

**PT Bank Rakyat Indonesia (Persero) Tbk  
and its Subsidiaries**

Consolidated financial statements  
as of December 31, 2016  
and for the year then ended  
with independent auditors' report



# PT BANK RAKYAT INDONESIA (PERSERO)

## KANTOR PUSAT

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### BOARD OF DIRECTORS' STATEMENT REGARDING THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016 AND FOR THE YEAR THEN ENDED PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES

We, the undersigned:

1. Name : Asmawi Syam  
 Office Address : Jl. Jenderal Sudirman No.44-46 Jakarta 10210  
 Residential Address : Jl. Cilandak Dalam Raya No. 4E Cilandak South Jakarta  
 Telephone : 021 -5751756  
 Title : President Director
2. Name : Haru Koesmahargyo  
 Office Address : Jl. Jenderal Sudirman No. 44-46 Jakarta 10210  
 Residential Address : Jl. Cempaka Lestari 4 Blok G/5 Lebak Bulus South Jakarta  
 Telephone : 021 - 575 1751  
 Title : Director

Declare that:

1. We are responsible for the preparation and the presentation of the consolidated financial statements of PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries;
2. PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries' consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information in the consolidated financial statements of PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries has been disclosed in a complete and truthful manner;  
 b. PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries' consolidated financial statements do not contain any incorrect material information or facts, nor do they omit material information or facts;
4. We are responsible for PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries' internal control system.

This statement has been made truthfully.

Jakarta, January 20, 2017  
 For and on behalf of the Board of Directors

  
 Asmawi Syam  
 President Director

  
 Haru Koesmahargyo  
 Director



*These consolidated financial statements are originally issued in the Indonesian language.*

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2016 AND FOR THE YEAR THEN ENDED  
WITH INDEPENDENT AUDITORS' REPORT**

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## **Independent Auditors' Report**

Report No. RPC-2879/PSS/2017

**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, 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' responsibility***

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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## **Independent Auditors' Report (continued)**

Report No. RPC-2879/PSS/2017 (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, 2016, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

### ***Other matter***

Our audit of the accompanying consolidated financial statements of PT Bank Rakyat Indonesia (Persero) Tbk and its subsidiaries as of December 31, 2016 and for the year then ended was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of PT Bank Rakyat Indonesia (Persero) Tbk (parent entity), which comprises the statement of financial position as of December 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purposes of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

**Purwantono, Sungkoro & Surja**



**Drs. Hari Purwantono**  
Public Accountant Registration No. AP.0684

January 20, 2017

These consolidated financial statements are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As of December 31, 2016  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2016	December 31, 2015
<b>ASSETS</b>			
Cash	2a,2c,3	25,212,024	28,771,635
Current Accounts With Bank Indonesia	2a,2c,2f,4	55,635,946	61,717,798
Current Accounts With Other Banks	2a,2c,2d,2e, 2f,5,44	11,022,715	8,736,092
Placements With Bank Indonesia and Other Banks	2a,2c,2d,2e, 2g,6,44	78,142,754	49,834,664
Securities	2a,2c,2d,2e, 2h,7,44	131,483,324	124,891,293
Allowance for impairment losses		(758)	(758)
		<u>131,482,566</u>	<u>124,890,535</u>
Export Bills	2c,2d,2e,2i, 8,44	9,345,472	7,280,883
Government Recapitalization Bonds	2c,2d,2h,9, 44	3,318,434	3,815,958
Securities Purchased Under Agreement to Resell	2c,2d,2u,10, 44	1,557,370	845,125
Derivatives Receivable	2c,2e,2ak,11	91,657	-
Loans	2c,2d,2e,2j, 12,44	643,470,975	564,480,538
Allowance for impairment losses		(22,184,296)	(17,162,183)
		<u>621,286,679</u>	<u>547,318,355</u>
Sharia Receivables and Financing	2c,2d,2e,2k, 13,44	17,748,943	16,614,006
Allowance for impairment losses		(492,156)	(352,252)
		<u>17,256,787</u>	<u>16,261,754</u>

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

These consolidated financial statements are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
As of December 31, 2016  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2016	December 31, 2015
<b>ASSETS (continued)</b>			
Finance Lease Receivables	2c,2e,2l, 14	2,200,300	-
Allowance for impairment losses		(130,000)	-
		<u>2,070,300</u>	<u>-</u>
Acceptances Receivable	2c,2d,2e,2m, 15,44	5,692,583	5,163,471
Investment in Associated Entities	2c,2d,2e,2n, 16,44	2,439	269,130
Premises and Equipment	2o,2p,17		
Cost		32,262,349	14,687,468
Accumulated depreciation		(7,747,290)	(6,648,188)
Net book value		<u>24,515,059</u>	<u>8,039,280</u>
Deferred Tax Assets - net	2a/,38c	2,520,930	1,983,774
Other Assets - net	2c,2e,2p,2q, 2r,18	14,490,711	13,497,858
<b>TOTAL ASSETS</b>		<u><b>1,003,644,426</b></u>	<u><b>878,426,312</b></u>

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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
As of December 31, 2016  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2016	December 31, 2015
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Liabilities Due Immediately	2c,2s,19	5,410,313	5,138,562
Deposits From Customers	2c,2d,2t,44		
Demand Deposits	20	141,419,020	113,429,343
<i>Wadiah</i> Demand Deposits		1,127,843	937,745
Saving Deposits	21	298,110,406	268,058,865
<i>Wadiah</i> Saving Deposits		4,176,761	3,715,929
<i>Mudharabah</i> Saving Deposits		983,121	696,198
Time Deposits	22	293,029,378	267,884,404
<i>Mudharabah</i> Time Deposits		15,679,845	14,272,895
Total Deposits From Customers		754,526,374	668,995,379
Deposits From Other Banks and Financial Institutions	2c,2d,2t,23, 44	2,229,538	11,165,073
Securities Sold Under Agreement to Repurchase	2c,2d,2u,7, 24,44	7,302,398	11,377,958
Derivatives Payable	2c,2ak,7,11	347,217	445,753
Acceptances Payable	2c,2d,2m,15, 44	5,692,583	5,163,471
Taxes Payable	2a/,38a	942,401	1,497,262
Marketable Securities Issued	2c,2v,25	24,800,781	10,521,103
Fund Borrowings	2c,2d,2w,26, 44	35,008,170	35,480,358
Estimated Losses on Commitments and Contingencies	2d,2e,2ao,27, 44	895	1,242
Liabilities for Employee Benefits	2d,2af,28,42, 44	9,451,203	8,063,738
Other Liabilities	2c,2z,2ae,29, 45b	10,111,453	7,392,766
Subordinated Loans	2c,2x,30	1,008,510	56,468
<b>TOTAL LIABILITIES</b>		<b>856,831,836</b>	<b>765,299,133</b>

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**PT BANK RAKYAT INDONESIA (PERSERO) Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)  
As of December 31, 2016  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	December 31, 2016	December 31, 2015
<b>LIABILITIES AND EQUITY (continued)</b>			
<b>EQUITY</b>			
Capital stock - par value Rp250 (full Rupiah) per share Authorized - 60,000,000,000 shares (consisting of 1 Series A Dwiwarna share and 59,999,999,999 Series B shares)			
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)	1,31a	6,167,291	6,167,291
Additional paid-in capital	31b	2,773,858	2,773,858
Revaluation surplus arising from fixed assets - net of tax	2o,17	13,824,692	-
Differences arising from the translation of foreign currency financial statements	2aj,31c	23,490	49,069
Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds - net of deferred tax	2h	75,618	(1,145,471)
Gain on remeasurement defined benefit plans - net of deferred tax	2af	665,870	541,468
Treasury Stock	1d	(2,418,948)	(2,286,375)
Retained earnings	31d,31e		
Appropriated		3,022,685	18,115,741
Unappropriated		122,286,786	88,617,280
Total Retained Earnings		125,309,471	106,733,021
Total Equity Attributable to Equity Holders of the Parent Entity		146,421,342	112,832,861
Non-controlling interest	2b	391,248	294,318
<b>TOTAL EQUITY</b>		<b>146,812,590</b>	<b>113,127,179</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,003,644,426</b>	<b>878,426,312</b>

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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
For the Year Ended December 31, 2016  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Year Ended December 31,	
		2016	2015
<b>INCOME AND EXPENSES FROM OPERATIONS</b>			
Interest and Sharia Income	32		
Interest income	2aa	92,151,312	83,007,745
Sharia income	2k,2ac	2,636,677	2,426,292
Total Interest and Sharia Income		94,787,989	85,434,037
Interest and Sharia Expense	33		
Interest expense	2aa	(26,176,473)	(26,141,100)
Sharia expense	2ac	(1,035,502)	(1,013,170)
Total Interest and Sharia Expense		(27,211,975)	(27,154,270)
Interest and Sharia Income - net		67,576,014	58,279,767
Premium Income	2ad	2,474,579	-
Claim Expense	2ad	(2,410,192)	-
Premium Income - net		64,387	-
Other Operating Income			
Other fees and commissions	2ab	9,222,558	7,355,973
Recovery of assets written-off		4,496,825	3,788,388
Gain on sale of securities and Government Recapitalization Bonds - net	2h,7,9	447,580	86,485
Unrealized gain on changes in fair value of securities - net	2h,7	31,025	-
Gain on foreign exchange - net	2ai,2aj	-	467,167
Others		3,015,124	2,157,471
Total Other Operating Income		17,213,112	13,855,484
Provision for impairment losses on financial assets - net	2e,34	(13,700,241)	(8,891,305)
Reversal of (provision for) allowance for estimated losses on commitments and contingencies - net	2ao,27b	347	(844)
Provision for allowance for impairment losses on non-financial assets - net	2p	(90,757)	(8,056)

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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (continued)  
For the Year Ended December 31, 2016  
(Expressed in millions of Rupiah, unless otherwise stated)**

		Year Ended December 31,	
	Notes	2016	2015
Other Operating Expenses			
Salaries and employee benefits	2d,2af,35, 42,44	(18,485,014)	(16,599,158)
General and administrative	2o,36	(11,975,745)	(10,380,547)
Premium paid to Government Guarantee Program	46	(1,364,741)	(1,296,475)
Foreign currency transaction losses - net	2ai,2aj	(273,832)	-
Unrealized loss on changes in fair value of securities	2h,7	-	(10,945)
Others		(4,998,988)	(2,988,571)
Total Other Operating Expenses		(37,098,320)	(31,275,696)
<b>OPERATING INCOME</b>		<b>33,964,542</b>	<b>31,959,350</b>
<b>NON OPERATING INCOME - NET</b>	37	9,228	534,668
<b>INCOME BEFORE TAX EXPENSE</b>		<b>33,973,770</b>	<b>32,494,018</b>
<b>TAX EXPENSE</b>	2a/,38b,38c	(7,745,779)	(7,083,230)
<b>INCOME FOR THE YEAR</b>		<b>26,227,991</b>	<b>25,410,788</b>
<b>Other comprehensive income:</b>			
<b>Items not to be reclassified to profit or loss</b>			
Remeasurement on defined benefit plans		165,615	555,776
Revaluation surplus arising from fixed assets	17	14,315,527	-
Income tax related to items not to be reclassified to profit or loss		(532,239)	(138,944)
<b>Items to be reclassified to profit or loss</b>			
Exchange rate differences on translation of foreign currency financial statements	2aj	(25,579)	(7,399)
Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds		1,641,313	(1,264,123)
Income tax related to items to be reclassified to profit or loss		(412,621)	316,032
<b>Other Comprehensive Income (Loss) For the Year - After Tax</b>		<b>15,152,016</b>	<b>(538,658)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>41,380,007</b>	<b>24,872,130</b>

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 ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (continued)  
For the Year Ended December 31, 2016  
(Expressed in millions of Rupiah, unless otherwise stated)**

		Year Ended December 31,	
	Notes	2016	2015
<b>INCOME FOR THE YEAR</b>			
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Parent Entity		26,195,772	25,397,742
Non-controlling interest		32,219	13,046
<b>TOTAL</b>		<b>26,227,991</b>	<b>25,410,788</b>
<b>TOTAL COMPREHENSIVE INCOME</b>			
<b>FOR THE YEAR ATTRIBUTABLE TO:</b>			
Equity holders of the Parent Entity		41,340,376	24,861,081
Non-controlling interest		39,631	11,049
<b>TOTAL</b>		<b>41,380,007</b>	<b>24,872,130</b>
<b>BASIC EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO EQUITY</b>			
<b>HOLDERS OF THE PARENT ENTITY</b>			
<b>(full Rupiah)</b>	2ah,49	<b>1,071.51</b>	<b>1,030.43</b>

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**PT BANK RAKYAT INDONESIA (PERSERO) Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the Year Ended December 31, 2016  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized Loss on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Gain on Remeasurement on Defined Benefit Plans - Net of Deferred Tax	Treasury Stocks	Retained Earnings		Total Equity Attributable To Equity Holders of the Parent Entity	Non-controlling Interest	Total Equity
								Appropriated	Unappropriated			
<b>Balance as of December 31, 2014</b>		<b>6,167,291</b>	<b>2,773,858</b>	<b>56,468</b>	<b>(198,888 )</b>	<b>124,147</b>	<b>-</b>	<b>15,449,160</b>	<b>73,158,614</b>	<b>97,530,650</b>	<b>175,184</b>	<b>97,705,834</b>
Income for the year		-	-	-	-	-	-	-	25,397,742	25,397,742	13,046	25,410,788
Other comprehensive income	2h,2aj	-	-	(7,399)	(946,583)	417,321	-	-	-	(536,661 )	(1,997)	(538,658)
Total comprehensive income for the year		-	-	(7,399)	(946,583 )	417,321	-	-	25,397,742	24,861,081	11,049	24,872,130
Distribution of income	31d											
Dividends		-	-	-	-	-	-	-	(7,272,495)	(7,272,495 )	(1,189 )	(7,273,684)
Addition to specific reserves		-	-	-	-	-	-	2,666,581	(2,666,581)	-	-	-
Changes in non-controlling interest from acquisition of BRI Life	1f	-	-	-	-	-	-	-	-	-	121,594	121,594
Effect of changes in non-controlling interest of BRI Agro	1f	-	-	-	-	-	-	-	-	-	(12,320 )	(12,320)
Treasury Stock	1d	-	-	-	-	-	(2,286,375 )	-	-	(2,286,375 )	-	(2,286,375)
<b>Balance as of December 31, 2015</b>		<b>6,167,291</b>	<b>2,773,858</b>	<b>49,069</b>	<b>(1,145,471 )</b>	<b>541,468</b>	<b>(2,286,375)</b>	<b>18,115,741</b>	<b>88,617,280</b>	<b>112,832,861</b>	<b>294,318</b>	<b>113,127,179</b>

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 ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)  
For the Year Ended December 31, 2016  
(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized (Loss)/ Gain on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Gain on Remeasurement on Defined Benefit Plans - Net of Deferred Tax	Treasury Stocks	Revaluation Surplus Arising from Fixed Assets - Net of Tax	Retained Earnings		Total Equity Attributable to Equity Holders of the Parent Entity	Non-controlling Interest	Total Equity
									Appropriated	Unappropriated			
<b>Balance as of December 31, 2015</b>		<b>6,167,291</b>	<b>2,773,858</b>	<b>49,069</b>	<b>(1,145,471)</b>	<b>541,468</b>	<b>(2,286,375)</b>	<b>-</b>	<b>18,115,741</b>	<b>88,617,280</b>	<b>112,832,861</b>	<b>294,318</b>	<b>113,127,179</b>
Income for the year		-	-	-	-	-	-	-	-	26,195,772	26,195,772	32,219	26,227,991
Other comprehensive income	2h,2aj,17	-	-	(25,579)	1,221,089	124,402	-	13,824,692	-	-	15,144,604	7,412	15,152,016
Total comprehensive income for the year		-	-	(25,579)	1,221,089	124,402	-	13,824,692	-	26,195,772	41,340,376	39,631	41,380,007
Distribution of income Dividends	31d	-	-	-	-	-	-	-	-	(7,619,322)	(7,619,322)	(1,994)	(7,621,316)
Additional paid in capital		-	-	-	-	-	-	-	-	-	-	63,698	63,698
Specific reserves reclassification	31d	-	-	-	-	-	-	-	(15,093,056)	15,093,056	-	-	-
Changes in non-controlling interest from acquisition of BRI Life		-	-	-	-	-	-	-	-	-	-	(4,405)	(4,405)
Treasury Stock	1d	-	-	-	-	-	(132,573)	-	-	-	(132,573)	-	(132,573)
<b>Balance as of December 31, 2016</b>		<b>6,167,291</b>	<b>2,773,858</b>	<b>23,490</b>	<b>75,618</b>	<b>665,870</b>	<b>(2,418,948)</b>	<b>13,824,692</b>	<b>3,022,685</b>	<b>122,286,786</b>	<b>146,421,342</b>	<b>391,248</b>	<b>146,812,590</b>

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



**PT BANK RAKYAT INDONESIA (PERSERO) Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2016  
(Expressed in millions of Rupiah, unless otherwise stated)**

		Year Ended December 31,	
	Notes	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income received			
Interest and investment income		91,595,203	82,595,882
Sharia income		2,636,677	2,426,292
Premium Income		2,474,579	-
Expenses paid			
Interest expenses		(26,038,559)	(26,101,932)
Sharia expenses		(1,035,502)	(1,013,170)
Claim expenses		(2,410,192)	-
Recoveries of assets written-off		4,511,717	3,800,055
Other operating income		9,333,633	9,544,614
Other operating expenses		(35,297,823)	(25,782,430)
Non-operating income - net		479	523,028
Payment of income tax and tax bill		(6,182,996)	(7,000,011)
<b>Cash flows before changes in operating assets and liabilities</b>		<b>39,587,216</b>	<b>38,992,328</b>
Changes in operating assets and liabilities:			
Decrease (increase) in operating assets:			
Placements with Bank Indonesia and other banks		100,000	(100,000)
Securities and Government Recapitalization Bonds at fair value through profit or loss		254,367	(800,992)
Export bills		(2,064,589)	3,247,102
Securities purchased under agreement to resell		(712,245)	38,158,470
Loans		(87,463,887)	(77,198,420)
Sharia receivables and financing		(1,254,192)	(1,156,677)
Finance lease receivables		(2,214,946)	-
Other assets		(662,511)	(2,388,153)
Increase (decrease) in operating liabilities:			
Liabilities due immediately		264,342	(1,899,903)
Deposits:			
Demand deposits		27,989,677	23,999,076
<i>Wadiah</i> demand deposits		190,098	315,832
Saving deposits		30,051,541	35,336,346
<i>Wadiah</i> saving deposits		460,832	417,270
<i>Mudharabah</i> saving deposits		286,923	322,382
Time deposits		25,144,974	(15,573,140)
<i>Mudharabah</i> time deposits		1,406,950	1,855,767
Deposits from other banks and financial institutions		(8,935,535)	2,509,681
Securities sold under agreement to repurchase		(4,075,560)	(4,434,003)
Other liabilities		3,417,378	3,963,481
<b>Net Cash Provided by Operating Activities</b>		<b>21,770,833</b>	<b>45,566,447</b>

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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)  
For the Year Ended December 31, 2016  
(Expressed in millions of Rupiah, unless otherwise stated)**

		Year Ended December 31,	
	Notes	2016	2015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of dividends	16	235	483
Acquisition of premises and equipment	17	(3,653,072)	(3,285,398)
Decrease (increase) in available for sale and held to maturity securities and Government Recapitalization Bonds		328,455	(53,441,154)
<b>Net Cash Used in Investing Activities</b>		<b>(3,324,382)</b>	<b>(56,726,069)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Payments of) proceeds from fund borrowing		(647,350)	9,930,290
Purchase of Treasury Stock	1d	(132,573)	(2,286,375)
Dividends paid		(7,621,316)	(7,273,684)
Proceeds from (payments of) subordinated loans		952,042	(21,114)
Proceeds from marketable securities issued		15,510,825	4,845,207
Payments of marketable securities due	25	(980,000)	(3,390,000)
<b>Net Cash Provided by Financing Activities</b>		<b>7,081,628</b>	<b>1,804,324</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>25,528,079</b>	<b>(9,355,298)</b>
<b>INCREASE IN CASH FROM BRI FINANCE ACQUISITION</b>		<b>36,764</b>	<b>-</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCIES</b>		<b>1,279</b>	<b>12,800</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>163,388,757</b>	<b>172,731,255</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>188,954,879</b>	<b>163,388,757</b>
Cash and cash equivalents at end of year consist of:	2a		
Cash	3	25,212,024	28,771,635
Current accounts with Bank Indonesia	4	55,635,946	61,717,798
Current accounts with other banks	5	11,022,715	8,736,092
Placements with Bank Indonesia and other banks - maturing within three months or less since the acquisition date	6	78,142,754	49,734,664
Certificates of Bank Indonesia and Deposits Certificates of Bank Indonesia - maturing within three months or less since the acquisition date	7	18,941,440	14,428,568
<b>Total Cash and Cash Equivalents</b>		<b>188,954,879</b>	<b>163,388,757</b>

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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**As of December 31, 2016 and for the Year Then Ended**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL**

**a. Establishment**

PT Bank Rakyat Indonesia (Persero) Tbk (hereinafter referred to as "BRI") was established on and started its commercial operations on December 18, 1968 based on Law No. 21 year 1968. On April 29, 1992, based on Government of the Republic of Indonesia (the "Government") Regulation No. 21 year 1992, the legal status of BRI was changed to a limited liability corporation (Persero). The change into a limited liability corporation was documented by notarial deed No. 133 dated July 31, 1992 of notary Muhani Salim, S.H., approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-6584.HT.01.01.TH.92 dated August 12, 1992 and published in Supplement No. 3A of the Republic of Indonesia State Gazette No. 73 dated September 11, 1992. BRI's Articles of Association was then amended by notarial deed No. 7 dated September 4, 1998 of notary Imas Fatimah, S.H., pertaining to Article 2 on "Term of Corporate Establishment" and Article 3 on "Purpose, Objectives and Business Activities" to comply with the provisions of Law No. 1 year 1995 on "Limited Liability Company" 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 Law No. 40 year 2007 on "Limited Liability Company" and Capital Market and Financial Institution Supervisory Agency's ("Bapepam-LK") Regulation, whose function has been transferred to the Financial Services Authority ("OJK") since January 1, 2013, No. IX.J.I on "The Main 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 last amendment was documented in Deed No. 1 dated April 1, 2015, on the adjustment of the Articles of Association with the prevailing OJK regulation(s), notarised by Fathiah Helmi, S.H., and was accepted and recorded in the Legal Administration System in accordance with the Decision Letter of the Ministry of Laws and Human Rights of the Republic of Indonesia No. AHU-AH.01.03-0054353 dated April 8, 2015. According to Article 3 of the Articles of Association of BRI, BRI's scope of business is to conduct business in the banking sector, in accordance with the prevailing law and regulations, by implementing the principles of Limited Liability Company.

BRI is owned by the Indonesian government as the majority shareholder.

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**1. GENERAL (continued)**

**b. Recapitalization Program**

As a realization of the recapitalization program for commercial banks, set forth in Government Regulation No. 52 year 1999 regarding the 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 (Note 9).

Furthermore, as stated in the Management Contract dated February 28, 2001 between the Republic of Indonesia represented by the Government through the Ministry of Finance and BRI, the Government determined that in order to achieve a minimum capital adequacy ratio of 4%, BRI's requirement for recapitalization is Rp29,063,531. Therefore, BRI has returned the excess amount of recapitalization with a nominal of Rp85,469 in the form of Government Recapitalization Bonds to the Republic of Indonesia on November 5, 2001.

On September 30, 2003, the Ministry of Finance issued Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 regarding the final amount and implementation of government's rights, which arose from the recapitalisation program for commercial banks through which the Republic of Indonesia contributed Rp29,063,531.

**c. Initial Public Offering of Shares and Stock Split**

In relation to BRI's Initial Public Offering (IPO) of shares, based on the registration statement dated October 31, 2003, the Government, acting through the Ministry of State-Owned Enterprises agreed to conduct an IPO of 3,811,765,000 Series B common shares of BRI, consisting of 2,047,060,000 Series B common shares owned by the Republic of Indonesia (divestment) and 1,764,705,000 new Series B common shares, alongside over-subscription of option and over-allotment of option.

