current year.
- c. Total remuneration reduction due to implicit adjustment in 2017.
Not yet implemented during current year.

BOC REMUNERATION STRUCTURE

The remuneration structure of members of the Board of Commissioners covers the following:

1. Honorarium and Tantiem

The Honorarium and Tantiem of the President Commissioner shall be set at 50% of the salary of the President Director, while Honorarium and Tantiem Vice President Commissioners and members of the Board of Commissioners shall be respectively 95% and 90% of the Honorarium of the President Commissioner.

2. Benefits

The allowance of the Board of Commissioners is as follows:

No	Types	Description
1.	Religious Holidays Allowance (THRK)	<ul style="list-style-type: none"> a. THR is granted since the member was appointed by the General Meeting of Shareholders. b. The maximum amount of THR is 1 (one) time monthly honorarium and paid-in full
2.	Transportation Allowance	<ul style="list-style-type: none"> a. Transportation allowance is given each month at 20% of monthly honorarium of each member of the Board of Commissioners b. In the event that the Commissioner has been granted a vehicle facility by way of rental as stipulated in the previous decree, then it is regulated as follows: <ul style="list-style-type: none"> 1). The provisions of vehicle facilities shall be guided by prior decisions until their lease term expires, and subsequently follow the provisions of point a above. 2). For the Commissioner who resign from his/her position, and the rental period of the vehicle has not expired yet, they will be given the opportunity to buy a vehicle for the remaining unpaid lease, with the purchase price of the vehicle to be negotiated with the vendor. The Commissioner is given a transitional period of 30 (thirty) days to use the vehicle.
3.	Post-Tenure Insurance	<ul style="list-style-type: none"> a. Commissioner is registered to Post-Tenure Insurance Program. b. Maximum premium is 25% (twenty-five percent) of honorarium per year.
4.	Club Membership Allowance	Given 2 (two) professional Club memberships
5.	Corporate Clothing	Given 2 (two) corporate suits and 1 (one) batik shirt each year.



REMUNERATION GOVERNANCE POLICY DISCLOSURE

3. Facilities

Facilities granted to the Board of Commissioners are as follows:

No	Types	Description
1.	Healthcare	<ul style="list-style-type: none"> a. Medical and treatment expenses for members of the Board of Commissioner and their family are fully reimbursed by the Company. b. Covered family members are husband/wife and maximum of 3 (three) children who are not married and working and below 25 (twenty-five) years old. c. Facilities provided are: <ul style="list-style-type: none"> 1) outpatient and medication; 2) inpatient and medication; 3) medical check-up. d. Health facilities such as outpatient and medication mentioned in the letter c including eye examination and medication, as well as glasses purchasing which is fully covered by the Company with the conditions below: <ul style="list-style-type: none"> 1) Reimbursement for frames maximum of Rp15 million in 2 (years) 2) Lens replacement once a year. e. Medical check-up is provided with below conditions: <ul style="list-style-type: none"> 1) Medical check-up is provided once a year 2) Medical check-up is conducted domestically. f. In the event that the doctor gives a reference to have overseas treatment, health facility is given entirely. This facility includes transportation and accommodation for the patient and one companion.
2.	Legal Assistance	<ul style="list-style-type: none"> a. The Bank provides legal assistance in the event of legal situation related to his/her position, the Bank's objectives or business activities. b. Legal assistance is given with procedures and conditions according to the prevailing Minister of SOEs Regulations.
4.	Other Facilities	The following are other facilities granted to the Board of Commissioners:

No	Types	Description
1.	Other Facilities	Members of the Board of Commissioners may be provided with other facilities for the execution of operational duties, such as official travel, laptop/iPad, and driver, pursuant to the Bank's internal rules stipulated in a decision of the Board of Directors.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

REMUNERATION GOVERNANCE POLICY DISCLOSURE

BOC Remuneration Amount in 2017

No	Name	Salary	Religious Holidays Allowances	Tantiem	Housing Allowances
BRI Board of Commissioners					
1	Andrinof A Chaniago *)	✓	✓	-	-
2	Mustafa Abubakar **)	✓	-	✓	-
3	Gatot Trihargo	✓	✓	✓	-
4	Adhyaksa Dault *****)	✓	✓	✓	-
5	Nicolaus T.B Harjanto *)	✓	✓	-	-
6	Ahmad Fuad **)	✓	-	✓	-
7	A. Fuad Rahmany	✓	✓	✓	-
8	A. Sonny Keraf	✓	✓	✓	-
9	Vincentius Sonny Loho	✓	✓	✓	-
10	Jefrry J. Wurangian	✓	✓	✓	-
11	Mahmud	✓	✓	✓	-
12	Rofikoh Rokhim ****)	✓	-	-	-
Total		14,355,000,000	1,196,250,000	90,998,609,626	-

*) Appointed by the GMS dated 15 March 2017

**) Terminated by the GMS dated 15 March 2017

***) Terminated by the GMS dated 23 March 2016

****) Appointed by the EGMS dated 18 October 2017

*****) Terminated by the EGMS dated 18 October 2017

Remuneration Types and Other Facilities	Total Received in 1 year (2017)	
	Personnel	Million
Remuneration		110,095
Salary*	12	14,355
Regular Allowances**	12	4,742
Tantiem**	12	90,999
In Nature Facilities		6,568
Transportation	12	2,871
Post-Tenure Compensation	9	3,697

Total Remuneration/Person in one year	Personnel	Million
Above Rp 2 Billion	11	116,662
Above 1 Billion up to Rp 2 Billion	0	
Above Rp 500 Million up to Rp 1 Billion	0	
Below Rp 500 Million***)	1	383,990

*) Includes Commissioner appointed and terminated at the GMS dated 15 March 2017 and dated 18 October 2017

**) Regular Allowances include THR, Corporate Clothes, Healthcare, Other allowances

***) Commissioners appointed since 18 October 2017

Corporate Governance

Corporate Social Responsibility

Consolidated Financial Statements 2017



REMUNERATION GOVERNANCE POLICY DISCLOSURE

Transportation Allowances	Post-Tenure Insurance Premium/Year	Corporate Clothes	Communication Allowances	Total Remuneration of Personnel Per Year Above Rp2 Billion
✓	✓	✓	-	✓
✓	-	-	-	✓
✓	✓	-	-	✓
✓	✓	✓	-	✓
✓	✓	-	-	✓
✓	-	✓	-	✓
✓	✓	-	-	✓
✓	✓	✓	-	✓
✓	✓	✓	-	✓
✓	✓	✓	-	✓
✓	-	-	-	-
2,871,000,000	3,696,518,750	197,683,947	-	-

REMUNERATION GOVERNANCE POLICY DISCLOSURE

BOD REMUNERATION STRUCTURE

The remuneration structure of the Board of Directors includes the following:

1. Salary and Tantiem

The Salary and Tantiem of the Board of Directors shall be proportionally set toward the salary and tantiem of the President Director, which are 95% from the Vice President Director and 90% for the Board of Directors.

2. Allowances

The allowance of the BOD is as follows:

Allowances	Amount per Board's Member	Description
Religious Holidays Allowances	At maximum one (1) time salary per month, pay in full	Given since the appointment by GMS.
Housing Allowances	Rp27.500.000,-/month including utilization cost.	Housing allowance is not given to members of the BOD that occupy the official residence.
Post Tenure Insurance	Maximum premium of 25% (twenty-five percent) of annual salary.	Included since declared effective from fit and proper test by OJK
Club Membership		President Director/ Vice President Director: <ul style="list-style-type: none"> - 2 (two) Golf Club memberships. - 2 (two) Financial Club memberships. - 1 (one) Fitness Club membership (family club) - 2 (two) Profession Club memberships. Directors: <ul style="list-style-type: none"> - 1 (one) Golf membership. - 1 (satu) Fitness Club membership (family club). - 2 (two) Profession Club memberships.
Corporate Clothing		2 (two) corporate suits and 1 (one) batik per year.
Communication	Reimbursed as per cost	Two (2) cellphones that can be replaced per year.



REMUNERATION GOVERNANCE POLICY DISCLOSURE

3. Facilities

The facilities obtained by the members of the Board of Directors are as follows:

No	Types	Description
1.	Healthcare	<ul style="list-style-type: none"> a. Medical and treatment expenses for members of the Board of Directors and their family are fully reimbursed by the Bank. b. Covered family members are husband/wife and maximum of 3 (three) children who are not married and working and below 25 (twenty-five) years old. c. Facilities provided are: <ul style="list-style-type: none"> 1) outpatient and medication; 2) inpatient and medication; 3) medical check-up. d. Health facilities such as outpatient and medication mentioned in the letter c including eye examination and medication, as well as glasses purchasing which is fully covered by the Bank with the conditions below: <ul style="list-style-type: none"> 1) Reimbursement for frames maximum of Rp15 million in 2 (years) 2) Lens replacement once a year. e. Medical check-up is provided with below conditions: <ul style="list-style-type: none"> 1) Medical check-up is provided once a year 2) Medical check-up is conducted domestically. f. In the event that the doctor gives a reference to have overseas treatment, health facility is given entirely. This facility includes transportation and accommodation for the patient and one companion.
2.	Legal Assistance	<ul style="list-style-type: none"> a. The Bank provides legal assistance in the event of legal situation related to his/her position, the Bank's objectives or business activities. b. Legal assistance is given with procedures and conditions according to the prevailing Minister of SOEs Regulations.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

REMUNERATION GOVERNANCE POLICY DISCLOSURE

BOD Remuneration Amount in 2017

No	Name	Salary	Religious Holidays Allowances	Tantiem	Housing Allowances
BRI Board of Directors					
1	Suprajarto *)	√	√	-	√
2	Asmawi Syam **)	√	-	√	√
3	Sunarso *****)	√	√	√	-
4	Randi Anto *****)	√	√	√	-
5	Mohammad Irfan	√	√	√	√
6	Indra Utomo *)	√	√	-	√
7	Zulhelfi Abidin **)	√	-	√	√
8	Susy Liestiowaty	√	√	√	√
9	Donsuwan Simatupang	√	√	√	√
10	Haru Koesmahargyo	√	√	√	√
11	Kuswiyoto	√	√	√	√
12	Sis Apik Wijayanto	√	√	√	√
13	Priyastomo	√	√	√	√
14	R. Sophia Alizsa ****)	√	-	-	√
15	Handayani ****)	√	-	-	√
16	Gatot Mardiwasisto ***)	-	-	√	-
17	A. Toni Soetirto ***)	-	-	√	-
Total		34,938,451,613	2,914,500,000	230,021,390,374	2,787,744,538

*) Appointed by the GMS dated 15 March 2017

**) Terminated by the GMS dated 15 March 2017

***) Terminated by the GMS dated 23 March 2016

****) Appointed by the EGMS dated 18 October 2017

*****) Terminated by the EGMS dated 18 October 2017

Remuneration Types and Other Facilities	Total Received in 1 year (2017)	
	Personnel	Million
Remuneration		286,916
Salary*	15	34,938
Regular Allowances**	15	21,957
Tantiem***	13	230,021
In Nature Facilities		11,958
Housing Allowances	13	2,788
Post-Tenure Compensation	11	9,171

Total Remuneration/Person in one year	Personnel	Million
Above Rp 2 Billion	15	297,201
Above 1 Billion up to Rp 2 Billion	0	
Above Rp 500 Million up to Rp 1 Billion****)	2	1,674
Below Rp 500 Million	0	

*) Includes salary for the Board of Directors appointed and terminated at the GMS dated 15 March 2017 and EGMS dated 18 October 2017

**) Regular Allowances include THR, Corporate Clothes, Healthcare, Other allowances

***) Includes Tantiem for the Board of Directors appointed and terminated on 15 March 2017 and 18 October 2017 as well as terminated on 23 March 2016

****) The Board of Directors appointed since 18 October 2017



REMUNERATION GOVERNANCE POLICY DISCLOSURE

	Transportation Allowances	Post-Tenure Insurance Premium/Year	Corporate Clothes	Communication Allowances	Total Remuneration of Personnel Per Year Above Rp2 Billion
-	√	√	√	√	√
-	-	√	√	√	√
-	√	-	√	√	√
-	√	-	√	√	√
-	√	√	√	√	√
-	√	-	√	√	√
-	-	-	√	√	√
-	√	-	√	√	√
-	√	√	√	√	√
-	√	-	√	√	√
-	√	√	√	√	√
-	√	-	√	√	√
-	√	√	√	√	√
-	√	-	√	√	√
-	-	√	√	√	-
-	-	-	√	√	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,170,812,500	364,569,579	467,928,725		-

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

BOC MEETINGS

The Board of Commissioners' holds meetings as required in the supervisory and advisory functions. The meeting is divided into joint meetings of the Board of Directors and Board of Commissioners, internal meetings of the Board of Commissioners, and Board of Commissioners meetings with Committees reporting directly to the Board of Commissioners. The joint meetings of the Boards are held simultaneously. This joint initiative may be from both the Board of Commissioners and the Board of Directors. This joint meeting reunites the views and actions of the Board of Commissioners as an organ in charge of supervision and advisory, and the Board of Directors as the executor of Bank's daily operations.

Meeting Policy & Implementation in 2017

Policy

The BOC Meeting Policy is stipulated in BRI's Articles of Association as follows:

Meeting Ethics	<ol style="list-style-type: none"> 1. Board of Commissioners' Meeting shall be held regularly at least once in a month. 2. Joint meeting with the Board of Directors shall be held regularly at least once in 4 (four) months; Meetings may be held at any time upon request of 1 (one) or several Members of the Board of Commissioners, or at the request of the Board of Directors, stating the matters to be discussed. 3. A meeting must be announced by the President Commissioner. If the President Commissioner is absent or unable to attend, in a matter that does not need to be proven to a third party, the meeting shall be called by the Vice President Commissioner, or if the Vice President Commissioner is absent or unable to attend, meetings may be conducted by a member of the Board of Commissioners. 4. Meeting of the Board of Commissioners with the Board of Directors shall be made in writing and delivered or submitted directly to each member of the Board of Commissioners with adequate receipt, or e-mail, no later than 5 (five) days before the meeting, by not taking into account the date of the call and the date of the meeting, or in a shorter time if the meeting is urgent. 5. Call of Meeting of the Board of Commissioners is conducted in writing, and delivered physically or through electronic media. 6. Meeting call as referred to above does not require scheduled meetings based on a previous meeting decision. 7. The guidelines for the meeting are as follows: <ol style="list-style-type: none"> a. In the event that the Board of Commissioners' Meeting invites the Directors, the Secretary of the Board of Commissioners may coordinate with the Company's Secretariat Division. b. Meetings are held at the Company's place of domicile or elsewhere within the territory of the Republic of Indonesia or at the Company's place of business. c. The Secretary of the Board of Commissioners is responsible for the agenda and schedule of meetings, by considering the input of the Board of Commissioners. d. The Secretary of the Board of Commissioners is responsible for assisting, organizing, and preparing the meetings, preparing and distributing the agenda and discussion materials. e. In the event that the Board of Commissioners' Meeting invites the Directors, the Secretary of the Board of Commissioners may coordinate with the Company's Secretariat Division. f. The material of the Board of Commissioners' meeting with the Directors must be given to the Board of Commissioners no later than 3 (three) working days before the meeting. Thus, the Board of Commissioners shall have the opportunity to review the information and/or request additional information before the meeting. 8. Meetings are valid and are entitled to take binding decisions when attended or represented by more than $\frac{1}{2}$ (one half) of the total members of the Board of Commissioners.
-----------------------	--



BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

Decision Making	<ol style="list-style-type: none"> 1. Decisions in the Board of Commissioners' Meeting are done through deliberation. In the event that consensus cannot be reached, then a decision shall be made by vote, with agreeing vote of more than 1/2 (one half) of number of valid votes cast in the meeting. 2. The chair of the meeting should present the conclusions and decisions at the end of the meeting. 3. All decisions of the meeting shall be binding to all Members of the Board of Commissioners. 4. A member of the Board of Commissioners may be represented in a meeting only by other members of the Board of Commissioners by a written authority granted exclusively for that purpose, and a member of the Board of Commissioners may only represent another member of the Board of Commissioners. In the aforementioned power, a member of the Board of Commissioners who is unable to attend a Board of Commissioners' Meeting may submit his opinion on whether he supports or does not support the matters to be discussed and this opinion shall be deemed valid in the Board of Commissioners' Meeting. 5. In the event that a member of the Board of Commissioners and/or Directors cannot attend a meeting physically, the Board of Commissioners and/or Directors may attend the meeting through teleconference media, conference video, or other electronic media facilities in accordance with applicable regulations.
Voting Rights	<ol style="list-style-type: none"> 1. The voting rights in the meeting are organized as follows: <ol style="list-style-type: none"> a. Each member of the Board of Commissioners shall be entitled to issue 1 (one) vote and 1 (one) additional vote for the Members of the Board of Commissioners whom he legally represented in the meeting; b. A blank vote (abstain) is considered as a vote to approve the proposal submitted in the meeting. Unauthorized votes are considered absent and not counted in determining the number of votes cast in the meeting; c. The voting related to a person shall be conducted by a closed ballot without a signature, while voting on other matters shall be oral, unless the chairman of the meeting determines otherwise without any objection based on the majority of votes present; d. Any member of the Board of Commissioners who personally, in any way, directly or indirectly, has an interest in a proposed transaction, proposed contract, or contract in which the Company is a party, shall be expressed in the nature of its importance in a meeting and shall not be entitled to participate in voting on matters relating to such transaction or contract. 2. Board of Commissioners shall also make a valid and binding decision without holding Board of Commissioners' Meeting, provided that all member of Board of Commissioners have been notified in writing and have approved the proposal submitted in writing, and signed the agreement. The decision taken in such manner shall have the same power as the legally adopted decision in the Board of Commissioners' Meeting. 3. All Board of Commissioners' Meetings are chaired by the President Commissioner, and in the event that the President Commissioner is unable to attend or absent, in a matter that does not need to be proven to a third party, the Board of Commissioners' Meeting shall be chaired by the Vice President Commissioner. In the event that the Vice President Commissioner is unable to attend or absent, in a matter that does not need to be proven to a third party, the Board of Commissioners' Meeting shall be chaired by an appointed member of the Board of Commissioners who attended the meeting.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

Minutes	<p>After each meeting, a minutes of meeting shall be compiled, covering the matters discussed and decided. The minutes of the meeting are valid evidence for the Members of the Board of Commissioners and for third parties concerning the decisions taken at the meeting. The guidelines for the minutes of meeting draft are as follows:</p> <ul style="list-style-type: none"> a. Meeting results shall be set forth in the Minutes of Meeting. Minutes of Meeting shall be compiled by a person present at a meeting appointed by the Chairman of the Meeting, and then signed by all members of the Board of Commissioners who are present, and delivered to all members of the Board of Commissioners. The dissenting opinion in the Board of Commissioners' Meeting shall be clearly stated in the minutes of the meeting along with the reasons for the dissenting opinion. b. The results of the Joint Meeting of the Board of Commissioners with the Board of Directors shall be set forth in the Minutes of Meeting. c. The minutes of meeting as referred to in points a and b shall be documented by the Company. d. The Board of Commissioners' Minutes of Meetings are valid evidence for the Members of the Board of Commissioners and for third parties concerning the decisions taken at the meeting.
----------------	--

Meeting Convention in 2017

The material of the Board of Commissioners meeting in 2017 has been submitted at least within 5 working days to the Board of Commissioners prior to the meeting convention.

Regular Meeting Agenda set by the Board of Commissioners in 2017 are as follows:

No.	Meeting Agenda in 2017	Time
1	Procurement of Independent Auditor (KAP)	Fourth week of January 2017
2	Supervision of Bank Business Plan Realization Semester II 2017	First week of February 2017
3	Performance Evaluation of the Board of Directors and Board of Commissioners	Second week of February 2017
4	Discussion of the Nomination & Remuneration Process for Board of Directors	Third week of February 2017
5	Discussion of 2016 Financial Statements	First week of March 2017
7	Discussion of Financial Statements Quarter I 2017	Third week of April 2017
8	Discussion of Financial Statements Quarter II 2017	Third week of July 2017
9	Supervision of Bank Business Plan Realization of Semester I 2017	First week of August 2017
10	Discussion of Financial Statements Quarter III 2017	Third week of October 2017
11	Review on the Implementation of Employees Remuneration and Employment Policies	Fourth week of October 2017
12	Bank Business Plans 2018-2020	Second week of April 2017
13	Work Plan and Corporate Budget 2017 and Partnership and Community Development Program 2017	Second week of November 2017

Meeting Frequency and Attendance of BOC Members

The meetings frequency and attendance of the BOC during 2017 is as follows:

No	Name	Position	Total Meeting	Attendance	% Attendance
1	Mustafa Abubakar*	President Commissioner/ Independent	3	3	100%
2	Andrinof A. Chaniago***	President Commissioner/ Independent	19	16	84%
3	Gatot Trihargo	Vice President Commissioner	22	16	73%



BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Name	Position	Total Meeting	Attendance	% Attendance
4	Ahmad Fuad*	Independent Commissioner	3	2	67%
5	Adhyaksa Dault**	Independent Commissioner	13	10	77%
6	A Fuad Rahmany	Independent Commissioner	22	19	86%
7	A. Sonny Kerarf	Independent Commissioner	22	19	86%
8	Mahmud	Independent Commissioner	22	19	86%
9	V. Sonny Loho	Commissioner	22	17	77%
10	Jeffry J Wurangian	Commissioner	22	18	82%
11	Nicolaus TB Harjanto***	Commissioner	19	14	74%

*) Effective as of 1 January 2017 – 15 March 2017
 **) Effective as of 1 January 2017 – 18 October 2017
 ***) Effective as of 19 July 2017

Agenda Realization, Date, Participants of the Board of Commissioners Internal Meetings

No	Board of Commissioners Internal Meeting	Date	Minutes No.	Total Attendance	Remark
1	Sharing Session Economic Outlook 2017	10 January 2017	01 - KOM/01/2017	8	Quorum
1.	Appointment of members of Integrated Governance Committee				
2	Presentation of financial statements related to the GMS resolutions on the allocation of community development program fund in 2016	21 February 2017	05 - KOM/02/2017	8	Quorum
3	Procurement of audit services of public accountant firm (KAP) in the framework of general audit of consolidated financial statements and PKBL financial statements of PT BRI (Persero) Tbk. fiscal year 2017	28 February 2017	06 - KOM/02/2017	7	Quorum
4	Introduction of Members of Board of Commissioners	21 March 2017	09 - KOM/03/2017	9	Quorum
5	Discussion of Loan Disbursement Plan to PT Bringin Srikandi Finance/PT BSF	18 April 2017	11 - KOM/04/2017	6	Quorum
6	Discussion on IAU Head Proposal	09 May 2017	14 - KOM/05/2017	5	Quorum
7	1. Discussion of BRI financial statements and DPLK investment report 2. Governance and risk management implementation of DPLK BRI	20 June 2017	20 - KOM/06/2017	5	Quorum
8	Addition of BRI Agro Capital in 2017 and Incentive Provision Plan to BRI Employees in the form of BRI Agro Shares	06 July 2017	22 - KOM/07/2017	6	Quorum
9	Amendment to BRI's Articles of Association	11 July 2017	23 - KOM/07/2017	7	Quorum
10	DPLK Performance Report Semester I 2017	8 August 2017	26 - KOM/08/2017	7	Quorum
11	1. Proposed agenda of EGMS BRI in 2017 2. Preparation of retreat agenda for BRI's Board of Commissioners 3. Other strategic matters related to the Board of Commissioners' supervisory function	01 August 2017	28 - KOM/08/2017	7	Quorum

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Board of Commissioners Internal Meeting	Date	Minutes No.	Total Attendance	Remark
12	Internal discussion of the Board of Commissioners related to the Threshold of BRI's Articles of Association 1. Stock split of BRI's shares 2. Capital investment in Venture Capital company 3. Capital investment in BRI Life	21 July 2017 05 September 2017	29 - KOM/07/2017 30 - KOM/09/2017	6 9	Quorum Quorum
14	1. Approval of Funding to Related Parties 2. Reestablishment of the Audit Committee and Nomination and Remuneration Committee	23 October 2017	35 - KOM/10/2017	6	Quorum
15	1. Discussion on pension fund regulatory changes proposal 2. Granting of other benefits such as additional beneficiary funding to the pension recipients that have already received monthly pension benefits	23 October 2017	36 - KOM/10/2017	7	Quorum
16	Approval of the Board of Commissioners on the threshold of the Board of Directors' action requiring the approval of the Board of Commissioner and Serie A Dwi Warna	24 October 2017	38 - KOM/10/2017	6	Quorum
17	Discussion on evaluation work contract of Non Commissioner	31 October 2017	39 - KOM/10/2017	6	Quorum
18	BRI Organizational proposal	14 November 2017	40 - KOM/11/2017	7	Quorum
19	BRI Recovery Plan	28 November 2017	42 - KOM/11/2017	6	Quorum
20	Evaluation of Human Capital policy and Human Capital development plan	05 December 2017	44 - KOM/12/2017	9	Quorum
21	Approval of funding for related parties (BRI Syariah & BRINS)	12 December 2017	45 - KOM/12/2017	8	Quorum
22	Discussion on recovery plan policy approval	19 December 2017	47 - KOM/12/2017	8	Quorum

BOARD OF COMMISSIONERS MEETING PLAN 2018

No.	Meeting Agenda	Schedule
1.	Discussion of Financial Performance Quarter IV - 2017	Week I February 2018
2.	Discussion of Financial Performance Quarter I - 2018	Week III April 2018
3.	Discussion of Financial Performance Quarter II - 2018	Week III July 2018
4.	Discussion of Financial Performance Quarter III - 2018	Week III October 2018



BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No.	Meeting Agenda	Schedule
5	Discussion and evaluation on the Bank's soundness rating assessment semester II - 2017	Week III January 2018
6	Discussion and evaluation on the Bank's soundness rating assessment semester I - 2018	Week III July 2018
7	Discussion of RBB Review 2018-2020 and Work Plan & Budget 2016 (Revision)	Week II June 2018
8	Discussion of RBB Proposal 2019-2021 and Work Plan & Budget 2017	Week II November 2018
9	Discussion of the Board of Commissioners and Board of Directors Remuneration Proposal	Week IV January 2018
10	Discussion of BRI Management Candidates Nomination	Week I March 2018
11	Discussion of Risk Profile, GCG Assessment and Compliance Function Quarter IV - 2017	Week II February 2018
12	Discussion of Risk Profile, GCG Assessment and Compliance Function Quarter I - 2018	Week II April 2018
13	Discussion of Risk Profile, GCG Assessment and Compliance Function Quarter II - 2018	Week III July 2018
14	Discussion of Risk Profile, GCG Assessment and Compliance Function Quarter III - 2018	Week III October 2018
15	Evaluation internal audit findings and monitoring of follow up by the Board of Directors on the internal audit and external audit findings Quarter IV - 2017	Week II February 2018
16	Evaluation internal audit findings and monitoring of follow up by the Board of Directors on the internal audit and external audit findings Quarter I - 2018	Week II April 2018
17	Evaluation internal audit findings and monitoring of follow up by the Board of Directors on the internal audit and external audit findings Quarter II - 2018	Week III July 2018
18	Evaluation internal audit findings and monitoring of follow up by the Board of Directors on the internal audit and external audit findings Quarter III - 2018	Week III October 2018
19	Discussion of Audit on Risk Profile, GCG Assessment and Integrated Compliance Function Semester II - 2017	Week II March 2018
20	Discussion of Audit on Risk Profile, GCG Assessment and Integrated Compliance Function Semester I - 2018	Week III September 2018

JOINT MEETING OF THE BOC AND BOD (BOARD JOINT MEETING)

The Board Joint Meeting Policy of the BOC and the BOD is stipulated in the Articles of Association and refers to POJK 33/POJK.04/2014 as follows:

1. The Board Joint Meeting shall be held periodically at least 1 (one) time in 4 (four) months;
2. The meeting may be held at any time upon request of 1 (one) or several Members of the BOC or at the request of the BOD, by raising the matters to be discussed;
3. Preparation for the meeting shall be conducted by the Secretary of the BOC in coordination with the Corporate Secretariat Division;
4. The material of the Board Joint meeting in 2017 has been submitted at least within 5 working days to the Board of Commissioners prior to the meeting convention.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

Attendance Frequencies of Joint Board Meetings

The frequencies and attendance levels of the Joint Board meeting is as follows:

No	Name	Position	Total Meeting	Attendance	% Attendance
1	Mustafa Abubakar*	President Commissioner/ Independent	2	2	100%
2	Andrinof A. Chaniago***	President Commissioner/ Independent	7	7	100%
3	Gatot Trihargo	Vice President Commissioner	9	7	78%
4	Adhyaksa Dault**	Independent Commissioner	7	5	71%
5	Ahmad Fuad*	Independent Commissioner	2	2	100%
6	A Fuad Rahmany	Independent Commissioner	9	9	100%
7	A. Sonny Keraf	Independent Commissioner	9	7	78%
8	Mahmud	Independent Commissioner	9	9	100%
9	V. Sonny Loho	Commissioner	9	8	89%
10	Jeffry J Wurangian	Commissioner	9	8	89%
11	Nicolaus TB Harjanto***	Commissioner	7	6	86%

*) Effective as of 1 January 2017 – 15 March 2017
 **) Effective as of 1 January 2017 – 18 October 2017
 ***) Effective as of 19 July 2017

Agenda Realization, Date, Participants of the Joint Board Meetings

No	Joint Meetings	Date	Minutes No.	Total Attendance			Remark
				Commissioners	Directors	SEVP	
1	Discussion of financial performance 2016	30 January 2017	02 - KOM/01/2017	7	10	4	Quorum
2	Discussion of Corporate plan BRI 2018-2022	28 February 2017	07 - KOM/02/2017	8	10	3	Quorum
3	Discussion of performance BRI quarter I - 2017	18 April 2017	12 - KOM/04/2017	7	11	4	Quorum
4	Discussion of Bank Business Plan 2017-2019 dan Work & Budget Plan 2017 (Revision)	06 June 2017	17 - KOM/06/2017	7	11	4	Quorum
5	Discussion of audit findings follow up in the management letter 2016	11 July 2017	24 - KOM/07/2017	8	8	4	Quorum
6	Discussion of Financial Performance BRI semester I - 2017	01 August 2017	25 - KOM/08/2017	8	9	5	Quorum
7	Stock split plan of BRI shares, Capital investment plan of capital venture, capital investoment plan of BRI Life	29 August 2017	27 - KOM/08/2017	8	10	0	Quorum
8	Discussion of financial statements performance (pre public) quarter III - 2017	24 October 2017	37 - KOM/10/2017	8	10	5	Quorum
9	Bank Business Plan 2018-2020	20 November 2017	41 - KOM/11/2017	9	11	4	Quorum



BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

Meeting Attendance and Frequency of the BOC with Field Directors

The following is joint meeting frequency and attendance of the BOC with Field Directors:

No	Name	Position	Total Meeting	Attendance	% Attendance
1	Mustafa Abubakar*	President Commissioner/ Independent	2	2	100%
2	Andrinof A. Chaniago***	President Commissioner/ Independent	12	10	83%
3	Gatot Trihargo	Vice President Commissioner	14	11	79%
4	Ahmad Fuad*	Independent Commissioner	2	2	100%
5	Adhyaksa Dault**	Independent Commissioner	12	9	75%
6	A. Fuad Rahmany	Independent Commissioner	14	13	93%
7	A. Sonny Keraf	Independent Commissioner	14	13	93%
8	Mahmud	Independent Commissioner	14	14	100%
9	V. Sonny Loho	Commissioner	14	13	93%
10	Jeffry J Wurangian	Commissioner	14	13	93%
11	Nicolaus TB Harjanto***	Commissioner	12	9	75%

*) Effective as of 1 January 2017 – 15 March 2017
 **) Effective as of 1 January 2017 – 18 October 2017
 (***) Effective as of 19 July 2017

Frequencies and Attendance Levels of the Board of Commissioners All Meetings

The frequencies and attendance levels of joint meetings with field Directors are as follows:

No	Name	Position	BOC Internal Meetings		BOC Meetings & Field Directors		Joint Meetings		Total Attendance		
			Total Meeting	Attendance	Total Meeting	Attendance	Total Meeting	Attendance	Total Meeting	Attendance	% Attendance
1	Mustafa Abubakar*	President Commissioner/ Independent	3	3	2	2	2	2	7	7	100%
2	Andrinof A. Chaniago***	President Commissioner/ Independent	19	16	12	10	7	7	38	33	87%
3	Gatot Trihargo	Vice President Commissioner	22	16	14	11	9	7	45	34	76%
4	Ahmad Fuad*	Independent Commissioner	3	2	2	2	2	2	7	6	86%
5	Adhyaksa Dault**	Independent Commissioner	13	10	12	9	7	5	32	24	75%
6	A Fuad Rahmany	Independent Commissioner	22	19	14	13	9	9	45	41	91%
7	A. Sonny Keraf	Independent Commissioner	22	19	14	13	9	7	45	39	87%
8	Mahmud	Independent Commissioner	22	19	14	14	9	9	45	42	93%
9	V. Sonny Loho	Commissioner	22	17	14	13	9	8	45	38	84%
10	Jeffry J Wurangian	Commissioner	22	18	14	13	9	8	45	39	87%
11	Nicolaus TB Harjanto***	Commissioner	19	14	12	9	7	6	38	29	76%

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

Agenda Realization, Date, Participants of the Board of Commissioners and Field Directors Meetings

No	BOC Meeting & Field Directors	Date	Minutes No.	Total Attendance			Remark
				Commissioners	Directors	SEVP	
1	Review of loan write-off policy, restructuring and NPL management	21 February 2017	04 - KOM/02/2017	7	1	-	Quorum
2	Discussion of audit finding on IT and E-Channel	07 March 2017	08 - KOM/03/2017	8	2	1	Quorum
3	Discussion of Integrated Risk Profile & Evaluation of Integrated Risk Management Application Smt. II 2016	04 April 2017	10 - KOM/04/2017	8	1	-	Quorum
4	Discussion of New Product Development and Activities of BRI	02 May 2017	13 - KOM/05/2017	7	1	-	Quorum
5	BRI Organizational proposal	09 May 2017	15 - KOM/05/2017	8	3	-	Quorum
6	Discussion of Continuation of Loan Disbursement Plan to PT Bringin SriKandi Finance / PT BSF	09 May 2017	16 - KOM/05/2017	7	1	-	Quorum
7	Proposal of Capital Injection to BRI Agro year 2017	06 June 2017	18 - KOM/06/2017	7	6	2	Quorum
8	Sharing Session of IT Strategy and Product Development of BRI	13 June 2017	19 - KOM/06/2017	8	1	-	Quorum
9	Report and Discussion of Investment Plan of BRI Agro shares to BRI Employees	04 July 2017	21 - KOM/07/2017	8	1	-	Quorum
10	Discussion of Capital Investment Plan to BRI Life	06 September 2017	31 - KOM/09/2017	7	3	-	Quorum
11	Basic Assumption of BRI Bank Business Plan Dasar 2018-2020	19 September 2017	33 - KOM/09/2017	7	1	-	Quorum
12	Update of IT Maintenance, IT Strategy Follow Up and Digital Banking Product Development	10 October 2017	34 - KOM/10/2017	8	1	-	Quorum
13	Integrated Risk Profile, Intra Group Transaction & KUMR Review	28 November 2017	43 - KOM/11/2017	8	1	-	Quorum
14	Update of IT transformation progress, Sinergy of digital banking & consumer banking development	12 December 2017	46 - KOM/12/2017	7	2	-	Quorum



BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

BOD MEETINGS

The Policy of the BOD Meeting is stipulated in the Articles of Association of BRI Article 13 as follows:

Meeting Ethics	<ol style="list-style-type: none"> 1. Board of Directors shall hold regular Board of Directors' Meeting at least once a month. 2. Board of Directors shall hold regular Board of Directors' Meeting with the Board of Commissioners at least once in 4 (four) months. 3. The Board of Directors shall schedule a meeting for the following year before the end of the fiscal year with agendas adjusted to the Management Calendar. The scheduling shall be determined by the Board of Directors' Meeting. 4. At the scheduled meeting, the materials of the meeting shall be submitted to the participants no later than 5 (five) days prior to the meeting. In addition to the scheduled meetings, the meeting material shall be submitted no later than the meeting. 5. In addition to the scheduled Board of Directors' Meeting, the Board of Directors Meeting may be held at any time if: <ol style="list-style-type: none"> a. it is deemed necessary by 1 (one) or more members of the Board of Directors or b. upon written request of 1 (one) or more members of the Board of Commissioners. 6. Board of Directors' Meetings shall be deemed valid if held at the place of domicile of the Company or at the place of its principal business activities within the territory of the Republic of Indonesia. Board of Directors' Meetings held elsewhere other than those referred to in point (6) shall only be deemed valid and capable of making decisions if exercised within the territory of the Republic of Indonesia and attended by all members of the Board of Directors or their authorized representative.
Meeting Invitation	<ol style="list-style-type: none"> 1. The invitation of the Board of Directors' Meeting shall be conducted by a member of the Board of Directors entitled to represent the Company 2. Notification of the Board of Directors' Meeting shall be made in writing and delivered or submitted directly to each member of the Board of Directors with adequate receipt, or by registered mail or courier service or by telex, facsimile, or e-mail. 3. The invitation of the Meeting shall be submitted at least 5 (five) days before the meeting, regardless of the date of the notification and the date of the meeting, or for a shorter period if urgent 4. Such notifications are not required for scheduled meetings based on prior Board of Directors' resolutions or when all members of the Board of Directors are present at the meeting. 5. Written invitation for the meeting must include the event, date, time, and place of the meeting. 6. The President Director chaired the Directors' Meetings. 7. If the President Director is absent or unable to attend, in a matter that does not need to be proven to a third party, the meeting shall be chaired by the Vice President Director. In the event that the Vice President Director is unable to attend or absent, in a matter that does not need to be proven to a third party, the Board of Directors' Meeting shall be chaired by an appointed member of the Board of Directors who attended the meeting.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

Decision Making	<ol style="list-style-type: none"> 1. Board of Directors' Meetings are valid and entitle to take binding decisions when attended or represented by more than $\frac{1}{2}$ of the total members of the Board of Directors. 2. In case there is more than one proposal, the meeting conducted re-election to ensure that one of the proposals obtain vote of more than $\frac{1}{2}$ (one half) of the total number of votes issued. 3. Decisions in the Board of Directors' Meeting are done through deliberation. In the event that consensus cannot be reached, the decision can be voting and the result will be decided by $\frac{1}{2}$ (one half) of majority votes in the meeting. 4. The voting related to a person shall be conducted by a closed ballot without a signature, while voting on other matters shall be oral, unless the Chairman of the Meeting determines otherwise without any objection based on the majority of votes present; 5. Board of Directors shall also make a valid and binding decision without holding Board of Directors' Meeting, provided that all member of Board of Directors have been notified in writing and have approved the proposal submitted in writing, and signed the agreement. 6. Any member of the Board of Directors who personally, in any way, directly or indirectly, has an interest in a proposed transaction, proposed contract, or contract in which the Bank is a party, shall be expressed in the nature of its importance in a meeting and shall not be entitled to participate in voting on matters relating to such transaction or contract.
Voting Rights	<ol style="list-style-type: none"> 1. Each member of the Board of Directors shall be entitled to issue 1 (one) vote and 1 (one) additional vote for the Members of the Board of Directors whom he legally represented in the meeting; 2. A blank vote (abstain) is considered as a vote to approve the proposal submitted in the meeting. Unauthorized votes are considered absent and not counted in determining the number of votes cast in the meeting. 3. The voting related to a person shall be conducted by a closed ballot without a signature, while voting on other matters shall be oral, unless the Chairman of the Meeting determines otherwise without any objection based on the majority of votes present; 4. A member of the Board of Directors may be represented in the Directors' Meeting only by another member of the Board of Directors, by virtue of a power of attorney. A member of the Board of Directors may only represent another member of the Board of Directors. 5. Any member of the Board of Directors who is unable to attend a Board of Directors' Meeting may submit his or her opinion in writing and signed, then submitted to the President Director, or to other members of the Board of Directors who will chair the Board of Directors' Meeting on whether he/she supports or does not support the matters to be discussed. This opinion shall deem to be valid vote issued in the Board of Directors' Meeting.

Meetings Scheduling prior to the current fiscal year

The meetings of the Board of Directors and Board of Commissioners have been scheduled prior to the current fiscal year. The Board of Commissioners and Board of Directors have set the meeting agendas for the next year implementation prior to current fiscal year.

Corporate Governance

Corporate Social Responsibility

Consolidated Financial Statements 2017

**BOC MEETING, BOARD JOINT MEETING, & BOD MEETING****Meeting Frequency and Attendance of BOD Members**

In 2017 the Company has convened 58 times BOD Meeting as per following detail:

No	Name	Total Meeting	Total Attendance	Attendance Levels
1	Asmawi Syam**	58	26	45%
2	Sunarso***	58	50	86%
3	Randi Anto	58	47	81%
4	Susy Liestiowaty	58	52	90%
5	Zulhelfi Abidin	58	39	67%
6	Haru Koesmahargyo	58	38	66%
7	Donsuwan Simatupang	58	47	81%
8	Mohammad Irfan	58	45	78%
9	Kuswiyoto	58	43	74%
10	Priyastomo	45	32	71%
11	Sis Apik Wijayanto	45	39	87%

*) Total Meeting up to December 2017

**) Effective up to 15 March 2017

(***) Effective up to 18 October 2017

Board of Directors' Meetings Material

The material of the Board of Directors meeting in 2017 has been submitted at least within 5 working days to the Board of Directors prior to the meeting convention.

Board of Directors Meeting & Attendance Recapitulation

No	Date	BOC Meeting Agenda	Attendance of BOD	Attendance	Quorum
January					
1	10-Jan 2017	1. BRI Work Meeting 2017 2. Presentation of Community Development Program Concept Development 2017 - 2021	1. Asmawi Syam 2. Sunarso 3. Randi Anto 4. Donsuwan Simatupang 5. Susy Liestiowaty 6. Mohammad Irfan 7. Haru Koesmahargyo 8. Zulhelfi Abidin 9. Kuswiyoto 10. Sis Apik Wijayanto 11. Priyastomo	100%	Quorum
2	11-Jan 2017	Cooperation potential with other Institutions/Agencies.	1. Asmawi Syam 2. Sunarso 3. Randi Anto 4. Donsuwan Simatupang 5. Susy Liestiowaty 6. Mohammad Irfan 7. Haru Koesmahargyo 8. Zulhelfi Abidin 9. Kuswiyoto 10. Sis Apik Wijayanto 11. Priyastomo	100%	Quorum

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Date	BOC Meeting Agenda	Attendance of BOD	Attendance	Quorum
3	30-Jan 2017	Preparation of Analyst Meeting & Publication of Financial Performance as of December 31, 2016	1. Asmawi Syam 2. Sunarso 3. Randi Anto 4. Donsuwan Simatupang 5. Susy Liestiowaty 6. Mohammad Irfan 7. Haru Koesmahargyo 8. Zulhelfi Abidin 9. Kuswiyoto 10. Sis Apik Wijayanto 11. Priyastomo	100%	Quorum
4	07-Feb 2017	1. BRI Corporate Plan 2018 and 2022 2. Approval of Organizational Structure 3. AGMS Preparation 2017	1. Sunarso 2. Randi Anto 3. Donsuwan Simatupang 4. Susy Liestiowaty 5. Mohammad Irfan 6. Haru Koesmahargyo 7. Zulhelfi Abidin 8. Kuswiyoto 9. Sis Apik Wijayanto 10. Priyastomo	90%	Quorum
5	14-Feb 2017	1. Digital Saving & E-Wallet Products 2. Digital Saving BRI Agro 3. Government Project progress	1. Asmawi Syam 2. Sunarso 3. Randi Anto 4. Donsuwan Simatupang 5. Susy Liestiowaty 6. Mohammad Irfan 7. Zulhelfi Abidin 8. Kuswiyoto 9. Sis Apik Wijayanto 10. Priyastomo	91%	Quorum
February					
6	21-Feb 2017	1. BRI Trade Business Infrastructure Development 2. MSME Development program through Entreprenuers BRILian and SOE 'Rumah Kreatif' 3. BRILINK Web	1. Asmawi Syam 2. Sunarso 3. Randi Anto 4. Donsuwan Simatupang 5. Susy Liestiowaty 6. Mohammad Irfan 7. Haru Koesmahargyo 8. Zulhelfi Abidin 9. Kuswiyoto 10. Sis Apik Wijayanto 11. Priyastomo	100%	Quorum



BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Date	BOC Meeting Agenda	Attendance of BOD	Attendance	Quorum
7	27-Feb 2017	1. Cardlink Operational 2. Update of Government Program 3. Dividend Payout Fiscal Year 2016	1. Asmawi Syam 2. Sunarso 3. Randi Anto 4. Donsuwan Simatupang 5. Susy Liestiowaty 6. Mohammad Irfan 7. Haru Koesmahargyo 8. Zulhelfi Abidin 9. Kuswiyoto 10. Sis Apik Wijayanto 11. Priyastomo	100%	Quorum
March					
8	7-Mar 2017	1. Bank Rating Assessment Risk Profile 2. Core Banking System BRIHK Stipulation 3. Opening of BRI Timor Leste	1. Asmawi Syam 2. Sunarso 3. Randi Anto 4. Donsuwan Simatupang 5. Susy Liestiowaty 6. Mohammad Irfan 7. Haru Koesmahargyo 8. Zulhelfi Abidin 9. Kuswiyoto 10. Sis Apik Wijayanto 11. Priyastomo	100%	Quorum
April					
9	4-Apr 2017	1. Decree Amendment of Capital & Investment Committee 2. BRI CSR Education Program: BRI Educates the Nation's Children	1. Sunarso 2. Donsuwan Simatupang 3. Mohammad Irfan 4. Kuswiyoto 5. Sis Apik Wijayanto 6. Susy Liestiowaty 7. Priyastomo 8. Randi Anto 9. Indra Utoyo	82%	Quorum
10	11-Apr 2017	1. Financial Performance Report 31 March 2017 2. Government Program Progress Report	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Susy Liestiowaty 8. Priyastomo 9. Randi Anto 10. Indra Utoyo	91%	Quorum

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Date	BOC Meeting Agenda	Attendance of BOD	Attendance	Quorum
11	18-Apr 2017	1. Bank Rating Level Risk Profile Assessment Quarter I - 2017 2. Analyst Meeting Preparation: Performance Presentation Quarter I - 2017	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Susy Liestiowaty 8. Priyastomo 9. Randi Anto 10. Indra Utuyo 11. Sis Apik Wijayanto	100%	Quorum
12	25-Apr 2017	Government Program Progress	1. Suprajarto 2. Sunarso 3. Mohammad Irfan 4. Kuswiyoto 5. Sis Apik Wijayanto 6. Randi Anto 7. Indra Utoyo	64%	Quorum
May					
13	2-May 2017	New Product Development & Activities Report	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Susy Liestiowaty 9. Randi Anto 10. Indra Utoyo	91%	Quorum
14	9-May 2017	1. New Statutory Reserves Regulation Implementation 2. Corporate Action Plan	1. Sunarso 2. Randi Anto 3. Donsuwan Simatupang 4. Susy Liestiowaty 5. Indra Utoyo 6. Priyastomo	55%	Quorum
15	16-May 2017	1. Bank Business Plan and Work & Budget Plan Revision	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Susy Liestiowaty 8. Priyastomo 9. Randi Anto 10. Sis Apik Wijayanto	91%	Quorum



BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Date	BOC Meeting Agenda	Attendance of BOD	Attendance	Quorum
16	17-May 2017	BRI Organizational Stipulation	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Susy Liestiowaty 9. Priyastomo 10. Randi Anto	91%	Quorum
17	23-May 2017	1. Subsidiaries Performance Presentation 2. Changes of Credit Committee	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Susy Liestiowaty 8. Priyastomo 9. Randi Anto 10. Indra Utuyo	91%	Quorum
18	30-May 2017	1. Lebaran Preparation Report 2. Investment Plan of Service National Payment Gateway (NPG) Agency 3. Stipulation of the Board of Commissioners Committees	1. Suprajarto 2. Sunarso 3. Mohammad Irfan 4. Haru Koesmahargyo 5. Susy Liestiowaty 6. Priyastomo 7. Randi Anto 8. Indra Utuyo 9. Sis Apik Wijayanto	82%	Quorum
June					
19	6-June 2017	1. Head Office Organizational Stipulation 2. Ramadhan Activity Preparation 3. Lebaran Services Preparation 4. BRI Point Program	1. Sunarso 2. Randi Anto 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Susy Liestiowaty 9. Indra Utuyo	82%	Quorum

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Date	BOC Meeting Agenda	Attendance of BOD	Attendance	Quorum
20	20-June 2017	1. Stocksplit Plan 2. Corporate Action Plan	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Susy Liestiowaty 9. Indra Utoyo 10. Priyastomo 11. Randi Anto	100%	Quorum
July					
21	4-July 2017	1. Corporate Action Plan 2. Financial Report Quarter II - 2017	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Susy Liestiowaty 9. Indra Utoyo 10. Priyastomo 11. Randi Anto	100%	Quorum
22	11-Juli 2017	1. Stocksplit Plan 2. Government Program Progress	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Indra Utoyo 9. Priyastomo	82%	Quorum
23	18-July 2017	1. Rating Level Risk Profile Assessment Quarter II - 2017 2. Construction Plan of BRI Tower Gatot Subroto 3. Update of BRISat	1. Suprajarto 2. Mohammad Irfan 3. Haru Koesmahargyo 4. Kuswiyoto 5. Sis Apik Wijayanto 6. Susy Liestiowaty 7. Indra Utoyo 8. Priyastomo 9. Randi Anto	82%	Quorum



BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Date	BOC Meeting Agenda	Attendance of BOD	Attendance	Quorum
24	25-July 2017	1. BRI Financial Statements Quarter II - 2017 2. Corporate Action Plan	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Susy Liestiowaty 9. Indra Utoyo 10. Priyastomo	91%	Quorum
August					
25	7-Aug 2017	1. Threshold of the Board of Directors Action requiring the Approval of the Board of Commissioners and Shareholders Serie A Dwi Warna 2. Progress of Participation in the ASIAN GAMES	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Susy Liestiowaty 9. Indra Utoyo 10. Priyastomo 11. Randi Anto	100%	Quorum
26	15-Aug 2017	BRI 2017 EGMS Plan	1. Suprajarto 2. Sunarso 3. Mohammad Irfan 4. Haru Koesmahargyo 5. Kuswiyoto 6. Sis Apik Wijayanto 7. Susy Liestiowaty 8. Randi Anto	73%	Quorum
27	22-Aug 2017	1. Network Service Enhancement 2. Subsidiaries Corporate Action Plan 3. Corporate Action Plan 4. Office Network Optimization	1. Suprajarto 2. Sunarso 3. Randi Anto 4. Donsuwan Simatupang 5. Susy Liestiowaty 6. Mohammad Irfan 7. Haru Koesmahargyo 8. Sis Apik Wijayanto 9. Priyastomo 10. Indra Utoyo	91%	Quorum

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Date	BOC Meeting Agenda	Attendance of BOD	Attendance	Quorum
28	29-Aug 2017	1. Corporate Action Plan 2. Modernisation of Core Banking System 3. E-channel Performance & Strategy	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Susy Liestiowaty 9. Indra Utoyo 10. Priyastomo 11. Randi Anto	100%	Quorum
September					
29	5-Sep 2017	1. BRI Gatot Subroto Construction Progress 2. Corporate Action Plan 3. Update of BRISat	1. Sunarso 2. Randi Anto 3. Donsuwan Simatupang 4. Susy Liestiowaty 5. Mohammad Irfan 6. Haru Koesmahargyo 7. Kuswiyoto 8. Sis Apik Wijayanto 9. Priyastomo	82%	Quorum
30	12-Sep 2017	BRI CSR with SOE Synergy	1. Suprajarto 2. Sunarso 3. Randi Antor 4. Donsuwan Simatupang 5. Susy Liestiowaty 6. Haru Koesmahargyo 7. Indra Utoyo	64%	Quorum
31	19-Sep 2017	1. Work & Budget Plan 2018 and BRI Bank Business Plan 2018-2021 2. Corporate Action Plan Update	1. Suprajarto 2. Sunarso 3. Donsuwan Simatupang 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Susy Liestiowaty 9. Indra Utoyo 10. Priyastomo 11. Randi Anto	100%	Quorum



BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Date	BOC Meeting Agenda	Attendance of BOD	Attendance	Quorum
32	26-Sep 2017	1. Review Risk Appetite Statement 2. BRI Anniversary Activities 3. Update of BRIVolution	1. Sunarso 2. Donsuwan 3. Susy Liestiowaty 4. Mohammad Irfan 5. Kuswiyoto 6. Sis Apik Wijayanto 7. Priyastomo 8. Indra Utoyo	73%	Quorum
Oktobre					
33	3-Oct 2017	1. Operational Efficiency Improvements 2. Corporate Action Plan 3. Update of BRIVolution	1. Suprajarto 2. Sunarso 3. Randi Anto 4. Donsuwan 5. Susy Liestiowaty 6. Mohammad Irfan 7. Haru Koesmahargyo 8. Sis Apik Wijayanto 9. Priyastomo 10. Indra Utoyo 11. Kuswiyoto	100%	Quorum
34	3-Oct 2017	1. 12000 CRM Progress Report 2. BRING IT On Seminar 3. Nakula Project	1. Suprajarto 2. Sunarso 3. Donsuwan 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Priyastomo 9. Indra Utoyo	82%	Quorum
35	10-Oct 2017	1. Performance Presentation Quarter III - 2017 & Work & Budget Plan 2018 2. Performance & Talent Management 3. EGMS Plan Update 4. Appreciation Program for Employees at Remote Areas	1. Suprajarto 2. Sunarso 3. Randi Anto 4. Donsuwan 5. Susy Liestiowaty 6. Mohammad Irfan 7. Haru Koesmahargyo 8. Sis Apik Wijayanto 9. Priyastomo 10. Indra Utoyo 11. Kuswiyoto	100%	Quorum

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Date	BOC Meeting Agenda	Attendance of BOD	Attendance	Quorum
36	17-Oct 2017	1. BRI Medan & Pekanbaru Construction Progress 2. Risk Profile Quarter III BRI 2017	1. Suprajarto 2. Sunarso 3. Randi Anto 4. Donsuwan Simatupang 5. Susy Liestiowaty 6. Mohammad Irfan 7. Haru Koesmahargyo 8. Sis Apik Wijayanto 9. Priyastomo 10. Indra Utuyo 11. Kuswiyoto	100%	Quorum
37	24-Oct 2017	1. BRI Organizational Structure Changes 2. Procurement Authority 3. Credit Committee Authority 4. Analyst Meeting Preparation for Performance Presentation Quarter III 2017 5. Revision of Work & Budget Plan 2018 & Bank Business Plan 2018-2021	1. Suprajarto 2. Donsuwan Simatupang 3. Susy Liestiowaty 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Priyastomo 9. Indra Utuyo 10. R. Sophia Alizsa 11. Handayani	100%	Quorum
38	30-Oct 2017	1. Weekly Achievement Monitoring 2. Prognosis 2017 & Work & Budget Plan 2018 3. Board of Directors Facilities	1. Suprajarto 2. Susy Liestiowaty 3. Mohammad Irfan 4. Sis Apik Wijayanto 5. Priyastomo 6. Indra Utuyo 7. R. Sophia Alizsa 8. Handayani	73%	Quorum
November					
39	7-Nov 2017	1. Corporate Venture Capital 2. Update of BRIVolution 3. Weekly Achievement Monitoring	1. Suprajarto 2. Donsuwan Simatupang 3. Susy Liestiowaty 4. Haru Koesmahargyo 5. Sis Apik Wijayanto 6. Indra Utuyo 7. R. Sophia Alizsa 8. Handayani	73%	Quorum



BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Date	BOC Meeting Agenda	Attendance of BOD	Attendance	Quorum
40	9-Nov 2017	Revision of Work & Budget Plan 2018 & Bank Business Plan 2018-2021	1. Suprajarto 2. Donsuwan Simatupang 3. Susy Liestiowaty 4. Haru Koesmahargyo 5. Kuswiyoto 6. R. Sophia Alizsa 7. Handayani	64%	Quorum
41	14-Nov 2017	Weekly Achievement Monitoring	1. Suprajarto 2. Donsuwan Simatupang 3. Susy Liestiowaty 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Priyastomo 9. Indra Utoyo 10. R. Sophia Alizsa 11. Handayani	100%	Quorum
42	21-Nov 2017	1. Improvement of Prospen Benefits & Employees Acceleration Program 2. Update of BRIVolution 3. BRI Museum Reconstruction Project Progress 4. Weekly Achievement Monitoring	1. Suprajarto 2. Donsuwan Simatupang 3. Susy Liestiowaty 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Priyastomo 9. Indra Utoyo 10. R. Sophia Alizsa 11. Handayani	100%	Quorum
43	28-Nov 2017	1. Recovery Plan Program 2. Weekly Achievement Monitoring 3. Update of BRIVolution 4. Branch Office Organizational Structure Changes	1. Suprajarto 2. Donsuwan Simatupang 3. Susy Liestiowaty 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Priyastomo 9. Indra Utoyo 10. R. Sophia Alizsa 11. Handayani	100%	Quorum

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

No	Date	BOC Meeting Agenda	Attendance of BOD	Attendance	Quorum
December					
44	5-Dec 2017	1. Branch Office Organizational Structure Changes 2. Weekly Achievement Monitoring	1. Suprajarto 2. Donsuwan Simatupang 3. Susy Liestiowaty 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Priyastomo 9. R. Sophia Alizsa 10. Handayani	91%	Quorum
45	12-Dec 2017	1. Employees Acceleration Program 2. BRI Recovery Plan Program 3. Update of BRI Anniversary Activities	1. Suprajarto 2. Susy Liestiowaty 3. Mohammad Irfan 4. Haru Koesmahargyo 5. Sis Apik Wijayanto 6. Priyastomo 7. R. Sophia Alizsa 8. Handayani	73%	Quorum
46	19-Dec 2017	1. Weekly Achievement Monitoring 2. Digital Banking Organizational 3. Modernisation of CBS & Digital Bank	1. Suprajarto 2. Susy Liestiowaty 3. Mohammad Irfan 4. Haru Koesmahargyo 5. Kuswiyoto 6. Priyastomo 7. Indra Utoyo 8. Handayani	73%	Quorum
47	28-Dec 2017	1. BRI Employees Resegmentation 2. Update of BRIvolution 3. Weekly Achievement Monitoring	1. Suprajarto 2. Donsuwan Simatupang 3. Susy Liestiowaty 4. Mohammad Irfan 5. Haru Koesmahargyo 6. Kuswiyoto 7. Sis Apik Wijayanto 8. Priyastomo 9. Indra Utoyo 10. R. Sophia Alizsa 11. Handayani	100%	Quorum



BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

Name and Position	Total Meeting 2017	Total Attendance	%
Suprajarto President Director	38	33	87
Pryastomo Director of Micro and Retail Credit	47	40	85
Indra Utoyo Director of Digital Banking & Information Technology	38	31	82
Mohammad Ifran Director of Network & Service	47	43	91
Haru Koesmahargyo Director of Business Strategy & Finance	47	41	87
Susi Liestyowaty Director of Compliance	47	45	96
Donsuwan Simatupang Director of Risk Management	47	40	85
Sis Apik Wijayanto Director of Institution	47	42	89
Handayani Director of Consumer	12	12	100
R. Sophia Alizsa Director of Human Capital	12	11	92
Kuswiyoto Director of Medium, Corporate & SOE Credit	47	40	85
Asmawi Syam*	8	7	88
Sunarso**	35	33	94
Randi Anto**	35	30	86

*Served as President Director up to the AGMS 2017 dated 15 March 2017

**Served as Director up to the EGMS 2017 dated 18 October 2017

Board of Director's Consultation Meeting with the Board of Commissioners

As mandated in the Articles of Association of PT Bank Rakyat Indonesia (Persero) Tbk, and its amendment, it is stated that the Commissioner has the duty to supervise the Company through the Board of Directors and to provide advice to the Board of Directors. In the supervisory duties, the Board of Commissioners shall be entitled to request an explanation of the Company to the Board of Directors, including operational activities in the provision of credit. The Board of Directors shall provide the required explanation to the Commissioners.

The Board of Directors shall consult to the Board of Commissioners on the loan disbursement in the form of direct credit, contingent credit (BG/SBLC, etc.), including Syndicated credit with the following criteria:

1. The granting of new credit and/or additional/supplementary credit with a total risk exposure of more than 1 (one) trillion rupiah or equivalent in foreign currency, and/or if according to consideration of BRI Credit Committee or Board of Directors, there are matters that need to be consulted to the Commissioner.
2. The determination of the amount of exposure above is based on the amount of individual debtor exposure.
3. The granting of credit other than item 1 mentioned above does not need to be consulted with the Commissioner. However, every 3 months, the Board of Directors must submit a credit report to the Commissioner.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOC MEETING, BOARD JOINT MEETING, & BOD MEETING

The Credit Consultation Meeting conducted throughout 2017 is as follows:

No	Credit Consultation Material	Date	Total Attendance		Remark
			BOC	BOD	
1	Credit Consultation of the Board of Directors with the BRI's Board of Commissioners to discuss 6 debtors	07 Maret 2017	7	1	Quorum
2	Credit Consultation of the Board of Directors with the BRI's Board of Commissioners to discuss 3 debtors	16 Mei 2017	6	2	Quorum
3	Credit Consultation of the Board of Directors with the BRI's Board of Commissioners to discuss 4 debtors	12 September 2017	4	2	Quorum
4	Credit Consultation of the Board of Directors with the BRI's Board of Commissioners to discuss 4 debtors	18 Desember 2017	7	1	Quorum

INFORMATION OF MAIN AND CONTROLLING SHAREHOLDERS

The Main and Controlling Shareholders of BRI is the Government of the Republic of Indonesia through an ownership of 56.75%, Series A Dwiwarna share.

DISCLOSURE ON AFFILIATES RELATIONSHIP

1. All Members of the BOD of BRI have no affiliation relationship with any member of the BOD either in financial, family or management relationship.
2. All members of the BOD of BRI have no affiliation relationship with members of the BOC, whether in financial relations, family relationships or management relationships.
3. All members of the BOC of BRI have no affiliation relationship with other members of the BOC, whether in financial relationship, family relationship, or management relationship.
4. All members of BRI's BOC have no financial relationship or family relationship with the Controlling Shareholder.
5. All members of the Committee who are not members of the BOC of BRI have no financial or family relationship with the Controlling Shareholders, Members of the BOC or the BOD of BRI.



BOC SUPPORTING ORGAN

Policy

Policy of BRI with regards to the BOC supporting organs shall be as regulated in the Regulation of the Minister of SOE Number PER.12.MBU / 2012 dated 24 August 2012 on the Supporting Organizations of the Board of Commissioners / Supervisory Board of SOEs.

SECRETARY OF THE BOC

The Secretary of the BOC is an organ of the BOC that responsible for assisting the smooth implementation of the duties and responsibilities of the BOC. As of 31 December 2017 the Secretary of the BOC of the Company is held by Mr. Rainoc SE.

Legal References

Br. Rainoc SE, was appointed as Secretary of the BOC based on the Decree of the BOC of BRI Nokep: 03-KOM / BRI / 05/2016 dated May 31, 2016 regarding the Appointment of Secretary of Board of Commissioners of PT Bank Rakyat Indonesia (Persero) Tbk.

BOC Secretary Profile

 <p>Rainoc SE. Head of Secretary of BOC Period of 01 June 2013 – 30 June 2017</p>	<p>Born in Sawah Lunto on October 7, 1969. Graduated from Faculty of Economics, University of Andalas Year 1995. Served as Secretary of BRI's BOC from June 1, 2013 based on BRI Board of Commissioner's Decision Nokep .: 02-KOM / BRI / 06/2013 dated June 11, 2013. Previously served as Secretary of the BOC of PT Bank Negara Indonesia (Persero) Tbk (January 2011-May 2013) and Secretary of the BOC of PT Perusahaan Pengelola Aset (March 2009-December 2010).</p> <p>In addition to being Secretary of the BOC of BRI, he currently serves as Head of Mining Business, Strategic Industries and Media I.a at the Ministry of SOE (since October 2015). He has served as Head of Strategic Industries Division III (May 2014-October 2015), Head of Strategic and Manufacturing Industries III.a (September 2013-May 2014), Head of I.b. Services (October 2010-September 2013), Head of Division Banking II (May 2008-October 2010), Head of PKBL Sub-Section (May 2006-May 2008), Head of Sub-Division of PUKK Evaluation (July 2002-May 2006), and Head of Sub-Division of Mutation (March 2001-July 2002).</p>
--	---

BOC SUPPORTING ORGAN



Endra Gunawan
**Head of Secretary
 of the BOC**
 Period of 01 July
 2017 - Present

Born in Klaten on 11 January 1982. Obtained Master of Sains degree from the University of Indonesia, Bachelor degree in Accounting from University of Indonesia, and Diploma III degree from State Accounting Academy. Serves as Secretary of the Board of Commissioners of BRI since 1 July 2017 up to now based on the Decree of the Board of Commissioners of BRI Nokep.: 06-KOM/BRI/06/2017 dated 13 June 2017. He previously served as Secretary of the Board of Commissioners of PT Bank Negara Indonesia (Persero) Tbk (August 2015-May 2017) and Secretary of the Board of Commissioners of PT Krakatau Steel (Persero) Tbk (September 2013-August 2015).

He concurrently serves as Division Head of Performance Planning and Management at SOE Ministry (since July 2017). Previously served as Sub Division Head of SOE Restructuring (April 2014 - June 2017) and Sub Division Head of Strategic Industry and Manufacturing Business (December 2011 - April 2014).

Duties and Responsibilities

Based on the Guidelines and Code of Conduct, the Secretariat of the Board of Commissioners has the duties and responsibilities as follows:

1. Coordinating the execution of duties of Staff, Commissioner Secretary, and Executor of the Board of Commissioners.
2. Coordinating the Board of Commissioners meetings, i.e.:
 - a. Compiling and/or receiving/obtaining feedback from the Board of Commissioners and/or Committees on the meeting's agenda, and finalizing the meeting's agenda based on priority and urgency issues.
 - b. Preparing, coordinating, and obtaining meeting material from sources related to the issues to be discussed for submission to the Board of Commissioners or to the Committees if the problems are in need of Committee's inputs and analysis.
 - c. Proposing the time and place of the meeting and distributing the meeting invitation to the parties who need to attend.
 - d. Preparing minutes of meetings and archiving them.
3. Coordinating the administrative, secretarial, and protocol duties of the Board of Commissioners, i.e.:
 - a. Selecting letters or other documents addressed to the Board of Commissioners, prioritizing letter and/or document based on the urgency of the matter and following-up on the interest of each said letter and/or document;
 - b. Writing a special note from letters and/or documents addressed to the Board of Commissioners, especially those with a high degree of importance/complexity.
 - c. Following-up the disposition of the Board of Commissioners on the above letter and/or document;
 - d. Preparing for other correspondences with the Company's management, external parties, and other parties, especially on matters that have obtained the Board of Commissioners' decisions and not covered by the Committee's duties;
 - e. Documenting the Board of Commissioners' archives and ensuring update and systematic filing central government to facilitate document search and follow-up;
 - f. Scheduling and coordinating events and activities of the Board of Commissioners, including participation in training/workshops/seminars programs, working visits, official travel, etc.;
 - g. Ensuring the availability of facilities and logistics to support the Board of Commissioners' events as mentioned above, and to support the activities and other operational needs of the Board of Commissioners such as stationery, health reimbursement, etc.; and
 - h. Preparing the speeches/presentations of the Board of Commissioners as required, in relation to matters not related to the Committee's duties.



BOC SUPPORTING ORGAN

4. Reporting to the Company on the share ownership of members of the Board of Commissioners and/or their families in the Company and other companies.
5. Providing a report on the supervisory duties that have been carried out during the previous financial year to the General Meeting of Shareholders.
6. Preparing a report on the Self-Assessment GCG implementation of the Board of Commissioners and the Committee each Semester, in coordination with the Compliance division.
7. Coordinating the achievement of the duties of the Committees and organs reporting directly to the Board of Commissioners.
8. Coordinating with the Committees of the Board of Commissioners in preparing reports on the supervision results on the implementation of the Company's Business Plan every semester to the Financial Services Authority in accordance with the prevailing laws and regulations.
9. Coordinating and following-up on requests and/or collection of data/information from and/or to the Company's management and external parties not covered by the Committee's duties, including information on rules and regulations relevant to the duties and responsibilities of the Board of Commissioners, among others:
 - a. Establishing the data/information required by the Board of Commissioners based on input from the Committee, incoming letters, and issues requiring handling/follow-up; and
 - b. Coordinating the collection of data/information from and/or to the Bank's management and related external parties.
10. Coordinating the drafting of the Annual Work Plan and Budget of the Board of Commissioners, which is an integral part of the Annual Work Plan and Budget of the Company prepared by the Board of Directors, i.e.:
 - a. Obtaining feedback from the Board of Commissioners/Committee on Annual activity plan;
 - b. Prioritizing the planned activities to support the implementation of duties and responsibilities of the Board of Commissioners more optimally and effectively;
 - c. Coordinating the budget preparation of each of the above-mentioned activities to obtain approval from the Board of Commissioners;
 - d. Following-up on the approved budget with the Company's Secretariat Division to be finalized and consolidated with the Company's Annual budget.
11. Coordinating the suggestions and opinions preparations on the agenda and material of the General Meeting of Shareholders at:
 - a. Coordinating the agenda and material with relevant parties; and
 - b. Preparing the material under the Board of Commissioners' responsibility, and providing opinions on the material comprehensively.

Duties Implementation Report 2017

1. Working Visit

The Secretariat of the Board of Commissioners, together with the Risk Management Monitoring Committee (KPMR), the Audit Committee (KA), and the Nomination & Remuneration Committee (KNR) accompanied the Board of Commissioners for working visit to the Company's Working Units.

In 2017, the Secretariat of the Board of Commissioners has assisted the Board of Commissioners in conducting 19 Working visits to 17 Regional Offices and their Supervised Units.

- Performance Highlights
- Management Reports
- Company Profile
- Management Discussion & Analysis

BOC SUPPORTING ORGAN

2. Approval & Supervision of the Bank's Work Plan

The Secretary of the Board of Commissioners, together with the Board of Commissioners' Committees (KA, KPMR, KTKT, KNR) assist the Board of Commissioners in evaluating and approving the Company's Work Plan, which is a guideline for the Company in conducting its business activities throughout 2018. In addition, the Board of Commissioners supervises the Bank's Business Plans Realization, which will be submitted to Bank Indonesia no later than two months after the reporting period.

In 2017, the Secretariat of the Board of Commissioners has assisted the Board of Commissioners in performing its duties to provide Approval, Recommendation, and Credit Consultation. In 2017, the Board of Commissioners has granted 18 Approvals, 27 Recommendations, and 42 Credit Consultations.

3. Annual Report of the Board of Commissioners

The Secretary of the Board of Commissioners, together with the Board of Commissioners' Committee (KA, KPMR, KTKT, KNR) have prepared the Report of the Board of Commissioners in 2017, which will be included in the Company's Annual Report. The Annual Report will be submitted to the Board of Commissioners for further approval in GMS 2018.

4. Board of Commissioners' Working Meeting

In order to review the realization of Board of Commissioners' RKA 2016, and to prepare Work Plan and Budget of the Board of Commissioners 2017, the Secretariat of Board of Commissioner, together with Board of Commissioners' Committee (KA, KPMR, KTKT, KNR) have conducted Board of Commissioners' Working Meeting on August 14-16, 2017, in Jakarta.

Competence Development Program

In order to develop the Board of Commissioners' competence, the Secretariat of the Board of Commissioners facilitates various Education, Seminars, & Conferences for the Board of Commissioners to support their duties as the Company's Supervisory Board. In 2017, the Secretariat of the Board of Commissioners has organized 8 Education, Seminars, & Conferences, both domestic and abroad.



AUDIT COMMITTEE

The Audit Committee is established by and responsible to the BOC with the duty to assist the BOC in carrying out its oversight function of the Bank management.

LEGAL REFERENCES

The Audit Committee establishment refer to:

1. Circular Letter of Central Bank No. 15/15/DPNP dated 29 April 2013 on Good Corporate Governance Implementation for Commercial Banks.
2. Financial Services Authority Regulation No. 33/POJK.04/2014 dated 8 December 2014 on the Board of Directors and Board of Commissioners of Issuers or Public Companies.
3. Financial Services Authority Regulation No. 55/POJK.04/2015 dated 23 December 2015 on the Audit Committee Establishment and Charter.
4. Financial Services Authority Regulation No. 56/POJK.04/2015 dated 23 December 2015 on The Internal Audit Establishment and Charter.

AUDIT COMMITTEE CHARTER

The Audit Committee BRI has in place the Audit Committee Charter which elaborates the duties, authorities, obligation, responsibilities, segregation of duties, working time, work ethics, meetings, organization structure and implementation of duties related to the Audit Committee. Members of the Audit Committee shall have the awareness on this charter and bind to it. The Audit Committee Charter is ratified by BRI BOC last updated on 5 September 2017.

APPOINTMENT AND TERMINATION

Independent members of the Audit Committee are assigned by the BOD through recruitment and selection mechanism. Members of the Audit Committee are appointed and terminated by the BOD and stipulated by the Decree of the BOD.

AUDIT COMMITTEE STRUCTURES AND MEMBERSHIP

Committee Structures

1. The Audit Committee is coordinated under the BOC and is structurally responsible to the BOC
2. The Audit Committee is chaired by the Independent Commissioner.

Committee Membership

1. A member of the Audit Committee shall consist of at least 3 (three) members:
 - a. an Independent Commissioner;
 - b. an Independent Party having expertise in accounting and finance; and
 - c. an Independent Party with expertise in law or banking.
2. Members of the Board of Directors are prohibited from become members of the Audit Committee.
3. Members of the Audit Committee from Independent Party are elected by the BOC through recruitment and selection mechanisms.
4. Members of the Audit Committee are appointed and terminated by the BOC and stipulated through the Decree of the BOD.
5. The Company shall submit the information to the Financial Services Authority on the appointment and termination of members of the Audit Committee at least 2 (two) working days following the appointment and termination and shall be published in the Stock Exchange Website and/or the Company Website.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

AUDIT COMMITTEE

BRI Audit Committee composition from 1 January 2017 to 18 October 2017 is as follows:

No.	Name	Position	Profession	Tenure
1.	A. Fuad Rahmany	Chairman	Independent Commissioner	June 2015-present
2.	Adhyaksa Dault	Member	Independent Commissioner	June 2015-October 2017
3.	A. Sonny Keraf	Member	Independent Commissioner	June 2015-present
4.	Pamiji Gesang Raharjo	Member	Independent Party	February 2016 - present
5.	I Gde Yadnya Kusuma	Member	Independent Party	February 2016 - present
6.	Sunuaji Noor Widiyanto	Member	Independent Party	December 2016- present

BRI Audit Committee composition from 18 October 2017 to 31 December 2017 is as follows:

No.	Name	Position	Profession	Tenure
1.	A. Fuad Rahmany	Chairman	Independent Commissioner	June 2015-present
2.	A. Sonny Keraf	Member	Independent Commissioner	June 2015-present
3.	Rofikoh Rokhim *	Member	Independent Commissioner	October 2017 - present
4.	Pamiji Gesang Raharjo	Member	Independent Party	February 2016 - present
5.	I Gde Yadnya Kusuma	Member	Independent Party	February 2016 - present
6.	Sunuaji Noor Widiyanto	Member	Independent Party	December 2016- present

*) Based on the decree of the Board of Commissioners of OJK No. KEP-15/D.03/2018 dated 24 January 2018

Profile of Committee

Profile of members of Audit Committee as of 31 December 2017 are as follows:

A. Fuad Rahmany Chairman of Audit Committee /Independent Commissioner Period: June 2015 - present	Profile is available at section Profile of BOC
Adhyaksa Dault Member of Audit Committee/Independent Commissioner Period: June 2015 – October 2017	Profile is available at section Profile of BOC
Sonny Keraf Member of Audit Committee/Independent Commissioner Period: June 2015 - present	Profile is available at section Profile of BOC
Rofikoh Rokhim Member of Audit Committee/Independent Commissioner Period: February 2018 - present	Profile is available at section Profile of BOC
I Gde Yadnya Kusuma Member of Audit Committee Independent Party Period: February 2016 - present	Born in Singaraja Bali, 19 May 1954. Serves as member of the Audit Committee of PT BRI (Persero) Tbk since July 2010. Previously has a career in Bank Indonesia served in several posts and at the Financial Transaction Reporting and Analysis Center (PPATK) as Research and Analyst Director. Obtained Bachelor degree in Economics from Swadaya Economics Science Academy, Jakarta (1993) and Master degree in Economics from University of Indonesia, Jakarta (2006).



AUDIT COMMITTEE

Pamuji Gesang Raharjo

Member of the Audit Committee
 Independent Party
 Period: February 2016 - present

Born in Jakarta, 10 April 1968. Serves as member of the Audit Committee of PT BRI (Persero) Tbk since 1 February 2016. Previously served as member of the Risk Management Monitoring Committee of PT BRI (Persero) Tbk. Has a career in several posts with PT BNI (Persero) Tbk, PT Bank Internasional Indonesia Tbk; PT Bank Danahutama; PT Pegadaian (Persero); and served as Executive Director of Risk Management Center Indonesia (RMCI). Obtained Bachelor Degree in Economics from University of Prof. Dr. Moestopo (Beragama) Jakarta (1996), Master degree in Management, risk management specialist from Master Management Program, Economics Faculty, University of Indonesia (2003), and obtained Doctoral degree from Institute of Agriculture Bogor (IPB) in 2014. Has Risk Management Certification Level 4 from Risk Management Certification Agency (BSMR) and obtained Certified of Financial Consultant (CFC) from Institute of Financial Consultant, Canada (2013).

Sunuaji Noor Widiyanto

Member of the Audit Committee
 Independent Party
 Period: December 2016 - present

Born in Yogyakarta, 1 January 1960, Serves as member of the Audit Committee of PT BRI (Persero) Tbk since 1 December 2016. Previously has a career with PT BRI (Persero) Tbk, served as Inspector in Inspection Office of BRI Yogyakarta (2014-2016) and previously served as Division Head of Procurement of BRI Head Office (2012-2014). He also had served as Chairman of BRI National Worker Union for 2 (two) periods (2006-2012). Obtained Bachelor degree in Economics from University of Islam Indonesia, Yogyakarta (1996) and obtained Qualified Internal Auditor (QIA) certification from Internal Audit Educational Foundation (YPIA) in 2015.

TERMS OF OFFICE

The terms of office of the Audit Committee members shall be the same with the terms of office of the BOC as stipulated in the Articles of Association and may be re-elected for only one (1) subsequent period.

QUALIFICATIONS AND EXPERIENCE

1. As member of the Audit Committee professional organization, has the knowledge on auditing concept and has the background and knowledge on financial reporting or audit for at least 10 years (at least one member).
2. Has adequate knowledge on banking industry including banking rules and regulations as well as prevailing laws and regulations.
3. Has adequate knowledge on Good Corporate Governance (GCG) principles.

4. Has adequate knowledge on risk concept and control in business activities as well as internal control.

INDEPENDENCY OF COMMITTEE MEMBERS

All members of the Audit Committee have no affiliation with the BOD, Commissioners or controlling shareholders of BRI. Members of the Audit Committee are also not a Company's shareholder, Commissioner, Director or employees of any company with affiliation or conducting business with BRI.

Prior to its term of office, the Audit Committee members have no authority to design, direct or control BRI and are not former executives and employees of the Public Accounting Firm who examine the BRI's books.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

AUDIT COMMITTEE

No	Independency Criteria	A. Fuad Rahmany	A. Sonny Keraf	Rofikoh Rokhim*	Pamuji Gesang Rahardjo	Sunuaji Noor Widiyanto	I Gde Yadnya Kusuma
1.	Does not have shares ownership relations with members of the Board of Commissioners, Board of Directors and/or Controlling Shareholders or relations with the Bank, which can influence ability to act independently.	V	V	V	V	V	V
2.	Does not have financial relations with members of the Board of Commissioners, Board of Directors and/or Controlling Shareholders or relations with the Bank, which can influence ability to act independently.	V	V	V	V	V	V
3.	Does not have management relations with members of the Board of Commissioners, Board of Directors and/or Controlling Shareholders or relations with the Bank, which can influence ability to act independently.	V	V	V	V	V	V
4	Does not have family relations with members of the Board of Commissioners, Board of Directors and/or Controlling Shareholders or relations with the Bank, which can influence ability to act independently.	V	V	V	V	V	V

DUTIES AND RESPONSIBILITIES

1. Monitoring and evaluation on the audit planning and implementation, both internal and external as well as monitoring on audit findings follow up, both internal and external, in order to assess the adequacy of internal control including the adequacy of financial reporting process, and covering the monitoring and evaluation on:
 - a. Duties implementation of the Internal Audit Unit;
 - b. Appropriateness of audit implementation by Public Accountant Firm with prevailing audit standards;
 - c. Appropriateness of financial statements with prevailing accounting standard;
 - d. Follow up implementation by the Board of Directors on the audit findings by the Internal Audit Unit, public accountant firm, oversight results from the Financial Services Authority (OJK) and oversight results from the BPK-RI.



AUDIT COMMITTEE

1. Internal Control

Monitoring, reviewing, and discussing with the Management, Internal Auditor, and Public Accountant or Audit Team of Public Accountant Firm on the adequacy and effectiveness of internal control over financial statements including material weaknesses, both in design and operation, which may impair the Bank's ability to record, process, summarize, and report financial information.

2. Internal Audit Unit (IAU)

- a. Monitoring the effectiveness of IAU's work.
- b. Providing opinions and advice to the Board of Commissioners for consideration in approving the appointment and dismissal of the Chairman of the Internal Audit Unit.
- c. Reviewing the Company's Report to the Financial Services Authority on the Internal Audit function implementation.
- d. Reviewing each IAU Report submitted to the Board of Commissioners c.q. Audit Committee, including any reports on irregularities submitted to the Board of Directors.
- e. Reviewing the execution of the Audit by IAU, and overseeing the follow-up by the Board of Directors on the findings of the Internal Auditor.

3. Independent Auditor

- a. Providing recommendation on the appointment of a Public Accountant and/or Firm that will provide audit services to the annual financial information, to the Board of Commissioners to be submitted to the GMS, taking into account the independence, scope of the assignment, and services fee.
- b. Providing recommendation to the Board of Commissioners, to be proposed to the GMS, in the case of the Public Accountant and/or Public Accountant Firm decided by the GMS as referred to in point 1) cannot meet the audit services on annual financial information during the Professional Assignment Period, the appointment of a replacement of Public Accountant and/or Public Accountant Firm may be conducted by the Board of Commissioners with due regard to the Audit Committee's recommendation.

c. In the event that the Audit Committee cannot recommend Public Accountant and/or Public Accountant Firm that will provide audit services to annual financial information to the Board of Commissioners prior to the GMS as referred to in point 1), the Audit Committee shall recommend delegation of authority to appoint Public Accountant and/or Public Accountant Firm to the Board of Commissioners, with explanation about:

- 1) The reason for the delegation of authority; and
- 2) Criteria or limitations to the appointed Public Accountant/ Public Accountant Firm.
- d. In preparing the recommendations as referred to in point 1), the Audit Committee shall consider:
 - 1) Independence of Public Accountant, Public Accountant Firm, and person in Public Accountant Firm;
 - 2) The scope of the audit;
 - 3) Audit services fee;
 - 4) Expertise and experience of Public Accountant, Public Accountant Firm, and Audit Team of the Public Accountant Firm;
 - 5) The methodology, techniques, and audit facilities used by the Firm;
 - 6) Benefits of fresh eye perspectives that will be obtained through the replacement of Public Accountant, Public Accountant Firm , and Audit Team of the Public Accountant Firm;
 - 7) Potential risks for the use of same audit services (Public Accountant Firm) continuously for a sufficient period of time; and/or
 - 8) Evaluation result on the implementation of audit services for annual financial information by Public Accountant and Public Accountant Firm in the previous period, if any.
- e. Submit the recommendations of the Audit Committee in the appointment of Public Accountant and/or Public Accountant Firm to the Board of Directors of PT Bank Rakyat Indonesia (Persero) Tbk. and/or DPLK Executive Board to be used as appendix of Public Accountant and/or Public Accountant Firm Appointment Report to the Financial Services Authority.

AUDIT COMMITTEE

- f. Propose to terminate a Public Accountant, Public Accountant Firm, or Public Accountant Firm Audit Team, if in performing their duties, the Auditor does not meet the applicable standards and regulations.
 - g. Review candidates for Public Accountant, or Audit Team of Public Accountant Firm for consolidated subsidiaries. Public Accountant Firm for consolidated subsidiaries are designated and assigned by the subsidiary concerned, in accordance with the provisions in the articles of association, but shall be consulted with the Audit Committee to assess the independence aspect of the prospective Public Accountant, Public Accountant Firm, or Public Accountant Firm Audit Team and audit supervision carried out by the Audit Committee.
 - h. Pre-approval of non-insurance services to be assigned to Public Accountant Firm.
 - i. Evaluate the implementation of audit services for annual financial information by Public Accountant, Public Accountant Firm, or Public Accountant Firm Audit Team, at least through:
 - 1) Compliance with audit conducted by Public Accountant, Public Accountant Firm, or Public Accountant Firm Audit Team with applicable audit standards;
 - 2) Adequacy of fieldwork time;
 - 3) Assessment of the scope of services provided and the adequacy of the quotation;
 - 4) Recommendations for improvements provided by the Public Accountant and/or Public Accountant Firm; and
 - 5) Others.
 - j. Submit the Audit Committee's Evaluation Report as referred to in number 9) to the Board of Directors of PT Bank Rakyat Indonesia (Persero) Tbk. and/or BRI DPLK Board, in accordance with Attachment 2.
4. Compliance
- a. Monitoring the effectiveness of policies and implementation of fraudulent financial reporting risks that have been prepared and implemented by the Board of Directors.
 - b. Reviewing adherence to laws and regulations related to the activities of the Bank.
5. Complaint
- Reviewing complaints both related to the Bank's accounting and reporting process, as well as other complaints.
6. Others
- a. Reviewing and providing advice to the Board of Commissioners related to potential conflicts of interest of the Bank.
 - b. Maintaining confidentiality of documents, data, and information of the Bank.
 - c. Carrying out the assignment as requested by the Commissioner.

Authorities

The BOC authorizes the Audit Committee within the scope of the Audit Committee's responsibilities to:

- 1. Access the Bank's documents, data and information concerning employees, funds, assets, and corporate resources;
- 2. Communicate directly with employees, including the BOD and parties performing internal audit, risk management, and accountant functions related to the Audit Committee's duties and responsibilities;
- 3. Involve independent parties outside the members of the Audit Committee as required to assist in the execution of their duties (if necessary); and
- 4. To exercise other authorities granted by the BOC.

KPI AND ACHIEVEMENTS IN 2017

Audit performance indicators or criteria are measured from the achievement of work programs/work plan and budget (RKA) that have been prepared at the beginning of each year, and the attendance of the Audit Committee members in each meeting. The work program of the Audit Committee not IKTT is prepared to support the Key Success Factors of the Board of Commissioners' duties in ensuring the adequacy of internal controls, including the adequacy of the financial reporting process.



AUDIT COMMITTEE

Generally, all KPI of Audit Committee has been achieved by the implementation of all Work Plan and Budget (RKA) of Audit Committee in 2017, which are in line with the target. The attendance level of Audit Committee's members also fulfilled the requirement, thus the Audit Committee's meetings can be executed with quorum in every decision.

COMMITTEE ACTIVITIES IN 2017

The realization of the Audit Committee work program in 2017 is as follows:

1. Review and Approval of IAU Annual Audit Plan 2017

The Audit Committee has reviewed the Annual Audit Plan (PAT) 2017, which is compiled and submitted by IAU. The results of the reviews and recommendations in the form of the opinion of the Audit Committee are set forth in the Audit Committee's Memo No. B.16-KA/02/2017 dated February 8, 2017, and the Board of Commissioners' Letter No. R.04-KOM/02/2017 dated February 10, 2017, on the Approval of Annual Audit Plan (PAT) 2017.

2. Evaluation of the internal control adequacy

The Audit Committee regularly monitors the implementation of the Internal Audit Unit to ensure the quality of the audit conducted by the Risk-Based Internal Audit (RBIA) methodology with a business process approach that is implemented in stages, in accordance with the risk management maturity level in the corporation.

Evaluation activities for quarterly Audit Reports and follow-up of audit results in 2017 are as follows:

No.	Material	Realization	Output
1.	IAU Audit Report Semester II 2016	17 February 2017	Written Recommendation on opinions and suggestions from the Board of Commissioners to the Board of Directors, which covers:
2.	IAU Audit Report Quarter I 2017	22 May 2017	I. Audit Committee Official Memo No.: B.20-KA/02/2017 dated 17 February 2017;
3.	IAU Audit Report Semester I 2017	8 August 2017	II. Audit Committee Official Memo No.: B.38-KA/05/2017 dated 22 May 2017;
4.	IAU Audit Report Quarter III 2017	3 November 2017	III. Audit Committee Official Memo No.: R.10-KA/08/2017 dated 8 August 2017; IV. Audit Committee Official Memo No.: B.64-KA/11/2017 dated 3 November 2017

3. Audit Committee Review on the IAU Review of the Bank's Quarterly Financial Statements

The Audit Committee reviews the Company's financial statements to be published, which covers quarterly and annual financial reports. The result of the review may be in the form of Board of Directors' response for refinement or report improvement before it is published.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

AUDIT COMMITTEE

The realization of the financial reporting is as follows:

No.	Material	Realization	Output
1.	Review of BRI Financial Statements for the Fiscal Year 2016	20 January 2017	Written recommendation from the Audit Committee, stated in the Minutes of Meeting No. 01-KA/01/2017 dated January 20, 2017, on Discussion on Audit Result of PT BRI (Persero) Tbk Consolidated Financial Statement as of December 31, 2016.
2.	Review of Financial Reports Quarter I 2017 published (unaudited)	17 April 2017	Written recommendation from the Audit Committee to the Board of Commissioners to be delivered to Board of Directors, in the KA's Memo No. B.27-KA/04/2017, dated April 17, 2017.
3.	Audited Financial Statement Semester I 2017	1 August 2017	Written recommendation from the Audit Committee to the Board of Commissioners to be delivered to Board of Directors, in the KA's Memo No. B.47-KA/08/2017 dated August 1, 2017.
4	Review of Financial Reports Quarter III 2017 published (unaudited)	25 October 2017	Written recommendation from the Audit Committee to the Board of Commissioners to be delivered to Board of Directors, in the KA's Memo No. B.63-KA/10/2017 dated October 25, 2017.

4. Whistleblower System Reporting

The Audit Committee has reviewed the Whistleblower System (WBS) Reporting and any written complaint or report received by the Board of Commissioners. The review of the Whistleblower System (WBS) Reporting is conducted simultaneously with the evaluation and discussion of the quarterly Audit Result Report (LHA) submitted by SKAI to the Board of Commissioners.

Cumulatively, during the period of January - December 2017, there were 65 reports of complaints/ reports to BRI's Whistleblower System (WBS), with details as follow:

1. 50 reports of 'concluded status,
2. 15 reports of "in progress" status for research and follow-up by the relevant Units.

During 2017, there was no complaint or reporting relating to the Bank's accounting and reporting process. For complaints and other written reports received by the Board of Commissioners, after a review by the Audit Committee, the ISU/Directors shall clarify in writing to be followed-up in accordance with the prevailing rules and regulations.

5. Appointment of Chairman of IAU

Based on the Minister of SOEs Regulation No. PER-01/MBU/2011 dated August 1, 2011, the dismissal and appointment of the Chairman of Internal Audit Unit must be approved by the Board of Commissioners. Following up the letter of BRI's Board of Directors No. R.216-DIR/KPS/05/2017 dated May 2, 2017, on the Replacement of Chairman of BRI's Internal Audit, the BRI's Board of Directors has requested approval from the Board of Commissioners to appoint Mr. Tri Wintarto as the Chairman of SKAI. Furthermore, in accordance with the duties and responsibilities of



AUDIT COMMITTEE

the Audit Committee, one of which is to review and advise the Board of Commissioners on the approval of the appointment and dismissal of the Chairman of the Internal Audit Unit, the Audit Committee has conducted an interview with Mr. Tri Wintarto, conducted in the Audit Committee Meeting on May 9, 2017.

Based on the review and interviews of candidate submitted by the Management, through the Memo No. R.05-KA/05/2017 dated May 12, 2017, the Audit Committee has recommended to the Board of Commissioners on the proposal of Mr. Tri Wintarto as the Chairman of IAU. Furthermore, through the Board of Commissioners' Letter No. dated May 12, 2017, the Board of Commissioners granted approval to the Board of Directors on the appointment of Mr. Tri Wintarto as the Chairman of IAU.

6. Recommendations on Appointment of Public Accountant Firm

Referring to the Financial Services Authority (POJK) No. 13/POJK.03/2017 dated March 23, 2017, on the Services of Public Accountant in Financial Services Activities, and OJK Circular Letter No. 36/SEOJK.03/2017 dated July 11, 2017, on the Procedures of Services of Public Accountant in the Financial Services Activities, the Audit Committee is responsible for providing recommendations to the Board of Commissioners on the appointment process of Public Accountant and/or Public Accountant Firm, taking into account the following matters:

- a. Independence of Public Accountant, Public Accountant Firm, and Public Accountant Firm's employees
- b. The scope of the audit
- c. Fee of audit services
- d. Expertise and experience of Public Accountant, Public Accountant Firm, and Public Accountant Firm's Audit Team
- e. The methodology, techniques, and audit facilities used by the Public Accountant Firm;
- f. Potential risks for the use of same audit services (Public Accountant Firm) continuously for a sufficient period of time; and/or

- g. Evaluation result on the implementation of audit services for annual financial information by Public Accountant and Public Accountant Firm in the previous period, if any.

In 2017, the Audit Committee has provided recommendations to the Board of Commissioners regarding the provision of audit services of Public Accountant Firm for general audits of the Company's consolidated financial statements and Company's Financial Reports for the Partnership and Community Development Program for the fiscal year 2017.

The recommendation for appointment of KAP is conducted through coordination with related work units and the establishment of Technical Team, Procurement Team, and Estimated Price Team through Board of Commissioners' Decree, coordinated by Audit Committee. Procurement process is performed through Direct Selection by using procurement mechanism in accordance with BRI's internal provisions.

During the 2017 period, the Audit Committee has conducted several activities related to the appointment of Public Accountant and/or Public Accountant Firm, which include:

- a. Providing recommendation to the Board of Commissioners on the appointment of Purwanto, Sungkoro Surja (EY) as the Public Accountant Firm responsible for conducting the General Audit of Consolidated Financial Statement and Financial Report of Partnership and Community Development Program (PKBL) of PT Bank Rakyat Indonesia Tbk, through the Audit Committee's Memo No. R.03-KA/02/2017 dated February 28, 2017, on the Recommendation of Public Accountant Firm to Perform General Audit of Consolidated Financial Statement and Financial Statement of PKBL BRI for the fiscal year 2017.
- b. Providing recommendations on the appointment of Public Accountant Firm Purwanto, Sungkoro Surja (EY) to perform a Limited Review of the Consolidated Financial Statements for the period of 30 June 2017, through the Audit Committee's

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

AUDIT COMMITTEE

Memo No. B.34-KA/05/2017 dated May 12, 2017, on the Proposed Appointment of Public Accountant Firm for Limited Review of Financial Statements for the period of 30 June 2017, and the Board of Commissioners' Letter No. B.77-KOM/05/2017 dated May 12, 2017, on the Appointment of KAP for the Limited Review of the Consolidated Financial Statements for the period of 30 June 2017..

7. Evaluation of Public Accountant Firm and Recommendation of Public Accountant Firm Replacement

In order to fulfill the obligation to evaluate the audit services for annual financial information by Public Accountant and/or Public Accountant Firm as stipulated in OJK Circular Letter No. 36/SEOJK.03/2017 dated July 11, 2017, on the Procedures of Services of Public Accountant in the Financial Services Activities, the Audit Committee has evaluated the audit by KAP and performed field visit during the 'exit meeting' on the Audit Result of KAP EY on several BRI Branch Offices. The exit meetings were held in several Inspection Offices (Kanins), i.e.:

- a. BRI Inspection Office Medan
- b. BRI Inspection Office Palembang
- c. BRI Inspection Office Yogyakarta
- d. BRI Inspection Office Jakarta 3.

The scope of evaluation carried out on KAP includes:

- a. Conformity of audit implementation by Public Accountant and/or Public Accountant Firm with the prevailing audit standards;
- b. adequacy of fieldwork time;
- c. Assessment of the scope of services provided and the adequacy of the quotation;
- d. Recommendations for improvements provided.

Based on the Public Accountant Firm Evaluation, the Audit Committee believes that the audit of the Bank's Consolidated Financial Statements for Fiscal Year 2016 by KAP PSS is in accordance with applicable audit standards.

Considering the Public Accountant Firm appointed in the AGMS 2017 may perform its duties and functions to audit the Financial Statements and PKBL 2017 in accordance with the Audit Standards and prevailing regulations, throughout 2017, the Audit Committee shall not provide recommendations for not replacing the designated Public Accountant Firm appointed in Annual GMS 2017.

8. Review on the General Audit of the Company's Financial Statements Performed by the Public Accountant Firm

The review completion target of the audit conducted by the Public Accountant Firm is as follows:



AUDIT COMMITTEE

No.	Material	Realization	Output
1.	BRI Financial Statements Fiscal Year 2016	20 January 2017	Recommendation in the Meeting of Board of Commissioners, IAU, and Public Accountant Firm, set forth in Minutes of Meeting No. 01-KA/01/2017 dated January 20, 2017, on the Discussion of audit results on the consolidated financial statements of PT BRI (Persero) Tbk as of December 31, 2016.
2.	Management Letter for the Fiscal Year 2016	17 July 2017	Written recommendation on opinion and advice from the Board of Commissioners to the Board of Directors through letter No. R.08 -KA/07/2017 dated July 17, 2017, on the management letter on general audit of financial statements 2016.

9. Review of the Significant Fraud Incident Reports

The Audit Committee also reviews the Fraud Incident Reports that have a significant impact on the Company, submitted by IAU and the Director of Compliance. The review of the Audit Committee is submitted to the Board of Commissioners, among others, as follows:

No.	Material	Realization	Output
1.	The Fraud Report Expected to Have Significant Negative Impacts	23 February 2017	Written recommendation on opinion and advice from the Board of Commissioners to the Board of Directors through letter Number: B.04-KA/01/2017 on Fraud Incident with significant negative impact and/or potential public concern for the period of September to December 2016.
2.	The Fraud Report Expected to Have Significant Negative Impacts	26 April 2017	Written recommendation on opinion and advice from the Board of Commissioners to the Board of Directors through letter No. B.29-KA/04/2017 on Fraud Incident with significant negative impact and/or potential public concern for the period of January to March 2017.
3.	The Fraud Report Expected to Have Significant Negative Impacts	12 October 2017	Written recommendation on opinion and advice from the Board of Commissioners to the Board of Directors through letter No. B.59-KA/10/2017 on Fraud Incident with significant negative impact and/or potential public concern in Quarter III 2017.

10. Follow-Up on External Audit Findings (OJK, INTRAC, and BPK RI)

The Audit Committee has monitored the follow-up of audit results conducted by the Financial Services Authority (OJK) and BPK RI. The monitoring is conducted simultaneously with the submission of the Audit Result Report (LHA) of the Internal Audit Unit (SKAI) submitted quarterly to the Audit Committee.

Specifically, the Audit Committee, through the Memo No. R.09-KA/07/2017 dated August 7, 2017, and the Board of Commissioners' Letter No. R.42-KOM/08/2017 dated August 8, 2017, on the Monitoring of Follow-up of External Auditors' Findings (BI, OJK, and Public Accountants) by BRI.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

AUDIT COMMITTEE

The Audit Committee has also followed-up on audit reports conducted by OJK and BPK RI, i.e.:

No	Audit by OJK, BI and Public Accountant Firm	Realization	Output
1	Result of Inspection of National Standards of the CHIP Technology and the Use of 6 digits Online PIN on BRI ATM Card and/or Debit Card by September 30, 2017.	10 January 2017	Written recommendation on opinions and advice of the Board of Commissioners to be delivered to Board of Directors, in the Audit Committee Official Memo No. R.01-KA/01/ 2017 dated January 10, 2017, and Board of Commissioners' Letter No. R.02-KOM/01/2017 dated January 16, 2017.
2	On-the-spot Audit report at BRI Remittance Company, Hong Kong in the framework of the implementation of the IT audit of the operational process of international banking system core application.	28 February 2017	Written recommendation on opinions and advice of the Board of Commissioners to be delivered to Board of Directors, in the Audit Committee Official Memo No. R.02-KA/02/ 2017 dated February 28, 2017, and Board of Commissioners' Letter No. R.16-KOM/03/2017 dated March 15, 2017.

On the other hand, the Audit Committee also monitors the imposition of sanctions/penalties by the regulator on a quarterly basis, based on OJK letters received by the Audit Committee. The monitoring results are then submitted to the Board of Commissioners, including providing opinions and recommendations of necessary improvements to the Board of Directors through a letter from the Board of Commissioners.

During the 2017 period, the Audit Committee has submitted monitoring results on the imposition of fine/liabilities sanctions by the regulator as follows:

No.	Monitoring Period	Realization	Output
1.	October – December 2016	20 January 2017	Written recommendation on opinions and advice of the Board of Commissioners to be delivered to Board of Directors, in the Audit Committee Official Memo No. B.11-KA/01/ 2017 dated 20 Januariy2017 and BOC Letter No. B.19-KOM/01/2017 dated 23 January 2017
2.	January – March 2017	18 April 2017	Written recommendation on opinions and advice of the Board of Commissioners to be delivered to Board of Directors, in the Audit Committee Official Memo No. B.28-KA/04/ 2017 dated 18 April 2017 and BOC Letter No. B.62-KOM/04/2017 dated 18 April 2017
3.	April – June 2017		No sanctions/penalty of fee obligatory
4.	July – September 2017	16 October 2017	Written recommendation on opinions and advice of the Board of Commissioners to be delivered to Board of Directors, in the Audit Committee Official Memo No. B.58-KA/10/ 2017 and BOC Letter No. B.163-KOM/10/2017 dated 16 October 2017

11. BRI DPLK Performance Evaluation Report

Referring to Article 24 paragraph 4 on the Financial Services Authority Regulation (POJK) No. 3/POJK.05/2015 dated March 31, 2015, on Pension Fund Investment, in which the Board of Commissioners as Supervisory Board of BRI's DPLK is obligated to submit an Investment Performance Evaluation Report of DPLK Biannually to OJK no later than 3 (three) months after the end of the semester. The review of the Audit Committee is submitted to the Board of Commissioners, among others, as follows:



AUDIT COMMITTEE

No.	Material	Realization	Output
1.	Evaluation of Performance Report Quarter IV 2016 and performance evaluation report of DPLK investment	21 March 2017	The written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors, delivered through Letter No. B.22-KA/03/2017 on the Evaluation of Performance Report Quarter IV 2016 and performance evaluation report of DPLK investment
2.	Evaluation of financial & investment performance of BRI DPLK 2016	19 June 2017	The written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors, delivered through Letter No. B.42-KA/06/2017 on the Evaluation of financial & investment performance of BRI DPLK 2016
3.	Evaluation of performance report quarter II 2017 & performance evaluation report of BRI DPLK investment semester I 2017 to OJK	4 August 2017	The written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors, delivered through Letter No. B.48-KA/08/2017 on the Evaluation of performance report quarter II 2017 & performance evaluation report of BRI DPLK investment semester I 2017 to OJK
4.	Evaluation of performance report quarter III 2017 and performance evaluation report of DPLK	03 November 2017	The written recommendation on opinions and advice from the Board of Commissioners to the Board of Directors, delivered through Letter No. B.64-KA/11/2017 on the Evaluation of performance report quarter III 2017 of BRI DPLK

12. General Audit of Financial Report and Investment Performance Report of BRI DPLK

In relation to the general audit of the Financial Statements and Investment Performance Report of BRI DPLK for the fiscal year 2016, the activities performed by the Audit Committee are, among others:

- a. Discussing with KAP Mirawati Sensi Idris related to audit result of BRI DPLK Financial Report of the fiscal year 2016 in Board of Commissioners' Meeting held on Monday, June 19, 2017.
- b. Evaluating the audit conducted by KAP Mirawati Sensi Idris, and the evaluation result was submitted to the Board of Commissioners through the Memo No. B.44-KA/06/2017 dated June 20, 2017, which was followed-up by a Letter of the BRI's Board of Commissioners No. B.96-KOM/06/2017 dated June 25, 2017.

13. Other Assignments

The Audit Committee also reviews and approves the request for approval submitted by the Board of Directors to the Board of Commissioners, namely:

- a. Review and Recommendation of Request Approved by the Board of Directors
 - 1. Request for approval of guidelines for the anti-money laundering and financing of terrorism activities programs of BRI DPLK (Audit Committee's Memo No. B.19-KA/02/2017 dated February 13, 2017);
 - 2. Request for approval of PH fixed assets on Jakarta Fatmawati BRI Branch Office building (Audit Committee's Memo No. B.21-KA/02/2017 dated February 22, 2017);
 - 3. Request for approval of PH fixed assets of ex-building of Kupang BRI Branch Office (Audit Committee's Memo No. B.24-KA/03/2017 dated March 29, 2017);
 - 4. Request for approval of PH fixed assets on abandoned building at Jl. Proklamasi 29 (Audit Committee's Memo No. B.30-KA/04/2017 dated April 26, 2017);

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

AUDIT COMMITTEE

b. Evaluation of the Partnership and Community Development Program Implementation

The Audit Committee has evaluated the implementation of Partnership and Community Development Program (PKBL). The evaluation was conducted through discussions with the Corporate Secretariat Division and other related work units in the Audit Committee's Meeting, held on September 19, 2017. Based on these discussions, the Audit Committee has provided some recommendations related to the implementation of Company's PKBL Program through the Audit Committee's Memo No. R.11 -KA/09/2017 dated September 29, 2017, on the PKBL Audit 2016 and 2017.

Documentation of the review conducted during 2017

No	Subjects
1	Review and Approval of IAU Annual Audit Plan 2017
2	Evaluation of Internal Control Adequacy: IAU Audit Result Report Semester II 2016, Quarter I, Quarter II, and Quarter III 2017
3	Review of the Audit Committee on the Results of the IAU Review of the Company's Quarterly Financial Statements: Review of Audited Financial Statements 2016, Review of Financial Statements Quarter I published (unaudited) 2017, Review of Audited Financial Statements Semester II 2016, Review of Financial Statements Quarter III published (unaudited) 2017
4	Review of Whistleblower System Report
5	Recommendations of the Appointment of Public Accountant Firm
6	Review of the General Audit of the BRI Financial Statements for the Fiscal Year 2016: BRI Financial Report for the Fiscal Year 2016, PKBL Financial Report for the Fiscal Year 2016, and Management Letter for the Fiscal Year 2016
7	Review of General Audit on PKBL Financial Statements for the Fiscal Year 2016
8	Review of General Audit on Management Letter for the Fiscal Year 2016
9	Review of the Significant Fraud Incident Reports
10	BRI DPLK Investment Performance Evaluation Report

WORKSHOPS AND TRAININGS IN 2017

The trainings participated by members of the Audit Committee during 2017 can be viewed under the section of the BOC trainings during 2017.

AUDIT COMMITTEE MEETINGS

Meeting Policy

The Audit Committee Meeting Policy is as follows:

1. The meeting shall be held at least one (1) time in one (1) month.
2. Meetings shall be held at the place of domicile of the Company or other places established by the Committee.
3. Any summon of a Meeting may be made in writing signed by the Chairman of the Audit Committee or one of the members of the Audit Committee from the BOC, or by an verbal or other communication medium.
4. The meeting shall include the agenda of the meeting, date, time, and meeting venue and shall be set forth in a well-documented minutes of meeting.
5. A meeting may only be held if it is attended by at least 51% (fiftyone percent) of the total members including an Independent Commissioner and an Independent Party.
6. Each Committee meeting is chaired by the Chairman of the Audit Committee and in the event that the Chairman of the Audit Committee is absent, the meeting is chaired by a member of the Audit Committee from the BOC.
7. The decision of the meeting shall be based on consensus deliberation. If deliberation of consensus is not reached, then the decision is made by majority vote.



AUDIT COMMITTEE

8. Differences of opinion or dissenting opinion that occurs in the Audit Committee meeting shall be clearly stated in the minutes of the meeting and the reasons for the dissenting opinion.
9. The minutes of the Audit Committee meetings shall be made by a person present at the meeting and appointed by the meeting leader. The minutes of the meeting shall be signed by all members of the Audit Committee present at the meeting.
10. The minutes of the meeting of the Audit Committee are valid evidence of the decisions taken in the meeting.
11. The Audit Committee may also take a lawful decision without having a Meeting provided that all members of the Audit Committee have been notified in writing and all members of the Audit Committee agree on the proposal submitted in writing and sign the agreement. The decisions taken in this way have the same power as the decisions taken legitimately in the meeting.

In 2017 the Audit Committee has conducted 15 meetings with the following details:

Frequencies and Attendance Levels

No	Name	Position	Total Meeting	Attendance	% Attendance
1	A. Fuad Rahmany	Chairman	15	15	100%
2	A. Sonny Keraf	Member	15	13	87%
3	Adhyaksa Dault*	Member	13	10	77%
4	Pamuji Gesang Raharjo	Member	15	14	93%
5	I. Gde Yadnya Kusuma	Member	15	15	100%
6	Sunuaji Noor Widiyanto	Member	15	12	80%

*effective up to 18 October 2017

Meeting Agenda

No.	Material	Date	Total Attendance	Remark
1	Discussion of the audit results of the consolidated financial statements of PT BRI (Persero) Tbk as of December 31, 2016	20 January 2017	6	Quorum
2	Discussion on procurement plan for Public Accountant Firm to audit of consolidated financial statements of PT BRI (Persero) Tbk, as of December 31, 2017	20 January 2017	6	Quorum
3	Discussion of annual audit plan (PAT) 2017	03 February 2017	6	Quorum
4	The discussion of the imposition of orders/fines to EY in the US	14 February 2017	6	Quorum
5	Discussion of the report of audit findings up to Quarter IV 2016	14 February 2017	6	Quorum
6	IT issues discussion	21 February 2017	5	Quorum
7	Discussion on IAU findings on procurement of goods & services	04 April 2017	6	Quorum
8	Reviewing draft of BRI Financial Statements Quarter I 2017	17 April 2017	5	Quorum
9	Discussion on the main points of IAU audit results in Quarter I 2017	17 Mei 2017	6	Quorum
10	BRI DPLK Financial Statements for the fiscal year 2016 by Public Accountant Firm Mirawati Sensi Idris	19 June 2017	5	Quorum

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

AUDIT COMMITTEE

Meeting Agenda

No.	Material	Date	Total Attendance	Remark
11	Discussion of review with Public Accountant Firm Purwanto, Sungkoro, & Surja (EY) on the consolidated financial statements of PT BRI (Persero) Tbk. and subsidiaries as of June 30, 2017	27 July 2017	5	Quorum
12	Discussion on the main points of IAU audit results in Quarter II 2017	04 August 2017	5	Quorum
13	Discussion with Public Accountant Firm Purwantono, Sungkoro, & Surja (EY) in the framework of kick-off audit of the consolidated financial statements of PT BRI (Persero) Tbk and subsidiaries as of December 31, 2017	19 September 2017	5	Quorum
14	Discussion on the draft of BRI financial statement Quarter III 2017	24 October 2017	5	Quorum
15	Discussion of Audit Committee's to Inspection Office to evaluate audit implementation by Public Accountant Firm EY	07 November 2017	5	Quorum

Audit Committee's Meeting Agenda Plan

No.	Meeting Agenda Plan 2018	Target
1.	Review and Approval of SKAI of Annual Audit Plan (PAT) 2018; including reviewing and recommending the refinement the IAU Audit Charter (if any)	Week IV January 2018
2.	Preparation of the Audit Committee Annual Work Plan 2018	Week II January 2018
3	Review of the Audit Result Report (LHA) Quarter IV 2017	Week II February 2018
4	Review of the Audit Result Report (LHA) Quarter I 2018	Week II May 2018
5	Review of the Audit Result Report (LHA) Quarter II 2018	Week II August 2018
6	Review of the Audit Result Report (LHA) Quarter III 2018	Week II November 2018
7	Review of Financial Statements Quarter IV 2017	Week II January 2018
8	Review of (Unaudited) Financial Statements Quarter I 2018	Week II April 2018
9	Review of Financial Statements Quarter I 2018	Week II July 2018
10	Review of (Unaudited) Financial Statements Quarter III 2018	Week II October 2018
11	Evaluation of Procurement and Proposed Appointment of Public Accountant Firm (Audit of the Company's Financial Statement & PKBL Financial Statement) for the Fiscal Year 2018	Week II February 2018
12	Discussion of management letter for audit of Financial Statements 2017	Week I May 2018
13	Evaluation of imposition of sanctions/penalties from OJK, PPATK, and other authorized authorities	Week II July 2018



AUDIT COMMITTEE

Meetings Follow-Up

All meeting results and activities by the Audit Committee are documented in the minutes of meetings and being followed up in the form of letters to the BOC and relevant parties.

2017 AUDIT COMMITTEE REMUNERATION

Remuneration for committee members who come from members of the BOC is accumulated with honorarium given to the BOC and no special honorarium for each member of the Committee.

In particular to Member of the Committee from Independent Parties (Non-Commissioners), the amount of honorarium is stipulated by the BOC with a maximum of 20% of the salary of the President Director and not given any income other than the honorarium. This is in accordance with the provisions of Minister of State-Owned Enterprises Regulation No. PER-12.MBU/2012 dated August 24, 2012 on the supporting organ of the Board of Commissioners.

AUDIT COMMITTEE OPINION ON THE IMPLEMENTATION OF INTERNAL CONTROL AND CORPORATE RISK MANAGEMENT REVIEW

The Audit Committee is established by and responsible to the BOC, referring its duties implementation to the Audit Committee Charter which has been updated through the Audit Committee official memo No. B.52 KA/09/2017 dated 5 September 2017 on the Revision of the Audit Committee Charter.

The Charter elaborates the Audit Committee duties, among others to (i) reviewing financial information that will be published by the Company, (ii) reviewing compliance with the laws and regulations, (iii) providing independent opinion in the event of differed opinions between the Management and Independent Auditors, (iv) providing recommendation to the BOC on the appointment of Independent Auditors and fees, (v) reviewing audit implementation and overseeing the follow up actions by the BOD on the Internal Audit Unit (IAU) findings, (vi) reviewing the claims related to the Company's accounting process and financial reporting, and (vii) reviewing and providing counsel to the BOC on the potential of conflict of interest within the Company.

In its oversight responsibility, the Audit Committee convenes regular meetings during 2017. The Audit Committee meetings are designed to support the communication between the Audit Committee, Company Management, IAU and Independent Auditors. The Audit Committee regularly holds discussion with IAU and Independent Auditors on all duties from the audit scopes and plan to examination results, evaluation on internal control system and quality of the Company's consolidated financial reporting. This discussion is conducted with due observance to the development, with or without attendance.

The Audit Committee implements its duties and responsibilities through meetings and discussions during 2017 with:

AUDIT COMMITTEE

1. Company's Management

The Audit Committee had reviewed and discussed the consolidated financial statements with the Company's Management. The discussion covered the quality of applied accounting standard, fairness of significant assessment and clarity of disclosure in the consolidated financial statements including the adequacy of applied internal control framework. The Company's BOD is responsible on the financial statements, effectiveness of the internal control system and the evaluation on internal control system effectiveness.

2. Internal Audit Unit (IAU)

The discussion with IAU was carried out to obtain information on audit scopes and plans. The IAU monitoring results, which were regularly done, were also discussed, regarding the management commitment to improve weakness in internal control according to set forth timing, including the opinion on the adequacy of improvement follow-up by the management. The Audit Committee is regularly overseeing the IAU audit works to ensure that the audit quality done under the Risk Based Internal Audit (RBIA) methodology with business process approach is in accordance with the corporate risk management maturity level.

3. Independent Auditors

In reviewing the Company's consolidated financial statements, the Audit Committee and Independent Auditors are discussing the accounting judgements and standard quality used by the Management in the development and presentation of the Company's consolidated financial statements. The Audit Committee and Independent Auditors are also discussed the deficiency in internal control identified during audit and as per professional consideration of Independent Auditor, are sufficiently important to be taken into account by relevant parties. The Independent Auditor is responsible to provide opinion on the appropriateness of the Company's consolidated financial statements with the Financial Accounting Standard in Indonesia.

Based on the review and discussion results as stated above, the Audit Committee hereby confirmed that the Company's internal control system and risk management is sufficiently adequate to identify the risks, hence the Company can acknowledge and manage the risks. Further, the Audit Committee recommends the BOC to include the consolidated financial statements fiscal year 2017 into the Company's annual report.



NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) is established by the BOC with the duty of reviewing the remuneration policy and providing advice and recommendations on the procedure for the selection of candidates and/ or the replacement of members of the BOC and BOD as well as independent third parties within the committees under the BOC.

LEGAL REFERENCES

1. Decree of the SOE Ministry No. PER-01/MBU/2011 dated 1 August 2011 on the Implementation of Good Corporate Governance.
2. Law No. 19 of 2003 dated 19 June 2003 on the SOE.
3. Regulation of the SOE Ministry No. PER-12/MBU/2012 dated 24 August 2012 on the Supporting Organs of the Board of Commissioners/ Supervisory Board of State-Owned Enterprises.
4. The Financial Services Authority Regulation No. 34/POJK.04/2014 dated 08 December 2014 on the Nomination and Remuneration Committee of Issuers or Public Companies.
5. The Financial Services Authority Regulation No. 45/POJK.03/2015 on the Governance Implementation in the Provision of Remuneration for the Commercial Banks.
6. The Financial Services Authority Regulation No. 55/POJK.03/2016 dated 07 December 2016 on the Governance Implementation in the Commercial Banks.
7. Peraturan Otoritas Jasa Keuangan Nomor: 55/POJK.03/2016 tanggal 07 Desember 2016 Tentang Penerapan Tata Kelola Bagi Bank Umum.

COMMITTEE CHARTER

The Nomination and Remuneration Charter (NRC Charter) regulates the establishment purpose, membership, authorities, duties and responsibilities, composition, work ethics as well as meeting ethics. The Charter serves as the guidelines in implementing duties and responsibilities of the Committee in order to support the effectiveness of the BOC duties and responsibilities related to the HR management.

The NRC Charter is ratified by the Board of Commissioners through Official Memo of the Board of Commissioners Secretariat No: B.41-Sekkom/05/2015 dated 12 May 2015 on the BOC Charter and BOC Supporting ORgan of PT Bank Rakyat Indonesia (Persero) Tbk.

APPOINTMENT AND TERMINATION

The Nomination and Remuneration Committee is established by the BOC to assist the effectiveness of the BOC duties and responsibilities in particular related to the Nomination Policy and Remuneration Policy.

COMMITTEE STRUCTURE AND MEMBERSHIP

Committee Structure

Pursuant to the prevailing rules, the structure and membership of the Nomination and Remuneration Committee of the Company is as follows:

1. The members of the Committee shall be at least 3 (three) members, which consist of an Independent Commissioner, a Commissioner, and an Executive of one level below the BOD that in charge of HR policy (ex officio).
2. In the event that members of the Committee are stipulated of over 3 (three) members, then the Independet Commissioner shall at least 2 (two) members.
3. The BOC can appont Independent Party as the Committee member, with the following criteria:
 - a. Mandatory to meet the following requirements:
 - i. Has no Affiliations with the Company, members of the BOD, members of the BOC, or the Company's Controling Shareholder;
 - ii. Has experience in Nomination and/or Remuneration; and
 - iii. Does not have concurrent position as member of other committee in the Company.
 - b. Appointed by the BOC through recruitment and selection mechanisms.

NOMINATION AND REMUNERATION COMMITTEE

4. The maximum terms of office is 2 (two) years and may be renewed for subsequent periods of work with due consideration to the term of the BOC and the applicable contract employees' regulations in the Company, with the possibility of termination by the Board of Commissioners prior to the term of the contract expires. The BOD members are prohibited from the appointment as Committee members.
5. Members of the Committee are appointed by the BOD based on the decision of the BOC meeting.
6. Members of the Committee are appointed for certain period and can be reappointed.
7. The term of office of members is not exceeding the tenure of the BOC as stipulated in the articles of association.

The Nomination and Remuneration Committee consists of a Chairman which is an Independent President Commissioner, and members that consist of all members of the BOC and one executive officer, namely Division Head of Human Resources. The structure and composition has complied with the POJK regulation No. 34/POJK.04/2014 on the Nomination and Remuneration Committee of Issuers and Public Companies, and POJK No. 45/POJK.03/2015 on the Implementation of Governance in the Provision of Remuneration the Commercial Banks.

The Members' Composition from 1 January 2017 to 2 April 2017 is as follows:

No	Name	Position	Profession
1	Mutafa Abubakar*	Chairman	President Commissioner/Independent
2	Gatot Trihargo	Member	Vice President Commissioner
3	Adhyaksa Dault	Member	Independent Commissioner
4	Ahmad Fuad*	Member	Independent Commissioner
5	A. Fuad Rahmany	Member	Independent Commissioner
6	A. Sonny Keraf	Member	Commissioner
7	Vincentius Sonny Loho	Member	Commissioner
8	Jeffry J. Wurangian	Member	Commissioner
9	Eko Bambang SuharNo Manusia	Member	Ex-officio (Kepala Divisi Kebijakan dan Pengembangan Sumber Daya Manusia)

*Effective up to 15 March 2017 (BRI AGMS 2017)

The Members' Composition from 3 April 2017 to 18 October 2017 is as follows:

No	Name	Position	Profession
1	Adhyaksa Dault	Chairman	Independent Commissioner
2	Andrinof A. Chaniago*	Member	President Commissioner/Independent
3	Gatot Trihargo	Member	Vice President Commissioner
4	A. Fuad Rahmany	Member	Independent Commissioner
5	A. Sonny Keraf	Member	Independent Commissioner
6	Mahmud	Member	Independent Commissioner
7	Vincentius Sonny Loho	Member	Commissioner
8	Jeffry J. Wurangian	Member	Commissioner
9	Nicolaus Teguh Budi Harjanto*	Member	Commissioner
10	A. Solichin Lutfiyanto	Member	Ex-officio (Division Head of Human Resources Policy and Development)

*Effective as of 19 July 2017 following the Fit and Proper test Approval from OJK



NOMINATION AND REMUNERATION COMMITTEE

The Members' Composition from 18 October 2017 to 31 December 2017 is as follows:

No	Name	Position	Profession
1	Andrinof A. Chaniago	Chairman	President Commissioner/Independent
2	Gatot Trihargo	Member	Vice President Commissioner
3	A. Fuad Rahmany	Member	Independent Commissioner
4	A. Sonny Keraf	Member	Independent Commissioner
5	Mahmud	Member	Independent Commissioner
6	Vincentius Sonny Loho	Member	Commissioner
7	Jeffry J. Wurangian	Member	Commissioner
8	Nicolaus Teguh Budi Harjanto	Member	Commissioner
9	Rofikoh Rokhim*	Member	Independent Commissioner
10	A. Solichin Lutfiyanto	Member	Ex-officio (Division Head of Human Resources Policy and Development)

*Effective as of 1 February 2018

Committee Memberships

1. The Committee members shall at least consist of:
 - a. An Independent Commissioner;
 - b. An Independent Party having expertise in finance; and
 - c. An Independent Party with expertise in risk management.
2. The Independent parties assessed of having financial expertise shall meet the following criteria:
 - a. Have knowledge in economics, finance and/ or banking; and
 - b. Have work experience of at least 5 (five) years in economic, finance and/ or banking.
3. The Independent parties assessed of having expertise in risk management shall meet the criteria:
 - a. Have knowledge in risk management;
 - b. Have at least 2 (two) years working experience in risk management in finance and/ or banking.
4. The Independent Parties shall meet the following requirements:
 - a. Does not receive any compensation from the Company and its subsidiaries, or affiliates, except wages, salaries and other facilities received in connection with the duties performed as members of the Risk Management Oversight Committee;
 - b. Has no family or financial relationship with the BOD and BOC;
5. Former members of the BOD or Executive Officers of the Company or parties with relationships with the Company that may affect their ability to act independently may not become Independent Party as a member of the Committee, before undergoing a six-month period of cooling off. The terms of the waiting period (cooling off) to become an Independent Party shall not apply to former members of the BOD or Executive Officers whose duties only perform supervisory functions for at least 6 (six) months.
6. Appointment of members of the Committee from the Independent Party, shall follow the following rules:
 - a. Selected by the BOC through recruitment and selection mechanisms;
 - b. The maximum terms of office is 2 (two) years and may be renewed for subsequent periods of

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

NOMINATION AND REMUNERATION COMMITTEE

work with due consideration to the term of the BOC and the applicable contract employees' regulations in the Company, with the possibility of termination by the Board of Commissioners prior to the term of the contract expires.

7. Members of the Board of Directors are prohibited from becoming members of the Committee.
8. Members of the Committee shall be appointed by the BOD based on the decision of the BOC meeting.

Committee Profile

Profile of the Nomination and Remuneration Committee members as of 31 December 2017 is as follows:

Andrinof A. Chaniago	Profile is available at BOC Profile section.
Chairman of NRC/ Independent Commissioner	
Gator Trihargo	Profile is available at BOC Profile section.
Member of NRC/ Vice President Commissioner	
A. Fuad Rahmany	Profile is available at BOC Profile section.
Member of NRC/ Independent Commissioner	
A. Sonny Keraf	Profile is available at BOC Profile section.
Member of NRC/ Independent Commissioner	
Mahmud	Profile is available at BOC Profile section.
Member of NRC/ Independent Commissioner	
Vincentius Sonny Loho	Profile is available at BOC Profile section.
Member of NRC/ Commissioner	
Jeffry J. Wurangian	Profile is available at BOC Profile section.
Member of NRC/ Independent Commissioner	
Nicolaus Teguh Budi Harjanto	Profile is available at BOC Profile section.
Member of NRC/ Independent Commissioner	
Rofikoh Rokhim	Profile is available at BOC Profile section.
Member of NRC/ Independent Commissioner	



NOMINATION AND REMUNERATION COMMITTEE

Ahmad Solichin Lutfiyanto

Member of NRC
 (01 July 2017-Present)

Born in Malang, 5 July 1970. Obtained Bachelor degree in Agriculture, University of Jember in 1987 and Master degree in Marketing Management/Inf.Sys from UGM and Agder College University, Norway in 2008. He previously served several posts in PT Bank Rakyat Indonesia (Persero) Tbk, among others as Deputy Division Head of Retail Business Network (2012-2016), Division Head of Transaction Banking (2016-2017), and currently serves as Division Head of Human Capital Policy and Development (2017-present).

QUALIFICATIONS AND EXPERIENCE

1. Have high integrity, objectivity, mentality, ethics and professional responsibilities.
2. Able to act independently, which is able to carry out duties professionally without conflict of interest and influence/pressures from any other parties that are incompliance with the prevailing laws and regulations and Good Corporate Governance principles.
3. Have adequate banking knowledge including prevailing rules and laws.
4. Understanding of comprehensive human resource management concept, especially experienced in HR management that includes succession planning, career development, performance assessment and experience in managing remuneration system for the BOC, BOD and the Company's employees.
5. Have the knowledge on manpower regulation and other rules related to employment.
6. Have sufficient time to carry out his/her duties.
7. Able to effectively communicate.

INDEPENDENCY OF THE COMMITTEE MEMBERS

To ensure the quality of duties implementation, several NRC members have economics and finance background, meanwhile other members have the experience in human resources. Whereas to ensure the independency of duties implementation and in providing counsel or

recommendation to the BOD, all Members of the NRC have no affiliation with the Directors, other Commissioners or the Company controlling shareholders. All members of the NRC are not shareholders, Commissioners, Directors or employees of affiliated or business-owned Perseroan with BRI.

DUTIES AND RESPONSIBILITIES

Nomination Function

- a. Analyze, develop and provide recommendations on selection and/or replacement systems and procedures of members of the BOC and BOD to the Board of Commissioners.
- b. Provide recommendations on candidate members of the BOC and/or BOD to the Board of Commissioners.
- c. Monitor the selection implementation and analyze the criteria and procedures for the Executive candidate of one level below the BOD.
- d. Develop the assessment system of the BOC and BOD performance.
- e. Provide recommendations on total members of the BOC and BOD.
- f. Provide opinion or advice to the BOD on the BOD decision regarding mutation and/or appointment of the Company's Non employees to become the executive of one level below the BOD.
- g. Analyze the data of the executive of one level below the BOD presented by the BOD quarterly and at anytime the changes are arising.
- h. Provide recommendations to the BOC on the Independent Parties, which will be selected as members of the Audit Committee and members of the Risk Management Oversight Committee.

NOMINATION AND REMUNERATION COMMITTEE

Remuneration Function

- a. Evaluate the prevailing remuneration policies for the BOC, BOD and the Company's Employees.
- b. Provide recommendations to the BOC regarding:
 - i. Remuneration policy for the BOC and BOD.
 - ii. Overall remuneration policy for the Executives and the Company's Employees to be submitted to the BOD.
- c. Provide recommendations on stock options to the BOC, BOD and the Company's Employees.
- d. Provide recommendations on pension system for the Company's Employees.
- e. Provide recommendations on the compensation system and other benefits in the reduction of the Company's Employees.

Others

- a. Evaluate and provide recommendations to the BOC on the manpower policy and other function in the human resource management that has significant financial impact and/or legal risk for the Company.
- b. Provide recommendations on internal audit and/or external audit findings settlement and oversight results of Bank Indonesia, especially on the human resource management policy.
- c. Administer documents related to the Committee's duties and responsibilities.

Authorities

The BOC provides authority to the Committee under the scope of responsibility of the Committee to request relevant information related to the nomination and remuneration functions as well as manpower policy and other function in the human resource management from internal parties.

Prohibition

- 1. Take personal advantage either directly or indirectly from the Company's activities other than legitimate income.
- 2. Receiving additional income other than income as a member of the BOC for members of the Board of Commissioners who are the Chairman or a member of the Committee.

KPI AND ACHIEVEMENTS IN 2017

The Nomination and Remuneration Committee (NRC) performance indicator or criteria is measured from the achievement of work programs/work plans and budgets (RKA) that have been prepared at the beginning of each year and the attendance of NRC members in each meeting. The NRC work program is designed to support the key success factors of the Board of Commissioners in executing the nomination process of the Company's management and its subsidiaries, evaluation of workers' remuneration and employment policies, remuneration of the Board of Directors and Board of Commissioners, as well as the overall management of human resources.

Generally, all KPI of the NRC has been achieved by the implementation of all NRC Working Plan and Budget (RKA) 2017, in accordance with the set target and attendance level of NRC members, which fulfilled the requirement. Thus, all NRC meeting can be executed with quorum in every decision.



NOMINATION AND REMUNERATION COMMITTEE

COMMITTEE'S ACTIVITIES IN 2017

NRC Work Program Focus

In accordance with the work program of the Nomination and Remuneration Committee, NRC's main focus is as follows:

1. Nomination Function

Ensuring that the Bank has a Nomination system and procedure policy for members of the Board of Commissioners, Board of Directors, and Executive Officers; and ensuring that the Company has a Board of Commissioners, Board of Directors, and Executive Officer with the necessary competence, knowledge, experience, and behavioral to manage the Bank in accordance with the prevailing laws and regulations.

2. Remuneration Function

Ensuring that the Bank has a fair and proper remuneration and other facilities for the Board of Commissioners, the Board of Directors, and the Bank's employees.

3. Others

Ensuring that employment policies and other functions in human resources management in the Bank are in compliance with the prevailing laws and regulations.

NRC Activities Implementation

Realization of Nomination and Remuneration Committee (NRC) Work Program 2017 is as follows:

1. Nomination of the Board of Directors

In line with Financial Services Authority Regulation, POJK No. 55/POJK.03/2016 dated December 7, 2017, on the Implementation of Good Corporate Governance for Commercial Banks, any proposal for the appointment and/or replacement of members of the Board of Commissioners and/or Board of Directors by the Board of Commissioners to the GMS must consider the NRC recommendation. The Nomination process conducted throughout 2017 is as follows:

a. Nominations at the Annual GMS 2017

In 2017, there is 1 (one) Director who has performed his tenure for two periods, i.e. Asmawi Syam as President Director of BRI and three Commissioners who has performed one period of tenure, i.e. Mr. Mustafa Abubakar (President Commissioner), Ahmad Fuad (Independent Commissioner), and Vincentius Sonny Loho (Commissioner). With due regard to the tenures, Nomination and Remuneration Committee has processed the Nomination of the Candidate of Directors and Commissioners from the internal Board of Commissioners, which shall be proposed to the Board of Commissioners to be submitted to the Bicolor Series A Shareholder to be Dismissed in the Annual GMS of 2017.

Nomination Process of Directors and Recommendation of NRC are as follows:

NOMINATION AND REMUNERATION COMMITTEE

No	Material	Deadlines	Realization	Output
1	Board of Directors' Nomination	First Week of March 2017	10 February 2017	Proposed candidates for President Director and prospective members of the BRI's Board of Directors shall be submitted in the Board of Commissioners' Letter No. SR.02-KOM/02/2017 on the Proposed Candidates of BRI's Directors
2	Board of Commissioner' Nomination	First Week of March 2016	02 March 2017	Proposed reappointment of BRI's President Commissioner is presented in the Board of Commissioners' Letter No. SR.05-KOM/03/2016 on the Reappointment Proposal of President Commissioner of PT BRI (Persero) Tbk
			10 March	Proposed reappointment of BRI's Commissioners is presented in the Board of Commissioners' Letter No. SR.08-KOM/03/2016 on the Reappointment Proposal of Commissioners of PT BRI (Persero) Tbk

b. Nomination in Extraordinary GMS (EGMS) 2017

On October 18, 2017, the Bank held an Extraordinary GMS of 2017. One of the agendas is the replacement of the Bank's Board of Directors and Commissioners. Nomination Process of Directors and Recommendation of NRC are as follow:

Material	Deadlines	Realization	Output
Board of Directors' Nomination	First week of October 2017	18 October 2017	Proposed candidates for Board of Directors shall be submitted in the Board of Commissioners' Letter No. SR.12-KOM/10/2017 on the Proposed Candidates of Directors of PT BRI (Persero) Tbk

c. Nomination of Candidates of Commissioners and Directors of subsidiaries or Representatives assigned in subsidiaries or Related Parties.

Based on the provisions in the BRI's Articles of Association, one of the actions of the Board of Directors that requires approval of the Board of Commissioners and Dwiwarna Series A Shareholder is to propose the Bank's Representative to become a candidate for Board of Directors or Board of Commissioners of a subsidiary that contributes significantly to the company and/or has strategic value. Taking that into account, in 2017, the Nomination and Remuneration Committee of the Board of Commissioners has carried out the Nomination process on candidate of Bank's representatives proposed by the Board of Directors to be placed to subsidiaries and related Parties, among others, as follows:

No	Material	Realization	Output
1	Nomination of Board of Directors of PT Bahana Artha Ventura	20 November 2017	Proposed candidates for the Management of PT Bahana Artha Ventura are submitted to the BRI's Board of Commissioners to be subsequently submitted to Dwiwarna Series A Shareholder through Letter No. R.12-KNR/11/2017 dated November 20, 2017
2	Nomination of Board of Directors of PT Bank Rakyat Indonesia Agroniaga Tbk	04 December 2017	Proposed candidates of the Board of Commissioners and Directors of PT Bank Rakyat Indonesia Agroniaga Tbk are submitted to the BRI's Board of Commissioners to be subsequently submitted to Dwiwarna Series A Shareholder through Letter No. R.13-KNR/12/2017 dated December 4, 2017



NOMINATION AND REMUNERATION COMMITTEE

2. Board of Directors' Performance Evaluation

In accordance with the provisions of Minister of SOEs Regulation No. PER-03/MBU/02/2015 on Requirements and Procedures of Appointment and Dismissal of Directors of State-Owned Enterprises, and Articles of Association of PT Bank Rakyat Indonesia (Persero) Tbk. The Nomination and Remuneration Committee shall assess the performance of the Board of Directors in accordance with the Board of Directors' KPI.

In order to review the performance of BRI's Board of Directors, the Nomination and Remuneration Committee agreed to conduct an evaluation of the Board of Directors of BRI on February 28, 2017. The objectives of the Board of Directors' evaluation are to assess the performance of the Board of Directors and to review the competencies of each Director.

The performance evaluation of the Bank's Board of Directors is as follows:

Material	Deadlines	Realization	Output
Board of Directors' Performance Evaluation by Field	Second Week of 2017	02 March 2017	Written letter of NRC/Board of Commissioners through the Board of Commissioners' Letter No. SR.06-KOM/03/2016 on the performance evaluation results of the Board of Directors of PT BRI (Persero) Tbk

3. Review of Remuneration of the Board of Directors and Commissioners

a. Review of Remuneration of the Board of Directors and Commissioners

The NRC submits a review and proposed remuneration of the Board of Directors and Commissioners to the Board of Commissioners to be proposed at the Annual General Meeting of Shareholders of 2017. The proposed remuneration includes the proposals of honorarium/salary of the Board of Commissioners and Directors, allowances, and facilities in 2017, and tantiem proposals for fiscal year 2016 performance.

The review and proposed remuneration of the Board of Directors and Commissioners are as follows:

Material	Deadlines	Realization	Output
Review of Remuneration of the Board of Directors and Commissioners	First week of May 2017	05 April 2017	Written proposal of the Board of Commissioners to the Dwiwarna Series A Shareholder through the Board of Commissioners' Letter No. SR.09-KOM/02/2016 dated February 12, 2016, on the Proposed Remuneration of Board of Directors and Commissioners in 2017.

b. Remuneration Governance Policy

In order to ensure the remuneration governance to encourage prudent risk-taking by Bank Officials, the Financial Services Authority (OJK) has issued a regulation on the Implementation of Good Corporate Governance in Remuneration for Commercial Banks, i.e. the Financial Services Authority Regulation (POJK) No. 45/POJK.03/2015 dated December 23, 2015, on the Implementation of Good Corporate Governance in the Remuneration Provision for Commercial Banks.

As a company supervised by OJK, BRI must review its remuneration policy in order to comply with the OJK regulations. Thus, the Company needs to review and establish the BRI Remuneration Governance Policy. The new remuneration governance policy has been determined through a Joint Decree of the Board of Directors and Commissioners on November 30, 2017.

NOMINATION AND REMUNERATION COMMITTEE

4. Review on Implementation of Employment Policy

The NRC submitted a recommendation on the review results of the Implementation of the Employment Policy to the Board of Commissioners. This recommendation becomes the material for the Board of Commissioners in providing opinion and advice to the Board of Directors, to ensure that the Company always establishes the employment policy in accordance with the Company's vision and mission. The review is conducted by evaluating the implementation of HR Architecture, HR Policy and report, as well as explanation from Directors and/or Human Resources Division.

The targets and realization of the review on the Employees Remuneration and Employment Policy are as follows:

Material	Deadlines	Realization	Output
Review of Employment Policy	First week of November 2016	05 December 2017	Written recommendation on opinions and suggestions from the Board of Commissioners to the Board of Directors shall be submitted in the Minutes of Meeting No. 43-KOM/10/2017 dated December 5, 2017, on the evaluation of Remuneration and HR policy

Concerning matters to NRC and Board of Commissioners related to BRI's Human Capital Policy and Management are as follows:

- a. Management is expected to conduct HR planning for positions in accordance with the Bank's needs.
- b. Strengthening the recruitment process (i.e. by more effective initial screening process).
- c. Developing innovative programs to reach the best talents and encourage BRI to be the top choice of work for the best talents.
- d. Encouraging the recomposition of the number of Employees from supports to business field.
- e. Management strategy and plan in Human Resource management to address the digital banking and fintech era.
- f. Redesigning performance appraisals to ensure a fair and transparent process.
- g. Realigning remuneration mechanisms to reward employees and Distributing work in a fair manner.
- h. Reviewing employee career paths to strengthen long-term performance and career advancement.
- i. Developing a training strategy and design that supports the Employees' knowledge and skills

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

In 2017, the Nomination and Remuneration Committee has performed various duties and activities, including:

1. Preparing the plans and work program of the Nomination and Remuneration Committee in 2017, which is an elaboration of the Nomination and Remuneration Committee's Working Guidelines and Code of Conduct.
2. Preparing the plans and work program of the Board of Commissioners in 2017, together with the Audit Committee, the Risk Management Monitoring Committee, the Secretary of the Board of Commissioners, and the Staff of the Secretary of the Board of Commissioners
3. Reviewing the Remuneration of Board of Directors and Commissioners in line with the Company's performance, size of business, and remuneration survey results of Banking industry.
4. Carrying out the Nomination process and providing candidates recommendation for the Board of Directors of the Company and its Subsidiaries.
5. Providing recommendations to the Board of Commissioners regarding the extension of service of members of the Committee who are not Commissioners.
6. Providing input and recommendation to the Board of Commissioners on employment policy.
7. Reviewing the approval of the Board of Commissioners on the proposed and revised Bank's Business Plan (RBB) and the Company's Work Plan and Budget (RKAP), together with the Audit Committee, the Risk Management Monitoring Committee, and the Secretariat of the Board of Commissioners



NOMINATION AND REMUNERATION COMMITTEE

8. Reviewing the progress of the Company's monthly performance and providing advice and opinion to the Board of Commissioners to be clarified by the Board of Directors in the Joint Meeting of the Board of Commissioners and Directors, together with the Audit Committee, the Risk Management Monitoring Committee, and the Secretariat of the Board of Commissioners
9. Conducting working visits to work units.
10. Carrying out other duties as requested by the Board of Commissioners.

WORKSHOPS AND TRAININGS IN 2017

The trainings participated by members of the Nomination and Remuneration Committee during 2017 can be viewed under the section of the BOC trainings during 2017.

Workshops	Theme	Location	Organizers
Ahmad Solichin Lutfiyanto	China Internet Finance Academy	China	McKinsey
	Innovation Strategy for Growth	Pensylvania	Wharton Business School

COMMITTEE MEETINGS

Meeting Policy

The Committee meetings' procedures is as follows:

1. The meeting shall be held at least once every four (4) months or may be held at any time when deemed necessary.
2. The meeting may only be held when attended by at least 51% (fifty-one percent) of the number of members, including the Chairman of the Committee and Executive Officers in charge of human resources or employee representation.
3. The meeting shall be held at the place of domicile of the Company or other place as specified by the Committee
4. The Chairman of the Committee shall make the meeting invitations. The invitations of the Committee Meeting shall be made in writing and submitted or submitted directly to each member of the Committee with adequate receipt, or by e-mail no later than 5 (five) days prior to the meeting, excluding the date of the call and the date of the meeting, or in a shorter time if urgent.
5. The above-mentioned invitation is not required for scheduled meetings based on the decision of the previous meeting.
6. Meeting invitations should include the meeting agenda, date, time, and meeting place.

7. The meeting is led by the chairman of the Committee.
8. The decisions of Committee meetings shall be based on consensus deliberations. If deliberation is not reached, the decision shall be made by majority vote, provided that each member of the Committee shall only be entitled to grant 1 (one) vote.
9. If the agreed and disagreed votes are equal, then the chairman of the meeting is entitled to take the decision.
10. The results of Committee meetings shall be set forth in the minutes of meetings and shall be properly documented and shall be submitted in writing to the BOC.
11. Disagreements or dissenting opinions that occur in Committee meetings shall be clearly stated in the minutes of the meeting and the reasons for such dissent.
12. The Committee minutes of meetings shall be made by a person present at the meeting and appointed by the chairman of the meeting. The minutes of meeting shall be signed by all Committee members present at the meeting.
13. The Committee minutes of meetings are valid evidence of decisions taken at the meeting;
14. Meetings may invite the BOD and/ or Division Head/ Executive Officer of the Company to request explanations, disclosures, and information related to the meeting agenda.
15. The chairman of the meeting shall present the conclusions and decisions at the end of the meeting.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

NOMINATION AND REMUNERATION COMMITTEE

16. The Committee may also adopt a lawful decision without a meeting, provided that all members of the Committee have been notified in writing and that all members of the Committee give their consent to the proposal submitted in writing and to sign the agreement. The decisions taken in such manner shall have the same power as the legally adopted decisions of the Committee Meetings.

Frequency and Attendance

In 2017 the NRC Committee has conducted the following meetings:

No	Meeting Agenda	Date	Minutes No.	Attendance	Remark
1	a. Establishment of Contract Extension of Members of KPMR and KTKT. Mr. Tubagus Nur Ahmad Maulana b. Request for Fit and Proper Test for Independent Commissioner c. GMS 2017 Preparation d. Proposed Candidates for members of the Board of Directors of PT BRI (Persero) Tbk.	31 January 2017	B.01-KNR/01/2017	6	Quorum
2	a. Discussion on Proposed Candidates of BRI's President Director b. Discussion of interview result of Candidates of Directors of PT BRI (Persero) Tbk.	08 February 2017	B.02-KNR/02/2017	6	Quorum
3	a. Nomination of Members of Board of Commissioners of PT BRI (Persero) Tbk. b. Evaluation of the Board of Directors of PT BRI (Persero) Tbk.	28 February 2017	B.03-KNR/02/2017	7	Quorum
4	Implementation of Remuneration Governance: Implementation of OJK Regulation No. 45/POJK.03/2015 and OJK Circular Letter No. 40/SEOJK.03/2016	28 February 2017	B.04-KNR/02/2017	6	Quorum
5	Evaluation of Candidates of the Board of Directors and Commissioners in the Annual General Meeting of Shareholders (GMS) 2017 dated March 15, 2017	14 March 2017	B.05-KNR/03/2017	7	Quorum
6	Discussion of Proposed Remuneration of BRI's Board of Commissioners and Board of Directors	04 April 2017	B.06-KNR/04/2017	8	Quorum
7	Determination of Salary/Honorarium and Tantiem of Board of Directors and Board of Commissioners in 2016	28 June 2017	B.07-KNR/06/2017	7	Quorum
8	d. Discussion of Self-Assessment of Candidate of Director of Compliance e. Discussion on Contract Extension of Committee Members (Independent Party) and Secretariat Staff of Board of Commissioners	18 July 2017	B.08-KNR/07/2017	8	Quorum
9	Discussion of Proposed Talent Pool of Candidates of BRI's Directors	03 October 2017	B.09-KNR/10/2017	7	Quorum
10	Evaluation of candidates of members of the Board of Directors in the Extraordinary General Meeting of Shareholders (EGMS) 2017 dated October 18, 2017	17 October 2017	B.10-KNR/10/2017	6	Quorum
11	Nomination of Board of Directors of PT Bahana Artha Ventura	20 November 2017	B.11-KNR/11/2017	8	Quorum
12	Nomination of Board of Directors of PT BRI Agro Niaga (Persero) Tbk.	04 December 2017	B.12-KNR/12/2017	7	Quorum
13	Evaluation and Review of HR Governance Policy	05 December 2017	B.13-KNR/11/2017	9	Quorum



NOMINATION AND REMUNERATION COMMITTEE

The following is meeting attendance of NRC members:

No	Name	Position	Total NRC Meeting	NRC Attendance	% NRC Attendance
1	Mustafa Abubakar*	Chairman	5	5	100%
2	Andrinof A. Chaniago***	Chairman	5	5	100%
3	Gatot Trihargo	Member	13	10	77%
4	Adhyaksa Dault**	Member/Chairman	10	9	90%
5	Ahmad Fuad*	Member	5	5	100%
6	A. Fuad Rahmany	Member	13	11	85%
7	A. Sonny Kerap	Member	13	11	85%
8	Mahmud	Member	13	11	85%
9	Vincentius Sonny Loho***	Member	13	10	77%
10	Jeffry J. Wurangian	Member	13	12	92%
11	Nicolaus Teguh Budi Harjanto	Member	5	5	100%
12	Eko Bambang Suharno*****	Member	8	6	75%
13	A. Solichin Lutfiyanto*****	Member	6	5	83%

*) Effective up to 15 March 2017

**) Effective up to 18 October 2017

***) Effective as of 19 July 2017

****) Effective up to 30 June 2017

*****) Effective as of 1 July 2017

Meetings Follow-Up

The recommendations documents or the results of policy review prepared by the NRC during 2017 are as follows:

No	Recommendations and Policy Review Results	Letter No.	Subjects
1	02 February 2017	R.01 -KNR/02/2017	NRC Recommendation on Mr. Mahmud as Independent Commissioner of PT BRI (Persero) Tbk
2	10 February 2017	R.02 -KNR/02/2017	Recommendation of Proposed Candidate of BRI's President Director
3	20 February 2017	R.03 -KNR/02/2017	Approval of Outsourcing Decree
4	01 March 2017	R.04 -KNR/03/2017	Recommendation of Appointment of BRI's President Commissioner
5	01 March 2017	R.05 -KNR/03/2017	NRC Recommendation on Candidates of BRI's Board of Commissioners
6	01 March 2017	R.06 -KNR/03/2017	NRC Recommendation on Candidates of BRI's Board of Commissioners
7	14 March 2017	R.07 -KNR/03/2017	NRC recommendation on the determination of candidates for the Board of Directors and Board of Commissioners to be proposed in the GMS
8	05 April 2017	R.08 -KNR/04/2017	NRC Recommendation on the proposed Remuneration of Members of the Board of Directors and Board of Commissioners
9	05 April 2017	R.09 -KNR/04/2017	Recommendation on Director of Compliance to be appointed
10	21 June 2017	R.09.a -KNR/06/2017	Determination of Remuneration of Board of Directors and Board of Commissioners in 2017
11	17 October 2017	R.10 -KNR/10/2017	NRC recommendation on the determination of candidates for the Board of Directors and Board of Commissioners to be proposed in the Extraordinary GMS 2017

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

NOMINATION AND REMUNERATION COMMITTEE

No	Recommendations and Policy Review Results	Letter No.	Subjects
12	14 November 2017	R.11 -KNR/11/2017	Proposed draft revision of Joint Decree of the Board of Commissioners and Board of Directors of PT BRI (Persero) Tbk, on Remuneration Governance Policy of PT BRI (Persero) Tbk
13	20 November 2017	R.12 -KNR/11/2017	Recommendation of candidates of Board of Commissioners and Directors of PT Bahana Artha Ventura
14	04 December 2017	R.13-KNR/12/2017	Recommendation of candidates of Board of Commissioners and Directors of PT Bank Rakyat Indonesia Agroniaga Tbk
15	05 December 2017	B.13-KNR/11/2017	Evaluation and Review of HR Governance Policy

NRC's Meeting Agenda Plan in 2018

No.	Meeting Agenda in 2018	Target
1.	Nomination of the Board of Directors and Commissioners	Week IV February 2018
2.	Review of the Board of Directors and Commissioners Remuneration in 2018	Week I March 2018
3	Performance Evaluation of the Board of Directors by Field	Week I March 2018
4	Review of HR Policy	Week I November 2018
5	Nomination of Management Candidates for the Subsidiaries	Week I April 2018

NRC REMUNERATION

The remuneration for committee members who are members of the BOC is accumulated with honorarium given to the BOC and no special honorarium for each member of the Committee.

NRC'S OPINION ON THE BANK'S NOMINATION AND REMUNERATION IMPLEMENTATION

The Remuneration and Nomination Committee assessed that the system and procedures for the election and/or reimbursement of members of the Board of Commissioners and/or Directors have referred to the prevailing provisions and are in compliance with the good corporate governance principles. For example, in the selection of candidates for the Board of Directors, each candidate must first pass an assessment conducted by an independent party and for each position of the Board of Directors, there shall be at least 3 (three) candidates who shall then perform the fit and proper test by the Board of Commissioners, by direct interview.

The Nomination and Remuneration Committee considered that the performance measurement for the Board of Commissioners and Directors, which is conducted collectively, is sufficient. In addition, the Company has developed individual assessment, especially for the Board of Directors, which measures the effectiveness of duties of each Board of Directors without prejudice to the individual performance of the Board of Directors that is of collegial nature (influenced/affecting the performance of other Directors or joint work with other Directors).

In terms of selection criteria and procedures for candidates who reports directly to the Board of Directors, the Nomination and Remuneration Committee considers that the Board of Directors has implemented prudent, transparent, and accountable systems, criteria, and procedures.

With regard to remuneration, the Company is assessed to have applied the remuneration for the Board of Directors based on the performance achieved, the benchmark to the industry and peers group, and based on a comprehensive evaluation assisted by a competent independent party. Similarly, the determination of remuneration for employees have been applied in a fair manner to motivate the employees, by taking into account the Company's financial capacity and the remuneration provided in the industry.



NOMINATION AND REMUNERATION COMMITTEE

SUCCESSION POLICY OF THE BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS

In the framework of the implementation of sound business practices and compliance with the Good Corporate Governance and prudential principles within PT Bank Rakyat Indonesia (Persero) Tbk., the Board of Commissioners has determined the Nomination Policy of the members of the Board of Commissioners and the Board of Directors by the Decree of NOKEP: 07-KOM/BRI/07/2015, dated July 28, 2015. In general, the Succession Policy of Board of Directors and Board of Commissioners is as follows:

1. Succession Policy of the Board of Directors and Board of Commissioners

- a. The Board of Commissioners is authorized to nominate candidates for members of the Board of Directors and/or the Board of Commissioners of the Bank.
- b. For prospective members of the Board of Directors, the nomination process is for internal candidates of the Bank, i.e.:
 - 1) Members of the Board of Directors who will finish their tenure but may still be reappointed as members of the Board of Directors;
 - 2) Officers reporting directly to the Directors or officers with special performance;
 - 3) Board of Directors of a subsidiary or joint venture.
- c. For candidates of members of the Board of Commissioners, the Nomination process shall be conducted for prospective members of the Board of Commissioners who will finish their tenure but may be reappointed as members of the Board of Commissioners;
- d. For prospective members of the Board of Directors and/or Board of Commissioners with the exclusion of Officials reporting directly to the Board of Directors, and Board of Directors of a Subsidiary, the Nomination process shall be conducted jointly by a Team established by the Dwiwarna Series A Shareholder while simultaneously determining the prospective members of the Board of Directors and/or Board of Commissioners, which will be proposed to the General Meeting of Shareholders.
- e. In the Nomination process, the Committee shall be represented by the Chairman of the Committee, and if the Chairman of the

Committee is absent, then it shall be replaced by one of the Committee members who are an Independent Commissioner.

- f. This decision also mandates the Chairman of the Committee or Independent Commissioner to:
 - 1) Represent the Committee as a member of the Assessment Team established by the Dwiwarna Series A Shareholder;
 - 2) Provide recommendations on candidates for members of the Board of Directors and/or Commissioners with due regard to the fulfillment of the applicant's requirements for the integrity, competence, and reputation;
- g. The Chairman of the Committee or Independent Commissioner who represents the Committee shall avoid any conflict of interest and shall maintain its independence.

