

**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

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### 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. Sumenep 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 29, 2018  
 For and on behalf of the Board of Directors

Suprajarto  
 President Director

Haru Koesmahargyo  
 Director

**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**

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*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.

*This report is originally issued in the Indonesian language.*

**Independent Auditors' Report (continued)**

Report No. RPC-5581/P55/2018 (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



Danil Setiadi Handaja, CPA  
Public Accountant Registration No. AP.1008

January 24, 2018

**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
<b>ASSETS</b>			
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.



*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)**

	<b>Notes</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS (continued)</b>			
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	2a,38c	3,270,231	2,520,930
Other Assets - net	2c,2e,2p, 2q,2r,18	25,230,455	13,909,933
<b>TOTAL ASSETS</b>		<u><b>1,126,248,442</b></u>	<u><b>1,003,644,426</b></u>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**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)**

	<b>Notes</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
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		841,656,450	754,526,374
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	2a/,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
<b>TOTAL LIABILITIES</b>		<b>958,900,948</b>	<b>856,831,836</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



**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
<b>LIABILITIES AND EQUITY (continued)</b>			
<b>EQUITY</b>			
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		143,827,697	125,309,471
Total Equity Attributable to Equity Holders of the Parent Entity		166,748,817	146,421,342
Non-controlling interest	2b	598,677	391,248
<b>TOTAL EQUITY</b>		<b>167,347,494</b>	<b>146,812,590</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,126,248,442</b>	<b>1,003,644,426</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**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 <sup>1)</sup>
<b>INCOME AND EXPENSES FROM OPERATIONS</b>			
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		102,899,292	93,995,015
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		(29,893,805)	(28,576,716)
Interest and Sharia Income - net		73,005,487	65,418,299
Premium Income	2ad	3,788,965	3,038,864
Claim Expense	2ad	(3,403,551)	(2,760,154)
Premium Income - net		385,414	278,710
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		2,578,558	2,800,801
Total Other Operating Income		19,091,067	16,998,789
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)

<sup>1)</sup> As reclassified (Note 50)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**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)**

		<b>Year Ended December 31,</b>	
	<b>Notes</b>	<b>2017</b>	<b>2016<sup>*)</sup></b>
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)
<b>OPERATING INCOME</b>		<b>36,805,834</b>	<b>33,964,542</b>
<b>NON OPERATING INCOME - NET</b>	37	216,323	9,228
<b>INCOME BEFORE TAX EXPENSE</b>		<b>37,022,157</b>	<b>33,973,770</b>
<b>TAX EXPENSE</b>	2aI,38b, 38c	(7,977,823)	(7,745,779)
<b>INCOME FOR THE YEAR</b>		<b>29,044,334</b>	<b>26,227,991</b>
<b>Other comprehensive income:</b>			
<b>Items not to be reclassified to profit or loss</b>			
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
<b>Items to be reclassified to profit or loss</b>			
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)
<b>Other Comprehensive Income For the Year - After Tax</b>		<b>1,832,681</b>	<b>15,152,016</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>30,877,015</b>	<b>41,380,007</b>

<sup>\*)</sup> 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	2016 <sup>*)</sup>
<b>INCOME FOR THE YEAR</b>			
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Parent Entity		28,996,535	26,195,772
Non-controlling interest		47,799	32,219
<b>TOTAL</b>		<b>29,044,334</b>	<b>26,227,991</b>
<b>TOTAL COMPREHENSIVE INCOME</b>			
<b>FOR THE YEAR ATTRIBUTABLE TO:</b>			
Equity holders of the Parent Entity		30,805,784	41,340,376
Non-controlling interest		71,231	39,631
<b>TOTAL</b>		<b>30,877,015</b>	<b>41,380,007</b>
<b>BASIC EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO EQUITY</b>			
<b>HOLDERS OF THE PARENT ENTITY</b>			
<b>(full Rupiah)</b>	2ah,49	<b>237.22</b>	<b>214.30</b>

<sup>\*)</sup> As reclassified (Note 50)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**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 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		Total Equity Attributable to Equity Holders of the Parent Entity	Non-controlling Interest	Total Equity
									Appropriated	Unappropriated			
<b>Balance as of December 31, 2015</b>		<b>6,167,291</b>	<b>2,773,858</b>	<b>49,069</b>	<b>(1,145,471)</b>	<b>541,468</b>	<b>(2,286,375)</b>	<b>-</b>	<b>18,115,741</b>	<b>88,617,280</b>	<b>112,832,861</b>	<b>294,318</b>	<b>113,127,179</b>
Income for the year		-	-	-	-	-	-	-	-	26,195,772	26,195,772	32,219	26,227,991
Other comprehensive income	2h,2aj,17	-	-	(25,579)	1,221,089	124,402	-	13,824,692	-	-	15,144,604	7,412	15,152,016
Total comprehensive income for the year		-	-	(25,579)	1,221,089	124,402	-	13,824,692	-	26,195,772	41,340,376	39,631	41,380,007
Distribution of income Dividends	31d	-	-	-	-	-	-	-	-	(7,619,322)	(7,619,322)	(1,994)	(7,621,316)
Additional paid in capital		-	-	-	-	-	-	-	-	-	-	63,698	63,698
Specific reserves reclassification	31e	-	-	-	-	-	-	-	(15,093,056)	15,093,056	-	-	-
Changes in non-controlling interest from acquisition of BRI Life		-	-	-	-	-	-	-	-	-	-	(4,405)	(4,405)
Treasury Stock	1d	-	-	-	-	-	(132,573)	-	-	-	(132,573)	-	(132,573)
<b>Balance as of December 31, 2016</b>		<b>6,167,291</b>	<b>2,773,858</b>	<b>23,490</b>	<b>75,618</b>	<b>665,870</b>	<b>(2,418,948)</b>	<b>13,824,692</b>	<b>3,022,685</b>	<b>122,286,786</b>	<b>146,421,342</b>	<b>391,248</b>	<b>146,812,590</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**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 Translation 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	Treasury Stocks	Revaluation Surplus Arising from Fixed Assets - Net of Tax	Retained Earnings		Total Equity Attributable to Equity Holders of the Parent Entity	Non-controlling Interest	Total Equity
									Appropriated	Unappropriated			
<b>Balance as of December 31, 2016</b>		<b>6,167,291</b>	<b>2,773,858</b>	<b>23,490</b>	<b>75,618</b>	<b>665,870</b>	<b>(2,418,948)</b>	<b>13,824,692</b>	<b>3,022,685</b>	<b>122,286,786</b>	<b>146,421,342</b>	<b>391,248</b>	<b>146,812,590</b>
Income for the year		-	-	-	-	-	-	-	-	28,996,535	28,996,535	47,799	29,044,334
Other comprehensive income	2h,2aj	-	-	30,709	1,738,007	40,533	-	-	-	-	1,809,249	23,432	1,832,681
Total comprehensive income for the year		-	-	30,709	1,738,007	40,533	-	-	-	28,996,535	30,805,784	71,231	30,877,015
Distribution of income Dividends	31d	-	-	-	-	-	-	-	-	(10,478,309)	(10,478,309)	(5,468)	(10,483,777)
Additional paid in capital		-	-	-	-	-	-	-	-	-	-	133,613	133,613
Changes in non-controlling interest In Subsidiaries		-	-	-	-	-	-	-	-	-	-	8,053	8,053
<b>Balance as of December 31, 2017</b>		<b>6,167,291</b>	<b>2,773,858</b>	<b>54,199</b>	<b>1,813,625</b>	<b>706,403</b>	<b>(2,418,948)</b>	<b>13,824,692</b>	<b>3,022,685</b>	<b>140,805,012</b>	<b>166,748,817</b>	<b>598,677</b>	<b>167,347,494</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
<b>Cash flows before changes in operating assets and liabilities</b>	<b>51,525,335</b>	<b>39,788,067</b>
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
<b>Net Cash Provided by Operating Activities</b>	<b>39,299,109</b>	<b>21,770,833</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.



**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)**

		<b>Year Ended December 31,</b>	
	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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
<b>Net Cash Used in Investing Activities</b>		<b>(30,995,996)</b>	<b>(3,324,382)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
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)
<b>Net Cash (Used in) Provided by Financing Activities</b>		<b>(10,847,132)</b>	<b>7,081,628</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(2,544,019)</b>	<b>25,528,079</b>
<b>INCREASE IN CASH FROM ACQUISITION BRI FINANCE</b>		<b>-</b>	<b>36,764</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCIES</b>		<b>(427)</b>	<b>1,279</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		<b>188,954,879</b>	<b>163,388,757</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>186,410,433</b>	<b>188,954,879</b>

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)**

	<b>Notes</b>	<b>Year Ended December 31,</b>	
		<b>2017</b>	<b>2016</b>
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
<b>Total Cash and Cash Equivalents</b>		<b>186,410,433</b>	<b>188,954,879</b>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**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)**

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**1. GENERAL**

**a. Establishment**

PT Bank Rakyat Indonesia (Persero) Tbk (hereinafter referred to as "BRI") was established on and started its commercial operations on December 18, 1968 based on Law No. 21 Year 1968. On April 29, 1992, based on Government of the Republic of Indonesia (the "Government") Regulation No. 21 Year 1992, the legal status of BRI was changed to a limited liability corporation (Persero). The change into a limited liability corporation was documented by notarial deed No. 133 dated July 31, 1992 of Notary Muhani Salim, S.H., approved by the 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.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**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.

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**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):

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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.

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**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:

		<b>December 31, 2017</b>	<b>December 31, 2016</b>
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 Kerat	A. Sonny Kerat
Independent Commissioner	:	Rofikoh Rokhim <sup>*)</sup>	Adhyaksa Dault
Commissioner	:	Vincentius Sonny Loho	Vincentius Sonny Loho
Commissioner	:	Jeffry J. Wurangian	Jeffry J. Wurangian
Commissioner	:	Nicolaus Teguh Budi Harjanto	Mahmud

<sup>\*)</sup> 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:

		<b>December 31, 2017</b>	<b>December 31, 2016</b>
President Director	:	Suprajarto	Asmawi Syam
Vice President Director	:	- <sup>*)</sup>	Sunarso
Director	:	Haru Koesmahargyo	Haru Koesmahargyo
Director	:	Susy Liestiwaty	Susy Liestiwaty
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 Utoyo	Zulhelfi Abidin
Director	:	R. Sophia Alizsa <sup>**)</sup>	Randi Anto
Director	:	Handayani <sup>**)</sup>	-

<sup>\*)</sup> 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.

<sup>\*\*)</sup> Effective after Financial Services Authority's approval on the Fit & Proper Test in accordance with the prevailing regulations

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES**  
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**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	A. Fuad Rahmany
Member	A. Sonny Kerat	A. Sonny Kerat
Member	Rofikoh Rokhim <sup>*)</sup>	Adhyaksa Dault
Member	Pamuji Gesang Raharjo	Pamuji Gesang Raharjo
Member	I Gde Yadnya Kusuma	I Gde Yadnya Kusuma
Member	Sunuaji Noor Widiyanto	Sunuaji Noor Widiyanto

<sup>\*)</sup> 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.



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**(Expressed in millions of Rupiah, unless otherwise stated)**

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**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.

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**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.

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**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%.

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**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.

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**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 :etter 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.

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**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 15<sup>th</sup> 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, 10<sup>th</sup> floor, Kota BNI Jl. Jenderal Sudirman Kav.1, Jakarta, and it has 4 branches located at Bandung, Surabaya, Samarinda and Medan.

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## **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.



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**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.

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**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.

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**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.

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**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.

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**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:

- a. 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;
- b. 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
- c. 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.

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**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.

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**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 Bapepam-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.



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**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.

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**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.

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**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.

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**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.

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**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.

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**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.

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**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.

**l. 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.

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**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:

	<b>Years</b>
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.



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**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 initially 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.

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**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.

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**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.

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**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).

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**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, BRISyariah 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*).

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**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.

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**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.

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**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).



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**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):

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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

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**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):

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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.

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**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.

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**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.

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**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.

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**2. SUMMARY OF ACCOUNTING POLICIES (continued)**

**an. Use of significant accounting judgments, estimates and assumptions (continued)**

**Estimates and Assumptions (continued)**

Allowance for impairment losses on loans, sharia 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.

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**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).

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**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.



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**3. CASH**

	December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Rupiah</u>		23,780,207		24,499,503
<u>Foreign currencies</u>				
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
<b>Total</b>		<b>24,797,782</b>		<b>25,212,024</b>

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		47,081,113		44,066,637
United States Dollar	816,242,160	11,074,366	858,735,147	11,569,309
<b>Total</b>		<b>58,155,479</b>		<b>55,635,946</b>

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).