The IPO consists of the International Public Offering (under Rule 144A of the Securities Act and "S" Regulation) and the Indonesian Public Offering. BRI submitted its registration to Bapepam-LK and such registration statement became effective based on the Chairman of Bapepam-LK letter No. S-2646/PM/2003 dated October 31, 2003.

BRI's IPO of shares consists of 3,811,765,000 shares with a nominal value of Rp500 (full Rupiah) per share and with a selling price of Rp875 (full Rupiah) per share. Subsequently, over-subscribed shares of 381,176,000 and over-allotted shares of 571,764,000 were exercised at a price of Rp875 (full Rupiah) per share on November 10, 2003 and December 3, 2003, respectively. After BRI's IPO and the underwriters' exercise of the over-subscribed option and the over-allotted options, the Republic of Indonesia owns 59.50% of BRI equity shares. On November 10, 2003, the above mentioned offered shares started its first trading at the Jakarta and Surabaya Stock Exchanges (currently the Indonesia Stock Exchange). At the same time, all BRI shares were also listed (Note 31b).

Based on notarial deed No. 38, dated November 24, 2010, notary Fathiah Helmi, S.H., stock split was performed on shares with nominal value of Rp500 (full Rupiah) per share to Rp250 (full Rupiah) per share. The Republic of Indonesia's Ministry of Laws and Human Rights stated in its letter No. AHU.AH.01.10-33481 dated December 29, 2010, that the deed had been received and recorded in its Legal Administrative System database based on its letter No. AHU.AH.01.10-33481 dated December 29, 2010. The Stock split was performed in 2011 and BRI scheduled that January 10, 2011 would be the last day on which shares with a nominal value of Rp 500 (full Rupiah) would be traded in Regular Market and Negotiated Market and January 11, 2011 would be the date of commencement of legitimate trade for shares with new nominal value of Rp250 (full Rupiah).

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**1. GENERAL (continued)**

**d. Treasury Stock**

BRI through its letter No. R.224-DIR/DIS/09/2015 dated September 25, 2015 submitted a request for approval to OJK to conduct BRI's stock repurchase as many as Rp5,000,000, and this has been approved by OJK through its letter No. S-101/PB.31/2015 dated October 6, 2015. Furthermore, BRI submitted information disclosure to the Indonesia Stock Exchange in connection with the share repurchase plan for shares that had been issued and listed on the Stock Exchange as many as Rp2,500,000 through its letter No. B.696-DIR/SKP/10/2015 dated October 9, 2015. The buyback is carried out within a period of 3 months between October 12, 2015 until January 12, 2016. As of December 31, 2015 and January 12, 2016, BRI purchased 210,118,600 shares (Note 30a) and 221,718,000 shares (nominal value of Rp250 (full Rupiah) per share) with acquisition cost of Rp2,286,375 and Rp2,418,947, respectively (Note 30a).

**e. Structure and Management**

BRI's head office is located at BRI I Building, Jl. Jenderal Sudirman Kav. 44-46, Jakarta.

As of December 31, 2016 and 2015, BRI has the following network of working units (unaudited):

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Regional Offices	19	19
Head Inspection Office	1	1
Regional Inspection Offices	19	19
Domestic Branch Offices	462	462
Special Branch Office	1	1
Overseas Branch/Representative Offices	4	4
Sub-branch Offices	609	603
Cash Offices	984	983
BRI Unit	5,380	5,360
Teras and Teras Mobile	3,180	3,178
Floating Teras	3	1

As of December 31, 2016 BRI has 2 (two) overseas branch offices located in the Cayman Islands and Singapore, 2 (two) representative offices located in New York and Hong Kong, and 4 (four) subsidiaries, namely PT Bank BRISyariah, PT Bank Rakyat Indonesia Agroniaga Tbk, BRI Remittance Co. Ltd., Hong Kong, PT Asuransi Jiwa Bringin Jiwa Sejahtera and PT BRI Multifinance Indonesia. On the other hand, as of December 31, 2015 BRI has 2 (two) overseas branch office located in the Cayman Islands and Singapore, 2 (two) representative offices located in New York and Hong Kong, and 4 (four) subsidiaries, namely PT Bank BRISyariah, PT Bank Rakyat Indonesia Agroniaga Tbk, BRI Remittance Co. Ltd., Hong Kong and PT Asuransi Jiwa Bringin Jiwa Sejahtera

Based on the accounting policies of BRI, the coverage of BRI's key management are boards of commissioners, directors, audit committee, remuneration committee, the head of divisions, head of internal audit and inspectors, head of regionals, head of special branch and head of branch. The number of BRI's employees as of December 31, 2016 and 2015 are 58,885 and 54,859 employees (unaudited), respectively.

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**1. GENERAL (continued)**

**e. Structure and Management (continued)**

The composition of the Board of Commissioners of BRI as of December 31, 2016 appointed based on the minutes of BRI's Extraordinary Shareholders' General Meeting held on March 23, 2016 as stated under the Notarial Deed No. 01 of Notary Fathiah Helmi, S. H., while the composition of the Board of Commissioners of BRI as of December 31, 2015 appointed based on the minutes of BRI's Extraordinary Shareholders' General Meeting held on August 12, 2015, as stated under the Notarial Deed No. 12 of Notary Fathiah Helmi, S. H., are as follows:

		<b>December 31, 2016</b>	<b>December 31, 2015</b>
President/Independent Commissioner	:	Mustafa Abubakar	Mustafa Abubakar
Vice President Commissioner	:	Gatot Trihargo	Gatot Trihargo
Independent Commissioner	:	Adhyaksa Dault	Adhyaksa Dault
Independent Commissioner	:	Ahmad Fuad	Ahmad Fuad
Independent Commissioner	:	A. Fuad Rahmany	A. Fuad Rahmany
Independent Commissioner	:	A. Sonny Keraf	A. Sonny Keraf
Commissioner	:	Vincentius Sonny Loho	Vincentius Sonny Loho
Commissioner	:	Jeffry J. Wurangian	Jeffry J. Wurangian
Commissioner	:	Mahmud <sup>*)</sup>	-

\*) In the approval process by the Financial Services Authority (OJK) on Fit and Proper Test in accordance with the prevailing laws and regulation

The composition of the Board of Directors of BRI as of December 31, 2016 was determined based on the minutes of BRI's Shareholders' Annual General Meeting held on March 23, 2016, as stated in the Notarial Deed No. 01 of Notary Fathiah Helmi, S. H., whereas the composition of the Board of Directors of BRI as of December 31, 2015 was determined based on the minutes of BRI's Extraordinary Shareholders' General Meeting held on August 12, 2015 as stated in the Notarial Deed No. 12 of Notary Fathiah Helmi, S.H., is as follows:

		<b>December 31, 2016</b>	<b>December 31, 2015</b>
President Director	:	Asmawi Syam	Asmawi Syam
Vice President Director	:	Sunarso	Sunarso
Director	:	Randi Anto	Randi Anto
Director	:	Haru Koesmahargyo	Haru Koesmahargyo
Director	:	Zulhelfi Abidin	Zulhelfi Abidin
Director	:	Susy Liestiwaty	Susy Liestiwaty
Director	:	Kuswiyoto	Kuswiyoto
Director	:	Donsuwan Simatupang	Donsuwan Simatupang
Director	:	Mohammad Irfan	Mohammad Irfan
Director	:	Sis Apik Wijayanto	Agus Toni Soetirto
Director	:	Priyastomo	Gatot Mardiwasisto

The composition of BRI's Audit Committee as of December 31, 2016 was determined based on BRI's Directors' Decision Letter No. Kep. 1059-DIR/KPS/12/2016 dated December 6, 2016 and Commissioners' Decision Letter No. R.57-KOM/11/2016 dated November 22, 2016 whereas the composition as of December 31, 2015 was determined based on BRI's Directors' Decision Letter No. Kep. 281-DIR/KPS/06/2015 dated June 15, 2015 and Commissioners' Decision Letter No. B.43-KOM/04/2015 dated April 7, 2015 is as follows:



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**1. GENERAL (continued)**

**e. Structure and Management (continued)**

	December 31, 2016	December 31, 2015
Chairman	A. Fuad Rahmany	A. Fuad Rahmany
Member	Adhyaksa Dault	Adhyaksa Dault
Member	A. Sonny Keraf	A. Sonny Keraf
Member	Pamuji Gesang Raharjo	Syahrir Nasution
Member	I Gde Yadnya Kusuma	-
Member	Sunuaji Noor Widiyanto	-

As of December 31, 2016 and 2015 the Corporate Secretary of BRI is Hari Siaga Amijarso, as decided based on Directors' Decision Letter No. Kep. 887-DIR/KPS/12/2015 dated December 21, 2015.

As of December 31, 2016, the Head of Internal Audit Task Force is Adi Setyanto and Bardiyono Wiyatmojo who are appointed as interim head for the given position in BRI's Director Decision Letter No. Kep. S.147.e-DIR/KPS/12/2016 dated December 7, 2016. The Head of Internal Audit Task Force on December 31, 2015 was Saptono Siwi as decided based on No. Kep. 626-DIR/KPS/10/2015 dated October 22, 2015.

**f. Subsidiaries**

**PT Bank BRISyariah**

On June 29, 2007, BRI entered into a Sale and Purchase of Shares Agreement with the shareholders of PT Bank Jasa Arta ("BJA") to acquire 100% of BJA's shares at a purchase price of Rp61 billion. Based on BRI's Shareholders' Extraordinary General Meeting, as stated in the Notarial Deed No. 3 dated September 5, 2007 of Notary Imas Fatimah, S.H., the shareholders approved the acquisition of BJA and have obtained the approval of Bank Indonesia established in letters No. 9/188/GBI/DPIP/Rahasia dated December 18, 2007 and No. 9/1326/DPIP/Prz dated December 28, 2007. The acquisition was completed on December 19, 2007 based on Acquisition Deed No. 61 of Notary Imas Fatimah, S.H., in which BRI acquired 99.99875% of the total shares which BJA issued 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 BJA was changed into PT Bank Syariah BRI ("BSB"). Based on the Governor of Bank Indonesia's Decision Letter No. 10/67/KEP.GBI/DpG/2008 dated October 16, 2008, BSB obtained the approval to change its business activities from a conventional 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, through "the Spin-off Agreement of BRI's Sharia Business Unit" No. 27 dated December 19, 2008 of Notary Fathiah Helmi, S.H, BRI agreed to divest BRI's Sharia Business Unit ("UUS BRI") into BSB as of the effective date on January 1, 2009. The spin-off as of the effective date resulted in the following:

1. All assets and liabilities of UUS BRI which are in the possession of BRI, through legal transfer, are to become the rights of, liabilities of or expenditures that are to be fulfilled by BSB, the receiving entity.
2. All UUS BRI's operations and business activities are legally transferred to and thus are operated for the benefit of, at the risks of loss of and under the responsibility of BSB.

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**1. GENERAL (continued)**

**f. Subsidiaries (continued)**

**PT Bank BRISyariah (continued)**

The spin-off as of the effective date resulted in the following (continued):

3. All UUS BRI's rights, claims, authorities and liabilities arising from any agreements, actions or existing events made, performed, or occurred on or before the effective spin-off date including but not limited to the stated list of assets and liabilities of UUS BRI and all legal relations between UUS BRI and other parties are legally transferred to and thus are operated for the benefit of, at the risks of loss of and under the responsibility of BSB.

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 into PT Bank BRISyariah ("BRIS") that was approved in 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 PT Bank BRISyariah Shareholders Annual General Meeting Statement of Agreement No. 52 dated August 31, 2016, of Notary Fathiah Helmi, S.H., a notary in Jakarta, regarding the change in the term of service of Directors, Board of Commissioners and the Supervisory Board of Syariah. Such amendment has been approved and is documented in the Legal Administrative System in accordance with the letter No. AHU-AH.01.03-0076528, dated September 1, 2016 that is issued by the Ministry of Law and Human Rights of Republic of Indonesia.

According to Article 3 of BRIS' latest Articles of Association, the scope of BRIS' business is to conduct banking activities based on the principles of Sharia.

Total assets of BRIS as of December 31, 2016 and 2015 amounted to Rp27,687,188 or 2.76% and Rp24,230,247 or 2.76%, respectively, of consolidated total assets. Total sharia income for the year ended December 31, 2016 and 2015, amounted to Rp2,634,201 or 2.69% and Rp2,424,752, or 2.84%, respectively, of total consolidated income earned from interest, Sharia and premium.

BRISyariah has 3,091 and 2,997 employees (unaudited) per December 31, 2016 and 2015, respectively.

BRISyariah's head office which is located in Jl. Abdul Muis No. 2-4, Central Jakarta, has 54 domestic branch offices and 206 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 Agricultural Estate Pension Fund (Dapenbun), who holds 95.96% of BRI Agro shares, to acquire BRI Agro's shares at a total nominal value of Rp330,296 for 3,030,239,023 shares, that is at a price of Rp109 (full Rupiah) per share. After the acquisition, the composition for shareholding would be as follows: 76% by BRI, 14% by Dapenbun and 10% by the public.

According to BRI's Shareholders' Extraordinary General Meeting, Notarial Deed No. 37 dated November 24, 2010 of notary Fathiah Helmi, S.H., shareholders approved the acquisition of BRI Agro Bank Indonesia, in its Letter No. 13/19/GBI/DPIP/Rahasia dated February 16, 2011, also granted its approval for the acquisition of BRI Agro. The acquisition was completed on March 3, 2011 based on the Notarial Deed No. 14 of notary Fathiah Helmi, S.H., from which BRI owned 88.65% of BRI Agro's total issued and fully paid shares, as stated in Notarial Deed No. 68 dated

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**1. GENERAL (continued)**

**f. Subsidiaries (continued)**

**PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro) (continued)**

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.

In compliance with Bapepam-LK's Regulation No. IX.H.1, Addendum to the Decision Letter of Chairman of Bapepam-LK No. Kep-259/BL/2008 dated June 30, 2008 regarding "the Takeover of Public Company", BRI, as the new controlling shareholder of BRI Agro, has the obligation to execute Tender Offer on the remaining BRI Agro's shares which are owned by the public. The Tender Offer statement became effective on May 4, 2011 based on Chairman of Bapepam-LK's letter No. S-4985/BL/2011 and was announced on May 5, 2011, in two daily newspapers, *Bisnis Indonesia* and *Investor Daily*. The Tender Offer period commenced on May 5, 2011 and concluded on May 24, 2011. At the end of the Tender Offer, BRI purchased 113,326,500 shares (3.15% of the total shares of BRI Agro) at an offer price of Rp182 (full Rupiah) per share.

On July 1, 2011, Dapenbun exercised its option to buy 256,375,502 shares at a price of Rp109 (full Rupiah) per share. Based on Bapepam-LK's Regulation No. IX.H.1, the re-transfer period of Tender Offer is within a maximum of 2 (two) years. However, BRI Agro was treated as a special case where BRI had the obligation to meet minimum public shareholding of 10% at no later than May 24, 2013. This is in compliance with the letter received from the Indonesia Stock Exchange No. S-06472/BEI.PPJ/09-2011 dated September 23, 2011. As of December 31, 2011, 500,000 of BRI Agro shares have been successfully transferred back to the public and this reduced BRI's ownership to 79.78% while Dapenbun maintained its ownership at 14%. While there was no sale of shares during the year 2012 and 2013, 130,000 shares were sold in 2014. Thus, as of December 31, 2014, BRI was unable to meet what was required from her by the Indonesia Stock Exchange letter No. S-06472/BEI.PPJ/09-2011 dated September 23, 2011, to have a minimum public shareholding of 10% by May 24, 2013 as BRI Agro shares were still unquoted.

Based on the Notarial Deed for 'Statement of Decision of Meeting No. 30' dated May 16, 2012 of notary Rusnaldy, S.H., the name PT Bank Agroniaga Tbk was changed into PT Bank Rakyat Indonesia Agroniaga Tbk ("BRI Agro"). This change has been approved by Bank Indonesia in its Governor's Decision Letter No. 14/72/KEP.GBI/2012 dated October 10, 2012.

On May 10, 2013, BRI Agro submitted Registration Statement of Limited Public Offering IV ("PUT IV") to the Board of Commissioners of OJK in connection with the issuance of Preemptive Rights of 3,846,035,599 Common Shares with 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 result of PUT IV, BRI Agro's Articles of Association was amended as stated in Notarial Deed for 'Statement of Decision of Meeting No. 107 dated July 30, 2013, of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase in issued and fully paid capital, increasing BRI's ownership to 80.43%, Dapenbun's to 14.02% and public's to 5.55%. This amendment was approved by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0074249.AH.01.09.Year 2013 dated August 1, 2013.

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**1. GENERAL (continued)**

**f. Subsidiaries (continued)**

**PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro) (continued)**

On May 11, 2015, BRI Agro submitted Registration Statement of Limited Public Offering V ("PUT V") to the Board of Commissioners of OJK in connection with the issuance of Preemptive Rights of 5,588,085,883 Common Shares with par value of Rp100 (full amount) per share. On June 17, 2015, the Board of Commissioners of OJK through its letter No. S-259/D.04/2015 notified BRI Agro that its Statement of Registration for a Limited Public Offering V has become effective, thus increasing the number of its issued capital stock by 4,028,934,521 shares.

As a result of PUT V, BRI Agro's Articles of Association was amended as stated in notarial deed of Decision Meeting Statement and Amendment of Articles of Association No. 68 dated July 14, 2015, of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase in issued and fully paid capital, increasing BRI's ownership to 87.23%, Dapenbun's to 9.10% and public's to 3.67%. This amendment was accepted and recorded by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Acceptance Letter of PT Bank Rakyat Indonesia Agroniaga Tbk Articles of Association Amendment Notice No. AHU-AH.01.03-0951264 dated July 14, 2015.

On October 17, 2016, BRI Agro submitted Registration Statement of Limited Public Offering VI ("PUT VI") to the Board of Commissioners of OJK in connection with the issuance of Preemptive Rights of 3,845,996,122 Common Shares with par value of Rp100 (full amount) per share and the issuance of Warrants Series II of 616,908,103. On November 25, 2016, the Board of Commissioners of OJK through its letter No. S-695/D.04/2016 notified BRI Agro that its Statement of Registration for a Limited Public Offering VI has become effective, thus increasing the number of its issued capital stock by 3,845,996,122 shares. Warrants Series II can be converted into BRI Agro shares at Rp130 (full Rupiah) per share from June 9, 2017 until June 11, 2018.

As a result of PUT VI, BRI Agro's Articles of Association was amended as stated in notarial deed of Decision Meeting Statement No. 58 dated December 27, 2016, of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase in issued and fully paid capital, resulting in BRI's ownership remaining at 87.23%, changes in ownership of Dapenbun's to 7.08% and public's to 5.69%. This amendment was accepted and recorded by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Acceptance Letter of PT Bank Rakyat Indonesia Agroniaga Tbk Articles of Association Amendment Notice No. AHU-AH.01.03-0112637 dated December 27, 2016.

Total assets of BRI Agro as of December 31, 2016 and 2015 amounted to Rp11,379,242 or 1.13% and Rp8,364,502 or 0.95% respectively, of the consolidated total assets. Total interest income for the year ended December 31, 2016 and 2015 amounted to Rp965,085 or 0.99% and Rp786,710 or 0.92%, respectively, of the consolidated income earned from interest, Sharia and premium.

In accordance with Article 3 of its Articles of Association, BRI Agro's scope of business is to conduct commercial banking activities.

BRI Agro, based on Bank Indonesia Letter No. 22/1037/UUps/Ps6D dated December 26, 1989, obtained its license as a commercial bank.

BRI Agro has 444 and 398 employees (unaudited) per December 31, 2016 and 2015, respectively.

BRI Agro's head office is located at Gedung BRI Agro, Jl. Warung Jati Barat No. 139, Jakarta, and has 16 branch offices and 19 sub-branch offices.

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**1. GENERAL (continued)**

**f. Subsidiaries (continued)**

**BRI Remittance Co. Limited Hong Kong (BRI Remittance)**

On December 16, 2011, BRI signed the 'Instrument of Transfer and the Bought and Sold Notes' to acquire BRIngin Remittance Co. Ltd. (BRC) Hong Kong fully (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 as of December 31, 2016 and 2015 amounted to Rp5,952 or 0.0006% and Rp5,832 or 0.0007%, respectively, of the consolidated total assets.

BRI Remittance's scope of business is to conduct commercial remittance activities.

BRI Remittance has 5 and 4 employees (unaudited) as of December 31, 2016 and 2015, respectively.

BRI Remittance's head office is located at Lippo Centre, Tower II, 89 Queensway, Admiralty, Hong Kong.

**PT Asuransi Jiwa Bringin Jiwa Sejahtera**

On October 6, 2015, BRI signed the Sale and Purchase of Shares Agreement with the shareholders of PT Asuransi Jiwa Bringin Jiwa Sejahtera ("BRI Life") to acquire 91.001% shares of BRI LIFE at a purchase price Rp1,627 billion. Based on BRI's Extraordinary Shareholders' General Meeting in accordance with Deed No. 14 dated December 14, 2015 of notary Fathiah Helmi, S.H., the shareholders have approved the acquisition of the BRI Life and has also received approval from OJK through its letter No. S-151/PB.31/2015 dated December 23, 2015. The acquisition was completed on December 29, 2015 based on Deed No. 41 of notary Fathiah Helmi, S.H. on the Acquisition of Shares in PT Asuransi Jiwa Bringin Jiwa Sejahtera, whereby BRI has 91.001% of the total issued shares of BRI LIFE and 8.999% of it was submitted to the BRI Workers Welfare Foundation.

BRI Life' Articles of Association has been amended several times. The latest amendment was documented in Notarial Deed No. 10 dated August 3, 2016, of notary Fathiah Helmi, S.H., a notary in Jakarta, regarding the change in Company's management and Article of Association. The amendment was accepted and recorded by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU.01.03-0071265 dated August 12, 2016.

According to Article 3 of BRI Life's latest Articles of Association, the scope of BRI Life's business is to conduct business in the life insurance sector.

The Ministry of Finance, in its letter No. KEP-007/KM/6/20013 dated January 21, 2003, granted BRI Life its license to open its branches and Sharia principled units.

As of December 31, 2016 and 2015, BRI Life's total asset is Rp6,174,156 or 0.62% and Rp4,933,309 or 0.56%, respectively, of the consolidated total asset. Total premium earned for the year ended December 31, 2016 is Rp2,474,579 or 2.53% of consolidated income earned from interest, Sharia and premium.

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**1. GENERAL (continued)**

**f. Subsidiaries (continued)**

**PT Asuransi Jiwa Bringin Jiwa Sejahtera (continued)**

BRI Life has 422 and 388 employees (unaudited) as of December 31, 2016 and 2015 respectively.

BRI Life's head office is located at Graha Irama Building 15<sup>th</sup> floor Jl. H.R Rasuna Said Blok X-1 Kav 1 and 2, Jakarta, and has 6 regional offices with a total of as many as 34 conventional sales offices and 11 sharia unit sales offices.

**PT BRI Multifinance Indonesia**

On July 12, 2016, BRI signed a Conditional share Sale and Purchase Agreement (PPJB) with The Bank of Tokyo-Mitsubishi UFJ, Ltd ("BTMU") to increase BRI's share ownership in PT BTMU-BRI Finance ("BBF") from 45% to 99%. The transaction was executed at a purchase price of Rp378,548. The agreement has been approved by OJK in its letter No. S-102/PB.31/2016 dated September 21, 2016. This transfer of shares was completed on September 30, 2016 in accordance with Notarial Deed No. 75, of notary Fathiah Helmi, S.H., through which BRI acquired 99% of the total shares which PT BRI Multifinance Indonesia (BRI Finance) issued while BRI's Employee Welfare Foundation (Yayasan Kesejahteraan Pekerja BRI), acquired the remaining 1%. On the acquisition of BRI Finance, BRI recorded goodwill amounting to Rp51,915 under "Other Assets".

Based on the Notarial Deed 'Statement of Decision outside of the Annual General Meeting No. 67', dated September 15, 2016, of notary I Gede Buda Gunamanta, S.H., the name PT BTMU-BRI Finance was changed into PT BRI Multifinance Indonesia. With its change of name, BRI Finance obtained its license to operate in the financing industry from OJK's Board of Commissioners whose decision was documented in the Statement of Decision No. KEP-771/NB.11/2016, dated October 17, 2016.