2. Procedures of Nomination of the Board of Directors and Commissioners

Procedure for the selection of candidates for members of the Board of Commissioners and/or Directors shall be regulated as follows:

- a. The Nomination and Remuneration Committee (NRC) selected Candidates that meet the specified qualifications. The Committee may request the proposal of Candidates to the Bank's Board of Directors with assessment from Professional Institute under competence indicators in accordance with applicable provisions for prospective candidates of the Officials reporting directly to the Board of Directors with special achievements, and the Board of Directors of a subsidiary or joint venture company,
- b. The Prospective Candidates of the Board of Commissioners and/or Board of Directors deemed eligible shall be proposed by KNR to the Board of Commissioners to follow the Evaluation process.
- c. The NRC conducts an evaluation to obtain comprehensive information on the qualifications and competencies of Candidates, as follows:
 1. For prospective members of the Board of Directors who are currently a member of the Board of Directors who will finish his/her tenure but may be reappointed, the evaluation shall be conducted, among others, by requesting an opinion from the President Director;

NOMINATION AND REMUNERATION COMMITTEE

2. The Nomination and Remuneration Committee shall nominate prospective members of the Board of Directors who meet the specified qualifications. The selection process involves professional/ external parties or Professional Search Firm, i.e.: PPM Management Assessment Center Indonesia (ACI) Telkom, DDI, Bina Potensia, SHL, and LMFE UI. Further, the assessment results are submitted to the Nomination and Remuneration Committee.
3. For prospective members of the Board of Directors who are currently an Official reporting directly to the Board of Directors with special achievements, or from the Board of Directors of a subsidiary/joint venture company, the evaluation shall be conducted by:
 - a) Interviewing the recommended Prospective Candidates for the Board of Directors; and/or,
 - b) Requesting Prospective Candidates of the Board of Directors to provide presentations on a particular topic, which describes the ability of Prospective Candidate according to the requirements.
4. For Prospective Candidates of the Board of Commissioners, evaluations to explore qualifications and competencies shall be made from the relevant curriculum vitae.
- d. The information about the Prospective Candidates of the Board of Commissioners and/ or Directors shall be discussed in the Committee meeting to decide the Prospective Candidate who is selected to become a Candidate of the Board of Commissioners and/or Board of Directors.
- e. The results of the Committee's discussion are set forth in the Committee's Memo to the Board of Commissioners. The Memo shall be a recommendation document of the Committee on the nomination of the Candidate for the Board of Commissioners and/or Directors concerned.
- f. The Board of Commissioners decides that the candidates for the Board of Commissioners and/or Directors in the Board of Commissioners' Meeting, simultaneously as the basis for the recommendation of the Board of Commissioners to the Dwiwarna Series A Shareholder to be submitted in the GMS.
- g. GMS determines the composition and amendment to the members of the BRI's Board of Directors. In the event that the appointed member of the Board of Directors has not been approved by OJK, the appointment has not been effective until the member is approved by OJK. Candidate of the BRI's Board of Directors who has not received OJK approval are prohibited from performing his/her duties as member of the Board of Directors in the Bank's operational activities and/or other activities that have a significant impact on the Bank's financial policies and condition, even though he/she has been approved and appointed by the GMS. The GMS dismisses the Board of Directors appointed at the previous GMS, if the concerned party is not approved by OJK.
- h. BRI submit a request to OJK to conduct the fit and proper test.
- i. OJK is authorized to provide the result of the fit and proper test of the selected Directors, which covers administrative research and interview. Approval or rejection of such application shall be provided by OJK no later than 30 (thirty) days after receipt of the candidate's complete application.



RISK MANAGEMENT OVERSIGHT COMMITTEE

The Risk Management Oversight Committee (RMOC) is one of the BOC organs established to assist the effectiveness of the BOC supervisory duties and responsibilities. The RMOC is collectively and independently assists the BOC in the implementation of duties including reporting, and is directly responsible to the BOC.

LEGAL REFERENCES

1. Circular Letter of Bank of Indonesia No. 15/15/DPNP dated 29 April 2013 on the Implementation of Good Corporate Governance for Commercial Banks.
2. Regulation of the SOE Ministry No. PER-12-MBU/2012 dated 24 August 2012 on the Supporting Organs of the Board of Commissioners/ Supervisory Board of the State-Owned Enterprises.
3. Regulation of the Financial Services Authority No. 33/POJK.4/2014 dated 8 December 2014 regarding the Board of Directors and Board of Commissioners of Issuers or Public Companies.
4. Regulation of the Financial Services Authority No. 34/POJK.4/2014 dated 8 December 2014 regarding the Nomination and Remuneration Committee of Issuers or Public Companies.

COMMITTEE CHARTER

In implementing its functions and roles, the Risk Management Oversight Committee has in place the Work Charter that regulates the duties, authorities, obligations, responsibilities, job descriptions, working hours, work ethics, meetings, organization structure, and duties related to the Risk Management Oversight Committee (RMOC). The RMOC Charter shall be informed and binding for all members. The Charter serves as guidance in implementing duties and responsibilities of RMOC to support effectiveness of the Board of Commissioners duties and responsibilities in evaluating and ensuring the risk management application in BRI.

The RMOC Charter is periodically reviewed to ensure the alignment of its contents with the requirements, Bank Indonesia Regulations, Financial Services Authority Regulations and/or other prevailing relevant regulations. The RMOC Charter is ratified by the Board of Commissioners through Official Memo of the Board of Commissioners' Secretariat No: B.41-Sekkom/05/2015 dated 12 May 2015 on the BOC Charter and BOC Supporting Organ of PT Bank Rakyat Indonesia (Persero) Tbk.

APPOINTMENT AND DISMISSAL

The RMOC is established and responsible to the Board of Commissioners to support the BOC duties and responsibilities on the Bank's risk management implementation and oversight. The RMOC Chairman and Members are stipulated through the Board of Directors' Decree Nokep: 317-DIR/KPS/04/2017 dated 03 April 2017 on the Re-Assignment of Chairman and Members of RMOC.

COMMITTEE STRUCTURES AND MEMBERSHIPS

Committee Structures

1. The RMOC is under the coordination of the BOC and structurally responsible to the BOC;
2. Members of the RMOC is at least consisted of 3 (three) personnel. One of them is Independent Commissioner that acts as the Committee Chairman.

The following is the RMOC Structure and Membership for the Period of 1 January –15 March 2017:

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT OVERSIGHT COMMITTEE

No	Name	Position in the Committee	Tenure	Remark/Skills
1	Ahmad Fuad	Chairman	2015-5 March 2017	Independent Commissioner
2	Mustafa Abubakar	Member	2015-15 March 2017	President Commissioner
3	A. Fuad Rahmany	Member	2015-2017	Independent Commissioner
4	Jeffry J. Wurangian	Member	2015-2017	Commissioner
5	Indrayeti	Member	2015-2017	Independent Party of Risk Management Field
6	Tubagus A. Maulana	Member	2015-2017	Independent Party of Risk Management Field
7	Suindyo	Member	2015 - 2017	Independent Party of Finance Field
8	Totok Hermiyanto	Member	2015 - 2017	Independent Party of Finance Field

The RMOC Structure and Membership for the period of 15 March 2017 – 31 December 2017 is as follows:

No	Name	Position in the Committee	Tenure	Remark/Skills
1	Mahmud	Chairman	15 March 2017-Present	Independent Commissioner
2	Andrinof A. Chaniago	Member	15 March 2017-Present	President Commissioner
3	A. Fuad Rahmany	Member	June 2015-Present	Independent Commissioner
4	Jeffry J. Wurangian	Member	June 2015-Present	Commissioner
5	Nicolaus T. Budi Harjanto	Member	15 March 2017-Present	Commissioner
6	Indrayeti	Member	June 2015-Present	Independent Party of Risk Management Field
7	Tubagus A. Maulana	Member	June 2015- Present	Independent Party of Risk Management Field
8	Suindyo	Member	June 2015 - Present	Independent Party of Finance Field
9	Totok Hermiyanto	Member	June 2015 - Present	Independent Party of Finance Field

Committee Memberships

1. The members of the Committee shall at least consist of:
 - a. An Independent Commissioner;
 - b. An Independent Party having expertise in finance; and
 - c. An Independent Party with expertise in risk management.
2. The Independent Party is deemed to have expertise in finance must meet the criteria:
 - a. Have knowledge in economics, finance and/ or banking; and
 - b. Have work experience of at least 5 (five) years in economic, finance and/ or banking.
3. Independent parties assessed to have expertise in risk management must meet the criteria:
 - a. Have knowledge in risk management;
 - b. Have at least 2 (two) years working experience in risk management in finance and/ or banking.



RISK MANAGEMENT OVERSIGHT COMMITTEE

4. The Independent Party shall meet the following requirements:
 - a. Not receiving compensation from the Company and its subsidiaries, or its affiliation, except wages, salaries and other facilities received in connection with the duties performed as members of the Risk Management Monitoring Committee;
 - b. Has no family or financial relationship with the BOD and BOC;
 - c. Do not hold multiple positions in the Company and other affiliated Companies;
 - d. Has no duties, responsibilities, and authorities that create a conflict of interest;
 - e. Should not be concurrently a member of the BOC, Secretary of the BOC, Staff of the Secretary of the BOC and members of the Committee on SOEs or other companies; and
 - f. Not contrary to other provisions and legislation.
5. Former members of the BOD or Executive Officers of the Company or parties related with the Company that may affect their ability to act independently may not become Independent Party as a member of the Committee, prior to six-month period of cooling off. The terms of the waiting period (cooling off) to become an Independent Party shall not apply to former members of the BOD or Executive Officers whose duties only perform supervisory functions for at least 6 (six) months.
6. The appointment of Committee members of the Independent Party, following the following provisions:
 - a. Selected by the BOC through recruitment and selection mechanisms;
 - b. The longest working period is 2 (two) years and may be renewed for subsequent periods of work with due consideration to the term of the Board of Commissioners and the applicable contract workers rules in the Company, without disabling the dismissal by the BOC before the term of the contract expires.
7. Members of the BOD are prohibited from becoming members of the Committee.

Committee Profile

The following are profiles of RMOC members as of 31 December 2017:

Mahmud Chairman of RMOC/ Independent Commissioner Period: 15 March 2017-Present	Member of the BOC serving as Member of RMOC as of 31 December 2017, can be viewed on the Board of Commissioners Profile section.
Andrinof A. Chaniago Member of RMOC/ Independent Commissioner Period: 15 March 2017-Present	Member of the BOC serving as Member of RMOC as of 31 December 2017, can be viewed on the Board of Commissioners Profile section.
A. Fuad Rahmany Member of RMOC/ Independent Commissioner Period: June 2015-Present	Member of the BOC serving as Member of RMOC as of 31 December 2017, can be viewed on the Board of Commissioners Profile section.
Jeffry J. Wurangian Member of RMOC/ Independent Commissioner Period: June 2015-Present	Member of the BOC serving as Member of RMOC as of 31 December 2017, can be viewed on the Board of Commissioners Profile section.
Nicolaus T. Budi Harjanto Member of RMOC/ Commissioner Period: 15 March 2017-Present	Member of the BOC serving as Member of RMOC as of 31 December 2017, can be viewed on the Board of Commissioners Profile section.

RISK MANAGEMENT OVERSIGHT COMMITTEE

Indrayeti Member of RMOC Independent Party Period: June 2015-Present	Born in Sungai Liat, 9 October 1972. Serves as member of RMOC of PT BRI (Persero), Tbk since 2014. Previously has a career with other SOEs banks and several private banks in various posts. Obtained Bachelor degree in Economics Accounting from University of Trisakti, Jakarta (1995) and Master of Commerce from University of New South Wales (2000).
Tubagus A. Maulana Member of RMOC Independent Party Period: June 2015-Present	Born in Jakarta, 7 May 1971. Serves as member of RMOC of PT BRI (Persero), Tbk since February 2016. He previously has a career as lecturer and consultant. Obtained Bachelor degree in Agriculture from Institute of Agriculture Bogor (1995) and MBA in Banking and Finance from University of Birmingham (2000), MSc Finance from University of Strathclyde (2001) and PhD in Finance from University of Strathclyde (2007).
Suindyo Member of RMOC Independent Party Period: June 2015-Present	Born in Blora 27 April 1959. Serves as member of RMOC of PT BRI (Persero), Tbk since December 2015. Previously has a career in PT BRI (Persero) Tbk served various posts among others as Inspector (Executive Vice President of Audit), Vice President Loan Restructuring and Recovery, Vice President Credit Administratation and Vice President Pusdiklat. He also served as Commissioner of Non Bank Institutions. Obtained Bachelor degree in Economics from University of Jember (1985) and Master of Business Administration Finance from Virginia Polytechnic Institute and State University (Virginia Tech) (1994).
Totok Hermiyanto Member of RMOC Independent Party Period: June 2015-Present	Born in Banjarmasin, 22 June 1959. Serves as member of RMOC of PT BRI (Persero), Tbk since December 2015. He previously has more than 30 years of career in Bank Indonesia as the Bank Supervisor, Auditor and Representative Head. Obtained Bachelor degree in Law from University of Diponegoro 1983 and Master of Business Administration from Wollongong University Australia (1996).

Structure and Membership of RMOC

The Committee is under the BOC hence structurally accountable to the BOC. RMOC consists of at least 3 (three) members. One of them is an Independent Commissioner who will act as Chairman of the Committee. The terms for RMOC membership is as follows:

1. The members of the Committee shall at least consist of:
 - a. An Independent Commissioner;
 - b. An Independent Party having expertise in finance; and
 - c. An Independent Party with expertise in risk management.
2. The Independent Party is deemed to have expertise in finance must meet the criteria:
 - a. Have knowledge in economics, finance and / or banking; and
 - b. Have work experience of at least 5 (five) years in economic, finance and / or banking.
3. Independent parties assessed to have expertise in risk management must meet the criteria:

- a. Have knowledge in risk management;
 - b. Have at least 2 (two) years working experience in risk management in finance and / or banking.
4. The Independent Party shall meet the following requirements:
 - a. Not receiving compensation from the Company and its subsidiaries, or its affiliation, except wages, salaries and other facilities received in connection with the duties performed as members of the Risk Management Monitoring Committee;
 - b. Has no family or financial relationship with the BOD and BOC;
 - c. Do not hold multiple positions in the Company and other affiliated Companies;
 - d. Has no duties, responsibilities, and authorities that create a conflict of interest;
 - e. Should not be concurrently a member of the BOC, Secretary of the BOC, Staff of the Secretary of the BOC and members of the Committee on SOEs or other companies; and



RISK MANAGEMENT OVERSIGHT COMMITTEE

- f. Not contrary to other provisions and legislation.
- 5. Former members of the BOD or Executive Officers of the Company or parties related with the Company that may affect their ability to act independently may not become Independent Party as a member of the Committee, prior to six-month period of cooling off. The terms of the waiting period (cooling off) to become an Independent Party shall not apply to former members of the BOD or Executive Officers whose duties only perform supervisory functions for at least 6 (six) months.
- 6. The appointment of Committee members of the Independent Party, following the following provisions:
 - a. Selected by the BOC through recruitment and selection mechanisms;
 - b. The longest working period is 2 (two) years and may be renewed for subsequent periods of work with due consideration to the term of the Board of Commissioners and the applicable contract workers rules in the Company, without disabling the dismissal by the BOC before the term of the contract expires.
- 7. Members of the BOD are prohibited from becoming members of the Committee.

EDUCATIONAL QUALIFICATIONS AND EXPERIENCES

In accordance with the RMOC Charter, the Committee Members shall at least consist of an Independent Commissioner, an Independent Party with finance skills and an Independent Party with risk management skills.

- 1. The Independent Party with financial skills shall meet the criteria of knowledge in economics, finance and/or banking; and has working experience of at least 5 (five) years in the field of economics, financial and/or banking.
- 2. The Independent Party with risk management skills shall meet the criteria of knowledge in risk management and has working experience of at least 2 (two) years in the field of risk management of financial and/or banking.

INDEPENDENCY OF COMMITTEE MEMBERS

All members of RMOC have no affiliation with the Director, other Commissioners or controlling shareholders of BRI, not a shareholder, Commissioner, Director or employees of companies or businesses, which are affiliated to BRI. The independence requirement of RMOC Members are as follows:

- 1. Not receiving compensation from the Company and its subsidiaries or affiliates, except wages, salaries and other facilities received in connection with the duties performed as members of the RMOC;
- 2. No family or financial relationship with the Board of Directors and Board of Commissioners;
- 3. Not holding multiple positions in the Company and other affiliated companies;
- 4. Not having the duties, responsibilities, and authorities that create a conflict of interest
- 5. Not concurrently as a member of the BOC, Secretary of the BOC, Staff of the Secretary of the BOC and members of the Committee on SOEs or other companies

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT OVERSIGHT COMMITTEE

Independence of RMOC Members:

No	Kriteria Independensi	Mahmud	Andrinof A. Chaniago	A. Fuad Rahamny	Jeffry J. Wurangian	Nicolaus T. Budi Harjanto	Indrayeti	Tubagus NA. Maulana	Suindyo	Totok Hermiyanto
1.	Does not have shares ownership relations with members of the Board of Commissioners, Board of Directors and/or Controlling Shareholders or relations with the Bank, which can influence ability to act independently.	V	V	V	V	V	V	V	V	V
2.	Does not have financial relations with members of the Board of Commissioners, Board of Directors and/or Controlling Shareholders or relations with the Bank, which can influence ability to act independently.	V	V	V	V	V	V	V	V	V
3.	Does not have management relations with members of the Board of Commissioners, Board of Directors and/or Controlling Shareholders or relations with the Bank, which can influence ability to act independently.	V	V	V	V	V	V	V	V	V
4	Does not have family relations with members of the Board of Commissioners, Board of Directors and/or Controlling Shareholders or relations with the Bank, which can influence ability to act independently.	V	V	V	V	V	V	V	V	V

DUTIES AND RESPONSIBILITIES

RMOC assists the BOC in implementing duties and responsibilities to ensuring the risk management evaluation and application in the Company has met the adequacy of risk management procedures and methodology, as such the Company's activities can be controlled within the acceptable limits and is profitable to the Company.



RISK MANAGEMENT OVERSIGHT COMMITTEE

Duties and responsibilities of RMOC are as follows:

1. Periodically evaluate and analyze the adequacy of risk management policy and provide opinions in the form of advise and/or recommendations to the BOC for the adjustment and improvement of the required risk management framework and policy;
2. Evaluate and analyze the Company's risk profile report in quarterly basis and provide advice and/or recommendation to the BOC for necessary improvements and enhancement;
3. Monitor and evaluate the adequacy of the identification, measurement, monitoring, control and risk management information system of the Company and provide advice and/or recommendation to the BOC to improve the effectiveness and quality of risk management implementation of the Company;
4. To supervise and evaluate the performance of the Risk Management Committee and Risk Management Division and to provide advice and / or recommendation to the BOC to improve the effectiveness of the implementation of the Risk Management Committee and Risk Management Division. Evaluation of the duties of the Risk Management Committee and the Risk Management Division shall be conducted at least 1 (one) time in 1 (one) year;
5. Evaluate and analyze the implementation of the Company's Compliance Function at least semi-annually and provide advice and/or recommendation to the BOC to improve the quality of the Company's Compliance Function;
6. Evaluate and analyze the implementation of risk control of the fraud of the Company at least semi-annually and provide advice and / or recommendation to the BOC to improve the quality of implementation of the Company's Anti-Fraud Strategy;
7. To evaluate and analyze the implementation of the Company's Anti Money Laundering and Counter Terrorism Prevention (APU & PPT) Program at least semi-annually and to provide advice and / or recommendation to the BOC to improve the quality of implementation of the Company's Anti Money Laundering Program;
8. Evaluate and analyze the implementation of risk management in the use of Information Technology and Information Technology Strategic Plan and Company policy related to the use of Information Technology at least every semester and provide advice and / or recommendation to the BOC on the implementation of risk management in the use of Information Technology by the Company;
9. Evaluate and analyze Bank Rating every semester and provide advice and / or recommendation to the BOC in order to maintain Bank Health;
10. Evaluate and analyze the package of proposals of the BOD for the provision of funds to related parties that must be approved by the BOC.
11. Giving opinion and / or recommendation on loan over certain amount which requires consultation with the BOC;
12. Carry out other duties and responsibilities granted by the BOC.

Authorities

1. Obtain relevant information related to the execution of its duties from internal and external parties of the Company;
2. Obtain feedback or advice from outside parties of the Company relating to their duties;
3. Provide opinions and recommendations to the BOC in order to improve the risk management of the Company;
4. Provide opinions and recommendations to the BOC in order to improve the effectiveness of the performance of the Risk Management Committee and the Risk Management Division of the Company;
5. Provide opinions and recommendations to the BOC in order to improve the quality of the Company's Compliance Function;
6. Provide opinions and recommendations to the BOC in order to improve the quality of implementation of the Company's Anti-Fraud Strategy;
7. To give opinion and recommendation to the BOC in order to improve the quality of implementation of Anti Money Laundering and Prevention of Terrorism Financing Program of the Company;

RISK MANAGEMENT OVERSIGHT COMMITTEE

8. To provide opinions and recommendations to the BOC on the implementation of risk management in the use of Information Technology by the Company; and
9. Provide opinions and recommendations to the Board of Commissioners in order to maintain and improve the Company's Health Level.

EDUCATION AND TRAININGS OF COMMITTEE IN 2017

Members of BRI RMOC have competencies in their fields with a minimum of five years experience. Members of BRI RMOC has various backgrounds, such as experience in strategic management, risk management, banking, finance and accounting hence can ensure the quality of recommendations and improvements counsel to the BOC.

The training of members of RMOC during 2017 is available on the BOC Workshops/Trainings 2017 list section.

COMMITTEE MEETINGS

Meeting Policy

The RMOC Meeting Policy are as follows:

1. Committee meetings are held at least 1 (one) time in 1 (one) month or may be held at any time as deemed necessary;
2. Committee Meetings shall be convened at the place of domicile of the Company or other places established by the Committee;
3. The meeting invitation shall be made by the Chairman of the Committee. The call of the Committee Meeting shall be made in writing and delivered or submitted directly to each member of the Committee with adequate receipt, or by registered mail or courier service or by telex, facsimile or e-mail no later than 5 (five) days before the meeting, without taking into account the date of the call and the date of the meeting, or for a shorter period if urgent.

4. The abovementioned invitation is not required for the scheduled meetings based on the decision of the previous meeting.
5. A meeting invitation shall include the meeting agenda, date, time and place of meeting;
6. Meetings may only be held when attended by at least 51% (fifty-one percent) of the total members, including an Independent Commissioner and an Independent Party;
7. The Meeting shall be chaired by the Chairman of the Committee and in the event that the Chairman of the Committee is absent or absent, the meeting shall be chaired by one of the Committee members who are from the Independent Commissioner;
8. The Meeting may invite the BOD and / or the Head of Division / Executive Officer of the Company to request explanations, disclosures, and information related to the meeting agenda;
9. Decisions of Committee meetings shall be made based on consensus deliberations. If deliberation is not reached, the decision shall be made by majority vote, provided that each member of the Committee shall only be entitled to grant 1 (one) vote;
10. If the votes agree and who disagree as much, then the chairman of the Committee meeting shall decide; The meeting Chairman
11. shall present the conclusions and decisions at the end of the meeting;
12. Meeting results shall be set forth in minutes of meetings and properly documented;
13. The dissenting opinion that occurs in the Committee meeting shall be clearly stated in the minutes of the meeting and the reasons for the difference of opinion;
14. Minutes of meetings shall be made by a person present at the meeting and appointed by the chair of the meeting. The minutes of the meeting shall be signed by all Committee members present at the meeting;
15. Minutes of meeting shall constitute valid evidence of the decisions taken at the meeting; and
16. The Committee may adopt a legitimate decision without a meeting, provided that at least 51% (fifty one percent) of the total members, including an Independent Commissioner and an Independent Party, give their consent in writing



RISK MANAGEMENT OVERSIGHT COMMITTEE

KPI AND ACHIEVEMENTS IN 2017

The performance indicators or criteria of the RMOC is measured from the achievements of work programs/work and budget plan developed at the beginning of the year and attendance levels of the RMOC Members in every meeting.

The RMOC work programs is developed to support the Key Success Factors of the BOD duties and responsibilities to review and monitoring the risk management implementation in BRI.

In general all RMOC KPI has been achieved by implementing all Work and Budget Plan of RMOC in 2017 according to the set targets and attendance levels of the RMOC members have met the rules hence the meeting can be convened with quorum in every decision making.

Frequency and Attendance

In 2017 the RMOC Committee has conducted 6 (six) meetings with the following attendance:

No	Meeting Agenda	Date	Member Attendance	Remark
1	Discussion of risk profile report quarter IV 2016, compliance function report semester II 2016, anti Fraud program report semester II 2016, AML & CTF program Report semester II 2016 and the Bank rating level assessment report semester II 2016	10 February 2017	9	Quorum
2	Risk Profile quarter I - 2017	20 April 2017	7	Quorum
3	Evaluation of medium & corporate credit restructuring and review the earnings assets	30 May 2107	9	Quorum
4	Risk Profile quarter II - 2017, compliance function implementation, anti fraud strategy implementation and Bank rating assessment semester I - 2017	18 July 2017	9	Quorum
5	Review of earnings assets portfolio & loan portfolio guidelines	26 September 2017	8	Quorum
6	Discussion of risk profile report quarter III - 2017	19 October 2017	8	Quorum

The following are meeting attendance of the NRC members.

No	Name	Position in the Committee	Tenure	Total Meeting	Attendance	% Attendance
1	Ahmad Fuad	Chairman	2015-5 March 2017	1	1	100%
2	Mahmud	Chairman	15 March 2017-Present	6	5	83%
3	Mustafa Abubakar	Member	2015-5 March 2017	1	1	100%

RISK MANAGEMENT OVERSIGHT COMMITTEE

No	Name	Position in the Committee	Tenure	Total Meeting	Attendance	% Attendance
4	Andrinof A. Chaniago	Member	15 March 2017-Present	5	4	80%
5	A Fuad Rahmany	Member	June 2015-Present	6	6	100%
7	Jeffry J Wurangian	Member	June 2015-Present	6	6	100%
8	Nicolaus TB Harjanto	Member	15 March 2017-Present	5	4	80%
9	Indrayeti	Member	June 2015-Present	6	5	83%
10	Totok Hermiyanto	Member	June 2015-Present	6	6	100%
11	Suindijo	Member	December 2015 - Present	6	6	100%
11	Tubagus NA. Maulana	Member	December 2015 - Present	6	5	83%

COMMITTEE'S ACTIVITIES IN 2017

RMOC Work Focus in 2017

1. Review and evaluate the appropriateness of risk management policy and its implementation;
2. Review and evaluate the Bank risk profile;
3. Review and evaluate the implementation of compliance function; and
4. Monitoring the implementation of prudent principles in loan disbursement facility.

The RMOC has carried out various duties and activities during 2017, as follows:

1. Management General Policy Evaluation

The Risk Management General Policy evaluation was carried out by taking into account the Bank's risk conditions and adopting the rules such as:

- a. Law No. 09 on the Prevention and Handling of Financial Crisis System (PPKSK)
- b. POJK No. 04 on the Commercial Banks' Rating
- c. POJK No. 11 on the Commercial Banks' Capital Adequacy Ratio
- d. POJK No. 18 on the Commercial Banks' Risk Management Implementation
- e. POJK No. 38 on the Risk Management Implementation in Information Technology Application for Commercial Banks
- f. POJK No. 36/POJK.03/2017 on Prudent Principles in Capital Investments
- g. POJK No. 14/POJK.03/2017 on Recovery Plan for Sistemic Banks.

Other changes in the Risk Management General Policy in 2017 was the merging of integrated risk management general policy hence the Bank has one general policy applicable for the Bank as Main Entity and subsidiaries within the financial conglomerate.

2. Risk Management Policy implementation evaluation and risk profile evaluation

The Risk Management Policy and risk profile evaluation has been implemented by taking into account the Bank's risk management implementation quality and the inherent risk levels that potentially influencing the Bank's financial position. The risk management implementation includes active monitoring of the Board of Directors and Board of Commissioners, adequacy of Risk Management policy and procedures, adequacy of identification process, measurement, monitoring, and risk control, as well as risk management information system, and comprehensive internal control covering all risk types, which are credit risk, operational risk, market risk, liquidity risk, legal risk, compliance risk, reputation risk, and strategic risk.

The review and evaluation of risk are focused on the risks level 3 (moderate) up to level 5 (high) and deteriorating risks.



RISK MANAGEMENT OVERSIGHT COMMITTEE

The review and evaluation of risk profile during 2017 were at least conducted for the period of Risk Profile Quarter IV-2016, Quarter I-2017, Quarter II-2017, and Quarter III-2017.

The Bank's Risk Management implementation has been adjusted with the objectives, business policies, measurements and business complexities, as well as capabilities.

The realization of review and evaluation on the Risk Profile are as follows:

No	Material	Realization	Output
1.	Risk Profile Report Quarter IV 2016	21 February 2017	RMOC Official Memo No. B.05 - KPMR/02/2017 on the risk profile Report quarter IV 2016, compliance function implementation Report Semester III 2016, anti fraud program Report Semester II 2016, AML and CTF Program Report Semester II 2016 and Bank Rating assessment Report Semester II 2016.
2.	Risk Profile Report Quarter I 2017	23 May 2017	RMOC Official Memo No. B.14 - KPMR/05/2017 on the risk profile Report quarter I 2017
3.	Risk Profile Report Quarter II 2017	30 August 2017	RMOC Official Memo No. B.22 - KPMR/08/2017 on the risk profile Report quarter II/2017, compliance function implementation Report, anti fraud program Report, & Bank Rating assessment Report semester I 2017
4.	Risk Profile Report Quarter III 2017	3 November 2017	RMOC Official Memo No. B.32 - KPMR/11/2017 on the risk profile Report quarter III 2017

3. Review and Evaluation of Compliance Function Implementation

In line with the Bank's business development, prudent principles is vital to support this development in order to ensure that all business activities and policies have been carried out by complying with prevailing laws and regulations, both by Bank Indonesia or other authorities. Review and evaluation are mainly carried out on the fulfillment of prevailing rules regarding prudent principles, among others the Capital Adequacy Ration (CAR), Legal Lending Limits (LLL), Net Open Position (NOP), derivative transactions, Statutory Reserves in Rupiah and Foreign Currencies, and Non Performing Loans (NPL). The review and evaluation on the Compliance Function are conducted quarterly. In addition, the RMOC also carried out review and evaluation on Semester Report of Compliance Director Duties as stipulated in the PBI No. 1/6/PBI/1999 dated 20 September 1999 on the Assignment of Compliance Director and Implementation of Internal Audit Function Standard in Commercial Banks, in lieu of PBI No. 13/2/PBI/2011 dated 12 January 2011 on the Compliance Function Implementation in Commercial Banks.

The following are realization of review and evaluation of compliance function:

No	Material	Realization	Output
1.	Compliance Director Duties Report Semester II 2016	21 February 2016	RMOC Official Memo No. B.05 - KPMR/02/2017 on the risk profile Report quarter IV 2016, compliance function implementation Report semester II 2016, anti fraud program Report semester II 2016, AML and CTF Program Report semester II 2016 and Bank Rating assessment Report semester II tahun 2016.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

RISK MANAGEMENT OVERSIGHT COMMITTEE

No	Material	Realization	Output
2.	Compliance Director Duties Report Semester I 2017	30 August 2017	RMOC Official Memo No. B.22 - KPMR/08/2017 on the risk profile Report quarter II/2017, compliance function implementation Report, anti fraud program Report, & Bank Rating assessment Report semester I 2017.

4. Review of the Bank Rating Assessment Report

Based on PBI No.13/1/PBI/2011 dated 5 January 2011 on Commercial Banks' Rating Level Assessment, the BOC is responsible to maintain and monitor the Bank Soundness Level and taking necessary measures to maintain and/or improve the Bank Soundness Level. The RMOC conducts evaluation on the Bank Rating Level Assessment that includes risk profile, GCG, Earnings, and Capital. The realization of this review is as follows:

No	Material	Realization	Output
1.	Soundness Level Assessment Report July - December 2016	21 February 2016	RMOC Official Memo No. B.05 - KPMR/02/2017 on the risk profile Report quarter IV 2016, compliance function implementation Report Semester II 2016, anti fraud strategy implementation Report semester II 2016, AML and CTF Program Report semester II 2016 and Bank Rating assessment Report semester II 2016.
2.	Soundness Level Assessment Report January – June 2017	30 August 2017	RMOC Official Memo No. B.22 - KPMR/08/2017 on the risk profile Report quarter II/2017, compliance function implementation Report, anti fraud strategy implementation Report, & Bank Rating assessment Report semester I 2017.

5. Approval and Monitoring of the Bank Work Plan

The RMOC with the Audit Committee, Integrated Governance Committee and NRC under the coordination of the BOC Secretary will assist the BOC in evaluating and providing approval on the Bank Work Plan that serves as the guidance for all the Bank's elements in conducting business activities during 2016. In addition, the BOC conducts oversight on the Bank Business Plan Realization that will be submitted to Bank Indonesia at least two months after the reporting period.

6. GCG Implementation Report

The RMOC with the Audit Committee, Integrated Governance Committee and NRC under the coordination of the BOC Secretary will evaluate GCG implementation through self assessment to review the effectiveness of GCG implementation within the BOC including its Committees.

7. BOC Annual Report

The RMOC with the Audit Committee, Integrated Governance Committee and NRC under the coordination of the BOC Secretary develop the BOC Report draft during 2016 which will be included in the Bank's Annual Report. The Annual Report is submitted to the BOC for further approval by the GMS 2017.



RISK MANAGEMENT OVERSIGHT COMMITTEE

8. Loan Consultation by the BOD to the BOC

Every loan that meets the criteria as stated in the Bank's articles of association and or circular letters of the Bank's BOD, shall be consulted by the BOD to the BOC. The loan consultation can be done prior to or after the loan disbursement decision by the BOD. The RMOC provides recommendation in opinion or input on every loan proposal consulted by the BOD to the BOC. Furthermore, the RMOC provides written recommendation in opinion or input to the BOC after the loan consultation meeting forum is convened.

During 2017, all loans that met the criteria for consultation to the BOC have been presented in the loan consultation meetings and all recommendations have been submitted in writing to the BOD.

The realization of loan consultation settlements is as follows:

Material	Realization	Borrowers	Output
Result of Loan Consultation with the Meeting Forum	14 March 2017	1. PT PLN 2. Perum Bulog 3. PT Jasa Marga 4. Angkasa Pura I 5. PT Telkom 6. PT PN XI.	RMOC Official Memo No. B.08- KPMR/03/2017, dated 14 March 2017
	25 April 2017	1. PT Bina Sawit Abadi Pratama 2. PT Pelita Agung Agrindustri&Permata Hijau 3. PT Indosawit Subur 4. PT Tunggal Yunus estate 5. PT Mitra Unggul Pusaka 6. PT Rigunas Agri Utama 7. Dasa Anugrah Sejati 8. PT Amman Mineral Internasional 9. PT Amman Mineral Nusa Tenggara	RMOC Official Memo No. B.11 - KPMR/04/2017, dated 25 April 2017
	23 May 2017	1. PT Adaro Energy 2. PT Telekomunikasi Indonesia 3. PT Dayamitra Telekomunikasi Indonesia	RMOC Official Memo No. B. 13 - KPMR/05/2017, dated 25 April 2017
	18 September 2017	4. PT RAPP 1. PT PGN 2. PT Pertamina 3. PT Perum Bulog	RMOC Official Memo No. B. 13 - KPMR/05/2017, dated 25 April 2017
	19 December 2017	1. PT Antam 2. PT Bosowa 3. PT Delta Dunia Textile 4. PT Bio Farma	RMOC Official Memo No. B. 25 - KPMR/09/2017, dated 25 April 2017
			RMOC Official Memo No. B. 39- KPMR/12/2017 dated 22 December 2017

9. Approval on Loan Disbursement to Related Parties

The RMOC will provide recommendation of opinion and input to the BOC on the approval request of loan facility provided to the Subsidiaries or other Related Parties with the Bank as stipulated by the Bank's articles of association and the Bank's BOD circular letters.

RISK MANAGEMENT OVERSIGHT COMMITTEE

The realization of loan approval to subsidiaries and other related parties is as follows:

Material	Realization	Output
Loan approval to Subsidiaries/ Related Parties	B.10 - KPMR/04/2017	1. Request of standby letter of credit (SLBC) facility of USD 100 million of PT BRI Multifinance Indonesia (PT BRI Finance) as collateral of bank loan. 2. RMOC Official Memo No. B.12 - KPMR/05/2017, dated 16 May 2017 on the Approval of funding to related parties on behalf of PT Bringin Srikandi Finance. 3. RMOC Official Memo No.30 - KPMR/10/2017, dated 23 October 2017 on the Approval of funding to related parties on behalf of Sis Apik Wijayanto & Jeffry J. Wurangian 4. RMOC Official Memo No. B.36-KPMR/12/2017 dated 19 December 2017 on the Approval of funding to related parties on behalf of A. Fuad Rahmany & Susy Liestiowaty.
	16 May 2017	
	23 October 2017	
	19 December 2016	

10. Monitoring of Action Plan of BOC Active Oversight

The RMOC with the Audit Committee and Integrated Governance Committee conduct monitoring of Action Plan of BOC active oversight according to the request of Financial Services Authority (OJK).

The completion target of Action Plan of BOC active oversight is as follows:

Material	Realization	Output
Loan performance monitoring	16 October 2017	RMOC Official Memo No. B.28-KPMR/09/2017, 16 October 2017 on the Review of guidelines portfolio and review of earnings assets.

11. Review of Anti Fraud Strategy Implementation Report

In accordance with the Circular Letter No. 13/28/DPNP dated 9 December 2011 on the Antri-Fraud Strategy Implementation for Commercial Banks, the bank is required to build 4 (four) pillars of fraud control strategy that connected to each other, which are (a) prevention; (b) detection; (c) investigation, reporting and sanctions; and (d) monitoring, evaluation and follow up. The RMOC evaluates and analyzes the risk control implementation on the Bank's fraud per semester and provides recommendations and/or counsels to the BOD to improve the Bank's Anti Fraud Strategy Implementation. The evaluation is as follows:

No	Material	Realization	Output
1.	Soundness Assessment Report	21 February 2017 July - December 2016	RMOC Official Memo No. B.05 - KPMR/02/2017 on the risk profile Report quarter IV 2016, compliance function implementation Report semester II 2016, anti fraud strategy implementation Report semester II 2016, AML and CTF Program Implementation Report semester II 2016 and Bank Rating assessment Report semester II 2016.
2.	Soundness Assessment Report	30 August 2017 January – June 2017	RMOC Official Memo No. B.22 - KPMR/08/2017 on the risk profile Report quarter II/2017, compliance function implementation Report, anti fraud strategy implementation Report, & Bank Rating assessment Report semester I 2017.



RISK MANAGEMENT OVERSIGHT COMMITTEE

12. Evaluation on inorganic Growth

The ROMOC provides input to the BOC on every inorganic growth that will be taken by the BOD which will be implicating on the Bank's financial conglomeration changes. The detailed recommendations during 2017 is as follows:

No	Material	Realization	Output
1.	Capital Injection for BRI Agro	13 June 2017	Official Memo B.16 - KPMR/06/2017 dated 13 June 2017 on the Approval of capital injection to PT Bank Rakyat Indonesia Agroniaga Tbk
2.	Approval of Capital Investment in PT Bahana Artha Ventura	04 September 2017	Official Memo B. 23 - KPMR/09/2017 dated 4 September 2017 on the Approval of capital investment in PT Bahana Artha Ventura
3.	Approval of Capital Investment in PT Asuransi BRI Life	19 September 2017	Official Memo B. 27 - KPMR/09/2017 dated 19 September 2017 on the Approval of capital investment in PT Asuransi BRI Life

RMOC Meeting Agenda Plan in 2018

No.	Meeting Agenda Plan in 2018	Target
1.	Discussion of Risk Profile Quarter IV - 2017	Week I March 2018
2.	Discussion of Risk Profile Quarter I - 2018	Week I May 2018
3	Discussion of Risk Profile Quarter II - 2018	Week I August 2018
4	Discussion of Risk Profile Quarter III - 2018	Week I November 2018
5	Discussion of Compliance Function Semester II - 2017	Week II February 2018
6	Discussion of Compliance Function Semester I - 2018	Week II August 2018
7	Discussion of Anti Fraud Strategy and AML-CTF Implementation Semester II 2017	Week II February 2018
8	Discussion of Anti Fraud Strategy and AML-CTF Implementation Semester I 2018	Week II August 2018
9	Soundness Level Assessment Report Semester I - 2017	Week II March 2018
10	Soundness Level Assessment Report Semester II - 2018	Week II August 2018
11	Valuation of Risk Management Policy	Week II July 2018

Committee Remuneration

The remuneration for committee members who come from members of the BOC is accumulated with honorarium given to the BOC and no special honorarium for each member of the Committee.

RMOC Opinion on Review of the Implementation of Risk Management

Based on the active monitoring during 2017 through reports, working visits, consultations and reviews, the committee stated that the risk management implementation has been well implemented that reflected from the appropriateness of the risk taken with the set risk appetite of low to moderate until quarter III 2017, the Bank rating received composite index of 1 (very soundly) in June 2017, as well as proper implementation of Compliance Function and GCG. Nevertheless, risk management need to be continually improved by taking into account the shareholders' interest in line with the business development in the digital era.

INTEGRATED GOVERNANCE COMMITTEE

The Integrated Governance Committee (IGC) is one of the BOC organs that is established to support the effectiveness of BOC supervisory duties and responsibilities. The IGC works collectively, independent in implementing its duties and reporting as well as directly responsible to the BOC.

The IGC assists the BOC in implementing duties and responsibilities to evaluating and ensuring that the governance with the principles of transparency, accountability, responsibility, independence or professional, and fairness are all implemented integratedly in the Bank's Financial Conglomeration.

LEGAL REFERENCES

1. Circular Letter of Central Bank of Indonesia No. 15/15/DPNP dated 29 April 2013 on the Implementation of Good Corporate Governance for Commercial Banks.
2. Regulation of the Financial Services Authority No. 33/POJK.4/2014 dated 8 December 2014 regarding the Board of Directors and Board of Commissioners of Issuers or Public Companies.
3. Regulation of the Minister of SOE Number PER-12/MBU/2012 dated 24 August 2012 on the Supporting Organs of the Board of Commissioners/ Supervisory Board of State-Owned Enterprises.
4. Regulation of the Financial Services Authority No.18/POJK.03/2014 on the Implementation of Integrated Governance for Financial Conglomeration.

COMMITTEE CHARTER

The Integrated Governance Committee has a Working Charter containing the duties, authorities, obligations, responsibilities, division of work, working period, work ethics, meetings, organization structure, and duties implementation related to the Integrated Governance Committee.

APPOINTMENT AND TERMINATION

The IGC assists the BOC to strengthen the oversight function in order to improve public trust on the Bank's integrated management. The IGC is responsible to monitoring the continuous improvement process on the policies, procedures, and practices in all elements of the Bank to ensure the implementation of integrated internal control, compliance function and risk management. The IGC Chairman and Members are stipulated through the BOC Decree Nokep: 10-KOM/12/2017 ated 19 December 2017 on the Changes of Composition of the Integrated Governance Committee.

STRUCTURE AND MEMBERSHIP OF COMMITTEE

Committee Structures

1. IGC is under the BOC of the BRI hence structurally accountable to the BOC of BRI.
2. The Committee is chaired by an Independent Commissioner who is Chairman of one of the BRI committees.
3. In order to carry out its daily tasks, the Committee may be assisted by the Staff and/ or Secretary of the Integrated Governance Committee, which may come from both internal and external Banks.

Committee Membership

1. Members of the Committee shall at least consist of one Commissioner of each member of the financial conglomerate of BRI, an independent party and member of the Sharia Supervisory Board.
2. The members of the Committee shall at least consist of:
 - a. An Independent Commissioner of BRI as both chairman and member;
 - b. Independent Commissioner of each member of the Financial Conglomeration of BRI as a member;
 - c. An Independent Party with expertise in accordance with the needs of the Integrated Governance Committee;
 - d. Member of the Sharia Supervisory Board of BRI Syariah as a member.



INTEGRATED GOVERNANCE COMMITTEE

3. Each member of the Committee shall be independent in terms of:
 - a. Not receiving compensation from the Company and its subsidiaries, or affiliates, except wages, salaries and other facilities received in connection with the tasks performed as members of the Integrated Governance Committee;
 - b. Has no family or business relationship with the BOD and BOC;
 - c. Has no duplicate position in the Company and other affiliated Banks; and
 - d. Have no duties, responsibilities, and authorities that create a conflict of interest.
4. The appointment and replacement of the members of the Committee shall be stipulated in the Meeting of the BOC, in particular to Committee members from Independent Party, the following provisions shall apply:
 - a. Selected and stipulated by the BOC through recruitment and selection mechanism;
 - b. The term of employment shall be stipulated in the BOC Meeting of the contract period and the applicable contract workers' rules in the Company, with the possibility of dismissal by the Board of Commissioners before the term of the contract expires.
5. Members of the BOD are prohibited from becoming members of the Committee; and
6. The members of the Committee shall be appointed by the BOD based on the decision of the BOC meeting.

The following is composition of the Integrated Governance Committee as of 1 January 2017 to 15 March 2017:

No.	Name	Position	Profession	Tenure
1.	Ahmad Fuad	Chairman	Independent Commissioner	19 May 2015-15 March 2017
2.	Gatot Trihargo	Member	Independent Commissioner	19 May 2015-Present
3.	Vincentius Sonny Loho	Member	Commissioner	19 May 2015-Present
4.	Bambang Soepeno	Member	President Commissioner/Independent PT BRI Agroniaga, Tbk	19 May 2015-Present
5.	Indra Kesuma	Member	President Commissioner/Independent PT BRI Syariah	19 May 2015-18 April 2017
6.	M. Gunawan Yasni	Member	Member of Sharia Supervisory Board PT BRI Syariah	19 May 2015-Present
7.	Mulabasa Hutabarat	Member	Independent Commissioner PT Asuransi Jiwa Bringin Jiwa Sejahtera	September 2017-Present
8.	Indrayeti	Member	Independent Party	19 May 2015-Present
9.	Tubagus A. Maulana	Member	Independent Party	19 May 2015- Present

The following is composition of the Integrated Governance Committee as of 15 March 2017 to 18 April 2017:

No.	Name	Position	Profession	Tenure
1.	Mahmud	Chairman	Independent Commissioner	15 March 2017-Present
2.	Andrinof A. Chaniago	Member	President Commissioner/Independent	19 July 2017-Present
3.	Gatot Trihargo	Member	Independent Commissioner	19 May 2015-Present
4.	Vincentius Sonny Loho	Member	Commissioner	19 May 2015-Present

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

INTEGRATED GOVERNANCE COMMITTEE

No.	Name	Position	Profession	Tenure
5.	Bambang Soepeno	Member	President Commissioner/Independent PT BRI Agroniaga, Tbk	19 May 2015-Present
6.	Indra Kesuma	Member	President Commissioner/Independent PT BRI Syariah	19 May 2015-18 April 2017
7.	M. Gunawan Yasni	Member	Member of Sharia Supervisory Board PT BRI Syariah	19 May 2015-Present
8.	Mulabasa Hutabarat	Member	Independent Commissioner PT Asuransi Jiwa Bringin Jiwa Sejahtera	September 2017-Present
9.	Boyke Budiono	Member	Independent Commissioner PT BRI Multifinance Indonesia	27 March 2017-Present
10.	Indrayeti	Member	Independent Party	19 May 2015-Present
11.	Tubagus A. Maulana	Member	Independent Party	19 May 2015- Present

The following is composition of the Integrated Governance Committee as of 18 April 2017 to 31 December 2017:

No.	Name	Position	Profession	Tenure
1.	Mahmud	Chairman	Independent Commissioner	15 March 2017-Present
2.	Andrinof A. Chaniago	Member	President Commissioner/Independent	19 July 2017-Present
3.	Gatot Trihargo	Member	Independent Commissioner	19 May 2015-Present
4.	Vincentius Sonny Loho	Member	Commissioner	19 May 2015-Present
5.	Bambang Soepeno	Member	President Commissioner/Independent PT BRI Agroniaga, Tbk	19 May 2015-Present
6.	Eko Bambang Suharno*	Member	President Commissioner/Independent PT BRI Syariah	*Effectiver After the Approval of Fit & Proper Test from OJK
7.	M. Gunawan Yasni	Member	Member of Sharia Supervisory Board PT BRI Syariah	19 May 2015-Present
8.	Mulabasa Hutabarat	Member	Independent Commissioner PT Asuransi Jiwa Bringin Jiwa Sejahtera	September 2017-Present
9.	Boyke Budiono	Member	Independent Commissioner PT BRI Multifinance Indonesia	27 March 2017-Present
10.	Indrayeti	Member	Independent Party	19 May 2015-Present
11.	Tubagus A. Maulana	Member	Independent Party	19 May 2015- Present

Profile of Committee

Profile of members of IGC as of 31 December 2017 is as follows:

Mahmud Chairman of IGC/ Independent Commissioner Period: 15 March 2017-Present	Members of the BOC serving as Member of the Integrated Governance Committee as of 31 December 2017, the profile is available at the Board of Commissioners Profile section.
---	---



INTEGRATED GOVERNANCE COMMITTEE

Gatot Trihargo Member of IGC/ Vice President Commissioner Period:19 May 2015-Present	Members of the BOC serving as Member of the Integrated Governance Committee as of 31 December 2017, the profile is available at the Board of Commissioners Profile section.
Vincentius Sonny Loho Member of IGC/ Commissioner Period:19 May 2015-Present	Members of the BOC serving as Member of the Integrated Governance Committee as of 31 December 2017, the profile is available at the Board of Commissioners Profile section.
Bambang Supeno Member of IGC President Commissioner BRI Agro Period:19 May 2015-Present	Born in Surakarta 23 November 1952, obtained Bachelor Degree, Husbandry Faculty, University of Diponegoro (1979) and MBA in International Business di St. Louis University, USA (1991). Began his banking career in Bank Rakyat Indonesia at the beginning of 1981 to 2011, previously served as Compliance Director 2006-2009, MSME Director 2009-2010 and last post as Compliance Director 2010-2011. In his career with BRI, he was entrusted to serve as BRI Pension Fund Director 2002 - 2004 then as President Commissioner of Bank BRI Syariah (2011-2014) , and President Commissioner/ Independent Commissioner of PT Bank Rakyat Indonesia Agroniaga Tbk (Bank BRI AGRO) since March 2014 up to now.
Eko Bambang Suharno Member of IGC President Commissioner BRI Syariah Period:19 May 2015-Present	He participated in the training such as IIA Conference, London (2014), ECIIA conference Viena, Australia (20013), Getting Ready for Basel II-ICAAP and bassel III, Tokyo, Japan (2012), IIA-Conference Eroupe Regional Conference, Viena Asutralias (2012), IIA-Conference Boston, USA (2012), Project Finance, Amsterdam (2010), The IIA- International Conference, Johanersberg, Africa (2009), The IIA International Conference, San Fransisco, USA (2008), etc. Born in Wonosobo in 1960. Obtained Bachelor degree from Fisheries Faculty, Social Economics, Intitute of Agriculture Bogor (IPB) in 1983. MBA degree from Virginia Commonwealth University in 1992. Began his career in PT Bank Rakyat Indonesia (Persero) Tbk. in 1985 and entrusted to serve key posts: Branch Head of Bank BRI Muara Bungo (1995-1998), Branch Head of BRI Probolinggo (1998-2001), Branch Head of BRI Bekasi (2001-2002), Deputy Division Head of MSDM (2002-2005), Head of Sharia Business Unit (UUS) Bank BRI (2005-2009) and participated in opening PT Bank BRISyariah and entrusted as Director of PT Bank BRISyariah since 13 November 2008 to 8 April 2015. He then served as Division Head of Services BRI (April 2015 - August 2015) and as Division Head of HR Policy & Development BRI (18 June 2015 – 30 June 2017). He currently serves as President Commissioner of BRI Syariah.

INTEGRATED GOVERNANCE COMMITTEE

M. Gunawan Yasni

Member of IGC
 Supervisory Board BRI Syariah
 Period: June 2015-Present

Born in Jakarta 17 September 1969. Obtained Bachelor degree in Economics Faculty in Accounting, University of Indonesia (1993) and Master degree in Magister Management Finance from Prasetya Mulya (1995).

In his career he served as Manager of PT Pacific 2000 Investindo (Securities Financial Services), Deputy Head of Product Development PT Bahana Artha Ventura (Venture Capital) Jakarta (2000), Member of Sharia Supervisory Board (DPS) PT Asuransi SIMAS Syariah (2004–2005), Member of Sharia Supervisory Board (DPS) PT Jaminan Kredit Indonesia (2006), Advisor-Deutsche Bank Sharia Custodian & Investment Banking (2009), Member of Sharia Supervisory Board Syariah BRI Syariah (2008-present) and active as seionr consultant and lecturer in sharia economics and finance for several financial institutions, equivalent to Master Degree.

He holds various Certifications, such as Certified Islamic Financial Analyst from Master Degree of Middle East & Islamic University of Indonesia, Fellow in Islamic Insurance Society (FIIS) and Certified Advance Level (Level IV) Banking Risk Management and Liscence from Bapepam as Investment Manager, Underwriter & Broker-Dealer.

Mulasaba Hutabarat

Member of IGC
 Independent Commissioner
 BRI Life
 Period: September 2017-Present

Born in Jakarta 6 January 1954, serves as member of IGC since September 2016. Obtained Bachelor degree in Economics of Development Study, University of Indonesia (1982) and Master degree in Economics, Indiana University, USA.

He previously served in key posts at the Finance Ministry among others as Secretary of Directorate General of Financial Institution (2000-2006), Bureau Chief of Pension Fund, Bapepam-LK (2006-2012), Bureau Chief of Financing and Guarantee, Bapepam-LK (2012-2013), Secretary of Fiscal Policy (2013-2014). He also served as Commissioner of PT Pelindo I Medan (2002-2007), Commissioner of PT Bank BTN (2008-2012), Chairman of Supervisory Board of the Social Security Employment Management Board (2014-2016), Independent Commissioner of PT Asuransi Jiwa Bringin Jiwa Sejahtera (2015-present), Independent Commissioner of PT Sinar Mas Multi Finance (2014-present), Independent Commissioner of PT Asuransi Jiwa Tugu Mandiri (2014-present). He participated in various trainings such as Erma Bali International Seminar On Enterprise Risk Management 2015, Strategy To Be A Winner In Crisis: "Refocusing On Credit Risk Management, Pricing, Asset & Liability Management And Be Prepared In Upcoming Regulations" Frankfurt, Jerman 2012, Manajemen Risiko Tingkat I (Satu) 2010, Diklat SPAMA 1998, Job Evaluation Workshop 2001.

Boyke Budiono

Member of IGC
 Independent Commissioner
 BRI Finance
 Period: 27 March 2017-Present

Born in Jakarta 27 August 1957. Serves as member of IGC of PT BRI (Persero), Tbk since 27 March 2017. Obtained Bachelor degree in Agriculture from University of Kristen Satya Wacana Salatiga and MBA degree in Operation Management & Management Information System from University of Colorado, Boulder, USA. He previously served as Deputy Division Head of Consumer Banking, PT Bank Rakyat Indonesia (Persero) Tbk (2005-2006), Deputy Regional Head of BRI Bandung, PT Bank Rakyat Indonesia (Persero) Tbk. (2007), Finance Director, PT Perkebunan Nusantara VII (Persero) (2007-2012), President Director, PT Perkebunan Nusantara VII (Persero) (2012-2103). He currently serves as Private Management Consultant, PT Makmur Jaya Kreasindo (2013-sekarang) and President Commissioner PT BRI Multifinance (2017-Present).



INTEGRATED GOVERNANCE COMMITTEE

Indrayeti Member of IGC Independent Party Period:19 May 2015-Present	Born in Sungai Liat, 9 October 1972. Serves as member of IGC of PT BRI (Persero), Tbk since 2014. He previously has a career in other SOE banks and several private banks in various posts. Obtained Bachelor Degree in Economics Accounting, University of Trisakti, Jakarta (1995) and Master of Commerce from University of New South Wales (2000).
Tubagus Nur Ahmad Maulana Member of IGC Independent Party Period:19 May 2015-Present	Born in Jakarta, 7 May 1971. Serves as member of IGC of PT BRI (Persero), Tbk since Februari 2015. He previously has a career as lecturer and consultant. Obtained Bachelor degree in Agriculture from Institute of Agriculture Bogor (1995) and MBA in Banking and Finance from University of Birmingham (2000), MSc Finance from University of Strathclyde (2001) and PhD in Finance dari University of Strathclyde (2007).

EDUCATIONAL QUALIFICATIONS AND EXPERIENCES

4. Independent parties that meet the requirements of integrity, competence, financial reputation, and experience
5. Independent parties with knowledge of the Bank and Subsidiaries, among others, understanding of the main business activities and the main risks of Financial Services Institutions in the Financial Conglomeration.
6. Have an adequate understanding of the Good Corporate Governance (GCG) principles
7. Have an adequate understanding of the concept of risk and risk control in business activities and internal control of the company.
8. Independent Commissioner from each member of BRI's Financial Conglomeration as a member;
9. Member of the Sharia Supervisory Board of BRISyariah as a member.

COMMITTEE'S INDEPENDENCY

In order to ensure the independence of the duties and the delivery of views, advice, and recommendations to the Board of Commissioners, all members of IGC shall have no affiliations with the Board of Directors, Board of Commissioners, or BRI's controlling shareholders, and are not shareholders, Commissioners, Directors, or employees of affiliates or in business relations with BRI.

Independence requirements of IGC's members are:

5. Does not receive compensation from the Bank and its subsidiaries, or affiliates, except wages, salaries, and other facilities in connection with the duties performed as members of the Integrated Governance Committee;
6. Does not have familial or business relationship with the Board of Directors and Board of Commissioners;
7. Does not serve concurrent position in the Bank and other Bank's affiliates; and
8. Does not have duties, responsibilities, and authorities that may create a conflict of interest.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

INTEGRATED GOVERNANCE COMMITTEE

No	Independency Criteria	Mahmud	Andrinof A. Chaniago	Gatoto Trihargo	Vincentius Sonny Loho	Bambang Supeno	Eko Bambang Suharno	M. Gunawan Yasni	Mulasaba Hutabarat	Boyke Budiono	Indrayeti	Tubagus NA. Maulana
1.	Does not receive compensation from the Bank and its subsidiaries, or affiliates, except wages, salaries, and other facilities in connection with the duties performed as members of the Integrated Governance Committee	v	v	v	v	v	v	v	v	v	v	v
2.	Does not have familial or business relationship with the Board of Directors and Board of Commissioners;	v	v	v	v	v	v	v	v	v	v	v
3.	Does not serve concurrent position in the Bank and other Bank's affiliates	v	v	v	v	v	v	v	v	v	v	v
4	Does not have duties, responsibilities, and authorities that may create a conflict of interest	v	v	v	v	v	v	v	v	v	v	v

Duties and Responsibilities

1. Evaluating the implementation of integrated governance through an adequacy assessment of internal controls, compliance functions, and integrated risk management implementation;
2. Providing recommendation to the Main Entity's Board of Commissioners to refine the Integrated Governance Guidelines if deemed necessary;
3. Providing strategic input to BRI's Board of Commissioners to be submitted to the BRI's Board of Directors related to the implementation of Integrated Governance.
4. Delivering the evaluation report of the Self-Assessment Report each semester to the BRI's Board of Directors.
5. Delivering the evaluation of Integrated Governance Annual Report to the BRI's Board of Directors.

Authorities

1. Accessing the records, employees, funds, assets, and other resources comprehensively, freely, and unlimited related to the performance of duties;
2. Obtaining advice or suggestions from professionals outside the Bank relating to the duties; and
3. Providing opinions and recommendations to the Board of Commissioners in order to improve integrated internal control;
4. Providing opinions and recommendations to the Board of Commissioners in order to implement integrated compliance function; and
5. Providing opinions and recommendations to the Board of Commissioners in order to implement integrated risk management.



INTEGRATED GOVERNANCE COMMITTEE

WORKSHOPS AND TRAININGS IN 2017

Members of BRI IGC have competencies in their respective fields with a minimum of five years experience. The background of BRI IGC'S members vary, i.e. they are experienced in the areas of strategic management, risk management, banking, finance, and accounting to ensure the quality of recommendations and suggestions of improvement to the Board of Commissioners.

The training attended by members of the IGC in 2017 can be referred to in the list of education/training for the Board of Commissioners in 2017.

KPI AND ACHIEVEMENTS IN 2017

The Integrated Governance Committee(IGC) performance indicator or criteria is measured from the achievement of work programs/work plans and budgets that have been prepared at the beginning of each year and the attendance of IGC members in each meeting. The IGC's work program is structured to support Key Success Factors of the Board of Commissioners' duties in the supervisory function, and to provide input/suggestions on integrated risk management, integrated compliance function, and integrated audit in the main entity and subsidiaries.

Generally, all KPI of the Integrated Governance Committee have been achieved by the implementation of all IGC Working Plan and Budget 2017, in accordance with the set target and attendance level of IGC members, which fulfilled the requirement. Thus, all IGC meeting can be executed with quorum in every decision.

COMMITTEE MEETINGS

Meeting Policy

The IGC Meeting Policy are as follows:

1. Committee meeting may be held at any time as deemed necessary on the initiative of one or more members of the Committee by mentioning the agenda to be discussed. Committee meetings are held at least 1 (one) time per semester;
2. Committee Meetings shall be convened at the place of domicile of the Company or other places established by the Committee;
3. Scheduled Committee Meeting shall be made by a written invitation signed by the chairman and a member of the Committee of the BOC of the Primary Entity, whereas meetings made on the basis of urgent or unscheduled matters may be summoned verbally or by video communications conference;
4. The Committee Meeting shall include the agenda of the meeting, date, time and place of execution of the meeting;
5. Each Committee meeting is chaired by the Chairman of the Committee and in the event that the Chairman of the Committee is absent or absent, the meeting is chaired by a member of the Committee which is from the Board of Commissioners of the Primary Entity;
6. Decisions of Committee meetings shall be made on the basis of consensus deliberations. In the event of dissenting opinion it must be clearly stated in the minutes of the meeting and the reasons for the difference of opinion;
7. The results of Committee meetings shall be set forth in minutes of meetings and properly documented;
8. Minutes of Committee meetings shall be made by a person present at the meeting and appointed by the chair of the meeting. The minutes of the meeting shall be signed by all Committee members present at the meeting;
9. The minutes of the Committee's meeting shall constitute valid evidence of the decisions taken at the meeting.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

INTEGRATED GOVERNANCE COMMITTEE

Frequencies and Attendance

In 2017 the IGC Committee has conducted 3 (three) meetings with the following details:

Meeting Agenda

No.	Meeting Agenda	Date	Minutes No.	Attendance	Remark
1	Evaluation of Integrated Governance Implementation Semester II 2016	31 January 2017	03 - KOM/02/2017	6	Quorum
2	Financial services' internal control and compliance Semester II 2016	25 April 2017	01 -KTKT/04/2017	8	Quorum
3	1. Evaluation of Integrated Governance for Financial Conglomeration Semester I 2017 2. Evaluation of Integrated Audit Function Semester I 2017	12 September 2017	32 - KOM/09/2017	8	Quorum

Meeting Attendance

No	Name	Position	Total Meeting	Total Attendance	% Attendance
1	Mahmud*	Chairman	2	2	100%
2	Ahmad Fuad**	Chairman	1	1	100%
3	Vincentius Sonny Loho	Member	3	3	100%
4	Gatot Trihargo	Member	3	3	100%
5	Indrayeti	Member	3	3	100%
6	Tubagus A. Maulana	Member	3	3	100%
7	Bambang Soepeno	Member	3	3	100%
8	Indra Kesuma	Member	3	3	100%
9	M. Gunawan Yasni	Member	3	2	67%
10	Mulabasa Hutabarat	Member	3	3	100%
11	Boyke Budiono	Member	3	3	100%

*) Effective as of 15 March 2017

**) Honorably dismissed on 15 March 2017

Integrated Governance Committee Meeting Plan in 2018

No.	Meeting Agenda Plan in 2018	Target
1.	Evaluation of Integrated Governance Function Implementation.	Week II July 2017
2.	Evaluation of Integrated Risk Management Implementation, Integrated Compliance Function, and Integrated Audit Function Semester II 2017	Week III March 2018
3.	Evaluation of Integrated Risk Management Implementation, Integrated Compliance Function, and Integrated Audit Function Semester I 2018	Week III September 2018
4.	Evaluation of Integrated Governance Policy	Week II November 2018



INTEGRATED GOVERNANCE COMMITTEE

Committee's Activities in 2017

In 2017, the Integrated Governance Committee has implemented the work program as stipulated. The establishment of the BRI's financial conglomerate structure has been carried out by taking into account the regulator's regulations that apply to the main entity, i.e. BRI. The Integrated Governance framework and the organizational structure of the Integrated Compliance unit, the Integrated Audit unit and the Integrated Risk Management unit have been established and functioning.

1. Integrated Governance Function Evaluation

The evaluation of Integrated Governance is carried out by taking into account the following:

- a. Implementation of Financial Services' management functions by the Board of Directors.
- b. Implementation of Supervisory function by the Board of Commissioners. The functions include monitoring the Good Corporate Governance implementation.
- c. Implementation of duties and responsibilities of integrated compliance function.
- d. Implementation of internal audit function at each Financial Services in BRI Financial Conglomeration.
- e. Implementation of external audit function by external party to Financial Services' financial statements.
- f. Implementation of risk management function that contains at least comprehensive and effective risk management policy, with reference to the provisions on risk management applicable to each Financial Services.

The evaluations of the integrated governance functions implementation for Semester II 2016 and Semester I 2017 are conducted through the Integrated Governance Committee Meeting and the Director of Integrated Governance Function on January 31, 2017, and September 12, 2017.

The Committee considers that BRI's Financial Conglomeration has implemented an excellent Integrated Governance in Semester II 2016 and Semester I 2017.

2. Integrated Risk Management Policy Evaluation and Approval

The Evaluation of the Integrated Risk Management Policy was conducted at the Board of Commissioners' and related Directors' meeting on November 28, 2017, in the discussion of Integrated Risk Profile, Intra Group Transactions, and Review of Risk Management General Policy.

3. Integrated Risk Management Implementation Evaluation

The Committee ensures the implementation of Integrated Risk Management is in accordance with the characteristics and complexities of the Financial Conglomeration Business. Further, in Article 11 paragraph 2, it is stated that the Board of Commissioners shall ensure the Risk Management implementation in each Financial Services in a financial conglomeration, which shall cover at least:

- a. Supervision of the Board of Commissioners and Financial Services' Board of Directors;
- b. Adequacy of risk management policies, procedures, and threshold determination;
- c. Adequacy of identification process, measurement, monitoring, and risk management, as well as risk management information system; and
- d. Comprehensive internal control system on the risk management implementation.

The Committee evaluates the integrated risk management implementation in Semester II 2016 and Semester I 2017 through the Board of Commissioners' Meeting on April 4, 2017, and November 28, 2017.

The Committee considers that the Bank has implemented proper integrated risk management, in accordance with the provisions stipulated by OJK.

4. Review of Integrated Risk Profile Report

The review and evaluation of the Bank's Risk Profile shall be conducted based on the Risk Profile Report prepared and submitted by the Board of Directors cq. Integrated Risk Management Unit.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

INTEGRATED GOVERNANCE COMMITTEE

The review and evaluation of the risk profile are conducted by taking into account the level of inherent risk to the Bank's business activities that may potentially affect the BRI's Financial Conglomeration.

The review and evaluation of risk profile are also conducted on the risk management implementation quality of the BRI's Financial Conglomeration, which covers 4 (four) aspects, i.e.: (1) risk management, (2) risk management framework, (3) risk management process, human resource adequacy, and adequacy of risk management information system and (4) adequacy of risk control system, which includes

10 types of risk, i.e. credit risk, operational risk, market risk, liquidity risk, legal risk, compliance risk, reputational risk, strategic risk, intra group transaction risk, and insurance risk. The review and evaluation of risk profiles are focused on risks of rank 3 (moderate) to rank 5 (high), and risk that has a deteriorating trend.

The review and evaluation of integrated risk profile in 2017 are conducted for the Integrated Risk Profile Report Semester II 2012 and Semester I 2017 as follows:

Material	Realization	Output
Evaluation of Integrated Risk Profile Semester II 2016	04 April 2017	Official Memo B.02-KTKT/04/2017, dated 4 April 2017 on the Review Result of Integrated Risk Profile Semester II - 2016.
Evaluation of Integrated Risk Profile Semester I 2017	12 December 2017	Official Memo B.14-KTKT/12/2017, dated 12 December 2017 on the Review Result of Integrated Risk Profile Semester I - 2017.

Based on the evaluation of integrated risk profile, the Bank's financial conglomerate has been managed within proper risk threshold. Subsequently, the risks were not disrupting the Bank's business continuity.

5. Evaluation of Capital Adequacy, Liquidity Management, Intra Group Transactions, and Risk Management of Funding

The Committee has conducted an evaluation of intragroup transactions by ensuring the following:

- g. Capital adequacy of Financial Conglomeration;
- h. Effective liquidity management;
- i. Integrated monitoring of intragroup transactions; and
- j. Risk management of the effective provision of funds, including large exposure.



INTEGRATED GOVERNANCE COMMITTEE

The Committee through the Board of Commissioners' meetings has submitted the evaluation results as follows:

Material	Realization	Output
Evaluation of Capital Adequacy, Liquidity Management, Intra Group Transactions, and Risk Management of Funding Semester II - 2016.	04 April 2017	Official Memo B.02-KTKT/04/2017, dated 4 April 2017 on the Review Result of Integrated Risk Profile Semester II - 2016
Evaluation of Capital Adequacy, Liquidity Management, Intra Group Transactions, and Risk Management of Funding Semester I - 2017.	12 Desember 2017	Official Memo B.14-KTKT/12/2017, dated 12 Desember 2017 on the Review Result of Integrated Risk Profile Semester I - 2017

The Committee concludes that the form of the Bank's financial conglomeration is in line with the Bank vision and mission, and provides long-term synergies that can increase the Bank's value on a consolidated basis.

6. Evaluation of the Adequacy of Integrated Internal Control and the Adequacy of Integrated Compliance Function

The review and evaluation on the Implementation of Integrated Internal Control Function and Compliance Function shall be conducted biannually, by taking into account the Biannual Report of the BRI's Compliance Director and Financial Services' members of the BRI's conglomerates submitted to the Board of Commissioners, and by obtaining explanation through the presentation of members of the Board of Commissioners of each Financial Services, which are members of the Integrated Governance Committee.

The review and evaluation are conducted primarily on the fulfillment of the prevailing rules related to the internal and external audits findings, prudential principles, among others the Commercial Bank Reports, Debtor Information Systems, Minimum Capital Adequacy Requirements (CAR), Legal Lending Limit (LLL), Net Open Position (NOP), Derivative Transactions, Statutory Reserves of Rupiah and Foreign Currency, Non-Performing Loans (NPL and NPF), and AML-CTF Program.

The evaluation result on the adequacy of integrated internal control and integrated compliance function is submitted to the Board of Commissioners through Memos with details as follow:

No	Material	Realization	Output
1.	Integrated Compliance Review	23 Mei 2017	Official Memo B. 04-KTKT/05/2017 on the review results of the Integrated Compliance Report Semester II - 2016
2.	Integrated Audit Review	23 Mei 2017	Official Memo B. 05-KTKT/05/2017 on the review results of the Integrated Audit Report Semester II - 2016
3.	Integrated Compliance Review	13 Desember 2017	Official Memo B. 16-KTKT/12/2017 on the review results of the Integrated Compliance Report Semester I - 2017
4.	Integrated Audit Review	13 Desember 2017	Official Memo B. 15-KTKT/12/2017 on the review results of the Integrated Audit Report Semester I - 2017

INTEGRATED GOVERNANCE COMMITTEE

Based on the evaluation of the internal control function, integrated compliance function, and control and compliance function in each Financial Services for the above-mentioned period, the Committee concludes that the main entity and Financial Services have performed both functions properly. Subsequently, there were no violation of external rules and internal rules detrimental to the Company's financial conglomeration.

7. Integrated Governance Assessment Report Evaluation

The assessment on Integrated Governance is based on self-assessment principles. There are seven assessment factors, consist of: (1) Implementation of Duties and Responsibilities of the Board of Directors of the Main Entity; (2) Implementation of Duties and Responsibilities of the Board of Commissioners of the Main Entity; (3) Duties and responsibilities of the Integrated Governance Committee; (4) Duties and responsibilities of the Integrated Compliance Unit Committees; (5) Duties and responsibilities of the Internal Audit Unit Committee; (6) Implementation of Integrated Risk Management; and (7) Preparation and Implementation of the Integrated Governance Charter. These seven factors are assessed based on the aspects of structure, process, and output, and analyzed based on the adequacy and effectiveness of its implementation.

The Integrated Governance Committee is responsible for conducting the self-assessment on two assessment factors, i.e.: (1) Implementation of Duties and Responsibilities of the Board of Commissioners of the Main Entity; (2) Duties and Responsibilities of the Integrated Governance Committee. The other five assessment factors are the responsibilities of related work units.

In 2017, the Committee has conducted 2 assessments, i.e. For Semester I - 2016 and Semester II - 2017. The Bank obtained the self-assessment of predicate 1 (one).

COMMITTEE REMUNERATION

The remuneration for committee members that derive from members of the BOC is accumulated with honorarium provided to the BOC and no special honorarium for each member of the Committee.

INTEGRATED GOVERNANCE COMMITTEE OPINION ON THE IMPLEMENTATION OF RISK MANAGEMENT INTEGRATED GOVERNANCE

The Committee considers that the Integrated Governance has generally been well implemented. This is reflected in the self-assessment results, i.e. ranked 1 (very good) in the Semester II - 2016 and ranked 2 (good) in the Semester I - 2017. Nevertheless, the Committee believes that there are still some weaknesses in both the structures and processes require for improvement and refinement. As such, going forward, the Committee will ensure to minimize the weaknesses in the structures and processes required to support the outcome of Good Corporate Governance.



BOD COMMITTEES

In accordance with the Financial Services Authority Regulation No. 33/POJK.04/2014, the BOD may establish committees to assist the implementation of duties and responsibilities of the bank management.

As of 31 December 2017, BRI has 10 committees under the BOD as follows:

1. Asset and Liability Committee (ALCO)
2. Risk Management Committee (RMC) & Operational Risk Management Committee (ORMC)
3. Credit Committee
4. Capital & Investment committee
5. Credit Policy Committee
6. IT Advisory Committee
7. HR Policy Committee
8. Job Evaluation Committee
9. Project Management Office Steering Committee (PMO)
10. Product Committee

ASSET AND LIABILITY COMMITTEE (ALCO)

ALCO is a Committee at the headquarter that responsible to formulate and establish the assets and liabilities policy and Fund Transfer Price (FTP) rates stipulation.

Membership Structure

ALCO membership consists of:

President Director	Chairman	Hold Voting Rights
Vice President Director	Substitute Chairman I (and Member)	Hold Voting Rights
Director of Strategy and Finance	Substitute Chairman II (and Member)	Hold Voting Rights
Division Head of Assets & Liabilities Management	Secretary (and Member)	Hold Voting Rights
All Board of Directors	Member	Hold Voting Rights
All Senior Executive Vice President	Member	Hold Voting Rights
Head of Internal Audit Unit	Member	Hold Voting Rights
All Business Division Heads	Member	Hold Voting Rights
Division Head of Credit Risk Policy	Member	Hold Voting Rights
Division Head of Enterprise Risk & Portfolio Management	Member	Hold Voting Rights
Division Head of Operational & Market Risk	Member	Hold Voting Rights
Division Head of Credit Risk Analyst	Member	Hold Voting Rights
Division Head of Credit Restructuring and Settlement	Member	Hold Voting Rights
Division Head of Corporate Development & Strategy	Member	Hold Voting Rights
Division Head of Financial Accounting and Management	Member	Hold Voting Rights
Regional Head of Jakarta I	Member	Hold Voting Rights
Regional Head of Jakarta II	Member	Hold Voting Rights
Regional Head of Jakarta III	Member	Hold Voting Rights
Head of Special Branch	Member	Hold Voting Rights

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

BOD COMMITTEES

Duties and Responsibilities

1. Evaluating the performance of the Company and to determine the strategy and policy of optimum asset and liability management by considering the potential risk, optimum yield generation, and cost efficiency.
2. Setting the interest rates on deposit, lending rate, Basic Interest Rate (SBDK), Fund Transfer Price (FTP), and other pricing that directly impact Net Interest Margin (NIM) achievement.
3. Determining the authority of Official Breakers in deciding interest rate on deposit, loan and / or other bank products.
4. Defining Net Open Position (NOP) policy.
5. Monitoring the asset and liability management in the company is carried out in accordance with the outcome of the ALCO Meeting's decision.

Work Guidelines

1. ALCO Meeting shall be convened at least once in a month to discuss the management of the Company's assets and Liabilities related to strategy and policy in matters pertaining to:
 - a. Bank performance development
 - b. Bank portfolio composition and development
 - c. Risk management

- d. Savings interest rate, prime lending rate, fund transfer price (FTP) and other pricings.
- e. Suku bunga simpanan, suku bunga pinjaman suku bunga dasar kredit (SBDK), fund transfer price (FTP) dan pricing lainnya.
2. The Alco Meeting is chaired by the Chairman of ALCO. In the event that the ALCO Chairman is unable to attend, the ALCO Meeting shall be chaired by the Alternate ALCO Chair in sequence.
3. Corporate Secretary coordinates and is responsible on the convention of ALCO Meetings.
4. The ALCO Meeting shall be attended by at least 2/3 (two thirds) of ALCO Members. In the event where the Leader of the Work Unit is unable to attend, then the person may appoint an alternate at the level of Vice Division Head or at least the Head of Section.
5. ALCO Meeting decisions are taken by deliberation and consensus. In the event that no agreement is reached the decision of the ALCO Meeting shall be considered valid with the consent of 50 (fifty percent) of the total ALCO Members with voting rights plus 1 (one) ALCO Member, including members of the BOD, one of whom is the Chairman of ALCO or Chairman ALCO Substitute.

Committee Meetings

In 2017 the ALCO has conducted 12 meetings with the following explanation:

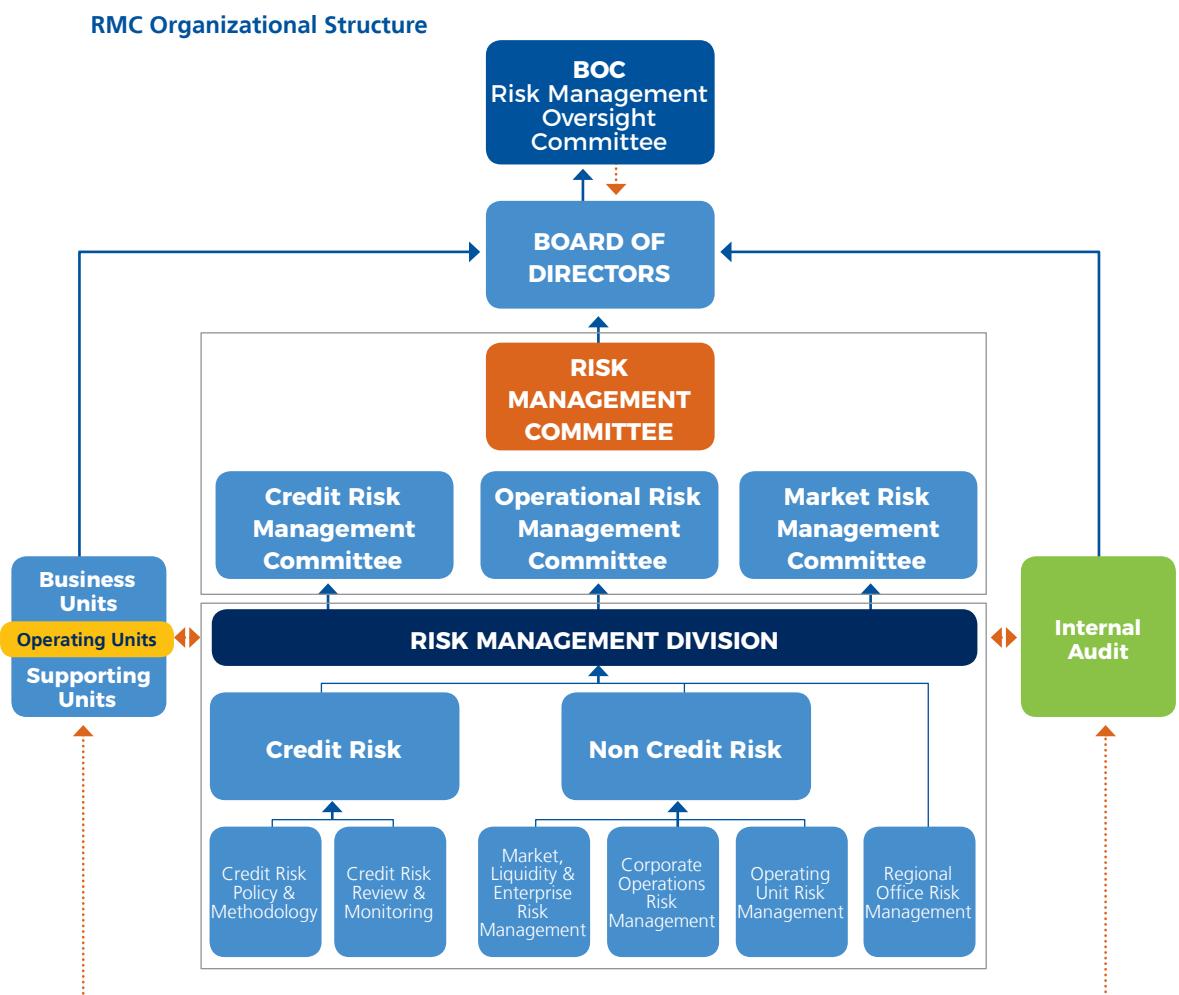
No	Meeting Date	Meeting Agenda
1	13 January 2017	
2	20 February 2017	
3	20 March 2017	
4	21 April 2017	
5	24 Mei 2017	Agenda:
6	21 June 2017	1. Economic Briefing
7	21 July 2017	2. Assets & Liabilities Performance
8	23 August 2017	3. BRI's Shares Progress
9	20 September 2017	4. ALCO Meeting Resolutions
10	23 October 2017	
11	22 November 2017	
12	20 December 2017	



BOD COMMITTEES

RISK MANAGEMENT COMMITTEE (RMC) & OPERATIONAL RISK MANAGEMENT COMMITTEE (ORMC)

RMC & OMC are responsible to prepare the Risk Management Policy and its amendment including the implementation of risk management policy and strategy.



Remark:

- : Line of managerial authority and responsibility
- : Line of communication

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOD COMMITTEES

Committee Memberships

1. Risk Management Committee (RMC)

President Director/ Vice President Director	Chairman	Hold voting rights
Division Head of Risk Enterprise & Management Portfolio	Secretary	No voting rights
Director of Strategy & Finance	Permanent Member	Hold voting rights
Director of Risk Management	Permanent Member	Hold voting rights
Director of Human Capital	Permanent Member	Hold voting rights
All Directors or SEVP of Proposing Fields	Non-Permanent Member	Hold voting rights
Director of Compliance	Permanent Member	No voting rights

2. Integrated RMC

President Director/ Vice President Director	Chairman	Hold voting rights
Division Head of Risk Enterprise & Management Portfolio	Secretary	No voting rights
Director of Strategy & Finance	Permanent Member	Hold voting rights
Director of Risk Management	Permanent Member	Hold voting rights
Director of Human Capital	Permanent Member	Hold voting rights
All Directors or SEVP of Proposing Fields	Non-Permanent Member	Hold voting rights
Director of Compliance	Permanent Member	No voting rights
President Director of BRI Syariah	Permanent Member	No voting rights
President Director of BRI Agro	Permanent Member	No voting rights
President Director of BRI Life	Permanent Member	No voting rights
President Director of BRI Finance	Permanent Member	No voting rights
Director of Compliance of BRI Syariah	Permanent Member	No voting rights
Director of Compliance of BRI Agro	Permanent Member	No voting rights
Director of Compliance of BRI Life	Permanent Member	No voting rights
Director of Compliance of BRI Finance	Permanent Member	No voting rights

3. Operational Risk Management Committee (ORMC)

President Director/ Vice President Director	Chairman	Hold voting rights
Division Head of Operational & Market Risk Management	Secretary	No voting rights
Director of Digital Banking & Technology	Permanent Member	Hold voting rights
Director of Risk Management	Permanent Member	Hold voting rights
Director of Human Capital	Permanent Member	Hold voting rights
SEVP Operations	Permanent Member	Hold voting rights
SEVP Network Management	Permanent Member	Hold voting rights
All Directors or SEVP of Proposing Fields	Non-Permanent Member	Hold voting rights
Director of Compliance	Permanent Member	No voting rights

Duties and Responsibilities

The Risk Management Committee has the following duties and responsibilities:

- Provide recommendations to the President Director on the preparation of policies, strategies and guidelines for the implementation of Risk Management and its changes including contingency plan if the abnormal condition occurs.
- Provide recommendations to the President Director in improving or refining the implementation of Risk Management based on periodic and incidental evaluations as a result of a change in BRI's external and internal conditions affecting the adequacy of BRI's capital and risk profile with respect to the evaluation of the effectiveness of risk management implementation.



BOD COMMITTEES

3. Provide recommendation to the President Director in the framework of determining the policy and/or determination of matters related to business decisions that deviate from normal procedures, such as exceeding significant business expansion compared to the predefined business plan of BRI or taking risk positions/ exposures beyond predefined limit.
 4. Submit a recommendation to the President Director for the establishment of a risk measurement methodology and its amendment.
 5. Provide recommendations to the President Director for determination of limits and changes.
 6. Delivering the Risk Profile and Risk Monitoring and Recommendation Change (if required) to RMC members.
 7. Providing authorities to the Sub RMC (CRMC, ORMC, and MRMC) to discuss specific issues that requires immediate handling and do not require involvement of all members of RMC.
 - c. Force majeur conditions such as natural factors, human factors, external disturbances, and other disruptive factors.
 - d. Factors triggering the BOD to convene RMC.
3. The RMC discusses, reviews and approves the proposals and recommendations submitted in the meeting in accordance with applicable regulations.
 4. The RMC meeting is chaired by the President Director. In the event where the President Director is unable to attend, the meeting shall be chaired by the Vice President Director.
 5. The RMC meeting may be held when attended by at least two-thirds of the Committee Members and attended by the Chair of the Committee.
 6. Decisions of the Committee Meeting shall be taken by deliberation and consensus. In the event that no agreement is reached the decision of the Committee Meetings shall be deemed valid with the consent of 50 (fifty percent) of the total ALCO Members with voting rights plus 1 (one) Member including the Chairman of the Committee.
 7. The RMC decision result may be annulled by the BOD as long as it is determined at the BOD Meeting.

Work Guidelines

1. RMC meeting is held at least 1 (one) time per Quarter.
2. The RMC meetings can be done outside of regular schedule if there is important and urgent issues, among others:
 - a. Significant changes to BRI Risk Profile.
 - b. There is a regulatory change that requires rapid response and feedback from the organization.

Committee Meetings

In 2017 the Risk Management Committee has convened 4 (four) meetings with the following explanation:

2017 Meeting Agenda

No	Activity	Date	Agenda
1	RMC I 2017	10.03.2017	1. Risk Profile 2. Follow-up RMC Decision IV-2016 3. BRI Capital Analysis and Stress Test 4. Discussion on Risk of External Issues and Risk Profile of BRI 5. Capital Analysis and Stress Test 6. Discussion of Risk To Be Noticed at BRI: Increase the trend of fraud card Business (Credit Card), Payment of Credit Interest KMK sourced from leniency, 7. Write off the Credit Cards that exceeds budget breakdown 2016 8. Recommendations and Decisions RMC I-2017

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOD COMMITTEES

2017 Meeting Agenda

No	Activity	Date	Agenda
2	RMC II 2017	02.06.2017	<ol style="list-style-type: none"> 1. Follow-up RMC Decision I-2017 2. Discussion on Risk of External Issues and Risk Profile of BRI 3. Capital Analysis and Stress Test 4. Discussion of Risk Issue in BRI: Establishment of Asset Management Company, Implementation of Recovery Plan. 5. Discussion of Risk To Be Noticed at BRI: Retailer of Commercial Retail Commercial Loan <12 Months Since Initial Realization, Unoptimal Interest Rate, and WannaCry Ransomware Virus Spread Threat. 6. Recommendations and Decisions RMC II -2017
3	RMC III 2017	28.08.2017	<ol style="list-style-type: none"> 1. Discussion Related to the Telkom Satellite Event 1 Shift from its Orbit. 2. Follow up of RMC II 2017 3. Risk Profile and Bank Soundness Level 4. Capital Monitoring 5. Leverage Ratio 6. Credit Risk Monitoring 7. Liquidity Risk Monitoring 8. Stress Testing on Market and Credit Risk 9. Stress Testing on Liquidity 10. Discussion of Risk Issue in BRI: Potential Losses Failed Kaim KUR, Potential Losses Tax Correction and Tax Fines on Debtors PH Which Not Owned NPWP for Loan above Rp50 million, 11. Discussion of Risk To Be Noticed at BRI: Expiry of POJK No. 11/POJK.03/2015 of 2015 concerning Prudential Awareness In the framework of the National Economic Stimulus for Commercial Banks, Fake Card Transactions At EDC BRI. 12. Recommendations and Decisions of RMC III Year 2017
4	RMC IV 2017	23.11.2017	<ol style="list-style-type: none"> 1. Chairman Opening I RMC 2. Follow up of RMC III 2017 3. Risk profile quarter III 2017 4. Capital Monitoring 5. Leverage Ratio 6. Liquidity Risk Monitoring 7. Market Risk Monitoring 8. Stress Test 9. Economics Sector Monitoring 10. Discussion of Risk Issues: <ol style="list-style-type: none"> a. Increasing Allowance for impairment losses Fee due to Minor Liability. b. Recovery Rate PH Potential from PH Borrowers Deposits. c. Risk Issue Impacting from Maturity Not Close Account 3 Toward Credit Quality and Allowance for impairment losses d. Borrowing Rate of BRI New York to BRI HO under COF Forex e. BRILINK Agent Schemmings 11. Recommendations and Resolutions of RMC IV 2017



BOD COMMITTEES

In discussing issues specific to a particular type of risk and requiring immediate decisions, a limited RMC meeting, or so-called sub-RMC, is required. There are 3 (three) Sub-RMC namely CRMC (Credit Risk Management Committee), MRMC (Market Risk Management Committee), and ORMC (Operational Risk Management Committee), established to address issues related to credit risk, market risk, operations and other risks. The sub RMC meetings during 2017 are as follows:

No	Activity	Schedule	Meeting Minutes
CRMC			
1	CRMC I	31 January 2017	B.41.e-DMR/CRM/02/2017
2	CRMC II	8 March 2017	-
3	CRMC III	10 May 2017	B.138.e-DMR/CRM/05/2017
4	CRMC IV	16 August 2017	B.36.e-ERM/MRK/08/2017
5	Pra CRMC	9 November 2017	B.157.e-ERM/MRK/11/2017
MRMC			
1	MRMC I 2017	24 January 2017	B.47.e-DMR/MRP/01/2017
2	MRMC III 2017	28 July 2017	B.228.e-DMR/MRP/07/2017

CREDIT COMMITTEE

The Credit Committee is an operational committee assisting the BOD to evaluate and/ or resolve credit applications for certain amount and/ or types of credits as determined by the BOD.

Committee Structure

1. Credit Committee at the BOD, i.e
 - a. BRI Credit Committee.
 - b. Credit Committee BOD 1
 - c. Credit Committee BOD 2
2. Credit Committee at Division level
3. Regional Commercial Business Credit Committee (RCB)
4. Credit Committee in Regional Offices/ Special Branch Offices.
5. Overseas Unit Credit Committee (OUCC).

Duties

1. Provide approval or rejection of credit in accordance with the limits of authority established by the Board of Directors.
2. Coordinate with the Asset & Liabilities Committee (ALCO) in the funding aspect for loans with specified amounts determined by ALCO.

Responsibilities

1. Carry out the task of credit awarding based on honest professional proficiency, objectively, carefully and thoroughly.
2. Rejecting the request and /or influence from parties with interest in credit approval, which is only formalities, or outside the principles of healthy credit.
3. Put signature on Credit Decision form as proof of credit award and as a form of responsibility of credit Committee.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

BOD COMMITTEES

Conflict of Interest

In providing credit decision, the Credit Committee shall decide with honest, objective and prudent assessment and free of conflict of interest to the Committee and its individual member. This mechanism is regulated as follows:

1. In the event where the decision makers of BRI Credit Committee have the conflict of interest, then the credit decision shall be carried out by all BOD and SEVP with decision making authority, member of BRI Credit Committee that has the conflict of interest are exempted. The decision making is unanimously conducted from all the Decision Makers.
2. In the event where the conflict of interest is occurring on Credit Committee members other than BRI Credit Committee, then the credit decision shall be authorized to the decision makers of one level higher.
3. In the event where the conflict of interest is occurring on individual credit decision makers, then the credit decision shall be authorized to the decision makers of one level higher.
4. In the event where the conflict of interest is occurring then the credit decision shall be carried out as stated in point 2 and 3 above, which further shall be submitted in the form of Credit Analysis Memorandum.

Work Guidelines

1. Credit Committee Meeting may only be held if the quorum meets at least $\frac{1}{2}$ (one-quarter) + 1 of the members of the Credit Committee.
2. Credit Committee members who are unable to attend the Committee Meeting because they are not in place (but not later than 5 (five) working days) shall not be taken into account in the determination of the quorum for the implementation of Credit Committee meetings.
3. The implementation of the Credit Committee shall be held in the Credit Committee meeting forum with the relevant ADK Units as the Secretary of the Committee.

Committee Meetings

During 2017, the Committee has convened 36 meetings and it has complied with the committee charter and meeting quorum.

CAPITAL AND INVESTMENT COMMITTEE

Capital and Investment Committee has the responsibility in particular to corporate action and management of subsidiaries.

Membership Structure

The Capital and Investment Committee membership consists of:

Structure and Membership

Director of Strategy & Finance	Chairman	Hold voting rights
Division Head of Corporate Development & Strategy	Secretary	Hold voting rights
Director of Risk Management	Permanent Member	No voting rights
Director of SEVP of related Field	Non-Permanent Member	Hold voting rights
Director of SEVP of Subsidiaries Supervisor	Non-Permanent Member	Hold voting rights
Director of Human Capital	Non-Permanent Member	Hold voting rights
Director of Compliance	Permanent Member	No voting rights

In implementing its duties, the Capital & Investment Committee is supported by the Committee Supporting Team.

Duties and Responsibilities

1. Corporate Actions
 - a. Reviewing the analysis of corporate action proposed by the Committee Supporting Team.
 - b. Determining and recommending corporate actions.



BOD COMMITTEES

- 2. Subsidiaries Management
 - a. Reviewing the analysis of business plan, work plan, and Corporate Budget (RKAP) of Subsidiaries.
 - b. Reviewing the performance analysis of Subsidiaries.
 - c. Discuss and recommend the business plan, RKAP, and the performance of Subsidiaries.
 - d. Discuss and recommend additional capital equity participation initiatives for Subsidiaries.
 - e. Discuss and recommend Divestment of Subsidiary Companies.
 - f. Recommend the management and remuneration of members of the BOD/ Members of the BOC of Subsidiaries.
- 4. The Meeting shall be declared a quorum when attended by at least 2/3 (two thirds) of all Committee members and attended by the chairman of the Committee.
- 5. The meeting is chaired by the Chairman of the Committee. If Chairman unable to attend, then he may be replaced through the alternate Director mechanism.
- 6. The Committee's secretary is responsible to coordinate the Capital & Investment Committee Meeting convention.
- 7. The Committee's recommendations shall be determined by deliberation and consensus. In the event that no agreement is reached, the recommendation of the Committee meeting shall be considered valid if it is approved by 50% (fifty percent) of the number of Committee Members with voting rights of +1 (one) Committee Member including the Chairman of the Committee.
- 8. Presence of President Director and Deputy President Director adds Permanent Members with Voting Rights.
- 9. The Committee's meeting recommendations will be reported by the Committee Chairman to the BOD Meeting for the BOD's decision making.

Work Guidelines

- 1. The Committee Supporting Team prepares the study and analysis in accordance with their respective scope.
- 2. The study results shall be presented on the Committee meeting by the Committee members and/or members of Supporting Team and/or representatives of Subsidiaries in accordance with each scope.
- 3. The Committee shall convene at least one meeting per Quarterly to discuss proposals, reviews and analysis from the Committee Supporting Team.

Committee Meetings

In 2017 the Capital and Investment Committee has conducted 10 meetings with the following explanation:

No	Date	Agenda
1	12 January 2017	Presentation of Inorganic Growth Review for 2017
2	16 February 2017	Presentation of Corporate Action Review 2017
		Review of Capital & Investment Committee Decree
3	15 September 2017	Presentation of Due Diligence Result of Financial Services Acquisition Project 2017
		Presentation of Inorganic Growth Review for 2018
4	23 October 2017	Capital & Investment Committee of BRI Syariah 1. Presentation of BRI Syariah Performance Quarter III 2017 2. Performance Achievement Strategy of BRI Syariah 2017 and 2018 3. Corporate Action Plan of BRI Syariah 2018 4. Determination of Key Performance Indicator (KPI) of BRI Syariah 2018
5	30 October 2017	Discussion of BRI Syariah Performance Qr III 2017 & Business Strategy 2017 & 2018
6	30 October 2017	Discussion of BRI Syariah Performance Qr III 2017 & Business Strategy 2017 & 2018
7	2 November 2017	Dividend Interim Payout
		Securities Issuance for POJK No 14/2017
		Capital Investment on Financial Services Institution
8	8 November 2017	Discussion of BRI Finance Performance Qr III 2017 & Business Strategy 2017 & 2018
9	13 November 2017	Discussion of BRI Life Performance Qr III 2017 & Business Strategy 2018
10	14 November 2017	Discussion of BRI Agro Performance Qr III 2017 & Business Strategy 2017 & 2019

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOD COMMITTEES

CREDIT POLICY COMMITTEE

The Credit Policy Committee is established with the duties to formulating BRI credit policy and providing advises on improvements of credit policy.

Structure and Membership

President Director	Chairman	Hold voting rights
Division Head of Credit Risk Policy	Secretary (And Member)	Hold voting rights
Vice President Director	Permanent Member	Hold voting rights
All Field Directors	Permanent Member	Hold voting rights
All Senior Vice Presidents	Permanent Member	Hold voting rights
Head of Internal Audit Unit	Permanent Member	Hold voting rights
Division Head of Credit Risk Analyst	Permanent Member	Hold voting rights
Division Head of Credit Resctructuring & Settlement	Permanent Member	Hold voting rights
Division Head of Micro Business Policy & Strategy	Permanent Member	Hold voting rights
Division Head of Retail and Medium Business	Permanent Member	Hold voting rights
Division Head of Consumer Credit	Permanent Member	Hold voting rights
Division Head of Program, Food and Partnership	Permanent Member	Hold voting rights
Division Head of Corporate 1	Permanent Member	Hold voting rights
Division Head of Corporate 2	Permanent Member	Hold voting rights
Division Head of Corporate 3	Permanent Member	Hold voting rights
Division Head of Commercial Business	Permanent Member	Hold voting rights
Division Head of of Syndication and Financial Services	Permanent Member	Hold voting rights
Division Head of Treasury Business	Permanent Member	Hold voting rights
Division Head of International Business	Permanent Member	Hold voting rights
Division Head of Corporate Development & Strategy	Permanent Member	Hold voting rights
Division Head of Compliance	Permanent Member	Hold voting rights
Division Head of Legal	Permanent Member	Hold voting rights
Division Head of Investment Service	Permanent Member	Hold voting rights

Duties and Responsibilities

1. Providing input to the BOD in preparing the General Credit Policy (KUP).
2. Supervise the implementation of General Credit Policy (KUP).
3. Conduct periodic review of Rural Credit Policy (KUP).
4. Evaluating:
 - a. Proper execution of credit termination or the provision of funds.
 - b. Proper process of granting credit or providing funds, development and credit quality.
 - c. Proper implementation of the provision of the maximum credit limit (LLL).
 - d. Compliance to the provisions of legislation and other regulations in the implementation of credit provision.
 - e. Settlement of troubled credit.
 - f. CKPN and write-off reserves.
 - g. Certain major debtors and credit in credit lists In Special Attention.



BOD COMMITTEES

5. Review the effectiveness of internal credit control system.
6. Delivering periodic reports to the Board of Directors and Board of Commissioners regarding:
 - a. The results of supervision on the implementation and implementation of KUP.
 - b. Evaluation result at point 4 (four).

Work Guidelines

1. Credit Policy Committee is obliged to hold discussion of final draft of revision of General Policy of Credit (KUP).
2. Committee Meeting shall be held in the framework of the meeting to propose the amendment, revision of the KUP or important issues that need prompt response from the company.
3. Committee Meeting is chaired by the President Director as Chairman of the Committee. In the event where the President Director is unable to attend, the meeting shall be chaired by the Vice President Director or other Member of the Committee.
4. Committee Meetings is quorum when attended by at least two-thirds of the Committee Members consisting of 3 Directors (Risk Management Director, Compliance Director and Business Director) and Head of Internal Audit Unit, Head of Credit Risk Policy Division and Head of the Compliance Division.
 - a. Director of Risk Management
 - a. Director of Compliance
 - b. Director of Business Field, and
 - c. Head of Internal Audit Unit
 - d. Division Head of Credit Risk Policy
 - e. KepalaDivision Head of Compliance
5. Decisions of the Committee Meeting shall be determined by deliberation and consensus. In the event that no agreement is reached, the recommendation of the Committee meeting shall be considered valid if it is approved by 50% (fifty percent) of the number of Committee Members with voting rights of +1 (one) Committee Member including the Chair of the Committee.

Committee Meetings

In 2017 the Credit Policy Committee has conducted 3 (three) meetings with the following explanation:

No	Date	Meeting Agenda
1	04 – 05 September 2017	Micro Business Credit Guidelines Policy Development
2	26 – 27 September 2017	Retail and Medium Credit Guidelines Policy Development
3	03-04 October 2017	Corporate, International and Treasury Credit Guidelines Policy Development

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

BOD COMMITTEES

IT STEERING COMMITTEE

The Information Technology Steering Committee is responsible to provide direction and recommendations to the BOD on planning, governance, development and operation of Information Technology (IT).

Structure and Membership

The IT Steering Committee membership consists of:

Director of Digital Banking & Technology	Chairman	Hold voting rights
Division Head of IT Planning & Development	Secretary	No voting rights
Director of Risk Management	Permanent Member	Hold voting rights
SEVP Operations	Permanent Member	Hold voting rights
SEVP Network Management	Permanent Member	Hold voting rights
SEVP Fixed Assets Management & Property Procurement	Permanent Member	Hold voting rights
Director of SEVP of Proposing Field	Non-Permanent Member	Hold voting rights
Director of Compliance	Permanent Member	No voting rights

Functions

1. Provide direction on IT policy and management of long term and short term (annually) and refers to the IT Strategic Plan of BRI.
2. Controlling the IT development and implementation in BRI that are under and in an ongoing development by referring to the IT Strategic Plan of BRI.

7. Monitor the performance of IT systems and provide recommendations for improvement efforts.
8. Provide recommendations on IT problems that cannot be solved by the Work Units and IT providers in an effective, efficient and timely manner.
9. Provide recommendations on the adequacy of IT resource allocation.

Duties and Responsibilities

1. Provide recommendations of IT long term strategy plan that in line with the Bank Corporate Plan and Business Plan as stated in the IT Strategic Plan of BRI.
2. Formulate core IT policies, standards, and procedures.
3. Ensuring the alignment of the IT strategy plan with other IT projects as approved for implementation.
4. Monitoring and evaluation of IT project development so as to be in line with the set forth Project Charter.
5. Evaluating the IT conformity with the management information system required for Bank operations and business.
6. Monitor the effectiveness of risk management in IT investments so as to optimally contribute to the business goals achievement of BRI.

Work Guidelines

1. The IT Steering Committee shall be convened at least 2 times a year.
2. IT Steering Committee Meeting shall at least attended by:
 - a. Chairman
 - b. Secretary
 - c. 2/3 (two thirds) of the Members of the IT Steering Committee are invited and related to the IT Steering Committee meeting agenda.
3. Meeting decisions are taken by deliberation and consensus. In the event that the agreement is not reached, the decision of the Committee meeting shall be deemed valid if it is approved by 50% (fifty percent) of the number of Committee Members with voting rights plus 1 (one) Committee Member including the Chairman of the IT Steering Committee.
4. Presence of the President Director/ Deputy President Director adds a Permanent Member of the Voting Right.



BOD COMMITTEES

Committee Meetings

In 2017 the IT Advisory Steering Committee has conducted 3 (three) meetings with the following explanation:

No	Date	Meeting Agenda
1	10 July 2017	Kick off IT transformation project "Digital Banking Architecture & CBS Due Diligence
	31 July 2017	1. BRITCOM Introduction 2. BRI IT Strategy in Digitalization Era 3. BRISIM & BIG DATA 4. Network & Service Enhancement 5. IT Top Issues 6. Internal IT Update (Audit External)
	12 October 2017	1. Elaboration of the Board of Directors Decree 29 August 2017 2. Re-elaboration of Diagnostic, Design and Roadmap of BRIte 3. Discussion of Proof of Concept Plan

HUMAN CAPITAL POLICY COMMITTEE

The Human Capital Policy Committee is a committee with authority to establish strategic and operational policies in the field of Human Capital.

Structures and Membership

Membership of Human Capital Policy Committee are as follows:

President Director/Vice President Director	Chairman	Hold voting rights
Division Head of Human Capital Policy & Development	Secretary	Hold voting rights
All BRI Board of Directors	Permanent Member	Hold voting rights
All BRI Senior Executive Vice Presidents	Permanent Member	Hold voting rights
Head of Internal Audit Unit	Permanent Member	Hold voting rights

Functions

- Improving the effectiveness, efficiency and transparency in strategic decision making in the field of Human Capital.
- Improving the quality of human capital strategic policies that are based on GCG principles.

Duties and Responsibilities

- To prioritize development strategy, policy direction and quality improvement of human capital of BRI.
- Provide recommendations in the process of strategic policy determination, career management, and corporate culture in the field of human capital.

Work Guidelines

- The Human Capital Policy Committee Meeting is chaired by the Committee Chairman.
- In the event where the President Director is unable to attend, the meeting shall be chaired by the Vice President Director as member of the committee.
- All members of the Human Capital Policy Committee have the same duties and responsibilities in the process of determining human capital policies.
- In the event of significant and urgent issues that requires outcome and/or action from the Human Capital Policy Committee, then the relevant Work Unit can propose a Committee Meeting to the Committee's Secretary.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

BOD COMMITTEES

5. Meeting decisions are taken by deliberation and consensus. In the case of non-conclusion of the agreement, the decision of the Committee meeting shall be considered valid if it is approved by 50% (fifty percent) of the number of Committee Members with voting rights plus 1 (one) Committee Member including the Chairman of the Human Capital Policy Committee has voted in favor.
6. In the event that a meeting of the Human Capital Policy Committee cannot be held, the Committee may decide through the Circular Office Notes with the approval of the Chairman and other Members of the Committee.
7. If necessary then the Human Capital Policy Committee may present the Related Party as a Resource Person.

Committee Meetings

In 2017 the Human Capital Policy Committee has conducted no meetings.

Committee Meetings (Frequencies, Attendance, Agenda, and Decision Making)

There were no committee meeting agenda during 2017.

JOB EVALUATION COMMITTEE

The Job Evaluation Committee is responsible to review, recommend, and/or stipulate the level of position.

Structures and Membership

The Job Evaluation Committee consists of:

Director of Strategy & Finance	Chairman	Hold voting rights
Deputy Division Head of Organization & Performance Management – Corporate Development & Strategy Division	Secretary	No voting rights
Director of Human Capital	Permanent Member	Hold voting rights
Director of Risk Management	Permanent Member	Hold voting rights
Division Head of Corporate Development & Strategy	Permanent Member	Hold voting rights
Division Head of Human Capital Policy & Development	Permanent Member	Hold voting rights

Duties and Responsibilities

Review, recommend, and/ or determine the level of positions.

Work Guidelines

1. The Job Evaluation Committee Meeting is chaired by the Committee Chairman.
2. All members of the Job Evaluation Committee shall have the same duties and responsibilities in the process of reviewing, recommending, and / or determining class of positions.
3. The Committee's Secretary is responsible in the implementation of the Job Evaluation Committee Meeting.
4. The Job Evaluation Committee Meeting shall be determined by deliberation and consensus. In the event that no agreement is reached, the decision of the Committee Meeting shall be deemed valid if it is approved by 50% (fifty percent) of the number of Committee Members with voting rights + 1 (one) Committee Member including the Chair of the Committee.
5. In the event that a Committee meeting cannot be held then the Job Evaluation Committee may take a decision through the Circular with the approval of the Chairman of the Committee and other Members of the Committee.



BOD COMMITTEES

Committee Meetings

In 2017 the Job Evaluation Committee has conducted one meeting with the following details:

No	Date	Agenda
1	09 February 2017	Proposal of Position Group Determination of Satellite & Infrastructure Network Division and Priority Banking Manager.

PROJECT MANAGEMENT OFFICE STEERING COMMITTEE (PMO - SC)

The PMO-SC is a Committee at the Headquarte that responsible to direct and coordinate project portfolio management to ensure that the projects are implemented in accordance with the Project General Policy (KU).

Structures and Membership

PMO-SC is the highest forum in project management at BRI corporate level.

Vice President Director	Chairman	Hold voting rights
Division Head of Project Management Office	Secretary (And Member)	No voting rights
Director of Strategy & Finance	Permanent Member	Hold voting rights
Director of Digital Banking & Technology	Permanent Member	Hold voting rights
SEVP Fixed Assets Management and Procurement	Permanent Member	Hold voting rights
Director or SEVP of Project Owner	Non-Permanent Member	Hold voting rights
Unit Head of Project Owner	Non-Permanent Member	No voting rights
Unit Head of Project Supporting Unit	Non-Permanent Member	No voting rights

Duties and Responsibilities

1. Provide direction at corporate level to projects strategy at BRI.
2. Make decisions on the proposed problem solving in project management that can not be decided by Head of PMO.
3. Make decisions on the proposed relocation of budget between projects listed in the Project Work Plan budget.
4. Make decision on matters not covered in the Project General Policy (KU) and its Implementation Guidelines (PP).
5. Approve and enacted the proposed project post RKAP approval.
6. Providing direction and decision related to acceleration of project completion.
7. Establish criteria for PMO projects.
8. Decide on projects that are submitted and excluded from PMO monitoring.
9. Establish project prioritization to be carried out by the Project Owner Work Unit or Project Support Working Unit.
10. Provide decisions with the project including approving, altering and canceling plans and project implementation.
11. Provide guidance on the results of Post-Implementation Evaluation Project (EPIP) that has been implemented as part of the lessons learned in the next projects.

Work Guidelines

1. The steering committee meeting of PMO-SC shall be held periodically at least 2 (two) times per year.
2. Meetings outside of regular meetings may be held with the following criteria:
 - a. There has been a significant change in business conditions.
 - b. There are regulatory changes.
 - c. There are conditions that encourage the meeting of PMO-SC.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

BOD COMMITTEES

3. The PMO-SC meeting is chaired by the President Director or Vice President Director as Chairman of PMO SC. If the President Director and the Vice President Director are unable to attend, the position of the Chairman of the Committee shall be replaced by the Director or SEVP in accordance with the applicable provisions.
4. The presence of Members with Legitimate Voting Rights in the Meeting cannot be represented or with proxies. If the Members with Voting Rights are unable to attend, their position in the meeting will be replaced by the Directors or Substitute SEVP with due observance to the prevailing laws.
5. The PMO-SC Meeting may be held when attended by the Chair of the Committee and attended by at least 3 (three) Committee Members with voting rights with at least 1 (one) Director.
6. Committee meetings shall be determined by deliberation and consensus. In the event that no agreement is reached, the decision of the Committee Meeting shall be deemed valid if it is approved by 50% (fifty percent) of the number of Committee Members with voting rights + 1 (one) Committee Member including the Chair of the Committee.

Committee Meetings

In 2017 the PMO-SC has conducted one meeting with the following details:

No	Date	Agenda
1	04 December 2017	1. Project Performance/Strategic Initiatives 2017 2. Recommendation of PMO-SC Decision: a. Changes of Project Criteria in the PMO monitoring. b. 2017 Projects/Initiatives of "Carry Over" and "Multiyears" to 2018. c. Changes for "Sneak Preview" on 16 December 2017. d. Changes of project owner related to Re-organization. e. Projects deleted from the PMO monitoring. f. Changes of strategic initiatives g. 2018 Projects/Initiatives. 3. PMO-SC decisions

PRODUCT COMMITTEE

The Product Committee has a responsibility to provide judgment on the proposed development of new products and services, the development and termination of existing products and services, terminate bundling products and services above the authority of the Director or, and providing recommendations to the Board of Directors on product and service development strategies.

Structures and Membership

The Product Committee has the following membership structure:

Vice President Director	Chairman	Hold voting rights
Division Head of Corporate Development & Strategy	Secretary (Permanent Member)	No voting rights
Director of Strategy & Finance	Permanent Member	Hold voting rights
Director of Risk Management	Permanent Member	Hold voting rights
Director of Digital Banking & Technology	Permanent Member	Hold voting rights
SEVP Network Management	Permanent Member	Hold voting rights
Director of SEVP of Product Owner	Non-Permanent Member	Hold voting rights
Director of Compliance	Permanent Member	No voting rights



BOD COMMITTEES

Functions

Evaluating product performance and providing recommendations to the BOD on BRI product development strategy.

Duties and Responsibilities

1. Review and make decisions on the proposed development of products and services that met the criteria set forth by the Product Committee.
2. Review and make decisions on the proposed bundling products and services within the authority of the Directors or SEVP of Product Owner that has met the criteria set forth by the Product Committee.
3. Review and provide decisions on termination of existing products and services that has met the criteria set forth by the Product Committee
4. Review and provide decisions on product and service issues that cannot be solved within the authority of the Directors or SEVP of Product Owner.
5. Providing input and recommendation to the BOD on BRI product development strategy.

Work Guidelines

1. The Product Committee Meeting shall be held periodically at least once every 3 (three) months.
2. Meeting outside regular meetings can be convened with the following criteria:
 - a. Significant changes in business condition that require immediate and urgent product development or annulment.

- b. Changes in regulations that require immediate and urgent organization responds especially in product development or annulment.
- c. Other factors that require Product Committee Meeting by the Board of Directors.
3. Product Committee Meeting is chaired by the Vice President Director as the Committee Chairman. If the Vice President Director is absent, the Committee Chairman position can be replaced by the Substitute Director in accordance with the Substitute Director rules.
4. Member attendance with Voting Rights in the Product Committee Meeting can be done through proxies. If Member with Voting Rights are absent, they can be replaced by the Director or Substitute SEVP according to the rules.
5. Product Committee Meeting may be held when attended by the Chairman of the Committee and attended by at least 3 (three) members with voting rights in question at least one (1) Director.
6. Meeting decisions are taken by deliberation and consensus. In the event that the agreement is not reached, the decision of the Committee meeting shall be deemed valid if it is approved by 50% (fifty percent) of the number of Committee Members with voting rights plus 1 (one) Committee Member including the Chairman of the Committee.
7. The Product Committee Meeting results are submitted to the Board of Directors Meeting.

Committee Meetings

In 2017 the Product Committee has conducted 3 (three) meetings with the following details:

No	Date	Agenda
1	22 June 2017	1. Discussion of BRI Product Taxonomy & Product Owner Unit 2. Discussion of BRI Product Features & Product Feature Owner Unit
2	31 August 2017	1. Re-organization of BRI Product Feature Owner Unit 2. Discussion of New Product & Feature of Consumer Directorate: <ol style="list-style-type: none"> a. Briguna National Lucky Draw b. Easy Card and Cash Back Tu Wa Ga Program c. BRI Point Reward

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

BOD COMMITTEES

No	Date	Agenda
3	10 October 2017	<ul style="list-style-type: none"> 1. Discussion on Working Capital Credit Product development proposal: <ul style="list-style-type: none"> a. KMK Dinamis b. KMK WA c. KMK Mitra - LAS Supply Chain Financing Development d. KMK Mitra - Partner Credit Insurance BRIJamin Apps Development e. KMK Mitra - CMS feature development for Post Financing credit f. KMK Mitra - CMS feature development for Distributor Financing credit g. Partnership with Fintech 2. Discussion of Produk Bank Guarantees Product 3. Discussion of Kupedes Product Development Strategy as follows: <ul style="list-style-type: none"> a. Kupedes Keagenan b. Kupedes Ekstra Cepat 4. Discussion of Briguna Mikro Product

GOODS AND SERVICES PROCUREMENT COMMITTEE

The Goods and Services Procurement Committee has the duties and authority to evaluate and decide the implementation and result of procurement with certain values.

Structures and Membership

Committee		Membership Composition	Voting Rights
Procurement Committee I (Value > Rp200 B)	Chairman	Director/SEVP of Fixed Assets Management and Procurement	Hold voting rights
	Secretary	Division Head of Fixed Assets Management or Procurement	Hold voting rights
	Permanent Member	1. All Members of BRI Board of Directors 2. Director/SEVP of related users 3. Director of Compliance	Hold voting rights Hold voting rights No voting rights
Procurement Committee II (Value >Rp75 B to Rp200 B)	Chairman	Director/SEVP of Fixed Assets Management and Procurement	
	Secretary	Division Head of Fixed Assets Management or Procurement	
	Permanent Member	1. President Director 2. Vice President Director 3. Director of Risk Management 4. Director/SEVP of related users	Hold voting rights Hold voting rights Hold voting rights Hold voting rights
Procurement Committee III (Value >Rp20 B to Rp75 B)	Member	1. Vice President Director 2. Director/SEVP of related users 3. SEVP of Fixed Assets Management and Procurement	Hold voting rights Hold voting rights Hold voting rights
	Member	1. Director/SEVP of related users 2. SEVP of Fixed Assets Management and Procurement	Hold voting rights Hold voting rights



BOD COMMITTEES

Duties and Responsibilities

1. Conduct procurement decisions professionally, honestly, responsibly, objectively, accountably and thoroughly.
2. Avoiding conflicts of interest in the provision of procurement decisions.
3. Evaluate, give input or proposed proposed procurement.
4. Decides to agree or rejecting the procurement in accordance with the limit of its authority.
5. Signing the procurement procurement document as evidence of the procurement decision as the responsibility of the Procurement Committee.

Work Guidelines

1. Decisions of the Committee shall be taken at a meeting of the Procurement Committee.
2. Decision of the Procurement Committee shall be taken unanimously and shall be deemed approved if all Members of the Committee with a vote present or representing agree.
3. In the event that the Procurement Committee Member is not present, the duties and authorities of the Procurement Committee Members shall be replaced by the Substitute Director or SEVP. The Substitute Director or SEVP may act within the Committee as two capacities as the Substitute Officer and in his capacity as a Procurement Committee Member.

Committee Meetings

The following is data of Good and Services Procurement Committee during 2017:

No.	Name of Procurement Committee	Procurement Values	Total Procurements
1	Procurement Committee I	> Rp 200 Billion	2
2	Procurement Committee II	> Rp 75 Billion to Rp. 200 Billion	2
3	Procurement Committee III	> Rp 20 Billion to Rp. 75 Billion	9
4	Procurement Committee IV	> Rp 7.5 Billion to Rp. 20 Billion	28

CORPORATE SECRETARY

The Corporate Secretary has a particular role to assist the Board of Directors and Board of Commissioners in the corporate governance implementation, such as Information Disclosure to the Public, including the availability of information on the BRI homepage, Reporting to the Financial Services Authority on a timely manner, and Ensuring the operation, announcement, and documentation of the convention of General Meeting of Shareholders (GMS) are in accordance with the rules, Implementation, and Documentation of meetings of the Board of Directors and/or Joint Meetings of the Board of Directors and Board of Commissioners. In addition, BRI's Corporate Secretary has a key role as a liaison between the Bank and external parties, such as capital market regulators, shareholders, media, and other stakeholders. The Corporate Secretary also plays a role in assisting the Board of Directors and Board of Commissioners in the corporate governance implementation in accordance with Capital Market regulations.

PROFILE OF CORPORATE SECRETARY



Hari Siaga Amijarso

Corporate Secretary

Indonesian Citizen, currently domiciled in Jakarta. 52 years old.

Serves as BRI's Corporate Secretary since 1 October 2015 to 22 January 2018, based on the Board of Directors' Decree No. R. 226-DIR/KPS/09/2015 dated 28 September 2015, and the Resolution of Corporate Secretary Replacement Nokep R.13-DIR/KPS/01/2018. The appointment of the new BRI's Corporate Secretary has been reported to OJK and published on the BRI website and Indonesia Stock Exchange website. Obtained Bachelor degree in State Administration from Brawijaya University, Malang, and began his career in BRI since 1990. During his career, he has held various positions including BRI Branch Manager in various regions and Head of Bureau of Corporate Secretariat Division.



Bambang Tribaroto

Corporate Secretary

Indonesian Citizen, currently domiciled in Jakarta. 56 years old.

Serves as BRI's Corporate Secretary since 22 January 2018, pursuant to the Board of Directors' Decree No. R. 13-DIR/KPS/01/2018 dated 5 January 2018, and the Board of Commissioners' Approval Letter No. R.07-KOM/01/2018 dated 15 January 2018, on the Resolution of the Bank's Corporate Secretary Replacement. The appointment of the new BRI's Corporate Secretary has been reported to OJK and published on the BRI website and Indonesia Stock Exchange website. Obtained Master degree in Management from Gadjahmada University, Yogyakarta, and began his career in BRI since 1990. During his career, he has held various positions, among others, Head of Bureau of BRI Board of Directors, Deputy Regional Head of Operations in various regions.

LEGAL BASIS

The establishment of the Corporate Secretary refers to the prevailing rules and regulations, including:

- Financial Services Authority Regulation No. 35/POJK.04/2014 on the Corporate Secretary of Issuers or Public Companies.
- Minister of SOEs Regulation No. PER-01/MBU/2011 as amended by PER-09/MBU/2012, Part Nine on the Corporate Secretary.

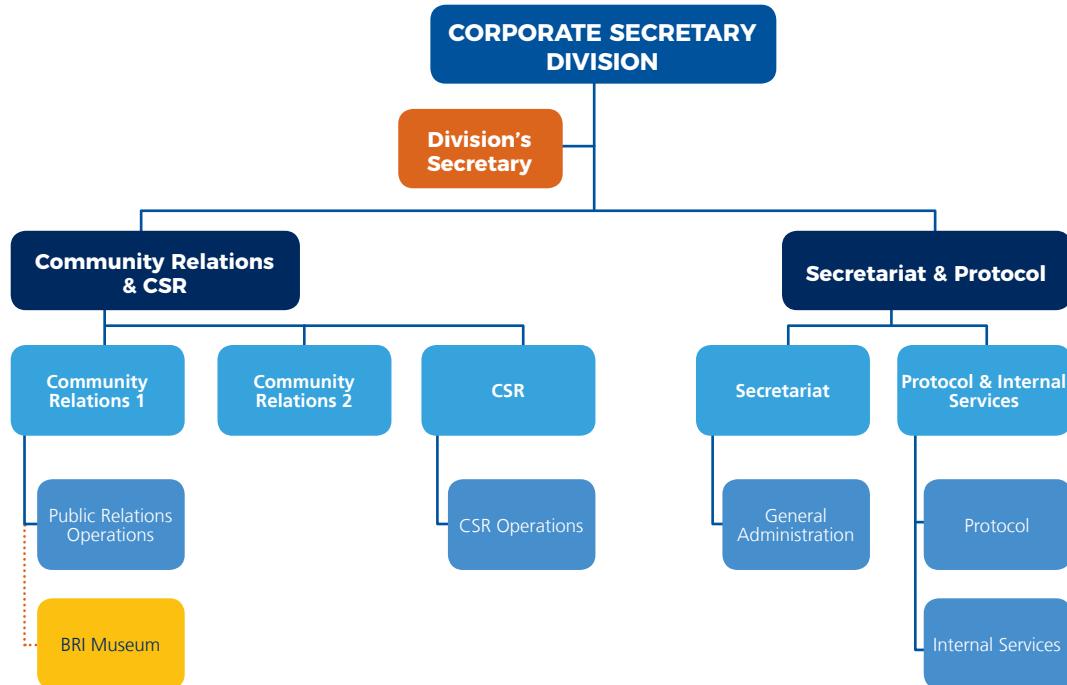
ORGANIZATION STRUCTURE OF BRI CORPORATE SECRETARY DIVISION

BRI's Corporate Secretary is responsible to the President Director on the execution of their duties. In performing its functions and duties, Head of Corporate Secretary Division, which also concurrently serves as Corporate Secretary, is assisted by Officials of Echelon 2, which supervises Investor Relations, Public Relations, and CSR units, as well as Secretariat and Protocol. The organizational structure of the BRI's Corporate Secretariat Division is as follows:



CORPORATE SECRETARY

Corporate Secretary Structure



DUTIES IMPLEMENTATION

The Corporate Secretary is responsible to following the capital market development, in particular the related regulations, in order to advise the Board of Commissioners and Board of Directors on compliance with the capital market regulations. In addition, the Corporate Secretary is also responsible to implementing good governance in the:

- a. GMS convention and documentation, Board of Directors Meetings.
- b. Reputation risk management, through information disclosure to public, including the development of communication strategy and CSR, as well as corporate website management.
- c. Organization of orientation program for the Commissioners and Board of Directors.
- d. Submission of reports to the Financial Services Authority in accordance with the capital market regulations.
- e. As a liaison of the company with shareholders and capital market regulators, such as Financial Services Authority, Indonesia Stock Exchange and other stakeholders.
- f. As the company's spoke person.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

CORPORATE SECRETARY

CORPORATE SECRETARY DUTIES IMPLEMENTATION REPORT IN 2017

GMS Convention

GMS 2017	Date	Letters	Advertisements/ Publications
AGMS 2017	15 March 2017	R. 24-DIR/SKP/01/2017 dated 18 January 2017 to OJK on the Notification of AGMS Plan 2017	Non Publication
		B. 57-SKP/SKR/01/2017 dated 6 February 2017 to OJK on the Notification of AGMS Plan 2017	Announcement of the AGMS on Kontan and Investor Daily Newspapers, and the Bank's website and Indonesia Stock Exchange's website on February 6, 2017.
		B. 59-SKP/SKR/01/2017 dated 6 February 2017 to Indonesia Stock Exchange on the Notification of AGMS Plan 2017	Announcement (Invitation) of the AGMS on Kontan and Investor Daily Newspapers, and the Bank's website and Indonesia Stock Exchange's website on February 21, 2017.
		B. 107-SKP/SKR/02/2017 dated 21 February 2017 to the Financial Services Authority on the Invitation & Proof of Advertising of Invitation of AGMS 2017	Publication of Minutes of AGMS on Kontan and Investor Daily Newspapers, and the Bank's website and Indonesia Stock Exchange's website on March 17, 2017.
		B. 105-SKP/SKR/02/2017 dated 21 February 2017 kepada Bursa Efek Indonesia perihal Pemanggilan & Bukti Iklan Pemanggilan RUPST 2017	Non Publication
		B. 179-SKP/SKR/10/2017 dated 17 March 2017 to the Indonesia Stock Exchange on the Invitation & Proof of Advertising of Invitation of AGMS 2017	Announcement of the EGMS on Kontan and Investor Daily Newspapers, and the Bank's website and Indonesia Stock Exchange's website on September 11, 2017.
EMGS 2017	18 October 2017	B. 219-SKP/SKR/04/2017 dated 7 April 2017 to the Financial Services Authority on the Submission of Minutes of AGMS 2017	Announcement (Invitation) of the EGMS on Kontan and Investor Daily Newspapers, and the Bank's website and Indonesia Stock Exchange's website on September 26, 2017.
		R. 397-DIR/SKP/08/2017 dated 30 August 2017 to the Financial Services Authority on the Notification of EGMS Plan	Non Publication
		B. 451-SKP/SKR/09/2017 dated 11 September 2011 to the Financial Services Authority on the Announcement & Proof of Advertising of EGMS 2017	Announcement of the EGMS on Kontan and Investor Daily Newspapers, and the Bank's website and Indonesia Stock Exchange's website on September 26, 2017.
		B. 453-SKP/SKR/09/2017 dated 11 September 2011 to the Indonesia Stock Exchange on the Announcement & Proof of Advertising of EGMS 2017	Announcement (Invitation) of the EGMS on Kontan and Investor Daily Newspapers, and the Bank's website and Indonesia Stock Exchange's website on September 26, 2017.
		B. 466-SKP/SKR/09/2017 dated 26 September 2017 to the Financial Services Authority and Indonesia Stock Exchange on the Invitation & Proof of Advertising of Invitation of EGMS 2017	Announcement (Invitation) of the EGMS on Kontan and Investor Daily Newspapers, and the Bank's website and Indonesia Stock Exchange's website on September 26, 2017.



CORPORATE SECRETARY

GMS 2017	Date	Letters	Advertisements/ Publications
EGMS 2017	18 October 2017	B. 499-SKP/SKR/10/2017 dated 20 October 2017 to the Financial Services Authority and Indonesia Stock Exchange on the Report of Execution and Submission of Advertising Proof, and the Minutes of GMS	Publication of Minutes of AGMS on Kontan and Investor Daily Newspapers, and the Bank's website and Indonesia Stock Exchange's website on Friday, October 20, 2017.
		B. 516-SKP/SKR/10/2017 dated 10 October 2017 to the Financial Services Authority on the Submission of Minutes of EGMS 2017	Non Publication

Public Expose

In 2017, the Corporate Secretary has held one Public Expose on August 9, 2017, at the Public Expose Marathon event in Indonesia Stock Exchange. The Public Expose has been reported to the Indonesia Stock Exchange in accordance with the Indonesian Stock Exchange Regulation No. I-E as follows:

Subject	Date	Information is available at
Public Expose Announcement	26 July 2017	Indonesia Stock Exchange's website and the Bank's website
Submission of Public Expose Material	4 August 2017	
Public Expose Report	14 August 2017	

Information Disclosures to Public

Throughout 2017, 15 information disclosures were submitted to the Indonesia Stock Exchange and uploaded to the Bank's website and the Indonesia Stock Exchange website as follows:

No	Letters No.	Date	Information Disclosures
1	B. 576-SKP/SKR/2017	21 December 2017	Audit Committee Changes
2	B. 551-SKP/SKR/11/2017	24 November 2017	Affiliate Transactions of Equity Participation
3	B. 534-SKP/SKR/11/2017	10 November 2017	Signing of Capital Investment Conditional Agreement
4	B. 518-SKP/SKR/11/2017	02 November 2017	Stocksplit Schedule
5	B. 311-SKP/SKR/08/2017	08 August 2017	Additional Information of Continuous Public Offering II Phase III 2017
6	B. 369-SKP/SKR/08/2017	03 August 2017	Annual Rating
7	B. 333-SKP/SKR/07/2017	14 July 2017	Interim Review of Financial Statements Quarter II 2017
8	B. 334-SKP/SKR/07/2017	22 July 2017	Capital Injection for BRIAgro
9	B. 754-DIR/SKP/06/2017	11 July 2017	Report on the Use of Proceeds from the Public Offering
10	B. 315-SKP/SKR/06/2017	22 June 2017	Explanation of Coverage in Mass Media
11	B. 282-SKP/SKR/05/2017	31 May 2017	Internal Audit Changes
12	B. 193/SKP/SKR/03/2017	24 March 2017	Additional Information on Continuous Public Offering Bond II Phase II 2017
13	B. 179/SKP/SKR/03/2017	20 March 2017	Schedule of Cash Dividend
14	B. 60-SKP/SKR/02/2017	6 February 2017	Explanation of Coverage in Mass Media
15	B. 09-SKP/SKR/01/2017	12 January 2017	Report on the Use of Proceeds from the Public Offering

CORPORATE SECRETARY

Orientation Program for New Members of the BOD and BOC

The Corporate Secretary coordinates the orientation program for members of the Board of Directors and Board of Commissioners by presenting duties and responsibilities of the Board of Directors and Board of Commissioners, Rights, and Obligations, related rules and regulations. The Orientation Program in 2017 held for the new Board of Directors and Board of Commissioners are:

- The Board of Directors' Orientation Program is conducted through the Board of Directors' forums, and face-to-face meeting with the Board of Directors. The orientation material, among others are:
 - Duties and responsibilities of the Board of Directors in accordance with the Directors' field
 - Bank's Vision and Mission
 - Board of Directors Rights and Facilities.
- The Orientation Program for New members of the Board of Commissioners is described in the Board of Commissioners' Orientation program.

Organization and Documentation of the BOD Meetings and Joint Meetings of the Boards

The Schedule Arrangement, Implementation, and Documentation of the Board of Directors' Meetings and Joint Meeting with the Board of Commissioners is stipulated in the Articles of Association and the prevailing regulations.

Communication Relations with the Media

The communication with the media (both online/digital media and print media) is carried out through the issuance of press releases, the actions as the Bank's spokesperson in charge of responding to the media's questions, organization of interviews/accompanying officials in interviews with the media, and creating good relations with the media community. Organizing a press conference related to important announcements that will have a positive impact on the company.

In addition, the Corporate Secretary also monitors the frequency of news and corporate issues that becomes the spotlights in order to minimize negative reporting.

Investor Communication Program

The communications with shareholders are managed by the Investor Relations Division in cooperation with the Corporate Secretary. To ensure the disclosure and transparency of corporate information both financial and non-financial in a fair, reasonable, and balanced manner, the Corporate Secretary ensures wider and easy accessibility of information on the website.

Corporate Secretary Training and Competence Development Program

No	Material	Date & Location	Organizers
1.	Risk Management	Jakarta, 3 March 2017	BRI Corporate University
2.	Anti-Money Laundering and Counter Terrorism Financing (AML-CTF)	Jakarta, 14 April 2017	BRI Corporate University
3.	Good Corporate Governance	Jakarta, 7 June 2017	BRI Corporate University
4.	BRI Corporate Plan 2018 - 2020	Jakarta, 17 July 2017	BRI Corporate University
5.	Corporate Communication, Media Handling, Protocol & event management.	Jakarta, 21- 22 May 2017	In House Training, BRI Corporate Secretary Division
6.	Living Wills, Planning for Bank Recovery and Resolution	London, 28-Sep-17	Risk Management Certification Agency
7.	Enhancement Special Request of Public Relations material, CSR, BRI Internal Service & Protocol	Jakarta, 22-23 May 2017	In House Training, BRI Corporate Secretary Division



INVESTOR RELATIONS



Ninis K. Adriani

Indonesian citizen, 51, Ninis K. Adriani graduated from Bogor Agricultural University in 1989 and in 2000 obtained an MBA from State New York University at Buffalo.

Some of the certifications that have been followed include Level III Risk Management Certification, Qualified Internal Auditor Certification (QIA) and Compliance Certification Level 1.

She served as Head of Investor Relations since July 2014, and started his career at BRI in 1990. During her career, she served as Account Officer in Agribusiness Division, Expert in IVP Desk, and Deputy Head of International Business Division and Head of Foreign Relations Division International Business Division.

Contact Investor Relations

Name: Ninis K Adriani

Address: Gedung BRI 1 Lantai 20 Jl. Jend Sudirman Kav 44-46 Jakarta Pusat 10210

Phone: (021) 575 2019 / 1969

Fax: (021) 575 2010

E-mail: ir@bri.co.id

Website: www.ir-bri.com

Duties and Responsibilities

The main responsibilities Head of Investor Relations of BRI are to formulate strategies and perform communication functions related to the company's performance and strategy to shareholders, debt holders, analysts and rating agencies BRI.

In order to meet responsibilities and comply with regulations as well as improve effective communication, BRI's Investor Relations Division conducts various activities, namely:

1. Analyst Meeting

Is a quarterly routine activity to expose the performance of BRI to the analyst / securities company so that they can present an updated report with the latest data to investors.

2. Company visit - field visit

Receive visits from investors / analysts who want to update the latest performance and see directly on the company's operations both at headquarters and in operational work units.

3. Conference call

Conducting tele-conference activities to accommodate the needs of investors / analysts in obtaining company information and economic conditions that affect the business and operations of the company.

4. Investor newsletter

Update the latest information by publishing a newsletter on BRI investor relations website.

5. Investor conference dan non-deal roadshow

Conducting communication activities through 1-on-1 meetings and group meetings with investors both at home and abroad, especially in the cities of the world's financial centers in Asia, Europe and America.

6. Rating Review

Conducting BRI's communication and data delivery activities in the framework of rating conducted by rating agencies used by BRI, both international rating agencies (Moody's, Fitch Rating, S & P) as well as domestic rating agencies (Pefindo).

INVESTOR RELATIONS

7. Website Management Investor Relations

Aiming for shareholders, bond holders, analysts, rating agencies and the general public to have easy access to the latest information from the company. The website managed by the Investor Relations Division is also connected to the company website that is www.bri.co.id.

Trainings of Investor Relations 2017

Training that has been followed by Head of Investor Relations are as follows:

1. Client Training Seminar "Baden-Wuerttemberg" by Commerzbank, Frankfurt, October 2011.
2. Tutorial of Certified Documentary Credit Specialist, International Chamber of Commerce Indonesia, Jakarta, 2011.
3. Investor Relations Seminar, Jakarta, 2008.
4. Training of Trainers for Risk Management Certification Program Level III.
5. Small Credit Training, Shore Cap Exchange Planters Bank, Manila, Philippine, 2005.
6. Financial Institutions for Private Enterprises Development, John F. Kennedy School of Government, Harvard University, USA, 2003.

The following trainings were also attended by Head of Division and staff of Investor Relations Division, such as:

1. Chartered Financial Analyst
2. Business Valuation
3. Querying Microsoft SQL Server.
4. Mini-MBA

2017 Activities

Communication activities to shareholders, bondholders, analysts and rating agencies of BRI were conducted by the Investor Relations Division during 2017 including as follows:

1. Quarterly Analyst Meeting
2. Communication activities are 134 company visits, 11 field visits, 7 overseas roadshows, and 7 domestic roadshows and 71 conferences calls.
3. Implementation of Annual Rating Review for Fitch, Moodys, S & P and Pefindo.
4. Organizing Public Expose, GMS, EGMS and 1 (one) Investor Newsletter.
5. Management of updated information on Investor Relations website (www.ir-bri.com) includes:
 - a. Company Information
 - b. Financial Performance and Corporate Presentation
 - c. Corporate Governance
 - d. Related Information of the GMS
 - e. Disclosure (Regulatory Filings, Events Calendar, Release)
 - f. Stock Performance and Securities Information issued



INTERNAL AUDIT UNIT

The Internal Audit Unit (IAU) is established based on prevailing rules and regulations, which are:

1. Bank of Indonesia Regulation No. 1/6/PBI/1999 dated 20 September 1999 regarding the Assignment of Compliance Director and the Implementation of Standard for Implementation of Internal Audit Function of Commercial Banks.
2. Regulation of the Financial Services Authority No. 56/POJK.04/2015 Dated 23 December 2015 on the Establishment and Guidelines for the Structure of the Charter of the Internal Audit Unit.
3. Regulation of the Minister of SOE No. PER-01/MBU/2011 dated 1 August 2011 on the Implementation of Good Corporate Governance in SOEs.
4. Regulation of the Minister of SOE No. PER-02/MBU/2013 Date February 18, 2013 About Guide for Preparation of Information Technology Management of State-Owned Enterprises
5. Regulation of the Financial Services Authority No. 55/POJK.03/2016 Date 7 December 2016 Concerning the Implementation of Good Corporate Governance for Commercial Banks.
6. Regulation of the Financial Services Authority No. 18/POJK.03/2014 dated November 18, 2014 On the Implementation of Integrated Governance for Financial Conglomeration.
7. Circular Letter of the Financial Services Authority No. 15/SEOJK.03/2015 On May 25, 2015 On the Implementation of Integrated Governance for Financial Conglomeration.
8. Circular Letter of the Financial Services Authority No. 35/SEOJK03/2017 dated 7 July 2017 Regarding Guidelines on Standards for Internal Control Systems for Commercial Banks.
9. Regulation of the Financial Services Authority No. 38/POJK.03/2016 Date 1 December 2016 Concerning Application of Risk Management in the Use of Information Technology by Commercial Banks.

In performing its roles and functions, IAU is supported by an independent organizational structure, a sufficient number of Auditors, development of methodologies and audit tools in accordance with best practices. Based on the evaluation result by Independent Public Accounting Firm, SKI BRI Activities Generally is in accordance (Generally Comply) to PBI No. 1/6/PBI/1999 regarding Standards for Implementation of Bank Internal Audit Function, Financial Service Authority (OJK) Regulation No. 38/POJK.03/2016, OJK Circular Letter No. 21/SEOJK.03/2017 (Chapter VIII-IT Internal Audit), International Standard of Internal Audit Professional Practices from The Institute of Internal Auditors, and in accordance with Internal Audit Charter.

Going forward, IAU is expected to become Trusted Advisor for Auditee and able to provide forward looking insights to Auditee in strategic decision making. To be able to act as Trusted Advisor for Auditee, the SKAI is necessary to improve / optimize the alignment of focus and audit priority with key business objectives, expand risk coverage, be more proactive to current and emerging risks faced by BRI and increase synergy with 1st line of defense & 2nd line of defense for risk prioritization alignment.

Taking into account the above-mentioned role-building opportunities, the IAU developed several work programs to respond to those needs through the implementation of thematic audits involving the Selindo Inspection Offices, the identification of red flags of fraud risk, the development of enhanced Continuous Auditing and the implementation of communication forums with 2nd line of defense functions.

Position of IAU Within Organization Structure of BRI

The Internal Audit Unit (IAU) within BRI organization is directly under the President Director and in term of oversight, can communicate and coordinate with the Board of Commissioners through the Audit Committee.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

INTERNAL AUDIT UNIT

In accordance with the Decree of the BOD of BRI Nokep.S.18-DIR/CDS/05/2017 dated 23 May 2017 and the Directors Decision Letter of BRI No: S.129.e-DIR/REN/08/2012 dated 21July 2017 The IAU is structurally under direct supervision to the President Director who has communication access with the Board of Commissioners (in this case with the Audit Committee) so as to support the implementation of independent and objective audit and consultation activities. IAU is headed by the Head of Internal Audit Unit at the Senior Executive Vice President (SEVP) who is directly responsible to the President Director.

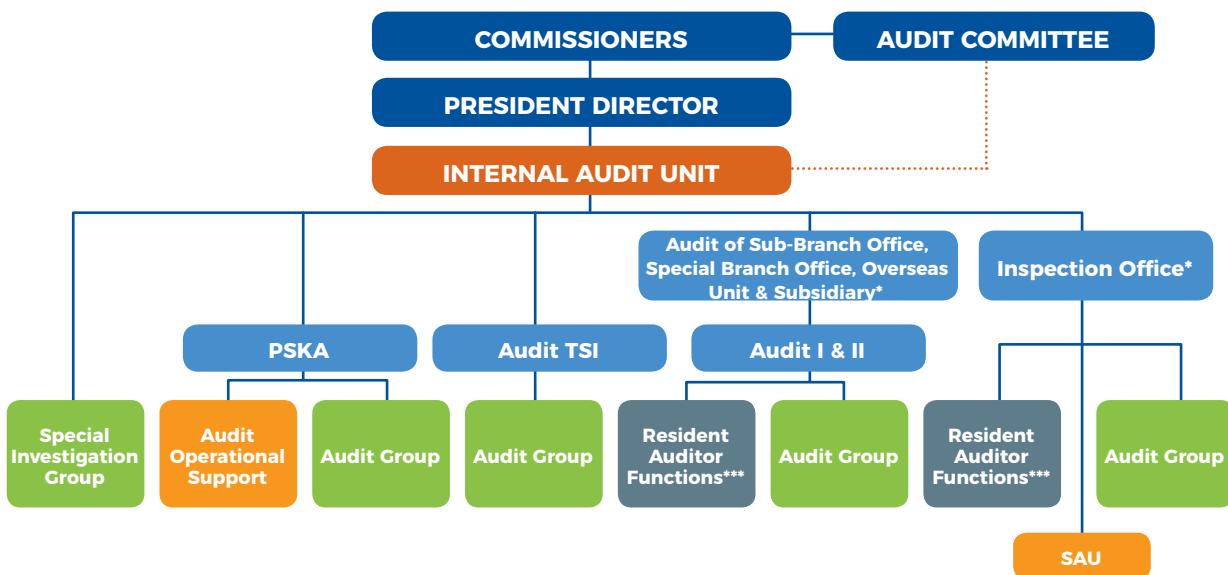
The IAU Organization Structure

As stipulated in the Directors Decision Letter of BRI No: S.129.e-DIR/REN/08/2012 dated 21July 2017, the organization of Internal Audit is structurally within the guidance of the President Director with communication access to the BOC (in this case with the Audit Committee), so as to support the implementation of audit activities and independent and objective consultations.

The IAU of BRI is led by the Head of IAU at Senior Executive Vice President level that oversees the Audit of Head Office/ Special Branch Offices/ Overseas Units and Subsidiaries, TSI Audit Division, 19 (Nineteen) Inspection Office, Audit of Standard & Quality Audit (PSKA), and Special Investigation Group.

The Organizational Structure of the Internal Audit Unit is as follows:

IAU Organization Structure



The IAU is structurally comprised of Work Units in charge of audit activities and the Development of Standards and Quality Audit as follows:

1. The Work Units in charge of audit activities are as follows:
 - a. Inspection Offices
 - Conducting all audit activities and providing consultancy services as strategic business partner with audit object of Regional Offices, Branch Offices, Sub-Branch Offices, Cash Offices and BRI Units in its working areas.



INTERNAL AUDIT UNIT

BRI has 19 (Nineteen) Inspection Offices adjacent to 19 BRI Regional Offices. The existence of Inspection Office adjacent to Regional Office is one of the BRI's strategies for more effective and efficient role of IAU as a Strategic Business Partner and assurance functions in view of the lack of decentralized organizational structure, authority, duties and responsibilities of business management and BRI assets.

Within organization Inspection Office is also have Resident Auditor (RA) placed in Branch Office. In performing its functions, The Inspection Office perform audit towards Regional Office, Branch Office, Sub-Branche Office, and Cash Office every year, and BRI Unit. While RA conducts periodic audit and monitoring activities on an ongoing basis. RA consists of RA Branch Office with audit objects of Branch Office, Sub-Branche Office, and Cash Office. While RA Unit with audit object of BRI Unit.

RA placement throughout the Work Unit is expected to play a role in providing early detection of increased risks in the Operating Unit. To improve the effectiveness and efficiency of the audit conducted by Inspection Office and RA, in determining the scope of the audit, Inspection Office takes into account the scope and results of the audit, as well as the regular monitoring of RA Branch Office and RA Unit. Vice versa. Synergies and communications built between Inspection Office and RA are key factors in creating the effectiveness and efficiency of audit execution.

- b. Audit of Sub-Branche Office / Special Branch Office / Overseas Units & Subsidiaries

Conducting all audit activities and providing consultancy services as strategic business partner with audit object of among others Head Office Unit, Special Branch Office, Overseas Unit, Financial Services' Financial Conglomeration of BRI (Subsidiaries and Related Companies), and Subsidiaries outside FSI of BRI Financial Conglomeration in BRI with ownership more than 50%.

The Sub-Branche Office / Special Branch Office / Overseas Units & Subsidiaries Audit also reviews some of the things regulated by regulators such as Risk Management, Anti Fraud Strategy, and AML CTF.

c. TSI Audit Field

Conducting audit activities and providing consultancy services as strategic business partners towards the work units involved in the process of managing and using TSI (covering the process of developing and operating Core and Non Core Banking applications; TSI infrastructure operations at Data Center, Disaster Recovery Center & information security, applications, TSI infrastructure, TSI development strategy & policy, IT risk management, TSI support (asset management & logistics, IT procurement and IT services implemented by BRI Head Office) and End User Computing).

d. Special Investigation Group

Investigate the indication of fraud and complaint whistleblowing system with audit object authority of all working units of BRI. The Special Investigations Group is under the Head of the Internal Audit Unit and is directly responsible to the Head of the Internal Audit Working Unit.

- 2. Standard & Quality Audit Development Sector undertakes the formulation of IAU vision, mission & strategy, assessment of IAU organization, IAU resource management, policy formulation & audit procedures, management of audit support facilities, audit quality development, assessment and design of software or hardware to support the implementation of audit activities. The positions of 19 (Nineteen) Inspection Office are as follows:

INTERNAL AUDIT UNIT

Audit Unit Coverage as illustrated below:



Internal Audit Charter

The Internal Audit Charter is stipulated in the Joint Decree of the BOC and BOD of BRI No: 08-KOM/BRI/08/2015; No: S.17-DIR/AIN/ 08/2015 dated 11 August 2015. The Internal Audit Charter is structured to provide an overview and guidance on the vision, mission, position, duties and responsibilities, authority, code of conduct of Internal Auditor, Independence and Objectivity, as well as the scope of the internal audit work within the organization.

Duties and Responsibilities of IAU

The IAU is responsible for conducting independent and objective assurance and advisory activities to provide added value and improve the operational activities. The IAU assists the organization to achieve its objectives, through a systematic and regular approach to evaluating and improving the effectiveness of risk management, internal control and governance process. As regulated by the Internal Audit Charter, the duties and responsibilities of the IAU:

1. Assisting the duties of the President Director and the BOC in conducting supervision by elaborating the operations of planning, implementation and monitoring of audit results.
2. Prepare and implement the Annual Audit Planning.
3. Provide an analysis and assessment of efficiency and effectiveness in the areas of Finance, Accounting, Operations, Human Resources, Marketing, Information Technology and other activities through direct inspection and supervision indirectly.
4. Identify all possibilities to improve and enhance the efficient use of resources and funds.
5. Provide suggestions for improvements and objective information on the activities being assessed at all levels of management.
6. Monitor, analyze and report on the implementation of the recommended upgrades.
7. Assessing the level of confidence in the quality of task implementation for riskmanagement process, internal control system as well as sufficient and effective business governance in all Work Units of BRI.
8. Conducting independent, objective and professional audit in all Work Units of BRI including Head Office, Regional Office, Branch Office, Sub-Branch Office, Cash Office, BRI Unit, Overseas Branch Office / Representative Office and FSI Financial Conglomeration of BRI (Subsidiary and Related Company) and Subsidiaries outside FSI of BRI's Financial Conglomeration with more than 50% ownership by BRI
9. Conduct special investigation if necessary.



INTERNAL AUDIT UNIT

10. Create audit report and submit the report to the President Director and BOC.
11. Cooperate with the Audit Committee to monitor and supervise the implementation of follow-up improvements on the findings by the Internal Audit Unit.
12. Develop programs to evaluate the quality of IAU's activities.

Duties and Responsibilities of Head of IAU

Head of IAU periodically reports the internal audit activities to the President Director. According to the Internal Audit Charter, the duties and responsibilities of Head of SKAI are:

1. Managing IAU effectively and efficiently to ensure that the implemented activities have added value to BRI.
2. Coordinate the preparation and refinement of IAU strategy to ensure its alignment with BRI's vision, mission and strategy.
3. Directing and coordinating the preparation of Annual Audit Planning as a guide in the implementation of Internal Audit activities.
4. Direct and coordinate the audit implementation so that the audit process is conducted independently, objectively and professionally in accordance with the established quality standards.
5. Direct and coordinate the Organization, Resources, Policies and Audit Procedures to improve audit quality and value added role of the Internal Audit Unit within the organization.

Internal Audit Code of Ethics

The IAU of BRI has a code of ethic that must be obeyed by the Internal Auditors either individually or as a team in conducting audit activities to improve the ethical culture in the Internal Audit Profession. BRI Auditor Code of Conduct consists of 4 principles:

1. Integrity principle

Building trust as the foundation of a professional internal auditor.

2. Objectivity principle

Practice objective behavior in collecting, evaluating and communicating information about activities/matters being audited.

The Internal Auditor provides the independent assessment and is not influenced by self interest or opinion of others in providing professional opinion.

3. Confidentiality principle

Appreciate the value of the received information and the ownership of information and not to leak the obtained information without authorization except by law or profession.

4. Competency principle

Use the skills, knowledge, expertise and experience in conducting the audit.

The Internal Auditor's Commitment to the Code is stated by signing the Declaration of the Code of Internal Audit and is updated annually. This is done so that every Auditor is reminded of the existence of a Code of Ethics that must be upheld and adhered to.

Independency of Internal Audit of BRI

The IAU as the 3rd line of defense is structurally independent towards the 1st line and the 2nd line of defense function (fRisk Management, and Compliance).

The position of the Internal Audit Unit within the company is under the direct supervision of the President Director, with the communication access with the BOC (in this case with the Audit Committee), it supports the independence and objectivity of the audit implementation and reporting so as to express their views and thoughts without influence or pressure from management or other parties related to BRI. The Communication between IAU with Audit Committee is in the form of coordination and reporting of audit result on regular basis. A periodic change of assignment is done in order to maintain the objectivity of the Internal Auditor.

INTERNAL AUDIT UNIT

Appointment and Dismissal of Head of IAU

The IAU of BRI is led by the Head of IAU at the level of Senior Executive Vice President which was appointed and dismissed by the President Director based on approval from the BOC and reported to the Financial Services Authority Central Bank of Indonesia & Bapepam Financial Institution (currently OJK). The appointment of Head of IAU has been reported to the Financial Services Authority.

Profile of Head of IAU



Tri Wintarto

Senior Executive Vice President
Internal Audit Unit

Born in Cilacap, December 22, 1962. Graduated from UPN Veteran University Yogyakarta in 1987 and Lampung University in 2002.

Professional experience:

- Branch Leader (1993-2009)
- Deputy Regional Leader of BRI Manado (2009-2010)
- Deputy Regional Leader of BRI Malang (2010-2011)
- Regional Leader of BRI Manado (2011-2012)
- Head of Micro Business Development Division 1 (2012-2013)
- Head of Micro Business Development Division 2 (2013-2014)
- BRI Bandar Lampung Area Leader (2014-2015)
- Leaders Area BRI Bandung (2015)
- Head of Business Program Division (2016)
- Inspector Kanins BRI Jakarta 3 (2016-2017)
- Inspector Kanins BRI Jakarta 1 (2017)

And currently serves as Senior Executive Vice President of Internal Audit Unit.

He served as Commissioner of PT Bringin Sejahtera Makmur (2013). Currently, he is actively involved as Chairman of the Bank Internal Auditors Association (IAIB) and Chairman of Baitul Mal BRI Foundation (2013-present).

Trainings

Actively participate in various seminars and seminars including School Education and Banking Officer (Sespibank) in Jakarta-Switzerland (2016), The Victoria Indonesia Leadership Program (VILP) in Melbourne (2016), QIA Certification Education and Testing in Jakarta (2017), and BARA Risk Forum in Prague & Vienna (2017).

Speaker

Active as a speaker at the IX Conference of Bank Internal Auditors in Surabaya (2017), National Anti Fraud Conference in Yogyakarta (2017) and Fraud Management Sespibank Force 67 in Jakarta (2017).

Certification

He has certified Qualified Internal Auditor (2017), General Banking Level 3 (2015) and Risk Management Certification. Level 4 (2012).



INTERNAL AUDIT UNIT

Profile and Resources of BRI Internal Audit Unit

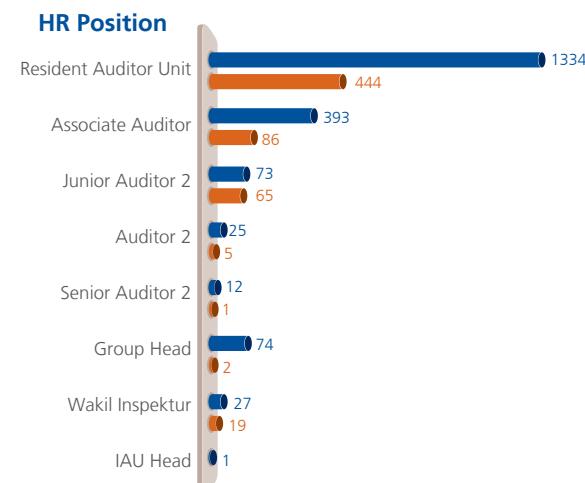
Building quality auditors is one of the main focuses of IAU each year. Through various Auditor enhancement programs, IAU continues to provide qualified auditors, having competencies and understand the level of risk in each audit work area. IAU always updates the competency profile of auditors to identify competency gaps and identification of future required competence development.

As such, the IAU cooperates with BRI Corporate University in developing auditor competence through sustainable education, which is expected to provide sufficient, debriefing to the auditor to carry out its audit duties. Sustainable education is done through direct assignments both within and outside of the field of work to improve the skills of auditors through On The Job Training and education (Inclass, In House Training, Public Course and Seminar).

Periodically, the development of auditor competence is conducted by monitoring, evaluation and follow-up of competency development either through assignment, training and so forth. The program for the development and improvement of worker competence in the SKAI is conducted in an orderly manner to ensure that there is an enhancement of auditor skills and competency.