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**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>				
<u>Rupiah</u>		64,351		119,480
<u>Foreign currencies</u>				
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

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**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>				
<u>Rupiah</u>		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
<b>Total</b>		<b>5,925,684</b>		<b>11,022,715</b>

b) By Bank:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
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>		
<u>Rupiah</u>		
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

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**5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)**

b) By Bank (continued):

	December 31, 2017	December 31, 2016
<u>Related parties (Notes 44) (continued)</u>		
<u>Foreign currencies</u>		
PT Bank Negara Indonesia (Persero) Tbk	10,477	9,626
PT Bank Mandiri (Persero) Tbk	5,767	3,964
	16,244	13,590
	21,244	22,848
<b>Total</b>	<b>5,925,684</b>	<b>11,022,715</b>

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)	Notional Amount Foreign Currency/ (Full Amount)
	Rupiah Equivalent	Rupiah Equivalent
<u>Third parties</u>		
<u>Rupiah</u>		
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
	26,052,984	59,320,550

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**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>				
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 Ganesha		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

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**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		-
PT Bank KEB Hana Indonesia		-		130,000
		400,000		130,000
		29,154,534		61,395,850
<u>United States Dollar</u>				
Bank Indonesia				
Term Deposits	1,399,887,185	18,992,969	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
		6,014,644		2,670,646
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
		136,177		9,976
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
		474,863		134,678
		25,618,653		16,287,284
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Inter-bank call money				
Lembaga Pembiayaan Ekspor Indonesia		-		200,000
PT Bank Negara Indonesia (Persero) Tbk		-		200,000
PT Bank Mandiri (Persero) Tbk		-		40,000
		-		440,000

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**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>				
<u>Rupiah (continued)</u>				
Time Deposits				
PT Bank Mandiri (Persero) Tbk		43,400		5,400
PT Bank Tabungan Negara (Persero) Tbk (UUS)		8,550		4,000
PT Bank Tabungan Negara (Persero) Tbk		7,200		8,220
PT Bank BNI Syariah		2,000		2,000
		61,150		19,620
		61,150		459,620
<u>United States Dollar</u>				
Other Placement (Banker's Acceptance)				
Lembaga Pembiayaan Ekspor Indonesia	10,000,000	135,675		-
PT Bank Negara Indonesia (Persero) Tbk	10,000,000	135,675		-
		271,350		-
<b>Total</b>		<b>55,105,687</b>		<b>78,142,754</b>

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>		
<u>Rupiah</u>		
≤ 1 month	28,524,534	61,265,850
> 1 month - 3 months	630,000	130,000
	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	-
	25,618,653	16,287,284
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
≤ 1 month	61,150	459,620
<u>Foreign currencies</u>		
> 1 month - 3 months	271,350	-
<b>Total</b>	<b>55,105,687</b>	<b>78,142,754</b>

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**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:

	<b>2017</b>	<b>2016</b>
<u>Rupiah</u>		
Placements with Bank Indonesia	3.83%	4.35%
Placements with other banks	5.13	6.46
<u>Foreign currencies</u>		
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:

	<b>December 31, 2017</b>		<b>December 31, 2016</b>	
	<b>Notional Amount Foreign Currency/ (Full Amount)</b>	<b>Rupiah Equivalent</b>	<b>Notional Amount Foreign Currency/ (Full Amount)</b>	<b>Rupiah Equivalent</b>
<b><u>Fair value through profit or loss</u></b>				
<b><u>Third parties</u></b>				
<b><u>Rupiah</u></b>				
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
		1,418,513		485,362
<b><u>United States Dollar</u></b>				
Mutual Funds	542,921	7,366		-
<b><u>Related parties (Note 44)</u></b>				
<b><u>Rupiah</u></b>				
Government bonds		167,838		84,746
Bonds		35,545		10,329
Mutual Funds		21,264		19,786
Others		82,647		72,759
		307,294		187,620



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**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
<b><u>Fair value through profit or loss</u></b>				
<b><u>(continued)</u></b>				
<b><u>Related parties (Note 44)</u></b>				
<b><u>(continued)</u></b>				
<b><u>United States Dollar</u></b>				
Government bonds	1,989,302	26,990	-	-
Mutual Funds	154,753	2,100	147,263	1,984
		29,090		1,984
		1,762,263		674,966
<b><u>Available for sale</u></b>				
<b><u>Third parties</u></b>				
<b><u>Rupiah</u></b>				
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
<b><u>United States Dollar</u></b>				
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
<b><u>Singapore Dollar</u></b>				
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
<b><u>Related parties (Note 44)</u></b>				
<b><u>Rupiah</u></b>				
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
<b><u>United States Dollar</u></b>				
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
<b><u>European Euro</u></b>				
Government bonds	50,205,906	815,155	37,108,474	526,041
		130,927,293		69,492,266

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**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
<b><u>Held to maturity</u></b>				
<b><u>Third parties</u></b>				
<b><u>Rupiah</u></b>				
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>
<b><u>United States Dollar</u></b>				
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>
<b><u>Related parties (Note 44)</u></b>				
<b><u>Rupiah</u></b>				
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>
<b><u>United States Dollar</u></b>				
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>
<b><u>European Euro</u></b>				
Government bonds	12,003,295	194,888	12,039,541	170,670
		<u>54,229,880</u>		<u>61,896,870</u>
Total		<u>186,919,436</u>		<u>132,064,102</u>
Less allowance for impairment losses		(758)		(758)
<b>Net</b>		<u><b>186,918,678</b></u>		<u><b>132,063,344</b></u>

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**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
<u>Third Parties</u>		
<u>Rupiah</u>		
≤ 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
	44,932,929	25,008,082
<u>Foreign currencies</u>		
≤ 1 month	7,507,182	5,401,340
> 1 month - 3 months	206,371	267,955
> 3 months - 1 year	143,338	339,769
	7,856,891	6,009,064
	52,789,820	31,017,146
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
≤ 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
	90,900,092	60,022,344
<u>Foreign currencies</u>		
≤ 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
	43,229,524	41,024,612
	134,129,616	101,046,956
Total	186,919,436	132,064,102
Less allowance for impairment losses	(758)	(758)
<b>Net</b>	<b>186,918,678</b>	<b>132,063,344</b>

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**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:

	<b>Fair Value/Carrying Value</b>	
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<u>Fair value through profit or loss</u>		
<u>Rupiah</u>		
Fixed Rate	70,418	63,762
Republic of Indonesia Bonds	53,904	-
Sukuk Government Bonds	43,516	20,984
	<u>167,838</u>	<u>84,746</u>
<u>Foreign currencies</u>		
Republic of Indonesia Bonds	26,990	-
	<u>194,828</u>	<u>84,746</u>
<u>Available for sale</u>		
<u>Rupiah</u>		
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
	<u>50,412,771</u>	<u>21,158,568</u>
<u>Foreign currencies</u>		
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
	<u>24,837,492</u>	<u>20,486,651</u>
	<u>75,250,263</u>	<u>41,645,219</u>

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

	Fair Value/Carrying Value	
	December 31, 2017	December 31, 2016
<u>Held to maturity</u>		
<u>Rupiah</u>		
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
	<u>30,170,232</u>	<u>32,185,729</u>
<u>Foreign currencies</u>		
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
	<u>17,866,799</u>	<u>18,914,422</u>
	<u>48,037,031</u>	<u>51,100,151</u>
<b>Total</b>	<b><u>123,482,122</u></b>	<b><u>92,830,116</u></b>

Information regarding interest rates and maturity date are as follows:

	December 31, 2017	
	Annual Interest Rate (%)	Maturity Date
<u>Fair value through profit or loss</u>		
<u>Rupiah</u>		
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

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**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):

	<b>December 31, 2017</b>	
	<b>Annual Interest Rate (%)</b>	<b>Maturity Date</b>
<u>Fair value through profit or loss (continued)</u>		
<u>United States Dollar</u>		
Republic of Indonesia Bonds		
ORI0123	2.95	January 11, 2023
<u>Available for sale</u>		
<u>Rupiah</u>		
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
<u>Republic of Indonesia Bonds</u>		
ORI012	9.00	October 15, 2018
ORI013	6.60	October 15, 2019
ORI014	5.85	October 15, 2020

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**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):

	<b>December 31, 2017</b>	
	<b>Annual Interest Rate (%)</b>	<b>Maturity Date</b>
<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

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**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):

	<b>December 31, 2017</b>	
	<b>Annual Interest Rate (%)</b>	<b>Maturity Date</b>
<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



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**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
<u>Fair value through profit or loss</u>		
<u>Third parties</u>		
<u>Rupiah</u>		
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
	35,833	54,416
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
PT Pupuk Indonesia (Persero)	30,633	-
PT Perusahaan Listrik Negara (Persero)	4,912	1,812
Others	-	8,517
	35,545	10,329
	71,378	64,745
<u>Available for sale</u>		
<u>Third parties</u>		
<u>Rupiah</u>		
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
	2,994,315	2,141,239

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

The details of bonds are as follows (continued):

	<b>Fair Value/Carrying Value</b>	
	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<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
	<b>444,427</b>	<b>807,179</b>
<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
	<b>6,078,903</b>	<b>2,408,561</b>
<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
	<b>720,946</b>	<b>1,428,898</b>
	<b>10,238,591</b>	<b>6,785,877</b>

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**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
<u>Held to maturity</u>		
<u>Third parties</u>		
<u>Rupiah</u>		
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
	1,182,953	1,444,330
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
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
	3,027,090	2,567,989
<u>Foreign currencies</u>		
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
	194,624	739,250
	4,404,667	4,751,569
<b>Total</b>	<b>14,714,636</b>	<b>11,602,191</b>

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**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 <sup>1)</sup>
<u>Fair value through profit or loss</u>			
<u>Third parties</u>			
PT Adira Dinamika Multi Finance Tbk			
<i>Berkelanjutan II Phase II Year 2013 Series C</i>	11.00	October 24, 2018	idAAA
PT Indosat Tbk			
<i>Berkelanjutan I Phase I Year 2014 Series B</i>	10.30	December 12, 2019	idAAA
PT Medco Energi Internasional Tbk			
<i>Berkelanjutan II Phase I Year 2016 Series B</i>	11.30	July 15, 2021	idA+
PT Surya Artha Nusantara Finance			
<i>Berkelanjutan II Phase I Year 2016 Series B</i>	9.00	June 9, 2019	idAA-
PT Summarecon Agung Tbk			
<i>Sukuk Ijarah Berkelanjutan I Phase I Year 2013</i>	10.85	December 11, 2018	idA+(sy)
<i>Sukuk Ijarah Berkelanjutan I Phase II Year 2014</i>	11.50	October 10, 2019	idA+(sy)
<u>Related parties (Note 44)</u>			
PT Pupuk Indonesia (Persero)			
<i>Berkelanjutan I Phase II Year 2017 Series A</i>	7.50	November 9, 2020	AAA
PT Perusahaan Listrik Negara (Persero)			
<i>Sukuk Ijarah Berkelanjutan I Phase I Year 2013</i>	8.00	July 5, 2020	idAAA(sy)
<i>Sukuk Ijarah V Year 2010 Series B</i>	10.40	July 8, 2022	idAAA(sy)
<u>Available for sale</u>			
<u>Third Parties</u>			
<u>Rupiah</u>			
PT Bank OCBC NISP Tbk			
<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 II Year 2017 Series C</i>	7.70	August 22, 2020	idAAA
PT Bank CIMB Niaga Tbk			
<i>Berkelanjutan I Phase II Year 2013 Series C</i>	9.75	November 20, 2018	idAAA
<i>Berkelanjutan II Phase I Year 2016 Series C</i>	8.25	November 3, 2021	idAAA
<i>Berkelanjutan II Phase II Year 2017 Series B</i>	7.70	August 23, 2020	idAAA
<i>Berkelanjutan II Phase II Year 2017 Series C</i>	8.15	August 23, 2022	idAAA
PT Bank Pan Indonesia Tbk			
<i>Berkelanjutan II Phase I Year 2016</i>	9.15	June 28, 2021	idAA
<i>Berkelanjutan II Phase II Year 2016</i>	8.75	October 27, 2021	idAA
PT Adira Dinamika Multi Finance Tbk			
<i>Berkelanjutan II Phase II Year 2013 Series C</i>	11.00	October 24, 2018	idAAA
<i>Berkelanjutan III Phase I Year 2015 Series A</i>	9.50	June 30, 2018	idAAA
<i>Berkelanjutan III Phase II Year 2015 Series B</i>	9.50	August 25, 2018	idAAA
<i>Berkelanjutan III Phase II Year 2015 Series C</i>	10.25	August 25, 2020	idAAA
<i>Berkelanjutan III Phase IV Year 2016 Series B</i>	8.75	July 26, 2019	idAAA
<i>Berkelanjutan III Phase V Year 2017 Series A</i>	7.50	April 2, 2018	idAAA
<i>Berkelanjutan III Phase V Year 2017 Series B</i>	8.60	March 22, 2020	idAAA
<i>Berkelanjutan III Phase V Year 2017 Series C</i>	8.90	March 22, 2022	idAAA
<i>Berkelanjutan III Phase VI Year 2017 Series B</i>	8.10	July 14, 2020	idAAA
<i>Berkelanjutan IV Phase I Year 2017 Series C</i>	7.55	December 12, 2022	idAAA
<i>Berkelanjutan II Phase I Year 2013 Series D</i>	8.90	March 1, 2018	idAAA
<i>Berkelanjutan III Phase I Year 2015 Series B</i>	10.25	June 30, 2020	idAAA
PT Astra Sedaya Finance			
<i>Berkelanjutan III Phase IV Year 2017 Series A</i>	6.25	November 12, 2018	idAAA
<i>Berkelanjutan III Phase IV Year 2017 Series B</i>	7.50	November 2, 2020	idAAA
<i>Berkelanjutan III Phase II Year 2016 Series B</i>	7.95	October 18, 2019	idAAA
<i>Berkelanjutan II Phase V Year 2015 Series B</i>	9.25	July 2, 2018	idAAA
<i>Berkelanjutan III Phase I Year 2016 Series B</i>	8.50	May 11, 2019	idAAA
<i>Berkelanjutan III Phase III Year 2017 Series C</i>	8.75	March 3, 2022	idAAA
<i>Berkelanjutan III Phase III Year 2017 Series B</i>	8.50	March 3, 2020	idAAA

