BANK BRI

Melayani Dengan Setulus Hati

Achieving the Best through **Excellent Services** Reaching **Across the Archipelago**

A Bank with the Best Growth in Micro, Small, and Medium Enterprise Business in Indonesia

Annual Report **2013**

Achieving the Best through Excellent Services, Reaching Across the Archipelago

A Bank with the Best Growth in Micro, Small, and Medium Enterprise Business in Indonesia

Bank BRI's consistency in advancing Indonesia's economy through providing quality banking, financial and other services, as well as its unwavering focus on micro, small, and medium enterprise segments, whilst growing other business segments, supported by an extensive operational network covering the entire country, yielded excellent achievements.

Bank BRI is able to deliver the best MSME loan growth, increasing its total assets to Rp626,18 trillion and total loans rose to Rp448.35 trillion, while maintaining non performing loan at 1.63%. These results contributed to the increase in net profit, which grew by 14.3% to Rp 21.35 trillion.

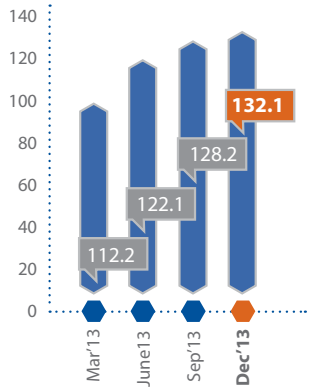
Bank BRI is committed to optimize synergy in all its lines of business, to generate quality and maintain sustainable growth.

Consistently Growing the Business with the Support of Professional Human Resources

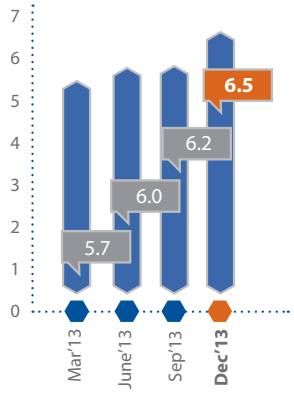
To support business developments in the Micro, Small, and Medium Enterprises segment, BRI carried out substantial human resources recruitment, the objective being to enlarge BRI's loan disbursement capacity.

MSME business development efforts are combined with competency enhancements of employees and superior banking service educational programs, which have successfully increased the volume of micro customers, outstanding loans, migration of micro KUR borrowers to micro commercial loans, while robustly maintaining micro loans quality.

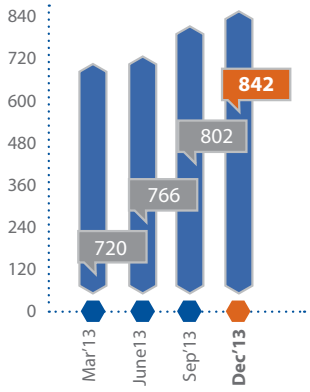
Growth of Micro Loan*
(In Rp trillion)



Growth of Micro Borrowers*
(In million)



Migration of Micro KUR Loan Borrowers to Commercial Micro Loan*
(In thousand)



Micro loans grew :
23.72%
compared to
18.41%
in 2012*

Total micro loans:
Rp132.1 trillion*

Sound Micro Loans, with NPL at just
1.04%*

Commercial and Medium Retail Loans Increased
24.33% and
22.90%*

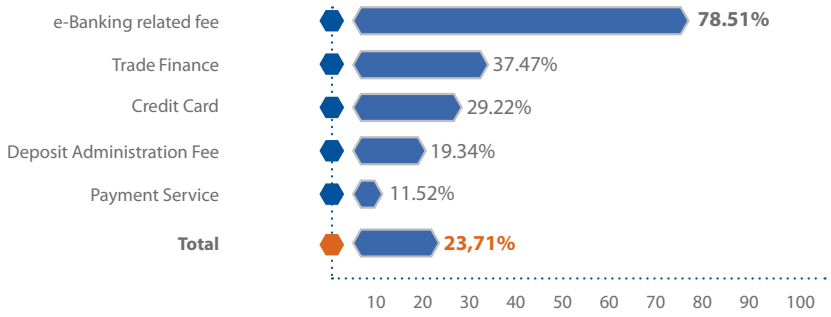
* bank only

Balancing the Growth of Other Business Segments

Throughout 2013, BRI successfully carried out loan expansion through its other segments, as well as growing other financial services, harmoniously and in line with loan expansion in the MSME segment.

Consumer segment, corporate loan for SOEs and non-SOEs as well as other financial services (such as e-banking, trade finance, remittances and capital market services) continued to grow alongside Indonesia's banking industry.

Growth of Fee Based Income in 2012-2013*



Fee income from e-Banking grew **78.51%***

Trade finance income rose **37.47%***

SOE loans grew **23.66%***

Consumer loans up **20.29%***

Corporate loans for Non-SOEs increased **25.68%***

* Bank only

Expanding Operating Network across the Nation

In 2013, BRI added 756 operating units, consisting of Branch Offices, Sub-Branch Offices, Cash Offices, BRI Units, and Teras BRI. BRI also broadened its e-channel network with an addition of 45,329 network.

BRI has grown into the largest commercial bank, with a vast presence in Indonesia. It is supported by 9,808 operating units and 104,570 extensive e-channel networks, integrated and able to provide services from any location, in real-time online. An advanced information technology system allows well-managed direct interaction with customers. With enhanced accuracy, BRI is able to maintain the trust and satisfaction of its customers, currently totaling 48 million accounts.

Such wide-range facilities enable BRI to offer banking products and services, as needed, for all customers, from any segment, anytime and anywhere.

BRI is supported by:

9,808
Operating Units*

±48 Million
Customer accounts*

18,292
ATM networks, forming the largest network in Indonesia*

104,570
e-Channel networks*

* bank only

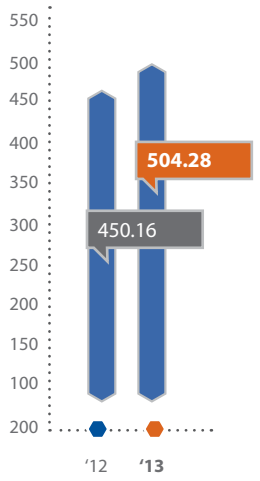
Loan Expansion Supported by Quality Funding and Strong Capital Structure

Backed by its vast customer base, amounting to 48 million accounts, BRI has been able to generate substantial third-party funds to support its loan expansion. Loan to Deposit Ratio was at a level of 88.54%, while low-cost funds occupied around 60% of composition, with a stable interest expense.

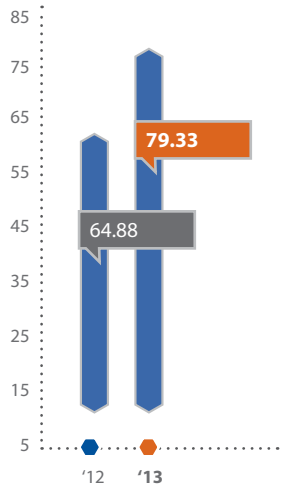
Aside from third-party funds, investors' trust, arising from proven good implementation of corporate governance, has also enabled BRI to secure long-term financing through the issuance of Global Bonds in a nominal sum of US$500 million, with 5 year tenor and 2.95% coupon.

BRI is also equipped with a strong capital structure. By the end of 2013, its Capital Adequacy Ratio was recorded at 16.99%, comprising 95% of Tier I capital, or 16.13% of Tier I CAR.

Third Party Funds
(In Rp trillion)



Total Equity
(In Rp trillion)



Equity in 2013
Rp79.33 trillion*

Third-party Funds rose by **12.02%**

Total CAR **16.99%***

Tier I CAR **16.13%***

* bank only

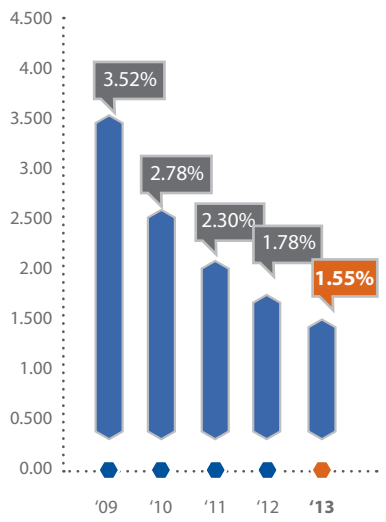
Maintaining Quality Growth of Assets by Improving the Quality of GCG Implementation

BRI has succeeded in putting in place sound Corporate Governance implementation, reliable Information Technology infrastructure, and enhanced competency and integrity of human resources, all as a solid foundation for sustainable growth.

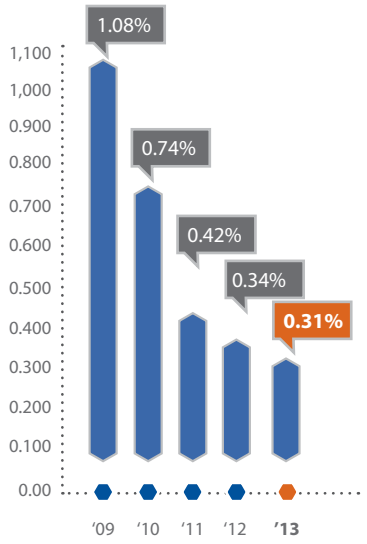
The fundamental principles of GCG are applied consistently in loan channeling processes at BRI, assuring transparent, planned, responsible, accountable, and focused efforts to maximize competitive advantages.

As a result, BRI has been able to grow total assets through quality loan expansion, reflected by improvement in total NPL.

NPL Gross Movement*



NPL Net Movement*



Bank BRI is committed to be the leading bank in Indonesia that demonstrating the best corporate governance practices

8 Training Centers, located around Indonesia

GCG Self Assessment Composite Score achieved **VERY GOOD** classification

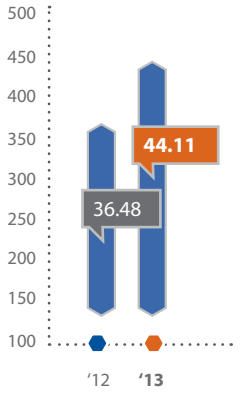
17 Audit Offices

* bank only

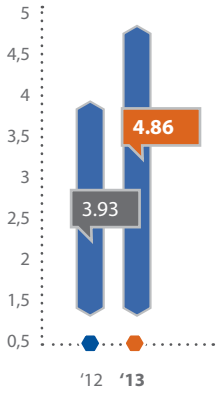
Outstanding Performance Amidst a Challenging Economic Environment

A focused, planned and integrated business effort with consistency in improving the quality of corporate governance practices has result in outstanding performance exceeding peers average despite the challenging economic conditions throughout 2013

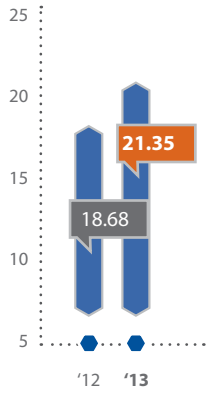
Net Interest Income
(In Rp trillion)



Fee Based Income
(In Rp trillion)



Net Profit
(In Rp trillion)



Net Profit Grew by 14.27%

Net Interest Income Rose **20.89%**

Fee Based Income Increased **23.74%**

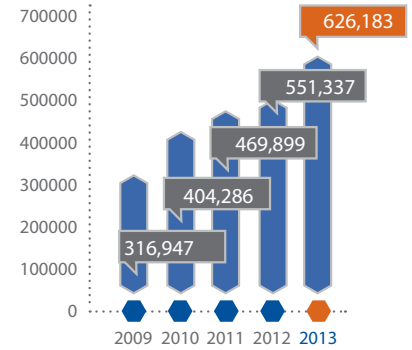
Financial Highlights

Financial Highlights (in Rp billion)	Year				
	2009	2010	2011	2012	2013
Balance Sheet					
Total Assets	316,947	404,286	469,899	551,337	626,183
Total Earning Assets	299,063	379,696	432,647	499,042	568,546
Loan - Gross	208,123	252,489	294,515	362,007	448,345
Government Recap Bonds	15,027	13,626	8,996	4,316	4,511
Investments in Shares - Net	111	134	165	197	223
Total Liabilities	289,690	367,612	420,079	486,455	546,856
Third-party Funds	255,928	333,652	384,264	450,166	504,281
- Demand Deposits	50,094	77,364	76,779	79,723	79,337
- Saving Deposits	104,463	125,990	154,133	184,717	212,997
- Time Deposits	101,371	130,298	153,353	185,726	211,948
Other Interest Bearing Liabilities	21,284	17,297	19,361	15,784	14,873
Capital/Equity	27,257	36,673	49,820	64,882	79,327
Profit/Loss					
Interest Income :					
- With Government Bonds Interest	35,334	44,615	48,164	49,610	59,461
- Without Government Bonds Interest	33,528	43,109	47,053	49,235	59,298
Net Interest Income :					
- With Government Bonds Interest	23,049	32,889	34,427	36,484	44,106
- Without Government Bonds Interest	21,244	31,382	33,316	36,109	43,943
Other Operating Income	3,270	5,545	5,776	8,390	8,348
Other Operating Expenses	(11,960)	(16,114)	(17,086)	(19,491)	(22,381)
Provision for impairment losses on financial assets	(5,799)	(7,917)	(5,533)	(2,700)	(3,946)
Income Before Tax	9,891	14,908	18,756	23,860	27,910
Net Income for the year	7,308	11,472	15,088	18,687	21,354
Income attributable to equity holders of parent entity	N/A	11,472	15,083	18,681	21,344
Income attributable to non-controlling interests	N/A	Nil	5	6	10
Comprehensive Income	N/A	11,559	15,296	18,661	19,917
Comprehensive income attributable to equity holders of parent entity	N/A	11,559	15,288	18,652	19,913
Comprehensive income attributable to non-controlling interests	N/A	Nil	8	9	3
Earnings per share (Rp)	304.75	478.36	628.91	757.26	865.22
Financial Ratio					
Capital					
Capital Adequacy Ratio (CAR)*	13.20%	13.76%	14.96%	16.95%	16.99%
Earning Assets					
Earning Assets and Non Performing Assets to total earning assets and non performing assets	2.59%	2.19%	1.79%	1.19%	1.06%
Non performing earning assets	2.68%	2.24%	1.85%	1.46%	1.28%
Allowance for possible losses to earning assets	4.29%	4.58%	4.51%	3.43%	2.90%
Non Performing Loans (NPL Gross)	3.52%	2.78%	2.30%	1.78%	1.55%
Profitability					
R O A	3.73%	4.64%	4.93%	5.15%	5.03%
R O E	35.22%	43.83%	42.49%	38.66%	34.11%
N I M	9.14%	10.77%	9.58%	8.42%	8.55%
B O P O (Operating Expenses to Operating Income)	77.66%	70.86%	66.69%	59.93%	60.58%
Liquidity					
L D R	80.88%	75.17%	76.20%	79.85%	88.54%
Compliance					
Violation of Legal Lending Limit					
- Related Parties	Nil	Nil	Nil	Nil	Nil
- Unrelated Parties	Nil	Nil	Nil	Nil	Nil

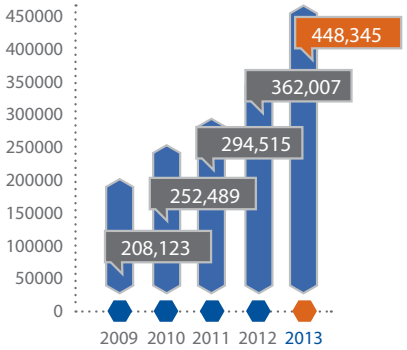
Financial Highlights (in Rp billion)	Year				
	2009	2010	2011	2012	2013
Excess of Legal Lending Limit					
- Related Parties	Nil	Nil	Nil	Nil	Nil
- Unrelated Parties	Nil	Nil	Nil	Nil	Nil
Statutory Reserves	5.90%	8.05%	9.33%	10.64%	8.02%
Net Open Position	5.22%	4.45%	5.49%	3.00%	3.15%

The financial figures presented above represent BRI's consolidated financial statements with subsidiaries PT BRISyariah, PT Bank AgroniagaTbk, BRIngin Remittance Co, Ltd for the year 2013, but only with subsidiary PT BRISyariah for the year 2010, Financial ratios use data of bank only,
*Market risk and operational risk have been taken into account, starting 2004 and 2010, respectively

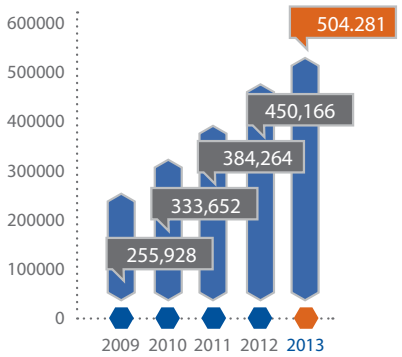
Total Assets
(In Rp billion)



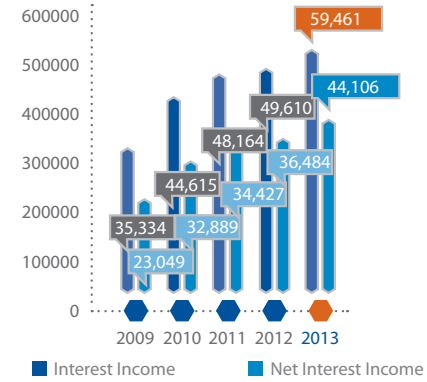
Total Loan
(In Rp billion)



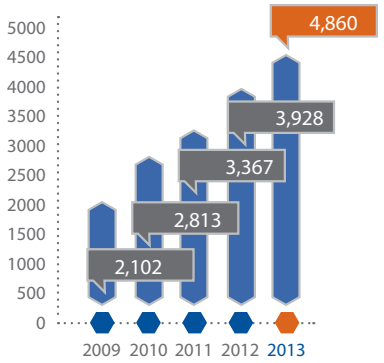
Third Party Fund
(In Rp billion)



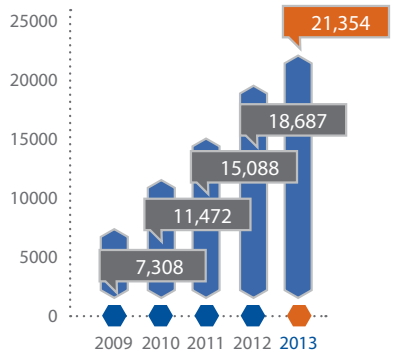
Interest Income and Net Interest Income
(In Rp billion)



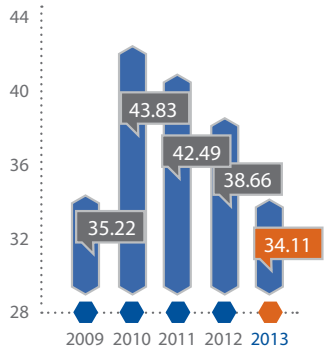
Fee Based Income*
(In Rp billion)



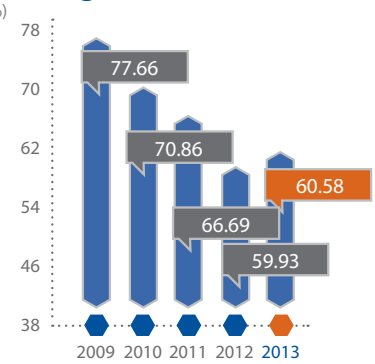
Net Profit
(In Rp billion)



ROE*
(In %)



Operating Expenses to Operating Income*
(In %)



CAR*
(In %)

* bank only

2013 Event Highlights

18 January

- In partnership with DKI Jakarta Government, BRI launched e-Tax BRI, an online tax payment service for DKI Jakarta residents

28 February

- Shareholders approved a 30% Dividend Payout Ratio. Share dividend was Rp225.2320 per share, totaling Rp5.5 trillion – the largest in the banking industry.

14 March

- BRI successfully increased long-term financing by issuing Global Bonds with a total value amounting to USD500 million, a 2.95% coupon and maturity date on 28 March 2018.

27 April

- Supporting the development of sports, BRI launched BRIZZI Basketball Edition Card.

20 May

- CSR BOD Teaching Activity, "Winning Mentality with BRI", held simultaneously in 7 Cities.

23 May

- BRI exhibited the latest banking technology during IBEX (Indonesia Banking Expo)

20 June

- In partnership with PT Telkom (Persero) Tbk BRI forged synergy between SOEs for Financial Inclusion service, BRI launched T-BANK. Cell phone users now may access banking services without being required to visit the Bank.

12 July

- In partnership with PT Askes (Persero), BRI is ready to support BPJS services all around Indonesia.

26 July

- BRI and Alfamart support 90,000 micro businesses around Alfamart Outlets under their Store Sales Point program.

1 August

- In cooperation with PT Berdikari, BRI is ready to channel KKP-E to 500 Cattle Farmers.

5 September

- Microfinance Service Demo at APEC – BRI facilitated Cultural Visit activity for APEC delegates of Small Medium Enterprises Ministerial and Related Meetings 2013, during a series of APEC conferences in Bali.

5 October

- To empower Street Vendors, or PKL, the DKI Jakarta Government and BRI held a Jakarta Night Market

27 November

- BRI Public Exposé in Investor Summit, presenting 4 Key Excellence

19 December

- Bank BRI inaugurates E-Banking Hybrid Lounge in Pacific Place for convenient banking services

22 December

- Fun walk with 40,000 Bank BRI families, celebrating 188th anniversary of BRI.

Awards and Certifications

BRI's exceptional performance in 2013 earned around 40 awards from external parties, in various categories and award events, as follows:

"GOLD BRAND CHAMPION OF MOST POPULAR BRAND"
Conventional Banking category

"BRONZE BRAND CHAMPION OF BRAND EQUITY"
Category: Conventional Banking (Assets>IDR 75 Trillion)

Event:
"Indonesia Brand Champion 2013"
Host:
MarkPlus Insight
Date:
31 January 2013

TOP BRAND AWARD
(in Recognition of Outstanding Achievement in Building the Top Brand)

Category:
- ATM Card BRI,
- BRI Junio - Children's Savings Account, Bank BRI - Deposit Account,
- Call BRI - Call Center
- BRI Britama – Savings Account

Host :
Magazine Marketing
Date :
3 February 2013

BEST MICROFINANCE BUSINESS

Host :
Asian Banker

BEST ISSUER 2013

Event :
Investor Award 2013
Host :
Investor Magazine
Date :
2 May 2013

FIRST RANK, BEST BOND ISSUER 2013

Event :
Capital Market Award 2013
Host :
BEI, KPEI and KSEI
Date :
15 May 2013

INDONESIA MOST ADMIRED COMPANIES

Event :
Most Admired Companies
Host :
Warta Ekonomi
Date :
28 May 2013

SOE WITH THE LARGEST EMPLOYEE
SOE SUPPORTING ELECTRIC CAR

Event :
BUMN Award
Host :
SOE Ministry
Date :
19 May 2013

2nd BEST CSR PROGRAM
6th BEST INVESTOR RELATION
9th BEST MANAGED COMPANY
9th BEST CORPORATE GOVERNANCE

Event :
Asia's Best Companies 2013
Host :
Finance Asia
Date :
26 June 2013

"VERY GOOD" PREDICATE
Banking Financial Performance in 2013

Event :
Infobank Awards 2013
Host :
Infobank Magazine
Date :
5 July 2013

Awards and Certifications

BEST WEALTH CREATOR
based on WAI Method

Event :
Swa 100: ASEAN Best Public Company 2013
Indonesian Best Public Company 2013
Host :
Swa Magazine
Date :
27 June 2013

BANK OF THE YEAR 2013

- **Best Bank for Tier I Capital > 30 T**
- **1st in Corporate Social Responsibility**
- **1st in Finance**
- **1st in Information Technology**
- **1st in Risk Management**

Event :
Indonesia Banking Award
Host :
Business Review dan Ideku Group
Date :
26 September 2013

THE WORLD'S BIGGEST PUBLIC COMPANY

Event :
The Global 2000
Host :
Forbes Magazine
Date :
3 October 2013

BEST PERFORMANCE BANKING 2013
BUKU 4 Bank Category

Event :
Indonesian Banking Awards
Host :
Tempo Magazine and CRMS Indonesia
Date :
01 October 2013

1st IN SOE FINANCE-LISTED CATEGORY 2012

Event :
Annual Report Awards
Host :
OJK-BI-KNKG-Tax Dir. Gen.
Date :
01 October 2013

2nd GENERAL WINNER FROM 230 PARTICIPANTS.

Event :
Annual Report Awards
Host :
OJK-BI-KNKG-Tax Dir. Gen.
Date :
01 October 2013

25 LISTED COMPANY IN SUSTAINABLE RESPONSIBLE INVESTMENT (SRI) KEHATI INDEX

Host :
Kehati Foundation
Date :
01 May 2013

Certification

ISO 9001:2008	BRI Center of Operations has been operated with a quality management system in accordance with ISO 9001:2008 in Provision of Payment System by RTGS, Clearing and Remittance. Certification from Lloyd's Register Quality Assurance, on 12 December 2012 is valid until 12 December 2015
ISO 9001 : 2008	The operations of BRI Contact Center Service (LCC) follow ISO 9001:2008. Certification from Verification New Zealand Limited on 5 December 2011, valid until 5 December 2014
ISO 9001 : 2008	Quality Management for 2 (two) scopes of functions, namely, card production and complaints settlement. Certification and quality management in accordance with ISO 9001:2008. Certification from LQRA (Lloyd's Register Quality Assurance) Accredited National Accreditation Agency – UKAS (United Kingdom Accreditation Service) and National Accreditation Committee. Certification granted on 11 December 2013 and valid for a period of 3 years

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“ Strengthening Customer Base “

Market penetration with TerasBRI and TerasBRI Mobile has extended BRI’s outreach throughout the country, aiming to strengthen customer base by providing banking education and information.

Management Reports

Foreword from the President Commissioner

"BRI has delivered outstanding performance across indicators, including the quality growth of assets, net income increase, and the Bank's success in supporting the progress of micro, small, and medium enterprises throughout the nation."

Bunasor Sanim
President Commissioner/
Independent Commissioner

Assalamualaikum Wr. Wb.

First let us express our gratitude to the Almighty Allah SWT for we have been graced by abundant blessings that allowed the Bank to journey through 2013 and deliver excellent results.

As we know full well, the macro-economic condition remained volatile in 2013, influenced by a number of internal and external factors. These included an economic slowdown of Indonesia's strategic trading partners, with China, Japan, and the United States stalling out; prices of global commodities dropped, and the progress of the United States' economic recovery was not entirely favorable. On the other hand, internally we witnessed trade balance and balance of payments showing a deficit, the Rupiah sliding downwards, looming inflation and sluggish credit growth. Meanwhile, competition for funding became ever more intense.

Despite the above condition, the dedication and hard work of BRI's management and all employees became a solid foothold for the Bank, which performance in 2013 was more than satisfying. Bank BRI performance in 2013 showed a strong increase compared to the previous year, as evidenced by the growth of consolidated key financial ratios in 2013 such as total assets grew 13.58% against the December 2012 position, loans with 23.8% growth, third party funds up by 12.0%, net interest income rose by 20.9%, income after tax amounting to Rp21.35 trillion, and at 1.63% the non performing loans improved from 1.83% in 2012.

Such achievements were made possible by skilled human resources, a reliable information technology system, as well as the extensive reach of the Bank's office network. The Bank added 756 operating units, consisting of 7 Branch Offices, 20 Sub-Branch Offices, 144 BRI Units, 36 Cash Offices, 549 TerasBRI, and 1 Audit Office, while mobile banking services grew by 45,329 units. Bank BRI continually strives to improve its customer services to become "The Biggest Payment Bank in Indonesia", ready to serve customers at all levels, spread from Sabang to Merauke.

The Board of Commissioners conveys its highest appreciation for these remarkable achievements. We thank all of the Bank's management, staff and stakeholders for their hard work and support throughout the year that enabled the Bank to deliver an even better performance from the preceding year.

Challenges may still be expected in 2014, where an election will take place. The Bank views 2014 as the year of productivity and funding, by way of Optimizing Capabilities to Sustain the Growth. Given this, the Management has formulated the following strategies:

1. BRI as a Bank with a productive and efficient network and human resources,
2. Low-risk credit expansion by utilizing trickle-down business,
3. Maintaining the Bank's sound ratio.

The hard work and dedication of the management and all staff, as well as the invaluable support from stakeholders, has enabled BRI to achieve and to continue growing strongly toward its goal to become **"The Biggest Payment Bank in Indonesia".**

Foreword from the President Commissioner

These strategic initiatives need to be implemented robustly by related Operating Units, especially considering the intense competition in MSME segment. All of the Bank's activities need to be in concert with strategies in terms of assets, funding, capital, non-organic growth, fee-based income, and other formulated supporting strategies. In addition, all employees of the Bank are expected to adhere to its code of conducts and working culture in their day-to-day activities.

The Bank's destination statement for 2014, which is set as a "Bank with Productive and Efficient Operating Network and Human Resources" and the commitment made by the Board of Directors and Board of Commissioners to make BRI as "The Most Valuable Bank" by 2017. Given this purpose, and in recognition of the dynamic and competitive industry, the Board of Commissioners expects strong commitment from management and all staff of the Bank which located throughout Indonesia, to carry out their duties to the best of their abilities and to work harmoniously toward the destination statement.

As regards to the performance of its responsibilities, the Board of Commissioners continuously improves the quality of its oversight function of the Bank' operation and works closely with the Board of Directors, in accordance with the Bank's Articles of Association and with prevailing laws and regulations.

We pray that Allah SWT the Almighty shall always bestow upon everyone in BRI with guidance and strength in our endeavors to journey through the ever more complex competition and challenges.

Amin

Wassalamualaikum Wr. Wb.

Bunasor Sanim
President Commissioner/
Independent Commissioner

Report on the Supervisory Duties of the Board of Commissioners in 2013

The Board of Commissioners of PT Bank Rakyat Indonesia (Persero) Tbk fulfills its supervisory and advisory duties over the Board of Directors in good faith, responsibly, prudently, and for the best interests of the Bank. The Board of Commissioners performs its duties and responsibilities independently, guided by stipulations contained in the Articles of Association and existing laws and regulations as well as principles of good corporate governance.

The Board of Commissioners supervises the Bank's management policies and operations, provides advice to the Board of Directors, and ensures that the Board of Directors adheres to the provisions in the Bank's Articles of Association as well as following applicable laws and regulations.

The Board of Commissioners' supervisory and advisory functions are exercised for a number of purposes, namely to uphold the best interests of the Bank and to ensure that the Board of Directors' duty implementation is in line with the Bank's goals and objectives. The functions also ensure that the management of the Bank carried out by the Board of Directors is aligned with the interests of shareholders and stakeholders at large. To optimize the performance of its duties, the Board of Commissioners has supporting units consisting of the Audit Committee, the Risk Management Supervisory Committee, and the Nomination and Remuneration Committee.

As a council, the Board of Commissioners has the required core competence. To maintain objectivity and independency, the Board of Commissioners is not involved in any decision-making pertaining to the Bank's operations, except in the matter of fund provision to related parties and other matters as prescribed in the Bank's Articles of Association and prevailing regulations.

The Board of Directors has been able to show significant improvement of performance in many quantitative aspects, including growth of net income, quality of assets, growth of Third Party Funds as well as quality of management as indicated by GCG score index and the trust of the Capital Market.

Performance and Supervisory Evaluation in 2013

The Board of Commissioners is thankful that the Bank was able to deliver successful results in 2013, particularly considering the general economic slowdown starting mid-2013, prompted by an unstable global economy. Decelerating growth in key trading countries, the slump in global commodity prices, and the issue of tapering off in the United States were combined with widening balance of payment deficits, a fluctuated exchange rate and high inflation. As a result, the banking industry experienced tight liquidity, accompanied by a rising cost of funds.

In 2013, the Board of Directors delivered a significant increase in performance. After consolidation, net income soared above Rp20 trillion, marking Rp21.35 trillion, while total assets reached Rp626.18 trillion. Accompanying these achievements were growth in other key indicators, such as lending, which recorded 23.85% growth YOY, and fee based income, which recorded Rp4.86 trillion for the Bank alone, contributing a 7.2% to total income. Key ratios also showed improvements compared with competitors; return on equity reached 34.11%, return on assets was posted at 5.03%, and ratio of operating expense to operating income (BOPO) was recorded at 60.58%. While carrying out business expansion, the Board of Directors was able to maintain asset quality and improved gross NPL to 1.55% and net NPL to 0.31%. Liquidity was also well controlled with Statutory Reserves in Rupiah and Foreign Exchange accounted for around 8% and LDR reached 88.54%.

Report on the Supervisory Duties of the Board of Commissioners in 2013

To ensure sustainable growth, the Board of Commissioners strives to provide robust oversight on micro and macro financial parameters.

Recognizing Human Resources as a pivotal element of the Bank, the Board of Commissioners consistently focuses on the management of the Bank's HR.

While achieving targets related to business growth is indeed important, sustainable growth is fundamental. The Board of Commissioners therefore carried out robust supervision over micro and macro financial parameters to ensure that an early warning system is in place.

1. Risk Profile

The growing complexity of BRI's business, as well as its extensive and widespread network, call for rigorous risk management that able to identify risk potentials today and in the future. Risk management is applied on 4 (four) interrelated and integrated aspects, namely, governance, a risk management framework, a risk management process, sufficiency of resources and risk management information system, and sufficiency of the risk control system.

In 2013, BRI was able to mitigate inherent risks associated with the Bank's business through sound risk management implementation. This was evident from the low level of risk for market and compliance, to the moderate level of risk for credit, liquidity, operations, legal, strategic, and reputational risks. The composite risk level of the Bank was adjudged to be in a "low to moderate" category (score 2).

2. Good Corporate Governance (GCG)

The implementation of corporate governance is founded on five basic principles, namely (transparency, accountability, responsibility, independency, and fairness).

The principles of corporate governance are exhibited through the following:

a. Transparency, promoting openness in the decision-making process and willingness to disclose material and relevant information regarding the Bank. This principle is evidenced by, among others, quarterly Financial Statements and share ownership of the Board of Commissioners and Directors – disclosed in the Bank's annual report.
b. Accountability, promoting clarity of functions and responsibility of the Bank's management to ensure efficient and reasonable operations of the Bank as evidenced by clear responsibilities assigned to each organizational structure, a fair and objective recruitment system, and a performance-based remuneration system for management and staff.
c. Responsibility, highlighting the alignment between the Bank's management practices with prevailing laws and regulations as well as principles of healthy corporation. The Bank's reporting to regulators and other authorized agencies as regulated attest to the implementation of this principle.
d. Independency, whereby the Bank is professionally managed, free from conflict of interests and influence/pressure from any parties that is inconsistent with prevailing regulations and sound corporate principles. The independency principle is manifested through a commitment from all staff of the Bank to work professionally without conflict of interests or under pressure from any party.
e. Fairness, to ensure fair and equal treatment in fulfilling the rights of stakeholders arising from agreements and applicable regulations. Fairness is practiced among others by providing rewards for achievements, penalizing violations with sanctions objectively and constructively, and extends fair treatment to the customers.

The Board of Commissioners views that overall the Bank has applied the principles of Good Corporate Governance in its activities.

3. Profitability

In the view of the Board of Commissioners, the Board of Directors demonstrated sound strategy implementation throughout 2013 as shown by the Bank's net income that amounted to Rp21.16 trillion, or grew by 14.2% from the net income of the preceding year (bank only).

Such achievement was backed by the success to maintain NIM at above 8%. At 8.55%, the NIM was higher than the previous figure of 8.42%.

Also contributing to the achievement of net income was a stable cost of funds, despite the rigorous competition in funding. In 2013, the Cost of Funds (COF) only rose by 3 bps from 3.68% in 2012, to 3.71% in 2013 (bank only).

The Board of Directors was also able to show improved results across key financial ratios compared to competitors, the Bank posted a 34.11% in return on equity (ROE) and 5.03% of return on assets (ROA). However, compared with the previous year, ROE and ROA decreased slightly from 38.66% and 5.15%, respectively.

Efficiency level was indicated by Operating Expense to Operating Income (BOPO) and CER ratio, each at 60.58% and 42.13%, compared with the preceding year of 59.93% and 43.11%, respectively. Increase in BOPO was principally the result of increased human resources expenses incurred from conversion of outsourced employees to contract employees, and promotion from contract staff to permanent employees.

4. Capital

Overall, the Board of Commissioners views that the Board of Directors has performed sound capital management suitable with business scale characteristics as well as business complexity. This was evident from the Board of Directors' ability to keep capital adequacy ratio (CAR) at a level of 16.99%, which was well above the minimum requirement from Bank Indonesia.

Assessment of Committees under the Board of Commissioners

As part of good corporate governance implementation, the Board of Commissioners continuously conducts performance assessment of its supporting units, with the purpose of upgrading and enhancing the performance quality. Assessment is done based on recommendations and implementation of tasks assigned by the Board of Commissioners.

Based on the evaluation, the Board of Commissioners views that all committees, comprising the Audit Committee, Nomination and Remuneration Commmittee, and Risk Management Supervisory Committee, have soundly implemented their duties and responsibilities. Each committee was able to provide quality input and recommendations, accompanied by a background rationale and relevant arguments for each matter. The quality of input would certainly help the Board of Directors in implementing, or considering recommendations from the Board of Commissioners.

The Board of Commissioners would like to encourage all members of the Committees under the Board of Commissioners to improve their competence and to consistently conduct their duties with dedication and high integrity, especially considering the business challenges and BRI's mission to support the growth of national economy.

Supervision and Recommendations Activities

The activities of the Board of Commissioners in performing its oversight function were:

1. Conducting regular meetings of the Board of Commissioners, at least 1 time every week.
2. Holding a joint meeting of the Board of Commissioners with the Board of Directors, at least 1 time every month.
3. Scheduled working visit to all of BRI operating regions.
4. Meeting between the Board of Commissioners and relevant divisions.
5. Discussion and collective decision-making on urgent matters, involving the Board of Directors and relevant operating units.

Based on the Working Visits and Meetings held throughout the year, the Board of Commissioners has issued the following recommendations:

1. Lending

The Board of Commissioners consistently recommended the application of the principles of prudence in exercising lending activities, the improvement of internal control quality, and the strict implementation of sufficient credit risk management.

To maintain the Bank's position as "The Leading Bank in Micro, Small, and Medium Enterprises Business", the Board of Commissioners also safeguards the

Report on the Supervisory Duties of the Board of Commissioners in 2013

focus on MSME, by maintaining minimum lending to businesses at a certain level.

The Board of Commissioners also supported the Board of Directors' decision to enlarge credit expansion through a "trickle–down" business strategy. The Board of Commissioners took an active role in the credit consultation forum attended by the Board of Commissioners and Directors, conducted to discuss lending provisions at a certain amount to debtors.

2. Funding

The Board of Commissioners recommended and suggested for the Bank to increase the composition of low-cost funds, in order to be able to offer competitive interest rates to customers. The target of third party funds increase in 2014 also needs to be continued sustainably every year, in support of the Bank's loan expansion target realization as well as liquidity.

3. Income and Expenses

The Board of Commissioners recommended the Bank to increase other income through trade finance, remittances cash management, and transactional accounts by optimizing BRI's operational network spread across Indonesia. Relating to expenses, the Board of Commissioners recommended continuous efforts to achieve efficiency.

4. Capital

The recommendation from the Board of Commissioners in terms of capital was to maintain and optimize capital growth by increasing retained earnings. Meanwhile, thorough and in-depth analysis as well as a formulation of terms and conditions that best suited the Bank's interests need to precede strategies to augment capital through the issuance of securities, MTN, and other bonds. Issuance of securities also needs to adhere to the prevailing laws and regulations.

5. Human Resources

Recognizing human resources (HR) as a pivotal element of the Bank, the Board of Commissioners consistently focuses on the management of the Bank's HR. In 2013, recommendations from the Board of Commissioners to the Management covered among others the importance of manpower planning that was integrated with corporate plan, the Bank's Business Plan, Work and Budget Plans, and the Bank's business development direction.

HR requirements need to be fulfilled by taking into account competency and leadership quality enhancements. The quality of trainings, courses, mentoring, and coaching by senior staff needs to be continually improved as with internalization and implementation of company culture. All these efforts need to be in harmony with goals of the Bank's business growth.

The Board of Commissioners appreciates efforts taken to determine the ideal composition between business and supporting staff. Indeed, the role of Information Technology needs to be amplified to support employees in conducting the Bank's operations. In 2014, HR strategy focuses on fulfilling HR needs especially in fund marketing and employee policy refinement, which will work in concert towards realizing the Bank's productive and efficient HR and operational network.

6. Information Technology

Information technology is an important aspect to improve efficiency as well as expanding services to customers. According to the Board of Commissioners' recommendation, development of Information Technology needs to be focused on improving network reliability in order to provide excellent services to customers. The Board of Commissioners has proposed more optimal use of Information Technology to the Board of Directors, to support better accuracy, efficiency, and the Bank's operational quality.

7. Risk Management

With an expanded office network, manpower, and banking products, business risks become greater. Risk management infrastructure and the internal control system needs to be enhanced to anticipate future risks associated with these developments.

8. Internal Control

In terms of internal control, the Board of Commissioners has made a number of recommendations, among others:

a. To increase control inherent in all operational processes.
b. To optimize the role and function of Risk Management in all operating units.
c. To improve the quality of internal control through Risk-Based Audit performed on operational processes and to improve the quality of internal auditor.
d. To enhance monitoring by head of operating units on follow-up actions on findings of both internal and external audits.

9. Capital Investment

Capital investment in Subsidiaries is to be made following extensive and comprehensive study, prudently, and in accordance with prevailing laws

and regulations. Capital investment also needs to take into account the business strategy of Subsidiaries as well as other aspects such as synergy and mutual benefit, and is to be performed by maintaining control of Subsidiaries' business strategy implementation.

10. Capital Expenditure

Capital expenditure needs to be aligned with project plan, business development, and HR readiness. Use of capital expenditures also needs to be optimized in order to enhance customer services.

11. Office Network

Expansion of the office network needs to be followed by the following strategic steps:

a. Improved coordination between operating units to ensure work synergy toward established goals. The coordination includes:
   - HR, in manning analysis, formation, and fulfillment of formations through active coordination with relevant operating units.
   - Information Technology, in terms of e-channel development involving Information Technology System Division, Fixed Assets Management Division, Goods and Services Procurement Division, Micro Business Operational Network Division, Retail Business Operational Network Division, and users units.
   - Supporting Logistics, relating to land, buildings, and office facilities conducted by Fixed Assets Management Division, Goods and Services Procurement Division, and users units.

b. The Board of Directors needs to evaluate new office planning and ensure alignment with branchless banking policy. Cooperation with third parties who will act as agents needs to be initiated.

c. Optimization of ATM and e-channel use by stepping up socialization and education to customers, in order to increase fee-based income.

12. Good Corporate Governance (GCG)

The Board of Commissioners has reminded all staff of the Bank to consistently apply Good Corporate Governance practices, embedded as part of the Bank's culture.

13. Partnership and Community Development Program (PKBL)

PKBL fund channeling needs to prioritize community development purposes and not be limited to group channeling, but also individual. Records and accounting of the use and channeling of funds need to follow applicable accounting standards.

The Report of the Supervisory Duties of the Board of Commissioners in 2013 is hereby concluded.

The Board of Commissioners

Mustafa Abubakar
Vice President Commissioner
Aviliani
Independent Commissioner
Adhyaksa Dault
Independent Commissioner
Heru Lelono
Commissioner

President Director's Report

"Business expansion carried out prudently in 2013 delivered outstanding results; lending growth in MSME (Micro, Small, and Medium Enterprises) segment was the highest in Indonesia, MSME market share rose to around 29.50%, and net income grew by 14.27% to Rp21.35 trillion.

Improved loan quality across all business segments that influenced growth of interest income and fee-based income contribution, was instrumental in the achievement of BRI's net income in 2013."

Sofyan Basir
President Director

Assalamualaikum Wr. Wb.

Valued Shareholders,

We express our utmost gratitude to Allah SWT for the blessings that have made it possible for BRI to journey through the challenging 2013 and deliver even better results than the previous year. On behalf of the BRI's Board of Directors, we would like to present key achievements of BRI in 2013 to our shareholders and stakeholders at large.

The Economy and Banking Conditions in Indonesia in 2013

Along with global economy uncertainty, a drop in demand for primary commodities from Indonesia, and fuel subsidy hike that has led to energy price adjustments (fuel and electricity), Indonesia's economy grew slower in 2013 at just 5.7% from 6.23% in the previous year. Supporting GDP growth was domestic consumption, investments, and export activity. However, low commodity demand and a surge in fuel consumption negatively affected the current account, which eventually led to rising inflation and a weak Rupiah exchange rate during the second half of 2013.

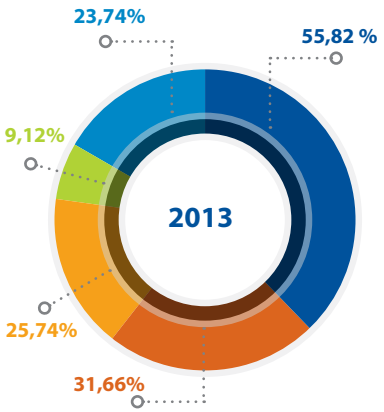
Two approaches were taken to control inflation and to boost exchange rate; first, a price adjustment to alleviate a fuel subsidy and second, a gradual increase by Bank Indonesia (BI) in its benchmark rate throughout the second semester of 2013, rising from 5.75% to 7.5%. These steps were effective in curbing inflation, which at the end of 2013 was recorded at 8.38%, lower than the projected 9%. The Rupiah exchange rate had also stabilized at Rp12,000/USD by the year-end.

In view of this situation, financial system stability and the banking intermediary function remained solid in 2013. As of December 2013, the banking industry exhibited strong performance as indicated by 18.13% capital adequacy ratio (CAR), far exceeded the minimum requirement of 8%. NPL (gross) at 1.77% reflected good credit quality, as it stood well below the allowed maximum NPL level of 5%. Nationally, lending grew at 21.6%, declining slightly from 23.97% growth in 2012. Lending was still dominated by growth of commercial loans, reflecting Indonesia's overall condition and source of economic growth.

On the other hand, high inflation due to the fuel price adjustment, volatile food prices, and sluggish economic activity prompted tight competition for third party funds deposit raising in the banking sector.

In 2003, more challenging economic and banking condition had been projected. Taking the situation into account, BRI's management aimed for quality business growth through prudent business expansion supported by strategies of market penetration, market development, and product development. The strategies were aligned with the target of making BRI as a Bank with the largest MSME lending. Combined with optimization of banking services, access expansion, and service quality improvement to fully capture fee-based income opportunities, BRI was moving toward the realization of financial inclusion in Indonesia.

GDP Composition by Usage



Description :
- Consumption
- Investment
- Import
- Government Expenditure
- Export

Domestic consumption remained as the leading contributor of Indonesia's economy in 2013, particularly household consumption , contributes **55.3%** of the GDP.

BRI was able to overcome challenging economic condition and recorded loan growth of **23.66%**, or higher than the industry's loan growth. This was accompanied by improving loan quality as reflected in lower NPL (bank only) to **1.55%** in 2013 from **1.78%** in the previous year.

Exceeding Performance Targets of 2013

Highest Growth in the Micro, Small, and Medium Enterprises Segment Coupled with Improved Credit Quality

In 2013, by implementing its business strategies BRI recorded excellent results across its business segments. Growth of lending volume in micro business was posted at Rp25.33 trillion (bank only), or rose by 23.72% to Rp132.13 trillion. With this, BRI became the bank with the highest growth in micro segment in Indonesia; at the same time reinforce BRI's position as the largest Bank in the micro segment with market share at 45% (bank only).

Overall, BRI successfully maintained its position as the biggest bank in the Micro, Small, and Medium Enterprises (MSME) segment. This result also emphasized the success of BRI's consistent strategy implementation and continued focus on the segment. In 2013, BRI's MSME outstanding loans amounted to Rp179.60 trillion (bank only), or up 21.48% compared with 2012. MSME loans portfolio remained at around 41.7%, while micro loan dominated the total lending composition at 30.7%. BRI's MSME loan outstanding also highlighted BRI's position as the bank that recorded the highest growth in MSME segment in Indonesia, serving 29.5% of the total MSME market of the national banking industry.

Growth in the micro segment continued to exemplify the success of revitalization program pioneered in 2011, which success was began to be evident in 2012. Revitalization efforts, which consisted of the capacity enhancements of loan officers , product development, network expansion, and enlargement of customer base, were continuing as expected. Capacity of loan officers in 2013 showed improvements, as reflected by higher ratio of micro officers per BRI Unit that reached 3.7 compared with 3.1 in 2012.

In terms of network, in 2013, BRI added 144 BRI Units, 434 TerasBRI, and 115 TerasBRI Mobile in 2013. The overall, BRI's micro unit comprised of 7,281 operating units, increasing from 7,128 in 2012.

Further, considering the performance and business potential, BRI scaled up a number of its operating units throughout 2013; 10 Sub-Branch Offices were upgraded into Branch Offices, 3 Cash Offices became Sub-Branch Offices, and 43 TerasBRI were converted into BRI Units.

Other than establishment of new operating units, the operational network expansion was also accompanied by an increase of productivity , particularly on TerasBRI. The loan outstanding of TerasBRI stood at Rp3.73 billion per unit while third party funds were recorded at Rp1.91 billion per unit, increased from the 2012 position of Rp2.49 billion outstandingloans per unit and Rp1.06 billion per unit.

The customer base target was also met, as evident from the increase in BRI's micro customers both in lending and deposit. In total, BRI managed 6.5 million Micro Loan Accounts up from 5.5 million in 2012. In People Business

Through its network expansion, BRI today is supported by **9,808 conventional operating working units** and **104,570 e-channels** including **18,292 ATMs** located across the country.

Loan (KUR), BRI was able to increase the number of borrower migration from KUR-Micro Loan to Micro-Commercial Loan, which amounted to 842 thousand borrower migration and contributed positively to the increase of micro loan customers.

In terms of Micro deposits, from 24 million savings accounts in 2012 BRI managed to secure some 28 million accounts in 2013. BRI's extensive Micro loan and saving portfolio reflected the success of BRI's Micro business in reaching out to customers located across the country. This also showed that BRI's business model has contributed to the financial inclusion in Indonesia, which would be positive in promoting efficient economic activity and eventually improving Indonesia's competitiveness in the global landscape.

Moreover, BRI's revitalization program was followed by a growth integration strategy between business segments, focusing on generating a trickle down business across segments from corporate to micro, retail, and medium. The strategy contributed to growth of the business segments; Rp3.36 trillion of retail and medium loan outstanding in 2013 were generated through this trickle down strategy, reflecting a 158.5% leap from Rp1.30 trillion in 2012.

Revitalization, products cross selling between segments, and trickle down approach from the corporate to MSME segment resulted in other strategic achievement, such as credit quality in all business segments. Non Performing Loan (NPL) improved from 1.78% at the end of 2012 to 1.55% (bank only) at the end of 2013, well below BI's NPL limit of 5%. BRI's lending growth of 23.66% in 2013, which was higher than the national lending growth coupled with improved NPL exhibited BRI's success in developing and managing a robust lending portfolio.

Third Party Funds

To increase third party funds, the Bank implemented a strategy that focused on service accessibility and quality, aiming to maintain the composition of low-cost funds as BRI's source of third party funds. The success of this strategy was proven through excellent result of low-cost funds composition in third party funds portfolio at around 60%.

Savings, as the primary source of low-cost funds, showed a stable growth, higher than other Third Party Fund products. After growing at 19.79%, or to Rp182.64 trillion in 2012, in 2013 savings rose by 14.98% to Rp210.0 trillion. Meanwhile, time deposits grew by 13.53% to Rp198.34 trillion from Rp174.7 trillion in 2012, although demand deposits decreased slightly by 0.93% to Rp78.02 trillion in 2013. Overall, third party funds of BRI in 2013 comprised 59.22% of low-cost funds and 40.78% time deposits. Savings composition and structure demonstrated BRI's successful outcome in maintaining stable low-cost funds to support growth of lending and other businesses sustainably.

Network and IT-based product feature developments were able to increase BRI's fee-based income from e-banking activities by **78.51%** to **Rp673.58 billion**.

Improving Access and Service Quality Whilst Cultivating Fee-Based Income Potential

Another target to be achieved through accessibility and service quality improvements was fee-based income and BRI's long-term goal to become The Biggest National Payment Gateway in Indonesia's financial system. One of the strategies that have been diligently applied was e-banking development.

In achieving this plan, BRI strengthened its e-channel network with an addition of 4,000 ATM units in 2013. Totaling to 18,292 ATMs by the end of the year, BRI now has the largest ATM network in Indonesia, spread across the country. Aside from ATMs, BRI also enlarged other e-channels, consisting of 41,221 EDC (Electronic Data Capture) machines, 100 CDM (Cash Deposit Machine), and 8 e-Buzz units. As of December 2013, with the new additions, BRI had a total of 104,570 e-channels that consisted of 18,292 ATMs, 85,936 EDCs, 100 kiokKs, 192 CDMs, and 50 e-Buzz. To enhance mobility and expand access to remote areas with poor infrastructure, BRI is studying the feasibility of developing a TerasBRI Boat.

BRI also developed IT-based product features to improve service quality, increase transaction frequency, as well as to develop the potential of fee-based income. This, combined with network expansion, resulted in fee-based income from e-banking transactions have the highest growth. Stable growth was also evident in the number of debit cardholders, one of the sources that enable e-banking transactions and fee-based income increase. In 2013, BRI recorded Rp4.86 trillion of fee-based income, up 23.71% from Rp3.93 trillion in the previous year.

Conventional and e-channel network expansions, along with IT-based feature developments, were BRI's initiatives to enhance service quality and access to BRI's customers located around Indonesia as well as to nurture the MSME segment as the core business of BRI.

Increasing Profit and Strengthening Capital

With the business achievements, BRI recorded net income after tax of Rp21.16 trillion (bank only), rose by 14.2% from Rp18.52 trillion in 2012. The net income reflected BRI's accomplishment in increasing NIM to 8.55% from 8.42% in 2012. In addition, whilst expanding network and employees, BRI was able to maintain BOPO at 60.58% and CER at 42.13%.

In terms of capital, BRI is committed to meet all regulatory requirements and at the same time fostering the capital structure that would be adequate in anticipating all key risks inherent in a bank's management be it market, credit, or operational risks. As of the end of 2013, BRI's total CAR reached 16.99%, slightly increased from 16.95% in 2012.

Challenges and The Way Forward

In general, BRI's performances in 2013 was achieved in the face of a number of challenges, including changes in the domestic economic situation following the government's policy to raise the fuel price, coupled with an unstable global economy.

Increasing inflation along with deficit in the current account as a result of low commodity demands and a weak

Rupiah led BI to raise the benchmark rate. This adversely affected lending and investments activities. At the same time, buying power shrunk with inflation, which led to lower savings and at the end reduced the total third party funds acquired by the banking sector.

In light of the above challenges, BRI remained consistent in developing MSME segment, continued innovations to improve its IT role, and increased market penetration through the expansion of outlets. Meanwhile, in terms of recruiting qualified HR, recruitment activities were also carried out at a regional level and training programs were further aligned with BRI's business needs. BRI has opened a new learning center in Medan, North Sumatera and in total today has 8 education centers across Indonesia.

BRI recorded **14.27%** growth in net income in 2013, amounting to **Rp21.35 trillion**.

Corporate Governance – Realizing GCG Excellence

Performing its commitment to GCG excellence, BRI carried out all-round GCG implementation quality improvement, which included formulation, evaluation, and monitoring, to ensure implementation of best practices, where all regulations and policies relating to corporate governance are known, understood, and applied by all staff in the organization. BRI continuously reviews, formulates and implements GCG principles with due observance to prevailing laws and regulations, the Indonesian Corporate Governance Code, and the GCG Charter, as well as recent standards, including ASEAN Corporate Governance Scorecard to gain feedback regarding the quality of BRI's GCG implementation.

To ensure the best practices of GCG at all levels of the organization, BRI consistently conducts an internal socialization program to raise GCG awareness, developing GCG tools including a whistleblowing system, a customer complaint system, e-procurement, Integrity Pact, and OPRA system. To ensure that GCG awareness is embedded in the entire organization, BRI develops and regularly updates its Integrity Pact. As a monitoring tool, BRI has developed a Compliance Dashboard that functions as an early warning system to BRI's GCG implementation.

Further, in ensuring continuous GCG implementation improvements, BRI holds GCG assessments, using a self-assessment method in line with regulatory requirements and third-party assessment methods, evaluating business performance based on certain predetermined indicators as well as policies and systems. The monitoring result is provided by an independent assessor, as feedback to improve BRI GCG implementation.

Throughout 2013, to improve the quality of its GCG practices, BRI has held a number of activities, including: Work Culture Revitalization Kick-Off,

BRI implements an integrated risk management system based on **three lines of defense principle** and has established a dedicated risk management unit, independent from business and audit functions.

Externalization of BRI Corporate Governance Implementation to BRI Stakeholders, BRI Core Values Brainstorming, Training for Change Agents to ensure that change and work culture internalization take place, self assessment of GCG implementation quality according to Bank Indonesia method, CGPI assessment, and others.

These various activities demonstrated the strong commitment of the Management and all staff of BRI in implementing GCG. For BRI, HR competence enhancement in operations and business development efforts would be more meaningful and optimum for stakeholders when accompanied by efforts to nurture integrity and carrying out the day-to-day tasks. With consistent implementation of GCG best practices, integrity will be achieved.

Risk Management – Turning Challenges Into Opportunities

BRI established its Risk Management function as a unit independent from business and other unit functions, its purpose being to secure appropriate risk management and to safeguard objectivity and accurate risk measurement. BRI's risk management implementation is realized through a number of risk mitigation steps, in line with regulatory requirements and the Bank's own needs in ensuring its readiness to address all business risks.

BRI applies Basel I and Basel II accords in its risk management implementation, reflected in the three lines of defense applied to maintain independency in decision-making. The first line of defense is manifested by business/operational units responsible to carry out internal control and to ensure that output quality and business process have complied with prevailing policies and procedures. The second line of defense comprises a risk management unit that monitors the alignment of BRI's risk management with risk tolerance. The third line of defense comprises an internal audit unit that independently monitors and evaluates first and second lines of defense, and reports the results to the President Director and to the Board of Commissioners.

To ensure the success of risk mitigation in all operational aspects throughout the nation, BRI implements integrated enterprise-wide risk management founded on four pillars of active supervision from the Board of Commissioners and Directors, adequate policies, procedures and limits establishment that are continuously evaluated and updated parallel with BRI's operational and business developments, risk management process enhancements and risk management information system, and internal control system. Integrated risk management that includes risk mitigation will enable BRI to turn challenges into opportunities.

HR Development – Building Competency and Integrity

To prepare new candidates to ensure business continuity, BRI has prepared future leaders through officer development program (PPS), where each management trainee participant will attend an intensive training period of around 13 (thirteen) months. To support the program, BRI develops comprehensive training material aims to build not only technical and managerial skills of the participants, but also ethics and moral integrity.

The framework of Human Resources development is BRI's HR Architecture consists of planning, recruiting, developing, retaining, performance monitoring, and terminating. At each phase, BRI upholds equal rights and opportunities for all employees including evaluation, career path, and remuneration. BRI has developed performance evaluation using a balanced scorecard method and sets individual and team key performance indicator (KPI) as a basis for performance assessment. All these methods are supported by an integrated information technology system.

To fulfill HR needs related to business expansion, in 2013 BRI recruited 7,139 candidates through PPS program, non-staff recruitment and professional hiring channels. In total, BRI managed 81,238 work forces in 2013. BRI's HR development programs were also supported by 8 (eight) learning centers located across Indonesia, offering sustainable education to enhance both soft and hard skills.

Corporate Social Responsibility – Achieving Quality Synergy for Collective Growth

As one of the leading commercial banks, with the largest operational network, most extensive market reach in Indonesia, and focus on the MSME segment, BRI is deeply committed to accelerate and stimulate people's economy. In accomplishing its partnership and community development program (PKBL), BRI carried out a Partnership Program that offers soft loan and mentoring for program beneficiaries, or partners. The mentoring program is a well-planned effort that involves competent third parties. Within a certain period, the program is expected to nurture the partners and foster their substantial growth, enabling them to become loyal BRI commercial customers. To ensure the efficiency and effectiveness, BRI sets up business clusters to channel the funding for the Partnership Program.

In terms of Community Development, BRI's focus is on health, education, and nature conservation. The priorities are selected with consideration of existing fund channeling synergy with the Partnership Program. BRI disburses funds through BRI Peduli and BUMN Peduli programs.

In 2013, BRI has disbursed Rp131.32 billion of funding for its Partnership Program and Rp146.12 billion for the Community Development program.

2014 Business Outlook

As discussed above, Indonesia's economy in 2013 experienced a slowdown in terms of growth, while inflation rose and the exchange rate weakened. The situation was the result of two key issues, both of which may persist in 2014: first, a global economy that is recovering at an uncertain pace, and second, the unstable commodity prices. Despite the growth of a national economy driven by domestic consumption, uncertain global economic conditions could contribute to pressure on the current account, which could in turn adversely affect the exchange rate. Taking the projection into account, the Government and Bank Indonesia have established a prudent macro economy policy to control inflation, maintain the Rupiah exchange rate, and improve the current account. To strengthen the national economy and product competitiveness, various policies have been issued by the Government and Bank Indonesia to encourage financial inclusiveness and promote the growth of MSME sector, realizing synergy and thereby stimulating competitiveness.

The government also strives to improve the business environment. Business certainty is ensured by revising a list of negative investments, initiating a tripartite dialogue to improve labor relationships, and

BRI channelled **Rp131.32 billion** for Partnership Program and **Rp146.12 billion** for Community Development Program, focusing on the formation of community business clusters to increase fund disbursement efficiency and effectiveness in improving health, education, and nature conservation.

accelerating basic infrastructure projects that have been one of the weak links in Indonesia.

Considering the challenges and preparedness of all related parties, Bank Indonesia projects that the economy in 2014 will still be in a consolidation phase. However, economic growth is estimated to be at an encouraging rate of 5.8-6.2% and inflation held at 4.5 +/- 1%. Lending is projected to grow at 15-17%, supported by growth of third party funds in a similar range.

Strategic Plan

In view of the current economic situation and competition in the banking sector both in lending and funding, and considering the Bank's competitive advantage, BRI has formulated a growth strategy for 2014 and several years ahead. The Bank shall continue its focus and consistency on the MSME segment by applying selective growth strategy through market penetration, market development, and product development in order to raise fee-based income and to generate the best growth in the MSME segment. The Bank's strategies detail are as follow:

1. Market penetration, business expansions through optimization of BRI's extensive network that is connected real time and online throughout Indonesia as well as the Bank's large customer base. Increasing cross-selling and integrated marketing activities in offering the Bank's products and services.
2. Market development, serving customers at all levels, in all areas across Indonesia by selectively approaching markets previously untapped by BRI.
3. Product Development, enhancing existing products with new features and creating new products.
4. BRI will also cultivate the potential of fee-based income and increase interest income by:
   - Focusing credit expansion on the MSME segment, penetrating commercial and corporate segments that would generate trickle down effect on activities in the MSME sector.
   - Maintaining composition of low-cost funds (demand deposit and savings) at around 60% of total Third Party Funds.
   - Consistently realizing network expansion program to improve the quality of banking services as well as increasing fee-based income.
5. BRI shall strengthen its capital structure by optimizing lending portfolio, taking into account the efficiency of capital allocation and improvement of asset quality.
6. Support the financial inclusion by expanding financial access enabled by the operational network, in line with business potential.

7. Opening of new operating units selectively and conscientiously.
8. Carrying out HR recruitment and competence enhancement programs across all lines, empowering them as point of sales that would support BRI's business growth.

Closing

On behalf of the Bank's Board of Directors, we would like to express our gratitude and deepest appreciation to the shareholders for their trust and support, to the Board of Commissioners for the direction and guidance, and to the customers and partners of the Bank for their cooperation.

We also would like to particularly thank all our staff and their families. It was their hard work, dedication, and contributions that enabled the Bank to deliver outstanding results in 2013. We are confident that the teamwork shown by all employees will only improve going forward, so that BRI will always be able to demonstrate the best achievements to the shareholders and stakeholders, to overcome all challenges, and capture growth opportunities.

Wassalamualaikum Wr. Wb.

Sofyan Basir
President Director

The Board of Directors

Sarwono Sudarto
Director of Operations
A. Toni Soetirto
Director of Consumer Business
Randi Anto
Director of Compliance
Suprajarto
Director of Network and Operations
Sofyan Basir
President Director
Sulaiman Arif Arianto
Director of Commercial Business

Statement from Members of the Board of Commissioners

Statement of Responsibility for the 2013 Annual Report
PT Bank Rakyat Indonesia (Persero) Tbk.

We, the undersigned hereby declare that all information presented in the 2013 Annual Report of PT Bank Rakyat Indonesia (Persero) Tbk. has been comprehensively published and that we are fully responsible for the accuracy of the content of this Annual Report.

This statement is hereby made in all truthfullness.

Bunasor Sanim
President Commissioner
and Independent Commissioner

Mustafa Abubakar
Vice President Commissioner

Heru Lelono
Commissioner

Hermanto Siregar
Commissioner

Vincentius Sonny Loho
Commissioner

Aviliani
Independent Commissioner

Adhyaksa Dault
Independent Commissioner

Ahmad Fuad
Independent Commissioner

Statement from Members of the Board of Directors

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Sofyan Basir
President Director

Sarwono Sudarto
Director of Operations

Achmad Baiquni
Director of Finance

Sulaiman Arif Arianto
Director of Commercial Business

Lenny Sugihat
Director of Credit Risk Management

A. Toni Soetirto
Director of Consumer Business

Asmawi Syam
Director of Institutonal and State-Owned Enterprises Business

Suprajarto
Director of Network and Operations

Djarot Kusumayakti
Director of Micro, Small, and Medium Enterprises Business

Randi Anto
Director of Compliance

Gatot Mardiwasisto
Director of Human Resources Management

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“Innovation and Product Feature Development“

Continuously innovating and developing through the launching of new product features along with the enhancement of existing features.

Company Profile

Company Name, Address, and General Information

Company Name :
PT Bank Rakyat Indonesia (Persero) Tbk.
Business Segment :
Banking
Date of Incorporation :
18 December 1968
Legal Basis of Incorporation :
Law No 21 of 1968
Ownership :
Government of Indonesia 56.75%
Public 43.25%
Authorized Capital :
Rp15.000.000.000.000
Issued and Fully Paid Up Capital :
Rp 6.167.290.500.000
Listing:
The Company shares were listed in the Jakarta Stock Exchange on 10 November 2003 under ticker code BBRI.

Head Office:
BRI I Building
Jl. Jend. Sudirman No. 44-46
Jakarta, 10210

Tel :
(62-21) 251-0244, 251-0254
251-0264, 251-0269, 251-0279
Fax :
(62-21) 250-0065, 250-0077
Website :
www.bri.co.id

Contact Address:
Corporate Secretary Division
BRI I Building, Floor 20
Jl. Jend. Sudirman No. 44-46
Jakarta, 10210

Email:
humas@bri.co.id
Call center :
14017/(62-21) 500017/5798 7400

"The largest Bank in the Micro, Small, and Medium Enterprises (MSME) segment, with the most extensive micro-banking network, both in Indonesia and globally, supported by **9.808 operating unit** across the nation."

RATING BRI (in 2013)	
FITCH (October 2013)	
Long Term Foreign Currency IDR	BBB-, Stable Outlook
Short Term Foreign Currency IDR	F3
Support Rating Floor	BBB-
Support Rating	2
Viability Rating	bb+
National Long-Term Rating	AAA (Idn), Stable Outlook
Rupiah Subordinated Debt	A+ (idn)
Senior Unsecured Notes	BBB-
STANDARD AND POORS (May 2013)	
Outlook	Stable
Long Term Foreign Issuer Credit	BB+
Long Term Local Issuer Credit	BB+
Short Term Foreign Issuer Credit	B
Short Term Local Issuer Credit	B
MOODY'S (March 2013)	
Outlook	Stable
Bank Deposit	Baa3/P-3
Bank Financial Strength	D+
Baseline Credit Assessment	Baa3
Adjusted Baseline Credit Assesment	Baa3
Senior Unsecured Notes	Baa3
PEFINDO (January 2014)	
National Rating	id AAA, Stable Outlook

BRI undertakes its business activities according to the last Amendment of Deed No. 57 dated 28 March 2012, approval from the Minister of Justice and Human Rights of the Republic of Indonesia, Decision Letter No. AHU-AH.01.10-20726 dated 8 June 2012, and Article 3 paragraph (2) of BRI Articles of Association:

a. Deposit taking from the public in the form of current accounts, time deposits, deposit certificate, savings and/or other forms equivalent to the foregoing;
b. Provide lending;
c. Issue promissory notes/Loan egreement (SPH);
d. Purchase, sell, or put encumbrance over, at the Bank's own risk or for the benefit of and under the instructions of the customers:
   I. Money order, including bank certified money order with validity period not exceeding the common practice for trading of such money order;
   II. promissory notes/Loan egreement (SPH) and other commercial papers, valid for a period not exceeding the common practice for trading of such papers;
   III. State treasury notes and government guarantees;
   IV. Bank Indonesia Certificates (SBI);
   V. Bonds;
   VI. Commercial papers, with validity period in accordance with prevailing laws and regulations;
   VII. Other commercial papers with a validity period in accordance with prevailing laws and regulations;
e. Transfer funds for its own benefit or for the benefit of customers;
f. Placement of funds with, borrow funds from, or lend funds to other banks whether by letters, telecommunication facilities, or registered money order and other media;
g. Receive payment of receivables from commercial papers and undertake settlement with or among other third parties;
h. Provide safekeeping of goods and commercial papers;
i. Conduct custody activities for the benefit of other parties based on a contract;
j. Conduct fund placement from one customer to another in the form of commercial papers not registered at the Stock Exchange;
k. Purchase through auction or any other medium of collateral partially or as a whole, in the event that borrower is in default to the Company as the Bank, with the provisions that purchased collateral can be forthwith liquidated;
l. Conduct factoring, undertake credit card business, and provide trustee services
m. Provide funding and/or other activities based on Sharia Principles in accordance with rules and regulations stipulated by competent authority;
n. Conduct activities in foreign currencies with the purpose to meet the requirements imposed by competent authority;
o. Conduct capital participation in banks or other financial companies, such as leasing, venture capital, securities companies, and clearance, settlement, and depository institutions, with due observance to rules and regulations imposed by competent authority;
p. Conduct temporary capital participation with the purpose to overcome credit failure or financing failure pursuant to Sharia Principles, provided that such participation shall be eventually withdrawn in compliance with regulations from Bank Indonesia;
q. Act as founder and manager of pension fund in accordance with prevailing laws and regulations;
r. Conduct activities commonly conducted by a Bank provided that the activities do not contravene the prevailing laws and regulations.

BRI at a Glance

PT Bank Rakyat Indonesia (Persero) Tbk. ("BRI","Bank", or "Company") was established on 16 December 1895, in Purwokerto, Central Java. As the oldest commercial bank, BRI has been consistent in its focus to provide banking services for micro, small, and medium enterprises (MSME) and able to maintain its commitment amid the competition of Indonesia's banking industry. The majority shareholder of BRI is the Government of the Republic of Indonesia, with 56.75% ownership, while the public holds 43.25%.

Years of experience and expertise in providing banking services, particularly to the MSME sector, have brought BRI to its 9th year of achievement as a bank with the largest profit, and second place in terms of assets within the national banking industry. BRI's achievement is a testament to the dedication of all workforces of BRI, the ones who ceaselessly build competence, innovate, and develop banking products and services for all business segments.

Reputable as a micro-banking service provider deeply rooted in Indonesian communities, BRI continually develops its services in line with the needs of Indonesian citizens. The business development efforts of BRI are constantly adjusted to align with demographic trends of urbanization, as evidenced by the emergence of new economic centers all around Indonesia.

While maintaining its focus on the MSME segment, BRI also develops various consumer banking products and institutional services for customers in urban areas. To support these endeavors, BRI steadily builds its network. Today, BRI is acknowledged as the largest bank in terms of network connectivity, running 9,808 outlets, including 3 units abroad, all of which are connected real time online. With an enormous customer base of over 48 million accounts, BRI develops e-banking services that are accessible through the internet, cell phones, Short Message Service (SMS), and other e-channel services, such as Automatic Teller Machines (ATM), Cash Deposit Machines (CDM), Electronic Data Capture (EDC), and KiosKs. In total, the e-channel network numbers 104,750 units.

BRI is also committed to provide banking services for micro-business owners in traditional markets through Teras BRI, launched at the end of 2009. Teras BRI is a means to reach enterpreneurs in traditional

> BRI continues to bolster Indonesia's economic growth through **9.808 conventional outlets** and e-channel network with **18.292 ATMs** located across Indonesia.

markets, as such individuals have not enjoyed optimum banking services.

On 28 March 2013, BRI issued global bonds for a 5 (five) year tenor. The nominal value is USD 500,000,000, with a maturity date on 28 March 2018 and fixed interest rate of 2.95% per annum in Singapore Exchange Securities Trading Limited (SGX-ST). BRI coupons and global bond yield were among the lowest of all bonds issued in US Dollars by any Indonesian company in international bond markets. Oversubscription occurred 5.3 times during the offering period. The BRI global bond obtained a 'Baa3' from Fitch's Rating and 'BBB-' from Moody's. The success of this global bond issuance reflects the trust of the international community in BRI's business fundamentals.

Serving banking needs of the fourth-largest population in the world, BRI shall remain consistent in its path to becoming the key partner for Indonesians in their pursuit of economic prosperity. Backed by strong financial performance, BRI is confident it will be able to enhance capacity in furthering sustainable economic growth, a development that goes hand-in-hand with a thriving life for Indonesians.

Bank BRI Milestones

1895

On 16 December 1895, Raden Aria Wiriatmaja founded De Poerwokertosche Hulp en Spaarbank der Inlandsche Hoofden in Purwokerto as a mosque-fund manager whose function was to manage and disburse funds through a simple scheme.

The organization experienced several name changes, from Hulp-en Spaarbank der Inlandshe Bestuurs Ambtenareen (1895), De Poerwokertosche Hulp Spaar-en Landbouw Credietbank or Volksbank, to Centrale Kas Voor Volkscredietwezen Algemene (1912). In 1934 the name was again changed, to Algemene Volkscredietbank (AVB). During the period of Japanese occupation, AVB was known as Syomin Ginko (1942-1945).

1946

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

1960

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

1968

Pursuant to Law No. 21 of 1968, the Government reestablished the name Bank Rakyat Indonesia, with the status of a commercial bank.

1992

According to Banking Law No. 7 of 1992, BRI changed its legal status to PT Bank Rakyat Indonesia (Persero).

2003

On 10 November 2003, BRI became a Publicly-listed Company by listing its shares on the Jakarta Stock Exchange (now Indonesia Stock Exchange/IDX) with ticker code "BBRI." Today, BRI shares are part of the LQ-45 share index and are known as blue-chip shares on IDX.

2007

BRI acquired Bank Jasa Artha, later converted into PT Bank BRISyariah.

2009

Real-time online, with 6,480 outlets.

2011

- On 11 January 2011, the Bank exercised a 1:2 ratio stock split
- On 3 March 2011, the signing of a Deed of Acquisition of shares of PT Bank Agroniaga Tbk between BRI and Dana Pensiun Perkebunan (Dapenbun).
- On 16 December 2011, the signing of Instrument of Transfer, and Bought and Sold Notes between BRI and PT Asuransi Jiwa BRIngin Jiwa Sejahtera over the shares of BRIngin Remittance Co. Ltd. (Hong Kong).

2012

On 12 December 2012, Bank BRI obtained an ISO 9001:2008 (Quality Management System) Certificate for the "Provision of Payment System by RTGS, Clearing and Remittance".

2013

- On 26 March 2013, issued Global Bond of USD 500,000,000 (5 years' tenor) at the Singapore Exchange Securities Trading Limited (SGX-ST) with fixed interest rate of 2.95% per annum. BRI coupons and Global bond yield were among the lowest of all bonds issued in US Dollars by any Indonesian company in international bond markets. There was a 5.3-time oversubscription during the offering period.
- BRI Hybrid Banking, the first self-service banking protocol in Indonesia.

BRI ATM network, comprised of 18,292 units,making it the largest ATM network in Indonesia.

Vision, Mission, and Corporate Values

Vision

To become a Leading Commercial Bank that always prioritizes Customer Satisfaction

Mission

- "To conduct the best banking practices with a priority to serve micro, small, and medium enterprises (MSMEs) in order to support the economy of the people."
- "To provide customers with excellent services, delivered through a vast network and supported by professional human resources and a reliable information technology system, while adhering to effective risk management and sound practices of Good Corporate Governance."
- "To create optimal values and benefits for stakeholders."

Note: The Bank's vision and mission was stated through a Decision Letter of the BRI Board of Directors Nokep: 81-DIR/REN/02/2013 dated 13 February 2013.

Corporate Values

Integrity

Devoted, dedicated, honest, upholding honour and reputation, and abiding by a Banking Code of Conduct as well as existing Regulations.

Professionalism

Responsible, effective, efficient, disciplined, and forward-looking in anticipating developments, challenges, and opportunities.

Leadership

Consistently fair, resolute, and high-minded, yet would not tolerate actions that are not exemplary.

Customer Satisfaction

Fulfill customers' needs and expectations by providing the best services with due observance to Company interests, supported by human resources which are skilled, friendly, service-oriented and coupled with superior technology.

Respect for Individuals

Recruit, develop, and retain qualified human resources, and manage human capital based upon trust, openness, fairness, and mutual respect toward employees, as an integral part of the Company, by building cooperation and partnerships. Appreciate individual and team performance, to create synergy for the benefit of the Company.

Note: Statements of Corporate Values were stated through Decision Letter of the Board of Directors No: S-16-DIR/SSS/SDM/04/99 dated 26 April 1999.

Banking Products and Services

> "BRI is ready to meet the needs of customers with a variety of qualified banking products, such as loan, deposit, banking services, transfer services for both domestic and offshore which supported by the latest technology-based networks."

Savings Products

1. BritAma Rupiah (Saving accounts in Rupiah)
2. BritAma Valas (Saving accounts in Foreign Exchange)
3. BRI Junio
4. Simpedes
5. Simpedes TKI
6. Haj Savings
7. Deposito BRI Rupiah (Time Deposit in Rupiah)
8. Deposito BRI Valas (Time Deposit in Foreign Exchange)
9. Deposit On Call (DOC)
10. GiroBRI Rupiah (Current Accunts in Rupiah)
11. GiroBRI Foreign Exchange (Current Accunts in Foreign Exchange)

Loan Products

Micro Loan

1. Kupedes
2. KUR Mikro

Small Commercial Loans

1. Cash Collateral Loan
2. Investment Loan
3. Working Capital Loan
4. Export Loan
5. Construction Loan
6. BO-I Construction Loan
7. Franchise Loan
8. Petrol Station Loan
9. Warehouse Receipt Loan
10. Warehouse Ownership Loan
11. Petrol Station Bridging Loan
12. Loan for Private Indonesian Migrant Workers Placement Agency (PPTKIS) and Migrant Workers (TKI) Loan
13. Pre-Financing Loan
14. Post-Financing Loan
15. Distributor Financing

Consumer Loans

1. Mortgages
   - Home ownership program – partnership with institutions and companies
   - Partnership Housing Loan
   - Individual Housing Loan
   - Subsidized Housing loan (KPRS)
2. Vehicle Loans
   - Direct Vehicle Loan
   - Partnership Vehicle Loan
3. Credit Cards
   - Visa Card
   - MasterCard
4. Briguna Karya (salary based loan for employees)
5. Briguna Purna (salary based loan for pensioners)

Program Loans

1. Loan for the Development of Bio Fuels and Plantations (KPEN-RP)
2. Loan for Food and Energy Security (KKPE)
3. Loan for Members of Primary Cooperatives (KPPA)
4. Warehousing (Subsidy & Commercial)
5. Cattle Breeding Business Loan
6. Retail KUR
7. Migrant Workers KUR
8. Crops KUR

Medium and Corporation Loans

1. Working Capital Loan
2. Working Capital Loan for Export
3. Working Capital Loan for Import
4. Working Capital Loan for Construction
5. Investment Loan
6. Syndicated Loan

Bank Services:

Business Services:

1. Bank of Warranty
2. Clearing

Financial Services:

3. Bill Payment
4. Deposit receipt
5. Online Transactions
6. Transfers and LLG
7. Visa on Arrival

Institutional Services:

8. Tuition Fee Online Payment
9. BRI Cash Management

E-Banking services:

10. BRI ATM
11. BRI Mobile Banking
12. BRI Phone Banking
13. BRI Internet Banking
14. E-BUZZ
15. Kiosk BRI
16. Mini ATM BRI
17. BRIZZI
18. MOCASH

International Business Services:

1. Import Services
   a. Issuance of Letter of Credit (LC)
   b. Issuance of LC Amendment
   c. Import Facilities
      i. Pre-Import Financing (Suspension of Import Guarantees)
      ii. Post-Import Financing (KMKI & Trust Receipt)
2. Export Services
   a. Advising LC
   b. LC Confirmation
   c. Export Billing Services
      i. Outward Documentary Collection
      ii. Outward Clean Collection
   d. Pre-Shipment Financing (KMKE)
   e. Post-Shipment Financing
      i. Negotiated Money Order for Export
      ii. Export Discounted Bills
      iii. Export Rediscounting Bills
3. Refinancing LC
4. Risk Participation
5. Banker Acceptance
6. USD Local Settlement
7. Guarantee (Standby LC)
8. Letter of Credit with Domestic Documentation (SKBDN)
9. Bill Purchase Financing
10. Money Changer
11. BRI Remittance

Treasury Services:

1. Foreign Exchange Transactions
2. Swap Transactions
3. Forward Transactions
4. Trustee Services
5. Securities Selling Agent Services
6. Custodial Services
7. BRI Financial Institution Pension Fund (DPLK BRI)

BRI Priority Banking

Note : Financial products and services owned and developed by the company were according to statements in Article of Assosiation, as stated in latest Deed no. 57 dated 28 March 2012, Article 3 point 2 of Article of Assosiation on business activity.

Operational Area Map and Office Network

> "BRI customers across Indonesia are served through 9,808 conventional outlets and e-channel network all around Indonesia totalling 104,570."

- Currently, BRI serves its customers through 9,808 operating units and e-channel network spread across Indonesia.
- BRI operates 7 levels of service office, consisting of a Head Office, 18 Regional Offices, 453 Branch Offices (including 3 Overseas Operating Units), 565 Sub-Branch Offices, 950 Cash offices, 5,144 BRI Units, 2,212 Teras BRI, and 465 Mobile Teras BRI.
- Given the potential and business performance throughout 2013, BRI scaled up 7 Sub-Branch Offices to Branch Offices, 3 Cash Offices to Sub-Branch Offices, and 43 Teras BRI to BRI Units.

	2009	2010	2011	2012	2013
Head Office	1	1	1	1	1
Regional Office	17	18	18	18	18
Branch Office	406	413	431	446	453
Sub-Branch Office	434	470	502	545	565
Cash Office	728	822	870	914	950
BRI Unit	4.538	4.649	4.849	5.000	5144
Village Service Point	68	-	-	-	-
Teras BRI	217	617	1.304	1.778	2.212
Teras BRI Mobile			100	350	465
Total Operating Units	**6.409**	**6.990**	**8.075**	**9.052**	**9.808**
Audit Office	14	14	14	16	17
Total Operating Units	**6.423**	**7.004**	**8.089**	**9.068**	**9.825**

BRI Office Network

"All BRI's network has been connected real-time on-line since 2009."

Gambir Cash Office, Jakarta

TerasBRI Kumbasari Bali

Priority Banking Centre Semarang, Central Java

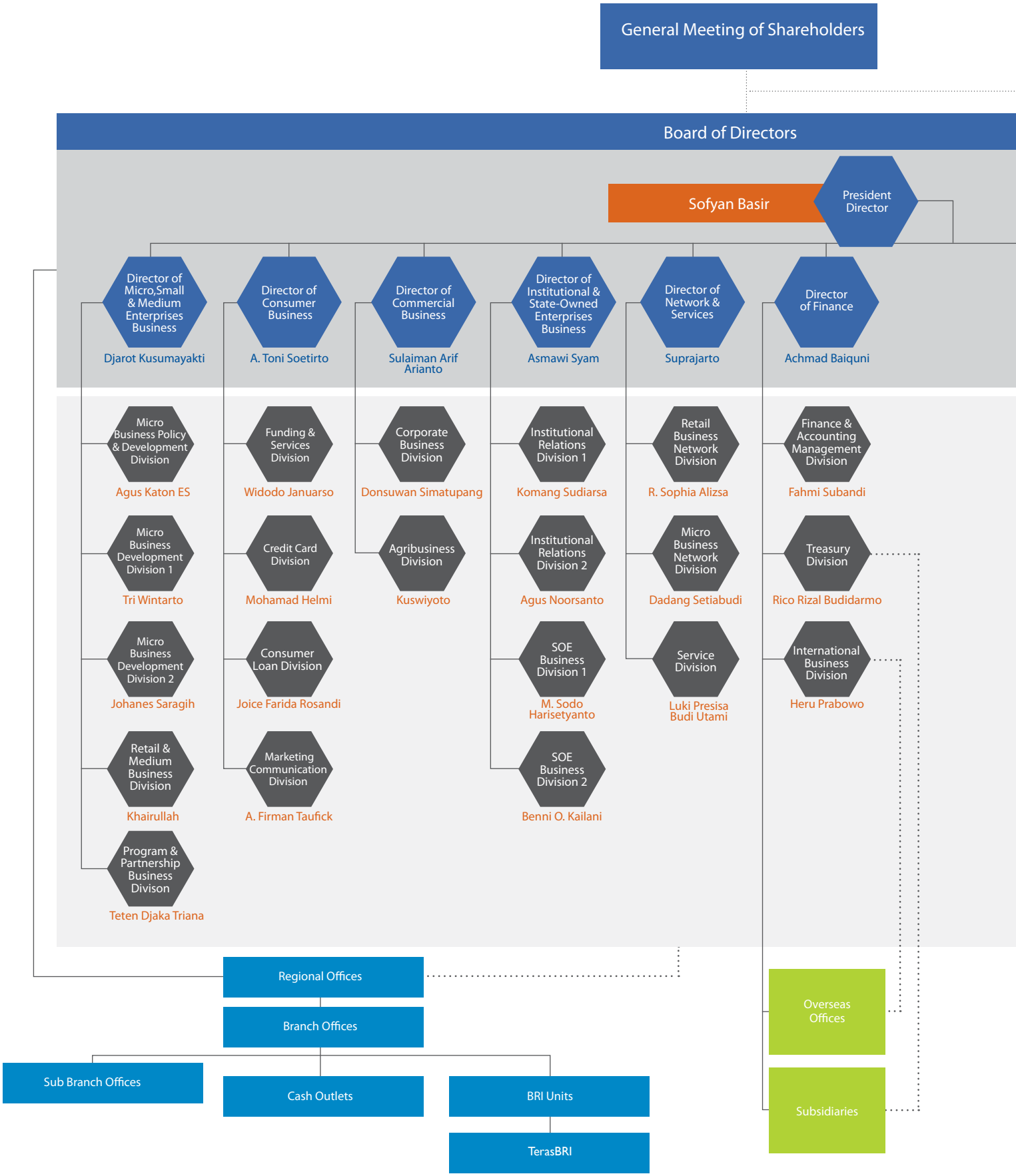
Regional Office Yogyakarta, D.I Yogyakarta

Branch Office Cut Mutia, Jakarta

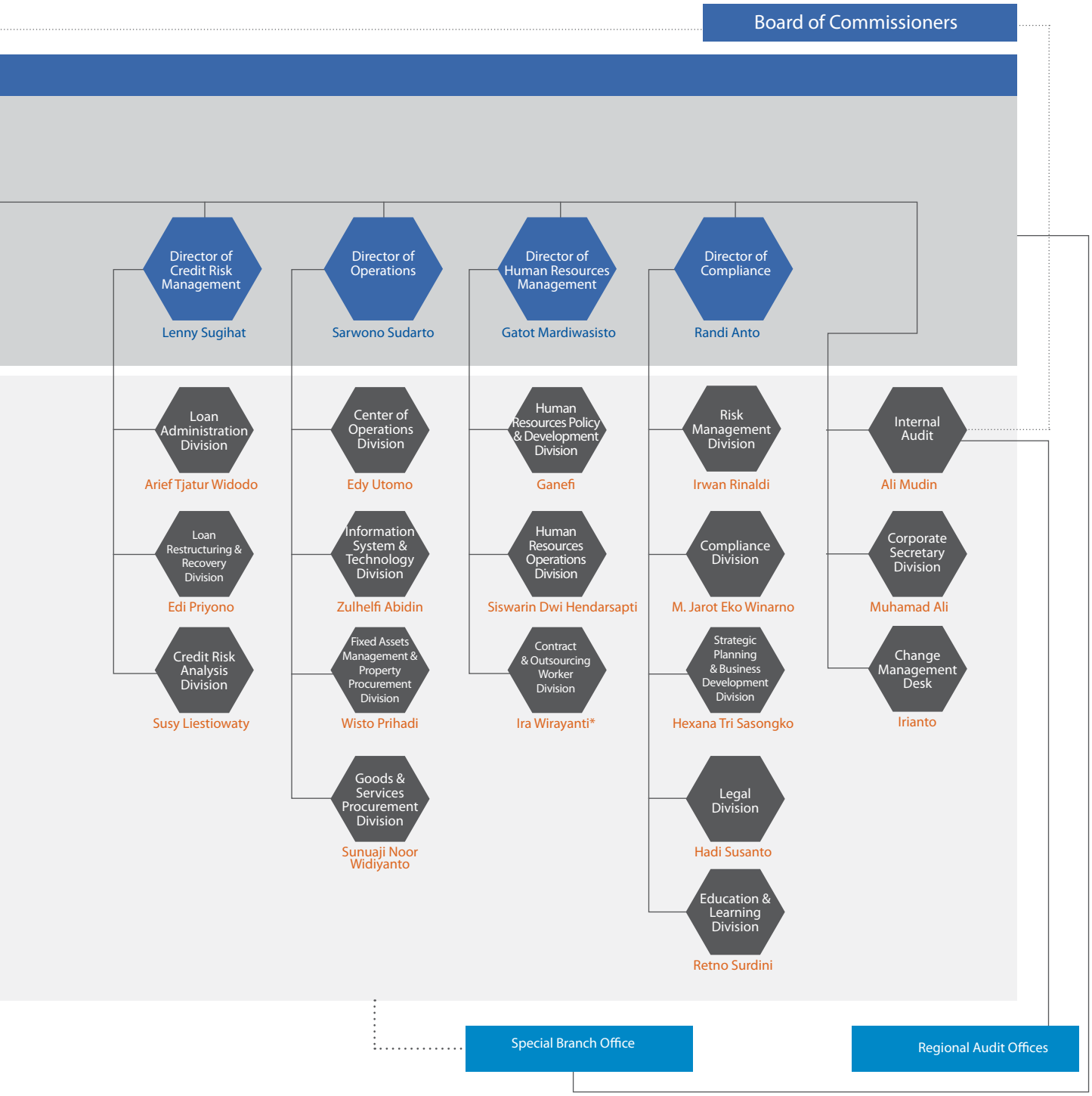
Sub Branch Office Tugumulyo, Ogan Komering Ilir, South Sumatra

BRI Unit Sikur, Selong, NTT

Organizational Structure



Based on BRI Board of Directors Decision Letter No: S.117-DIR/REN/07/2012 dated 3 July 2012



Guidance/Supervision line
Coordination line

Committees under the Board of Commissioners:
Audit Committee, Nomination and Remuneration Committee, Risk Management Supervisory Committee

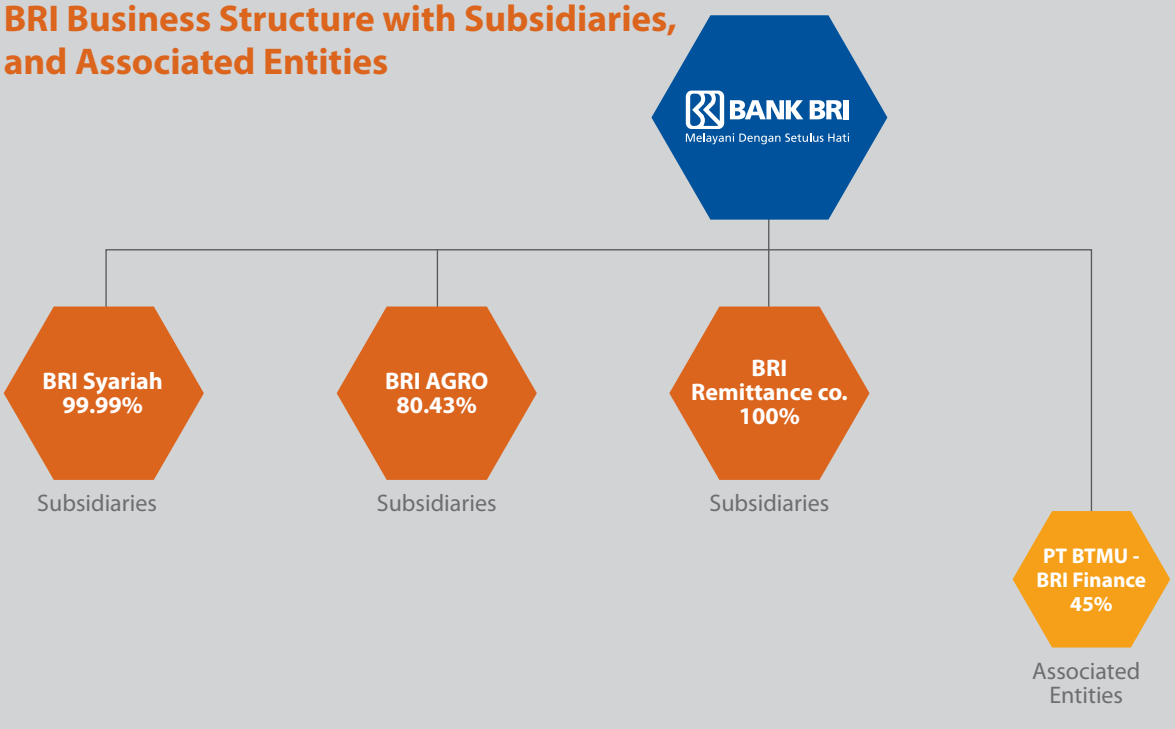
Committees under the Board of Directors:
Risk Management Committee, Credit Policy Committee, Credit Committee, Asset and Liability Committee (ALCO), Human Resources Policy Committee, Information System and Technology Steering Committee (ITSC), Project Management Office (PMO) Steering Committee.

*** Acting Official**

Subsidiaries and Associated Entities

Company Name	Type of Business	BRI Inclusion Date	BRI Ownership Percentage (%)	Commencement of Operation	Address
PT Bank BRISyariah	Sharia Bank	19 December 2007	99.99%	16 October 2008	Jl. Abdul Muis No. 2-4, Jakarta
PT BRI Agroniaga Tbk.	Commercial Bank	3 March 2011	80.43%	8 February 1990	Plaza GRI Jl. HR. Rasuna Said Blok X2 No.1, Jakarta
BRIngin Remittance Co. Ltd.	Remittance Company	16 December 2011	100%	7 April 2005	Room 1115, 11/F, Lippo Center, Tower II, 89 Queensway, Admiralty, Hong Kong
Associated Entities					
PT BTMU-BRI Finance	Financing	1 August 1983	45.00%	1 August 1983	Wisma 46 Lantai 10-Kota BNI, jalan Jenderal Sudirman Kav. 1 Jakarta

BRI Business Structure with Subsidiaries, and Associated Entities



Capital Market Supporting Institutions

Public Accountant
Purwantono, Suherman, &
Surja (Ernst & Young)
Indonesian Stock Exchange Building
Tower 2, 7th Floor
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
Telp. (62-21) 5289 5000
Fax. (62-21) 5289 4100

Share Registrar
PT Datindo Entrycom
Jl. Jend. Sudirman Kav. 34-35
Jakarta 10220
Telp. (62-21) 570 9009

Indonesian Central Securities Depository (KSEI)
Indonesia Stock Exchange Building
Tower I, 5th Floor
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
Telp. (62-21) 5299 1003
Fax. (62-21) 5299 1129

Rating Agency
PT Pemeringkat Efek Indonesia (Pefindo)
Panin Tower Senayan City 17th Floor
Jl. Asia Afrika Kav. 19
Jakarta

PT Fitch Rating Indonesia
Prudential Tower 20th Floor
Jl. Jend. Sudirman Kav. 79
Jakarta 12190
Telp. (62-21) 5795 7755
Fax. (62-21) 5795 7750

Moody's Singapore Pte. Ltd.
50th Raffles Place #23-06
Singapore Land Tower
Singapore 048623

Standard & Poors
30 Cecil Street
#17-01/08 Prudential Tower
Singapore 049712
Telp. (65) 6438 2881
Fax. (65) 6438 2321

Information Access
Information for shareholders, latest news, and general information about the Company is available through:

Corporate Secretary
BRI I Building
Jl. Jend. Sudirman No. 44-46
Jakarta 10210 - Indonesia
Telp. (62-21) 575 1966
Fax. (62-21) 570 0916

WEBSITE
www.bri.co.id

EMAIL
humas@bri.co.id

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Strong Stock Performance

While the JCI in 2013 dropped 0.98% from 2012, BRI stock price rose by 4.32% and closed at Rp7,250 with solid and liquid trading volume.

Information for Investor

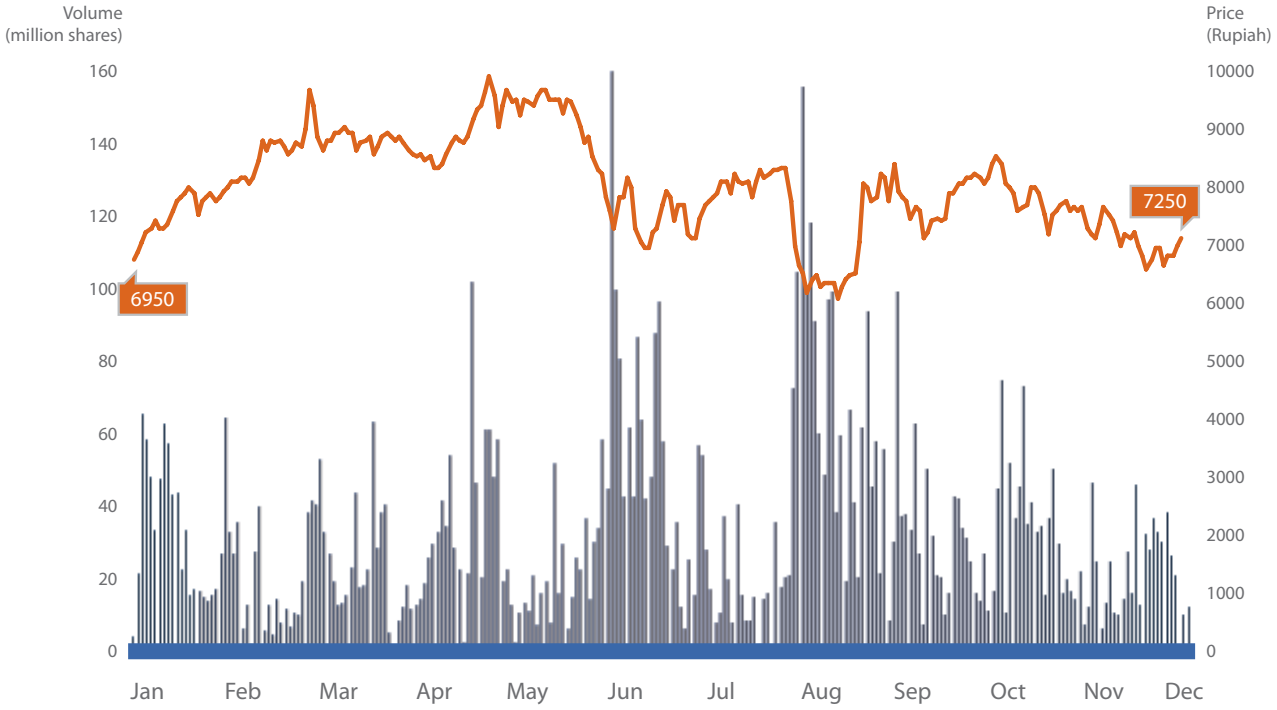
Information for Investor

"BRI shares, ticker code BBRI, were first listed on 10 November 2003. The value of BBRI share capitalization as of 31 December 2013 was Rp178.85 trillion, the 7th (seventh) largest in the Indonesia Stock Exchange."

"BBRI share price at **Rp7,250** as of the end of 2013 reflected an approximately **17x** growth since the IPO"

Stock Summary

BBRI Stock Price Movement in 2013



BRI Stock Price Development

Year	Stock Price				Total Shares	Transaction volume	Value		Market Capitalization (Rp Trillion)
	Opening	Highest	Lowest	Closing			Frequency (Times)	(Rp Trillion)	
2012	**6,850**	**7,850**	**5,150**	**6,950**	**24,669,162,000**	**7,909,952,500**	**510,037**	**53,41**	**169,74**
Quarter 1	6,850	7,250	6,400	6,950	24,669,162,000	2,084,086,000	139,315	14,17	169,74
Quarter 2	7,000	7,150	5,150	6,350	24,669,162,000	2,500,207,500	152,642	15,61	155,08
Quarter 3	6,400	7,550	6,250	7,450	24,669,162,000	1,719,729,500	108,461	11,97	181,95
Quarter 4	7,450	7,850	6,800	6,950	24,669,162,000	1,605,929,500	109,619	11,66	169,74
2013	**7,050**	**9,650**	**6,350**	**7,250**	**24,669,162,000**	**8,507,730,500**	**729,566**	**87,40**	**178,85**
Quarter 1	7,050	9,450	7,050	8,750	24,669,162,000	1,779,730,500	136,123	17,44	215,86
Quarter 2	8,700	9,650	7,100	7,750	24,669,162,000	2,377,318,000	188,110	32,22	191,19
Quarter 3	7,950	8,350	6,350	7,250	24,669,162,000	2,540,670,000	218,134	22,47	178,85
Quarter 4	7,350	8,450	6,800	7,250	24,669,162,000	1,809,875,000	187,199	15,27	178,85

Information for Investor

Bond Summary

No.	Type	Issue Date	Term	Issue Value	Maturity Date	Coupon	Rating	Listing	Outstanding
1	Subordinated Bonds I*	9 Jan2004		Rp500 Billion	9 Jan 2014 (withbuyback option on 9 Jan 2010)	13.50% p.a. (years 1 to 6); 23.5% p.a. (years 7 to 10); paid quarterly	Id AA+ (Pefindo)	Surabaya Stock Exchange	Settlement on 11 January 2010
2	Subordinated Bonds II	22 Dec 2009	5 Years	Rp2 Trillion	22 Dec 2014	10.95% p.a. (years 1 to 5); paid quarterly	A+ (idn)	Indonesia Stock Exchange	Rp 2 Trillion
3	Senior Bonds USD	28 Mar 2013	5 Years	USD 500,000	28 Mar 18	2.95% p.a. (years 1 to 5); paid per semester	Baa3 (Moody's) BBB-(Fitch)	Singapore Exchange	USD 500.000

Share Listing Chronology

Year	Share Ownership				Nominal (Rp)	Year-End Total Paid Up Shares	Year-End Total Paid Up Capital (Rp million)	Corporate Action
	Government		Public					
	Total	%	Total	%				
2003	7,000,000,000	59,50%	4,764,705,000	40,50%	500	11,764,705,000	5,882,353	IPO on 10 November 2003 Total shares after IPO 11.764.705.000 (listed on JSX)
2004	7,000,000,000	59,07%	4,850,090,500	40,93%	500	11,850,090,500	5,925,045	Excercise MSOP 85,385,500
2005	7,000,000,000	58,16%	5,035,700,500	41,84%	500	12,035,700,500	6,017,850	Excercise MSOP 185,610,000
2006	7,000,000,000	56,97%	5,286,421,500	43,03%	500	12,286,421,500	6,143,211	Excercise MSOP 250,721,000
2007	7,000,000,000	56,83%	5,317,800,500	43,17%	500	12,317,800,500	6,158,900	Excercise MSOP 31,379,000
2008	7,000,000,000	56,79%	5,325,299,500	43,21%	500	12,325,299,500	6,162,650	Excercise MSOP 7,499,000
2009	7,000,000,000	56,77%	5,329,852,500	43,23%	500	12,329,852,500	6,164,926	Excercise MSOP 4,553,000
2010	7,000,000,000	56,75%	5,334,581,000	43,25%	500	12,334,581,000	6,167,291	Excercise MSOP 4,728,500
2011	14,000,000,000	56,75%	10,669,162,000	43,25%	250	24,669,162,000	6,167,291	Stock split 1:2 on 11 January 2011
2012	14,000,000,000	56,75%	10,669,162,000	43,25%	250	24,669,162,000	6,167,291	
2013	14,000,000,000	56,75%	10,669,162,000	43,25%	250	24,669,162,000	6,167,291	

BRI exercised Initial Public Offering of 2,047,060,000 of Registered Ordinary Shares Series B, which were divestment shares of the Republic of Indonesia, and 1,764,705,000 new Registered Ordinary Shares Series B issued from the Portfolio on 31 October 2003, in accordance with effective Registration Statement issued by Bapepam (Letter from the Chairman of Bapepam No. S-2646/PM/2003) dated 31 October 2003. The shares were offered at a nominal value of Rp500.00 per share. The share were traded on 10 November 2003 and registered on Jakarta Stock Exchange.

Management Stock Option Plan (MSOP)

Pursuant to the resolutions of Extraordinary GMS held on 3 October 2003, BRI administered a Management Stock Option Plan (MSOP). The total shares issued during MSOP were 588,235,250 shares and was carried out in 3 (three) stages. Stock option was offered to the Board of Directors and employees of certain positions and levels that have met a set of requirements.

The total shares issued throughout the first to the third stage of stock option amounted to maximum 5% of BRI's paid-in capital of 3 (three) years period, without offering pre-emptive rights to existing shareholders. The implementation of MSOP Stage I and Stage II were in accordance with earlier Bapepam-LK regulation, while MSOP Phase III was pursuant to Bapepam-LK Regulation No. IX.D.4 and IDX Regulation No. 1-A Attachment to the Decision of the JSX Board of Directors No. Kep.305/BEJ/07-2004 on Share Listings. Each MSOP stage had vesting period of 1 (one) year. The MSOP shares exercised until the end of all MSOP stages were 569,876,000 shares.

a. MSOP Stage I
MSOP Stage I commenced on 10 November 2003, the date when BRI listed its shares in Jakarta Stock Exchange and Surabaya Stock Exchange (now merged into Indonesia Stock Exchange) and ended 9 November 2008. Total shares issued in MSOP Stage I was 235,294,100, with total 230,999,000 of exercised shares and outstanding of 4,295,100 unexercised shares. The fair value of MSOP Phase I was Rp117.39 (full Rupiah).

The exercise price of MSOP Stage I was Rp962.5 (full Rupiah) per share or 110% of the offering price per share.

b. MSOP Stage II
As effectuation of BRI's Annual GMS held on 31 May 2004, MSOP Stage II commenced on 10 November 2004 and ended 9 November 2009. The shares issued in MSOP Stage II totalled to 235,294,100 shares, with total exercised shares amounting to 230,999,047,000 shares and unexercised shares amounting to 5,247,100 shares. The fair value of MSOP Stage II was Rp351.62 (full Rupiah).

The exercise price of MSOP Stage II was Rp1,750 (full Rupiah) per share.

c. MSOP Stage III
Carried out according to BRI's Annual GMS held on 20 May 2005, MSOP Stage III commenced on 10 November 2005 and ended 9 November 2010. As with earlier stages of MSOP, the option was valid for 5 (five) years with 1 (one) year of vesting period. MSOP shares totalled to 117,647,050 shares, with a total of 108,830,000 exercised shares, and 8,817,050 unexercised shares. The exercise price per share followed Bapepam-LK and Indonesia Stock Exchange Regulations.

MSOP Stage	Total MSOP Shares (Number)	MSOP Stage Starting Date	MSOP Stage End Date	Exercised Shares	Exercise Price (Rp)
Phase I	235,294,100	10-Nov-03	9-Nov-08	230,999,000	962.5
Phase II	235,294,100	10-Nov-04	9-Nov-09	230,047,000	1,750.0
Phase III	117,647,050	10-Nov-05	9-Nov-10	108,830,000	According to Bapepam-LK and IDX's regulations
Total	**588,235,250**			**569,876,000**	

The end of MSOP Stage III marked the completion of BRI MSOP program Stage I to Stage III, which was initiated on the same date of BRI IPO on 10 November 2003. The total share option allocated for MSOP Stage I to Stage III amounting to 588,235,250 shares. Until the end of the implementation period, exercised shares amounted to 569,876,000 shares. Exercise of the stock option generated additional equity of Rp1,366,089,110,750.00, as detailed in below table.

After the completion of MSOP program, until the reporting year of 2013 BRI has not carried out MSOP program.

(in Rp Million)

	Phase I	Phase II	Phase III	Total
Paid Up Capital	115,500	115,024	54,415	284,938
Premium	106,837	287,559	474,490	686,886
Other capital (share x option value)	27,117	80,889	10,259	212,265
Total	**249,454**	**483,471**	**633,164**	**1,366,089**

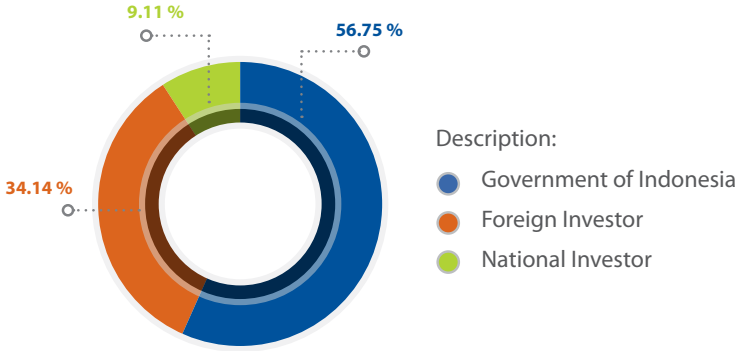
Information for Investor

The Government of the Republic of Indonesia is the Majority Shareholder of BRI, with ownership of **56.75%**

Composition of Shareholders

As of the end of 2013, BRI had a total of 19,380 shareholders, an increase from 17,065 shareholders in 2012. The Government of the Republic of Indonesia is still BRI's majority shareholder with share ownership of 56.75%, while the public owns the remaining 43.25% with respective shareholding of not more than 5%. Aside from majority ownership by the Indonesian Government, BRI has no other strategic investors in its shareholding list.

Share Ownership Composition



	30 December 2013		
	Shareholder	Shares	Composition
The Republic of Indonesia	**1**	**14,000,000,000**	**56.75%**
Public	19,379	10,669,162,000	43.25%
National Investors	**17,766**	**2,246,410,715**	**9.11%**
Individuals	14,111	295,451,503	1.20%
Employees	3,041	88,644,500	0.36%
Local Government	1	318,000	0.00%
Institutions	613	1,861,996,712	7.55%
Banks	0	0	0.00%
Cooperatives	6	2,554,000	0.01%
Foundation	37	26,403,000	0.11%
Pension Funds	199	201,355,700	0.82%
Insurance	64	613,666,000	2.49%
Limited Liability Companies	134	392,735,705	1.59%
Financial Institution	0	0	0.00%
Mutual Funds	173	625,282,307	2.53%
Foreign Investors	**1,613**	**8,422,751,285**	**34.14%**
Individuals	62	1,445,500	0.01%
Foreign Business Entities	1,551	8,421,305,785	34.14%
Total	**19,380**	**24,669,162,000**	**100.00%**

Capital Market Condition and BRI Stock Performance

Global economic slowdown in 2013 affected the condition of Indonesian capital market. This was evidenced by the drop in Jakarta Composite Index (JCI) in Indonesia Stock Exchange, which closed at 4,274.18 on closing day 30 December 2013, or decreased by 0.98% from the JCI closing position in December 2012 at 4,316.69.

However, 31 new listed issuers were able to boost the value of market capitalization by 2.32% from Rp3,835 trillion as of the end of December 2012 to Rp3,924 trillion on 30 December 2013. The average value of daily share transaction for the period of January to December 2013 amounting to Rp6.25 trillion, or increased by 37.68% from Rp4.54 trillion during the same period in 2012.

Further, the average frequency of daily transaction for January to December 2013 period also grew by 26.51% to 153,975 transactions compared to the average transaction frequency in 2012 of 121,712 transactions.

Meanwhile, average volume of daily transaction from January to December 2013 rose by 28.51% and reached 5.50 billion shares, while the same period in 2012 reached only 4.28 billion shares.

BRI Stock Performance

BRI stock, ticker code BBRI, were listed and traded in IDX (formerly JSX) starting 10 November 2003. At present, in addition to traded on the main board, BBRI shares are also registered as blue chips LQ 45 (45 most liquid shares in IDX), IDX 30 Index, Business-27 Index, Kompas 100 Index, and Sri Kehati Index.

As with the stock exchange condition, BBRI stock price in 2013 fluctuated following economic developments and global capital market sentiment. BBRI stock price in 2013 ranged from the lowest price of Rp6,350 to the highest price of Rp9,650, while the volume of transactions increased from a total of 7,909.9 million shares throughout 2012 to 8,507.7 million shares.

As one of the leading stock, BBRI stock with market capitalization value of Rp178.85 trillion by end of December 2013 were inevitably affected by market sentiment, where investors tend to be more wary toward stock performance from financial sector. Indonesian capital market enjoyed significant growth during the first half of 2013, yet issue of stimulus reduction in the United States in line with the country's economic recovery created a setback, as investors opted to withdraw their capital from emerging markets.

As shown by stock price chart and table on page 75, BBRI stock price declined during the second semester of 2013 although it peaked to Rp9,650 in the period. The main trigger of drop in stock price throughout second half of 2013 was the issue of tappering the stimulus by the Fed while at the same time Indonesia's macro economy was unfavourable, as marked by rising inflation and deficit in Indonesia's current account.

Information for Investor

Nevertheless, despite the negative influence both globally and nationally, until end of December 2013 BBRI share price still grew from Rp6,950 in 2012 to Rp7,250. The growth reflected investors' confidence on the fundamental condition of BRI, evidenced by increasing trading volume. As known, the focus of BRI business is the MSME sector whose products are largely channeled to domestic market. BRI performance improvement, indicated by improved NPL, prudent increment of loans, and quite strong growth of net income was regularly informed to business players. Such development received positive response from the investors, resulting in 4.32% growth of BBRI stock price at year's end compared to the closing position in 2012.

Dividend and Dividend Policy

In accordance with the resolutions of Annual General Meeting of Shareholders (AGMS) held on 28 February 2013, BRI has distributed final dividends for 2012 fiscal year, set at 30% of the net income of Rp5,556,285. The ratio of dividend pay out was higher than the ratio in 2011 that was decided by 2012 AGMS of 20%. Dividend value per share paid on 15 April 2013 was Rp225.2320, or increased by 84.2% from dividend value per share in 2011 of Rp122.28.

BRI Dividend Payment

Dividend Year	Payment Date	Total Dividend	Amount of Dividend (Rp Billion)	Dividend per Shares* (Rp)	Dividend Payout Ratio
2003	2 June 2004	23 July 2004	990	84.19	75.01%
2004	19 May 2005	5 July 2005	1,816	152.88	50.00%
2005	1 June 2005	10 July 2006	1,904	156.18	50.00%
2006	24 May 2007	2 July 2007	2,129	173.04	50.00%
2007	28 May 2008	7 July 2008	2,419	196.34	50.00%
2008	22 May 2009	3 July 2009	2,085	168.82	35.00%
2009	24 May 2010	15 July 2010	2,192	132.08	30.00%
2010	2 May 2011	15 June 2011	2,294	70.04	20.00%
2011	30 March 2012	15 May 2012	3,017	122.28	20.00%
2012	4 March 2013	15 April 2013	5,556	225.23	30.00%

* Dividend per share is dividend after stock split with ratio of 1:2 on 11 January 2011

In 2009 and 2010, BRI distributed interim dividends of Rp45.74 per share and Rp45.93 per share, respectively. The distributions were pursuant to Limited Liability Company Law No. 40 of 2007. The amounts of interim dividends are included in the annual dividend calculations detailed above.

Dividend Year	Date of Payment	Dividend per Share (Rp)
2009	16 December 2009	45.74
2010	30 December 2010	45.93

BRI dividend distribution policy is prescribed in the IPO Prospectus, under "Dividend Distribution" section, which states that BRI dividend distribution shall take into account financial condition and business development plan. Dividend payout ratio and/or the amount of dividend for each fiscal year is determined through AGMS.

Subordinated Bonds

On December 2009, BRI issued Subordinated Bonds II in Rupiah with 5-year tenor and interest rate of 10.95%, listed on the stock exchange on 22 December 2009. Fitch granted A+ rating to the Subordinated Bonds and BRI was able to generate Rp2 trillion proceeds from the Bonds issuance.

All proceeds from Subordinated Bond Public Offering, after deducted with expenses, were used in accordance with Bank Indonesia provisions as supplementary capital, utilized to support loan expansion carried out with prudent principle.

Senior Bonds in USD

In 2013, BRI issued senior bonds in USD for 5-year tenor and 2.95% coupon. The bonds were listed on the Singapore Exchange on 28 March 2013 and earned BBB- rating by Fitch and BAAA by Moody's. BRI raised USD500 million funds from the issuance of global bonds.

All proceeds from Bonds issuance, after deducted with expenses, were used to finance loan expansion carried out prudently, funding mix diversification, and BRI foreign currencies maturity profile management.

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“Enabling Optimal Operational Efficiency“

Implementing an operational efficiency strategy and boosting productivity across the organization to enable optimal performance.

Operational Review

Business Prospects and Strategy Outline

Business Prospect

In 2013, the Indonesian economy was able to withstand the generally feeble state of the global economy, as evident from its relatively 5.78% growth, a figure that exceeded economic growth in other countries such as India, Malaysia, Singapore, and Thailand. Domestic demand continued to be the main driver of growth.

In other parts of the world, and particularly in Europe and Asia, a lingering economic slowdown persisted throughout 2013, crippling commodity demand for Indonesia. In the United States, the efficacy of its economic stimulus program began to become evident, starting in the third quarter, which prompted the US government to consider tapering off the stimulus, beginning in 2014. This in turn presented a new challenge to the economy globally, where the US Dollar strengthened over other currencies, including Rupiah.

In Indonesia, low commodity demand especially for plantation and mining commodities, resulted in a higher deficit of Indonesia's trade balance. To control this deficit and manage expenses, the government adjusted fuel prices upward, consequently instigating inflation.

In the meantime, responding to the US Government's plan for stimulus reduction, the Indonesian Government applied a "soft-landing" approach by increasing the BI rate from 5.75% in 2012 to 7.50% at the end of 2013, as well as issuing a new economic policy package to stimulate direct investment. At the end of the year, inflation was successfully maintained at 8.38%, below the projected 9.0%, foreign exchange reserves as of December 2013 stood at US$99.39 billion, and the Rupiah exchange rate was at Rp12,171/US$ - dropped by 19.5% from Rp9,793/US$.

For 2014 and several years beyond, Indonesia is predicted to face greater challenges. Aside from the exchange rate issue, there are also a number of other fundamental challenges to be resolved, namely, the trade balance and investments that need to be improved. Categorized as a middle-income country, with per capita income at around US$4,154 in 2012

> Backed by high domestic demands, the **5.78%** growth of Indonesian economy surpassed several Asian countries.

(Human Development Index 2012, World Population Data Sheet, Data Worldbank.org). In short, Indonesia needs to bolster its national production capacity.

With domestic consumption as one of the main growth pillars, boosting production capacity to meet domestic needs is a prerequisite. Toward that end, it is imperative for Indonesia to provide primary infrastructure for transportation, electricity, and telecommunications, supported by clear policies that may counteract with investment barriers. Infrastructure availability would also ensure efficient economic activity.

In view of this situation, the World Bank and economic observers both estimate that the Indonesian economy will grow at a similar pace as it experienced in 2013, continuing in 2014 as well as in subsequent years to be driven by domestic demand, thus maintaining a window of opportunity for the growth of the banking industry.

World Bank data shows that from 250 million people in Indonesia, and considerable per capita income, only 20% of the population 15 years of age and above is registered as account holders in formal financial institutions (data from Global Financial Inclusion index – World Bank, 2011). This number is well below Thailand (77%), Malaysia (66%), the Philippines (26%), and Vietnam (21%). Meanwhile, Indonesia's middle class population, defined as people with range of total expenses between Rp20,000 – Rp200,000 has reached 100 million people in 2010.

The Association of Indonesia Internet Service Providers estimates 82 million Internet users in Indonesia as ofthe end of 2013, and would increase to 139 million by 2015, or two fold compared to 63 million Internet users in 2012. Moreover, penetration of cellular customers has reached 270 people. These data illustrate the ample potential of e-banking business, supported by the constantly increasing number of BRI debit card users that has reached 19.4 million people or 50% of total savings accounts.

Within the domestic economic landscape, entrepreneurs from the Micro, Small, and Medium Enterprises

Business Prospects and Strategy Outline

BRI is determined to optimize growth opportunity by focusing on the MSME segment; applying a selective growth strategy through business expansion founded on market penetration, market development, and product development strategies; increase fee-based income, and eventually deliver the best growth in the MSME segment.

sector are predominant. Accounting for 56.5 million business owners with 55.9 million are from the Micro segment. From the total potential of the Micro sector, only 30% of the business owners have access to banking facilities (see also MDNA, Business Review – Micro Segment.)

In view of the sizeable market potential based on the presented data, the banking sector has ample opportunity to market conventional banking products and services, such as Savings, Time Deposits, and Demand Deposits, Investment Loans, Working Capital Loans, and other banking services, as well as e-banking transactions services. With its long-standing experience, particularly in the micro segment, BRI that has grown into a bank with the largest infrastructure network and well spread across the country is determined to make the best use of these growth opportunities.

Strategy Outline

BRI develops its Banking Business Plan in a view of the encouraging and stable economic projection over the short, medium, and long term, by taking into account the importance of sustainable growth as well as maintaining its focus on the MSME segment. Nevertheless, considering the forecast of external conditions for the next three years, BRI will prioritize a selective growth strategy in the work plan of each business line.

To create strong synergy, BRI is committed to summon and orchestrate all resources toward the destination statement established in 2013, "the Bank with the Best Micro, Small, and Medium Enterprise Business Growth in Indonesia."

Within the next three years, BRI's core business will be focusing on not only on lending, but also funding as well as promoting banking services in order to increase fee-based income in addition to interest income.

BRI's lending growth shall remain focused on the financing for the Micro, Small, and Medium Enterprises segment. At the same time, BRI will also optimize the opportunities in the Corporate segment, anticipated to generate trickle-down business to the MSM segment.

In terms of Third Party Funds, BRI aims to grow low-cost funds (Demand Deposit and Savings) and maintain the composition of low-cost funds arround 60% of the total deposits.

Meanwhile, BRI will continue optimization of its real-time online connected network throughout Indonesia by developing banking services to comprehensively support customers' financial activities not only in financial management, but also in transacting with other parties. The purpose of this strategy is to create a community-based closed financial system. Optimization of all products

and services derived from the system will enhance fee-based income for the Bank.

To maintain and expand market share, BRI continuously enlarges the scope of its banking services especially through electronic outlets such as BRI mobile service and other types of outlets.

Further, business expansion efforts are done through market penetration, market development, and product development strategies:

a. Market penetration - leverage BRI's network that is connected real-time online nationally with the largest customer base, by:

    - Intensifying cross-selling activities and integrated marketing in selling the Bank's products and services.
    - Utilizing operating networks optimally to reinforce BRI's competitive edge in the MSME segment.
    - Improve the quality of products and services to maintain and increase customer loyalty.
    - Increase and enhance the quantity and quality of BRI's e-banking services

b. Market Development – serve all customers in Indonesia by focusing on markets previously untapped by BRI, by:

    - Optimizing customer base and operating network to capture new customers/ potential of new markets
    - Develop network to potential areas abroad

c. Product Development – enhances existing products with new features and creates new products, especially bundling products with insurance (bancassurance) and investments, to strengthen BRI's competitiveness in the financial industry. The steps include:

    - Cooperation with non-bank financial institutions for product bundling
    - Development of loan and savings products with scheme or feature adjusted to customers' needs.

Human Resources Management

For BRI, Human Resources (HR) is the key to achieve meaningful growth and business sustainability. Therefore, in managing and nurturing HR potential, BRI aims to ensure that employees can develop as catalysts of growth and advancement of others, hence collectively working to create value for all stakeholders.

The HR aspiration can be realized through individual and team competence development initiatives at all levels of the organization, emphasizing the importance of layered and structured training. Key purpose of the training is to equip BRI HR with the capability to seek and identify character of potential customers, extending services to customers, whilst abiding by moral integrity.

BRI's consistency in realizing HR development programs through socialization of corporate culture founded on GCG principles is prerequisite for all management of the Bank.

BRI HR Architecture

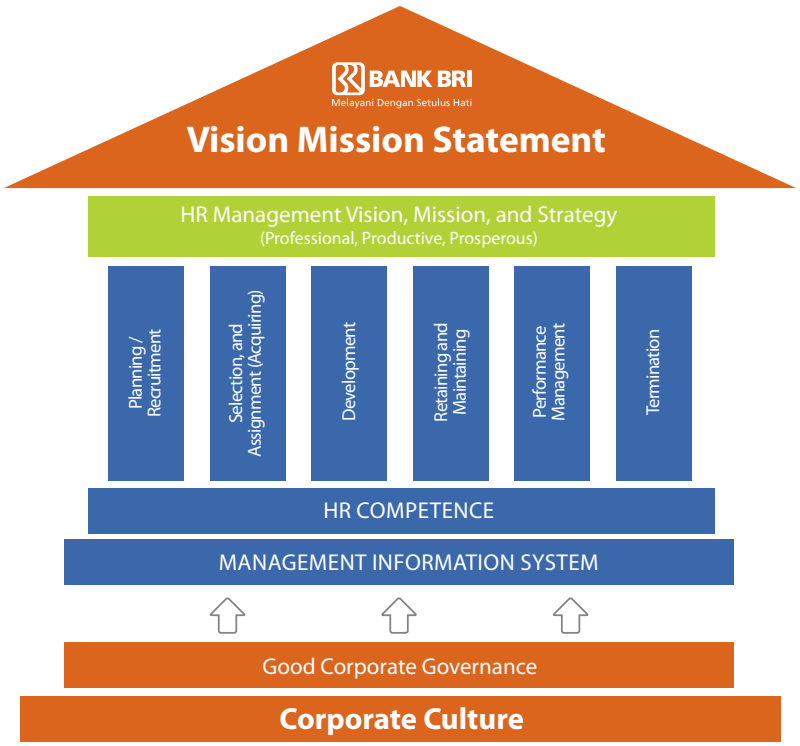
BRI HR development and competence enhancement strategy is formulated into a roadmap of the HR management work plan. The roadmap is established every 5 (five) years and is regularly reviewed to ensure its alignment with the Bank's needs. The HR management work plan in 2013 are:

a. Optimization of recruitment and selection intensity
b. Refine policies in performance management and career development
c. Enhance reward system
d. Review policies pertaining to rules and discipline
e. Revitalize Work Culture

These lines of initiatives are part of the BRI HR Architecture that has been developed in a comprehensive, systematic, measureable manner and includes all aspects of planning, acquiring (recruitment, selection, and assignment), HR development, retaining and maintaining, performance management, and termination.

"BRI consistently develops Human Resources with all-round managerial and operational competence, good conduct, and the highest moral integrity, through embedding a corporate culture that adheres to the main principles of GCG. BRI aims to nurture human resources that are professional, productive, and attracting prosperity."

The HR Architecture is formalized through an HR management policy that emphasizes competence and supported by valid and accurate HR MIS, with the strong based on GCC implementation and Corporate Culture as the compass of employee's way of conduct to materialize the HR management mission (professional, productive, prosperous).



Human Resources Management

Competency and Profesionalism Development

The goal of BRI's manpower planning is to accurately integrate HR needs with the Bank's plan and strategy. Manpower planning refers to the Bank's long term business plan, formulated in a BRI Corporate plan, as well as a medium term business plan stated in the Bank's Business Plan (RBB), and short term business plan as stated in the Company Work and Budgetary Plan (RKAP).

Industrial Relationship

To ensure a harmonious relationship between the Bank and its employees, BRI always observes the following:

- **Respect to Employees' Rights**
  BRI menjamin hak pekerja BRI assures the right of employees to unite, assemble, and express opinions. This assurance is manifested in BRI's support to workers' union, SP-BRI that was established on June 1999. SP-BRI is registered in the Labor and Transmigration Office of South Jakarta; under the registration number 357/I/P/V/2005 dated 17 May 2005.

  As for the establishment of a workers' union, BRI has been regularly conducting bargaining sessions with the Union to discuss a Collective Bargaining Agreement (CBA), which would be valid for 2 years with a maximum extension of 1 year. CBA assures the rights and obligations of Workers, Employer, and Union. Currently, the existing and valid CBA extends for the period of 2013-2015.

  Aside from its formal support, BRI also consistently communicates the plan of policies implementation to employees. BRI engages the Workers' Union in a socialization program, particularly regarding the enactment of rignts and obligations of the Employee as well as other industrial relationship issues.

  To maintain a harmonious relationship between the Union and the Bank, BRI establishes a Bipartite Cooperation Forum, through which the Bank and the Union may align both parties' interests and resolve any complaints arising from employee.

- **Equality among employees**
  In managing its HR, BRI provides equal opportunity and equal rights to all employees irrespective of ethinicity, religion, race, group, gender, and physical condition. This HR equity is applied throughout the chain of HR management, from recruitment, competence and skill building, career path development, and remuneration.

Human Resources Strategy in 2013

Along with the rapid development of the business and operational network, BRI implemented a number of strategies to fulfill HR needs appropriately, accurately, and quickly, with consistently put emphasize on quality and basic competence of the candidates. The strategies included:

1. Recruitment authority delegation, whereby each Region may conduct its own recruitment according to its business requirements.
2. Active cooperation with several leading universities in Indonesia, including collaborating with consultants in the Career Development Centre in the universities.
3. E-recruitment, IT-based recruitment and selection process.
4. Resident Staff Development Program (PPRS), as a means to nurture banking professionals as well as BRI's future leaders in certain regions. PPRS offers opportunities for this nation's best talents to join and develop with BRI.

Through the above strategies, in 2013 BRI recruited 7,319 as permanent employees.

- **Recruitment/Acquiring**
  As an essential phase of manpower management process, BRI implements 3 programs of recruitment:

  1. Staff Development Program (PPS)
     Program to acquire future permanent employees, to be nurtured as future leaders of BRI. As an employment program, PPS focuses on Candidates that have the potential to advance and attain the highest career level; the candidates are the Bank's future leaders and are acquired from BRI's internal

employees, fresh graduates from public/private universities in Indonesia, or overseas graduates, all meeting predetermined qualifications. .

2. Non-Staff Program
   Non-Staff Program Employment program for Candidates who will occupy non-managerial roles. The program seeks technical and marketing aptitude and focuses to acquire employees as "Mantri", Account Officer (AO), Funding Officer (FO), etc. Opportunities of career development are also provided for employees from Non-Staff Recruitment Program, introducing them to career paths distinct from the Staff Development Program.

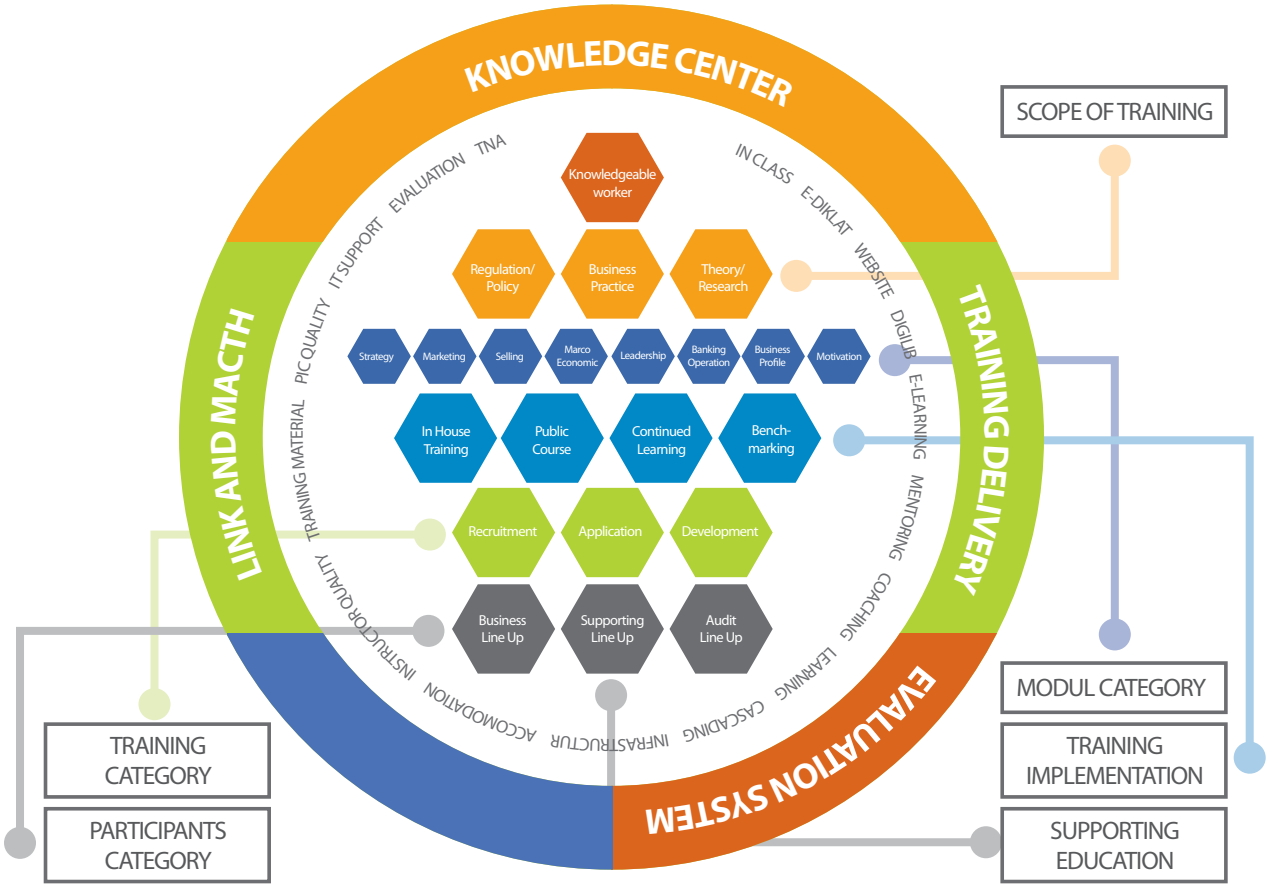
3. Professional Hiring
   Professional Hiring program recruits talents outside of BRI with certain qualifications and skills. The program focuses on filling new positions as part of BRI's development. Employees from a professional hiring program are expected to transfer their knowledge to other employees when conducting the Bank's business activities.

- **Learning and Developing**
  To its employees, BRI emphasizes the willingness of perpetual learning, to change, innovate, and providea creative boost for the advancements of the Bank. Continuously, BRI builds the competence of its manpower to ensure that all employees are equipped with suitable skills and capabilities to address business challenges at present time and in the future.

  Training programs, education, and development are part of a sustainable and cohesive plan, as illustrated by the following diagram.

The recruitement process is conducted objectively, openly, fairly, and equally, without discrimination, to capture talented and dedicated talents.

Human Resources Management



Note:

1. Introductory Education
   Education program for BRI employee candidates or existing employees who are to be assigned to a certain position. The program equips participants with the competencies required to perform the specific task.
2. Application Education
   Education program for BRI employees to improve competencies relating to their current respective positions. The programs are held internally, or by third parties (external).
3. Developmental Education
   Education program for BRI employees, aiming to enhance participants' competencies in preparation to assume a higher position.

In 2013, BRI extended training programs to 393,198 employees, as follows:

No	Type of Education Program	Participants
1	Introduction Education	24,565
2	Development Education	4
3	Formal Education	29
4	Application Education	129,250
5	Socialization	143,128
6	Public Course	3,246
7	Performance Enhancement Forum and Group Discussion Forum	91,476
8	Certification and Education Support	1,500
	Total	**393,198**

In addition to the comprehensive training, BRI supports the employee career development through well-planned and specific trainings, including job enrichment and job enlargement.

BRI develops its excellent talents to be ready as the future leader candidates and to hold strategic positions in the company through the talent pool system. This talent pool system is continuously enhanced, by involving IT supports as part of the Talent Management System development. The enhancement of talented employee aims for further promotion of future leaders will involve all training programs, applications, technical and analytics method.

HR Performance Management

BRI implements a modern performance management system that measures performance based on two aspects, achievement of Key Performance Indicator (KPI) and achievement of competence. The purpose of this system is to evaluate the performance of employees from both sides, which are employees' objectives (KPI) and the aptitude required to meet the objectives (competence).

BRI also designs systematic phases of its performance management system, which includes planning, mentoring, and evaluation. During planning phase, subordinates and their superiors agree on targets; superiors would provide feedback during mentoring phase, and would later evaluate their subordinates' performance based on the achievement of the targets determined earlier.

HR performance management is managed and supported by an integrated, online system, the Online Performance Management System (PMS).

The result of performance evaluation is important in determining employees' remuneration. BRI applies merit-based remuneration increases, therefore ensuring that high-performing employees would also earn a significant remuneration increment. Conversely, low-performing employees would not be eligible for remuneration increase.

In addition, to motivate performance excellence, BRI has compensation variables rewarded to employees who meet and exceed their targets. The compensation program aims to show appreciation for optimum performance, whilst encouraging the better future achievements.

Employee Welfare

Remuneration

To attract potential candidates, retain competent employees, and accelerate work motivation, BRI offers fair and competitive remuneration, observing the Bank's business strategy and growth.

BRI's remuneration structure is designed to assure that employees earn rewards in correlation to their competence and position, enticing employees to maintain their performance and improve their contribution to the Bank. Aside from fixed remuneration, BRI also provides variable-based compensation, calculated based on target achievement and work performance.

BRI applies structured-training programs, designed to equip HR with all-round competencies in line with their respective tasks while promoting the highest standard of moral conduct and integrity

Human Resources Management

To ensure work security, BRI provides employee benefits, such as health coverage, Life Insurance & Personal Accident protection, housing and vehicle ownership facilities, and other facilities commonly provided by similar companies in the banking industry.

BRI also considers the different levels of living costs of operating units which spread throughout Indonesia. BRI avoids gender bias in its remuneration system; therefore men and women employees receive equal and fair remuneration. In addition, BRI ensures that the Bank offers a standard of minimum wage that is above the minimum wage requirement of each of the Bank's operating region.

Pension Program

Aside from ensuring employees' convenience and job security during their employment, BRI also provides post-employment benefits in order to assure income continuity for employees in their retirement period. Several pension programs in BRI include: Defined Benefit Pension Program (PPMP), Defined Contribution Pension Program (PPIP), Retirement Benefit Program (THT), Retirement Security Program (JHT), social security of Jamsostek, and Pension Health Coverage (Prospens).

Financial Impact of HR Management

- **Allocation for HR Competence Development**
  In 2013, BRI carried out 557 training and development programs, both general and specific programs, attended by 393,198 participants. In total, the investment cost expended to improve competencies and professionalism amounted to Rp544,7 billion, increased by 12.3% from 2012.

- **Total Expense for HR Management**
  Operating expenses for new recruits, status conversions from outsourced front line staff to contract employees, as well as performance of the Bank's obligations to fulfil employees' rights during 2013 increased. In 2013, employee expense amounted to Rp11.75 trillion, up by 27.5% from the total expense of Rp9.21 trillion in 2012. The investments were accountable, which benefit could be measured based on employee competence improvement, among others by calculating the ratio of employee productivity to training cost.

- In 2013, the ratio of employee productivity (net profit by total employees) was Rp261.22 million per employee, rose from Rp255.02 million per employee in 2012. This showed the higher productivity of employees and their contributions to the Bank's target achievements.

BRI HR Profile

The roster of BRI employees in 2013 totalled 81,238, including contractual employee. This number grew by 9.35% compared to 72,625 people in 2012. The increase was in line with BRI's business and operational expansion, among others the addition of new BRI operating units. In accordance with Bank Indonesia Regulation No. 13/25/PBI/2011 dated 9 December 2011 regarding Prudential Principles for Outsourcing at Commercial Banks, BRI has ensured that the employment status of BRI's front line staff, particularly Tellers and Customer Service, consists of contract and permanent employees of BRI.

Total Employees by Status			
Status	**2011**	**2012**	**2013**
Permanent	34,301	35,727	41,848
Contract	4,780	36,155	38,355
Trainee	963	743	1,035
Grand Total	**40,044**	**72,625**	**81,238**

Based on education level, the majority of BRI employees are Associate and Bachelor's Degree graduates, increasing in both total and composition. BRI's employee profile by education and job position are as follow:

Total Employees by Education Level			
Education	**2011**	**2012**	**2013**
Junior High/Equivalent	31	23	20
Senior High/Equivalent	7,341	6,196	5,376
Associate Degree	5,006	25,738	26,684
Bachelor's Degree	26,634	39,596	48,049
Master's Degree	1,027	1,065	1,099
Doctorate Degree	5	7	10
Grand Total	**40,044**	**72,625**	**81,238**

Total Employees by Organization Level			
Organization Level	**2011**	**2012**	**2013**
Executive Vice President	67	67	70
Vice President	103	106	153
Assistant Vice President	380	429	403
Senior Manager	584	633	652
Manager	582	581	609
Assistant Manager	2,925	3,295	3,334
Officer	10,662	10,998	12,079
Assistant	24,741	56,516	63,938
Total of BRI's Employee	**40.044**	**72.625**	**81.238**

Human Resources Management

BRI Corporate Value revitalization to increase integrity and improve quality of GCG practices.

Turnover

In 2013, BRI recorded 779 employees as having resigned from BRI. The turnover rate was 1.86%, which was considered very low and reflected BRI's success in creating a favourable workplace, a sound, safe, and convenient environment conducive to professional commitment and dedication for innovation across the organization.

Information Technology-Based HR Management

With extensive operational areas and sizeable manpower, BRI developed an integrated HR management system, utilizing reliable information technology infrastructure. This approach enabled BRI to manage all HR matters efficiently and accurately.

By having an integrated HR Management Information System (MIS), BRI is able to maintain HR database, fulfil employees' rights, disseminate information concerning relevant HR policies, and build communication channel between employees and the management. HR MIS is the core of Office Automation development and Employee Self Service (ESS) feature, which aims to achieve efficiency in all aspects of HR management.

Corporate Culture Internalization

BRI's corporate culture is formulated by identifying values that all employees perceived as values of excellence, which are able to support the efforts in delivering the best performance for the Bank. The values are consists of integrity, professionalism, customer satisfaction, leadership, and appreciation to employees. Currently, the Corporate Values have been able to support the Bank's vision and mission. BRI regularly evaluates the implementation of Corporate Values to ensure that the Bank's core values are relevant to address future challenges.

In 2013, BRI carried out BRI Corporate Values Revitalization with the aim to bolstering the role of all BRI's employees in facing challenges going forward without undermining BRI's Corporate Values.

The following are some of the activities implemented and will be continuously applied relating to BRI Corporate Values Revitalization:

1. Selection of change agents throughout all of BRI's Operating Units
2. Redevelopment of the concept of BRI Corporate Values
3. Redesigning BRI's Corporate Values programs
4. Creation of a Corporate Values measurement tool that is integrated and tiered supported by the system.
5. Continuous socialization by optimizing various means of communication.

All efforts and activities as described above are conducted in recognition of the critical role of Corporate Values in the process of realizing the Bank's vision and mission.

Marketing

Marketing Strategy

BRI's performance targets encompass loan disbursement, third party funds gathering, fee based-income, and market share within the banking industry – all eventually leading to ensure sustainable financial performance. To achieve these targets, BRI defines general and specific marketing strategies. A general strategy is applied comprehensively and in an integrated manner throughout all operating units, and primarily covers several programs, including: enhance awareness of BRI's banking products and services, improve of service access, product feature development, improvement of service quality, and increase in market share.

The above programs essentially aim to enable both new and existing customers to be aware of BRI's banking products and new features, as well as to provide access and convenience when performing banking activities. These initiatives, detailed in the subsequent section, thus cultivate the loyalty of existing customers and secure the interest of new customers to engage in an on-going partnership with BRI. Meanwhile, a specific marketing strategy is specifically defined for each operating segment – as presented in the respective business segment under the chapter of "Business Review."

Awareness Enhancement

To introduce and promote products and services intended for the micro, small, and medium enterprises to the grass root society living throughout Indonesia, during 2013 BRI continued various acquisition and retention programs. The marketing programs were entitled Pesta Untung Beliung, Pesta Rakyat Simpedes, BRI Peduli Pasar Rakyat, Panen Bulanan Simpedes, and Grebeg Pasar. All programs aimed to promote micro commercial loan Kupedes, and People Business Loan (KUR), savings products: BritAma, Simpedes, and e-banking products. Aside from these programs, BRI also carried out other marketing programs that targeted a certain potential customers.

It was through activities that directly engaged with the micro, small, and medium enterprises as well as individual business players that BRI built and raised awareness of BRI's products and services, available for both new and existing customers. In addition to the marketing programs, BRI sought to enhance brand awareness by participating in national and international exhibitions, inviting its customers as exhibitors. BRI also held programs such as Nge-Buzz Bareng BRI, a homecoming program for its customers and international seminar on microfinance.

"MARKETING ASPECTS
Planning and realization of an integrated marketing program that includes BRI's products and banking services features promotion, convenience services, and improved service quality, and thereby ensures an increase in customer base and heightened loyalty."

Service Access Improvement

Network development, in both conventional and e-channel, was one of BRI's marketing strategies to ensure accessibility and to improve services for customers. Infrastructure development was carried out with two approaches, extensification and intensification. Under its extensification strategy, BRI opened new operating units in new regions, while intensification aimed to maximize business potential in existing regions. Improvement of customer accessibility through e-channel was focused on expanding ATM and mobile banking network. This strategy is not only enabled greater reach of the Bank to its customers, but also increased the accountability of financial reporting and drove operational efficiency.

BRI also utilized recent information technology developments as the vehicle of its marketing strategy, as demonstrated by the launch of mobile banking and internet banking. These products, optimizing information technology as the backbone, were designed to be user friendly and ensure customer convenience when performing various banking activities, such as account information monitoring, financial transactions, and BRI online payments.

Product Features Development

Product features development by modifying the use or by introducing new features was among BRI marketing strategies for both new and existing customers. These customers might access the new features, developed in line with the needs and characters of customers in each segment. BRI thus expects to meet the various needs of customers, resulting in improved customer satisfaction.

HR Competence and Marketing Role Empowerment

In terms of human resources, BRI expanded the number of marketing staff whilst enhancing product and service knowledge through training. Marketing officers were nurtured in order to be capable in performing comprehensive products and services marketing as well as offering

Marketing

BRI has the largest MSME loan portfolio in Indonesia, with market share reaching 29.50% in 2013.

solutions to customers' needs. With the improvement in the quality of competence, BRI's marketing officers could be empowered as professional business advisors for customers.

To ensure continuous betterment of service quality, aside from improving HR competence and understanding of banking products and services, BRI also defined minimum service standard that all employee needs to meet when interfacing with customers, whether internal (employee from other units) or external (depositors and borrowers).

The minimum service standard, or Service Level Agreement (SLA) is part of the employee's individual and team evaluation. All development programs relating to marketing strategy implementation were carried out to ensure SLA fulfillment for customers.

Market Share Expansion

One of the goals of the foregoing marketing programs was to improve the customer base and expand BRI's market share across all business segments. To expand the market share, BRI actively offers its products to the other SOE, conducts cross selling, and captures Trickle Down Business from corporate and SOE customers.

Trickle Down Business from SOE and corporate segments has been able to drive the performance of other segments, such as retail and medium segments. Sales strategies were intensified by utilizing database of customers, third parties (dealers/developers), walk-in customers as well as applying implant banking such as through Home Ownership Program (HOP) and Car Ownership Program (COP) with several major companies.

BRI also engaged in a partnership with SOEs, providing products and services that were suitable for the partners' requirements. Meanwhile, coordination among BRI's directorates was intensified to exercise cross-selling strategy that created closed-system financing for new and existing customers, eventually increasing the new customer base in 2013.

Position and Market Share

At the end of 2013, BRI's asset amounted to Rp606.37 trillion (bank only), putting BRI as the second largest bank in terms of asset in the Indonesian banking industry. This account was reflected BRI's 2013 market share at 12.24% in terms of asset.

BRI's lending is focused on the MSME segment. This specific market positioning has led BRI to become the largest Indonesian bank for the MSME sector with MSME outstanding loans at year-end amounted to Rp179.61 trillion. Considering the national MSME loan outstanding balance at Rp608.82 trillion, BRI's market share in 2013 reached 29.50%. This represented an increase of BRI's MSME loan market share from 28.08% the preceding year.

Marketing Communication

The mission of Marketing Communication activities is to create a strong brand for all BRI's products and services, which would aid marketing activities and forward the growth of BRI's products and services. Through optimum marketing communication, BRI seeks to create brand awareness as well as unique, appropriate, and relevant positioning of products and services across all segments to ensure the success of business expansion.

To achieve this mission, BRI designs a marketing communication strategy that applied continuously and aligned with the banking industry condition as well as business objectives. In 2013, marketing communication activiteis were also conducted to maintain and enhance the brand image of BRI's products and services, focusing on the activation program of BRI's banking solutions.

A marketing communication program for retail funding remained a key priority, considering its strategic role in safeguarding funding stability and price competitiveness. A special focus of the marketing communication program was also directed at micro, small, and medium businesses, as BRI's business pillars, to ensure continual awareness of the BRI brand.

In 2013, marketing communication programs reinforced awareness of BRI's business-to-business (B2B) services, applying an apt communication strategy with the business nature of the target market. BRI's e-banking activities were also included as one of its marketing communication priorities, in order to drive the increase of fee-based income composition.

Aside from awareness, the programs were also expected to generate new acquisitions from BRI's banking services. To ensure that the programs were suitable for different market characters, BRI's 18 Regional Offices conducted product and service promotions regionally. These programs were implemented in concert and cohesively to support BRI as the Biggest National Payment Gateway in coming years.

Activities

Marketing communication activities carried out during 2013 included the following product introduction and reinforcement programs:

1. **Brand**
   - Marketing communication campaign for brands with a signficant level of awareness was focused on activation
   - Themed campaign conducted for newly launched products and products that required awareness enhancement
2. **Products**
   - BRI launched new products and features: e-pay BRI, e-tax, Private Label credit card, and
   - prioritized products and services.
3. **Channel**
   - Strengthened BRI's channel presence in potential regions, both for conventional and e-channel
   - Optimized all BRI's channels as medium of education for both internal and external marketing initiatives, for products that generate fee-based income.

All of the programs were designed based on BRI brand architecture, brand life cycle, and the journey of BRI brand.

Marketing Communication Awards

The various marketing communication activities and their proven efficacy in improving service quality has received recognitions from third parties for several BRI brands, as follows:

- Savings BRI Britama Junio – 1st Rank in Junior Savings Category of Top Brand Index 2013 from Marketing Magazine
- Savings BRI Britama – 2nd Rank in Savings Category of Top Brand Index 2013 from Marketing Magazine
- BRI Time Deposit – 2nd Rank in Time Deposit Category of Top Brand Index 2013 from Marketing Magazine
- BUMN Marketing Award 2013 - Silver Winner BUMN Marketing Awards 2013 from BUMN Track Magazine.
- Products & Business Awards - Best Microfinance Business from The Asian Banker
- Top Brand Award 2013 - Call Centre category from Marketing Magazine & Frontier Consulting Group.
- Top Brand Award 2013 - Deposit Account category from Marketing Magazine & Frontier Consulting Group.
- Top Brand Award 2013 –ATM Card category from Marketing Magazine & Frontier Consulting Group.
- Indonesia Brand Champion Award 2013 – Bronze Brand Champion of Brand Equity for Conventional Banking category (Asset>IDR 75 Trillion) from MarkPlus
- Indonesia Brand Champion 2013 - Gold Brand Champion of Most Popular Brand for Conventional Banking category from Mark Plus Inc.
- 3rd Best Phone Banking Machine ranked by Infobank Magazine, in "Banking Service Excellence Award" held by MRI
- The Best Contact Center Indonesia 2013, Best Agent Inbound (Bronze) from ICCA

Marketing

Network Development

To bolster its presence in potential market and stay closer to target markets, BRI strived to expand, develop, and improve the quality of its operational network across the country. The execution of these endeavors was centered around customer satisfaction, as seen in, among others, enhancement of conventional and mobile banking networks as well as e-channels (ATM, EDC, CDM, Kiosk, and E-Buzz) and realized more operational efficiency and effectiveness.