BRI Finance's Article of Association has been amended a number of times. The last amendment, which was with regard to the increase in the company's authorized capital, was documented in Notarial Deed No. 67, dated September 15, 2016, in the presence of notary I Gede Buda Gunamanta, S.H., a notary in Jakarta. The change in Article of Association has been accepted and recorded in the Legal and Administrative System in accordance with the letter from the Ministry of Law and Human Rights of the Republic of Indonesia No. AHU-AH.01.03-0084484, dated September 29, 2016.

As stated in Article 3 of the Article of Association, BRI Finance's scope of business activities is limited to financing activities.

As of December 31, 2016, BRI Finance has a total asset of Rp2,399,828 or 0.24% of consolidated total assets. Total interest income for the year ended December 31, 2016 is Rp57,948 or 0.06% of consolidated total interest income, Sharia and premium earned.

BRI Finance has 137 employees (unaudited) as of December 31, 2016.

BRI Finance's head office is located at Gedung Wisma 46, 10<sup>th</sup> floor, Kota BNI Jl. Jenderal Sudirman Kav.1, Jakarta, and has 4 branches located at Bandung, Surabaya, Samarinda and Medan.



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## **2. SUMMARY OF ACCOUNTING POLICIES**

### **a. Basis of preparation of the consolidated financial statements**

#### **Statement of Compliance**

The consolidated financial statements as of and for the years ended December 31, 2016 and 2015 were prepared and presented in accordance with Indonesian Financial Accounting Standards, which includes the Statements and Interpretations issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants and Bapepam-LK's Regulation No. VIII.G.7, Appendix of the Decision of the Chairman of Bapepam-LK No. KEP-347/BL/2012 dated June 25, 2012 regarding the "Guidelines on Financial Statements Presentations and Disclosures for Issuers or Public Companies".

The consolidated financial statements have been prepared in accordance with SFAS No. 1 (Revised 2013), "Presentation of Financial Statements" effective since January 1, 2015.

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 (Revised 2013) on "Accounting for *Murabahah*", SFAS No. 104 on "Accounting for *Istishna*", SFAS No. 105 on "Accounting for *Mudharabah*", SFAS No. 106 on "Accounting for *Musyarakah*" and SFAS No. 107 on "Accounting for *Ijarah*", which supersede SFAS No. 59 on "Accounting for Sharia Banking" associated with recognition, measurement, presentation and disclosure for the respective topics, SFAS No. 110 on "Accounting for *Sukuk*" and the Indonesia Sharia Banking Accounting Guidelines (PAPSI) issued by Bank Indonesia and Indonesian Institute of Accountants (IAI).

The consolidated financial statements have been prepared on a historical cost basis, except for some accounts that were assessed using another measurement basis as explained in the accounting policies of the account. The consolidated financial statements have been prepared on accrual basis, except for the revenue from *istishna* and the profit sharing from the *Mudharabah* and *musyarakah* financing and the consolidated statement of cash flows.

The consolidated statement of cash flows has been prepared using the direct method with cash flows classified into operating, investing and financing activities. For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash, current accounts with Bank Indonesia and current accounts with other banks, placements with Bank Indonesia and other banks, Certificates of Bank Indonesia and Deposits Certificates of Bank Indonesia maturing within 3 (three) months from the date of acquisition, provided they are neither pledged as collateral for fund borrowings nor restricted.

The presentation currency used in the consolidated financial statements is the Indonesian Rupiah (Rp). Unless otherwise stated, all figures presented in the consolidated financial statements are rounded off to millions of Rupiah.

### **b. Principles of Consolidation**

The consolidated financial statements include the financial statements of BRI and its Subsidiaries whose majority 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 is acquired when BRI is exposed, or has rights to variable returns from its involvement with a subsidiary and has the ability to affect those returns through its power over a subsidiary.

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

**b. Principles of Consolidation (continued)**

BRI controls a subsidiary if, and only if, BRI has the following:

- a) Power over a subsidiary (existing rights that provide the current ability to direct the relevant activities that significantly affect returns of a subsidiary).
- b) Exposure, or rights to variable returns from its involvement with a subsidiary.
- c) The ability to use its power over the subsidiary to affect BRI's returns.

All significant balances and transactions, including unrealized gains/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 net income and equity of the Subsidiaries based on the percentage of ownership of the non-controlling shareholders in the Subsidiaries.

**c. Financial assets and financial liabilities**

Financial assets consist of cash, current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks, securities, export bills, Government Recapitalization Bonds, securities purchased under agreement to resell, derivatives receivable, loans, acceptances receivable, investment in entities at cost method and other assets.

Financial liabilities consist of liabilities due immediately, deposits from customers, deposits from other banks and financial institutions, securities sold under agreement to repurchase, derivatives payable, acceptances payable, marketable securities issued, fund borrowings, other liabilities and subordinated loans.

**(i) Classification**

BRI classifies its financial assets in the following categories at initial recognition:

- Financial assets held at fair value through profit or loss, which have 2 (two) sub-classifications, i.e. financial assets designated as such upon initial recognition and financial assets classified as held for trading;
- Loans and receivables;
- Held to maturity investments;
- Available for sale investments.

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.

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

**c. Financial assets and financial liabilities (continued)**

**(i) Classification (continued)**

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 of fair value through profit or loss;
- those that BRI upon initial recognition designates as available for sale investments; or
- those for which BRI may not recover substantially all of its initial investment, 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 investments consists of non-derivatives financial assets that are designated as available for sale or are not classified in one of the other categories of financial assets.

After initial recognition, available for sale investments are measured at fair value with gains or losses being recognized as part of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gains or losses previously reported in equity is included in the consolidated statement of profit or loss and other comprehensive income. The effective yield and (where applicable) results of foreign exchange restatement for available for sale investments are reported in the consolidated statement of profit or loss and other comprehensive income.

Other financial liabilities pertain to financial liabilities that are neither held for trading nor designated at fair value through profit or loss upon recognition of the 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,

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

**c. Financial assets and financial liabilities (continued)**

**(ii) Initial recognition (continued)**

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.

**(iii) Subsequent measurement**

Available for sale financial assets and financial assets and liabilities at fair value through profit or loss are subsequently measured at fair value.

Loans and receivables, held to maturity investments and financial liabilities measured at amortized cost are measured at amortized cost using the effective interest rate method.

**(iv) Derecognition**

a. Financial assets are derecognized when:

- The contractual rights to receive cash flows 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.

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

**c. Financial assets and financial liabilities (continued)**

(iv) Derecognition (continued)

a. Financial assets are derecognized when (continued):

When BRI has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of BRI's continuing involvement in the asset.

Loans are written off when there is no 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 statement of profit or loss and other comprehensive income.

(v) Income and expense recognition

a. Interest income and interest expense on available for sale assets and financial assets and liabilities measured at amortized cost, are recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method.

b. Gains and losses arising from changes in the fair value of the financial assets and liabilities held at fair value through profit or loss are included in the consolidated statement of profit or loss and other comprehensive income.

Gains and losses arising from changes in the fair value of available for sale financial assets are recognized directly in equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized or impaired.

When a financial asset is derecognized or impaired, the cumulative gains or losses previously recognized in equity should be reclassified to consolidated statement of profit or loss and other comprehensive income.

(vi) Reclassification of financial assets

BRI is not allowed to reclassify any financial instrument out of the fair value through profit or loss category, if upon initial recognition it was designated by BRI as measured at fair value through profit or loss.

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

**c. Financial assets and financial liabilities (continued)**

(vi) Reclassification of financial assets (continued)

BRI is not allowed to classify any financial assets as held to maturity investments, if the entity has, during the current 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 statement of financial position if and only if, 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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell an asset or paid to transfer a liability takes place either:

- In the principal market for the assets and liabilities; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when determining the price of the asset and liability assuming that market participants act in their own economic best interest.

A fair value measurement of non-financial assets considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to other market participants would use the asset in its highest and best use.



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

**c. Financial assets and financial liabilities (continued)**

(ix) Fair value measurement (continued)

BRI and subsidiaries uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are classified within fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities accessible at the measurement date.
- Level 2: inputs other than quoted prices included in level 1 for the asset and liability, which is directly or indirectly observable.
- Level 3: unobservable inputs for the asset and liability.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, BRI determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the fair value disclosures purposes, BRI has determined classes of assets and liabilities based on the nature, characteristics, risks of the asset and liability, and the level of the fair value hierarchy (Note 40).

(x) *Sukuk* Financial Asset

Since January 1, 2016, at initial recognition, the Bank determines the classification of investments in *Sukuk ijarah* and *Mudharabah* either measured at cost, fair value through other comprehensive income or fair value through profit or loss.

Before January 1, 2016, at initial recognition, the Bank determines the classification of investments in *Sukuk* either measured at cost or fair value through profit or loss.

*Sukuk* classifications are as follows:

a. Measured at amortized cost

- The investment is held in a business model whereby the primary goal is to obtain contractual cash flows and has contractual terms in determining the specific date of principal payments and or the results.
- *Sukuk* acquisition cost includes transaction cost and the difference between the acquisition cost and the nominal value is amortized on a straight-line basis

b. Measured at fair value through other comprehensive income

- The investment is held in a business model whereby the primary goal is to obtain contractual cash flows and to sell the *Sukuk*, and has contractual terms in determining the specific date of principal payments and or the results.
- *Sukuk* acquisition cost includes transaction cost and the difference between acquisition cost and the nominal value is amortized on a straight-line basis over the period of the *Sukuk* and is recognized in profit or loss.

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

**c. Financial assets and financial liabilities (continued)**

(x) *Sukuk* Financial Asset (continued)

*Sukuk* classifications are as follows (continued):

b. Measured at fair value through other comprehensive income (continued)

- Gain or loss from changes of fair value is recognized in other comprehensive income after considering unamortized difference of acquisition cost and nominal value and accumulated gain or loss of fair value which has previously recognized in other comprehensive income. When *Sukuk* is derecognized, accumulated gain or loss which has previously recognized in other comprehensive income is reclassified to profit or loss.

c. Measured at fair value through profit or loss

*Sukuk* acquisition cost excludes transaction cost and the difference between fair value and the carrying value is recognized in profit or loss.

**d. Transactions with related parties**

BRI and Subsidiaries engage in transactions with related parties as defined in SFAS No. 7 (Revised 2010) on "Related Party Disclosures".

A party is considered a related party to BRI and Subsidiaries if:

- 1) directly or indirectly, through one or more intermediaries, a party (i) controls, or controlled by, or under common control with BRI and Subsidiaries; (ii) has an interest in BRI and Subsidiaries that provides significant influence on BRI and Subsidiaries or (iii) has joint control over BRI and Subsidiaries;
- 2) it is a 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.

Transactions with related parties are made on the same term and conditions as those transactions with third parties. All transaction done by BRI have complied with Bapepam-LK Regulation No. IX.E.1 regarding "The affiliate transactions and conflict of interest of certain transactions", at the time the transaction were made. All material transactions and balances with related parties are disclosed in the relevant notes to the consolidated financial statements and the details have been presented in Note 44 of the consolidated financial statements. Furthermore, material transactions and balances between BRI and Subsidiaries and the Government of the Republic of Indonesia (RI) and other entities related to the Government of the Republic of Indonesia are also disclosed in Note 44.

**e. Allowance for impairment losses on financial assets**

On each consolidated statement of financial position reporting date, BRI assesses whether there is an objective evidence that financial assets not carried at fair value through profit or loss are impaired.

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

**e. Allowance for impairment losses on financial assets (continued)**

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 economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between the occurrence of the event and identification of loss is determined by management for each identified portfolio. In general, the periods used vary between 3 (three) months and 12 (twelve) months; in exceptional cases, longer periods are warranted. BRI first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant or collectively, for financial assets that are not individually significant. If BRI determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assesment of impairment.

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.

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

**e. Allowance for impairment losses on financial assets (continued)**

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 moving average historical data to compute the Probability of Default (PD) and Loss of Given Default (LGD).

BRI uses the fair value of collateral as the basis for future cash flow if one of the following conditions is met:

1. Loans are collateral dependent, i.e. if the source of loans repayment is made only from the collateral;
2. Foreclosure of collateral is most likely to occur and supported by legally binding collateral agreement.

Impairment losses on financial assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and present value of estimated future cash flows discounted at the financial assets original effective interest rate. If loans or held to maturity securities and Government Recapitalization 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.

Losses are recognized in the consolidated statement of profit or loss and other comprehensive income and reflected in an allowance for impairment losses account against financial assets carried at amortized cost.

Interest income on the impaired financial assets continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss previously recognized must be recovered and the recovery is stated in the consolidated statement of profit or loss and other comprehensive income.

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

**e. Allowance for impairment losses on financial assets (continued)**

For financial assets classified as available for sale, BRI assesses on each consolidated statement of financial position reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. Impairment losses on available for sale marketable securities are recognized by transferring the cumulative loss that has been recognized directly in equity to the statement of profit or loss and other comprehensive income. The cumulative loss that has been removed from equity and recognized in the statement of profit or loss and other comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in the consolidated statement of profit or loss and other comprehensive income.

Impairment losses recognized in the consolidated statement of profit or loss and other comprehensive income on available for sale equity instruments should not be recovered through a reversal of a previously recognized impairment loss in the current year consolidated statement of profit or loss and other comprehensive income.

If in a subsequent period, the fair value of debt instrument classified as available for sale securities increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of profit or loss and other comprehensive income, the impairment loss is reversed, with the amount of reversal recognized in the consolidated statement of profit or loss and other comprehensive income.

If the terms of the loans, receivables or held to maturity securities are renegotiated or otherwise modified because of financial difficulties of the debtor or issuer, impairment is measured using the 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 statement of profit or loss and other comprehensive income.

The recoveries of written-off financial assets in the current year are credited by adjusting the allowance for impairment losses accounts. Recoveries of written-off loans from previous years are recorded as operating income other than interest income.

In connection with compliance to Bank Indonesia (OJK), BRI implemented Bank Indonesia Regulation No. 14/15/PBI/2012 dated October 24, 2012 on "Assessment of Commercial Bank Asset Quality" and OJK Regulation (POJK) No. 11/POJK.03/2015 dated August 21, 2015 on "Prudential Principle Provisions for Commercial Banks to Stimulate the National Economy" which applicable until August 24, 2017.

BRI's subsidiary which is engaged in Sharia Banking (BRIS) applies the Financial Services Authority Regulation (POJK) No. 16/POJK.03/2014 dated November 18, 2014 on "Asset Quality Assessment for Sharia Commercial Banks and Business Unit" effective since January 1, 2015 and POJK No. 12/POJK.03/2015 dated August 21, 2015 on "Prudential Principle Provisions for Sharia Banks and Sharia Business Units to Stimulate the National Economy" which applicable until

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

**e. Allowance for impairment losses on financial assets (continued)**

August 24, 2017. The assessment prior to January 1, 2015 using the PBI No.13/13/PBI/2011 dated March 24, 2011 on "Asset Quality Assessment for Sharia Commercial Banks and Sharia Business Unit".

The minimum allowance to be provided in accordance with Bank Indonesia (OJK) Regulation is as follows:

- a) 1% of earning assets classified as Current, excluding placements with Bank Indonesia, Government Bonds, other debt instruments issued by the Government of the Republic of Indonesia and earning assets secured by cash collateral;
- b) 5% of earning assets classified as Special Mention, net of deductible collateral;
- c) 15% of earning assets classified as Sub-standard, net of deductible collateral;
- d) 50% of earning assets classified as Doubtful, net of deductible collateral; and
- e) 100% of earning assets classified as Loss, net of deductible collateral.

The criteria for assessment of the value of collateral that can be deducted in the calculation of allowance for impairment losses are based on Bank Indonesia (OJK) Regulations.

**f. Current accounts with Bank Indonesia and other banks**

Current accounts with Bank Indonesia and other banks are stated at amortized cost using the effective interest rate method less allowance for impairment losses. The current accounts with Bank Indonesia and other banks are classified as loans and receivables.

**g. Placements with Bank Indonesia and other banks**

Placements with Bank Indonesia and other banks consist of placement in 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, time deposits and banker's acceptance.

Placements with Bank Indonesia and other banks are stated at amortized cost using the effective interest rate method less allowance for impairment losses. Placements with Bank Indonesia and other banks are classified as loans and receivables.

**h. Securities and Government Recapitalization Bonds**

Securities consist of securities traded in the money and capital market such as Certificates of Bank Indonesia, Deposits Certificates of Bank Indonesia, Bank Indonesia Sharia Certificates, Government bonds, promissory notes, subordinated bonds, mutual fund units, Medium-Term Notes, U.S Treasury Bonds, Singapore Government Securities, Negotiable Certificate of Deposits, MAS bills and 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.

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

**h. Securities and Government Recapitalization Bonds (continued)**

Securities and Government Recapitalization Bonds are initially measured at fair value. After the initial recognition, the securities and Government Recapitalization Bonds are recorded according to their category, i.e. as held to maturity, fair value through profit or loss or available for sale.

The 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 2 (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 which is applicable in the relevant periods.
- 2) Securities and Government Recapitalization Bonds classified as fair value through profit or loss are stated at fair value. Gains and losses from changes in fair value of securities and Government Recapitalization Bonds are recognized in the consolidated statement of profit or loss and other comprehensive income.
- 3) Securities and Government Recapitalization Bonds classified as available for sale investments are stated at fair value. Interest income is recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method. Foreign exchange gains or losses on available for sale securities and Government Recapitalization Bonds are recognized in the consolidated statement of profit or loss and other comprehensive income. Other fair value changes are recognized directly in equity until the securities and Government Recapitalization Bonds are sold or impaired, whereby the cumulative gains and losses previously recognized in equity are recognized in the consolidated statement of profit or loss and other comprehensive income.

**i. Export bills**

Export bills represent 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.

**j. 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.

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

**j. Loans (continued)**

Restructured loans are stated at the lower of carrying value on the date of restructuring or value of the future cash receipts after the restructuring. Losses resulting from the difference between the carrying value on the date of restructuring and the present value of future cash receipts after the restructuring is recognized in the consolidated statement of profit or loss and other comprehensive income. After the restructuring, all future cash receipts specified by the new terms are recorded as a return of principal loans and interest income in accordance with the terms of the restructuring.

Loans are written off when there is no realistic prospect of collections in the future and all collateral have been realized or foreclosed. When loans are deemed uncollectible, it is written off against the related allowance for impairment losses. Subsequent payment of loans written off are credited to the allowance of impairment losses in the consolidated statement of financial position.

**k. Sharia receivables and financing**

Financing/receivables based on Sharia principles is receivables from providing funds or other similar form of receivables arising from transactions carried out based on sale or purchase arrangements and profit sharing between BRIS and other parties for a certain period of time. Such receivables consist of receivables arising from *murabahah* transactions, *istishna* transactions and *qardh* transactions, for financing consist of *Mudharabah* and *musyarakah* financing.

*Murabahah* is a sale and purchase contract between the customer and BRIS, whereby BRIS finances the consumption, investment and working capital needs of the customer sold with a principle price plus a certain margin that is mutually informed and agreed. Repayment on this financing is made in installments within a specified period.

*Murabahah* receivables are initially measured at fair value plus direct attributable transaction costs and is an additional cost to obtain the respected financial assets and after the initial recognition are measured at amortized cost using the effective margin method less any allowance for impairment losses value.

*Mudharabah* financing is a joint financing made between BRIS as the owner of the funds (*shahibul maal*) and the customer as a business executor (*mudharib*) during a certain period. The profit sharing from the project or the business is determined in accordance with the mutually agreed *nisbah* (pre-determined ratio). On the statement of financial position date, *Mudharabah* financing is stated at the outstanding financing balance less allowance for impairment losses which is provided based on the management's review of the financing quality.

*Musyarakah* is a partnership contract among fund's owners (*musyarakah* partners) to contribute funds and conduct a business on a joint basis through partnership with the profit sharing based on a predetermined ratio, while the losses are borne proportionally based on the capital contribution. On the statement of financial position date, *Musyarakah* financing is stated at the outstanding financing balance less allowance for impairment losses which is provided based on the management's review on the financing quality.

*Istishna* is a sale and purchase contract between *al-mustashni* (buyer) and *al-shani* (manufacturer also acting as the seller). Based on the contract, the buyer orders the manufacturer to produce or to supply *al-mashnu* (goods ordered) according to the specifications required by the buyer and to sell them at agreed price. *Istishna* receivables are stated at outstanding billings to final buyer less allowance for impairment losses. Deferred *istishna* margin is stated as contra account of *istishna* receivables.



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

**k. Sharia receivables and financing (continued)**

*Qardh* is the provision of funds or equivalent claims based on agreement between the borrower and the lender that requires the borrower to repay the debts after a certain period of time. *Qardh* are stated at outstanding balance less allowance for impairment losses based on the management's review on the financing quality.

**l. Finance lease receivables**

Determining whether an arrangement is a lease agreement or agreements containing leases based on the substance of the agreement at inception date and whether the fulfillment of the agreement depends on the use of an asset and the agreement provides a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and benefit incidental to ownership. Leases are classified as operating lease if the lease does not transfer substantially all the risks and benefit incidental to ownership.

Finance lease receivables are recognized at the net investment which is the fair value less administrative revenue and plus transaction cost (if any) which are directly attributable and subsequently measured at amortized cost using the effective interest rate method.

At initial recognition, the fair value of net investment in finance lease is a finance lease receivable plus the residual value which will be received at the end of the lease minus deferred finance lease income and guarantee deposit. The difference between the gross receivable and the present value of finance lease receivables is recognized as unrecognized finance lease income. Unrecognized finance lease income is allocated as current year income using the effective interest rate.

**m. Acceptances receivable and payable**

Acceptances receivable and payable represent letters of credit (L/C) transactions that have been accepted by the accepting bank.

Acceptances receivable and payable are stated at amortized cost. Acceptances receivable are stated net of allowance for impairment losses.

Acceptances receivable are classified as loans and receivables. Acceptances payable are classified as financial liabilities measured at amortized cost.

**n. Investment in associated entities**

BRI's investments in its associated companies are measured using the equity method. An associated entity is an entity in which BRI has significant influence or share ownership of more than 20% of the voting rights. The initial recognition of investments in associates are recognized at cost and the carrying amount is added or subtracted to recognize the BRI's portion of profit or loss of subsidiaries after the acquisition date. BRI's portion of profit or loss of subsidiaries are recognized in profit or loss of BRI. Receipt of distributions from subsidiaries reduce the carrying amount of the investment.

The consolidated statement of profit or loss and other comprehensive income reflects the share of the results of operations of the associated entities. Where there has been a change recognized directly in the equity of the associated entities, BRI recognizes its share of any such changes and

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

**n. Investment in associated entities (continued)**

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 consolidated statement of profit or loss and other comprehensive income.

BRI's investment in its associated entities with no significant influence or share ownership under 20% are recorded in accordance with SFAS No. 55 (Revised 2014) and deducted by allowance for impairment losses.

**o. Premises and equipment**

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 the management.

Subsequent to initial recognition, premises and equipment (excluding landrights) 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:

	<b>Years</b>
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 for the year 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.

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

**o. Premises and equipment (continued)**

Land are initially stated at cost and not depreciated. Subsequent to initial recognition, land is measured at fair value at the revaluation date less any subsequent accumulated impairment losses. Valuation of land are performed by appraisers with professional qualification, and is done in regular basis to ensure that the carrying amount does not differ materially from its fair value at the end of reporting period (Note 17).

Increase in the carrying amount arising from revaluation is recorded in "Fixed Asset Revaluation Surplus" and presented in other comprehensive income. However, the increase is recognized in profit or loss, up to the amount of impairment of the same assets due to revaluation previously recognised in profit or loss. A decrease in carrying value arising as a result of a revaluation should be recognised in profit or loss.

Repairs and maintenance is charged to the operational 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.

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.

The legal cost of land rights in the form of Business Usage Rights ("Hak Guna Usaha" or "HGU"), Building Usage Right ("Hak Guna Bangunan" or "HGB") and Usage Rights ("Hak Pakai" or "HP") when the land was initially acquired are recognized as part of the cost of the land under the "Premises and Equipment". The extension or the legal renewal costs of land rights were recognized as intangible assets and were amortized over the shorter of the rights' legal life and land's economic life.