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**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			
<i>Berkelanjutan</i> III Phase III Year 2017 Series C	7.75	November 9, 2020	idAA <sup>-)</sup>
<i>Berkelanjutan</i> I Phase I Year 2015 Series A	10.35	April 12, 2018	idAA <sup>+</sup> )
<i>Berkelanjutan</i> I Phase II Year 2016 Series A	9.10	April 13, 2019	idAA <sup>+</sup> )
<i>Berkelanjutan</i> I Phase III Year 2016 Series A	8.30	November 3, 2019	idAA <sup>+</sup> )
<i>Berkelanjutan</i> III Phase II Year 2017 Series A	8.00	March 12, 2018	idAA <sup>-)</sup>
Phase II Year 2013 Series B	8.25	June 19, 2018	idAA <sup>+</sup> )
PT Bank UOB Indonesia			
<i>Berkelanjutan</i> I Phase I Year 2016 Series B	8.00	November 25, 2019	idAAA <sup>)</sup>
Phase I Year 2015 Series B	9.40	April 1, 2018	idAAA <sup>)</sup>
Phase I Year 2015 Series C	9.60	April 1, 2020	idAAA <sup>)</sup>
<i>Berkelanjutan</i> I Phase I Year 2016 Series B	8.00	November 25, 2019	idAAA <sup>)</sup>
<i>Berkelanjutan</i> I Phase I Year 2016 Series C	8.25	June 30, 2021	idAAA <sup>)</sup>
PT Toyota Astra Financial Services			
<i>Berkelanjutan</i> I Phase III Year 2015 Series B	9.50	November 6, 2018	idAAA <sup>)</sup>
<i>Berkelanjutan</i> I Phase II Year 2015 Series B	9.25	June 11, 2018	idAAA <sup>)</sup>
<i>Berkelanjutan</i> II Phase I Year 2016 Series B	8.40	June 1, 2019	idAAA <sup>)</sup>
<i>Berkelanjutan</i> II Phase II Year 2017 Series B	8.50	February 14, 2020	idAAA <sup>)</sup>
PT Bank Tabungan Pensiunan Nasional Tbk			
<i>Berkelanjutan</i> III Phase II Year 2017 Series B	7.50	October 17, 2020	idAAA <sup>)</sup>
<i>Berkelanjutan</i> I Phase III Year 2013 Series B	8.25	March 5, 2018	idAAA <sup>)</sup>
<i>Berkelanjutan</i> II Phase I Year 2013 Series B	8.25	July 4, 2018	idAAA <sup>)</sup>
<i>Berkelanjutan</i> I Phase III Year 2013 Series B	8.25	March 5, 2018	idAAA <sup>)</sup>
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk			
<i>Berkelanjutan</i> I Phase I Year 2017 Series B	8.15	December 6, 2022	idAA <sup>-)</sup>
<u>Foreign currencies</u>			
JP Morgan Chase Bank. N.A.			
JP Morgan Chase Bank. N.A.	4.95	March 25, 2020	A3 <sup>""</sup> )
JP Morgan Chase Bank. N.A.	3.20	June 15, 2026	A3 <sup>""</sup> )
Alibaba Group Holding Ltd.			
Alibaba Group Holding Ltd.	3.80	November 28, 2024	A1 <sup>""</sup> )
Oversea-Chinese Banking Corporation			
OCBCSP 061924	4.25	June 19, 2024	Aaa <sup>""</sup> )
Xerox Corporation			
Xerox Corporation	2.95	May 15, 2024	Baa3 <sup>""</sup> )
Macy's Inc.			
Macy's Inc.	3.10	June 1, 2024	Baa3 <sup>""</sup> )
Province of Ontario			
Province of Ontario	4.40	April 14, 2020	Aa2 <sup>""</sup> )
Bank of America			
Bank of America	3.30	January 11, 2023	A3 <sup>""</sup> )
Bank of America	3.00	December 20, 2023	A3 <sup>""</sup> )
Bank of America	3.50	April 19, 2026	A3 <sup>""</sup> )
Bank of America	3.30	January 11, 2023	A3 <sup>""</sup> )
Bank of America	5.63	July 1, 2020	A3 <sup>""</sup> )
Citigroup Inc.			
Citigroup Inc.	2.65	October 26, 2020	Baa1 <sup>""</sup> )
Citigroup Inc.	3.75	June 16, 2024	Baa1 <sup>""</sup> )
Wells Fargo & Company			
Wells Fargo & Company	2.60	July 22, 2020	A2 <sup>""</sup> )
Wells Fargo & Company	3.50	March 8, 2022	A2 <sup>""</sup> )
AT&T. Inc.			
AT&T. Inc.	4.95	February 15, 2019	Baa1 <sup>""</sup> )
AT&T. Inc.	4.45	May 15, 2021	Baa1 <sup>""</sup> )

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**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 <sup>1)</sup>
<u>Available for sale (continued)</u>			
<u>Related parties (Note 44)</u>			
<u>Rupiah</u>			
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-

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**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 <sup>1)</sup>
<u>Available for sale (continued)</u>			
<u>Related parties (Note 44) (continued)</u>			
<u>Rupiah (continued)</u>			
PT Perusahaan Listrik Negara (Persero)			
<i>Berkelanjutan II Phase II Year 2017 Series C</i>	8.20	November 3, 2027	idAAA
<u>United States Dollar</u>			
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
<u>Held to maturity</u>			
<u>Third parties</u>			
<u>Rupiah</u>			
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
<u>Related parties (Note 44)</u>			
<u>Rupiah</u>			
PT Pupuk Indonesia (Persero)			
<i>Berkelanjutan I Phase II Year 2017 Series A</i>	7.50	November 9, 2020	AAA
Phase I Year 2014 Series B	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+

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**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 <sup>*)</sup>
<u>Held to maturity(continued)</u>			
<u>Related parties (Note 44) (continued)</u>			
<u>Rupiah (continued)</u>			
PT Bank Tabungan Negara (Persero) Tbk (continued)			
<i>Berkelanjutan</i> II Phase I Year 2015 Series C	10.00	July 8, 2022	idAA+
Phase XIV Year 2010	10.25	June 11, 2020	idAA+
<i>Berkelanjutan</i> I Phase II Year 2013	7.90	March 27, 2023	idAA+
<i>Berkelanjutan</i> II Phase II Year 2016 Series A	8.20	August 30, 2019	idAA+
<i>Berkelanjutan</i> II Phase II Year 2016 Series B	8.75	August 30, 2021	idAA+
PT Pegadaian (Persero)			
<i>Berkelanjutan</i> I Phase II Year 2012 Series D	7.75	February 14, 2019	idAAA
<i>Berkelanjutan</i> I Phase I Year 2011 Series C	9.00	October 11, 2021	idAAA
<i>Berkelanjutan</i> II Phase II Year 2014 Series C	9.75	July 11, 2019	idAAA
<i>Berkelanjutan</i> II Phase III Year 2015 Series B	9.25	May 7, 2018	idAAA
<i>Berkelanjutan</i> 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			
<i>Berkelanjutan</i> II Phase III Year 2014 Series C	9.75	October 16, 2019	idAAA
<i>Berkelanjutan</i> II Phase V Year 2015 Series B	9.00	March 13, 2018	idAAA
<i>Berkelanjutan</i> II Phase VI Year 2015 Series B	9.20	September 16, 2018	idAAA
<i>Berkelanjutan</i> II Phase VI Year 2015 Series C	9.50	September 16, 2020	idAAA
<i>Berkelanjutan</i> II Phase V Year 2015 Series C	9.50	March 13, 2020	idAAA
PT Telekomunikasi Indonesia (Persero) Tbk			
<i>Berkelanjutan</i> I Phase I Year 2015 Series A	9.93	June 23, 2022	idAAA
<i>Berkelanjutan</i> 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			
<i>Berkelanjutan</i> I Year 2011 Series A	8.38	December 14, 2018	idBBB+
<i>Berkelanjutan</i> I Year 2011 Series B	9.05	December 14, 2021	idBBB+
PT Mandiri Tunas Finance			
<i>Berkelanjutan</i> II Phase I Year 2015 Series A	10.20	December 18, 2018	idAA+
PT Jasa Marga (Persero) Tbk			
<i>Berkelanjutan</i> I Phase I Year 2013 Series S Series C	8.90	September 27, 2018	idAA
<i>Berkelanjutan</i> 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)			
<i>Berkelanjutan</i> 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

<sup>\*)</sup> Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo)  
<sup>\*\*)</sup> Based on ratings issued by Moody's  
<sup>\*\*\*)</sup> Based on ratings issued by Fitch Ratings



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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.3. Mutual Funds

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b><u>Fair value through profit or loss</u></b>		
<b><u>Third parties</u></b>		
<b><u>Rupiah</u></b>		
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>
<b><u>United States Dollar</u></b>		
PT Schroder Investment Management Indonesia	7,366	-
	<u>819,571</u>	<u>273,602</u>
<b><u>Related parties (Note 44)</u></b>		
<b><u>Rupiah</u></b>		
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>
<b><u>United States Dollar</u></b>		
PT Danareksa Investment Management	2,100	1,984
	<u>23,364</u>	<u>21,770</u>
	<u>842,935</u>	<u>295,372</u>
<b><u>Available for sale</u></b>		
<b><u>Third parties</u></b>		
<b><u>Rupiah</u></b>		
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

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.3. Mutual Funds (continued)

	December 31, 2017	December 31, 2016
<b><u>Available for sale (continued)</u></b>		
<b><u>Third parties (continued)</u></b>		
<b><u>Rupiah (continued)</u></b>		
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
	<u>1,086,590</u>	<u>552,481</u>
<b><u>Related parties (Note 44)</u></b>		
<b><u>Rupiah</u></b>		
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
	<u>418,278</u>	<u>373,303</u>
	<u>1,504,868</u>	<u>925,784</u>
	<b><u>2,347,803</u></b>	<b><u>1,221,156</u></b>

d.4. Negotiable Certificate of Deposits (NCD)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value	
				December 31, 2017	December 31, 2016
<b><u>Available for sale</u></b>					
<b><u>Third parties</u></b>					
<b><u>Rupiah</u></b>					
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	-

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**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
<b>Available for sale (continued)</b>					
<u>Third parties (continued)</u>					
<u>Rupiah (continued)</u>					
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	-
				686,354	-
<u>Related parties (Note 44)</u>					
<u>Rupiah</u>					
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	-
				77,807	-
<b>Held to maturity</b>					
<u>Third parties</u>					
<u>Rupiah</u>					
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
				106,968	660,243
<u>Related parties (Note 44)</u>					
<u>Rupiah</u>					
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
				155,453	808,282
<b>Total</b>				<b>1,026,582</b>	<b>1,468,525</b>

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**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
<u>Held to maturity</u>						
<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
<b><u>Fair value through profit or loss</u></b>						
<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</i> II Phase II Year 2016	9.63	June 10, 2023	idAA	idAA	8,433	7,786
PT Bank Muamalat Indonesia Tbk <i>Sukuk Mudharabah 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 CIMB Niaga Tbk Series II Year 2012	10.85	December 23, 2020	AA(idn)	idAA	1,498	1,454
PT Bank Permata Tbk Series II Year 2011	11.00	June 28, 2018	idAA+	idAA+	613	612
					50,976	45,880
<b><u>Available for sale</u></b>						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Bank Pan Indonesia Tbk Series III Year 2010	10.50	November 9, 2017	-	idAA-	-	147,662
Phase I Year 2012	9.40	December 20, 2019	idAA-	idAA-	96,465	91,136
Phase II Year 2017	10.25	March 17, 2024	idA+	-	30,248	-
PT Bank UOB Indonesia Series I Year 2014	11.35	May 28, 2021	AA(idn)	idAA	30,772	29,252
Phase II Year 2017	9.25	October 17, 2024	AA(idn)	-	20,706	-
PT Bank Maybank Indonesia Tbk Phase I Year 2011 <i>Berkelanjutan</i> I Phase I Year 2011	10.00	December 6, 2018	idAA+	idAA+	15,958	15,648
Phase II Year 2012	10.75	May 19, 2018	idAA+	idAA+	57,907	50,218
<i>Berkelanjutan</i> II Phase II Year 2014	9.25	October 31, 2019	idAA+	idAA+	65,242	64,029
<i>Berkelanjutan</i> II Phase II Year 2016	11.35	July 8, 2021	idAA	idAA	33,032	31,657
PT Bank Permata Tbk Series II Year 2011 Phase II Year 2012 <i>Berkelanjutan</i> I Phase I Year 2012	9.63	June 10, 2023	idAA	AA(idn)	10,542	9,733
Series II Year 2011	11.00	June 28, 2018	idAA+	idAA+	57,971	56,421
Phase II Year 2012	9.40	December 19, 2019	idAA+	idAA+	151,752	124,008
<i>Berkelanjutan</i> I Phase I Year 2012	8.90	15 June 2019	idAA+	idAA+	5,107	4,961

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.6. Subordinated Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating*)		Carrying Value	
			December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
<b><u>Available for sale (continued)</u></b>						
<b><u>Third Parties (continued)</u></b>						
<b><u>Rupiah (continued)</u></b>						
PT Bank Permata Tbk (continued)						
<i>Berkelanjutan</i> II Phase I Year 2013	12.00	December 24, 2020	idAA+	idAA+	5,568	5,425
<i>Berkelanjutan</i> II Phase II Year 2014	11.75	October 24, 2021	idAA	idAA	39,173	42,814
PT Bank Bukopin Tbk						
<i>Berkelanjutan</i> I Phase 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
<b><u>Held to maturity</u></b>						
<b><u>Third parties</u></b>						
<b><u>Rupiah</u></b>						
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
<b>Total</b>					<b>867,957</b>	<b>918,529</b>

\*) 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
<u>Available for sale</u>					
<u>Third parties</u>					
<u>Rupiah</u>					
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>					
<u>Rupiah</u>					
PT Perkebunan Nusantara III (Persero)	150,000	10.00	December 21, 2018	150,000	155,074
				207,000	195,074

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**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
<u>Held to maturity</u>					
<u>Third parties</u>					
<u>Rupiah</u>					
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>					
<u>Rupiah</u>					
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).