Total auditors and Positions

As of 31 December 2017 the position of the IAU Resources is as follows:



BRI Internal Audit Profession Certification

To ensure the implementation of quality audit tasks, the IAU of BRI is supported by professional auditors who have been certified nationally or internationally as follows:

Certification	Total
CFE (Certified Fraud Examiner)	34
QIA (Qualified Internal Auditor)	46
CISA (Certified Information System Audit)	5
CEH (Certified Ethical Hacker)	1
CGEIT (Certified In The Governance of Enterprise IT)	1
CDCP (Certified Data Center Professional)	1
CFSS (Certified Forensic Security Specialist)	1
Big Data Administrator	4
Total	93

Formal Education Qualifications

Qualifications of formal education based on level of position are as follows:

Formal Education	S3	S2	S1	Others
Head of IAU			1	
Inspectors		13	6	
Deputy Inspectors		16	12	
Field Head		1	1	
Group Head	1	25	46	
Senior Auditor 2		5	7	
Senior Auditor 1		1	3	1
Auditor 2		2	26	2
Auditor 1		2	61	
Junior Auditor 2			73	1
Junior Auditor 1		2	85	
Associate Auditor				393

Education and Competence Development of BRI Internal Audit

During 2017, the Internal Audit Unit (IAU) has conducted workshops, public courses and seminars (both held by BRI internal and external agencies) to 5,145 participants. The recapitulation of education that has been held include:

INTERNAL AUDIT UNIT

Recapitulation of Total Participants of Education, Seminar and Workshop

No	Types of Education	Participants
1	In House Training	4,438
2	Local Public course	445
3	Audit training	155
4	Certification training	99
5	Overseas Public course	8
TOTAL		5,145

Work Program of IAU of BRI

The 2017 work programs IAU among others are:

1. Strategy & Methodology
 - a. Preparation of Annual Audit Planning (PAT) and audit implementation aligned with company goals & strategies and risk profiles.
 - b. Implementation of thematic audit with e-channel theme and cyber security in order to escort the achievement of Bank Business Plan.
 - c. Implementation of mandatory audit on RTGS, SKNBI, National Black List, BI-ETP (Electronic Trading Platform), BI SSSS, and New Activity e-Banking Products.
 - d. Implementation of review of risk management implementation, review of application of anti fraud strategy, review of APU PPT application.
 - e. SKAI review and risk management mapping.
 - f. Updating and preparation of the audit program.
 - g. Preparation of mandatory audit implementation guidelines.
 - h. Preparation of Periodic Monitoring Period for Resident Auditor.
 - i. Preparation of key risk indicator red flags fraud risk
 - j. Preparation of integrated audit results report.
 - k. Preparation of reports with specific themes according to the latest developments or issues.
 - l. Monitoring improvement of follow-up audit results from External Auditors and Supervisors.
 - m. Monitoring of IAU LJK's function of BRI's Financial Conglomeration.

2. Organization

Proposed organizational development and manning of SKAI formation analysis.
3. Improving Quality of Audit Quality
 - a. Implementation of ISO 9001: 2008 surveillance.
 - b. ISO 9001: 2015 certified
 - c. Implementation of the review of the suitability of SKAI's function against SPFAIB by an independent party.
4. Technology

Development of Electronic Data Center (PDE), BRI Data Extractor (BRIdex), BRI Audit Management System (BRISMA Version 2.0), and Customer Satisfaction Survey (CSS) Application 2.0.
5. Human Resources
 - a. Implementation of certification for Auditor to support the effectiveness of assurance role and strategic business partner.
 - b. Implementation of education, seminars or workshops that support the company's strategy.

Audit Methodology

The IAU implements a risk based audit methodology (RBA) that is implemented by stages in accordance with the level of risk management maturity in the corporation. The establishment of an audit universe is conducted with regards to corporate objectives, evaluation of risks that potentially impeded the achievement of corporate objectives and ensure that the existing internal control system has been able to mitigate risks. With the methodology, the implementation of the audit focused on areas with a high risk potential that can affect the achievement of corporate objectives. To support the efficiency and effectiveness of risk-based audit implementation, IAU uses Computer Assisted Audit Technique (CAAT's) as analytical tools audit to determine audit priorities, scope and audit samples.

In addition to audit activities, the IAU conducts early warning signals on potential fraud risks through off site monitoring activities carried out by Kanins and through regular monitoring activities conducted by the Resident Auditor. The audit role in the Early Warning Signal is expected to provide early detection of the increased risks occurring in the Unit.



INTERNAL AUDIT UNIT

In order to realize the role of IAU as a Strategic Business Partner, several things have been done, including the delivery of suggestions, ideas and inputs for the improvement of the draft and policy; conduct a communication forum between the Inspection Office and the Regional Office; Program Auditor Teaches; consultation activities; and knowledge sharing; particularly related to internal control, risk management and GCG. The activity is a visible vision of IAU as a tough and reliable SBP to provide added value for the company in order to achieve the vision of BRI. Through these activities, it is expected to increase the risk awareness culture, GCG compliance and culture culture in all work units and BRI employees.

Implementation of IAU Activity

Work Program and Work Program Implementation

The 2017 work programs of IAU, among others are:

No	Work Program	Implementation
1	Strategy & Metodology	<ul style="list-style-type: none"> a. Implementation of audit aligned with corporate goals & strategies and risk profiles. b. Implementation of thematic audit with e-channel theme and cyber security in order to escort the achievement of Bank Business Plan. c. Implementation of mandatory audit on RTGS, SKNBI, National Black List, BI-ETP (Electronic Trading Platform), BI SSSS, and New Activity e-Banking Products. d. Implementation of review of risk management implementation, review of anti fraud strategy implementation, and review of APU PPT implementation. e. IAU review and risk management mapping. f. Updating and preparation of the audit program. g. Update of CSS version 2.0. h. Preparation of Implementation Audit Operational Guidelines (Mandatory Audit Subject to Regulatory Provisions). i. Preparation of Periodic Monitoring Period for Resident Auditor. j. Preparation of Supervision Implementation Guidelines for Delivery and Resident Auditor Audit Work Unit. k. Preparation of key risk indicator red flags fraud risk. l. Preparation of integrated audit results report. m. Preparation of reports with specific themes according to the latest developments or issues. n. Improved monitoring of follow-up audit results from External Auditors and Supervisors. o. Monitoring of SKAI LJK's function of BRI's Financial Conglomeration
2	Organization	Submission of organizational development proposal and manning analysis of SKAI formation.
3	Enhancement of Audit Quality	<ul style="list-style-type: none"> a. The implementation of surveillance of the 6th ISO 9001: 2008 year 2017. b. Re certification of ISO 9001: 2015. c. Implementation of a review on the suitability of IAU function against SPFAIB by an independent party (PT Delloite Indonesia).
4	Technology	<ul style="list-style-type: none"> a. Development of Analytical Tools Audit: Development of Electronical Data Center (PDE) and BRI Data Extractor (BRIIndex). b. Development of BRI Audit Management System (BRISMA Version 2.0). c. Application Development Customer Satisfaction Survey (CSS) version 2.0.
5	Human Resources	<ul style="list-style-type: none"> a. Preparation of the criteria of Best Excellence Award of IAU. b. Implementation of certification for Auditor to support the effectiveness of assurance role and strategic business partner. c. Implementation of education, seminars or workshops that support the company's strategy.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

INTERNAL AUDIT UNIT

Implementation of Activities/ Audit Duties

Audit activities are carried out in accordance with the Audit Planning of the Year which has been approved by the President Director and the President Commissioner and based on the assessment on the potential risks. During 2017, SKAI has conducted regular audit activities, special audit and thematic audit. In detail, the realization of audit activities that have been implemented include:

a. Regular Audits

The objects of regular IAU audit activities are divided into 2 (two) groups, namely: Work Unit and Electronic Network (electronic channel). The realization of regular audit activities of the Work Unit is as follows:

Audit Realization on Work Units

No	Audit Objects	Target	Realization	%
1	Divisions	36	39	108%
2	Regional Offices	38	38	100%
3	Branch Offices	462	462	100%
4	Sub-Branch Offices	608	608	100%
5	Cash Offices	330	427	129%
6	BRI Units (including Teras BRI)	1,816	2,442	134%
7	SAU	18	18	100%
8	Information System Technology Audit	12	13	108%

The realization of regular audit activities on electronic networks is as follows:

Audit Realization on Electronic Networks

No	Audit	Total E- Channel	PAT Reguler 2017		Audit Reguler	%
			Total	%		
1	E Channel	150,719	33,521	22%	52,562	156.80%
	Total to Quarter IV 2017 :	150,719	33,521	22%	52,562	156.80%

b. Special audits

Special audits are conducted with specific scope and objectives (either on the IAU initiative, management, auditee or implemented for the purpose of compliance with regulatory requirements).

By 2017 the SKAI has implemented 370 special audit.

c. Thematic audits

Thematic audit is conducted to obtain a sufficient profile and the effectiveness of overall internal control.

In 2017, SKAI has implemented thematic audits as follows:

- Audit IT Tematik Cyber Security
- Audit Tematik E-Banking dan E-Channel



INTERNAL AUDIT UNIT

Total Special Audit		
No	Work Units/Audit Project	Special (SA)
Headquarter Inspection Office and Audit TSI		
1	Divisions (Special Branch Office, Overseas Unit, Subsidiary)	12
2	Audit Project (oleh Audit TSI)	14
Inspection Office (Regional)		
1	Regional Office	32
2	Branch Office	154
3	Sub Branch Office	29
4	Cash Office	0
5	Units	129
6	SAU	0
Total to Quarter. IV 2017 :		370

Audit Quality Management System

In order to ensure the quality of audit implementation, quality assurance is undertaken by internal and external parties. Quality Assessment by internal is conducted through supervision, peer review, and quality assurance. While quality assessment by independent consultant as external party is conducted every 3 years through ISO 9001: 2008 surveillance, to ensure internal audit function in accordance with SPFAIB.

Surveillance ISO 9001: 2008 focuses on the appropriateness of the implementation of the quality management system (SMM) of IAU of BRI with ISO 9001: 2008 standards. Surveillance ISO 9001: 2008 6th visit for 2017 has been implemented with the results of nonconformities Minor and Major. The targets of the appropriateness of the implementation of IAU of BRI quality management system are no non-conformities with the ISO 9001: 2008 standard that is Major.

The review by Public Accounting Firm has been done as follows:

- Review the conformity of the internal audit activity conducted by BRI's Internal Audit Unit (SKAI) on PBI No.1 / 6 / PBI / 1999 on Standards for Implementation of Bank Internal Audit Function (SPFAIB) with the result of Generally Comply on PBI No. 1/6 / PBI / 1999 on Standards for Implementation of Bank Internal

Audit Function. The target of quality assessment of conformity of Internal Audit function with SPFAIB by external party is generally in accordance with SPFAIB.

- Review the conformity of the internal audit activities conducted by BRI's Internal Audit Information Technology System (TSI) on the rules set by the Financial Services Authority No. 38 / POJK.03 / 2016 and SEOJK No. 21 / SEOJK.03/2017, on the Implementation Standards of the Bank's Internal Audit Function of the Bank to improve the work process of BRI Audit TSI with results of Generally Comply with the Financial Services Authority (OJK) Regulation No. 38 / POJK.03 / 2016 and OJK Circular Letter Number 21 / SEOJK.03 / 2017 (Chapter VIII-IT Internal Audit).
- Assessment of the suitability of the implementation of Bank Rakyat Indonesia's Internal Audit activities against the International Standards for the Professional Practice of Internal Auditing (ISPIA) issued by the Institute of Internal Auditors (IIA) with the conclusion of Generally In accordance with the International Standards of Professional Practice of Internal Audit from The Institute of Internal Auditors, and SKAI have performed their duties in accordance with the Internal Audit Charter.

Effectiveness of Internal Audit Implementation

1. Implementation of Audit Tasks

The IAU of BRI conducts a program review to evaluate the quality of audit activities as undertaken by IAU of BRI to make continuous improvements.

a. Internal Review

The IAU conducts continuous review of the quality of audit conducted by BRI Audit Work Unit. The objective is to ensure the achievement of the target of quality objectives being set. The review was conducted with 3 methods namely Quality Assurance (QA), Peer Review and Supervision:

- QA activities are conducted on all UKA Delivery Functions, RCA Kanca and RA Units. Penilaian peer review yaitu penilaian kualitas audit yang dilakukan antar tim audit.

INTERNAL AUDIT UNIT

- 2) Peer review assessment is an audit quality assessment conducted between the audit team.
- 3) Supervision is an audit quality assessment conducted by the auditor's supervisor on each audit project. Assessment of quality of audit implementation is one of Key Performance Indicator in performance appraisal.

b. External Review

To ensure the function of IAU of BRI has been implemented in accordance to the quality management system of ISO 9001: 2008, PT. SGS Indonesia will conduct surveillance which will be conducted every semester.

c. Customer Satisfaction Survey (CSS)

Implementation of the internal audit function in accordance with the quality management system remains focused on customer satisfaction / stakeholders. One of the main customers of IAU is the Auditee. Therefore, Auditee satisfaction will still be one of the considerations in assessing the quality of audit implementation.

2. Existence of Coordination with External and Audit Committee

Audit in BRI is also conducted by external auditors, Central Bank of Indonesia (BI), the Financial Services Authority (OJK), the Supreme Audit Agency (BPK), the Financial and Development Supervisory Board (BPK) and the Public Accounting Firm (KAP). In audit activities conducted by external auditors, the IAU acts as a liaison officer to coordinate the smooth audit implementation as well as to monitor the follow-up improvement of the external audit findings by the relevant work units. The monitoring aims to ensure that management has made improvements over the weaknesses of internal controls found by external auditors.

The IAU of BRI as Liason Officer for External Auditor and External Party related to audit activities do the following:

- a. Communication and coordination on an ongoing basis
- b. Fulfillment of data on request (related to its capacity to conduct inspection and supervision activities)
- c. Assistance to BRI External Parties (related to their capacity to conduct inspection and supervision activities)
- d. Follow up on any responses submitted by BRI's External Parties (related to its capacity to conduct inspection and supervision activities).
- e. Monitoring of follow-up improvements to the findings of the External Parties adequately.

In order to assist the duties of the BOC in supervising and monitoring the implementation of the follow-up improvements on the findings of the Internal Audit Unit, the IAU of BRI periodically communicates with the Audit Committee in the form of the submission of the Quarterly Report.

Findings and Follow Up on Audit Results

The IAU regularly monitors the implementation of management commitment to improve the weaknesses of internal control and provides an opinion on the adequacy of the follow-up of improvement that has been undertaken by management. The results of the monitoring of the implementation of management commitment up to December 31, 2017 are as follows:

Monitoring Result of Management Commitment		
No	RPM Monitoring Results	%
1	Adequate	92.38%
2	Under Monitoring Process	1.92%
3	Inadequate	5.70%
Total		100%

In addition to the monitoring on follow up of IAU findings, follow-up progress monitoring and improvement based on the findings of External Auditor and Supervisor are also conducted. The results of monitoring of management commitment to the findings of External Auditor and Supervisor up to December 31, 2017 are as follows:



INTERNAL AUDIT UNIT

No	External Auditors / Supervisors	Total Findings	Follow Up			
			Completed		Under Monitoring	
			Total	%	Total	%
1	BPK RI	480	441	91.88%	39	8.13%
2	Financial Services Authority	364	359	98.63%	5	1.37%
3	Public Accountant Firm	134	115	85.82	19	14.18%
4	Bank Indonesia	166	154	92.77%	12	7.23%

IAU Program and Strategy 2018

In order to be able to act as a Trusted Advisor for management and able to provide forward looking insights to management in strategic decision making, the IAU needs to improve / optimize the alignment of focus and audit priorities with key business objectives, expanding risk coverage more proactive to current and emerging risk encountered by BRI as well as increasing synergy with the function of 2nd line of defense for risk priority alignment.

The work programs and IAU strategies for 2018 are as follows:

1. Strategy & Methodology
 - a. The planning and execution of audits are aligned with company goals & strategies and risk profiles.
 - b. Implementation of Selective and Local Selective Thematic Trials (Kanins only)
 - c. Implementation of mandatory audit on RTGS, SKNBI, National Black List, BI-ETP (Electronic Trading Platform), BI SSSS, and New Activity e-Banking Products.
 - d. Implementation of review of risk management implementation, and review of application of anti fraud strategy.
 - e. Development of thematic audit methodology for Kanins, and Thematic audit directives for KP Audit & TSI Audit.
2. Technology
 - a. Development of automation red flags fraud risk.
 - b. Implementation of electronic audit report submission.
 - c. Implementation of ISO 9001: 2015 surveillance
 - d. Development of Audit Management System
 - e. Continuous Auditing Development.
3. Human Resources
 - a. Development of Internal Auditor's competency standard
 - b. Development of Education Audit Curriculum
 - c. Development of curriculum for Auditor refreshment.
4. Enhancement of Audit Quality
 - a. Implementation of ISO 9001: 2015 surveillance.
 - b. ISO 9001: 2015 certified.

PUBLIC ACCOUNTANTS

External Audit Function

In carrying out the supervisory function of BRI's operational and business activities, in addition to internal audits, BRI's supervisory function is also carried out by external audit functions, in this case, Bank Indonesia, the Financial Services Authority, the Supreme Audit Agency, and the Public Accountant Firm.

External Auditor Appointment

In accordance with BRI's GMS resolution in March 2017, on the fourth Agenda of the Meeting, stated that the Public Accountant Firm Purwantono, Sungkoro & Surja was appointed as the Public Accountant Firm to audit the Bank's Financial Statements and Financial Statement on the Partnership and Community Development Program for the fiscal year 2017.

Public Accountant Firm Appointment Procedures

The Audit Committee is involved in the process of selecting a Public Accountant Firm as a supervisor, as set forth in the Decision Letter of Procurement Team selection team.

The procedures and stages of the election and appointment of Public Accountant Firm for the 2017 audit period of the financial statements are as follows:

No	Activities
1	Request for Budget Allocation to the Fixed Assets Management Division
2	Request for Permission to implement to the Board of Commissioners
3	Presentation to the Audit Committee
4	Discussion of Time Schedule and Selection Team
5	Preparation and Finalization of Request for proposal, Term of Reference, and Assessment Criteria
6	Principles of Implementation and Use of Budget
7	Stipulation of Owner Estimated
8	Procurement Permission Principles
9	Submission of Invitation to the Public Accountant Firms
10	Aanwijzing
11	Resubmission of invitation (Organize if the first Aanwijzing was only attended by 1 participant)
12	Reorganization of Aanwijzing (Organize if the first Aanwijzing was only attended by 1 participant)

No	Activities
13	Submission of Proposal by the Public Accountant Firms
14	Technical assessment (initial)
15	Participants presentation for confirmation*)
16	Technical assessment (completion)
17	Technical assessment result report
18	Final conclusion
19	Negotiation
20	Selection proposal to the BOD and BOC
21	Winner announcement
22	Objection period
23	Appointment of Public Accountant Firm by BOC

Public Accountant Firm, Public Accountant and Audit Services Fees (5 years)

Public Accountant and Public Accounting Firm conducting audits on BRI for 2017 are:

Name of Public Accountant:

Drs. Hari Purwantono (Registrasi Akuntan Publik No. AP.0684) / Danil Setiadi Handaja, CPA (Registrasi Akuntan Publik No. AP.1008).

Office Address:

Indonesian Stock Exchange Building Tower 2,
 Lantai 7
 Jl. Jend. Sudirman Kav. 52-53
 Jakarta 12190
 Telp. (62-21) 5289 5000
 Fax. (62-21) 5289 4100

Public Accountant Firm Address:

Purwantono, Sungkoro & Surja (Ernst & Young)
 Alamat Kantor Akuntan Publik:
 Indonesian Stock Exchange Building Tower 2,
 Lantai 7
 Jl. Jend. Sudirman Kav. 52-53
 Jakarta 12190
 Telp. (62-21) 5289 5000
 Fax. (62-21) 5289 4100
www.ey.com/id

Appointment Basis:

Pursuant to the AGMS Resolution Year 2017 dated 15 March 2017 which was stated in the AGMS Minutes of the fourth agenda.



PUBLIC ACCOUNTANTS

Public Accountant Firm, Accountant Names and Fees for the Last 5 Years

Tahun	Name of Public Accountant	Name of Accountants	Fees (Rp)
2013	Purwantono, Suherman & Surja	Sinarta	5,550,000,000,-
2014	Purwantono, Suherman & Surja	Sinarta	6,775,000,000,-
2015	Purwantono, Sungkoro & Surja	Sinarta	6,950,000,000,-
2016	Purwantono, Sungkoro & Surja	Hari Purwantono	6,950,000,000,-
2017	Purwantono, Sungkoro & Surja	Danil Setiadi Handaja	7,300,000,000,-

Other Services

Other Service provided by Public Accountant Firm and Public Accountant in addition to Auditing Services of the Annual Financial Statements of 2017 was limited review of First Half of 2017.

The fee for other services provided by the Public Accountant Firm in 2017 was amounting to Rp6,350,000,000.

Findings and Follow-Up Recommendations of External Auditors

Audit results have been submitted by Public Accountant Firm Purwantono, Sungkoro and Surja as signed by Auditor Drs. Hari Purwantono/ Danil Setiadi Handaja, CPA in the Independent Auditor's Report No.RPC-250/PSS/2016 in the paragraph "Opinion" with the explanation:

"In our opinion, the attached consolidated financial statements ia present fairly, in all material respects, the financial position of the concessions of PT Bank Rakyat Indonesia Tbk and its subsidiaries as of December 31, 2017, as well as the financial performance and the cash flows of its concessions for the year ended that date, in accordance with Indonesian Financial Accounting Standards "

The Effectiveness of External Audit and Bank's Compliance with Regulations on the Relations in between the Bank, Public Accountant, and Bank Indonesia

The appointed Public Accountant Firm will audit and provide an opinion on the consolidated financial statements of BRI and its subsidiaries, and evaluate BRI's performance in accordance with Indonesian Financial Accounting Standards, Regulation of Bank Indonesia, Financial Services Authority, Directorate General of

Tax, and other relevant regulations and practices. In its implementation, the Bank always communicates with Public Accountant Firm, Audit Committee, and the Management.

The implementation of transparency of the financial statements 2017 is based on Bank Indonesia Regulation and Financial Services Authority (OJK) regulations as follows:

1. Bank Indonesia Regulation No. 3/22/PBI/2001 dated 13 December 2001 Article 18 butir (4) on the Bank Financial Condition Transparency in liue of OJK Regulation No. 6/POJK.03/2015 valid from 1 April 2015 on the Bank Transparency and Publication Report.
2. Bank Indonesia Circular Letter No.14/35/DPNP dated 10 December 2012 on the Certain Annual Report of Commercial Banks presented to Bank Indonesia point II.2.a.
3. Financial Services Authority Circular Letter No. 11/SEOJK.03/2015 dated 17 April 2015 on the Transparency and Publication Report of Conventional Banks.

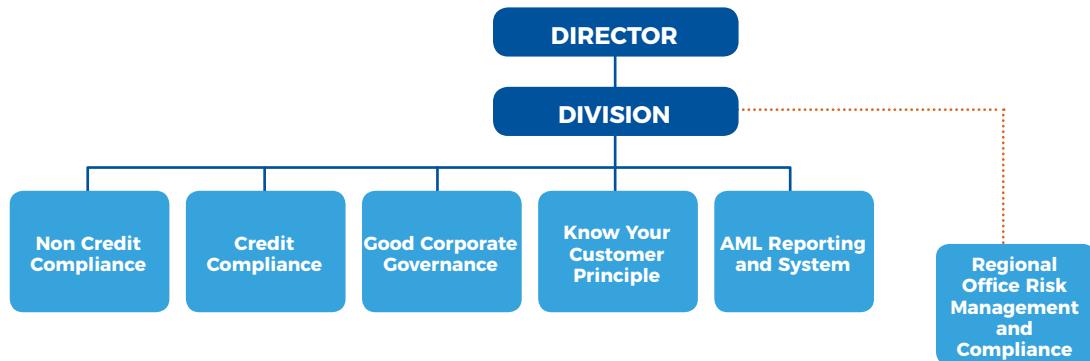
The scope of works of the Public Accountant Firm include:

1. General audit of BRI's financial statements and year-end consolidated position on 31 January 2017.
2. General Audit of BRI's PKBL 2017 financial statements.
3. Audit of performance, compliance with laws and regulations and internal control.
4. Audit on management performance evaluation result report.

COMPLIANCE FUNCTION

In order to mitigate risk and prevention (ex-ante) as well as manage Compliance Risk in line with the implementation of overall Risk Management in the Bank, BRI has implemented the Compliance Function by referring to the Regulation of the Financial Services Authority No.46/POJK.03/2017 dated 12July 2017 on the Implementation of the Commercial Bank Compliance Function.

Organization Structure of Compliance Function



The Director in charge of the compliance function shall have the integrity and knowledge of the OJK provisions and applicable laws and regulations. The appointment, dismissal and/ or resignation of the Compliance Director shall refer to the provisions of the laws. In performing its duties, the Compliance Director shall be approved by OJK and according to OJK Letter No. SR-108/D.03/2015 dated 08 Juni 2015 approved the appointment of Susy Liestiowaty as Compliance Director of BRI.

Duties and Responsibilities of the Director in Charge of Compliance Function

The duties and responsibilities of the Compliance Director of BRI in order to implement the Compliance Function are:

1. Formulate a strategy for creating a culture of compliance.
2. Propose compliance policy and compliance principles to be determined by the BOD.
3. Establish compliance system and procedures being used to develop the Bank's internal rules and guidelines.
4. Ensure that all policies, provisions, systems and procedures, and business activities conducted by the Bank are in compliance with the provisions of OJK and legislation, including sharia principles for Commercial Banks and Sharia Business Units.

5. Minimizing the Compliance Risk.
6. Takes precautions so that the policy and / or decisions taken by the BOD do not deviate from the provisions of Bank Indonesia and the laws and regulations.
7. Performs other tasks related to the compliance function.

Independency of Compliance Director

Independence of the Compliance Director shall meet the independence requirements with reference to OJK Regulation No.46 / POJK.03 / 2017 dated July 12, 2017.

1. No multiple positions and affiliate relationships.
2. Has no financial relationship, management relationship, share ownership, and / or family relationship with members of the Board of Commissioners, Board of Directors, controlling shareholder.
3. The Compliance Director does not oversee the functions:
 - a. Business and operations.
 - b. Risk management that makes decisions for the Bank's business activities.
 - c. Treasury.
 - d. Finance and Accounting.
 - e. Logistics and procurement of goods & services.
 - f. Technology and information.
 - g. Internal Audit.



COMPLIANCE FUNCTION

The Compliance Unit

The Compliance Unit is independent and separate from business, operational and other supporting functions in BRI's business activities. The compliance line must be free from the influence or pressure of other work units and conflict of interest and act professionally and objectively.

Duties and Responsibilities of the Compliance Unit

In implementing the compliance function, the duties and responsibilities of Compliance are as follows:

1. Prepare steps to support the creation of a culture of compliance at all levels of the organization.
2. Identify, measure, monitor and control the Compliance Risk by referring to the OJK provisions concerning the application of bank risk management.
3. Assess and evaluate the effectiveness, adequacy, and suitability of policies, adequacy and conformity of policies, regulations, systems and procedures held by the Bank under the provisions of legislation.
4. Review and/ or recommend the updating and improving policies, provisions, systems and procedures owned by the Bank in order to comply with the provisions of OJK and legislation.
5. Ensuring that policies, provisions, systems, procedures and business activities of the Bank are in line with the provisions of OJK and legislation.
6. Perform other tasks related to the compliance function.

Profile of Compliance Division Head**Heru Setiabudi**

Executive Vice President
Compliance Division

Born in Tanjung Karang, 21 July 1964. Obtained Bachelor degree in Agriculture Social Economis, University of Lampung and Master degree in Business Administration, University of Gadjah Mada, Yogyakarta.

Professional Background:

- Branch Head (2002-2010)
- Deputy Regional Head of BRI Banjarmasin (2012)
- Deputy Regional Head of BRI Malang (2013)
- Deputy Regional Head of BRI Makassar (2013)
- Deputy Inspector of Inspection Office BRI Denpasar (2016)
- Division Head of Compliance 2017- present

And currently serves as Division Head of Compliance.

Trainings

1. Risk Management Certification Refresher Program: Deeper Understanding on IFRS 9 & BASEL IV and Progress of BASEL III Implementation.
2. Direction of Anti Money Laundering and Counter Terrorism Financing (AML CTF) Policy and Banking Consumers' Protection

Certifications

- Qualified Internal Auditor
- Risk Management Level 3, and
- Compliance Level 1

COMPLIANCE FUNCTION

Compliance Charter

In order to implement the compliance culture, the company has guidance on the implementation of the compliance function as stated in the Joint Decree of the Board of Commissioners and the Board of Directors of BRI on the Compliance Charter of PT Bank Rakyat Indonesia (Persero) Tbk. The scope of the Compliance Charter includes:

1. The Bank's Compliance Function and the general provisions of the compliance unit include the independence of the position and authority in performing the compliance function.
2. Duties and responsibilities of the BOC, Compliance Director and Compliance Division.
3. Reporting compliance function

Competency Development Program

Education/Competency Development

The following are education and competency development program during 2017:

1. In House Training to all Compliance Function in BRI Regional Offices.
2. Public Course on Compliance Function.
3. Training, Seminar, Workshop and forum organized by associations such as Compliance Director Communication Forum.
4. Compliance Certifications.

Compliance Certifications

The following are Certifications program for the Compliance Unit of BRI during 2017:

No	Level	Position	Participants
1	1	Officer	12
2	1	Assistant Manager	21
3	1	AVP	10
4	2	VP	1
5	1	EVP	1
Total Participants			45

Implementation of the Compliance Function Work Program of 2017

In implementing the compliance function, the Compliance Division draws up the compliance function program of 2017 as follows:

Improvement of Compliance Culture

1. Enhanced Compliance Awareness of workers through the dissemination and risk awareness culture culture to the operational work unit. Socialization in the form of training, e-learning, human resources portal, internal magazine, video, posters, etc.
2. Increased competence of Human Resources Compliance Division through certification of compliance, education, seminar, and public course.

Compliance Risk Management

1. Review and update internal bank policy in order to synchronize with regulatory provisions in force.
2. Identification of compliance risks to the policies and decisions of the Board of Directors do not deviate from existing OJK / regulatory / regulatory regulations through prudential principles testing.
3. Risk measurement and monitoring based on Incident Management data for violation of provisions.
4. Monitoring and follow-up of the Bank's compliance with commitments to regulators and / or other regulatory authorities.

Improved GCG Implementation

1. Gratification and management commitment on the prohibition of giving and receiving gifts/other facilities to BRI employees.
2. Strengthening of GCG policy structure and Whistleblowing System.
3. Internalization of GCG policy by onsite and offsite to all BRI employees, among others are Code of Conduct, GCG Manual, Anti Fraud Strategy, Gratifications, Conflict of Interests and Whistleblowing System.
4. e-learning of GCG implementation to all BRI employees.
5. GCG implementation evaluation in Subsidiaries.



COMPLIANCE FUNCTION

ANTI MONEY LAUNDERING & COUNTER TERRORISM FINANCING PROGRAM

The dynamics of national, regional and global as well as the increasing complexity of products, activities, and financial services including its marketing (multi channel marketing) and information technology raises the risks of Anti Money Laundering (AML) and Counter Terrorism Financing (CTF) encountered by the Company. In response to these conditions and in accordance with the legislation and regulatory regulations, the Company has implemented adequate AML and CTF Program.

Legal References

External Provisions

1. Law of the Republic of Indonesia No.8 of 2010 dated 22 October 2010 concerning Prevention and Eradication of Money Laundering Crime.
2. Law of the Republic of Indonesia No. 9 of 2013 dated 13 March 2013 on the Prevention and Eradication of Criminal Acts of Terrorism Financing.
3. Regulation of the Financial Services Authority No. 12/POJK.01/2017 dated 21 March 2017 on the Implementation of Anti-Money Laundering and Counter-Terrorism Prevention Program in the Financial Services Sector.
4. The Joint Regulation of the Minister of Foreign Affairs of the Republic of Indonesia, the Chief of the Indonesian National Police (Kapolri), the Head of the Financial Transaction Reporting and Analysis Center (Head of PPATK), and Head of the Nuclear Energy Supervisory Agency (Bapeten Head) No. 4, 2017, No. 1 Year 2017, No. 9 Year 2017, No. 5 Year 2017 Date 16 May 2017 Concerning Inclusion of Person and Corporate Identity in Funding List of Proliferation of Weapons of Mass Destruction And DPPSPM on Funds of People or Corporate Owned In The DPPSPM.
5. Circular Letter of the Financial Services Authority No. 32/SEOJK.03/2017 dated 22 June 2017 concerning the Implementation of Anti Money Laundering and Counter-Terrorism Financing Program in the Banking Sector.
6. Circular Letter of the Financial Services Authority No. 38 /SEOJK.01/2017 dated 18 July 2017 concerning Guidelines for Mixed Blocking of Customer Funds in the Financial Services Sector whose Identity Is Listed In Terrorist Terrorist List and Terrorist Organization (DTTOT).
7. Regulation of the Head of Financial Transaction Reporting and Analysis Center (PPATK) No: PER-11/1.02/PPATK/09/2012 dated 4 September 2012 regarding Cash Advance Transactions that are Excluded from Reporting Obligations.
8. Regulation of the Head of Financial Transaction Reporting and Analysis Center (PPATK) No PER-11/1.02/PPATK/06/2013 dated 26 June 2013 on the Identification of Suspicious Financial Transactions for Providers of Financial Services Jo. Regulation of the Head of Financial Transaction Reporting and Analysis Center (PPATK) No PER-04/1.02/PPATK /03/2014 dated 28 March 2014 on the Identification of Suspicious Financial Transactions for Providers of Financial Services.
9. Regulation of the Head of Financial Transaction Reporting and Analysis Center (PPATK) Number: PER-12/1.02/PPATK/06/2013 dated 26 June 2013 on Procedures for Submitting Financial Transaction Reports of Fund Transfers from and Abroad to Providers of Financial Services.
10. Regulation of the Head of Financial Transaction Reporting and Analysis Center (PPATK) No:PER-21/1.02/PPATK/11/2013 dated 29 November 2013 on Cash Financial Transaction Identification for Providers of Financial Services.
11. Regulation of the Head of Financial Transaction Reporting and Analysis Center (PPATK) Number: PER-02/1.02/PPATK/02/2014 dated 26 February 2014 on Integrated Services User Information System.
12. Regulation of the Head of the Financial Transaction Reporting and Analysis Center (PPATK) No PER-14/1.02/PPATK/11/2014 dated 19 November2014 on Imposition of Administrative Sanc tions for Reporting Obligations.
13. Regulation of the Head of Financial Transaction Reporting and Analysis Center (PPATK) Number: PER-02/1.02/PPATK/02/2015 dated 3 February 2015 on User Categories of Potential Money Crime Offenders.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

COMPLIANCE FUNCTION

14. Peraturan Kepala Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK) Nomor: 18 tanggal 3 Februari 2015 tentang
15. Circular Letter of PPATK No. 8 Year 2016 dated 7 December 2016 concerning Procedure of Submitting User Information of Integrated Services through Application of Integrated Services User Information System Reporting (SIPESAT).

Internal Terms

1. Decree of the Board of Directors of BRI Nokep S.779-DIR/DKP/09/2017 dated 22 September 2017 on Policies and Procedures Application of APU and PPT Program PT. BRI (Persero).
2. Decree Nokep S.001-DIR/LYN/01/2014 dated January 30, 2014 on BPO Operational Work Unit.

AMLCTF Management

The manager for Implementation of AML and CTF Program is conducted by the Special Working Unit (UKK) located at every level of the organization. UKK at Head Office BRI is implemented by the Compliance Division of KP BRI which is a structural unit within BRI's organizational structure. In performing its duties, the Compliance Division of KP BRI reports and is responsible to the Compliance Director of BRI. In the UKK, BRI Regional Offices are implemented by the Risk Management and Compliance Section that coordinates AML and CTF Program Implementation in Branch Offices, Prioritas Service Centers, Sub-Branch Offices, BRI Units and Cash Offices.



Duties and Responsibilities of AML CTF Management

The duties and responsibilities of the Compliance Division of KP BRI on the implementation of the AML and CTF Program are:

1. Identify and periodically analyze the risk assessment of crime of Money Laundering and/ or Criminal Acts of Theoretical Funding related to its Customers, country or geographical area, product, service, transaction or delivery channels;
2. Formulate, update and propose policy and procedure for the implementation of AML and CTF Program that have been prepared to manage and mitigate risk based on risk assessment to the Compliance Director of BRI for consideration and approval;
3. Ensure a system that supports the AML and CTF Programs, i.e systems that inter alia can access and identify Customer's data, Suspicious Financial Transactions and other financial transactions required under the Act;
4. Coordinate the updating of Customer's profile and transaction data;
5. Coordinate and monitor the implementation of AML and CTF Program policies with KC, SLP, KCP, BRI Units and the Cash Office;



COMPLIANCE FUNCTION

6. Ensure that policies and procedures are consistent with changes and developments including products, services and technology in the financial services sector, activities and complexities of the Bank's business, transaction volume and money laundering and / or terrorism financing modes;
7. Ensure that the forms relating to the Customer already accommodate the data required in the implementation of AML and CTF programs;
8. Monitor the conformity of financial transactions with the Customer profile, especially the Customer and the high risk transactions with reference to the applicable provisions and adequate sources of information
9. Monitoring of Securities accounts and execution of Customer transaction of custodian services;
10. Administering the results of monitoring and evaluation of Securities transactions;
11. Receive reports of potential, suspicious (red flag) financial transactions from KC, SLP, KCP, BRI Units and CoW and analyze the reports;
12. Identify the transaction indicated to meet the suspicious criteria based on the financial transaction analysis report from KC, SLP, KCP, BRI Unit and KK;
13. Prepare Suspicious Transaction Report (STR) and other reports as stipulated in laws and regulations on the Prevention and Eradication of Crime of Money Laundering and Criminal Acts of Terrorism Financing, to be submitted to PPATK based on the approval of the Compliance Director of BRI :
14. Ensure that:
 - a) There is an adequate working mechanism of each KC, SLP, KCP, BRI Unit and KK to the Compliance Division of KP BRI by maintaining the confidentiality of information and anti tipping off; and
 - a) KC, SLP, KCP, BRI Units and Cash Offices perform functions and tasks in order to prepare potentially suspicious financial transactions before submitting to UKK Head Office BRI or an official responsible for the implementation of AML and CTF Program.
15. Evaluate and administer the results of monitoring and analysis of customer transactions to ensure the presence or absence of Suspicious Financial Transactions, Cash Financial Transactions and/ or Financial Transactions Fund Transfer from and Abroad;
16. Monitor, analyze, and recommend the training required by the AML and CTF Program for BRI employees; and
17. Serves as a contact person for authorized authorities related to the implementation of the AML and CTF Program (eg Bank Indonesia, Financial Services Authority, PPATK, and Law Enforcement Officials).

Socialization of AML CTF

In improving employees' understanding of the implementation of the AML CTF in BRI, the AMLCTF Manager conduct the following socialization:

1. In House Training to all Compliance Officers, Auditor representatives of BRI Inspection Offices throughout Indonesia and related Division by presenting speakers from external parties such as BNN, KPK and Densus 88.
2. Implementation of In House Training and onsite socialization to 19 (nineteen) BRI Regional Offices with participants of all representatives of Asistent Operations Manager (AMO) related to AML &CTF, STR and CTR WIC on Line application socialization and other supporting applications.
3. Implementation of e-learning with AML CTF material to 31,262 BRI employees.
4. Make AML CTF communication materials in the form of posters installed in all BRI work units.

AML CTF Implementation 2017

The implementation of AML and CTF Program is based on 5 (five) pillars, as follows:

1. Active supervision of the BOD and BOC:
 - a) Active supervision of the Board of Directors, as follows:
 - 1) Ensure that BRI has the policies and procedures of AML and CTF programs.
 - 2) Establish policies and procedures on the application of technical AML and CTF programs, such as the stipulation of Clients categorized as Politically Exposed Person (PEP) and the grouping of prospective Customers, Customers, and/ or Walk In

COMPLIANCE FUNCTION

Customers (WIC) based on the risk of the occurrence of Money Laundering and/ or Financing of Terrorism.

- 3) Propose policies and procedures that are strategic in the AML and CTF Program to the Board of Commissioners, such as changes to the organizational structure related to the implementation of AML and CTF programs;
- 4) Ensure that the implementation of the AML and CTF Program is implemented in accordance with established written policies and procedures as well as the development of support systems of the AML and CTF Program;
- 5) Provide recommendation to the President Director concerning the officer who will lead the Special Working Unit (UKK) or the official responsible for the implementation of AML and CTF Programs;
- 6) Establish the SME and/ or appoint officials responsible for AML and CTF Programs;
- 7) Monitoring the compliance of work units in implementing AML and CTF Programs;
- 8) Ensure that written policies and procedures concerning the application of AML and CTF Programs are in line with changes and development of products, services and technology in the financial services sector and in accordance with the development of money laundering and/ or terrorism financing modes;
- 9) Approval and/ or delegation of approval to officer of Compliance Division of KP BRI on Suspicious Transaction Report (STR), reporting obligation of AML Program and other CTF, and providing customer data information related to AML and CTF program to regulator;
- 10) Ensure that all employees, in particular employees of relevant work units and new staff, have regularly attended training related to the AML and CTF Programs.

The employee is an employee directly or indirectly related to the Client and/ or WIC, such as frontliner, marketing officer, officer responsible for AML and CTF program.

- b) The active supervision of the BOC, as follows:
 - 1) Approving the policies and procedures for the adoption of strategic AML and CTF Programs proposed by the Board of Directors;
 - 2) Overseeing the implementation of the Board of Directors' responsibilities for the implementation of AML and CTF Programs; and
 - 3) Ensure any discussion related to Money Laundering and / or Financing of Terrorism in the meetings of the Board of Directors and Board of Commissioners. Frequency of discussion carried out according to the needs and risk assessment of BRI.
2. Policy and Procedures for AML and CTF Program Implementation
 - a) Management of risk of Money Laundering and/ or Financing of Terrorism based on risk based approach related to Customer, country/ geographical area, product, service and transaction, and distribution channel;
 - b) Customer Due Diligence (CDD) and/ or Customer Advanced Test/ Enhanced Due Diligence (EDD) for prospective Customers, Customers, and Walk In Customers (WIC);
 - c) Closing of business relationship or rejection of transaction;
 - d) Maintaining accurate data related to transactions, administering CDD processes, and administering policies and procedures;
 - e) Updating and monitoring;
 - f) Reporting to senior officials, the Board of Directors and the Board of Commissioners regarding the implementation of policies and procedures for the implementation of AML and CTF programs;
 - g) Reporting to PPATK.
3. Internal Control
 - a) Availability of adequate internal policies, procedures and internal monitoring;



COMPLIANCE FUNCTION

- b) The existence of limitations of authority and responsibility of work units related to the application of AML and CTF; and
 - c) The examination is conducted independently to ensure the effectiveness of AML and CTF program implementation.
4. Management Information System (MIS)
 Application Support for AML and CTF Program Implementation
- a) Anti Money Laundering & Countering Financing System Of Terrorism (AML &CTF System), which is used to identify Suspicious Financial Transactions (TKM), Cash Transaction (TKT), Financial Transactions Fund Transfer From and Abroad (TKL).
 - b) Application of data provision for reporting Integrated Services User Information System (SIPESAT).
 - c) An account mutation application that provides transaction counterter information.
 - d) Profile and Walk In Customer profile recording applications (WIC).
 - e) Written application of Suspicious Transaction Report (STR) and Cash Transaction Report (CTR) WIC online.
 - f) Integrated customer financial data search application.
5. Human Data Resources (HR) and Training of Human Data Resources (HR)
- In order to prevent the use of BRI as a media or purpose of money laundering and terrorism financing, BRI is obliged to: Pre-employee screening at the time of receipt of new employees as part of the application of Know Your Employee (KYE).
- Trainings
- a) Training can be done electronically (online base) or through face-to-face meetings.
 - b) Electronic training (online base) may use e-learning media either provided by authorized authorities such as PPATK or provided by BRI.

Realization of AML and CTF Program Implementation related to Reporting to PPATK and Fulfillment of Data / Information Demand from Regulators / Law Enforcement Officials in 2017

1. Cash Transaction Report (CTR)

Reporting	2017
CTR by Customers	440,555
CTR by Walk In Customer	97

2. International Funds Transfer Instructions (IFTI):

Reporting	2017
Non SWIFT* Incoming	2,361,141
SWIFT Incoming	153,600
SWIFT Outgoing	41,330
Total	2,556,071

3. Suspicious Transaction Report (STR)

Reporting	2017
STR	901

4. Compliance of Financial Data Request from PPATK / Law Enforcement Official

Reporting	2017
TL Completion	
PPATK	381
KPK	180
BNN RI	11
Police	21
Densus 88	6
Attorney General	3
Office of RI	1
OJK	17
Ministry of Finance	2
BI	4
Tax	5
Total	624

COMPLIANCE FUNCTION

Evaluation and Implementation Plan of AML CTF 2018

Evaluation of AML CTF implementation

To ensure that the implementation of policies and procedures of AML and CTF programs has been implemented consistently in BRI Work Unit, AML CTF Manager has conducted self assessment to 665 BRI Units. Based on assessment results, some things that need to get follow up are:

- a. Application/ reporting development for high risk customer monitoring including PEP category customers.
- b. Development of unflagging features in AML applications for PEP customer monitoring.
- c. Updating of AML and CTF socialization materials.

Implementation of other Compliance Activities

During the period of 2017, there are other activities in carrying out the compliance function, including:

1. Prudent Principle Tests

In order to prevent deviations from prudential regulations in both credit and non-credit areas, the BRI's Director of Compliance has conducted Prudential Tests on Policy Plans, Decisions, and Agreements with third parties established by the Board of Directors.

2. Test Follow-up Monitoring

The continuation of the Prudential Testing Activities conducted to reassure that there are no irregularities in the follow-up of the policy plan and/or decisions that have been declared comply with the prudence principles.

3. External Policy Resume

The new policies and policy changes set by external regulators are forwarded or summarized. This activity is implemented as part of the policy socialization so that the external policy can be used as a reference by the relevant unit in its duty.

4. External Policies Impact Analysis

The analysis is conducted to determine the effect of external provisions to the current BRI internal policies while ensuring that the current internal BRI policies are in accordance with external provisions.

Types of Activity	2017	
	Credit	Non Credit
Prudent principle test	189	336
Monitoring	181	150
Policy Response	40	186
External Policy Resume & Continuation	43	59
External Policies Impact Analysis	35	21



COMPLIANCE FUNCTION

Compliance Unit Work Program 2018

The Compliance Unit is functioning as an independent unit reporting directly to the Director of Compliance, with the duties and responsibilities set forth in the Financial Services Authority Regulation No. 46/POJK.03/2017 dated 12 July 2017, on the Compliance Function in the Commercial Banks, at the same time is functioning as the management tools expected to contribute to supporting the Bank's prudent, sound, and transparent business and operations.

To achieve these targets, BRI's strategies in the compliance development are as follows:

1. Evaluate, develop, refine, and formulate the policy/provision/methodology/system of prudential principles testing procedures.
2. Manage GCG by assessing the GCG implementation either independently or by external parties.
3. Refine the AML and CTF management in the Work Unit and submit the reporting to external parties (INTRAC, KPK, the Police, the Attorney Office, BNN).
4. Prepare more effective and efficient compliance report with respect to the set timeline.

RISK MANAGEMENT

Risk management has a role in protecting capital and optimizing the return on risk. The wider scale of operations as well as increment of business volume has made BRI to adopt an integrated risk management pattern to identify, measure, monitor and control all risk exposures.

To grow as a leading bank, BRI expands its business through sustainable products and services innovation and supported by reliable digital technology and satellite network to optimize banking services to the country.

BRI implements consistent risk management process in every process of business and operational activities that turns BRI as a sound and sustainable bank.

Basic Implementation of Bank Risk Management

1. Regulation of the Financial Services Authority (POJK) No. 18 /POJK.03/2016 dated 22 March 2016 on the Application of Risk Management for Commercial Banks
2. Circular Letter of the Financial Services Authority (POJK) No.34/POJK.03/2016 dated 1 September 2016 on the Application of Risk Management for Commercial Banks
3. Regulation of the Financial Services Authority (POJK) No: 17/POJK.03/2014 dated 19 November 2014 on the Implementation of Integrated Risk Management for Financial Conglomeration
4. Circular Letter of Central Bank of Indonesia No. 13/23/DPNP dated 25 October 25, on Amendment to Circular Letter of Central Bank of Indonesia Number: 5/21/DPNP dated 29 September 2003 on the Application of Risk Management for Commercial Banks
5. Circular Letter of the Financial Services Authority No: 14/SEOJK.03/2015 dated 25 May 2015 on the Application of Integrated Risk Management for Financial Conglomeration.
6. Decree No.72 DIR/DMR/12/2016 dated December 29, 2016 regarding Risk Management General Policy of PT Bank Rakyat Indonesia, (Persero) Tbk.
7. Decree Nose: 04- DIR/DMR/03/2017 dated 12 March 2017 on the Bank's Rating Procedures of PT Bank Rakyat Indonesia (Persero) Tbk.

Establishment of Risk Management Policies and Procedures

1. BRI Risk Management General Policy (KUMR BRI) 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.
2. Guidelines on Implementation of Risk Management Implementation:
 - a. Guidelines on Operational Risk Management Implementation.
 - b. Guidelines on Credit Risk Management Implementation.
 - c. Guidelines on Market Risk Management Implementation.
 - d. Guidelines on Liquidity Risk Management Implementation.
 - e. Guidelines on Enterprise Risk Management Risk Management.

RISK MANAGEMENT SYSTEM

Risk Management Principles and Implementations

The integrated Risk Management system is implemented by 4 pillars as follows:

Pillar 1: Active supervision of the Board of Commissioners and Board of Directors

Supervision of the BOC

Is conducted through the Risk Management Monitoring Committee as set forth in the Charter of the Risk Management Monitoring Committee. The committee's duties include:

1. Periodically evaluate and analyze the adequacy of risk management policies.
2. Evaluate and analyze the risk profile report on a quarterly basis.
3. To supervise and evaluate the implementation of the Risk Management Committee and Risk Management Division.



RISK MANAGEMENT

In relation thereto, the Risk Management Monitoring Committee periodically holds meetings and provide recommendation for improvements submitted in the minutes. The meeting discussion the risk profile and implementation of risk management has been conducted 4 (four) times on February 16, 2016, March 29, 2016 August 09, 2016 and October 25, 2016

Supervision of the Board of Directors is conducted through:

1. Risk Management Committee shall be conducted at quarterly period and has been implemented during 2017 as follows:
 - a. RMC I dated March 10, 2017
 - b. RMC II dated June 2, 2017
 - c. RMC III dated August 28, 2017
 - d. RMC IV dated November 23, 2017
 - e. RMC Terintegrasi I tanggal 3 April 2017
 - f. RMC Terintegrasi II tanggal 28 September 2017
2. The ALCO Forum related with macroeconomic discussion as well as the condition and achievement of assets and liabilities held at least once a month or 12 times during the period of 2017
3. Business Performance Review (BPR) monitoring and evaluation activities on the achievement of BRI national performance, performance of all business units (Regional Offices and KCK and all Business Divisions of Head Office) and strategic work programs were held once a month to achieve performance of Directors, SEVPs, District Leaders, Inspectors, Division Heads. The implementation of the BPR during 2016 is as follows:
 - a. BPR for January period on 21 February 2017
 - b. BPR for February period on 21st March 2017
 - c. BPR for March period on 10 April 2017
 - d. BPR for April period on 15 May 2017
 - e. BPR for May period on 21 June 2017
 - f. BPR for June Period on 19 July 2017
 - g. BPR for July period on 21 August 2017
 - h. BPR for August period on 18 September 2017
 - i. BPR for September period on 25 October 2017

- j. BPR for October period on 20 November 2017.
- k. BPR for November period on 20 December 2017

Pillar 2 Adequacy of Procedures and Limit Setting Policy (SEBI 15/15)

The formulation of the Adequacy of Procedure and Limit Setting Policy is available and in line with the overall bank strategy and business objectives as set out in Circular Letter S. 18 - DIR / DMR / 07/2015 on the Risk Based Bank Rating of Bank Rakyat Indonesia (Persero) Tbk.

Pillar 3 Adequacy of Risk Management Information System

1. Risk Management Reporting

Risk Management Reporting to certain parties should at least consider the following matters:

 - a. The frequency of report submission is tailored to the needs of the interested parties so as to provide sufficient information for decision makers.
 - b. The report contains information on total risk exposure, monitoring of material risks, limit setting, compliance with policies and procedures, business performance achievement and implementation of risk management.
2. Risk Data Management

Risk data management is the management of data risk being used to ensure the level of availability, accuracy and timeliness of distribution of risk management information / report and interested parties to Risk management report.

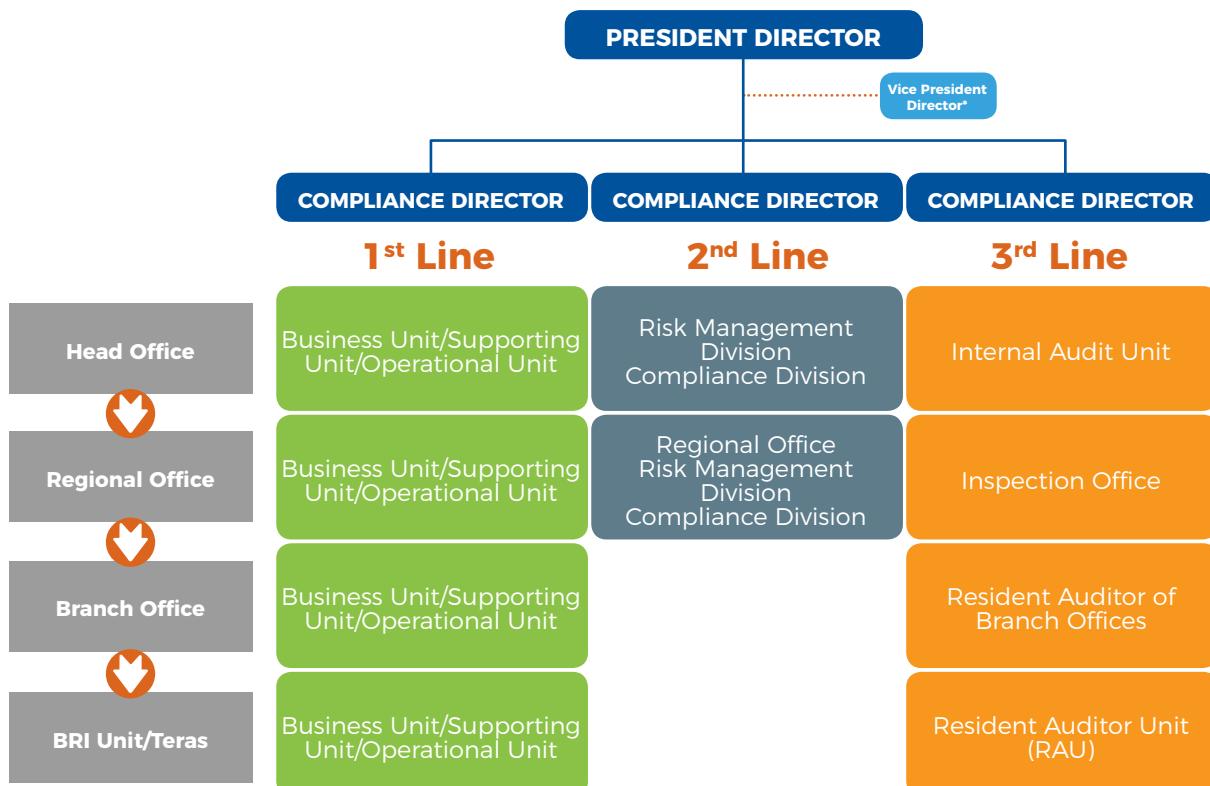
Information Systems include: BRINETS, DWH portal, Cognos, Dashboard of Risk Profile (bank wide), Liquidity Risk Profile Dashboard, Market Risk Profile Dashboard and Risk Profile Dashboard Per Office Area and others.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

RISK MANAGEMENT

Pillar 4 Internal Control System

BRI internal control system is implemented with Three Line of Defense concept, with the following details:



*) effective up to 18 October 2017

Effectiveness of Information System Implementation

The overview regarding the effectiveness of Information System Implementation includes:

1. The availability of accurate, complete, informative, timely and reliable information to be utilized by the Board of Commissioners, Board of Directors and related working units in the implementation of Risk Management to assess, monitor and mitigate overall as well as each type of risk as encountered by BRI.
2. The effectiveness of Risk Management implementation includes policies, procedures and risk limits.
3. Availability of information on the outcome (realization) of Risk Management implementation compared to the target set by BRI is in accordance with the risk management implementation policy and strategy.

Establishment of Risk Management Policies and Procedures

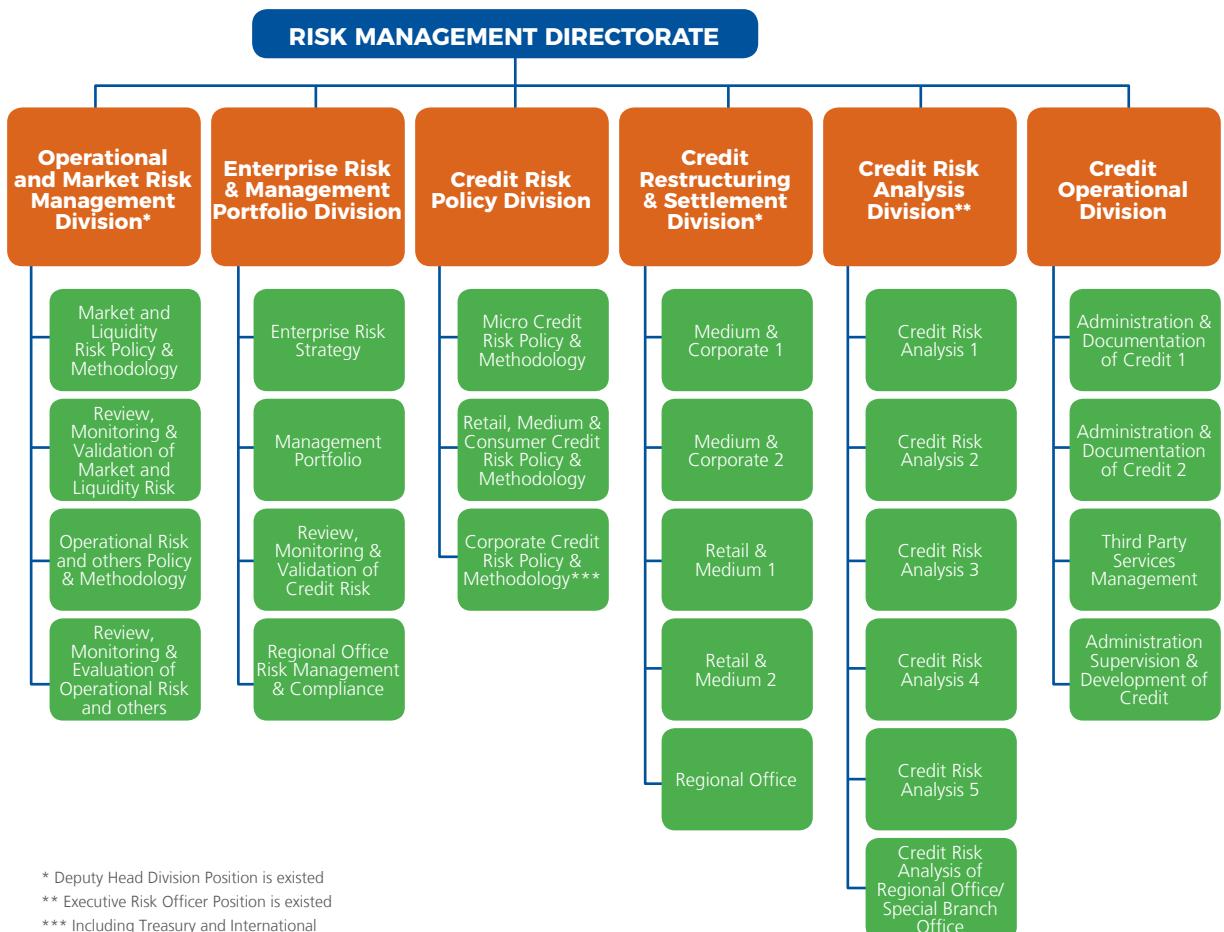
1. BRI Risk Management General Policy (KUMR BRI) is the highest rule in the implementation of risk management in all individually or integrated business activities of BRI- SK Nokep: 72-DIR/DMR/12/2016 on Risk Management General Policy PT Bank Rakyat Indonesia (Persero) Tbk.
2. Guideline on the Implementation of Risk Management
 - a. Guideline on the Implementation of Operational Risk Management.
 - b. Guideline on the Implementation of Credit Risk Management
 - c. Guideline on the Implementation of Market Risk Management.
 - d. Guideline on the Implementation of Liquidity Risk Management
 - e. Guideline on the Implementation of Enterprise Risk Management.



RISK MANAGEMENT

Risk management function Organization structure

In 2017, the structure of Risk Management Function is under the Director of Compliance as per following details:



Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

RISK MANAGEMENT

Profile of Risk Management Division Head



Born in Makasar on 9 January 1964, graduated from Sekolah Tinggi Ilmu Ekonomi Indonesia (STIESIA) Surabaya in 1989 and Magister Management University of Indonesia (MMUI) in 2003.

Professional Background:

1. Senior Risk Manager, Risk Management Division of BRI
2. Head of Risk Management at Regional Office Jakarta 1
3. Head of Enterprise Risk Management, Market and Liquidity Risk, Risk Management Division of BRI
4. Head of Financial Statement, Management and Finance Accounting Division.
5. Deputy Head of Management and Finance Accounting Division of BRI
6. Deputy Head of Risk Management Division

Currently serves as Head of Enterprise Risk and Portfolio Management of BRI.

Sandra Chalik
Division Head of
Enterprise Risk &
Management Portfolio
Division

Trainings:

1. Asset Liability Management & Capital Adequacy, Euromoney Singapore
2. Using Interest Rate Derivative & Forex Option, Euromoney Singapore
3. Financial Modeling For Corporate Budgeting, Jakarta
4. Managing Liquidity Risk and Stress Testing Simulation, Jakarta
5. Measurement of Operational Risk Capital Burden, Jakarta
6. Fundamental of Market Risk Management at Bank, Euromoney Singapore
7. Risk Based Bank Rating (RBBR) "Challenges for Banking to Address the Global Crisis, Jakarta"
8. Implementing an Integrated Governance, Risk Management and Compliance (GRC) Framework for Financial Services Industry, Jakarta
9. Living Wills, Planning for Bank Recovery and Resolution, Jakarta

Certifications:

1. Risk Management Level 1 and level 2 at Risk Management Certification Agency
2. Risk Management Level 3 and level 4 at Indonesian Banking Profession Certification Institution



RISK MANAGEMENT



Heri Supriyadi
Division Head of
Operational & Market
Risk

Born in Purbalingga on October 10, 1965, graduated from the Faculty of Animal Husbandry, Jendral Soedirman University and obtained Master degree in Management from Gadjah Mada University, and MBA from Gatton Collage of Business and Economic, University of Kentucky. He served as Division Head of Enterprise & Portfolio Risk Management of BRI since 1 July 2017. He previously served as Deputy Division Head of Credit Risk since March 1, 2016.

Professional Background:

1. Head of Operational Risk Management Methodology
2. BRI Branch Manager
3. Deputy of Head Regional, BRI Denpasar
4. Deputy Head of Risk Management Division of BRI
5. Head of Operational & Market Risk Division of BRI

Trainings:

1. Integration of GRC – Governance Risk Management Compliance, International Public Course by CRMS, New Zealand.
2. Refocusing on Credit Risk Management, Credit Risk Model, Pricing and Being Prepared for Upcoming Regulations. Risk Management Certification Refresher Program by BARa. Jakarta
3. Market Innovation for Sustainable Finance: 2016 International Sustainable Finance Forum by OJK and IFC. Denpasar
4. Developing and Applying an Integrated Stress Testing Framework. Seminar by KPMG and SAS Institute. Jakarta
5. Crisis Management. Public Course. Held by IBN International. Jakarta
6. A Symbiotic Relationship to Achieve the Effective Risk Management. Internal Audit and Risk Management Seminar. Held by IBI, IAIB and BARa

Certifications

1. Risk Management Level 1 and 2 by BSMR
2. Risk Management Level 3 and 4 by LSPP
3. Assessor BRI for Employees Competency

RISK MANAGEMENT

Born in Malang, on May 22, 1962, obtained Bachelor degree in Law Faculty at Brawijaya University and Master Degree in Agribusiness Management at Bogor Agricultural University. Serves as Head of Credit Policy Division of BRI since 1 July 2017. Previously served as Head of Credit Administration Division since 1 April 2017 until 30 June 2017.

Professional Background:

1. Division Head of Medium Credit Settlement RPK BRI.
2. Division Head of Medium Credit Restructuring & Settlement Group 2 RPK BRI.
3. Deputy Regional Head of BRI Manado.
4. Deputy Regional Head of BRI Semarang.
5. Deputy Division Head of RPK BRI.
6. Division Head of PKO BRI.
7. Regional Head of BRI Malang.

**Rachmad Guntur
 Kristianto**

**Division Head of Credit
 Risk Policy**

Trainings:

1. Treasury Course organized by Pusdiklat BRI.
2. Workshop Essentials of Trade Finance Law in Hongkong.
3. Matrix & Help Session Risk Management Level 3.
4. Leading the Organization in Transforming Industry; Guiding the Organization in Transforming Industry at BRI Corp.
5. LHC Enhancement of Leadership Material for Head Office Divisions.
6. Short Course of Risk Management in Netherland.
7. Benchmark of Agribusiness in New Zealand & Australia.
8. Non Performing Loans Treatment at JW Marriot Hotel.

Certifications:

Risk Management Level 3.

Duties and Responsibilities of the Risk Management Function

Risk management is performed on all activities of the bank by referring to the provisions of management standards as established by the regulator. The risk management implementation process, which involves identification, measurement, monitoring and risk control is continuously carried out by the three line of defense, which is the entire risk taking unit as the first line, compliance and risk management unit as the second line and internal audit unit as the third line. The result of risk profile assessment in the fourth quarter of 2017, the risk profile of BRI is at the low to moderate level, indicating that the bank is able to maintain the level of risk management in line with the development of business and bank competition in Indonesia.

Duties and Responsibilities

8. Prepare the enterprise risk management methodologies and integrated risk management.
9. Prepare and analyze the risk profile, bank soundness, capital adequacy, credit risk rating & scoring as well as validation of credit risk methodology.
10. Prepare and analyze the portfolio of guideline, sustainability finance, risk based pricing, risk performance management and stress testing.
11. Compile, refine and implement policies/ provisions/ procedures and methodologies of risk management process (identification, measurement, monitoring and control including data validation, risk management strategies, risk profiles, stress testing and risk monitoring (market risk, liquidity risk, and other risks) Business Continuity Management (BCM).
12. Assess the adequacy of risk management of new product and or asset as proposed by work unit.



RISK MANAGEMENT

Competency Development and Education in Risk Management

Education/Competence Development

Education and Competency development programs during 2017 are as follows::

1. Introduction to Risk Management and Risk Management Tools
2. In House Training SQL
3. Environmental Analysis Training from OJK
4. Risk Management Certification
5. Public Course Risk Management and Risk Management Division of the Regional Office

Risk Management Certifications

Implementation of Certification and Executives that have obtained risk management certification at BRI in 2017 are as follows:

No	Position	Level	Participant
1	Officers	1	20
2	Managers	1	218
		1	41
3	AVP	2	1
		3	2
4	VP	1	1
		3	11
5	EVP	4	3
Total Participants			297

RISK TYPES AND ITS MITIGATIONS

BRI manages 10 Risks within its Financial Conglomeration, as follows:

CREDIT RISK

Credit risk is a risk due to failure of the debtor and /or other party (counterparty) in fulfilling obligations to the Bank. Credit Risk can be sourced from various business activities of the bank.

Risk Mitigation

Pillar 1 Active Supervision of the Board of Commissioners and Board of Directors

- a. A credit decision process above a certain nominal value shall go through the Credit Committee of the Board of Directors and requires consultation with the Board of Commissioners.
- b. Follow-up monitoring by the Board of Commissioners and the Board of Directors in any exceeded risk threshold.
- c. Implementation of a quarterly RMC forum that addresses strategic issues related to corporate risk management
- d. Report on monthly risk profile of the Risk Management Unit to the Board of Directors.

Pillar 2 Adequacy of Policy, Procedures and Threshold Stipulation

- a. Target Market Conditions
- b. Determination of risk threshold on corporate level (risk appetite statement) on NPL, and NPL Coverage
- c. Terms of tiered PDWK

Pillar 3 Risk Management Process and Risk Management Information System

- a. **Identification** of credit risk is conducted by using Credit Risk Rating (CRR) and Credit Risk Scoring (CRS) system since 2001. The internal rating (Credit Risk Rating / Credit Risk Scoring) used in BRI is currently prepared based on empirical / historical data from existing debtors BRI by using a statistical methodology. This internal rating is reviewed periodically towards the accuracy of the model and assumptions being used to forecast failures, and adjusted assumptions in the event of changes to both external and regulatory provisions. In order to overcome the weaknesses that may arise on the use of the internal rating model, validation has been made by an independent work unit on the work unit applying the model. The process of validation or review of credit risk measurement model is done by back testing method.

RISK MANAGEMENT

- b. Measurement** of credit risk is carried out by internal model by using standard method by calculating probability of default and loss given default for each business segment based on the shift of credit collectibility. Currently, BRI is also in the process of developing Internal Ratings Based Approach (IRBA). In addition, a series of Stress Test is also performed to measure the potential for maximum loss in case of stress conditions. Stress tests are conducted based on several hypotheses and assumptions, among others: economic growth, inflation, world oil prices and changes in the rupiah exchange rate.
- c. Monitoring** of credit risk is carried out through the process of monitoring the credit portfolio which is the responsibility of the credit administration work unit at the head office. Portfolio monitoring is conducted on the basis of credit quality, economic sector, credit utilization, initiator's work geography, and so forth. Monitoring is also performed to limit credit risk, among others: NPL, SML, Loan at Risk composition, Credit Cost, NPL Coverage ratio, PH, Recovery income, and Recovery Rate.
- d. Control** of credit risk is conducted through:
 - 1) Credit decisions shall take into account the aspect of the Collateral analysis, in which shall comply with the minimum loan to value or minimum coverage requirement of the loan.
 - 2) Credit quality improvement procedures through restructurization.
 - 3) Procedures to minimize credit risk loss through credit settlement and billing optimization.
 - 4) The procedure for write-offs of non-performing loans.

Pillar 4 Internal Control System

- a. Four Eyes Principles: separation of credit initiation functions with breakers
- b. Separation of work unit of loan initiator (business) with credit risk analysis unit for Corporate segment.
- c. Use of Loan Approval System (LAS) application which includes credit risk identification through CRR and CRS calculation as well as credit decision that has been in accordance with PDWK stages

- d. Allowance for impairment losses determination is automatically based on the internal model to calculate the adequacy of credit risk reserve based on loan portfolio per segment.
- e. Integration between exceeding credit risk thresholds by appraisal of business and individual work units.

MARKET RISK

Market risk is a risk from the movement of market variables (adverse movement) of portfolio owned by the Bank, which may impair the Bank. Market variables in this instance are interest rates and exchange rates.

Risk Mitigation

Pillar 1 Active Supervision of Board of Commissioners and Board of Directors

- a. Follow-up monitoring by the Board of Commissioners and the Board of Directors in the event of exceeding the risk threshold.
- b. Implementation of quarterly RMC forum, discussing strategic issues related to corporate risk management.
- c. Monthly report on risk profile of the Risk Management Unit to the Board of Directors.

Pillar 2 Adequacy of Policy, Procedures and Threshold Stipulation

Market risk policies, procedures and thresholds have been developed and accommodated in the Treasury Policy as well as on the Application of Market Risk Management (KUMR and P3MRP) Policy. The thresholds stated in the policy, among others are open position threshold for trading, dealer threshold, threshold of cut loss and stop loss, uncommitted credit line threshold, counterparty threshold, and Value at Risk (VaR) threshold.

Pillar 3 Risk Management Process and Risk Management Information System

- a. Identification
 - 1) Interest Rate Risk Calculation by standardized method is applied to the position of all financial instruments of BRI which are classified as Trading Book being exposed to Interest Rate Risk and Calculation of Exchange Rate Risk by standardized method as applied to BRI foreign exchange position in Trading Book and Banking Book being exposed to Exchange Rate Risk.



RISK MANAGEMENT

- 2) Risk factors which is calculated in the interest rate risk in standardized methods are as follows:
 - a) Specific Risk from any securities or financial instrument, regardless the long or short position. Therefore, the offset process is not possible unless the position is identical;
 - b) General Risks (General Market Risk) from the entire portfolio, whereby the long or short position in different securities or instruments can be deleted.
 - 3) The market value of securities which are used in the calculation of Specific Risk and General Risk is the dirty price, namely the market value of securities (clean price) adding with the present value of the accrued interest. The present value of the accrued interest can not be calculated based on the term of coupon payment, the present value does not make a material difference. The calculation of exchange rate risk is applied to all BRI positions both Trading Book and Banking Book in foreign currency including gold, by referring to the calculation of Net Open Position (NOP). The position of an instrument with foreign currency denomination, may also trigger the Interest Rate Risk (e.g for cross-currency swaps instruments) other than the Exchange Rate Risk. In such event, the interest rate risk exposure must also be taken into account.
- The calculated portfolio coverage in the Minimum Capital Adequacy Requirement (CAR) shall include but not limited to:
- 1) Positions held for resale in the short term.
 - 2) Positions held for the purpose of obtaining short-term gains from price movements in actual and or potential.
 - 3) Position held for the purpose of maintaining arbitrage profits (locking in arbitrage profit).
- 4) Derivative instruments related to securities or interest rates, including Bond Forward, Bond Option, Interest Rate Swap, Cross Currency Swaps, Foreign Exchange Forward, Interest Rate Options, and Forward Rate Agreements / FRAs.
 - 5) All debt securities with fixed or floating interest rates, and all financial instruments with similar characteristics, including Negotiable Certificates of Deposits and securities sold by BRI on a repurchase basis (Repo / Securities Lending).
 - 6) Foreign exchange position of BRI in trading book and banking book exposed to exchange rate risk.
- b. Measurement
- 1) Interest Rate Risk Calculation by standardized method is applied to the position of all financial instruments of BRI which is classified as Trading Book being exposed to Interest Rate Risk and Calculation of Exchange Rate Risk by standard method as applied to BRI foreign exchange position in Trading Book and exposed Banking Book to Exchange Rate Risk.
 - 2) Periodic market risk measurement (daily, weekly and monthly) amongst others calculating market risk by using standardized measurement method and internal model (VaR) measurement through GUAVA application, performing NII simulation in every changes of market interest rate and setting the profile of securities maturity.
 - 3) The valuation of trading book and banking book portfolio is done by using quoted market prices from actively traded instruments (mark to market). The market price reflects fair actual and routine transactions. Valuation result based on market value (mark to market) are periodically validated to ensure consistency and fairness of used the market price. If the market price is not available because the instrument is not actively traded then the valuation of fair value determination uses a price-to-model approach.

RISK MANAGEMENT

c. Monitoring and Control

In conducting market risk management, the Board of Directors regularly evaluates market risk through Daily Net Open Position, Asset & Liability Committee (ALCO), and market risk exposure report in Market Risk Profile. In addition, BRI also held Market Risk Management Committee forum every quarter.

Pillar 4 Internal Control System

a. Segregation of front, middle and back office functions.

BRI's market risk management function consists of front office unit (Treasury Division), middle office (Risk Management Division), and back office (Division of Sentra Operations) with different authority.

- 1) The front office is authorized to conduct financial instrument transactions and responsible to monitor market price movements.
- 2) The middle office sets and monitors market risk limits and periodically ensure market data being used for mark-to-market (MTM).
- 3) The back office settle treasury transactions and on daily basis set the market price (MTM) by end of the day. The implementation of the delegation of authority is manifested through the stipulation of transaction limits in stages in accordance with competence and experience.

b. Integrated market risk control system with front office function.

c. BRI has implemented a treasury and market risk (GUAVA) application system which is an integrated system used by front office, middle office and back office functions. Through this application, BRI can conduct an integrated market risk measurement with daily transaction process. In addition to monitor the instrument risk exposure, BRI also monitors market risk thresholds and transaction thresholds including dealer transaction thresholds, thresholds on open position, Uncommitted Credit Line (UCL) thresholds, cut loss thresholds and stop loss thresholds. The

monitoring is done on a daily basis so as to accelerate the provision of an up-to-date information that supports updated and timely that support the decision making process by management officials, in particular to instruments classified to trading.

d. Integration between exceeding market risk thresholds and business unit performance appraisals..

LIQUIDITY RISK

This represents a risk in which among others is caused by the Bank being unable to meet its maturity obligations.

Risk Mitigation

Pillar 1 Active Supervision of Board of Commissioners and Board of Directors

- a. Implementation of ALCO mini ad-hoc meetings and weekly Board of Directors meetings when market liquidity or BRI conditions are moderately tight.
- b. Follow-up monitoring by the Board of Commissioners and the Board of Directors in the event of exceeding the risk threshold
- c. Implementation of quarterly RMC forums discussing strategic issues related to corporate risk management.
- d. Monthly report on risk profile of Risk Management Unit to the Board of Directors.

Pillar 2 Adequacy of Policy, Procedures and Threshold Stipulation

Determination of Liquidity Risk thresholds by referring to the Guidance on the Implementation of BRI Liquidity Risk Management by taking into accounts Risk Appetite & Risk Tolerance of the Board of Directors of BRI. The thresholds set are as follows:

1. Primary Reserve Ratio Threshold
2. Asset and Liability Concentration Threshold
3. Vulnerability to Funding Needs
4. Risk Appetite of BRI

Pillar 3 Risk Management Process and Risk Management Information System

- a. Identification, Measurement and Risk monitoring through daily liquidity profile dashboard.
- b. Risk control through the liquidity contingency plan protocol.



RISK MANAGEMENT

Pillar 4 Internal Control System

- a. Monitoring system of daily liquidity position
- b. Daily Liquidity Coverage Ratio monitoring system
- c. Integration between exceeding liquidity risk limit and performance evaluation.

OPERATIONAL RISK

Represent a risk that among others caused by inadequacy or malfunction of internal processes, human error, system failure, or the existence of external problems that affect the Bank's operations.

Risk Mitigation

Pillar 1 Active Supervision of Board of Commissioners and Board of Directors

- a. Follow-up monitoring by the Board of Commissioners and the Board of Directors in the event of exceeded risk threshold.
- b. The implementation of quarterly RMC forum discussing strategic issues related to corporate risk management and the implementation of ORMC (Operational Risk Management Committee) which is held when necessary (incidental) and discuss the risk issues based on operational risk and other risk assessment issues as well as the updated events on loss including the effectiveness of control on business process and operation.

Pillar 2 Adequacy of Policy, Procedures and Threshold Stipulation

- f. Threshold approval for grouped transactions
- g. Parameters and threshold of operational risk profile and others.

Pillar 3 Risk Management Process and Risk Management Information System

- a. **Identification** of operational risk is conducted through qualitative and predictive RCSA tools being used to identify and measure risk by using the impact and frequency dimension (likelihood).
- b. **Measurement** of operational risk is performed by utilizing the Basic Indicator Approach (BIA) methodology. Currently, BRI is gradually preparing the calculation by Standardized Approach (SA) method, which then proceed with Advanced Measurement Approach (AMA) method.

- c. **Monitoring** of risk profile is carried out through the Main Risk Indicator (IRU) tool, based on the assessment of risk profile and operational loss data managed through Incident Management (MI).

- d. **Control** of risk through:

- 1) New Product and Activity assessment procedures for each new product or service must be reviewed by the Risk Management Unit and the Compliance Unit as well as the Legal Unit (if required) before being registered to the regulator.
- 2) Protocol Business Continuity Management for catastrophic events. In this regard, BRI has a Crisis Management Team (TMK) that plays an important role in the event of disruption or disaster as well as responsible for taking the necessary steps including the management of reputation risk. TMK structure is established in all work units of BRI namely TMK Head Office, TMK Regional Office, TMK Branch Office. A strategic aspect should be taken into account in managing reputation risk during a crisis is to maintain the customers trust, stakeholders, and the surrounding community towards BRI reputation.

Pillar 4 Internal Control System

- a. Separation of Maker-Checker-Signer functionality in banking operational activities, where approval of most operational processes have been embedded in Core Banking, Asset Management and HR MIS systems.
- b. Complaint Handling procedures with certain SLAs
- c. Implementation of SOP (Standard Operational Procedure) related to APU and PPT to protect BRI from the objective of money laundering and terrorism crime. As well as the existence of AML (anti money laundering) system to monitor suspicious transactions (CTR and STR).
- d. Integration between exceeding operational risk, legal, strategic and compliance limits with performance assessments of business and individual work units.

RISK MANAGEMENT

LEGAL RISK

Represent a risk that caused by the weakness of juridical aspect. The weakness of the juridical aspect, among others, is caused by lawsuits, lack of supporting regulation or agreement weaknesses such as failure to fulfill the terms of legal contract and imperfect attachment.

Risk Mitigation

Pillar 1 Active Supervision of Board of Commissioners and Board of Directors

Discussions on material legal cases, legal risk management and follow-up are discussed in the RMC, KPMR Meetings, and Audit Committee Meetings.

Pillar 2 Adequacy of Policy, Procedures and Threshold Stipulation

- The legal guidelines are prepared by the Legal Division of Head Office and socialized throughout the Operating Units.
- Distribution of legal advocacy authority within the Legal Division of the Head Office and Legal Officer at the Regional Office.

Pillar 3 Risk Management Process and Risk Management Information System

- Any transaction process or new products and activities with potential legal risks are first reviewed by the Legal Division.
- Legal Risk Monitoring of all Operating Units in Indonesia is conducted by Legal Officers in Regional Offices through reporting mechanism and legal cases.documentation.
- Legal Officer in Regional Offices and Head Office will conduct legal assistance in accordance with their authority in case of legal case in Operating Unit.

Pillar 4 Internal Control System

The Legal Division actively socializes the criminal mode of operation and its legal handling procedures to minimize legal risks in the Operating Unit.

STRATEGIC RISK

Represent a risk in which among others caused by improper determination and implementation of Bank strategy, improper business decision making or lack of responsiveness of the Bank to external changes.

Risk Mitigation

Pillar 1 Active Supervision of Board of Commissioners and Board of Directors

Discussions on strategic planning, monitoring of target achievement and strategy evaluation are discussed in the Board of Commissioners' Joint Meeting with the Board of Directors at the time of discussion on Bank Business Plan approval, Work & Budget Plan approval, and quarterly financial performance discussions.

The material of the strategy forum held annually to support the strategy formulation process is also discussed in the Board of Directors forum. In addition, the Board of Directors' committees meeting such as ALCO also discuss the achievement and performance of financial performance achievement.

Pillar 2 Adequacy of Policy, Procedures and Threshold Stipulation

The planning, monitoring and evaluation process of corporate strategy is contained in DUJ and BPO Division of Corporate Development and Strategy and Division of Accounting and Financial Management.

Pillar 3 Risk Management Process and Risk Management Information System

- Implementation of Joint Planning session at the time of Bank Business Plan preparation in the discussion of business strategy and work plan of each Division Unit in Head Office.
- Convene the Alignment Workshop on strategic work program plan between Work Unit in Head Office to achieve the Work & Budget Plan and Bank Business Plan target.
- Implementation of BRI Performance Management with Balanced Scorecard approach, through determination of Key Performance Indicator (KPI) with the principle of vertical and horizontal synergy.



RISK MANAGEMENT

- d. Monitoring the Company's Strategic Initiatives by the Change Management Unit. Strategic Initiatives in question is a non-routine work program that is very strategic and critical, which must be done so that a target unit of work can be achieved.
- e. Establishment of a Corporate Plan Team in preparing the BRI's Long-Term Plan for the Period of 2018-2022.
- f. At the Regional Office level, BRI has an Operational, Network, Services & Performance Management Division that monitors the achievement of business targets in its working area.
- g. Monitoring and review on the performance achievement targets that have been established in the Work & Budget Plan, Bank Business Plan and CPR are conducted at corporate level by the Corporate Development and Strategy Division on a regular basis. A review was also conducted on the achievement of work programs (Functional Work Plan – RKF) of a Unit in Head Office conducted to achieve the performance targets of the Budget Work Plan.

Pillar 4 Internal Control System

Alignment on acceleration of work program for work unit on any delay realization of work program. The alignment and acceleration of the work program is monitored by the Corporate Development and Strategy Division.

REPUTATION RISK

This represents a risk caused by among others the negative publicity related to the Bank's business activities or negative perceptions of the Bank.

Risk Mitigation

Pillar 1 Active Supervision of Board of Commissioners and Board of Directors

Discussion on reputation risk profile and reputation risk management and as well as follow up are conducted in RMC, and RMOC Meetings.

Pillar 2 Adequacy of Policy, Procedures and Threshold Stipulation

In order to control the reputation risk, the Corporate Secretary Division is appointed to handle any negative information. The reputation risk management process is contained in both DUJ and BPO Divisions of the Corporate Secretariat.

Pillar 3 Risk Management Process and Risk Management Information System

- a. Periodic identification of reputation risk conducted by the Corporate Secretary Division by looking at the number of negative reports on BRI, the number of customer complaints in print and electronic media, call center and company rating.
- b. The measurement of reputation risk aims to estimate the vulnerability of reputation risks encountered by BRI. Such measurement will then conducted to assess the reputation risk category by using parameters in accordance with limit within the Reputation Risk Profile Report.
- c. Risk monitoring conducted by the Corporate Secretary Division is by regularly monitoring the number of complaints and negative news coverage in the mass media and reporting in reputation risk profile.
- d. Reputation risk monitoring in Regional Offices is conducted by the OJL Sie Service Division of each Branch Office by periodic monitoring on the quality of services in Branch Office, Sub Branch Office and BRI of the respective units, for each year as well as quarterly reporting on compilation report of customer complaints handling on LKPBU.
- e. BRI's reputation risk control, among others, by the existence of the SE on the Information Services and Management policy, and the Corporate Secretary Division exercises risk control in coordination with the relevant Services and Oversight Division to resolve negative reports and customer complaints in accordance with the established SLA.

Pillar 4 Internal Control System

The Compliance Division actively socializes the impact on new regulations on business and company operations.

COMPLIANCE RISK

Risks caused by non-compliance of prevailing laws and regulations by the Bank. Compliance risk management is conducted through consistent implementation of internal control system.

RISK MANAGEMENT

Risk Mitigation

Pillar 1 Active Supervision of Board of Commissioners and Board of Directors

Discussion on compliance risk profile and compliance risk management as well as its follow up are held in RMC, and RMOC Meetings.

Pillar 2 Adequacy of Policy, Procedures and Threshold Stipulation

- The compliance risk management process is stipulated in the DUJ or BPO of the Compliance Unit.
- Establishment of a Special Unit at both the Branch Office and at the Head Office to coordinate the management of compliance risks, especially those related to AML and CTF programs
- Compliance risk management becomes part of the duties and responsibilities of the Risk Management Function that coordinate the implementation of Risk Management for 8 types of risk including compliance risk.

Pillar 3 Risk Management Process and Risk Management Information System

- Identification of compliance risk is done through a compliance risk profile report which is submitted by each Work Unit to the Compliance Division
- Any new transaction or product process and activities with potential compliance risks are first reviewed by the Compliance Division.
- Compliance monitoring towards latest regulations is the responsibility of the Compliance Unit. Any regulatory changes, such as Laws, Ministry Regulations, POJKs and PBIs are reviewed by the Compliance Division and assessed for impact on the company.

Pillar 4 Internal Control System

- The Compliance Risk Management process is supported by adequate Information System to identify and monitor lawsuits for money laundering and terrorism-related financing. These systems include Anti Money Laundering system and Cash Transaction Report reporting system and Suspicious Transaction Report attached to Core Banking.
- The Compliance Division actively socializes the impact on new regulations on business and company operations.

INTRA GROUP TRANSACTIONS RISK

Represent a risk due to directly or indirectly dependence of an entity towards other entities within a financial conglomerate on mandatory fulfillment of written or unwritten agreement followed by the transfer of funds and / or not followed by the transfer of funds.

Risk Mitigation

Pillar 1 Active Supervision of Board of Commissioners and Board of Directors

- Compliance Director of BRI as Director responsible for Integrated Risk Management function for the Financial Conglomerate of BRI.
- The Board of Directors of BRI established an Integrated Risk Management Committee and has held an Integrated RMC Forum to discuss Intra-Group Risk and Intra-Group Risk Policy in BRI's Financial Conglomerate
- The Board of Commissioners of Main Entity is responsible for the effective implementation of Integrated Risk Management and is responsible to:
 - Direct, approve and evaluate the Integrated Risk Management policy.
 - Periodically evaluate and provide direction for improvements to the implementation of the Integrated Risk Management Policy.
- The Integrated Risk Management Unit has held a regular forum with Subsidiaries to discuss the Intra-Group Risk Profile.

Pillar 2 Adequacy of Policy, Procedures and Threshold Stipulation

Policies set out on the Integrated Risk Management are as follows:

- Decree No: DIR 313-DIR/DMR/06/2015 dated June 30, 2016 on Integrated Risk Management Policy of PT Bank Rakyat Indonesia Tbk and Subsidiaries.
- Circular Letter S.18-DIR/DMR/07/2015 on Risk Based Bank Rating Guidelines for PT Bank Rakyat Indonesia Tbk dated July 24, 2015 which governs Intra-Group Risk Profile and Integrated Governance
- Decree of Risk Management Committe Intergrated Nokep: 137-DIR/DMR/12/2016 dated December 30, 2016.



RISK MANAGEMENT

Pillar 3 Risk Management Process and Risk Management Information System

- a. Quantitative and qualitative Identification of Integrated Intra-Group Risk conducted by Integrated Risk Management Unit with significant effect on the condition of BRI's Financial Conglomeration.
- b. Intra-Group Inherent Risk Measurement and Quality of Implementation of Intra-Group Risk Management through Integrated Risk Profile Report
- c. Risk Monitoring and Control through the periodic Company's Annual Risk Profile Discussion Forum to discuss Risk Issue of Intra-Group Risk and its follow-up plan
- d. Intra-group transaction risk management process is adequate. In the framework of controlling the risk of intra-group transactions, the Investment Service Division has been appointed as a working unit that manages the subsidiaries.

Pillar 4 Internal Control System

- a. The effectiveness of the Intra-Group Risk Culture on BRI's Financial Conglomeration.
- b. Implementation of independent review on the quality of Intra-Group Risk Management by Internal Audit Unit is conducted periodically at least once a year.

INSURANCE RISK

Represent a risk due to failure of the insurance company to meet obligations to policy holders as a result of insufficiency of risk selection (underwriting) process, pricing, reinsurance, and / or claim handling.

Risk Mitigation

Pillar 1 Active Supervision of Board of Commissioners and Board of Directors

- a. Compliance Director of BRI as Director in charge of the Integrated Risk Management function for the Financial Conglomeration of BRI.
- b. The Board of Directors of BRI established Risk Management Integrated Committee and has held an Integrated RMC Forum to discuss Insurance Risk and Insurance Risk policy in the Financial Conglomeration of BRI.

- c. The Board of Commissioners of Main Entity is responsible for the effective implementation of Integrated Risk Management and is responsible for:
 - 1) Direct, approve and evaluate integrated risk management policies.
 - 2) Evaluate and provide direction for improvements to the implementation of the Integrated Risk Management Policy on a regular basis.
- d. The Integrated Risk Management Unit has regularly organized a forum with the Subsidiaries to discuss the Insurance Risk Profile.

Pillar 2 Adequacy of Policy, Procedures and Threshold Stipulation

Policies set on the Integrated Risk Management are as follows:

- a. Decree: DIR 313-DIR/DMR/06/2015 dated June 30, 2016 on Integrated Risk Management Policy of PT Bank Rakyat Indonesia Tbk and Subsidiaries.
- b. Circular Letter S.18-DIR/DMR/07/2015 concerning Risk Based Bank Rating Guidelines for PT Bank Rakyat Indonesia Tbk dated July 24, 2015, which sets the Integrated Risk Profile of Insurance and Integrated Governance.
- c. Decree of Intergrated Risk Management Comitte No: 137-DIR/DMR/12/2016 dated December 30, 2016.

Pillar 3 Risk Management Process and Risk Management Information System

- a. Integrated Insurance Risk Identification conducted by Integrated Risk Management Unit, both quantitative and qualitative which have significant effect on BRI's Financial Conglomeration condition.
- b. Measurement of Insurance Inherent Risk and Quality of Insurance Risk Management Implementation through Integrated Risk Profile Report.
- c. Risk Monitoring and Control through the Bank's Risk Profile Discussion Forum regularly held to discuss Risk Issue of Insurance Risk and its follow-up plan.

RISK MANAGEMENT

Pillar 4 Internal Control System

- a. Cultural Awareness Effectiveness of Insurance Risks at BRI's Financial Conglomeration.
- b. Implementation of independent review on the Quality of Implementation of Insurance Risk Management by the Internal Audit Unit shall be conducted periodically at least annually.

Risk Awareness Culture has proper risk management governance implemented in all levels of risk management organization from first line of defense, second line of defense and third line of defense (Internal Audit Unit).

Continuous and consistent communication between management and employees can also build a Risk Awareness Culture. Every employee can comfortably speak openly and honestly on the encountered risks and issues. Training and development activities can improve employees' understanding on the importance of risk management implementation for the company,

Currently, a risk conscious cultural development material is developed in the form of interactive games and packaged in the Performance Improvement Forum in Selindo Unit and is expected to build a risk awareness culture. In addition, the risk reporting and monitoring system through operational risk management tools creates a culture of mutually positive feedback for the company's future progress.

1. Assessment of the adequacy of Risk Management of New Products and Activities

To issue new product and/or activity at BRI, a risk management process is carried out that includes risk assessment by product owner of each type of risk which may arise from the issuance of the new product and/or activity, including the establishment of control aimed at mitigating the risk of the new product and/or activity. The Risk Management Unit is responsible for assessing the adequacy of risk management of the new product and/or activity as well as recommending the results of the assessment to obtain approval from the Director of BRI Risk Management.

2. Risk Awareness Culture Implementation

Implementation of Risk Awareness Culture reflects the values and commitment of the Board of Directors of BRI in order to increase employees' awareness on risk management. Risk Awareness Element is the basic aspects of Risk Awareness Culture that underlie the application of Risk Awareness Culture consisting of; Commitment, Performance Management, Risk Management, Communication, Training and Development, Reporting and Monitoring.

Risk Awareness Culture starts from the management commitment as embodied in corporate strategy, initiative strategy, and risk strategy in the form of risk appetite statement. Risk Awareness Culture is reflected through the risk-based performance management in the form of KPI (Key Performance Indicator) derived from management commitment.

3. Operational Risk Management Implementation Guidelines

The development of Operational Risk Management Implementation Guidelines is a policy to control and/or mitigate operational risk, and to observe alternative measures to manage operational risks that must be understood, implemented and complied with by all Work Units, hence the business and operational development of BRI is always implemented within the framework of prudential principles banking.

4. Basel III Rules Implementation: Market & Liquidity Risk Monitoring Tools

Implementation of Basel III in enhancing monitoring of Market & Liquidity Risk is one of the work programs being undertaken by BRI in improving the quality of risk management implementation. In 2017, BRI has implemented and monitored the Liquidity Coverage Ratio (LCR) daily through the LCR Information System. This is done to ensure that BRI's daily liquidity adequacy position in anticipating crisis conditions is always maintained in accordance with



RISK MANAGEMENT

the Risk Appetite of BRI. BRI is currently preparing for further implementation of Basel III, Net Stable Funding Ratio and Interest Rate Risk in The Banking Book.

5. Liquidity Risk Management Implementation Guidelines

The Liquidity Risk Management Implementation Guidelines is a policy of BRI liquidity risk management which is structured to support sustainable fund management and bank funds use of proceed with adequate and measurable risk control within the prudential banking framework of prudential principles. The policy must be understood, implemented and complied with by the BRI working unit that manages liquidity risk so that the business development of BRI is always carried out within the framework of prudential principles.

6. Market Risk Management Implementation Guidelines

The Market Risk Management Implementation Guidelines is a risk management policy of BRI Market which is developed to provide guidance on governance of market risk management process in BRI in accordance with prevailing provisions covering trading and banking book policy, market risk measurement, securities and derivative management, market risk limit setting, and stress testing and back testing. The policy should be understood, implemented and complied by BRI's working unit that manages market risk so that the risks in BRI's Treasury business activities are always under control.

7. Risk Appetite Statement Development

In developing Risk Management policies and strategies, the Board of Directors of BRI provides clear direction on Risk Appetite, Risk Tolerance and Risk Threshold which can be used to implement effective Risk Control. The determination of Risk tolerance and Risk Threshold is carried out by taking into account the level of Risk to be taken and the overall BRI strategy.

Risk Appetite is defined in the form of quantitative, qualitative, and zero tolerance statements related to BRI's business goals and objectives. Risk Appetite is reviewed annually or at any time with due regard to changes to BRI's business plans and objectives and changes in business environment conditions.

The establishment of Risk Appetite is used as an objective in making strategic decisions related to Risk management, as a tool for Management in implementing good corporate governance as well as guidance from Management to the Work Unit on the types and amount of risk that is acceptable and manageable.

8. Recovery Plan Development

As one of the Bank that designated as Domestic-Systemically Important Banks (D-SIB or Systemic Bank) in Indonesia, BRI has an obligation to prepare Action Plan document as stipulated in POJK No. 14/POJK.03/2017 About the Action Plan.

The prepared 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 Systemic Banks

In BRI's Overview, BRI has conducted analysis on materiality and ranking to define ranking in business lines, office networks and subsidiaries. The analysis is performed by using a materiality scorecard based on quantitative and qualitative established indicators. The results of business line rating are as follows: (1) Micro, (2) Retail, (3) Corporation and (4) Investment Services. The ranking of material subsidiaries are (1) BRI Life, (2) BRI Syariah, (3) BRI Multifinance, and (4) BRIAgro. Office Network materiality ranking is done based on Regional Office (Kanwil) namely Bandung, Yogyakarta, Makassar, Malang, and Jakarta 2.

RISK MANAGEMENT

For external business linkage, BRI performs analysis based on (1) Intra-financial system assets, (2) Intra-financial system liabilities, and (3) securities outstanding and 10 (Ten) significant counterparts (Obligor, Depositor, Treasury Counterparties) with existing common practice. For scenario analysis on systemic change impact, BRI performs Stress Testing activities which are divided into 2 (two) scenarios namely Idiosyncratic scenario and Market-wide scenario. For the Idiosyncratic scenario BRI developed a scenario related to the concentration on the obligor as well as the existing industry. For the Market-wide scenario, BRI uses the Regulatory Stress Testing Financial Stress Assessment Program (or abbreviated FSAP) based on a scenario set by the FSAP as a representation of a possible crisis condition.

Credit Risk Monitoring

1. Credit Activity

- a. Loan Accounts of status 4 (Substandard Collectibility)
 A decrease in the status 4 loan accounts as of September 2017, the highest 4th status loan accounts is in the Retail segment. For the settlement of the loan account the status of 4 is on 90% average.
- b. Performance review and competitive rates of life insurance on BRIGuna product.
- c. The outstanding credit of BRIGuna remains increase, but decreased if reviewed based on the number of debtors. The average NPL from January 2015 to July 2017 was 0.92%. Payroll loan performance compared with competitor banks. Average premium payment compared to claim payment of 54%.
- d. Allowance for impairment losses Coverage calculation is optimum and in accordance with risk appetite of the BOD.
- e. Unsupported Credit Extra Channel Receipts.
- f. Determination of Structure, Type, and Terms of Credit Not Appropriate Results of Credit Analysis/Not Subject to the Terms.
- g. Unsupported Credit Extra Channel Receipts.

2. Risk Awareness of Credit

- a. Account PH is less than or equal to 12 months from the date of realization
- b. Potential losses due to Freeport terminating the work contract (Regional Office of Jayapura)
- c. Potential losses due to New KUR (Micro/Retail) facilities that have not been guaranteed.
- d. Allowance for impairment losses increase due to minor debts (Rp 15 thousand)
- e. Procedures for validating Identity Card
- f. Loans with credit balance
- g. The interest rate of the consumptive retail segment is not in accordance with the rules
- h. Interest rates are restricted to the commercial retail segment below the counter rate.
- i. Credit application administration is incomplete or not followed up as required.
- j. Off-site guidance and monitoring is not conducted in accordance with the provisions.
- k. Determination of Structure, Type, and Terms of Credit is not Appropriate Credit Analysis Results/ Not Subject to Terms.
- l. Impact of Loan Status 3 (Maturity but Not Closed).

3. Credit Risk Management Handbook

CRM handbook is a pocket book that contains the critical point of credit procedures, Risk Issue & Control on Commercial Retail business segment which is compiled based on policy.

4. Credit Performance Report

BRI Credit Performance Report conducted monthly for monitoring and analysis of credit performance achievement as reported to the BOD and Business Division.

5. Regulatory Report

- a. LLL Violations
- b. LLL Exceedings
- c. LLL of Related Parties
- d. Credit Restructuring
- e. Top 25 borrowers
- f. Credit Restructuring Development Report to OJK



RISK MANAGEMENT

6. Monthly Regular Report

- a. Credit Reactivation Report.
- b. LLL to the BOD and Commissioners.
- c. Credit Restructuring Report to the BOD and Commissioners.

Greenbanking Policy Development

The global economics improvements are causing negative effects on the environment. Attention to the environment is intensified by various parties, both at the global and local level. It is acknowledged that the role of banking is very significant to encourage environmentally responsible investment because the banks are disbursing loans to various sectors. As such, the Financial Services Authority (OJK) encourages the implementation of Sustainable Finance (SF) in banking or often called Greenbanking.

The rationale for greenbanking application For BRI is because its is considered to have a positive impact as follows:

1. As real contribution of BRI's role to the economic impact balanced with social environment and nature sustainability
2. Improve the reputation of BRI hence to eventually increase the value of BRI in stakeholders' perspective.
3. Part of the implementation of social risk management and governance (LST) in line with prudential banking principles
4. Opening business opportunities, cooperation and funding related to green funding both with national and international institutions

BRI's Greenbanking Roadmap is aligned in accordance with POJK No 51/POJK.03/2017 on the Sustainable Financial Implementation for Financial Services Institutions, Issuers, and Public Companies. According to the POJK, BRI as Bank BOOK IV is required to apply SF as of January 1, 2019. The general roadmap is:

- a. The year 2017 is the stage for policy formulation, capacity building and socialization.
- b. The year of 2018 adjusts the POJK, aligns the internal terms of BRI and prepares an action plan for 2019.

- c. The year 2019 makes adjustments to derivative policies and implements sustainable financial action plans 2019 and prepares Sustainability Reports.

Bank BRI has implemented the roadmap stages in accordance with the first phase in 2017. In order to become green banking champion and preparation for the implementation of POJK, BRI has implemented SF implementation in stages, among others:

1. Following the pilot project "First Step To Be A Sustainable Finance" cooperation and WWF Indonesia.
2. Developing sustainability related policies namely: Sustainability Policy, Sustainability Implementation Strategy Policy and Risk Management Policy of LST Palm oil sub-sector.
3. Prepare an annual Sustainability Report
4. Capacity building for BRI Employees especially credit analysts.
5. Internal campaign to provide awareness for BRI employes in particular and BRI debtors in general
6. Active participation in various activities conducted by regulators and related parties
7. Following the awards related to sustainable finance, among others, Sustainable Finance Award held by OJK.

BASEL IMPLEMENTATION

The Bank has implemented several Basel Pillars in the implementation of Risk Management, including:

1. Capital

In accordance with POJK No. 11/POJK.03/2016 on Minimum Capital Requirement for Commercial Banks, BRI has ensured that BRI's capital meets the minimum capital adequacy requirement in accordance with the risk profile, and establish additional capital as buffer, which includes Capital Conversation Buffer, Countercyclical Buffer and Capital Surcharge for Domestic Systematically Important Bank (D-SIB). In addition, BRI has met the minimum Leverage Ratio requirements that have been reported to the regulator on a quarterly basis.

RISK MANAGEMENT

2. Credit

Measurement of credit risk using standardized approach in accordance with Regulation of Finance Service Authority No. 11/POJK.03/2016 concerning the Minimum Capital Requirement for Commercial Banks and POJK No. 34/POJK.03/2016 regarding the Minimum Capital Adequacy Requirement for Commercial Banks and SEOJK No. 42/SEOJK.03/2016 concerning the Guidelines for Calculation of RWA for Credit Risk by Using the Standardized Approach.

3. Operational

The calculation of minimum capital for operational risk by using Basic Indicator Approach in accordance with SEOJK No. 24/SEOJK.03/2016 on the Risk Weighted Asset Calculations for Operational Risk using the Basic Indicator Approach.

4. Market and Liquidity

- Calculation of minimum capital for market risk using Standardized Model in accordance with POJK No. 38/SEOJK.03/2016 on the Guidelines for the Use of Standardized Methods In calculating the Minimum Capital Requirement for Commercial Banks by Calculating the Market Risk.
- Measurement of Bank Liquidity Resilience by using Basel III Approach: Liquidity Coverage Ratio & Net Stable Funding Ratio, in accordance with POJK No. 42/POJK.03/2015 concerning Obligation of Liquidity Coverage Ratio for Commercial Banks and POJK No. 50 / POJK.03/2017 on the Obligation of Fulfillment of Net Stable Funding Ratio for Commercial Banks.

RISK PROFILE ASSESSMENT

Risk management is performed on all activities of the bank by referring to the rules of management standard as established by the regulator. The risk management implementation process that involves identification, measurement, monitoring and risk control is carried out

continuously by three line of defenses, which are all risk taking units as the first line, Compliance Unit and Risk Management as the second line and Internal Audit Unit as the third line. The result of risk profile assessment in the fourth quarter of 2017 is at low to moderate level, indicating the Bank's ability to maintain the level of risk management in line with business development and the bank competition in Indonesia.

Self Assessment

1. Risk Profile Rating

The Risk Position of BRI in Quarter IV - 2017 is prepared based on December 2017 (unaudited) data. The overall Risk Profile of BRI is **Low to Moderate (Ranked 2)** with Low to Moderate risk level including: Credit risk, market, liquidity, law, strategic, compliance and reputation, while Moderate risk level includes: operational risk.

2. Inherent Risk

The Inherent Risk Composite Predicate is Low to Moderate with details of Low to Moderate risk rating for Credit risk, market, liquidity, legal, strategic, compliance and reputation whereas Moderate risk is an operational risk.

3. Risk Management Implementation Quality

The composite quality of Risk Management implementation is Satisfactory with the details of Satisfactory rating covering Credit Risk, Market, Liquidity, Legal, Strategic, Compliance and Reputation, as for Fair Risk for operational risk.

Analysis

BRI's Risk Profile rating of **Low to Moderate (Rank 2)** has not changed the risk rating compared to December 2016 (Low to Moderate/ 2nd rank) but improved its risk score from 2.02 in December 2016 to 2.00 in December 2017.



RISK MANAGEMENT

RISK MANAGEMENT SYSTEM EFFECTIVENESS EVALUATION

Risk control system is considered adequate by evaluating the adequacy of internal control system by Risk Management Unit, IAU, and External Auditors.

Evaluations undertaken by Risk Management Unit include the assumptions and variable methods used to measure and establish risk thresholds while the review by IAU and the External Auditor includes the risk management framework and the implementation of risk management by business units and/or support units.

INTEGRATED RISK MANAGEMENT IMPLEMENTATION

Implementation of integrated risk management in BRI includes 4 stages of identification, measurement, monitoring and control in accordance with applicable regulations. The engagement is conducted on all factors (qualitative and quantitative) that have a significant impact on the financial condition of the BRI Financial Conglomeration.

Integrated Risk Management Application

1. Integrated Risk Threshold Determination

The risk threshold is carried out by considering input from members of the Financial Conglomeration of BRI. Setting a risk threshold includes the overall threshold, the threshold of each risk type and threshold of any member of a Finance conglomerate that has risk exposure. The risk threshold will be reviewed periodically by the Enterprise Risk & Portfolio Management Division of BRI on the changing conditions. The Enterprise Risk & Portfolio Management Division submits periodic monitoring of the threshold to BRI's Board of Directors or Risk Management Committee.

2. Integrated Risk Profile Report

The integrated risk profile report is prepared every semester for the final positions of June and December, delivered comparatively with the previous semester's position. The risk profile profile of BRI Financial Conglomerate position in December 2017 is **Low to Moderate**.

3. Financial Conglomeration Capital Adequacy

The capital adequacy is carried out through the risk profile monitoring and calculation of Minimum Capital Adequacy Requirement (CAR). BRI prepares and reports the integrated CAR Calculation Report to OJK at every semester.

The consolidated CAR ratio of BRI and Subsidiaries in December 2017 is 236%. The value of the integrated CAR Ratio is above the minimum requirement of 100%.

4. Consolidated Liquidity Management

The position of Liquidity Coverage Ratio (LCR) of BRI in consolidated position of December 2017 is 251.52%.

5. Intragroup Transactions Monitoring

The total intra-group transactions to total assets, calculated all transactions on the balance sheet (borrow and placement money market) either from BRI to subsidiary or vice versa amounting to Rp1.03 trillion or less than 0.28% of BRI's total assets.

6. Integrated Risk Management Committee (RMC)

The Integrated Risk Management Committee (RMC) is the highest committee in the risk management system of BRI's Financial Conglomeration. In 2017, BRI has implemented 2 times of integrated RMC, dated 3 April 2017 and 28 September 2017.

INTERNAL CONTROL SYSTEM

In order to implement the effective internal control system, BRI refers to external provisions such as:

1. Financial Services Authority Regulation No.18/POJK.03/2016 dated 16 March 2016 on Application of Risk Management for Commercial Banks.
2. Circular Letter of the Financial Services Authority No.35/SEOJK03/2017 dated 7 July 2017 Regarding Guidelines on Standards for Internal Control Systems for Commercial Banks.

Some of the provisions governing the Internal Control System of BRI includes:

1. Code of Ethics, Compliance Culture, GCG Policy, Guidelines for Gratification Control, General Guidelines for Handling Conflict of Interest, Anti-Fraud Strategy and WBS Policy.
2. Organizational Structure, Formation of Formation & Job Description List of All Work Units
3. Operational Risk Management Tool Policy.
4. Risk Management Obliteration Policy & Guideline for New Product and Activity Issuance Plan.
5. Operational Manual.
6. General Policy and Organizational Implementation Guidelines.
7. General Policy and Implementation Guidelines for the Bank's Long Term Plan & Business Plan.
8. IT Governance & Risk Management Policy.
9. General Policy of Information Technology.
10. General Policy & Credit Implementation Guidelines
11. Bookkeeping And Verification as well as Authority Requirements User at BRINETS
12. Internal Audit Charter

Internal Control System Framework with COSO

BRI implements internal control by referring to internationally recognized framework, namely the COSO IC framework (Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring).

This is conducted with the following objectives:

1. Compliance with provisions and regulations or compliance objectives.
2. The availability of complete and accurate, financial information and management or information objectives.
3. Effectiveness and efficiency in the Bank's business activities or operational purposes
4. Improving the effectiveness of risk culture in the overall Bank organization or the purpose of risk culture. Obtain certainty in compliance with all laws and regulations applicable to all operational activities.

The parties involved in the internal control system consist of:

1. 1st line of defense as the risk owner of the Work Unit conducting business and operational activities and managing the risks faced (i.e Unit Work Operations).
2. 2nd line of defense is a Work Unit that performs functional oversight (i.e Location of MR Head Office & Region, Compliance Division, and Policies & Procedures Division).
3. 3rd line of defense that is WorkUnit that implement the assurance. IAU is part of the Internal Control System that performs the supervisory function of internal control system

Elements of Internal Control System

BRI has an internal control system policy covering 5 (five) components:

1. Management Supervision and Control Culture
 - a. The Board of Commissioners ensures that the Board of Directors has monitored the effectiveness of the internal control system implementation by holding regular meetings with Directors and Executive Officers to discuss the effectiveness of the Internal Control System.
 - b. The Board of Directors monitors the adequacy and effectiveness of the internal control system by ensuring officials and employees have carried out the internal implementation function.



INTERNAL CONTROL SYSTEM

2. Risk Identification and Assessment

An effective internal control system requires the Bank to always identify and assess risks that may affect the Bank's achievement, both individual and aggregate risks.

3. Control and Separation of Functions

Control activities include policies, procedures, and SOPs that are applied at all functional levels in line with the Bank's organizational structure, to assist the Board of Commissioners and Board of Directors in managing and controlling risks that may affect the performance or detrimental to the Bank.

The Bank adheres to the principle of separation of functions or Four Eyes Principle, i.e. every person in his/her position has no opportunity to perform and hide errors or irregularities in the performance of his/her duties at all levels of the organization.

4. Accounting, Information, and Communication System

Accounting system includes methods and records in order to identify, categorize, analyze, classify records/book and report the Bank transactions. In ensuring accurate and consistent accounting data, it is necessary to reconcile accounting data and management information systems.

Information System shall be able to generate report on the business activities, financial condition, risk management implementation, and provision fulfillment that support the duties of the Board of Commissioners and Directors.

Communication System must be able to provide information to all parties, both internal and external, such as Financial Services Authority, External Auditors, Shareholders, and Customers.

5. Monitoring and Corrective Action Measures

The Bank always monitors the effectiveness of the implementation of internal control. The Bank's risk monitoring is the primary priority and functions as the part of the Bank's activities, including regular evaluations.

The weaknesses in internal control shall be immediately reported to and be the concern to the authorized official or the Board of Directors. Material weakness in the internal control shall also be reported to the Board of Commissioners.

All management and employees of BRI have a role and responsibility in improving the quality and implementation of internal control system of BRI. The parties involved and responsible for internal control system in BRI include 1st line of defense, 2nd line of defense (Risk Management Risk, Risk Management Function and Compliance), and 3rd line of defense (SKAIs including Resident Auditor Kanca and Resident Auditor Unit).

Implementation of Internal Control System

Top Level Review

The control by periodic reviews is conducted at least annually by Management (Top Level Review). The BOC and BOD of BRI have the duty and responsibility to perform the Top Level Review control function in applying Anti Fraud Strategy such as:

1. Development of culture and concern for Anti-Fraud at all levels of information.
2. Preparation and supervision of the application of ethical codes.
3. Preparation and supervision of the application of the Anti-Fraud Strategy.
4. Human resources quality development, in particular to the awareness increment and control of fraud.
5. Monitoring and evaluation of fraud incidents and implementation of follow-up action.
6. Development of effective communication channels within BRI.

INTERNAL CONTROL SYSTEM

Functional Review

Internal Audit Work Unit conducts assurance activities and provides consultancy services to the adequacy and effectiveness of internal control system, risk management and corporate governance. The audit activities are conducted periodically for each level of Work Unit of BRI. The IAU submits periodic reports to the President Director, and the Audit Committee with compliance to the Compliance Director. The Internal Audit Unit shall evaluate the improvement measures as submitted by the Auditee.

In addition to conduct audit activities, the IAU reviews the implementation of risk management, and the implementation of the Anti-Fraud Strategy.

Control on Information and Technology System

The Information Technology (IT) Unit applies the adequate control practices as part of the overall IT risk mitigation strategies, by taking into account the following:

1. Risk assessment results.
2. Risk handling criteria and recommendations for risk management.
3. Legislation and other legal or contractual requirements.
4. Control practices, which includes:
 - a. Implementation of policies, standards, procedures, and organizational structures, including the workflow.
 - b. Effective internal control to mitigate risks in the IT process.
 - c. Determination of policies, standards, procedures for information security management systems required by BRI to safeguard assets related to the implementation and use of IT.
 - d. Evaluate the review results and testing of the Disaster Recovery Plan.
 - e. Determination of policies and procedures on the use of IT service providers.
 - f. Evaluate the ability of IT service providers to maintain the security level adopted by BRI, starting from the confidentiality, data integrity, and availability of information.

- g. Supervision and monitoring as the BRI Management's responsibility by outsourcing the IT operations to IT service providers.
- h. Use of insurance as an effort to mitigate potential losses in the IT implementation.

Physical Asset Control

The control of physical assets of BRI is stipulated in the General Policy of Fixed Assets and Logistics Management (KEMAL). KEMAL incorporates integrated asset management and logistics management policy of BRI, covering the planning, needs, funding, procurement, payment, distribution, insurance, maintenance, asset optimization, administration and reporting as well as monitoring and evaluation.

Documentation

The Bank documents the policies, procedures, systems and accounting standards, and audit process adequately. The documents shall be updated periodically to reflect the Bank's actual operations and shall be disseminated to all officers and employees. Internal auditors shall assess the accuracy and availability of documents in the audit.

Segregation of Duties

Internal control through the segregation of duties is part of the supervisory function in the duties and responsibilities at the Bank's level of the organization, including:

1. Implementation of Dual Control function in the Bank's operational and business activities.
2. Determination of authority limits on access and transactions decision-making.
3. Avoid granting responsibility and authority that may lead to a conflict of interest.
4. Separation of Maker, Checker, and Signer functions to several people in the mitigation of operational and business risks.



INTERNAL CONTROL SYSTEM

Effectiveness Evaluation on the Internal Control System 2017

BRI evaluates the effectiveness of the implementation of Internal Control System on an ongoing basis, in which conducted by the 1st line of defense function as a risk owner who continuously evaluates the bank's operational activities, the 2nd line of defense function, namely the Risk Management and Compliance Manager, which regularly ensures the adequacy of risk management and compliance with the terms and functions of 3rd line of defense conducting audit activities

In addition, to anticipate changes in internal and external conditions of BRI, the evaluation on adequacy of internal control systems is continuously conducted to ensure that the internal control systems are still reliable.

Basically the evaluation of the adequacy and effectiveness of the Internal control system is implemented on several components of interconnected control, including:

1. Cultural control
2. Risk identification and assessment
3. Activity control and segregation of functions
4. Accounting, information, and communication systems
5. Monitoring activities and corrective action of deviations.

Evaluation Result of Implementation of Internal Control System

The IAU analyzes the weaknesses of internal control over the audit results and conveys the results of the analysis to the authorized Work Unit as one of the sources of information in improving the system or policy of control, improvement of competence and improvement of the weakness of internal control as a form of IAU to evaluate the effectiveness of the overall implementation of control intern.

BOD and BOC Statement on Adequacy of BRI Internal Control

Based on the review and discussions with the Management, the Audit Committee, the Independent Auditor, the Internal Auditor, and several Related Divisions, the Board of Directors and the Board of Commissioners consider that the Bank's internal control and risk management systems are adequate in identifying the risks so that the Bank can identify and manage those risks.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

SIGNIFICANT LITIGATION

BRI Litigation in 2017

The litigation encountered by BRI during 2017 are as follows:

Litigation encountered by BRI in the last 3 years

2015	2016	2017
256 Cases	477 Cases	398 Cases

Litigation based on bank's activities

Quarter 2017	Credit	Treasury & Investigation	Operational & Services	Support	Total
Quarter 1	80	-	4	1	85
Quarter 2	83	-	3	5	91
Quarter 3	104	-	6	4	114
Quarter 4	99	-	2	7	108

Litigation and Settlement Status

Litigation	Civil	Criminal	PHI	PTUN	Banckrupt
Completed (Legally Binding)	1409	4	45	42	2
Under the process	1257	39	14	34	18
Total					

Significant Cases Encountered by the Bank

1 Taxes	
Principal Case	BRI obtained a Tax Underpayment Assessment Letter (SKPKB) No. 0003/206/10/093/12 dated November 28, 2012, on the Provision for Underpayment Tax on Income Tax 2010, which stated that BRI still has an obligation to meet the underpayment on Income Tax (PPh) 2010, amounted to Rp1.4 trillion.
Merits of the Case	BRI filed an objection to the SKPKB through Letter No. B.154-DIR/AMK/02/2003 dated February 27, 2013, on the petition to appeal. In the objection letters, BRI has submitted the reason for the objection to the correction value made by the Director General of Taxes (DGT) on the write-off of Receivables (credits) of Rp4,964,081,000,000 According to BRI, the write-off of these receivables may be fully recognized as expenses in the fiscal loss statement.
Settlement Status	The appeal is rejected and BRI filed an Appeal to the Tax Court. BRI won the Tax Appeal because the Council Tax Court Judge granted all the BRI Appeal.
	Against the Tax Appeal, the DGT filed a legal action in the form of a Judicial Review to the Tax Court.
Impact to the Bank	Rp 1,4 trillion
Administrative Sanctions	None



SIGNIFICANT LITIGATION

2 BRI Retirement Case

Principal Case	This lawsuit takes place in some areas. The Plaintiffs, amounted to ±2,000 (two thousand) persons, filed lawsuits in several areas of the Industrial Relations Court (PHI), i.e. Industrial Relations Court of Bandung, Semarang, Yogyakarta, Central Jakarta, and Surabaya. In the lawsuit, the Plaintiffs argue that:
a)	BRI is unfair in disbursing the Severance Pay to Plaintiffs, wherein the Plaintiffs only received Compensation Pay (not Severance Pay), which is not in accordance with the requirements of Law No. 13 of 2003.
b)	Based on the Collective Labor Agreement (CLA) periods 2007-2009, 2009-2011, 2011-2013, 2013-2015, the Compensation Pay received by the employees under Normal Pension is less than the Amount received by ex-BRI employees who terminates the employment due to other reasons (resignation, incompetent in carrying out his/her duties, rationalization, detained by authorized parties, found guilty on a court ruling, sentenced to disciplinary actions, absent, health reason, and passed away).
The difference is due to BRI employees who terminate their employment for other reasons to receive compensation in the form of Severance Pay, Gratuity, and/or Deductions.	
Merits of the Case	On the complaints filed with PHI of Bandung, Semarang, Yogyakarta, Central Jakarta, and Surabaya, BRI proved that BRI has paid severance pay to the Plaintiffs (the Pensioners) in accordance with the provisions of the Law of Employment. Thus, BRI won the whole case at the first level. Currently, in some areas (Bandung, Semarang, Yogyakarta), the Pensioners filed a Cassation lawsuit to the Supreme Court of the Republic of Indonesia.
Settlement Status	Currently, in some areas (Bandung, Semarang, Yogyakarta), the Pensioners filed a Cassation lawsuit to the Supreme Court of the Republic of Indonesia.
Impact to the Bank	± Rp 614 Billion.
Administrative Sanctions	None

3 Collateral Auction Case

Principal Case	Plaintiffs, as the heirs, sued their parents as the owner of SHM No. 1368, in which the plaintiff's parents are the debtors of BRI Krekot Branch Office, and the SHM is a credit collateral in BRI. The Plaintiff feels that the allocation of inheritance is not valid. Thus, the transfer of credit collateral to BRI is not valid.
Merits of the Case	On the lawsuit, BRI as the defendant 6, appealed to the Jakarta High Court.
Settlement Status	Currently in the process of appeal in Jakarta High Court
Impact to the Bank	Submission of SHM No. 1368 as the object of mortgage becomes invalid and BRI potentially will suffer a loss of ±Rp10 Billion
Administrative Sanctions	None

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

SIGNIFICANT LITIGATION

Legal Risk Mitigation

Litigation on the Board of Commissioners and Board of Directors

Throughout 2017, no members of the Board of Commissioners and Board of Directors of BRI that have Civil and Criminal Lawsuits related to the BRI's business activities.

Bank's Administrative Sanctions

During 2017, there are no administrative sanctions imposed on any member of the Bank's Board of Commissioners and the Board of Directors.

INFORMATION ACCESS AND CORPORATE DATA

Access of information and Data of the Company can be divided into 2 (two) parts:

1. External consisting of:
 - a. Government Website through Indonesian Stock Exchange Website (IDXNet) as a media for reporting and submitting disclosure of material fact that can be accessed by public
 - b. BRI Website (www.BRI.co.id) as a tool for Shareholders and Stakeholders to obtain Company's data, including the financial performance, General Meeting of Shareholders, information about the BOD and BOC as well as other information required by Regulation of the Financial Services Authority No.8/ POJK.04 / 2015 on the Issuer's Web Site or Public Company.
 - c. Mass Media in the form of Audited Financial Announcement, Press Release, Announcement and Summon of GMS or media poster or banner related to BRI activities.
 - d. Correspondence with government agencies
 - e. Interactive or face-to-face meetings conducted through analyst meetings, or press conferences.
2. Internal through the intranet media of the "BRISTARS" worker portal, and the internal magazine "BRITA KITA" published by the Corporate Secretariat Division and distributed throughout BRI's operational work units.

Shareholders or Stakeholders may contact the Corporate Secretary or Investor Relations to obtain information or data of the Company.

Head of Investor Relations

Name : Bambang Tribaroto
Address : Gedung BRI 1 Lantai 20 Jl. Jend. Sudirman Kav.44-46 Jakarta Pusat 10210
Phone : (021) 575 1966
Fax : (021) 575 2010
Website : www.bri.co.id



CODE OF CONDUCT



The Code of Conduct sets out the basic principles of personal and professional conduct expected of every Banker in carrying out his duties and the implementation of good corporate governance. The Company has had the code of ethics of BRI since 2001 and was performed in 2013 pursuant to the Joint Letter of the BOC and BOD of BRI Number: 06-KOM / BRI / 12/2013 and No: S.65-DIR / DKP / 12/2013 BRI Code of Conduct.

Implementation of the Code of Conduct aims to maintain a conducive working environment and maintain the reputation of the company and provide ethical guidelines for the Bank's employees in performing their duties, authorities, obligations and responsibilities.

Commitment of Code of Conduct

The Code of Conduct applies to all Bank employees throughout the Bank's organization. The Code of Ethics is continuously implemented in the form of attitudes, actions, commitments and conditions to support the creation of corporate culture.

Key Points of Code of Conduct

The Company has nine (9) elements of the code of ethics of BRI namely:

1. Compliance with Bank Law and Policy
The Bank's commitment is in compliance with the prevailing laws and regulations in order to strengthen the Bank's compliance culture.
2. Relations with Stakeholders
 - Ethics to Customer
The Bank's commitment to provide excellent service to the Customer by prioritizing prudential principles.
 - Ethics of Partners
The Bank's Commitment to Partners is based on legitimate and reasonable business practices and upholds professionalism by always giving priority to the company's interests.
 - Ethics against Competitors
The Bank's commitment puts a healthy competition in running its business, by increasing competitor Banks as a driver of performance improvement.

CODE OF CONDUCT

- Ethics of the Regulator.
 The Bank's commitments meet the obligations and conditions stipulated by the banking regulator and other authorized authorities.
 - Ethics of Shareholders
 Bank commitment in an effort to give positive and optimal contribution to shareholders.
3. Relations with the Society and the Environment
 The Bank's commitment upholds local values (local wisdom) and provides benefits and supports the conservation of the environment in which the Bank operates.
4. Company Relationship with Bank Employees
 - a. The Bank's commitment gives equal opportunity to all workers to participate in achieving the Bank's vision and mission.
 - b. The Bank's commitment creates a conducive working environment to enhance productivity and worker ethics.
5. Confidentiality of Bank Information
 The Bank's commitment to protect all customer and internal Bank information from outside/ uninterested parties.
6. Integrity and Accuracy of Bank Reporting.
 Commitments BRI employees to deliver accurate and accountable Bank reports to management, shareholders and other interested parties.
7. Conflict of Interest
 Commitments BRI employees to implement a policy on handling of conflict of interest and does not place under conditions / situations of conflict of interest between itself and Bank, Customer and Third Party that may harm the company.
8. Political Contributions and Activities
 Commitments BRI employees to not contribute to political activities or other similar business.
9. Prohibition to Receive Rewards
 BRI employees are not permitted to request and receive any gifts or remuneration that are not in accordance with applicable laws and regulations.

Distribution of Code of Conduct

BRI socializes the GCG policies and code of conduct to BRI employees through education programs, workshop, In-House Training, onsite Development and Monitoring in BRI work units, learning or e-learning through BRI's internal portal, and implementation of Performance Improvement Forum (FPK) in all BRI work units.

Compliance Statement with the Code of Conduct applies to the Board of Directors, Board of Commissioners, and All Employees

Under the enactment of BRI's Code of Conduct policy, then

1. All BRI Personnel is required to know, understand, and implement the BRI's Code of Conduct.
2. All Bank's personnel must submit in writing the Statement of Compliance with BRI's Code of Conduct. The BRI's Statement of Compliance with Code of Conduct is signed, which is a condition in continuing the working relationship with the Bank.

Enforcement Effort of the Bank's Code of Conduct

In the effort to uphold the Bank's code of conduct, the Board of Commissioners, Board of Directors, and All BRI Employees are committed to managing the Bank's business by applying ethics in the banking system. The commitment is realized in:

1. Code of Conduct applies to all BRI Employees throughout all level of organization. Continuous and sustainable implementation of the Code of Conduct in the form of attitudes, actions, commitments, and provisions that support the creation of the Bank's culture.
2. All BRI Personnel are required to submit in writing their compliance to the BRI's Code of Conduct
3. Any violation of the Code of Conduct will be imposed to sanctions in accordance with the Bank's prevailing regulations.
4. Socialization of the Code of Conduct to BRI Employees.



CODE OF CONDUCT

Sanction of Violation of Code of Conduct

Violations of the BRI Code of Conduct will be imposed to sanctions in accordance with the Bank's prevailing regulations. During 2017, there were 137 employees got the sanctions for the code violations. The sanctions for violating the code of conduct are in the form of administrative sanctions to 49 employees and Termination of Employment to 63 employees.

Total Violations of Code of Conduct in 2017

A total of 255 violations of Code of Conduct conducted by 137 employees during 2017.

CORPORATE CULTURE

BRI formulated new corporate Core Values used to establish work conduct and character in line with the company's latest strategy. The corporate core values is called BRI with 5 (five) values or usually called BRILIAN that reflected in 10 attitude and conduct. Here are the elaboration of BRILIAN and its conduct:

1. Integrity

Intellectual, exemplary communication and conduct, upholding honour and abiding by regulations. The Integrity Value means:

- a. Transparent, Honest, Sincere; and
- b. Obeying the Rules.

2. Professionalism

Committed to work meticulously and accurately with excellent capabilities and responsibilities. The Professionalism Value means:

- a. Continous Learner
- b. Fairness

3. Trust

Fostering assurance and trust between stakeholders and transparent based on reliability. The Trust Value means:

- a. Respectful
- b. Upholding the Company and the Nation's Interest

4. Innovation

Taking advantage of capabilities and skills to find new solution and ideas to create products/policies in resolving issues. The Innovation Value means:

- a. Visionary
- b. Pioneer in Transformation

5. Customer Centric

Always placing customers as prominent mutually beneficial partners sustainably. The Customer Centric Value means:

- a. Providing services beyond customers expectation wholeheartedly
- b. Collaborative

WHISTLEBLOWING SYSTEM

“

BRI IS COMMITTED TO MANAGE THE BANK BUSINESS BY APPLYING THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE. IN ORDER TO ACHIEVE THIS, BRI MANAGEMENT IS TRANSPARENTLY AND FAIR IN MANAGING THE COMPLAINTS OF VIOLATIONS (WHISTLEBLOWING SYSTEM) FROM INTERNAL AND EXTERNAL PARTIES.

”

Whistleblowing System (WBS) is a tool provided to BRI's Internal and External Reporters in conveying information on indication of violations in the environment of BRI environment. The indication of violation information will be followed up according to the mechanism determined by the Company.

WBS Policy

BRI has implemented the WBS since 2013 and reviewed the policy in accordance with Letter of BOD of BRI No.S.27-DIR / DKP / 12/2016 dated 30 December 2016 on BRI WBS Policy.

Report Filing

Any indication of violation can be filed as a report through the following:

1. Written Letter: PO BOX 1895 JKP 10900
2. SMS: 0811-8200-600
3. Email: whistleblower@corp.bri.co.id

Indications of reported violations shall include:

1. Fraud action.
2. Unlawful acts (use of violence against employees or leaders, extortion, drug abuse, sexual harassment, other criminal deeds).
3. Breach of Standard Operating Procedure (SOP) of the company.
4. Violation of BRI's Code of Conduct and potentially violates the GCG principles.
5. Violation of ethics.
6. Acts that endanger safety and health or endanger corporate security and harm the company.

WBS Dissemination

BRI WBS dissemination has been implemented to Internal Parties (BRI Employees) and External Parties, such as :

1. WBS policy information to all employees through BRI internal portal.
2. Poster campaign on WBS information at the Branch Offices, Sub Branch Offices and BRI Units.
3. Disseminate WBS materials at the in-class training of Employee Development Program pengembangan.
4. Implement WBS e-learning to all BRI employees.
5. WBS information through the Bank's website.
6. Onsite WBS dissemination to Work Units.

Protection of Whistleblowers

BRI provides protection to Whistleblowers in a form of confidentiality of personal data and reported information. Provision of protection is also given to the internal Whistleblowers from any pressure, postponement of promotion, discrimination, dismissal, until physical action.

Complaint Management

The management of WBS is under the President Director and monitored by the BOC through the Audit Committee. The President Director shall establish the WBS Management Unit responsible for managing and following up the indication of infringement report.

Handling and WBS Reporting Mechanisms

Any report submitted through WBS will be followed up through the following mechanisms:

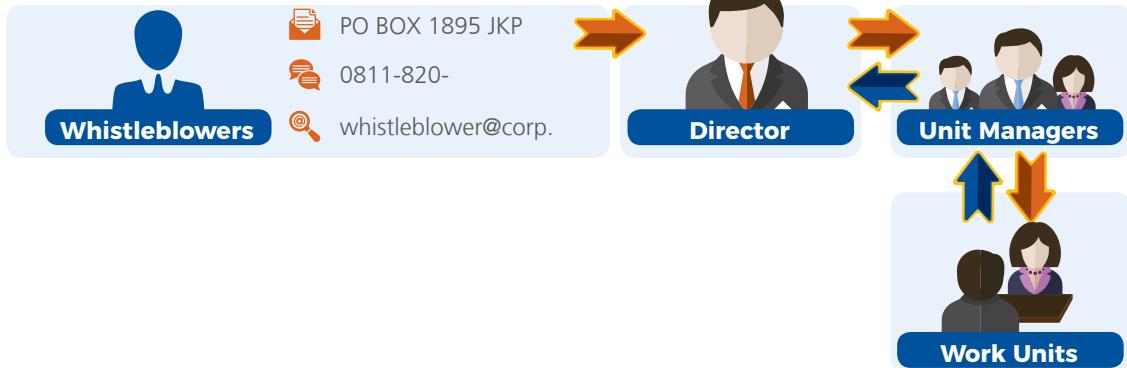
1. The Reporter shall submit an indication of infringement report through WBS.
2. Report received by the WBS Management Unit.



WHISTLEBLOWING SYSTEM

3. The WBS Officer will perform the initial verification and analysis of the infringement indication information within 20 working days and then submit it to the WBS Managing Unit Leader.
4. Checking and ensuring report of indication of violations as per WBS report criteria. Subsequently decided the follow-up of the WBS report to the Investigation Work Unit. If the report does not meet the criteria, then the indication of the violation will not be followed up.
5. The Investigation Unit investigates the infringement indication information. Subsequently submitting the report on the results of the investigation and recommendation to the WBS Management Unit.
6. The WBS Management Unit will write to the Authorized Work Unit to follow-up on improvement and sanction on the recommendation of the Investigative Work Unit.
7. The Authorized Working Unit shall follow up the remedy and sanction to the Reported Party.
8. The WBS Management Unit monitor the follow-up improvements made by the Authorized Work Unit.
9. The Authorized Work Unit submit reports on the realization of improvements to the WBS Management Unit.
10. The WBS Management Unit ensures that follow-up improvements have been adequately undertaken.
11. WBS Management Unit reports recapitulation and evaluation to the President Director and the Audit Committee on Quarterly basis.

WBS Reporting Mechanisms



WBS Report

The number of violation indication reports received during the year 2017 is 65claims. Cumulatively, since the initial implementation of the WBS system until 31 December 2017, the number of indications of violations reported through the WBS means as many as 1,719 reports.

Summary Recapitulation of WBS Reports

Total WBS reports during 2017 were 65 reports with the following details:

No	Description	Total Reports	Report Status	
			Under Process	Completed
1	Frauds	16	4	12
2	Legal Breaches	2	0	2
3	SOP Violations	26	7	19
4	Code of Conduct and GCG Violations	16	2	14
5	Ethics Breaches	5	2	3
6	Dangerous Actions	0	0	0
Total		65	15	50

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

WHISTLEBLOWING SYSTEM

WBS report classification

The received report during 2017 can be categorized by classification, source, inclusion of reporting identity and submission media as follows:

Period	Σ	Complaint Sources		Whistleblower Identity		Media Used			
		Internal BRI	External BRI	Yes	No	SMS	Letter	Telp/ Oral	Email
2017	65	45	20	19	46	48	13	2	2

WBS Reports Recent Development

General description of complaint report as of December 31, 2017 compared with the previous 3 years period are as follows:

WBS Report Development in the last 3 years

Year	Media Used				Status	
	SMS	Letters	Telepon	SMS	Open	Closed
2015	210	22	6	0	27	210
2016	84	14	1	0	11	88
2017	48	13	2	2	15	50

Sanctions and Follow-up

The follow up on Whistleblowing System report that affirmed as violations will be sanctioned in accordance with the company's discipline, such as:

1. Mentoring and oral warning by the supervisor
2. Administrative sanctions such as Written Warning.
3. Delay of promotion or demotion
4. Termination of work relations.



DIVERSITY POLICY OF THE BOC AND BOD

The Diversity Policy of the BOC and BOD is manifested in the form of diversity of competence, experience and educational background of the candidates for members of the BOD and BOC as evaluated by the Nomination and Remuneration Committee prior to their appointment by the GMS as proposed by the BOC.

All members of the BOC and BOD of BRI have fulfilled the diversity policy applicable in the Company.

Diversity of the BOD and BOC based on Gender and Age

Gender	BOD	BOC	BOD and BOC
Male	8	8	16
Female	3	1	4

Age	BOD	BOC	BOD and BOC
31 – 50 years	0	2	2
50-60 years	10	5	15
60 years above	1	2	3

The diversity of the BOC and BOD in detail in terms of competence, experience and educational background are as described in the Diversity section of the Board of Commissioners and the Board of Directors in this Annual Report.

ANTI CORRUPTION POLICY AND PROCEDURES

BRI has in place the anti corruption policy and procedures regulated in the BOD Circular Letter NOSE:S.25-DIR/DMR/12/2016 on the Anti Fraud Strategy of PT Bank Rakyat Indonesia (Persero) Tbk. The policy is BRI management commitment manifestation in controlling fraud that implemented in the fraud control system.

Gratification Control Program

BRI realizes that gratuity control is an important activity in maintaining ethic and business processes that uphold the value of integrity. On June 22, 2016, BRI is committed to the KPK in the Application of Gratification Control within the company. As BRI's commitment to eradicate corruption and prevention of gratuity practices, Bank BRI has a policy of Gratification Control of BRI and Gratification Control Unit.

BRI's Gratification Control Guidelines refer to KPK Regulation No. 2 Year 2014 on December 9, 2014 on the Guideline on Reporting and Setting the Gratification Status. Th BRI's Gratification Control Guideline regulates the prohibition on gratuity acceptance for all BRI Insiders and restrictions on gratuity acceptance. The implementation of Gratification Control Guideline aims to build corporate values based on Good Corporate Governance (GCG) principles and instill integrity value to all BRI Insan to customers, vendors, partners and all stakeholders. Bank BRI continuously strives to improve the implementation of gratification control among others:

- a. Participate in the National Gratification Control Unit Forum held on 31 October to 3 November 2016 in Bogor West Java.
- b. Participate in the International Anti-Corruption Day Festival of 2016 held on December 8-10, 2016 in Pekanbaru Riau.
- c. Participate in the National Convention of Working Competency Standards Indonesia (RSKKNI) Design of Integrity Builders held on November 27, 2017 in Jakarta.
- d. Participate in the International Business Integrity Conference (IBIC) 2017 held on 11-12 December 2017 in Jakarta.

Gratification Control Unit

In the implementation of the Gratification Control Program, on July 14, 2017 BRI established a Gratification Control Unit (UPG). UPG BRI is an organizational structure in the Compliance Division and its function is attached to the Good Corporate Governance (GCG) Section. UPG BRI has duties and responsibilities including:

1. Develop policy and procedures for gratuity control.
2. Centralized Gratification reporting and reporting to the KPK.
3. Management of gratification goods.
4. Socialization and internalization of guideline for gratuity control throughout the work unit of BRI.
5. Mapping of critical points of acceptance and granting of gratuities





ANTI CORRUPTION POLICY AND PROCEDURES

Types of Gratification

Gratification Control Guideline of BRI has established the internal types of gratification which is aligned with the Gratification Knowledge Guideline as issued by the KPK. The types of Gratification set by BRI are as follows:

1. Mandatory Reported Gratification

Mandatory Reported Gratification is Gratification related to title/position and is contrary to its obligations or duties. Some examples of Gratification practices that must be reported by employees of BRI are all forms of giving in a broad sense that has a relationship in the implementation of obligations or duties among others as follows:

- a. Credit process;
- b. Procurement process of goods and services;
- c. Cooperation process with Third Party;
- d. The audit process;
- e. Recruitment, promotion and mutation of employee of BRI process;
- f. Other Bank Services Process

2. Non- Mandatory Reported Gratification

Non Mandatory Reported Gratification is the acceptance by employees of BRI which is not based on /not related to the position or authority being held and not contrary to his duty or obligation.

Non Mandatory Gratification Characteristics in general are as follows:

- a. Applies generally, that is, a condition of granting applied equal in terms of type, form, requirement or value, to all participants and comply with the principle of fairness or propriety;
- b. Not contrary to applicable laws and regulations;
- c. Seen as a form of expression, hospitality, respect in social relationships among others within reasonable limits of value;

- d. It is a form of acceptance that is in the domain of customs, customs, and norms that live in society within reasonable limits.

3. Service Related Gratification

Service related Gratification is gratification to employees of BRI from any party in the implementation of the services assigned to him. General characteristics of service related gratifications are as follows:

- a. Obtained legally in the performance of official duties;
- b. Given openly in official circles;
- c. Applies generally, that is, a condition of granting applied equal in terms of type, form, requirement, or value (referring to the general cost standard), to all participants and complies with the principle of fairness or compliance.

Socialization and Awareness Gratification Program

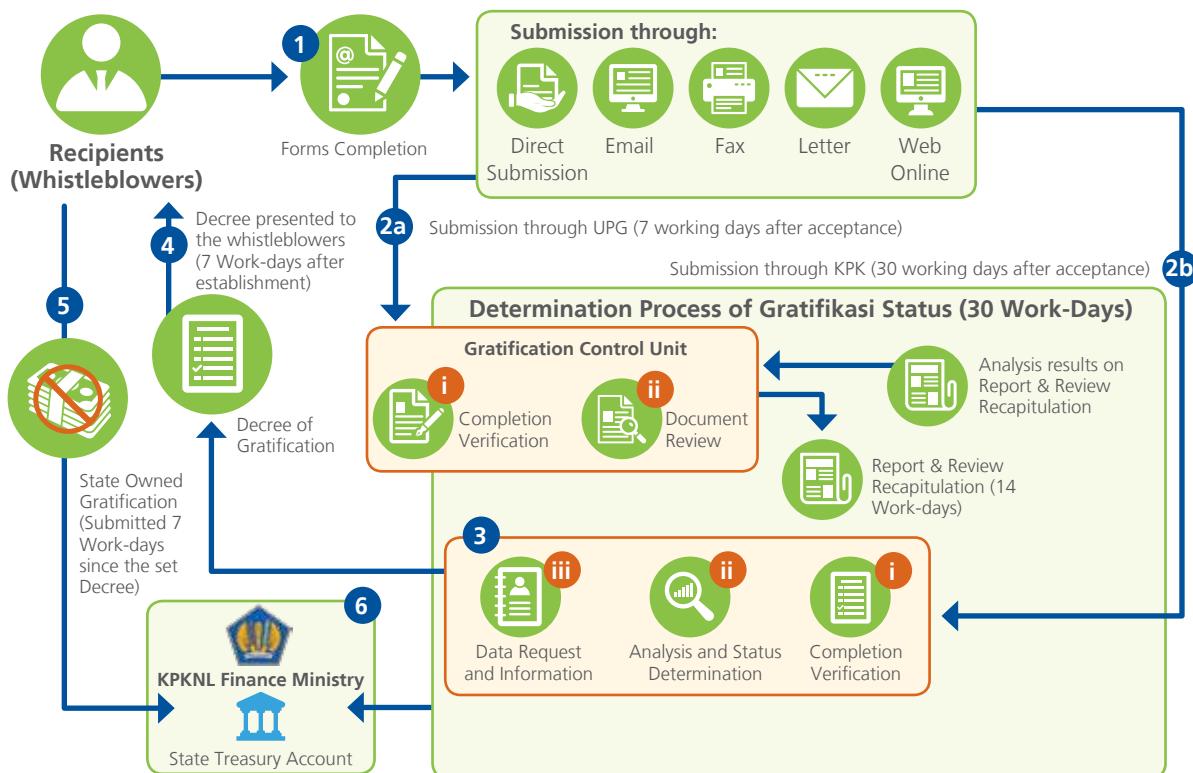
During 2017, as implementation of the Gratification Control Program, BRI has done the following things:

1. Socialization to the Work Unit of BRI Selindo by the Compliance Division of BRI and the Risk & Compliance Management Division of the BRI Regional Office
2. Briefing of education to New Hire and Managerial Level at BRI
3. Gratification E-Learning Program for all BRI Workers
4. Signing of integrity pact in every procurement activity of Goods and Services at BRI.

Gratification Reporting Mechanism

The gratification reporting standard refers to the standards and reporting procedures in the KPK with the following details:

ANTI CORRUPTION POLICY AND PROCEDURES



Gratification Report in 2017

There were no gratification reports during 2017.

CREDITOR PROTECTION POLICY

In performing one of its business facilities in public lending, the rights of BRI as creditor are protected and regulated under the rules applicable in each loan agreement with the customer.

BRI strives to uphold the equality of rights and protection to its customers by conducting creditor protection activities, such as:

- a. Explanation of bank products and its terms and conditions to the prospective customers.
 - b. Explanation to the customers on terms and conditions regarding loans proposed by the bank's employees and partner notary during loan agreement.
 - c. Loan agreement is made in 2 copies for both parties.

CUSTOMER PROTECTION POLICY

BRI Customer Protection Policy refers to policies regulated by the regulator, as well as the company's internal policies include:

1. Circular Letter of Central Bank of Indonesia No 16/16/DKSP/2014 dated September 30, 2014 Concerning the Procedures for the Implementation of Consumer Protection of Payment System Services.
 2. Circular Letter Financial Services Authority No. 2/SEOJK.07/2014 Concerning Service and Completion of Consumer Complaint on Business Service Perpetrator.
 3. Directors Decision Letter of BRI Nokep: S.15-DIR/LYN/06/2015 on Revision of Policies and Procedures of Complaints Settlement of PT Bank Rakyat Indonesia (Persero) Tbk. (Letter of Decision of the Board of Directors of BRI Nokep: S.15-DIR/LYN/06/2015 on Revision of Policies and Procedures of Complaints Settlement of PT Bank Rakyat Indonesia (Persero) Tbk has been revoked and revised into Directors' Decision Letter BRI Nokep: S. 105-DIR/LCC/12/2016 Date December 2nd 2016 Concerning Complaints and Customer Complaints Settlement Policy and Procedure PT Bank Rakyat Indonesia (Persero) Tbk.



ANTI CORRUPTION POLICY AND PROCEDURES

CONFLICT OF INTEREST

Conflict of interest is a condition/situation in which a person because of the position or authority in BRI, has a personal interest that can affect the quality and performance of the implementation of objective mandated tasks.

Policy

To prevent the occurrence of a conflict of interest, the Bank has a policy stated in the BRI's Joint Decree of the Board of Commissioners and the Board of Directors No. 02-KOM/BRI/05/2012 and Nokep: S.104-DIR/DKP/05/2012 on PT Bank Rakyat Indonesia (Persero) Tbk General Guidelines on Handling Conflict of Interest.

The basic principles to handle Conflict of Interest are:

4. Prioritizing public interest.
5. Creating transparency of handling and supervision of conflicts of interest.
6. Encouraging personal responsibility and exemplary attitude.
7. Creating and fostering an organizational culture capable of handling conflict of interests.

Commitment

The Board of Commissioners, Board of Directors, and all BRI employees are committed and professional in implementing the conflict of interest policy. As a form of BRI's personnel commitment in the implementation of policy and disclosure of conflict of interest, the manifestation are:

7. All employees of BRI shall make Annual Disclosures stating that they have no conflict of interest on any decisions that have been made and have carried out the conduct set by the Company.
8. Each work unit must submit a transaction report with conflict of interest.

Dissemination and Awareness Program

BRI disseminates the GCG policies and conflict of interest to BRI employees through education programs, workshop, In-House Training, onsite Development and Monitoring into BRI work units, learning or e-learning through BRI's internal portal, and statement of conflict of interest.

Conflict of Interest Transactions Report in 2017

Throughout 2017, there were 12 transactions with conflict of interest, i.e. 7 reports of office leasing owned by BRI employees, 1 report on procurement of goods and services, and 4 reports of credit disbursement process that contained conflict of interest. Every conflict of interest transaction has been reported to the Head Office and submitted in the semiannual report to the Financial Services Authority.

INSIDER TRADING PREVENTION

Insider Trading is a stock trading or other securities (bonds or stock options) by an individual in the Company that has access to the Company's nonpublic information.

Policy

The Bank has a policy that regulates insider trading activities for all BRI employees. The insider trading policy is stipulated in:

1. Joint Decree of BRI's Board of Commissioners and Directors No. 02-KOM/BRI/05/2012 and Nokep: S.104-DIR/DKP/05/2012 dated May 24, 2012, on the General Guidelines of Handling of Conflict of Interest in BRI.

The policy states that all BRI employees are prohibited from engaging in any activity related to insider trading that refers to illegal activities in the financial market environment to seek profit, which is usually done by utilizing internal information such as corporate plans or corporate decisions/corporate actions are published.

To support good corporate governance practices, all BRI employees are required to make Annual Disclosure, including disclosure of insider trading transactions conducted by BRI personnel.

2. BRI's Articles of Association stipulates that any member of the Board of Directors who personally, in any way, directly or indirectly has an interest in a proposed transaction, contract or contract in which the Company is one of its parties shall be characterized by its importance.

ANTI CORRUPTION POLICY AND PROCEDURES

PROCUREMENT OF GOODS AND SERVICES

Procurement is a series of activities performed to fulfill or provide the Company's goods and/or services requirements through purchasing or renting or cooperation with another party, which is conducted via a partnership or through another appointed party.

BRI performs Procurement of Goods and Services with the objective to support bank operations and business performance in general. In order to provide the best service and uphold the Good Corporate Governance principles, BRI is committed to creating a safe, effective, and efficient procurement process for goods and services.

Procurement of Goods and Services Policy

The Policy of Fixed Assets and Logistics Management (KEMAL) is a guideline in the process of procurement of goods and services to support the Bank's operations in accordance with the quality, quantity, and timing established at the best price by taking into account the GCG (Good Corporate Governance) principles.

KEMAL BRI obtained approval from the Board of Directors in 2011 and enacted since 2012. KEMAL refers to the State Minister for State-Owned Enterprises Regulation No. PER-05/MBU/07/2008 dated July 3, 2015, on the General Guidelines for Procurement of Goods and Services of State-Owned Enterprises. The objectives of KEMAL BRI are:

3. As a guideline in the quality management of fixed assets and logistics services to all BRI work units.
4. As a guideline in the procurement process of goods and services in BRI.

KEMAL refinement is performed continuously with due regards to control mechanism and corporate challenge. Thus, it is expected that the procurement process of goods and services in BRI shall be more in line with the business needs, priority scale, budget availability, and budget efficiency.

Procurement of Goods and Services Principles

In performing the procurement process, the Bank refers to the following basic procurement principles::

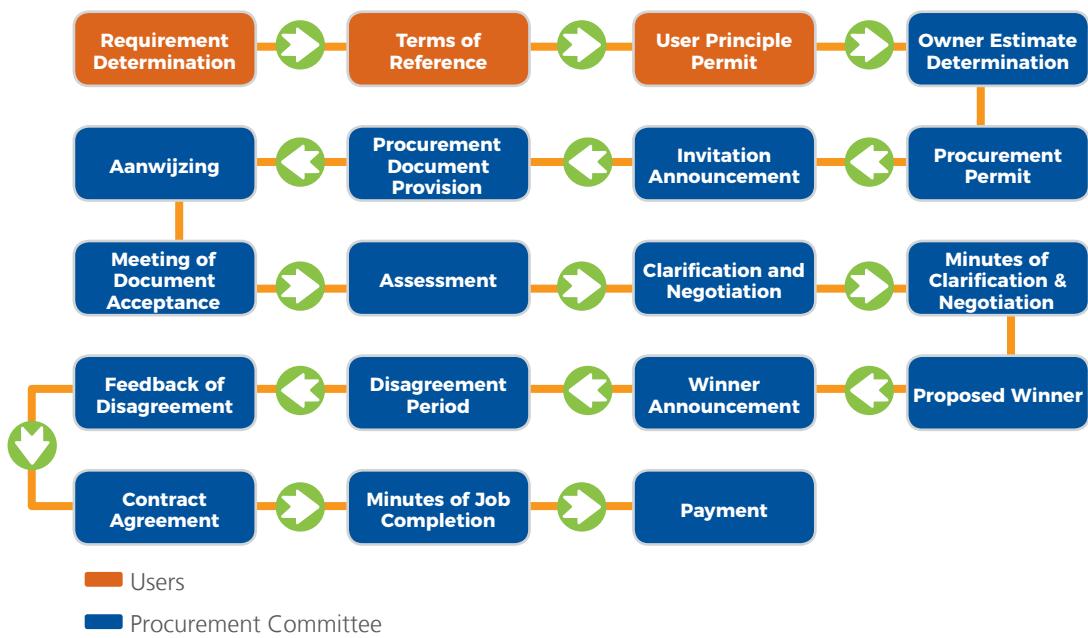
1. Efficient
Procurement of goods and/or services shall be performed to obtain the best and optimal results in a short period using the funds and capabilities to a minimum reasonable limit, not just based on the lowest price.
2. Effective
Procurement of goods and/or services must be in accordance with the requirements that have been set and provide the maximum benefit according to the target set.
3. Competitive
The procurement of goods and/or services must be open to any qualified Goods and Services Provider that meet certain requirements and through a healthy competition between the equal Goods and Services Providers, and must meet certain requirements/criteria, which are based on clear and transparent stipulations and procedures.
4. Transparent
All provisions and information on the procurement of goods and/or services, including technical requirements of procurement administration, evaluation procedures, evaluation results, determination of potential suppliers of goods and/or services, are transparent to the interested providers of goods and/or services.
5. Fair and Reasonable
Provide equal treatment to all eligible providers of goods and services.
6. Accountable
Must reach targets and be accountable to prevent any potential abuses and irregularities..



ANTI CORRUPTION POLICY AND PROCEDURES

Procurement of Goods and Services Procedures

The phases in procuring goods and services in BRI are as follows:



Description:

5. In order to support BRI's operations, adequate facilities and infrastructures are needed to achieve the Company's objectives. Procurement process is necessary to meet the needs of facilities and infrastructure required.
6. In every procurement process, Owner Price Estimate serves as one of the basis for determining the procurement method. Thus, it is necessary to set the Owner Estimate. In 2017, Estimation Group was established, i.e. an independent work unit that has duties and responsibilities in preparing and establishing Owner Estimate (HPS) of procurement of goods and/or services at BRI.
7. Procurement process is carried out through several methods, including Self-Management, Direct Purchase, Direct Appointment, Direct Selection, and Open Auction.
8. The procurement process will evaluate the offer submitted by the Candidate of Provider of Goods/Services to obtain the best quality and price.
9. In order to have conformity between BRI's needs and the offer submitted by the prospective provider of goods/ services, the process of procurement shall be clarified and negotiated until the winner of the provider of goods/ services is determined.
10. If the winner has been determined, BRI shall provide an objection period to any party objecting to the procurement process that has been made or to the winner selection. This is conducted by BRI in order to realize the procurement process of goods and services that comply with the Good Corporate Governance principles.

BRI'S FIXED ASSETS MANAGEMENT

The current BRI's fixed assets management uses the BRISmile application (Electronic Logistics Information Management System), which is a refinement of the previous Logistics Portal application developed in-house by the Division of Information Technology Planning and Development. The application has several modules, i.e.:

ANTI CORRUPTION POLICY AND PROCEDURES

- a. Procurement module of fixed assets..
- b. Fixed asset management module, consisting of fixed asset insurance, relocation, reclass of fixed assets, and the write-off of fixed assets.
- c. Budget module.