**p. Impairment of Non-Financial Assets**

BRI assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, BRI makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss and other comprehensive income as "impairment losses". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, refer to SFAS No. 68, "Fair Value Measurements" (Note 2c).

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

**p. Impairment of Non-Financial Assets (continued)**

Impairment losses of continuing operations, if any, are recognized in the consolidated statement of profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

**q. Foreclosed collaterals**

Foreclosed collaterals acquired in settlement of loans (included as part of "Other Assets") are recognized at net realizable values or loan outstanding amount, whichever is lower. Net realizable value is the fair value of the collateral after deducting the estimated costs of disposal. The excess in loan balances which has not been paid by debtors over the value of foreclosed collaterals is charged to allowance for possible losses on loans in the current year. The difference between the value of the collateral and the proceeds from sale thereof is recognized as a gain or loss at the time of sale of the collateral.

Management evaluates the value of foreclosed collaterals periodically. Allowance for losses foreclosed collaterals formed by impairment of foreclosed collaterals.

Reconditioning costs arising after foreclosure capitalized in the accounts of the foreclosed collaterals.

**r. Prepaid expenses**

Prepaid expenses are amortized over their useful lives using the straight line method.

**s. Liabilities due immediately**

Liabilities due immediately represent the liability of BRI to external parties which by nature should be paid immediately in accordance with the requirements in the agreement which have been previously determined. This account is classified as other financial liabilities and measured at amortized cost.

**t. Deposits from customers and other banks and financial institutions**

Demand deposits represent funds deposited by customers whereby the withdrawal can be done at any time by using a check, or through transfer with a bank draft or other forms of payment order. These demand deposits are stated at the amount due to the account holder.

*Wadiah* demand deposits represent third party funds which are available for withdrawal at any time and earn bonus based on BRIS' policy. *Wadiah* demand deposits are stated at the amount due to the account holder of the deposit in BRIS.

Saving deposits represent the 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.

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

**t. Deposits from customers and other banks and financial institutions (continued)**

*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 *Mudharabah* time deposit holder and BRIS. *Mudharabah* time deposits are stated at the nominal amount as agreed by the deposit holder and BRIS.

Deposits from other banks and financial institutions consist of liabilities to other banks, either domestic or overseas, in the form of demand deposits, saving deposits, time deposits and inter-bank call money through the issuance of promissory notes with a term of up to 90 (ninety) days and stated at the amount due to banks and financial institutions.

Deposits from customers and other banks and financial institutions are classified as other financial liabilities measured at amortized cost using effective interest rate except deposits and temporary *syirkah* funds which are stated at the BRI and its subsidiaries' payable amount to customers. Incremental costs directly attributable to the acquisition of deposits from customers are deducted from the amount of deposits.

**u. Securities purchased under agreement to resell and securities sold under agreement to repurchase**

**Securities purchased under agreement to resell**

Securities purchased under agreement to resell are presented as financial assets in the consolidated statement of financial position, at the 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.

Securities purchased under agreement to resell are classified as loans and receivables measured at amortized cost.

**Securities sold under agreement to repurchase**

Securities sold under agreement to repurchase are presented as liabilities in the consolidated statement of financial position, at the repurchase price, net of unamortized prepaid interest. The difference between the selling price and the repurchase price is treated as prepaid interest and recognized as expense over the period starting from when those securities are sold until they are repurchased using effective interest rate.

Securities sold under agreement to repurchase are classified as financial liabilities measured at amortized cost.

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

**v. Marketable securities issued**

Marketable securities issued by BRI consist of Bonds, Medium-Term Notes (MTN) and Negotiable Certificate of Deposit (NCD).

The marketable securities issued are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate 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.

**y. Provision**

Provisions are recognized when BRI and Subsidiaries have a present obligation (legal or constructive) that, as a result of past events, the settlement of the liability is likely to result in an outflow of resources that contain economic benefits and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the outflow of resources to settle the obligation is most likely will not occur, the provision is reversed.

**z. Provision for timely interest payment in BRI unit**

On Time Interest Payment (Pembayaran Bunga Tepat Waktu or PBTW) represents incentives given to Micro Loans (Kredit Umum Pedesaan or Kupedes) debtors who settled their loans according to the mutually agreed installment schedules. The amount of PBTW is 25% of the interest received from either Kupedes working capital loans or Kupedes investment loans. PBTW is recorded as a deduction from interest income on loans. BRI provided Allowance for On Time Interest Payment (CPBTW) for the PBTW and present it in "Other Liabilities".

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

**aa. Interest income and interest expense**

Interest income and expense for all interest bearing financial instruments are recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest rate is the rate that precisely discounts the estimated future cash payments or receipts through the expected life of the financial 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.

**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 and classified as part of interest income in the consolidated statement of profit or loss and other comprehensive income.

Fees and commissions that are not related to the credit activity or a period of time and/or 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 *ijarah* transactions is recognized using the accrual method. Income from *istishna* transactions and profit sharing from *Mudharabah* and *musyarakah* financing are recognized when the cash installments are received. Expenses based on Sharia principles consist of *Mudharabah* profit sharing expense and *wadiah* bonus expense.

Income from *murabahah* receivables is recognized using the effective margin method. Effective margin is the margin that precisely discounts the estimated future cash payments or receipts through the expected life of the *murabahah* receivables. When calculating the effective margin, BRIS estimates the future cash flows considering all contractual terms of the financial instrument, except future credit losses. This calculation includes all commissions, provision fees and other forms accepted by the parties in the contract that are an inseparable part of the effective margin, transaction costs and all other premiums or discounts.

*Mudharabah* and *musyarakah* income are recognized when cash is received or in a period where the right of revenue sharing is due based on agreed portion (*nisbah*).

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

**ad. Premium income and claim expense**

Premiums of short-term insurance contracts are recognized as income within the contract period based on the insurance coverage provided. Premiums of non short-term insurance contracts are recognized as income when due from policyholders. Premiums received prior to the issuance of insurance policies or premium due date is recorded as policyholders' deposit.

Premiums relating to investment contract and unbundled financial risk component of insurance contract are accounted as a deposit through the consolidated statement of financial position as an adjustment to the investment contract liabilities accounts.

Gross reinsurance premiums are recognized as expenses when payable or on the date in which the policy becomes effective.

Claims and benefits consist of approved claims. Claims and benefits are recognized as expense when the liabilities to cover claims are incurred. Reinsurance claims received from reinsurance companies are recognized and recorded as reinsurance claim in the same period the claim expenses are recognized.

Claims and benefits relating to investment contract and unbundled financial risk component of insurance contract are accounted as a withdrawal through the consolidated statement of financial position as an adjustment to the investment contract liabilities accounts.

**ae. Insurance and investment contract liabilities and reinsurance**

**Insurance contract liabilities**

**a. Liabilities for future policy benefits**

Liabilities for future policy benefits represent present value of estimated payments throughout the guaranteed benefits including all the embedded options available, the estimated present value of all handling costs incurred and also considering the future premium receipt. Liabilities for future policy benefits represent liabilities of non short-term insurance contracts.

Increase (decrease) in liability for future policy benefits is recognized as expense (income) in the profit or loss for the year. The liabilities are derecognized when the contract expires, is discharged or is cancelled.

**b. Estimated claim liabilities**

Estimated claim liabilities represents claims in process which are computed based on the estimated loss from claims that are still in process at consolidated statement of financial position date, including claims incurred but not yet reported ("IBNR").

The changes in estimated claim liabilities are recognized in the profit or loss for the year. The liabilities are derecognized when the contract expires, is discharged or is cancelled.

**c. Unearned premium reserves**

Unearned premium reserves represents part of the premiums already received but not yet earned, as the period of insurance covered extends beyond the end of the year. Unearned premium reserves represents liabilities of short-term insurance contract.

Unearned premium reserves are calculated individually for each contract based on the insurance coverage provided during the insurance period or risk period consistent with the recognition of short-term insurance premium income.



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

**ae. Insurance and investment contract liabilities and reinsurance (continued)**

**Insurance contract liabilities (continued)**

**c. Unearned premium reserves (continued)**

Increase (decrease) in unearned premium reserves is recognized as expense (income) in the profit or loss for the year. The liabilities are derecognized when the contract expires, is discharged or is cancelled.

**Investment contract liabilities**

Investment contract liabilities represent liabilities calculated on investment contract (including unbundled amount of financial risk component in insurance contract) using the valuation principle in accordance with SFAS No.55 (Revised 2014). Deposits and withdrawals related to the investment contract (including unbundled amount of financial risk component in insurance contract) are recorded directly as an adjustment to the investment contract liabilities in the consolidated statement of financial position and are not recognised as premium income in the profit or loss. Except for deposit and withdrawal, all changes in investment contract liabilities are recognized in the profit or loss for the year. The liabilities are derecognized when the contract expires, is discharged or is cancelled.

**Reinsurance**

BRI Life cedes insurance risk in the normal course of business for all of its businesses.

The benefits to which BRI Life is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of receivables that are dependent on the expected claims and benefits arising under the related reinsurance contracts. As required by SFAS No. 62, reinsurance assets are not offset against the related insurance contract liabilities.

Reinsurance receivables are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

BRI Life reinsured part of its total accepted risk to other insurance and reinsurance companies. The premium paid to the reinsurer on the reinsurer's share of the premium on prospective reinsurance transaction is recognized as reinsurance premium over the reinsurance contract period in proportion to the insurance coverage provided. A payment or obligation for retrospective transaction is recognized as reinsurance receivable from the reinsurer in the amount equivalent to the payment made or recorded liability in relation to the reinsurance contract.

Reinsurance assets include balances expected to be recovered from reinsurance companies for ceded liability for future policy benefits, ceded estimated claim liabilities, and ceded unearned premium reserves. Amounts recoverable from reinsurers are estimated in a manner consistent with the liability associated with the reinsured policy.

BRI Life presents separately reinsurance assets of future policy benefit liabilities, unearned premium reserves, and estimated claim liabilities.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that BRI Life may not receive all amounts due under the terms of the contract, and the impact of the amounts that BRI Life will receive from the reinsurer can be reliably measured.

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

**ae. Insurance and investment contract liabilities and reinsurance (continued)**

**Reinsurance (continued)**

If a reinsurance asset is impaired, BRI Life reduces the carrying amount and recognizes the impairment loss in the profit or loss for the year.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

**af. Employee benefits**

Short-term employee benefits

Short-term employee benefits such as salaries, social security contributions, short-term leaves, bonuses and other non-monetary benefits are recognized during the period when services have been rendered. Short-term employee benefits are measured using undiscounted amounts.

Defined contribution plan

Contribution payable to the pension fund equivalent to a certain percentage of salaries for qualified employees under the BRI's defined contribution plan. The contribution is accrued and recognized as expense when services have been rendered by qualified employees and actual payments are deducted from the contribution payable. Contribution payable is measured using undiscounted amounts.

Defined benefit plan and other long-term employee benefits

The post-employment benefits and other long-term employee benefits such as gratuity for services 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.

Remeasurement of net defined benefit liabilities (assets), which is recognized as other comprehensive income, consist of:

- (i) Actuarial gains and losses.
- (ii) Return on plan assets, excluding amounts that included in net interest on liabilities (assets).
- (iii) The changes in the impact of the asset ceiling, excluding amounts that included in net interest on liabilities (assets).

Remeasurement of net defined benefit liabilities (assets), which is recognized as other comprehensive income are not reclassified to profit or loss in subsequent periods.

For other long-term employee benefits over the current service cost, net interest on net defined benefit liabilities (assets), and the remeasurement of net defined benefit liability (asset) obligations are recognized immediately in the current period consolidated statement of profit or loss and other comprehensive income.

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

**af. Employee benefits (continued)**

Defined benefit plan and other long-term employee benefits (continued)

All past service costs are recognized as expense at the earlier date between the amendment or curtailment program occurs, and when the related restructuring or termination costs are recognized, therefore, unvested past service cost can no longer be deferred and recognized over the future vesting period.

**ag. Stock options**

In connection with the IPO, BRI has granted stock options to Directors and employees of certain positions and levels based on criteria established by BRI. Cost of stock compensation at the issuance date is calculated using the fair value of the stock options and is recognized as part of "Salaries and Employee Benefits Expense" based on cliff-vesting scheme using the straight-line method over the vesting period. The accumulation of stock compensation cost is recognized as "Stock Options" in the equity.

The fair values of the stock options granted are calculated using the Black-Scholes option pricing model.

**ah. Earnings per share**

Basic earnings per share is calculated by dividing income for the period/year attributable to equity holders of the Parent Entity (BRI) by the weighted average number of issued and fully paid shares during the related year.

**ai. Foreign currency transactions and balances**

BRI and Subsidiaries maintain their accounting records in Indonesian Rupiah. Transactions in foreign currencies are recorded at the prevailing exchange rates at the time of the transactions. As of December 31, 2016 and 2015, all foreign currency denominated monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time). The resulting gains or losses are recognized in the current year consolidated statement of profit or loss and other comprehensive income.

The exchange rates used in the translation of foreign currency amounts into Rupiah are as follows (full Rupiah):

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
1 United States Dollar	13,472.50	13,785.00
1 Great Britain Pound Sterling	16,555.01	20,439.02
1 Japanese Yen	115.07	114.52
1 European Euro	14,175.77	15,056.67
1 Hong Kong Dollar	1,737.34	1,778.70
1 Saudi Arabian Riyal	3,591.90	3,672.48
1 Singapore Dollar	9,311.93	9,758.95
1 Malaysian Ringgit	3,003.23	3,210.67
1 Australian Dollar	9,723.11	10,083.73
1 Renminbi	1,939.19	2,122.85
1 Thailand Baht	376.12	381.97
1 Swiss Franc	13,208.98	13,919.33
1 Canadian Dollar	9,986.29	9,924.41

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

**ai. Foreign currency transactions and balances (continued)**

The exchange rates used in the translation of foreign currency amounts into Rupiah are as follows (full Rupiah) (continued):

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
1 Bruneian Dollar	9,311.29	9,758.60
1 Danish Krone	1,906.86	2,017.77
1 South Korean Won	11.20	11.72
1 New Zealand Dollar	9,362.72	9,444.80
1 Papua New Guinean Kina	4,243.86	4,583.55
1 United Arab Emirates Dirham	3,667.98	3,753.06
1 Swedish Krona	1,482.52	1,641.11
1 Norwegian Krone	1,560.42	1,565.52
1 Indian Rupee	198.40	208.31

**aj. Translation of the financial statements of Overseas Branch and Representative Offices**

BRI has 1 (one) Subsidiary in Hong Kong, 2 (two) branch offices in Cayman Islands and Singapore, 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 statement of financial position reporting date.
- Revenues, expenses, gains and losses - using the average middle rate during the month. The end of year balances consist of the sum of the translated monthly balances of revenues, expenses and profit and losses during the year.
- Equity - Capital Stock and Additional Paid-in Capital using historical rates.
- Statement of cash flows - using the spot rate published by Reuters at 4.00 p.m. WIB on statement of financial position reporting date, except for the profit and loss accounts which are translated at the average middle rates and equity accounts which are translated at the historical rates.

The resulting difference arising from the translation process on the above financial statements is included in equity as "Differences Arising From The Translation of Foreign Currency Financial Statements".

**ak. Derivatives Instrument**

Derivatives financial instruments are valued and recognized in the consolidated statement of financial position at fair value. Each derivatives contract is recorded as asset when the fair value is positive and as liability when the fair value is negative.

Derivatives receivable and payable are classified as financial assets and liabilities measured at fair value through profit or loss.

Gains or losses resulting from fair value changes are recognized in the consolidated statement of profit or loss and other comprehensive income.

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

**ak. Derivatives Instrument (continued)**

The fair value of derivatives instruments is determined based on discounted cash flows and pricing models or quoted prices from brokers of other instruments with similar characteristics, which refers to SFAS No. 68: "Fair Value Measurement" (Note 2c).

**al. Taxation**

Current tax expense is provided based on the estimated taxable income for the current year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the fiscal bases of assets and liabilities at each reporting date.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of uncompensated tax losses to the extent that it is probable for temporary differences and carry forward of uncompensated tax losses to be utilized in deducting future taxable profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced when it is no longer probable that sufficient taxable profits will be available to compensate part or all of the benefit of the deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply on the year when the asset is realized or the liability is settled based on tax laws that have been enacted or substantively enacted as of consolidated statement of financial position reporting date. The related tax effects of the provisions for and/or reversals of all temporary differences during the year, including the effect of change in tax rates, are recognized as "Income Tax Benefit (Expense), Deferred" and included in net profit or loss for the year, except to the extent that they relate to items previously charged or credited to equity.

Amendments to tax obligations are recorded when an assessment is received or, if an appeal is submitted by business unit, when the result of the appeal is determined.

For each of the consolidated entity, the tax effects on temporary differences and tax loss carry forward, which can individually be either asset or liability, are shown at the applicable net amounts.

Assets and liabilities on deferred tax and current tax can be offset if there is a legal enforceable right to offset.

**am. Segment information**

A segment is a distinguishable component of the business unit that is engaged either in providing certain products (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, income, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and transactions are eliminated as part of consolidation process.

BRI and Subsidiaries presents segments operation based on BRI's internal consolidation report that is presented to the Board of Directors as the operational decision maker.

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

**am. Segment information (continued)**

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.

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

The preparation of the BRI and Subsidiaries consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of the asset and liability affected in future periods.

**Judgments**

The following judgments are made by management in the process of applying BRI and Subsidiaries' accounting policies that have the most significant effects on the amounts recognized in BRI and Subsidiaries' consolidated financial statements as follows:

Going concern

BRI's management has assessed the ability of BRI and Subsidiaries' ability to continue as going concerns and believes that BRI and Subsidiaries have the resources to continue their businesses in the future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt to the BRI's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on going concern basis.

Classification of financial assets and financial liabilities

BRI and Subsidiaries determine the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 55 (Revised 2014). Accordingly, the financial assets and financial liabilities are accounted for in accordance with BRI and Subsidiaries' accounting policies disclosed in Note 2c.

Fair value of financial and non-financial instruments

All assets and liabilities in which fair value is measured or disclosed in the consolidated financial statements can be classified in fair value hierarchy levels, based on the lowest level of input that is significant on the overall fair value measurement:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities accessible at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 for the assets and liabilities, which is directly or indirectly observable.
- Level 3: unobservable inputs for the assets and liabilities.

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

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

**Judgments (continued)**

Held to maturity classification

The securities under held to maturity classification requires significant judgment. In making this judgment, BRI and Subsidiaries evaluate their intention and ability to hold such investments to maturity. If BRI and Subsidiaries fail to keep these investments to maturity other than in certain specific circumstances, for example, selling an insignificant amount close to maturity, they will be required to reclassify the entire portfolio as available for sale securities. The available for sale securities would therefore be measured at fair value and not at amortized cost.

Contingencies

The management of BRI and Subsidiaries are currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the legal counsel handling BRI and Subsidiaries defense in this matter and is based upon an analysis of potential results. Management does not believe that the outcome of this matter will affect the results of operations. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies related to these proceedings.

**Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as disclosed below. BRI and Subsidiaries based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing 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, sharia financing/receivables, and finance lease receivables

The management of BRI and Subsidiaries review its loan portfolio, sharia financing/receivables, and finance lease receivables to assess impairment on an annual basis by updating allowance for impairment losses made during the period as necessary based on the continuing analysis and monitoring of individual accounts by loan officers.

In determining whether an impairment loss should be provided in the consolidated statement of profit or loss and other comprehensive income, BRI and Subsidiaries assess for any observable data indicating the existence of measurable decrease in the estimated future cash flows from loan portfolio before the decrease is individually identified in the portfolio.

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

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

**Estimates and Assumptions (continued)**

Allowance for impairment losses on loans, sharia financing/receivables, and finance lease receivables (continued)

This evidence may include observable data indicating that there has been an adverse change in the payment status of group borrowers, or national or local economic conditions that correlate with breach on 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.

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. 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 assess 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 considered important which may lead to impairment assessment are the following:

- a) significant underperformance relative towards expected historical or projected future operating results;
- b) significant changes in the manner of use of the acquired assets or the overall business strategy; and
- c) significant negative industry or economic trends.

The management of BRI and Subsidiaries recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher amount between fair value less costs of disposal and use of asset value (or cash-generating unit). Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.



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

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

**Estimates and Assumptions (continued)**

Recognition of deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that the taxable income can be compensated against the losses. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with tax planning strategies.

BRI reviews its deferred tax assets at each of the consolidated statement of financial position reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable income will be available to compensate part or all of the deferred tax assets.

Present value of employee benefit

The cost of defined pension plan and other post employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and disability rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Estimated Claim Liability

Estimated claims liability represents amount set aside to provide for the outstanding and incurred claims arising from insurance policies in force. The Company's management judgment is required to determine the amount of estimated claims liability.

Liabilities for Future Policy Benefits

The Company records long-term insurance contract liabilities using method of present value of estimated payment of all benefit promised including all options available plus present value of all expenses incurred and has considered the future receipt of premium. The main assumption underlying this method is the Company's past claim experience and discount rate.

**ao. Allowances for impairment losses on non-earning assets and commitments and contingencies**

In accordance with Circular Letter of Bank Indonesia (BI) No. 13/658/DPNP/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 of disposal.

For commitments and contingencies with credit risk, BRI and BRI Agro's management determine the impairment losses based on the difference between the carrying amount and the present value of the payment obligations that are expected to occur (when payment under the guarantee has become probable).

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

**ap. Changes in accounting policies and disclosures**

BRI and its subsidiaries have applied the following accounting standards starting on January 1, 2016, which are considered relevant to the consolidated financial statements, namely:

- Amendment SFAS No. 4, "Separate Financial Statements of Equity Method in Separate Financial Statements", allows the use of the equity method as a method of recording the investment in subsidiaries, joint ventures and associates in the separate financial statements of these entities.
- Amendment SFAS No. 15, "Investments in Associates and Joint Ventures on Investment Entities: Application Exception Consolidation", clarified in paragraph 36a of exceptions consolidation for investment entities when certain criteria are met.
- Amendment SFAS No. 16, "Acceptable amortization and depreciation method of fixed assets", added explanation for indication of technical or commercial obsolescence of an asset. Amendment SFAS No. 16 clarified that depreciation method based on income is no longer viable.
- Amendment SFAS No. 19, "Intangible Assets on Clarification Method Received for Depreciation and Amortization", to provide clarification on the view that income can not become the basis for measurement of the usage of economic benefits from the use of intangible assets can be rebutted in certain limited circumstances.
- Amendment SFAS No. 24, "Employee Benefit: Defined Contribution Plans", simplify the accounting method for defined contribution plans from workers or third parties that does not rely on the total number of service years, for instance contribution plans measured as a percentage of salary.
- Amendment SFAS No. 65, "Consolidated Financial Statements of Investment Entities: Application Exception Consolidation", that clarify the exception of consolidation for investment entities when certain criteria are met.
- Amendment of SFAS No. 67, "Disclosure of Interests in Other Entities of Investment Entities: Application Exception Consolidation", that clarify the exception of consolidation for investment associates when certain criteria are met.
- SFAS No. 5 (2015 Adaptation), "Operating Segments", added short disclosure on combined operating segment and economic indicators that have similar characteristics.
- SFAS No. 7 (2015 Adaptation), "Related Party Disclosure", added criteria of related parties and clarify disclosure for payables that are given to the management entity.
- SFAS No. 13 (2015 Adaptation), "Investment Property", clarified that SFAS No. 13 and SFAS No. 22 interplay. Entities can refer to SFAS No. 13 to differentiate between investment property and owner-occupied property. Entities may also refer to SFAS No. 22 as a guide whether the acquisition of an investment property is a business combination.