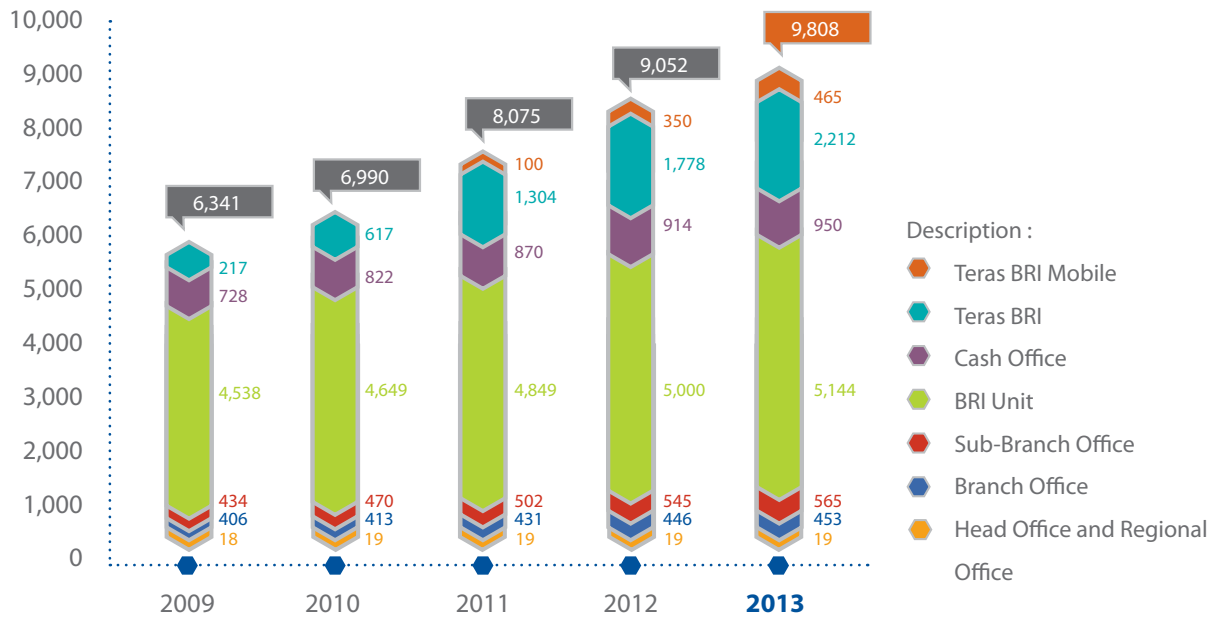
Network Expansion in 2013

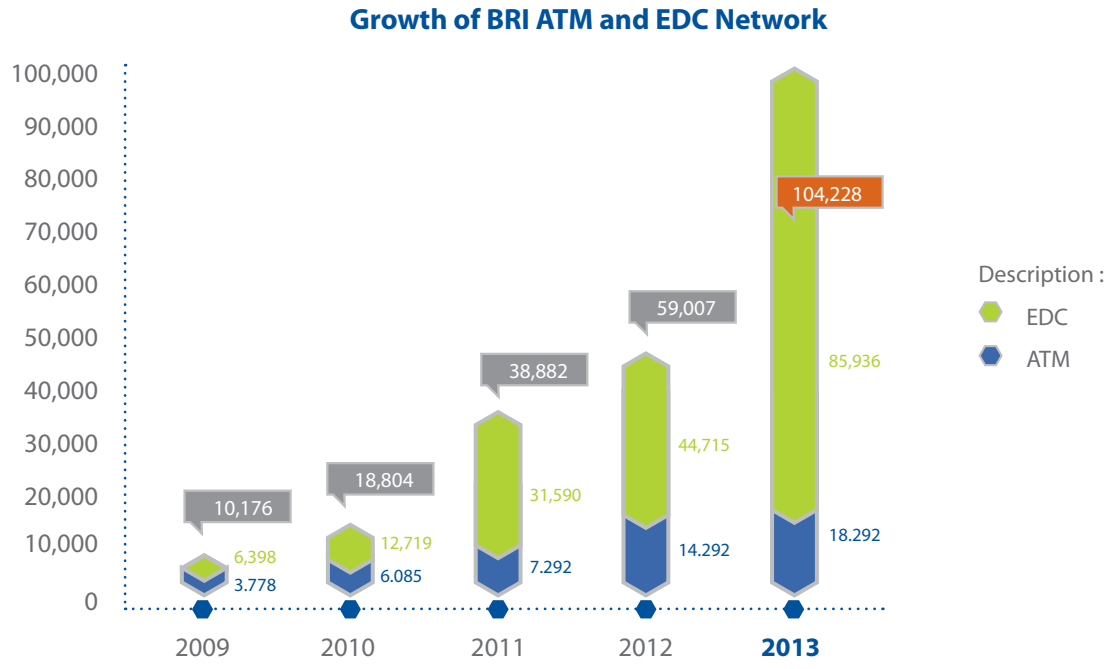
Network expansion of retail business in 2013 encompassed 7 new Branch Offices, 20 Sub-Branch Offices, and 36 Cash Offices. In 2013 the micro business welcomed 144 new BRI Unit offices. As of December 2013, BRI managed a total of 5,144 BRI Units.

Aside from BRI Unit, BRI has been fostering new network, Teras BRI and Teras BRI Mobile since 2009. At the onset of its development, Teras BRI was established in the heart of traditional markets and business centers, bringing the services closer to shop owners and traders in the market. Customers may save, apply for loans, or perform other banking trasactions without leaving their businesses. BRI has added 434 Teras BRI and 115 Teras BRI Mobile in 2013. In total, there are currently 2,212 Teras BRI and 465 Teras BRI Mobile.

The additions of outlets were not only coming from newly opened units, but also from improving status of several operating units. To reach potential customers who are located in remote areas, with poor inland infrastructure yet reachable via water, BRI will embark on the development of a Teras BRI on navigable vessels in 2014.

Growth of BRI's Conventional Network





During 2013, BRI has added 4,000 ATMs, 41, 221 EDC units, 100 CDMs, and 8 e-Buzz. As of the end of December 2013, BRI had 18,292 ATMs, 85,936 EDC units, 192 CDMs, and 100 KiosKs. To enhance mobility of access, BRI also has 50 mobile outlets, called e-Buzz.

With these new units, BRI's service network as of the end of 2013 comprised 9,808 operating units (including regional offices and head office) and 104,228 ATM network and BRI EDC (see also table "BRI Profile – Operational Network" and discussion under "Business Review – Consumer Business").

Aside from the physical network expansion, BRI also conducted various other programs in 2013 to optimize the function and quality of operating units:

- Enhanced customer convenience during transacting in conventional unit or e-channel
- Increased training frequency for employees of BRI Unit and Teras BRI, to ensure the provision of services effectiveness to micro customers.
- Opened Priority Lounge, Pension and Employee Loan Service Office, and Priority Service Center.
- Added e-channel: ATM, EDC, and SSPP (Self Service Passbook Printer) to achieve optimization, efficiency, and effectiveness of BRI e-channel network.
- Develop technology application to expedite loan process in BRI Unit, Teras BRI, and Teras BRI Mobile.

Quality Improvement

As part of the marketing strategy implementation that aims to improve customer satisfaction and loyalty, BRI continuously strives to improve service quality for customers in order to drive business growth over the long term. This is in line with BRI's vision to provide quick, accurate, secure, friendly, and convenient services to all customers, and to make BRI's services as the benchmark in the banking sector.

Strategic steps taken by BRI to enhance the quality of its services include, among others are defining service level agreement (SLA) and service rating for all BRI conventional networks. BRI also conducted Service Quality Campaign 1-96 program, targeting to be among the top 5 banks with the best services.

Denoting the success of service improvement initiatives, BRI Priority banking attained a Diamond rating in Service Quality Award from Caree – CCSL.

Marketing

Efforts to Enhance Customer Satisfaction

Aside from the foregoing strategic steps, BRI also carried out the following initiatives to develop service quality:

- One-gate system for customers' complaints and monitoring of complaint resolutions.
- Complaints can be easily lodged through "Call Center BRI" and measures will be taken to resolve the issues.
- Standardize services and conduct refreshing course on products and policies to improve customer satisfaction.
- Enhance service skill and service leadership by providing trainings for relevant employees in all Branch Offices in Indonesia.
- Select Center of Excellence in terms of Service Quality in each Regional Office
- Increase the role of response center, based on Service Level Agreement (SLA).
- Build skills and knowledge of help-desk operators by providing Service Quality training at minimum one time every year.

Service Quality Advancement

BRI consistently advances its service quality by defining service improvement targets and quality development strategy that covered aspects of HR, Processes, Premises, and Promotions.

Service Quality Award

Various intensive efforts initiated to improve service quality have received an appreciation and were acknowledged by independent parties. Based on Marketing Research Indonesia survey on 21 Banks in 2012/2013, BRI exhibited an improvement and score increase by 4.03 points, rising from 81.91 to 85.94, and its rank in 2012/2013 moved from RANK 5 to RANK 4.

In addition to MRI survey, BRI was also the recipient of the following service quality awards in 2013:

1.	The Best Agent Inbound (Bronze)	ICCA
2.	The Best Contact Center Indonesia 2013	ICCA
3.	3rd Best Phone Banking Machine	MRI

Customer Satisfaction Survey

To gain feedback on its service quality improvement, BRI regularly conducts customer perception surveys on the level of BRI's service quality, carried out by BRI's internal unit and by an independent third party. Internally, the survey is conducted at a minimum of two times every year by each conventional outlet in Indonesia, through which data collection is performed using an information technology system. Meanwhile, a survey conducted by an independent third party is conducted quarterly and presented with competitor comparison. The survey also differentiates from national and local level surveys, as well as distinguishing between Java and the outer islands. Both internal and independent surveys use sampling of respondents across all segments, with various educational, occupations, and age backgrounds.

The result of the independent and internal surveys shows that the level of BRI's customer satisfaction increases consistently in almost all indicators compared to several other banks. However, some notes of future improvements need to be taken, such as, in terms of service improvement and BRI's product features. The survey is used as a basis to enhance BRI's service quality, targeted to reflect the ideal customer satisfaction expectation toward banking services and to eventually secure BRI's customer loyalty.

Technology and Information System

Information Technology

BRI consistently develops and utilizes Technology and Information System (TIS) advancements to enhance the Bank's competitiveness and to provide trusted banking services as expected by customers. BRI is determined to use information technology support to ensure a consistent competitiveness, and efficiency in its banking solutions, as well as pose low operational risk.

The programs relating to information technology utilized to support BRI's operational activities are:

1. Implementation of Business Continuity and Disaster Recovery Plan to assure operational continuity, improve customers' trust, and mitigate operational risk arising from information technology failure.
2. Continuous monitoring of security system through Enterprise Monitoring System.
3. Regular implementation of Security Awareness Programme for all employees, to raise awareness on the secured utilization of BRI's information technology system.
4. Broaden the coverage of information technology security best practices in accordance with ISO27001:2005 and prevailing regulations from Bank Indonesia and the Government.

To further BRI's endeavors in becoming the leading commercial bank in Indonesia, BRI has formulated and started the gradual implementation of TIS since 2008. The program, Information Technology Strategic Plan (ITSP) BRI for the period 2008-2013, comprises several development phases:

> "BRI determines to utilize the latest information technology to improve service quality to be more competitive productive and efficient. Thus BRI have the ability to reduce operational risk and give substantial fee based income."

1. Wide availability of access channels with varied and integrated features.
2. Adoption of IT (Information Technology) leading-edge
3. Availability of real time and online data access.
4. Implementation of (near) zero downtime.
5. Use of multimedia and paperless technology.

The various IT development programs carried out in 2013 consistently adhered to ITIP roadmap as briefly described below.

Feature Development

The development of e-channnel application features is one of BRI's strategies to optimize the availability of infrastructure and act as a way to increase fee-based income. Throughout 2013, BRI added 137 new e-channel features, with the following details.

No.	Channel	e-channel features				
		2009	2010	2011	2012	2013
1	ATM	110	124	159	191	230
2	EDC	80	136	160	227	230
3	Mobile Banking	28	38	49	79	114

Information and Technology System

No.	Channel	e-channel features				
		2009	2010	2011	2012	2013
4	Cash Management	15	24	87	118	136
5	Phone Banking	33	33	33	3	3
6	Internet Banking	25	41	56	59	75
7	CDM	64	64	159	191	202
8	Kiosk	23	23	23	23	23
9	SSB (Self Service Banking)	0	0	0	25	31
10	BRILink	7	7	7	7	7
	TOTAL	385	490	733	923	1,060

IT Governance

During each phase of IT development and implementation carried out to support quality banking operations, BRI always abides by Bank Indonesia regulations concerning risk management in information technology utilization for Commercial Banks. To that end, the Bank has built BRI IT Architecture that forms an integral part of the 2008-2013 TISP.

IT Policy and Procedure

BRI has a set of policies and procedures to support corporate governance process, among others are:

1. Information Technology Strategic Plan (ITSP) 2008-2013
2. BRI Information Technology Architecture
3. Information System General Policy
4. BRI Information Technology System Security General Policy (KUTSI)
5. Implementation of Risk Management in the Utilization of Information Technology.
6. BRI Business Continuity Management (BCM)
7. Information Technology Equipment Standardization

IT-Based Management System Development

To support consistent and sound GCG implementation, BRI has developed a number of IT applications to assist the management in conducting monitoring activities as well as in decision-making. IT applications developed by the Bank among others are:

1. **MIS-Risk Management System**
   Information system application for risk management system covers, among others, applications to manage operational risk, credit risk, and market risk. Risk measurement tool and methodology are discussed under "Risk Management" chapter.

2. **Compliance Dashboard**
   Compliance Dashboard is developed to monitor BRI's compliance to regulations. The Dashboard also provides alerts for the Bank's executives during decision-making and policy formulation. Compliance Dashboard monitors, among others, Third Party Funds, Derivative, SID and LBU fine, NPL, CAR, Corporate Loan, Medium Loan, Retail Loan, Micro Loans, and so forth. Applications are continuously enhanced by development of new features.

3. **MIS-HR**
   BRI has also developed IT system for HR management. HR internal reporting and the overall HR management are now supported by adequate IT system (including IT security system) and competent staffs. Timely, accurate, comprehensive, and reliable information enables effective decision-making in the Bank.

4. **Star Web System**
   BRI's STAR Web System is utilized to perform online monitoring of the quality of service and operations. The System ensures easy data input of monitoring results, enabling accurate documentation of data, and allows operating units to quickly improve service and operational qualities.

5. **Audit Management Information System**
   BRI builds an Audit Management Information System with the purpose to improve quality and efficiency of Risk-Based Audit. The information technology infrastructure developed by Internal Audit unit among others are:

   a. Audit Management Information System that integrates all audit processes from annual audit planning, individual audit planning, individual audit execution, reporting, and documentation.
   b. BRIdeX application as an analysis tool to identify increase of risk indicators.
   c. Sustainable development of Electronic Data Center (PDE) for auditors.
      PDE handles centralized data processing used for audit activities. Results of data processing generated by PDE are available for all auditors in their respective audit region.
   d. Supporting System
      The system in this category handles various fields that do not directly related to audit process, such as: CSS (Customer Satisfaction Survey) to process survey results of auditee satisfaction after each audit process; and AER (Internal Audit Electronic Register) that handles inventory of IT infrastructures (hardware) available in each audit office.

6. **e-Procurement**
   E-Procurement application is an electronic/online procurement of goods and services, aiming to ensure transparent procurement processes. BRI's e-procurement application consists of 10 (ten) modules that includes:

   a. Budget Management
   b. User Management
   c. Vendor Management
   d. Request Management
   e. Procurement Management
   f. Bid Auction
   g. Bidding Winner Selection
   h. Contract Management
   i. Vendor Performance management
   j. Report

IT Development Plan 2014

The goal of IT development plan is to create an integrated one stop service, utilizing extensive channels and various products, by providing real time and online data access as well as reliable technology security.

HR Development in IT

Aside from developing programs, adding application features, and upgrading IT equipment, BRI also builds the competence of HR in IT. HR competence enhancement is carried out through various relevant trainings including in application, certification program, IT risk management, and programming courses to develop application features.

Center of Operations

Seamless operational banking transactions in 9,808 of BRI's outlets and over 100,000 e-channel that are connected real time online, requires the support of reliable and efficient operations center. To meet this particular need, BRI has an Operations Center that is capable to handle a multitude of different transactions and process millions of transactions per day with high complexity and massive customer database.

BRI's Center of Operations is responsible to process and monitor operational banking transactions through conventional and e-banking networks. To ensure the achievement of targets of having operation centers in accordance with international best practices in the banking sector, BRI has built and developed a fully centralized, fast, and low-risk operations system. The operations system also has an integrated monitoring and control system suitable to BRI's needs.

Business Process Improvement and Operations Efficiency

BRI undertakes business process improvement efforts to optimize the speed and accuracy of services that would ensure customer satisfaction. The program includes enhancement of internal business processes for all back office transactions and implementation of enterprise reconciliation.

Operations efficiency that has been intently pursued by BRI aims for cost reduction without overlooking inherent risks. The result of operational efficiency contributes to efforts to control BRI's operating expenses, in line with the spirit of green banking.

Outcome of the Enhancement Program

Implementation of business process enhancement has generated real results, as evident from increased transaction volume through various features of BRI.

Development of BRI's e-Banking Transactions

In 2013, the total e-banking transaction volume was 1,258.7 million transactions (an average of 3.5 million transactions per day), reflecting significant increase by 48.0% from the transaction volume in 2012. The increase of volume was consistent with increase of circulated cards that amounted to 19.4 million of active ATM/Debit cards in 2013. The largest volume of e-banking transactions came from Debit Card usage, amounting to 1,150.7 million transactions that were equal to Rp757.8 trillion by end of 2013, and grew by 45.8% from the volume in 2012.

Development of RTGS and Clearing Transactions

In 2013, BRI's incoming RTGS transactions reached transaction value of Rp6,076 trillion and transaction volume of 1.21 million transactions. The value of outgoing RTGS reached Rp6,099 trillion, from 1.35 million transactions.

Incoming Clearing Transactions (Incoming Debits) also experienced increase to Rp23.5 trillion from 704.1 thousand transactions, while the value of Outgoing Clearing Transactions (Outgoing Debit) reached Rp5.23 trillion. For Clearing Credit, total inward transactions amounted to Rp47.7 trillion, rose by 75.0% from 2012, with a total of 4.8 million transactions in 2013 while outward transactions reached Rp30.9 trillion and 24.7 million transactions.

Center of Operations

Development of Remittance Transaction

The total volume of incoming Remittance in 2013 reached 2.60 million transactions and total value of USD21.87 billion. Meanwhile, outgoing remittance transaction in 2013 reached 45.8 thousand transactions with total value of USD16.73 billion.

ISO 9001:2008 Certification (Quality Management System)

Activities of BRI's Center of Operations that support sound corporate governance have attained recognition of ISO 9001:2008 certification from LQRA (Lloyd's Quality Registration Assurance) certification agency, accredited by International Accreditation Body - UKAS (United Kingdom Accreditation Service) and the National Accreditation Committee, with the following scope:

- Provision of Payment System by RTGS, Clearing, and Remittance
- Provision of Card Centre Production and Complaint Handling Card Production, and
- Complaint-Handling processes

2014 Strategic Objectives

Entering 2014, BRI has prepared strategic plan relating to operational process to improve performance and services to customers through a number of programs, including:

- Apply ISO 9001:2008 certification for ATM Reconciliation Center and Center of Operations Reconciliation.
- Centralize Debit Draft
- Improve customers' sense of security when transacting with BRI by replacing some BRI Debit Cards with new cards equipped with chips.
- Improve competence, skill, and knowledge of employees.
- Build Automation System for all remittance transactions.

Fixed Asset Management and Procurement of Goods and Services

BRI aims to address challenges arising from business developments and network expansion by managing its assets efficiently whilst ensuring that the needs of all operating units are well met through optimum goods and services procurement.

The management of fixed assets and procurement of goods and services, including property, in BRI, abides to Good Corporate Governance (GCG) principles, which also supported by adequate information technology applications. With efficient, effective, and flexible management and procurement process, the Bank shall consistently meet its business growth momentum.

Meanwhile, to meet fixed assets and logistics needs optimally, the operating unit that carries out the management of said needs, as well as property procurement, continuously coordinates with operating unit that handles logistics needs order. Their coordination is supported by adequate information technology facility.

FAM and Goods and Services Procurement System Development

To optimize the function of fixed asset management and procurement of goods and services, in 2013 the Bank developed a system to ensure that goods and services procurement is conducted optimally, transparently, and efficiently.

The existing application can also assure that BRI's FAM as well as procurement of goods and services are accountable and accurate throughout the chain of the process from distribution, asset recognition, insurance, taxation, until release of asset.

The application systems are, among others:

1. MIS-FAM
   MIS-FAM manages BRI's fixed asset database in centralized manner.
2. PDCA System
   The system has Service Level Agreement (SLA) monitoring function, which defines standard process duration for procurement process in operation.
3. Archive Management System
   The system supports computerized procurement document archiving and management, and can be conveniently used to review past documents.
4. E-Auction System
   This system is used to automate best price proposal selection during procurement process, whether in direct appointment or bidding process.

Strategic Plan for FAM and Procurement of Goods and Services

To support FAM and procurement of goods and services for seamless operational activities, a strategic plan has been established for 2014, which includes:

1. Asset optimization
2. Acceleration of goods and services procurement processes
3. Standardization of goods and services
4. Development of goods and services procurement system to improve accuracy.
5. Improvement in goods and services quality.
6. Optimization of organization and business process as well as alignment of logistics policies.

Risk Management

Throughout the year of 2013, and to keep in the forefront in its field, BRI has developed its business through innovative products and services in a sustainable manner, as well as the expansion of outlet and e-channel. While BRI has also been exposed to dynamic business risks, the implementation of enterprise-wide risk management is more focused on value creation that align with the level of risk appetite.

Risk Management process is applied consistently in every business process and BRI daily operation activities as a key factor in achieving the predetermined performance targets; to be a sound, growing, and sustainable Bank.

Risk Management has an important role in improving the quality of internal bank management in two aspects: capital protection and optimization of risk and return relationship. With a vast scale of operations and business activities that continue to increase, BRI implemented an integrated risk management program to identify, measure, observe and control risk exposure throughout their business lines.

BRI's Risk Management is an independent function to the business and the audit functions. These three functions play active roles in implementing risk management with different authorities as the first line, second line and third line of defense. The applications of these concepts are consistently implemented to maintain independence in the decision-making process, to be impartial to all operational units.

Legal Basis for Risk Management

The implementation of BRI's risk management refers to Bank Indonesia's regulations, namely:

1. Bank Indonesia Regulation (PBI) No.5/8/PBI 2003 regarding the Implementation of Risk Management for Commercial Banks, with amendments in PBI No 11/25/PBI/2009
2. Bank Indonesia Circular Letter No. 5/21/DPNP regarding Implementation of Risk Management for Commercial Banks, with amendments in SE BI No 13/23/DPNP

Internally, BRI has released the BRI General Risk Management Policy that is stipulated in the Decision Letter No S.248-DIR/DMR/04/2009, along with sub-policies that regulate the application of Risk Management in BRI's Operating Units.

> BRI implemented an integrated risk management program to identify, measure, observe and control risk exposure throughout the business lines.
>
> The Enterprise-wide risk management is applied with the three lines of defense concept and supported with the General Risk Management Policy (KUMR) and periodic evaluation to improve the risk management efficacy.

Risk Management Organization Structure

BRI implemented an integrated enterprise-wide risk management framework to control the 8 risks that face the bank's business activities. The framework included implementation of the four pillars of risk management as stipulated in the PBI No.11/25/PBI/2009 regarding the application of risk management for commercial banks, including (1) active supervision by the Board of Commissioners and Board of Directors, (2) adequate policies, procedures, and limits, (3) risk management processes and risk management information systems, and (4) internal control systems. Application of the four pillars above are addressed as follows :

1. Active Supervision by the Board of Commissioners and Board of Directors

The Board of commissioners and directors are responsible for effective risk management at BRI. The Boards have to understand the risks faced by BRI and play an important role in supporting and overseeing the successful of implementation of risk management for all operating units.

The Board of Commissioners evaluate the risk management policy and implementation conducted by the Board of Directors. This evaluation is necessary to ensure that the Board of Directors' manage BRI's activities and risks are done effectively. In conducting their active supervision of BRI's risk management, the Board of Commissioners was assisted by the Risk Management Supervisory Committee (KPMR).

The Board of Directors determines the direction of the policy and a comprehensive risk management strategy along with its implementation. The Board of Directors also ensures that all material risks and its impacts have been managed, and that the remedial measures for any problems or irregularities in BRI's operations are implemented. The Board of Directors must also maintain the culture of risk management including risk awareness at all levels of the organization.

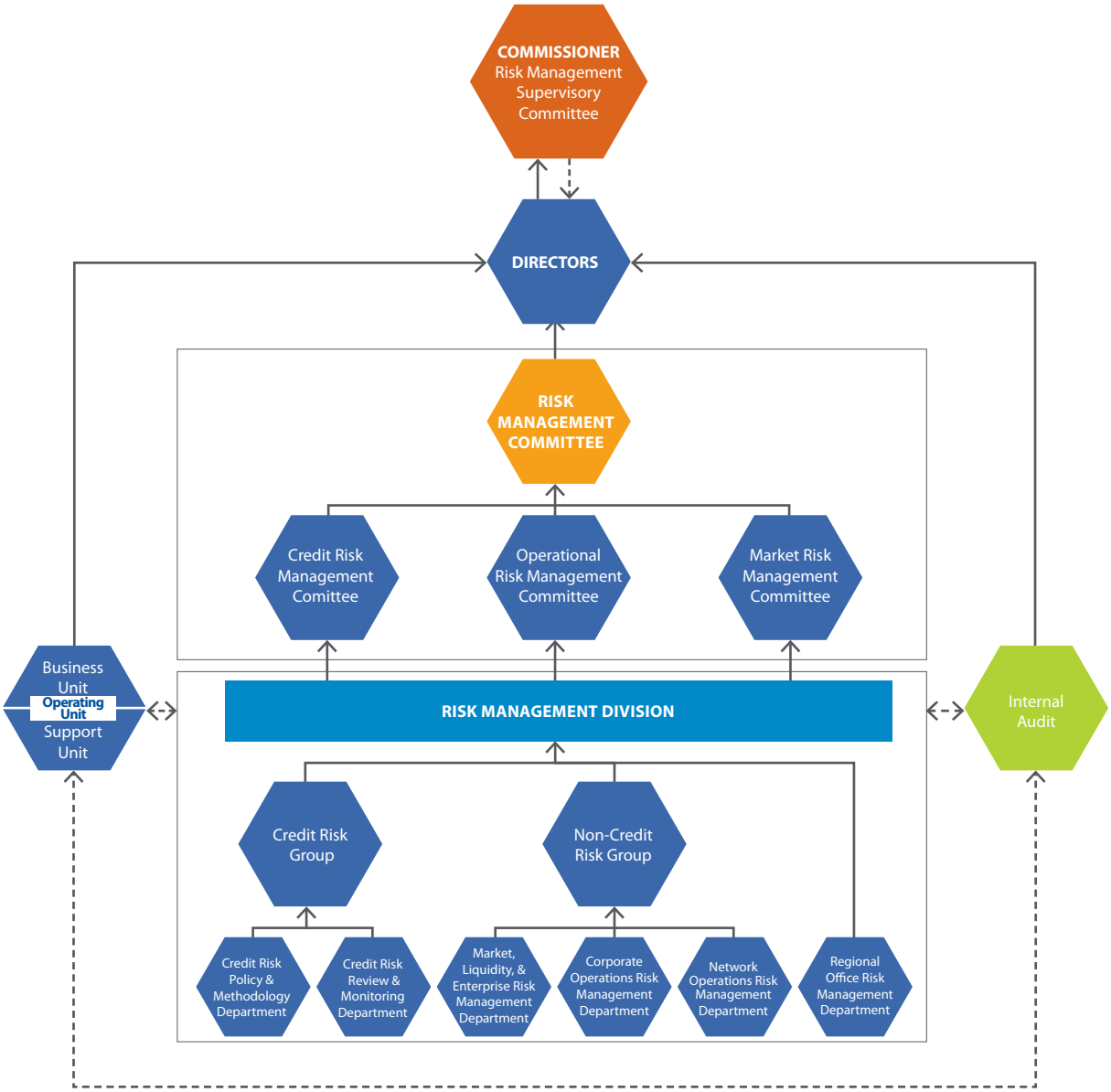
The Risk Management Committee (RMC) as the highest committee assisted BRI's Board of Directors in BRI's risk management system. The RMC is a non-structural entity

Risk Management

and independent of operating units in charge of providing recommendations to the President Director for policy formulation, improving the implementation of policies, evaluating the progress and condition of risk profiles, and providing suggestions and remedial measures. RMC is conducted periodically, at least once every three months.

To address issues that were specific to certain types of risk and required immediate decisions, the RMC also conducted restricted RMC meetings, also known as the sub-RMC meetings.There are 3 (three) types of sub-RMCs: the CRMC (Credit Risk Management Committee), the MRMC (Market Risk Management Committee) and the ORMC (Operational Risk Management Committee), which were set up to discuss issues related to credit risk, market risk, operational and other risks.

Under the supervision of Board of Directors, the BRI risk management structure consists of Operating Unit, Risk Management, and Internal Audit. The BRI Risk Management Organization Chart is as follows:



Description :
→ Responsibility and Authority managerial line
- - → Communication Line

2. Adequacy of Policies, Procedures and Limits

The General Risk Management Policy (KUMR) outlines the fundamentals of BRI's risk management policies and is the highest policy in managing the BRI's risk management activities. The General Risk Management Policy acts as a guide for establishing and implementing risk management policies according to the prevailing regulations.

The General Risk Management Policy is explained in detail in the Risk Management Implementation Code (P3MR). The Code outlines the phases of the risk management process, including risk identification, risk measurement, risk monitoring and risk control. The Risk Management Implementation Code (P3MR) consists of The Credit Risk Management Implementation Code (P3MRK), The Operational Risk Management Implementation Code (P3MRO), The Market Risk Management Implementation Code (P3MRP), and The Enterprise Risk Management Implementation Code (P3ERM).

Procedures and determination of risk limits for each type of risk were managed for all products and BRI business activities, according to the level of risk that was undertaken (risk appetite), considering the experience of managing the risk in question. The aforementioned limits were reviewed at regular intervals to adjust with changing conditions.

BRI's Board of Directors has been authorized to establish risk limits and risk tolerances for each type of risk exposure with respect to experience, capital adequacy, the capabilities of the systems and the risk management program, as well as any other provisions that may apply.

3. The Process of Risk Management And The Risk Management Information System

The process of risk management consists of:

a. Identification

Identification is achieved by analyzing all the types and characteristics of the risks inherent in each BRI business activity, including products and other services. The process of risk identification determines the scope and scale of measurement stages, monitoring and risk control. Risk identification is a proactive measure and this covers all business activities carried out at BRI, in order to analyze the sources and potential impacts of risk.

Identification of risk issues is undertaken at the level of the Head Office, Regional Offices, and Branch Offices across Indonesia by using Risk Management tools. Risk issues' development and updating are carried out at this stage.

b. Measurement

The risk measurement system is used to measure BRI's risk exposure as a reference for control. Risk measurement is performed regularly for products and portfolios, as well as for all BRI business activities. The approach and methodology of measurement procedures can be quantitative, qualitative or a combination of the two.

The measurement of risk is reflected in the quarterly Consolidated Risk Profile Statement, the monthly Dashboard of Risk Profile, the monthly report of Regional Office Risk Profile, the quarterly report of consolidated RCSA, the quarterly report of stress-testing analysis, the weekly report of potential loss, the monthly report of cash ratio monitoring, and the quarterly Top 50 Risks Issue.

c. Monitoring

Risk monitoring activities are conducted by evaluating risk exposure inherent in the entire portfolio of products and BRI business activities, as well as the effectiveness of risk management processes. Examples include evaluating limits, Key Risk Indicators, and the realization of the action plan created by Operating Units.

d. **Control**
Risk control is carried out by providing follow up on moderate and high risk which exceeds the limits, increasing control (tight supervision), adding capital to absorb potential losses and doing periodic internal audits. In addition, BRI also perform Products and New Activities Analysis.

Risk Management Information System
The Risk Management Information System is part of BRI Management Information System (BRI MIS) and is important in supporting the implementation and processes of identification, measurement, monitoring and risk control. Some of the risk management information systems implemented are the Operational Risk Assessor (OPRA), the Loan Approval System (LAS), and the Treasury and Market Risk System (GUAVA).

4. Risk Management Internal Control System

The overall organization's internal control is implemented through:

a. Determination of an organizational structure with a clear separation of functions between operating units (business units) and units that conduct risk control functions (risk management units).
b. Determination of an independent risk management unit that makes policies and methodologies for measuring risk, setting risk limits and making data/model validation.
c. Implementing the 'three lines of defense' concept.
d. All transactions of functional activities that have exposure to risk must be reviewed and monitored accordingly by each business unit.
e. Data validation is conducted by officers and the independent units of the operating units, at least once a month for all risks.
f. Regular audits are conducted by internal auditors to assess the implementation of risk management processes and the system of risk management for any functional activities with exposure to risk.
g. Implementation of the segregation of duties using the concepts of Maker, Checker, Signer (MCS) is adhered to all BRI operational activities.

Implementation of Risk Management Structure and System

The implementation of the aforementioned four foundations are, among others, conducted through these below functions:

1. Determining the Organization Structure and Functions of:
   a. Risk Management Steering Committee (KPMR) is a committee in the Board of Commissioners level, which duties are to provide assistance to the Commissioner in the monitoring function of policy and implementation of Risk Management conducted by the Board of Directors.
   b. The Risk Management Committee (RMC) is a committee that provides assistance to the Board of Directors in implementing Risk Management. Its members are all the members of the Board of Directors and appointed executives who hold positions one level below BRI's Board of Directors. RMC's duty is to discuss BRI's overall risk profile and risk strategy. RMC is conducted periodically, at least once in three months.
   c. Risk Management Unit is a unit with the authority and responsibility to run the risk management process and is an independent unit outside of Operating Unit and Internal Audit Unit.
   d. Risk Management function is a function/role that is run by appointed officials in each Operating Unit and is responsible for the implementation of the risk management process in the functional activity of each operating unit.
2. The formulation and implementation of the General Risk Management Policy as the highest regulation in risk management and the formulation of the The Risk Management Implementation Code (P3MR) in Credit, Operational, Market, and Integrated.
3. Implementation of risk limits and stress testing.
4. Determination of the tools and methodology for risk measurement, which consists of:
   (1). Tools: Risk and Control Self-Assessment, Key Risk Indicator, Incident Management, Risk Management Forum, and Maturity Level Assessment.

(2). Methodology: Basic Indicator Approach (BIA) and gradually into Standardized Approach (SA), and later into Advanced Measurement Approach (AMA).

b. Credit risk
   (1). Tools: Credit Risk Rating (CRR) and Credit Risk Scoring (CRS).
   (2). Methodology: Standardized Approach (SA) and gradually into Internal Rating Based Approach (IRBA).

c. Market risk
   (1). Tools: VaR, Sensitivity Analysis, Maturity Gap, Maximum Cash Outflow.
   (2). Methodology: Standardized Approach (SA) and ready to implement the Internal Model.

5. Development of risk management information systems including, Operational Risk Assesor (OPRA) for Operational Risks, Loan Approval System (LAS) for Credit Risks, and Treasury and Market Risk System (GUAVA) for Market Risk.
6. Increasing the effectiveness of the implementation of good corporate governance (GCG) and the Risk Management framework, through the implementation of the Risk Management Forum in each Operating Unit and the Risk Management Function attached to the designated officers in the Operating Unit. Addtitionally, there is a Regional Office Risk Management Group (MRK) in each regional office to provide guidance, monitoring, and verification to the implementation of the risk management process at the Regional Office.

Risk Management Program

Below is a list of BRI's work program and implementation of risk management throughout 2013:

1. Implementation of Credit Risk measurement with the automatic Standardized Approach (SA) and credit risk measurement simulation with Internal Rating Based Approach (IRBA) method.
2. Conducted policy and methodology review of Credit Risk Rating-Credit Risk Scoring (CRR-CRS), Credit Risk Modeling (PD, LGD and EAD) based on credit characteristics, MIS requirements and BRI's CRM system, as well as the simulation of risk-based pricing/risk premium with the CRR and CRS data for all business segments.
3. Performed credit risk stress test simulations to evaluate the impact of loss by reference to external conditions and macroeconomic conditions in 2013, among others: the devaluation of Rupiah and rising interest rates. Stress tests were conducted with a variety of scenarios, both historical and hypothetical, with attention to crises that have occurred.
4. Implement back testing to test the calculation model used, whether it is still valid and can describe the actual risk.
5. Conducted a review of quantitative requirements for the improvement of market risk (VaR) generated by the Treasury and Market Risk (GUAVA) application system, and the qualitative requirements review, in this case by placing competent staffs dedicated to Middle Office functions.
6. Applied transaction limits and market risk limits associated with internal models.
7. Monitored and controlled operational risks through information coming from Risk Management Forum and the OPRA. This device facilitates the implementation of an integrated MRO processes in preparation for the calculation of operational risk capital charge using the Advanced Measurement Approach (AMA)
8. Conducted risk management adequacy test for the proposal of new products or activities (PAB). Any new products or activities proposed by the initiating operating unit should be reviewed to ensure risk management on the new products or activities are adequate.
9. Applied anti-fraud strategy as part of the implementation of Risk Management in anticipation of fraud in BRI
10. Coordinated the implementation of Business Continuity Management (BCM) with relevant operating units such as trial on Switch Over DC-DRC, call tree and evacuation drill at high-risk BRI operating units.
11. Data and MIS fulfillment to support the implementation of Basel III
12. Information dissemination to increase awareness regarding the implementation of risk management to all operating unit as part of risk awareness culture.

Risk Management

Risks Identification

Risk management processes are consistently implemented to all bank business activities and day-to-day operations. A consistent risk management implementation is an important factor influencing BRI's success in achieving predetermined optimal performance targets for maintaining a sound bank with sustainable growth.

Risk factors that influence BRI's business strategy both directly and indirectly, as well as efforts to manage risks, are classified into the following eight categories:

Credit Risk

The implementation of credit risk management is done through BRI organizational structure that describes the involvement of all parties related to credit risk management (Board of Commissioners, Board of Directors, Risk Management Division, Operating Units and Internal Audit Unit). The Operating Unit comprises of Core Risk Taking Unit and Supporting Risk Taking Unit. BRI has a Credit Risk Management Committee (CRMC), which is the Sub-Risk Management Committee (RMC) that discusses issues related to credit risk exposures and the implementation of credit risk.

In order to manage credit risk, BRI has set some prudential banking principles that are reflected in its credit policy, credit quality assessment procedures, administration and credit approval process such as the separation of the functions of loan officers into the following categories: RM (Relationship Management) and CRM (Credit Risk Management), implementation of the "Four Eyes principles", implementation of a Risk Rating/Scoring System (CRR and CRS), the separation of non-performing loans, as well as the establishment of a healthy credit procedure through Segmentation and Targeting (PS), Criteria of Acceptable Risk (KRD) and Annual Marketing Plan (RPT).

Separation of the functions of RM and CRM is reflected in the separation of responsibility in managing current (performing) loan and the non-performing loans. For those reasons, BRI have separated divisions to handle those loans, so that the risk management in lending activity can be focused without disrupting business processes which oriented towards sound business growth. In addition, BRI implemented a compliance test process done by Compliance Directorate to ensure that precautionary principles were applied to the approval on loans above a certain size.

BRI has a policy related to concentrated credit risk management through the establishment of guidelines for credit risk limits. The guidelines are used to determine overall credit risk limitations in portfolio level or bank level for all BRI's products and activities with potential credit risks, with regard to the capital adequacy to absorb the risk arise or losses, and the volatility in loan exposure. Determination of risk limit is aimed to reduce the credit risk exposed by the concentration of loan disbursement.

BRI manage its credit risk by monitoring credit concentration and actual credit risk exposure in the portfolio, business segments and economic sectors related to credit risk limit and the target.

The measurement and control of credit risk has been implemented through borrower risk assessment using Internal Risk Ratings (Credit Risk Rating/Credit Risk Scoring) since 2001. The current internal Credit Risk Rating/Scoring used at BRI is based on empirical/historical data from the existing BRI borrowers by statistical methodology.

This internal rating is done periodically in order to review the accuracy of the models and assumptions used to project failure, and assumption adjustments will be done should there be any changes in external (regulator) or internal regulations. To overcome the disadvantages that may arise over the use of internal rating models, an independent unit has carried out validation on the unit applying the model. The validation process of the credit risk measurement models is conducted with the back testing method.

Currently, the CRR and CRS calculations are automated and integrated with business processes

through the application of the Loan Approval System (LAS). The LAS is designed to support the approval process and to ensure compliance to the authority delegation regulations.

Internal Rating (CRR) in BRI can be used to determine the interest rate charged for borrowers (Risk Based Pricing). This risk based pricing approach does allow price discrimination according to risk level (high risk-high return).

BRI also conducts periodic stress testing analysis using macroeconomic data and BRI internal data in various scenarios. The Credit Risk Management is done through a variety of risk control that is built-in the loan disbursement procedures since the beginning or loan initiation, supervising and monitoring, restructuring, until the settlement of non-performing loans.

The measurement of the minimum capital requirement to cover risk is performed according to BRI policy referring to the Standardized Approach of Basel II as required by Central Bank since January 2012. The calculation of credit risk is reflected in the Risk Weight Assets (RWA) which calculated on monthly basis which consist of the risk of borrower failure, the risk of counterparty failure and the risk of settlement failure. Parallel with this is the preparation and development of the methodology of Internal Based Rating Approach (IRBA).

Accounts Past Due Or With Decreased Value/Impaired

BRI sets its own definition for accounts that are past due and accounts experiencing decreased value. Accounts that are past due are all accounts that are more than 90 (ninety) days overdue, either for the payment of principle or interest.

All accounts may experience decreased value/impaired if they are in a condition where there is an objective evidence of loss as a result of one or more events that occurred after the initial acknowledgement of the loan, and the adverse events can impact future cash flows, financial assets or a group of financial assets which can be accurately estimated.

Objective evidence is any result of observation of the events that is a concern to BRI which will affect the borrowers' ability to pay in the future, so that it would adversely impair BRI's loan. If the decline in value is such that the credit value after impairment is less than the carrying value from the outset, a reserve for impairment losses (Allowance for Impairment) must be prepared to cover losses. Reserve of allowance for impairment loss is calculated from the amount of impairment loss on financial assets, whether evaluated individually or collectively.

The following table discloses BRI receivables based on portfolio category which was divided into region, the remaining term of the contract and the economic sector, for the bank individually and consolidated with its subsidiaries.

BRI has implemented prudential principles by segregating the credit officer functions, applying the Four Eyes Principle, implementing Risk Rating, separating non-performing loan management, determining Target Market and Acceptable Risk Criteria and Annual Marketing Planning in the credit risk management.

Risk Management

Disclosure of Net Receivables by Region - Bank Only

(in Million Rp)

No	Portofolio Category	31 December 2013							
		Net Receivables by Region							
		Jakarta	Central and Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Government Receivables	123.017.637	-	-	-	-	-	3.286.158	126.303.795
2	Public Sector Entity Receivables	55.478.362	2.271.153	7.202.327	401.033	3.608.948	3.530.874	-	72.492.697
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-	-	-
4	Banks Receivables	28.671.725	17.869	-	-	-	-	85.190	28.774.784
5	Mortgage Loan	21.951	130.162	19.358	40.074	22.557	42.424	-	276.526
6	Commercial Property Loan	571.802	909.301	31.847	113.366	147.693	152.826	-	1.926.835
7	Employee/Pensioners Loan	11.358.853	41.445.520	8.496.937	8.709.679	11.588.739	18.745.846	727	100.346.301
8	Micro Enterprise and Retail Portfolio Receivables	20.594.390	34.330.965	13.340.445	27.250.438	21.480.251	31.479.422	-	148.475.911
9	Corporate Receivables	69.892.901	10.339.514	3.353.452	6.861.716	10.383.736	13.821.256	955.738	115.608.313
10	Past Due Receivables	950.818	882.582	338.866	479.705	666.022	1.325.152	147	4.643.292
11	Other Assets	9.262.706	2.312.107	4.502.609	5.327.512	4.960.640	4.686.379	-	31.051.953
12	Exposures at Sharia Business Unit	-	-	-	-	-	-	-	-
	Total	**319.821.145**	**92.639.173**	**37.285.841**	**49.183.523**	**52.858.586**	**73.784.179**	**4.327.960**	**629.900.407**

Disclosure of Net Receivables by Region - Bank Only

(in Million Rp)

No	Portofolio Category	31 December 2012							
		Net Receivables by Region							
		Jakarta	Central and Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Government Receivables	149.940.931	-	-	-	-	-	1.213.431	151.154.363
2	Public Sector Entity Receivables	47.047.663	997.753	6.388.158	265.772	3.943.597	1.998.875	-	60.641.818
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-	-	-
4	Banks Receivables	25.532.052	19.392	-	-	-	-	48.188	25.599.632
5	Mortgage Loan	253.940	247.346	58.089	113.981	88.908	135.348	-	897.612
6	Commercial Property Loan	109.525	551.225	36.549	26.433	115.488	121.622	-	960.842
7	Employee/Pensioners Loan	9.166.298	34.078.351	7.361.636	7.542.409	10.223.946	15.431.823	576	83.805.039
8	Micro and Small Enterprise and Retail Portfolio Receivables	16.083.980	29.016.175	9.895.381	20.859.767	16.318.850	26.814.069	245	118.988.467
9	Corporate Receivables	45.359.160	9.811.126	2.130.016	5.441.212	9.042.363	11.427.074	445.540	83.656.491
10	Past Due Receivables	486.434	368.869	205.538	285.239	396.767	752.636	-	2.495.483
11	Other Assets	2.341.591	6.212.579	42.041	6.676.846	5.368.040	2.564.151	-	23.205.248
12	Exposures at Sharia Business Unit	-	-	-	-	-	-	-	-
	Total	**296.321.575**	**81.302.816**	**26.117.407**	**41.211.659**	**45.497.958**	**59.245.600**	**1.707.979**	**551.404.995**

Risk Management

Disclosure of Net Receivables by Region - Bank Consolidated with subsidiaries

(in million Rp)

No	Portfolio Category	31 December 2013							
		Net Receivables by Region							
		Jakarta	Central and Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Government Receivables	123.566.813	-	-	-	-	-	3.286.158	126.852.971
2	Public Sector Entity Receivables	55.510.512	2.271.153	7.202.327	401.033	3.608.948	3.580.707	-	72.574.680
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-	-	-
4	Banks Receivables	29.137.764	17.869	-	-	52.107	55.998	85.190	29.348.928
5	Mortgage Loan	30.006	139.164	21.930	41.456	24.702	95.396	-	352.654
6	Commercial Property Loan	571.802	909.487	31.847	113.366	147.693	199.412	-	1.973.607
7	Employee/Pensioners Loan	11.433.549	41.452.300	8.650.421	8.733.482	11.642.053	19.066.597	727	100.979.129
8	Microenterprises, Small Business, and Retail Portfolio Receivables	20.909.057	34.436.923	13.340.445	27.282.606	21.827.756	31.731.199	-	149.527.986
9	Corporate Receivables	71.775.516	10.378.071	3.388.266	6.954.495	10.383.986	13.961.207	955.738	117.797.279
10	Past Due Receivables	950.818	882.582	338.866	479.705	666.022	1.325.152	147	4.643.292
11	Other Assets	9.298.458	2.316.287	4.512.794	5.327.868	4.962.098	4.706.004	-	31.123.509
12	Exposures at Sharia Unit	7.109.118	1.869.908	3.213.382	1.676.268	1.403.279	2.346.148	-	17.618.103
	Total	**330.293.413**	**94.673.744**	**40.700.278**	**51.010.279**	**54.718.644**	**77.067.820**	**4.327.960**	**652.792.138**

Disclosure of Net Receivables by Region - Bank Consolidated with subsidiaries

(in million Rp)

No	Portfolio Category	31 December 2012							
		Net Receivables by Region							
		Jakarta	Central and Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Government Receivables	150.988.567	-	-	-	-	-	1.213.431	152.201.999
2	Public Sector Entity Receivables	47.063.728	997.753	6.388.158	265.772	3.943.597	2.105.940	-	60.764.948
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-	-	-
4	Banks Receivables	25.914.992	19.559	118	1.019	35.365	1.856	48.188	26.021.097
5	Mortgage Loan	254.550	251.597	59.769	114.565	91.140	176.702	-	948.324
6	Commercial Property Loan	109.525	551.225	36.549	26.433	117.124	132.335	-	973.191
7	Employee/Pensioners Loan	9.211.261	34.086.797	7.462.944	7.569.016	10.257.119	15.627.129	576	84.214.842
8	Microenterprises, Small Business, and Retail Portfolio Receivables	16.304.468	29.086.123	9.895.381	20.893.067	16.333.224	27.369.680	245	119.882.187
9	Corporate Receivables	46.062.770	9.811.126	2.146.866	5.451.117	9.224.616	11.559.640	445.540	84.701.675
10	Past Due Receivables	486.434	368.869	205.538	285.239	396.767	752.636	-	2.495.483
11	Other Assets	2.376.718	6.213.150	43.901	6.677.885	5.368.962	2.587.873	-	23.268.488
12	Exposures at Sharia Unit	6.665.301	1.229.885	2.336.517	1.345.593	1.056.574	1.694.567	-	14.328.437
	Total	**305.438.314**	**82.616.084**	**28.575.740**	**42.629.707**	**46.824.487**	**62.008.359**	**1.707.979**	**569.800.670**

Disclosure of Net Receivables by Remaining Contract Term - Bank Only

(in million Rp)

No	Portfolio Category	31 December 2013					
		Net Receivables by Remaining Contract Term					
		≤1 year	>1yr to 3yr	>3yr to 5yr	> 5 year	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Government Receivables	14.075.952	412.539	174.321	38.526.536	73.114.447	126.303.795
2	Public Sector Entity Receivables	20.936.788	5.400.009	7.188.676	31.034.623	7.932.601	72.492.697
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	15.303.830	2.763.077	501.032	4.709.439	5.497.406	28.774.784
5	Mortgage Loan	-	3.300	34.737	238.489	-	276.526
6	Commercial Property Loan	353	14.611	165.855	1.746.016	-	1.926.835
7	Employee/Pensioners Loan	112.953	4.343.181	20.805.208	75.084.232	727	100.346.301
8	Microenterprises, Small Business, and Retail Portfolio Receivables	18.972.685	73.766.325	27.175.665	27.737.723	823.513	148.475.911
9	Corporate Receivables	20.484.098	20.019.811	16.449.464	48.650.849	10.004.091	115.608.313
10	Past Due Receivables	340.916	1.254.099	1.034.301	2.013.976	-	4.643.292
11	Other Assets	-	-	-	-	31.051.953	31.051.953
12	Exposures at Sharia Unit	-	-	-	-	-	-
	TOTAL	90.227.575	107.976.952	73.529.259	229.741.883	128.424.738	629.900.407

Disclosure of Net Receivables by Remaining Contract Term - Bank Only

(in million Rp)

No	Portfolio Category	31 December 2012					
		Net Receivables by Remaining Contract Term					
		≤1 year	>1yr to 3yr	>3yr to 5yr	> 5 year	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Government Receivables	9.745.225	164.396	394.806	38.492.607	102.357.329	151.154.363
2	Public Sector Entity Receivables	15.457.768	3.533.803	8.463.648	23.456.065	9.730.534	60.641.818
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	6.398.207	914.748	199.586	1.285.746	16.801.345	25.599.632
5	Mortgage Loan	67	7.299	101.743	788.503	-	897.612
6	Commercial Property Loan	1.523	11.907	203.964	743.447	-	960.842
7	Employee/Pensioners Loan	98.484	4.082.410	20.407.648	59.215.921	576	83.805.039
8	Microenterprises, Small Business, and Retail Portfolio Receivables	15.011.853	56.464.981	22.158.895	24.680.565	672.174	118.988.467
9	Corporate Receivables	16.531.033	17.127.190	17.357.362	32.580.445	60.461	83.656.491
10	Past Due Receivables	185.673	802.917	672.432	834.460	-	2.495.483
11	Other Assets	-	-	-	-	23.205.248	23.205.248
12	Exposures at Sharia Unit	-	-	-	-	-	-
	TOTAL	63.429.833	83.109.653	69.960.084	182.077.760	152.827.665	551.404.995

Risk Management

Disclosure of Net Receivables by Remaining Contract Term - Bank Consolidated with subsidiaries

(in million Rp)

No	Portfolio Category	31 December 2013					
		Net Receivables by Remaining Contract Term					
		≤1 year	>yr to 3yr	>3yr to 5yr	> 5 year	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Government Receivables	14.625.128	412.539	174.321	38.526.536	73.114.448	126.852.972
2	Public Sector Entity Receivables	20.983.324	5.400.009	7.201.702	31.057.046	7.932.600	72.574.681
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	15.772.409	2.766.583	603.092	4.709.439	5.497.406	29.348.929
5	Mortgage Loan	40.743	10.991	43.331	257.590	-	352.655
6	Commercial Property Loan	19.463	23.545	178.755	1.751.844	-	1.973.607
7	Employee/Pensioners Loan	143.641	4.538.247	21.090.358	75.206.157	727	100.979.130
8	Microenterprises, Small Business, and Retail Portfolio Receivables	19.590.940	73.903.032	27.345.318	27.865.186	823.513	149.527.989
9	Corporate Receivables	21.548.115	20.719.004	16.587.692	48.938.378	10.004.091	117.797.280
10	Past Due Receivables	340.916	1.254.099	1.034.301	2.013.976	-	4.643.292
11	Other Assets	71.556	-	-	-	31.051.953	31.123.509
12	Exposures at Sharia Unit	5.126.088	3.672.287	4.099.937	3.365.018	1.354.773	17.618.103
	TOTAL	**98.262.323**	**112.700.336**	**78.358.807**	**233.691.170**	**129.779.511**	**652.792.147**

Disclosure of Net Receivables by Remaining Contract Term - Bank Consolidated with subsidiaries

(in million Rp)

No	Portfolio Category	31 December 2012					
		Net Receivables by Remaining Contract Term					
		≤1 year	>yr to 3yr	>3yr to 5yr	> 5 year	Non-Contractual	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Government Receivables	10.792.861	164.396	394.806	38.492.607	102.357.329	152.201.999
2	Public Sector Entity Receivables	15.507.294	3.565.170	8.479.713	23.482.237	9.730.534	60.764.948
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	6.783.599	942.550	207.857	1.285.746	16.801.345	26.021.097
5	Mortgage Loan	34.498	13.421	106.743	793.662	-	948.324
6	Commercial Property Loan	9.531	13.706	205.926	744.027	-	973.191
7	Employee/Pensioners Loan	115.693	4.200.309	20.624.603	59.273.660	576	84.214.841
8	Microenterprises, Small Business, and Retail Portfolio Receivables	15.310.088	56.656.464	22.402.708	24.840.754	672.174	119.882.188
9	Corporate Receivables	16.937.736	17.545.775	17.489.655	32.668.049	60.461	84.701.676
10	Past Due Receivables	185.673	802.917	672.432	834.460	-	2.495.483
11	Other Assets	63.240	-	-	-	23.205.248	23.268.487
12	Exposures at Sharia Unit	3.298.957	2.055.420	1.312.688	7.661.372	-	14.328.437
	TOTAL	**69.039.170**	**85.960.130**	**71.897.131**	**190.076.574**	**152.827.665**	**569.800.670**

Risk Management

Disclosure of Net Receivables by Economic Sectors - Bank Only

(in million Rp)

No.	Economy Sectors	Government Receivables	Public Sector Entity Receivables	Claims On Multilateral Development Banks And Securities	Banks Receivables
(1)	(2)	(3)	(4)	(5)	(6)
	31 December 2013				
1	Agriculture, Hunting and Forestry	-	5.224.676	-	-
2	Fishery	-	-	-	-
3	Mining and Excavation	-	2.426.681	-	663.775
4	Manufacturing	-	18.198.859	-	3.860.830
5	Electricity, Gas and Water	-	11.580.188	-	24
6	Construction	-	3.446.490	-	26.156
7	Wholesale and Retail Trading	-	10.613.440	-	85.736
8	Accommodation and Food and Beverage	-	-	-	14.071
9	Transportation, Warehouse and Communication	-	7.166.479	-	2.139
10	Financial Brokerage	94.391.704	4.085.108	-	16.952.333
11	Real Estate, Leasing and Corporate Services	-	728.962	-	19.928
12	Public Administration, Defense, and Compulsory Social Security	3.286.264	-	-	-
13	Education Services	-	-	-	-
14	Health and Social Services	-	-	-	-
15	Public, Socio-culture, Entertainment and other Personal Services	-	6.177.187	-	-
16	Personal services for household	-	-	-	-
17	International institution and other international extra agencies	14.843.976	2.394.542	-	530.475
18	Undefined Activities	541.438	213.674	-	577.810
19	Non-Business Activity	10.214	-	-	2.959.879
20	Others	13.230.199	236.411	-	3.081.628
	Total	**126.303.795**	**72.492.697**	**-**	**28.774.784**

Mortgage Loans	Commercial Property Loans	Employee/ Pensioner Loans	Claims On Micro And Small Enterprise, And Retail Portfolio	Corporate Receivables	Past Due Loans	Other Assets	Sharia Exposure (If Any)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
116	926	46.770	17.585.381	13.992.876	290.811	-	-
-	-	4.652	1.542.929	263.135	27.077	-	-
-	-	720	237.048	3.008.407	30.077	-	-
520	-	5.677	3.878.606	29.746.185	143.934	-	-
-	-	1.496	124.907	2.000.195	4.392	-	-
281	-	24.755	965.608	7.199.366	344.434	-	-
7.248	-	47.979	83.270.390	38.863.630	2.476.618	-	-
74	1.849.606	5.036	1.193.333	534.129	26.634	-	-
106	53.796	6.641	1.722.805	3.157.253	77.418	-	-
-	-	6.896	127.667	179.661	1.449	-	-
75.660	22.507	41.549	3.515.871	3.204.841	199.548	-	-
-	-	235.314	54.684	65.551	2.380	-	-
-	-	343.742	188.592	141.125	4.634	-	-
767	-	61.563	569.001	539.861	28.718	-	-
977	-	196.141	5.245.676	1.366.115	41.860	-	-
-	-	4.181	1.044.560	29.355	4.704	-	-
16.435	-	43.108.553	16.723.525	6.933.994	709.452	-	-
174.342	-	56.204.636	10.481.669	2.592.211	229.152	-	-
-	-	-	709	1.784.503	-	-	-
-	-	-	2.950	5.920	-	31.051.953	-
276.526	**1.926.835**	**100.346.301**	**148.475.911**	**115.608.313**	**4.643.292**	**31.051.953**	**-**

Risk Management

Disclosure of Net Receivables by Economic Sectors - Bank Only

(in million Rp)

No.	Economy Sectors	Government Receivables	Public Sector Entity Receivables	Claims On Multilateral Development Banks And Securities	Banks Receivables
(1)	(2)	(3)	(4)	(5)	(6)
	31 December 2012				
1	Agriculture, Hunting and Forestry	-	6.922.468	-	-
2	Fishery	-	-	-	-
3	Mining and Excavation	-	2.238.220	-	-
4	Manufacturing	-	17.202.468	-	-
5	Electricity, Gas and Water	-	10.904.668	-	-
6	Construction	-	3.316.216	-	-
7	Wholesale and Retail Trading	101.275	699.630	-	-
8	Accommodation and Food and Beverage	-	-	-	-
9	Transportation, Warehouse and Communication	-	5.967.591	-	-
10	Financial Brokerage	132.771.913	4.601.737	-	25.599.631
11	Real Estate, Leasing and Corporate Services	-	4.891.847	-	-
12	Public Administration, Defense, and Compulsory Social Security	27	-	-	-
13	Education Services	-	-	-	-
14	Health and Social Services	-	-	-	-
15	Public, Socio-culture, Entertainment and other Personal Services	-	564.752	-	-
16	Personal services for household	-	-	-	-
17	International institution and other international extra agencies	-	-	-	-
18	Undefined Activities	18.281.148	3.332.219	-	-
19	Non-Business Activity	-	-	-	-
20	Others	-	-	-	-
	Total	**151.154.363**	**60.641.818**	**-**	**25.599.631**

Mortgage Loans	Commercial Property Loans	Employee/ Pensioner Loans	Claims On Micro And Small Enterprise, And Retail Portfolio	Corporate Receivables	Past Due Loans	Other Assets	Sharia Exposure (If Any)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
-	1.029	28.800	12.335.457	11.188.698	66.522	-	-
-	-	1.088	1.110.494	179.797	11.217	-	-
337	-	173	149.521	2.899.476	19.136	-	-
904	-	6.352	2.520.535	21.127.750	90.791	-	-
-	-	2.350	72.240	738.153	2.880	-	-
-	-	38.903	876.020	5.724.403	85.568	-	-
7.897	-	40.388	62.084.235	24.563.633	1.983.886	-	-
446	914.073	1.156	654.544	392.379	15.901	-	-
170	16.061	9.406	962.580	2.101.510	32.763	-	-
-	-	-	-	-	-	-	-
20.840	29.679	69.634	4.191.578	2.859.632	73.935	-	-
234	-	135.319	69.311	51.673	1.317	-	-
671	-	479.483	198.872	78.053	1.989	-	-
2.652	-	68.935	372.964	406.329	3.860	-	-
-	-	10.883	1.728.244	676.406	3.755	-	-
-	-	566	316.346	8.599	-	-	-
-	-	-	46	-	-	-	-
15.350	-	71.567.214	25.993.260	9.896.369	97.605	-	-
848.110	-	11.344.389	5.352.222	763.632	4.360	-	-
-	-	-	-	-	-	23.205.248	-
897.612	**960.842**	**83.805.039**	**118.988.467**	**83.656.492**	**2.495.484**	**23.205.248**	**-**

Risk Management

Disclosure of Net Receivables by Economic Sector- Bank Consolidated with subsidiaries

(in million Rp)

No.	Economy Sectors	Government Receivables	Public Sector Entity Receivables	Claims On Multilateral Development Banks And Securities	Banks Receivables
(1)	(2)	(3)	(4)	(5)	(6)
	31 December 2013				
1	Agriculture, Hunting and Forestry	-	5.287.534	-	-
2	Fishery	-	-	-	-
3	Mining and Excavation	-	2.426.681	-	663.775
4	Manufacturing	-	18.198.859	-	3.860.830
5	Electricity, Gas and Water	-	11.580.188	-	24
6	Construction	-	3.446.490	-	26.156
7	Wholesale and Retail Trading	-	10.613.440	-	85.736
8	Accommodation and Food and Beverage	-	-	-	14.071
9	Transportation, Warehouse and Communication	-	7.166.479	-	2.139
10	Financial Brokerage	94.391.704	4.085.108	-	17.008.727
11	Real Estate, Leasing and Corporate Services	-	728.962	-	72.035
12	Public Administration, Defense, and Compulsory Social Security	3.286.264	-	-	-
13	Education Services	-	-	-	-
14	Health and Social Services	-	-	-	-
15	Public, Socio-culture, Entertainment and other Personal Services	-	6.177.187	-	-
16	Personal services for household	-	-	-	-
17	International institution and other international extra agencies	14.843.976	2.394.542	-	530.475
18	Undefined Activities	541.438	213.674	-	578.800
19	Non-Business Activity	10.214	-	-	2.959.879
20	Others	13.779.375	255.537	-	3.546.281
	Total	**126.852.971**	**72.574.681**	**-**	**29.348.928**

Mortgage Loans	Commercial Property Loans	Employee/ Pensioner Loans	Claims On Micro And Small Enterprise, And Retail Portfolio	Corporate Receivables	Past Due Loans	Other Assets	Sharia Exposure (If Any)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
6.932	33.947	83.644	17.879.672	14.391.762	290.811	-	217.238
678	664	4.791	1.544.702	263.135	27.077	-	45.987
177	221	720	237.494	3.008.407	30.077	-	115.326
2.545	314	7.330	4.058.473	30.067.833	143.934	-	1.555.500
-	-	1.496	124.907	2.000.195	4.392	-	58.538
1.338	-	61.838	993.654	7.294.703	344.434	-	580.609
41.612	4.980	49.459	83.587.260	39.061.809	2.476.618	-	2.465.631
184	1.849.606	5.036	1.199.798	570.455	26.634	-	152.586
355	53.796	6.679	1.745.397	3.264.983	77.418	-	728.609
-	-	6.896	132.126	675.274	1.449	-	4.934.702
87.852	29.553	49.088	3.569.004	3.225.361	199.548	-	256.852
-	-	235.314	54.684	65.551	2.380	-	73.715
-	-	343.742	188.592	141.125	4.634	-	77.949
767	387	61.563	569.855	539.861	28.718	-	14.304
1.111	-	196.898	5.340.275	1.366.115	41.860	-	62.814
497	-	4.181	1.044.650	29.355	4.704	-	-
16.435	-	43.108.553	16.723.525	6.933.994	709.452	-	-
192.172	139	56.751.902	10.530.262	2.775.334	229.152	-	1.520.828
-	-	-	709	1.784.503	-	-	-
-	-	-	2.950	337.525	-	31.123.509	4.756.915
352.655	**1.973.607**	**100.979.130**	**149.527.989**	**117.797.280**	**4.643.292**	**31.123.509**	**17.618.103**

Risk Management

Disclosure of Net Receivables by Economic Sector- Bank Consolidated with subsidiaries

(in million Rp)

No.	Economy Sectors	Government Receivables	Public Sector Entity Receivables	Claims On Multilateral Development Banks And Securities	Banks Receivables
(1)	(2)	(3)	(4)	(5)	(6)
	31 December 2012				
1	Agriculture, Hunting and Forestry	-	7.045.598	-	-
2	Fishery	-	-	-	-
3	Mining and Excavation	-	2.238.220	-	-
4	Manufacturing	-	17.202.468	-	-
5	Electricity, Gas and Water	-	10.904.668	-	-
6	Construction	-	3.316.216	-	-
7	Wholesale and Retail Trading	101.275	699.630	-	-
8	Accommodation and Food and Beverage	-	-	-	-
9	Transportation, Warehouse and Communication	-	5.967.591	-	-
10	Financial Brokerage	132.771.913	4.601.737	-	25.601.880
11	Real Estate, Leasing and Corporate Services	-	4.891.847	-	34.592
12	Public Administration, Defense, and Compulsory Social Security	27	-	-	-
13	Education Services	-	-	-	-
14	Health and Social Services	-	-	-	-
15	Public, Socio-culture, Entertainment and other Personal Services	-	564.752	-	1.297
16	Personal services for household	-	-	-	-
17	International institution and other international extra agencies	-	-	-	-
18	Undefined Activities	18.281.148	3.332.219	-	-
19	Non-Business Activity	-	-	-	-
20	Others	1.047.636	-	-	383.327
	Total	**152.201.999**	**60.764.948**	**-**	**26.021.096**

Mortgage Loans	Commercial Property Loans	Employee/ Pensioner Loans	Claims On Micro And Small Enterprise, And Retail Portfolio	Corporate Receivables	Past Due Loans	Other Assets	Sharia Exposure (If Any)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
3.516	3.929	35.761	12.767.478	11.305.321	66.522	-	65.860
871	723	1.276	1.111.129	179.797	11.217	-	-
337	-	173	149.969	2.899.476	19.136	-	53.464
1.903	358	8.160	2.535.273	21.309.146	90.791	-	591.731
-	-	2.350	72.240	738.153	2.880	-	1.895
925	-	39.587	891.151	5.840.486	85.568	-	56.020
41.858	6.827	40.417	62.156.743	24.730.935	1.983.886	-	151.699
591	914.073	1.156	654.963	411.100	15.901	-	-
564	16.061	9.493	974.976	2.140.352	32.763	-	51.641
-	-	-	9.285	262.897	0	-	3.808.422
24.129	30.642	73.206	4.199.102	2.876.482	73.935	-	1.633
234	-	135.319	69.311	51.673	1.317	-	2.385.600
671	-	479.483	198.899	78.053	1.989	-	-
2.652	462	68.935	373.552	406.329	3.860	-	-
98	-	10.973	1.887.865	676.748	3.755	-	-
-	-	566	316.346	8.599	-	-	-
-	-	-	46	-	-	-	-
21.864	115	71.963.598	26.161.637	9.944.954	97.605	-	-
848.110	-	11.344.389	5.352.222	763.632	4.360	-	-
-	-	-	-	77.543	-	23.268.489	7.160.472
948.323	**973.191**	**84.214.842**	**119.882.187**	**84.701.676**	**2.495.484**	**23.268.489**	**14.328.437**

Risk Management

Approach Used to Determine Allowance for Impairment Losses (CKPN)

The approaches that BRI used to determine the type of Credit Risk assessment on Loan, whether individually or collectively, are explained below:

1. Individual Impairment
   - Loans that individually has a significant value, with objective evidence of impairment
   - Restructured loans that individually has significant value
2. Collective Impairment
   - Loans that individually has a significant value, without objective evidence of impairment
   - Loans that individually has no significant value
   - Restructured loans that individually has no significant value

Impairment Losses (CKPN) Calculation Methodology

BRI's Methodology of Impairment Losses (CKPN) Calculation are as follows :

1. Individual Impairment:
   - Discounted Cash Flow
     Conducted by estimating the recoverable amount based on the identification of future cash flows and the estimated present value of those cash flows. Impairment loss is calculated by comparing the carrying amount of financial assets with cash flows discounted by a factor based on the effective interest rate of the financial assets.
   - Fair Value of Collateral
     The measurement of impaired financial assets reflecting the fair value of the collateral. The collateral is not recognized as a separate asset from the impaired financial asset.
2. Collective Impairment
   Determination of the historical loss rate is calculated using statistical methods based on internal loan grades by considering the following factors :
   - Probability of Default (PD)
     The probability that debtors will fail to fulfill their obligations, as measured by the traditional Roll Rate Method (using age data for delinquent financial assets), Migration Analysis (using an internal rating system and calculated by analyzing the migration of the level of outstanding financial assets from the highest grade to the lowest grade)
   - Loss Given Default (LGD)
     The level of loss caused by debtors' failure in fulfilling their obligations.

   The following tables disclose billing and provisioning by regions and economic sectors for the Bank, individually and consolidated with subsidiaries.

Disclosure of Receivables and Loan-Loss Provisions by Region – Bank Only

(in million Rp)

No	Data	31 December 2013							
		Region							
		Jakarta	Central & Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivable	321.757.132	93.403.193	37.626.672	49.784.691	53.623.597	75.201.545	3.593.993	634.990.823
2	Impaired Assets	5.516.629	1.511.236	771.546	709.391	1.778.686	2.473.594	184	12.761.266
	a. Current	4.395.037	210.373	343.232	46.477	800.003	311.648	-	6.106.770
	b. Past Due	1.121.592	1.300.863	428.314	662.914	978.683	2.161.946	184	6.654.496
3	Individual Impairment Provision	945.141	123.292	148.500	50.558	479.219	601.179	-	2.347.889
4	Collective Impairment Provision	2.478.709	3.196.043	1.005.144	1.780.949	1.563.583	2.700.046	36	12.724.510
5	Write-off	908.306.00	986.159.00	315.852.00	505.222.00	576.170.00	1.002.798.00	-	4.294.507

Disclosure of Receivables and Loan-Loss Provisions by Region – Bank Only

(in million Rp)

No	Data	31 December 2012							
		Region							
		Jakarta	Central & Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivable	298.883.048	83.048.980	26.798.435	42.322.661	46.591.471	61.395.949	1.161.563	560.202.107
2	Impaired Assets	4.834.689	1.294.258	715.382	739.476	1.469.742	2.197.227	25	11.250.799
	a. Current	3.585.389	183.352	291.203	63.592	628.830	294.569	-	5.046.935
	b. Past Due	1.249.300	1.110.906	424.179	675.884	840.912	1.902.658	25	6.203.864
3	Individual Impairment Provision	2.004.560	100.504	153.382	81.720	444.316	590.078		3.374.560
4	Collective Impairment Provision	1.891.294	2.702.473	963.653	1.649.896	1.364.449	2.610.287	27.313	11.209.365
5	Write-off	916.636.00	955.319.00	405.992.00	563.686.00	630.801.00	946.332.00	-	4.418.766

Risk Management

Disclosure of Receivables and Loan-Loss Provisions by Region - Bank Consolidated with Subsidiaries

(in million Rp)

No	Data	31 December 2013							
		Region							
		Jakarta	Central & Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivable	330.865.936	95.374.650	41.038.403	51.556.877	55.458.477	78.408.352	3.593.993	656.296.688
2	Impaired Assets	-	-	-	-	-	-	-	-
	a. Current	4.531.340	244.106	569.706	64.520	838.373	379.829	-	6.627.874
	b. Past Due	1.144.022	1.310.646	445.012	668.912	995.541	2.264.601	184	6.828.918
3	Individual Impairment Provision	956.166	123.292	148.500	50.558	479.219	630.202	-	2.387.937
4	Collective Impairment Provision	2.565.327	3.222.962	1.071.171	1.803.233	1.593.637	2.773.793	36	13.030.159
5	Write-off	912.078	987.537	316.479	505.502	576.610	1.024.713	-	4.322.919

Disclosure of Receivables and Loan-Loss Provisions by Region - Bank Consolidated with Subsidiaries

(in million Rp)

No	Data	31 December 2012							
		Region							
		Jakarta	Central & Eastern Indonesia	West Java	Central Java & DIY	East Java	Sumatera	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Receivable	306.507.897	84.367.531	29.280.616	43.743.213	47.906.976	64.057.004	1.161.563	577.024.800
2	Impaired Assets	-	-	-	-	-	-	-	-
	a. Current	3.587.362	183.352	291.428	63.811	628.878	348.297	-	5.103.128
	b. Past Due	1.441.763	1.133.683	480.978	691.303	880.718	2.004.144	25	6.632.614
3	Individual Impairment Provision	2.016.802	100.504	153.382	81.720	444.316	606.590	-	3.403.314
4	Collective Impairment Provision	1.977.795	2.722.583	1.017.783	1.672.421	1.399.038	2.694.618	27.313	11.511.551
5	Write-off	945.853	955.481	406.928	563.744	630.961	946.452	-	4.449.419

Disclosure of Receivables and Loan-Loss Provisions by Economic Sectors - Bank Only

(in million Rp)

No	Economy Sectors	Receivable	Type of Receivables		Individual Specific Provision	Porfolio Impairment Provision	Write-Off
			Current	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	31 December 2013						
1	Agriculture, Hunting and Forestry	37.509.151	82.214	569.489	143.871	1.400.828	373.097
2	Fishery	1.856.658	-	37.304	-	73.484	25.411
3	Mining and Excavation	6.390.112	13.770	39.486	15.566	209.105	7.265
4	Manufacturing	56.672.745	712.040	595.427	767.247	754.851	109.964
5	Electricity, Gas and Water	13.726.749	21.431	4.742	10.932	230.965	1.314
6	Construction	12.413.871	1.237.662	254.664	401.617	210.362	58.387
7	Wholesale and Retail Trading	137.265.120	1.932.763	3.407.033	542.295	5.645.443	3.105.460
8	Accommodation and Food and Beverage	3.683.955	89.290	58.904	55.673	110.677	19.082
9	Transportation, Warehouse and Communication	12.352.025	1.103.345	151.120	163.853	266.999	30.590
10	Financial Brokerage	115.768.017	211.674	763	23.401	76.270	2.101
11	Real Estate, Leasing and Corporate Services	8.072.087	539.102	217.327	209.667	297.199	129.072
12	Public Administration, Defense, and Compulsory Social Security	3.645.352	-	1.025	-	3.284	1.927
13	Education Services	682.708	-	2.950	-	6.863	3.627
14	Health and Social Services	1.211.693	33.809	9.556	4.536	33.138	6.074
15	Public, Socio-culture, Entertainment and other Personal Services	13.094.096	121.268	58.546	6.273	351.751	49.315
16	Personal services for household	1.099.459	8.402	7.124	2.958	68.768	5.846
17	International institution and other international extra agencies	85.260.952	-	-	-	-	
18	Undefined Activities	71.792.658	-	23.341	-	-	111.581
19	Non-Business Activity	4.884.354	-	1.215.695	-	2.885.721	254.394
20	Others	47.609.061	-	-	-	98802	
	Total	**634.990.823**	**6.106.770**	**6.654.496**	**2.347.889**	**12.724.510**	**4.294.507**

Risk Management

Disclosure of Receivables and Loan-Loss Provisions by Economic Sectors - Bank Only

(in million Rp)

No	Economy Sectors	Receivable	Type of Receivables		Individual Specific Provision	Porfolio Impairment Provision	Write-Off
			Current	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	31 December 2012						
1	Agriculture, Hunting and Forestry	31.161.976	46.506	443.559	185.924	1.210.222	330.783
2	Fishery	1.326.643	-	22.900	-	42.838	18.358
3	Mining and Excavation	5.366.485	8.376	75.705	44.786	102.662	3.845
4	Manufacturing	41.765.582	474.774	575.308	692.178	554.624	318.177
5	Electricity, Gas and Water	11.739.575	33.075	1.962	16.013	161.933	1.284
6	Construction	10.725.594	1.341.813	168.486	635.522	181.162	58.172
7	Wholesale and Retail Trading	92.944.892	644.039	3.159.188	580.197	4.261.061	2.889.746
8	Accommodation and Food and Beverage	2.050.508	50.851	50.921	45.517	57.658	16.716
9	Transportation, Warehouse and Communication	9.469.221	865.864	133.029	320.107	204.170	27.765
10	Financial Brokerage	163.023.872	185.840	1.006	48.558	5.576	138
11	Real Estate, Leasing and Corporate Services	12.370.081	195.100	283.439	109.998	268.447	146.350
12	Public Administration, Defense, and Compulsory Social Security	262.397	8.588	2.841	2.690	7.224	1.617
13	Education Services	766.427	-	6.642	-	24.049	2.220
14	Health and Social Services	876.405	31.717	13.671	8.752	26.376	2.092
15	Public, Socio-culture, Entertainment and other Personal Services	3.037.044	2.192	7.876	165	117.311	9.300
16	Personal services for household	335.257	-	258	-	20.365	45
17	International institution and other international extra agencies	46	-	-	-	-	-
18	Undefined Activities	131.382.761	1.156.262	1.076.597	683.441	3.572.367	541.271
19	Non-Business Activity	18.392.095	1.938	180.476	712	391.320	50.887
20	Others	23.205.248	-	-			
	Total	**560.202.107**	**5.046.935**	**6.203.864**	**3.374.560**	**11.209.365**	**4.418.766**

Disclosure of Receivables and Loan-Loss Provisions by Economic Sectors - Bank Consolidated with Subsidiaries

(in million Rp)

No	Economy Sectors	Receivable	Type of Receivables		Individual Specific Provision	Porfolio Impairment Provision	Write-Off
			Current	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	31 December 2013						
1	Agriculture, Hunting and Forestry	38.507.149	116.752	618.517	180.673	1.424.369	378.576
2	Fishery	1.905.586	12	37.769	-	74.145	25.411
3	Mining and Excavation	6.505.887	14.867	40.295	15.566	210.654	7.273
4	Manufacturing	58.650.696	790.782	596.581	767.247	776.025	109.965
5	Electricity, Gas and Water	13.785.287	21.627	4.742	10.932	231.546	1.314
6	Construction	13.156.037	1.244.849	254.664	401.617	218.772	58.387
7	Wholesale and Retail Trading	140.253.495	1.991.591	3.409.830	542.295	5.689.019	3.105.470
8	Accommodation and Food and Beverage	3.857.165	90.898	58.904	55.673	112.821	19.082
9	Transportation, Warehouse and Communication	13.210.757	1.136.119	158.095	163.853	287.408	30.590
10	Financial Brokerage	121.262.520	330.050	2.638	23.401	116.201	2.102
11	Real Estate, Leasing and Corporate Services	8.480.869	539.952	217.822	209.667	301.047	129.072
12	Public Administration, Defense, and Compulsory Social Security	3.719.067	2.202	1.025	-	4.131	1.927
13	Education Services	760.657	115	2.950	-	7.604	3.627
14	Health and Social Services	1.227.218	33.900	9.556	4.536	33.283	6.074
15	Public, Socio-culture, Entertainment and other Personal Services	13.238.309	121.818	81.117	9.519	359.910	53.188
16	Personal services for household	1.100.048	8.402	7.124	2.958	68.771	5.846
17	International institution and other international extra agencies	85.260.952	-	-	-	-	-
18	Undefined Activities	74.043.864	92.326	34.022	-	39.081	129.936
19	Non-Business Activity	4.884.354	-	1.215.695	-	2.885.721	255.079
20	Others	52.486.771	91.612	77.572	-	189.651	-
	Total	**656.296.688**	**6.627.874**	**6.828.918**	**2.387.937**	**13.030.159**	**4.322.919**

Risk Management

Disclosure of Receivables and Loan-Loss Provisions by Economic Sectors - Bank Consolidated with Subsidiaries

(in million Rp)

No	Economy Sectors	Receivable	Type of Receivables		Individual Specific Provision	Porfolio Impairment Provision	Write-Off
			Current	Past Due			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	31 December 2012						
1	Agriculture, Hunting and Forestry	31.738.863	82.644	566.933	212.874	1.241.351	336.847
2	Fishery	1.329.024	-	22.900	-	42.863	18.358
3	Mining and Excavation	5.420.399	8.376	75.705	44.786	103.199	3.845
4	Manufacturing	42.555.472	474.995	619.188	692.178	584.161	318.177
5	Electricity, Gas and Water	11.741.470	33.075	2.125	16.013	161.969	1.284
6	Construction	10.914.296	1.341.813	173.512	635.522	186.468	58.869
7	Wholesale and Retail Trading	93.511.035	644.039	3.166.391	580.197	4.267.334	2.903.750
8	Accommodation and Food and Beverage	2.069.987	50.851	50.921	45.517	57.871	16.716
9	Transportation, Warehouse and Communication	9.573.069	865.864	133.375	320.107	205.538	27.765
10	Financial Brokerage	167.148.533	185.840	1.006	48.558	68.872	138
11	Real Estate, Leasing and Corporate Services	12.413.717	195.497	283.439	109.998	269.083	146.515
12	Public Administration, Defense, and Compulsory Social Security	2.673.334	8.588	2.841	2.690	69.934	1.617
13	Education Services	766.440	-	6.642	-	24.049	2.220
14	Health and Social Services	877.361	31.717	211.810	8.752	26.381	2.092
15	Public, Socio-culture, Entertainment and other Personal Services	3.182.722	16.909	7.876	1.969	123.269	9.300
16	Personal services for household	335.257	-	258	-	20.365	45
17	International institution and other international extra agencies	46	-	-	-	-	-
18	Undefined Activities	132.015.885	1.160.982	1.076.822	683.441	3.591.624	549.085
19	Non-Business Activity	18.392.095	1.938	180.476	712	391.320	50.887
20	Others	30.441.769	-	84.449	-	75.900	1.909
	Total	**577.100.774**	**5.103.128**	**6.666.669**	**3.403.314**	**11.511.551**	**4.449.419**

Disclosure of Movements of Allowance for Impairment Losses (CKPN) Details - Bank Only

(in million Rp)

No	Information	Position on the Date of Report	
		Individual Impairment Provision	Collective Impairment Provision
(1)	(2)	(3)	(4)
	31 December 2013		
1	Beginning balance of impairment provision	3.374.560	11.209.365
2	Charge/release of impairment provision for the current year (Net)	(1.000.776)	5.783.757
	2.a Charge of impairment provision for the current year	-	5.783.757
	2.b Release of impairment provision for the current year	**1.000.776**	-
3	Impairment provision for write-off	25.895	4.268.612
4	Other charge/release for the current year	-	-
CKPN Ending Balance		**2.347.889**	**12.724.510**

Disclosure of Movements of Allowance for Impairment Losses (CKPN) Details - Bank Only

(in million Rp)

No	Information	Position on the Date of Report	
		Individual Impairment Provision	Collective Impairment Provision
(1)	(2)	(3)	(4)
	31 December 2012		
1	Beginning balance of impairment provision	3.085.307	12.783.229
2	Charge/release of impairment provision for the current year (Net)	761.519	1.793.112
	2.a Charge of impairment provision for the current year	761.519	1.793.112
	2.b Release of impairment provision for the current year	-	-
3	Impairment provision for write-off	472.266	3.946.499
4	Other charge/release for the current year	-	579.523
CKPN Ending Balance		**3.374.560**	**11.209.365**

Disclosure of Movements of Allowance for Impairment Losses (CKPN) Details - Bank Consolidated with Subsidiaries

(in million Rp)

No	Information	Position on the Date of Report	
		Individual Impairment Provision	Collective Impairment Provision
(1)	(2)	(3)	(4)
	31 December 2013		
1	Beginning balance of impairment provision	3.403.314	11.511.551
2	Charge/release of impairment provision for the current year (Net)	(989.482)	5.815.841
	2.a Charge of impairment provision for the current year	11.294	5.827.829
	2.b Release of impairment provision for the current year	**1.000.776**	**11.988**
3	Impairment provision for write-off	25.895	4.297.024
4	Other charge/release for the current year	-	(209)
CKPN Ending Balance		**2.387.937**	**13.030.159**

Disclosure of Movements of Allowance for Impairment Losses (CKPN) Details - Bank Consolidated with Subsidiaries

(in million Rp)

No	Information	Position on the Date of Report	
		Individual Impairment Provision	Collective Impairment Provision
(1)	(2)	(3)	(4)
	31 December 2012		
1	Beginning balance of impairment provision	3.139.888	12.950.084
2	Charge/release of impairment provision for the current year (Net)	741.061	1.953.728
	2.a Charge of impairment provision for the current year	767.316	1.974.137
	2.b Release of impairment provision for the current year	**26.255**	**20.409**
3	Impairment provision for write-off	477.634	3.967.967
4	Other charge/release for the current year	-	579.508
CKPN Ending Balance		**3.403.315**	**11.515.353**

Counterparty Credit Risk

The counterparty credit risk lies in treasury and international activities conducted by BRI, specifically for Credit Line products. Net Receivables for the exposure that caused credit risk as a result of the counterparty failure comprises of over-the-counter (OTC) derivatives exposure, repo transaction exposure from the Credit Risk from the issuance of Marketable securities that become underlying repo transactions and reverse repo transactions. Credit Risk Mitigation for BRI of counterparty credit risk is achieved through implementing the guarantee technique through securities or credit that meet regulatory requirements.

Risk Management

The following tables disclose Counterparty Credit Risk.

Disclosure of Counterparty Credit Risk – Derivative Transactions

(in million Rp)

No	Underlying Financial Instrument	31 December 2013							
		Notional Amount			Derivative Receivable	Derivative Payable	Net Receivable before CRM	CRM (Credit Risk Mitigation)	Net Receivable after CRM
		≤ 1 Year	> 1 Year to ≤ 5 year(s)	> 5 Years					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Bank Only									
1	Interest Rate	3.529.300	8.032.200	-	4.918	1.565.102	23.173	-	23.173
2	Foreign Exchange	2.117.580	-	-	-	-	241.453	-	241.453
3	Others	-	-	-	63	-	63	-	63
	TOTAL	**5.646.880**	**8.032.200**	**-**	**4.981**	**1.565.102**	**264.689**	**-**	**264.689**
Bank Consolidated with Subsidiaries									
1	Interest Rate	3.529.300	8.032.200	-	4.918	1.565.102	23.173	-	23.173
2	Foreign Exchange	2.117.580	-	-	-	-	241.453	-	241.453
3	Stock	-	-	-	-	-	-	-	-
4	Gold	-	-	-	-	-	-	-	-
5	Metals other than Gold	-	-	-	-	-	-	-	-
6	Others	-	-	-	63	-	63	-	63
	TOTAL	**5.646.880**	**8.032.200**	**-**	**4.981**	**1.565.102**	**264.689**	**-**	**264.689**

Disclosure of Counterparty Credit Risk – Derivative Transactions

(in million Rp)

No	Underlying Financial Instrument	31 December 2012							
		Notional Amount			Derivative Receivable	Derivative Payable	Net Receivable before CRM	CRM (Credit Risk Mitigation)	Net Receivable after CRM
		≤ 1 Year	> 1 Year to ≤ 5 year(s)	> 5 Years					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Bank Only									
1	Interest Rate	-	9.330.786	-	27.433	147.265	27.433	-	27.433
2	Foreign Exchange	1.455.263	-	-	1.417	4.928	1.417		1.417
3	Others	-	-	-	-	-	-	-	-
	TOTAL	**1.455.263**	**9.330.786**	**-**	**28.850**	**152.193**	**28.850**	**-**	**28.850**
Bank Consolidated with Subsidiaries									
1	Interest Rate	-	9.330.786	-	27.433	147.265	27.433	-	27.433
2	Foreign Exchange	1.455.263	-	-	1.417	4.928	1.417	-	1.417
3	Stock	-	-	-	-	-	-	-	-
4	Gold	-	-	-	-	-	-	-	-
5	Metals other than Gold	-	-	-	-	-	-	-	-
6	Others	-	-	-	-	-	-	-	-
	TOTAL	**1.455.263**	**9.330.786**	**-**	**28.850**	**152.193**	**28.850**	**-**	**28.850**

Disclosure of Counterparty Credit Risk: Repo Transactions - Bank Only

(in million Rp)

No	Portfolio Category	31 December 2013			
		Fair Value of Repo	Repo Liabilities	Net Receivables	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Government Receivables	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-
4	Banks Receivables	-	-	-	-
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-
6	Corporate Receivables	-	-	-	-
	TOTAL	-	-	-	-

Disclosure of Counterparty Credit Risk: Repo Transactions - Bank Only

(in million Rp)

No	Portfolio Category	31 December 2012			
		Fair Value of Repo	Repo Liabilities	Net Receivables	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Government Receivables	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-
4	Banks Receivables	-	-	-	-
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-
6	Corporate Receivables	-	-	-	-
	TOTAL	-	-	-	-

Disclosure of Counterparty Credit Risk: Repo Transactions - Bank Consolidated with Subsidiaries

(in million Rp)

No	Portfolio Category	31 December 2013			
		Fair Value of Repo	Repo Liabilities	Net Receivables	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Government Receivables	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-
4	Banks Receivables	-	-	-	-
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-
6	Corporate Receivables	-	-	-	-
	TOTAL	-	-	-	-

Risk Management

Disclosure of Counterparty Credit Risk: Repo Transactions - Bank Consolidated with Subsidiaries

(in million Rp)

No	Portfolio Category	31 December 2012			
		Fair Value of Repo	Repo Liabilities	Net Receivables	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Government Receivables	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-
4	Banks Receivables	-	-	-	-
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-
6	Corporate Receivables	-	-	-	-
	TOTAL	-	-	-	-

Disclosure of Counterparty Credit Risk: Reverse Repo Transactions - Bank Only

(in million Rp)

No	Portfolio Category	31 December 2013			
		Fair Value of Repo	Repo Liabilities	Net Receivables	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Government Receivables	13.230.199	-	13.230.199	-
2	Public Sector Entity Receivables	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-
4	Banks Receivables	1.474.553	-	1.474.553	294.911
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-
6	Corporate Receivables	-	-	-	-
	TOTAL	**14.704.752**	-	**14.704.752**	**294.911**

Disclosure of Counterparty Credit Risk: Reverse Repo Transactions - Bank Only

(in million Rp)

No	Portfolio Category	31 December 2012			
		Fair Value of Repo	Repo Liabilities	Net Receivables	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Government Receivables	9.550.521	-	9.550.521	-
2	Public Sector Entity Receivables	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-
4	Banks Receivables	28.850	-	28.850	14.425
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-
6	Corporate Receivables	-	-	-	-
	TOTAL	**9.579.371**	-	**9.579.371**	**14.425**

Disclosure of Counterparty Credit Risk: Reverse Repo Transactions - Bank Consolidated with Subsidiaries

(in million Rp)

No	Portfolio Category	31 December 2013			
		Fair Value of Repo	Repo Liabilities	Net Receivables	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Government Receivables	13.230.199	-	13.230.199	-
2	Public Sector Entity Receivables	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-
4	Banks Receivables	1.474.553	-	1.474.553	294.911
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-
6	Corporate Receivables	-	-	-	-
	TOTAL	**14.704.752**	**-**	**14.704.752**	**294.911**

Disclosure of Counterparty Credit Risk: Reverse Repo Transactions - Bank Consolidated with Subsidiaries

(in million Rp)

No	Portfolio Category	31 December 2012			
		Fair Value of Repo	Repo Liabilities	Net Receivables	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Government Receivables	9.550.521	-	9.550.521	-
2	Public Sector Entity Receivables	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-
4	Banks Receivables	28.850	-	28.850	14.425
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-
6	Corporate Receivables	-	-	-	-
	TOTAL	**9.579.371**	**-**	**9.579.371**	**14.425**

Risk Management

Credit Risk Mitigation (CRM)

BRI takes into account the existence of collateral, warranty, guarantees and credit insurances as Credit Risk Mitigation (CRM) techniques. The Bank has procedures to identify, measure, monitor and control risks arising from the use of the CRM techniques, such as legal risks, operational risks, liquidity risks and market risks, including procedures to ensure that the execution of collateral, warranties, guarantees, and credit insurance are conducted in a reasonable manner.

Type of recognized financial collaterals are:

a. Cash
b. Demand Deposit, Savings, or Time Deposit
c. Gold
d. Government Securities (SUN) issued by the Government of Republic of Indonesia, which covers Government Bonds and Treasury Bills (SPN)
e. Government Sharia Securities (SBSN)
f. Certificates of Bank Indonesia (SBI) and Bank Indonesia Sharia Certificates (SBIS)
g. Securities that have been rated by Rating Agencies that are approved by Bank Indonesia with the minimum rating of:

   (1). Equal with BBB- if issued by parties under Governments of Other Country's Receivables
   (2). Equal with BBB- if issued by parties under Public Sector Entity Receivables
   (3). Equal with BBB- if issued by parties under Multilateral Development Bank Receivables
   (4). Equal with BBB- if issued by parties under Bank Receivables
   (5). Equal with A- if issued by parties under Corporate Receivables
   (6). Equal with A-2 for short-term bonds

As long as the collateral is recognized, the underlying instruments or the collateral from reverse repo transaction can be considered as risk mitigation on reverse repo transaction.

BRI takes into account the existence of collateral, warranty, guarantees and credit insurances as **Credit Risk Mitigation** (CRM) techniques. The Bank has procedures to identify, measure, monitor and control risks arising from the use of the CRM techniques.

In determining the value of the collateral, BRI uses the lowest value between the binding value of collateral, the fair value, or the market value. The revaluation of the fair value, or market value of the collateral is done periodically.

Recognized insurers are:

1. Parties included under portfolio category of the Government of Indonesia Receivables.
2. Parties included under portfolio category of Multilateral Development Bank and International Institutional Receivables, that has:
   a. Lower risk weight than the insured receivables'; and
   b. Rated at least BBB- or equivalent;
3. Commercial Bank incorporated in Indonesia, Foreign Bank Branch Offices in Indonesia, and the Indonesian Export Financing Institution with lower risk weight than the insured receivables';
4. Incorporated foreign banks classified as prime banks as stipulated in Bank Indonesia provisions concerning the legal lending limit;
5. Financial institutions engaged in underwriting or insurance coverage that is included in the portfolio category of Public Sector Entity Receivables and Corporate Receivables.

The credit underwriter/insurer can be a State-Owned Enterprises (SOE) or non-SOE. BRI has set specific requirements for each type of loan guarantee/insurance institution. The underwriting/credit insurance that is already in place are issued by both SOE and non-SOE institution. One example is the loan guarantee in the People's Business Loan (KUR) with a loan guarantee/insurance of at least 70% of the loan outstanding, with a term of loan guarantee/insurance at least equal to the credit period.

The following table discloses the weighted risks for receivables after considering the impact of credit risk mitigation and disclosure of receivables using the credit risk mitigation techniques for BRI, individually and consolidated with its subsidiaries, as of December 31, 2013.

Risk Management

Disclosure of Net Exposure Receivables After Credit Risk Mitigation – Bank Only

(in million Rp)

No.	Portfolio Category	31 December				
		Net Exposure Receivables				
		0%	20%	35%	40%	45%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	**Balance Sheet Exposure**					
1	Government Receivables	112.532.052	-	-	-	-
2	Public Sector Entity Receivables	-	590.576	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	18.083.908	-	-	-
5	Mortgage Loans	-	-	222.498	54.028	-
6	Commercial Property Loans	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-
9	Corporate Receivables	-	285.962	-	-	-
10	Past Due Receivables	-	-	-	-	-
11	Other Assets	18.911.109	-	-	-	-
12	Exposures at Sharia Unit (if any)	-	-	-	-	-
	Total Balance Sheet Exposure	**131.443.161**	**18.960.446**	**222.498**	**54.028**	**-**
B	**Commitment/Contingency Exposure on Off Balance Sheet Transaction**					
1	Government Receivables	541.544	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	1.510.297	-	-	-
5	Mortgage Loans	-	-	-	-	-
6	Commercial Property Loans	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-
9	Corporate Receivables	-	-	-	-	-
10	Past Due Receivables	-	-	-	-	-
11	Exposures at Sharia Unit (if any)	-	-	-	-	-
	Total Off Balance Sheet Exposure	**541.544**	**1.510.297**	**-**	**-**	**-**
C	**Counterparty Credit Risk Exposure**					
1	Government Receivables	13.230.199	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	1.474.553	-	-	-
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-
6	Corporate Receivables	-	-	-	-	-
7	Exposures at Sharia Unit (if any)	-	-	-	-	-
	Total Counterparty Credit Risk	**13.230.199**	**1.474.553**	**-**	**-**	**-**

2013						RWA	Capital Charge
After Credit Risk Mitigation							
	50%	75%	100%	150%	Others		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	-	-	-	-	-
	66.424.504	-	-	-	-	33.330.367	2.666.429
	-	-	-	-	-	-	-
	5.851.256	-	-	-	-	6.542.410	523.393
	-	-	-	-	-	99.486	7.959
	-	-	1.926.835	-	-	1.926.835	154.147
	100.346.301	-	-	-	-	50.173.151	4.013.852
	-	148.314.466	-	-	-	100.484.254	8.038.740
	342.328	-	109.327.837	-	-	109.165.798	8.733.264
	-	-	12.419	4.630.873	-	6.958.703	556.696
	-	-	12.107.184	33.660	-	12.157.674	972.614
	-	-	-	-	-	-	-
	172.964.389	**148.314.466**	**123.374.275**	**4.664.533**	**-**	**320.838.678**	**25.667.094**
	-	-	-	-	-	-	-
	5.477.617	-	-	-	-	2.738.809	219.105
	-	-	-	-	-	-	-
	1.292.371	-	562.398	-	-	1.515.932	121.275
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	161.445	-	-	-	121.084	9.687
	-	-	5.652.186	-	-	5.652.186	452.175
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	6.769.988	**161.445**	**6.214.584**	**-**	**-**	**10.028.011**	**802.241**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	294.911	23.593
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	**294.911**	**23.593**

Risk Management

Disclosure of Net Exposure Receivables After Credit Risk Mitigation – Bank Only

(in million Rp)

No.	Portfolio Category	31 December				
		Net Exposure Receivables				
		0%	20%	35%	40%	45%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	**Balance Sheet Exposure**					
1	Government Receivables	141.220.712	-	-	-	-
2	Public Sector Entity Receivables	-	554.509	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	15.099.885	-	-	-
5	Mortgage Loans	-	-	441.434	456.016	162
6	Commercial Property Loans	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-
9	Corporate Receivables	-	192.628	-	-	-
10	Past Due Receivables	-	-	-	-	-
11	Other Assets	13.734.773	-	-	-	-
12	Exposures at Sharia Unit (if any)	-	-	-	-	-
	Total Balance Sheet Exposure	**154.955.485**	**15.847.022**	**441.434**	**456.016**	**162**
B	**Commitment/Contingency Exposure on Off Balance Sheet Transaction**					
1	Government Receivables	383.130	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	4.765	-	-	-
5	Mortgage Loans	-	-	-	-	-
6	Commercial Property Loans	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-
9	Corporate Receivables	-	-	-	-	-
10	Past Due Receivables	-	-	-	-	-
11	Exposures at Sharia Unit (if any)	-	-	-	-	-
	Total Off Balance Sheet Exposure	**383.130**	**4.765**	**-**	**-**	**-**
C	**Counterparty Credit Risk Exposure**					
1	Government Receivables	9.550.521	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	28.850	-	-	-
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-
6	Corporate Receivables	-	-	-	-	-
7	Exposures at Sharia Unit (if any)	-	-	-	-	-
	Total Counterparty Credit Risk	**9.550.521**	**28.850**	**-**	**-**	**-**

2012						RWA	Capital Charge
After Credit Risk Mitigation							
	50%	75%	100%	150%	Lainnya		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	-	-	-	-	-
	54.461.925	-	-	-	-	27.338.831	2.187.106
	-	-	-	-	-	-	-
	10.466.132	-	-	-	-	8.253.043	660.243
	-	-	-	-	-	336.981	26.958
	-	-	960.842	-	-	960.842	76.867
	83.805.039	-	-	-	-	41.902.520	3.352.202
	-	118.780.469	-	-	-	81.332.743	6.506.619
	306.650	-	77.410.014	100.000	-	77.497.133	6.199.771
	-	-	-	2.495.483	-	3.743.225	299.458
	-	-	9.424.296	46.179	-	9.493.564	759.485
	-	-	-	-	-	-	-
	149.039.746	**118.780.469**	**87.795.151**	**2.641.662**	**-**	**250.858.881**	**20.068.710**
	-	-	-	-	-	-	-
	5.625.383	-	-	-	-	2.812.692	225.015
	-	-	-	-	-	-	-
	-	-	-	-	-	953	76
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	207.998	-	-	-	155.999	12.480
	-	-	5.647.200	-	-	5.647.200	451.776
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	5.625.383	**207.998**	**5.647.200**	**-**	**-**	**8.616.843**	**689.347**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	14.425	1.154
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**14.425**	**1.154**

Risk Management

Disclosure of Net Exposure Receivables After Credit Risk Mitigation - Bank Consolidated with Subsidiaries

(in million Rp)

No.	Portfolio Category	31 December				
		Net Exposure Receivables				
		0%	20%	35%	40%	45%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	**Balance Sheet Exposure**					
1	Government Receivables	113.081.228	-	-	-	-
2	Public Sector Entity Receivables	-	590.576	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	18.657.098	-	-	-
5	Mortgage Loans	-	-	222.498	129.051	-
6	Commercial Property Loans	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-
9	Corporate Receivables	-	285.962	-	-	-
10	Past Due Receivables	-	-	-	-	-
11	Other Assets	18.933.864	-	-	-	-
12	Exposures at Sharia Unit (if any)	-	-	-	-	-
	Total Balance Sheet Exposure	**132.015.092**	**19.533.636**	**222.498**	**129.051**	**-**
B	**Commitment/Contingency Exposure on Off Balance Sheet Transaction**					
1	Government Receivables	541.544	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	1.511.251	-	-	-
5	Mortgage Loans	-	-	-	1.105	-
6	Commercial Property Loans	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-
9	Corporate Receivables	-	-	-	-	-
10	Past Due Receivables	-	-	-	-	-
11	Exposures at Sharia Unit (if any)	-	-	-	-	-
	Total Off Balance Sheet Exposure	**541.544**	**1.511.251**	**-**	**1.105**	**-**
C	**Counterparty Credit Risk Exposure**					
1	Government Receivables	13.230.199	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	1.474.553	-	-	-
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-
6	Corporate Receivables	-	-	-	-	-
7	Exposures at Sharia Unit (if any)	-	-	-	-	-
	Total Counterparty Credit Risk	**13.230.199**	**1.474.553**	**-**	**-**	**-**

2013						RWA	Capital Charge
After Credit Risk Mitigation							
	50%	75%	100%	150%	Others		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	-	-		-	-
	66.462.686	-	18.802	-		33.368.260	2.669.461
	-	-	-	-		-	-
	5.851.256	-	-	-		6.657.238	532.579
	-	-	-	-		129.495	10.360
	-	-	1.973.166	-		1.973.166	157.853
	100.979.131	-	-	-		50.489.566	4.039.165
	-	149.293.556	-	-		101.218.572	8.097.486
	342.328	-	111.379.031	-		111.216.992	8.897.359
	-	-	12.419	4.630.873		6.958.703	556.696
	-	-	12.155.158	34.487		12.157.674	972.614
	-	-	-	-		-	-
	173.635.401	**149.293.556**	**125.538.576**	**4.665.360**	**-**	**324.169.666**	**25.933.573**
	-	-	-	-	-	-	-
	5.502.617	-	-	-	-	2.751.309	220.105
	-	-	-	-	-	-	-
	1.292.371	-	562.398	-	-	1.516.123	121.290
	-	-	-	-	-	442	35
	-	-	441	-	-	441	35
	-	-	-	-	-	-	-
	-	234.430	-	-	-	175.823	14.066
	-	-	5.789.958	-	-	5.789.958	463.197
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	6.794.988	**234.430**	**6.352.797**	**-**	**-**	**10.234.096**	**818.728**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	294.911	23.593
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**294.911**	**23.593**

Risk Management

Disclosure of Net Exposure Receivables After Credit Risk Mitigation - Bank Consolidated with Subsidiaries

(in million Rp)

No.	Portfolio Category	31 December				
		Net Exposure Receivables				
		0%	20%	35%	40%	45%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	**Balance Sheet Exposure**					
1	Government Receivables	142,268,348	-	-	-	-
2	Public Sector Entity Receivables	-	554,509	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	15,494,917	-	-	-
5	Mortgage Loans	-	0	441,434	504,743	162
6	Commercial Property Loans	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-
9	Corporate Receivables	-	192,628	-	-	-
10	Past Due Receivables	-	-	-	-	-
11	Other Assets	13,763,521	-	-	-	-
12	Exposures at Sharia Unit (if any)	3,121,326	442,182	1,476,092	-	-
	Total Balance Sheet Exposure	**159,153,195**	**16,684,236**	**1,917,526**	**504,743**	**162**
B	**Commitment/Contingency Exposure on Off Balance Sheet Transaction**					
1	Government Receivables	383,130	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	31,198	-	-	-
5	Mortgage Loans	-	-	-	1,985	-
6	Commercial Property Loans	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-
8	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-
9	Corporate Receivables	-	-	-	-	-
10	Past Due Receivables	-	-	-	-	-
11	Exposures at Sharia Unit (if any)	-	-	-	-	-
	Total Off Balance Sheet Exposure	**383,130**	**31,198**	**-**	**1,985**	**-**
C	**Counterparty Credit Risk Exposure**					
1	Government Receivables	9,550,521	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-
4	Banks Receivables	-	28,850	-	-	-
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-
6	Corporate Receivables	-	-	-	-	-
7	Exposures at Sharia Unit (if any)	-	-	-	-	-
	Total Counterparty Credit Risk	**9,550,521**	**28,850**	**-**	**-**	**-**

2012						RWA	Capital Charge
After Credit Risk Mitigation							
	50%	75%	100%	150%	Others		
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	-	-	-	-	-	-	-
	54,585,055	-	-	-	-	27,400,396	2,192,032
	-	-	-	-	-	-	-
	10,466,132	-	-	-	-	8,332,050	666,564
	-	-	-	-	-	356,472	28,518
	-	-	972,593	-	-	972,593	77,807
	84,214,841	-	-	-	-	42,107,131	3,368,570
	-	119,645,489	-	-	-	81,951,405	6,556,112
	306,650	-	78,403,400	100,000	-	78,427,193	6,274,175
	-	-	-	2,495,483	-	3,743,225	299,458
	-	-	9,455,422	49,545	-	9,529,740	762,379
	-	-	9,150,180	-	-	9,755,249	780,420
	149,572,678	**119,645,489**	**97,981,594**	**2,645,028**	**-**	**262,575,451**	**21,006,036**
	-	-	-	-	-	-	-
	5,625,383	-	-	-	-	2,812,692	225,015
	-	-	-	-	-	-	-
	-	-	-	-	-	6,240	499
	-	-	-	-	-	794	64
	-	-	598	-	-	598	48
	-	-	-	-	-	-	-
	-	236,698	-	-	-	177,523	14,202
	-	-	5,698,998	-	-	5,698,998	455,920
	-	-	-	-	-	-	-
	138,657	-	-	-	-	69,329	5,546
	5,764,040	**236,698**	**5,699,596**	**-**	**-**	**8,766,173**	**701,294**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	14,425	1,154
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**14,425**	**1,154**

Risk Management

Disclosure of Net Exposure Receivables and Credit Risk Mitigation Technique – Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2013					
		Net Receivables	Guaranteed				Unsecured
			Collaterals	Guarantees	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Balance Sheet Exposure**						
1	Government Receivables	112,532,052	-	-	-	-	112,532,052
2	Public Sector Entity Receivables	67,015,080	-	-	-	-	67,015,080
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	23,935,164	-	-	-	-	23,935,164
5	Mortgage Loans	276,526	-	-	-	-	276,526
6	Commercial Property Loans	1,926,835	-	-	-	-	1,926,835
7	Employee/Pensioner Loans	100,346,301	-	-	-	-	100,346,301
8	Microenterprises, Small Business, and Retail Portfolio Receivables	148,314,466	223,312	19,243,840	-	-	128,847,314
9	Corporate Receivables	109,956,127	390,395	-	-	-	109,565,732
10	Past Due Receivables	4,643,292	17	-	-	-	4,643,275
11	Other Assets	31,051,953	-	-	-	-	31,051,953
12	Exposures at Sharia Unit (if any)	-	-	-	-	-	-
	Total Balance Sheet Exposure	**599,997,797**	**613,724**	**19,243,840**	**-**	**-**	**580,140,232**
B	**Commitment/Contingency Exposure on Off Balance Sheet Transaction**						
1	Government Receivables	541,544	-	-	-	-	541,544
2	Public Sector Entity Receivables	5,477,617	-	-	-	-	5,477,617
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	3,365,067	-	-	-	-	3,365,067
5	Mortgage Loans	-	-	-	-	-	-
6	Commercial Property Loans	-	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Microenterprises, Small Business, and Retail Portfolio Receivables	161,445	-	-	-	-	161,445
9	Corporate Receivables	5,652,186	-	-	-	-	5,652,186
10	Past Due Receivables	-	-	-	-	-	-
11	Exposures at Sharia Unit (if any)	-	-	-	-	-	-
	Total Off Balance Sheet Exposure	**15,197,859**	**-**	**-**	**-**	**-**	**15,197,859**
C	**Counterparty Credit Risk Exposure**						
1	Government Receivables	13,230,199	-	-	-	-	13,230,199
2	Public Sector Entity Receivables	-	-	-	-	-	0
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	--
4	Banks Receivables	1,474,553	-	-	-	-	1,474,553
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-	-
6	Corporate Receivables	-	-	-	-	-	-
7	Exposures at Sharia Unit (if any)	-	-	-	-	-	-
	Total Counterparty Credit Risk	**14,704,752**	**-**	**-**	**-**	**-**	**14,704,752**

Disclosure of Net Exposure Receivables and Credit Risk Mitigation Technique – Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2012					
		Net Receivables	Guaranteed				Unsecured
			Collaterals	Guarantees	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Balance Sheet Exposure**						
1	Government Receivables	141,220,712	-	-	-	-	141,220,712
2	Public Sector Entity Receivables	55,016,434	6,066	-	-	-	55,010,368
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	25,566,017	-	-	-	-	25,566,017
5	Mortgage Loans	897,612	-	-	-	-	897,612
6	Commercial Property Loans	960,842	-	-	-	-	960,842
7	Employee/Pensioner Loans	83,805,039	-	-	-	-	83,805,039
8	Microenterprises, Small Business, and Retail Portfolio Receivables	118,780,469	163,040	13,873,325	-	-	104,744,104
9	Corporate Receivables	78,009,292	254,732	-	-	-	77,754,559
10	Past Due Receivables	2,495,483	-	-	-	-	2,495,483
11	Other Assets	23,205,247	-	-	-	-	23,205,247
12	Exposures at Sharia Unit (if any)	-	-	-	-	-	-
	Total Balance Sheet Exposure	**529,957,148**	**423,838**	**13,873,325**	**-**	**-**	**515,659,984**
B	**Commitment/Contingency Exposure on Off Balance Sheet Transaction**						
1	Government Receivables	383,130	-	-	-	-	383,130
2	Public Sector Entity Receivables	5,625,383	-	-	-	-	5,625,383
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	4,765	-	-	-	-	4,765
5	Mortgage Loans	-	-	-	-	-	-
6	Commercial Property Loans	-	-	-	-	-	-
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Microenterprises, Small Business, and Retail Portfolio Receivables	207,998	-	-	-	-	207,998
9	Corporate Receivables	5,647,200	-	-	-	-	5,647,200
10	Past Due Receivables	-	-	-	-	-	-
11	Exposures at Sharia Unit (if any)	-	-	-	-	-	-
	Total Off Balance Sheet Exposure	**11,868,476**	**-**	**-**	**-**	**-**	**11,868,476**
C	**Counterparty Credit Risk Exposure**						
1	Government Receivables	9,550,521	-	-	-	-	9,550,521
2	Public Sector Entity Receivables	0	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	0	-	-	-	-	-
4	Banks Receivables	28,850	-	-	-	-	28,850
5	Microenterprises, Small Business, and Retail Portfolio Receivables	0	-	-	-	-	-
6	Corporate Receivables	0	-	-	-	-	-
7	Exposures at Sharia Unit (if any)	-	-	-	-	-	-
	Total Counterparty Credit Risk	**9,579,371**	**-**	**-**	**-**	**-**	**9,579,371**

Risk Management

Disclosure of Net Exposure Receivable and Credit Risk Mitigation Technique – Bank Consolidated with Subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2013					
		Net Receivables	Guaranteed				Unsecured
			Collaterals	Guarantees	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Balance Sheet Exposure**						
1	Government Receivables	113,081,228	-	-	-	-	113,081,228
2	Public Sector Entity Receivables	67,072,064	-	-	-	-	67,072,064
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	24,508,354	-	-	-	-	24,508,354
5	Mortgage Loans	351,549	-	-	-	-	351,549
6	Commercial Property Loans	1,973,166	-	-	-	-	1,973,166
7	Employee/Pensioner Loans	100,979,131	575	-	-	-	100,978,556
8	Microenterprises, Small Business, and Retail Portfolio Receivables	149,293,556	282,936	19,243,840	-	-	129,766,780
9	Corporate Receivables	112,007,321	413,107	-	-	-	111,594,214
10	Past Due Receivables	4,643,292	17	-	-	-	4,643,275
11	Other Assets	31,123,509	-	-	-	-	31,123,509
12	Exposures at Sharia Unit (if any)	-	-	-	-	-	-
	Total Balance Sheet Exposure	**605,033,170**	**696,635**	**19,243,840**	**-**	**-**	**585,092,695**
B	**Commitment/Contingency Exposure on Off Balance Sheet Transaction**						
1	Government Receivables	541,544	-	-	-	-	541,544
2	Public Sector Entity Receivables	5,502,617	-	-	-	-	5,502,617
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	3,366,021	-	-	-	-	3,366,021
5	Mortgage Loans	1,105	-	-	-	-	1,105
6	Commercial Property Loans	441	-	-	-	-	441
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Microenterprises, Small Business, and Retail Portfolio Receivables	234,430	-	-	-	-	234,430
9	Corporate Receivables	5,789,958	-	-	-	-	5,789,958
10	Past Due Receivables	-	-	-	-	-	-
11	Exposures at Sharia Unit (if any)	-	-	-	-	-	-
	Total Off Balance Sheet Exposure	**15,436,116**	**-**	**-**	**-**	**-**	**15,436,116**
C	**Counterparty Credit Risk Exposure**						
1	Government Receivables	13,230,199	-	-	-	-	13,230,199
2	Public Sector Entity Receivables	-	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	1,474,553	-	-	-	-	1,474,553
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-	-
6	Corporate Receivables	-	-	-	-	-	-
7	Exposures at Sharia Unit (if any)	-	-	-	-	-	-
	Total Counterparty Credit Risk	**14,704,752**	**-**	**-**	**-**	**-**	**14,704,752**

Disclosure of Net Exposure Receivable and Credit Risk Mitigation Technique – Bank Consolidated with Subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2012					
		Net Receivables	Guaranteed				Unsecured
			Collaterals	Guarantees	Credit Insurance	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)-[(4)+(5)+(6)+(7)]
A	**Balance Sheet Exposure**						
1	Government Receivables	142,268,348	-	-	-	-	142,268,348
2	Public Sector Entity Receivables	55,139,564	6,066	-	-	-	55,133,498
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	25,961,049	-	-	-	-	25,961,049
5	Mortgage Loans	946,339	-	-	-	-	946,339
6	Commercial Property Loans	972,593	-	-	-	-	972,593
7	Employee/Pensioner Loans	84,214,841	580	-	-	-	84,214,261
8	Microenterprises, Small Business, and Retail Portfolio Receivables	119,645,490	203,178	13,873,325	-	-	105,568,987
9	Corporate Receivables	79,002,679	318,059	-	-	-	78,684,619
10	Past Due Receivables	2,495,483	-	-	-	-	2,495,483
11	Other Assets	23,268,487	-	-	-	-	23,268,487
12	Exposures at Sharia Unit (if any)	14,189,780	-	-	-	-	14,189,780
	Total Balance Sheet Exposure	**548,104,653**	**527,883**	**13,873,325**	**-**	**-**	**533,703,445**
B	**Commitment/Contingency Exposure on Off Balance Sheet Transaction**						
1	Government Receivables	383,130	-	-	-	-	383,130
2	Public Sector Entity Receivables	5,625,383	-	-	-	-	5,625,383
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	31,198	-	-	-	-	31,198
5	Mortgage Loans	1,985	-	-	-	-	1,985
6	Commercial Property Loans	598	-	-	-	-	598
7	Employee/Pensioner Loans	-	-	-	-	-	-
8	Microenterprises, Small Business, and Retail Portfolio Receivables	236,698	-	-	-	-	236,698
9	Corporate Receivables	5,698,998	-	-	-	-	5,698,998
10	Past Due Receivables	-	-	-	-	-	-
11	Exposures at Sharia Unit (if any)	138,657	-	-	-	-	138,657
	Total Off Balance Sheet Exposure	**12,116,646**	**-**	**-**	**-**	**-**	**12,116,646**
C	**Counterparty Credit Risk Exposure**						
1	Government Receivables	9,550,521	-	-	-	-	9,550,521
2	Public Sector Entity Receivables	-	-	-	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-	-	-	-
4	Banks Receivables	28,850	-	-	-	-	28,850
5	Microenterprises, Small Business, and Retail Portfolio Receivables	-	-	-	-	-	-
6	Corporate Receivables	-	-	-	-	-	-
7	Exposures at Sharia Unit (if any)	-	-	-	-	-	-
	Total Counterparty Credit Risk	**9,579,371**	**-**	**-**	**-**	**-**	**9,579,371**

Risk Management

Standardized Approach

The policy for calculating the Credit Risk for RWA was determined according to the Standardized Approach referring to Bank Indonesia Circular Letter No. 13/6/DPNP dated February 18, 2011. In the Standardized Approach, calculations are made by multiplying net receivables against predetermined risk weights based on the current rating of the debtor or counterparty in accordance with the appropriate Portfolio Category or a fixed percentage for each type of receivable.

The receivables in BRI's portfolio that weighted based on rating include Government Receivables, Receivables for Multilateral Development Banks and International Institutions, and Corporate Receivables. Meanwhile, other receivables are calculated without rating. The rating agency used by BRI is the state agency recognized by the regulator (Bank Indonesia), Pefindo. Recognized international agencies include, among others: S&P, Moody's and Fitch.

Disclosure of Net Receivables Based on Portfolio Category and Rating Scale – Bank Only

(in million Rp)

No.	Portfolio Category	Rating Agency	Long-Term Rating					
		Standard and Poor's	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	
		Fitch Rating	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1+ to Baa3-	Ba1+ to Ba3-	
		PT Fitch Ratings Indonesia	AAA (Idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)	BBB+(idn) to BBB-(idn)	BB+(idn) to BB-(idn)	
		PT ICRA Indonesia	(Idr) AAA	[Idr]AA+ to [Idr]AA-	[Idr]A+ to [Idr]A-	[Idr]BBB+ to [Idr]BBB-	[Idr]BB+ to [Idr]BB-	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ to idAA-	idA+ to id A-	id BBB+ to id BBB-	id BB+ to id BB-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Government Receivables		-	327,310	-	7,006,817	7,446,729	
2	Public Sector Entity Receivables		76,858	513,718	25,000	-	-	
3	Multilateral Development Banks and International Institutions Receivables		-	-	-	-	-	
4	Banks Receivables		713,602	1,291,124	1,094,260	10,844,049	128,498	
5	Mortgage Loans		-	-	-	-	-	
6	Commercial Property Loans		-	-	-	-	-	
7	Employee/Pensioner Loans		-	-	-	-	-	
8	Claims on Micro and Small Enterprise, and Retail Portfolio		-	-	-	-	-	
9	Corporate Receivables		719,080	361,979	392,993	354,261	258,966	
10	Past Due Receivables		-	-	-	-		
11	Other Assets		-	-	-	-	-	
12	Exposures at Sharia Unit (if any)		-	-	-	-	-	
	TOTAL		**1,509,540**	**2,494,131**	**1,512,253**	**18,205,127**	**7,834,193**	

The below tables illustrate Disclosure of Net Receivables by portfolio category and debt ratings for Bank only, and Bank consolidated with subsidiaries as of 31 December 2013

31 December 2013								
Net Receivable								
			Short-Term Rating				Unrated	Total
	B+ to B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	B+ to B-	Lower than B-	F1+ to F1	F2	F3	Lower than F3		
	B1+ to B3-	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	B+(idn) to B-(idn	Lower than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]B+ to [Idr] B-	Lower than [Idr]B-	[Idr]A1+ to [Idr]A1	[Idr]A2+ to [Idr]A2	[Idr]A3+ to [Idr] A3	Lower than [Idr]A3		
	id B+ to id B-	Lower than idB-	idA1	idA2	idA3 to id A4	Lower than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	111,522,939	126,303,795
	-	-	-	-	-	-	71,877,121	72,492,697
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	14,703,251	28,774,784
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	113,521,034	115,608,313
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	311,624,345	343,179,589

Risk Management

Disclosure of Net Receivables Based on Portfolio Category and Rating Scale – Bank Only

(in million Rp)

No.	Portfolio Category	Rating Agency	Long-Term Rating					
		Standard and Poor's	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	
		Fitch Rating	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1+ to Baa3-	Ba1+ to Ba3-	
		PT Fitch Ratings Indonesia	AAA (Idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)	BBB+(idn) to BBB-(idn)	BB+(idn) to BB-(idn)	
		PT ICRA Indonesia	(Idr) AAA	[Idr]AA+ to [Idr]AA-	[Idr]A+ to [Idr]A-	[Idr]BBB+ to [Idr]BBB-	[Idr]BB+ to [Idr]BB-	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ to idAA-	idA+ to id A-	id BBB+ to id BBB-	id BB+ to id BB-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Government Receivables		-	-	-	5,883,639	10,652,421	
2	Public Sector Entity Receivables		-	-	-	-	-	
3	Multilateral Development Banks and International Institutions Receivables		-	-	-	-	-	
4	Banks Receivables		-	86,738	574,996	931,640	-	
5	Mortgage Loans		-	-	-	-	-	
6	Commercial Property Loans		-	-	-	-	-	
7	Employee/Pensioner Loans		-	-	-	-	-	
8	Claims on Micro and Small Enterprise, and Retail Portfolio		-	-	-	-	-	
9	Corporate Receivables		199,932	4,341	-	-	-	
10	Past Due Receivables		-	-	-	-	-	
11	Other Assets		-	-	-	-	-	
12	Exposures at Sharia Unit (if any)		-	-	-	-	-	
	TOTAL		**199,932**	**91,079**	**574,996**	**6,815,279**	**10,652,421**	

31 December 2012								
Net Receivable								
			Short-Term Rating				Unrated	Total
	B+ to B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	B+ to B-	Lower than B-	F1+ to F1	F2	F3	Lower than F3		
	B1+ to B3-	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	B+(idn) to B-(idn	Lower than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]B+ to [Idr] B-	Lower than [Idr]B-	[Idr]A1+ to [Idr]A1	[Idr]A2+ to [Idr]A2	[Idr]A3+ to [Idr] A3	Lower than [Idr]A3		
	id B+ to id B-	Lower than idB-	idA1	idA2	idA3 to id A4	Lower than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	134,618,303	151,154,363
	-	-	-	-	-	-	60,641,818	60,641,818
	-	-	-	-	-	-	-z	-
	-	-	-	-	-	-	24,006,258	25,599,632
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	83,452,219	83,656,491	83,656,491
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	302,718,597	321,052,304

Risk Management

Disclosure of Net Receivables Based on Portfolio Category and Rating Scale - Bank Consolidated with subsidiaries

(in million Rp)

No.	Portfolio Category	Rating Agency	Long-Term Rating					
		Standard and Poor's	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	
		Fitch Rating	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1+ to Baa3-	Ba1+ to Ba3-	
		PT Fitch Ratings Indonesia	AAA (Idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)	BBB+(idn) to BBB-(idn)	BB+(idn) to BB-(idn)	
		PT ICRA Indonesia	(Idr) AAA	[Idr]AA+ to [Idr]AA-	[Idr]A+ to [Idr]A-	[Idr]BBB+ to [Idr]BBB-	[Idr]BB+ to [Idr]BB-	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ to idAA-	idA+ to id A-	id BBB+ to id BBB-	id BB+ to id BB-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Government Receivables		-	327,310	-	7,006,817	7,446,729	
2	Public Sector Entity Receivables		76,858	513,718	25,000	-	-	
3	Multilateral Development Banks and International Institutions Receivables		-	-	-	-	-	
4	Banks Receivables		713,602	1,291,124	1,094,260	10,844,049	128,498	
5	Mortgage Loans		-	-	-	-	-	
6	Commercial Property Loans		-	-	-	-	-	
7	Employee/Pensioner Loans		-	-	-	-	-	
8	Claims on Micro and Small Enterprise, and Retail Portfolio		-	-	-	-	-	
9	Corporate Receivables		719,080	361,979	392,993	354,261	258,966	
10	Past Due Receivables		-	-	-	-		
11	Other Assets		-	-	-	-	-	
12	Exposures at Sharia Unit (if any)		88,588	51,000	-	-	-	
	TOTAL		**1,598,128**	**2,545,131**	**1,512,253**	**18,205,127**	**7,834,193**	

31 December 2013								
Net Receivable								
			Short-Term Rating				Unrated	Total
	B+ to B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	B+ to B-	Lower than B-	F1+ to F1	F2	F3	Lower than F3		
	B1+ to B3-	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	B+(idn) to B-(idn	Lower than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]B+ to [Idr] B-	Lower than [Idr]B-	[Idr]A1+ to [Idr]A1	[Idr]A2+ to [Idr]A2	[Idr]A3+ to [Idr] A3	Lower than [Idr]A3		
	id B+ to id B-	Lower than idB-	idA1	idA2	idA3 to id A4	Lower than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	112,072,116	126,852,972
	-	-	-	-	-	-	71,959,105	72,574,681
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	15,277,396	29,348,929
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	115,710,001	117,797,280
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	14,144,277	14,283,865
	-	-	-	-	-	-	**329,162,895**	**360,857,727**

Risk Management

Disclosure of Net Receivables Based on Portfolio Category and Rating Scale - Bank Consolidated with subsidiaries

(in million Rp)

No.	Portfolio Category	Rating Agency	Long-Term Rating					
		Standard and Poor's	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	
		Fitch Rating	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	
		Moody's	Aaa	Aa1 to Aa3	A1 to A3	Baa1+ to Baa3-	Ba1+ to Ba3-	
		PT Fitch Ratings Indonesia	AAA (Idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)	BBB+(idn) to BBB-(idn)	BB+(idn) to BB-(idn)	
		PT ICRA Indonesia	(Idr) AAA	[Idr]AA+ to [Idr]AA-	[Idr]A+ to [Idr]A-	[Idr]BBB+ to [Idr]BBB-	[Idr]BB+ to [Idr]BB-	
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ to idAA-	idA+ to id A-	id BBB+ to id BBB-	id BB+ to id BB-	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	Government Receivables		-	-	-	5,883,639	10,652,421	
2	Public Sector Entity Receivables		-	-	-	-	-	
3	Multilateral Development Banks and International Institutions Receivables		-	-	-	-	-	
4	Banks Receivables		-	86,738	574,996	931,640	-	
5	Mortgage Loans		-	-	-	-	-	
6	Commercial Property Loans		-	-	-	-	-	
7	Employee/Pensioner Loans		-	-	-	-	-	
8	Claims on Micro and Small Enterprise, and Retail Portfolio		-	-	-	-	-	
9	Corporate Receivables		199,932	4,341	-	-	-	
10	Past Due Receivables		-	-	-	-		
11	Other Assets		-	-	-	-	-	
12	Exposures at Sharia Unit (if any)		85,467	76,000	-	-	-	
	TOTAL		**285,399**	**167,079**	**574,996**	**6,815,279**	**10,652,421**	

31 December 2012								
Net Receivable								
			Short-Term Rating				Unrated	Total
	B+ to B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
	B+ to B-	Lower than B-	F1+ to F1	F2	F3	Lower than F3		
	B1+ to B3-	Lower than B3	P-1	P-2	P-3	Lower than P-3		
	B+(idn) to B-(idn	Lower than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
	[Idr]B+ to [Idr] B-	Lower than [Idr]B-	[Idr]A1+ to [Idr]A1	[Idr]A2+ to [Idr]A2	[Idr]A3+ to [Idr] A3	Lower than [Idr]A3		
	id B+ to id B-	Lower than idB-	idA1	idA2	idA3 to id A4	Lower than idA4		
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	-	-	-	-	-	-	135,665,939	152,201,999
	-	-	-	-	-	-	60,764,948	60,764,948
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	24,427,723	26,021,097
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	84,497,404	84,701,676
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	11,405,474	11,566,941
	-	-	-	-	-	-	**316,761,487**	**335,256,661**

Risk Management

RWA Credit Risk Calculations

Calculation of the minimum capital requirements needed to cover credit risks was calculated in reference to BI regulations using the Basel II Standardized Approach since January 2013.

In the standardized approach, the calculations are made by multiplying the receivables against a predetermined risk weighted based on the current rating of the borrower or counterparty as per the appropriate portfolio category or by a fixed percentage for the specific type of receivable. The bank's portfolios that weighted based on rating were Bank Receivables and Corporate Receivables. Other receivables are calculated without rating.

The Risk-Weighted Assets for the credit risk as of December 31, 2013 were Rp 331.16 trillion, while the consolidated RWA credit risk for the bank and its subsidiaries amounted to Rp 346.92 trillion.

The following table illustrates the calculation of RWA for credit risk using the standard approach for BRI individually and consolidated with its subsidiaries as of December 31, 2013 in million Rupiah. BRI and its subsidiaries have no exposure from credit risk due to settlement risk and no exposure due to securitization.

Disclosure of Asset Exposure on Balance Sheet - Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2013		
		Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)
1	Government Receivables	112,532,052	-	-
2	Public Sector Entity Receivables	67,015,080	33,330,367	33,330,367
3	Multilateral Development Banks and International Institutions Receivables	-	-	-
4	Banks Receivables	23,935,164	6,542,410	6,542,410
5	Mortgage Loans	276,526	99,486	99,486
6	Commercial Property Loans	1,926,835	1,926,835	1,926,835
7	Employee/Pensioner Loans	100,346,301	50,173,151	50,173,151
8	Claims on Micro and Small Enterprise, and Retail Portfolio	148,314,466	111,235,850	100,484,254
9	Corporate Receivables	109,956,127	109,556,193	109,165,798
10	Past Due Receivables	4,643,292	6,958,729	6,958,703
11	Other Assets	31,051,953	-	12,157,674
12	Exposures at Sharia Unit (if any)	-	-	-
	Total Balance Sheet Exposure	**599,997,796**	**319,823,020**	**320,838,676**

Disclosure of Asset Exposure on Balance Sheet - Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2012		
		Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)
1	Government Receivables	141,220,712	-	-
2	Public Sector Entity Receivables	55,016,434	27,341,864	27,338,831
3	Multilateral Development Banks and International Institutions Receivables	-	-	-
4	Banks Receivables	25,566,017	8,253,043	8,253,043
5	Mortgage Loans	897,612	336,981	336,981
6	Commercial Property Loans	960,842	960,842	960,842
7	Employee/Pensioner Loans	83,805,039	41,902,520	41,902,520
8	Claims on Micro and Small Enterprise, and Retail Portfolio	118,780,469	89,085,352	81,332,743
9	Corporate Receivables	78,009,292	77,751,865	77,497,133
10	Past Due Receivables	2,495,483	3,743,225	3,743,225
11	Other Assets	23,205,247	-	9,493,564
12	Exposures at Sharia Unit (if any)	-	-	-
	Total Balance Sheet Exposure	**529,957,148**	**249,375,691**	**250,858,881**

Disclosure of Asset Exposure on Balance Sheet - Bank Consolidated with subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2013		
		Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)
1	Government Receivables	113,081,228	-	-
2	Public Sector Entity Receivables	67,072,064	33,368,260	33,368,260
3	Multilateral Development Banks and International Institutions Receivables	-	-	-
4	Banks Receivables	24,508,354	6,657,048	6,657,048
5	Mortgage Loans	351,549	129,495	129,495
6	Commercial Property Loans	1,973,165	1,973,165	1,973,165
7	Employee/Pensioner Loans	100,979,130	50,489,565	50,489,278
8	Claims on Micro and Small Enterprise, and Retail Portfolio	149,293,557	111,970,168	101,173,853
9	Corporate Receivables	112,007,321	111,607,388	111,194,280
10	Past Due Receivables	4,643,292	6,958,729	6,958,703
11	Other Assets	31,123,510	-	12,206,887
12	Exposures at Sharia Unit (if any)	-	-	-
	Total Balance Sheet Exposure	**605,033,170**	**323,153,818**	**324,150,970**

Risk Management

Disclosure of Asset Exposure on Balance Sheet - Bank Consolidated with subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2012		
		Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)
1	Government Receivables	142,268,348	-	-
2	Public Sector Entity Receivables	55,139,564	27,403,429	27,400,396
3	Multilateral Development Banks and International Institutions Receivables	-	-	-
4	Banks Receivables	25,961,049	8,332,049	8,332,049
5	Mortgage Loans	946,339	356,472	356,472
6	Commercial Property Loans	972,593	972,593	972,593
7	Employee/Pensioner Loans	84,214,841	42,107,421	42,107,131
8	Claims on Micro and Small Enterprise, and Retail Portfolio	119,645,490	89,734,118	81,951,405
9	Corporate Receivables	79,002,679	78,745,252	78,427,193
10	Past Due Receivables	2,495,483	3,743,225	3,743,225
11	Other Assets	23,268,487	-	9,529,740
12	Exposures at Sharia Unit (if any)	-	-	-
	Total Balance Sheet Exposure	**533,914,873**	**251,394,558**	**252,820,202**

Disclosure of Commitment/Contingency Exposure in Off Balance Sheet - Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2013		
		Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)
1	Government Receivables	541,544	-	-
2	Public Sector Entity Receivables	5,477,617	2,738,809	2,738,809
3	Multilateral Development Banks and International Institutions Receivables	-	-	-
4	Banks Receivables	**3,365,067**	**1,515,932**	**1,515,932**
5	Mortgage Loans	-	-	-
6	Commercial Property Loans	-	-	-
7	Employee/Pensioner Loans	-	-	-
8	Claims on Micro and Small Enterprise, and Retail Portfolio	161,445	121,084	121,084
9	Corporate Receivables	5,652,186	5,652,186	5,652,186
10	Past Due Receivables	-	-	-
	Total	**15,197,860**	**10,028,011**	**10,028,011**

Disclosure of Commitment/Contingency Exposure in Off Balance Sheet - Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2012		
		Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)
1	Government Receivables	383,130	-	-
2	Public Sector Entity Receivables	5,625,383	2,812,692	2,812,692
3	Multilateral Development Banks and International Institutions Receivables	-	-	-
4	Banks Receivables	**4,765**	**953**	**953**
5	Mortgage Loans	-	-	-
6	Commercial Property Loans	-	-	-
7	Employee/Pensioner Loans	-	-	-
8	Claims on Micro and Small Enterprise, and Retail Portfolio	207,998	155,999	155,999
9	Corporate Receivables	5,647,200	5,647,200	5,647,200
10	Past Due Receivables	-	-	-
	Total	**11,868,476**	**8,616,843**	**8,616,843**

Disclosure of Commitment/Contingency Exposure in Off Balance Sheet - Bank Consolidated with subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2013		
		Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)
1	Government Receivables	541,544	-	-
2	Public Sector Entity Receivables	5,502,617	2,751,309	2,751,309
3	Multilateral Development Banks and International Institutions Receivables	-	-	-
4	Banks Receivables	**3,366,022**	**1,516,123**	**1,516,123**
5	Mortgage Loans	1,105	442	442
6	Commercial Property Loans	441	441	441
7	Employee/Pensioner Loans	-	-	-
8	Claims on Micro and Small Enterprise, and Retail Portfolio	234,430	175,823	175,823
9	Corporate Receivables	5,789,959	5,789,959	5,789,959
10	Past Due Receivables	-	-	-
	Total	**15,436,119**	**10,234,097**	**10,234,097**

Risk Management

Disclosure of Commitment/Contingency Exposure in Off Balance Sheet - Bank Consolidated with subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2012		
		Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)
1	Government Receivables	383,130	-	-
2	Public Sector Entity Receivables	5,625,383	2,812,692	2,812,692
3	Multilateral Development Banks and International Institutions Receivables	-	-	-
4	Banks Receivables	**31,198**	**6,240**	**6,240**
5	Mortgage Loans	1,985	794	794
6	Commercial Property Loans	598	598	598
7	Employee/Pensioner Loans	-	-	-
8	Claims on Micro and Small Enterprise, and Retail Portfolio	236,698	177,523	177,523
9	Corporate Receivables	5,698,998	5,698,998	5,698,998
10	Past Due Receivables	-	-	-
	Total	**11,977,990**	**8,696,845**	**8,696,845**

Disclosure of Counterparty Credit Risk Exposure – Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2013		
		Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)
1	Government Receivables	13,230,199	-	-
2	Public Sector Entity Receivables	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-
4	Banks Receivables	1,474,553	294,911	294,911
5	Claims on Micro and Small Enterprise, and Retail Portfolio	-	-	-
6	Corporate Receivables	-	-	-
	Total	**14,704,752**	**294,911**	**294,911**

Disclosure of Counterparty Credit Risk Exposure – Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2012		
		Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)
1	Government Receivables	9,550,521	-	-
2	Public Sector Entity Receivables	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-
4	Banks Receivables	28,850	14,425	14,425
5	Claims on Micro and Small Enterprise, and Retail Portfolio	-	-	-
6	Corporate Receivables	-	-	-
	Total	**9,579,371**	**14,425**	**14,425**

Disclosure of Counterparty Credit Risk Exposure – Bank Consolidated with subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2013		
		Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)
1	Government Receivables	13,230,199	-	-
2	Public Sector Entity Receivables	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-
4	Banks Receivables	1,474,553	294,911	294,911
5	Claims on Micro and Small Enterprise, and Retail Portfolio	-	-	-
6	Corporate Receivables	-	-	-
	Total	**14,704,752**	**294,911**	**294,911**

Risk Management

Disclosure of Counterparty Credit Risk Exposure – Bank Consolidated with subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2012		
		Net Receivable	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)
1	Government Receivables	9,550,521	-	-
2	Public Sector Entity Receivables	-	-	-
3	Multilateral Development Banks and International Institutions Receivables	-	-	-
4	Banks Receivables	28,850	14,425	14,425
5	Claims on Micro and Small Enterprise, and Retail Portfolio	-	-	-
6	Corporate Receivables	-	-	-
	Total	**9,579,371**	**14,425**	**14,425**

Disclosure of Settlement Risk Exposure- Bank Only

(in million Rp)

No.	Type of Transactions	31 December 2013		
		Exposure Value	Capital Deduction Factor	RWA After CRM
(1)	(2)			
1	Delivery versus payment	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-
	d. Capital Charge 100% (over 45 days)	-	-	-
2	Non-Delivery versus payment	-	-	-
	Total	**-**	**-**	**-**

Disclosure of Settlement Risk Exposure- Bank Only

(in million Rp)

No.	Type of Transactions	31 December 2012		
		Exposure Value	Capital Deduction Factor	RWA After CRM
(1)	(2)			
1	Delivery versus payment	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-
	d. Capital Charge 100% (over 45 days)	-	-	-
2	Non-Delivery versus payment	-	-	-
	Total	**-**	**-**	**-**

Disclosure of Settlement Risk Exposure - Bank Consolidated with subsidiaries

(in million Rp)

No.	Type of Transactions	31 December 2013		
		Exposure Value	Capital Deduction Factor	RWA After CRM
(1)	(2)			
1	Delivery versus payment	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-
	d. Capital Charge 100% (over 45 days)	-	-	-
2	Non-Delivery versus payment	-	-	-
	Total	-	-	-

Disclosure of Settlement Risk Exposure - Bank Consolidated with subsidiaries

(in million Rp)

No.	Type of Transactions	31 December 2012		
		Exposure Value	Capital Deduction Factor	RWA After CRM
(1)	(2)			
1	Delivery versus payment	-	-	-
	a. Capital Charge 8% (5-15 days)	-	-	-
	b. Capital Charge 50% (16-30 days)	-	-	-
	c. Capital Charge 75% (31-45 days)	-	-	-
	d. Capital Charge 100% (over 45 days)	-	-	-
2	Non-Delivery versus payment	-	-	-
	Total	-	-	-

Disclosure of Exposure in Sharia Business unit - Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2013		31 December 2012	
		Capital Deduction Factor	RWA	Capital Deduction Factor	RWA
(1)	(2)				
1	Total Exposure	-	-	-	-
	Total	-	-	-	-

Disclosure of Exposure in Sharia Business unit - Bank Consolidated with subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2013		31 December 2012	
		Capital Deduction Factor	RWA	Capital Deduction Factor	RWA
(1)	(2)				
1	Total Exposure	-	12,242,836	-	9,824,577
	Total	-	**12,242,836**	-	**9,824,577**

Risk Management

Disclosure of Total Credit Risk Measurement - Bank Only
(in million Rp)

No.	Type of Transactions	31 December 2013	31 December 2012
(1)	(2)	(3)	(6)
1	Total Credit Risk RWA	331,161,598	259,490,149
	Total Capital Deduction Factor	-	-

Disclosure of Total Credit Risk Measurement- Bank Consolidated with subsidiaries
(in million Rp)

No.	Type of Transactions	31 December 2013	31 December 2012
(1)	(2)	(3)	(6)
1	Total Credit Risk RWA	346,922,813	271,356,050
	Total Capital Deduction Factor	-	-

Market Risk

Market risk is the risk due to changes in overall market conditions, including changes of option price against BRI's balance sheet and off-balance sheet positions, including derivative transactions..

BRI's market risk management comprises of front-office operational units (Treasury Division), back office units (Operations Center Division) and middle office units (Risk Management Division), each with their own respective authority. Front-office units are authorized to conduct transactions involving financial instruments. Mid-office units establish and monitor market risk limits and periodically verify the market data (market prices) that are used to mark to market (MTM). Back-office units settle treasury transactions and establish the daily market prices (MTM) at the end of each day.

BRI has implemented a treasury and market risk application system (GUAVA), an integrated system used by front, middle and back office units. Through this application, it is possible to measure the market risk by using an internal model approach (Value-at-Risk) which is integrated with the daily process transaction. Beside monitoring instrument risk exposure, it also monitors market risk limits and transaction limits, including dealer transaction nominal limits, cut-loss limits and stop-loss limits. Monitoring is conducted daily to accelerate the availability of updated information to support timely decision, especially for instruments classified into trading.

Financial assets and/or derivatives transactions for trading purposes can only be owned for a certain amount of time. Meanwhile, financial assets and/or derivatives classified as banking book portfolio can not be transfer to trading book position.

The banking book portfolio cannot be trade for short-term profit taking. This portfolio is intended for liquidity purposes or held to maturity.

Valuation of the trading book portfolio and the banking book portfolio is done using the quoted market prices of actively traded instruments (mark to market). The market price reflects actual and routine transactions conducted normally. Valuation results are based on market value (mark to market) and are periodically validated to ensure that consistent and fair market prices are used. If market prices are not available because the instruments are not actively traded, the determination of fair value is done based on the best-estimate approach (mark to model).

BRI measures market risk for the purpose of periodically monitor the market risk and also for capital adequacy calculations. The application of capital calculations currently accommodates the 1988 and 1996 Capital Accords that included credit risk and market risk on the Bank Capital Adequacy Calculation. In accordance with the 1996 Capital Accord and Basel II, market risk can be calculated using two (2) preferred methods: the standard method and the internal model.

Given the complexity of the methodologies used to calculate market risk, application of this method requires the readiness of banks to apply market risk calculations for capital requirements. Therefore, BRI has implemented the methodology in stages, starting with the standard method.

In accordance with Bank Indonesia (BI) regulations, market risk calculation by the standard method must take into account the bank only (without subsidiaries), including Interest Rate Risk and Foreign Exchange Risk. Calculations

of Interest Rate Risk by the standard method were made considering all BRI financial instruments classified as Trading Book that were exposed to Interest Rate Risk. The calculation of Exchange Rate Risk by the standard method was made for BRI's Trading Book and Banking Book positions that were exposed to Exchange Rate Risk.

The risk factors that were considered when calculating the Interest Rate Risk using the standard method are:

a. Specific Risk from each securities or financial instrument, regardless of long or short position. An offset position was not possible unless the positions were identical.
b. General Market Risk of the total portfolio, in which long or short positions for different securities or instruments can be offset.

The market value of securities used to calculate Specific Risk and General Risk is a 'dirty price, determined by adding the market value of securities (clean price) to the present value of the interest income to be received (accrued interest). During the coupon payment, when the present value of accrued interest does not have material difference, then the calculation of present value of the accrued interest can be ignored. Foreign Exchange Risk Calculations were performed on all positions in BRI's Trading Book and Banking Book portfolios using foreign currencies, including gold, with reference to the calculation of the Net Open Position (NOP). Position of financial instrument that was denominated in foreign currency will not only expose BRI to Foreign Exchange Risk but also Interest Rate Risk (e.g., in cross-currency swaps). In this case, the Interest Rate Risk exposure was also taken into account.

Capital charge for Foreign Exchange Risk from foreign currency positions amounted to 8 percent of BRI's NOPs as a whole at end of business day. NOP is the absolute value of the differences between assets and liabilities denominated in each foreign currency, plus the net difference between receivables and payables, which are either commitments or contingencies for the administrative account for each foreign currency, which are expressed in Indonesian Rupiah.

Portfolio coverage accounted for in the Capital Adequacy Ratio (CAR) is as follows:

1. Positions held for resale in the short term.
2. Positions held for the purpose of short-term profit from price movement, actual or potential.
3. Positions held for the purpose of retaining the advantages of arbitration (locking in arbitrage profit).
4. Derivative instruments associated with securities or other interest such as Forward Bond, Bond Options, Interest Rate Swaps, Cross-Currency Swaps, Forward Foreign Exchange, Interest Rate Options and Forward Rate Agreements/FRAs.
5. Entire debt securities with fixed or floating interest rates and all financial instruments that have similar characteristics, including certificates of deposit that can be traded (Negotiable Certificates of Deposits) and securities sold by BRI on condition of repurchase (Repo/Securities Lending).
6. BRI's foreign exchange position in the trading book and the banking book exposed to exchange rate risk.

The following table explains capital charges and RWA for market risk by using standard method.

.BRI has implemented a treasury and market risk application system (GUAVA), an integrated system used by front, middle and back office units. Through this application, it is possible to measure the market risk using an internal model approach which is integrated with daily process transactions.

Risk Management

Disclosure of Market Risk Standardized Method

(in million Rp)

No.	Type of Risk	31 December 2013			
		Bank Only		Bank Consolidated	
		Capital Change	RWA	Capital Change	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest Rate Risk	-	-	-	-
	a. Specific Risk	-	-	-	-
	b. General Risk	8,768	109,606	12,368	154,597
2	Foreign Exchange Risk	174,831	2,185,382	178,882	2,236,020
3	Equity Risk	-	-	-	-
4	Commodity Risk	-	-	-	-
5	Option Risk	-	-	-	-
	Total	**183,599**	**2,294,988**	**191,249**	**2,390,617**

Disclosure of Market Risk Standardized Method

(In Rp Million)

No.	Type of Risk	31 December 2012			
		Bank Only		Bank Consolidated	
		Capital Change	RWA	Capital Change	RWA
(1)	(2)	(3)	(4)	(5)	(6)
1	Interest Rate Risk	-	-	-	-
	a. Specific Risk	-	-	-	-
	b. General Risk	-	-	4,203	52,531
2	Foreign Exchange Risk	132,358	1,654,474	132,687	1,658,586
3	Equity Risk	-	-	-	-
4	Commodity Risk	-	-	-	-
5	Option Risk	-	-	-	-
	Total	**132,358**	**1,654,474**	**136,889**	**1,711,117**

To anticipate market risk arising from treasury activities, BRI exercised measurement, monitoring, and control steps, among others:

1. Measurement steps:
   a. Sensitivity testing of interest rate; an analysis on interest sensitivity used as an indicator to project interest rate risk potential and as basis to formulate strategic policies for trading in treasury activities.
   b. Volatility of foreign exchange and interest rate; a measurement of volatility level of foreign exchange and interest rate based on certain confidence level. The measurement can be used to quantify foreign exchange and interest rate risks potential for treasury trading portfolio.
   c. Stress testing and back testing;
      - Stress testing uses certain scenarios as simulation to examine the Bank's capital and liquidity adequacy under specific situation, such as certain interest rate, foreign exchange, or liquidity condition.
      - Back testing analysis examines methodology accuracy and serves as a tool to measure market risk by comparing market risk projection with actual loss.
   d. Revaluation of treasury position and BRI's position as a whole, including calculations of treasury products with hypothetical prices.
2. Monitoring measure of Profit and Loss Assistance that monitors profit and loss data calculation from treasury activities on daily basis, including keeping track of treasury performance compare to the target.
3. Control measures, among others::
   - Limit and excess controls (front end); oversseing treasury transactions limit activitieis to ensure that treasury transactions are within the determined limits, particularly for cut-loss limit.

- New Product and/or Activity Review on treasury transactions; analyzing characteristics of products and/or new activities in trading activities, including information related to profit-loss potential, risk potential, settlement procedure, revaluation process, and risk mitigation

Operational Risk

The implementation of operational risk management is intended to control operational risks arising from internal or external circumstances that disrupt business and operational activities. The hindrances include inadequacy of HR and internal process, information technology system failure, natural disaster, crime committed against the Bank, and other occurrences that potentially lead to the Bank's financial and non-financial losses.

Operational risk management in BRI also includes legal, reputation, compliance, and strategic risks associated with business processes and operational activities.

The implementation of operational risk management at BRI in 2013 was done through a number of risk management and monitoring tools, namely Operational Risk Assessor (OPRA) that includes Risk and Control Self Assessment (RCSA) module, Key Risk Indicator (KRI), Incident Management, RM Forum, Maturity Assessment, and Business Continuity Management implementation. Efforts to enhance risk management understanding are focused on reinforcing risk culture, fraud awareness, and holding risk management disseminations/ trainings continually for all BRI's employees, and improving risk control quality in all of BRI's operating activities.

Operational Risk Management Organization

The Board of Commissioners and Board of Directors are responsible for the effectiveness of risk management implementation in BRI. The Boards possess in-depth understanding of risks faced by BRI and hold critical role in supporting and monitoring the successful implementation of risk management in all Operating Units. The governance of BRI's Operational Risk Management is based on three lines of defense, Risk Taking Units (Operating Units), Risk Control Units (Risk Management Division), and Internal Audit Function (Internal Audit).

All operational working untis in BRI serve as the first line of defense that are responsible for risk management implementation in their respective operating and business activities. To raise comprehensive risk culture, BRI Board of Directors has put in place Risk Management Function (RM Function) in all of Operating Units across all levels, from Head Office (Division/Desk), Regional Offices, Special Branch Office, Branch Offices that supervise operational functions, marketing, and micro business; and Sub-Branch Offices. The tasks of RM Function among others are: 1) Promote risk awareness in its working unit; 2) Support risk management process implementation (risk identification, measurement, monitoring, and control); and 3) Report the result of risk management and monitoring. Thus, all employees in BRI are expected to understand and be capable of implementing risk management in each business activity.

Operational Risk Mangement Unit (RMU) is the second line of defense and is responsible to formulate operational risk management implementation guidelines, develop and implement policy/procedure and methodology, oversee, review, and

BRI Operational Risk Management governance is based on three lines of defense, namely Risk Taking Units (operating units), Risk Control Units (Risk Management Division), and Internal Audit Function (Internal Audit).

monitor the process of operational risk management implementation. In addition, Operational RMU is also involved in the formulation and monitoring of BRI operational risk profile, examine the adequacy of operational risk management of a product and/or new activities, and support Operating Unit/risk owner in developing risk culture, anti fraud strategy implementation, and compliance to the principles of operational risk management. To discuss the management and improvement of operational risk management and control, Operational RMU coordinates Operational Risk Management Commmittee (ORMC) quarterly, together with Division/Desks and related Operating Unit.

Internal Audit Unit (SKAI) is the third line of defense and comprises Internal Audit at the Head Office and BRI's Regional Audit Offices throughout Indonesia. SKAI oversees and validates adequacy of internal control (assurance function) in operational and business activities of Operating Units as well as the consistency of operational risk management in BRI, bank-wide.

BRI's operational risk management governance structure illustrates the relation between operational risk management function at the corporate level, Operating Unit, and involvement of Internal Audit serving assurance function. Operational risk management implementation in BRI is founded upon organizational structure design that incorporates the involvement of all parties related to operational risk management (Board of Commissioners, Board of Directors, Risk Management Committee, Risk Management Division, Operating Unit, Operational Risk Management Function, and Internal Audit).

Operational Risk Identification, Measurement, and Mitigation

a. Risk and Control Self Assesment *(RCSA)*

RCSA is a qualitative and forecasting tool in risk management used to identify and measure risks based on impact and likelihood of occurrence.

Related to working units as the first line of defense, RCSA helps them to identify and measure operational risks in each operational and business activity, including monitoring and determining steps of improvements/follow-up plan.

In BRI, RCSA has been implemented in Division/Desk at BRI Head Office, Regional Offices, Special Branch Office, Branch Offices, and BRI Priority Service Centers. In 2014, the Bank plans to implement RCSA to Sub-Branch Office level, thus expanding RCSA process from Branch Offices directly to Sub-Branch Offices, while to mitigate risks in micro business and operational of BRI Unit, the Bank has assigned MBM and AMBM to undertake the RM function in micro business.