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**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
		<u>4,970,004</u>		<u>6,762,708</u>
<u>Foreign Currencies</u>				
Export Bills				
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
		<u>643,018</u>		<u>2,342,052</u>
		<u>5,613,022</u>		<u>9,104,760</u>
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Domestic Documentary				
Letters of Credit		3,150		77,494
Export Bills		6,427		-
		<u>9,577</u>		<u>77,494</u>
<u>Foreign Currencies</u>				
<u>United States Dollar</u>				
Export Bills	82,425	1,118	12,114,895	163,218
		<u>10,695</u>		<u>240,712</u>
<b>Total</b>		<b><u>5,623,717</u></b>		<b><u>9,345,472</u></b>

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
	<u>5,613,022</u>	<u>9,104,760</u>

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**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
<u>Related parties (Note 44)</u>		
≤ 1 month	7,405	227,971
> 1 month - 3 months	3,290	7,810
> 3 months - 1 year	-	4,931
	10,695	240,712
<b>Total</b>	<b>5,623,717</b>	<b>9,345,472</b>

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
<u>Available for sale</u>		
≤ 1 month	717,840	718,434
<u>Held to maturity</u>		
≤ 1 year	1,125,000	-
> 1 year - 5 years	1,475,000	2,600,000
	2,600,000	2,600,000
<b>Total</b>	<b>3,317,840</b>	<b>3,318,434</b>



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**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
<u>Available for sale</u>				
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
<u>Held to maturity</u>				
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
<b><u>Third parties</u></b>					
<b><u>Rupiah</u></b>					
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

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**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
<u>Third parties (continued)</u>					
<u>Rupiah (continued)</u>					
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
<b>Total</b>				<b>17,977,519</b>	<b>18,011,026</b>

December 31, 2016					
	Annual Interest Rate (%)	Date of Purchase	Date of Resale	Purchase Amount	Resale Price-Net
<u>Third parties</u>					
<u>Rupiah</u>					
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
<u>Foreign currencies</u>					
PT Bank BNP Paribas Indonesia Government Bonds RI1023	6.15	December 19, 2016	January 26, 2017	58,835	58,955
RI0320	6.15	December 19, 2016	January 26, 2017	74,733	74,886
RI0237	6.15	December 19, 2016	January 26, 2017	111,868	112,097
RI0319	6.15	December 19, 2016	January 26, 2017	66,360	66,497
				311,796	312,435
				1,326,541	1,327,387
<u>Related party (Note 44)</u>					
<u>Rupiah</u>					
PT Bank Mandiri (Persero) Tbk Government Bonds FR0069	6.50	November 17, 2016	January 6, 2017	228,170	229,983
				228,170	229,983
<b>Total</b>				<b>1,554,711</b>	<b>1,557,370</b>

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**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
<b>Total</b>	<b>145,928</b>	<b>200,858</b>

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
<b>Total</b>	<b>91,657</b>	<b>347,217</b>

**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).

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<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
	<u>563,989,745</u>	<u>502,301,992</u>

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**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
<u>Third parties (continued)</u>		
<u>Foreign currencies</u>		
Investment	35,517,455	27,477,766
Working capital	22,585,002	19,362,729
Syndicated	571,560	615,873
Consumer	82,785	-
	58,756,802	47,456,368
	622,746,547	549,758,360
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
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
	83,522,781	82,875,261
<u>Foreign currencies</u>		
Working capital	8,482,183	5,573,961
Investment	3,418,191	4,286,304
Syndicated	812,966	977,089
	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)
<b>Net</b>	<b>689,559,288</b>	<b>621,286,679</b>

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
<u>Rupiah</u>		647,512,526		585,177,253
<u>Foreign currencies</u>				
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

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**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
		71,470,142		58,293,722
Total		718,982,668		643,470,975
Less: Allowance for impairment losses		(29,423,380)		(22,184,296)
<b>Net</b>		<b>689,559,288</b>		<b>621,286,679</b>

b) By Economic Sector:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</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
	563,989,745	502,301,992
<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
	58,756,802	47,456,368
	622,746,547	549,758,360

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**12. LOANS (continued)**

b) By Economic Sector (continued):

	December 31, 2017	December 31, 2016
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
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
<u>Foreign currencies</u>		
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)
<b>Net</b>	<b>689,559,288</b>	<b>621,286,679</b>

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>		
<u>Rupiah</u>		
≤ 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

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**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
<u>Third parties (continued)</u>		
<u>Foreign currencies</u>		
≤ 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
	58,756,802	47,456,368
	622,746,547	549,758,360
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
≤ 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
	83,522,781	82,875,261
<u>Foreign currencies</u>		
≤ 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
	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)
<b>Net</b>	<b>689,559,288</b>	<b>621,286,679</b>



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**12. LOANS (continued)**

d) By Collectibility:

	December 31, 2017	December 31, 2016
Individual	27,226,560	28,871,177
Collective		
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)
<b>Net</b>	<b>689,559,288</b>	<b>621,286,679</b>

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)
<b>Net</b>	<b>689,559,288</b>	<b>621,286,679</b>

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**12. LOANS (continued)**

f) Other Significant Information:

1) The average annual interest rates are as follows:

	<b>2017</b>	<b>2016</b>
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).

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**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
<b>Total</b>	<b>96,197,664</b>	<b>93,669,441</b>

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
<b>Total</b>	<b>35,142,538</b>	<b>35,661,558</b>
Less allowance for impairment losses	<b>(15,239,033)</b>	<b>(9,224,013)</b>
<b>Net</b>	<b>19,903,505</b>	<b>26,437,545</b>

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**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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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
<b>Ending balance</b>	<b>29,423,380</b>	<b>22,184,296</b>

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.

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**13. SHARIA RECEIVABLES AND FINANCING**

a) Sharia receivables and financing based on collectibility are as follows:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
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
	<u>16,867,771</u>	<u>17,242,105</u>
<u>Related parties (Note 44)</u>		
Current	996,779	506,483
Special mention	319	355
	<u>997,098</u>	<u>506,838</u>
Total	17,864,869	17,748,943
Less allowance for impairment losses	(577,257)	(492,156)
<b>Net</b>	<b><u>17,287,612</u></b>	<b><u>17,256,787</u></b>

b) Sharia receivables and financing based on the remaining period to maturity are as follows:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 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
	<u>16,867,771</u>	<u>17,242,105</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
≤ 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
	<u>997,098</u>	<u>506,838</u>
Total	17,864,869	17,748,943
Less allowance for impairment losses	(577,257)	(492,156)
<b>Net</b>	<b><u>17,287,612</u></b>	<b><u>17,256,787</u></b>

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**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)
<b>Ending balance</b>	<b>577,257</b>	<b>492,156</b>

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)
<b>Net</b>	<b>2,385,483</b>	<b>2,070,300</b>

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**14. FINANCE LEASE RECEIVABLE (continued)**

Finance lease receivable - gross, due in period:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 year	217,083	192,212
> 1 year - 2 years	522,974	480,529
> 2 years - 5 years	1,234,645	929,023
	1,974,702	1,601,764
<u>United States Dollar</u>		
≤ 1 year	45,397	71,824
> 1 year - 2 years	45,663	179,561
> 2 years - 5 years	423,221	347,151
	514,281	598,536
Total	2,488,983	2,200,300
Less allowance for impairment losses	(103,500)	(130,000)
<b>Net</b>	<b>2,385,483</b>	<b>2,070,300</b>

The movement of allowance for impairment losses:

	December 31, 2017	December 31, 2016
Beginning 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)
<b>Ending balance</b>	<b>103,500</b>	<b>130,000</b>

\*) 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)	Notional Amount Foreign Currency/ (Full Amount)
	Rupiah Equivalent	Rupiah Equivalent
<u>Third parties</u>		
<u>Rupiah</u>		
Import Letters of Credit and Domestic Document Letters of Credit	2,765,562	3,192,249

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**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
<u>Foreign currencies</u>				
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
		1,614,626		2,005,689
		4,380,188		5,197,938
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Import Letters of Credit and Domestic Document Letters of Credit		401,456		363,963
<u>Foreign currencies</u>				
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
		911,781		130,682
		1,313,237		494,645
<b>Total</b>		<b>5,693,425</b>		<b>5,692,583</b>

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
<u>Third parties</u>		
≤ 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
	4,380,188	5,197,938



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**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
<u>Related parties (Note 44)</u>		
≤ 1 month	792,676	89,867
> 1 month - 3 months	373,623	171,292
> 3 months - 1 year	146,938	233,486
	1,313,237	494,645
<b>Total</b>	<b>5,693,425</b>	<b>5,692,583</b>

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:

December 31, 2017					
Company Name	Type of Business	Percentage of Ownership (%)	Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
<b>Equity Method</b>					
(Investments in associated entity)					
PT Bahana Artha Ventura (Related party - Note 44)	Venture capital	35.00	71,326	56	71,382
<b>Cost Method</b>					
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

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**16. INVESTMENT IN ASSOCIATED ENTITIES (continued)**

The details of investment in associated entities are as follows (continued):

December 31, 2017					
Company Name	Type of Business	Percentage of Ownership (%)	Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
<b>Cost Method</b>					
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
<b>Total</b>					<b>73,821</b>

  

December 31, 2016			
Company Name	Type of Business	Percentage of Ownership (%)	Carrying Value
<b>Cost Method</b>			
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 Toelongsredjo 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
<b>Total</b>			<b>2,439</b>

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 Pemeringkat 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.

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**17. PREMISES AND EQUIPMENTS**

Premises and equipments consist of:

Description	December 31, 2017			Ending Balance
	Beginning Balance	Additions*)	Deductions	
<u>Carrying Value</u>				
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
<u>Accumulated Depreciation</u>				
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
<b>Net book value</b>	<b>24,515,059</b>			<b>24,746,306</b>

  

Description	December 31, 2016			Ending Balance
	Beginning Balance	Additions**)	Deductions	
<u>Carrying Value</u>				
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
<u>Accumulated Depreciation</u>				
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
<b>Net book value</b>	<b>8,039,280</b>			<b>24,515,059</b>

\*) 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).

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**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 majeure, 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  $\pm 96\%$ .

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.

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<u>Rupiah</u>		
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
<i>Ijarah</i> 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
	<u>21,771,290</u>	<u>12,427,887</u>

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**18. OTHER ASSETS (continued)**

Other assets consist of (continued):

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<u>Foreign currencies</u>		
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
	<u>3,459,165</u>	<u>1,482,046</u>
<b>Total</b>	<b><u>25,230,455</u></b>	<b><u>13,909,933</u></b>

**19. LIABILITIES DUE IMMEDIATELY**

Liabilities due immediately consist of:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<u>Rupiah</u>		
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
	<u>6,353,535</u>	<u>5,203,422</u>
<u>Foreign currencies</u>		
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
	<u>230,666</u>	<u>206,891</u>
<b>Total</b>	<b><u>6,584,201</u></b>	<b><u>5,410,313</u></b>

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## 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>				
<u>Rupiah</u>		81,525,195		79,314,862
<u>Foreign currencies</u>				
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
		18,907,053		17,595,174
		100,432,248		96,910,036
<u>Related parties (Notes 44)</u>				
<u>Rupiah</u>		29,089,518		29,618,921
<u>Foreign currencies</u>				
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
		16,007,402		14,890,063
		45,096,920		44,508,984
<b>Total</b>		<b>145,529,168</b>		<b>141,419,020</b>

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>				
<u>Rupiah</u>				
Simpedes		205,658,448		183,909,412
Britama		126,653,884		108,269,980
Others		9,432,599		4,260,239
		341,744,931		296,439,631

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**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
<u>Third parties (continued)</u>				
<u>Foreign currencies</u>				
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
<u>Related parties (Notes 44)</u>				
<u>Rupiah</u>				
Britama		160,589		96,035
Simpedes		3,562		2,680
Others		54,560		6,476
		218,711		105,191
<u>Foreign currencies</u>				
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
<b>Total</b>		<b>343,420,737</b>		<b>298,110,406</b>

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.



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**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
<u>Third parties</u>				
<u>Rupiah</u>		179,634,460		159,195,095
<u>Foreign currencies</u>				
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
<u>Related parties (Notes 44)</u>				
<u>Rupiah</u>		68,918,906		60,898,562
<u>Foreign currencies</u>				
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
<b>Total</b>		<b>326,417,937</b>		<b>293,029,378</b>

Time deposits based on their contractual periods are as follows:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
<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

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**22. TIME DEPOSITS (continued)**

Time deposits based on their contractual periods are as follows (continued):

	December 31, 2017	December 31, 2016
<u>Third parties (continued)</u>		
<u>Foreign currencies</u>		
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
<u>Related parties (Notes 44)</u>		
<u>Rupiah</u>		
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
<u>Foreign currencies</u>		
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
<b>Total</b>	<b>326,417,937</b>	<b>293,029,378</b>

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.