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

**ap. Changes in accounting policies and disclosures (continued)**

BRI and its subsidiaries have applied the following accounting standards starting on January 1, 2016, which are considered relevant to the consolidated financial statements, namely (continued):

- SFAS No. 16 (2015 Adaptation), "Property, Plant and Equipment", clarified in paragraph 35 on revaluation model, that when an entity uses revaluation model, carrying amount of assets are presented in the revaluated amount.
- SFAS No. 19 (2015 Adaptation), "Intangible Assets", clarified in paragraph 80 related to the revaluation model, that when an entity uses the revaluation model, the carrying amount of the asset is back on the revaluation amount.
- SFAS No. 22 (2015 Adaptation), "Business Combinations", to clarify the scope and the obligation to pay contingent consideration that meet the definition of financial instruments are recognized as financial liabilities or equity. This SFAS also resulted in adjustments to the impact of SFAS No. 55 "Financial Instruments: Recognition and Measurement" and SFAS No. 57 "Provisions, Contingent Liabilities and Contingent Assets".
- SFAS No. 25 (Adaptation 2015), "Accounting Policies, Changes in Accounting Estimates and Errors", gave editorial correction to SFAS No. 25 paragraph 27 about limitation on retrospective application.
- SFAS No. 53 (2015 Adaptation), "Share-Based Payment", clarify definition of vesting conditions and separately define performance and service condition.
- SFAS No. 68 (2015 Adaptation), "Fair Value Measurement", clarified that portfolio exception, which permits entities to measure fair value measurement of financial asset or liability groups on a net basis, is to be applied for the whole contract (including non-financial contract) in the scope of SFAS No. 55.
- SFAS No. 110 (Revised 2015), "Sukuk Accounting", regulated recognition, measurement, presentation and disclosure of *Sukuk ijarah* and *Sukuk Mudharabah* transaction, both as either buyer or seller.

The impact to the consolidated financial statements on the adoption of the accounting standards mentioned above has been disclosed in the relevant notes to the consolidated financial statements.

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**3. CASH**

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Rupiah		24,499,503		28,186,685
Foreign currencies				
United States Dollar	25,130,556	338,571	17,232,365	237,548
Saudi Arabian Riyal	27,860,774	100,072	21,532,275	79,078
Singapore Dollar	8,179,992	76,171	8,788,995	85,771
European Euro	3,703,923	52,506	2,208,753	33,256
Australian Dollar	4,901,050	47,653	4,745,013	47,847
Papua New Guinean Kina	6,273,700	26,625	355,486	1,629
Malaysian Ringgit	5,869,535	17,628	12,137,945	38,971
Renminbi	7,706,154	14,944	12,894,640	27,373
Japanese Yen	113,550,640	13,066	107,975,654	12,365
United Arab Emirates Dirham	1,805,500	6,623	1,498,990	5,626
Great Britain Pound Sterling	324,900	5,379	187,719	3,837
Hong Kong Dollar	2,981,757	5,180	1,792,237	3,188
Bruneian Dollar	237,922	2,215	282,786	2,760
Thailand Baht	5,394,605	2,029	4,333,480	1,655
Swiss Franc	130,200	1,720	141,120	1,964
New Zealand Dollar	109,491	1,025	91,870	868
Canadian Dollar	72,670	726	60,755	603
South Korean Won	34,316,799	384	51,743,811	607
Indian Rupee	19,307	4	19,307	4
		712,521		584,950
<b>Total</b>		<b>25,212,024</b>		<b>28,771,635</b>

As of December 31, 2016 and 2015, balances denominated in Rupiah include cash in ATMs (Automated Teller Machines) amounting to Rp9,148,888 and Rp9,054,533, respectively.

**4. CURRENT ACCOUNTS WITH BANK INDONESIA**

Current accounts with Bank Indonesia consist of:

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Rupiah		44,066,637		51,781,843
United States Dollar	858,735,147	11,569,309	720,780,213	9,935,955
<b>Total</b>		<b>55,635,946</b>		<b>61,717,798</b>

As of December 31, 2016 and 2015, current accounts with Bank Indonesia based on Sharia banking principles amounted to Rp1,201,177 and Rp997,139, respectively.

Current accounts with Bank Indonesia are maintained to comply with Bank Indonesia's Minimum Legal Reserve Requirements (GWM).

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**4. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)**

As of December 31, 2016 and 2015, the GWM ratios of BRI (Parent Entity) (unaudited) are as follows:

	December 31, 2016	December 31, 2015
Primary GWM - Rupiah	6.94%	9.31%
Secondary GWM - Rupiah	9.96	14.10
Primary GWM - Foreign Currency	8.03	8.43

The calculation of the GWM ratios as of December 31, 2016 is based on Bank Indonesia regulation (PBI) No.18/3/PBI/2016 dated March 10, 2016, regarding "Third Amendment to Bank Indonesia regulation No. 15/15/PBI/2013 on GWM of Commercial Banks in Rupiah and Foreign Currency for Conventional Banking". The calculation of the GWM ratios as of December 31, 2015 is based on Bank Indonesia regulation (PBI) No. 17/21/PBI/2015 dated November 26, 2015, regarding "Second Amendment to Bank Indonesia regulation No. 15/15/PBI/2013 on GWM of Commercial Banks in Rupiah and Foreign Currency for Conventional Banking".

As of December 31, 2016 and 2015, based on the above mentioned Bank Indonesia regulation, BRI is required to maintain minimum primary GWM of 6.5% and 7.5%, respectively, in Rupiah, of 8% in foreign currencies, and secondary GWM of 4% in Rupiah.

BRI has complied with Bank Indonesia regulation regarding the minimum legal reserve requirement as of December 31, 2016 and 2015.

**5. CURRENT ACCOUNTS WITH OTHER BANKS**

a) By Currency:

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>		119,480		97,449
<u>Foreign currencies</u>				
United States Dollar	441,928,870	5,953,887	270,217,641	3,724,950
European Euro	216,459,615	3,068,481	33,479,134	504,084
Renminbi	289,301,369	561,010	1,593,611,539	3,382,990
Singapore Dollar	44,289,848	412,424	24,571,730	239,794
Japanese Yen	1,850,099,200	212,882	903,091,742	103,413
Hong Kong Dollar	91,641,803	159,213	55,503,846	98,725
Great Britain Pound Sterling	9,564,477	158,340	5,429,297	110,970
Australian Dollar	14,336,181	139,392	14,747,424	148,709
United Arab Emirates Dirham	26,818,881	98,371	26,967,569	101,211
Saudi Arabian Riyal	13,268,872	47,660	11,964,329	43,939
Swiss Franc	2,559,185	33,804	3,255,641	45,316
New Zealand Dollar	1,349,992	12,640	2,672,833	25,244
Canadian Dollar	1,152,637	11,511	1,736,245	17,231
Norwegian Krone	4,765,927	7,437	13,768,507	21,555
Swedish Krona	2,249,280	3,335	1,255,222	2,060
		10,880,387		8,570,191
		10,999,867		8,667,640

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

a) By Currency (continued):

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>		9,258		3,566
<u>Foreign currencies</u>				
Hong Kong Dollar	5,273,792	9,162		-
United States Dollar	328,678	4,428	4,706,990	64,886
		13,590		64,886
		22,848		68,452
<b>Total</b>		<b>11,022,715</b>		<b>8,736,092</b>

b) By Bank:

	December 31, 2016	December 31, 2015
<u>Third parties</u>		
<u>Rupiah</u>		
PT Bank Pembangunan Daerah (BPD) Papua	39,297	41,737
PT Bank Central Asia Tbk	34,910	40,680
Citibank, N.A.	26,315	-
PT Bank Danamon Indonesia Tbk	9,554	600
BPR Warga Dani Bringin Dana Sejahtera	6,431	6,262
Others	2,973	8,170
	119,480	97,449
<u>Foreign currencies</u>		
JP Morgan Chase Bank, N.A.	5,341,827	1,657,543
ING Belgium N.V. Brussels	1,838,108	78,237
Standard Chartered Bank	863,323	803,954
Bank of China, Ltd.	490,368	2,538,323
Bank of America	446,363	844,719
Others	1,900,398	2,647,415
	10,880,387	8,570,191
	10,999,867	8,667,640
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
PT Bank Mandiri (Persero) Tbk	8,096	2,078
PT Bank Negara Indonesia (Persero) Tbk	1,014	1,443
PT Bank BNI Syariah	74	45
PT Bank Syariah Mandiri	74	-
	9,258	3,566

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

b) By Bank (continued):

	December 31, 2016	December 31, 2015
<u>Related parties (Note 44) (continued)</u>		
<u>Foreign currencies</u>		
PT Bank Negara Indonesia (Persero) Tbk	9,626	63,390
PT Bank Mandiri (Persero) Tbk	3,964	1,496
	13,590	64,886
	22,848	68,452
<b>Total</b>	<b>11,022,715</b>	<b>8,736,092</b>

c) By Collectibility:

Current accounts with other banks as of December 31, 2016 and 2015 were classified as "Current".

d) Average annual interest rates:

	2016	2015
Rupiah	0.27%	0.24%
United States Dollar	0.26	0.11

e) BRI assessed allowance for impairment losses on current accounts with other banks individually based on whether objective evidence of impairment exists.

Management believes that no allowance for impairment losses is necessary as of December 31, 2016 and 2015, because management believes that current accounts with other banks are fully collectible.

As of December 31, 2016 and 2015, there are no current accounts with other banks which are used as collateral.

**6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS**

a) By Currency and Type:

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>				
Bank Indonesia				
Deposit Facility		52,359,589		14,591,094
Term Deposit		5,997,961		-
Deposit Facility Syariah		963,000		2,422,000
		59,320,550		17,013,094

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**6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)**

a) By Currency and Type (continued):

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties (continued)</u>				
<u>Rupiah (continued)</u>				
Inter-bank call money				
PT Bank Sumitomo				
Mitsui Indonesia		250,000		-
PT BPD Jawa Barat				
dan Banten Tbk		245,000		200,000
Standard Chartered Bank		200,000		-
PT Bank Aceh		200,000		400,000
JP Morgan Chase Bank, N.A.		100,000		-
PT Bank Sinarmas Tbk		80,000		80,000
PT Bank Bukopin Tbk		80,000		50,000
PT Bank OCBC NISP Tbk		80,000		150,000
PT Bank Danamon				
Indonesia Tbk		70,000		-
PT Bank Panin Dubai				
Syariah Tbk		70,000		-
PT Bank CIMB Niaga Tbk		70,000		190,000
PT Bank Pan Indonesia Tbk		60,000		390,000
PT BPD Jambi		50,000		50,000
PT BPD Sulawesi Tengah		50,000		50,000
PT BPD Maluku		50,000		50,000
PT BPD Jawa Tengah		50,000		-
PT BPD Lampung		50,000		-
PT BPD Jawa Timur		50,000		-
PT Bank Victoria				
International Tbk		30,000		-
PT BPD Riau Kepri		25,000		-
PT Bank Maybank				
Indonesia Tbk		20,000		-
PT Bank DBS Indonesia		20,000		-
PT Bank Victoria Syariah		20,000		-
PT Bank Kesejahteraan Ekonomi		20,000		-
The Bank of Tokyo-Mitsubishi				
UFJ Ltd.	-			1,250,000
The Hong Kong and				
Shanghai Banking				
Corporation Limited	-			200,000
PT BPD Kalimantan Timur	-			170,000
PT Bank ANZ Indonesia	-			150,000
PT Bank Mega Tbk	-			100,000
PT Bank BNP Paribas				
Indonesia	-			100,000
PT Bank DKI	-			100,000
PT Bank UOB Indonesia	-			100,000
PT BPD Kalimantan Selatan	-			50,000
		1,940,000		3,830,000
<u>Time Deposits</u>				
PT Bank Bukopin Tbk		3,300		-
PT Bank Sahabat Sampoerna		2,000		-
		5,300		-



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**6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)**

a) By Currency and Type (continued):

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties (continued)</u>				
<u>Rupiah (continued)</u>				
Other Placement				
(Banker's Acceptance)				
PT Bank KEB Hana Indonesia		130,000		-
PT Bank BNP Paribas Indonesia		-		200,000
PT Bank ANZ Indonesia		-		140,000
PT Bank Sumitomo Mitsui Indonesia		-		100,000
		130,000		440,000
		61,395,850		21,283,094
<u>United States Dollar</u>				
Bank Indonesia				
Term Deposit	999,961,670	13,471,984	1,524,944,851	21,021,365
Inter-bank call money				
Wells Fargo Bank, N.A.	70,300,000	947,117	56,900,000	784,367
Federal Reserve Bank	62,352,096	840,039	-	-
The Bank of New York Mellon	33,700,000	454,023	275,800,000	3,801,903
Citibank, N.A.	29,940,000	403,367	36,450,000	502,463
PT Bank BNP Paribas Indonesia	1,310,193	17,652	-	-
TD Bank, N.A.	627,068	8,448	75,452,619	1,040,114
PT Bank ANZ Indonesia	-	-	16,760,000	231,037
		2,670,646		6,359,884
Time Deposits				
US Bank	228,828	3,083	1,724,986	23,779
TD Bank, N.A.	511,630	6,893	276,429	3,811
		9,976		27,590
Other Placement				
(Banker's Acceptance)				
PT Bank Mega Tbk	9,996,546	134,678		-
<u>Renminbi</u>				
Inter-bank call money				
PT Bank ICBC Indonesia		-	67,000,000	142,231
		16,287,284		27,551,070
		77,683,134		48,834,164

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**6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)**

a) By Currency and Type (continued):

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Inter-bank call money				
Lembaga Pembiayaan Ekspor Indonesia		200,000		400,000
PT Bank Negara Indonesia (Persero) Tbk		200,000		100,000
PT Bank Mandiri (Persero) Tbk		40,000		400,000
PT Bank Tabungan Negara (Persero) Tbk		-		50,000
PT BTMU-BRI Finance		-		46,000
		440,000		996,000
Time Deposits				
PT Bank Tabungan Negara (Persero) Tbk		12,220		1,000
PT Bank Mandiri (Persero) Tbk		5,400		-
PT Bank BNI Syariah		2,000		2,000
PT Bank Syariah Mandiri		-		1,500
		19,620		4,500
		459,620		1,000,500
<b>Total</b>		<b>78,142,754</b>		<b>49,834,664</b>

b) By Time Period:

The classifications of placements based on their remaining period to maturity are as follows:

	December 31, 2016	December 31, 2015
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	61,265,850	21,043,094
> 1 month - 3 months	130,000	140,000
> 3 months - 1 year	-	100,000
	61,395,850	21,283,094
<u>Foreign currencies</u>		
≤ 1 month	16,287,284	27,551,070
	77,683,134	48,834,164
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
≤ 1 month	459,620	853,500
> 1 month - 3 months	-	147,000
	459,620	1,000,500
<b>Total</b>	<b>78,142,754</b>	<b>49,834,664</b>

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**6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)**

c) By Collectibility:

All placements with Bank Indonesia and other banks were classified as "Current" as of December 31, 2016 and 2015.

d) The average annual interest rates are as follows:

	2016	2015
<u>Rupiah</u>		
Placements with Bank Indonesia	4.35%	5.73%
Placements with other banks	6.46	7.36
<u>Foreign currencies</u>		
Placements with Bank Indonesia	0.44%	0.13%
Placements with other banks	0.62	0.06

BRI assessed placements with Bank Indonesia and other banks individually based on whether an objective evidence of impairment exists.

On December 31, 2016 and 2015, there were no placements with Bank Indonesia and other banks which are impaired nor restricted.

Management believes that no allowance for impairment losses is necessary as of December 31, 2016 and 2015 because management believes that placements with Bank Indonesia and other banks are fully collectible.

**7. SECURITIES**

a) By Purpose, Currency and Type:

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<b><u>Fair value through profit or loss</u></b>				
<u>Third parties</u>				
<u>Rupiah</u>				
Mutual funds		258,831		113,025
Bonds		54,416		12,682
Subordinated bonds		45,880		-
Others		111,464		100,669
		470,591		226,376
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Government bonds		84,746		274,693
Mutual funds		34,557		9,118
Bonds		10,329		5,409
Medium-Term notes		-		56,198
Others		72,759		64,585
		202,391		410,003

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**7. SECURITIES (continued)**

a) By Purpose, Currency and Type (continued):

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<b><u>Fair value through profit or loss (continued)</u></b>				
<b><u>Related parties (Note 44)</u></b>				
<b><u>(continued)</u></b>				
<b><u>United States Dollar</u></b>				
Government bonds		-	21,110,337	291,006
Mutual funds	147,263	1,984	141,458	1,949
		1,984		292,955
		674,966		929,334
<b><u>Available for sale</u></b>				
<b><u>Third parties</u></b>				
<b><u>Rupiah</u></b>				
Certificates of Bank Indonesia		8,895,833		6,455,944
Deposits Certificate of Bank Indonesia		6,023,957		5,516,495
Bonds		2,141,239		648,015
Subordinated bonds		812,649		510,769
Mutual funds		552,481		1,323,167
Medium-Term Notes		40,000		-
Others		82,796		72,495
		18,548,955		14,526,885
<b><u>United States Dollar</u></b>				
Certificates of Bank Indonesia	276,240,564	3,721,651	99,206,021	1,367,555
Bonds	59,913,082	807,179	63,715,053	878,312
U.S Treasury Bonds	25,822,008	347,887	18,830,395	259,577
		4,876,717		2,505,444
<b><u>Singapore Dollar</u></b>				
<b><u>Monetary</u></b>				
Authority of Singapore (MAS) Bills	35,000,048	325,918		-
Singapore Government Securities	21,338,863	198,706	22,632,262	220,867
		524,624		220,867
<b><u>Related parties (Note 44)</u></b>				
<b><u>Rupiah</u></b>				
Government bonds		21,158,568		24,238,226
Bonds		2,408,561		1,171,001
Mutual funds		373,303		250,386
Medium-Term Notes		155,074		324,965
Subordinated bonds		-		3,067
Others		77,508		75,919
		24,173,014		26,063,564
<b><u>United States Dollar</u></b>				
Government bonds	1,441,010,726	19,414,017	1,135,153,863	15,648,096
Bonds	106,060,345	1,428,898	108,057,309	1,489,570
		20,842,915		17,137,666

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**7. SECURITIES (continued)**

a) By Purpose, Currency and Type (continued):

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<b><u>Available for sale (continued)</u></b>				
<b><u>Related parties (Note 44)</u></b>				
<b><u>(continued)</u></b>				
<b><u>European Euro</u></b>				
Government bonds	37,108,474	526,041	16,446,133	247,624
		69,492,266		60,702,050
<b><u>Held to maturity</u></b>				
<b><u>Third parties</u></b>				
<b><u>Rupiah</u></b>				
Certificates of Bank Indonesia		2,009,192		-
Certificates of Bank Indonesia Syariah (SBIS)		1,650,000		1,350,000
Bonds		1,444,330		1,633,889
Deposits Certificates of Bank Indonesia		-		1,088,575
Negotiable Certificate of Deposits		660,243		187,394
Medium-Term Notes		150,000		125,000
Subordinated bonds		60,000		60,000
		5,973,765		4,444,858
<b><u>United States Dollar</u></b>				
Promissory Notes	2,000,000	26,945	2,000,000	27,570
Credit Linked Notes		-	51,096,844	704,370
Certificates of Bank Indonesia		-	49,775,190	686,151
		26,945		1,418,091
<b><u>Related parties (Note 44)</u></b>				
<b><u>Rupiah</u></b>				
Government bonds		32,185,729		35,460,319
Bonds		2,567,989		2,979,508
Negotiable Certificate of Deposits		808,282		164,182
Medium-Term Notes		99,710		164,443
Subordinated bonds		-		84,906
		35,661,710		38,853,358
<b><u>United States Dollar</u></b>				
Government bonds	1,391,260,144	18,743,752	1,286,721,436	17,737,455
Bonds	54,871,034	739,250	55,250,925	761,634
		19,483,002		18,499,089
<b><u>European Euro</u></b>				
Government bonds	12,039,541	170,670	2,956,364	44,513
		61,316,092		63,259,909
Total		131,483,324		124,891,293
Less: Allowance for impairment losses		(758)		(758)
<b>Net</b>		<b>131,482,566</b>		<b>124,890,535</b>

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**7. SECURITIES (continued)**

b) By Collectibility:

As of December 31, 2016 and 2015, all securities are classified as 'Current', except for Bonds I Year 2003 issued by PT Great River International which is classified as 'Loss'. The bond is owned by BRI Life (subsidiary) with a nominal value of Rp 758, and has already matured on October 13, 2008.

Based on the above, BRI Life management has established provisions for impairment losses amounting to Rp758 as of December 31, 2016 and 2015.

c) By Remaining Period to Maturity:

The classifications of securities based on their remaining period to maturity are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	19,405,171	14,963,594
> 1 month - 3 months	308,968	1,571,743
> 3 months - 1 year	4,168,321	1,720,870
> 1 year	1,110,851	941,912
	<u>24,993,311</u>	<u>19,198,119</u>
<u>Foreign currencies</u>		
≤ 1 month	5,401,340	2,726,311
> 3 months - 1 year	26,946	686,151
> 1 year	-	731,940
	<u>5,428,286</u>	<u>4,144,402</u>
	<u>30,421,597</u>	<u>23,342,521</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
≤ 1 month	25,408,685	26,476,578
> 1 month - 3 months	4,151,328	2,669,743
> 3 months - 1 year	3,685,462	7,537,421
> 1 year	26,791,640	28,643,183
	<u>60,037,115</u>	<u>65,326,925</u>
<u>Foreign currencies</u>		
≤ 1 month	21,362,145	18,051,666
> 1 month - 3 months	504,355	-
> 3 months - 1 year	996,873	-
> 1 year	18,161,239	18,170,181
	<u>41,024,612</u>	<u>36,221,847</u>
	<u>101,061,727</u>	<u>101,548,772</u>
Total	131,483,324	124,891,293
Less: Allowance for impairment losses	(758)	(758)
<b>Net</b>	<b><u>131,482,566</u></b>	<b><u>124,890,535</u></b>

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**7. SECURITIES (continued)**

d) By Type and Issuer:

d.1. Government Bonds

Government bonds represent bonds issued by the government of a country in connection with the management of Government debentures portfolio such as Government Debentures (SUN), Government Treasury Bills (SPN) and Government bonds issued in foreign currencies which are obtained from the primary and secondary markets, including U.S Treasury Bonds and Singapore Government Securities. The details of Government bonds are as follows:

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015
<b>Fair value through profit or loss</b>				
<u>Rupiah</u>				
FR0062	6.38	April 15, 2042	-	14,200
FR0064	6.13	May 15, 2028	25,245	23,700
FR0065	6.63	May 15, 2033	25,381	23,625
IFR0002	11.95	August 15, 2018	-	1,060
IFR0006	10.25	March 15, 2030	13,136	17,300
SR005	6.00	February 27, 2016	-	13,631
SR006	8.75	March 5, 2017	1,683	664
SR007	8.25	March 11, 2018	2,571	118,949
SR008	8.30	March 10, 2019	6,576	-
PBS005	6.75	April 15, 2043	1,967	5,987
PBS006	8.25	September 15, 2020	1,524	5,660
PBS008	7.00	June 15, 2016	-	49,917
PBS011	8.75	August 15, 2023	1,544	-
PBS012	8.88	November 15, 2031	5,119	-
			84,746	274,693
<u>United States Dollar</u>				
INDOIS18	4.00	November 21, 2018	-	28,746
INDOIS25	4.33	May 28, 2025	-	262,260
			-	291,006
			84,746	565,699
<b>Available for sale</b>				
<u>Rupiah</u>				
FR0028	10.00	July 15, 2017	536,177	1,198,484
FR0030	10.75	May 15, 2016	-	1,007,414
FR0031	11.00	November 15, 2020	138,158	134,709
FR0034	12.80	June 15, 2021	432,304	384,615
FR0035	12.90	June 15, 2022	757,206	559,911
FR0036	11.50	September 15, 2019	3,832	3,783
FR0039	11.75	August 15, 2023	59,790	57,675
FR0040	11.00	September 15, 2025	632,718	455,084
FR0042	10.25	July 15, 2027	286,341	212,898
FR0043	10.25	July 15, 2022	261,181	203,281
FR0044	10.00	September 15, 2024	222,400	212,600
FR0045	9.75	May 15, 2037	-	10,457
FR0046	9.50	July 15, 2023	32,433	10,310
FR0047	10.00	February 15, 2028	240,250	180,277
FR0048	9.00	September 15, 2018	10,276	10,057
FR0050	10.50	July 15, 2038	29,885	28,023
FR0052	10.50	August 15, 2030	516,675	326,933
FR0053	8.25	July 15, 2021	1,450,367	1,654,130
FR0054	9.50	July 15, 2031	331,687	312,238
FR0055	7.38	September 15, 2016	-	397,359
FR0056	8.38	September 15, 2026	2,506,370	1,569,743
FR0057	9.50	May 15, 2041	43,988	51,355
FR0058	8.25	June 15, 2032	556,645	467,875
FR0059	7.00	May 15, 2027	926,358	418,925
FR0060	6.25	April 15, 2017	195,860	732,539
FR0061	7.00	May 15, 2022	751,137	546,105
FR0062	6.38	April 15, 2042	318,231	294,142
FR0063	5.63	May 15, 2023	549,859	576,344
FR0064	6.13	May 15, 2028	540,181	540,185
FR0065	6.63	May 15, 2033	531,400	545,372
FR0066	5.25	May 15, 2018	310,181	629,059