Consolidated RCSA is prepared with the purpose to generate comprehensive operational risk profile and to answer control or mitigation needs. Consolidated RCSA is reported quarterly to the Bank's Board of Directors and Risk Management Committee (RMC).

Operational risk is frequently changing; therefore risk issue in RCSA needs to be constantly updated. RCSA risk issue update is done by taking into account BRI's business developments that include new products and/or activities, new market segments, and business competition; changes in internal/external regulations; and other changes that affect BRI's risk exposure. In addition, the update also considers result of operational risk identification from other tools, such as Incident Management (IM) data, Loss Event Database (LED), Key Risk Indicator (KRI), and Audit Report (AR).

b. Key Risk Indicator (KRI)

KRI is a tool to detect increase or decrease of risk ahead of risk occurrence and historical occurrences. Risk trend forecast is identified to determine follow up plan related to operational risks ahead of financial or non-financial losses.

BRI has identified key risks for all risk types and has set risk limit that reflects the acceptable condition and risk level (risk appetite). Identification of key risk indicator and determination of KRI treshold is performed using best judgement and involved Internal Audit, Risk Owner, and other relevant parties. BRI's Key Risk Indicator is stated in, among others, Bank-Wide Risk Profile Report and Regional Offices Risk Profiles that are monitored regularly and reported to the management on monthly basis. Starting 2013,

KRI was also implemented in OPRA application specifically to monitor compliance risk whilst being continually enhanced to be able to monitor other risks. The following presents key risk indicators monitored through OPRA application:

No.	Risk Issue	Indicator
1.	Tax transfer violation	Frequency (total) Penalty Nominal (in Rupiah)
2.	Bank's Monthly Report Violation	Frequency (total) Penalty Nominal (in Rupiah)
3.	SID report violation	Frequency (total) Penalty Nominal (in Rupiah)
4.	Executive Officers report violation	Frequency (total) Penalty Nominal (in Rupiah)
5.	Other regulatory requirements report violation	Frequency (total) Penalty Nominal (in Rupiah)

For easy access of risk monitoring purpose, reports are available to be downloaded at anytime from OPRA application. KRI report presents frequency of SID breach and the nominal, thus enabling monitoring over particular risk movement. Therefore, BRI may perform control adjustments to prevent SID breach reoccurrence in the future.

c. Incident Management (IM)/Loss Event Database (LED) and Measurement of Operational Risk Capital Expense

In BRI, Incident Management (IM) is Loss Event Database (LED) that covers the process of loss event data documentation for both financial and non-financial losses, which include actual loss, potential loss, and near misses from the time of the event until the time of its settlement as well as corrective actions and mitigation steps taken.

BRI's operational loss data was documented started in 2007 which consistently and systematically recorded in a form of loss database matrix and classified based on eight lines of business, seven types of event/event categories, with event frequency, and event severity/loss dimension.

Based on data loss in IM system, the Bank may analyse loss event based on cause, functional activity, and event category in which divided into BRI's 8 lines of business. The information system also serves as basis to determine control improvement steps and development of preventive measures to control risks based on records of event handling/settlement.

To calculate capital expense and Operational RWA, BRI currently uses Basic Indicator Approach (BIA) model, which was initially applied in 2010 in accordance with regulatory requirement. Further, BRI has commenced on preparation phase to apply The Standardized Approach (TSA) and Advanced Measurement Approach (AMA).

BRI has also performed simulation to calculate operational risk capital expense using Advanced Measurement Approach (AMA). AMA method uses 2 approaches, namely Extreme Value Theory (EVT) and Loss Distribution Approach (LDA). In this calculation process, BRI has developed implementation gap analysis.

The following table presents capital expense and RWA of operational risk calculated using Basic Indicator Approach in accordance with regulation from Bank Indonesia (BI).

Risk Management

Disclosure of Operational Risk using BIA method– Bank Only

(in million Rp)

No.	Approach used	31 December 2013		
		Gross Revenues (Average in Last 3 Years)	Capital Expense	RWA
(1)	(2)	(3)	(4)	(5)
1	Basic Indicator Approach	40,214,297	6,032,145	75,401,807
	Total	**40,214,297**	**6,032,145**	**75,401,807**

Disclosure of Operational Risk using BIA method– Bank Only

(in million Rp)

No.	Approach used	31 December 2012		
		Gross Revenues (Average in Last 3 Years)	Capital Expense	RWA
(1)	(2)	(3)	(4)	(5)
1	Basic Indicator Approach	34,243,949	5,136,592	64,207,405
	Total	**34,243,949**	**5,136,592**	**64,207,405**

Disclosure of Operational Risk using BIA method– Bank Consolidated with subsidiaries

(in million Rp)

No.	Approach used	31 December 2013		
		Gross Revenues (Average in Last 3 Years)	Capital Expense	RWA
(1)	(2)	(3)	(4)	(5)
1	Basic Indicator Approach	40,398,748	6,059,812	75,747,653
	Total	**40,398,748**	**6,059,812**	**75,747,653**

Disclosure of Operational Risk using BIA method– Bank Consolidated with subsidiaries

(in million Rp)

No.	Approach used	31 December 2012		
		Gross Revenues (Average in Last 3 Years)	Capital Expense	RWA
(1)	(2)	(3)	(4)	(5)
1	Basic Indicator Approach	34,401,371	5,160,206	64,502,571
	Total	**34,401,371**	**5,160,206**	**64,502,571**

d. RM Forum and Maturity Assessment

Risk Management Forum (RM Forum) is the forum where Head of Working Units and the executive one level below, staff, and also employees meet to discuss the risks inherent to business and operational activities which potentially become the barriers in achieving pre-determined business performance or targets. Risk Management Forum held in the respective working units in BRI and has become one of the important elements that support and promote risk awareness culture in the Bank.

Maturity assessment is a self-assessment process on the maturity level of risk management implementation exercised by BRI's working units. The assessment is conducted annually at the end of the year by head of working unit based on certain parameters. The result of maturity assessment is expected to be able to motivate working units to evaluate their risk management implementation and nurture continuous improvements

e. Anti-Fraud Strategy Implementation

The implementation of fraud control system has complied with BRI's internal policies and procedures; it highlights BRI's zero fraud tolerance that is consistently applied to resolve fraud cases. Implementation and application of Anti-Fraud Strategy is part of Risk Management, while the prevention and management of fraud incidents in BRI consists of 4 (four) pillars, namely 1) prevention, 2) detection, 3) investigation, reporting, and sanctioning, and 4) evaluation, monitoring, and followup. Anti-Fraud commitment signed by Directors and Commissioners, the management, and all BRI employees as a form of anti-fraud awareness and fraud preventive action.

f. Adequacy Assessment on Risk Management over New Products and Activities (PAB)

The issuance process of new products and/or activities (PAB) in BRI includes risk management phase that covers risk assessment performed by product owner on all risks potentially arising from the issuance of PAB. This includes control and oversight with the purpose to mitigate PAB-associated risks. Risk Management Unit (RMU) is responsible to exercise adequacy assessment on PAB risk management and makes recommendation based on assessment result to the Director of Risk Management in BRI.

g. Business Continuity Management (BCM) Implementation

Potentials of disruption, whether driven by nature, human errors, or technological failures, pose a threat to BRI's business continuity, particularly considering BRI's well spread network throughout Indonesia. BRI Board of Directors recognizes the importance of developing and implementing Business Continuity Management (BCM) policy, as follows:

- Disaster Mitigation Plan that protects the security and safety of employees, safety of customers as well as other stakeholders located around BRI's Operating Unit.
- Business Continuity Plan, which would maintain the continuity of key business/operational activities, safeguard BRI's assets, and capable to provide sufficient respond under events of disruption/disaster.

BCM implementation in 2013 involved all BRI's working units, among others, are done through formation/upgrade of Crisis Management Team, formulation/update of Call Tree, and alternate sites determination.

BRI's working units have also conducted Threat and Disaster Risk Assessment (PRAB), creating a mapping of working units who are exposed to disaster threats and registering resources required to be prepared against threats/disasters in each working unit.

The preparedness of BRI's organization to implement business continuity procedure has been proven over time following events of disasters that took place in a number of BRI's unit locations. Among the events were disasters in 2013; earthquakes in Aceh and floods in Ambon, Jakarta, and Kendari as well as volcanic eruptions in North Sulawesi and North Sumatera. BRI's operational units were able to make use of E-Buzz and Teras BRI Mobile vehicles, which were available across all BRI's operational areas, as alternate sites during disaster period, thus enabling operating units to immediately resume operations post-disaster. Moreover, Risk Management Division coordinated BCM implementation continuously with related working units, such as by conducting testing of DC-DRC Switch Over in 2013 and simulation of disaster evacuation in several BRI buildings, including BRI Head Office and IT Building in Ragunan.

Liquidity Risk Control conducted by Treasury and Risk Management Divisions is part of the follow-up actions on monitoring results of performance and compliance of operating units to the liquidity threshold.

Liquidity Risk

Liquidity risk arises from BRI's inability to fulfill its matured obligations from cash flow funding sources and/or highly liquid assets that can be collateralized without disrupting the Bank's activities and financial condition.

Liquidity risk control is performed by Treasury and Risk Management Divisions, as part of follow-up actions on monitoring results of performance and compliance of Operating Units to the liquidity threshold.

Treasury division will use early warning indicators to monitor the liquidity position as part of liquidity management as well as to identify the possibility of increasing risk. Several internal and external factors that are part of early warning system are:

1. Internal indicators
   a. Deteriorating asset quality;
   b. Increasing concentration on specific assets and financial resources;
   c. Increasing currency mismatch;
   d. Repeated exceedance of limit;
   e. Increasing cost of funds of BRI as a whole;
   f. Deteriorating cash flow due to large maturity mismatch, especially in short term.
2. External indicators
   a. Negative public perception toward BRI;
   b. Decrease of BRI's ratings by rating agency;
   c. Continuous drop of BRI's share price
   d. Decrease of credit line facilities provided by correspondent banks;
   e. Increase withdrawal of time deposits ahead of maturity;
   f. Limited access to medium and long-term funding;
   g. Tight market liquidity;
   h. Changes in regulatory policies with significant impacts on banking sector.

To identify BRI's actual liquidity condition, the results of measurement by using liquidity ratios are thoroughly analyzed then linked with latest qualitative information to generate reasonable and comprehensive conclusions. Liquidity risk measurement tools used in BRI are: cash flow projection, maturity profile, liquidity ratios, and liquidity risk stress test.

The following table presents information on assets and obligations mapping reflected in the balance sheet as well as receivables and payables in administrative account within a specific time scale based on the remaining period until maturity as of 31 December 2013.

Disclosure of Rupiah Maturity Profile – Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2013					
		Balance	Maturity				
			≤ 1 month	> 1 month - 3 months	> 3 months - 6 months	> 6 months - 12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**Balance Sheet**						
	A. Assets						
	1. Cash	18,514,993	18,514,993	-	-	-	-
	2. Placement with BI	22,766,365	22,766,365	-	-	-	-
	3. Placement with Other Bank	2,604,040	2,564,040	40,000	-	-	-
	4. Marketable Securities	50,473,224	26,753,814	1,980,980	-	6,582,477	15,155,953
	5. Loans	368,801,800	11,999,600	33,432,804	24,340,727	40,446,837	258,581,832
	6. Other Receivables	34,781,787	33,557,749	696,835	510,133	17,070	-
	7. Others	12,631,438	3,150,121	661,461	629,084	716,472	7,474,300
	Total Assets	**510,573,647**	**119,306,682**	**36,812,080**	**25,479,944**	**47,762,856**	**281,212,085**
	B. Liabilities						
	1. Third Party Funds	420,841,857	358,487,876	20,528,552	10,369,656	12,775,541	18,680,232
	2. Liabilities to BI	83,189	67,133	202	6,727	-	9,127
	3. Liabilities to Other Banks	917,962	917,962	-	-	-	-
	4. Marketable Securities Issued	-	-	-	-	-	-
	5. Fund Borrowings	12,467	-	-	-	-	12,467
	6. Other Liabilities	13,201,002	6,630,283	4,333,098	1,092,413	1,145,208	-
	7. Others	4,815,967	1,396,157	613,246	47,005	1,998,495	761,064
	Total Liabilities	**439,872,444**	**367,499,411**	**25,475,098**	**11,515,801**	**15,919,244**	**19,462,890**
	Assets and Liabilities Difference on Balance Sheet	**70,701,203**	**(248,192,729)**	**11,336,982**	**13,964,143**	**31,843,612**	**261,749,195**
II	**Off Balance Sheet**						
	A. Off Balance Sheet Receivables						
	1. Commitment	-	-	-	-	-	-
	2. Contigencies	3,123	3,123	-	-	-	-
	Total Off Balance Sheet Receivable	**3,123**	**3,123**	**-**	**-**	**-**	**-**
	B. Off Balance Sheet Liabilities						
	1. Commitment	54,330,121	2,278,900	6,431,564	13,855,596	6,842,069	24,921,992
	2. Contigencies	5,704,614	1,404,007	1,282,878	724,912	1,099,140	1,193,677
	Total Off Balance Sheet Liabilities	**60,034,735**	**3,682,907**	**7,714,442**	**14,580,508**	**7,941,209**	**-**
	Difference of Assets and Liabilities in Off Balance Sheet	**(60,031,612)**	**(3,679,784)**	**(7,714,442)**	**(14,580,508)**	**(7,941,209)**	**-**
	Difference [(IA-IB)+(IIA-IIB)]	**10,669,591**	**(251,872,513)**	**3,622,540**	**(616,365)**	**23,902,403**	**261,749,195**
	Cumulative Difference	-	-	-	-	-	-

Risk Management

Disclosure of Rupiah Maturity Profile – Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2012					
		Balance	Maturity				
			≤ 1 month	> 1 month - 3 months	> 3 months - 6 months	> 6 months - 12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**Balance Sheet**						
	A. Assets						
	1. Cash	13,450,227	13,450,227	-	-	-	-
	2. Placement with BI	94,514,921	59,892,650	21,131,764	13,490,507	-	-
	3. Placement with Other Bank	640,514	385,514	255,000	-	-	-
	4. Marketable Securities	37,538,188	11,082,348	1,627,741	8,461,574	2,516,239	13,850,286
	5. Loans	311,340,715	14,962,163	22,190,689	21,254,353	37,150,177	215,783,333
	6. Other Receivables	6,907,674	349	5,140	567,947	150,895	6,183,343
	7. Others	5,215,402	118,067	208,240	300,471	58,632	4,529,992
	Total Assets	**469,607,641**	**99,891,318**	**45,418,574**	**44,074,852**	**39,875,943**	**240,346,954**
	B. Liabilities						
	1. Third Party Funds	389,845,197	332,297,606	18,183,335	8,013,306	31,040,598	310,352
	2. Liabilities to BI	118,875	77,377	4,217	37,281	-	-
	3. Liabilities to Other Banks	958,549	958,549	-	-	-	-
	4. Marketable Securities Issued	-	-	-	-	-	-
	5. Fund Borrowings	132,876	-	4,066	115,106	-	13,704
	6. Other Liabilities	16,283	349	15,934	-	-	-
	7. Others	15,428,270	12,739,894	1,572,144	976,378	-	139,854
	Total Liabilities	**406,500,050**	**346,073,775**	**19,779,696**	**9,142,070**	**31,040,598**	**463,910**
	Assets and Liabilities Difference on Balance Sheet	**63,107,591**	**(246,182,457)**	**25,638,878**	**34,932,782**	**8,835,345**	**239,883,044**
II	**Off Balance Sheet**						
	A. Off Balance Sheet Receivables						
	1. Commitment	-	-	-	-	-	-
	2. Contigencies	180,573	114,427	3,768	7,807	13,046	41,525
	Total Off Balance Sheet Receivable	**180,573**	**114,427**	**3,768**	**7,807**	**13,046**	**41,525**
	B. Off Balance Sheet Liabilities						
	1. Commitment	59,704,866	5,150,867	10,581,881	12,315,272	31,656,846	-
	2. Contigencies	3,848,083	1,161,365	834,912	502,150	1,349,656	-
	Total Off Balance Sheet Liabilities	**63,552,949**	**6,312,232**	**11,416,793**	**12,817,422**	**33,006,502**	**-**
	Difference of Assets and Liabilities in Off Balance Sheet	**(63,372,376)**	**(6,197,805)**	**(11,413,025)**	**(12,809,615)**	**(32,993,456)**	**41,525**
	Difference [(IA-IB)+(IIA-IIB)]	**(264,785)**	**(252,380,262)**	**14,225,853**	**22,123,167**	**(24,158,111)**	**239,924,569**
	Cumulative Difference	-	-	-	-	-	-

Disclosure of Rupiah Maturity Profile – Bank Consolidated with subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2013					
		Balance	Maturity				
			≤ 1 month	> 1 month - 3 months	> 3 months - 6 months	> 6 months - 12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**Balance Sheet**						
	A. Assets						
	1. Cash	18,775,487	18,775,487	-	-	-	-
	2. Placement with BI	23,710,858	23,710,858	-	-	-	-
	3. Placement with Other Bank	2,409,040	2,369,040	40,000	-	-	-
	4. Marketable Securities	52,288,001	27,803,508	1,980,980	-	6,666,877	15,836,636
	5. Loans	386,041,694	12,708,638	34,167,525	25,360,830	42,322,265	271,482,437
	6. Other Receivables	35,744,220	34,520,182	696,835	510,133	17,070	-
	7. Others	13,274,874	3,517,856	668,712	629,084	716,472	7,742,750
	Total Assets	**532,244,174**	**123,405,569**	**37,554,052**	**26,500,047**	**49,722,684**	**295,061,823**
	B. Liabilities						
	1. Third Party Funds	438,537,145	381,255,122	23,384,842	8,326,820	25,314,645	255,716
	2. Liabilities to BI	118,875	67,133	202	6,727	-	44,813
	3. Liabilities to Other Banks	1,841,458	1,835,914	3,108	2,436	-	-
	4. Marketable Securities Issued	-	-	-	-	-	-
	5. Fund Borrowings	112,467	-	-	-	-	112,467
	6. Other Liabilities	13,427,528	6,836,822	4,344,400	1,096,667	1,149,639	-
	7. Others	5,080,273	1,406,269	614,559	335,572	1,998,495	725,378
	Total Liabilities	**459,117,746**	**391,401,260**	**28,347,111**	**9,768,222**	**28,462,779**	**1,138,374**
	Assets and Liabilities Difference on Balance Sheet	**73,126,428**	**(267,995,691)**	**9,206,941**	**16,731,825**	**21,259,905**	**293,923,449**
II	**Off Balance Sheet**						
	A. Off Balance Sheet Receivables						
	1. Commitment	-	-	-	-	-	-
	2. Contigencies	23,450	23,450	-	-	-	-
	Total Off Balance Sheet Receivable	**23,450**	**23,450**	**-**	**-**	**-**	**-**
	B. Off Balance Sheet Liabilities						
	1. Commitment	55,100,825	2,375,064	6,475,913	13,970,032	7,157,539	25,122,277
	2. Contigencies	5,770,702	1,447,252	1,283,045	724,912	1,114,575	1,200,918
	Total Off Balance Sheet Liabilities	**60,871,527**	**3,822,316**	**7,758,958**	**14,694,944**	**8,272,114**	**26,323,195**
	Difference of Assets and Liabilities in Off Balance Sheet	**(60,848,077)**	**(38,303)**	**(7,825)**	**(38,015)**	**(171,672)**	**(207,869)**
	Difference [(IA-IB)+(IIA-IIB)]	**12,278,351**	**(268,033,994)**	**9,199,116**	**16,693,810**	**21,088,233**	**293,715,580**
	Cumulative Difference	-	-	-	-	-	-

Risk Management

Disclosure of Rupiah Maturity Profile – Bank Consolidated with subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2012					
		Balance	Maturity				
			≤ 1 month	> 1 month - 3 months	> 3 months - 6 months	> 6 months - 12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**Balance Sheet**						
	A. Assets						
	1. Cash	13,610,763	13,610,763	-	-	-	-
	2. Placement with BI	97,083,996	62,461,725	21,131,764	13,490,507	-	-
	3. Placement with Other Bank	1,109,140	854,140	255,000	-	-	-
	4. Marketable Securities	38,453,637	11,147,033	1,627,741	8,986,574	2,516,239	14,176,050
	5. Loans	324,798,635	15,661,758	23,012,065	21,915,768	38,197,482	226,011,562
	6. Other Receivables	6,933,419	26,094	5,140	567,947	150,895	6,183,343
	7. Others	4,460,249	118,297	239,154	302,861	58,632	3,741,305
	Total Assets	**486,449,839**	**103,879,810**	**46,270,864**	**45,263,657**	**40,923,248**	**250,112,260**
	B. Liabilities						
	1. Third Party Funds	392,837,279	332,703,768	20,456,540	8,280,732	31,083,539	312,700
	2. Liabilities to BI	118,875	77,377	4,217	37,281	-	-
	3. Liabilities to Other Banks	2,018,356	1,339,669	675,800	500	2,387	-
	4. Marketable Securities Issued	-	-	-	-	-	-
	5. Fund Borrowings	317,007	-	129,489	65,928	-	121,590
	6. Other Liabilities	34,449	14,033	20,416	-	-	-
	7. Others	26,950,862	22,257,266	2,744,783	1,704,643	-	244,170
	Total Liabilities	**422,276,828**	**356,392,112**	**24,031,245**	**10,089,084**	**31,085,926**	**678,460**
	Assets and Liabilities Difference on Balance Sheet	**64,173,011**	**(252,512,302)**	**22,239,619**	**35,174,573**	**9,837,322**	**249,433,800**
II	**Off Balance Sheet**						
	A. Off Balance Sheet Receivables						
	1. Commitment	532,710	135,525	7,825	38,015	171,672	179,673
	2. Contigencies	250,201	155,859	3,768	7,807	13,046	69,721
	Total Off Balance Sheet Receivable	**782,911**	**291,384**	**11,593**	**45,822**	**184,718**	**249,394**
	B. Off Balance Sheet Liabilities						
	1. Commitment	60,140,354	5,189,170	10,589,706	12,353,287	31,828,518	179,673
	2. Contigencies	3,876,279	1,161,365	834,912	502,150	1,349,656	28,196
	Total Off Balance Sheet Liabilities	**64,016,633**	**6,350,535**	**11,424,618**	**12,855,437**	**33,178,174**	**207,869**
	Difference of Assets and Liabilities in Off Balance Sheet	**(63,233,722)**	**(38,303)**	**(7,825)**	**(38,015)**	**(171,672)**	**(207,869)**
	Difference [(IA-IB)+(IIA-IIB)]	**939,289**	**(252,550,605)**	**22,231,794**	**35,136,558**	**9,665,650**	**249,225,931**
	Cumulative Difference	-	-	-	-	-	-

Disclosure of Foreign Currency Maturity Profile – Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2013					
		Balance	Maturity				
			≤ 1 month	> 1 month - 3 months	> 3 months - 6 months	> 6 months - 12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**Balance Sheet**						
	A. Assets						
	1. Cash	396,114	396,114	-	-	-	-
	2. Placement with BI	7,301,979	7,301,979	-	-	-	-
	3. Placement with Other Bank	2,909,346	2,906,550	2,796	-	-	-
	4. Marketable Securities	9,308,643	3,837,908	2,733,930	-	866,921	1,869,884
	5. Loans	46,743,674	12,744,570	3,432,752	4,244,521	6,848,647	19,473,184
	6. Other Receivables	26,907,154	17,894,295	1,489,344	1,701,343	1,328,533	4,493,639
	7. Others	112,203	-	68,815	27,496	-	15,892
	Total Assets	**93,679,113**	**45,081,416**	**7,727,637**	**5,973,360**	**9,044,101**	**25,852,599**
	B. Liabilities						
	1. Third Party Funds	65,524,514	40,465,692	5,733,874	10,189,304	9,081,272	54,372
	2. Liabilities to BI	-	-	-	-	-	-
	3. Liabilities to Other Banks	184,976	184,976	-	-	-	-
	4. Marketable Securities Issued	6,023,133	-	-	-	-	6,023,133
	5. Fund Borrowings	8,956,390	1,909,483	4,065,257	2,981,650	-	-
	6. Other Liabilities	4,950,478	1,260,042	851,895	1,045,417	1,074,837	718,287
	7. Others	213,668	93,273	67,464	26,341	26,590	-
	Total Liabilities	**85,853,159**	**43,913,466**	**10,718,490**	**14,242,712**	**10,182,699**	**6,795,792**
	Assets and Liabilities Difference on Balance Sheet	**7,825,954**	**1,167,950**	**(2,990,853)**	**(8,269,352)**	**(1,138,598)**	**19,056,807**
II	**Off Balance Sheet**						
	A. Off Balance Sheet Receivables						
	1. Commitment	1,180,490	1,180,490	-	-	-	-
	2. Contigencies	34,753	34,753	-	-	-	-
	Total Off Balance Sheet Receivable	**1,215,243**	**1,215,243**	**-**	**-**	**-**	**-**
	B. Off Balance Sheet Liabilities						
	1. Commitment	44,170,089	3,982,439	17,780,089	6,515,524	4,647,268	11,244,769
	2. Contigencies	10,152,672	701,533	1,059,741	1,654,756	1,452,317	5,284,325
	Total Off Balance Sheet Liabilities	**54,322,761**	**4,683,972**	**18,839,830**	**8,170,280**	**6,099,585**	**16,529,094**
	Difference of Assets and Liabilities in Off Balance Sheet	**(53,107,518)**	**(3,468,729)**	**(18,839,830)**	**(8,170,280)**	**(6,099,585)**	**(16,529,094)**
	Difference [(IA-IB)+(IIA-IIB)]	**62,148,715**	**5,851,922**	**15,848,977**	**(99,072)**	**4,960,987**	**35,585,901**
	Cumulative Difference	-	-	-	-	-	-

Risk Management

Disclosure of Foreign Currency Maturity Profile – Bank Only

(in million Rp)

No.	Portfolio Category	31 December 2012					
		Balance	Maturity				
			≤ 1 month	> 1 month - 3 months	> 3 months - 6 months	> 6 months - 12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**Balance Sheet**						
	A. Assets						
	1. Cash	284,543	284,543	-	-	-	-
	2. Placement with BI	6,147,100	5,183,548	481,821	481,731	-	-
	3. Placement with Other Bank	9,800,035	9,790,397	9,638	-	-	-
	4. Marketable Securities	6,999,619	2,854,341	48,188	-	67,463	4,029,627
	5. Loans	36,891,249	10,785,703	1,648,194	2,024,216	5,510,396	16,922,740
	6. Other Receivables	5,398,397	556,689	1,950,561	2,812,532	-	78,615
	7. Others	80,572	74,312	-	6,260	-	-
	Total Assets	**65,601,515**	**29,529,533**	**4,138,402**	**5,324,739**	**5,577,859**	**21,030,982**
	B. Liabilities						
	1. Third Party Funds	46,239,221	27,759,327	5,868,092	7,288,616	5,322,003	1,183
	2. Liabilities to BI	-	-	-	-	-	-
	3. Liabilities to Other Banks	1,175,283	1,175,283	-	-	-	-
	4. Marketable Securities Issued	-	-	-	-	-	
	5. Fund Borrowings	10,571,568	1,969,609	3,467,951	5,134,009	-	-
	6. Other Liabilities	5,521,740	560,092	1,950,669	2,812,532	-	198,447
	7. Others	563,995	197,105	136,420	230,469	-	-
	Total Liabilities	**64,071,807**	**31,661,416**	**11,423,132**	**15,465,626**	**5,322,003**	**199,630**
	Assets and Liabilities Difference on Balance Sheet	**1,529,708**	**(2,131,883)**	**(7,284,730)**	**(10,140,887)**	**255,856**	**20,831,352**
II	**Off Balance Sheet**						
	A. Off Balance Sheet Receivables						
	1. Commitment	-	-	-	-	-	-
	2. Contigencies	15,192	1,648	-	-	-	13,544
	Total Off Balance Sheet Receivable	**15,192**	**1,648**	**-**	**-**	**-**	**13,544**
	B. Off Balance Sheet Liabilities						
	1. Commitment	27,733,344	2,019,384	12,909,894	1,456,517	11,347,549	-
	2. Contigencies	8,320,674	409,867	991,314	1,510,316	5,409,177	-
	Total Off Balance Sheet Liabilities	**36,054,018**	**2,429,251**	**13,901,208**	**2,966,833**	**16,756,726**	**-**
	Difference of Assets and Liabilities in Off Balance Sheet	**(36,038,826)**	**(2,427,603)**	**(13,901,208)**	**(2,966,833)**	**(16,756,726)**	**13,544**
	Difference [(IA-IB)+(IIA-IIB)]	**37,583,726**	**297,368**	**6,616,478**	**(7,174,054)**	**17,012,582**	**20,831,352**
	Cumulative Difference	-	-	-	-	-	-

Disclosure of Foreign Currency Maturity Profile – Bank Consolidated with subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2013					
		Balance	Maturity				
			≤ 1 month	> 1 month - 3 months	> 3 months - 6 months	> 6 months - 12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**Balance Sheet**						
	A. Assets						
	1. Cash	396,291	396,291	-	-	-	-
	2. Placement with BI	7,301,979	7,301,979	-	-	-	-
	3. Placement with Other Bank	2,885,006	2,882,210	2,796	-	-	-
	4. Marketable Securities	9,337,146	3,837,908	2,733,930	-	866,921	1,898,387
	5. Loans	46,885,065	12,744,570	3,432,752	4,248,062	6,861,219	19,598,462
	6. Other Receivables	27,020,132	18,007,273	1,489,344	1,701,343	1,328,533	4,493,639
	7. Others	113,132	930	68,815	27,495	-	15,892
	Total Assets	**93,938,752**	**45,171,161**	**7,727,637**	**5,976,900**	**9,056,673**	**26,006,380**
	B. Liabilities						
	1. Third Party Funds	65,744,237	44,618,357	7,675,471	9,698,381	3,697,863	54,165
	2. Liabilities to BI	-	-	-	-	-	-
	3. Liabilities to Other Banks	1,849,762	1,631,999	44,543	173,220	-	-
	4. Marketable Securities Issued	6,023,133	-	-	-	-	6,023,133
	5. Fund Borrowings	8,956,390	1,909,483	4,065,257	2,981,650	-	-
	6. Other Liabilities	4,950,478	1,260,042	851,895	1,045,417	1,074,837	718,287
	7. Others	213,758	93,364	67,464	26,340	26,590	-
	Total Liabilities	**87,737,758**	**72,571**	**38,679**	**-**	**-**	**32**
	Assets and Liabilities Difference on Balance Sheet	**29,797**	**(15,281)**	**(38,679)**	**-**	**17,290**	**66,467**
II	**Off Balance Sheet**						
	A. Off Balance Sheet Receivables						
	1. Commitment	1,180,490	1,180,490				
	2. Contigencies	34,753	34,753	-	-	-	-
	Total Off Balance Sheet Receivable	**1,215,243**	**1,215,243**	**-**	**-**	**-**	**-**
	B. Off Balance Sheet Liabilities						
	1. Commitment	44,242,746	3,982,439	17,780,089	6,515,524	4,659,559	11,305,135
	2. Contigencies	10,166,801	701,533	1,063,112	1,664,224	1,453,607	5,284,325
	Total Off Balance Sheet Liabilities	**31,035**	**31,035**	**31,035**	**31,035**	**31,035**	**31,035**
	Difference of Assets and Liabilities in Off Balance Sheet	**1,184,208**	**1,184,208**	**(31,035)**	**(31,035)**	**(31,035)**	**(31,035)**
	Difference [(IA-IB)+(IIA-IIB)]	**(1,154,411)**	**(1,199,489)**	**(7,644)**	**31,035**	**48,325**	**97,502**
	Cumulative Difference	-	-	-	-	-	-

Risk Management

Disclosure of Foreign Currency Maturity Profile – Bank Consolidated with subsidiaries
(in million Rp)

No.	Portfolio Category	31 December 2012					
		Balance	Maturity				
			≤ 1 month	> 1 month - 3 months	> 3 months - 6 months	> 6 months - 12 months	>12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I	**Balance Sheet**						
	A. Assets						
	1. Cash	284,701	284,701	-	-	-	-
	2. Placement with BI	6,153,846	5,190,294	481,821	481,731	-	-
	3. Placement with Other Bank	8,994,778	8,985,140	9,638	-	-	-
	4. Marketable Securities	6,999,619	2,854,341	48,188	-	67,463	4,029,627
	5. Loans	36,975,038	10,785,703	1,648,194	2,024,216	5,527,686	16,989,239
	6. Other Receivables	5,398,397	556,689	1,950,561	2,812,532	-	78,615
	7. Others	80,572	74,312	-	6,260	-	-
	Total Assets	**64,886,951**	**57,290**	**-**	**-**	**17,290**	**66,499**
	B. Liabilities						
	1. Third Party Funds	46,314,858	27,834,837	5,868,221	7,288,615	5,322,002	1,183
	2. Liabilities to BI	-	-	-	-	-	-
	3. Liabilities to Other Banks	1,213,833	1,175,283	38,550	-	-	-
	4. Marketable Securities Issued	-	-	-	-	-	-
	5. Fund Borrowings	10,563,657	1,969,609	3,467,951	5,126,097	-	-
	6. Other Liabilities	5,521,740	560,092	1,950,669	2,812,532	-	198,447
	7. Others	564,095	197,205	136,420	230,469	-	-
	Total Liabilities	**64,178,183**	**72,571**	**38,679**	**-**	**-**	**32**
	Assets and Liabilities Difference on Balance Sheet	**29,797**	**(15,281)**	**(38,679)**	**-**	**17,290**	**66,467**
II	**Off Balance Sheet**						
	A. Off Balance Sheet Receivables						
	1. Commitment	-	-	-	-	-	-
	2. Contigencies	15,192	1,648	-	-	-	13,544
	Total Off Balance Sheet Receivable	**15,192**	**1,648**	**-**	**-**	**-**	**13,544**
	B. Off Balance Sheet Liabilities						
	1. Commitment	347,423	253,081	3,768	7,807	13,046	69,721
	2. Contigencies	644,257	152,730	11,593	45,822	184,718	249,394
	Total Off Balance Sheet Liabilities	**31,035**	**31,035**	**31,035**	**31,035**	**31,035**	**31,035**
	Difference of Assets and Liabilities in Off Balance Sheet	**(15,843)**	**(29,387)**	**(31,035)**	**(31,035)**	**(31,035)**	**(17,491)**
	Difference [(IA-IB)+(IIA-IIB)]	**45,640**	**14,106**	**(7,644)**	**31,035**	**48,325**	**83,958**
	Cumulative Difference	-	-	-	-	-	-

At corporate level, the implementation of Liquidity Risk Management is coordinated by Treasury Division and Risk Management Division. Treasury Division is responsible to manage nation-wide liquidity that includes interday, daily, short term, medium term, and long term, in rupiah and foreign currencies, according to prevailing regulations. Risk Management Division is responsible to formulate and review liquidity risk management policies.

The results of liquidity position and risk monitoring are administered in the periodic reports to the Board of Directors and Commissioners. Related to the monitoring result in which showing an increase liquidity risk potential, Treasury Division will also provide recommendations on risk exposure mitigation and/or adjustments in timely manner to be included in liquidity management strategy. The recommendations are provided in ALCO Meeting or Contingency Liquidity Crisis Team meeting, which the decision will be taken as follow up actions of prevention and/or effective settlement by adhering to prudential banking principles.

Legal Risk

Legal risk is the risk arises from legal claims and/or juridical weaknesses. As coordinator of Legal Risk Management, Legal Division coordinates with Risk Management Division to manage legal risk in BRI. To support Legal Risk Management process in all BRI working units, Legal Division also coordinates with Legal Officers (LO) assigned in all regional offices. In addition, a Risk Management Function (RMF) is developed at Branch Office level, which comprises of FMR for Operations, FMR for Marketing, and FMR for Micro. These functions help to monitor Legal Risk in their respective working units and scope of work, whilst continuously communicating with Legal Officers (LO) in the regional offices.

Numerous steps are done to control legal risk, including:

a. Legal Division, as Legal Risk coordinator in BRI, reviews changes of laws and regulations; the Division ensures that BRI's internal policies are consistent with prevailing laws and regulations.
b. Legal Division offers legal advice/opinion on agreements between BRI and third parties, aiming to protect BRI's legal interests before the signing of agreements by BRI's management.
c. All banking transactions in BRI that include operations, loans, and manpower affairs have been conducted in accordance with prevailing laws and regulations, supported by adequate required legal documents.
d. Legal Division coordinates with Legal Officers (LO) in Regional Offices to monitor legal risk across all BRI working units through reporting and legal case documentation mechanisms as well as socialization of criminal modus operandi and handling procedures to minimize legal risk.
e. Legal Division compiles legal guidelines, such as agreement formulation guidelines and legal booklets for operations and loan activities.
f. Employee developments for staff in Operating Units in Regional Offices; build their competencies in controlling legal risk in their operating areas through promulgation, discussion on legal opinions, and so on.
g. In the event of legal cases in Operating Units, Legal Officers (LO) in Regional Offices provide legal assistance according to their authorities and coordinate with Legal Division at Head Office
h. Legal Division provides legal assistance according to their authorities if legal cases occur.
i. If required, Operating Units can consult with Legal Division regarding legal issues.
j. If the Bank faces legal claims that have significant loss potential and/or significant adverse impact to the Bank's reputation, as contingency plan and to mitigate legal risk the Bank may take necessary steps, such as acquiring legal assistance from attorney and report the case's progress to the Board of Directors.
k. As part of legal risk monitoring, Legal Division coordinates with Risk Management Division relating to BRI legal risk profile regularly report to the Board of Directors on monthly basis in the form of Risk Profile Dashboard.

Aside from the above legal risk control strategies, to improve legal risk awareness, the Legal Division has published a compendium of Regulation Summary. The compendium contains sumarries of regulations or guidelines from Legal Division, covering: Credit and Collateral Activities, Operational Activities, Legal Manual and Legal Booklet, etc. Operating Units may benefit from the compendium to ensure that operational activities are consistently in compliance with regulatory requirements to protect BRI from legal risk.

To mitigate strategic risk, BRI has implemented periodic monitoring tools on strategy implementation and the achievement of predetermined target.

Risk Management

BRI regularly evaluates and updates risk management system and procedure, periodically maintaining the compatibility of Risk Management System with BRI's internal condition and the latest banking regulations.

Strategic Risk

Strategic risk is the risk arises from inaccurate strategic decions and/ or implementation as well as failure in anticipating changes in business environment.

Strategic risk management primarily aims to minimize potential negative impacts from such inaccuracy and failure in anticipating the changes in business environment.

Formulation and monitoring of strategic implementation, including corporate and business plans, are managed by Strategic Planning and Business Development Division in accordance with prevailing regulations.

All product development or new activities plan, setting of new target markets as well as market that needs to be avoided and corporate actions such as merger and acquisition are throroughly exercised by taking into account BRI resources. An appropriate strategic decision in respect of IT development and maintenance, HR management that covers recruitment, development, advancement, and exit policy; development of new products and/or activities, service development, network expansion, target market penetration, and marketing communication will prevent BRI from failures, ensure the Bank's leading position in banking industry, and maintain business continuity. Strategies may become ineffective without the fulfilment of supporting factors required to be succeed.

To mitigate strategic risk, BRI conducts regular monitoring process on strategy implementation and target achievements. Through parameters presented in Risk Profile, particularly with respect to strategic risk, strategic planning of initaitives for lines of business and their support are monitored in order to ensure target achievements for short and long term periods. Furthermore, BRI has reporting mechanisms to measure the Bank's performance progress; including business planning realization, functional work plans, and budget plans which reported quarterly.

Compliance Risk

Compliance risk is the risk results from the Bank's failure to comply with prevailing laws and regulations. Operating in a highly regulated industry, such as banking industry, BRI constantly monitors its compliance to regulations from Bank Indonesia and other institutions. Sanctions imposed by regulators for breach of regulations varied from warning, sanction/fine/penalty, to permit revocation. Compliance management is implemented in all banking activities, credit and non-credit, in accordance with prevailing regulations.

Compliance Director, through Compliance Division and Risk Management Division, is the coordinator of Compliance Risk management in BRI. There are also other functions, such as Risk Management Group in Regional Offices, Special Working Unit, and support from head of working units in managing and promoting risk awareness culture across BRI's working units. To monitor compliance risk exposure, Risk Management Division develops Risk Profile Dashboard that is reported to the Board of Directors.

Compliance risk management implementation in 2013 included implementation of Anti Money Laundering (AML) and Combating Terrorism Financing (CTF) in accordance with prevailing regulations. To support the initiatives, the Bank has periodically socializing Enhanced Due Diligence (EDD), which has broader scope than Customer Due Diligence (CDD), in order to raise awareness and compliance of BRI's Operating Units to this procedure.

In addition, BRI also implemented Risk Based Approach methodology

outlined in the internal policy and Standard Operating Procedure (SOP) related to AML and CFT to protect BRI from being target of money laundering and terrorism. This is further supported by the implementation of AML system in suspicious transaction monitoring, which reported through CTR and STR.

BRI develops compliance risk management module with Incident Management (IM) device and IRU. Through IM and IRU, BRI is able to identify and monitor sanctions, fines, and penalties arising from violations of regulations so that steps to control compliance risk can be performed. The tools are monitored by Risk Management Division and Compliance Division to observe Compliance Risk in corporate-wide and by Risk Management Group in Regional Offices to monitor Compliance Risk in operating units.

Moreover, Risk Management Division in Head Office and Risk Management Group in Regional Offices monitor compliance level for critical matters or matters required by the regulators, such as planning, opening, and reporting of new working units.

Reputation Risk

Reputation Risk is the risk arises from diminishing stakeholders' trust due to negative perception towards the Bank. As BRI's public relations function, Corporate Secretary Division leads Reputation Risk control initiatives and periodically assess Reputation Risk parameters to be reported to the Board of Directors. The report, copied to Risk Management Division and incorporated in BRI's corporate risk profile report, is submitted to Bank Indonesia.

BRI's public relations' extensive experience in handling negative publications, both national and local scale, is an instrumental asset that helps the Bank in maintaining public trust and BRI's customers in particular. Along with the current BRI's sound reputation, the management of negative publications with respect to all of BRI's operational aspects still need to be carried out according to the prevailing policies and procedures.

BRI immediately follows up and overcome all customers' complaints and legal claims, which may increase Reputation Risk exposure. In addition, mitigation of Reputation Risk events that may lead to Reputation Risk is performed by taking into account the significance of event and costs incurred in the process.

Reputation Risk management under crisis situation is outlined in the BRI's Business Continuity Management policy, which aim to minimize the impacts of Reputation Risk during disruption or disaster. BRI has Crisis Management Team (CMT) that undertakes critical role during disruption or disaster; the Team is responsible to carry out necessary actions, including Reputation Risk management. CMT structure is established in all BRI's operational units, namely CMT Head Office, CMT Regional Office, and CMT Branch Office. The strategic element that needs to be prioritized in managing Reputation Risk during crisis is customers', shareholders', and stakeholders' trust in BRI's reputation.

In order to have better control on Reputation Risk in the future, preventive and recovery actions that have been implemented with regards to Reputation Risk are consistently accompanied with control and procedure improvements, to address gaps that might lead to Reputation Risk.

BRI's actions regarding Reputation Risk management are consistent communincation, maintaining information disclosure and transparency to all stakeholders, and build good relationship with the media in order to maintain BRI's brand corporate-wise. These steps are taken to minimize and address complaints from stakeholders, which may result in negative publications of BRI.

Risk Management System Effectiveness Evaluation

Risk management procedure and system evaluation and update needs to be conducted periodically to maintain their compatibility with the existing Risk Management System, BRI's internal condition, and latest banking regulations. To perform evaluation and update, BRI uses Risk Management Implementation of Maturity Level Assessment.

Risk Management Implementation of Maturity Level Assessment is a self-assessment process conducted by Risk Management Function appointed by Head of Working Unit and validated by Head of Risk Management Group in Regional Office or Head of Operational Risk Management Group in the Head Office. Maturity level assessment on risk management implementation is performed at minimum 1 (one) time every year.

In general, the objectives of risk management maturity level assessment in each Working Units are:

1. Identify the level of risk management implementation in each Operating Units
2. Evaluate maturity level of risk management implementation in each Operating Units
3. Encourage all Working Units

to perform continuous improvement of risk management implementation

Maturity level assessment is expected to generate benefit and serves as indicator that reflects the effectiveness of risk management system and procedure implementation initiated by Risk Management Division.

BRI Risk Management Quality Improvement

In managing risks, BRI is supported by Risk Management Information System, which consists of:

- Operational Risk Assesor (OPRA), which assists the Operational Risk management
  Currently, OPRA application is used only by working units in Head Office, Regional Offies, and Branch Offices of BRI. To address future needs, the system will be developed and implemented in all operating units in BRI.
- Loan Approval System (LAS), to manage Credit Risk
  In 2013, LAS was applied for all loan processing and loan approval, creating an integrated loan system for BRI.
- Treasury and Market Risk System (GUAVA), to manage Market Risk
  The system is applied for derivative product development and internal dealing.

Quality and validity of Risk Management Information System is continuously enhanced in order to provide accurate information as basis of management's decision-making process.

HR Development in the Area of Risk Management

To implement quality risk management, the Bank needs to fulfil the requirement of competent human resources in their respective fields by promoting risk culture and risk management implementation in daily operational activities.
To acquire capable HR in risk management and to comply with regulatory requirements regarding risk management implementation for commercial banks, BRI holds risk management education programs, such as:

a. Risk Management Certification and Refreshment

Risk Management certification training is attended by Board of Commissioners, Board of Directors, and Echelon 1, 2, and 3 Executives. BRI also has refreshment program for those who have attained Risk Management certificates, ensuring their knowledge are updated with recent information concerning risk management.
In 2013, there were 307 BRI employees who passed the certification.

b. e-learning

Risk management education is also conducted through e-learning interactive method. E-learning is an independent education tool provided for all BRI's employees to be more understand on risk management philosophy and implementation.

c. Dissemination

Risk Management unit regularly disseminates risk management information, especially risk management tools used in BRI, to all BRI employees across Indonesia.

d. Learning

Learning program for BRI employees through seminars and trainings held by external parties.

Risk Management Plan and Strategy 2014

BRI has planned a number of activities for 2014 that aim to strengthen and bolster the quality of risk management implementation, including:

1. Monitoring and analysis of credit risk limit, CRR/CRS performance, risk exposure, risk & return associated with lending activities, and recovery rate.
2. Review of policy and Credit Risk Rating-Credit Risk Scoring (CRR-CRS) methodology, Credit Risk Modelling (PD, LGD, and EAD) according to credit characteristics, MIS requirement, and BRI CRM system.
3. Credit Risk measurement using Internal Rating Based Approach (IRBA) Basel II.
4. Conduct simulation and review on back testing and stress testing validation methodologies applied in Market Risk and Credit Risk management.
5. Review of Enterprise-wide Risk Management (ERM) policy according to Basel III policy.
6. Development of Risk Management Information System, especially in terms of upgrading data quality and vailidity enhancement.
7. Coordination of Anti-Fraud strategy and Risk Management tools implementation.
8. Improve risk awareness culture and optimization of risk management implementation across BRI's working units accross Indonesia.
9. Formulate and deliver recommendations regarding risk control of all risk types.

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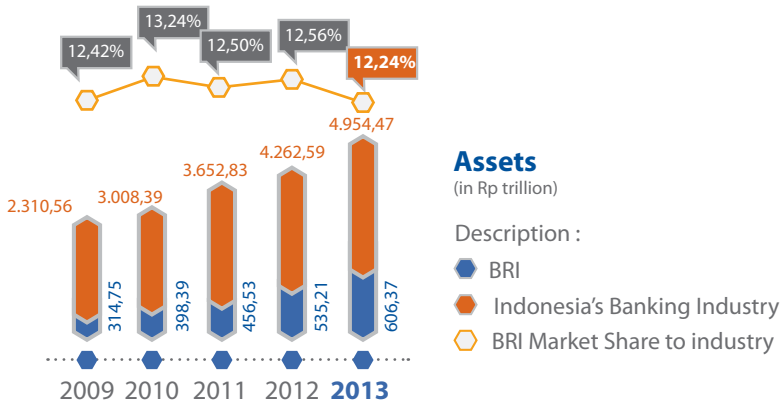
Overview

Performance Review: BRI vs Banking Industry

Assets Growth*	
BRI	**National Banking**
BRI's assets in 2013 grew by 13.30% amounted to Rp606.37 trillion from Rp535.21 trillion in 2012. BRI achieved 12.24% of assets market share at the end of 2013.	Assets of national banking industry grew by 16.23% from Rp4,262.59 trillion in 2012 to Rp4,954.47 trillion in 2013.

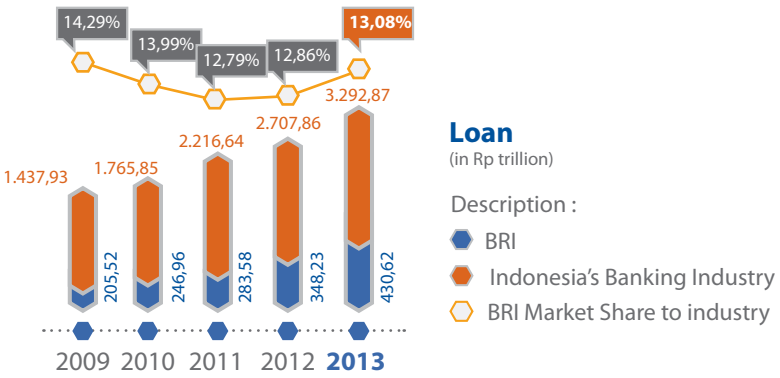


* Bank only

BRI*

> "BRI successfully increase its MSM market share, improve loan quality, grow its fee-based income as well as net income, and thrive as a bank with largest MSM business on the back of quality growth."

Loan Growth*	
BRI	**National Banking**
BRI's loans up 23.66% to reach Rp Rp430.62 trillion from Rp348.23 trillion in 2012. This was higher than industry's loan growth, thus BRI's loan market share rose to 13.08%by the end of 2013, from 12.86% in 2012.	Indonesia's banking industry's loans increased by 21.60% from Rp2,707.86 trillion in December 2012 to Rp3,292.87 trillion by end of December 2013, achieving lower growth than 22.97% in 2012.

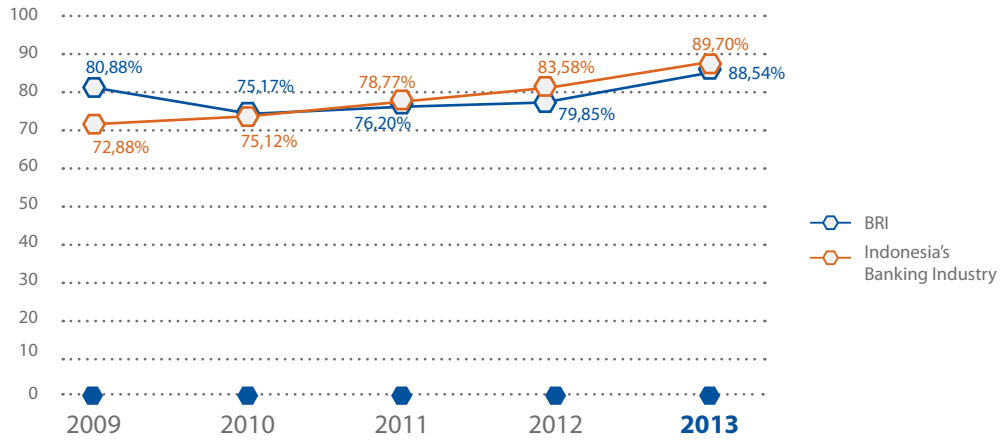


* Bank only

Overview

Third Party Funds	
BRI	**National Banking**
BRI's third party funds deposit grew by 11.52% from Rp436.10 trillion to Rp486.37 trillion by end of 2013. BRI's market share in terms of third party funds was stood at 13.27% by the end of 2013.	Thegrowth of third party funds of Indonesia's banking industry rose by 13.60% from Rp3,225.20 trillion at the end of December 2012 toRp3,663.97 trillion at the end of December 2013.

Loan to Deposit Ratio (LDR)*	
BRI	**National Banking**
By successfully growing its third party funds, BRI was able to maintain its LDR at a strong 88.54% by end of 2013.	Banking industry's LDR increased from 83.58% at the end of 2012 to 89.70% in December 2013, due to growth of national loans accompanied by a slowdown in third-party funds.

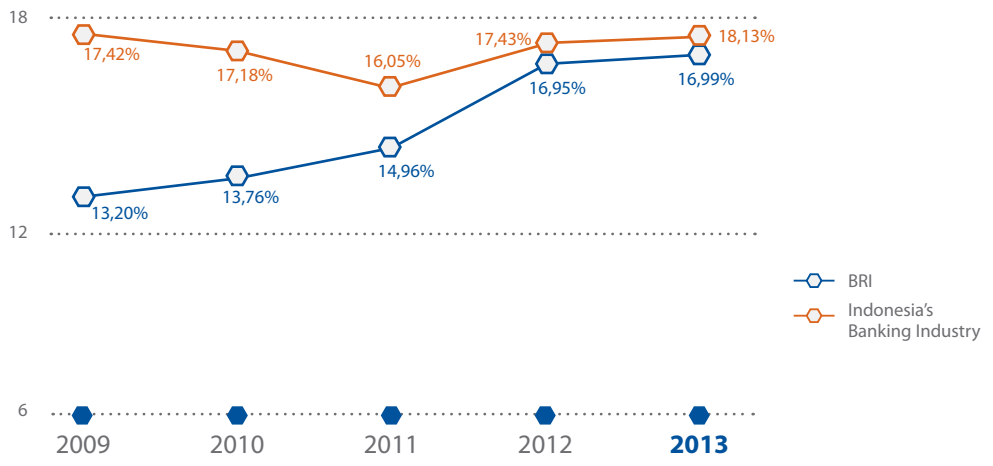


* Bank only

Overview

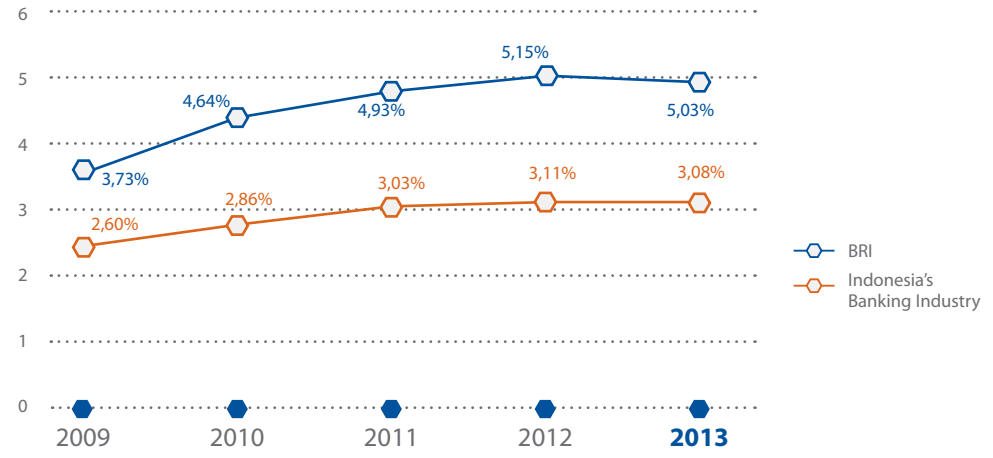
Capital Adequacy Ratio (CAR)*

BRI	National Banking
Substantial growth of net income boosted BRI's CAR from 16.95% at the end of 2012 to 16.99% in 2013, reflecting the Bank's capability to carry out lending expansion and address risks in the coming years.	The CAR of national banking grew from 17.43% in 2012 to 18.13% in December 2013.



Return on Assets (ROA)*

BRI	National Banking
With improved operational efficiency, loan yield, and fee-based income, BRI was able to deliver ROA at 5.03% in 2013 from 5.15% in 2012, higher than the national banking's ROA.	The national banking's ROA was stable, from 3.11% in 2012 to 3.08% at the end of December 2013.



* bank only

Overview

Banking Industry in 2013

Throughout 2013, Indonesia faced a challenging economic condition with the economic crisis in Europe and the US Government's tapering off plan that has caused the Rupiah to weaken. Nevertheless, the banking Industry has been fairly stable and the intermediation function is well maintained. To address the situation, the Non Performing Loans ratio is also still in a manageable level, ranging at 1.77%, compared to 1.87% from the previous year. The domestic banking industry's resilience is also reflected on the CAR (Capital Adequacy Ratio), which were higher than the regulator's requirement of 18.13%

The banking industry was in a better shape than the economic condition that experienced a deceleration of growth from 6.23% in 2012, to 5.78% in 2013. This economic growth was driven by the domestic consumption levels that were mostly fulfilled by the micro, small and medium enterprises products. These conditions have significantly helped the national banking industry in preserving its assets' quality that has supported the SME sector.

According to BI's data, loan disbursement through commercial banking has slowed down in 2013, with 21.60% or Rp3,292.87 trillion. This growth is slower than 2012's loan growth of 23.66%, with the amount of loan reaching Rp2,707.86 trillion. In 2014, Bank Indonesia predicted a decrease in loan growth of around 15-17% to maintain the quality of loan disbursement.

Majority of loan disbursement or 48.15% was channelled to finance the working capital that increased from Rp1,316.69 trillion as of December 2012, to Rp1,585.66 trillion by the end of 2013. Moreover, a sum of 24.24% was used to finance the increased investment from Rp591.43 trillion per December 2012 to Rp798.16 trillion by the end of 2013. The other 27.61% was used to finance the increased consumption from Rp799.75 trillion to Rp909.06 trillion by the end of 2013.

Meanwhile, the growth of third-party funds has also been affected due to the less conducive economic condition, decreased by 15.8% atRp3,225.20 trillion in 2012 to 13.60% at Rp3,663.97 trillion in December 2013. The composition of third party funds as of December 2013 consisted of 23.11% demand deposits, 43.79% time deposits and 33,10% savings.

This composition is relatively similar to 2012's, which consisted of 23.78% demand deposits, 42.83% time deposits and 33.39% savings. The higher loans growth compared to third party funds has rendered the industry's LDR (Loan to Deposit Ratio) to increase. By the end of December 2013, the LDR of the banking industry was stood at 89.70%, an increase from 83.58% in 2012.

The positions of third-party funds and LDR indicate that the competition in acquiring the third-party funds will continue to increase. Yet with Indonesia's economic growth, the community welfare, and the level of the financial inclusivity of 20%, means there's still a high potential for third party funds rising.

The trend of increased interest rate in 2013 will affect the strategy to determining interest for deposit that will eventually increase the cost of funds. Therefore, the banking industry must be able to innovate new features and products, including more aggressive promotional activities for competition.

With the support of the operational unit network, EDC facility, and a wide range of products and innovative banking services, BRI presents a different condition compared to the national banking. With the implementation of the selective growth strategy and focusing on the development of MSM segments including the revitalization of micro businesses, BRI has showed a positive growth. A consistent consolidation process, particularly in small commercial and medium segments, resulted in improving loan quality, reflected from the decrease in NPL level of the loans segment.

The NPL (gross) of medium segment decreased from 5.09% in 2012, to 4.38% in 2013. For small commercial segment, the number also decreased from 3.75% in 2012 to 3.13% in 2013. Similarly with the NPL (gross) of consumer segment that improved from 1.60% in 2012, to 1.40% in 2103.

With these improvements in NPL (gross) of the loan segments, BRI's total NPL (gross) has decreased from 1.78% in 2012, to 1.55% in 2013 (bank only).

The improved NPL indicates BRI ability to establish a quality loan growth, not only high and aggressive. Overall, BRI has also been able to maintained LDR at 88.54% or below the BI requirement of 92%. An indication of ample room for BRI to venture on credit expansion in the future. The liquid condition is supported by a sound credit portfolio, strong capital, and infrastructure availability in supporting business growth, making 2014 as an era to continue a quality SME segment growth by applying prudential principle and increasing the role of fee-based income in increasing profitability through IT based product innovations.

Micro, Small, and Medium Enterprises Loans Growth

Indonesia's economic growth that has been highly dependent in domestic market was able to relatively preserve the economy from global financial turmoil in the last few years. When the developed countries were relying on the international trade and experienced negative contraction due to the crisis, Indonesia was able to book a positive growth. By considering its resilience towards external factors, the Government and the business community now more intensely support an industry structure that leans more towards the domestic market.

This condition will continue in the coming years, given the increasing purchasing power of Indonesian people, as reflected in higher income per capita, emergence of middle class, lower poverty levels and increased number of the productive forces. This has caused the business-oriented segments in the domestic market to be even more prospectful, including in loans distribution.

Under these conditions, growth of domestic-oriented Micro, Small and Medium business segments will sustain the focus of the national banking industry on disbursing the loans in this segment. The loans for Micro, Small and Medium Enterprises in the national credit portfolio in 2013 reached 18.48% of the total national loans.

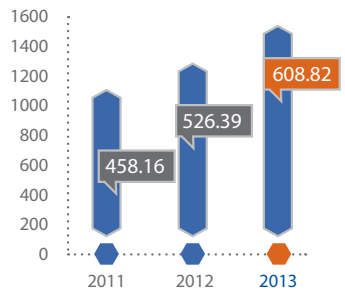
The national Micro, Small and Medium business loans have indicated a moderate increase in the past few years. In 2012, the Micro, Small and Medium business loans grew 14.89% from Rp458.16 trillion by the end of 2011 to Rp526.39 trillion by the end of 2012. In 2013, when the national economic growth stagnated, the national MSME loans increased by 15.66% with a total outsanding of Rp 608.82 trillion.

As a bank with a strong relationship within the domestic economy and strong focus on MSME segment, BRI has an excellent position to seize the business opportunity. An extensive support network has maintained BRI's MSME loans portfolio in a high level, compared to the national MSME. In 2012, BRI MSME loans portfolio was stood at 28.08% of the total national MSME loans. In 2013, this portfolio grew to 29.50% of the total MSME loans, in line with the high MSME loans expansion of BRI.

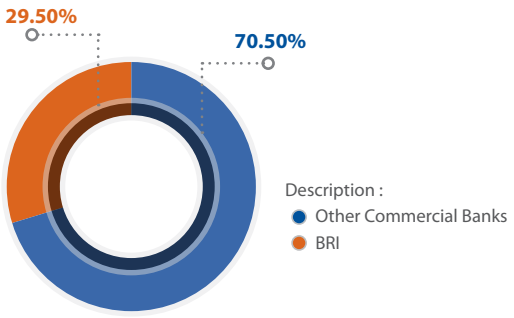
Indonesia's domestic market will continue to evolve along with the improvement of Indonesia's living standards, providing sustainable growth opportunities for the MSME business segment. This creates opportunities for the banking industry including BRI to support the growth of MSME segment through loan disbursement and banking services that enable this segment's business operations to be more efficient and improve their sustainability in the global economic turmoil.

National MSME Loans

(In Rp trillion)



Market Share



Business Overview

Business Segment

Based on the amount of loans, BRI categorize its market into three main segments: the Micro Segment, Retail Segment and Corporate Segment. According to the nature of the business, BRI also elaborates these business segments into Program and Micro Business, Retail and Medium Business, SOEs (State Owned Enterprises) and Corporate Business, International Business, Treasury and Capital Market Services, as well as subsidiaries that focus on Sharia business, agribusiness, and remittance business.

Program and Micro	• Micro Loan • Programs Loan • Micro Deposits	Micro Business is aimed at providing banking services, especially for individual customers and micro-entrepreneurs, while the Program Loan is more into the distribution of the Government's development programs for the community empowerment.
Retail and Medium	• Retail Loans • Medium Loans • Consumer Loans • Retail Deposits	Retail and Medium Businesses are intended to serve individual customers and small and medium entrepreneurs (SMEs), to provide banking services, deposit products, and commercial or consumer loans.
SOE and Corporate	• SOE and Corporate Loans • SOE and Corporate Cash Management	State Owned Enterprises (SOEs) and Corporate Business are intended to serve SOEs and non-SOEs companies, especially with the trickle-down business potential for the MSME segments.
International Business and Treasury	• Trade Finance, Remittance, Money Changer • Treasury Products • Capital Market& DPLK (Financial Institutions Pension Fund) Services	The International and Treasury Business are intended to provide services in International banking services, such as Trade Finance, Money Changer and Remittance, Treasury products and Capital Markets and DPLK Services.
Subsidiaries	• Bank BRISyariah • Bank BRIAgro • BRI Remittance Co. Ltd	Subsidiaries provide BRI business synergies by providing sharia banking services, agribusiness, and remittance.

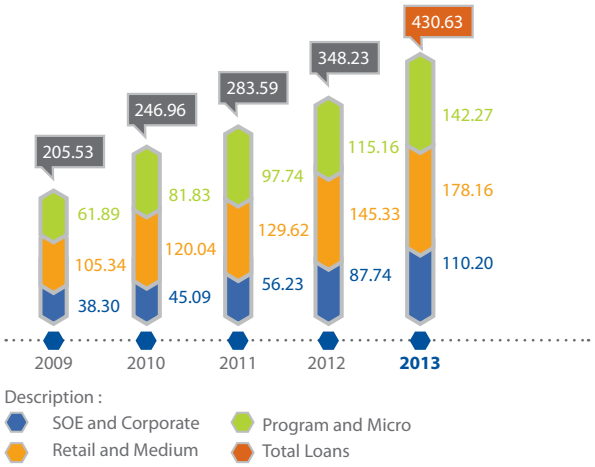
> "BRI's consistency in reinforcing the business development of micro, small and medium segment through the addition of IT network-based services and HR competencies support, have rendered satisfactory results and quality improvement."

In accordance with its vision and mission, BRI focuses its business on micro, small (retail) and medium sectors with the micro, small and medium enterprises loans proportion in 2013 of approximately 74.41% compared to BRI's total loans. While the distribution of loans in the corporate segment and SOE are intended to capture potential, optimize the available liquid funds, and at the same time create opportunities for 'trickle down bussiness' for micro, small and medium enterprises through the corporate segment and SOEs supply chain.

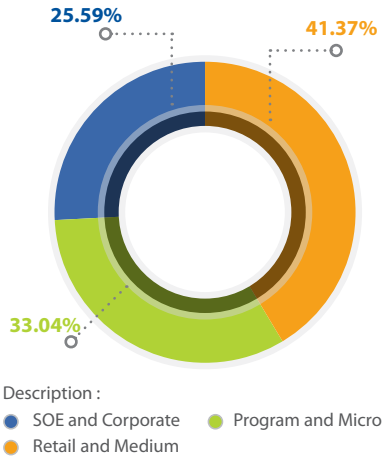
The following discussion describes the development of BRI's each business segment.

BRI Loans

(In Rp trillion)



BRI Loans Composition



Program and Micro Business

"The key strategies applied in the development of Micro Business and Program is the implementation of the community banking concept by promoting the community development to ensure sustainable business growth."

Summary:

1. Program and Micro Business were designed for individual customers and micro business development
2. Kupedes and KUR are the most competitive loan products in micro segment, while Simpedes is the most popular savings product.
3. The development of our micro business is supported by the growth of micro outlets. Therefore, the number of outlets expanded into 5,144 BRI units, 2,212 Teras BRIs and 465 Mobile Teras BRIs.
4. Micro loans outstanding increased 23.72% to Rp132.13 trillon and the NPL in Micro segment was maintained at 1.04%
5. Micro savings increased by 15.45% to Rp146.15 trillion, where around 88.24% of this micro savings have an average of Rp4.7 million per customer.
6. BRI is the main banking instrument in the distribution of commercial credit program to support the financial inclusion.

Program and Micro Business services includes micro loans extension and The People's Business Credit (KUR), communal funds raising, and other banking services through BRI's work units such as BRI Unit, Teras BRI, and Mobile Teras BRI.

Micro Business

BRI is determined to become the best microbanking financial instution that is both profitable and sustainable while prioritizing customers' satisfaction in order to establish an ingrained customer loyalty. With a solid customer base, both in loans and savings, BRI has been able to maintain its domination in micro banking business.

BRI's prospect to increase the number of microbanking customers is vastly available. According to the Cooperatives and Small-Medium Enterprises Ministry, from around 56.53 million of existing small medium enterprises, 90% of them are in the micro business, and only 30% have been served by the banking industry. While the World Bank Survey in 2010 indicated that just 17% out of the entire Indonesian population have access to the banks loan services. From these two facts, it is clear that SMEs business development in Indonesia is very promising.

With such potential, BRI has set its SME sector as a focus in the business development. In the meantime, by focusing on the external conditions for the next three years, BRI emphasizes on selective growth strategy. The steps taken include the collaboration and optimization of all existing resources, be it infrastructure, products or human resources to be able to create synergies and provide direction in BRI's business development, particularly with its main target to be the Bank with the best Micro, Small and Medium Enterprises business growth.

BRI's main strategy to develop its micro segment is by implementing a quality community banking concept, which includes:

1. Expansion to all regions in Indonesia by providing simple and safe micro financial products and services that can be easily accessed by customers. Quality improvement in micro business products and services and continuous partnership with customers to create a sustainable business growth.
2. The employment of human resources with qualifications in micro business, able to provide solution and be a partner to the micro business through guidance, mentoring, and consistent supervision.
3. Providing information on BRI's microbanking as a successful and sustainable financial institution in international level, at the same time as a BRI's ongoing global corporate social responsibility in microbanking development.

Kupedes and KUR Micro are the top loan products of Micro segment. Kupedes is a loan product with a ceiling of up to Rp100 million, which is available for both individual and institutional customers that meet the requirements and are served through BRI's Micro outlets.

KUR Micro is a financing facility for start-up businesses and it is insured by the government with a loan size up to Rp20 million. For BRI, the extension of KUR Micro is one way to build on a quality Kupedes customer base. The 70-80% coverage of credit insurance from total loss by the Government makes KUR Micro a credit scheme with a sufficient risk and return profile for BRI.

Other than the above Loans, the Micro network also serves consumer credit namely Briguna Karya for employees and Briguna Purna for pensioners. While for savings products, the micro customers' preferred product is the Simpedes that has comprehensive banking facilities designed for the micro customers' easy access.

Business Overview

All products and services of Micro segment are served through a real time online outlets, comprising conventional outlets, such as, BRI Unit, Teras BRI, and Mobile Teras BRI (sub outlet of BRI Unit), and e-channel networks, like ATM and SMS Banking.

The Development of Micro Business in 2013

Throughout 2013, BRI's main activities in developing its Micro Business can be categorized into 7 (seven) activities:

1. Enhancing the Micro Business Division Reorganization
   There are two main programs conducted in the Micro Business Division reorganization with the main goal of increasing BRI's micro business development, namely:
   - Enhancing the performance of 3 (three) Micro Business Divisions resulted from 2012's development, namely the Policy and Development Division, Micro Business Development Division I and Micro Business Development Division II.
   - BRI set the target to accelerate the expansion of Micro Business based on the prudential banking principle, through the separation of two functions; namely a policy-making division and one that focuses on the implementation of the policies and strategy. The formation of two (2) divisions that served as the program executor reflects a high commitment in the development of BRI's Micro Business with attention to the prudential principles.
   - The addition of micro loan officers in BRI Unit, making the ratio of micro loan officer per BRI Unit to increase from 3.09 in 2012 to 3.67 in 2013. The increase in ratio indicates an increase in micro loan disbursement capacity for each BRI Unit, while maintaining prudence in credit management to maintain NPL ratio.
2. Network Infrastructure Expansion
   BRI continued its infrastructure development program as part of the implementation of market penetration strategy through the extension and intensification program, namely the establishment of micro outlets in the new region by opening new BRI Units and by maximizing business potential in areas that have already been serviced, with Teras BRI and mobile Teras BRI. The expansion of network infrastructure also included the development of e-channel network, such as ATMs and SMS Banking.
3. Quality Improvement of Network Infrastructure
   In addition to network expansion, BRI seeks to improve the quality of existing networks through the replacement of supporting equipments, which include IT and non-IT equipments that are over 5 years old, as well as renovationsof exterior and interior building of the Micro outlets area.
4. Development of Competent and Professional HR
   The program to improve the number of working units is also supported by the availability of qualified human resources, including the availability of Mantri (officers). BRI will continue to improve the quality of human resources through regular and continuous education programs implemented through 8 (eight) learning centers throughout Indonesia, followed with the improvement of curriculum/ training materials. BRI also seeks to enhance the quality of service through improved automation credit system on mobile service units.
5. Reinforcing Customer Base
   The improvements mentioned above are part of an effort to enhance BRI's customer base in order to increase outstanding loans and deposits. The increase in customer's numbers is intended to reinforce BRI's customer base, to adhere to the people's economic development in the area.
6. Micro Business Marketing Program
   In 2013, as part of the effort to expand its customer base, to increase the loyalty of existing customers and to increase outstanding savings and loans, BRI has integrated several marketing programs, including:

   Panen Hadiah Simpedes (PHS)
   This is a marketing program, delivered as a lucky draw of 'Undian Simpedes' and 'Panen Bulanan Simpedes' (PBS) program, with the tagline "Gampang sekali, Banyak sekali dan Berkali-kali" (So Easy, So Many, So Many Times)

Pesta Rakyat Simpedes (PRS)
Launched in 2008, PRS was designed as an event to promote Simpedes. The program is aimed to promote the Simpedes and other micro business products through awareness raising and stimulating purchase intention. For 2013, the PRS event was used as an integrated marketing activity for the loan products including Kupedes, KUR Micro, Simpedes and e-banking services that were conducted in more than 200 BRI Offices with the main theme of mobile banking and internet banking.

Partnership Program with Retailer Partners
BRI also developed a Micro Business in collaboration with potential retailer partners. In this joint program, BRI provides products and savings and loan services tailored to the needs of the Retailer Partners.

Simpedes Bikin Gampang
An educational program for e-banking features and facilities such as SMS Banking, mobile BRI, Mocash, Simpedes Card and e-channel (ATM and EDC) to increase the use of Simpedes and educate the customers about Simpedes' use for any transactions, anywhere.

Simpedes Ramadhan Market
A promotion program to raise awareness and Simpedes acquisition in Ramadhan markets throughout the moslem holy month of Ramadhan, supported by the mobile Teras BRI.

7. Microfinance International Cooperation
The MIC is one of BRI's global corporate social responsibility programs intended to develop microfinance business in the global level.

Through the MIC program, BRI has consistently held Microfinance Training and Study Visits (MTSV), business captures and technical assistance in the microfinance sector. BRI MIC also worked together with various global microfinance institutions such as Asia-Pacific Rural and Agricultural Credit Association (APRACA), Microfinance Network (MFN), Microcredit Summit Banking with the Poor (BWTP), Woman World Banking, APEC, and others.

BRI has successfully realized its development and commercial mission of micro businesses, with the United Nations (UN) setting BRI as the world's microfinance laboratory.

In 2013, as one of the major player in commercial microfinance and microbanking in the world, BRI was again involved in the Asia Pacific Economy Cooperation (APEC) series of activities held in Bali in October 2013. During the event BRI delivered presentations on microfinance services to the APEC delegates, customer service demos at BRI Unit and Teras BRI, and also organized delegates' visits to the BRI's Micro customers.

BRI has also previously held a variety of trainings on microfinance to the Middle East delegation in the international training program on microfinance programs for Palestine. In this series of activities, BRI also select microfinance practitioners from Palestine to intern and learn microfinance firsthand, in Indonesia. This joint activity with the Palestinians is a realization of the cooperation with the New Asian-African Strategic Partnership (NAASP).

Business Overview

Mantri – The Frontrunner for the Development of Microbusiness Segment

BRI's success in one of its leading business segments – Micro Business – is significantly contributed by Mantri (Micro Loan Officer) that today encompasses 21,542 employees throughout BRI's Micro Units in Indonesia, comprising 5,144 BRI units, 2,212 Teras BRI, and 465 Teras BRI Mobile. With the main responsibilities including marketing of loan products (Kupedes, KUR Mikro, Briguna) and savings products (Simpedes), expanding customer base both loans and savings, managing loan quality (NPL), and generating fee-based income, BRI continuously enhances the skills and competencies of Mantri through structured training program.

BRI's training programs aim to empower as "financial business advisor", which is also a basic competence that mantri candidate needs to possess. BRI also prioritizes training material on integrity, business code of conduct, and corporate culture.

Recruitment of Mantri is conducted openly; the majority of feeders come from Tellers and BRI Micro Business Customer Service Officers. To ensure optimum performance of Mantri, BRI implements a performance-based, measured remuneration mechanism. The indicator of success is Mantri's achievement of individual targets according to Key Performance Indicators (KPI). To reward Mantri's achievements, aside from fixed income, the Bank also offers bonus or incentives to appreciate their performances.

With structured management of Mantri, BRI has been able to move forward as the leading bank in Micro segment in Indonesia. BRI has also been recognized internationally as one of the key players in Micro loan. With outstanding achievements that have been obtained and the significant impact of Business Micro to the Bank's overall performance, BRI is determined to continue develop Micro Business, including the quality of Mantri through competence enhancement as well as measured and accountable remuneration system.

Businesss Program

BRI Business Program is developed by optimizing the existing infrastructure network, thus BRI can sustain its growth and develops as one of the major banking in the Government's credit extension program, as a part of the national economic development program that is both equitable and sustainable, while holding onto prudent and professional principles.

Leading products under Business Program are non-partnership Natural Energy and Plantation Revitalization (KPEN-RP), and Food and Energy Security Loans (KKPE).

By providing a non-partnership Natural Energy and Plantation Revitalization (KPEN-RP), Food and Energy Security Loans (KKPE), and Warehouse Receipt Subsidy Scheme (S-SRG), BRI emphasizes its support on the government food security program. The KKP-E scheme has helped many farmers and fishermen in increasing their produce.

The KKP-E scheme comprised KKP-E for sugar cane, local produce, horticultural produce, food procurement, livestock, fisheries and agriculture machineries.

The Sugarcane KKPE is a working capital loan provided to participating farmers for the purpose of sugarcane cultivation through farmer groups or cooperatives that partnered with Business Partners/Sugar Factories. Sugarcane KKPE scheme has presented tangible results through a substantial increase in the national sugarcane production due to the increased supply of sugar cane crops from the community's farms.

Aside from the food security loan (KKP) scheme, other competitive loan products comprised of Retail KUR, with loan ceiling in between Rp20 million to Rp500 million, which is insured by the government through the state-owned companies, Askrindo and Jamkrindo. The Retail KUR is aimed at small business owners with a feasible business, but not yet bankable.

Performance of Micro Business and Program

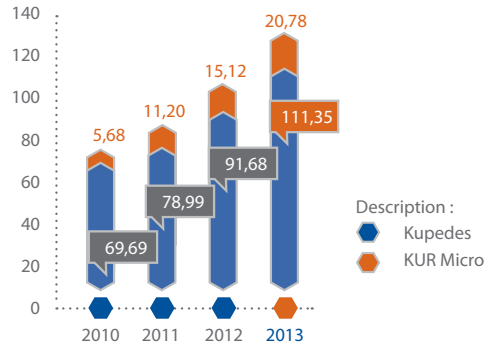
1. Development of infrastructure network
   During 2013, BRI managed to add 144 BRI Units, 434 Teras BRI and 115 Mobile Teras BRI, boosting the number of BRI outlets to 5,144 BRI units, 2,212 Teras BRI and 465 Mobile Teras BRI. The expansion of BRI outlets started since 2009, which mostly located in the traditional markets,indicate BRI's commitment in supporting the micro economy and in increasing Kupedes and KUR Micro loans.

2. Development of Micro Customer Base
   The expansion of the micro outlets and Micro workers indicated a solid result in the increase of micro-loan borrowers. In 2013, the total micro loan customers were increased significantly 1.03 million to become 6.5 million customers.

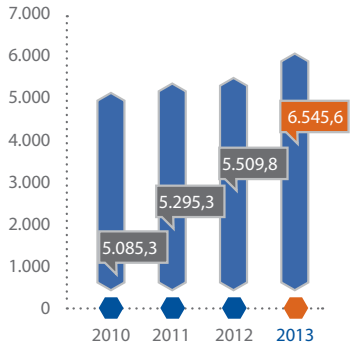
3. Micro Loans Outstanding Growth
   The domestic economic sustainability, infrastructure development, new HR including the employment of competent Mantris, and implementation of various micro-business development programs have boosted BRI to optimize potential growth and recordeda 23.72% increase in micro loan to Rp132.13 trillion by the end of 2013.

   The growth was supported by the increase in Micro KUR outstanding loans at 37.45% to Rp20.8 trillion, and in Kupedes by 21.46% to Rp 111.4 trillion.

Micro Loans Outstanding Growth
(In Rp trillion)

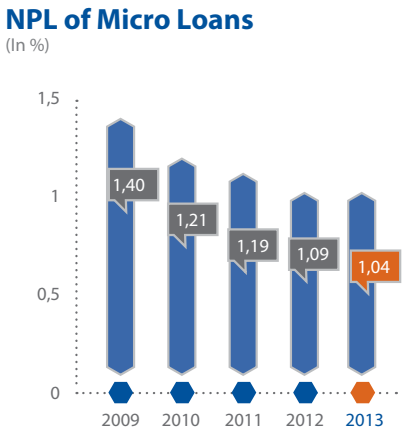


Total Micro Borrowers
(In Thousands)



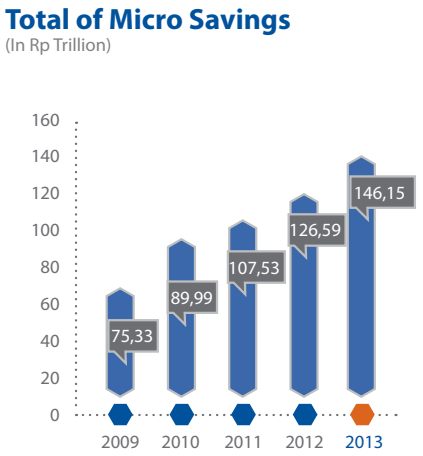
4. Micro Loans Quality
   The organization development, IT-based work system improvements, human resources competence development, and in-depth knowledge about micro segment behaviors have assisted BRI in maintaining its micro loans quality, which were shown by a low non-performing loans level at 1.04% in 2013. Within the past five years, the rate of micro non-performing loans has been maintained at a very low levelof below 1.50%.

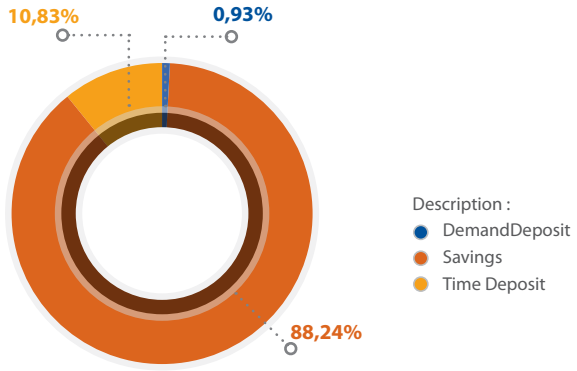
Business Overview



5. Development of Micro Savings
The increase in customers base has a positive correlation to an increase in the third party funds raised from micro customers. Throughout 2013, the total of funds took from micro customers increased by 15.45% to Rp146.15 trillion. This achievement was also contributed by The BRI micro business network, which is currently the largest in Indonesia.

Savings, which is a low cost source of funds, dominates third-party funds, and represents an 88.24% of the total third party funds, followed by time deposits with 10.83% and demand deposits with 0.93%. The funds composition has led micro business to be self-funded by having the adequate reserves to provide micro loans.





6. Business Program Achievement
The total of outstanding loans disbursed in 2013 reached Rp10.13 trillion. In 2013, in order to boost the farmer's yield, BRI has extended loans to more than 25,000 farmers through the KKP-E program. This resulted in the increase of the total KKP-E outstanding loansby 16.59%; from Rp2.46 trillion to Rp2.87 trillion.

Furthermore, by the end of 2013, BRI has distributed Retail KUR loans to more than 45,000 borrowers, which comprised of small businesses and cooperatives, and therefore has increased number of borrowers by 8,700 debtors compared to the previous year. This confirms BRI's commitment to support the government's program to expand financial access for small and medium enterprises in Indonesia. Throughout 2013, the total Retail KUR's outstanding loans increased by 27.12% from Rp5.4 trillion to Rp 6.9 trillion.

Micro Business and Program Segment Profitability

The loan disbursement of micro segment and programs throughout 2013 has generated a total net interest income and other operational incomes amounted to Rp23.96 trillion, and therefore contributed to Rp10.06 trillion in BRI's net profit.

Micro Business and Program Development Strategy for 2014

The micro business segment is a crucial factor for BRI's as one of the main entry point to the growth and development of its long-term customer relationship and loyalty, which is expected to grow into commercial or corporate customers, following the micro businesses' business growth. Therefore, BRI is determined to strengthen the growth of micro business base.

As an attempt to accelerate the growth in micro, BRI has intensified the establishment of potential micro industry clusters of all BRI's working unit across the archipelago. Head office will consistently support this Micro Business development by maintaining good relationship with institutions, agencies, or third parties in national level, to open up and streamline market penetration by regional work units. Various programs that will continuously be implemented in 2014 include:

1. Market Development
   a. Acquisition of new customers through optimization of trickle down business from other segments.
   b. Developing a strategic alliance for marketing or micro business development.
2. Market Penetration
   a. Increase cross selling from existing customers.
   b. Conduct marketing programs that suit the future of customer's profile, while maintaining existing customers.
   c. Conduct optimum marketing communication related to micro products
   d. Develop community banking as a concept of micro business development
3. Development of Micro Business product features suitable to Micro customers, both in terms of quantity and quality. The bank also continues to improve service quality by simplifying the procedure with regard to the prudence principle.
4. Development of Supporting Factors
   a. Develop HR Micro, both in quality and quantity
   b. Develop a reporting system to facilitate the monitoring of Micro Business performance
   c. Increase the capacity and quality of IT in support of micro business operations
   d. Improve the performance of e-channel to support the achievement of an increase in fee-based income (FBI) in Micro Business.
   e. Conduct a comprehensive and tiered evaluation and monitoring, and continuous coaching to maintain the performance of micro businesses.
5. Action Plan
   To ensure the success of the micro-business development strategy, BRI has prepared several plans of action, including:
   a. Network expansion to strengthen its customer base by adding BRI Units, Teras BRI, Teras BRI Mobile and pioneered the development of Floating Teras BRI to reach areas with minor to no land transport infrastructure.
   b. Development of micro's branchless banking concept.

Business Overview

Retail and Medium Business

"The expansion of Retail and Medium Segment loans relies on the extension of Investment Loan(KI) and the Working Capital Loan (KMK), consumer loan with Briguna as the top product, as well as the housing loan(KPR), for Small and Medium segment."

Summary :

1. After the consolidation period in 2013, BRI has realized a number of programs to develop its Retail and Medium segment.
2. The expansion of the Retail and Medium segment loans relies on the extention of Investment Loan (KI), the Working Capital Loan (KMK), Consumer Loan with Briguna as the top product, as well as the Housing Loan (KPR), for Small and Medium segment.
3. The total amount of Retail and Medium loans increased 22.58% to Rp178.16 trillion.
4. The fund raising for retail conducted through Britama savings product grew 12.94% to Rp 79.41 trillion
5. The Retail Business is currently supported by BRI's biggest ATM network spread across Indonesia with more than 18,292 ATMs

In general, BRI Retail Business segment includes the extension of retail commercial and medium loans to finance small and medium enterprises (SMEs), consumer loans, individual third party funding and other consumer banking businesses.

Loans

The total outstanding for Retail and Medium Loans in 2013 reached Rp178.6 trillion or 41.37% from BRI's total loans.

Commercial and Medium Retail Loans

BRI distributes retail commercial and medium loans to meet the financial needs of the small and medium enterprises through Working Capital Loans or Investment Loans.

The loan extension is channeled through 453 BRI branch offices and 565 BRI sub branch offices under the management of 18 BRI regional offices.

The Development of Commercial and Medium Retail Loans in 2013

Throughout 2013, amidst the global and national economic uncertainty, BRI still managed to develop its Commercial and Medium Retail Loans by implementing the credit quality improvement program, which covers:

1. Monitoring and evaluation of the loans portfolio in a comprehensive manner, both onsite and offsite, supported with assistance to operational work units.
2. Providing solutions that include technical instructions regarding the completion of operational problems, the implementation of automatic monitoring, status of customer's installments, loan restructuring implementation criteria, and other problems faced by the working unit.
3. Improvement of knowledge on credit risk management to all levels of the Retail and Medium Business Division
4. Improvement of policy, systems, and procedures regarding the submission process, monitoring and resolution of special mention customers

In addition to the loan quality improvement program, throughout 2013 BRI also implemented a variety of programs to develop the Retail and Medium Business Segment that includes:

1. Evaluation and determination of Retail and Medium Loans sales targets and increasing the outstanding and Retail and Medium Business expansion by taking into account the potential of the region, and economic sectors.
2. Implementation of 'member get member' marketing program.
3. The 'trickle-down business' program, which is a marketing program, aimed towards suppliers and distributors of state-owned enterprises and blue chip corporations that have become BRI's clients.
4. The implementation of cross selling from other BRI products to existing customers to increase revenue.

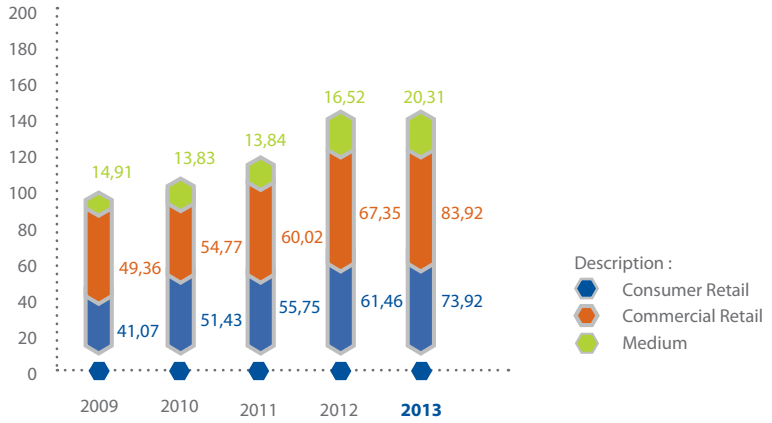
Commercial and Medium Retail Loans Performance in 2013

1. Commercial Retail Loans
   n 2013, the working capital and investment portfolio between Rp100 million and Rp5 billion indicated significant growth. Although the domestic economic condition was affected by the uncertain global economy, BRI successfully overcame the challenges and managed to raise over 27 thousand new debtors, which resulted to a 24.60% increase in the total outstanding loans for Commercial Retail from Rp67.35 trillion to Rp 83.92 trillion.

Business Overview

2. Medium Loans
   KI or KMK that were included into Medium Loans are those between Rp5 billion to Rp50 billion. In 2013, the outstanding for the medium segment's loan grew 22.90% from Rp16.52 trillion to Rp20.31 trillion.
3. Consistency in monitoring and prudent credit management resulted in improved credit quality. At the end of 2013, BRI has improved the NPL for Commercial and Retail segments, which stood at 3.13% and 4.38% respectively.

Development of Retail and Medium Segment Outstanding Loans
(In Rp trillion)



Consumer Loan

Until recently, BRI Consumer Loan is still dominated by Briguna (Credit for fixed-income, and Retired Employees) with the proportion of about 80%. However BRI also has Consumer Loan products such as the Mortgages (KPR), Apartment Ownership Loans (KPA), Auto Vehicle Loans (KKB) and Credit Cards.

The approval of consumer loans' requests were made based on the income of the potential customers that must be verified by their employers, or revenues of the consumers' companies (for business owners) supported with adequate assessments of the collateral. Therefore, the growth of consumer loans was strongly influenced by the society's income, purchasing power, and the global economic condition.

Retail Consumer Loan Products

Briguna

Briguna is BRI's leading consumer loan product designed for employees and retirees with fixed incomes, for example, civil servants, which may be used to secure both productive and consumptive purposes. BRI's network is the largest in Indonesia and is extended all across the archipelago, making it one of the bank's competitive advantages to help capture the segment.

Mortgages or Kredit Pemilikan Rumah (KPR)

KPR BRI is expected to continuously meet people's demands of house ownership. Currently, BRI has cooperated with more than 400 residential developers all over Indonesia. In addition, KPR BRI also offers a range of facilities, including a flexible loan installment period, competitive interest rates, guaranteed security of document ownership, and other conveniences that will provide added value to the prospective debtors.

Welfare Housing Loans or Kredit Pemilikan Rumah Sejahtera (KPRS)

KPRS is a government credit scheme created for low-income debtors and was established in collaboration with the government i.e. the Ministry of Public Housing (Kemenpera). The resources to support KPRS financing originated from merged funds between BRI and the government through the Ministry of Public y. The interest rate for the KPRS scheme is both low and fixed during the loan period.

Auto-vehicle Loans or Kredit Kendaraan Bermotor (KKB)
KKB BRI is established to meet customer's needs for cars or motorbikes. BRI has cooperated with various sole authorized agents (ATPM), dealers and multi-financing firms in the program, making the KKB BRI proficient to give the best services with a very affordable interest rate. KKB BRI also provides a no down payment feature, which is a bundling feature between KKB BRI and BRI saving products.

Development of Consumer Loan in 2013

As previously discussed, the global and Indonesia's economic condition during 2013 is less favorable due to the economic stagnance of most developed countries in past few years. As a result of these conditions, the Indonesia's economic growth initial prediction of 6.3% has been corrected to 5.78%. In addition, the government also increased the price of fuel (BBM) and base electricity tariff (TDL), which has influenced the people's purchasing power.

This economic condition has triggered inflation rates and the contraction of the exchange rate, which has made Bank Indonesia to raise its benchmark interest rate and credit purchase requirements for vehicle and housing consumption, which in turn affects the demand for credit, particularly for KPR and KPA.

To ensure the achievement of the Consumer Loan business segments, BRI applies the following general strategies in 2013:

1. Reinforcing the implementation of Monoline Business Process in the Credit Consumer Work Unit throughout Indonesia, which was first started in July 2012. With the implementation of this monoline, BRI has work units focusing on serving Consumer Credit, such as the 13 Consumer Credit Centres (SKK) and 45 Consumer Credit Branch Offices (KKK) as a primary delivery channel, supported with other delivery channels, the 391 Referral Branch Offices. The implementation process is suited to the potential of the business consumers located in each region.
2. Continued development on the innovation and features of BRIguna.
3. Improved standards of service while maintaining prudent risk management. In this case, BRI conducted improvement of the technology to ensure satisfactory Service Level Agreement (SLA). This strategy is applied to the Briguna cooperation product, with online loan application and development of installment payment management services.
4. Application of the Consumer Loan Approval System (CLAS) for a fast credit process.
5. Marketing of BRI's Consumer Loan with a very competitive interest rate.
6. Directing the BRI Consumer Loan brand for service promptness in order to strengthen the growth of BRI's positioning in consumer. As part of the strategy for brand image and increased awareness of brand image, BRI conducted promotioon in various media and actively participated in various national and international exhibitions.
7. Cooperation with Business Partners. BRI continues to create partnerships with a number of large developers to distribute KPR and KPA through Joint Marketing Program/Joint Promo, and embrace automobile/ motorbike manufacturers to support KKB distribution. BRI also maintains partnerships with multifinance institutions through Joint KKB products.

Consumer Loan Performance in 2013

1. Overall, the outstanding Consumer Loan in 2013 increased 20.29% to Rp73.92 trillion from Rp61.46 trillion in 2012. Growth was driven by Briguna's growth of 17.46% to Rp57.55 trillion from Rp48.9 trillion in 2012.
2. Consumer Loan expansion was done prudently while maintaining credit quality. A prudent monitoring process and client selection makes NPL consumer loan is relatively low in 2013, which stood at 1.40%.

Credit Card

BRI Credit Card was launched in 2006 and offered to customers for their convenience in doing transactions. Today, BRI has several types of credit cards, including BRI Credit Card Standard, Gold, Platinum, Corporate, Business, and Co-Branding.

Credit Card Business Development in 2013

Throughout 2013, BRI implemented a number of strategies relating to the development and marketing of its credit cards, including:

1. Improved cooperation with MasterCard for Standard, Gold, Platinum, Business, and Corporate credit cards, as well as with Visa Worldwide for BRI Credit Card Touch.
2. Conducted integrated promotion
3. Increased cross selling with BRI products.
4. Increased marketing reach to second and third tier cities.
5. Development of product/ features, by launching Co-Brand Credit Cards, refining some of its features such as Electronic Statement (e-statement), EDC Redemption BRI Point, and EDC installment feature.

Business Overview

6. Focusing the marketing strategies on BRI customer acquisition; namely marketing and education to the BRI branch offices in providing services of BRI Credit Card facilities.
7. Maintaining assets quality with the development of collection infrastructure, and creating billing and collection recovery teams at Work Unit Operations.
8. Development and automation of credit card application process to accelerate the decision process by applying the prudential principles.

These strategies are supported by the card holders trust on the Bank's reputation, reliable support such as the appropriate IT platform, easy source of funding, an extensive network covering all of Indonesia, a large customer base and and the support of a competent and high integrity human resources.

Credit Card Performance in 2013

The business performance of BRI credit card has continued to show improvements as reflected in growing number of new cards, volume of transactions and fee-based income. By the end of 2013, BRI card successfully issued 666,027 cards, or a 23.63% increase from 538.729 cards in 2012, while sales volume increased 25.50% to Rp2.99 trillion from Rp2.39 trillion. In addition, in 2013 BRI successfully increased the number of merchants to 55.206 EDCs, with a total volume of sales reaching Rp5.7 trillion.

Deposits

BRI provides a variety of deposit products that offer safety and premium service quality to the customers. BRI has integrated marketing activities to support and promote these deposit products. There are also periodic promotional programs with attractive prizes for certain saving products. The following are BRI's main deposit products:

Deposit Products

BritAma

BritAma is the flagship savings account, dedicated to gain third-party funds in urban areas. BritAma is marketef for customers that looking for an easier and convenience in doing banking transactions, available in Rupiah and foreign currencies.

BRI also have other types of this saving product that has been customized to fulfill the customers' needs such as BritAma Valas, BritAma Bisnis dan BritAma Rencana.

The BritAma is supported with many interesting features, offering easy transaction through ATM and EDC machines that accessible from all over the world, and supported by 24-hour service of Internet Banking and Mobile Banking. Furthermore, these products are also supported by BRI's 9,808 work units, CDM BRI and BRI Kiosk throughout Indonesia.

To support the fund raising strategies and to increase the average savings amount, BRI regularly conducts "Untung Beliung BritAma" (UBB), a lucky dip program for BRI BritAma customer retention/loyalty and acquisition. The UBB program has been carried out as many as 6 (six) times since 2007 and has successfully raised public awareness on BRI BritAma product.

BRI Junio

BRI Junio is a savings account specially targeted at children of 17 years and younger. The aim of this product is to introduce young people to banking services at an early age and to instill a sense of delight in saving. BRI Junio is designed to attract young customers using BRI Private Label Limited Edition Card depicting iconic cartoon characters, namely Superman, Tweety, and Tom and Jerry.

GiroBRI

GiroBRI is a demand deposits and is one of the BRI products available in various currencies; both in Rupiah and foreign currencies, and is equipped with BRIVA (BRI Virtual Account) facilities that offer additional convenience in depositing and verifying their business transactions.

DepoBRI

DepoBRI is a term deposit with a choice of time limits from 1, 2, 3, 6, 12 and 18 through 24 months offering competitive interest rates.

Haj Savings

Haj Savings is a product for Moslem customers that plan to undertake the Haj pilgrimage. This product helps customers to prepare their Haj Pilgrimage Implementation Fee (BPIH), whether a regular BPIH or a Special BPIH/Haj Plus. Deposits can be carried out online at all BRI work units and will be forwarded via host-to-host switching application to the Integrated Computerized Haj System (Siskohat) in Religious Affairs Ministry.

Tabunganku

The Tabunganku product is one of Bank Indonesia's programs in the Indonesia Savings Movement (Gerakan Indonesia Menabung). It is a savings product for individuals with simple and straightforward conditions, applied simultaneously with other Banks in Indonesia to encourage savings culture in the country while at the same time may help to improve people's welfare. Tabunganku's main advantages charge no administration fee, and offer an affordable initial deposit.

Deposits Performance in 2013

In 2013, retail deposit products successfully increased third party funds to Rp167.81 trillion. In addition to increasing the acquisition of third-party funds through deposit products services, BRI also received recognition from a number of external parties, namely the Top Brand Index Marketing Magazine for Junio BRI Savings, and based on the results of a survey of Mark Plus Insight, BRI was awarded the Indonesian Brand Champion 2013 (Gold) for Most Popular in Conventional Banking category. The bank also ranked first in the Indonesian Middle Class & Consumer Finance Survey 2013 for Savings and Deposits category.

E-Channel

To support the retail fund raising and to enhance the products and services' competitive edge, BRI has consistently developed an integrated network (e-channel) using the latest technology. The development of e-channel network infrastructure was well planned and carried out by placing attention to the information safety factor. (See also "Information Technology System Development").

As a commitment in providing access to its customers, BRI improves and adds the e-channel infrastructure annualy, which consists of ATM, KiosK, CDM, EDC and e-Buzz, as detailed in the below table:

E-Channel Development Table

E-Channel	2009	2010	2011	2012	2013
ATM	3.778	6.085	7.292	14.292	18.292
EDC	6.398	12.719	31.590	44.715	85.936
CDM	22	39	89	92	192
Kiosk	60	96	100	100	100
E-Buzz	1	2	19	42	50
Total	**10.259**	**18.941**	**39.090**	**59.241**	**104.570**

To optimize its largest customer base in Indonesia, BRI will develop e-channel for ATM, EDC, KiosK and CDM platform. There are three main focuses that will be achieved in the development of e-channels; increased access to customer service, increased fee-based income, and improved operational efficiency.

In 2013, BRI launched the BRI e-banking Hybrid Lounge, a self-service banking with hybrid machines that merge the ATM, CDM, EDC and Internet Banking functions, as the Bank's commitment for an improvement in its IT-based services to its loyal customers. This service covers a variety of convenience, including easy registration for new BritAma customers, simply by using their e-KTP number as a source of information, registration for demand deposits, time deposits, credit card application, and BRI Priority application.

BRI Priority

To raise awareness and customer loyalty, BRI uses intellectual, lifestyle and heritage as BRI Priority's brand association. BRI Priority provides priority-banking services offered exclusively to BRI's mass affluent customers and high net-worth individuals. The services include financial planning, investment consultations, insurance (bancassurance) and retirement planning.

In providing services for the Priority segment, BRI establishes priority lounges located in some major cities in Indonesia. Sentra Layanan Prioritas (SLP) or Priority Service Centre, are designed with a high service quality standards that emphasize customers' comfort, safety, and accuracy for transactions.

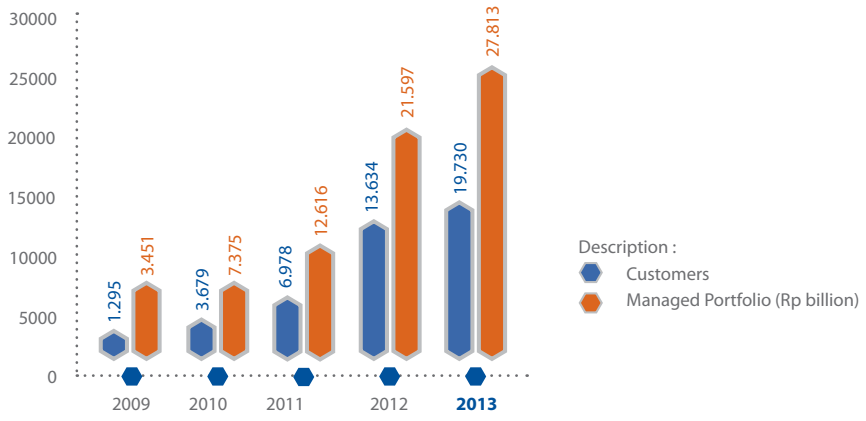
The SLP organization has been created with a tiered monitoring concept (built-in control) and is profesionally managed by certified and proficient Priority Banking Assistant (PBA), Priority Banking Officer (PBO) and Priority Banking Manager (PBM), as required by the regulator. The certifications include WAPERD for Mutual Fund sales agents, Indonesia Life Insurance Association (AAJI) for Bancassurance (Unit Linked) sales, and Wealth Management Training.

Business Overview

BRI Priority offers various competitive privileges including personal service from the Priority Banking Officer, in the form of delivery and collection services for certain amount, private phone banking services, exclusive rooms for banking transactions, private mini-lounge facilities with internet and e-banking corner, free meeting room, designated parking bays, and a 24-hour Call Center.

BRI Priority Performance in 2013

BRI Priority managed to book an increase in customers and portfolio for the past few years, as illustrated in the following graphic:



Retail Segment's Profitability

The overall services in the retail segment successfullyproviding net income from interest and other operational income amounted to Rp20.76 trillion and net profit contribution of Rp8.64 trillion in 2013.

Retail and Medium Business Development Strategy 2014

Commercial and Medium Retail Loan

BRI has prepared a series of programs to accelerate target achievement for Retail and Medium Loans in 2014, which includes a variety of activities as follows:

1. Market Development
   Conduct cooperation with the government institutions or state-owned enterprises (SOEs) or prominent private companies, through product promotion, business linkage, and network expansions.
2. Market Penetration (existing market and product)
   A more active marketing activities to SOE partners by formulating a strategic alliance for Closed System Financing that would trigger Trickle-Down Business and to increase cross-selling.
3. Product Development
   Innovation of Retail and Medium products scheme by conducting product benchmarking and mapping of potential market. Additionally, BRI will also develop an IT-based product feature.
4. Improving Loan Processes and Service Quality Improvement
   Including business process improvement, promotion of policy and procedures in Regional Offices, Branches and sub-Branches, improvement of loan guidelines, evaluation of loan approval authorizations, review of Service Level Agreement (SLA) and loan service standard by benchmarking the service with other banks.

5. Human Resources Development
   Development of competence through structured trainings, including for the Line Credit Officers (PKL) selling skills, service and credit analysis, supported with improvement of performance assessment method and performance based compensation, based on volume and quality of portfolio.
6. Development of Supporting Facilities
   The utilization of information technology to support the marketing of new products, credit monitoring, and access to product information.

Consumer Loans

1. Improvement of organization structure and business processes, which has already been implemented in several major cities through the review of Monoline Business Process application in 13 SKK and 45 KKK for expansion opportunities in 14 major cities in Indonesia.
2. Improvement of Service Level Agreement (SLA) with the development of several Regional Processing Center (RPC) and the implementation of an integrated system.
3. Expansion of quality loans with the establishment of Regional Sales Center (RSC) and Collection Center. By applying a Collection strategy that includes optimization of collection function, continuous HR trainings, and improvement of Complaint Handling System to maintain quality of loans.
4. Continuous development of product features for KPR, KPRS or KKB.
5. Sales strategy by utilizing customer database, third party (dealer or developer), walk-in customers as well as implant banking through Home Ownership Program (HOP) and Car Ownership Program (COP) with several large companies in order to get trickle-down business.
6. Cooperation with partners, with the aim of upgrading the escrow account to increase the potential for cross selling of other BRI products.
7. Implement marketing strategies that are specific to each area.
8. Optimization of the payment system through e-channel BRI.
9. Increase Credit Card marketing activities
10. Increase Credit Card cooperation with BRI merchants
11. Innovation and product development for BRI Credit Card.

Savings

1. Focus on increasing market share of funds in urban areas.
2. Expand and increase the number of delivery channels, especially e-channel.
3. Innovation of savings products and e-banking and more creative marketing programs, including acquisition, retention and loyalty programs.

BRI Priority Service

1. Focus on the efforts of product development and improvement of quality of service.
2. Cooperating with other appropriate and leading brands
3. Implement a marketing program that includes the acquisition, retention, and loyalty
4. Addition of Priority Service Centers and Priority Lounge in major cities in Indonesia.

Business Overview

State Owned Enterprises (SOEs) and Corporate Businesses

"The focus of SOEs and Corporate Business in sectors capable to produce cross-selling opportunities, trickle down business, and strengthen the domestic economic foundations, has increased substantial results by 158.46% in synergy-based MSME portfolio."

Summary:

1. The development of SOEs and Corporate loans are focused on businesses that offer opportunities for cross-selling to develop other business sectors and to increase fee-based income, particularly in the Micro, Small and Medium Enterprises (MSMEs) segment through trickle down business.
2. Total outstanding for Corporate loans reached Rp47.75 trillion in 2013 with an NPL ratio maintained at 0%, while total outstanding for SOEs segment reached Rp62.47 trillion with an NPL ratio of 0.00%.

Currently, the SOEs and Corporate business segments are supporting BRI's business expansions. This business development strategy is aimed to improve future competitive positioning, particularly for loans to companies that support the development of national economy with a broad trickle-down business potential in the MSME segments, which is BRI's main focus.

From these segments, BRI targets the cross selling to other business segments through the development of a range of other banking services appropriate to the needs of MSM Enterprises. As a result, the synergy will enable the increase of fee-based income.

To fully optimize this segment, BRI implements a development strategy that focuses on marketing targets, in which the Company becomes the national economy's backbone through the integrated marketing, product bundling and cross selling to establish a "one stop financial services", which provides an integrated banking solution for the corporate customers.

To achieve this strategy, BRI strives to improve and develop its banking services, service quality, product features and human resource competency. Banking services for the SOEs and corporate segments include special loans; cash management; loan facilities for vendors, subcontractors, suppliers, distributors and development partners; as well as consumer loans for employees who work in these companies. In addition, BRI has also developed other banking services, such as Host-to-Host, One-Gate Payments, Bill Payments and Briva (BRI Virtual Account).

SOEs Business

SOEs outstanding loans in 2013 amounted to Rp62.47 trillion with the largest composition coming from the agribusiness and infrastructure.

BRI's strategy succeded in achieving loans extension in 2013 includes retention program for the existing SOEs customers, the acquisition of former customers that are currently with other Banks, the acquisition of new SOEs customers and new SOEs subsidiaries.

Corporate Business

BRI's Corporate Business is distributed according to the targeted business sectors and the potential for trickle-down business, which is divided into two main sectors, Agribusiness and General Business (Non-Agribusiness).

Agribusiness

The main product of this sector is the Agribusiness Loans facility. This facility is offered to individuals or companies that operate in the agricultural sector so as to support the financing within that sector for on-farm and off-farm, from upstream to downstream. On-farm financing covers agricultural cultivation on plantations, forests, farms, and fisheries. Off-farm financing covers agro-processing businesses or industries, and the means of agricultural productions such as seeding, agrochemicals, pesticides, agricultural machineries and animal feeds.

The main aim of agribusiness loans is to finance export commodities with a competitive advantage, and agribusiness that has a multiplier effect on MSMEs through the creation of one-stop services, closed system financing and risk-adjusting mechanisms, as well as quality improvement of account officers as professional business advisor.

Business Overview

General Business (Non-Agribusiness)

In the General Business sector, loan is the main product offered to the development of corporate sector outside the SOE and agribusiness sectors. The development of this business is conducted with regards to prudent principle using BRI's vast outlets in Indonesia, and trough optimizing treasury products, as well as BRI's comprehensive international business products, in order to maximize the bank's interest revenue and BRI's fee-based income.

SOEs and Corporate Fund Management

Other than focusing on corporate loans, Corporate Business also prioritizes management service for clients' funds, as well as the development of banking services to increase fee-based income.

To capture potential corporate customers, BRI has established a special unit, the Institutional Relations Division, to provide continuous and specific services to non-individual customers consisting of the Government and private institutions that require nationwide banking services.

The targetted funds are funds from government institutions, educational institutions, pension funds, and private companies. Furthermore, in order to follow the rapid development of the business world that demands banking products and services relevant to the customers' needs, BRI continues to develop its range of products and services, as follows:

Cash Management

BRI provides a Cash Management Services (CMS) for business customers in need of a quick and accurate banking transaction services. The CMS is a solution that allows business customers to monitor account information, carry out financial transactions and manage their liquidity via integrated online facilities that are connected with the Bank.

To help achieving the vision of "Providing a Reliable and Competitive BRI Cash Management product", BRI has developed CMS through a series of system upgrade, including:

1. Installation, rejuvenation and upgrade of server/scalabiliity server.
2. Improvement of Network bandwidth, security Firewall, and Internet communication equipments.
3. Development of general CMS application features.
4. Development of customized features for CMS applications, including the implementation of closed system strategy.
5. Refining the CMS interface applications to be more users friendly.

Treasury Single Account (TSA)

To manage national finances in a professional, transparent and responsible manner, the Government introduced a Treasury Single Account (TSA) at its State Treasury Service Office (KPPN) involving Bank Indonesia's Real Time Gross Settlement System (System BI-RTGS) and Bank Indonesia's National Clearing System (SKNBI).

State Revenue Module (MPN)

The Single Entry MPN application is an integrated application aimed at conducting deposit transactions for state revenues owed to the Directorate General of the Treasury via BRI. Single Entry MPN transactions cover almost all tax-related payments to the government.

Ministry Partnership Module

BRI has established cooperation agreements with several Ministries in order to support the government's programs. From these collaborations, BRI atained a number of benefits including the opening of accounts, settled funds and administrative fees. The partnership module includes the following:

1. Collaboration with the Public Housing Ministry for the Distribution of Governmental Aid Stimulus for Public Housing (BSPS).
2. Collaboration with the Education and Culture Ministry in disbursing allowances and Block Grant funds.
3. Collaboration with the Health Ministry to distribute funding for various health programs.
4. Collaboration with the Agriculture Ministry to promote the agricultural industry based on local resources by supporting fund disbursement to a number of Agriculture Ministry programs, such as post-harvest working capital assistance, venture capital for horticulture business and others.

Payment Services for Non-tax State Revenues (PNBP)

BRI has been assigned as the Bank to manage PNBP payments, cooperate with the National Police through Automatic Teller Machine (ATM), Electronic Data Capture (EDC), and BRI Teller.

The types of the National Police PNBP include Driving License (SIM), Vehicle License (STNK), Vehicle Ownership Book (BPKB), Vehicle Number License (TNKB), Vehicle Trial License (STCK), Driver's Clinic (Klipeng) and Firearm License.

Visa on Arrival (VoA)

VoA is a visa issued by immigration to foreign nationals visiting Indonesia. BRI provides the VoA counter payment services and manages the income raised to benefit the Republic of Indonesia's immigration office.

Payment Point

BRI has established partnership in financial management and billing payment administration to support the business of several government institutions and SOEs to provide convenience for the general public. The companies include the National Electricity Company (PLN), PT Telkom and the Regional Water Company (PDAM).

SOEs and Corporate Profitability

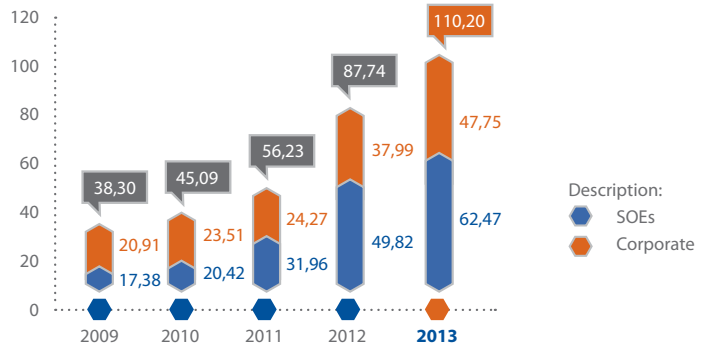
Throughout 2013, the SOEs and Corporation loans portfolio contributed for net interest income and other operational income amounted to Rp3.86 trillion, and also contributed to BRI's net profit amounted to Rp1.53 trillion.

Business Overview

SOEs and Corporate Performance

1. Loans Disbursement
   Total loans outstanding in the corporate business segment increased to Rp110.20 trillion, with the increase in SOE loans to Rp12.65 trillion and Rp9.76 trillion for private companies.
2. Loans Quality
   The use of prudential principles in loans approvals has sustained the loans quality of the Coporate Business with NPL maintained at 0.87% for private companies and 0.00% for SOEs.
3. Impact of trickle down business to the MSME Business
   The synergy between corporate business and MSME business as a result of trickle down business has recorded significant results, thus the MSME outstanding loans from this synergy in 2013 experienced a drastic increase of 158.46% from Rp1.30 trillion in 2012 to Rp3.36 trillion.
4. Cash Management
   The increase of customers applying the BRI CMS has increased the total of managed accounts from 24,017 accounts in 2012 to 33,019 accounts in 2013, and the transaction number went up from 1.50 million transactions in 2012 to 2.64 million.
5. Fee Based Income
   The volume of institutional relationship activity and the management of corporate funds contributed to the fee-based income generated from corporate segment amounted to Rp107.61 billion.
6. Fund Raising
   Total funds raised in the Corporate segment amounted to Rp172.40 trillion, which makes it one of the main sources of funding for the Corporate business expansion.

Loans Outstanding for SOE and Corporate Business
(In Rp Trillion)



SOEs and Corporate Business Development Strategy for 2013

BRI will continue to pursue business development in SOEs and Corporate business development, through the following strategies :

1. SOEs
   Strengthening the SOEs credit market penetration by making it as an entry gate to the other BRI businesses.
2. Corporate (Agribusiness and General Business)
   a. Financing on prospective and unsaturated business sectors
   b. Improving the quality of human resources to act as financial advisors to the debtors
   c. Optimization of IT to suit the business needs
3. SOEs and Corporate Fund Management
   a. Optimizing cooperation with existing institutional clients through more cross selling
   b. Improving the quality, function and role of executive relationship officers
   c. Expansion to business in private national and multinational companies
   d. Increasing the intensity of cooperation with government agencies, SOEs and corporations.

International Business

"Several International Business development programs consistently been implemented has fostered BRI to book a productive increase in volume and value of transactions as well as fee-based remittance."

Summary:

1. BRI's International Business is supported by three overseas offices and 1,200 correspondent banks around the world.
2. Improvement of network, variety of services supported with new product features and the latest IT technology has significantly boosted the trade finance and remittance value.
3. An increase in trade finance volume and international banking services has also rapidly increased the transaction value in the past five years.
4. In 2013 the fee-based income generated from international business was Rp514.39 billion, a 37.47% increase from 2012.

To support BRI's efforts to become the leading commercial bank in Indonesia, BRI continues to develop its business services related to international trading. This is done by updating policies related to international business, building relationships with correspondent banks both at home and abroad, providing assistance for units across Indonesia engaging in international business development and marketing in order to provide contributions in the form of fee based income to BRI.

Trade finance and international banking services transaction also contribute to BRI's business activities, namely loans expansion, short term funding as a way to increase end-to-end service for BRI customers, by providing remittance and bank notes services.

International Business Product and Services

Other trade finance and international banking product and services provided by BRI, include:

1. Opening of Letter of Credit (LC) and SKBDN
2. LC Refinancing
3. Post-shipment Financing
4. Bill Purchase Financing
5. Standby LC, Guarantee, dan Counter Guarantee
6. Trust Receipt (TR)
7. Documentary and Clean Collection
8. Money Changer
9. Interbank Banknotes Transaction
10. Remittance

International Business Development Plans in 2013

Throughout 2013, BRI also implemented a marketing program through an annual Mudik Bareng BRIfast Remittance in August, as part of a strategy of new customer acquisition and retention of existing customers. BRI also worked together with migrant worker agencies, PPTKIS, to promote BRIfast Remittance and to acquire BritAma customers in the migrant worker market, as well as to develop incoming remittance feature with other banks (in collaboration with LINK, Prima, and ATM Bersama network).

To support these products, BRI currently has more than 1,200 Correspondent Bank and supported with nostro accounts in 14 foreign currencies. BRI also conducts direct marketing activities for Trade Refinancing LC and Non LC products, Risk Participation, and the issuance of Guarantee with Counter Guarantee collateral from Correspondent Bank.

In addition to marketing products and international trade finance banking services, BRI also conducts offshore funding through the issuance of Bankers Acceptance (BA), Bilateral Loan and raising foreign currency deposits from retail and corporate customers.

International Business Performance in 2013

Trade Finance

Trade Finance has became one of the biggest contributors of BRI fee-based income with an average annual growthof 55.4% CAGR for the last five years, from the end of 2009 until the end of 2013. By 2013, despite the volatile global and national economics, BRI posted Rp514.39 billion of fee-based income from the trade finance transactions.

To support the increase in trade finance activity, BRI applied a number of revitalization efforts in human resources, product development and services, as well as support systems. The efforts to improve the quality of trade finance product and services were carried out by centralizing trade finance process with the establishment of Trade Processing Center (TPC) that is expected to fulfil BRI's need for a faster, more efficient and more accurate trade finance services. BRI also has a specialized sales force for Trade Finance at BRI regional offices that hold the potential for large trade finance transactions, as a market penetration measure and to improve the quality of service to customers.

Business Overview

Remittance

Currently, BRI has developed a remittance service in cooperation with other financial institutions, both banks and non-banks around the world: BRIfast Remittance.

To improve remittance services to customers, BRI expands its cooperation with correspondent banks and counterpart remittance, as well as develop a credit to account feature and cash pick-ups that give customers the option to either transfer money to their own account at BRI or by withdrawing cash in all BRI work units. The real time BRIfast Remittance Services provides convenience, security and speed of remittances to suit the customers' needs.

BRIfast Remittance accommodates remittance services in the form of Credit to Account and Cash Pick Up services. Through the cooperations with counterpart networks worldwide and the support of more than real-time online 9.808 BRI units, BRI is able to offer convenient, safe and fast money transfers that accommodate the customers' needs and expectations. So far, BRI has established cooperations with 37 counterparts in 13 countries. To strengthen its remittance business to Indonesian Migrant Workers, BRI has placed several Remittance Representatives abroad, including Malaysia, Abud Dhabi, and Saudi Arabia.

This has resulted in BRI's ever-increasing remittance transactions, from 846 thousand transactions in 2011, to more than 1.86 million in 2012, and increased even more to 2.65 miliion transactions in 2013.

Remittance Transactions

(in thousands)

BRI continues strengtening its remittance business and exchancing service quality by developing BRIfast Remittance as innovative remittance to meet customer's need.

Money Changer

Today, BRI has money changer business offering currency exchange services for USD, SGD, AUD, CAD, EUR, GBP, CHF, SAR, CNY, JPY, KRW, BND, NZD, PGK, THB, HKD and MYR,which is available in real-time online at all BRI branches.

BRI money changer service offers competitive exchange rates and always stays up-to-date with the global exchange rates. In marketing and developing its money changer business, BRI has banknotes dealers whose task is to determine exchange rates, exchange rate negotiation, inventory management, as well as conducting monitoring or assistance function to the BRI work units that run money changer business.

To meet the needs for cash liquidity in foreign currencies (bank notes) as well as inventory management related to BRI's needs and those of third parties, BRI is also active in the export and import of bank notes in cooperation with BRI Correspondent Banks in several countries.

Overseas Offices

To develop its trade finance services, BRI is currently supported by Overseas Units, including the BRI New York Agency (BRINYA), the BRI Cayman Island Branch (BRICIB) and the BRI Hong Kong Representative Office (BRI HKRO). The supports are available through the provision of trade loans, fundsraising, commercial loans, risk participation, remittance, USD settlement, and several functions in extending BRI's reach overseas.

BRINYA actively participates in providing loans for global and Indonesian companies as an effort of portfolio expansion. In addition, BRINYA also participated in the financing Indonesian Government's projects through PLN scheme as a support for the development of Indonesia.

As a result, BRI New York Agency's continue to show substantial growth. Its assets grew to USD918.87 Millionin 2013, with USD12.90 million in profit.

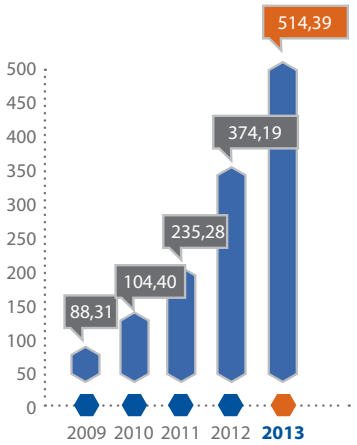
Another work unit, BRI Caymand Island Branch (BRICIB) actively conduct banking activities both in assets liabilities. BRI Caymand Island Branch's assets increased 40.07%, from USD199.9 million in 2012 to USD280.0 million in 2013, with total lending at USD267.4 million. Net income generated in 2013 was USD2.5 million.

BRI Hong Kong Representative Office is an extension of BRI's head office in Hong Kong, the Asia's financial hub. BRI Hong Kong Representative Office is in charge of collecting information on investment and business opportunities to develop bilateral trade relations and promote Indonesia's export and imports. BRI Hong Kong Representative Office is also responsible to build customer base for the remittance business as well as supervising the business activities of BRI's subsidiary in Hong Kong, namely the BRI Remittance Company (BRC).

International Business Profitability

International Business has been accountable for significant fee-based income for BRI, showing very rapid development in the last 5 years.

Fee Based
(In Rp Billion)



International Business Development Strategy in 2014

For a more competitive international business development, BRI has planned a series of activities including:

1. Product development
2. Implementation of TPC (Trade Processing Center) service for Jabodetabek area.
3. Development of the TPC in order to provide added value for customers, by developing service portal accessible directly by the customer.
4. Improving the quality of the marketers, advisors (TFO) and TF operational officers through certification for the development of professional and competent human resources.
5. Development of remittance services
6. Development of remittance representative function to be representative office.
7. Expanding cooperation with banks, including the Regional Development Bank (BPD) and other domestic and overseas banks.
8. Create Money Changer cooperation plan with correspondent banks and domestic money changer institutions.

Business Overview

Treasury Business and Capital Market Support Services

"Amidst the dynamic in capital market, BRI was able to boost the value of issued securities, assets under custodian service, and DPLK assets, which increased fee-based income from Treasury Business and Capital Market Support Services by 30.37%."

Highlights:

- Liquidity and market risk management practices in line with regulatory requirements, with strong yield optimization despite a challenging year
- BRI is meeting the demands of capital market customers through its capital market services, comprising trusteeship, selling agents, custodian services, and DPLK.

Treasury Business

To provide optimum services in Treasury Business and Capital Market Support Services, BRI carried out the following strategy:

1. Managing liquidity, sources and utilization of funds, and market risk in a focused and professional manner.
2. Carrying out trading for arbitrage, market making, and proprietary based on prudential banking principle and robust trading limit.
3. Performing credit assessment to identify investment opportunites in financial instruments or capital.
4. Providing competitive financial market products and services for both BRI's internal units and customers.
5. Developing products and services for financial and capital markets, to generate fee-based income.

The decline in global and national economic in 2013 rendered a serious challenge to the capability of BRI's Treasury Business in managing asset and liability structure, to ensure real contribution for the Bank's performance sustainability. Rupiah was weak throughout 2013, a test for Treasury to exercise apt strategy in order to protect BRI's Balance Sheet. As evident BRI's net open position did not exceeded Bank Indonesia's (BI) requirement or BRI's Treasury Policy, thus Treasury was successful in its role to minimize foreign exchange rate risk.

High inflation due to raised fuel price in June 2013 and Rupiah that continued to dip due to deficit, prompted BI to increase benchmark interest rate from 5.75% at the onset of the year to 7.50% by year's end. This strategy affected interest rate for customer deposits as well as cost of funds. Addressing adjustment in terms of interest rate and cost of funds, BRI undertook steps to maintain low-cost funds composition within target, whilst focusing on deposit products that were not affected by change of interest rate. In terms of assets, loans were prioritized for high yield segments and at the same time the Bank paid close attention to availability of liquid assets, which also experienced adjustments driven by interest rate movement in the market.

To serve customers' foreign exchange needs, BRI Treasury Business serves buy-sell services and hedging through forwards and swaps. To complement foreign exchange services, BRI also provides market update via e-mail and currency information by SMS Blast to customers.

In 2013, Treasury Division opened four service outlets in remote areas in Surabaya, Medan, Bandung, and Yogyakarta to expand services. In addition, BRI continued to disseminated information regarding Treasury products, to align understanding on Treasury products and services across all BRI's units.

Capital Market Support Services

With increasingly diversed investment channels in Indonesia, customers have more investment choices in money market and in capital market. BRI's Capital Market Support Services is present to help customers invest in capital market. Not only in terms of investment, Capital Market Support Services also serve corporate customers that seek financing by issuing securities in capital market. BRI's Capital Market Support Services consist of:

Trustee and Selling Agent

Trustee is the party that represents the interest of debt security holders, in and out of court. Going forward, BRI will continue its partnership with the Capital Market to develop Trustee service.

As selling agent, BRI markets investment products, among others mutual funds, government securities (ORI), and Sukuk Ritel. Cooperating with eight Investment Manager, BRI currently offers 29 Mutual Funds products, focusing on BRI Prioritas customers. In 2013, BRI was appointed by the Government as selling agent of ORI010 and Suku Ritel Series SR005.

Business Overview

BRI markets ORI and Sukuk Ritel through Branch Offices and Sub-Branch Offices located throughout Indonesia. BRI strives to always garner trust from the Government as selling agent/sub-selling agent for every ORI and Sukuk Ritel issuance, generating fee-based income from the sales of investment products.

Custodian Service

BRI has been serving as Custodian Bank since 1996 and offers various asset management services, including money market instruments such as time deposit or deposit on call, Bank Indonesia Certificate as well as fixed income instruments such as government bonds, corporate bonds, and equity in the form of shares. BRI has been appointed as Sub-Registry to Government Bonds transactions and executor of SBI Sciptless by Bank Indonesia. BRI's Custodian Service encompasses mutual funds management that covers wide-range of Mutual Funds and Financial Institution Pension Fund.

During 2013, BRI's Custodian Service extended various services to customers and continued to develop as the leading choice for security custody. Custodian services in 2013 were primarily categorized into core services and value added services.

Trust Services

BRI's Trust Services offer financial assets trusteeship for and on behalf of customers. BRI is the first bank in Indonesia to obtain operating permit from Bank Indonesia to carry out Trust Services in Indonesia by virtue of Bank Indonesia Letter No 15/19/DPB1/PB1-3 dated 12 February 2013 and confirmation letter from Bank Indonesia No 15/30/DPB1/PB1-3 dated 19 March 2013.

BRI's Trust Services as set forth in Bank Indonesia Regulation include:

1. Payment Agent
2. Security Agent.
3. Investment Agent

Currently, BRI provides Trust Servies for financial transactions in oil and gas projects involving Contractors of Production Sharing Contracts (K3S) under Special Taskforce for Upstream Oil and Gas Business Activities (SKK Migas) as well as non-K3S projects.

BRI's trust services also support BRI's activities in infrastructure financing, energy and syndication financing, as well as acting as trustee services in managing trust fund.

Financial Institution Pension Fund (DPLK)

Established in 9 January 2006, BRI's Financial Institution Pension Fund (DPLK) acts as Trustee for Defined Contribution Pension Program (PPIP). BRI's DPLK product is known as "BRI Pension Investment Plan" is open for individual or group pension scheme, from formal or informal sector.

The "BRI Pension Investment Plan" is the primary product of DPLK BRI and offers four investment options: Money Market Investment, Fixed Income Investment, Equity Investment, and Mixed Investment. "BRI Pension Investment Plan" has number of leading features, among others:

1. Managed under up-to-date practices with daily Net Asset Value valuation as practiced in Mutual Funds management. The NAV is published daily on national newspaper.
2. Convenient registration and contribution deposit procedure.
3. Support of extensive service network through all BRI's branch offices and sub-branch offices.
4. Secured products with competitive return.
5. Performance transparency; BRI's DPLK's Financial Statements are audited by independent auditors and published on national newspaper.

As Pension Fund Trustee, DPLK BRI envisions its service to be the market leader in Pension Fund sector, prioritizing prudent long-term investments management whilst providing optimum return with professional and transparent management to ensure a better future for BRI DPLK investors.

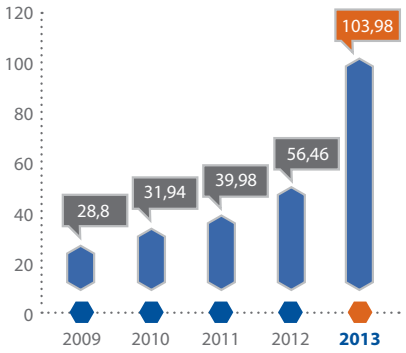
Treasury Business and Capital Market Support Services Performance

1. Successfully maintained cost of funds amid rising BI rate and challenging domestic economy condition. BRI's Cost of Funds rose by 3bps from 3.68% at the end of 2012 to 3.71% at the end of 2013, while Bank Indonesia increased interest rate from 5.75% early in 2013 to 7.50% by year's end.
2. Issuance of 5-year tenor Global Bonds with nominal value of USD500 million in March 2013, offering low coupon rate at 2.95%. Low coupon rate reflected the trust of foreign investors to BRI; the Bank received a total of USD12.5 billion orderbook that was equal to oversubscription by 4.2x.

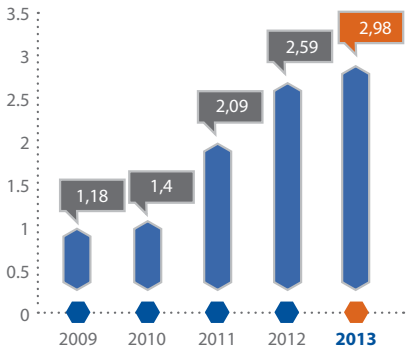
3. In general, BRI was able to maintain liquidity ratio indicated by Statutory Reserves, Net Open Position, Loan to Deposit Ratio, and Cash Ratio in compliance with BI requirements as well as internal Treasury Policy.
4. Fee-based income from capital market support services throughout 2013 reached Rp55.49 billion, up by 30.46% from 2012.
5. Total security managed by BRI as Trustee until December 2013 amounted to Rp47.01 trillion or rose by 10.2% compared to the same period in 2012.
6. Managed assets under BRI's Custodian service grew by 85.16% from a year earlier, amounted to Rp103.98 trillion at the end of 2013 and generated Rp25.8 billion of fee-based income.
7. BRI DPLK managed assets in 2013 reached Rp2.98 trillion, reflecting a 15.06% growth from 2012.

Trustee Performance
(In Rp Trillion)

Custodian Assets
(In Rp Trillion)



DPLK Assets
(In Rp Trillion)



Treasury Business and Capital Market Support Services Development Strategy

1. Joint marketing with related divisions to market Trustee, ORI, Sukuk Ritel, and Mutual Funds products.
2. Expand marketing channel for BRI's Pension Investment Plan through micro units.
3. Develop Sharia Investment and insurance features to BRI's Pension Investment Plan.
4. Mutual funds investment system upgrade.
5. Act as Facility Agent in syndicated loan scheme.
6. Support BRI's anorganic growth.

Financial Overview

BRI's financial performance analysis and discussion are consistent with the guidelines of Indonesian Financial Accounting Statements Standards(PSAK) and Accounting and Reporting Guidelines for Indonesian Banking Industry. At the end of this analysis, BRI also presents brief discussion of subsidiaries' performance that form an integral part of the Bank's financial performance.

The analysis presented in this chapter is based on BRI's Consolidated Financial Statements audited by Public Accountant Firm Purwantono, Suherman dan Surja (PSS-EY). According to Independent Auditor Report No. RPC- 4702/PSS/2014 dated 16 January 2014 BRI's consolidated financial statements have been presented fairly in all material respects. BRI's Audited Consolidated Financial Statements is attached to this Annual Report.

(In Rp Million)

BRI Profit and Loss

	2011	2012	2013	Growth	
				2011-2012	2012-2013
Interest Income	47,296,178	48,272,021	57,720,831	2.06%	19.57%
Profit Sharing - Sharia	868,170	1,338,400	1,740,253	54.16%	30.02%
Interest and Bonus Expenses	(13,737,272)	(13,126,655)	(15,354,813)	-4.44%	16.97%
Net Interest and Sharia Income	34,427,076	36,483,766	44,106,271	5.97%	20.89%
Other Operating Income	5,775,975	8,389,732	8,348,459	45.25%	-0.49%
Allowance for Written-Off Impairment Losses on financial and non-financial assets - net	(5,791,658)	(2,668,177)	(3,947,875)	-53.93%	47.96%

"Delivering the best micro, small, and medium enterprises business in Indonesia, BRI recorded strong financial performance. This was as evidenced by optimum return and solid financial position as represented by ROE, CAR, NPL (gross), and LDR, which would further the Bank's future growth."

(In Rp Million)

BRI Profit and Loss

	2011	2012	2013	Growth	
				2011-2012	2012-2013
(Expense) reversal for net estimated commitment and contingencies	93,623	(262)	191	-100.28%	-172.90%
Reversal for Net allowance for impairment losses on non-financial assets	164,841	(31,489)	1,309	-119.10%	-104.16%
Operating Expenses	(17,085,627)	(19,491,032)	(22,380,778)	14.08%	14.83%
Operating Income	17,584,230	22,682,538	26,127,577	28.99%	15.19%
Income/Non Operating Expense – Net	1,171,650	1,177,034	1,782,489	0.46%	51.44%
Income before tax	18,755,880	23,859,572	27,910,066	27.21%	16.98%
Tax expenses	(3,667,884)	(5,172,192)	(6,555,736)	41.01%	26.75%
Net income before extraordinary items	15,087,996	18,687,380	21,354,330	23.86%	14.27%
Net Extraordinary Items	0	0	0		
Net income	**15,087,996**	**18,687,380**	**21,354,330**	**23.86%**	**14.27%**

(In Rp Million)

Comprehensive Profit and Loss

	2011	2012	2013	Growth	
				2011-2012	2012-2013
Net income	15,087,996	18,687,380	21,354,330	23.86%	14.27%
Other comprehensive income – net after tax	208,505	(26,372)	(1,437,676)	-112.65%	5351.52%
Current Year Comprehensive Income	**15,296,501**	**18,661,008**	**19,916,654**	**22.00%**	**6.73%**

Financial Review

- ROE* stood at **34.11%** - one of the highest in Indonesian banking industry.
- CAR* at **16.99%** - Well above regulatory requirement, and would support future growth.
- NPL (gross) at **1.63%**, - Reflecting stable loans quality.
- LDR at **88.54%** - Showcased the Bank's ability to maintain trust and liquidity.

Profit and Loss Statements

BRI again delivered a strong financial performance in 2013. Improved loans quality was accompanied by increased in outstanding loans, balanced loans portfolio, and stable operational efficiency. These elements bolstered BRI's performance achievement.

BRI booked 14.27% increase of consolidated profit, growing from Rp18.69 trillion in 2012 to Rp21.35 trillion and strengthened BRI's position as the most profitable bank since 2005.

Interest Income

Prudent lending is the first step towards sound and sustainable business growth. To that end, in 2013 BRI's business strategy focused on improving loans quality and applying improved selectiveness in loans disbursements. BRI also prioritized to enhance loans quality by enhancing monitoring as well as administration process with the application of modern information technology.

On the back of the suitable strategy, BRI's loans growth in 2013 outperformed the industry and at the same time showcased improved loans quality.

In 2013, BRI's total loans and financing grew 23.85%, up by Rp86.34 trillion from Rp362.01 trillion in 2012 to Rp448.34 trillion. Continuous efforts made to improve loans quality and appraisal procedure were proven effective to increase BRI's NPL (gross), which stood at 1.63% as of December 2013, from 1.83% in the preceding year.

Stable loans quality and Micro Loans that was predominant in the Bank's lending portfolio boosted interest income (including profit sharing in sharia business) throughout 2013, which rose by 19.86% from Rp49.61 trillion in 2012 to Rp59.46 trillion in 2013. From the total interest income, Rp52.12 trillion or 87.65% was contributed interest on loans.

In 2013, BRI was consistent in offering competitive prime lending rate for the Bank's product. In the long-term, competitive prime-lending rate would greatly benefit BRI's business growth, as it would enlarge BRI's business volume, create entry barrier for competitors, and at the same time amplifying BRI's presence in the Banking Industry.

Competitive prime lending rate has been part of BRI's strategy to build customer base through conventional services and e-channel network expansion, supported by skilled and reliable staff.

BI rate increased by 175bps throughout 2013 has affected cost of funds. However, the impact will be mitigated by adjusting the Third Party Funds (TPF) compositon, as the Bank strived to raise its CASA component in TPF portfolio.

* bank only

Interest Income						
Type of Interest Income	2011		2012		2013	
	Million Rp	Composition	Million Rp	Composition	Million Rp	Composition
Loans	41,835,778	88.45%	42,674,331	88.40%	52,117,514	90.29%
Earning Assets other than Loans	5,460,400	11.55%	5,597,690	11.60%	5,603,317	9.71%
Government bonds (recapitalization bonds)	1,111,461	2.35%	375,218	0.78%	163,117	0.28%
Securities	2,000,645	4.23%	2,194,901	4.55%	2,947,881	5.11%
Placements with other banks and Bank Indonesia	1,802,330	3.81%	1,967,685	4.08%	1,326,538	2.30%
Current accounts with Bank Indonesia	137,664	0.29%	163,713	0.34%	190,842	0.33%
Others*	408,300	0.86%	896,173	1.86%	974,939	1.69%
Total Interest Income	**47,296,178**		**48,272,021**		**57,720,831**	

* Including sharia income

Interest income from earning assets other than loans was relatively stable, recorded at Rp5.60 trillion in 2013 and increased slightly by 0.10% from the earlier year, with the contribution decreased in 2013, from 11.60% in the preceding year to 9.71% of the total interest income. This was mainly due to higher loans growth than non-loans earning assets growth, while composition of loans with high yields increased.

Interest Expense

Total interest expense in 2013 rose to Rp15.35 trillion from Rp13.13 trillion in the previous year, in line with the growth of average TPF volume in 2013 that driven by growing volume of deposits in the form of savings. Increased interest expense was also due to increase of interest rate on deposits, reflected in higher cost of funds (bank only) that recorded 3.68% in 2012 increase to 3.71% in 2013, as Bank Indonesia raised BI rate through 2013.

Interest Expense						
Type of Interest Income	2011		2012		2013	
	Million Rp	Composition	Million Rp	Composition	Million Rp	Composition
Demand Deposit	1,387,690	10.10%	1,478,777	11.27%	1,266,686	8.25%
Savings	2,887,704	21.02%	2,126,266	16.20%	2,255,230	14.69%
Time Deposit	7,556,843	55.01%	7,366,603	56.12%	9,435,407	61.45%
Others*	1,905,035	13.87%	2,155,009	16.42%	2,397,490	15.61%
Total Interest Expanse	**13,737,272**		**13,126,655**		**15,354,813**	

* Include Sharia Expanse

Net Interest Income

BRI recorded Rp44.11 trillion of net interest income (NII) in 2013 compared to Rp36.48 trillion in 2012. The increase was mainly driven by growth of loan outstanding, improved NPL, and BRI's success in increasing low-cost funds composition. BRI's NIM in 2013 stood at 8.55%, compared to 8.42% in 2012.

Other Operating Income

Other Operating Income						
Type of Operating Income	2011		2012		2013	
	Million Rp	Composition	Million Rp	Composition	Million Rp	Composition
Fee Based Income	3,368,821	58.32%	3,929,559	46.84%	4,862,438	58.24%
Recovery of Written Off Assets	1,797,048	31.11%	2,258,387	26.92%	1,948,158	23.34%
Gains on sales of securities and Government Recapitalization Bonds - net	145,897	2.53%	56,041	0.67%	78,252	0.94%
Gains from foreign exchange difference - net	35,521	0.61%	428,800	5.11%	477,524	5.72%
Others	428,688	7.42%	1,716,945	20.46%	982,087	11.76%
Total Other Operating Income	**5,775,975**		**8,389,732**		**8,348,459**	

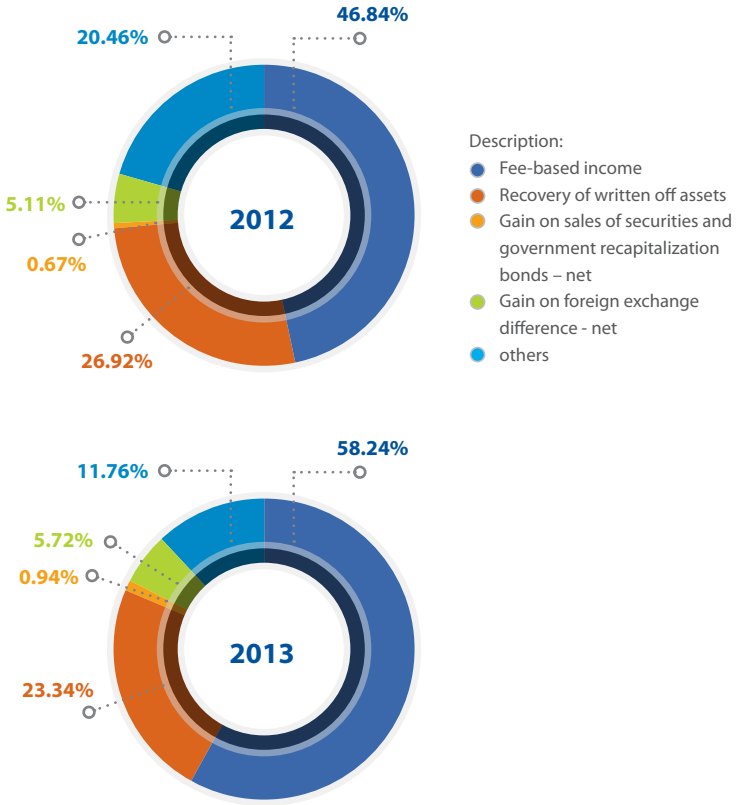
Financial Review

By implementing a consistent non-performing loans settlement procedure, BRI was able to achieve **Rp1.95 trillion** of recovered loans in 2013.

Other operating income in 2013 drop slightly by 0.49% to Rp8.35 trillion, due to the declined in other income from Rp1.72 trillion in 2012 to Rp982.1 billion. One of the components in other operating income that recorded significant growth was fee-based income, which rose by 23.74% to Rp4.86 trillion from Rp3.93 trillion in 2012. In 2013, fee-based income was stood at 58.24% of total other operating income and 6.99% of total income.

Other Operating Income Composition

(In %)



In 2013, with consistent asset quality improvement initiatives, BRI recovered Rp1.95 trillion written-off assets, which demonstrated successful non-performing loans settlement program. This was an excellent achievement, particularly considering the challenging domestic economy in 2013.

In addition, BRI also managed to generate gains from sales of securities and government recapitalization bonds of Rp78 billion.

Other operating income from reversal of pension preparation, fines, loans settlement in advance, clearing rejection, and others in 2013 amounted to Rp982 billion.

Other Operating Expense

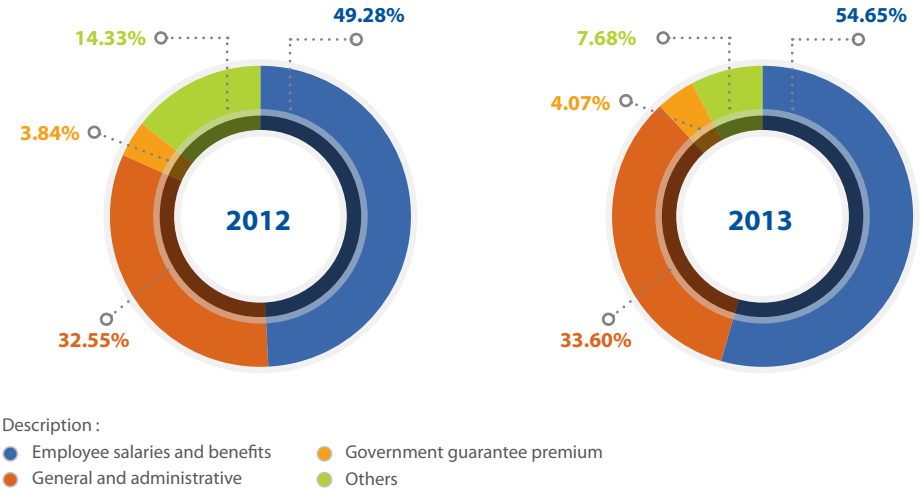
Other operating expense, which consists of salaries and employee benefits, general and administrative expense, premium paid to government guarantee program, and others, rose by 14.83% to Rp22.38 trillion in 2013 from Rp19.49 trillion in 2012. The increase was mainly driven by several sub-accounts, as detailed in the following table:

Other Operating Expense						
Type of Operating Expense	2011		2012		2013	
	Million Rp	Composition	Million Rp	Composition	Million Rp	Composition
Employees' salaries and benefits	8,700,847	50.92%	9,605,547	49.28%	12,231,994	54.65%
General and administrative	5,678,786	33.24%	6,343,661	32.55%	7,518,886	33.60%
Government Guarantee Program Premium	624,057	3.65%	749,297	3.84%	911,957	4.07%
Others	2,081,937	12.19%	2,792,527	14.33%	1,717,941	7.68%
Total Other Operating Expenses	**17,085,627**		**19,491,032**		**22,380,778**	

The increase of personnel expense by 27.34% to Rp12.23 trillion was due to status conversion of outsourced employees to contract employees, or contract employees to permanent employees. Expansion of working units led to continued recruitment activity to fulfil units' manpower requirements contributed to the increase.

Composition of Other Operating Expenses

(In %)



Moreover, BRI also applied performance-based incentive for marketing officers. The policy was adjusted in order to provide appropriate reward for high-performing employes.

General and administrative expense increased by 18.53% to Rp7.52 trillion. This was due to conventional network expansion as well as e-channel expansion, which led to increased repair and maintenance costs. (Refer to "Network Development" in Marketing chapter).

Financial Review

Provision for Impairment Losses on Financial Asset

BRI sets aside provision to anticipate future risks, especially credit risk that is Provision for Impairment Losses on Financial Asset. In 2013, Provision for impairment losses on financial asset and non-financial assets amounted to Rp3.95 trillion, or rose by Rp1.28 trillion from Rp2.67 trillion in 2012.

The increase of provision for impairment losses expense was influenced by Indonesia's challenging economic condition throughout 2013, which indirectly increased BRI's business risks and anticipation of declining loans quality in the future

Operating Income and Income Before Tax

As the result of well manage operation, in 2013 BRI profit grew 15,19% to Rp26.13 trillion from Rp22.68 trillion in 2012. BRI also generated net operating income amounted to Rp1.78 trillion in 2013. In total, income before tax amounted to Rp27.91 trillion, posted a 16.98% growth from Rp23.86 trillion in 2012.

Income Tax

Pursuant to Law No. 36 of 2008, Government Regulation No. 77 dated 21 November 2013 on "Income Tax Reduction Facility for Domestic Listed Companies" and Minister of Finance Regulation No.238/PMK.03/2008 dated 30 December 2008 on "Monitoring and Implementation Procedures on Tax Reduction Facility Granted to Listed Companies" stipulated that domestic public companies in Indonesia are eligible to apply for income tax reduction facility of up to 5% lower from the highest income tax rate.

To obtain the facility, a public company must have at least 40% of its paid-in shares listed for trading in the Indonesian Stock Exchange and put in collective custody under a custody and settlement institution. The shares must also be owned by at least 300 (three hundred) parties, where each party owns less than 5% of the total paid-in capital. Public Companies are required to meet the stipulation above at least 183 (one hundred and eighty three) calendar days within 1 (one) fiscal year.

Tax calculation as stipulated by Law No. 7 of 1983 on Tax Income was amended for the fourth time with Law No. 36 of 2008 dated 23 September 2008, wich stipulates single of 25% effective as of 2010 fiscal year.

Based on Letter No.DE/I/2014-0098 dated 6 January 2014 share register monthly report (Form No.X.H.I-2 dated 6 January 2014 issued by Securities Administration Bureau, Datindo Entrycom, regarding BRI share ownership in 2013), all criteria above for year ended 31 December 2013 has been met. Therefore, BRI applies single rate of 20% to calculate income tax for fiscal years 2010, 2011, 2012, and 2013.

Pursuant to the tax regulation, BRI's tax expense in 2013 was Rp6.56 trillon, or rose by 26.7% from Rp5.17 trillion in 2012.

Net Income

After tax income, BRI's net income in 2013 amounted to Rp21.35 trillion, up by 14.27% from 2012 net income of Rp18.69 trillion. Meanwhile, earnings per share amounted to Rp865.22.

Comprehensive Income

Presentation of Other Comprehensive Income After Tax was effective following the implementation of PSAK No. 1 (2009 revision) regarding Presentation of Financial Statements, enforced as of 1 January 2011. Other Comprehensive Income After Tax consists of:

1. Gains amounted to Rp37.17 billion due to foreign exchange difference from financial statements presentation in foreign currency.
2. A loss of Rp1.97 trillion from unrealized gains from securities and government recapitalization bonds available for sale-net with amounts transferred to profit and loss in respect of fair value changes of available for sale securities and recapitalization bonds.
3. Income tax related to other comprehensive income amounted to Rp491.62 billion.

Total Comprehensive Income

Calculating the comprehensive income above, BRI's total comprehensive income in 2013 stood at Rp19.92 trillion, grew by 6.73% from Rp18.66 trillion in 2012.

Financial Statements

Asset

(In Rp Million)

Summary of Balance Sheet	2011	2012	2013	Growth 2011-2012	Growth 2012-2013
Cash	10,525,973	13,895,464	19,171,778	32.01%	37.97%
Current Accounts with Bank Indonesia	33,040,418	42,524,126	40,718,495	28.70%	-4.25%
Current Accounts and Placements with other banks - net	79,129,520	71,084,903	45,742,003	-10.17%	-35.65%
Securities - net	48,129,383	56,622,173	66,039,800	17.65%	16.63%
Government Recapitalization Bonds	8,996,026	4,315,616	4,511,419	-52.03%	4.54%
Loans	294,514,972	362,006,543	448,344,856	22.92%	23.85%
Allowance for Impairment Losses -/-	(16,089,972)	(14,914,865)	(15,418,096)	-7.30%	3.37%
Investments – net	164,689	196,742	222,851	19.46%	13.27%
Fixed assets - net	1,852,818	2,804,366	3,972,612	51.36%	41.66%
Other assets	9,635,457	12,801,722	12,877,208	32.86%	0.59%
Derivatives Receivables - net	17,818	28,850	4,981	61.91%	-82.73%
Acceptance Receivables -net	1,692,176	4,786,121	3,679,684	182.84%	-23.12%
Deferred Tax Assets	2,631,958	2,024,911	2,188,506	-23.06%	8.08%
Other assets	5,293,505	5,961,840	7,004,037	12.63%	17.48%
Total Asset	**469,899,284**	**551,336,790**	**626,182,926**	**17.33%**	**13.58%**

BRI's assets during reporting year rose by 13.58% to Rp626.18 trillion from Rp551.34 trillion in the preceding year. The main contributor of asset growth was increase of loan outstanding , which grew by 23.85% to Rp448.34 trillion from Rp362.01 trillion in 2012. Loan was the primary component in BRI's assets structure, accounting for 71.60% of the Bank's total assets by the end of 2013.