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**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
<u>Third parties</u>				
<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
		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
		275,041		139,947
		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
		52,621		100,689
<u>United States Dollar</u>				
Inter-bank call money	80,600,000	1,093,541	29,600,000	398,786
		1,146,162		499,475
<b>Total</b>		<b>5,593,367</b>		<b>2,229,538</b>

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
<u>Third parties</u>				
<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
	4,084,971	57,408	29,785	4,172,164

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**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
<u>Third parties (continued)</u>				
<u>United States Dollar</u>				
Demand deposits	180,068	-	-	180,068
Time deposits	13,568	-	-	13,568
Inter-bank call money	81,405	-	-	81,405
	275,041	-	-	275,041
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Deposits on call	50,000	-	-	50,000
Demand deposits	2,621	-	-	2,621
	52,621	-	-	52,621
<u>United States Dollar</u>				
Inter-bank call money	1,093,541	-	-	1,093,541
<b>Total</b>	<b>5,506,174</b>	<b>57,408</b>	<b>29,785</b>	<b>5,593,367</b>

  

December 31, 2016				
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
<u>Third parties</u>				
<u>Rupiah</u>				
Deposits on call	810,000	-	-	810,000
Inter-bank call money	536,729	-	-	536,729
Demand deposits	152,260	-	-	152,260
Time deposits	41,250	42,057	1,323	84,630
Saving deposits	6,497	-	-	6,497
	1,546,736	42,057	1,323	1,590,116
<u>United States Dollar</u>				
Demand deposits	86,057	-	-	86,057
Time deposits	53,890	-	-	53,890
	139,947	-	-	139,947
<u>Related parties (note 44)</u>				
<u>Rupiah</u>				
Deposits on call	80,000	-	-	80,000
Inter-bank call money	20,000	-	-	20,000
Demand deposits	689	-	-	689
	100,689	-	-	100,689
<u>United States Dollar</u>				
Inter-bank call money	398,786	-	-	398,786
<b>Total</b>	<b>2,186,158</b>	<b>42,057</b>	<b>1,323</b>	<b>2,229,538</b>

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**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
<u>Third parties</u>					
<u>Rupiah</u>					
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
<u>United States Dollar</u>					
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
<u>Related parties (Note 44)</u>					
<u>Rupiah</u>					
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
<b>Total</b>			<b>13,064,976</b>	<b>12,093,620</b>	<b>12,136,684</b>

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**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>					
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
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>					
Other Bank					
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>					
Non Bank					
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
<b>Total</b>			<b>7,935,345</b>	<b>7,286,559</b>	<b>7,302,398</b>

**25. MARKETABLE SECURITIES ISSUED**

BRI issued marketable securities with details as follows:

	December 31, 2017	December 31, 2016
<u>Rupiah</u>		
BRI Shelf Registration Bonds I		
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

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**25. MARKETABLE SECURITIES ISSUED (continued)**

BRI issued marketable securities with details as follows (continued):

	December 31, 2017	December 31, 2016
<u>Rupiah (continued)</u>		
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
	23,839,275	18,078,967
<u>United States Dollar</u>		
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
<b>Total</b>	<b>30,619,658</b>	<b>24,800,781</b>

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.

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**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.



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**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.

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**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.

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**26. FUND BORROWINGS**

Fund borrowings consist of:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<u>Third parties</u>		
<u>Rupiah</u>		
Bank Indonesia		
Liquidity loans	15,906	15,906
Others	12,628	12,291
	<u>28,534</u>	<u>28,197</u>
<u>Foreign currencies</u>		
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
	<u>29,374,475</u>	<u>34,879,973</u>
	<u>29,403,009</u>	<u>34,908,170</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Borrowings from PT Sarana Multigriya Finansial (Persero)	-	100,000
<b>Total</b>	<b><u>29,403,009</u></b>	<b><u>35,008,170</u></b>

The classification of fund borrowings based on their remaining periods until maturity are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 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
	<u>28,534</u>	<u>28,197</u>

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**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
	<u>29,374,475</u>	<u>34,879,973</u>
	29,403,009	34,908,170
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
> 3 months - 1 year	-	100,000
<b>Total</b>	<b><u>29,403,009</u></b>	<b><u>35,008,170</u></b>

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
<b>Total</b>	<b><u>15,906</u></b>	<b><u>15,906</u></b>

The average annual interest rates on these loans are 0.02% for the year ended December 31, 2017 and 2016, respectively.

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**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 3<sup>rd</sup> (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.

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**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.

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**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 BRI'sat 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.

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**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.



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**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
<u>Third parties</u>				
<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
		7,048,400		10,303,286
<u>Euro Eropa</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
		62,463		86,387
		7,110,863		10,389,673
<b>Total</b>		<b>7,123,491</b>		<b>10,401,964</b>

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

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**27. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)**

- b) Movements in estimated losses on commitments and contingencies:

	December 31, 2017	December 31, 2016
<u>Rupiah</u>		
Beginning balance	895	1,242
Provision (reversal) during the year	1,239	(347)
<b>Ending balance</b>	<b>2,134</b>	<b>895</b>

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 collectability 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
<u>Third parties</u>				
<u>Rupiah</u>				
Guarantees Issued		5,622,512		4,342,053
Irrevocable L/C		719,945		514,596
		6,342,457		4,856,649
<u>Foreign currencies</u>				
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
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Guarantees Issued		10,411,205		7,637,064
Irrevocable L/C		919,438		571,900
		11,330,643		8,208,964

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**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)</u>				
<u>(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
		7,106,216		6,362,308
<u>Irrevocable L/C</u>				
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
		4,873,472		5,882,216
		11,979,688		12,244,524
<b>Total</b>		<b>43,011,051</b>		<b>33,064,167</b>

**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	-
<b>Total</b>	<b>12,174,258</b>	<b>9,451,203</b>

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**29. OTHER LIABILITIES**

Other liabilities consist of:

	December 31, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
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
<u>Foreign currencies</u>		
Interest payable	327,659	249,908
Unearned income	164,541	148,591
Others	460,226	126,911
	952,426	525,410
<b>Total</b>	<b>13,285,656</b>	<b>10,111,453</b>

**30. SUBORDINATED LOANS AND MARKETABLE SECURITIES**

BRI obtained subordinated loans and marketable securities with details as follows:

	December 31, 2017	December 31, 2016
<u>Rupiah</u>		
Subordinated <i>Sukuk Mudharabah</i> I	972,065	973,039
Two-step loan	14,385	35,471
	<b>986,450</b>	<b>1,008,510</b>

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.

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**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.

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**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
<u>Rupiah</u>		
> 3 months - 1 year	10,312	-
> 1 year - 5 years	-	30,935
> 5 years	976,138	977,575
<b>Total</b>	<b>986,450</b>	<b>1,008,510</b>

**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
<b>Authorized Capital Stock</b>				
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
<b>Total</b>	<b>300,000,000,000</b>		<b>15,000,000,000,000</b>	<b>100.00%</b>
<b>Issued and Fully Paid Capital Stock</b>				
Series A Dwiwarna Share				
Republic of Indonesia	1	50	50	0.00%
Series B Common Shares				
Republic of Indonesia	69,999,999,999	50	3,499,999,999,950	56.75
Directors:				
- Susy Liestiwaty	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
	<b>122,237,220,000</b>		<b>6,111,861,000,000</b>	
Treasury stocks (Note 1d)	1,108,590,000		55,429,500,000	0.90
<b>Total</b>	<b>123,345,810,000</b>		<b>6,167,290,500,000</b>	<b>100.00%</b>
December 31, 2016				
	Number of Shares	Nominal Value Per Share (Full Rupiah)	Total Share Value (Full Rupiah)	Percentage of Ownership
<b>Authorized Capital Stock</b>				
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
<b>Total</b>	<b>60,000,000,000</b>		<b>15,000,000,000,000</b>	<b>100.00%</b>

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**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
<b>Issued and Fully Paid Capital Stock</b>				
Series A Dwiwarna Share Republic of Indonesia	1	250	250	0.00%
Series B Common Shares Republic of Indonesia	13,999,999,999	250	3,499,999,999,750	56.75
Directors:				
- Randi Anto	661,000	250	165,250,000	0.00
- Susy Liestiowaty	580,000	250	145,000,000	0.00
- Sis Apik Wijayanto	140,000	250	35,000,000	0.00
- Mohammad Irfan	34,000	250	8,500,000	0.00
- Donsuwan Simatupang	28,500	250	7,125,000	0.00
Public	10,446,000,500	250	2,611,500,125,000	42.35
	<b>24,447,444,000</b>		<b>6,111,861,000,000</b>	
Treasury stocks (Note 1d)	221,718,000		55,429,500,000	0.90
<b>Total</b>	<b>24,669,162,000</b>		<b>6,167,290,500,000</b>	<b>100.00%</b>

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
<b>Total</b>	<b>2,773,858</b>

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.

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**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)
<b>Additional paid-in capital from IPO</b>	<b>589,762</b>

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.



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**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:

	<b>Income for the year 2016</b>	<b>Income for the year 2015</b>
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:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<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

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**32. INTEREST AND SHARIA INCOME (continued)**

Interest income are derived from (continued):

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<u>Rupiah (continued)</u>		
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
	<u>95,303,262</u>	<u>87,401,359</u>
<u>Foreign Currencies</u>		
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

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**32. INTEREST AND SHARIA INCOME (continued)**

Interest income are derived from (continued):

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<u>Foreign Currencies (continued)</u>		
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
	<u>4,776,988</u>	<u>3,956,979</u>
	<u>100,080,250</u>	<u>91,358,338</u>
Sharia income are derived from:		
Murabahah	1,507,098	1,533,339
Musyarakah	528,286	526,506
Others	783,658	576,832
Total Sharia income	<u>2,819,042</u>	<u>2,636,677</u>
<b>Total</b>	<b><u>102,899,292</u></b>	<b><u>93,995,015</u></b>

**33. INTEREST AND SHARIA EXPENSE**

This account represents interest expense incurred on:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<u>Rupiah</u>		
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
	<u>25,871,861</u>	<u>25,203,088</u>
<u>Foreign Currencies</u>		
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
	<u>2,780,353</u>	<u>2,338,126</u>
	<u>28,652,214</u>	<u>27,541,214</u>

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**33. INTEREST AND SHARIA EXPENSE (continued)**

This account represents interest expense incurred on (continued):

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
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
<b>Total</b>	<b>29,893,805</b>	<b>28,576,716</b>

**34. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET**

This account represents provision for impairment losses on financial assets as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
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
<b>Total</b>	<b>16,994,115</b>	<b>13,700,241</b>

**35. SALARIES AND EMPLOYEE BENEFITS**

The details of this account are as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
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
<b>Total</b>	<b>20,352,004</b>	<b>18,485,014</b>

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**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
<b>Total</b>	<b>13,146,944</b>	<b>11,975,745</b>

**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)
<b>Total</b>	<b>216,323</b>	<b>9,228</b>

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**38. TAXATION**

a) Taxes Payable

As of December 31, 2017 and 2016, the details of taxes payable are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<u>BRI (Parent Entity)</u>		
Income tax		
Article 29	470,272	881,207
<u>Subsidiaries</u>		
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
	<u>94,526</u>	<u>61,194</u>
<b>Total</b>	<b><u>564,798</u></b>	<b><u>942,401</u></b>

b) Tax Expense

	<b>Year Ended December 31, 2017</b>	<b>2016</b>
<u>Parent Entity</u>		
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)
	<u>7,881,495</u>	<u>7,688,187</u>
<u>Subsidiaries</u>		
Current tax expense of:		
Current year	198,254	128,975
Prior year tax examination	5,091	-
Deferred income tax benefit	(107,017)	(71,383)
	<u>96,328</u>	<u>57,592</u>
<b>Total</b>	<b><u>7,977,823</u></b>	<b><u>7,745,779</u></b>

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**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:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
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
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)
	4,732,618	3,773,994
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
	3,832,936	3,611,852
<b>Estimated taxable income</b>	<b>44,916,284</b>	<b>40,827,489</b>
<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	(470.272)	(881.207)
Payment for installment income tax article 25 fiscal year 2017 has been overbook to fiscal year 2018 (Notes 18)	927.453	-
<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*)	(24.971)	47.380

\*) 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.

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**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:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
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
	<b>7,977,823</b>	<b>7,745,779</b>

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.



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**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.

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**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
<u>Parent Entity</u>		
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)
	1,183,155	943,499
Subsidiaries	107,017	71,383
<b>Total</b>	<b>1,290,172</b>	<b>1,014,882</b>

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)
	<u>2,989,066</u>	<u>2,328,530</u>
Subsidiaries	281,165	192,400
<b>Total</b>	<b><u>3,270,231</u></b>	<b><u>2,520,930</u></b>

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.

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### **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.

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**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:

<b>December 31, 2017</b>			
	<b>Maximum Exposure</b>	<b>Collateral</b>	<b>Net Exposure</b>
Securities purchased under agreement to resell	18,011,026	17,443,973	567,053
<b>December 31, 2016</b>			
	<b>Maximum Exposure</b>	<b>Collateral</b>	<b>Net Exposure</b>
Securities purchased under agreement to resell	1,557,370	1,576,958	-

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.

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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

1. Analysis of the maximum exposure to credit risks after considering the value of collaterals and other mitigations of credit risks (continued).

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.