Differed than the previous SIM AT, i.e. the SAP Fixed asset management (FAM) that can only be accessed at the BRI Head Office and BRI Regional Offices, BRISmile is accessible up to the BRI Branch Offices and BRI Head Office. Thus, the management of fixed assets can be more efficient and effective. The efficiency of the fixed asset management through BRISmile is as follows:

- a. BRI's work unit can view and monitor the recording of fixed assets in its work unit online. Thus, the main problem in the physical difference between fixed assets and data in BRISmile can be resolved soon. The work unit can ensure that the received assets are already recorded in BRISmile.
- b. The increase of BRI's work units and the supervision of BRI's work units require the management of fixed assets that are decentralized, especially those relating to the relocation (displacement) of fixed assets between work units. BRI Branch Offices can relocate its fixed assets without going through Regional Offices or Head Office. Thus, the main problem in the physical difference between fixed assets and data in BRISmile can be minimized.
- c. The insurance process of fixed assets includes the closing of insurance and the payment of insurance claims for loss of fixed assets can be done online with the insurer (asuradur). Hence, the process of closing the insurance shall be performed faster than manual closing, thereby reducing the risk of loss of BRI's fixed assets. In addition, the work unit that submits insurance claims through BRISmile can monitor the progress of insurance claims for loss of BRI's fixed assets. Further, after there is claim approval from asuradur, the claim is paid automatically to GL Claim Custody Fixed Asset account of the working unit owner of fixed asset. Thus, the work unit does not need to transfer from the IA account to the GL Claim Custody Fixed Asset account.
- d. The BRI work unit can perform the write-off process, starting from the proposal to deletion from the record in BRISmile. This process provides the convenience of the work unit to monitor the progress of each proposed write-off.
- e. The budget module in BRISmile facilitates in the Work & Budget Plan development. This is because the proposal of each work unit is conducted through the system. Thus, the needs of every work unit can be monitored and analyzed by the Head Office for BRI Work & Budget Plan compilation..
- f. The procurement process of fixed assets shall start from the input of procurement principle permit, the license of the procurement principle and the making of Work Order (WO) up to the delivery/distribution of fixed assets to the BRI work unit. This process is performed using the BRISMile Application. Hence, all progress of procurement of the fixed assets in the Head Office, Regional Offices, Branch Offices, Inspection Office, and BRI Corporate University are in accordance with the authority granted. Therefore, fixed asset procurement will be evaluated in terms of time and constraints.
- g. The process of submitting proposals up to the recording of fixed assets for property rent/purchase and construction/renovation of BRI Building can be performed through BRISMile. The progress of proposals or construction/renovation can be directly monitored by BRI work unit.
- h. Currently BRISMile module is already connected (interface) to Brinets. All bookkeeping transaction is conducted automatically in BRISMile. Thus, it is not necessary to manually perform the bookkeeping by related work unit (except payment transaction to account of vendor/third party, transfer to Investment Procurement Debt and to fixed asset auction deposit account). The BRISMile module that has the interfaces to Brinets includes:



ANTI CORRUPTION POLICY AND PROCEDURES

- 1) Depreciation Expenses Fees.
 - 2) Relocation & Reclassification of Fixed Assets.
 - 3) Write-off of fixed assets.
 - 4) Insurance Claim Payment.
 - 5) Procurement of Goods/Goods Distribution.
 - 6) Realization of construction/renovation and realization of purchase of office building.
- i. The need for information on the BRI's fixed assets for internal and external purposes, especially data related to BRI financial reports, to be more quickly and accurately. BRISmile is able to generate reports, such as fixed asset details, fixed asset mutation reports, statement of write-offs of fixed assets, closing reports of fixed asset insurance, etc.
- j. To facilitate the management in the policy strategies related to fixed assets, there are procurement dashboard, the proposal of property rent/purchase, building construction/renovation to ensure that the policy is targeted and on a timely manner.
- k. Throughout 2017, BRI has developed several modules, i.e.:
- 1) Module of Procurement and distribution of printed materials
Procurement of printed materials and printed goods distribution (security printing/non-security printing), which is integrated to BRINETS bookkeeping and digital office.
 - 2) Module of Motor Vehicle Registration (SIM/BPKB)
Module of BPKB Management Information System, which serves to distribute BPKB from vehicle provider vendors to vehicle owners who have not received the physical BPKB integrated with digital office.
 - 3) Module of Division of AMK Payment Verification
This module functions to verify the fiat paying note, issued by the Division of PBJ if payment to a third party payment has been completed by the Division of AMK.
 - 4) Module for Automatic Amortization Cost Amount for Building Rental & Upgrade of Building Rental

The module functions to automatically charge amortization for rental buildings and upgrade of rental buildings.

5) Online Partner List

Module that functions to facilitate the process for third parties that aim to become a partner of BRI, starting from the registration process with online method on BRI's web until the issuance of BRI Partner Signs.

Vendor Management

1. In principle, the providers of goods and/or services that will participate in the procurement of goods and/or services at BRI shall have a BRI Vendor Certificate (TDR). TDR (Vendor Certificate) is a description in the format of certificate or letter containing explanation that the provider of goods/services listed therein has been registered as BRI Vendor, as a condition to participate the procurement of goods/services at BRI.
2. BRI already has a list of vendors of goods/services that can be used in the procurement process of goods/services at BRI. The list of partners is obtained from the selection of qualifications and requirements set by BRI. Requirements to be BRI's partners (starting from the selection of providers of goods/services) have been conducted in a transparent manner, in order to apply the Good Corporate Governance principles.
3. Vendors' Evaluation
Evaluation is conducted to the vendors with the assessment variable covering the procurement process, quality, delivery, responsiveness, and maintenance period.
4. Vendor Management Application
BRI has developed integrated TDR (Vendor Certificate) management applications with BRISMILE, starting from the vendor registration (through BRI intranet), vendor evaluation process (legality and the business type), to the issuance of BRI Vendor Certificate (TDR BRI) by the Bank.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

ANTI CORRUPTION POLICY AND PROCEDURES

5. Vendor Gathering

Throughout 2017, BRI has conducted two vendor gatherings with agenda of Brainstorming between BRI and vendors, and listening to inputs and opinions from vendors related to the procurement process of goods and/or services at BRI.

Vendor gathering details

Date

1. 08 March 2017
2. 08 May 2017

Venue

1. MAT Division Tender Room 25th Floor
2. Britama Room 19th Floor BRI 1

Vendors

Consultant Planner, Supervising Consultant, and Executing Contractor.

Procurement of Goods and Services in 2017 Report

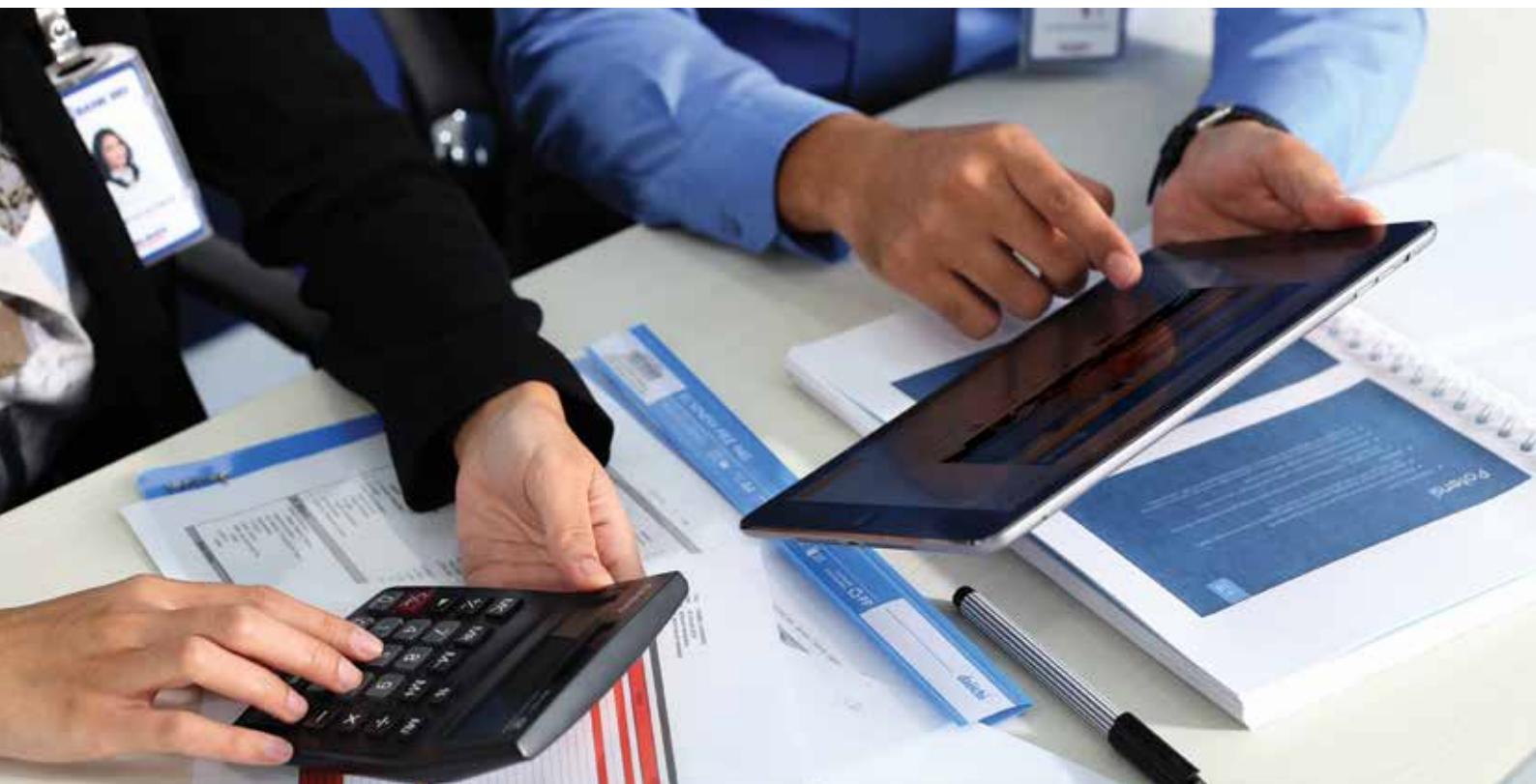
As of December 2017, there were 2,530 procurements with a value amounting to Rp2,503,998,605,255.

In upholding the prudential principles, for the procurement of goods and services within certain limits, the Procurement Officials in a Procurement of Goods and Services Committee shall decide on the said procurement.

On the decision of the Procurement of Goods and Services Committee, it is expected that the decision on the procurement of goods and services shall be made more thoroughly and accountably, with due regards to the effective and efficient principles in the process of procurement of goods and services.

Procurement of Goods and Services Audit

In improving the internal control function in the procurement process of goods and services, BRI constantly conducts procurement audits of goods and services by Internal Audit Unit and external audit.





BANK STRATEGIC PLAN IN 2017

In 2017, BRI's Board of Directors has compiled and set the 5-years BRI Corporate Plan (2018-2022), which become the guidelines for BRI's transformation process, 'From Good to Great'. In formulating the Corporate Plan 2018-2022, in addition to being guided by BRI's vision and mission, BRI's Board of Directors also considered several factors that will affect the banking industry development in Indonesia in the future, among others:

- Indonesia's demographic condition is dominated by middle-income productive population with increasing purchasing power, and it is increasingly dominated by millennial generation that are familiar with digital technology;
- The Government's national development policy is directed towards the infrastructure development and energy sector development, which require funding from banks;
- Economic integration in the ASEAN Economic Community (AEC) with ASEAN free trade among the ASEAN countries will affect the competition of banks, both in the collection of funds and the distribution of financing.

Long Term

BRI's transformation process from 2018 to 2022 is aimed at achieving aspiration as The Most Valuable Bank in Southeast Asia and Home to The Best Talent.

Business Targets

To support the aspiration, the set business targets are:

- **Micro Segment**
Maintaining and expanding BRI's micro business to achieve minimal market share
- **Consumer Segment**
Maintaining market leader in salary-based loan, and becoming the Top Player in other consumer sectors.
- **SME Segment**
Realizing BRI's aspirations to become the SME Leading Bank in Indonesia
- **Corporate Segment**
Increasing profitability in the Corporate segment

Transformation Strategy

BRI Transformation is outlined in the Corporate Plan, which will be implemented in 3 waves of transformation as follows:

- Maintaining BRI's dominance in the MSM segment through the digitalization of business process
To maintain the BRI's dominance in the MSM segment, especially in the Microbusiness, it is necessary to digitize business processes, and improve monitoring, collection, and underwriting capability.
- Addressing the Challenges of Deposit Business with the Development of Wholesale Transaction Banking and Retail Payment services
BRI strengthens its capabilities in retail payment and transaction banking to address the challenges of technological change and the increasing potential of the growing middle class.
Retail business focuses on targeting potential customers of individual segments and agencies, developing wholesale transaction banking business,
- Increasing HR Productivity as well as Quality of Information Technology Service
In terms of support, to prepare the execution of long-term strategy, BRI will strengthen information technology capabilities in business and operational support, be more efficient in managing risk, capacity building of data analytics, building performance-driven culture, and strengthening leadership capability.

Medium Term

BRI has the Competitive Growth Strategy for the next three years, i.e. by:

- Improving the Structure of Balance Sheet and Income
- Improving the Operating Productivity
- Operational Excellence
- Building the SOEs synergy to improve competitiveness

Short Term

The various short-term strategies for 2018 have been described in the Management and Analysis Discussion by segments. The core are:

- Maintaining Focus on the Asset Growth in the MSM segment
- Increasing Low-Cost Fund Growth and Maintaining CASA Composition
- Improving Operational Productivity
- Maintaining Asset Quality

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

OTHER BANK POLICIES

TRANSPARENCY OF FINANCIAL AND NON FINANCIAL CONDITION

Financial Transparency

BRI executes transparency over its financial condition through Financial Statements of monthly, quarterly or annually to financial and capital market authorities accessible and downloaded by both Investor and the public through the BRI website (www.bri.co.id, <http://banggaberindonesia.com/home>, www.ir-bri.com), Financial Services Authority website (www.ojk.go.id), Indonesia Stock Exchange website (www.idx.co.id) and print media with details as the following:

Publication of Financial & Non Financial Report 2017	Date	Publication
Monthly Financial Statements		
December 2016	31 January 2017	BRI Website: www.bri.co.id dan www.ir-bri.com
January 2017	28 February 2017	Financial Services Authority Website: www.ojk.go.id
February 2017	31 March 2017	
March 2017	28 April 2017	
April 2017	31 May 2017	
May 2017	30 June 2017	
June 2017	31 July 2017	
July 2017	31 August 2017	
August 2017	29 September 2017	
September 2017	31 October 2017	
October 2017	30 November 2017	
November 2017	30 December 2017	
December 2017	31 January 2018	
Quarterly Publication		
Financial Statements		
31 December 2016 (Audited)	1 February 2017	Print Media: Media Indonesia, Investor Daily, Kontam, Bisnis Indonesia.
31 March 2017 (Un-audited)	20 April 2017	BRI Website: www.bri.co.id dan www.ir-bri.com
30 June 2017 (Limited Review)	7 August 2017	Financial Services Authority Website: www.ojk.go.id
30 September 2017 (Un-Audited)	26 October 2017	
31 December 2017 (Audited)	25 January 2018	Bursa Efek Indonesia Website: www.idx.co.id
Liquidity Coverage Ratio (LCR)		
Quarter I – 2017	28 April 2017	BRI Website: www.bri.co.id
Quarter II – 2017	31 July 2017	
Quarter III – 2017	31 October 2017	
Quarter IV – 2017	31 January 2018	
Annual Publications		
Annual Report BRI 2016	1 March 2018	BRI Website: www.bri.co.id dan www.ir-bri.com Bursa Efek Indonesia Website: www.idx.co.id
Sustainability Reports	1 March 2018	BRI Website: www.bri.co.id , www.ir-bri.com dan http://banggaberindonesia.com/home
PKBL Financial Statements 2016	1 March 2018	BRI Website: www.bri.co.id dan http://banggaberindonesia.com/home
Annual Report DPLK BRI 2016	28 February 2017	BRI Website: www.bri.co.id
Financial Statements DPLK BRI 2016	28 February 2017	
Investment Report DPLK BRI 2016	28 February 2017	
Integrated Governance Report 2016		



OTHER BANK POLICIES

Non Financial Transparency

In addition to financial information, through the BRI website, public and stakeholders, can find any information, whenever accurate and adequate, among others:

1. Corporate Governance Information, among others are Corporate Governance Reports contained in Company Annual Report, Good Corporate Governance Policy (GCG), Risk Management Policy, Company Code of Ethics, GCG Assessment Results, pro l Board of Directors and Board of Commissioners.
2. Product and Service Information of the Company including its office network is published through the Annual Report and BRI website, so that customers, Investors and the wider community can easily access information on the Company's products and services.
3. Press Release Perusahaan yang berisi update berita dan perkembangan Perseroan.

DISCLOSURE ON PROVISION OF FUND TO RELATED PARTIES AND LARGE EXPOSURE

Related Parties Transactions Policy

In accordance with Bank Indonesia regulations, BRI has implemented prudential and risk management principles in Fundings, particularly the Funding to Related Parties and Large Exposure and/or Funding to other parties having interest in the Bank. This is stipulated in BRI's Board of Directors' Circular Letter NOSE: S.32-DIR/ADK/09/2007 on the Minimum Lending Limit.

The Company's Portfolios of Funding to Related Parties shall be at the maximum of 10% (ten percent) of the Bank's Capital. Other provisions of the related parties stipulated are:

1. Banks are prohibited from granting of Funding to Related Parties that are in contrary to the general procedure of Funding.
2. Banks are prohibited from granting of Funding to Related Parties without the approval of the Board of Commissioners.

3. Banks are prohibited from purchasing low-quality assets from related parties.
4. If the quality of Funding to related parties decreases to substandard, doubtful, and stalled, the Bank is required to take remedial measures such as:
 - a. Repayment of credit no later than 60 (sixty) days after the quality of the decline of Funding and or
 - b. To restructure credit since declining quality of Funding.
5. Funding to Borrowers that are not Related Parties distributed and/or used for the benefit of the Related Party is classified as Funding to Related Parties.
6. The Borrowers that are not Related Parties that receives the Funding as intended under Point 5) are categorized as a Related Parties.
7. In the event that the Bank will provide Funding in the form of Capital Investment resulting in the position where the Bank conducts the investment to a Related Party, the Bank shall ensure:
 - a. The Funding Plan does not violate the Funding to the Related Party.
 - b. The Funding, which will be and has been granted to the investee following the injection with the entire portfolio of Funding to Related Parties does not violate the prevailing rules.
 - c. The requirements referred to in Points 1, 2, 3, and 4 have been met.

Related parties include:

1. Individual or company/entity, which is the Bank's controller.
2. Company/agency in which the Bank acts as a controlling party.
3. Individual or other company/agency acting as controller of the Company
4. The Company in which:
 - a. individuals and/or companies/entities as referred to in point 1 act as controllers.
 - b. individuals and/or companies/entities as referred to in point 3 act as controllers;

OTHER BANK POLICIES

5. Board of Commissioners, Board of Directors, and Bank's Executive Officers.
6. Parties who have a family relationship up to the second degree, both horizontal and vertical.
7. Companies/agencies of the Board of Commissioners, the Board of Directors, and/or their Executive Officers on the companies/agencies as referred to in points 1, 2, 3, and 4.
8. The Board of Commissioners, the Board of Directors, and/or their Executive Officers of the Companies/agencies, who are:
 - a. The Bank's Board of Commissioners, the Board of Directors, and/or Executive Officers.
 - b. The Board Commissioners, Directors, and/or Executive Officers of companies/agencies as referred to in points 1, 2, 3, and 4.
9. Companies/agencies of which 50% (fifty percent) or more of the Commissioners and Directors are Commissioners, Directors, and/or Executive Officers of companies/entities as referred to in points 3 and or 4.
10. Companies/agencies in which:
 - a. The Board of Commissioners, the Board of Directors, and/or the Executive Officer of the Bank as referred to in point e) shall act as the controlling party.
 - b. The Board of Commissioners, the Board of Directors, and/or the Executive Officers of the parties referred to in points 1, 2, 3, and or 4, who act as controllers;
11. Companies/agencies having financial relationship with the Bank and/or parties as referred to in points 1 to 10 above.
12. Collective investment contracts, whereby the Bank and/or parties referred to in points 1 to 10 own 10% (ten percent) or more shares in the investment manager of the collective investment contract;
13. A borrower in the form of an individual or a non-bank company/entity providing guarantee to parties as referred to in points 1 to 12.
14. Borrowers that are given a guarantee by the parties as referred to in points 1 to 12.
15. Other banks that provide guarantees to the parties as referred to in points 1 to 12, as long as there is counter-guarantee from the Bank and/or parties as referred to in points 1 to 12 to the other bank.
16. Other companies/agencies in which there is interest from the parties as referred to in point 6.

Funding to Related Parties and Large Exposures

BRI has the policy and procedures on Large Exposures and Funding to Related Parties, which have interests in the Bank. For funding with a minimum amount of Rp1 Trillion, the decision on funding shall be consulted to the Board of Commissioners. Funding applies to Single Debtor, Group Debtor, Plasma Debtor, or Debtor of SOEs or Government.

Funding to related parties and main debtors/groups in 2017 are as follows:

Funding	Total	
	Debtors	Debit Nominal (in million rupiah)
Related Parties	488	5,286,535
Borrowers	100	386,496
Individual	50	177,010
SOEs and Ministries	25	137,030
Non SOEs	25	39,979
Group	50	209,487
SOEs	25	159,528
NON SOEs	25	49,959



OTHER BANK POLICIES

FUNDING FOR SOCIAL AND POLITICAL ACTIVITIES

Social Activities

During 2017, funding for social activities is disbursed through various Corporate Social Responsibility activities, Partnership and Community Development Loans. Amount of Financing/grant to perform CSR and Partnership Loans activities is reported in Sub-Chapter of Corporate Social Responsibility.

Political Activities

During the reporting period, the Bank did not provide/disburse funds for political activities.

STATE OFFICIALS' ASSETS REPORT (LHKPN)

To improve the quality of GCG implementation, BRI also complies with the reporting regulation of State Official's Assets Report (LHKPN) under the provision of Corruption Eradication Commission (KPK).

Policy

Executives required to report LHKPN

As a realization to enhance transparency, prevent corruption and support the clean culture of corruption, collusion, and nepotism, members of the Board of Commissioners, Board of Directors, SEVP, EVP, and VP at BRI are required to report assets in accordance with the internal requirements of the Directors' Letter Nokep. S.07-DIR/KPS/02/2017 dated February 22, 2017. The data reported in the report covers the position of the property before and after it has taken office. These reporting provisions are continually updated to comply with the prevailing regulations.

LHKPN Reporting Coordinator

The reporting coordinator appointed by BRI to manage and monitor the LHKPN reporting process is the Head of Secretariat and Protocol and Head of Human Resource Policy and Development Division. Based on BRI's current organizational structure, there are 264 BRI employees (outside the Board of Directors, Board of Commissioners and Subsidiaries) who are required to report assets to the KPK. Of all the officials, the majority have reported their assets in accordance with the reporting obligations of LHKPN.

Reporting

No	Position	Total LHKPN Mandatory	Total Reported		Not Yet Reported	
			Total	%	Total	%
1	BOC	9	9	100%	0	-
2	BOD	11	10	90%	1	10%
3	BRI Employees	262	156	59%	106	41%
4	Subsidiaries	11	7	63%	4	37%
Total		293	182		111	

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

INTEGRATED CORPORATE GOVERNANCE REPORT



Intra Group Transactions Policy

Ownership and/or management relationships in various financial sectors cause direct or indirect impacts on the risk exposure that arise in the business continuity of Financial Services Institution (LJK) in the Financial Conglomeration. Based on POJK No. 17/POJK.03/2014 on the Implementation of Integrated Risk Management for Financial Conglomeration, Bank BRI as the Parent Entity in a financial conglomeration shall identify, manage, and mitigate the risk of intra group transactions.

The intra group transaction policy is stipulated in the BRI internal regulation, set forth in the BRI's Board of Directors' Decree No: S.72-DIR/DMR/12/2016 on BRI Integrated Risk Management. Intra group risk control aims to minimize the possible negative impacts caused by LJK dependency, both directly and indirectly to the other LJKs in financial conglomerates.

BRI always monitors the performance and business risks that may arise on the subsidiaries by ensuring that the intra group transactions are in accordance with the prevailing regulation and limit set forth by the regulators.



INTEGRATED CORPORATE GOVERNANCE REPORT

Financial Conglomeration Structure

In accordance with the letter of BRI to OJK No. B.140-DKP/GCG/10/2016 dated October 27, 2016, BRI's Financial Conglomeration Structure is as follows:



Shareholding Structure

Subsidiaries	Shares Ownership (%)	Operational Date	Address
BRI Syariah	99,99%	16 October 2008	Jl. Abdul Muis No. 2-4 Jakarta
BRI Agro	86.83%	8 February 1990	Plaza GRI Jl. HR. Rasuna Said Blok X2 No. 1 Jakarta
BRI Life	91%	28 October 1987	Graha Irama Lt 2,5,7,11 & 15, Jl. HR Rasuna Said Blok X-1 Kav 1&2, Jakarta 12950, Indonesia
BRI Finance	99%	1 August 1983	Wisma 46, Lantai 10 – Kota BNI, Jalan Jenderal Sudirman Kav 1, Jakarta

Management Structure

The management structure of BRI's financial conglomerate in accordance with the POJK No. 18/POJK.03/2014 on the Implementation of Integrated Governance for Financial Conglomeration, is as follows:

Subsidiaries	IGC	Compliance Function	Internal Audit Function	Risk Management Function
BRI Syariah	✓	✓	✓	✓
BRI Agro	✓	✓	✓	✓
BRI Life	✓	✓	✓	✓
BRI Finance	✓	✓	✓	✓

Organization Structure of Main Entity and Members of Financial Services

Main Entity

The Organizational Structure of Main Entity is discussed in the Chapter of the Board of Commissioners and Board of Directors in this Annual Report.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

INTEGRATED CORPORATE GOVERNANCE REPORT

Financial Services Member: BRI Syariah

Board of Commissioners

Eko B. Suharno	President Commissioner
Hermanto Siregar	Independent Commissioner
Komaruddin Hidayat	Independent Commissioner
Eko Suwardi	Independent Commissioner

Sharia Supervisory Board - BRI Syariah

The Sharia Supervisory Board (DPS) is responsible for supervising all products and services offered and the operations of BRISyariah banking operations, in accordance with the sharia provisions. The Sharia Supervisory Board not only provides opinion to BRISyariah's new products and activities, but also assures the implementation of sharia principles in Bank's business and operations by coordinating and assisting the relevant work units within the Bank. In carrying out its supervisory duties, DPS cooperates with the Compliance Unit and the Internal Audit Unit to ensure the implementation of bank compliance with sharia principles.

DPS Composition of BRI Syariah

BRI Syariah's DPS organization consists of a chairman and a member, as in the following table:

Didin Hafidudin	Chairman of DPS
Muhammad Gunawan Yasni	Member of DPS

Board of Directors

Moch. Hadi Santoso	President Director
Agus Katon Eko S.	Director
Indra Praseno	Director
Hilman Purakusumah	Director
Wildan	Director

Financial Services Member: BRI Agro

Board of Commissioners

Bambang Soepeno	President Commissioner
Roswita Nilakurnia	Commissioner
Achmad Fachmi	Commissioner
Saptono Sivi	Commissioner
Heru Sukanto	Commissioner

Board of Directors

I Komang Sudiarsa	President Director
Zuhri Anwar	Director
Mustari Damopolii	Director
Sahala Manalu	Director
Zainuddin Mappa	Director

Financial Services Member: BRI Life

Board of Commissioners

Gatot Mardiwasisto Trisnadi	President Commissioner
Mahmuddin Yasin	Vice President Commissioner
Siswarin D. Hendarsapti	Commissioner
Mulabasa Hutabarat	Independent Commissioner
M.Ridwan Rizqi R. Nasution	Independent Commissioner

Dewan Pengawas Syariah - BRI Life

Sharia Supervisory Board of BRI Life is the recommended corporate organ by DSN MUI, which performs supervisory function on the implementation of insurance business in accordance with sharia principles. The Sharia Supervisory Board is a supervisory board of sharia aspects, in which each Member of Sharia Supervisory Board cannot act individually, but based on the Sharia Supervisory Board's decision. To support the effectiveness of its duties and responsibilities, the Sharia Supervisory Board is supported by the Sharia Supervisory Board Organ, i.e. the secretary and/or special staff of the Sharia Supervisory Board.

DPS Composition of BRI Life

BRI Life's DPS organization consists of a chairman and a member, as in the following table:

Mohamad Hidayat	Chairman of DPS
Agus Haryadi	Member of DPS
Siti Haniatunnisa	Member of DPS

Board of Directors

Rianto Ahmadi	President Director
Fabiola N. Sondakh	Director
M. Sodo Harisetyanto	Director
Sugeng Sudibjo	Director
Kahiri Setiawan	Director
Ansar Arifin	Director



INTEGRATED CORPORATE GOVERNANCE REPORT

Financial Services Member: BRI Finance

Board of Commissioners

Edi Masrianto	President Commissioner
Nandi Hendrian Hamaki	Commissioner
Boyke Budiono	Commissioner

Board of Directors

Kurnia Chaerudin	President Director
Hendrickus	Director
Achmad Chairul Ganie	Director
Hadi Susanto	Director

Duties and Responsibilities

In the integrated governance implementation for BRI's financial conglomerate, the Main Entity has guidelines for encouraging LJK Financial conglomerates to have prudent governance, in line with GCG principles. In implementing these guidelines, all parent entity organs and LJKs of financial conglomerates have their duties and responsibilities in the internal control and control functions.

Main Entity's Board of Commissioners and Board of Directors

Board of Commissioners of the Main Entity

1. Supervising the Financial Services of Financial Conglomeration of BRI is in accordance with the guidelines of integrated governance.
2. Supervising duties and responsibilities of BRI's Board of Directors on the implementation of integrated governance.
3. Evaluating the guidelines and implementation of integrated governance.

Board of Directors of the Main Entity

1. Compiling guidelines for integrated governance.
2. Directing, monitoring, and evaluating the implementation of integrated governance.
3. Following-up the direction and evaluation of the Board of Commissioners on the guidelines and implementation of integrated governance.
4. Ensuring findings and recommendations from OJK supervision or regulators, external auditors, integrated audit work units, have been acted upon.

Financial Services Members' Board of Commissioners, Sharia Supervisory Board, and Board of Directors

Board of Commissioners of the Financial Conglomerate Financial Services

1. Supervising the implementation of governance, duties, and responsibilities of the Board of Directors, and following-up audit findings.
2. Establishing Audit Monitoring Committee and Compliance Monitoring Committee.
3. Holding the Board of Commissioners' Meeting, which covers the frequency, attendance, and decision-making mechanism.
4. Having guidance on the working rules of the Board of Commissioners.

Sharia Supervisory Board of BRI Syariah

Duties and responsibilities of the Sharia Supervisory Board are as follows:

1. Ensuring and monitoring the conformity of the bank operations to the fatwas issued by the National Sharia Board - Indonesian Ulema Council (DSN-MUI);
2. Assessing sharia aspects of the operational guidelines and product issued by the bank;
3. Providing opinion from the sharia aspect towards the comprehensive bank operations in the bank's publication report;
4. Assessing new products and services for which there is no fatwa, or requesting fatwas to the DSN-MUI;
5. Reviewing the compliance of sharia principles with the mechanism for the fund collection, fund disbursement, and bank's services;
6. Submitting a sharia supervision report at least every 6 (six) months to the Board of Directors, Commissioners, National Sharia Board, and the Financial Services Authority;
7. Providing sufficient time to carry out their duties and responsibilities optimally.

Frequency and Advisory and Recommendations of BRI Syariah DPS

1. The Sharia Supervisory Board shall hold Sharia Supervisory Board meeting at least once a month, as required by PBI No. 11/33/PBI/2009 and SEBI No. 12/13/DPB on the GCG Implementation for Sharia Commercial Bank (BUS) and Sharia Business Unit (UUS) in performing its duties and responsibilities.

INTEGRATED CORPORATE GOVERNANCE REPORT

2. All decisions set out in the minutes of the DPS' meeting are joint decisions of all members of DPS. The minutes of the meeting contains the decisions and sharia opinions taken in the meeting.

Sharia Supervisory Board of BRI Life

The Sharia Supervisory Board of BRI Life supervises and provides suggestions and advice to the Board of Directors in order to ensure that the Insurance Company activities are in accordance with the sharia principles, technically supported by management, to:

1. Insurance Company Activities in the management of assets and liabilities, both good and/or new, corporate funds, and investment funds of participants;
2. Sharia insurance products marketed by Insurance Companies; and
3. The marketing of sharia insurance products by the Insurance Company.

Obligations of Sharia Supervisory Board (DPS)

The Sharia Supervisory Board also has the obligations to:

1. Ensure effective, appropriate, and prompt decision-making and act independently with no interest that may interfere with its ability to perform its tasks independently and critically.
2. Carry out supervisory duties and advice and suggestions provisions to the Board of Directors for the Insurance Company's activities in accordance with the sharia principles;
3. Organize regular meetings between DPS and/or management at least 6 (six) times a year;
4. Compile the Minutes of Meeting comprehensively, through management's assistance, including in the case of dissenting opinion of the Sharia Supervisory Board, which shall be well documented, and shall be submitted to all members of DPS;
5. Prepare annual report with the management's assistance, on Supervision of the Company's Sharia Supervisory Board in accordance with the forms and ordinances set by the Regulator.
6. Deliver the results of the supervisory report to OJK and submit a copy to Management, and be the part of the Good Corporate Governance compliance report.

7. Examine and review the periodic reports and Annual Report prepared by the Directors, and sign the said report;
8. Request explanation to the Board of Directors on the policies or actions of members of the Board of Directors assessed by DPS that is not in accordance with the sharia principles;
9. In the event that the Board of Directors refuses the results of DPS assessment, DPS shall report to the Chief Executive and forward to the Board of Directors no later than 7 (seven) working days after the Board of Directors' explanation is received by DPS.
10. In the event that the Board of Directors receives the results of the DPS assessment as referred to in item 8, DPS requests the Board of Directors to make corrections to the policies or actions of the members of the Board of Directors to be in accordance with the Sharia Principles.
11. In the event that a member of the Board of Directors does not revise the policy or action as referred to in point 10, DPS shall immediately report to the Chief Executive and forward to the Board of Directors no later than 7 (seven) working days after it is known that the member of the Board of Directors does not make such efforts.

Frequency and Advisory and Recommendation of the BRI Life's Sharia Supervisory Board

In providing suggestions and advice, the Sharia Supervisory Board conducts meetings based on the Sharia Supervisory Board Charter, which is regulated as follows:

1. Sharia Supervisory Board Meeting shall be held regularly at least 6 (six) times in 1 (one) year.
2. Meetings may be held at any time upon the request of 1 (one) or several Members of the Sharia Supervisory Board or at the request of the Board of Directors, stating the matters which will be discussed.
3. Decisions in the Sharia Supervisory Board Meeting are done through deliberation. In the event that consensus cannot be reached, then a decision shall be made by vote, with agreeing vote of more than 1/2 (one half) of number of valid votes cast in the meeting.
4. All decisions of the meeting shall be binding to all Members of the Sharia Supervisory Board.



INTEGRATED CORPORATE GOVERNANCE REPORT

Board of Directors of the Financial Conglomerate Financial Services

1. Implementing the GCG principles, including the fulfillment of sharia principles.
2. Following-up audit findings, both internal and external audits.
3. Ensuring the availability of work rules at Financial Services' Financial Conglomeration.
4. Holding the Board of Commissioners' Meeting, which covers the frequency, attendance, and decision-making mechanism.

Integrated Governance Committee

1. Evaluating the implementation of integrated governance through an adequacy assessment of internal controls and integrated compliance functions implementation, including the sharia principles fulfillment.
2. Providing recommendation to the Parent Company's Board of Commissioners to refine the integrated governance guidelines.
3. Providing strategic input to the Board of Commissioners in the integrated governance implementation.

Integrated Compliance Unit

In carrying out the integrated compliance function, the Integrated Compliance Unit has the following duties and responsibilities:

1. Monitoring and evaluating the Integrated Compliance Function on each BRI's Financial Conglomeration Financial Services, including the sharia principles.
2. Preparing and submitting report on the duties and responsibilities implementation of the Compliance Function to the Compliance Director.

Integrated Internal Audit Unit

In implementing integrated governance in financial conglomerates, BRI as the Main Entity is required to have an Integrated Internal Audit Unit. The tasks of integrated internal audit are performed by BRI's IAU.

The duties and responsibilities of BRI's IAU are as follows:

1. Assisting the duties of the Board of Directors and Board of Commissioners of BRI as the Main Entity in monitoring the internal audit of BRI's Financial Conglomeration Financial Services in the framework of integrated governance framework.

2. Monitoring the implementation of internal audit on each BRI's Financial Conglomeration Financial Services.
3. In carrying out the monitoring, BRI's IAU shall:
 - a. Monitor based on the report from BRI's Financial Conglomerate Financial Services Internal Audit Unit.
 - b. Audit the Financial Conglomerate Financial Services of BRI individually, or
 - c. Audit (joint audit) the Financial Conglomerate Financial Services of BRI.

Integrated Risk Management Unit

The Integrated Risk Management Unit is implemented by the BRI Risk Management Division. The Integrated Risk Management Unit is independent, separate from the work unit carrying out the internal control function and the operational risk-taking unit at BRI. The Integrated Risk Management Unit reports directly to the BRI's Director of Compliance.

In performing its duties, the Integrated Risk Management Unit coordinates with the Risk Management unit of each Subsidiary Company. Coordination shall be carried out, among others, through the information delivery on the exposure of each Subsidiary Company to the Integrated Risk Management Unit at regular intervals.

The duties and responsibilities of the Integrated Risk Management Unit include:

1. Providing recommendations to BRI's Board of Directors and to Integrated RMC in the preparation and improvement of Integrated Risk Management policy
2. Monitoring the implementation of Integrated Risk Management policy, including developing procedures and tools for risk identification, measurement, monitoring, and control
3. Carrying out risk monitoring on Subsidiaries based on the assessment:
 - a. Risk profile of each Subsidiary
 - b. Integrated risk level of each subsidiary
 - c. Integrated Risk profile
4. Integrated stress testing

INTEGRATED CORPORATE GOVERNANCE REPORT

5. Regular Reviewing to ensure:
 - a. accuracy of risk assessment methodology
 - b. adequacy of management information system
 - c. accuracy of policies, procedures, and determination of risk thresholds
- The objective of periodic reviews is to anticipate if there is a change of internal factors and external factors to the BRI's Financial Conglomeration
1. Reviewing new business line proposals that are strategic and have a significant effect on the findings to be followed-up regarding the evaluation results on the Integrated Risk Management.
 2. Assessment of new business line proposals focuses on aspects of capability in managing new business, including the systems and procedures comprehensiveness, that are utilized, and their impact on overall risk exposure
 3. Providing information to Integrated RMC on issues that need to be followed-up regarding the evaluation result on the Integrated Risk Management, including the amount and the maximum of risk exposure that need attention from BRI's Board of Directors or Subsidiaries
 4. Compiling and submitting Integrated Risk Profile report regularly to BRI's Director of Compliance and to Integrated RMC. Report frequency can be increased if market conditions change rapidly.

INTEGRATED GOVERNANCE WORK PROGRAM 2017

Integrated Compliance Unit

The work program of Integrated Compliance Unit throughout 2017 are as follows:

1. Maintaining the IG structure that complied with the IG principles and regulatory provisions, including Board of Commissioners, Directors, Committees, Integrated Work Unit, and policies/procedures.
2. Evaluating the Integrated Work Unit implementation, i.e. Compliance Function, Risk Management Function, and Internal Audit Function on financial conglomeration.
3. IG Self-Assessment on the BRI's financial conglomerations.
4. Report submission of the IG implementation to the Financial Services Authority.

Integrated Internal Audit Unit

The work program of Integrated Internal Audit Unit throughout 2017 are as follows:

1. Monitoring the internal audit quarterly, with the scope of monitoring as follows:
 - a. Monitoring of Subsidiaries' performance achievements
 - b. Monitoring of Subsidiaries' Audit Result Report
 - c. Monitoring of Subsidiaries' significant findings follow-up
 - d. Monitoring Subsidiaries' HR fulfillment
2. Conducting joint audit with BRI Agroniaga's IAU for audit of internet banking at BRI Agroniaga
3. Implementing Quality Assurance on IAU of Company's Subsidiaries.

Integrated Risk Management Unit

The work program of Integrated Risk Management Unit throughout 2017 are as follows:

1. Integrated Risk Management Committee (RMC) implementation.
2. Integrated Risk Profile implementation.
3. BRI's Consolidated Soundness Level Report
4. Consolidated Minimum Capital Requirement (CAR).

REALIZATION OF INTEGRATED GOVERNANCE 2017

Integrated Compliance Unit

In performing the Compliance function in a financial conglomerate during 2017, BRI's Compliance Unit has conducted the following:

1. IG Self-Assessment on the BRI's financial conglomerations.
2. Had 2 (two) meetings of IG Committee throughout 2017.
3. Delivered the integrated risk profile report to the regulator.

Integrated Internal Audit Unit

In performing its function as Integrated IAU, BRI's IAU has conducted the work program as follows::

1. Organizing Sharia Audit Training
2. Discussion on Annual Audit Planning (PAT) of Subsidiaries



INTEGRATED CORPORATE GOVERNANCE REPORT

3. Sharing knowledge related to the development of Key Risk Indicator, Quality Assurance, and Investigation.
4. Joint Audit on DRC and Internet Banking Development at BRI Agro
5. Implementation of Risk-Based Audit Education for Auditor at Subsidiaries
6. Off-Site monitoring of IAU's Audit Result Report
7. Submission of Integrated Internal Audit Report every Semester
8. Self-Assessment on Financial Conglomeration Integrated Governance every semester.
9. Routine Coordination Meeting with Subsidiaries' IAU
10. Completion of Draft of Subsidiaries' Management Policy related to Integrated Internal Audit
11. Quality Assurance on the SKAI of BRI Life and BRI Syariah.

Integrated Risk Management Unit

In performing its function as Integrated IAU, BRI's IAU has conducted the work program as follows:

1. Integrated Risk Management Committee (RMC) implementation.
Integrated RMC is implemented every semester. In 2017, BRI has implemented integrated RMC as follows:
 - a. Integrated RMC I 2017 on April 3, 2017
 - b. Integrated RMC II 2017 on September 28, 2017
2. Integrated Risk Profile implementation.
Integrated risk profile is prepared every semester. BRI's integrated risk profile report as of June 2017 has been reported to OJK on August 14, 2017.
3. BRI's Consolidated Soundness Level Report
BRI prepares a consolidated bank's soundness level report every semester. BRI's consolidated bank's soundness level report as of June 2017 has been reported to OJK in August 2017.
4. Consolidated Minimum Capital Requirement (CAR).
Consolidated CAR is compiled every semester. In 2017, BRI has submitted the KPMM Reports as follows:
 - a. BRI's consolidated CAR report as of June 2017 has been reported to OJK on August 9, 2017.
 - b. BRI's consolidated CAR report as of December 2017 has been reported to OJK on February 15, 2018.

RISK MANAGEMENT TABLES

CALCULATION OF LIABILITIES OF CAPITAL ADEQUACY RATIO (CAR)

PT BANK RAKYAT INDONESIA (PERSERO) Tbk

(In million rupiah)

Description	
I. Core Capital (Tier 1)	
1. Common Equity Tier-1 (CET 1)	
1.1. Paid-in Capital (less Treasury Stock)	
a. Common Stock	
b. Preference Stock	
1.2. Disclosed Reserves *)	
1.2.1. Factor enhancers :	
1.2.1.1. Other Comprehensive Income	
1.2.1.1.1. Differences arising from translation of foreign currencies in financial statement	
1.2.1.1.2. Potential gain from increase of fair value of financial assets available for sale	
1.2.1.1.3. Balance of fixed asset revaluation surplus	
1.2.1.2. Other disclosed reserves	
1.2.1.1.1. Premium	
1.2.1.1.2. General reserves	
1.2.1.1.3. Prior year profits	
a. Last year profits	
b. Increase/decrease of fair value of financial liabilities	
c. Gain on sale of assets in securitization transaction	
1.2.1.1.4. Profit for the year	
a. Profit for the year	
b. Increase/decrease of fair value of financial liabilities	
c. Gain on sale of assets in securitization transaction	
1.2.1.1.5. Stock options	
1.2.1.1.6. Others	
1.2.2. Deduction factors :	
1.2.2.1. Other Comprehensive Income	
1.2.2.1.1. Differences arising from translation of foreign currencies in financial statement	
1.2.2.1.2. Potential loss from increase of fair value of financial assets available for sale	
1.2.2.2. Other disclosed reserves	
1.2.2.2.1. Premium	
1.2.2.2.2. Last year losses	
1.2.2.2.3. Losses for the year	
Differences on Allowances for	
1.2.2.2.4. Uncollectible Assets (PPA) and Allowances for Impairment Losses (CKPN) on Earning Assets	
1.2.2.2.5. Differences on adjustment of fair value of financial instruments in Trading Book	
1.2.1.1.6. Required PPA on non-earning assets	
1.2.1.1.6. Others	
1.3. Non-controlling interest	
1.4. Deduction factors of CET 1 *)	
1.4.1. Calculation of deferred tax	
1.4.2. Goodwill	
1.4.3. Differences in other intangible assets	
1.4.4. Investments calculated as deduction factor	
1.4.5. Equity deficiency in insurance subsidiary	
1.4.6. Securitization Exposure	
1.4.7. Other deduction factor of CET 1	
1.4.7.1 Fund placement in AT1 instruments and/or Tier 2 in other banks	
1.4.7.2 Cross ownership in other entities acquired by transfer due to legal, grant or fair grant	



RISK MANAGEMENT TABLES

	31 Dec 17		31 Dec 16	
	Bank	Consolidated	Bank	Consolidated
	154,668,699	159,087,145	136,670,139	139,786,475
	154,668,699	159,087,145	136,670,139	139,786,475
	6,111,861	6,111,861	6,111,861	6,111,861
	6,111,861	6,111,861	6,111,861	6,111,861
	158,200,691	157,400,369	138,668,380	137,524,555
	158,230,228	157,443,602	138,691,220	137,724,479
	15,500,155	15,500,155	13,952,073	13,952,073
	54,202	54,202	23,490	23,490
	1,621,261	1,621,261	103,891	103,891
	13,824,692	13,824,692	13,824,692	13,824,692
	142,730,073	141,943,447	124,739,147	123,772,406
	410,340	410,340	410,340	410,340
	3,022,685	3,022,685	3,022,685	3,022,685
	110,827,813	109,844,759	95,552,666	94,339,485
	110,827,813	109,844,759	95,552,666	94,339,485
	-	-	-	-
	-	-	-	-
	28,469,235	28,665,396	25,753,456	25,999,896
	28,469,235	28,665,396	25,753,456	25,999,896
	-	-	-	-
	-	-	-	-
	-	267	-	-
	-	-	-	-
	29,537	43,233	22,840	199,924
	-	-	-	25,542
	-	-	-	-
	-	-	-	25,542
	29,537	43,233	22,840	174,382
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	56,547
	-	-	-	-
	29,537	33,890	22,840	110,221
	-	9,343	-	7,614
	-	410,067	-	247,259
	9,643,853	4,835,152	8,110,102	4,097,200
	2,989,066	3,137,065	2,328,528	2,402,408
	-	65,246	-	64,580
	-	6,198	-	3,569
	6,654,787	1,626,643	5,781,574	1,626,643
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

CALCULATION OF LIABILITIES OF CAPITAL ADEQUACY RATIO (CAR)

PT BANK RAKYAT INDONESIA (PERSERO) Tbk

(In million rupiah)

Description	
2. Additional Tier 1 (AT 1) *	
2.1. Instruments eligible as AT1	
2.2. Agio/Disagio	
2.3. Deduction factor: Investment on AT1 and Tier 2 instruments in other banks *)	
2.3.1. Fund placement on AT1 and Tier 2 instruments in other banks	
2.3.2. Cross ownership in other entities acquired by transfer due to legal, grant or fair grant	
II. COMPLEMENTARY CAPITAL (Tier 2)	
1. Capital instruments such as stocks or others eligible as Tier 2	
a. Preference stock (perpetual cumulative, non perpetual), less repurchase	
b. Subordinated securities (perpetual cumulative, non perpetual), less repurchases	
c. Subordinated borrowings (perpetual cumulative, non perpetual), less repurchases	
d. Mandatory convertible bond	
e. Tier 2 issuance by subsidiaries (bank and non-bank) purchased by third parties (consolidated)	
f. Amortization in remaining period (-/-)	
2. Agio / disagio	
3. General reservers for required PPA on earning assets (maximum 1,25% of Credit Risk RWA).	
4. Deduction factor of Complementary Capital *)	
4.1. Sinking Fund	
4.2. Fund placement on Tier 2 instruments in other banks	
4.3. Cross ownership in other entities acquired by transfer due to legal, grant or fair grant	
TOTAL CAPITAL	
RISK WEIGHTED ASSET	
RWA CREDIT RISK	
RWA MARKET RISK	
RWA OPERATIONAL RISK	
TOTAL RWA	
CAR BASED ON RISK PROFILE (%)	
CAR ALLOCATION	
From CET 1 (%)	
From AT1 (%)	
From Tier 2 (%)	
CAR	
CET 1 ratio (%)	
Tier 1 ratio (%)	
Tier 2 ratio (%)	
Total ratio (%)	
CET FOR BUFFER (%)	
REQUIRED BUFFER PERCENTAGE (%)	
Capital Conversion Buffer (%)	
Countercyclical Buffer (%)	
Capital Surcharge for D-SIB (%)	
1) Penyajian rincian dapat tidak ditampilkan apabila nilanya nihil.	



RISK MANAGEMENT TABLES

	31 Dec 17		31 Dec 16	
	Bank	Consolidated	Bank	Consolidated
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,083,240	8,306,990	6,240,293	7,459,267	
-	1,000,000	-	1,000,000	
-	-	-	-	
-	1,000,000	-	1,000,000	
-	-	-	-	
-	-	-	-	
-	-	-	-	
7,083,240	7,306,990	6,280,293	6,499,267	
-	-	40,000	40,000	
-	-	-	-	
-	-	40,000	40,000	
-	-	-	-	
161,751,939	167,394,135	142,910,432	147,245,742	
566,659,194	591,391,731	502,423,401	524,505,486	
6,889,063	6,986,505	9,535,428	9,622,076	
130,967,728	134,420,827	111,898,899	114,841,081	
704,515,985	732,799,063	623,857,728	648,968,643	
9.57%	9.57%	9.38%	9.38%	
8.56%	8.44%	8.38%	8.23%	
0.00%	0.00%	0.00%	0.00%	
1.01%	1.13%	1.00%	1.15%	
21.95%	21.71%	21.91%	21.54%	
21.95%	21.71%	21.91%	21.54%	
1.01%	1.13%	1.00%	1.15%	
22.96%	22.84%	22.91%	22.69%	
13.39%	13.27%	13.53%	13.31%	
2.250%	2.250%	1.125%	1.125%	
1.250%	1.250%	0.625%	0.625%	
0.000%	0.000%	0.000%	0.000%	
1.000%	1.000%	0.500%	0.500%	

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

Disclosure of Net Receivables Based on Region - Bank Only

(in million rupiah)

No.	Portfolio Category	31 December 2017						
		Net Receivables by Region						
		Jakarta	Central & Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Government Receivables	274,065,941	-	-	-	-	-	37,291
2	Public Sector Entity Receivables	75,635,998	2,219,593	9,877,247	0	2,335,915	2,225,157	4,442,045
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-	-
4	Banks Receivables	52,673,654	-	-	-	-	-	101,756
5	Mortgage Loan	23,813	44,750	16,531	20,145	12,900	25,067	18,862
6	Commercial Property Loan	2,351,274	758,088	13,867	75,553	652,844	73,984	2,922
7	Employee/Pensioners Loan	18,030,820	58,642,051	12,416,629	10,239,161	14,014,404	22,827,945	5,176,110
8	Micro Enterprise and Retail Portfolio Receivables	34,281,678	65,631,646	25,855,084	48,070,214	39,313,421	45,966,277	9,595,949
9	Corporate Receivables	108,934,329	22,295,636	7,902,463	12,280,345	16,483,355	23,329,523	6,624,076
10	Past Due Receivables	1,022,695	1,571,674	613,021	652,615	831,297	1,680,664	288,375
11	Other Assets	34,796,483	3,780,050	6,365,427	5,094,761	8,648,204	11,129,445	3,092,350
	Total	614,600,781	155,441,598	63,463,875	76,767,094	82,956,875	108,851,564	29,379,736

Disclosure of Net Receivables Based on Region - Bank Consolidated with Subsidiaries

(in million rupiah)

No.	Portfolio Category	31 December 2017						
		Net Receivables by Region						
		Jakarta	Central & Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Government Receivables	279,060,280	-	-	-	-	-	37,291
2	Public Sector Entity Receivables	76,063,264	2,219,593	9,877,247	-	2,335,915	2,316,381	4,442,045
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-	-
4	Banks Receivables	52,742,768	20	11	20	261	20,258	101,756
5	Mortgage Loan	132,788	62,445	48,882	28,734	25,255	74,484	18,862
6	Commercial Property Loan	2,561,082	758,088	221,340	75,553	708,234	94,261	2,922
7	Employee/Pensioners Loan	18,112,880	58,650,657	12,491,617	10,244,403	14,020,867	22,987,699	5,176,110
8	Micro Enterprise and Retail Portfolio Receivables	35,475,815	66,038,867	25,891,978	48,195,257	39,417,630	46,913,057	9,595,949
9	Corporate Receivables	114,625,271	22,347,460	7,950,524	12,456,133	16,967,491	23,568,111	6,624,076
10	Past Due Receivables	1,030,150	1,584,418	616,849	672,233	833,018	1,747,868	288,375
11	Other Assets	34,796,483	3,780,050	6,365,427	5,094,761	8,648,204	11,129,445	3,092,350
	Total	614,600,781	155,441,598	63,463,875	76,767,094	82,956,875	108,851,564	29,379,736



		31 December 2016							
		Net Receivables by Region							
Total	Jakarta	Central & Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total	
(10)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(12)	
274,103,232	237,611,053	-	-	-	-	-	-	21,087	237,632,140
96,735,955	75,067,213	2,213,105	8,450,053	0	2,298,599	2,733,383	5,128,899	95,891,252	
-	-	-	-	-	-	-	-	-	-
52,775,410	47,943,452	5,077	-	-	-	-	-	101,044	48,049,573
162,068	13,760	31,505	10,683	13,792	8,253	8,920	4,085	90,998	
3,928,532	1,325,774	937,420	9,800	82,796	439,988	146,560	2,876	2,945,214	
141,347,120	15,606,482	53,708,129	10,806,445	9,502,434	12,747,879	20,437,930	4,745,257	127,554,556	
268,714,269	30,797,864	59,475,386	23,340,858	43,433,540	35,069,945	42,200,974	9,307,177	243,625,744	
197,849,727	95,588,769	18,310,138	5,268,097	10,201,166	12,873,806	18,190,685	5,202,984	165,635,645	
6,660,341	1,083,339	1,312,369	541,653	721,045	776,750	1,868,020	205,892	6,509,068	
72,906,720	29,588,796	3,434,596	5,611,977	4,763,238	7,967,318	9,919,997	1,393,155	62,679,076	
1,131,461,522	534,626,502	139,427,725	54,039,566	68,718,011	72,182,538	95,506,469	26,112,456	990,613,266	
-	-	-	-	-	-	-	-	-	-
		31 December 2016							
		Net Receivables by Region							
Total	Jakarta	Central & Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total	
(10)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(12)	
279,097,571	239,570,232	-	-	-	-	-	-	21,087	239,591,319
97,254,445	75,350,897	2,213,105	8,450,053	-	2,298,599	2,825,882	5,128,899	96,267,434	
-	-	-	-	-	-	-	-	-	-
52,865,094	48,828,795	5,097	10	24,759	16,884	42,372	101,044	49,018,962	
391,450	124,471	47,806	43,134	30,633	16,688	59,063	4,085	325,881	
4,421,480	1,328,814	938,007	232,098	82,796	439,988	186,311	2,876	3,210,890	
141,684,234	15,691,141	53,716,603	10,889,581	9,510,458	12,756,691	20,631,191	4,745,257	127,940,922	
271,528,553	31,607,737	59,644,580	23,367,557	43,525,265	35,178,276	42,773,357	9,307,177	245,403,949	
204,539,065	99,685,431	18,384,238	5,331,905	10,286,124	13,491,471	18,415,247	5,202,984	170,797,400	
6,772,911	1,100,433	1,319,647	544,641	736,003	777,573	1,946,787	205,892	6,630,977	
72,906,720	29,797,066	3,437,998	5,620,821	4,768,963	7,975,923	9,971,224	1,393,155	62,965,149	
1,131,461,522	543,085,017	139,707,082	54,479,801	68,965,002	72,952,095	96,851,433	26,112,456	1,002,152,884	

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Net Receivables by Remaining Contract Term - Bank Only

(in million rupiah)

No.	Portfolio Category	31 December 2017					
		Net Receivables berdasarkan sisa jangka waktu kontrak					
		< 1 tahun	> 1 thn s.d. 3 thn	> 3 thn s.d. 5 thn	> 5 thn	Non Kontraktual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Government Receivables	149	1,743,686	6,696	23,113,429	249,239,272	274,103,232
2	Public Sector Entity Receivables	21,283,761	9,557,608	4,773,132	45,818,897	15,302,557	96,735,955
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	20,254,866	3,702,778	5,690,279	5,641,366	17,486,121	52,775,410
5	Mortgage Loan	-	392	7,856	153,820	-	162,068
6	Commercial Property Loan	-	26,795	1,453,068	2,448,669	-	3,928,532
7	Employee/Pensioners Loan	175,735	4,789,265	20,357,873	116,023,777	470	141,347,120
8	Micro Enterprise and Retail Portfolio Receivables	31,408,918	129,779,138	61,895,883	43,955,700	1,674,630	268,714,269
9	Corporate Receivables	23,984,791	38,621,552	30,306,063	99,932,771	5,004,550	197,849,727
10	Past Due Receivables	406,220	1,648,073	1,544,792	3,061,256	-	6,660,341
11	Other Assets	-	-	-	-	72,608,621	72,608,621
	Total	97,514,440	189,869,287	126,035,642	340,149,685	361,316,221	1,114,885,275

Disclosure of Net Receivables by Remaining Contract Term - Bank Consolidated with Subsidiaries

(in million rupiah)

No.	Portfolio Category	31 December 2017					
		Net Receivables berdasarkan sisa jangka waktu kontrak					
		< 1 tahun	> 1 thn s,d, 3 thn	> 3 thn s,d, 5 thn	> 5 thn	Non Kontraktual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Government Receivables	4,994,488	1,743,686	6,696	23,113,429	249,239,272	279,097,571
2	Public Sector Entity Receivables	21,679,086	9,599,355	4,840,279	45,833,168	15,302,557	97,254,445
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	20,330,145	3,702,778	5,694,279	5,651,771	17,486,121	52,865,094
5	Mortgage Loan	1,538	16,691	25,135	348,086	-	391,450
6	Commercial Property Loan	38,130	146,006	1,531,746	2,705,597	-	4,421,480
7	Employee/Pensioners Loan	194,092	4,903,022	20,500,138	116,086,511	470	141,684,234
8	Micro Enterprise and Retail Portfolio Receivables	32,278,827	129,992,951	62,079,351	45,502,794	1,674,630	271,528,553
9	Corporate Receivables	26,453,520	39,175,288	30,809,090	103,096,616	5,004,550	204,539,065
10	Past Due Receivables	466,030	1,660,359	1,557,678	3,088,844	-	6,772,911
11	Other Assets	-	-	-	-	72,906,720	72,906,720
	Total	106,435,856	190,940,138	127,044,391	345,426,818	361,614,320	1,131,461,522



RISK MANAGEMENT TABLES

	31 December 2016					
	Net Receivables based on balance of contract's period					
	< 1 tahun	> 1 thn s.d. 3 thn	> 3 thn s.d. 5 thn	> 5 thn	Non Kontraktual	Total
	(9)	(10)	(11)	(12)	(13)	(14)
	9,553	5,289,123	460,818	106,966,036	124,906,610	237,632,140
	24,207,127	5,276,829	3,875,061	54,398,014	8,134,221	95,891,252

22,204,537	3,181,478	1,408,384	2,798,661	18,456,513	48,049,573
-	524	4,137	86,337	-	90,998
1,183	16,097	112,756	2,815,178	-	2,945,214
116,601	4,264,928	19,362,218	103,810,217	592	127,554,556
30,518,915	119,159,539	50,425,950	42,179,483	1,341,857	243,625,744
18,141,542	34,651,246	21,434,129	87,183,479	4,225,249	165,635,645
338,041	1,571,877	1,491,463	3,107,687	-	6,509,068
-	-	-	-	62,679,076	62,679,076
95,537,499	173,411,641	98,574,916	403,345,092	219,744,118	990,613,265

	31 December 2016					
	Net Receivables based on balance of contract's period					
	< 1 tahun	> 1 thn s,d. 3 thn	> 3 thn s,d, 5 thn	> 5 thn	Non Kontraktual	Total
	(9)	(10)	(11)	(12)	(13)	(14)
	1,968,732	5,289,123	460,818	106,966,036	124,906,610	239,591,319
	24,439,564	5,319,884	3,963,796	54,409,969	8,134,221	96,267,434

23,055,200	3,261,268	1,412,384	2,833,597	18,456,513	49,018,962
2,112	12,328	30,507	280,933	-	325,881
9,778	41,851	141,571	3,017,690	-	3,210,890
137,844	4,419,482	19,481,323	103,901,680	592	127,940,922
31,286,362	119,276,859	50,649,344	42,849,527	1,341,857	245,403,949
19,875,840	36,063,866	21,671,977	88,960,469	4,225,249	170,797,400
380,586	1,585,600	1,500,419	3,164,372	-	6,630,977
286,073	-	-	-	62,679,076	62,965,149
101,442,092	175,270,261	99,312,139	406,384,274	219,744,118	1,002,152,883

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Net Receivables by Economic Sectors - Bank Only

(in million rupiah)

No.	Economy Sectors	Government Receivables	Public Sector Entity Receivables	Multilateral Development Banks and International Institutions Receivables	
(1)	(2)	(3)	(4)	(5)	
31 December 2017					
1	Agriculture, Hunting and Forestry	-	4,246,842	-	
2	Fishery	-	-	-	
3	Mining and Excavation	-	23,584	-	
4	Manufacturing	-	12,885,828	-	
5	Electricity, Gas and Water	-	29,810,910	-	
6	Construction	-	6,541,688	-	
7	Wholesale and Retail Trading	149	12,045,369	-	
8	Accommodation and Food and Beverage	-	271,350	-	
9	Transportation, Warehouse and Communication	-	8,327,719	-	
10	Financial Brokerage	249,319,593	7,934,090	-	
11	Real Estate, Leasing and Corporate Services	-	81,466	-	
12	Public Administration, Defense, and Compulsory Social Security	-	3,353,842	-	
13	Education Services	-	-	-	
14	Health and Social Services	-	-	-	
15	Public, Socio-culture, Entertainment and other Personal Services	37,291	6,115,000	-	
16	Personal services for household	-	-	-	
17	International institution and other international extra agencies	-	-	-	
18	Undefined Activities	24,730,089	1,426,623	-	
19	Non-Business Activity	-	-	-	
20	Others	16,110	3,671,644	-	
	Total	274,103,232	96,735,955	-	
31 December 2016					
1	Agriculture, Hunting and Forestry	-	5,918,105	-	
2	Fishery	-	-	-	
3	Mining and Excavation	-	333,185	-	
4	Manufacturing	-	13,594,343	-	
5	Electricity, Gas and Water	-	30,590,833	-	
6	Construction	-	5,469,834	-	
7	Wholesale and Retail Trading	280	15,234,450	-	
8	Accommodation and Food and Beverage	-	-	-	
9	Transportation, Warehouse and Communication	-	8,576,810	-	
10	Financial Brokerage	210,741,731	3,970,110	-	
11	Real Estate, Leasing and Corporate Services	-	61,608	-	
12	Public Administration, Defense, and Compulsory Social Security	21,087	4,104,039	-	
13	Education Services	-	-	-	
14	Health and Social Services	-	-	-	
15	Public, Socio-culture, Entertainment and other Personal Services	-	210,922	-	
16	Personal services for household	-	-	-	
17	International institution and other international extra agencies	-	-	-	
18	Undefined Activities	26,819,495	5,504,929	-	
19	Non-Business Activity	-	78	-	
20	Others	49,547	2,322,007	-	
	Total	237,632,140	95,891,253	-	



RISK MANAGEMENT TABLES

	Banks Receivables	Mortgage Loan	Commercial Property Loan	Employee / Retirement Loan	Micro Enterprise and Retail Portfolio Receivables	Corporate Receivables	Past Due Receivables	Other Assets
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
-	-	1,895	15,383	36,903,446	37,550,975	429,644	-	-
-	-	-	1,334	2,487,130	782,415	46,864	-	-
390,625	-	-	143	249,345	4,663,200	18,134	-	-
1,150,753	-	-	1,337	9,075,398	41,136,702	192,484	-	-
-	-	-	5,060	255,204	6,397,946	7,239	-	-
10,649	-	-	4,992	957,689	17,741,137	400,174	-	-
80,400	844	-	10,186	155,927,876	49,682,755	4,004,878	-	-
2,884	-	1,918,036	2,775	3,498,399	1,500,412	55,659	-	-
-	-	1,960,954	2,604	3,994,959	6,229,046	91,618	-	-
22,790,662	-	-	5,656	160,664	2,434,927	10,258	-	-
2,981	10,670	47,647	8,502	3,641,377	4,079,952	107,348	-	-
-	-	-	173,941	33,577	40,776	1,923	-	-
-	-	-	99,248	282,723	245,144	7,270	-	-
-	471	-	188,841	807,208	1,450,130	17,054	-	-
-	266	-	102,627	12,926,217	4,976,085	157,220	-	-
-	-	-	2,520	1,768,842	170,087	22,370	-	-
21	-	-	-	-	-	-	-	-
3,207,572	3,620	-	12,363,288	6,620,095	8,840,972	299,189	-	-
-	146,197	-	128,358,683	29,119,927	6,891,413	791,015	-	-
25,138,863	-	-	-	4,193	3,035,653	-	72,608,621	-
52,775,410	162,068	3,928,532	141,347,120	268,714,269	197,849,727	6,660,341	72,608,621	-
-	82	1,701	16,215	31,437,980	32,300,715	454,123	-	-
-	-	-	1,402	2,316,659	576,893	38,443	-	-
1,294,731	-	-	176	283,349	6,710,519	20,277	-	-
2,240,864	222	-	1,820	8,278,920	41,277,090	197,021	-	-
-	-	-	1,945	237,258	5,556,726	64,532	-	-
4,508	-	-	6,535	1,244,637	14,286,221	493,868	-	-
80,067	1,988	-	13,940	144,106,863	32,340,411	3,723,696	-	-
5,380	-	2,518,981	3,592	3,027,193	912,747	55,663	-	-
-	-	370,440	2,631	3,477,979	4,666,544	92,535	-	-
32,612,185	-	-	8,823	174,098	1,027,439	14,387	-	-
6,164	15,592	54,092	12,938	3,841,693	2,955,859	134,882	-	-
-	-	-	224,895	40,058	12,514	2,200	-	-
-	241	-	124,504	299,737	202,652	7,565	-	-
-	620	-	149,762	829,924	847,186	19,729	-	-
-	335	-	186,417	10,490,144	3,617,709	134,363	-	-
-	-	-	2,920	1,699,987	96,231	23,729	-	-
-	-	-	-	-	-	-	-	-
3,080,191	4,537	-	22,419,985	7,642,582	9,726,393	430,717	-	-
-	67,381	-	104,376,056	24,191,919	4,071,802	601,338	-	-
8,725,483	-	-	-	4,764	4,449,994	-	62,679,076	-
48,049,573	90,998	2,945,214	127,554,556	243,625,744	165,635,645	6,509,068	62,679,076	-

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Net Receivables by Economic Sectors - Bank Consolidated with Subsidiaries

(in million rupiah)

No.	Economy Sectors	Government Receivables	Public Sector Entity Receivables	Multilateral Development Banks and International Institutions Receivables	
(1)	(2)	(3)	(4)	(5)	
31 December 2017					
1	Agriculture, Hunting and Forestry	-	4,757,744	-	
2	Fishery	-	-	-	
3	Mining and Excavation	-	23,584	-	
4	Manufacturing	-	12,893,416	-	
5	Electricity, Gas and Water	-	29,810,910	-	
6	Construction	-	6,541,688	-	
7	Wholesale and Retail Trading	149	12,045,369	-	
8	Accommodation and Food and Beverage	-	271,350	-	
9	Transportation, Warehouse and Communication	-	8,327,719	-	
10	Financial Brokerage	249,319,593	7,934,090	-	
11	Real Estate, Leasing and Corporate Services	-	81,466	-	
12	Public Administration, Defense, and Compulsory Social Security	-	3,353,842	-	
13	Education Services	-	-	-	
14	Health and Social Services	-	-	-	
15	Public, Socio-culture, Entertainment and other Personal Services	37,291	6,115,000	-	
16	Personal services for household	-	-	-	
17	International institution and other international extra agencies	-	-	-	
18	Undefined Activities	24,730,089	1,426,623	-	
19	Non-Business Activity	-	-	-	
20	Others	5,010,449	3,671,644	-	
	Total	279,097,571	97,254,445	-	
31 December 2016					
1	Agriculture, Hunting and Forestry	-	6,282,201	-	
2	Fishery	-	-	-	
3	Mining and Excavation	-	333,185	-	
4	Manufacturing	-	13,594,343	-	
5	Electricity, Gas and Water	-	30,590,833	-	
6	Construction	-	5,469,834	-	
7	Wholesale and Retail Trading	280	15,234,450	-	
8	Accommodation and Food and Beverage	-	-	-	
9	Transportation, Warehouse and Communication	-	8,576,810	-	
10	Financial Brokerage	210,741,731	3,970,110	-	
11	Real Estate, Leasing and Corporate Services	-	61,608	-	
12	Public Administration, Defense, and Compulsory Social Security	21,087	4,104,039	-	
13	Education Services	-	-	-	
14	Health and Social Services	-	-	-	
15	Public, Socio-culture, Entertainment and other Personal Services	-	210,922	-	
16	Personal services for household	-	-	-	
17	International institution and other international extra agencies	-	-	-	
18	Undefined Activities	26,819,495	5,504,929	-	
19	Non-Business Activity	-	78	-	
20	Others	2,008,725	2,334,092	-	
	Total	239,591,318	96,267,434	-	



RISK MANAGEMENT TABLES

	Banks Receivables	Mortgage Loan	Commercial Property Loan	Employee/ Pensioners Loan	Micro Enterprise and Retail Portfolio Receivables	Corporate Receivables	Past Due Receivables	Other Assets
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
-	-	22,172	15,383	38,373,085	41,218,850	454,754	-	
-	-	-	1,334	2,494,544	782,415	47,291	-	
390,625	-	-	143	276,544	4,663,321	18,618	-	
1,150,753	-	-	1,337	9,181,230	42,244,731	199,533	-	
-	-	-	5,060	260,620	6,450,209	7,239	-	
10,649	-	136,598	4,992	1,069,339	17,861,395	408,436	-	
80,400	844	-	10,186	156,559,576	50,552,521	4,031,560	-	
2,884	-	2,097,357	2,775	3,573,417	1,560,885	59,414	-	
-	-	1,960,954	2,604	4,097,117	6,295,761	94,482	-	
22,880,346	-	-	5,656	210,699	3,152,339	10,258	-	
2,981	10,670	204,399	8,502	3,722,955	4,089,812	111,389	-	
-	-	-	173,941	33,577	40,776	1,923	-	
-	-	-	99,248	283,904	245,161	7,270	-	
-	471	-	188,841	832,464	1,450,130	17,054	-	
-	266	-	102,627	13,004,913	4,992,581	161,857	-	
-	-	-	2,520	1,770,076	170,087	22,370	-	
21	-	-	-	-	-	-	-	-
3,207,572	3,620	-	12,700,402	6,660,374	8,841,026	328,449	298,099	
-	146,197	-	128,358,683	29,119,927	6,891,413	791,015	-	
25,138,863	229,382	-	-	4,193	3,035,652	-	72,608,621	
52,865,094	391,450	4,421,480	141,684,234	271,528,553	204,539,064	6,772,911	72,906,720	
-	259	34,223	16,215	32,154,166	34,415,907	518,761	-	
-	-	-	1,402	2,321,196	576,893	38,909	-	
1,294,731	-	-	176	290,509	6,710,519	20,277	-	
2,265,603	222	989	1,820	8,349,529	41,770,535	202,155	-	
-	-	-	1,945	240,316	5,556,726	64,532	-	
4,508	-	2,201	6,535	1,324,625	14,421,893	499,938	-	
80,067	3,029	8,848	13,940	144,598,534	33,098,143	3,740,565	-	
5,380	-	2,676,993	3,592	3,071,040	1,132,396	56,878	-	
-	-	370,440	2,631	3,579,297	4,722,954	93,935	-	
33,532,276	-	-	8,823	184,169	2,214,005	14,387	-	
30,164	15,592	116,943	12,938	3,928,151	3,047,866	138,958	-	
-	-	-	224,895	40,058	12,514	2,200	-	
-	241	-	124,504	301,061	202,733	7,565	-	
-	751	-	149,762	849,622	847,186	19,729	-	
-	335	-	186,417	10,567,199	3,632,970	137,360	-	
-	-	-	2,920	1,700,814	96,231	23,729	-	
-	-	-	-	-	-	-	-	
3,080,191	238,072	254	22,806,351	7,706,980	9,726,393	449,760	286,073	
-	67,381	-	104,376,056	24,191,919	4,071,802	601,338	-	
8,726,042	-	-	-	4,764	4,539,733	-	62,679,076	
49,018,962	325,882	3,210,889	127,940,922	245,403,949	170,797,398	6,630,978	62,965,149	

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Net Receivables Based on Portfolio Category and Rating Scale - Bank Only

(in million rupiah)

Portfolio Category	31 December 2017						
	Net Receivable						
	Rating Agency	Long-Term Rating					
	Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	
	Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-	
	Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3	
	PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)	
	PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr]AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr]BB-	
	PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d idA-	id BBB+ s.d id BBB-	id BB+ s.d id BB-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Government Receivables		-	-	-	16,986,522	7,622,198
2	Public Sector Entity Receivables		-	134,999	-	-	-
3	Multilateral Development Banks and International Institutions Receivables		-	-	-	-	-
4	Banks Receivables		1,180,549	492,276	120,000	9,360,897	1,375,387
5	Mortgage Loan						
6	Commercial Property Loan						
7	Employee/Pensioners Loan						
8	Micro Enterprise and Retail Portfolio Receivables						
9	Corporate Receivables		531,516	106,732	50,000	3,498,653	4,758,838
10	Past Due Receivables						
11	Other Assets						
	TOTAL		1,712,065	734,007	170,000	29,846,071	13,756,423



RISK MANAGEMENT TABLES

			31 December 2017					Unrated	Total
			Net Receivable						
			Short-Term Rating						
B+ s.d B-		Lower than B-	A-1	A-2	A-3	Lower than A-3			
B+ s.d B-		Lower than B-	F1+ s.d F1	F2	F3	Lower than F3			
B1 s.d B3		Lower than B3	P-1	P-2	P-3	Lower than P-3			
B+(idn) s.d B-(idn)		Lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)			
[Idr]B+ s.d [Idr]B-		Lower than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d [Idr]A2	[Idr]A3+ s.d [Idr] A3	Lower than [Idr]A3			
id B+ s.d id B-		Lower than idB-	idA1	idA2	idA3 s.d id A4	Lower than idA4			
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)		
-	-	-	-	-	-	-	249,494,512	274,103,232	
-	-	-	-	-	-	-	96,600,956	96,735,955	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	40,246,301	52,775,410	
							188,903,988	197,849,727	
							575,245,757	621,464,324	

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Net Receivables Based on Portfolio Category and Rating Scale - Bank Only

(in million rupiah)

Portfolio Category	31 December 2016					
	Net Receivable					
	Rating Agency	Long-Term Rating				
	Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
	Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
	Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3
	PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)	BB+(idn) s.d BB-(idn)
PT ICRA Indonesia	[Idr]AAA	[Idr]AA+ s.d [Idr]AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-	[Idr]BB+ s.d [Idr]BB-	
	PT Pemeringkat Efek Indonesia	idAAA	idAA+ s.d idAA-	idA+ s.d idA-	id BBB+ s.d id BBB-	id BB+ s.d id BB-
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Government Receivables		-	-	-	21,474,803 8,500,649
2	Public Sector Entity Receivables		22,048	197,317	-	- -
3	Multilateral Development Banks and International Institutions Receivables		-	-	-	- -
4	Banks Receivables		771,877	272,424	611,796 13,718,901	555,284
5	Mortgage Loan					
6	Commercial Property Loan					
7	Employee/Pensioners Loan					
8	Micro Enterprise and Retail Portfolio Receivables					
9	Corporate Receivables		896,252	168,419	302,820 3,474,378	6,044,404
10	Past Due Receivables					
11	Other Assets					
	TOTAL		1,690,177	638,160	914,616 38,668,082	15,100,337



RISK MANAGEMENT TABLES

			31 December 2016						Unrated	Total
			Net Receivable							
			Short-Term Rating							
	B+ s.d B-	Lower than B-	A-1	A-2	A-3	Lower than A-3				
	B+ s.d B-	Lower than B-	F1+ s.d F1	F2	F3	Lower than F3				
	B1 s.d B3	Lower than B3	P-1	P-2	P-3	Lower than P-3				
	B+(idn) s.d B-(idn)	Lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)				
	[ldr]B+ s.d [ldr]B-	Lower than [ldr]B-	[ldr]A1+ s.d [ldr]A1	[ldr]A2+ s.d [ldr]A2	[ldr]A3+ s.d [ldr]A3	Lower than [ldr]A3				
	id B+ s.d id B-	Lower than idB-	idA1	idA2	idA3 s.d id A4	Lower than idA4				
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)		
	-	-	-	-	-	-	-	207,656,688	237,632,140	
	-	-	-	-	-	-	-	95,671,887	95,891,252	
	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	32,119,291	48,049,573	
	-	-	-	-	-	-	-	154,749,372	165,635,645	
	-	-	-	-	-	-	-	490,197,238	547,208,610	

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

**Disclosure of Net Receivables Based on Portfolio Category and Rating Scale -
Bank Consolidated with Subsidiaries**

(in million rupiah)

Portfolio Category	31 December 2017					
	Net Receivable					
	Rating Agency	Long-Term Rating				
	Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
	Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-
	Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Government Receivables		-	-	-	16,986,522
2	Public Sector Entity Receivables		-	134,999	-	-
3	Multilateral Development Banks and International Institutions Receivables		-	-	-	-
4	Banks Receivables		1,180,549	906,681	120,000	9,360,897
5	Mortgage Loan					1,375,387
6	Commercial Property Loan					
7	Employee/Pensioners Loan					
8	Micro Enterprise and Retail Portfolio Receivables					
9	Corporate Receivables		531,516	106,732	50,000	3,498,653
10	Past Due Receivables					4,758,838
11	Other Assets					
	TOTAL		1,712,065	748,412	170,000	29,846,071
						13,756,423



RISK MANAGEMENT TABLES

			31 December 2017				Unrated	Total
			Net Receivable					
			Short-Term Rating					
	B+ s.d B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	B+ s.d B-	Lower than B-	F1+ s.d F1	F2	F3	Lower than F3		
	B1 s.d B3	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	B+(idn) s.d B-(idn)	Lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]B+ s.d [Idr]B-	Lower than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d [Idr]A2	[Idr]A3+ s.d [Idr] A3	Lower than [Idr]A3		
	id B+ s.d id B-	Lower than idB-	idA1	idA2	idA3 s.d id A4	Lower than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	254,488,852	279,097,571
	-	-	-	-	-	-	97,119,446	97,254,445
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	40,321,580	52,865,094
	-	-	-	-	-	-	195,593,326	204,539,065
	-	-	-	-	-	-	587,523,204	633,756,175

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

**Disclosure of Net Receivables Based on Portfolio Category and Rating Scale -
Bank Consolidated with Subsidiaries**

(in million rupiah)

Portfolio Category	31 December 2016							
	Net Receivable							
	Rating Agency	Long-Term Rating						
	Standard and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-		
	Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	BB+ s.d BB-		
	Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	Ba1 s.d Ba3		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Government Receivables		-	-	-	21,474,803	8,500,649	
2	Public Sector Entity Receivables		22,048	197,317	-	-	-	
3	Multilateral Development Banks and International Institutions Receivables		-	-	-	-	-	
4	Banks Receivables		771,877	272,424	611,796	13,718,901	555,284	
5	Mortgage Loan							
6	Commercial Property Loan							
7	Employee/Pensioners Loan							
8	Micro Enterprise and Retail Portfolio Receivables							
9	Corporate Receivables		896,252	168,419	302,820	3,474,378	6,044,404	
10	Past Due Receivables							
11	Other Assets							
	TOTAL		1,690,177	638,160	914,616	38,668,082	15,100,337	



RISK MANAGEMENT TABLES

			31 December 2016				Unrated	Total
			Net Receivable					
			Short-Term Rating					
	B+ s.d B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	B+ s.d B-	Lower than B-	F1+ s.d F1	F2	F3	Lower than F3		
	B1 s.d B3	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	B+(idn) s.d B-(idn)	Lower than B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]B+ s.d [Idr]B-	Lower than [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d [Idr]A2	[Idr]A3+ s.d [Idr] A3	Lower than [Idr]A3		
	id B+ s.d id B-	Lower than idB-	idA1	idA2	idA3 s.d id A4	Lower than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	209,615,867	239,591,319
	-	-	-	-	-	-	96,048,069	96,267,434
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	33,088,680	49,018,962
	-	-	-	-	-	-	159,911,127	170,797,400
	-	-	-	-	-	-	498,663,745	555,675,117

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Counterparty Credit Risk : Derivative Transactions

(in million rupiah)

No	Variabel yang Mendasari	31 December 2017							
		Notional Amount			Derivative Receivable	Derivative Payable	Net Receivable before CRM	CRM (Credit Risk Mitigation)	Net Receivable after CRM
Bank Only									
1	Interest Rate	7,294,765	2,698,900	3,390,536	60,475	54,261	124,828	-	124,828
2	Foreign Exchange	22,527,732	1,681,337	-	20,745	27,391	330,089	-	330,089
3	Others	-	-	-	64,708	115,981	64,708	-	64,708
	TOTAL	29,822,497	4,380,237	3,390,536	145,928	197,633	519,625	-	519,625
Bank In Consolidation									
1	Interest Rate	7,294,765	2,698,900	3,390,536	60,475	54,261	124,828	-	124,828
2	Foreign Exchange	22,527,732	1,681,337	-	20,745	27,391	330,089	-	330,089
3	Stock	-	-	-	-	-	-	-	-
4	Gold	-	-	-	-	-	-	-	-
5	Metals other than Gold	-	-	-	-	-	-	-	-
6	Others	-	-	-	64,708	115,981	64,708	-	64,708
	TOTAL	29,822,497	4,380,237	3,390,536	145,928	197,633	519,625	-	519,625

Disclosure of Counterparty Credit Risk : Repo Transactions - Bank Only

(in million rupiah)

No.	Portfolio Category	31 December 2017			
		Fair Value of Repo	Repo Liabilities	Net Receivables	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Government Receivables	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-
4	Banks Receivables	12,200,619	12,136,684	996,995	448,227
5	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-
6	Corporate Receivables	-	-	-	-
	Total	12,200,619	12,136,684	996,995	448,227

Disclosure of Counterparty Credit Risk : Repo Transactions - Bank Consolidated with Subsidiaries

(in million rupiah)

No.	Portfolio Category	31 December 2017			
		Fair Value of Repo	Repo Liabilities	Net Receivables	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Government Receivables	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-
4	Banks Receivables	12,200,619	12,136,684	996,995	448,227
5	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-
6	Corporate Receivables	-	-	-	-
	Total	12,200,619	12,136,684	996,995	448,227



RISK MANAGEMENT TABLES

	31 December 2016							
	Notional Amount			Derivative Receivable	Derivative Payable	Net Receivable before CRM	CRM (Credit Risk Mitigation)	Net Receivable after CRM
	< 1 Year	> 1 Year - < 5 Year	> 5 Year					
5,484,998	3,719,891	3,233,400	59,443	53,780	126,543	-	126,543	
24,283,467	2,456,844	-	2,002	112,160	367,679	-	367,679	
-	-	-	32,204	178,925	32,204	-	32,204	
29,768,465	6,176,736	3,233,400	93,649	344,865	526,426	-	526,426	

5,484,998	3,719,891	3,233,400	59,443	53,780	126,543	-	126,543	
24,283,467	2,456,844	-	2,002	112,160	367,679	-	367,679	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	32,204	178,925	32,204	-	32,204	
29,768,465	6,176,736	3,233,400	93,649	344,865	526,426	-	526,426	

	31 December 2016			
	Fair Value of Repo	Repo Liabilities	Net Receivables	RWA
	(7)	(8)	(9)	(10)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,358,032	7,302,398	677,262	300,015	
-	-	-	-	-
-	-	-	-	-
7,358,032	7,302,398	677,262	300,015	

	31 December 2016			
	Fair Value of Repo	Repo Liabilities	Net Receivables	RWA
	(7)	(8)	(9)	(10)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,358,032	7,302,398	677,262	300,015	
-	-	-	-	-
-	-	-	-	-
7,358,032	7,302,398	677,262	300,015	

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

**Disclosure of Counterparty Credit Risk : Transaksi Reverse Repo -
 Bank Only**

(in million rupiah)

No.	Portfolio Category	31 December 2017			
		Net Receivables	Nilai CRM (Credit Risk Mitigation)	Net Receivable after CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)	(6)
1	Government Receivables	15,068,698	-	15,068,698	-
2	Public Sector Entity Receivables	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-
4	Banks Receivables	1,427,595	-	1,427,595	285,519
5	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-
6	Corporate Receivables	-	-	-	-
	Total	16,496,292	-	16,496,292	285,519

**Disclosure of Counterparty Credit Risk : Transaksi Reverse Repo -
 Bank Consolidated with Subsidiaries**

(in million rupiah)

No.	Portfolio Category	31 December 2017			
		Net Receivables	Nilai CRM (Credit Risk Mitigation)	Net Receivable after CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)	(6)
1	Government Receivables	16,583,432	-	15,068,698	-
2	Public Sector Entity Receivables	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-
4	Banks Receivables	1,427,595	-	1,427,595	285,519
5	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-
6	Corporate Receivables	-	-	-	-
	Total	18,011,026	-	16,496,292	285,519



RISK MANAGEMENT TABLES

	31 December 2016			
	Net Receivables	Nilai CRM (Credit Risk Mitigation)	Net Receivable after CRM	RWA After CRM
	(7)	(8)	(9)	(10)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,557,370	-	-	1,557,370	311,474
-	-	-	-	-
-	-	-	-	-
1,557,370	-	-	1,557,370	311,474

	31 December 2016			
	Net Receivables	Nilai CRM (Credit Risk Mitigation)	Net Receivable after CRM	RWA After CRM
	(7)	(8)	(9)	(10)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,557,370	-	-	1,557,370	311,474
-	-	-	-	-
-	-	-	-	-
1,557,370	-	-	1,557,370	311,474

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Net Exposure Receivables After Credit Risk Mitigation - Bank Only

(in million rupiah)

No.	Portfolio Category	31 December 2017					
		Net Exposure Receivables After Credit Risk Mitigation					(7)
		0%	20%	35%	40%	45%	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
A	Balance Sheet Exposure						
1	Government Receivables	259,015,604	-	-	-	-	
2	Public Sector Entity Receivables	3,091,436	3,245,094	-	-	-	
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	
4	Banks Receivables	-	27,166,865	-	-	-	
5	Mortgage Loan	-	-	162,068	-	-	
6	Commercial Property Loan	-	-	-	-	-	
7	Employee/Pensioners Loan	-	-	-	-	-	
8	Micro Enterprise and Retail Portfolio Receivables	729,439	19,071,021	-	-	-	
9	Corporate Receivables	16,138,711	2,175,202	-	-	-	
10	Past Due Receivables	197	-	-	-	-	
11	Other Assets	24,437,574	-	-	-	-	
	Total Balance Sheet Exposure	303,412,961	51,658,182	162,068	-	-	
B	Commitment/Contingency Exposure on Off Balance Sheet Transaction						
1	Government Receivables	18,930	-	-	-	-	
2	Public Sector Entity Receivables	-	-	-	-	-	
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	
4	Banks Receivables	-	480,260	-	-	-	
5	Mortgage Loan	-	-	-	-	-	
6	Commercial Property Loan	-	-	-	-	-	
7	Employee/Pensioners Loan	-	-	-	-	-	
8	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-	-	
9	Corporate Receivables	-	-	-	-	-	
10	Past Due Receivables	-	-	-	-	-	
	Total Off Balance Sheet Exposure	18,930	480,260	-	-	-	
C	Counterparty Credit Risk Exposure						
1	Government Receivables	15,068,698	-	-	-	-	
2	Public Sector Entity Receivables	-	-	-	-	-	
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	
4	Banks Receivables	-	2,114,790	-	-	-	
5	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-	-	
6	Corporate Receivables	-	-	-	-	-	
	Total Counterparty Credit Risk	15,068,698	2,114,790	-	-	-	



RISK MANAGEMENT TABLES

	50%	75%	100%	150%	Others	RWA	Capital Charge
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
-	-	-	-	-	-	-	-
80,234,060	-	-	-	-	-	40,766,049	3,261,284
-	-	-	-	-	-	-	-
11,223,940	-	-	-	-	-	11,045,343	883,627
-	-	-	-	-	-	56,724	4,538
-	-	3,928,532	-	-	-	3,928,532	314,283
141,347,120	-	-	-	-	-	70,673,560	5,653,885
-	248,812,007	-	-	-	-	190,423,209	15,233,857
119,611	-	174,080,285	-	-	-	174,575,131	13,966,010
-	-	6,846	6,653,298	-	-	9,986,793	798,943
-	-	48,064,588	106,459	-	-	48,224,278	3,857,942
232,924,731	248,812,007	226,080,251	6,759,757	-	-	549,679,619	43,974,370
-	-	-	-	-	-	-	-
10,165,365	-	-	-	-	-	5,082,683	406,615
-	-	-	-	-	-	-	-
10,960,130	-	-	-	-	-	5,576,117	446,089
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	101,802	-	-	-	-	76,352	6,108
-	-	5,335,918	-	-	-	5,335,918	426,873
-	-	-	-	-	-	-	-
21,125,495	101,802	5,335,918	-	-	-	16,071,070	1,285,686
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
829,425	-	-	-	-	-	837,671	67,014
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
829,425	-	-	-	-	-	837,671	67,014

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Net Exposure Receivables After Credit Risk Mitigation - Bank Only

(in million rupiah)

No.	Portfolio Category	31 December 2016					
		Net Exposure Receivables After Credit Risk Mitigation					
(1)	(2)	(15)	(16)	(17)	(18)	(19)	
A	Balance Sheet Exposure						
1	Government Receivables	237,523,630	-	-	-	-	-
2	Public Sector Entity Receivables	15,663	2,274,138	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	-	21,372,831	-	-	-	-
5	Mortgage Loan	-	-	90,998	-	-	-
6	Commercial Property Loan	-	-	-	-	-	-
7	Employee/Pensioners Loan	-	-	-	-	-	-
8	Micro Enterprise and Retail Portfolio Receivables	621,232	18,657,504	-	-	-	-
9	Corporate Receivables	12,586,470	1,218,948	-	-	-	-
10	Past Due Receivables	140	-	-	-	-	-
11	Other Assets	24,865,136	-	-	-	-	-
	Total Balance Sheet Exposure	275,612,271	43,523,421	90,998	-	-	-
B	Commitment/Contingency Exposure on Off Balance Sheet Transaction						
1	Government Receivables	108,510	-	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	-	273,279	-	-	-	-
5	Mortgage Loan	-	-	-	-	-	-
6	Commercial Property Loan	-	-	-	-	-	-
7	Employee/Pensioners Loan	-	-	-	-	-	-
8	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-	-	-
9	Corporate Receivables	-	-	-	-	-	-
10	Past Due Receivables	-	-	-	-	-	-
	Total Off Balance Sheet Exposure	108,510	273,279	-	-	-	-
C	Counterparty Credit Risk Exposure						
1	Government Receivables	-	-	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	-	2,212,516	-	-	-	-
5	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-	-	-
6	Corporate Receivables	-	-	-	-	-	-
	Total Counterparty Credit Risk	-	2,212,516	-	-	-	-



RISK MANAGEMENT TABLES

	50%	75%	100%	150%	Others	RWA	Capital Charge
	(20)	(21)	(22)	(23)	(24)	(25)	(26)
-	-	-	-	-	-	-	-
84,529,394	-	60,803	-		42,780,329	3,422,426	
-	-	-	-	-	-	-	-
18,430,384	-	-	-	-	13,489,758	1,079,181	
-	-	-	-	-	31,849	2,548	
-	-	2,945,214	-		2,945,214	235,617	
127,554,556	-	-	-	-	63,777,278	5,102,182	
-	224,177,873	-	-	-	171,864,906	13,749,192	
324,862	-	147,613,908	50,000		148,095,129	11,847,610	
-	-	11,966	6,496,962		9,757,409	780,593	
-	-	37,781,514	32,426		37,830,153	3,026,412	
230,839,196	224,177,873	188,413,405	6,579,388	-	490,572,025	39,245,762	
-	-	-	-	-	-	-	-
9,011,254	-	-	-	-	4,505,627	360,450	
-	-	-	-	-	-	-	-
5,212,021	-	-	-	-	2,660,667	212,853	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	169,135	-	-	-	126,851	10,148	
-	-	3,841,457	-		3,841,457	307,317	
-	-	-	-	-	-	-	-
14,223,275	169,135	3,841,457	-	-	11,134,602	890,768	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
548,542	-	-	-	-	716,774	57,342	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
548,542	-	-	-	-	716,774	57,342	

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Net Exposure Receivables After Credit Risk Mitigation - Bank Consolidated with Subsidiaries

(in million rupiah)

No.	Portfolio Category	31 December 2017				
		Net Exposure Receivables After Credit Risk Mitigation				
		0%	20%	35%	40%	45%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A Balance Sheet Exposure						
1	Government Receivables	262,495,209	-	-	-	-
2	Public Sector Entity Receivables	3,091,436	3,245,094	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	27,245,728	-	-	-
5	Mortgage Loan	-	-	391,450	-	-
6	Commercial Property Loan	-	-	-	-	-
7	Employee/Pensioners Loan	-	-	-	-	-
8	Micro Enterprise and Retail Portfolio Receivables	875,947	19,071,021	-	-	-
9	Corporate Receivables	16,342,136	2,175,202	-	-	-
10	Past Due Receivables	-	197	-	-	-
11	Other Assets	24,449,680	-	-	-	-
Total Balance Sheet Exposure		307,254,605	51,737,045	391,450	-	-
B Commitment/Contingency Exposure on Off Balance Sheet Transaction						
1	Government Receivables	18,930	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	490,736	-	-	-
5	Mortgage Loan	-	-	-	-	-
6	Commercial Property Loan	-	-	-	-	-
7	Employee/Pensioners Loan	-	-	-	-	-
8	Micro Enterprise and Retail Portfolio Receivables	-	36	-	-	-
9	Corporate Receivables	-	2,714	-	-	-
10	Past Due Receivables	-	-	-	-	-
Total Off Balance Sheet Exposure		18,930	493,486	-	-	-
C Counterparty Credit Risk Exposure						
1	Government Receivables	15,068,698	1,514,734	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	2,114,790	-	-	-
5	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-	-
6	Corporate Receivables	-	-	-	-	-
Total Counterparty Credit Risk		15,068,698	3,629,524	-	-	-



RISK MANAGEMENT TABLES

	50%	75%	100%	150%	Others	RWA	Capital Charge
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
-	-	-	-	-	-	-	-
80,747,283	-	-	-	-	-	41,022,661	3,281,813
-	-	-	-	-	-	-	-
11,224,095	-	-	-	-	-	11,061,194	884,896
-	-	-	-	-	-	137,008	10,961
-	-	4,349,537	-	-	-	4,349,537	347,963
141,684,234	-	-	-	-	-	70,842,117	5,667,369
-	251,424,670	-	-	-	-	192,382,706	15,390,616
119,611	-	180,351,136	-	-	-	180,845,982	14,467,679
-	-	26,002	6,746,712	-	-	10,146,070	811,686
-	-	48,346,148	110,892	-	-	48,512,488	3,880,999
233,775,223	251,424,670	233,072,823	6,857,604	-	-	559,299,763	44,743,981
-	-	-	-	-	-	-	-
10,170,632	-	-	-	-	-	5,085,317	406,825
-	-	-	-	-	-	-	-
10,960,320	-	-	-	-	-	5,578,307	446,265
-	-	-	-	-	-	-	-
-	-	71,943	-	-	-	71,943	5,755
-	-	-	-	-	-	-	-
-	156,879	-	-	-	-	117,660	9,413
-	-	5,548,266	-	-	-	5,548,266	443,861
-	-	-	-	-	-	-	-
21,130,952	156,879	5,620,209	-	-	-	16,401,493	1,312,119
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
829,425	-	-	-	-	-	837,671	67,014
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
829,425	-	-	-	-	-	837,671	67,014

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Net Exposure Receivables After Credit Risk Mitigation - Bank Consolidated with Subsidiaries

(in million rupiah)

No.	Portfolio Category	31 December 2016					
		Net Exposure Receivables After Credit Risk Mitigation					
(1)	(2)	(15)	(16)	(17)	(18)	(19)	
A Balance Sheet Exposure							
1	Government Receivables	239,482,809	-	-	-	-	-
2	Public Sector Entity Receivables	15,663	2,274,138	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	3,000	22,257,364	-	-	-	-
5	Mortgage Loan	-	-	325,881	-	-	-
6	Commercial Property Loan	-	-	-	-	-	-
7	Employee/Pensioners Loan	-	-	-	-	-	-
8	Micro Enterprise and Retail Portfolio Receivables	653,386	18,657,504	-	-	-	-
9	Corporate Receivables	12,710,244	1,218,948	-	-	-	-
10	Past Due Receivables	190	-	-	-	-	-
11	Other Assets	24,893,790	-	-	-	-	-
Total Balance Sheet Exposure		277,759,082	44,407,954	325,881	-	-	-
B Commitment/Contingency Exposure on Off Balance Sheet Transaction							
1	Government Receivables	108,510	-	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	-	316,404	-	-	-	-
5	Mortgage Loan	-	-	-	-	-	-
6	Commercial Property Loan	-	241	-	-	-	-
7	Employee/Pensioners Loan	-	-	-	-	-	-
8	Micro Enterprise and Retail Portfolio Receivables	1,232	-	-	-	-	-
9	Corporate Receivables	1,421	-	-	-	-	-
10	Past Due Receivables	-	-	-	-	-	-
Total Off Balance Sheet Exposure		111,163	316,645	-	-	-	-
C Counterparty Credit Risk Exposure							
1	Government Receivables	-	-	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	-	2,212,516	-	-	-	-
5	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-	-	-
6	Corporate Receivables	-	-	-	-	-	-
Total Counterparty Credit Risk		-	2,212,516	-	-	-	-



RISK MANAGEMENT TABLES

	50%	75%	100%	150%	Others	RWA	Capital Charge
	(20)	(21)	(22)	(23)	(24)	(25)	(26)
-	-	-	-	-	-	-	-
84,864,155	-	60,803	-	-	42,947,710	3,435,817	
-	-	-	-	-	-	-	-
18,468,884	-	-	-	-	13,685,914	1,094,873	
-	-	-	-	-	114,058	9,125	
-	-	3,209,158	-	-	3,209,158	256,733	
127,940,818	-	-	-	-	63,970,409	5,117,633	
-	225,899,510	-	-	-	173,156,134	13,852,491	
324,862	-	152,527,913	50,000	-	153,009,134	12,240,731	
-	-	22,905	6,607,780	-	9,934,575	794,766	
-	-	38,038,472	32,887	-	38,087,803	3,047,024	
231,598,719	225,899,510	193,859,251	6,690,667	-	498,114,895	39,849,192	
-	-	-	-	-	-	-	-
9,052,675	-	-	-	-	4,526,338	362,107	
-	-	-	-	-	-	-	-
5,212,252	-	-	-	-	2,669,408	213,553	
-	-	-	-	-	-	-	-
1,491	-	-	-	-	1,732	139	
104	-	-	-	-	52	4	
-	192,317	-	-	-	144,238	11,539	
-	-	3,964,012	-	-	3,964,012	317,121	
-	-	-	102	-	153	12	
14,266,522	192,317	3,964,012	102	-	11,305,933	904,475	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
548,542	-	-	-	-	716,774	57,342	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
548,542	-	-	-	-	716,774	57,342	

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Receivables and Loan-Loss Provisions by Region - Bank Only

(in million rupiah)

No	Description	31 December 2017							
		Region							
		Jakarta	Central and Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivable	486,312,630	164,490,857	58,252,311	72,368,597	74,717,427	116,718,289	62,367,709	1,035,227,820
2	Impaired Assets	16,236,980	6,641,418	1,434,029	1,576,305	1,975,582	4,381,086	1,881,779	34,127,179
	a. Current	11,390,967	4,720,845	458,467	612,594	986,741	2,031,268	1,583,401	21,784,283
	b. Past Due	4,846,013	1,920,573	975,562	963,711	988,841	2,349,818	298,378	12,342,896
3	Individual Impairment Provision - Individual	7,174,103	3,758,889	275,906	237,393	390,282	888,625	106,215	12,831,413
4	Individual Impairment Provision - Collective	3,482,585	4,059,499	1,635,075	2,069,701	1,660,348	2,777,741	545,900	16,230,849
5	Write-off	2,167,823	2,075,684	1,003,485	1,115,392	1,104,708	1,739,682	321,915	9,528,689

No	Description	31 December 2016							
		Region							
		Jakarta	Central and Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivable	484,721,911	145,581,872	49,574,109	65,124,172	66,540,632	105,381,213	11,115,589	928,039,498
2	Impaired Assets	18,088,623	6,179,064	1,322,518	1,720,463	1,954,933	4,059,721	1,813,951	35,139,273
	a. Current	14,485,545	4,640,424	448,877	737,601	955,259	1,933,053	1,581,813	24,782,572
	b. Past Due	3,603,078	1,538,640	873,641	982,862	999,674	2,126,668	232,138	10,356,701
3	Individual Impairment Provision - Individual	5,265,898	620,754	214,057	144,041	313,030	755,711	92,745	7,406,236
4	Individual Impairment Provision - Collective	3,050,873	3,488,105	1,385,513	1,914,013	1,517,048	2,625,608	556,975	14,538,135
5	Write-off	1,366,455	1,650,777	1,010,294	1,059,205	1,158,141	1,959,834	241,539	8,446,245



RISK MANAGEMENT TABLES

Disclosure of Receivables and Loan-Loss Provisions by Region - Bank Consolidated with Subsidiaries

(in million rupiah)

No	Description	31 December 2017							
		Region							
		Jakarta	Central and Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivable	571,490,815	167,878,518	62,008,395	74,828,975	77,473,271	121,304,019	13,768,630	1,088,752,623
2	Impaired Assets	16,993,917	6,885,341	1,861,497	1,649,050	2,099,366	5,074,355	1,881,779	36,445,305
a.	Current	11,990,642	4,862,170	824,258	644,319	1,044,226	2,451,759	1,583,401	23,400,775
b.	Past Due	5,003,275	2,023,171	1,037,239	1,004,731	1,055,140	2,622,596	298,378	13,044,530
3	Individual Impairment Provision - Individual	7,501,909	3,768,011	299,029	241,954	429,246	977,361	106,215	13,323,725
4	Individual Impairment Provision - Collective	3,737,933	4,128,800	1,677,761	2,108,036	1,695,911	2,886,829	545,900	16,781,170
5	Write-off	2,189,865	2,098,622	1,013,120	1,228,680	1,108,730	1,746,985	321,915	9,707,917

(in million rupiah)

No	Description	31 December 2016							
		Region							
		Jakarta	Central and Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivable	505,009,200	148,709,681	53,544,987	67,357,260	69,428,009	109,612,644	12,158,530	965,820,311
2	Impaired Assets	18,782,148	6,323,751	1,533,053	1,857,544	2,085,906	4,292,243	1,822,543	36,697,188
a.	Current	14,591,501	4,640,424	488,654	767,673	955,259	1,959,227	1,590,405	24,993,143
b.	Past Due	4,190,647	1,683,327	1,044,399	1,089,871	1,130,647	2,333,016	232,138	11,704,045
3	Individual Impairment Provision - Individual	5,237,758	641,714	227,568	150,888	316,702	846,785	92,745	7,514,160
4	Individual Impairment Provision - Collective	3,491,263	3,560,465	1,456,709	1,947,620	1,557,527	2,722,491	556,975	15,293,050
5	Write-off	1,401,102	1,654,771	1,060,801	1,070,856	1,181,434	1,996,848	241,539	8,607,351

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Receivables and Loan-Loss Provisions by Economic Sectors - Bank Only

(in million rupiah)

No	Economy Sectors	Receivable	Type of Receivables - Current	Type of Receivables - Past Due	Individual Impairment Provision - Individual	Individual Impairment Provision - Collective	Write-Off
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
31 December 2017							
1	Agriculture, Hunting and Forestry	80,841,487	3,425,105	920,412	1,039,393	2,379,388	1,093,940
2	Fishery	3,345,548	15,365	57,904	677	132,595	130,805
3	Mining and Excavation	5,537,860	2,197,909	514,816	883,192	46,274	15,935
4	Manufacturing	62,795,635	7,999,558	442,759	4,808,591	1,007,663	1,097,405
5	Electricity, Gas and Water	34,218,438	600,174	107,677	692,703	563,370	11,330
6	Construction	25,406,212	1,686,184	1,432,348	1,656,859	343,726	161,092
7	Wholesale and Retail Trading	230,064,625	1,660,052	5,404,789	1,102,228	7,005,014	5,214,583
8	Accommodation and Food and Beverage	7,729,740	1,750,512	102,773	345,636	193,250	100,433
9	Transportation, Warehouse and Communication	21,909,700	340,388	1,316,981	1,282,391	443,576	151,606
10	Financial Brokerage	5,754,946	213	190,555	180,288	84,318	13,568
11	Real Estate, Leasing and Corporate Services	8,103,561	473,429	264,132	180,649	155,907	231,605
12	Public Administration, Defense, and Compulsory Social Security	3,604,239	258	1,604	-	47,403	2,830
13	Education Services	637,016	1,763	9,113	-	13,811	6,612
14	Health and Social Services	2,473,050	71,105	19,413	4,641	39,615	15,245
15	Public, Socio-culture, Entertainment and other Personal Services	25,021,020	821,515	206,316	403,893	764,126	318,998
16	Personal services for household	1,974,334	1,962	27,339	-	82,013	55,502
17	International institution and other international extra agencies	-	-	-	-	-	-
18	Undefined Activities	23,093,859	650,646	370,072	211,061	492,738	199,321
19	Non-Business Activity	165,489,775	88,145	953,893	39,211	2,436,062	707,879
20	Others	327,226,775	-	-	-	-	-
	Total	1,035,227,820	21,784,283	12,342,896	12,831,413	16,230,849	9,528,689



RISK MANAGEMENT TABLES

No	Economy Sectors	Receivable	Type of Receivables - Current	Type of Receivables - Past Due	Individual Impairment Provision - Individual	Individual Impairment Provision - Collective	Write-Off
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
31 December 2016							
1	Agriculture, Hunting and Forestry	71,611,185	3,020,420	952,355	832,454	2,133,148	1,383,513
2	Fishery	3,009,047	8,010	67,568	20,257	116,515	120,891
3	Mining and Excavation	8,009,446	2,552,565	563,787	823,328	110,108	250,808
4	Manufacturing	60,251,331	8,664,370	625,940	1,603,320	834,485	579,442
5	Electricity, Gas and Water	33,095,511	638,267	85,686	44,234	537,012	6,620
6	Construction	21,022,641	2,824,499	872,979	1,134,417	269,564	144,939
7	Wholesale and Retail Trading	208,333,605	1,834,656	4,727,019	1,292,221	6,323,564	4,477,133
8	Accommodation and Food and Beverage	6,844,374	1,951,604	72,985	284,564	154,263	73,556
9	Transportation, Warehouse and Communication	18,074,610	1,284,897	356,991	814,932	325,482	143,705
10	Financial Brokerage	5,179,104	8	204,180	190,054	69,858	11,109
11	Real Estate, Leasing and Corporate Services	7,324,311	596,460	315,949	243,696	162,300	77,270
12	Public Administration, Defense, and Compulsory Social Security	4,405,408	9	2,012	-	170,414	4,408
13	Education Services	640,239	3	5,167	-	11,038	6,614
14	Health and Social Services	1,885,586	69,197	20,582	27,365	30,219	13,643
15	Public, Socio-culture, Entertainment and other Personal Services	14,864,302	307,925	183,682	61,768	536,910	363,301
16	Personal services for household	1,870,894	854	36,352	8,300	83,736	54,901
17	International institution and other international extra agencies	-	-	-	-	-	-
18	Undefined Activities	35,210,492	946,031	531,860	-	102,806	319,210
19	Non-Business Activity	133,659,135	82,797	731,607	25,326	2,566,713	415,182
20	Others	292,748,277	-	-	-	-	-
	Total	928,039,498	24,782,572	10,356,701	7,406,236	14,538,135	8,446,245

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Receivables and Loan-Loss Provisions by Economic Sectors - Bank Consolidated with Subsidiaries

(in million rupiah)

No	Economy Sectors	Receivable	Type of Receivables - Current	Type of Receivables - Past Due	Individual Impairment Provision - Individual	Individual Impairment Provision - Collective	Write-Off
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
31 December 2017							
1	Agriculture, Hunting and Forestry	87,716,464	3,694,642	1,007,878	1,108,476	2,467,989	1,096,921
2	Fishery	3,353,514	15,365	58,556	677	132,913	130,805
3	Mining and Excavation	5,744,546	2,198,837	522,540	883,192	47,184	15,935
4	Industri Pengilahan	67,435,470	8,413,668	496,216	4,984,978	1,057,605	1,097,405
5	Electricity, Gas and Water	34,391,709	600,727	107,901	692,703	565,346	11,330
6	Construction	28,376,671	1,717,791	1,519,479	1,702,616	369,253	161,092
7	Wholesale and Retail Trading	235,717,047	1,988,571	5,569,892	1,130,410	7,131,734	5,231,532
8	Accommodation and Food and Beverage	8,453,368	1,969,551	125,033	360,379	196,599	100,433
9	Transportation, Warehouse and Communication	23,013,956	355,819	1,325,316	1,387,685	451,650	151,606
10	Financial Brokerage	6,367,633	66,205	208,533	211,939	95,460	13,568
11	Real Estate, Leasing and Corporate Services	9,758,800	563,445	311,349	192,878	184,426	231,605
12	Public Administration, Defense, and Compulsory Social Security	3,604,239	258	1,604	-	47,403	2,830
13	Education Services	638,169	1,763	9,113	-	13,823	6,612
14	Health and Social Services	3,199,027	96,130	25,171	6,961	50,881	15,245
15	Public, Socio-culture, Entertainment and other Personal Services	25,122,455	821,515	212,967	403,893	767,675	318,998
16	Personal services for household	1,975,580	1,962	27,339	-	82,025	55,502
17	International institution and other international extra agencies	-	-	-	-	-	-
18	Undefined Activities	24,040,172	650,646	431,132	211,061	517,180	199,321
19	Non-Business Activity	165,489,775	88,145	953,893	39,211	2,436,062	707,879
20	Others	354,354,028	155,735	130,618	6,666	165,962	159,298
	Total	1,088,752,623	23,400,775	13,044,530	13,323,725	16,781,170	9,707,917



RISK MANAGEMENT TABLES

No	Economy Sectors	Receivable	Type of Receivables - Current	Type of Receivables - Past Due	Individual Impairment Provision - Individual	Individual Impairment Provision - Collective	Write-Off
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
31 December 2016							
1	Agriculture, Hunting and Forestry	76,100,817	3,020,420	1,252,660	891,654	2,186,491	1,373,725
2	Fishery	3,009,047	8,010	67,568	21,615	129,165	120,891
3	Mining and Excavation	8,100,729	2,552,565	566,859	823,328	111,955	251,060
4	Industri Pengilahan	60,251,331	8,664,370	625,940	1,667,338	871,567	580,442
5	Electricity, Gas and Water	33,210,648	638,267	86,108	44,234	538,271	6,620
6	Construction	22,113,925	2,824,499	918,792	1,161,152	285,079	148,911
7	Wholesale and Retail Trading	214,845,370	1,834,656	5,119,932	1,191,170	6,596,676	4,479,676
8	Accommodation and Food and Beverage	6,844,374	1,951,604	72,985	285,628	164,690	73,556
9	Transportation, Warehouse and Communication	19,188,519	1,284,897	409,663	853,215	346,573	143,705
10	Financial Brokerage	5,179,104	8	204,180	190,054	164,705	11,109
11	Real Estate, Leasing and Corporate Services	7,324,311	596,460	315,949	252,069	177,652	78,210
12	Public Administration, Defense, and Compulsory Social Security	4,405,408	9	2,012	-	170,507	4,408
13	Education Services	640,239	3	5,167	2,608	14,322	6,614
14	Health and Social Services	6,699,230	69,197	164,052	27,365	32,137	13,643
15	Public, Socio-culture, Entertainment and other Personal Services	14,864,302	307,925	183,682	64,661	547,338	365,077
16	Personal services for household	1,870,894	854	36,352	8,300	84,872	54,901
17	International institution and other international extra agencies	-	-	-	-	-	-
18	Undefined Activities	35,210,492	946,031	531,860	2,690	138,722	322,765
19	Non-Business Activity	133,659,135	82,797	731,609	26,340	2,569,943	415,182
20	Others	312,302,436	210,571	408,675	739	162,385	156,856
	Total	965,820,311	24,993,143	11,704,045	7,514,160	15,293,050	8,607,351

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Movements of Allowance for Impairment Losses (CKPN) Details-Bank Only

(in million rupiah)

No.	Description	31 December 2017	
		Individual Impairment Provision	Collective Impairment Provision
(1)	(2)	(3)	(4)
1	Beginning balance of impairment provision	7,406,236	14,538,135
2	Charge/release of impairment provision for the current year (Net)	6,753,899	9,905,798
3	Impairment provision for write-off	(1,328,722)	(8,199,967)
4	Other charge/release for the current year	-	(13,117)
CKPN Ending Balance		12,831,413	16,230,849

No.	Description	31 December 2016	
		Individual Impairment Provision	Collective Impairment Provision
(1)	(2)	(3)	(4)
1	Beginning balance of impairment provision	4,074.445	12,955.907
2	Charge/release of impairment provision for the current year (Net)	4,206.147	9,113.616
3	Impairment provision for write-off	(874.356)	(7,571.889)
4	Other charge/release for the current year	-	40.501
CKPN Ending Balance		7,406.236	14,538.135



RISK MANAGEMENT TABLES

Disclosure of Movements of Allowance for Impairment Losses (CKPN) Details-Bank In Consolidation with Subsidiaries

(in million rupiah)

No.	Description	31 December 2017	
		Individual Impairment Provision	Collective Impairment Provision
(1)	(2)	(3)	(4)
1	Beginning balance of impairment provision	7,514,160	15,293,050
2	Charge/release of impairment provision for the current year (Net)	7,033,153	9,986,369
3	Impairment provision for write-off	(1,223,588)	(8,484,329)
4	Other charge/release for the current year	-	(13,920)
CKPN Ending Balance		13,323,725	16,781,170

No.	Description	31 December 2016	
		Individual Impairment Provision	Collective Impairment Provision
(1)	(2)	(3)	(4)
1	Beginning balance of impairment provision	4,104,272	13,538,921
2	Charge/release of impairment provision for the current year (Net)	4,284,245	9,446,562
3	Impairment provision for write-off	(874,357)	(7,732,994)
4	Other charge/release for the current year	-	40,561
CKPN Ending Balance		7,514,160	15,293,050

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Rupiah Maturity Profile - Bank Only

(in million rupiah)

No	Portfolio Category	Balance	31 December 2017				
			Maturity				
			≤ 1 month	>1 month s.d 3 month	>3 month s.d 6 month	> 6 month s.d 12 month	> 12 month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I BALANCE SHEET							
A. Assets							
1	Cash	23,431,269	23,431,269	-	-	-	-
2	Placement with BI	22,645,124	22,645,124	-	-	-	-
3	Placement with Other Bank	4,300,000	2,725,000	1,055,000	520,000	-	-
4	Marketable Securities	140,050,518	110,158,782	4,586,446	-	2,566,300	22,738,991
5	Loans	614,624,489	25,541,792	33,103,280	46,325,928	75,071,883	434,581,606
6	Other Receivables	52,714,976	46,228,627	2,842,611	3,573,119	10,818	59,801
7	Others	52,500,757	8,197,076	2,460,182	1,099,400	3,012,714	37,731,385
Total Assets		910,267,133	238,927,670	44,047,519	51,518,447	80,661,715	495,111,783
B. Liabilities							
1	Third Party Funds	694,468,700	596,139,755	69,460,788	15,128,039	6,010,330	7,729,788
2	Liabilities to BI	-	-	-	-	-	-
3	Liabilities to Other Banks	4,292,191	4,250,981	41,210	-	-	-
4	Marketable Securities Issued	23,543,419	-	808,000	1,131,758	2,135,633	19,468,028
5	Fund Borrowings	28,534	85	-	6,545	21,904	-
6	Other Liabilities	30,974,606	9,128,724	2,338,864	1,261,543	447,665	17,797,810
7	Others	5,442,534	1,477,194	2,666,549	470,272	824,446	4,073
Total Liabilities		758,749,984	610,996,739	75,315,411	17,998,157	9,439,978	44,999,699
Assets and Liabilities Difference on Balance Sheet							
		151,517,149	(372,069,069)	(31,267,892)	33,520,290	71,221,737	450,112,084
II OFF BALANCE SHEET							
A. Off Balance Sheet Receivables							
1	Commitment	5,515,119	2,726,475	418,454	2,326,283	43,907	-
2	Contingencies	1,253	-	-	-	-	1,253
Total Off Balance Sheet Receivable		5,516,372	2,726,475	418,454	2,326,283	43,907	1,253
B. Off Balance Sheet Liabilities							
1	Commitment	90,624,540	15,652,011	19,383,065	16,782,049	9,360,329	29,447,086
2	Contingencies	15,886,078	4,823,106	2,243,619	1,949,848	3,957,061	2,912,444
Total Off Balance Sheet Liabilities		106,510,618	20,475,117	21,626,684	18,731,897	13,317,390	32,359,530
Difference of Assets and Liabilities in Off Balance Sheet		(100,994,246)	(17,748,642)	(21,208,230)	(16,405,614)	(13,273,483)	(32,358,277)
Difference [(IA-IB)+(IIA-IIB)]		50,522,903	(389,817,711)	(52,476,122)	17,114,676	57,948,254	417,753,807
Difference Cumulative							



RISK MANAGEMENT TABLES

No	Portfolio Category	Balance	31 December 2016				
			Maturity				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I BALANCE SHEET							
A. Assets							
1	Cash	24,156,773	24,156,773	-	-	-	-
2	Placement with BI	57,980,634	57,980,634	-	-	-	-
3	Placement with Other Bank	2,855,000	2,065,000	790,000	-	-	-
4	Marketable Securities	77,853,365	40,578,310	3,944,084	-	5,745,247	27,585,725
5	Loans	557,732,494	13,749,614	37,493,300	41,011,842	68,085,053	397,392,685
6	Other Receivables	52,343,902	44,029,468	3,881,640	4,372,293	1,547	58,954
7	Others	42,564,932	1,809,589	826,521	633,133	9,063,481	30,232,208
Total Assets		815,487,101	184,369,388	46,935,545	46,017,268	82,895,328	455,269,572
B. Liabilities							
1	Third Party Funds	672,145,745	622,748,521	33,643,139	1,894,442	11,693,960	2,165,683
2	Liabilities to BI	-	-	-	-	-	-
3	Liabilities to Other Banks	1,246,199	1,214,099	32,100	-	-	-
4	Marketable Securities Issued	18,214,916	-	807,927	-	4,110,712	13,296,277
5	Fund Borrowings	28,197	-	515	7,573	-	20,109
6	Other Liabilities	23,892,393	14,910,461	1,387,992	2,159,012	670,000	4,764,928
7	Others	5,099,498	4,112,136	932,229	19,661	-	35,471
Total Liabilities		720,626,948	642,985,218	36,803,902	4,080,688	16,474,672	20,282,468
Assets and Liabilities Difference on Balance Sheet		94,860,153	(458,615,830)	10,131,643	41,936,580	66,420,655	434,987,104
II OFF BALANCE SHEET							
A. Off Balance Sheet Receivables							
1	Commitment	12,761,146	12,219,746	-	-	-	541,400
2	Contingencies	1,462	-	-	-	-	1,462
Total Off Balance Sheet Receivable		12,762,608	12,219,746	-	-	-	542,862
B. Off Balance Sheet Liabilities							
1	Commitment	94,333,231	27,104,327	5,640,842	157,985	23,140,637	38,289,440
2	Contingencies	11,919,411	2,289,130	1,753,356	1,474,858	2,103,786	4,298,281
Total Off Balance Sheet Liabilities		106,252,642	29,393,458	7,394,197	1,632,844	25,244,423	42,587,721
Difference of Assets and Liabilities in Off Balance Sheet		(93,490,034)	(17,173,712)	(7,394,197)	(1,632,844)	(25,244,423)	(42,044,859)
Difference [(IA-IB)+(IIA-IIB)]		1,370,119	(475,789,541)	2,737,445	40,303,736	41,176,233	392,942,245
Difference Cumulative							

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Foreign Currency Maturity Profile - Bank Only

(in million rupiah)

No	Portfolio Category	Balance	31 December 2017				
			Maturity				
			≤ 1 month	>1 month s.d 3 month	>3 month s.d 6 month	> 6 month s.d 12 month	> 12 month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I BALANCE SHEET							
A. Assets							
1	Cash	1,006,302	1,006,302	-	-	-	-
2	Placement with BI	18,992,969	18,857,781	135,188	-	-	-
3	Placement with Other Bank	7,446,517	6,232,226	529,132	685,159	-	-
4	Marketable Securities	50,843,265	33,624,771	206,371	-	3,291,221	13,720,901
5	Loans	64,314,294	6,952,069	2,530,547	1,477,709	9,290,448	44,063,521
6	Other Receivables	20,093,583	18,190,664	1,213,421	639,799	49,699	-
7	Others	3,474,003	1,926,848	1,160,888	254,887	385	130,995
	Total Assets	166,170,933	86,790,661	5,775,547	3,057,554	12,631,753	57,915,417
B. Liabilities							
1	Third Party Funds	108,857,870	67,979,250	20,976,976	11,053,639	7,955,131	892,874
2	Liabilities to BI	-	-	-	-	-	-
3	Liabilities to Other Banks	1,460,229	1,460,229	-	-	-	-
4	Marketable Securities Issued	6,780,383	-	6,780,383	-	-	-
5	Fund Borrowings	29,238,875	679,742	743,333	3,251,551	3,120,450	21,443,799
6	Other Liabilities	5,359,097	1,271,528	936,748	517,671	2,562,717	70,433
7	Others	944,421	528,165	61,648	-	208,465	146,143
	Total Liabilities	152,640,875	71,918,914	29,499,088	14,822,861	13,846,763	22,553,249
Assets and Liabilities Difference on Balance Sheet							
		13,530,058	14,871,747	(23,723,541)	(11,765,307)	(1,215,010)	35,362,168
II OFF BALANCE SHEET							
A. Off Balance Sheet Receivables							
1	Commitment	6,227,490	237,454	1,542,132	1,700,900	1,065,667	1,681,337
2	Contingencies	2,924	-	-	-	-	2,924
	Total Off Balance Sheet Receivable	6,230,414	237,454	1,542,132	1,700,900	1,065,667	1,684,261
B. Off Balance Sheet Liabilities							
1	Commitment	45,072,741	8,302,903	17,267,923	5,460,860	5,327,908	8,713,147
2	Contingencies	17,995,548	992,318	1,467,945	3,088,909	3,059,431	9,386,945
	Total Off Balance Sheet Liabilities	63,068,289	9,295,221	18,735,868	8,549,769	8,387,339	18,100,092
Difference of Assets and Liabilities in Off Balance Sheet							
		(56,837,875)	(9,057,767)	(17,193,736)	(6,848,869)	(7,321,672)	(16,415,831)
Difference [(IA-IB)+(IIA-IIB)]							
		(43,307,817)	5,813,980	(40,917,277)	(18,614,176)	(8,536,682)	18,946,337
Difference Cumulative							



RISK MANAGEMENT TABLES

No	Portfolio Category	Balance	31 December 2016				
			Maturity				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I BALANCE SHEET							
A. Assets							
1	Cash	708,360	708,360	-	-	-	-
2	Placement with BI	13,471,984	13,471,984	-	-	-	-
3	Placement with Other Bank	3,266,628	3,266,628	-	-	-	-
4	Marketable Securities	46,525,305	27,070,776	502,673	-	1,023,818	17,928,038
5	Loans	55,614,356	2,455,617	2,821,807	1,261,097	6,629,540	42,446,295
6	Other Receivables	26,888,883	23,731,791	1,861,568	1,000,275	295,249	-
7	Others	2,038,074	756,250	953,333	312,215	-	16,276
	Total Assets	148,513,589	71,461,406	6,139,381	2,573,587	7,948,607	60,390,609
B. Liabilities							
1	Third Party Funds	51,699,713	47,384,044	4,264,075	26,958	24,636	-
2	Liabilities to BI	-	-	-	-	-	-
3	Liabilities to Other Banks	538,733	538,733	-	-	-	-
4	Marketable Securities Issued	6,721,814	-	-	-	-	6,721,814
5	Fund Borrowings	34,571,441	320,647	6,201,529	7,525,315	371,400	20,152,550
6	Other Liabilities	3,867,322	601,438	1,880,317	523,657	682,985	178,925
7	Others	517,001	352,366	22,301	142,334	-	-
	Total Liabilities	97,916,024	49,197,228	12,368,222	8,218,264	1,079,021	27,053,289
	Assets and Liabilities Difference on Balance Sheet	50,597,565	22,264,178	(6,228,841)	(5,644,677)	6,869,586	33,337,320
II OFF BALANCE SHEET							
A. Off Balance Sheet Receivables							
1	Commitment	6,869,963	-	-	-	-	6,869,963
2	Contingencies	2,994	-	-	-	-	2,994
	Total Off Balance Sheet Receivable	6,872,957	-	-	-	-	6,872,957
B. Off Balance Sheet Liabilities							
1	Commitment	48,878,719	7,772,681	17,991,065	9,126,448	7,890,659	6,097,867
2	Contingencies	12,543,898	1,120,488	898,064	1,542,575	6,462,176	2,520,594
	Total Off Balance Sheet Liabilities	61,422,617	8,893,169	18,889,129	10,669,023	14,352,835	8,618,461
	Difference of Assets and Liabilities in Off Balance Sheet	(54,549,660)	(8,893,169)	(18,889,129)	(10,669,023)	(14,352,835)	(1,745,504)
	Difference [(IA-IB)+(IIA-IIB)]	(3,952,095)	13,371,009	(25,117,970)	(16,313,700)	(7,483,249)	31,591,816
	Difference Cummulative						

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Rupiah Maturity Profile - Bank Consolidated with Subsidiaries

(in million rupiah)

No	Portfolio Category	Balance	31 December 2017				
			Maturity				
			≤ 1 month	>1 month s.d 3 month	>3 month s.d 6 month	> 6 month s.d 12 month	> 12 month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I BALANCE SHEET							
A. Assets							
1	Cash	23,780,207	23,780,207	-	-	-	-
2	Placement with BI	26,052,984	26,052,984	-	-	-	-
3	Placement with Other Bank	3,162,700	2,532,700	630,000	-	-	-
4	Marketable Securities	157,161,887	117,147,147	7,943,906	-	3,653,527	28,417,307
5	Loans	644,310,827	26,568,744	34,471,167	48,465,511	78,917,585	455,887,820
6	Other Receivables	55,418,835	48,932,486	2,842,611	3,573,119	10,818	59,801
7	Others	49,846,404	8,559,278	2,460,182	1,099,400	3,293,879	34,433,665
	Total Assets	959,733,844	253,573,546	48,347,866	53,138,030	85,875,809	518,798,593
B. Liabilities							
1	Third Party Funds	694,468,700	596,139,755	69,460,788	15,128,039	6,010,330	7,729,788
2	Liabilities to BI	-	-	-	-	-	-
3	Liabilities to Other Banks	4,224,785	4,137,592	57,408	29,785	-	-
4	Marketable Securities Issued	30,619,658	-	7,588,383	1,131,758	2,135,633	19,763,884
5	Fund Borrowings	28,534	85	-	6,545	-	21,904
6	Other Liabilities	31,374,738	9,240,167	2,338,864	1,264,768	447,665	18,083,274
7	Others	13,886,612	1,558,479	4,000,543	584,867	874,391	6,868,332
	Total Liabilities	774,603,027	611,076,078	83,445,986	18,145,762	9,468,019	52,467,182
Assets and Liabilities Difference on Balance Sheet							
		185,130,817	(357,502,532)	(35,098,120)	34,992,268	76,407,790	466,331,411
II OFF BALANCE SHEET							
A. Off Balance Sheet Receivables							
1	Commitment	5,515,119	2,726,475	418,454	2,326,283	43,907	-
2	Contingencies	67,981	66,727	-	-	-	1,254
	Total Off Balance Sheet Receivable	5,583,100	2,793,202	418,454	2,326,283	43,907	1,254
B. Off Balance Sheet Liabilities							
1	Commitment	91,728,290	15,654,105	19,407,905	16,905,416	10,313,778	29,447,086
2	Contingencies	16,033,717	4,860,902	2,260,660	1,960,113	4,006,409	2,945,633
	Total Off Balance Sheet Liabilities	107,762,007	20,515,007	21,668,565	18,865,529	14,320,187	32,392,719
	Difference of Assets and Liabilities in Off Balance Sheet	(102,178,907)	(17,721,805)	(21,250,111)	(16,539,246)	(14,276,280)	(32,391,465)
	Difference [(IA-IB)+(IIA-IIB)]	82,951,910	(375,224,337)	(56,348,231)	18,453,022	62,131,510	433,939,946
	Difference Cumulative						



RISK MANAGEMENT TABLES

No	Portfolio Category	Balance	31 December 2016				
			Maturity				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I BALANCE SHEET							
A. Assets							
1	Cash	24,499,503	24,499,503	-	-	-	-
2	Placement with BI	59,320,550	59,320,550	-	-	-	-
3	Placement with Other Bank	2,534,921	2,404,921	130,000	-	-	-
4	Marketable Securities	89,593,795	45,852,085	5,385,436	-	7,853,783	30,502,491
5	Loans	584,372,002	15,146,308	40,345,333	42,932,430	70,602,703	415,345,228
6	Other Receivables	54,737,943	46,369,540	3,930,101	4,377,801	1,547	58,954
7	Others	39,451,093	1,814,202	826,521	642,580	10,864,270	25,303,520
	Total Assets	854,509,807	195,407,109	50,617,391	47,952,811	89,322,303	471,210,193
B. Liabilities							
1	Third Party Funds	702,826,660	649,857,693	36,663,313	2,379,948	11,756,638	2,169,069
2	Liabilities to BI	-	-	-	-	-	-
3	Liabilities to Other Banks	1,690,805	1,647,425	42,057	1,323	-	-
4	Marketable Securities Issued	18,078,967	-	807,927	-	4,110,712	13,160,328
5	Fund Borrowings	128,197	-	515	7,573	100,000	20,109
6	Other Liabilities	24,334,040	15,296,147	1,438,445	2,164,520	670,000	4,764,928
7	Others	11,537,849	4,876,591	993,476	19,661	163,437	5,484,684
	Total Liabilities	758,596,519	671,677,856	39,945,733	4,573,025	16,800,787	25,599,118
	Assets and Liabilities Difference on Balance Sheet	95,913,288	(476,270,747)	10,671,658	43,379,786	72,521,516	445,611,076
II OFF BALANCE SHEET							
A. Off Balance Sheet Receivables							
1	Commitment	12,761,146	12,219,746	-	-	-	541,400
2	Contingencies	42,214	40,752	-	-	-	1,462
	Total Off Balance Sheet Receivable	12,803,360	12,260,498	-	-	-	542,862
B. Off Balance Sheet Liabilities							
1	Commitment	95,431,290	27,394,518	5,795,888	281,467	23,496,759	38,462,658
2	Contingencies	11,979,117	2,348,836	1,753,356	1,474,858	2,103,786	4,298,281
	Total Off Balance Sheet Liabilities	107,410,407	29,743,355	7,549,243	1,756,326	25,600,545	42,760,939
	Difference of Assets and Liabilities in Off Balance Sheet	(94,607,047)	(17,482,856)	(7,549,243)	(1,756,326)	(25,600,545)	(42,218,077)
	Difference [(IA-IB)+(IIA-IIB)]	1,306,241	(493,753,603)	3,122,414	41,623,460	46,920,971	403,392,999
	Difference Cummulative						

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Foreign Currency Maturity Profile - Bank Consolidated with Subsidiaries

(in million rupiah)

No	Portfolio Category	Balance	31 December 2017				
			Maturity				
			≤ 1 month	>1 month s.d 3 month	>3 month s.d 6 month	> 6 month s.d 12 month	> 12 month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I BALANCE SHEET							
A. Assets							
1	Cash	1,017,575	1,017,575	-	-	-	-
2	Placement with BI	18,992,969	18,857,781	135,188	-	-	-
3	Placement with Other Bank	6,897,034	6,150,822	407,025	339,187	-	-
4	Marketable Securities	51,085,657	33,633,480	206,371	-	3,304,748	13,941,058
5	Loans	64,921,556	6,952,489	2,534,906	1,534,056	9,371,140	44,528,965
6	Other Receivables	20,125,398	18,166,888	1,263,381	645,430	49,699	-
7	Others	3,474,409	1,926,014	1,160,888	254,887	385	132,235
	Total Assets	166,514,598	86,705,049	5,707,759	2,773,560	12,725,972	58,602,258
B. Liabilities							
1	Third Party Funds	147,187,750	106,307,123	20,978,983	11,053,639	7,955,131	892,874
2	Liabilities to BI	-	-	-	-	-	-
3	Liabilities to Other Banks	1,368,582	1,368,582	-	-	-	-
4	Marketable Securities Issued	-	-	-	-	-	-
5	Fund Borrowings	29,374,475	679,742	743,333	3,251,551	3,120,450	21,579,399
6	Other Liabilities	5,414,688	1,271,528	986,708	523,302	2,562,717	70,433
7	Others	952,426	533,529	61,648	2,489	208,617	146,143
	Total Liabilities	184,297,921	110,160,504	22,770,672	14,830,981	13,846,915	22,688,849
Assets and Liabilities Difference on Balance Sheet							
		(17,783,323)	(23,455,455)	(17,062,913)	(12,057,421)	(1,120,943)	35,913,409
II OFF BALANCE SHEET							
A. Off Balance Sheet Receivables							
1	Commitment	6,227,490	237,454	1,542,132	1,700,900	1,065,667	1,681,337
2	Contingencies	2,924	-	-	-	-	2,924
	Total Off Balance Sheet Receivable	6,230,414	237,454	1,542,132	1,700,900	1,065,667	1,684,261
B. Off Balance Sheet Liabilities							
1	Commitment	45,159,416	8,303,609	17,277,854	5,460,860	5,403,946	8,713,147
2	Contingencies	17,996,663	992,318	1,467,945	3,088,909	3,060,546	9,386,945
	Total Off Balance Sheet Liabilities	63,156,079	9,295,927	18,745,799	8,549,769	8,464,492	18,100,092
	Difference of Assets and Liabilities in Off Balance Sheet	(56,925,665)	(9,058,473)	(17,203,667)	(6,848,869)	(7,398,825)	(16,415,831)
	Difference [(IA-IB)+(IIA-IIB)]	(74,708,988)	(32,513,928)	(34,266,580)	(18,906,290)	(8,519,768)	19,497,578
	Difference Cumulative						



RISK MANAGEMENT TABLES

No	Portfolio Category	Balance	31 December 2016				
			Maturity				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I BALANCE SHEET							
A. Assets							
1	Cash	712,521	712,521	-	-	-	-
2	Placement with BI	13,471,984	13,471,984	-	-	-	-
3	Placement with Other Bank	2,815,299	2,815,299	-	-	-	-
4	Marketable Securities	46,764,575	27,075,920	504,355	-	1,023,061	18,161,239
5	Loans	56,241,764	2,459,607	2,853,377	1,396,320	6,698,566	42,833,894
6	Other Receivables	27,050,430	23,893,338	1,861,568	1,000,275	295,249	-
7	Others	2,078,046	756,250	953,333	312,215	39,972	16,276
	Total Assets	149,134,619	71,184,919	6,172,633	2,708,810	8,056,848	61,011,409
B. Liabilities							
1	Third Party Funds	51,699,713	47,384,044	4,264,075	26,958	24,636	-
2	Liabilities to BI	-	-	-	-	-	-
3	Liabilities to Other Banks	538,733	538,733	-	-	-	-
4	Marketable Securities Issued	6,721,814	-	-	-	-	6,721,814
5	Fund Borrowings	34,879,973	320,647	6,201,529	7,525,315	371,400	20,461,082
6	Other Liabilities	3,869,674	601,438	1,882,309	523,657	682,985	179,285
7	Others	525,410	352,366	22,301	142,334	366	8,043
	Total Liabilities	98,235,317	49,197,228	12,370,214	8,218,264	1,079,387	27,370,224
	Assets and Liabilities Difference on Balance Sheet	50,899,302	21,987,691	(6,197,581)	(5,509,454)	6,977,461	33,641,185
II OFF BALANCE SHEET							
A. Off Balance Sheet Receivables							
1	Commitment	6,869,963	-	-	-	-	6,869,963
2	Contingencies	2,994	-	-	-	-	2,994
	Total Off Balance Sheet Receivable	6,872,957	-	-	-	-	6,872,957
B. Off Balance Sheet Liabilities							
1	Commitment	48,939,965	7,772,681	18,018,522	9,126,448	7,924,448	6,097,867
2	Contingencies	12,543,898	1,120,488	898,064	1,542,575	6,462,176	2,520,594
	Total Off Balance Sheet Liabilities	61,483,863	8,893,169	18,916,586	10,669,023	14,386,624	8,618,461
	Difference of Assets and Liabilities in Off Balance Sheet	(54,610,906)	(8,893,169)	(18,916,586)	(10,669,023)	(14,386,624)	(1,745,504)
	Difference [(IA-IB)+(IIA-IIB)]	(3,711,604)	13,094,522	(25,114,167)	(16,178,477)	(7,409,163)	31,895,681
	Difference Cummulative						

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Net Exposure Receivable and Credit Risk Mitigation Technique - Bank Only

(in million rupiah)

No.	Portfolio Category	Net Receivables	31 December 2017				Unsecured	
			Collaterals	Guarantees	Credit Insurance	Others		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]	
A Balance Sheet Exposure								
1	Government Receivables	259,015,604	-	-	-	-	259,015,604	
2	Public Sector Entity Receivables	86,570,590	3,091,436	-	-	-	83,479,154	
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-	
4	Banks Receivables	38,390,805	-	-	-	-	38,390,805	
5	Mortgage Loan	162,068	-	-	-	-	162,068	
6	Commercial Property Loan	3,928,532	-	-	-	-	3,928,532	
7	Employee/Pensioners Loan	141,347,120	-	-	-	-	141,347,120	
8	Micro Enterprise and Retail Portfolio Receivables	268,612,467	729,439	-	19,071,021	-	248,812,007	
9	Corporate Receivables	192,513,809	16,138,711	-	-	-	176,375,098	
10	Past Due Receivables	6,660,341	197	-	-	-	6,660,144	
11	Other Assets	72,608,621	-	-	-	-	72,608,621	
	Total Balance Sheet Exposure	1,069,809,957	19,959,783	-	19,071,021	-	1,030,779,153	
B Balance Sheet Exposure								
1	Government Receivables	18,930	-	-	-	-	18,930	
2	Public Sector Entity Receivables	10,165,365	-	-	-	-	10,165,365	
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-	
4	Banks Receivables	11,440,390	-	-	-	-	11,440,390	
5	Mortgage Loan	-	-	-	-	-	-	
6	Commercial Property Loan	-	-	-	-	-	-	
7	Employee/Pensioners Loan	-	-	-	-	-	-	
8	Micro Enterprise and Retail Portfolio Receivables	101,802	-	-	-	-	101,802	
9	Corporate Receivables	5,335,918	-	-	-	-	5,335,918	
10	Past Due Receivables	-	-	-	-	-	-	
	Total Off Balance Sheet Exposure	27,062,405	-	-	-	-	27,062,405	
C Counterparty Credit Risk Exposure								
1	Government Receivables	15,068,698	-	-	-	-	15,068,698	
2	Public Sector Entity Receivables	-	-	-	-	-	-	
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-	
4	Banks Receivables	2,944,215	-	-	-	-	2,944,215	
5	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-	-	-	
6	Corporate Receivables	-	-	-	-	-	-	
	Total Eksposure Counterparty Credit Risk	18,012,913	-	-	-	-	18,012,913	
	Total (A+B+C)	1,114,885,275	19,959,783	-	19,071,021	-	1,075,854,471	



RISK MANAGEMENT TABLES

	Net Receivables	31 December 2016				Unsecured	
		Guaranteed					
		Collaterals	Guarantees	Credit Insurance	Others		
	(9)	(10)	(11)	(12)	(13)	(14) = (9)- [(10)+(11)+(12)+(13)]	
	237,523,630	-	-	-	-	237,523,630	
	86,879,998	15,663	-	-	-	86,864,335	
	-	-	-	-	-	-	
	39,803,215	-	-	-	-	39,803,215	
	90,998	-	-	-	-	90,998	
	2,945,214	-	-	-	-	2,945,214	
	127,554,556	-	-	-	-	127,554,556	
	243,456,609	621,232	-	18,657,504	-	224,177,873	
	161,794,188	12,586,470	-	-	-	149,207,718	
	6,509,068	140	-	-	-	6,508,928	
	62,679,076	-	-	-	-	62,679,076	
	969,236,552	13,223,505	-	18,657,504	-	937,355,543	
	108,510	-	-	-	-	108,510	
	9,011,254	-	-	-	-	9,011,254	
	-	-	-	-	-	-	
	5,485,300	-	-	-	-	5,485,300	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	169,135	-	-	-	-	169,135	
	3,841,457	-	-	-	-	3,841,457	
	-	-	-	-	-	-	
	18,615,656	-	-	-	-	18,615,656	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	2,761,058	-	-	-	-	2,761,058	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	2,761,058	-	-	-	-	2,761,058	
	990,613,266	13,223,505	-	18,657,504	-	958,732,257	

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

**Disclosure of Net Exposure Receivable and Credit Risk Mitigation Technique -
 Bank Consolidated with Subsidiaries**

(in million rupiah)

No.	Portfolio Category	31 December 2017					
		Net Receivables	Collaterals	Guarantees	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)- [(4)+(5)+(6)+(7)]
A Balance Sheet Exposure							
1	Government Receivables	262,495,209	-	-	-	-	262,495,209
2	Public Sector Entity Receivables	87,083,813	3,091,436	-	-	-	83,992,377
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	38,469,823	-	-	-	-	38,469,823
5	Mortgage Loan	391,450	-	-	-	-	391,450
6	Commercial Property Loan	4,349,537	-	-	-	-	4,349,537
7	Employee/Pensioners Loan	141,684,234	-	-	-	-	141,684,234
8	Micro Enterprise and Retail Portfolio Receivables	271,371,637	875,947	-	19,071,021	-	251,424,669
9	Corporate Receivables	198,988,085	16,342,136	-	-	-	182,645,949
10	Past Due Receivables	6,772,910	197	-	-	-	6,772,713
11	Other Assets	72,906,720	-	-	-	-	72,906,720
	Total Balance Sheet Exposure	1,084,513,418	20,309,716	-	19,071,021	-	1,045,132,681
B Balance Sheet Exposure							
1	Government Receivables	18,930	-	-	-	-	18,930
2	Public Sector Entity Receivables	10,170,632	-	-	-	-	10,170,632
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	11,451,056	-	-	-	-	11,451,056
5	Mortgage Loan	-	-	-	-	-	-
6	Commercial Property Loan	71,943	-	-	-	-	71,943
7	Employee/Pensioners Loan	-	-	-	-	-	-
8	Micro Enterprise and Retail Portfolio Receivables	156,915	36	-	-	-	156,879
9	Corporate Receivables	5,550,980	2,714	-	-	-	5,548,266
10	Past Due Receivables	-	-	-	-	-	-
	Total Off Balance Sheet Exposure	27,420,456	2,750	-	-	-	27,417,706
C Counterparty Credit Risk Exposure							
1	Government Receivables	16,583,432	-	-	-	-	16,583,432
2	Public Sector Entity Receivables	-	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	2,944,215	-	-	-	-	2,944,215
5	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-	-	-
6	Corporate Receivables	-	-	-	-	-	-
	Total Eksposure Counterparty Credit Risk	19,527,647	-	-	-	-	19,527,647
	Total (A+B+C)	1,131,461,521	20,312,466	-	19,071,021	-	1,092,078,034



RISK MANAGEMENT TABLES

	Net Receivables	31 December 2016				Unsecured	
		Guaranteed					
		Collaterals	Guarantees	Credit Insurance	Others		
	(9)	(10)	(11)	(12)	(13)	(14) = (9)- [(10)+(11)+(12)+(13)]	
	239,482,809	-	-	-	-	239,482,809	
	87,214,759	15,663	-	-	-	87,199,096	
	-	-	-	-	-	-	
	40,729,248	3,000	-	-	-	40,726,248	
	325,881	-	-	-	-	325,881	
	3,209,158	-	-	-	-	3,209,158	
	127,940,818	-	-	-	-	127,940,818	
	245,210,399	653,386	-	18,657,504	-	225,899,509	
	166,831,969	12,710,244	-	-	-	154,121,725	
	6,630,875	190	-	-	-	6,630,685	
	62,965,149	-	-	-	-	62,965,149	
	980,541,065	13,382,483	-	18,657,504	-	948,501,078	
	108,510	-	-	-	-	108,510	
	9,052,675	-	-	-	-	9,052,675	
	-	-	-	-	-	-	
	5,528,656	-	-	-	-	5,528,656	
	-	-	-	-	-	-	
	1,732	-	-	-	-	1,732	
	104	-	-	-	-	104	
	193,549	1,232	-	-	-	192,317	
	3,965,433	1,421	-	-	-	3,964,012	
	102	-	-	-	-	102	
	18,850,761	2,653	-	-	-	18,848,108	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	2,761,058	-	-	-	-	2,761,058	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	2,761,058	-	-	-	-	2,761,058	
	1,002,152,884	13,385,136	-	18,657,504	-	970,110,244	

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Securitization Exposure - Bank Only

(in million rupiah)

No.	Securitization Exposure	Nilai Assets yg disekuritisasi	31 December 2017						
			Nilai Assets yang disekuritisasi yang mengalami penurunan nilai		Laba/ Rugi dari aktivitas sekuritisasi	RWA	Pengurang Modal		
(1)	(2)	(3)	Past Due	Current				(7)	(8)
1	Bank acts as Originating Creditor - Example of exposure type: Claim secured by residential property	-			-				
2	Bank acts as Provider of Credit Enhancements a. First loss facility - Example of exposure type: Claim secured by residential property b. Second loss facility - Example of exposure type: Claim secured by residential property	-	-	-	-	-	-		
3	Bank acts as Provider of Liquidity Facility - Example of exposure type: Claim secured by residential property	-	-	-	-	-	-		
4	Bank acts as Service Provider - Example of exposure type: Claim secured by residential property	-							
5	Bank acts as Custodian Bank - Example of exposure type: Claim secured by residential property	-							
6	Bank acts as Investor a. Senior tranche - Example of exposure type: Claim secured by residential property b. Junior tranche - Example of exposure type: Claim secured by residential property	-	-	-	-	-	-		



RISK MANAGEMENT TABLES

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Securitization Exposure - Bank Consolidated with Subsidiaries

(in million rupiah)

No.	Securitization Exposure	Nilai Assets yg disekuritisasi	31 December 2017						
			Nilai Assets yang disekuritisasi yang mengalami penurunan nilai		Laba/ Rugi dari aktivitas sekuritisasi	RWA	Pengurang Modal		
			Past Due	Current					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
1	Bank acts as Originating Creditor - Example of exposure type: Claim secured by residential property	-			-				
2	Bank acts as Provider of Credit Enhancements a. First loss facility - Example of exposure type: Claim secured by residential property b. Second loss facility - Example of exposure type: Claim secured by residential property	-	-	-	-	-	-		
3	Bank acts as Provider of Liquidity Facility - Example of exposure type: Claim secured by residential property	-	-	-	-	-			
4	Bank acts as Service Provider - Example of exposure type: Claim secured by residential property	-							
5	Bank acts as Custodian Bank - Example of exposure type: Claim secured by residential property	-							
6	Bank acts as Investor a. Senior tranche - Example of exposure type: Claim secured by residential property b. Junior tranche - Example of exposure type: Claim secured by residential property	-	-	-	-	-	-		



RISK MANAGEMENT TABLES

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Pengungkapan Ringkasan Aktivitas Transaksi Sekuritisasi Assets dalam hal Bank Bertindak sebagai Kreditur Asal - Bank Secara Individu

No	Portfolio Category	31 December 2017		31 December 2016	
		Nilai Assets Yang Disekuritisasi	Keuntungan (Kerugian) Penjualan	Nilai Assets Yang Disekuritisasi	Keuntungan (Kerugian) Penjualan
(1)	(2)	(3)	(4)	(5)	(6)
1.	Government Receivables				
2.	Public Sector Entity Receivables				
3.	Multilateral Development Banks and International Institutions Receivables				
4.	Banks Receivables				
5.	Mortgage Loan				
6.	Commercial Property Loan				
7.	Employee/Pensioners Loan				
8.	Micro Enterprise and Retail Portfolio Receivables				
9.	Corporate Receivables				
10.	Past Due Receivables				
11.	Other Assets				
Total					

Pengungkapan Ringkasan Aktivitas Transaksi Sekuritisasi Assets dalam hal Bank Bertindak sebagai Kreditur Asal - Bank In Consolidation dengan Entitas Anak

No	Portfolio Category	31 December 2017		31 December 2016	
		Nilai Assets Yang Disekuritisasi	Keuntungan (Kerugian) Penjualan	Nilai Assets Yang Disekuritisasi	Keuntungan (Kerugian) Penjualan
(1)	(2)	(3)	(4)	(5)	(6)
1.	Government Receivables				
2.	Public Sector Entity Receivables				
3.	Multilateral Development Banks and International Institutions Receivables				
4.	Banks Receivables				
5.	Mortgage Loan				
6.	Commercial Property Loan				
7.	Employee/Pensioners Loan				
8.	Micro Enterprise and Retail Portfolio Receivables				
9.	Corporate Receivables				
10.	Past Due Receivables				
11.	Other Assets				
Total					



RISK MANAGEMENT TABLES

Disclosure of Credit RWA under Standardized Approach - Bank Only

(in million rupiah)

a. Disclosure of Asset Exposure on Balance Sheet

No	Portfolio Category	31 December 2017			31 December 2016		
		Net Receivables	RWA Before CRM	RWA After CRM	Net Receivables	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Government Receivables	259,015,604	-	-	237,523,630	-	-
2.	Public Sector Entity Receivables	86,570,590	42,311,767	40,766,049	86,879,998	42,788,160	42,780,329
3.	Multilateral Development	-	-	-	-	-	-
3.	Banks and International Institutions Receivables	-	-	-	-	-	-
4.	Banks Receivables	38,390,805	11,045,343	11,045,343	39,803,215	13,489,758	13,489,758
5.	Mortgage Loan	162,068	56,724	56,724	90,998	31,849	31,849
6.	Commercial Property Loan	3,928,532	3,928,532	3,928,532	2,945,214	2,945,214	2,945,214
7.	Employee/Pensioners Loan	141,347,120	70,673,560	70,673,560	127,554,556	63,777,278	63,777,278
8.	Micro Enterprise and Retail Portfolio Receivables	268,612,467	201,459,350	190,423,209	243,456,609	182,592,457	171,864,906
9.	Corporate Receivables	192,513,809	190,713,842	174,575,131	161,794,188	160,681,599	148,095,129
10.	Past Due Receivables	6,660,341	9,987,089	9,986,793	6,509,068	9,757,619	9,757,409
11.	Other Assets	72,608,621	-	48,224,278	62,679,076	-	37,830,153
	Total	1,069,809,957	530,176,207	549,679,619	969,236,552	476,063,934	490,572,025

b. Disclosure of Commitment/Contingency Exposure in Off Balance Sheet

No	Portfolio Category	31 December 2017			31 December 2016		
		Net Receivable	RWA Before CRM	RWA After CRM	Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Government Receivables	18,930	-	-	108,510	-	-
2.	Public Sector Entity Receivables	10,165,365	5,082,683	5,082,683	9,011,254	4,505,627	4,505,627
3.	Multilateral Development	-	-	-	-	-	-
3.	Banks and International Institutions Receivables	-	-	-	-	-	-
4.	Banks Receivables	11,440,390	5,576,117	5,576,117	5,485,300	2,660,667	2,660,667
5.	Mortgage Loan	-	-	-	-	-	-
6.	Commercial Property Loan	-	-	-	-	-	-
7.	Employee/Pensioners Loan	-	-	-	-	-	-
8.	Micro Enterprise and Retail Portfolio Receivables	101,802	76,352	76,352	169,135	126,851	126,851
9.	Corporate Receivables	5,335,918	5,335,918	5,335,918	3,841,457	3,841,457	3,841,457
10.	Past Due Receivables	-	-	-	-	-	-
	Total	27,062,405	16,071,070	16,071,070	18,615,656	11,134,602	11,134,602

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Credit RWA under Standardized Approach - Bank Only

(in million rupiah)

c. Disclosure of Counterparty Credit Risk Exposure

No	Portfolio Category	31 December 2017			31 December 2016		
		Net Receivable (3)	RWA Before CRM (4)	RWA After CRM (5)	Net Receivable (6)	RWA Before CRM (7)	RWA After CRM (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Government Receivables	15,068,698	-	-	-	-	-
2.	Public Sector Entity Receivables	-	-	-	-	-	-
	Multilateral Development						
3.	Banks and International Institutions Receivables	-	-	-	-	-	-
4.	Banks Receivables	2,944,215	837,671	837,671	2,761,058	716,774	716,774
5.	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-	-	-
6.	Corporate Receivables	-	-	-	-	-	-
	Eksposur tertimbang dari						
7.	Credit Valuation Adjustment (CVA Risk Weighted Assets)			70,834			
	Total	18,012,913	837,671	908,505	2,761,058	716,774	716,774

d. Disclosure of Credit RWA under Standardized Approach (Settlement Risk)

No	Type of Transactions	31 December 2017			31 December 2016		
		Nilai Eksposur (3)	Capital Deduction Factor (4)	RWA After CRM (5)	Nilai Eksposur (6)	Capital Deduction Factor (7)	RWA After CRM (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Delivery versus payment						
a.	Capital Charge 8% (5-15 days)	-		-			
b.	Capital Charge 50% (16-30 days)	-		-			
c.	Capital Charge 75% (31-45 days)	-		-			
d.	Capital Charge 100% (more than 45 days)	-		-			
2.	Non-delivery versus payment	-	-				
	Total	-	-	-	-	-	-



RISK MANAGEMENT TABLES

Disclosure of Credit RWA under Standardized Approach - Bank Only

(in million rupiah)

e. Disclosure of Securitization Exposure

No	Type of Transactions	31 December 2017		31 December 2016	
		Capital Deduction Factor	RWA	Capital Deduction Factor	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1.	Supporting Credit facility that meets the requirements	-	-	-	-
a.	First Loss Facility				
b.	Second Loss Facility				
2.	Supporting Credit facility that do not meet the requirements	-	-	-	-
a.	Bank merupakan Kreditur Asal				
b.	Bank bukan merupakan Kreditur Asal				
3.	Liquidity facilities that meet the requirements		-		-
4.	Liquidity facilities that do not meet the requirements	-	-	-	-
a.	Bank merupakan Kreditur Asal				
b.	Bank bukan merupakan Kreditur Asal				
5.	Purchase of Asset-Backed Securities that meet the requirements	-	-	-	-
a.	Senior Tranche				
b.	Junior Tranche				
6.	Purchase of Asset-Backed Securities that do not meet the requirements	-	-	-	-
7.	Securitisation exposures that are not covered by the provisions of Bank Indonesia on the principles of prudence in asset securitization for banks.		-		-
Total		-	-	-	-

f. Disclosure of Total Credit Risk Measurement

	31 December 2017	31 December 2016
Total Credit Risk RWA	566,659,194	502,423,401
Total Capital Deduction Factor	(0)	-

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Credit RWA under Standardized Approach - Bank Consolidated with Subsidiaries

(in million rupiah)

a. Disclosure of Asset Exposure on Balance Sheet

No	Portfolio Category	31 December 2017			31 December 2016		
		Net Receivables	RWA Before CRM	RWA After CRM	Net Receivables	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Government Receivables	262,495,209	-	-	239,482,809	-	-
2.	Public Sector Entity Receivables	87,083,813	42,568,379	41,022,661	87,214,759	42,955,541	42,947,708
	Multilateral Development	-	-	-	-	-	-
3.	Banks and International Institutions Receivables	-	-	-	-	-	-
4.	Banks Receivables	38,469,823	11,061,194	11,061,194	40,729,248	13,687,416	13,685,916
5.	Mortgage Loan	391,450	137,008	137,008	325,881	114,058	114,058
6.	Commercial Property Loan	4,349,537	4,349,537	4,349,537	3,209,158	3,209,158	3,209,158
7.	Employee/Pensioners Loan	141,684,234	70,842,117	70,842,117	127,940,818	63,970,409	63,970,409
8.	Micro Enterprise and Retail Portfolio Receivables	271,371,638	203,528,729	192,382,707	245,210,400	183,907,800	173,156,133
9.	Corporate Receivables	198,988,085	197,188,118	180,845,982	166,831,967	165,719,378	153,009,134
10.	Past Due Receivables	6,772,911	10,146,365	10,146,070	6,630,875	9,934,860	9,934,575
11.	Other Assets	72,906,720	-	48,512,486	62,965,149	-	38,087,805
	Total	1,084,513,420	539,821,447	559,299,762	980,541,064	483,498,620	498,114,896

b. Disclosure of Commitment/Contingency Exposure in Off Balance Sheet

No	Portfolio Category	31 December 2017			31 December 2016		
		Net Receivable	RWA Before CRM	RWA After CRM	Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Government Receivables	18,930	-	-	108,510	-	-
2.	Public Sector Entity Receivables	10,170,632	5,085,316	5,085,316	9,052,675	4,526,338	4,526,338
	Multilateral Development	-	-	-	-	-	-
3.	Banks and International Institutions Receivables	-	-	-	-	-	-
4.	Banks Receivables	11,451,056	5,578,307	5,578,307	5,528,656	2,669,408	2,669,408
5.	Mortgage Loan	-	-	-	-	-	-
6.	Commercial Property Loan	71,943	71,943	71,943	1,732	1,732	1,732
7.	Employee/Pensioners Loan	-	-	-	104	52	52
8.	Micro Enterprise and Retail Portfolio Receivables	156,914	117,686	117,659	193,549	145,162	144,238
9.	Corporate Receivables	5,550,979	5,550,979	5,548,266	3,965,431	3,965,431	3,964,012
10.	Past Due Receivables	-	-	-	102	153	153
	Total	27,420,454	16,404,231	16,401,491	18,850,759	11,308,276	11,305,933



RISK MANAGEMENT TABLES

Disclosure of Credit RWA under Standardized Approach - Bank Consolidated with Subsidiaries

(in million rupiah)

c. Disclosure of Counterparty Credit Risk Exposure

No	Portfolio Category	31 December 2017			31 December 2016		
		Net Receivable	RWA Before CRM	RWA After CRM	Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Government Receivables	16,583,432	-	-	-	-	-
2.	Public Sector Entity Receivables	-	-	-	-	-	-
	Multilateral Development						
3.	Banks and International Institutions Receivables	-	-	-	-	-	-
4.	Banks Receivables	2,944,215	837,670	837,670	2,761,058	716,774	716,774
5.	Micro Enterprise and Retail Portfolio Receivables	-	-	-	-	-	-
6.	Corporate Receivables	-	-	-	-	-	-
	Eksposur tertimbang dari						
7.	Credit Valuation Adjustment (CVA Risk Weighted Assets)			70,834			
	Total	19,527,647	837,670	908,504	2,761,058	716,774	716,774

d. Disclosure of Credit RWA under Standardized Approach (Settlement Risk)

No	Type of Transactions	31 December 2017			31 December 2016		
		Nilai Eksposur	Capital Deduction Factor	RWA After CRM	Nilai Eksposur	Capital Deduction Factor	RWA After CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Delivery versus payment						-
a.	Capital Charge 8% (5-15 days)	-		-	-		-
b.	Capital Charge 50% (16-30 days)	-		-	-		-
c.	Capital Charge 75% (31-45 days)	-		-	-		-
d.	Capital Charge 100% (more than 45 days)	-		-	-		-
2.	Non-delivery versus payment	-		-	-	-	
	Total	-	-	-	-	-	-

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

RISK MANAGEMENT TABLES

Disclosure of Credit RWA under Standardized Approach - Bank Consolidated with Subsidiaries

(in million rupiah)

e. Disclosure of Securitization Exposure

No	Type of Transactions	31 December 2017		31 December 2016	
		Capital Deduction Factor	RWA	Capital Deduction Factor	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1.	Supporting Credit facility that meets the requirements	-	-	-	-
2.	Supporting Credit facility that do not meet the requirements	-	-	-	-
3.	Liquidity facilities that meet the requirements		-		-
4.	Liquidity facilities that do not meet the requirements	-	-	-	-
5.	Purchase of Asset-Backed Securities that meet the requirements	-	-	-	-
6.	Purchase of Asset-Backed Securities that do not meet the requirements	-	-	-	-
7.	Securitisation exposures that are not covered by the provisions of Bank Indonesia on the principles of prudence in asset securitization for banks.		-		-
Total		-	-	-	-

f. Disclosure of Exposure in Sharia Business unit

No	Type of Transactions	31 December 2017		31 December 2016	
		Capital Deduction Factor	RWA	Capital Deduction Factor	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1.	Total Exposure	-	14,781,970	-	14,367,884

g. Disclosure of Total Credit Risk Measurement

	31 December 2017	31 December 2016
Total Credit Risk RWA	591,391,727	524,505,487
Total Capital Deduction Factor	-	-

Disclosure of Market Risk Standardized Method

(in million rupiah)

No.	Jenis Risiko	31 December 2017				31 December 2016			
		Bank		Consolidated		Bank		Consolidated	
		Capital Charge	RWA	Capital Charge	RWA	Capital Charge	RWA	Capital Charge	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Interest Rate Risk								
	a. Specific Risk	500	6,248	500	6,248	-	-	-	-
	b. General Risk	4,296	53,697	7,965	99,559	-	-	2,584	32,305
2	Foreign Exchange Risk	546,329	6,829,117	550,456	6,880,697	762,834	9,535,428	767,182	9,589,771
3	Equity Risk *)	-	-	-	-	-	-	-	-
4	Commodity Risk *)	-	-	-	-	-	-	-	-
5	Option Risk	-	-	-	-	-	-	-	-
Total		551,125	6,889,062	558,920	6,986,504	762,834	9,535,428	769,766	9,622,076

*) For bank with subsidiaries that have such risk exposures



RISK MANAGEMENT TABLES

Disclosure of Liquidity Coverage Ratio (LCR)

		NILAI LCR (%)			
		I	II	III	IV
		(1)	(2)	(3)	(4)
Bank Individual		211.47%	222.14%	230.14%	241.97%
Bank In Consolidation		209.56%	222.36%	231.46%	243.65%

Disclosure of Operational Risk - Bank Only

(in million rupiah)

No.	Approach used	31 December 2017			31 December 2016		
		Gross Revenues (Average in Last 3 Years)	Capital Charge	RWA	Gross Revenues (Average in Last 3 Years)	Capital Charge	RWA
		(1)	(2)	(3)	(4)	(5)	(6)
1	Basic Indicator Approach	69,849,455	10,477,418	130,967,728	59,679,413	8,951,912	111,898,899
Total		69,849,455	10,477,418	130,967,728	59,679,413	8,951,912	111,898,899

Disclosure of Operational Risk - Bank Consolidated with Subsidiaries

(in million rupiah)

No.	Approach used	31 December 2017			31 December 2016		
		Gross Revenues (Average in Last 3 Years)	Capital Charge	RWA	Gross Revenues (Average in Last 3 Years)	Capital Charge	RWA
		(1)	(2)	(3)	(4)	(5)	(6)
1	Basic Indicator Approach	71,691,108	10,753,666	134,420,827	61,248,577	9,187,287	114,841,081
Total		71,691,108	10,753,666	134,420,827	61,248,577	9,187,287	114,841,081



BRI has established a green banking implementation roadmap that refers to the Sustainable Finance Roadmap set by OJK. The Bank is consistently committed to continue participating in sustainable economic development to improve the quality of life of communities and create beneficial environment.