Assets Composition

Loans

As described above, BRI was successful in growing its loan outstanding . The outstanding included sharia financing, which was up by 24.72% to Rp14.03 trilion. As a bank that focuses on Micro, Small, and Medium (MSM) segment, BRI's loans portfolio is dominated by MSM loans, which accounted for 72.29% of the total portfolio. The remainder 24.58% was disbursed to corporate segment, which included SOEs and non-SOEs, while 3.13% was occupied by financing and sharia receivables through subsidiary (BRI Syariah).

(In Rp Million)

Loans – by Currency					
Segment	2011	2012	2013	Growth 2011-2012	Growth 2012-2013
Micro					
Rupiah	98,079,430	115,494,852	142,266,742	17.76%	23.18%
Foreign Currency					
Retail					
Rupiah	125,789,288	139,723,181	171,286,336	11.08%	22.59%
Foreign Currency	4,703,570	6,650,545	10,568,002	41.39%	58.90%
Corporate					
Rupiah	35,322,832	58,565,193	72,495,929	65.80%	23.79%
Foreign Currency	21,511,137	30,324,491	37,699,457	40.97%	24.32%
Sharia receivables and financing	**9,108,715**	**11,248,281**	**14,028,390**	**23.49%**	**24.72%**
Total Loans					
Rupiah	**268,300,265**	**325,031,507**	**400,077,397**	**21.14%**	**23.09%**
Foreign Currency	**26,214,707**	**36,975,036**	**48,267,459**	**41.05%**	**30.54%**

Financial Review

Loan Quality/NPL
Consolidation program, loan quality monitoring, and prudent loan disbursement initiatives increased current loans by 24.32% from Rp335.51 trillion in 2012 to Rp417.11 trillion in 2013. Loans in Special Mention category also rose by 20.50% from Rp19.86 trillion in December 2012 to Rp23.93 trillion in December 2013.

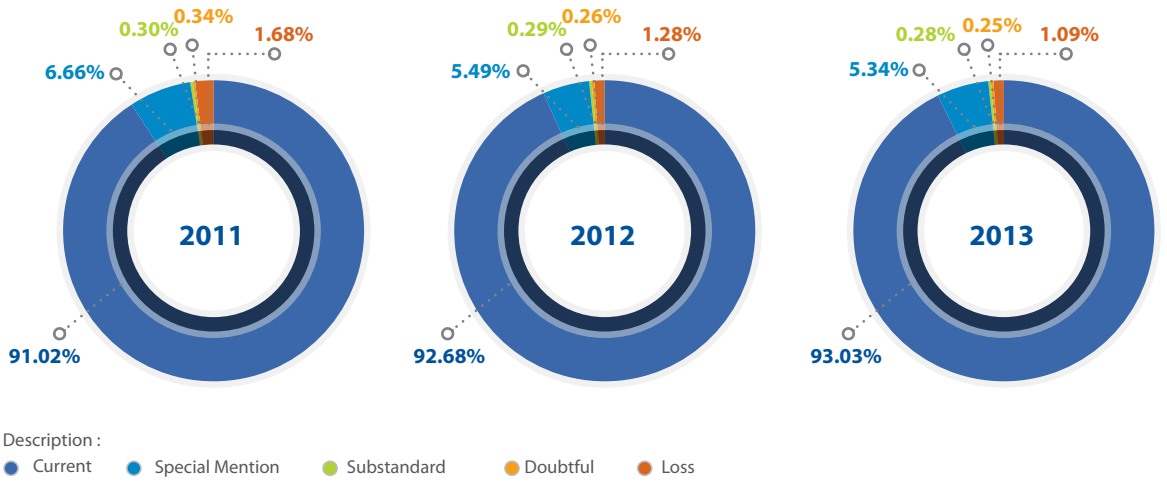
However, as described, economic condition in 2013 was unfavourable, which increased the credit risk. To anticipate declining loans quality in the future, BRI will consistently improve quality of non-performing loans management, loan disbursement process as well as loan administration. The Bank shall also intensify monitoring process, which has been proven effective.

(In Rp Million)

Sharia Financing and Loans Quality

	2011	2012	2013
Total Performing Sharia Financing and Loans	287,675,177	355,369,649	441,045,020
Total Non-Performing Sharia Financing and Loans	6,839,793	6,636,895	7,299,835
Total Sharia Financing and Loans	294,514,970	362,006,544	448,344,856
NPL (Gross)	2,32%	1,83%	1,63%
NPL (Net)	0,42%	0,38%	0,36%

Loan Composition by Loan Quality



Loans Writen-Off and Recovery
During reporting year, BRI's written-off loans amounted to Rp4.32 trillion, lower than 2012 position that stood at Rp4.45 trillion, and received Rp1.95 trillion of recovery. The decrease in writen-off loan was result of consolidation program that was carried out intensively.

Cash and Current Accounts with Bank Indonesia
Cash position as of the end of 2013 rose by 37.97% from Rp13.90 trillion to Rp19.17 trillion, resulting from openings of new sub-branch offices, cash offices, BRI Units, KiosK BRI, TerasBRI, TerasBRI Mobile, and ATMs. Current accounts with Bank Indonesia declined 4.25% from Rp42.52 trillion in 2012 to Rp40.72 trillion in 2013. Despite the decline, BRI's current accounts balance with Bank Indonesia was still within the central bank's required limit of Statutory Reserves (GWM).

The balance of BRI's current accounts with Bank Indonesia represented Primary Statutory Reserves and Statutory Reserves in foreign currency with Bank Indonesia of 8.02% and 8.00%, respectively (bank only).

Current Accounts and Placements with Bank Indonesia and Other Banks
Current accounts and placements with Bank Indonesia and other banks declined 35.65% from Rp71.08 trillion at the end of 2012 to Rp45.74 trillion in 2013. The decrease was mainly due to decline in placements with Bank Indonesia by Rp36.02 trillion.

Securities
To optimize the Bank's excess funds and to manage liquidity, BRI treasury management placed these excess funds in financial instruments that would generate interest income. Funds placement increased by 16.63% to Rp66.04 trillion in 2013 from Rp56.62 trillion in the previous year.

Government Recapitalization Bonds
By the end of 2013, BRI's Government Recapitalization Bonds amounted to Rp4.51 trillion, rose by 4.54% from 2012 position of Rp4.32 trillion. The increase was due to the purchase of Government Recapitalization Bonds categorized as fair value through profit/loss statement that amounted to Rp199 billion.

(In Rp Million)

Government Recapitalization Bonds by Interest Rate

Type of Interest Rate	2011	2012	2013
Fixed Rate	4,682.33	0.00	0.00
Variable Rate	4,313.73	4,315.62	4,511.42
Total	**8,996.06**	**4,315.62**	**4,511.42**

Investments
BRI's total investments in 2013 (net) stood at Rp222.85 billion, representing 13.27% growth from end of 2012 position of Rp196.74 billion. The growth was contributed by the increase of PT BTMU – BRI Finance value from Rp195.33 billion in 2012 to Rp220.91 billlion in 2013, coming from the accumulation of PT BTMU – BRI Finance net income.

The following are details of investments as of 31 December 2013:
1. PT BTMU-BRI Finance (formerly PT UFJ BRI Finance): Rp220.91 billion
2. PT Kustodian Sentral Efek Indonesia: Rp900 million
3. PT Sarana Bersama Pembiayaan Indonesia: Rp536 million
4. PT Pemeringkat Efek Indonesia: Rp210 million
5. PT BPR Toeloengeredjo Dasa Nusantara: Rp77 million
6. PT BPR Tjoekir Dasa Nusantara: Rp77 million
7. PT BPR Toelangan Dasa Nusantara: Rp66 million
8. PT BPR Cinta Manis Agroloka: Rp35 million
9. PT BPR Bungamayang Agroloka: Rp23 million
10. PT Aplikanusa Lintasarta: Rp20 million

Fixed Assets
Aligned with BRI network expansion and technology-based operation system upgrade, the amount of fixed assets rose by 22.15% from Rp7.22 trillion to Rp8.82 trillion as of end 2013.

Other Assets
Other assets grew 0.59% to Rp12.88 trillion from Rp12.80 trillion in the preceding year. This account consists of derivative receivables, acceptance receivables, deferred tax, and other assets. The growth was driven by increase of Deferred Tax by Rp164 billion and other assets by Rp1.04 trillion.

Financial Review

Liabilities

Type of Liabilities	2011		2012		2013	
	Rp Million	Composition	Rp Million	Composition	Rp Million	Composition
Customer Deposits						
Demand Deposits	76,778,729	18.28%	79,723,114	16.39%	79,336,951	14.51%
Savings	154,132,973	36.69%	184,717,349	37.97%	212,996,625	38.95%
Time Deposits	153,352,643	36.51%	185,725,920	38.18%	211,947,806	38.76%
Liabilities Due Immediately	3,961,640	0.94%	4,911,852	1.01%	5,065,527	0.93%
Deposit from other banks	4,024,163	0.96%	2,778,618	0.57%	3,691,220	0.67%
Securities sold with repurchase agreement	102,681	0.02%	-	0.00%	-	0.00%
Borrowings	13,097,916	3.12%	10,888,755	2.24%	9,084,913	1.66%
Subordinated borrowings	2,136,288	0.51%	2,116,562	0.44%	2,097,024	0.38%
Other liabilities	12,491,922	2.97%	15,592,841	3.21%	22,635,438	4.14%
Total Liabilities	**420,078,955**		**486,455,011**		**546,855,504**	

The 13.58% growth of BRI's assets was due to the rise in the liabilities accounts and the increase in equity component from retained earnings. The largest growth in liabilities was delivered by Third Party Funds (TPF), which recorded a 12.02% growth. As presented in the above table, TPF is a dominant component in BRI's liabilities and occupied 92.21% of the total liabilities in 2013.

Increase of TPF exhibited the efficacy of BRI's marketing strategy to generate TPF, particularly with the support of services and e-channel network. In addition, improved service quality has increased public trust to BRI.

Third Party Funds
Third Party Funds (TPF) consist of demand deposits, savings accounts, and time deposits including sharia products, such as Wadiah Demand Deposits, Mudharabah Savings, and Mudharabah Time Deposits.

In 2013, BRI was able to grow deposits by 12.02% and reached Rp504.28 trillion. In addition, BRI was also able to maintain composition of low-cost funds (Demand Deposits and Savings) at 58% and high-cost funds at 42%.

As of December 2013, savings stood at Rp213.00 trillion, reflecting a 15.31% growth from Rp184.72 trillion in 2012. Savings was accounted for 42.24% of the total TPF.

The increased in savings indicated the success of BRI promotion programs and the wide varieties of savings features. Thus in the end has increased public awareness and willingness to open savings accounts in BRI.

Liabilities Due Immediately
The account represents BRI's liabilities to external parties that should be paid immediately in accordance with the requirements in the agreement that have been previously determined. Some of the transactions categorized in this account are advance payment deposits, tax payment deposits, insurance deposits, credit card deposits, deposits for channeling loans, deposits for clearing, remittance deposits, bank drafts and BRI travellers' checks, and others.

By the end of 2013, BRI's liabilities due immediately stood at Rp5.07 trillion or grew 3.13% compared to December 2012 position of Rp4.91 trillion. Advance payment deposits recorded the highest growth and amounted to Rp1.39 trillion as of December 2013 compared to Rp897.63 billion as of December 2012.

Deposits from Other Banks and Other Institutions
Deposits from other banks and other institutions consist of demand deposits, savings, time deposits, interbank call money, and deposits on call. This account records interbank transactions for the purpose of operational and liquidity management. As of the end of 2013, deposits from other banks and other institutions amounted to Rp3.69 trillion, up from Rp2.78 trillion in the previous year.

Borrowings
Borrowings was used, among others, to finance BRI's general activities as well as trade finance needs. This account consists of borrowings from Bank Indonesia (liquidity borrowings and borrowings for fixed asset investments), from entities and Government Institutions, bilateral borrowings, and other borrowings.

The balance of borrowings as of the end of 2013 amounted to Rp9.08 trillion, decreased by 16.57% compared to Rp10.89 trillion on 31 December 2012. The decrease was mainly due to matured bilateral borrowings in foreign currency that amounted to Rp1.93 trillion.

Subordinated Loans
The total subordinated loans as of 31 December 2013 was Rp2.10 trillion. It consisted of Subordinated Bonds II of Rp2 trillion and two-step loans of Rp98.97 billion.

Subordinated Bonds II were issued by BRI on 22 December 2009 with nominal amount of Rp2 trillion and 5-year tenor, offering fixed interest rate at 10.95%. The bonds were listed on Indonesia Stock Exchange. In accordance with Bank Indonesia regulation, Subordinated Bonds II were used as Tier II Capital and all proceeds have been utilized to support prudent loans expansion.

The principal of two-step loans decreased from Rp120.30 billion at the end of 2012 to Rp98.97 billion in 2013.

Other Liabilities
Other liabilities consist of derivatives payable, acceptances payable, marketable securities issued, taxes payable, estimated losses on commitments and contingencies, interest payable, estimated working fees, and other liabilities. As of the end of 2013, the amount of other liabilities increased 45.17% from Rp15.59 trillion in 2012 to Rp22.64 trillion.

The increase was due to the issuance of securities by BRI amounted to USD500,000,000 (value as of 31 December 2013 amounted to Rp6.02 trillion) on 28 March 2013, which will mature on 28 March 2018 with fixed interest rate of 2.95% per annum.

BRI successfully maintained low-cost funds composition of around **60%** of the total Third Party Funds.

Financial Review

Equity

(In Rp Million)

Type of Equity	2011	2012	2013	Growth	
				2011-2012	2012-2013
Paid-up Capital	6.167.291	6.167.291	6.167.291	0,00%	0,00%
Additional paid-in capital - net	2.773.858	2.773.858	2.773.858	0,00%	0,00%
Differences arising from the translation of foreign currency financial statements	49.153	44.912	82.083	-8,63%	82,76%
Stock options	-	-	-	-	-
Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds - net	765.004	740.459	(727.644)	-3,21%	-198,27%
Total retained earnings	40.019.254	55.080.238	70.868.083	37,63%	28,66%
Total equity attributable to equity holders of parent entity	49.774.560	64.806.758	79.163.671	30,20%	22,15%
Non-controlling interest	45.769	75.021	163.751	63,91%	118,27%
Total equity	**49.820.329**	**64.881.779**	**79.327.422**	**30,23%**	**22,26%**

Equity grew 22.26%, higher than 2012 position of Rp64.88 trillion. This was mainly due to the significant increase in retained earnings by 28.66% from Rp55.08 trillion in 2012 to Rp70.87 trillion in 2013. The growth of retained earnings was driven by increase of net income from the current period by 14.27% to Rp21.35 trillion.

Capital

To meet the capital requirement in order to support assets' growth, both of earning assets (e.g. loans, securities) and non-earning assets (e.g. fixed assets, other assets), the Bank relies on two primary components that are equity and borrowing.

BRI has applied Basel II in calculating Risk Weighted Assets (RWA) for credit risk using standardized approach. The result of calculation showed that BRI recorded RWA for credit, market, and operational risks of Rp408.86 trillion or 25.67% above the previous year. To support BRI's activities as one of the largest creditors in MSME segment, BRI consistently ensures optimum capital structure to capture growth opportunities in the market, by maintaining a minimum level of capital.

To meet the minimum capital requirement of Tier I capital and total CAR, BRI establishes capital buffer level to ensure all identified risks have been calculated and that BRI would be resilient on the face of business pressure, whether due to competition or changes in business environment. To meet its business needs, BRI utilizes various funding sources, such as customer deposit, conventional market, and equities.

At the end of 2013, 87.33% of BRI's assets were liability-backed and 12.67% were equity-backed assets. In 2013, BRI's assets grew 13.58% and total liabilities, albeit slightly lower, also grew 12.42%. However, total equities that rose by 22.26% offset the low growth of liabilities. Equity growth was mainly due to growth of retained earning by 28.66%. Considering the importance of capital structure in sustaining business expansion in the coming years, BRI is determined to manage robust capital structure that would enable optimum business growth.

Capital Structure Policy

In calculating Capital Adequacy Ratio/CAR BRI follows latest Bank Indonesia Regulation No. 14/18/PBI/2012 dated 28 November 2012, thus BRI implemented a policy to maintain capital structure that would be able to accommodate all key risks in the bank's operations, namely market, credit, and operational risks.

BRI's capital management policy was also aimed to keep strong capital structure to sustain future business, maintain the trust of capital market's investors, customers, and the overall market. Therefore, in managing its capital, BRI also considers factors such as optimum return to shareholders, maintain the balance between profit and gearing ratio and manage the benefits as well as security enabled by strong capital position.

BRI's capital adequacy is calculated using CAR, which reflects the capital adequacy to accommodate posible loss. Higher CAR indicates stronger capability of the Bank to absorb risks arising from credit/earning assets while also contributing significantly to profitability. BRI's CAR in 2013 stood at 16.99% from 16.95% in 2012. The increase of CAR was among others due to the capital growth from the Bank's substantial profit.

(In Rp Million)

Capital Adequacy Ratio	Bank Only		
Details	2011	2012	2013
Core Capital	38,215	51,593	65,964
Supplemental Capital	3,601	3,541	3,508
Investment	-	-	-
Total Capital	41,816	55,134	69,472
Total RWA for credit and market risks	226,605	261,145	333,457
Total RWA for credit and operational risks	277,303	323,698	406,563
Total RWA for credit, market, and operational risks	279,603	325,352	408,858
Capital Adequacy Ratio for credit and market risks	**18.45%**	**21.11%**	**20.83%**
Capital Adequacy Ratio for credit and operational risks	**15.08%**	**17.03%**	**17.09%**
Capital Adequacy Ratio for credit, market, and operational risks	**14.96%**	**16.95%**	**16.99%**

Pursuant to BRI regulation, the Bank's capital consists of:

1. Core Capital
   The Bank's capital that consists of: paid-up capital, disclosed reserves that presented as: donated capital, additional paid-up capital, retained earnings (including retained earnings for specific purposes), impairment on financial instrument available for sale, and differences with financial statements of overseas branch office. As presented by the above table, BRI's Core Capital in 2013 stood at Rp65.96 trillion, representing a 27.85% growth from Rp51.59 trillion in the earlier year, due to additional capital from retained earnings.
2. Supplemental Capital (maximum 100% of core capital)
   Supplemental Capital consists of: allowance for fixed assets revaluation, general provision for impairment losses on earning assets, subordinated loans, and gains from financial instruments classified as available for sale. The total Supplemental Capital of BRI in 2013 decreased by 0.92% to Rp3.51 trillion.
3. Additional Supplemental Capital Allocated to Anticipate Market Risk
   In 2013 and 2012, BRI's core capital and supplemental capital amounted to Rp69.47 trillion and Rp55.13 trillion. BRI did not have additional supplemental capital allocated to anticipate market risk.

BRI's Supplemental Capital – Tier 2 Capital amounted to Rp3.51 trillion in December 2013, or 5.32% of core capital at Rp65.96 trillion. In accordance with Bank Indonesia Regulation No. 14/18/PBI/2012 dated 28 November 2012, the maximum level of supplemental capital is100% of core capital. With supplemental capital stood at 5.32%, BRI therefore has ample room to strengthen its capital structure, such as by issuing subordinated bonds.

Cash Flows

(In Rp Million)

Cash Flows	2011	2012	2013
Net Cash from (used for) Operating Activities	15,668	(1,996)	4,399
Net Cash from (used for) Investing Activities	(10,670)	(5,714)	(12,377)
Net Cash from (used for) Financing Activities	466	(5,951)	(2,579)

Cash Flows from Operating Activities

In 2013, the total net cash flow from operating activities amounted to Rp4.40 trillion. Contributing to cash inflows were interest income, investment return, fees and commission, and sharia income, amounted to Rp59.35 trillion; recovery of Rp1.96 trillion; other operating income of Rp6.84 trillion, and increase of savings and time deposit amounted to Rp27.40 trillion and Rp24.32 trillion, respectively.

Cash inflows were offset by cash outflows, mainly utilized for interest expense, sharia expense, and other financing totalling to Rp14.88 trillion; other operating expenses of Rp25.23 trillion; and loans amounted to Rp87.88 trillion.

Cash Flows from Investing Activities

Net cash flows from investing activities in 2013 amounted to Rp12.38 trillion. This was mainly contributed by the increase of securities and government recapitalization bonds availale for sale and held to maturity that amounted to Rp5.65 trillion.

Financial Review

Cash Flows from Financing Activities
In 2013, cash flows from financing activities stood at Rp2.58 trillion; mainly used to pay for borrowings of Rp1.80 trillion; and dividend payout and partnership and community development program (PKBL) amounted to Rp5.56 trillion. Cash outflows were offset by cash inflows from gains of issued securities of Rp4,80 trillion.

Financial Ratio*

Details	2011	2012	2013
Performance Ratios			
1. Capital Adequacy Ratio (CAR)	14.96%	16.95%	16.99%
2. Non-performing earning assets and non-earning assets to total earnings and non-earning assets	1.79%	1.19%	1.06%
3. Non-performing earning assets to total earning assets	1.85%	1.46%	1.28%
4. Allowance for impairment losses of financial assets to earning assets	4.51%	3.43%	2.90%
5. Return on Assets (ROA)	4.93%	5.15%	5.03%
6. Return on Equity (ROE)	42.49%	38.66%	34.11%
7. Net Interest Margin (NIM)	9.58%	8.42%	8.55%
8. Operational Expenses to Operational Income (BOPO)	66.69%	59.93%	60.58%
9. Loan to Deposit Ratio (LDR)	76.20%	79.85%	88.54%
Compliance			
1. a. Legal Lending Limit Violation			
i. Related parties	0.00%	0.00%	0.00%
ii. Non related parties	0.00%	0.00%	0.00%
b. LLL Violation percentage			
i. Related parties	0.00%	0.00%	0.00%
ii. Non related parties	0.00%	0.00%	0.00%
2. Statutory Reserves			
a. Primary Statutory Reserves – in Rupiah	9.33%	10.64%	8.02%
b. Primary Statutory Reserves – in Foreign Currency	8.00%	8.17%	8.00%
3. Net Open Position	5.49%	3.00%	3.15%
CoF	4.70%	3.68%	3.71%
CER	41.17%	43.11%	42.13%

* Bank only

Solvency and Asset Quality
The Bank's ability to meet its obligations both long term and short term is reflected by its Solvency and Asset Quality ratio, which consists of Capital Adequacy Ratio, Asset Quality Ratio, and Liquidity Ratio.

- Capital Adequacy Ratio
  As stated earlier, BRI's capital adequacy ratio stood at 16.99%, higher than 16.95% in 2012. This reflected BRI's ability to generate higher profit, driving core capital to grow by 27.85% and increased CAR in December 2013.

- Non Performing Loans and Asset Quality Management
  In 2013, NPL improved to 1.63% from 1.83% in 2012, demonstrating positive outcome of the management's efforts to manage and maintain asset quality.

- Liquidity
  - Loan to Deposit Ratio (LDR)
    Throughout 2013, BRI's LDR was stable and kept within BRI's internal target of 80%-90%. As of the end of 2013, LDR stood at 88.54%, grew from 79.85% in 2012. Increase of LDR was due to BRI's loan expansion and tighten banking liquidity condition during 2013.

- Profitability
  - Net Interest Margin (NIM)
    BRI was able to record net interest margin of 8.55%. With this NIM level, BRI is Indonesia's leading bank with the highest profitability.
  - Profitability
    In 2013, BRI achieved 5.15% Return on Assets. While for Return on Equity, which reflects returns to shareholders was maintained at 34.11%, one of the highest in the banking industry.

- Efficiency Ratio
  - Cost Efficiency Ratio (CER)
    CER stood at 42.13% in 2013, which decreased from 43.11% in the earlier year. This showed BRI's successful strategies on operational efficiency and effectiveness. Loans and operational expansion was accompanied by IT roles and HR competence enhancements. Therefore, with increasing interest income due to growing loans, costs grew proportionally and were well controlled.
  - Operating Expense to operating Income Ratio (BOPO)
    BOPO ratio at 60.58% in 2013 was relatively stable compared to 2012 and evidenced of BRI's success in maintaining operational activities efficiency and effectiveness.

Capital Expenditure
By the end of 2013, BRI operates more than 9,800 working units (see also "Corporate Profile" and "Marketing") that spread out accross Indonesia. To expand its infrastructure, BRI has set out capital expenditure amounted to Rp1.95 trillion (see also "Fixed Assets" discussion).

(In Rp Million)

Capital Expenditure	2011	2012	2013
Land and buildings	209,875	233,031	402,571
Furnitures and inventories	143,403	78,743	116,409
Vehicles	128,224	216,977	694,558
Computers and softwares	168,472	916,539	734,447
Leasing	-	-	-
Total	**649,974**	**1,445,290**	**1,947,985**

Material Commitment for Capital Expenditure
In 2013, BRI made material commitments, mainly in Rupiah, therefore minimum risk was arising with respect to exchange rate fluctuation. The purposes of the material commitments in 2013 were:

1. Office building construction amounted to Rp43,783.93 million
2. Four and two-wheel vehicles procurement amounted to Rp26,791.34 million
3. IT and e-Banking infrastructure amounted to Rp17,280.00 million

The funding sources of capital expenditure were retained earnings, as well as reserves that have been set aside from net profit of the previous fiscal year.

Other Financial Information

2013 Target Achievements*

Target and Realization			
	2013 Targets	2013 Achievements	Status
Loans growth	Loans growth 22% - 24%	Loan grew by 23.7%	Achieved
Loans quality	NPL at 2%	NPL at 1.55%	Achieved
Low-cost funds composition	Low-Cost Funds composition of around 60%	Low-cost funds of around 60% (59.2%)	Achieved
Loan to Deposit Ratio (LDR)	LDR at 80% - 90%	LDR 88.54%	Achieved
Growth of Operating Expense	Operating expense increase 15%	Operating expense increased 14.4%	Achieved
Net income growth	Net income growth 10% - 15%	Net income grew 14.2%	Achieved

* Bank only

Overall, in 2013, BRI (bank only) delivered satisfying performance, as evident from the following key performance indicators:

1. BRI's loans growth achieved the target of 23.7% and exceeded the banking industry's loan growth, which was recorded at 21.60% in 2013.
2. With strong loans growth, BRI was able to maintain loans quality. NPL maintained from 1.78% in 2012 to 1.55% in 2013.
3. BRI booked 88.54% loan to deposit ratio, which was within the LDR range that BRI targeted between 80%-90%.
4. Operating expenses grew 14.4%, however lower than the projected 15%, which showed BRI's ability to control the efficiency of its operational activities.
5. With business expansion and maintained operational efficiency, BRI's net income grew 14.2% in 2013 and amounted to Rp21.16 trillion.

2014 Targets

Considering Indonesian economy condition, BRI's solid infrastructure in terms of network, operations system, manpower, and sizeable customers, BRI has established the following growth strategy and targets for 2014:

1. BRI shall grow its loans, focusing on high yield loans
2. Maintained loans quality
3. Increase low-cost funds composition
4. Expand sources of alternative income, viz. fee-based income
5. Improve operational efficiency

Commitment and Contingency

BRI's commitments and contingencies were relating to funding, goods procurement contract, loans, and other legal matters.

In 2013, net commitment increased by 12.01% compared to 2012 due to Letter of Credit commitment, foreign exchange transactions, and loans. Meanwhile, net contingencies grew by 31.88% from 2012 position. This was due to increasing volume of issued guarantee, in standby L/C and bank guarantee. Detailed explanation on commitment and contingencies is presented under Note 42 of the Consolidated Audited Financial Statements.

(In Rp Million)

Commitments and Contingencies with Credit Risk As of 31 December 2012 and 2013 *)		
	31 December 2012	31 December 2013
Commitment		
Commitment receivables	-	-
Current spot and derivative purchase	896,288	1,180,490
Commitment Liabilities		
Unused credit facilities granted to debtors	75,649,401	79,707,332
Irrevocable L/C	12,231,900	18,626,470
Sale of foreign currency spot	558,975	937,090
Unused financing facilities granted to debtors	97,225	72,679
Total	**88,537,501**	**99,343,571**
Commitment - net	**(87,641,213)**	**(98,163,081)**
Contingency		
Contingency receivables		
Interest receivables under settlement	221,217	58,203
Contingency Liabilities		
Standby LC	6,158,676	6,656,160
Bank Guarantee	6,103,142	9,236,021
Others	-	45,322
	12,261,818	15,937,503
Contingency - net	**(12,040,601)**	**(15,879,300)**

* Consolidated figures

In accordance with Bank Indonesia Letter (BI) No. 13/658/DPNP/DPnP dated 23 December 2011, BRI is no longer required to set allowance for impairment losses of administrative account transasctions (commitments and contingencies).

Derivative and Hedging Facilities

BRI performs hedging transaction as part of its risk management to safeguard foreign currency denominated asset portfolio. In addition, BRI did not use or issue derivative instruments for trading purposes.

Impact of Interest Rate Changes on Bank's Performance

Earning assets and interest-bearing liabilities are exposed to interest rate risk. To address this, the Board of Directors and the Management are responsible to establish, manage, and control interest rate by taking into account the Bank's risk appetite and financial performance targets. To that purpose, The Board of Directors and the management carry out sensitivity analysis of the effect of potential interest rate changes to the Bank's performance (see also Note 38 of the Consolidated Audited Financial Statements).

Throughout 2013, Bank Indonesia raised BI rate by 175 bps from 5.75% to 7.50% in response to inflation and current accounts deficit. Increase of BI rate prompted BRI to raise interest rate on savings and loans, which impacted interest income in 2013. With robust control on interest rate and optimization carried out on assets and liabilities composition, BRI was able to grow net interest income by 20.9% in 2013 compared to 2012.

Other Financial Information

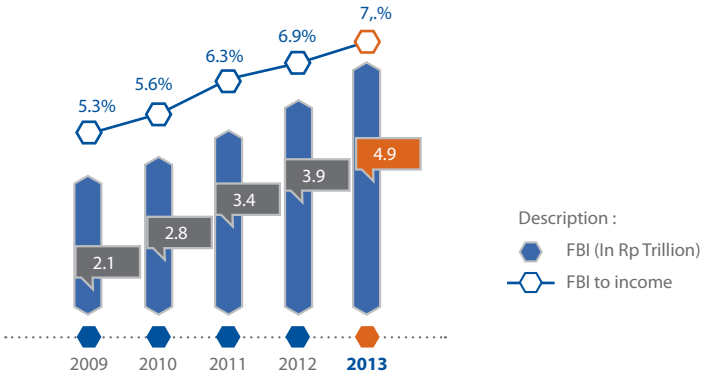
Accelerating Fee Based Income Growth

In addition to improving loan quality to increase interest income, BRI also developed other income sources. One of the sources that have been continuously improving was fee-based income derived from BRI's various services, such as trade finance, remittance, administration services, and others.

In line with conventional and e-channel network expansion, BRI has added non-interest income sources by optimizing IT-based services, offering new product features to increase e-channel transaction that is more efficient, reliable, and accessible at any time and at any location. The consistent efforts have indicated positive results, as evident from growing fee-based income in line with e-channel network expansion.

Fee-based income composition to total income (bank only) continued to grow within the last five years. By 2013, fee-based income accounted for 7.2% of the total income and amounted to Rp4.9 trillion, from 6.9% in 2012 at Rp3.9 trillion.

Fee-Based Income to Total Income

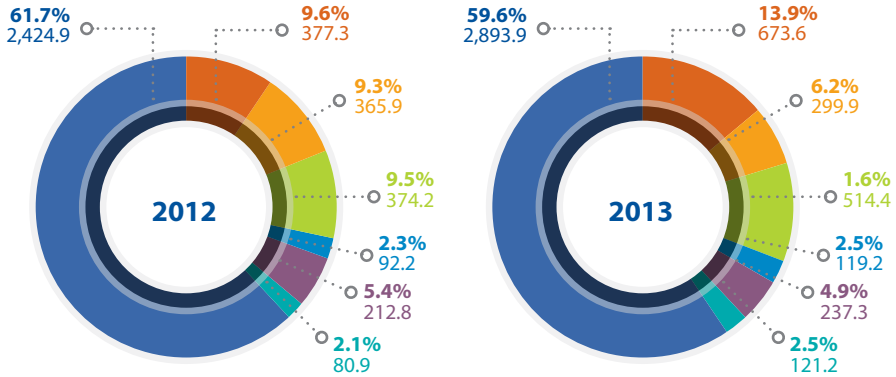


* bank only

Fee-based income from administration services in 2013 was predominant; it occupied 59.6% of the total fee-based income, or Rp2.89 trillion, due to BRI's large customer base. Further, fee-based income derived from e-banking network development recorded significant growth amounted to Rp673.60 billion in 2013, or soared by 78.5% from Rp377.3 billion in 2012. It presented an increase contribution of fee-based income that reached 13.9% of the total fee-based income.

Fee Based Income-composition*

(In Rp Billion and %)

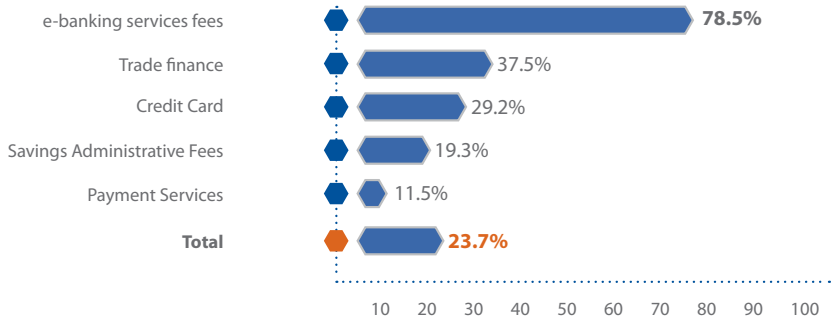


Description :

- Savings administrative fees
- E-banking service fees
- Loan administrative fees
- Trade Finance
- Credit Card
- Payment Services
- Others

Fee-Based Income-yoy growth*

(In %)



* bank only

Internal data indicated that e-channel network development accompanied by e-banking features were key drivers in the growth of fee-based income from e-banking transactions, supported by modern Information Technology development. Number of users, transaction frequency, and amount of e-banking transactions from ATM, SMS Banking, and Internet Banking conducted by BRI's customers recorded sharp growth in the last four years.

The transaction activities have generated the fee-based income growth from e-banking channel. With large customer base of 48 million accounts as of December 2013, the management was confident that fee-based income from e-banking transactions would continue to increase in the coming years.

Other Financial Information

Total Users (in million)	Total Transactions (in million)	Amount of Transactions (in Rp trillion)

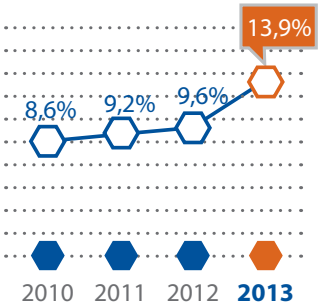
ATM

SMS banking

Internet Banking

Fee Income from e-banking services
(In Rp Billion)

Income from e-banking services to fee-based income



Other Material Information

Material Information and Facts on Investment, Expansion, Divestment, Acquisition, or Debt/ Capital Restructuring

There were no material information and facts on investment, expansion, divestment, acquisition, or debt/ capital restructuring.

Recent Changes on Financial Accounting Standard and its Impact on Financial Statements

BRI adopted revised accounting standard on 1 January 2013, which was considered relevant to the consolidated financial statements of BRI and its Subsidiaries, but did not have a significant impact, SFAS No. 60 "Financial Instruments: Disclosure."

SFAS provides qualitative disclosure that would enable users of financial statements to understand the overall context of nature and extent of risks arising from financial instruments. By providing qualitative and quantitative disclosure, users of financial statements may have better evaluation on the risk exposure of an entity.

Accounting Policy and Financial Information on Extraordinary Events

This policy is used as a guideline for BRI to present disclosure on extraordinary events in its audited financial statements, such as natural disaster that affect customers with substantial loans.

In this financial reporting year, there was no accounting policy and financial information on extraordinary events.

Changes in Regulations and the Impacts on the Bank's Performance

Changes of regulations relevant to BRI's business activities, among others :

- **Law No.21 of 2011 on Indonesia Financial Services Authority (OJK Law)**

  The enactment of OJK Law compelled BRI to carry out adjustments on its compliance function. As stipulated by Article 55 paragraph (2) juncto Article 7, as of 31 December 2013, the functions, duties, and authorities to control and supervise banking financial services activities (microprudential) are transferred from Bank Indonesia to the Indonesia Financial Servies Authority (OJK).

  With the transfer, BRI now coordinates with 2 (two) regulatory bodies, Bank Indonesia (BI) and OJK. BRI shall also comply with BI regulations, provided the regulations are not amended, replaced, or revoked by BI or OJK,

- **Circular Letter (SE) BI No.15/1/DPNP 15 Jan 2013 on Prime Lending Rate (SBDK) Transparency**

  Amendment of SE BI No.13/5/ DPNP dated 8 February 2011 on Prime Lending Rate Transparency.

  BRI supports the implementation of this regulation by periodically publishes its SBDK. BRI also announces SBDK to all working units and to the public through BRI website.

- **Bank Indonesia Regulation (PBI) No.15/17/PBI/2013 dated 24 December 2013 on Hedge Swap Transaction with Bank Indonesia**

  Amendment of PBI PBI No. 7/36/ PBI/2005. With this regulation, Hedge Swap Transaction with Bank Indonesia may be carried out not only based on underlying transactions of the Bank, but also underlying transactions of the Customer:

  1. Foreign investment in the form of loan agreement and/or securities issuance;
  2. Direct Investment;
  3. Foreign exchange proceeds from Export;
  4. Investments on public facility infrastructure and production;
  5. Investments on commercial papers issued by Indonesian Government; and
  6. Investments on other economic activities.

Other Material Information

Limit of Hedge Swap Transaction with Bank Indonesia, which was initially set at an equivalent of USD500,0000 (five hundred thousand US Dollar) at minimum and the same amount of Underlying Transaction at maximum, has been amended to an equivalent of USD10,000,000,000 (ten million US Dollar) at minimum and at maximum the same amount of underlying transactions, in multiplies of USD1,000,000 (one million US Dollar)

- **PBI No.15/15/PBI/2013 on Statutory Reserves (GWM) in Rupiah and Foreign Currency for Commercial Banks**

The main points in the PBI are:

1. Fufilment of GWM in Rupiah, as follows:
   a. Primary GWM in Rupiah is 8% of Third Party Funds (TPF) in Rupiah
   b. Secondary GWM in Rupiah is 4% of TPF in Rupiah
   c. LDR of GWM in Rupiah has the following parameters:
      i. Minimum LDR, targeted at 78%
      ii. Maximum LDR, targeted at 92%, or lower than the previous stipulation of 100%
      iii. Capital Adequacy Ratio (CAR) incentive is 14%
      iv. Lower parameter disincentive is 0.1
      v. Upper parameter disincentive is 0.2
   d. GWM in Foreign Currency is 8% of TPF in foreign currency
2. CAR data used as reference is the Quarterly CAR calculated by OJK, with respect to transfer of oversight function from BI to OJK. If the result of CAR calculation received by BI from OJK differs from CAR calculation by the Bank, the prevailing calculation is OJK's.
3. GWM tolerance:
   BI may provide tolerance in GWM fulfilment:
   a. Primary GWM in Rupiah for banks who are undergoing merger or consolidation, with approval from OJK
   b. LDR GWM for banks undergoing business limitation in terms of lending and funding imposed by OJK upon request of OJK
4. Monitoring on the banks' compliance with the regulation:
   a. Direct monitoring by BI;
   b. Examination by BI and OJK; or BI
   c. BI uses data of OJK's examination results

   The implementation of this regulation does not have any financial impact on BRI.

- **PBI No.15/12/PBI/2013 on Capital Adequacy Ratio for Commercial Banks**

1. Required CAR remained as stipulated earlier (8% of RWA) for banks with rank 1 (one) risk profile;
2. Components and capital instruments requirements are stipulated as follows:
   a. Core Capital (Tier 1) is minimum 6% of Risk Weighted Assets (RWA)
      i. Primary core capital (common equity tier 1) is at minimum 4.5% of RWA
      ii. Additional core capital (additional tier 1)
   b. Supplemental Capital (tier 2)
3. Effective as of 1 January 2016, Banks are required to set aside additional capital as buffer, in the form of:
   a. Capital Conservation Buffer, buffer against losses under crisis period, at 2.5% of RWA with gradual fulfilment.
   b. Countercyclical Buffer, buffer against excessive lending that potentially disrupts financial system stability, at 0-2.5% of RWA and established by BI.

c. Capital Surcharge for Domestic Systemically Important Bank, at 1-2.5% of RWA for banks that have systemic impact according to OJK regulation.

With respect to the enactment of this regulation, BRI has prepared 16.99% total CAR, with Tier 1 composition of 16.13%.

- **PBI No.15/11/PBI/2013 dated 22 November 2013 on Prudential Principle on Investment**

1. General provisions:
   a. Banks may only invest in companies of the financial sector.
   b. All investment must be approved by BI, including additional investment to the same investee, unless the fund is sourced from dividends.
   c. Investment may be direct or through the capital market, with the sole purpose of long-term investments (not stock trading).
   d. Limit of investment portfolio is in accordance with Banks' categorization based on BUKU.
   e. Banks are not allowed to carry out investment in the amount that exceeds the required limit of participation, as stipulated in BI regulations on Legal Lending Limit.
2. Requirements of investment, among others:
   a. Investment Plan must be included in Bank's Business Plan (RBB)
   b. The bank has satisfied CAR requirement according to BI risk profile;
   c. The bank has sound level with composite rank of 1 (one) or 2 (two) in 3 (three) consecutive years or 4 (four) years for investment in new corporation and/or foreign entitites;
   d. Investment may not disrupt the bank's business and does not significantly increase bank's risk profile
3. Banks must perform divestment if:
   a. Investment would impair bank's capital and/or significantly increases bank's risk profile; or
   b. Upon recommendation of subsidiary authority and/or order from BI.
4. Banks may also perform divestment on its own initiative by meeting certain requirements.
5. Banks must realize investment plan or divestment plan on own initiative by 6 (months) from BI approval.

- **Government Regulation No. 77 of 2013 on Income Tax Reduction for Public Listed Companies dated 21 November 2013**

1. Domestic taxpayers that are Public Listed Companies are eligible to apply for income tax reduction facility of 5% (five percent) reduction from the generally applicable corporate tax, provided that the companies satisfy the following requirements:
   a. At least 40% (forty percent) of total paid-up capital is listed for trading in Indonesia Stock Exchange and put in collective custody under deposit and settlement institution; shares are owned by at least 300 parties with no more than 5% ownership by each party

Other Material Information

b. The requirements above must be met at least 183 days within 1 fiscal year.

2. The Government Regulation came into force on 21 November 2013.

- **SOE Minister Regulation No. PER-06/MBU/2013 on SOE Manpower dated 22 November 2013.**

  The Ministerial Regulation was enforced to manage outsourcing employment; SOEs are mandated to evaluate their systems and hiring pattern of outsourcing employees in order to ensure compliance with prevailing regulations, decent welfare of employees as well as companies' long term needs and ability. Board of Directors are required to establish Oversight Team on outsourcing in SOEs, involving respective Trade Unions.

  BRI has complied with the regulation and has established a dedicated unit to manage outsourced staff.

- **SOEs Minister Regulation No. PER-08/MBU/2013 on SOEs Partnership with Small Enterprises and Environmental Development Programs dated 10 September 2013**

  Sources of funding for Partnership and Community Development Programs are:

  1. Calculated as expense at maximum 2% of previous year net income;
  2. Balance of Partnership Program from net income allocation in 2012;
  3. Interest from time deposits and/or demand deposits of Partnership Program after operating expense and/or;
  4. Fund transfer from other SOEs' Partnership Program (if any).

Material Information and Facts Subsequent to Date of Accountant's Report

There was no material information subsequent to date of accountant's report.

Transactions with Conflict of Interests

There was no transactions with conflict of interests during reporting year as defined by BAPEPAM-LK regulation No.IX.E.1 "Transaction with affiliated parties and Conflict of Interests on certain transaction".

Related Transactions

BRI conducted transactions with parties that have ownership and/ or management relation. All transactions with related parties have been carried out in compliance with policies and requirements agreed by both parties. Therefore, BRI's transactions with related parties have been conducted appropriately.

Disclosure of transactions with related parties follow SFAS No. 7 (revised 2010) on "Disclosure of Related Parties" in order to provide appropriate financial statements. Material transactions with related parties during 2013 are presented under Note 43 of Audited Consolidated Financial Statements.

Dividend Policy

Dividend policy is established annually through AGMS. In 2013, BRI distributed dividend payout at 30% of 2012 net income of Rp5.56 trillion, or equal to Rp225.2320 per share. Detailed information on dividend payout is available in "Information for Investors" chapter.

Subsidiaries

PT Bank BRISyariah

Company in Brief

Bank BRISyariah established after PT Bank Rakyat Indonesia (Persero) Tbk acquired a conventional bank PT Bank Jasa Arta on 19 December 2007. After obtaining permit from Bank Indonesia No. 10/67/KEP.GBI/DpG/2008 dated 16 October 2008, on 17 November 2008 PT Bank Jasa Arta was transformed into PT Bank BRISyariah and converted its business activities into Commercial Banks that Conducts Business Based on Sharia Principles.

BRISyariah's business activities further flourished after the signing of the Spin-Off Deed of PT Bank Rakyat Indonesia (Persero) Tbk Sharia Business Unit, and incorporated into PT Bank BRISyariah on 19 December 2008, effective as of 1 January 2009. The corporate actions had strategic value and demonstrated real support from parent entity to Bank BRISyariah operational activities.

Today, PT Bank BRISyariah is the third largest sharia bank by assets. PT Bank BRISyariah thrives in terms of assets, financing, and third party funds. Focusing on middle to lower segment, PT Bank BRISyariah has the vision to the leading, modern retail bank with a wide-range sharia products and services.

Bank BRISyariah Profile

PT Bank BRISyariah continues to strengthen synergy with PT Bank Rakyat Indonesia (Persero) Tbk. by leveraging the operational network of Bank BRI as Sharia Service Unit to develop its business that focuses on funding and consumer activities based on sharia principles.

In conducting its activities, BRISyariah is led by 5 Directors (including President Director), guided by 5 members of Board of Commissioners, and supported by 2 Sharia Supervisory Boards.

FitchRatings

Long-Term Rating
BRISyariah
AA+ (idn)

BRISyariah banking products are:

a. Customer deposits: savings products Tabungan Faedah BRISyariah iB, Tabungan Impian BRISyariah iB, Tabunganku Haji BRISyariah iB; time deposit Deposito BRISyariah iB; and demand deposit Giro BRISyariah iB
b. Financing products:
   - Micro Financing
     i. Mikro 25 BRISyariah iB
     ii. Mikro 75 BRISyariah iB
     iii. Mikro 500 BRISyariah iB
   - Consumer Financing
     i. Mortgage BRISyariah iB, Mortgage BRI Sejahtera BRISyariah iB
     ii. Multi-purpose loan BRISyariah iB
     iii. Employee Benefit Program BRISyariah iB
     iv. Gold Financing BRISyariah iB
c. SME Partnership
d. Commercial financing

Throughout 2013, BRISyariah received the following recognitions from third parties, among others:

a. *Banking Service Excellence 2013*
   - 1st Best ATM Islamic Commercial Bank -Infobank & MRI
   - 3rd Best Teller ATM Islamic Commercial Bank - Infobank & MRI
b. Top Brand Award 2013
   Top Brand, Category Sharia Banking
c. Indonesia Brand Champion 2013
   Bronze Brand Champion of Most Popular Brand, Category Islamic Banking (iB)
d. BUMN Corporate Secretary Public Relations Award 2013
   - First Position, The Rising Star Category - Media Pekerja BUMN
   - First Position, Social Media Category - Media Pekerja BUMN
   - First Position, Special Activity Program Category - Media Pekerja BUMN
e. Indonesia Original Brand 2013
   1st Champion of Indonesia Original Brand - Product Category Sharia Bank - SWA

Business Performance 2013

BRISyariah delivered satisfying business performance. Bank's assets grew by 23.51% from Rp14.09 trillion in 2012 to Rp17.40 trillion. Third party funds (TPF) rose by 15.45% from Rp11.95 trillion in 2012 to Rp13.79 trillion, while financing increased by 24.24% from Rp11.40 trillion in 2012 to Rp14.17 trillion in 2013.

BRISyariah's income after tax amounted to Rp129.56 billion for financial year 2013, or grew by 27.16% from income after tax in 2012 that amounted to Rp101.89 billion.

Subsidiaries

The outstanding performance reflected successful initiatives in the distribution development, launch of new products that address market needs, and BRISyariah's human resources that are growing in terms of number as well as competence.

Not only expanding its office network to 257 service units by the end of 2013, BRISyariah also developed alternative channels by opening Sharia Service Unit in BRI's offices, now totalling to 573 Units, and opening BRIS corner in Religious Affairs Offices (KUA) as well as Islamic boarding schools. BRISyariah also optimized the support of e-channel network comprising 418 ATMs, 708 EDCs, and e-banking services with various features.

Human resource of BRISyariah has grown and at the end of 2013 achieved a total of 6,314 employees, or 35.52% higher than 4,659 employees in 2012. At the head office, recruitment of new employees was focused on operational activities and formulation of policies, operating procedures, and information technology. Meanwhile, at the branch office level, new employees were focused to constitute a strong sales organization.

Products and Services Development

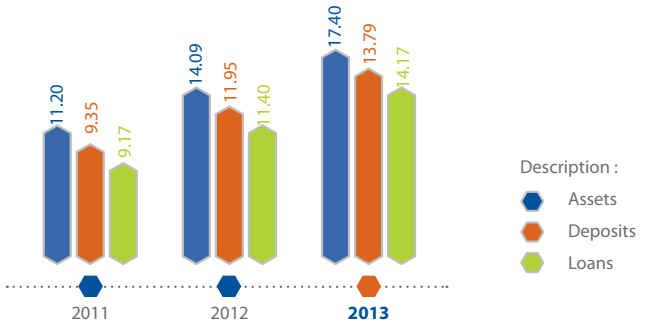
As of 30 December 2013, PT Bank BRISyariah officially obtained the status as foreign exchange bank. Further, by the Decree of Indonesian Minister of Religious Affairs Regulation No. 30 of 2013 dated 12 April 2013 concerning the establishment of BPS BPIH (Bank receiving hajj instalment payment), BRISyariah was appointed as one of BPS BPIH entities for 2013-2017. With this responsibility, BRISyariah is expected to optimize its synergy with BRI as a transit bank in managing hajj funds, and further its reach to the public.

Risk Management

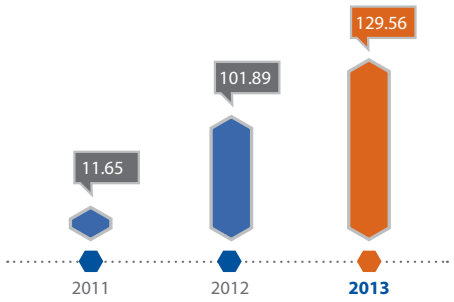
BRISyariah carried out prudent risk management. Risk profile has identified risks inherent to bank's activities, which comprise of 8 risks: credit, market, liquidity, operational, compliance, strategic, reputational, and legal risks. The risks are analysed and mitigated. Through robust mitigation efforts and effective risk management, from eight risks, only two that are categorized as moderate, i.e. liquidity and strategic risks. Meanwhile, the other risks are categorized as low to moderate. Overall, the composite risk profile of BRISyariah is low to moderate.

BRISyariah will consistently conduct risk control and realize mitigation steps, aiming to achieve low risk profile for all inherent risks in the subsequent period.

Assets
(In Rp Trillion)



Net Income
(In Rp Billion)



PT Bank Rakyat Indonesia Agroniaga Tbk

Company in Brief

PT Bank Agroniaga Tbk was incorporated on 27 September 1989 in Jakarta by leading figures in agribusiness representing the Government SOEs, and national company. The majority shareholder at the time of incorporation was Dana Pensiun Perkebunan. In 2003, PT Bank Agroniaga listed its shares in Jakarta Stock Exchange and Surabaya Stock Exchange, with ticker code AGRO. In 2006, with the permit from Bank Indonesia, PT Bank Agroniaga Tbk successfully obtained the status as Foreign Exchange Bank. With the permit, the Bank may also provide banking services as a foreign exchange bank, after previously focusing on agribusiness sectors such as plantation, fishery, husbandry, and processing.

On 3 March 2011, according to the resolutions of BRI EGMS 2010 that mandated the acquisition, PT Bank Agroniaga Tbk became the subsidiary of PT Bank BRI (Persero) Tbk following the signing of Acquisition Deed by BRI and Dana Pensiun Perkebunan over 88.65% of the total fully issued and paid-in capital of Bank Agro. The Deed of Acquisition No. 14 was made before the Notary Fathiah Helmi, S.H.

Further, to meet Bapepam-LK Regulation No.IX.H.1, attachment to Decision of Bapepam-LK Chairman Nokep-259/BL/2008 dated 30 June 2008, BRI as the new controlling shareholder of Bank Agro is required to transfer Bank Agro's shares to the public. The minimum shares offered to the public must be equal to shares acquired during the implementation of Mandatory Bidding Proposal, i.e. 3.15% of total Bank Agro's shares or 113,326,500 shares and owned by at least 300 (three hundred) parties for maximum 2 (two) years.

With respect to the above, BRI has offered 256,875,502 shares (7.10%) of Bank Agro from Bank Agro's total shares. As many as 256,375,502 shares were purchased by Dapenbun and as of 31 March 2012 Bank Agro's shares were owned by 2,286 parties. Therefore, as of 31 March 2012 Bank Agro Shares Transfer by BRI was completed. In total, BRI's share ownership on Bank Agro until 2012 amounted to 2,886,690,021 shares or 79.785% of Bank Agro's total shares.

On 10 October 2012, Bank Agro changed its name into PT Bank Rakyat Indonesia Agroniaga Tbk (BRIAGRO). In July 2013, BRI added Rp390 billion of capital to BRIAGRO.

BRIAGRO Profile

PT Bank Rakyat Indonesia Agroniaga Tbk. (BRIAGRO) as one of the national foreign exchange banks has the vision to focus its banking services in agribusinesss financing such as plantation, fishery, animal husbandry, and product processing of the respective sector. BRIAGRO provides various banking products and services specifically to business entitites in agribusiness market segments, such as lending to PT Perkebunan Nusantara (I-XIV) and its supporting group (partners and contractors), and financing for smallholders through KKPA and KKP based on recommendation of PT Perkebunan Nusantara.

In 2013, BRIAGRO opened four new branch offices, 1 sub-branch office, 1 cash office, and 2 ATMs. In total, BRIAGRO operates 13 branch offices, 10 sub-branch offices located throughout Jabodetabek, Surabaya, Medan, Pekanbaru, Bandar Lampung, Jambi, Bandung, Semarang, Rantau Prapat, Makasar, and Balikpapan as well as 3 cash offices and 34 ATMs. By the end of 2013, BRIAGRO is supported by 438 manpower with educational background relevant to support the Bank's main activities.

BRIAGRO Performance in 2013

BRIAGRO total assets as of 31 December 2013 amounted to Rp5.12 trillion or grew 26.80% compared to previous year. Lending increased 46.13%, or amounted to Rp3.70 trillion. Growth of lending was accompanied by third party funds that rose by 34.90% to Rp4.12 trillion. BRIAGRO was able to maintain its LDR at 89.77%. Net income after tax grew by 58.78% to Rp52.44 billion. With the achievement, BRIAGRO's ROA stood at 1.65%.

Products and Services Development

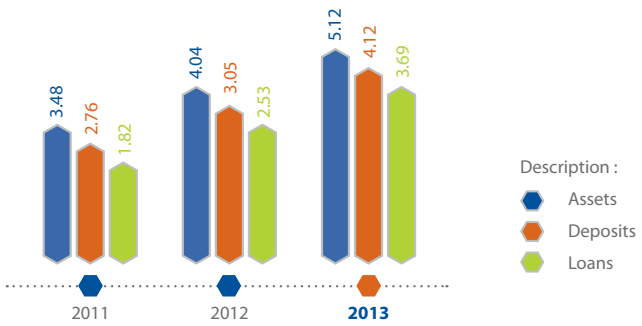
With rigorous competition in the banking sector in terms of collecting Third Party Funds (TPF), BRIAGRO implements initiatives to develop and create marketing strategy for BRIAGRO's savings and time deposits products that are appropriate for customers.

BRIAGRO Products and Services Developments are:

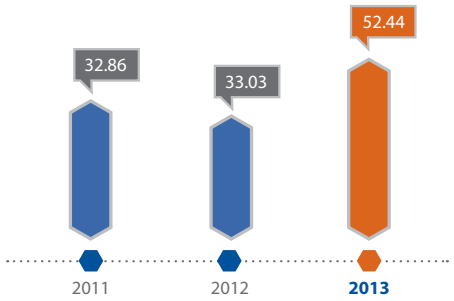
Subsidiaries

1. "Ayo Bergoyang" Program
   "Ayo Bergoyang" Program is a program designed to acquire and retain Savings and Time Deposits accounts of BRIAGRO. The program offers direct prize for each fresh fund placement that meets nominal requirement and made within promotional period.
2. Infiniti Savings
   BRIAGRO Infiniti Savings is a savings product designed for customers who are highly sensitive to movement of interest rate. Infiniti Savings offer optimum return for customers whilst ensuring convenient services.

Assets
(In Rp Trillion)



Net Income
(In Rp Billion)



BRI Remittance Co.Ltd

BRI Remittance Co. Ltd. Profile

BRI Remittance Co. Ltd. (BRC) Hong Kong was established on 7 April 2005 in Hong Kong with paid-in capital amounted to HKD1,600,000.00. On 16 December 2011, BRI and BRC signed Instrument of Transfer and Bought and Sold Notes. As of the date of validation by Inland Revenue Department Hong Kong, BRI became the Controlling Shareholder of BRC, with 100% share ownership.

BRC's core business is Remittance, or money transfer from originator to beneficiary. To support Remittance Business in Hong Kong, today BRI implements BRIFAST system in BRC. The system is integrated online to more than 7,000 BRI's operational units. The integration of BRC with BRI's operational units accelerates money transfer from and to Hong Kong, and becomes a competitive advantage of BRI.

In 2013, BRI assets grew to HKD2.71 million, while operating income and net income amounted to HKD2.26 million and HKD 371,660, respectively. Thus, return on equity stood at 15.22%. In 2013, remittance transactions increased by 48% from Rp82.76 billion to Rp122.32 billion.

Subsidiaries Contact Address

1. PT Bank BRISyariah
   Jl. Abdul Muis No. 2-4 Jakarta Pusat 10160, Indonesia
   Telephone : +6221-3450556, 34502227
   Fax : +6221-2316064
   Website : www.brisyariah.co.id
2. PT Bank BRI Agroniaga Tbk
   Plaza GRI, Jl. Haji Rasuna Said, blok X2 No. 1, Jakarta 12950, Indonesia
   Telephone : +6221-5262570
   Fax : +6221-5262559, 5262653
   Website : www.briagro.co.id
3. BRI Remittance Company Limited
   Flat 22 G/F Bay view 33 Moreton Terrace Causeway Bay, Hong Kong
   Telephone : +852-25271318
   Fax : +852-28613693
   Website : www.briremittance.com

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“Commitment to Corporate Governance“

Bank BRI is committed to implement Corporate Governance best practices according to Indonesia and international standards.

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Corporate Governance Implementation

The Objectives of Corporate Governance Implementation

Good Corporate Governance (GCG) for BRI extends beyond complying with laws and regulations; GCG practices represent the Bank's continuous endeavours to innovate and enhance the implementation of GCG principles. It is also a manifestation of BRI's active participation as a proponent of healthy banking system in Indonesia based on GCG principles implementation. Since 2000, BRI has been strengthening its commitment to apply GCG principles in all aspects of business and banking operations.

Consistent implementation of GCG principles can be the tool to achieve numerous goals, including:

1. Maintaining long-term business continuity, hence the company's objectives can be achieved
2. Maximizing company's value
3. Increasing the Bank's competitiveness in national and international platform
4. Reinforcing confidence and trust of shareholders and stakeholders
5. Ensuring the Bank's sustainable soundness and advancements
6. Bolstering an efficient and effective resources management
7. Optimizing risk-return elements to be consistent with business strategy
8. Promoting decision-making processes based on GCG principles across the Bank's organization
9. Driving the culture of good corporate governance and good corporate citizen implementation.

BRI believes that through consistent and continuous implementation of GCG principles, the company's value and competitiveness in national and international platform shall improve. This will assure long-term business sustainability to reach the company's goals and provide optimum yield to stakeholders.

Basis of GCG Implementation

> "Improvement of good corporate governance practices serves as the cornerstone for the Bank's performance growth and long-term business developments as well as enabling optimum yield for stakeholders."

In an effort to improve and achieve the best corporate governance implementation, BRI refers to the following laws and regulations:

1. Republic of Indonesia Law No 7 of 1992 on Banking, as amended by Law No. 10 of 1998
2. Republic of Indonesia Law No. 40 of 2007 on Limited Liability Companies;
3. Republic of Indonesia Law No. 19 of 2003 on State-Owned Enterprises;
4. Republic of Indonesia Government Regulation No. 21 of 1992 dated 29 April 1992 concerning Change of Legal Status of Bank Rakyat Indonesia to Limited Liability Company (Persero);
5. Regulation of State-Owned Enterprises Minister No. PER-01/MBU/2011 dated 1 August 2011 on Implementation of Good Corporate Governance in State-Owned Enterprises (BUMN), as amended by Regulation of State-Owned Enterprises Minister No. PER-09/MBU/2012 dated 6 July 2012;
6. Bank Indonesia Regulation No. 8/4/PB1/2006 dated 30 January 2006 on Implementation of Good Corporate Governance for Commercial Banks, as amended by Bank Indonesia Regulation No. 8/14/PB1/2006 dated 5 October 2006;
7. Bank Indonesia Circular Letter No 15/15/DPNP dated 29 April 2013 on Implementation of Good Corporate Governance for Commercial Banks

Furthermore, BRI also observes latest developments and applicable best practices, such as:

1. Principles of Corporate Governance from Organization for Economic Co-Operation and Development (OECD)
2. ASEAN Corporate Governance Scorecard
3. Indonesia GCG General Guidelines from National Governance Policy Committee (KNKG)
4. Indonesian Banking GCG Guidelines from National Governance Policy Committee (KNKG)

Internally, BRI has formulated and enforced operational policies applied across all operating units as guidelines for daily operational activities.

Basis of GCG Implementation

Foundation of GCG Best Practice Commitment

The Bank's commitment to GCG implementation is reflected in BRI's vision and mission. BRI's vision to become a leading Commercial Bank that always prioritizes customer satisfaction is detailed in BRI's mission to provide excellent services to customers through a vast network and supported by professional human capital, reliable information technology, risk management, and guided by excellent GCG practices.

It is the commitment of BRI that the governance implementation needs to be initiated top-down and exemplified by the Board of Directors and Board of Commissioners. The implementation of GCG principles across BRI's business activities need to be incorporated in vision-mission, core values, and policy strategy.

In addition, to demonstrate the commitment of the top management and all employees in improving the quality of GCG best practices implementation, within the last several years BRI has carried out a series of activities, including;

- Signing of Joint Decision Letter of the Board of Commissioners to comply with all items in GCG Guidelines and Corporate Code of Conduct.
- Corporate Culture Revitalization Kick-Off
- Signing of Corporate Culture implementation commitment charter by the Board of Directors
- Dissemination of BRI Corporate Governance implementation to BRI's stakeholders

Note :
BRI Board of Directors Decision Letter
No. 81/DIR/REN/02/2013 dated 13 February 2013.

BRI GCG Implementation Roadmap

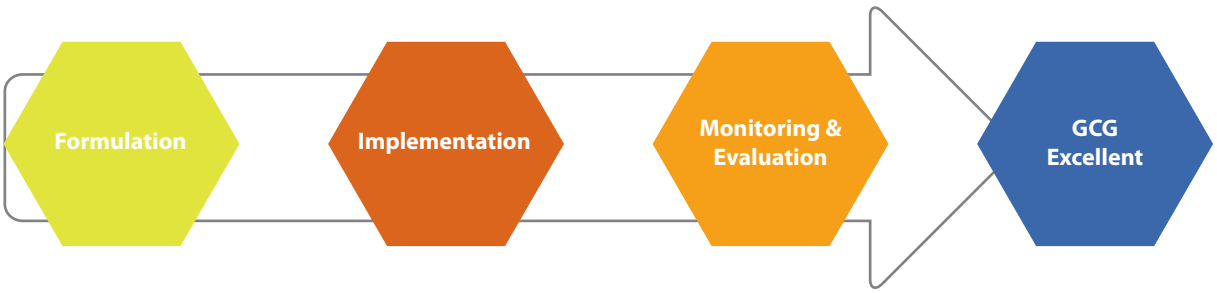
Governance Mechanism

BRI Corporate Governance Policy

BRI Corporate Governance Policy is established by virtue of Joint Decision Letter of the Board of Commissioners and Board of Directors concerning GCG Policy. Since its initial conception in 2001, the policy has been refined 3 (three) times, the recent policy is in 2010, and is the general guidelines of GCG implementation across BRI's organization. In 2013, GCG policy was updated and enhanced through Joint Decision Letter of the Board of Commissioners and Board of Directors No 05–KOM/BRI/12/2013 - Nokep S.64-DIR/DKP/12/2013 dated 16 December 2013. BRI GCG policy covers 4 (four) governance aspects consisting of commitment, structure, process, and governance outcome.

To improve the implementation quality, BRI implement its GCG in phases which is formulation, implementation, and continuous monitoring and evaluation to move toward the end goal of GCG excellence.

These phases form the fundamental components of GGC implementation and GCG roadmap, and are consistently applied in all operational aspects of BRI.



Phase 1

1. Establishing Management's commitment to GCG
2. Building comprehensive GCG structure
3. Developing adequate GCG system, policy, and procedure

Phase 2

1. GCG Awareness
2. Corporate culture and code of conduct reinforcement
3. Active role of Top Management
4. Optimizing the role of supporting organs, inter alia:
   a. Risk management and internal control system
   b. Compliance unit
   c. Internal and external audit
5. Developing GCG tools

Phase 3

1. GCG assessment program
2. GCG implementation monitoring
3. Corporate performance evaluation
4. Business plan evaluation
5. GCG structure enhancement
6. GCG infrastructure enhancement
7. GCG system, policy, and procedure update and improvement

Last phase

1. GCG as culture
2. Good Corporate Citizen
3. Business sustainability
4. Generating added value for stakeholders
5. Service Excellence
6. Most Valuable Company
7. Most Trusted Company
8. Company with integrity, ethics, and responsibility

BRI GCG Implementation Roadmap

BRI has formed the following 4 (four) Corporate governance components:

Governance Commitment

1. Vision and mission
2. Corporate Values
3. Board of Commissioners Guideline
4. Board of Directors Guideline
5. Code of Conduct
6. Collective Bargaining Agreement
7. Natural resources and environment conservation

Governance Structure

1. Main organs
   a. GMS
   b. Board of Commissioners
   c. Board of Directors
2. Supporting organs
   a. Committees
   b. Board of Commissioners' Secretary
   c. Corporate Secretary
   d. Risk Management Unit
   e. Compliance Unit
   f. Internal Audit Unit
3. Policy and Procedure
   a. Planning policy
   b. Business policies
   c. Oversight policies
   d. Transparency and Disclosure policies

Governance Process

1. GCG assessment
2. GCG implementation monitoring
3. Business plan evaluation
4. GCG structure enhancement
5. GCG infrastructure enhancement
6. GCG system, policy, and procedure update and improvement

Governance Outcome

1. GCG as culture
2. Good Corporate Citizen
3. Business sustainability
4. Generating added value for stakeholders
5. Service Excellence
6. Most Valuable Company
7. Most Trusted Company
8. Company with integrity, ethics, and responsibility

BRI has ensured the comprehensiveness of BRI GCG Manual, which consists of GCG Policy, Code of Conduct, Manual for Board of Commissioners, Board of Directors, and Committees; and procedures as well as other supporting policies such as Whistleblowing System, Risk Management, Compliance policies, and others. The guiding documents are consistently evaluated and updated.

BRI GCG Implementation Roadmap

Guidelines, policies, and procedures of Corporate Governance

As part of the Bank's efforts to improve the roadmap for GCG application quality enhancement, BRI evaluates and updates the various internal policies and rules to ensure their compatibility with recent GCG best practices. The following table illustrates BRI's GCG The development of GCG implementation was illustrated in the table below :

2000-2001	2002-2005	2006-2009	2010-2012	2013
• GCG implementation embedded in Business Plan • Management's commitment stated in Vision-Mission, core values, and corporate culture • GCG Policy (Charter) • Other BRI internal policies	• GCG Policy update • BRI Code of Conduct • Board Manual for BoC and BoD • Corporate Secretary Manual • Transparency and Disclosure manual • Audit Committee Charter • Risk Management General Policy • Internal Audit Policy update • Manpower policy • Policy on Disciplinary • Technology and Information System General Policy update • Technology and Information System Security Policy • Logistics General Policy update	• GCG Policy update • Board Manual update for BoC and BoD • Corporate Secretary Manual update • Transparency and Disclosure manual update • Audit Committee Charter update • Risk Management Supervisory Committee manual • Nomination and Remuneration Committee Manual • Bank's Confidentiality Disclosure Policy • Internal Audit Charter • Disciplinary Rules policy update • Whistleblowing System policy • HR Architecture • Disciplinary Rules policy update • Technology and Information System Security Policy update • Service Quality Monitoring System update	• GCG Policy update • BRI Code of Conduct update • Board Manual update for BoC and BoD • Update of Board Manual and Guidelines of BoC and Committees under BoC • Compliance Charter • Compliance Culture implementation policy • Conflict of Interest Handling Guidelines • Anti-Fraud Strategy Policy • Technology and Information System General Policy update • Fixed Assets Management and Logistics General Policy update • Service Quality Monitoring System update • Service Level Agreement (SLA) standard	• Whistleblowing system policy update • GCG Policy update • BRI Code of Conduct update • Gratification policy • Guideline to Formulate and Utilize Education Budget

Good Corporate Governance Implementation

GCG Quality and Effectiveness Enhancement Program

BRI recognizes that governance quality improvement needs to be carried out in a structured and gradual manner, while results may not be instantaneous. Therefore, BRI periodically holds various programs with respect to GCG involving internal and external parties, or the stakeholders.

The following are activities carried out in 2013 with the purpose to enhance GCG quality and effectiveness:

Corporate Culture Revitalization Activities 2013			BRI Corporate Governance Dissemination	
Corporate Culture Revitalization Kick Off 7 February 2013	Corporate Culture Implementation Commitment Corporate culture commitment inauguration by the Board of Directors		BRI Corporate Governance Dissemination to Stakeholders "Knowledge Management to Create Added Values for Companies in GCG Implementation" Jakarta, 9 September 2013	
BRI Work Culture Brainstorming 1. Corporate Culture Brainstorming session with 40 Change Agents from Head Offices and selected Regional Offices 2. Gather feedback from 500 respondents from among staff, employees, and outsourced staff on Work Culture values definition	Training of trainers (TOT) for change agent Ensure all units are embedded with Change Agent that meets the requirement and who promote Work Culture revitalization program Change Agent Forum (CAF)2013 Work culture discussion at operating unit and national levels	 	Corporate Culture Reinforcement Annual Performance Improvement Forum and Focus Group Discussion through survey of external and internal customer satisfaction held by operating units	
Other Activities in 2013	Self Assessment Good Corporate Governance Based on Bank Indonesia guidance Semester I /2013 and Semester II / 2013	Corporate Governance Perception Index (CGPI) Held from July to November 2013, themed "Good Corporate Governance (GCG) from Knowledge Perspective"	Performance Improvement Incentive System Reward for Micro Unit Annual program, providing reward for high-performing BRI units	SQ Vaganza Service standard competition involving all Security Officers and BRI tellers across Indonesia
Annual Disclosure Annual statement on Conflict of Interest from all BRI's employees	SA-GCG Coordination Meeting	IICG Observation with BRI Management	 	

Corporate Culture Revitalization Activities 2013			BRI Corporate Governance Dissemination	
Risk Management Unit Development Develop 18 Regional Offices • Focusing on Risk Management function • Operational Risk Management Tools • Risk Profile development 	**Service Quality Performance Monitoring** Regular monitoring of service quality implementation in all units Coaching and Role Play to improve service quality performance	**AML-CTF Monitoring** Annual program; monitoring the implementation of AML-CTF program in all BRI's operational units 	 	**Other Monitoring:** • Network performance evaluation • Risk Management
   	Orientation on GCG for New Employees 1. GCG 2. BRI Code of Conduct 3. Corporate Culture 4. AML-CTF program 5. Risk Management 6. Internal Control System 7. Operations 8. Credit	**Micro Business Policy Dissemination** 1. Micro loan restructuring 2. Micro policies 3. Micro reports 4. Rewards for 'Mantri' **Loan Policy Dissemination** 1. Supervisor and loan admin officer briefing 2. Briefing session on loan administration 3. Associate auditor briefing	 	**Other dissemination** 1. Compliance Culture 2. IT Security awareness 3. Risk Management 4. Formation ratio standardization 5. Operational unit display standardization 6. BRI products and activities refreshment

Plan to Improve GCG Implementation Going Forward

To continue improving the GCG implementation, BRI has prepared the following programs that commencing in 2014:

1. Enhancement of GCG implementation transparency via website and annual report based on industry best practices
2. Continually enhance and update BRI GCG policy
3. Design and develop management information system to support business and control processes
4. Continually promote and disseminate GCG practices

Good Corporate Governance Implementation

Corporate Governance Management Information System

BRI has developed management information system to improve GCG quality and effectiveness. The system includes:

Monitoring System	Information Media	Knowledge Management	Others
Starweb System (service quality)	Knowledge Management System (Brilian)	Back Office Automation (BOA)	Remedy Requester console system
OPRA System (risk management)	Business Information System (BIS)	Portal e-Diklat (e-training portal)	BRI Unit report (MIR)
Compliance Dashboard	BRI search engine	Center of Training and Education Digital Library	e-Register BRI Public Relations
Guava Application	Marcomm insight	HR Portal	Loan Aproval System (LAS)
Partnership and Community Development Program (PKBL) monitoring application	Public Folder BRI	Learning media: E-learning, Video conference, Diklat-tube, blog, and forum	MIS - HR

GCG Implementation Quality Assessment

To garner feedback with respect in improving the GCG implementation quality in the future, BRI periodically conducts GCG implementation assessment. The program enables the Bank to examine the progress of GCG principles implementation, impact on BRI's operations and business activities, and future improvements. The assessment also shows continuous growth of GCG implementation quality in BRI.

BRI self-assessment in 2013 used Bank Indonesia criteria and research program conducted by external party, with details as follows.

1. GCG Self-Assessment

BRI conducts periodic GCG self-assessment in compliance with Bank Indonesia, with the following results:

Bank	Percentage	Individual Composite Score	Consolidated Composite Score
BRI	96,02%	1,27	1,22
BRI Agro	1,22%	2,17	0,03
BRISyariah	2,76%	1,35	0,04
Total Consolidated Composite Score			**1,29**

1. Consolidated GGC assessment includes results of GCG assessment on subsidiaries considered to have significant impacts, which are:
   a. PT BRI Syariah
   b. PT BRI Agro Tbk.
2. Calculation of significant impact of GCG assessment on Subsidiaries to BRI GCG consolidated assessment based on calculation of subsidiaries' total assets and consolidated total assets.
3. Score of BRI GCG Self-Assessment in Semester II 2013 was 1.27 with "Very Good" Category.
4. Score of PT Bank BRI Syariah GCG Self-Assessment in Semester II 2013 was 1.35 with "Very Good" Category.
5. Score of PT BRI Agro, Tbk. GCG Self-Assessment in Semester II 2013 was 2.17 with "Good" Category.

Therefore, BRI GCG consolidated composite score for Semester II 2013 was 1.29 with "Very Good" category.

2. Corporate Governance Perception Index (CGPI)

a. From July to November 2013, the Bank conducted GCG research and rating assessment program under CGPI, themed "Good Corporate Governance from Knowledge Perspective," with the following phases:

Phase	Description	Score
Self Assessment	Completion of questionnaires regarding GCG implementation in relation to the management's efforts to manage risks to reach the company's targets while implementing an ethical and sustainable business activities	15.59
Document Assessment	Submission of documents relating to GCG implementation to meet assessment requirements, in relation to management's efforts to manage risks to reach the company's targets while implementing an ethical and sustainable business activities	28.47
Paper Assessment	Explanation on the process and GCG implementation programs in relation to management's efforts to manage risks to reach the company's targets while implementing an ethical and sustainable business activities to meet assessment's requirements	11.70
Observations	The final phase of the assessment and a critical phase of CGPI research and rating, where CGPI assessment team visits the company for direct observation and to confirm GCG implementation programs in relation to management's efforts to manage risks to reach the company's targets while implementing an ethical and sustainable business activities	29.80
Total Score		85.56
Assessment Norm	Most Trusted Company	

GCG Assessment Aspect from Risk Perspective:

1. Commitment	5. Independency	9. Strategy
2. Transparency	6. Fairness	10. Ethics
3. Akuntabilitas	7. Competence	11. Knowledge Management
4. Responsibility	8. Leadership	

BRI's CGPI 2012 assessment result categorized BRI as "Indonesian Most Trusted Company."

b. Based on IICG (Indonesian Institute for Corporate Governance) survey conducted in December 2013, BRI acquired "Most Trusted Company" rating.

c. Based on investor and analyst survey conducted by SWA Research that involved 250 respondents (investors, analysts, and investment managers), generating a total of 1,690 responses, BRI was rated as "Trusted Company." The assessment was bassed on the following GCG principles:

Aspect and Weight	Issuer's Code : BBRI
Transparency (0.27)	75.16
Accountability (0.23)	75.83
Responsibility (0.22)	74.85
Independency (0.14)	67.84
Fairness (0.14)	60.43
Total score	72.09
Rating	**Trusted Company**

Good Corporate Governance Implementation

Plan for GCG Implementation Quality Improvement

Observing the results of periodical GCG implementation assessment in the preceding year, and as part to improve GCG practices, BRI has prepared a number of programs to enhance GCG implementation, commencing in 2014, among others:

1. Enhancement of GCG implementation transparency via website and annual report based on industry best practices
2. Continually enhance and update BRI GCG manuals
3. Design and develop management information system to support business and control processes
4. Continually promote and disseminate GCG practices

GCG Implementation Accolades

Throughout 2013, BRI has carried out numerous efforts to bolster the quality of GCG implementation across all aspects in the Bank. In recognition of the Bank's GCG implementation endeavors, the Bank received a number of GCG implementation awards in 2013, among others:

1st Position Annual Report Award (ARA)
Listed Financial SOE category

Financial Services Authority (OJK), Bank Indonesia (BI), SOE Ministry, General Directorate of Tax, PT Bursa Efek Indonesia (BEI), National Governance Policy Committee (KNKG), Indonesian Accountants Association (IAI) 17 October 2013

Company rated as "Most Trusted Company"	Company rated as "Trusted Company"	*3rd Position Best Financial Sector*	3rd Position Good Corporate Governance for Banks with Tier 1 Capital > 30 Trillion category	*9th Position The Best Corporate Governance*

Corporate Governance Perception Index (CGPI) – The Indonesian Institute Of Corporate Governance (IICG) 16 December 2013	Investors and Analysts Assessment Survey 16 December 2013	The 5th The Indonesian Institute for Corporate Directionship (IICD) Conference and Award Corporate Governance 30 October 2013	Economic Review "Indonesian Banking Award 2013" 26 September 2013	Finance Asia 26 June 2013

Corporate Governance Guidelines and Policies

Corporate Governance Charter

Since 2001, BRI has formulated GCG implementation general guidelines for all levels of the organization by virtue of Joint Decision Letter of the Board of Commissioners and Board of Directors, through BRI GCG Policy (GCG Charter). BRI has also updated the Charter 3 (three) times, with the last in 2010.

Good Corporate Governance Commitment

The Bank's commitment to consistently and continually implement GCG is reflected in:

a. **Vision and Mission**
The Bank has outlined its vision that illustrates future goals and mission statement that details measures to realize the vision.

b. **Core Value**
The Bank's core values include Corporate Culture translated into Corporate Behaviours that serve as the foundation of thinking, behaviour, and conduct.

c. **Board of Commissioners and Board of Directors' Manuals**
Board of Commissioners and Board of Directors' manuals provide detailed explanation on structure, duties and responsibilities, task distribution, work ethics, meetings, organizations, and work relationship of the Board of Commissioners and Board of Directors. The manuals are reference for the Boards in implementing their day-to-day duties, to further the Bank's vision and mission.

d. **Code Of Conduct**
The Bank's Code of Conduct describes business ethics and business conduct expected of the Bank's staff in implementing good management practices.

The Bank's Code of Conduct serves as standards for decent, ethical, and trustworthy behaviours carried out by the Bank's staff in their daily activities, including during interaction with stakeholders.

The Bank's Code of Conduct applies for all employees throughout all levels of the organization. Continuous and sustainable implementation of Code of Conduct in attitude, practice, commitment, and formal rules supporting the Corporate Culture implementation.

e. **Collective Labour Agreement (CLA)**
Collective Labour Agreement (CLA) sets out working terms and conditions agreed based on joint deliberation and agreement between the Bank and the Bank's workers' unions. Both parties use CLA as guideline in conducting work relationship and as the key source of reference in an event of dispute.

The agreement is an enactment of Labour Law that outlines a harmonious industrial relationship between the Bank and all employees.

f. **Natural Resources and Environmental Conservation**
BRI is committed to natural resources and environmental conservation as well sustainable economic development in the pursuit of living quality improvements and creating an environment that benefits not only for the Bank, but also local communities, and public at large.

In implementing its social and environmental responsibilities, BRI develops social and environmental responsibilities programs and strategies that are integrated with BRI's business strategy, which takes into account preservation of natural resources and the environment.

BRI's social and environmental responsibilities implementation is periodically published for the stakeholders.

Governance Structure

The Bank's governance structure consists of main and supporting organization organs as well as policies concerning corporate governance:

a. **Main Organs,** consist of:
1. **General Meeting of Shareholders (GMS)**
GMS is the highest organ of a company. GMS is also a decision-making forum where strategic deliberations are made in relation to the Bank's business interests, by taking into account articles of association as well as laws and regulations.

GMS consists of:

Corporate Governance Guidelines and Policies

a). Annual GMS to ratify a number of agenda items, such as company's business plan, appointment and dismissal of Board of Directors and Board of Commissioners' members, external auditor appointment, corporate actions with significant impacts including utilization of net income, and approval of Annual Report including financial statements as well as oversight report from the Board of Commissioners. Annual GMS is required to be held 6 (six) months from the end date of financial year at the latest;

b). Other GMS can be held at any time when deemed necessary for the best interest of the Bank.

Implementation of GMS refers to the Bank's articles of association and prevailing laws and regulations.

2. Board of Commissioners

Board of Commissioners are collectively responsible; therefore, individual members of the Board of Commissioners may not decide and act on behalf of the Board of Commissioners. Nevertheless, members of the Board of Commissioners may represent the Board upon approval from the Board of Commissioners.

The Board of Commissioners consists of Commissioners and Independent Commissioners. Independent Commissioners shall account for at least 50% (fifty percent) of the total Board of Commissioners' members.

Board of Commissioners shall ensure GCG implementation in all of the Bank's businesses, at all levels of the organization.

Board of Commissioners is not involved in decision-making process concerning the Bank's operations, unless regarding:

a). Fund provision for related parties; and
b). Other matters stipulated by the Bank's Articles of Association or prevailing laws and regulations.

Board of Commissioners' involvement or approval does not undermine the Board of Directors' responsibility for the Bank's management.

Board of Commissioners' duties and responsibilities execution refers to the Bank's Articles of Association and prevailing laws and regulations. Detailed explanation of BRI Board of Commissioners' duties and responsibilities is presented in the Board of Commissioners' Manual.

3. Board of Directors

The Board of Directors holds collegial responsibility. Each member of the Board of Directors carries out their respective duties and takes decisions according to distribution of duties and authorities. However, the duties execution of each members of the Board of Directors remains a shared responsibility.

President Director must be independent from the Controlling Shareholders.

Board of Directors shall implement GCG principles in all activities of the Bank, across all levels of the organization.

Board of Directors' duties and responsibilities execution refers to the Bank's Articles of Association and prevailing laws and regulations. Detailed explanation of BRI Board of Directors' duties and responsibilities is presented in the Board of Directors' Manual.

Board of Commissioners and Board of Directors Relationship

The relationship of Board of Commissioners and Board of Directors is a check and balances relationship. Essentially, both organs bear the duty to maintain the Bank's long-term business sustainability, pursing the Bank's advancement and robustness.

The Board of Commissioners and Board of Directors are aligned in terms of vision, mission, core values, and the Bank's strategies. Board of Commissioners and Board of Directors approved the Bank's long term plan, annual work and budget plan, and other matters concerning the enactment of prevailing laws and GCG.

b. **Supporting organs,** consist of:

1. **Committees**

a). Committees under the Board of Commissioners, among others:

i. Audit Committee;
ii. Nomination and Remuneration Committee; and
iii. Risk Management Supervisory Committee

Detailed explanations on committees under the Board of Commissioners are prescribed in the Board of Commissioners' Manual, Risk Management Supervisory Committee Manual, Nomination and Remuneration Committee Manual, and Audit Committee Charter.

b). Committees under the Board of Directors, among others:

i. Risk Management Committee (RMC);
ii. Credit Policy Committee;
iii. Credit Committee;
iv. Asset and Liability Committee (ALCO);
v. IT SteeringCommittee (ITSC);
vi. Human Resources Policy Committee; and
vii. Other committees that may be established

Detailed explanations of committees under the Board of Directors are available in Decree issued for respective committees.

2. **Board of Commissioners' Secretary**

Board of Commissioners' Secretary is an organ under the Board of Commissioners appointed by the Board. The Secretary is responsible to assist the execution of duties and responsibilities of the Board. Detailed explanations of the duties and responsibilities of Board of Commissioners' Secretary is outlined in the Bank's Board of Commissioners' Secretary Guidelines.

3. **Corporate Secretary**

The Bank appoints Corporate Secretary to support the Board of Commissioners and the Board of Directors in carrying out the duties and responsibilities concerning GCG and to manage the communications to stakeholders. Detailed explanations of the duties and responsibilities of Corporate Secretary are stated in Corporate Secretary Guidelines..

4. **Risk Management Unit**

Risk Management implementation covers:

a). Active oversight from Board of Commissioners and the Board of Directors
b). Adequacy of Policies, procedures, and limit
c). Risk Management processes and Risk Management information system
d). Internal Control System

Detailed explanations on the Bank's Risk Management Unit's duties and responsibilities are stated in Risk Management General Policy (KUMR) and Risk Management Implementation Guidelines (P3MR).

5. **Compliance Unit**

Compliance Unit is an independent unit responsible for Compliance Function in BRI. Detailed explanations on the responsibilities of Compliance Director and his staffs are stated in Compliance Charter.

6. **Internal Audit Unit**

Internal Audit Unit is structurally under the direct supervision of President Director. The unit is directly responsible to the President Director and communicates to the Audit Committee. Internal Audit provides assurance as well as independent and objective consultancy in order to increase the added value and enhance the Bank's operations through systematic approach. The Unit evaluates adequacy and effectiveness of risk management, internal control, and the Bank's governance processes. Detailed explanations on the duties and responsibilities of Internal Audit are stated in Audit Charter.

7. **External Audit**

An examination of the Bank is also conducted by External Auditors, namely from Bank Indonesia, Indonesian Government Audit Board, other auditors according to regulations, and Public Accountant Firm. For the purpose of the Bank's financial statements audit, the Bank must appoint Public Accountant and Public Accountant Firm that are registered with Bank Indonesia.

Corporate Governance Guidelines and Policies

c. **Policies,** consist of :

1. **Bank's Policy Planning**

   Bank's plans consist of:

   a). Long-term plan (RJP/corporate plan) – a strategic long term plan that outlines the Bank's 5 (five)-year plan. Policies relating to RJP are stated in RJP General Policy and RJP Implementation Guidelines.

   b). Bank's Business Plan (RBB) – contains details of strategy implementation, work program, and the Bank's 3-year performance target. Policies relating to RBB are stated in RBB General Policy and RBB Implementation Guidelines

   c). Corporate Work Program and Budgeting (RKAP), contains the Bank's performance target for 1 (one) year. Policies relating to RKAP are stated in the Bank's Circular Letter regarding RKAP.

2. **Business Policies**

   BRI's internal regulations and policies, including Standard Operating Procedure (SE/SK/BPO/Juklak) needs to be line with predetermined GCG policy.

   New products and/or activities need to be evaluated against prevailing policies. Policies regarding new products and/or activities are stipulated in separate set of policies.

3. **Oversight Policy**

   a). The Bank's oversight policy is implemented through 3 (three) lines of defense concept:

   1). First Line of Defense
   Oversight performed by Business/ Operational Units that are responsible to maintain output and business process quality in line with existing policies and procedures.

   2). Second Line of Defense
   Implemented by risk management and compliance units, as stipulated by Bank Indonesia.

   3). Third Line of Defense
   Performed by Internal Audit by evaluating first and second lines of defense, and provide objective report to President Director and Board of Commissioners.

   b). BRI's Oversight Policies consist of:

   1). Internal control policies developed by taking into account the following scopes:

   i. Controlled environment.

   ii. Business risks review and management

   iii. Control activities conducted at all levels of the Bank's structure

   iv. Information and communication system

   v. Monitoring, evaluation, and follow-up of internal control activities

   2). Internal control policies include, among others, Internal Audit Policy, Anti-Fraud Strategy, Legal, and Compliance.

   3). External Oversight Policies
   External oversight is implemented by external auditors and banking supervisory body, according to existing regulations.

   4). Transparency and disclosure policies
   The Bank's internal policies relating to transparency and disclosure are stated in:

   i. Transparency and disclosure guidelines;

   ii. Bank's Confidentiality Policy; and

   iii. Policies on reporting, both internal and external, including reports to banking regulatory and authority bodies, stipulated separately according to type of report.

Policy owner units periodically evaluate and update the Bank's internal policies according to the Bank's needs and developments.

Governance Process

1. Governance process is a mechanism carried out by the company organs and staff members in the implementation of duties and responsibilities to achieve GCG. The governance process consists of:

   a. **General Meeting of Shareholders**
   Other GMS is held at the time and under the procedure stipulated by laws and regulations. GMS resolutions are published to stakeholders according to prevailing regulations.

   b. **Board of Commissioners and Board of Directors' Functions, Duties, and Responsibilities Implementation**
   The Board of Commissioners and Board of Directors carry out their functions, duties, and responsibilities in good faith, with prudence, and professionalism that satisfy the requirements set out in existing laws and regulations, articles of association, and Board of Commissioners and Board of Directors' manuals. Board of Commissioners and Board of Directors' performance evaluation is carried out based on an established mechanism.

   c. **Bank's Business Activity Implementation**
   Bank's business activities are carried out in line with the vision, mission, values, and Bank's strategies whilst adhering to prudential banking and GCG principles.

   d. **Human Resource (HR) Management**
   The Bank's HR management is conducted within the corridor of HR architecture founded upon GCG principles to support the realization of Bank's vision and mission.

   e. **Social and Environmental Responsibility**
   The Bank's social and responsibility implementation uphold GCG principles and are integrated with the Bank's strategy.

   f. **IT governance**
   The Bank's information technology utilization and management are carried out with the support of effective, efficient, and optimum IT governance in order to provide strategic added value for the Bank and in support of the Bank's risk management.

   g. **Subsidiary Management**
   The Bank's subsidiaries are established in line with business development aspirations and to provide added value as well as support to the Bank's core business. All subsidiaries are expected to grow and to independently manage their businesses. All transactions made between the Bank and subsidiaries are based on fair business principles.

   h. **Bank's policies promulgation**
   All policies of the Bank relating to business operations need to be promulgated to all staff members and other stakeholders. Policies also need to be administered and comprehensively recorded as reference of duties implementation.

   i. **Process Documentation**
   Documentation serves as record of activities and basis to evaluate activities' effectiveness. All governance processes are documented and organized in orderly manner; document retention is carried out according to applicable regulations.

2. The Bank needs to implement GCG principles consistently in all business activities, at all levels of the organization.
   Policies relating to GCG principles implementation stipulated in SKB are the basis and/or guidelines for all organs and employees of the Bank as well as units, in applying policies, systems, procedures, and other business activities of the Bank.

Bank's Policies and Operating Procedures

BRI has various policies and operating procedures that reflect the Bank's commitment to sound corporate governance. Until end of 2013, BRI maintained 35 policies/charters, namely:

1. BRI's General Policy on Good Corporate Governance
2. BRI Policy on Corporate Culture;
3. BRI's Code of Conduct
4. BRI's Board Manual for the Board of Commissioners and Board of Directors
5. BRI's Guidelines for the Board of Commissioners' Committees and BRI's Audit Committee Charter;
6. BRI's Corporate Secretary Guideline;
7. BRI's General Policy for Managing Conflicts of Interest;
8. BRI's Policy on Whistleblowing System;
9. Policy regarding Customer Complaints and Procedures to Settle Complaints;
10. BRI's Transparency and Disclosure Guidelines;
11. BRI's Confidentiality Disclosure Policy;
12. BRI's Anti-Fraud Strategy;

Corporate Governance Guidelines and Policies

13. BRI's Disciplinary Rules;
14. BRI's Organizational General Policy;
15. BRI's General Policy on Long Term Plan (Corporate Plan);
16. BRI's General Policy on Bank Business Plan (RBB);
17. BRI's Work Plan and Budegeting (RKAP) Policy;
18. BRI's General Policy on Risk Management and its sub-policies;
19. BRI's Policy on Business Continuity Management;
20. BRI's Policy on New Products and/or Activities;
21. BRI's Policies and Procedures for the Implementation of Anti-Money Laundering and Counter-Terrorism Funding;
22. Compliance Charter;
23. Implementation of Compliance Culture in BRI's Units;
24. Audit Charter;
25. BRI's Internal Audit Guidelines;
26. Policy and Procedures on Information System Technology Audit;
27. Internal Audit Quality Management System;
28. Human Resources Architecture;
29. BRI's General Policy on Development and Training;
30. BRI's Rewards and Punishment policies;
31. BRI's General Policy on Information System Technology;
32. General Policy and Procedures on Information System Technology Security;
33. General Policy on Credits and its sub-policies
34. BRI's General Policy on Fixed Assets and Logistics Management; and
35. BRI's policy on the Procurement of Goods and Services

Information on Policies and Other Significant Programs

In executing its operational activities in line with the above policies, BRI conducts a number of programs in order to comply with regulatory requirements and to ensure the implementation of GCG best practices. The programs are:

- **Publishing Transparency of Financial Statement**

  BRI consistently complies with regulations from relevant authorities to meet transparency principle by developing and publishing mandatory reports as detailed in the following table.

No	Type of Report	Published	
		Publication Media	Date
1.	BRI Annual Report 2012	Website BRI, Bapepam-LK, Indonesian Stock Exchange	14 February 2013
		Bank Indonesia, YLKI, Rating Institutions, Banking Associations, IBI, Economics and Finance Research Institutions, Economics and Finance Magazines	
2.	Financial Statements Publications:	Bank Indonesia, Bapepam-LK, Indonesian Stock Exchange, Website BRI, Newspapers, Indonesian Stock Exchange Website	01 February 2013
	- 2012 (financial position as of 31 December 2012)		
	- Quarter I 2013 (financial position as of 31 March 2013)		27 April 2013
	- Quarter I 2013 (financial position as of 31 March 2013)		31 July 2013
	- Quarter III 2013 (financial position as of 30 September 2013)		24 October 2013

- **Share Option**

  BRI has established internal policy on share option based on Bapepam-LK Regulation Number: Kep-44/PM/1998 dated 14 August 1998. The policy aims to provide incentive for internal management in the form of opportunity to gain direct benefit from the Bank's shares performance.

  Management Stock Option Plan (MSOP) is carried out in 3 (three) phases within 3 years:
  1. Phase I MSOP was conducted during Initial Public Offering (IPO) at Rp962.5 and exercising period of 5 years (10 November 2003 - 9 November 2008)
  2. Phase II MSOP was conducted two years after IPO at Rp1,750 and exercising period of 5 years (10 November 2004 – 9 November 2009)
  3. Phase III MSOP was conducted three years after IPO at a price that follows Stock Exchange regulation and exercising period of 5 years (10 November 2005 - 9 November 2010).

  Shares owned by members of Board of Directors (excluding President Director) were made available during the directors' tenure as executives, and detailed as follows:

BRI MSOP Process Disclosure									
Name	Employee Stock Allocation-ESA			Management Stock Option Plan-MSOP					
				Type of Shares			Exercised Shares		
	Bonus Stock	Discounted Stock	Additional Stock quota	MSOP 1 Stock	MSOP 2 Stock	MSOP 3 Stock	MSOP 1 Stock	MSOP 2 Stock	MSOP 3 Stock
Board of Directors									
Sofyan Basir	-	-	-	-	-	3.115.500	-	-	3.115.500
Sarwono Sudarto	41.000	54.500	50.000	376.000	320.500	140.000	376.000	320.500	140.000
Sulaiman Arif Arianto	38.000	51.000	50.000	345.000	320.500	140.000	345.000	320.500	140.000
Lenny Sugihat	38.000	51.000	50.000	345.000	320.500	137.000	345.000	320.500	137.000
Asmawi Syam	41.000	54.500	125.000	376.000	320.500	140.000	376.000	320.500	140.000
Suprajarto	28.000	37.500	50.000	229.000	215.000	137.000	229.000	215.000	137.000
A. Toni Soetirto	-	-	-	-	-	-	-	-	-
Djarot Kusumayakti	28.000	37.500	50.000	229.000	215.000	137.000	229.000	215.000	137.000
Achmad Baiquni	-	-	-	-	-	-	-	-	-
Randi Anto	28.000	37.500	50.000	299.000	215.000	134.000	229.000	215.000	134.000
Gatot Mardiwasisto	-	-	-	-	-	-	-	-	-

After the completion of MSOP and ESOP programs above, BRI has not carried out similar programs.

- **Salary Ratio Disclosure**

  The following are the ratio of the highest and lowest salary per month.

Ratio	2012	2013
Highest and Lowest Employees' Salary	24,06	25,66
Highest and Lowest Director's Salary	1,11	1,11
Highest and Lowest Commissioners' Honorarium	1,11	1,11
Highest Director's Salary and Lowest Employee's Salary	2,56	2,40

Corporate Governance Guidelines and Policies

- ## Funding for Related Parties and Large Exposures in 2013

Pursuant to Bank Indonesia regulations, BRI has formulated written policies and procedures regarding Funding for Related Parties or Large Exposures, and/or Funding for other Parties from which conflicts of interest may arise. Funding for related parties are provided with the approval of BRI's Board of Commissioners. In addition, for the provision of funds with a minimum amount of Rp1 (one) trillion and / or by considerations of BRI Credit Committee or Board of Directors, the decision of the provision of these funds should be consulted to the Board of Commissioners. The policy in relation to said amount applies a single borrower, a group, the plasma-core partnership and state-owned enterprises or the government borrower.

Funding for Related Parties and Large Exposures

No.	Funding	Amount	
		Borrowers	Nominal/Total Outstanding (in Rp million)
1	Related Parties	12	2,240,337
2	To main borrower:		
	• Individuals	8	42,315,576
	• Group	17	70,583,992

- ## Information Technology Governance

Responding to the following regulations:

- Bank Indonesia Regulation No 9/15/PBI/2007 dated 30 November 2007 on Risk Management Implementation on the Utilization of Information Technology in Commercial Banks
- Bank Indonesia Circular Letter No 9/30/DPNP dated 12 December 2007 on Risk Management Implementation on the Utilization of Information Technology in Commercial Banks
- SOE Minister Regulation No PER-02/MBU/2013 dated 18 February 2013 on Guidelines for Developing Information Technology Management for SOEs

BRI has formulated programs and policies on information technology management. The policies and programs include IT development strategy, software and hardware utilization policy, Bank's information security policy and customer confidentiality, HR developments in IT field, etc. Detailed explanations on these initiatives are presented in "**Information Technology Management**" sub-chapter.

- ## IT Architecture Framework

BRI recognizes IT governance as one of GCG's main pillars, therefore the Bank requires effective, efficient, and optimum IT governance that is applicable within BRI and refers to international IT governance practices.

BRI IT architecture has been formulated and is an integral part of IT Strategic Plan (ITSP) 2008-2013. Implementation and development of BRI IT refers to Bank Indonesia regulations concerning IT Risk Management implementation (MR-IT) for Commercial Banks. BRI IT architecture consists of 4 (four) elements:

1. Enterprise Architecture : Executive Summary
2. Assessment Phase : Business & IT Context
3. Design Phase : Enterprise Architecture Definition
4. Transition Plan Phase : Application, Information, and Infrastructure

- **IT Policy and Procedure**
  Policies and procedures designed to support the Bank's governance process such as:

Policy	Document Examples
1. Determination of the roles of IT in the company	1. RKAP, RBB, RJP BRI that address BRI IT 2. Job Descriptions for staff in BRI Information System and Technology Division
2. IT Planning	1. IT Strategic Plan (ITSP) 2008-2013 2. BRI Information Technology Architecture
3. IT Process Framework and Organization	1. Information System and Technology Steering Committee 2. Organizational Structure of BRI Information System and Technology Division 3. General Policy on Information System 4. BRI's General Policy on Information System Technology Security 5. Management's Duties and Responsibilities in Information Security 6. Information System and Technology Service Level Agreement
4. IT Investments Management	1. Horizontal Alignment of procurement management procedure forIT Investments 2. Policy and procedure onClosed Circuit Television (CCTV) and embedded camera
5. IT Resources Management	1. Standard Key Management 2. Policy on Information Technology Equipment Standardization 3. Regulation on Returning of IT Assets and Change in Access Rights following change of Employee's status 4. Regulation on Network Access Control 5. Regulation on Supporting Facility Capacity Review
6. IT Risk Management	1. Policy on Risk Management implementation associated with IT application 2. Bussiness Continuity Management (BCM) 3. Standard Operating Procedure for Information System and Technology Disaster Recovery management 4. Policy on Security Compliance Check 5. User Account Management Procedure 6. Policy on Password Management 7. Policy on Backup and Restore 8. ITSecurity Awareness 9. Firewall Configuration Standard 10. Antivirus and Security Patch Management Procedure 11. Information Security Incident Management Procedure
7. Project Management	1. Policy on Information Technology Equipment Review 2. IT Development Life Cycle Procedure
8. Requirements Handling and Solution Identification	1. Policy on Information Security Policy Evaluation 2. Policy on Information Handling 3. Policy on Security Hardening 4. Policy on Information Technology Asset Maintenance

- **BRI'S IT Certification (ISO)**
  BRI's Operations Centre is operating with quality management system as required by ISO 9001:2008 for Provision of Payment Systemby RTGS, Clearing and Remittance. Certification is issued by Lloyd's Register Quality Assurance.

  BRI's Contact Center is also operating with quality management system standard, which in line with ISO 9001:2008, as verified by Verification New Zealand Limited.

- **BRI IT Development Plan**
  BRI's IT development plan is aligned with the Bank's vision and mission, such as using IT to create integrated one-stop service on the back of extensive network and wide-range of products. BRI also aims to provide real time and online data access as well as to implement reliable technology security.

Corporate Governance Guidelines and Policies

- ## Policies on Transactions with Related Parties and Conflicts of Interest

Transactions with Related Parties

As one of the leading SOE banks, with largest operational network across the country, transactions with related parties, with other SOEs or transactions categorized as related transactions according to regulations, are inevitable for BRI. Anticipating the possibility, BRI applies policy on transactions with related parties that are equal with policy on transactions with other third parties. Both policies introduce similar conditions, that the determination of selling price, purchase price, lease expenses, and other transaction items required negotiation process to meet optimum quality, cost, and delivery (QCD) principles for the benefits of transacting parties.

BRI also disseminates Integrity Pact Statement to all partners/suppliers as basis of cooperation that upholds the highest standards of ethics and business principles.

Invitation and open encouragement (through print media) are extended to all parties related to BRI; together, BRI invites cooperation founded on GCG principles.

List of transactions with related parties is presented under note 43 in the Bank's Audited Consolidated Financial Statements.

Transactions with Conflicts of Interest

BRI's Policy on Conflicts of Interest is a sub-policy of BRI's Code of Conduct and outlined in Joint Decree of Board of Commissioners and Board of Directors Number 02-KOM/BRI/05/2012 and S.104-DIR/DKP/05/2012 dated 24 May 2012 on BRI's General Guidelines on Conflict of Interest Handling. The policy defines forms, causes, core principles, phases of handling, key success factors in the handling, and reporting to ensure transparency and disclosure of conflicts of interest.

The general policy serves as the primary regulation and reference in developing sub-policies on other activities such as handling of conflicts of interest on goods and services procurement, credit provision, and so forth.

Anticipating conflict of interest that may arise in a transaction, BRI stresses that internal and external parties that may be involved in such transactions may not be involved in decision-making process relating to the transactions. Therefore, no parties will be under the influence of another parties; decision-making on transactions shall be free from any pressure and shall result in objective decisions. To that end, all members of the Board of Directors may not own shares in companies affiliated to BRI or shares in subsidiaries.

In 2013, there were no transactions with parties that directly or indirectly have relationship with the Bank's core business, as defined by Bapepam-LK regulation No. IX.E.1 on "Conflicts of Interest."

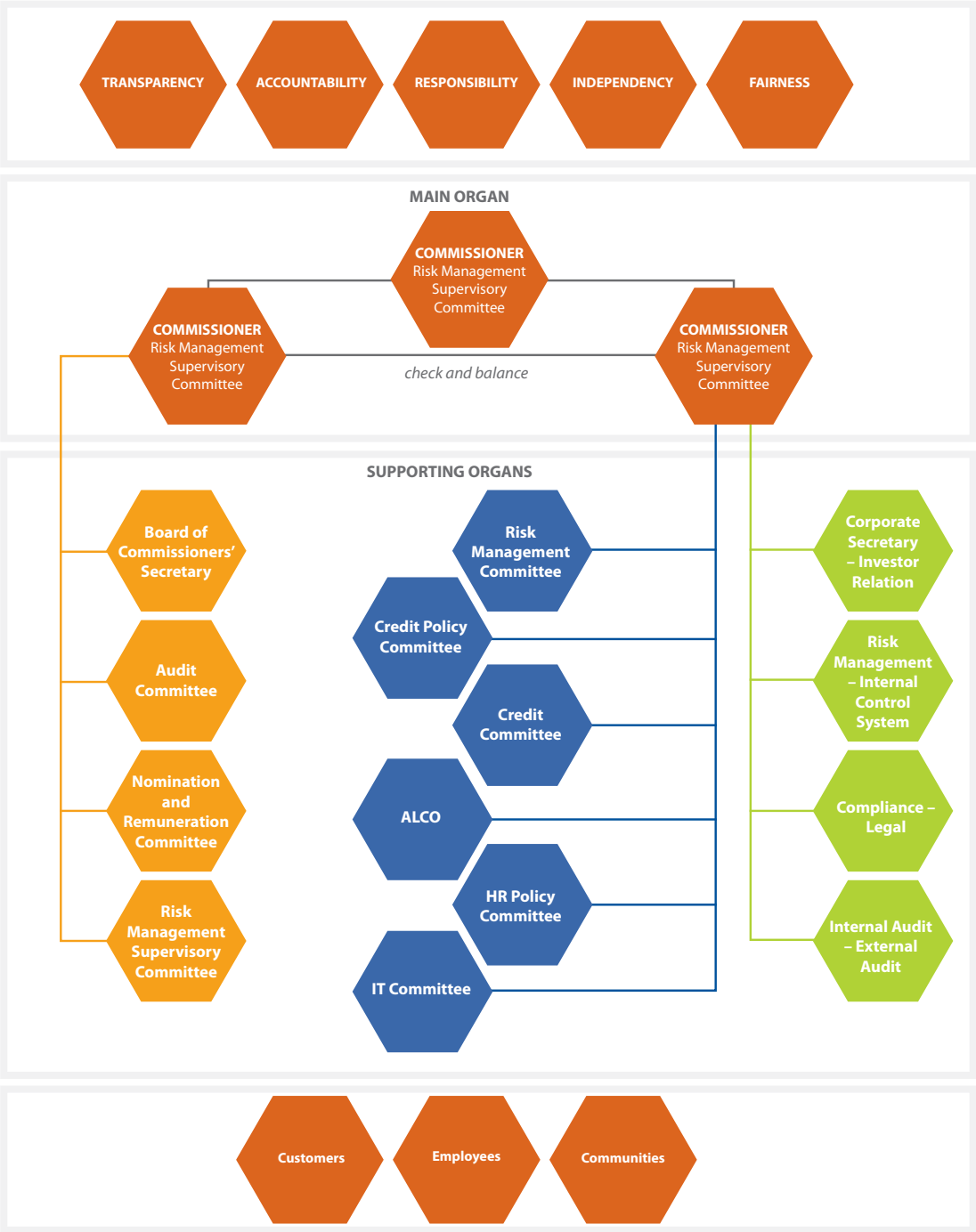
Name and Position with Conflicts of Interest	Name and Position of Decision-Maker	Type of Transaction	Transaction Nominal (in Rp million)	Note (not complying with existing systems and procedures)
		Nil		

Corporate Governance Structure and Mechanism

BRI continuously enhances corporate governance structure and implementation in order to ensure check and balances as well as clear and firm accountability from company's organs.

To assure that all main organs in the governance structure can function at optimum level, BRI has met the requirements for total and composition of Board of Commissioners and has formed Committees under the Board of Commissioners and Board of Directors in accordance with prevailing regulations. Clear separation between company's organs reflects strong check and balances as well as robust internal control system.

BRI's corporate governance structure is as follows:



Corporate Governance Structure and Mechanism

GMS is a mechanism through which shareholders may voice their opinions and cast their votes in the Bank's important decision-making process.

General Meeting of Shareholders

General Meeting of Shareholders (GMS) is the highest company organ. GMS is an instrumental decision-making forum for matters related with shareholders' investments, which will affect the Bank's operational outline. Pursuant to the Bank's Articles of Association and applicable laws and regulations, GMS has exclusive authority not transferable to the Board of Commissioners and Board of Directors.

Through GMS, shareholders exercise their rights to voice opinions and cast votes during crucial decision-making process that will determine the Bank's progress and future. GMS is also a forum to evaluate the performance of the Board of Commissioners and Board of Directors in terms of economic, social, and environmental achievements.

As stipulated by the Limited Liability Company Law and Bank's Articles of Association, GMS consists of:

Annual GMS

Annual GMS is held at the latest 6 (six) months after the end of financial year. During the meeting, Board of Directors present the following:

1. Annual Report
2. Recommendation of net income utilization provided that the Bank records positive income.
3. Recommendation on public accountant to audit the Bank's financial statements for the current year, based on suggestion from the Board of Commissioners, or to transfer the authority of Public Accountant Firm appointment to the Board of Commissioners.
4. Other matters that require GMS' approval in the interest of the Bank without prejudice to provisions in the Articles of Association.

As a State-Owned Enterprise, BRI is subject to Article 23 Law No. 19 of 2003 on State-Owned Enterprises and therefore 5 (five) months after the end of financial year BRI's Board of Directors must submit annual report to GMS for ratification.

Other GMS

Other GMS may be held as deemed necessary in the best interest of the Bank. Pursuant to Article 24 of the Bank's Articles of Association, the Board of Directors may organize Annual GMS and Other GMS preceded by Meeting Announcement and Invitation.

Reference

General Meeting of Shareholders refers to applicable laws and the Bank's Articles of Association. The laws are, among others:

1. Law No 19 of 2003 on State-Owned Enterprises.
2. Law No 40 of 2007 on Limited Liability Company,

Phases of GMS Implementation:

In general, phases of GMS implementation are as follows:

1. GMS invites through registered letter/newspaper activities issued or published at least 14 (fourteen) days before the date of GMS, excluding the date of invitation and the date of meeting.
2. The Bank must provide notifications of GMS invite 14 (fourteen) days before the invitations are made.
3. As a public company, and in order to ensure coherence of information on GMS plan or implementation, pursuant to Bapepam-LK regulation No. IX.I.1 the Bank must provide clear details of such plan to Bapepam-LK at least 7 (seven) days before theinvitation.

4. Following GMS implementation, the Bank must report results of GMS to Bapepam-LK 2 (two) working days at the latest and announce the GMS resolutions to the public through at least 2 (two) Indonesian-language newspapers, one of which is published nation-wide.
5. All issued shares have 1 (one) voting right unless stated otherwise by the Articles of Association.

During 2013, BRI held 1 GMS, namely the Annual GMS held on 28 February 2013 at the 21st floor of BRI Building I. The GMS was attended by 20,998,988,515 or 85.122% from the Bank's total issued shares and met GMS quorum requirement as stipulated by the Articles of Association. The GMS was declared valid and able to produce binding resolutions. The phases of BRI's Annual GMS implementation in 2013 were:

Announcement	Invitation	Implementation	Result
Announced on **29 January 2013** in Kompas and Bisnis Indonesia daily newspapers	Announced on **13 February 2013** in Kompas and Bisnis Indonesia daily newspapers	Announced on **28 February 2013** Time 09.30 WIB Venue at 21st Floor BRI Building I	Published on **4 March 2013** in Kompas and Bisnis Indonesia daily newspapers

In accordance with the meeting agenda, several chief decisions were made through voting mechanism. Several important decisions resulted from the voting was favoured by **99.891%** of the total attending shares, objected by **0.036%** of the total attending share, while **0.073%** of the total attending shares abstained. The key resolutions are:

1. Approved the 2012 Annual Report and ratified the Board of Commissioners' Oversight Report as well as the Bank's Financial Statements for financial year 2012 audited by Public Accountant Firm Purwantono, Suherman, and Surja, in accordance with Report No. RPC-3167/PSS/2013 dated 23 January 2013; granted full acquittal and discharge to the Company's Board of Directors and Board of Commissioners for their management and oversight duties for financial year ended 31 December 2012 as long as the management activities bear no criminal element and have been reflected in the 2012 Annual Report of the Bank.
2. Ratified the Annual Report of Partnership and Environmental Development Programs for financial year 2012, including Financial Statements audited by Public Accountant Firm Purwantono, Suherman, and Surja, in accordance with Report No. 003/LAI/PKBLBRI/HSR.HT dated 12 February 2013; granted full acquittal and discharge to the Company's Board of Directors and Board of Commissioners for their management and oversight activities on the Partnership and Environmental Development Programs for financial year 2012 as long as the management activities bear no criminal element and have been reflected in the 2012 Annual Report of the Partnership and Environmental Development Programs.
3. a. Approved the utilization of the Bank's net income fro financial year 2012, as follows:
   i. Allocating 30% or Rp5,556,284,926,148 as dividends from financial year 2012 and shall be paid on 15 April 2013 to the Shareholders whose names are registered in the Company's Register as of 1 April 2013.

In 2013, BRI held 1 GMS. Among the resolutions was dividend pay out ratio of **30%** from 2012 net income.

ii. Allocating 14% Rp2,592,932,965,535 as reserves for investments.
iii. Allocating 56% or Rp10,371,731.862,145.10 as additional retained earnings.

b. Provided the authority and power to the Board of Directors to set the schedule and mechanism of dividend pay out for financial year 2012, in accordance with prevailing regulations.

c. Approved the appropriation of BRI's Environmental Development Program financial year 2013 as expenses of current year at 2% from 2012 net income, or Rp370,418,995,076.

4. a. Approved the salaries/honorarium for the Board of Directors and Board of Commissioners in 2013; the salaries/honorarium for the Board of Directors and Board of Commissioner shall remain in the same amount with salaries/honorarium in 2012.

b. Conferred the authority and power to the Board of Commissioners, with approval from Shareholders of Series A Golden Shares to determine the amount of benefits provided for members of the Board of Directors and Board of Commissioners for financial year 2012.

5. Conferred the authority and power to the Board of Commissioners to appoint Public Accountant Firm to conduct audit on the Bank's Financial Statements for financial year 2013 and Financial Statements of Partnership and Environmental Development Programs for financial year 2013, and to determine honorarium as well as requirements in accordance with prevailing regulations.

6. Approved the enactment of SOE Minister Regulation No.PER-12/MBU/2012 dated 24 August 2012 on Supporting Organs of Board of Commissioners/Supervisory Board of SOEs.

Realization of GMS Resolutions

During reporting year of 2013, BRI has realized resolutions of GMS held for the financial year 2012.

Board of Commissioners

Regulation of Reference

Undang-Undang Nomor 40 Tahun Law No. 40 of 2007 on Limited Liability Companies requires all companies incorporated under the jurisdiction of Indonesian law to have a Board of Commissioners assigned to supervise the management policies, the management process, either on the Company or the Company's line of businesses, as well as providing advices to the Board of Directors. Supervision and counselling is conducted for the benefit of the Company and in accordance with the Company's objectives.

In addition, Article 28 paragraph (3) of Law Number 19 Year 2003 on State-Owned Enterprises states that the Commissioners' term of office is 5 (five) years and may be reappointed for one (1) office term.

Members of BRI Board of Commissioners are prohibited from assuming multiple positions as members of the Board of Directors at other SOEs, regional owned enterprises, private companies, and other positions that may pose any conflicts of interest; and/or other positions, in accordance with the applied law and legislations.

The Board of Commissioners' Board Charter

BRI has a Board of Commissioners' Board Charter, also known as the BOC Work Manual, to guide the BOC in their daily tasks. The BOC Work Manual was structured as a reference for the BOC in their duties and as a basis for the implementation of Good Corporate Governance for the BOC. The Manual describes the duties, authorities, responsibilities, working hours, work ethics, meetings, organizational structure, and performance of duties related to the AGMS.

Moreover, in carrying out its duties and functions, the Board of Commissioners has always been guided by the Articles of Association, and the Joint Decree between the Board of Commissioners and Board of Directors.

Board of Commisioner Duties, Responsibilities, Authority and Obligation

Duties and Responsibilities

Duties

1. Supervision of the Board of Directors' management conduct and its policies, including management of the Company's Subsidiaries, Pension Fund and Financial Institution Pension Fund; and
2. Provide advice to the Board of Directors, including supervision on the implementation of the corporate plan that include the Company's Long Term Business Plans, Bank Business Plans, Company's Budget and Work Plans, Partnership and Community Development Program's Budget and Work Plan, and other work plans of the Board of Directors.

Additionally, the Board of Commissioners has also been assigned specific duties, as regulated by Bank Indonesia:

a. Supervision of the GCG implementation throughout all levels of the Company;
b. Supervision of risk management application and
c. The Company's compliance to Bank Indonesia regulations and other applied regulations, as well as the Company's commitment to Bank Indonesia and other relevant institutions.

Responsibilities

Each member of the Board of Commissioners is fully liable should one is guilty or negligent in performing his/her duties for the Company, unless the relevant member of the Board of Commissioners can prove that he/she:

a. Has performed supervision with good faith and prudence, in compliance with the Company's objectives;
b. Does not have any personal interest, directly or indirectly, for any of the Board of Directors' management conduct that has caused loss; and
c. Has provided advice to the Board of Directors to prevent or extension of the said loss.

Authority

1. Inspecting the Bank's books, correspondences and other documents, and verifying the Bank's cash and other securities, as well as the Company's assets;
2. Access to the Company's premises, buildings and offices;
3. Requesting for clarification from the Board of Directors and/or other management staff on all issues related to the Bank's management;
4. Requesting the Board of Directors and/or other staff under the Board of Directors, with the Board of Directors' approval, to attend the Board of Commissioners' meetings;
5. Overseeing every action and decision that have and will be executed by the Board of Directors;
6. Temporarily discharging any member of the Board of Directors, as stipulated in the Articles of Association;
7. Establishing the Audit Committee, and any other committees if necessary, with consideration of the Company's capacity;
8. Hiring external expert for a certain period of time and on the company's expense, if necessary;
9. Managing the Company in certain conditions, for certain periods of time in accordance with the Company's Article of Association;
10. Conducting other supervisory authorities as long as it does not conflict with the prevailing laws, legislations, the Article of Association, and/or GMS decisions.
11. Attending Board of Directors meetings to provide insights on the discussed topics;
12. Appointing and discharging the Board of Commissioners' Secretary, upon recommendation from Series A Dwiwarna shareholders;

Obligations

1. Providing advises to the Board of Directors in managing the Company;
2. Providing opinions and approvals on the Company's business plans which comprise of the Company's Long Term Business Plans, Bank Business Plans, Company's Budget and Work Plans, Partnership and Community Development Program's Budget and Work Plan, and other work plans prepared by the Board of Directors;
3. Following the progress of the Company's activities, providing opinions and solutions to the GMS on important issues related to the Company's management;

The Board of Commissioners has various authorities to ensure effective supervisory duties.

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4. Reporting to the GMS if there is a decline in the Company's performance;
5. Proposing the appointment of a Registered Public Accountant to the GMS, to audit the Bank's reports;
6. Reviewing and analysing periodic reports and Annual Report prepared by the Board of Directors, and signing the Annual Report;
7. Providing clarification, opinion and proposal to the GMS on the subject of Annual Report, if requested;
8. Producing meeting minutes of the Board of Commissioners meetings and making file of its copies;
9. Reporting to the Bank on their and/or their families share ownership in the Company or in any other companies;
10. Providing reports to the GMS on its supervision activities that was done during the past financial year; and
11. Undertaking other obligations to execute its supervisory role while adhering to the prevailing laws, regulations, Articles of Association, and/or resolutions of GMS.

Composition of the Board of Commissioners

As of 31 December 2013, there are 8 (eight) members of BRI's Board of Commissioners. The number and composition of the Board's members are in accordance with the regulation, and should not exceed number of the members of BRI's Board of Directors, which consisted of 11 (eleven) members. BRI has 4 (four) independent Commissioners or 50 per cent of the total number of the Board of Commissioners' members. Therefore, the number of members and composition of BRI's Board of Commissioners complies with the prevailing regulations.

All members of the Board of Commissioners possess integrity, competency, and excellent financial reputation. Members of the BRI's Board of Commissioners do not hold concurrent posts as Commissioner, Director, or Executives in other banks, with the exceptions as stated in Bank Indonesia's regulations about GCG implementation in Commercial Banks.

All members of BRI's Board of Commissioners reside in Indonesia and have gained the approval from Bank Indonesia on their fit and proper tests.

Composition of theBRI Board of commissioners as of 1 January 2013 to 31 December2013 :

No.	Name	Position	Age (Years)	Date of Appointment
1.	Bunasor Sanim	President Commissioner/ Independent Commissioner	68	I : 30 May 2006 II : 28 April 2011
2.	Mustafa Abubakar *)	Vice President Commissioner/ Commissioner	64	28 March 2012
3.	Adhyaksa Dault	Independent Commissioner	50	20 May 2010
4.	Aviliani	Independent Commissioner	52	I : May 2005 II : 20 May 2010
5.	Ahmad Fuad ***)	Independent Commissioner	59	28 March 2012
6.	Heru Lelono	Commissioner	58	20 May 2010
7.	Hermanto Siregar	Commissioner	50	28 April 2011
8.	Vincentius Sonny Loho **)	Commissioner	56	28 March 2012

*) Effective as of 27 July 2012 as a Vice President Commissioner following the approval from Bank Indonesia on his Fit and Proper Test

**) Effective as of 5 September 2012 as a Commissioner following the approval from Bank Indonesia on his Fit and Proper Test.

***) Effective as of 1 June 2012 as an Independent Commissioner following the approval from Bank Indonesia on his Fit and Proper Test.

Commissioners' Independency

Bank Indonesia Regulation (PBI) No. 8/4/PBI/2006, amended by PBI No. 8/14/PBI/2006 on the implementation of Good Corporate Governance for Commercial Banks, stipulates that the banks must have Independent Commissioners at least 50 percent of the Board of Commissioners' members. As the case with Article 28 of Law Number 19 Year 2003 on SOEs which states that the composition of the Board of Commissioners must be set to enable effective, precise, quick, and independent decision-making.

To ensure the Board of Commissioners' Independency, the shareholders through the General Shareholders Meeting have appointed 4 (four) Independent Commissioners out of the total 8 (eight) members of the Board of Commissioners.

Independent Commissioners are members of the Board of Commissioners that are devoid of any financial, management, share ownership and/or family relations up to the second degree with other members of the Board of Commissioners, the Board of Directors, and/or controlling shareholders, or any other relationships that might influence their capability of acting independently. The appointment of Independent Commissioners will encourage an impartial working environment that values fairness and equality above all other interests including the interests of minority shareholders and other stakeholders.

BRI's independent commissioners must not have any conflicts of interest and act independently, which means that they do not have any conflicts of interest that might impair their ability to carry out tasks independently and impartially, both in their relationship with other Commissioners as well as with the Board of Directors.

All members of BRI's Board of Commissioners have fulfilled the basic criteria, as follows:

1. Do not have any financial or familial ties with the Board of Directors members and BRI's controlling shareholders, or any other relationship that might influence one's capability to act independently.
2. The Board of Commissioners' members do not hold any other position as executives or members of other Boards of Commissioners or Boards of Directors of more than 1 (one) non-financial institution, State-owned Enterprise, local government-owned enterprise, private enterprise, and other positions stipulated in the Company's Articles of Association and the prevailing regulations.
3. Have passed the Fit and Proper Test, in accordance with Bank Indonesia's regulation on Fit and Proper Test.
4. Nominated by the Shareholders and appointed in the General Shareholder's Meeting.
5. Within 5 (five) years prior to his/her appointment:
   a. Has never been declared as bankrupt.
   b. Has never been a member of a Board of Commissioners or a member of a Board of Directors that is guilty for causing the bankruptcy of a Company.
   c. Has never been punished for a criminal act that inflicts loss in the state's finance and/or/SOEs and/or those related to the financial sector.

With **50%** composition of Independent Commissioner, BRI complies with Independency of Commissioner regulation that requires at least **50%**, as specified in BI Regulation (PBI) No. 8/14/PBI/2006

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The Commissioners Concurrent Positions

The regulation of Bank Indonesia states that the members of the Board of Commissioners are only allowed for concurrent position as members of the Board of Directors, or the Executive Officer at 1 (one) non-financial corporate institutions, or to carry out the monitoring function at one (1) non-bank subsidiaries controlled by BRI.

The concurrent position is only allowed if the non-independent members of the Board of Commissioners conduct their functional duties of the Bank's shareholders that is a legal entity in its group of companies; and or members of the Board of Commissioners hold the positions at nonprofit organizations or institutions, as long as he/she does not neglect the duties and responsibilities as a member of the Board of Commissioners.

In compliance with the regulation, currently some members of BRI's Board of Commissioners have concurrent positions on several non-profit organizations, as follows:

No	Name	Position	Concurrent Position
1.	Bunasor Sanim	President Commissioner/ Independent Commissioner	1. Permanent lecturer of the Undergraduate and Graduate Program of Bogor Agricultural University 2. Actively involved in several organizations, including: Member of the Indonesian Association of Muslim Intellectuals (ICMI) Experts Council, Advisory Board Member of the Executive Committee of the Association of Indonesian Agricultural Economics (PERHEPI), Advisory Board Member of the International Center for Analysis of Finance and Economic (InterCAFE), Advisory member of the Indonesian Sharia Bank Association (Asbisindo), 1st Chairman of Indonesian Fertilizer Council (DPI) and 1st Chairman of Indonesian Society of Organic Agriculture (MAPORINA).
2.	Mustafa Abubakar	Vice President Commissioner/ Commissioner	Nil
3.	Adhyaksa Dault	Independent Commissioner	Nil
4.	Aviliani	Independent Commissioner	1. Secretary of the National Economic Committee (KEN), Chairman of the Indonesian Society of Independent Commissioners (ISICOM), 2. Caretaker of Center Perbanas, Member of the Expert Council of Sharia Economic Community (MES), 3. Executive Committee of Indonesian Economic Graduation Association (ISEI), 4. Finance and Investment Board of the Association of Indonesian Muslim Intellectuals (ICMI), 5. Board Member of the Finance and Investment of the Association of Indonesian Muslim Intellectuals, Advisor to KADIN in Indonesia-Singapore Relations, and Advisor to the Indonesian Listed Companies Association
5.	Ahmad Fuad	Independent Commissioner	Nil
6.	Heru Lelono	Commissioner	Special Staff of the President of the Republic of Indonesia (2004-present)
7.	Hermanto Siregar	Commissioner	1. Vice Rector of Resources and Development 2. Professor of Economics at Bogor Agricultural University, member of the National Economic Committee of Republic of Indonesia 3. Chairman of the Association of Indonesian Agricultural Economics, and 4. Member of the Indonesian Economic Graduate Association (ISEI)
8.	Vincentius Sonny Loho	Commissioner	Inspector General of the Ministry of Finance

Additional Information on the Independent Commissioner

BRI has four (4) Independent Commissioners. The Independency aspects of these Independent Commissioners serving the Company in 2013 are reflected in the following table:

Aspects of Independency	Bunasor Sanim	Adhyaksa Dault	Aviliani	Ahmad Fuad
Does not have any financial, management, share ownership and/or family relationships with other members of the Board of Commissioners and the Controlling Shareholders of BRI.	✔	✔	✔	✔
Does not have any financial relationship, share ownership of and/or family relationships with other members of the Board of Directors.	✔	✔	✔	✔

Aspects of Independency	Bunasor Sanim	Adhyaksa Dault	Aviliani	Ahmad Fuad
Does not have multiple position as member of the Board of Directors, Commissioners, or the Executive Officer at more than 1 (one) institutions/non-financial companies, State Owned Enterprises, Locally Owned Enterprises, Private Companies and other positions in compliance with the Company's Articles of Associations	✓	✓	✓	✓
Does not have any position in political parties and as government officials.	✓	✓	✓	✓
Does not assume any managerial position in BRI's subsidiaries.	✓	✓	✓	✓
Have passed the Fit and Proper Test to comply with Bank Indonesia regulation.	✓	✓	✓	✓
Proposed by the Shareholders and appointed at the AGM.	✓	✓	✓	✓

Work Program and Its Implementation

The Board of Commissioners' Work Program is established by considering the duties, authorities, and obligations of the Board of Commissioners as stipulated in the laws and legislation, which is to supervise the management policies and the general management of the Company and its subsidiaries.

The Board of Commissioners' work program is the result of the consolidation of the work programs of the three Committees under the Board of Commissioners.

The Board of Commissioners uses the work program as a guide in performing their duties. Implementation of the work program throughout 2013 resulted in several approvals, opinions, feedback, and recommendations from the Board of Commissioners for the Board of Directors as follows:

Implementation of the Board of Commissioners' Duties

1. Approval for the 2014 Work Plan and Articles of Association of PT. BRI (Persero), Tbk.
2. Approval for the Revision to the 2014-2017 Bank Business Plan of PT. BRI (Persero), Tbk.
3. Bank's Business Plan Realization Monitoring Report of PT. BRI (Persero), Tbk. 2nd Semester Year 2012.
4. Bank's Business Plan Realization Monitoring Report of PT. BRI (Persero), Tbk. 1st Semester Year 2013.
5. Supervision Result of the DPLK BRI Financial Report for 2011 Fiscal Year.
6. Approval for Amendment to the PT. BRI (Persero), Tbk. Organization
7. Approval for the Founder's Written Statement for Amendments in PT. BRI (Persero), Tbk Pension Fund Regulations.
8. Evaluation of PT. BRI (Persero), Tbk.'s Director of Compliance's Report
9. Evaluation of PT. BRI (Persero), Tbk.'s Risk Profile
10. Self-Assessmentof the GCG Implementation in PT. BRI (Persero), Tbk. 2nd Semester Year 2013.
11. Self-Assessmentof the GCG Implementation in PT. BRI (Persero), Tbk. 1st Semester Year 2013.
12. Consultation of the Directors' Credit to the Board of Commissioners.
13. Approval for Policies and Procedures of the implementation of APU Program and PPT BRI
14. Approval for the Revision to the Internal Audit Charter Year 2013
15. Approval for the Principle Consent for the Appointment of Public Accountant Firm DPLK BRI year 2013
16. Approval for the Joint Decree Letter (SKB) regarding the PT. BRI (Persero) Tbk. GCG policies and code of ethics.
17. Approval for the Fund Provision Related to Approval for Additional Capital to PT. Bank BRI Agroniaga Tbk.
18. Approval for Additional Work Capital for PT. Bank BRI Syariah
19. Approval for the Fund Provision for PT. Bringin Gigantara

Recommendations of the Board of Commissioners

1. Recommendations and suggestions related to the results of the Board of Commissioners visit to several PT. BRI (Persero), Tbk operational units, delivered at meetings with the Board of Directors
2. Recommendation for tenure extension of the Committee Members under PT. BRI (Persero), Tbk Board of Commissioners

Feedbacks of the Board of Commissioners

1. Feedback on the Report of PT. BRI (Persero), Tbk. Internal Audit Key Results, 1st Quarter of 2013.
2. Feedback on the Report of PT. BRI (Persero), Tbk. Internal Audit Key Results, 4th Quarter of 2012.
3. Feedback on PT. BRI (Persero), Tbk. Annual Internal Audit Plan 2013.
4. Feedback on the Report of PT. BRI (Persero), Tbk. Internal Audit Result, 1st Semester, Year 2013

Meetings, Attendance and Decisions

Meeting Ethics

Pursuant to the procedures stipulated in the Articles of Association, the meeting of the Board of Commissioners is held at least once in a month, and may invite the Board of Directors if required. In practice, the Board of Commissioners meetings

Corporate Governance Structure and Mechanism

are held at least once a week and once a month joint meetings with the Board of Directors. The Board of Commissioners meeting is legal and authorized to make any binding decisions if more than 50% of its members are present or represented in the meeting. All decisions of the meetings are made in consensus. If the consensus is not reached, the decision would be based on affirmative votes by more than half of valid voters. All decisions of the meeting are binding to all member of the Board of Commissioners.

As stipulated in the BOC Work Manual, the meeting material must be submitted to the Board of Commissioners no later than three (3) working days before the meeting takes place, so that the Board of Commissioners have the opportunity to review the information and/or to request additional information prior to the meeting.

Frequency and Attendance

Throughout 2013, the Board of Commissioners conducted 41 meeting, as recapitulated below:

No.	Name	Position	Number of Meetings	Attendance	%
1.	Bunasor Sanim	President Commissioner/Independent Commissioner	41	40	98 %
2.	Mustafa Abubakar	Vice President Commissioner/Commissioner	41	39	96 %
3.	Aviliani	Independent Commissioner	41	37	90 %
4.	Adhyaksa Dault	Independent Commissioner	41	29	70 %
5.	Ahmad Fuad	Independent Commissioner	41	38	94 %
6.	Heru Lelono	Commissioner	41	27	66 %
7.	Hermanto Siregar	Commissioner	41	35	86 %
8.	Vincentius Sonny Loho	Commissioner	41	35	86 %

The Agenda of the Board of Commissioners meetings held during 2013 are as follows:

No	Date	Subject
1	3 January	Work Plans and Budget of the BOC in 2013
2	10 January	2012 Performance, 2013 Work Plans and Budget, BRI and Subsidiaries' Pension Fund.
3	15 January	Results of Study on Macro Economic and Financial Developments
4	22 January	Audit Report on the Consolidated Financial Statements per December 31, 2012
5	31 January	Preparation of the General Meeting of Shareholders (GMS) in 2013
6	05 February	Discussion of changes in the Company's organization
7	12 February	1. BRI's Risk Profile for 3rd and 4th Quarterof 2012 2. Bank Soundness Level 3. Anti Fraud Strategy
8	19 February	1. PKBL Performance in 2012 2. PKBL Audit 2012 3. PKBL Work Plans 2013
9	5 March	1. Audit Report of the 4th Quarter of 2012 2. Whistleblower System 3. HR Profile
10	26 March	1. BOC visit to BRI Work Units for 2012 2. Plans for BOC visit to BRI Work Units for 2013
11	9 April	BRI's1st Quarter Performance
12	16 April	1. FGD by IPB and BRI Management 2. Non-Commissioner Study Committee 3. BOC work visits in April and May 2013

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No	Date	Subject
13	30 April	Follow-up of Work Plan and HRM
14	7 May	1. Results of the BOC Work Visit for the year 2013 (BRI Regional Office 5) 2. Implementation of Analysis by the Non Commissioner Committee
15	14 May	Presentation of the 2012 Performance of PT. BRI Syariah and 2013 Work Plans and Budget
16	21 May	1. Report of the Audit Principles in 1st Quarter of 2013 2. Latest 2nd Quarter Reports of 2013
17	28 May	Presentation of the 2012 Performance of PT. BRI Agroniaga and 2013 Work Plans and Budget
18	4 June	Work Plan and IT Sector Follow-up
19	11 June	1. Risk Profile of the First Quarter of 2013 2. GMRK's Role in BRI Selindo Regional Offices 3. Implementation of the compliance function in BRI
20	18 June	Work Plan and Follow-up of BRI Network and Services
21	2 July	1. Company Business Strategy 2. GCG implementation of the first semester in 2013, 3. Procurement regulation in BRI
22	9 July	Discussion of Management Letter (Results of General Audit of the Financial Report per 31 December 2012)
23	30 July	1. BRI 's 2013 2nd Quarter Performance 2. Preparation of the June Publication Reports 2013
24	30 July	BRI Pension Fund Performance and Work Plan
25	27 August	1. Discussion of CGPI Questionnaire 2. Plan on BOC Work Visitfor the 2nd Semester of 2013 3. Plan Review and Info Sharing on theCommissioner Institution of 2014
26	03 September	Discussion of 2nd Quarter of 2013 Audit Reports
27	03 September	Presentation of RBB Realization, 1stSemester of 2013
28	10 September	1. Risk Profile of 4th Quarter of 2012, 1st Quarter and 2nd Quarter of 2013 2. Bank Soundless Level, Semester I Year 2013 3. Implementation of the Compliance Function 4. Anti Fraud Strategy
29	12 September	DPLK BRI 2012 Financial Report
30	8 October	1. Performance of Consumer Affairs in 2012 and the 1st semester of 2013 2. Work Plan of 2nd Semester 2013
31	22 October	Changes in Company organization
32	22 October	1. Preparation of BRI's 2013 3rd Quarter Reports Publication 2. Presentation of RBB Realization up to 3rd Quarter of 2013
33	29 October	Meeting with IICG (2012 CGPI Observation)
34	29 October	Discussion of E-Channel development
35	31 October	The Company Audit Plan 2013
36	22 November	RBB 2014-2017 and2014 Work Plans and Budget
37	26 November	Work plan and HRM follow-up
38	10 December	1. 3rd Quarter Risk Profile 2. Discussion on the compliance function 3. Anti Fraud Strategy Implementation Report for the 3rd Quarter of 2013
39	17 December	Discussion of the Board of Commissioners' 2014 Work Plan and budget
40	24 December	Discussion on the 2013 3rd Quarter Audit Report
41	30 December	Discussion of the Annual Report Draft2013

Corporate Governance Structure and Mechanism

Board of Commissioners' Training Program

Training programs are divided into 2 (two) categories, the Company Introduction Program and Competency Training Program.

Company Introduction Program

A company introduction program is provided to the members of the Board of Commissioners during the first time of appointment. This program consists of presentations, meetings, company visits and review of documents or other programs. The Corporate Secretary is responsible for conducting this program.

The introduction program includes:

a. The implementation of the Company's corporate governance principles
b. A description of the Company in relations to the purpose, nature, and scope of activity, financial performance and operations, strategy, long-term and short-term business plans, competitive positions, risks and other strategic issues;
c. Information related to delegated authorities, internal and external audits, internal control systems and policies, including the Audit Committee
d. Description of the duties and responsibilities of the Board of Commissioners, and also on things that are prohibited.

Competency Training Program

BRI provides training programs to support efforts in enhancing the Board of Commissioners' knowledge on current affairs as well as the development of the banking industry and other knowledge related to the Board of Commissioners' supervisory duties. Some of the general training programs include:

No	Date	Name of Commissioners	Subject of Training	Location
1	16 January 2013	Bunasor Sanim, Mustafa Abubakar, Ahmad Fuad, Hermanto Siregar	SOE Commissioners/ Supervisors Workshop	Jakarta
2	22 - 23 February 2013	Heru Lelono dan Ahmad Fuad	Socialization Workshop for PER-11/MBU/2012 and PER-21/MBU/2012 –SOE Workers Media	Bali
3	03 April 2013	Bunasor Sanim dan Mustafa Abubakar	SOE Commissioners/ Supervisors Workshop "Hyper Corporate Crime Prevention for SOEs" - BUMN Executive Club	Jakarta
4	10 - 14 June 2013	Ahmad Fuad	Leadership & Strategic Management in Banking School - Euromoney Training EMEA	Prague, Czech Republic
5	17 September 2013	Mustafa Abubakar dan Ahmad Fuad	The 7th Jakarta Risk Management Convention - BSMR	Jakarta
6	22 – 29 September 2013	Bunasor Sanim dan Mustafa Abubakar	Benchmarking "ISO 31000 based ERM Practices" – CRMS Indonesia	Sydney & Melbourne, Australia
7	30 September 2013	Aviliani	BARa Risk Forum - Executive International Conference - Growing with Confidence "The Role of Enterprise Risk Management in Driving a Winning Strategy"	London, UK
8	14 - 15 November 2013	Mustafa Abubakar	43rd ASEAN Banking Council Meeting - ASEAN Bankers Association	Yangon, Myanmar
9	11 12 December 2013	Hermanto Siregar	Two Days Workshop : Internal Capital Adequacy Assessment Process (ICAAP) & Supervisory Review & Evaluation Process (SREP) – BSMR	Jakarta

Board of Commissioners' Performance Assessment

Board of Commissioners' Key Performance Indicator

BRI established its Key Performance Indicators through a set of targets stated in the Board of Commissioners' Work Plan and Budget. The Key Performance Indicators used as a reference for the BOC's performance include:

1. Off Site Supervision, encompassing the timeliness of Internal Audit Result's review, Financial report, GCG Self-Assessment, Risk Profile Report, and Compliance Report.
2. On-site supervision, encompassing the number of meetings, field visits, and the number and timeliness for studies conducted by committees under the Board of Commissioners' authority.
3. The Company's Performance, which encompasses Profitability (Net Profit and ROA), Liquidity, (Third Party Funds and LDR) and Loan Portfolio (Loan Expansion and NPL).

The Board of Commissioners' Assessment

The Board of Commissioners conducts self-assessment of its achievement based on the Key Performance Indicators stated in Work and Budget Plan periodically. However, the overall assessment of the performance of the Board of Commissioners and Board of Directors is conducted in the shareholders' forum, during the General Meeting of Shareholders.

The Board of Commissioners' Remunerations

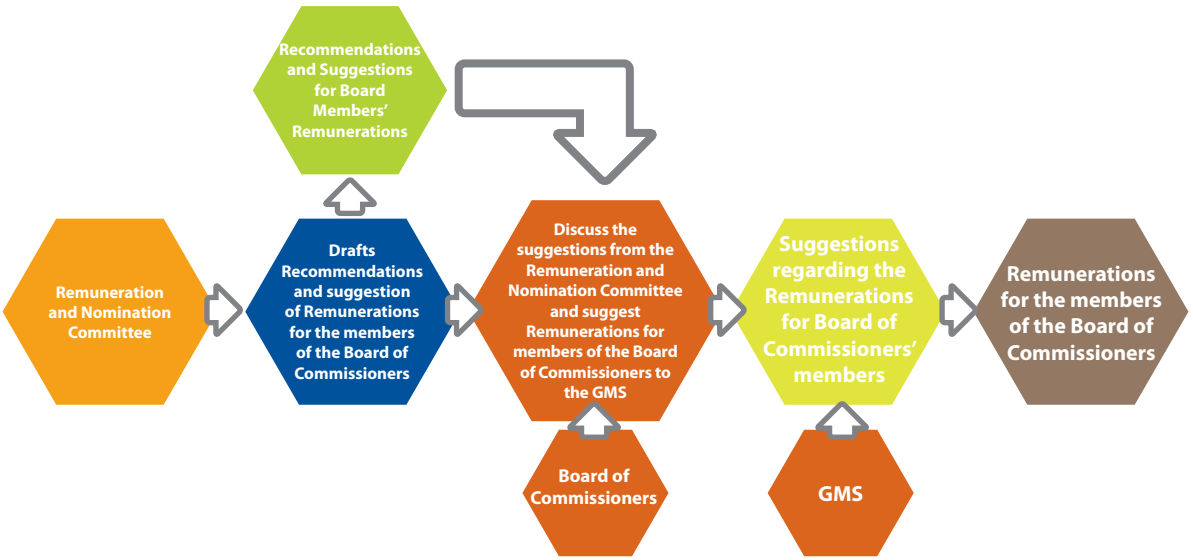
Policies and Procedures to establish the Board of Commissioners' Remunerations

BRI sets the remuneration for the Board of Commissioners with reference to the regulations of the Minister of State Owned Enterprises No.: PER-07/MBU/2010, updated with the PER-04/MBU/2013 regarding the Income Guidelines for Directors, Commissioners, and the Supervisory Board of SOE's. As per regulation, the amount of the Board of Commissioners' income is determined in the General Meeting of Shareholders (GMS). The BRI's Board of Commissioners' income components consist of: honorarium, allowances, facilities and Tantiem/Performance Incentive.

The amount of Salaries, Honorariums and Tantiems for the Board of Commissioners and Board of Directors are stipulated in the GMS.

The Board of Commissioners submits suggestions regarding the decision on the Board of Commissioners and Board of Directors' Salaries, Honorariums and Tantiems based on the recommendations from the Nomination and Remuneration committee, while taking into account the Company's performance, business size and results of the survey on the Banking industry's remunerations.

Below is a short description of the procedures for the establishment of the BRI's Commissioners' Remunerations:



Corporate Governance Structure and Mechanism

The 2013 GMS granted authority for the Board of Commissioners to establish the amount of 2013 Salaries, Honorariums, and 2012 Tantiems for the Board of Directors and the Members of the Board of Commissioners, with prior approval of the Dwiwarna Series A Shareholders. With this authority, the Board of Commissioners has determined Salaries, Honorarium and Tantiem, approved by Dwiwarna Series A Shareholders, dated March 25, 2013.

Facilities and other benefits for members of the Board of Commissioners and Board of Directors are determined by the Board of Commissioners that has been authorized by the General Meeting of Shareholders, as regulated by the Company's Articles of Association.

Remuneration Structure of the Board of Commissioners 2013
As stipulated in the 2013 GMS, the remuneration structure of the Board of Commissioners is as follows:

Short Term

Types of Remunerations and other Facilities	Amount Received in 1 year	
	Board of Commissioners	
	Person	Rp. million
Remuneration		
Salary	8	8,070
Bonus	-	-
Annual Bonus and Allowances*	8	3,383
Tantiem	8	33,157
Other Facilities		
Housing	-	-
Transportation	8	3,670
Bonus	8	2,017

* Includes THR (Religious Holiday Bonus), Annual Leave, Health Insurance and communication allowance

Amount of Remunerations Received in Cash per Person in 1 Year	Number of Commissioners	
	Person	Rp. million
Above Rp. 2 billion	8	50,297
Above Rp.1 billion up to Rp. 2 billion	-	-
Above Rp. 500 million and up to Rp. 1 billion	-	-
Below Rp. 500 million	-	-

There are no long-term or post-employment benefits to the Board of Commissioners.

The Commissioners' Share Ownership

As of 31 December 2013, each member of the Board of Commissioners owns less than 5 percent of the paid-in capital in BRI, other banks, non-bank financial institutions and other companies in the country or overseas. The list of the Board of Commissioners' share ownerships is as follows:

No.	Name	Position	Share Ownership
1.	Bunasor Sanim	President Commissioner/ Independent Commissioner	Nil
2.	Mustafa Abubakar	Vice President Commissioner	Nil
3.	Heru Lelono	Commissioner	Nil
4.	Hermanto Siregar	Commissioner	Nil
5.	Vincentius Sonny Loho	Commissioner	Nil
6.	Adhyaksa Dault	Independent Commissioner	Nil
7.	Aviliani	Independent Commissioner	Nil
8.	Ahmad Fuad	Independent Commissioner	Nil

Board of Directors

Regulation of Reference

The following are several external regulations used as a reference for the Board of Directors:

1. Republic of Indonesia Law No. 7 year 1992 on Banking, amended with Law of Republic of Indonesia No. 10 year 1998.
2. Republic of Indonesia Law No. 8 year 1995 regarding Capital Market.
3. Republic of Indonesia Law No. 19 year 2003 regarding State Owned Enterprises.
4. Republic of Indonesia Law No. 40 year 2007 regarding Limited Liability Companies.
5. Government Regulation No. 45 year 2005 regarding the Establishment, Management, Supervision, and Dissolution of State Owned Enterprises.

In addition, the Board of Directors' duties and responsibilities is also regulated in the policies of the Ministry of SOE, Bank Indonesia, the Financial Services Authority and other relevant authorities.

Requirements To be The Bank's Directors

The following are several basic rules regarding the requirements to be a member of the Bank's Board of Directors:

1. Regulation of Bank Indonesia
   a. PBI No. 13/27/PBI/2011 regarding Commercial Bank article 27, that members of the Board of Directors shall comply with the requirements of integrity, competence, and Financial Reputation.
   b. PBI No. 12/23/PBI/2010 regarding Fit and Proper Test, which stipulates that candidates for the Board of Directors shall pass the fit and proper test and obtain approval from Bank Indonesia prior to performing their duties and functions.
   c. PBI No. 9/8/PBI/2007 article 8 regarding the Employment of Foreign Workers and Knowledge Transfer Programme in Banking Sector, stipulates that member of the Board of Directors with foreign nationality shall meet the following requirements:
      i. Pass the fit and proper test; and
      ii. Has adequate knowledge on Indonesia, especially on economy, culture and the Indonesian language. The entire Board of Directors of BRI is of Indonesian nationalities, thus the regulation is not applicable.
2. Law on Limited Liability Company and the Regulation of the Financial Services Authority (FSA)
   The requirements to be Director of Limited Liability Company are regulated in article 93 of the FSA Regulation (was Bapepam-LK) No. IX.I.6, attachment Bapepam-LK Chairman Decree No. Kep-45/PM/2004 regarding Directors and Commissioners and Public Companies, which includes:
   a. Possess good character and ethics
   b. Has never been declared as bankrupt or caused bankruptcy to a company while he/she is appointed as member of the Board of Directors or Commissioners within 5 years prior to his/her appointment as the Bank's Director.
   c. Has never been convicted of financial crime within 5 years prior to his/her appointment. In the selection and appointment process of the Directors, BRI has fulfilled all of the above requirements.

Board of Directors' Charter

BRI has a Board Charter or the Directors' Board Manual as a guideline for the Board of Directors in carrying out roles and functions in the company management and in maintaining a relationship with the Board of Commissioners. The Board Charter was created by referring to the above regulations, containing guidelines for the Board of Directors and clearly details phases of activities that are structurally, systematically, and also easy to understand for consistent implementation by the Board of Directors in conducting their duties to achieve the Company's vision and mission.

The following are the Board of Directors' Guidelines in the BRI Board Charter:

1. General regulations on the Board of Directors' positions
2. The Board of Directors' duties and authorities
3. The Board of Directors' rights and obligations
4. The Board of Directors' division of duties and authorities
5. Implementation of the Board of Directors' duties in the management of the company
6. The principles of the Board of Directors' decision making process
7. The Board of Directors' Meeting
8. Corporate Secretary
9. Relationships with subsidiaries

Corporate Governance Structure and Mechanism

Board of Directors' Duties and Responsibilities

In compliance with the Articles of Association, the Board of Directors' duty is to manage the Company, the Company's assets, and represent the Company inside and outside of court. In carrying out its duty, the Board of Directors must conduct in the interest of the Company and in accordance with the Company's aims and objectives, based on good faith and full responsibility and also in accordance with the prevailing regulations, the Company's Articles of Association, and the General Meeting of Shareholders resolutions.

The members of the Board of Directors, including the President Director, are in equal position. The President Director's duty is to coordinate the Board's activities. Any action taken by the members of the Board other than Board meeting decision is regarded as personal responsibility until the Board Meeting approves such action.

BRI's Board of Directors' Duties and Responsibilities are as follows:

General

1. Being responsible for all actions related to the management of the Bank in accordance with the purposes, objectives and business activities; furthermore, to perform any actions related to the management and of ownership that binds the Bank with other parties, by complying with the Articles of Association, prevailing laws and regulations, as well as General Meeting of Shareholders resolutions;
2. Being responsible in ensuring that the Bank's management is in accordance with the Bank's objectives; to manage the Company accordingly by performing the duties and responsibilities as stipulated in the Articles of Association and General Meeting of Shareholders resolutions, based on the prevailing laws and regulations.