2. Risk concentration analysis

a. 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
<b>Assets</b>								
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	2,646,191	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
<b>Total</b>	<b>571,490,815</b>	<b>62,008,395</b>	<b>74,828,975</b>	<b>77,473,271</b>	<b>121,304,019</b>	<b>167,878,518</b>	<b>13,768,630</b>	<b>1,088,752,623</b>
Less: Allowance for impairment losses								(30,104,895)
<b>Net</b>								<b>1,058,647,728</b>

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**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
<b>Administrative Accounts</b>								
Irrevocable L/C	5,188,328	2,091,479	103,479	403,997	1,093,134	99,502	752	8,980,671
Guarantees issued	29,483,331	1,929,418	322,367	411,173	1,099,907	784,184	-	34,030,380
<b>Total</b>	<b>34,671,659</b>	<b>4,020,897</b>	<b>425,846</b>	<b>815,170</b>	<b>2,193,041</b>	<b>883,686</b>	<b>752</b>	<b>43,011,051</b>
December 31, 2016								
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
<b>Assets</b>								
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
<b>Total</b>	<b>505,009,200</b>	<b>53,544,987</b>	<b>67,357,260</b>	<b>69,428,009</b>	<b>109,612,644</b>	<b>148,709,681</b>	<b>12,158,530</b>	<b>965,820,311</b>
Less allowance for impairment losses								(22,807,210)
<b>Net</b>								<b>943,013,101</b>
<b>Administrative Accounts</b>								
Irrevocable L/C	6,313,266	1,303,388	57,293	381,770	463,165	22,270	-	8,541,152
Guarantees issued	20,227,433	2,244,394	341,443	573,537	737,002	395,993	3,213	24,523,015
<b>Total</b>	<b>26,540,699</b>	<b>3,547,782</b>	<b>398,736</b>	<b>955,307</b>	<b>1,200,167</b>	<b>418,263</b>	<b>3,213</b>	<b>33,064,167</b>

\*) Investment in associated entities with no significant influence.

\*\*) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.

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**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
<b>Assets</b>							
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							
Fair value through profit or loss	579,868	541,586	30,633	-	-	393,071	1,762,263
Available for sale	117,209,900	10,393,823	-	1,346,737	-	1,792,656	130,927,293
Held to maturity	48,884,507	2,618,577	-	2,018,980	-	511,908	54,229,880
Export bills	2,344	-	-	2,128,717	27,732	14,526	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	16,583,431	1,427,595	-	-	-	-	18,011,026
Derivatives receivable	-	145,928	-	-	-	-	145,928
Loan							
Micro	-	-	37,841,570	7,475,754	115,976,898	13,849,550	252,850,654
Retail	258,751	256,146	14,007,246	17,064,946	106,306,510	10,244,264	278,706,760
Corporate	443,302	9,833,219	37,734,788	39,233,056	18,963,721	6,752,211	187,425,254
Sharia receivables and financing	404,574	500,946	-	7,016,107	9,511,713	337,966	17,864,869
Finance lease receivables	-	-	8,454	729,517	375,209	281,491	2,488,983
Acceptances receivables	1,030,279	-	-	338,662	21,868	-	5,693,425
Investment in associated entities*)	-	1,034	-	-	-	975	2,439
Other Assets**)	1,930,438	1,056,167	-	-	-	5,288,276	10,515,442
<b>Total</b>	<b>293,846,666</b>	<b>42,760,439</b>	<b>89,622,691</b>	<b>77,352,476</b>	<b>251,183,651</b>	<b>39,466,894</b>	<b>1,088,752,623</b>
Less: Allowance for impairment losses							(30,104,895)
<b>Net</b>							<b>1,058,647,728</b>
<b>Administrative Accounts</b>							
Irrevocable L/C	4,696,968	-	-	354,114	19,077	-	8,980,671
Guarantees issued	16,195,739	640	543,925	245,615	265,164	146,452	34,030,380
<b>Total</b>	<b>20,892,707</b>	<b>640</b>	<b>543,925</b>	<b>599,729</b>	<b>284,241</b>	<b>146,452</b>	<b>43,011,051</b>

\*) 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
<b>Assets</b>							
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							
Fair value through profit or loss	84,746	329,944	-	-	-	18,029	674,966
Available for sale	60,612,578	4,627,494	-	2,293,191	-	1,633,416	69,492,266
Held to maturity	54,759,343	4,674,843	-	1,446,121	-	746,500	61,896,870
Export bills	239,769	-	-	2,926,515	133,525	22,823	9,345,472
Government Recapitalization Bonds							
Available for sale	718,434	-	-	-	-	-	718,434
Held to maturity	2,600,000	-	-	-	-	-	2,600,000



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**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
<b>Assets (continued)</b>								
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
<b>Total</b>	<b>251,246,986</b>	<b>34,593,411</b>	<b>77,992,047</b>	<b>71,129,087</b>	<b>224,222,429</b>	<b>31,095,556</b>	<b>275,540,795</b>	<b>965,820,311</b>
Less: Allowance for impairment losses								(22,807,210)
<b>Net</b>								<b>943,013,101</b>
<b>Administrative Accounts</b>								
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
<b>Total</b>	<b>18,495,709</b>	<b>737</b>	<b>443,648</b>	<b>1,133,690</b>	<b>215,909</b>	<b>92,565</b>	<b>12,681,909</b>	<b>33,064,167</b>

\*) 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.

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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
	<b>2,488,983</b>	<b>2,200,300</b>
Less allowance for impairment losses	(103,500)	(130,000)
<b>Total</b>	<b>2,385,483</b>	<b>2,070,300</b>

**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:

	<b>December 31, 2017</b>				
	<b>Neither Past Due Nor Impaired</b>		<b>Past Due But Not Impaired</b>	<b>Impaired</b>	<b>Total</b>
	<b>High Grade</b>	<b>Standard Grade</b>			
<u>Rupiah</u>					
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 services	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
	<b>601,282,590</b>	<b>13,819,444</b>	<b>23,278,327</b>	<b>26,997,034</b>	<b>665,377,395</b>
<u>Foreign Currencies</u>					
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 services	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
	<b>62,070,196</b>	<b>22,265</b>	<b>32,855</b>	<b>9,344,826</b>	<b>71,470,142</b>
<b>Total</b>	<b>663,352,786</b>	<b>13,841,709</b>	<b>23,311,182</b>	<b>36,341,860</b>	<b>736,847,537</b>
Less: Allowance for impairment losses					(30,000,637)
<b>Net</b>					<b>706,846,900</b>

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**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			
<b>Rupiah</b>					
Trading, hotels and restaurant	194,421,942	6,713,103	12,197,071	9,197,709	222,529,825
Agriculture	62,778,609	948,799	2,061,115	4,321,466	70,109,989
Manufacturing	29,205,165	345,519	1,130,893	4,697,397	35,378,974
Business services	27,111,516	649,859	1,129,198	1,307,191	30,197,764
Electricity, gas and water	28,677,845	10,184	23,344	32,519	28,743,892
Construction	17,552,083	204,414	242,271	2,473,659	20,472,427
Transportation, warehousing and communications	14,927,759	217,035	649,998	1,270,357	17,065,149
Social services	8,712,795	150,190	550,859	273,676	9,687,520
Mining	1,397,823	38,171	41,345	1,297,754	2,775,093
Others	159,567,402	705,909	4,186,671	1,505,581	165,965,563
	<u>544,352,939</u>	<u>9,983,183</u>	<u>22,212,765</u>	<u>26,377,309</u>	<u>602,926,196</u>
<b>Foreign Currencies</b>					
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 services	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
	<u>48,001,326</u>	<u>8,224</u>	<u>181,408</u>	<u>10,102,764</u>	<u>58,293,722</u>
<b>Total</b>	<u><b>592,354,265</b></u>	<u><b>9,991,407</b></u>	<u><b>22,394,173</b></u>	<u><b>36,480,073</b></u>	<u><b>661,219,918</b></u>
Less: Allowance for Impairment losses					(22,676,452)
<b>Net</b>					<u><b>638,543,466</b></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.

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<u>Rupiah</u>		
Guarantees issued	16,033,717	11,979,117
Irrevocable L/C	1,639,383	1,086,496
	<u>17,673,100</u>	<u>13,065,613</u>
<u>Foreign Currencies</u>		
Guarantees issued	17,996,663	12,543,898
Irrevocable L/C	7,341,288	7,454,656
	<u>25,337,951</u>	<u>19,998,554</u>
	43,011,051	33,064,167
Less allowance for impairment losses	(2,134)	(895)
<b>Net</b>	<b><u>43,008,917</u></b>	<b><u>33,063,272</u></b>

**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.

	<b>December 31, 2017</b>				
	<b>Neither Past Due Nor Impaired</b>		<b>Past Due But Not Impaired</b>	<b>Impaired</b>	<b>Total</b>
	<b>High Grade</b>	<b>Standard Grade</b>			
<b>Assets</b>					
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

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**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	Impaired	Total
	High Grade	Standard Grade			
<b>Assets (continued)</b>					
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
<b>Total</b>	<b>1,010,862,547</b>	<b>18,023,004</b>	<b>23,421,767</b>	<b>36,445,305</b>	<b>1,088,752,623</b>

  

December 31, 2016					
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<b>Assets</b>					
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
<b>Total</b>	<b>893,833,319</b>	<b>12,673,780</b>	<b>22,616,024</b>	<b>36,697,188</b>	<b>965,820,311</b>

\*) Investment in associated entities with no significant influence.

\*\*) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.

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**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
<b>Total</b>	<b>11,378,641</b>	<b>5,348,541</b>	<b>6,694,585</b>	<b>23,421,767</b>

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**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			Total
	≤ 30 days	> 30 – 60 days	> 60 – 90 days	
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
<b>Total</b>	<b>11,744,554</b>	<b>4,823,942</b>	<b>6,047,528</b>	<b>22,616,024</b>

**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.

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**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
<b>Assets</b>						
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	17,864,869	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	-
Allowance for Impairment losses	(103,500)	-	-	-	-	(103,500)
Acceptances receivable	5,693,425	1,894,633	1,983,239	1,815,553	-	-
Investment in associated entities*)	2,439	-	-	-	-	2,439
Other Assets**)	10,515,442	5,600,108	2,202,645	889,598	15,050	1,808,041
	<b>1,083,445,510</b>	<b>313,484,731</b>	<b>51,781,056</b>	<b>153,630,991</b>	<b>568,045,365</b>	<b>(3,496,633)</b>
<b>Liabilities</b>						
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	-



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**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
<b>Liabilities (continued)</b>						
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
	<b>935,328,133</b>	<b>707,166,406</b>	<b>112,492,953</b>	<b>56,558,027</b>	<b>58,326,846</b>	<b>783,901</b>
<b>Maturity gap</b>	<b>148,117,377</b>	<b>(393,681,675)</b>	<b>(60,711,897)</b>	<b>97,072,964</b>	<b>509,718,519</b>	<b>(4,280,534)</b>
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
<b>Assets</b>						
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
	<b>968,225,125</b>	<b>242,178,199</b>	<b>54,931,942</b>	<b>140,268,266</b>	<b>527,637,645</b>	<b>3,209,073</b>

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**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
<b>Liabilities</b>						
Liabilities due immediately	5,410,313	5,410,313	-	-	-	-
Deposits from customers						
Demand deposits	141,419,020	141,419,020	-	-	-	-
<i>Wadiah</i> demand deposits	1,127,843	1,127,843	-	-	-	-
Saving deposits	298,110,406	298,110,406	-	-	-	-
<i>Wadiah</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
	<b>838,176,971</b>	<b>708,941,570</b>	<b>49,596,429</b>	<b>30,769,857</b>	<b>48,386,557</b>	<b>482,558</b>
<b>Maturity gap</b>	<b>130,048,154</b>	<b>(466,763,371)</b>	<b>5,335,513</b>	<b>109,498,409</b>	<b>479,251,088</b>	<b>2,726,515</b>

\*) 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.

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**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).

	<b>2017</b>	
	<b>Exchange Rate<sup>*)</sup></b>	<b>Interest Rate</b>
Daily Average	39,407.73	3,293.16
Highest	67,226.24	8,366.41
Lowest	26,745.25	468.63

  

	<b>2016</b>	
	<b>Exchange Rate<sup>*)</sup></b>	<b>Interest Rate</b>
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.

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**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 (%)
<b><u>Assets</u></b>				
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
<b><u>Liabilities</u></b>				
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

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**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			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
<b>Assets</b>						
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
	<b>199,442,571</b>	<b>331,440,338</b>	<b>30,079,883</b>	<b>493,567,728</b>	<b>59,019,885</b>	<b>1,113,550,405</b>
<b>Liabilities</b>						
Liabilities due immediately	-	-	-	-	6,584,201	6,584,201
Deposits from customers						
Demand deposits	96,798,129	-	-	48,731,039	-	145,529,168
Wadiah demand deposits	-	-	-	-	1,766,901	1,766,901
Mudharabah demand deposits	-	-	-	-	139,535	139,535
Saving deposits	171,075,330	-	-	172,345,407	-	343,420,737
Wadiah saving deposits	-	-	-	-	4,749,652	4,749,652
Mudharabah saving deposits	-	-	-	-	1,270,484	1,270,484
Time deposits	274,832,190	40,992,107	10,593,640	-	-	326,417,937
Mudharabah time deposits	-	-	-	-	18,362,036	18,362,036

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**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			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
<b><u>Liabilities (continued)</u></b>						
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
	<b>549,692,390</b>	<b>49,886,481</b>	<b>32,194,943</b>	<b>251,710,489</b>	<b>51,843,830</b>	<b>935,328,133</b>
<b>Interest rate repricing gap between financial assets and liabilities</b>	<b>(350,249,819)</b>	<b>281,553,857</b>	<b>(2,115,060)</b>	<b>241,857,239</b>	<b>7,176,055</b>	<b>178,222,272</b>

December 31, 2016						
Description	Floating interest rate			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
<b><u>Assets</u></b>						
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

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**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			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
<b>Assets (continued)</b>						
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
	<b>217,235,295</b>	<b>306,843,123</b>	<b>24,685,575</b>	<b>387,994,075</b>	<b>54,274,267</b>	<b>991,032,335</b>
<b>Liabilities</b>						
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
	<b>471,940,671</b>	<b>66,947,662</b>	<b>46,041,464</b>	<b>216,905,365</b>	<b>36,341,809</b>	<b>838,176,971</b>
<b>Interest rate repricing gap between financial assets and liabilities</b>	<b>(254,705,376)</b>	<b>239,895,461</b>	<b>(21,355,889)</b>	<b>171,088,710</b>	<b>17,932,458</b>	<b>152,855,364</b>

\*) 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.