CORPORATE SOCIAL RESPONSIBILITY

- | | |
|---|---|
| <p>729 CSR Policy and References</p> <p>730 Social Responsibility Toward Environment</p> <p>734 Social Responsibility Toward Occupational, Health and Safety</p> <p>741 Social Responsibility Toward Social and Community Development</p> <p>742 Increase of Disbursement Realization of BRI Peduli Program for the Period of 2015-2017</p> <p>743 Details of Budget Realization of BRI Peduli Program for the Period of 2015-2017</p> <p>743 Allocation of Budget Realization of BRI Peduli Program in 2017</p> | <p>744 Indonesia Peduli</p> <p>745 Indonesia Cerdas</p> <p>748 Indonesia Sehat</p> <p>749 Indonesia Membangun</p> <p>751 Indonesia Takwa</p> <p>752 Indonesia Lestari</p> <p>753 Indonesia Sejahtera</p> <p>754 Total Budget of BRI Peduli</p> <p>754 Partnership Program</p> <p>757 Social Responsibility Toward Consumers</p> |
|---|---|

CORPORATE SOCIAL RESPONSIBILITY



“

BRI CSR is dedicated to improve the quality of communities' lives and create a beneficial environment for the Bank and the surrounding communities. As a State-Owned Enterprise, BRI's engagement is also carried out through the Community Development program, a program aimed at empowering the community social condition.

”

CORPORATE SOCIAL RESPONSIBILITY

The implementation of BRI's Corporate Social Responsibility (CSR) program is a manifestation of the Company's commitment to contribute to sustainable economic development. BRI CSR is dedicated to improve the quality of communities' lives and create a beneficial environment for the Bank and the surrounding communities. As a State-Owned Enterprise, BRI's engagement is also carried out through the Community Development program, a program aimed at empowering the community social condition.

The corporate social responsibility consists of:

1. Corporate Social Responsibility Toward the Environment,
2. Corporate Social Responsibility Toward the Occupational, Health and Safety,
3. Corporate Social Responsibility Toward the Social and Community Development, and
4. Corporate Social Responsibility Toward the Consumers.

CSR Policy and References

In implementing community engagement programs, the Bank refers to the following legal basis:

- a. Law of RI No. 7 of 1992 concerning Banking.
- b. Law RI No. 8 of 1999 on Consumers Protection.
- c. Law RI No. 13 of 2003 concerning State-Owned Enterprises.
- d. Article 88 Law No. 19 of 2003 on Badan Usaha Milik Negara.
- e. Law RI No. 40 of 2007 on Limited Liability Companies.
- f. Presidential Regulation No. 47 of 2012 on Social and Environmental Responsibility of Listed Companies.
- g. OJK Regulation No. 1/POJK.07/2013 on Consumers Protection in Financial Sectors.
- h. SOE Ministry Regulation No. Per-09/MBU/07/2015 dated 03 July 2015 on Partnership and Environmental Development Program of State-Owned Enterprises, in lieu of SOE Ministry Regulation No. Per-02/MBU/7/2017 dated 5 July 2017 and its last amendment.



SOCIAL RESPONSIBILITY TOWARD ENVIRONMENT



“

Bank BRI applies a go green concept in every aspect of activities and businesses. This is reflected in the building plan that carries the concept of green building, and the use of environmentally friendly products in operational activities.”

”

SOCIAL RESPONSIBILITY TOWARD ENVIRONMENT

To date, there is no Bank's business activity that is in direct contact with the environment. However, the Bank has a high commitment to managing and minimizing its environmental impact on the environment. Thus, BRI has a special division that manages the environmental aspects under the Division of Fixed Asset Management and Division of Procurement of Goods & Services. These divisions carry out the policy, monitoring, and strategic supervisory functions. BRI operations manage the environmental sustainability by water efficiency, paper usage, energy, and other natural resources.

In 2017, the Bank has set a roadmap to implement green banking. The Roadmap refers to the Sustainable Finance Roadmap set by OJK. In accordance with OJK Regulation No. 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies, that in January 2019, BRI as a Bank BOOK 4, shall apply the sustainable principles. In 2017, BRI sets the targets consist of the policy aspect, alignment with BRI strategies, internal campaign, marketing communication, and product and IT development. BRI has also compiled the Sustainability Report since 2012 to describe BRI's contribution to Environment, Social and Governance, in accordance with Global Reporting Initiative (GRI).

In relation to the reference/policy in providing services to customers, the Bank refers to policies regulated by the regulator, and the Bank's internal policies, which include:

1. Bank Indonesia Circular Letter No. 16/DKSP/2014 dated September 30, 2014, on the Procedures for the Consumer Protection of Payment System Services.
2. Financial Services Authority Circular Letter No. 2/ SEOJK.07/2014 on the Customer Services and Customer Complaints Settlement for Business Service Providers.
3. The Board of Directors' Decree of BRI Nokep: S.1051-DIR/LCC/12/2016 dated December 2, 2016, on the Customer Complaints Settlement of PT Bank Rakyat Indonesia (Persero) Tbk.

Target and Activities Set by Management in 2017

In implementing various CSR programs, the Bank has established numerous activity targets/plans. The activity targets/plans set by management include:

- a. Conducting procurement of goods and services by prioritizing environmentally friendly products.
- b. MAT Division shall construct the BRI Gatot Subroto building by applying the Green Building concept, using the environmentally friendly material, such as:
 - 1) Use of Unitized Double Glassy Low-E.
The sunlight cannot penetrate the heat to the building with this type of glass. Thus, it may save the Air Conditioning usage.
 - 2) In certain façade area (sides with direct sunlight), the building will be equipped with green vines to block the heat.
 - 3) Green plants on the roof of Convention Hall.
 - 4) AC consumption with VRP (energy saving) system.
This type of AC is projected to be 50% more efficient than the use of conventional air conditioners.
 - 5) Energy saving LED lamp.
 - 6) Use of recycle water system to save water.
 - 7) Use of dirty water and partly rainwater system to be directly absorbed into the ground.

SOCIAL RESPONSIBILITY TOWARD ENVIRONMENT

Activities and its Quantitative Impacts

BRI's Environmental Responsibility Policies in the Company's Operations:

a. Paperless System

Specifically, the paperless policy and the information technology are very relevant to the banking industry condition nowadays, including BRI. Both of these are the focus of Bank BRI. Thus the Bank continues to use energy more efficiently, including for water usage. This appeal is contained in the Letter of JBR Division No. B.612-JBR/KJR/07/2013 dated July 9, 2013, and referred to the Instruction of the President of the Republic of Indonesia No. 13 of 2011 on Energy and Water Saving, and Minister of Energy and Mineral Resources Regulation No. 13 of 2012 on Electricity Consumption.

BRI is committed to improving the operational efficiency through the savings of paper, with the support of technology system developed by BRI. Integrated Information System for the internal interests of BRI and Customers are supported with applications that supports the operational efficiency.

Application that Supports BRI Operational Efficiency

1. Intranet and internet are connected real-time to allow real-time communication.
2. All policies stipulated will be delivered to BRI Operating Units and then they will be socialized through Public Folder.
3. The BRI employees' presentations are conducted with EDC
4. Integrated application BRISTARTS that supports operational efficiency, which consists of integrated applications as follows:
 - a. e-Rekrutmen (e-Recruitment), a facility for the candidate employees that intended to join BRI, by applying online.
 - b. Assessment digitalization, an online competence assessment for the employees.
 - c. e-Mutasi (e-Mutation), mutation between the employees in BRI operating units, processed automatically.

- d. Personal data application for the employees that process everything automatically.
- e. e-Cuti (e-Leave), for the employees that intended to submit leave request and the process of approval by user via online.
- f. e-SPJ, the filing of the business travel of BRI employees no longer uses paper but uses the application for documentation and approval of the management.
- g. e-Fasilitas Pinjaman Pekerja (e-Employee Loans), to submit employee loans online.
- h. e-Jaminan Pemeliharaan Kesehatan (e-Health Insurance), to apply for a reimbursement of claims for medical expenses online.
- i. e-Lembur (e-Overtime), to issue Work Order for Overtime via online, and the overtime payment will be automated.
5. BRIHC (BRI Human Capital), to manage HR business process.
6. Online SMK (Performance Management System) to monitor the employees' performance.
7. Industrial Relation Portal, to monitor the breach of workers' discipline.
8. e-Pensiun (e-Pension), to obtain information related to benefit for normal pension period.
9. e-Corporate Culture, to monitor the implementation of corporate culture in BRI's employees.
10. HR Consultation and Information, to obtain updated information on HR.
11. e-Filling, to fulfill the taxpayer obligation to report taxes.
12. Digital Office, for efficiency and effectiveness of internal communication letters.
13. Online Survey, a survey of customer satisfaction with operating unit/respondent from BRI.

Paperless Application for BRI Customers:

1. e-tax, BRI is the pioneer in Indonesia;
2. e-Form, the frontliner services the customer without any form in BRI operating units;
3. e-statement, to provide information through the registered e-mail;
4. New account swap, to help customers connect loan and demand deposit products, without having to have two separate accounts;

SOCIAL RESPONSIBILITY TOWARD ENVIRONMENT



5. ATM without print receipt;
6. Loan approval system;
7. E-Tilang (E-Ticket);
8. BRISPOT is an Android-based application connected over the internet, to enable micro-loan decision on-site, thus making the loan decision faster and paperless;
9. E-UMKM (E-MSME);
10. MY BRI is an Android-based application connected to the internet, to enable consumer loan decision on-site, thus making the loan decision faster and paperless.

Paper Usage

Description	Unit	2016	2017
Paper Usage	Ream	31,980	30,800
Cost of Procurement	Rp Million	1,175	1,007

b. Electricity Consumption

BRI realizes of the enormous use of energy in the Bank's operations, and is committed to maintaining energy facilities in a stable state. In this regard, BRI issued a policy of saving electricity consumption through the use of energy-saving lamps and setting reasonable air temperature, while maintaining the quality of near zero downtime. Further, in the addition of the operating unit, the Bank added server, integrated with the technology to manage centralized data center.

At the end of 2017, the electricity consumption in the Head Office is 7,993,500 Kwh, decreased by 3% from the previous year of 8,484,520 Kwh. This decrease is due to the replacement of all lamps in BRI 1 building, from conventional lamps to LED lamps.

c. Operational Vehicles Usage

BRI's commitment to maintaining a clean environment is also realized with the use of Pertamax as oil fuel (BBM) for the Bank's operational vehicles. This is in line with Government policy in 2012, which requires the operational vehicle of all State-Owned Enterprises (SOEs) to use non-subsidized oil fuel (BBM).

No	Description (Kiloliter)	2016	2017
1.	Fuel Consumption	302.31	219.47

d. Environmental Impact Management

BRI's concern for reducing other environmental impacts is also conducted through various activities, such as:

1. Solid waste management in cooperation with licensed companies;
2. Use of environmentally friendly light fire extinguisher (APAR);
3. Replacing freon that contains chlorofluorocarbon (CFC), with halotron type freon.

SOCIAL RESPONSIBILITY TOWARD OCCUPATIONAL, HEALTH AND SAFETY



“

Fostering Harmony Between Companies and Employees. BRI is fully committed to fostering the harmonious and mutually beneficial relationships between the Bank and its employees. One of them is through a Collaborative Labor Agreement prepared and agreed by both parties in accordance with the prevailing laws and regulations. ”

SOCIAL RESPONSIBILITY TOWARD OCCUPATIONAL, HEALTH AND SAFETY

The Bank recognizes the employment aspect as one of the important factors in supporting BRI sustainable growth. Employment, Occupational Health, and Safety Management is managed by Division that reports directly to the Director of Human Capital and Director of Risk Management. These Divisions are Human Capital Development and Policy, Human Capital Operations, Contract and Outsourcing Management, BRI Corporate University, and Operational & Market Risk Management.

Target/Activities Set by Management in 2017

In implementing various programs with the objective to improve the harmonization of employment, Occupational Health and Safety, the Bank has set several activity target/plans. These activity target/plans by the management, among others, are GMCU for Permanent Employee, Fire or Disaster Simulation, and Training and Briefing of the Floor Warden. BRI has Business Continuity Management Policy, which is stipulated in BRI Directors' Circular Letter NOSE: S.26-DIR/DMR/12/2016. The policy regulates the Disaster Management Plan (RPB)/Emergency Response Plan (ERP) relating to the security and safety of life in the form of emergency response to disruptions/disasters. BRI's emergency response procedures are set in the Implementation Emergency Preparedness and Workers Evacuation for Disruption/Disaster in the Operating units, in accordance with BRI's Board of Directors Note No: B.01-DIR/DMR/01/2016.

Activities and its Quantitative Impacts

In order to foster harmonious relationships between the bank and employees, BRI regularly negotiates with Trade Union to draw up a two-year Collective Labor Agreement (CLA), with a maximum extension of one year. The CLA currently in force is CLA of 2015-2017 periods. BRI's CLA is ratified by the Ministry of Manpower and Transmigration of the Republic of Indonesia, which is the authorized institution to ensure compliance with the prevailing laws and legislation. Thus, all the provisions in the BRI's CLA comply with the prevailing Law and regulations.

In addition to the CLA, BRI also stipulates the rights and obligations of employees through internal policies, which consist of:

1. Career Development;
2. Compensation and benefit;
3. Performance Management;
4. Industrial Relations.

Generally, the CLA and BRI's internal regulations are the form of the Bank's commitment to carrying out its responsibilities maximally to the employees. Further description of the implementation is explained as follows:

Gender Equality and Equal Employment Opportunity

In the operations, BRI guarantees no discrimination in terms of gender, ethnicity, religion, and race. Permanent female employees may support their family without any requirements. Job opportunities and career development are conducted by taking into account the competence of each individual through a measurable method.

Employee Composition by Gender

No	Gender	2016	2017
1	Male	52,474	52,434
2	Female	40,859	40,424
Total		93,333	92,858

The equal employment opportunity in BRI is also reflected in the recruitment of disabled as employees. The management policy to recruit disabled as new employees have been implemented since 2016.

No	Gender	2016	2017
1	Male	64 employee	64 employee
2	Female	6 employee	37 employee
3	Disabled	70 employee	101 employee

Further, the Bank provides equal opportunities for the local Human Resources to join the Bank in relation to the empowerment of local HR. The distribution of the number of employees by region is as follows:

SOCIAL RESPONSIBILITY TOWARD OCCUPATIONAL, HEALTH AND SAFETY

No	Regions	2016		2017	
		Male	Female	Male	Female
1	Audit	2,150	531	2,071	503
2	Special Branch Offices	81	76	83	82
3	Head Office	1,542	851	1,739	866
4	Aceh Regional Office	1,343	727	1,261	686
5	Bandung Regional Office	5,570	3,485	5,540	3,376
6	Banjarmasin Regional Office	2,428	2,047	2,469	2,083
7	Denpasar Regional Office	2,529	2,293	2,544	2,296
8	Jakarta 1 Regional Office	1,589	1,521	1,567	1,569
9	Jakarta 2 Regional Office	2,289	2,240	2,295	2,217
10	Jakarta 3 Regional Office	2,479	1,978	2,460	1,986
11	Jayapura Regional Office	854	806	880	845
12	Lampung Regional Office	1,767	1,142	1,713	1,114
13	Makassar Regional Office	3,041	2,216	3,066	2,273
14	Malang Regional Office	4,229	3,636	4,239	3,611
15	Manado Regional Office	1,757	1,691	1,740	1,661
16	Medan Regional Office	2,580	2,085	2,497	2,072
17	Padang Regional Office	1,343	1,033	1,345	1,009
18	Palembang Regional Office	2,164	1,462	2,131	1,476
19	Pekanbaru Regional Office	1,734	1,295	1,755	1,263
20	Semarang Regional Office	3,737	3,010	3,702	2,869
21	Surabaya Regional Office	2,744	2,374	2,758	2,290
22	Yogyakarta Regional Office	4,245	4,276	4,282	4,178
23	BRI Corporate University	239	69	232	70
	Total	52,434	40,844	52,369	40,395
	BRI Subsidiary Offices	25	14	34	22
	Overseas Units	15	1	31	7
	Subtotal	40	15	65	29
	TOTAL		93,333		92,858

Self-Development Opportunity

The Bank continuously conducts competence training and development throughout all levels of employees. Thus, the human resources have the expertise and competence to answer to the current Bank's business challenges and in the future. Through the training program, BRI employees are directed to become human capital with learning ability, willingness to change, innovate, and provide creative encouragement for the Bank's progress. The objective of training for all employees is to improve competence in three main areas, i.e. applicative and technical expertise, analysis, and employees' management skills improvement.

During 2017, BRI facilitates employees from all position to obtain education and/or training. The actual budget was Rp533.6 billion, with the average cost per employee of Rp301,000/participant. Since 2016, BRI implemented Blended Learning, i.e. education method that combines in-class learning (face-to-face direct interaction) and e-learning.

The Bank has organized various training. The education participant in January to December 2017 is 1,773,194 participants. The number consists of 13.6% in-class learning participants and 86.4% e-learning participants.

SOCIAL RESPONSIBILITY TOWARD OCCUPATIONAL, HEALTH AND SAFETY

Remuneration and Benefit

The Bank compensates fairly, competitively, and takes into account the Bank's business strategy and development. BRI's remuneration structure is designed to compensate employees according to the employees' competence and the weight of his/her position, regardless of the employees' gender. The compensation for employees is provided within the framework of a fair and competitive system, in line with the Bank's needs and capabilities. Compensation is divided into 2 (two) types, i.e. fixed compensation in the form of Basic Salary and Wages, and variable compensation, which is provided on the basis of performance assessment.

The Bank implements a salary increase policy based on merit increases. Hence, high-performance employees will earn high salary increases as well. In addition, to encourage optimum working achievement, BRI has a variable compensation program provided that the employees achieved and exceeded the performance target. Employees with high achievement will get high variable compensation as well. Conversely, underachieving employees will obtain low variable compensation, or will not obtain any variable compensation at all.

BRI has always ensured that the minimum wage granted to employees since they joined are above the prevailing minimum wage in every area of the Company. The addition of the number of employees and the fulfillment of compensation and benefits have an impact on the increase of allocation of funds for employees. However, BRI sees the comprehensive allocation for the employees' competence improvement as an investment, rather than liabilities.

Employment Management Cost

Component	Bank Only (Rp Million)	
	2016	2017
Salary, Wages, and Allowances	8,542,413	9,096,616
Bonus, Incentive, and Tantiem	5,816,691	6,234,168
Education and Development	578,568	534,097
Health Benefits	358,918	371,686
Jamsostek Guarantee	522,249	606,823
Termination of Employment	153,281	304,976
Fixed Pension	231,105	256,675
Leaves	308,429	289,150
Fixed Pension Rewards	513,384	457,552
Award of Service	150,349	155,894
Others	472,964	508,695
Total	17,648,351	18,816,332

Employee Turnover

BRI employees' engagement surveys are conducted annually. In 2017, the employee engagement survey rate is 3.1 out of 4. The engagement survey is conducted to measure how the employees engage with the Bank. The result is in line with the low turnover rate of BRI employees of 1.22%.

Employee Turnover Data

One of the measurements that reflect the BRI employee satisfaction towards human resource management is the turnover rate. In 2017, the turnover rate is 1.22%, lower than the industry's turnover rate of 14%.

SOCIAL RESPONSIBILITY TOWARD OCCUPATIONAL, HEALTH AND SAFETY

Employees by Employment Status

BRI employees generally are Permanent Employees (including probationary employees), which amounted to 60,764 employees. There are 31,994 Contract Employees and 37,929 Outsourced Employees. The composition of BRI employees by employment status is as follows:

Employees by Employment Status

Status	2014	2015	2016	2017
Permanent Employee	48,814	54,859	59,007	60,764
Contract Employee	41,739	37,451	34,262	31,994
Trainee	811	264	64	100
Total	91,364	92,574	93,333	92,858

Employment Complaint Mechanism

Employment complaint handling is one of the concerns of BRI Management in order to affirm the Management's commitment to maintaining harmonious relationship between BRI Management and all employees. BRI Management's commitment in relation to the employees complaints is proven by the issuance of Whistleblowing System (WBS) policy, which is a direct monitoring tool to the Bank's Top Management through Short Message Service (SMS) or a written letter addressed directly to the Bank's President Director.

In addition to the Whistleblowing System (WBS), BRI has a communication channel, i.e. HR Call Center, to handle employees' complaint related to HR problems. Through Human Resource Call Center, employees may address issues related to HR, both work-related and personal problems, that may have direct impacts on the work. Through the facilities and communication tools for all employees, BRI demonstrates the commitment to maintaining harmonious relationships between the Bank and its employees.

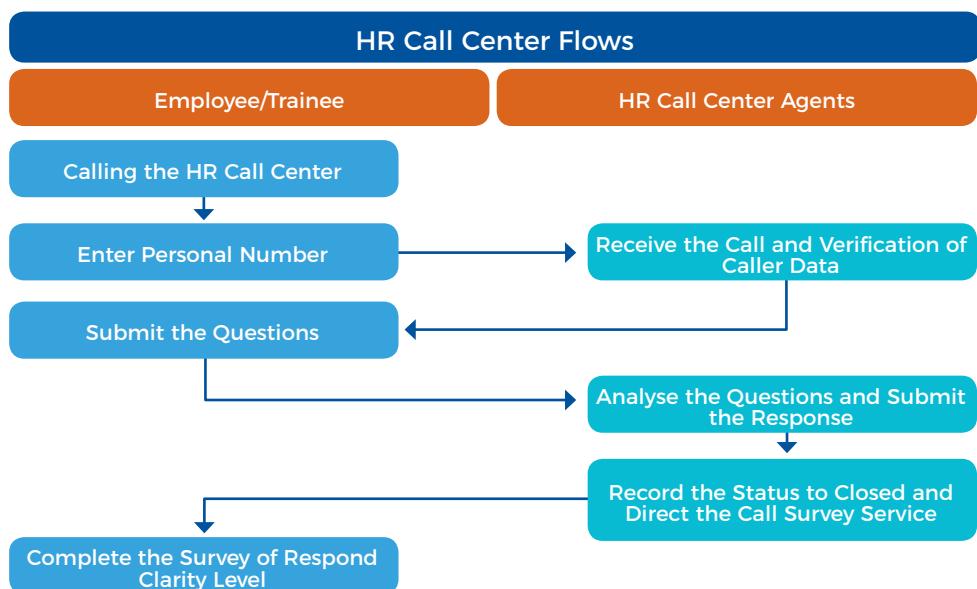
Total Complaint on Employment Issues

Total Telephon through HR Call Center

	2016	2017
Call received	22,909	23,649
Call resolved/responded	22,909	23,649

SOCIAL RESPONSIBILITY TOWARD OCCUPATIONAL, HEALTH AND SAFETY

Call Receiver Agents through HR Call Center



Occupational Health & Safety

BRI strives to realize the Occupational Health and Safety (OHS) for its employees. The OHS management in BRI, includes:

Prevention

The prevention of accidents, fires, first aid provisions in accidents (P3K) to the employees. This is stipulated in BRI policy, which regulates:

1. Conditions and dangers that may arise in the workplace.
2. All safeguards and protection tools required in the workplace.
3. Personal protective equipment for the concerned employees.
4. Safe behavior and attitudes in carrying out the work.

BRI continuously provides fire simulation training and emergency response (earthquake and fire).



SOCIAL RESPONSIBILITY TOWARD OCCUPATIONAL, HEALTH AND SAFETY

Accident Risk Management at BRI

Business Area	Non Business Area
<p>Multilevel building, office house, shop house, and e-channel based mobile operating unit.</p> <ul style="list-style-type: none"> • OHS implementation is facilitated by building management policy • Training and provision of evacuation information from multistory buildings on a regular basis • Training on the basic utilization of fire extinguishers • Training of rescuing victims inside buildings followed by building security workers • Provision of facilities with relevant and adequate basic safety equipment, including Oxygen (O2) tubes, first aid kit, emergency slide on the exit window • Provision of two ambulances at Head Office in collaboration with BRI Medika (a subsidiary of BRI) 	<p>Site review of project development and customer visit activities</p> <ul style="list-style-type: none"> • OHS implementation is facilitated by project manager • New employees are obliged to attend safety induction • Briefing of all workers on work accident insurance policy, covering personal accident and Work Accident Insurance program

GMCU Facility and Compensation

BRI facilitates general medical check-up and health benefit facilities. BRI places the employees with minor disabilities in accordance with the capability and provides general medical check-up and health insurance.

BRI also provides life and personal accident insurance for all employees that experienced accidents in carrying out their work throughout their working relationship with the Bank, with the benefits of passing or disability.

In the event that an employee dies as a result of an accident as stipulated, this facility will be granted to the legal heirs in accordance with the applicable provisions.





SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT



“

BRI Peduli Program is one of BRI's active role to the communities and environment in an effort to improve the environment and social quality of the communities. In 2017, BRI Peduli Program has disbursed a total fund of Rp 150.35 billion.

”

SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT

In accordance with the mandate in Article 74 of Law No. 40 of 2007 on Limited Liability Companies; Government Regulation No. 47 of 2012 on Social and Environmental Responsibility of Limited Liability Companies, and the Minister of SOEs Regulation on Partnership and Community Development Program Implementation No. PER-09/MBU/07/2015 dated July 3, 2015, amended by the Minister of SOEs Regulation No. PER-02/MBU/7/2017 dated July 5, 2017, BRI consistently and continuously conducted its Corporate Social Responsibility (CSR)

BRI's CSR activities are implemented through the Partnership and Community Development Program (PKBL), which is a form of BRI's active role in the society and environment in order to improve the quality of environment and community. PKBL is divided into 2 (two) main activities, i.e. Partnership Program and Community Development Program.

The Partnership Program (PK) with small businesses is implemented as an effort by BRI to encourage economic activity and growth, create jobs and sustainable businesses for access to banking services. Meanwhile, the Community Development Program (BL) is implemented as an effort of BRI to empower and develop the social condition of community and environment around the Bank's operational area.

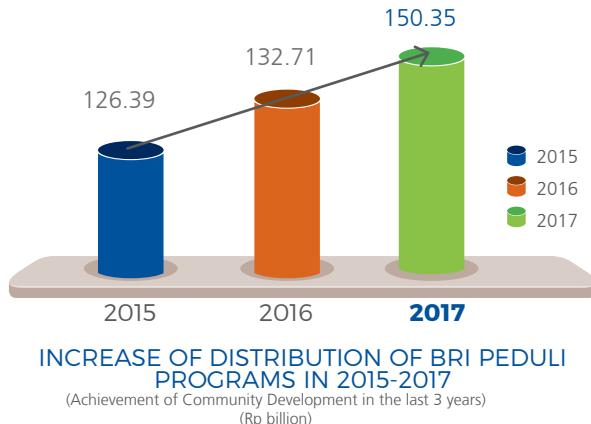
Until the end of December 2017, funds disbursed through the Community Development Program (BL) reached Rp150.35 billion, increased by 13.29% over the same period in the previous year of Rp132.71 billion. The funds are channeled through various BRI Peduli programs with the tagline 'Bangga BERINDONESIA (Proud to be Indonesian)', allocated for 7 (seven) sectors, i.e.:

- The aid for victims of natural disasters, communicated under the name INDONESIA PEDULI
- Education, communicated under the name INDONESIA CERDAS
- Health quality improvement, communicated under the name INDONESIA SEHAT
- Public facilities and infrastructure, communicated under the name INDONESIA MEMBANGUN

- Worship facilities, communicated under the name INDONESIA TAKWA
- Environmental conservation, communicated under the name INDONESIA LESTARI
- Social assistance for poverty eradication, communicated under the name INDONESIA SEJAHTERA

Dalam pelaksanaan program BL, BRI melakukan koordinasi dengan unit kerja BRI yang tersebar di seluruh Indonesia serta institusi-institusi terpercaya lainnya agar penyaluran dapat tepat sasaran dan tepat guna.

Increase of Distribution of BRI Peduli Programs in 2015-2017





SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT

Details of Actual Budget of BRI Peduli Programs in 2015-2017

Sectors	2015	%	2016	%	2017	%
Indonesia Peduli	3,194,027,094	2.53%	1,414,781,307	1.07%	2,394,042,761	1.59%
Indonesia Cerdas	31,029,002,836	24.55%	27,027,916,471	20.37%	32,990,028,609	21.94%
Indonesia Sehat	17,452,033,345	13.81%	22,827,520,022	17.20%	21,596,164,343	14.36%
Indonesia Membangun	31,397,242,073	24.84%	26,463,322,958	19.94%	31,455,378,146	20.92%
Indonesia Taqwa	17,385,011,551	13.75%	27,177,503,630	20.48%	29,095,446,575	19.35%
Indonesia Lestari	2,386,873,415	1.89%	1,992,366,872	1.50%	723,303,800	0.48%
Indonesia Sejahtera	23,546,868,028	18.63%	25,724,377,567	19.38%	32,094,333,268	21.35%
Indonesia Bermitra*			80,795,000	0.06%		
Total	126,391,058,342	100.00%	132,708,583,827	100.00%	150,348,697,502	100.00%

* Changed to Partnership program since 2017

Allocation of Actual Budget of BRI Peduli Programs in 2017



The Bank refers to the principles of Good Corporate Governance to disburse funds and manage the performance effectiveness of PKBL, which is the implementation of BRI's CSR programs. In addition, BRI's CSR has also gained recognition as a quality and continuous program, marked by the awards received from the leading CSR program appraisers. The awards are Top CSR 2017 on Bank Sector by Business News, Social Business Innovation by Warta Ekonomi, and Best CSR 2017 in the category of education by Sindo Media Group.



SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT

Target/Activities Set by Management in 2017

To implement the Corporate Social Responsibility (CSR) to the community and environment in the form of Partnership and Community Development Program, with reference to Article 74 of Law No. 40 of 2007 on Limited Liability Companies; Government Regulation No. 47 of 2012 on Social and Environmental Responsibility of Limited Liability Companies, and the Minister of SOEs Regulation on Partnership and Community Development Program Implementation No. Per-09/MBU/07/2015 dated July 3, 2015, amended by the Minister of SOEs Regulation No. Per-02/MBU/7/2017 dated July 5, 2017.

Activities and its Quantitative Impacts

The BRI Peduli Programs carried out throughout 2017 are as follows:



Indonesia Peduli

Natural disasters occurred throughout 2017 concern various parties, including BRI. To ease the burden of the victims of natural disaster, BRI organized a number of small posts and channeled relief as part of disaster response assistance.

Disaster assistance realized throughout 2017 reached Rp2.39 billion, through several activities, such as:

No	Contribution	Location	Budget Allocation (Rp)
1.	Flood Emergency Response	Kuningan, Pati, Sumbawa, Brebes, Surakarta, Sampang, Kutacane, Pangkal Pinang, Kendari, Rababima NTB	454,884,500
2.	Volcanic eruptions emergency response	Denpasar, Bali; Sinabung, Sumatra Utara; Rababima, NTB	452,028,000
3.	Earthquake Emergency Response	Aceh, Kediri	302,475,700
4.	Landslide Emergency Response	Ponorogo, Bangli, Payakumbuh	201,455,100

SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT



Indonesia Cerdas

The major theme of BRI's CSR in 2017 in the education sector is to educate the nation's children. In 2017, BRI has realized the budget for Indonesia Cerdas amounted to Rp32.99 billion. Some important activities related to Indonesia Cerdas, among others:

- **BRI Mengajar**

BRI Management held an inspirational class titled "BRI Mengajar" in 20 Elementary Schools and "BRI Educates the nation's children" in 122 Primary Schools for elementary students in a number of 3T (Underdeveloped, Isolated, and Outermost) Indonesia locations.

The inspirational class for elementary students is expected to inspire students' interest in learning and to motivate them to study more. In the inspirational class, BRI also provides insight into financial literacy in a simple and easy way.

In addition to sharing knowledge and motivation, BRI also provides educational assistance in the form of infrastructure facilities to the visited primary schools.

No	Grants	Location	Budget Allocation (Rp.)	Total Recipients
1.	BRI Educates the Nation's Children 2017	Wilayah supervisi Kanwil BRI Banda Aceh, Pekanbaru, Padang, Palembang, Medan, Bandar Lampung, Jakarta 1, Jakarta 2, Jakarta 3, Bandung, Semarang, Yogyakarta, Malang, Surabaya, Banjarmasin, Makassar, Manado, Denpasar, Jayapura	3,280,000,000	122 elementary students throughout Indonesia
2.	BRI Mengajar (BRI Teaches) 2017	Natuna, Sabang, Dobo, Muko-Muko, Nunukan, Putussibau, Tahuna, Rote, Nabire, Merauke	2,260,000,000	20 elementary students throughout Indonesia

- **Siswa Mengenal Nusantara (Students Understand the Archipelago)**

This is a student exchange activity for Senior High School (SMA)/equivalent that aims to foster and grow a sense of pride of this Nation and the homeland.

SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT

No	Grants	Location	Budget Allocation (Rp.)	Total Recipients
1.	Siswa Mengenal Nusantara (SMN) cooperates with PT INKA (Persero), PT SIER (Persero), PT GARAM (Persero), and Perum Jasa Tirta I	Sending 38 high school/equivalent students from East Java province to Southeast Sulawesi Province and receiving SMN student exchange of 20 high school/equivalent students from Southeast Sulawesi Province to East Java Province	447,476,532	58 students

• Establishment of Local Library

Furthermore, BRI established Taman Bacaan (Local Library) in elementary schools in a number of 3 T regions, such as Nanggroe Aceh Darussalam, West Nusa Tenggara, East Nusa Tenggara, Borneo, Gorontalo, Maluku, and Papua. The local libraries were established to enhance reading interest for elementary school students. Increasing interest in reading can increase insight and knowledge for the students.

No	Grants	Location	Budget Allocation (Rp.)	Total Recipients
1.	School library establishment program	SDN 4 Singkil, Aceh; SD Inpres Soknar, NTT; SDN 004 Nunukan Sel, Kaltara; SDN 17 Tilamuta, Gorontalo; SMPN 26 Buru, Buru, Maluku; SD Inpres 22, Maluku Utara; SD Inpres 14 Samate, Papua Barat; SD Inpres Krim, Papua	1,041,590,000	8 elementary schools in 8 provinces

• Renovation and Assistance of Education Infrastructure Facility

To improve the quality of education, BRI provides a number of assistance through the fulfillment of educational facilities and equipment, such as repairing school buildings and boarding schools, sending school equipment, providing educational buses, mobile library, and constructing laboratories.

No	Grants	Location	Budget Allocation (Rp.)	Total Recipients
1.	Assistance for the Development and/or Renovation of other educational facilities & infrastructures	Universitas Brawijaya, Malang; Universitas Padjajaran, Bandung; Universitas Andalas, Padang; Universitas Teknologi Sumbawa, Nusa Tenggara Barat; Univ Metodis Indonesia, Medan; MAN 4 Medan Sumatera Utara; MTs Badrul Arifin Situbondo; SDI Al Baisuny, Bangkalan, Jawa Timur; SD Inpress Ende 1 dan SD Inpress Ende 9 Ende, Flores, Nusa Tenggara Timur; SD Islam Kemuliaan, Jakarta; Sekolah Dasar di Kabupaten Jombang; SDN Usipera dan SD Kristen Ustutun Pulau Liran, Maluku; TPA/ PAUD di Jayapura; TK Anyelir Bernis Cijantung dan TK Dirgahayu Pasar Rebo Jaktim;	5,276,238,000	17 Educational Institutions
2.	Provision of Buses to Support Education	STAIN Bengkulu; Politeknik Negeri Ujung Pandang; Universitas Nusa Cendana Kupang, Nusa Tenggara Timur; Universitas Jember; Universitas Hasanuddin Makassar; Universitas Khatolik Parahyangan, Bandung	3,401,929,500	6 Educational Institutions
3.	Construction of laboratories	Universitas Peradaban Bumiayu; Pondok Pesantren Luhur Al-Tsaqofah Depok, Jawa Barat; Pondok Pesantren Buntet Cirebon; IAIN Surakarta; SMA Taruna Nusantara, Magelang, Jawa Tengah; Pondok Pesantren Pabelan Mungkid, Magelang; Pondok Pesantren Luhur Al-Tsaqofah, Depok, Jawa Barat	2,486,798,750	7 Educational Institutions

• Drug Awareness Campaign

Another educational activity that became one of the program icons in 2017 is the drug awareness, held in several cities spread across 19 BRI Regional Offices throughout Indonesia, with a total of 3,580 participants from about 1,000 schools participated in the campaign. The objective of this campaign is to avoid the younger generation from the dangers of drugs as well as to be aware of the efforts of distributors in distributing drugs in various ways.

SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT

No	Grants	Location	Budget Allocation (Rp.)	Total Recipients
1.	Educes the Nation's Children - Drug Awareness Campaign with BRI	Supervision area of BRI Regional Offices at: Banda Aceh, Pekanbaru, Padang, Palembang, Medan, Bandar Lampung, Jakarta 1, Jakarta 2, Jakarta 3, Bandung, Semarang, Yogyakarta, Malang, Surabaya, Banjarmasin, Makassar, Manado, Denpasar, Jayapura	4,180,220,000	3,580 people

- BRI Scholarships**

Coming from initial problem that there are still many young generation with high academic ability however are not able to continue education because of economic limitations, BRI provides Education Assistance through various Scholarships, such as:

- a. Nusantara Cerdas (BNC) Scholarship**

BRI Nusantara Cerdas Scholarship Program is a cooperation program with the Ministry of Education and Culture of the Republic of Indonesia and BRI. The program provides educational aids in the form of scholarship to Indonesia's children in 3T (Underdeveloped, Isolated, and Outermost) areas, who have met the academic requirements and passed the test with the specified requirements.

BNC provides comprehensive assistance. In addition to the tuition fees, BNC recipients will receive allowances, such as living expenses, other educational support, and soft skill improvement in the form of capacity building training that is held periodically.

This program started in 2010, called the Putra Papua Scholarship program because the 12 scholarship recipients are all the Children from the two Provinces in Papua. In 2011, the scholarship is not only provided for students from Papua but also for other students from various regions in Indonesia, especially from the 3T region. Further, the scholarship is called Beasiswa Nusantara Cerdas (BNC).

In 2017, the total budget disbursed for the BNC program reached Rp1.24 billion, which has been distributed to 48 students from various leading universities, including Undip, UI, UGM, Unibraw, IPB, ITB, ITS, Unair, Padjajaran University, and Jenderal Soedirman University-Purwokerto.

In December 2017, there are 25 new students that are the recipient of BNC, from University of Syiah Kuala, Tanjungpura University, Mulawarman University, University of Hasanuddin, and University of Mataram.

- b. Other Scholarships**

Coming from initial problem that there are still many young generation with high academic ability however are not able to continue education because of economic limitations, BRI provides Education Assistance to the Nation's Children. Throughout 2017, this scholarship is distributed to scholarship recipients in cooperation with various parties, including:

SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT

No	Grants	Location	Budget Allocation (Rp.)	Total Recipients
1.	Scholarship program in cooperation with YAKESPEN	Across Indonesia	3,120,000,000	650 people
2.	Scholarship grant to Semarang Polytechnic of Navigation	Semarang Polytechnic of Navigation, Central Java	250,000,000	30 people
3.	Scholarship for UIN Palangkaraya	Palangkaraya, Central Kalimantan	120,000,000	25 people

- Training and education**

This activity is intended to provide the expertise and skills to learners, with the aim to improve their welfare through entrepreneurial activities. BRI organized some educational and training activities in 2017, which consist of:

No	Grants	Location	Budget Allocation (Rp.)	Total Recipients
1.	Assistance in welding certification training	Surabaya, East Java	1,100,000,000	100 people
2.	MSME training and education assistance in the framework of West Sumatra tourism development	Padang, Payakumbuh, Bukittinggi	513,600,000	300 people
3.	Training education for traders and homestay managers	Mandalika, NTB	320,106,000	200 people
4.	Training for Full Retired Indonesian Workers from Malaysia	Jakarta	260,325,000	30 people
5.	MSME empowerment training	Bekasi, West Java and Serang, Banten	190,575,000	81 people
6.	Soft Skill Training for ITB Students, Bandung	Bandung, West Java	100,000,000	200 people
7.	Entrepreneurship Training in South Kalimantan	Banjarmasin	83,500,000	100 people
8.	Entrepreneurs go grow training	Jakarta	65,000,000	40 people



Indonesia Sehat

As part of BRI's efforts to improve the quality of life of Indonesians, BRI conducted an Indonesia Sehat (Healthy Indonesia) campaign. For the success of this activity, BRI disbursed Rp21.6 billion in 2017. Activities conducted to support this campaign include:

- Health Facility**

This health facility is expected to expedite the medical assistance for the community to minimize the unwanted impact. Some activities related to the provision of such assistance are:



SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT

No	Grants	Location	Budget Allocation (Rp.)	Total Recipients
1.	Providing 43 Ambulance units	Supervision area of BRI Regional Offices at: Banda Aceh, Bandar Lampung, Jakarta 2, Jakarta 3, Bandung, Semarang, Yogyakarta, Malang, Surabaya, Banjarmasin, Makassar, Manado, Denpasar, Jayapura	10,906,112,000	41 Hospital/ Agencies/Other institutions
2.	Providing Hospital's supporting equipment	Jakarta; Sinjai Regency, South Sulawesi; and Ponorogo, East Java	1,095,000,000	4 Hospitals/Clinics

• Health Services

BRI provides free health services to the community. The activities are conducted regularly with increasing coverage. Some of the activities in the health services category include:

No	Grants	Location	Budget Allocation (Rp.)	Total Recipients
1.	Free Cataract Surgery	Supervision area of BRI Regional Offices at: Banda Aceh, Pekanbaru, Padang, Palembang, Medan, Bandar Lampung, Jakarta 1, Jakarta 2, Jakarta 3, Bandung, Semarang, Yogyakarta, Malang, Surabaya, Banjarmasin, Makassar, Manado, Denpasar, Jayapura	5,940,000,000	2.000 people
2.	Free medical examination and treatment	Jakarta, Bogor, Depok, Tangerang, Bekasi, Malang, Ponorogo, Renon Denpasar	1,378,975,000	9.942 people
3.	Mass Circumcision	Jakarta, Bogor, Depok, Tangerang, Bekasi, Blitar, Cibinong, Sleman, Yogyakarta, Banten	967,208,597	1.250 people
4.	Cleft Lip Lines Surgery	Purwokerto	250,000,000	75 people

• Other Health Services Assistance

In addition to the above-mentioned infrastructure and health services, BRI also provides assistance in the development and improvement of environmental hygiene facilities to support the community's health and welfare. In 2017, BRI has constructed and renovated Posyandu, repaired and constructed toilet facilities, trash cans, and drainage.



Indonesia Membangun

The availability of adequate public facilities and infrastructure is one of the important factors in improving the community's welfare. BRI is aware of the matters. Thus, BRI provides assistance related to public facilities under the name Indonesia Membangun (Indonesia Build).

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT

In 2017, Indonesia Membangun used Rp31.46 billion funds. Some of BRI's activities in the Indonesia Membangun category include:

- Peduli Pasar Rakyat (Cares for Traditional Market)**

The traditional market, as its known, is an indicator of economic growth in a region. In general, the quality of the people's market infrastructure is directly proportional to the increase in economic activity, which may impact the economic growth in the region. BRI revitalized some traditional markets in 2017:

No	Grants	Location	Budget Allocation (Rp.)
1.	Revitalization of 19 Markets	Supervision area of BRI Regional Offices at: Banda Aceh, Pekanbaru, Padang, Palembang, Medan, Bandar Lampung, Jakarta 1, Jakarta 2, Jakarta 3, Bandung, Semarang, Yogyakarta, Malang, Surabaya, Banjarmasin, Makassar, Manado, Denpasar, Jayapura	5,700,000,000

- Water Supply and Public Sanitation**

Access to clean water and sanitation is one of the important for a healthy, prosperous, and peaceful society. As such, BRI, through Indonesia Membangun, provides assistance to the community to gain access to proper clean water and sanitation, such as:

No	Grants	Location	Budget Allocation (Rp.)
1.	Clean water network construction at 3 points	West Sumba, West Nusa Tenggara	647,250,000
2.	Drilling Wells	Manokwari, Papua	250,000,000
3.	Construction of agricultural irrigation channels in the Minian Village	Palembang, South Sumatra	200,000,000
4.	Water Facility Piping for Blimbing Village	Kediri, East Java	157,625,000

- Other public facilities**

In addition to the traditional markets, clean water, and public sanitation facilities, BRI also constructed other public facilities as a part of Indonesia Membangun program. Some of the activities are:

No	Grants	Location	Budget Allocation (Rp.)
1.	Construction of Cisemeut Suspension Bridge, Sangkan Wangi Village	Lebak, Banten	825,000,000
2.	Water Tandon Aid, and Gazebo irrigation facilities of Gongseng Village, Randudongkal Sub-District, Pemalang	Pemalang, Central Java	611,850,000

SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT



Indonesia Takwa

Growing up in the midst of the people with One Supreme God, BRI actively participated in developing a religious society culture. The total budget realization for the success of BRI Indonesia Takwa until the end of 2017 reached Rp29.10 billion.

The participation is communicated under the name Indonesia Takwa, which is implemented in several activities including:

- a. Construction of Houses of Worship (e.g.: mosques, churches, temples, etc),
- b. Facilities and infrastructure to support worship,
- c. BRI's regular activities with the objective to increase the sanctity of religious holiday commemoration, such as:
 - Break Fasting Together with 7,300 Orphans,
 - Traveling home together with 6,847 home-comers with various modes of transportation (land, sea, air).

[Performance Highlights](#)[Management Reports](#)[Company Profile](#)[Management Discussion & Analysis](#)

SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT



Indonesia Lestari

BRI places serious attention to nature conservation because the nature sustainability positively correlates with the survival of the planet. These concerns are shown through the development of mangrove conservation for coastal carbon corridor program, tree planting, and brackish water animal conservation, such as crabs.

As of December 2017, BRI has disbursed Rp723.30 million for Indonesia Lestari Program. The main activities to support the implementation of Indonesia Lestari Program are:

- Mangrove conservation development for coastal carbon corridor program in Bali
- Spreading crab seedlings and mangrove planting for cultivation at Tamalanrea, South Sulawesi
- Planting of mangrove seeds in Kaliwumbu and Uludada Ende Villages, West Nusa Tenggara
- Planting teak seedlings in Sukaraja West Java

SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT



Indonesia Sejahtera

BRI conducted social assistance for poverty eradication, communicated under the name Indonesia Sejahtera. Throughout 2017, BRI's total budget for the activity is Rp32.09 billion. The activities are conducted through the following:

- **Micro, Small, and Medium Enterprises (MSMEs) Empowerment**

As one of the pillars of the Indonesian economy, MSMEs has BRI's attention. BRI carried out various assistance with the objective to increase the capacity of MSMEs. Some of these activities are:

No	Grants	Location	Budget Allocation (Rp.)
1.	10 outboard motor boats for fishermen on the Mandalika Coast	NTB	250,000,000
2.	Cattle quail livestock equipment for business	Sukabumi	225,000,000
3.	60 carts for MSMEs	Boyolali, dan Kepulauan Selayar	210,000,000
4.	Construction of 58 Kiosk for street vendors (PKL)	Lumajang	182,300,000

- **Other Social Assistance**

Some of BRI activities included in the Social Assistance category for poverty eradication include:

No	Grants	Location	Budget Allocation (Rp.)
1.	Budget assistance to welcome the month of Ramadan 1438 H, i.e. free groceries, breakfasting together, and donations to orphans in 19 regional offices	Supervision area of BRI Regional Offices at: Banda Aceh, Pekanbaru, Padang, Palembang, Medan, Bandar Lampung, Jakarta 1, Jakarta 2, Jakarta 3, Bandung, Semarang, Yogyakarta, Malang, Surabaya, Banjarmasin, Makassar, Manado, Denpasar, Jayapura	19,247,498,000
2.	79 houses assistance for veteran	West Java, Central Java, and East Java	3,038,240,000
3.	Flea Market Assistance	Klaten, Central Java; Boyolali, Central Java; Sebatik, Nunukan, North Kalimantan; Bau Bau, Southwest Sulawesi	988,350,000
4.	Construction of Inadequate Houses (RTLH) of 25 Units	Tulungagung	400,000,000

SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT

BRI Peduli Total Budget

In 2017, BRI Peduli programs use budget funds from corporate liabilities, and the implementation is carried out with due regard to decency and fairness. The budget for BRI Peduli increased from Rp132.63 billion in 2016 to Rp150.35 billion in 2017. Of this amount, 21.94% is allocated for education programs, 21.35% for Social Assistance for poverty eradication, 19.35% for repair and construction of religious facilities, 20.92% for repair and construction of public facilities, 14.36% for health, 1.59% for disaster relief, and the rest is for nature conservation.

Partnership Program

As an SOE, BRI has the duties and social responsibilities to the State to assist the economic empowerment of the community through a partnership program. The Partnership Program is carried out to increase the competence of small business in order to become strong and independent. Since the enactment of the Minister of SOEs Regulation No. Per-02/MBU/07/2017 on Partnership and Community Development Program of the State-Owned Enterprises, the Partnership Program is conducted through the Partnership Loans Disbursement scheme.

Partnership Loans is a form of funding for the partner with low interest. The purpose of partnership loans is to help the people's economy to grow and to improve the community's capability through micro or small enterprises by capital financing and/or purchase of fixed assets.

In the Partnership Loans disbursement, BRI implements policy in order to ensure that the Partnership Loans is targeted and is providing positive and optimal impact on the community and the Bank's business. The policy is as follows:

- Partnership loan disbursement is done selectively to productive business actors by considering the condition of potential partners, such as character, entrepreneurship spirit, social condition, and community's culture.
- Potential priority partners are small-scale regional superior products in agriculture, plantation, fishery, animal husbandry, creative, and trading industries.
- The criteria for potential partners, among others, include: commodities that are able to exploit the surrounding potential, commodities that are able to become the regional superior, and commodities that are able to absorb labor/labor intensive.
- The selection of potential partners is done transparently and objectively, to capture small businesses that have the potential to be developed into potential commercial customers.
- This program is implemented to assist the community economic development and generally guided by the provisions of Minister of SOEs Regulation.

In general, the types of business provided through Partnership Loans are remained on a small scale. This business has previously never granted a loan, has limited marketing capabilities in terms of knowledge and skills in developing their business. Thus, the Partnership Loans disbursement becomes market penetration strategy by granting loans to small business actors, which is steered to become the commercial customers.

General provisions for a prospective partner of BRI, among others:

- The prospective partner's assets do not exceed Rp500 million, excluding land and building of business premises.
- Maximum business turnover of Rp2.5 billion per year.
- Non-bankable.
- Has been doing business at least six months.

SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT

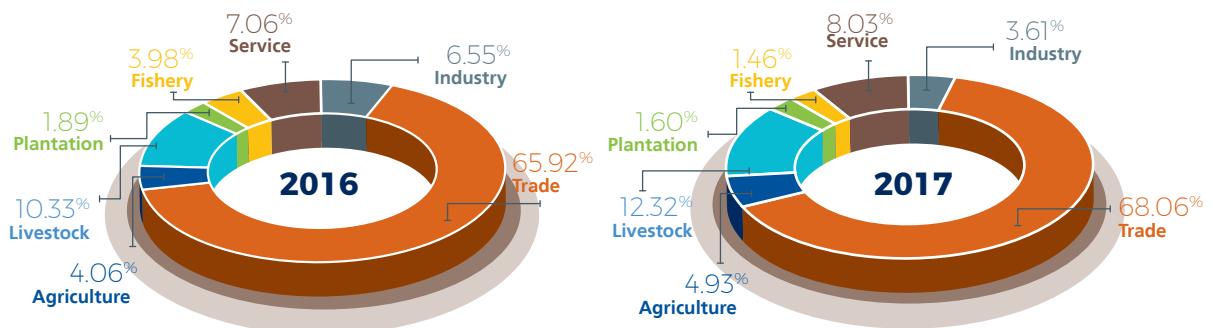
Disbursement Realization

In 2017, the Partnership Loans disbursement realization is Rp222.10 billion, disbursed to 3,077 partners. Distribution in 2017 has increased significantly compared to 2016. This is due to a better marketing pattern, by providing specialized marketing programs that provide low-interest rates and low administration fees.

Partnership Loans fund disbursement in the last three years is reflected in the following table:

Business Sectors	Realization 2015 (Rp Billion)	%	Realization 2016 (Rp Billion)	%	Realization 2017 (Rp Billion)	%
Industry	5.15	9.46%	5.88	6.55%	5,670	3.61%
Trade	28.90	53.06%	59.17	65.92%	106,909	68.06%
Agriculture	2.40	4.41%	3.65	4.06%	7,749	4.93%
Livestock	4.79	8.79%	9.27	10.33%	19,350	12.32%
Plantations	8.49	15.58%	1.89	2.10%	2,513	1.60%
Fishery	1.54	2.82%	3.58	3.98%	2,292	1.46%
Service	3.20	5.87%	6.33	7.06%	12,609	8.03%
Others	0.00	0.00%	0.00	0.00%	0.00	0.00%
Subtotal	54.47	100%	89.76	100%	157,091	100%
SOE Synergy	8.07				52,268	
Partnership Funds	0.03					
Total	62.57		89.76		209,359	

The composition of the Partnership Loans disbursements per sector position in December 2017 is as follows::



Realization of Partnership Program Funds Disbursement

Activities	Realization Period						
	2011	2012	2013	2014	2015	2016	2017
Partnership Loans	43.197	143.708	130.060	28.670	54.467	89.760	222.101
Mentoring Partners	2.382	2.258	1.256	172	34	0	174
Total	45.579	145.966	131.316	28.843	54.501	89.760	222.274

SOCIAL RESPONSIBILITY TOWARD SOCIAL AND COMMUNITY DEVELOPMENT

Partnership Loans Distribution Method

The disbursement of Partnership Loans to prospective partners is conducted by a structured approach to banking, as is the case with the provision of bank loans in general. Prior to lending, the potential partners are analyzed from various aspects, including: character analysis, excellent products study, and creative process to increase product value, availability, as well as the ability of local employment.

Another scheme that can be applied in the disbursement of Partnership Loans is a special scheme through cooperation provided to Third Parties, i.e. the SOEs distributors and/or other Distributorship, based on the Cooperation Agreement, which contains the rights and obligations of each party.

Partners that already have the partnership loans are expected to improve in terms of business so that they can access commercial financing.

Further, the partners will be grouped into business clusters, i.e. business centers in a growing economic center, marked by the emergence of new entrepreneurs and existing business players that are more advanced. Business clusters establishment provides various benefit, including efficiency and effectiveness of the coaching program, efficiency of time, administration, and supervision, product marketing efficiency, production process efficiency, etc. Given the benefits, BRI has concentrated on disbursing Partnership Program funds with cluster approach.

Mentoring Partners

To support the partners, BRI provides coaching to partners with aiming at making the partners to be more independent, gain greater insight, and be more confidence to compete in larger markets. The coaching is conducted by BRI or appointed third parties.

The mentoring is tailored to the needs of the partners. The mentoring may be in the form of education, training, apprenticeship, marketing, promotion, and other programs that can improve productivity and business development of BRI Partners.

In 2017, BRI provided mentoring to partners, which is organized at Jakarta 2 Regional Office, Yogyakarta Regional Office, and Bandung Regional Office. The training is held in cooperation with the SME Center and BRI Institute for Microfinance as the facilitator that provided competent speakers in their field. In the training, Partners had an opportunity to attend sharing session related to business development and business opportunity in the future.

No	Exhibitions	Date	Location
1	Mentoring Partners Training BRI Jakarta 2 Regional Office	22 to 23 February 2017	Hotel Ibis Slipi
2	Mentoring Partners Training BRI Yogyakarta Regional Office	24 to 25 August 2017	Hotel Horizon
3	Mentoring Partners Training BRI Bandung Regional Office	16 to 17 November 2017	Hotel Aston Tropicana



SOCIAL RESPONSIBILITY TOWARD CONSUMERS



“

Fostering and Enhancing Quality of Services.
During 2017, BRI continuously maintained the quality of services to its customers. This is realized in the value of Service Quality Index of BRI which is always above the Banking Industry average.

”

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

SOCIAL RESPONSIBILITY TOWARD CONSUMERS

Target and Activities Planned by Management in 2017

BRI strives to improve the quality of service to all customers by utilizing excellence in IT and Human Capital. With these measures, it is expected that BRI's rating in the national banking industry will continue to increase.

BRI performance continues improving in the last three years. The performance improvement is in line with better quality of services. In 2017, the Company's performance grew higher than the industry's average.

Service Monitoring Performance

Description	2015	2016	2017
BRI Performance	4,0477	4,0205	4,0046
Banking Industry	4,0303	3,9979	3,9951

Activities and its Quantitative Impacts

Some of the activities carried out related to product responsibility to customers, which covers consumer health and safety in 2017 are as follows:

- BRI Vision Sentralized**

BRI Vision Sentralized is an innovation developed to standardize the look of BRI Vision at Banking Hall of BRI Operating units. This application will showcase BRI's programs, promotions, products, and information required by customers in the form of exchange rates, stocks, and interest rates that are constantly updated monthly. The material update will be carried out centrally in BRI Head Office. Thus, each Operating units does not need to download the material manually. As such, BRI customers shall obtain the same banking information and updates in all BRI Operating units.



SOCIAL RESPONSIBILITY TOWARD CONSUMERS

BRI E-Form Application

BRI has e-form services to BRI customers accessible on the eform.bri.co.id website and BRI Mobile applications. Through this e-form, customer service process can be more efficient and faster.



Standardization of Customer Service Quality in all aspects

BRI strives to realize a better Quality of Bank Service Standard in all aspects, i.e. people, process, product, and standardization premises based on the BRI core values, especially Customer Centric that produces outstanding Customer Experience. Thus, customers will always be safe and comfortable to conduct transactions in BRI.

BRI's Contact Center Service (LCC) has operated with an ISO 9001:2008 quality management system that includes: "The Operation of Call Center for Banking, Premium Banking, Credit Card, Telemarketing and Supporting Services". Certification from Guardian Independent Certification Limited is valid from 30 November 2015 to 15 September 2018. With this certification, BRI is expected to provide prime contact center service to customers.

Details of Complaint Settlement

Complaints	2016		2017	
	Total Complaints	Complaints Resolved	Total Complaints	Complaints Resolved
Financial	725,657	714,904	831,586	759,718
Information Disclosures	735,051	734,767	888,687	884,065
Non Financial	1,183,413	1,177,845	1,272,962	1,284,117
Service Quality	4,239	4,193	5,719	3,263
Others	0	0	0	0
Total	2,648,363	2,631,709	2,998,954	2,931,163

The addition of BRI contact center site located in Semarang and the number of BRI contact center agents through outsourcing to third parties is a form of BRI's commitment to improving customer service. In 2017, 273 Agents of BRI Contact Center are managed by BRI. Meanwhile, 170 Agents are managed by third party.

SOCIAL RESPONSIBILITY TOWARD CONSUMERS

Strategy in 2018

The Customer is a strategic stakeholder that influences the sustainability of BRI's business in the future. As such, BRI continues to develop services in accordance with the needs of the community, both urban communities to remote areas across Indonesia. With the motto "Servicing with Sincere Heart", BRI provides excellent service mindset that is entrenched. It is not just about how to manage it, but on why BRI should manage it.

Customer Service Policy

The customer service policy at BRI is set forth in a service guide called BRI's Service Culture 'CAKRAM', which is an acronym that means 'Fast, Accurate, Friendly, Safe, and Comfortable'.

Fast

- Serving customers immediately in accordance with the Service Level Agreement with due regard to prudential principles.
- Responding to customer complaints as soon as possible in accordance with Service Level Agreement with win-win solution.

Accurate

- Recording customer transactions correctly.
- Providing information to customer with integrated support system.

Friendly

- Making the family values as the trademark of BRI in providing services to customers with Personal touch.
- Giving a positive impression to customers through attitude, polite words, and interesting appearance.
- Communicating intimately and professionally.

Safe

- Providing a sense of security to customers with the support of reliable systems and utilizing the professional & high integrity human resources.
- Maintaining customer data confidentiality.
- Recording financial customer transactions orderly and correctly.
- Always maintaining the safety and security of everything entrusted by customers.

Comfortable

- Providing clean, neatly maintained facilities and a pleasant environment.
- Providing an infrastructure that always functions in accordance with the needs of customers.

Service Information Management

BRI provides the information required by customers in accordance with the type of service products provided, both in savings products, loans, and banking services. Comprehensive information contains the available product features, costs, benefits, and inherent risks. By identifying and controlling the inherent legal risks in the product, during the reporting year, BRI has never confronted with a misunderstanding of products sold to the public.

In order to ensure reliable information, information is communicated to customers through the authorized operating units in charge. In addition, to provide convenience for customers in accessing information, all information related to variety of products and services are always available to all stakeholders by accessing the website www.bri.co.id, social media twitter @promo_BRI and @kontakbri, Company's mobile banking, and contacting the 24-hour contact center.

Customer Data Security

As a company that engaged in financial services, in accordance with the BRI Code of Conduct, maintaining customer data confidentiality is a priority. This commitment is in line with the regulations, among others, Law No. 7 of 1992 on Banking. In Article 40, it is stipulated that 'Banks are prohibited from providing information which must be kept confidential by the Banks.' Based on OJK Regulation No. 1/POJK.07/2013 on Consumer Protection of Financial Services Sector, it is stated in Article 31 that "Finance business actors are prohibited, by any means, to provide customers data and/or information to third parties".

SOCIAL RESPONSIBILITY TOWARD CONSUMERS

BRI realizes that the Customer's trust is the main capital for the Bank to grow. Thus, in line with the rules of the regulator, BRI always implements the policy of customer data confidentiality as a priority. BRI has applied the policy throughout the operations and business processes, such as:

- 1) BRI has internal regulations that affirm the protection of customer data (Services Division Letter No. B.425-LYN/KPO/05/2015 dated May 5, 2015).
- 2) BRI must ensure the confidentiality of customer data so as not to be known by unauthorized parties, in accordance with applicable regulations. Therefore, every officer of BRI Contact Center must sign a compliance statement on the BRI Code of Ethics as stipulated in the Decision Letter of the Board of Commissioners and Board of Directors of PT Bank Rakyat Indonesia (Persero) Tbk No. 06-KOM/BRI/12/2013, S.65-DIR/DKP/02/2013 on Code of Conduct of PT Bank Rakyat Indonesia (Persero) Tbk.
- 3) Customer data is obtained at the time the customer opened the account. The data is inputted into the system by using a special user (authorized officer) and equipped with approval mechanism from higher level officials. All BRI employees (as the users) have been equipped with a password.
- 4) The customer data stored in the BRI customer database is not accessible by all employees. This is to mitigate risk and maintain the security of customer database in BRI.
- 5) All BRI employees have signed a Collective Labor Agreement, in which the commitment is stipulated to always maintain the confidentiality of customer data.
- 6) Specifically to employees with authorized access to customer data, additional agreements have been added to reinforce the commitment to maintain the confidentiality of customer data.
- 7) All PC frontliners and other employees who are authorized to access customer data have been equipped with hardening system. One of its functions is to prevent potential data leakage of customers and prevent attacks that may be performed by attacker.

8) The customer service policy at BRI is set forth in a service guide called BRI's Service Culture 'CAKRAM', which is an acronym that means 'Fast, Accurate, Friendly, Safe, and Comfortable'. 'SAFE' means BRI always maintains the confidentiality of customer data.

In addition to the above, BRI also strives to increase customer awareness and alertness of the security of transactions. These forms of education include socialization of caution in transactions, and request that the service unit, especially the frontliner, to alert clients to any possible fraud mode by irresponsible parties.

Customer Complaint Services

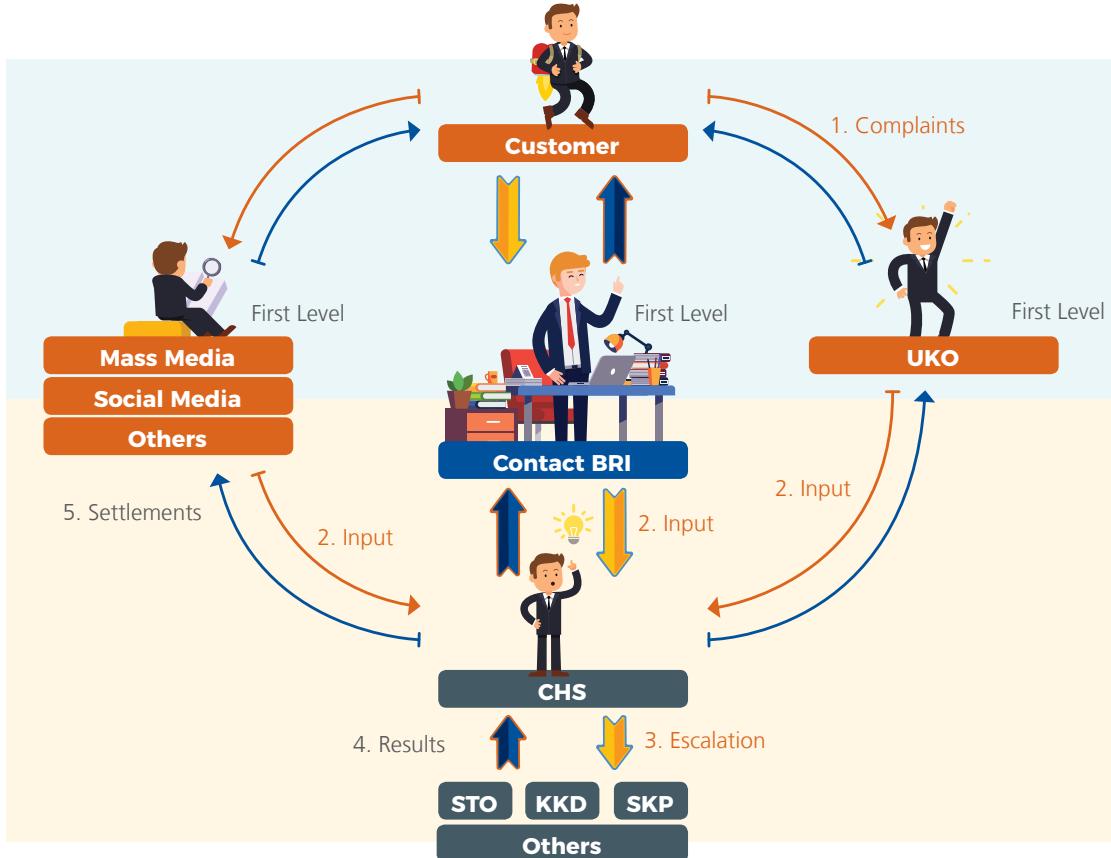
BRI recognizes the importance of each customer's complaint as the feedback to improving service and product quality. Through a centralized complaint handling system, BRI provides a means for customers to submit complaints and it will be treated as recommendations for future improvement. To this end, in order to swiftly identify and acknowledge every customer complaint, BRI applies omnichannel media, i.e. means and access in which BRI customers can obtain information on BRI's products and services comprehensively, and submit complaints through the available channels, which are:

1. Face-to-face with Customer Service in all BRI operating units;
2. Phone call to 14017, 1500017, and 021-57987400/ Premium call to 021-5758899 and 08001017017;
3. Webchat at www.bri.co.id website;
4. Email to callbri@bri.co.id;
5. Internet banking at <https://ib.bri.co.id>;
6. Twitter social media @kontakbri;
7. Facebook social media, BANK BRI@BRIofficialpage;
8. Telegram and SMS to 0812 12 14017.
9. Special Toll-Free for BRILink Agents 0800 10 14017

In settling the customer complaints, BRI establishes a service level agreement (SLA) that is a maximum of 20 (twenty) working days.

SOCIAL RESPONSIBILITY TOWARD CONSUMERS

The complaint mechanism is as follows:



Complaint Procedures:

- 1** Customer complaints are expressions of customer dissatisfaction caused by potential financial/customers losses due to suspected errors or omissions of the Bank.
- 2** The customer shall immediately report his/her complaint to BRI through the designated facilities as soon as possible if the customer experiences the condition in point 1.
- 3** Complaints may be made verbally or in writing to:
 - a. Special Branch Office/Branch Office/Sub-Branch Office/BRI Unit/Cash Office/Teras BRI, that will be received by customer service;
 - b. BRI Digital Branch Priority and Service Center (BRI Digital Branch), that will be received by Priority Banking Assistant;
 - c. BRI Call Center to 14017 or 1500017;
 - d. BRI e-mail (menu contact us on the www.bri.co.id website and/or callbri@bri.co.id);
 - e. Official social media of Bank BRI

SOCIAL RESPONSIBILITY TOWARD CONSUMERS

4	Complaints made verbally should be accompanied by information: a. Customers' Data; b. Problems.
5	Complaints made in writing that is submitted to UKO/by fax shall be accompanied by: c. Customer complaints form containing customer data and complaints; d. Copy of customer's Identity Card (KTP); e. Evidence of financial transactions at BRI relating to the complained issue/other supporting documents related to the complaint.
6	Complaints via Email must be equipped with: f. Customer data and complaints; g. Evidence of file scanned/data capture of financial transaction at BRI relating to the complaint filed;
7	The deadline for settlement of customer complaints filed verbally is 2 (two) business days. The deadline for settlement of customer complaints submitted in writing is 20 (twenty) working days.
8	In the event that the settlement of complaints related to financial losses has not satisfied the customer then it can be resolved by banking mediation.

Customer Satisfaction Survey 2017

The Company periodically conducts surveys to determine the level of customer satisfaction. The survey results are generally used as one of the evaluation materials to improve the quality of service to customers. In order to obtain accurate survey results and to describe the real condition, BRI uses 2 (two) survey methods, i.e:

1. Internal survey
Internal survey is a survey conducted by assurance function at the Head Office in collaboration with assurance function in BRI Selindo Regional Office.
2. External survey
Survey conducted by independent institutions using a comparison variable, i.e. services performed by competitors in the banking industry.

Based on survey results conducted by Roy Morgan research institute, customer satisfaction rate of Bank BRI in Q3 2017 reached 94.1% or increased by 3.3% YoY. According to the agency, the passing grade of customer satisfaction for the banking industry is 90.0%. Thus, Bank BRI has successfully achieved the passing grade. Based on the results of the survey, BRI develops improvement measures to provide the best quality of service to its customers so as to gain recognition from credible institutions. In 2017, BRI has received awards in the field of quality services, including :

1. Top Brand Award in the Category of Call Center
2. Bronze Champion of Indonesia WOW Service Excellence Award in the Category of Conventional Bank (BUKU IV)
3. 'Good' Predicate by CARRE in the category of Regular Banking
4. 5th Place for Contact Center Service Excellence Index 2017 in the category of Priority Banking
5. 4th Place in MRI for the category e-Channel Performance

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

CHECKLIST OF THE ANNUAL REPORT CONTENTS PURSUANT TO THE CIRCULAR LETTER OF OJK NO. 30/2016 ("SEOJK 30/2016")

Report Contents	Sub Contents	Stipulations	Page
General Stipulation	a. The Annual Report shall at least includes the following information: 1) highlights of key financial data; 2) shares information (if any); 3) Board of Directors' report; 4) Board of Commissioners' report; 5) profile of Issuers or Public Companies; 6) management discussion and analysis 7) corporate governance of Issuers or Public Companies; 8) environmental and social responsibility of Issuers or Public Companies; 9) audited annual financial statements; and 10) letter of statements of members of the Board of Directors and members of the Board of Commissioners regarding the responsibility on the Annual Report;		24 26 52 42 68 136 294 728 782 64, 65
Key Financial Data Highlights	b. The Annual Report shall present information such as pictures, graphs, tables and/or diagrams completed with titles and/or clear description, for easy reading and understanding; Key Financial Data Highlights containing the financial information in comparison for 3 (three) financial years or since the commencement of business if the Issuers or Public Companies has been running its business activities for less than 3 (three) years, at least shall includes: 1) revenue/sales; 2) gross profit; 3) profit (loss); 4) total profit (loss) attributable to equity holders of the parent entity and attributable to non controlling interest; 5) total comprehensive profit (loss); 6) total comprehensive profit (loss) attributable to equity holders of the parent entity and attributable to non controlling interest; 7) profit (loss) per share; 8) total assets; 9) total liabilities; 10) total equity; 11) return on assets (ROA); 12) return on equity (ROE); 13) return on revenue/sales ratio; 14) current ratio; 15) debt to equity; 16) debt to total assets; and 17) financial information and ratio		24 24 24 24 24 24 24 215 220 222 24 24 24 24 24 24 24 228

CHECKLIST OF THE ANNUAL REPORT CONTENTS PURSUANT TO THE
 CIRCULAR LETTER OF OJK NO. 30/2016 ("SEOJK 30/2016")

Report Contents	Sub Contents	Stipulations	Page
Shares Information		<p>Shares information (if any) at least includes:</p> <p>1) outstanding shares for every quarter (if any) in comparison for 2 (two) financial years, at least covering:</p> <ul style="list-style-type: none"> a) total outstanding shares; 26 b) market capitalization based on the prices where the shares are listed at the Stock Exchange; 26 c) the highest, lowest, and closing share prices based on the prices where the shares are listed at the Stock Exchange; and 26 d) trading volume where the shares are listed at the Stock Exchange; 26 <p>The Public Companies shall disclose the total outstanding shares that are listed or not listed at the Stock Exchange; while market capitalization and highest share prices are only disclosed if the Issuers are Public Companies and its shares are listed at the Stock Exchange;</p> <p>2) in the event of corporate actions, such as stock split, reverse stock, share dividend, share bonus, and changes of share nominal value, the share information shall add at least on:</p> <ul style="list-style-type: none"> a) date of corporate actions; 31 b) ratio of stock split, reverse stock, share dividend, share bonus, and changes of share nominal value; 31 c) total outstanding shares before and after the corporate actions; and 31 d) share prices before and after the corporate actions; 31 <p>3) In the event of suspension and/or (delisting) within the financial year, the Public Companies shall disclose the background; and 116</p> <p>4) in the event of continued suspension and/or delisting up to the end of Annual Report period, the Public Companies shall explain the follow up actions in settling the said suspension or delisting; 116</p>	
Board of Directors' Report		<p>The Board of Directors' Report at least includes:</p> <p>1) brief analysis on the Issuers or Public Companies performance, at least including:</p> <ul style="list-style-type: none"> a) strategy and strategic policy of Issuers or Public Companies; 54 b) comparison on results achievement and targets; 56 c) challenges faced by the Issuers or Public Companies; 57 <p>2) business prospects; 235</p> <p>3) corporate governance of Issuers or Public Companies; 297</p> <p>4) changes of the composition of members of the Board of Directors and the reasons of the changes (if any); 60</p>	

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

CHECKLIST OF THE ANNUAL REPORT CONTENTS PURSUANT TO THE CIRCULAR LETTER OF OJK NO. 30/2016 ("SEOJK 30/2016")

Report Contents	Sub Contents	Stipulations	Page
Board of Commissioners' Report		The Board of Commissioners' Report at least includes: 1) performance assessment of the Board of Directors on the management of Issuers or Public Companies; 2) supervisory on the strategy implementation of Issuers or Public Companies;	44
Board of Commissioners' Report		3) view on business prospects of Issuers or Public Companies developed by the Board of Directors; 4) view on the corporate governance implementation of Issuers or Public Companies; 5) changes of the composition of members of the Board of Commissioners and the reasons of the changes (if any); 6) frequency and advisory to members of the Board of Directors;	44 45 48
Profile of Issuers or Public Companies	General Profile	The profile of Issuers or Public Companies at least covering: 1) name of Issuers or Public Companies including if there are changes of name, reason of changes, and effective date of the changes on financial year; 2) access to Public Companies including branch offices or representative offices that allows public to obtain information on Issuers or Public Companies, includes: a) address; b) telephone number; c) faximile number; d) email address; and e) Website address 3) brief history of Issuers or Public Companies; 4) vision and mission of Issuers or Public Companies; 5) business activity based on the latest articles of association, business activity carried out during financial year, as well as type of products and/or services; 6) organization structure of Issuers or Public Companies in diagram, at least up to the structure of 1 (one) under the Board of Directors, including names and positions;	68 69 72 86 74 84

CHECKLIST OF THE ANNUAL REPORT CONTENTS PURSUANT TO THE
 CIRCULAR LETTER OF OJK NO. 30/2016 ("SEOJK 30/2016")

Report Contents	Sub Contents	Stipulations	Page
Board of Directors' Profile	<p>7) Board of Directors' Profile, at least includes:</p> <ul style="list-style-type: none"> a) name and position according to duties and responsibilities b) latest photography c) age d) citizenship e) educational background f) professional background, including information on: <ul style="list-style-type: none"> (1) legal appointment basis as member of the Board of Directors in the said Issuers or Public Companies; (2) concurrent post, both as member of the Board of Directors, member of the Board of Commissioners, and/or member of committee as well as other positions (if any); and (3) work experience with the terms inside or outside Issuers or Public Companies; g) education and/or trainings participated by members of the Board of Directors for competency improvement during financial year (if any); and h) affiliates with other members of the Board of Directors; members of the Board of Commissioners, and ultimate shareholders (if any), including the names of affiliates; 	95-100 95-100 95-100 95-100 95-100 95-100 95-100 380, 432 95-100 130 379	

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

Report Contents	Sub Contents	Stipulations	Page
Board of Commissioners' Profile	8) Board of Directors' Profile, at least includes: a) name; b) latest photography; c) age; d) citizenship; e) educational background; f) professional background, including information on: (1) legal appointment basis as member of the Board of Commissioners that are not Independent Commissioner in the said Issuers or Public Companies; (2) legal reference of the first appointment as member of the Board of Commissioners that are as Independent Commissioner in the said Issuers or Public Companies; (3) concurrent post, both as member of the Board of Commissioners, member of the Board of Directors, and/or member of committee as well as other positions (if any); and (4) work experience with the terms inside or outside Issuers or Public Companies; g) education and/or trainings participated by members of the Board of Commissioners for competency improvement during financial year (if any); and h) affiliates with other members of the Board of Commissioners, and ultimate shareholders (if any), including the names of affiliates; i) independence statement of the Independent Commissioner in the event that the Independent Commissioner has already been serving for more than 2 (two) periods (if any);		90-94 90-94 90-94 90-94 90-94 90-94 380, 432 90-94 90-94 380, 432 90-94 130 379 378
Changes of the composition of BOD and BOC	9) in the event of changes of the composition of members of the Board of Directors and/or members of the Board of Commissioners that took place after the ending of financial year until the end of submission period of the Annual Report, the composition that has to be stated in the Annual Report are the latest and previous composition of members of the Board of Directors and/or members of the Board of Commissioners;		48
Employees	10) total employees and description on education and age levels in the financial year;		104

Report Contents	Sub Contents	Stipulations	Page
	Stakes in Subsidiaries	11) name of shareholders and percentage of ownership at the end of financial year, which consists of: a) shareholders with 5% (five percent) or more shares of the Issuers or Public Companies; b) members of the Board of Directors and members of the Board of Commissioners that have ownership in the Issuers or Public Companies; c) group of public shareholders, namely each shareholders group 12) total shareholders and ownership percentage as of the ending of financial year based on classification: a) local institutional ownership; b) foreign institutional ownership; c) local individual ownership; and d) foreign individual ownership; 13) information on ultimate and controlling shareholders of the Issuers or Public Companies, both directly or indirectly, up to the individual ownerships, presented in diagram or bagan; 14) name of subsidiaries, associates, joint ventures where the Issuers or Public Companies has joint control entity, including ownership percentage, business line, total assets, and operating status of the Issuers or Public Companies (if any); For Subsidiaries, to add the address information; 15) share listing chronology, total shares, nominal value, and offering price from the beginning of listing to the ending of financial year including the name of stock exchange where the shares of the Issuers or Public Companies are listed (if any); 16) other Securities listing chronology other than Securities stated on point 15), which at least includes the Securities name, year of issuance, maturity date, offering values, and Securities rating (if any); 17) name and address of capital market institution and/or supporting professions; 18) if the capital market supporting professions are available with periodical fees to the Issuers or Public Companies, please state the information on services, fees, and assignment period; and	104 109 104 104 486 110 112 117 119 119 120 120
	Awards	19) awards and/or certifications received by the Issuers or Public Companies of national and international scales in the ending of fiscal year (if any), which covers: a) name of awards and/or certifications; b) agency or institution that grants the awards; and c) validity for the awards and/or certificates (if any);	120

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

Report Contents	Sub Contents	Stipulations	Page
Management discussion and analysis		Management discussion and analysis covers the analysis and discussion on financial statements and other key information with emphasize on material changes in fiscal year, which covers at least:	
Operational Review per business segment	1) operational review per business segment according to the industrial types of the Issuers or Public Companies, at least regarding: a) production, which covers the process, capacity, and development; b) revenues/sales; and c) profitability,		194
Comprehensive financial performance	2) comprehensive financial performance that covers financial performance in comparison of 2 (two) ended fiscal years, explanation on the changes and its impact, at least regarding: a) current assets, non current assets, and total assets; b) current liabilities, non current liabilities, and total liabilities; c) equity; d) revenues/sales, expenses, profit (loss), other comprehensive income, and total comprehensive profit (loss); and e) cash flows;		222
Solvency and Collectability	3) solvency by presenting the relevant ratio calculation; 4) collectability receivables level of the Issuers or Public Companies by presenting the relevant ratio calculation;		228
Capital structure	5) capital structure and management policy on capital structure including determination of policy;		231
Capital goods	6) discussion on material commitments for capital investment with at least the following explanation: a) objectives of the commitments; b) sources of fund expected to meet the commitment; c) currencies of denomination; and d) steps planned by the Issuers or Public Companies to protect foreign currency risk;		232
	7) discussion on capital investment realized at the end of fiscal year, at least covering: a) capital investment types; b) capital investment objectives; and c) capital investment value spent;		232
	8) material information and subsequent events (if any);		235

Report Contents	Sub Contents	Stipulations	Page
	Others	9) business prospects of the Issuers or Public Companies related with the industry condition, general economy and international market including quantitative supporting data from the trusted resources;	236
Management discussion and analysis	Others	10) comparison between target/projection of beginning of fiscal year with realization, regarding: a) revenue/sales; b) profit (loss); c) capital structure; or d) other issues considered important by the Issuers or Public Companies;	235
		11) target/projection to be achieved by the Issuers or Public Companies for the next 1 (one) year, regarding:	
		a) revenue/sales;	235
		b) profit/loss;	235
		c) capital structure;	235
		d) dividend policy; or	245
		e) other issues considered important by the Issuers of Public Companies;	
		12) marketing aspects on goods and/or services of the Issuers or Public Companies, at least on marketing strategy and market share;	242
		13) dividend information for 2 (two) ended fiscal years, at least on:	
		a) dividend policy;	245
		b) date of cash dividend payout and/or date of non cash dividend payout;	245
		c) total dividend per share (cash and/or non cash); and	245
		d) total dividend payout per year;	245
		14) realization of the use of Public Offering proceeds, with the stipulation:	
		a) if during fiscal year, the Issuers has the obligation to submit the realization of proceeds, then the realization in cumulative shall be disclosed up to the end of fiscal year; and	247
		b) if there are changes in the use of the proceeds as regulated in the Financial Services Authority on the Realization of Public Offering Proceeds Usage Report, the Issuers are required to explain the changes;	
		15) material information (if any), among others on investment, expansion, divestment, merger, acquisition, debt/capital restructuring, affiliates transaction, and transaction with conflict of interest, implemented during fiscal year, among others covering: a) transaction date, value, and object; b) name of the party conducted the transaction; c) affiliates nature (if any); d) explanation on transaction fairness; and e) fulfillment of related rules;	250
16) changes on the laws and regulations that significantly impacted the Issuers or Public Companies and its impact to the financial statements (if any); and	257		
17) changes of accounting policy, background and its impact to the financial statements (if any);	259		

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

Report Contents	Sub Contents	Stipulations	Page	
Corporate Governance of Issuers or Public Companies	Board of Directors	1) Board of Directors, covering among others: a) duties and responsibilities of each member of the Board of Directors;	418	
		b) statement of the establishment of Board of Directors Charter;	418	
		c) procedures, stipulation basis, structure, and amount of remuneration of each member of the Board of Directors, as well as relations between remuneration and the performance of Issuers or Public Companies;	419	
		d) policy and implementation of the Board of Directors' meeting frequency, including joint meetings with the Board of Commissioners, and attendance level of members of the Board of Directors;	464	
		e) information on the GMS resolutions of the previous 1 (one) year, covering: (1) GMS resolutions that has been realized during fiscal year; and (2) background reasons of the unrealized resolutions;	465	
		f) information on the GMS resolutions of the fiscal year, covering: (1) GMS resolutions that has been realized during fiscal year; and (2) background reasons of the unrealized resolutions;	465	
		g) performance assessment of the committee that supporting the Board of Directors' duties;	60	
		Board of Commissioners	2) Board of Commissioners, covering among others: a) duties and responsibilities of the Board of Commissioners;	364
			b) statement of the establishment of Board of Commissioners Charter;	306
c) procedures, stipulation basis, structure, and amount of remuneration of each member of the Board of Commissioners;	361			
d) policy and implementation of the Board of Commissioners 'meeting frequency, including joint meetings with the Board of Directors, and attendance level of members of the Board of Directors;	462			
e) the Issuers or Public Companies policy on performance assessment of members of the Board of Directors and members of the Board of Commissioners and its implementation, at least covering: (1) performance assessment procedures; (2) criteria; and (3) the assessors;	361, 444			
f) performance assessment of committee that supporting the Board of Commissioners' duties; and (notes: included in the Board of Commissioners' report)	368, 445			
g) if the Board of Commissioners does not established the Nomination and Remuneration Committee, the following at least to be informed: (1) background reason to not establish the committee; and (2) nomination and remuneration procedures carried out during fiscal year;	509			



Report Contents	Sub Contents	Stipulations	Page
Audit Committee		<p>4) Audit Committee, covering at least:</p> <ul style="list-style-type: none"> a) name and position in the committee membership; b) age; c) citizenship; d) educational background; e) professional background, covering information on: <ul style="list-style-type: none"> (1) legal reference of the appointment as committee's member; (2) concurrent post, as members of the Board of Commissioners, members of the Board of Directors, and/or members of the committee as well as other position (if any); and (3) work experience and period inside or outside the Issuers or Public Companies; f) period and term of office of member of Audit Committee; g) independence statement of Audit Committee; h) policy and implementation of Audit Committee's meeting frequency and level of attendance of member of Audit Committee; i) education and/or training participated in fiscal year (if any); and j) implementation of Audit Committee's activity during fiscal year in accordance with the Audit Committee Charter; 	491 492 493 493 493 493 493 492 493 494 504 497
Other Committees		<p>5) Other committees established by the Issuers or Public Companies in order to support the function and duties of the Board of Directors and/or Board of Commissioners, such as Nomination and Remuneration Committee:</p> <ul style="list-style-type: none"> a) name and its position in the committee membership; b) age; c) citizenship; d) educational background; e) professional background, including information on: <ul style="list-style-type: none"> (1) legal reference of appointment as committee's member; (2) concurrent post, both as members of the Board of Commissioners, members of the Board of Directors, and/or members of the committee as well as other position (if any); and (3) work experience and its period both inside and outside of Issuers or Public Companies; f) period and terms of office of committee's members; g) duties and responsibilities; 	512 513

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

Report Contents	Sub Contents	Stipulations	Page
		h) statement of the establishment of committee charter; i) committee independence statements; j) policy and implementation of committee's meeting frequency and level of attendance of committee's members; k) education and/or trainings participated in the fiscal year (if any); and l) brief implementation of committee's activities during fiscal year;	509 513 520 519 515
Corporate Secretary	6) Corporate Secretary, covering among others: a) name; b) domicile; c) professional background, covering information on: (1) legal reference of appointment as corporate secretary; and (2) work experience and its period both inside and outside of Issuers or Public Companies; d) educational background; e) education and/or trainings participated in the fiscal year; and f) brief implementation of Corporate Secretary duties during fiscal year;	572 572 572 572 572 574	
Internal Audit Unit	7) Internal Audit Unit, covering among others: a) name of Head of Internal Audit Unit; b) professional background, covering information on: (1) legal reference of appointment as head of Internal Audit Unit; and (2) work experience and its period both inside and outside of Issuers or Public Companies; c) qualifications or certifications as internal audit profession (if any); d) education and/or trainings participated in the fiscal year; e) structure and composition of Internal Audit Unit; f) duties and responsibilities; g) statement of the establishment of IAU charter; and h) brief implementation of Internal Audit Unit duties during fiscal year;	584 584 584 585 580 582 584, 589 587	
Internal Control System	8) Internal control system implemented by Issuers of Public Companies, at least covering: a) financial and operations control, as well as compliance with other laws and regulations; and b) effectiveness of internal control system;	629	

Report Contents	Sub Contents	Stipulations	Page
Risk Management System	9) Risk management system implemented by the Issuers or Public Companies, at least on: a) general view on risk management system of Issuers or Public Companies; b) type of risks and its mitigation; and c) effectiveness of risk management system of the Issuers or Public Companies;		662
Significant Litigation	10) Significant litigation faced by the the Issuers or Public Companies, subsidiaries, members of the Board of Directors and members of the Board of Commissioners (if any), among others covering: a) principal cases/lawsuits; b) settlement status of cases/lawsuits; and c) impact on the condition of the Issuers or Public Companies		630
Administrative Sanctions	11) Information on administrative sanctions to the Issuers or Public Companies, members of the Board of Commissioners and Board of Directors, by the Capital Market authority and other authorities during fiscal year (if any);		632
Code of Conduct	12) information on code of conduct of the Issuers or Public Companies covering: a) principals of code of conduct; b) dissemination of code of conduct and enforcement measures; and c) statement of the application of code of conduct for members of the Board of Directors, members of the Board of Commissioners, and employees of the Issuers or Public Companies;		633
Corporate Culture	13) information on corporate culture or corporate values (if any);		635
ESOP Program	14) shares ownership program for employees and/or management implemented by the Issuers or Public Companies (if any), among others on: a) total shares and/or option; b) implementation period; c) requirements for the employees and/or management that have the rights; and d) execution price;		114

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

Report Contents	Sub Contents	Stipulations	Page
Whistle Blowing	15) whistleblowing system at the Issuers or Public Companies (if any), among other covering: a) whistleblowing submission mechanisms; b) whistleblower protection; c) whistleblowing handling; d) whistleblowing management; and e) result of whistleblowing handling, at least covering: (1) total whistleblowing received and processed during fiscal year; and (2) whistleblowing follow up ;		636 636 636 637 637 638
GCG Implementation	16) Implementation on Corporate Governance Guidelines of the Issuers or Public Companies that issued Securities Equity, covering: a) statement on implemented recommendation; and/or b) explanation on recommendation that has not been implemented, with the reasons and implementation alternatives (if any);		317-328 317-328 317-328
Social Responsibility (CSR)	17) Information on social and environmental responsibility of the Issuers or Public Companies covering the policy, programs, and allocated costs, among others related to the following aspects: a) environmental, among others are: (1) waste management system of the Issuers or Public Companies; (2) complaint mechanism on environment; and (3) environmental certifications; b) employment, occupational health & safety, among others: (1) gender equality and work opportunities; (2) work facility and safety; (3) employees turnover; (4) work accident level; (5) education and/or trainings; (6) remuneration; and (7) complaint mechanism on employment; c) social and community development, among others: (1) local manpower usage; (2) community empowerment around the Issuers or Public Companies among others through the utilization of raw material produced by the communities or education provision;		730 732, 733 734 735 739 737 737 737 738 741 745

Report Contents	Sub Contents	Stipulations	Page
Social Responsibility (CSR)		(3) improvement of social facility and infrastructure; (4) other forms of donation; and (5) communication on policy and procedures of anti corruption at the Issuers or Public Companies, as well as training on anti corruption (if any); d) responsibility on goods and/or services, among others: (1) health and safety of consumers; (2) information on goods and/or services; and (3) facility, total, and resolving of consumers complaint.	744 748, 749, 751, 752 755 757 758-761 761
		In the event of the Issuers or Public Companies presented the above point 1 in a separate report such as social and environmental report of sustainability report, the Issuers or Public Companies are exempted to disclose the social and environmental information in the Annual Report; and The report is submitted to the Financial Services Authority along with the submission of the Annual Report;	
Audited Financial Statements		18) the Annual financial statements stated in the Annual Report is developed with due observance to the Financial Accounting Standard in Indonesia and has been audited by the Accountant. The financial statements cover the accountability of financial statements as regulated in the Capital Market laws and regulations that regulate the responsibilities of the Board of Directors on the financial statements or Capital Market laws and regulations that regulates the periodical report of Securities Companies in the event of Issuers as the Securities Companies;	781
BoD and BoC Statement Letter		19) Statement letter of members of the Board of Directors and members of the Board of Commissioners on the responsibility of the Annual Report developed in accordance with the format of Statement Letter of Members of the Board of Directors and Members of the Board of Commissioners on the Responsibility on the Annual Report as stated in the Enclosure that serves as one part of the Circular Letter of the Financial Services Authority.	64



Embarking the digital technology era, BRI's notable breakthrough was by launching its owned satellite in 2016, named BRISat. The satellite is aimed at supporting the banking services operations. This measure has made BRI as the sole Bank in the world to securing and operating its owned satellite.



CONSOLIDATED FINANCIAL STATEMENTS

2017

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

**PT Bank Rakyat Indonesia (Persero) Tbk
and its Subsidiaries**

Consolidated financial statements
as of December 31, 2017
and for the year then ended
with independent auditors' report



PT. BANK RAKYAT INDONESIA (PERSERO) Tbk

KANTOR PUSAT

Jalan Jenderal Sudirman No. 44 - 46 Tromol Pos 1094/1000 Jakarta 10210

Telpon: 021 2510244, 2510254, 2510264, 2510269, 2510279

Faksimili: 021 2500077 Kawat: KANPUSBRI

Telex: 65293, 65456, 65459, 65461

BOARD OF DIRECTORS' STATEMENT REGARDING

THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017 AND FOR THE YEAR THEN ENDED 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. Surenep No. 11 Menteng, Central Jakarta |
| 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, South Jakarta |
| 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, January 24, 2018
For and on behalf of the Board of Directors

Suprajarto
President Director

Haru Koesmahargyo
Director

Integrity, Professionalism, Trust, Innovation, Customer Centric

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
 CONSOLIDATED FINANCIAL STATEMENTS
 AS OF DECEMBER 31, 2017 AND FOR THE YEAR THEN ENDED
 WITH INDEPENDENT AUDITORS' REPORT**

Table of Contents

	Page
Independent Auditors' Report	
Consolidated Statement of Financial Position	785 - 788
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	789 - 791
Consolidated Statement of Changes in Equity.....	792 - 793
Consolidated Statement of Cash Flows	794 - 796
Notes to the Consolidated Financial Statements	797 - 1000
Statement of Financial Position - Parent Entity	1001 - 1003
Statement of Profit or Loss and Other Comprehensive Income - Parent Entity.....	1004 - 1005
Statement of Changes in Equity - Parent Entity	1006 - 1007
Statement of Cash Flows - Parent Entity.....	1008 - 1009
Notes to the Financial Statements - Parent Entity	1010



Purwantono, Sungkoro & Surja

Indonesia Stock Exchange Building
Tower 2, 7th Floor
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190, Indonesia

Tel : +62 21 5289 5000
Fax: +62 21 5289 4100
ey.com/id

This report is originally issued in the Indonesian language.

Independent Auditors' Report

Report No. RPC-5581/PSS/2018

**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 and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year 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 audit. We conducted our audit 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 consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Purwantono, Sungkoro & Surja
Registered Public Accountants RMK No. 603/KM.1/2015
A member firm of Ernst & Young Global Limited.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis



This report is originally issued in the Indonesian language.

Independent Auditors' Report (continued)

Report No. RPC-5581/PS5/2018 (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, 2017 and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

Our audit of the accompanying consolidated financial statements of PT Bank Rakyat Indonesia (Persero) Tbk and its subsidiaries as of December 31, 2017, and for the year 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 PT Bank Rakyat Indonesia (Persero) Tbk (parent entity), which comprises the statement of financial position as of December 31, 2017, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purposes of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information 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 Parent Entity Financial Information 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 Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

Purwantono, Sungkoro & Surja

A handwritten signature in black ink, appearing to read 'Danil Setiadi Handaja'.

Danil Setiadi Handaja, CPA
Public Accountant Registration No. AP.1008

January 24, 2018



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2017	December 31, 2016
ASSETS			
Cash	2a,2c,3	24,797,782	25,212,024
Current Accounts With Bank Indonesia	2a,2c,2f,4	58,155,479	55,635,946
Current Accounts With Other Banks	2a,2c,2d,2e, 2f,5,44	5,925,684	11,022,715
Placements With Bank Indonesia and Other Banks	2a,2c,2d,2e, 2g,6,44	55,105,687	78,142,754
Securities	2a,2c,2d,2e, 2h,7,44	186,919,436	132,064,102
Allowance for impairment losses		(758)	(758)
		<u>186,918,678</u>	<u>132,063,344</u>
Export Bills	2c,2d,2e, 2i,8,44	5,623,717	9,345,472
Government Recapitalization Bonds	2c,2d,2h, 9,44	3,317,840	3,318,434
Securities Purchased Under Agreement to Resell	2c,2d,2u, 10,44	18,011,026	1,557,370
Derivatives Receivable	2c,2e,2ak, 11	145,928	91,657
Loans	2c,2d,2e, 2j,12,44	718,982,668	643,470,975
Allowance for impairment losses		(29,423,380)	(22,184,296)
		<u>689,559,288</u>	<u>621,286,679</u>
Sharia Receivables and Financing	2c,2d,2e, 2k,13,44	17,864,869	17,748,943
Allowance for impairment losses		(577,257)	(492,156)
		<u>17,287,612</u>	<u>17,256,787</u>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2017	December 31, 2016
ASSETS (continued)			
Finance Lease Receivables	2c,2e,2l, 14	2,488,983	2,200,300
Allowance for impairment losses		(103,500)	(130,000)
		<u>2,385,483</u>	<u>2,070,300</u>
Acceptances Receivable	2c,2d,2e, 2m,15,44	5,693,425	5,692,583
Investment in Associated Entities	2c,2d,2e, 2n,16,44	73,821	2,439
Premises and Equipment	2d,2o,2p, 17,44		
Cost		33,972,363	32,262,349
Accumulated depreciation		(9,226,057)	(7,747,290)
Net book value		<u>24,746,306</u>	<u>24,515,059</u>
Deferred Tax Assets - net	2al,38c	3,270,231	2,520,930
Other Assets - net	2c,2e,2p, 2q,2r,18	25,230,455	13,909,933
TOTAL ASSETS		<u>1,126,248,442</u>	<u>1,003,644,426</u>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2017	December 31, 2016
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities Due Immediately	2c,2s,19	6,584,201	5,410,313
Deposits From Customers	2c,2d,2t,44		
Demand Deposits	20	145,529,168	141,419,020
<i>Wadiah</i> Demand Deposits		1,766,901	1,127,843
<i>Mudharabah</i> Demand Deposits		139,535	-
Saving Deposits	21	343,420,737	298,110,406
<i>Wadiah</i> Saving Deposits		4,749,652	4,176,761
<i>Mudharabah</i> Saving Deposits		1,270,484	983,121
Time Deposits	22	326,417,937	293,029,378
<i>Mudharabah</i> Time Deposits		18,362,036	15,679,845
Total Deposits From Customers		<u>841,656,450</u>	<u>754,526,374</u>
Deposits From Other Banks and Financial Institutions	2c,2d,2t,23,44	5,593,367	2,229,538
Securities Sold Under Agreement to Repurchase	2c,2d,2u,7,24,44	12,136,684	7,302,398
Derivatives Payable	2c,2ak,11	200,858	347,217
Acceptances Payable	2c,2d,2m,15,44	5,693,425	5,692,583
Taxes Payable	2aI,38a	564,798	942,401
Marketable Securities Issued	2c,2v,25	30,619,658	24,800,781
Fund Borrowings	2c,2d,2w,26,44	29,403,009	35,008,170
Estimated Losses on Commitments and Contingencies	2d,2e,2ao,27,44	2,134	895
Liabilities for Employee Benefits	2d,2af,28,42,44	12,174,258	9,451,203
Other Liabilities	2c,2z,2ae,29,45b	13,285,656	10,111,453
Subordinated Loans and Marketable Securities	2c,2x,30	986,450	1,008,510
TOTAL LIABILITIES		<u>958,900,948</u>	<u>856,831,836</u>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2017	December 31, 2016
LIABILITIES AND EQUITY (continued)			
EQUITY			
Capital stock - par value Rp50 (full Rupiah) per share as of December 31, 2017 and Rp250 (full Rupiah) per share as of December 31, 2016			
Authorized capital - 300,000,000,000 shares (consisting of 1 Series A Dwiwarna share and 299,999,999,999 Series B shares) as of December 31, 2017 and 60,000,000,000 shares (consisting of 1 Series A Dwiwarna share 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 share and 123,345,809,999 Series B shares) as of December 31, 2017 and 24,669,162,000 shares (consisting of 1 Series A Dwiwarna share and 24,669,161,999 Series B shares) as of December 31, 2016	1,31a	6,167,291	6,167,291
Additional paid-in capital	31b	2,773,858	2,773,858
Revaluation surplus arising from fixed assets - net of tax	2o,17	13,824,692	13,824,692
Differences arising from the translation of foreign currency financial statements	2aj,31c	54,199	23,490
Unrealized gain on available for sale securities and Government Recapitalization Bonds - net of deferred tax	2h	1,813,625	75,618
Gain on remeasurement of defined benefit plans - net of deferred tax	2af	706,403	665,870
Treasury Stock	1d	(2,418,948)	(2,418,948)
Retained earnings	31d,31e		
Appropriated		3,022,685	3,022,685
Unappropriated		140,805,012	122,286,786
Total Retained Earnings		<u>143,827,697</u>	<u>125,309,471</u>
Total Equity Attributable to Equity Holders of the Parent Entity		166,748,817	146,421,342
Non-controlling interest	2b	598,677	391,248
TOTAL EQUITY		167,347,494	146,812,590
TOTAL LIABILITIES AND EQUITY		1,126,248,442	1,003,644,426

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



These consolidated financial statements are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
For the Year Ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)**

		Year Ended December 31,	
	Notes	2017	2016 ^{*)}
INCOME AND EXPENSES FROM OPERATIONS			
Interest and Sharia Income	32		
Interest income	2aa	100,080,250	91,358,338
Sharia income	2k,2ac	2,819,042	2,636,677
Total Interest and Sharia Income		<u>102,899,292</u>	<u>93,995,015</u>
Interest and Sharia Expense	33		
Interest expense	2aa	(28,652,214)	(27,541,214)
Sharia expense	2ac	(1,241,591)	(1,035,502)
Total Interest and Sharia Expense		<u>(29,893,805)</u>	<u>(28,576,716)</u>
Interest and Sharia Income - net		<u>73,005,487</u>	<u>65,418,299</u>
Premium Income	2ad	3,788,965	3,038,864
Claim Expense	2ad	(3,403,551)	(2,760,154)
Premium Income - net		<u>385,414</u>	<u>278,710</u>
Other Operating Income			
Other fees and commissions	2ab	10,442,240	9,222,558
Recovery of assets written-off		5,050,713	4,496,825
Gain on sale of securities and Government Recapitalization			
Bonds - net	2h,7,9	784,667	447,580
Unrealized gain on changes in fair value of securities - net	2h,7	50,915	31,025
Gain on foreign exchange - net	2ai,2aj	183,974	-
Others		<u>2,578,558</u>	<u>2,800,801</u>
Total Other Operating Income		<u>19,091,067</u>	<u>16,998,789</u>
Provision for impairment losses on financial assets - net	2e,34	(16,994,115)	(13,700,241)
(Provision for) reversal of allowance for estimated losses on commitments and contingencies - net	2ao,27b	(1,239)	347
Provision for allowance for impairment losses on non-financial assets - net	2p	(239,132)	(90,757)

^{*)}As reclassified (Note 50)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)**
For the Year Ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year Ended December 31,	
		2017	2016^{*)}
Other Operating Expenses			
Salaries and employee benefits	2d,2af,35, 42,44	(20,352,004)	(18,485,014)
General and administrative	2o,36	(13,146,944)	(11,975,745)
Foreign currency transaction losses - net	2ai,2aj	-	(273,832)
Others		(4,942,700)	(4,206,014)
Total Other Operating Expenses		(38,441,648)	(34,940,605)
OPERATING INCOME		36,805,834	33,964,542
NON OPERATING INCOME - NET	37	216,323	9,228
INCOME BEFORE TAX EXPENSE		37,022,157	33,973,770
TAX EXPENSE	2a/38b, 38c	(7,977,823)	(7,745,779)
INCOME FOR THE YEAR		29,044,334	26,227,991
Other comprehensive income:			
Items not to be reclassified to profit or loss			
Remeasurement of defined benefit plans		53,985	165,615
Income tax related to item not to be reclassified to profit or loss		(13,496)	(532,239)
Revaluation surplus arising from fixed assets	17	-	14,315,527
Items to be reclassified to profit or loss			
Exchange rate differences on translation of foreign currency financial statements	2aj	30,709	(25,579)
Unrealized gain on available for sale securities and Government Recapitalization Bonds	2h	2,289,836	1,641,313
Income tax related to items to be reclassified to profit or loss		(528,353)	(412,621)
Other Comprehensive Income For the Year - After Tax		1,832,681	15,152,016
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		30,877,015	41,380,007

^{*)} As reclassified (Note 50)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the Year Ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

		Year Ended December 31,	
	Notes	2017	2016¹
INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Parent Entity		28,996,535	26,195,772
Non-controlling interest		47,799	32,219
TOTAL		29,044,334	26,227,991
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Parent Entity		30,805,784	41,340,376
Non-controlling interest		71,231	39,631
TOTAL		30,877,015	41,380,007
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY (full Rupiah)		2ah,49	237.22
			214.30

¹ As reclassified (Note 50)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 For the Year Ended December 31, 2017
 (Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Transition 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	Revaluation Surplus Aising from Fixed Assets - Net of Tax	Retailed Earnings Appropriated	Unappropriated	Total Equity Attributable to Equity Holders of the Parent Entity	Non-controlling Interest	Total Equity	
Balance as of December 31, 2015		6,167,291	2,773,858	49,069	(1,145,471)	541,488	(2,286,375)	-	16,115,741	88,617,280	112,832,861	294,316	113,127,779
Income for the year										26,195,772	26,195,772	32,219	26,227,791
2h, 2a), 17													
Other comprehensive income													
Total comprehensive income for the year													
31d													
Distribution of income													
Dividends													
Additional paid-in capital													
Specific reserves reclassification													
Changes in non-controlling interest from acquisition of BRILife													
Treasury Stock													
Balance as of December 31, 2016		6,167,291	2,773,858	2,3,890	75,618	665,870	(2,418,948)	13,824,632	3,022,686	122,286,786	146,421,342	391,248	146,812,990

These consolidated financial statements are originally issued in the Indonesian language.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



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 Year Ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Transition of Foreign Currency Financial Statements	Unrealized 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	Regulation Surplus Arising from Fixed Assets Treasury Stocks	Retained Earnings	Total Equity Attributable to the Parent Entity	Non-controlling Interest	Total Equity
		6.167,291	2,773,858	23,490	75,618	665,870	(2,418,948)	13,824,602	3,022,885	122,286,786	146,421,342
Balance as of December 31, 2016											
Income for the year:											
2(h)(a)		-	-	-	30,709	1,738,007	40,533	-	-	28,996,535	47,799
Other comprehensive income for the year		-	-	-	30,709	1,738,007	40,533	-	-	1,890,249	23,432
Total comprehensive income for the year		-	-	-							1,832,681
Distribution of income											
Dividends		-	-	-	-	-	-				
Additional paid-in capital		-	-	-	-	-	-				
Changes in non-controlling interest in Subsidiaries		-	-	-	-	-	-				
Balance as of December 31, 2017		6.167,291	2,773,858	23,490	1,813,625	706,403	(2,418,948)	13,824,602	3,022,885	140,805,012	166,748,817

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)**

		Year Ended December 31,	
	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income received			
Interest and investment income		100,171,404	91,595,203
Sharia income		2,819,042	2,636,677
Premium income		3,788,965	2,474,579
Expenses paid			
Interest expenses		(28,319,909)	(26,038,559)
Sharia expenses		(1,241,591)	(1,035,502)
Claim expenses		(3,403,551)	(2,410,192)
Recoveries of assets written-off		5,050,713	4,511,717
Other operating income		13,745,727	9,333,633
Other operating expenses		(32,263,843)	(35,096,972)
Non-operating income - net		216,325	479
Payment of income tax and tax bill		(9,037,947)	(6,182,996)
Cash flows before changes in operating assets and liabilities		51,525,335	39,788,067
Changes in operating assets and liabilities:			
(Increase) decrease in operating assets:			
Placements with Bank Indonesia and other banks		(339,187)	100,000
Securities and Government Recapitalization Bonds at fair value through profit or loss		(702,255)	254,367
Export bills		3,721,755	(2,064,589)
Securities purchased under agreement to resell		(16,453,656)	(712,245)
Loans		(85,060,312)	(87,463,887)
Sharia receivables and financing		(258,240)	(1,254,192)
Finance lease receivable		(305,667)	(2,214,946)
Other assets		(11,728,077)	(662,511)
Increase (decrease) in operating liabilities:			
Liabilities due immediately		1,153,159	264,342
Deposits:			
Demand deposits		4,110,148	27,989,677
Wadiah demand deposits		639,058	190,098
Mudharabah demand deposits		139,535	-
Saving deposits		45,310,331	30,051,541
Wadiah saving deposits		572,891	460,832
Mudharabah saving deposits		287,363	286,923
Time deposits		33,388,559	25,144,974
Mudharabah time deposits		2,682,191	1,406,950
Deposits from other banks and financial institutions		3,363,829	(8,935,535)
Securities sold under agreement to repurchase		4,834,286	(4,075,560)
Other liabilities		2,418,063	3,216,527
Net Cash Provided by Operating Activities		39,299,109	21,770,833

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the Year Ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year Ended December 31,	
		2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of dividends	16	40	235
Increase in investments in associated entities		(71,327)	-
Acquisition of premises and equipments	17	(2,006,347)	(3,653,072)
(Increase) decrease in available for sale and held to maturity securities and Government Recapitalization Bonds		(28,918,362)	328,455
Net Cash Used in Investing Activities		(30,995,996)	(3,324,382)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of fund borrowing		(5,663,258)	(647,350)
Repurchase of Treasury Stock	1d	-	(132,573)
Dividends paid		(10,483,777)	(7,621,316)
(Proceeds from) payments of subordinated loans and marketable securities		(22,060)	952,042
Proceeds from marketable securities issued		10,242,963	15,510,825
Payments of marketable securities due	25	(4,921,000)	(980,000)
Net Cash (Used in) Provided by Financing Activities		(10,847,132)	7,081,628
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,544,019)	25,528,079
INCREASE IN CASH FROM ACQUISITION BRI FINANCE		-	36,764
EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCIES		(427)	1,279
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		188,954,879	163,388,757
CASH AND CASH EQUIVALENTS AT END OF PERIOD		186,410,433	188,954,879

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the Year Ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year Ended December 31,	
		2017	2016
Cash and cash equivalents at end of period consist of:	2a		
Cash	3	24,797,782	25,212,024
Current accounts with Bank Indonesia	4	58,155,479	55,635,946
Current accounts with other banks	5	5,925,684	11,022,715
Placements with Bank Indonesia and other banks - maturing within three months or less since the acquisition date	6	54,766,500	78,142,754
Certificates of Bank Indonesia and Deposit Certificates of Bank Indonesia - maturing within three months or less since the acquisition date	7	42,764,988	18,941,440
Total Cash and Cash Equivalents		186,410,433	188,954,879

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Muhamani Salim, S.H., approved by the Ministry 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 the Company's status and compliance with the Capital Market Laws approved by the Ministry 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 Ministry of Laws 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 last amendment was documented in Deed No. 54 dated October 27, 2017, of Notary Fathiah Helmi, S.H., on the adjustment of the Articles of Association regarding the stock split which has been accepted and recorded in the Legal Entity Administration System in accordance with the Ministry of Laws and Human Rights of the Republic of Indonesia's Decision Letter No. AHU-AH.01.03-0187521 dated November 3, 2017.

According to Article 3 of the Articles of Association of BRI, BRI's scope of business is to conduct business in the banking sector, in accordance with the prevailing law and regulations, by implementing the principles of Limited Liability Company to enhance the value of the Company.

BRI is owned by the Indonesian government as the majority shareholder.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Ministry of Finance and BRI, the Government determined that in order to achieve a Minimum Capital Adequacy Liability of 4%, BRI's requirement for recapitalization is Rp29,063,531. Therefore, BRI has returned the excess amount of recapitalization with a nominal of Rp85,469 in the form of Government Recapitalization Bonds to the Republic of Indonesia on November 5, 2001.

On September 30, 2003, the Ministry 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 determines 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) of shares, based on the registration statement dated October 31, 2003, the Government, through the Ministry 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 such registration statement became effective based on the Chairman of Bapepam-LK letter No. S-2646/PM/2003 dated October 31, 2003.

BRI's IPO of shares consists of 3,811,765,000 shares with a nominal value of Rp500 (full Rupiah) per share and a selling 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 a price of 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 at the 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 on shares with nominal value of Rp500 (full Rupiah) per share to Rp250 (full Rupiah) per share. The Republic of Indonesia's Ministry of Laws and Human Rights stated in its letter No. AHU.AH.01.10-33481 dated December 29, 2010, that the deed had been received and recorded in its Legal Entity Administration System database based on its 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.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 on shares with nominal value of Rp250 (full Rupiah) per share to Rp50 (full Rupiah) per share. The Republic of Indonesia's Ministry of Laws and Human Rights stated in its letter No. AHU.AH.01.03-0187521 dated November 3, 2017, that the deed had been received and recorded in its Legal Entity Administration System database based on its 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 has been 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 repurchase plan for shares that had been issued and listed in 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 December 31, 2015 and January 12, 2016, BRI repurchased 210,118,600 shares and 221,718,000 shares (nominal value of Rp250 (full Rupiah) per share) with acquisition cost of Rp2,286,375 and Rp2,418,947, respectively (Note 31a).

e. Structure and Management

BRI's head office is located at BRI I Building, Jl. Jenderal Sudirman Kav. 44-46, Jakarta.

As of December 31, 2017 and 2016, BRI has the following networks of work unit (unaudited):

	December 31, 2017	December 31, 2016
Regional Offices	19	19
Head Inspection Office	1	1
Regional Inspection Offices	19	19
Domestic Branch Offices	462	462
Special Branch Office	1	1
Overseas Branch/Representative Offices	5	4
Sub-branch Offices	610	609
Cash Offices	992	984
BRI Unit	5,382	5,380
Teras and Teras Mobile	3,171	3,180
Floating Teras	3	3

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.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

e. Structure and Management (continued)

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 BRI Life (previously 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 boards of commissioners, directors, senior executive vice president, audit committee, remuneration committee, the head of divisions, head of internal auditors and inspectors, head of regional officers, head of special branch and head of branches. The number of BRI's employees as of December 31, 2017 and 2016 are 60.683 and 58.885 (unaudited), respectively.

The composition of the Board of Commissioners of BRI as of December 31, 2017 was appointed based on BRI's Annual and Extraordinary General Meeting of Shareholders held on October 27, 2017 as stated under the Notarial Deed No. 55 of Notary Fathiah Helmi, S. H., whereas the composition of the Board of Commissioners of BRI as of December 31, 2016 was appointed based on BRI's Annual General Meeting of Shareholders held on March 23, 2016, as stated under the Notarial Deed No. 1 of Notary Fathiah Helmi, S. H., are as follows:

	December 31, 2017	December 31, 2016
President/Independent Commissioner	Andrinof A. Chaniago	Mustafa Abubakar
Vice President Commissioner	Gatot Trihargo	Gatot Trihargo
Independent Commissioner	Mahmud	Ahmad Fuad
Independent Commissioner	A. Fuad Rahmany	A. Fuad Rahmany
Independent Commissioner	A. Sonny Keraf	A. Sonny Keraf
Independent Commissioner	Rofikoh Rokhim ^{*)}	Adhyaksa Dault
Commissioner	Vincentius Sonny Loho	Vincentius Sonny Loho
Commissioner	Jeffry J. Wurangian	Jeffry J. Wurangian
Commissioner	Nicolaus Teguh Budi	Mahmud
	Harjanto	Harjanto

^{*)} Effective after Financial Services Authority's approval on the Fit & Proper Test in accordance with the prevailing regulations

The composition of the Board of Directors of BRI as of December 31, 2017 was appointed based on BRI's Annual and Extraordinary General Meeting of Shareholders held on October 27, 2017, as stated in the Notarial Deed No. 55 of Notary Fathiah Helmi, S. H., whereas the composition of the Board of Directors of BRI as of December 31, 2016 was 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, 2017	December 31, 2016
President Director	Suprajarto ^{**)}	Asmawi Syam
Vice President Director	-	Sunarso
Director	Haru Koesmahargyo	Haru Koesmahargyo
Director	Susy Liestiowaty	Susy Liestiowaty
Director	Kuswiyoto	Kuswiyoto
Director	Donsuwan Simatupang	Donsuwan Simatupang
Director	Mohammad Irfan	Mohammad Irfan
Director	Sis Apik Wijayanto	Sis Apik Wijayanto
Director	Priyastomo	Priyastomo
Director	Indra Utuyo	Zulhelfi Abidin
Director	R. Sophia Alizsa ^{**)}	Randi Anto
Director	Handayani ^{**)}	-

^{*)} 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.,

^{**)} Effective after Financial Services Authority's approval on the Fit & Proper Test in accordance with the prevailing regulations

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

e. Structure and Management (continued)

The composition of BRI's Audit Committee as of December 31, 2017 was 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, whereas the composition of BRI's Audit Committee as of December 31, 2016 was 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, 2017	December 31, 2016
Chairman	:	A. Fuad Rahmany
Member	:	A. Sonny Kerap
Member	:	Rofikoh Rokhim ¹⁾
Member	:	Pamuji Gesang Raharjo
Member	:	I Gde Yadnya Kusuma
Member	:	Sunuaji Noor Widiyanto

¹⁾) Effective after Financial Services Authority's approval on the Fit & Proper Test in accordance with the prevailing regulations

As of December 31, 2017 and 2016, the Corporate Secretary of BRI was Hari Siaga Amijarso, as appointed on Directors' Decision Letter No. Kep. 887-DIR/KPS/12/2015 dated December 21, 2015. In accordance with the Letter No. R.13-DIR/KHC/01/2018 dated January 5, 2018, as of January 22, 2018 the Corporate Secretary of BRI was Bambang Tribaroto.

As of December 31, 2017, the Head of Internal Audit Unit was Tri Wintarto, as appointed 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 temporary heads in Directors' Decision Letter No. Kep. S.147.e-DIR/KPS/12/2016 dated December 7, 2016.

f. Subsidiaries

PT Bank BRISyariah

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 and BRI have obtained the approval of Bank Indonesia in 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.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and for the Year Then Ended

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

f. Subsidiaries (continued)

PT Bank BRISyariah (continued)

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 effectively on 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 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 ("BRISyariah"), approved by Bank Indonesia in Governor of Bank Indonesia's Decision Letter No. 11/63/KEP.GBI/DpG/2009 dated December 15, 2009.

BRISyariah Articles of Association has been amended several times. The latest amendment was documented in the Deed of Declaration on the Extraordinary General Meeting of Shareholders PT Bank BRISyariah No. 8 dated January 8, 2018, made before Notary Fathiah Helmi, S.H., a Notary in Jakarta, regarding the increase in authorized capital of the Company to Rp7.5 trillion, consisting of 15 billion shares with a nominal value of Rp500 (full Rupiah) per share. Such amendment has been approved and is documented in the Legal Entity Administration System in accordance with the Ministry of Law and Human Rights of Republic of Indonesia's Letter No. AHU-AH.01.03-0009250, dated January 10, 2018.

According to Article 3 of BRISyariah's latest Articles of Association, the scope of BRISyariah's business is to conduct banking activities based on the sharia principles.

Total assets of BRISyariah as of December 31, 2017 and 2016 amounted to Rp31,546,275 or 2.80% and Rp27,687,188 or 2.76%, respectively, of consolidated total assets. Total fund management income for the year ended December 31, 2017 and 2016, amounted to Rp2,816,080 or 2.64% and Rp2,634,201 or 2.69%, respectively, of the consolidated income from interest, sharia and premium.

BRISyariah has 3,048 and 3,091 employees (unaudited) as of December 31, 2017 and 2016, respectively.

BRISyariah's head office is located in Jl. Abdul Muis No. 2-4, Central Jakarta and it has 54 domestic branch offices and 206 sub-branch offices.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

f. Subsidiaries (continued)

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro)

On August 19, 2010, BRI entered into Sale and Purchase of Shares Agreement (PPJB) with Agricultural Estate Pension Fund (Dapenbun), who 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 as follows: 76% by BRI, 14% by Dapenbun and 10% by the public.

According to BRI's Extraordinary General Meeting of Shareholders, 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 Decision Letter of Chairman of Bapepam-LK 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 in compliance 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 reducing BRI's ownership to 79.78% while Dapenbun maintained its ownership at 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.

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 amount) 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.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and for the Year Then Ended

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

f. Subsidiaries (continued)

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro) (continued)

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 Ministry of Laws 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 amount) 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 by and recorded in the Legal Entity Administration System by the Ministry of Laws 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 amount) 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 by and recorded in the Legal Entity Administration System by the Ministry of Laws 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.

As of December 31, 2017, the amount of Warrants Series II issued by BRI Agro at PUT VI has been converted is 71,270,431 shares, therefore increasing BRI Agro's capital stock by Rp7,127. The conversion of Warrants Series II resulted in BRI's ownership in BRI Agro as of December 31, 2017 to be at 86.82%, Dapenbun's to be at 5.98%, and the public's to be at 7.20%.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

f. Subsidiaries (continued)

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro) (continued)

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 amount) 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 VI 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 by and recorded in the Legal Entity Administration System by the Ministry of Laws 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.

BRI Agro's Articles of Association had been amended several times. Latest amendment was documented in Notarial Deed of Decision Meeting Statement No. 3 dated December 6, 2017 of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase in issued and fully paid capital resulting from the conversion of Warrants Series II. This amendment has been accepted by 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.01.03-0197681 dated December 6, 2017.

Total assets of BRI Agro as of December 31, 2017 and 2016 amounted to Rp16,325,147 or 1.45% and Rp11,379,242 or 1.13%, respectively, of the consolidated total assets. Total interest income for the year ended December 31, 2017 and 2016 amounted to Rp1,252.069 or 1.17% and Rp965,085 or 0.99%, respectively, of the consolidated income from interest, sharia and premium.

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 499 and 444 employees (unaudited) per December 31, 2017 and 2016, respectively.

BRI Agro's head office is located in Gedung BRI Agro, Jl. Warung Jati Barat No. 139, Jakarta, and it has 16 branch offices and 19 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 Inland Revenue Department (IRD) Hong Kong 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.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and for the Year Then Ended

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

f. Subsidiaries (continued)

BRI Remittance Co. Limited Hong Kong (BRI Remittance) (continued)

Total assets of BRI Remittance as of December 31, 2017 and 2016 amounted to Rp8,370 or 0.0007% and Rp5,952 or 0.0006%, respectively, of the consolidated total assets.

BRI Remittance's scope of business is to conduct commercial remittance activities.

BRI Remittance has 6 and 5 employees (unaudited) as of December 31, 2017 and December 31, 2016, respectively.

BRI Remittance's head office is located at Lippo Centre, Tower II, 89 Queensway, Admiralty, Hong Kong.

PT Asuransi BRI Life (previously PT Asuransi Jiwa Bringin Jiwa Sejahtera) (BRI Life)

On October 6, 2015, BRI signed the 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, made before Notary Dahlia, S.H., delegate 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.

BRI Life's Articles of Association had been amended several times. The latest amendment was documented in the Notarial Deed No. 31 dated February 23, 2017, made before Notary Dahlia, S.H., delegate 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 life insurance sector.

BRI Life started its operation on January 1, 1989 based on the Decision Letter of the Ministry of Finance 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 in 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, 2017 and 2016 amounted to Rp8,156,566 or 0.72% and Rp6,174,156 or 0.62%, respectively, of consolidated total assets. Total premium income for the year ended December 31, 2017 and 2016, are Rp4,160,024 or 3.90% and Rp2,474,579 or 2.53%, respectively, of the consolidated income from interest, sharia and premium.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

f. Subsidiaries (continued)

PT Asuransi BRI Life (previously PT Asuransi Jiwa Bringin Jiwa Sejahtera) (BRI Life) (continued)

BRI Life has 489 and 422 employees (unaudited) as of December 31, 2017 and 2016 respectively.

BRI Life's head office is located at 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 a total of as many as 34 conventional sales offices and 10 sharia unit 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 Notary Fathiah Helmi, S.H., a notary in Jakarta, through which BRI acquired 99% of the total shares issued by PT BRI Multifinance Indonesia (BRI Finance) and BRI's Employee Welfare Foundation (Yayasan Kesejahteraan Pekerja BRI), acquired the remaining 1%. On the acquisition of BRI Finance, BRI recorded goodwill amounting to Rp51,915 under "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 Notary 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 OJK Board of Commissioner 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.

BRI Finance's Articles of Association had been amended several times. The latest amendment was documented on Notarial Deed of Decision Meeting Statement No. 9 dated July 6, 2017, was made before Notary I Gede Buda Gunamanta, S.H., a notary in Jakarta, regarding the amendment to Article 21 of the Company's Articles of Association. The amendment had been received and recorded in the Legal Entity Administration System of Ministry of Laws and Human Rights Republic of Indonesia in accordance with the Acceptance Letter of Association Amendment Notice No. AHU-AH.01.03-0151106 dated July 8, 2017.

As stated in Article 3 of the Article of Association, BRI Finance's scope of business activities is to conduct financing activities.

Total assets of BRI Finance as of December 31, 2017 and 2016 amounted to Rp2,609,699 or 0.23% and Rp2,399,828 or 0.24%, respectively, of consolidated total assets. Total interest income for the year ended December 31, 2017 and 2016, are Rp206,304 or 0.19% and Rp57,948 or 0.06%, respectively, of the consolidated income from interest, sharia and premium.

BRI Finance has 157 and 137 employees (unaudited) as of December 31, 2017 and 2016, respectively.

BRI Finance's head office is located at Gedung Wisma 46, 10th floor, Kota BNI Jl. Jenderal Sudirman Kav.1, Jakarta, and it has 4 branches located at Bandung, Surabaya, Samarinda and Medan.

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES

a. Basis of preparation of the consolidated financial statements

Statement of Compliance

The consolidated financial statements as of December 31, 2017 and 2016 and for the year then ended was 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 SFAS No. 1 (Revised 2013), "Presentation of Financial Statements".

BRISyariah (subsidiary), which is engaged in banking activities based on sharia principles, presents its financial statements according to 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" and the Indonesia Sharia Banking Accounting Guidelines (PAPSI) issued by Bank Indonesia and Indonesian Institute of Accountants (IAI).

The consolidated financial statements have been prepared 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, Certificates of Bank Indonesia and Deposit Certificates of Bank Indonesia 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 include 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 year, the results of operations of a Subsidiary are included in the consolidated financial statements only from the date that control was acquired or up to the date that control has ceased.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

Control is acquired when BRI is exposed, or has rights to 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 rights to variable returns from its involvement in a subsidiary.
- c) The ability to use its power over the subsidiary to affect BRI's returns.

All significant balances and transactions, including unrealized gains or losses are eliminated to reflect the financial position and results of operations of BRI and subsidiaries 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 which are different from those adopted in the consolidated financial statements, then appropriate adjustments are made to the Subsidiaries' financial statements.

The non-controlling interest represents 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, Government Recapitalization Bonds, securities purchased under agreement to resell, derivatives receivable, loans, sharia receivables and financing, finance lease receivable, 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 in the following categories at initial recognition:

- Financial assets held at fair value through profit or loss, which have 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.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(i) Classification (continued)

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. those designated as such upon initial recognition and those classified as held for trading;
- Other financial liabilities that are not classified as financial liabilities held at fair value through profit or loss are categorized and measured at amortized cost.

Classes of financial assets and liabilities 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 financial instrument portfolio that is managed together for short-term profit or position taking.

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market, except:

- those that BRI intends to sell immediately in the short term period, which are classified as held for trading and those that BRI upon initial recognition designates as of fair value through profit or loss;
- those that BRI upon initial recognition designates as available for sale investments; or
- those for which BRI may not recover substantially all of its initial investment, except because of loans and receivables deterioration, which classified as available for sale.

Held to maturity investments consist of non-derivatives financial assets with fixed or determinable payments and fixed maturity that BRI has the positive intention and ability to hold to maturity. Investments intended to be held for an undetermined period are not included in this classification.

The available for sale investments consists of non-derivatives financial assets that are designated as available for sale or are not classified in one of the other categories of financial assets.

After initial recognition, available for sale investments are measured at fair value with gains or losses being 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 are 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 delivery of assets within a time frame established by regulation or convention 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.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(ii) Initial recognition (continued)

Transaction costs only include costs that are directly attributable to the acquisition of a financial asset or issuance of a financial liability and 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 on initial recognition of a liability. The transaction costs are amortized over the terms 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.

BRI, upon initial recognition, may designate certain financial assets at fair value through profit or loss (fair value option). The fair value option is only applied when the following conditions are met:

- the determination as a fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or
- the financial assets are part of a portfolio of financial instruments, the risk of which 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 accounted for 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. Furthermore, the fair value option is applied to structured investments that include embedded derivatives.

(iii) Subsequent measurement

Available for sale financial assets and financial assets and liabilities 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 transfers 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 material 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 risks and rewards of the assets, but has transferred control of the assets.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(iv) Derecognition (continued)

a. Financial assets are derecognized when (continued):

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 nor transferred 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 ceased to exist. When a loan is deemed uncollectible, it is written off against the related allowance for impairment losses.

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 substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original 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 interest expense on available for sale assets and financial assets and 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 liabilities held at fair value through profit or loss are recognized in the consolidated statement of profit or loss and other comprehensive income.

Gains and losses arising from changes in the fair value of available for sale financial assets are recognized directly in equity, except for gains or losses due to changes in the exchange rate of monetary items, derecognition on impairment of the financial asset.

When a financial asset is derecognized or impaired, the cumulative gains or losses previously recognized in equity should be reclassified to consolidated statement of profit or loss and other comprehensive income.

(vi) Reclassification of financial assets

BRI is not allowed to reclassify any financial instrument out of the 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.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(vi) Reclassification of financial assets (continued)

BRI is not allowed to classify any financial assets as held to maturity investments, if the entity has, during the current year or during the 2 (two) preceding years, 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:

- Done when the financial asset is so close to maturity or the financial asset's repurchase date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- Occured after BRI has collected substantially all of the principal amount of the financial assets according to the repayment schedule or BRI has collected an accelerated settlement; or
- Are attributable to an isolated event that is beyond BRI's control, is non-recurring and could not have been reasonably anticipated by BRI.

(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, insolvency or bankruptcy of the entity over all counterparties.

Income and expenses are presented on a net basis only when permitted by the accounting standards.

(viii) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or 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 initial amount recognized and the maturity amount, minus any impairment.

(ix) Fair value measurement

Fair value is the price that would be received 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 economic best interest.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(ix) Fair value measurement (continued)

A fair value measurement of non-financial assets considers a 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 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 fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) prices 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.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, BRI determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement) at the end of each reporting period.

For the fair value disclosures purposes, BRI has determined 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 Asset

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 goal is to obtain contractual cash flows and has 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 goal is to obtain contractual cash flows and to sell the sukuk, and has contractual terms in determining the specific date of principal payments and or the results.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(x) Sukuk Financial Asset (continued)

Sukuk classifications are as follows (continued):

b. Measured at fair value through other comprehensive income (continued)

- Sukuk acquisition cost includes transaction cost and the difference between 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 of 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 which has previously recognized in other comprehensive income. When sukuk is derecognized, accumulated gain or loss which was previously recognized in other comprehensive income is reclassified to profit or loss.

c. Measured at fair value through profit or loss

Sukuk acquisition cost excludes transaction cost and the difference between fair value and the carrying value 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) 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 term and conditions as those transactions with third parties. All transaction done by BRI have complied with Baepam-LK 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 (RI) and other entities related to the Government of the Republic of Indonesia are also disclosed in Note 44.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and for the Year Then Ended

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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 carried at fair value through profit or loss are impaired.

Financial assets are impaired when an objective evidence demonstrate 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 criteria used by the entity to determine the existence of an 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 default or arrears of interest or principal payments;
- c) the creditor, for economic or legal reasons relating to the debtor's financial difficulty, grants the debtor a concession that the creditor would not otherwise consider;
- d) it becomes probable that the debtor will enter into bankruptcy or other financial reorganization;
- e) the disappearance of an active market for that 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 correlate with defaults on the assets in the portfolio.

The estimated period between the occurrence of the event and identification of loss is determined by management for each identified portfolio. In general, the periods used vary between 3 (three) months and 12 (twelve) months; in exceptional cases, longer periods are warranted.

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, whether significant or not, then BRI includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is 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 an objective evidence of impairment;
2. Restructured loans which individually have significant value.

Based on the above criteria, BRI performs individual assessment for: (a) Corporate and middle loans with collectibility classification of substandard, doubtful and loss; or (b) Restructured corporate and middle loans.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

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) Corporate and middle loans with collectibility classification of current and special mention which have never been restructured; or (b) Retail and consumer loans.

Calculation of allowance for impairment losses on financial assets assessed collectively grouped based on similar credit risk characteristics and taking into account the loan segmentation based on historical loss experience and the probability of default. Loans that have historical loss data and information that is categorized as a 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 a survey conducted periodically to external and internal parties of BRI.

BRI uses the migration analysis method, which is a statistical model analysis method to collectively assess allowance for impairment losses on loans. Under this method, BRI uses 3 (three) years moving average historical data to compute the Probability of Default (PD) and Loss of Given Default (LGD).

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 made 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 present value of estimated future cash flows discounted at the financial assets initial effective interest rate. If loans or held to maturity securities and Government Recapitalization Bonds have a variable interest rate, the discount rate used for measuring any impairment loss is the prevailing effective interest rate determined under the contract.

As a practical guideline, BRI may measure impairment on the basis of an instrument's fair value 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 it, regardless of whether or not foreclosure is probable.

Losses are recognized in the consolidated statement of profit or loss and other comprehensive income and reflected in an allowance for impairment losses account against financial assets carried at amortized cost.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

Interest income on the impaired financial assets continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss previously recognized must be recovered and the recovery is stated 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 reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment 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 that has been removed 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 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 available for sale equity instruments should not be recovered through a reversal of a previously recognized impairment loss in the current year consolidated statement of profit or loss and other comprehensive income.

If in a subsequent period, the fair value of debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of profit or loss and other comprehensive income, the impairment loss is recovered in the consolidated statement of profit or loss and other comprehensive income.

If the terms of the loans, receivables or held to maturity securities are renegotiated or otherwise modified because of financial difficulties of the debtor or issuer, impairment is measured using the initial effective interest rate before the modification of terms.

If in the next period, the amount of allowance for impairment losses is decreased and the decrease can be related objectively to an event that occurred after the recognition of the impairment losses (e.g. debtor's or issuer's collectability 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 year 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. Recoveries of written-off loans from previous years are recorded as operating income other than interest income.

In connection with compliance to Bank Indonesia (OJK), BRI implemented Bank Indonesia Regulation No. 14/15/PBI/2012 dated October 24, 2012 on "Assessment of Commercial Bank Asset Quality" and OJK Regulation (POJK) No. 11/POJK.03/2015 dated August 21, 2015 on "Prudential Principle Provisions for Commercial Banks to Stimulate the National Economy" which applicable up to August 24, 2017.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

BRI's subsidiary which is engaged in Sharia Banking (BRISyariah) applies the Financial Services Authority Regulation (POJK) No. 16/POJK.03/2014 dated November 18, 2014 on "Asset Quality Assessment for Sharia Commercial Banks and Business Units", effective since January 1, 2015, and POJK No. 12/POJK.03/2015 dated August 21, 2015 on "Prudential Principle Provisions for Sharia Banks and Sharia Business Units to Stimulate the National Economy" applicable up to August 24, 2017. The assessment prior to January 1, 2015 using the PBI No.13/13/PBI/2011 dated March 24, 2011 on "Asset Quality Assessment for Sharia Commercial Banks and Sharia Business Unit".

The minimum allowance to be provided in accordance with Bank Indonesia (OJK) Regulation is 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 assessment of the value of collateral that can be deducted in the calculation of allowance for impairment losses are based on 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 placement in Bank Indonesia such as Deposit Facility, Term Deposit and Sharia Deposit Facility whereas 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 Certificates of Bank Indonesia, Deposit Certificates of Bank Indonesia, Sharia Certificates of Bank Indonesia, Government bonds, promissory notes, subordinated bonds, mutual fund units, Medium-Term Notes, U.S Treasury Bonds, Singapore Government Securities, Negotiable Certificate of Deposits, Monetary Authority of Singapore (MAS) bills and credit linked notes as well as bonds traded in the stock exchange.

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 currency purchased from primary and secondary markets.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and for the Year Then Ended

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

h. Securities and Government Recapitalization Bonds (continued)

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 measured 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 carried 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 has, during the current year or during the 2 (two) preceding years, 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 which is applicable in the relevant periods.
- 2) Securities and Government Recapitalization Bonds classified as fair value through profit or loss are stated at fair value. Gains and losses 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 are recognized in the consolidated statement of profit or loss and other comprehensive income.

i. Export bills

Export bills represent export bills negotiated on a discounted basis and guaranteed by other banks. Export bills are stated at acquisition cost net of allowance for impairment losses. Export bills are classified as loans and receivables.

j. Loans

Loans represent the lending of money or other similar form of receivables under contracts or borrowing and lending commitments with debtors, whereby the debtors are required to repay their debts with interest after a specified period of time.

Loans are initially measured at fair value plus transaction costs that are directly attributable and additional costs to obtain financial assets and after initial recognition, are measured at amortized cost based on the effective interest rate method less allowance for impairment losses.

Loans are classified as loans and receivables.

Loans extended under syndication agreements are recognized at the nominal amount to the extent of the risks, borne by BRI.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

j. Loans (continued)

Restructured loans are stated at the lower of carrying value on the date of restructuring or value of the future cash receipts after the restructuring. Losses resulting from the difference between the carrying value on the date of restructuring and the present value of future cash receipts after the restructuring is recognized in the consolidated statement of profit or loss and other comprehensive income. After the restructuring, all future cash receipts specified by the new terms are recorded as a return of principal loans and interest income in accordance with the terms of the restructuring.

Loans are written off when there is no realistic prospect of collections in the future and all collateral have been realized or foreclosed. When loans are deemed uncollectible, it is written off against the related allowance for impairment losses. Subsequent payment of loans written off are credited to the allowance of impairment losses in the consolidated statement of financial position.

k. Sharia receivables and financing

Financing/receivables based on sharia principles is receivables from lending of money or other similar form of receivables arising from transactions carried out based on sale or purchase arrangements and profit sharing between BRISyariah and other parties for a certain period of time. Such receivables consist of *murabahah* receivables, *istishna* and *qardh* receivables, for financing, it consists of *mudharabah* and *musyarakah* financing.

Murabahah is a sale and purchase contract between the customer and BRISyariah, whereby BRISyariah finances the consumption, investment and working capital needs of the customer sold with a principle price plus a certain margin that is mutually informed and agreed. Repayment on this financing is made in installments within a specified period.

Murabahah receivables are initially measured at fair value plus direct attributable transaction costs and is an additional cost to obtain the respected financial assets and after the initial recognition are measured at amortized cost using the effective margin method less any allowance for impairment losses value.

Mudharabah financing is a joint financing made between BRISyariah as the owner of the funds (*shahibul maal*) and the customer as a business executor (*mudharib*) during a certain period. The profit sharing from the project or the 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 financing quality.

Musyarakah is a partnership contract among fund's owners (*musyarakah* partners) to contribute funds and conduct a business on a joint basis through partnership with the profit sharing based on a predetermined ratio, while the losses are borne proportionally based on 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 financing quality.

Istishna is a sale and purchase contract between *al-mustashni* (buyer) and *al-shani* (manufacturer also acting 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 to sell them at agreed price. *Istishna* receivables are stated at outstanding billings to final buyer less allowance for impairment losses. Deferred *istishna* margin is stated as contra account of *istishna* receivables.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

k. Sharia receivables and financing (continued)

Qardh is the lending of money or similar form of receivables based on agreement between the borrower and the lender that requires the borrower to repay the debts after a certain period of time. *Qardh* lending are stated at outstanding balance less allowance for impairment losses based on the management's review on the financing quality.

I. Finance lease receivable

Determining whether an arrangement is a lease agreement or agreements containing leases based on the substance of the agreement at 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 whenever the terms of the lease transfer substantially all the risk and benefit incidental to ownership. A lease is classified as operating lease if the lease does not transfer substantially all the risks and benefit incidental to ownership.

Finance lease receivable are recognized at the net investment which is the fair value less administrative revenue and plus transaction cost (if any) which are 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 a finance lease receivable plus the residual value which will be received at the end of the lease minus deferred finance lease income and guarantee deposit. The difference between the gross receivable and the present value of finance lease receivable is 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 have been accepted by the accepting bank.

Acceptances receivable and payable are stated at amortized cost. Acceptances receivable are stated 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 of more than 20% of the voting rights. The initial recognition of investments in associated entities are recognized at cost and the carrying amount is added or subtracted to recognize the BRI's portion of profit or loss of subsidiaries after the acquisition date. BRI's portion of profit or loss of associated entities are recognized in profit or loss of BRI. Receipt of distributions from associated entities reduce the carrying amount of the investment.

The consolidated statement of profit or loss and other comprehensive income reflects the share of the results of operations of the associated entities. Where there has been a change recognized directly in the equity of the associated entities, BRI recognizes its share of any such changes and discloses this, when applicable, in the consolidated 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.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

n. Investment in associated entities (continued)

After applying the equity method, BRI determines whether it is necessary to recognize an additional impairment loss on BRI's investment in its associated entities. BRI determines at each reporting date whether there is any objective evidence that the investment in the associated entities is impaired. If this is the case, BRI calculates the amount of impairment as the difference between the recoverable amount of the investment in associated entities and its carrying value, and recognizes the amount 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) and deducted by allowance for impairment losses.

o. Premises and equipments

Premises and equipments are initially recognized at cost, which comprises its purchase price and any additional costs directly attributable in bringing 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 carried at cost less any subsequent accumulated depreciation and impairment losses.

Premises and equipments acquired in exchange for a non-monetary asset or for 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 neither the assets received nor the assets given up can be measured reliably.

Depreciation of an asset starts when it is available for use and is computed 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
Satellites	15

Premises and equipments valuation is carried out on the decrease and possible impairment of the fair value of an asset in the event of or change in circumstance which indicates that the carrying amount may not be fully realized.

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 of the asset is directly included in the profit or loss for the year when the item is derecognized.

The assets' residual values, useful lives and depreciation method are evaluated at each end of year and adjusted prospectively if necessary.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and for the Year Then Ended

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

o. Premises and equipments (continued)

Land are initially stated at cost and not depreciated. Subsequent to initial recognition, land is measured at fair value at the revaluation date less any subsequent accumulated impairment losses. Valuation of land are performed by appraisers with professional qualification, and is done in regular basis to ensure that the carrying amount does not differ materially from its fair value at the end of reporting period (Note 17).

If the fair value of the revalued asset fluctuates and changes significantly, it will need to be revalued on an annual basis, whereas if the fair value of the revalued asset does not change significantly and fluctuates, revaluation should be made once every 3 (three) years.

Increase in the carrying amount arising from revaluation is recorded in "Fixed Asset Revaluation Surplus" and presented in other comprehensive income. However, the increase is recognized in profit or loss, up to the amount of impairment of the same assets due to revaluation previously recognized in profit or loss. A decrease in carrying value arising as a result of a revaluation should be recognized in profit or loss.

Repairs and maintenance is charged to the operational as incurred. The cost of major restoration and addition is capitalized to the carrying amount of the related premises and equipments when it is probable that future economic benefits in excess of the intially assessed standard of performance of the existing asset and is depreciated over the remaining useful life of the related asset.

Constructions in-progress are stated at cost, including capitalized borrowing costs and other charges incurred in connection with the financing of the said asset constructions. The accumulated costs will be reclassified to the appropriate "Premises and Equipments" account when the construction is completed and available for intended use. Assets under construction are not depreciated as these are not yet available for use.

The legal cost of land rights 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 cost of the land under the "Premises and Equipments". The extension or the legal renewal costs of land rights were recognized as intangible assets and were amortized over the shorter of the rights' legal life and land's economic life.

p. Impairment of Non-Financial Assets

BRI assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an 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) is required, BRI makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value or Cash Generating Unit's (CGU) less costs of disposal and its value in use, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of 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 current market assessments of the time value of money and the risks specific to the asset.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

p. Impairment of Non-Financial Assets (continued)

In determining fair value less costs of disposal, refer to SFAS No. 68, "Fair Value Measurements" (Note 2c).

Impairment losses of continuing operations, if any, are recognized in the consolidated statement of profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

q. Foreclosed collaterals

Foreclosed collaterals acquired in settlement of loans (included as part of "Other Assets") are recognized at net realizable values or loan outstanding amount, 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 to allowance for possible losses on loans in the current year. The difference between the value of the collateral and the proceeds from sale thereof is recognized as a gain or loss at the time of sale of the collateral.

Management evaluates the value of foreclosed collaterals periodically. Allowance for losses foreclosed collaterals formed by impairment of foreclosed collaterals.

Reconditioning costs arising after foreclosure capitalized in the accounts of the foreclosed collaterals.

r. Prepaid expenses

Prepaid expenses are amortized over their 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. This account is classified as other financial liabilities and measured at amortized cost.

t. Deposits from customers and other banks and financial institutions

Demand deposits represent funds deposited by customers whereby the withdrawal can be done at any time by using a check, or through transfer with a bank draft or other forms of payment order. These demand deposits are stated at the amount due to the account holder.

Wadiah demand deposits represent third party funds which are available for withdrawal at any time and earn bonus based on BRISyariah's policy. *Wadiah* demand deposits are stated at the amount due to the account holder of the deposit in BRISyariah.

Saving deposits represent the funds deposited by customers which entitled the depositors to withdraw under certain agreed conditions. Saving deposits are stated at the amount due to the account holders.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and for the Year Then Ended

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

t. Deposits from customers and other banks and financial institutions (continued)

Wadiah saving deposits represent funds deposited by customers in BRISyariah, whereby the deposits can be withdrawn any time and does not require BRISyariah to give interest unless in the form of bonus in a voluntary way. *Wadiah* saving deposits are stated at the amount due to the account holders.

Mudharabah saving deposits represent funds deposited by third parties which earn a share of BRISyariah's profit for the management of funds based on a predetermined and pre-agreed *nisbah*. *Mudharabah* saving deposits is stated at the customers' saving balance.

Timed deposits represent funds deposited by customers that can be withdrawn only at a certain point of time as stated in the contract between the depositor and BRI and BRI Agro. Time deposits are stated at the nominal amount provided in the certificates of deposits or at the amount stated in the agreement.

Mudharabah time deposits represent third party funds that can be withdrawn only at a certain point in time based on the agreement between the *mudharabah* time deposit holder and BRISyariah. *Mudharabah* time deposits are stated at the nominal amount as agreed by the time deposit holders and BRISyariah.

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 through the issuance of promissory notes with a term of up to 90 (ninety) days and stated at the amount due to banks and financial institutions.