Specific

1. Determining the duties and responsibilities related to the Board of Commissioners and Shareholders
   a. Ensuring the implementation of the GMS resolutions;
   b. Preparing the corporate plan (RJPP), Bank's business plan (RBB), and annual Company's budget and work plan (RKAP) and other work plans including any changes to obtain approval from the Board of Commissioners;
   c. To hold GMS based on the written request of one or more Shareholders who have valid voting rights and who represent at the very least 1/10 (one tenth) of the number of shares issued;
   d. Create and administer shareholders' list and special list containing the ownership of shares by members of the Boards of Commissioners and the Board of Directors and their families, in the Bank and in other companies;
   e. Consulting the granting of loans above a certain amount to the Board of Commissioners with reference to prevailing regulations;
   f. Submitting an annual report following the review by the Board of Commissioners within 5 (five) months, at the latest, after the fiscal year ended, to the GMS for approval.

2. Duties and responsibilities related to Accounting and Annual Report:
   a. Maintaining the Bank's bookkeeping and administration in accordance with common practices;
   b. Establishing an accounting system that complies with Indonesia's Accounting Standards and the principles of internal control, especially in terms of management, bookkeeping, archiving, and monitoring;
   c. Preparing Annual Report and Financial Statements.
3. Duties and responsibilities related to Risk Management and Control:
4. Maintaining the following processes of Risk Management:
   a. Ensuring that the Bank has the proper and systematic procedures in identifying, measuring, and controlling risks;
   b. Ensuring that proper system and processes have been executed in monitoring and reporting the main risks identified by the Bank;
   c. Monitoring and evaluating the existence of good management procedures in assessing the adequacy of the risk management and the internal control system, financial reporting and compliance;
   d. Ensuring the adequacy of an effective control system to maintain:
      i. Information reliability and integrity
      ii. Compliance with the prevailing policies, plans, procedures, rules and regulations.
      iii. Maintenance of the Bank's assets.
      iv. The economical and efficient use of resources;
      v. The achievement of the determined operational objectives and targets.
5. Executing annual evaluations to make public statements concerning the Bank's internal control, to ensure that all significant aspects of internal

control have been considered for the evaluation year up to the annual report's approval date.
6. Creating organizational structure, duties and responsibilities for the company's management and employees, including the appointment of the management.

Below is a short description of the tasks of each members of the Board of Directors:

President Director
Main Responsibilities:
1. Directing the Company's strategy formulation and work plans, including Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan/ RBB), Company's Budget and Work Plan (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the Company's target developments and achievements.
3. Providing a progress report and explanation of the Company's management
4. Directing the internal and external follow-ups of auditing results.
5. Coaching the Board of Directors' members in order to streamline the achievement of the Company's targets.

Below is a summary of each member's duties, categorized by BRI's operations:

Director of Micro, Small and Medium Enterprises Business
Main Responsibilities:
1. Directing the Company's strategy and work plan, which includes the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan/RBB), Company Work Plan and Budget (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the Company's target developments and achievements in Micro, Small and Medium Businesses.
3. Providing progress reports and explanation of the Company's management
4. Directing follow-ups of internal and external audit results related to the Micro, Small and Medium Businesses.
5. Carrying out the functions of the Substitute Director to ensure that the Directors' duties are performed well.
6. Coordinate and cooperate with fellow members of the Board to streamline the achievement of the Company's targets.

Director of Credit Risk Management
Main Responsibilities:
1. Directing the Company's strategy and work plan, which includes the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan/RBB), Company Work Plan and Budget (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the Company's target developments and achievements in Credit Risk Management
3. Providing progress reports and explanation of the Company's management
4. Directing follow-ups of internal and external audit results related to Credit Risk Management.
5. Carrying out the functions of the Substitute Director to ensure that the Directors' duties are performed well.
6. Coordinate and cooperate with fellow members of the Board to streamline the achievement of the company's targets.

Director of Operations
Main Responsibilities:
1. Directing the Company's strategy and work plan, which includes the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan/RBB), Company Work Plan and Budget (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the Company's target developments and achievements in Operations.
3. Providing progress reports and explanation of the Company's management.
4. Directing follow-ups of internal and external audit results related to Operations.
5. Carrying out the functions of the Substitute Director to ensure that the Directors' duties are performed well.
6. Coordinate and cooperate with fellow members of the Board to streamline the achievement of the company's targets.

Director of Human Resource Management
Main Responsibilities:
1. Directing the Company's strategy and work plan, which includes the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan/RBB), Company Work Plan and Budget (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the Company's target developments and achievements in Human Resource Management.
3. Providing progress reports and explanation of the Company's management.
4. Directing follow-ups of internal and external audit results related to Human Resource Management.
5. Carrying out the functions of the Substitute Director to ensure that the Directors' duties are performed well.

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6. Coordinate and cooperate with fellow members of the Board to streamline the achievement of the company's targets.

Director of Consumer Business
Main Responsibilities:

1. Directing the Company's strategy and work plan, which includes the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan/RBB), Company Work Plan and Budget (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the Company's target developments and achievements in Consumer Business.
3. Providing progress reports and explanation of the Company's management.
4. Directing follow-ups of internal and external audit results related to Consumer Business.
5. Carrying out the functions of the Substitute Director to ensure that the Directors' duties are performed well.
6. Coordinate and cooperate with fellow members of the Board to streamline the achievement of the company's targets.

Director of Commercial Business
Main Responsibilities:

1. Directing the Company's strategy and work plan, which includes the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan/RBB), Company Work Plan and Budget (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the Company's target developments and achievements in Commercial Business.
3. Providing progress reports and explanation of the Company's management.
4. Directing follow-ups of internal and external audit results related to Commercial Business.
5. Carrying out the functions of the Substitute Director to ensure that the Directors' duties are performed well.
6. Coordinate and cooperate with fellow members of the Board to streamline the achievement of the company's targets.

Director of Finance
Main Responsibilities:

1. Directing the Company's strategy and work plan, which includes the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan/RBB), Company Work Plan and Budget (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the Company's target developments and achievements in Finance Department.
3. Providing progress reports and explanation of the Company's management.
4. Directing follow-ups of internal and external audit results related to Finance.
5. Carrying out the functions of the Substitute Director to ensure that the Directors' duties are performed well.
6. Coordinate and cooperate with fellow members of the Board to streamline the achievement of the company's targets.

Director of Compliance
Main Responsibilities:

1. Directing the Company's strategy and work plan, which includes the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan/RBB), Company Work Plan and Budget (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the Company's target developments and achievements in Compliance.
3. Providing progress reports and explanation of the Company's management.
4. Directing follow-ups of internal and external audit results related to Compliance
5. Carrying out the functions of the Substitute Director to ensure that the Directors' duties are performed well.
6. Coordinate and cooperate with fellow members of the Board to streamline the achievement of the company's targets.

Director of Institutional and SOE Business
Main Responsibilities:

1. Directing the Company's strategy and work plan, which includes the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan/RBB), Company Work Plan and Budget (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the Company's target developments and achievements in the Institutional and SOE Business.
3. Providing progress reports and explanation of the Company's management.
4. Directing follow-ups of internal and external audit results related to Institutional and SOE Business
5. Carrying out the functions of the Substitute Director to ensure that the Directors' duties are performed well.
6. Coordinate and cooperate with fellow members of the Board to streamline the achievement of the company's targets.

Director of Network and Services Main Responsibilities:

1. Directing the Company's strategy and work plan, which includes the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan/RBB), Company Work Plan and Budget (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the Company's target developments and achievements in Networks and Services.
3. Providing progress reports and explanation of the Company's management.
4. Directing follow-ups of internal and external audit results related to Networks and Services.
5. Carrying out the functions of the Substitute Director to ensure that the Directors' duties are performed well.
6. Coordinate and cooperate with fellow members of the Board to streamline the achievement of the company's targets.

Mechanism of Substitute Director

Other than determining the general and specific duties of each Director, BRI has also set up a mechanism of substitute director with the following regulations:

1. The appointed Substitute Director has a corresponding field of work with the substituted Director position.
2. The Substitute for President Director must be substituted by 2 (two) Directors, except for the Director of Credit Risk Management and Director of Compliance.
3. There are Directors designated as Substitute Director for more than one field.
4. Substitute Director is effective if the substituted Director is absent or unable to attend for any reason, for at least 1 (one) day.
5. The appointment of Director as Substitute Director is done and recorded in the Handover Report in compliance with the prevailing regulations.
6. The Handover Report is prepared by the relevant Director's Secretary, signed by all related Directors and acknowledged by the President Director.
7. Should the appointed Substitute Director is absent or unable to attend for any reason, and there are tasks/activities that require urgent decision, then the decision can be made by other Substitute Director and acknowledged by the appointed Director, and the Handover Report between the two Substitute Directors is not necessary.
8. The Substitute Director has the same authority and responsibility with the substituted Director, and can be considered ex-officio.
9. The Substitute Director's authority and responsibility for the Credit Committee are regulated according to the applicable regulations in the field of credit.
10. Substitute Director is fully responsible for all decisions made during his time as a Substitute Director.

The Board of Directors' Successors Policy

To prepare for leadership succession in the future, BRI implements a policy reflected in the Talent Management System program that in line with the SOE Minister Regulation no. PER-01/MBU/2012 regarding the Guidelines for the Appointment and discharge of SOE's Board of Directors' members and amended with SOE Minister Regulation no. PER-01/MBU/2012.In this program, potential employees in the Talent Pool will have the opportunity to attend training programs or activities related to the field of management, business strategy, strategic planning, risk analysis and business potential, analysis of operational and financial performance as well as a variety of other programs.

Furthermore, when the company requires replacement of leadership, BRI will submit an internal candidate from the Talent Pool, which is facilitated by the Board of Commissioners by taking into account the recommendation of the Nomination and Remuneration Committee. The results of the internal candidates' selection will then be submitted to the Ministry of SOEs to undergo fit and proper test.

Board of Directors' Composition

There are 11 (eleven) members of the BRI's Board of Directors with the majority of having more than five (5) years experience in the bank operations as bank executives. All of the Board members reside in Indonesia and have gained approval from Bank Indonesia based on the results of their fit and proper tests.

BRI's Board of Directors' Composition as of 31 December 2013:

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No	Name	Position	Age	Date of Appointment
1.	Sofyan Basir	President Director	55	17 May 2005
2.	Sarwono Sudarto	Director of Operations	61	30 May 2006
3.	Sulaiman Arif Arianto	Director of Commercial Business	55	30 May 2006
4.	Lenny Sugihat	Director of Credit Risk Management	57	30 May 2006
5.	A. Toni Soetirto	Director of Consumer Business	55	30 May 2006
6.	Suprajarto	Director of Network and Services	57	5 September 2007
7.	Asmawi Syam	Director of Institutional and SOE Businesses	58	5 September 2007
8.	Achmad Baiquni	Director of Finance	57	20 May 2010
9.	Djarot Kusumayakti	Director of Micro, Small and Medium Enterprises Business	56	20 May 2010
10.	Randi Anto	Director of Compliance	52	28 April 2011
11.	Gatot Mardiwasisto	Director of HR Management	61	28 September 2011

Board of Directors' Independency

Members of BRI's Board of Directors do not hold any concurrent positions as Commissioners, Directors or Executives in other Banks/Institutions and do not have familial ties, up to the second degree, with fellow members of the board and/or with members of the Board of Commissioners. With this status, BRI's Board of Directors strives to act independently, and do not have any conflicts of interests that might disrupt their duties independently and in a critical manner,both in their relationship with other members of the board or with the Board of Commissioners.

The Board of Directors' members do not hold any concurrent positions as President Directors or other Directors in State owned enterprises, private enterprises, or any other positions related to BRI's management, including structural and functional positions in the central government institutions, local governments, and other positions, in accordance with BRI's articles of associations and prevailing regulations.

Within the period of 5 (five) years prior to the appointments, members of the BRI's Board of Directors:

- Has never been declared as bankrupt.
- Has never been a member of the Board of Directors, member of the Board of Commissioners, or member of Supervisory Board that is guilty for causing the bankruptcy of a Company.
- Has never been punished for a criminal act that inflicts loss in the state's finance and/or/SOEs and/or those related to the financial sector.

The Board of Directors' Meeting Ethics

The Board of Directors regularly holds internal meetings to discuss matters requiring the Board's consideration and to discuss other strategic plans.

The Board of Directors' Meeting Ethics

Based on Article 13 of the Articles of Association, BRI has stipulated the Board of Directors' meeting ethics, as follows:

1. The Board of Directors' meeting can be held anytime when deemed necessary as requested by one or more member(s) of the Board of Directors, or by written request from one or more member(s) of the Board of Commissioners by indicating the matters to be discussed.
2. The call for the Board of Directors' meeting must be done by a member who has the authority to represent the Board of Directors.
3. a. The call for the Board of Directors' meeting must be done in written form and to be submitted or directly handed over to each member of the Board of Directors with sufficient proof of receipt, by documented postal or courier service, telex, facsimile, or e-mail no later than 3 (three) days before the meeting takes place, not counting the day of invitation and the day of meeting or in a shorter period in a case of urgent circumstances.
   b. The said meeting call is not necessary for meetings that have been scheduled by previous Board of Directors' resolution or when all members of the Board of Directors were present in the meeting.
4. The call for the Board of Directors' meeting must state the meeting's name, date, time, and place. The Board of Directors' meetings can be held where the Company resides or where the Company's business activities take place.

5. All Board of Directors' meetings are chaired by the President Director, and in the case of the President Director's absence or unavailability, which does not need to be confirmed to a third party, the Board of Directors' meetings will be chaired the Vice President Director. In the case of the Vice President Director's absence or unavailability for any reason, which does not need to be confirmed to a third party, the Board of Directors' meetings will be chaired by a member of the Board of Directors present and appointed at the meeting.
6. Only other members of the Board of Directors with a Letter of Authority may represent a member of the Board of Directors in the Board of Directors' meeting. A member of the Board of Directors can only represent one other member of the Board of Directors.
7. Meeting of the Board of Directors is valid and entitled to produce binding resolutions if attended and represented by more than half of the total members of the Board of Directors.
8. Decisions in meetings of the Board of Directors shall only be taken by consensus. If a consensus cannot be achieved, the decision should be taken by voting, with more than half affirmative votes from the total valid votes cast at the meeting.
9. If the affirmative votes are equal to those not in favours, the meeting's chairman will decide.

Board of Directors' Meetings and Attendance

Record of Directors' Attendance in BoD Meetings

No	Director	Position	Number of Meetings	Number of Attendance	Attendance (%)
1.	Sofyan Basir	President Director	56	48	85,71%
2.	Sarwono Sudarto	Director of Operations	56	51	91,07%
3.	Sulaiman Arif Arianto	Director of Commercial Business	56	48	85,71%
4.	Lenny Sugihat	Director of Credit Risk Management	56	54	96,43%
5.	A. Toni Soetirto	Director of Consumer Business	56	44	78,57%
6.	Suprajarto	Director of Network and Services	56	49	87,50%
7.	Asmawi Syam	Director of Institutional and SOE Businesses	56	45	80,36%
8.	Achmad Baiquni	Director of Finance	56	50	89,29%
9.	Djarot Kusumayakti	Director of Micro, Small and Medium Enterprises Business	56	48	85,71%
10.	Randi Anto	Director of Compliance	56	46	82,14%
11.	Gatot Mardiwasisto	Director of HR Management	56	54	96,43%

Recapitulation of Board of Directors' Meetings

No	Date	Subject of Meeting
1	8 January 2013	Medium and corporate credit requirements
2	22 January 2013	ALCO
3	22 January 2013	Retail Business Forum
4	15 January 2013	Preparation for 2013 GMS
5	29 January 2013	1. Discussion on retail and consumer business 2. BRI Analyst Meeting
6	5 February 2013	1. Discussion on retail and consumer business 2. Implementation of the Strategic Forum (FOSTRA) and Executive Gathering
7	12 February 2013	2013 BRI AGMS
8	19 February 2013	Bancassurance
9	26 February 2013	Corporate Action Plan
10	26 February 2013	ALCO
11	5 March 2013	Retail Business Forum
12	26 March 2013	Branchless Banking
13	26 March 2013	ALCO
14	2 April 2013	Retail Business Forum
15	9 April 2013	1. BRI Agro Rights Issue 2. Loan Book Settlement 3. BRI'sFirst Quarter of 2013 Financial Performance
16	16 April 2013	ALCO

Corporate Governance Structure and Mechanism

No	Date	Subject of Meeting
17	16 April 2013	Retail Business Forum
18	23 April 2013	Subsidiaries Performance Evaluation
19	30 April 2013	1. The development of SMEs Business Performance 2. Terms and condition for corporate loans 3. Operational Unit Issues 4. Subsidiaries Performance Evaluation 5. Commercial loan policies 6. Program Loan Business Performance 7. Delegation of Loan Approval Authority 8. Management Development Program
20	7 May 2013	1. Corporate Action Plan 2. Teaching Project by Directors of BRI 3. HR Policy Evaluation 4. Branchless Banking Trial
21	23 May 2013	ALCO
22	23 May 2013	Retail Business Forum
23	28 May 2013	1. Organizational Structure and Staff Formation of Regional Office 2. Evaluation of medium loan segment 3. Evaluation of HR Policy
24	4 June 2013	1. Regional Office Organization 2. Corporate Action Plan 3. Performance Evaluation
25	11 June 2013	1. People's Business Credit 2. Business Performance Evaluation and Auditor 3. Business Development 4. Regional Office Organization
26	18 June 2013	ALCO
27	18 June 2013	Retail Business Forum
28	27 June 2013	Evaluation of IT Performance
29	11 July 2013	1. Changes on Division Organization 2. Operational Unit Issues 3. Evaluation of Job Positions 4. Abandoned Assets Utilization
30	16 July 2013	ALCO
31	16 July 2013	Retail Business Forum
32	25 July 2013	1. Case Discussion 2. Operational Unit Issues 3. Corporate Loan Business Performance.
33	29 July 2013	1. CSR Program 2. Audit of People's Business Credit 3. Business Evaluation Program.
34	15 August 2013	1. Evaluation of Financial Performance. 2. Discussion of Corporate Business and Business Performance Operations. 3. Legal Issues. 4. CSR Program
35	22 August 2013	ALCO
36	22 August 2013	Retail Business Forum
37	29 August 2013	1. Business cooperation with external parties. 2. Issues and Evaluation of Operational Unit Performance. 3. Development of consumer business. 4. Update on Economic Developments.
38	5 September 2013	1. Performance Evaluation 2. Others
39	12 September 2013	1. HR Issues 2. CSR Program
40	19 September 2013	ALCO
41	19 September 2013	Retail Business Forum
42	26 September 2013	1. The Board of Directors Meeting with BI 2. Operational Unit Issues

No	Date	Subject of Meeting
43	10 October 2013	1. Evaluation of Business performance and Subsidiaries 2. Business Plans 3. Audit by Bank Indonesia 4. Evaluation of Job Positions
44	17 October 2013	ALCO
45	17 October 2013	Retail Business Forum
46	24 October 2013	1. Operational Unit Issues 2. Corporate Action Plan
47	30 October 2013	1. Issues with External Parties 2. Business Development 3. HR Policies
48	7 November 2013	SMEs Business Policies Discussion
49	12 November 2013	2014 – 2018 Bank Business Plan
50	14 November 2013	RKAP Tahun 2014 dan RBB Tahun 2014 - 2016.
51	21 November 2013	ALCO
52	21 November 2013	Retail Business Forum
53	28 November 2013	2014 Company Budget and Work Plan 2014 – 2016 Bank Business Plan
54	13 December 2013	1. 2013 Strategic Forum (Fostra) 2. Business Development
55	19 December 2013	ALCO
56	19 December 2013	Retail Business Forum

Board of Directors' Training Program

As for the members of Board of Commissioners, BRI provided two types of training for the Board of Directors; the Company Introduction Program and Competency Training Program.

Company Introduction Program

A company introduction program is provided to the members of the Board of Directors during the first time of appointment. This program consists of presentations, meetings, company visits and review of documents or other programs. The Corporate Secretary is responsible for conducting this program.

The program generally aims to provide brief insight to the new members of the BRI's Board of Directors for immediate contribution to BRI.

Information or knowledge base in the introduction program include: information or internal knowledge of the Company, External Information of the Company, and the introduction to documents related to the implementation of good corporate governance.

Competency Training Program

BRI provides training programs to support efforts in enhancing the Board of Directors' knowledge on current affairs as well as the development of the banking industry, economic, social development and their impacts on the Company's business development, along with other information related to Board of Directors' duties.

BRI takes into account several parameters in carrying out its Training Program:

- The Training Program is held to improve the Board of Directors' work function and effectiveness;
- The costs for the Training Program are included in the Board of Directors' Work Plan and Budget;
- All Board members participating in the Training Program including and not limited to seminars, trainings and workshops, are expected to share the information and knowledge to other Board Members, who did not participate in the Program;
- The materials of the Training Program must be well-documented by the Corporate Secretary and must always be available anytime it is needed.

Corporate Governance Structure and Mechanism

Below is the 2013 BRI's Board of Directors' Training Recapitulation:

No.	Date	Name of Participant	Subject of Training	Location
1	21 - 22 May 2013	Randi Anto and A. Toni Soetirto	World Hajj and Umrah Convention (WHUC) 2013 - Hajj People	London
2	22 - 23 August 2013	Randi Anto and A. Toni Soetirto	Bancassurance Distribution and Channel Management - UNI Strategic Pte. Ltd	Hong Kong
3	17 - 18 October 2013	Suprajarto	41th EFMA Congress Multidistribution	Paris
4	30 September - 01 October 2013	Achmad Baiquni, Suprajarto, Asmawi Syam	BARa Risk Forum - Executive International Conference - Growing with Confidence "The Role of Enterprise Risk Management in Driving a Winning Strategy"	London

Board of Directors' Performance Assessment

The Board of Directors' Key Performance Indicator (KPI)

1. The availability of the Bank's Long Term Plan (Corporate Plan)
2. The availability of the Bank's Medium term plan (RBB/ Bank Business Plan)
3. The availability of the Company's Budget and Work Plan (RKAP)
4. The Company's Performance is achieved in line with the Bank's soundness, which encompasses risk profile, Good Corporate Governance (GCG), Profitability and Capitalization
5. The availability of the Company's management report and documents
6. The availability of explanations regarding the Company's management practice
7. Follow-ups on audit findings
8. The execution of the Substitute Directors' duties
9. The achievement of the Company's targets.

The Board of Directors' Assessment Mechanism

The Assessment is a collegial work result from all members of the Board, reflected annually as a unity in the implementation of the Company's Budget and Work Plan. The Assessment is conducted towards the Bank's soundness, which encompasses, risk profile, GCG, profitability and capitalization.

Assessor

The Board of Directors' assessors are the Board of Commissioners, the GMS, and Bank Indonesia.

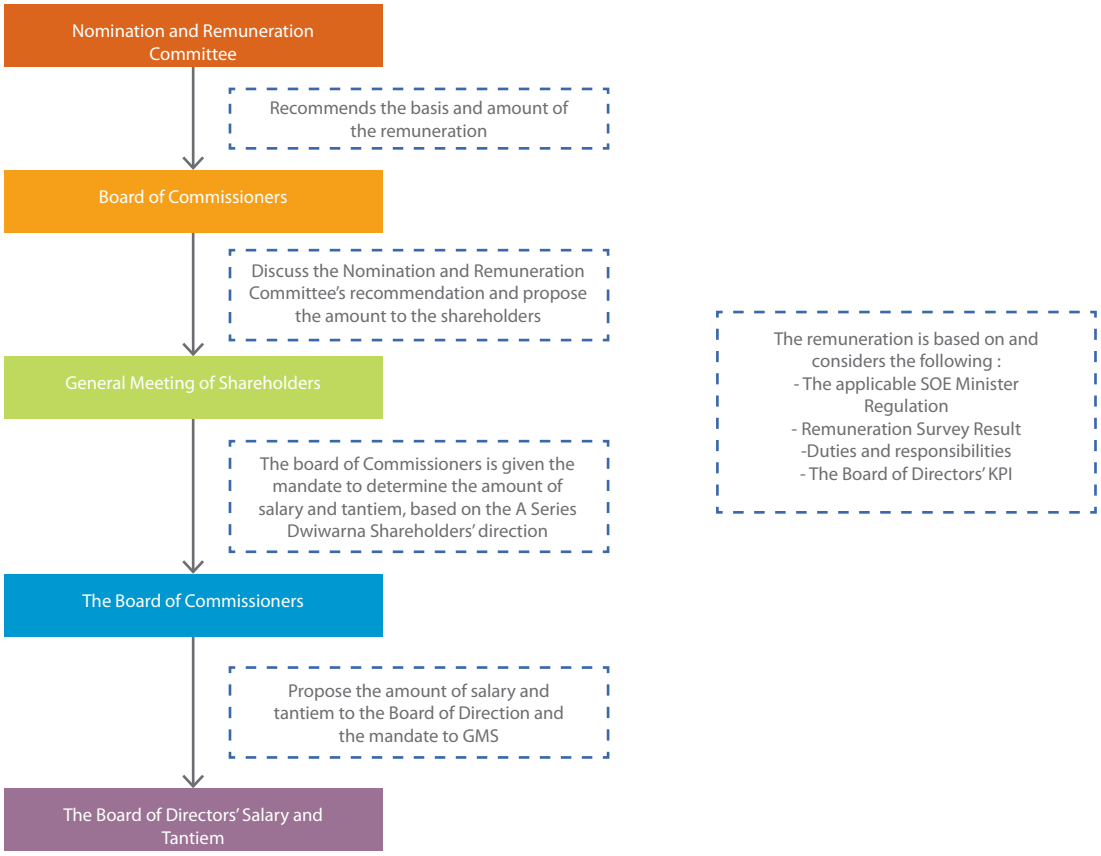
Board of Directors' Remunerations

Procedures/Methods to Establish the Board of Directors' Remunerations

The Procedures to establish BRI's Board of Directors Remunerations are carried out through the following steps:

1. The Nomination and remuneration committee evaluates the remunerations policies applied for the Board of Directors.
2. The Nomination and remuneration committee provides recommendations regarding the remunerations policies for the Board of Directors to the Board of Commissioners and provides recommendations (if available) on the provision of options, such as stock options to the Board of Directors.
3. The Board of Commissioners submits recommendations for remunerations including honorarium and tantiem for the GMS to approve.
4. As for facilities related to remuneration that include vehicles, health insurance, phone credit, club membership and post-tenure allowance for members of the Board of Directors are proposed by the Nomination and Remuneration committee to obtain the Board of Commissioners' approval by previously consulting with the Serie A Dwiwarna Shareholders.

The Board of Directors' Remunerations Procedures Chart



The Board of Directors' Remuneration Structure

The establishment of remuneration structure for the Board of Directors refer to rules stipulated in the Ministry of SOE Regulation no. PER-07/MBU/2010 on Income Guidelines for Directors, Commissioners, and the Supervisory Board of SOE's, which has been amended with PER-04/MBU/2013.

Based on the regulation, the principles to establish the Board of Directors' income are set by the General Meeting of Shareholders. The following are omponents in the Board of Directors income:

1. The Directors' salary proportion is 90% of the President Director's.
2. Directors' Bonus
   a. Members of the Board of Directors have the rights to Religious Holiday's bonuses. The amount for this bonus is a maximum of twice the salary receives, with consideration to the company's capabilities.
   b. Members of the Board of Directors have the rights to Annual Leave Bonuses. The maximum amount for this bonus is equal to the salary receives. The bonus will still be given even if the member does not use his/her rights or has not been granted leave due to the Company's interests.
   c. Members of the Board of Directors are given extended leave bonus to a maximum of twice their salaries. The extended leave bonus will still be given even if the member does not use his/her rights or has not been granted leave due to the Company's interests.
   d. The extended leave bonus is given after the member of the board has been appointed for a period of 3 (three) consecutive years in one position.
   e. Members of the Board of Directors are given communications allowance at cost.
   f. Members of the Board receive post-tenure allowance at the end of their tenures. The allowance is given in the form of memberships in an insurance program or pension saving. The Company pays for the Premium or yearly dues within the maximum amount of 25% of the Board member's annual salary.

Corporate Governance Structure and Mechanism

g. Members of the Board are provided with monthly official housing compensation at the amount of 30% of monthly salary.
h. Members of the Board are given utility costs allowance at the amount of 30% of the housing allowance.

3. Board of Directors' Facilities
   a. The Company provides 1 (one) official vehicle, including maintenance and operational costs for each member of the Board. Decisions regarding types of vehicle and the amount are made with the consideration to the Company's financial capabilities.
   b. The Company provides health facilities for each member of the Board, in accordance with the company regulations.
   c. The Company provides legal aid facility for each member of the Board in any case of legal situations that is related to his/her position, the Company's objectives or business activities.
   d. The Company provides a maximum of 2 (two) Club Membership/Corporate Members facilities to members of the Board, taking into account the Company's financial capabilities. The Club Membership facilities given are only in enrolment fee and annual fee
4. Tantiem/Performance Incentives
5. The following are process to establish tantiems/performance incentives for the Board of Directors as stipulated in the Ministry Regulations:
   a. Tantiems are granted to members of the Board of Directors when the SOE gains profit in the relevant fiscal year.
   b. Tantiems are given to the members of the Board of Directors if the Key Performance Indicators reaches more than 70%, and the soundness level exceeds 70.
   c. The maximum achievement of key performance indicators taken into account in the tantiems is 150%.
   d. The composition for tantiem is as follows:
      - 100% for President Director
      - Members of the Board of Directorsreceives 90% of the President Director's tantiem
   e. BRI can provide tantiems following improvement in performance, even though it still experiences losses during the relevant fiscal year or accumulated losses from the previous year.

Remuneration Structure of (types and amount) the Board of Directors According to GMS

Short Term

Types of Remunerations and other Facilities	Amount Received in 1 year	
	Board of Directors	
	Person	Rp. million
Remuneration		
Salary	11	21,960
Bonus	-	-
Annual Bonus and Allowances*	11	8,218
Tantiem	11	99,192
Other Facilities		
Housing	8	3,840
Transportation	11	7,586
Bonus	11	5,490

* Includes THR (Religious Holiday Bonus), Annual Leave, Health Insurance and communication allowance

Amount of Remunerations Received in Cash per Person in 1 Year	Number of Directors	
	Person	Rp. million
Above Rp. 2 billion	11	146.286
Above Rp.1 billion up to Rp. 2 billion	-	-
Above Rp. 500 million and up to Rp. 1 billion	-	-
Below Rp. 500 million	-	-

Board of Directors' Share Ownership

As of 31 December 2013, share ownerships of each member of the Board of Directors did not reach 5% (five per cent) of BRI's paid-in capital, other Banks, Non-Bank Financial Institutions and other Companies in Indonesia and overseas. The following are details of the Board of Directors share ownership:

The Board of Directors' share ownership that reach 5% (five percent) or more from paid-in capital in Indonesia and overseas

No	Name of Director	BRI
1.	Sofyan Basir	Nil
2.	Sarwono Sudarto	Less than 5%
3.	Randi Anto	Less than 5%
4.	Sulaiman Arif Arianto	Less than 5%
5.	Achmad Baiquni	Nil
6.	A. Toni Soetirto	Nil
7.	Lenny Sugihat	Less than 5%
8.	Djarot Kusumayakti	Nil
9.	Asmawi Syam	Nil
10	Suprajarto	Nil
11	Gatot Mardiwasisto	Less than 5%

Relationship of The Board of Commissioners and the Board of Directors

Work Relations

As two separate entities, both the Board of Commissioners and Board of Directors have different set of duties and responsibilities in daily tasks. The Board of Commissioners' main tasks are to supervise and provide recommendations, while the Board of Directors' are to carry out the General Meeting of Shareholders' decisions, the Board of Commissioners' instructions and manage the Company's operations. Nevertheless, both parties must continuously maintain coordination and work together to reach the company's targets and maintain the company's sustainability in the long run.

To this end, the Board of Commissioners and the Board of Directors have a check and balances work relationship, in relation to the performance of duties and responsibilities of the company's management, based on transparency and mutual respect. The Board of Commissioners and Board of Directors conduct regular meetings to synchronize vision and make important decisions regarding the sustainability of the company's business and operations.

Supervision and advisory by the Board of Commissioners are conducted for the benefit of the Company and in accordance with the Company's objectives. The supervisory duties include matters related to the Board of Directors' management policies, the Board of Directors management activities, on the Company or its business lines. To this end, all measures taken by the Board of Directors are within the supervisory scope of the Board of Commissioners. Particularly those related to the Bank's Business Plan (RBB) and/or the Company's Work Plan and Budget (CBP), including its implementation.

Financial Relations and Family Relations

There are no members of BRI's Board of Commissioners and Directors that hold concurrent positions as commissioners, directors or executives in other banks/institutions, nor having any first or second-degree family relations with fellow members of the Board of Commissioners and/or Board of Directors. This ensures BRI Directors to continuously act independently, without any conflicts of interests in carrying out duties and responsibilities independently and in a critical manner, both in the relationships between the directors or with the Board of Commissioners. BRI's Board of Directors is led by a President Director who is independent of the controlling shareholders.

Members of the Board of Directors do not hold any position as President Director or any other director positions in any State-owned Enterprises, regional owned
enterprises, private companies or any other positions related to the management of BRI. This also applies for other structural or functionary positions in the central and local government institutions, as well as other positions, in accordance with BRI's statutes' regulations and prevailing regulations.

BRI's Board of Directors is chaired by a President Director who is independent from the controlling shareholder.

To maintain independence in its functions and to withhold the check and balance mechanism, BRI prohibits any types of relationship in between the Board of Commissioners and the Board of Directors

Relationship Between the Board of Directors, Board of Commissioners and the Controlling Shareholders												
Name	Financial Relations with						Family Relations with					
	Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Board of Commissioners (BOC)												
Bunasor Sanim		✓		✓		✓		✓		✓		✓
Mustafa Abubakar		✓		✓		✓		✓		✓		✓
Heru Lelono		✓		✓		✓		✓		✓		✓
Hermanto Siregar		✓		✓		✓		✓		✓		✓
Vincentius Sonny Loho		✓		✓		✓		✓		✓		✓
Adhyaksa Dault		✓		✓		✓		✓		✓		✓
Aviliani		✓		✓		✓		✓		✓		✓
Ahmad Fuad		✓		✓		✓		✓		✓		✓
Board of Director (BOD)												
Sofyan Basir		✓		✓		✓		✓		✓		✓
Sarwono Sudarto		✓		✓		✓		✓		✓		✓
Randi Anto		✓		✓		✓		✓		✓		✓
Sulaiman Arif Arianto		✓		✓		✓		✓		✓		✓
Achmad Baiquni		✓		✓		✓		✓		✓		✓
A. Toni Soetirto		✓		✓		✓		✓		✓		✓
Lenny Sugihat		✓		✓		✓		✓		✓		✓
Djarot Kusumayakti		✓		✓		✓		✓		✓		✓
Asmawi Syam		✓		✓		✓		✓		✓		✓
Suprajarto		✓		✓		✓		✓		✓		✓
Gatot Mardiwasisto		✓		✓		✓		✓		✓		✓

Joint Meeting of the Board of Commissioners and Board of Directors

As commonly found in companies that apply dual entity system, BRI clearly categorize the duties and responsibilities of both the Board of Commissioners and the Board of Directors in their daily operations. To synchronize their vision and resolve any important issues related to the company's business conduct and operations, the Board of Commissioners and the Board of Directors conduct regular joint meetings.

The Boards' joint meetings are held to discuss various topics related to work plans, operations, business opportunities, and other strategic issues that require the Board of Commissioners' approval. The meetings are also used to discuss the Board of Directors' periodic reports and to provide them with feedbacks, notes, and advices that are compiled in the minutes of meeting.

The meeting resolutions are binding and achieved by consensus or resolved with voting. They are to be followed up and implemented. In the voting process, any members of Board of Commissioners with conflicts of interest may not cast a vote, and explanation regarding the matter must be recorded in the minutes of meeting. All rules and guidelines regarding the boards' relations are stipulated in the Board Charter.

Relationship of The Board of Commissioners and the Board of Directors

Joint Meeting Frequency and Attendance

Throughout 2013, BRI held 29 joint meetings attended by the Board of Commissioners and the Board of Directors, with the following attendance:

No	Date	Agenda
1	10 January 2013	BRI Pension Fund's 2012 Performance and 2013 Work Plan and Budget
2	12 February 2013	Anti fraud Bank Soundness' Risk Profile
3	19 February 2013	2012 PKBL Performance, 2012 PKBL Audit, 2013 PKBL Work Plan
4	05 March 2013	4th Quarter of 2012 Audit Report
5	03 April 2013	Credit Consultancy
6	09 April 2013	BRI Monthly Performance
7	30 April 2013	HR Management Division Meeting
8	14 May 2013	BRI Sharia's 2012 Performance and 2013 Work Plan
9	21 May 2013	LHA 1st Quarter
10	28 May 2013	BRI Agro 2012 Performance and 2013 Work Plan
11	04 June 2013	Operations Division Meeting
12	11 June 2013	Risk profile and compliance
13	18 June 2013	Network and services division meeting
14	02 July 2013	SA GCG, Approval for procurement regulations
15	09 July 2013	Management Letter
16	30 July 2013	2013 First Semester performance
17	30 July 2013	Amendment to pension fund regulation
18	03 September 2013	LHA 2nd Quarter
19	03 September 2013	2013 1st Semester Bank's Business Plan (RBB) Realization
20	10 September 2013	Compliance Division Meeting
21	12 September 2013	DPLK Performance
22	08 October 2013	Consumer Division
23	22 October 2013	Reorganization
24	22 October 2013	Bank Business Plan Pre-publication and realization
25	29 October 2013	Preparation for CGPI Assessment
26	29 October 2013	Operational Cases
27	22 November 2013	Presentation of Bank Business Plan and Work Plan and Budget
28	10 December 2013	Risk profile for 3rd Quarter
29	24 December 2013	3rd Quarter LHA

Recapitulation of the Board of Commissioners and Board of Directors' Joint Meeting

No	Name	Position	Number of Joint Meetings	Attendance in Joint Meetings	% of Joint Meetings Attendance
a	b	c	d	e	f=e/d
1.	Bunasor Sanim	President Commissioner/ Independent Commissioner	29	28	97%
2.	Mustafa Abubakar	Vice President Commissioner/ Commissioner	29	27	93%
3.	Adhyaksa Dault	Independent Commissioner	29	21	72%
4.	Aviliani	Independent Commissioner	29	25	86%
5.	Ahmad Fuad	Independent Commissioner	29	26	90%
6.	Heru Lelono	Commissioner	29	19	66%
7.	Hermanto Siregar	Commissioner	29	25	86%
8.	Vincentius Sonny Loho	Commissioner	29	24	83%

The Board of Directors' decisions that require the Board of Commissioners' approval

The Board of Commissioners is not involved in any decision making related to the Company's operational activities, except in the case of funding for related parties and other matters stipulated in the Company's Articles of Association and/or in the prevailing law and regulations. In the context of supervision and advisory, BRI's Board of Commissioners conducts regular weekly meetings.

BRI has established the regulations that stipulate limitations of the Board of Directors' approvals in the operational decision-making. For certain decisions that exceeded these limitations or certain conditions, the Board of Directors requires the approval of the Board of Commissioners. Below are the Board of Directors' decisions that called for the Board of Commissioners' approval:

1. Approval for the 2014 Work Plan and Articles of Association of PT. BRI (Persero), Tbk.
2. Approval for the Revision to the 2014-2017 Bank Business Plan of PT. BRI (Persero), Tbk.
3. Bank's Business Plan Realization Monitoring Report of PT. BRI (Persero), Tbk. 2nd Semester Year 2012.
4. Bank's Business Plan Realization Monitoring Report of PT. BRI (Persero), Tbk. 1st Semester Year 2013.
5. Supervision Result of the DPLK BRI Financial Report for 2011 Fiscal Year.
6. Approval for Amendment to the PT. BRI (Persero), Tbk. Organization
7. Approval for the Founder's Written Statement for Amendments in PT. BRI (Persero), Tbk Pension Fund Regulations.
8. Evaluation of PT. BRI (Persero), Tbk.'s Director of Compliance's Report
9. Evaluation of PT. BRI (Persero), Tbk.'s Risk Profile
10. Self-Assessmentof the GCG Implementation in PT. BRI (Persero), Tbk. 2nd Semester Year 2012.
11. Self-Assessment of the GCG Implementation in PT. BRI (Persero), Tbk. 1st Semester Year 2013.
12. Consultation of the loan approved by the board of Directors' to the Board of Commissioners.
13. Approval for Policies and Procedures of the implementation of BRI's APU and PPT Programs
14. Approval for the Revision to the Internal Audit Charter Year 2013
15. Approval for the Principle Consent for the Appointment of Public Accountant Firm DPLK BRI year 2013
16. Approval for the Joint Decree Letter (SKB) regarding the PT. BRI (Persero) Tbk. GCG policies and code of ethics.
17. Approval for the Fund Provision for Related Parties
18. Approval for Additional Capital to PT. Bank BRI Agroniaga Tbk.
19. Approval for Additional Working Capital for PT. Bank BRI Syariah
20. Recommendations and suggestions related to the results of the Board of Commissioners visit to several PT. BRI (Persero), Tbk operational units, delivered in the meetings with the Board of Directors.
21. Recommendation for tenure extension of the Committee Members under PT. BRI (Persero), Tbk Board of Commissioners
22. Feedback on the Report of PT. BRI (Persero), Tbk. Internal Audit Key Results, 1st Quarter of 2013.
23. Feedback on the Report of PT. BRI (Persero), Tbk. Internal Audit Key Results, 4th Quarter of 2012.
24. Feedback on PT. BRI (Persero), Tbk. Annual Internal Audit Plan 2013.
25. Feedback on the Report of PT. BRI (Persero), Tbk. Internal Audit Result, 1st Semester, Year 2013

Committees under The Board of Commissioners

The Board of Commissioners' Committees

Basis of Committee Establishment

The formation of Audit Committee refers to the following regulations:

1. Decision of BAPEPAM Chairman Number KEP-643/BL/2012 dated 7 December 2012 on Audit Committee Establishment and Duty Implementation Guidelines.
2. Bank Indonesia Regulation No. 8/4/PBI/2006 dated 30 January 2006 on Good Corporate Governance Implementation for Commercial Banks, amended by Bank Indonesia Regulation No. 8/14/PBI/2006 dated 5 October 2006.
3. SOE Minister Regulation No. PER-01/MBU/2011 dated 1 August 2011 on Good Corporate Governance Implementation in SOEs, amended by SOE Minister Regulation No. PER-09/MBU/2012 dated 6 July 2012.
4. PT Bursa Efek Jakarta (IDX) Board of Directors' Decision No KEP-305/BEJ/07-2004 dated 19 July 2004 concerning Regulation I-A on Listing of Shares and Equity Securities Other Than Shares Issued by Listed Company.

The Audit Committee establishment strengthens the Board of Commissioners' oversight function and enhances public trust to the Bank's management. The Committee monitors continuous improvement on policies, procedures, and practices across all levels of the organization to ensure sound management of the Bank as well as a robust risk management.

Audit Committee Charter

Based on the Audit Committee Charter 2011, the Audit Committee is established by BRI's Board of Commissioners to support the Board of Commissioners' effectiveness in carrying out its roles and responsibilities, particularly with respect to its oversight function in order to enhance public trust to the Bank's management.

Throughout 2013, the Audit Committee has carried out functions, duties, and responsibilities in accordance with the Audit Committee Charter. In several meetings with the Operational Units, the Audit Committee through the Board of Commissioners has requested the attendance of management staff members to provide information regarding the Bank's internal control and risk management.

Audit Committee Structure and Membership

The Audit Committee is consist of a Chairman, occupied by an Independent Commissioner, and members that consist of two Independent Commissioners, two Commissioners, and three non-Commissioners with expertise in finances, accounting, legal, and banking. The composition has met the requirements set forth in the Chairman Decree of Capital Market and Financial Institutions Supervisory Board No. Kep-29/PM/2004 and Bank Indonesia Regulation No. 8/4/PBI/2006, as amended by Bank Indonesia Regulation No. 8/14/PBI/2006. Profile of non-commissioners member of Audit Committee is presented under the "Corporate Data" chapter.

Audit Committee Member Composition 1 January 2013 – 31 December 2013

No.	Name	Position	Position in the Bank
1.	Bunasor Sanim	Chair	President Commissioner/Independent
2.	Adhyaksa Dault	Member	Independent Commissioner
3	Ahmad Fuad	Member	Independent Commissioner
4	Vincentius Sonny Loho	Member	Commissioner
5.	Hermanto Siregar	Member	Commissioner
6	H.C. Royke Singgih	Member	Non-Commissioner
7	Dedi Budiman Hakim	Member	Non-Commissioner
8	Syahrir Nasution	Member	Non-Commissioner

Qualifications and Professional Experience of Committee Members

1. Has adequate banking knowledge, including banking regulations and other related laws and regulations.
2. A good listener, inquisitive, and dedicated.
3. Has relevant education background and at least 10 years of professional experience in financial reporting or audit (at least one member)
4. Dedicates sufficient time to carry out his/her duties
5. Able to carry out effective communications
6. Upholds high standard of ethics, integrity and mentality as well as professional responsibilities
7. Has adequate understanding on GCG principles
8. Has adequate understanding on business risks, risk control, and internal control
9. Able to provide constructive recommendations
10. Understands auditing process
11. Is a member of Audit Committee professional association

Audit Committee Independency

To maintain and ensure independency of tasks execution and objectivity of recommendations and suggestions provided to the Board of Commissioners, all members of the Audit Committee are not affiliated with the Board of Directors, other Commissioners, or BRI's controlling shareholders; they are not shareholders, concurrently serve as member of the Board of Commissioners, Board of Directors, or employees of affiliated companies or companies that are engaged in business relationship with BRI; do not hold the authority to design, lead, or control BRI prior to their appointment as members of Audit Committee; and are not former partners or employees of Public Accountant Firm appointed to audit BRI's accounting.

To assure the quality of recommendations, all members of BRI's Audit Committee shall have financial and/or accounting background. All requirements with respect to Audit Committee's independency as set out in regulations and GCG best practices have been met.

Audit Committee Duties and Responsibilities

Based on Audit Committee Charter, the Audit Committee is established by BRI's Board of Commissioners to support the Board of Commissioners' effectiveness in carrying out its roles and responsibilities, particularly with respect to its oversight function in order to enhance public trust to the Bank's management.

Audit Committee Authority

1. To have full access, free, and unlimited access to the bank's records, employees, funds, assets, and other resources related to its duty and task execution.
2. To receive input or recommendations from professionals outside the Bank for matters relevant to its duty and task execution.
3. To provide opinion and recommendation to the Board of Commissioners regarding the nomination of Head of Internal Auditor and External Auditor appointment.

Audit Committee Duties and Responsibilities

1. To oversee and evaluate audit planning and its implementation as well as oversee follow-up actions over audit findings, in order to assess internal control adequacy, including the adequacy of financial reporting;
2. To examine the overall adequacy of the Bank's Internal Control including compliance with GCG, BRI's Code of Conduct, legal requirements, and capital market regulations;
3. To review financial information prior to publication by the Bank, e.g. financial statements, annual report, financial projections, and other financial information;
4. To assess the adequacy of Internal Audit function including auditor composition, annual work plan, and implemented audit activities;
5. To perform, at minimum, supervision and evaluation over Audit Internal performance, public accountant's audit consistency with prevailing audit standards, and follow up by the Board of Directors over findings of Internal Audit, public accountant, and Bank Indonesia in order to provide recommendations to the Board of Commissioners;
6. To review the competence and independence of External Auditor; recommend External Auditor in GMS;
7. To examine and report to the Board of Commissioners on complaints over the Bank;
8. To administer report detailing Audit Committee's activities to the Board of Commissioners and include the report in the Bank's Annual Report.

Committees under The Board of Commissioners

Audit Committee Work Program and Outline of Implementation
During 2013, Audit Committee has carried out the following activities:

1. Internal activities
   a. Developed 2013 Audit Committee work plan and program, which elaborated the Audit Committee's Charter.
   b. Developed the Board of Commissioners' 2013 work plan and program together with the Nomination and Remuneration Committee, Risk Management Supervisory Committee, and the Board of Commissioners' Secretary.
   c. Held regular meeting with Internal Audit to discuss internal control system and audit findings, particularly items that revealed significant risks to the Bank's business.
   d. Held meeting with the Finance and Accounting Management Division as well as other related divisions to discuss the Bank's financial performance and other financial matters.
   e. Evaluated and submitted written report to the Board of Commissioners regarding the meetings and the Audit Committee's assignment implementation.
   f. Held meeting with the Public Accountant Firm to discuss audit result of Bank's Financial Statements.
   g. Together with the Nomination and Remuneration Committee, Risk Management Supervisory Committee, and the Board of Commissioners' Secretary with its staff members reviewed Bank's Business Plan and Work and Budget Plan to grant the Board of Commissioners' approval.
   h. Together with the Nomination and Remuneration Committee, Risk Management Supervisory Committee, and the Board of Commissioners' Secretary with its staff members reviewed monthly performance progress; provided recommendations and rendered opinions based on the review to the Board of Commissioners to be clarified by the Board of Directors during joint meeting of the Boards.

2. External Activities
   a. Attended seminars related to the Audit Committee's functions e.g. The Institute of Internal Auditor (IIA) Indonesia Chapter and Indonesia Audit Committee Association (IKAI) in order to enhance the Audit Committee's competence and capability.
   b. Held discussion with External Auditors, before and after audit, regarding findings in the Bank's financial statements.
   c. Accompanied Commissioners during visit to a number of operational units.

Audit Committee Meeting Frequency and Attendance
The meetings have involved the Internal Audit, Finance and Accounting Management Division, Program Loan Business Division, and Public Accountant Firm PSS - Ernst and Young.

The Audit Committee held 14 (fourteen) meetings throughout 2013, with the following record of attendance:

No.	Name	Total Meeting	Attendance	Attendance (%)
1.	Bunasor Sanim	14	13	93 %
2.	Adhyaksa Dault	14	10	75 %
3.	Ahmad Fuad	14	13	92 %
4.	Vincentius Sonny Loho	14	12	83 %
5.	Hermanto Siregar	14	12	75 %
6.	H.C. Royke Singgih	14	14	100 %
7.	Dedi Budiman Hakim	14	10	70 %
8.	Syahrir Nasution	14	13	92 %

Audit Committee's meeting agenda in 2013 are as follows.

No.	Party/Working Unit	Date	Agenda Item
1.	Board of Directors	9 July 2013	Management Letter
2.	KAP PSS Ernst & Young	22 January 2013 12 November 2013	EY Auditors Audit Report on BRI 2012 performance Audit 2013 Plan Presentation
3.	Internal Audit	5 March 2013 21 May 2013 3 September 2013 24 December 2013	Quarter IV 2012 Audit Report Discussion of Quarter I 2013 Audit Report Discussion of Quarter II 2013 Audit Report Discussion of Quarter III 2013 Audit Report
4.	Finance and Accounting Management Division	9 April 2013 30 July 2013 22 October 2013	BRI Monthly Financial Performance Pre Quarter II 2013 Financial Statement Publication Pre Quarter III 2013 Financial Statement Publication
5.	Loan Program	19 February 2013	PKBL Performance 2012, PKBL Audit 2012, PKBL Work Plan 2013
6.	PT. BRI Syariah	14 May 2013	Presentation of Financial Performance 2012 and 2013 Work and Budget Plan
7.	PT. BRI Agro	28 May 2013	Presentation of Financial Performance 2012 and 2013 Work and Budget Plan
8.	DPLK BRI	12 September 2013	Financial Performance Presentation

Nomination and Remuneration Committee (NRC)

Basis of Committee Establishment

BRI's Nomination and Remuneration Committee is established based on:

1. SOE Minister Regulation No. PER-01/MBU/2011 dated 1 August 2011 on Good Corporate Governance Implementation;
2. Bank Indonesia Regulation No. 8/4/PBI/2006 dated 30 January 2006, amended by Bank Indonesia Regulation No. 8/14/PBI/2006 dated 5 October 2006 on Good Corporate Governance Implementation for Commercial Banks;
3. Law No. 19 of 2003 dated19 June 2003 on SOE.
4. SOE Minister Regulation No.Per-12/MBU/2012 dated 24 August 2012 on Supporting Organs of SOEs' Board of Commissioners/Supervisory Board.

Nomination and Remuneration Committee Charter

As stipulated by various underlying regulations, BRI's NRC Charter set forth the purpose of NRC, membership composition, authority, duties and responsibilities, positions, code of conducts, and meeting guidelines. The Charter guides the NRC's task executions that further the Board of Commissioners' effectiveness in enacting its responsibilities in HR management.

Committee Structure and Membership

BRI's NRC is consist of an Independent Commissioner that serves as Chairman and members that consist of one Independent Commissioner, three Commissioners, Head of Human Resource Management Division as Executive Officer, as well as two non-Commissioners with expertise in remuneration and/or nomination including the Bank's succession plan. The composition has satisfied requirements in Bank Indonesia Regulation PBI No. 8/4/PBI/2006 as amended by Bank Indonesia Regulation No. 8/14/PBI/2006.

Committees under The Board of Commissioners

Profile of non-Commissioner members is presented in the "Corporate Data" chapter.

Membership Composition 1 January 2013 – 15 April 2013			
No.	**Name**	**Position**	**Position in the Bank**
1.	Adhyaksa Dault*	Chair	Independent Commissioner
2.	Mustafa Abubakar	Member	Vice President Commissioner/Commissioner
3.	Aviliani	Member	Independent Commissioner
4.	Heru Lelono	Member	Commissioner
5.	Hermanto Siregar	Member	Commissioner
6.	Executive Officer (Head of HR Policy and Development Division)	Member	Non-Commissioner/ex-officio
7.	Kanyatama P. Mulyono**	Member	Non-Commissioner
8.	Asep Ikhsan Iskandar	Member	Non-Commissioner

* No longer serve as Chairman of Nomination and Remuneration Committee as of 15 April 2013
** No longer serve as Member of Nomination and Remuneration Committee as of 1 November 2013

Membership Composition 16 April 2013 to present			
No.	**Name**	**Position**	**Position in the Bank**
1.	Ahmad Fuad	Chair	Independent Commissioner
2.	Mustafa Abubakar	Member	Vice President Commissioner/Commissioner
3.	Aviliani	Member	Independent Commissioner
4.	Heru Lelono	Member	Commissioner
5.	Hermanto Siregar	Member	Commissioner
6.	Executive Officer (Head of HR Policy and Development Division)	Member	Non-Commissioner/ex-officio
7.	Kanyatama P. Mulyono**	Member	Non-Commissioner
8.	Asep Ikhsan Iskandar	Member	Non-Commissioner

* Serves as Chairman of Nomination and Remuneration Committee as of 16 April 2013, replacing Adhyaksa Dault.
** No longer serve as Member of Nomination and Remuneration Committee as of 1 November 2013.

Qualifications and Professional Experience of Committee Members

1. Has high standard of integrity, objectivity, mentality, ethics, and professional responsibilities.
2. Able to act independently; implementing his/her duty professionally without conflicts of interests and free from influence/pressure of any parties that contradict the prevailing laws, regulations, and GCG principles.
3. Has adequate banking knowledge including laws and regulations.
4. Has extensive understanding of human resource management, preferably experienced in HR management including succession plan, career development, performance evaluation, and remuneration system for the Board of Commissioners, Board of Directors, and employees.
5. Knowledgeable in labour regulations and other related regulations.
6. Dedicates a sufficient time to carry out his/her duties
7. Capable of effective communications.

Nomination and Remuneration Committee Independency

To assure the quality of task execution, several NRC members have economic and finance expertise while other members possess educational background in human resource. To maintain and ensure independency in carrying out its duties and objectivity of recommendations and suggestions provided to the Board of Commissioners, all members of NRC are not affiliated with the Board of Directors, other Commissioners, or BRI's controlling shareholders; they are not shareholders, concurrently serve as member of the Board of Commissioners, Board of Directors, or employees of affiliated companies or companies that are engaged in business relationship with BRI.

Committee's Authority, Duties, and Responsibilities

Based on NRC Charter dated 3 August 2011, NRC is established by the Board of Commissioners to support the Board of Commissioners' effectiveness in carrying out its roles and responsibilities, particularly with respect to nomination and remuneration policies. The authority, duties, and responsibilities of NRC are outlined as follows.

Authority

1. To obtain information from the Bank's internal and external parties that are relevant to its duties in nomination and remuneration as well as labour policies and other functions related to HR management.
2. To gain necessary input or recommendations regarding nomination and remuneration, labour policies, and other functions in HR management from internal and external parties

Duties and Responsibilities

1. Nomination
   a. Analyse, develop, and provide recommendations on procedures to select and/or replace members of the Board of Commissioners and Directors to the Board of Commissioners.
   b. Recommend candidates of the Board of Commissioners and/or Directors members to the Board of Commissioners
   c. Oversee implementation and analyse selection criteria and procedure for candidates of Executive Officers one level below the Board of Directors.
   d. Develop system to evaluate the Board of Commissioners and the Board of Directors' performance.
   e. Recommend composition of the Board of Commissioners and Board of Directors.
   f. Provide opinion or advices to the Board of Directors over decisions regarding mutation and/or appointment of the Bank's non-employees as Executive Officers one level below the Board of Directors.
   g. Analyse data of Executive Officers one level below the Board of Directors as submitted by the Board of Directors on quarterly basis and at any time if changes occur.
   h. Recommend Independent Parties to the Board of Commissioners to be members of the Audit Committee and/or Risk Management Supervisory Committee.
2. Remuneration Functions
   a. Evaluate remuneration policies applicable for the Board of Commissioners, Board of Directors, and employees.
   b. Recommend to the Board of Commissioners concerning:
      - Remuneration policy for the Board of Commissioners and Board of Directors
      - Remuneration policy for Executive Officers and overall Employees, submitted to the Board of Directors
   c. Recommend pension system for the Bank's employees.
   d. Recommend compensation system and other benefits with regards to reduction in force.
3. Others
   a. Evaluate and provide recommendations to the Board of Commissioners for matters pertaining to labour policies and other HR management functions that have significant financial impact and/or legal risk to the Bank.
   b. Provide recommendations concerning internal and/or external audit findings and result of Bank Indonesia's oversight in HR management.
   c. Manage documents relating to the Committee's duties and implementation.

Committees under The Board of Commissioners

NRC Meeting Frequency and Attendance

The NRC convened 5 (five) meetings in 2013. The following table presents the members' record of attendance:

No.	Name	Total Meeting	Attendance	Attendance (%)
1.	Ahmad Fuad*	3	3	100 %
2.	Aviliani	5	5	100 %
3.	Mustafa Abubakar	5	5	100 %
4.	Heru Lelono	5	4	80 %
5.	Hermanto Siregar	5	4	80 %
6.	Adhyaksa Dault**	2	2	100 %
7.	Executive Officer (Head of HR Policy and Development Division)	5	4	80 %
8.	Asep Ikhsan Iskandar	5	5	100 %
9.	Kanyatama P. Mulyono***	4	4	100 %

*Serves as Chairman of Nomination and Remuneration Committee as of 16 April 2013, replacing Adhyaksa Dault.
**No longer serve as Chair of Nomination and Remuneration Committee as of 15 April 2013
*** No longer serve as member of Nomination and Remuneration Committee as of 1 November 2013

NRC Meeting Agenda

Meeting agenda of the NRC in 2013 are:

No	Date	Agenda Item
1.	31 January 2013	Agenda for 2013 Annual General Meeting of Shareholders (AGMS)
2.	5 February 2013	Analyzing Comparison of Banks Organizational Structure, between largest banks
3.	30 April 2013	HR Management Work Plan and Follow Up
4.	30 July 2013	Presentation of Plan to Amend BRI Pension Fund Regulation as well as Financial Performance and Work Plan of BRI Pension Fund
5.	26 November 2013	2013 financial performance presentation and 2014 work plan of HR Management

Work program implementation reports and NRC activities

In 2013, NRC has conducted numerous activities, namely:

1. Developed the 2013 NRC work plan and program, which elaborated NRC's Charter.
2. Developed the Board of Commissioners' 2013 work plan and program with the Audit Committee, Risk Supervisory Committee, and the Board of Commissioners' Secretary.
3. Reviewed and examined the Board of Directors and Commissioners' remuneration with consideration to Bank's performance, business size, and banking industry remuneration survey.
4. Provided input and recommendations to the Board of Commissioners regarding BRI's Commissioners' approval on Founder's Statement in BRI's Pension Fund Regulation Amendment.
5. Provided recommendation to the Board of Commissioners for the non-commissioner Committee's members' term of service.
6. Provided input and recommendation to the Board of Commissioners regarding labour policies, which included:
   - Importance of HR and Manpower Planning integrative strategies that are aligned with the corporate plan, Bank's Business Plan, Bank's Work and Budget Plan, as well as factual requirements relating to the Bank's business developments.
   - Acceleration of HR fulfilment by prioritizing competence and leadership enhancements through the refinement of training and education, mentorship and assistance from senior employees, as well as corporate culture internalization and implementation – all in concert to support business growth.
   - Steps to achieve ideal composition between operational and supporting employees accompanied by increase of IT role that supported employees in carrying out Bank's operations.
   - HR Management strategy to enter financial year 2014; optimizing HR fulfilment particularly marketing funds, labour policies improvements including implementation, Management's commitment to enact reward and punishment objectively and transparently in order to boost overall performance in the pursuit of realizing a Bank with productive and efficient network and HR, while ensuring employees' welfare during retirement.

7. Together with the Audit Committee, Risk Management Supervisory Committee, and Board of Commissioners' Secretary along with its staff members reviewed the Bank's Business Plan and Work and Budget Plan to grant Board of Commissioners' approval.
8. Together with the Audit Committee, Risk Supervisory Committee, and the Board of Commissioners' Secretary including its staff members reviewed the Bank's monthly performance progress; provided recommendations and rendered opinions based on the review to the Board of Commissioners, to be clarified by the Board of Directors during joint meeting of the Boards.
9. Conducted visits to operational units.
10. Carried out other assignments from the Board of Commissioners.

Risk Management Supervisory Committee (RMSC)

Basis of Committee Establishment

BRI's Risk Management Supervisory Committee (RMSC) is established based on:

1. SOE Minister Regulation No. PER-01/MBU/2011 dated 1 August 2011 on Good Corporate Governance Implementation;
2. SOE Minister Regulation No.Per-12/MBU/2012 dated 24 August 2012 on Supporting Organs of SOEs' Board of Commissioners/Supervisory Board; and
3. Bank Indonesia Regulation No. 8/4/PBI/2006, amended by Bank Indonesia Regulation No. 8/14/PBI/2006 on Good Corporate Governance Implementation for Commercial Banks;

Risk Management Supervisory Committee Charter

BRI's Risk Management Supervisory Committee (RMSC) Charter set forth the purpose of RMSC, membership composition, authority, duties and responsibilities, position, code of conduct, and meeting guidelines. The charter guides RMSC's duties and responsibilities implementation in evaluating and ensuring that the Bank's risk management has met adequacy requirements procedure and risk management methodologies, keeping the Bank's activities manageable within the acceptable risk limit and beneficial to the Bank.

RMSC Structure and Membership

BRI's RMSC consists of a Chairman, served by Independent Commissioner and members that comprises two Independent Commissioners, two Commissioners, and three non-Commissioners with expertise in finance and risk management. The composition has complied with Bank Indonesia Regulation No. 8/4/PBI/2006 as amended by Bank Indonesia Regulation No. 8/14/PBI/2006 above.

Profile of non-Commissioner members is presented in the "Corporate Data" chapter.

Membership Composition 01 January 2013 – 15 April 2013

No.	Name	Position	Position in the Bank
1.	Aviliani	Chair	Independent Commissioner
2.	Bunasor Sanim	Member	President Commissioner/Independent
3.	Mustafa Abubakar	Member	Vice President Commissioner/Commissioner
4.	Ahmad Fuad*	Member	Independent Commissioner
5.	Vincentius Sonny Loho	Member	Commissioner
6.	Ridwan Darmawan Ayub	Member	Non-Commissioner
7.	I Gde Yadnya Kusuma	Member	Non-Commissioner
8.	Pamuji Gesang Raharjo	Member	Non-Commissioner

*Cease to serve as Member of Risk Management Supervisory Committee as of 15 April 2013

Committees under The Board of Commissioners

Membership Composition 16 April 2013 – 31 December 2013			
No.	Name	Position	Position in the Bank
1.	Aviliani	Chair	Independent Commissioner
2.	Bunasor Sanim	Member	President Commissioner/Independent
3.	Mustafa Abubakar	Member	Vice President Commissioner
4.	Adhyaksa Dault*	Member	Independent Commissioner
5.	Vincentius Sonny Loho	Member	Commissioner
6.	Ridwan Darmawan Ayub	Member	Non-Commissioner
7.	I Gde Yadnya Kusuma	Member	Non-Commissioner
8.	Pamuji Gesang Raharjo	Member	Non-Commissioner

*Cease to serve as Member of Risk Management Supervisory Committee as of 16 April 2013

RMSC Independency

RMSC strives to uphold independency in carrying out its duties and in reporting its work results to the Board of Commissioners. All members of the Committee have no affiliation with the Board of Directors and are collectively competent as well as experienced.

RMSC members are professionals with sufficient competency in their respective fields with minimum 5 years experience. The members do not have professional or familial relationship with other members of the Board of Commissioners and Board of Directors. Members of RMSC have varied expertise background, such as strategic management, performance management, risk management, banking/finance, and accounting. The range of competency ensures recommendations' quality and is sources of BRI's risk management improvement.

Duties and Responsibilities

Based on RMSC Charter, RMSC is established to assist the implementation of duty and responsibility of the Board of Commissioners in evaluating and ensuring that the Bank's risk management has met adequacy requirements procedure and risk management methodologies, keeping the Bank's activities manageable within the acceptable risk limit and beneficial to the Bank.

Overall, duties and responsibilities of RMSC include:

1. Periodically evaluate and review risk management policies; provide recommendations to the Board of Commissioners as a basis of consideration to make necessary improvements on risk management policies.
2. Oversee the adequacy of identification, measurement, monitoring, control, and risk management information systems.
3. Evaluate and analyse the Bank's risk profile report on quarterly basis; provide recommendations for necessary improvements and enhancements.
4. Review and evaluate the Board of Directors' accountability report on risk management implementation at minimum on quarterly basis.
5. Evaluate and analyse the Board of Directors' recommendation on funding for related parties that require approval from the Board of Commissioners.
6. Evaluate and review the Work and Budgeting Plan, Bank's Business Plan, and Corporate Plan to obtain the Board of Commissioners' approval.
7. Monitor and/or respond to the Bank's Business Plan and Work and Budgeting Plan realization.
8. Evaluate and analyse loan approval proposals for loan over a certain amount that requires consultation with the Board of Commissioners.
9. Evaluate monitoring results on the Bank's compliance with Bank Indonesia's regulations and other laws.
10. Carry out other assignments from the Board of Commissioners

RMSC Meeting Frequency and Attendance

Considering the extensive scope and close link between the Bank's business risks, issues related to risk management are discussed not only in RMSC meetings, but also in the Board of Commissioners' meetings.

In 2013, RMSC has convened, both internally, or together with related Divisions/Operational Units to evaluate the implementation and risk management practices covering Market, Liquidity, Credit, Operational, Legal, Compliance, Strategic, and Reputational Risks as stipulated by prevailing Bank Indonesia regulations.

RMSC held 5 (five) meetings in 2013, with the following record of attendance:

No.	Name	Position	Total Meeting	Attendance	Attendance (%)
1.	Aviliani	Chair	16	16	100 %
2.	Bunasor Sanim	Member	16	16	100 %
3.	Adhyaksa Dault*	Member	10	8	80 %
4.	Ahmad Fuad**	Member	6	6	100 %
5.	Mustafa Abubakar	Member	16	15	94 %
6.	Vincentius Sonny Loho	Member	16	13	81 %
7.	Ridwan Darmawan Ayub	Member	16	15	94 %
8.	I Gde Yadnya Kusuma	Member	16	14	88 %
9.	Pamuji Gesang Raharjo	Member	16	16	100 %

*Serves as Member of Risk Management Supervisory Committee as of 16 April 2013
** No longer serve as Member of Risk Management Supervisory Committee as of 15 April 2013

The following are meeting agenda of the Committee:

No.	Date	Agenda	Board of Directors Members/ Division/Working Unit
1.	12 February 2013	1. BRI Risk Profile of Quarter III and IV 2012 2. Bank's Soundness level 3. Anti Fraud Strategy	Compliance Director, Risk Management Division, Compliance Division
2.	11 June 2013	1. Risk Profile Report for Quarter I 2013 2. Role of Credit Risk Management Group (GMRK) in BRI's Regional Offices throughout Indonesia 3. Compliance function implementation in BRI	Compliance Director, Risk Management Division, Compliance Division
3.	10 September 2013	1. Risk Profile Report Quarter IV 2012 and Quarter I and II 2013 2. Bank's Soundness Level Semester I 2013 3. Compliance function implementation 4. Anti Fraud Strategy	Compliance Director, Risk Management Division, Compliance Division
4.	10 December 2013	1. Risk Profile Report Quarter III 2013 2. Compliance Director Activity Report 3. Anti-Fraud Strategy Implementation Report Quarter III 2013	Compliance Director, Risk Management Division, Compliance Division
5.	January – December 2013	Loan Approval consultation, held in 12 (twelve) meetings	• Commercial Business Directorate • Institution Business Directorate

Committees under The Board of Commissioners

RMSC Activity Report

Throughout 2013, RMSC has performed the following:

1. Developed RMSC 2013 work plan and program, which elaborated the NRC's Charter.
2. Developed the Board of Commissioners' 2012 work plan and program together with Audit Committee, Nomination and Remuneration Committee, and Board of Commissioners' Secretary.
3. Conducted review to grant the Board of Commissioners' approval to Risk Management Implementation in the Use of Information Technology Policy.
4. Conducted review to grant the Board of Commissioners' approval to the Bank's Know Your Customer (KYC) Implementation Guideline Policy
5. Responded and provided recommendation on loant facility that the Board of Directors consulted with the Board of Commissioners.
6. Responded Conflict of Interests Guideline Policy draft.
7. Evaluated the Bank's Loan Portfolio Performance Report.
8. Evaluated the Board of Directors' Circular Letters concerning risk management policy implementation.
9. Reviewed the Bank's risk profile quarterly report.
10. Reviewed monthly and semester report from Compliance Director.
11. Together with Audit Committee, Nomination and Remuneration Committee, and the Board of Commissioners' Secretary including staff members reviewed the Bank's Business Plan and Work, and Budget Plan to grant the Board of Commissioners' approval.
12. Together with Audit Committee, Nomination and Remuneration Committee, and the Board of Commissioners' Secretary including staff members reviewed the Bank's monthly performance progress; provided recommendations and rendered opinions based on the review to the Board of Commissioners, to be clarified by the Board of Directors during joint meeting of the Boards.
13. Discussed enhancements on Risk-Based Bank's Soundness Assessment Guideline.
14. Carried out other assignments from the Board of Commissioners.

Committees under The Board of Commissioners

BRI has established seven committees under the Board of Directors to ensure effectiveness of operational duties and responsibilities execution.

Risk Management Committee (RMC)

RMC is the highest committee in BRI's risk management system. It is composed of all Board of Directors' members and appointed executive officers from one level below the Board of Directors. RMC is a non-structural and independent from the Operational Working Units.

RMC is mainly responsible to provide recommendations to the President Director concerning the formulation of policies, enhancements of policy implementation, evaluation of risk profile condition and progress, and other recommendations for improvements.

In risk management implementation, RMC has established sub-RMCs that are responsible to provide recommendations to BRI's President Director. The Sub-RMCs are:

1. Operational Risk Management Committee (ORMC) – a sub-RMC that focuses on operational risk exposure and operational risk management implementation. Operational risk comprises operational, legal, reputational, strategic, and compliance risks.
2. Credit Risk Management Committee (CRMC) – a sub-RMC that focuses on credit risk exposure and credit risk management implementation.
3. Market Risk Management Committee (MRMC) - a sub-RMC that focuses on market risk exposure and market risk management implementation. Market risk comprises foreign exchange, interest rate, and liquidity risks.

RMC Structure and Membership

The composition and membership of sub-RMCs are prescribed in the Board of Directors Decree No.519-DIR/DMR/07/2011 dated 18 July 2011.

Chair	Position
Chair I	Compliance Director (also serves as member with voting right)
Chair II	Credit Risk Control Director (also serves as member with voting right)
Secretary I	Head of Risk Management Division (also serves as member with voting right)
Secretary II	Head of Loan Administration Division (also serves as member with voting right)
Permanent members with voting right	1) Finance Director
	2) Operations Director
	3) Commercial Business Director
	4) SMEC Business Director
	5) Consumer Business Director
	6) Institutional and SOE Business Director
	7) Network and Services Director
Permanent members without voting right	1) Internal Audit Head
	2) All Heads of Divisions (excluding Risk Management Division and Credit Administration Division Heads)
	3) Special Branch Manager
	4) Regional Manager of DKI Jakarta
	5) Inspector of DKI Jakarta
Temporary Members	Invited based on relevance with issues

RMC Authority and Responsibilities

1. Provide recommendations to President Director concerning Risk Management Policy formulation and amendment if necessary. This includes implementation of risk management policies, risk management strategies, and contingency plan should abnormal external condition occurs.
2. Provide recommendations to President Director concerning risk measurement methodology and its adjustment.
3. Recommend risk limit and its adjustment.
4. Report risk profile and result of risk monitoring activities including recommendations for adjustments if necessary.

Committees Under the Board of Directors

Committee Work Program

RMC holds periodical meeting at least once every 3 months. RMC discuses, reviews, and approves suggestions and recommendations presented in the meeting in accordance with prevailing stipulations. Suggestions and recommendations include, among others, risk management policies, strategies, and procedures.

Details of Committee Activities

RMC meeting can be held if attended by at least 2/3 of permanent members without voting rights, including 3 (three) Directors, one of which is the Compliance Director. RMC meeting is led by RMC Chairman, if the Chairman is unable to attend a meeting, Deputy I or Deputy II may lead the meeting.

RMC meeting resolution is taken by consensus. If agreement is not achieved, permanent members with voting rights may carry out voting. This mechanism is deemed valid if voting is attended by over 50% permanent members with voting rights.

RMC Meeting Agenda

No	Activity	Date	Agenda
1	RMC I-2013	13 Feb 2013	1. BRI Risk Profile Quarter IV-2012 2. Issue discussion (retail and medium loans, fee-based income from e-channel increase, mitigating loss potential due to foreign exchange movement, business continuity management implementation 3. Capital analysis and stress test 4. Recommendations and Decisions by RMC
2	RMC II-2013	29 May 2013	1. BRI Risk Profile Quarter I-2013 2. Issue discussion (CASA, classified loan, employee awareness to fraud) 3. Capital analysis and stress test 4. Recommendations and Decisions by RMC
3	RMC III-2013	31 July 2013	1. BRI Risk Profile Quarter II-2013 2. Issue discussion (LDR in rupiah, Rupiah exchange rate depreciate against USD) 3. Capital analysis and stress test 4. Recommendations and Decisions by RMC
4	RMC IV-2013	29 Oct 2013	1. BRI Risk Profile Quarter III-2013 2. Issue discussion (fraud in operational units, preparation towards 2014, cash ratio) 3. Capital analysis and stress test 4. Recommendations and Decisions by RMC

Credit Policy Committee (CPC)

CPC assists BRI's Board of Directors in formulating credit policies and provide recommendations with respect to credit policies.

CPC Structure and Membership

CPC structure and membership as established by the Board of Directors DecreeNo S.114-DIR/ADK/06/2012 dated 29 June 2012 is:

Chairman : President Director
Secretary : Head of Loan Administration Division (also serves as Member)
Permanent Members : - 7 Directors responsible for Business, Finance, and Compliance
- 17 Division Heads of Business, Strategic Planning, and Legal.

CPC Duties and Responsibilities

1. Provide recommendations to the Board of Directors in defining BRI's Credit General Policy (KUP), especially relating to prudential principle formulation in credit as prescribed by the policy.
2. Ensure that KUP is applied and implemented consistently; define the problem-solving mechanism to address any barriers or constraints in KUP implementation. CPC also periodically reviews KUP and recommend necessary adjustment or improvement to the Board of Directors.
3. Review and evaluate:
   a. Appropriateness of credit authority enactment
   b. Appropriateness of loan approval, development, and quality granted to parties related with the Bank and certain large debtors.
   c. Appropriateness of Legal Lending Limit implementation
   d. Compliance with prevailing laws and regulations concerning loan approval

   e. Settlement of non-performing loans based on mechanism established in KUP
   f. Adequacy of Provision for Loss of Productive Assets/Allowance for Impairment Losses
   g. Certain large debtors and loans in credit list under special supervision
4. Review effectiveness of Credit Internal Control System
5. Administer periodic written report and recommendations for improvements to the Board of Directors with copies to the Board of Commissioners, concerning:
   a. Monitoring result on KUP application and implementation
   b. Result of monitoring and evaluation on point 3 above.

CPC Work Program

With respect to the CPC functions, duties, and responsibilities as described above, the CPC's work plan consists of CPC meetings. The daily implementation of CPC duties and responsibilities is carried out by CPC Secretary and related Divisions.

CPC Activities

CPC meetings are held in accordance with the following rules:

1. CPC meeting is held when changes/revisions on KUP are made or when urgent matters that require immediate discussion by CPC take place
2. CPC meeting is chaired by President Director as CPC Chairman; if the Chairman is unable to attend, the meeting may be chaired by Credit Risk Control Director or other Directors members of the CPC
3. Resolutions of a CPC meeting are valid if the meting is attended by 2/3 of the members, including a minimum of 3 (three) Directors. If any Division Heads who are members of the CPC are unable to attend, he/she may appoint a proxy.
4. CPC resolutions are taken by consensus and if agreement is not achieved, the final resolution will be taken in the Board of Directors' meeting.

CPC Work Mechanism

With respect to CPC functions, duties, and responsibilities, the daily implementation of CPC duties and responsibilities is carried out by CPC Secretary and related Divisions. CPC Secretary performs the following:

1. Formulate the CPC meeting material, define the CPC meeting agenda, and organize CPC meetings
2. Create and prepare the KUP draft, to be discussed in CPC meeting, if any changes/revisions are made to KUP
3. Present issues identified in KUP implementation to be resolved and to seek recommendations for improvements
4. Manage process of KUP submission and approval to the Board of Directors and Board of Commissioners
5. Document all CPC minutes of meeting to be reported to President Director
6. Generate and circulate minutes of meeting 1 (one) week at the latest from the date of meeting, manage, and record CPC documents
7. Follow up CPC meeting resolutions to be incorporated into credit policy

CPC Meeting Agenda

1. Discuss final draft of KUP amendment/revision, if any, before the validation into the Board of Directors Decree
2. Discussed any important and urgent matters that require immediate response

CPC Meeting Frequency

In 2013, there are no CPC meeting as there were no changes in credit policies.

Credit Committee

Credit Committee is an operations committee that assist the Board of Directors in evaluating and/or considering loan application for an amount and/or type of loan established by the Board of Directors.

Credit Committee Structure and Membership

Credit Committee structure and membership are established through the Board of Directors Decree No.S.114-DIR/ADK/06/2012 dated 29 June 2012, with the following details.

Based on its membership and authority, Credit Committee at the Head Office is divided into:

1. BRI Credit Committee (BRI-CC)
2. Board of Directors Credit Committee (BOD-CC)
3. Division Credit Committee (Division-CC)
4. Special Branch Office Credit Committee (KCK-CC)

Based on its membership and authority, Credit Committee in Regional Office level is divided into 3 (three) Credit Committee:

1. Regional Office Credit Committee
2. Regional Office Credit Committee for Restructuring
3. Regional Office Credit Committee for Write-Off

Committees Under the Board of Directors

The following is composition of BRI and Directors Credit Committee (CC).

Credit Committee	Member	Decision Maker
BRI Credit Committee (for loan approval)	Commercial Business Director Institutional and SOE Business Director MSME Business Director Consumer Business Director Credit Risk Management Director	President Director
BRI Credit Committee (for Money Market Line and Treasury Product approval)	Finance Director Commercial Business Director Institutional and SOE Business Director MSME Business Director Consumer Business Director Credit Risk Management Director	President Director
Directors Committee 1 (KKD-1) (for performing loan – medium loan approval initiated by Regional Office and Program & Partnership Business Division)	MSME Business Director Commercial Business Director Credit Risk Management Director	
Directors Committee 2 (KKD-2) (forperforming loan – medium and corporate loan approval initiated by SOE Business Dividion)	Institutional and SOEBusiness Director Commercial Business Director Credit Risk Management Director	
Directors Committee 3 (KKD-3) (for performing loan – medium loan approval initiated by Corporate Business and Agribusiness and consumer loan Divisions)	Commercial Business Director Consumer Business Director Credit Risk Management Director	
Directors Credit Committee for Loan Restructuring and Settlement of Non-Performing Loans	MSME Business Director Commercial Business Director Institutional and SOE Business Director Consumer Business Director Credit Risk Management Director	

Credit Committee Duties and Responsibilities

Duties of the Committee

1. Approve or reject loan application within the authority set out by the Board of Directors
2. Coordinate with Assets and Liabilities Committee (ALCO) for loan approval with certain amount as set out by ALCO

Credit Committee Responsibilities:

1. Grant loan decisions based on professional expertise with honesty, objectivity, thoroughness, and conscientious
2. Declined requests and/or influence from interested parties to grant loan for the purpose of formality
3. Sign Loan Decision form to certify loan decision and as enactment of Credit Committee's responsibility; therefore, prior to signing, Credit Committee must:
   a. Ensure that granted loan facility is in compliance with banking regulations and meets robust credit principles
   b. Ensure that the approval of loan facility has been in line with KUP-BRI, PPK, and other loan policies.
   c. Ensure that the approval of loan facility is based on honesty, objective, thorough, and con conscientious examination, devoid of influence from parties related with loan applicants.

Credit Committee Work Program

Credit Committee organizes meeting to decide loan facility within a certain amount. Credit Committee meeting follows a number of rules:

- Meets quorum requirement
  a. Attended at minimum: by 60% of committee members for BRI Credit Committee
  b. Attended by all committee members for committees other than BRI Credit Committee
- Decision-making:
  a. Decisions in Directors and BRI Credit Committee follow the favour of the majority; the meeting will ask for the votes of members who are unable to attend by the circular decision.
  b. Aside from BRI Credit Committee, loan decisions shall be taken unanimously.

Committee Activities

Credit Committee convenes to decide on new loan application or top-up facility. The amount of loan that

requires consultation with the Board of Commissioners starts from Rp1 (one) trillion; loan consultation is also conducted if Directors and BRI Credit Committee BRI or the Board of Directors deems there are matters necessary to be consulted. The said amount applies for single debtor, group, nucleus as well as SOE or government debtors.

Committee Meeting Agenda

1. Provide loan decision for amount within the authority of each committee
2. Escalate issues that require CPC decision

Credit Committee Decisions in 2013:

Period	BRI's Credit Committee Decision	Directors Credit Committee Decision	Directors Credit Committee for Loan Restructuring
2013	258	39	26

Assets and Liabilities Committee (ALCO)

Asset and Liabilities Committee (ALCO) is responsible to assist BRI's Board of Directors in managing assets and liabilities in integrated manner, determining deposit and lending interest rate, determine mismatch policy, net open position and interest rate risk, manage and establish balance sheet structure and capital, and provide recommendations to the Board of Directors to determine policies established in ALCO meetings.

ALCO Structure and Membership

ALCO organizational structure is established by the Board of Directors Decree No.650-DIR/TRY/10/2009 dated 30 October 2009. In summary, ALCO structure is consist of:

Chairman (also serves as member) : President Director
Substituting Chairman I (also serves as member) : Finance Director
Substituting Chairman II (also serves as member): Substituting Officer of Finance Director (in accordance with the Decree on Substituting Director)
Secretary (also serves as member) : Head of Treasury Division
Member : - Directors
- All Heads of Business, Services, and Operations Divisions
- Regional Managers in Jakarta
- Managers of Special Branch Offices

Assets and Liabilities Management (ALM) :

A group of analysts to support ALCO. As a supporting unit, ALM is responsible to analyse, among others sources and use of funds, Maturity and Re-pricing Gap, Primary and Secondary Reserve; conduct NOP monitoring; develop scenarios for deposit and lending interest rate as well as alternative pricing, define funding strategy; prepare data, presentation material, and other facilities needed in ALCO meetings.

ALCO Authority, Duties, and Responsibilities

1. Determine BRI's integrated asset and liability management policy
2. Determine prime interest rate for deposit, lending, and fund transfer price
3. Determine mismatch and net open position (NOP) policies.
4. Manage and determine balance sheet and capital structures.
5. Ensure Asset and Liability management has been in line with policies set in ALCO meetings

ALCO Work Program

ALCO periodically holds meetings to discuss BRI's assets and liabilities management with respect to the Board of Directors' strategy in:

- Bank's financial performance growth.
- Bank's portfolio composition and growth
- Risk management (limit mismatch and net open position guideline).
- Deposit interest rate, lending interest rate, and fund transfer price.

Committees Under the Board of Directors

Committee Activities

a. BRI's ALCO meeting is chaired by ALCO Chairman. If the Chairman is unable to attend, meeting is chaired by Substituting Chairman I, or Substituting Chairman II provided that Substituting Chairman I is not present as well.
b. ALCO secretary coordinates ALCO meeting; duties include prepare the meeting, prepare and present meeting material, and generate and circulate minutes of meeting. If ALCO secretary is not present, Head of Treasury Division as ALCO Secretary may be represented by Deputy of Treasury Division Head, or Head of Investment Banking Desk, or Head of Assets and Liabilities Management.
c. ALCO convenes on a monthly basis.
d. ALCO meetings need to be attended by at least 2/3 of ALCO members. Heads of Divisions, members of ALCO, who are unable to attend, may appoint proxy from Deputy level or at least Group Head .
e. ALCO meeting resolutions are taken by consensus. If no agreement is achieved, ALCO meeting resolutions shall be valid if approved by 2/3 of the attending members including 2 Directors – one of which is the Chairman/Substituting Chairman.

Committee Meeting Agenda

No	Date	ALCO Meeting Agenda
1	22 January 2013	Regular agenda items of ALCO meeting among others are: a. Asset and Liabilities Management Presentation. b. Market Review. c. BRI Share Price Movement. d. Recommendation.
2	26 February 2013	
3	26 March 2013	
4	16 April 2013	
5	23 May 2013	
6	18 June 2013	
7	16 July 2013	
8	22 August 2013	
9	19 September 2013	
10	17 October 2013	
11	21 November 2013	
12	19 December 2013	

Human Resource Policy Committee

Human Resource policy committee is an operations committee authorized to determine HR policies. The committee was established in 2008 with the purpose to improve effectiveness, efficiency, objectivity, and transparency of decision-making relating to HR matters and to provide assurance for stakeholders that all HR-related decisions have complied with GCG principles.

HR Policy Committee Structure and Membership

Chairman : President Director
Member : All members of BRI's Board of Directors
Secretary : Head of Human Resource Policy and Development Division
Deputy Secretary : Deputy of Human Resource Policy and Development Division Head

HR Policy Committee Authority, Duties, and Responsibilities

As an operations committee in HR, the HR Policy Committee has the following authority:

1. HR-related decision making that includes HR planning, recruitment, selection, career development, performance management, welfare, industrial relation, assessment, and HR Information Management System (HR-IMS)
2. Decision-making in HR operations including transfer (promotion, rotation, demotion), performance evaluation, and disciplinary sanction for Executives of Echelon 1 and 2.

HR Policy Committee Work Program

Work program of HR Policy Committee includes formulation of policies in HR policies and operations. HR Policy Committee composition and membership are stipulated by the Board of Directors Decision Letter No. S.109-DIK/02/2008 dated 29 February 2008.

HR Policy Committee Meeting Frequency

In 2013, HR Policy Committee convened 5 (five) times to discuss policy matters and 8 (eight) meetings discussing operations matters, with 100% attendance level across all members. Details of meeting and meeting agenda are as follows:

Policy		
No	**Date**	**Agenda Item**
1	15 February 2013 - 18 March 2013	Stipulation on Short Term Incentive Payment
2	01 May 2013- 31 May 2013	2012 Bonus for BRI's Employees
3	18 June 2013 - 16 July 2013	Stipulation on Short Term Incentive Payment for BRI Employees 2013
4	27 June 2013 - 10 July 2013	BRI Pension Fund Regulation Amendment
5	28 May 2013- 11 June 2013	2013 Bonus for BRI's Employees

Operations		
No	**Date**	**Agenda**
1	14 January 2013	Discussion on Cases
2	17 January 2013	Discussion on Cases
3	08 January 2013	Rotation / Promotion for echelon 1 and 2
4	15 January 201	Rotation / Promotion for echelon 1 and 2
5	05 March 2013	Rotation / Promotion for echelon 1 and 2
6	18 July 2013	Rotation / Promotion for echelon 1 and 2
7	5 September 2013	Rotation / Promotion for echelon 1 and 2
8	14 November 2013	Rotation / Promotion for echelon 1 and 2

HR Policy Committee Program Realization

Throughout 2013, the Committee did not amend or stipulate new policies.

Information System and Technology Steering Committee (ITSC)

In accordance with Bank Indonesia Regulation No.9/15/PBI/2007 dated 30 November 2007 and Bank Indonesia Circular Letter No. 9/30/DPNP dated 12 December 2007, both concerning Risk Management Implementation in the Use of Information Technology by Commercial Banks, BRI has established Information System and Technology Steering Committee by the Decree of BRI's Board of Directors Nokep: 625-DIR/TSI/10/2009 dated 19 October 2009 on Information System and Technology Steering Committee PT Bank Rakyat Indonesia (Persero), Tbk.

ITSC is a committee responsible to provide directives and recommendations on IST policies, development, and implementation in BRI.

ITSC Composition and Membership

ITSC composition and membership are established based on
BRI's Board of Directors Decree Nokep: 625-DIR/TSI/10/2009 dated 19 October 2009, outlined as follows:

Chairman : Director of Operations
Deputy : Director of Compliance
Secretary : Information System and Technology Division Head
Member :19 Division Heads consist of Business, Operations, and Internal Audit Divisions

Committee membership is ex-officio and committee members represent parties that interact directly with IST as partners or users.

Committees Under the Board of Directors

ITSC Authority, Duties, and Responsibilities

1. Recommend a long-term (5-year) BRI IST development objectives stated in BRI IT Strategic Plan;
2. Recommend a short-term (annual) and long-term (5-year) BRI IST development priority, in line with the Corporate plan and Bank's Business Plan implemented by BRI's management
3. Recommend changes to IST long-term plan and strategy following changes to BRI's business policy and strategy;
4. Review and recommend the Functional Work Plan and BRI IST Investments and Exploitation Plan for short term (annual) IST development, operations, and maintenance based on BRI ITSP;
5. Monitor and evaluate the implementation of BRI IST project development, ensuring alignment with established plan and strategy;
6. Periodically monitor and evaluate IST development realization managed by IST Division;
7. Monitor effectiveness of risk management steps over BRI's IT investments, ensuring that the investments would contribute to BRI's business objectives achievements;
8. Recommend IST issue resolution that users and IST division are unable to resolve in effective, efficient, and timely manner.

ITSC Work Program

ITSC work program is to conduct duties and responsibilities as set out in the committee meetings.

Realization of Work Program

ITSC meetings evaluate BRI's IT progress and IT issues as determined by meeting agenda. In ITSC meetings, the Board of Directors provide strategy direction especially concerning certain e-channel development that requires close attention of the Board. The Board of Directors also reminds that development of application may not undermine mandatory development.

ITSC Meeting Agenda

ITSC meeting agenda in 2013 are as follows:

Meeting Agenda		
No	**Date**	**ITSC Agenda Meeting**
1	29 April 2013(ITSC I)	ITSC I 2013 Agenda: • ITSP 2008-2013 Realization & Development of ITSP 2014-2018 • IT Budget Realization 2013 • IT Project Implementation 2013 • IT Performance • DRC Live Production
2	12 November 2013 (ITSC II)	ITSC II 2013 Agenda: • Live DRC • IT application training for IT officers and e-channel at branch office level • BRI project progress status • Business initiative and implementation • BI Finding follow-up • CLAS Project • ITSP 2014-2018 • Mocash Application • CMS Application

Project Management Office (PMO) Steering Committee

PMO Steering Committee is the highest forum in project management at corporate level. PMO Steering Committee provides strategic directives in terms of project management. Strategic decisions relating to project management among others include investment decisions related to approval, adjustment, project dismissal, and project implementation.

PMO Steering Committee Structure and Membership

Structure and membership of PMO Steering Committee are stipulated by the Board of Directors Decree No.647-DIR/REN/09/2011 dated 30 September 2011, outlined as follows:

Chairman : President Director
Member : - Director that serves as Head of PMO
- Directors responsible over Working Units as Project Owners
- Directors responsible over Working Units as Project Supporting Units
- Head of Units as Project Owners
- Head of Units as Project Supporting Units

PMO Steering Committee Duties and Responsibilities

1. Provide strategic directives of BRI projects at corporate level
2. Take decisions based on recommendations for issue resolution in project management, for issues that are beyond the capacity of Head of PMO or Project Steering Committee
3. Re-allocated project budget stated in Project Work Plan in accordance with prevailing regulations
4. Take decisions over matters not yet stipulated in PMO General Policy and PP PMO
5. Ratify the outcome of Joint Planning Session
6. Discontinued projects that are no longer viable

PMO Steering Committee Work Program and Realization

PMO Steering Committee meets at least 1 (one) time every year and is responsible to BRI's Board of Directors

PMO summary of activities in 2013 is as follows:

No.	Activity	Date	Agenda	Attending Members
1	PMOSC Meeting II 2012	27 February 2013	1. Project Progress Report 2012 2. Project Proposal for 2014 3. Request for PMOSC Meeting Decision	1. Head of PMO (Compliance Director) 2. HR Management Director 3. Network and Services Director 4. Finance Director 5. MSME Business Director 6. 21 Working Units (Division/AIN) Head Office
2	PMOSC Meeting I 2013	30 August 2013	1. Project Progress Report 2013 2. Project Proposal for 2013 3. Request for PMOSC Meeting Decision	1. Head of PMO (Compliance Director) 2. HR Management Director 3. Network and Services Director 4. 19 Working Units (Division/AIN) Head Office

Job Position Evaluation Committee

Job Position Evaluation Committee reviews and recommends the Job Position Category proposed by the Job Position Evaluation Team.

Job Position Evaluation Committee Structure and Membership

Based on the Board of Directors Decree Nokep. S.38-DIR/REN/05/2010 dated 19 May 2010 on Organization General Policy Implementation Guideline, the structure and membership of Job Position Evaluation Committee is as follows:

1. Director of Compliance
2. Director of Operations
3. Head of Strategic Planning and Business Development Division
4. Head of Human Resources Policy and Development Division

The membership is ex-officio and is not personal membership.

Committees Under the Board of Directors

Job Position Evaluation Committee Duties and Responsibilities

The following are duties of the Job Position Evaluation Committee:

1. Provide direction and input on Job Position Category proposal submitted by the Job Position Evaluation Team during the Job Position Evaluation Committee meeting.
2. Recommend the Job Position Category to be approved by BRI's Board of Directors through the Board of Directors' meeting. The Job Position Category decision is stipulated in the Board of Directors'Decree.

Job Position Evaluation Committee Work Program

The Job Position Evaluation Team conducts the Job Position Evaluation. The results are then presented to the Job Position Evaluation Committee.

Job Position Evaluation Committee Meeting Frequency

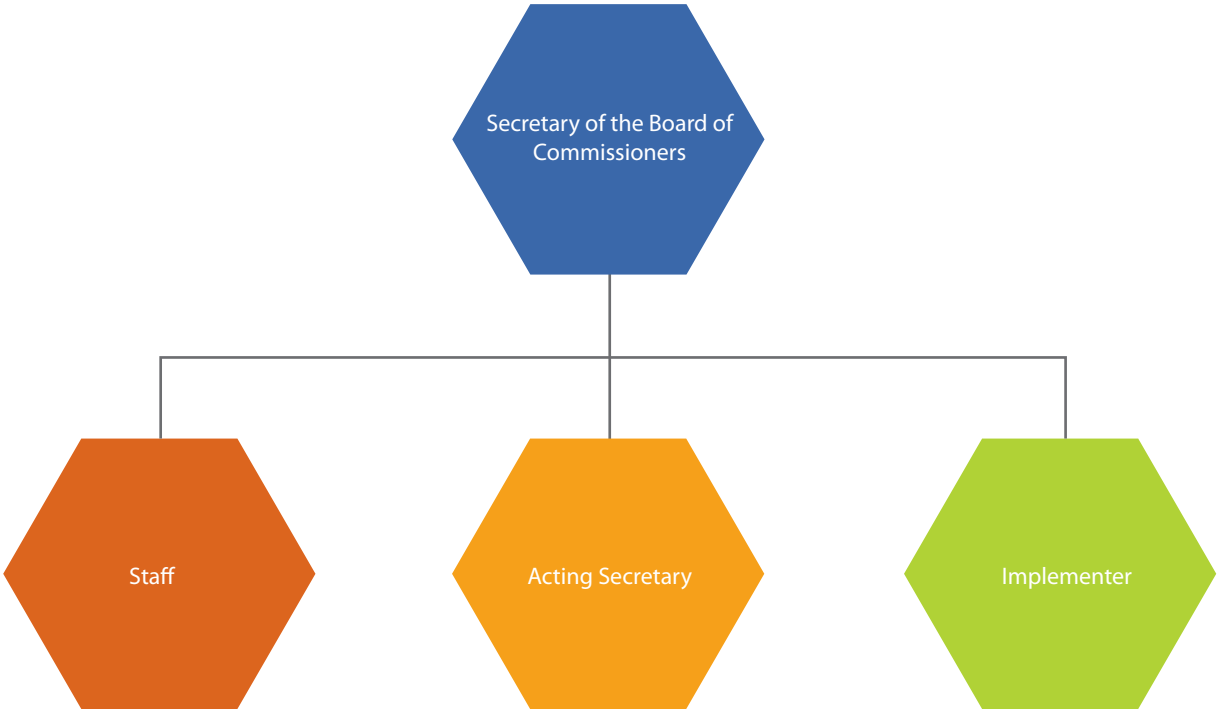
In 2013, Job Position Evaluation Committee held 2 (two) meetings with 100% attendance, and the following agenda:

No.	Date	Agenda
1.	5 June 2013	Result Report from Job Position Evaluation Team and Consultant
2.	13 June 2013	Revision over prior meeting

Secretary to the Board of Commissioners

As stated in the Board of Commissioners Guideline, Secretary to the Board of Commissioner's is position under the Board of Commissioners, appointed by the Board of Commissioners based on the recommendation made by Series A Dwiwarna shareholders, which costs incurred by the Bank. The Secretary is responsible to ensure seamless implementation of the Board of Commissioners' duties and responsibilities.

The following is the organizational structure of the Secretary of Board of Commissioners:



Secretary to the Board of Commissioners' Duties and Responsibilities

Overall, the duties are as follows:

1. Assist the Board of Commissioners to generate the Board of Commissioners' minutes of meeting
2. Coordinate the task execution with Staff Members, Secretary and Administer in BRI's Commissioners Bureau.
3. Coordinate the organization of the Board of Commissioners' meetings.
4. Coordinate the administrative, secretarial, and protocol duties of the Board of Commissioners.
5. Coordinate and follow-up requests and/or data/information collection from and/or to the management and external parties that are not included in Committees' duties, including information regarding regulations and stipulations relevant to the Board of Commissioners' duties and responsibilities.
6. Coordinate the budget formulation process and present the annual budget to the Commissioners Body as requested by the Bank's Corporate Secretary Division.
7. Coordinate compilation of input and suggestions for the General Meeting of Shareholders' agenda and material
8. Coordinate and follow up other tasks not included as duties of Committees under the BRI's Board of Commissioners.

Corporate Secretary

Basis of Reference

Corporate Secretary has a strategic role to ensure compliance and administrative procedures in decision-making as well as carrying out the corporate communications function to establish the Bank's goodwill. Regulatory requirements that serve as the basis of formation and enactment of the corporate secretary function among others are as follows:

1. Decision of Bapepam Chairman IX.I.4 No: Kep-63/PM/1996 concerning the Formation of Corporate Secretary
2. SOE Minister Regulation No: PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in the State-Owned Enterprises, as amended by PER-09/MBU/2012.

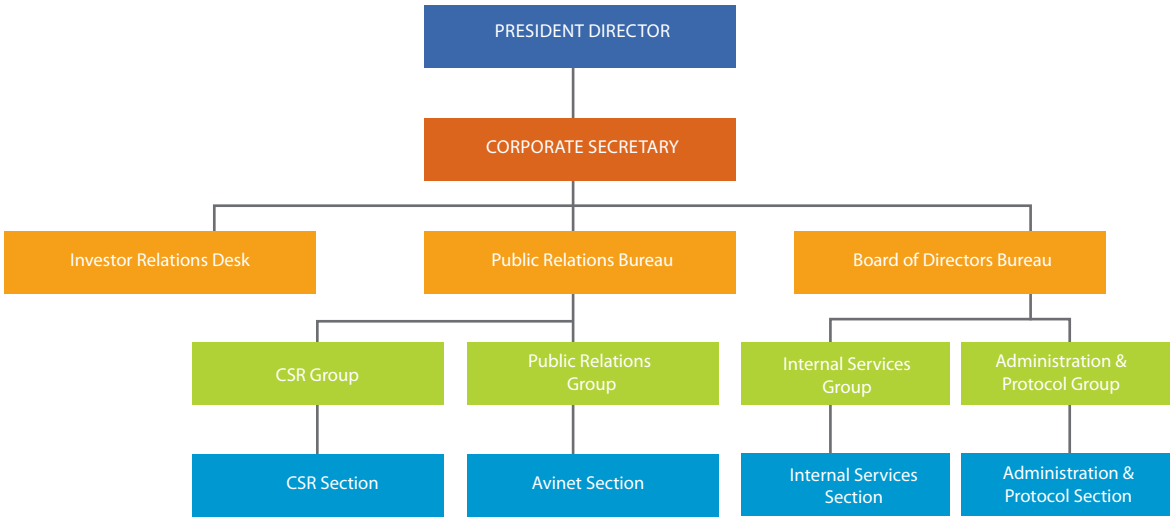
Corporate Secretary Guidelines

BRI's Corporate Secretary Guidelines was developed in 2007, an updated version of the 2003 guideline. The Guidelines covers qualifications, organizational structure as well as duties and responsibilities of Corporate Secretary, which among others are to hold the Board of Commissioners and Board of Directors' meetings, knowledge elaboration, communications, and so forth.

Corporate Secretary Organizational Structure

Based on the Board of Directors' Decree Nokep: 205-DIR/REN/04/2013, Corporate Secretary is supported by:

a. Public Relations Function;
b. Corporate Social Responsibility Function;
c. Investor Relations Function;
d. Protocol and Administration Function;
e. Internal Services Function.



Note :
BOD Decision Letter No. : S.16-DIR/REN/04/2011 dated 27 April 2011

Corporate Secretary Appointment and/or Dismissal

BRI's Board of Directors appoints and/or dismisses Corporate Secretary. Corporate Secretary appointment and/or dismissal are reported to Bank Indonesia, Financial Services Authority, and Indonesia Stock Exchange.

Corporate Secretary Qualification and Training

In accordance with the Corporate Secretary qualification requirements set forth in BRI's Corporate Secretary Guidelines, Corporate Secretary requires to posses adequate legal and/or economic competence or other relevant competencies in order to sufficiently implement the duties and responsibilities. Other criteria includes extensive experience, reliable and able to maintain confidentiality, capable to perform as a good communicator, a good listener, and capable to undertake the role as the first "gate" of communications – providing recommendations to Board of Commissioners, Board of Directors, and other senior executives in BRI. To meet these criteria, Corporate Secretary shall receive training in the fields of legal, accounting, and corporate secretary best practices.

Corporate Secretary Function

Pursuant to the SOE Minister Regulation Number: PER-01/MBU/2011 dated 1 August 2011 on the Implementation of Good Corporate Governance, Corporate Secretary function includes:

1. To ensure that SOE has complied with disclosure requirements in line with GCG principles;
2. To provide all information required by the Board of Directors and Board of Commissioners periodically and/or at any time upon request;
3. As liaison officer; and
4. Administer and maintain the Bank's documents including, but not limited to, Shareholders' Register, Special Register, and Board of Directors, Board of Commissioners, and GMS' minutes of meeting.

Corporate Secretary Duties and Responsibilities

As set forth in the regulations, the primary duties of BRI's Corporate Secretary is to build BRI's corporate image through public relations, investor relations, and secretariat functions including the Board of Directors and Board of Commissioners' Bureaus. Corporate Secretary also manages relationship/information service to related working units and stakeholders, and overall supports the Bank's performance achievement in line with vision, mission, and business strategies.

Corporate Secretary is responsible to ensure good communication between the Bank and stakeholders, assure availability of information accessible to stakeholders according to reasonable needs of stakeholders.

With strategic duties and responsibilities, BRI's Corporate Secretary is directly responsible to President Director and submits report of task executions to the Board of Commissioners.

Duties and Responsibilities Execution

BRI's Corporate Secretary also holds the function as office of the board to ensure information availability as well as fulfilment of quorum during decision-making process of the Board of Directors and/or Board of Commissioners. In addition, Corporate Secretary is also responsible to update information on important regulations and provide corporate actions report to relevant regulators. To implement compliance function, Corporate Secretary exercises government relations' function with the purpose to create and maintain the Bank's goodwill before the regulators. The following section presents details of Corporate Secretary duty execution.

BRI Public Relations Function

Corporate Secretary conducts sound public relations, informing the Bank's programs to meet its responsibilities as citizen of the country, part of the community, and to empower stakeholders.

Public Relations function conducted by Corporate Secretary aims to build good corporate image through publications medium such as print and electronics media, outdoor media, expo, or collaboration with third parties. To that end, Corporate Secretary held the following public relations activities in 2013:

Corporate Secretary

No	Activity	Date
1	CSR BRI Care for Education–BoD Teaches	20 January 2013
2	CSR BRI Care for Victims of Natural Disasters–Flood Command Post	24 January 2013
3	Press Conference BRI Quarter 1 Financial Performance	31 January 2013
4	Annual GMS 2013	28 February 2013
5	National Entrepreneurship Movement Exhibition 2013	18 March 2013
6	CSR BRI Care for Public Infrastructure–Building Banyumas Village	01 April 2013
7	Product Launch Britama "Man of Steel"	18 May 2013
8	Indonesia Banking Expo 2013	23 May 2013
9	Indonesia Islamic Fair	30 May 2013
10	Jakarta Great Sale 2013	01 June 2013
11	CSR BRI Care for Health–Mass Circumsision in Amira Clinic	01 June 2013
12	Product Launch BRI Bancassurance	27 June 2013
13	BUMN Expo 2013	27 June 2013
14	CSR BRI Care for Sports–Appreciation for Taekwondo Athletes	28 June 2013
15	Danapala Ramadhan Bazaar	10 July 2013
16	Indonesian Batik Exhibition	17 July 2013
17	CSR BRI Care for Health- Ramadhan food packages	23 July 2013
18	Ramadhan Bazaar at BRI Head Office	24 July 2013
19	Company Break Fasting	25 July 2013
20	Press Confrence BRI Quarter 2 Financial Performance	31 July 2013
21	Independence Day Run	25 August 2013
22	Economic and Banking Outlook Seminar	26 August 2013
23	CSR BRI Care for the Environment–"Hijaukan Hutanmu" reforestation program	19 September 2013
24	CSR BRI Care for the Environment - Spirit of Thalassa di in Pramuka Island	28 September 2013
25	Domestic Products Expo	03 October 2013
26	CSR BRI Care for Education–"Santripreneur" in Al Bayan Islamic Boarding School	09 October 2013
27	Jakarta Night Market	10 October 2013
28	CSR BRI Care for Public Infrastructure–Clean Water for Yogyakarta	10 October 2013
29	Press ConfrenceBRI Quarter 3 Financial Performance	23 October 2013
30	Indocomtech Expo 2013	30 October 2013
31	CSR BRI Care for Education–Renovation for Schools in Border Areas (Sanggau, Atambua, Merauke, Entikong)	06 November 2013
32	School Visit PERBANAS	11 November 2013
33	Strategic Forum 2013	03 December 2013

Investor Relations

The Bank established Investor Relations function under the Corporate Secretary structure. Investor Relations is the Bank's liaison with capital market community and other external parties. Investor Relations is responsible to ensure the fulfilment of all disclosure requirements, as one of GCG principles, to capital market community; build relationship with shares, bonds, and other securities' investors, analysts, journalists, trustee agencies, rating institutions, Self Regulatory Organization (SRO), and other financial communities.

Corporate Secretary

To carry out the responsibility, and to meet regulatory requirements as well as to ensure effective communications, BRI's Investor Relations Desk hold various activities, including: public expose and analyst meeting; receive company visit, field visit, and conference call; investor newsletter publication, provide information update on investor relations website, attend investor conference, and non-deal road show domestic and overseas in financial centres in Asia, Europe, and America. BRI also provides information regarding the Bank's recent developments through GMS and Annual Report publication. In addition, BRI also utilizes internal communications channels to disseminate information. This is part of the Bank's commitment to ensure equity of access for all stakeholders.

BRI is determined to produce accurate and timely information in order to protect investors' interests, especially from risk of error of judgment in investing due to lack of information, insider trading, deliberate information misleading, or other unethical conducts with regards to information availability.

For the purpose of sufficient and accurate information, through Corporate Secretary function BRI forthrightly announced the resolutions of GMS held in 2012 as well as material information and other information relating to corporate actions, through Correspondence Forum with capital market authorities (OJK and Indonesia Stock Exchange), as well as via press release publications (details of BRI's press release and correspondences with capital market authorities are attached to this Annual Report). Moreover, in 2012 BRI published its Annual Report in two languages, Indonesian and English, and contained the Bank's performance. Shareholders and public at large may access information regarding the Bank's developments on website: www.ir-bri.com.

Further, there are a number of activities that BRI held for capital market investors, as follows:

a. Analyst Briefing
   To comply with regulations and to improve communications effectiveness, BRI holds GMS, public expose and analyst meeting; receive company visits, field visits, and conference calls; investor newsletter publication, provide information updates on investor relations website, attend investor conferences, and non-deal road show of domestic and overseas (Asia, Europe, and America).

Activities with Investors 2013

No	Activity	Total
1	Company Visit	171
2	Conference Call	46
3	Field Visit	41
4	Analyst Meeting	4
5	Roadshow/Conference (Domestic)	4
6	Roadshow/Conference (Overseas)	6
7	Investor Newsletters	1
8	Public Expose	1
	Total	**274**

Corporate Secretary

b. The Bank's Financial and Non-Financial transparency that have not been disclosed in other reports.

No	Type of Report	Submitted to	Date
1.	BRI Annual Report 2012	Shareholders	28 February 2013
		Bank Indonesia	16 May 2013
		Yayasan Lembaga Konsumen Indonesia (YLKI)	17 April 2013
		Fitch Rating	03 May 2013
		Pefindo	17 April 2013
		PT ICRA Indonesia	17 April 2013
		Perbanas	17 April 2013
		Association of Bank Pembangunan Daerah	17 April 2013
		Indonesian Banking Development Institution (LPPI)	03 May 2013
		INDEF	03 May 2013
		LIPI Center for Economic Research	03 May 2013
		Indonesian Bankers' Association	03 May 2013
		Investor Magazine	17 April 2013
		Info Bank Magazine	17 April 2013
2.	Q4 - 2012 Financial Statement	Kompas, Kontan, Bisnis Indonesia, Investor Daily, Media Indonesia Newspapers	01 February 2013
3.	Q1 - 2013 Financial Statement	Kontan, Bisnis Indonesia, Investor Daily, Media Indonesia Newspapers	25 April 2013
4.	Q2 - 2013 Financial Statement	Kontan, Bisnis Indonesia, Investor Daily, Media Indonesia Newspapers	31 July 2013
5.	Q3 - 2013 Financial Statement	Kontan, Bisnis Indonesia, Investor Daily, Media Indonesia Newspapers	24 October 2013

Board of Directors and Board of Commissioners Bureaus' Activities

BRI's Corporate Secretary also functions as office of the boards, where it ensures information availability and fulfilment of quorum requirement for decision making of the Board of Directors and Commissioners. In addition, Corporate Secretary is responsible to update information regarding regulations and to provide information on corporate actions to relevant regulators.

To carry out compliance function, Corporate Secretary exercises government relations' function with the purpose to create and maintain the Bank's goodwill before the regulators.

Communications with Investors

The GMS and Annual Report Publication are among the activities held by Corporate Secretary that serve as the channels to present material information to shareholders. In GMS, the agenda items include presentation from the Board of Directors and Board of Commissioners' accountability report for their management of the Bank to shareholders and investors.

Investors are strategic shareholders whose investing decisions are highly influenced by the quality and speed of information. Information received at an inappropriate moment may bring abnormal benefits to some parties and may be against the law, as it possibly enable self dealing, insider trading, deliberate information misleading, and other unethical actions.

With capital market community, Corporate Secretary continuously builds good communications, particularly with investors and analysts. Materials presented directly to investors or through analysts are instrumental to investments decision-making. To maintain intensive and effective communications with investors, BRI holds various activities involving investors under the coordination of Corporate Secretary, as outlined by the table above.

Access of Information and Corporate Data

BRI consistently provides information in an integrated manner, timely, and effective, through website www.bri.co.id, a communication channel that offers information access convenience for stakeholders. Accessible information through the website includes BRI's banking products and services, corporate financial information, career opportunities, and other information on BRI.

To obtain further information, customers may contact Call BRI 14017 or (62-21) 57-987-400. Investors may contact Corporate Secretary/Investor Relations by email to: ir@bri.co.id or call to (62-21) 5751969.

Compliance Function

BRI conducts its Compliance Function based on Bank Indonesia Regulation No. 13/2/PBI/2011 dated 12 January 2011 on Implementation of Compliance Function in Commercial Banks. Compliance Function in BRI is conducted by Director of Compliance and Compliance Division. During 2013, the Director of Compliance is held by Randi Anto, who serves as of 12 July 2011, while Head of Compliance Division is M. Jarot Eko Winarno. Director of Compliance and Head of Compliance Division have met the independency criteria set out and required by Bank Indonesia.

Compliance Charter

Compliance Charter is established by the Decree of BRI's Board of Directors No.: S.223-DIR/DKP/10/2011 dated 25 October 2011 concerning BRI Compliance Charter. The Charter contains guideline of Compliance function and includes independency, authority, position as well as duties and responsibilities of compliance staff members.

Furthermore, to strengthen compliance function in BRI, the Bank has complemented its policies with other compliance policies such as: compliance culture implementation, prudential assessment, and Anti-Money Laundering (AML) and Counter-Terrorism Funding (CFT).

Compliance Unit

Compliance Unit is an independent working unit that supports the activities of Compliance Director. Compliance Unit, or Compliance Division, comprises 3 groups: Credit Compliance group, Non-Credit Compliance group, and Know Your Customer group.

Compliance Unit Independency

BRI conducts its Compliance Function based on Bank Indonesia Regulation No. 13/2/PBI/2011 dated 12 January 2011 on Implementation of Compliance Function in Commercial Banks. The Compliance Function in BRI is implemented by the Director of Compliance and Compliance Division. Director of Compliance and Head of Compliance Division have met the independency criteria set out by Bank Indonesia.

Compliance Function Duties and Responsibilities

In accordance with Bank Indonesia Regulation, Compliance Function has the following duties and responsibilities:

1. To realize Compliance Culture across organization levels and business activities in BRI.
2. To manage Compliance Risk in BRI.
3. To ensure that policies, provisions, systems, procedures, and business activities of BRI have been consistent with Bank Indonesia regulations and other applicable laws and regulations.
4. To ensure BRI's compliance to the commitment made to Bank Indonesia and/or other relevant authorities.

Implementation Compliance Function

a. Compliance Culture

All employees in BRI are responsible to enact the Compliance Culture. In 2013, continuing the 2012 program, continuous socialization program across BRI's operational units were carried out to reinforce the Compliance Culture implementation in BRI. In-class trainings were also conducted to enhance knowledge and internalize compliance, incorporated in BRI's staff development program.

b. Compliance Risk Monitoring

In monitoring compliance risk, the Compliance Division coordinates with Risk Management Division to identify, measure, observe, and control compliance risks in accordance with Bank Indonesia regulation on Risk Management Implementation for Commercial Banks. Compliance risk management effectiveness is presented in monthly Risk Profile Report.

c. Prudential Banking Principles Monitoring

Prudential banking principles monitoring aims to ensure BRI's compliance to prudential banking principle enforced by Bank Indonesia and other relevant supervisory authorities. Activities in prudential banking principles monitoring are:

1. Prudential principle testing
   Testing is performed on final policy drafts and/or decision drafts to be enforced by BRI Board of Directors concerning credit and non-credit matters. Test results in 2013 showed that, in general, the Board of Directors' policy and/or decision drafts that were tested have fulfilled prudential principles as prescribed by the external and internal regulations.
2. Test results monitoring
   A follow up of the foregoing, this activity aims to ensure that the follow-up of policies and/or decisions remain consistent and in compliance with prudential principles.
3. Internal policies review
   Ensure that policies established by the Board of Directors and implemented internally in BRI, have met prudential principle.

4. External policies resume
   External policies resume and dissemination are applicable for new policies and amendment of existing policies from external regulators. This is part of policy socialization activities, ensuring that the external policies may be forthrightly available as reference for operational units in their respective fields.
5. External policies impact analysis/gap analysis
   The purpose of such analysis is to examine the impact of external policies to BRI's existing internal policies as well as to ensure the consistency of BRI's internal policies with external policies.

Type of Activity	2012		2013	
	Loan	Non-Loan	Loan	Non-Loan
Prudential principle testing	321	133	331	181
Monitoring	300	80	280	116
Policy response	11	37	8	49
Internal policy review	25	18	17	13
External policy resume	39	33	38	55
External policy impact analysis	18	12	15	15

d. Monitoring the fulfilment of the Bank's commitment to relevant authorities

This activity aims to ensure that BRI fulfils its commitment with Bank Indonesia and other relevant authorities. The commitments may arise from audit results or letters issued by Bank Indonesia and/or other supervisory bodies. Results of monitoring on the Bank's commitment fulfilment are reported via Compliance Function Report submitted periodically to the Board of Directors, Board of Commissioners, and Bank Indonesia.

e. System, infrastructure, and compliance policy enhancements

To ensure the effectiveness of existing compliance standards, Compliance Function consistently evaluates and, when necessary, updates the compliance toolkit.

Several updates carried out during 2013 were conceptions/updates on compliance checklist concerning review of the Board of Directors' policy/decision drafts on new products and activities, securities, counter guarantee, uncommitted credit line, Joint Vehicle Financing for consumer loans, and individual consumer loans.

Moreover, continuous enhancements are also conducted on Compliance Dashboard, a tool developed by BRI to monitor BRI's compliance with regulatory requirements. The Dashboard also provides alert for related executive officers during decision or policy making. The dashboard monitors third party funds, derivatives, SID and LBU fines, NPL, CAR, Loan Portfolio of Corporate, Medium, Retail, and Micro segments.

AML-CTF Implementation

Activities pertaining to the Anti-Money Laundering (AML) and Counter-Terrorism Funding (CTF) in 2013 include:

1. Reviews on policies, procedures, and Operational Handbook (BPO) of AML and CTF implementation in accordance with BI Regulation No. 14/27/PBI dated 28 December 2012 and Bank Indonesia Circular Letter No: 15/21/DPNP/2013 dated 14 June 2013 on the Implementation of AML and CTF for Commercial Banks.
2. Sustainably socializes Policies and AML-CTF Implementation Procedures.
   a. On-site socialization of:
      i. AML-CTF policies and procedures implementation monitoring at BRI's operational unit level. Monitoring was performed using sampling method on 13 Regional Offices, 39 Branch Offices, 26 Sub-Branch Offices, 50 BRI Units, and 4 Priority Service Centres. Monitoring results have been submitted to each sampled Regional Offices for follow-up.
      ii. Dedicated training on AML and CTF for instructors in BRI's Education and Training Centres (Pusdiklat) and Education Centres (Sendik).
      iii. Held trainings for BRI employees; participants were asked to perform TOT (Training of Trainers) to staff in their respective units, recorded via TOT minutes.
      iv. AML-CTF induction to new employees who will be associated with Know Your Customer principle, such as: Front Line staff (Customer Service officers and Tellers), FO (Funding Officer), and AO (Account Officer).

b. Off-site socialization:
   i. AML-CTF material through e-learning module, enabling employees to conduct independent AML-CTF learning.
   ii. Self-assessment method on AML-CTF implementation applied to BRI's operational units across Indonesia. Self-assessment aims to raise awareness and ensure AML-CTF implementation in all operational working units of BRI (Branch Offices, Sub-Branch Offices, Priority Service Centres, and BRI Units).
   iii. Submission of action plan for AML and CTF implementation to Bank Indonesia; required further coordination with related Working Units to fulfil targets outlined in the action plan.
   iv. Submitted customer data update plan and realization of customer data update for BRI customers and customers of Cross Border Correspondent Banking (CBCB).
   v. Fulfilled reporting obligation to INTRAC by submitting Cash Transaction Report (CTR) and Suspicious Transaction Report (STR) as well as developed application for International Funds Transfer Instructions (IFTI) reporting.
   vi. Followed-up request of information/data and account freeze/opening from external parties, such as Bank Indonesia, INTRAC, Corruption Eradication Commission (CEC/KPK), National Anti-Narcotics Agency (BNN), Police Department, and Tax General Directorate.

Bank's Compliance Level to Prevailing Laws and Regulations

The Bank's compliance level is measured based on the compliance risk profile measurement conducted in 2013, with score 2 (low to moderate).

USA Patriot ACT

The "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Act of 2001" (the "USA PATRIOT Act") is established by the Government of the United States to prevent money-laundering and terrorism funding through foreign correspondent banks' accounts in US financial institutions. The Act requires all foreign banks that manage or plan to open correspondent accounts in the US to complete a standard form. To fulfil the USA Patriot Act requirement, BRI has completed foreign correspondent bank account certificate, which is accessible through BRI's website at www.bri.co.id. The certification applies for all accounts opened for BRI by Covered Financial Institutions.

Compliance Function Effectiveness Evaluation

The compliance function report is one of the information media for the Board of Commissioners in conducting monitoring function on BRI's compliance. During 2013, the Board of Commissioners have conducted oversight activities on BRI's compliance and issued 9 recommendations to the Board of Directors.

Compliance Function Quality Improvement

Going forward, to improve the quality of compliance function in BRI and to socialize Compliance culture across all levels of BRI's organizations, the Bank will continue to refine and complete compliance systems and policies, whilst intensively carries out the awareness regarding the importance of Compliance culture.

Participation in Compliance Director Communications Forum (FKDKP) is also a tool to build relationship with Compliance Function in other banks. Several activities under the forum are seminars, workshops, and trainings as well as other programs to promote Compliance function particularly in BRI.

Risk Management

Risk Management process is consistently implemented in all business activities and daily banking operations. Continuous risk management is a key factor to determine BRI's success in achieving its performance targets in the pursuit to become a sound bank with sustainable growth. The Bank implements integrated enterprise-wide risk management that covers management of credit, liquidity, operational, market, strategic, compliance, reputational, and legal risks in accordance with Bank Indonesia regulations.

As stipulated in BI regulations, BRI applies three lines of defense concept. The first line of defense comprises business/operational units that undertake transaction activities with due to observance to limit policies and operational guidelines (BPO) applicable in their respective fields. The second line of defense comprises risk management unit that monitors the adequacy of BRI's risk management practices according to risk tolerance. Risk Management unit independently determines policies, guidelines, and risk limits for business/operational units. In addition, Risk Management Division also carries out programs to raise risk awareness of the Operational Units, empowering them as the first line of defense, by promoting OPRA application that contains risk management process education and briefing leaders of working units in terms of risk management.

Internal Audit Unit forms the third line of defense that ensures adequate internal control exercised by the first and second line of defense. Internal Audit unit provides independent reports to President Director and Board of Commissioners.

Detailed discussion on Risk Management is presented in "Risk Management" sub-chapter under "Operational Review" chapter.

Internal Control System

Basis of Reference

To implement effective and extensive internal control system, BRI refers to the following Bank Indonesia regulations:

1. Bank Indonesia Regulation Number 5/8/PBI/2003 dated 19 May 2003 on the Implementation of Risk Management for Commercial Banks, as amended with BI Regulation No 11/25/PBI/2009 dated 01 July 2009
2. Bank Indonesia Circular Letter No 5/21/DPNP dated 29 September 2003 on the Implementation of Risk Management for Commercial Banks, as amended with BI Circular Letter No 13/23/2011 dated 28 October 2011
3. Bank Indonesia Circular Letter No 5/22/DPNP dated 29 September 2003 on Internal Control System Standard Guidelines for Commercial Banks

Internal Control System Framework

BRI's internal control refers to international standard COSO ERM framework (Internal Environment, Objective Setting, Event Identification, Risk Assessment, Risk Response, Control Activities, Information & Communication, and Monitoring).

Through this effort, BRI aims to obtain adequate assurance in safeguarding the Bank's assets, ensure the availability of accurate reports, improve compliance to prevailing regulations, minimize impact of financial losses, deviance including fraud, and breach of prudential banking principle. Internal control also enhances the organization's effectiveness and boost cost efficiency. Internal Control System is implemented in BRI to achieve the following objectives:

1. Assurance of the Bank's operational activities compliance with existing laws and regulations – including regulations from the government, banking supervisory authorities, and the Bank's internal policies, provisions, and rules.
2. Availability of accurate, complete, and timely financial and management information, especially relevant information required in decision-making.
3. Efficient and effective banking operations, by increasing effectiveness and efficiency of asset utilization and other resources, whilst protecting the Bank from loss risk.
4. Effective risk culture that encompass all levels of the organization, particularly in terms of early identification of weakness and fraud, assessment of policy reasonableness, and improvement of relevant procedures.
5. Minimal impact of loss, deviation including fraud, and breach of prudential banking principle.

Internal Control Implementation (Internal Control and Audit)

Internal audit provides assurances as well as independent and objective consultancies to generate added value for operational activities. Internal Audit supports the organization in its endeavours to realize organization's goals through systematic approach; evaluation and increase of risk management effectiveness, internal control, and governance process.

BRI's internal control framework complies with COSO ERM international standard to ensure effective operations and financial control.

Internal Control System Effectiveness Evaluation

BRI continuously evaluates the effectiveness of internal control system implementation. Monitoring and mitigation banking activities main risks are consistently a priority and part of Internal Control System daily activities, enacted by operational working units or Internal Audit Unit. BRI also constantly evaluates and monitors internal control system adequacy to accommodate the continuously changing internal and external conditions and to improve effectiveness of Internal Control System.

Evaluation of internal control system implementation effectiveness primarily focuses on functional activities and core business processes. The evaluation is carried out on several interrelated control components, namely:

1. Control environment,
2. Risk identification, assessment, and mitigation,
3. Control activities and function separation,
4. Information, accounting, and communication systems, and
5. Monitoring activities on corrective actions for deviations/ weakness.

Results of internal control system evaluation are used as a basis for BRI's management to examine internal control implementation effectiveness and to determine improvement steps, system enhancements, or control policy update necessary to enable the Management to improve operational effectiveness while minimizing risks that may be detrimental to the Bank.

Monitoring and evaluation are further elaborated in various new policies such as Guidelines, Operating Manuals, or Work Instructions. Based on the examinations and discussions held during meetings of the Board of Commissioners with Committees, Internal Audit Unit, and several relevant divisions, BRI's internal control system was deemed adequate.

Further, to respond to the rapid and complex business developments of the Bank, Internal Audit expanded its organizational structure by assigning Resident Auditor – a newly formed audit function at Branch Office and BRI Unit level. Resident Auditors carry out periodic and sustainable monitoring activities to ensure rapid risk detection in operational working units.

To minimize fraud risk, BRI has established Special Investigations Unit responsible to analyze any red flags (abnormality), conduct fraud risk indicators analysis, and investigate any indications of fraud.

Internal Audit

Internal Audit Function

BRI's Internal Audit function is carried out by Internal Audit Unit (IAU) that reports directly to the President Director. It also has direct communication line with the Audit Committee, to coordinate and administer any information relating to audit activities and audit results. Internal Audit Unit has a highly strategic role in furthering the aims and objectives of the Bank through systematic, orderly, and structured approach in evaluating and improving the effectiveness of risk management, internal control, and governance process.

Basis of Reference

Internal audit function implementation in BRI refers to the following prevailing regulations, such as:

1. Chairman's Decree of Capital Market and Financial Institution Supervisory Agency No: KEP- 496/BL/2008 dated 28 November 2008 on the Internal Audit Formation and Charter Development Guidelines;
2. Bank Indonesia Regulation No.1/6/PBI/1999 dated 20 September 1999 on Assignment of Compliance Director and Standards for the Practice of the Bank Internal Audit Function (SPFAIB);
3. Bank Indonesia Regulation Number 5/8/PBI/2003 dated 19 May 2003 on the Implementation of Risk Management for Commercial Banks, as amended by Bank Indonesia Regulation No 11/25/PBI/2009 dated 01 July 2009
4. Bank Indonesia Circular Letter No 5/21/DPNP dated 29 September 2003 e Implementation of Risk Management for Commercial Banks, as amended by Bank Indonesia Circular Letter No 13/23/2011 dated 28 October 2011
5. Bank Indonesia Circular Letter No 5/22/DPNP dated 29 September 2003 on the Guidelines of Internal Control System for Commercial Banks
6. Bank Indonesia Regulation No.9/30/DPNP dated 12 December 2007 on the Implementation of Risk Management in the Use of Information Technology in Commercial Banks;

As well as other relevant regulations.

BRI also refers to the following best practices, such as:

1. The Internal Audit Function In Bank - Basel Committee On Banking Supervision;
2. International Standards for The Professional Practice of Internal Auditing of Internal Auditing (Standards);
3. Practice Advisories Under International Professional Practice Framework (IPPF);
4. Consortium of Indonesian Internal Auditing Professional Associations. 2004. Internal Audit Professional Standards. Jakarta. Internal Audit Education Foundation.

BRI Internal Audit Charter

Internal Audit Charter is prescribed in the Board of Directors' Decree Nokep.S.53-DIR/AIN/07/2008 dated 28 July 2008 on Internal Audit Charter as well as BRI's Internal Audit Policies and Procedures, as updated by the Joint Decree of the Board of Commissioners and Board of Directors Nokep.B.802-DIR/AIN/11/2013 dated 22 November 2013 on Internal Audit Charter of PT Bank Rakyat Indonesia (Persero), Tbk. Internal Audit Charter is formulated to provide a clear guidance on the purpose, authority, responsibility, and scope of internal audit's works in the organization.

Internal Audit Charter comprises elements of vision, mission, attributes, auditor's code of conduct, position, role, function, duties, responsibilities, authority, audit scope, independency, objectiveness, professional requirements, communications & reporting, internal audit carried out by external parties (outsourced), quality assurance and improvement programs, policies, and procedures used as reference by Auditors in the enactment of their duties.

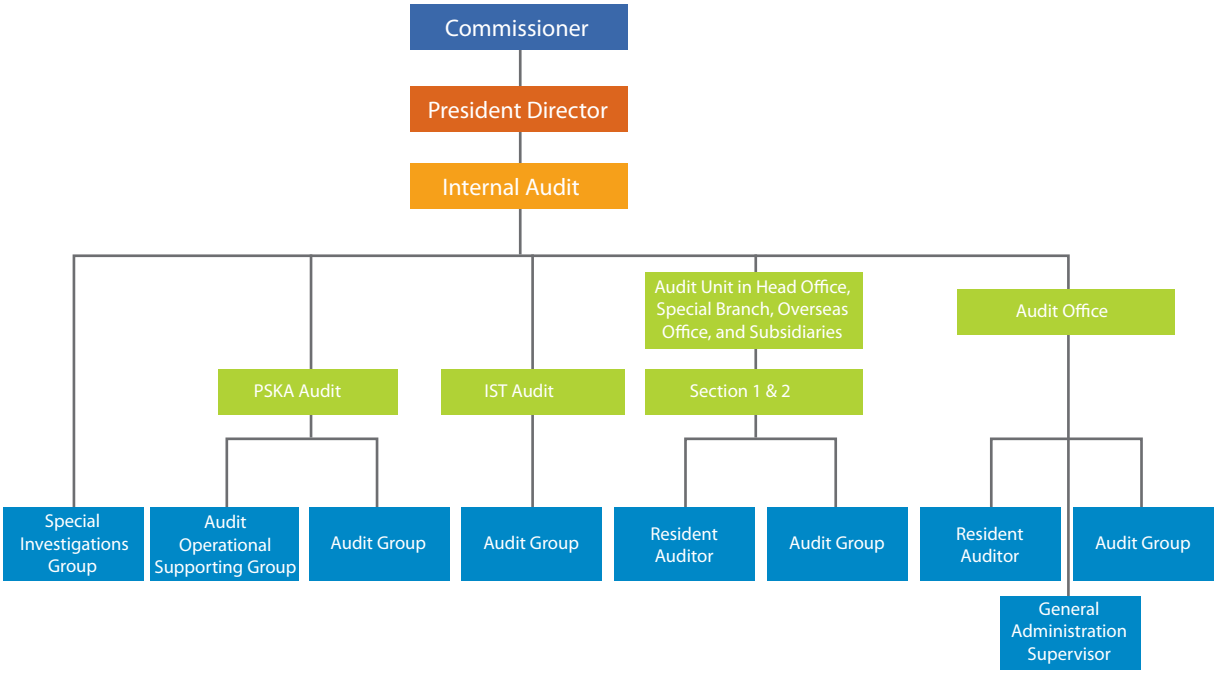
Internal Audit

Organizational Structure and Position

Organizational Structure

Internal Audit structure and position are stipulated by:

1. Director's Decision Letter on BRI Internal Audit Organizational Structure No. S.129-DIR/REN/08/2012 dated 9 August 2012 on PT BRI (Persero) Tbk. Internal Audit Organization.
2. BRI's Internal Audit Charter No. S 53-DIR/AIN/07/2008 dated 28 July 2008.



Structurally, BRI's Internal Audit Unit is under the President Director's direct supervision. It reports directly to the President Director and maintains communication line with the Audit Committee. Internal Audit provides assurances as well as independent and objective consultancies in order to generate added value and enhance operational activities. Internal Audit Unit supports the aims and objectives of the Bank through systematic, orderly, and structured approach in evaluating and improving the effectiveness of risk management, internal control, and governance process.

Position

Although structurally placed under the direct supervision of President Director, Compliance Director holds full responsibility for BRI's Internal Audit operations in accordance with the authority, and has communication line with the Audit Committee (Board of Commissioners). This enables the Head of Internal Audit Unit to communicate directly with the Audit Committee, presenting/reporting any issues relating to the audit activities.

The structure of BRI's Internal Audit is composed of Delivery Audit Unit and Support Audit Unit, with the following details:

1. Delivery Audit Function is composed of:
   a. IST Audit Function
      The scope of IST Audit comprises Working Units that are involved in the management and use of Information System Technology (IST), which covers the process of Core Banking and Non Core applications developments and operations; IST infrastructure operations in DC, DRC, and all Working Units; IST security, application, infrastructure, strategy, policy, risk management, supporting, and so forth.
   b. Head Office, Special Branch, Overseas Office, and Subsidiaries Audit Function
      The scope of this Audit Unit comprises Head Office (KP) Unit, Special Branch Office (KCK) Unit, Overseas (UKLN) Working Unit, and Subsidiary Entities (PA).

c. Inspection Office Function
The scope of Inspection Office Audit comprises Regional Offices, Branch Offices, Sub-Branch Offices, Cash Offices, and BRI Units.
d. Investigations Audit Function

Investigations Audit function is a dedicated function for investigations with unlimited scope of audit.

2. PSKA Audit as Support Function
PSKA Audit reviews Internal Audit organization; new policies, procedures, and audit supporting facilities; audit quality improvement; software and hardware designs according to requirements and Internal Audit best practices.

To support Internal Audit function, BRI has 19 Delivery Audit Units (the units that implement audit activities) throughout Indonesia, responsible to supervise Regional Offices and Operational Working Units.

Head of Internal Audit and Appointment Head of Internal Audit

Head of Internal Audit unit leads the Bank's internal audit; the Head of IAU is appointed and dismissed by President Director with the approval from the Board of Commissioners, as stipulated in Bank Indonesia Regulation No 1/6/PBI/1999 the Assignment of Compliance Director and Standards for the Practice of the Bank Internal Audit Function. The appointment and dismissal of IAU Head is also stated in BRI Internal Audit Charter in Joint Decree of the Board of Commissioners and Board of Directors Nokep.B.802-DIR/AIN/11/2013 dated 22 November 2013 on Internal Audit Charter of PT Bank Rakyat Indonesia (Persero), Tbk. The Decree affirms that Head of IAU is appointed and dismissed by President Director with the approval from the Board of Commissioners, and reported to Bank Indonesia and OJK.

As of the end of 2013, Ali Mudin served as Head of IAU. The profile of IAU Head is presented in "Corporate Data" chapter.

Human Resources and Internal Audit Qualifications

Internal Audit Unit continuously strives to provide services performed by skilled auditors with competencies that are compatible with requirements, scope of control, and risk profile of each audit field.

By 31 December 2013, Internal Audit is composed of 1 IAU Head, 17 Inspectors, 22 Deputy Inspectors, 1 Section Head, 69 Group Head, 439 Auditors (consist of Senior Auditor, Auditor, Junior Auditor, and Associate Auditor), 362 Resident Auditors in Branch Offices, and 1,139 Unit Resident Auditors.

Supporting BRI's Internal Audit is **17 Inspection Offices** across Indonesia, taking the role as strategic business partners of Regional Offices and its Operational Working Units.

Internal Audit

Position	31 December 2013
Head of Internal Audit Unit	1
Deputy Head of Internal Audit Unit	1
Inspector	17
Deputy Inspector	22
Group Head	69
Section Head	1
Subtotal	**111**
Senior Auditor	15
Auditor	43
Junior Auditor	88
Associate Auditor	293
Subtotal	439
Total	**550**
Resident Auditors in Branch Offices	362
Unit Resident Auditors	1.139
Total	**2.051**

Internal Audit Professional Certification

To ensure sound audit activities, a number of professional auditors under BRI's IAU have obtained national and international certifications, with the following details:

BRI Internal Audit Certification	
Certification	**Certified Auditors**
Certified Fraud Examiner	8
Qualified Internal Auditor	18
Certified Information System Auditor	3
Certified Ethical Hacker	1
Certified Data Center Professional	1
Certified Forensic Security Specialist	1
IT Governance	1
CICA (Certified Internal Control Auditor)	1
IT Governance from MTI UI	1
Total	**35**

As of December 2013

Certification	Certified Auditors
Certified Fraud Examiner	8
Qualified Internal Auditor	18
Certified Information System Auditor	3
Certified Ethical Hacker	1
Certified Data Center Professional	1

Certification	Certified Auditors
Certified Forensic Security Specialist	1
IT Governance	1
Total	**33**

Further, details on education qualification by position is as follows:

Position	Doctorate	Post-Graduate	Undergraduate	Associate Degree	High School Diploma	-
IAU Head	-	1	-	-	-	-
Inspector	1	11	5	-	-	-
Deputy Inspector	-	14	9	-	-	-
Section Head	-	1	-	-	-	-
Group Head	-	45	36	-	-	-
Auditor	-	23	614	6	1	59
RA Branch Offices	-	18	574	35	57	1
Unit RA	-	12	532	60	169	1
Total	**1**	**125**	**1770**	**101**	**227**	**61**

Formal Education	Position						Total
	Head of IAU/ Inspector	Section Head/Audit Head/ Deputy Inspector	Group Head	Auditor	Resident Auditor	Support Admin	
Doctorate	1	-	-	-	-	-	1
Post Graduate	11	16	30	13	23	2	95
Undergraduate	5	8	22	525	769	23	1352
Associate Degree (D3)	-	-	-	9	62	3	74
High School/ Equivalent	-	-	-	-	120	14	134
Total	**17**	**24**	**52**	**547**	**974**	**42**	**1656**

Auditor Level	Core Competencies Level General Auditor		Core Competencies Level Auditor IT	
	General Auditing	Risk Management	General & IT Auditing	IT Risk Management
Group Head	4	4	4	4
Senior Auditor	4	4	4	4
Auditor	3	4	3	4
Junior Auditor	3	3	3	3
Associate Auditor	3	2	-	-
Senior Resident Auditor	3	3	-	-
Resident Auditor	3	3	-	-
Resident Auditor Unit	3	3	-	-
Hard Competencies Mastery Level: a. Level C1: Knowledge b. Level C2: Comprehension c. Level C3: Application d. Level C4: Analysis e. Level C5: Synthesis f. Level C6: Evaluation				

Internal Audit

Duties and Responsibilities

Duties and Responsibilities of IAU Head

1. Head of IAU effectively and efficiently manages Internal Audit function, ensuring that internal audit is able to provide added value for BRI.
2. Head of IAU is responsible to create audit plan, direct audit activities, implement audit, control and provide audit guidance, and evaluate existing procedures in order to generate assurance that BRI's goals and objectives will be optimally fulfilled.
3. Head of IAU reports periodically to the President Director

Duties and Responsibilities of Internal Audit

Duties and responsibilities of BRI's Internal Audit as stated in Internal Audit Charter are:

1. Internal Auditis directly responsible to the President Director
2. Supports President Director and President Commissioner in their supervisory duties by providing details in operational manner with regards to planning, execution, and findings monitoring.
3. Analyses and reviews finances, accounting, operations, and other activities through direct examination and indirect observation.
4. Identifies all possibilities to improve and increase efficiency and optimization of the use of resources and budget .
5. Provides objective improvement suggestions and information concerning audited activities to all levels of the management.
6. Submits report to the President Director and President Commissioner.
7. Assure that quality of line management in terms of risk management; internal control system, and business governance have been adequate and effective.
8. Examines and evaluates the execution of BRI Work Plan in order to ensure that all BRI's business activities may take place seamlessly and are able to meet stakeholders' expectation.
9. Submits audit findings to internal and external parties in timely manner, in accordance with existing policies, regulations, and procedures.
10. Maintain good relationship with Auditees, External Auditors, and third parties in the implementation of IA's tasks.

Audit Methodology

BRI applies Risk Based Internal Audit (RBIA) methodology with business process approach. RBIA is implemented in phases with consideration to risk management maturity corporate-wide. The methodology identifies business processes and units projected to have more significant risks in the Bank's target achievement; the identified processes and units are prioritized for audit therefore assuring that risk potentials are minimized according to the Bank's risk appetite. To ensure efficiency and effectiveness of risk-based audit, and to enhance audit role as Strategic Business Partner (SBP), IAU uses Computer Assisted Audit Techniques (CAATs) to perform data analysis.

Audit Evaluation

Quality assurance evaluation is conducted to ensure audit quality. Quality assurance is carried out by internal party through internal quality assurance review or by external reviewers. Quality assurance review by external party is exercised by PT SGS Indonesia through ISO 9001 surveillance. Result of ISO 9001:2008 surveillance visit 2/2012 by PT SGS Indonesia showed no major or minor findings.

Implementation effectiveness and compliance to the Bank Internal Audit Function Standard (SPFAIB) is evaluated by External Auditor (in 2011, evaluation was conducted by PriceWaterHouseCoopers), with results that BRI's Internal Audit function has been able to perform its roles according to the standards and gained "good practices" predicate.

Audit Activities

BRI's IAU is responsible to implement audit activities across BRI's line of management, as outlined in the audit scope under the Annual Audit Plan. The Plan, approved by President Director and President Commissioner, is composed of Regular Audit activities to be carried out on Line Management, Special Audit, Surprise Audit, and Mandatory Audit. Scope of audit is established based on risk assessment result.

Regularly, IAU monitors the enactment of management's commitment in order to improve internal control weaknesses within agreed schedule. IAU also provides opinion on the adequacy of improvement follow-up by the management by issuing statement letter of ADEQUATE or NOT ADEQUATE.

Monitoring results on the management's commitment enactment conducted on 548 working units throughout 2013 are as follows:

No	Results of Management Commitment Monitoring 2013	Total Working Units	%
1	Adequate	287	52.37%
2	Not adequate	4	0.73%
3	Monitoring in progress	257	46.90%
	TOTAL	548	100%

In 2013, BRI prioritized in auditing 3,463 working units or 62% of the total BRI's working units. The prioritization was made based on the corporate-wide risk assessment, consistent with BRI's goals and strategic plan, regulatory requirements, the Audit Committee and management's directives, risk profile, as well as the audit results of the preceding period.

As of 31 December 2013, BRI's IAU has conducted regular audits on 3,867 working units and achieved 111.67% of audit assignment target. IAU also carried out special auditing on 813 activities and 6 fraud auditing.

Coordination with External Auditors

BRI's operations and financial data accuracy are also examined by the external auditors, namely Bank Indonesia, The Audit Board of the Republic of Indonesia (BPK), and Public Accountant Firm. During the examination process by external auditors, IAU undertakes the role as liaison officer to coordinate audit process and to monitor the corrective actions taken by related working units as a follow up of external auditors' findings.

The purpose of the monitoring process is to ensure that the management takes actions to improve the internal control weaknesses identified by external auditors.

No	External Auditors	Findings	Status of Findings	
			Resolved	In progress
1	Bank Indonesia (BI)	555	312	243
2	Government of Indonesia Audit Board (BPK RI)	454	267	187
3	Public Accountant Firm	34	3	31

Audit Quality Improvement

To enhance audit quality and efficiency, BRI has developed strategic plan for IAU, consisting of:

1. Internal Business Process Improvement

Efforts taken to improve internal business process encompass the following:

a. BRI Internal Audit strategy update to ensure its alignment with BRI's vision, mission, and strategy as well as the maturity of risk management implementation.
b. Prepare continuous review on Internal Audit practices as a basis to refine Internal Audit Guidelines through seminars, benchmarking, and other sources.
c. Review Internal Audit Guidelines (Policies and Procedures) according to regulations and best practices.
d. Formulate and establish Operational Handbook for:
   - Audit Unit – Delivery Audit
   - Audit Unit – Non-Delivery Audit.
e. Formulate and update the Audit Program (manual control outside of IT business process) to ensure availability of audit implementation technical guidelines that are consistent with prevailing regulations and targets.
f. Prepare the parameter update (Key Risk Indicator) for assessment units and develop new monitoring pattern or anomaly data indicators (transactions) to support the implementation of continuous auditing through Electronic Data Centre.
g. Conduct Quality Assurance Review (QAR) on audit implementation across Delivery Working Units to ensure effectiveness, efficiency, and compliance of audit activities as well as other organizational processes, in accordance with Internal Audit Procedures and BRI overall policies.
h. Conduct ISO 9001:2008 surveillance visit 5 and ISO 9001: 2008 re-certification for the fifth period valid from 2014 to 2017.
i. Collect and compile results of customer satisfaction survey (CSS) from auditees and report the end results to all Working Units.
j. Evaluate the adherence of BRI's Internal Audit Function with SPFAIB and quality assurance review (QAR).

Internal Audit

2. Audit Information System and Technology Development

Audit IST development aims to enhance quality and efficiency of Risk-Based Audit implementation, through a number of programs that cover:

a. Audit Management System Application (BRISMA) development, which integrates end-to-end audit process from Annual Audit Planning (PAT), individual audit planning, implementation of individual audit plan, reporting, and documentation. Enhancements on BRISMA include:
   - BRISMA audit management system application evaluation
   - BRISMA application development.
   - BRISMA data reference update
   - BRISMA User Forum implementation

b. Management of Users and Audit Application Operations

c. Conduct AER (Audit Electronic Register) application implementation and socialization. This application handles IT infrastructure (hardware) inventory available in each audit office.

d. Socialization of BrideX 2.0 application as analytical tools to improve risk indicator identification.

e. Continuously develop Electronic Data Centre (PDE) phase III for auditors. PDE handles centralized audit data processing. Results of PDE data processing can be accessed by all auditors in their respective locations. Auditors with raw data that requires processing (ad hoc processing) may utilize BrideX, an offline application that handles data process with decentralized approach.

f. Development of manual control for IT business process infrastructure. Manual control outlines minimum steps to be utilized in auditing process.

3. Learning and Growth

Programs with respect to Internal Audit staff's quantity and quality are:

a. Periodically fulfil the Internal Audit structure in accordance with the established formation, through various HR fulfilment strategies.

b. Improve auditors' competence through sustainable education that is expected to generate proportional guidance to auditors in their duty implementation.

c. Career development for audit staff members.

External Auditor and Company's Public Accountant

The monitoring on BRI is implemented by BRI's internal auditors and external auditors, such as from Bank Indonesia, Indonesian Audit Board, and Public Accountant Firm.

Appointment of Public Accountant Firm

Pursuant to GMS resolutions dated 28 February 2013, based on the Board of Commissioners' Decree No B.101-KOM/07/2013 dated 31 July 2013 regarding the Appointment of Public Accountant Firm for Financial Statements' General Audit, BRI appointed Purwantono, Suherman dan Surja - Ernst and Young (PSS-EY) Public Accountant Firm, one of the big four Firms to conduct audit on BRI's 2013 financial statements. This was the third appointment for PSS-EY Public Accountant Firm to carry out BRI's financial statements audit and the third appointment for the public accountant responsible to audit BRI's financial statements.

The appointment was made with consideration to Public Accountant Firm evaluation results by the management and recommendation from the Audit Committee. Prior appointment of the Public Accountant Firm was for the financial year 2012 and 2011.

	Name of Public Accountant Firm	Audit Period
Public Accountant Firm	KAP Purwantono, Suherman dan Surja (Ernst and Young Global) Gedung Bursa Efek Indonesia Tower 2 lt. 7 Jl. Jendral Sudirman Kav 52-53 Jakarta	3 years (2011-2013)

The Public Accountant Firm appointment was made according to effective regulations and through tender selection process based on the Firm's fulfilment of the following criteria:

1. Experienced as banking auditors
2. Understands Indonesian banking regulations, public companies regulation, companies entering stock market, and other relevant regulations.
3. Experienced and understands banking application and technology systems.
4. Understands banking products.
5. Experienced and understands risk management.

Other internal regulation used in reference to appoint Public Accountant Firm is the threshold of 5 (five) consecutive audit period at maximum and with the same partner for 3 (three) consecutive financial years.

Audit Fee

Audit fee paid by BRI to PSS-EY Public Accountant Firm amounted to Rp5.550.000.000 (five billion five hundred and fifty five million rupiah), including 10% (ten per cent) VAT and other related taxes. The fee has also included out of pocket expenses (OPE), which covered expenses for branch visits in Indonesia and audit on financial statements of branch offices and international offices. The services rendered were solely financial auditing services.

The assignment of Public Accountant Firm has met the requirements and fulfilled Bank Indonesia Regulation No.3/22/PBI/2001 dated 13 December 2001 as amended by Bank Indonesia Regulation PBI No: 7/50/ PBI/2005 dated 29 November 2005 on the Financial Condition Transparency of Banks and BI Circular Letter No: 3/32/DPNP/IDPnP dated 14 November 2001 on Relationship Between Banks, Public Accountants, and Bank Indonesia.

The appointed Public Accountant Firm has administered audit results and management letter to the Bank in timely manner. The Public Accountant performed its tasks independently and has fulfilled all agreed criteria.

Code Of Conduct

In its Code of Conduct, BRI outlines the behaviour standard that is reasonable, appropriate, and trustworthy, to all BRI staff members. The Code of Conduct applies throughout all levels of the organization and aims to bolster GCG implementation quality.

The position of Code of Conduct

BRI's Code of Conduct describes basic principles of personal and professional behaviour expected of BRI staff members when carrying out their duties. The reasonable, appropriate, and trustworthy principles for all BRI staff members. The Code of Conduct applies for all BRI employees.

Since its conception in 2003, BRI's Code of Conduct policy has been updated in 2010 and 2013 through Joint Decree of the Board of Commissioners and Board of Directors Number 06-KOM/BRI/12/2013 dated 16 December 2013. The Code of Conduct implementation is accompanied by policies on gratification, Whistleblowing System (WBS-BRI) mechanism as a reporting channel for code of conduct breach, and BRI Disciplinary Rules that stipulates types of breach and mechanism for resolution.

Code of Conduct Commitment

The Bank's Code of Conduct applies throughout the organization. The principles defined in the Code of Conduct are continuously and sustainably applied in the daily attitude, practice, commitment, and formal policies to support the company culture that promotes highest moral and integrity standards when carrying out the operational duties.

BRI's Code of Conduct Elements

All employees of BRI are responsible to uphold the Code of Conduct in their day-to-day activities; strongly embedded business ethics are expected to maintain favourable environment for individuals and for the Bank. The elements of BRI's Code of Conduct are:

1. Compliance with the Law and Bank's Policies

In all of its business endeavours, the Bank is committed to comply with all prevailing laws and regulations. Bank's employees shall further the Bank's compliance commitment with regulations to strengthen BRI's compliance culture.

2. Relationship with Stakeholders

a. Code of Conduct towards Customers

The Bank is dedicated to improve customers' satisfaction and loyalty by providing banking products and/or services that meet customers' needs, with due observance to applicable regulations.

The Bank's staff members uphold the values of honesty and transparency when extending services to customers. These are the underlying principles of the Bank's employees' dedication to customers in order to ensure customers' loyalty to the banking products and/or services offered by the Bank.

b. Code of Conduct towards Partners

BRI is committed to build relationships with its Partners on the basis of legitimate and reasonable business practices; the Bank aims to generate optimum benefits for the organization by adhering to existing legal framework.

BRI's employees uphold professionalism by constantly prioritizing the Bank's interests over personal or other parties' interests.

BRI's employees ensure that all Partners comply with the Bank's policies as well as prevailing regulations and agree to safeguard any confidentiality in their relationship with Bank, unless a disclosure of confidentiality has been recognized and approved by the Bank.

c. Code of Conduct towards Competitors
BRI is committed to maintain sustainable business growth based on prudential banking principle by maintaining professionalism as well as healthy and robust competition.

BRI's employees uphold the principle of fair competition in carrying out business activities, positioning competitors as impetus to performance improvement

d. Code of Conduct towards Regulators
BRI is committed to fulfill all obligations and requirements as established by banking regulators and other relevant authorities.