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.1. Government bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015
<b>Available for sale (continued)</b>				
<u>Rupiah (continued)</u>				
FR0068	8.38	March 15, 2034	505,881	792,413
FR0069	7.88	April 15, 2019	764,862	1,988,752
FR0070	8.38	March 15, 2024	661,557	1,411,402
FR0071	9.00	March 15, 2029	296,492	614,504
FR0072	8.25	May 15, 2036	411,694	488,637
FR0073	8.75	May 15, 2031	468,926	397,692
FR0074	7.50	August 15, 2032	9,724	-
IFR0002	11.95	August 15, 2018	1,062	-
IFR0006	10.25	March 15, 2030	7,424	-
ORIO10	8.50	October 15, 2016	-	930,747
ORIO11	8.50	October 15, 2017	621,859	2,352,526
ORIO12	9.00	October 15, 2018	91,217	311,111
ORIO13	6.60	October 15, 2019	7,918	-
PBS004	6.10	February 15, 2037	5,210	-
PBS005	6.75	April 15, 2043	4,484	-
PBS006	8.25	September 15, 2020	758,238	-
PBS007	9.00	September 15, 2040	5,162	-
PBS009	7.75	January 25, 2018	196,348	-
PBS011	8.75	August 15, 2023	861,570	-
PBS012	8.88	November 15, 2031	623,873	-
PBS013	6.25	May 15, 2019	48,550	-
PBS014	6.50	May 15, 2021	144,414	-
SR006	8.75	March 5, 2017	2,263	-
SR007	8.25	March 11, 2018	84,196	-
SR008	8.30	March 10, 2019	515,218	-
SPN	various	various	888,536	1,218,560
			21,158,568	24,238,226
<u>United States Dollar</u>				
RI0016	7.50	January 15, 2016	-	286,911
RI0017	6.88	March 9, 2017	828,285	1,157,720
RI0018	6.88	January 17, 2018	929,727	1,929,241
RI0320	5.88	March 13, 2020	1,424,638	1,557,619
RI0521	4.88	May 5, 2021	1,904,424	1,868,137
RI0035	8.50	October 12, 2035	186,485	175,630
RI0037	6.63	February 17, 2037	140,247	101,320
RI0038	7.75	January 17, 2038	103,873	145,528
RI0124	5.88	January 15, 2024	303,472	257,913
RI0125	4.13	January 15, 2025	896,925	934,991
RI0126	4.75	January 8, 2026	528,825	571,009
RI0142	5.25	January 17, 2042	121,976	212,242
RI0144	6.75	January 15, 2044	-	14,799
RI0145	5.13	January 15, 2045	281,896	562,709
RI0146	5.95	January 8, 2046	-	13,596
RI0422	3.75	April 25, 2022	1,315,939	1,193,348
RI0423	3.38	April 15, 2023	678,228	647,913
RI0443	4.63	April 15, 2043	558,528	896,127
RI1023	5.38	October 17, 2023	437,598	366,998
RI190304	11.63	March 4, 2019	2,014,787	2,429,173
INDOIS18	4.00	November 21, 2018	385,785	-
INDOIS19S	6.13	March 15, 2019	334,657	-
INDOIS21	3.40	March 31, 2021	335,128	-
INDOIS21A	3.40	March 29, 2021	532,184	-
INDOIS22	3.30	November 21, 2022	465,791	-
INDOIS24	4.35	September 10, 2024	451,106	-
INDOIS25	4.33	May 28, 2025	749,483	-
INDOIS26	4.55	March 29, 2026	1,619,896	-
RI0118	6.88	January 17, 2018	113,301	-
RI0122	3.70	January 8, 2022	108,348	-
RI0127	4.35	January 8, 2027	459,370	-
RI0138	7.75	January 17, 2038	121,342	-
RI0237	6.63	February 17, 2037	15,589	-
RI1035	8.50	October 12, 2035	73,217	-



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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.1. Government bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015
<b>Available for sale (continued)</b>				
<b>United States Dollar (continued)</b>				
U.S. Treasury Bonds	5.38	February 15, 2031	347,887	259,577
USDFR0001	3.50	May 15, 2017	321,026	325,172
USDFR0002	4.05	June 24, 2026	671,941	-
			19,761,904	15,907,673
<b>European Euro</b>				
RIEUR0721	2.88	July 8, 2021	162,568	148,493
RIEUR0725	3.38	July 30, 2025	101,726	99,131
RIEUR0623	2.63	June 14, 2023	261,747	-
			526,041	247,624
<b>Singapore Dollar</b>				
SIGB 100119	1.63	October 1, 2019	-	29,259
SIGB 060125	2.38	June 1, 2025	-	191,608
SIGB 060126	2.13	June 1, 2026	198,706	-
			198,706	220,867
			41,645,219	40,614,390
<b>Held to maturity</b>				
<b>Rupiah</b>				
FR0028	10.00	July 15, 2017	342,646	348,171
FR0030	10.75	May 15, 2016	-	243,314
FR0034	12.80	June 15, 2021	420,891	430,439
FR0035	12.90	June 15, 2022	57,248	57,264
FR0036	11.50	September 15, 2019	19,495	19,360
FR0038	11.60	August 15, 2018	18,396	18,667
FR0039	11.75	August 15, 2023	69,516	70,385
FR0040	11.00	September 15, 2025	75,079	75,392
FR0042	10.25	July 15, 2027	168,992	169,827
FR0043	10.25	July 15, 2022	688,999	688,969
FR0044	10.00	September 15, 2024	182,031	183,267
FR0045	9.75	May 15, 2037	234,918	234,754
FR0046	9.50	July 15, 2023	235,744	236,030
FR0047	10.00	February 15, 2028	398,197	397,461
FR0048	9.00	September 15, 2018	110,113	108,723
FR0050	10.50	July 15, 2038	68,578	68,566
FR0052	10.50	August 15, 2030	297,317	296,968
FR0053	8.25	July 15, 2021	1,380,814	1,161,690
FR0054	9.50	July 15, 2031	405,972	405,156
FR0055	7.38	September 15, 2016	-	1,455,833
FR0056	8.38	September 15, 2026	1,637,257	1,048,011
FR0058	8.25	June 15, 2032	544,794	547,064
FR0059	7.00	May 15, 2027	258,767	259,099
FR0060	6.25	April 15, 2017	602,725	601,749
FR0061	7.00	May 15, 2022	423,576	426,074
FR0062	6.38	April 15, 2042	66,504	66,554
FR0063	5.63	May 15, 2023	525,544	527,631
FR0064	6.13	May 15, 2028	147,389	147,273
FR0065	6.63	May 15, 2033	287,317	287,084
FR0066	5.25	May 15, 2018	280,110	276,593
FR0067	8.75	February 15, 2044	34,680	34,675
FR0068	8.38	March 15, 2034	713,746	713,645
FR0069	7.88	April 15, 2019	2,928,607	2,667,864
FR0070	8.38	March 15, 2024	1,285,993	1,288,114
FR0071	9.00	March 15, 2029	741,827	742,894
FR0072	8.25	May 15, 2036	212,248	56,728
FR0073	8.75	May 15, 2031	467,605	71,862
IFR0005	9.00	January 15, 2017	298,557	300,286
IFR0006	10.25	March 15, 2030	80,442	78,453

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.1. Government bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015
<b>Held to maturity (continued)</b>				
<b><u>Rupiah(continued)</u></b>				
IFR0007	10.25	January 15, 2025	306,987	307,570
IFR0010	10.00	February 15, 2036	79,217	80,072
ORI010	8.50	October 15, 2016	-	1,744,718
ORI011	8.50	October 15, 2017	786,549	792,512
ORI012	9.00	October 15, 2018	132,302	-
ORI013	6.60	October 15, 2019	98	-
PBS001	4.45	February 15, 2018	215,846	213,927
PBS002	5.45	January 15, 2022	245,516	244,625
PBS003	6.00	January 15, 2027	266,526	265,628
PBS004	6.10	February 15, 2037	123,656	123,146
PBS005	6.75	April 15, 2043	97,276	96,228
PBS006	8.25	September 15, 2020	2,893,544	2,581,571
PBS007	9.00	September 15, 2040	30,205	30,256
PBS008	7.00	June 15, 2016	-	2,965,407
PBS009	7.75	January 25, 2018	2,308,622	1,982,030
PBS010	8.63	January 25, 2019	259,221	-
PBS011	8.75	August 15, 2023	191,103	-
PBS012	8.88	November 15, 2031	44,898	-
PBS013	6.25	May 15, 2019	148,482	-
SR005	6.00	February 27, 2016	-	1,605,014
SR006	8.75	March 5, 2017	3,113,119	2,940,235
SR007	8.25	March 11, 2018	1,869,273	1,563,194
SR008	8.30	March 10, 2019	32,846	-
SPN	various	various	2,327,809	1,112,297
			32,185,729	35,460,319
<b><u>United States Dollar</u></b>				
RI0016	7.50	January 15, 2016	-	373,421
RI0017	6.88	March 9, 2017	502,673	539,409
RI0018	6.88	January 17, 2018	922,187	979,824
RI0035	8.50	October 12, 2035	57,339	59,214
RI0037	6.63	February 17, 2037	186,650	198,880
RI0124	5.88	January 15, 2024	261,200	267,736
RI0125	4.13	January 15, 2025	147,016	121,775
RI0118	6.88	January 17, 2018	84,959	-
RI0122	3.70	January 8, 2022	13,589	-
RI0126	4.75	January 8, 2026	497,715	480,535
RI0144	6.75	January 15, 2044	15,546	15,939
RI0145	5.13	January 15, 2045	13,324	13,631
RI0146	5.95	January 8, 2046	33,450	34,219
RI0320	5.88	March 13, 2020	514,416	508,767
RI0422	3.75	April 25, 2022	825,804	831,383
RI0423	3.38	April 15, 2023	100,704	102,765
RI0521	4.88	May 5, 2021	1,050,303	1,043,289
RI0127	4.35	January 8, 2027	53,670	-
RI1023	5.38	October 17, 2023	270,267	235,277
RI190304	11.63	March 4, 2019	484,682	530,860
USDFR0001	3.50	May 15, 2017	454,973	470,080
USDFR0002	4.05	June 24, 2026	673,625	-
INDOIS18	4.00	November 21, 2018	3,237,057	3,298,068
INDOIS19s	6.13	March 15, 2019	3,975,859	4,154,911
INDOIS21	3.40	March 31, 2021	27,263	-
INDOIS21A	3.40	March 29, 2021	135,212	-
INDOIS22	3.30	November 21, 2022	1,688,553	1,619,728
INDOIS24	4.35	September 10, 2024	1,093,728	1,064,136
INDOIS25	4.33	May 28, 2025	955,060	793,608
INDOIS26	4.55	March 29, 2026	466,928	-
			18,743,752	17,737,455

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.1. Government bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015
<u>Held to maturity (continued)</u>				
<u>European Euro</u>				
RIEUR0725	3.38	July 30, 2025	41,964	44,513
RIEUR0623	2.62	June 14, 2023	42,159	-
RIEUR0721	2.88	July 8, 2021	86,547	-
			170,670	44,513
			51,100,151	53,242,287
Total			92,830,116	94,422,376

The market values of Government bonds classified as fair value through profit or loss and available for sale ranged from 74.48% to 135.63% and 71.00% to 125.68% of nominal amounts as of December 31, 2016 and 2015, respectively.

d.2. Bonds

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<u>Fair value through profit or loss</u>						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Indosat Tbk						
<i>Sukuk Ijarah Berkelanjutan I</i>						
Phase I Series C 2014	10.50	December 12, 2021	idAAA(Sy)	idAAA(Sy)	2,597	701
<i>Sukuk Ijarah IV Series B 2009</i>	11.75	December 8, 2016	-	idAAA(Sy)	-	1,018
PT Bank Muamalat Indonesia Tbk						
<i>Subordinasi Mudharabah Berkelanjutan I</i>						
Phase I 2012	8.26	June 29, 2022	-	idA(Sy)	-	823
<i>Subordinasi Mudharabah Berkelanjutan I</i>						
Phase II 2013	7.62	March 28, 2023	idA-(Sy)	idA(Sy)	4,684	6,104
PT Adira Dinamika Multi Finance Tbk						
<i>Berkelanjutan II</i>						
Phase II Series C 2013	11.00	October 24, 2018	idAAA	-	7,238	-
PT Surya Artha Nusantara Finance						
<i>Berkelanjutan II</i>						
Phase I Series B 2016	9.00	June 9, 2019	idAA-	-	19,740	-
PT Medco Energi Internasional						
<i>Berkelanjutan II</i>						
Phase I Series B 2016	11.30	July 15, 2021	idAA-	-	10,160	-
PT Bank Maybank Indonesia Tbk						
<i>Sukuk Mudharabah Berkelanjutan I</i>						
Phase II 2016	8.25	June 10, 2019	AAA***)	-	4,894	-
PT Summarecon Agung Tbk						
<i>Ijarah Berkelanjutan I</i>						
Phase I 2013	10.85	December 11, 2018	idA+(Sy)	idA+(Sy)	1,013	994
<i>Ijarah Berkelanjutan I</i>						
Phase II 2014	11.50	October 10, 2019	idA+(Sy)	idA+(Sy)	4,090	3,042
					54,416	12,682

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>Fair value through profit or loss (continued)</b>						
<u>Third parties (continued)</u>						
<u>Rupiah (continued)</u>						
PT Adhi Karya (Persero) Tbk						
<i>Mudharabah Berkelanjutan I</i>						
Phase I 2012	9.35	July 3, 2017	idA(Sy)	idA(Sy)	500	487
<i>Mudharabah Berkelanjutan I</i>						
Phase II 2013	8.10	March 15, 2018	-	idA(Sy)	-	1,588
PT Perusahaan Listrik Negara (Persero)						
<i>Sukuk Ijarah V Series B 2010</i>	10.40	July 8, 2022	idAAA(Sy)	idAAA(Sy)	1,039	1,004
<i>Ijarah Berkelanjutan I</i>						
Phase I 2013	8.00	July 5, 2020	idAAA(Sy)	idAAA(Sy)	773	2,330
PT Waskita Karya (Persero) Series B 2012	9.75	June 5, 2017	idA-	-	8,017	-
					10,329	5,409
					64,745	18,091
<b>Available for sale</b>						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Adira Dinamika Multi Finance Tbk						
Phase I Series C 2011	9.00	December 16, 2016	-	idAAA	-	24,409
Phase IV Series B 2014	10.50	November 12, 2017	idAAA	idAAA	25,558	25,380
Phase II Series A 2015	8.75	September 5, 2016	-	idAAA	-	11,983
Phase II Series C 2013	11.00	October 24, 2018	idAAA	-	11,378	-
Phase III Series C 2012	8.65	March 30, 2020	idAAA	-	1,002	-
Phase I Series B 2015	8.75	June 30, 2020	idAAA	-	20,681	-
Phase III Series A 2016	8.75	March 12, 2017	idAAA	-	20,036	-
Phase I Series D 2013	8.90	March 1, 2018	idAAA	-	8,997	-
Phase I Series A 2015	9.50	June 30, 2018	idAAA	-	10,147	-
Phase II Series C 2015	10.25	August 25, 2020	idAAA	-	8,334	-
PT Astra Sedaya Finance						
Phase I Series C 2012	8.60	February 21, 2017	idAAA	idAAA	6,007	4,955
Phase II Series C 2013	9.75	November 26, 2017	idAAA	idAAA	50,645	9,988
Phase III Series B 2014	10.50	April 4, 2017	idAAA	idAAA	22,871	15,148
Phase IV Series B 2014	10.50	October 29, 2017	AAA***)	idAAA	68,308	58,026
Phase V Series A 2015	8.50	July 12, 2016	-	idAAA	-	9,956
Phase V Series B 2015	9.25	July 2, 2018	AAA***)	idAAA	75,237	27,824
Phase IV Series A 2016	7.90	August 6, 2017	AAA***)	-	99,170	-
Phase I Series B 2016	8.50	May 11, 2019	AAA***)	-	36,549	-
Phase I Series A 2016	7.95	May 21, 2017	idAAA	-	6,999	-
PT Bank CIMB Niaga Tbk						
Phase II Series C 2013	9.75	November 20, 2018	idAAA	idAAA	20,342	9,868
Phase I Series B 2012	7.75	October 30, 2017	idAAA	-	13,443	-
Phase I Series C 2016	8.25	November 3, 2021	idAAA	-	95,590	-
PT Bank Maybank Indonesia Tbk						
Phase I Series B 2011	8.75	December 6, 2016	-	idAAA	-	25,865
Phase II Series B 2012	8.00	October 31, 2017	idAAA	-	2,000	-
<i>Sukuk Mudharabah</i>						
Phase II 2016	8.25	June 10, 2019	idAAA	-	78,368	-
Phase I Series A 2015	10.35	June 30, 2021	idAAA	-	5,091	-
Phase II Series A 2016	9.10	April 13, 2019	idAAA	-	61,268	-
PT Bank OCBC NISP Tbk						
Phase I Series C 2013	7.40	February 19, 2016	-	idAAA	-	11,976
Phase II Series B 2015	9.40	February 10, 2017	idAAA	idAAA	25,043	24,992
Phase II Series C 2015	9.80	February 10, 2018	idAAA	idAAA	88,471	23,864
Phase I Series C 2016	8.25	May 11, 2019	idAAA	-	132,651	-

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>Available for sale (continued)</b>						
<b>Third parties (continued)</b>						
<b>Rupiah (continued)</b>						
PT Bank Pan Indonesia Tbk						
Phase I 2012	8.15	December 20, 2017	idAA	idAA	40,036	33,568
Phase I 2016	9.15	June 28, 2021	idAA	-	126,331	-
Phase II 2016	8.75	October 27, 2021	idAA	-	76,880	-
PT Bank Tabungan Pensiunan Nasional Tbk						
Phase I Series B 2011	9.90	June 28, 2016	-	AA+***)	-	10,004
Phase II Series B 2012	8.25	August 3, 2017	idAAA	AA+***)	32,035	24,600
Phase I Series B 2013	8.25	July 4, 2018	AAA***)	AA+***)	14,888	9,514
Phase III Series B 2013	8.25	March 5, 2018	AAA***)	AA+***)	17,946	4,791
PT Bank UOB Indonesia						
Year 2015 Series B	9.40	April 1, 2018	AAA***)	AAA***)	99,168	24,710
Year 2015 Series C	9.60	April 1, 2020	AAA***)	-	18,338	-
Year 2016 Series C	9.60	April 1, 2022	AAA***)	-	15,083	-
PT BCA Finance						
Phase II Series B 2013	7.50	June 14, 2016	-	idAAA	-	19,844
Phase II Series C 2013	7.60	June 14, 2017	idAAA	idAAA	4,990	4,846
Phase I Series C 2015	9.00	March 20, 2018	idAAA	idAAA	59,012	48,975
Phase II Series B 2016	8.15	June 21, 2019	idAAA	-	16,629	-
PT BFI Finance Indonesia Tbk						
Phase II Series A 2015	9.88	March 29, 2016	-	idA+	-	19,002
PT BII Finance Center						
Series A 2013	7.75	June 19, 2016	AA+***)	AA+***)	5,023	29,787
Phase I Series A 2015	10.35	November 12, 2018	AA+***)	-	30,558	-
PT Bumi Serpong Damai Tbk						
Phase II Year 2013	8.38	June 5, 2018	idAA-	idAA-	12,740	2,839
Phase I Series C Year 2013	8.38	July 4, 2019	idAA-	-	11,968	-
PT Federal International Finance						
Phase II Series A 2015	8.50	September 21, 2016	-	idAAA	-	30,000
Phase III Series B 2016	9.15	April 5, 2019	idAAA	-	30,186	-
Phase II Series A 2015	8.50	September 21, 2016	idAAA	-	40,067	-
PT Indofood Sukses Makmur Tbk						
Bonds VI Year 2012	7.25	May 31, 2017	idAA+	idAA+	2,998	2,897
Bonds VII Year 2014	10.13	June 13, 2019	idAA+	-	5,103	-
PT Indosat Tbk						
Series B 2009	11.75	December 8, 2016	-	idAAA	-	1,022
Series B 2012	8.88	June 27, 2022	idAAA	idAAA	18,485	26,800
Series A 2012	8.75	March 27, 2022	idAAA	-	3,269	-
Phase III Series D 2015	11.20	December 8, 2025	idAAA	idAAA	21,595	19,649
Phase I Series B 2014	10.30	November 25, 2021	idAAA	-	2,597	-
Phase II Series B 2016	9.25	November 12, 2018	idAAA	-	4,998	-
ljarah Phase I Series C 2014	10.50	December 12, 2021	idAAA	-	729	-
PT Mandala Multifinance Tbk						
Phase I Series C 2015	11.50	May 8, 2018	idA	idA	5,091	4,967
PT Summarecon Agung Tbk						
Phase I Year 2013	10.85	December 11, 2018	idA+	idA+	17,297	7,945
Phase II Year 2014	11.50	October 10, 2019	idA+	-	56,604	-
PT Toyota Astra Financial Services						
Phase I Series B 2014	10.50	February 13, 2017	idAAA	-	20,030	-
Phase II Series B 2015	9.25	June 11, 2018	AA+***)	-	64,766	-
Phase III Series B 2015	9.50	November 6, 2018	AAA***)	-	5,041	-
Phase I Series B 2016	8.40	June 1, 2019	AAA***)	-	37,044	-
PT Wahana Ottomitra Multiartha Tbk						
Phase I Series B 2014	11.00	June 25, 2017	AA***)	AA***)	3,036	3,028
Phase IV Series A 2015	9.35	January 2, 2017	F1+***)	AA***)	25,000	24,993
Phase IV Series B 2015	10.80	December 22, 2018	AA***)	AA***)	10,442	10,000