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**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:

<b>Currencies</b>	<b>December 31, 2017</b>		
	<b>Assets</b>	<b>Liabilities</b>	<b>NOP</b>
<b><u>Statement of Financial Position and Administrative Accounts</u></b>			
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
			<b>6,829,116</b>
Capital (Notes 48a)			161,751,939
<b>NOP Ratio</b>			<b>4.22%</b>



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**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
<b><u>Statement of Financial Position and Administrative Accounts</u></b>			
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
			<b>9,535,429</b>
Capital (Notes 48a)			142,910,432
<b>NOP Ratio</b>			<b>6.67%</b>

**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.

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### **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 Assessment (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 activities independently, including to monitor and determine the action plans or towards improvements.

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**39. RISK MANAGEMENT (continued)**

**Operational Risk Management (continued)**

**1. Risk Control and Self Assessment (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 settlement 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.

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**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 woking 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.

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**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
<b>ASSETS</b>				
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
<b>Total</b>	<b>1,083,445,510</b>	<b>1,046,915,942</b>	<b>968,225,125</b>	<b>931,622,256</b>
<b>LIABILITIES</b>				
Liabilities due immediately	6,584,201	6,584,201	5,410,313	5,410,313
Deposits from customers ***)				
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
<b>Total</b>	<b>935,328,133</b>	<b>936,181,218</b>	<b>838,176,971</b>	<b>838,498,128</b>

\*) 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.

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**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.

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**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
<b>Financial Assets</b>				
<b>Fair value through profit or loss</b>				
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	-
<b>Available for sale</b>				
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	-	-
<b>Held to maturity</b>				
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	-	-
<b>Loans and receivables</b>				
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
<b>Total Financial Assets</b>	<b>863,085,261</b>	<b>192,684,616</b>	<b>653,411,648</b>	<b>16,988,997</b>

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**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
<b>Financial Liabilities</b>				
<b>Fair value through profit or loss</b>				
Derivatives payable	200,858	-	200,858	-
<b>Other liabilities</b>				
Marketable securities issued	31,472,743	31,472,743	-	-
Subordinated loans and marketable securities	986,450	986,450	-	-
	32,459,193	32,459,193	-	-
<b>Total Financial Liabilities</b>	<b>32,660,051</b>	<b>32,459,193</b>	<b>200,858</b>	<b>-</b>
December 31, 2016				
	Fair Value	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
<b>Fair value through profit or loss</b>				
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	-
<b>Available for sale</b>				
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	-	-
<b>Held to maturity</b>				
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	-	-



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**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
<b>Financial Assets (continued)</b>				
<b>Loans and receivables</b>				
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
<b>Total Financial Assets</b>	<b>739,484,332</b>	<b>135,930,394</b>	<b>579,220,643</b>	<b>24,333,295</b>

**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)
<b>Income for the year</b>	<b>15,644,848</b>	<b>8,968,211</b>	<b>734,018</b>	<b>3,122,158</b>	<b>575,099</b>	<b>29,044,334</b>

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**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
<b>Segment Assets</b>						
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
	<b>240,010,153</b>	<b>265,223,401</b>	<b>173,705,229</b>	<b>394,510,217</b>	<b>49,529,211</b>	<b>1,122,978,211</b>
<b>Segment Liabilities</b>						
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
	<b>243,794,632</b>	<b>304,439,989</b>	<b>255,091,949</b>	<b>108,064,289</b>	<b>47,510,089</b>	<b>958,900,948</b>

As of December 31, 2016 and for the Year Then Ended						
Description	Micro	Retail	Corporate	Others	Subsidiaries	Total
Interest and premium income - net	34,477,951	19,488,591	6,006,200	3,122,328	2,601,939	65,697,009
Other operating income	6,517,052	7,674,882	972,169	1,515,107	319,579	16,998,789
Total income	<b>40,995,003</b>	<b>27,163,473</b>	<b>6,978,369</b>	<b>4,637,435</b>	<b>2,921,518</b>	<b>82,695,798</b>
Other operating expenses	(14,921,582)	(13,814,825)	(2,994,735)	(1,296,931)	(1,912,532)	(34,940,605)
Provision for impairment losses	(6,624,372)	(3,355,030)	(3,340,361)	-	(470,888)	(13,790,651)
Total expenses	(21,545,954)	(17,169,855)	(6,335,096)	(1,296,931)	(2,383,420)	(48,731,256)
Other income - net	123,338	232,923	292,580	(633,642)	(5,971)	9,228
Income before income tax expense	19,572,387	10,226,541	935,853	2,706,862	532,127	33,973,770
Income tax expense	(4,499,665)	(2,351,067)	(215,151)	(622,304)	(57,592)	(7,745,779)
<b>Income for the year</b>	<b>15,072,722</b>	<b>7,875,474</b>	<b>720,702</b>	<b>2,084,558</b>	<b>474,535</b>	<b>26,227,991</b>
<b>Segment Assets</b>						
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
	<b>211,245,955</b>	<b>234,887,832</b>	<b>167,213,063</b>	<b>348,325,310</b>	<b>39,451,336</b>	<b>1,001,123,496</b>
<b>Segment Liabilities</b>						
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
	<b>213,208,779</b>	<b>285,574,629</b>	<b>225,062,050</b>	<b>94,697,514</b>	<b>38,288,864</b>	<b>856,831,836</b>

**c. Geographical Segment**

Description	Total Income	
	Year Ended December 31,	
	2017	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	-
<b>Total</b>	<b>92,481,968</b>	<b>82,695,798</b>

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**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)	-
<b>Total</b>	<b>37,022,157</b>	<b>33,973,770</b>

Description	Total assets	
	December 31, 2017	December 31, 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	-
<b>Total</b>	<b>1,122,978,211</b>	<b>1,001,123,496</b>

Description	Total liabilities	
	December 31, 2017	December 31, 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	-
<b>Total</b>	<b>958,900,948</b>	<b>856,831,836</b>

**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.

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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
<b>Present Value of Defined Benefit Pension</b>		
<b>Liabilities - ending balance</b>	<b>16,749,997</b>	<b>15,032,520</b>

Movements in the fair value of program assets as of December 31, 2017 and 2016, respectively, are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)
<b>Program assets - ending balance</b>	<b>17,665,697</b>	<b>16,230,759</b>

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)
<b>Ending balance</b>	<b>-</b>	<b>-</b>

Remeasurement of assets for defined benefit pension as of December 31, 2017 and 2016, respectively, are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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
<b>Total Remeasurement of assets for defined pension benefit - net</b>	<b>(1,042,811)</b>	<b>(1,047,558)</b>

Pension benefit expense for the year ended December 31, 2017 and 2016, respectively, based on the actuarial calculation is as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
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
<b>Pension benefit expense (Note 35)</b>	<b>246,012</b>	<b>513,384</b>

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.

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Assets at fair value	3,696,006	3,286,981
Present value of old-age benefits liability	(1,927,967)	(1,374,984)
<b>Surplus</b>	<b>1,768,039</b>	<b>1,911,997</b>

Movements of the old-age benefits liabilities as of December 31, 2017 and 2016, respectively, are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)
<b>Liabilities - Ending Balance</b>	<b>-</b>	<b>-</b>

Remeasurement of liabilities for defined old-age benefits as of December 31, 2017 and 2016, respectively, are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)
<b>Total remeasurement of liabilities for defined old-age benefits - net</b>	<b>239,574</b>	<b>202,101</b>

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**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:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	106,604	63,621
Contributions paid - participants	(46,043)	(43,571)
Interest expense - net	(1,494)	(3,241)
<b>Old-age benefits expense</b>	<b>59,067</b>	<b>16,809</b>

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:

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**42. EMPLOYEES PROGRAM (continued)**

d. Work Separation Scheme (continued)

(i) BRI (Parent Entity) (continued)

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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
<b>Ending Balances (Note 28)</b>	<b>1,212,209</b>	<b>1,109,732</b>

Remeasurement of liabilities (assets) for defined work separation scheme as of December 31, 2017 and 2016, respectively, are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Beginning balance	(27,394)	(47,474)
Actuarial loss (gain)	(109,524)	20,080
<b>Total remeasurement of assets for defined work separation scheme – net</b>	<b>(136,918)</b>	<b>(27,394)</b>

The calculation of work separation scheme expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	207,821	144,737
Interest cost - net	96,885	93,544
Past service cost	-	(85,001)
<b>Work separation scheme expense (Note 35)</b>	<b>304,706</b>	<b>153,280</b>

(ii) BRISyariah (Subsidiary)

The Subsidiary provides work separation scheme based on the provisions of Labor Law No. 13/2003 dated March 25, 2003.



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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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
<b>Ending balances (Note 28)</b>	<b>12,829</b>	<b>58,108</b>

Remeasurement of liabilities (assets) for defined work separation scheme as of December 31, 2017 and 2016, respectively, are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Beginning balance	(14,363)	(15,629)
Actuarial loss	9,761	1,266
<b>Total remeasurement of assets for defined work separation scheme - net</b>	<b>(4,602)</b>	<b>(14,363)</b>

The calculation of work separation scheme expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	9,528	8,034
Interest cost	3,686	4,565
<b>Work separation scheme expense (Note 35)</b>	<b>13,214</b>	<b>12,599</b>

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**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:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
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:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
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)
<b>Ending balance (Note 28)</b>	<b>39,057</b>	<b>35,519</b>

Remeasurement of liabilities (assets) for defined work separation scheme as of December 31, 2017 and 2016, respectively, are as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Beginning balance	442	1,048
Actuarial gain	(2,269)	(606)
<b>Total remeasurement of liabilities for defined work separation scheme - net</b>	<b>(1,827)</b>	<b>442</b>

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**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:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	4,991	3,212
Interest expense	3,061	2,542
Past service cost	-	4,491
<b>Work separation scheme expense (Note 35)</b>	<b>8,052</b>	<b>10,245</b>

(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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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
<b>Ending Balance (Note 28)</b>	<b>60,706</b>	<b>48,692</b>

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Beginning balance	6,598	2,901
Actuarial loss	3,960	3,697
<b>Total remeasurement of liabilities for defined work separation scheme - net</b>	<b>10,558</b>	<b>6,598</b>

The calculation of work separation scheme expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	4,124	2,798
Interest expense	3,974	3,682
Past service cost	-	(1,769)
<b>Work separation expense (Notes 35)</b>	<b>8,098</b>	<b>4,711</b>

(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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)
<b>Ending balances (Note 28)</b>	<b>10,676</b>	<b>9,168</b>

Remeasurement of liabilities (assets) for defined work separation scheme as of December 31, 2017 and 2016 are as follows:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Beginning balance	(5,742)	(1,439)
Actuarial loss/(gain)	608	(4,303)
<b>Total remeasurement of assets for defined work separation scheme - net</b>	<b>(5,134)</b>	<b>(5,742)</b>

The calculation of work separation scheme expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	1,133	1,061
Interest expense	733	1,429
Past service cost	5	-
<b>Work separation expense (Notes 35)</b>	<b>1,871</b>	<b>2,490</b>

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)
<b>Gratuity for services liability (Note 28)</b>	<b>1,061,952</b>	<b>940,341</b>

The gratuity for services expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	83,175	72,442
Interest expense	86,831	76,320
Recognized actuarial loss (gain)	(14,112)	1,587
<b>Gratuity for services expense (Note 35)</b>	<b>155,894</b>	<b>150,349</b>

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**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:

	<b>December 31, 2017</b>
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:

	<b>December 31, 2017</b>
Beginning balance of liability	-
Gratuity for services expense (Note 35)	719
Actual benefit payments by BRI Agro	(422)
<b>Gratuity for services liability (Note 28)</b>	<b>297</b>

The gratuity for services expense for the year ended December 31, 2017 based on the actuarial calculation are as follows:

	<b>Year Ended December 31, 2017</b>
Current service cost	274
Interest expense	-
Recognized actuarial loss	25
Past service cost	420
<b>Gratuity for services expense (Note 35)</b>	<b>719</b>

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**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 Aktuarial, 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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)
<b>Gratuity for services liability (Note 28)</b>	<b>10,289</b>	<b>10,623</b>

The gratuity for services expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	935	729
Interest expense	765	602
Recognized actuarial loss/(gain)	(1,305)	1,709
Past service cost	(446)	(909)
<b>Gratuity for services expense (Note 35)</b>	<b>(51)</b>	<b>2,131</b>