BRI's employees are committed to maintain seamless communications with banking regulators and other relevant authorities guided by ethical standard and prevailing regulations.

e. Code of Conduct towards Shareholders
BRI is committed to generate positive and optimum return for shareholders.

BRI's employees adhere to transparency and accountability principles in reporting activities; reports produced by the Bank are viable as a basis of considerations during decision-making processes.

3. Relationship with the Community and the Environment

BRI is committed to uphold local wisdom, to generate benefit, and to contribute to environmental conservation in areas where the Bank operates. A good rapport with local communities is fundamental to the Bank's success and key to maintaining customers' loyalty and trust.

BRI's employees are committed to be exemplary citizens in any areas where they are assigned. This is part of the endeavours to further the Bank's business and goals with respect to empowering people's economy.

4. Relationship with Employees

a. Code of Conduct towards Employees
BRI is committed to provide equal opportunities to all employees; enabling them to take active participation in the journey to realize the Bank's vision and mission without discrimination, based on equality and mutual trust.

BRI's employees shall actively participate in realizing the Bank's vision and mission by duly performing their tasks and responsibilities to increase productivity and performance.

b. Code of Conduct for Employee Peers
BRI is committed to create an environment that is conducive for growing performance by outlining a set of ethics to guide employees when interacting among their peers.

BRI's employees care, value, and respect one another.

5. BRI's Information Confidentiality

a. Customer Information Protection
BRI is committed to safeguard the public's trust in order to sustain the Bank's business.

BRI's employees uphold the ethics and obligation to protect all customers' information from uninterested parties.

b. Use of BRI's Internal o
BRI's employees uphold the ethics in respect of dissemination of BRI's internal information that may only be disclosed to relevant parties in accordance with applicable policies. BRI's employees are required to safeguard the Bank's internal information.

6. BRI Reporting Integrity and Accuracy

BRI is committed to produce appropriate, accurate, and accountable reports for the management, shareholders, customers, and other interested parties.

BRI's employees are responsible for official documentation of the Bank's activities; all records shall be accurate, transparent, comprehensive, and timely.

Code Of Conduct

7. Conflicts of Interests

BRI is committed to establish and to enact policies pertaining to conflicts of interests that bind the Bank's employees to prevent corruption, collusion, and nepotism practices within the Bank.

BRI's employees are prohibited from deliberately placing oneself in a position or situation that may lead to conflicting interests of self and the Bank, the Bank's customers, or any third parties, from which the Bank may incur losses or impaired gain.

During any decision-making processes, BRI's employees must be free of personal or certain parties' influence, which may, knowingly or otherwise, impair their judgment to take decisions in the best interests of the Bank.

8. Political Activities and Contributions

BRI is committed not to allow funding or use of the Bank's facilities and resources for and/or by parties with political purposes or similar endeavours in nature.

BRI's employees uphold the principle not to contribute their time, money, or personal resources for political activities.

9. Gratification

BRI is committed to interdict the Bank's employees from seeking or receiving any forms of gratification that are not in accordance with prevailing regulations.

BRI's employees uphold the principle not to seek or to receive any forms of gratification for personal gains or for the advantage of employees' family members.

Gratification referred to herein appertains to benefaction in general from any third parties or customers to Bank's employees.

BRI's Code of Conduct Enforcement

Efforts to enact and enforce BRI's code of conduct are performed deliberately and continuously by means of the following actions, commitment, and policies:

1. Code of Conduct Update
   To align code of conduct implementation with GCG and recent business practices, BRI evaluates, formulates, and establishes Joint Decree of BRI's Board of Commissioners and Board of Directors No. 06.Kom/BRI/12/2013 and No. 65-DIR/DKP/12/2013 concerning BRI Code of Conduct. Applicable to all employees, the Joint Decree outlines the policies, definitions, and requirements to abide by all Code of Conduct items.

2. Statement of Compliance with BRI Code of Conduct
   To effectively apply Code of Conduct, BRI's employees are required to read and understand the Code of Conduct; all employees are also required to sign "statement of compliance with BRI's Code of Conduct."

3. Code of Conduct Dissemination
   BRI's Management has the obligation to ensure that all employees have received, read, and understood the Bank's Code of Conduct as stated in the foregoing Joint Decree. To that end, BRI's Management, in coordination with HR Policy and Development Division and Legal Division, distribute content of BRI's Code of Conduct in hardcopy and softcopy.

4. Penalty to Code of Conduct Violation
   BRI has established rigorous penalty for any breach on Code of Conduct items. The penalty is applied in tier, from verbal warning, written warning, to employment termination and legal actions should the breach is deemed material such as corruption and fraud. In addition, sanctions imposed by the Bank also consider the severity of breach and accompanying evidences.

5. Management's Commitment
   Affirmation from BRI's Management on the commitment not to seek and/or receive any forms of gratification from customers, debtors, partners, or other third parties; affirmation is published in mass media and BRI's website.

6. Anti-Fraud Commitment
   Anti-Fraud commitment is the foundation of all policies, provisions, and regulations applied for all BRI's activities and enacted through implementation of GCG principles, Risk Management, as well as Internal Control System.

Anti-Fraud Statement is performed through anti-fraud commitment made by BRI's Board of Directors and Board of Commissioners and commitment statement from employees across all operational units. All units are required to formulate and/or update employees' Anti-Fraud Commitment at least one time every year during Performance Improvement Forum (FPK).

7. Integrity Pact
   Cooperation with partners in terms of goods and/or services procurement requires the formulation and signing of Integrity Pact as a sign of commitment to implement GCG principles during cooperation.

   Integrity Pact covers the following:
   a. Independency
   b. Duty of Care and loyalty
   c. Prudent person rule
   d. Conflict of interest rule
   e. Duty abiding the laws

8. Statement of Conflicts of Interests
   Working units are required to disclose transactions that contain conflicts of interests by detailing name and position of the person with conflicting interests, name and position of personnel that approve transaction that contain conflicts of interests, type of transaction, nominal of transaction, and other description as required. All employees are also required to complete Annual Disclosure form with respect to conflicts of interests, in accordance with BRI's internal policy.

9. Reward and Punishment Policy
   BRI has formulated policies concerning compensation and benefits – defined according to the Bank's policies and ability, with due observance to prevailing laws and regulations. Aside from providing compensation and benefits, the Bank also consistently applies disciplinary rules. Discipline enforcement is deemed necessary to maintain professional performance of duties and responsibilities and to create healthy, favourable work environment.

10. Dissemination and others
    BRI's Code of Conduct induction program is provided for all new BRI's employees through education program held in BRI's education centres, while policies are continually and consistently disseminated.

    Further, BRI's code of conduct among others encompassing anti-fraud strategy, corporate culture, risk awareness culture, compliance culture, and service culture are promulgated across all BRI's Working units.

Corporate Culture

BRI's Corporate Culture

Core values are important guidelines for employees' behaviour and conduct in their relationship with customers, fellow employee members, the management, and other external parties. Core values are also BRI's corporate culture, which includes the following:

1. Integrity
2. Professionalism
3. Customer satisfaction
4. Leadership
5. Appreciation to HR

To support the implementation of BRI corporate planning, in 2013 BRI's management continued to revitalize BRI's Corporate Culture, with respect to the following conditions:

a. Growing composition of junior staff members in BRI, bringing their own habits and customs.
b. Rapid organizational development and addition of new working units.
c. Shift in customers' need orientation and modern lifestyle.
d. Rigorous banking competition.
e. Other internal and external factors.

The following changes were carried out in conducting the BRI's Corporate Culture Revitalization:

a. Concept reinvigoration,
b. Program enhancement,
c. System integration
d. Corporate Culture Measurement Tool Upgrade.
e. Formulation of communications channels, accompanied by regular and continuous values dissemination.

One of the examples of concept reinvigoration was the empowerment of Change Leader (CL) and Change Agent (CA) roles as the driving wheels of BRI's Corporate Culture Revitalization across all working units. Revitalization program, both in the form of values internalization and dissemination, shall continue every year through Strategic Forum at the Head Office, Communications Forum at the Regional Offices, to Performance Improvement Forum at Working Units throughout Indonesia.

During 2013, programs relating to BRI's Corporate Culture Revitalization among others were:

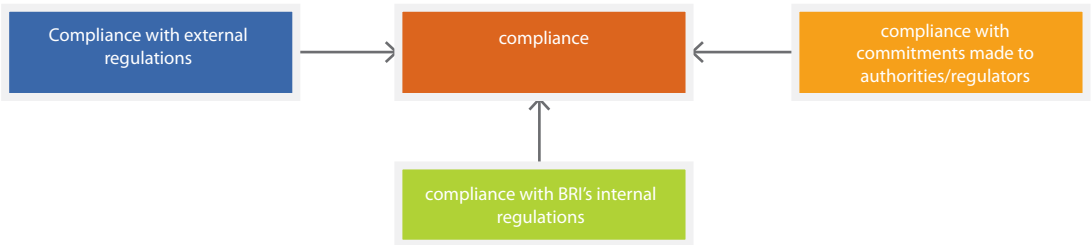
a. Change Agent Brainstorming at the Head Office and Special Branch Offices.
b. Corporate Culture Revitalization Kick Off by BRI's Board of Directors, witnessed by Heads of Divisions and Deputy Heads of Divisions.
c. Training for Trainers for all Change Agents at Head Office and Special Branch Offices.

The need to revitalize BRI's Corporate Culture was driven by growing BRI's employees, business competition, and to support internalization process in BRI's working units. Corporate Culture revitalization aims to empower employees in addressing future business challenges by demonstrating behaviour consistent with BRI's corporate culture. The following are efforts in revitalizing the corporate culture:

1. Improve the role of change leader and change agent in working units.
2. Redefine change agent ratio
3. Tiered monitoring and evaluation that supported by a system.

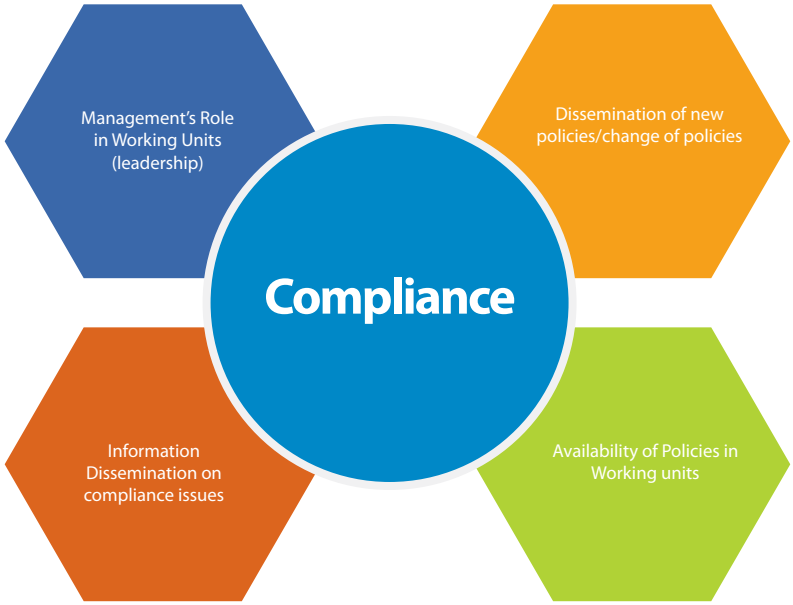
Compliance Culture

Compliance Culture is described in BRI's Board of Directors policies that bind all employees in BRI. Compliance Culture statement includes:



The main pillars to build BRI's compliance culture across all Working Units throughout Indonesia are:

a. Management's Role in Working Units (leadership)
b. Dissemination of new policies/change of policies
c. Availability of Policies in Working Units
d. Information Dissemination on compliance issues



Continuing the dissemination program in the preceding year, working units are required to continuously and sustainably disseminate information concerning BRI's Corporate Culture implementation. Each employee has a role to ensure that values, behaviour, and actions have been consistent with external and internal policies as well as commitments made to regulators. Employees are also expected to actively report the compliance issues. Head of Working Units need to be committed and to set examples in implementing corporate culture to be emulated by their staff members. In addition, all working units need to have all policies necessary as reference of duty implementation.

BRI Service Culture

Service Culture contains key values that define customers' expectation. Service Culture guides the behaviour and conduct of the Bank's staff members when interacting with external and internal customers.

Since Service Culture Kick Off initiated in 2012, as part of BRI's corporate culture revitalization, BRI has been continually strengthening the commitment to extend excellent services and to embed the commitment to all working units through numerous activities, among others:

a. Service Culture Internalization

Service Culture contains key values that define the customers' expectation. Service Culture guides the behaviour and conduct of the Bank's staff members when interacting with external and internal customers. BRI's largest micro network compels the Bank to implement service culture; BRI conducts Training and Motivational program for BRI Units. Inviting Head of BRI Unit, BRI Unit Supervisor, Customer Service officer, and Teller, training and motivational program is a refreshment forum for staff members in micro business to enhance BRI's services.

b. SQ Vaganza 2013

BRI is dedicated to deliver the best services to customers. To appreciate and to boost the motivation of BRI's front line staff in extending quality services, BRI holds biannual SQ Vaganza for BRI's Security Officers, Customer Service officers, and Tellers throughout Indonesia. The competition is held at Branch Office, Regional Office, and National levels. Winners of SQ Vaganza are eligible to enjoy the best experiences of Mass Rapid Transportation, Marina Bay Sands, and SQ Airlines of Singapore.

Corporate Culture

Risk Awareness Culture

To implement risk awareness culture, adequate communications are continuously carried out across the organization to highlight the importance of effective internal control through, among others:

1. Top 50 Quarterly Risk Issue published in a handbook, outlining risk issues in working units and implemented risk control.
2. Risk Management Function embedded in all Working Units, responsible to implement risk awareness culture; and Risk Management Department established in all BRI's Regional Offices.
3. Risk Management Forum as the medium for working unit leaders and their staff members to meet and discuss risks inherent to business or operational activities. Results of discussion that require further follow up and resolution from decision makers will be escalated.
4. Risk Management dissemination.
5. Letters issued to working units concerning internal control.

Anti-Fraud Culture

BRI enacts Anti-Fraud culture through Anti-Fraud Awareness implementation, to increase an understanding of the importance preventing fraud by all parties. Anti-Fraud Awareness implementation is reported every semester to Compliance division. Anti-Fraud Awareness is conducted through dissemination program and anti-fraud statement formulation, employee awareness, and customer awareness, as follows:

1. Formulation and dissemination of anti-fraud statement. BRI's management asserts zero tolerance to fraud in BRI Units. The anti-fraud statement is set forth in the Anti-Fraud Commitment signed by BRI's Board of Commissioners, Board of Directors, and employees.
2. Employee awareness, among others by issuing Top 50 Risk Issue Handbook and letters for control improvement to working units. Other means include Risk Management Function Refreshment, Risk Management Dissemination in BRI's Working Units, and Risk Management Forum.
3. Customer awareness, by educating customers to increase their concern and cautiousness towards transaction security through; working units are encouraged to promote cautiousness to front line officers against unlawful levies and other motives of fraud.

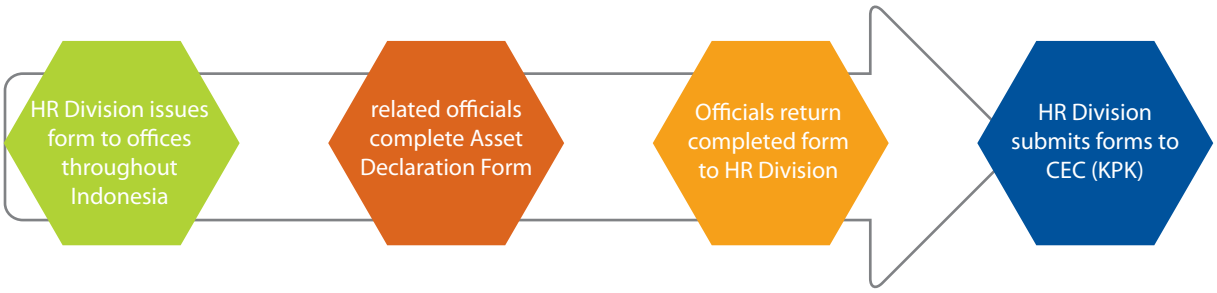
BRI's anti-fraud strategy is founded on 4 (four) pillars of interrelated fraud control strategies:
1) Prevention
2) Detection
3) Investigations, reporting, and sanctioning
4) Monitoring, evaluation, and follow-up.

BRI's Anti-Fraud strategy is a manifestation of the Board of Directors' commitment to prevent fraud. The Board of Directors applies zero tolerance to any kind of fraud, internal or external.

Three pillars of fraud prevention are:

1. Anti-Fraud awareness: efforts to build awareness on the importance of preventing fraud by all parties. Anti-fraud awareness is implemented by formulating and disseminating anti-fraud commitment, designing employee awareness program, and carrying out customer awareness program.
2. Vulnerability assessment: refers to the process of identifying, analysing, and measuring operational risk potential and the probability of internal as well as external fraud incidents in all operational activities. Results of identification are informed to related parties and are continually updated, particularly with respect to activities where fraud risk is significant.
3. Know Your Employee (KYE): observe the behaviour of employees in working units.

Assets Declaration Mechanism for Public Officials



Pursuant to the Board of Directors' Decree concerning the Executives Required to Complete the Assets Declaration Form and Decree Nokep 182- DIR/SDM/03/2011 concerning the Additional Executives Required to Complete Assets Declaration Form, BRI's echelons 1 and 2 executives that are Permanent Employees, or BRI's echelons 1 that are Contractual Employees, serving the following positions:

1. Head of Internal Audit Unit
2. Head of Division
3. Head of Regional Office
4. Head of Special Branch Office
5. Inspector
6. Echelon 1 executive assigned outside of BRI, namely Echelon 1 executives assigned in BRI Pension Fund, BRI's Employees Welfare Foundation (YKP), BRI's Subsidiaries, BRI's Pension Fund's Subsidiaries, and BRI's YKP's Subsidiaries.
7. Employee serving as Head of Working Unit, which is equivalent to division.

Executives of Echelon 2 are as follows:

1. Deputy Head of Division
2. Deputy Head of Regional Office
3. Deputy Inspector
4. Head of Desk, equivalent to Deputy Head of Division
5. Head of Bureau
6. Deputy Head of Special Branch Office
7. Head of IST Audit
8. Head of PSKA (Audit)
9. BRI's executive of echelon 2 assigned outside of BRI, namely echelon 2 executives assigned in BRI Pension Fund, BRI's Employees Welfare Foundation (YKP), BRI's Subsidiaries, BRI's Pension Fund's Subsidiaries, and BRI's YKP's Subsidiaries.
10. Employee serving as Deputy Head of Working Unit, which is equivalent to division.
11. Employee serving other position equivalent to Head of Working Units.

The following table details recapitulation of fraud cases monitoring and settlement

Fraud Monitoring and Cases Settlement

Internal Fraud in 1 year	Total case	
	Previous year	Current year
Total Fraud	101	146
Resolved	66	106
Undergoing the Bank's internal settlement process	25	29
Pending resolution process	4	4
Pursued through legal proceedings	6	7

Whistleblowing System

BRI has developed Whistleblowing System, which is implemented through the internal policy of BRI's Board of Directors' Decree. Whistleblowing System aims to create an environment that is conducive for disclosure of incidents that may result in financial and non-financial losses, including impairment of the Bank's corporate image.

Whistleblowing System Management

BRI's Whistleblowing System (WBS) is directly managed by the President Director.

Information that can be reported through WBS-BRI among others are:

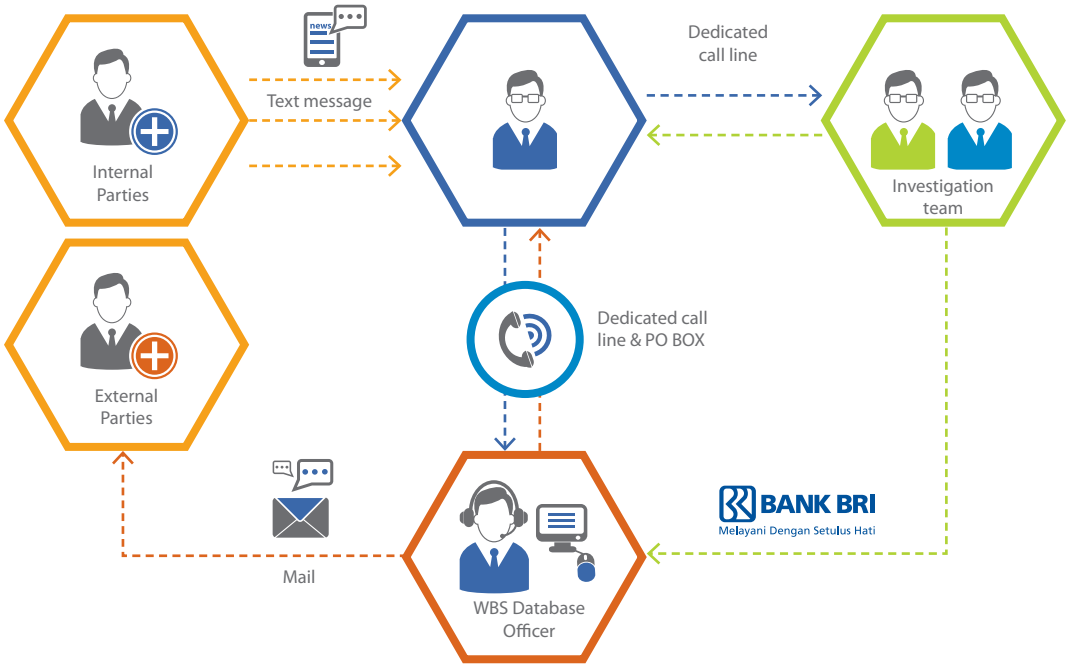
1. Fraud;
2. Deliberate misconduct/wilful negligence by the management.
3. Illegal actions (violence against employees or the leadership, blackmail, drug abuse, harassment, and other criminal actions);
4. Violation of law
5. Breach of Bank's SOP;
6. Breach of BRI's Code of Conduct; or
7. Actions that endanger the work safety and health or endanger the Bank's security and bring losses to the Bank.

Reports must be clear and accountable, and at minimum includes the following details:

1. Matter of breach;
2. Parties involved;
3. Period of breach;
4. Site of breach;
5. Description of breach; and
6. Supporting evidences.

WBS Mechanism

As of one the supporting elements in BRI's anti-fraud strategy, whistleblowing mechanism enables reports of breach to be lodged directly to President Director via phone call or short messaging service (SMS) or by written letter.



WBS Handling

The process to manage and follow up reports/disclosures is as follows:

1. President Director receives and transfers all reports of breach to a dedicated WBS officer for data verification, initial collection of evidence, and start of procedure to process report.
2. The Board of Directors determines next step on reports. The follow up actions include:
   a. Investigation by internal Audit provided that, based on the substance of report, the Internal Audit team is capable to respond and initiate investigation.
   b. Investigation by external investigators if, based on the substance of report, follow up actions requires competence/knowledge/skills beyond the capacity of Internal Audit team.
3. Investigation team conducts thorough investigation and report the results to the Board of Directors for further deliberation. The Board of Directors may take any of the following decisions:
   a. To terminate and dismiss the report if investigation concludes the report as unfounded or unproven.
   b. To submit results of investigation to Breach Forum (PKP) if investigation concludes the report as valid.
   c. To submit any criminal breaches or corruption to investigators for further process in line with BRI's policies and applicable legal procedure. Communication and coordination with Legal Division will be managed to ensure that evidences gathered during investigation process are adequate to be submitted to relevant authorities.

Whistleblower's Protecion

BRI provides protection and confidentiality assurance to all whistleblowers in terms of:

1. Confidentiality of whistleblower's identity (name, address, contact number, fax, email, working unit).
2. Protection from vengeful actions committed by the reported party or institution, including protection from pressure, delay of promotion, employment dismissal, legal suit, material threats, to physical violence. The protection applies not only for the whistleblower, but may also extend to the whistleblower's family members.

Whistleblowing System

Details of WBS in 2013

Report Handling

Reports are categorized by source (internal/external), availability of whistleblower's identity (available/not available), media of reporting (mail/SMS), and type (complaint/report of breach), as detailed in the following table:

Period	Reports Received	Source		Channel			Resolved	In process	Classification	
		Internal	External	SMS	Mail	Phone/ Direct			Complaint/ input	Report of breach
2009	50									
2010	111	634	138	626	140	6	503	269	532	249
2011	278									
2012	333									
2013	278	228	50	231	47	-	300	247	173	105
Total	**1050**	**862**	**188**	**857**	**187**	**6**	**803**	**516**	**-**	**-**

Development Plan

To improve the effectiveness of WBS-BRI, BRI has developed the following strategy:

1. Increase internal and external dissemination regarding WBS through all operational units and mass media.
2. Evaluate and enhance policies as well as WBS-BRI reporting system.

Legal Cases

Recapitulation of Legal Cases involving BRI in the last three years is presented in the following section.

1. Material cases

2011	2012	2013
336	309	270

2. Details

2013 Quarters	Total	Credit	Treasury & Investment	Operational & Services	Support
Quarter 1	59	54	-	1	4
Quarter 2	81	71	-	5	5
Quarter 3	60	58	-	-	2
Quarter 4	70	63	-	1	6
Total	**270**	**246**	**-**	**7**	**17**

3. Legal Case and Settlement Status

Legal Case	Number of Cases		
	Civil	Criminal	Industrial Relation
Resolved (has binding legal resolution)	901	-	29
In the process of settlement	1377	1	35
Total	**2278**	**1**	**64**

4. Legal claim and status of resolution

Legal claims	
1. Case facts	Claim filed by PT MPPC against BRI and BRI Pension Fund to defer termination of BOT Agreement between PT MPPC and BRI as stated in decision No. 157/Pdt.G/2010/PN.JKT/PST jo No. 203/G/PT.DKI jo No. 268/K/PDT/2011/MARI jo No. 247/PK/PDT/2013
Merits of the case	PT MPPC claimed payments on lease of BRI Building II, Parking Building, and all facilities as the right of PT MPPC. However, such claim is in contrary with Decision on BOT Agreement between PT MPPC and BRI.
Settlement status	In mediation process
Impact on the Bank's financial condition	-
2. Case facts	Legal remedy on the loss of gold collateralized under pawn scheme
Merits of the case	Plaintiff obtained credit facility by pledging gold and fixed asset of premises as principal collaterals. Gold collateral was committed under Fiduciary scheme and kept in SDB. The commitment was later changed to Pawn and kept in the same SDB. Debtor later applied for credit limit increase; prior to approval, the gold collateral in SDB was re-examined, which revealed difference between gold weight measured and weight measurement in the Bank's records. Witnessed by debtor, the gold's genuineness was examined and declared as counterfeit. Upon the finding, Debtor filed civil claim through South Jakarta District Court. BRI suspected fraud committed by the Debtor and reported the Debtor to the Police Force on grounds of suspected fraud. Debtor has also reported a number of BRI's executives to the District Police for suspected fraud.
Settlement status	In process of appeal to DKI Jakarta High Court
Impact on the Bank's financial condition	-

5. Administrative penalty from relevant authorities
   During reporting year, no cases handled by the Bank that involved the Management or Executive Officers of BRI. Therefore, relevant authorities (Bank Indonesia, OJK, IDX) did not impose administrative penalty on BRI as an institution, or on individual members of the management or executive officers.

Other Important Information

Social and Environmental Responsibilities

Reference

BRI's programs with respect to social and environmental responsibilities cover the environmental, social and community development, consumer, and labor, occupational health and safety responsibilities, on the basis of the following legal framework:

1. Republic of Indonesia Law No 8 of 1999 on Consumer Protection
2. Republic of Indonesia Law No 13 of 2003 on Labor
3. Republic of Indonesia Law No 40 of 2007 on Limited Liability Company
4. Financial Services Authority Regulation No 1/POJK.07/2013 on Consumer Protection in Financial Services Sector
5. SOE Minister Regulation No Per-05/MBU/2007 as amended by Minister Regulation No Per-08/MBU/2013 on Partnership Program of State-Owned Enterprises with Small Enterprises and Environmental Development Program.

Environmental Responsibility

Activities

Among the various programs that BRI undertake for the environment is BRI's synergy with Kehati Foundation to conserve Mangrove. Mangrove's existence has been threatened by coastal abrasion, which could change the ecosystem and the livelihood of people living in coastal areas. The condition impelled BRI to save the ecosystem, the communities, and businesses that sustain them by creating coastal green belt using mangrove. To that end, BRI synergizes with Kehati Foundation as an institution with expertise in biodiversity, including mangrove in Indonesia.

In addition to the program, BRI, in partnership with Bisnis Indonesia Daily newspaper, held training for 150 medium and small enterprises, themed Creating Go Green Business Environment. BRI's CSR program in collaboration with Bisnis Indonesia evidenced BRI's genuine concern for an environmentally friendly business environment.

Financial impact or costs incurred from environmental programs, such as clean and reusable material and energy, and so forth.

(in Rp billion)

Field	Total Costs 2012 (restated)	Total Costs 2013
Natural conservation (including tree planting)	1.20	3.90
Public utilities	11.89	12.27
Political activities	**No funds disbursed for political activities**	**No funds disbursed for political activities**

Social and Community Development Responsibility

Activities

In enacting social responsibility, BRI's approach is to empower and to bring benefit for communities, especially Micro and Small Enterprises (SME) and underprivileged community.

BRI's programs for economic empowerment among others are education and training packages for business communities, or community members who aim to improve their skills. One of the program's locations is Purwokerto, where BRI provided training for agricultural community living remotely in forest area on goat farming. BRI also donated goats for village residents to be managed using colony system. The assistance was expected to boost the local economy of the village residents.

Aside from empowerment programs, BRI also focuses on Education. By focusing on education, BRI aspires to contribute to Indonesia, building skilled and capable young generation for the betterment of the nation.

Currently, there are 3 (three) priority corridors form BRI's education programs, covering:

1. Scholarship:
   a. Nusantara Cerdas Scholarship for students from East Indonesia.
   b. Indonesia Cerdas Scholarship, regular scholarships for high performing students yet underprivileged. In 2013, BRI allocated Rp28.9 billion for 6,025 students throughout Indonesia.
   c. BRI Journalist Scholarship; scholarship for journalists from national print media to pursue Master's Degree.
2. Facility Assistance
   a. School renovation
   b. Vehicle for Mobile library (Central Kalimantan)
   c. Kapal Pintar boat (Raja Ampat)
   d. School library.
   e. Renovation of schools located in border areas of Indonesia and neighbouring country. In 2013, BRI disbursed Rp2.4 billion for 4 elementary schools, namely SD Yayasan Pendidikan Kristen in Sota District, Merauke Regency; SDN Hanowai in Debulik Village, Lamaknens Belu District, Atambua Regency; SDN 001 Aji Kuning in Aji Kuning Village, Sebatik Island, Nunukan Regency; and SDN 12 Entikong, Sanggau Regency.
3. Community Training and Empowerment
   a. BRI Studentpreneur (empowering students as young entrepreneurs), in collaboration with Gajah Mada University and Yogyakarta Muhammadiyah University.
   b. Assistance for one-day workshop selling mastery held by Pendidikan Budi Wanita Foundation, Bandung.
   c. Fund assistance for Skill Building program to Empower People with Disabilities.
   d. Collaboration with Jawa Pos to hold "Design Course – Artistic Design – SKKM" (Creative School for Media)
   e. Synergy with Bogor Agricultural University to build Centre for Horticulture Development – Agribusiness Development Centre (ADC) in Pasir Sarongge Village, Cianjur – West Java.
   f. Collaboration with Republika newspaper to manage Santripreneur Program in Islamic boarding schools. The program provided students with husbandry skills; BRI also donated farm animals to the boarding schools.
4. Health Program
   e. In collaboration with Dentistry Faculty of University of Indonesia, BRI sponsored palate and cleft lip reconstructive surgery in Mohamad Al Kadri Hospital, Pontianak.
   f. BRI supported the operations of clinic Rumah Sehat Amira to provide health services for poor families in Jakarta.
   g. BRI, ANTV, and Gatot Subroto Hospital sponsored free cataract surgery for journalists and their families.

Other Important Information

Financial impact or costs incurred from social and community development activities, such as local hire, community empowerment around the Bank's offices, public infrastructures, donations, and others.

(in Rp billion)

Field	Total Cost 2013	Percentage
Environmental Development (BRI Peduli) Field:		
- Public facility	12.27	8.76%
- Natural disaster	3.97	2.83%
- Education	73.28	52.29%
- Health	20.46	14.60%
- Religious facility	23.12	16.50%
- Natural conservation	3.90	2.79%
- Social assistance programs for poverty alleviation	3.12	2.23%
TOTAL	140.12	100%
Political activities	**No funds disbursed for political activities**	**No funds disbursed for political activities**

Consumer Responsibility

References

BRI's consumer responsibility refers a set of legal framework, such as:

1. Republic of Indonesia Law No 7 of 1992 on Banking, as amended by Law No. 10 of 1998
2. Republic of Indonesia Law No 8 of 1999 on Consumer Protection
3. Financial Services Authority Regulation No 1/POJK.07/2013 on Consumer Protection in Financial Services Sector
4. Bank Indonesia Regulation No 7/7/PBI/2005 on Customer Complaint Handling, as amended by BI Regulation No 10/10/PBI/2008
5. Bank Indonesia Regulation No 7/6/PBI/2005 on Banking Products Information Transparency and Utilization of Customers' Personal Data
6. Bank Indonesia Circular Letter No 15/1/DPNP on Prime Lending Rate Information Transparency

Service improvement programs for Consumers

1. BRI has established service level agreement with respect to customer complaint handling. This policy is formally outlined in Board of Directors Decree on User Authority and SLA for Customer Complaint Handling.
2. Customers who are unsatisfied with the Bank's complaint resolutions may bring their case to Banking Mediation Institution, as stated in Board of Directors' Decree on Policy and Procedure for BRI and Customer Dispute Settlement through Banking Mediation Institution.
3. The following functions have been established to follow up customer complaint:
   a. Complaint Response. This function is responsible to, among others, receive and record complaints, and explain procedure of customer complaint handling.
   b. Complaint Handling and Settlement. This function is responsible to, among others, handle and settle complaints, including to process documents required during settlement process.
   c. Complaint Monitoring. This function is responsible to, among others, monitor that complaint-handling process does not exceed a certain period. Monitoring activities are conducted regularly; list of unresolved complaints are submitted to relevant Divisions.
   d. Complaint Settlement Reporting. This function is responsible to, among others, submit complaint settlement reporting by quarter to Bank Indonesia.

Policy and service program implementation

Policy on customer complaint handling is implemented through the following:

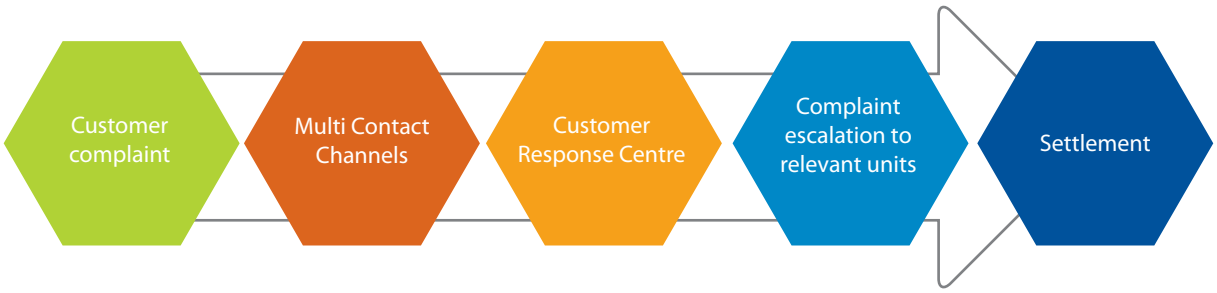
1. Complaint Handling System (CHS) application, now embedded to all working units.
2. Promulgation of policies across levels of the organization, conducted by Network Operations and Services (OJL) Department in each Regional Office.

Customer Complaint Channels

BRI has prepared multi channels for customers to lodge their complaints through the following:

3. Customer Service assigned throughout BRI's Operational Units
4. Contact number: 14017, 500017, 021-57987400, 08001017017, 021-5758899, and 021-5751234 (three latter numbers are dedicated lines for premium customers)
5. Email: kartu_kredit@bri.co.id and contactcenter@bri.co.id
6. Twitter account @kontak_bri
7. Facebook account BANK BRI Official
8. YouTube channel BANK BRI

Customer complaint procedure



Activities relating to complaint handling and complaint settlement

Result of BRI's service level standard survey conducted by Marketing Research Indonesia (MRI)

Aspects of Assessment	2012	2013
Phone Banking Officer	82.21	92.99
Phone Banking IVR	87.50	90.19

Complaint settlement report

Period	Complaints Lodged	Followed-Up Complaints	Complaints Resolved	Complaints in Process
2011	173,728	173,728	170,263	3,465
2012	168,672	168,672	165,192	3,482
2013	132,697	132,697	130,979	1,718

* Complaints in process of settlement will be followed-up in the next period

Other Important Information

Certifications

BRI Contact Centre Service has obtained AS/NZS ISO 9001:2008 certifications, valid from 5 December 2011 to 5 December 2014.

Implementation Evaluation

The evaluation of complaint settlement procedure is conducted together with relevant divisions. The evaluations among others covered:

1. Customer inquiry on delivery of credit card replacement. To follow up the inquiry, the team has tested the access to credit card delivery register application, in team leader call centre.
2. Handling of complaints submitted through social media Twitter, Facebook, and YouTube). Internal coordination was required to ensure follow up.
3. Complaint from consumer loan customer, reported to Consumer Loan Division. Complaint on consumer loan was transferred to Credit Card Division through CHS/Proklamasi application to ensure complaint settlement monitoring.

Labor, and Occupational Health and Safety Responsibility

Reference

BRI's Labor and Occupational Health and Safety Responsibility is enacted based on the following legal framework:

1. Republic of Indonesia Law No 1 of 1970 on Occupational Safety
2. Republic of Indonesia Law RI No 23 of 1992 on Health
3. Republic of Indonesia Law No 13 of 2003 on Labor
4. Labor Minister Regulation No Per-05/Men/1996 on Occupational Health and Safety Management System

Programs address gender and work opportunity equality, facilities and occupational safety, employee turnover, accident rate, training, etc.

Status	2012	2013
Hiring	13,855	7,319
Termination	393	779
Total Employees at year's end	72,625	81,238
Turnover ratio	1.14%	1.8%
Promotion	6,435	10,208
Rotation	21,013	29,279

Other Important Information

Type of facility	Permanent Employees	Temporary Employees
Wage	Available	Available
Overtime Payment	Available	Available
Health insurance	Available	Available
Life and Accident insurance	Available	Available
Defined Benefit Pension (PPMP) and Defined Contribution Pension (PPIP)	Available	Not eligible
Annual Leave	Available	Available
Grand Leave	Available	Not eligible
Short term Incentive	Available	Available
Training and Education	Available	Available
Loan facility for employees	Available	Not eligible

Position	Age	General Medical Check Up Facility
Executive Vice President Vice President	Not Limited	once per year
Assistant Vice President Senior Manager Manager Assistant Manager Officer Assistant	> 50 years	once per year
Assistant Vice President Senior Manager Manager	≤ 50 years	once per two year
Assistant Manager Officer Assistant	40- 50 years	once per two year
Assistant Manager Officer Assistant	<40 years	not given

Other Important Information

Education	Total Participants 2012	Total Participants 2013
Induction program	7,529	4
Development program	24,467	24,565
Applied Knowledge program	179,641	129,250
Total	**211.637**	**153.819**

- **Financial impact or costs incurred from labor related activities**

(in Rp billion)

Field	Total Costs 2012	Total Costs 2013
Medical treatment	15.87 (head office)	177.22
Enhancement of Employee competence and professionalism	484.9 billion	544.72

Contact and Location/Address for Stakeholders

BRI Address

Jl. Jenderal Sudirman No. 44-46
Jakarta 10210, Indonesia
Phone: (+62-21) 251 0244, 251 0254
Fax: (+62-21) 250 0065, 250 0077
Website: www.bri.co.id
Email: humas@bri.co.id

Corporate Secretary

BRI I Building, 20th Floor
Jl. Jenderal Sudirman No. 44-46
Jakarta 10210, Indonesia
Phone: (+62-21) 575 1966
Fax: (+62-21) 570 0916

Investor Relations

BRI I Building, 20th Floor
Jl. Jenderal Sudirman No. 44-46
Jakarta 10210, Indonesia
Phone: (+62-21) 575 1966
Fax: (+62-21) 575 2010
E-mail: ir@bri.co.id
Website: www.ir-bri.com

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“Commitment to Community and Environment“

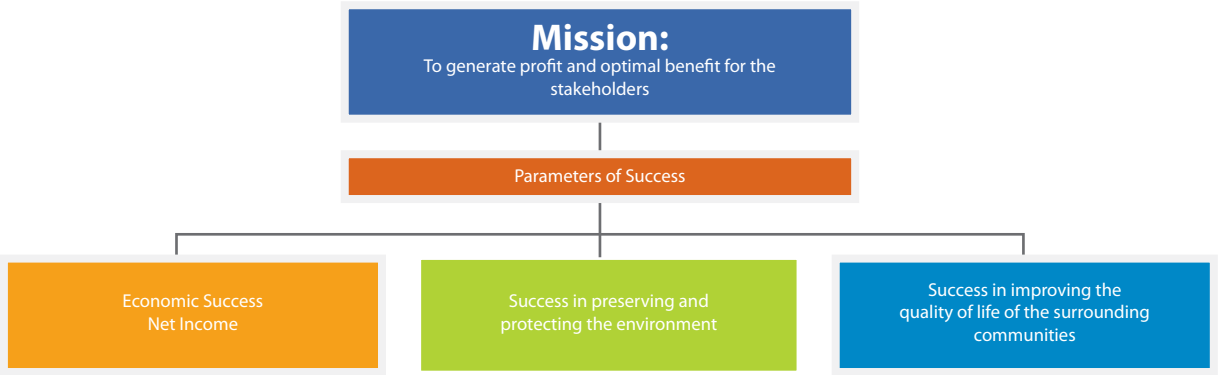
The implementation of a quality Corporate Social Responsibility for key stakeholders has been part of the effort to support the company's continuous performance improvement, both short-term and long-term

Corporate Social Responsibility Report

Principles and Committment

As an implementation of corporate social responsibility, BRI consistently demonstrates strong commitment to continuously growing and evolving with the local community wherever its outlet is operating. We aim for a quality growth that able to balance successful performance which measured by profit, success in protecting the environment, and success in improving the quality of life of the communities located around our operational areas. To ensure quality growth, BRI has designed and implemented a range of programs which covers all aspects of operations, and is intended to fulfill all stakeholders' expectations, as described in the mission statement and its relation with the three basic aspects of the corporate social responsibility implementation, as follows.

BRI's Corporate Social Responsibility Mission Statement:



> Social responsibility activity is a form of social investment, enacted through the intensification of mutual relationships with local communities and in collaboration with various stakeholders, including the Government, NGOs and mass organizations.

For BRI, corporate social responsibility is implemented as a social investment by maintaining mutual relationship with the surrounding communities and collaborating with various parties, such as the Government, NGOs, and other community organizations.

Considering the importance of this social investment , BRI demonstrated its commitment in achieving the company's CSR-related mission through the implementation of various strategic programs, with the objectives of:

- Achieving a harmonious relationship between the company and the communities.
- Assisting the growth and development of small businesses and cooperatives to become independent, resilient and competitive in order to increase employment rate through professional management.
- Establishing small businesses and cooperatives development that can potentially provide mutual long-term relationships with the Company's business through the channeling of partnership funds and sustainable development, by concentrating in the aspects of equality, independence, professionalism and ethics.
- Participating in the environmental conservation program while, at the same time, helping to improve people's quality of life in the areas of education, health and welfare.

To achieve the strategic objectives of corporate social responsibility implementations, BRI continues to develop programs that focus on the positive impact for all stakeholders as well as its sustainability for the development of the surrounding communities.

Basic Reference

BRI's planning and implementation of corporate social responsibility programs have been prepared in accordance with the applied laws and regulations,which cover the environmental responsibility, social responsibility and community development, consumer responsibility and responsibility for manpower, health and safety. The laws and regulations are as follows:

Principles and Committment

1. Law of the Republic of Indonesia No 8 of 1999 regarding Consumer Protection (CPA)
2. Law of the Republic of Indonesia No 13 of 2003 regarding Manpower
3. Law of the Republic of Indonesia No 40 of 2007 regarding Limited Liabilities Company
4. The Indonesian Financial Services Authority Regulation No 1/POJK.07/2013 regarding Consumer Protection in the Financial Services Sector
5. Regulation of Minister of SOEs No Per-05/MBU/2007 amended with Regulation No Per-08/MBU/2013 concerning SOE's partnership program for Micro Business and Community Development Program.

Activity Outline

The implementation of BRI corporate responsibility involves interaction with the stakeholders in every aspect of the company's operations. A thorough description of these interactions is presented in the BRI Sustainability Report, which contains a description of the Company's participation and programs in the efforts to preserve, conserve and care for the earth's resources The goal of this is maintaining a balance of economic, social and community environment, including respecting workers' rights and the application of good governance.

In compliance with the the Capital Market Supervisory Agency and Financial Institution (Bapepam-LK) Regulation Number: KEP-431/BL/2012 dated 1 August 2012 regarding Submission of Issuer or Public Company Annual Report, BRI submits a corporate responsibility report of its activity implementation which comprises of four topics, covering the company's corporate responsibility on: (1) Environment (2) Manpower Practices (3) Social and Community Development (4) Product Responsibility. Detailed descriptions of each topic can be found in BRI's sustainability report and in this financial report description in each related chapter.

Responsibility Towards the Environment

BRI's operational activities do not involve any material or physical processes that could directly impact the environment, yet BRI is still committed to participate in the efforts to improve and preserve the environment – both direct and indirect.

Active participation is conducted in the form of green initiatives re-forestation around the operational unit location and the surrounding environment, sponsorship of environment-related events, direct assistance in community development schemes focusing on environmental activities, and so forth. Several activities that have been implemented are:

- Participation in MECS (Mangrove Ecosystem Conservation and Sustainable Use), a mangrove forest preservation program, through continuous funding.
- Training for the establishment of an environmentally friendly business environment for lower middle entrepreneurs, with Bisnis Indonesia.
- Initiated the School Forest program in 27 High Schools in 9 cities, as a method of public education, especially in academic sector, about the significance of clean and healthy environment.
- Provided cleaning equipment for the community around Tondano Lake, Tomohon, Minahasa Regency.

(Further information can be found at Social Responsibility - Environmental Development - BRI Cares about Nature Conservation)

BRI's indirect participation toward environmental conservation includes adopting policies that aim to reduce the negative impact of our operations on the environment. In addition to provide positive effect on environmental conservation efforts, these policies have also helped in creating more effective and efficient operational activities.

Operational policies that indicate BRI's commitment toward the environment include:

- A paperless system for the administrative work in order to reduce the amount of paper consumed, supported by a fully integrated information technology system which includes:
  - Loan Approval System
  - E-SPJ (electronic travel document administration)
  - HR Portal
  - Policy socialization through public folder
  - Online Performance Management System
  - Change of attendance logging, from manual to electronic.
- A policy to save electricity, including the use of energy saving lights and maintaining reasonable room temperatures in all offices.
- A policy to test operational vehicles to reduce emissions.
- A policy to replace technical equipment in collaboration with an authorized, competent company that manages hi-tech waste products.
- A policy to offer investment or working capital loans only to industries that apply environmentally friendly practices, either for small, medium, or large enterprises.
- A policy to save water by using recycled water as part of good governance at BRI Head Office.

Financial Impact

The total fund allocated for renovation and construction of public facilities as well as environmental conservation in 2013 was amounted to Rp. 16.17 billion, detailed as follows:

(In Rp billion)

Sector	2012 Total Fund (restated)	2013 Total Fund
Development of public facilities	Rp. 11.89	Rp. 12.27
Environmental conservation	Rp. 1.20	Rp. 3.90
Total	**Rp. 13.09**	**Rp. 16.17**

Responsibility Towards Employees, Health and Safety at Work

A description of corporate responsibility implementation toward our employees can be found in the Sub-Chapter, "Review of Operations-Human Resource Management".

Health and Safety at Work

Policy

To ensure the health and safety (HSE) of all employees, customers, and other stakeholders within the operational unit area, BRI has developed and applied a Business Continuity Management Policy (MKU). This policy covers Disaster Management Plan, which in addition to ensure the application of HSE, it is also intended to maintain the sustainability of vital business/ operational activities, safeguard BRI's assets, and as a precautionary measure in the events of disaster/ disruption.

This HSE policy has been included in the Collective Bargaining Agreement to comply with the Decree of the Directorate General for the Industrial Relations and Workforce Social Security Management No. Kep 107/ PHIJSK-PKKAD/PKB/VIII/2011 on Registration of collective bargaining agreement between PT.Bank Rakyat Indonesia (persero) Tbk and PT.Bank Rakyat Indonesia (persero) Tbk Workers Union.

Activity

BRI applies the MKU to all operational units with the establishment/ updating of the Crisis Management Team, preparation/updating of Call Tree and the assignment of alternate sites. BRI's Operational Unit has also conducted the Threat and Disaster Risk Assessment (PRAB) which is aimed to map disaster-prone unit and to make an inventory of required resources as a preparation for disaster/threat in each unit.

BRI's capability in implementing its business continuity has been tested and proven during some of the disasters experienced by certain BRI operational units throughout 2013, such as the earthquake in Aceh, flood in Ambon, Jakarta, and Kendari, and the volcanic eruption in North Sulawesi and North Sumatera. BRI took advantage of its mobile outlets which is e-Buzz and mobile teras spread throughout BRI's operational areas as alternate site during the disaster events, thus the operational unit can operate as soon as possible after a disaster occurs.

Furthermore, the Risk Management Division continuously coordinates the implementation of BCM with related operational units, including trials/ testing of the DC-DRC 2013 Switch Over and evacuation in the event of

disaster in several BRI office buildings, including BRI's Head Office Building and IT Building in Ragunan, South Jakarta.

In addition to natural disasters preparation, all BRI working units are also prepared for any incidents of workplace accidents as the majority of all BRI's operational activities take place in a confined space, either in high-rise buildings, soho, home office or mobile units.

With the majority of activities conducted inside closed spaces, the applied health and safety principles are focused more on the implementation of basic program to mitigate the risk of workplace accidents and to protect the employees' health conditions. This basic program comprises of a minimum one disaster simulation per year and includes the following:

- Training in evacuation procedures from multi-story buildings.
- Basic training in the use of fire extinguishers.
- Exercises for security officers in rescuing victims from a building.
- Other relevant basic training.

In addition to these basic programs, and still within the framework of protecting employees from workplace accidents, BRI has a strict policy which requires the employees to always follow the safety procedures detailed by their project officer, during a field visit review. Moreover, all BRI employees are also protected by work accident insurance during work visits.

BRI also applies a work safety standard by equipping all of its operational facilities with adequate safety equipment, whether in mobile units, offices, or multi-story buildings. BRI also requires that information on evacuation routes in case of emergency to be provided at all events organized by external parties at the BRI Building.

In case of a health emergency occurring to an employee, the company provides healthcare facilities in the form of oxygen tubes and First Aid boxes, available at all BRI working units.

All BRI employees receive a number of health and safety related facilities:

- BRI provides special benefit packages to employees to maintain their health and/or to receive medical treatment. The company covers all expenses, within reasonable limits.
- BRI also organizes annual General Medical Checkups (GMC) for its employeesf, which is a preventive measure to ensure good health among its employees.
- Subsidies are provided for eyeglasses so as to optimize employee performance.
- All BRI employees are included as beneficiaries of the Workers' Social Security (Jamsostek) scheme.

To establish quality health services for all BRI employees, particularly those working in the Head Office, BRI works in conjunction with BRI Medika (a subsidiary of the BRI Pension Fund) to provide medical health checks. In addition to that, we also have 2 (two) Ambulances on standby at BRI Head Office to offer first aid assistance in the event of an accident.

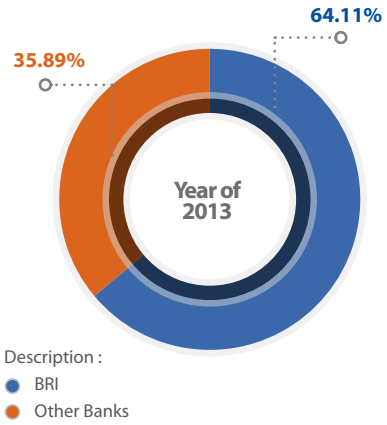
Name:
BRI Medika
Location:
BRI I Building, Jakarta
Operational Hours :
08.00 – 16.30WIB
Doctors :
3 General Practicioners
Health Facilities :
Medical examinations, drug prescription and delivery, laboratory check ups.

Financial Impact

Implementation of the training and provision of basic safety equipment does not result in any material impact on BRI finances.

Responsibility Towards The Community

KUR (People Business Loan) Outstanding BRI to National



As stated above, BRI is determined to achieve business development results with the surrounding community. One implementation of this determination is to seek the local economic growth through increased entrepreneurial competence and financial resources. Thus it would support the surrounding community's business initiatives. In addition to economic support, BRI also seeks to aid community with a variety of social programs. Hence, BRI's programs in achieving corporate social responsibility for the community consists of two main programs:

- Programs Loan distribution, including:
  - KUR (People Business Loan)
  - Other programs loan (KKPE, KUT dll)
- Implementation of Corporate Social Responsibility, including:
  - BRI Peduli (BRI Cares)
  - Partnership programs

People Business Loan Distribution

The People Business Loan, commonly referred as KUR, is loan/financing by banks to Micro and Small Enterprises that are considered feasible but not yet bankable; in other words, small businesses that have good business prospects and the ability to repay the loans. For BRI, the distribution of these loans is a way to improve the status of mentoring partners in Partnertship and Community Development Program (PKBL), to become bankable small businesses that are ready to grow.

BRI has become one of the Government's strongholds in providing People Business Loan, due to the result of BRI's competitive advantage of having the largest banking network in real time online outlets, as well as significant experience in the micro business. When combined, these factors enable BRI to easily distribute loans, while also maintaining loan quality.

To that end, BRI's People Business Loan market share in 2013 was stood at 64.11% of the total KUR, and 94.1% of the total KUR borrowers throughout Indonesia.

Financial Impact of KUR

BRI has served more than 9 million customers by the end of 2013, with total People Business Loan amounting to more than Rp 69 trillion. In December 2013, BRI's outstanding in KUR was amounted to Rp 27.7 trillion, a 35.12% increase from Rp 20.5 trillion in 2012. As of the end of 2013, the total debtors of KUR was recorded at 2.7 million, or 22.73% increase from the previous year of 2.2 million. BRI managed to maintain KUR quality, with 1.42% Non-performing Loans (NPL) recorded in 2013, improved compared with 1.65% in 2012.

These figures highlight the significant role of BRI in enhancing financial inclusion in Indonesia and BRI indirect provisions to improve the living standards of communities located around BRI operational areas.

Other Program Loans

In addition to micro-financing scheme extension through KUR, BRI also offers other loan programs with the objectives to improve the regional economy through the establishment of food and energy security, supported by its network and extensive experience in micro finance.

BRI provides loans of Food and Energy Security (KKP-E), Warehouse Receipt Subsidy Scheme (S-SRG) and the Bio-Energy Development and Plantation Revitalization programs (KPEN-RP) with a Non-Partnership Model. The Food and Energy Security loan scheme has helped many farmers, livestock farmers, fishermen, and fish farmers in increasing their production levels.

Financial Impact

By the end of 2013, BRI has disbursed the Food and Energy Security loan to 25,127 groups of Farmers/Livestock Farmers/Cultivators/Cooperation to increase their production yields. The total outstanding loans increased 16.67% from Rp2.46 trillion to Rp2.87 trillion.

Corporate Social Responsibility (CSR) Program

The Company's Corporate Social Responsibility program directed to empower and benefit the community at large, particularly for Micro and Small Enterprises (MSE) or in the category of economically disadvantaged. This program is the manifestation of corporate social responsibility implementation in social aid and community developments, carried out through the Partnership Program and Community Development (PKBL).

PKBL is a corporate social responsibility program conducted to comply with the Minister of State-Owned Enterprise Regulation No. PER-08/MBU/2013 dated 10 September 2013 on Amendments to Minister of SOE Regulation No. 05/MBU/2007 regarding the SOE Partnership Program with Small Businesses and Community Development Programs.

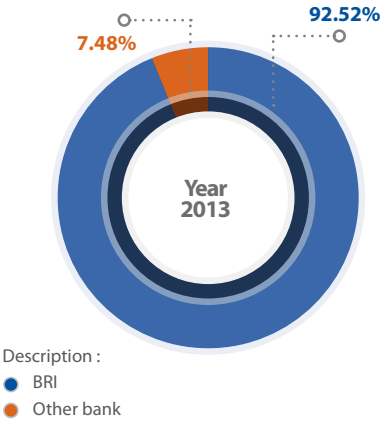
In reference to the above Minister regulations, BRI has internally stipulated a number of technical regulations through circular letters to working Units, including:

- NOSE.S.19 – DIR/ADK/04/2006, dated 28 April 2006 on Partnership Program and Community Development of PT. Bank Rakyat Indonesia (Persero) Tbk.
- Letter B.789 PRG/KBL/12/2010, dated 03 December 2010 on Community Development Program
- Letter B.257 SKP/CSR/07/2012, dated 09 July 2012 on Community Development Program
- Letter B.752 SKP/CSR/07/2013, dated 19 July 2013 on the Requirements for Community Development Program and Mechanism of the Community Development Aid Disbursement.
- Letter .S.32 – DIR/SKP/11/2013, dated 29 November 2013 on the Implementation of the community Development Program of PT. Bank Rakyat Indonesia (Persero) Tbk.
- Letter B.131.PRG/KBL/03/2009, dated 5 March 2009 on Community Development Financial Aid for Emergency Responses.
- Letter B.524-PRG/KBL/09/2012, dated 5 September 2012 on Guidelines for the Bookkeeping of Partnership Loans.
- Director's Letter B.176-DIR/PRG/03/2013, dated 13 March 2013 on Changes to the Interest Rate Distribution of Partnership Loans
- Letter B.54-DIR/PRG/01/2012, dated 31 January 2012 on the Partnership Loan Breakdown

The CSR/PKBL activities funding allocation is decided in the Annual General Meeting of Shareholders (AGMS) and is considered as a cost, each amounting to a maximum of 2% from previous year's net income, both for the Partnership Program and Community Development. In 2013, the total allocation of fund for the PKBL program was taken from the program's fund balance sourced from the Company's profit allocated to the end of 2012.

The total realization of funds for the PKBL in 2013 reached Rp 271.44 billion, which comprised of Partnership Fund disbursements of Rp131.32 billion and Community Development Fund disbursements of Rp140.12 billion.

Total KUR Borrowers BRI to National



Responsibility towards The Community

Partnership Program

BRI Partnership Program is a financing and assistance program for micro and small businesses, including cooperatives that have business feasibility but has not yet been eligible for BRI's commercial loan scheme. In practice, BRI views the implementation of the partnership program as part of its efforts to achieve the company's mission, which is "To carry out best practices by prioritizing banking services to micro, small and medium enterprises (MSME) to bolster the local economy".

This program aims to increase productivity within micro and small businesses of mentoring partners, so they become sustainable businesses in the future. Partners within this Partnership program are expected to be BRI's commercial customers in the future.

Through this Partnership Program, BRI offers entrepreneurship development programs as well as financing facilities with accessible requirements. This development program is implemented in various forms, including assistance in basic entrepreneurial knowledge, basic product marketing, and product promotional activities by engaging mentoring partners in a variety of micro business product exhibitions at regional, national and international levels. Participation at these exhibitions not only allows mentoring partners to gain new insights but also gives them an opportunity to expand the awareness of their products.

The financing and the selection process are done selectively to comply with the Company's long-term plans. With consideration to the efficiency of assistance, control and ease of marketing, BRI now focuses more on channeling funds to clusters of specific businesses.

The year 2013 was marked with the temporary termination of Partnership Loans disbursement in April by the SOE Ministry, resulting in the decrease of total realization of fund disbursement compared to 2012. Nevertheless, by following the business cluster formation, in 2013 BRI succeeded in channeling the partnership program fund to 3,723 mentoring partners, bringing the total number of mentoring partners assisted through the end of 2013 to 23,725.The total amount of partnership loan funds disbursed reached Rp130.06 billion, including the fund distribution in partnership with other SOEs: PTPN IX and PTPN XI of Rp 90 billion in the sector of Plantation, bringing the total amount of disbursed partnership fund in 2013 to Rp. 717.48 billion. In addition to loans, BRI also disbursed a partnership development fund of Rp. 1.26 billion in 2013.

The following table details the disbursement of partnership loans during 2013, divided by economic sectors:

Business Sector	2013 Realization In Rp Billion	% Composition
Industry	2.57	1.98%
Trade	18.51	14.23%
Agriculture	2.90	2.23%
Livestock	5.96	4.58%
Plantation	91.80	70.58%
Fishery	2.79	2.14%
Service	4.01	3.08%
Others	1.52	1.17%
Sub Total	**130.06**	**100.00%**
Development Fund	**1.26**	
Total	**131.32**	

Balinese Coffee Business Development

Economic Empowerment Program – BRI

Balinese coffee, including the arabica coffee produced in Landih Village, Bangli Regency, Bali, is quite popular in Indonesia. Wayan Jamin, a coffee entrepreneur and chairman of the KSU Bale Dana Mesari, has assisted dozens of coffee farmer groups in his village, and has been in this industry for decades. The village's speciality is the B36 Arabica Coffee and the B36 Luwak (Civet) Coffee, in which the coffee beans come from Landih Village coffee farmers and from 2 hectares of coffee land inhabited with wild civets.

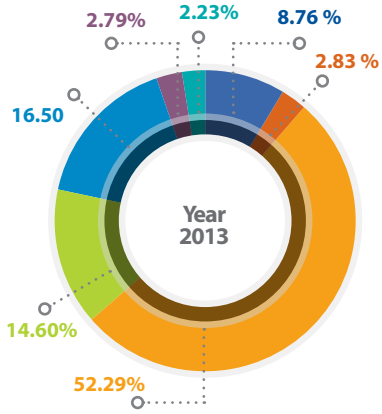
KSU Bale Dana Mesari's Arabica and Luwak Coffee are high quality coffees, which processed through an organic method with organic fertilizers obtained from the farmers' traditionally maintained livestock farm. Facilitated by the KSU Bale Dana Mesari, the farmers' coffee yields are processed into organic Arabica coffee marketed as B36 Bali Arabica Coffee throughout Bali and exported internationally.

Through its Partnership Program, BRI has facilitated 7 coffee farmer groups or 105 individuals through the KSU Bale Dana Mesari, using a total land of 43 Ha.

The financing provided by BRI is used to improve the production process with the purchase of coffee bean processing machines. This machine has improved the efficiency and quality in processing red coffee beans into clean coffee beans. Clean beans mean higher selling prices of coffee to the cooperative. To maintain quality and efficiency in coffee processing, technology is required in the process. Hence, BRI and KSU Bale Dana Mesari are ready to support and facilitate hundreds of coffee farmers that wish to develop their business.

Responsibility towards The Community

2013 Community Development Program Realization



Description :
- Public Facilities
- Natural Disasters
- Education/Training
- Health
- Religious Facilities
- Nature Conservation
- Aid for Poverty Eradication

BRI Peduli - Community Development Program

BRI's Community Development Program through BRI Peduli program aimed to improve the social conditions and quality of life of communities living around BRI operational areas by focusing on economic empowerment. Economically empowering aid is seen as a more beneficial because not only it supports the people's economic condition, it also helps them in sustaining their own livelihood.

To provide synergy with the Partnership Program and to be in line with the PKBL implementation objectives, which is supporting the community welfare by cultivating economic capacity, social condition, environmental condition and community development, Community Development fund was focused on Education and Training for the Economic Empowerment sector in 2013.

This focus is aimed to improve the communities' living standards, enhance public knowledge and competence, while providing a synergy with the disbursement of Partnership Program Fund.

Realization of BRI Peduli Community Development in 2013 has been recapitulated as follows:

Business Sector	2013 Realization In Rp Billion	% Composition of BRI Peduli
Public Facilities	12.27	8.76%
Natural Disasters	3.97	2.83%
Education/Training	73.28	52.29%
Health	20.46	14.60%
Religious Facilities	23.12	16.50%
Nature Conservation	3.90	2.79%
Aid for Poverty Eradication	3.13	2.23%
Total	**140.12**	**100%**

BRI Peduli Program for Education

In line with CSR program objectives, BRI Peduli program for Education is focused on education for economic empowerment, and is intended as a stimulus to encourage creative and innovative entrepreneurs in the community. The program is implemented through the BRI Studentpreneur Program in collaboration with universities in Indonesia, along with MSME training for the communities in collaboration with NGOs or government agencies.

In 2013, to expand the scope of entrepreneurship development program, BRI also took some Islamic boarding school (pesantren) students to carry out a program of economic empowerment, through BRI Santripreneur program.

BRI Works with Pesantren for Santripreneur

One of the many ways to develop and strengthen the MSME is to create and facilitate new entrepreneurs through education and economically empowerment trainings. BRI has consistently organized the BRI Studentpreneur program for the past few years, in 2013 BRI expanded the scope of the program to the Islamic boarding school level, with the Santripreneur program.

The Santripreneur program is intended to increase independence and stimulate entrepreneurship amongst the boarding school students. The Santripreneur Program is implemented through livestock farming training for students in the boarding schools.

In addition to livestock farming training, BRI also supported the schools by providing the actual livestock.

The boarding schools that was selected for pilot project is the Al Bayan Boarding School in Lebak, Banten. BRI provided training and also 50 goats, which were granted as start-up capital for Al Bayan Boarding School. Students who received training from the Santripreneur program are expected to be pioneers in the development of goat farming in boarding school. Al Bayan boarding school sent around 20 students to receive training in raising goats, who are expected to share their knowledge with other students on raising the livestock and waste processing into organic fertilizer.

BRI Peduli Program for Public Facility

BRI provides assistance of public facilities/infrastructure renovation and construction, including: the construction of wells/water storage for drought areas in Purworedjo, construction of agrobusiness development center in Pasir Sarongge with IPB, provision of equipments for Tanah Abang G Block Culinary Centre, improvement of rural roads in Pesawahan Banyumas village, and others. The total distribution of BRI Peduli program for public facilities in 2013 was amounted to Rp12.27 billion.

BRI Peduli for Natural Disasters

As part of its efforts to help victims of natural disasters, BRI provides emergency response assistance through its operational units located closest to affected areas. In 2013, BRI distributed Rp 3.97 billion to help with the natural disaster mitigation efforts, including Mount Sinabung, Tanah Karo, North Sumatera; Earthquake in Bener Meriah, Nangro Aceh Darussalam; flood victims in Jakarta; and the Haiyan typhoon victims in the Philipines. This financial aid was distributed for food, clothing, medicine, blankets and other emergency needs.

BRI Peduli Program for Public Health

This program is a manifestation of BRI commitment in improving the community healthcare in Indonesia. The total funding disbursed in 2013 for health-related activities was Rp20.46 billion for various activities, including: the development of Rumah Sehat Amira, free cataract surgeries, mass circumcision, mouth and harelip surgeries in Pontianak, Blood Donor by the BRI employees, and other activities.

Responsibility towards The Community

BRI Peduli Program for Religious Facilities

Contributing to the wellbeing and the quality of religious aspects of the community, BRI strives to prepare and offer assistance to the renovation and construction of mosques and other religious facilities around the operational unit. Total fund distributed for the improvement of religious facility through the BRI Peduli program for Religious Facilities in 2013 was Rp 23.12 billion.

BRI Peduli Program for Nature Conservation

Activities carried out by BRI to protect the environment were carried out through several activities, including: equipments to clean lakes from water hyacinth, School Forest program in 9 provinces and 27 schools, participation in forest conservation and mangrove planting in the north coast of Java. In 2013 Rp 3.90 billion was disbursed to fund these activities.

BRI Peduli Program for Poverty Eradication

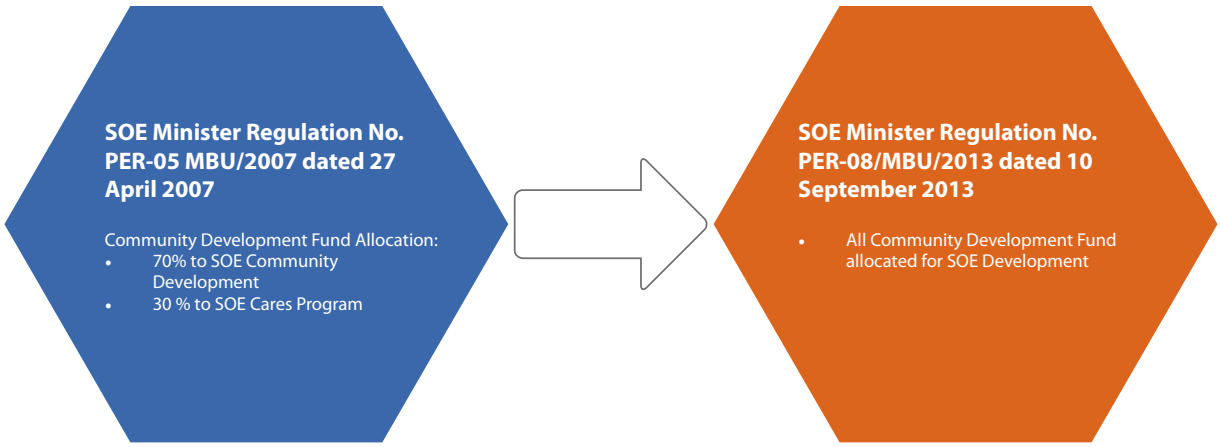
The most recent addition to the Community Development program was made in September 2013, to comply with the SOE Minister Regulation No. PER.05/MBU/2013 dated 1 May 2013. The realization of this sector is implemented through basic foods supplies distribution and social aids in several areas:

- 20,000 free food packages in the month of Ramadhan, at 15 points in Jabodetabek
- 4000 free food packages in 'BUMN Berbagi Sembako' event in Gorontalo and Central Kalimantan.
- Social aid for orphans of Misbach Chunur Foundation, Cimahi
- Assistance for Community Empowerment in Cimande through the Farmers Group
- Social aid for orphans and the underprivileged through Dompet Umat Berdikari Foundation

Total amount of BRI Peduli for poverty eradication reached Rp. 3,13 billion.

Impacts of Amendment to Regulations

The SOE Minister Regulation No. PER-05/MBU/2007 dated 27 April 2007 was amended with SOE Minister Regulation No. PER-20/MBU/2012 Dated 27 December 2012, and was finally amended with The SOE Minister Regulation PER-08/MBU/2013 dated 10 September 2013 regarding Amendment to the SOE Minister Regulation No. PER-05/MBU/2007 dated 27 April 2007 on SOE Partnership Program with Small Businesses and Community Development Program. With that in effect, the PKBL fund management has been handed over to comply with the specified provisions.



Responsibility Towards Customers

The bank's customers are among the most vital stakeholders in ensuring BRI's sustainability over the long run. With their central role in ensuring the availability of bank funding (through savings, deposits, etc.) and maintaining the business of loan disbursement (through a variety of loan products) and banking services, the customers' trust and satisfaction is an element that needs to be managed properly.

To maintain customers' trust and satisfaction, BRI offers a variety of banking products and services to suit the customers' needs, with quality, diverse product features, ease of access with the provision of network services and a conventional e-channel, accurate transaction records, real time online services, and customer service to handle customer complaints.

Detailed descriptions of the programs can be found in the following sections: "Products and Services", "Operational-Marketing Highlights", and "Management Discussion and Analysis-Business Overview".

Customer Service Policy

To settle customer complaints, since 2010 BRI released Bank BRI Director's Decree No. S.46 –DIR/LYN/07/2010 regarding Policy and Procedures of Customer Complaint Settlement of PT Bank Rakyat Indonesia (Persero) Tbk. This policy of customer complaint settlement has consistently been applied through a series of steps including:

- Stipulation of the service level agreement for the customer complaints settlement as regulated in BRI Decision Letter No. S.35 –DIR/LYN/05/2013 regarding User and SLA's Authority in Customer Complain Settlement.
- Settlement through the Organization for Banking Mediation for unsatisfied customers with the settlement conducted by BRI, in compliance with BRI Director's Decision Letter No. S. 49 –DIR/OPS/10/2006 regarding BRI's Policy and Procedures of Dispute Settlement with Customer through the Organization for Banking Mediation.
- Determination of the customer complaints settlement function, including: Complaint Reception, Handling and Settlement of Complaint, Complaint Monitoring and Complaints Settlement Reporting.

To provide quality and responsible services for its customers, BRI service policy is set as illustrated in the following diagram:

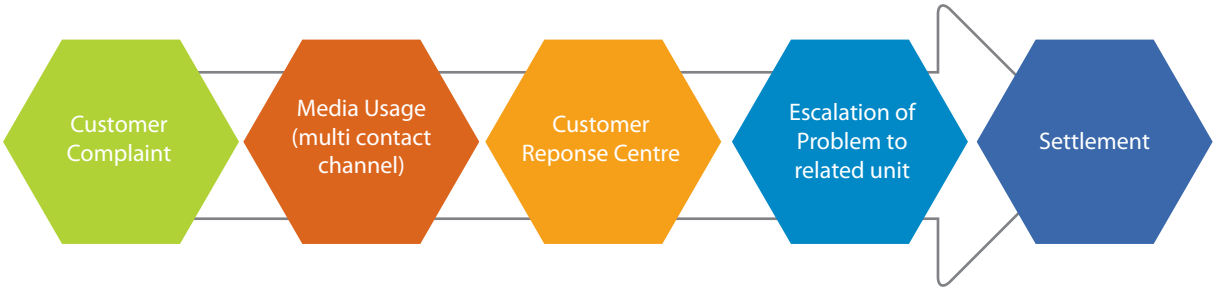
Responsibility Towards Customers

Policy Implementation

To improve customer satisfaction and trust, and as an implementation of its policies, BRI includes various programs to :

- Improve accessibility to its network, both conventional or e-channel:
  - Opening of 756 additional offices, 4,000 ATMs and 41,221 EDC units (more details can be found in "Network Expansion" chapter)
  - Investment in BRI's banking technology infrastructure (More details can be found in "Information Technology" chapter)
- Improvements on the accessibility of BRI's product and services information:
  - Development of BRI's website, www.bri.co.id, where customers can find in-depth information about products and services offered.
  - BRI's Contact Center
    Through BRI's Contact Center, customers can obtain further information about BRI including product information, marketing programs and the latest BRI services. They can also submit any complaints about BRI services.
  - Mobile Banking BRI
    With this latest service, customers can enjoy easy access to BRI's banking services as well as obtaining information about BRI's products and ATM network, including finding the nearest ATM location in real time.

- Improvements on the service quality with the implementation of Service Level Agreement (SLA) in the settlement of customer complaints, including:
  - Implementation of the Complaint Handling System (CHS) application in all operational units.
  - Socialization of SLA policies in settlement of customer complaints.
  - Improve access through BRI's multi-channel contacts:
    1. Customer Service in all BRI's Operational Working Units
    2. Telephone 14017, 500017, 021-57987400
    3. Premium Call 08001017017, 021-5758899, dan 021-5751234
    4. Website www.bri.co.id
    5. Email : kartu_kredit@bri.co.id and contactcenter@bri.co.id
    6. Internet banking: https://ib.bri.co.id
    7. Social Media: Twitter: @kontak_bri
    8. Facebook: BANK BRI Official
    9. Youtube: BANK BRI
    10. Customer complaints can be sent by mail to:
        The nearest BRI outlets; or Contact Center, Service Department BRI Head Office
    11. Print and electronic media
    12. Face to face: Directly to BRI's Customer Service Officer in the nearest BRI outlets
  - Customer Complaints Procedure:



- Evaluation of the number of complaints settlement, is recapitulated as follows:

Customer Complaints Settlement Rate				
Year	Complaints Received	Complaints Followed-up	Complaints Resolved	Complaints in process
2011	173,728	173,728	170,263	3,465
2012	168,672	168,672	165,192	3,482
1st Quarter - 2013	35,862	35,862	32,606	3,256
2nd Quarter - 2013	35,943	35,943	33,290	2,653
3rd Quarter - 2013	34,562	34,562	30,859	3,703
4th Quarter - 2013	**35,942**	**35,942**	**34,224**	**1,718**

* In-process complaints will be followed up in the following year

- A survey on BRI's service standard was conducted to obtain feedback for improvement in customer service level. This survey was administered by an independent firm, Marketing Research Indonesia (MRI), with the following results:

Evaluated Aspects	2012	2013
Phone Banking Officer	82.21	92.99
Phone Banking IVR	87.50	90.19

In addition to the above index that showed an increase in the level of service, BRI also received recommendations on various aspects of services for further improvements in the future.

Certification of Service Level

BRI's Contact Center Service has been certified with ISO 9001:2008 by the Verification New Zealand Limited, valid from 5 December 2011 to 5 December 2014

Financial Impact

BRI capital investment in 2013, which allocated specifically to further enhance the service quality and to expand BRI's network was amounted to Rp1.45 trillion. (See also a rundown of capital expenditure in the "Financial Review" section).

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Corporate Information

Profiles the Board of Commissioners

Bunasor Sanim
President Commissioner / Independent Commissioner

Indonesian citizen, 68 years. Appointed as Independent Commissioner of BRI on 19 May 2005 and was appointed as President Commissioner/Independent Commissioner of BRI on 30 May 2006. He was re-appointed as President Commissioner/Independent Commissioner of BRI on 28 April 2011.

Currently holds a teaching post as a regular Lecturer in Undergraduate and Postgraduate Programs of Bogor Agricultural University (IPB). Actively involved in numerous organizations, such as the Indonesia Muslim Scholars Association (ICMI), member of Indonesia Agricultural Economy Association (PERHEPI), member of Advisory Council, International Center for Analysis of Finance and Economic (InterCAFE), Member of Advisory Council, Indonesia Sharia Bank Association (Asbisindo), Deputy of Indonesia Fertilizer Council (DPI), and Deputy of Indonesia Organic Agriculture Society (MAPORINA).

Formerly served as Consortium Coordinator on Agriculture and Natural Resources in SEARCA-SEAMEO (1989-2002) and Senior Scientist Partnership, IPB-University of Gottingen.

Attained Engineer's Degree in Agricultural Social Economics from IPB (1972), a Master's Degree in Agricultural Economics from the University of the Philippines, Los Banos (1982), and a Ph.D. in Resource Economics from the University of the Philippines, Los Banos (1986). Completed a Post Doctoral Programme in Harvard Institute of International Development (HIID), Harvard University, Cambridge, MA, USA (June-July 1994).

Mustafa Abubakar
Vice President Commissioner

Indonesian Citizen, 64 years. Serves as Deputy President Commissioner of BRI since 28 March 2012.

Currently active in various organizations, such as Member of Advisory Council of National Banking Advisory (PERBANAS), Member of Advisory Council of Indonesia Agricultural Economy Association (PERHEPI), Chair of Advisory Council Wredhatama Association of the Republic of Indonesia (PWRI), Member of Advisory Council of Lemhanas Graduates Association (IKAL), and Member of Board of Trustees of Leuser International Foundation (YLI).

Previously served as General Inspector of Marine and Fishery Exploration Division (1999-2001), General Inspector in Marine and Fishery Ministry (2001-2005), Acting Governor Nangroe Aceh Darussalam Province (2005-2007), President Director Bulog (2007-2009), Minister of SOE (2009-2011), World Bank Project Consultant (Rural Credit Project) at BRI (1979-1985), World Bank Project Consultant (SEDP) in Bank Indonesia (1985-1989) as well as other organizations, including General Chair of Student Association, Institut Pertanian Bogor (DEMA-IPB) during 1975-1976, General Chair, Indonesia Fishery Society (MPN) during 1996-1999, General Chair of Collective Forum for Government Internal Oversight (FORBES-APIP) during 2003-2008.

Holds Engineer's Degree in Water Resources Management (1977), M. Si in Marine Technology (2002), and Doctoral Degree in Marine Technology (2004) from Bogor Agricultural University (IPB).

Indonesian citizen, 50 years. Serves as Commissioner of BRI since 28 April 2011.

Currently also serves as Vice Rector of Resources and Strategic Research, and Professor of Economics in Bogor Agricultural University (IPB), member of National Economy Committee, Chair of Indonesia Agricultural Economy Association (PERHEPI), and Member of Indonesia Economics Graduates Association (ISEI).

Previously served as Independent Commissioner, PT Permodalan Nasional Madani (PNM) (2007), President Commissioner, PT PNM (2008-2011), Secretary General, PERHEPI (2007-2011), Member of Statistics Society Forum (2007-2009), Secretary General Asia Pacific Agricultural Policy Forum (2007-2009), and Director of Management and Business Postgraduate Program, Bogor Agricultural University (2005-2008).

He holds an Engineer's Degree from the Agriculture Faculty, Bogor Agricultural University (1986), M.Ec in Agricultural Economics from the University of New England, Armidale, Australia (1991), and a Ph.D. in Economics from Lincoln University, New Zealand (2003).

Hermanto Siregar
Commissioner

Indonesian citizen, 56 years. Serves as Commissioner of BRI since 28 March 2012.

Currently also serves as General Inspector in the Ministry of Finance and Secretary in Government Standard Accounting Committee.

Previously served as Head of Consolidation and Financial Reporting, Sub-Directorate at the Ministry of Finance's Treasury Directorate General (2004-2006), Director of Finance Supervisory on Public Service Agencies (BLU) at the Ministry of Finance's Treasury Directorate General (2006-2008), and Director of Accounting and Reporting at the Ministry of Finance's Treasury Directorate General (2008-2011).

Holds Diploma III Degree from Sekolah Tinggi Akuntansi Negara (1980), Diploma IV Degree from Sekolah Tinggi Akuntansi Negara (1987), and a Master's in Public Management from Carnegie Mellon University, Pittsburgh (1998).

Vincentius Sonny Loho
Commissioner

Profiles the Board of Commissioners

Heru Lelono
Commissioner

Indonesian Citizen, 58 years of age. Serves as Commissioner of BRI since 20 May 2010.

Currently also serves as member of Presidential Staff of the Republic of Indonesia (2004-present).

Previously served as the Director of Business Development, PT Bukit Jaya Abadi Surabaya (1993-1995) and Managing Director, PT Telesera (Rajawali Corp.) (1995-1998).

Holds a Bachelor's Degree in Architecture from Universitas Katolik Soegijapranata (1983).

Aviliani
Independent Commissioner

Indonesian citizen, 52 years. She served her first term as Independent Commissioner of BRI in May 2005 and was re-appointed for her second term on 20 May 2010.

Currently also serves as Secretary of National Economy Committee (KEN), Chair of Indonesia Society of Independent Commissioners (ISICOM), Member of Perbanas Central Board, Chair of Sharia Economy Society (MES), Secretary General of Indonesia Economics Graduates Association (ISE), Member for Finance and Investments Division of Indonesia Muslim Intellectuals' Association (ICMI), Advisor for Indonesia-Singapore relations at the Indonesia Chamber of Commerce (KADIN), Advisory Board Member of Indonesia Listed Companies Association, Member of Expert Council of Indonesia Provincial Government Association (APPSI), and a Lecturer in Perbanas Institute.

Previously served as Assistant of Deputy II Finance and Human Resources in Perbanas Institute (2000-2002), General Secretary at Consortium of Private Universities Service Bodies (2002-2003), Head of Management Department in the Faculty of Economics, Paramadina University (2002-2005), Lecturer in Management at Perbanas Institute and other universities (1986-2005), Director Institute for Development of Economics and Finance (INDEF) (2004-2005).

Holds Bachelor's Degree in Economics from Atma Jaya Catholic University, Jakarta (1985), Master's Degree in Business Administration from Universitas Indonesia (1995), and a Doctoral Degree in Business Management from Bogor Agricultural University (2012).

Profiles the Board of Commissioners

Indonesian citizen, 59 years. Appointed as Independent Commissioner of BRI on 28 March 2012.

Previously served as Deputy Director of Legal in Bank Indonesia (2001-2005), Director of Banking Investigation and Mediation in Bank Indonesia (2005-2008), and Director of Legal in Bank Indonesia (2008-2012).

Bachelor of Law from Universitas Indonesia, Jakarta (1982) and MBA in Finance from University of Adelaide, Australia (1995).

Ahmad Fuad
Independent Commissioner

Indonesian citizen, 50 years. Serves as Independent Commissioner of BRI since 20 May 2010.

Currently active in various organizations, such as Chair of Indonesian Youth National Committee (KNPI) and Chair of National Scout Organization.

Previously served as Commissioner in several companies (1995-2002) as well as Minister of Youth and Sports (2004-2009).

Holds Bachelor's Degree in Law from Trisakti University Jakarta (1989), Master's Degree in Community Development from Universitas Indonesia Jakarta (1999), and Doctoral degree in Maritime Engineering from Bogor Agricultural University (2007).

Adhyaksa Dault
Independent Commissioner

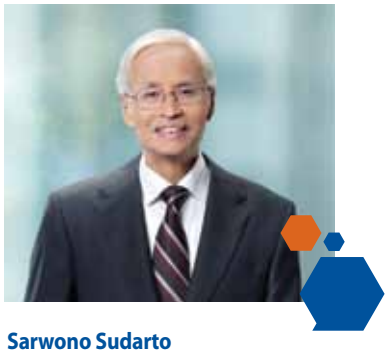
Profiles the Board of Directors

Sofyan Basir
President Director

Indonesian citizen, 55 years. Served as the President Director of BRI since 17 May 2005 and was re-appointed on 20 May 2010.

Prior to joining BRI, he served as the President Director of Bank Bukopin. His banking career started in 1981 with Bank Duta. He joined Bank Bukopin in 1986 and has occupied managerial positions in Bank Bukopin, including Commercial Director, Group Head Line of Business, and Head of Branch Office in several major cities in Indonesia.

Holds Diploma Degree from Trisakti School of Management, Jakarta (1980), Bachelor's Degree in Economics from STIE Ganesha, Jakarta (2010), and Doctor Honoris Causa from Trisakti University, Jakarta (2012). Attended various banking training sessions and courses inside and outside the country, including CEO Networking, IDX (Denpasar); Risk Management Certification Refreshment Program, BARa (Frankfurt); Market Risk Management Refresher, ABN Amro (Switzerland); Risk Management Executive, ABN Amro (Denpasar); Islamic Finance Forum (Switzerland), Business Continuity Planning Seminar, Ernst & Young (Jakarta); and SESPIBANK (Jakarta).



Sarwono Sudarto
Director of Operations

Indonesian citizen, 61 years. Served as Director of BRI since 30 May 2006 and was re-appointed for the second term on 28 April 2011.

Started his career in 1976 and has occupied numerous managerial positions, such as being Head of Treasury Division, Head of Strategic Planning Division, Head of Internal Audit Division, Head of Retail Business Division, Deputy Head of Accounting Management and Finance Division, Head of Palembang Sriwijaya Branch, Guest Officer Sanwa International Finance Ltd. Hongkong, Treasury Manager and Chief Dealer BRI Finance Ltd. Hongkong.

Holds Bachelor's Degree in Business Administration from Diponegoro University, Semarang (1975), MBA from Tulane University, the United States (1987), and Doctoral Degree in Education Management, Universitas Negeri Jakarta (2011). Attended training sessions and courses, among others Capital Market (Tokyo); Risk Management Certification, BSMR (Singapore); Assessor in Risk Management Competence Assessment BNSP; 5th World Islamic Economic Forum, Risk Management Certification Refreshment Program; LEMHANNAS RI, SESPIBANK, and Organization Management (Jakarta). Represented BRI among others as speaker on microfinance in Thailand and APEC Meeting in Chile (2004) as well as in roadshows and conferences in London, Hong Kong, and Singapore.

Indonesian citizen, 57 years. Serves as Director of BRI since 20 May 2010.

Started his banking career in BNI in 1984 and has served a number of managerial positions, including Director of Small and Medium Enterprises and Sharia Business, Director of Corporate Banking, Director of Consumer Banking, Head of Personal Business Management Division, Head of Retail Marketing Division, Head of Bandung Regional Office, and Head of Manado Regional Office.

Holds Bachelor's Degree in Economics from Universitas Padjadjaran, Bandung (1982) and Master of Business Management from Asian Institute of Management, Makati, the Philippines (1992). Attended banking training sessions, courses and seminars, including Executive International Conference, Growing with Confidence - BARa (London); Risk Management in Retail Banking - BSMR (the Netherlands); Executive Training for Director - The Wharton School of The University of Pennsylvania (United States); Bank Indonesia's Executive Risk Management Certification - BSMR (Singapore); Retail Banking Conference - LAFFERTY (Singapore); Asian Bankers Surveyor Program - Bank of New York (New York); SESPIBANK – IBI (Jakarta); Business Bank & Financial Service Conference - LAFFERTY (Singapore), and Human Resources Banking Conference - LAFFERTY (Singapore). Represented BRI in various roadshows and conferences in United States, Europe, and Asia.

Achmad Baiquni
Director of Finance

Indonesian citizen, 55 years of age. Served as Director of Micro, Small, and Medium Enterprises (MSME) Business in his first term on 30 May 2006, then served as Director of Commercial Business since 12 October 2009.

He was re-appointed for a second term on 28 April 2011. His career in BRI started in 1983 and he has occupied a number of managerial positions, including Head of Medium Loan Division, Head of Agribusiness Division, Head of Denpasar Regional Office, and Head of Jakarta Regional Office.

Holds Bachelor's Degree from the Faculty of Animal Husbandry, Bogor Agricultural University (1981) and MBA from the University of New Orleans, United States (1991). Represented BRI in various organizations such as APRACA, UN Advisors Group on Inclusive Financial Sectors and Micro Finance Network. Speakers in many MSME international seminars, including Asian Banking Forum (Jakarta); APEC SME Working Group (Bali); Financial Technology Conference (Singapore); Microfinance Sustainability, APRACA (Kunming, China); APO Forum, Micro Banking and Risk Management Workshop (Beijing); Asia Pacific Regional Microcredit Summit (Bali); Round Table on the Impact of the Global Crisis on SMEs (Turin, Italia); and International Microfinance Conference 2012 (Yogyakarta). Represented BRI in several Investor Conferences held inside and outside the country, such as in the United States, Europe, and Asia.

Sulaiman Arif Arianto
Director of Commercial Business

Profiles the Board of Directors

A. Toni Soetirto
Director of Consumer Business

Indonesian citizen, 55 years. Serves as Director of BRI since 30 May 2006 and was re-appointed for his second term on 28 April 2011.

Started his banking career in Bank Duta in 1983 and joined Bank Bukopin in 1985. Previously occupied managerial positions as Director of Commercial Business, Risk Management and Compliance Director, and Group Head Credit and Marketing Financial Institutions.

In 1982 obtained Bachelor's Degree in Agribusiness from Bogor Agricultural University. Attended a number of banking training sessions, courses, and seminars such as CRM and Intelligence Banking EFMA (Barcelona); The Future Face of Marketing (Australia); Self-Service Banking, EFMA (Barcelona); The Branch of the future, EFMA (Barcelona); Structured Trade and Export Finance in Asia Conference, Euromoney, JP Morgan and Citigroup (Singapore); The Strategic Board, Australian Institute of Company Director (Australia); Comparative Study for Trade Financing and Risk Management – Deutsche Bank (Germany); Certified Wealth Manager - Erasmus Heuis Netherlands (Netherlands); Risk Management Certification Refreshment Program (Frankfurt); World Hajj & Umrah Convention 2013 (London); and Bancassurance Distribution and Channel Management (Hong Kong).

Lenny Sugihat
Director of Credit Risk Management

Indonesian citizen, 57 years. Served as Director of BRI since 30 May 2006 and was re-appointed for her second term on 28 April 2011.

Started her banking career in BRI in 1981 and has served in many managerial positions such as Head of Strategic Planning and Business Development Division, Head of Agribusiness Division, and Head of Loan Restructuring and Settlement Division.

Holds Bachelor's Degree in Fishery from Bogor Agricultural University (1979) and MBA from the University of Houston, Texas, United States (1993). Attended training sessions and courses, among others at Loan Syndication (Hong Kong); Credit Risk Management BRI & Citibank (Jakarta); The Advanced Management Program for Overseas Bankers (Pennsylvania, US); Problem Loan and Loan Syndication Training (Sydney); SESPIBANK (Jakarta); Seminar World Bank "Rethinking The East Asia Miracle" (Jakarta); Seminar "Bank Risk Management and Basel II Capital Requirements" (Jakarta); World Bank/IMF 2002 Annual Meeting (Washington, USA); Strategic Management in Banking Programme (Fontainebleau, France); 33rd ASEAN Banking Council Meeting (Bali); Seminar "Program Management Office" (Jakarta); The World Bank Conference "Role of State-Owned Bank" (Washington, USA); Risk Management Certification – BSMR (Bali); BSMR Seminar "Market Risk Management Refresher" (Bali); and Assessor in BNSP's Competence Assessment Test (Jakarta).

Profiles the Board of Directors

Indonesian citizen, 52 years . Serves as Director of BRI since 28 April 2011.

Has served in many managerial positions in BRI, such as Head of Human Resources Management Division, Head of Palembang Regional Office, Head of Credit Administration Division, and Head of Compliance and Risk Management Division.

Holds Bachelor's Degree in Economics from Universitas Diponegoro, Semarang (1984) and MBA from St. Louis University, USA (1994). Attended banking training sessions and courses at, among others, ProActive Operational Risk Management (Jakarta); SESPIBANK (Jakarta); World-class Leadership Mentoring Coaching (Jakarta); Credit Appraisal for Small Medium Individuals (Tokyo); The Asian Banker Summit (Singapore); International Certified Wealth Manager Europe Class (Rotterdam); Risk Management Certification Refreshment Program (Frankfurt); Improving Compliance Competency (Jakarta); The Banking Technology Summit (Prague); World Hajj & Umrah Convention (London); and Bancassurance Distribution & Channel Management (Hong Kong).

Randi Anto
Director of Compliance

Indonesian citizen, 57 years. Serves as Director of BRI since 5 September 2007 and was re-appointed for his second term on 28 March 2012

Started banking career in BRI in 1983 and has served in many managerial positions, such as Head of Jakarta Regional Office, Head of Corporate Secretary Division, Deputy Head of Jakarta Regional Office, and Head of Branch in several major cities in Indonesia.

Holds Bachelor's Degree in Economics from Universitas Pembangunan Nasional, Yogyakarta (1982) and Master's Degree in Management from Universitas Padjadjaran, Bandung (2001). Currently completing Dissertation in Business Management, Doctoral Program of Economics in the Postgraduate Program of Universitas Padjadjaran. Attended a number of banking training sessions and courses, among others being Customer Relationship Management (Paris); The Branch of the Future Seminar (Barcelona); The 5th Annual Asia Pacific Mobile Payments Seminar (Bangkok); SESPIBANK (Jakarta); Executive Management Development Program (Jakarta); Marketing Seminar (Sydney); Delivery Channel Strategy The Branch & Beyond Seminar (Kuala Lumpur); Branch of the Future Revamping the Branch for the Technology Driven World Seminar (London); 40th EFMA Congress Multichannel Coordination and Integration (Barcelona) Seminar; 41st EFMA Congress Multidistribution (Paris) Seminar; and BARa Executive International Conference (London).

Suprajarto
Director of Network and Services

Profiles the Board of Directors

Asmawi Syam
Director of Institutional and SOE Business

Indonesian Citizen, 58 years. Serves as Director of BRI since 5 September 2007 and was re-appointed for his second term on 28 March 2012.

Started banking career in BRI in 1980 and has served in many managerial positions, such as Head of General Business Division, Head of Consumer Banking Division, Head of Bandung Regional Office, Head of Denpasar Regional Office.

Holds Bachelor's Degree in Economics from Universitas Hasanuddin, Makassar (1979) and Master's Degree in Management from Universitas Padjadjaran, Bandung (2003). Attended banking training sessions and courses, such as Risk Management Certification Refreshment Program - BARa (London); From State-Owned Enterprise to World Class Competitors Creative Innovative and State-Owned Firms (the Philippines); 4th World Islamic Economic Forum (Kuwait); Card and Payment - European Financial Management Marketing EFMA (Paris); SOE Restructuring and Performance Improvement (Jakarta); Strategic Leadership – MasterCard International (Bangkok); World Congress on IT Information (Adelaide); Asset and Liability Management, Credit Risk Management & International Banking (Brussels); and SESPIBANK (Jakarta).

Djarot Kusumayakti
Director of Micro, Small, and Medium Enterprises Business

Indonesian citizen, 56 years. Appointed as Director of BRI since 20 May 2010.

Started banking career in BRI in 1983 and has served in many managerial positions, such as President Commissioner PT BTMU BRI Finance, Head of Credit Risk Analysis Division, Deputy Head of Jakarta Regional Office, Deputy Head of Semarang Regional Office, and Deputy Head of Padang Regional Office.

Holds Bachelor's Degree in Corporate Economics from Universitas Islam Indonesia, Yogyakarta (1982) and a Master's Degree in Financial Management from Universitas Airlangga, Surabaya (2000).

Attended banking training sessions and courses, among others Senior Banker Development Program - Bank of America (Jakarta); Credit Risk Management Training (Semarang); SESPIBANK (Jakarta); and Banking Risk Management Certification (Jakarta). Represented BRI as a speaker on Microfinance in The Key Success on Sustainable Microfinance Program during Microfinance Network (MFN) 17th Meeting Conference Riveria Maya in Cancun (Mexico), and The Role of Microsaving on Sustainable Microfinancing at the Global Microcredit Summit in Valladolid (Spain).

Profiles the Board of Directors

Indonesian citizen, 61 years. Serves as Director of BRI since 28 September 2011. Previously served as Director of Pharmaceutical Commercial Business, the Ministry of PBUMN & BKPM, Director of Finance PT Kliring Berjangka Indonesia (Persero), Assistant Deputy of Banking Business in Ministry of State-Owned Enterprises, and Commissioner in PT Bank Tabungan Negara (Persero) Tbk.

Holds Bachelor's Degree in Economics/Business Law from Universitas Indonesia (1985) a Master's Degree in Management from Ecole Superieure, Lyon, France (1989). Attended training sessions and courses, including Property Appraisal (Taiwan); Urban Finance and Taxation (Taiwan); Finance Management from Institute International d'Administration Public (Paris); Strategic Planning (Jakarta); Workshop on SOE Privatization and Corporate Governance (Jakarta); International Conference Bara Risk Forum 2010 (Bali); Executive Risk Management Refresher Program (Paris); Seminar Sharpening Leadership for Senior Executive (Jakarta); Global Islamic Finance Forum (Kuala Lumpur); and International Seminar on Housing Finance Management (Bali).

Gatot Mardiwasisto
Director of Human Resources Management.

Profiles of Committees under the Board of Commissioners

Profile of Audit Committee Members

H.C. Royke Singgih

Indonesian citizen, 53 years. Serves as a member of Audit Committee since October 2005.

A registered accountant, he previously worked in PT Bank IFI Jakarta, PT PAN Indonesia Bank Jakarta, and PT Krakatau Steel Cilegon.

Holds Bachelor's Degree in Accounting from Gadjah Mada University, Yogyakarta (1986), Master's Degree in Finance and Banking from Universitas Indonesia, Jakarta (2000), Special Certification for Strategic Management in Pre-Doctoral Program of Universitas Indonesia, Jakarta (2004), and holds a Doctoral Degree in Business Management from Bogor Agricultural University (2012).

Dedi Budiman Hakim

Indonesian citizen, 49 years. Serves as a member of Audit Committee since November 2005.

Currently also serves as Lecturer in Bogor Agricultural University (IPB), Bogor and researcher in Center for Applied Economics and Finance IPB, Bogor.

Holds Bachelor's Degree in Agricultural Economics from Bogor Agricultural University (1988), a Master's Degree in Agricultural Economics from Massey University Palmerston North, New Zealand (1994), and a Doctoral Degree in Agricultural Economics from Georg-August-Universitaet Goettingen, Germany (2004).

Syahrir Nasution

Indonesian citizen, 61 years. Serves as member of Audit Committee since November 2008.

A registered accountant, he previously worked in the State Audit Bureau on Finance and Development (BPKP), Jakarta until 1990. Started his career in BRI as auditor, from 1990-2008, and last served as Inspector at BRI Jakarta Inspection Office.

Holds a Bachelor's Degree in Accounting from Institut Ilmu Keuangan, Ministry of Finance, Jakarta (1981).

Profiles of Nomination and Remuneration Committee Members

Ganefi

Indonesian citizen, 50 years. Serves as a member of Nomination and Remuneration Committee since June 2012.

Started his career in BRI in 1989 and has experience in many positions, currently serving as Head of Human Resources Policy and Development Division.

Hold a Bachelor's Degree in Fiscal Administration from the Faculty of Social and Political Sciences, Universitas Indonesia, Jakarta (1989) and Master of Business from Monash University, Australia (1994).

Asep Ikhsan Iskandar

Indonesian citizen, 41 years. Serves as a member of Nomination and Remuneration Committee since November 2009.

Started his career in BRI in 1989 and has experience in many positions; currently serving as a Staff in BRI Human Resources Operations Division.

Holds Bachelor's Degree in Accounting from Universitas Pasundan Bandung (1996).

Profiles of Risk Management Supervisory Committee Members

Pamuji Gesang Raharjo

Indonesian citizen, 45 years. Re-appointed as member of BRI Risk Management Supervisory Committee in September 2011.

Previously served as a member of BRI Risk Management Supervisory Committee for the 2007-2010 period. His career includes various positions at Bank BNI, Bank Danahutama, Bank International Indonesia, and as General Manager of Risk Management in Perum Pegadaian (June 2010-March 2011). He is also a Lecturer in the Indonesian Banking Development Institute (LPPI).

Holds a Bachelor's of Economics from Universitas Prof. Dr. Moestopo (Beragama), Jakarta (1996) and a Master's Degree in Risk Management from Universitas Indonesia, Jakarta (2003). He is completing a Doctoral program in Management and Business at Bogor Agricultural University.

Ridwan Darmawan Ayub

Indonesian citizen, 51 years. Serves as a member of BRI Risk Management Supervisory Committee since 2006.

Previously he held numerous posts in Bank Internasional Indonesia.

Holds a Bachelor's Degree in Social and Political Sciences from Universitas Katolik Parahyangan, Bandung (1985) and a Master's Degree in Finance Management from Mercu Buana University, Jakarta (2008).

I Gde Yadnya Kusuma

Indonesian citizen, 59 years. Serves as a member of BRI Risk Management Supervisory Committee since July 2010.

He previously occupied various positions in Bank Indonesia and served as Director for Research and Analysis at the Center of Financial Transaction Reports and Analysis (PPATK).

Bachelor's of Economics from Sekolah Tinggi Ilmu Ekonomi Swadaya, Jakarta (1993) and Master's of Economics from Universitas Indonesia, Jakarta (2006).

Profiles of Corporate Secretary and Head of Internal Audit

Corporate Secretary

Muhamad Ali

Indonesian citizen, 52 years. Serves as Head of Corporate Secretary Division since 1 January 2010

by virtue of a Decision Letter of Board of Directors No. 20-DIR/SDM/12/2009 dated 14 January 2010.

Holds Bachelor's of Law from Gajah Mada University (UGM) in 1987; started his career in BRI on 2 June 1988. Served as Deputy Head of Corporate Secretary Division in 2008 and Chief of Board of Directors Bureau in 2009.

Appointed as Corporate Secretary by the Board of Directors of BRI and has been reported to Bank Indonesia in compliance with Bank Indonesia Regulation No.11/1/PBI/2009 dated 27 January 2009 on Commercial Banks, and has been reported to the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) and Indonesia Stock Exchange in letter No. B.02/SKP/DHI/01/2010 dated 27 January 2010 on the Corporate Secretary Appointment.

Head of Internal Audit

Ali Mudin

Indonesian citizen, 56 years. Serves as Head of BRI Internal Audit since September 2008.

Started his career in BRI in 1990, occupying numerous positions including Head of Logistics Division, Head of Aceh Regional Office, Head of Legal Division, and Head of BRI Branches in various cities. Starting 2006 has been entrusted with various assignments, such as Commissioner at PT Beringin Karya Sejahtera (2006-2009) and President Commissioner at PT Asuransi Jiwa Beringin Jiwa Sejahtera (2009 – present).

Holds Bachelor's of Law from Universitas Pajajaran Bandung (1981) and a Master's Degree in Marketing Management from Universitas Padjadjaran Bandung (2006). Has attended training sessions and courses inside and outside the country, including European Conference Amsterdam: Internal Audit A'la Carte (2012), Intl Conference: Auditing through Leadership, Atlanta-USA (2010) dan Seminar Enhancing Internal Audit's Role: Gaining Stakeholders' Confidence through the Global Economic Crisis – Bali (2009).

Senior Executives

Inspectors of Audit Offices			
NO	Organizational Unit	Name	Positions
1	Audit KP (Head Office), KCK (Special Branch Office), UKLN (Overseas Branch)& PA (Subsidiaries)	Yan Budiatmoko	Inspector
2	Audit Office Medan	Denny Arsamanggala	Inspector
3	Audit Office Padang	Ruslan Wahyudi	Inspector
4	Audit Office Pekanbaru	Khairi Setiawan.	Inspector
5	Audit Office Palembang	Abing Rabani	Inspector
6	Audit Office Bandung	Rusli Witjahjono	Inspector
7	Audit Office Jakarta 1	Hartono Sukiman	Inspector
8	Audit Office Jakarta 2	Mudjiharno	Inspector
9	Audit Office Jakarta 3	Umi Haryati	Inspector
10	Audit Office Banjarmasin	Erdianto Sigit C.	Inspector
11	Audit Office Semarang	Zainuddin Mappa	Inspector
12	Audit Office Yogyakarta	Eka Sriyantini	Inspector
13	Audit Office Surabaya	Sutardjo	Inspector
14	Audit Office Malang	Saptono Siwi	Inspector
15	Audit Office Denpasar	Suindiyo	Inspector
16	Audit Office Makassar	Abdul Salam	Inspector
17	Audit Office Manado	Siswanto	Inspector
18	Audit Office Jayapura	Wahyu Waluyo	Inspector

General Manager of Regional Offices			
NO	Organizational Unit	Name	Position
1	Banda Aceh Regional Office	Dedy Ihsan	General Manager
2	Medan Regional Office	Endra Sasmito Soengkowo	General Manager
3	Padang Regional Office	Susilo	General Manager
4	Pekanbaru Regional Office	I Made Suprateka Y.	General Manager
5	Palembang Regional Office	Budi Satria	General Manager
6	Bandung Regional Office	Pardiman	General Manager
7	Jakarta Regional Office 1	Mohammad Irfan	General Manager
8	Jakarta Regional Office 2	Zainuddin Latif	General Manager
9	Jakarta Regional Office 3	Eko Wahyu Andriastono	General Manager
10	Banjarmasin Regional Office	Catur Budi Harto	General Manager
11	Semarang Regional Office	Achmad Chairul Ganie	General Manager
12	Yogyakarta Regional Office	Triyana	General Manager
13	Surabaya Regional Office	Adhy Kusnandar	General Manager
14	Malang Regional Office	Mardiwibawa	General Manager
15	Denpasar Regional Office	Irianto	General Manager
16	Makassar Regional Office	Achmad Chumaidi	General Manager
17	Manado Regional Office	Osbal Saragi Rumahorbo	General Manager
18	Jayapura Regional Office	Priyastomo	General Manager
19	Overseas Branch New York	Haru Koesmahargyo	General Manager
20	Rep. Office Hong Kong	Miswan Nawawi	Chief

Senior Executives

NO	Organizational Unit	Name	Position
1	Head of Credit Administration Division	Arief Tjatur Widodo	Head of Division
2	Agribusiness Division	Kuswiyoto	Head of Division
3	Finance and Management Accounting Division	Fahmi Subandi	Head of Division
4	Credit Risk Analysis Division	Susy Liestiowaty	Head of Division
5	SOE Business Division 1	M. Sodo Harisetyanto	Head of Division
6	SOE Business Division 2	Benni O.Kailani	Head of Division
7	International Business Division	Heru Prabowo	Head of Division
8	Micro Business Development Division 1	Tri Wintarto	Head of Division
9	Micro Business Policy and Development Division	Agus Katon ES.	Head of Division
10	Micro Business Development Division 2	Johanes Saragih	Head of Division
11	Business Program and Partnership Business Division	Teten Djaka Triana	Head of Division
12	Retail & Medium Business Division	Khairullah	Head of Division
13	General Business Division	Donsuwan Simatupang	Head of Division
14	Oil and Gas & Energy Business Desk	Amam Sukriyanto	Head of Desk
15	Funding and Service Division	Widodo Januarso	Head of Division
16	Education and Training Division	Retno Surdini	Head of Division
17	Institution Relations Division 1	I Komang Sudiarsa	Head of Division
18	Institution Relations Division 2	Agus Noorsanto	Head of Division
19	Legal Division	Hadi Susanto	Head of Division
20	Micro Business Network Division	Dadang Setiabudi	Head of Division
21	Retail Business Network Division	R.Sophia Alizsa	Head of Division
22	E-Channel Desk	Arif Wicaksono	Head of Desk
23	Credit Card Division	Mohamad Helmi	Head of Division
24	Compliance Division	M.Jarot Eko Winarno	Head of Division
25	Consumer Loan Division	Joice Farida Rosandi	Head of Division
26	Service Division	Luki Presisa Budi Utami	Head of Division
27	Service Quality Desk	Ninis Indriswari	Head of Desk
28	Fixed Assets Management & Property Division	Wisto Prihadi	Head of Division
29	Goods & Services Procurement Division	Sunuaji Noor Widiyanto	Head of Division
30	Risk Management Division	Irwan Rinaldi	Head of Division
31	Marketing Communication Division	A. Firman Taufick	Head of Division
32	Human Resources Policy & Development Division	Ganefi	Head of Division
33	Human Resources Operational Division	Siswarin Dwi Hendarsapti	Head of Division
34	Contract Workers and Outsourcing Division	Ira Wirayanti	Head of Division (Acting)
35	Strategic Planning and Business Development Division	Hexana Tri Sasongko	Head of Division
36	Loans Restructuring and Recovery Division	Edy Priyono	Head of Division
37	Operational Center Division	Edy Utomo	Head of Division
39	Corporate Secretary Division	Muhamad Ali	Head of Division
40	Investor Relations Desk	Listiarini Dewajanti	Head of Desk
41	Treasury Division	Rico Rizal Budidarmo	Head of Division
42	Investment Banking Desk	Henri	Head of Desk
43	Information System and Technology Division	Zulhelfi Abidin	Head of Division

Office Address

Office	Address	City	Telephone Number	Facsimile
Head Office	Gedung BRI I Jl. Jend. Sudirman No. 44 - 46, Jakarta 10210	Jakarta	(021) 2510244, 2510254, 2510264, 2510279	(021) 2500065, 2500077
Regional Office Banda Aceh	Jl Cut Meutia No 17 Banda Aceh	Banda Aceh	(0651) 22822 (hunting)	(0651)-23487, 22352
Regional Office Medan	Jl. Putri Hijau No.2A, Medan	Medan	(061) 45256666, 4528323	(061) 4525601
Regional Office Padang	Jl Bagindo Azis Chan No. 30, Kec. Padang Timur, Padang	Padang	(0751) 892309, 892310, 892311, 892312	(0751) 892313, 892314, 892315
Regional Office Palembang	Jl. Kapten A. Rivai No.15, Palembang	Palembang	(0711) 313411	(0711) 312262
Regional Office Jakarta 1	Jl Veteran No. 8 Jakarta Pusat	Jakarta Pusat	(021) 3840802	(021) 3453685
Regional Office Bandung	Jl Asia Afrika No.57-59, Bandung	Bandung	(022) 4200356 (hunting)	(022) 432038, 4200763 (Sekertariat), 4200348 (OPS), 4200368 (Bag.Log)
Regional Office Semarang	Jl. Teuku Umar No. 24 Semarang	Semarang	(024) 8440728, 8440729, 8440730, 84418146	(024) 84473154, 8318463
Regional Office Yogyakarta	Jl Cik Ditiro No.3 Yogyakarta	Yogyakarta	(0274) 510850, 520268, 520269, 520270, 520272, 562707, 561403	(0274) 514166, 584883, 584882
Regional Office Jakarta 2	Gedung Mulia Lt. 2, Jl. Gatot Subroto Kav. 9 - 11	Jakarta Selatan	(021) 52920581, 52920585	(021) 52920586, 52920587
Regional Office Surabaya	Jl Jend Basuki Rahmat No.122-138 Gedung BRI Tower LT 20, Surabaya	Surabaya	(031) 5324230	(031) 5324033, 5324044
Regional Office Banjarmasin	Jl. Jend. A.Yani KM 3,5 No. 151 Banjarmasin	Banjarmasin	(0511)3250256/57	(0511) 3251649,3252992
Regional Office Denpasar	Jl. Hayam Wuruk No. 123, Denpasar	Denpasar	(0361)228715	(0361)225402, 234796, 264858, 225791
Regional Office Manado	Jl Sarapung No.4-6, Manado	Manado	(0431)863592,863378,863778	(0431)862779 (Surat Biasa), 866966 (Surat Rahasia)
Regional Office Makassar	Jl Achmad Yani No. 8 Makassar	Makassar	(0411) 3616174, 312931, 322974, 3613176	(0411) 365535
Regional Office Jakarta 3	Jl. S.Parman Kav. G No.9-11, Slipi, Jakarta Barat	Jakarta Barat	(021) 53653470 (hunting), 53653467-69, 53653473-74	(021) 5481766
Regional Office Malang	Jl. Laksmana Martadinata 80, Malang	Malang	(0341) 474949 (hunting)	(0341) 474944, 474945, 474935
Regional Office Pekanbaru	Jl. Jend Sudirman Blok E Kavling No.01, Rt.01, Rw.01, Kel. Simpang Tiga, Kec. Bukit Raya, Pekanbaru	Pekanbaru	(0761) 44493/94/97	(0761) 44533, 571719
Regional Office Jayapura	Gedung BRI Lt. 3 - 5 Jl. Pasifik Permai, Kompleks Ruko Dok II, Kel. Bhayangkara, Distrik Jayapura Utara, Kota Jayapura, Papua 99112	Jayapura	(0967) 524453	(0967) 524452 , 537191
Special Branch Office	Gedung BRI II Jl. Jend. Sudirman No. 44 - 46, Jakarta 10210	Jakarta Pusat	(021) 5709060	(021) 570570
BRI New York Agency	140 Broadway 36th Floor New York	New York	(212) 3793840-3842	(212) 3793850
BRI Representative Office Hong Kong	Room 1115, 11/F, Tower 2 Lippo Centre 89 Queensway	Hongkong	(85) 2 25271318	(85) 228613693

Operating Units

Regional Office Banda Aceh	
Total	Type of Operating Unit
11	Branch Office
14	Sub-Branch Office
9	Cash Office
137	BRI Unit
36	Teras BRI
23	Teras BRI Mobile

Regional Office Jakarta 2	
Total	Type of Operating Unit
32	Branch Office
61	Sub-Branch Office
72	Cash Office
187	BRI Unit
86	Teras BRI
16	Teras BRI Mobile

Regional Office Malang	
Total	Type of Operating Unit
23	Branch Office
30	Sub-Branch Office
18	Cash Office
512	BRI Unit
231	Teras BRI
30	Teras BRI Mobile

Regional Office Medan	
Total	Type of Operating Unit
24	Branch Office
34	Sub-Branch Office
26	Cash Office
260	BRI Unit
106	Teras BRI
36	Teras BRI Mobile

Regional Office Jakarta 3	
Total	Type of Operating Unit
34	Branch Office
51	Sub-Branch Office
42	Cash Office
236	BRI Unit
123	Teras BRI
24	Teras BRI Mobile

Regional Office Denpasar	
Total	Type of Operating Unit
30	Branch Office
25	Sub-Branch Office
20	Cash Office
282	BRI Unit
152	Teras BRI
37	Teras BRI Mobile

Regional Office Padang	
Total	Type of Operating Unit
13	Branch Office
8	Sub-Branch Office
9	Cash Office
150	BRI Unit
56	Teras BRI
15	Teras BRI Mobile

Regional Office Bandung	
Total	Type of Operating Unit
30	Branch Office
43	Sub-Branch Office
64	Cash Office
602	BRI Unit
255	Teras BRI
32	Teras BRI Mobile

Regional Office Banjarmasin	
Total	Type of Operating Unit
36	Branch Office
27	Sub-Branch Office
18	Cash Office
327	BRI Unit
136	Teras BRI
37	Teras BRI Mobile

Regional Office Pekanbaru	
Total	Type of Operating Unit
18	Branch Office
19	Sub-Branch Office
18	Cash Office
150	BRI Unit
95	Teras BRI
21	Teras BRI Mobile

Regional Office Yogyakarta	
Total	Type of Operating Unit
33	Branch Office
35	Sub-Branch Office
56	Cash Office
589	BRI Unit
184	Teras BRI
30	Teras BRI Mobile

Regional Office Makassar	
Total	Type of Operating Unit
36	Branch Office
27	Sub-Branch Office
18	Cash Office
327	BRI Unit
136	Teras BRI
37	Teras BRI Mobile

Regional Office Palembang	
Total	Type of Operating Unit
33	Branch Office
38	Sub-Branch Office
20	Cash Office
380	BRI Unit
155	Teras BRI
40	Teras BRI Mobile

Regional Office Semarang	
Total	Type of Operating Unit
22	Branch Office
33	Sub-Branch Office
45	Cash Office
404	BRI Unit
175	Teras BRI
25	Teras BRI Mobile

Regional Office Manado	
Total	Type of Operating Unit
16	Branch Office
16	Sub-Branch Office
15	Cash Office
193	BRI Unit
50	Teras BRI
21	Teras BRI Mobile

Regional Office Jakarta 1	
Total	Type of Operating Unit
26	Branch Office
54	Sub-Branch Office
68	Cash Office
95	BRI Unit
79	Teras BRI
8	Teras BRI Mobile

Regional Office Surabaya	
Total	Type of Operating Unit
25	Branch Office
37	Sub-Branch Office
22	Cash Office
284	BRI Unit
140	Teras BRI
23	Teras BRI Mobile

Regional Office Jayapura	
Total	Type of Operating Unit
13	Branch Office
11	Sub-Branch Office
10	Cash Office
80	BRI Unit
38	Teras BRI
14	Teras BRI Mobile

Contact Address

PT Bank Rakyat Indonesia (Persero) Tbk

Head Office
BRI I Building
Jl. Jenderal Sudirman No. 44-46
Jakarta 10210 - Indonesia
Telp. (62-21) 251 0244, 251 0254
Fax. (62-21) 250 0065, 250 0077

Corporate Secretary
BRI I Building
Jl. Jenderal Sudirman No. 44-46
Jakarta 10210 - Indonesia
Telp. (62-21) 575 1966
Fax. (62-21) 570 0916

Website
www.bri.co.id

Email
humas@bri.co.id

Appendices

Press Release

No	January	Date
1.	BRI Engages 150 UMY Students for Research	08 Jan 2013
2.	Garuda Indonesia, Directorate Generale of Immigration and BRI, Co-work for Immigration on Board	10 Jan 2013
3.	Flood in Jakarta, BRI Optimize e-Banking and ATM to Serve Customers	17 Jan 2013
4.	Steady e-Tax BRI, Jakarta Citizens Can Now Pay Tax Through BRI Online	18 Jan 2013
5.	Jokowi Appoints 5 Banks to Serve TransJakarta Passengers	22 Jan 2013
6.	To Strengthen Regional Markets, BRI Credit Card Cooperate with BNP Bank	23 Jan 2013
7.	PD Pasar Jaya Join Forces with BRI	29 Jan 2013
8.	BRI Ready to Accelerate SMEs Segment Growth in 2013	31 Jan 2013

No	February	Date
1.	BRI Awarded as Top Brand Award 2013	06 Feb 2013
2.	700 Thousand KUR BRI Customers Upgraded	15 Feb 2013
3.	To Reach Remote Areas, BRI & Indonesian Navy Create 'Smart Ship'	18 Feb 2013
4.	To Support Pensioners, BRI Consistently Implements Law No.13/2003	19Feb 2013
5.	BRI Serves Pelindo IV's e-Tax Payment	25 Feb 2013
6.	Direct Payroll Through Checking Account and Retirement Program Management For Army Soldiers and Civil Servants	25 Feb 2013
7.	BRI Aims for Quality Growth as Shareholders Agrees for 30% Dividend Payout Ratio	28 Feb 2013

No	March	Date
1.	BRI e-Channel Transactions Exceeds Rp 1 Billion	03 Mar 2013
2.	Sugarcane Loan Reached Rp 2,64 T, BRI Takes RNI	07 Mar 2013
3.	BRI reports gold case to the Police	07 Mar 2013
4.	BRI Targets Rp 2,2 T Housing Stimulus	15 Mar 2013
5.	BRI Consistently Implements Law No.13/2003	19 Mar 2013
6.	*The World Acclaims BRI's Microbanking*	21 Mar 2013
7.	BRI successfully issues Global Bonds	27 Mar 2013

No	April	Date
1	BRI's Rp 5,55 Trillion Dividend Payouts The Biggest in Banking Sector	9 Apr 2013
2	5 Benefits of BRI e-Pay for Netizen	11 Apr 2013
3	BRI Trains Microfinance for Palestinian Officers and Citizens	11 Apr 2013
4	BRI's KUR exceeds Rp 65,348 Trillion	15 Apr 2013
5	BRI Consistently Implements Law No.13/2003	16 Apr 2013
6	With BRI, Republic of Indonesia trains Microfinance for 30 Palestinians in Jordan	18 Apr 2013
7	BRI and Jamsostek Signs MoU for Jamsostek Service Point Office	19 Apr 2013
8	In Response to Pensioners' Demands, BRI Agrees to Synchronize Aspiration with Regulation	25 Apr 2013
9	With 22% Growth, BRI's Micro Credit is Still Leading	24 Apr 2013
10	BRI Launches BRIZZI Card Basketball Edition	26 Apr 2013
11	BRI's ATM Reach 14,292 Units	30 Apr 2013
12	BRI's 2013 Inacraft Representative Represents Indonesia in UNESCO Awards	30 Apr 2013

Press Release

No	May	Date
1.	BRI Grants Rp. 535.5 Billion loan to KBN	2 May 2013
2.	BRI Supports Jakarta Great Sale 2013	3 May 2013
3.	To Encourage Youth Participation, BRI Introduces BRI Debit Card Man of Steel Edition	18 May 2013
4.	BRI CEO taught at SMA 1 Bogor	20 May 2013
5.	BRI Wants IIFF to go Global	30 May 2013
No	**June**	**Date**
1.	500 BRI Offices Ready to Serve Jamsostek Members	10 Jun 2013
2.	BRI Supports Perhutani's Operations	10 Jun 2013
3.	With Support to JIFW, BRI Furthers Expansion to Fashion Market	11 Jun 2013
4.	BRI Launched T-BANK with Telkom for Financial Inclusion	20 Jun 2013
5.	BRI Launched IN-BRANCH SALES BANCASSURANCE	27 Jun 2013
No	**July**	**Date**
1.	48 BRI Branches Send 3 Trucks of Donations to Aceh	5 Jul 2013
2.	BRI is Ready to Serve BPJS Customers	12 Jul 2013
3.	BRI Prepares Rp 33.4 Trillion of Liquid Fund for Ramadan Holiday	16 Jul 2013
4.	In Participation For 'National Batik Exhibition', BRI Showcases Tuban Batik	17 Jul 2013
5.	BRI Distributes Free Packages of Basic Daily Needs in 15 locations	23 Jul 2013
6.	Attended by the President of Republic of Indonesia, BRI held an iftar with 5,000 orphans	25 Jul 2013
7.	BRI Aims for 90.000 Micro Businesses around Alfamart	26 Jul 2013
8.	BRI Achieves Net Profit of Rp 10 Trillion	30 Jul 2013
No	**August**	**Date**
1.	Presenting the Main Event of 'Berbagi Bahagia Bersama BRI'	1 Aug 2013
2.	With PT Berdikari, KKP-E BRI Pursues 500 Cow Farmers	1 Aug 2013
3.	For BRI Post-Ramadan Gathering, 1.500 Indonesian Migrant Workers Fills Incheon Stadium	11 Aug 2013
4.	BRI Prepares Bank Services and Invites Indonesian Migrant Workers in Korea as Investors	12 Aug 2013
5.	BRI Held Art and Sports Event For Indonesian Independence Day	16 Aug 2013
6.	BRI Appreciates Law Enforcement's Performance	16 Aug 2013
7.	High Debit Card Uses by Transmigrants, BRI's Liquid Fund Transfer Reaches Rp 25.9 Trillion	20 Aug 2013
8.	Major Fortune with 'Undian Untung Beliung BritAma'	27 Aug 2013

Appendices

Press Release

No	September	Date
1.	Jokowi Appoints BRI to Support Businesses of Tanah Abang Ex-tenants	1 Sep 2013
2.	BRI Demonstrates Microfinance Service in APEC	5 Sep 2013
3.	BRI Kumbasari Serves Customers 24 Hours Non Stop	6 Sep 2013
4.	BRI Demonstrates BPJS Payment Method	9 Sep 2013
5.	BRI Doesn't Lower Loan Growth Target	13 Sep 2013
6.	McDonald's Indonesia Joined Forces with BRI For Non-Cash Transactions	17 Sep 2013
7.	BRI Collaborates with IPB to Establish Agribusiness Development Centre	18 Sep 2013
8.	BRI is Committed to the Welfare of its Employers and Pensioners	18 Sep 2013
9.	Complying with Regulations, BRI Requests Public to Observe Agreement with Pensioners	18 Sep 2013
10.	To create a Cashless Society, BRI Provides Ease of Transactions for Hajj Pilgrims in Saudi Arabia	22 Sep 2013
11.	BRI Touch Supports "Yovie and His Friends Irreplaceable Concert"	22 Sep 2013
12.	In Supporting Infrastructure Development, Channels Rp 1 Trillion Credit to Angkasa Pura I	23 Sep 2013
13.	With 35 Developers and 10 Dealers, BRI Held KRK Expo Roadshow	23 Sep 2013
No	**October**	**Date**
1	In Supporting PKL, Jokowi Chose BRI to Support Night Market	5 Oct 2013
2	Supported by BRI, Indonesian Electric Car Goes to APEC 2013	7 Oct 2013
3	Solid Business Performance, BRI's Profit Reached Rp 15.2 T	23 Oct 2013
No	**November**	**Date**
1	BRI Insured Nearly One Million Micro Entrepreneurs	13 Nov 2013
2	Managing 9 Major Projects, BRI Manages Rp9.1 Trillion Trustee Assets	14 Nov 2013
3	*BRI's Internet Banking and 16,432 ATMs Ready to Serve SMEs' Tax Payments*	15 Nov 2013
4	BRI Care Donates for PMI's Aid in Haiyan Typhoon	18 Nov 2013
5	Channelling Rp82.2 Trillion of KUR, BRI is Supported by 18 Thousand Employees	21 Nov 2013
6	Reliable GCG, BRI's Key to Success	22 Nov 2013
7	BRI Launches One Stop Financial Solution in Jakarta Pluit Area	26 Nov 2013
8	BRI Helps Sinabung Mountain Victims	27 Nov 2013
9	Increased 18 Times, BRI's Market Capitalization Surpasses Rp188.7 Trillion	27 Nov 2013
10	Here are BRI's 4 Excellence	28 Nov 2013
No	**December**	**Date**
1	To Boost the Fashion Industry, BRI Supports Bazaar Fashion Concerto	5 Dec 2013
2	BRI Supports Karate Champion Target	6 Dec 2013
3	Promoting the Agriculture Industry, BRI Channels Rp 26.4 Trillion Credit to Plantations	10 Dec 2013
4	Enchanting Christmas and Year End Shopping at Pacific Place	10 Dec 2013
5	BRI'S 2013 Mutual Funds Reach 29 Products	12 Dec 2013
6	BRI Held Mass Circumcision For its 118th Anniversary	14 Dec 2013
7	BRI Launches Top Products and Services in its Birthday	16 Dec 2013
8	40 Thousand Participates in BRI Family Fun Walk for BRI 118th Anniversary	22 Dec 2013
9	BRI Launches E-Banking Hybrid Lounge	19 Dec 2013
10	BRI Prepares Rp 20.24 Trillion in Liquid Fund for Christmas-New Year Holiday	19 Dec 2013
11	End of 2013, BRI is Certified for Another ISO 9001:2008	26 Dec 2013
12	BRI Optimistic for Smooth Sailing Transition	29 Dec 2013

Correspondency with OJK and IDX

Month	No	Letter No.		Sent to	Regarding
		Number	Date		
January	1	B. 04-SKP/ DHI/01/13	8 Jan 13	Directors of the Indonesia Stock Exchange (IDX)	Monthly Report of Securities' Holders Registration
	2	B.06-SKP/ DHI/01/13	9 Jan 13	Chairman of OJK	Data on Debt/Liabilities in Foreign Currency
	3	B.13-SKP/ DHI/01/13	18 Jan 13	IDX's Director of Corporate Financial Services Assessment	Confirmation on Criteria Fulfillment within a group of Companies by BRI
	4	B.18-SKP/ DHI/01/13	29 Jan 13	Chairman of OJK	Submission of Proof of Publication of the 2013 BRI AGMS
	5	B.19-SKP/ DHI/01/13	29 Jan 13	IDX's Director of Listing	Submission of Proof of Publication of AGMS in Kompas and Bisnis Indonesia
	6	B.20-SKP/ DHI/01/13	29 Jan 13	IDX's Director of Listing	Announcement of the 2013 BRI AGMS
	7	B.21-SKP/ DHI/01/13	29 Jan 13	Chairman of OJK	Announcement of the 2013 BRI AGMS
	8	B.23-SKP/ DHI/01/13	31 Jan 13	IDX's Director of Listing	Stock Exchange's Answer Confirmation regarding Mass Media News Coverage
February	1	B.25-SKP/ DHI/02/13	1 Feb 13	IDX's Director of Listing, up: Bonds Listing Division	BRI's Financial Statement of 2012
	2	B.26-SKP/ DHI/02/13	1 Feb 13	IDX's Director of Listing, up: Financial Services Listing Sector	BRI's Financial Statement of 2012
	3	B.27-SKP/ DHI/02/13	1 Feb 13	IDX's Director of Listing, up: Financial Services Listing Sector	Proof of BRI's Financial Statements Announcement in 2012
	4	B.27-SKP/ DHI/02/13	1 Feb 13	Chairman of OJK	Proof of BRI's Financial Statements Announcement in 2012
	5	B.32-SKP/ DHI/02/13	8 Feb 13	Chairman of OJK	Data on Debt/Liabilities in Foreign Currency
	6	B.35-SkP/ DHI/02/13	11 Feb 13	Directors of the Indonesia Stock Exchange (IDX)	Monthly Report of Securities' Holders Registration
	7	B.37-SKP/ DHI/02/13	12 Feb 13	Chairman of OJK	Submission of BRI's 2013 AGMS Agenda
	8	B.39-SKP/ DHI/02/13	13 Feb 13	Chairman of OJK	BRI's Annual Report of 2012
	9	B.40-SKP/ DHI/02/13	13 Feb 13	IDX's Director of Listing	BRI's Annual Report of 2012
	10	B.42-SKP/ DHI/02/13	13 Feb 13	IDX's Director of Listing	Announcement of BRI's 2013 AGMS Through Kompas and Bisnis Indonesia, 13 Feb 2013
	11	B.43-SKP/ DHI/02/13	13 Feb 13	Chairman of OJK	Announcement of BRI's 2013 AGMS Through Kompas and Bisnis Indonesia, 13 Feb 2013
	12	B.44-SKP/ DHI/02/13	13 Feb 13	Chairman of OJK	Submission of Proof of Publication of BRI's AGMS in 2013

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Correspondency with OJK and IDX

Month	No	Letter No.		Sent to	Regarding
		Number	Date		
February	13	B.45-SKP/ DHI/02/13	13 Feb 13	IDX's Director of Listing	Submission of Proof of Publication of BRI's AGMS in 2013
	14	B.46-SKP/ DHI/02/13	14 Feb 13	IDX's Director of Listing	Confirmation of Mass Media News Coverage
March	1	B.62-SKP/ DHI/03/13	4 Mar 13	Chairman of OJK	Announcement of the Schedule and Procedures of Dividend Payment
	2	B. 63-SKP/ DHI/03/13	4 Mar 13	IDX's Director of Listing	Announcement of the Schedule and Procedures of Dividend Payment
	3	B.65-SKP/ DHI/03/13	4 Mar 13	Chairman of OJK	Submission of Proof of Publication of BRI's AGMS in 2013
	4	B.66-SKP/ DHI/03/13	4 Mar 13	IDX's Director of Listing	Submission of Proof of Publication of BRI's AGMS in 2013
	5	B.67-SKP/ DHI/03/13	4 Mar 13	Chairman of OJK	Report of the Implementation of 2013 BRI AGMS
	6	B.68-SKP/ DHI/03/13	4 Mar 13	IDX's Director of Listing	Report of the Implementation of 2013 BRI AGMS
	7	B.70-SKP/ DHI/03/13	4 Mar 13	IDX's Director of Listing	Explanation for Mass Media Coverage
	8	B.79-SKP/ DHI/03/13	7 Mar 13	Directors of the Indonesia Stock Exchange (IDX)	Monthly Report of Securities' Holders Registration
	9	B.81-SKP/ DHI/03/13	8 Mar 13	Chairman of OJK	Data on Debt/Liabilities in Foreign Currency
	10	B.93-SKP/ DHI/03/13	26 Mar 13	IDX's Director of Listing	Announcement for Unsecured Notes Issuance Plan
	11	B.94-SKP/ DHI/03/13	26 Mar 13	Chairman of OJK	Announcement for Unsecured Notes Issuance Plan
	12	B. 95-SKP/ DHI/03/13	26 Mar 13	IDX's Director of Listing	Explanation for Mass Media Coverage regarding BRI's Prospects in Acquiring Bank Bukopin's Shares
	13	B.96-SKP/ DHI/03/13	26 Mar 13	Chairman of OJK	Explanation for Mass Media Coverage regarding BRI's Prospects in Acquiring Bank Bukopin's Shares
April	1	B.103-SKP/ DHI/04/13	9 Apr 13	Directors of the Indonesia Stock Exchange (IDX)	Monthly Report of Securities' Holders Registration
	2	B.105-SKP/ DHI/04/13	10 Apr 13	Chairman of OJK	Data on Debt/Liabilities in Foreign Currency
	3	B.114-SKP/ DHI/04/13	25 Apr 13	IDX's Director of Listing, up: Bonds Listing Division	BRI's 1st Quarter Financial Report 2013
	4	B.115-SKP/ DHI/04/13	25 Apr 13	IDX's Director of Listing, up: Financial Services Listing Division	BRI's 1st Quarter Financial Report 2013
	5	B.116-SKP/ DHI/04/13	25 Apr 13	Chairman of OJK	Proof of Announcement of BRI's 1st Quarter Financial Report 2013
	6	B.117-SKP/ DHI/04/13	25 Apr 13	IDX's Director of Listing	Proof of Announcement of BRI's 1st Quarter Financial Report 2013

Correspondency with OJK and IDX

Month	No	Letter No.		Sent to	Regarding
		Number	Date		
May	1	B.133-SKP/ DHI/05/13	8 May 13	Directors of the Indonesia Stock Exchange (IDX)	Monthly Report of Securities' Holders Registration
	2	B.135-SKP/ DHI/05/13	8 May 13	Chairman of OJK	Data on Debt/Liabilities in Foreign Currency
June	1	B.150-SKP/ DHI/06/13	11 Jun 13	Chairman of OJK	Data on Debt/Liabilities in Foreign Currency
	2	B.155-SKP/ DHI/06/13	12 Jun 13	Directors of the Indonesia Stock Exchange (IDX)	Monthly Report of Securities' Holders Registration
July	1	B.167-SKP/ DHI/06/13	2 Jul 13	Chairman of OJK	Disclosure of Information
	2	B.168-SKP/ DHI/07/13	2 Jul 13	IDX's Director of Listing	Disclosure of Information
	3	B.172-SKP/ DHI/07/13	9 Jul 13	Directors of the Indonesia Stock Exchange (IDX)	Monthly Report of Securities' Holders Registration
	4	B.178-SKP/ DHI/07/13	11 Jul 13	Chairman of OJK	Data on Debt/Liabilities in Foreign Currency
	5	B.182-SKP/ DHI/07/13	31 Jul 13	IDX's Director of Listing	Proof of Announcement of BRI's 2nd Quarter Financial Report 2013
	6	B.184-SKP/ DHI/07/13	31 Jul 13	Chairman of OJK	Disclosure of Information of Certain Shareholders
	7	B.184-SKP/ DHI/07/13	31 Jul 13	IDX's Director of Listing, up: Bonds Listing Division	BRI's 2nd Quarter Financial Report 2013
	8	B.185-SKP/ DHI/07/13	31 Jul 13	IDX's Director of Listing, up: Financial Services Listing Division	BRI's 2nd Quarter Financial Report 2013
	9	B.186-SKP/ DHI/07/13	31 Jul 13	Chairman of OJK	Proof of Announcement of BRI's 2nd Quarter Financial Report 2013
August	1	B.187-SKP/ DHI/08/13	1 Aug 13	IDX's Director of Listing	Disclosure of Information of Certain Shareholders
	2	B.190-SKP/ DHI/08/13	2 Aug 13	Chairman of OJK	Data on Debt/Liabilities in Foreign Currency
	3	B.191-SKP/ DHI/08/13	2 Aug 13	Chairman of OJK	Proof of Publication for Correction on BRI's Consolidated Statement of Income and Loss
	4	B.192-SKP/ DHI/08/13	2 Aug 13	IDX's Director of Listing	Proof of Publication for Correction on BRI's Consolidated Statement of Income and Loss
	5	B.193-SKP/ DHI/08/13	2 Aug 13	Directors of the Indonesia Stock Exchange (IDX)	Monthly Report of Securities' Holders Registration
September	1	B.199-SKP/ DHI/09/13	9 Sep 13	Directors of the Indonesia Stock Exchange (IDX)	Monthly Report of Securities' Holders Registration
	2	B.200-SKP/ DHI/09/13	10 Sep 13	Chairman of OJK	Data on Debt/Liabilities in Foreign Currency
	3	B.203-SKP/ DHI/09/13	20 Sep 13	IDX's Director of Listing	Confirmation of Mass Media News Coverage

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Correspondency with OJK and IDX

Month	No	Letter No.		Sent to	Regarding
		Number	Date		
October	1	B.204-SKP/ DHI/10/13	8 Oct 13	IDX's Director of Listing	Confirmation of Mass Media News Coverage
	2	B.206-SKP/ DHI/10/13	9 Oct 13	Directors of the Indonesia Stock Exchange (IDX)	Monthly Report of Securities' Holders Registration
	3	B.208-SKP/ DHI/10/13	10 Oct 13	Chairman of OJK	Data on Debt/Liabilities in Foreign Currency
	4	B.213-SKP/ DHI/10/13	24 Oct 13	Chairman of OJK	Rating of PT. Bank Rakyat Indonesia (Persero) Tbk.
	5	B.214-SKP/ DHI/10/13	24 Oct 13	Chairman of OJK	Proof of Announcement of BRI's 3rd Quarter Financial Report 2013
	6	B.215-SKP/ DHI/10/13	24 Oct 13	IDX's Director of Listing, up: Financial Services Listing Division	Proof of Announcement of BRI's 3rd Quarter Financial Report 2013
	7	B. 216-SKP/ DHI/10/13	24 Oct 13	IDX's Director of Listing, up: Bonds Listing Division	BRI's 3rd Quarter Financial Report 2013
	8	B.217-SKP/ DHI/10/13	24 Oct 13	IDX's Director of Listing, up: Financial Services Listing Division	BRI's 3rd Quarter Financial Report 2013
	9	B.220-SKP/ DHI/10/13	29 Oct 13	IDX's Director of Listing	Explanation for Mass Media Coverage
	10	B.222-SKP/ DHI/10/13	31 Oct 13	Chairman of OJK	Explanation for Mass Media Coverage
November	1	B.223-SKP/ DHI/11/13	8 Nov 13	Chairman of OJK	Data on Debt/Liabilities in Foreign Currency
	2	B.226-SKP/ DHI/11/13	11 Nov 13	IDX's Director of Listing	Monthly Report of Securities' Holders Registration
	3	B.231-SKP/ DHI/11/13	18 Nov 13	IDX's Director of Listing	Plan for Public Expose
	4	B.233-SKP/ DHI/11/13	25 Nov 13	IDX's Director of Listing	Delivery of Public Expose Materials
	5	B.235-SKP/ DHI/12/12	2 Dec 13	IDX's Director of Listing	Report of the Implementation of BRI Public Expose 2013
December	1	B.237-SKP/ DHI/12/13	9 Dec 13	Chairman of OJK	Data on Debt/Liabilities in Foreign Currency
	2	B. 238-SKP/ DHI/12/13	9 Dec 13	Directors of the Indonesia Stock Exchange (IDX)	Monthly Report of Securities' Holders Registration

OJK References

I.	General		Page
1	The annual report is presented in proper Bahasa Indonesia with recommendation to also be presented in English.		✔
2	The annual report is printed on brightly colored paper for readability and clarity.		✔
3	The annual report clearly publishes the company's identity.	The Name of Company and Year of Annual Report are displayed on the: 1.Cover; 2. Side; 3. Back Cover; and 4. Every Page	✔
4	Annual report is displayed on the Company's website		✔

II	Financial Highlights		Page
1	Information on Company's results of operations in the form of three (3) years comparison or from the start of business, if the Company has conducted business activities for less than 3 (three) years.	Information includes, among others: 1. Sales / revenue 2. Income (loss) 3. Total comprehensive income (loss) 4. Earnings (loss) per share	16
2	Information on Company's financial position in the form of three (3) years comparison or from the start of business, if the Company has	Information includes, among others: 1. Net Working Capital 2. Total investments in associates and/or joint ventures 3. Total Assets 4. Total Liabilities 5. Total Equity	16-17
3	Financial ratio in the form of three (3) years comparison or from the start of business, if the Company has conducted business activities for less than 3 (three) years.	Information includes five (5) financial ratios that are general and relevant to the company.	16-17
4	Stock price information in tables and charts.	1. Information with tables and charts which expose: a. Total shares outstanding; b. Market Capitalization; c. Highest, lowest, and closing price of stock; and d. Quarterly trading volume for the last 2 (two) financial years (when available). 2. Information in the form of graphs that contains at least the closing price and trading volume of the stock	75

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II	Financial Highlights		Page
5	Information on outstanding bonds, sukuk or convertible bonds in the last two (2) financial years	The information includes: 1. Total of bonds/sukuk/convertible bonds outstanding 2. Interest Rate/Return 3. Expiry date 4. Bonds/sukuk rating	76

III	Report of the Board of Commissioners and Board of Directors		Page
1	Report of the Board of Commissioners	Includes the following: 1. Assessment on the Board of Directors' Performance in Managing the Company 2. View on the Company's business prospect prepared by the Board of Directors 3. Assesment on the performance of committees under the Board of Commissioners; and 4. Changes in the Board of Commissioners' composition and its reasons (when available)	 31-33 29 33 -
2	Report of the Board of Directors	Includes the following: 1. The Company's performance that include strategic policy, achieved results to target ratio, obstacles that the Company faced. 2. Description on business prospects 3. Implementation of good corporate governance 4. Changes in the Board of Directors' composition and its reasons (when available)	 39-43 45-47 43-45 -
3	Signatures of the Board of Directors and Board of Commissioners	Include the following: 1. Signatures are placed in a separate page 2. A statement that the Board of Directors and Board of Commissioners are fully responsible for the accuracy of the Annual Report's content. 3. Signed by all members of the Board of Commissioners and the Board of Directors, with name and title 4. Written explanation in a separate letter in by any member of the Board of Commissioners or Directors who did not sign the annual report, or, written explanation in a separate letter by the other members should the written explanation is not available.	50-51

IV	Company Profile		Page
1	The Company's name and full address	Information which contain name and address, zip code, telephone & fax number, email, and website	54
2	A brief history of the Company	Including: date/year of establishment, name, and change(s) to the Company's name (if any).	56-59
3	Business	Descriptions on, among others: 1. The Company's business activities according to the latest Articles of Association; 2. Business activities; and 3. Description of products and/or services;	 55 54-55 62-63
4	Organizational structure	With chart, including the name and position of at least up to one level below the Board of Directors	68-69
5	Company's vision and mission	Includes: 1. The Company's vision; 2. The Company's mission; and 3. A statement declaring that the vision and mission has been approved by the Board of Directors/Board of Commissioners	60-61
6	Brief background information of the Board of Commissioners	Information includes, among others: 1. Name 2. Positions (including position(s) in other companies or institutions) 3. Age 4. Education 5. Working experience 6. Date of first appointment as a member of the Board of Commissioners	408-411
7	Brief background information of the Board of Directors	Information includes, among others: 1. Name 2. Positions (including position(s) in other companies or institutions) 3. Age 4. Education 5. Working experience 6. Date of first appointment as a member of the Board of Directors	412-417

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IV	Company Profile		Page
8	Number of Employees (2 years comparison) and a description of competence development (eg. Employees' education and training)	Information includes, among others: 1. The number of employees for each level of the organization 2. The number of employees for each level of education 3. The number of employees based on employment status; 4. Employee trainings that have been conducted to reflect equal opportunities to all employees 5. Incurred costs	 95 95 95 92 94
9	Composition of Shareholders	Includes, among others: 1. Names of shareholders with 5% or more shares 2. Directors and Commissioners who own shares 3. Groups of community stakeholders share ownership of less than 5% each, along with the ownership percentages	 78 321, 308 78
10	List of Subsidiaries and/or Associates	Information includes, among others: 1. Name of Subsidiaries and/or Associates 2. Percentage of share ownership 3. Description of the Subsidiaries and/or Associates' business 4. Information on Subsidiaries and/or Associates operational status (has yet operated or not)	70, 267-271
11	Company's group structure	Company's group structure which describes the structure of subsidiaries, associates, joint ventures and special purpose vehicle (SPV), or a statement of no ownership of group.	70
12	Share Listing Chronology	Includes the following: 1. Share listing chronology 2. Types of corporate actions that prompt changes in the number of shares 3. Changes to number of shares from the start of bookkeeping to the end of fiscal year 4. Names of stock markets where the shares are listed	76

IV	Company Profile		Page
13	Listing chronology of other securities	Includes the following: 1. Listing chronology of other securities 2. Types of corporate actions that prompt changes in the number of other securities 4. Names of stock markets where the the securities are listed 5. Securities rating	76
14	Name and address of capital market institutions and/or professionals	Includes the following: 1. Name and address of the Securities Administration Agency 2. Name and address of the Public Accounting Firm 3. Name and address of rating agency	71
15	Awards and/or certification received, both national and international	Includes the following: 1. Name of awards and/or certificates 2. Year received 3. Award and/or certification issuer 4. Validity period (for certification)	20-23
16	Name and address of subsidiaries and/or branches or representative (if any)	1. Name and address of subsidiary; and 2. Name and address of branch offices/ representatives	70,271 423

V	Management's Discussion and Analysis on the Company's Performance		Page
1	Review of operations per operational segment	Contains a description of: 1. Production/operations; 2. The increase/decrease in production capacity; 3. Sales / revenue; 4. Profitability	 210-241 267-271
2	Description of the Company's financial performance	Financial performance analysis that includes a comparison between the financial performance of the relevant year and with previous years (both in narrative and tables), which covers the following: 1. Current assets, non-current assets, and total assets; 2. Short-term liabilities, long term liabilities and total liabilities 3. Equity 4. Sales/revenues, expenses, and net income (loss), other comprehensive income, and total Comprehensive Income (loss) 5. Cash Flow	 249-252 252-253 254-255 244-248 255-256
3	Discussion and analysis of the Company's solvability and receivable collectability level, by presenting the calculation of relevant ratios.	With details on: 1. Short and long term solvability 2. Receivable Collectability Level	250, 256

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V	Management's Discussion and Analysis on the Company's Performance		Page
4	Discussion on capital structure and capital structure policy	With details on: 1. Capital structure, 2. Capital structure policies	254 254-255
5	Discussion on capital goods investment material commitment	Explanation on: 1. The purpose of the commitment 2. Expected source of fund to fulfil the respective commitments 3. Currency of denomination 4. Steps taken by the company to protect the risk against related foreign currency position. Note: Should be disclosed if the company has no material ties in investments in capital goods	257
6	Discussion of capital investments that were realized in the last financial year	Explanation on: 1. Types of capital investments; 2. The objectives of capital investments; and 3. The value of capital investments incurred in the last financial year.	257
7	Comparative information between target at the beginning of fiscal year with realization, and target or projection for next one year regarding revenue, income, capital structure, or other aspects considered significant for the Company	Information discloses, as follows: 1. Comparison between target at the beginning of fiscal year with the realization 2. Implemented target or projection in the next one year	258
8	Material Information and facts subsequent to the accountant's reporting date	Description regarding significant events subsequent the accountant's reporting date, including their impact on future business performance and risks. Note: Should be disclosed if there is no significant subsequent event after accountant's reporting date.	266
9	Description on Company's business prospect	Description on Company's business prospect related with industry and economy in general, supported with supporting quantitative data from accountable data sources.	84-87
10	Description on marketing aspects	Information regarding the marketing aspect of the company's products and services, namely marketing and market share strategy	98-100 204-207

V	Management's Discussion and Analysis on the Company's Performance		Page
11	Description regarding the dividend policy as well as date and amount of cash dividend per share and amount of dividend per year as announced or paid during the past two (2) years	Contains information on: 1. Policy of dividend payout 2. Amount of dividend 3. Amount of cash dividend per share 4. Payout ratio 5. Date of announcement and cash dividend payout Note: if there is no dividend payment, the reasons should be disclosed	80-81
12	Share Ownership by Employees Program, and/or management conducted by the company (ESOP/MSOP)	Contains information on: 1. Amount of ESOP/MSOP shares and its realization; 2. Time frame; 3. Requirement for the rights of employee and/or management; and 4. Exercise value	76-77
13	IPO Proceeds realization (regarding the Company is obligated to disclose IPO proceeds realization report)	Contains information on: 1. Total funds acquired. 2. IPO Proceeds plan. 3. Details of IPO Proceeds 4. Outstanding Proceeds. 5. Date of GMS Approval on IPO Proceeds amendment (if any)	Irrelevant
14	Material information, regarding investment, expansion, divestment, acquisition, debt/capital restructuring.	Contains information on: 1. The purpose of respective transaction; 2. The transactions value or amount of fund restructurized; 3. Source of funds Note: if there are no such transactions, should be disclosed	263
15	Information on material transactions with conflict of interest and/or transactions with related parties.	Contains information on: 1. Name of person performing the transaction and nature of affiliated transaction; 2. Transaction fairness statement 3. Reason of the transaction 4. Transaction realization in current period 5. Company's policy related with transaction review mechanism; 6. Compliance with regulation and related provision Note: if there is no respective transaction, should be disclosed	266
16	Explanation regarding changes in regulation that holds significant impact to the company	Description should contain, among others: any changes in regulation and its impact on the Company Note: If there is no change in regulation which have a significant effect, should be disclosed	263-266

Appendices

V	Management's Discussion and Analysis on the Company's Performance		Page
17	Explanation regarding changes in accounting policy applied by the Company on the last fiscal year	Description should contain among others: changes in accounting policy as well as its reason and impact to the financial statement Note: if there is no change in accounting policy, should be disclosed	263

VI	Good Corporate Governance		Page
1	Board of Commissioners description	Description includes, as follows: 1. Description of the Board of Directors' duties 2. Remuneration policy disclosure 3. Remuneration structure indicating remuneration component for every Board of Commissioners member and per component nominal value for each Board of Commissioners member 4. Board of Commissioners meeting frequency and attendance level in the meeting 5. Training program to enhance Board of Commissioners' competency 6. Disclosure of the Board Charter (Board	 298-300 307-308 308 303-305 306 298
2	Information on Independent Commissioners	Includes the following: 1. Criteria for the assignment of an independent commissioner; and 2. Statement of independence of each Independent Commissioner.	 300-301 302-303
3	Board of Directors description	Description includes: 1. Scope of works and responsibilities of each member of the Board of Directors 2. Meeting frequency and Board of Directors attendance level in the Board of Directors meeting; 3. Meeting frequency and Board of Directors attendance level in the joint meeting of Board of Directors and Commissioners; 4. Training program to enhance Board of Directors' competency or orientation program for new Directors; 5. Disclosure of the Board Charter (Board of Directors Manual); and 6. Policy on Directors' succession	 310-313 315-317 324 317-318 309 313-314

VI	Good Corporate Governance		Page
4	Board of Commissioners and/or Board of Directors members assessment	The information should include: 1. Board of Commissioners and/or Board of Directors members' performance assessment implementation process. 2. Criteria used in carrying the assessment of Board of Commissioners and/or Board of Directors' members' performance. 3. Related party who performed the assessment	307,318
5	Board of Directors remuneration policy	Description includes, as follows: 1. Remuneration policy disclosure 2. Remuneration structure indicating short-term remuneration, post employment and/other long term Remuneration type and amount for every member of Board of Directors 3. Key performance indicators disclosure to assess Board of Directors' performance	 318-319 320 318
6	Information regarding majority and controlling Shareholders both directly or indirecty, to individual ownership	In the form of scheme or diagram, unless for SOE that wholly owned by the government of Indonesia	78
7	Disclosure of affiliated relationship between members Board of Directors, members of Board of Commissiones and/or Majority/Controlling Shareholders	Includes the following: 1. Affiliated relationship between Board of Directors members 2. Affiliated relationship between Board of Directors and Board of Commissioners members 3. Affiliated relationship between Board of Directors members with Majority and/or Controlling Shareholders 4. Affiliated relationship between Board of Commissioners members 5. Affiliated relationship between Board of Commissioners members with Majority/ Controlling Shareholders Note: should be disclosed if there is no respective affiliated relationship	322-323
8	Audit Committee	Includes the following: 1. Name and position of Audit Committee members 2. Educational qualification and employment history of Audit Committee members 3. Audit committee members independency 4. Duties and responsibilities description 5. Audit committee meeting frequency and attendance level 6. Audit commitee's meeting frequency and attendance level	 326, 418 327 327 327 328 328-329

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VI	Good Corporate Governance		Page
9	Remuneration and Nomination Committee	Includes the following: 1. Name, position, and brief profile of Nomination and/or Remuneration Committee members 2. Nomination and/or remuneration committee members' independency 3. Description of duties and responsibilities 4. Nomination and/or remuneration committee duties implementation report 5. Nomination and/or remuneration committee meeting frequency and attendance level	 330, 418 330 331 332-333 332
10	Other committees under the Board of Commissioners	Includes the following: 1. Name, title, and brief profile of the members of the committees 2. Independency of other committees' members 3. Duties and responsibilities description 4. Other committees' duties implementation report 5. Other committees' meeting frequency and attendance level.	 333,419 334 334 336 335
11	Corporate Secretary duties and function description	Includes the following: 1. Name and brief profile of Corporate Secretary officer 2. Corporate Secretary duties implementation report 3. Training program for competence development of corporate secretary	 420 348-352 349
12	Description of the previous year's General Meeting of Shareholders (GMS)	Includes, among others: 1. The previous year's GMS resolution; 2. Realization of the GMS in fiscal year; and 3. Reasons for any decisions of GMS that has not yet been realized.	297-298
13	Description regarding internal audit unit in the Company	Includes among others: 1. Name of the Head of internal audit 2. Number of internal audit employees 3. Qualification/certification as an internal audit professional 4. Organizational structure or position of the internal audit 5. Duties implementation report 6. Respective party that appoints or dismisses the Head of Internal Audit	 420 361-362 362-363 360 364-365 361

VI	Good Corporate Governance		Page
14	Corporate Accountant	Information discloses, as follows: 1. Number of audit periods that the accountant has audited the Company's financial statements. 2. The amount of audit or other attestation fee 3. Other service provided by the accountant apart from financial audit service Notes: if there is no other service, should be disclosed	367
15	Description regarding the Company's Risk Management	Includes the following: 1. Explanation on Risk Management System 2. Explanation on Evaluation of Risk Management Processes 3. Explanation of the risks faced by the company 4. Efforts to manage those risks	 116-121 200 122-200 150
16	Explanation on Internal Controlling System	Includes the following: 1. Brief explanation regarding internal audit system, including operational and financial audit 2. Explanation of internal audit system conformity with international recognized framework/COSO (control environment, risk assessment, control activities, information and communication, and monitoring activities) 3. Explanation regarding evaluation on internal audit system effectiveness	 357 357 358
17	Description regarding Corporate Social Responsibility on environment.	Information should include: 1. Policy determined by the management 2. Activities performed related to the environmental program that related with Company's operational, such as environmentally friendly and recyclable materials, energy utilization, Company's waste management system and so forth. 3. Certification on environmental sector (if any)	393

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VI	Good Corporate Governance		Page
18	Description regarding corporate social responsibility on workforce and occupational health and safety.	Information should include: 1. Policy determined by the management; 2. Activities performed related to employment practice, occupational health and safety such as gender equality and job opportunity, occupational infrastructure and safety, employee turnover rate, occupational accident rate and so forth.	394-395
19	Description regarding corporate social responsibility on social and community empowerment.	Information should include: 1. Policy determined by the management 2. Activities performed 3. Costs incurred related to social and community empowerment activities such as employment of locals, surrounding community empowerment, social infrastructure improvement, donations and so forth	396-402
20	Description regarding corporate social responsibility on customer.	Information should include: 1. Policy determined by the management 2. Activities performed related to product responsibility, customer's health and safety, product information, facility, numbers of and response to customer's complaints, and so forth	403-405
21	Litigation or legal cases faced by the Company, subsidiaries, members of Board of Directors and/or Board of Commissioners serving on the Annual Report period	Information should include: 1. Description of case/litigation 2. Case/litigation settlement status 3. Impacts on the Company's financial condition 4. Administration sanctions that have been applied to the entity, Board of Commissioners, Board of Directors, by relevant authorities (capital market, banking, or others) on the last fiscal year (or a statement of no administration sanction applied) Notes: Should be disclosed if there's no litigations occurred	379
22	Information access and corporate data	Description on access to corporate information and data to the public, for example through website, mass media, mailing list, bulletin etc	54, 387, 425

VI	Good Corporate Governance		Page
23	Discussion on the Company's Code of Conduct	Containing descriptions, as follows: 1. Code of Conduct content 2. Disclosure that the Code of Conduct's is applicable for all organizational level 3. Dissemination of Code of Conduct 4. Code of Conduct enforcement effort and sanction on the violations of the code of ethics 5. Corporate Culture statement	 368-371 368 371 370-371 372-375
24	Disclosures of the whistleblowing system	Includes the whistleblowing system mechanism of: 1. Violation reporting 2. Protection for the whistleblower 3. Report handling 4. Report management 5. Result of report handling and report being processed at the last fiscal year and its follow-up	 376 377 377 376 378

VII	Financial Information		Page
1	Board of Directors' statement regarding responsibility on the financial statement	Financial Statement compliance with related regulation	451
2	Independent auditor's opinion on the financial statement.		453-454
3	Independent auditor's opinion on the financial statement.	The description should contain: 1. Name and signature 2. Audit Report Date 3. Public Accountant Office and Individual Public Accountant license number	453-454
4	Comprehensive financial statements	The descriptions should contain: 1. Financial position (balance sheet) report 2. Comprehensive income statement 3. Changes in Equity Report 4. Cash Flow Report 5. Notes on Financial Statements 6. Comparative Financial Position report at the beginning of period, presented when the respective entity implements particular accounting policy retrospectively or restates the financial report posts, or when the entity reclassifies the posts in their financial statement (if considered relevant)	 455-458 459-461 462-463 464-465 466-625 irrelevant

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VII	Financial Information		Page
5	Profitability ratio comparison	Comparison of current year's profit/loss with previous year	460- 461
6	Cash Flow Analysis	Should comply with the following provisions: 1. Categorization of three activities: operating, investing, and financing activities 2. Using direct method to present cash flow from operating activity 3. Separating the presentation between cash acquisition and or cash expenses on operating, investing and financing activities in current year 4. Non-cash activity disclosure has to be presented in financial statement notes	464-465
7	Accounting policy highlights	Should include at least: 1. Compliance with FAS 2. Financial statement measurement and preparation foundation 3. Income and expense recognition 4. Fixed Asset 5. Financial Instrument	472-501 472-473 473-474 493-495 490 496
8	Affiliated Party transaction disclosure	Several aspects disclosed, as follows: 1. Name of the affiliated parties, as well as the nature and relationship with the affiliated parties 2. Value of the transaction and the percentage on total related income or expenses 3. Total balance and the percentage towards total asset or liabilities	611-619
9	Disclosure on any aspects related with Taxes	Several aspects that shall be disclosed, as follows: 1. Fiscal reconciliation and calculation of current tax 2. Statement on the relation between Tax expense (income) and accounting income 3. Taxable Profit as calculated through reconciliation is in accordance with the Tax Return statement 4. Details of deferred tax assets and liabilities presented in the balance sheet in each period of presentation, and amount of deferred tax expense (income) recognized in the profit loss statement if the said amount is not evident in the asset or liability of deferred tax recognized in the financial position report 5. Tax dispute disclosure or lack thereof	564-567

VII	Financial Information		Page
10	Disclosure related to fixed assets	Must include disclosures on: 1. Depreciation method used 2. Description of the accounting policies selected between the model and the cost model revaluation 3. Methods and significant assumptions used in estimating the fair value of fixed assets (revaluation model) or disclosure of the fair value of fixed assets (for the cost model)	488 - 490
		4. A reconciliation of the gross carrying amount and accumulated depreciation of fixed assets at the beginning and end of the period that featuring: addition, subtraction and reclassification	540
11	Disclosure related to segments of operations	Must include disclosures on: 1. General information which includes the factors used to identify the reported segments	596
		2. Information on profit and loss, assets, and the liabilities of the reported segments	596-597
		3. Reconciliation of the segments' total revenues, reported segments' profit and loss, assets, liabilities, and other materials towards relevant amount within the entity	596-597
		4. Disclosure in entity level, which covers information on product and/or services, geographical location, and major customers.	597-598
12	Disclosure regarding the Financial Instruments	Should disclose the following: 1. Accounting policy, requirement and condition for every financial instrument group	474-480
		2. Financial instrument classification	475-476
		3. Fair value for every financial instrument group	478-480
		4. Risk Management policy and objectives; 5. Explanation of financial instrument inherent risk: market risk, credit risk and liquidity risk 6. Quantitative analysis on every risk related to financial instrument	567-592
13	Issuance of Financial Statements	Several aspects shall be disclosed, as follows: 1. Date of financial statements issuance	625
		2. Responsible parties in authorizing financial statements	451, 625

2013 Consolidated Financial Statements

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries

Consolidated financial statements
with independent auditors' report
December 31, 2013 and 2012

Model 54

PT BANK RAKYAT INDONESIA (PERSERO)

KANTOR PUSAT
Jalan Jenderal Sudirman No. 44 - 46 Tromol Pos 1094/1000 Jakarta 10210
Telepon: 021 2510244, 2510254, 2510264, 2510269, 2510279
Faksimili: 021 2500077 Kawat: KANPUSBRI
Telex: 65293, 65456, 65459, 65461

BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES

We, the undersigned:

1. Name : Sofyan Basir
   Office Address : Jl. Jenderal Sudirman No.44-46 Jakarta 10210
   Residential Address : Jl. Taman Bendungan Jati Luhur No. 3 Central Jakarta
   Telephone : 021 - 251 0286
   Title : President Director

2. Name : Achmad Baiquni
   Office Address : Jl. Jenderal Sudirman No. 44-46 Jakarta 10210
   Residential Address : Jl.Taman Wijaya Kusuma III/21C South Jakarta
   Telephone : 021 - 575 1741
   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 truthtful manner;

   b. PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries' consolidated financial statements do not contain any material incorrect 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 is our declaration, which has been made truthfully.