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<u>Available for sale (continued)</u>						
<u>Third parties (continued)</u>						
<u>Rupiah (continued)</u>						
PT Protelindo Profesional Telekomunikasi						
Phase I Series A 2016	7.90	December 10, 2023	AA***)	-	10,039	-
PT Bank DKI						
Berkelanjutan I Phase I 2016	8.70	June 30, 2021	A+(idn)***)	-	33,036	-
PT AKR Corporindo						
Series B Year 2012	8.60	December 21, 2019	AA***)	-	34,625	-
PT Tower Bersama						
Phase I Year 2016	7.70	July 1, 2021	AA***)	-	4,877	-
PT Medco Energi Internasional						
Phase II Year 2013	8.70	March 15, 2018	idA-(sy)	-	13,997	-
Phase I Year 2012	9.10	December 19, 2017	idA-(sy)	-	2,965	-
Phase III Year 2012	8.60	June 15, 2019	idA-(sy)	-	5,002	-
Phase II Series A Year 2016	8.75	July 26, 2018	idA-(sy)	-	9,991	-
PT Nippon Indosari Corpindo						
Phase II Year 2015	8.70	March 18, 2020	idAA-	-	2,009	-
PT Tiga Pilar Sejahtera						
Phase I Year 2013	8.70	May 28, 2021	idAA-	-	5,000	-
PT Bank Muamalat Indonesia Tbk						
Mudharabah Phase II Year 2013	7.65	March 28, 2023	idA-(sy)	-	5,222	-
PT Smart Tbk						
Phase I Series B Year 2012	9.25	July 3, 2019	idAA-	-	4,944	-
PT Indonesia Infrastruktur Finance						
Phase I Series A Year 2016	8.25	July 19, 2019	idA+	-	54,465	-
Phase I Series B Year 2016	8.70	July 19, 2021	idA+	-	4,878	-
					2,141,239	648,015
<u>United States Dollar</u>						
Alibaba	3.60	November 28, 2024	A1**)	A1**)	66,622	66,388
AT&T Global	5.80	February 15, 2019	Baa1**)	Baa1**)	4,886	4,179
AT&T Global	4.45	May 15, 2021	Baa1**)	Baa1**)	3,803	3,297
Bank of America	5.75	December 1, 2017	Baa1**)	Baa1**)	2,051	1,769
Bank of America	3.30	January 11, 2023	Baa1**)	-	3,980	-
Bank of America	5.63	July 1, 2020	Baa1**)	Baa1**)	2,986	2,600
Bank of America	3.30	January 11, 2023	Baa1**)	Baa1**)	769	4,003
Chase Bank	3.63	May 13, 2024	A-	-	27,344	-
Chase Bank	3.13	January 23, 2025	A-	-	65,658	-
Chase Bank	4.95	March 25, 2020	A-	-	3,945	-
Chase Bank	3.20	June 15, 2026	A-	-	8,373	-
BB&T Corp	3.63	September 16, 2025	A2**)	A2**)	4,090	3,486
Bed Bath & Beyond Inc	3.75	August 1, 2024	Baa1**)	Baa1**)	40,408	40,921
Berkshire Hathaway	1.60	May 15, 2017	Aa2**)	Aa2**)	7,863	7,140
BHP Billiton Ltd.	3.25	November 21, 2021	A1**)	A1**)	4,070	3,103
Canadian Imperial Bank of Commerce	1.55	January 23, 2018	Aa3**)	Aa3**)	7,229	6,174
Cisco Systems, Inc.	4.95	February 15, 2019	A1**)	A1**)	5,346	4,591
Citigroup Inc.	2.65	October 26, 2020	Baa1**)	Baa1**)	4,078	4,887
Citigroup Inc.	3.75	June 16, 2024	Baa1**)	Baa1**)	5,714	3,325
Comcast Corporation	5.70	May 15, 2018	A3**)	A3**)	4,392	3,389
Comcast Corporation	2.85	January 15, 2023	A3**)	A3**)	4,359	3,693
ConocoPhillips Co.	3.35	November 15, 2024	A2**)	A2**)	3,971	3,121
CVS Health	5.75	June 1, 2017	-	Baa1**)	-	1,678
CVS Health	2.75	December 1, 2022	Baa1**)	Baa1**)	979	804
Enterprise Products Partners L.P.	3.35	March 15, 2023	Baa1**)	Baa1**)	4,067	3,050

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>Available for sale (continued)</b>						
<u>Third parties (continued)</u>						
<u>United States Dollar (continued)</u>						
Ford Motor Company	4.25	September 20, 2022	Baa3**)	-	13,867	-
Ford Motor Company	2.88	October 1, 2018	Baa3**)	Baa3**)	6,500	5,450
Ford Motor Company	4.25	September 20, 2022	-	Baa3**)	-	14,208
Freeport-McMoRan Inc.	4.55	November 14, 2024	Baa3**)	Baa3**)	125,968	81,406
General Electric	3.10	January 9, 2023	A1**)	A1**)	68,182	68,925
General Electric	3.37	November 15, 2025	A1**)	A1**)	3,958	3,403
Goldman Sachs Group, Inc.	2.75	September 15, 2020	A3**)	A3**)	3,467	3,015
The Home Depot	2.00	June 15, 2019	-	A2**)	-	5,006
International Business Machines Corporation	1.13	February 6, 2018	Aa3**)	Aa3**)	8,777	7,393
International Business Machines Corporation	3.63	February 12, 2024	Aa3**)	Aa3**)	4,068	3,423
JPMorgan Chase & Co.	6.00	January 15, 2018	-	A3**)	-	7,590
JPMorgan Chase & Co.	4.95	March 25, 2020	-	A3**)	-	3,285
JPMorgan Chase & Co.	2.35	January 23, 2025	-	A3**)	-	27,974
JPMorgan Chase & Co.	3.13	January 23, 2025	-	A3**)	-	67,420
Kinder Morgan Energy Partners LP	2.65	February 1, 2019	Baa3**)	Baa3**)	5,968	4,711
Macy's Inc	3.63	June 1, 2024	Baa2**)	Baa2**)	26,298	25,883
Occidental Petroleum Corporation	1.75	February 15, 2017	-	A2**)	-	3,453
Oversea-Chinese Banking Corporation Limited	4.25	June 19, 2024	AA-***)	AA-***)	54,283	56,342
PacificFirst Mortgage	2.95	February 1, 2022	A1**)	A1**)	4,072	3,467
PepsiCo Inc.	2.75	March 1, 2023	A1**)	A1**)	26,885	26,812
PepsiCo Inc.	3.10	July 13, 2022	A1**)	-	3,997	-
Phillips66	2.95	May 1, 2017	A3**)	A3**)	3,783	3,353
PNC Financial Services Group, Inc.	2.95	February 23, 2025	A2**)	A2**)	3,928	3,263
Province of Ontario	4.40	April 14, 2020	Aa2**)	Aa2**)	12,978	11,365
Province of Quebec	2.75	August 25, 2021	Aa2**)	Aa2**)	6,904	5,780
PT Medco Energi Internasional Tbk Phase I 2011	6.05	July 14, 2016	-	A+****)	-	138,181
Royal Bank of Canada	2.63	March 15, 2019	Aa3**)	Aa3**)	9,649	8,148
Royal Dutch Shell plc	2.13	May 11, 2020	Aa1**)	Aa1**)	3,987	3,318
The Federal Home Loan Mortgage Corporation	3.75	March 27, 2019	Aaa****)	Aaa****)	20,374	17,483
The Federal Home Loan Mortgage Corporation	2.38	January 13, 2022	Aaa****)	Aaa****)	8,454	7,186
U.S. Bancorp	1.95	November 15, 2018	A1**)	A1**)	4,003	3,396
Time Warner Inc.	3.55	June 1, 2024	Baa2**)	Baa2**)	1,972	1,620
Verizon Communications	3.65	September 14, 2018	Baa1**)	Baa1**)	4,035	3,954
Verizon Communications	5.15	September 15, 2023	Baa1**)	Baa1**)	2,822	2,345
Walgreen Company	3.10	September 15, 2022	Baa2**)	Baa2**)	26,867	27,325
Wal-Mart Stores, Inc.	3.25	October 25, 2020	-	Aa2**)	-	3,482
Wells Fargo & Company	2.60	July 22, 2020	A2**)	A2**)	4,127	3,550
Wells Fargo & Company	3.50	March 8, 2022	A2**)	A2**)	5,542	4,680
Toyota Motor Corp	1.90	April 8, 2021	Baa1**)	-	5,826	-
Xerox Corporation Ltd.	3.80	May 15, 2024	Baa2**)	Baa2**)	38,655	39,119
					807,179	878,312
<u>Related parties (Note 44)</u>						
<u>Rupiah</u>						
Lembaga Pembiayaan Ekspor Indonesia						
Phase I Year 2010 Series D	10.00	July 8, 2017	idAAA	idAAA	5,058	5,004
Phase I Series D 2014	9.75	5 June 2019	idAAA	idAAA	20,284	9,960
Phase III Series B 2014	9.25	October 16, 2017	-	idAAA	-	9,918
Phase V Series B 2015	9.00	March 13, 2018	idAAA	idAAA	62,434	59,298

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>Available for sale (continued)</b>						
<b>Related parties (Note 44) (continued)</b>						
<b>Rupiah (continued)</b>						
Lembaga Pembiayaan Ekspor Indonesia (continued)						
Phase VI Series B 2015	9.20	September 16, 2018	idAAA	idAAA	25,148	24,382
Phase VI Series C 2015	9.50	September 16, 2020	idAAA	idAAA	55,770	48,300
Phase V Series C 2015	9.50	March 13, 2020	idAAA	-	45,337	-
Phase I Series B 2016	8.20	June 8, 2019	idAAA	-	71,956	-
Phase I Series C 2016	8.70	June 8, 2021	idAAA	-	83,148	-
Phase VII Series C 2016	9.60	February 19, 2021	idAAA	-	25,350	-
Phase VII Series B 2016	9.25	February 19, 2019	idAAA	-	91,008	-
Phase III Series D 2016	8.50	November 22, 2023	idAAA	-	50,025	-
PT Adhi Karya (Persero) Tbk						
Phase I Series B 2012	9.80	July 3, 2019	idA	idA	978	941
Phase II Series A 2013	8.10	March 15, 2018	idA	idA	7,815	7,468
Phase II 2012	8.10	March 15, 2018	idA-(sy)	-	1,661	-
Phase II Series B 2013	8.50	March 15, 2020	idA-	-	9,539	-
PT Aneka Tambang (Persero) Tbk						
Phase I Series A 2011	8.38	December 14, 2018	idA-	idA-	1,882	1,821
Phase I Series B 2011	9.05	December 14, 2021	idA-	idA-	26,361	28,040
PT Bank Tabungan Negara (Persero) Tbk						
Series XII Year 2006	12.75	September 19, 2016	-	idAA	-	22,565
Phase II Year 2013	7.90	March 27, 2023	idAA+	idAA	18,028	16,840
Phase I Series A 2015	9.63	July 8, 2018	idAA+	idAA	35,273	24,465
Phase I Series B 2015	9.88	July 8, 2020	idAA+	idAA	30,252	28,830
Phase I Series C 2015	10.00	July 8, 2022	idAA+	idAA	10,020	9,498
Bonds XIV Year 2010	10.25	June 11, 2020	idAA+	idAA	49,407	36,523
Bonds XV Year 2011	9.50	June 28, 2021	idAA+	-	19,804	-
Phase II Series A 2016	8.20	August 30, 2019	idAA+	-	97,240	-
Phase II Series B 2016	8.75	August 30, 2021	idAA+	-	94,830	-
PT Jasa Marga (Persero) Tbk						
Series XIII R	10.25	June 21, 2017	idAA	idAA	161,216	161,904
Series Q 2006	13.50	July 6, 2016	-	idAA	-	35,707
Series JM-10 Year 2010	9.35	October 12, 2020	idAA	idAA	18,324	17,593
Phase I Series S Series C 2013	8.90	September 27, 2018	idAA	idAA	60,756	37,426
Phase II Series T 2014	9.85	September 19, 2019	idAA	idAA	35,353	24,217
PT Mandiri Tunas Finance						
Phase I Series A 2013	7.75	June 5, 2016	-	idAA	-	3,721
Phase II Series A 2014	10.70	May 23, 2017	idAA	idAA	71,703	71,050
Phase II Series A 2016	8.95	June 1, 2019	idAA	-	17,794	-
Phase II Series B 2016	9.25	June 1, 2021	idAA	-	50,013	-
PT Pegadaian (Persero)						
Year 2006 Series XI A	13.10	May 23, 2016	-	idAA+	-	6,081
Year 2007 Series B	8.00	September 4, 2017	-	idAA+	-	13,944
Phase II Series D 2012	7.75	February 14, 2019	idAA+	idAA+	6,825	2,778
Phase I Series D 2013	8.00	July 9, 2020	idAA+	idAA+	3,859	2,992
Phase III Series B 2015	9.25	May 7, 2018	idAA+	idAA+	58,284	43,063
Phase III Series C 2015	9.50	May 7, 2020	idAA+	idAA+	26,151	25,922
Series X B 2003	10.50	July 11, 2018	idAA+	-	1,022	-
Phase III Series C 2015	9.50	May 7, 2020	idAA+	-	9,083	-
PT Permodalan Nasional Madani (Persero)						
Phase I Series B 2014	10.50	December 19, 2017	idA	idA	8,053	7,862
Phase II Series A 2016	9.00	December 10, 2018	idA	-	12,806	-
PT Perusahaan Listrik Negara (Persero)						
Year 2007 Series IX A	10.40	July 10, 2017	idAAA	idAAA	76,874	76,479
Year 2010 Series XI B	12.55	January 12, 2020	idAAA	idAAA	8,760	8,556
Year 2010 Series XII B	10.40	July 8, 2022	idAAA	idAAA	36,446	34,830
Phase II Series A 2013	9.00	December 10, 2018	idAAA	idAAA	10,001	4,867



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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>Available for sale (continued)</b>						
<b>Related parties (Note 44) (continued)</b>						
<b>Rupiah (continued)</b>						
PT Perusahaan Listrik Negara (Persero) (continued)						
Phase II Series B 2013	9.60	December 10, 2023	idAAA	idAAA	9,985	4,748
Phase I Series A 2013	8.00	July 5, 2020	idAAA	-	961	-
Phase II Series B 2013	9.60	December 10, 2023	idAAA(sy)	-	1,690	-
PT Pupuk Indonesia (Persero)						
Year 2014 Series A	9.63	July 8, 2017	AAA***)	AAA***)	22,463	34,885
Year 2014 Series B	9.95	July 8, 2019	AAA(idn)	AAA***)	30,593	11,003
PT Sarana Multi Infrastruktur (Persero)						
Year 2014 Series B	10.00	June 11, 2019	idAAA	idAA+	42,815	19,787
Year 2014 Series A	9.60	June 11, 2017	idAAA	-	10,066	-
Phase I Series B Year 2016	8.20	November 18, 2021	idAAA	-	3,988	-
Phase VI Year 2014	8.60	August 25, 2020	idAAA	-	9,694	-
PT Sarana Multigriya Finansial (Persero)						
Phase II 2012 <i>Berjamin Aser</i> KPR Series C	7.55	April 25, 2017	AA+***)	idAA+	5,992	5,813
Phase V Series B 2014	10.00	December 16, 2017	idAA+	idAA+	14,161	13,882
Phase I Series B 2015	9.25	July 7, 2018	idAA+	idAA+	19,766	29,190
Phase IV Series A 2016	8.60	March 21, 2017	idAA+	-	10,015	-
Phase IV Series B 2016	9.13	March 11, 2019	idAA+	-	11,010	-
Phase V Series B 2016	8.20	June 17, 2019	idAA+	-	19,800	-
Phase VI Year 2016	8.60	September 27, 2021	idAA+	-	77,070	-
PT Telekomunikasi Indonesia (Persero) Tbk						
Phase I Series A 2015	9.93	June 23, 2022	idAAA	idAAA	51,015	50,260
PT Waskita Karya (Persero) Tbk						
Year 2012 Series B	9.75	June 5, 2017	idA-	idA	77,018	67,466
Phase II Series A 2015	10.40	October 16, 2018	idA-	idA	3,014	2,992
Phase II Series B 2015	11.10	October 16, 2020	idA-	idA	106,970	18,130
Phase I Year 2014	10.40	November 18, 2017	idA-	-	8,035	-
Phase I Year 2016	9.25	June 10, 2019	idA-	-	92,856	-
PT Pembangunan Perumahan (Persero)						
Phase I Year 2013	8.38	March 19, 2018	idA	-	18,638	-
PT Hutama Karya (Persero)						
Year 2013 Series C	9.50	June 28, 2020	idA-	-	23,974	-
PT Bank Mandiri (Persero)						
Phase I Series A 2016	7.95	September 30, 2021	idAAA	-	48,979	-
PT Angkasa Pura II (Persero)						
Year 2016 Series C	9.00	June 30, 2026	idAAA	-	12,370	-
Year 2016 Series A	8.60	June 30, 2021	idAAA	-	63,692	-
					2,408,561	1,171,001
<b>United States Dollar</b>						
Lembaga Pembiayaan Ekspor Indonesia						
Year 2017	3.75	April 26, 2017	Baa3**)	Baa3**)	157,565	139,279
PT Bank Negara Indonesia (Persero) Tbk						
Year 2017	4.13	April 27, 2017	BB****)	BB****)	457,325	480,160
PT Pelabuhan Indonesia II						
Year 2025	4.25	May 5, 2025	B1**)	B1**)	209,527	196,548
PT Pelabuhan Indonesia III (Persero)						
Year 2025	4.88	October 1, 2024	BB+****)	BB+****)	100,613	76,085
PT Pertamina (Persero)						
Year 2023	4.30	May 20, 2023	Baa3**)	Baa3**)	127,113	157,193
Year 2021	5.25	May 23, 2021	Baa3**)	Baa3**)	31,631	27,405
Year 2022	4.88	May 3, 2022	Baa3**)	Baa3**)	98,285	93,616

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>Available for sale</b>						
<b>(continued)</b>						
<b>Related parties (Note 44)</b>						
<b>(continued)</b>						
<b>United States Dollar</b>						
<b>(continued)</b>						
PT Perusahaan Gas Negara (Persero) Tbk Year 2024	5.13	May 16, 2024	Baa3**)	Baa3**)	100,658	79,908
PT Perusahaan Listrik Negara (Persero) Year 2017	7.25	June 28, 2017	-	BBB-***)	-	26,269
Year 2020	7.75	January 20, 2020	BBB-***)	BBB-***)	11,814	8,909
Year 2021	5.50	November 22, 2021	BBB-***)	BBB-***)	134,367	136,052
Year 2042	5.25	October 24, 2042	-	BBB-***)	-	68,146
					1,428,898	1,489,570
					6,785,877	4,186,898
<b>Held to maturity</b>						
<b>Third parties</b>						
<b>Rupiah</b>						
PT Adira Dinamika Multi Finance Tbk Phase I Series C 2011	9.00	December 16, 2016	-	idAAA	-	19,490
Phase I Series C 2013	7.85	March 1, 2016	-	idAAA	-	15,000
Phase I Series D 2013	8.90	March 1, 2018	idAAA	idAAA	9,954	9,918
Phase IV Series A 2014	9.60	November 22, 2017	idAAA	-	10,000	-
Phase IV Series B 2014	10.50	November 12, 2017	idAAA	idAAA	56,071	50,000
Sukuk Phase I Series C 2013	7.85	March 1, 2016	-	idAAA(sy)	-	15,000
Sukuk Phase II Series B 2014	10.50	November 12, 2017	idAAA(sy)	idAAA(sy)	20,000	20,000
Sukuk Phase I Series A 2015	8.75	July 10, 2016	-	idAAA(sy)	-	100,000
Phase I Series A 2015	9.50	June 30, 2018	idAAA	-	10,058	-
PT Agung Podomoro Land Tbk Series II Year 2012	9.38	August 15, 2017	idA-	idA	10,000	10,000
PT Astra Sedaya Finance Phase I Series C 2012	8.60	February 21, 2017	idAAA	idAAA	4,498	4,483
Phase III Series B 2013	7.75	February 22, 2016	-	idAAA	-	39,939
Phase I Series C 2013	7.75	June 27, 2016	-	idAAA	-	10,087
Phase II Series B 2013	9.50	November 26, 2016	-	idAAA	-	5,011
Phase IV Series B 2014	10.50	October 29, 2017	AAA***)	idAAA	6,660	6,727
Phase V Series A 2015	8.50	July 12, 2016	-	idAAA	-	20,000
Phase V Series B 2015	9.25	July 2, 2018	AAA***)	-	4,063	-
Phase I Series B 2016	8.50	May 11, 2019	AAA***)	-	24,000	-
PT Bank CIMB Niaga Tbk Series B 2011	8.30	December 23, 2016	-	idAAA	-	43,895
Phase I Series B 2012	7.75	October 30, 2017	idAAA	idAAA	41,959	35,377
Phase II Series B 2013	9.15	November 20, 2016	-	idAAA	-	6,902
Phase II Series C 2013	9.75	November 20, 2018	idAAA	idAAA	51,246	36,037
PT Bank Maybank Indonesia Tbk Phase I Series B 2011	8.75	December 6, 2016	-	idAAA	-	84,908
Phase II Series B 2012	8.00	October 31, 2017	idAAA	idAAA	57,545	27,339
Phase II Series A 2016	9.10	April 13, 2019	idAAA	-	17,168	-
Sukuk Mudharabah Phase II Year 2016	8.25	June 10, 2019	idAAA	-	125,000	-
PT Bank Muamalat Indonesia Tbk Subordinasi Mudharabah Berkelanjutan I Phase I 2012	8.21	June 29, 2022	idA-(sy)	idA(sy)	4,057	4,068
PT Bank OCBC NISP Tbk Phase I Series C 2013	7.40	February 19, 2016	-	idAAA	-	44,921
Phase II Series A 2015	9.00	February 20, 2016	-	idAAA	-	68,010
Phase II Series C 2015	9.80	February 10, 2018	idAAA	idAAA	35,020	35,035

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>Held to maturity (continued)</b>						
<b>Third parties (continued)</b>						
<b>Rupiah (continued)</b>						
PT Bank OCBC NISP Tbk (continued)						
Phase I Series B 2016	8.00	May 11, 2018	idAAA	-	25,089	-
Phase I Series C 2016	8.25	May 11, 2019	idAAA	-	85,048	-
PT Bank Pan Indonesia Tbk						
Phase I 2012	8.15	December 20, 2017	idAA	idAA	12,385	9,763
Phase I 2016	9.15	June 28, 2021	idAA	-	135,000	-
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk						
Series VII C 2011	10.40	February 9, 2018	idAA-	idAA-	1,022	1,039
PT Bank Permata Tbk						
Phase I Series B 2013	10.50	December 24, 2016	-	idAAA	-	32,065
PT Bank Sumut						
Series III Year 2013	10.13	July 5, 2016	-	idA	-	10,000
PT Bank Tabungan Pensiunan Nasional Tbk						
Phase I Series B 2011	9.90	June 28, 2016	-	AA+***	-	15,074
Phase II Series B 2012	8.25	August 3, 2017	AAA***)	AA+***	22,998	20,981
Phase III Series A 2013	7.65	March 5, 2016	-	AA+***	-	12,479
Phase III Series B 2013	8.25	March 5, 2018	AAA***)	AA+***	5,907	5,837
PT Bank UOB Indonesia						
Series A 2015	8.60	April 11, 2016	-	AAA***)	-	30,015
Series B 2015	9.40	April 1, 2018	AAA***)	AAA***)	45,097	45,193
Series C 2015	9.60	April 1, 2020	AAA***)	-	10,272	-
Phase I Series B 2016	8.00	November 25, 2019	AAA***)	-	30,000	-
PT BCA Finance						
Phase I Series D 2012	7.70	May 9, 2016	-	idAAA	-	15,858
Phase II Series B 2013	7.50	June 14, 2016	-	idAAA	-	36,481
Phase III Series B 2014	10.00	March 27, 2017	idAAA	idAAA	56,063	56,712
Phase I Series A 2015	8.25	March 30, 2016	-	idAAA	-	20,002
Phase I Series C 2015	9.00	March 20, 2018	idAAA	idAAA	77,054	65,000
Phase I Series B 2015	8.50	March 20, 2017	idAAA	idAAA	9,988	9,937
PT BII Finance Center						
Series C 2012	8.00	June 7, 2016	-	AA+***	-	4,982
Series A 2013	7.75	June 19, 2016	-	AA+***	-	39,772
PT BPD Sumatera Barat (Bank Nagari)						
Series VI Year 2010	9.88	January 13, 2016	-	idA	-	10,000
PT Federal International Finance						
Phase II Series B 2013	7.75	April 4, 2016	-	idAAA	-	28,654
Phase I Series A 2015	8.50	May 4, 2016	-	idAAA	-	40,000
PT Great River International Tbk						
Bonds I Year 2003	14.00	October 13, 2008	-	-	758	758
PT Indomobil Finance Indonesia						
Phase I Series C 2012	8.25	May 11, 2016	-	idA	-	3,980
Phase II Series B 2013	8.25	May 8, 2016	-	idA	-	8,974
Phase I Series A 2015	9.10	May 4, 2016	-	idA	-	37,000
PT Indosat Tbk						
Series V B 2007	10.65	May 29, 2017	idAAA	idAAA	8,018	8,051
Series VIII B 2012	8.88	June 27, 2022	idAAA	idAAA	64,253	64,433
Sukuk Ijarah Series IV B 2009	11.75	December 8, 2016	-	idAAA(sy)	-	3,076
Sukuk Ijarah Series V 2012	8.63	June 27, 2019	idAAA(sy)	idAAA(sy)	22,137	22,190
Sukuk Ijarah Phase I Series C 2014	10.50	December 12, 2021	idAAA(sy)	idAAA(sy)	14,447	14,476
Sukuk Ijarah Phase III Series B 2015	11.20	December 8, 2025	AAA(idn)	idAAA(sy)	10,000	10,000
PT Bank Nagari						
Series VII Year 2015	10.99	Januav 8, 2021	idAA	-	10,000	-