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**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:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
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:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Beginning balance of liability	244	356
Gratuity for services expense (Note 35)	26	(65)
Actual benefit payments by BRI Finance	(6)	(47)
<b>Gratuity for services liability (Note 28)</b>	<b>264</b>	<b>244</b>

The gratuity for services expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Current service cost	25	26
Interest expense	20	(122)
Recognized actuarial loss (gain)	(19)	31
<b>Gratuity for services expense (Note 35)</b>	<b>26</b>	<b>(65)</b>

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)
<b>Grand leaves liability (Note 28)</b>	<b>1,517,614</b>	<b>1,314,399</b>

The grand leaves expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	217,623	187,174
Interest expense	114,422	104,070
Recognized actuarial gain/(loss)	(39,569)	17,184
<b>Grand leaves expense (Note 35)</b>	<b>292,476</b>	<b>308,428</b>

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)
<b>Grand leaves liability (Note 28)</b>	<b>30,304</b>	<b>25,294</b>

The grand leaves expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	5,372	6,485
Interest expense	1,721	2,927
Recognized actuarial loss/(gain)	2,953	(8,427)
<b>Grand leaves expense (Note 35)</b>	<b>10,046</b>	<b>985</b>

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)
<b>Grand leaves liability (Note 28)</b>	<b>3,026</b>	<b>2,202</b>

The subsidiary's grand leaves expense for the year ended December 31, 2017 and 2016 based on the actuarial calculation are as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	1,081	844
Interest expense	188	172
Recognized actuarial losses	35	30
<b>Grand leaves expense (Note 35)</b>	<b>1,304</b>	<b>1,046</b>

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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)
<b>Grand leaves liability (Note 28)</b>	<b>9,050</b>	<b>7,542</b>

The subsidiary's grand leave expenses for the year ended December 31, 2017 and 2016, based on the actuarial calculation are as follow:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Current service cost	2,619	1,990
Past service cost	-	2,678
Interest expense	533	412
Recognized actuarial losses/(gain)	(1,066)	1,081
<b>Grand leave expenses (Note 35)</b>	<b>2,086</b>	<b>6,161</b>

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**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 Aktuarial 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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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 Ro654 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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Beginning balance of liability	317	485
Grand leaves expense (Note 35)	385	181
Actual benefit payments by BRI Finance	(48)	(349)
<b>Grand leaves liability (Note 28)</b>	<b>654</b>	<b>317</b>

The subsidiary's grand leave expenses for the year ended December 31, 2017 and 2016, based on the actuarial calculation are as follow:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Current service cost	83	48
Interest expense	25	43
Recognized actuarial losses	277	90
<b>Grand leave expense (Note 35)</b>	<b>385</b>	<b>181</b>

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**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:

	<b>December 31, 2017</b>
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:

	<b>December 31, 2017</b>
Beginning balance of liability	-
BPJS Post Employment Health Program expense (Note 35)	243,259
<b>BPJS Post Employment Health Program liability (Note 28)</b>	<b>243,259</b>

The subsidiary's BPJS Post Employment Health Program expenses for the year ended December 31, 2017 based on the actuarial calculation is as follow:

	<b>Year Ended December 31, 2017</b>
Current service cost	2,450
Past service cost	240,809
<b>BPJS Post Employment Health Program expense (Note 35)</b>	<b>243,259</b>

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**43. INFORMATION ON COMMITMENTS AND CONTINGENCIES**

	December 31, 2017	December 31, 2016
<b><u>Commitments</u></b>		
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
<b>Commitments - net</b>	<b>(125,121,249)</b>	<b>(124,601,329)</b>
<b><u>Contingencies</u></b>		
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
<b>Contingencies - net</b>	<b>(33,959,475)</b>	<b>(24,477,807)</b>

**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



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**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 Repoeblrik 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

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**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 Pembangunan 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

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**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

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**44. TRANSACTIONS WITH RELATED PARTIES (continued)**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b><u>Assets</u></b>		
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
	<u>21,244</u>	<u>22,848</u>
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
	<u>332,500</u>	<u>459,620</u>
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
	<u>134,129,616</u>	<u>101,046,956</u>
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
	<u>10,695</u>	<u>240,712</u>
Government Recapitalization Bonds (Note 9)		
Government of the Republic of Indonesia (RI)	3,317,840	3,318,434

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**44. TRANSACTIONS WITH RELATED PARTIES (continued)**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b><u>Assets (continued)</u></b>		
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
	<u>96,236,121</u>	<u>93,712,615</u>
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
	<u>997,098</u>	<u>506,838</u>
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
	<u>1,313,237</u>	<u>494,645</u>
Investment in Associated Entities (Notes 16)		
PT Bahana Artha Ventura	71,382	-
<b>Total assets from related parties</b>	<b>236,429,733</b>	<b>200,032,651</b>
<b>Total consolidated assets</b>	<b>1,126,248,442</b>	<b>1,003,644,426</b>
<b>Percentage of total assets from related parties to total consolidated assets</b>	<b>20.99%</b>	<b>19.93%</b>

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**44. TRANSACTIONS WITH RELATED PARTIES (continued)**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b><u>Liabilities</u></b>		
Demand deposits (Note 20)		
Government entities and institutions	45,075,744	44,484,819
Key employees	1,547	632
Others	19,629	23,533
	<u>45,096,920</u>	<u>44,508,984</u>
Saving deposits (Note 21)		
Government entities and institutions	80,414	18,806
Key employees	147,366	86,529
Others	11,933	6,150
	<u>239,713</u>	<u>111,485</u>
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
	<u>95,445,443</u>	<u>79,990,772</u>
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
	<u>454,697</u>	<u>593,984</u>
<b>Total liabilities to related parties</b>	<b>145,161,186</b>	<b>127,753,822</b>
<b>Total consolidated liabilities</b>	<b>958,900,948</b>	<b>856,831,836</b>
<b>Percentage of total liabilities to related parties to total consolidated liabilities</b>	<b>15.14%</b>	<b>14.91%</b>

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**44. TRANSACTIONS WITH RELATED PARTIES (continued)**

	December 31, 2017	December 31, 2016
<b>Commitments and contingencies in administrative accounts</b>		
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
	<u>17,517,421</u>	<u>13,999,372</u>
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 Pembangunan 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
	<u>5,792,910</u>	<u>6,454,116</u>
	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Salaries and allowances for the Board of Directors and Commissioners (Note 35)		
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	<u>109,992</u>	<u>92,228</u>
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	<u>433,539</u>	<u>396,453</u>

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b><u>Assets</u></b>		
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	-
<b>Total</b>	<b>20.992%</b>	<b>19.930%</b>
<b><u>Liabilities</u></b>		
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
<b>Total</b>	<b>15.138%</b>	<b>14.910%</b>

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.



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**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 BRI-sat 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 BRI-sat 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.

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**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.

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**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.

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**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.

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**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:

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Core Capital (Tier 1)		
Common Equity (CET 1)	154,668,699	136,670,139
Supplementary Capital (Tier 2)	7,083,240	6,240,293
<b>Total Capital</b>	<b>161,751,939</b>	<b>142,910,432</b>
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
<b>Total RWA</b>	<b>704,515,985</b>	<b>623,857,728</b>
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.

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**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)**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
NPL ratio - gross	2.22%	2.11%
NPL ratio - net	0.98	1.15

**(ii) BRI (Parent Entity)**

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
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.

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**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 manufactur which involved state-owned company as well as private projects.

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**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
<hr/>			
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.



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**50. ACCOUNT RECLASSIFICATION AND ADJUSTMENT (continued)**

	Year Ended December 31, 2016		
	Before reclassification	Reclassification	After reclassification
<b><u>Consolidated Statement of Profit or Loss and Other Comprehensive Income</u></b>			
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
<b>ASSETS</b>		
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)
	<u>678,938,783</u>	<u>613,346,850</u>
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	<u>24,018,208</u>	<u>23,976,949</u>
Deferred Tax Assets - net	2,989,066	2,328,530
Other Assets - net	22,239,672	11,933,529
<b>TOTAL ASSETS</b>	<u><b>1,076,438,066</b></u>	<u><b>964,000,690</b></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**  
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	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
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	803,326,570	723,845,458
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
<b>TOTAL LIABILITIES</b>	<b>911,390,859</b>	<b>818,542,972</b>

**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
<b>LIABILITIES AND EQUITY (continued)</b>		
<b>EQUITY</b>		
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
<b>TOTAL EQUITY</b>	<b>165,047,207</b>	<b>145,457,718</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,076,438,066</b>	<b>964,000,690</b>

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)**

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>INCOME AND EXPENSES FROM OPERATIONS</b>		
Interest and investment income	98,253,779	90,015,450
Interest and other financing expense	(27,825,233)	(26,920,380)
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	2,461,508	2,634,363
Total Other Operating Income	18,692,836	16,679,210
Provision for impairment losses on financial assets - net	(16,659,697)	(13,319,763)
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	(4,407,557)	(3,783,112)
Total Other Operating Expenses	(36,312,599)	(33,028,073)
<b>OPERATING INCOME</b>	<b>36,149,086</b>	<b>33,426,444</b>
<b>NON OPERATING INCOME - NET</b>	<b>201,644</b>	<b>15,199</b>
<b>INCOME BEFORE TAX EXPENSE</b>	<b>36,350,730</b>	<b>33,441,643</b>
<b>TAX EXPENSE</b>	<b>(7,881,495)</b>	<b>(7,688,187)</b>
<b>INCOME FOR THE YEAR</b>	<b>28,469,235</b>	<b>25,753,456</b>

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**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
<b>Other comprehensive income:</b>		
<b>Items not to be reclassified to profit or loss</b>		
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
<b>Items to be reclassified to profit or loss</b>		
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)
<b>Other Comprehensive Income For the Year - After Tax</b>	<b>1,598,563</b>	<b>15,064,359</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>30,067,798</b>	<b>40,817,815</b>
<b>BASIC EARNINGS PER SHARE (full Rupiah)</b>	<b>232.90</b>	<b>210.68</b>

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		Total Equity - Parent Entity
								Appropriated	Unappropriated	
<b>Balance as of December 31, 2015</b>	<b>6,167,291</b>	<b>2,773,858</b>	<b>49,069</b>	<b>(1,039,128)</b>	<b>532,410</b>	<b>(2,286,375)</b>	-	<b>18,115,741</b>	<b>88,078,932</b>	<b>112,391,798</b>
Income for the year	-	-	-	-	-	-	-	-	25,753,456	25,753,456
Other comprehensive income	-	-	(25,579)	1,143,019	122,227	-	13,824,692	-	-	15,064,359
Total comprehensive income for the year	-	-	(25,579)	1,143,019	122,227	-	13,824,692	-	25,753,456	40,817,815
Distribution of income										
Dividends	-	-	-	-	-	-	-	-	(7,619,322 )	(7,619,322 )
Specific reserves reclassification	-	-	-	-	-	-	-	(15,093,056 )	15,093,056	-
Treasury stock	-	-	-	-	-	(132,573)	-	-	-	(132,573 )
<b>Balance as of December 31, 2016</b>	<b>6,167,291</b>	<b>2,773,858</b>	<b>23,490</b>	<b>103,891</b>	<b>654,637</b>	<b>(2,418,948)</b>	<b>13,824,692</b>	<b>3,022,685</b>	<b>121,306,122</b>	<b>145,457,718</b>

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 Arising from Fixed Assets - Net of Tax	Retained Earnings		Total Equity - Parent Entity
								Appropriated	Unappropriated	
<b>Balance as of December 31, 2016</b>	<b>6,167,291</b>	<b>2,773,858</b>	<b>23,490</b>	<b>103,891</b>	<b>654,637</b>	<b>(2,418,948)</b>	<b>13,824,692</b>	<b>3,022,685</b>	<b>121,306,122</b>	<b>145,457,718</b>
Income for the year	-	-	-	-	-	-	-	-	28,469,235	28,469,235
Other comprehensive income	-	-	30,709	1,517,374	50,480	-	-	-	-	1,598,563
Total comprehensive income for the year	-	-	30,709	1,517,374	50,480	-	-	-	28,469,235	30,067,798
Distribution of income Dividends	-	-	-	-	-	-	-	-	(10,478,309 )	(10,478,309 )
<b>Balance as of December 31, 2017</b>	<b>6,167,291</b>	<b>2,773,858</b>	<b>54,199</b>	<b>1,621,265</b>	<b>705,117</b>	<b>(2,418,948)</b>	<b>13,824,692</b>	<b>3,022,685</b>	<b>139,297,048</b>	<b>165,047,207</b>



**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)**

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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)
<b>Cash flows before changes in operating assets and liabilities</b>	<b>48,731,198</b>	<b>38,301,153</b>
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
<b>Net Cash Used in Operating Activities</b>	<b>33,171,396</b>	<b>21,163,488</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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
<b>Net Cash Provided by Investing Activities</b>	<b>(27,946,858)</b>	<b>(376,454)</b>

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)**

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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)
<b>Net Cash Used in Financing Activities</b>	<b>(10,567,758)</b>	<b>5,802,051</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(5,343,220)</b>	<b>26,589,085</b>
<b>EFFECT OF CHANGES ON FOREIGN CURRENCIES RATE</b>	<b>3,195</b>	<b>5,012</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>185,271,640</b>	<b>158,677,543</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>179,931,615</b>	<b>185,271,640</b>
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
<b>Total Cash and Cash Equivalents</b>	<b>179,931,615</b>	<b>185,271,640</b>

**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