Jakarta, January 16, 2014
for and on behalf of the Board of Directors

METERAI TEMPEL 6000 DJP

Sofyan Basir
President Director

Achmad Baiquni
Director

Integritas, Profesionalisme, Kepuasan Nasabah, Keteladanan, Penghargaan Kepada SDM

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2013 AND 2012

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****

ERNST & YOUNG

Purwantono, Suherman & Surja
Indonesia Stock Exchange Building
Tower 2, 7th Floor
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190, Indonesia
Tel : +62 21 5289 5000
Fax: +62 21 5289 4100
www.ey.com/id

This report is originally issued in the Indonesian language.

Independent Auditors' Report

Report No. RPC-4702/PSS/2014

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, 2013, and the consolidated statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these 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 these 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 the 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.

ERNST & YOUNG

This report is originally issued in the Indonesian language.

Independent Auditors' Report (continued)

Report No. RPC-4702/PSS/2014 (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, 2013, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Purwantono, Suherman & Surja

Sinarta
Public Accountant Registration No. AP.0701

January 16, 2014

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012
ASSETS			
Cash	2a,2c,4	19,171,778	13,895,464
Current Accounts With Bank Indonesia	2a,2c,2g,5	40,718,495	42,524,126
Current Accounts With Other Banks	2a,2c,2e,2f, 2g,6,43	9,435,197	4,842,146
Allowance for impairment losses		(77)	(171)
		9,435,120	4,841,975
Placements With Bank Indonesia And Other Banks	2a,2c,2e,2f, 2h,7,43	36,306,883	66,242,928
Securities	2a,2c,2e,2f,2i, 8,43	42,674,437	41,137,640
Allowance for impairment losses		(772)	(760)
		42,673,665	41,136,880
Export Bills	2c,2e,2f,2j,9, 43	8,926,072	5,934,772
Government Recapitalization Bonds	2c,2e,2i,10, 43	4,511,419	4,315,616
Securities Purchased Under Agreement To Resell	2c,2e,2u,11, 43	14,440,063	9,550,521
Derivatives Receivable	2c,2f,2ai,12	4,981	28,850
Loans	2c,2e,2f, 2k,13,43	434,316,466	350,758,262
Allowance for impairment losses		(15,171,736)	(14,677,220)
		419,144,730	336,081,042
Sharia Receivables And Financing	2e,2f,2*l*,14,43	14,028,390	11,248,281
Allowance for impairment losses		(246,360)	(237,645)
		13,782,030	11,010,636

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 SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012
ASSETS (continued)			
Acceptances Receivable	2c,2e,2f,2m, 15,43	3,679,684	4,786,121
Investment In Associated Entities	2c,2e,2f, 2n,16,43	222,851	197,278
Allowance for impairment losses		-	(536)
		222,851	196,742
Premises And Equipment	2o,2p,17		
Cost		8,817,641	7,218,807
Accumulated depreciation		(4,845,029)	(4,414,441)
Net book value		3,972,612	2,804,366
Deferred Tax Assets - net	2aj,37c	2,188,506	2,024,911
Other Assets - net	2c,2f,2p,2q,2r, 18	7,004,037	5,961,840
TOTAL ASSETS		**626,182,926**	**551,336,790**

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 SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities Due Immediately	2c,2s,19	5,065,527	4,911,852
Deposits From Customers	2c,2e,2t,43		
Demand Deposits	20	78,666,064	79,051,314
Wadiah Demand Deposits		670,887	671,800
Saving Deposits	21	210,234,683	182,833,586
Wadiah Saving Deposits		2,480,554	1,688,478
Mudharabah Saving Deposits		281,388	195,285
Time Deposits	22	201,585,766	177,267,237
Mudharabah Time Deposits		10,362,040	8,458,683
Total Deposits From Customers		504,281,382	450,166,383
Deposits From Other Banks And Financial Institutions	2c,2e,2t, 23,43	3,691,220	2,778,618
Derivatives Payable	2c,2ai,8,12	1,565,102	152,193
Acceptances Payable	2c,2e,2m, 15,43	3,679,684	4,786,121
Taxes Payable	2aj,37a	1,266,018	895,695
Marketable Securities Issued	2c,2v,24	6,023,133	-
Fund Borrowings	2c,2e,2w,25,43	9,084,913	10,888,755
Estimated Losses On Commitments And Contigencies	2e,2am,26,43	223	414
Liabilities for Employee Benefits	2ad,27,41	6,858,932	5,838,152
Other Liabilities	2c,2y,2z,28, 44b	3,242,346	3,920,266
Subordinated Loans	2c,2x,29	2,097,024	2,116,562
TOTAL LIABILITIES		**546,855,504**	**486,455,011**

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 SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012
LIABILITIES AND EQUITY (continued)			
EQUITY			
Capital stock - nominal value Rp250 (full Rupiah) per share as of December 31, 2013 and 2012			
Authorized capital - 60,000,000,000 shares (consisting of 1 Series A Dwiwarna share and 59,999,999,999 Series B shares) as of December 31, 2013 and 2012			
Issued and fully paid capital - 24,669,162,000 shares (consisting of 1 Series A Dwiwarna share and 24,669,161,999 Series B shares) as of December 31, 2013 and 2012	1,30a	6,167,291	6,167,291
Additional paid-in capital	2d,30b	2,773,858	2,773,858
Differences arising from the translation of foreign currency financial statements	2ah,30c	82,083	44,912
Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds - net of deferred tax	2i	(727,644)	740,459
Retained earnings - (accumulated losses of Rp24,699,387 was eliminated as a result of quasi-reorganization as of June 30, 2003)	2d,3,30d		
Appropriated		11,005,528	8,412,595
Unappropriated		59,862,555	46,667,643
Total Retained Earnings		70,868,083	55,080,238
Total Equity Attributable To Equity Holders Of The Parent Entity		79,163,671	64,806,758
Non-controlling interest		163,751	75,021
TOTAL EQUITY		**79,327,422**	**64,881,779**
TOTAL LIABILITIES AND EQUITY		**626,182,926**	**551,336,790**

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 SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012
INCOME AND EXPENSES FROM OPERATIONS			
Interest, Investment and Sharia Income			
Interest and investment	2aa,31	57,720,831	48,272,021
Sharia income	2l,2ac	1,740,253	1,338,400
Total Interest, Investment and Sharia Income		59,461,084	49,610,421
Interest, Other Financing and Sharia Expense			
Interest and other financing expense	2aa,32	(14,590,223)	(12,599,060)
Sharia expense	2ac	(764,590)	(527,595)
Total Interest, Other Financing and Sharia Expense		(15,354,813)	(13,126,655)
Interest Income - net		44,106,271	36,483,766
Other Operating Income			
Other fees and commissions	2ab	4,862,438	3,929,559
Recovery of assets written off		1,948,158	2,258,387
Gain on foreign exchange - net	2ag,2ai	477,524	428,800
Gain on sale of securities and Government Recapitalization Bonds - net	2i,8h,10	78,252	42,670
Unrealized gain on changes in fair value of securities and Government Recapitalization Bonds - net	2i,8,10	-	13,371
Others		982,087	1,716,945
Total Other Operating Income		8,348,459	8,389,732
Provision for impairment losses on financial assets - net	2f,33	(3,947,875)	(2,668,177)
Reversal of (provision for) allowance for estimated losses on commitments and contingencies - net	2am,26b	191	(262)
Reversal of (provision for) allowance for impairment losses on non-financial assets - net	2p	1,309	(31,489)

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 SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)
Years Ended December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012
Other Operating Expenses			
Salaries and employee benefits	2e,2ad, 34,41,43	(12,231,994)	(9,605,547)
General and administrative	2o,35	(7,518,886)	(6,343,661)
Premium paid to Government Guarantee Program	45	(911,957)	(749,297)
Unrealized loss on changes in fair value of securities and Government Recapitalization Bonds - net	2i,8,10	(13,208)	-
Others		(1,704,733)	(2,792,527)
Total Other Operating Expenses		(22,380,778)	(19,491,032)
OPERATING INCOME		**26,127,577**	**22,682,538**
NON OPERATING INCOME - NET	36	1,782,489	1,177,034
INCOME BEFORE TAX EXPENSE		**27,910,066**	**23,859,572**
TAX EXPENSE	2aj,37b,37c	(6,555,736)	(5,172,192)
INCOME FOR THE YEAR		**21,354,330**	**18,687,380**
Other comprehensive income:			
Exchange rate differences on translation of foreign currency financial statements		37,171	(4,241)
Unrealized loss on available for sale securities and Government Recapitalization Bonds – net, including the amounts tranferred to profit or loss in respect of fair value changes of available for sale securities and Government Recapitalization Bonds		(1,966,470)	(33,481)
Deferred tax relating to components of other comprehensive income		491,623	11,350
Other Comprehensive Income For The Year After Deferred Taxes		(1,437,676)	(26,372)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**19,916,654**	**18,661,008**

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 SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)
Years Ended December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012
INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Parent Entity		21,344,130	18,680,884
Non-controlling interest		10,200	6,496
TOTAL		**21,354,330**	**18,687,380**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Parent Entity		19,913,198	18,652,098
Non-controlling interest		3,456	8,910
TOTAL		**19,916,654**	**18,661,008**
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY (full Rupiah)	2af,48	865.22	757.26

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years Ended December 31, 2013 and 2012
(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 (Loss) on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Retained Earnings		Total Equity Attributable To Equity Holders of the Parent Entity*)	Non-controlling Interest	Total Equity
						Appropriated	Unappropriated			
Saldo pada tanggal 31 December 2011		**6,167,291**	**2,773,858**	**49,153**	**765,004**	**8,261,766**	**31,757,488**	**49,774,560**	**45,769**	**49,820,329**
Income for the year		-	-	-	-	-	18,680,884	18,680,884	6,496	18,687,380
Other comprehensive income	2ah,2i,8,10	-	-	(4,241)	(24,545)	-	-	(28,786)	2,414	(26,372)
Total comprehensive income for the year		-	-	(4,241)	(24,545)	-	18,680,884	18,652,098	8,910	18,661,008
Distribution of income	30d									
Dividends		-	-	-	-	-	(3,016,585)	(3,016,585)	-	(3,016,585)
Addition to general and specific reserves		-	-	-	-	150,829	(150,829)	-	-	-
Partnership and Environmental Assistance Program (PKBL)		-	-	-	-	-	(603,315)	(603,315)	-	(603,315)
Adjustment on non-controlling interest transaction		-	-	-	-	-	-	-	20,342	20,342
Balance as of December 31, 2012		**6,167,291**	**2,773,858**	**44,912**	**740,459**	**8,412,595**	**46,667,643**	**64,806,758**	**75,021**	**64,881,779**

*) Accumulated losses of Rp24,699,387 had been eliminated against additional paid-in capital as a result of quasi-reorganization as of June 30, 2003,

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)
Years Ended December 31, 2013 and 2012
(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 (Loss) on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Retained Earnings		Total Equity Attributable To Equity Holders of the Parent Entity[7]	Non-controlling Interest	Total Equity
						Appropriated	Unappropriated			
Balance as of December 31, 2012		**6,167,291**	**2,773,858**	**44,912**	**740,459**	**8,412,595**	**46,667,643**	**64,806,758**	**75,021**	**64,881,779**
Income for the year		-	-	-	-	-	21,344,130	21,344,130	10,200	21,354,330
Other comprehensive income	2ah,2i,8,10	-	-	37,171	(1,468,103)	-	-	(1,430,932)	(6,744)	(1,437,676)
Total comprehensive income for the year		-	-	37,171	(1,468,103)	-	21,344,130	19,913,198	3,456	19,916,654
Additional paid-in capital		-	-	-	-	-	-	-	87,495	87,495
Distribution of income	30d									
Dividends		-	-	-	-	-	(5,556,285)	(5,556,285)	-	(5,556,285)
Addition to general and specific reserves		-	-	-	-	2,592,933	(2,592,933)	-	-	-
Adjustment on non-controlling interest transaction		-	-	-	-	-	-	-	(2,221)	(2,221)
Balance as of December 31, 2013		**6,167,291**	**2,773,858**	**82,083**	**(727,644)**	**11,005,528**	**59,862,555**	**79,163,671**	**163,751**	**79,327,422**

*) Accumulated losses of Rp24,699,387 had been eliminated against additional paid-in capital as a result of quasi-reorganization as of June 30, 2003,

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 SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, investment, fees and commissions and Sharia income received		59,350,676	49,830,419
Interest, Sharia expenses and other charges paid		(14,883,697)	(13,147,390)
Recoveries of loans written off		1,959,521	2,284,074
Other operating income		6,842,840	5,417,549
Other operating expenses		(25,225,142)	(22,978,696)
Non-operating income - net		2,147,065	1,163,042
Cash flows before changes in operating assets and liabilities		**30,191,263**	**22,568,998**
Changes in operating assets and liabilities:			
(Increase) decrease in operating assets:			
Placements with Bank Indonesia and other banks		14,164,442	(13,916,625)
Securities and Government Recapitalization Bonds at fair value through profit or loss		(397,415)	(2,987,198)
Export bills		(2,991,300)	(1,106,203)
Derivatives receivable		23,869	(11,032)
Loans		(87,876,065)	(69,799,516)
Sharia receivables and financing		(2,785,166)	(2,165,254)
Other assets		124,624	(4,014,473)
Increase (decrease) in operating liabilities:			
Liabilities due immediately		143,863	1,240,892
Deposits:			
Demand deposits		(385,250)	3,140,314
Wadiah demand deposits		(913)	155,971
Saving deposits		27,401,097	29,838,227
Wadiah saving deposits		792,076	301,754
Mudharabah saving deposits		86,103	92,495
Time deposits		24,318,529	31,260,256
Mudharabah time deposits		1,903,357	1,113,021
Deposits from other banks and financial institutions		912,602	(1,245,545)
Derivatives payable		1,412,909	(21,343)
Other liabilities		(2,639,539)	3,559,568
Net Cash Provided by (Used in) Operating Activities		**4,399,086**	**(1,995,693)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of premises and equipment	36	108,193	13,751
Receipt of dividends	16	382	158
Increase in securities purchased under agreements to resell		(4,889,542)	(167,223)
Acquisition of premises and equipment	17	(1,947,985)	(1,445,290)
Increase in available for sale and held to maturity securities and Government Recapitalization Bonds		(5,648,237)	(4,115,600)
Net Cash Used in Investing Activities		**(12,377,189)**	**(5,714,204)**

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

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Years Ended December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of fund borrowings		(1,803,842)	(2,209,161)
Decrease in securities sold under agreement to repurchase		-	(102,681)
Dividends and PKBL	30d	(5,556,285)	(3,619,900)
Payments of subordinated loans		(19,538)	(19,725)
Proceeds from marketable securities issued		4,800,584	-
Net Cash Used in Financing Activities		**(2,579,081)**	**(5,951,467)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		(10,557,184)	(13,661,364)
EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCIES		4,369	10,530
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		119,371,406	133,022,240
CASH AND CASH EQUIVALENTS AT END OF YEAR		**108,818,591**	**119,371,406**
Cash and cash equivalents at end of year consist of:	2a		
Cash	4	19,171,778	13,895,464
Current accounts with Bank Indonesia	5	40,718,495	42,524,126
Current accounts with other banks	6	9,435,197	4,842,146
Placements with other banks - maturing within three months or less since the acquisition date	7	36,304,087	52,075,690
Certificates of Bank Indonesia - maturing within three months or less since the acquisition date		3,189,034	6,033,980
Total Cash and Cash Equivalents		**108,818,591**	**119,371,406**

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

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment

PT Bank Rakyat Indonesia (Persero) Tbk (hereinafter referred to as "BRI") was established and started its commercial operations on December 18, 1968 based on Law No. 21 year 1968. On April 29, 1992, based on the 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 in the status of BRI to become a limited liability corporation was documented by notarial deed No. 133 dated July 31, 1992 of notary Muhani Salim, S.H. and was 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" that was 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 was 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 which were 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 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 Government Regulation 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) starting January 1, 2013, No. IX.J.I on "The Main Provisions 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 latest amendment was documented in notarial deed No. 57 dated March 28, 2012 of candidate notary Dina Chozie, S.H., replacement of notary Fathiah Helmi, S.H., and was approved by the Ministry of Laws and Human Rights in its Decision Letter No. AHU-AH.01.10-2076 dated June 8, 2012. According to Article 3 of BRI's latest Articles of Association, BRI's scope of business is to conduct and support the Government's policy and program in the economic sector and in the national development in general, particularly in conducting business in the banking sector, in accordance with the prevailing laws and regulations, including the conduct of operating activities based on Sharia principles.

b. Recapitalization Program

In realization of the recapitalization program for commercial banks, set forth in Government Regulation No. 52 year 1999 regarding the Increase in Investments in Shares by the Republic of Indonesia in State-Owned Banks, BRI received all the recapitalization with a nominal amount of Rp29,149,000 in the form of Government recapitalization bonds issued in 2 (two) tranches at their nominal amounts of Rp20,404,300 on July 25, 2000 and Rp8,744,700 on October 31, 2000 (Notes 10 and 30b).

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

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1. GENERAL (continued)

b. Recapitalization Program (continued)

Furthermore, as stated in the Management Contract dated February 28, 2001 between the Republic of Indonesia as represented by the Government through the Ministry of Finance and BRI, the Government determined that the recapitalization requirement amount of BRI to achieve a minimum Capital Adequacy Ratio of 4% was Rp29,063,531. Therefore, BRI returned the excess of recapitalization amounted to Rp85,469 in the form of Government Recapitalization bonds to the Republic of Indonesia on November 5, 2001 (Notes 10 and 30a).

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 the implementation of the Government's rights as a result of the additional investment of the Republic of Indonesia in the capital of BRI under the recapitalization program for commercial banks. Based on this Decision Letter, the Ministry of Finance affirmed that the final recapitalization requirement of BRI amounted to Rp29,063,531 (Note 30a).

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, acting through the Ministry of State-Owned Enterprises agreed to conduct an IPO of 3,811,765,000 common shares of BRI together with over-subscription option shares and over-allotment option shares.

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 (Note 30a).

BRI's IPO of shares consists of 3,811,765,000 shares with a nominal value of Rp500 (full Rupiah) per share and with a selling price of Rp875 (full Rupiah) per share. Subsequently, 381,176,000 shares under the over-subscription option and 571,764,000 shares under the over-allotment option at a price of Rp875 (full Rupiah) per share were exercised on November 10, 2003 and December 3, 2003, respectively. After BRI's IPO and the exercise of the over-subscription option and the over-allotment option by underwriters, the Republic of Indonesia owns 59.50% of shares of BRI (Note 30a). On November 10, 2003, the above mentioned offered shares were initially traded at the Jakarta and Surabaya Stock Exchanges (currently the Indonesia Stock Exchange) and all shares of BRI have been simultaneously listed.

Based on the notarial deed No. 38, dated November 24, 2010, notary Fathiah Helmi, S.H., stock split was performed of Rp500 (full Rupiah) per share to Rp250 (full Rupiah) per share. The deed was received and recorded in the administration database system of the Ministry of Laws and Human Rights of the Republic of Indonesia in its letter No. AHU.AH.01.10-33481 dated December 29, 2010. Stock split was performed in 2011 and BRI schedule that the end of trading shares with a previous nominal value or Rp500 (full Rupiah) per share in Regular and Negotiation Market is on January 10, 2011 and the date of commencement of legitimate trade with the new nominal value or Rp250 (full Rupiah) per share is dated January 11, 2011.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Structure and Management

BRI's head office is located at BRI I Building, Jl. Jenderal Sudirman Kav. 44-46, Jakarta.

As of December 31, 2013 and 2012, BRI has the following networks of working units (unaudited):

	2013	2012
Regional Offices	18	18
Head Inspection Office	1	1
Regional Inspection Offices	17	16
Domestic Branch Offices	449	442
Special Branch Office	1	1
Overseas Branch/Representative Offices	3	3
Sub-branch Offices	565	545
Cash Offices	950	914
BRI Units	5,144	5,000
Teras	2,212	1,778

As of December 31, 2013 and 2012, BRI has 1 (one) overseas branch located in Cayman Islands and 2 (two) representative offices located in New York and Hong Kong, and has 3 (three) Subsidiaries, namely, PT Bank BRISyariah, PT Bank Rakyat Indonesia Agroniaga Tbk (prior PT Bank Agroniaga Tbk) and BRI Remittance Co. Ltd. Hong Kong.

Based on BRI's accounting policies, the coverage of BRI's key management is boards of commissioners, directors, audit committee, remuneration committee, head of divisions, head of internal audits and inspectors, head of regionals and head of special branch. The number of BRI's employees as of December 31, 2013 and 2012 amounted to 81,238 and 72,625 employees (unaudited), respectively.

The composition of the Boards of Commissioners and Directors of BRI as of December 31, 2013 and 2012 based on the minutes of BRI's Annual Shareholders' General Meeting held on March 28, 2012, as stated under the notarial deed No. 41 and No. 57 of notary Fathiah Helmi, S.H. are as follows:

President/Independent Commissioner	:	Bunasor Sanim
Vice President/Independent Commissioner	:	Mustafa Abubakar
Commissioner	:	Heru Lelono
Commissioner	:	Vincentius Sonny Loho
Commissioner	:	Hermanto Siregar
Independent Commissioner	:	Adhyaksa Dault
Independent Commissioner	:	Ahmad Fuad
Independent Commissioner	:	Aviliani
President Director	:	Sofyan Basir
Director of Operations	:	Sarwono Sudarto
Director of Finance	:	Achmad Baiquni
Director of Commercial Business	:	Sulaiman Arif Arianto
Director of Compliance	:	Randi Anto
Director of Consumer Business	:	Agus Toni Soetirto
Director of Credit Risk Management	:	Lenny Sugihat
Director of Micro, Small and Medium Enterprises (UMKM)	:	Djarot Kusumayakti
Director of Institutional and State Owned Business Enterprise (BUMN)	:	Asmawi Syam
Director of Network and Services	:	Suprajarto
Director of Human Resources Management (MSDM)	:	Gatot Mardiwasisto

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Structure and Management (continued)

The compositions of BRI's Audit Committee as of December 31, 2013 and 2012 based on BRI's Commissioners' Decision Letter No. B.61-KOM/06/2012 dated June 1, 2012 are as follows:

Chairman	:	Bunasor Sanim
Member	:	Adhyaksa Dault
Member	:	H. C. Royke Singgih
Member	:	Dedi Budiman Hakim
Member	:	Syahrir Nasution
Member	:	Hermanto Siregar
Member	:	Ahmad Fuad
Member	:	Vincentius Sonny Loho

As of December 31, 2013 and 2012, the Corporate Secretary of BRI is Muhammad Ali, based on Company's Director Decision Letter No. Kep. 20-DIR/SDM/12/2009 dated January 14, 2010.

As of December 31, 2013 and 2012, the Internal Audit Task Force Head is Ali Mudin, based on Company's Director Decision Letter No. Kpts.18/Dir.01.03/VII/2011 dated July 5, 2011.

e. 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 Shareholders' Extraordinary General Meeting, as stated under the notarial deed No. 3 dated September 5, 2007 of notary Imas Fatimah, S.H., the shareholders approved the above acquisition of BJA and subsequently obtained the approval of Bank Indonesia, according to 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., whereby BRI acquired 99.99875% of the issued shares of BJA and 0.00125% 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 PT Bank Jasa Arta 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 bank into a commercial bank that conducts business activities based on Sharia principles. Within 60 (sixty) days from the decision 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 date, BSB was obliged to settle all its loan receivables and debtor or customer liabilities from the previous conventional banking activities.

On December 19, 2008, BRI has entered into a spin-off agreement to transfer the assets and liabilities of BRI's Sharia Business Unit ("UUS BRI") to BSB, based on notarial deed No. 27, dated December 19, 2008 on "The Spin-Off Agreement of BRI's Sharia Business Unit into PT Bank Syariah BRI" of notary Fathiah Helmi, S.H., with effective date on January 1, 2009. As a result of the spin-off as of the effective date:

1. All assets and liabilities of UUS BRI in possession of BRI by operation of law were transferred and become the rights, liabilities or expenditures to be operated under BSB's responsibility as the receiving entity.

2. All of the UUS BRI's operations, business and office activities by operation of law were transferred to and/or operated under BSB's benefit, loss and responsibility.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
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Years Ended December 31, 2013 and 2012
(Expressed in millions of Rupiah, unless otherwise stated)

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1. GENERAL (continued)

e. Subsidiaries (continued)

PT Bank BRISyariah (continued)

All of the UUS BRI's rights, claims, authorities and liabilities based on any agreements, actions or existing which were made, performed, or which occurred on or before the effective date of the spin-off 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 by operation of law, have been transferred to and or operated under BSB's benefit, loss and responsibility.

Based on BSB's Shareholders' Statements of Agreement as stated in notarial deed No. 18 of notary Fathiah Helmi, S.H., dated April 14, 2009, the name of PT Bank Syariah BRI was changed to PT Bank BRISyariah ("BRIS") as approved by the Governor of Bank Indonesia's Decision Letter No. 11/63/KEP.GBI/DpG/2009 dated December 15, 2009.

BRIS' Articles of Association has been amended several times. The latest amendment was documented in the notarial deed of Decision of PT Bank BRI Syariah's Annual Shareholders' General Meeting Statement No. 113 dated June 26, 2013 of Notary Fathiah Helmi, S.H., notary in Jakarta, regarding the addition of the issued and fully paid capital. The amendment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-40622.AH.01.02.Tahun 2013 dated July 25, 2013.

According to Article 3 of BRIS's latest Articles of Association, the scope of BRIS's business is to conduct banking business based on Sharia principles.

Total assets of BRIS as of December 31, 2013 and 2012 amounted to Rp17,419,045 and Rp14,088,915, respectively, or 2.78% and 2.56%, respectively, of the consolidated total assets. Total Sharia income for the years ended December 31, 2013 and 2012 amounted to Rp1,740,253 and Rp1,338,400, respectively, or 2.93% and 2.70%, respectively, of the consolidated interest income.

BRISyariah's Head Office is located at Jl. Abdul Muis No. 2-4, Jakarta Pusat, and has 51 domestic branch offices and 195 sub-branch offices.

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro)

On August 19, 2010, BRI entered into Sale and Purchase of Shares Agreement (PPJB) with the Agricultural Estate Pension Fund (Dapenbun), as the owner of 95.96% shares of BRI Agro, to acquire the shares of BRI Agro with total nominal value of Rp330,296 for 3,030,239,023 number of shares at a price of Rp109 (full Rupiah) per share. After the acquisition, the shareholdings of BRI Agro's investors comprise of 76% by BRI, 14% by Dapenbun and 10% by the public.

The shareholders approved the acquisition of BRI Agro based on BRI's Shareholders' Extraordinary General Meeting according to notarial deed No. 37 dated November 24, 2010 of notary Fathiah Helmi, S.H. Bank Indonesia also granted approval of the acquisition in its Letter No. 13/19/GBI/DPIP/Rahasia dated February 16, 2011. The acquisition was completed on March 3, 2011 based on the notarial deed No. 14 of notary Fathiah Helmi, S.H., whereby BRI owned 88.65% of the total issued and fully paid shares of BRI Agro, 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 Series I Warrants which are exercisable up to May 25, 2011.

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1. GENERAL (continued)

e. Subsidiaries (continued)

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro) (continued)

In compliance with Bapepam-LK's Regulation No. IX.H.1, Attachment to Decision of Chairman of Bapepam-LK No. Kep-259/BL/2008 dated June 30, 2008 regarding "Public Company Takeovers", BRI, as the new controlling shareholder of BRI Agro, is required to conduct mandatory Tender Offer for the remaining BRI Agro's shares which are owned by the public. The Tender Offer statement became effective May 4, 2011 based on Chairman of Bapepam-LK's letter No. S-4985/BL/2011 and was announced on two daily newspapers, *Bisnis Indonesia* and Investor Daily, both on May 5, 2011. The Tender Offer period commenced on May 5, 2011 and concluded on May 24, 2011. On the closing date of the Tender Offer period, BRI acquired 113,326,500 additional shares (3.15% of the total shares of BRI Agro). The price used for the Tender Offer is at Rp182 (full Rupiah) per share.

On July 1, 2011, BRI enacted the sale of 256,375,502 shares to Dapenbun as a result of Dapenbun's exercise of its buy option at a price of Rp109 (full Rupiah) per share. Based on Bapepam-LK's Regulation No. IX.H.1, the re-transfer period of the Tender Offer is within a maximum period of 2 (two) years, however, in the case of BRI Agro, BRI shall meet the minimum public shareholding of 10% no later than May 24, 2013. This is in compliance with the letter received from the Indonesian Stock Exchange No. S-06472/BEI.PPJ/09-2011 dated September 23, 2011. As of December 31, 2012, total shares of BRI Agro which has been transferred back to the public comprised of 500,000 shares, reducing BRI's ownership to 79.78% while maintaining Dapenbun's ownership at 14%.

Based on the notarial deed of Statement Decision Meeting No. 30 dated May 16, 2012 of notary Rusnaldy, S.H., PT Bank Agroniaga Tbk changed its name to PT Bank Rakyat Indonesia Agroniaga Tbk ("BRI Agro") and has been approved by Bank Indonesia on its Governor's Decision Letter No. 14/72/KEP.GBI/2012 dated October 10, 2012.

On May 10, 2013, BRI Agro submited 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 par 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 Statement of Registration for a Limited Public Offering IV, thus increasing the number of its issued capital stock by 3,832,685,599 shares.

As a results of PUT IV, BRI Agro's Articles of Association was amended as stated in notarial deed of Decision Meeting Statement No. 107 dated July 30, 2013, of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase of issued and fully paid capital, increasing BRI's ownership to 80.43%, Dapenbun to 14.02% and public to 5.55%. This amandment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0074249.AH.01.09.Tahun 2013 dated August 1, 2013.

Total assets of BRI Agro as of December 31, 2013 and 2012 are Rp5,122,727 and Rp4,041,003 or 0.82% and 0.73%, respectively, of the consolidated total assets. Total interest income for the years ended December 31, 2013 and 2012 is Rp420,186 and Rp349,990 or 0.71% and 0.71% respectively of the consolidated total interest income.

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1. GENERAL (continued)

e. Subsidiaries (continued)

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro) (continued)

In accordance with Article 3 of its Articles of Association, BRI Agro's scope of bussiness is to conduct commercial banking activities.

BRI Agro through Letter of Bank Indonesia No. 22/1037/UUps/Ps6D dated December 26, 1989, obtained its license as a commercial bank.

BRI Agro's head office is located at Plaza Great River, Jl. H.R. Rasuna Said Blok X2 No. 1, Jakarta, and has 12 branches and 10 sub-branches.

BRI Remittance Co. Limited Hong Kong (BRI Remittance)

On December 16, 2011, BRI entered into the Instrument of Transfer and the Bought and Sold Notes to acquire 100% of BRIngin Remittance Co. Ltd. (BRC) Hong Kong shares (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. Ltd Hong Kong.

Total assets of BRI Remittance Co. Ltd Hong Kong as of December 31, 2013 and 2012 are Rp4,124 or 0.0007% and Rp2,815 or 0.0005%, respectively, of the consolidated total assets.

BRI Remittance's scope of bussiness is to conduct commercial remittance activities.

BRI Remittance's head office is located at Lippo Centre, Tower II, 89 Queensway, Admiralty, Hong Kong.

2. SUMMARY OF ACCOUNTING POLICIES

a. Basis of preparation of the consolidated financial statements

Statement of Compliance

The consolidated financial statements as of and for the years ended December 31, 2013 and 2012 were prepared and presented in accordance with Indonesian Financial Accounting Standards, which includes the Statements and Interpretations issued by the Financial Accounting Standards Board 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", and the prevailing banking industry practices.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

a. Basis of preparation of the consolidated financial statements (continued)

Statement of Compliance (continued)

BRIS (Subsidiary), which is engaged in banking activities based on Sharia principles, presents its financial statements according to SFAS No. 101 on "Sharia Financial Statements Presentation", SFAS No. 102 on "Accounting for *Murabahah*", SFAS No. 104 on "Accounting for *Istishna*", SFAS No. 105 on "Accounting for *Mudharabah*" and SFAS No. 106 on "Accounting for *Musyarakah*" and SFAS 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 on "Accounting for *Sukuk*" and the Indonesia Sharia Banking Accounting Guidelines (PAPSI) issued by Bank Indonesia and 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 statements of cash flow.

The consolidated statements of cash flows have been prepared using the direct method with cash flows classified into operating, investing and financing activities. For purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash, current accounts with Bank Indonesia and current accounts with other banks, placements with other banks and 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 reporting 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. Consolidation principles

The consolidated financial statements include the financial statements of BRI and its Subsidiaries whose majority shares are owned or controlled by BRI.

Where 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.

Control over a Subsidiary is presumed to exist where more than 50% of the Subsidiary's voting power is controlled by BRI, or BRI has the ability to control the financial and operating policies of a Subsidiary, or has the ability to remove or appoint majority of the Subsidiary's Board of Directors, or control the majority vote during management meeting.

The purchase method of accounting is used to account for the acquisition of Subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the Subsidiaries acquired is recorded as goodwill.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

b. Consolidation principles (continued)

All significant balances and transactions, including unrealized gains/losses are eliminated to reflect the consolidated 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 transactions and events in similar circumstances. If the Subsidiaries' financial statements use accounting policies which are different from those adopted in the consolidated financial statements, appropriate adjustments are made to the Subsidiaries' financial statements.

The non-controlling interest represents the non-controlling shareholders' proportionate share in the income for the year 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, securities purchased under agreement to resell, Government Recapitalization Bonds, export bills, derivatives receivable, loans, 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, subordinated loans and other liabilities.

BRI adopted SFAS No. 50 (Revised 2010), "Financial Instruments: Presentation", SFAS No. 55 (Revised 2011), "Financial Instruments: Recognition and Measurement", and SFAS No. 60 including its amendment in 2012, "Financial Instruments: Disclosure".

SFAS No. 50 (Revised 2010) contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. This SFAS requires the disclosure of, among others, information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments.

SFAS No. 55 (Revised 2011) establishes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This SFAS provides the definitions and characteristics of derivatives, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships.

SFAS No. 60 including its amendment in 2012, requires disclosures of significance of financial instruments for financial position and performance, and the nature and extent of risks arising from financial instruments to which BRI is exposed during the period and at the end of the reporting period, and how BRI manages those risks.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(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; and
- Available for sale investments

Financial liabilities are classified into the following categories at initial recognition:

- Fair value through profit or loss, which has 2 (two) sub-classifications, i.e. those designated as such upon initial recognition and those classified as held for trading;
- Other financial liabilities that are not classified as financial liabilities at fair value through profit or loss are categorized and measured at amortized cost.

Classes of financial assets and liabilities at fair value through profit or loss consist of financial assets or liabilities held for trading which BRI acquires or incurs principally for the purpose of selling or repurchasing in the near term, 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, other than:

- those that BRI intends to sell immediately or in the short term, which are classified as held for trading and those that BRI upon initial recognition designates as at 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, other than because of loans and receivables deterioration, which classified as available for sale.

Held to maturity investments consist of quoted 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 category 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 statements of comprehensive income. The effective yield and (where applicable) results of foreign exchange restatement for available for sale investments are reported in the consolidated statements of comprehensive income.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(i) Classification (continued)

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 liability.

(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.

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 charge that would not occur if the 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 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 application of the 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 for which the hedge accounting conditions are not fulfilled. 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(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 other financial liabilities 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 from the financial assets have expired; or
- BRI has transferred its rights to receive cash flows from the financial assets or has assumed an obligation to pay the cash flows 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.

  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 realistic prospect of collection in the near future 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 obligation under the liability is discharged, cancelled or expired.

Where 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 statements of 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 statements of 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 included in the consolidated statements of comprehensive income.

Gains and losses arising from changes in the fair value of available for sale financial assets are recognized directly in equity (other comprehensive income), except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized or impaired.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(v) Income and expense recognition (continued)

When a financial asset is derecognized or impaired, the cumulative gains or losses previously recognized in equity should be reclassified to consolidated statements of comprehensive income.

(vi) Reclassification of financial assets

BRI is not allowed to reclassify any financial instrument out of or into the fair value through profit or loss category while it is held or issued.

BRI is not allowed to classify any financial assets as held to maturity investments, if the entity has, during the current financial year or during the 2 (two) preceding financial years, sold or reclassified a significant amount of held to maturity investments before maturity (more than an insignificant amount in relation to the total amount of held to maturity investments) other than sales or reclassifications that:

a. are 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. occur after BRI has collected substantially all of the original principal of the financial assets through scheduled payments or prepayments; 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 statements of financial position when and only when, BRI has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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 is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(ix) Fair value measurement

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date, which includes the fair value obtained from IDMA's (Interdealer Market Association) quoted market prices or broker's quoted price from Bloomberg and Reuters on the measurement date.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(ix) Fair value measurement (continued)

When available, BRI measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transaction on an arm's length basis.

If a market for a financial instrument is inactive, BRI establishes fair value using valuation technique. BRI uses its own credit risk spreads in determining the fair value for its derivatives liability and all other liabilities for which it has elected the fair value option. When BRI's credit spread increases, BRI recognizes a gain on these liabilities, because the value of the liabilities has decreased. When BRI's credit spread decreases, BRI recognizes loss on those liabilities as an impact of the increase in liability.

BRI uses several commonly applied valuation techniques for determining fair values of financial instruments of lower complexity, such as exchange value options and currency swap. For these financial instruments, inputs into models are observable market data.

For more complex instruments, BRI uses internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on certain assumptions.

For financial instruments with no quoted market price, a reasonable estimate of the fair value is determined by reference to the fair value of other instruments with equal substance or calculated based on the expected cash flows of the underlying net asset of those securities.

The output of a valuation technique is an estimate or approximation of a value that cannot be precisely determined and the valuation technique employed may not fully reflect all factors relevant to the positions that BRI holds. Valuations are therefore adjusted, with additional factors such as model risks, liquidity risk and counterparty credit risk. Based on the established fair value valuation technique policy, related controls and procedures applied, BRI's management believes that these valuation adjustments are necessary and considered appropriate to fairly state the values of financial instruments measured at fair value in the consolidated statements of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary, particularly in view of the current market developments.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment value. The fair value for loans and receivables as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(ix) Fair value measurement (continued)

Financial assets and assets held or liabilities to be issued are measured at bid price; financial liabilities and liabilities held or liabilities to be acquired are measured at ask price. Where BRI has consolidated assets and liabilities positions with off-setting market risk, middle-market prices can be used to measure the off-setting risk positions and bid or ask price adjustment is applied to the net open positions as appropriate.

(x) *Sukuk* Financial Asset

BRI and Subsidiaries adopted SFAS No. 110 "*Sukuk* Investment" which regulate the recognition, measurement, presentation and disclosure of *Ijarah Sukuk* and *Mudharabah Sukuk* transactions.

Before initial recognition, the entity determines the classification of investments in *sukuk* either measured at cost or fair value.

After the initial recognition, investment in *ijarah sukuk* and *mudharabah sukuk* is measured as follows:

a. Measured at 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.
- The difference between the acquisition cost and the nominal value is amortized on a straight-line basis over the period of the *sukuk.*
- Impairment loss is recognized if the recoverable amount is less than the carrying amount and is presented as an impairment loss in the statement of comprehensive income.

b. Measured at fair value
- The fair value is determined with reference to the following order:
  - Quoted price in active market.
  - Price from the current transaction, if there is no available price quotations in an active market.
  - Fair value of similar instrument, if there is no available price quotations in an active market and no price from the current transaction.
- *Sukuk* acquisition cost does not include transaction cost.
- The difference between fair value and carrying value is presented in the consolidated statements of comprehensive income.

All investment in *sukuk* of BRI and Subsidiaries was done under *ijarah* contracts.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

d. Quasi-reorganization

Based on SFAS No. 51 on "Accounting for Quasi-reorganization", quasi-reorganization is an accounting procedure which enables an enterprise to restructure its equity by eliminating accumulated losses and revaluing all its assets and liabilities based on fair values without a legal re-organization. Under quasi-reorganization, the company will have a fresh start with its statements of financial position showing current values without accumulated losses as the accumulated losses are eliminated against the additional paid-in capital account.

The estimated fair values of assets and liabilities of BRI under the quasi-reorganization was determined based on the best information available in accordance with the characteristics of the related assets and liabilities, with consideration on the level of risks or market values of the related assets and liabilities. If the market value is not available, the estimated fair value is determined based on the market values of similar types of assets, estimated present value or discounted cash flows. For certain assets and liabilities, the valuation is undertaken in accordance with the related SFAS.

Based on BRI's Shareholders' Extraordinary General Meeting held on October 3, 2003 notarized under deed No. 6 of the the same date of notary Imas Fatimah, S.H., the shareholders approved in principle the quasi-reorganization plan of BRI as of June 30, 2003 (Note 3).

BRI has performed revaluation of its assets and liabilities in conjunction with the quasi-reorganization as of June 30, 2003. Since the fair value of net assets (total assets less total liabilities) of BRI is higher than their book value, based on SFAS No. 51 (before revision in 2003), in the implementation of quasi-reorganization, BRI did not recognize the excess of such net assets against accumulated losses and used the book values of the assets and liabilities at the implementation date of quasi-reorganization. As a result of the above quasi-reorganization, BRI's deficit was eliminated against the additional paid-in capital account which amounted to Rp24,699,387 as of June 30, 2003.

Bank Indonesia, in its letter No. 5/105/DPwB2/PwB24 dated September 19, 2003, stated that in undertaking the quasi-reorganization, BRI should refer to SFAS No. 51 (before revision in 2003) and with consideration to other related aspects in implementing the quasi-reorganization.

e. 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 member of the same group as BRI and Subsidiaries;
3) it is a joint venture of a third party in which BRI and Subsidiaries have ventured in;
4) it is a member of key management personnel in BRI and Subsidiaries;
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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

e. Transactions with related parties (continued)

Transactions with related parties are made on the same term and conditions as those transactions with third parties. All transaction done by BRI have complete 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 43 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 43.

f. Allowance for impairment losses on financial assets

On each statements 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 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 include:

a) significant financial difficulty of the issuer or obligor;
b) a breach of contract, such as a default or delinquency in 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 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 months and 12 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, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Accounts that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assesment of impairment.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

f. Allowance for impairment losses on financial assets (continued)

BRI determines the loans to be evaluated for impairment through individual evaluation 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.

BRI determines loans to be evaluated for impairment through collective evaluation 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 possibility of failure (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 risk factors associated relevant 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 historical data to compute for 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 original effective interest rate. If loans or held to maturity securities and Government Recapitulation Bonds have a variable interest rate, the discount rate for measuring any impairment loss is the current 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 less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

f. Allowance for impairment losses on financial assets (continued)

Losses are recognized in the consolidated statements of comprehensive income and reflected in an allowance for impairment losses account against financial assets carried at amortized cost.

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 statements of comprehensive income.

For financial assets classified as available for sale, BRI assesses on each statements 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 marketable securities are recognized by transferring the cumulative loss that has been recognized directly in equity to the statements of comprehensive income. The cumulative loss that has been removed from equity and recognized in the statements of 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 statements of comprehensive income.

Impairment losses recognized in the statements of 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 statements of comprehensive income.

If in a subsequent period, the fair value of debt instrument classified as available for sale securities increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statements of comprehensive income, the impairment loss is reversed, with the amount of reversal recognized in the statements of 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 original 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 (i.e. upgrade debtor's or issuer's collectibility), the impairment loss that was previously recognized has to be reversed, by adjusting the allowance account. The reversal amount of financial assets is recognized in the current year consolidated statements of 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, BRI implemented Bank Indonesia Regulation No. 14/15/PBI/2012 dated October 24, 2012 on "Assessment of Commercial Bank Asset Quality" as a guidance to calculate the minimum allowance for impairment losses that should be provided in accordance with Bank Indonesia Regulation.

Financial assets of the Subsidiary that is engaged in Sharia Banking, BRIS applies PBI No. 8/21/PBI/2006 dated October 5, 2006 as amended by PBI No. 13/13/PBI/2011 dated March 24, 2011 in determination of impairment losses.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

f. Allowance for impairment losses on financial assets (continued)

Sharia productive assets consist of current accounts with Bank Indonesia and other banks, placements with Bank Indonesia and other banks, securities, *murabahah* receivables, *musyarakah* financing, *isthisna* receivalbes, *qardh* receivables, and commitments and contingencies with credit risk.

The minimum allowance to be established in accordance with PBI 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 criterias for assessment of the value of collateral that can be deducted in the calculation of allowance for impairment losses are based on Bank Indonesia Regulations.

g. 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.

h. Placements with Bank Indonesia and other banks

Placements with Bank Indonesia and other banks consist of placement in deposit facility of 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 inter-bank call money and time deposits.

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.

i. Securities and Government Recapitalization Bonds

Securities consist of securities traded in the money market such as Certificates of Bank Indonesia, Deposits Certificates of Bank Indonesia, Bank Indonesia Sharia Certificates, Government bonds, promissory notes, subordinated bonds, mutual fund units, medium term notes, US Treasury Bonds, credit linked notes and 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.

Government Recapitalization Bonds are bonds issued by the Government in connection with the recapitalization program for commercial banks which consist of bonds under 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

i. Securities and Government Recapitalization Bonds (continued)

The value of securities and Government Recapitalization Bonds is stated 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 or Government Recapitalization Bonds as held to maturity financial assets if BRI has, during the current financial year or during the two preceding financial 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 (Revised 2011) 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 statements of 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 statements of 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 statements of comprehensive income. Other fair value changes are recognized directly in equity until the securities and Government bonds are sold or impaired, whereby the cumulative gains and losses previously recognized in equity are recognized in the consolidated statements of comprehensive income.

j. Export bills

Export bills represent negotiated export bills that have been discounted and guaranteed by other banks. Export bills are stated at acquisition cost after deducting the discount and allowance for impairment losses. Export bills are classified as loans and receivables

k. Loans

Loans represent the lending of money or equivalent 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 and BRI Agro.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

k. 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 the present value of future cash receipts after the restructuring is recognized in the statement of 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 writtten off are credited to the allowance of impairment losses in the statement of financial position.

l. Sharia receivables and financing

Sharia receivables are receivables resulting from sale or purchase transactions based on *murabahah*, *istishna* and *ijarah* contracts. Sharia financing consists of *mudharabah* and *musyarakah* financing.

Murabahah is a sale or purchase contract between the customer and BRIS, whereby BRIS finances the investment and working capital needs of the customer sold with a principal 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 stated at net realizable value, which is, the balance of the receivables less allowance for impairment losses. Deferred *Murabahah* margin is presented as a contra account of *Murabahah* receivables.

Istishna is a sale contract between *al-mustashni* (buyer) and *al-shani* (producer who also acts as seller). Based on the contract, the buyer orders the producer to make or produce *al-mashnu* (ordered goods) according to the specifications required by the buyer and to sell them at the agreed price. *Istishna* receivables are presented based on the outstanding billings less allowance for impairment losses.

Ijarah is a leasing agreement between the *muajjir* (lessor) and the *musta'jir* (lessee) on *ma'jur* (leased items) to obtain benefits on the items being leased.

Mudharabah financing is a joint financing made between BRIS, as the capital provider (shahibul maal) and the customer, who manages the business (mudharib), during a certain period. The profit sharing from such project or business is distributed according to agreed *nisbah* (pre-determined ratio). *Mudharabah* financing is stated at the outstanding balance of the financing less allowance for impairment losses. Allowance for impairment losses is provided based on the quality of the financing as determined by a review of each individual account.

Musyarakah financing is an agreement between the investors (musyarakah partners) to combine their capital and conduct a joint business in a partnership with the profit or loss sharing based on an agreement or proportionate to the capital contribution, it is stated at the outstanding balance of the financing less allowance for impairment losses. BRI provides allowance for impairment losses based on the quality of the financing as determined by a review of each individual account.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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 and Subsidiary adopted SFAS No. 15 (Revised 2009), "Investments in Associates Entities", which prescribes the accounting for investments in associated entities as to determinated significant influence, accounting method to be applied, impairment in value of investments and separate financial statements.

BRI's investment in its associated company is measured using the equity method. An associated entities is an entity in which BRI has significant influence or share ownership of 20% up to 50%. Under the equity method, the cost of investment is increased or decreased by BRI's share in net earnings or losses of, and dividends received from the investee since the date of acquisition.

The consolidated statements of 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.

After application of 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 statements of 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 2011) and reduced by allowance for impairment losses.

o. Premises and equipment

BRI and Subsidiaries adopted SFAS No.16 (Revised 2011) ,"Premises and Equipment" and IFAS No. 25, "Land Rights".

IFAS 25 prescribes that 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 acquired initially are recognized as part of the cost of the land under the "Premises and Equipment" account and not amortized.

Meanwhile the extension or the legal renewal costs of land rights in the form of HGU, HGB and HP were recognized as part of "Deferred Charges, Net" account in the consolidated statements of financial position and were amortized over the shorter of the rights' legal life and land's economic life.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

o. Premises and equipment (continued)

In accordance with the transitional provision of IFAS 25, the initial costs in the form of HGU, HGB and HP which were recognized as part of "Deferred Charges, Net" account in the consolidated statements of financial position prior to January 1, 2012 were reclassified to "Premises and Equipment - Land" account and ceased to be amortized effective January 1, 2012.

All premises and equipment are initially recognized at cost, which comprises its purchase price and any 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 management.

Subsequent to initial recognition, premises and equipment are carried at cost less any subsequent accumulated depreciation and impairment losses.

Premises and equipment acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets are measured at fair values, unless:
(i) the exchange transaction lacks commercial substance, or
(ii) the fair value of neither the assets received nor the assets given up can be measured reliably.

Depreciation of an asset starts when it is available for use and is computed using the straight-line method based on the estimated economic useful lives of the assets as follows:

	Years
Buildings	15
Motor vehicles	5
Computers and machineries	3 - 5
Furniture and fixtures	5

The carrying amounts of premises and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be fully recoverable.

The carrying amount of an item of premises and equipment 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 when the item is derecognized.

The asset residual values, useful lives and depreciation method are evaluated at each year end and adjusted prospectively if necessary.

Land are stated at cost and not depreciated.

If the cost of land includes the costs of site dismantlement, removal and restoration, and the benefits from the site dismantlement, removal and restoration is limited, that portion of the land asset is depreciated over the period of benefits obtained by incurring those costs. In some cases, the land itself may have a limited useful life, in which case it is depreciated in a manner that reflects the benefits to be derived from it.

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 Equipment" 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

o. Premises and equipment (continued)

Repairs and maintenance is charged to the profit or loss as incurred. The cost of major renovation and restoration is capitalized to the carrying amount of the related premises and equipment when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset and is depreciated over the remaining useful life of the related asset.

p. Impairment of Non-Financial Assets

BRI and subsidiaries adopted SFAS No. 48 (Revised 2009), ”Impairment of Assets”, prospectively, including goodwill and assets acquired from business combination before January 1, 2011.

SFAS No. 48 (Revised 2009) prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than their recoverable amounts. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and this revised SFAS requires the entity to recognize an impairment loss. This revised SFAS also specifies when an entity should reverse an impairment loss and prescribes disclosures.

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 or Cash Generating Unit (CGU)’s fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where 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 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.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used by BRI and Subsidiaries to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in the consolidated statements of 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 their net realizable values. 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

q. Foreclosed collaterals (continued)

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 other 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 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 BRIS policy. *Wadiah* demand deposits are stated at the amount due to the account holder of the deposit in BRIS.

Saving deposits represent customers' funds which entitle the depositors to withdraw under certain agreed conditions. Deposits are stated at the amount due to the account holders.

Wadiah saving deposits represent funds deposited by customers in BRIS, whereby the deposits can be withdrawn any time and does not require BRIS 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 from third parties which earn bonus based on a predetermined and pre-agreed profit-sharing return ratio (nisbah) from income derived by BRIS from the use of such funds. *Mudharabah* saving deposits is stated at the customers' saving balance.

Time 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 customer and BRIS. *Mudharabah* time deposits are stated at the nominal amount as agreed by the deposit holder and BRIS.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

t. Deposits from customers and other banks and other financial institutions (continued)

Deposits from other banks and other 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 other 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 method except deposits and temporary *syirkah* funds which are stated at the Bank's 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

Securities purchased under agreement to resell are presented as assets in the consolidated statements of financial position, at the resale price net of unamortized interest and net of allowance for impairment losses. The difference between the purchase price and the resale price is treated as unearned 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 method.

Securities purchased under agreement to resell are classified as loans and receivables.

v. Marketable securities issued

Marketable securities issued by BRI consist of Bonds.

The marketable securities issued are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium associated related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

w. Borrowings

Borrowings represent funds received from other banks, Bank Indonesia or other parties with a repayment obligation based on borrowing agreements.

Borrowings are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium associated related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

x. Subordinated loans

Subordinated loans are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium associated related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

y. Provision

Bank adopted SFAS No. 57 (Revised 2009), "Provisions, Contingent Liabilities and Contingent Assets".

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 estimate of the amount of the obligation can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the best estimate of the present. If the outflow of resources to settle the obligation is most likely won't occur, the provision is reversed.

z. Allowance and on time interest payment in BRI unit

On Time Interest Payment (Pembayaran Bunga Tepat Waktu (PBTW)) represents incentives given to Micro Loans (Kredit Umum Pedesaan (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".

aa. Interest Income and Interest Expense

Interest income and expense for all interest bearing financial instruments are recognized in the consolidated statements of 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 instrument (or, wherever 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.

Loans for which the principal or interest are past due for 90 (ninety) days or more, or loans with doubtful timely payment, are generally classified as impaired loans and the aforementioned interest income is reversed when the loan is classified as impaired.

ab. Fees and commissions

Fees and commissions directly related to lending activities, or fees and commissions income related to a specific period, are amortized over the term of the contract using the effective interest rate method and classified as part of interest income in the consolidated statements of comprehensive income.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ab. Fees and commissions (continued)

Fees and commissions that are not related to the credit activity or a period of time and/or associated with 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* transactions and profit sharing from *mudharabah* and *musyarakah* financing. Income from *murabahah* and *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.

ad. 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 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

BRI adopted SFAS No. 24 (Revised 2010), " Employee Benefits".

The post-employment benefits and other long-term employee benefits such as gratuity for services and grand leaves 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*.

Provisions made pertaining to past service costs are deferred and amortized over the expected average remaining service years of the qualified employees. Furthermore, provisions for current service costs are directly charged to operations of the current year/period. Actuarial gains or losses arising from adjustments and changes in actuarial assumptions are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligations or 10% of the fair value of plan assets, at that date. The actuarial gains or losses in excess of the aforementioned 10% threshold are recognized on a straight-line method over the expected average remaining service years of the qualified employees.

Actuarial gains or losses and past service costs from other long-term employee benefits are recognized directly in the consolidated statement of comprehensive income of the current period.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ae. 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 calculated using the Black-Scholes option pricing model.

af. Earnings per Share

BRI adopted SFAS No. 56 (Revised 2011), " Earnings per Share".

Basic earnings per share is calculated by dividing income for the year attributable to equity holders of the Parent Entity by the weighted average number of issued and fully paid shares during the related year.

ag. Foreign currency transactions and balances

BRI maintains its accounting records in Indonesian Rupiah. Transactions in foreign currencies are recorded at the prevailing exchange rates in effect on the date of the transactions. As of December 31, 2013 and 2012, 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 credited or charged to the current consolidated statements of comprehensive income.

The exchange rates used in the translation of foreign currency amounts into Rupiah are the following (full Rupiah):

	2013	2012
1 United States Dollar	12,170.00	9,637.50
1 Great Britain Pound Sterling	20,110.93	15,514.93
100 Japanese Yen	11,575.00	11,176.50
1 European Euro	16,759.31	12,731.62
1 Hong Kong Dollar	1,569.54	1,243.27
1 Saudi Arabian Riyal	3,244.81	2,569.59
1 Singapore Dollar	9,622.08	7,878.61
1 Malaysian Ringgit	3,715.47	3,147.97
1 Australian Dollar	10,855.65	10,007.10
1 Chinese Yuan	2,010.28	1,546.52
1 Thailand Baht	371.15	314.85
1 Swiss Franc	13,674.16	10,536.25
1 Canadian Dollar	11,434.22	9,686.91
1 Bruneian Dollar	9,620.94	7,878.61
1 Danish Krone	2,246.78	1,708.60
1 South Korean Won	11.53	9.00
1 New Zealand Dollar	9,995.83	7,918.18
1 Papua New Guinean Kina	4,856.09	4,735.56
1 United Arab Emirates Dirham	3,313.50	2,623.84

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ah. Translation of the financial statements of Overseas Branch and Representative Offices

BRI has 1 (one) branch office in Cayman Islands 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 the overseas branch 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 statements of financial position reporting date.
- Revenues, expenses, gains and losses - using the average middle rate during the month. The ending 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.
- Statements of cash flows - using the spot rate published by Reuters at 4.00 p.m. WIB on statements 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”.

ai. Derivatives Instrument

Derivatives financial instruments are valued and recognized in the consolidated statements of financial position at fair value. Each derivatives contract is carried as asset when the fair value is positive and as liability when the fair value is negative.

Derivative transactions are recognized in accordance with SFAS No. 55 (Revised 2011). Derivative receivables and payables 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 statements of 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.

aj. Taxation

BRI and Subsidiaries adopted SFAS No. 46 (Revised 2010), “Accounting for Income Tax”.

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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

aj. Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled based on tax laws that have been enacted or substantively enacted as at statements 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 of 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 appealed against by BRI, when the result of the appeal is determined.

For each of the consolidated entity, the tax effects of temporary differences and tax loss carry forward, which individually is 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.

ak. Segment information

BRI and Subsidiaries adopted SFAS No. 5 (Revised 2009), "Operating Segments". The revised SFAS requires disclosures that will enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates.

A segment is a distinguishable component of the business unit that is engaged either in providing certain products (business 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, results, 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 intra-group transactions are eliminated.

BRI and Subsidiaries presents segments operation based on BRI's internal report that is presented to the Board of Directors as the chief operation decision maker.

BRI has identified and disclosed financial information based on main business (business segment) classified into micro, retail, corporate, others and subsidiaries, including 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, Asia and United States of America.

al. 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

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 in going concern and believes that BRI and Subsidiaries have the resources to continue its business 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 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 2011). Accordingly, the financial assets and financial liabilities are accounted for in accordance with BRI's accounting policies disclosed in Note 2.

Fair value of financial instruments

If the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position is not available in an active market, such fair value is determined using various valuation techniques including the use of mathematical models.

Inputs for this model come from observable market data as long as the data is available. When observable market data is not available, it is deemed necessary for management to determine the fair value. Management's considerations include liquidity and volatility feedback model for long-term derivatives transactions and discount rate, rate of early payment and default rate assumptions.

Held to maturity classification

The securities under held to maturity classification requires significant judgment. In making this judgment, BRI and Subsidiaries evaluates its intention and ability to hold such investments to maturity. If BRI and Subsidiaries fails to keep these investments to maturity other than in certain specific circumstances, for example, selling an insignificant amount close to maturity, it 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.

Financial assets not quoted in an active market

BRI and Subsidiaries classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

Judgments (continued)

Contingencies

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 external legal counsel handling BRI and subsidiaries defense in this matter and is based upon an analysis of potential results. 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 relating 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 significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. BRI based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions 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 and Sharia financing/receivables

The management of BRI and subsidiaries review its loan portfolio and financing/receivables to assess impairment on an annual basis by updating provisions made during the period as necessary based on the continuing analysis and monitoring of individual accounts by credit officers.

In determining whether an impairment loss should be recorded in the consolidated statements of 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.

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 assets in group. BRI and subsidiaries use estimates in the amount and timing of future cash flows when determining the level of allowance for losses required. Such 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

BRI determines that securities are impaired based on the same criteria as financial assets carried at amortized cost.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

al. Use of significant accounting judgments, estimates and assumption (continued)

Estimates and Assumptions (continued)

Useful lives of premises and equipment

The management of BRI estimates the useful lives of premises and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of premises and equipment 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 equipment 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 mentioned. 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 equipment increases the recorded operating expenses.

Impairment of non-financial assets

BRI and Subsidiaries assesses impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that BRI considers 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 cost to sell using 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.

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 date of the statements of financial position reporting 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 retirement liability

The cost of defined retirement 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 rate. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

am. 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/DPnP 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), 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 to sell.

For commitments and contingencies with credit risk, BRI management determines 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).

an. Changes in accounting policies and disclosures

BRI adopted the revised accounting standard on January 1, 2013, which are considered relevant to the consolidated financial statements of BRI and Subsidiaries but does not have a significant impact, is the annual improvements to Financial Accounting Standards of SFAS No. 60 "Financial Instruments: Disclosures". Annual improvements to Financial Accounting Standards provide qualitative disclosures in the context of the quantitative disclosures that enable users of financial statements to be able to correlate the related disclosures, in order for users of financial statements to understand the overall picture of the nature and extent of risks arising from financial instruments. The interaction between the disclosure of qualitative and quantitative results in information disclosure that enables users of financial statements to evaluate an entity's exposure to risks better.

3. IMPLEMENTATION OF QUASI-REORGANIZATION

As an impact of the economic condition, BRI incurred significant losses in 1999 which amounted to Rp28,221,364. After BRI's recapitalization in July 2000 and October 2000, the allowance for possible losses on earning assets of BRI has been reduced significantly when the non-performing earning assets were transferred to the Indonesian Bank Restructuring Agency (BPPN). BRI's accumulated losses amounted to Rp24,699,387 in its statements of financial position as of June 30, 2003.

In order to have a fresh start on its financial position showing the current values with no deficit, BRI implemented quasi-reorganization on June 30, 2003 (Note 2d).

The management of BRI has prepared projected financial statements showing strong profitability and sound Capital Adequacy Ratio (CAR) based on the primary strength of BRI as one of the major banks in Indonesia which focuses on micro-finance, consumer financing, small and middle businesses (UKM) and agribusiness sectors.

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4. CASH

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Rupiah		18,775,487		13,610,755
Foreign currencies				
United Stated Dollar	15,234,745	185,407	22,215,525	214,102
Saudi Arabian Riyal	22,226,667	72,121	8,155,415	20,956
Australian Dollar	3,396,638	36,873	658,143	6,586
Singapore Dollar	2,887,148	27,780	2,489,050	19,610
Malaysian Ringgit	7,139,467	26,526	1,044,325	3,287
European Euro	1,541,528	25,835	1,009,273	12,850
Japanese Yen	88,974,900	10,299	10,981,900	1,227
Chinese Yuan	1,678,716	3,375	2,119,113	3,277
Hong Kong Dollar	1,505,130	2,362	414,231	515
Great Britain Pound Sterling	74,714	1,503	46,214	717
Franc Swiss	65,410	894	11,040	116
Thailand Baht	2,221,340	824	4,365,130	1,374
South Korean Won	68,568,000	791	-	-
New Zealand Dollar	78,155	781	-	-
Canadian Dollar	38,750	443	6,295	61
Papua New Guinean Kina	75,060	365	-	-
Bruneian Dollar	11,620	112	3,883	31
		396,291		284,709
		19,171,778		**13,895,464**

As of December 31, 2013 and 2012, balances denominated in Rupiah is inclusive of cash at the ATM (Automatic Teller Machines) amounted to Rp4,720,085 and Rp3,555,174, respectively

5. CURRENT ACCOUNTS WITH BANK INDONESIA

Current accounts with Bank Indonesia consist of:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Rupiah		34,124,694		37,334,059
United Stated Dollar	541,807,803	6,593,801	538,528,330	5,190,067
		40,718,495		**42,524,126**

As of December 31, 2013 and 2012, current accounts with Bank Indonesia based on Sharia banking principles amounted to Rp679,112 and Rp528,298, respectively.

Current accounts with Bank Indonesia are maintained to comply with Bank Indonesia's Minimum Legal Reserve Requirements (GWM).

As of December 31, 2013 and 2012, the GWM ratios of BRI (Parent Entity) (unaudited) are as follows

	2013	2012
Primary GWM - Rupiah	8.02%	10.64%
Secondary GWM - Rupiah	8.40	4.94
Primary GWM - Foreign Currency	8.00	8.17

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5. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

The calculation of the GWM ratios as of December 31, 2013 is based on Bank Indonesia's regulation (PBI) No. 15/7/2013 dated September 26, 2013, regarding "Second changes on PBI No. 12/19/PBI/2010 dated October 4, 2010 on GWM of Commercial Banks with Bank Indonesia in Rupiah and Foreign Currencies". While the calculation of the GWM ratios as of December 31, 2012 is based on PBI No. 13/10/PBI/2011 dated February 9, 2011, regarding "Changes on PBI No. 12/19/PBI/2010 dated October 4, 2010 on GWM of Commercial Banks with Bank Indonesia in Rupiah and Foreign Currencies".

Secondary GWM in Rupiah is set at:
- 2.5% of third-party fund (TPF) in Rupiah until September 30, 2013;
- 3% of TPF in Rupiah since October 1, 2013 until October 31, 2013;
- 3.5% of TPF in Rupiah since November 1, 2013 until December 1, 2013, and
- 4% of TPF in Rupiah since December 2, 2013.

As of December 31, 2013 and 2012, based on the above Bank Indonesia regulations, BRI is required to maintain minimum primary reserves both in Rupiah and in foreign currencies of 8%, respectively. BRI is also required to maintain secondary reserves in Rupiah of 4% and 2.5% as of December 31, 2013 and 2012.

BRI has complied with Bank Indonesia's regulation regarding the minimum legal reserve requirement as of December 31, 2013 and 2012.

6. CURRENT ACCOUNTS WITH OTHER BANKS

a) By Currency:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties				
Rupiah		9,093		96,268
Foreign currencies				
United States Dollar	452,562,200	5,507,682	234,372,503	2,258,765
Chinese Yuan	873,761,773	1,756,501	579,827,548	896,712
European Euro	43,824,139	734,462	44,151,883	562,125
Australian Dollar	48,462,724	526,094	19,104,536	191,181
Singapore Dollar	18,903,491	181,891	13,964,011	110,017
Japanese Yen	1,259,084,064	145,739	861,128,260	96,244
Great Britain Pound Sterling	5,575,667	112,132	15,512,348	240,673
Hong Kong Dollar	63,659,364	99,916	133,138,148	165,526
United Arab Emirates Dirham	25,111,745	83,208	18,138,294	47,592
Saudi Arabian Riyal	25,320,262	82,160	42,256,174	108,581
Swiss Franc	4,272,851	58,428	2,632,911	27,741
New Zealand Dollar	1,151,474	11,510	1,498,579	11,866
Swedish Krone	3,339,004	6,335	773,002	1,143
Norwegian Krone	2,437,940	4,879	-	-
Canadian Dollar	412,728	4,719	1,796,961	17,407
		9,315,656		4,735,573
Related parties (Note 43)				
Rupiah		3,126		1,627

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6. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

a) By Currency (continued) :

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Related parties (Note 43) (continued)				
Foreign currencies				
Hong Kong Dollar	64,414,371	101,101	6,457,191	8,028
United States Dollar	511,171	6,221	67,445	650
		107,322		8,678
		9,435,197		4,842,146
Less: Allowance for impairment losses		(77)		(171)
		9,435,120		**4,841,975**

b) By Bank:

	2013	2012
Third parties		
Rupiah		
PT Bank Central Asia Tbk	6,874	94,698
PT Bank Pembangunan Daerah Sumatera Utara	1,108	539
Others	1,111	1,031
	9,093	96,268
Foreign currencies		
JP Morgan Chase Bank, N.A.	2,286,308	1,177,222
Standard Chartered Bank	1,413,727	697,117
Industrial and Commercial Bank of China (Indonesia) Co. Ltd	964,312	419,292
Bank of America, New York	822,611	1,041
Bank of China	792,190	477,420
Federal Reserve Bank of New York	621,092	46,011
The Hong Kong and Shanghai Banking Corporation Limited	577,174	388,774
Commerzbank, A.G.	484,150	121,539
Commonwealth Bank	379,394	21,398
The Royal Bank of Scotland	158,716	624,816
ANZ Banking Group Limited	146,700	169,783
Oversea-Chinese Banking Corporation Limited	143,416	74,630
ING Belgium N.V. Brussels	120,210	208,668
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	112,426	52,292
Citibank, N.A.	91,251	45,833
Al Rajhi Bank	67,769	108,581
UBS AG	45,437	13,553
The Bank of New York Mellon	41,822	28,851
Others	46,951	58,752
	9,315,656	4,735,573

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6. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

b) By Bank (continued):

	2013	2012
Related parties (Note 43)		
Rupiah		
PT Bank Mandiri (Persero) Tbk	2,646	1,170
PT Bank Negara Indonesia (Persero) Tbk	470	447
PT Bank Bukopin Tbk	10	10
	3,126	1,627
Foreign currencies		
PT Bank Negara Indonesia (Persero) Tbk	101,107	8,028
PT Bank Mandiri (Persero) Tbk	6,215	650
	107,322	8,678
	9,435,197	4,842,146
Less: Allowance for impairment losses	(77)	(171)
	9,435,120	**4,841,975**

c) By Collectibility:

Current accounts with other banks as of December 31, 2013 and 2012 were classified as "Current".

d) Average annual interest rates on current accounts with other banks:

	2013	2012
Rupiah	0.59%	1.58%
United States Dollar	0.01	0.10

e) Movements in the allowance for impairment losses on current accounts with other banks:

	2013	2012
Beginning balance	171	61
Provision (reversal) during the year (Note 33)	(94)	110
Ending balance	77	171

BRI assess allowance for impairment losses on current accounts with other banks on an individual basis using objective evidence, except for current accounts with other banks owned by BRIS (Subsidiary) (based on sharia principles) assessment was performed using a collectability guidance of Bank Indonesia.

The minimum allowance for impairment losses on current accounts with other banks provided based on Bank Indonesia regulations amounted to Rp77 and Rp171 as of December 31, 2013 and 2012, respectively.

Management believes that the allowance for impairment losses on current accounts with other banks is adequate.

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6. CURRENT ACCOUNTS WITH OTHER BANKS BANKS (continued)

As of December 31, 2013 and 2012, there are no current accounts with other banks used as collateral.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

7. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a) By Currency and Type:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties				
Rupiah				
Bank Indonesia				
Deposit Facility		22,813,358		14,929,280
Sharia Deposit Facility		897,500		1,101,000
Term Deposit		-		43,702,732
		23,710,858		59,733,012
Inter-bank call money				
PT Bank Mega Tbk		320,000		300,000
PT Bank Danamon Indonesia Tbk		-		250,000
PT Bank Pan Indonesia Tbk		260,000		150,000
Citibank, N.A.		250,000		45,000
The Hong Kong and Shanghai Banking Corporation Limited		200,000		-
PT Bank Pembangunan Daerah (BPD) Jawa Barat dan Banten Tbk		120,000		50,000
PT Bank DBS Indonesia		100,000		45,000
PT Bank DKI		100,000		-
PT Bank BNP Paribas Indonesia		95,000		-
PT Bank Himpunan Saudara 1906 Tbk		89,040		-
PT BPD Riau Kepri		25,000		-
PT Bank Mestika Dharma Tbk		25,000		-
PT BPD Sumatera Barat (Bank Nagari)		25,000		-
PT BPD Sumatera Utara		25,000		-
PT Bank Sinarmas Tbk		20,000		-
PT BPD Kalimantan Selatan		15,000		-
PT BPD Jawa Tengah		-		40,000
PT Bank UOB Indonesia		-		40,000
		1,669,040		920,000
		25,379,898		60,653,012
United States Dollar				
Bank Indonesia - Term Deposit	599,998,264	7,301,979	99,979,409	963,552
Inter-bank call money				
Citibank, N.A.	84,290,000	1,025,809	86,200,000	830,753
The Bank of New York Mellon	58,800,000	715,596	138,900,000	1,338,649
First Union, NY	45,600,000	554,952	149,600,000	1,441,770
Bank Of China Limited	4,000,000	48,680		-
Bank of America, N.A.		-	29,560,000	284,885
US Bank		-	27,509	265
		2,345,037		3,896,322

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7. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

a) By Currency and Type (continued):

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties (continued)				
United States Dollar (continued)				
Time Deposits				
Standard Chartered Bank	229,732	2,796	1,000,000	9,637
		9,649,812		4,869,511
		35,029,710		65,522,523
Related parties (Note 43)				
Rupiah				
Inter-bank call money				
Lembaga Pembiayaan Ekspor Indonesia		400,000		-
PT Bank Bukopin Tbk		210,000		150,000
PT BTMU-BRI Finance		130,000		285,000
		740,000		435,000
United States Dollar				
Inter-bank call money				
PT Bank Negara Indonesia (Persero) Tbk	44,139,117	537,173	29,614,072	285,405
		1,277,173		720,405
		36,306,883		**66,242,928**

b) By Time Period:

The classifications of placements based on their remaining period to maturity are as follows:

	2013	2012
Third parties		
Rupiah		
≤ 1 month	25,379,898	26,030,740
> 1 month - 3 months	-	21,131,764
> 3 months - 1 year	-	13,490,508
	25,379,898	60,653,012
United States Dollar		
≤ 1 month	9,647,016	3,896,322
> 1 month - 3 months	-	491,459
> 3 months - 1 year	2,796	481,730
	9,649,812	4,869,511
	35,029,710	65,522,523

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7. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

b) By Time Period (continued):

	2013	2012
Related parties (Note 43)		
Rupiah		
≤ 1 month	700,000	180,000
> 1 month - 3 months	40,000	60,000
> 3 months - 1 year	-	195,000
	740,000	435,000
United States Dollar		
≤ 1 month	537,173	285,405
	1,277,173	720,405
	36,306,883	**66,242,928**

c) By Collectibility:

All placements with Bank Indonesia and other banks were classified as "Current" as of December 31, 2013 and 2012.

d) The average annual interest rates:

	2013	2012
Rupiah		
Deposit Facility	4.92%	3.90%
Term Deposit	4.42	4.41
Inter-bank call money	5.81	4.87
United States Dollar		
Term Deposit	0.13	0.15
Inter-bank call money	0.32	0.67
Time Deposit	0.02	0.66

BRI assessed placements with Bank Indonesia and other banks individually for impairment based on whether an objective evidence of impairment exists, except for the placements with Bank Indonesia and other banks based on Sharia principles whereby assessment is made using Bank Indonesia's guidelines on collectibility.

Management believes that no allowance for impairment losses is necesarry as of December 31, 2013 and 2012, because management believes that placements with Bank Indonesia and other banks are fully collectible.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
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8. SECURITIES

a) By Purpose, Currency and Type:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Fair value through profit or loss				
Third parties				
Rupiah				
Certificates of Bank Indonesia		87,424		-
Mutual funds		10,702		10,998
		98,126		10,998
United States Dollar				
Credit Linked Notes	55,000,000	669,350	55,000,000	530,063
Related parties (Note 43)				
Rupiah				
Government bonds		131,035		71,925
		898,511		612,986
Available for sale				
Third parties				
Rupiah				
Certificates of Bank Indonesia		2,853,028		4,043,563
Deposits Certificates of Bank Indonesia		1,342,650		-
Mutual Funds		75,013		-
Bonds		25,487		-
		4,296,178		4,043,563
United States Dollar				
Bonds	35,431,553	431,202	14,691,569	141,590
U.S Treasury Bonds	26,894,823	327,310	40,415,875	389,508
Medium term notes		-	5,029,313	48,470
		758,512		579,568
Related parties (Note 43)				
Rupiah				
Government bonds		6,771,956		6,424,673
Mutual funds		252,749		-
Bonds		186,764		202,509
		7,211,469		6,627,182
United States Dollar				
Government bonds	251,828,595	3,064,754	234,108,741	2,256,223
Bonds	3,545,193	43,145	1,924,669	18,549
		3,107,899		2,274,772
		15,374,058		13,525,085
Held to maturity				
Third parties				
Rupiah				
Certificates of Bank Indonesia		5,087,423		12,513,201
Deposits Certificates of Bank Indonesia		2,375,218		-
Bank Indonesia Sharia Certificates (SBIS)		1,050,000		575,000
Bonds		918,425		603,000
Subordinated bonds		40,000		89,873
Medium Term Notes		25,000		-
		9,496,066		13,781,074

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8. SECURITIES (continued)

a) By Purpose, Currency and Type (continued):

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Held to maturity (continued)				
Third parties (continued)				
United States Dollar				
Credit Linked Notes	291,162,942	3,543,453	328,714,293	3,167,984
Notes receivable	7,000,000	85,190	12,000,000	115,650
		3,628,643		3,283,634
Related parties (Note 43)				
Rupiah				
Government bonds		11,223,864		8,749,563
Bonds		855,553		753,716
Medium Term Notes		25,000		100,000
		12,104,417		9,603,279
United States Dollar				
Government bonds	84,306,081	1,026,005	34,405,395	331,582
Bonds	12,057,272	146,737		-
		1,172,742		331,582
		26,401,868		26,999,569
		42,674,437		41,137,640
Less: Allowance for impairment losses		(772)		(760)
		42,673,665		**41,136,880**

b) By Collectibility:

Securities were classified as “Current” as of December 31, 2013 and 2012.

c) By Remaining Period to Maturity:

The classifications of securities based on their remaining period to maturity are as follows:

	2013	2012
Third parties		
Rupiah		
≤ 1 month	4,643,601	4,554,059
> 1 month - 3 months	1,958,854	1,650,919
> 3 months - 1 year	6,489,098	11,067,784
> 1 year	798,817	562,873
	13,890,370	17,835,635
United States Dollar		
≤ 1 month	758,513	579,569
> 1 month - 3 months	2,733,930	-
> 3 months - 1 year	866,921	300,738
> 1 year	697,141	3,512,958
	5,056,505	4,393,265
	18,946,875	22,228,900

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8. SECURITIES (continued)

c) By Remaining Period to Maturity (continued):

The classifications of securities based on their remaining period to maturity are as follows (continued):

	2013	2012
Related parties (Note 43)		
Rupiah		
≤ 1 month	7,355,448	6,542,974
> 1 month - 3 months	22,126	26,822
> 3 months - 1 year	1,143,379	435,029
> 1 year	10,925,968	9,297,561
	19,446,921	16,302,386
United States Dollar		
≤ 1 month	3,107,899	2,226,584
> 1 year	1,172,742	379,770
	4,280,641	2,606,354
	23,727,562	18,908,740
	42,674,437	41,137,640
Less: Allowance for impairment losses	(772)	(760)
	42,673,665	**41,136,880**

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. The details of Government bonds are as follows:

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			2013	2012
Fair value through profit or loss				
Rupiah				
FR0062	6.38	April 15, 2042	14,300	30,033
FR0064	6.13	May 15, 2028	23,288	20,750
FR0065	6.63	May 15, 2033	23,450	21,142
FR0068	8.38	March 15, 2034	18,969	-
FR0070	8.38	March 15, 2024	29,858	-
SR004	6.25	September 21, 2015	21	-
SR005	6.00	February 27, 2016	6,170	-
ORI010	8.50	October 15, 2016	14,979	-
			131,035	71,925

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8. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value 2013	Fair Value/Carrying Value 2012
Available for sale				
Rupiah				
FR0027	9.50	June 15, 2015	242,391	263,095
FR0028	10.00	July 15, 2017	105,986	120,834
FR0031	11.00	November 15, 2020	56,702	68,796
FR0040	11.00	September 15, 2025	419,232	530,673
FR0042	10.25	July 15, 2027	214,085	275,402
FR0045	9.75	May 15, 2037	10,471	14,000
FR0047	10.00	February 15, 2028	181,043	234,538
FR0050	10.50	July 15, 2038	28,049	37,676
FR0052	10.50	August 15, 2030	330,095	446,934
FR0053	8.25	July 15, 2021	335,164	409,920
FR0054	9.50	July 15, 2031	142,540	187,189
FR0055	7.38	September 15, 2016	216,315	238,276
FR0056	8.38	September 15, 2026	162,338	209,620
FR0057	9.50	May 15, 2041	51,103	69,583
FR0058	8.25	June 15, 2032	399,679	524,274
FR0059	7.00	May 15, 2027	409,121	521,784
FR0060	6.25	April 15, 2017	442,243	492,300
FR0061	7.00	May 15, 2022	440,417	547,178
FR0062	6.38	April 15, 2042	291,270	409,964
FR0063	5.63	May 15, 2023	387,145	209,652
FR0064	6.13	May 15, 2028	499,417	206,672
FR0065	6.63	May 15, 2033	413,417	216,126
FR0066	5.25	May 15, 2018	262,507	-
FR0068	8.38	March 15, 2034	175,444	-
FR0069	7.88	April 15, 2019	65,320	-
FR0070	8.38	March 15, 2024	171,773	-
FR0071	9.00	March 15, 2029	120,089	-
ORI005	11.45	September 15, 2013	-	15,263
ORI007	7.95	August 15, 2013	-	68,571
ORI008	7.30	October 15, 2014	17,763	9,618
ORI009	6.25	October 15, 2015	26,045	10,156
ORI010	8.50	October 15, 2016	80,259	-
ZC0005	-	February 20, 2013	-	29,710
SPN	various	various	74,533	56,869
			6,771,956	6,424,673
United States Dollar				
RI0014	6.75	March 10, 2014	682,431	688,842
RI0014	10.38	May 4, 2014	37,667	32,418
RI0015	7.25	April 20, 2015	195,392	206,459
RI0016	7.50	January 15, 2016	80,565	67,583
RI0017	6.88	March 9, 2017	176,268	436,723
RI0018	6.88	January 17, 2018	150,416	129,335
RI0020	5.88	March 13, 2020	154,621	139,358
RI0021	4.88	May 5, 2021	276,411	253,320
RI0023	3.38	April 15, 2023	100,695	-
RI0035	8.50	October 12, 2035	44,295	46,405
RI0037	6.63	February 17, 2037	184,961	167,885
RI0038	7.75	January 17, 2038	82,849	87,895
RI0142	5.25	January 17, 2042	20,724	-
RI0422	3.75	April 25, 2022	164,321	-
RI0423	3.38	April 15, 2023	183,134	-
RI0443	4.63	April 15, 2043	309,994	-
RI1023	5.38	October 17, 2023	36,331	-
U.S Treasury Bonds	5.38	February 15, 2031	327,310	389,508
USDFR0001	3.50	May 15, 2017	183,679	-
			3,392,064	2,645,731
			10,164,020	9,070,404

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8. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value 2013	Fair Value/Carrying Value 2012
Held to maturity				
Rupiah				
FR0026	11.00	October 15, 2014	156,670	158,613
FR0028	10.00	July 15, 2017	301,847	304,636
FR0030	10.75	May 15, 2016	32,381	33,912
FR0039	11.75	August 15, 2023	52,296	52,804
FR0040	11.00	September 15, 2025	57,123	57,451
FR0042	10.25	July 15, 2027	169,881	169,863
FR0043	10.25	July 15, 2022	523,620	522,622
FR0044	10.00	September 15, 2024	76,082	76,426
FR0045	9.75	May 15, 2037	224,164	224,016
FR0046	9.50	July 15, 2023	182,197	181,757
FR0047	10.00	February 15, 2028	381,298	381,973
FR0048	9.00	September 15, 2018	107,571	107,074
FR0049	9.00	September 15, 2013	-	90,453
FR0050	10.50	July 15, 2038	68,539	68,527
FR0052	10.50	August 15, 2030	296,813	296,747
FR0053	8.25	July 15, 2021	590,392	590,002
FR0054	9.50	July 15, 2031	352,730	352,469
FR0055	7.38	September 15, 2016	656,387	655,829
FR0056	8.38	September 15, 2026	798,687	797,056
FR0058	8.25	June 15, 2032	550,097	551,636
FR0059	7.00	May 15, 2027	259,577	259,829
FR0060	6.25	April 15, 2017	321,533	323,810
FR0061	7.00	May 15, 2022	429,254	430,932
FR0062	6.38	April 15, 2042	66,586	66,603
FR0063	5.63	May 15, 2023	486,440	57,551
FR0064	6.13	May 15, 2028	147,199	24,323
FR0065	6.63	May 15, 2033	247,954	100,299
FR0066	5.25	May 15, 2018	119,554	-
FR0068	8.38	March 15, 2034	142,889	-
FR0069	7.88	April 15, 2019	332,414	-
FR0070	8.38	March 15, 2024	416,094	-
FR0071	9.00	March 15, 2029	226,824	-
IFR0003	9.25	September 15, 2015	113,408	114,544
IFR0004	9.00	October 15, 2013	-	49,877
IFR0005	9.00	January 15, 2017	307,203	310,661
IFR0006	10.25	March 15, 2030	47,928	47,914
IFR0007	10.25	January 15, 2025	309,906	311,073
IFR0010	10.00	February 15, 2036	81,778	82,631
ORI008	7.30	October 15, 2014	3,458	-
ORI009	6.25	October 15, 2015	569	-
ORI010	8.50	October 15, 2016	12,650	-
PBS0001	4.45	February 15, 2018	210,101	144,973
PBS0002	5.45	January 15, 2022	242,847	241,958
PBS0003	6.00	January 15, 2027	243,510	243,048
PBS0004	6.10	February 15, 2037	108,969	94,710
PBS0005	6.75	April 15, 2043	4,821	-
PBS0006	8.25	September 15, 2020	5,294	-
SR002	8.70	February 10, 2013	-	26,822
SR003	8.15	February 23, 2014	22,126	18,131
SR004	6.25	September 21, 2015	13,732	5,309
SR005	6.00	February 27, 2016	81,322	-
SPN	various	various	639,149	120,699
			11,223,864	8,749,563

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8. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value 2013	Fair Value/Carrying Value 2012
Held to maturity (continued)				
United States Dollar				
RI0015	7.25	April 20, 2015	70,134	31,337
RI0016	7.50	January 15, 2016	172,365	-
RI0018	6.88	January 17, 2018	119,484	19,209
RI0020	5.88	March 13, 2020	90,531	72,266
RI0021	4.88	May 5, 2021	27,203	27,202
RI0037	6.63	February 17, 2037	168,461	133,379
USDFR0001	3.50	May 15, 2017	134,427	-
Indois18	4.88	May 5, 2021	60,850	48,189
Indois19s	6.13	March 15, 2019	182,550	-
			1,026,005	331,582
			12,249,869	9,081,145
			22,544,924	**18,223,474**

The market values of Government bonds classified as fair value through profit or loss and available for sale ranged from 70.97% to 144.12% and 94.78% to 150.71% of nominal amounts as of December 31, 2013 and 2012, respectively.

d.2. Bonds

Issuer	Annual Interest Rate (%)	Maturity Date	Rate *) 2013	Rate *) 2012	Fair Value/Carrying Value 2013	Fair Value/Carrying Value 2012
Available for sale						
Third parties						
Rupiah						
PT Bank Permata Tbk						
Phase I 2013 Series A	10.00	January 3, 2015	idAA+	-	25,487	-
United States Dollar						
PT Medco Energi Internasional Tbk						
Phase I 2011	6.05	July 14, 2016	idAA-	idAA-	123,298	90,912
General Electric Company	3.10	January 9, 2023	A1**)	-	81,137	-
Morgan Stanley	3.75	February 25, 2023	A-****)	-	35,599	-
Mizuho Bank	3.50	March 21, 2023	A+****)	-	34,971	-
Hewlett-Packard Company	4.30	June 1, 2021	Baa1**)	-	25,310	-
Goldman Sach	3.30	May 3, 2015	A***)	A***)	25,273	20,295
Kraft Foods	5.00	June 4, 2042	Baa2**)	-	24,462	-
Indian Oil Corporation Ltd	5.75	August 1, 2023	BBB-****)	-	23,645	-
Apple Incorporation	3.85	May 4, 2043	AA+***)	-	20,534	-
Alcoa Inc	5.72	February 23, 2019	Ba1**)	-	12,988	-
Darden Restaurants Inc	4.50	October 15, 2021	Baa3**)	-	12,048	-
Goldman Sach	3.63	January 22, 2023	A***)	-	11,937	-
Barclays Bank	5.14	October 14, 2020	-	A-***)	-	30,383
					431,202	141,590

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8. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rate *) 2013	Rate *) 2012	Fair Value/Carrying Value 2013	Fair Value/Carrying Value 2012
Available for sale (continued)						
Related parties (Note 43)						
Rupiah						
PT Jasa Marga (Persero) Tbk						
Series XIII R	10.25	June 21, 2017	idAA	idAA	99,977	111,497
PT Perusahaan Listrik Negara (Persero)						
Series IX A	10.40	July 10, 2017	idAAA	idAA+	76,858	80,180
Perum Pegadaian						
Series XII B	8.00	September 4, 2017	idAA+	idAA+	9,929	10,832
					186,764	202,509
United States Dollar						
PT Bank Negara Indonesia (Persero) Tbk	4.13	April 27, 2017	BB****)	idAA	24,344	18,549
PT Pertamina (Persero)	5.63	May 20, 2043	Baa3**)	-	9,695	-
PT Perusahaan Listrik Negara (Persero)	5.25	October 24, 2042	Baa3**)	-	9,106	-
					43,145	18,549
					686,598	362,648
Held to maturity						
Third parties						
Rupiah						
PT Japfa Comfeed Indonesia Tbk						
Series I 2012	9.90	January 12, 2017	idA+	idA	150,000	150,000
PT Adira Dinamika Multi Finance Tbk						
Phase I Series C 2011	9.00	December 16, 2016	idAA+	-	4,009	-
Phase I Series C 2013	7.85	March 1, 2016	idAA+	-	15,000	-
Phase I Series D 2013	8.90	March 1, 2018	idAA+	-	9,856	-
Phase II Series A 2013	9.15	November 3, 2014	idAA+	-	5,012	-
Sukuk Phase I Series C 2013	7.85	March 1, 2016	idAA+(Sy)	-	15,000	-
PT Bakrieland Development Tbk						
Series I B	12.85	March 11, 2013	-	idB	-	100,000
PT Bank Danamon Indonesia Tbk						
Series II A	8.75	December 9, 2013	-	idAA+	-	20,000
Series II B	9.00	December 9, 2015	idAA+	idAA+	81,292	30,000
PT Bank Pan Indonesia Tbk						
Series III 2009	11.50	October 6, 2014	idAA	-	26,595	-
Series IV 2010	9.00	November 9, 2015	idAA	-	9,995	-
Series I B 2013	8.50	February 19, 2015	idA+	-	25,000	-
PT Salim Invomas Pratama						
Sukuk Ijarah I	11.65	December 1, 2014	idAA	idAA	25,000	25,000
PT Federal International Finance						
Phase I Series C	7.65	April 20, 2015	idAA+	-	29,430	-
Phase II Series A	6.75	April 14, 2014	idAA+	-	10,000	-
Phase II Series B	7.75	April 4, 2016	idAA+	-	10,000	-
Series I B	6.90	February 19, 2015	idAAA	-	4,980	-
Series I C	7.40	February 19, 2016	idAAA	-	34,256	-
Series I	11.80	March 6, 2013	-	idAAA	-	10,000
PT BW Plantation Tbk						
Series I	10.68	November 16, 2015	idBBB+	idA-	25,000	25,000
PT Astra Sedaya Finance						
Series XII C	9.70	February 25, 2014	idAA+	idAA+	50,000	50,000
Phase II Series A 2013	8.75	December 6, 2014	idAA+	idAA+	50,000	-
PT Agung Podomoro Land Tbk						
Series I A	10.00	August 25, 2014	idA	idA	6,000	6,000
Series II	9.38	August 15, 2017	idA	idA	10,000	10,000

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8. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rate *) 2013	Rate *) 2012	Fair Value/Carrying Value 2013	Fair Value/Carrying Value 2012
Held to maturity (continued)						
Third parties (continued)						
Rupiah (continued)						
PT BPD Sumatera Barat (Bank Nagari)						
Series VI	9.88	January 13, 2016	idA	idA	10,000	10,000
PT Bank CIMB Niaga Tbk						
Series B	8.30	December 23, 2016	idAAA	idAAA	30,000	30,000
Series I A 2013	8.75	November 20, 2015	idAAA	-	40,000	-
Series I C 2013	9.75	November 20, 2018	idAAA	-	30,000	-
Series III	10.13	July 5, 2016	idA+	idA+	10,000	10,000
PT Bank Jabar Banten Tbk						
Series VII A	9.20	February 9, 2014	idAA-	idAA-	20,000	20,000
PT Bank DKI						
Series VI A	9.25	June 17, 2014	idA+	idA+	17,000	17,000
PT Bank BTPN						
Series I A	7.75	August 3, 2015	AA-	AA-	30,000	30,000
Series I B	8.25	August 3, 2017	AA-	AA-	20,000	20,000
PT Bank Internasional Indonesia Tbk						
Series I A 2012	7.60	October 31, 2015	idAAA	idAAA	25,000	25,000
Series I B 2012	8.00	October 31, 2017	idAAA	idAAA	15,000	15,000
PT Bank Permata Tbk						
Phase I 2013 Series A	10.00	January 3, 2015	idAA+	-	50,000	-
Phase I 2013 Series B	10.50	December 24, 2016	idAA+	-	25,000	-
					918,425	603,000
Related parties (Note 43)						
Rupiah						
PT Danareksa (Persero)						
Series III C	13.50	June 20, 2013	-	idA	-	5,000
Lembaga Pembiayaan Ekspor Indonesia						
Series I B	8.85	July 8, 2013	idAAA	idAAA	-	29,000
Series I C	9.60	July 8, 2015	idAAA	idAAA	20,000	20,000
Series A	7.00	December 20, 2014	idAAA	idAAA	37,000	37,000
Series B	7.75	December 20, 2016	idAAA	idAAA	38,000	38,000
Series I A 2012	6.25	December 7, 2013	idAAA	idAAA	-	25,000
Series I B 2012	6.50	November 27, 2015	idAAA	idAAA	25,000	25,000
Phase III Series A	6.15	June 2, 2014	idAAA	-	60,000	-
Phase III Series B	6.40	May 23, 2016	idAAA	-	60,000	-
Series I B	7.50	December 27, 2017	idAA	-	18,824	-
Series III B	9.75	July 8, 2013	-	AA***)	-	20,000
Series IV B	8.80	April 5, 2013	-	AA***)	-	20,000
PT Pupuk Kalimantan Timur						
Sukuk Ijarah I	10.75	December 4, 2014	idAA+	idAA	25,000	25,000
Series II	10.75	December 4, 2014	idAA+	idAA	10,000	10,000
PT Indosat Tbk						
Sukuk Ijarah IV A	11.25	December 8, 2014	idAA+	idAA+	16,000	16,000
PT Bank Tabungan Negara (Persero) Tbk						
Series I	7.90	June 5, 2022	idAA	idAA	25,000	25,000
Series XIV	10.25	June 11, 2020	idAA	idAA	30,000	30,000
Series XV	9.50	June 28, 2021	idAA	idAA	50,000	50,000
Series I Phase II 2013	7.90	March 27, 2023	-	idAA	33,872	-
Series XIII C	12.25	May 29, 2014	idAA	-	3,046	-
EBA Series I A	13.00	March 10, 2018	idAAA	idAAA	-	1,716
PT PLN (Persero)						
Sukuk Ijarah IV A	11.95	January 12, 2017	idAAA	idAA+	10,000	10,000
Perum Pegadaian						
Series I A	7.50	October 11, 2014	idAA+	idAA+	247,000	247,000
Series XI A	13.10	May 23, 2016	idAA+	-	19,616	-
Series XIII B	12.65	July 1, 2017	idAA+	-	1,094	-
Series XII A	10.03	September 4, 2017	idAA+	-	6,101	-

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8. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rate *) 2013	Rate *) 2012	Fair Value/Carrying Value 2013	Fair Value/Carrying Value 2012
Held to maturity (continued)						
Related parties (Note 43) (continued)						
Rupiah (continued)						
PT Aneka Tambang (Persero) Tbk						
Series I A	8.38	December 14, 2018	idAA-	idAA	20,000	20,000
Series I B	9.05	December 14, 2021	idAA-	idAA	75,000	75,000
PT Waskita Karya						
Series II A	8.75	June 5, 2015	idA	idA-	25,000	25,000
					855,553	753,716
United States Dollar						
PT Bank Negara Indonesia (Persero) Tbk	4.13	April 27, 2017	BB****)	-	82,377	-
Lembaga Pembiayaan Ekspor Indonesia	3.75	April 26, 2017	idAAA	-	64,360	-
					146,737	-
					1,920,715	1,356,716
					2,607,313	**1,719,364**

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo).
**) Based on ratings issued by Moody's.
***) Based on ratings issued by Fitch Ratings.
****) Based on ratings issued by Standard & Poor.

d.3. Mutual Funds

	2013	2012
Third parties		
Rupiah		
ITB - Niaga	10,702	10,998
RHB OSK Asset Management	75,013	-
	85,715	10,998
Related parties (Note 43)		
Rupiah		
PT BNI Asset Management	252,749	-
	338,464	**10,998**

d.4. Notes Receivable

Issuer	2013 Carrying Value	2013 Rating****)	2013 Maturity Date
Third parties			
United States Dollar			
Verizon	36,510	A-	March 28, 2014
Morgan Stanley	24,340	A-	August 31, 2015
Morgan Stanley	24,340	A-	August 31, 2017
	85,190		

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8. SECURITIES (continued)

d) By Type and Issuer (continued):

d.4. Notes Receivable (continued)

Issuer	2012 Carrying Value	2012 Rating****)	2012 Maturity Date
Third parties			
United States Dollar			
Gen Electric Cap Corp	48,188	A-	May 22, 2013
Verizon	28,912	A-	March 28, 2014
Morgan Stanley	19,275	A-	August 31, 2015
Morgan Stanley	19,275	A-	August 31, 2017
	115,650		

****) Based on ratings issued by Standard & Poor.

d.5. Subordinated bonds

Penerbit	Annual Interest Rate (%)	Maturity Date	Rating 2013	Rating 2012	Fair Value/Carrying Value 2013	Fair Value/Carrying Value 2012
Held to maturity						
Third parties						
Rupiah						
PT Bank OCBC NISP Series III	11.35	June 30, 2017	AA***)	AA***)	40,000	40,000
PT Bank Pan Indonesia Tbk Series II	11.60	April 9, 2018	-	idAA-*)	-	49,873
					40,000	**89,873**

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo).
***) Based on ratings issued by Fitch Ratings.

d.6. Medium-Term Notes (MTN)

Penerbit	Nominal Value United States Dollar (Full Amount)	Nominal Value Rupiah	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value 2013	Fair Value/Carrying Value 2012
Available for sale						
Third parties						
United States Dollar						
PT Medco Energi Internasional Tbk	5,000,000	-	6.38*)	October 29, 2013	-	48,470
Held to maturity						
Third parties						
Rupiah						
PT Bank OCBC NISP Tbk Series III	-	25,000	7.00*)	April 18, 2016	25,000	-

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8. SECURITIES (continued)

d) By Type and Issuer (continued)

d.6. Medium-Term Notes (MTN) (continued)

Penerbit	Nominal Value: United States Dollar (Full Amount)	Nominal Value: Rupiah	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value 2013	Fair Value/Carrying Value 2012
Held to maturity (continued)						
Related parties (Note 43)						
Rupiah						
PT Perkebunan Nusantara III (Persero)						
Series B	-	25,000	9.75*)	November 22, 2015	25,000	25,000
Series A	-	25,000	9.10*)	November 22, 2013	-	25,000
PT Perkebunan Nusantara VII (Persero)						
Series A	-	50,000	10.40*)	July 8, 2013	-	50,000
					25,000	100,000
					50,000	**148,470**

*) The interest is received every 3 (three) months.

d.7. Credit Linked Notes (CLN)

As of December 31, 2013 and 2012, the following are the balances of securities in the form of CLN:

Issuer	2013 Effective Date	2013 Maturity Date	2013 Annual Interest Rate	2013 Nominal Value (United States Dollar) (full amount)	2013 Carrying Value
Fair value through profit or loss					
Third parties					
United States Dollar					
Standard Chartered Bank	March 14, 2011	March 20, 2014	3.05%	25,000,000	304,250
The Royal Bank of Scotland	April 6, 2011	March 20, 2014	LIBOR**) + 2%	30,000,000	365,100
				55,000,000	669,350
Held to maturity					
Third parties					
United States Dollar					
Credit Suisse International	October 20, 2011	December 20, 2016	LIBOR*) + 2.95%	50,000,000	648,462
Standard Chartered Bank	February 11, 2009	March 20, 2014	LIBOR**) + 1.50%	90,000,000	1,105,834
The Hong Kong and Shanghai Banking Corporation Limited	April 28, 2009	June 20, 2014	LIBOR**) + 1.50%	70,000,000	866,921
The Royal Bank of Scotland	January 14, 2009	March 20, 2014	LIBOR**) + 2.80%	50,000,000	615,003
The Royal Bank of Scotland	February 10, 2009	March 20, 2014	LIBOR**) + 1.10%	25,000,000	307,233
				285,000,000	3,543,453
					4,212,803

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8. SECURITIES (continued)

d) By Type and Issuer (continued):

d.7. Credit Linked Notes (CLN) (continued)

As of December 31, 2013 and 2012, the following are the balances of securities in the form of CLN (continued):

	2012				
Issuer	Effective Date	Maturity Date	Annual Interest Rate	Nominal Value (United States Dollar) (full amount)	Carrying Value
Fair value through profit or loss					
Third parties					
United States Dollar					
Standard Chartered Bank	March 14, 2011	March 20, 2014	3.05%	25,000,000	240,938
The Royal Bank of Scotland	April 6, 2011	March 20, 2014	LIBOR**) + 2%	30,000,000	289,125
				55,000,000	530,063
Held to maturity					
Third parties					
United States Dollar					
Credit Suisse International	October 20, 2011	December 20, 2016	LIBOR*) + 2.95%	50,000,000	523,850
Standard Chartered Bank	February 11, 2009	March 20, 2014	LIBOR**) + 1.50%	90,000,000	914,480
The Hong Kong and Shanghai Banking Corporation Limited	April 28, 2009	June 20, 2014	LIBOR**) + 1.50%	70,000,000	711,959
The Royal Bank of Scotland	January 14, 2009	March 20, 2014	LIBOR**) + 2.80%	50,000,000	510,837
The Royal Bank of Scotland	February 10, 2009	March 20, 2014	LIBOR**) + 1.10%	25,000,000	254,308
The Royal Bank of Scotland	December 1, 2008	December 20, 2013	LIBOR*) + 1.00%	25,000,000	252,550
				310,000,000	3,167,984
					3,698,047

*) United States Dollar LIBOR 6 (six) months.
**) United States Dollar LIBOR 3 (three) months.

CLN represents a debt security where the coupon payments and principal repayment are linked to credit default event of the Republic of Indonesia (reference entity). BRI will receive all interest payments and full principal repayment if there is no credit default event. If credit default event occurs to the reference entity, the issuers will settle the CLN with bonds issued by the reference entity or cash at a certain amount. Credit default events that can occur to the reference entity among others are (i) failure to pay any matured obligation, (ii) repudiation/moratorium and (iii) restructuring in which the payment terms are unfavorable to the creditors.

The embedded credit default swap as of December 31, 2013 and 2012 have a liability fair value of USD3,225,160 and USD5,392,134 (equivalent to Rp39,250 and Rp51,967), respectively, which were recognized as derivatives payable in the consolidated statements of financial position (Note 12). The net gain from the changes in fair value of the embedded credit default swap was recognized as income for the years ended December 31, 2013 and 2012 amounted to USD2,166,975 (equivalent to Rp26,372) and USD6,221,952 (equivalent to Rp59,964), respectively.

As of December 31, 2013 and 2012 BRI recognized net unrealized gains from increase in fair value of CLN classified as “fair value through profit or loss” amounted to USD404,078 and USD1,387,416 (equivalent to Rp4,918 and Rp13,371) which was recorded in the consolidated statements of financial position as derivatives receivable (Note 12) and consolidated statements of comprehensive income as unrealized gain from changes in fair value of securities and Government Recapitalization Bonds.

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8. SECURITIES (continued)

e) Movements in the allowance for impairment losses on securities:

	2013	2012
Rupiah		
Beginning balance	760	1,510
Provision (reversal) during the year (Note 33)	12	(750)
Ending balance	**772**	**760**

BRI assessed individually for impairment based on whether an objective evidence of impairment exists, except for the securities of BRIS (Subsidiary) based on Sharia principles whereby assessment is made using Bank Indonesia's guidelines on collectability.

The minimum allowance for impairment losses on securities based on Bank Indonesia regulations amounted to Rp772 and Rp760, as of December 31, 2013 and 2012, respectively.

Management believes that the allowance for impairment losses on securities is adequate.

f) The average annual interest rates:

	2013	2012
Rupiah	7.24%	6.25%
United States Dollar	4.07	3.94

g) BRI recognized unrealized loss - net in the value of "Fair Value through Profit or Loss" securities amounted to Rp21,820 and RpNil for the years ended December 31, 2013 and 2012, respectively, which are recorded under "Unrealized gain from changes in fair value of securities and Government Recapitalization Bonds - net" in the consolidated statements of comprehensive income.

h) BRI recognized net gain resulting from the sale of securities amounted to Rp78,252 and Rp42,670, for the years ended December 31, 2013 and 2012, respectively, which are recorded under "Gain on sale of securities and Government Recapitalization Bonds - net" in the consolidated statements of comprehensive income.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

9. EXPORT BILLS

a) By Type and Currency:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties				
Rupiah				
Domestic Documentary Letters of Credit		932,062		35,148
Export bills		114,289		-
		1,046,351		35,148

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9. EXPORT BILLS (continued)

a) By Type and Currency (continued):

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties (continued)				
Foreign currencies				
Domestic Documentary Letters of Credit				
United States Dollar	-	-	1,350,888	13,019
Export bills				
Chinese Yuan	3,234,176,175	6,501,583	2,874,780,071	4,445,891
United States Dollar	66,388,123	807,943	120,627,482	1,162,547
Japanese Yen	1,036,368,866	119,960	727,785,840	81,341
Hong Kong Dollar	73,008,995	114,591	63,553,434	79,014
Great Britain Pound Sterling	2,265,458	45,560	565,404	8,772
European Euro	2,476,401	41,503	3,909,649	49,776
Arab Emirates Dirham	8,740,469	28,962	8,902,950	23,360
Saudi Arabian Riyal	1,713,915	5,561	4,515,358	11,603
Singapore Dollar	545,412	5,248	1,102,041	8,683
Australian Dollar	108,326	1,176	133,637	1,337
		7,672,087		5,885,343
		8,718,438		5,920,491
Related Parties (Note 43)				
Rupiah				
Domestic Documentary Letters of Credit		175,326		14,281
Foreign currencies				
Export bills				
United States Dollar	2,654,727	32,308	-	-
		207,634		14,281
		8,926,072		**5,934,772**

b) By Collectibility:

All export bills were classified as “Current” as of December 31, 2013 and 2012.

c) By Period:

The classification of export bills based on their remaining period to maturity are as follows:

	2013	2012
Third parties		
≤ 1 month	928,943	763,565
> 1 month - 3 months	1,079,390	800,732
> 3 months - 1 year	6,710,105	4,356,194
	8,718,438	5,920,491
Related parties (Note 43)		
Rupiah		
≤ 1 month	207,634	14,281
	8,926,072	**5,934,772**

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9. EXPORT BILLS (continued)

c) By Period (continued):

BRI assessed export bills individually for impairment based on whether an objective evidence of impairment exist.

Management believes that no allowance for impairment losses is necesarry as of December 31, 2013 and 2012, because management believes that export bills are fully collectible.

Information with respect to the classification of not impaired and impaired financial assets is disclosed in Note 38.

10. 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. Based on the management contract dated February 28, 2001 between the Government and the Directors and Boards of Commissioners of BRI, the total Government Recapitalization Bonds needed for BRI's recapitalization was determined at Rp29,063,531 (Note 30a), therefore the recapitalization excess of Rp85,469 should be returned to the Government and BRI will not earn the interest income on such bonds. On November 5, 2001, BRI returned the Government Recapitalization bonds amounted to Rp85,469, including the related interests on such bonds to the Government.

The details of Government Recapitalization Bonds are as follows:

a) By Ownership Purpose and Remaining Period to Maturity:

	2013	2012
Fair value through profit or loss		
≤ 1 month	199,314	-
Available for sale		
≤ 1 month	712,105	715,616
Held to maturity		
> 1 year - 5 years	1,000,000	1,000,000
> 5 years - 10 years	2,600,000	2,600,000
	3,600,000	3,600,000
	4,511,419	**4,315,616**

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10. GOVERNMENT RECAPITALIZATION BONDS (continued)

b) By Classification and Type:

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value 2013	Fair Value/Carrying Value 2012
Fair value through profit or loss				
VR0026	SPN 3 months	January 25, 2018	199,314	-
Available for sale				
VR0027	SPN 3 months	July 25, 2018	444,748	447,565
VR0031	SPN 3 months	July 25, 2020	267,357	268,051
			712,105	715,616
Held to maturity				
VR0020	SPN 3 months	April 25, 2015	250,000	250,000
VR0021	SPN 3 months	November 25, 2015	250,000	250,000
VR0023	SPN 3 months	October 25, 2016	500,000	500,000
VR0026	SPN 3 months	January 25, 2018	375,000	375,000
VR0027	SPN 3 months	July 25, 2018	375,000	375,000
VR0028	SPN 3 months	August 25, 2018	375,000	375,000
VR0029	SPN 3 months	August 25, 2019	375,000	375,000
VR0031	SPN 3 months	July 25, 2020	1,100,000	1,100,000
			3,600,000	3,600,000
			4,511,419	**4,315,616**

c) Other Significant Information:

The schedule of interest payment for VR series bonds is every 3 (three) months.

The market values of several Government Recapitalization Bonds classified under "Available for sale" ranged from 98.83% to 99.02% and from 99.00% to 99.64% of nominal amounts as of December 31, 2013 and 2012, respectively.

BRI recognized unrealized gain in the value of "Fair value through profit or loss" Government Bonds amounted to Rp3,694 for the year ended December 31, 2013, which are recorded under "Unrealized gain from changes in fair value of securities and Government Recapitalization Bonds - net" in the consolidated statements of comprehensive income.

11. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

Securities purchased under agreement to resell as of December 31, 2013 and 2012 consist of:

	2013				
	Annual Interest Rate (%)	Purchase Date	Resell Date	Nominal Amount	Resell Price-Net
Third parties					
Rupiah					
Bank Indonesia					
Government Bonds					
Series FR0026	5.90	December 27, 2013	January 3, 2014	323,242	323,454
Series FR0026	5.90	December 31, 2013	January 7, 2014	1,289,285	1,289,285
Series FR0027	5.90	December 31, 2013	January 7, 2014	1,674,894	1,674,894
Series FR0056	6.06	December 18, 2013	January 2, 2014	463,099	464,112
Series FR0056	6.06	December 20, 2013	January 3, 2014	464,450	465,310
Series FR0057	6.34	December 4, 2013	January 2, 2014	483,903	486,204
Series FR0058	6.34	December 17, 2013	January 16, 2014	372,741	373,660
Series FR0059	6.06	December 19, 2013	January 2, 2014	804,695	806,320
Series FR0059	6.06	December 30, 2013	January 13, 2014	806,682	806,818

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11. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)

Securities purchased under agreement to resell as of December 31, 2013 and 2012 consist of (continued):

	2013				
	Annual Interest Rate (%)	Purchase Date	Resell Date	Nominal Amount	Resell Price-Net
Third parties (continued)					
Rupiah (continued)					
Bank Indonesia (continued)					
Government Bonds (continued)					
Series FR0060	5.90	December 30, 2013	January 6, 2014	365,700	365,759
Series FR0064	6.32	December 12, 2013	January 9, 2014	709,928	712,296
Series FR0064	6.34	December 13, 2013	January 10, 2014	713,828	716,091
Series FR0066	5.90	December 27, 2013	January 3, 2014	2,246,357	2,247,829
Series FR0069	5.90	December 27, 2013	January 3, 2014	360,344	360,581
Series FR0071	6.34	December 17, 2013	January 16, 2014	73,859	74,041
Series SPN12140703	5.90	December 30, 2013	January 6, 2014	733,153	733,154
Series SPN12140911	5.90	December 27, 2013	January 3, 2014	610,321	610,721
Series SPN12140911	5.90	December 30, 2013	January 6, 2014	270,860	270,905
Series SPN12141009	5.90	December 30, 2013	January 6, 2014	448,692	448,765
				13,216,033	13,230,199
PT Bank Pan Indonesia Tbk					
Certificates of Bank Indonesia					
IDSD06031491S	7.00	December 19, 2013	January 15, 2014	99,805	100,038
				13,315,838	**13,330,237**
Related parties (Note 43)					
Rupiah					
PT Bank Bukopin Tbk					
Government Bonds					
Series ORI010	7.00	December 20, 2013	January 10, 2014	100,800	101,016
PT Bank Mandiri (Persero) Tbk					
Government Recapitalization Bonds					
Series VR0026	7.00	December 31, 2013	January 7, 2014	504,405	504,405
Series VR0026	7.00	December 31, 2013	January 7, 2014	504,405	504,405
				1,008,810	1,008,810
				1,109,610	**1,109,826**
				14,425,448	**14,440,063**

	2012				
	Annual Interest Rate (%)	Purchase Date	Resell Date	Nominal Amount	Resell Price-Net
Third parties					
Bank Indonesia					
Government Bonds					
Series FR0019	4.41	November 23, 2012	January 4, 2013	532,792	535,272
Series FR0026	4.50	December 18, 2012	February 2, 2013	540,436	541,314
Series FR0030	4.51	December 26, 2012	March 1, 2013	883	884
Series FR0036	4.50	December 17, 2012	February 22, 2013	142,924	143,174
Series FR0042	4.60	December 13, 2012	March 19, 2013	304,536	305,236
Series FR0042	4.60	December 14, 2012	March 19, 2013	350,752	351,514
Series FR0042	4.60	December 18, 2012	March 22, 2013	701,151	702,315
Series FR0043	4.62	December 26, 2012	April 2, 2013	338,595	338,812
Series FR0046	4.42	November 27, 2012	January 8, 2013	646,606	649,305
Series FR0047	4.60	December 17, 2012	March 22, 2013	344,492	345,108
Series FR0053	4.50	November 28, 2012	February 1, 2013	495,553	497,597
Series FR0053	4.50	December 13, 2012	February 12, 2013	295,843	296,509
Series FR0053	4.50	December 14, 2012	February 15, 2013	296,679	297,309

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11. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)

Securities purchased under agreement to resell as of December 31, 2013 and 2012 consist of (continued):

	2012				
	Annual Interest Rate (%)	Purchase Date	Resell Date	Nominal Amount	Resell Price-Net
Third parties (continued)					
Bank Indonesia (continued)					
Government Bonds (continued)					
Series FR0054	4.62	December 19, 2012	March 26, 2013	634,453	635,430
Series FR0055	4.50	December 17, 2012	February 22, 2013	151,443	151,708
Series FR0055	4.50	December 27, 2012	March 1, 2013	179,090	179,180
Series FR0056	4.60	November 28, 2012	March 1, 2013	299,395	300,657
Series FR0057	4.62	December 19, 2012	March 26, 2013	16,247	16,272
Series FR0058	4.51	December 27, 2012	March 1, 2013	31,497	31,513
Series FR0059	4.51	December 19, 2012	February 6, 2013	435,389	436,044
Series FR0059	4.51	December 27, 2012	March 1, 2013	47,833	47,857
Series FR0060	4.51	December 27, 2012	March 1, 2013	9,154	9,158
Series FR0061	4.50	November 28, 2012	February 1, 2013	83,816	84,162
Series FR0061	4.50	December 10, 2012	February 15, 2013	537,312	538,722
Series FR0061	4.50	December 11, 2012	February 8, 2013	536,764	538,106
Series FR0061	4.50	December 27, 2012	April 2, 2013	272,428	272,564
Series FR0063	4.62	December 19, 2012	March 26, 2013	20,175	20,206
Series FR0064	4.60	December 13, 2012	March 19, 2013	31,864	31,937
Series SPN12130205	4.50	December 5, 2012	February 8, 2013	280,447	281,359
Series SPN12130307	4.49	December 4, 2012	February 5, 2013	470,704	472,289
Series SPN12130606	4.50	December 5, 2012	February 8, 2013	186,154	186,759
Series SPN12130710	4.51	December 19, 2012	February 26, 2013	27,551	27,592
Series SPN12130912	4.51	December 26, 2012	March 1, 2013	229,766	229,910
Series SPN12131204	4.51	December 19, 2012	February 26, 2013	54,665	54,747
				9,527,389	**9,550,521**

BRI assessed securities purchased under agreement to resell individually for impairment based on whether an objective evidence of impairment exists.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

12. DERIVATIVES RECEIVABLE AND PAYABLE

The summary of the derivatives transactions is as follows:

	2013	
Transaction	Derivatives receivable	Derivatives payable
Credit linked notes (Note 8)	4,918	39,250
Foreign currency and interest rate swap	-	1,523,183
Foreign currency swap	-	2,669
Purchase and sale of foreign currency spot	63	-
	4,981	**1,565,102**

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12. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

The summary of the derivatives transactions is as follows (continued):

Transaction	2012 Derivatives receivable	2012 Derivatives payable
Foreign currency and interest rate swap	14,062	95,298
Credit linked notes (Note 8)	13,371	51,967
Foreign currency swap	1,417	-
Purchase and sale of foreign currency spot	-	3,404
Purchase forward of foreign currency	-	1,524
	28,850	**152,193**

a) Cross currency and interest rate swap

BRI's cross currency and interest rate swap contracts as of December 31, 2013 and 2012 are as follows:

2013

Counterparties	Notional Amount	Annual Interest Rate		Date	
		Received	Paid	Effective	Maturity
DBS Bank	USD65,000,000	7.50%	LIBOR**) + 1.65%	September 27, 2011	September 27, 2014
DBS Bank	USD50,000,000	8.50%	LIBOR*) + 0.55%	November 28, 2013	November 28, 2016
Standard Chartered Bank	USD20,000,000	7.00%	LIBOR**) + 1.69%	September 18, 2012	September 18, 2014
Standard Chartered Bank	USD40,000,000	7.00%	LIBOR**) + 1.75%	November 1, 2012	November 1, 2015
Standard Chartered Bank	USD60,000,000	7.00%	LIBOR**) + 1.75%	November 1, 2012	November 1, 2015
Standard Chartered Bank	USD50,000,000	8.50%	LIBOR*) + 0.55%	November 27, 2013	November 27, 2016
The Hong Kong and Shanghai Banking Corporation Limited	USD50,000,000	7.50%	LIBOR**) + 1.70%	September 26, 2011	September 26, 2014
The Hong Kong and Shanghai Banking Corporation Limited	USD50,000,000	7.50%	LIBOR**) + 1.70%	September 21, 2011	September 22, 2014
The Hong Kong and Shanghai Banking Corporation Limited	USD50,000,000	7.00%	LIBOR**) + 1.90%	April 16, 2012	April 16, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR**) + 1.50%	December 10, 2012	December 10, 2015
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR**) + 1.50%	December 4, 2012	December 4, 2015
ANZ Bank	USD50,000,000	7.00%	LIBOR**) + 1.55%	November 5, 2012	November 5, 2014
Citibank	USD25,000,000	7.00%	LIBOR**) + 1.68%	October 15, 2012	October 15, 2014

*) USD LIBOR 6 (six) months.
**) USD LIBOR 3 (three) months.

2012

Counterparties	Notional Amount	Annual Interest Rate		Date	
		Received	Paid	Effective	Maturity
DBS Bank	USD65,000,000	7.50%	LIBOR**) + 1.65%	September 27, 2011	September 27, 2014
DBS Bank	USD35,000,000	7.25%	LIBOR**) + 1.65%	October 6, 2011	October 6, 2013
DBS Bank	SGD10,000,000	7.00%	SIBOR*) + 1.90%	July 16, 2012	July 16, 2013
Standard Chartered Bank	USD50,000,000	7.00%	LIBOR**) + 1.30%	September 22, 2011	September 22, 2013
Standard Chartered Bank	USD20,000,000	7.00%	LIBOR**) + 1.69%	September 18, 2012	September 18, 2014
Standard Chartered Bank	USD40,000,000	7.00%	LIBOR**) + 1.75%	November 1, 2012	November 1, 2015
Standard Chartered Bank	USD60,000,000	7.00%	LIBOR**) + 1.75%	November 1, 2012	November 1, 2015
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.50%	LIBOR**) + 1.70%	September 26, 2011	September 26, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.50%	LIBOR**) + 1.70%	September 21, 2011	September 22, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR**) + 1.90%	April 16, 2012	April 16, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR**) + 1.50%	December 10, 2012	December 10, 2015
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR**) + 1.50%	December 4, 2012	December 4, 2015
ANZ Bank	USD50,000,000	7.00%	LIBOR**) + 1.55%	November 5, 2012	November 5, 2014
Citibank	USD25,000,000	7.00%	LIBOR**) + 1.68%	October 15, 2012	October 15, 2014

*) SGD SIBOR 3 (three) months.
**) USD LIBOR 3 (three) months.

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12. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

a) Cross currency and interest rate swap (continued)

BRI enters into cross currency and interest rate swap contracts with several counterparties, whereby BRI and counterparties agree to exchange funds in USD and Rupiah with the amount equal at the effective date of the contract. Thus, BRI/counterparties shall pay interest according to the funds received.

If the funds received are in USD, the beneficiary must pays fixed rate or floating rate of SIBOR 3 (three) months, LIBOR 3 (three) months or LIBOR 6 (six) months plus certain margin. On the contrary, the beneficiary pays fixed rate or floating rate of floating rates of interest prevailing in the market plus certain margin if funds received are in Rupiah.

b) Foreign currency spots - purchase and sale

As of December 31, 2013, BRI has outstanding foreign currency spot purchase and sale contract with notional amount of USD63,000,000 and contractual purchase amount of Rp769,942 and contractual sale amount of Rp770,005.

c) Foreign currency swap

As of December 31, 2013, BRI has outstanding foreign currency swap contracts with notional purchase amount of USD34,000,000 and notional sale amount of USD14,000,000 with the contractual purchase amount of Rp393,359 and the contractual sale amount of Rp147,291.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

13. LOANS

a) By Currency and Type:

	2013	2012
Third parties		
Rupiah		
Kupedes	132,131,803	106,797,402
Working capital	87,467,943	70,456,569
Consumer	74,610,014	62,108,755
Investment	26,634,287	20,354,468
Program	10,594,551	8,769,157
Syndicated	1,703,561	1,238,165
Others	-	567,508
	333,142,159	270,292,024
Foreign currencies		
Working capital	18,935,853	13,754,643
Investment	12,705,403	8,602,611
Syndicated	1,075,184	841,957
	32,716,440	23,199,211
	365,858,599	293,491,235

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13. LOANS (continued)

a) By Currency and Type (continued):

	2013	2012
Related parties (Note 43)		
Rupiah		
Working capital	29,191,123	25,174,987
Syndicated	16,927,886	11,321,078
Investment	6,694,154	6,889,231
Employees	54,084	55,823
Consumer	39,601	50,083
	52,906,848	43,491,202
Foreign currencies		
Working capital	11,124,217	11,975,719
Investment	3,825,317	1,707,399
Syndicated	601,485	92,707
	15,551,019	13,775,825
	68,457,867	57,267,027
	434,316,466	350,758,262
Less: Allowance for impairment losses	(15,171,736)	(14,677,220)
	419,144,730	**336,081,042**

The details of loans by currencies are as follows:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Rupiah		386,049,007		313,783,226
Foreign currencies				
United States Dollar	3,944,419,742	48,003,588	3,713,071,805	35,784,729
Singapore Dollar	22,162,586	213,250	20,527,736	161,730
European Euro	2,397,871	40,187	77,180,493	982,633
Japanese Yen	90,143,666	10,434	101,059,547	11,295
Great Britain Pound Sterling	-	-	2,233,250	34,649
		48,267,459		36,975,036
		434,316,466		350,758,262
Less: Allowance for impairment losses		(15,171,736)		(14,677,220)
		419,144,730		**336,081,042**

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13. LOANS (continued)

b) By Economic Sector:

	2013	2012
Third parties		
Rupiah		
Trading, hotels and restaurants	127,520,973	91,728,349
Agriculture	32,452,072	23,561,544
Business services	14,438,720	9,792,471
Manufacturing	14,220,719	11,204,269
Construction	7,811,836	6,090,323
Transportation, warehousing and communications	4,184,363	2,510,326
Social services	2,701,451	2,438,540
Mining	2,265,285	1,343,961
Electricity, gas and water	602,103	508,731
Others	126,944,637	121,113,510
	333,142,159	270,292,024
Foreign currencies		
Manufacturing	18,164,626	10,274,764
Trading, hotels and restaurants	5,377,368	4,358,103
Agriculture	2,881,438	2,349,319
Electricity, gas and water	1,539,950	1,932,052
Mining	1,512,662	1,504,623
Construction	1,138,289	1,042,591
Transportation, warehousing and communications	1,136,003	832,526
Business services	848,098	269,905
Social services	-	3,761
Others	118,006	631,567
	32,716,440	23,199,211
	365,858,599	293,491,235
Related parties (Note 43)		
Rupiah		
Trading, hotels and restaurants	10,727,788	941,581
Electricity, gas and water	10,001,627	7,844,061
Transportation, warehousing and communications	7,086,773	5,885,222
Manufacturing	6,522,773	7,305,937
Business services	6,102,396	6,874,999
Social services	5,850,094	4,500,043
Agriculture	4,193,698	6,979,950
Construction	2,162,385	2,295,776
Mining	203,514	123,884
Others	55,800	739,749
	52,906,848	43,491,202

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13. LOANS (continued)

b) By Economic Sector (continued):

	2013	2012
Related parties (Note 43) (continued)		
Foreign currencies		
Manufacturing	10,135,360	10,294,599
Social services	3,286,158	1,180,748
Mining	1,528,349	2,098,967
Business services	592,004	56,308
Agriculture	9,148	63,284
Transportation, warehousing and communications	-	81,919
	15,551,019	13,775,825
	68,457,867	57,267,027
	434,316,466	350,758,262
Less: Allowance for impairment losses	(15,171,736)	(14,677,220)
	419,144,730	**336,081,042**

c) By Period:

The classification of loans based on the remaining period to maturity are as follows:

	2013	2012
Third parties		
Rupiah		
≤ 1 month	12,190,232	9,162,744
> 1 month - 3 months	13,988,502	12,034,330
> 3 months - 1 year	62,647,603	53,594,760
> 1 year - 2 years	52,210,407	43,277,587
> 2 years - 5 years	95,010,709	74,711,131
> 5 years	97,094,706	77,511,472
	333,142,159	270,292,024
Foreign currencies		
≤ 1 month	4,106,354	1,325,785
> 1 month - 3 months	3,625,688	1,648,194
> 3 months - 1 year	9,002,931	7,037,085
> 1 year - 2 years	2,881,897	3,508,766
> 2 years - 5 years	4,549,898	5,405,805
> 5 years	8,549,672	4,273,576
	32,716,440	23,199,211
	365,858,599	293,491,235
Related parties (Note 43)		
Rupiah		
≤ 1 month	1,015,879	5,885,185
> 1 month - 3 months	20,261,074	10,230,543
> 3 months - 1 year	5,403,421	5,415,744
> 1 year - 2 years	2,554,393	971,450
> 2 years - 5 years	5,418,516	6,090,145
> 5 years	18,253,565	14,898,135
	52,906,848	43,491,202

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13. LOANS (continued)

c) By Period (continued):

	2013	2012
Related parties (Note 43) (continued)		
Foreign currencies		
≤ 1 month	8,865,691	9,459,919
> 1 month - 3 months	20,014	-
> 3 months - 1 year	2,197,227	514,814
> 1 year - 2 years	486,800	1,954,003
> 2 years - 5 years	829,573	569,005
> 5 years	3,151,714	1,278,084
	15,551,019	13,775,825
	68,457,867	57,267,027
	434,316,466	350,758,262
Less: Allowance for impairment losses	(15,171,736)	(14,677,220)
	419,144,730	**336,081,042**

d) By Collectibility:

	2013	2012
Individual	7,421,717	6,335,884
Collective		
Current	400,826,162	321,845,346
Special mention	20,564,316	17,517,600
Substandard	930,623	816,579
Doubtful	949,415	832,095
Loss	3,624,233	3,410,758
	426,894,749	344,422,378
	434,316,466	350,758,262
Less: Allowance for impairment losses		
Individual	(2,387,935)	(3,403,315)
Collective	(12,783,801)	(11,273,905)
	(15,171,736)	(14,677,220)
	419,144,730	**336,081,042**

e) By Operating Segment:

	2013	2012
Third parties		
Rupiah		
Corporate	25,715,738	20,426,136
Retail	165,159,679	134,371,036
Micro	142,266,742	115,494,852
	333,142,159	270,292,024
Foreign currencies		
Corporate	22,265,376	16,596,854
Retail	10,451,064	6,602,357
	32,716,440	23,199,211
	365,858,599	293,491,235

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13. LOANS (continued)

e) By Operating Segment (continued):

	2013	2012
Related parties (Note 43)		
Rupiah		
Corporate	46,780,191	38,139,057
Retail	6,126,657	5,352,145
	52,906,848	43,491,202
Foreign currencies		
Corporate	15,434,081	13,727,637
Retail	116,938	48,188
	15,551,019	13,775,825
	68,457,867	57,267,027
	434,316,466	350,758,262
Less: Allowance for impairment losses	(15,171,736)	(14,677,220)
	419,144,730	**336,081,042**

f) Other Significant Information:

1) The average annual interest rates for loans are as follows:

	2013	2012
Contractual Rate		
Rupiah	11.79%	12.11%
Foreign Currencies	4.47	4.53
Effective Interest Rate		
Rupiah	15.95%	16.80%
Foreign Currencies	4.58	4.65

2) The loans are generally collateralized by registered mortgages, by powers of attorneys to sell, demand deposits, time deposits or by other guarantees generally accepted by banks (Notes 20, 21 and 22).

3) Working capital and investment loans represent loans to customers for working capital requirements and capital goods.

4) Consumer loans consist of housing, motor vehicles and other personal loans.

5) Program loans represent loan facilities channeled by BRI based on the guidelines from the Government to support the development of Indonesia's small scale industry, middle and cooperative units.

6) Kupedes loans represent loan facilities channeled by BRI through BRI's Units. The target of these loans is micro businesses and fixed income employees that require additional funds, in accordance with the maximum limit amount stated in the Kupedes manual. The economic sectors covered under Kupedes include agriculture, manufacturing, trading and others.

7) Syndicated loans represent loans provided to customers under syndication agreements with other banks. BRI's participation as member in the syndicated loans ranged from 2.97% until 74.94% as of December 31, 2013 and 2012.

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13. LOANS (continued)

f) Other Significant Information (continued):

8) Loans to employees with 5.5% annual interest rate, 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. Difference between employee loan's interest rates and Base Lending Rate (BLR) is deferred and recorded as deferred expense for employee loans as part of other assets. Deferred expense for employee loans amounted to Rp640,498 and Rp708,141 as of December 31, 2013 and 2012, respectively (Note 18).

9) Loans granted by BRI to related parties, other than loans to key employees (Note 43) are as follows:

	2013	2012
PT Perusahaan Listrik Negara (Persero)	10,288,290	8,211,065
Perum BULOG	9,355,324	3,570,265
PT Pertamina (Persero)	8,603,110	10,348,229
PT Taspen (Persero)	5,100,000	4,500,000
Kementerian Keuangan Republik Indonesia	3,778,698	1,711,741
Perum Pegadaian	3,602,519	4,769,429
PT Kereta Api Indonesia (Persero)	2,709,044	714,538
PT Telekomunikasi Indonesia (Persero) Tbk	2,250,000	3,625,000
PT Pupuk Kalimantan Timur	1,836,399	892,162
PT Dayamitra Telekomunikasi	1,610,438	1,000,000
Others	19,269,961	17,868,775
	68,403,783	**57,211,204**

10) Loans that have been restructured by BRI (Parent Entity) during 2013 and 2012, that were reported to Bank Indonesia amounted to Rp2,190,691 and Rp3,582,981, respectively. Restructuring scheme generally involves extension of the loan maturity date and rescheduling of overdue interest payment.

11) In its report on Legal Lending Limit to Bank Indonesia as of December 31, 2013 and 2012, BRI indicated that there is no debtor either related party or third party who has not complied with or exceeded the Legal Lending Limit.

12) The details of non-performing loans and allowance for impairment losses by economic sector are as follows:

	2013	2012
Trading, hotels and restaurants	5,489,984	3,904,999
Construction	1,492,326	1,510,299
Manufacturing	1,314,935	1,050,306
Transportation, warehousing and communications	1,254,465	998,893
Business services	1,147,967	675,248
Agriculture	821,780	595,414
Social services	81,758	69,115
Mining	46,927	84,077
Electricity, gas and water	26,173	35,037
Others	1,249,673	2,471,928
	12,925,988	11,395,316
Less: Allowance for impairment losses	(3,790,925)	(4,595,451)
	9,135,063	**6,799,865**

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13. 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) Consolidated

	2013	2012
Total non-performing loans	6,735,938	6,296,470
Total loans	434,316,466	350,758,262
% non-performing loans (NPL)	1.55%	1.80%

(ii) BRI (Parent Entity)

	2013	2012
Total non-performing loans	6,654,494	6,203,863
Total loans	430,617,872	348,227,188
% non-performing loans (NPL)	1.55%	1.78%

b. The ratio of small scale industry loans to BRI's total loans is 41.71% and 42.45% as of December 31, 2013 and 2012, respectively (unaudited).

Movements in the allowance for impairment losses on loans:

	2013	2012
Beginning balance	14,677,220	15,951,531
Provision during the year (Note 33)	3,946,083	2,593,691
Loans written off during the year	(4,317,861)	(4,447,510)
Foreign currency translation	866,294	579,508
Ending balance	**15,171,736**	**14,677,220**

BRI's (Parent Entity) allowance for impairment losses balance includes the allowance for disaster prone areas amounted to Rp1,166,798 and Rp1,847,010, as of December 31, 2013 and 2012, respectively (Note 2f).

The minimum allowance for impairment losses on loans based on Bank Indonesia regulation (Note 2f) amounted to Rp10,265,927 and Rp9,024,876, as of December 31, 2013 and 2012, respectively.

Management believes that the allowance for impairment losses on loans is adequate.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

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14. SHARIA RECEIVABLES AND FINANCING

Sharia receivables and financing based on collectibility are as follows:

	2013	2012
Third parties		
Current	13,032,367	10,524,430
Special mention	354,586	264,904
Substandard	289,826	144,735
Doubtful	53,914	24,707
Loss	220,157	170,983
	13,950,850	11,129,759
Related parties (Note 43)		
Current	77,540	118,495
Special mention	-	26
Substandard	-	1
	77,540	118,522
	14,028,390	11,248,281
Less: Allowance for impairment losses	(246,360)	(237,645)
	13,782,030	**11,010,636**

Sharia receivables and financing consist of *murabahah* receivables, *istishna* receivables, *qardh* borrowing, *mudharabah* and *musyarakah* financing.

Movements in the allowance for impairment losses on sharia receivables and financing:

	2013	2012
Beginning balance	237,645	138,441
Provision during the year (Note 33)	2,410	75,426
Recoveries from loans written off	11,363	25,687
Loans written off during the year	(5,058)	(1,909)
Ending balance	**246,360**	**237,645**

Management believes that the allowance for impairment losses of sharia receivables and financing is adequate.

As of December 31, 2013 and 2012, sharia receivables and financing classified as Non-Performing Financing (NPF) amounted to Rp563,897 (4.02%) and Rp340,426 (3.03%) of total Sharia's receivables and financing, respectively.

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15. ACCEPTANCES RECEIVABLE AND PAYABLE

The details of acceptances receivable from customers are as follows:

a) By Type and Currency:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties				
Rupiah				
Import Letters of Credit and Domestic Document Letters of Credit		4,412		23,306
Foreign currencies				
Import Letters of Credit and Domestic Document Letters of Credit				
United States Dollar	181,409,070	2,207,748	422,097,044	4,067,960
European Euro	1,578,533	26,455	632,342	8,051
Franc Swiss	360,000	4,923	-	-
Japanese Yen	3,324,651	385	7,979,000	892
		2,239,511		4,076,903
		2,243,923		4,100,209
Related parties (Note 43)				
Rupiah				
Import Letters of Credit and Domestic Document Letters of Credit		381,296		349
Foreign currencies				
Import Letters of Credit and Domestic Document Letters of Credit				
United States Dollar	86,356,761	1,050,962	51,463,696	495,981
European Euro	209,000	3,503	14,890,654	189,582
		1,054,465		685,563
		1,435,761		685,912
		3,679,684		**4,786,121**

b) By Collectibility:

All acceptances receivable were classified as “Current” as of December 31, 2013 and 2012.

c) By Period:

The classifications of acceptances receivable based on the remaining period until maturity are as follows:

	2013	2012
Third parties		
≤ 1 month	986,137	530,585
> 1 month - 3 months	281,528	1,530,415
> 3 months - 1 year	976,258	2,039,209
	2,243,923	4,100,209

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15. ACCEPTANCES RECEIVABLE AND PAYABLE (continued)

c) By Period (continued):

The classifications of acceptances receivable based on the remaining period until maturity are as follows (continued):

	2013	2012
Related parties (Note 43)		
≤ 1 month	241,061	43,378
> 1 month - 3 months	830,344	425,110
> 3 months - 1 year	364,356	217,424
	1,435,761	685,912
	3,679,684	**4,786,121**

The total acceptances payable is equal to the total of acceptances receivable from customers.

BRI assessed acceptance receivables individually for impairment based on whether an objective evidence of impairment exist.

Management believes that no allowance for impairment losses is necessary as of December 31, 2013 and 2012, because management believes that acceptances receivable are fully collectible.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

16. INVESTMENT IN ASSOCIATED ENTITIES

The details of investment in associated entities are as follows:

		2013			
Company Name	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
PT BTMU-BRI Finance (Related party - Note 43)	Financing	45.00%	24,750	196,157	220,907
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00			900
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00			536
PT Pemeringkat Efek Indonesia	Credit rating agency	2.10			210
BPR Toelongredjo Dasa Nusantara	Banking	3.00			77
BPR Tjoekir Dasa Nusantara	Banking	3.00			77
BPR Toelangan Dasa Nusantara	Banking	3.00			66
BPR Cinta Manis Agroloka	Banking	3.50			35
BPR Bungamayang Agroloka	Banking	2.25			23
PT Aplikanusa Lintasarta	Non- Banking	0.03			20
					1,944
					222,851

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16. INVESTMENT IN ASSOCIATED ENTITIES (continued)

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

		2012			
Company Name	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
PT BTMU-BRI Finance (Related party - Note 43)	Financing	45.00%	24,750	170,584	195,334
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00			900
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00			536
PT Pemeringkat Efek Indonesia	Credit rating agency	2.10			210
BPR Toelongredjo Dasa Nusantara	Banking	3.00			77
BPR Tjoekir Dasa Nusantara	Banking	3.00			77
BPR Toelangan Dasa Nusantara	Banking	3.00			66
BPR Cinta Manis Agroloka	Banking	3.50			35
BPR Bungamayang Agroloka	Banking	2.25			23
PT Aplikanusa Lintasarta	Non-Banking	0.03			20
					1,944
					197,278
Less: Allowance for impairment losses					(536)
					196,742

BRI assessed investment in associated entities individually for impairment based on whether an objective evidence of impairment exists.

As of December 31, 2013 and 2012, all investments were classified as “Current”, except for investment in associated entities of PT Sarana Bersama Pembiayaan Indonesia which was classified as “Loss” as of December 31, 2012.

In 2013, BRI received cash dividends from PT Pemeringkat Efek Indonesia and PT Sarana Bersama Pengembangan Indonesia amounted to Rp237 and Rp145, respectively, while in 2012 only from PT Pemeringkat Efek Indonesia amounted to Rp158.

Movements in the allowance for impairment losses on investment in associated entities:

	2013	2012
Beginning balance	536	536
Reversal during the year (Note 33)	(536)	-
Ending balance	**-**	**536**

Management believes that no allowance for impairment losses is necesarry as of December 31, 2013, because management believes that investments are fully collectible, while the allowance for impairment losses as of December 31, 2012 is adequate.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

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17. PREMISES AND EQUIPMENT

Premises and equipment consist of:

	2013			
Description	**Beginning Balance**	**Additions**	**Deductions**	**Ending Balance**
Carrying Value				
Landrights	318,257	144,704	3,708	459,253
Buildings	1,918,424	257,867	87,319	2,088,972
Motor vehicles	839,088	694,558	30,890	1,502,756
Computers and machineries	3,201,863	734,447	212,470	3,723,840
Furniture and fixtures	940,991	116,409	14,764	1,042,636
Museum assets	184	-	-	184
	7,218,807	1,947,985	349,151	8,817,641
Accumulated Depreciation				
Buildings	895,273	94,014	6,111	983,176
Motor vehicles	540,336	150,730	30,061	661,005
Computers and machineries	2,233,862	351,946	197,553	2,388,255
Furniture and fixtures	744,970	81,595	13,972	812,593
	4,414,441	678,285	247,697	4,845,029
Net Book Value	**2,804,366**			**3,972,612**

	2012			
Description	**Beginning Balance**	**Additions**	**Deductions**	**Ending Balance**
Carrying Value				
Landrights	287,257	31,421	421	318,257
Buildings	1,730,115	201,610	13,301	1,918,424
Motor vehicles	658,286	216,977	36,175	839,088
Computers and machineries	2,423,658	916,539	138,334	3,201,863
Furniture and fixtures	890,844	78,743	28,596	940,991
Museum assets	184	-	-	184
	5,990,344	1,445,290	216,827	7,218,807
Accumulated Depreciation				
Buildings	850,930	78,483	34,140	895,273
Motor vehicles	513,781	54,780	28,225	540,336
Computers and machineries	2,077,811	212,059	56,008	2,233,862
Furniture and fixtures	695,004	72,074	22,108	744,970
	4,137,526	417,396	140,481	4,414,441
Net Book Value	**1,852,818**			**2,804,366**

Depreciation of premises and equipment charged to the consolidated statements of comprehensive income amounted to Rp678,285 and Rp417,396 for the years ended December 31, 2013 and 2012 (Note 35).

BRI insured its premises and equipment (excluding landrights) from losses due to risks of fire and theft to PT Asuransi Bringin Sejahtera Artha Makmur (related party) and PT Asuransi Jasa Tania, with coverage amount of Rp9,522,788 and Rp8,813,509 for the years ended December 31, 2013 and 2012, respectively.

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17. PREMISES AND EQUIPMENT (continued)

Management believes that there is no impairment in value of premises and equipment and the amount of insurance coverage is adequate to cover the risk of loss that may arise on the assets at the dates of December 31, 2013 and 2012.