Deposits from customers and other banks and financial institutions are classified as other 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' payable amount to customers. Incremental costs directly attributable to the acquisition of deposits from customers are deducted from the amount of deposits.

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 net resale price of unamortized interest and net of 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.

Securities sold under agreement to repurchase

Securities sold under agreement to repurchase are presented as liabilities in the consolidated statement of financial position, at the net repurchase price of unamortized prepaid interest. The difference between the selling price and the repurchase price is treated as prepaid interest and recognized as expense over the period starting from when those securities are sold until they are repurchased using effective interest rate.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 (continued)

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, Medium-Term Notes (MTN) and Negotiable Certificate of Deposit (NCD).

The marketable securities issued are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method. 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 based on borrowing agreements.

Fund borrowings are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method. 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. 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. Provision

Provisions are recognized when BRI and Subsidiaries have a present obligation (legal or constructive) that, as a result of past events, the settlement of the liability is likely to 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 current best estimation. If the outflow of resources to settle the obligation is most likely will not occur, the provision is reversed.

z. Provision and timely interest payment in BRI unit

On Time Interest Payment (Pembayaran Bunga Tepat Waktu or PBTW) represents incentives given to General Rural Loans (Kredit Umum Pedesaan or Kupedes) debtors who settled their loans according to the mutually agreed installment schedules. The amount of PBTW is 25% of the interest received from either Kupedes Working Capital Loans or Kupedes Investment Loans. PBTW is recorded as a deduction from interest income on loans. BRI provided Allowance for On Time Interest Payment (CPBTW) for the PBTW and present it in "Other Liabilities" (Note 29).

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and for the Year Then Ended

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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 rate that precisely discounts the estimated future cash payments or receipts through the expected life of the financial asset or financial liability (or, if appropriate, a shorter period) to obtain the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, BRI and BRI Agro estimates future cash flows considering all contractual terms of the financial instruments except future credit losses.

This calculation includes all commissions, provision 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 the value of a financial asset or group of similar financial assets has decreased as a result of impairment losses, the interest income subsequently obtained is recognized based on the interest rate used to discount future cash flows in calculating impairment losses.

ab. Fees and commissions

Fees and commissions directly related to lending activities, or fees and commissions related to a specific period, 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 that are not related to the credit activity or a period of time and/or related to the service provided, are recognized as revenue at the time of the transaction and recorded under other operating income.

ac. Sharia income and expense

Sharia income consists of income from *murabahah*, *istishna*, *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.

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, BRI Syariah estimates the future cash flows by considering all contractual terms of the financial instrument, except future credit losses. This calculation includes all commissions, provision fees and other forms accepted by the parties in the contract that are an inseparable part of 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 where the right of profit sharing is due based on agreed profit-sharing portion (*nisbah*).



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ad. Premium income and claim expense

Premiums of short-term insurance contracts are recognized as income within the contract period based on the insurance coverage provided. Premiums of non short-term insurance contracts are recognized as income when due from policyholders. Premiums received prior to the issuance of insurance policies or premium due date is recorded as premium deposit.

Premiums relating to investment contract and the amount of financial risk component of insurance contract are accounted as a 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 on which the policy becomes effective.

Insurance claims and benefits consist of approved claims. Claims and benefits are recognized as expense when the liabilities to cover claims are incurred. Reinsurance claims received from reinsurance companies are recognized and recorded as reinsurance claim in the same period the claim expenses are recognized.

Insurance claims and benefits relating to investment contract and the amount of financial risk component of insurance contract are accounted as a 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 present value of estimated payments throughout the guaranteed benefits including all the embedded options available, the estimated present value of all handling costs incurred and also considering the future premium receipt. Liabilities for future policy benefits represent liabilities of non short-term insurance contracts.

Increase (decrease) in liability for future policy benefits is recognized as expense (income) in the profit or loss for the year. The liabilities are derecognized when the contract expires, is discharged or is cancelled.

b. Estimated claim liabilities

Estimated claim liabilities represents claims in process which are computed based on the estimated loss from claims that are still in settlement process at consolidated statement of financial position date, including claims incurred but not yet 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, is discharged or is cancelled.

c. Unearned premium

Unearned premium represents part of the premiums already received but not yet earned, as the period of insurance covered extends beyond the end of the year. Unearned premium represents liabilities of short-term insurance contract.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ae. Insurance and investment contract liabilities and reinsurance (continued)

Insurance contract liabilities (continued)

c. Unearned premium (continued)

Unearned premium are calculated individually from each contract based on the insurance coverage provided during the insurance period or risk period consistent with the recognition of short-term insurance premium income.

Increase (decrease) in unearned premium is recognized as expense (income) in the profit or loss for the year. The liabilities are derecognized when the contract expires, is discharged or is cancelled.

Investment contract liabilities

Investment contract liabilities represent liabilities 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 statement of financial position and are not recognized as premium income in the profit or loss. Except for deposit and withdrawal, all changes in investment contract liabilities are recognized in the profit or loss for the year. The liabilities are derecognized when the contract expires, is discharged or is cancelled.

Reinsurance

BRI Life cedes insurance risk in the normal course of business for all of its businesses.

The benefits to which BRI Life is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of receivables that are dependent 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 settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

BRI Life reinsured part of its total accepted risk to other insurance and reinsurance companies. The premium paid to the reinsurer on the reinsurer's share of the premium on prospective reinsurance transaction is recognized as reinsurance premium over the reinsurance contract period in proportion to the insurance coverage provided. A payment or obligation for retrospective transaction is recognized as reinsurance receivable from the reinsurer in the amount equivalent to the payment made or recorded liability in relation to the reinsurance contract.

Reinsurance assets include balances expected to be recovered from reinsurance companies for ceded liability for future policy benefits, ceded estimated claim liabilities, and ceded unearned premium. Amounts recoverable from reinsurers are estimated in a manner consistent with the liability associated with the reinsured policy.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ae. Insurance and investment contract liabilities and reinsurance (continued)

Reinsurance (continued)

BRI Life presents separately reinsurance assets of future policy benefit liabilities, unearned premium, and estimated claim liabilities.

A 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 all amounts due under the terms of the contract, and the impact of the amounts that BRI Life will receive from the reinsurer can be reliably measured.

If a 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 another 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 services have been rendered. Short-term employee benefits are measured using undiscounted amounts.

Defined contribution plan

Contribution payable to the pension fund is equivalent to a certain percentage of salaries for qualified employees under the BRI's defined contribution plan. The contribution is accrued and recognized as expense when services have been rendered by 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 2post-employment health program are accrued and recognized as expense when services have been rendered by qualified employees. The benefits are determined based on BRI's regulations and the minimum requirements of Labor Law No. 13/2003.

The post-employment benefits and other long-term employee benefits are actuarially determined using the Projected Unit Credit Method.

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 included in net interest on liabilities (assets).
- (iii) The changes in the impact of the asset ceiling, excluding amounts that included in net interest on liabilities (assets).

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 are not reclassified to profit or loss in subsequent periods.

For other long-term employee benefits over the current service cost, net interest on net defined benefit liabilities (assets), and the remeasurement of net defined benefit liability (asset) obligations are recognized immediately in the current year 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 related restructuring or termination costs are recognized, therefore, unvested past service cost can no longer be deferred and recognized over the future vesting period.

ag. Stock options

In connection with the IPO, BRI has granted stock options to Directors and employees of certain positions and levels based on criteria established by BRI. Cost of stock compensation at the issuance date is calculated using the fair value of the stock options and is recognized as part of "Salaries and Employee Benefits Expense" based on cliff-vesting scheme using the straight-line method over the vesting period. The accumulation of stock compensation cost is recognized as "Stock Options" in the equity.

The fair values of the stock options granted are valued using the Black-Scholes option pricing model.

ah. Earnings per share

Basic earnings per share is calculated by dividing income for the period/year attributable to equity holders of the Parent Entity (BRI) by the weighted average number of issued and fully paid shares during the related year.

ai. Foreign currency transactions and balances

BRI and subsidiaries maintain their accounting records in Indonesian Rupiah. Transactions in foreign currencies are recorded at the prevailing exchange rates at the time of the transactions. As of December 31, 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 current year consolidated statement of profit or loss and other comprehensive income.

The exchange rates used in the translation of foreign currency amounts into Rupiah are as follows (full Rupiah):

	December 31, 2017	December 31, 2016
1 United States Dollar	13,567.50	13,472.50
1 Great Britain Pound Sterling	18,325.62	16,555.01
1 Japanese Yen	120.52	115.07
1 European Euro	16,236.23	14,175.77
1 Hong Kong Dollar	1,736.21	1,737.34
1 Saudi Arabian Riyal	3,617.71	3,591.90

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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) (continued):

	December 31, 2017	December 31, 2016
1 Singapore Dollar	10,154.56	9,311.93
1 Malaysian Ringgit	3,352.07	3,003.23
1 Australian Dollar	10,594.19	9,723.11
1 Renminbi	2,083.64	1,939.19
1 Thailand Baht	416.31	376.12
1 Swiss Franc	13,901.13	13,208.98
1 Canadian Dollar	10,821.97	9,986.29
1 Bruneian Dollar	10,083.61	9,311.29
1 Danish Krone	2,180.78	1,906.86
1 South Korean Won	12.74	11.20
1 New Zealand Dollar	9,650.57	9,362.72
1 Papua New Guinean Kina	4,219.51	4,243.86
1 United Arab Emirates Dirham	3,693.95	3,667.98
1 Swedish Krona	1,650.05	1,482.52
1 Norwegian Krone	1,649.87	1,560.42
1 Indian Rupee	212.49	198.40

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 located in New York and Hong Kong which are considered as separate foreign entities.

For consolidated financial statements purposes, all accounts of subsidiaries, overseas branches and representative offices are translated into Rupiah with the following exchange rates:

- Assets and liabilities, commitments and contingencies - using Reuters spot rates at 4.00 p.m. WIB at statement of financial position reporting date.
- Revenues, expenses, gains and losses - using the average middle rate during the month. The end of year balances consist of the sum of the translated monthly balances of revenues, expenses and profit and losses during the year.
- Equity - Capital Stock and Additional Paid-in Capital using historical rates.
- Statement of cash flows - using the spot rate published by Reuters at 4.00 p.m. WIB on statement of financial position reporting date, except for the profit and loss accounts which are translated at the average middle rates and equity accounts which are translated at the historical rates.

The resulting difference arising from the translation process on the above financial statements is included in equity as "Differences Arising From The Translation of Foreign Currency Financial Statements".

ak. Derivatives Instrument

Derivatives financial instruments are valued 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.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and for the Year Then Ended

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ak. Derivatives Instrument (continued)

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 is determined based on discounted cash flows and pricing models or quoted prices from brokers of other instruments with similar characteristics, which refers to SFAS No. 68: "Fair Value Measurement" (Note 2c).

al. Taxation

Current tax expense is provided based on the estimated taxable income for the current year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the fiscal bases of assets and liabilities at each reporting date.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of uncompensated tax losses to the extent that it is probable for temporary differences and carry forward of uncompensated tax losses to be utilized in deducting future taxable profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced when it 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 at the tax rates that are expected to apply on the year when the asset is realized or the liability is settled based on tax laws that have been enacted or substantively enacted as of consolidated statement of financial position reporting date. The related tax effects of 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 net profit or loss for the year, except to the extent that they relate to items previously charged or credited to equity.

Amendments to tax obligations are recorded when an assessment is received or, if an appeal is submitted by business unit, when the result of the appeal is determined.

For each of the consolidated entity, the tax effects on temporary differences and tax loss carry forward, which can individually be either asset or liability, are shown at the applicable net amounts.

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 Unit that is 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.

Segment revenue, expenses, income, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and transactions are eliminated as part of consolidation process.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

am. Segment information (continued)

BRI and Subsidiaries presents segments operation based on BRI's internal consolidation 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 segment) classified into micro, retail, corporate, others and subsidiaries, as well as geographical segment.

A geographical segment is engaged in providing products or services within a particular economic environment with risks and different returns compared to other operating segments in other economic environments. BRI's geographical segment covers Indonesia, United States of America, Hong Kong, Singapore and Timor Leste.

an. Use of significant accounting judgments, estimates and assumptions

The preparation of the BRI and Subsidiaries consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, 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 outcomes that require a material adjustment to the carrying amounts of the asset and liability affected in future periods.

Judgments

The following judgments are made by management in the process of applying BRI and Subsidiaries' accounting policies that have the most significant effects on the amounts recognized in BRI and Subsidiaries' consolidated financial statements as follows:

Going concern

BRI's management has assessed the ability of BRI and Subsidiaries' ability to continue as going concerns and believes that BRI and Subsidiaries have the resources to continue their businesses in the future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt to the BRI's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on going concern basis.

Classification of financial assets and financial liabilities

BRI and Subsidiaries' management determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 55 (Revised 2014). Accordingly, the financial assets and financial liabilities are accounted for in accordance with BRI and Subsidiaries' accounting policies disclosed in Note 2c.

Fair value of financial instruments

All assets and liabilities in which fair value is measured or disclosed in the consolidated financial statements can be classified in fair value hierarchy levels, based on the lowest level of input that is significant on the overall fair value measurement:

- Level 1: quoted (unadjusted) market prices 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.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

an. Use of significant accounting judgments, estimates and assumptions (continued)

Judgments (continued)

Held to maturity classification

The securities under held to maturity classification requires significant judgment. In making this judgment, BRI and Subsidiaries evaluate their intention and ability to hold such investments to maturity. If BRI and Subsidiaries fail to keep these investments to maturity other than in certain specific circumstances, for example, selling an insignificant amount close to maturity, they will be required to reclassify the entire portfolio as available for sale securities. The available for sale securities would therefore be measured at fair value and not at amortized cost.

Contingencies

The management of BRI and Subsidiaries are currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the legal counsel handling BRI and Subsidiaries defense in this matter and is based upon an 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 in the effectiveness of the strategies related to these proceedings.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as disclosed below. BRI and subsidiaries based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing assumptions and circumstances about future developments may change due to market changes or circumstances arising beyond the control of BRI and subsidiaries. Such changes are reflected in the assumptions when they occur.

Allowance for impairment losses on loans, sharia financing and receivables, and finance lease receivable

The management of BRI and Subsidiaries review its loan portfolio, sharia financing and receivables, and finance lease receivable to assess impairment on an annual basis by updating allowance for impairment losses made during the period as necessary based on the continuing analysis and monitoring of individual accounts by loan officers.

In determining whether an impairment loss should be provided 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 is individually identified in the portfolio.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

a. Use of significant accounting judgments, estimates and assumptions (continued)

Estimates and Assumptions (continued)

Allowance for impairment losses on loans, sharia financing and receivables, and finance lease receivable (continued)

This evidence may include observable data indicating that there has been an adverse change in the payment status of group borrowers, or national or local economic conditions that correlate with breach on group of assets. BRI and subsidiaries use estimates in the amount and timing of future cash flows when determining the level of allowance for losses required. The estimates are based on assumptions of several factors and actual results may differ, resulting to future changes in the amount of allowance for losses.

Impairment of securities

The management of BRI determines that securities are impaired based on the same criteria as financial assets carried 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 over which the assets are expected to be available for use. The estimated useful lives of premises and equipments are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of premises and equipments is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the aforementioned factors. The amounts and timing of recorded expenses for any period are affected by changes of those factors and circumstances during recording. A reduction in the estimated useful lives of premises and equipments increases the operating expenses.

Impairment of non-financial assets

BRI and Subsidiaries assess 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 the following:

- a) significant underperformance relative towards expected historical or projected future operating results;
- b) significant changes in the manner of use of the acquired assets or the overall business strategy; and
- c) significant negative industry or economic trends.

The management of BRI and Subsidiaries recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher amount between fair value less costs of disposal and use of asset value (or cash-generating unit). Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 can be compensated against the losses. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with tax planning strategies.

BRI reviews its deferred tax assets at each of the consolidated statement of financial position reporting 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 benefit

The cost of defined pension plan and other post employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about 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, such estimates are subject to significant uncertainty.

Estimated Claim Liability

Estimated claims liability represents amount set aside to provide for the outstanding and incurred claims arising from insurance policies in force. The Company's management judgment is required to determine the amount of estimated claims liability.

Liabilities for Future Policy Benefits

The Company records long-term insurance contract liabilities using method of present value of estimated payment of all benefit promised including all options available plus present value of all expenses incurred and has considered the future receipt of premium. The main assumption underlying this method is the Company's past claim experience and discount rate.

ao. Allowances for impairment losses on non-earning assets and commitments and contingencies

In accordance with Circular 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 (commitments and contingencies) transactions, but the management 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 value and fair value after deducting cost of disposal.

For commitments and contingencies with credit risk, BRI and BRI Agro's management determine the 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 under the guarantee has become probable).



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ap. Changes in accounting policies and disclosures

BRI and its subsidiaries have applied the following accounting standards starting on January 1, 2017, which are considered relevant to the consolidated financial statements, namely:

- a. SFAS No. 1 (2015 Amendment), "Presentation of Financial Statements about Disclosure Initiative", clarifies on materiality, systematic hierarchy flexibility of notes to financial statements and identification of significant accounting policy. This SFAS No. 1 amendment have impacted other SFAS (consequential amendment) as follows: SFAS No. 3 "Interim Financial Reporting", SFAS No. 5 "Operating Segments", SFAS No. 60 "Financial Instruments: Disclosures", and SFAS No. 62 "Insurance Contract".
- b. SFAS No. 3 (2016 Adjustment), "Interim Financial Reporting", clarifies that the required interim disclosures should be included in the interim financial statements or through cross-references of interim financial statements such as management comments or risk reports available to users of interim financial statements and at the same time. If the users of the financial statements can not access the information contained in cross-references with the same terms and times, the entity's interim financial statements are considered incomplete.
- c. SFAS No. 24 (2016 Adjustment), "Employee Benefit". This adjustment clarifies that the high-quality corporate bond market is valued based on the denomination of the bonds instead of the country in which the bond is located.
- d. SFAS No. 60 (2016 Adjustment), "Financial Instrument: Disclosure". This adjustment clarifies that the entity shall assess the nature of service contract benefits to determine whether the entity has a continuing involvement in the financial asset and whether the disclosure requirements related to sustainable engagement are met.
- e. SFAS No. 101 (Revised 2016), "Presentation of Sharia Financial Statements", is a revision of the illustration of the sharia insurance financial statements as a result of the revision of SFAS No. 108 "Accounting for Sharia Insurance", where the provision for future policy benefits is presented in the statement of financial position as liabilities.
- f. SFAS No. 102 (2016 Amendment), "Murabahah Accounting", SFAS No. 103 (Amendment 2016), "Salam Accounting", SFAS No. 104 (Amendment 2016), "Istishna Accounting", SFAS No. 107 (Amendment 2016), "Ijarah Accounting", this amendment changes the definition of fair value to follow the definition of fair value in SFAS No. 68 "Measurement of Fair Value". Fair value is defined as the price to be received to sell an asset or price to be paid to transfer a liability in a regular transaction between market participants on the date of measurement.
- g. SFAS No. 108, (Revised 2016), "Accounting for Sharia Insurance Transactions", this revised SFAS changes arrangements relating to sharia insurance accounting, such as initial recognition of participant contributions, allowance calculation for future policy benefits, and presentation of SFAS No. 108 revision in the financial statements.
- h. IFAS No. 31, "Interpretation of SFAS No. 13 : Investment Property", an interpretation of the characteristics of the building that is used as part of the definition of investment property under SFAS No. 13 "Investment Property". The building referred to in the definition of investment property refers to structures that have physical characteristics that are generally associated with a building which refers to the presence of walls, floors, and roofs attached to the asset.

The adoption of the above PSAK does not result in significant changes to financial reporting and disclosures in the consolidated financial statements.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

3. CASH

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Rupiah		23,780,207		24,499,503
Foreign currencies				
United States Dollar	24,518,731	332,658	25,130,556	338,571
Saudi Arabian Riyal	44,538,523	161,128	27,860,774	100,072
Singapore Dollar	12,426,367	126,185	8,179,992	76,171
Australian Dollar	9,523,110	100,890	4,901,050	47,653
Papua New Guinean Kina	20,351,860	85,875	6,273,700	26,625
European Euro	5,057,112	82,108	3,703,923	52,506
Malaysian Ringgit	21,343,230	71,544	5,869,535	17,628
Renminbi	8,298,458	17,291	7,706,154	14,944
Japanese Yen	107,417,978	12,945	113,550,640	13,066
United Arab Emirates Dirham	2,264,530	8,365	1,805,500	6,623
Great Britain Pound Sterling	279,611	5,124	324,900	5,379
Hong Kong Dollar	2,558,587	4,442	2,981,757	5,180
Swiss Franc	165,269	2,297	130,200	1,720
Bruneian Dollar	196,065	1,977	237,922	2,215
Canadian Dollar	140,265	1,518	72,670	726
Thailand Baht	3,624,785	1,509	5,394,605	2,029
New Zealand Dollar	143,509	1,385	109,491	1,025
South Korean Won	25,910,970	330	34,316,799	384
Indian Rupee	19,307	4	19,307	4
		1,017,575		712,521
Total		24,797,782		25,212,024

As of December 31, 2017 and 2016, balances denominated in Rupiah include cash in ATMs (Automated Teller Machines) amounting to Rp8,572,694 and Rp9,148,888, and in USD187,828 (full amount) and USDNil.

4. CURRENT ACCOUNTS WITH BANK INDONESIA

Current accounts with Bank Indonesia consist of:

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Rupiah				
United States Dollar	816,242,160	47,081,113	858,735,147	44,066,637
Total		58,155,479		55,635,946

As of December 31, 2017 and 2016, current accounts with Bank Indonesia based on Sharia banking principles amounted to 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).



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

4. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

As of December 31, 2017 and 2016, the GWM ratios of BRI (Parent Entity) (unaudited) are as follows:

	December 31, 2017	December 31, 2016
Primary GWM - Rupiah	6.52%	6.94%
Secondary GWM - Rupiah	15.09	9.96
Primary GWM - Foreign Currency	8.15	8.03

The calculation of the GWM ratios as of December 31, 2017 is based on Bank Indonesia regulation (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 Banking". Whereas the calculation of the GWM ratios as of December 31, 2016 is based on Bank Indonesia regulation (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 Banking".

As of December 31, 2017 and 2016, based on Bank Indonesia regulation mentioned above, BRI is required to maintain minimum primary GWM of 6.5% in Rupiah, of 8% in foreign currencies, and secondary GWM of 4% in Rupiah.

In addition to the Primary and Secondary GWM, BRI must also maintain its GWM Loan to Funding Ratio (LFR), if the LFR of BRI is less than the Bank Indonesia (BI) lower limit of 80% or exceeds the BI upper limit of 92% with BRI 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, 2017 and 2016.

5. CURRENT ACCOUNTS WITH OTHER BANKS

a) By Currency:

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
Rupiah		64,351		119,480
Foreign currencies				
United States Dollar	241,441,855	3,275,762	441,928,870	5,953,887
Renminbi	368,054,977	766,894	289,301,369	561,010
European Euro	30,473,101	494,768	216,459,615	3,068,481
Singapore Dollar	32,966,963	334,765	44,289,848	412,424
Hong Kong Dollar	186,764,137	324,261	91,641,803	159,213
Japanese Yen	2,640,107,545	318,172	1,850,099,200	212,882
Saudi Arabian Riyal	33,258,310	120,319	13,268,872	47,660
Australian Dollar	5,448,385	57,721	14,336,181	139,392
Great Britain Pound Sterling	3,124,408	57,257	9,564,477	158,340
Swiss Franc	3,707,809	51,543	2,559,185	33,804
New Zealand Dollar	1,624,150	15,674	1,349,992	12,640
United Arab Emirates Dirham	3,057,362	11,294	26,818,881	98,371
Canadian Dollar	527,067	5,704	1,152,637	11,511
Norwegian Krone	3,170,148	5,230	4,765,927	7,437
Swedish Krona	439,543	725	2,249,280	3,335
	5,840,089		10,880,387	
	5,904,440		10,999,867	

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

a) By Currency (continued):

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Related parties (Notes 44)</u>				
Rupiah		5,000		9,258
<u>Foreign currencies</u>				
Hong Kong Dollar	5,669,667	9,844	5,273,792	9,162
United States Dollar	471,702	6,400	328,678	4,428
		16,244		13,590
		21,244		22,848
Total		5,925,684		11,022,715

b) By Bank:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
Rupiah		
PT Bank Central Asia Tbk	39,268	34,910
Citibank, N.A.	8,583	26,315
PT Bank Danamon Indonesia Tbk	7,438	9,554
BPR Warga Dani Bringin Dana Sejahtera	6,587	6,431
Standard Chartered Bank	478	606
Others	1,997	41,664
	64,351	119,480
<u>Foreign currencies</u>		
JP Morgan Chase Bank, N.A.	1,647,615	5,341,827
Standard Chartered Bank	785,301	863,323
Bank of China, Ltd.	705,571	490,368
ING Belgium N.V. Brussels	601,926	1,838,108
Bank of New York Mellon	263,211	240,474
Others	1,836,465	2,106,287
	5,840,089	10,880,387
	5,904,440	10,999,867
<u>Related parties (Notes 44)</u>		
Rupiah		
PT Bank Mandiri (Persero) Tbk	3,422	8,096
PT Bank Negara Indonesia (Persero) Tbk	1,466	1,014
PT Bank BNI Syariah	79	74
PT Bank Syariah Mandiri	33	74
	5,000	9,258



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

- b) By Bank (continued):

	December 31, 2017	December 31, 2016
<u>Related parties (Notes 44) (continued)</u>		
Foreign currencies		
PT Bank Negara Indonesia (Persero) Tbk	10,477	9,626
PT Bank Mandiri (Persero) Tbk	5,767	3,964
	<hr/>	<hr/>
	16,244	13,590
	<hr/>	<hr/>
	21,244	22,848
	<hr/>	<hr/>
Total	5,925,684	11,022,715
<hr/>		

- c) By Collectibility:

Current accounts with other banks as of December 31, 2017 and 2016 are classified as "Current".

- d) Average annual interest rates:

	2017	2016
Rupiah	0.37%	0.27%
Foreign currencies	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, 2017 and 2016, because management believes that current accounts with other banks are fully collectible.

As of December 31, 2017 and 2016, there are no current accounts with other banks which are used as collateral.

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

- a) By Currency and Type:

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
Rupiah				
Bank Indonesia				
Term Deposit	12,997,000		5,997,961	
Deposit Facility	11,087,984		52,359,589	
Deposit Facility Syariah	1,968,000		963,000	
	<hr/>		<hr/>	
	26,052,984		59,320,550	
<hr/>				

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017	December 31, 2016		
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties (continued)</u>				
Rupiah (continued)				
Inter-bank call money				
PT Bank Danamon Indonesia Tbk	400,000	70,000		
PT Bank Pan Indonesia Tbk	300,000	60,000		
PT Bank OCBC NISP Tbk	300,000	80,000		
PT Bank Aceh Syariah	200,000	200,000		
PT Bank Sumitomo Mitsui Indonesia	180,000	250,000		
PT BPD Riau Kepri	150,000	25,000		
PT BPD Jawa Barat dan Banten Tbk	110,000	245,000		
PT Bank Mega Tbk	100,000	-		
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 BPD Kalimantan Timur dan Kalimantan Utara	85,000	-		
PT BPD Sulawesi Tenggara	75,000	-		
PT Bank Tabungan Pensiunan Nasional Tbk	75,000	-		
PT Bank CIMB Niaga Tbk	50,000	70,000		
PT BPD Sulawesi Tengah	50,000	50,000		
PT Bank CTBC Indonesia	50,000	-		
PT Bank KEB Hana Indonesia	30,000	-		
PT BPD Jawa Tengah	20,000	50,000		
Standard Chartered Bank	-	200,000		
PT Bank Sinarmas Tbk	-	80,000		
PT Bank Bukopin Tbk	-	80,000		
PT Bank Panin Dubai Syariah Tbk	-	70,000		
PT BPD Maluku dan Maluku Utara	-	50,000		
PT BPD Lampung	-	50,000		
PT Bank Victoria International Tbk	-	30,000		
PT Bank Maybank Indonesia Tbk	-	20,000		
PT Bank DBS Indonesia	-	20,000		
PT Bank Victoria Syariah	-	20,000		
PT Bank Kesejahteraan Ekonomi	-	20,000		
	2,675,000		1,940,000	
<u>Time Deposits</u>				
PT Bank Bukopin Tbk	9,250	3,300		
PT Bank Ganeshaa	4,800	-		
PT Bank Muamalat Indonesia Tbk	4,800	-		
PT Bank Danamon Indonesia Tbk	2,200	-		
PT Bank Sahabat Sampoerna	2,000	2,000		
PT Bank Mayapada Internasional Tbk	1,700	-		
PT BPD Jawa Barat dan Banten Tbk	1,300	-		
PT BPD Riau Kepri	300	-		
PT Bank HSBC Indonesia	200	-		
	26,550		5,300	



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties (continued)</u>				
<u>Rupiah (continued)</u>				
Other Placement (Banker's Acceptance)				
PT Bank Sumitomo Mitsui Indonesia	400,000	-	-	130,000
PT Bank KEB Hana Indonesia	-	400,000	130,000	130,000
	<u>400,000</u>	<u>29,154,534</u>	<u>130,000</u>	<u>61,395,850</u>
<u>United States Dollar</u>				
Bank Indonesia				
Term Deposits	1,399,887,185	<u>18,992,969</u>	999,961,670	13,471,984
Inter-bank call money				
Wells Fargo Bank, N.A.	261,100,000	3,542,474	70,300,000	947,117
Federal Reserve Bank	101,662,902	1,379,311	62,352,096	840,039
The Bank of New York Mellon	52,900,000	717,721	33,700,000	454,023
Citibank, N.A.	27,530,000	373,513	29,940,000	403,367
TD Bank, N.A.	119,787	1,625	627,068	8,448
PT Bank BNP Paribas Indonesia	-	-	1,310,193	17,652
	<u>6,014,644</u>	<u>2,670,646</u>		
Time Deposits				
U.S. Bank	9,776,443	132,643	228,828	3,083
TD Bank, N.A.	260,475	3,534	511,630	6,893
	<u>136,177</u>	<u>9,976</u>		
Other Placement (Banker's Acceptance)				
PT Bank Maybank Indonesia Tbk	25,000,000	339,188	-	-
PT Bank Mega Tbk	10,000,000	135,675	9,996,546	134,678
	<u>474,863</u>	<u>134,678</u>		
	<u>25,618,653</u>	<u>16,287,284</u>		
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Inter-bank call money				
Lembaga Pembiayaan Eksport Indonesia	-	-	200,000	200,000
PT Bank Negara Indonesia (Persero) Tbk	-	-	200,000	40,000
PT Bank Mandiri (Persero) Tbk	-	-	-	440,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>440,000</u>

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017	December 31, 2016		
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Related parties (Note 44)</u> <u>(continued)</u>				
Rupiah (continued)				
Time Deposits				
PT Bank Mandiri (Persero) Tbk	43,400		5,400	
PT Bank Tabungan Negara (Persero) Tbk (JUS)	8,550		4,000	
PT Bank Tabungan Negara (Persero) Tbk	7,200		8,220	
PT Bank BNI Syariah	2,000		2,000	
	<hr/>	<hr/>	<hr/>	<hr/>
	61,150		19,620	
	<hr/>	<hr/>	<hr/>	<hr/>
	61,150		459,620	
<u>United States Dollar</u>				
Other Placement (Banker's Acceptance)				
Lembaga Pembiayaan Eksport Indonesia	10,000,000	135,675	-	
PT Bank Negara Indonesia (Persero) Tbk	10,000,000	135,675	-	
	<hr/>	<hr/>	<hr/>	<hr/>
	271,350		-	
Total	<u>55,105,687</u>		<u>78,142,754</u>	

b) By Time Period:

The classifications of placements based on their remaining period to maturity are as follows:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
Rupiah		
≤ 1 month	28,524,534	61,265,850
> 1 month - 3 months	630,000	130,000
	<hr/>	<hr/>
	29,154,534	61,395,850
<u>Foreign currencies</u>		
≤ 1 month	25,008,603	16,287,284
> 1 month - 3 months	270,863	-
> 3 months - 1 year	339,187	-
	<hr/>	<hr/>
	25,618,653	16,287,284
<u>Related parties (Note 44)</u>		
Rupiah		
≤ 1 month	61,150	459,620
<u>Foreign currencies</u>		
> 1 month - 3 months	271,350	-
Total	<u>55,105,687</u>	<u>78,142,754</u>



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

c) By Collectibility:

All placements with Bank Indonesia and other banks were classified as "Current" as of December 31, 2017 and 2016.

d) The average annual interest rates are as follows:

	2017	2016
Rupiah		
Placements with Bank Indonesia	3.83%	4.35%
Placements with other banks	5.13	6.46
Foreign currencies		
Placements with Bank Indonesia	0.69%	0.44%
Placements with other banks	1.40	0.62

BRI assessed placements with Bank Indonesia and other banks individually based on whether an objective evidence of impairment exists.

As of December 31, 2017 and 2016, there are no placements with Bank Indonesia and other banks which are impaired nor restricted.

Management believes that no allowance for impairment losses is necessary as of December 31, 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, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Fair value through profit or loss				
<u>Third parties</u>				
Rupiah				
Mutual Funds		812,205		273,602
Deposit Certificates of Bank Indonesia		385,040		-
Subordinated bonds		50,976		45,880
Bonds		35,833		54,416
Others		134,459		111,464
		<u>1,418,513</u>		<u>485,362</u>
United States Dollar				
Mutual Funds	542,921	7,366		-
<u>Related parties (Note 44)</u>				
Rupiah				
Government bonds		167,838		84,746
Bonds		35,545		10,329
Mutual Funds		21,264		19,786
Others		82,647		72,759
		<u>307,294</u>		<u>187,620</u>

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

a) By Purpose, Currency and Type (continued):

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Fair value through profit or loss				
(continued)				
Related parties (Note 44)				
(continued)				
<u>United States Dollar</u>				
Government bonds	1,989,302	26,990	147,263	-
Mutual Funds	154,753	2,100		1,984
		29,090		1,984
		1,762,263		674,966
<u>Rupiah</u>				
Deposit Certificates of Bank Indonesia		35,482,251		6,023,957
Bonds		2,994,315		2,141,239
Mutual Funds		1,086,590		552,481
Subordinated bonds		796,981		812,649
Negotiable Certificate of Deposits		686,354		-
Medium-Term Notes		57,000		40,000
Certificates of Bank Indonesia		-		8,895,833
Others		103,528		82,796
		41,207,019		18,548,955
<u>United States Dollar</u>				
Certificates of Bank Indonesia	445,640,048	6,046,221	276,240,564	3,721,651
Bonds	32,756,717	444,427	59,913,082	807,179
U.S. Treasury Bonds	17,316,502	234,941	25,822,008	347,887
		6,725,589		4,876,717
<u>Singapore Dollar</u>				
Monetary Authority of Singapore (MAS) Bills	42,460,236	431,165	35,000,048	325,918
Singapore Government Securities	18,167,760	184,486	21,338,863	198,706
		615,651		524,624
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Government bonds		50,412,771		21,158,568
Bonds		6,078,903		2,408,561
Mutual Funds		418,278		373,303
Medium-Term Notes		150,000		155,074
Negotiable Certificate of Deposits		77,807		-
Others		102,264		77,508
		57,240,023		24,173,014
<u>United States Dollar</u>				
Government bonds	1,739,665,407	23,602,910	1,441,010,726	19,414,017
Bonds	53,137,755	720,946	106,060,345	1,428,898
		24,323,856		20,842,915
<u>European Euro</u>				
Government bonds	50,205,906	815,155	37,108,474	526,041
		130,927,293		69,492,266



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

a) By Purpose, Currency and Type (continued):

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Held to maturity				
<u>Third parties</u>				
Rupiah				
Bonds		1,182,953		1,444,330
Deposit Certificates of Bank Indonesia		597,476		-
Sharia Certificates of Bank Indonesia (SBIS)		250,000		1,650,000
Medium-Term Notes		150,000		150,000
Negotiable Certificate of Deposits		106,968		660,243
Subordinated bonds		20,000		60,000
Certificates of Bank Indonesia		-		2,009,192
	<u>2,307,397</u>			<u>5,973,765</u>
United States Dollar				
Promissory Notes		-	2,000,000	26,945
Others	37,463,410	508,285	43,108,406	580,778
	<u>508,285</u>			<u>607,723</u>
<u>Related parties (Note 44)</u>				
Rupiah				
Government bonds		30,170,232		32,185,729
Bonds		3,027,090		2,567,989
Negotiable Certificate of Deposits		155,453		808,282
Medium-Term Notes		-		99,710
	<u>33,352,775</u>			<u>35,661,710</u>
United States Dollar				
Government bonds	1,302,517,859	17,671,911	1,391,260,144	18,743,752
Bonds	14,344,879	194,624	54,871,034	739,250
	<u>17,866,535</u>			<u>19,483,002</u>
European Euro				
Government bonds	12,003,295	194,888	12,039,541	170,670
	<u>54,229,880</u>			<u>61,896,870</u>
Total		186,919,436		132,064,102
Less allowance for impairment losses		(758)		(758)
Net	<u>186,918,678</u>			<u>132,063,344</u>

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

b) By Collectibility:

As of December 31, 2017 and 2016, all securities are classified as 'Current', except for Bonds I Year 2003 issued by PT Great River International which is classified as 'Loss'. The bond is owned by PT Asuransi BRI Life (subsidiary) with a nominal value of Rp758, and has already matured on October 13, 2008.

Based on the above, BRI Life management has established allowance for impairment losses amounting to Rp758 as of December 31, 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, 2017	December 31, 2016
Third Parties		
Rupiah		
≤ 1 month	43,039,517	19,419,942
> 1 month - 3 months	782,535	308,968
> 3 months - 1 year	494,140	4,168,321
> 1 year	616,737	1,110,851
	<hr/>	<hr/>
	44,932,929	25,008,082
Foreign currencies		
≤ 1 month	7,507,182	5,401,340
> 1 month - 3 months	206,371	267,955
> 3 months - 1 year	143,338	339,769
	<hr/>	<hr/>
	7,856,891	6,009,064
	<hr/>	<hr/>
	52,789,820	31,017,146
Related parties (Note 44)		
Rupiah		
≤ 1 month	57,982,462	25,393,914
> 1 month - 3 months	4,557,673	4,151,328
> 3 months - 1 year	2,034,387	3,685,462
> 1 year	26,325,570	26,791,640
	<hr/>	<hr/>
	90,900,092	60,022,344
Foreign currencies		
≤ 1 month	26,127,056	21,362,145
> 1 month - 3 months	-	504,355
> 3 months - 1 year	3,161,410	996,873
> 1 year	13,941,058	18,161,239
	<hr/>	<hr/>
	43,229,524	41,024,612
	<hr/>	<hr/>
	134,129,616	101,046,956
Total	186,919,436	132,064,102
Less allowance for impairment losses	(758)	(758)
Net	<hr/>	<hr/>
	186,918,678	132,063,344



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017	December 31, 2016
Fair value through profit or loss		
Rupiah		
Fixed Rate	70,418	63,762
Republic of Indonesia Bonds	53,904	-
Sukuk Government Bonds	43,516	20,984
	<hr/> 167,838	<hr/> 84,746
Foreign currencies		
Republic of Indonesia Bonds	26,990	-
	<hr/> 194,828	<hr/> 84,746
Available for sale		
Rupiah		
Fixed Rate	31,565,767	16,299,512
Sukuk Government Bonds	9,383,086	3,249,526
Government Treasury Bills	8,568,221	888,536
Republic of Indonesia Bonds	895,697	720,994
	<hr/> 50,412,771	<hr/> 21,158,568
Foreign currencies		
United States Dollar Fixed Rate	19,407,161	14,539,987
Sukuk Government Bonds	4,195,749	4,874,030
European Euro Government Bonds	815,155	526,041
U.S. Treasury Bonds	234,941	347,887
Singapore Government Securities (SIGB)	184,486	198,706
	<hr/> 24,837,492	<hr/> 20,486,651
	<hr/> 75,250,263	<hr/> 41,645,219

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017	December 31, 2016
Held to maturity		
Rupiah		
Fixed Rate	15,772,583	14,005,826
Sukuk Government Bonds	12,676,512	14,933,145
Government Treasury Bills	1,587,418	2,327,809
Republic of Indonesia Bonds	133,719	918,949
	<hr/> 30,170,232	<hr/> 32,185,729
Foreign currencies		
Sukuk Government Bonds	11,524,572	11,579,660
Fixed Rate	6,147,339	7,164,092
European Euro Government Bonds	194,888	170,670
	<hr/> 17,866,799	<hr/> 18,914,422
	<hr/> 48,037,031	<hr/> 51,100,151
Total	<u>123,482,122</u>	<u>92,830,116</u>

Information regarding interest rates and maturity date are as follows:

	December 31, 2017	
	Annual Interest Rate (%)	Maturity Date
Fair value through profit or loss		
Rupiah		
Fixed Rate		
FR0064	6.13	May 15, 2028
FR0065	6.63	May 15, 2033
FR0074	7.50	August 15, 2032
FR0075	7.50	May 15, 2038
Republic of Indonesia Bonds		
ORI012	9.00	October 15, 2018
ORI014	5.85	October 15, 2020
Sukuk Government Bonds		
IFR0006	10.25	March 15, 2030
PBS005	6.75	April 15, 2043
PBS006	8.25	September 15, 2020
PBS011	8.75	August 15, 2023
PBS012	6.50	November 15, 2031
PBS013	6.25	May 15, 2019
SR007	8.25	March 11, 2018
SR009	6.90	March 10, 2020



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 date are as follows (continued):

	December 31, 2017	
	Annual Interest Rate (%)	Maturity Date
<u>Fair value through profit or loss (continued)</u>		
United States Dollar		
Republic of Indonesia Bonds		
ORI0123	2.95	January 11, 2023
<u>Available for sale</u>		
Rupiah		
Fixed Rate		
FR0035	12.90	June 15, 2022
FR0040	11.00	September 15, 2025
FR0053	8.25	July 15, 2021
FR0059	7.00	May 15, 2027
FR0061	7.00	May 15, 2022
FR0063	5.63	May 15, 2023
FR0064	6.13	May 15, 2028
FR0069	7.88	April 15, 2019
FR0074	7.50	August 15, 2032
FR0075	7.50	May 15, 2038
Sukuk Government Bonds		
PBS003	6.00	January 15, 2027
PBS004	6.10	February 15, 2037
PBS005	6.75	April 15, 2043
PBS006	8.25	September 15, 2020
PBS007	9.00	September 15, 2040
PBS009	7.75	January 25, 2018
PBS011	8.75	August 15, 2023
PBS012	8.88	November 15, 2031
PBS013	6.25	May 15, 2019
PBS014	6.50	May 15, 2021
SR007	8.25	March 11, 2018
SR008	8.30	March 10, 2019
SR009	6.90	March 10, 2020
IFR002	11.95	August 15, 2018
Government Treasury Bills	varies	varies
Republic of Indonesia Bonds		
ORI012	9.00	October 15, 2018
ORI013	6.60	October 15, 2019
ORI014	5.85	October 15, 2020

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 date are as follows (continued):

	December 31, 2017	
	Annual Interest Rate (%)	Maturity Date
<u>Available for sale (continued)</u>		
<u>Foreign currencies</u>		
United States Dollar Fixed Rate		
RI0018	6.88	January 17, 2018
RI0122	3.70	January 8, 2022
RI0125	4.13	January 15, 2025
RI0126	2.95	June 1, 2026
RI0320	5.88	March 13, 2020
RI0422	3.75	April 25, 2022
RI0521	4.88	May 5, 2021
RI0626	2.95	June 24, 2026
RI190304	11.63	March 4, 2019
U.S. Treasury Bonds	varies	varies
European Euro Government Bonds		
RIEUR0275	3.38	July 30, 2025
RIEUR0623	2.63	June 14, 2023
RIEUR0721	2.88	July 8, 2021
RIEUR0724	2.15	July 18, 2024
Singapore Government Securities		
SIGB 060126	2.13	June 1, 2026
Sukuk Government Bonds		
INDOIS 18	4.00	November 21, 2018
INDOIS 19S	6.13	March 15, 2019
INDOIS 21	3.40	March 31, 2021
INDOIS 21A	3.40	March 29, 2021
INDOIS 22	3.40	March 29, 2022
INDOIS 25	4.33	May 28, 2025
INDOIS 26	4.55	March 29, 2026
INDOIS 24	4.35	September 10, 2024
<u>Held to maturity</u>		
<u>Rupiah</u>		
Fixed Rate		
FR0034	12.80	June 15, 2021
FR0038	11.60	August 15, 2018
FR0039	11.75	August 15, 2023
FR0040	11.00	September 15, 2025
FR0042	10.25	July 15, 2027
FR0043	10.25	July 15, 2022
FR0044	10.00	September 15, 2024
FR0045	9.75	May 15, 2037
FR0046	9.50	July 15, 2023
FR0047	10.00	February 15, 2028



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 date are as follows (continued):

	December 31, 2017	Annual Interest Rate (%)	Maturity Date
<u>Held to maturity (continued)</u>			
<u>Rupiah (continued)</u>			
Sukuk Government Bonds			
SR007	8.25		March 11, 2018
PBS001	4.45		February 15, 2018
PBS002	5.45		January 15, 2022
PBS003	6.00		January 15, 2027
PBS004	6.10		February 15, 2037
PBS006	8.25		September 15, 2020
PBS009	7.75		January 25, 2018
PBS011	8.75		August 15, 2023
PBS014	6.50		May 15, 2021
IFR0007	10.25		January 15, 2025
Government Treasury Bills	varies		varies
Republic of Indonesia Bonds			
ORI012	9.00		October 15, 2018
ORI013	6.60		October 15, 2019
<u>Foreign currencies</u>			
Sukuk Government Bonds			
INDOIS 18	4.00		November 21, 2018
INDOIS 19	6.13		March 15, 2019
INDOIS 19S	6.13		March 15, 2019
INDOIS 21	3.40		March 31, 2021
INDOIS 21A	3.40		March 29, 2021
INDOIS 22	3.40		March 29, 2022
INDOIS 24	4.35		September 10, 2024
INDOIS 25	4.33		May 28, 2025
INDOIS 26	4.55		March 29, 2026
Fixed Rate			
RI0018	6.88		January 17, 2018
RI0124	5.88		January 15, 2024
RI0126	4.75		January 8, 2026
RI0320	5.88		March 13, 2020
RI0422	3.75		April 25, 2022
RI0521	4.88		May 5, 2021
RI1023	5.38		October 17, 2023
RI190304	11.63		March 4, 2019
USDFR0002	4.05		June 24, 2026
European Euro Government Bonds			
RIEUR0623	2.62		June 14, 2023
RIEUR0721	2.87		July 8, 2021
RIEUR0725	3.37		July 30, 2025

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

The market values of Government bonds classified as "Fair Value through Profit or Loss" and "Available for Sale" ranged from 84.99% to 149.63% and 74.48% to 135.63% as of December 31, 2017 and 2016, respectively.

d.2. Bonds

The details of bonds are as follows:

	Fair Value/Carrying Value	
	December 31, 2017	December 31, 2016
Fair value through profit or loss		
Third parties		
Rupiah		
PT Surya Artha Nusantara Finance	15,335	19,740
PT Medco Energi Internasional Tbk	7,491	10,160
PT Adira Dinamika Multi Finance Tbk	7,248	7,238
PT Summarecon Agung Tbk	3,120	5,103
PT Indosat Tbk	2,639	2,597
Others	-	9,578
	<hr/> 35,833	<hr/> 54,416
Related parties (Note 44)		
Rupiah		
PT Pupuk Indonesia (Persero)	30,633	-
PT Perusahaan Listrik Negara (Persero)	4,912	1,812
Others	-	8,517
	<hr/> 35,545	<hr/> 10,329
	<hr/> 71,378	<hr/> 64,745
Available for sale		
Third parties		
Rupiah		
PT Bank OCBC NISP Tbk	404,543	246,165
PT Adira Dinamika Multi Finance Tbk	294,642	106,133
PT Bank CIMB Niaga Tbk	274,488	129,375
PT Bank Pan Indonesia Tbk	264,344	243,247
PT Astra Sedaya Finance	232,123	365,786
PT Maybank Indonesia Finance	187,393	35,581
PT Bank UOB Indonesia	156,774	132,589
PT Toyota Astra Financial Services	119,100	126,881
PT Bank Tabungan Pensiunan Nasional Tbk	105,866	64,869
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	90,165	-
Others	864,877	690,613
	<hr/> 2,994,315	<hr/> 2,141,239



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

The details of bonds are as follows (continued):

	Fair Value/Carrying Value	
	December 31, 2017	December 31, 2016
<u>Available for sale (continued)</u>		
<u>Third Parties (continued)</u>		
<u>Foreign currencies</u>		
JP Morgan Chase Bank, N.A.	80,834	105,320
Alibaba Group Holding Ltd.	69,971	66,622
Oversea-Chinese Banking Corporation	56,307	54,283
Xerox Corporation	40,117	38,655
Macy's Inc.	26,108	26,298
Province of Ontario	12,987	12,978
Bank of America	10,245	9,786
Citigroup Inc.	10,164	9,792
Wells Fargo & Company	9,774	9,669
AT&T, Inc.	8,667	8,289
Others	119,253	465,487
	<hr/> 444,427	<hr/> 807,179
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Lembaga Pembiayaan Ekspor Indonesia	1,126,131	535,518
PT Bank Tabungan Negara (Persero) Tbk	783,305	349,854
PT Bank Mandiri (Persero) Tbk	682,133	48,979
PT Bank Negara Indonesia (Persero) Tbk	461,890	-
PT Sarana Multigriya Finansial (Persero)	450,181	157,814
PT Indonesia Power	383,547	-
PT Jasa Marga (Persero) Tbk	318,613	275,649
PT Pegadaian (Persero)	299,507	105,224
PT Waskita Karya (Persero) Tbk	320,350	287,893
PT Perusahaan Listrik Negara (Persero)	280,192	144,717
Others	973,054	502,913
	<hr/> 6,078,903	<hr/> 2,408,561
<u>Foreign currencies</u>		
PT Pertamina (Persero)	352,610	257,029
PT Perusahaan Listrik Negara (Persero)	237,779	146,181
PT Perusahaan Gas Negara (Persero) Tbk	79,766	100,658
PT Pelabuhan Indonesia III (Persero)	36,918	100,613
PT Pelabuhan Indonesia II (Persero)	13,873	209,527
Others	-	614,890
	<hr/> 720,946	<hr/> 1,428,898
	<hr/> 10,238,591	<hr/> 6,785,877

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Obligasi (continued)

The details of bonds are as follows (continued):

	Fair Value/Carrying Value	
	December 31, 2017	December 31, 2016
Held to maturity		
Third parties		
Rupiah		
PT Bank Pan Indonesia Tbk	185,441	147,385
PT Bank OCBC NISP Tbk	145,046	145,157
PT Bank UOB Indonesia	85,242	85,369
PT BCA Finance	76,976	143,105
PT Bank Maybank Indonesia Tbk	75,000	74,713
PT Bank CIMB Niaga Tbk	51,118	93,205
PT Indonesia Infrastructure Finance	49,998	50,000
PT Toyota Astra Financial Services	32,998	33,000
PT Astra Sedaya Finance	28,020	39,221
PT Adira Dinamika Multi Finance Tbk	20,012	106,083
Others	433,102	527,092
	<hr/> 1,182,953	<hr/> 1,444,330
Related parties (Note 44)		
Rupiah		
PT Pupuk Indonesia (Persero)	940,237	116,011
PT Bank Tabungan Negara (Persero) Tbk	506,341	506,239
PT Pegadaian (Persero)	328,125	464,436
Lembaga Pembiayaan Ekspor Indonesia	260,186	308,272
PT Telekomunikasi Indonesia (Persero) Tbk	237,256	231,282
PT Jasa Marga (Persero) Tbk	114,864	172,418
PT Aneka Tambang (Persero) Tbk	95,000	95,000
PT Mandiri Tunas Finance	89,996	124,075
PT Sarana Multigriya Finansial (Persero)	30,000	138,766
PT Sarana Multi Infrastruktur (Persero)	16,101	29,178
Others	408,984	382,312
	<hr/> 3,027,090	<hr/> 2,567,989
Foreign currencies		
PT Perusahaan Listrik Negara (Persero)	55,314	62,902
PT Perusahaan Gas Negara (Persero) Tbk	53,727	52,148
PT Pelabuhan Indonesia II (Persero)	35,126	33,863
PT Pertamina (Persero)	28,646	34,514
PT Pelabuhan Indonesia III (Persero)	21,811	21,353
Others	-	534,470
	<hr/> 194,624	<hr/> 739,250
	<hr/> 4,404,667	<hr/> 4,751,569
Total	<hr/>14,714,636	<hr/>11,602,191



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 date and ratings are as follows:

	December 31, 2017		
	Annual Interest Rate (%)	Maturity Date	Rating ^{*)}
<u>Fair value through profit or loss</u>			
<u>Third parties</u>			
PT Adira Dinamika Multi Finance Tbk			
Berkelanjutan II Phase II Year 2013 Series C	11.00	October 24, 2018	idAAA
PT Indosat Tbk			
Berkelanjutan I Phase I Year 2014 Series B	10.30	December 12, 2019	idAAA
PT Medco Energi Internasional Tbk			
Berkelanjutan II Phase I Year 2016 Series B	11.30	July 15, 2021	idA+
PT Surya Artha Nusantara Finance			
Berkelanjutan II Phase I Year 2016 Series B	9.00	June 9, 2019	idAA-
PT Summarecon Agung Tbk			
Sukuk Ijarah Berkelanjutan I Phase I Year 2013	10.85	December 11, 2018	idA+(sy)
Sukuk Ijarah Berkelanjutan I Phase II Year 2014	11.50	October 10, 2019	idA+(sy)
<u>Related parties (Note 44)</u>			
PT Pupuk Indonesia (Persero)			
Berkelanjutan I Phase II Year 2017 Series A	7.50	November 9, 2020	AAA
PT Perusahaan Listrik Negara (Persero)			
Sukuk Ijarah Berkelanjutan I Phase I Year 2013	8.00	July 5, 2020	idAAA(sy)
Sukuk Ijarah V Year 2010 Series B	10.40	July 8, 2022	idAAA(sy)
<u>Available for sale</u>			
<u>Third Parties</u>			
<u>Rupiah</u>			
PT Bank OCBC NISP Tbk			
Phase II Year 2015 Series C	9.80	February 10, 2018	idAAA
Berkelanjutan II Phase I Year 2016 Series C	8.25	May 11, 2019	idAAA
Berkelanjutan II Phase II Year 2017 Series C	7.70	August 22, 2020	idAAA
PT Bank CIMB Niaga Tbk			
Berkelanjutan I Phase II Year 2013 Series C	9.75	November 20, 2018	idAAA
Berkelanjutan II Phase I Year 2016 Series C	8.25	November 3, 2021	idAAA
Berkelanjutan II Phase II Year 2017 Series B	7.70	August 23, 2020	idAAA
Berkelanjutan II Phase II Year 2017 Series C	8.15	August 23, 2022	idAAA
PT Bank Pan Indonesia Tbk			
Berkelanjutan II Phase I Year 2016	9.15	June 28, 2021	idAA
Berkelanjutan II Phase II Year 2016	8.75	October 27, 2021	idAA
PT Adira Dinamika Multi Finance Tbk			
Berkelanjutan II Phase II Year 2013 Series C	11.00	October 24, 2018	idAAA
Berkelanjutan III Phase I Year 2015 Series A	9.50	June 30, 2018	idAAA
Berkelanjutan III Phase II Year 2015 Series B	9.50	August 25, 2018	idAAA
Berkelanjutan III Phase II Year 2015 Series C	10.25	August 25, 2020	idAAA
Berkelanjutan III Phase IV Year 2016 Series B	8.75	July 26, 2019	idAAA
Berkelanjutan III Phase V Year 2017 Series A	7.50	April 2, 2018	idAAA
Berkelanjutan III Phase V Year 2017 Series B	8.60	March 22, 2020	idAAA
Berkelanjutan III Phase V Year 2017 Series C	8.90	March 22, 2022	idAAA
Berkelanjutan III Phase VI Year 2017 Series B	8.10	July 14, 2020	idAAA
Berkelanjutan IV Phase I Year 2017 Series C	7.55	December 12, 2022	idAAA
Berkelanjutan II Phase I Year 2013 Series D	8.90	March 1, 2018	idAAA
Berkelanjutan III Phase I Year 2015 Series B	10.25	June 30, 2020	idAAA
PT Astra Sedaya Finance			
Berkelanjutan III Phase IV Year 2017 Series A	6.25	November 12, 2018	idAAA
Berkelanjutan III Phase IV Year 2017 Series B	7.50	November 2, 2020	idAAA
Berkelanjutan III Phase II Year 2016 Series B	7.95	October 18, 2019	idAAA
Berkelanjutan II Phase V Year 2015 Series B	9.25	July 2, 2018	idAAA
Berkelanjutan III Phase I Year 2016 Series B	8.50	May 11, 2019	idAAA
Berkelanjutan III Phase III Year 2017 Series C	8.75	March 3, 2022	idAAA
Berkelanjutan III Phase III Year 2017 Series B	8.50	March 3, 2020	idAAA

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 date and ratings are as follows (continued):

	31 December 2017		
	Annual Interest Rate (%)	Maturity Date	Rating
<u>Available for sale (continued)</u>			
<u>Third parties (continued)</u>			
<u>Rupiah (continued)</u>			
PT Maybank Indonesia Finance			
Berkelanjutan III Phase III Year 2017 Series C	7.75	November 9, 2020	idAA- ^(*)
Berkelanjutan I Phase I Year 2015 Series A	10.35	April 12, 2018	idAA+ ^(*)
Berkelanjutan I Phase II Year 2016 Series A	9.10	April 13, 2019	idAA+ ^(*)
Berkelanjutan I Phase III Year 2016 Series A	8.30	November 3, 2019	idAA+ ^(*)
Berkelanjutan III Phase II Year 2017 Series A	8.00	March 12, 2018	idAA- ^(*)
Phase II Year 2013 Series B	8.25	June 19, 2018	idAA+ ^(*)
PT Bank UOB Indonesia			
Berkelanjutan I Phase I Year 2016 Series B	8.00	November 25, 2019	idAAA ^(*)
Phase I Year 2015 Series B	9.40	April 1, 2018	idAAA ^(*)
Phase I Year 2015 Series C	9.60	April 1, 2020	idAAA ^(*)
Berkelanjutan I Phase I Year 2016 Series B	8.00	November 25, 2019	idAAA ^(*)
Berkelanjutan I Phase I Year 2016 Series C	8.25	June 30, 2021	idAAA ^(*)
PT Toyota Astra Financial Services			
Berkelanjutan I Phase III Year 2015 Series B	9.50	November 6, 2018	idAAA ^(*)
Berkelanjutan I Phase II Year 2015 Series B	9.25	June 11, 2018	idAAA ^(*)
Berkelanjutan II Phase I Year 2016 Series B	8.40	June 1, 2019	idAAA ^(*)
Berkelanjutan II Phase II Year 2017 Series B	8.50	February 14, 2020	idAAA ^(*)
PT Bank Tabungan Pensiunan Nasional Tbk			
Berkelanjutan III Phase II Year 2017 Series B	7.50	October 17, 2020	idAAA ^(*)
Berkelanjutan I Phase III Year 2013 Series B	8.25	March 5, 2018	idAAA ^(*)
Berkelanjutan II Phase I Year 2013 Series B	8.25	July 4, 2018	idAAA ^(*)
Berkelanjutan I Phase III Year 2013 Series B	8.25	March 5, 2018	idAAA ^(*)
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk			
Berkelanjutan I Phase I Year 2017 Series B	8.15	December 6, 2022	idAA- ^(*)
<u>Foreign currencies</u>			
JP Morgan Chase Bank, N.A.			
JP Morgan Chase Bank, N.A.	4.95	March 25, 2020	A3 ^(**)
JP Morgan Chase Bank, N.A.	3.20	June 15, 2026	A3 ^(**)
Alibaba Group Holding Ltd.			
Alibaba Group Holding Ltd.	3.80	November 28, 2024	A1 ^(*)
Oversea-Chinese Banking Corporation			
OCBCSP 061924	4.25	June 19, 2024	Aaa ^(***)
Xerox Corporation			
Xerox Corporation	2.95	May 15, 2024	Baa3 ^(**)
Macy's Inc.			
Macy's Inc.	3.10	June 1, 2024	Baa3 ^(**)
Province of Ontario			
Province of Ontario	4.40	April 14, 2020	Aa2 ^(**)
Bank of America			
Bank of America	3.30	January 11, 2023	A3 ^(**)
Bank of America	3.00	December 20, 2023	A3 ^(**)
Bank of America	3.50	April 19, 2026	A3 ^(**)
Bank of America	3.30	January 11, 2023	A3 ^(**)
Bank of America	5.63	July 1, 2020	A3 ^(**)
Citigroup Inc.			
Citigroup Inc.	2.65	October 26, 2020	Baa1 ^(**)
Citigroup Inc.	3.75	June 16, 2024	Baa1 ^(**)
Wells Fargo & Company			
Wells Fargo & Company	2.60	July 22, 2020	A2 ^(**)
Wells Fargo & Company	3.50	March 8, 2022	A2 ^(**)
AT&T, Inc.			
AT&T, Inc.	4.95	February 15, 2019	Baa1 ^(**)
AT&T, Inc.	4.45	May 15, 2021	Baa1 ^(**)



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 date and ratings are as follows (continued):

	December 31, 2017		
	Annual Interest Rate (%)	Maturity Date	Rating ¹⁾
<u>Available for sale (continued)</u>			
<u>Related parties (Note 44)</u>			
Rupiah			
Lembaga Pembiayaan Ekspor Indonesia			
Berkelanjutan II Phase V Year 2015 Series C	9.50	March 13, 2020	idAAA
Berkelanjutan I Phase I Year 2011 Series C	8.50	December 20, 2018	idAAA
Berkelanjutan III Phase III Year 2016 Series B	7.85	November 22, 2019	idAAA
Berkelanjutan III Phase III Year 2016 Series D	8.50	November 22, 2023	idAAA
Berkelanjutan III Phase IV Year 2017 Series B	8.40	February 23, 2020	idAAA
Berkelanjutan III Phase V Year 2017 Series C	8.25	August 15, 2024	idAAA
Berkelanjutan III Phase I Year 2016 Series B	8.20	June 8, 2019	idAAA
Berkelanjutan III Phase I Year 2016 Series C	8.70	June 8, 2021	idAAA
Berkelanjutan II Phase VI Year 2015 Series B	9.20	September 16, 2018	idAAA
Berkelanjutan II Phase VI Year 2015 Series C	9.50	September 16, 2020	idAAA
Berkelanjutan III Phase II Year 2016 Series B	7.95	August 25, 2019	idAAA
Berkelanjutan III Phase III Year 2016 Series C	8.20	November 22, 2021	idAAA
Berkelanjutan III Phase IV Year 2017 Series C	8.90	February 23, 2022	idAAA
Berkelanjutan II Phase VII Year 2016 Series C	9.60	February 19, 2021	idAAA
Berkelanjutan II Phase I Year 2014 Series D	9.75	June 5, 2019	idAAA
Berkelanjutan II Phase V Year 2015 Series B	9.00	March 13, 2018	idAAA
Berkelanjutan II Phase VII Year 2016 Series B	9.25	February 19, 2019	idAAA
PT Bank Tabungan Negara (Persero) Tbk			
Berkelanjutan II Phase I Year 2015 Series A	9.63	July 8, 2018	idAA+
Berkelanjutan II Phase I Year 2015 Series B	9.88	July 8, 2020	idAA+
Berkelanjutan II Phase I Year 2015 Series C	10.00	July 8, 2022	idAA+
Berkelanjutan II Phase II Year 2016 Series A	8.20	August 30, 2019	idAA+
Berkelanjutan II Phase II Year 2016 Series B	8.75	August 30, 2021	idAA+
Berkelanjutan III Phase I Year 2017 Series A	8.30	July 13, 2020	idAA+
Berkelanjutan III Phase I Year 2017 Series B	8.50	July 13, 2022	idAA+
Phase XIV Year 2010	10.25	June 11, 2020	idAA+
Berkelanjutan I Phase II Year 2013	7.90	March 27, 2023	idAA+
PT Bank Mandiri (Persero) Tbk			
Berkelanjutan I Phase II Year 2017 Series A	8.00	June 15, 2022	idAAA
Berkelanjutan I Phase II Year 2017 Series B	8.50	June 15, 2024	idAAA
Berkelanjutan I Phase I Year 2016 Series A	7.95	September 30 2021	idAAA
PT Bank Negara Indonesia (Persero) Tbk			
Berkelanjutan I Phase I Year 2017	8.00	July 11, 2022	idAAA
PT Sarana Multigriya Finansial (Persero)			
Berkelanjutan III Phase I Year 2015 Series B	9.25	July 7, 2018	idAAA
Berkelanjutan III Phase VI Year 2016	8.60	September 27, 2021	idAAA
Berkelanjutan III Phase VII Year 2017 Series B	8.40	March 2, 2020	idAAA
Berkelanjutan IV Phase I Year 2017 Series B	7.80	June 20, 2020	idAAA
PT Indonesia Power			
Eba Danareksa I Year 2017 Class A	8.02	September 19, 2022	idAAA(sf)
PT Jasa Marga (Persero) Tbk			
Berkelanjutan I Phase I Year 2013 Series S Series C	8.90	September 27, 2018	idAA
Berkelanjutan I Phase II Year 2014 Series T	9.85	September 19, 2019	idAA
Phase XIV Year 2010 Series JM-10 T	9.35	October 12, 2020	idAA
Komodo 11122020	7.50	December 11, 2020	Baa3
PT Pegadaian (Persero)			
Berkelanjutan I Phase II Year 2012 Series D	7.75	February 14, 2019	idAAA
Berkelanjutan II Phase I Year 2013 Series D	8.00	July 9, 2020	idAAA
Berkelanjutan II Phase III Year 2015 Series B	9.25	May 7, 2018	idAAA
Berkelanjutan II Phase III Year 2015 Series C	9.50	May 7, 2020	idAAA
Berkelanjutan III Phase I Year 2017 Series C	7.70	October 3, 2022	idAAA
Berkelanjutan III Phase I Year 2017 Series A	6.55	October 13, 2018	idAAA
Berkelanjutan III Phase I Year 2017 Series B	7.40	October 3, 2020	idAAA
PT Waskita Karya (Persero) Tbk			
Berkelanjutan I Phase II Year 2015 Series A	10.40	October 16, 2018	idA-
Berkelanjutan I Phase II Year 2015 Series B	11.10	October 16, 2020	idA-
Berkelanjutan II Phase I Year 2016	9.25	June 10, 2019	idA-
Berkelanjutan II Phase II Year 2016	8.50	September 28, 2021	idA-
Berkelanjutan II Phase III Year 2017 Series B	9.00	February 21, 2022	idA-
Berkelanjutan III Phase I Year 2017 Series A	8.00	October 6, 2020	A-
Berkelanjutan III Phase I Year 2017 Series B	8.50	October 6, 2022	idA-

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 date and ratings are as follows (continued):

	December 31, 2017		
	Annual Interest Rate (%)	Maturity Date	Rating ¹⁾
Available for sale (continued)			
Related parties (Note 44) (continued)			
Rupiah (continued)			
PT Perusahaan Listrik Negara (Persero) <i>Berkelanjutan II Phase II Year 2017 Series C</i>	8.20	November 3, 2027	idAAA
United States Dollar			
PT Pertamina (Persero) Year 2023	4.30	May 20, 2023	Baa3
Year 2022	4.88	May 3, 2022	Baa3
Year 2021	5.25	May 23, 2021	Baa3
PT Perusahaan Listrik Negara (Persero) Year 2021	5.50	November 22, 2021	Baa3
Year 2027	4.13	May 15, 2027	Baa3
PT Pelabuhan Indonesia III (Persero) Year 2024	4.88	October 1, 2024	Baa3
PT Perusahaan Gas Negara (Persero) Tbk Year 2024	5.13	May 16, 2024	Baa3
PT Pelabuhan Indonesia II (Persero) Year 2025	4.25	May 5, 2025	Baa3
Held to maturity			
Third parties			
Rupiah			
PT Bank Pan Indonesia Tbk <i>Berkelanjutan II Phase I Year 2016</i>	9.15	June 28, 2021	AA
<i>Berkelanjutan II Phase II Year 2016</i>	8.75	October 27, 2021	AA
PT Bank OCBC NISP Tbk <i>Berkelanjutan I Phase II Year 2015 Series C</i>	9.80	February 10, 2018	idAAA
<i>Berkelanjutan II Phase I Year 2016 Series C</i>	8.25	May 11, 2019	idAAA
<i>Berkelanjutan II Phase I Year 2016 Series B</i>	8.00	May 11, 2018	idAAA
PT Bank UOB Indonesia Phase I Year 2015 Series B	9.40	April 1, 2018	AAA
Phase I Year 2015 Series C	9.60	April 1, 2020	AAA
<i>Berkelanjutan I Phase I Year 2016 Series B</i>	8.00	November 25, 2019	AAA
PT BCA Finance <i>Berkelanjutan II Phase I Year 2015 Series C</i>	9.00	March 20, 2018	idAAA
PT Bank Maybank Indonesia Tbk <i>Sukuk Mudharabah Berkelanjutan I Phase II Year 2016</i>	8.25	June 10, 2019	idAAA(sy)
PT Bank CIMB Niaga Tbk <i>Berkelanjutan I Phase II Year 2013 Series C</i>	9.75	November 20, 2018	idAAA
PT Indonesia Infrastructure Finance Phase I Year 2016 Series B	8.70	July 19, 2021	idAAA
PT Toyota Astra Financial Services <i>Berkelanjutan II Phase I Year 2016 Series B</i>	8.40	June 1, 2019	AAA
PT Astra Sedaya Finance <i>Berkelanjutan II Phase V Year 2015 Series B</i>	9.25	July 2, 2018	AAA
<i>Berkelanjutan III Phase I Year 2016 Series B</i>	8.50	May 11, 2019	AAA
PT Adira Dinamika Multi Finance Tbk <i>Berkelanjutan III Phase I Year 2015 Series A</i>	9.50	June 30, 2018	idAAA
<i>Berkelanjutan II Phase I Year 2013 Series D</i>	8.90	March 1, 2018	idAAA
Related parties (Note 44)			
Rupiah			
PT Pupuk Indonesia (Persero) <i>Berkelanjutan I Phase II Year 2017 Series A</i>	7.50	November 9, 2020	AAA
<i>Phase I Year 2014 Series B</i>	9.95	July 8, 2019	AAA
PT Bank Tabungan Negara (Persero) Tbk Phase XIV Year 2010	10.25	June 11, 2020	idAA+
Phase XV Year 2011	9.50	June 28, 2021	idAA+
<i>Berkelanjutan I Phase I Year 2012</i>	7.90	June 5, 2022	idAA+
<i>Berkelanjutan I Phase II Year 2013</i>	7.90	March 27, 2023	idAA+
<i>Berkelanjutan II Phase I Year 2015 Series A</i>	9.63	July 8, 2018	idAA+
<i>Berkelanjutan II Phase I Year 2015 Series B</i>	9.88	July 8, 2020	idAA+



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 date and ratings are as follows (continued):

	December 31, 2017		
	Annual Interest Rate (%)	Maturity Date	Rating ^{*)}
<u>Held to maturity(continued)</u>			
<u>Related parties (Note 44) (continued)</u>			
<u>Rupiah (continued)</u>			
PT Bank Tabungan Negara (Persero) Tbk (continued)			
Berkelanjutan II Phase I Year 2015 Series C	10.00	July 8, 2022	idAA+
Phase XIV Year 2010	10.25	June 11, 2020	idAA+
Berkelanjutan I Phase II Year 2013	7.90	March 27, 2023	idAA+
Berkelanjutan II Phase II Year 2016 Series A	8.20	August 30, 2019	idAA+
Berkelanjutan II Phase II Year 2016 Series B	8.75	August 30, 2021	idAA+
PT Pegadaian (Persero)			
Berkelanjutan I Phase II Year 2012 Series D	7.75	February 14, 2019	idAAA
Berkelanjutan I Phase I Year 2011 Series C	9.00	October 11, 2021	idAAA
Berkelanjutan II Phase II Year 2014 Series C	9.75	July 11, 2019	idAAA
Berkelanjutan II Phase III Year 2015 Series B	9.25	May 7, 2018	idAAA
Berkelanjutan II Phase III Year 2015 Series C	9.50	May 7, 2020	idAAA
Obligasi X Year 2003 Series B	10.50	July 11, 2018	idAAA
Obligasi XII Year 2009 Series C	12.88	July 1, 2019	idAAA
Lembaga Pembiayaan Ekspor Indonesia			
Berkelanjutan II Phase III Year 2014 Series C	9.75	October 16, 2019	idAAA
Berkelanjutan II Phase V Year 2015 Series B	9.00	March 13, 2018	idAAA
Berkelanjutan II Phase VI Year 2015 Series B	9.20	September 16, 2018	idAAA
Berkelanjutan II Phase VI Year 2015 Series C	9.50	September 16, 2020	idAAA
Berkelanjutan II Phase V Year 2015 Series C	9.50	March 13, 2020	idAAA
PT Telekomunikasi Indonesia (Persero) Tbk			
Berkelanjutan I Phase I Year 2015 Series A	9.93	June 23, 2022	idAAA
Berkelanjutan I Phase I Year 2015 Series D	11.00	June 23, 2045	idAAA
Obligasi II Year 2010 Series B	10.20	July 6, 2020	idAAA
PT Aneka Tambang (Persero) Tbk			
Berkelanjutan I Year 2011 Series A	8.38	December 14, 2018	idBBB+
Berkelanjutan I Year 2011 Series B	9.05	December 14, 2021	idBBB+
PT Mandiri Tunas Finance			
Berkelanjutan II Phase I Year 2015 Series A	10.20	December 18, 2018	idAA+
PT Jasa Marga (Persero) Tbk			
Berkelanjutan I Phase I Year 2013 Series S Series C	8.90	September 27, 2018	idAA
Berkelanjutan I Phase II Year 2014 Series T	9.85	September 19, 2019	idAA
Obligasi XIV Series JM-10 Year 2010	9.35	October 12, 2020	idAA
PT Sarana Multigriya Finansial (Persero)			
Berkelanjutan III Phase I Year 2015 Series B	9.25	July 7, 2018	idAAA
PT Sarana Multi Infrastruktur (Persero)			
Obligasi I Year 2014 Series B	10.00	June 11, 2019	idAAA
<u>United States Dollar</u>			
PT Perusahaan Listrik Negara (Persero)			
Year 2020	7.75	January 20, 2020	BAA3
Year 2021	5.50	November 22, 2021	BAA3
PT Pelabuhan Indonesia II (Persero)			
Year 2025	4.25	May 5, 2025	BAA3
PT Pelabuhan Indonesia III (Persero)			
Year 2024	4.88	October 1, 2024	BAA3
PT Pertamina (Persero)			
Year 2023	4.30	May 20, 2023	BAA3
PT Perusahaan Gas Negara (Persero) Tbk			
Year 2023	4.30	May 20, 2023	BAA3
Year 2024	5.13	May 16, 2024	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}

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.3. Mutual Funds

	December 31, 2017	December 31, 2016
<u>Fair value through profit or loss</u>		
<u>Third parties</u>		
<u>Rupiah</u>		
PT Schroder Investment Management Indonesia	678,836	135,961
PT Trimegah Asset Management	32,761	29,558
PT Sinarmas Asset Management	17,708	56,402
PT Maybank Asset Management	17,356	16,651
PT Batavia Prosperindo Aset Manajemen	17,130	14,772
PT Ciptadana Asset Management	16,387	-
PT BNP Paribas Investment Partners	16,305	12,042
PT Insight Investments Management	10,316	-
PT Manulife Aset Manajemen Indonesia	5,406	5,227
PT Kresna Asset Management	-	2,989
	<u>812,205</u>	<u>273,602</u>
<u>United States Dollar</u>		
PT Schroder Investment Management Indonesia	7,366	-
	<u>819,571</u>	<u>273,602</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
PT Danareksa Investment Management	15,356	14,255
PT PNM Investment Management	3,452	3,287
PT Mandiri Manajemen Investasi	1,253	1,194
PT Bahana TCW Investment Management	1,203	1,050
	<u>21,264</u>	<u>19,786</u>
<u>United States Dollar</u>		
PT Danareksa Investment Management	2,100	1,984
	<u>23,364</u>	<u>21,770</u>
	<u>842,935</u>	<u>295,372</u>
<u>Available for sale</u>		
<u>Third parties</u>		
<u>Rupiah</u>		
PT Insight Investments Management	306,601	108,164
PT Sinarmas Asset Management	145,908	103,965
PT RHB Asset Management Indonesia	115,364	4,902
PT Maybank Asset Management	113,613	61,425
PT Syailendra Asset Management	81,838	48,542
PT Mega Capital Investama	60,862	40,099
PT Manulife Aset Manajemen Indonesia	58,032	7,134
PT Panin Asset Management	49,614	4,227
PT Samuel Aset Manajemen	33,861	-
PT Ashmore Asset Management Indonesia	33,614	-
PT Henan Putihrai Asset Management	29,362	-
PT Trimegah Asset Management	24,748	48,643



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.3. Mutual Funds (continued)

	December 31, 2017	December 31, 2016
<u>Available for sale (continued)</u>		
<u>Third parties (continued)</u>		
Rupiah (continued)		
PT BNP Paribas Investment Partners	18,341	15,790
PT CIMB Principal Asset Management	7,788	8,040
PT Ciptadana Asset Management	3,020	-
PT Pratama Capital Assets Management	2,117	1,843
PT Schroder Investment Management Indonesia	1,341	98,189
PT Indo Premier Sekuritas	566	-
PT MNC Asset Management	-	1,054
PT Indo Premier Investment Management	-	464
	1,086,590	552,481
<u>Related parties (Note 44)</u>		
Rupiah		
PT Danareksa Investment Management	276,548	268,100
PT BNI Asset Management	75,291	50,105
PT Mandiri Manajemen Investasi	60,710	50,017
PT Bahana TCW Investment Management	5,729	5,081
	418,278	373,303
	1,504,868	925,784
	2,347,803	1,221,156

d.4. Negotiable Certificate of Deposits (NCD)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value				
				December 31, 2017	December 31, 2016			
<u>Available for sale</u>								
<u>Third parties</u>								
Rupiah								
PT BPD Jawa Barat dan Banten Tbk								
Phase I 2017 Series A	20,000	7.50	March 21, 2018	19,776	-			
Phase I 2017 Series B	20,000	7.60	June 21, 2018	19,430	-			
Phase II 2017 Series A	100,000	6.85	October 2, 2018	95,287	-			
PT Bank Pembangunan Daerah Nusa Tenggara Timur								
Phase I 2017 Series A	20,000	7.50	November 13, 2018	18,899	-			
PT Bank Sumitomo Mitsui Indonesia								
Phase I 2017 Series A	50,000	5.85	April 11, 2018	49,184	-			
Phase I 2017 Series B	50,000	6.00	July 11, 2018	48,399	-			
Phase I 2017 Series C	50,000	6.15	October 11, 2018	47,559	-			
PT Bank CIMB Niaga Tbk								
Phase III 2017 Series C	50,000	5.95	May 19, 2018	48,798	-			
PT Bank Mizuho Indonesia								
Phase III Year 2017	50,000	5.95	May 17, 2018	48,950	-			
The Bank of Tokyo-Mitsubishi UFJ Ltd.								
Phase I 2017 Series A	35,000	7.10	February 23, 2018	39,659	-			
Phase I 2017 Series B	40,000	7.20	May 29, 2018	38,979	-			

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.4.Negotiable Certificate of Deposits (NCD) (continued)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value				
				December 31, 2017	December 31, 2016			
<u>Available for sale (continued)</u>								
<u>Third parties (continued)</u>								
Rupiah (continued)								
PT Bank KEB Hana Indonesia								
Phase III 2017 Series B	50,000	6.31	March 27, 2018	49,394	-			
Phase III 2017 Series C	50,000	6.52	September 26, 2018	47,953	-			
PT Bank Commonwealth								
Phase I 2017	70,000	6.55	August 31, 2018	67,114	-			
PT Bank Maybank Indonesia Tbk								
Phase IV 2017	50,000	6.15	December 12, 2018	46,973	-			
				<u>686,354</u>	<u>-</u>			
<u>Related parties (Note 44)</u>								
Rupiah								
PT Bank Tabungan Negara (Persero) Tbk								
Phase 1 2017 Series B	50,000	7.43	February 16, 2018	49,629	-			
Phase IV 2017 Series B	30,000	6.20	December 13, 2018	28,178	-			
				<u>77,807</u>	<u>-</u>			
<u>Held to maturity</u>								
<u>Third parties</u>								
Rupiah								
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	January 13, 2017	-	49,869			
Phase II 2016 Series C	50,000	8.25	November 3, 2021	48,621	49,233			
PT Bank Sumitomo Mitsui Indonesia								
Phase II 2016 Series C	100,000	7.76	September 22, 2017	-	94,704			
Phase II 2016 Series B	100,000	7.66	July 11, 2017	-	96,154			
Phase II 2016 Series A	50,000	7.50	March 22, 2017	-	49,187			
PT Bank Commonwealth								
Phase III 2016 Series B	100,000	7.60	July 14, 2017	-	96,132			
Phase III 2016 Series C	100,000	7.60	October 13, 2017	-	94,358			
Phase III 2016 Series A	50,000	7.44	April 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	November 8, 2017	-	28,165			
				<u>106,968</u>	<u>660,243</u>			
<u>Related parties (Note 44)</u>								
Rupiah								
PT Bank Negara Indonesia (Persero) Tbk								
Year 2016 Series A	60,000	7.55	March 15, 2018	59,095	-			
Year 2016 Series E	100,000	8.25	June 15, 2018	96,358	89,573			
PT Bank Tabungan Negara (Persero) Tbk								
Phase V Year 2016	500,000	7.55	July 3, 2017	-	481,000			
Phase II Year 2016	100,000	7.50	August 10, 2017	-	95,547			
Phase VI Year 2016	50,000	7.75	March 29, 2017	-	49,071			
PT Bank Mandiri (Persero) Tbk								
Phase II Year 2016 Series A	100,000	7.65	December 21, 2017	-	93,091			
				<u>155,453</u>	<u>808,282</u>			
Total				<u>1,026,582</u>	<u>1,468,525</u>			



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.5. Promissory Notes

Issuer	Annual Interest Rate (%)	Maturity Date	Rating		Carrying Value			
			December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016		
Held to maturity								
<u>Third parties</u>								
<u>United States Dollar</u>								
Morgan Stanley	4.00	August 31, 2017	-	A-****)	-	26,945		
Total					-	26,945		

****) Based on ratings issued by Standard & Poor

d.6. Subordinated Bonds

Issuer	Annual Interest Rate (%)	Maturity Date	Rating*)		Carrying Value			
			December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016		
Fair value through profit or loss								
<u>Third parties</u>								
<u>Rupiah</u>								
PT Bank KEB Hana Indonesia Phase I Year 2016	9.95	December 21, 2023	AA(idn)	idAA	33,115	30,956		
PT Bank Maybank Indonesia Tbk <i>Berkelanjutan II</i> Phase II Year 2016	9.63	June 10, 2023	idAA	idAA	8,433	7,786		
PT Bank Muamalat Indonesia Tbk <i>Sukuk Mudharabah</i> <i>Berkelanjutan I</i> Phase II Year 2013	7.61	March 28, 2023	idA-(sy)	-	5,252	-		
PT Bank Pan Indonesia Tbk Series III Year 2010 <i>Berkelanjutan I</i> Phase I Year 2012	10.50	November 9, 2017	-	idAA-	-	3,058		
PT Bank CIMB Niaga Tbk Series II Year 2012	9.40	December 20, 2019	idAA-	idAA-	2,065	2,014		
PT Bank Permata Tbk Series II Year 2011	10.85	December 23, 2020	AA(idn)	idAA	1,498	1,454		
	11.00	June 28, 2018	idAA+	idAA+	613	612		
					50,976	45,880		

Issuer	Annual Interest Rate (%)	Maturity Date	Rating*)		Carrying Value			
			December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016		
Available for sale								
<u>Third parties</u>								
<u>Rupiah</u>								
PT Bank Pan Indonesia Tbk Series III Year 2010 Phase I Year 2012 Phase II Year 2017	10.50 9.40 10.25	November 9, 2017 December 20, 2019 March 17, 2024	- idAA- idA+	idAA- idAA- -	96,465 30,248	147,662 91,136 -		
PT Bank UOB Indonesia Series I Year 2014 Phase II Year 2017	11.35 9.25	May 28, 2021 October 17, 2024	AA(idn) AA(idn)	idAA -	30,772 20,706	29,252 -		
PT Bank Maybank Indonesia Tbk Phase I Year 2011 <i>Berkelanjutan I</i> Phase I Year 2011 Phase II Year 2012 <i>Berkelanjutan II</i> Phase II Year 2014 <i>Berkelanjutan II</i> Phase II Year 2016	10.00 10.75 9.25 11.35 9.63	December 6, 2018 May 19, 2018 October 31, 2019 July 8, 2021 June 10, 2023	idAA+ idAA+ idAA+ idAA idAA	idAA+ idAA+ idAA+ idAA AA(idn)	15,958 57,907 65,242 33,032 10,542	15,648 50,218 64,029 31,657 9,733		
PT Bank Permata Tbk Series II Year 2011 Phase II Year 2012 <i>Berkelanjutan I</i> Phase I Year 2012	11.00 9.40 8.90	June 28, 2018 December 19, 2019 15 June 2019	idAA+ idAA+ idAA+	idAA+ idAA+ idAA+	57,971 151,752	56,421 124,008 4,961		

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 ^{a)}		Carrying Value			
			December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016		
Available for sale (continued)								
<u>Third Parties (continued)</u>								
Rupiah (continued)								
PT Bank Permata Tbk (continued)								
<i>Berkelanjutan II Phase I</i>								
Year 2013	12.00	December 24, 2020	idAA+	idAA+	5,568	5,425		
<i>Berkelanjutan II Phase II</i>								
Year 2014	11.75	October 24, 2021	idAA	idAA	39,173	42,814		
PT Bank Bukopin Tbk								
<i>Berkelanjutan I Phase I</i>								
Phase I Year 2012	9.25	March 6, 2019	idA	idA	10,078	989		
Phase II Year 2017	11.00	February 28, 2024	idA-	-	5,348	-		
PT Bank CIMB Niaga Tbk								
Series I Year 2010	11.30	July 8, 2017	-	idAA	-	8,084		
Series II Year 2010	10.85	December 23, 2020	AA(idn)	idAA	143,859	118,924		
PT Bank Muamalat								
Indonesia Tbk								
<i>Mudharabah Berkelanjutan I</i>								
Year 2012	11.17	June 29, 2022	-	idA-(sy)	-	877		
<i>Mudharabah Berkelanjutan I</i>								
Phase II Year 2013	9.60	March 28, 2023	idA-(sy)	idA-(sy)	7,640	1,824		
PT Bank KEB Hana Indonesia								
Series I Year 2016	9.95	December 21, 2023	AA(idn)	idAA	9,613	8,987		
					796,981	812,649		
Held to maturity								
<u>Third parties</u>								
Rupiah								
PT Bank Permata Tbk								
Phase II Year 2012	9.40	December 19, 2019	idAA+	idAA+	20,000	20,000		
PT Bank OCBC NISP Tbk								
Series III	11.35	June 30, 2017	-	idAAA	-	40,000		
					20,000	60,000		
Total					867,957	918,529		

^{a)} Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo).

d.7. Medium-Term Notes (MTN)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value				
				December 31, 2017	December 31, 2016			
Available for sale								
<u>Third parties</u>								
Rupiah								
PT Kimia Farma Tbk								
Phase I Year 2017	57,000	8.10	September 15, 2020	57,000	-			
PT Bank Bukopin Tbk								
Phase I Year 2016	40,000	10.00	September 4, 2017	-	40,000			
				57,000	40,000			
<u>Related parties (Note 44)</u>								
Rupiah								
PT Perkebunan Nusantara III (Persero)	150,000	10.00	December 21, 2018	150,000	155,074			
				207,000	195,074			



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

- d) By Type and Issuer (continued):

d.7. Medium-Term Notes (MTN) (continued)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value				
				December 31, 2017	December 31, 2016			
Held to maturity								
<u>Third parties</u>								
Rupiah								
PT Bank Sumitomo Mitsui Indonesia Series I Year 2015	100,000	9.85	February 3, 2018	100,000	100,000			
PT Bank Pembangunan Daerah Jawa dan Banten Tbk Series I Year 2016	50,000	7.00	January 8, 2018	50,000	50,000			
				150,000	150,000			
<u>Related parties (Note 44)</u>								
Rupiah								
PT Wijaya Karya (Persero) Tbk Series II Year 2014	100,000	9.80	December 24, 2017	-	99,710			
				150,000	249,710			
Total				357,000	444,784			

- e) BRI assessed allowance for 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, 2017 and 2016 is adequate.

- f) The average annual interest rates:

	2017	2016
Rupiah	8.77%	8.65%
United States Dollar	5.18	5.08
European Euro	2.92	2.87
Singapore Dollar	2.15	2.12

- g) BRI recognized unrealized gain - net on "Fair Value through Profit or Loss" securities amounting to Rp50,915 and Rp31,025 for the year ended December 31, 2017 and 2016, respectively, which are recorded under "Unrealized gain from changes in fair value of securities" in the consolidated statement of profit or loss and other comprehensive income.
- h) BRI recognized net gain resulting from the sale of securities amounting to Rp784,667 and Rp447,580, for the year ended December 31, 2017 and 2016, respectively, which are recorded under "Gain on sale of securities and Government Recapitalization Bonds - net" in the consolidated statement of profit or loss and other comprehensive income.
- i) As of December 31, 2017 and 2016, securities with nominal value of Rp13,064,976 and Rp7,935,345 were sold under agreement to repurchase (Note 24).

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

8. EXPORT BILLS

- a) By Type and Currency:

	December 31, 2017		December 31, 2016	
	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		3,435,946		6,112,978
Export Bills		1,534,058		649,730
		4,970,004		6,762,708
<u>Foreign Currencies</u>				
<u>Export Bills</u>				
United States Dollar	41,649,765	565,083	47,917,829	645,573
Renminbi	31,642,266	65,931	823,503,667	1,596,930
European Euro	499,255	8,106	2,540,997	36,021
Japanese Yen	32,343,467	3,898	513,619,647	59,100
Great Britain Pound Sterling		-	267,500	4,428
		643,018		2,342,052
		5,613,022		9,104,760
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Domestic Documentary Letters of Credit		3,150		77,494
Export Bills		6,427		-
		9,577		77,494
<u>Foreign Currencies</u>				
<u>United States Dollar</u>				
Export Bills	82,425	1,118	12,114,895	163,218
		10,695		240,712
Total		5,623,717		9,345,472

- b) By Collectibility:

All export bills are classified as "Current" as of December 31, 2017 and 2016.

- c) By Period:

The classification of export bills based on their remaining period to maturity are as follows:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
≤ 1 month	1,108,391	2,308,225
> 1 month - 3 months	2,085,852	3,250,882
> 3 months - 1 year	2,418,779	3,545,653
	<hr/>	<hr/>
	5,613,022	9,104,760



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

8. EXPORT BILLS (continued)

c) By Period (continued):

The classification of export bills based on their remaining period to maturity are as follows (continued):

	December 31, 2017	December 31, 2016
Related parties (Note 44)		
≤ 1 month	7,405	227,971
> 1 month - 3 months	3,290	7,810
> 3 months - 1 year	-	4,931
	<hr/> 10,695	<hr/> 240,712
Total	5,623,717	9,345,472

BRI assessed individually for allowance for impairment losses on export bills based on whether an objective evidence of impairment exists.

Management believes that no allowance for impairment losses is necessary as of December 31, 2017 and 2016, because management believes that export bills 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 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 earn interest at a fixed rate (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.

a) By Ownership Purpose and Remaining Period to Maturity:

	December 31, 2017	December 31, 2016
Available for sale		
≤ 1 month	717,840	718,434
Held to maturity		
≤ 1 year	1,125,000	-
> 1 year - 5 years	1,475,000	2,600,000
	<hr/> 2,600,000	<hr/> 2,600,000
Total	3,317,840	3,318,434

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

9. GOVERNMENT RECAPITALIZATION BONDS (continued)

b) By Classification and Type:

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			December 31, 2017	December 31, 2016
Available for sale				
VR0027	3 months SPN	July 25, 2018	449,055	449,325
VR0031	3 months SPN	July 25, 2020	268,785	269,109
			717,840	718,434
Held to maturity				
VR0026	3 months SPN	January 25, 2018	375,000	375,000
VR0027	3 months SPN	July 25, 2018	375,000	375,000
VR0028	3 months SPN	August 25, 2018	375,000	375,000
VR0029	3 months SPN	August 25, 2019	375,000	375,000
VR0031	3 months SPN	July 25, 2020	1,100,000	1,100,000
			2,600,000	2,600,000
Total			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 under "Available for sale" ranged from 99.55% to 99.79% and from 99.67% to 99.85% of nominal amounts as of December 31, 2017 and 2016, respectively.

10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

Securities purchased under agreement to resell as of December 31, 2017 and 2016 consist of:

December 31, 2017					
	Annual Interest Rate (%)	Date of Purchase	Date of Resale	Purchase Amount	Resale Price-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
Certificates of Bank Indonesia					
IDSD240818364S	4.95	December 6, 2017	January 5, 2018	172,954	173,548



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017 and 2016 consist of (continued):

December 31, 2017					
	Annual Interest Rate (%)	Date of Purchase	Date of Resale	Purchase Amount	Resale Price-Net
Third parties (continued)					
Rupiah (continued)					
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
Deposit Certificates of Bank Indonesia 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 Certificates of Bank Indonesia IDSD110518182S	4.70	December 28, 2017	January 8, 2018	66,238	66,264
PT Bank Pan Indonesia Tbk Certificates of Bank Indonesia IDSD090318182S	5.20	December 19, 2017	January 19, 2018	502,312	503,183
Total				17,977,519	18,011,026
 December 31, 2016					
	Annual Interest Rate (%)	Date of Purchase	Date of Resale	Purchase Amount	Resale Price-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 Deposit Certificates of Bank Indonesia IDSD130117182C	8.50	December 28, 2016	January 11, 2017	89,749	89,812
				1,014,745	1,014,952
 Foreign currencies					
PT Bank BNP Paribas Indonesia Government Bonds RI0233	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

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVES RECEIVABLE AND PAYABLE

The summary of the derivatives transactions are as follows:

Transaction	December 31, 2017	
	Derivatives receivable	Derivatives payable
Foreign currency and interest rate swap	64,708	115,981
Interest rate swap	60,475	54,261
Option	10,218	11,341
Purchase and sale of foreign currency forward	6,883	15,156
Foreign currency swap	2,740	3,334
Purchase and sale of foreign currency spot	904	785
Total	145,928	200,858

Transaction	December 31, 2016	
	Derivatives receivable	Derivatives payable
Foreign currency and interest rate swap	32,204	179,286
Interest rate swap	59,443	53,780
Foreign currency swap	-	112,160
Purchase and sale of foreign currency spot	10	-
Purchase and sale of foreign currency forward	-	1,991
Total	91,657	347,217

a. Cross Currency and Interest Rate Swap

As of December 31, 2017, BRI enters into cross currency interest rate swap contracts with several counterparties, whereby BRI agrees to exchange funds amounting 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).

The parties in the cross currency swap contracts are liable to interest with respect to 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, 2017, BRI has outstanding 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 contractual amount of USD418,651,309 (full amount).



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

c. Option

As of December 31, 2017, BRI has outstanding write call option contract including call spread option amounting to USD64,710,461 (full amount) with contractual amount of Rp548,082 and outstanding buy call option contract including call spread option amounting to USD149,710,461 (full amount) with contractual amount of Rp2,067,752.

d. Purchase and Sale of Foreign Currency Spots and Forward

As of December 31, 2017 BRI has outstanding foreign currency spot purchase contract with notional amount of USD62,000,000 (full amount) and EUR5,000,000 (full amount) with contractual amount of Rp840,389 and Rp81,073 also foreign currency spot sale contract with notional amount of USD45,500,000 (full amount) and EUR5,000,000 (full amount) with contractual amount of Rp616,803 and Rp80,918.

BRI also has outstanding foreign currency purchase forward contract with notional amount of USD95,427,140 (full amount) with contractual amount of Rp1,299,745 and foreign currency sale forward contract with notional amount of USD392,015,599 (full amount) with contractual amount of Rp5,338,694.

e. Foreign currency swap

As of December 31, 2017, BRI has outstanding foreign currency swap contracts with notional purchase amount of USD68,000,000 (full amount) and Renminbi 10,000,000 (full amount) with the contractual purchase amount of Rp922,295 and Rp20,680 and notional sale amount of USD365,000,000 (full amount) with the contractual amount of Rp4,952,199.

12. LOANS

a) By Type and Currency:

The details of loans by type are as follows:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
Kupedes	239,446,222	211,417,693
Working capital	137,253,555	123,647,784
Consumer	115,226,118	101,016,417
Investment	56,554,806	54,536,901
Program	15,132,136	10,547,008
Syndicated	376,908	1,136,189
	<hr/>	<hr/>
	563,989,745	502,301,992
	<hr/>	<hr/>

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017	December 31, 2016
Third parties (continued)		
Foreign currencies		
Investment	35,517,455	27,477,766
Working capital	22,585,002	19,362,729
Syndicated	571,560	615,873
Consumer	82,785	-
	<hr/>	<hr/>
	58,756,802	47,456,368
	<hr/>	<hr/>
	622,746,547	549,758,360
Related parties (Note 44)		
Rupiah		
Working capital	38,485,484	37,739,884
Investment	30,682,594	27,960,891
Syndicated	14,305,128	17,116,441
Key employees	38,457	43,174
Consumer	11,118	14,871
	<hr/>	<hr/>
	83,522,781	82,875,261
Foreign currencies		
Working capital	8,482,183	5,573,961
Investment	3,418,191	4,286,304
Syndicated	812,966	977,089
	<hr/>	<hr/>
	12,713,340	10,837,354
	<hr/>	<hr/>
	96,236,121	93,712,615
	<hr/>	<hr/>
Total	718,982,668	643,470,975
Less allowance for impairment losses	(29,423,380)	(22,184,296)
	<hr/>	<hr/>
Net	689,559,288	621,286,679

The details of loans by currency are as follows:

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Rupiah		647,512,526		585,177,253
Foreign currencies				
United States Dollar	5,198,485,778	70,530,456	4,265,605,843	57,468,374
European Euro	35,917,796	583,169	40,702,251	576,986
Singapore Dollar	28,764,567	292,091	21,521,459	200,406
Great Britain Pound Sterling	2,507,085	45,943	2,090,463	34,608



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

a) By Type and Currency (continued):

The details of loans by currency are as follows (continued):

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Foreign currencies (continued)</u>				
Japanese Yen	117,832,413	14,201	90,820,000	10,450
Swiss Franc	308,006	4,282	205,338	2,712
Australian Dollar	-	-	19,099	186
	<u>71,470,142</u>		<u>58,293,722</u>	
Total	718,982,668		643,470,975	
Less: Allowance for impairment losses	(29,423,380)		(22,184,296)	
Net	<u>689,559,288</u>		<u>621,286,679</u>	

b) By Economic Sector:

	December 31, 2017		December 31, 2016	
	<u>Third parties</u>	<u>Rupiah</u>		
<u>Third parties</u>				
Trading, hotels and restaurants	226,186,153		201,932,238	
Agriculture	67,543,304		61,298,365	
Business services	25,831,990		21,669,972	
Manufacturing	24,177,058		23,131,242	
Construction	14,975,663		13,352,157	
Transportation, warehousing and communications	9,364,498		7,411,834	
Social services	5,885,751		4,570,127	
Mining	2,115,257		2,223,852	
Electricity, gas and water	1,574,646		1,235,411	
Others	186,335,425		165,476,794	
	<u>563,989,745</u>		<u>502,301,992</u>	
<u>Foreign currencies</u>				
Manufacturing	25,665,775		23,302,570	
Agriculture	16,070,541		8,994,684	
Electricity, gas and water	5,831,595		4,465,298	
Transportation, warehousing and communications	2,828,184		1,581,561	
Trading, hotels and restaurants	2,432,355		1,742,852	
Business services	2,097,505		1,681,920	
Mining	1,962,466		3,951,956	
Construction	1,529,935		1,669,253	
Social services	47,496		-	
Others	290,950		66,274	
	<u>58,756,802</u>		<u>47,456,368</u>	
	<u>622,746.547</u>		<u>549,758,360</u>	

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

b) By Economic Sector (continued):

	December 31, 2017	December 31, 2016
<u>Related parties (Note 44)</u>		
Rupiah		
Electricity, gas and water	26,866,643	27,396,425
Business services	11,913,867	6,315,017
Trading, hotels and restaurants	10,821,560	15,784,788
Construction	9,280,503	6,272,142
Transportation, warehousing and communications	9,234,581	8,699,909
Manufacturing	8,667,951	9,804,224
Agriculture	6,243,108	7,673,124
Social services	346,347	418,524
Mining	108,341	466,620
Others	39,880	44,488
	83,522,781	82,875,261
Foreign currencies		
Manufacturing	5,681,336	4,979,352
Social services	3,007,495	3,707,071
Trading, hotels and restaurants	2,031,732	25,829
Mining	1,356,750	1,347,250
Transportation, warehousing and communications	632,312	524,255
Construction	3,715	77,020
Social services	-	176,577
	12,713,340	10,837,354
	96,236,121	93,712,615
Total	718,982,668	643,470,975
Less allowance for impairment losses	(29,423,380)	(22,184,296)
Net	689,559,288	621,286,679

c) By Period:

The classification of loans based on the remaining period to maturity are as follows:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
Rupiah		
≤ 1 month	16,086,535	13,537,435
> 1 month - 3 months	23,003,072	18,772,288
> 3 months - 1 year	110,806,225	97,065,113
> 1 year - 2 years	86,191,035	80,029,683
> 2 years - 5 years	157,904,624	142,332,825
> 5 years	169,998,254	150,564,648
	563,989,745	502,301,992



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

c) By Period (continued):

The classification of loans based on the remaining period to maturity are as follows (continued):

	December 31, 2017	December 31, 2016
Third parties (continued)		
Foreign currencies		
≤ 1 month	5,382,236	2,441,291
> 1 month - 3 months	2,244,541	1,521,131
> 3 months - 1 year	5,174,926	5,505,601
> 1 year - 2 years	11,410,051	5,977,606
> 2 years - 5 years	8,737,745	12,608,850
> 5 years	25,807,303	19,401,889
	<hr/>	<hr/>
	58,756,802	47,456,368
	<hr/>	<hr/>
	622,746,547	549,758,360
Related parties (Note 44)		
Rupiah		
≤ 1 month	11,019,644	1,890,341
> 1 month - 3 months	11,150,941	19,986,637
> 3 months - 1 year	17,130,693	16,731,440
> 1 year - 2 years	3,145,595	2,638,472
> 2 years - 5 years	5,891,373	7,727,466
> 5 years	35,184,535	33,900,905
	<hr/>	<hr/>
	83,522,781	82,875,261
Foreign currencies		
≤ 1 month	2,000,424	242,395
> 1 month - 3 months	407,025	1,347,250
> 3 months - 1 year	5,862,809	2,736,744
> 1 year - 2 years	1,344,479	-
> 2 years - 5 years	2,999,687	4,967,027
> 5 years	98,916	1,543,938
	<hr/>	<hr/>
	12,713,340	10,837,354
	<hr/>	<hr/>
	96,236,121	93,712,615
Total	718,982,668	643,470,975
Less allowance for impairment losses	(29,423,380)	(22,184,296)
Net	689,559,288	621,286,679
	<hr/>	<hr/>

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

d) By Collectibility:

	December 31, 2017	December 31, 2016
Individual		
Collective	27,226,560	28,871,177
Current	661,911,830	587,285,896
Special mention	21,928,300	20,523,521
Substandard	1,290,701	1,056,103
Doubtful	1,408,731	1,128,476
Loss	5,216,546	4,605,802
	691,756,108	614,599,798
Total	718,982,668	643,470,975
Less allowance for impairment losses:		
Individual	(13,013,036)	(7,510,899)
Collective	(16,410,344)	(14,673,397)
	(29,423,380)	(22,184,296)
Net	689,559,288	621,286,679

e) By Operating Segment:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
Retail	267,885,706	235,361,063
Micro	252,850,654	221,802,205
Corporate	43,253,385	45,138,724
	563,989,745	502,301,992
<u>Foreign currencies</u>		
Corporate	48,592,233	38,531,635
Retail	10,164,569	8,924,733
	58,756,802	47,456,368
	622,746,547	549,758,360
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Corporate	82,866,296	82,280,121
Retail	656,485	595,140
	83,522,781	82,875,261
<u>Foreign currencies</u>		
Corporate	12,713,340	10,837,354
	96,236,121	93,712,615
Total	718,982,668	643,470,975
Less allowance for impairment losses	(29,423,380)	(22,184,296)
Net	689,559,288	621,286,679



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

f) Other Significant Information:

- 1) The average annual interest rates are as follows:

	2017	2016
Contractual Interest Rate		
Rupiah	11.78%	11.91%
Foreign currencies	4.11	4.23
Effective Interest Rate		
Rupiah	14.14%	14.59%
Foreign currencies	4.20	4.38

- 2) The loans are generally collateralized by registered mortgages, by powers of attorneys to sell, demand deposits, saving deposits, time deposits or by other guarantees generally accepted by banks (Notes 20, 21, and 22).
- 3) Working capital and investment loans is given to debtors for working capital requirements and capital goods.
- 4) Consumption loans consist of loans to employees and retired employees, housing, motor vehicles and other consumption loans.
- 5) Program loans represent loan facilities channeled by BRI based on the guidelines from the Government in order to support the development in Indonesia especially the development of small scale industry, middle scale industry and cooperatives.
- 6) Kupedes loans represent loan facilities channeled by BRI through BRI's Units. The target of these loans is micro scale industry and fixed income employees that require additional funds, in accordance with the maximum limit amount 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 Rp38,340,157 and Rp45,054,012 as of December 31, 2017 and 2016, respectively. BRI's participation as leader in the syndicated loans ranged from 22.65% to 63.65% and from 24.50% to 63.65%, while BRI's participation as member in the syndicated loans ranged from 10.89% to 50.00% and 2.97% to 59.97% as of December 31, 2017 and 2016, respectively.
- 8) Employee loans are loans given to employees with 5.50% annual interest rate that intended for the acquisition of vehicles, houses and other necessities with 4 (four) to 20 (twenty) years maturity. Loan principal and interest payments were collected 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 as part of other assets. The deferred expense for employee loans amounted to Rp617,834 and Rp565,480 as of December 31, 2017 and 2016, respectively (Note 18).

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

f) Other Significant Information (continued):

- 9) Loans granted by BRI to related parties, other than loans to key employees (Note 44) are as follows:

	December 31, 2017	December 31, 2016
PT Perusahaan Listrik Negara (Persero)	27,039,931	27,446,991
Perum Bulog	9,049,660	16,112,248
PT Tabungan dan Asuransi Pensiun (Persero)	6,100,000	-
PT Kereta Api Indonesia (Persero)	3,801,438	3,864,676
Kementerian Keuangan Republik Indonesia	3,450,797	4,307,997
PT Pegadaian (Persero)	3,037,521	3,835,110
PT Dirgantara Indonesia (Persero)	2,438,770	1,735,635
PT Garuda Indonesia (Persero) Tbk	2,375,195	1,968,132
PT Waskita Karya (Persero) Tbk	2,218,288	1,655,684
PT Krakatau Steel (Persero) Tbk	1,939,755	2,377,804
Others	34,746,309	30,365,164
Total	96,197,664	93,669,441

- 10) Loans that have been restructured by BRI (Parent Entity) amounted to Rp42,175,770 and Rp37,131,753 (unaudited) as of December 31, 2017 and 2016, respectively. Restructuring scheme generally consist of extension of the loan maturity date and rescheduling of overdue interest payment.
- 11) In BRI's report on Legal Lending Limit to Bank Indonesia as of December 31, 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, respectively.
- 12) The details of non-performing collective loans (with collectibility of substandard, doubtful and loss) and total individual loans, as well as the allowance for impairment losses by economic sector are as follows:

	December 31, 2017	December 31, 2016
Trading, hotels and restaurants	9,898,334	9,589,255
Manufacturing	8,457,660	9,306,203
Agriculture	4,727,530	4,345,008
Construction	3,183,411	3,725,349
Mining	2,712,370	3,116,077
Transportation, warehousing and communications	1,671,117	1,653,314
Business services	1,589,408	1,629,211
Electricity, gas and water	707,437	723,688
Social services	676,383	135,594
Others	1,518,888	1,437,859
Total	35,142,538	35,661,558
Less allowance for impairment losses	(15,239,033)	(9,224,013)
Net	19,903,505	26,437,545



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017	December 31, 2016
Total non-performing loans	15,147,081	13,117,282
Total loans	718,982,668	643,470,975
% Non-Performing Loans (NPL)	2.11%	2.04%

(ii) BRI (Parent Entity)

	December 31, 2017	December 31, 2016
Total non-performing loans	14,862,646	12,882,913
Total loans	708,001,045	635,291,221
% Non-Performing Loans (NPL)	2.10%	2.03%

- b. The ratio of BRI's small scale industry loans to total loans is 45.48% and 44.48% as of December 31, 2017 and 2016, respectively (unaudited).

Movements in the allowance for impairment losses on loans:

	December 31, 2017	December 31, 2016
Beginning balance	22,184,296	17,162,183
Provision for impairment losses during the year (Note 34)	16,800,820	13,454,979
Loans written-off during the year	(9,548,619)	(8,473,450)
Foreign currency translation	(13,117)	40,584
Ending balance	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 a disaster prone areas or have experienced a disaster by the Government of the Republic of Indonesia amounted to Rp926,267 and Rp857,060, as of December 31, 2017 and 2016, respectively (Note 2e).

The minimum allowance for impairment losses of BRI's (Parent Entity) loans based on Bank Indonesia regulation (Note 2e) amounted to Rp18,507,786 and Rp15,652,514, as of December 31, 2017 and 2016, respectively.

Management believes that the allowance for impairment losses on loans is adequate.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017	December 31, 2016
Third parties		
Current	14,285,886	14,553,293
Special mention	1,382,563	1,870,297
Substandard	505,223	160,261
Doubtful	89,184	178,264
Loss	604,915	479,990
	<hr/>	<hr/>
	16,867,771	17,242,105
Related parties (Note 44)		
Current	996,779	506,483
Special mention	319	355
	<hr/>	<hr/>
	997,098	506,838
Total	17,864,869	17,748,943
Less allowance for impairment losses	(577,257)	(492,156)
	<hr/>	<hr/>
Net	17,287,612	17,256,787

- b) Sharia receivables and financing based on the remaining period to maturity are as follows:

	December 31, 2017	December 31, 2016
Third parties		
Rupiah		
≤ 1 month	530,569	282,806
> 1 month - 3 months	236,409	449,395
> 3 months - 1 year	2,421,838	1,399,649
> 1 year - 2 years	960,678	1,265,385
> 2 years - 5 years	7,331,402	2,728,868
> 5 years	5,386,875	11,116,002
	<hr/>	<hr/>
	16,867,771	17,242,105
Related parties (Note 44)		
Rupiah		
≤ 1 month	-	6
> 1 month - 3 months	-	3,400
> 3 months - 1 year	4,004	328,777
> 1 year - 2 years	801,366	1,936
> 2 years - 5 years	100,938	41,675
> 5 years	90,790	131,044
	<hr/>	<hr/>
	997,098	506,838
Total	17,864,869	17,748,943
Less allowance for impairment losses	(577,257)	(492,156)
	<hr/>	<hr/>
Net	17,287,612	17,256,787



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

13. SHARIA RECEIVABLES AND FINANCING (continued)

Sharia receivables and financing consist of *murabahah* receivables, *istishna* receivables, *qardh* borrowing, *Mudharabah* and *musyarakah* financing.

Unrecognized murabahah receivables income as of December 31, 2017 and 2016 amounted to Rp4,200,027 and Rp4,322,067, respectively.

Movements in the allowance for impairment losses on sharia receivables and financing:

	December 31, 2017	December 31, 2016
Beginning balance	492,156	352,252
Provision for impairment losses during the year (Note 34)	202,008	244,267
Recovery from loans written-off	25,407	14,892
Loans written-off during the year	(142,314)	(119,255)
Ending balance	577,257	492,156

Management believes that the allowance for impairment losses on sharia receivables and financing is adequate.

As of December 31, 2017 and 2016, the Non-Performing Financing (NPF) of sharia receivables and financing amounted to Rp1,199,322 (6.71%) and Rp818,515 (4.61%), respectively.

The type of collateral submitted by the debtors for the sharia receivables and financing are land and buildings, Proof of Motor Vehicle Ownership and other properties.

As of December 31, 2017 and 2016, there are no sharia receivables and financing that were transferred or used as collateral for debts.

14. FINANCE LEASE RECEIVABLES

Finance lease receivable as of December 31, 2017 and 2016 consist of:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
Finance lease receivable – gross	2,828,510	2,465,843
Guaranteed residual values	1,656,302	1,750,061
Unearned finance lease income	(342,419)	(266,044)
Security deposits	(1,653,410)	(1,749,560)
Total	2,488,983	2,200,300
Less allowance for impairment losses	(103,500)	(130,000)
Net	2,385,483	2,070,300

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

14. FINANCE LEASE RECEIVABLE (continued)

Finance lease receivable - gross, due in period:

	December 31, 2017	December 31, 2016
Third parties		
Rupiah		
≤ 1 year	217,083	192,212
> 1 year - 2 years	522,974	480,529
> 2 years - 5 years	1,234,645	929,023
	<hr/>	<hr/>
	1,974,702	1,601,764
United States Dollar		
≤ 1 year	45,397	71,824
> 1 year - 2 years	45,663	179,561
> 2 years - 5 years	423,221	347,151
	<hr/>	<hr/>
	514,281	598,536
Total	2,488,983	2,200,300
Less allowance for impairment losses	(103,500)	(130,000)
Net	<hr/>	<hr/>
	2,385,483	2,070,300

The movement of allowance for impairment losses:

	December 31, 2017	December 31, 2016
Begining balance	130,000	128,000
(Reversal) provision for impairment loss (Note 34)*	(8,713)	16,669
Finance lease receivable written-off during the year	(16,984)	(14,646)
Exchange rate differences	(803)	(23)
Ending balance	<hr/>	<hr/>
	103,500	130,000

*) Provision for impairment losses for the period after acquisition of September 30, 2016 amounted to Rp995 (Note 34)

Management believes that the allowance for impairment losses for finance lease receivable is adequate.

15. ACCEPTANCES RECEIVABLE AND PAYABLE

The details of acceptances receivable from customers are as follows:

a) By Type and Currency:

	December 31, 2017		December 31, 2016	
	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	2,765,562		3,192,249	
	<hr/>		<hr/>	



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

15. ACCEPTANCES RECEIVABLE AND PAYABLE (continued)

The details of acceptances receivable from customers are as follows (continued):

- a) By Type and Currency (continued):

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Foreign currencies				
Import Letters of Credit and Domestic Document				
Letters of Credit				
United States Dollar	116,065,536	1,574,719	147,121,912	1,982,100
European Euro	2,157,759	35,034	1,406,631	19,940
Japanese Yen	38,445,000	4,634	30,124,000	3,466
Singapore Dollar	23,550	239	19,600	183
	<hr/>	<hr/>	<hr/>	<hr/>
	1,614,626		2,005,689	
	<hr/>		<hr/>	
	4,380,188		5,197,938	
Related parties (Note 44)				
Rupiah				
Import Letters of Credit and Domestic Document				
Letters of Credit				
	401,456		363,963	
	<hr/>		<hr/>	
Foreign currencies				
Import Letters of Credit and Domestic Document				
Letters of Credit				
United States Dollar	66,226,205	898,524	7,433,691	100,150
European Euro	816,480	13,257	2,153,788	30,532
	<hr/>	<hr/>	<hr/>	<hr/>
	911,781		130,682	
	<hr/>		<hr/>	
	1,313,237		494,645	
	<hr/>		<hr/>	
Total	5,693,425		5,692,583	
	<hr/>		<hr/>	

- b) By Collectibility:

All acceptances receivable were classified as "Current" as of December 31, 2017 and 2016, respectively.

- c) By Period:

The classification of acceptances receivable based on the remaining period until maturity are as follows:

	December 31, 2017	December 31, 2016
Third parties		
≤ 1 month	1,101,957	955,776
> 1 month - 3 months	1,609,616	1,935,035
> 3 months - 1 year	1,668,615	2,307,127
	<hr/>	<hr/>
	4,380,188	5,197,938

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

15. ACCEPTANCES RECEIVABLE AND PAYABLE (continued)

c) By Period (continued):

The classification of acceptances receivable based on the remaining period until maturity are as follows (continued):

	December 31, 2017	December 31, 2016
Related parties (Note 44)		
≤ 1 month	792,676	89,867
> 1 month - 3 months	373,623	171,292
> 3 months - 1 year	146,938	233,486
	<hr/>	<hr/>
	1,313,237	494,645
Total	5,693,425	5,692,583
	<hr/>	<hr/>

BRI assessed acceptances receivable individually for impairment based on whether an objective evidence of impairment exists.

Management believes that no allowance for impairment losses is necessary as of December 31, 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:

Company Name	Type of Business	Percentage of Ownership (%)	December 31, 2017		
			Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
Equity Method (Investments in associated entity)					
PT Bahana Artha Ventura (Related party - Note 44)	Venture capital	35.00	71,326	56	71,382
Cost Method					
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00			900
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00			536
PT Jakarta Kyoei Medical Center	Health services	1.68			220
PT Pemeringkat Efek Indonesia	Credit rating agency	0.21			210
PT Menara Proteksi Indonesia	Infrastructure	2.00			200
BPR Toelongredjo Dasa Nusantara	Banking	1.50			77
BPR Tjoekir Dasa Nusantara	Banking	3.00			77



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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):

Company Name	Type of Business	Percentage of Ownership (%)	Cost	December 31, 2017	
				Accumulated Equity in Net Earnings of Associated Company	Carrying Value
Cost Method					
BPR Toelangan Dasa Nusantara	Banking	1.50			66
PT Merapi Gelanggang Wisata	Sport facilities	0.64			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-Banking	0.03			20
					2,439
Total					73,821

Company Name	Type of Business	December 31, 2016	
		Percentage of Ownership (%)	Carrying Value
Cost Method			
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00	900
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00	536
PT Jakarta Kyoei Medical Center	Health services	1.68	220
PT Pemerikat Efek Indonesia	Credit rating agency	0.21	210
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
BPR Cinta Manis Agroloka	Banking	1.75	35
PT Sukapraja Estetika Padang Golf	Sport facilities	0.24	25
BPR Bungamayang Agroloka	Banking	2.25	23
PT Aplikanusa Lintasarta	Non-Banking	0.03	20
Total			2,439

BRI assessed investment in associated entities individually for impairment based on whether an objective evidence of impairment exists.

As of December 31, 2017 and 2016, all investments were classified as "Current".

In 2016, BRI received cash dividends from PT Sarana Bersama Pembiayaan Indonesia and PT Pemerikat Efek Indonesia of Rp170 and Rp11, respectively.

In 2017, BRI Agro (subsidiary) received cash dividend from BPR Cinta Manis Agroloka, BPR Bungamayang Agroloka and PT Aplikanusa Lintasarta of Rp8, Rp13 and Rp19, respectively, whereas in 2016, BRI Agro received cash dividend from BPR Cinta Manis Agroloka, BPR Bungamayang Agroloka and PT Aplikanusa Lintasarta of Rp7, Rp21 and Rp26, respectively.

Management believes that no allowance for impairment losses is necessary as of December 31, 2017 and 2016, because investments in associated entities are fully collectible.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

17. PREMISES AND EQUIPMENTS

Premises and equipments consist of:

Description	December 31, 2017			
	Beginning Balance	Additions^{*)}	Deductions	Ending Balance
Carrying Value				
Landrights	15,799,496	340,373	5,742	16,134,127
Buildings	3,160,913	617,484	102,976	3,675,421
Motor vehicles	2,152,023	84,034	33,041	2,203,016
Computers and machineries	6,404,214	750,309	60,444	7,094,079
Furnitures and fixtures	1,469,906	125,049	14,083	1,580,872
Museum assets	184	-	-	184
Satellites	-	3,284,664	-	3,284,664
Satellites in development	3,275,613	183,877	3,459,490	-
	32,262,349	5,385,790	3,675,776	33,972,363
Accumulated Depreciation				
Buildings	1,359,558	173,013	3,251	1,529,320
Motor vehicles	1,418,674	316,705	31,545	1,703,834
Computers and machineries	3,834,431	820,942	51,909	4,603,464
Furnitures and fixtures	1,134,627	141,008	13,933	1,261,702
Satellites	-	127,737	-	127,737
	7,747,290	1,579,405	100,638	9,226,057
Net book value	24,515,059			24,746,306
Description	December 31, 2016			
	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	243,909	35,560	2,152,023
Computers and machineries	5,065,582	1,422,607	83,975	6,404,214
Furnitures and fixtures	1,354,292	143,069	27,455	1,469,906
Museum assets	184	-	-	184
Satellites in development	2,316,572	959,041	-	3,275,613
	14,687,468	17,933,890	359,009	32,262,349
Accumulated Depreciation				
Buildings	1,220,467	141,655	2,564	1,359,558
Motor vehicles	1,123,409	330,604	35,339	1,418,674
Computers and machineries	3,276,548	636,290	78,407	3,834,431
Furnitures and fixtures	1,027,764	134,265	27,402	1,134,627
	6,648,188	1,242,814	143,712	7,747,290
Net book value	8,039,280			24,515,059

^{*)} Included in additions of premises and equipments is investment property of Subsidiary (BRI Life) used by BRI and BRI Syariah amounted to Rp94,779.

^{**)} Included in additions of premises and equipments is gain on revaluation of landrights amounted to Rp14,261,442 (after deducted by decreasing the carrying amount as the result of revaluation amounted to Rp54,085) and the beginning balance of Subsidiary (BRI Finance) acquired (Acquisition Cost amounted to Rp19,376, Accumulated Depreciation amounted to Rp16,901 and Depreciation Expense for the year amounted to Rp1,589).



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 Rp1,579,405 and Rp1,224,809 for the year ended December 31, 2017 and 2016, respectively (Note 36).

BRI insured its premises and equipment (excluding landrights and satellites) from losses due to risks of fire, theft, vandalism, force majeur, and others to PT Asuransi Bringin Sejahtera Artamakmur (related party - Note 44), PT Asuransi Jasa Tania Tbk, and PT Asuransi Purna Artanugraha with coverage amount of Rp12,283,482 and Rp10,530,478 for the year ended December 31, 2017 and 2016, respectively. BRI insured its satellites to PT Asuransi Jasa Indonesia (Persero) (related party - Note 44) with coverage amount of USD224,000,000 (full amount) for the year ended December 31, 2017.

Taxable value of buildings owned by BRI as of December 31, 2017 and 2016 amounted to Rp2,196,353 and Rp2,038,098, respectively. Taxable value of buildings considered as the best estimation that reflecting fair value.

The gross carrying value of fixed assets that have been fully depreciated but still used by BRI as of December 31, 2017 and 2016 are Rp4,777,039 and Rp3,666,122, respectively.

As of December 31, 2017 and 2016, there are no fixed assets owned by BRI which are pledged as collateral.

In the year of 2017, satellites in development are ready to be used as business support in accordance with management intentions. Therefore, BRI has reclassified satellites in development amounted to Rp3,459,490 to satellite fixed assets amounted to Rp3,284,664, buildings amounted to Rp79,722, furnitures and fixtures amounted to Rp1,360, along with computers and machineries amounted to Rp93,744.

On the fixed assets of satellites, BRI has allocated the utilization of 144 MHz transponder capacity to several government agencies which has been evaluated and approved by the Ministry of Communication and Informatics of the Republic of Indonesia. The government agencies that can take advantage of such capacity are Tentara Nasional Indonesia (TNI), Badan Intelijen Negara (BIN), Badan Keamanan Laut (Bakamla), Kepolisian Negara Republik Indonesia (POLRI) and Ministry of Finance.

The manufacture of satellites (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) has been progressing. Until December 31, 2016, Final Acceptance for the ground device (GRCS) has been conducted to ensure that these devices can be used optimally by BRI. According to the contract, the satellite's performance will continue to be monitored by SSL and BRI until the last milestone (satellite performance) is completed by mid 2017. The percentage of carrying amount satellites in development to the contract value is ± 96%.

On April 1, 2016, BRI performed revaluation for accounting and taxation purposes over landrights, as follows:

- Accounting purposes: BRI changed its accounting policy of landrights from cost model to revaluation model.
- Taxation purposes: the increase in carrying value of landrights amounted to Rp14,315,527 has been approved by Directorate General of Taxation in accordance with the decree of the Directorate General of Taxation No. KEP-479/WPJ.19/2016 dated July 29, 2016.

The increase in the carrying amount arising from the revaluation is recorded as "Revaluation surplus arising from fixed assets", and is presented in other comprehensive income amounted to Rp13,824,692 (net of final tax of Rp490,835). A decrease in the carrying amount arising from revaluation amounted to Rp54,085 is recognized in profit or loss. The fair value of landrights included in the fair value hierarchy as level 2.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

17. PREMISES AND EQUIPMENTS (continued)

Valuation, performed in accordance to Indonesian Valuations Standards, is determined based on reference to current market transactions and done on arm's length terms. The valuation methods used are market data approach, cost approach and income approach.

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, 2017 and 2016, if the landrights are valued using the cost model, the carrying value amounted to Rp1,810,249 and Rp1,538,053, respectively.

Management believes that there is no impairment in value of premises and equipments and the amount of insurance coverage is adequate to cover the risk of loss that may arise on the premises and equipments as of December 31, 2017 and 2016.

18. OTHER ASSETS

Other assets consist of:

	December 31, 2017	December 31, 2016
Rupiah		
Claims to government related to generation II KUR disbursement	4,176,707	595,562
Promissory notes	3,164,762	1,479,420
Claims related to ATM and credit card transactions	2,100,850	1,726,840
Premises and equipments that have not been distributed	1,393,552	1,169,654
Interest receivable		
Securities	1,089,898	725,662
Government Recapitalization Bonds	389,617	417,562
Placements with Bank Indonesia and other banks	8,292	80,864
Others	52,042	76,757
Prepaid expenses	1,212,974	632,266
Ijarah assets	1,146,920	286,181
Prepaid tax (Note 38b)	927,453	-
Office, warehouse, and classroom rent	914,088	845,247
Claims for distributions of government social assistance	657,815	-
Deferred expense for employees loan (Note 12f)	617,834	565,480
Internal advance	381,897	611,471
Foreclosed collaterals	362,576	257,769
Reinsurance assets	269,007	232,332
Office supplies	235,827	296,038
Claims to Perum Bulog	228,682	328,559
Accrued revenue based on sharia principle	191,236	170,519
Estimated tax refund	88,684	63,170
Penalty charges of loan principal and interest	68,864	68,009
Premium receivable	20,465	46,511
Others	2,071,248	1,752,014
	21,771,290	12,427,887



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

18. OTHER ASSETS (continued)

Other assets consist of (continued):

	December 31, 2017	December 31, 2016
Foreign currencies		
Promissory notes	1,865,874	755,285
Claims of refinancing	817,573	115,386
Interest receivable		
Securities	547,626	535,611
Others	42,859	34,164
Others	185,233	41,600
	3,459,165	1,482,046
Total	25,230,455	13,909,933

19. LIABILITIES DUE IMMEDIATELY

Liabilities due immediately consist of:

	December 31, 2017	December 31, 2016
Rupiah		
Advance payment deposits	2,127,026	1,492,074
Tax payment deposits	424,823	379,554
ATM and credit card deposits	285,508	457,982
Third parties deposits	200,525	100,786
Insurance deposits	162,907	152,213
Deposits for channeling loans	57,321	51,265
Advance from money transfer	26,587	35,703
Deposits for clearing	22,252	26,807
Students disbursement deposits	21,422	558
Others	3,025,164	2,506,480
	6,353,535	5,203,422
Foreign currencies		
Advance payment deposits	61,720	56,120
ATM and credit card deposits	48,686	52,597
Tax payment deposits	15,867	12,273
Others	104,393	85,901
	230,666	206,891
Total	6,584,201	5,410,313

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

20. DEMAND DEPOSITS

Demand deposits consist of:

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
Rupiah		81,525,195		79,314,862
Foreign currencies				
United States Dollar	1,362,520,346	18,485,995	1,153,376,172	15,538,860
European Euro	11,802,883	191,634	113,890,839	1,614,490
Singapore Dollar	12,039,022	122,251	2,777,138	25,861
Great Britain Pound Sterling	2,679,707	49,107	3,764,194	62,316
Australian Dollar	3,039,571	32,202	21,415,159	208,222
Renminbi	7,318,360	15,249	56,984,608	110,504
Japanese Yen	79,572,861	9,590	223,500,953	25,717
Hong Kong Dollar	511,954	889	528,967	919
Saudi Arabian Riyal	37,625	136	2,306,560	8,285
	<hr/>	18,907,053		<hr/> 17,595,174
	<hr/>	100,432,248		<hr/> 96,910,036
<u>Related parties (Notes 44)</u>				
Rupiah		29,089,518		29,618,921
Foreign currencies				
United States Dollar	1,161,516,707	15,758,878	1,081,759,223	14,574,001
European Euro	14,932,009	242,439	22,240,029	315,269
Japanese Yen	50,489,759	6,085	6,890,431	793
	<hr/>	16,007,402		<hr/> 14,890,063
	<hr/>	45,096,920		<hr/> 44,508,984
Total		<hr/>145,529,168		<hr/>141,419,020

The average annual interest rates are as follows:

	2017	2016
Rupiah	2.32%	2.33%
Foreign currencies	0.33	0.49

Demand deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp238,264 and Rp127,809 as of December 31, 2017 and 2016, respectively.

21. SAVING DEPOSITS

Saving deposits consist of:

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
Rupiah				
Simpedes		205,658,448		183,909,412
Britama		126,653,884		108,269,980
Others		9,432,599		4,260,239
	<hr/>	341,744,931		<hr/> 296,439,631



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

21. SAVING DEPOSITS (continued)

Saving deposits consist of (continued):

	December 31, 2017	December 31, 2016		
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties (continued)				
Foreign currencies				
Britama				
United States Dollar	96,426,361	1,308,264	94,648,979	1,275,158
European Euro	4,319,864	70,138	15,504,444	219,787
Singapore Dollar	4,047,720	41,103	5,506,164	51,273
Australian Dollar	497,747	5,273	807,929	7,856
Japanese Yen	33,461,987	4,033	10,923,961	1,257
Renminbi	684,461	1,426	672,164	1,304
Great Britain Pound Sterling	76,103	1,394	66	1
Hong Kong Dollar	29,476	51	12,547	22
Saudi Arabian Riyal	960	3	328	1
United Arab Emirates Dirham	147	1	365	1
	1,431,686		1,556,660	
Others				
United States Dollar	324,787	4,407	195,196	2,630
	1,436,093		1,559,290	
	343,181,024		297,998,921	
Related parties (Notes 44)				
Rupiah				
Britama			160,589	96,035
Simpedes			3,562	2,680
Others			54,560	6,476
	218,711		105,191	
Foreign currencies				
Britama				
United States Dollar	1,538,170	20,869	466,872	6,290
Australian Dollar	195	2		-
European Euro	64	1		-
Great Britain Pound Sterling	51	1		-
Singapore Dollar	80	1	242	3
Renminbi	357	1	607	1
	20,875		6,294	
Others				
United States Dollar	9,346	127		-
	21,002		6,294	
	239,713		111,485	
Total	343,420,737		298,110,406	

The average annual interest rates are as follows:

	2017	2016
Rupiah	0.86%	1.14%
Foreign currencies	0.21	0.22

Saving deposits used as collateral for banking facilities granted by BRI and subsidiaries is amounted to Rp83,430 and Rp84,937 as of December 31, 2017 and 2016, respectively.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

22. TIME DEPOSITS

Time deposits consist of:

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties				
<u>Rupiah</u>		179,634,460		159,195,095
Foreign currencies				
United States Dollar	3,756,779,689	50,970,108	3,126,352,845	42,119,789
Singapore Dollar	20,713,546	210,337	17,812,319	165,867
Australian Dollar	6,452,966	68,364	4,553,424	44,273
European Euro	2,983,283	48,437	803,857,776	11,395,299
Renminbi	9,277,833	19,332	50,220,204	97,387
Saudi Arabian Riyal	5,258,518	19,024	5,258,518	18,888
Great Britain Pound Sterling	125,209	2,295	118,604	1,963
Japanese Yen	1,135,000	137	388,000	45
	51,338,034			53,843,511
	230,972,494			213,038,606
Related parties (Notes 44)				
<u>Rupiah</u>		68,918,906		60,898,562
Foreign currencies				
United States Dollar	1,912,908,304	25,953,383	1,376,645,507	18,546,856
Singapore Dollar	44,162,297	448,449	43,793,922	407,806
European Euro	7,649,000	124,191	9,703,047	137,548
Australian Dollar	48,532	514		-
	26,526,537			19,092,210
	95,445,443			79,990,772
Total		326,417,937		293,029,378

Time deposits based on their contractual periods are as follows:

	December 31, 2017	December 31, 2016
Third parties		
<u>Rupiah</u>		
Deposits on call	7,846,255	9,577,885
Deposits		
1 month	71,521,847	66,562,883
3 months	73,908,929	59,117,884
6 months	19,467,302	17,829,486
12 months	6,123,449	5,647,297
More than 12 months	766,678	459,660
	179,634,460	159,195,095



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

22. TIME DEPOSITS (continued)

Time deposits based on their contractual periods are as follows (continued):

	December 31, 2017	December 31, 2016
Third parties (continued)		
Foreign currencies		
Deposits on call	3,858,989	3,823,613
Deposits		
1 month	12,810,631	6,845,138
3 months	5,859,042	5,329,468
6 months	13,393,642	26,618,525
12 months	15,411,619	10,607,111
More than 12 months	4,111	619,656
	51,338,034	53,843,511
	230,972,494	213,038,606
Related parties (Notes 44)		
Rupiah		
Deposits on call	14,117,304	7,975,541
Deposits		
1 month	24,736,012	29,547,145
3 months	14,274,439	12,669,883
6 months	2,560,592	2,456,474
12 months	1,659,159	5,289,119
More than 12 months	11,571,400	2,960,400
	68,918,906	60,898,562
Foreign currencies		
Deposits on call	7,275,615	1,377,187
Deposits		
1 month	8,742,183	9,196,247
3 months	4,072,443	3,306,531
6 months	5,367,913	5,030,168
12 months	948,989	182,077
More than 12 months	119,394	-
	26,526,537	19,092,210
	95,445,443	79,990,772
Total	326,417,937	293,029,378

The average annual interest rates are as follows:

	2017	2016
Rupiah	6.20%	7.49%
Foreign currencies	1.43	1.19

Time deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp334,019 and Rp257,410 as of December 31, 2017 and 2016, respectively.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

23. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Deposits from other banks and financial institutions consist of:

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties				
<u>Rupiah</u>				
Deposits on call	3,473,000		810,000	
Time deposits	523,193		84,630	
Demand deposits	169,262		152,260	
Saving deposits	6,709		6,497	
Inter-bank call money	-		536,729	
	<hr/>	<hr/>	<hr/>	<hr/>
	4,172,164		1,590,116	
<u>United States Dollar</u>				
Demand deposits	13,272,017	180,068	6,387,630	86,057
Inter-bank call money	6,000,000	81,405	-	-
Time deposits	1,000,000	13,568	4,000,000	53,890
	<hr/>	<hr/>	<hr/>	<hr/>
	275,041		139,947	
	<hr/>	<hr/>	<hr/>	<hr/>
	4,447,205		1,730,063	
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Deposits on call	50,000		80,000	
Demand deposits	2,621		689	
Inter-bank call money	-		20,000	
	<hr/>	<hr/>	<hr/>	<hr/>
	52,621		100,689	
<u>United States Dollar</u>				
Inter-bank call money	80,600,000	1,093,541	29,600,000	398,786
	<hr/>	<hr/>	<hr/>	<hr/>
	1,146,162		499,475	
Total		5,593,367		2,229,538
	<hr/>	<hr/>	<hr/>	<hr/>

The average annual interest rates are as follows:

	Rupiah		United States Dollar	
	2017	2016	2017	2016
Demand deposits	1.31%	1.21%	0.03%	0.05%
Saving deposits	1.37	1.46	-	-
Deposits on call	5.23	5.97	-	-
Time deposits	5.90	6.47	0.45	0.44
Inter-bank call money	-	4.74	0.92	0.46

The classification of deposits from other banks and financial institutions based on their remaining period to maturity are as follows:

	December 31, 2017			
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
Third parties				
<u>Rupiah</u>				
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
	<hr/>	<hr/>	<hr/>	<hr/>
	4,084,971	57,408	29,785	4,172,164



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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
Third parties (continued)				
United States Dollar				
Demand deposits	180,068	-	-	180,068
Time deposits	13,568	-	-	13,568
Inter-bank call money	81,405	-	-	81,405
	<hr/> 275,041	<hr/>	<hr/>	<hr/> 275,041
Related parties (Note 44)				
Rupiah				
Deposits on call	50,000	-	-	50,000
Demand deposits	2,621	-	-	2,621
	<hr/> 52,621	<hr/>	<hr/>	<hr/> 52,621
United States Dollar				
Inter-bank call money	1,093,541	-	-	1,093,541
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
	<hr/> 1,546,736	<hr/> 42,057	<hr/> 1,323	<hr/> 1,590,116
United States Dollar				
Demand deposits	86,057	-	-	86,057
Time deposits	53,890	-	-	53,890
	<hr/> 139,947	<hr/>	<hr/>	<hr/> 139,947
Related parties (note 44)				
Rupiah				
Deposits on call	80,000	-	-	80,000
Inter-bank call money	20,000	-	-	20,000
Demand deposits	689	-	-	689
	<hr/> 100,689	<hr/>	<hr/>	<hr/> 100,689
United States Dollar				
Inter-bank call money	398,786	-	-	398,786
Total	2,186,158	42,057	1,323	2,229,538

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017				
	Date of Sale	Date of Repurchase	Nominal Amount	Sale Amount	Repurchase Amount-Net
Third parties					
Rupiah					
Other Bank					
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
Certificates of Bank Indonesia					
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
United States Dollar					
Other Bank					
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 Bank					
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
			13,064,976	12,093,620	12,136,684



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2016				
	Date of Sale	Date of Repurchase	Nominal Amount	Sale Amount	Repurchase Amount-Net
<u>Third parties</u>					
<u>Rupiah</u>					
<u>Other Bank</u>					
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
<u>United States Dollar</u>					
<u>Other Bank</u>					
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
<u>Related parties (Note 44)</u>					
<u>Rupiah</u>					
<u>Non Bank</u>					
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

25. MARKETABLE SECURITIES ISSUED

BRI issued marketable securities with details as follows:

	December 31, 2017	December 31, 2016
<u>Rupiah</u>		
<u>BRI Shelf Registration Bonds I</u>		
Phase I Year 2015		
Net of unamortized issuance cost amounting to Rp2,091 and Rp3,358 as of December 31, 2017 and 2016, respectively	2,321,788	2,321,811
Phase II Year 2016		
Net of unamortized issuance cost amounting to Rp2,125 and Rp2,430 as of December 31, 2017 and 2016, respectively	3,839,875	4,647,570
Phase III Year 2016		
Net of unamortized issuance cost amounting to Rp1,372 and Rp2,508 as of December 31, 2017 and 2016, respectively	3,069,111	4,281,750

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

25. MARKETABLE SECURITIES ISSUED (continued)

BRI issued marketable securities with details as follows (continued):

	December 31, 2017	December 31, 2016
Rupiah (continued)		
BRI Shelf Registration Bonds II		
Phase I Year 2016		
Net of unamortized issuance cost amounting to Rp4,116 and Rp5,466 as of December 31, 2017 and 2016, respectively	3,927,592	4,544,019
Phase II Year 2017		
Net of unamortized issuance cost amounting to Rp2,579 as of December 31, 2017	5,076,914	-
Phase III Year 2017		
Net of unamortized issuance cost amounting to Rp3,293 as of December 31, 2017	5,126,187	-
BRI Agro Bonds I Year 2017		
Net of unamortized issuance cost amounting to Rp2,035 as of December 31, 2017	477,808	-
Medium-Term Notes (MTN)		
Phase I Year 2014		
Net of unamortized issuance cost amounting to Rp191 as of December 31, 2016	-	359,809
Phase I Year 2016		
Net of unamortized issuance cost amounting to Rp992 as of December 31, 2016	-	1,924,008
	<hr/> 23,839,275	<hr/> 18,078,967
United States Dollar		
BRI Bonds		
Net of discounts and unamortized issuance cost amounting to Rp4,231 and Rp21,055 as of December 31, 2017 and 2016, respectively	6,780,383	6,721,814
Total	<hr/> 30,619,658	<hr/> 24,800,781

The amortization issuance cost of securities issued for the year ended December 31, 2017 and 2016 amounting to Rp23,830 and Rp22,526, respectively.

Other basic information related to marketable securities issued are as follows:

a) **BRI Shelf Registration Bonds I**

On June 25, 2015, BRI issued BRI Shelf Registration Bonds I Phase I Year 2015 at principal value Rp3,000,000 in 3 (three) series, as follows:

- Series A: Principal value amounting to Rp655,000 with a fixed interest rate of 8.40% per annum, for a period of 370 (three hundred and seventy) days that matured on July 7, 2016.
- Series B: Principal value amounting to Rp925,000 with a fixed interest rate of 9.20% per annum, for a period of 3 (three) years that will mature on July 3, 2018.
- Series C: Principal value amounting to Rp1,420,000 with a fixed interest rate of 9.50% per annum, for a period of 5 (five) years that 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. On the issuance date, Pefindo gave these Shelf Registration Bonds an idAAA rating.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

25. MARKETABLE SECURITIES ISSUED (continued)

Other basic information related to marketable securities issued are as follows (continued):

a) BRI Shelf Registration Bonds I (continued)

On January 19, 2016, BRI issued BRI Shelf Registration Bonds I Phase II Year 2016 at principal value Rp4,650,000 in 3 (three) series, as follows:

- Series A: Principal value amounting to Rp808,000 with a fixed interest rate of 8.50% per annum, for a period of 370 (three hundred and seventy) days that matured on February 8, 2017.
- Series B: Principal value amounting to Rp1,018,500 with a fixed interest rate of 9.25% per annum, for a period of 3 (three) years that will mature on February 4, 2019.
- Series C: Principal value amounting to Rp2,823,500 with a fixed interest rate of 9.60% per annum, for a period of 5 (five) years that 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. On the issuance date, Pefindo gave these Shelf Registration Bonds an idAAA rating.

On May 4, 2016, BRI issued BRI Shelf Registration Bonds I Phase III Year 2016 at principal value Rp4,350,000 in 3 (three) series, as follows:

- Series A: Principal value amounting to Rp1,212,000 with a fixed interest rate of 7.50% per annum, for a period of 370 (three hundred and seventy) days that matured on May 30, 2017.
- Series B: Principal value amounting to Rp2,437,000 with a fixed interest rate of 8.20% per annum, for a period of 3 (three) years that will mature on May 25, 2019.
- Series C: Principal value amounting to Rp701,000 with a fixed interest rate of 8.70% per annum, for a period of 5 (five) years that will mature on May 25, 2021.

The interest of BRI Shelf Registration Bonds I Phase III Year 2016 is paid every 3 (three) months, starting from August 25, 2016. On the issuance date, Pefindo gave these Shelf Registration Bonds an idAAA rating.

As of December 31, 2017 and 2016, BRI Shelf Registration Bonds I obtained an idAAA rating from Pefindo. The net proceeds from the issuance of Shelf Registration Bonds will be used for credit granting.

One important covenant stated in the agreement of Shelf Registration Bonds is that BRI shall not, without the written approval from the supervisory agent, reduce authorised, issued and paid-up capital, nor perform merger, separation, consolidation neither takeovers of company.

Management claims that all requirements/restrictions required under the trustee agreement have been complied with.

BRI has settled its Shelf Registration Bonds I Phase I Series A with total nominal value of Rp655,000, Phase II Series A with total nominal value of Rp808,000, and Phase III Series A with total nominal value of Rp1,212,000 on maturity date.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

25. MARKETABLE SECURITIES ISSUED (continued)

Other basic information related to marketable securities issued are as follows (continued):

b) BRI Shelf Registration Bonds II

On December 2, 2016, BRI issued Shelf Registration Bonds II Phase I Year 2016 at principal value Rp4,600,000 in 5 (five) series, as follows:

- Series A: Principal value amounting to Rp616,000 with a fixed interest rate of 7.25% per annum, for a period of 370 (three hundred and seventy) days that matured on December 6, 2017.
- Series B: Principal value amounting to Rp964,000 with a fixed interest rate of 8.00% per annum, for a period of 3 (three) years that 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 that 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 that 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 that 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. On the issuance date, Pefindo gave these Shelf Registration Bonds an idAAA rating.

On April 12, 2017 BRI issued Shelf Registration Bonds II Phase II Year 2017 at principal value Rp5,100,000 in 4 (four) series, as follows:

- Series A: Principal value amounting to Rp1,131,000 with a fixed interest rate of 7.20% per annum, for a period of 370 (three hundred and seventy) days that will mature on April 16, 2018.
- Series B: Principal value amounting to Rp1,743,500 with a fixed interest rate of 8.10% per annum, for a period of 3 (three) years that will mature on April 11, 2020.
- Series C: Principal value amounting to Rp925,000 with a fixed interest rate of 8.30% per annum, for a period of 5 (five) years that will mature on April 11, 2022.
- Series D: Principal value amounting to Rp1,300,500 with a fixed interest rate of 8.80% per annum, for a period of 10 (ten) years that will mature on April 11, 2027.

The interest of BRI Shelf Registration Bonds II Phase II Year 2017 is paid every 3 (three) months, starting from July 11, 2017. On the issuance date, Pefindo gave these Shelf Registration Bonds an idAAA rating.

On August 25, 2017 BRI issued Shelf Registration Bonds II Phase III Year 2017 at principal value Rp5,150,000 in 3 (three) series, as follows:

- Series A: Principal value amounting to Rp980,500 with a fixed interest rate of 7.60% per annum, for a period of 3 (three) years that will mature on August 24, 2020.
- Series B: Principal value amounting to Rp1,652,500 with a fixed interest rate of 8.00% per annum, for a period of 5 (five) years that will mature on August 24, 2022.
- Series C: Principal value amounting to Rp2,517,000 with a fixed interest rate of 8.25% per annum, for a period of 7 (seven) years that will mature on August 24, 2024.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

25. MARKETABLE SECURITIES ISSUED (continued)

Other basic information related to marketable securities issued are as follows (continued):

b) BRI Shelf Registration Bonds II (continued)

The interest of BRI Shelf Registration Bonds II Phase III Year 2017 is paid every 3 (three) months, starting from November 24, 2017. On the issuance date, Pefindo gave these Shelf Registration Bonds an idAAA rating.

As of December 31, 2017 and 2016, BRI Shelf Registration Bonds II obtained an idAAA rating from Pefindo. The net proceeds from the issuance of Shelf Registration Bonds will be used for credit granting.

One important covenant stated in the agreement of Shelf Registration Bonds is that BRI shall not, without the written approval from the supervisory agent, reduce authorised, issued and paid-up capital, nor perform merger, separation, consolidation neither takeovers of company.

Management claims that all requirements/restrictions required under the trustee agreement have been complied with.

BRI has settled its Shelf Registration Bonds II Phase I Series A with total nominal value of Rp616,000 on maturity date.

c) BRI Bonds

On March 28, 2013, BRI issued and listed the BRI Bonds Year 2013 at nominal value USD500,000,000 (full amount) in Singapore Exchange Securities Trading Limited (SGX-ST) for a period of 5 (five) years, and will mature 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). The interest is paid every 6 (six) months starting from September 28, 2013. On the issuance date, the bonds were rated Baa3 and BBB- by Moody's and Fitch, respectively.

The net proceeds from the issuance of BRI bonds was used to strengthen BRI's general funding structure. As of December 31, 2017 and 2016, BRI Bonds Year 2013 were rated Baa3 by Moody's and BBB- by Fitch and Moody's, respectively.

d) BRI Agro Bonds I

On July 7, 2017, after receiving the Notice of Effective Registration Statement from Financial Services Authority of Indonesia No. S-348/D.04/2017 dated June 22, 2017, BRI Agro issued BRI Agro Bonds I Year 2017 at principal value Rp500,000 in 2 (two) series as follows:

- Series A: Principal value amounting 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 amounting 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 BRI Agro Bonds I Year 2017 is paid every 3 (three) months, starting from October 7, 2017. On the issuance date, Pefindo gave these Shelf Registration Bonds an idAA rating.

As of December 31, 2017, BRI Agro Bonds I Year 2017 obtained an idAA rating from Pefindo. The net proceeds from the issuance of bonds will be used for credit granting.

One important covenant stated in the agreement of BRI Agro Bonds I Year 2017 is that BRI shall not, without the written approval from the supervisory agent, reduce authorised, issued and paid-up capital, nor perform merger, separation, consolidation neither takeovers of company.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

26. FUND BORROWINGS

Fund borrowings consist of:

	December 31, 2017	December 31, 2016
Third parties		
Rupiah		
Bank Indonesia		
Liquidity loans	15,906	15,906
Others	12,628	12,291
	<hr/> 28,534	<hr/> 28,197
Foreign currencies		
Borrowings from China Development Bank Corporation		
net of unamortized transaction cost	13,402,803	13,047,548
Syndicate Loan - Club Loan		
net of unamortized transaction cost	7,394,230	7,300,061
Borrowings from BNP Paribas		
net of unamortized transaction cost	782,365	-
Syndicate Loan - Club Deal		
net of unamortized transaction cost	-	3,725,183
Bilateral Loan	684,214	417,508
Others	7,110,863	10,389,673
	<hr/> 29,374,475	<hr/> 34,879,973
	<hr/> 29,403,009	<hr/> 34,908,170
Related parties (Note 44)		
Rupiah		
Borrowings from PT Sarana Multigriya Finansial (Persero)	-	100,000
Total	<hr/>29,403,009	<hr/>35,008,170

The classification of fund borrowings based on their remaining periods until maturity are as follows:

	December 31, 2017	December 31, 2016
Third parties		
Rupiah		
≤ 1 month	85	85
> 3 months - 1 year	6,545	6,571
> 1 year - 5 years	7,966	7,942
> 5 years	13,938	13,599
	<hr/> 28,534	<hr/> 28,197



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

26. FUND BORROWINGS (continued)

The classification of fund borrowings based on their remaining periods until maturity are as follows (continued):

	December 31, 2017	December 31, 2016
<u>Third parties (continued)</u>		
<u>Foreign currencies</u>		
≤ 1 month	679,742	320,647
> 1 month - 3 months	743,333	6,201,529
> 3 months - 1 year	6,372,001	7,996,715
> 1 year - 5 years	7,394,230	7,313,534
> 5 years	14,185,169	13,047,548
	<hr/>	<hr/>
	29,374,475	34,879,973
	<hr/>	<hr/>
	29,403,009	34,908,170
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
> 3 months - 1 year	-	100,000
Total	29,403,009	35,008,170

Other significant information related to fund borrowings are as follows:

a) Borrowings from Bank Indonesia

Liquidity Loans

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

The classification of liquidity loans from Bank Indonesia based on their remaining periods to maturity as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
≤ 1 month	85	85
> 3 months - 1 year	6,571	6,571
> 1 year - 5 years	7,942	7,942
> 5 years	1,308	1,308
Total	15,906	15,906

The average annual interest rates on these loans are 0.02% for the year ended December 31, 2017 and 2016, respectively.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

26. FUND BORROWINGS (continued)

Other significant information related to fund borrowings are as follows (continued):

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 facility period is 5 (five) years until December 14, 2017 and has been repaid on its maturity date. The agreed *nisbah* portion for PT Sarana Multigriya Finansial (Persero) and BRISyariah amounted to 63.46% and 36.54%, respectively.

c) Syndicated Loan - Club Deal

On September 12, 2014, BRI obtained syndicated loan in the form of Club Deal amounted to USD370,000,000 (full amount), which is facilitated by BNP Paribas (agent) and divided into:

- a. Facility A, amounted to USD320,000,000 (full amount), with interest rate on three-month LIBOR plus a given margin per annum. The participating banks in 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 interest rate on three-month LIBOR plus a given margin per annum. This facility is only financed by Commerzbank Aktiengesellschaft.

This syndicated loan was obtained to meet BRI's liquidity needs. The interest is payable every 3 (three) months starting from 3rd (third) month since the signing date of the syndicated loan agreement.

This syndicated loan has a period of 36 (thirty six) months and has matured on September 12, 2017. BRI does not give any collateral for this loan.

BRI has made a partial payment for Facility A and Facility B of USD80,000,000 (full amount) and USD12,500,000 (full amount) on September 30, 2015, respectively.

BRI has settled the remaining loan amounted to USD240,000,000 (full amount) and USD37,500,000 (full amount) for Facility A and Facility B on September 12, 2017, respectively.

The financial covenants in this syndicated loans agreement, among others, are maintaining financial ratios as follows:

- Minimum Capital Adequacy Ratio (CAR) of 9%,
- Maximum Non-Performing Loan (NPL) ratio of 5%.

As of December 31, 2017 and 2016, BRI has met the important covenants as required in this agreement.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

26. FUND BORROWINGS (continued)

Other significant information related to fund borrowings are as follows (continued):

d) Syndicated Loan - Club Loan

BRI obtained a syndicated loan facility in the form of Club Loan amounted to USD550,000,000 (full amount) according to Facility Agreement dated September 30, 2015. This loan is facilitated by The Hongkong and Shanghai Banking Corporation Limited as agent which consist of:

- a. Facility A amounted to USD325,000,000 (full amount) for 42 (forty two) months from the date of agreement (including grace period) and will mature on March 30, 2019. The participating banks in 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) for 48 (forty eight) months from the date of the agreement (including grace period) and will mature on September 30, 2019. The participating banks in 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) for 60 (sixty) months from the date of the agreement (including grace period) and will mature on September 30, 2020. The participating banks in 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 loan is used to strengthen the long-term financing structure and maturity profile. The loan principal will be paid on maturity date while the loan interest at three-month LIBOR plus a given margin per annum will be paid every 3 (three) months. BRI does not give any collateral for this loan.

The financial covenants in this syndicated loans agreement, among others, are maintaining financial ratios as follows:

- Minimum Capital Adequacy Ratio (CAR) of 9%,
- Maximum Non-Performing Loan (NPL) ratio of 5%.

As of December 31, 2017 and 2016, BRI has met the important covenants as required in this agreement.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

26. FUND BORROWINGS (continued)

Other significant information related to fund borrowings are as follows (continued):

e) Borrowings from China Development Bank Corporation

On September 16, 2015, BRI signed a loan facility agreement from China Development Bank Corporation to finance long-term infrastructure projects and industries in Indonesia and cross-border transactions between Indonesia and the People's Republic of China.

This loan consists of 2 (two) facilities, which are:

- Tranche A facility amounted to USD700,000,000 (full amount) for which the drawdown was made on October 30, 2015 and November 6, 2015 amounted to USD223,953,383 (full amount) and USD476,046,617 (full amount), respectively.
- Tranche B facility amounted to RMB1,906,080,000 (equivalent to USD300,000,000) (full amount) for which the first drawdown was made on October 30, 2015 amounted to RMB609,818,661 (full amount) and the second drawdown was made 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 with an interest rate at six-month LIBOR plus a given margin per annum for Tranche A and six-month SHIBOR plus a given margin per annum for Tranche B which are paid every 6 (six) months.

Principal installments are paid every 6 (six) months, together with interest payments. For Tranche A facility, principal installments amounted to USD46,666,667 (full amount) will be paid starting on September 16, 2018 to maturity date. As for Tranche B facility, principal installments amounted to RMB127,072,000 (full amount) will be paid starting on September 16, 2018 to maturity date. BRI does not provide any guarantee for this loan.

The financial covenants in this loan agreement, among others, are maintaining financial ratios as follows:

- Minimum Capital Adequacy Ratio (CAR) of 9%,
- Minimum Tier 1 ratio of 6%,
- Minimum Core Tier 1 ratio of 5%,
- Minimum Statutory Reserve in IDR ratio (GWM Rupiah) of 6.5%,
- Maximum Non-Performing Loan (NPL) ratio of 5%,
- Minimum Return On Assets (ROA) ratio of 0.6%.

As of December 31, 2017 and 2016, BRI has met the important covenants as required in this agreement.

f) Borrowings from BNP Paribas

On June 7, 2016, BRI signed a loan facility agreement from BNP Paribas under an Export Credit Financing (ECA) scheme to finance BRIsat component and service launched by Arianespace France.

This loan consists of 2 (two) facilities, which are:

- Tranche Banque Publique d'Investissement (BPI) facility amounted to USD49,961,501.23 (full amount) for which the drawdown was made on August 31, 2017,
- Tranche Hermes facility amounted to USD9,901,308.77 (full amount) for which the drawdown was made on August 31, 2017.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

26. FUND BORROWINGS (continued)

Other significant information related to fund borrowings are as follows (continued):

f) Borrowings from BNP Paribas (continued)

This loan facility has a tenor of 7 (seven) years and 6 (six) months which will mature on February 3, 2025 with an interest rate of 2.68% per annum for Tranche BPI facility and six-month LIBOR plus a given margin per annum for Tranche Hermes facility.

Principal installments are paid every 6 (six) months, together with interest payments. For Tranche BPI facility, principal installments amounted to USD3,330,766.75 (full amount) will be paid starting on February 5, 2018 to maturity date. As for Tranche Hermes facility, principal installments amounted to USD660,087.25 (full amount) will be paid starting on February 5, 2018 to maturity date. BRI does not provide any guarantee for this loan.

The financial covenants in this loan agreement, among others, are maintaining financial ratios as follows:

- Minimum Capital Adequacy Ratio (CAR) of 9%,
- Maximum Non-Performing Loan (NPL) ratio of 5%.

As of December 31, 2017 and 2016, BRI has met the important covenants as required in this agreement.

g) Bilateral Loan

Borrowings from The Bank of Tokyo-Mitsubishi UFJ

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) to finance its Cross Currency Swap. This loan bears interest on six-month LIBOR plus a given margin per annum payable every 6 (six) months. The loan facility has been repaid 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 its liquidity needs. This loan bears interest on one-month LIBOR plus a given margin per annum payable monthly until March 30, 2017 and has been repaid on its maturity date.

On November 14, 2017, BRI (Singapore Branch) and Emirates NBD Bank signed a loan facility agreement amounted to USD50,000,000 (full amount) to meet its liquidity needs. This loan bears interest on three-month LIBOR plus a given margin per annum payable every 3 (three) months and will mature on August 10, 2018.

Borrowings 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 its liquidity needs. This loan bears interest on three-month LIBOR plus a given margin per annum payable every 3 (three) months. This loan facility has been repaid on its maturity date on March 13, 2017.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

26. FUND BORROWINGS (continued)

Other significant information related to fund borrowings are as follows (continued):

h) Other Borrowings

	December 31, 2017		December 31, 2016	
	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent
Third parties				
<u>Rupiah</u>				
Bank Indonesia	12,628		12,291	
<u>Foreign currencies</u>				
<u>United States Dollar</u>				
Bank of Montreal	220,000,000	2,984,850	210,000,000	2,829,225
Bank of America N.A.	75,000,000	1,017,562	36,875,880	496,810
Citibank, N.A.	75,000,000	1,017,562	75,000,000	1,010,437
The Bank of New York Mellon	65,000,000	881,888	90,000,000	1,212,525
Standard Chartered Bank	25,000,000	339,188	100,000,000	1,347,250
Wells Fargo Bank, N.A.	25,000,000	339,188		-
Oversea-Chinese Banking Corporation Limited	24,511,666	332,562	76,004,562	1,023,971
PT Bank Sumitomo Mitsui Indonesia	10,000,000	135,600		-
Commerzbank, A.G.		-	60,000,000	808,350
The Hong Kong and Shanghai Banking Corporation, Ltd.		-	50,000,000	673,625
National Bank of Abu Dhabi		-	25,000,000	336,813
The Bank of Tokyo-Mitsubishi UFJ		-	21,900,810	295,059
BNP Paribas		-	19,982,976	269,221
	<hr/>	<hr/>	<hr/>	<hr/>
	7,048,400		10,303,286	
<u>Euro Europa</u>				
CTBC Bank	2,864,858	46,514	3,104,913	44,015
Commerzbank, A.G.	982,320	15,949	2,989,067	42,372
	<hr/>	<hr/>	<hr/>	<hr/>
	62,463		86,387	
	<hr/>	<hr/>	<hr/>	<hr/>
	7,110,863		10,389,673	
Total	<hr/>	<hr/>	<hr/>	<hr/>
	7,123,491		10,401,964	

Other borrowings facilities in foreign currencies represent short-term borrowings obtained from several foreign banks with terms from 1 (one) month up to 1 (one) year and bear interest rate at LIBOR or EURIBOR plus a certain margin, including refinancing borrowing facilities which are collateralized by letters of credit issued by BRI.

27. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

- a) The details of estimated losses on commitments and contingencies which bear credit risk are as follows:

	December 31, 2017	December 31, 2016
<u>Rupiah</u>		
Guarantees issued	2,134	895



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

27. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

- b) Movements in estimated losses on commitments and contingencies:

	December 31, 2017	December 31, 2016
Rupiah		
Beginning balance	895	1,242
Provision (reversal) during the year	1,239	(347)
Ending balance	2,134	895

BRI assessed commitment and contingency transactions which bear credit risks individually based on whether an objective evidence of impairment exists, except for the commitment and contingency transactions owned by BRISyariah (Subsidiary) (based on sharia principles) in which assessment was performed using a collectability guidance of Bank Indonesia.

The minimum estimated losses on commitments and contingencies based on Bank Indonesia regulation amounted to Rp2,143 and Rp895 as of December 31, 2017 and 2016, respectively. Management believes that the amount is adequate.

- c) The collectibility of Bank Guarantee issued and the irrevocable L/C in Administrative Accounts is categorized as "Current" (Notes 2ao and 43):

	December 31, 2017		December 31, 2016	
	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent
Third parties				
Rupiah				
Guarantees Issued	5,622,512	4,342,053		
Irrevocable L/C	719,945	514,596		
	6,342,457	4,856,649		
Foreign currencies				
Guarantees Issued				
United States Dollar	783,830,900	10,634,626	440,361,405	5,932,769
European Euro	15,756,226	255,821	16,835,180	238,652
Australian Dollar		-	676,419	6,577
Saudi Arabian Riyal		-	1,000,000	3,592
	10,890,447	6,181,590		
Irrevocable L/C				
United States Dollar	155,008,887	2,103,083	107,112,073	1,443,067
European Euro	20,769,936	337,225	7,789,354	110,420
Great Britain Pound Sterling	511,882	9,381	342,912	5,677
Japanese Yen	57,180,643	6,891	45,373,091	5,221
Singapore Dollar	588,866	5,980	313,839	2,922
Renminbi	2,400,000	5,001	2,646,926	5,133
Swiss Franc	18,380	255		-
	2,467,816	1,572,440		
	13,358,263	7,754,030		
Related parties (Note 44)				
Rupiah				
Guarantees Issued	10,411,205	7,637,064		
Irrevocable L/C	919,438	571,900		
	11,330,643	8,208,964		

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

27. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

- c) The collectibility of Bank Guarantee issued and the irrevocable L/C in Administrative Accounts is categorized as "Current" (Notes 2ao and 43) (continued):

	December 31, 2017		December 31, 2016	
	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent
<u>Related parties (Note 44) (continued)</u>				
<u>Foreign currencies</u>				
Guarantees Issued				
United States Dollar	479,169,690	6,501,135	394,079,942	5,309,242
European Euro	32,281,032	524,122	71,004,683	1,006,546
Japanese Yen	324,000,000	39,047	74,828,897	8,610
Malaysian Ringgit	8,500,000	28,493	8,500,000	25,527
Canadian Dollar	1,240,000	13,419	1,240,000	12,383
	<hr/>	<hr/>	<hr/>	<hr/>
	7,106,216		6,362,308	
Irrevocable L/C				
United States Dollar	239,833,977	3,256,948	334,073,051	4,500,799
European Euro	89,256,297	1,449,185	63,038,569	893,620
Great Britain Pound Sterling	6,038,100	110,652	5,307,740	87,870
Japanese Yen	374,485,163	45,131	3,406,896,610	392,015
Australian Dollar	1,199,000	12,702		-
Singapore Dollar	182,613	1,854	266,951	2,486
Renmibi		-	2,798,000	5,426
	<hr/>	<hr/>	<hr/>	<hr/>
	4,873,472		5,882,216	
	<hr/>	<hr/>	<hr/>	<hr/>
	11,979,688		12,244,524	
Total	43,011,051		33,064,167	
	<hr/>	<hr/>	<hr/>	<hr/>

28. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits consist of:

	December 31, 2017	December 31, 2016
Bonuses and incentives	7,962,072	5,889,022
Provision for grand leaves (Note 42e)	1,560,648	1,349,754
Provision for work separation scheme (Note 42d)	1,335,477	1,261,219
Provision for gratuity for services (Note 42e)	1,072,802	951,208
Provision for BPJS post employment health program (Note 42e)	243,259	-
Total	12,174,258	9,451,203
	<hr/>	<hr/>

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

29. OTHER LIABILITIES

Other liabilities consist of:

	December 31, 2017	December 31, 2016
Third parties		
Rupiah		
Liability for future policy benefits	4,823,808	3,764,582
Interests payable	1,311,391	1,025,594
Subsidy funds Kemenpupera	1,291,497	692,560
Provision for litigation liabilities (Note 45b)	971,354	613,720
Investment contract liabilities	699,564	401,903
Provision for timely-payment of interests (Note 2z)	669,194	758,697
Outsourcing services	600,851	200,851
Credit card liabilities	151,406	88,063
Unearned premiums	136,658	98,374
Estimates liability claims	91,697	91,135
Unearned income	64,590	92,768
Temporary syirkah funds	63,967	52,550
Accrued profit sharing	35,683	34,991
Provision for simpedes gift tax	24,222	21,756
Reinsurance debt	20,481	9,761
Guarantee deposits	18,476	14,343
Others	1,358,391	1,624,395
	12,333,230	9,586,043
Foreign currencies		
Interest payable	327,659	249,908
Unearned income	164,541	148,591
Others	460,226	126,911
	952,426	525,410
Total	13,285,656	10,111,453

30. SUBORDINATED LOANS AND MARKETABLE SECURITIES

BRI obtained subordinated loans and marketable securities with details as follows:

	December 31, 2017	December 31, 2016
Rupiah		
Subordinated Sukuk Mudharabah I	972,065	973,039
Two-step loan	14,385	35,471
	986,450	1,008,510

a. **Subordinated Sukuk Mudharabah I**

On November 17, 2016, BRISyariah (subsidiary) issued Rp1,000,000 Subordinated *Sukuk Mudharabah I* Year 2016 which was issued at 100.00% of its nominal value using profit sharing method. The amount of Sukuk holder's nisbah was 80.2013% which was calculated from liquid gross revenue, which was indicated to be 11.8452%. Profit sharing will be paid every 3 (three) months and will be due on November 16, 2023. Subordinated *Sukuk Mudharabah I* was rated A+(idn) by Fitch on publication date.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

30. SUBORDINATED LOANS AND MARKETABLE SECURITIES (continued)

a. Sukuk Mudharabah Subordinasi I (continued)

The receipt from the issuance of the Subordinated *Sukuk Mudharabah I* is used to strengthen the capital structure to support business development activities through financing.

The Subordinated *Sukuk Mudharabah I* is not guaranteed by special collateral nor guaranteed by the Republic of Indonesia or other third parties and is not included in the bank guarantee program implemented by the Deposit Insurance Agency (Lembaga Penjamin Simpanan/LPS) or other insurance corporation.

As of December 31, 2017 and 2016, the Subordinated *Sukuk Mudharabah I* was rated A+(idn) by Fitch.

Acting as trustee for the Subordinated *Sukuk Mudharabah I* is PT Bank Negara Indonesia (Persero) Tbk.

BRISyariah (subsidiary) is required to have written approval from the trustee before conducting the following:

- Issuing another Sukuk or MTN with higher ranking and have priority in payment over Subordinated Sukuk Mudharabah.
- Changing its main business.
- Reducing of authorized, issued and paid capital stock.
- Conducting merger, consolidation, acquisition with other parties which caused dissolution of BRISyariah, or would have negative impact on business continuity.
- Selling or transferring fixed assets of BRISyariah to other parties, either all or most (over 50%) of BRISyariah's fixed assets based on the audited financial statement.
- Conducting transactions with affiliated parties, unless either the transaction is performed under favorable terms for BRISyariah or at least equal to the requirements obtained by BRISyariah from independent third parties in prevalent transactions.
- Providing financing or investment in shares to other parties.

Management believes that all requirements/restrictions set forth in the trustee agreement have been met.

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 Fund for Agricultural Development (IFAD), and United States Agency for International Development (USAID). The interest rates of these loans vary based on the respective agreements with terms ranging from 15 (fifteen) up to 40 (forty) years. The average annual interest rates for subordinated loans and marketable securities were 4.06% and 4.27%, for the period and year ended December 31, 2017 and 2016, respectively. These loans will mature on various dates up to 2027.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

30. SUBORDINATED LOANS AND MARKETABLE SECURITIES (continued)

The classification of subordinated loans and marketable securities based on their remaining period until maturity are as follows:

	December 31, 2017	December 31, 2016
Rupiah		
> 3 months - 1 year	10,312	-
> 1 year - 5 years	30,935	-
> 5 years	976,138	977,575
Total	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, 2017 and 2016 are as follows:

	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	1	50	50	0.00%
Republic of Indonesia				
Series B Common Shares	69,999,999,999	50	3,499,999,999,950	56.75
Republic of Indonesia				
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%

	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%

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 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
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 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 or dismissal of Commissioners and Directors, changes in Articles of Association, approve on BRI's merger, dissolution, acquisition and separation, submission of request for bankruptcy and liquidation of BRI.

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 as of December 31, 2017 and 2016 are as follows:

Additional capital by the Government related to the recapitalization program	1,092,144
Previous 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 already expired	504
Stock Option MSOP Stage-II which already expired	1,845
Stock Option MSOP Stage-III which already expired	8,447
Total	2,773,858

In line with the realization of the Recapitalization Program for Commercial Banks as set forth in Government Regulation No. 52 Year 1999 on 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.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

31. EQUITY (continued)

b. Additional Paid-in Capital (continued)

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 under "Additional Paid-in Capital" together with the previous balance of paid up capital of Rp5 from the Government.

Based on the Decision Letter of the Ministry 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. Moreover, with the implementation of the quasi-reorganization by BRI, the accumulated losses before quasi-reorganization as of June 30, 2003 amounting 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 amount) per share at the offering price of Rp875 (full amount) 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
Premium per share (full Rupiah)	375
Total premium on shares 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 Special Annual Shareholders' Meetings on October 3, 2003, as disclosed in the Deed No. 6 Notary Imas Fatimah, S.H., the shareholders approved the issuance of stock options which is to be implemented within 3 (three) phases. Stock options are granted to Directors and employees who hold certain levels and positions and who have fulfilled the stipulated vesting requirements (Management Stock Option Plan (MSOP)).

The compensation cost of the MSOP is recognized as stock options which is part of equity.

BRI employees started to exercise their stock options for MSOP I on November 10, 2004, MSOP II on November 10, 2005 and MSOP III on 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.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

31. EQUITY (continued)

c. Differences Arising from Translation of Foreign Currency Financial Statements

This account represents the exchange rate differences resulting from the translation into Indonesian Rupiah of the financial statements of BRI branch/representative offices located abroad (Cayman Islands, New York, Hong Kong, Singapore and Timor Leste) and its subsidiaries whose functional currencies are in United States Dollar, Hong Kong Dollar and Singapore Dollar (Note 2aj). Assets and liabilities as well as commitments and contingencies denominated in foreign currencies were translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian time) as of the date of the statements of financial position. The consolidated statements of profit or loss and other comprehensive income for the year ended as of such date is derived from the accumulation of the monthly consolidated statements of profit or loss and other comprehensive income balances which are translated into Rupiah by using the average mid-rate of currency exchange for respective month.

d. Distribution of Net Income

Based on the Annual General Shareholders' Meetings of BRI held on March 15, 2017 and March 23, 2016, the Shareholders agreed to distribute dividend from net income for the year ended December 31, 2016 and 2015 as follows:

	Income for the year 2016	Income for the year 2015
Dividends	10,478,309	7,619,322

e. Reclassification of Appropriated Retained Earnings

In order to maintain its capital structure, BRI has reclassified Rp15,093,056 of its appropriated retained earnings into unappropriated retained earnings. This is in conjunction with the change in the Regulation of Indonesia Financial Services Authority (POJK) No.34/POJK.03/2016 dated September 26, 2016 regarding "the changes to POJK No.11/POJK.03/2016 on Minimum Capital Adequacy Requirement for Banks".

32. INTEREST AND SHARIA INCOME

Interest income are derived from:

	Year Ended December 31,	
	2017	2016
<u>Rupiah</u>		
Loans		
Micro	42,392,633	40,946,075
Retail	34,069,909	29,804,038
Corporate	9,134,968	8,428,432
Securities		
Fair value through profit or loss		
Government bonds	60,522	18,472
Deposit Certificates of Bank Indonesia	51,664	58,206
Certificates of Bank Indonesia	2,967	12,635
Bonds	1,309	11,983



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

32. INTEREST AND SHARIA INCOME (continued)

Interest income are derived from (continued):

	Year Ended December 31,	
	2017	2016
Rupiah (continued)		
Securities (continued)		
Available for sale		
Government bonds	2,613,410	2,153,086
Deposit Certificates of Bank Indonesia	1,025,495	384,725
Bonds	492,943	134,390
Certificates of Bank Indonesia	219,361	424,375
Medium-Term Notes	18,648	26,617
Negotiable Certificate of Deposit	16,726	-
Held to maturity		
Government bonds	2,506,018	2,558,389
Bonds	282,125	235,228
Negotiable Certificate Deposit	89,962	34,660
Medium-Term Notes	23,959	18,008
Certificates of Bank Indonesia	9,350	87,678
Deposit Certificates of Bank Indonesia	-	11,425
Government Recapitalization Bonds		
Held to maturity	65,394	173,129
Available for sale	12,626	28,112
Placements with Bank Indonesia and other banks		
Deposit Facility/Term Deposit	643,369	460,282
Inter-bank call money	159,434	155,010
Others	37,231	183,915
Current accounts with Bank Indonesia	158,770	158,570
Others	1,214,469	893,919
	95,303,262	87,401,359
Foreign Currencies		
Loans		
Corporate	2,246,515	1,347,607
Retail	264,091	531,801
Securities		
Fair value through profit or loss		
Government bonds	32,300	724
Certificates of Bank Indonesia	205	-
Available for sale		
Government bonds	693,803	629,431
Certificates of Bank Indonesia	72,824	40,105
Bonds	29,677	26,162
Held to maturity		
Government bonds	674,298	647,443
Bonds	38,129	23,347
Certificates of Bank Indonesia	11,517	7,992
Promissory Notes	1,374	57,082
Credit Link Notes	-	7,628

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

32. INTEREST AND SHARIA INCOME (continued)

Interest income are derived from (continued):

	Year Ended December 31,	
	2017	2016
Foreign Currencies (continued)		
Placements with Bank Indonesia and other banks		
Deposit Facility/Term Deposit	158,401	62,019
Inter-bank call money	68,768	45,424
Others	77,659	75,637
Others	407,427	454,577
	<hr/> 4,776,988	<hr/> 3,956,979
	<hr/> 100,080,250	<hr/> 91,358,338
 Sharia income are derived from:		
<i>Murabahah</i>	1,507,098	1,533,339
<i>Musyarakah</i>	528,286	526,506
Others	783,658	576,832
Total Sharia income	<hr/> 2,819,042	<hr/> 2,636,677
Total	102,899,292	93,995,015

33. INTEREST AND SHARIA EXPENSE

This account represents interest expense incurred on:

	Year Ended December 31,	
	2017	2016
Rupiah		
Time deposits	15,394,210	16,429,029
Saving deposits	2,700,285	2,880,441
Demand deposits	2,021,036	1,572,976
Marketable securities issued	1,989,118	1,015,247
Securities sold under agreement to repurchase	509,300	356,224
Deposits from other banks and financial institutions	400,517	496,936
Others	2,857,395	2,452,235
	<hr/> 25,871,861	<hr/> 25,203,088
 Foreign Currencies		
Fund borrowings	1,050,731	1,091,202
Time deposits	1,035,328	685,944
Marketable securities issued	237,413	114,238
Deposits from other banks and financial institutions	176,402	141,315
Demand deposits	80,974	88,276
Securities sold under agreement to repurchase	24,685	22,006
Saving deposits	3,166	5,717
Others	171,654	189,428
	<hr/> 2,780,353	<hr/> 2,338,126
	<hr/> 28,652,214	<hr/> 27,541,214



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

33. INTEREST AND SHARIA EXPENSE (continued)

This account represents interest expense incurred on (continued):

	Year Ended December 31,	
	2017	2016
Sharia expense consist of:		
<i>Mudharabah</i> deposits	1,077,056	990,710
Others	164,535	44,792
Total Sharia expense	1,241,591	1,035,502
Total	29,893,805	28,576,716

34. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET

This account represents provision for impairment losses on financial assets as follows:

	Year Ended December 31,	
	2017	2016
Loans (Note 12f)	16,800,820	13,454,979
Sharia receivables and financing (Note 13)	202,008	244,267
Finance lease receivables (Note 14)	(8,713)	995
Total	16,994,115	13,700,241

35. SALARIES AND EMPLOYEE BENEFITS

The details of this account are as follows:

	Year Ended December 31,	
	2017	2016
Salaries, wages and allowances	10,376,601	9,195,127
Bonuses, incentives and <i>tantiem</i>	6,441,267	5,904,569
Jamsostek contribution	623,454	525,477
Training and development	557,236	593,654
Medical allowances	397,363	368,137
Work separation scheme (Note 42d)	335,941	181,458
Grand leaves (Note 42e)	306,297	316,665
Defined contribution pension (Note 42c)	257,441	231,801
Defined benefit pension (Note 42a)	246,012	513,384
Post employment BPJS health program (Note 42e)	243,259	-
Gratuity for services (Note 42e)	156,639	152,480
Others	410,494	502,262
Total	20,352,004	18,485,014

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

35. SALARIES AND EMPLOYEE BENEFITS (continued)

For the year ended December 31, 2017 and 2016, salaries and allowances of the Board of Directors amounted to Rp81,073 and Rp65,526, respectively, and of the Board of Commissioners amounted to Rp28,919 and Rp26,702, respectively (Note 44). Bonuses, incentives and *tantiem* of BRI's Boards of Directors, Commissioners and key employees amounted to Rp433,539 and Rp396,453 for the year ended December 31, 2017 and 2016, respectively (Note 44).

36. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account are as follows:

	Year Ended December 31,	
	2017	2016
Outsourcing service	3,247,488	2,918,089
Depreciation of premises and equipment (Note 17)	1,579,405	1,224,809
Rent	1,577,521	1,758,312
Repairs and maintenance	1,174,499	961,923
Electricity and water	600,867	577,645
Transportation	829,900	459,785
Printing and postage	379,085	306,174
Office supplies	302,473	298,711
Communications	172,214	180,413
Professional fees	161,233	133,901
Computer installations	52,461	45,602
Research and product development	20,600	21,367
Others	3,049,198	3,089,014
Total	13,146,944	11,975,745

37. NON OPERATING INCOME - NET

The details of this account are as follows:

	Year Ended December 31,	
	2017	2016
Gain on sale of premises and equipment	13,419	7,934
Rental income	9,502	9,833
Cash distribution from the liquidation of BRI Finance Limited, Hong Kong	-	1,656
Others - net	193,402	(10,195)
Total	216,323	9,228



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

38. TAXATION

a) Taxes Payable

As of December 31, 2017 and 2016, the details of taxes payable are as follows:

	December 31, 2017	December 31, 2016
BRI (Parent Entity)		
Income tax		
Article 29	470,272	881,207
Subsidiaries		
Income tax and other tax		
Article 21	12,314	10,230
Article 22	51	116
Article 23	680	1,145
Article 25	677	6,162
Article 26	-	157
Article 29	50,485	15,790
Article 4 (2)	27,317	23,604
Value-added tax	3,002	3,990
	<hr/>	<hr/>
	94,526	61,194
Total	564,798	942,401
	<hr/>	<hr/>

b) Tax Expense

	Year Ended December 31,	
	2017	2016
Parent Entity		
Current tax expense of:		
Current year	8,983,257	8,165,498
Prior year tax examination	81,393	466,188
Deferred income tax benefit	(1,183,155)	(943,499)
	<hr/>	<hr/>
	7,881,495	7,688,187
Subsidiaries		
Current tax expense of:		
Current year	198,254	128,975
Prior year tax examination	5,091	-
Deferred income tax benefit	(107,017)	(71,383)
	<hr/>	<hr/>
	96,328	57,592
Total	7,977,823	7,745,779
	<hr/>	<hr/>

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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:

	Year Ended December 31,	
	2017	2016
Income before tax expense in accordance with the consolidated statement of profit or loss and other comprehensive income	37,022,157	33,973,770
Income of Subsidiaries	(671,427)	(532,127)
Income before tax expense - BRI (Parent Entity)	<u>36,350,730</u>	<u>33,441,643</u>
Temporary Differences:		
Reversal of allowance for impairment losses on loans	4,262,620	3,154,390
Provision for employee expenses	535,764	651,210
Unrealized loss on FVTPL securities and Government Recapitalization Bonds	(3,217)	(6,879)
Depreciation of premises and equipments	(62,549)	(24,727)
	<u>4,732,618</u>	<u>3,773,994</u>
Permanent Differences:		
Public relations	233,789	298,147
Representations and donations	177,116	159,361
Sports and religious activities	48,825	46,622
Income subjected to final tax	(6,316)	(7,302)
Income of associated entities	(56)	(18,564)
Others	3,379,578	3,133,588
	<u>3,832,936</u>	<u>3,611,852</u>
Estimated taxable income	<u>44,916,284</u>	<u>40,827,489</u>
 <u>Parent Entity</u>		
Corporate income tax expense - current	(8,983.257)	(8,165.498)
Income tax installment payments during the year	8,487.061	7,263.072
Foreign tax credit	25.924	21.219
Corporate income tax payable – article 29	<u>(470.272)</u>	<u>(881.207)</u>
 Payment for installment income tax article 25 fiscal year 2017 has been overbook to fiscal year 2018 (Notes 18)	<u>927.453</u>	-
 <u>Subsidiaries</u>		
Corporate income tax expense - current	(198.254)	(124.362)
Income tax installment payments during the year	173.283	171.742
Corporate income tax (payable) refund – article 29*	<u>(24.971)</u>	<u>47.380</u>

*) As of December 31, 2017, included income tax refund amounting to Rp25,514, while as of December 31, 2016 include income tax payable amounting to Rp15,790.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

38. TAXATION (continued)

b) Tax Expense (continued)

According to decree of the General Directorate of Tax 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 on January 5, 2018, has been approved overbooking installment of income tax article 25 for fiscal period January 2017 and February 2017 amounting to Rp618,302 to fiscal period January 2018 and overbooking installment of income tax article 25 for fiscal period March 2017 amounting to Rp309,151 to fiscal period February 2018.

The reconciliation of income tax expense by multiplying income before tax expense to the applicable tax rate are as follows:

	Year Ended December 31,	
	2017	2016
Income before tax expense in accordance with the consolidated statement of profit or loss and other comprehensive income	37,022,157	33,973,770
Income of Subsidiaries	(671,427)	(532,127)
Income before tax expense BRI (Parent Entity)	36,350,730	33,441,643
Tax expense with a tax rate of 20%	7,270,146	6,688,329
Tax effect on permanent differences	766,587	722,370
Effect of different rate used in deferred tax calculation	(236,631)	(188,700)
Correction of income tax assessment on previous year	81,393	466,188
Tax expense - Parent Entity	7,881,495	7,688,187
Tax expense - Subsidiaries	96,328	57,592
	7,977,823	7,745,779

Estimated taxable income in 2016 are consistent with Annual Tax Return (SPT) for corporate income tax reported by BRI to Tax Office (KPP). Up to January 24, 2018, BRI has not yet reported its SPT fiscal year 2017 to the tax office. However, the bases for reporting for 2017's SPT will be in accordance with the estimated taxable income above.

Tax for revaluation of fixed assets

BRI through the letter No. 830-DIR/AMK/11/2015 on November 30, 2015 has submitted an application to the head of Regional Office of Directorate General of Taxation (DGT) Large Taxpayer Tax Office regarding "Application for Revaluation of fixed assets for tax purposes in 2015 by tax payers that have not revalued fixed assets".

Based on Ministry of Finance Decree No. 191/PMK.010/2015 dated October 15, 2015 as amended by Ministry of Finance Decree No. 233/PMK.03/2015 dated December 21, 2015, the application filed until December 31, 2015, will receive special treatment in the form of reduction in the income tax rates to 3% final tax. In conjunction with this, BRI has estimated the fixed assets fair value such as land and building, and for the increase in fixed assets fair value compared to the book value, BRI has made tax payment amounting to Rp245,357 on December 2, 2015, even though the revaluation is still not approved by the Directorate General of Taxation.

As of April 1, 2016, BRI revaluated the carrying value of land upwards by Rp14,315,527 of which this amount is taxed at Rp490,835. The Directorate General of Taxation through its Decision Letter No. KEP-479/WPJ.19/2016 dated July 29, 2016 has given its approval over this matter.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

38. TAXATION (continued)

b) Tax Expense (continued)

Assessment for fiscal year 2011

The Directorate General of Taxation through its Decision Letter No. 00025/207/11/093/16 dated June 2, 2016, has stated that the Underpayment Value Added Tax for goods and services amounting to Rp3,284 and its fine amounting to Rp443, have been billed through Letter of Income Tax No. 00025/107/11/093/16 dated June 2, 2016 has been approved by BRI.

The Directorate General of Taxation through its Decision Letter No. 00003/201/11/093/16 dated May 30, 2016, has stated that the Underpayment of income tax in article 21 amounting to Rp49,656 has been approved by BRI.

The Directorate General of Taxation through its Decision Letter No. 00005/203/11/093/16 dated June 1, 2016, has stated that the Underpayment of income tax in article 23 amounting to Rp8,015 has been approved by BRI.

The Directorate General of Taxation through its Decision Letter No. 00005/206/11/093/16 dated May 30, 2016, has stated that the Underpayment of income tax amounting to Rp466,188 has been approved by BRI.

Income Tax Collection Letter for fiscal year 2014

The Directorate General of Taxation based on Tax Collection Letter No.90002/106/14/093/15 dated December 29, 2015, affirmed the underpayment of Income Tax for fiscal year 2014 amounting to Rp1,603,100 and administration sanction amounting to Rp256,496, in conjunction with the correction of Bank Indonesia minimum balance of allowance for impairment losses.

Management believes that the Tax Collection Letter is not correct and BRI treatment is already in accordance with the applicable regulation.

On January 13, 2016, BRI has submitted a letter for the cancellation of the Tax Collection Letter. To meet the requirement for the Tax Collection Letter cancellation, on December 30, 2015, BRI has paid deposit amounting to Rp1,603,100 and recorded it under other assets - prepaid tax (Note 18).

Based on The Directorate General of Taxation through its Decision Letter No. KEP-90001/NKEB/WPJ.19/2016 dated February 1, 2016, "Related to the Cancellation of the Tax Collection Letter", all BRI petitions have been approved.

On February 4, 2016, BRI has requested a petition related to the Cancellation of the Tax Collection amounting to Rp1,603,100 to be compensated to the installment payment of income tax article 25 during the fiscal period January and February 2016 amounting to Rp800,000 and Rp803,100, respectively.

Based on the cancellation letter of tax collection No. KEP-00019.PPH/WPJ.19/KP.0403/2016 dated February 15, 2016 and the instruction letter of Over Payment Tax No. 80095/093-0095-2016 dated February 15, 2016, The Directorate General of Taxation has approved the petition for compensation by BRI.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

38. TAXATION (continued)

b) Tax Expense (continued)

Assessment for fiscal year 2014

The Directorate General of Taxation based on Tax Assessment Letter for income tax No. 00009/206/14/093/17 dated December 19, 2017, affirmed the underpayment amounting to Rp54,995 and administration sanction amounting to Rp26,398, and has been approved by BRI.

The Directorate General of Taxation based on Tax Assessment Letter No. 00009/201/14/093/17 dated December 19, 2017, affirmed the underpayment of Income Tax article 21 amounting to Rp32,159 and administration sanction amounting to Rp15,436, and has been approved by BRI.

The Directorate General of Taxation based on Tax Assessment Letter No. 00011/203/14/093/17 dated December 19, 2017, affirmed the underpayment of Income Tax article 23 amounting to Rp10,313 and administration sanction amounting to Rp4,950, and has been approved by BRI.

The Directorate General of Taxation based on Tax Assessment Letter No. 00002/204/14/093/17 dated December 19, 2017, affirmed the underpayment of Income Tax article 26 amounting to Rp2,839 and administration sanction amounting to Rp1,363, and has been approved by BRI.

The Directorate General of Taxation based on Tax Assessment Letter No. 00081/207/14/093/17 dated December 19, 2017, affirmed the underpayment of value added tax amounting to Rp109 and administration sanction amounting to Rp52, and has been approved by BRI.

The Directorate General of Taxation based on Tax Assessment Letter No. 00077/107/14/093/17 dated December 19, 2017, affirmed the underpayment of value added tax amounting to Rp21, and has been approved by BRI.

The Directorate General of Taxation based on Tax Assessment Letter No. 00020/277/14/093/17 dated December 19, 2017, affirmed the underpayment of value added tax on utilization of JKP from outside customs area amounting to Rp448 and administration sanction amounting to Rp215, and has been approved by BRI.

c) Deferred Tax Assets

The calculation of deferred income tax (expense) benefit BRI is as follow:

	Year Ended December 31,	
	2017	2016
Parent Entity		
Reversal for allowance for possible losses on earning assets	1,065,655	788,598
Reversal of provision for employee expense	133,941	162,803
Unrealized gain on FVTPL securities and Government Recapitalization Bonds	(804)	(1,720)
Depreciation of premises and equipments	(15,637)	(6,182)
	<hr/>	<hr/>
Subsidiaries	1,183,155	943,499
	107,017	71,383
Total	1,290,172	1,014,882
	<hr/>	<hr/>

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

38. TAXATION (continued)

c) Deferred Tax Assets (continued)

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

	December 31, 2017	December 31, 2016
Parent Entity		
Allowance for possible losses on earning assets	2,682,442	1,616,787
Provision for employee expense	1,243,798	1,109,857
Depreciation on premises and equipments	(160,908)	(145,271)
Remeasurement of defined benefit program	(235,040)	(218,213)
Unrealized gain on FVTPL		
securities and Government Recapitalization Bonds	(804)	-
Unrealized gain on available for sale securities and Government Recapitalization Bonds	(540,422)	(34,630)
	<hr/>	<hr/>
Subsidiaries	2,989,066	2,328,530
	281,165	192,400
	<hr/>	<hr/>
Total	3,270,231	2,520,930

Under article 17 (2) of Law No. 7 year 1983 regarding "Income Tax" which was revised for the fourth time by Law No. 36 year 2008, the corporate income tax rate is 25%.

In addition, based on the above Law No. 36 year 2008 dated September 23, 2008, the Government Regulation No. 81 year 2007 dated December 28, 2007 on "Reduction of the Income Tax Rate on Resident Corporate Tax Payers in the Form of Public Companies" and the Ministry of Finance Regulation No. 238/PMK.03/2008 dated December 30, 2008 on "The Guidelines on the Implementation and Supervision on the Rate Reduction for Domestic Corporate Tax Payers in the Form of Public Companies" stipulates that resident public companies in Indonesia can obtain the reduced income tax rate at 5% lower than the highest existing income tax rate, provided they meet the prescribed criteria, public companies whose shares are owned by the public at a minimum of 40% or more of the total paid-up shares are traded in the Indonesia Stock Exchange and such shares are owned by at least 300 (three hundred) parties and each party owning only less than 5% of the total paid-up shares. These requirements should be fulfilled by the public companies for a minimum period of 6 (six) months in 1 (one) fiscal year.

Based on Letter No. DE/I/2018-0155 dated January 5, 2018 and the monthly report of shares ownerships (form No. X.H.I-2 dated January 5, 2018 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of BRI's shares during 2017), all of the above mentioned required criteria to obtain the tax rate reduction on BRI's consolidated financial statements for the year ended December 31, 2017 were fulfilled by BRI.

Based on Letter No. DE/I/17-0128 dated January 5, 2017 and the monthly report of shares ownerships (form No. X.H.I-2 dated January 5, 2017 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of BRI's shares during 2016), all of the above mentioned required criteria to obtain the tax rate reduction on BRI's consolidated financial statements for the year ended December 31, 2016 were fulfilled by BRI.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT

BRI's business activities are always faced with risks related to its function as a financial intermediary institution. Rapid development in the external and internal environments of banks also leads to increasingly complex business risks. Therefore, in order to be able to adapt in the business environment, BRI is required to manage risks in an integrated and systematic way, namely management of credit risk, liquidity risk, operational risk, market risk, strategic risk, compliance risk, reputation risk, and legal risk.

The principles of having an integrated and systematic risk management are embedded into a number of policies and procedures, among others, the Risk Management General Policy (KUMR) which serves as the highest guiding policy for the implementation of risk management procedures in all BRI business operations, starting from general policies, strategies, organisation, risk management in information system, process and the implementation of risk management to internal control system. The implementation of risk management differs according to the type of risks involved and is governed by policies which can be derived from other policies.

Board of Commissioners (BOC) and Board of Directors (BOD) are responsible for effectiveness of risk management at 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 by the BOD. Evaluation is done to ensure BOD manages BRI activities and risk effectively. BOC were assisted by the Risk Management Oversight Committee (KPMR) in its active supervision.

BOD sets the strategy, direction and implementation of risk management policy. Moreover, BOD has the responsibility to ensure 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 business activities. BOD appoints Director of Risk Management to implement the process of monitoring and controlling the risks bankwide.

BOD is assisted by individual Risk Management Committee (RMC) and integrated RMC (consolidated with subsidiaries) as the committee in BRI risk management system assigned to give recommendations to President Director on policy formulation, policy implementation enhancement, evaluation on the progress and conditions of risk profiles as well as advise on corrective actions.

In order to address issues requiring immediate actions and decisions, ORMC (Operational Risk Management Committee) meeting is conducted to discuss operational risks.

Credit Risk Management

Credit risk is a type of risk that occurs when debtors and/or other party default or fail to settle their obligations with BRI. BRI identifies and measures the level of risks of each debtor using Internal Risk Rating. BRI monitors credit quality for early identification of loan impairment. Credit risk management follows closely the policy of risk management in an integrated and comprehensive manner. BRI's credit risk management framework includes, among others, governance, the acceptable level for risk exposure, the limit on geographical boundaries and the level of concentration of each industry. The risk of credit rating is updated periodically to estimate potential loss that is a result of credit expansion and use it as a benchmark to determine the next set corrective actions required.

Credit risk management is implemented not only to comply with the current prevailing regulation but it serves as a device which management utilises to manage and maintain risk and return at an optimum level, the level considered as the best practice of banking industry. The implementation of credit risk management is expected to boost BRI business activities without having to compromise its prudent principle.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Business units have taken into account and calculated the credit risk for all the credits issued, from their period of disbursement to repayment. The quality of these credits are monitored periodically to prevent the occurrence of Non-Performing Loan (NPL).

The implementation of Early Warning System (EWS) which monitors debtor's developments of the debtor's business condition allows for effective credit risk management. This minimizes the risk of loss and optimise the use of capital to earn maximum income.

BRI credit risk management is implemented with the purpose of minimising possible financial losses due to credit default and/or default on other financial contracts, be it individually or collectively as credit portfolios. Credit risk management is also part of BRI efforts to meet regulatory requirements.

BRI continues to make improvements to the credit risk assessment methodology in order to improve accuracy in 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 mitigations of credit risks.

The carrying value of BRI's financial assets, other than loans and securities purchased under agreement to resell depicts the maximum amount of exposure to credit risk.

The tables below show the net maximum exposure to credit risk for securities purchased under the agreement to resell as of December 31, 2017 and 2016:

December 31, 2017		
	Maximum Exposure	Net Exposure
	Collateral	
Securities purchased under agreement to resell	18,011,026	567,053

December 31, 2016		
	Maximum Exposure	Net Exposure
	Collateral	
Securities purchased under agreement to resell	1,557,370	-

BRI uses collaterals to minimise the credit risks of credits issued. BRI credits or loans can be classified into 2 (two) major categories:

1. Secured loans
2. Unsecured loans

For secured loans, the types and value of collaterals are determined according to the credit scheme. Types of collaterals are:

- a. Physical collateral, such as lands and buildings, certificate of vehicles ownership, and properties.
- b. Financial collateral, such as deposits (time deposit, savings, demand deposit), securities, and gold.
- c. Others, such as guarantees, government guarantees, and guarantee institutions.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

- Analysis of the maximum exposure to credit risks after considering the value of collaterals and other mitigations of credit risks (continued).

In the event of default, however, BRI uses collaterals as the last resort to fulfill counterparty's credit obligations.

Unsecured loans are comprised 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 made through automatic payroll deduction.

Thus, although partially secured loans are considered to be unsecured loans, their risk level is lower than their carrying value whereas the risk level of fully unsecured loan is equal to their carrying value.

Employee recruitment decision letter and certificate of retirement are used as part of credit risk mitigation techniques for partially secured loans.

- Risk concentration analysis

- Geographical sectors

Tables below detail the credit risk exposure of consolidated BRI's financial assets at carrying value, categorised according to their geographical regions as of December 31, 2017 and 2016, respectively.

Geographical sectors based on BRI business operational locations which also illustrate the business potentials of each region:

	December 31, 2017							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
Assets								
Current accounts with Bank Indonesia	58,155,479	-	-	-	-	-	-	58,155,479
Current accounts with other banks	5,132,577	59	137	1,891	234	8,553	782,233	5,925,684
Placements with Bank Indonesia and other banks	53,090,678	6,587	544	-	-	-	2,007,878	55,105,687
Securities								
Fair value through profit or loss	1,762,263	-	-	-	-	-	-	1,762,263
Available for sale	129,077,061	-	-	-	-	-	1,850,232	130,927,293
Held to maturity	53,994,290	-	-	-	-	-	235,590	54,229,880
Export bills	4,553,793	324,637	165,019	227,935	44,470	204,670	103,193	5,623,717
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
Derivative receivables	145,928	-	-	-	-	-	-	145,928
Loan								
Micro	20,361,828	24,638,871	40,371,919	33,385,745	53,269,609	80,822,682	-	252,850,654
Retail	69,066,044	20,499,298	29,264,047	35,637,177	49,412,465	74,739,913	87,816	278,706,760
Corporate	134,346,141	12,650,037	2,046,191	5,910,996	15,064,359	8,895,510	7,912,020	187,425,254
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*)	2,439	-	-	-	-	-	-	2,439
Other assets**)	8,546,621	36,627	145,569	108,838	540,471	347,648	789,668	10,515,442
Total	571,490,815	62,008,395	74,828,975	77,473,271	121,304,019	167,878,518	13,768,630	1,088,752,623
Less: Allowance for impairment losses							(30,104,895)	
Net							1,058,647,728	

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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)

Geographical sectors based on BRI 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
Administrative Accounts								
Irrevocable L/C Guarantees issued	5,188,328 29,483,331	2,091,479 1,929,418	103,479 322,367	403,997 411,173	1,093,134 1,099,907	99,502 784,184	752 -	8,980,671 34,030,380
Total	34,671,659	4,020,897	425,846	815,170	2,193,041	883,686	752	43,011,051

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	10,250,878	6,593	1,066	294	262	46,494	717,128	11,022,715
Placements with Bank Indonesia and other banks	77,131,960	-	-	-	-	-	1,010,794	78,142,754
Securities								
Fair value through profit or loss	490,742	-	-	-	-	-	184,224	674,966
Available for sale	67,812,522	-	-	-	-	-	1,679,744	69,492,266
Held to maturity	61,286,147	-	-	-	-	-	610,723	61,896,870
Export bills	7,450,580	198,567	147,953	960,666	581,374	6,332	-	9,345,472
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	-	-	-	-	-	-	91,657
Loans								
Micro	17,333,003	21,577,469	35,655,855	28,925,252	47,381,058	70,929,568	-	221,802,205
Retail	57,407,811	18,067,842	27,185,046	31,453,445	44,719,314	66,046,776	702	244,880,936
Corporate	128,551,904	10,038,287	2,291,428	5,344,063	13,911,017	8,772,798	7,878,337	176,787,834
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 receivable	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*)	2,439	-	-	-	-	-	-	2,439
Other assets**)	5,078,337	28,897	29,707	33,947	186,766	92,089	76,878	5,526,621
Total	505,009,200	53,544,987	67,357,260	69,428,009	109,612,644	148,709,681	12,158,530	965,820,311
Less allowance for impairment losses								(22,807,210)
Net								943,013,101
Administrative Accounts								
Irrevocable L/C Guarantees issued	6,313,266 20,227,433	1,303,388 2,244,394	57,293 341,443	381,770 573,537	463,165 737,002	22,270 395,993	- 3,213	8,541,152 24,523,015
Total	26,540,699	3,547,782	398,736	955,307	1,200,167	418,263	3,213	33,064,167

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 detail credit exposure at carrying value, categorised according to industrial sectors as of December 31, 2017 and 2016:

	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	-	5,925,684	-	-	-	-	-	5,925,684
Placements with Bank Indonesia and other banks	45,045,953	10,059,734	-	-	-	-	-	55,105,687
Securities	579,868	541,586	30,633	-	-	393,071	217,105	1,762,263
Fair value through profit or loss	117,209,900	10,393,823	-	1,346,737	-	1,792,656	184,177	130,927,293
Available for sale	48,884,507	2,618,577	-	2,018,980	-	511,908	195,908	54,229,880
Held to maturity	2,344	-	-	2,128,717	27,732	14,526	3,450,398	5,623,717
Export bills	717,840	-	-	-	-	-	-	717,840
Government Recapitalization Bonds	2,600,000	-	-	-	-	-	-	2,600,000
Available for sale	16,583,431	1,427,595	-	-	-	-	-	18,011,026
Held to maturity	1,930,438	1,056,167	-	-	-	-	-	145,928
Securities purchased under agreement to resell	-	-	-	-	-	-	-	-
Derivatives receivable	-	-	-	-	-	-	-	-
Loan	-	-	-	-	-	-	-	-
Micro	258,751	256,146	37,841,570	7,475,754	115,976,898	13,849,550	77,706,882	252,850,654
Retail	443,302	9,833,219	37,734,788	39,233,056	18,963,721	6,752,211	74,464,957	278,706,760
Corporate	404,574	500,946	-	7,016,107	9,511,713	337,966	93,563	187,425,254
Sharia receivables and financing	-	-	8,454	729,517	375,209	281,491	1,094,312	2,488,983
Finance lease receivables	1,030,279	-	-	338,662	21,868	-	4,302,616	5,693,425
Acceptances receivables	-	1,034	-	-	-	975	430	2,439
Investment in associated entities*)	1,930,438	1,056,167	-	-	-	5,288,276	2,240,561	10,515,442
Total	293,846,666	42,760,439	89,622,691	77,352,476	251,183,651	39,466,894	294,519,806	1,088,752,623
Less: Allowance for impairment losses								(30,104,895)
Net								1,058,647,728
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

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.

	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	-	11,022,715	-	-	-	-	-	11,022,715
Placements with Bank Indonesia and other banks	72,792,534	5,350,220	-	-	-	-	-	78,142,754
Securities	84,746	329,944	-	-	-	18,029	242,247	674,966
Fair value through profit or loss	60,612,578	4,627,494	-	2,293,191	-	1,633,416	325,587	69,492,266
Available for sale	54,759,343	4,674,843	-	1,446,121	-	746,500	270,063	61,896,870
Held to maturity	239,769	-	-	2,926,515	133,525	22,823	6,022,840	9,345,472
Export bills	718,434	-	-	-	-	-	-	718,434
Government Recapitalization Bonds	2,600,000	-	-	-	-	-	-	2,600,000
Total	55,635,946	11,022,715	5,350,220	2,293,191	133,525	22,823	6,022,840	9,345,472

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 detail credit exposure at carrying value, categorised according to industrial sectors as of December 31, 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
Assets (continued)								
Securities purchased under agreement to resell	925,140	632,230	-	-	-	-	-	1,557,370
Derivatives receivable	-	91,657	-	-	-	-	-	91,657
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	7,871,328	17,369,845	95,507,483	8,212,692	114,300,999	244,880,936
Corporate	600,926	4,650,036	37,365,653	36,710,500	22,379,114	5,050,563	70,031,042	176,787,834
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 receivable	-	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	430	2,439
Other Assets**)	1,501,389	393,192	-	-	-	2,548,857	1,083,183	5,526,621
Total	251,246,986	34,593,411	77,992,047	71,129,087	224,222,429	31,095,556	275,540,795	965,820,311
Less: Allowance for impairment losses							(22,807,210)	
Net							943,013,101	
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

*) 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, 2017 and 2016

a. Current accounts with other banks

As of December 31, 2017 and 2016, this financial asset is neither individually nor collectively impaired.

a. Placements with Bank Indonesia and other banks

As of December 31, 2017 and 2016, this financial asset is neither individually nor collectively impaired.

c. Securities

As of December 31, 2017 and 2016, all securities are classified as 'Current', except for Bonds I Year 2003 issued by PT Great River International which is classified as 'Loss'. The bond is owned by BRI Life (subsidiary) with a nominal value of Rp758, and has already matured on October 13, 2008.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017 and 2016 (continued)

d. Finance lease receivables

On December 31, 2017 and 2016, this financial asset is impaired as follow:

	December 31, 2017	December 31, 2016
Impaired	103,445	217,115
Past due but not impaired	110,585	221,851
Neither past due nor impaired	2,274,953	1,761,334
	2,488,983	2,200,300
Less allowance for impairment losses	(103,500)	(130,000)
Total	2,385,483	2,070,300

e. Loans, sharia receivables and financing

As of December 31, 2017 and 2016, these financial assets are individually and collectively impaired, with the following details:

December 31, 2017

	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
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	

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017 and 2016 (continued)

e. Loans, sharia receivables and financing (continued)

As of December 31, 2017 and 2016, these financial assets are individually and collectively impaired, with the following details (continued):

	December 31, 2016				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
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 sevices	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
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	<u>592,354,265</u>	<u>9,991,407</u>	<u>22,394,173</u>	<u>36,480,073</u>	<u>661,219,918</u>
Less: Allowance for Impairment losses				(22,676,452)	
Net				<u>638,543,466</u>	

f. Export bills

As of December 31, 2017 and 2016, this financial asset is neither individually nor collectively impaired.

g. Acceptances receivable

As of December 31, 2017 and 2016, this financial asset is neither individually nor collectively impaired.

h. Other Assets

As of December 31, 2017 and 2016, this financial asset is neither individually nor collectively impaired.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017 and 2016 (continued)

i. Administrative accounts

As of December 31, 2017 and 2016, the administrative accounts are impaired with the following details:

	December 31, 2017	December 31, 2016
Rupiah		
Guarantees issued	16,033,717	11,979,117
Irrevocable L/C	1,639,383	1,086,496
	<hr/>	<hr/>
	17,673,100	13,065,613
Foreign Currencies		
Guarantees issued	17,996,663	12,543,898
Irrevocable L/C	7,341,288	7,454,656
	<hr/>	<hr/>
	25,337,951	19,998,554
Less allowance for impairment losses	43,011,051	33,064,167
	(2,134)	(895)
Net	<hr/>	<hr/>
	43,008,917	33,063,272

4. Quality of financial assets

The following tables show the quality of financial assets by class for all financial assets with credit risk, amounts presented at gross.

	December 31, 2017				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Assets					
Current accounts with Bank Indonesia	58,155,479	-	-	-	58,155,479
Current accounts with other banks	5,925,684	-	-	-	5,925,684
Placements with Bank					
Indonesia and other banks	55,105,687	-	-	-	55,105,687
Securities					
Fair value through profit or loss	1,762,263	-	-	-	1,762,263
Available for sale	127,515,291	3,412,002	-	-	130,927,293
Held to maturity	53,461,707	768,173	-	-	54,229,880
Export bills	5,623,717	-	-	-	5,623,717
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	-	-	-	145,928
Loans					
Micro	236,294,763	3,482,707	10,226,252	2,846,932	252,850,654
Retail	247,613,770	9,598,810	11,334,840	10,159,340	278,706,760
Corporate	164,867,303	54,477	367,209	22,136,265	187,425,254

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 by class for all financial assets with credit risk, amounts presented at gross (continued).

	December 31, 2017				
	Neither Past Due Nor Impaired		Past Due But Not Impaired		Total
	High Grade	Standard Grade	Impaired		
Assets (continued)					
Sharia receivables and financing	14,576,950	705,715	1,382,881	1,199,323	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	-	-	-	2,439
Other Assets**)	10,514,322	1,120	-	-	10,515,442
Total	1,010,862,547	18,023,004	23,421,767	36,445,305	1,088,752,623

	December 31, 2016				
	Neither Past Due Nor Impaired		Past Due But Not Impaired		Total
	High Grade	Standard Grade	Impaired		
Assets					
Current accounts with Bank Indonesia	55,635,946	-	-	-	55,635,946
Current accounts with other banks	10,998,749	23,966	-	-	11,022,715
Placements with Bank					
Indonesia and other banks	78,142,754	-	-	-	78,142,754
Securities					
Fair value through profit or loss	674,966	-	-	-	674,966
Available for sale	67,702,626	1,789,640	-	-	69,492,266
Held to maturity	61,028,620	868,250	-	-	61,896,870
Export bills	9,345,472	-	-	-	9,345,472
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	-	-	-	91,657
Loans					
Micro	206,999,682	2,496,361	9,958,341	2,347,821	221,802,205
Retail	218,691,266	6,880,476	10,484,935	8,824,259	244,880,936
Corporate	152,218,111	-	80,245	24,489,478	176,787,834
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	-	-	-	2,439
Other Assets**)	5,526,104	517	-	-	5,526,621
Total	893,833,319	12,673,780	22,616,024	36,697,188	965,820,311

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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:

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 in the stock exchange.
- b) Loans and sharia receivables and financing, are third party receivables that are neither past due nor impaired, and have never been restructured.
- c) Export bills and acceptances receivable, are third party receivables that are not past due, and have strong financial capacity to repay all obligations in a timely manner.
- d) Securities and Government bonds are government securities, investment grade securities and bonds with a rating of at least idA- (Pefindo), A- (Fitch), A- (Standard & Poor's), or A3 (Moody's).
- e) Investment in associated entities, are investments in entities listed in stock exchange which have an overall good performance level.

2. Standard Grade

- a) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements with banks not listed in stock exchange.
- b) Loans and sharia receivables and financing, are third party receivables that are neither past due nor impaired, have been restructured and have undergone collective impairment.
- c) Export bills and acceptances receivable, are third party receivables that have not matured and have adequate financial capacity to repay all obligations in a timely manner.
- d) Securities and Government bonds are investment grade 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 not listed in stock exchange which have an overall good performance level.

5. According to PSAK No. 60, financial assets are past due 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, 2017			
	≤ 30 days	> 30 – 60 days	> 60 – 90 days	Total
Loans				
Micro	4,613,769	2,481,527	3,130,956	10,226,252
Retail	5,600,236	2,482,225	3,252,379	11,334,840
Corporate	175,635	191,574	-	367,209
Sharia receivables and financing	905,650	187,999	289,232	1,382,881
Finance lease receivables	83,351	5,216	22,018	110,585
Total	11,378,641	5,348,541	6,694,585	23,421,767

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

5. According to PSAK No. 60, financial assets are past due 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 (continued).

	December 31, 2016			
	≤ 30 days	> 30 – 60 days	> 60 – 90 days	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

Liquidity Risk Management

Liquidity Risk is a risk of the BRI's inability to meet the maturity obligations of cash flow fund sources and/or of high quality liquid assets that can be mortgaged so as not to interfere with the activities and financial condition of the BRI.

BRI manages liquidity risks in order to meet every financial liability that has been agreed upon in a timely manner and to maintain adequate and optimal liquidity level. In order to support liquidity management, BRI put in place Policy and Guidelines for the Implementation of Liquidity Risk Management (PPPMRL) which encompasses liquidity management, projected cash flows, maturity gap, net stable funding ratio and liquidity coverage ratio, policy and guidelines for determination of liquidity risk limit, liquidity risk stress test, contingency funding plan, and information system of liquidity risk.

The purpose of this policy is to ensure that BRI has sufficient daily liquidity risk management in fulfilling its obligations in normal or crisis conditions in a timely manner from various available sources to ensure the availability of high quality liquid assets, and having a healthy and sustainable structure of deposits from customer.

BRI also stimulates stress testing on a quarterly basis which is submitted to the 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 and capital adequacy during crisis (stress). Moreover, stress test is also used as reference for developing or improving emergency funding plans (contingency plan) and liquidity risk limits.

Analysis of Financial Asset and Liability According to Contractual Maturity

Potential liquidity risks which BRI will encounter in the future are measured by using Liquidity Gap Analysis which projects the mismatch of liquidity 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 business expansion needs. With the implementation of effective liquidity risk management, it is expected that liquidity risks can be minimised while simultaneously enhancing the overall banking system's stability.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Analysis of Financial Asset and Liability According to 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, 2017 and 2016:

	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	24,797,782	-	-	-	-	24,797,782
Current Account with Bank Indonesia	58,155,479	58,155,479	-	-	-	-
Current accounts with other banks	5,925,684	5,925,684	-	-	-	-
Placements with Bank Indonesia and other banks	55,105,687	53,594,287	1,172,213	339,187	-	-
Securities	186,919,436	134,656,217	5,546,579	5,833,275	40,883,365	-
Allowance for Impairment losses	(758)	-	-	-	-	(758)
Export bills	5,623,717	1,115,796	2,089,142	2,418,779	-	-
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	145,928	7,782	33,611	44,734	59,801	-
Loans						
Micro	252,850,654	2,291,479	5,218,530	32,882,324	212,458,321	-
Retail	278,706,760	11,075,495	16,591,931	75,614,695	175,424,639	-
Corporate	187,425,254	21,121,865	14,995,118	30,477,634	120,830,637	-
Allowance for Impairment losses	(29,423,380)	-	-	-	-	(29,423,380)
Sharia receivables and financing	17,864,669	530,569	236,409	2,425,842	14,672,049	-
Allowance for Impairment losses	(577,257)	-	-	-	-	(577,257)
Finance Lease Receivables	2,488,983	106,308	16,802	139,370	2,226,503	-
Acceptances receivable	(103,500)	-	-	-	-	(103,500)
Investment in associated entities*)	5,693,425	1,894,633	1,983,239	1,815,553	-	-
Other Assets**) 2,439	10,515,442	5,600,108	2,202,645	889,598	15,050	2,439
	1,083,445,510	313,484,731	51,781,056	153,630,991	568,045,365	(3,496,633)
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	-	-
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	-

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Analysis of Financial Asset and Liability According to 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, 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)						
Derivatives payable	200,858	8,472	9,903	58,219	124,264	-
Acceptance 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	29,403,009	679,827	743,333	6,378,546	21,601,303	-
Subordinated loans and marketable securities	986,450	-	-	10,312	976,138	-
Other liabilities ***)	2,454,031	784,913	531,439	353,778	-	783,901
	935,328,133	707,166,406	112,492,953	56,558,027	58,326,846	783,901
Maturity gap	148,117,377	(393,681,675)	(60,711,897)	97,072,964	509,718,519	(4,280,534)

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	25,212,024	-	-	-	-	25,212,024
Current Account with Bank Indonesia	55,635,946	55,635,946	-	-	-	-
Current accounts with other banks	11,022,715	11,022,715	-	-	-	-
Placements with Bank Indonesia and other banks	78,142,754	78,012,754	130,000	-	-	-
Securities	132,064,102	71,577,341	5,232,606	9,190,425	46,063,730	-
Allowance for impairment losses	(758)	-	-	-	-	(758)
Export bills	9,345,472	2,536,196	3,258,692	3,550,584	-	-
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	91,657	32,214	-	489	58,954	-
Loans						
Micro	221,802,205	1,942,248	4,449,159	30,293,610	185,117,188	-
Retail	244,880,936	10,175,734	13,037,992	63,386,726	158,280,484	-
Corporate	176,787,834	5,993,480	24,140,155	28,358,562	118,295,637	-
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 Lease Receivables	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*)	2,439	-	-	-	-	2,439
Other Assets**)	5,526,621	2,570,452	1,199,076	954,795	478	801,820
	968,225,125	242,178,199	54,931,942	140,268,266	527,637,645	3,209,073



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Analysis of Financial Asset and Liability According to 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, 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
Liabilities						
Liabilities due immediately	5,410,313	5,410,313	-	-	-	-
Deposits from customers						
Demand deposits	141,419,020	141,419,020	-	-	-	-
<i>Wadiyah</i> demand deposits	1,127,843	1,127,843	-	-	-	-
Saving deposits	298,110,406	298,110,406	-	-	-	-
<i>Wadiyah</i> saving deposits	4,176,761	4,176,761	-	-	-	-
<i>Mudharabah</i> saving deposits	983,121	983,121	-	-	-	-
Time deposits	293,029,378	239,316,485	37,907,214	13,639,996	2,165,683	-
<i>Mudharabah</i> 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	-
Acceptance 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	35,008,170	320,732	6,201,529	8,103,286	20,382,623	-
Subordinated loans and marketable securities	1,008,510	-	-	-	1,008,510	-
Other liabilities ***)	1,851,087	1,053,489	73,376	241,664	-	482,558
	838,176,971	708,941,570	49,596,429	30,769,857	48,386,557	482,558
Maturity gap	130,048,154	(466,763,371)	5,335,513	109,498,409	479,251,088	2,726,515

*) 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.

Market Risk Management

Market risk arises when market interest rates and exchange rates move against the positions which BRI held in the statements of financial position or in 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. Middle Office uses Value-at-Risk (VaR), an internal model that is integrated into daily transaction processing, to measure market risks. Other than monitoring the risks to which instruments are exposed, Middle Office also monitors market risks and transaction limits such as limits on the nominal value transacted by dealers, cut loss limit, stop loss limit and VaR limit. Monitoring is executed daily so as to accelerate the provision of updated information, allowing timely decision-making for instruments, especially those which are classified as trading.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

1. Value-at-Risk (VaR): Purpose and Limitation of the Method

BRI uses internal model approach to measure VaR potential loss due to changes in market price of trading portfolio based on historical data. VaR potential loss that arise from market risks is measured using the assumptions that the change in risk factors follow normal distribution. BRI uses VaR to measure exchange rate risk for positions both in trading and banking book and interest rate risks for position in trading book.

2. Value-at-Risk (VaR) Assumptions

VaR potential loss is estimated value that is measured using 99% confidence level and market risk position that is unchanged within 1 (one) day holding period. This is an indicator that the potential loss which might exceed VaR value in normal market condition, in average, may occur once every one hundred days. The method used in VaR is Delta Gamma.

The following tables present information on VaR value starting from January 1, 2017 until December 31, 2017 and January 1, 2016 until December 31, 2016 (unaudited).

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.

3. Back Testing

The purpose of back testing is to ensure that the result of internal model measurement for interest rate risk and exchange rate risk is valid. When performing back testing, BRI compares estimations from daily VaR with realised change of price.

Based on back testing procedures for exchange rate risk and interest rate risk, actual loss throughout the year is significantly consistent with VaR forecast model.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book

a. Interest Rate Risk

Financial instruments based on the interest rate have risks because of potential fluctuations in interest rates with potential impacts on future cash flow.

BOD and Management has the responsibility to take into account the bank's risk appetite and its target for financial performance when determining, maintaining, and controlling interest rate. The setting of interest rate is reviewed at least once in a month during Asset and Liability Committee (ALCO) forum.

The following table presents the average annual interest rates for financial assets and liabilities position for the year ended December 31, 2017 and 2016:

	2017		2016	
	Rupiah (%)	Foreign Currencies (%)	Rupiah (%)	Foreign Currencies (%)
Assets				
Placements with Bank Indonesia and other banks	4.48	1.05	5.41	0.53
Securities	8.77	3.42	8.65	3.36
Loans	11.78	4.11	11.91	4.23
Government Recapitalization				
Bonds	6.72	-	6.63	-
Finance lease receivables	13.62	6.38	13.43	5.93
Liabilities				
Deposits from customers				
Demand deposits	2.32	0.33	2.33	0.49
Saving deposits	0.86	0.21	1.14	0.22
Time deposits	6.20	1.43	7.49	1.19
Deposits from other banks and financial institutions	3.45	0.47	3.97	0.32
Fund borrowings	3.79	2.51	4.04	2.35
Subordinated loans and marketable securities	4.06	-	4.27	-
Marketable securities issued	8.44	2.95	8.56	2.95

The following table presents the sensitivity (unaudited) of BRI's statement of profit or loss and other comprehensive income towards possible changes in the interest rate of banking book, ceteris paribus.

	2017	
	Changes in Percentage	Impact on Statement of Profit or Loss and Other Comprehensive Income
	+/- 1 %	+/- 1,745,607
2016		
	Changes in Percentage	Impact on Statement of Profit or Loss and Other Comprehensive Income
	+/- 1 %	+/- 1,122,980

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

a. Interest Rate Risk (continued)

Sensitivity rate is used to analyse probable changes in interest rates which affect the gain and/or loss of the banking book portfolio. In the above sensitivity analysis, interest rate is assumed to move by one basis point (1%).

The tables below summarise the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited):

December 31, 2017

Description	Floating interest rate					Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year	Fixed interest rate	Non-interest bearing	
Assets						
Cash	-	-	-	-	24,797,782	24,797,782
Current accounts with Bank Indonesia	58,155,479	-	-	-	-	58,155,479
Current accounts with other banks	5,925,684	-	-	-	-	5,925,684
Placements with Bank Indonesia and other banks	55,105,687	-	-	-	-	55,105,687
Securities						
Fair Value through profit or loss	-	-	-	1,762,263	-	1,762,263
Available for sale	-	-	-	130,927,293	-	130,927,293
Held to maturity	-	-	-	54,229,880	-	54,229,880
Export bills	5,623,717	-	-	-	-	5,623,717
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	145,928
Loans						
Micro	7,510,009	45,099,796	-	200,240,849	-	252,850,654
Retail	27,667,428	134,890,688	29,309,168	86,839,476	-	278,706,760
Corporate	36,116,983	151,308,271	-	-	-	187,425,254
Sharia receivables and financing	-	-	-	-	17,864,869	17,864,869
Finance lease receivables	19,744	141,583	770,715	1,556,941	-	2,488,983
Acceptances receivable	-	-	-	-	5,693,425	5,693,425
Investment in associated entities*)	-	-	-	-	2,439	2,439
Other Assets**)	-	-	-	-	10,515,442	10,515,442
	199,442,571	331,440,338	30,079,883	493,567,728	59,019,885	1,113,550,405
Liabilities						
Liabilities due immediately	-	-	-	-	6,584,201	6,584,201
Deposits from customers						
Demand deposits	96,798,129	-	-	48,731,039	-	145,529,168
Wadiyah 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
Wadiyah 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



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

a. Interest Rate Risk (continued)

The tables below summarise the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited) (continued):

December 31, 2017

Description	Floating interest rate				Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year	Fixed interest rate		
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	21,601,303	-	-	29,403,009
Subordinated loans	-	-	-	14,385	972,065	986,450
Other Liabilities***)	-	-	-	-	2,454,031	2,454,031
	549,692,390	49,886,481	32,194,943	251,710,489	51,843,830	935,328,133
Interest rate repricing gap between financial assets and liabilities	(350,249,819)	281,553,857	(2,115,060)	241,857,239	7,176,055	178,222,272
	_____	_____	_____	_____	_____	_____

December 31, 2016

Description	Floating interest rate				Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year	Fixed interest rate		
Assets						
Cash	-	-	-	-	25,212,024	25,212,024
Current accounts with Bank Indonesia	55,635,946	-	-	-	-	55,635,946
Current accounts with other banks	11,022,715	-	-	-	-	11,022,715
Placements with Bank Indonesia and other banks	78,142,754	-	-	-	-	78,142,754
Securities						
Fair value through profit or loss	-	-	-	674,966	-	674,966
Available for sale	-	-	-	69,492,266	-	69,492,266
Held to maturity	-	-	-	61,896,870	-	61,896,870
Export bills	9,345,472	-	-	-	-	9,345,472
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

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

a. Interest Rate Risk (continued)

The tables below summarise the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited) (continued):

December 31, 2016

Description	Floating interest rate					Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year	Fixed interest rate	Non-interest bearing	
Assets (continued)						
Derivatives receivable	-	-	-	-	91,657	91,657
Loans						
Micro	6,391,407	39,348,602	-	176,062,196	-	221,802,205
Retail	23,213,726	120,684,576	23,750,225	77,232,409	-	244,880,936
Corporate	30,133,635	146,654,199	-	-	-	176,787,834
Sharia receivables and financing	-	-	-	-	17,748,943	17,748,943
Finance lease 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*)	-	-	-	-	2,439	2,439
Other assets**)	-	-	-	-	5,526,621	5,526,621
	217,235,295	306,843,123	24,685,575	387,994,075	54,274,267	991,032,335
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
Marketable securities issued	-	-	-	24,800,781	-	24,800,781
Fund borrowings	320,132	14,297,326	20,274,822	15,890	100,000	35,008,170
Subordinated loans and marketable securities	-	-	-	35,471	973,039	1,008,510
Other liabilities***)	-	-	-	-	1,851,087	1,851,087
	471,940,671	66,947,662	46,041,464	216,905,365	36,341,809	838,176,971
Interest rate repricing gap between financial assets and liabilities	(254,705,376)	239,895,461	(21,355,889)	171,088,710	17,932,458	152,855,364

*) 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.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

b. Exchange Rate Risk

Exchange rate risk arises when foreign exchange rate against Rupiah fluctuates against the positions which BRI held. Included in the foreign exchange positions are positions in trading book held to generate profit both from foreign exchange transactions within a short period of time and from positions in banking book that has a purpose of controlling the Net Open Position (NOP).

Based on Bank Indonesia Regulation (PBI) No. 17/5/PBI/2015 dated May 29, 2015, the fourth amendment made 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 commitments and contingent liabilities and receivables in the administrative accounts for each foreign currency, which are all stated in Rupiah.

The tables below present NOP (BRI only) as of December 31, 2017 and 2016 by currency, respectively, as follows:

Currencies	December 31, 2017		
	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
Singapore Dollar	1,367,530	711,167	656,363
European Euro	2,657,026	3,109,627	452,601
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 (Notes 48a)			161,751,939
NOP Ratio			4.22%

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

b. Exchange Rate Risk (continued)

The tables below present NOP (BRI only) as of December 31, 2017 and 2016 by currency, respectively, as follows (continued):

Currencies	December 31, 2016		
	Assets	Liabilities	NOP
<u>Statement of Financial Position and Administrative Accounts</u>			
European Euro	10,065,634	14,520,265	4,454,631
Renminbi	6,598,517	4,678,412	1,920,105
United States Dollar	138,725,987	137,134,766	1,591,221
Singapore Dollar	1,377,990	574,284	803,706
Great Britain Pound Sterling	212,224	66,595	145,629
Australian Dollar	185,862	262,620	76,758
Japanese Yen	315,709	301,684	14,025
Canadian Dollar	12,211	116	12,095
Others	564,675	47,416	517,259
			9,535,429
Capital (Notes 48a)			142,910,432
NOP Ratio			6.67%

5. BRI Agro Sensitivity Analysis

The following tables present sensitivity towards possible change in interest rate and exchange rate of BRI Agro towards statement of profit or loss and other comprehensive income with the remaining variables being constant.

	2017		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
Interest rate risk	+/- 1 %	+/-49,012	+/- 1%	+/-45,421
Foreign exchange rate risk	+/- 1 %	+/-70	+/- 1%	+/-133

Operational Risk Management

BRI Operational Risk Management is implemented according to Financial Services Authority Regulation No. 18/POJK.03/2016 dated March 22, 2016 on Risk Management Implementation of Commercial Bank, which requires risk management implementation to cover pillars on active control from the Board of Commissioners and Directors, policy adequacy, limit determination and procedure, identification process adequacy, measurement, monitoring and management of risk as well as risk management information system and internal control system.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

The main objective of operational risk management implementation is managing operational risk exposure caused by internal and external factors that influences business and operational activities such as inadequacy of human resources, internal processes, IT system failures, natural disaster and external party crimes that potentially cause financial and non financial losses. Operational risk exposure management includes mitigation of legal, reputational, compliance and strategic risk exposure in every business process and operational activity.

Each operational working unit is responsible for the implementation of risk management process in the business and operational activities of each business unit through internal control system. It begins from the phase of identification, measurement, monitoring and risk mitigation. The Board of Directors determined risk management function in every business unit starting from Head Office level (Desk/Division), Regional Office, Special Branch Office, Branch Office which covers operations, marketing and micro businesses as well as Sub Branch Office, BRI Priority Service Center and Overseas Working Unit.

Risk Management of the Head Office and Regional Office is responsible for setting the guidelines of operational risk management, development and implementation of policy or procedure and methodology, monitoring, reviewing, and controlling operational risk management process. On the other hand, Risk Management is also involved in composing and monitoring BRI's operational risk profile, assessing the risk management adequacy of a new product and/or activity, and supporting the business unit or risk owner in order to develop risk awareness culture, anti fraud strategy implementation and compliance towards risk management principles. In order to discuss operational risk mitigation and risk control improvement, Operational Risk Management Committee (ORMC) is held quarterly and coordinated by Operational Risk Management Unit and related desk/division/business unit.

Internal audit as third line of defense including the Head Office and Inspectorate Office Audit within Indonesia is responsible in monitoring and validating the internal control adequacy of business and operational activities in every business unit and also the consistency of operational risk management implementation in BRI bank wide.

BRI's operational risk management implementation is facilitated by operational risk management tools called BRI Operational Risk Assessor (BRIOPRA), consisting of Risk and Control Self Assessment (RCSA) module, Key Risk Indicator (KRI), Incident Management (IM), Risk Management Forum and Maturity. Operational risk management policy has been updated in the decree of BRI Decision Letter No. S.17-DIR/DMR/02.2016.

In order to increase understanding on risk management, BRI focused on building risk awareness culture and risk management training/socialization continuously to all BRI employees and also improving internal control quality in each 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 already been implemented in Head Office (Desk/Division), Regional Office, Special Branch Office, Branch Office which also represents BRI Unit, Sub Branch Office and Priority Service Centre.

RCSA is used to help the business unit to identify and measure operational risk in every business and operational activites independently, including to monitor and determine the action plans or towards improvements.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

1. Risk Control and Self Assesment (RCSA) (continued)

The main risk issue is updated by considering business development such as new product and or activity implementation, new market segment and competition condition, change in internal/external policy and other changes which affect BRI risk exposure. Working unit performs RCSA assessment by considering Incident Management (IM)/Loss Event Database (LED) data, Key Risk Indicator (KRI) and Audit Result of the working unit. RCSA evaluation is performed quarterly, however, the frequency will be increased in time of significant changes in risk exposure.

RCSA consolidation report stated above is reported regularly to the BOD in RMC that was 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, covering actual loss, potential loss and near misses, since occurrence up to settlement, including corrective and incident handling measures 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. LED information system can be used to determine the preventive actions in risk mitigation, based on the process of incident handling or seattlement for the non financial loss, financial loss, financial 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 based on the loss event 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 been prepared for The Standardised Approach (TSA) and Advanced Measurement Approach (AMA). BRI's LED also has been used to calculate operational risk capital charge by 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 developed 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 risks 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 the management. It is established by using the best judgement, considering BRI risk exposures and risk appetite, that involved internal auditor, risk owner and other 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 document the result of meeting/forum among the head of BRI's business units with the lower level employees and staffs in order to discuss inherent risks in the daily business or operational activities that might be the constraint in achieving the business target or business performance. Risk management forum, which are held in each business unit, are expected to support the growth of BRI's risk awareness culture.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

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 working unit. Maturity assessment is performed at every end of year by each working unit head using certain parameters. By performing maturity assessment, it is expected that each working unit will be able to evaluate the risk management implementation performed, in order to compose future improvement plan.

6. Business Continuity Management (BCM)

The possibility of disaster caused by nature, human or technology to pose a threat to BRI's business continuity, as BRI has business units spread across Indonesia. Therefore, the Board of Directors concern to develop and implement Business Continuity Management (BCM Policies) in order to ensure the employees, customers and other third parties safety and security who are in the vicinity of BRI business unit environment (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 is stipulated through BRI Circular Letter No. S.26-DIR/DMR/12/2016.

BCM implementation covers all business units, among others 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 prioritized to the business units in prone areas and are done annually, in Head Offices Gedung BRI 1 and 2, 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 fourth quarter of 2017 there are the increase of status and activity of Mount Agung and 6.2 SR earthquake centered to the South of Sukabumi which have affected operations and business in Denpasar and Pangandaran BRI working 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 in every 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 which concern on fraud cases handling 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 and fraud prevention. Anti-Fraud Strategy Policy is stipulated through BRI Decision Letter No. S.25-DIR/DMR/12/2016.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017 and 2016 are not updated to reflect changes in market conditions which have occurred subsequently.

	December 31, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
ASSETS				
Cash	24,797,782	24,797,782	25,212,024	25,212,024
Current accounts with Bank Indonesia	58,155,479	58,155,479	55,635,946	55,635,946
Current accounts with other banks	5,925,684	5,925,684	11,022,715	11,022,715
Placements with Bank Indonesia and other banks	55,105,687	55,105,687	78,142,754	78,142,754
Securities				
Fair value through profit or loss	1,762,263	1,762,263	674,966	674,966
Available for sale	130,927,293	130,927,293	69,492,266	69,492,266
Held to maturity	54,229,122	56,701,981	61,896,112	62,452,483
Export bills	5,623,717	5,623,717	9,345,472	9,345,472
Government Recapitalization Bonds				
Available for sale	717,840	717,840	718,434	718,434
Held to maturity	2,600,000	2,575,239	2,600,000	2,592,245
Securities purchased under agreement to resell	18,011,026	18,011,026	1,557,370	1,557,370
Derivatives receivable	145,928	145,928	91,657	91,657
Loans, sharia receivables and financing	706,846,900	667,849,222	638,543,466	601,402,821
Finance lease receivable	2,385,483	2,405,495	2,070,300	2,059,460
Acceptances receivable	5,693,425	5,693,425	5,692,583	5,692,583
Investment in associated entities *)	2,439	2,439	2,439	2,439
Other assets **)	10,515,442	10,515,442	5,526,621	5,526,621
Total	1,083,445,510	1,046,915,942	968,225,125	931,622,256
LIABILITIES				
Liabilities due immediately				
Deposits from customers ***)	6,584,201	6,584,201	5,410,313	5,410,313
Demand deposits	147,435,604	147,435,604	142,546,863	142,546,863
Saving deposits	349,440,873	349,440,873	303,270,288	303,270,288
Time deposits	344,779,973	344,779,973	308,709,223	308,709,223
Deposits from other banks and financial institutions				
Demand deposits	351,951	351,951	239,006	239,006
Saving deposits	6,709	6,709	6,497	6,497
Time deposits and deposits on call	4,059,761	4,059,761	1,028,520	1,028,520
Inter-bank call money	1,174,946	1,174,946	955,515	955,515
Securities sold under agreement to repurchase	12,136,684	12,136,684	7,302,398	7,302,398
Derivatives payable	200,858	200,858	347,217	347,217
Acceptances payable	5,693,425	5,693,425	5,692,583	5,692,583
Marketable securities issued	30,619,658	31,472,743	24,800,781	25,123,300
Fund borrowings	29,403,009	29,403,009	35,008,170	35,008,170
Subordinated loans and marketable securities	986,450	986,450	1,008,510	1,007,148
Other liabilities ***)	2,454,031	2,454,031	1,851,087	1,851,087
Total	935,328,133	936,181,218	838,176,971	838,498,128

*) 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'* fund and temporary *syirkah* funds.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

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, finance lease receivable, 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 instruments 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 instruments 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 price quotations of intermediary (broker) / securities dealers. If the information is not available, fair values are estimated by using quoted market price of securities with similar credit characteristics, maturity and yield.

- c) Loans

BRI's loan portfolio generally consists of loans with floating rates and fixed rates. Loans are stated at carrying amount. The fair value of loans is derived based on discounted future cash flows expected to be received by BRI using current market rates.

- d) Finance Lease Receivable

Fair value is calculated based on discounted cash flow models by using market interest rates.

- e) Derivatives receivable and payable

The fair values of derivatives instrument valued by valuation techniques using components which can be observed in the market, primarily are interest rate swaps, currency swaps and currency exchange contracts. Most widely used valuation techniques include forward and swap valuation models which use the 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

Fair value is calculated based on discounted cash flow models by using market rates for the remaining maturity period.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The following tables present financial instruments measured at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments (Note 2c):

	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	-	-
Deposit Certificates of Bank Indonesia	385,040	385,040	-	-
Government bonds	194,828	194,828	-	-
Derivatives receivable	145,928	-	145,928	-
Bonds	71,378	71,378	-	-
Subordinated bonds	50,976	50,976	-	-
Others	217,106	217,106	-	-
	1,908,191	1,762,263	145,928	-
Available for sale				
Government bonds	74,830,836	74,830,836	-	-
Deposit Certificates of Bank Indonesia	35,482,251	35,482,251	-	-
Bonds	10,238,591	10,238,591	-	-
Certificates of Bank Indonesia	6,046,221	6,046,221	-	-
Mutual funds	1,504,868	1,504,868	-	-
Subordinated bonds	796,981	796,981	-	-
Negotiable Certificate of Deposits	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	205,792	205,792	-	-
	131,645,133	131,645,133	-	-
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 Sharia				
Certificates (SBIS)	250,000	250,000	-	-
Certificates of Bank Indonesia	597,605	597,605	-	-
Negotiable Certificate of Deposits	265,083	265,083	-	-
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 receivable	2,405,495	-	-	2,405,495
	670,254,717	-	653,265,720	16,988,997
Total Financial Assets	863,085,261	192,684,616	653,411,648	16,988,997



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The following tables present financial instruments measured 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 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	-
	December 31, 2016			
	Fair Value	Level 1	Level 2	Level 3
Financial Assets				
Fair value through profit or loss				
Mutual fund	295,372	295,372	-	-
Derivatives receivable	91,657	-	91,657	-
Government bonds	84,746	84,746	-	-
Bonds	64,745	64,745	-	-
Subordinated bonds	45,880	45,880	-	-
Others	184,223	184,223	-	-
	766,623	674,966	91,657	-
Available for sale				
Government bonds	41,098,626	41,098,626	-	-
Certificate of Bank Indonesia	12,617,484	12,617,484	-	-
Bonds	6,785,877	6,785,877	-	-
Deposit Certificates of Bank Indonesia	6,023,957	6,023,957	-	-
Mutual fund	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	160,304	160,304	-	-
	70,210,700	70,210,700	-	-
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	-	-
Certificate of Bank Indonesia	2,009,884	2,009,884	-	-
Bank Indonesia Sharia Certificates (SBIS)	1,650,000	1,650,000	-	-
Negotiable Certificate of Deposits	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	-	-

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The following tables present financial instruments measured 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 (continued)				
Loans and receivables				
Loans, sharia receivables and financing	601,402,821	-	579,128,986	22,273,835
Finance lease receivable	2,059,460	-	-	2,059,460
	603,462,281	-	579,128,986	24,333,295
Total Financial Assets	739,484,332	135,930,394	579,220,643	24,333,295

41. SEGMENT INFORMATION

Information concerning the segments of BRI and Subsidiaries are as follows:

a. Corporate Name	Main Business
PT Bank Rakyat Indonesia (Persero) Tbk	Conventional Banking
PT Bank BRISyariah	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

b. Operating Segment

For management purposes, BRI is organized into 5 (five) operating segments based on products which are as follows:

- Micro Segment
- Retail Segment
- Corporate Segment
- Other Segments
- Subsidiaries

Information concerning the operating segments of BRI and Subsidiaries are as follows:

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	2,962,355	73,390,901
Other operating income	6,453,398	8,985,018	899,231	2,355,189	398,231	19,091,067
Total income	42,901,175	32,052,929	7,757,137	6,410,141	3,360,586	92,481,968
Other operating expenses	(15,371,678)	(15,048,835)	(3,541,484)	(2,350,602)	(2,129,049)	(38,441,648)
Provision for impairment losses	(7,642,460)	(5,738,482)	(3,278,755)	-	(574,789)	(17,234,486)
Total expenses	(23,014,138)	(20,787,317)	(6,820,239)	(2,350,602)	(2,703,838)	(55,676,134)
Other income - net	88,970	185,381	327	(73,034)	14,679	216,323
Income before income tax expense	19,976,007	11,450,993	937,225	3,986,505	671,427	37,022,157
Income tax expense	(4,331,159)	(2,482,782)	(203,207)	(864,347)	(96,328)	(7,977,823)
Income for the year	15,644,848	8,968,211	734,018	3,122,158	575,099	29,044,334



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

41. SEGMENT INFORMATION (continued)

b. Operating Segment (continued)

Information concerning the operating segments of BRI and Subsidiaries are as follows (continued):

As of December 31, 2017 and for the Year Then Ended						
Description	Micro	Retail	Corporate	Others	Subsidiaries	Total
Segment Assets						
Loans	252,850,653	270,601,420	184,548,972	-	31,335,475	739,336,520
Allowance for impairment losses	(12,840,500)	(5,378,019)	(10,843,743)	-	(1,041,875)	(30,104,137)
Non loans				394,510,217	19,235,611	413,745,828
	240,010,153	265,223,401	173,705,229	394,510,217	49,529,211	1,122,978,211
Segment Liabilities						
Funding	243,794,632	304,439,989	255,091,949	-	38,329,880	841,656,450
Non funding	-	-	-	108,064,289	9,180,209	117,244,498
	243,794,632	304,439,989	255,091,949	108,064,289	47,510,089	958,900,948

As of December 31, 2016 and for the Year Then Ended						
Description	Micro	Retail	Corporate	Others	Subsidiaries	Total
Interest and premium income - net						
Interest and premium income	34,477,951	19,488,591	6,006,200	3,122,328	2,601,939	65,697,009
Other operating income	6,517,052	7,674,882	972,169	1,515,107	319,579	16,998,789
	40,995,003	27,163,473	6,978,369	4,637,435	2,921,518	82,695,798
Total income						
Other operating expenses						
Provision for impairment losses	(14,921,582)	(13,814,825)	(2,994,735)	(1,296,931)	(1,912,532)	(34,940,605)
	(6,624,372)	(3,355,030)	(3,340,361)	-	(470,888)	(13,790,651)
Total expenses						
Other income - net	(21,545,954)	(17,169,855)	(6,335,096)	(1,296,931)	(2,383,420)	(48,731,256)
	123,338	232,923	292,580	(633,642)	(5,971)	9,228
Income before income tax expense						
Income tax expense	19,572,387	10,226,541	935,853	2,706,862	532,127	33,973,770
	(4,499,665)	(2,351,067)	(215,151)	(622,304)	(57,592)	(7,745,779)
Income for the year						
	15,072,722	7,875,474	720,702	2,084,558	474,535	26,227,991
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	12,184,420	360,509,730
	211,245,955	234,887,832	167,213,063	348,325,310	39,451,336	1,001,123,496
Segment Liabilities						
Funding	213,208,779	285,574,629	225,062,050	-	30,680,916	754,526,374
Non funding	-	-	-	94,697,514	7,607,948	102,305,462
	213,208,779	285,574,629	225,062,050	94,697,514	38,288,864	856,831,836

c. Geographical Segment

Description	Total Income	
	Year Ended December 31,	2016
Indonesia	91,923,171	82,168,879
USA	500,743	473,146
Hong Kong	5,653	4,452
Singapore	47,246	49,321
Timor Leste	5,155	-
Total	92,481,968	82,695,798

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

41. SEGMENT INFORMATION (continued)

c. Geographical Segment (continued)

Description	Income before tax expense	
	Year Ended December 31,	
	2017	2016
Indonesia	36,659,600	33,609,647
USA	365,318	346,335
Hong Kong	199	167
Singapore	4,964	17,621
Timor Leste	(7,924)	-
Total	37,022,157	33,973,770

Description	Total assets	
	December 31,	
	2017	2016
Indonesia	1,104,377,993	984,256,727
USA	14,847,364	14,065,978
Hong Kong	8,370	5,952
Singapore	3,365,196	2,794,839
Timor Leste	379,288	-
Total	1,122,978,211	1,001,123,496

Description	Total liabilities	
	December 31,	
	2017	2016
Indonesia	940,817,829	840,376,290
USA	14,330,575	13,656,808
Hong Kong	2,557	338
Singapore	3,362,659	2,798,400
Timor Leste	387,328	-
Total	958,900,948	856,831,836

42. EMPLOYEES PROGRAM

a. Defined Benefit Pension Plan

Effective January 1, 2007, all newly appointed permanent employees are not included in this program. Under this program, the right to pension benefits is given based on the established conditions which are stated in the regulations of BRI with consideration to the yearly 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 regulation in BRI Directors' Decision Letter, the employee's contribution for pension contribution amounted to 7% of the employee's pension-based salary and any remaining amount required to fund DPBRI represents the contribution by BRI, amounted to 26.65% (previously 25.02%) since October 1, 2017.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

The actuarial calculation of BRI's pension costs as of December 31, 2017 and 2016 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated 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, 2017	December 31, 2016
Discount rate	7.60%	8.10%
Annual pension-based salary growth rate	7.50	7.50
Annual pension benefit growth rate	4.00	4.00
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% from CSO 1958	10.0% from CSO 1958
Normal retirement age	56 years	56 years

The assets of DPBRI mainly consist of saving deposits, time deposits, securities, mutual fund units, securities with collateral assets, long-term investments in the form of shares of stocks and property.

Movements in present value of defined benefit pension as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Present value of defined benefit pension		
- beginning balance	15,032,520	13,221,843
Interest expense	1,191,806	1,151,483
Current service cost	316,354	286,216
Past service cost	-	300,295
Benefit paid	(954,113)	(853,894)
Actuarial loss	1,163,430	926,577
Present Value of Defined Benefit Pension Liabilities - ending balance	16,749,997	15,032,520

Movements in the fair value of program assets as of December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Fair value of program assets - beginning balance	16,230,759	14,287,884
The real development results	2,068,136	2,469,674
Contributions paid - Employer	250,758	255,787
Contributions paid - Participants	70,157	71,308
Benefit paid	(954,113)	(853,894)
Program assets - ending balance	17,665,697	16,230,759

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	-	-
Defined benefit pension expense - net (Note 35)	246,012	513,384
Contributions paid - current period	(250,758)	(255,787)
Remeasurement of liabilities (assets) for defined pension benefit - net	4,746	(257,597)
Ending balance	-	-

Remeasurement of assets for defined benefit pension as of December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	(1,047,558)	(789,961)
Actuarial loss	1,163,430	926,577
Yields on program assets	(779,088)	(1,221,494)
Impact change of assets other than the net interest liabilities (assets)	(379,595)	37,320
Total Remeasurement of assets for defined pension benefit - net	(1,042,811)	(1,047,558)

Pension benefit expense for the year ended December 31, 2017 and 2016, respectively, based on the actuarial calculation is as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	316,354	286,216
Contributions paid - Participants	(70,157)	(71,308)
Interest Expense - net	(185)	(1,819)
Past service cost	-	300,295
Pension benefit expense (Note 35)	246,012	513,384

b. Old-Age Benefits Plan

BRI's employees are also given old-age benefits (THT) based on the regulation as stated in the Decision Letter of the Directors of BRI, BRI's old-age benefits plan is managed by Yayasan Kesejahteraan Pegawai BRI.

Old-age benefit contributions consist of payments from the employees and BRI's contributions in accordance with the requirements of the Decision Letter of Directors of BRI.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017 and 2016, which was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated 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, 2017	December 31, 2016
Discount rate	7.70%	8.30%
Annual salary growth rate	7.50	7.50
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.00% from CSO 1958	10.00% from CSO 1958

The status of the old-age benefits as of December 31, 2017 and 2016, respectively, based on the actuarial calculation is as follows:

	December 31, 2017	December 31, 2016
Assets at fair value	3,696,006	3,286,981
Present value of old-age benefits liability	(1,927,967)	(1,374,984)
Surplus	1,768,039	1,911,997

Movements of the old-age benefits liabilities as of December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Old-age benefits expense	59,067	16,809
Remeasurement of liabilities for defined old-age benefits - net	37,473	74,546
Contributions paid - current period	(96,540)	(91,355)
Liabilities - Ending Balance	-	-

Remeasurement of liabilities for defined old-age benefits as of December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	202,101	127,555
Actuarial loss	478,657	335,918
Yields on program (assets) liabilities	(138,530)	150,663
Impact change of assets outside the net interest	(302,654)	(412,035)
Total remeasurement of liabilities for defined old-age benefits - net	239,574	202,101

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

Old-age benefits expense for the year ended December 31, 2017 and 2016, based on the actuarial calculation is as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	106,604	63,621
Contributions paid - participants	(46,043)	(43,571)
Interest expense - net	(1,494)	(3,241)
Old-age benefits expense	59,067	16,809

As of December 31, 2016 and 2015, 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 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 Directors' decision which was effective since October 2000. BRI's contributions to the plan which are reported in the consolidated statement of profit or loss and other comprehensive income amounted to Rp256,675 and Rp231,105 respectively, for the year ended December 31, 2017 and 2016 (Note 35). This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

(ii) BRI Agro (Subsidiary)

BRI Agro organized defined contribution pension plans for all its permanent employees which is managed by Dana Pensiun Lembaga Keuangan (Financial Institutions Pension Fund) PT Bank Negara Indonesia (Persero) Tbk. BRI Agro's contribution to the plan amounted to 87.8% of the contributions that have been defined based on the level of each employee which are reported in the income statement and the consolidated other comprehensive income amounted to Rp766 and Rp696, respectively, for the year ended December 31, 2017 and 2016 (Note 35).

d. Work Separation Scheme

(i) BRI (Parent Entity)

The calculation performed by the management of BRI of liabilities related to allowance for separation benefit which include severance, gratuity and compensation benefits were based on actuarial valuation assumption in compliance with Labor Law No. 13/2003 dated March 25, 2003. As of December 31, 2017 and 2016, the actuarial calculations were performed by PT Bestama Aktuaria, an independent actuary, in its reports dated January 4, 2018 and January 5, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(i) BRI (Parent Entity) (continued)

	December 31, 2017	December 31, 2016
Discount rate	7.70%	8.30%
Future salary growth rate	7.50	7.50
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.00% from CSO 1958	10.00% from CSO 1958

Movements in the work separation scheme liability as of December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	1,109,732	997,669
Work separation scheme expense (Note 35)	304,706	153,280
Actual benefit payments by BRI	(92,705)	(61,297)
Remeasurement of liabilities (assets) for defined work separation scheme - net	(109,524)	20,080
Ending Balances (Note 28)	1,212,209	1,109,732

Remeasurement of liabilities (assets) for defined work separation scheme as of December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	(27,394)	(47,474)
Actuarial loss (gain)	(109,524)	20,080
Total remeasurement of assets for defined work separation scheme – net	(136,918)	(27,394)

The calculation of work separation scheme expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	207,821	144,737
Interest cost - net	96,885	93,544
Past service cost	-	(85,001)
Work separation scheme expense (Note 35)	304,706	153,280

(ii) BRISyariah (Subsidiary)

The Subsidiary provides work separation scheme based on the provisions of Labor Law No. 13/2003 dated March 25, 2003.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017 and for the Year Then Ended

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(ii) BRISyariah (Subsidiary) (continued)

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2017 and 2016 as determined by PT Bestama Aktuaria, independent actuaries, in their reports dated January 4, 2018 and January 4, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017	December 31, 2016
Discount rate	7.10%	8.10%
Annual salary growth rate	5.00	5.00
Mortality rate	TMI III 2011	TMI III 2011

Movements in the work separation scheme liability as of December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	58,108	46,966
Work separation scheme expense (Note 35)	13,214	12,599
Actual benefit payments by BRISyariah	(68,254)	(2,723)
Remeasurement of liabilities for defined work separation scheme - net	9,761	1,266
Ending balances (Note 28)	12,829	58,108

Remeasurement of liabilities (assets) for defined work separation scheme as of December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	(14,363)	(15,629)
Actuarial loss	9,761	1,266
Total remeasurement of assets for defined work separation scheme - net	(4,602)	(14,363)

The calculation of work separation scheme expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	9,528	8,034
Interest cost	3,686	4,565
Work separation scheme expense (Note 35)	13,214	12,599



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 based on the provisions of Labor Law No. 13/2003 dated March 25, 2003.

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2017 and 2016 as determined by PT Bestama Aktuaria, an independent actuary, in its reports dated January 4, 2018 and January 5, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017	December 31, 2016
Discount rate	7.50%	8.30%
Annual salary growth rate	7.00	8.00
Mortality rate	TMI 2011	TMI 2011
Disability rate	10.00% TMI 2011	10.00% TMI 2011

Movements in the work separation scheme liability as of December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	35,519	27,420
Work separation scheme expense (Note 35)	8,052	10,245
Actual benefit payments by BRI Agro	(2,245)	(1,540)
Remeasurement of assets for defined work separation scheme - net	(2,269)	(606)
Ending balance (Note 28)	39,057	35,519

Remeasurement of liabilities (assets) for defined work separation scheme as of December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	442	1,048
Actuarial gain	(2,269)	(606)
Total remeasurement of liabilities for defined work separation scheme - net	(1,827)	442

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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 year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	4,991	3,212
Interest expense	3,061	2,542
Past service cost	-	4,491
Work separation scheme expense (Note 35)	8,052	10,245

(iv) BRI Life (Subsidiary)

The Subsidiary provides work separation scheme based on the provisions of Labor Law No. 13/2003 dated March 25, 2003.

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2017 and 2016, as determined by PT Padma Radya Aktuaria, independent actuaries, in their reports dated January 4, 2018 and January 6, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017	December 31, 2016
Discount rate	7.00%	8.25%
Annual salary growth rate	7.00	7.00
Mortality rate	TMI III 2011	TMI III 2011
Disability rate	10.00% TMI III 2011	10.00% TMI III 2011

Movements in the work separation scheme liability as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	48,692	41,044
Work separation scheme expense (Note 35)	8,098	4,711
Actual benefit payments by BRI Life	(44)	(760)
Remeasurement of liabilities for defined work separation scheme - net	3,960	3,697
Ending Balance (Note 28)	60,706	48,692

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	6,598	2,901
Actuarial loss	3,960	3,697
Total remeasurement of liabilities for defined work separation scheme - net	10,558	6,598

The calculation of work separation scheme expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	4,124	2,798
Interest expense	3,974	3,682
Past service cost	-	(1,769)
Work separation expense (Notes 35)	8,098	4,711

(v) BRI Finance (Subsidiary)

The Subsidiary provides work separation scheme based on the provisions of Labor Law No. 13/2003 dated March 25, 2003.

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2017 and 2016, as determined by PT Jasa Aktuaria Praptasentosa Gunajasa, an independent actuary, in its report dated January 2, 2018 and January 5, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017	December 31, 2016
Discount rate	7.00%	8.00%
Annual salary growth rate	7.00	7.00
Mortality rate	TMI 2011	TMI 2011
Disability rate	5.00% TMI 2011	5.00% TMI 2011

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	9,168	16,055
Work separation scheme expense (Note 35)	1,871	2,490
Actual benefit payments by BRI Finance	(971)	(5,074)
Remeasurement of liabilities (asset) for separation scheme - net	608	(4,303)
Ending balances (Note 28)	10,676	9,168

Remeasurement of liabilities (assets) for defined work separation scheme as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Beginning balance	(5,742)	(1,439)
Actuarial loss/(gain)	608	(4,303)
Total remeasurement of assets for defined work separation scheme - net	(5,134)	(5,742)

The calculation of work separation scheme expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	1,133	1,061
Interest expense	733	1,429
Past service cost	5	-
Work separation expense (Notes 35)	1,871	2,490



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits

BRI employees also have long-term employee benefits, such as gratuity for services, grand leaves and pension preparation period (MPP).

(i) Allowance for gratuity for services

i. BRI (Parent Entity)

The actuarial calculation on gratuity for services as of December 31, 2017 and 2016 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 4, 2018 and January 5, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017	December 31, 2016
Discount rate	7.70%	8.30%
Annual salary growth rate	7.50	7.50
Gold price growth rate	10.00	10.00
Mortality rate	CSO 1958	CSO 1958
Disability rate	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 Rp1,061,952 and Rp940,341 as of December 31, 2017 and 2016, respectively.

Movements in liability for gratuity for services as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Beginning balance of liability	940,341	833,576
Gratuity for services expense (Note 35)	155,894	150,349
Actual benefit payments by BRI	(34,283)	(43,584)
Gratuity for services liability (Note 28)	1,061,952	940,341

The gratuity for services expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	83,175	72,442
Interest expense	86,831	76,320
Recognized actuarial loss (gain)	(14,112)	1,587
Gratuity for services expense (Note 35)	155,894	150,349

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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)

The Subsidiary also provides gratuity for services program to its employees as one of their benefits.

The actuarial calculation for gratuity for services 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, 2017 was prepared by PT Bestama Aktuaria, independent actuaries, in their reports dated January 4, 2018, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017
Discount rate	7.00%
Annual salary growth rate	7.50
Gold price growth rate	5.00
Mortality rate	TMI 2011
Disability rate	10.00% TMI 2011

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp719 as of December 31, 2017.

Movements in liability for gratuity for services as of December 31, 2017 are as follows:

	December 31, 2017
Beginning balance of liability	-
Gratuity for services expense (Note 35)	719
Actual benefit payments by BRI Agro	(422)
Gratuity for services liability (Note 28)	297

The gratuity for services expense for the year ended December 31, 2017 based on the actuarial calculation are as follows:

	Year Ended December 31, 2017
Current service cost	274
Interest expense	-
Recognized actuarial loss	25
Past service cost	420
Gratuity for services expense (Note 35)	719



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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)

The Subsidiary also provides gratuity for services program to its employees as one of their benefits.

The actuarial calculation for gratuity for services 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, 2017 and 2016 was prepared by PT Padma Radya Aktuaria, independent actuaries, in their reports dated January 4, 2017 and January 6, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017	December 31, 2016
Discount rate	7.00%	8.25%
Annual salary growth rate	7.00	7.00
Mortality rate	TMI III 2011	TMI III 2011
Disability rate	10.00% TMI 2011	10.00% TMI 2011

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp10,289 and Rp10,623 as of December 31, 2017 and 2016, respectively.

Movements in liability for gratuity for services as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Beginning balance of liability	10,623	9,764
Gratuity for services (income)/ expense (Note 35)	(51)	2,131
Actual benefit payments by BRI Life	(283)	(1,272)
Gratuity for services liability (Note 28)	10,289	10,623

The gratuity for services expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	935	729
Interest expense	765	602
Recognized actuarial loss/(gain)	(1,305)	1,709
Past service cost	(446)	(909)
Gratuity for services expense (Note 35)	(51)	2,131

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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)

The Subsidiary also provides gratuity for services program to its employees as one of their benefits.

The actuarial calculation for gratuity for services 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, 2017 and 2016 was prepared by PT Jasa Aktuaria Praptasentosa Gunajasa, an independent actuary in its report dated January 2, 2018 and January 5, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017	December 31, 2016
Gold Price (full Rupiah)	568,320	502,750
Average age below retirement age	37.17	36.00
Average age above retirement age	0.00	0.00
Average service years	8.63	7.71

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp264 and Rp244 as of December 31, 2017 and 2016, respectively.

Movements in liability for gratuity for services as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Beginning balance of liability	244	356
Gratuity for services expense (Note 35)	26	(65)
Actual benefit payments by BRI Finance	(6)	(47)
Gratuity for services liability (Note 28)	264	244

The gratuity for services expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	25	26
Interest expense	20	(122)
Recognized actuarial loss (gain)	(19)	31
Gratuity for services expense (Note 35)	26	(65)



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves

i. BRI (Parent Entity)

The actuarial calculation for grand leaves as of December 31, 2017 and 2016 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 4, 2018 and January 5, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017	December 31, 2016
Discount rate	7.70%	8.30%
Annual salary growth rate	7.50	7.50
Mortality rate	CSO 1958	CSO 1958
Disability rate	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 Rp1,517,614 and Rp1,314,399 as of December 31, 2017 and 2016, respectively.

Movements in liability for grand leaves December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Beginning balance of liability	1,314,399	1,119,535
Grand leaves expense (Note 35)	292,476	308,428
Actual benefit payments by BRI	(89,261)	(113,564)
Grand leaves liability (Note 28)	1,517,614	1,314,399

The grand leaves expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	217,623	187,174
Interest expense	114,422	104,070
Recognized actuarial gain/(loss)	(39,569)	17,184
Grand leaves expense (Note 35)	292,476	308,428

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation for grand leaves was 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, 2017 and 2016 as determined by PT Bestama Aktuaria, independent actuaries, in their reports dated January 4, 2018 and January 4, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017	December 31, 2016
Discount rate	7.10%	8.10%
Annual salary growth rate	5.00	5.00
Mortality rate	TMI III 2011	TMI III 2011
Disability rate	10.00% TMI 2011	10.00% TMI 2011

The present value of liability of allowance for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp30,304 and Rp25,294 as of December 31, 2017 and 2016, respectively.

Movements in liability for grand leaves December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Beginning balance of liability	25,294	32,828
Grand leaves expense (Note 35)	10,046	985
Actual benefit payments by BRISyariah	(5,036)	(8,519)
Grand leaves liability (Note 28)	30,304	25,294

The grand leaves expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	5,372	6,485
Interest expense	1,721	2,927
Recognized actuarial loss/(gain)	2,953	(8,427)
Grand leaves expense (Note 35)	10,046	985



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation for 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, 2017 and 2016 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 4, 2018 and January 5, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017	December 31, 2016
Discount rate	6.00%	7.50%
Annual salary growth rate	6.50	8.00
Mortality rate	TMI 2011	TMI 2011
Disability rate	10.00% TMI 2011	10.00% TMI 2011

The present value of liability of allowance for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp3,026 and Rp2,202 as of December 31, 2017 and 2016, respectively.

Movements in liability for grand leaves as of December 31, 2017 and 2016, respectively, are as follows:

	December 31, 2017	December 31, 2016
Beginning balance of liability	2,202	1,957
Grand leaves expense (Note 35)	1,304	1,046
Actual benefit payments by BRI Agro	(480)	(801)
Grand leaves liability (Note 28)	3,026	2,202

The subsidiary's grand leaves expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2017	2016
Current service cost	1,081	844
Interest expense	188	172
Recognized actuarial losses	35	30
Grand leaves expense (Note 35)	1,304	1,046

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation for 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, 2017 and 2016 was prepared by PT Padma Radya Aktuaria, independent actuaries, in their reports dated January 4, 2018, and January 6, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017	December 31, 2016
Discount rate	7.00%	8.25%
Annual salary growth rate	7.00	7.00
Mortality rate	TMI 2011	TMI 2011
Disability rate	10.00% TMI 2011	10.00% TMI 2011

The present value of liability of allowance for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp9,050 and Rp7,542 as of December 31, 2017 and 2016, respectively.

Movements in liability for grand leaves as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Beginning balance of liability	7,542	2,221
Grand leaves expense (Note 35)	2,086	6,161
Actual benefit payments by BRI Life	(578)	(840)
Grand leaves liability (Note 28)	9,050	7,542

The subsidiary's grand leave expenses for the year ended December 31, 2017 and 2016, based on the actuarial calculation are as follow:

	Year Ended December 31,	
	2017	2016
Current service cost	2,619	1,990
Past service cost	-	2,678
Interest expense	533	412
Recognized actuarial losses/(gain)	(1,066)	1,081
Grand leave expenses (Note 35)	2,086	6,161

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation for 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, 2017 and 2016 was prepared by PT Jasa Aktuaria Praptasentosa Gunajasa, an independent actuary, in its report dated January 2, 2018 and January 5, 2017, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017	December 31, 2016
Discount rate	7.00%	8.00%
Annual salary growth rate	7.00	7.00
Mortality rate	5.00% TMI 2011	5.00% TMI 2011
Disability rate	10.00% TMI 2011	10.00% TMI 2011

The present value of liability of allowance for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp654 and Rp317 as of December 31, 2017 and 2016, respectively.

Movements in liability for grand leaves as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Beginning balance of liability	317	485
Grand leaves expense (Note 35)	385	181
Actual benefit payments by BRI Finance	(48)	(349)
Grand leaves liability (Note 28)	654	317

The subsidiary's grand leave expenses for the year ended December 31, 2017 and 2016, based on the actuarial calculation are as follow:

	December 31, 2017	December 31, 2016
Current service cost	83	48
Interest expense	25	43
Recognized actuarial losses	277	90
Grand leave expense (Note 35)	385	181

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(iii) BPJS Post Employment Health Program

i. BRI (Parent Entity)

The actuarial calculation on BPJS Post Employment Health Program as of December 31, 2017 was prepared by PT Bestama Aktuaria, an independent actuary, in its report dated January 4, 2018 by using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2017
Discount rate	7.60%
BPJS contribution growth rate	4.00
Mortality rate	CSO 1958
Disability rate	10.00% from CSO 1958

The present value of liability of allowance for BPJS Post Employment Health Program based on the actuarial calculation amounted to Rp243,259 as of December 31, 2017.

Movements in liability for BPJS Post Employment Health Program as of December 31, 2017 is as follows:

	December 31, 2017
Beginning balance of liability	-
BPJS Post Employment Health Program expense (Note 35)	243,259
BPJS Post Employment Health Program liability (Note 28)	243,259

The subsidiary's BPJS Post Employment Health Program expenses for the year ended December 31, 2017 based on the actuarial calculation is as follow:

	Year Ended December 31, 2017
Current service cost	2,450
Past service cost	240,809
BPJS Post Employment Health Program expense (Note 35)	243,259

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

43. INFORMATION ON COMMITMENTS AND CONTINGENCIES

	December 31, 2017	December 31, 2016
Commitments		
Commitments receivable		
Purchase of spot and foreign currencies	4,038,459	12,219,746
Commitments liabilities		
Unused credit facilities granted to debtors	107,073,032	120,916,072
Sale of spot and foreign currencies	13,000,508	7,109,202
Irrevocable letters of credit (Note 27c)	8,980,671	8,541,152
Unused financing facilities granted to debtors	105,497	254,649
	129,159,708	136,821,075
Commitments - net	(125,121,249)	(124,601,329)
Contingencies		
Contingencies receivable		
Interest receivable under settlement	70,905	45,208
Contingent liabilities		
Guarantees issued (Note 27c) in the form of:		
Bank guarantees	23,188,654	20,684,825
Standby letters of credit	10,841,726	3,838,190
	34,030,380	24,523,015
Contingencies - net	(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 the relationship of ownership and/or management. All transactions with related parties have been made according to the mutually agreed policies and terms.

Balances and transactions with related parties are as follows:

Related parties	Relationship	Element of transactions
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
PT Asuransi Bringin Sejahtera Artamakmur	Control through Dana Pensiun BRI	Insurance of premises and equipments
PT Bahana Artha Ventura	Ownership	Investment in associated entities
PT Asuransi Jasa Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Insurance of premises and equipments
BDH Khusus Bialugri	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Relationship	Element of transactions
Bendahara Khusus Direktorat Angkatan Darat (DITKUAD)	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
Ministry of Finance of the Republic of Indonesia	Control through the Central Government of the Republic of Indonesia	Loans
Lembaga Pembiayaan Ekspor Indonesia	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other banks, Securities
Perum Bulog	Control through the Central Government of the Republic of Indonesia	Export bills, Loans
Perum Djawatan Angkoetan Motor Repoeblik Indonesia (DAMRI)	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
PT Adhi Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Aero Systems Indonesia	Control through the Central Government of the Republic of Indonesia	Export bills
PT Bank BNI Syariah	Control through the Central Government of the Republic of Indonesia	Current accounts with other banks, Placements in Bank Indonesia and other banks
PT Bank Mandiri (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Current accounts with other banks, Placements in Bank Indonesia and other banks, Securities, Securities purchased under Agreement to resale
PT Bank Negara Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Current accounts with other banks, Placements in Bank Indonesia and other banks
PT Bank Syariah Mandiri	Control through the Central Government of the Republic of Indonesia	Current accounts with other banks
PT Bank Tabungan Negara (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other banks, Securities
PT Dirgantara Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Export bills, Loans, Guarantees issued, Irrevocable L/C,
PT Garuda Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Loans
PT Garuda Maintenance Facility Aero Asia Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Relationship	Element of transactions
PT Indonesia Asahan Aluminium (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Irrevocable L/C
PT Indonesia Power	Control through the Central Government of the Republic of Indonesia	Securities
PT Inti Pindad Mitra Sejati	Control through the Central Government of the Republic of Indonesia	Export bills
PT Inti Konten Indonesia	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
PT Jasa Marga (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities
PT Kereta Api Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Loans, Guarantees issued
PT Koperasi Karyawan BRI Syariah	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
Koperasi Swakarya BRI	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
PT Krakatau Steel (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Export bills, Loans, Acceptances receivable, Acceptances payable,
PT Pegadaian (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Loans, Sharia receivables and financing
PT Pembangkitan Jawa Bali	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Pembangunan Perumahan (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued, Irrevocable L/C
PT Pertamina (Persero)	Control through the Central Government of the Republic of Indonesia	Export bills, Acceptances receivable, Acceptances payable, Guarantees issued, Irrevocable L/C
PT Pertamina Lubricants	Control through the Central Government of the Republic of Indonesia	Export bills
PT Perusahaan Gas Negara (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Guarantees issued

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Relationship	Element of transactions
PT Perusahaan Listrik Negara (Persero)	Control through the Central Government of the Republic of Indonesia	Loans, Guarantees issued, Irrevocable L/C
PT Pindad (Persero)	Control through the Central Government of the Republic of Indonesia	Export bills, Acceptances receivable, Acceptances payable, Irrevocable L/C
PT Pindad Enjiniring Indonesia	Control through the Central Government of the Republic of Indonesia	Export bills
PT Pupuk Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Securities
PT Railink	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Semen Indonesia Logistik	Control through the Central Government of the Republic of Indonesia	Export bills
PT Sarana Multigriya Finansial (Persero)	Control through the Central Government of the Republic of Indonesia	Securities
PT Tabungan dan Asuransi Pensiun	Control through the Central Government of the Republic of Indonesia	Loans
PT Telekomunikasi Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Guarantees issued
PT Telekomunikasi Selular	Control through the Central Government of the Republic of Indonesia	Guarantees issued
PT Waskita Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Loans, Acceptances receivable, Acceptances payable, Guarantees issued
PT Waskita Beton Precast Tbk	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
PT Wijaya Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued
PT Wijaya Karya Industri Energi	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable,
Key employees	Control on company's activities	Loans, Sharia receivables and financing



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES (continued)

	December 31, 2017	December 31, 2016
Assets		
Current accounts with other banks (Note 5)		
PT Bank Negara Indonesia (Persero) Tbk	11,943	10,640
PT Bank Mandiri (Persero) Tbk	9,189	12,060
PT Bank BNI Syariah	79	74
PT Bank Syariah Mandiri	33	74
	21,244	22,848
Placements with Bank Indonesia and other banks (Note 6)		
Lembaga Pembiayaan Ekspor Indonesia	135,675	200,000
PT Bank Negara Indonesia (Persero) Tbk	135,675	200,000
PT Bank Mandiri (Persero) Tbk	43,400	45,400
PT Bank Tabungan Negara (Persero) Tbk	15,750	12,220
PT Bank BNI Syariah	2,000	2,000
	332,500	459,620
Securities (Note 7)		
Government of Republic of Indonesia	123,062,695	92,283,523
Lembaga Pembiayaan Ekspor Indonesia	1,386,317	1,151,487
PT Bank Tabungan Negara (Persero) Tbk	1,367,453	1,486,711
PT Pupuk Indonesia (Persero)	970,870	116,011
PT Bank Mandiri (Persero) Tbk	682,133	142,070
PT Pegadaian (Persero)	627,632	569,660
PT Bank Negara Indonesia	617,343	931,236
PT Sarana Multigriya Finansial (Persero)	480,181	296,580
PT Jasa Marga (Persero) Tbk	433,477	448,067
PT Indonesia Power	383,547	-
Others	4,117,968	3,621,611
	134,129,616	101,046,956
Export bills (Note 8)		
PT Semen Indonesia Logistik	8,352	-
PT Pindad Enjiniring Indonesia	1,225	6,398
PT Pertamina (Persero)	1,118	932
PT Dirgantara Indonesia (Persero)	-	161,800
Perum Bulog	-	60,143
PT Krakatau Steel (Persero) Tbk	-	5,031
PT Aero Systems Indonesia	-	4,275
PT Pindad (Persero)	-	1,191
PT Pertamina Lubricants	-	485
PT Inti Pindad Mitra Sejati	-	457
	10,695	240,712
Government Recapitalization Bonds (Note 9)		
Government of the Republic of Indonesia (RI)	3,317,840	3,318,434

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES (continued)

	December 31, 2017	December 31, 2016
<u>Assets (continued)</u>		
Securities purchased under agreement to resell (Note 10)		
PT Bank Mandiri (Persero) Tbk	-	229,983
Loans (Note 12)		
PT Perusahaan Listrik Negara (Persero)	27,039,931	27,446,991
Perum Bulog	9,049,660	16,112,248
PT Tabungan dan Asuransi Pensiun (Persero)	6,100,000	-
PT Kereta Api Indonesia (Persero)	3,801,438	3,864,676
Ministry of Finance of the Republic of Indonesia	3,450,797	4,307,997
PT Pegadaian (Persero)	3,037,521	3,835,110
PT Dirgantara Indonesia (Persero)	2,438,770	1,735,635
PT Garuda Indonesia (Persero) Tbk	2,375,195	1,968,132
PT Waskita Karya (Persero) Tbk	2,218,288	1,655,684
PT Krakatau Steel (Persero) Tbk	1,939,755	2,377,804
Key employees	38,457	43,174
Others	34,746,309	30,365,164
	<hr/>	<hr/>
	96,236,121	93,712,615
Sharia receivables and financing (Note 13)		
PT Pegadaian (Persero)	400,000	300,000
PT Waskita Beton Precast Tbk	400,000	-
PT Koperasi Karyawan BRI Syariah	105,436	112,576
Perum DAMRI	56,381	31,700
Koperasi Swakarya BRI	14,251	45,366
PT Inti Konten Indonesia	3,850	3,850
Key employees	17,180	13,346
	<hr/>	<hr/>
	997,098	506,838
Acceptances receivable (Note 15)		
PT Pertamina (Persero)	607,723	-
PT Garuda Maintenance Facility Aero Asia Tbk	274,365	66,490
PT Pembangunan Perumahan (Persero) Tbk	189,270	119,260
PT Krakatau Steel (Persero) Tbk	136,471	-
PT Pindad (Persero)	50,094	93,410
PT Wijaya Karya (Persero) Tbk	24,064	163,023
PT Waskita Karya (Persero) Tbk	7,953	16,087
PT Wijaya Karya Industri Energi	7,270	1,192
PT Indonesia Asahan Aluminium (Persero)	4,331	-
PT Adhi Karya (Persero) Tbk	4,022	-
Others	7,674	35,183
	<hr/>	<hr/>
	1,313,237	494,645
Investment in Associated Entities (Notes 16)		
PT Bahana Artha Ventura	71,382	-
Total assets from related parties	236,429,733	200,032,651
Total consolidated assets	1,126,248,442	1,003,644,426
Percentage of total assets from related parties to total consolidated assets	20.99%	19.93%



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES (continued)

	December 31, 2017	December 31, 2016
Liabilities		
Demand deposits (Note 20)		
Government entities and institutions	45,075,744	44,484,819
Key employees	1,547	632
Others	19,629	23,533
	45,096,920	44,508,984
Saving deposits (Note 21)		
Government entities and institutions	80,414	18,806
Key employees	147,366	86,529
Others	11,933	6,150
	239,713	111,485
Time deposits (Note 22)		
Government entities and institutions	93,732,744	79,043,913
Key employees	120,479	118,601
Others	1,592,220	828,258
	95,445,443	79,990,772
Deposits from other banks and financial institutions (Note 23)		
Government entities and institutions	1,146,162	499,475
Securities sold under agreement to repurchase (Note 24)		
Government entities and institutions	1,465,014	1,454,477
Acceptances payable (Note 15)		
Government entities and institutions	1,313,237	494,645
Fund borrowings (Note 26)		
Government entities and institutions	-	100,000
Compensation to key employees management (Note 42)		
Present value of defined benefit pension liability	275,514	369,514
Present value of work separation liability	50,643	76,513
Present value of old-age benefits liability	61,989	68,082
Present value of grand leaves liability	37,308	42,327
Present value of gratuity for services liability	29,243	37,548
	454,697	593,984
Total liabilities to related parties	145,161,186	127,753,822
Total consolidated liabilities	958,900,948	856,831,836
Percentage of total liabilities to related parties to total consolidated liabilities	15.14%	14.91%

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES (continued)

	December 31, 2017	December 31, 2016
<u>Commitments and contingencies in administrative accounts</u>		
Guarantees issued (Note 27c)		
PT Wijaya Karya (Persero) Tbk	2,516,028	2,348,096
PT Perusahaan Gas Negara (Persero) Tbk	2,316,148	2,457,968
PT Waskita Karya (Persero) Tbk	1,897,681	2,310,583
PT Pertamina (Persero)	1,393,469	115,912
PT Dirgantara Indonesia (Persero)	1,252,015	1,507,044
PT Telekomunikasi Indonesia (Persero) Tbk	1,134,175	84,938
PT Pembangunan Perumahan (Persero) Tbk	714,859	225,841
PT Kereta Api Indonesia (Persero)	640,284	288,897
PT Perusahaan Listrik Negara (Persero)	572,200	640,776
PT Telekomunikasi Selular	492,264	463,357
Others	4,588,298	3,555,960
	<hr/> <hr/>	<hr/> <hr/>
	17,517,421	13,999,372
Irrevocable L/C (Note 27c)		
PT Dirgantara Indonesia (Persero)	1,512,405	947,591
PT Pertamina (Persero)	756,452	835,210
PT Railink	738,169	517,392
PT Indonesia Asahan Aluminium (Persero)	629,159	360,514
PT Pindad (Persero)	514,038	62,824
PT Pembangunan Perumahan (Persero) Tbk	306,786	149,740
PT Perusahaan Listrik Negara (Persero)	248,777	1,477,564
PT Pembangkitan Jawa-Bali	107,853	103,498
Bendahara Khusus Direktorat Angkatan Darat	104,136	203,481
BDH Khusus Bialugri	93,905	541,153
Others	781,230	1,255,149
	<hr/> <hr/>	<hr/> <hr/>
	5,792,910	6,454,116
Year Ended December 31,		
	<hr/> <hr/>	<hr/> <hr/>
Salaries and allowances for the Board of Directors and Commissioners (Note 35)	2017	2016
Salaries and allowances for the Board of Directors	81,073	65,526
Salaries and allowances for the Board of Commissioners	28,919	26,702
Total	<hr/> <hr/>	<hr/> <hr/>
	109,992	92,228
Tantiem, bonuses and incentives for the Board of Directors, Commissioners and key employees (Note 35)		
Tantiem for the Board of Directors	239,461	213,003
Tantiem for the Board of Commissioners	99,622	84,028
Bonuses and incentives for key employees	94,456	99,422
Total	<hr/> <hr/>	<hr/> <hr/>
	433,539	396,453



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(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, 2017	December 31, 2016
<u>Assets</u>		
Current accounts with other banks	0.002%	0.002%
Placements with Bank Indonesia and other banks	0.029	0.046
Securities	11.909	10.068
Export bills	0.001	0.024
Government Recapitalization Bonds	0.294	0.331
Securities purchased under agreement to resell	-	0.023
Loans	8.545	9.337
Sharia receivables and financing	0.089	0.050
Acceptances receivable	0.117	0.049
Investment in associated entities	0.006	-
Total	20.992%	19.930%
<u>Liabilities</u>		
Demand deposits	4.703%	5.194%
Saving deposits	0.025	0.013
Time deposits	9.953	9.336
Deposits from other banks and financial institutions	0.120	0.058
Securities sold under agreement to repurchase	0.153	0.170
Acceptances payable	0.137	0.058
Fund borrowings	-	0.012
Compensation to key employees management	0.047	0.069
Total	15.138%	14.910%

As of December 31, 2017, BRI (Parent Entity) have insured certain premises and equipments to PT Asuransi Bringin Sejahtera Artamakmur and PT Asuransi Jasa Indonesia (Persero) (related party, Note 17).

45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Significant Agreements

On November 15, 2017, BRI entered into an agreement with PT Asaba Computer Centre in connection with the procurement of 780 (seven hundreds and eighty) units of CRM for a guarantee 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 of 2 (two) units of IBM AS400 Power8 E880 machine for a period between 2017 and 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 mainframe Z13S N10 machine for a guarantee period of 1 (one) year with a contract value of Rp69,000.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

a. Significant Agreements (continued)

On May 9, 2017, BRI entered into an agreement with PT Patra Telekomunikasi Indonesia in connection with the procurement to lease Hub and Remote VSAT Phase-1 BRIsat Integration 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 guarantee 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 to lease Hub and Remote VSAT Phase-1 BRIsat integration 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 is a defendant with various litigation proceedings and legal claims mainly with respect to matters of contractual compliance. Although there is no clear assurance yet, BRI believes that based on information currently available, the ultimate resolution of these legal proceedings and legal claims will not likely have a material effect on the operations, financial position or liquidity level of BRI.

As of December 30, 2017 and 2016, BRI has provided an allowance (included in "Other Liabilities") for several pending lawsuits filed against BRI amounting to Rp971,354 and Rp613,720 (Note 29), respectively. Management believes that the allowance is adequate to cover possible losses arising from pending litigations or legal claims that are currently in progress.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

46. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS

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

In accordance with Regulation No. 17/PMK.05/2005 dated March 3, 2005 of the Ministry of Finance, starting April 18, 2005, commercial bank obligations guaranteed by 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 based on Regulation No. 68/PMK.05/2005 dated August 10, 2005 of the Ministry of Finance regarding the "Calculation and Payment of Premium on Government Guarantee Program on the Payment of Obligations of Commercial Banks" for the period of July 1 up to September 21, 2005. The Government established the Indonesia Deposit Insurance Corporation (LPS), an independent agency, to replace UP3 based on Law No. 24 of 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, certificates of deposits, saving deposits and/or other similar forms.

Based on LPS regulation No. 1/PLPS/2006 dated March 9, 2006 regarding "Guarantee Program on Saving Account", the balance of saving accounts guaranteed for each customer has a maximum of Rp100 million.

In accordance with Government Regulation No. 66 of 2008, dated October 13, 2008 regarding "The Amount of Public Savings Guaranteed by the Indonesia Deposit Insurance Corporation", the total amount of customers' saving accounts in banks which is guaranteed by the Government has increased to Rp2 billion, from the previous Rp100 million, effective on the date stated above.

LPS guarantee interest rate as of December 31, 2017 and 2016 were 5.75% and 6.25%, respectively, for deposits in Rupiah, while for foreign currencies 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) are relevant to BRI and Subsidiaries, but not yet effective for the consolidated financial statements as of December 31, 2017:

Effective on or after January 1, 2018:

- a. SFAS No. 2 (2016 Amendment), "Disclosure Initiative on Statement of Cash Flow", requires an entity to provide disclosures that enable users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

47. ISSUED AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS) (continued)

The following summarizes the SFAS and IFAS which were issued by the Financial Accounting Standards Board (FASB) and Sharia Accounting Standards Board (SASB) are relevant to BRI and Subsidiaries, but not yet effective for the consolidated financial statements as of December 31, 2017 (continued):

Effective on or after January 1, 2018 (continued):

- b. SFAS No. 46 (2016 Amendment), "Income Tax on Recognition of Deferred Tax Assets for Unrealised Losses", 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, 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 exempt 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 likely that the entity will achieve it.
- c. SFAS No. 15 (2017 Adjustment), "Investments in Associates and Joint Ventures", at initial recognition, 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 Properties", amends paragraph 57 to reflect the principle that the change of utility 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 Properties also recharacterized the list of conditions in paragraph 57(a)-(d) as an uncomprehensive list of examples.
- f. SFAS No. 53 (2017 Amendment), "Share-Based Payment, Classification and Measurement of Share-Based Transactions Payment", aims to clarify the accounting treatment regarding the classification and measurement of share-based payment transactions.
- g. SFAS No. 111, "Wa'd Accounting", regulates the entities that give or receive wa'd not recognizing assets and liabilities that may happen from wa'd when the contract occurs. SFAS No. 111 is complemented with examples of wa'd application on sharia hedging and repo transactions.

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 accepted or paid advance considerations in foreign currencies.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

47. ISSUED AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS) (continued)

The following summarizes the SFAS and IFAS which were issued by the Financial Accounting Standards Board (FASB) and Sharia Accounting Standards Board (SASB) are relevant to BRI and Subsidiaries, but not yet effective for the consolidated financial statements as of December 31, 2017 (continued):

Effective on or after January 1, 2020:

- a. SFAS No. 62 (2017 Amendment), "Insurance Contract", meets a certain criteria to implement a temporary exemption from SFAS No. 71 (deferral approach) or chooses to implement the overlay approach for determined financial assets.
- b. SFAS No. 71, "Financial Instrument", regulates the classifications and measurements of financial instruments based on the characteristics from the contractual cash flow and entity's business model; expected credit loss method for impairment resulting in more timely, relevant and understandable information by 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. 71 (2017 Amendment), "Financial Instrument", regulates that financial assets with accelerated repayment feature that can produce negative compensation fulfill the qualifications of contractual cash flows originating from principal payments and interests from the owed amount.
- d. SFAS No. 73, "Leases", determines the principles of recognition, measurement, presentation, and disclosure for leases by introducing single accounting model that requires the recognition of right-of-use assets and lease liabilities. There are 2 optional exceptions on the recognition of lease assets and liabilities, which are for: (1) short-term leases and (2) leases in which the underlying assets have low values.
- e. SFAS No. 15 (2017 Amendment), "Investments in Associates and Joint Ventures", regulates that entity also implements SFAS No. 71 on financial instruments of associates and joint ventures where the equity method is not implemented. This matter is included as a long term interest that substantially forms a portion of entity's net investments on associates or joint ventures as referred to 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.

48. OTHER DISCLOSURES

- a. Capital Adequacy Ratio (CAR)

BRI actively manages its capital in accordance with the regulatory requirements. The primary objective of which is to ensure that BRI, at all times, maintains adequate capital to cover inherent risks to its banking activities without prejudice to optimizing shareholder's value.

CAR as of December 31, 2017 and 2016 was calculated based on Regulation of Financial Services Authority (POJK) No. 34/POJK.03/2016 and Bank Indonesia Regulation (PBI) No. 15/12/PBI/2013, concerning the Minimum Capital Requirement for Commercial Banks where capital for credit risk consist of core capital (Common Equity Tier 1 and Additional Tier) and supplementary capital.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

48. OTHER DISCLOSURES (continued)

a. Capital Adequacy Ratio (CAR) (continued)

Based on POJK No. 34/POJK.03/2016 concerning the Minimum Capital Requirement for Commercial Banks, PBI No. 17/22/PBI/2015 concerning the Establishment of Countercyclical Buffer Requirement, and POJK No. 46/POJK.03/2015 concerning the Determination of Systemically Important Bank and Capital Surcharge, BRI is required to form additional capital as a buffer that apply in stages starting on January 1, 2016.

The establishment of buffer capital consist of Capital Conservation Buffer, Countercyclical Buffer, and Capital Surcharge for D-SIB which shall be established based on a percentage of RWA of 1.25%, 0.00% and 1.00%, respectively.

Based on the BRI's risk profile as of June 30, 2017 and 2016, which are both satisfactory, the minimum CAR as of December 31, 2017 and 2016 is set at 9% to less than 10%.

The determination of BRI's compliance with regulatory requirements and ratios is based on the regulatory accounting practices which differ from Indonesian Financial Accounting Standards in some respects. As of December 31, 2017 and 2016, BRI has complied with the BI and OJK required capital adequacy ratio.

CAR BRI (Parent Entity) as of December 31, 2017 and 2016 are calculated as follows:

	December 31, 2017	December 31, 2016
Core Capital (Tier 1)		
Common Equity (CET 1)	154,668,699	136,670,139
Supplementary Capital (Tier 2)	7,083,240	6,240,293
Total Capital	161,751,939	142,910,432
Risk Weighted Asset (RWA)		
RWA for Credit Risk *)	566,659,194	502,423,401
RWA for Market Risk **)	6,889,063	9,535,428
RWA for Operational Risk ***)	130,967,728	111,898,899
Total RWA	704,515,985	623,857,728
CAR Ratio		
CET 1 Ratio	21.95%	21.91%
Tier 1 Ratio	21.95	21.91
Tier 2 Ratio	1.01	1.00
Total Ratio	22.96	22.91
Tier 1 Minimum Ratio	6.00%	6.00%
CET 1 Minimum Ratio	4.50	4.50
Minimum CAR Based on Risk Profile	9.00	9.00

*) Credit risk is calculated according to SE OJK No. 42/SEOJK.03/2016 dated September 28, 2016.

**) Market risk is calculated according to SE OJK No. 38/SEOJK.03/2016 dated September 8, 2016.

***) Operational risk is calculated according to SE OJK No. 24/SEOJK.03/2016 dated July 14, 2016.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

48. OTHER DISCLOSURES (continued)

b. Non-Performing Loans (NPL) Ratio

CAR BRI (Parent Entity) as of December 31, 2017 and 2016 are calculated as follows:

(i) Consolidated (including Sharia receivables and financing)

	December 31, 2017	December 31, 2016
NPL ratio - gross	2.22%	2.11%
NPL ratio - net	0.98	1.15

(ii) BRI (Parent Entity)

	December 31, 2017	December 31, 2016
NPL ratio - gross	2.10%	2.03%
NPL ratio - net	0.88	1.09

Net NPL ratio 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 Operations

BRI rendered custodian services since 1996 based on its operating license through Bapepam Chairman Decision Letter No. 91/PM/1996 dated April 11, 1996 and was also selected as the Sub-Registry in conducting Government bonds transactions and administration of Scriptless Certificates of Bank Indonesia by Bank Indonesia.

The custodian services business is a part of the Investment Services Division, which provides services such as:

- 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 services and DPLK;
- Online Brokerage services of BRI's shares;
- Custodian for asset securitization; and
- Global custodian for securities issued abroad,

BRI has 258 (two hundred fifty eight) and 210 (two hundred and ten) customers (unaudited) as of December 31, 2017 and 2016, respectively, which mainly consist of pension funds, financial institutions, insurance companies, securities companies, mutual funds and other companies.

Customers' assets deposited at BRI Custodian (unaudited) amounted to Rp298,786,806 and Rp320,285,896 as of December 31, 2017 and 2016, respectively. While the number of custodian fees earned (unaudited) amounted to Rp71,513 and Rp56,058 for the year ended December 31, 2017 and 2016, respectively.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

48. OTHER DISCLOSURES (continued)

d. Trustee Agent Operations

BRI rendered trustee agent operations since 1996. The operating license of BRI for trust services was granted by the Ministry of Finance based on its Decision Letter No. 1554/KMK.013/1990 dated December 6, 1990 and registered in OJK in conformity with its Operating License as Trustee Agent No. 08/STTD-WA/PM/1996 dated June 11, 1996.

The trust services business is a part of the Investment Services Division which provides services such as:

- Trustee agent
- Security agent
- Payment agent

BRI has 31 (thirty one) customers (unaudited) as of December 31, 2017 and 26 (twenty six) customers as of December 31, 2016. The total value of bonds issuance on behalf of bonds issuers managed by BRI as part of trustee agent (unaudited) amounted to Rp69,044,870 and Rp66,099,135 as of December 31, 2017 and 2016, respectively.

e. Trust Service

BRI's Trust Service is the custodian services customers in the form of financial assets for and on behalf of customers. BRI is the first bank in Indonesia to obtain permission 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 services includes the BRI Trust Services :

- Paying agent services
- Lending agency services
- Investment agency services
- Other agency services, such as suspend and guarantees agent

BRI's Trust Services has been providing services for financial transactions involving oil and gas projects, both carried out by members of the Contractor Contract (K3S) under the auspices of SKK Migas and non K3S projects.

In addition to providing Trust Services for the oil and gas sector, BRI has been providing either trust or non-trust services for other sectors, such as infrastructure, energy, trading and chemical industries. Beside service to direct customers, the BRI's Trust Services also participate in supporting BRI's financing working unit in the infrastructure, energy and syndicated financing transactions activities.

BRI's Trust project value (unaudited) amounted to Rp67,285,809 and Rp37,515,581 for the year ended December 31, 2017 and 2016, respectively.

f. Syndication Agent

BRI is currently providing a syndicate agent service involving a syndicated loan from several sectors / industries including agribusiness sector, infrastructure such as highways, ports, airports, power plants, oil & gas, textile, property and manufatur which involved state-owned company as well as private projects.



These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

48. OTHER DISCLOSURES (continued)

f. Syndication Agent (continued)

Syndication agent services is part of the activities of the Trust and Corporate Services, which include the following services:

- Arranger
- Facilities agent
- Guarantees agent
- Shelter agent

BRI Syndication Agent project value (unaudited) amounted to Rp142,304,126 and Rp141,670,733, for the year ended December 31, 2017 and 2016, respectively.

49. EARNINGS PER SHARE

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

	December 31, 2017		
	Income for the Year	Weighted average number of outstanding common shares	Earning per share (Full Rupiah)
Basic earnings per share	28,996,535	122,237,220,000	237.22
December 31, 2016			
	Income for the Year	Weighted average number of outstanding common shares	Earning per share (Full Rupiah)
Basic earnings per share	26,195,772	122,237,777,717	214.30

The number of common shares outstanding prior to the stock split or common shares issued to the existing shareholders without additional compensation shall be adjusted proportionally to reflect the change in the number of shares outstanding as if they occurred at the beginning of the earliest presentation period.

50. ACCOUNT RECLASSIFICATION AND ADJUSTMENT

Some accounts in the consolidated financial statements for the year ended December 31, 2016 have been reclassified in accordance to the consolidated financial statements for the year ended December 31, 2017. The reclassification and adjustment are as follow:

1. Reclassification of premium for customers data guarantee program as component of cost of fund, thus presented in interest expense, previously recorded as other operational expense.
2. Reclassification of *Kredit Usaha Rakyat* (KUR) guarantee as component of interest income in accordance with Coordinator Minister of Indonesian Republic Economy Regulations as Micro, Small and Medium Enterprises Financing Policy Committee Chairman No.8 Year 2015 on "Kredit Usaha Rakyat Implementation Guide", previously recorded as component of other operating income.
3. Re-adjustment of unit link product premium of subsidiary BRI Life.

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As of December 31, 2017 and for the Year Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

50. ACCOUNT RECLASSIFICATION AND ADJUSTMENT (continued)

	Year Ended December 31, 2016		
	Before reclassification	Reclassification	After reclassification
<u>Consolidated Statement of Profit or Loss and Other Comprehensive Income</u>			
Interest and Sharia Income			
Interest Income	92,151,312	(792,974)	91,358,338
Interest and Sharia Expense			
Interest Expense	(26,176,473)	(1,364,741)	(27,541,214)
Premium Income	2,474,579	564,285	3,038,864
Claim Expense	(2,410,192)	(349,962)	(2,760,154)
Other Operating Income			
Others	3,015,124	(214,323)	2,800,801
Other Operating Expenses			
Premium paid to Government			
Guarantee Program	(1,364,741)	1,364,741	-
Others	(4,998,988)	792,974	(4,206,014)

51. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of BRI is responsible for the preparation of these consolidated financial statements which were completed and authorized to be issued on January 24, 2018.



These supplementary financial information are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2017	December 31, 2016
ASSETS		
Cash	24,437,571	24,865,133
Current Accounts With Bank Indonesia	55,598,024	53,398,240
Current Accounts With Other Banks	5,803,057	10,792,581
Placements With Bank Indonesia and Other Banks	53,384,610	77,574,246
Securities	171,079,651	120,083,644
Export Bills	5,623,717	9,345,472
Government Recapitalization Bonds	3,317,840	3,318,434
Securities Purchased Under Agreement to Resell	16,496,292	1,557,370
Derivatives Receivable	145,928	93,649
Loans	708,001,045	635,291,221
Allowance for impairment losses	(29,062,262)	(21,944,371)
	678,938,783	613,346,850
Acceptances Receivable	5,637,833	5,602,843
Investment in Associated Entities	6,727,814	5,783,220
Premises And Equipment		
Cost	32,692,513	31,232,047
Accumulated depreciation	(8,674,305)	(7,255,098)
Net book value	24,018,208	23,976,949
Deferred Tax Assets - net	2,989,066	2,328,530
Other Assets - net	22,239,672	11,933,529
TOTAL ASSETS	1,076,438,066	964,000,690

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These supplementary financial information are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2017	December 31, 2016
LIABILITIES AND EQUITY		
LIABILITIES		
Liabilities Due Immediately	6,472,759	5,328,446
Deposits from Customers		
Demand Deposits	144,432,274	140,764,079
Saving Deposits	342,759,191	297,649,283
Time Deposits	316,135,105	285,432,096
Total Deposits from Customers	<u>803,326,570</u>	<u>723,845,458</u>
Deposits From Other Banks and Financial Institutions	5,752,420	1,784,932
Securities Sold Under Agreement to Repurchase	12,136,684	7,302,398
Derivatives Payable	197,633	344,865
Acceptances Payable	5,637,833	5,602,843
Taxes Payable	470,272	881,207
Marketable Securities Issued	30,323,802	24,936,730
Fund Borrowings	29,267,409	34,599,638
Liabilities for Employee Benefits	11,888,794	9,181,163
Other Liabilities	5,902,298	4,699,821
Subordinated Loans	14,385	35,471
TOTAL LIABILITIES	<u>911,390,859</u>	<u>818,542,972</u>

These supplementary financial information are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31, 2017	December 31, 2016
LIABILITIES AND EQUITY (continued)		
EQUITY		
Capital stock - par value Rp50 (full Rupiah) per share as of December 31, 2017 and Rp250 (full Rupiah) per share as of December 31, 2016		
Authorized capital - 300,000,000,000 shares (consisting of 1 Series A Dwiwarna share and 299,999,999,999 Series B shares) as of December 31, 2017 and 60,000,000,000 shares (consisting of 1 Series A Dwiwarna share 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 share and 123,345,809,999 Series B shares) as of December 31, 2017 and 24,669,162,000 shares (consisting of 1 Series A Dwiwarna share and 24,669,161,999 Series B shares) as of December 31, 2016	6,167,291	6,167,291
Additional paid-in capital	2,773,858	2,773,858
Revaluation surplus arising from fixed assets - net of tax	13,824,692	13,824,692
Differences arising from the translation of foreign currency financial statements	54,199	23,490
Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds - net of deferred tax	1,621,265	103,891
Gain on remeasurement of defined benefit plans - net of deferred tax	705,117	654,637
Treasury Stock	(2,418,948)	(2,418,948)
Retained Earnings		
Appropriated	3,022,685	3,022,685
Unappropriated	139,297,048	121,306,122
Total Retained Earnings	142,319,733	124,328,807
TOTAL EQUITY	165,047,207	145,457,718
TOTAL LIABILITIES AND EQUITY	1,076,438,066	964,000,690

Performance Highlights
 Management Reports
 Company Profile
 Management Discussion & Analysis

These supplementary financial information are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME - PARENT ENTITY
For the Year Ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31,	
	2017	2016
INCOME AND EXPENSES FROM OPERATIONS		
Interest and investment income	98,253,779	90,015,450
Interest and other financing expense	<u>(27,825,233)</u>	<u>(26,920,380)</u>
Interest Income - net	70,428,546	63,095,070
Other Operating Income		
Other fees and commissions	10,303,072	9,209,654
Recovery of assets written-off	5,044,147	4,461,473
Gain on sale of securities and Government Recapitalization		
Bonds - net	705,361	373,720
Unrealized gain on changes in fair value of securities - net	3,217	-
Gain on foreign exchange - net	175,531	-
Others	<u>2,461,508</u>	<u>2,634,363</u>
Total Other Operating Income	<u>18,692,836</u>	<u>16,679,210</u>
Provision for impairment losses on financial assets - net	<u>(16,659,697)</u>	<u>(13,319,763)</u>
Other Operating Expenses		
Salaries and employee benefits	(19,436,502)	(17,648,351)
General and administrative	(12,468,540)	(11,324,949)
Foreign currency transaction losses - net	-	(271,661)
Others	<u>(4,407,557)</u>	<u>(3,783,112)</u>
Total Other Operating Expenses	<u>(36,312,599)</u>	<u>(33,028,073)</u>
OPERATING INCOME	36,149,086	33,426,444
NON OPERATING INCOME - NET	201,644	15,199
INCOME BEFORE TAX EXPENSE	36,350,730	33,441,643
TAX EXPENSE	(7,881,495)	(7,688,187)
INCOME FOR THE YEAR	28,469,235	25,753,456

These supplementary financial information are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME - PARENT ENTITY (continued)
For the Year Ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31,	
	2017	2016
Other comprehensive income:		
Items not to be reclassified to profit or loss		
Remeasurement of defined benefit plans	67,307	162,969
Income tax related to item not to be reclassified to profit or loss	(16,827)	(531,577)
Revaluation surplus arising from fixed assets	-	14,315,527
Items to be reclassified to profit or loss		
Exchange rate differences on translation of foreign currency financial statements	30,709	(25,579)
Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds	2,023,166	1,524,025
Income tax related to items to be reclassified to profit or loss	(505,792)	(381,006)
Other Comprehensive Income For the Year - After Tax	1,598,563	15,064,359
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	30,067,798	40,817,815
BASIC EARNINGS PER SHARE (full Rupiah)	232.90	210.68

These supplementary financial information are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY
 For the Year Ended December 31, 2017
 (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 Stocks	Revaluation Surplus Arising from Fixed Assets - Net of Tax	Retained Earnings Appropriated	Unappropriated	Total Equity - Parent Entity
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
	-	-	(25,579)	1,143,019	122,227	-	13,824,692	-	25,753,456	40,817,815
Total comprehensive income for the year	-	-	-	-	-	-	-	-	(7,619,322)	(7,619,322)
Distribution of income	-	-	-	-	-	-	-	-	15,063,056	-
Dividends	-	-	-	-	-	-	-	-	(15,063,056)	(15,063,056)
Specific reserves reclassification	-	-	-	-	-	-	-	-	-	(152,573)
Treasury stock	-	-	-	-	-	-	-	-	-	(152,573)
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



These supplementary financial information are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY (continued)
For the Year Ended December 31, 2017
(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 Gain (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 Stocks	Revaluation Surplus from Fixed Assets - Net of Tax	Retained Earnings Appropriated	Unappropriated	Total Equity - Parent Entity
Balance as of December 31, 2016	6,167,291	2,773,558	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	50,180	-	-	-	1,588,563
Total comprehensive income for the year	-	-	-	30,709	1,517,374	50,180	-	-	28,469,235	30,067,798
Distribution of income	-	-	-	-	-	-	-	-	(10,478,309)	(10,478,309)
Dividends	6,167,291	2,773,558	54,199	1,621,265	705,117	(2,418,948)	13,824,692	3,022,685	139,297,048	165,047,207
Balance as of December 31, 2017	6,167,291	2,773,558	54,199	1,621,265	705,117	(2,418,948)	13,824,692	3,022,685	139,297,048	165,047,207

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These supplementary financial information are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF CASH FLOWS - PARENT ENTITY
For the Year Ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	98,344,933	90,236,423
Interest paid	(27,509,119)	(25,499,702)
Recoveries of assets written-off	5,044,147	4,461,473
Other operating income	13,096,801	8,545,173
Other operating expenses	(31,549,214)	(33,435,736)
Non-operating income - net	201,646	6,450
Payment of income tax and tax bill	(8,897,996)	(6,012,928)
Cash flows before changes in operating assets and liabilities	48,731,198	38,301,153
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets:		
Placements with Bank Indonesia and other banks	(1,205,159)	100,000
Securities and Government Recapitalization Bonds at fair value through profit or loss	(116,427)	273,714
Export bills	3,721,755	(2,064,589)
Securities purchased under agreement to resell	(14,938,922)	(712,245)
Loans	(82,238,513)	(85,301,450)
Other assets	(10,646,059)	(19,174)
Increase (decrease) in operating liabilities:		
Liabilities due immediately	1,123,584	320,350
Deposits:		
Demand deposits	3,668,195	27,775,358
Saving deposits	45,109,908	30,042,245
Time deposits	30,703,009	23,253,851
Deposits from other banks and financial institutions	3,967,488	(8,580,300)
Securities sold under agreement to repurchase	4,834,286	(4,075,560)
Other liabilities	457,053	1,850,135
Net Cash Used in Operating Activities	33,171,396	21,163,488
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from dividend	41,903	27,290
Investment in Associated Entities	(944,539)	(814,668)
Acquisition of premises and equipments	(1,460,466)	(3,339,807)
Increase in available for sale and held to maturity securities and Government Recapitalization Bonds	(25,583,756)	3,750,731
Net Cash Provided by Investing Activities	(27,946,858)	(376,454)

These supplementary financial information are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF CASH FLOWS - PARENT ENTITY (continued)
For the Year Ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of fund borrowings	(5,390,326)	(955,882)
Repurchase of treasury stock	-	(132,573)
Dividends paid	(10,478,309)	(7,619,322)
Payments of subordinated loans and marketable securities	(21,086)	(20,997)
Proceeds from marketable securities issued	10,242,963	15,510,825
Payments of marketable securities due	(4,921,000)	(980,000)
Net Cash Used in Financing Activities	(10,567,758)	5,802,051
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,343,220)	26,589,085
EFFECT OF CHANGES ON FOREIGN CURRENCIES RATE	3,195	5,012
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	185,271,640	158,677,543
CASH AND CASH EQUIVALENTS AT END OF PERIOD	179,931,615	185,271,640
 Cash and cash equivalents at end of period consist of:		
Cash	24,437,571	24,865,133
Current accounts with Bank Indonesia	55,598,024	53,398,240
Current accounts with other banks	5,803,057	10,792,581
Placements with other banks - maturing within three months or less since the acquisition date	52,179,451	77,574,246
Certificates of Bank Indonesia and Deposit Certificates of Bank Indonesia - maturing within three months or less since the acquisition date	41,913,512	18,641,440
Total Cash and Cash Equivalents	179,931,615	185,271,640

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

These supplementary financial information are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS - PARENT ENTITY
For the Year Ended December 31, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting basis for separate financial statements for parent entity

Separate Financial Statements for parent entity was prepared in accordance with Statement of Financial Accounting Standards ("SFAS") No. 4 (Revised 2013), "Separate Financial Statements".

SFAS No. 4 (Revised 2013) addresses entity which presents separate financial statements. The report can only be presented as additional information in the consolidated financial statements. 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.

Accounting policies applied in the preparation of separate financial statements of 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 presented at cost.

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, 2017 and 2016, parent entity has investment in subsidiaries as follows:

	December 31, 2017		December 31, 2016	
	Acquisition Cost	Percentage of Ownership	Acquisition Cost	Percentage of Ownership
PT Bank BRISyariah	2,004,375	99.99%	2,004,375	99.99%
PT Bank Rakyat Indonesia Agroniaga Tbk	2,397,751	86.82	1,524,538	87.23
BRI Remittance Co. Limited	2,289	100.00	2,289	100.00
PT Asuransi BRI Life	1,626,643	91.00	1,626,643	91.00
PT BRI Multifinance Indonesia	660,003	99.00	660,003	99.00



**Program Kemitraan dan Bina Lingkungan/
Partnership and Community Development Program
PT Bank Rakyat Indonesia (Persero) Tbk**

Laporan keuangan Tanggal 31 Desember 2017 dan
untuk tahun yang berakhir pada tanggal tersebut
beserta laporan auditor independen/
*Financial statements as of December 31, 2017 and
for the year 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 : 2510244, 2510254, 2510269, 2510284, 2510279
 Facsimile : 2500077, Kawat : KANPUSBRI
 Telex : 65293, 65301, 65456, 65459, 65461
 Website : www.bri.co.id

SURAT PERNYATAAN DIREKSI
TENTANG TANGGUNG JAWAB ATAS LAPORAN KEUANGAN
PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
TANGGAL 31 DESEMBER 2017 DAN
UNTUK TAHUN YANG BERAKHIR PADA TANGGAL TERSEBUT

BOARD OF DIRECTORS' STATEMENT
REGARDING THE RESPONSIBILITY FOR THE FINANCIAL
STATEMENTS OF THE PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
AS OF DECEMBER 31, 2017 AND
FOR THE YEAR THEN ENDED

Nomor: B. 255-DIR/SKP/02/2018
 Nomor: B. 257-DIR/PPK/02/2018

Kami yang bertanda tangan dibawah ini:

We, the undersigned:

Nama	Priyastomo	Name
Jabatan	Direktur Kredit Mikro dan Ritel / Director of Micro and Retail Loan	Title
Alamat Kantor	PT Bank Rakyat Indonesia (Persero) Tbk Gedung BRI I Lantai 19 Jl. Jend. Sudirman Kav. 44-46 Jakarta 10210	Office Address
Nama	Bambang Tribaroto	Name
Jabatan	Kepala Divisi Sekretariat Perusahaan/ Head of Corporate Secretary Division PT Bank Rakyat Indonesia (Persero) Tbk Gedung BRI I Lantai 20 Jl. Jend. Sudirman Kav. 44-46 Jakarta 10210	Title
Alamat Kantor		Office Address
Nama	Sony Harsono WS	Name
Jabatan	Kepala Divisi Bisnis Pertanian dan Kemitraan/ Head of Business Agriculture and Partnership Division PT Bank Rakyat Indonesia (Persero) Tbk Gedung BRI II Lantai 28 Jl. Jend. Sudirman Kav. 44-46 Jakarta 10210	Title
Alamat Kantor		Office Address

Menyatakan bahwa:

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan Program Kemitraan dan Bina Lingkungan PT Bank Rakyat Indonesia (Persero) Tbk;
2. Laporan Keuangan Program Kemitraan dan Bina Lingkungan PT Bank Rakyat Indonesia (Persero) Tbk telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik di Indonesia dan berdasarkan Surat Edaran Kementerian BUMN No. SE-02/MBU/WK/2012 tanggal 23 Februari 2012 perihal Penetapan Pedoman Akuntansi Program Kemitraan dan Bina Lingkungan;
3. a. Semua Informasi dalam laporan keuangan Program Kemitraan dan Bina Lingkungan PT Bank Rakyat Indonesia (Persero) Tbk telah diungkapkan secara lengkap dan benar;
- b. Laporan keuangan Program Kemitraan dan Bina Lingkungan PT Bank Rakyat Indonesia (Persero) Tbk tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Kami bertanggung jawab atas sistem pengendalian internal Program Kemitraan dan Bina Lingkungan PT Bank Rakyat Indonesia (Persero) Tbk.

Demikian pernyataan ini dibuat dengan sebenarnya.

Declare that:

1. We are responsible for the preparation and the presentation of the Financial Statements of the Partnership and Community Development Program PT Bank Rakyat Indonesia (Persero) Tbk;
2. The Financial Statements of the Partnership and Community Development Program PT Bank Rakyat Indonesia (Persero) Tbk have been prepared and presented in accordance with Indonesian Financial Accounting Standards for Entities Without Public Accountability and based on the Circular Letter of Ministry of State Owned Enterprises No. SE-02/MBU/WK/2012 dated February 23, 2012 Concerning Guidance of Accounting Standards for Partnership and Community Development Program;
3. a. All information in the Financial Statements of the Partnership and Community Development Program PT Bank Rakyat Indonesia (Persero) Tbk has been disclosed in a complete and truthful manner;
- b. The Financial Statements of the Partnership and Community Development Program PT Bank Rakyat Indonesia (Persero) Tbk do not contain any incorrect material information or facts, nor do they omit any material information or facts;
4. We are responsible for the Partnership and Community Development Program PT Bank Rakyat Indonesia (Persero) Tbk's Internal control system.

This statement has been made truthfully.