18. OTHER ASSETS

Other assets consist of:

	2013	2012
Rupiah		
Prepaid tax (Note 37)	966,341	-
Prepaid expenses	906,035	866,545
Deferred expense for employee loans (Note 13f)	640,498	708,141
Interest receivables		
Securities	426,473	368,106
Government Recapitalization Bonds	50,042	47,508
Placements with Bank Indonesia and other banks	8,257	4,718
Others	838	714
Internal advance	270,007	261,564
Office supplies	189,634	185,663
Foreclosed Collaterals	33,951	49,544
Others	3,318,542	3,374,300
	6,810,618	5,866,803
Foreign currencies		
Interest receivables		
Securities	97,241	54,865
Others	40,783	37,314
Prepaid expenses	3,511	112
Internal advance	421	32
Others	51,463	2,714
	193,419	95,037
	7,004,037	**5,961,840**

19. LIABILITIES DUE IMMEDIATELY

Liabilities due immediately consist of:

	2013	2012
Rupiah		
Advance payment deposits	1,393,627	897,627
Insurance deposits	253,158	135,729
Remittance deposits	227,307	352,431
Tax payment deposits	120,513	188,224
Deposits for channeling loans	54,461	56,595
Credit card deposits	30,209	118,883
Bank drafts and BRI travelers' checks (Cepebri)	27,405	22,075
Deposits for clearing	16,972	30,511
Others	2,850,475	2,872,738
	4,974,127	4,674,813

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19. LIABILITIES DUE IMMEDIATELY (continued)

Liabilities due immediately consist of (continued):

	2013	2012
Foreign currencies		
Remittance deposits	127	111
Others	91,273	236,928
	91,400	237,039
	5,065,527	**4,911,852**

20. DEMAND DEPOSITS

Demand deposits consist of:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties				
Rupiah		44,381,264		52,851,673
Foreign currencies				
United States Dollar	932,761,837	11,351,712	710,536,861	6,847,799
European Euro	48,241,628	808,496	39,869,946	507,609
Australian Dollar	30,981,358	336,323	457,580	4,579
Great Britain Pound Sterling	7,072,289	142,230	13,771,509	213,664
Singapore Dollar	12,255,264	117,921	23,690,107	186,645
Hong Kong Dollar	28,859,414	45,296	35,942,458	44,686
Japanese Yen	185,040,829	21,418	32,092,690	3,587
Chinese Yuan	6,630,477	13,329	101,126,726	156,394
Saudi Arabian Riyal	1,290,369	4,187	2,304,260	5,921
Swiss Franc	300	4	-	-
		12,840,916		7,970,884
		57,222,180		60,822,557
Related parties (Note 43)				
Rupiah		17,543,458		16,135,876
Foreign currencies				
United States Dollar	312,398,136	3,801,885	213,854,112	2,061,019
European Euro	4,939,769	82,787	2,213,151	28,177
Japanese Yen	136,062,121	15,749	32,969,491	3,685
Chinese Yuan	2,088	4	-	-
Singapore Dollar	70	1	-	-
		3,900,426		2,092,881
		21,443,884		18,228,757
		78,666,064		**79,051,314**

The average annual interest rates for demand deposits are as follows:

	2013	2012
Rupiah	2.55%	2.87%
Foreign currencies	0.32	0.17

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20. DEMAND DEPOSITS (continued)

Demand deposits used as collateral for banking facilities granted by BRI and Subsidiaries amounted to Rp72,136 and Rp68,148 as of December 31, 2013 and 2012, respectively.

21. SAVING DEPOSITS

Saving deposits consist of:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties				
Rupiah				
Simpedes		127,649,038		109,024,862
Britama		78,580,879		69,655,010
Others		3,172,251		3,488,379
		209,402,168		182,168,251
Foreign currencies				
Britama				
United States Dollar	52,542,488	639,442	35,819,351	345,209
Australian Dollar	393,360	4,270	1,199	12
Singapore Dollar	165,174	1,589	176,799	1,393
European Euro	58,786	985	157	2
Chinese Yuan	11,172	22	646	1
		646,308		346,617
		210,048,476		182,514,868
Related parties (Note 43)				
Rupiah				
Simpedes		1,772		1,766
Britama		162,339		297,204
Others		15,689		14,465
		179,800		313,435
Foreign currencies				
United States Dollar	525,908	6,400	548,171	5,283
Singapore Dollar	590	6	-	-
Chinese Yuan	364	1	-	-
		6,407		5,283
		186,207		318,718
		210,234,683		**182,833,586**

The average annual interest rates for saving deposits are as follows:

	2013	2012
Rupiah	1.26%	1.40%
Foreign currencies	0.22	0.19

Saving deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp67,271 and Rp63,072 as of December 31, 2013 and 2012, respectively.

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22. TIME DEPOSITS

Time deposits consist of:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties				
Rupiah		114,672,685		105,067,723
Foreign currencies				
United States Dollar	865,225,457	10,529,794	2,939,062,620	28,325,216
European Euro	562,552,458	9,427,991	3,030,082	38,579
Chinese Yuan	4,116,198,111	8,274,690	78,979,680	122,143
Singapore Dollar	283,458	2,727	307,019	2,419
Australian Dollar	100,103	1,087	49,965	500
Great Britain Pound Sterling	11,746	236	-	-
		28,236,525		28,488,857
		142,909,210		133,556,580
Related parties (Note 43)				
Rupiah		38,562,901		36,300,317
Foreign currencies				
United States Dollar	1,641,703,370	19,979,530	748,316,680	7,211,902
European Euro	8,003,040	134,125	15,586,233	198,438
		20,113,655		7,410,340
		58,676,556		43,710,657
		201,585,766		**177,267,237**

Time deposits based on their contractual periods are as follows:

	2013	2012
Third parties		
Rupiah		
Deposits on call	3,812,090	8,640,037
Deposits		
1 month	77,525,429	65,689,511
3 months	18,399,280	17,917,049
6 months	7,867,620	8,054,826
12 months	6,812,550	4,455,948
More than 12 months	255,716	310,352
	114,672,685	105,067,723
Foreign currencies		
Deposits on call	3,801,861	1,286,886
Deposits		
1 month	8,853,438	8,736,039
3 months	2,197,124	5,866,620
6 months	9,693,174	7,286,207
12 months	3,689,404	5,311,922
More than 12 months	1,524	1,183
	28,236,525	28,488,857
	142,909,210	133,556,580

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22. TIME DEPOSITS (continued)

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

	2013	2012
Related parties (Note 43)		
Rupiah		
Deposits on call	1,985,697	3,266,429
Deposits		
1 month	14,559,406	5,670,758
3 months	3,294,887	688,879
6 months	321,666	46,660
12 months	18,401,245	26,627,591
	38,562,901	36,300,317
Foreign currencies		
Deposits on call	5,739,576	1,905,871
Deposits		
1 month	8,829,425	5,490,377
3 months	5,478,347	1,602
6 months	5,207	2,409
12 months	8,459	10,081
More than 12 months	52,641	-
	20,113,655	7,410,340
	58,676,556	43,710,657
	201,585,766	**177,267,237**

The average annual interest rates for time deposits are as follows:

	2013	2012
Rupiah	6.12%	5.84%
Foreign currencies	1.51	1.76

Time deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp202,654 and Rp213,313 as of December 31, 2013 and 2012, respectively.

23. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Deposits from other banks and financial institutions consist of:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties				
Rupiah				
Demand deposits		100,749		104,582
Saving deposits		4,534		3,983
Deposits on call		650,000		-
Time deposits		660,993		1,299,493
Inter-bank call money		380,000		30,000
		1,796,276		1,438,058

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23. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS (continued)

Deposits from other banks and financial institutions consist of (continued):

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties (continued)				
Foreign currencies				
Demand deposits				
United States Dollar	100,161	1,219	288,249	2,778
Inter-bank call money				
United States Dollar	121,893,432	1,483,443	70,786,822	682,208
		1,484,662		684,986
		3,280,938		2,123,044
Related parties (Note 43)				
Rupiah				
Demand deposits		45,182		3,699
Time deposits		-		50,000
Inter-bank call money		-		120,000
		45,182		173,699
Foreign currencies				
Inter-bank call money				
United States Dollar	30,000,000	365,100	50,000,000	481,875
		410,282		655,574
		3,691,220		**2,778,618**

The average annual interest rates for deposits from other banks and financial institutions are as follows:

	Rupiah		Foreign Currencies	
	2013	2012	2013	2012
Demand deposits	1.35%	1.62%	0.00%	0.00%
Saving deposits	1.24	1.39	-	-
Deposits on call	6.83	3.53	-	-
Time deposits	5.72	4.79	0.00	0.71
Inter-bank call money	4.43	3.63	0.22	1.00

The classification of deposits from other banks and financial institutions based on their remaining period to maturity are as follows:

	2013			
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
Third parties				
Rupiah				
Demand deposits	100,749	-	-	100,749
Savings	4,534	-	-	4,534
Deposits on call	650,000	-	-	650,000
Times deposits	655,449	3,108	2,436	660,993
Inter-bank call money	380,000	-	-	380,000
	1,790,732	3,108	2,436	1,796,276

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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):

	2013			
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
Third parties (continued)				
Foreign currencies				
Demand deposits	1,219	-	-	1,219
Inter-bank call money	1,265,680	44,543	173,220	1,483,443
	1,266,899	44,543	173,220	1,484,662
Related parties (Note 43)				
Rupiah				
Demand deposits	45,182	-	-	45,182
Foreign currencies				
Inter-bank call money	365,100	-	-	365,100
	3,467,913	**47,651**	**175,656**	**3,691,220**

	2012			
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
Third parties				
Rupiah				
Demand deposits	104,582	-	-	104,582
Saving deposits	3,983	-	-	3,983
Time deposits	1,285,056	11,250	3,187	1,299,493
Inter-bank call money	30,000	-	-	30,000
	1,423,621	11,250	3,187	1,438,058
Foreign currencies				
Demand deposits	2,778	-	-	2,778
Inter-bank call money	337,312	-	344,896	682,208
	340,090	-	344,896	684,986
Related parties (Note 43)				
Rupiah				
Demand deposits	3,699	-	-	3,699
Time deposits	50,000	-	-	50,000
Inter-bank call money	120,000	-	-	120,000
	173,699	-	-	173,699
Foreign currencies				
Inter-bank call money	481,875	-	-	481,875
	2,419,285	**11,250**	**348,083**	**2,778,618**

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24. MARKETABLE SECURITIES ISSUED

BRI issued marketable securities with details as follows:

	2013
United States Dollar	
BRI Bonds	
Net of unamortized discount and issuance cost amounted to Rp61,867 as of December 31, 2013	**6,023,133**

On March 28, 2013, BRI issued and listed the BRI bonds year 2013 amounted to USD500,000,000 (full amount) in Singapore Exchange Securities Trading Limited (SGX-ST) for 5 (five) year period, and will mature on March 28, 2018 with fixed interest rate of 2.95% per annum. The bonds were issued at 99.20% or equivalent to USD495,980,000 (full amount) and the interest is paid semi-annually commencing on September 28, 2013. On the issuance date, the bonds were rated Baa3 and BBB by Moody's and Fitch, respectively.

The net proceed of the issuance of BRI bonds will be used to strengthen general funding structure.

As of December 31, 2013, BRI bonds year 2013 is rated BBB and Baa3 by Fitch and Moody's, respectively.

Management believes that all requirements/restrictions required under the trustee agreement have been complied with.

25. FUND BORROWINGS

Fund borrowings consist of:

	2013	2012
Third parties		
Rupiah		
Bank Indonesia		
Liquidity loans	16,066	28,410
Others	12,457	12,376
	28,523	40,786
Foreign currencies		
Bilateral borrowings	-	1,927,500
Others	8,956,390	8,644,248
	8,956,390	10,571,748
	8,984,913	10,612,534
Related parties (Note 43)		
Rupiah		
Borrowings from PT Sarana Multigriya Finansial (Persero)	100,000	100,000
Borrowings from Lembaga Pembiayaan Ekspor Indonesia	-	150,987
Borrowings from PT Permodalan Nasional Madani (Persero)	-	25,234
	100,000	276,221
	9,084,913	**10,888,755**

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25. FUND BORROWINGS (continued)

The classification of fund borrowings based on their remaining period until maturity is as follows:

	2013	2012
Third parties		
Rupiah		
> 1 month - 3 months	202	4,066
> 3 months - 1 year	6,727	15,130
> 1 year - 5 years	9,137	9,214
> 5 years	12,457	12,376
	28,523	40,786
Foreign currencies		
≤ 1 month	1,909,483	1,692,127
> 1 month - 3 months	4,065,257	3,467,951
> 3 months - 1 year	2,981,650	5,411,670
	8,956,390	10,571,748
	8,984,913	10,612,534
Related parties (Note 43)		
Rupiah		
> 1 month - 3 months	-	125,423
> 3 months - 1 year	-	50,798
> 1 year - 5 years	100,000	100,000
	100,000	276,221
	9,084,913	**10,888,755**

Other significant information related to fund borrowings is as follows:

a) Borrowings from Bank Indonesia

Liquidity Loans

This account represents credit facilities obtained from Bank Indonesia that are channeled to BRI's debtors for purposes of Investment Loans, Primary Cooperatives of Sugar Cane Farmers Loans, BULOG and Village Cooperative Units Loans, Permanent Working Capital Loans, Fertilizer and others.

The classification of liquidity loans from Bank Indonesia based on their remaining period to maturity as of December 31, 2013 and 2012 as follows:

	2013	2012
> 1 month - 3 months	202	4,066
> 3 months - 1 year	6,727	15,130
> 1 year - 5 years	9,137	9,214
	16,066	**28,410**

Average annual interest rates on these loans are 0.06% and 3.22% in 2013 and 2012.

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25. FUND BORROWINGS (continued)

b) Borrowings from PT Sarana Multigriya Finansial (Persero), PT Permodalan Nasional Madani (Persero) and Lembaga Pembiayaan Ekspor Indonesia

- Borrowings from PT Sarana Multigriya Finansial (Persero) represents *mudharabah* financing facility obtained by BRIS (Subsidiary) on December 14, 2012, used for mortgage loan. The financing facility is for 5 (five) years period and will be mature on December 14, 2017 with the agreed *nisbah* portion for PT Sarana Multigriya Finansial (Persero) and BRIS are 63.46% and 36.54%, respectively.

- Borrowings from PT Permodalan Nasional Madani (Persero) represents loan facilities used to refinance debtors of BRI Agro (Subsidiary) for investment loan purposes, among others are Koperasi Primer untuk Anggotanya (KKPA), Koperasi Petani Sawit Makmur, Koperasi Perkebunan Belimbing Makmur and others. These loan facilities (4 facilities) are secured by fiducia in the form of government bonds maturing January 31, 2013. Average annual interest rates on these loans is 7.05% for the year 2012.

- Borrowing from Lembaga Pembiayaan Ekspor Indonesia represents loan facilities used to refinance the debtors of BRI Agro (Subsidiary), among others are KUD Delima Sakti, Kopbun Siampo, KUD Hidup Baru and others. These loan facilities (2 facilities) with no collateral will mature on March 28, 2013 and June 4, 2013, respectively. The average annual interest rates on these loans is 7.27% for the year 2012.

c) Bilateral Borrowings

On August 26, 2011 and September 27, 2011, BRI obtained bilateral loan with PT Bank Pan Indonesia Tbk (Panin Bank) amounted to USD25,000,000 and USD200,000,000, respectively, to fulfill liquidity needs in anticipation of BRI's business expansion, with annual interest rate of LIBOR plus 1.20% margin annually and LIBOR plus 2.20% margin annually, respectively, payable every 3 (three) months. The loan amounted to USD25,000,000 was paid on August 26, 2012.

The maturity date of loan facilities amounted to USD200,000,000 was divided into two stages, the first USD100,000,000 should be paid on August 27, 2012, while the second USD100,000,000 should be paid on September 27, 2012. At the maturity date of the first USD100,000,000 loan, on August 27, 2012, the facility is extended by changing the interest rate at LIBOR plus 2% margin annually. While, at the maturity date for the second USD100,000,000, on the September 27, 2012, the facility is extended by changing the interest rate at LIBOR plus 1.5% margin annually. These loan facilities was paid on August 27, 2013 and September 27, 2013, respectively.

d) Other Borrowings

	2013		2012	
	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent
Third parties				
Rupiah				
Bank Indonesia		12,457		12,376

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25. FUND BORROWINGS (continued)

d) Other Borrowings (continued)

	2013		2012	
	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent
Third parties (continued)				
Foreign currencies				
United States Dollar				
OCBC Bank	146,015,613	1,777,010	97,636,272	940,969
The Royal Bank of Scotland	96,175,305	1,170,453	130,059,214	1,253,446
The Bank of New York Mellon	75,150,275	914,579	50,739,925	489,006
Sumitomo Mitsui Banking Corporation	51,133,844	622,299	34,577,911	333,245
Commerzbank, A.G.	50,000,000	608,500	-	-
Citibank, N.A.	50,000,000	608,500	125,415,500	1,208,692
Australia and New Zealand Bank	50,000,000	608,500	25,000,000	240,938
Bank of Montreal	50,000,000	608,500	-	-
Bangkok Bank Public Company Limited	40,000,000	486,800	-	-
Bank of Nova Scotia	30,000,000	365,100	-	-
Wells Fargo	25,478,200	310,070	75,000,000	722,812
Maybank	25,000,000	304,250	-	-
Standard Chartered Bank	25,000,000	304,250	150,871,757	1,454,027
Bank of America N.A.	19,537,048	237,766	30,000,000	289,125
JP Morgan Chase Bank, N.A.	1,537,555	18,712	80,000,000	771,000
		8,945,289		7,703,260
European Euro				
Commerzbank, A.G.	662,400	11,101	65,440,466	833,163
JP Morgan Chase Bank, N.A.	-	-	8,340,671	106,190
		11,101		939,353
Japanese Yen				
Standard Chartered Bank	-	-	14,630,000	1,635
		8,956,390		8,644,248
		8,968,847		**8,656,624**

Other borrowings facilities in foreign currencies represent short-term borrowings obtained from several foreign banks with terms from 1 (one) month up to 3 (three) years and bear interest rate at LIBOR or SIBOR plus a certain margin, including refinancing borrowing facilities which are collateralized by letters of credit issued by BRI.

26. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

a) The details of estimated losses on commitments and contingencies which bear credit risk are as follows:

	2013	2012
Rupiah		
Guarantees issued	223	414

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26. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

b) Movements in estimated losses on commitments and contingencies:

	2013	2012
Rupiah		
Beginning balance	414	152
(Reversal) provision during the year	(191)	262
Ending balance	**223**	**414**

BRI assessed commitment and contingency transactions which have credit risks individually for impairment based on whether an objective evidence of impairment exists, except for the commitment and contingency transactions owned by BRIS (Subsidiary) (based on sharia principles) 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 Rp223 and Rp414 as of December 31, 2013 and 2012, respectively.

c) The collectibility of commitments and contingencies in administrative accounts (Notes 2am and 42):

	2013					
	Current	Special Mention	Substandard	Doubtful	Loss	Total
Third parties						
Rupiah						
Guarantees issued	2,956,284	-	-	-	-	2,956,284
Irrevocable L/C	482,260	-	-	-	-	482,260
	3,438,544	-	-	-	-	3,438,544
Foreign currencies						
Irrevocable L/C	14,520,957	-	-	-	-	14,520,957
Guarantees issued	5,073,751	-	-	-	-	5,073,751
	19,594,708	-	-	-	-	19,594,708
Related parties (Note 43)						
Rupiah						
Guarantees issued	2,814,419	-	-	-	-	2,814,419
Irrevocable L/C	180,540	-	-	-	-	180,540
	2,994,959	-	-	-	-	2,994,959
Foreign currencies						
Guarantees issued	5,047,727	-	-	-	-	5,047,727
Irrevocable L/C	3,442,713	-	-	-	-	3,442,713
	8,490,440	-	-	-	-	8,490,440
	34,518,651	**-**	**-**	**-**	**-**	**34,518,651**

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26. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

c) The collectibility of commitments and contingencies in administrative accounts (Notes 2am and 42) (continued):

	2012					
	Current	Special Mention	Substandard	Doubtful	Loss	Total
Third parties						
Rupiah						
Guarantees issued	2,238,507	-	-	-	-	2,238,507
Irrevocable L/C	126,012	-	-	-	-	126,012
	2,364,519	-	-	-	-	2,364,519
Foreign currencies						
Irrevocable L/C	6,037,299	-	-	-	-	6,037,299
Guarantees issued	4,578,886	-	-	-	-	4,578,886
	10,616,185	-	-	-	-	10,616,185
Related parties (Note 43)						
Rupiah						
Guarantees issued	1,463,576	-	-	-	-	1,463,576
Irrevocable L/C	324,284	-	-	-	-	324,284
	1,787,860	-	-	-	-	1,787,860
Foreign currencies						
Irrevocable L/C	5,744,305	-	-	-	-	5,744,305
Guarantees issued	3,980,849	-	-	-	-	3,980,849
	9,725,154	-	-	-	-	9,725,154
	24,493,718	-	-	-	-	**24,493,718**

27. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits consist of:

	2013	2012
Bonuses and incentives	4,049,103	2,791,258
Provision for grand leaves (Note 41e)	844,309	903,446
Provision for gratuity for services (Note 41e)	752,338	825,709
Provision for work separation scheme (Note 41d)	815,881	684,438
Defined benefit pension plan (Note 41a)	392,870	573,290
Provision for pension preparation period (Note 41e)	4,431	60,011
	6,858,932	**5,838,152**

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28. OTHER LIABILITIES

Other liabilities consist of:

	2013	2012
Third parties		
Rupiah		
Interests payable	618,490	488,539
Provision for timely-payment of interests (Note 2z)	581,812	494,150
Provision for litigation liabilities (Note 44b)	328,630	826,661
Unearned income	51,919	15,559
Guarantee deposits	32,617	63,273
Others	1,412,833	1,694,102
	3,026,301	3,582,284
Foreign currencies		
Interest payable	85,932	57,065
Unearned income	47,083	35,799
Guarantee deposits	21,091	18,175
Others	61,939	226,943
	216,045	337,982
	3,242,346	**3,920,266**

29. SUBORDINATED LOANS

BRI obtained subordinated loans in Rupiah with details as follows:

	2013	2012
Rupiah		
Subordinated Bond II	1,998,052	1,996,266
Two-step loans	98,972	120,296
	2,097,024	**2,116,562**

a. Subordinated Bond II

On December 22, 2009, BRI issued Rp2,000,000 “BRI Subordinated Bond II Year 2009” which are registered in the Indonesia Stock Exchange and bears a fixed interest rate. The Subordinated Bond II were issued at 100.00% of their nominal value with a fixed annual interest rate of 10.95%, payable every 3 (three) months. The Subordinated Bond II will be due and must be settled with the same value as the principal of the Subordinated Bond on December 22, 2014. Principal repayment of the Subordinated Bond can only be done after receiving approval from Bank Indonesia, however, if in the future the obligation to obtain approval from Bank Indonesia as stated above is no longer mandatory, therefore the principal repayment of the Subordinated Bond can be made without receiving the approval from Bank Indonesia.

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29. SUBORDINATED LOANS (continued)

a. Subordinated Bond II (continued)

The net proceeds from the issuance of the Subordinated Bond II are intended for loans expansion under a prudent principle.

The Subordinated Bond II are not guaranteed by special collateral nor guaranteed by the Republic of Indonesia or other third parties and are not included in the bank guarantee program implemented by the Deposit Insurance Agency (Lembaga Penjamin Simpanan/LPS) or other insurance corporation. BRI does not establish provision for principal repayment fund of the Subordinated Bond with consideration to optimize the use of the fund in accordance with the planning of the use of the issuance fund of the Subordinated Bond.

The issuance and classification of the Subordinated Bond II as subordinated loans were approved by Bank Indonesia, through its letter No. 11/90/DPB1/TPB1-3 dated November 11, 2009.

As of December 31, 2013 and 2012, “BRI Subordinated Bond II Year 2009” obtained a “idAAA” rating from PT Pemeringkat Efek Indonesia. The trustee of this Subordinated Bond is PT Bank Mandiri (Persero) Tbk.

The trustee agreement covers several covenants affecting BRI and requires a written approval from the trustee before conducting the following:

- Reduction of authorized, issued and paid capital stock, except as requested and or instructed by the Government of the Republic of Indonesia and or authorized parties (including but not limited to Bank Indonesia, Ministry of Finance of the Republic of Indonesia and Ministry of State-Owned Enterprises).
- Conduct merger and or separation and or dissolution and or acquisition, or allowing or giving approval to Subsidiaries to conduct merger and or separation and or dissolution and or acquisition, except as requested and or instructed by the Government of the Republic of Indonesia and or authorized parties (including but not limited to Bank Indonesia, Deposit Insurance Agency or other insurance corporation in accordance with the prevailing regulations, Ministry of Finance of the Republic of Indonesia and Ministry of State-Owned Enterprises), in accordance with the prevailing regulations, including but not limited to OJK regulations.

BRI has complied with the above trustee agreement.

b. Two-step Loans

The two-step loans in Rupiah represent the loans from the Government which were funded by the Asian Development Bank (ADB), International Bank for Reconstruction and Development (IBRD), International Fund for Agricultural Development (IFAD), United States Agency for International Development (USAID) and Islamic Development Bank (IDB). The interest rates of these loans vary based on the respective agreements with terms ranged from 15 (fifteen) up to 40 (forty) years. The average annual interest rates for subordinated loans were 4.38% and 4.40%, for the years ended December 31, 2013 and 2012, respectively. The maturity of these loans are various up to 2027.

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29. SUBORDINATED LOANS (continued)

The classification of subordinated loans based on their remaining period until maturity is as follows:

	2013	2012
Rupiah		
≤ 1 month	232	232
> 3 months - 1 year	1,998,289	21,093
> 1 year - 5 years	-	1,996,502
> 5 years	98,503	98,735
	2,097,024	**2,116,562**

30. EQUITY

a. Capital stock

The details of authorized, issued and fully paid capital stock of BRI as of December 31, 2013 and 2012 (Note 1c) are as follows:

	Number of Shares	Nominal Value Per Share (Full Rupiah)	Share Value (Full Rupiah)	Percentage of Ownership
Authorized Capital Stock				
- Series A Dwiwarna share	1	250	250	0.00%
- Series B Common shares	59,999,999,999	250	14,999,999,999,750	100.00
	60,000,000,000		**15,000,000,000,000**	**100.00%**
Issued and Fully Paid Capital Stock				
Republic of Indonesia				
- Series A Dwiwarna share	1	250	250	0,00%
- Series B Common shares	13,999,999,999	250	3,499,999,999,750	56.75
Public				
- Series B Common shares	10,669,162,000	250	2,667,290,500,000	43.25
	24,669,162,000		**6,167,290,500,000**	**100.00%**

Series A Dwiwarna share is the share that gives the shareholder preferential rights to approve the appointment or dismissal of Commissioners and Directors, changes in Articles of Association, approve on BRI's merger, dissolution, acquisition and separation, submission of request for bankruptcy and liquidation of BRI.

Series B shares are common shares that can be owned by the public.

Capital Structure

In response to the Management Contract entered into between the Government of the Republic of Indonesia, as represented by the Government through the Ministry of Finance and BRI on February 28, 2001, the Ministry of Finance issued the Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 regarding the final amount and the implementation of the rights of the Government arising from the additional investment of the Republic of Indonesia in the capital of BRI in connection with the recapitalization program for commercial banks. Based on such Decision Letter, the Ministry of Finance determined that the final recapitalization requirement amount of BRI is Rp29,063,531 (Note 10).

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30. EQUITY (continued)

a. Capital stock (continued)

Capital Structure (continued)

The Government's rights arising from the additional investment of the state to BRI were implemented as follows: Rp29,063,531 converted to 3,272,000 new shares issued by BRI with a par value of Rp1 million per share and Rp25,791,531 from the recapitalization fund recorded as additional paid-in capital in BRI's capital structure. This decision of the Ministry of Finance has been implemented retrospectively since June 30, 2003.

Based on BRI's Shareholders' Extraordinary General Meeting held on October 3, 2003 as covered by notarial deed No. 6 dated October 3, 2003 of notary Imas Fatimah, S.H., BRI's shareholders decided on, among others, the following:

1. Capital restructuring of BRI as of June 30, 2003 arising from the recapitalization fund of Rp29,063,531 to increase BRI's issued and fully paid capital stock owned by the Republic of Indonesia from Rp1,728,000, consisting of 1,728,000 shares at a par value of Rp1 million per share, to become Rp5,000,000 consisting of 5,000,000 shares at the same par value per share and the balance of Rp25,791,531 recorded as additional paid-in capital.

2. Change in par value per share (stock split) from Rp1 million to Rp500 (full Rupiah).

3. Increase in BRI's authorized capital stock of Rp5 trillion, divided into 5,000,000 shares at a par value of Rp1 million per share, to Rp15 trillion divided into 30,000,000,000 shares at a par value of Rp500 (full Rupiah) per share.

4. Change in classification of BRI's shares to Series A Dwiwarna and Series B shares.

5. Utilization of general and specific reserves as of June 30, 2003 amounted to Rp1,386,616 to cover the accumulated losses as of June 30, 2003.

6. Quasi-reorganization plan of BRI as of June 30, 2003 to eliminate the accumulated losses of Rp24,699,387 against the recorded additional paid-in capital (Note 3).

7. Plan to undertake the Initial Public Offering (IPO) of BRI's shares.

8. Follow up actions on the amendments to the Articles of Association

   i. Agree on the change in the status of BRI, to be a Publicly Listed Limited Liability Company, thereafter the name will be changed from "PT Bank Rakyat Indonesia (Persero)", to "Perusahaan Perseroan (Persero) PT Bank Rakyat Indonesia Tbk" and simplified to "PT Bank Rakyat Indonesia (Persero) Tbk".

   ii. Agree to change all provisions in the Articles of Association of BRI with revisions in accordance with Law No. 8 Year 1995 on "Capital Markets" and Decision of the Chairman of the Capital Market Supervisory Agency (Bapepam) No. KEP-13/PM/1997 dated April 30, 1997 on "The Main Provisions of the Articles of Association of a Company that Conduct an Initial Public Offering of Shares and Public Company".

The changes in BRI's Articles of Association in connection with the above Extraordinary General Shareholders' Meeting were covered in notarial deed No. 7 dated October 3, 2003 by notary Imas Fatimah, S.H. and were approved by the Ministry of Justice and Human Rights through its Decision Letter No. C-23726 HT.01.04.TH.2003 dated October 6, 2003.

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30. EQUITY (continued)

a. Capital stock (continued)

Capital Structure (continued)

Stock split was conducted based on Notarial Deed No. 38 dated November 24, 2010, whereby the par value per share of Rp500 (full Rupiah) became Rp250 (full Rupiah) per share, effective January 11, 2011 (Note 1c).

On October 13, 2003, the President of the Republic of Indonesia issued Government Regulation No. 49 Year 2003 regarding the sale of a portion of shares of BRI owned by the Republic of Indonesia and issuance of new shares of BRI, excluding the participation from the Republic of Indonesia, through the capital market and or direct sale to investors.

Initial Public Offering (IPO) of BRI's Shares

Based on the letter from the Chairman of Bapepam No. S-2646/PM/2003 dated October 31, 2003, the registration statement submitted by BRI in connection with the IPO of BRI's shares of 3,811,765,000 Series B common shares 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 issued with a par value of Rp500 (full Rupiah) per share and initial offer price of Rp875 (full Rupiah) per share to the public, became effective October 31, 2003. Such offered shares were initially traded on November 10, 2003 and simultaneously all of BRI shares were listed on the Jakarta and Surabaya Stock Exchanges (currently the Indonesia Stock Exchange).

Subsequently, the over-subscription option of 381,176,000 Series B common shares owned by the Republic of Indonesia (divestment) and over-allotment option of 571,764,000 Series B common shares owned by the Republic of Indonesia (divestment) with a price of Rp875 (full Rupiah) per share were exercised on November 10, 2003 and December 3, 2003, respectively. After BRI's IPO and the exercise of the over-subscription option and the over-allotment option, the Republic of Indonesia owns 59.50% of the outstanding common shares of BRI.

Stock Allocation Program

Based on the above Extraordinary General Shareholders' Meeting, BRI's shareholders agreed to, among others, the employee and management stock ownership plan through an Employee Stock Allocation Program (ESA) and Management Stock Option Plan (MSOP). The ESA consists of a Bonus Share Plan, Shares Purchase at a Discount and Additional Shares Grant programs. While MSOP is granted to Directors and employees at certain levels and positions. Costs and discounts related to the ESA and MSOP programs are paid by the Bank through the allocation of reserves. The compensation cost relating to MSOP is recognized through stock options under equity. The management and execution of the ESA and MSOP programs are performed by the Directors, while the supervision is performed by the Board of Commissioners.

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30. EQUITY (continued)

b. Additional Paid-in Capital

The details of additional paid in capital as of December 31, 2013 and 2012 are as follows:

Additional capital by the Government related to the recapitalization program	1,092,144
Previous balance of paid up capital from IPO 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
Remaining MSOP Stage-I which already expired	504
Remaining MSOP Stage-II which already expired	1,845
Remaining MSOP Stage-III which already expired	8,447
	2,773,858

In line with the realization of the Recapitalization Program for Commercial Banks as set forth in Government Regulation No. 52 Year 1999 on the "Increase in Investment by the Republic of Indonesia in State-Owned Banks", the Government determined that the recapitalization requirement amount of BRI to achieve a CAR of 4% was Rp29,063,531. Up to June 30, 2003, the authorized and issued capital stock of BRI has not yet been increased by additional capital from the above recapitalization program, therefore, the paid up capital from the Government of Rp29,063,531 was recorded temporarily under "Additional Paid-in Capital" together with the previous balance of paid up capital of Rp5 from the Government.

Based on the Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 of the Ministry of Finance as explained in letter a above, from 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 (Note 28a). Moreover, with the implementation of the quasi-reorganization by BRI, the accumulated losses before quasi-reorganization as of June 30, 2003 amounted to Rp24,699,387 (Note 3) was eliminated against additional paid-in capital, resulting the additional paid-in capital amounted to Rp1,092,149 as of June 30, 2003.

On November 10, 2003, BRI conducted an IPO by issuing 1,764,705,000 new series B common shares with a par value of Rp500 (full Rupiah) per share at the offering price of Rp875 (full Rupiah) per share, resulting in additional paid-in capital as follows:

Total new Series B Common shares issued to the public under the IPO (shares)	1,764,705,000
Premium per share (full Rupiah)	375
Total premium on shares before discount	661,764
Less: - 3% discount given to BRI customers	(2,961)
- Cost of IPO	(69,041)
Additional paid-in capital from IPO	**589,762**

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30. EQUITY (continued)

b. Additional Paid-in Capital (continued)

The employees of BRI exercised their stock options starting on November 10, 2004 for MSOP I, November 10, 2005 for MSOP II and November 15, 2006 for MSOP III. During 2004 until 2010, stock options exercised totaled to 569,876,000 shares for MSOP I, II and III, which consist of 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.

c. Differences Arising from Translation of Foreign Currency Financial Statements

This account represents the exchange rate differences resulting from the translation of the financial statement of the overseas branch/representative offices of BRI (Cayman Islands, New York and Hong Kong) from United States Dollar and Hong Kong Dollar to Indonesian Rupiah (Note 2ah). 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) on the statements of financial position date. The statements of comprehensive income for the year ended as of such date is derived from the accumulation of the monthly statements of comprehensive income balances which are translated into Rupiah by using the average exchange middle rate for the respective months.

d. Distribution of Net Income

Based on the Annual General Shareholders' Meetings of BRI held on February 28, 2013 and March 28, 2012, the Shareholders agreed to distribute the dividend from net income for the years ended December 31, 2013 and 2012 as follows:

	Income 2012	Income 2011
Dividends	5,556,285	3,016,585
General and specific reserves	2,592,933	150,829
Appropriation for partnership and environmental development funds	-	603,315

BRI recorded the allowance for *tantiem* in the current consolidated statements of comprehensive income in accordance with SFAS No. 24 (Revised 2010) on "Employee Benefits".

31. INTEREST AND INVESTMENT INCOME

Interest and investment income are derived from:

	2013	2012
Rupiah		
Loans		
Micro	24,838,353	19,780,729
Retail	21,020,297	18,688,743
Corporate	5,075,470	3,385,618
Securities		
Fair value through profit or loss		
Certificates of Bank Indonesia	1,965	-
Government bonds	16,143	35,525
Bonds	2,557	1,005

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31. INTEREST AND INVESTMENT INCOME (continued)

Interest and investment income are derived from (continued):

	2013	2012
Rupiah (continued)		
Securities (continued)		
Available for sale		
Certificates of Bank Indonesia	223,282	305,875
Deposits Certificates of Bank Indonesia	15,067	-
Bonds	3,026	6,296
Government bonds	489,708	332,418
Held to maturity		
Certificates of Bank Indonesia	466,203	341,361
Deposits Certificates of Bank Indonesia	41,369	-
Bonds	53,263	88
Subordinated bonds	13,744	7,950
Government bonds	800,421	780,606
Medium Term Notes	5,646	6,794
Government Recapitalization Bonds		
Fair value through profit or loss	647	-
Available for sale	21,675	294,839
Held to maturity	140,795	80,379
Placements with Bank Indonesia and other banks		
Deposit Facility/Term Deposit	1,138,532	1,862,490
Inter-bank call money	96,577	45,422
Others	104	323
Current accounts with Bank Indonesia	190,842	163,713
Others	830,891	669,285
	55,486,577	46,789,459
Foreign currencies		
Loans		
Retail	211,720	140,436
Corporate	971,674	678,805
Securities		
Fair value through profit or loss		
Credit Linked Notes	18,007	17,451
Government bonds	4,123	3,514
Available for sale		
Bonds	11,279	493
Medium Term Notes	2,681	18,114
Government bonds	345,880	181,561
Held to maturity		
Credit Link Notes	33,541	64,574
Notes Receivable	9,754	23,376
Medium Term Notes	4,612	-
Bonds	1,172	2,089
Government bonds	120,521	65,812
Placements with Bank Indonesia and other banks		
Deposit Facility/Term Deposit	3,888	-
Inter-bank call money	32,715	15,275
Others	58,610	44,175
Others	404,077	226,887
	2,234,254	1,482,562
	57,720,831	**48,272,021**

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32. INTEREST EXPENSE AND OTHER FINANCING EXPENSE

This account represents interest expenses and other financing expense incurred on:

	2013	2012
Rupiah		
Time deposits	8,870,319	6,892,440
Saving deposits	2,253,778	2,125,483
Demand deposits	1,202,053	1,462,384
Subordinated loans	220,786	221,208
Fund borrowings	183,428	177,180
Deposits from other banks and financial institutions	101,405	41,856
Securities sold under agreement to repurchase	-	388
Others	1,001,681	1,055,971
	13,833,450	11,976,910
Foreign currencies		
Time deposits	565,088	474,163
Deposits from other banks and financial institutions	86,751	51,877
Demand deposits	64,633	16,393
Fund borrowings	38,849	78,934
Savings	1,452	783
	756,773	622,150
	14,590,223	**12,599,060**

33. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET

This account represents provision (reversal) of allowance for impairment losses on financial assets as follows:

	2013	2012
Loans (Note 13f)	3,946,083	2,593,691
Sharia receivables and financing (Note 14)	2,410	75,426
Placements with Bank Indonesia and other banks (Note 7)	-	(300)
Securities (Note 8e)	12	(750)
Current accounts with other banks (Note 6e)	(94)	110
Investment in associated entities (Note 16)	(536)	-
	3,947,875	**2,668,177**

34. SALARIES AND EMPLOYEE BENEFITS

The details of this account are as follows:

	2013	2012
Salaries, wages and allowances	6,397,984	4,593,169
Bonuses, incentives and tantiem	4,079,858	2,806,706
Training and development	566,365	495,736
Medical allowances	183,551	154,641
Jamsostek contribution	180,464	122,173

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34. SALARIES AND EMPLOYEE BENEFITS (continued)

The details of this account are as follows (continued):

	2013	2012
Work separation scheme (Note 41d)	174,500	155,250
Defined contribution pension (Catatan 41c)	124,322	104,385
Grand leaves (Note 41e)	55,534	224,217
Defined benefit pension (Note 41a)	46,791	497,852
Pension preparation period (Note 41e)	32,220	2,152
Gratuity for services (Note 41e)	2,342	192,577
Others	388,063	256,689
	12,231,994	**9,605,547**

Salaries and allowances of the Board of Directors amounted to Rp48,817 and Rp46,269, and the Board of Commissioners amounted to Rp17,256 and Rp14,739 for the years ended December 31, 2013 and 2012, respectively (Note 43).

Bonuses, incentives and *tantiem* paid to the Boards of Directors, Commissioners and key employees amounted to Rp266,479 and Rp225,076 for the years ended December 31, 2013 and 2012, respectively (Note 43).

35. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account are as follows:

	2013	2012
Rent	1,280,213	1,016,732
Repairs and maintenance	752,937	654,556
Depreciation of premises and equipment (Note 17)	678,285	417,396
Electricity and water	435,213	362,027
Transportation	324,360	272,628
Printing and postage	254,341	168,212
Office supplies	220,913	183,298
Communications	117,015	107,615
Professional fees	72,478	54,139
Computer installations	47,128	42,300
Research and product development	13,823	6,874
Others	3,322,180	3,057,884
	7,518,886	**6,343,661**

36. NON OPERATING INCOME - NET

The details of this account are as follows:

	2013	2012
Loan insurance claim income	593,346	460,359
Gain on sale of premises and equipment	108,193	13,751
Cash distribution from the liquidation of BRI Finance Ltd, Hong Kong	39,542	23,855
Rental income	7,104	4,636
Others - net	1,034,304	674,433
	1,782,489	**1,177,034**

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37. TAXATION

a) Taxes Payable

As of December 31, 2013 and 2012, the details of taxes payable are as follows:

	2013	2012
BRI (Parent Entity)		
Income tax		
Article 25 (December)	160,469	392,603
Article 29	1,067,156	443,641
	1,227,625	836,244
Subsidiaries		
Income tax		
Article 21	10,116	10,374
Article 23	736	725
Article 25 (December)	7,342	4,574
Article 29	4,254	34,103
Article 4 (2)	15,940	9,669
Others	5	6
	38,393	59,451
	1,266,018	**895,695**

b) Tax Expense

	2013	2012
Parent Entity		
Current tax expense of:		
Current year	5,674,294	4,434,804
Prior year tax examination	483,171	36,142
Deferred income tax expense	330,261	646,937
	6,487,726	5,117,883
Subsidiaries		
Current tax expense of:		
Current year	71,080	71,089
Prior year tax examination	-	4,455
Deferred income tax benefit	(3,070)	(21,235)
	68,010	54,309
	6,555,736	**5,172,192**

The reconciliation between income before tax expense as presented in the consolidated statements of comprehensive income and estimated taxable income is as follows:

	2013	2012
Income before tax expense based on the consolidated statements of comprehensive income	27,910,066	23,859,572
Income of Subsidiaries	(262,190)	(188,685)
Income before tax expense - BRI (Parent Entity)	27,647,876	23,670,887

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37. TAXATION (continued)

b) Tax Expense (continued)

	2013	2012
Temporary Differences:		
Reversal for allowance for impairment losses on loans	(752,577)	(1,688,909)
Reversal of provision for personnel expenses	(255,395)	(657,053)
Unrealized loss (gain) on trading securities and Government Recapitalization Bonds	(4,516)	882
Depreciation of premises and equipment	(308,020)	(242,670)
Reversal of provision for possible losses on earning assets excluding loans	(536)	-
	(1,321,044)	(2,587,750)
Permanent Differences:		
Public relations	209,352	142,637
Representations and donations	86,789	49,706
Sports and religious activities	36,825	32,098
Income subjected to final tax	(5,261)	(4,724)
Income of Subsidiaries	(25,573)	(32,060)
Others	1,742,508	903,225
	2,044,640	1,090,882
Estimated taxable income	**28,371,472**	**22,174,019**

The computation of corporate income tax expense and income tax payable are as follows:

	2013	2012
Estimated taxable income	28,371,472	22,174,019
Parent Entity		
Corporate income tax expense - current	(5,674,294)	(4,434,804)
Income tax installment payments during the year	4,607,138	3,991,163
Corporate income tax payable - Article 29	(1,067,156)	(443,641)
Subsidiaries		
Corporate income tax expense - current	(71,080)	(71,089)
Income tax installment payments during the year	66,826	36,986
Corporate income tax payable - Article 29	(4,254)	(34,103)

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37. TAXATION (continued)

b) Tax Expense (continued)

Estimated taxable income in 2013 and 2012 are used as a basis for fullfilment of annual tax return (SPT) for corporate income tax that reported by BRI to Tax Office (KPP). Income tax of BRI and Subsidiaries are computed for each company as a separate legal entity.

Examination of fiscal year 2010

The General Directorate of Tax based on Tax Assessment Letter No. 00198/207/10/093/12 dated November 28, 2012, affirmed the under payment of Value Added Tax on Goods and Services in the amount of Rp1,418 including fine in the amount of Rp194 which was billed through Tax Billing Letter No. 00112/107/10/093/12 dated November 28, 2012. Tax principal was already approved by the BRI, but for administrative sanctions and penalties are currently being proposed for deletion process according to the existing tax regulations.

The General Directorate of Tax based on Tax Assessment Letter No. 00003/206/10/093/12 dated November 28, 2012, affirmed the under payment of Income Tax in the amount of Rp1,484,041 which was already approved by BRI in the amount of Rp34,529. The management is in the opinion that BRI's treatment to disapprove the tax under payment is already in accordance with the existing tax regulations, therefore, BRI is currently filing for an objection.

The total payment for tax under payment of Value Added Tax and Goods (including penalty) and income tax by BRI amounted to Rp36,142 and was paid on December 27, 2012.

On February 27, 2013, BRI has contested the Under Payment of Tax Assesstment Letter of Income Tax No. 00003/206/10/093/12 dated 28 November 2012. To qualify for the requirement of objection, BRI has paid a deposit of Rp1,449,512 to the State Treasury on February 28, 2013. After the assessment, management BRI believes that the period for filing an objection and appeal until the decision of the review takes about 3 years and 3 months. Appeal decision and reconsideration decision has the possibility of rejected by the Tax Court, therefore BRI has formed the cost for the possible losses from the appeal process until the reconsideration decision amounted to Rp483,171 in 2013 (Note 18).

c) Deferred Tax Assets

The computation of deferred tax benefit (expense) of BRI is as follows (Note 2aj):

	2013	2012
Parent Entity		
Reversal for allowance for possible losses on earning assets	(188,278)	(422,227)
Reversal of provision for personnel expense	(63,849)	(164,263)
Unrealized loss (gain) on trading securities and Government Recapitalization Bonds	(1,129)	220
Depreciation of premises and equipment	(77,005)	(60,667)
	(330,261)	(646,937)
Subsidiaries	3,070	21,235
	(327,191)	**(625,702)**

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37. TAXATION (continued)

c) Deferred Tax Assets (continued)

The tax effects of significant temporary differences between commercial reporting and tax (recorded under "Deferred Tax Assets") are as follows (Note 2aj):

	2013	2012
Parent Entity		
Allowance for possible losses on earning assets	1,245,440	1,433,718
Provision for personnel expense	682,503	746,352
Depreciation on premises and equipment	(21,191)	55,814
Unrealized gain on trading securities and Government Recapitalization Bonds	(1,129)	-
Unrealized loss (gain) on available for sale securities and Government Recapitalization Bonds	236,513	(243,652)
	2,142,136	1,992,232
Subsidiaries	46,370	32,679
	2,188,506	**2,024,911**

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 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 Publicly-listed 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 Tax Payers in the Form of Public Companies" stipulates that resident publicly-listed 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, i.e., 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 publicly-listed companies for a period of 6 (six) months in 1 (one) tax year. Based on Letter No. DE/I/2014-0098 dated January 6, 2014 and the monthly report of shares ownerships, form No. X.H.I-2 dated January, 6 2014 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of BRI's shares during 2013), 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, 2013 were fulfilled by BRI.

38. RISK MANAGEMENT

The key to success in BRI's accomplishment as a strong and healthy bank with sustainable growth is the business implementation accompanied by an integrated and systematic risk management of credit, liquidity, operational, market, strategic, compliance, reputational and legal risk in accordance with Circular Letter of Bank Indonesia No. 13/23/DPNP dated October 25, 2011 on Risk Management Implementation for Commercial Banks.

The principles of integrated and systematic risk management are stated in the Risk Management General Policy (KUMR) which represents the supreme rule in the risk management implementation in BRI's business activities. KUMR includes general policy, strategy, organization, risk management, information system, process and implementation of risk management, up to internal control system. Implementation of risk management policies are set for derivative transactions in accordance with the type of derivative risks.

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38. RISK MANAGEMENT (continued)

Board of Commissioners (BOC) and Board of Director (BOD) is responsible for effective risk management at BRI and have an important role in supporting and overseeing the implementation of risk management across working units.

BOC evaluate the implementation of risk management policies that was led by BOD. Evaluation is done to ensure that BOD manage the activity and risks effectively. In conducting supervision of BRI's risk management, BOC were assisted by the Risk Management Oversight Committee (KPMR).

BOD determine the policy and risk management strategy comprehensively along with its implementation. BOD ensure that all material risks and the impact has been followed up, and remedial measure for problems or irregularities in business activity has been implemented. BOD appoint a Special Director, in this case Director of Compliance and Risk Management, to implement the process of monitoring and controlling bank-wide risk.

BRI's BOD were assisted by Risk Management Committee (RMC) as the highest committee in BRI's risk management structure. RMC is responsible to provide recommendations to the President Director in formulating policies, enhance policy implementation, evaluating the progress and condition of risk profiles, and providing remedial measure.

To address issues that were specific to certain types of risk and required immediate decisions, RMC conducted sub-RMC meetings. There were 3 (three) types of sub-RMC: CMRC (Credit Risk Management Committee), MRMC (Market Risk Management Committee), and ORMC (Operational Risk Management Committee), was form to discuss issues related to credit, market, operational and other risks.

Risk management within BRI is a function that is independent, in example business function and audit function. These functions plays an active roll in implementing risk management at different levels of authority. BRI's Risk Management was implemented with the concept of three lines of defense. First line of defense is the business and operational units with functional activity, responsible for implementing and maintaining internal controls and ensuring output quality are accordance with policies and procedures that have been developed. Second line of defense monitors the implementation of risk management procedures with an appropriate risk tolerance and establishes policies, guidelines, and risk limits for business and operational units independently. Third line of denfense evaluate the first line and second lines of defense, and provide report to the President Director and BOC independently.

Credit Risk Management

Credit risk is risk due to default of debtor and/or other party in meeting their obligation to BRI. BRI monitors the credit quality as part of early identification of credit impairment. Credit risk management is done by including limits of acceptable risk exposure for individual third party, limits on geographics boundaries, and limits on each industry. Limit determination is done through credit risk rating for each debtor. Credit risk rating is updated periodically to estimate potential loss as risk due to credit expansion and as a basis to determine the following improvement.

Implementation of Credit Risk Management is not solely intended to put BRI as a bank that is complied with the regulation, but also as a form of management's obligation in implementing credit risk management system at an optimum level of risk and return, and in accordance with best practice in the banking industry, which is expected to support BRI's business activities.

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Loan distribution performed by business unit already considered the credit risk from granting until fully paid. Monitoring on credit risk are done on a regular basis to prevent Non Performing Loan (NPL).

Through the implementation of Early Warning System (EWS) in the development of the condition of the debtor's business, effective credit risk management could minimize risk of loss and optimize capital usage to obtain maximum income.

Credit risk management of BRI is intended to minimize possible losses due to unsettled loans and other financial contracts, both in the individual level and the overall loan portfolio. Credit risk management is also intended to meet the regulatory requirements of Bank Indonesia.

1. Analysis of maximum exposure to credit risk and collateral and other credit echancment

   The carrying value of BRI's financial assets other than loan and receivable and securities purchased under agreement to resell best represent the maximum exposure to credit risk

   The table below shows the net maximum exposure to credit risk of securities purchase under agreement to resell as of December 31, 2013.

	Maximum Exposure	Collateral	Net Exposure
Securities purchased under agrrements to resell	14,440,063	15,133,887	-

For the loans and receivables, BRI uses the collateral to minimize the credit risk. Loans and receivables are classified into two major category :
1. Secured loans
2. Unsecured loans

For *secured loans*, BRI determined the type and value of collateral according to the loan scheme. Types of collateral are as follows :

a. Physical collateral, such as land and buildings, proof of vehicle ownership, and property.
b. Financial collateral, such as time deposit, savings, demand deposit, securities, and gold.
c. Others, such as guarantees, government guarantees, and guarantee institution.

In times of default, BRI will use the collateral as the last resort in recovering its investment.

Unsecured loans consist of fully unsecured loans such as credit cards and partially secured loans such as loans for fixed income employees, loans for retirees, and other consumer loans. In their payment obligations, partially secured loans are generally made through automatic payroll deduction.

Although it is included in the unsecured loans category, the risk level of partially secured loans is lower than the carrying value. As for fully unsecured loan, the risk level is equal to the carrying value.

Credit risk mitigations for partially secured loans consist of employee recruitment decision letter and certificate of retirement.

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis

a. Geographical sectors

The following tables provide details of BRI's credit risk exposure at carrying value as categorized by geographical region as of December 31, 2013 and 2012. For these tables, BRI has allocated exposures to the regions based on the geographical area where activities are undertaken which also illustrates the region business potential:

	2013							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
Assets								
Current accounts with Bank Indonesia	40,718,495	-	-	-	-	-	-	40,718,495
Current accounts with other banks	8,746,304	3,740	1,416	795	5,016	10,076	667,850	9,435,197
Placements with Bank Indonesia and other banks	36,306,883	-	-	-	-	-	-	36,306,883
Securities								
Fair value through profit or loss	898,511	-	-	-	-	-	-	898,511
Available for sale	13,739,364	-	-	-	-	-	1,634,694	15,374,058
Held to maturity	26,289,475	-	-	-	-	-	112,393	26,401,868
Export bills	6,399,769	901,712	143,749	1,116,915	350,933	12,994	-	8,926,072
Government Recapitalization Bonds								
Fair value through profit or loss	199,314	-	-	-	-	-	-	199,314
Available for sale	712,105	-	-	-	-	-	-	712,105
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	14,440,063	-	-	-	-	-	-	14,440,063
Derivatives receivable	4,981	-	-	-	-	-	-	4,981
Loans								
Micro	11,172,945	12,787,420	22,711,207	19,609,819	30,126,437	45,858,914	-	142,266,742
Retail	48,387,090	12,809,817	19,690,352	23,467,745	31,556,531	45,616,690	326,113	181,854,338
Corporate	76,579,783	7,685,786	2,089,124	5,946,223	9,701,029	4,191,558	4,001,883	110,195,386
Sharia receivables and financing	3,939,050	3,186,621	1,624,095	1,352,004	2,252,143	1,674,477	-	14,028,390
Acceptances receivable	1,788,857	1,034,340	189,150	527,306	140,031	-	-	3,679,684
Investment in associated entities*)	1,944	-	-	-	-	-	-	1,944
Other assets**)	996,975	19,189	15,550	20,885	34,920	23,292	49,723	1,160,534
	294,921,908	**38,428,625**	**46,464,643**	**52,041,692**	**74,167,040**	**97,388,001**	**6,792,656**	**610,204,565**
Less: Allowance for Impairment losses								(15,418,945)
								594,785,620
Administrative Accounts								
Irrevocable L/C	15,691,043	1,811,410	110,618	557,092	429,071	27,236	-	18,626,470
Guarantees issued	10,058,642	2,226,392	158,740	480,897	393,191	2,574,319	-	15,892,181
	25,749,685	**4,037,802**	**269,358**	**1,037,989**	**822,262**	**2,601,555**	**-**	**34,518,651**

	2012							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
Assets								
Current accounts with Bank Indonesia	42,524,126	-	-	-	-	-	-	42,524,126
Current accounts with other banks	4,736,402	118	1,026	8	562	7,818	96,212	4,842,146
Placements with Bank Indonesia and other banks	65,947,885	-	-	-	-	-	295,043	66,242,928
Securities								
Fair value through profit or loss	612,986	-	-	-	-	-	-	612,986
Available for sale	12,280,118	-	-	-	-	-	1,244,967	13,525,085
Held to maturity	26,856,716	-	-	-	-	-	142,853	26,999,569
Export bills	4,048,115	7,623	80,255	905,657	72,752	14,669	805,701	5,934,772
Government Recapitalization Bonds								
Available for sale	715,616	-	-	-	-	-	-	715,616
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	9,550,521	-	-	-	-	-	-	9,550,521

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis (continued)

a. Geographical sectors (continued)

	2012							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
Assets (continued)								
Derivatives receivable	28,850	-	-	-	-	-	-	28,850
Loans								
Micro	9,034,327	9,939,161	17,788,181	15,498,699	25,571,902	37,662,582	-	115,494,852
Retail	35,603,909	10,090,294	15,982,950	19,034,391	26,932,435	38,567,169	162,578	146,373,726
Corporate	60,861,940	6,794,456	1,828,626	6,825,359	7,259,103	3,774,799	1,545,401	88,889,684
Sharia receivables and financing	3,608,075	2,332,404	1,342,613	1,052,596	1,687,256	1,225,337	-	11,248,281
Acceptances receivable	3,730,657	676,866	336,822	8,086	33,690	-	-	4,786,121
Investment in associated entities*)	1,944	-	-	-	-	-	-	1,944
Other assets**)	410,062	18,732	9,904	18,323	30,045	65,895	72,394	625,355
Total	**284,152,249**	**29,859,654**	**37,370,377**	**43,343,119**	**61,587,745**	**81,318,269**	**4,365,149**	**541,996,562**
Less: Allowance for Impairment losses								(14,916,332)
								527,080,230
Administrative Accounts								
Guarantees issued	8,503,562	887,918	278,298	253,230	285,400	2,053,410	-	12,261,818
Irrevocable L/C	7,436,075	3,685,709	160,285	435,667	475,178	38,986	-	12,231,900
	15,939,637	**4,573,627**	**438,583**	**688,897**	**760,578**	**2,092,396**	**-**	**24,493,718**

*) Investment in associated entities with no significant influence.
**) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

b. Industrial sectors

The following tables provide the details of credit exposure at carrying value, as categorized by the industrial sectors as of December 31, 2013 and 2012:

	2013							
	Government (including Bank Indonesia)	Banks and other financial institutions	Agriculture	Industry	Trade, hotel and restaurant	Services	Others	Total
Aset								
Current accounts with Bank Indonesia	40,718,495	-	-	-	-	-	-	40,718,495
Current accounts with other banks	-	9,435,197	-	-	-	-	-	9,435,197
Placements with Bank Indonesia and other banks	31,957,329	4,349,554	-	-	-	-	-	36,306,883
Securities								
Fair value through profit or loss	197,028	701,483	-	-	-	-	-	898,511
Available for sale	14,262,387	461,029	-	248,524	12,048	25,310	364,760	15,374,058
Held to maturity	21,653,086	4,456,782	50,000	50,000	150,000	42,000	-	26,401,868
Export bills	10,266	-	-	2,664,128	40,856	32,965	6,177,857	8,926,072
Government Recapitalization Bonds								
Fair value through profit or loss	199,314	-	-	-	-	-	-	199,314
Available for sale	712,105	-	-	-	-	-	-	712,105
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	14,440,063	-	-	-	-	-	-	14,440,063
Derivatives receivable	-	4,981	-	-	-	-	-	4,981
Loans								
Micro	-	-	18,962,693	2,684,186	58,893,221	6,554,528	55,172,114	142,266,742
Retail	-	6,773,316	3,936,283	13,693,620	65,489,885	6,561,863	85,399,371	181,854,338
Corporate	3,541,631	4,371,588	16,625,502	31,961,494	18,601,806	4,407,974	30,685,391	110,195,386
Sharia receivables and financing	6,739	79,173	129,504	311,405	49,542	5,467,247	7,984,780	14,028,390
Acceptances receivable	1,417,558	-	-	11,241	-	-	2,250,885	3,679,684
Investment in associated entities*)	-	834	-	-	-	900	210	1,944
Other assets**)	764,030	90,272	-	-	-	42,177	264,055	1,160,534
	133,480,031	**30,724,209**	**39,703,982**	**51,624,598**	**143,237,358**	**23,134,964**	**188,299,423**	**610,204,565**
Less: Allowance for Impairment losses								(15,418,945)
								594,785,620

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis (continued)

b. Industrial sectors (continued)

	2013							
	Government (including Bank Indonesia)	Banks and other financial institutions	Agriculture	Industry	Trade, hotel and restaurant	Services	Others	Total
Administrative Accounts								
Irrevocable L/C	5,856,008	-	-	575,179	33,095	810	12,161,378	18,626,470
Guarantees issued	7,194,127	1,689	-	960,675	169,827	109,416	7,456,447	15,892,181
	13,050,135	**1,689**	**-**	**1,535,854**	**202,922**	**110,226**	**19,617,825**	**34,518,651**

	2012							
	Government (including Bank Indonesia)	Banks and other financial institutions	Agriculture	Industry	Trade, hotel and restaurant	Services	Others	Total
Assets								
Current account with Bank Indonesia	42,524,126	-	-	-	-	-	-	42,524,126
Current accounts with other banks	-	4,842,146	-	-	-	-	-	4,842,146
Placements with Bank Indonesia and other banks	60,696,564	5,261,364	-	-	-	-	285,000	66,242,928
Securities								
Fair value through profit or loss	71,925	541,061	-	-	-	-	-	612,986
Available for sale	13,113,967	69,227	-	-	-	-	341,891	13,525,085
Held to maturity	22,169,346	3,591,573	25,000	233,188	-	-	980,462	26,999,569
Export bills	14,281	-	11,627	928,956	57,048	-	4,922,860	5,934,772
Government Recapitalization Bonds								
Available for sale	715,616	-	-	-	-	-	-	715,616
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	9,550,521	-	-	-	-	-	-	9,550,521
Derivatives receivable	-	28,850	-	-	-	-	-	28,850
Loans								
Micro	-	-	13,606,510	1,569,718	37,471,249	2,554,663	60,292,712	115,494,852
Ritail	696,347	387,937	2,710,743	7,967,775	53,131,825	6,630,768	74,848,331	146,373,726
Corporate	2,254,829	5,489,847	15,880,206	28,623,491	3,759,502	798,102	32,083,707	88,889,684
Sharia receivables and financing	17,695	-	127,960	682,580	677,218	4,210,196	5,532,632	11,248,281
Acceptances receivable	685,912	-	-	1,185	-	-	4,099,024	4,786,121
Investment in associated entities*	-	834	-	-	-	900	210	1,944
Other assets**)	68,054	730	-	-	387,883	168,688	-	625,355
	156,179,183	**20,213,569**	**32,362,046**	**40,006,893**	**95,484,725**	**14,363,317**	**183,386,829**	**541,996,562**
Less: Allowance for Impairment losses								(14,916,332)
								527,080,230
Administrative Accounts								
Guarantees issued	5,444,426	-	347,076	75,036	268,021	23,262	6,103,997	12,261,818
Irrevocable L/C	6,068,726	-	1,654	250,057	74,932	80,184	5,756,347	12,231,900
	11,513,152	**-**	**348,730**	**325,093**	**342,953**	**103,446**	**11,860,344**	**24,493,718**

*) Investment in associated entities with no significant influence.
**) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

3. Impairment of financial assets as of December 31, 2013 and 2012

a. Current accounts with other banks

As of December 31, 2013 and 2012, this financial asset includes impaired account amounted to Rp77 and Rp171.

b. Placements with Bank Indonesia and other banks

As of December 31, 2013 and 2012, this financial asset is neither individually nor collectively impaired.

c. Securities

As of December 31, 2013 and 2012, this financial asset includes impaired accounts with the following details:

	2013	2012
Rupiah		
Government bonds	18,126,855	15,246,161
Certificates of Bank Indonesia	8,027,875	16,556,764
Deposits Certificates of Bank Indonesia	3,717,868	-
Bonds	1,986,229	1,559,225
Bank Indonesia Sharia Certificates (SBIS)	1,050,000	575,000
Mutual funds	338,464	10,998
Medium term notes	50,000	100,000
Subordinates bonds	40,000	89,873
	33,337,291	34,138,021
Foreign currencies		
Government bonds	4,418,069	2,977,313
Credit linked notes	4,212,803	3,698,047
Bonds	621,084	160,139
Notes receivables	85,190	115,650
Medium term notes	-	48,470
	9,337,146	6,999,619
	42,674,437	41,137,640
Less : Allowance for impairment losses	(772)	(760)
	42,673,665	**41,136,880**

d. Export bills

As of December 31, 2013 and 2012 this financial asset is neither individually nor collectively impaired.

e. Derivatives receivable

As of December 31, 2013 and 2012, this financial asset is not individually or collectively impaired.

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

3. Impairment of financial assets as of December 31, 2013 and 2012 (continued)

f. Loans, Sharia receivables and financing

As of December 31, 2013 and 2012, this financial asset is individually or collectively impaired, for Sharia is according to the regulation of Bank Indonesia with the following details:

	2013				
	Neither Past Due Nor Impaired		Past Due But Not		
	High Grade	*Standard Grade*	Impaired	Impaired	Total
Rupiah					
Trading, hotels and restaurants	122,782,974	215,206	10,670,167	4,629,957	138,298,304
Agriculture	34,633,345	3,482	1,350,181	788,266	36,775,274
Business services	20,169,721	3,625,324	1,274,688	940,567	26,010,300
Manufacturing	18,340,606	1,291,838	651,361	771,092	21,054,897
Social services	11,986,164	646	253,642	194,599	12,435,051
Transportation, warehousing and communications	10,673,187	2,555	351,335	299,492	11,326,569
Electricity, gas and water	10,564,096	-	13,471	26,207	10,603,774
Construction	8,324,731	-	390,665	1,317,825	10,033,221
Mining	2,065,572	1,800	362,284	41,451	2,471,107
Others	124,568,589	1,267	5,146,468	1,352,576	131,068,900
	364,108,985	5,142,118	20,464,262	10,362,032	400,077,397
Foreign currencies					
Manufacturing	27,227,762	413,841	-	658,383	28,299,986
Trading, hotels and restaurants	4,190,159	100,737	220,878	865,594	5,377,368
Social services	3,286,158	-	-	-	3,286,158
Agriculture	2,853,568	-	-	37,018	2,890,586
Mining	2,820,276	-	215,260	5,475	3,041,011
Electricity, gas and water	1,539,950	-	-	-	1,539,950
Business services	995,281	-	17,148	427,673	1,440,102
Construction	959,459	-	92	178,738	1,138,289
Transportation, warehousing and communications	179,769	-	1,262	954,972	1,136,003
Others	118,006	-	-	-	118,006
	44,170,388	514,578	454,640	3,127,853	48,267,459
	408,279,373	**5,656,696**	**20,918,902**	**13,489,885**	**448,344,856**
Less: Allowance for Impairment losses					(15,418,096)
					432,926,760

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

3. Impairment of financial assets as of December 31, 2013 and 2012 (continued)

f. Loans, Sharia receivables and financing (continued)

	2012				
	Neither Past Due Nor Impaired		Past Due But Not		
	High Grade	*Standard Grade*	Impaired	Impaired	Total
Rupiah					
Trading, hotels and restaurants	80,229,488	64,984	8,286,020	4,240,317	92,820,809
Agriculture	28,614,575	31,667	1,334,176	640,306	30,620,724
Manufacturing	16,962,073	990,610	535,521	611,051	19,099,255
Business services	13,991,749	4,792,238	962,900	727,991	20,474,878
Social services	9,015,540	-	151,023	126,736	9,293,299
Electricity, gas and water	8,301,198	575	17,156	35,200	8,354,129
Transportation, warehousing and communications	8,029,664	3,391	169,940	230,195	8,433,190
Construction	6,838,465	12,627	243,304	1,347,726	8,442,122
Mining	1,359,468	1,799	92,973	67,069	1,521,309
Others	118,167,559	195,976	5,905,868	1,702,389	125,971,792
	291,509,779	6,093,867	17,698,881	9,728,980	325,031,507
Foreign currencies					
Manufacturing	19,776,030	309,920	2,542	480,871	20,569,363
Trading, hotels and restaurants	4,060,098	73,859	28,546	195,600	4,358,103
Mining	3,573,399	-	13,183	17,008	3,603,590
Agriculture	2,384,829	-	17,352	10,422	2,412,603
Electricity, gas and water	1,653,608	-	-	278,444	1,932,052
Social services	1,184,509	-	-	-	1,184,509
Construction	855,796	-	19,196	167,599	1,042,591
Business services	238,439	-	-	87,774	326,213
Transportation, warehousing and communications	144,350	-	1,051	769,044	914,445
Others	629,788	-	1,779	-	631,567
	34,500,846	383,779	83,649	2,006,762	36,975,036
	326,010,625	**6,477,646**	**17,782,530**	**11,735,742**	**362,006,543**
Less: Allowance for Impairment losses					(14,914,865)
					347,091,678

g. Acceptances receivable

As of December 31, 2013 and 2012, this financial asset is neither individually nor collectively impaired.

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

3. Impairment of financial assets as of December 31, 2013 and 2012 (continued)

h. Estimated losses on commitments and contingencies

As of december 31, 2013 and 2012, the administrative accounts are impaired with the following details:

	2013	2012
Rupiah		
Guarantees issued	5,770,703	3,702,083
Irrevocable L/C	662,800	450,296
	6,433,503	4,152,379
Foreign currencies		
Irrevocable L/C	17,963,670	11,781,604
Guarantees issued	10,121,478	8,559,735
	28,085,148	20,341,339
	34,518,651	24,493,718
Less: Allowance for Impairment losses	(223)	(414)
	34,518,428	**24,493,304**

4. Quality of financial assets

The following tables show the quality of financial assets by class for all financial assets with credit risk, amount presented are gross.

	2013				
	Neither Past Due Nor Impaired		Past Due But Not		
	High Grade	*Standard Grade*	Impaired	Impaired	Total
Assets					
Current accounts with Bank Indonesia	40,718,495	-	-	-	40,718,495
Current accounts with Other banks	9,435,197	-	-	-	9,435,197
Placements with Bank Indonesia and other banks	36,306,883	-	-	-	36,306,883
Securities					
Fair value through profit or loss	898,511	-	-	-	898,511
Avalaible for sale	15,232,460	141,598	-	-	15,374,058
Held to maturity	26,294,491	107,377	-	-	26,401,868
Export bills	8,926,072	-	-	-	8,926,072
Government recapitalization bonds					
Fair value through profit or loss	199,314	-	-	-	199,314
Available for sale	712,105	-	-	-	712,105
Held to maturity	3,600,000	-	-	-	3,600,000
Securities purchased under agreement to resell	14,440,063	-	-	-	14,440,063

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

4. Quality of financial assets (continued)

	2013				
	Neither Past Due Nor Impaired		Past Due But Not		
	High Grade	*Standard Grade*	Impaired	Impaired	Total
Assets (continued)					
Derivatives receivable	4,981	-	-	-	4,981
Loans					
Micro	131,203,167	-	9,350,206	1,713,369	142,266,742
Retail	165,838,852	25,647	10,297,146	5,692,693	181,854,338
Corporate	98,149,920	5,608,577	916,964	5,519,925	110,195,386
Sharia receivables and financing	13,087,434	22,472	354,586	563,898	14,028,390
Acceptances receivable	3,679,684	-	-	-	3,679,684
Investment in associated entities*)	1,944	-	-	-	1,944
Other assets**)	1,160,534	-	-	-	1,160,534
	569,890,107	**5,905,671**	**20,918,902**	**13,489,885**	**610,204,565**

	2012				
	Neither Past Due Nor Impaired		Past Due But Not		
	High Grade	*Standard Grade*	Impaired	Impaired	Total
Assets					
Current accounts with Bank Indonesia	42,524,126	-	-	-	42,524,126
Current accounts with Other banks	4,842,146	-	-	-	4,842,146
Placements with Bank Indonesia and other banks	66,242,928	-	-	-	66,242,928
Securities					
Fair value through profit or loss	612,986	-	-	-	612,986
Avalaible for sale	13,525,085	-	-	-	13,525,085
Held to maturity	26,899,569	100,000	-	-	26,999,569
Export bills	5,934,772	-	-	-	5,934,772
Government recapitalization bonds					
Available for sale	715,616	-	-	-	715,616
Held to maturity	3,600,000	-	-	-	3,600,000
Securities purchased under Agreement to resell	9,550,521	-	-	-	9,550,521
Derivatives receivable	28,850	-	-	-	28,850
Loans					
Micro	106,003,807	-	7,996,256	1,494,789	115,494,852
Retail	132,119,531	79,936	8,716,216	5,458,043	146,373,726
Coporate	77,264,187	6,377,885	805,128	4,442,484	88,889,684
Sharia receivables and financing	10,623,100	19,825	264,930	340,426	11,248,281
Acceptances receivable	4,786,121	-	-	-	4,786,121
Investment in associated entities *)	1,944	-	-	-	1,944
Other assets **)	625,355	-	-	-	625,355
	505,900,644	**6,577,646**	**17,782,530**	**11,735,742**	**541,996,562**

*) Investment in associated entities with no significant influence.
**) Other assets consist of interest receivables, other receivebles, and unearned income based on Sharia principles.

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

4. Quality of financial assets (continued)

Credit quality 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 with the sovereign and transacted with banks listed in the stock exchange with low probability of insolvency.
b) Loans and Sharia receivables/financing, are third party receivables that are neither past due nor impaired, and has 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 of obligations in a timely manner.
d) Securities and government bonds are sovereign 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 investment to entity listed in stock exchange and have an overal 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 currents accounts or plecements with the banks not listed in the stock exchange.
b) Loans and Sharia receivables/financing, are third party receivables that are neither past due nor impaired, but has been restructured.
c) Export bills and acceptances receivable, are third party receivables that are not past due, and have adequate financial capacity.
d) Securities and government bonds are sovereign securities, investment grade securities and bonds with a rating between idBBB+ to idBBB- (Pefindo), BBB+ to BBB- (Fitch), BBB+ to BBB- (Standard & Poor's) or Baa1 to Baa3 (Moody's).
e) Investment in associated entities, are investment to entity not listed in stock exchange and have an overall good performance level.

5. According to SFAS 60, financial asset that are past due is determined when the debtor fails to pay as scheduled. The following tables show the aging analysis of loans, Sharia receivables and financing which are past due but not impaired.

	2013			
	≤ 30 days	> 30 – 60 days	> 60 – 90 days	Total
Loans				
Micro	300,557	47,635	9,002,014	9,350,206
Retail	918,767	270,709	9,107,670	10,297,146
Corporate	152,059	36,573	728,332	916,964
Sharia receivables and financing	234,651	74,944	44,991	354,586
	1,606,034	**429,861**	**18,883,007**	**20,918,902**

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

5. According to SFAS 60, financial asset that are past due is determined when the debtor fails to pay as scheduled. The following tables show the aging analysis of loans, Sharia receivables and financing which are past due but not impaired (continued).

	2012			
	≤ 30 days	> 30 – 60 days	> 60 – 90 days	Total
Loans				
Micro	201,957	53,068	7,741,231	7,996,256
Retail	739,385	252,277	7,724,554	8,716,216
Corporate	-	192,769	612,359	805,128
Sharia receivables and financing	191,418	38,107	35,405	264,930
	1,132,760	**536,221**	**16,113,549**	**17,782,530**

Liquidity Risk Management

BRI manages liquidity risk as an effort to meet every financial liability that has been agreed upon in a timely manner and in order to maintain adequate and optimal liquidity level. In order to support liquidity management, BRI has determined liquidity risk management policy which covers liquidity management, liquidity allowance maintenance, funding strategy determination, early warning system, measurement and determination of liquidity risk limit including high quality liquid asset and emergency funding plan (contingency plan).

The purpose of this policy is to ensure daily fund adequacy in meeting its obligations during normal or crisis condition in a timely manner from various available source of fund, including ensuring the availability of high quality liquid asset.

Asset and Liability Analysis According to Contractual Maturity

Future potential liquidity risk encountered by BRI is measured through Liquidity Gap Analysis, which is the projection of the excess or shortage of liquidity based on the maturity of assets and liabilities, after taking into account the business expansion needs. This information is also used as a consideration in planning and managing liquidity, including business expansion need. With the implementation of effective liquidity risk management, it is expected that liquidity risk can be minimized as well as enhancing the overall banking system stability.

The tables below represent information about the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of December 31, 2013 and 2012:

	2013					
Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Assets						
Cash	19,171,778	19,171,778	-	-	-	-
Current accounts with Bank Indonesia	40,718,495	40,718,495	-	-	-	-
Current accounts with Other banks	9,435,197	9,435,197	-	-	-	-
Allowance for Impairment losses	(77)	-	-	-	-	(77)

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Asset and Liability Analysis According to Contractual Maturity (continued)

	2013					
Description	**Total**	**Up to 1 month**	**More than 1 month up to 3 months**	**More than 3 months up to 1 year**	**More than 1 year**	**Others without maturity**
Assets (continued)						
Placements with Bank Indonesia and other banks	36,306,883	36,264,087	40,000	2,796	-	-
Securities	42,674,437	15,865,461	4,714,910	8,499,398	13,594,668	-
Allowance for Impairment losses	(772)	-	-	-	-	(772)
Export bills	8,926,072	1,136,577	1,079,390	6,710,105	-	-
Government Recapitalization Bonds	4,511,419	911,419	-	-	3,600,000	-
Securities purchased under agreement to resell	14,440,063	14,440,063	-	-	-	-
Derivatives receivable	4,981	-	4,981	-	-	-
Loans						
Micro	142,266,742	1,408,628	2,415,817	18,491,165	119,951,132	-
Retail	181,854,338	9,533,300	16,308,914	48,101,129	107,910,995	-
Corporate	110,195,386	15,236,228	19,170,547	12,658,888	63,129,723	-
Allowance for Impairment losses	(15,171,736)	-	-	-	-	(15,171,736)
Sharia receivables and financing	14,028,390	688,838	582,437	1,809,569	10,947,546	-
Allowance for Impairment losses	(246,360)	-	-	-	-	(246,360)
Acceptances receivable	3,679,684	1,227,198	1,111,872	1,340,614	-	-
Investment in associated entities *)	1,944	-	-	-	-	1,944
Other assets **)	1,160,534	243,920	548,476	368,138	-	-
	613,957,398	**166,281,189**	**45,977,344**	**97,981,802**	**319,134,064**	**(15,417,001)**
Liabilities						
Liabilities due immediately	5,065,527	5,065,527	-	-	-	-
Deposits from customers						
Demand deposits	78,666,064	78,666,064	-	-	-	-
Wadiah demand deposits	670,887	670,887	-	-	-	-
Saving deposits	210,234,683	210,234,683	-	-	-	-
Wadiah saving deposits	2,480,554	2,480,554	-	-	-	-
Mudharabah saving deposits	281,388	281,388	-	-	-	-
Time deposits	201,585,766	125,107,421	29,369,138	28,524,375	18,584,832	-
Mudharabah time deposits	10,362,040	8,432,979	1,690,677	238,384	-	-
Deposits from other Banks and financial Institutions	3,691,220	3,467,913	47,651	175,656	-	-
Derivatives payable	1,565,102	6,212	35,706	1,523,184	-	-
Acceptances payable	3,679,684	1,227,198	1,111,872	1,340,614	-	-
Marketable securities issued	6,023,133	-	-	-	6,023,133	-
Fund borrowings	9,084,913	1,909,483	4,065,459	2,988,377	121,594	-
Subordinated loans	2,097,024	232	-	1,998,289	98,503	-
Other liabilities***)	758,130	594,714	100,579	57,965	4,872	-
	536,246,115	**438,145,255**	**36,421,082**	**36,846,844**	**24,832,934**	**-**
Maturity gap	**77,711,283**	**(271,864,066)**	**9,556,262**	**61,134,958**	**294,301,130**	**(15,417,001)**

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Asset and Liability Analysis According to Contractual Maturity (continued)

2012

Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Assets						
Cash	13,895,464	13,895,464	-	-	-	-
Current accounts with Bank Indonesia	42,524,126	42,524,126	-	-	-	-
Current accounts with Other banks	4,842,146	4,842,146	-	-	-	-
Allowance for Impairment losses	(171)	-	-	-	-	(171)
Placements with Bank Indonesia and other banks	66,242,928	30,392,467	21,683,223	14,167,238	-	-
Securities	41,137,640	13,903,186	1,677,741	11,803,551	13,753,162	-
Allowance for Impairment losses	(760)	-	-	-	-	(760)
Export bills	5,934,772	777,846	800,732	4,356,194	-	-
Government Recapitalization Bonds	4,315,616	715,616	-	-	3,600,000	-
Securities purchased under agreement to resell	9,550,521	1,184,577	7,754,568	611,376	-	-
Derivatives receivable	28,850	-	1,417	-	27,433	-
Loans						
Micro	115,494,852	1,114,126	2,125,242	15,374,321	96,881,163	-
Retail	146,373,726	12,098,999	9,676,910	38,730,298	85,867,519	-
Corporate	88,889,684	12,620,508	12,110,915	12,457,784	51,700,477	-
Allowance for Impairment losses	(14,677,220)	-	-	-	-	(14,677,220)
Sharia receivables and financing	11,248,281	357,787	684,964	1,297,635	8,907,895	-
Allowance for Impairment losses	(237,645)	-	-	-	-	(237,645)
Acceptances receivable	4,786,121	573,963	1,955,525	2,256,633	-	-
Investment in associated entities *)	1,944	-	-	-	-	1,944
Allowance for Impairment losses	(536)	-	-	-	-	(536)
Other assets **)	625,355	191,772	125,701	307,882	-	-
	540,975,694	**135,192,583**	**58,596,938**	**101,362,912**	**260,737,649**	**(14,914,388)**
Liabilities						
Liabilities due immediately	4,911,852	4,911,852	-	-	-	-
Deposits from customers						
Demand deposits	79,051,314	79,051,314	-	-	-	-
Wadiah demand deposits	671,800	671,800	-	-	-	-
Saving deposits	182,833,586	182,833,586	-	-	-	-
Wadiah saving deposits	1,688,478	1,688,478	-	-	-	-
Mudharabah saving deposits	195,285	195,285	-	-	-	-
Time deposits	177,267,237	100,685,908	24,474,150	51,795,644	311,535	-
Mudharabah time deposits	8,458,683	6,426,477	1,850,612	179,246	2,348	-
Deposits from other Banks and financial Institutions	2,778,618	2,419,285	11,250	348,083	-	-
Securities sold under agreement to repurchase	-	-	-	-	-	-
Derivatives payable	152,193	3,403	1,525	-	147,265	-
Acceptances payable	4,786,121	573,963	1,955,525	2,256,633	-	-
Fund borrowings	10,888,755	1,692,127	3,597,440	5,477,598	121,590	-

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38. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

Asset and Liability Analysis According to Contractual Maturity (continued)

	2012					
Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Liabilities (continued)						
Other liabilities***)	627,052	471,169	81,448	68,956	5,479	-
Subordinated loans	2,116,562	232	-	21,093	2,095,237	-
	476.427.536	**381.624.879**	**31.971.950**	**60.147.253**	**2.683.454**	**-**
Maturity Gap	**64,548,158**	**(246,432,296)**	**26,624,988**	**41,215,659**	**258,054,195**	**(14,914,388)**

*) 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 and guarantee deposits.

Market Risk Management

Market risk is loss risk which arises due to the movements of market factors which consist of interest rates and exchange rates that are against the position held by BRI, on the statements of financial position or administrative accounts. The positions are those in the 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 function. Through the application, it is possible to measure the market risk by using an internal model approach (Value-at-Risk) which is integrated with the daily process transaction. Besides monitoring instrument risk exposure, it also covers market risk monitoring limit and transaction limit such as dealer transaction nominal limit, cut loss limit, stop loss limit, and Value-at-Risk (VaR) limit. Monitoring is conducted daily to accelerate the availability of updated information to support timely decision, especially for instruments classified into trading.

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 the market price of trading portfolio based in historical data. VaR potential loss from market risk is measured by using assumption of changes in risk factor according to normal distribution pattern. BRI uses VaR to measure exchange rate for trading and banking book position as well as measuring interest rate risk for trading book position.

2. Value-at-Risk (VaR) Assumption

VaR potential loss is measured based on estimated value by using 99% confidence level and unchanged market risk position in 1 (one) day holding period, which means 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, 2013 until December 31, 2013 and January 1, 2012 until December 31, 2012. BRI has no trading portofolio as at December 31, 2012.

	2013	
	Exchange Rate*)	Interest Rate
Daily Average	18,104.97	5,849.11
Highest	30,828.99	30,322.73
Lowest	8,082.87	7.22

*) Including trading and banking book.

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38. RISK MANAGEMENT (continued)

Market Risk Management (continued)

2. Value-at-Risk (VaR) Assumption (continued)

	2012	
	Exchange Rate*)	Interest Rate
Daily Average	22,738.54	6,332.23
Highest	37,003.37	26,493.55
Lowest	8,953.73	0.02

*) 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 risk and exchange rate risk is valid. When performing back testing, BRI compares between estimated result of daily VaR and rate changes realization.

Based on back testing procedures for exchange rate risk and interest risk, the actual loss for the whole year result is already consistent with VaR forecast model. The result of the back testing is reported quarterly to the Risk Management Committee (RMC).

4. Market Risk Outside Trading Book

a. Interest Rate Risk

Financial instrument with interest rate basis possesses risk due to potential change in interest rate which affects future cash flow.

The management is responsible in determining, maintaining, and controlling interest rate by weighing bank's risk appetite and financial performance achievement target. Review of interest rate is performed at least once in a month during Asset and Liability Committee (ALCO) forum.

The following table presents information on the average annual interest rates for financial asset and liability position as of December 31, 2013 and 2012:

	2013		2012	
	Rupiah (%)	Foreign currencies (%)	Rupiah (%)	Foreign currencies (%)
Assets				
Placements with Bank Indonesia and other banks	5.05	0.16	4.39	0.49
Securities	7.24	4.07	6.25	3.94
Loans	11.79	4.47	12.11	4.53
Government Recapitalization Bonds	4.59	-	3.73	-
Liabilities				
Deposit from customers				
Demand deposits	2.55	0.32	2.87	0.17
Saving deposits	1.26	0.22	1.40	0.19
Time deposits	6.12	1.51	5.84	1.76
Deposits from other banks and other financial institutions	3.91	0.07	2.99	0.57
Fund borrowings	3.22	1.19	3.99	1.64
Subordinated loans	7.67	-	7.68	-
Marketable securities issued	-	2.95	-	-

Sensitivity rate is used to analyze probable change of interest rate affecting the banking book portofolio gain and loss. In the above sensitivity analysis, interest rate change assumption basis are 1%.

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38. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

a. Interest Rate Risk (continued)

The following table presents the sensitivity towards possible change in interest rate for banking book, with the remaining variable being constant, towards BRI's consolidated statements of comprehensive income.

2013	
Changes in Percentage	**Impact on Statement of Comprehensive Income**
+/- 1%	-/+ 1,094,229

2012	
Changes in Percentage	**Impact on Statement of Comprehensive Income**
+/- 1%	-/+ 1,094,205

The tables below summarize the financial assets and liabilities exposures to interest rate risk (gross) (unaudited):

2013						
	Floating interest rate					
Description	**Not more than 3 months**	**More than 3 months but less than 1 year**	**More than 1 year**	**Fixed interest rate**	**Non-interest bearing**	**Total**
Assets						
Cash	-	-	-	-	19,171,778	19,171,778
Current accounts with Bank Indonesia	40,718,495	-	-	-	-	40,718,495
Current accounts with Other banks	9,435,197	-	-	-	-	9,435,197
Placements with Bank Indonesia and other banks	36,304,087	2,796	-	-	-	36,306,883
Securities						
Through profit or loss	669,350	-	-	229,161	-	898,511
Available for sale	-	-	-	15,374,058	-	15,374,058
Held to maturity	3,543,453	-	-	22,858,415	-	26,401,868
Export bills	8,926,072	-	-	-	-	8,926,072
Government Recapitalization Bonds						
Through profit or loss	199,314	-	-	-	-	199,314
Available for sale	712,105	-	-	-	-	712,105
Held to maturity	3,600,000	-	-	-	-	3,600,000
Securities purchased under agreement to resell	3,072,475	-	-	11,367,588	-	14,440,063
Derivatives receivable	-	-	-	-	4,981	4,981
Loans						
Micro	64,538,130	26,463,720	-	51,264,892	-	142,266,742
Retail	25,842,213	99,237,434	-	56,774,691	-	181,854,338
Corporate	34,406,775	75,788,611	-	-	-	110,195,386
Sharia receivables and financing	-	-	-	-	14,028,390	14,028,390
Acceptances receivable	-	-	-	-	3,679,684	3,679,684
Investment in associated entities*)	-	-	-	-	1,944	1,944
Other assets**)	-	-	-	-	1,160,534	1,160,534
	231,967,666	**201,492,561**	**-**	**157,868,805**	**38,047,311**	**629,376,343**

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38. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

a. Interest Rate Risk (continued)

2013

Description	Floating interest rate: Not more than 3 months	Floating interest rate: More than 3 months but less than 1 year	Floating interest rate: More than 1 year	Fixed interest rate	Non-interest bearing	Total
Liabilities						
Liabilities due immediately	-	-	-	-	5,065,527	5,065,527
Deposits from customers						
Demand deposits	78,666,064	-	-	-	-	78,666,064
Wadiah demand deposits	-	-	-	-	670,887	670,887
Saving deposits	210,234,683	-	-	-	-	210,234,683
Wadiah saving deposits	-	-	-	-	2,480,554	2,480,554
Saving deposits	-	-	-	-	281,388	281,388
Mudharabah time deposits	154,476,560	28,524,375	18,584,831	-	-	201,585,766
Mudharabah saving deposits	-	-	-	-	10,362,040	10,362,040
Deposits from other Banks and financial Institutions	-	-	-	3,691,220	-	3,691,220
Derivatives payable	-	-	-	-	1,565,102	1,565,102
Acceptances payable	-	-	-	-	3,679,684	3,679,684
Marketable securities issued	-	-	-	6,023,133	-	6,023,133
Fund borrowings	3,807,529	5,148,861	-	28,523	100,000	9,084,913
Subordinated loans	-	-	-	2,097,024	-	2,097,024
Other liabilities ***)	-	-	-	-	758,130	758,130
	447,184,836	**33,673,236**	**18,584,831**	**11,839,900**	**24,963,312**	**536,246,115**
Interest rate repricing Gap between financial assets and liabilities	**(215,217,170)**	**167,819,325**	**(18,584,831)**	**146,028,905**	**13,083,999**	**93,130,228**

2012

Description	Floating interest rate: Not more than 3 months	Floating interest rate: More than 3 months but less than 1 year	Floating interest rate: More than 1 year	Fixed interest rate	Non-interest bearing	Total
Assets						
Cash	-	-	-	-	13,895,464	13,895,464
Current accounts with Bank Indonesia	42,524,126	-	-	-	-	42,524,126
Current accounts with Other banks	4,842,146	-	-	-	-	4,842,146
Placements with Bank Indonesia and other banks	30,392,467	35,850,461	-	-	-	66,242,928
Securities						
Through profit or loss	530,063	-	-	82,923	-	612,986
Available for sale	-	-	-	13,525,085	-	13,525,085
Held to maturity	3,167,984	-	-	23,831,585	-	26,999,569
Export bills	5,934,772	-	-	-	-	5,934,772

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38. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

a. Interest Rate Risk (continued)

	2012					
	Floating interest rate					
Description	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year	Fixed interest rate	Non-interest bearing	Total
Asset (continued)						
Government						
Recapitalization Bonds						
Available for sale	715,616	-	-	-	-	715,616
Held to maturity	3,600,000	-	-	-	-	3,600,000
Securities purchased under agreement to resell	-	-	-	9,550,521	-	9,550,521
Derivatives receivable	-	-	-	-	28,850	28,850
Loans						
Micro	48,866,678	21,813,902	-	44,814,272	-	115,494,852
Retail	21,876,420	77,718,128	-	46,779,178	-	146,373,726
Corporate	24,675,699	64,213,985	-	-	-	88,889,684
Sharia receivables and financing	-	-	-	-	11,248,281	11,248,281
Acceptances receivable	-	-	-	-	4,786,121	4,786,121
Investement in associated entities *)	-	-	-	-	1,944	1,944
Other assets **)	-	-	-	-	625,355	625,355
	187,125,971	**199,596,476**	**-**	**138,583,564**	**30,586,015**	**555,892,026**
Liabilities						
Liabilities due immediately	-	-	-	-	4,911,852	4,911,852
Deposits from customers						
Demand deposits	79,051,314	-	-	-	-	79,051,314
Wadiah demand deposits	-	-	-	-	671,800	671,800
Saving deposits	182,833,586	-	-	-	-	182,833,586
Wadiah saving deposits	-	-	-	-	1,688,478	1,688,478
Mudharabah saving deposits	-	-	-	-	195,285	195,285
Time deposits	125,160,057	51,795,645	311,535	-	-	177,267,237
Mudharabah time deposits	-	-	-	-	8,458,683	8,458,683
Deposits from other Banks and financial institutions	-	-	-	2,778,618	-	2,778,618
Derivatives payable	-	-	-	-	152,193	152,193
Acceptances payable	-	-	-	-	4,786,121	4,786,121
Fund borrowings	-	10,571,748	-	217,007	100,000	10,888,755
Subordinated loans	-	-	-	2,116,562	-	2,116,562
Other liabilities ***)	-	-	-	-	627,052	627,052
	387,044,957	**62,367,393**	**311,535**	**5,112,187**	**21,591,464**	**476,427,536**
Interest rate repricing Gap between financial assets and liabilities	**(199,918,986)**	**137,229,083**	**(311,535)**	**133,471,377**	**8,994,551**	**79,464,490**

*) 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 and guarantee deposits.

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38. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

b. Exchange Rate Risk

Exchange rate risk is the risk due to fluctuation of Rupiah exchange rate against foreign exchange positions held by BRI. Included in the foreign exchange positions are the trading book positions conducted to generate profit from foreign exchange transactions in short term and banking book position in order to control the Net Open Position (NOP).

The tables below represent NOP (BRI only) as of December 31, 2013 and 2012 by currency, as follows (unaudited):

	2013		
Currencies	**Assets**	**Liabilities**	**NOP**
Statement of Financial Position			
United States Dollar	81,598,671	82,238,633	(639,962)
Chinese Yuan	8,250,550	8,350,010	(99,460)
European Euro	956,013	1,244,606	(288,593)
Australian Dollar	564,135	345,783	218,352
Singapore Dollar	428,239	132,542	295,697
Japanese Yen	290,260	46,027	244,233
Great Britain Pound Sterling	159,097	144,218	14,879
Canadian Dollar	5,139	8,827	(3,688)
Others	692,383	68,465	623,918
			365,376
Statement of Financial Position and Administrative accounts *)			
United States Dollar	83,088,333	83,484,895	396,562
Chinese Yuan	8,250,550	8,350,010	99,460
European Euro	956,013	1,244,606	288,593
Australian Dollar	564,135	345,783	218,352
Singapore Dollar	428,239	132,542	295,697
Japanese Yen	290,260	46,027	244,233
Great Britain Pound Sterling	159,097	144,218	14,879
Canadian Dollar	5,139	8,827	3,688
Others	692,383	68,465	623,918
			2,185,382
Capital (Note 47a)			69,472,036
NOP Ratio (Statement of Financial Position)			**0.53%**
NOP Ratio (Overall)			**3.15%**

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38. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

b. Exchange Rate Risk (continued)

The tables below represent NOP (BRI only) as of December 31, 2013 and 2012 by currency, as follows (unaudited) (continued):

	2012		
Currencies	**Assets**	**Liabilities**	**NOP**
Statement of Financial Position			
United States Dollar	69,353,239	69,086,218	267,021
Chinese Yuan	5,326,904	5,312,508	14,396
European Euro	1,797,947	1,937,302	(139,355)
Singapore Dollar	296,609	275,679	20,930
Great Britain Pound Sterling	284,626	216,665	67,961
Japanese Yen	203,138	25,577	177,561
Australian Dollar	198,837	7,363	191,474
Canadian Dollar	17,463	185	17,278
Others	482,511	61,325	421,186
			1,038,452
Statement of Financial Position and Administrative accounts *)			
United States Dollar	70,558,698	69,954,365	604,333
Chinese Yuan	5,326,904	5,312,508	14,396
European Euro	1,797,947	1,937,302	139,355
Singapore Dollar	296,609	275,679	20,930
Great Britain Pound Sterling	284,626	216,665	67,961
Japanese Yen	203,138	25,577	177,561
Australian Dollar	198,837	7,363	191,474
Canadian Dollar	17,463	185	17,278
Others	482,511	61,325	421,186
			1,654,474
Capital (Note 47a)			55,133,677
NOP Ratio (Statement of Financial Position)			**1.88 %**
NOP Ratio (Overall)			**3.00 %**

*) Total absolute differences between assets and liabilities denominated in foreign currencies.

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38. RISK MANAGEMENT (continued)

Market Risk Management (continued)

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 comprehensive income with the remaining variables being constant.

	2013		2012	
	Percentage Change	Impact to Statement of Comprehensive Income	Percentage Change	Impact to Statement of Comprehensive Income
Interest rate risk	+/- 1%	-/+ 21,478	+/- 1%	-/+ 3,912
Foreign Exchange risk	+/- 1%	-/+ 8	+/- 1%	-/+ 41

Operational Risk Management

BRI Operational Risk Management is implemented according to Bank Indonesia Regulation No. 11/25/PBI/2009 on Risk Management Implementation of Commercial Bank, which requires risk management implementation to cover pillars on active supervision of the Boards of Commissioners and Directors, policy adequacy, limit determination and procedure, identification process adequacy, measurement, monitoring and risk management as well as risk management information and internal control systems. The main objective of risk management implementation is managing operational risk exposure caused by internal and external factors that influences business and operational activities such as inadequate or failed of internal processes, human resources, IT failures and external events such as natural disaster, potentially severe, 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 activities.

Each of BRI operational working unit is responsible for the implementation of risk management process through internal control system in business and operational activities in each of business unit. 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 operational, marketing, and micro business, and Sub Branch Office.

Operational Risk Management Unit in the Head Office and Regional Office is responsible in making the guidance of operational risk management implementation, developing and implementing policy or procedure and methodology, and also monitoring, reviewing, and controlling operational risk management process. On the other hand, Operational Risk Management Unit is 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 culture awareness, 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 it's coordinated by Operational Risk Management Unit and related desk/division/business unit.

Internal Auditor in The Head Office and Inspectorate Office 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 as a bank wide.

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38. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

BRI's operational risk management implementation is facilitated by operational risk management tools called Operational Risk Assessor (OPRA), consists of Risk and Control Self Assessment (RCSA), Key Risk Indicator (KRI), Incident Management (IM), Risk Management Forum and Maturity. In order to perceive risk management, it is focused on building risk culture awareness and risk management training continuously to all of BRI employees and also improving internal control in every business and operational activities.

1. Risk Control and Self Assesment (RCSA)

RCSA is a risk management tool, qualitatively and predictively, which is used to identify, measure risks by using dimension of impact and likelihood. RCSA has already been implemented in Head Office Division or Desk, Regional Office, Special Branch Office, Branch Office embedded BRI Unit, Sub Branch Office, and Priority Service Centre. Policy on RCSA is stipulated through BRI Circular Letter No. S.25-DIR/DMR/12/2012.

RCSA is used to help the business unit to to identify, measure operastional risk in every business and operational activites independently, monitor and determine the action plans or towards improvements.

The main risk issue is assessed, identified an updated by considering business development such as product implementation and or new activity, change in competition condition, new market segment, change in internal/external policy, as well as other changes which affect BRI risk exposure. Working unit performs RCSA assessment by considering loss event data in Incident Management (IM)/Loss Event Database (LED), Key Risk Indicator (KRI) and Audit Result (LHA) of the working unit. RCSA evaluation is performed quarterly, however, the frequency will be increased in time of significant increase in risk exposure.

RCSA consolidation report stated above is reported regularly to the BOD in RMC that was held quarterly.

2. Incident Management (IM)/Loss Event Database (LED)

Recording of operational loss event in BRI business activity is Loss Event Database (LED), performed in Incident Management (IM). This tool is developed to document data of financial and non financial loss, covering actual loss, potential loss and near misses, as well as chronological recording of loss incident since occurrence up to declaration of settlement, including improvement measure and incident handling conducted. Policy on Incident Management is stipulated through BRI Circular Letter No. S.30-DIR/DMR/11/2013.

Based on loss event data in IM module, loss event analysis can be performed based on loss event data 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 for the financial loss, non financial loss, financial recovery and also litigation process.

BRI operational loss event data has been documented consistently and systematically since 2007 in loss event database matrix which is classified into 8 business lines and 7 event types based on the dimension of lost event severity/loss and likelihood/frequency.

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38. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

2. Incident Management (IM)/Loss Event Database (LED) (continued)

In order to calculate operational capital charge and Risk Weighted Average, according to regulator policy, BRI used Basic Indicator Approach method (BIA) 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 implement the advanced operational risk capital charge calculation, BRI has identified gap analysis for The Standardised Approach (TSA) and Advanced Measurement Approach (AMA) implementation forward.

3. Key Risk Indicator (KRI)

KRI is a tool to detect risks trend/risks increasing and or risks decreasing both leading or historical. Risks trend prediction is used to determine towards action plans, In order to mitigate operational risk before it causes the financial and or non financial loss. KRI policy is stipulated through BRI Circular Letter No. S.24-DIR/DMR/08/2007.

BRI has identified key risk indicators for all risks type, and determined the threshold or risks limit which portrays the acceptable condition and risk appetite of the management. It is established by using the best judgement, considered 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 documents 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 are held in each business unit and its expected to support the enlargement of BRI's risk culture awareness. Risk Management Forum is stipulated through BRI Circular LetterNo. S.25-DIR/DMR/08/2007.

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 year end by each of working unit head by 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. Maturity policy is stipulated through BRI Circular Letter No. S.12-DIR/DMR/04/2009.

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38. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

6. Business Continuity Management (BCM)

The possibility of disaster caused by nature, human or technology might be threat for BRI business continouity, whereas the business units are spread over Indonesia. Therefore, the Board of Directors concern to develop and implement Business Continouity Managemenet (BCM) in order to ensure the employees, customers and others third parties safety and security who were around BRI business unit environment (Emergency Response Plan), and maintain the continuity of critical businesses and operational activities, protect BRI's assets and provide sufficient respond while disruption or disaster condition are declaired (Business Continouity Plan). BCM is stipulated through BRI Circular Letter No. S.02-DIR/DMR/01/2009.

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 Risk and Threat Assessment to list and inventory required resources. BCM pilot project is prioritized to the business units in prone areas and its done annually, including BRI 1 Head Office, IT Building and Ragunan BRI Training Centre.

In order to ensure the execution of BCM procedures, the readiness of BRI organization has been tested well during disasters condition in several business units, while in 2013 there were disasters such as earthquake in Aceh, and floods in Ambon, Jakarta and Kendari. Availability of E-Buzz car and Mobile Teracce Bank (Teras Keliling) which are located throughout all of BRI business are utilized as an alternate site, and operated to service the customers sooner after the disasters condition. Therefore, the availability of these vehicles are very important to support the continuance of business and operational activities after the disasters condition.

7. New Product and or Activity Launching

In order to launch every BRI's new product and or activity, it involves risk management process that covers risk and control assessment which is 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 Unit are responsible to asses the risk mitigation adequacy and recommend the assessment result to the Risk Management Director. New Product and or Activity Launching is stipulated through BRI Circular Letter No. 03-DIR/DMR/08/2013.

8. Anti-Fraud Strategy Policy

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 in 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 based on requirements from Bank Indonesia which are: prevention pillar, detection pillar, investigation, report, and sanction pillar, and evaluation, monitoring, and follow-up/action plan pillar. Statement of anti fraud commitment are signed by Board of the Board of Commissioners and Directors, management and all of BRI employees as a part of risk awareness and fraud prevention. Anti-Fraud Strategy Policy is stipulated through BRI Circular Letter No. S.106-DIR/DMR/05/2012.

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39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The table below presents 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, 2013 and 2012 and are not updated to reflect changes in market conditions which have occurred subsequently.

	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
ASSETS				
Cash	19,171,778	19,171,778	13,895,464	13,895,464
Current accounts with Bank Indonesia	40,718,495	40,718,495	42,524,126	42,524,126
Current accounts with other banks	9,435,120	9,435,120	4,841,975	4,841,975
Placements with Bank Indonesia and other banks	36,306,883	36,306,883	66,242,928	66,242,928
Securities				
Fair value through profit or loss	898,511	898,511	612,986	612,986
Available for sale	15,374,058	15,374,058	13,525,085	13,525,085
Held to maturity	26,401,096	26,656,632	26,998,809	27,596,819
Export bills	8,926,072	8,926,072	5,934,772	5,934,772
Government Recapitalization Bonds				
Fair value through profit or loss	199,314	199,314	-	-
Available for sale	712,105	712,105	715,616	715,616
Held to maturity	3,600,000	3,567,687	3,600,000	3,576,735
Securities purchased under agreements to resell	14,440,063	14,440,063	9,550,521	9,550,521
Derivatives receivable	4,981	4,981	28,850	28,850
Loans, Sharia receivables and financing	432,926,760	432,926,760	347,091,678	347,091,678
Acceptances receivable	3,679,684	3,679,684	4,786,121	4,786,121
Investment in associated entities *)	1,944	1,944	1,408	1,408
Other assets **)	1,160,534	1,160,534	625,355	625,355
	613,957,398	**614,180,621**	**540,975,694**	**541,550,439**
LIABILITIES				
Liabilities due immediately	5,065,527	5,065,527	4,911,852	4,911,852
Deposits from customers ****)				
Demand deposits	79,336,951	79,336,951	79,723,114	79,723,114
Saving deposits	212,996,625	212,996,625	184,717,349	184,717,349
Time deposits	211,947,806	211,947,806	185,725,920	185,725,920
Deposits from banks and other financial institutions				
Demand deposits	147,150	147,150	111,059	111,059
Saving deposits	4,534	4,534	3,983	3,983
Time deposits and deposits on call	1,310,993	1,310,993	1,349,493	1,349,493
Inter-bank call money	2,228,543	2,228,543	1,314,083	1,314,083
Derivatives payable	1,565,102	1,565,102	152,193	152,193
Acceptances payable	3,679,684	3,679,684	4,786,121	4,786,121
Marketable securities issued	6,023,133	6,023,133	-	-
Fund borrowings	9,084,913	9,084,913	10,888,755	10,888,755
Other liabilities ***)	758,130	758,130	627,052	627,052
Subordinated loan	2,097,024	2,097,024	2,116,562	2,116,562
	536,246,115	**536,246,115**	**476,427,536**	**476,427,536**

*) Investment in associated entities with no significant influence.
**) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.
***) Other liabilities consist of interest payables and guarantee deposits.
****) Including deposits based on Sharia principles.

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39. 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, derivatives receivable and payable, fund borrowings, subordinated loans and marketable securities issued 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 obligations 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 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.

   Carrying value of loans with floating rate and short term fixed rate is a reasonable estimate of its fair value.

d) 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 and interest rate curve.

e) Fund borrowings, marketable securities issued and subordinated loans

   Fair value is calculated based on discounted cash flow models by using market rates for the remaining maturity period.

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39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The following table presents financial instruments measured at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments :

a. Level 1: quoted from active market price for identical financial asset or liability;

b. Level 2: involves input other than quoted active market price classified in level 1 which are observable for asset and liability, directly (price) or indirectly (derivative of price);

c. Level 3: input for asset and liability which are not based on observable market data (unobservable input).

	2013		
	Carrying Value	**Level 1**	**Level 2**
Financial Assets			
Fair value through profit or loss			
Mutual Fund	10,702	10,702	-
Certificate of Bank Indonesia	87,424	87,424	-
Credit Linked Notes	669,350	-	669,350
Government Recapitalization Bonds	199,314	199,314	-
Government Bonds	131,035	131,035	-
	1,097,825	428,475	669,350
Available For Sale			
Certificate of Bank Indonesia	2,853,028	2,853,028	-
Deposits Certificate of Bank Indonesia	1,342,650	1,342,650	-
Mutual Fund	327,762	327,762	-
Bonds	686,598	686,598	-
U.S Treasury Bonds	327,310	327,310	-
Government Bonds	9,836,710	9,836,710	-
Government Recapitalization Bonds	712,105	712,105	-
	16,086,163	16,086,163	-
	17,183,988	**16,514,638**	**669,350**

	2012		
	Carrying Value	**Level 1**	**Level 2**
Financial Assets			
Fair value through profit or loss			
Mutual Fund	10,998	10,998	-
Credit Linked Notes	530,063	-	530,063
Government Bonds	71,925	71,925	-
	612,986	82,923	530,063
Available For Sale			
Certificate of Bank Indonesia	4,043,563	4,043,563	-
Bonds	362,648	362,648	-
Medium Term Notes	48,470	48,470	-
Government Bonds	8,680,896	8,680,896	-
U.S Treasury Bonds	389,508	389,508	-
Government Recapitalization Bonds	715,616	715,616	-
	14,240,701	14,240,701	-
	14,853,687	**14,323,624**	**530,063**

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40. 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. Ltd Hong Kong	Financial Service

b. Operating Segment

For management purposes, BRI is organized into 5 (five) operating segment based on products are as follows:

- Micro Segment
- Retail Segment
- Corporate Segment
- Other Segments
- Subsidiaries

Information concerning the operating segments of BRI and Subsidiaries are as follows:

	2013					
Description	**Micro**	**Retail**	**Corporate**	**Others**	**Subsidiaries**	**Total**
Interest income - net	21,455,414	16,496,904	3,598,795	1,354,791	1,200,367	44,106,271
Other operating income	2,509,400	4,267,299	266,802	1,113,137	191,821	8,348,459
Total income	23,964,814	20,764,203	3,865,597	2,467,928	1,392,188	52,454,730
Operating expenses	(8,852,630)	(9,176,086)	(1,781,821)	(1,462,965)	(1,107,276)	(22,380,778)
Provision for impairment losses	(2,629,684)	(995,278)	(291,520)	-	(29,893)	(3,946,375)
Total expenses	(11,482,314)	(10,171,364)	(2,073,341)	(1,462,965)	(1,137,169)	(26,327,153)
Other income (expenses)	664,188	701,567	211,141	199,324	6,269	1,782,489
Income before income tax expense	13,146,688	11,294,406	2,003,397	1,204,287	261,288	27,910,066
Income tax expense	(3,084,992)	(2,650,356)	(470,146)	(282,232)	(68,010)	(6,555,736)
Non-controlling interest	-	-	-	(10,200)	-	(10,200)
Income for the year	**10,061,696**	**8,644,050**	**1,533,251**	**911,855**	**193,278**	**21,344,130**
Segment Assets						
Loans	142,266,742	178,155,745	110,195,386	-	17,726,983	448,344,856
Allowance for impairment losses	(8,985,643)	(2,801,046)	(3,285,710)	-	(345,697)	(15,418,096)
Non Loans	-	-	-	185,949,421	5,118,239	191,067,660
	133,281,099	**175,354,699**	**106,909,676**	**185,949,421**	**22,499,525**	**623,994,420**
Segment Liabilities						
Funding	146,150,785	167,812,080	172,403,394	-	17,915,123	504,281,382
Non funding	-	-	-	40,492,762	2,081,360	42,574,122
	146,150,785	**167,812,080**	**172,403,394**	**40,492,762**	**19,996,483**	**546,855,504**

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40. SEGMENT INFORMATION (continued)

b. Operating Segment (continued)

Information concerning the operating segments of BRI and Subsidiaries are as follows (continued):

	2012					
Keterangan	**Mikro**	**Ritel**	**Korporasi**	**Lainnya**	**Entitas Anak**	**Total**
Interest income - net	16,245,047	14,583,543	3,156,294	1,476,258	1,022,624	36,483,766
Other operating income	2,882,661	4,034,082	418,621	861,837	192,531	8,389,732
Total income	19,127,708	18,617,625	3,574,915	2,338,095	1,215,155	44,873,498
Operating expenses	(6,811,859)	(8,090,789)	(1,908,908)	(1,790,492)	(888,984)	(19,491,032)
Provision for impairment losses	(1,841,805)	(749,039)	36,213	522	(145,819)	(2,699,928)
Total expenses	(8,653,664)	(8,839,828)	(1,872,695)	(1,789,970)	(1,034,803)	(22,190,960)
Other income (expenses)	680,448	383,474	9,146	95,632	8,334	1,177,034
Income before income tax expense	11,154,492	10,161,271	1,711,366	643,757	188,686	23,859,572
Income tax expense	(2,414,984)	(2,199,948)	(370,516)	(132,436)	(54,308)	(5,172,192)
Non-controlling interest	-	-	-	(6,496)	-	(6,496)
Income for the year	**8,739,508**	**7,961,323**	**1,340,850**	**504,825**	**134,378**	**18,680,884**
Segment Assets						
Loans	115,158,007	145,332,428	87,736,754	-	13,779,354	362,006,543
Allowance for impairment losses	(7,873,344)	(3,039,110)	(3,671,471)	-	(330,940)	(14,914,865)
Non Loans	-	-	-	197,568,562	4,651,639	202,220,201
	107,284,663	**142,293,318**	**84,065,283**	**197,568,562**	**18,100,053**	**549,311,879**
Segment Liabilities						
Funding	126,593,606	226,985,513	82,518,728	-	14,068,536	450,166,383
Non funding	-	-	-	33,666,602	2,622,026	36,288,628
	126,593,606	**226,985,513**	**82,518,728**	**33,666,602**	**16,690,562**	**486,455,011**

c. Geographical Segment

	Net interest income, operating, And investment income	
Description	**2013**	**2012**
Indonesia	52,175,937	44,703,235
USA	275,263	168,286
Hong Kong	3,530	1,977
	52,454,730	**44,873,498**

	Income before tax benefit (expenses)	
Description	**2013**	**2012**
Indonesia	27,756,857	23,743,590
USA	152,638	115,621
Hong Kong	571	361
	27,910,066	**23,859,572**

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40. SEGMENT INFORMATION (continued)

c. Geographical Segment (continued)

Description	Total assets 2013	Total assets 2012
Indonesia	609,388,109	536,235,345
USA	14,602,187	13,073,719
Hong Kong	4,124	2,815
	623,994,420	**549,311,879**

Description	Total liabilities 2013	Total liabilities 2012
Indonesia	532,440,777	473,593,925
USA	14,414,277	12,860,852
Hong Kong	450	234
	546,855,504	**486,455,011**

41. EMPLOYEES PROGRAM

a. Defined Benefit Pension Plan

Effective January 1, 2007, all newly appointed permanent employees are not included in the PPMP 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's 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 24.96% (previously 22.58%) since May 1, 2013.

The actuarial calculation of BRI's pension costs as of December 31, 2013 and 2012, was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2014 and January 4, 2013, respectively, which were prepared in accordance with SFAS No. 24 (Revised 2010), by using the "Projected Unit Credit Method" and considering the following assumptions:

	2013	2012
Annual discount rate	8.7%	5.67%
Annual pension-based salary growth rate	7.5	7.5
Annual pension benefit growth rate	4.0	4.0
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958
Normal retirement age	56 years old	56 years old

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41. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

The assets of DPBRI mainly consist of saving deposits, time deposits, securities, mutual fund units, securities with collateral assets and long-term investments in the form of shares of stocks and property.

The status of the pension plan based on the actuarial calculation is as follows:

	2013	2012	2011	2010	2009
Assets at fair value	11,254,714	11,021,236	9,370,652	8,785,181	7,578,545
Present value of defined benefit pension liabilities	(11,022,194)	(14,359,520)	(11,345,025)	(8,400,544)	(6,821,484)
Pension program funded status	232,520	(3,338,284)	(1,974,373)	384,637	757,061
(Gain) loss on unrecognized actuarial adjustments	(787,415)	2,689,837	1,345,298	(732,773)	(887,840)
Unrecognized past service cost (non-vested)	162,025	75,157	82,363	89,569	-
Defined benefit pension liabilities	**(392,870)**	**(573,290)**	**(546,712)**	**(258,567)**	**(130,779)**

Movements in Present Value of Defined Benefit Pension as of December 31, 2013 and 2012 are as follows:

	2013	2012
Present Value of Defined Benefit Pension – beginning balance	14,359,520	11,345,026
Interest expense	814,185	737,427
Current service cost	234,443	389,239
Recognized of Past Service Cost – Non Vested	97,659	-
Recognized of Past Service Cost – Vested	179,298	569,480
Benefit paid	(703,866)	(575,214)
Actuarial (gain) loss	(3,959,045)	1,893,562
Present Value of Defined Benefit Pension – ending balance	**11,022,194**	**14,359,520**

Movements in the fair value of program assets as of December 31, 2013 and 2012 are as follows:

	2013	2012
Fair value of program assets – beginning balance	11,021,236	9,370,652
Expected yield on program assets	1,234,378	1,125,415
Contributions paid	295,234	533,896
Benefit paid	(703,866)	(575,214)
Actuarial (gain) loss on program assets	(592,268)	566,487
Program assets – ending balance	**11,254,714**	**11,021,236**

Movements in the defined benefit pension liabilities as of December 31, 2013 and 2012 are as follows:

	2013	2012
Beginning balance	573,290	546,712
Defined benefit pension expense - net (Note 34)	46,791	497,852
BRI contributions	(227,211)	(471,274)
Ending balance (Note 27)	**392,870**	**573,290**

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41. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

Defined benefit pension expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Current service cost	234,443	389,239
Defined contribution plan	(68,023)	(62,621)
Interest cost	814,185	737,427
Expected return on plan assets	(1,234,378)	(1,125,415)
Recognized actuarial gain-net	110,474	(17,464)
Immediate recognition of past service cost (non vested)	10,792	7,206
Immediate recognition of past service cost (vested)	179,298	569,480
Defined benefit pension expense (Note 34)	**46,791**	**497,852**

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.

Based on the actuarial calculation of BRI's old-age benefits as of December 31, 2013 and 2012, which was prepared by PT Bestama Aktuaria, an independent actuary in its reports dated January 4, 2014 and January 4, 2013, respectively, which were prepared in accordance with SFAS No. 24 (Revised 2010), by using the "Projected Unit Credit Method" with the following assumptions:

	2013	2012
Discount rate	9.0%	5.8%
Salary's growth rate	7.5	7.5
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

The status of the old-age benefits as of December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Assets at fair value	2,635,837	3,031,998
Present value of old-age benefits liability	(902,821)	(986,681)
Funded status	**1,733,016**	**2,045,317**

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41. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

Old-age benefits expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Current service cost	16,002	31,910
Interest cost	57,228	58,490
Expected return on plan assets	(303,806)	(228,582)
Recognized actuarial losses	297,193	194,907
Old-age benefits expense	**66,617**	**56,725**

For the years ended December 31, 2013 and 2012, 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

The employees of BRI are also included in the defined contribution pension plan in accordance with BRI Directors' decision which was effective October 2000. BRI's contributions to the plan which are reported in the consolidated statements of comprehensive income amounted to Rp124,322 and Rp104,385 for the years ended December 31, 2013 and 2012 (Note 34), respectively. This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

d. Work Separation Scheme

(i) BRI (Parent Entity)

The calculation performed by the management of BRI of liabilities related to allowance for cost settlement of separation 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, 2013 and 2012 The actuarial calculations were performed by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3 2014 and January 4, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2013	2012
Discount rate	9.0%	5.8%
Future salary's growth rate	7.5	7.5
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

The status of the work separation scheme as of December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Present value of work separation liability	(831,234)	(833,035)
Unrecognized actuarial (gain) loss	68,376	192,270
Work separation scheme liability	**(762,858)**	**(640,765)**

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41. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(i) BRI (Parent Entity) (continued)

Movements in the work separation scheme liability as of December 31, 2013 and 2012 are as follows:

	2013	2012
Beginning balance	640,765	533,471
Work separation scheme expense - net (Note 34)	160,472	138,314
Actual benefit payments by BRI	(38,379)	(31,020)
Ending balance (Note 27)	**762,858**	**640,765**

The calculation of work separation scheme expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Current service cost	78,949	85,832
Interest cost	74,974	52,482
Recognition of current year losses	6,549	-
Work separation scheme expense (Note 34)	**160,472**	**138,314**

(ii) BRISyariah (Subsidiary)

The Subsidiary provides the 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 comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2013 and 2012 , as determined by PT Katsir Imam Sapto Sejahtera Aktuaria, an independent actuary, in its reports dated January 2, 2014 and January 4, 2013, respectively, by using the “Projected Unit Credit Method” with the following assumptions:

	2013	2012
Annual discount rate	9.0%	6.0%
Annual salary’s growth rate	5.0	5.0
Mortality rate	TMI-III 2011	TMI-III 2011

As of December 31, 2013 and 2012, the status of the work separation scheme based on the actuarial calculation is as follows:

	2013	2012
Present value of work separation liability	(28,080)	(27,423)
Accumulation of unrecognized actuarial gain	(11,622)	(2,501)
Work separation scheme liability	**(39,702)**	**(29,924)**

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41. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(ii) BRISyariah (Subsidiary) (continued)

Movements in the work separation scheme liability for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Beginning balance	29,924	18,628
Work separation scheme expense - net (Note 34)	9,895	11,300
Actual benefit payments	(117)	(4)
Ending balance (Note 27)	**39,702**	**29,924**

The work separation scheme expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Current service cost	7,427	10,428
Interest expense	2,468	937
Amortization of accumulated actuarial gains	-	(65)
Work separation scheme expense (Note 34)	**9,895**	**11,300**

(iii) BRI Agro (Subsidiary)

The Subsidiary provides the 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 comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2013 and 2012 as determined by PT Bestama Aktuaria, independent actuaries, in their report dated January 3, 2014 and January 11, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2013	2012
Discount rate	8.8%	6.0%
Annual salary increase rate	8.0	8.0
Mortality rate	TMI 2011	TMI 2011
Disability rate	10% TMI 2011	10% TMI 2011

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41. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(iii) BRI Agro (Subsidiary) (continued)

As of December 31, 2013 and 2012, the status of the work separation scheme based on the actuarial calculation is as follows:

	2013	2012
Present value of work separation liability	(19,431)	(25,738)
Accumulation of unrecognized actuarial gain	611	6,070
Immediate recognition of past service cost	5,499	5,919
Work separation scheme liability	**(13,321)**	**(13,749)**

Movements in the work separation scheme liability for the year ended December 31, 2013 and 2012 are as follows:

	2013	2012
Beginning balance	13,749	12,715
Expense recognized in the current year (Note 34)	4,133	5,636
Actual benefit payments	(4,561)	(4,602)
Ending balance (Note 27)	**13,321**	**13,749**

The work separation scheme expense for the year ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Current service cost	1,935	2,628
Interest expense	1,544	1,956
Unrecognized actuarial losses	234	632
Amortization of past service cost	420	420
Work separation scheme expense (Note 34)	**4,133**	**5,636**

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

Based on the actuarial calculation on gratuity for services as of December 31, 2013 and 2012, which was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2014 and January 4, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2013	2012
Discount rate	9.0%	5.8%
Future salary's growth rate	7.5	7.5
Gold price growth rate	10.0	10.0
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(i) Allowance for gratuity for services (continued)

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp752,338 and Rp825,709 as of December 31, 2013 and 2012, respectively.

Movements in liability for gratuity for services for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Beginning balance of liability	825,709	670,744
Gratuity for service expense - net (Note 34)	2,342	192,577
Benefit payments by BRI	(75,713)	(37,612)
Gratuity for services liability (Note 27)	**752,338**	**825,709**

The gratuity for service expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Current service cost	51,643	56,886
Interest expense	47,891	43,598
Recognized actuarial losses	(97,192)	92,093
Gratuity for services expense (Note 34)	**2,342**	**192,577**

(ii) Grand leaves

i. BRI (Parent Entity)

The actuarial calculation for grand leaves as of December 31, 2013 and 2012 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2014 and January 4, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2013	2012
Discount rate	9.0%	5.8%
Future salary's growth rate	7.5	7.5
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

The present value of liability of allowance for grand leaves based on the actuarial calculation amounted to Rp821,951 and Rp887,617 as of December 31, 2013 and 2012, respectively.

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

i. BRI (Parent Entity) (continued)

Movements in liability for grand leaves as of December 31, 2013 and 2012 are as follows:

	2013	2012
Beginning balance of liability	887,617	750,623
Grand leaves expense - net (Note 34)	48,504	217,635
Benefit payments by BRI	(114,170)	(80,641)
Grand leaves liability (Note 27)	**821,951**	**887,617**

The grand leaves expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Current service cost	93,578	88,398
Interest expense	51,482	48,790
Recognized actuarial (gain) loss	(96,556)	80,447
Grand leaves expense (Note 34)	**48,504**	**217,635**

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 comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2013 and 2012 as determined by PT Katsir Imam Sapto Sejahtera Aktuaria, an independent actuary, in its reports dated January 2, 2014 and January 4, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2013	2012
Discount rate	9.0%	6.0%
Future salary's growth rate	5.0	5.0
Mortality rate	TMI-III 2011	TMI-III 2011
Normal retirement age	56 years old	56 years old

The present value of liability of allowance for grand leaves based on the actuarial calculation amounted to Rp19,650 and Rp13,153 as of December 31, 2013 and 2012, respectively.

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

ii. BRISyariah (Subsidiary) (continued)

Movements in liability for grand leaves for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Beginning balance of liability	13,153	6,915
Grand leaves expense - net (Note 34)	6,497	6,238
Grand leaves liability (Note 27)	**19,650**	**13,153**

The grand leaves expense of the Subsidiary for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Current service cost	5,669	5,701
Interest expense	828	537
Grand leaves expense (Note 34)	**6,497**	**6,238**

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 recognized in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2013 and 2012 was prepared by PT Bestama Aktuaria, an independent actuary in its report dated January 3, 2014 and January 11, 2013, respectively, by using the “Projected Unit Credit Method” with the following assumptions:

	2013	2012
Discount rate	8.4%	6.8%
Future salary’s growth rate	8.0	8.0
Mortality rate	TMI 2011	TMI 2011

The present value of liability of allowance for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp2,708 and Rp2,676 as of December 31, 2013 and 2012, respectively.

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

iii. BRI Agro (Subsidiary) (continued)

Movements in liability for grand leaves as of December 31, 2013 and 2012 are as follows:

	2013	2012
Beginning balance of liability	2,676	3,224
Expense recognized in the current year (Note 34)	533	344
Benefit payments	(501)	(892)
Grand leaves liability (Note 27)	**2,708**	**2,676**

The grand leaves expense of the Subsidiary for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Current service cost	881	948
Interest expense	181	226
Recognized actuarial gains	(529)	(830)
Grand leaves expense (Note 34)	**533**	**344**

(iii) Pension preparation period

i. BRI (Parent Entity)

The actuarial calculation of pension preparation period as of December 31, 2013 and 2012 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2014 and January 4, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2012
Discount rate	6.0%
Future salary's growth rate	7.5

	2012
Mortality rate	CSO 1958
Disability rate	10.0% dari CSO 1958

The present value of liability of allowance for pension preparation period based on the actuarial calculation amounted to RpNil and Rp58,030, as of December 31, 2013 and 2012, respectively.

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(iii) Pension preparation period (continued)

i. BRI (Parent Entity) (continued)

Movements in the liability for pension preparation period as of December 31, 2013 and 2012 are as follows:

	2013	2012
Beginning balance of liability	58,030	1,140,913
Pension preparation period (income) expense (Note 34)	29,770	(985,007)
Benefit payments by BRI	(87,800)	(97,876)
Pension preparation period liability (Note 27)	**-**	**58,030**

Pension preparation period expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Current service cost	-	135,628
Interest expense	3,482	74,159
Recognized actuarial (gain) loss	26,288	(1,194,794)
Pension preparation period (income) expense (Note 34)	**29,770**	**(985,007)**

Based on Decision Letter No.S.248-DIR/KPS/12/2012 dated December 21, 2012, the of Directors of BRI resolved that it is compulsory for employees to remain actively employed until the normal pension age of 56 (fifty six) years without undergoing pension preparation period (MPP) effective January 1, 2014. For employees entering age of 55 (fifty five) years in 2013 have the option to undergo pension preparation period or remain actively employed until the age of 56 (fifty six) years. Reversal of pension preparation period (MPP) allowance in accordance with the aforementioned Decision Letter is recorded in the other operating income account.

ii. BRI Agro (Subsidiary)

Effective March 12, 2012, the Subsidiary also provides pension preparation period to its employees as one of their benefits.

The actuarial calculation of pension preparation period as of December 31, 2013 and 2012 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2014 and January 11, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2013	2012
Discount rate	8.8%	6.0%
Future salary's growth rate	8.0	8.0
Mortality rate	TMI 2011	TMI 2011
Disability rate	10% TMI 2011	10% TMI 2011

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(iii) Pension preparation period (continued)

ii. BRI Agro (Subsidiary) (continued)

The present value of liability of allowance for pension preparation period based on the actuarial calculation amounted to Rp4,431 and Rp1,981 as of December 31, 2013 and 2012, respectively.

Movements in the liability for pension preparation period as of December 31, 2013 and 2012 are as follows:

	2013	2012
Beginning balance of liability	1,981	-
Pension preparation period expense - net (Note 34)	2,450	2,152
Benefit payments by BRI	-	(171)
Pension preparation period liability (Note 27)	**4,431**	**1,981**

Pension preparation period expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	2013	2012
Current service cost	694	955
Interest expense	559	-
Recognized actuarial losses	1,197	1,197
Pension preparation period expense (Note 34)	**2,450**	**2,152**

42. INFORMATION ON COMMITMENTS AND CONTINGENCIES

	2013	2012
Commitments		
Commitments receivables		
Purchase of spot and foreign currencies	1,180,490	896,288
Commitments liabilities		
Unused credit facilities granted to debtors	79,707,332	75,649,401
Irrevocable letters of credit (Note 26c)	18,626,470	12,231,900
Sale of spot and foreign currencies	937,090	558,975
Unused financing facilities granted to debtors	72,679	97,225
	99,343,571	88,537,501
Commitments - net	**(98,163,081)**	**(87,641,213)**
Contingencies		
Contingent receivables		
Interest receivables under settlement	58,203	221,217

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42. INFORMATION ON COMMITMENTS AND CONTINGENCIES (continued)

	2013	2012
Contingencies (continued)		
Contingent liabilities		
Guarantees issued (Note 26c) in the form of:		
Standby letters of credit	6,656,160	6,158,676
Bank guarantees	9,236,021	6,103,142
Others	45,322	-
	15,937,503	12,261,818
Contingencies - net	**(15,879,300)**	**(12,040,601)**

43. TRANSACTIONS WITH RELATED PARTIES

In the normal course of the 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
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
Government of the Republic of Indonesia (RI)	Ownership of majority shares through the Ministry of Finance of the Republic of Indonesia	Securities, Government Recapitalization Bonds
Perum BULOG	Control through the Central Government of the Republic of Indonesia	Loans, Irrevocable L/C
Perum DAMRI	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
Perum Pegadaian	Control through the Central Government of the Republic of Indonesia	Securities, Loans
Perum Percetakan Republik Indonesia	Control through the Central Government of the Republic of Indonesia	Acceptances receivable and Acceptances payable
Perum Percetakan Uang Republik Indonesia	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Related parties	Relationship	Element of transactions
PT Aneka Tambang (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities
PT Bank Bukopin Tbk	Control through the Central Government of the Republic of Indonesia	Current accounts with other Banks, Placements in Bank Indonesia and other Banks, Securities purchased under agreement to resell, Deposits from other Banks and other financial institutions
PT Bank Mandiri (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Current accounts with other Banks, Securities purchased under agreement to resell, Deposits from other Banks and other financial institutions
PT Bank Muamalat Indonesia Tbk	Control through the Central Government of the Republic of Indonesia	Deposits from other Banks and other financial institutions
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, Securities, Deposits from other Banks and other financial institutions
PT Bank Tabungan Negara (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities, Deposits from other Banks and other financial institutions
PT Barata Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Export bills, Guarantees issued
PT Bringin Gigantara	Ownership through Dana Pensiun BRI	Sharia receivables and financing, Acceptances receivable, Acceptances payable
PT BNI Asset Management	Control through the Central Government of the Republic of Indonesia	Securities
PT Bringin Karya Sejahtera	Ownership through Dana Pensiun BRI	Sharia receivables and financing
PT BTMU-BRI Finance	Ownership	Placements in Bank Indonesia and other Banks, Investment in associated entities
PT Dayamitra Telekomunikasi	Control through the Central Government of the Republic of Indonesia	Loans
PT Dirgantara Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued, Irrevocable L/C
PT Indonesia Asahan Aluminium	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Related parties	Relationship	Element of transactions
PT Indonesia Power	Control through the Central Government of the Republic of Indonesia	Guarantees issued
PT Inti (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
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, Irrevocable L/C
PT KHI Pipe Industries	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Krakatau Steel (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Len Industri (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Pembangunan Perumahan (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Irrevocable L/C
PT Perkebunan Nusantara II (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Perkebunan Nusantara III (Persero)	Control through the Central Government of the Republic of Indonesia	Securities
PT Perkebunan Nusantara VII (Persero)	Control through the Central Government of the Republic of Indonesia	Securities
PT Perkebunan Nusantara VIII (Persero)	Control through the Central Government of the Republic of Indonesia	Export bills
PT Pertamina (Persero)	Control through the Central Government of the Republic of Indonesia	Loans, Guarantees issued, Irrevocable L/C
PT Pertamina Patra Niaga	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Pertani (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Perusahaan Gas Negara (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Guarantees issued

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Related parties	Relationship	Element of transactions
PT Perusahaan Listrik Negara (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Loans Guarantees issued, Irrevocable L/C
PT Pindad (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued, Irrevocable L/C
PT PP Dirganeka	Control through the Central Government of the Republic of Indonesia	Export bills
PT Pupuk Kalimantan Timur	Control through the Central Government of the Republic of Indonesia	Loans, Export bills
PT Rekayasa Industri (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued
PT Sarana Multigriya Finansial (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Fund borrowings
PT Taspen (Persero)	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	Loans
PT Waskita Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities, Guarantees issued
PT Wijaya Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued
PT Wijaya Karya Bangunan dan Gedung	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable,
PT Wijaya Karya Industri dan Konstruksi	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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43. TRANSACTIONS WITH RELATED PARTIES (continued)

	2013	2012
Assets		
Current accounts with other Banks (Note 6)		
PT Bank Negara Indonesia (Persero) Tbk	101,577	8,475
PT Bank Mandiri (Persero) Tbk	8,861	1,820
PT Bank Bukopin Tbk	10	10
	110,448	10,305
Placements with Bank Indonesia and other Banks (Note 7)		
PT Bank Negara Indonesia (Persero) Tbk	537,173	285,405
Lembaga Pembiayaan Ekspor Indonesia	400,000	-
PT Bank Bukopin Tbk	210,000	150,000
PT BTMU-BRI Finance	130,000	285,000
	1,277,173	720,405
Securities (Note 8)		
Government of Republic of Indonesia	22,217,614	17,833,966
Lembaga Pembiayaan Ekspor Indonesia	304,360	174,000
Perum Pegadaian	283,740	257,832
PT BNI Asset Management	252,749	-
PT Bank Tabungan Negara (Persero) Tbk	141,918	106,716
PT Bank Negara Indonesia (Persero) Tbk	106,721	18,549
PT Jasa Marga (Persero) Tbk	99,977	111,497
PT Perusahaan Listrik Negara (Persero)	95,964	90,180
PT Aneka Tambang (Persero) Tbk	95,000	95,000
PT Perkebunan Nusantara III (Persero)	25,000	50,000
PT Waskita Karya (Persero) Tbk	25,000	25,000
PT Sarana Multigriya Finansial (Persero)	18,824	40,000
PT Perkebunan Nusantara VII (Persero)	-	50,000
Others	60,695	56,000
	23,727,562	18,908,740
Export bills (Note 9)		
PT PP Dirganeka	165,060	-
PT Perkebunan Nusantara VIII (Persero)	32,307	-
PT Pupuk Kalimantan Timur	5,663	14,281
PT Barata Indonesia (Persero)	4,604	-
	207,634	14,281
Government Recapitalization Bonds (Note 10)		
Government of Republic of Indonesia	4,511,419	4,315,616
Securities purchased under agreement to resell (Note 11)		
PT Bank Mandiri (Persero) Tbk	1,008,810	-
PT Bank Bukopin Tbk	101,016	-
	1,109,826	-
Loans (Note 13)		
PT Perusahaan Listrik Negara (Persero)	10,288,290	8,211,065
Perum BULOG	9,355,324	3,570,265
PT Pertamina (Persero)	8,603,110	10,348,229

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

	2013	2012
Assets (continued)		
Loans (Note 13) (continued)		
PT Taspen (Persero)	5,100,000	4,500,000
Ministry of Finance of the Republic of Indonesia	3,778,698	1,711,741
Perum Pegadaian	3,602,519	4,769,429
PT Kereta Api Indonesia (Persero)	2,709,044	714,538
PT Telekomunikasi Indonesia (Persero) Tbk	2,250,000	3,625,000
PT Pupuk Kalimantan Timur	1,836,399	892,162
PT Dayamitra Telekomunikasi	1,610,438	1,000,000
Key employees	54,084	55,823
Others	19,269,961	17,868,775
	68,457,867	57,267,027
Sharia receivables and financing (Note 14)		
Perum DAMRI	50,858	75,994
PT Bringin Gigantara	8,763	17,621
PT Bringin Karya Sejahtera	3,711	9,237
Key employees	14,208	15,670
	77,540	118,522
Acceptances receivable (Note 15)		
PT Krakatau Steel (Persero) Tbk	592,260	287,699
PT Inti (Persero)	232,075	23,499
PT Pembangunan Perumahan (Persero)	187,418	-
PT Perkebunan Nusantara II (Persero)	140,031	-
PT Pindad (Persero)	137,639	95,497
PT Pertani (Persero)	54,837	17,702
PT Wijaya Karya (Persero) Tbk	53,979	-
PT Len Industri (Persero)	19,320	-
PT Rekayasa Industri (Persero)	9,967	-
PT Bringin Gigantara	8,082	-
PT Wijaya Karya Industri dan Konstruksi	153	-
PT Dirgantara Indonesia (Persero)	-	231,467
Perum Percetakan Negara Republik Indonesia	-	29,699
PT Wijaya Karya Bangunan dan Gedung	-	349
	1,435,761	685,912
Investment in associated entities (Note 16)		
PT BTMU-BRI Finance	220,907	195,334
Total assets from related parties	**101,136,137**	**82,236,142**
Total consolidated assets	**626,182,926**	**551,336,790**
Percentage of total assets from related parties to total consolidated assets	**16.15%**	**14.92%**

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

	2013	2012
Liabilities		
Demand Deposits (Note 20)		
Government Entities and Institutions	21,391,485	18,202,762
Key employees	1,332	4,774
Others	51,067	21,221
	21,443,884	18,228,757
Saving deposits (Note 21)		
Government Entities and Institutions	73,286	207,368
Key employees	99,662	111,277
Others	13,259	73
	186,207	318,718
Time deposits (Note 22)		
Government Entities and Institutions	57,426,013	43,169,843
Key employees	238,668	136,273
Others	1,011,875	404,541
	58,676,556	43,710,657
Deposits from other Banks and financial institutions (Note 23)		
Government Entities and Institutions	410,282	655,574
Acceptances payable (Note 15)		
Government Entities and Institutions	1,435,761	685,912
Fund borrowings (Note 25)		
Government Entities and Institutions	100,000	276,221
Compensation to key employees management (Note 41)		
Present value of defined benefit pension liability	229,549	309,734
Present value of old-age benefits liability	40,227	45,082
Present value of work separation liability	52,133	72,625
Present value of gratuity for services liability	29,782	30,931
Present value of grand leaves liability	32,410	33,689
Present value of pension preparation period	1,134	2,686
	385,235	494,747
Total liabilities to related parties	**82,637,925**	**64,370,586**
Total consolidated liabilities	**546,855,504**	**486,455,011**
Percentage of liabilities to related parties to total consolidated liabilities	**15.11%**	**13.23%**

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

	2013	2012
Commitments and contingencies in administrative accounts		
Guarantees issued (Note 26c)		
PT Dirgantara Indonesia (Persero)	1,349,021	224,692
PT Wijaya Karya (Persero) Tbk	1,109,338	567,473
PT Pertamina (Persero)	1,071,133	851,530
PT Perusahaan Gas Negara (Persero) Tbk	651,429	1,972,063
PT Rekayasa Industri (Persero)	607,567	-
PT Indonesia Power	500,737	235,815
PT Waskita Karya (Persero) Tbk	395,436	156,799
PT Perusahaan Listrik Negara (Persero)	330,598	677,496
PT Barata Indonesia (Persero)	205,173	30,739
PT Pindad (Persero)	196,047	246,126
Others	1,445,667	481,692
	7,862,146	**5,444,425**
Irrevocable L/C (Note 26c)		
PT Dirgantara Indonesia (Persero)	747,150	1,125,563
PT Pertamina (Persero)	691,526	-
PT Kereta Api Indonesia (Persero)	491,271	2,150,192
PT Indonesia Asahan Aluminium	400,453	-
PT Pindad (Persero)	338,432	176,205
PT Pertamina Patra Niaga	331,450	108,422
PT KHI Pipe Industries	172,984	-
PT Perusahaan Listrik Negara (Persero)	81,983	758,112
PT Pembangunan Perumahan (Persero)	39,240	-
Perum Percetakan Uang Republik Indonesia	35,963	-
Perum BULOG	-	506,374
Others	292,801	1,243,721
	3,623,253	**6,068,589**
Salaries and allowances for the Boards of Directors and Commissioners (Note 34)	**66,073**	**61,008**
***Tantiem*, bonuses and incentives for the Boards of Directors, Commissioners and key employees (Note 34)**	**266,479**	**225,076**

Percentage of transactions with related parties to total consolidated assets and liabilities of BRI and Subsidiaries are as follows:

	2013	2012
Assets		
Current accounts with other Banks	0.018%	0.002%
Placements with Bank Indonesia and other Banks	0.204	0.131
Securities	3.789	3.430
Export bills	0.033	0.003
Government Recapitalization Bonds	0.720	0.783
Securities purchased under agreement to resell	0.177	-
Loans	10.933	10.387
Sharia receivables and financing	0.012	0.021
Acceptances receivable	0.229	0.124
Investment in associated entities	0.035	0.035
	16.150%	**14.916%**

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Percentage of transactions with related parties to total consolidated assets and liabilities of BRI and Subsidiaries are as follows (continued):

	2013	2012
Liabilities		
Demand deposits	3.921%	3.747%
Saving deposits	0.034	0.065
Time deposits	10.730	8.986
Deposits from other Banks and financial institutions	0.075	0.135
Acceptances payable	0.263	0.141
Fund borrowings	0.018	0.057
Compensation to key employees	0.070	0.102
	15.111%	**13.233%**

As of December 31, 2013 and 2012, BRI (Parent Entity) insured certain premises and equipment to PT Asuransi Bringin Sejahtera Artha Makmur (related party) (Note 17).

44. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Communication Services Agreements

On December 16, 2013, BRI entered into an agreement with PT Telekomunikasi Indonesia Tbk in connection with the procurement of VSAT communication services in 1,250 (one thousand two hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp45,500.

On November 11, 2013, BRI entered into an agreement with PT Prima Vista Solusi in connection with the procurement of 2,567 (two thousand five hundred sixty seven) unit EDC LAN for UKO, 4,788 (four thousand seven hundred eighty eight) unit EDC GPRS for UKO and 10,074 (ten thousand seventy four) unit EDC *Triple Connection* ATM for 3 (three) years with the contract value of Rp53,542.

On November 8, 2013, BRI entered into an agreement with PT Pasifik Satelit Nusantara Mitrakom in connection with the procurement of VSAT communication services in 1,250 (one thousand two hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp45,500.

On September 12, 2013, BRI entered into an agreement with PT Tangara Mitrakom in connection with the procurement of VSAT communication services in 1,250 (one thousand two hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp43,550.

On September 5, 2013, BRI entered into an agreement with PT Satkomindo Mediyasa in connection with the procurement of VSAT communication services in 1,250 (one thousand two hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp45,125.

On August 13, 2012, BRI entered into an agreement with PT Satkomindo Mediyasa in connection with the procurement of VSAT communication services in 1,950 (one thousand nine hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp57,798.

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44. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

a. Communication Services Agreements (continued)

On March 19, 2012, BRI entered into an agreement with PT Telekomunikasi Indonesia in connection with the procurement of MPLS communication services in 1,200 (one thousand two hundred) locations of BRI VSAT offsite ATM for 3 (three) years with the contract value of Rp35,652.

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 31, 2013 and 2012, BRI has established an allowance (included in "Other Liabilities") for several pending lawsuits filed against BRI amounted to Rp328,630 and Rp826,661, respectively (Note 28). Management believes that the allowance is adequate to cover possible losses arising from pending litigations or legal claims that are currently in progress.

45. 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 "Government Guarantee Program on Saving Account", the balance of saving accounts guaranteed for each customer has a maximum of Rp100 million.

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45. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS (continued)

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 interest rates guarantee as of December 31, 2013 and 2012 were 7.25% and 5.5%, respectively, for deposits in Rupiah and 1.5% and 1.0% for deposits in foreign currencies, respectively.

46. STATEMENT OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS) ISSUED AND REVISED

The following summarizes the SFAS and Interpretation of Financial Accounting Standards (IFAS) which were issued by the Indonesian Financial Accounting Standards Board (FASB) and are relevant to BRI and Subsidiaries but not yet effective for consolidated financial statements as of December 31, 2013:

Effective on or after January 1, 2014:

a. IFAS No. 28 "Extinguishing Financial Liabilities with Equity Instruments". This IFAS regulates when an entity as a debtor wants to resolve its financial liabilities through the issuance of equity instruments mechanism (debt for equity swaps).

b. SFAS No. 102 (Revised 2013), "*Murabahah*", which is refinement of SFAS No. 102, published in 2008. This SFAS regulates the criteria of *murabahah* transactions related to recognition, measurement, presentation and disclosure.

Effective on or after January 1, 2015:

a. SFAS No. 1 (Revised 2013), "Presentation of Financial Statements", adopted from IAS 1. This SFAS changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified to profit or loss would be presented separately from items that will never be reclassified.

b. SFAS No. 4 (Revised 2013), "Separate Financial Statements", adopted from IAS 4. This SFAS prescribes only the accounting requirements when a parent entity prepares separate financial statements as additional information. Accounting for consolidated financial statements is determined in SFAS No.65.

c. SFAS No. 15 (Revised 2013), "Investments in Associates and Joint Ventures", adopted from IAS 28. This SFAS describes the application of the equity method to investments in joint ventures in addition to associates.

d. SFAS No. 24 (Revised 2013), "Employee Benefits", adopted from IAS 19. This SFAS, among other, removes the corridor mechanism and contingent liability disclosures to simple clarifications and disclosures.

e. SFAS No. 65, "Consolidated Financial Statements", adopted from IFRS 10.This SFAS replaces the portion of SFAS No. 4 (Revised 2009) that addresses the accounting for consolidated financial statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

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46. STATEMENT OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS) ISSUED AND REVISED (continued)

Effective on or after January 1, 2015 (continued):

f. SFAS No. 66, ”Joint Arrangements”, adopted from IFRS 11. This SFAS replaces SFAS No. 12 (Revised 2009) and IFAS No. 12. This SFAS removes the option to account for jointly controlled entities using proportionate consolidation.

g. SFAS No. 67, ”Disclosure of Interests in Other Entities”, adopted from IFRS 12. This SFAS includes all of the disclosures that were previously in SFAS No. 4 (Revised 2009), SFAS No. 12 (Revised 2009) and SFAS No. 15 (Revised 2009). This disclosures relate to an entity’s interests in other entities.

h. SFAS No. 68, ”Fair Value Measurements”, adopted from IFRS 13. This SFAS provides guidance on how to measures fair value when fair value is required or permitted.

Currently BRI and Subsidiaries are in the process of evaluating and have not yet determined the impact of these issued and revised SFAS and IFAS on the consolidated financial statements.

47. 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 risks inherent to its banking activities without prejudice to optimazing shareholder’s value.

CAR is the ratio of capital to Risk Weighted Assets (RWA), the computation is based on Bank Indonesia Regulation No. 10/15/PBI/2008 dated September 24, 2008, whereby the total capital for credit risk consists of core capital and supplementary capital. Banks which meet certain criteria have to consider market and operational risk in the computation of CAR by including additional supplementary capital component.

On December 31, 2012 BRI has implemented PBI No.14/18/PBI/2012 dated November 28, 2012 on Minimum Capital Reserve for General Bank based on Risk Profile Rating, which is the amendment to PBI No.10/15/2008 dated September 24, 2008, as the aforementioned regulation is initially effective March 2013 reporting position by using December 2012 risk profile. Based on the BRI’s risk profile as of June 30, 2013, which is satisfactory, the minimum CAR per December 31, 2013 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 Strandards in some respects. During the year ended December 31, 2013 and 2012, BRI has complied with the BI required capital adequacy ratio.

CAR of BRI (Parent Entity) as of December 31, 2013 amounted to 17.09% for the CAR credit risk and operational risk and 16.99% for credit risk, market risk and operational risk, meanwhile as at December 31, 2012 amounted to 17.03% for the CAR credit risk and operational risk and 16.95% for credit risk, market risk and operational risk are calculated as follows:

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47. OTHER DISCLOSURES (continued)

a. Capital Adequacy Ratio (CAR) (continued)

	2013	2012
Capital		
Core Capital *)	65,964,040	51,593,002
Supplementary Capital **)	3,507,996	3,540,675
Total Capital for Credit, Market and Operational Risks	**69,472,036**	**55,133,677**
RWA for Credit Risk after considering Special Risk ***)	331,161,598	259,490,149
RWA for Operational Risk ****)	75,401,807	64,207,405
Total RWA for Credit and Operational Risks	**406,563,405**	**323,697,554**
RWA for Market Risk	2,294,988	1,654,474
Total RWA for Credit, Operational and Market Risks	**408,858,393**	**325,352,028**
CAR for Credit and Operational Risks *)**	**17.09%**	**17.03%**
CAR for Credit, Market and Opeational Risks *)**	**16.99%**	**16.95%**
CAR Minimum	**9.00%**	**8.00%**

*) Presented by excluding deferred tax assets according to Bank Indonesia Regulation No. 10/15/PBI/2008 dated September 24, 2008.
**) Presented after deducting the amortization of Subordinated Bonds during the period according to Bank Indonesia Letter No. 12/18/DPB1/TPB1-3 dated February 11, 2010.
***) Credit risk is calculated according to Bank Indonesia Form Letter No. 13/6/DPNP dated February 18, 2011.
****) Operational risk is calculated according to Bank Indonesia Form Letter No. 11/3/DPNP dated January 27, 2009.

b. Non-Performing Loans (NPL) Ratio

As of December 31, 2013 and 2012, BRI's non-performing loans ratio including Sharia receivables and financing are as follows:

(i) Consolidated

	2013	2012
Gross NPL ratio	1.63%	1.83%
Net NPL ratio	0.36	0.38

(ii) BRI (Parent Entity)

	2013	2012
Gross NPL ratio	1.55%	1.78%
Net NPL ratio	0.31	0.34

Net NPL ratio is calculated based on NPL after deducting the minimum allowance for possible losses divided by the total loans amount in accordance with Bank Indonesia regulations.

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47. OTHER DISCLOSURES (continued)

c. Custodian Operations and Selling Agent

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 of Government bonds transactions and administration of Scriptless Certificates of Bank Indonesia by Bank Indonesia.

The custodian services business is a part of the Treasury Division, which provides services such as:

- Safekeeping, administration services and portfolio valuation;
- Transaction settlement (settlement/transaction handling) services;
- Income collection services, including the related tax payments;
- Corporate actions and proxy services;
- Information and reporting services, including information through website;
- Custodian Unit Link services, DPLK, KIK EBA; and
- On-line Brokerage services of BRI's shares.

BRI has (unaudited) 90 (ninety) and 91 (ninety one) customers as of December 31, 2013 and 2012, respectively, which mainly consist of pension funds, financial institutions, securities companies, insurance companies, mutual funds and other companies.

The custodian fees earned (unaudited) for the years ended December 31, 2013 and 2012 amounted to Rp25,550 and Rp18,015, respectively.

In order to improve services to customers, BRI Custodian currently provides information system accessible through the "Customer Information E-access" website, in order to provide more convenience to customers in obtaining information on their portfolio value.

BRI, who acts as a custodian Bank, coordinates with PT Asuransi Jiwa Bringin Jiwa Sejahtera, in developing "Unit Link" products which will be marketed through BRI Branch Offices,that appointed as the selling agents.

d. Trustee Agent Operations

BRI rendered trust services since 1990. 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 Bapepam in conformity with its Operating License as Trust Services No. 08/STTD-WA/PM/1996 dated June 11, 1996.

The trust services business is a part of the Treasury Division which provides services such as:

- Trust services
- Security agent
- Payment agent
- Sinking fund agent
- Selling agent of mutual funds and investment products.

BRI has (unaudited) 17 (seventeen) customers as of December 31, 2013 and 2012, respectively. The total value of bonds issuance on behalf of bonds issuers managed by BRI as part of its trust services (including security agents) (unaudited) amounted to Rp47,006,889 and Rp42,656,506 as of December 31, 2013 and 2012, respectively.

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47. OTHER DISCLOSURES (continued)

d. Trustee Agent Operations (continued)

The fees and commissions on trust services and other related services (payment agent) (unaudited) earned for the years ended December 31, 2013 and 2012 amounted to Rp5,590 and Rp5,142, respectively.

To comply with Bapepam-LK Regulation No. Kep-11/BL/2006 dated August 30, 2006 on "Mutual Funds Selling Agent Behavior", the selling agent services function previously performed by the custodian has been transferred to the Trustee Agent.

The total income from services as mutual funds and government retail bonds agent (unaudited) amounted to Rp4,583 and Rp2,957 for the years ended December 31, 2013 and 2012, respectively.

48. EARNINGS PER SHARE

The following presents the reconciliation of factors in the computation of basic earnings per share (EPS) attributable to the owners of Parent Entity:

	2013		
	Income for the year attributable to the owners of Parent Entity	Weighted average number of outstanding common shares (full amount)	Income for the year attributable to the owners of Parent Entity per share (Full Rupiah)
Income for the year attributable to the owners of Parent Entity	**21,344,130**	**24,669,162,000**	**865.22**

	2012		
	Income for the year attributable to the owners of Parent Entity	Weighted average number of outstanding common shares (full amount)	Income for the year attributable to the owners of Parent Entity per share (Full Rupiah)
Income for the year attributable to the owners of Parent Entity	**18,680,884**	**24,669,162,000**	**757.26**

49. 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 for issue on January 16, 2014.

Annual Report 2013

BANK BRI

Melayani Dengan Setulus Hati

PT Bank Rakyat Indonesia (Persero) Tbk.
BRI I Building
Jl. Jend. Sudirman No. 44-46
Jakarta 10210, Indonesia
Telephone: (62-21) 251 0244, 251 0254
Fax : (62-21) 250 0065, 250 0077
Website : www.bri.co.id

Corporate Secretary
BRI I Building, 20th Floor
Jl. Jend. Sudirman No. 44-46
Jakarta 10210, Indonesia
Telephone: (62-21) 575 1966
Fax : (62-21) 570 0916

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