Jakarta, 19 Februari 2018 / February 19, 2018



Priyastomo
Direktur/
Director

Bambang Tribaroto
Kepala Divisi/
Head of Division

Sony Harsono WS
Kepala Divisi/
Head of Division

Integrity, Professionalism, Trust, Innovation, Customer Centric

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KEUANGAN
TANGGAL 31 DESEMBER 2017 DAN
UNTUK TAHUN YANG BERAKHIR PADA
TANGGAL TERSEBUT
BESERTA LAPORAN AUDITOR INDEPENDEN**

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2017 AND
FOR THE YEAR THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

Daftar Isi

Table of Contents

	Halaman/ Pages	
Laporan Auditor Independen		<i>Independent Auditors' Report</i>
Laporan Posisi Keuangan.....	1016	<i>Statement of Financial Position</i>
Laporan Aktivitas	1017	<i>Statement of Activities</i>
Laporan Arus Kas	1018	<i>Statement of Cash Flows</i>
Catatan Atas Laporan Keuangan.....	1019 - 1048	<i>Notes to the Financial Statements</i>
Lampiran 1 - Laporan penyaluran dana program bina lingkungan	1049 - 1050	<i>Appendix 1 - Statement of community development program funds distribution</i>
Lampiran 2 - Laporan kualitas piutang pinjaman menurut wilayah dan sektor usaha program kemitraan.....	1053 - 1069	<i>Appendix 2 - Statement of loan receivables partnership program's collectibility classified by regional and economic sector</i>



Purwantono, Sungkoro & Surja

Indonesia Stock Exchange Building
Tower 2, 7th Floor
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190, Indonesia

Tel : +62 21 5289 5000
Fax: +62 21 5289 4100
ey.com/id

The original report included herein is in Indonesian language.

Laporan Auditor Independen

Laporan No. RPC-5812/PSS/2018

**Pengelola Program Kemitraan dan Bina Lingkungan
PT Bank Rakyat Indonesia (Persero) Tbk**

Kami telah mengaudit laporan keuangan Program Kemitraan dan Bina Lingkungan PT Bank Rakyat Indonesia (Persero) Tbk terlampir, yang terdiri dari laporan posisi keuangan pada tanggal 31 Desember 2017, serta laporan aktivitas dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan ini sesuai dengan Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan tersebut bebas dari kesalahan penyajian material.

Independent Auditors' Report

Report No. RPC-5812/PSS/2018

**Management of Partnership and Community Development Program
PT Bank Rakyat Indonesia (Persero) Tbk**

We have audited the accompanying financial statements of Partnership and Community Development Program PT Bank Rakyat Indonesia (Persero) Tbk, which comprise the statement of financial position as of December 31, 2017, and the statements of activities and cash flows for the year 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 financial statements in accordance with Indonesian Financial Accounting Standards for Entities Without Public Accountability, and for such internal control as management determines is necessary to enable the preparation of 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 financial statements based on our audit. We conducted our audit 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 the financial statements are free from material misstatement.



The original report included herein is in Indonesian language.

Laporan Auditor Independen (lanjutan)

Laporan No. RPC-5812/PSS/2018 (lanjutan)

Tanggung jawab auditor (lanjutan)

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektivitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan Program Kemitraan dan Bina Lingkungan PT Bank Rakyat Indonesia (Persero) Tbk tanggal 31 Desember 2017, serta aktivitas dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik di Indonesia.

Independent Auditors' Report (continued)

Report No. RPC-5812/PSS/2018 (continued)

Auditors' responsibility (continued)

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 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.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Partnership and Community Development Program PT Bank Rakyat Indonesia (Persero) Tbk as of December 31, 2017, and its activities and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards for Entities Without Public Accountability.

Purwantono, Sungkoro & Surja

Danil Setiadi Handaja, CPA

Registrasi Akuntan Publik No. AP.1008/Public Accountant Registration No. AP.1008

19 Februari 2018/February 19, 2018

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN POSISI KEUANGAN
Tanggal 31 Desember 2017
(Dinyatakan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF FINANCIAL POSITION
As of December 31, 2017
(Expressed in Rupiah)**

	31 Desember/ December 31, 2017	Catatan/ Notes	31 Desember/ December 31, 2016	
ASET				
Kas pada Bank	848.287.476.264	2b,4,19	1.086.201.152.132	<i>Cash in Bank</i>
Piutang kepada Badan Usaha Milik Negara ("BUMN") pembina lain/ lembaga penyalur (setelah dikurangi penyisihan kerugian penurunan nilai sebesar Rp16.362.150.268 dan Rp16.905.874.481 masing-masing pada tanggal 31 Desember 2017 dan 2016)	51.137.854.732	2c,2d,5,19	54.094.125.519	<i>Receivables from other fostering State-Owned Enterprises ("SOE")/distributing partners (net of allowance for impairment losses amounting to Rp16,362,150,268 and Rp16,905,874,481 as of December 31, 2017 and 2016, respectively)</i>
Piutang pinjaman mitra binaan (setelah dikurangi penyisihan kerugian penurunan nilai sebesar Rp36.174.341.728 dan Rp34.598.316.377 masing-masing pada tanggal 31 Desember 2017 dan 2016)	227.527.762.828	2c,2d,6 2c,12,19	94.769.204.307 253.977.420.000	<i>Loan receivables from foster partners (net of allowance for impairment losses amounting to Rp36,174,341,728 and Rp34,598,316,377 as of December 31, 2017 and 2016, respectively)</i>
Piutang kepada BUMN Pembina Pendapatan jasa administrasi pinjaman yang masih akan diterima	1.026.296.072	2j,7	687.076.348	<i>Receivables from Fostering SOE Accrued loan administration services income</i>
Piutang lain-lain	24.974.479.409	2c,8	9.001.092.980	<i>Other receivables</i>
Aset tetap (setelah dikurangi akumulasi penyusutan sebesar Rp71.057.855 dan Rp70.194.730 masing-masing pada tanggal 31 Desember 2017 dan 2016)	31.250	2e,9	894.375	<i>Fixed assets (net of accumulated depreciation amounting to Rp71,057,855 and Rp70,194,730 as of December 31, 2016 and 2017, respectively)</i>
JUMLAH ASET	1.152.953.900.555		1.498.730.965.661	TOTAL ASSETS
LIABILITAS DAN ASET NETO				
LIABILITAS				
Beban yang masih harus dibayar	54.054.085.143	2f,10,19	21.140.870.351	<i>Accrued expenses</i>
ASET NETO	1.098.899.815.412	2g,11	1.477.590.095.310	NET ASSETS
JUMLAH LIABILITAS DAN ASET NETO	1.152.953.900.555		1.498.730.965.661	TOTAL LIABILITIES AND NET ASSETS

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes form an integral part of these financial statements taken as a whole.



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN AKTIVITAS
Untuk Tahun yang Berakhir
pada Tanggal 31 Desember 2017
(Dinyatakan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017
(Expressed in Rupiah)**

Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,				
	Catatan/ Notes	2017	2016	
PERUBAHAN ASET NETO TIDAK TERIKAT				
PENDAPATAN				
Pendapatan dari BUMN Pembina	-	2k, 12, 19	253.977.420.000	REVENUE
Pendapatan bunga	16.379.026.105	2i, 13, 19	18.118.330.254	Revenue from Fostering SOE Interest income
Pendapatan jasa administrasi pinjaman	7.029.970.301	2j, 14	4.684.179.220	Loan administration services income
Pembalikan penyisihan kerugian penurunan nilai piutang kepada BUMN pembina lain	543.724.213	2n, 5	-	Reversal for impairment losses on receivable from other fostering SOE expenses
Pendapatan lain-lain	3.457.515.961	2i, 15, 19	35.675.534.044	Other income
JUMLAH PENDAPATAN	27.410.236.580		312.455.463.518	TOTAL REVENUE
BEBAN				
Dana pembinaan kemitraan	197.510.500	2m, 16	-	EXPENSES
Penyaluran dana program bina lingkungan	150.348.697.502	17	132.708.583.827	Fostering partnership funds Community development program funds distribution
Beban penyusutan aset tetap	863.125	9	2.440.625	Fixed assets depreciation expenses
Beban penyisihan kerugian penurunan nilai piutang pinjaman	1.576.025.351	2n, 6d	1.507.857.843	Allowance for impairment losses of loan receivables expenses
Beban penyisihan kerugian penurunan nilai piutang kepada BUMN pembina lain	-	2n, 5	10.343.129.619	Allowance for impairment losses on receivable from other fostering SOE expenses
Beban pembalikan piutang kepada BUMN pembina	253.977.420.000	12, 19	-	Reversal of receivables from Fostering SOE expenses
Beban lain-lain	-	18, 19	242.170.740	Other expenses
JUMLAH BEBAN	406.100.516.478		144.804.182.654	TOTAL EXPENSES
KENAIKAN/(PENURUNAN) ASET NETO TIDAK TERIKAT	(378.690.279.898)		167.651.280.864	INCREASE/(DECREASE) IN UNRESTRICTED NET ASSETS
ASET NETO TIDAK TERIKAT PADA AWAL TAHUN	1.477.590.095.310		1.309.938.814.446	UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR
ASET NETO TIDAK TERIKAT PADA AKHIR TAHUN	1.098.899.815.412		1.477.590.095.310	UNRESTRICTED NET ASSETS AT END OF YEAR

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes form an integral part of these financial statements taken as a whole.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

The original financial statements included herein are in Indonesian language.

PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN ARUS KAS
Untuk Tahun yang Berakhir
pada Tanggal 31 Desember 2017
(Dinyatakan dalam Rupiah)

PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017
(Expressed in Rupiah)

**Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31,**

	2017	Catatan/ Notes	2016	CASH FLOWS FROM OPERATING ACTIVITIES	
				<i>Collection of foster partners loan receivables</i>	<i>Loan administration service income</i>
ARUS KAS DARI AKTIVITAS OPERASI					
Pengembalian piutang pinjaman mitra binaan	59.051.365.649	20	39.430.101.338	<i>Repayment from other fostering SOE</i>	<i>Other income</i>
Pendapatan jasa administrasi pinjaman	6.690.750.577	14,20	5.074.342.741	<i>Loan receivables from foster partners distribution</i>	<i>Fostering partnership distribution fund</i>
Pendapatan bunga	16.379.026.105	13	18.118.330.254	<i>Community development program funds distribution</i>	
Pendapatan lain-lain	3.457.515.961	15	35.675.534.044		
Pengembalian dari BUMN pembina lain	3.499.995.000	5	9.072.358.000	<i>Other expense</i>	
Penyaluran piutang pinjaman mitra binaan	(209.359.335.950)		(89.759.543.425)		
Penyaluran dana pembinaan kemitraan	(197.510.500)	16	-		
Penyaluran dana program bina lingkungan	(117.435.482.710)	17	(126.573.128.334)		
Beban lain-lain	-	18	(242.170.740)		
Kas Neto yang Digunakan untuk Aktivitas Operasi	(237.913.675.868)		(109.204.176.122)		Net Cash Used in Operating Activities
PENURUNAN NETO DALAM KAS DAN SETARA KAS	(237.913.675.868)		(109.204.176.122)		NET DECREASE IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS PADA AWAL TAHUN	1.086.201.152.132		1.195.405.328.254		CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR
KAS DAN SETARA KAS AKHIR TAHUN	848.287.476.264		1.086.201.152.132		CASH AND CASH EQUIVALENTS AT END OF YEAR

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes form an integral part of these financial statements taken as a whole.



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN**

Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

1. PENJELASAN UMUM

a. Pendirian dan Informasi Umum

Program Kemitraan dan Bina Lingkungan (PKBL) PT Bank Rakyat Indonesia (Persero), Tbk (BRI), selanjutnya disebut "PKBL BRI" berdiri dan beroperasi sejak tahun 1990 dengan nama Pembinaan Pengusaha Ekonomi Lemah dan Koperasi (PPELK) sesuai dengan Keputusan Menteri Keuangan Republik Indonesia (RI) No. 1232/KMK.013/1989 tanggal 11 Nopember 1989, jo No. 306/KMK.013/1991 tanggal 20 Maret 1991, jo No. 368/KMK.013/1991 tanggal 19 April 1991 yang ditinjau kembali dengan Keputusan Menteri Keuangan Republik Indonesia No. 316/KMK.016/1994 tanggal 27 Juni 1994 tentang Pedoman Pembinaan Usaha Kecil dan Koperasi melalui pemanfaatan dana dari bagian laba Badan Usaha Milik Negara (BUMN). Kegiatan ini merupakan kebijakan Pemerintah yang dilaksanakan oleh seluruh BUMN dengan maksud agar BUMN disamping menjalankan operasional bisnisnya, juga melaksanakan tugas sosial sebagai pembina usaha kecil koperasi berupa akses permodalan dan pendampingan, sehingga pada akhirnya bisa mandiri atau akses pembebasan komersial/perbankan.

Peraturan tersebut selanjutnya diperbaharui dengan Surat Keputusan Menteri BUMN No. KEP-236/MBU/2003 tanggal 17 Juni 2003 tentang Program Kemitraan Badan Usaha Milik Negara dengan Usaha Kecil dan Program Bina Lingkungan dan Surat Edaran Menteri BUMN No. SE-433/MBU/2003 tanggal 16 September 2003 tentang Petunjuk Pelaksanaan Program Kemitraan BUMN dengan Usaha Kecil dan Program Bina Lingkungan. Peraturan ini kemudian disempurnakan melalui Peraturan Menteri Badan Usaha Milik Negara (BUMN) No. PER-05/MBU/2007 tanggal 27 April 2007, kemudian di amandemen berturut-turut oleh PER-20/MBU/2012 tanggal 27 Desember 2012 tentang perubahan atas Peraturan Menteri Negara BUMN No. PER-05/MBU/2007 yang berlaku untuk tahun buku 2013. Peraturan selanjutnya yang dikeluarkan yaitu Peraturan Menteri Negara BUMN No. PER-05/MBU/2013 tanggal 1 Mei 2013 yang mengatur mengenai penghentian pelaksanaan kegiatan BUMN peduli mulai tahun 2013.

PARTNERSHIP AND COMMUNITY

DEVELOPMENT PROGRAM

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS**

*As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)*

1. GENERAL DESCRIPTION

a. Establishment and General Information

Partnership and community development program (PKBL) PT Bank Rakyat Indonesia (Persero) Tbk (BRI), hereinafter referred to as "PKBL BRI" was established and started its operations since 1990 with named Entrepreneur Small Economy and Cooperative Coaching (PPELK) according to the Decree of Minister of Finance of the Republic of Indonesia No. 1232/KMK.013/1989 dated November 11, 1989, in conjunction with No. 306/KMK.013/1991 dated March 20, 1991, in conjunction with No. 368/KMK.013/1991 dated April 19, 1991 which was revisited with the Decree of Minister of Finance of the Republic of Indonesia No. 316/KMK.016/1994 dated June 27, 1994 regarding the Fostering Guidelines for Small Businesses and Cooperatives through the utilization of funds from the profit of the State-Owned Enterprises (SOEs). This activity is a government policy that is implemented by all SOEs with the intention that in addition to conducting its business operations, SOEs, also carry out social duties as a foster for small business cooperatives in the form of access to capital and mentoring, so that they in the end can be independent or commercial loading access/banking.

The regulation was subsequently amended by Decree of Minister of State-Owned Enterprises No. KEP-236/MBU/2003 dated June 17, 2003 regarding the Partnership Program for State-Owned Enterprises with Small Business and Community Development Program and the Circular Letter of Minister of State-Owned Enterprises No. SE-433/MBU/2003 dated September 16, 2003 regarding the Implementation Guidelines of Partnership Program for SOEs with Small Business and Community Development Program. The regulation was later amended by the Minister of State-Owned Enterprises' Regulation No. PER-05/MBU/2007 dated April 27, 2007, subsequently amended successively by PER-20/MBU/2012 dated December 27, 2012 regarding amendments to the Minister of SOEs' Regulation No. PER-05/MBU/2007, which applies to the fiscal year 2013. The subsequent regulations issued is the Minister of SOEs' Regulation No. PER-05/MBU/2013 dated May 1, 2013 governing the termination of the SOEs care activities begin in 2013.

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN**

Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

1. PENJELASAN UMUM (lanjutan)

a. Pendirian dan Informasi Umum (lanjutan)

Peraturan Kementerian diatas, terakhir kembali diubah dengan Peraturan Menteri BUMN No. PER-08/MBU/2013 tanggal 10 September 2013 antara lain, mengatur tentang sumber dana Program Kemitraan dan Bina Lingkungan yang berasal dari anggaran perusahaan yang diperhitungkan sebagai biaya, maksimal (masing-masing) 2% dari laba bersih tahun sebelumnya.

Berdasarkan Peraturan Menteri Badan Usaha Milik Negara No. PER-07/MBU/05/2015 tanggal 22 Mei 2015 tentang Program Kemitraan Badan Usaha Milik Negara dengan usaha kecil dan program bina lingkungan, menyatakan bahwa peraturan sebelumnya yaitu Peraturan Menteri BUMN No. PER-05/MBU/2007 tanggal 27 April 2007, No. PER-20/MBU/2012 tanggal 27 Desember 2012, No. PER-05/MBU/2013 tanggal 1 Mei 2013, No. PER-07/MBU/2013 tanggal 27 Juni 2013, No. PER-08/MBU/2013 tanggal 10 September 2013 dan Surat Deputi Bidang Restrukturisasi dan Perencanaan Strategis BUMN No. S-92/DS.MBU/2013 tanggal 3 April 2013 dicabut dan dinyatakan tidak berlaku.

Tanggal 3 Juli 2015 Kementerian BUMN mengeluarkan Peraturan Menteri No. PER-09/MBU/07/2015 yang menggantikan PER-07/MBU/05/2015 tentang Program Kemitraan dan Program Bina Lingkungan Badan Usaha Milik Negara, dimana dana PKBL diambil dari bagian laba BUMN.

Pada tanggal 19 Desember 2016 Kementerian BUMN mengeluarkan peraturan Menteri No. PER-03/MBU/12/2016 yang merupakan perubahan atas peraturan No. PER-09/MBU/07/2015.

Terakhir, pada tanggal 5 Juli 2017 Kementerian BUMN mengeluarkan peraturan Menteri No. PER-02/MBU/7/2017 yang merupakan perubahan kedua atas peraturan No. PER-09/MBU/07/2015.

Program Kemitraan BUMN dengan Usaha Kecil, yang selanjutnya disebut Program Kemitraan (PK) adalah program untuk meningkatkan kemampuan Usaha Kecil agar menjadi tangguh dan mandiri melalui pemanfaatan dana dari bagian laba BUMN Pembina.

The original financial statements included herein are in Indonesian language.

PARTNERSHIP AND COMMUNITY

DEVELOPMENT PROGRAM

PT BANK RAKYAT INDONESIA (PERSERO) Tbk

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2017 and

For the Year then Ended

(Expressed in Rupiah)

1. GENERAL DESCRIPTION (continued)

a. Establishment and General Information (continued)

The Ministry Regulation above, latest amended by the Minister of SOEs' Regulation No. PER-08/MBU/2013 dated September 10, 2013 among others, regulates the funding sources of the Partnership and Community Development Program derived from the company's budget that is calculated as expense, maximum (each) of 2% from the previous year's net income.

Based on Minister of State-Owned Enterprises' Regulation No. PER-07/MBU/05/2015 dated May 22, 2015 regarding the Partnership Program for State-Owned Enterprises with small business and community development program, state that the previous regulation, which is the Minister of State-Owned Enterprises' Regulation No. PER-05/MBU/2007 dated April 27, 2007, No. PER-20/MBU/2012 dated December 27, 2012, No. PER-05/MBU/2013 dated May 1, 2013, No. PER-07/MBU/2013 dated June 27, 2013, No. PER-08/MBU/2013 dated September 10, 2013 and the Letter of Deputy for Restructuring and SOEs Strategic Planning No. S-92/DS.MBU/2013 dated April 3, 2013 are revoked and declared invalid.

On July 3, 2015 the Ministry of State-Owned Enterprises issued the Ministerial Regulation No. PER-09/MBU/07/2015 which replaced PER-07/MBU/05/2015 regarding the Partnership and Community Development Program of the State-Owned Enterprises, where PKBL's fund was taken from SOE profits.

On December 19, 2016 the Ministry of State-Owned Enterprises issued another Ministerial Regulation No. PER-03/MBU/12/2016 which is an amendment of No. PER-09/MBU/07/2015.

Latest, on July 5, 2017 the Ministry of State-Owned Enterprises issued another Ministerial Regulation No. PER-02/MBU/7/2017 which is a second amendment of No. PER-09/MBU/07/2015.

Partnership Program for SOEs' and with small business, hereinafter called Partnership Program (PK) is a program to improve the ability of Small Business to be reslient and independent through the utilization of funds that are part of the profits of Fostering SOEs.



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN**

Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

1. PENJELASAN UMUM (lanjutan)

a. Pendirian dan Informasi Umum (lanjutan)

Program Bina Lingkungan (BL) adalah program pemberdayaan kondisi sosial masyarakat oleh BUMN di wilayah usaha BUMN tersebut melalui pemanfaatan dana dari bagian laba BUMN Pembina.

b. Kegiatan Utama

Kegiatan utama yang dilakukan PKBL BRI meliputi kegiatan sebagai berikut:

1. Program Kemitraan (PK) meliputi kegiatan penyaluran dana berupa:
 - a) Pinjaman untuk membiayai modal kerja dan/atau pembelian aset tetap dalam rangka meningkatkan produksi dan penjualan;
 - b) Pinjaman tambahan untuk membiayai kebutuhan yang bersifat jangka pendek dalam rangka memenuhi pesanan dari rekanan usaha Mitra Binaan.
2. Program Bina Lingkungan (BL) meliputi kegiatan penyaluran dana berupa:
 - a) Bantuan korban bencana alam;
 - b) Bantuan pendidikan dan/ atau pelatihan;
 - c) Bantuan peningkatan kesehatan;
 - d) Bantuan pengembangan sarana dan prasarana umum;
 - e) Bantuan sarana ibadah;
 - f) Pelestarian alam;
 - g) Bantuan sosial kemasyarakatan dalam rangka pengentasan kemiskinan, termasuk untuk:
 - 1) Elektrifikasi di daerah yang belum teraliri listrik;
 - 2) Penyediaan sarana air bersih;
 - 3) Penyediaan sarana Mandi Cuci Kakus;
 - 4) Bantuan pendidikan, pelatihan, pemagangan, promosi dan bentuk bantuan lain yang terkait dengan upaya peningkatan kemandirian ekonomi usaha kecil selain Mitra Binaan Program Kemitraan;
 - 5) Perbaikan rumah untuk masyarakat tidak mampu;
 - 6) Bantuan pembibitan untuk pertanian, peternakan dan perikanan; atau
 - 7) Bantuan peralatan usaha

PARTNERSHIP AND COMMUNITY

DEVELOPMENT PROGRAM

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS**

As of December 31, 2017 and

*For the Year then Ended
(Expressed in Rupiah)*

1. GENERAL DESCRIPTION (continued)

a. Establishment and General Information (continued)

Community Development Program (BL) is SOE's community program whose objective is to empower the social condition of the community's business in the area through the utilization of funds from the profits of Fostering SOEs.

b. Primary Activities

The primary activities of PKBL BRI include the following activities:

1. *Partnership Program (PK) includes the distribution of funds in the form of:*
 - a) *Loans to finance working capital and/or purchase of fixed asset in order to increase production and sales;*
 - b) *Additional loan distribution to finance the short-term funding, to fulfill orders from business partner of the Foster Partners.*
2. *Community Development Program (BL) includes the distribution of funds in the form of:*
 - a) *Aid for victims of natural disaster;*
 - b) *Aid for education and/ or training;*
 - c) *Aid for health improvement;*
 - d) *Development of public facilities and infrastructure;*
 - e) *Improvement of worship facilities;*
 - f) *Nature preservation;*
 - g) *Social assistance in order to alleviate poverty, include of:*
 - 1) *Electrification in areas that have not been electricity;*
 - 2) *Providing facilities for clean water;*
 - 3) *Providing facilities for toilet washing;*
 - 4) *Educational assistance, training, internship, promotion and other assistance related to improving the economic independence of small businesses other than Partnership Program Foster Partner;*
 - 5) *Repairing house for poor people;*
 - 6) *Assistance for agriculture, animal husbandry and fisheries; or*
 - 7) *Assistance of business equipment*

The original financial statements included herein are in Indonesian language.

PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

1. PENJELASAN UMUM (lanjutan)

b. Kegiatan Utama (lanjutan)

3. Melakukan pengawasan atas kegiatan penyaluran dana PKBL di unit kerja BRI dan pengawasan kegiatan usaha Mitra Binaan;
4. Melakukan pelaporan kegiatan PKBL.

c. Sumber Dana

Sumber dana PKBL BRI adalah berasal dari:

1. Penyisihan sebagian laba bersih PT Bank Rakyat Indonesia (Persero) Tbk dan/atau anggaran yang diperhitungkan sebagai biaya pada PT Bank Rakyat Indonesia (Persero) Tbk;
2. Saldo dana PKBL BRI yang berasal dari penyisihan sebagian laba PT Bank Rakyat Indonesia (Persero) Tbk yang teralokasi sampai dengan akhir tahun 2015;
3. Jasa administrasi pinjaman/margin/ bagi hasil Program Kemitraan, bunga deposito dan/atau jasa giro dari dana PKBL;
4. Pelimpahan dana Program Kemitraan dari BUMN lain, jika ada.

d. Susunan Pengelola

Sebelum tanggal 27 April 2011, PKBL BRI adalah unit kerja bernama Bagian PKBL dan Pengawasan Lembaga Keuangan Mikro (LKM) yang secara struktural berada dibawah Divisi Bisnis Program dan Kemitraan, Direktorat Bisnis UMKM BRI yang bertugas mengelola dana PKBL BRI.

Berdasarkan Surat Keputusan Direksi PT Bank Rakyat Indonesia (Persero) Tbk NOKEP. S.16-DIR/REN/04/2011 tanggal 27 April 2011 tentang Organisasi Divisi Sekretariat Perusahaan PT Bank Rakyat Indonesia (Persero) Tbk, menyatakan tentang penambahan fungsi Bagian Corporate Social Responsibility (CSR) dibawah Divisi Sekretariat Perusahaan yang bertugas untuk mengelola dana Bina Lingkungan.

PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)

1. GENERAL DESCRIPTION (continued)

b. Primary Activities (continued)

3. Monitoring of PKBL funds distribution in BRI working unit activities and the monitoring of business activities Foster Partners;
4. Reporting PKBL activities.

c. Funding Resources

Source of PKBL BRI's funding is derived from:

1. Provision of net income PT Bank Rakyat Indonesia (Persero) Tbk and/or budget which was calculated as expense in PT Bank Rakyat Indonesia (Persero) Tbk;
2. The PKBL funds balance that is derived from provision of the profits of PT Bank Rakyat Indonesia (Persero) Tbk allocated until the end of 2015;
3. Administrative services from Partnership Program loan margin/profit-sharing, time deposits interest and/or current account services from PKBL funds;
4. Partnership Program funds handed over from other SOEs, if any.

d. Management Structure

Before April 27, 2011, PKBL BRI was a working unit called PKBL Section and Supervision of Microfinance Institution (MFI) that was structurally under the Partnership and Business Program Division, Directorate of MSME Business in charge of managing the PKBL BRI funds.

Based on PT Bank Rakyat Indonesia (Persero) Tbk Board of Directors' Decree NOKEP. S.16-DIR/REN/04/2011 dated April 27, 2011 regarding the Organization of Corporate Secretary Division of PT Bank Rakyat Indonesia (Persero) Tbk, it was stated that functionality of Corporate Social Responsibility (CSR) was added under the Corporate Secretary Division that in charge of managing the Community Development funds.



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN**
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

1. PENJELASAN UMUM (lanjutan)

d. Susunan Pengelola (lanjutan)

Pembentukan Bagian CSR Divisi Sekretariat Perusahaan telah ada sejak tanggal 27 April 2011, akan tetapi Pengelolaan Dana Program Bina Lingkungan yang dulunya dikelola oleh Bagian PKBL dan Pengawasan LKM Divisi Bisnis Program dan Kemitraan dilimpahkan kepada Bagian Corporate Social Responsibility (CSR) Divisi Sekretariat Perusahaan efektif pada tanggal 30 Maret 2012 sesuai dengan Nota Dinas No. B.64.SKP/CSR/03/2012 dan No. B.148.PRG/KBL/03/2012 tanggal 30 Maret 2012.

Susunan Pengelola PKBL BRI untuk tahun berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

31 Desember/December 31,		
2017	2016	
Direktur Kredit Mikro dan Ritel	Priyastomo	Mohammad Ifran
Kepala Divisi Bisnis Program, Pangan dan Kemitraan	Supardi Santoso	Supardi Santoso
Kepala Bagian PKBL dan Pengawasan LKM	Gafyunedi	Gafyunedi
- Staf	Renatasia Sari	Renatasia Sari
- Staf	Fitri Septianingsih	Fitri Septianingsih
- Supervisor PKBL dan Pengawasan LKM	Mulyatno	Mulyatno
- Pelaksana	Fabby Fabianto	Fabby Fabianto
Kepala Divisi Sekretariat Perusahaan	Hari Siaga Amijarso	Hari Siaga Amijarso
Kepala Bagian Corporate Social Responsibility	Zainuddin Thalib Burutu	Zainuddin Thalib Burutu
Wakil Kepala Bagian Corporate Social Responsibility	Endra Tri Subehi	-
- Staf	Abas Wahyudi	Abas Wahyudi
- Staf	Agusman Muhammad	Agusman Muhammad
- Staf	Latif	Latif
- Staf	Adnan Dianda Prima	-
- Staf	Salvandi Qito Pratama	-
- Supervisor Operasional CSR	Nurhidayati	Nurhidayati
- Pelaksana	Ceindry Indra Prayogo	Ceindry Indra Prayogo
- Pelaksana	-	Lia Lidya Putri

Seluruh pegawai adalah pegawai yang memperoleh gaji dan manfaat lainnya dari BRI sehingga masalah penetapan Imbalan Kerja (PSAK No. 24) dilaksanakan oleh dan menjadi beban BRI.

Pemotongan dan penyetoran atas PPh Pasal 21 atas pegawai BRI yang ditempatkan di PKBL BRI dilakukan oleh BRI.

PARTNERSHIP AND COMMUNITY

DEVELOPMENT PROGRAM

PT BANK RAKYAT INDONESIA (PERSERO) Tbk

NOTES TO THE FINANCIAL STATEMENTS

As of December 31, 2017 and

For the Year then Ended

(Expressed in Rupiah)

1. GENERAL DESCRIPTION (continued)

d. Management Structure (continued)

CSR Department has been established as a part of Corporate Secretary Division since April 27, 2011, but the Community Development Programs Funds Management that was once managed by PKBL Section and Supervision MFI of Partnership and Business Program Division was effectively transferred to the Corporate Social Responsibility (CSR) Department of Corporate Secretary Division effective on March 30, 2012 in accordance with the Official Memo No. B.64.SKP/CSR/03/2012 and No. B.148.PRG/KBL/03/2012 dated March 30, 2012.

Management structure of PKBL BRI for the years ended December 31, 2017 and 2016 is as follows:

All employees are employees who earn salaries and other benefits from BRI so that the application of Employee Benefits (SFAS No. 24) is implemented by and charged to BRI.

Withholding and deposit of Income Tax Article 21 of BRI employees placed in PKBL BRI is conducted by BRI.

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 CATATAN ATAS LAPORAN KEUANGAN**
**Tanggal 31 Desember 2017 dan
 Untuk Tahun yang Berakhir pada Tanggal Tersebut
 (Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
 DEVELOPMENT PROGRAM
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 NOTES TO THE FINANCIAL STATEMENTS**
**As of December 31, 2017 and
 For the Year then Ended
 (Expressed in Rupiah)**

1. PENJELASAN UMUM (lanjutan)

e. Unit Kerja Penyalur PKBL BRI

Unit PKBL BRI terdiri dari 2 (dua) bagian yaitu:

1. Bagian PKBL dan Pengawasan LKM, Divisi Bisnis Program dan Kemitraan berlokasi di Gedung BRI II Lantai 28 Jalan Jenderal Sudirman Kav. 44-46, Jakarta Pusat sebagai penyalur dana pinjaman kemitraan.
2. Bagian Corporate Social Responsibility (CSR), Divisi Sekretariat Perusahaan berlokasi di Gedung BRI I Lantai 20 Jalan Jenderal Sudirman Kav. 44-46, Jakarta Pusat sebagai penyalur dana Bina Lingkungan.

Pada tanggal 31 Desember 2017 dan 2016 penyaluran dana PKBL BRI dilakukan di unit kerja BRI dengan rincian sebagai berikut (tidak diaudit):

No.	Unit Kerja	Jumlah Kantor Cabang/ Total Branches	Jumlah Kantor Cabang/ Pembantu/ Total Sub Branches	Working Units	No.
1.	Kantor Wilayah Aceh	11	15	Aceh Regional Office	1.
2.	Kantor Wilayah Medan	24	34	Medan Regional Office	2.
3.	Kantor Wilayah Padang	14	8	Padang Regional Office	3.
4.	Kantor Wilayah Pekanbaru	22	20	Pekanbaru Regional Office	4.
5.	Kantor Wilayah Palembang	21	29	Palembang Regional Office	5.
6.	Kantor Wilayah DKI Jakarta 1	26	54	DKI Jakarta 1 Regional Office	6.
7.	Kantor Wilayah DKI Jakarta 2	32	68	DKI Jakarta 2 Regional Office	7.
8.	Kantor Wilayah DKI Jakarta 3	36	57	DKI Jakarta 3 Regional Office	8.
9.	Kantor Wilayah Bandung	30	45	Bandung Regional Office	9.
10.	Kantor Wilayah Semarang	22	38	Semarang Regional Office	10.
11.	Kantor Wilayah Yogyakarta	33	34	Yogyakarta Regional Office	11.
12.	Kantor Wilayah Surabaya	25	39	Surabaya Regional Office	12.
13.	Kantor Wilayah Malang	24	36	Malang Regional Office	13.
14.	Kantor Wilayah Denpasar	31	27	Denpasar Regional Office	14.
15.	Kantor Wilayah Banjarmasin	31	31	Banjarmasin Regional Office	15.
16.	Kantor Wilayah Makassar	36	28	Makassar Regional Office	16.
17.	Kantor Wilayah Manado	17	18	Manado Regional Office	17.
18.	Kantor Wilayah Jayapura	13	13	Jayapura Regional Office	18.
19.	Kantor Wilayah Bandar Lampung	14	16	Bandar Lampung Regional Office	19.
Jumlah		462	610	Total	

Unit Kerja penyalur meliputi Kantor Cabang dan Kantor Cabang Pembantu dibawah kelolaan masing-masing Kantor Wilayah BRI.

f. Otorisasi Penerbitan Laporan Keuangan

Laporan keuangan telah diselesaikan dan disahkan untuk diterbitkan oleh Pengelola PKBL BRI pada tanggal 19 Februari 2018.

As of December 31, 2017 and 2016 the distribution of funds of PKBL BRI conducted by BRI working unit are detailed as follows (unaudited):

No.	Working Units	No.
1.	Aceh Regional Office	1.
2.	Medan Regional Office	2.
3.	Padang Regional Office	3.
4.	Pekanbaru Regional Office	4.
5.	Palembang Regional Office	5.
6.	DKI Jakarta 1 Regional Office	6.
7.	DKI Jakarta 2 Regional Office	7.
8.	DKI Jakarta 3 Regional Office	8.
9.	Bandung Regional Office	9.
10.	Semarang Regional Office	10.
11.	Yogyakarta Regional Office	11.
12.	Surabaya Regional Office	12.
13.	Malang Regional Office	13.
14.	Denpasar Regional Office	14.
15.	Banjarmasin Regional Office	15.
16.	Makassar Regional Office	16.
17.	Manado Regional Office	17.
18.	Jayapura Regional Office	18.
19.	Bandar Lampung Regional Office	19.
Total		

Distributor Working Units includes Branches and Sub-Branhes each managed by BRI Regional Office.

f. Authorization of the Issuance of Financial Statement

The financial statements were completed and authorized for issuance by PKBL BRI management on February 19, 2018.



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN**
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN

Kebijakan akuntansi signifikan dan diterapkan dalam menyusun laporan keuangan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

a. Dasar Penyusunan Laporan Keuangan

Laporan keuangan disusun berdasarkan Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik (SAK ETAP) yang diterbitkan oleh Dewan Standar Akuntansi Keuangan - Ikatan Akuntan Indonesia, dan mempertimbangkan Surat Edaran Kementerian BUMN No. SE-02/MBU/Wk/2012 yang dikeluarkan tanggal 23 Februari 2012 perihal Penetapan Pedoman Akuntansi Program Kemitraan dan Bina Lingkungan.

Laporan keuangan disusun dengan dasar akrual, kecuali untuk beberapa akun tertentu yang disusun berdasarkan pengukuran lain sebagaimana diuraikan dalam kebijakan akuntansi terkait.

Laporan arus kas menyajikan informasi mengenai penerimaan dan pengeluaran kas dan setara kas dalam satu periode yang diklasifikasikan dalam aktivitas operasi, investasi, dan pendanaan, yang disusun dengan metode langsung.

Mata uang penyajian yang digunakan pada laporan keuangan adalah Rupiah.

b. Kas dan Setara Kas

Kas dan setara kas terdiri dari kas, bank dan semua investasi jangka pendek yang jatuh tempo dalam kurun waktu 3 (tiga) bulan atau kurang dari tanggal perolehannya, setelah dikurangi cerukan, dan tidak dijaminkan serta tidak dibatasi penggunaannya.

c. Piutang

Piutang pinjaman Mitra Binaan merupakan pinjaman yang disalurkan oleh PKBL lewat unit kerja penyalur PKBL kepada Mitra Binaan sesuai ketentuan yang berlaku. Piutang pinjaman mitra binaan diakui pada saat pinjaman tersebut disalurkan kepada mitra binaan dan diukur serta dicatat sebesar jumlah neto setelah dikurangi dengan penyisihan kerugian penurunan nilai.

PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS**

*As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial statements for the years ended December 31, 2017 and 2016 are as follows:

a. Basis of Preparation of Financial Statements

The Financial statements are prepared in accordance with Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) as issued by The Financial Accounting Standards Board - Indonesian Institute of Accountants, and considered Ministry of State-Owned Enterprises ("SOE") Circular No. SE-02/MBU/Wk/2012 dated February 23, 2012 Concerning Guidance of Accounting Standards for Partnership Program and Community Development.

The financial statements have been prepared on the accrual basis, except for certain accounts prepared based on other measurement as explained in related accounting policy.

The statement of cash flows presents information on receipts and payments of cash and cash equivalents during the year classified by operating, investing and financing activities, which is prepared using the direct method.

Currency used in the presentation of financial statements is the Indonesian rupiah.

b. Cash and Cash Equivalents

Cash and cash equivalents consist of cash, bank and all short-term investment with maturities in 3 (three) months or less from the acquisition date, after netted for overdraft, not pledged as collateral, also not restricted in use.

c. Receivables

Foster Partners loan receivables are loans distributed by PKBL through PKBL working units to Foster Partners according to applicable regulations. Foster partners loan receivables are recognized when the loans are disbursed to foster partners, and are measured and recorded at the net amount after deducting allowance for impairment losses.

PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN
 Tanggal 31 Desember 2017 dan
 Untuk Tahun yang Berakhir pada Tanggal Tersebut
 (Disajikan dalam Rupiah)

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

c. Piutang (lanjutan)

Piutang kepada Badan Usaha Milik Negara (BUMN) Pembina Lain/Lembaga Penyalur Lain merupakan pinjaman yang diberikan kepada unit Program Kemitraan dan Bina Lingkungan (PKBL)/Lembaga Penyalur lain sebagai bentuk sinergi antar unit Program Kemitraan dan Bina Lingkungan.

Piutang kepada BUMN Pembina merupakan alokasi dana dari BUMN Pembina untuk Program Bina Lingkungan yang telah ditetapkan dalam Rapat Umum Pemegang Saham ("RUPS").

Piutang selain dijelaskan di atas disajikan dalam Laporan Posisi Keuangan pada akun Piutang Lain-lain.

Penggolongan kualitas piutang kemitraan ditetapkan sebagai berikut:

1. Lancar, apabila pembayaran angsuran pokok dan jasa administrasi pinjaman tepat waktu atau terjadi keterlambatan pembayaran pokok dan/atau jasa administrasi pinjaman selambat-lambatnya 30 (tiga puluh) hari dari tanggal jatuh tempo pembayaran angsuran;
2. Kurang lancar, apabila terjadi keterlambatan pembayaran pokok dan/atau jasa administrasi pinjaman yang telah melampaui 30 (tiga puluh) hari dan belum melampaui 180 (seratus delapan puluh) hari dari tanggal jatuh tempo pembayaran angsuran;
3. Diragukan, apabila terjadi keterlambatan pembayaran pokok dan/atau jasa administrasi pinjaman yang telah melampaui 180 (seratus delapan puluh) hari dan belum melampaui 270 (dua ratus tujuh puluh) hari dari tanggal jatuh tempo pembayaran angsuran;
4. Macet, apabila terjadi keterlambatan pembayaran pokok dan/atau jasa administrasi pinjaman yang telah melampaui 270 (dua ratus tujuh puluh) hari dari tanggal jatuh tempo pembayaran angsuran.

The original financial statements included herein are in Indonesian language.

PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
*As of December 31, 2017 and
 For the Year then Ended
 (Expressed in Rupiah)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Receivables (continued)

Receivables from other Fostering SOEs Distribution Partners represent loans given to Partnership and Community Development Program (PKBL) units/other distributing Partners as a form of synergy among Partnership and Community Development Program units.

Receivable from Fostering SOE are funds allocation for Community Development Program which decided in the General Meeting of Shareholders ("GMS").

Loans other than those described above are presented in the Other Receivables account of the Statement of Financial Position.

The classification of receivables partnership based on collectibility is as follows:

1. *Current, when principal installment and administration service income payment are paid on time or those whose late payments of principal and/or administration service is a maximum of 30 (thirty) days from the agreed payment date.*
2. *Substandard, when late payment of principal and/or administration service income payment are between 30 (thirty) days and 180 (one hundred eighty) days from the agreed payment date.*
3. *Doubtful, when late payment of principal and/or administration service income payment are between 180 (one hundred eighty) days and 270 (two hundred seventy) days from the agreed payment date.*
4. *Loss, when late payment of principal and/or administration service income payment are over 270 (two hundred seventy) days from the agreed payment date.*



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN**
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

d. Penyisihan Kerugian Penurunan Nilai Piutang

Penyisihan kerugian penurunan nilai piutang adalah penyisihan atas estimasi kerugian terhadap piutang yang mungkin tidak tertagih di masa yang akan datang.

Penyisihan kerugian penurunan nilai piutang pinjaman mitra binaan dihitung secara kolektif berdasarkan prosentase tertentu tingkat ketertagihan (*collection*) data historis yang ada (minimal 2 tahun) sedangkan penyisihan kerugian penurunan nilai piutang kepada BUMN pembina lain dihitung secara individual.

e. Aset Tetap

Aset tetap adalah aset berwujud yang diperoleh dalam bentuk siap pakai atau dibangun terlebih dahulu dan digunakan dalam operasi PKBL BRI serta mempunyai masa manfaat lebih dari satu tahun.

Aset tetap diakui berdasarkan harga perolehan dikurangi akumulasi penyusutan.

Aset tetap kecuali tanah, disusutkan berdasarkan taksiran masa manfaat ekonomis aset tetap dengan menggunakan metode garis lurus berdasarkan estimasi masa manfaat sebagai berikut:

Jenis Aset Tetap	Tarif Penyusutan/tahun/ Depreciation Rate/year	Masa Manfaat/ Useful Life	Fixed Asset Type
Inventaris dan Peralatan	25%	4	Premises and Equipment

Beban pemeliharaan dan perbaikan dibebankan pada saat terjadinya pemugaran dan penambahan dalam jumlah signifikan, dikapitalisasi ke akun aset tetap yang bersangkutan. Jika aset tetap dihentikan pengakuan, PKBL BRI harus menentukan keuntungan atau kerugian yang timbul dari penghentian pengakuan aset tetap dengan menghitung perbedaan, antara hasil penjualan neto (jika ada) dan jumlah tercatatnya.

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Allowance for Impairment Losses on Receivables

Allowance for impairment losses on receivables is the provision for estimated losses that might become uncollectible receivables in the future.

Allowance for impairment losses on loan receivables from foster partners is calculated collectively based on specific percentage of available historical collectibility rate (minimum 2 years of historical data) while allowance for impairment losses on receivables to other Fostering SOEs Distribution Partners is calculated individually.

e. Fixed Assets

Fixed assets are tangible assets acquired off-the-shelf or are built for use in PKBL operations and have a useful life of more than one year.

Fixed assets are recognized at their historical costs less accumulated depreciation.

Fixed assets except for land are depreciated using straight-line method based on the estimated useful life as follows:

Jenis Aset Tetap	Tarif Penyusutan/tahun/ Depreciation Rate/year	Masa Manfaat/ Useful Life	Fixed Asset Type
Inventaris dan Peralatan	25%	4	Premises and Equipment

Repairs and maintenance expense are charged as incurred, significant amount of renewal and addition is capitalized to relevant fixed assets account. If the fixed asset is derecognized, PKBL BRI should determine the gain or loss arising from the derecognition of fixed assets by calculating the difference between the net sale proceeds (if any) and the carrying amount.

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 CATATAN ATAS LAPORAN KEUANGAN**
**Tanggal 31 Desember 2017 dan
 Untuk Tahun yang Berakhir pada Tanggal Tersebut
 (Disajikan dalam Rupiah)**

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

f. Beban yang Masih Harus Dibayar

Beban yang masih harus dibayar adalah biaya-biaya yang masih harus dibayar PKBL BRI karena telah diterimanya jasa atau prestasi selama tahun berjalan tetapi belum dibayar sampai dengan akhir periode akuntansi karena pembayarannya akan jatuh tempo pada tahun berikutnya.

g. Aset Neto

Aset neto adalah aset dikurangi dengan liabilitas. Aset neto diklasifikasikan menjadi Aset Neto Terikat (ANT) dan Aset Neto Tidak Terikat (ANTT).

ANT adalah sumber daya yang penggunaannya dibatasi untuk tujuan tertentu atau tidak dapat digunakan untuk kegiatan operasi normal. ANT diklasifikasikan menjadi Aset Neto Terikat Temporer (ANTT) dan Aset Neto Terikat Permanen (ANTP).

Termasuk dalam pembatasan temporer adalah penyisihan dana BUMN Peduli yaitu dana program bina lingkungan yang disisihkan PKBL BRI untuk program Bina Lingkungan BUMN Peduli yang berasal dari saldo awal kas dana program bina lingkungan, pengembalian dana bina lingkungan yang gagal terealisasi dan alokasi laba BRI untuk program bina lingkungan.

ANTT adalah sumber daya yang penggunaannya tidak dibatasi untuk tujuan tertentu.

h. Aset Neto Terikat Temporer (ANTT) - Berakhir Pemenuhan Program

ANTT - berakhir pemenuhan program adalah dana aset neto terikat - alokasi BUMN peduli yang menurut ketentuan telah digunakan dalam rangka pelaksanaan program bina lingkungan BUMN Peduli (telah dipenuhi pembatasan programnya). Akun ini merupakan kontra akun ANTT - terbebaskan.

i. Pendapatan Bunga

Pendapatan bunga adalah pendapatan yang diperoleh dari hasil penempatan dana program kemitraan pada rekening giro bank. Pendapatan bunga disajikan setelah dikurangi pajak yang bersifat final dan biaya administrasi rekening.

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 NOTES TO THE FINANCIAL STATEMENTS**
**As of December 31, 2017 and
 For the Year then Ended
 (Expressed in Rupiah)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Accrued Expenses

Accrued expenses are expenses that have to be paid by PKBL BRI as service that have been received in the current period have not been paid for at the end of current accounting period because payment will due in the next year.

g. Net Assets

Net assets are assets less liabilities. Net assets are classified as Restricted Net Assets (ANT) and Unrestricted Net Assets (ANTT).

ANT is a resource which is restricted for a specific purpose or can not be used for normal operating activities. ANT is classified into Temporary-Restricted Net Assets (ANTT) and Permanent-Restricted Net Assets (ANTP).

Temporary restriction consists of provision for SOEs Cares fund which is community development fund that is set aside by PKBL BRI for Community Development program of SOEs Care that is derived from the beginning balance of the cash funds of Community Development program, the refund from community development which failed to realize and allocation of BRI profit for community development program.

ANTT are resources whose usage are unrestricted for a specific purpose.

h. Temporary Restricted Net Assets - Ending Realization Program

ANTT - ending realization program is restricted net assets fund - allocation of SOE Care according to the provisions which have been used in the implementation of community development program of SOEs Care (program restrictions have been met). This account is the contra of ANTT account - released.

i. Interest Income

Interest income is the income generated from fund placement partnership program on current account. Interest income presented after being deducted with final tax and administrative cost.



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN**
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

j. Pendapatan Jasa Administrasi Pinjaman

Pendapatan jasa administrasi pinjaman adalah pendapatan jasa yang dipungut atas pinjaman dana program kemitraan yang disalurkan kepada Mitra Binaan. Pendapatan Jasa Administrasi Pinjaman diukur dan dicatat berdasarkan nilai yang telah jatuh tempo sesuai dengan kontrak. Pendapatan jasa administrasi pinjaman diakui secara akrual hanya pada piutang dengan status lancar dan kurang lancar.

k. Pendapatan dari BUMN Pembina

Pendapatan dari BUMN pembina adalah pendapatan yang berasal dari alokasi dana yang ditetapkan oleh RUPS untuk dana PKBL.

Alokasi dana dari BUMN pembina diakui pada saat ditetapkan oleh RUPS dan diukur serta dicatat sebesar jumlah dana yang dialokasikan untuk PKBL sesuai dengan keputusan RUPS.

l. Pendapatan Lain-lain

Pendapatan lain-lain adalah pendapatan yang tidak dapat digolongkan menurut klasifikasi dari pendapatan di atas. Pendapatan ini diakui menggunakan basis akrual.

m. Dana pembinaan kemitraan (Hibah)

Dana pembinaan kemitraan (Hibah) adalah penyaluran dana PKBL BRI sebagai salah satu bentuk pelaksanaan Program Kemitraan, yang disalurkan melalui beberapa program yang disusun untuk membantu Mitra Binaan dalam rangka mengembangkan usahanya dengan besaran maksimal 20% dari dana Program Kemitraan tahun berjalan dan hanya diberikan kepada Mitra Binaan. Beban diakui pada saat dana disalurkan.

n. Beban Penyisihan Kerugian Penurunan Nilai Piutang Pinjaman

Beban penyisihan kerugian penurunan nilai piutang pinjaman adalah beban yang timbul akibat pembentukan penyisihan kerugian penurunan nilai atas piutang pinjaman yang mungkin tidak tertagih.

PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS**

*As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Loan Administration Services Income

Loan administration services income is service income from partnership program funds which is distributed to Foster Partner. Loan administration services income is measured and recognized based on the values that have matured according to the contract. Loan administration services income is only recognised using accrual basis for loan with current and substandard collectibility.

k. Revenue from Fostering SOE

Revenue from fostering SOE is an income from allocation of fund which is set by GMS for PKBL funds.

Allocation of fund from fostering SOEs is recognized when decided by GMS and it was measured and recorded at the amount of funds allocated in accordance with the GMS's decision.

l. Other Income

Other income is an income that cannot be classified according to the classification of income stated above. The income is recognized on an accrual basis.

m. Fostering Partnership Funds (Grant)

Fostering partnership funds (Grant) is a form through which Partnership Program is implemented. The grant, which is PKBL distribution fund is distributed through several programs designed to help the Foster Partner to expand its business with the amount of maximum 20% of current year partnership program funds and is only given to Foster Partners. The expenses are recognized when the funds are distributed.

n. Allowance for Impairment Losses on Loan Receivables Expenses

Allowance for impairment losses on loan receivables expenses are expense that arise from the allowance for impairment losses on loan receivables which might become uncollectible.

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 CATATAN ATAS LAPORAN KEUANGAN**
**Tanggal 31 Desember 2017 dan
 Untuk Tahun yang Berakhir pada Tanggal Tersebut
 (Disajikan dalam Rupiah)**

**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI
 DAN ASUMSI**

a. Pertimbangan

Dalam proses penerapan kebijakan akuntansi PKBL BRI, Pengelola telah membuat pertimbangan-pertimbangan berikut ini yang telah terpisah dari estimasi dan asumsi, yang memiliki pengaruh paling signifikan terhadap jumlah yang tercatat dalam laporan keuangan:

Implementasi PER-09/MBU/07/2015

Sehubungan dengan penerapan PER-09/MBU/07/2015 yang telah diungkapkan dalam Catatan 1a, disyaratkan bahwa beban operasional Program Kemitraan dan Program Bina Lingkungan menjadi beban PT Bank Rakyat Indonesia (Persero) Tbk selaku BUMN Pembina. Dengan demikian, beban tersebut tidak dicatat oleh PKBL BRI dalam laporan aktivitas.

Sesuai dengan RUPS Luar Biasa yang dilakukan pada tanggal 14 Desember 2015, yang telah diungkapkan dalam Catatan 12, dinyatakan bahwa PER-09/MBU/07/2015 diberlakukan pada tahun 2016.

Penyisihan kerugian penurunan nilai
 piutang pinjaman

Apabila terdapat bukti objektif bahwa rugi penurunan nilai telah terjadi atas piutang pinjaman mitra binaan, PKBL BRI mengestimasi penyisihan untuk kerugian penurunan nilai atas piutang yang secara khusus diidentifikasi sebagai piutang yang kemungkinan tidak dapat ditagih. Tingkat penyisihan ditelaah oleh Pengelola dengan dasar faktor-faktor yang mempengaruhi tingkat tertagihnya piutang tersebut.

Apabila terdapat bukti objektif bahwa rugi penurunan nilai telah terjadi atas piutang kepada BUMN Pembina lain, tingkat cadangan ditelaah oleh Pengelola dengan dasar peristiwa yang merugikan telah terjadi setelah pengakuan awal dan berdampak pada arus kas masa datang yang dapat diestimasi secara handal.

**PARTNERSHIP AND COMMUNITY
 DEVELOPMENT PROGRAM
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 NOTES TO THE FINANCIAL STATEMENTS**
**As of December 31, 2017 and
 For the Year then Ended
 (Expressed in Rupiah)**

**3. ACCOUNTING JUDGMENTS, ESTIMATION AND
 ASSUMPTION**

a. Judgment

In the implementation process of PKBL BRI's accounting policies, Management has prepared these judgments, apart from estimation and assumption, which have significant impact to the amounts recognized in the financial statements:

The implementation of PER-09/MBU/07/2015

In relation to the implementation of PER-09/MBU/07/2015 as disclosed in Note 1a, required that the operational expenses of Partnership and Community Development Program to be recognized by PT Bank Rakyat Indonesia (Persero) Tbk as Fostering SOE. Therefore, such expense was not recorded by PKBL BRI in the statement of Activity.

In accordance with Extraordinary General Meeting of Shareholders ("GMS") that held at December 14, 2015 as disclosed in Note 12, it was stated that PER-09/MBU/07/2015 was enacted in 2016.

**Allowance for impairment losses on loan
 receivables**

If there is objective evidence that impairment losses has been incurred on loan to foster partners, PKBL BRI estimates an allowance for impairment losses of those loans specifically identified as possibly uncollectible. The level of allowance is examined by Management based on several factors influencing the receivables collectibility.

If there is objective evidence that impairment losses has been incurred on Loan to other Fostering SOEs, the level of allowance for impairment losses of those loans is evaluated by the Management on the basis of an adverse event has occurred after the initial recognition and impact on the future cash flows that can be reliably estimated.



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN**

Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI
DAN ASUMSI (lanjutan)**

a. Pertimbangan (lanjutan)

**Penyisihan kerugian penurunan nilai
piutang pinjaman (lanjutan)**

PKBL BRI menggunakan pertimbangan berdasarkan fakta dan situasi yang tersedia, termasuk tetapi tidak terbatas pada, jangka waktu hubungan PKBL BRI dengan Mitra Binaan dan status kredit berdasarkan kualitas pinjaman kemitraan.

b. Estimasi dan asumsi

PKBL BRI berkesinambungan mengevaluasi adanya bukti objektif bahwa piutang mengalami penurunan nilai pada tiap akhir periode pelaporan. Tingkat penyisihan ditelaah oleh manajemen dengan dasar faktor yang mempengaruhi tingkat tertagihnya piutang tersebut. Dalam kasus ini, PKBL BRI menggunakan pertimbangan berdasarkan fakta-fakta terbaik yang tersedia untuk mengakui penyisihan spesifik (individu) terhadap jumlah yang jatuh tempo untuk menurunkan piutang PKBL BRI ke jumlah yang diharapkan dapat ditagih.

Untuk penyisihan kerugian penurunan nilai piutang pinjaman kepada BUMN Pembina lain dihitung berdasarkan estimasi kerugian yang tidak dapat ditagih yaitu secara individual berdasarkan estimasi arus kas masa datang.

PKBL BRI juga meneliti penyisihan kerugian penurunan nilai secara kolektif terhadap resiko kredit Mitra Binaan yang dikelompokkan berdasarkan karakteristik kredit yang sama, yang meskipun tidak diidentifikasi secara spesifik memerlukan penyisihan tertentu, memiliki risiko yang lebih besar tidak tertagih dibandingkan dengan piutang yang diberikan kepada Mitra Binaan. Penyisihan kerugian penurunan nilai piutang pinjaman mitra binaan dihitung berdasarkan kajian nilai terkini dan historis tingkat ketertagihan dari piutang. Penyisihan piutang mitra binaan dihitung berdasarkan estimasi kerugian yang tidak dapat ditagih yaitu secara kolektif berdasarkan prosentase tertentu tingkat ketertagihan (collection) data historis yang ada (minimal dua tahun). Penyisihan ini disesuaikan secara berkala untuk mencerminkan hasil aktual dan estimasi.

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM**

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS**

*As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)*

**3. ACCOUNTING JUDGEMENTS, ESTIMATION
AND ASSUMPTION (continued)**

a. Judgment (continued)

**Allowance for impairment losses on loan
receivables (continued)**

PKBL BRI uses judgments based on available facts and circumstances, including but not limited to, PKBL BRI's period of relationship with Foster Partners and fostering partnership's loan status based on collectibility of loans.

b. Estimations and Assumptions

PKBL BRI continually assesses the existence of objective evidence that the receivables are impaired at the end of each reporting period. The level of allowance is evaluated by management on the basis of factors that affect the collectibility of said receivables. In this case, PKBL BRI uses judgment based on the best facts available to recognize a specific allowance (individual) against the amount due to lower receivables PKBL BRI to the expected in order collectible amount.

Allowance for impairment losses on loans receivables from other Fostering SOE are calculated based on the estimated losses that cannot be collected individually based on the estimated future cash flows.

PKBL BRI also assesses the allowance for impairment losses collectively towards credit risks of Foster Partners which are grouped based on the same credit risk, regardless whether an allowance has not been specifically identified, have a higher risk of uncollectibility compared to loan given to Foster Partners. Allowance for impairment losses on loan is measured based on the evaluation of current value and historical rate of loan collectibility. Allowance for impairment losses on loan receivables is recognised based on the estimation of uncollectible amount which is done collectively based on a specific percentage (two years minimum) of historical rate of loan collectibility. This allowance is adjusted periodically to reflect actual result and estimation.

The original financial statements included herein are in Indonesian language.

PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)

4. KAS PADA BANK

Kas pada Bank merupakan penempatan dana PKBL pada rekening giro di PT Bank Rakyat Indonesia (Persero) Tbk adalah sebagai berikut:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016
Program Kemitraan		
PT Bank Rakyat Indonesia (Persero) Tbk Penampungan Pokok - setelah Tbk	159.937.757.887	345.258.638.386
PT Bank Rakyat Indonesia (Persero) Tbk - setelah Tbk	78.525.929.102	27.227.070.556
PT Bank Rakyat Indonesia (Persero) Tbk Penampungan Pokok - sebelum Tbk	52.745.332.034	52.116.483.307
PT Bank Rakyat Indonesia (Persero) Tbk Penampungan Bunga - setelah Tbk	32.018.180.704	31.805.673.352
PT Bank Rakyat Indonesia (Persero) Tbk Penampungan Bunga - sebelum Tbk	4.904.811.576	4.846.334.657
PT Bank Rakyat Indonesia (Persero) Tbk - sebelum Tbk	3.975.320.651	3.927.925.454
PT Bank Rakyat Indonesia (Persero) Tbk - Operasional	328.188.552	549.422.364
	332.435.520.506	465.731.548.076
Bina Lingkungan		
PT Bank Rakyat Indonesia (Persero) Tbk Bina Lingkungan	231.905.633.801	343.712.930.576
PT Bank Rakyat Indonesia (Persero) Tbk BUMN Peduli	283.197.057.267	276.016.341.791
PT Bank Rakyat Indonesia (Persero) Tbk Bina Lingkungan Komitmen BRI	749.264.690	740.331.689
	515.851.955.758	620.469.604.056
Jumlah Kas pada Bank	848.287.476.264	1.086.201.152.132

Tingkat suku bunga giro pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebesar 2,00%.

4. CASH IN BANK

Cash in Bank is PKBL fund placement in the following current account of PT Bank Rakyat Indonesia (Persero) Tbk:

	Partnership Program
PT Bank Rakyat Indonesia (Persero) Tbk Principal Escrow - after Tbk	PT Bank Rakyat Indonesia (Persero) Tbk - after Tbk
PT Bank Rakyat Indonesia (Persero) Tbk Principal Escrow - before Tbk	PT Bank Rakyat Indonesia (Persero) Tbk Interest Escrow - after Tbk
PT Bank Rakyat Indonesia (Persero) Tbk Interest Escrow - before Tbk	PT Bank Rakyat Indonesia (Persero) Tbk - before Tbk
PT Bank Rakyat Indonesia (Persero) Tbk - Operational	PT Bank Rakyat Indonesia (Persero) Tbk - Operational

Community Development

	Community Development
PT Bank Rakyat Indonesia (Persero) Tbk Bina Lingkungan	PT Bank Rakyat Indonesia (Persero) Tbk Bina Lingkungan
PT Bank Rakyat Indonesia (Persero) Tbk BUMN Peduli	PT Bank Rakyat Indonesia (Persero) Tbk BUMN Peduli
PT Bank Rakyat Indonesia (Persero) Tbk Bina Lingkungan Komitmen BRI	PT Bank Rakyat Indonesia (Persero) Tbk Bina Lingkungan Komitmen BRI

Total Cash in Bank

The current account's interest rate for December 31, 2017 and 2016 are 2.00%.

5. PIUTANG KEPADA BUMN PEMBINA LAIN/LEMBAGA PENYALUR

Piutang kepada BUMN Pembina Lain/Lembaga Penyalur pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016
PKBL PT Perkebunan Nusantara IX (Persero)	67.500.005.000	71.000.000.000
Jumlah	67.500.005.000	71.000.000.000
Dikurangi: penyisihan kerugian penurunan nilai piutang kepada BUMN pembina lain/lembaga penyalur	(16.362.150.268)	(16.905.874.481)
Neto	51.137.854.732	54.094.125.519

5. RECEIVABLES FROM OTHER FOSTERING SOE/DISTRIBUTING PARTNERS

Receivables from other Fostering SOE/Distributing Partners as of December 31, 2017 and 2016 are as follows:

PKBL PT Perkebunan Nusantara IX (Persero) Total Less: allowance for impairment losses on receivables from other fostering SOE/distributing partners	PKBL PT Perkebunan Nusantara IX (Persero) Total Net
--	--



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN**

Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

**5. PIUTANG KEPADA BUMN PEMBINA
LAIN/LEMBAGA PENYALUR (lanjutan)**

Perubahan penyisihan kerugian penurunan nilai piutang kepada BUMN pembina lain/lembaga penyalur adalah sebagai berikut:

	31 Desember/ December 31, 2017
Saldo awal tahun (Pembalikan)/pembentukan penyisihan selama tahun berjalan	16.905.874.481 (543.724.213)
Saldo akhir tahun	16.362.150.268

PT Perkebunan Nusantara IX (Persero)

Berdasarkan Persetujuan Kredit No. B.171-DIR/PRG/03/2013 dan No. PTPN IX-0/KOTR/009/2013 antara PT Bank Rakyat Indonesia (Persero) Tbk dan PT Perkebunan Nusantara IX (Persero) tanggal 11 Maret 2013, PKBL BRI menyalurkan pinjaman kemitraan sebesar Rp75.000.000.000 yang diperuntukkan kepada petani/kelompok petani untuk budidaya tanaman tebu untuk masa tanam 2013/2014 dengan tingkat bunga tetap sebesar 6% per tahun dan memiliki jangka waktu selama 24 (dua puluh empat) bulan dan akan jatuh tempo pada tanggal 11 Maret 2015.

Pada tanggal 10 November 2014, PT Perkebunan Nusantara IX (Persero) mengajukan permohonan perpanjangan pengembalian pinjaman kemitraan tersebut sampai dengan Desember 2015, yang disetujui oleh PKBL BRI pada tanggal 17 Februari 2015.

Pada tanggal 8 Januari 2016, PT Perkebunan Nusantara IX (Persero) mengajukan kembali permohonan perpanjangan pengembalian pinjaman kemitraan sampai dengan Desember 2019.

Pada tanggal 4 April 2017, dilakukan pembahasan antara PKBL BRI dengan PT Perkebunan Nusantara IX (Persero) yang menghasilkan kesepakatan untuk kembali memperpanjang jangka waktu pengembalian pinjaman kemitraan sampai dengan triwulan keempat 2020 dengan jumlah pembayaran cicilan setiap bulan yang sudah ditentukan diawal. Telah terdapat pembayaran pokok di bulan April dan Oktober 2017 sebesar Rp3.499.995.000.

Manajemen berpendapat bahwa cadangan kerugian penurunan nilai piutang kepada BUMN pembina lain/lembaga penyalur cukup untuk menutup kerugian atas tidak tertagihnya piutang.

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM**

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS**

*As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)*

**5. RECEIVABLES FROM OTHER FOSTERING
SOE/DISTRIBUTING PARTNERS (continued)**

Movements in allowance for impairment losses on receivables from other fostering SOE/distributing partners are as follows:

	31 Desember/ December 31, 2016	
Beginning balance (Reversal)/allowance for impairment during the year	6.562.744.862 10.343.129.619	
Ending balance	16.905.874.481	

PT Perkebunan Nusantara IX (Persero)

Based on Credit Agreement No. B.171-DIR/PRG/03/2013 and No. PTPN IX-0/KOTR/009/2013 between PT Bank Rakyat Indonesia (Persero) Tbk and PT Perkebunan Nusantara IX (Persero) dated March 11, 2013, PKBL BRI grants partnership loan amounting to Rp75,000,000,000 for farmers/farmers group for cultivation of sugar cane for planting season 2013/2014 with a fixed annual interest rate of 6% for 24 (twenty four) months that would mature on March 11, 2015.

On November 10, 2014, PT Perkebunan Nusantara IX (Persero) proposed extending the partnership of loan repayment until December 2015, which was approved by PKBL BRI dated February 17, 2015.

On January 8, 2016, PT Perkebunan Nusantara IX (Persero) repropose extending the partnership of loan repayment until December 2019.

On April 4, 2017, a discussion was held between PKBL BRI and PT Perkebunan Nusantara IX (Persero) which resulted in an agreement to re-extend the term of repayment of the partnership loan up to the fourth quarter of 2020 with the amount of monthly installment payment determined at the earliest. There have been payments of principal in April and October 2017 amounting to Rp3,499,995,000.

Management believes that the allowance for impairment losses on receivables from the other fostering SOE/distributing partners is adequate to cover losses from uncollectible receivables.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN**
**Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS**
**As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)**

6. PIUTANG PINJAMAN MITRA BINAAN

a. Berdasarkan Kantor Wilayah

Kantor Wilayah	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	FROM PARTNERS	FOSTER PARTNERS
Malang	51.813.615.414	7.538.146.443		Malang
Yogyakarta	31.827.800.724	15.256.674.072		Yogyakarta
Denpasar	22.232.211.901	8.425.540.041		Denpasar
Makassar	20.097.795.695	10.216.025.907		Makassar
Semarang	16.782.724.252	6.849.641.180		Semarang
Surabaya	16.284.001.566	10.877.765.558		Surabaya
Bandung	14.736.833.772	11.937.264.758		Bandung
Banjarmasin	13.166.650.545	8.633.061.410		Barjarmasin
Bandar Lampung	10.675.182.414	7.058.348.487		Bandar Lampung
DKI Jakarta 2	9.684.413.313	5.638.284.993		DKI Jakarta 2
Palembang	9.325.182.479	5.338.832.834		Palembang
Medan	7.995.134.780	2.674.501.979		Medan
Manado	7.779.257.383	4.416.119.422		Manado
Banda Aceh	7.692.663.901	7.447.185.723		Banda Aceh
Padang	6.979.482.709	5.129.756.379		Padang
DKI Jakarta 3	6.216.283.515	3.711.222.671		DKI Jakarta 3
Pekanbaru	4.603.904.551	3.757.735.674		Pekanbaru
Jayapura	3.758.943.567	3.292.565.378		Jayapura
DKI Jakarta 1	2.050.022.075	1.168.847.775		DKI Jakarta 1
Jumlah	263.702.104.556	129.367.520.684		Total
Dikurangi: penyisihan kerugian penurunan nilai piutang pinjaman mitra binaan	(36.174.341.728)	(34.598.316.377)		<i>Less: allowance for impairment losses on loan receivables from foster partners</i>
Neto	227.527.762.828	94.769.204.307		Net

b. Berdasarkan Sektor Ekonomi

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Perdagangan, Hotel dan Restoran	138.036.980.180	73.407.573.147	<i>Trading, Restaurants and Hotels</i>
Pertanian	98.086.350.346	38.426.325.996	<i>Agriculture</i>
Jasa Lainnya	13.128.802.141	7.379.241.751	<i>Services Industry</i>
Industri Pengolahan	10.107.208.031	7.704.054.887	<i>Processing Industries</i>
Sosial Masyarakat	2.845.106.677	1.812.721.515	<i>Community Services</i>
Pengangkutan, Pergudangan dan Komunikasi	1.141.410.201	452.464.288	<i>Transportation, Warehousing and Communications</i>
Listrik, Gas dan Air	234.024.380	62.500.200	<i>Electricity, Gas and Water</i>
Konstruksi	122.222.600	99.305.300	<i>Construction</i>
Pertambangan	-	23.333.600	<i>Mining</i>
Jumlah	263.702.104.556	129.367.520.684	Total
Dikurangi: penyisihan kerugian penurunan nilai piutang pinjaman mitra binaan	(36.174.341.728)	(34.598.316.377)	<i>Less: allowance for impairment losses on loan receivables from foster partners</i>
Neto	227.527.762.828	94.769.204.307	Net



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN**
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS**
*As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)*

6. PIUTANG PINJAMAN MITRA BINAAN (lanjutan)

5. LOAN RECEIVABLES FROM PARTNERS (continued)

c. Berdasarkan Kualitas Piutang Pinjaman

c. Loan Receivables By Collectibility

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Piutang Pinjaman Mitra Binaan			Loan Receivables from Foster Partners
Lancar	223.730.374.569	90.749.161.619	Current
Kurang Lancar	3.559.145.897	3.529.461.633	Substandard
Diragukan	1.633.098.360	1.246.158.378	Doubtful
Macet	34.779.485.730	33.842.739.054	Loss
Jumlah	263.702.104.556	129.367.520.684	Total
Dikurangi: penyisihan kerugian penurunan nilai piutang pinjaman mitra binaan	(36.174.341.728)	(34.598.316.377)	Less: allowance for impairment losses on loan receivables from foster partners
Neto	227.527.762.828	94.769.204.307	Net

d. Penyisihan Kerugian Penurunan Nilai Piutang Pinjaman Kepada Mitra Binaan

d. Allowance for Impairment Losses on Loan Receivables from Foster Partners

Perubahan penyisihan kerugian penurunan nilai piutang pinjaman kepada Mitra Binaan adalah sebagai berikut:

Movements in allowance for impairment losses on loan receivables from foster partners are as follows:

	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	
Saldo awal tahun	34.598.316.377	33.090.458.534	Beginning balance
Pembentukan penyisihan selama tahun berjalan	1.576.025.351	1.507.857.843	Allowance for impairment during the year
Saldo akhir tahun	36.174.341.728	34.598.316.377	Ending balance

Alokasi penyisihan kerugian penurunan nilai piutang pinjaman kepada Mitra Binaan adalah sebagai berikut:

Allocation for allowance for impairment losses on loan receivables from foster partners are as follows:

31 Desember 2017/December 31, 2017

	Saldo Piutang Pinjaman/ Loan Receivables Balance	Akumulasi penyisihan kerugian penurunan nilai/ Accumulated allowance for impairment losses	Neto/Net	
Lancar	223.730.374.569	(835.015.598)	222.895.358.971	Current
Kurang lancar	3.559.145.897	(208.207.628)	3.350.938.269	Substandard
Diragukan	1.633.098.360	(351.632.772)	1.281.465.588	Doubtful
Macet	34.779.485.730	(34.779.485.730)	-	Loss
Jumlah	263.702.104.556	(36.174.341.728)	227.527.762.828	Total

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 CATATAN ATAS LAPORAN KEUANGAN**
**Tanggal 31 Desember 2017 dan
 Untuk Tahun yang Berakhir pada Tanggal Tersebut
 (Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
 DEVELOPMENT PROGRAM
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 NOTES TO THE FINANCIAL STATEMENTS**
**As of December 31, 2017 and
 For the Year then Ended
 (Expressed in Rupiah)**

6. PIUTANG PINJAMAN MITRA BINAAN (lanjutan)

- d. Penyisihan Kerugian Penurunan Nilai Piutang Pinjaman Kepada Mitra Binaan (lanjutan)

6. LOAN RECEIVABLES FROM FOSTER PARTNERS (continued)

- d. *Allowance for Impairment Losses on Loan Receivables from Foster Partners (continued)*

31 Desember 2016/December 31, 2016

	Saldo Piutang Pinjaman/ Loan Receivables Balance	Akumulasi penyisihan kerugian penurunan nilai/ Accumulated allowance for impairment losses	Neto/Net	
Lancar	90.749.161.619	(374.743.839)	90.374.417.780	Current Substandard
Kurang lancar	3.529.461.633	(171.662.079)	3.357.799.554	Doubtful Loss
Diragukan	1.246.158.378	(209.171.405)	1.036.986.973	
Macet	33.842.739.054	(33.842.739.054)	-	
Jumlah	129.367.520.684	(34.598.316.377)	94.769.204.307	Total

Manajemen berpendapat bahwa saldo penyisihan kerugian penurunan nilai piutang pinjaman kepada mitra binaan cukup untuk menutup kerugian atas tidak tertagihnya piutang.

Management believes that the balance of allowance for impairment losses on loan receivables from foster partners is adequate to cover losses from uncollectible loan.

7. PENDAPATAN JASA ADMINISTRASI PINJAMAN YANG MASIH AKAN DITERIMA

Pendapatan jasa administrasi pinjaman yang masih akan diterima berdasarkan kantor wilayah adalah sebagai berikut:

7. ACCRUED LOAN ADMINISTRATION SERVICES INCOME

Accrued loan administration services income by regional offices are as follows:

Kantor Wilayah	31 Desember/ December 31, 2017	31 Desember/ December 31, 2016	Regional Offices
Malang	193.822.689	94.411.624	Malang
Yogyakarta	131.924.981	53.160.211	Yogyakarta
Semarang	93.696.143	39.443.028	Semarang
Bandung	81.888.270	53.584.276	Bandung
Banjarmasin	81.317.727	36.134.797	Banjarmasin
Surabaya	72.809.646	59.351.661	Surabaya
Bandar Lampung	64.012.684	61.713.080	Bandar Lampung
Makassar	57.295.875	46.754.626	Makassar
Manado	56.438.854	62.253.035	Manado
Denpasar	46.419.512	46.131.044	Denpasar
DKI Jakarta 2	31.509.327	22.136.775	DKI Jakarta 2
Palembang	22.642.852	22.593.840	Palembang
Banda Aceh	21.235.815	19.996.907	Banda Aceh
Padang	17.513.795	17.363.675	Padang
Pekanbaru	14.583.775	12.221.882	Pekanbaru
Medan	14.177.420	20.781.667	Medan
DKI Jakarta 3	10.949.496	5.142.743	DKI Jakarta 3
Jayapura	9.063.163	11.384.645	Jayapura
DKI Jakarta 1	4.994.048	2.516.832	DKI Jakarta 1
Jumlah	1.026.296.072	687.076.348	Total



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

8. PIUTANG LAIN-LAIN

Piutang lain-lain pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp24.974.479.409 dan Rp9.001.092.980, terdiri dari alokasi dana dari PKBL BRI kepada Unit Kerja (cabang) Penyalur PKBL BRI tetapi belum disalurkan kepada Mitra Binaan sampai dengan akhir periode pelaporan.

9. ASET TETAP

Aset tetap adalah sebagai berikut:

31 Desember/December 31, 2017			
	Saldo 1 Januari 2017/ Balance January 1, 2017	Mutasi/Movement	Saldo 31 Desember 2017/ Balance December 31, 2017
		Penambahan/ Addition	Pengurangan/ Disposal
<u>Harga Perolehan</u> Inventaris dan peralatan	71.089.105	-	71.089.105
<u>Akumulasi Penyusutan</u> Inventaris dan peralatan	(70.194.730)	863.125	(71.057.855)
Nilai Buku Neto	894.375		31.250

Acquisition Cost
Premises and equipment
Accumulated Depreciation
Premises and equipment
Net Book Value

31 Desember/December 31, 2016			
	Saldo 1 Januari 2016/ Balance January 1, 2016	Mutasi/Movement	Saldo 31 Desember 2016/ Balance December 31, 2016
		Penambahan/ Addition	Pengurangan/ Disposal
<u>Harga Perolehan</u> Inventaris dan peralatan	71.089.105	-	71.089.105
<u>Akumulasi Penyusutan</u> Inventaris dan peralatan	(67.754.105)	2.440.625	(70.194.730)
Nilai Buku Neto	3.335.000		894.375

Acquisition Cost
Premises and equipment
Accumulated Depreciation
Premises and equipment
Net Book Value

10. BEBAN YANG MASIH HARUS DIBAYAR

Beban yang masih harus dibayar pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp54.054.085.143 dan Rp21.140.870.351, yang terdiri dari bina lingkungan yang telah atau sedang dilaksanakan oleh Unit Kerja (cabang) BRI namun belum diganti atau dibayar kembali oleh Unit PKBL BRI.

PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)**

8. OTHER RECEIVABLES

Other receivables as of December 31, 2017 and 2016 amounting to Rp24.974.479.409 and Rp9.001.092.980, respectively, consist of allocated funds from PKBL BRI to PKBL BRI distributor working unit (branches) but not yet distributed to foster partner until the end of the reporting period.

9. FIXED ASSETS

Fixed assets are as follows:

*31 Desember/December 31,
2017*

	Saldo 1 Januari 2016/ Balance January 1, 2016	Mutasi/Movement	Saldo 31 Desember 2016/ Balance December 31, 2016
		Penambahan/ Addition	Pengurangan/ Disposal
<u>Harga Perolehan</u> Inventaris dan peralatan	71.089.105	-	71.089.105
<u>Akumulasi Penyusutan</u> Inventaris dan peralatan	(67.754.105)	2.440.625	(70.194.730)
Nilai Buku Neto	3.335.000		894.375

Acquisition Cost
Premises and equipment
Accumulated Depreciation
Premises and equipment
Net Book Value

10. ACCRUED EXPENSES

Accrued expenses as of December 31, 2017 and 2016 amounted to Rp54.054.085.143 and Rp21.140.870.351, respectively, which consist of community development that have been or are being performed by the BRI working unit (branches) but not yet reimbursed by PKBL BRI Unit.

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 CATATAN ATAS LAPORAN KEUANGAN**
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

**PARTNERSHIP AND COMMUNITY
 DEVELOPMENT PROGRAM**
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)

11. ASET NETO

Aset Neto Tidak Terikat

	31 Desember/ December 31, 2017
Saldo awal tahun	1.477.590.095.310
Kenaikan/(Penurunan) Aset Neto Tidak Terikat	(378.690.279.898)
Saldo akhir tahun	1.098.899.815.412

11. NET ASSETS

Unrestricted Net Assets

	31 Desember/ December 31, 2016	
Beginning balance	1.309.938.814.446	
Increase/(Decrease) <i>in Unrestricted Net Assets</i>	167.651.280.864	
Ending balance	1.477.590.095.310	

12. ALOKASI DANA DARI BUMN PEMBINA

Berdasarkan Surat Keputusan Menteri Keuangan No. 316/KMK.016/1994 tentang Pedoman Pembinaan Usaha Kecil dan Koperasi melalui Pemanfaatan Dana dari Bagian Laba BUMN sebagaimana telah beberapa kali diubah dengan Salinan Peraturan Menteri Negara BUMN No. PER-05/MBU/2007 tanggal 27 April 2007 tentang Program Kemitraan BUMN dengan Usaha Kecil dan Program Bina Lingkungan serta perubahan terakhir pada PER-08/MBU/2013 tanggal 10 September 2013, yang menyatakan bahwa Dana Program Kemitraan dan Program Bina Lingkungan sebelum tahun 2013 salah satunya bersumber dari penyisihan laba setelah pajak dan pada tahun 2013 berasal dari Anggaran Perusahaan yang diperhitungkan sebagai biaya, maksimal 2% dari laba bersih tahun sebelumnya.

Pada tahun 2015, dikeluarkan Peraturan Menteri Badan Usaha Milik Negara No. PER-09/MBU/07/2015 tanggal 3 Juli 2015, yang menyatakan bahwa dana PKBL bersumber dari penyisihan laba bersih setelah pajak yang ditetapkan dalam RUPS/Menteri pengesahan Laporan Tahunan BUMN Pembina maksimum sebesar 4% (empat persen) dari laba setelah pajak tahun buku sebelumnya.

Pada tahun 2016, dikeluarkan Peraturan Menteri Badan Usaha Milik Negara yang terbaru No. PER-03/MBU/12/2016 tanggal 19 Desember 2016, yang menambahkan bahwa dana PKBL juga bersumber dari anggaran yang diperhitungkan sebagai biaya pada BUMN Pembina.

12. ALLOCATION OF FUND FROM FOSTERING SOE

Based on the Minister of Finance Decree Letter No. 316/KMK.016/1994 regarding Guidelines for Small Business Enterprise and Cooperation through the Utilization of fund from SOE's profit as amended several times with Minister of SOEs' Copy Regulation No. PER-05/MBU/2007 dated April 27, 2007 regarding SOEs Partnership Program with Small Business Enterprises and Community Development Program, as well as the latest amendment No. PER-08/MBU/2013 dated September 10, 2013, which stated that one of the the fund sources of Partnership and Community Development Program before 2013 is from the provision from profit after tax and the source in 2013 is from the Company's budget calculated as expense, maximum of 2% from prior year's net profit.

In 2015, Ministry of SOEs' issued Regulation No. PER-09/MBU/07/2015 dated July 3, 2015 which stated that PKBL fund derived from the provision of net income after tax which is set by GMS/Ministry's Approval of Annual Report of Fostering SOEs is at maximum of 4% (four percent) from the prior year's net profit after tax.

Ministry of SOEs' recently developed Regulation No. PER-03/MBU/12/2016 on December 19, 2016. This new regulation further adds the source through which PKBL fund can be derived, that is from Fostering SOE's budget expenditure or expense.



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN**
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

12. ALOKASI DANA DARI BUMN PEMBINA (lanjutan)

Alokasi dana pada tahun 2017 dan 2016 sebagai berikut:

Tahun 2017

Berdasarkan Berita Acara RUPS Tahunan No. 37 tanggal 15 Maret 2017 yang telah disahkan oleh Notaris dan Pembuat Akta Tanah (PPAT) Fathiah Helmi, SH dinyatakan tidak ada pembentukan biaya untuk PKBL untuk tahun 2017.

Tahun 2016

Berdasarkan Berita Acara RUPS Tahunan No. 30 tanggal 23 Maret 2016 yang telah disahkan oleh Notaris dan Pembuat Akta Tanah (PPAT) Fathiah Helmi, SH dinyatakan bahwa alokasi dana Program Bina Lingkungan untuk tahun 2016 sebesar Rp253.977.420.000 menjadi beban BUMN Pembina.

Per tanggal 31 Desember 2016, PKBL BRI telah mencatat alokasi dana dari BUMN Pembina sebagai pendapatan di Laporan Aktivitas dan piutang kepada BUMN Pembina di Laporan Posisi Keuangan. Namun demikian, hingga tanggal laporan posisi keuangan, alokasi dana tersebut belum diterima dalam rekening bank PKBL BRI, karena PKBL BRI masih menggunakan saldo dana Program Bina Lingkungan yang berasal dari penyisihan laba BUMN Pembina yang teralokasi sampai dengan akhir tahun 2012.

Per tanggal 31 Desember 2017, telah dilakukan pencatatan beban atas alokasi dana dari BUMN Pembina yang tidak direalisasikan ke rekening bank PKBL BRI sebesar Rp253.977.420.000 berdasarkan RUPS Tahunan tanggal 15 Maret 2017 yang menyatakan bahwa dalam Rapat Umum Pemegang Saham yang diselenggarakan pada tahun 2016 telah diputuskan alokasi dana untuk Program Bina Lingkungan tahun 2016 menjadi beban Perseroan, namun oleh karena masih terdapat sisa saldo dana bina lingkungan yang teralokasi pada tahun 2015 maka penggunaan anggaran program bina lingkungan tahun 2016 menggunakan sisa saldo dana bina lingkungan yang masih tersisa pada tahun 2016.

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS**
*As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)*

12. ALLOCATION OF FUND FROM FOSTERING SOE (continued)

Allocation of fund in 2017 and 2016 are as follows:

Year 2017

Based on the Minutes of General Meeting of Shareholders No. 37 dated March 15, 2017 that was legalised by Notary and Land Registrar Fathiah Helmi, SH it was stated that there is no expense created for PKBL BRI for the fiscal year 2017.

Year 2016

Based on the Minutes of General Meeting of Shareholders No. 30 dated March 23, 2016 that was legalised by Notary and Land Registrar Fathiah Helmi, SH, it was decided that funds amounting to Rp253,977,420,000 that was allocated to 2016 Community Development Program are to be expensed by Fostering SOE.

As of December 31, 2016, PKBL BRI has recognized the allocation of fund from the Fostering SOE as revenue in the Statement of Activities and as receivables from Fostering SOE in the Statement of Financial Position. However, until the statement of financial position date, such allocation of fund has not been received in the bank account's of PKBL BRI, since PKBL BRI still use Partnership and Community Development Program funds which are derived from Fostering SOE's profit provision allocated until 2012.

As of December 31, 2017, the carrying out of the allocation of funds from fostering SOE which is not realized to PKBL's Bank account has already been recorded as an expense amounting to Rp253,977,420,000 based on the Annual GMS dated March 15, 2017 stating that at the General Meeting of Shareholders held in 2016 it has been decided the allocation of funds for the Community Development Program 2016 becomes the expense of the Company, but because there is still remaining balance of Community Development Program funds allocated in 2015 then the use of Community Development Program budget in 2016 using the remaining balance of Community Development Program funds in 2016.

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)**

13. PENDAPATAN BUNGA

Pendapatan bunga dari jasa giro untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

Tahun yang berakhir pada tanggal 31 Desember/ For the years ended December 31,		
	2017	2016
Program Kemitraan		
PT Bank Rakyat Indonesia (Persero) Tbk Penampungan Pokok - setelah Tbk	6.972.197.441	6.452.735.902
PT Bank Rakyat Indonesia (Persero) Tbk - setelah Tbk	316.494.246	1.475.356.976
PT Bank Rakyat Indonesia (Persero) Tbk Penampungan Pokok - sebelum Tbk	786.060.907	778.803.430
PT Bank Rakyat Indonesia (Persero) Tbk Penampungan Bunga - setelah Tbk	558.883.469	435.279.950
PT Bank Rakyat Indonesia (Persero) Tbk Penampungan Bunga - sebelum Tbk	73.096.149	72.421.273
PT Bank Rakyat Indonesia (Persero) Tbk - sebelum Tbk	59.243.995	58.697.011
PT Bank Rakyat Indonesia (Persero) Tbk - Operasional	7.268.359	8.212.046
	8.773.244.566	9.281.506.588
Bina Lingkungan		
PT Bank Rakyat Indonesia (Persero) Tbk Bina Lingkungan	6.104.909.810	8.355.877.226
PT Bank Rakyat Indonesia (Persero) Tbk BUMN Peduli	5.586.149.502	5.003.626.622
PT Bank Rakyat Indonesia (Persero) Tbk Bina Lingkungan Komitmen BRI	11.166.253	11.063.157
	11.702.225.565	13.370.567.005
Jumlah	20.475.470.131	22.652.073.593

Partnership Program
PT Bank Rakyat Indonesia (Persero) Tbk
Principal Escrow - after Tbk
PT Bank Rakyat Indonesia
(Persero) Tbk - after Tbk
PT Bank Rakyat Indonesia (Persero) Tbk
Principal Escrow - before Tbk
PT Bank Rakyat Indonesia (Persero) Tbk
Interest Escrow - after Tbk
PT Bank Rakyat Indonesia (Persero) Tbk
Interest Escrow - before Tbk
PT Bank Rakyat Indonesia
(Persero) Tbk - before Tbk
PT Bank Rakyat Indonesia
(Persero) Tbk - Operational

Community Development
PT Bank Rakyat Indonesia (Persero) Tbk
Bina Lingkungan
PT Bank Rakyat Indonesia (Persero) Tbk
BUMN Peduli
PT Bank Rakyat Indonesia (Persero) Tbk
Bina Lingkungan Komitmen BRI

Pendapatan bunga disajikan setelah dikurangi pajak yang bersifat final dan biaya administrasi rekening yaitu sebesar Rp4.096.444.026 dan Rp4.533.743.339 tahun yang berakhir masing-masing pada tanggal 31 Desember 2017 dan 2016.

13. INTEREST INCOME

Interest income from current account for the years ended December 31, 2017 and 2016 are as follows:

Interest income presented after being deducted with final tax and administrative expense amounting to Rp4,096,444,026 and Rp4,533,743,339, for the years ended December 31, 2017 and 2016, respectively.

14. PENDAPATAN JASA ADMINISTRASI PINJAMAN

Pendapatan Jasa Administrasi Pinjaman Program Kemitraan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut:

14. LOAN ADMINISTRATION SERVICES INCOME

Loan administration services income of Partnership Program for the years ended December 31, 2017 and 2016 are as follows:

Tahun yang berakhir pada tanggal 31 Desember/ For the years ended December 31,		
Kantor Wilayah	2017	2016
Yogyakarta	807.293.323	281.236.980
Bandung	672.394.121	431.034.822
Surabaya	634.345.304	617.943.933

Regional Offices
Yogyakarta
Bandung
Surabaya



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

14. PENDAPATAN JASA ADMINISTRASI PINJAMAN (lanjutan)

Pendapatan Jasa Administrasi Pinjaman Program Kemitraan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 adalah sebagai berikut (lanjutan):

Kantor Wilayah	Tahun yang berakhir pada tanggal 31 Desember/ For the years ended December 31,		<i>Regional Offices</i>
	2017	2016	
Makassar	597.896.550	440.934.565	Makassar
Semarang	499.595.601	380.372.443	Semarang
Banjarmasin	461.987.991	170.015.710	Banjarmasin
Malang	452.775.237	299.912.121	Malang
Bandar Lampung	436.945.828	269.967.034	Bandar Lampung
DKI Jakarta 2	402.541.731	209.812.900	DKI Jakarta 2
Banda Aceh	385.576.659	203.554.867	Banda Aceh
Denpasar	319.831.357	374.310.458	Denpasar
Pekanbaru	254.071.712	168.990.974	Pekanbaru
Palembang	235.959.642	178.161.162	Palembang
Padang	228.854.542	117.480.090	Padang
DKI Jakarta 3	153.756.726	91.368.893	DKI Jakarta 3
Medan	156.392.967	138.722.523	Medan
Manado	147.125.100	131.439.919	Manado
Jayapura	128.613.683	92.303.070	Jayapura
DKI Jakarta 1	53.012.227	86.616.756	DKI Jakarta 1
Kantor Cabang Khusus	1.000.000	-	Kantor Cabang Khusus
Jumlah	7.029.970.301	4.684.179.220	Total

Berdasarkan Surat Edaran Menteri Negara BUMN No. SE-01/MBU/2007 tanggal 31 Agustus 2007 tentang Pemberlakuan Jasa Administrasi Pinjaman Kemitraan, PKBL BRI menerbitkan surat edaran Nota No. B.79-DIR/PRG/12/2007 tanggal 19 Desember 2007 perihal Bunga Pinjaman Kemitraan dan telah diperbarui dengan Surat No. B.176-DIR/PRG/03/2013 tanggal 13 Maret 2013 tentang perubahan distribusi/komposisi bunga Pinjaman Kemitraan.

Berikutnya perubahan atas distribusi/komposisi bunga Pinjaman Kemitraan dilakukan berdasarkan Peraturan Menteri Badan Usaha Milik Negara No. PER-09/MBU/07/2015 tanggal 3 Juli 2015 dan perubahan terakhir dilakukan berdasarkan PER-02/MBU/07/2017 dimana PKBL BRI menerbitkan Surat No. B.136.e-PPK/KPL/08/2017 tanggal 18 Agustus 2017 dengan perubahan sebagai berikut:

	Setelah 18 Agustus/ After August 18, 2017	Setelah 31 Desember/ After December 31, 2015	
Jasa Administrasi/Suku Bunga	3%	6%	Administration Services/Interest Rates

The original financial statements included herein are in Indonesian language.

PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
*As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)*

14. LOAN ADMINISTRATION SERVICES INCOME (continued)

Loan administration services income of Partnership Program for the years ended December 31, 2017 and 2016 are as follows (continued):

Based on Minister of SOEs' Circular Letter No. SE-01/MBU/2007 dated August 31, 2007 regarding The Application of Partnership Loan Administration Services, PKBL BRI issued Memorandum Circular No. B.79-DIR/PRG/12/2007 dated December 19, 2007 regarding Interest Partnership Loan and that has been updated with Letter No. B.176-DIR/PRG/03/2013 dated March 13, 2013 regarding changes in distribution/composition of Partnership Loan interest.

Subsequent changes to the distribution/composition of the Partnership Loan interest shall be made in accordance with the Minister of SOE Decree No. PER-09 /MBU/07/2015 dated July 3, 2015 and the latest amendment was made pursuant to PER-02 / MBU / 07/2017 where PKBL BRI issued Letter no. B.136.e-PPK/KPL/08/2017 dated August 18, 2017 with the following changes:

Performance Highlights
Management Reports
Company Profile
Management Discussion & Analysis

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)**

14. PENDAPATAN JASA PINJAMAN (lanjutan)	ADMINISTRASI	Setelah 18 Agustus/ After August 18, 2017
Distribusi jasa administrasi/suku bunga sebagai berikut:		
Pelimpahan ke Kantor Pusat	3%	6%
Dana kompensasi beban operasional Kantor Cabang	-	-
Dana pembinaan kemitraan Kantor Cabang	-	-
Dana pembinaan dan pengawasan kemitraan Kantor Wilayah	-	-

14. LOAN ADMINISTRATION SERVICES INCOME (continued)	Setelah 31 Desember/ After December 31, 2015
Distribution of administration services/interest rates are as follows:	
Transferred to Head Office	
Compensation funds for operating expenses of Branch Office	
Fostering partnership funds of Branch Office	
Fostering and monitoring Partnership funds of Regional Office	

15. PENDAPATAN LAIN-LAIN

15. OTHER INCOME

Tahun yang berakhir pada tanggal 31 Desember/ For the year ended December 31,	2017	2016
Pengembalian dana dari koordinator sektor BUMN Peduli	2.711.795.876	28.553.874.044
Pengembalian dana pinjaman kemitraan karena tidak jadi realisasi	-	5.357.518.681
Pengembalian kelebihan dana bina lingkungan	745.720.085	1.764.141.319
Jumlah	3.457.515.961	35.675.534.044

Refund from BUMN Peduli coordinator
Refund from unrealized foster partners Loan
Return of excess fund from community development

Total

Pada tanggal-tanggal 31 Desember 2017 dan 2016, pengembalian dana dari koordinator sektor BUMN Peduli terutama berasal dari PT Pos Indonesia dan Perum Perumnas.

As of December 31, 2017 and 2016, refund from BUMN Peduli coordinator is mainly from PT Pos Indonesia and Perum Perumnas.

16. DANA PEMBINAAN KEMITRAAN

Dana pembinaan kemitraan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp197.510.500 dan Rp Nihil digunakan untuk penyelenggaraan pameran atas usaha Mitra Binaan.

Berdasarkan Peraturan Menteri BUMN No. PER-09/MBU/07/2015 tertanggal 3 Juli 2015, dana pembinaan kemitraan menjadi bagian dari program penyaluran dana bina lingkungan dengan nama "Bantuan pendidikan, pelatihan, pemagangan, pemasaran, promosi dan bentuk bantuan lain yang terkait dengan upaya peningkatan kapasitas mitra binaan".

16. FOSTERING PARTNERSHIP FUNDS

Fostering partnership funds for the year ended December 31, 2017 and 2016 which amounted Rp197,510,500 and Rp Nil, respectively, were used for the business exhibitions of foster partners.

Based on Minister of SOE Decree No. PER-09/MBU/07/2015, dated July 3, 2015, the fostering partnership fund is a part of funds ditribution for community development under the name of "Funds for education, training, internship, marketing, promotion and other forms of assistance related to the efforts of increasing the capacity of foster entrepreneur of Partnership Program."



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

16. DANA PEMBINAAN KEMITRAAN (lanjutan)

Sesuai dengan Berita Acara RUPS LB No. 13 tanggal 14 Desember 2015 dinyatakan bahwa Peraturan Menteri BUMN No. PER-09/MBU/2015 tanggal 3 Juli 2015 tentang Program Kemitraan diberlakukan pada tahun 2016 di PKBL BRI.

Perkembangan berikutnya, berdasarkan Peraturan Menteri BUMN No. PER-03/MBU/12/2016 tertanggal 19 Desember 2016, dana pembinaan kemitraan yang sebelumnya diklasifikasikan sebagai bagian dari program penyaluran dana bina lingkungan berubah menjadi program yang didanai dari dana program kemitraan.

Sesuai dengan Berita Acara RUPS No. 37 tanggal 15 Maret 2017 dinyatakan bahwa Peraturan Menteri BUMN No. PER-03/MBU/12/2016 tanggal 19 Desember 2016 tentang Perubahan atas Peraturan Menteri BUMN No. PER-09/MBU/07/2015 tentang Program Kemitraan dan Program Bina Lingkungan diberlakukan pada tahun 2017 di PKBL BRI.

17. PENYALURAN DANA PROGRAM BINA LINGKUNGAN

Penyaluran dana program bina lingkungan adalah sebagai berikut:

<i>Tahun yang berakhir pada tanggal 31 Desember/ For the year ended December 31,</i>		
	2017	2016
Bantuan Pendidikan	32.990.028.609	27.027.916.471
Bantuan Sosial		
Pengentasan Kemiskinan	32.094.333.268	25.724.377.567
Bantuan Sarana Umum	31.455.378.146	26.463.322.958
Bantuan Sarana Ibadah	29.095.446.575	27.177.503.630
Bantuan Peningkatan Kesehatan	21.596.164.343	22.827.520.022
Bantuan Korban Bencana Alam	2.394.042.761	1.414.781.307
Pelestarian Alam	723.303.800	1.992.366.872
Peningkatan Kapasitas Mitra Binaan	-	80.795.000
Jumlah	150.348.697.502	132.708.583.827
		Total

18. BEBAN LAIN-LAIN

Beban lain-lain untuk tahun yang berakhir pada tanggal 31 Desember 2017 dan 2016 masing-masing sebesar Rp Nihil dan Rp242.170.740, dimana terdiri dari pemberian jasa administrasi kepada PT Rajawali Nusantara Indonesia (Persero) sebesar Rp242.170.740 pada tahun 2016.

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)**

16. FOSTERING PARTNERSHIP FUNDS (continued)

According to Minutes of Extraordinary General Meeting of Shareholders No. 13 dated December 14, 2015 it was stated that the Minister of SOE Decree No. PER-09/MBU/07/2015 dated July 3, 2015 regarding Partnership and Community Development Program will be enacted by PKBL BRI in 2016.

The next development, based on Minister of SOE Decree No. PER-03/MBU/12/2016, dated December 19, 2016, the fostering partnership fund previously classified as part of funds distribution for community development turned into a program funded by a partnership program fund.

According to Minutes of Extraordinary General Meeting of Shareholders No. 37 dated March 15, 2017 it was stated that the Minister of SOE Decree No. PER-03/MBU/12/2016 dated December 19, 2016 concerning amendment to Minister of SOE Decree No. PER-09/MBU/07/2015 regarding Partnership and Community Development Program will be enacted by PKBL BRI in 2017.

17. COMMUNITY DEVELOPMENT PROGRAM FUNDS DISTRIBUTION

Community development program funds distribution are as follows:

18. OTHER EXPENSES

Other expenses for the years ended December 31, 2017 and 2016, amounting to Rp Nil and Rp242,170,740, respectively, which consisted of administration services to PT Rajawali Nusantara Indonesia (Persero) amounting to Rp242,170,740 for the year 2016.

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 CATATAN ATAS LAPORAN KEUANGAN
 Tanggal 31 Desember 2017 dan
 Untuk Tahun yang Berakhir pada Tanggal Tersebut
 (Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
 DEVELOPMENT PROGRAM
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 NOTES TO THE FINANCIAL STATEMENTS
 As of December 31, 2017 and
 For the Year then Ended
 (Expressed in Rupiah)**

18. BEBAN LAIN-LAIN (lanjutan)

Berdasarkan Peraturan Menteri BUMN No. PER-09/MBU/07/2015 Pasal 13 dinyatakan bahwa beban operasional Program Kemitraan dan Program Bina Lingkungan menjadi beban BUMN Pembina.

19. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI

- a. Jenis hubungan dan unsur transaksi dengan pihak-pihak berelasi

Pihak berelasi/ <i>Related parties</i>	Jenis hubungan/ <i>Type of relationship</i>	Unsur transaksi pihak berelasi/ <i>Transactions with related parties</i>
PT Bank Rakyat Indonesia (Persero) Tbk	Pengendalian melalui Pemerintah Pusat Republik Indonesia/ <i>Common control through central government</i>	Kas, pendapatan bunga dan beban yang masih harus dibayar kepada BUMN Pembina/Cash, interest income and accrued expenses to Fostering SOE
PT Perkebunan Nusantara IX	Pengendalian melalui Pemerintah Pusat Republik Indonesia <i>Common control through central government</i>	Piutang kepada BUMN Pembina lain dan beban lain-lain/Receivables from other fostering SOE and other expenses
BUMN Peduli	Pengendalian melalui Kementerian BUMN/Common control through <i>Ministry of SOE</i>	Pengembalian dana program BUMN Peduli/Refund from BUMN Peduli coordinator

- b. Rincian saldo transaksi dengan pihak-pihak berelasi

18. OTHER EXPENSES (continued)

Based on Minister of SOE Decree No. PER-09/MBU/07/2015 Article 13 it was stated that operational expense of Partnership and Community Development Program are to be expensed by Fostering SOE.

19. RELATED PARTIES TRANSACTIONS

- a. Type of relationships and transactions with related parties

	31 Desember/ <i>December 31, 2017</i>	31 Desember/ <i>December 31, 2016</i>	
Aset			Asset
Kas pada Bank	848.287.476.264	1.086.201.152.132	<i>Cash in Bank</i>
Piutang kepada BUMN pembina lain - bersih	51.137.854.732	54.094.125.519	<i>Receivables from other fostering SOE/distributing partners - net</i>
Piutang kepada BUMN Pembina	-	253.977.420.000	<i>Receivables from Fostering SOE</i>
Jumlah	899.425.330.996	1.394.272.697.651	Total
Percentase jumlah aset kepada pihak berelasi terhadap jumlah aset	78,01%	93,03%	Percentage total asset to related party of total asset
Liabilitas			Liability
Beban yang masih harus dibayar	54.054.085.143	21.140.870.351	<i>Accrued Expenses</i>
Jumlah	54.054.085.143	21.140.870.351	Total
Percentase jumlah liabilitas kepada pihak berelasi terhadap jumlah liabilitas	100,00%	100,00%	Percentage total liability to related party of total liability
Pendapatan			Revenue
Pendapatan dari BUMN pembina	-	253.977.420.000	<i>Revenue from fostering SOE</i>
Pendapatan bunga	16.379.026.105	18.118.330.254	<i>Interest Income</i>



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)**

**19. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI
(lanjutan)**

- b. Rincian saldo transaksi dengan pihak-pihak berelasi (lanjutan)

31 Desember/
December 31,
2017

Pendapatan (lanjutan)

Pendapatan lain-lain -
pengembalian dana dari koordinator
sektor BUMN Peduli

2.711.795.876

31 Desember/
December 31,
2016

28.553.874.044

Jumlah

19.090.821.981

300.649.624.298

**Percentase jumlah pendapatan dari
pihak berelasi terhadap
jumlah pendapatan**

69,65%

96,22%

Beban lain-lain

-

242.170.740

Beban pembalikan piutang kepada
BUMN Pembina

253.977.420.000

-

Jumlah

253.977.420.000

242.170.740

**Percentase jumlah beban kepada
pihak berelasi terhadap jumlah beban**

-

0,17%

20. PEMBATASAN PENGGUNAAN DANA

Kep.100/MBU/2002

Program Kemitraan

a. Penilaian Efektivitas

Penilaian kinerja program kemitraan dan bina lingkungan berdasarkan Keputusan Menteri BUMN No. Kep.100/MBU/2002 tanggal 4 Juni 2002 mencakup Program Kemitraan dengan Indikator Tingkat Efektivitas penyaluran dan Tingkat Kolektabilitas Pengembalian Pinjaman.

Tingkat efektivitas penyaluran dana dihitung dengan cara membagi jumlah dana yang disalurkan dengan jumlah dana yang tersedia. Jumlah dana yang disalurkan adalah seluruh dana yang disalurkan kepada usaha kecil dan koperasi dalam tahun yang bersangkutan yang terdiri dari pinjaman modal kerja. Sedangkan jumlah dana yang tersedia terdiri dari saldo awal periode ditambah dengan pengembalian pinjaman (pokok ditambah bunga) dan pendapatan bunga dari program kemitraan.

Tabel skor tingkat penyerapan dana

Penyerapan %	>90	85 s.d 90	80 s.d 85	<80	% of absorption
Skor	3	2	1	0	Score

20. RESTRICTED FUND USAGE

Kep.100/MBU/2002

Partnership Program

a. Effectivity Performance

The performance evaluation of partnership and community development program is based on the Minister of SOE Decree No. Kep.100/ MBU/ 2002 dated June 4, 2002 regarding The Effectiveness Indicator of Partnership Program Loan Distribution and the Collectability of the Loan Repayments.

The effectiveness of loan distribution is calculated by dividing the amount of distributed funds by the amount of the utilizable funds. Amount of distributed funds represents all current year funds distribution to small enterprise businesses and cooperation. The funds are distributed as working capital loans. Utilizable funds is calculated by adding the beginning balance with loan repayments (principal and the interest repayments) and with interest income from partnership program.

Score of funds absorption table

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 CATATAN ATAS LAPORAN KEUANGAN
 Tanggal 31 Desember 2017 dan
 Untuk Tahun yang Berakhir pada Tanggal Tersebut
 (Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
 DEVELOPMENT PROGRAM
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 NOTES TO THE FINANCIAL STATEMENTS
 As of December 31, 2017 and
 For the Year then Ended
 (Expressed in Rupiah)**

20. PEMBATASAN PENGGUNAAN DANA (lanjutan)

Kep.100/MBU/2002 (lanjutan)

Program Kemitraan (lanjutan)

20. RESTRICTED FUND USAGE (continued)

Kep.100/MBU/2002 (continued)

Partnership Program (continued)

Tahun yang
 Berakhir
 pada Tanggal
 31 Desember 2017/
 Year ended
 December 31, 2017

Fund distribution

*Distribution of Funds
 Fostering Partnership Funds (Note 16)*

Distribusi dana

Jumlah dana yang disalurkan Dana Pembinaan Kemitraan (Catatan 16)	209.359.335.950
	197.510.500
	209.556.846.450

Dana yang tersedia

Saldo awal kas Program Kemitraan (Catatan 4)	465.731.548.076
Pengembalian Pinjaman Mitra Binaan	59.051.365.649
Pendapatan Jasa Administrasi Pinjaman	6.690.750.577
Pengembalian dari BUMN pembina lain (Catatan 5)	3.499.995.000
	534.973.659.302

**Tingkat efektivitas penyaluran
 (prosentase distribusi dana
 terhadap dana yang tersedia)**

Fund available

*Cash of Partnership Program
 Beginning balance (Note 4)
 Repayments from Foster Partners
 Administration Service Income of
 Loan
 Repayments from other fostering SOE
 (Note 5)*

**Level of the effectiveness of the loan
 distribution (percentage fund
 distribution to fund available)**

**Score of level of the effectiveness of the
 loan distribution**

b. Tingkat Kolektabilitas Penyaluran Pinjaman

Indikator lain dalam penilaian kinerja program kemitraan dan bina lingkungan yaitu tingkat kolektabilitas pengembalian pinjaman yang mana memberi indikasi kemungkinan tertagihnya suatu pinjaman. Tingkat kolektabilitas pengembalian pinjaman merupakan perbandingan antara rata-rata tertimbang kolektabilitas pinjaman terhadap jumlah pinjaman yang disalurkan (saldo pinjaman). Rata-rata tertimbang kolektabilitas pinjaman adalah perkalian antara bobot kolektabilitas dengan saldo pinjaman berdasarkan kualitas pinjaman (lancar, kurang lancar, ragu-ragu dan macet). Bobot kolektabilitas dengan kualitas lancar (100%), kurang lancar (75%), ragu-ragu (25%) dan macet (0%).

b. Collectability level of the Loan Distribution

Another performance indicator of partnership and community development program is the collectability of repayments which indicates the probability of a loan to be fully paid. The collectability level is calculated by comparing the weighted average collectability funds with distributed funds. Weighted average funds is the result of multiplying the collectability weightage with the balance of each quality of the loan (e.g: current: 100%, substandard: 75%, doubtful: 25% and troubled: 0%)



The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
CATATAN ATAS LAPORAN KEUANGAN
Tanggal 31 Desember 2017 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
As of December 31, 2017 and
For the Year then Ended
(Expressed in Rupiah)**

20. PEMBATASAN PENGGUNAAN DANA (lanjutan)

Kep.100/MBU/2002 (lanjutan)

Program Kemitraan (lanjutan)

**b. Tingkat Kolektabilitas Penyaluran Pinjaman
(lanjutan)**

Tingkat Pengembalian (%)	>70	40 s.d 70	10 s.d 40	<10	% of Collectability Level
Skor	3	2	1	0	Score

Rata-rata tertimbang kolektabilitas pinjaman per 31 Desember 2016 adalah sebagai berikut:

Weighted average amount of the collectability of the loan as of December 31, 2016 is as follows:

Kualitas Pinjaman	Saldo pinjaman (Catatan 6)/ Loan balance (Note 6)	%	(tidak diaudit) Jumlah rata-rata tertimbang/ (unaudited)	Loan Quality	Weighted Average Amount
					Total
Lancar	223.730.374.569	100%	223.730.374.569	Current	
Kurang Lancar	3.559.145.897	75%	2.669.359.423	Substandard	
Diragukan	1.633.098.360	25%	408.274.590	Doubtful	
Macet	34.779.485.730	0%	-	Troubled	
Jumlah	263.702.104.556		226.808.008.582	Total	
Tingkat kolektabilitas pengembalian pinjaman (prosentase jumlah rata-rata tertimbang kolektabilitas pinjaman terhadap saldo pinjaman yang disalurkan)		89,80%	<i>Loan repayment collectability level (percentage of weighted average loan collectability to loan distribution)</i>		
Nilai tingkat kolektabilitas pengembalian pinjaman		3	<i>Score of repayments collectability level</i>		

PER-03/MBU/12/2016

Program Kemitraan

Prosentase dana pembinaan terhadap dana program kemitraan yang disalurkan pada tahun berjalan

PER-09/MBU//07/2015 pasal 9 ayat 4 menyatakan bahwa besarnya dana pembinaan kemitraan yang terdiri dari biaya pendidikan, pemasaran, promosi dan hal lain-lain besarnya maksimal sebesar 20% (dua puluh persen) dari dana program kemitraan yang disalurkan pada tahun berjalan. Dana pembinaan menjadi bagian dari program bina lingkungan.

Pada tanggal 19 Desember 2016, PER-09/MBU/07/2015 direvisi dengan PER-03/MBU/12/2016, dimana beban pembinaan kemitraan menjadi bagian dari realisasi program kemitraan sebagaimana dicantumkan dalam Pasal 9 ayat 1c, efektif 19 Desember 2016.

PER-03/MBU/12/2016

Partnership Program

The percentage of fostering partnership funds to current year funds distribution for partnership program

PER-09/MBU/07/2015 art 9 paragraph 4 specified that the amount of fostering partnership funds which consists of education, marketing, promotion expense, etc is 20% (twenty percent) at maximum of the partnership program distribution during the year. Development funds is part of community development program.

As of December 19, 2016, PER-09/MBU/07/2015 revised with PER-03/MBU/12/2016, which stipulates that fostering partnership expense is a part of partnership program as stated in Art 9 paragraph 1c, effective December 19, 2016.

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 CATATAN ATAS LAPORAN KEUANGAN
 Tanggal 31 Desember 2017 dan
 Untuk Tahun yang Berakhir pada Tanggal Tersebut
 (Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
 DEVELOPMENT PROGRAM
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk
 NOTES TO THE FINANCIAL STATEMENTS
 As of December 31, 2017 and
 For the Year then Ended
 (Expressed in Rupiah)**

20. PEMBATASAN PENGGUNAAN DANA (lanjutan)

PER-03/MBU/12/2016 (lanjutan)

Program Kemitraan (lanjutan)

Pada tahun yang berakhir pada 31 Desember 2017, persentase beban dana pembinaan terhadap penyaluran program kemitraan adalah sebagai berikut:

Tahun yang
 Berakhir
 pada Tanggal
 31 Desember 2017/
 Year ended
 December 31, 2017

Dana pembinaan kemitraan (Catatan 16)	197.510.500
Penyaluran program kemitraan	209.359.335.950
	209.556.846.450

Prosentase dana pembinaan kemitraan
 terhadap dana program kemitraan
 yang disalurkan

Fostering partnership funds
 (Note 16)
 Partnership distribution

Percentage of fostering partnership
 funds to partnership funds
 distribution

21. PERISTIWA SETELAH TANGGAL PELAPORAN

Perubahan susunan Pengelola PKBL BRI

Pada tanggal 22 Januari 2018, terdapat perubahan posisi Kepala Divisi Bisnis Program Pangan dan Kemitraan dan Kepala Divisi Sekretariat Perusahaan dari Supardi Santoso dan Hari Siaga Amijarso menjadi Sony Harsono WS dan Bambang Tribaroto.

Perubahan nama organisasi (divisi)

Berdasarkan SK NOKEP:153-DIR/CDS/02/2018, tanggal 15 Februari 2018 tentang Organisasi, penetapan formasi jabatan, dan penetapan deskripsi jabatan Divisi Bisnis Pertanian dan Kemitraan terdapat perubahan nama organisasi dari Divisi Program, Pangan, dan Kemitraan menjadi Divisi Bisnis Pertanian dan Kemitraan.

**21. EVENT AFTER THE DATE OF REPORTING
 PERIOD**

***Changes in the composition of management of
 PKBL BRI***

Dated January 22, 2018, there was changes on position Division Head of Business Program, Food and Partnership and Division Head of Corporate Secretary from Supardi Santoro and Hari Siaga Amijarso to Sony Harsono WS and Bambang Tribaroto.

Changes in the name of organization (division)

Based on SK NOKEP:153-DIR/CDS/02/2018, dated February 15, 2018 regarding Organization, the establishment of position formation, and the description of the position of Division of Agriculture Business and Partnership there is a change of organization name from Division of Business Program, Food and Partnership to Division of Agriculture Business and Partnership.

Lampiran/Appendix 1

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN PENYALURAN DANA
PROGRAM BINA LINGKUNGAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF COMMUNITY
DEVELOPMENT PROGRAM FUNDS DISTRIBUTION
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)**

Laporan Penyaluran Dana Program Bina Lingkungan Tahun 2017

**Statement of Community Development Program
Funds Distribution Year 2017**

No.	Kantor Wilayah/ Regional Offices	Bantuan Sarana Umum/ Public Facility Donation	Bantuan Korban Bencana Alam/ Aid for Victims of Nature Disaster	Bantuan Pendidikan/ Aid for Education Donation	Bantuan Peningkatan Kesehatan/ Aid for Health Improvement	Bantuan Sarana Ibadah/ Improvement of Worship Facilities	Pelestarian Alam/ Nature Preservation	Bantuan Sosial Pengentasan Kemiskinan/ Social Assistance in order to Alleviate Poverty	Jumlah/ Total
1	Banda Aceh	941.650.816	224.976.000	739.903.116	365.000.000	412.520.000	-	552.312.000	3.236.361.932
2	Bandar Lampung	827.200.000	-	1.162.248.886	487.700.000	474.672.000	-	1.468.516.000	4.420.336.886
3	Bandung	1.625.414.289	50.450.925	736.363.000	1.917.900.000	205.836.200	-	1.063.238.900	5.599.203.314
4	Banjarmasin	1.015.993.950	44.410.000	841.985.850	886.550.000	383.295.550	-	266.434.700	3.438.670.050
5	Denpasar	4.261.789.620	769.535.000	1.521.782.800	1.956.038.245	1.146.501.000	-	1.523.658.500	11.179.305.165
6	DKI Jakarta 1	1.580.700.000	-	344.539.684	1.715.618.257	397.680.000	-	1.294.938.760	5.333.476.701
7	DKI Jakarta 2	290.215.444	-	1.854.059.900	1.580.014.500	2.867.350.000	-	529.126.560	7.120.766.404
8	DKI Jakarta 3	103.920.544	58.986.000	353.462.684	2.466.470.368	3.364.990.000	-	943.884.686	7.291.714.282
9	Jayapura	924.702.000	-	906.171.721	529.172.883	350.000.000	-	785.792.000	3.495.838.604
10	Kantor Pusat	1.330.620.279	107.116.286	9.240.293.161	909.292.500	8.025.330.475	-	12.981.872.216	32.594.524.917
11	Makassar	3.723.073.713	55.000.000	1.793.729.250	1.723.639.090	721.368.000	65.000.000	1.505.592.500	9.587.402.553
12	Malang	3.644.380.500	221.330.800	2.486.291.796	3.769.915.000	1.902.988.000	83.500.000	1.804.640.000	13.913.046.096
13	Manado	355.750.000	48.355.000	616.436.115	309.818.000	979.760.000	196.500.000	35.320.000	2.541.939.115
14	Medan	1.570.872.773	-	744.420.000	130.000.000	729.000.000	-	746.700.000	3.920.992.773
15	Padang	1.514.283.000	225.000.000	902.165.000	108.000.000	350.000.000	-	555.050.000	3.654.498.000
16	Palembang	2.360.748.017	30.175.000	248.959.500	375.250.000	265.693.600	-	671.425.000	3.952.251.117
17	Pekanbaru	227.504.000	-	263.415.000	417.000.000	-	-	612.592.775	1.520.511.775
18	Semarang	1.884.758.826	87.578.650	2.485.094.746	68.990.400	3.197.975.000	378.303.800	926.475.000	9.029.176.422
19	Surabaya	2.095.125.000	205.085.000	3.588.029.400	855.295.100	2.295.714.250	-	992.532.500	10.031.781.250
20	Yogyakarta	1.176.675.375	266.044.100	2.160.677.000	1.024.500.000	1.024.772.500	-	2.834.231.171	8.486.900.146
	Jumlah/ Total	31.455.378.146	2.394.042.761	32.990.028.609	21.596.164.343	29.095.446.575	723.303.800	32.094.333.268	150.348.697.502

[Performance Highlights](#)

[Management Reports](#)

[Company Profile](#)

[Management Discussion & Analysis](#)

Lampiran/Appendix 1

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN PENyaluran DANA
PROGRAM BINA LINGKUNGAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY
DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF COMMUNITY
DEVELOPMENT PROGRAM FUNDS DISTRIBUTION
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)**

Laporan Penyaluran Dana Program Bina Lingkungan Tahun 2016

**Statement of Community Development Program
Funds Distribution Year 2016**

No.	Kantor Wilayah/ Regional Offices	Bantuan Sarana Umum/ Public Facility Donation	Bantuan Korban Bencana Alam/ Aid for Victims of Nature Disaster	Bantuan Pendidikan/ Aid for Education Donation	Bantuan Peningkatan Kesehatan/ Aid for Health Improvement	Bantuan Sarana Ibadah/ Improvement of Worship Facilities	Pelestarian Alam/ Nature Preservation	Bantuan Sosial Pengentasan Kemiskinan/ Social Assistance in order to Alleviate Poverty	Peningkatan Kapasitas Mitra Binaan Program Kemitraan/ Capacity Enhancement for Foster Partners	Jumlah/ Total
1	Banda Aceh	347.179.400	455.344.500	88.300.000	218.400.000	938.275.415	50.000.000	391.188.520	-	2.488.687.835
2	Bandar Lampung	274.841.000	-	544.015.000	156.500.000	462.840.000	154.250.000	350.532.000	-	1.942.978.000
3	Bandung	312.000.000	160.191.306	916.675.412	2.232.765.001	1.200.278.000	154.792.500	691.057.500	-	5.667.759.719
4	Banjarmasin	517.659.250	25.000.000	95.700.000	534.895.150	600.000.000	107.813.000	263.490.000	-	2.144.557.400
5	Denpasar	1.927.742.950	-	824.284.350	619.300.000	920.013.200	269.250.080	1.460.888.000	-	6.021.478.580
6	DKI Jakarta 1	473.782.500	3.275.000	563.100.495	536.750.000	2.838.156.000	-	212.649.150	-	4.627.713.145
7	DKI Jakarta 2	459.747.500	38.518.600	1.893.892.200	452.100.000	2.173.198.000	97.500.000	149.329.320	-	5.264.285.620
8	DKI Jakarta 3	930.191.200	49.904.000	490.000.000	1.134.486.060	443.850.000	340.001.882	482.496.400	-	3.870.929.542
9	Jayapura	3.170.512.993	-	787.491.900	306.083.500	250.000.000	24.500.000	7.762.037.335	-	12.300.625.728
10	Kantor Pusat	5.593.438.000	-	11.374.322.000	8.699.830.444	11.190.878.300	-	8.788.688.191	-	45.647.156.935
11	Makassar	2.416.790.137	44.594.000	233.215.513	679.150.000	646.730.000	-	496.520.000	54.940.000	4.571.939.650
12	Malang	1.166.801.000	19.918.750	2.002.412.500	1.232.600.001	1.308.888.100	381.250.000	289.903.820	-	6.401.774.171
13	Manado	546.290.438	45.000.000	371.488.150	592.750.000	783.000.000	-	234.537.750	-	2.573.066.338
14	Medan	327.820.000	200.000.000	668.063.000	100.000.000	1.272.804.000	30.000.000	407.700.000	-	3.006.387.000
15	Padang	892.401.000	69.795.000	231.121.000	35.000.000	150.000.000	-	622.160.000	-	2.000.477.000
16	Palembang	986.052.000	25.000.000	385.487.000	636.378.866	-	118.931.410	473.392.000	-	2.625.241.276
17	Pekanbaru	740.735.000	-	91.000.000	443.500.000	35.800.000	-	268.256.000	-	1.579.291.000
18	Semarang	514.921.700	6.000.000	661.273.300	993.645.000	230.194.900	-	562.325.000	-	2.968.359.900
19	Surabaya	2.476.615.890	37.000.000	3.048.954.175	1.151.445.000	1.204.161.515	264.078.000	92.079.000	25.855.000	8.300.188.580
20	Yogyakarta	2.387.801.000	235.240.151	1.757.120.476	2.071.941.000	528.436.200	-	1.725.147.581	-	8.705.686.408
	Jumlah/ Total	26.463.322.958	1.414.781.307	27.027.916.471	22.827.520.022	27.177.503.630	1.992.366.872	25.724.377.567	80.795.000	132.708.583.827

**Lampiran/Appendix 2**

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN**
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR**
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2017**

Statement of Loan Receivables Partnership Program's Collectibility Classified by Regional and Economic Sector Year 2017						
No.	Kantor Wilayah/ Regional Office	Industri Pengolahan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas, dan Air/Electricity, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation, Warehousing and Communications
1	Banda Aceh					
	Lancar/ Current	216.758.323	466.152.169	-	72.916.700	-
	Kurang Lancar/ Substandard	-	-	-	-	4.503.683.933
	Diragukan/ Doubtful	-	-	-	57.000.200	73.522.677
	Macet/ Loss	-	121.031.845	-	16.300.000	136.433.070
	Sub jumlah/ Sub total	216.758.323	587.214.014	-	72.916.700	121.730.967
					73.300.200	5.965.118.921
						805.798.343
2	Bandar Lampung					
	Lancar/ Current	326.402.565	470.907.334	-	-	4.221.773.510
	Kurang Lancar/ Substandard	-	-	-	-	4.665.764.607
	Diragukan/ Doubtful	-	-	-	87.666.329	39.904.000
	Macet/ Loss	-	14.609.667	-	66.767.000	-
	Sub jumlah/ Sub total	326.402.565	485.517.001	-	299.431.800	442.707.902
					-	5.148.376.509
					-	4.675.638.639
						39.247.700

Lampiran/Appendix 2

The original financial statements included herein are in Indonesian language.

PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2017 (lanjutan)**

Statement of Loan Receivables Classified by Regional and Economic Sector Year 2017 (continued)						
No.	Kantor Wilayah/ Regional Office	Industri Pengolahan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas, dan Air/ Electricity, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation, Warehousing and Communications
3	Bandung					
Lancar/ <i>Current</i>	555.908.216	190.278.802	-	37.500.600	-	6.654.984.186
Kurang Lancar/ <i>Substandard</i>	37.500.187	-	-	-	-	307.937.244
Diragukan/ <i>Doubtful</i>	-	-	-	-	-	135.416.900
Macet/ <i>Loss</i>	166.203.900	217.759.468	-	-	-	1.137.350.473
Sub jumlah/ <i>Sub total</i>	759.612.303	408.038.270		37.500.600		8.235.688.803
4	Banjarmasin					
Lancar/ <i>Current</i>	205.183.600	514.013.373	68.056.600	-	218.750.100	7.379.030.099
Kurang Lancar/ <i>Substandard</i>	-	-	-	-	-	2713.342.150
Diragukan/ <i>Doubtful</i>	-	-	-	-	222.265.541	-
Macet/ <i>Loss</i>	75.341.800	178.432.269	-	-	97.377.854	-
Sub jumlah/ <i>Sub total</i>	280.535.400	692.445.642	68.056.600		218.750.100	8.809.844.348

PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)

**Lampiran/Appendix 2**

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)**

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2017 (lanjutan)**

**Statement of Loan Receivables Partnership Program's Collectibility
Classified by Regional and Economic Sector Year 2017 (continued)**

No.	Kantor Wilayah/ Regional Office	Industri Pengolahan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas, dan Air/ Electricity, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation and Warehousing and Communications	Pertanian/ Agriculture	Pertambangan/ Mining	Sosial Masyarakat/ Community Services	Jumlah/ Total
5	Denpasar									
	Lancar/ Current	1.140.688.053	683.876.303	-	-	48.611.100	10.561.537.310	4.348.427.673	-	72.916.667
	Kurang lancar/ Substandard	46.650.400	-	-	-	-	142.918.059	109.098.464	-	298.666.943
	Diragukan/ Doubtful	-	-	-	-	-	-	-	-	-
	Macet/ Loss	9.983.322	107.197.832	-	-	14.442.800	569.828.218	4.446.035.680	-	5.137.487.652
	Sub jumlah/ Sub total	1.197.321.775	791.074.155	-	-	63.053.900	11.264.283.587	8.903.561.837	-	72.916.667
6	DKI Jakarta 1									
	Lancar/ Current	-	20.000.000	16.566.400	-	-	1.648.873.427	47.916.700	-	1.733.456.527
	Kurang lancar/ Substandard	-	-	-	-	-	20.199.632	-	-	20.199.632
	Diragukan/ Doubtful	-	-	-	-	-	16.667.200	-	-	16.667.200
	Macet/ Loss	1.257.201	23.719.233	-	-	-	163.668.382	91.053.900	-	279.698.716
	Sub jumlah/ Sub total	1.257.201	43.719.233	16.566.400	-	-	1.849.408.641	138.970.600	-	2.080.022.075

Lampiran/Appendix 2

The original financial statements included herein are in Indonesian language.

PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
 Kemitraan Tahun 2017 (lanjutan)**

Statement of Loan Receivables Classified by Regional and Economic Sector Year 2017 (continued)						
No.	Kantor Wilayah/ Regional Office	Industri Pengolahan/ Processing Industries	Jasa Lainnya/ Other Industries	Konstruksi/ Construction	Listrik, Gas, dan Energi, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation and Warehousing and Communications
7	DKI Jakarta 2 <i>Lancar/ Current</i>	258.768.821	1.034.504.337	-	-	6.554.380.199
	Kurang Lancar/ Substandard	16.733.500	-	-	-	51.249.500
	Diragukan/ Doubtful	-	-	-	-	72.250.000
	Macet/ Loss	7.234.548	175.336.533	-	3.434.767	742.598.239
	Sub jumlah/ Sub total	282.736.869	1.209.840.870	-	3.434.767	7.420.477.338
						488.446.607
8	DKI Jakarta 3 <i>Lancar/ Current</i>	195.676.476	450.543.491	-	72.916.700	3.092.072.818
	Kurang lancar/ Substandard	-	-	-	-	72.225.063
	Diragukan/ Doubtful	-	-	-	-	56.249.400
	Macet/ Loss	87.105.680	688.838.459	-	-	913.479.354
	Sub jumlah/ Sub total	282.732.156	1.139.441.950	-	72.916.700	4.134.026.635
						563.157.774
						23.958.300
						6.216.283.515

PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)

Statement of Loan Receivables Classified by Regional and Economic Sector Year 2017 (continued)

No.	Kantor Wilayah/ Regional Office	Industri Pengolahan/ Processing Industries	Jasa Lainnya/ Other Industries	Konstruksi/ Construction	Listrik, Gas, dan Energi, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation and Warehousing and Communications	Pertanian/ Agriculture	Pertambangan/ Mining	Sosial Masyarakat/ Community Services	Jumlah/ Total
7	DKI Jakarta 2 <i>Lancar/ Current</i>	258.768.821	1.034.504.337	-	-	6.554.380.199	310.371.913	-	-	224.846.317
	Kurang lancar/ Substandard	16.733.500	-	-	-	-	51.249.500	-	-	48.130.315
	Diragukan/ Doubtful	-	-	-	-	-	72.250.000	63.313.334	-	-
	Macet/ Loss	7.234.548	175.336.533	-	3.434.767	742.598.239	114.761.360	-	6.499.630	1.049.865.077
	Sub jumlah/ Sub total	282.736.869	1.209.840.870	-	3.434.767	7.420.477.338	488.446.607	279.476.262	9.634.413.313	
8	DKI Jakarta 3 <i>Lancar/ Current</i>	195.676.476	450.543.491	-	72.916.700	3.092.072.818	346.528.203	-	-	23.958.300
	Kurang lancar/ Substandard	-	-	-	-	72.225.063	-	-	-	72.225.063
	Diragukan/ Doubtful	-	-	-	-	56.249.400	18.958.337	-	-	75.207.737
	Macet/ Loss	87.105.680	688.838.459	-	-	913.479.354	197.671.234	-	-	1.887.154.727
	Sub jumlah/ Sub total	282.732.156	1.139.441.950	-	72.916.700	4.134.026.635	563.157.774	23.958.300	6.216.283.515	

**Lampiran/Appendix 2**

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)**

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2017 (lanjutan)**

No.	Kantor Wilayah/ Regional Office	Industri/ Pengolahan/ Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas, dan Energi, Gas and Water	Statement of Loan Receivables Classified by Regional and Economic Sector Year 2017 (continued)				
						Pengangkutan, Pergudangan, Restoran, dan Hotel/ Transportation, Warehousing and Hotels	Pertanian/ Agriculture	Pertambangan/ Mining	Sosial/ Community Services	Jumlah/ Total
9	Jayapura Lancar/ Current	39.833.500	145.276.900	-	-	-	1.590.717.741	430.229.635	-	2.206.057.776
	Kurang Lancar/ Substandard	7.080.728	-	-	-	-	4.167.300	11.667.400	-	22.915.428
	Diragukan/ Doubtful	-	-	-	-	-	19.444.200	-	-	19.444.200
	Masih/ Loss	76.505.433	354.657.634	-	-	49.414.034	936.006.392	79.598.767	-	13.744.003
	Sub jumlah/ Sub total	123.419.661	499.934.654	-	-	49.414.034	2.550.935.533	521.495.802	-	13.744.003
10	Makassar Lancar/ Current	749.749.980	798.090.654	-	75.000.000	292.082.600	11.988.514.973	3.037.056.828	-	328.052.360
	Kurang Lancar/ Substandard	-	9.722.219	-	-	-	297.751.437	104.076.571	-	411.550.227
	Diragukan/ Doubtful	5.825.000	22.232.000	-	-	-	18.053.800	50.079.900	-	98.180.700
	Masih/ Loss	157.127.267	219.637.908	-	-	-	1.098.781.137	830.269.362	-	15.701.699
	Sub jumlah/ Sub total	912.702.247	1.049.672.781	-	75.000.000	292.082.600	13.403.101.347	4.021.482.661	-	343.754.059
										20.097.795.695

Lampiran/Appendix 2

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk**
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAMA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disusulkan dalam Rupiah)

Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program Kemitraan Tahun 2017 (lanjutan)

**Lampiran/Appendix 2**

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)**

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2017 (lanjutan)**

Statement of Loan Receivables Partnership Program's Collectibility Classified by Regional and Economic Sector Year 2017 (continued)						
No.	Kantor Wilayah/ Regional Office	Industri Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas dan Air/ Electricity, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation, Warehousing and Communications
13	Medan					
	Lancar/ Current	443.735.921	362.721.508	-	-	4.426.137.979
	Kurang lancar/ Substandard	-	-	-	-	-
	Diragukan/ Doubtful	-	-	-	-	-
	Macev Loss	104.190.658	117.661.867	-	-	10.900.628
	Sub jumlah/ Sub total	547.986.579	480.496.375	-	-	7.770.000
					348.370.886	270.549.156
					4.785.409.493	1.759.631.067
14	Padang					
	Lancar/ Current	286.688.100	164.402.600	-	-	4.432.011.798
	Kurang lancar/ Substandard	-	-	-	-	643.879.284
	Diragukan/ Doubtful	-	-	-	-	50.433.565
	Macev Loss	9.849.514	13.334.000	-	-	50.456.000
	Sub jumlah/ Sub total	133.308.132	55.681.867	-	-	499.285.685
		429.825.746	233.418.467	-	-	5.022.187.048
					1.207.940.848	
						86.110.600
						6.979.482.709

Lampiran/Appendix 2

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk**
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program Kemitraan Tahun 2017 (lanjutan)

**Lampiran/Appendix 2**

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)**

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2017 (lanjutan)**

Statement of Loan Receivables Classified by Regional and Economic Sector Year 2017 (continued)						
No.	Kantor Wilayah/ Regional Office	Industri/ Penjualan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas dan Air/ Electricity, Gas and Water	Pengangkutan, Pergudangan dan Komunikasi/ Transportation, Warehousing and Communications
17	Semarang					
	Lancar/ Current	785.921.032	685.657.411	-	-	9.375.921.409
	Kurang Lancar/ Substandard	-	-	-	-	18.889.100
	Dragukan/ Doubtful	-	162.903	-	-	47.494.448
	Macet/ Loss	83.511.463	181.870.601	-	-	398.468.245
	Sub jumlah/ Sub total	869.432.495	867.690.915	-	73.333.000	151.443.124
						815.289.433
18	Surabaya					
	Lancar/ Current	804.436.636	430.525.800	37.500.600	13.542.300	9.034.744.209
	Kurang Lancar/ Substandard	48.213.710	-	-	-	193.906.601
	Dragukan/ Doubtful	-	46.256.000	-	-	159.058.947
	Macet/ Loss	288.526.100	155.522.900	-	-	6.251.156
	Sub jumlah/ Sub total	1.141.176.446	632.30.700	37.500.600	13.542.300	10.679.666.837
						3.523.838.740

Lampiran/Appendix 2

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2017 (lanjutan)**

Statement of Loan Receivables Classified by Regional and Economic Sector Year 2017 (continued)						
No.	Kantor Wilayah/ Regional Office	Industri/ Pengolahan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas dan Air/ Electricity, Gas and Water	Pengangkutan, Perdagangan dan Komunikasi/ Transportation/ Warehousing and Communications
19	Yogyakarta					
	Lancar/ <i>Current</i>	854.695.187	1.604.063.548	-	-	16.324.409.311
	Kurang Lancar/ <i>Substandard</i>	29.167.000	59.951.100	-	-	196.321.700
	Diragukan/ <i>Doubtful</i>	-	-	-	-	65.000.000
	Masih/ <i>Loss</i>	255.392.132	347.586.967	-	5.221.900	1.967.045.194
	Sub jumlah/ <i>Sub total</i>	1.139.254.319	2.011.601.615	-	5.221.900	18.487.776.205
	Jumlah/ <i>Total</i>	10.107.208.031	13.128.802.141	122.222.600	234.024.380	1.141.410.201
						138.036.980.180
						98.086.350.346
						-
						2.845.106.677
						263.702.104.556

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)**

**Statement of Partnership Program's Collectibility
Classified by Regional and Economic Sector Year 2017 (continued)**

No.	Kantor Wilayah/ Regional Office	Industri/ Pengolahan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas dan Air/ Electricity, Gas and Water	Pengangkutan, Perdagangan dan Komunikasi/ Transportation/ Warehousing and Communications	Pertanian/ Agriculture	Pertambangan/ Mining	Sosial/ Community Services	Jumlah/ Total	
19	Yogyakarta										
	Lancar/ <i>Current</i>	854.695.187	1.604.063.548	-	-	16.324.409.311	9.162.402.386	-	18.500.050	28.133.070.482	
	Kurang Lancar/ <i>Substandard</i>	29.167.000	59.951.100	-	-	196.321.700	111.206.916	-	37.166.000	433.813.316	
	Diragukan/ <i>Doubtful</i>	-	-	-	-	-	65.000.000	-	-	65.000.000	
	Masih/ <i>Loss</i>	255.392.132	347.586.967	-	5.221.900	1.967.045.194	620.671.033	-	-	3.195.916.926	
	Sub jumlah/ <i>Sub total</i>	1.139.254.319	2.011.601.615	-	5.221.900	18.487.776.205	9.959.280.335	-	224.666.650	31.827.800.724	
	Jumlah/ <i>Total</i>	10.107.208.031	13.128.802.141	122.222.600	234.024.380	1.141.410.201	138.036.980.180	98.086.350.346	-	2.845.106.677	263.702.104.556

**Lampiran/Appendix 2**

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSEFO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN**
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSEFO) Tbk
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR**
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2016**

Statement of Loan Receivables Classified by Regional and Economic Sector Year 2016						
No.	Kantor Wilayah/ Regional Office	Industri Pengolahan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas, dan Air Electricity, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation/ Warehousing and Communications
1	Banda Aceh Lancar/ Current	217.087.000	326.944.200	-	-	125.416.700
	Kurang Lancar/ Substandard	-	-	-	-	4.520.098.427
	Diragukan/ Doubtful	-	-	-	-	99.022.826
	Macet/ Loss	-	121.031.845	-	-	560.500
	Sub jumlah/ Sub total	217.087.000	447.976.045	-	1.174.840.106	112.730.967
					141.716.700	5.803.511.859
						680.920.519
2	Bandar Lampung Lancar/ Current	301.399.065	23.575.334	-	-	3.824.054.827
	Kurang Lancar/ Substandard	-	-	-	-	62.533.600
	Diragukan/ Doubtful	-	-	-	-	26.178.336
	Macet/ Loss	17.925.133	14.609.667	-	324.540.284	168.365.367
	Sub jumlah/ Sub total	319.324.198	38.185.001	-	2.407.172.294	4.205.946.894
						87.720.100
						7.058.346.487

Lampiran/Appendix 2

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2016 (lanjutan)**

Statement of Loan Receivables Classified by Regional and Economic Sector Year 2016 (continued)						
No.	Kantor Wilayah/ Regional Office	Industri Pengolahan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Lisrik Gas, dan Air Electricity, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation, Warehousing and Communications
3	Bandung					
	Lancar/ Current	650,107,695	15,277,100	5,555,200	62,500,200	-
	Kurang Lancar/ Substandard	2,996,500	-	-	-	4,927,399,656
	Diragukan/ Doubtful	-	-	-	-	102,409,896
	Macet/ Loss	166,203,900	217,759,468	-	-	32,039,026
	Sub jumlah/ Sub total	819,308,595	233,036,568	5,555,200	62,500,200	-
						1,108,159,990
						2,230,502,564
						6,170,008,468
						4,502,757,097
						-
						110,075,000
						3,832,790,822
						144,099,130
						11,937,264,758
						-
4	Banjarmasin					
	Lancar/ Current	190,388,736	616,513,304	-	12,499,700	4,006,807,805
	Kurang Lancar/ Substandard	2,084,100	27,777,779	-	-	2,037,960,438
	Diragukan/ Doubtful	-	-	-	86,551,599	4,341,400
	Macet/ Loss	-	33,123,523	-	-	50,000,000
	Sub jumlah/ Sub total	277,274,736	805,564,273	-	-	271,919,271
						52,294,680
						1,494,110,926
						123,196,980
						8,633,064,410

**Lampiran/Appendix 2**

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk**
**LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN**
Tanggal 31 Desember 2016 dan
Untuk Tahun Yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk**
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2016 (lanjutan)**

Statement of Loan Receivables Classified by Regional and Economic Sector Year 2016 (continued)						
No.	Kantor Wilayah/ Regional Office	Industri/ Pengolahan/ Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas, dan Listrik, Gas, and Electricity, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation, Warehousing and Communications
5	Denpasar					
	Lancar/ Current	372.716.022	148.292.513	-	-	1.638.936.017
	Kurang lancar/ Substandard	-	-	-	-	36.861.313
	Diragukan/ Doubtful	-	-	-	-	-
	Macet/ Loss	-	110.697.832	-	14.442.800	637.084.349
	Sub jumlah/ Sub total	372.716.022	258.990.345		14.442.800	5.466.509.195
					2.312.881.879	
6	DKI Jakarta 1					
	Lancar/ Current	-	33.333.200	-	850.521.809	-
	Kurang lancar/ Substandard	-	-	-	19.167.100	-
	Diragukan/ Doubtful	-	-	-	-	-
	Macet/ Loss	1.257.201	23.719.233	-	149.795.332	91.053.900
	Sub jumlah/ Sub total	1.257.201	23.719.233	33.333.200	1.019.484.241	91.053.900

Lampiran/Appendix 2

The original financial statements included herein are in Indonesian language.

PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
 Kemitraan Tahun 2016 (lanjutan)**

Statement of Loan Receivables Classified by Regional and Economic Sector Year 2016 (continued)						
No.	Kantor Wilayah/ Regional Office	Industri Pengolahan/ Processing Industries	Jasa Lainnya/ Other Industries	Konstruksi/ Construction	Listrik, Gas, dan Energi, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation and Warehousing and Communications
7	DKI Jakarta 2 <i>Lancar/ Current</i>	310.764.772	374.609.890	-	-	3.473.348.999
	Kurang Lancar/ Substandard	-	-	-	-	102.203.100
	Diragukan/ Doubtful	-	-	-	-	25.000.400
	Macet/ Loss	7.234.548	185.336.533	-	3.434.767	606.666.339
	Sub jumlah/ Sub total	317.999.320	559.946.423	-	3.434.767	4.207.218.338
8	DKI Jakarta 3 <i>Lancar/ Current</i>	94.464.676	44.425.268	-	-	1.380.229.326
	Kurang Lancar/ Substandard	-	-	-	-	288.361.337
	Diragukan/ Doubtful	-	-	-	-	-
	Macet/ Loss	87.105.680	689.838.463	-	-	912.657.687
	Sub jumlah/ Sub total	181.590.356	734.323.731	-	2.292.887.013	502.421.571

PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)

Statement of Loan Receivables Classified by Regional and Economic Sector Year 2016 (continued)

No.	Kantor Wilayah/ Regional Office	Industri Pengolahan/ Processing Industries	Jasa Lainnya/ Other Industries	Konstruksi/ Construction	Listrik, Gas, dan Energi, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation and Warehousing and Communications	Pertanian/ Agriculture	Pertambangan/ Mining	Sosial Masyarakat/ Community Services	Jumlah/ Total
7	DKI Jakarta 2 <i>Lancar/ Current</i>	310.764.772	374.609.890	-	-	3.473.348.999	261.300.260	-	86.994.375	4.507.018.316
	Kurang Lancar/ Substandard	-	-	-	-	-	102.203.100	80.130.000	-	192.333.100
	Diragukan/ Doubtful	-	-	-	-	-	25.000.400	-	-	25.000.400
	Macet/ Loss	7.234.548	185.336.533	-	3.434.767	606.666.339	114.761.360	-	6.499.630	923.933.177
	Sub jumlah/ Sub total	317.999.320	559.946.423	-	3.434.767	4.207.218.338	456.191.640	-	93.494.005	5.638.284.933
8	DKI Jakarta 3 <i>Lancar/ Current</i>	94.464.676	44.425.268	-	-	1.380.229.326	-	-	-	1.807.500.607
	Kurang Lancar/ Substandard	-	-	-	-	-	-	-	-	-
	Diragukan/ Doubtful	-	-	-	-	-	-	-	-	-
	Macet/ Loss	87.105.680	689.838.463	-	-	912.657.687	214.060.234	-	-	1.903.722.064
	Sub jumlah/ Sub total	181.590.356	734.323.731	-	2.292.887.013	502.421.571	-	3.711.222.671	-	-

**Lampiran/Appendix 2**

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk**
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2016 (lanjutan)**

PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)

**Statement of Loan
Classified by Regional and Economic Sector** *(continued)*

No.	Kantor Wilayah/ Regional Office	Industri/ Pengolahan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas, dan Air/ Electricity, Gas and Water	Pengangkutan, Pergudangan, dan Kommunikasi/ Transportation, Warehousing and Communications	Pertanian/ Agriculture	Pertambangan/ Mining	Sosial Masyarakat/ Community Services	Jumlah/ Total		
9	Jayapura						-	1.155.904.445	297.634.500	-	70.833.400	1.620.677.245
	Lancar/ Current	79.534.100	16.110.800	-	-	-	-	59.055.800	48.600.000	-	107.655.600	
	Kurang lancar/ Substandard	-	-	-	-	-	-	-	-	-	2.747.300	
	Diragukan/ Doubtful	-	2.747.300	-	-	-	-	-	-	-	-	
	Masih/ Loss	-	11.921.933	354.657.634	-	-	49.414.034	1.050.082.529	82.275.100	-	13.744.003	1.562.095.233
	Sub jumlah/ Sub total	91.506.033	373.515.734				49.414.034	2.265.042.574	428.509.600		84.577.403	3.292.565.378
10	Makassar											
	Lancar/ Current	772.455.476	389.848.340	-	9.592.900	5.006.233.540	1.522.352.700	-	190.973.102	7.89.446.058		
	Kurang lancar/ Substandard	18.471.000	30.555.400	-	-	179.043.788	-	-	-	22.070.188		
	Diragukan/ Doubtful	-	20.706.000	-	-	67.632.000	33.761.100	-	-	122.099.100		
	Masih/ Loss	66.202.067	237.232.408	-	-	899.099.925	756.174.462	-	15.701.698	1.974.410.561		
	Sub jumlah/ Sub total	877.834.543	657.636.148			9.582.900	6.152.009.253	2.312.288.262		206.674.801	10.216.025.907	

Lampiran/Appendix 2

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2016 (lanjutan)**

Statement of Loan Receivables Classified by Regional and Economic Sector Year 2016 (continued)						
No.	Kantor Wilayah/ Regional Office	Industri/ Pengolahan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas, dan Air/ Electricity, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation, Warehousing and Communications
11	Malang					
	Lancar/ Current	263,171,773	9,028,800	-	144,094,200	3,204,387,256
	Kurang Lancar/ Substandard	5,000,000	-	-	-	17,765,500
	Ditugaskan/ Doubtful	-	-	-	-	143,491,276
	Macet/ Loss	5,753,233	26,564,750	-	10,000,000	3,781,811,386
	Sub jumlah/ Sub total	273,925,006	35,593,550		154,694,200	3,883,077,022
12	Manado					
	Lancar/ Current	131,944,500	123,517,556	-	12,499,987	979,650,630
	Kurang Lancar/ Substandard	-	21,656,000	-	-	176,318,100
	Ditugaskan/ Doubtful	28,921,167	-	-	138,687,680	-
	Macet/ Loss	164,663,038	307,416,300	-	7,000,000	191,437,712
	Sub jumlah/ Sub total	326,528,705	452,589,856		12,499,987	373,927,400

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR
As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)**

**Statement of Loan Receivables Partnership Program's Collectibility
Classified by Regional and Economic Sector Year 2016 (continued)**

No.	Kantor Wilayah/ Regional Office	Industri/ Pengolahan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas, dan Air/ Electricity, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation, Warehousing and Communications	Pertanian/ Agriculture	Pertambangan/ Mining	Sosial/ Community Services	Jumlah/ Total
11	Malang									
	Lancar/ Current	263,171,773	9,028,800	-	144,094,200	3,204,387,256	1,938,216,266	-	41,770,900	5,599,269,215
	Kurang Lancar/ Substandard	5,000,000	-	-	-	-	143,491,276	-	-	166,256,776
	Ditugaskan/ Doubtful	-	-	-	-	-	6,785,600	3,781,811,386	-	384,986,986
	Macet/ Loss	5,753,233	26,564,750	-	10,000,000	634,138,666	711,196,817	-	-	1,387,653,466
	Sub jumlah/ Sub total	273,925,006	35,593,550		154,694,200	3,883,077,022	3,169,085,765		41,770,900	7,538,146,443

**Lampiran/Appendix 2**

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN**

Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR**

As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2016 (lanjutan)**

**Statement of Loan
Classified by Regional and Economic Sector Year 2016 (continued)**

No.	Kantor Wilayah/ Regional Office	Industri Pengolahan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas dan Air/ Electricity, Gas and Water	Pengangkutan, Pergudangan, dan Komunikasi/ Transportation and Warehousing and Communications	Pertanian/ Agriculture	Pertambangan/ Mining	Sosial Masyarakat/ Community Services	Jumlah/ Total
13	Medan									
	Lancar/ Current	139.026.400	15.000.000	-	-	2.915.000	1.155.586.624	223.183.200	-	60.554.800
	Kurang lancar/ Substandard	-	-	-	-	-	35.000.100	22.917.100	-	-
	Diragukan/ Doubtful	-	-	-	-	-	-	-	-	-
	Masih/ Loss	107.477.222	117.768.867	-	-	36.212.044	252.132.056	-	146.727.866	1.020.318.055
	Sub Jumlah/ Sub total	246.503.622	132.768.867	-	-	2.915.000	1.586.798.788	498.232.356	-	207.282.666
										2.674.501.979
14	Padang									
	Lancar/ Current	484.791.900	95.679.800	-	-	2.887.340.350	341.035.192	-	66.666.400	3.875.513.642
	Kurang lancar/ Substandard	44.722.500	-	-	-	140.941.233	-	-	-	185.663.733
	Diragukan/ Doubtful	-	27.777.600	-	-	18.720.997	-	-	-	46.408.597
	Masih/ Loss	10.791.832	27.904.267	-	-	41.322.744	564.061.564	-	-	1.022.080.407
	Sub Jumlah/ Sub total	540.306.232	151.361.667	-	-	3.466.325.324	905.096.756	-	66.666.400	5.129.756.379

Lampiran/Appendix 2

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk**
LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN
Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)

Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program Kemitraan Tahun 2016 (lanjutan)

No.	Kantor Wilayah/ Regional Office	Industri/ Pengolahan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas dan Air/ Electricity, Gas and Water	Pertanian/ Agriculture	Pertambangan/ Mining	Sosial Masyarakat/ Community Services	Jumlah/ Total
17	Surabaya <i>Lancar/ Current</i>	377.284.318	118.888.687	-	-	3.391.992.953	1.855.201.648	-	73.471.200
	Krang Lancar/ Substandard	-	1.943.500	-	-	10.617.100	101.725.000	-	-
	Dragukan/ Doubtful	-	-	-	-	-	47.500.000	-	47.500.000
	Macet/ Loss	100.888.485	203.003.001	-	-	456.632.164	100.493.124	-	861.016.774
	Sub Jumlah/ Sub total	478.172.803	33.335.188	-	-	3.859.242.217	2.104.919.772	-	73.471.200
18	Surabaya <i>Lancar/ Current</i>	660.273.765	24.784.260	60.416.900	-	46.041.900	5.158.612.151	1.799.503.267	217.647.465
	Krang Lancar/ Substandard	-	9.768.200	-	-	-	43.057.075	292.401.161	-
	Dragukan/ Doubtful	-	5.667.300	-	-	-	69.424.831	42.905.100	-
	Macet/ Loss	288.526.100	70.073.000	-	-	-	832.112.805	527.488.473	-
	Sub Jumlah/ Sub total	948.798.865	42.125.100	60.416.900	-	46.041.900	6.490.719.962	2.622.297.001	288.238.630
									10.877.765.568

**Lampiran/Appendix 2**

The original financial statements included herein are in Indonesian language.

**PROGRAM KEMITRAAN DAN BINA LINGKUNGAN
PT BANK RAKYAT INDONESIA (PERSERO) Tbk**
**LAPORAN KUALITAS PIUTANG PINJAMAN
MENURUT WILAYAH DAN
SEKTOR USAHA PROGRAM KEMITRAAN**
**Tanggal 31 Desember 2016 dan
Untuk Tahun yang Berakhir pada Tanggal Tersebut
(Disajikan dalam Rupiah)**

**PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM
PT BANK RAKYAT INDONESIA (PERSERO) Tbk**
**STATEMENT OF LOAN RECEIVABLES
PARTNERSHIP PROGRAM'S COLLECTIBILITY
CLASSIFIED BY REGIONAL AND ECONOMIC SECTOR**
**As of December 31, 2016 and
For the Year then Ended
(Expressed in Rupiah)**

**Laporan Kualitas Piutang Pinjaman menurut Wilayah dan Sektor Usaha Program
Kemitraan Tahun 2016 (lanjutan)**

Statement of Loan Receivables Classified by Regional and Economic Sector Year 2016 (continued)						
No.	Kantor Wilayah/ Regional Office	Industri Penolakan/ Processing Industries	Jasa Lainnya/ Other Services	Konstruksi/ Construction	Listrik, Gas dan Air/ Electricity, Gas and Water	Pengangkutan, Pergudangan dan Komunikasi/ Transportation, Warehousing and Communications
19	Yogyakarta Lancar/ Current	434.973.047	519.543.233	-	-	6.179.923.763
	Kurang Lancar/ Substandard	-	82.045.400	-	-	62.361.100
	Diragukan/ Doubtful	-	-	-	-	14.120.000
	Macet/ Loss	213.723.832	678.067.089	-	5.221.600	2.130.068.478
	Sub jumlah/ Sub total	648.696.879	1.279.655.722	-	5.221.600	8.336.463.341
	Jumlah/Total	7.704.054.887	7.379.241.751	99.305.300	62.500.200	452.464.288
						73.407.573.147
						38.426.325.996
						23.333.600
						1.812.721.515
						129.357.520.884

Performance Highlights

Management Reports

Company Profile

Management Discussion & Analysis

This page is intentionally left blank

FOSTERING THE NATION THROUGH
INTEGRATED BANKING SOLUTION &
MSME TRANSFORMATION



Melayani Dengan Setulus Hati

PT Bank Rakyat Indonesia (Persero) Tbk.

Head Office
BRI I Building
Jl. Jend. Sudirman Kav 44-46
Jakarta 10210
Indonesia

: (62 21) 251 0244, 251 0254

: (62 21) 250 0065, 250 0077

: www.bri.co.id