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating <sup>a)</sup>		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>Held to maturity (continued)</b>						
<u>Third parties (continued)</u>						
<u>Rupiah (continued)</u>						
PT Federal International Finance Series B year 2015	9.25	April 24, 2018	idAAA	-	18,304	-
PT Japfa Comfeed Indonesia Tbk Phase I 2012	9.90	January 12, 2017	idA	idA	150,000	150,000
PT Mayora Indah Tbk Sukuk Mudharabah II 2012	8.25	May 9, 2017	idAA-(Sy)	idAA-(Sy)	6,483	6,443
PT Summarecon Agung Tbk Sukuk Phase I 2013	10.85	December 11, 2018	idA+(sy)	idA+(sy)	11,651	12,760
Sukuk Phase II 2014	11.50	October 10, 2019	idA+(sy)	idA+(sy)	10,000	10,000
PT Indonesia Infrastruktur Finance Series B year 2016	8.70	July 19, 2021	AAA(idn)	-	50,000	-
PT Toyota Astra Financial Services Series III B 2013	7.60	May 17, 2016	-	idAA+	-	29,643
Phase I Series B 2016	8.40	June 1, 2019	AAA***)	-	33,000	-
PT Wahana Ottomitra Multiartha Tbk Phase II Series B 2014	11.25	December 5, 2017	AA***)	AA***)	5,057	5,114
Phase IV Series A 2015	9.35	January 2, 2017	F1+**)	AA***)	25,000	25,000
Phase I Series B 2016	9.50	June 24, 2019	AA***)	-	2,000	-
					1,444,330	1,633,889
<u>Related parties (Note 44)</u>						
<u>Rupiah</u>						
Lembaga Pembiayaan Ekspor Indonesia Series IV D 2009	12.75	June 18, 2016	-	idAAA	-	1,944
Phase I Series D 2010	10.00	July 8, 2017	idAAA	idAAA	2,000	2,000
Series I B 2011	7.75	December 20, 2016	-	idAAA	-	38,000
Phase III Series B 2013	6.40	May 23, 2016	-	idAAA	-	74,861
Phase II Series C 2014	9.25	June 5, 2017	idAAA	idAAA	9,999	30,762
Phase III Series B 2014	9.25	October 16, 2017	idAAA	idAAA	16,001	16,003
Phase III Series C 2014	9.75	October 16, 2019	idAAA	idAAA	20,000	20,000
Phase V Series B 2015	9.00	March 13, 2018	idAAA	idAAA	50,000	49,998
Phase VI Series A 2015	8.40	September 26, 2016	-	idAAA	-	49,998
Phase VI Series B 2015	9.20	September 16, 2018	idAAA	idAAA	75,000	74,997
Phase VI Series C 2015	9.50	September 16, 2020	idAAA	idAAA	105,000	104,996
Phase V Series C 2015	9.50	March 13, 2018	idAAA	-	10,277	-
Phase I Series C 2014	9.25	June 5, 2017	idAAA	-	19,995	-
Mandiri Tunas Finance Phase II Series A 2014	10.70	May 23, 2017	idAA	idAA	34,075	34,256
Phase I Series A 2015	10.20	December 18, 2018	idAA	idAA	90,000	90,000
PT Adhi Karya (Persero) Tbk Phase I Series A 2012	9.35	July 3, 2017	idA-	idA	2,009	2,020
Phase I Series B 2012	9.80	July 3, 2019	idA-	idA	11,041	11,054
Sukuk Mudharabah Phase I Year 2012	9.35	July 3, 2017	idA-(sy)	idA(sy)	4,012	4,029
Sukuk Mudharabah Phase II Year 2013	8.10	March 15, 2018	idA-(sy)	idA(sy)	298	297
PT Aneka Tambang (Persero) Tbk Series I A	8.38	December 14, 2018	idA-	idA-	20,000	20,000
Series I B	9.05	December 14, 2021	idA-	idA-	75,000	75,000
PT Bank BNI Syariah Sukuk Mudharabah I 2015	9.10	May 26, 2018	idAA+(sy)	idAA+ (sy)	68,927	51,046
PT Bank Tabungan Negara (Persero) Tbk Series XII	12.75	September 19, 2016	-	idAA	-	67,703
Series XIV	10.25	June 11, 2020	idAA+	idAA	79,449	76,198
Series XV	9.50	June 28, 2021	idAA+	idAA	50,000	50,000
Series I Phase I 2012	7.90	June 5, 2022	idAA+	idAA	25,000	25,000

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating <sup>a)</sup>		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>Held to maturity (continued)</b>						
<b>Related parties (Note 44) (continued)</b>						
<b>Rupiah (continued)</b>						
PT Bank Tabungan						
Negara (Persero) Tbk (continued)						
Series I Phase II 2013	7.90	March 27, 2023	idAA+	idAA	49,768	49,512
Phase II Series A 2015	9.63	July 8, 2018	idAA+	idAA	35,031	35,048
Phase II Series B 2015	9.88	July 8, 2020	idAA+	idAA	32,000	32,000
Phase II Series C 2015	10.00	July 8, 2022	idAA+	idAA	55,000	55,000
Phase II Series A 2016	8.20	August 30, 2019	idAA+	-	99,995	-
Phase II Series B 2016	8.75	August 30, 2021	idAA+	-	79,996	-
PT Danareksa (Persero)						
Series V B Year 2010	10.20	January 11, 2016	-	idA	-	3,012
PT Hutama Karya (Persero)						
Series C Year 2013	9.50	June 28, 2020	idA-	idA-	10,000	10,000
PT Jasa Marga (Persero) Tbk						
Series XII Q 2006	13.50	July 6, 2016	-	idAA	-	72,734
Series XIII R 2007	10.25	June 21, 2017	idAA	idAA	67,318	44,465
Series JM-10 Year 2010	9.35	October 12, 2020	idAA	idAA	57,683	57,825
Phase I Series B 2013	8.70	September 27, 2016	-	idAA	-	9,952
Phase II Series T 2014	9.85	September 19, 2019	idAA	idAA	41,440	41,576
Phase I Series S Series C 2013	8.90	September 27, 2018	idAA	-	5,977	-
PT Pegadaian (Persero)						
Series X B 2003	10.50	July 11, 2018	idAA+	idAA+	5,077	5,117
Series XI A 2006	13.10	May 23, 2016	-	idAA+	-	90,176
Series XII A 2007	10.03	September 4, 2017	idAA+	idAA+	46,154	40,300
Series XIII B 2009	12.65	July 1, 2017	idAA+	idAA+	5,054	3,044
Series XIII C 2009	12.88	July 1, 2019	idAA+	idAA+	2,000	2,000
Series C 2011	9.00	October 11, 2021	idAA+	idAA+	4,120	4,139
Phase II Series D 2012	7.75	February 14, 2019	idAA+	idAA+	1,939	1,914
Phase I Series B 2013	7.40	July 9, 2016	-	idAA+	-	1,986
Phase II Series B 2014	9.35	July 11, 2017	idAA+	idAA+	85,026	85,075
Phase II Series C 2014	9.75	July 11, 2019	idAA+	idAA+	1,005	1,007
Phase III Series A 2015	8.50	May 17, 2016	-	idAA+	-	81,040
Phase III Series B 2015	9.25	May 7, 2018	idAA+	idAA+	269,011	269,024
Phase III Series C 2015	9.50	May 7, 2020	idAA+	idAA+	45,050	45,062
PT Pembangunan Perumahan (Persero) Tbk						
Phase I Year 2013	8.38	March 19, 2018	idA	idA	9,736	9,546
PT Perkebunan Nusantara X (Persero)						
Year 2013	8.90	July 5, 2018	idBBB+	idBBB+	10,000	10,000
PT Perusahaan Listrik Negara (Persero)						
Series VIII A 2006	13.60	June 21, 2016	-	idAAA	-	8,106
Series VIII B 2006	13.75	June 21, 2021	idAAA	idAAA	2,000	2,000
Series IX A 2007	10.40	July 10, 2017	idAAA	idAAA	24,034	24,103
Series IX B 2007	10.90	July 10, 2022	idAAA	idAAA	18,544	18,614
Series XI A 2010	11.95	January 12, 2017	idAAA	idAAA	1,000	2,000
Series XI B 2010	12.55	January 12, 2020	idAAA	idAAA	1,000	1,000
Series XII B 2010	10.40	July 8, 2022	idAAA	idAAA	3,000	3,000
Phase I Series B 2013	8.25	July 5, 2023	idAAA	idAAA	5,000	5,000
Phase II Series A 2013	9.00	December 10, 2018	idAAA	idAAA	14,944	14,893
Sukuk Ijarah IV A	11.95	January 12, 2017	idAAA(sy)	idAAA(sy)	1,000	10,000
Sukuk Ijarah II 2007	10.40	July 10, 2017	idAAA(sy)	idAAA(sy)	4,036	4,104
Sukuk Ijarah IV B 2010	12.55	January 12, 2020	idAAA(sy)	idAAA(sy)	11,000	1,000
Sukuk Ijarah Series V B 2010	10.40	July 8, 2022	idAAA(sy)	idAAA(sy)	7,000	7,000
Sukuk Ijarah Phase I						
Year 2013	8.00	July 5, 2020	idAAA(sy)	idAAA(sy)	2,450	2,450
Sukuk Ijarah Phase II						
Series A 2013	9.00	December 10, 2018	idAAA(sy)	idAAA(sy)	5,000	5,000
Sukuk Ijarah Phase II						
Series B 2013	9.60	December 10, 2023	idAAA(sy)	idAAA(sy)	5,000	5,000

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b>Held to maturity (continued)</b>						
<b>Related parties (Note 44) (continued)</b>						
<b>Rupiah (continued)</b>						
PT Pupuk Indonesia (Persero)						
Year 2014 Series A	9.63	July 8, 2017	AAA***)	AAA***)	75,634	74,363
Year 2014 Series B	9.95	July 8, 2019	AAA***)	AAA***)	40,377	40,503
PT Sarana Multi Infrastruktur (Persero)						
Series A Year 2014	9.60	June 11, 2017	idAAA	idAA+	13,015	13,048
Series B Year 2014	10.00	June 11, 2019	idAAA	idAA+	16,163	16,220
PT Angkasa Pura II						
Series A Year 2016	8.60	June 30, 2021	idAAA	-	10,165	-
PT Angkasa Pura I						
Series A Year 2016	8.10	November 22, 2021	idAAA	-	100,000	-
PT Sarana Multigriya Finansial (Persero)						
Phase I Series B 2012	7.50	December 27, 2017	idAA+	idAA+	19,666	19,360
Phase III Series B 2014	10.00	March 27, 2017	idAA+	idAA+	10,009	10,040
Phase V Series B 2014	10.00	December 16, 2017	idAA+	idAA+	26,106	26,209
Phase I Series A 2015	8.60	July 17, 2016	-	idAA+	-	119,990
Phase I Series B 2015	9.25	July 7, 2018	idAA+	idAA+	30,000	30,000
Phase II Year 2015	8.90	November 28, 2016	-	idAA+	-	150,000
Phase III Year 2015	9.25	January 3, 2017	idAA+	idAA+	50,000	50,000
<i>Berjamin Aset Piutang KPR</i>						
Phase II Series C 2012	7.55	April 25, 2017	idAA+	idAA+	2,985	2,940
PT Telekomunikasi Indonesia (Persero) Tbk						
Series B Year 2010	10.20	July 6, 2020	idAAA	idAAA	36,114	37,334
Phase I Series A 2015	9.93	June 23, 2022	idAAA	idAAA	190,000	190,000
Phase I Series D 2015	11.00	June 23, 2045	idAAA	idAAA	5,168	5,170
PT Waskita Karya (Persero) Tbk						
Year 2012 Series B	9.75	June 5, 2017	idA-	idA	51,116	50,345
					2,567,989	2,979,508
<b>United States Dollar</b>						
Lembaga Pembiayaan Ekspor Indonesia						
Year 2017	3.75	April 26, 2017	Baa3**)	Baa3**)	150,132	157,161
PT Bank Negara Indonesia (Persero) Tbk						
Year 2017	4.13	April 27, 2017	Baa3**)	Baa3**)	384,338	403,587
PT Pelabuhan Indonesia III (Persero)						
Year 2025	4.88	October 1, 2024	Baa3**)	Baa3**)	21,353	22,320
PT Pelabuhan Indonesia II						
Year 2025	4.25	May 5, 2025	Baa3**)	Baa3**)	33,863	35,217
PT Pertamina (Persero)						
Year 2023	4.30	May 20, 2023	Baa3**)	Baa3**)	27,624	28,731
Year 2041	6.50	May 27, 2041	idBBB-***)	BBB-***)	6,890	6,890
PT Perusahaan Gas Negara (Persero) Tbk						
Year 2024	5.13	May 16, 2024	Baa3**)	Baa3**)	52,148	43,597

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating <sup>a)</sup>		Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<u>Held to maturity (continued)</u>						
<u>Related parties (Note 44) (continued)</u>						
<u>United States Dollar (continued)</u>						
PT Perusahaan Listrik Negara (Persero)						
Year 2020	7.75	January 20, 2020	Baa3**)	Baa3**)	11,740	12,407
Year 2021	5.50	November 22, 2021	Baa3**)	Baa3**)	44,339	44,901
Year 2042	5.25	October 24, 2042	idBBB-***)	BBB-***)	6,823	6,823
					739,250	761,634
					4,751,569	5,375,031
<b>Total</b>					<b>11,602,191</b>	<b>9,580,020</b>

\*) 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

	December 31, 2016	December 31, 2015
<b>Rupiah</b>		
PT Danareksa Investment Management	282,354	180,023
PT Sinarmas Asset Management	160,367	58,437
PT Schroder Investment Management Indonesia	137,144	39,404
PT Insight Investments Management	108,163	149,647
PT RHB Asset Management Indonesia	101,907	37,994
PT Trimegah Asset Management	78,202	74,511
PT Maybank Asset Management	78,076	-
PT Mandiri Manajemen Investasi	51,210	26,240
PT BNI Asset Management	50,106	50,312
PT Syailendra Capital	48,542	25,316
PT Mega Asset Management	40,099	12,040
PT BNP Paribas Investment Partners	27,832	37,221
PT Batavia Prosperindo Aset Manajemen	14,772	440,995
PT Manulife Aset Manajemen Indonesia	12,362	15,300
PT CIMB Principal Asset Management	8,040	24,009
PT Bahana TCW Investment Management	6,131	458,541
PT Panin Asset Management	4,227	984
PT PNM Investment Management	3,287	2,929
PT Kresna Asset Management	2,990	1,019
PT Pratama Capital Assets Management	1,843	1,683
PT MNC Asset Management	1,054	-
PT Indopremier Securities	464	410
PT Mega Capital Investama	-	35,168
PT Samuel Aset Manajemen	-	23,513
	1,219,172	1,695,696
<b>United States Dollar</b>		
PT Danareksa Investment Management	1,984	1,949
<b>Total</b>	<b>1,221,156</b>	<b>1,697,645</b>

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.4. Negotiable Certificate of Deposits (NCD)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value	
				December 31, 2016	December 31, 2015
<b><u>Held to maturity</u></b>					
<b><u>Third parties</u></b>					
<b><u>Rupiah</u></b>					
PT Bank Sumitomo Mitsui					
Phase II 2016 Series C	100,000	7.76	September 22, 2017	94,704	-
Phase II 2016 Series B	100,000	7.66	July 11, 2017	96,154	-
Phase II 2016 Series A	50,000	7.50	March 22, 2017	49,187	-
PT Bank Commonwealth					
Phase III 2016 Series B	100,000	7.55	July 14, 2017	96,132	-
Phase III 2016 Series C	100,000	7.65	October 13, 2017	94,358	-
Phase III 2016 Series A	50,000	7.44	April 13, 2017	48,974	-
Phase IV 2015 Series A	90,000	8.40	February 5, 2016	-	89,275
PT Bank Tabungan Pensiun Nasional Tbk					
Phase II 2016 Series A	10,000	7.30	May 8, 2017	9,750	-
Phase II 2016 Series B	30,000	7.60	November 8, 2017	28,165	-
PT Bank Mizuho Tbk					
Phase II 2016	50,000	7.50	May 22, 2017	43,717	-
PT Bank CIMB Niaga Tbk					
Phase II 2016 Series B	50,000	7.60	January 13, 2017	49,869	-
Phase II 2016 Series C	50,000	7.80	March 16, 2017	49,233	-
PT Bank Maybank Indonesia Series A Year 2015	100,000	8.70	March 23, 2017	-	98,119
				660,243	187,394
<b><u>Related parties (Note 44)</u></b>					
<b><u>Rupiah</u></b>					
PT Bank Tabungan Negara (Persero) Tbk					
Phase V Year 2016	500,000	7.73	July 3, 2017	481,000	-
Phase II Year 2016	100,000	7.80	August 10, 2017	95,547	-
Phase VI Year 2016	50,000	7.75	March 29, 2017	49,071	-
Phase II Year 2015 Series II B	10,000	9.00	May 2, 2016	-	9,702
Phase II Year 2015 Series II C	10,000	9.25	October 31, 2016	-	9,271
PT Bank Mandiri (Persero) Tbk					
Phase II Year 2016 Series A	100,000	7.55	December 21, 2017	93,091	-
Phase I Year 2015 Series C	150,000	8.50	May 26, 2016	-	145,209
PT Bank Negara Indonesia (Persero) Tbk					
Phase Year 2016 Series E	100,000	8.25	June 15, 2018	89,573	-
				808,282	164,182
<b>Total</b>				<b>1,468,525</b>	<b>351,576</b>

d.5. Promissory Notes

Issuer	Annual Interest Rate (%)	Maturity Date	Rating		Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<u>Held to maturity</u>						
<u>Third parties</u>						
<u>United States Dollar</u>						
Morgan Stanley	4.00	August 31, 2017	A-****)	A-****)	26,945	27,570
Total					26,945	27,570

\*\*\*\*) Based on ratings issued by Standard & Poor.



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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.6. Subordinated Bonds

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)		Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<b><u>Fair value through profit loss</u></b>						
<b><u>Third parties</u></b>						
<b><u>Rupiah</u></b>						
PT Maybank Indonesia Tbk Berkelanjutan II Phase II Year 2016	9.63	June 10, 2023	idAA	-	7,786	-
PT Bank PAN Indonesia Tbk Series III Year 2010 Berkelanjutan I Phase I Year 2012	10.50	November 9, 2017	idAA-	-	3,058	-
PT Bank CIMB Niaga Tbk Series II Year 2012	9.40	December 20, 2019	idAA-	-	2,014	-
PT Bank KEB Hana Indonesia Phase I Year 2016	10.85	December 23, 2020	idAA	-	1,454	-
PT Bank Permata Tbk Series II Year 2011	9.95	December 21, 2023	idAA	-	30,956	-
	11.00	June 28, 2018	idAA+	-	612	-
					45,880	-
<b><u>Available for sale</u></b>						
<b><u>Third parties</u></b>						
<b><u>Rupiah</u></b>						
PT Bank Pan Indonesia Tbk Series III Year 2010 Phase I Year 2012	10.50	November 9, 2017	idAA-	idAA-	147,662	141,850
PT Bank UOB Indonesia Series I Year 2014	9.40	December 20, 2019	idAA-	idAA-	91,136	87,541
PT Bank Maybank Indonesia Tbk Phase I Year 2011 Phase II Year 2012 Series I Year 2011	11.35	May 28, 2021	idAA	idAA	29,252	13,166
Berkelanjutan II Phase II Year 2014	10.00	December 6, 2018	idAA+	idAA+	15,648	15,298
Berkelanjutan II Phase II Year 2016	9.25	October 31, 2019	idAA+	idAA+	64,029	39,840
PT Bank Permata Tbk Phase II Year 2012 Series II Year 2011 Berkelanjutan I Phase I Year 2012 Berkelanjutan II Phase I Year 2013 Berkelanjutan II Phase II Year 2014	10.75	May 19, 2018	idAA+	idAA+	50,218	25,887
	11.35	July 8, 2021	idAA	-	31,657	-
	9.63	June 10, 2023	AA(idn)	-	9,733	-
PT Bank Bukopin Tbk Berkelanjutan I Phase I Year 2012	9.40	December 19, 2019	idAA+	idAA+	124,008	98,398
PT Bank CIMB Niaga Tbk Series I Year 2010 Series II Year 2010	11.00	June 28, 2018	idAA+	idAA+	56,421	53,972
Berkelanjutan I Phase I Year 2012 Berkelanjutan II Phase I Year 2013 Berkelanjutan II Phase II Year 2014	8.90	June 15, 2019	idAA+	-	4,961	-
	12.00	December 24, 2020	idAA+	-	5,425	-
	11.75	October 24, 2021	idAA	-	42,814	-
PT Bank Permata Tbk Phase II Year 2012	9.25	March 6, 2019	idA	-	989	-
PT Bank CIMB Niaga Tbk Series I Year 2010 Series II Year 2010	11.30	July 8, 2017	idAA	idAA	8,084	19,001
PT Bank Muamalat Indonesia Tbk Mudharabah Berkelanjutan I Year 2012 Mudharabah Berkelanjutan I Phase II Year 2013	10.85	December 23, 2020	idAA	idAA	118,924	15,816
	11.17	June 29, 2022	idA-(sy)	-	877	-
	9.60	March 28, 2023	idA-(sy)	-	1,824	-
PT Bank KEB Hana Indonesia Series I Year 2016	9.95	June 30, 2026	idAA	-	8,987	-
					812,649	510,769

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.6. Subordinated Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating *)		Carrying Value	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<u>Available for sale (continued)</u>						
<u>Related parties (Note 44) (continued)</u>						
<u>Rupiah (continued)</u>						
PT Bank Mandiri (Persero) Tbk Series I Year 2009	11.85	December 11, 2016	-	idAA+	-	3,067
					812,649	513,836
<u>Held to maturity</u>						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Bank OCBC NISP Tbk Series III	11.35	June 30, 2017	idAAA	idAAA	40,000	40,000
PT Bank Permata Tbk Phase II Year 2012	9.40	December 19, 2019	idAA+	idAA+	20,000	20,000
					60,000	60,000
<u>Related parties (Note 44)</u>						
<u>Rupiah</u>						
PT Bank Mandiri (Persero) Tbk Series I Year 2009	11.85	December 11, 2016	-	idAA+	-	84,906
					60,000	144,906
<b>Total</b>					<b>918,529</b>	<b>658,742</b>

\*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo),

d.7. Medium-Term Notes (MTN)

d.7. Medium-Term Notes (MTN)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value	
				December 31, 2016	December 31, 2015
<b>Fair value through profit or loss</b>					
<u>Related parties (Note 44)</u>					
<u>Rupiah</u>					
PT Bank Syariah Mandiri Phase III Year 2011	59,000	8.77*)	December 19, 2021	-	56,198
				-	56,198
<b>Available for sale</b>					
<u>Third parties</u>					
<u>Rupiah</u>					
PT Bank Bukopin Tbk Phase I Year 2016	40,000	10.00*)	September 4, 2017	40,000	-
				40,000	-
<u>Related parties (Note 44)</u>					
<u>Rupiah</u>					
PT Perkebunan Nusantara II (Persero) Series VII Year 2015	175,000	11.50*)	November 30, 2016	-	174,965
PT Perkebunan Nusantara III (Persero)	150,000	10.00*)	December 21, 2018	155,074	150,000
				155,074	324,965
				195,074	324,965

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.7. Medium-Term Notes (MTN) (continued)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value	
				December 31, 2016	December 31, 2015
<b><u>Held to maturity</u></b>					
<u>Third parties</u>					
<u>Rupiah</u>					
PT Bank Sumitomo Mitsui Indonesia I Year 2015	100,000	9.85 <sup>*)</sup>	February 3, 2018	100,000	100,000
PT Bank OCBC NISP Tbk Series I Year 2013	25,000	7.00 <sup>*)</sup>	April 18, 2016	-	25,000
PT Bank BJB Tbk Series I Year 2016	50,000	7.00 <sup>*)</sup>	January 8, 2018	50,000	-
				150,000	125,000
<u>Related parties (Note 44)</u>					
<u>Rupiah</u>					
PT Wijaya Karya (Persero) Tbk Series II Year 2014	99,200	9.80 <sup>*)</sup>	December 24, 2017	99,710	99,443
PT Sarana Multi Infrastruktur (Persero) Year 2015	50,000	9.50 <sup>*)</sup>	March 14, 2016	-	50,000
PT Perkebunan Nusantara II (Persero) Ijarah Year 2014	15,000	13.00 <sup>*)</sup>	November 28, 2016	-	15,000
				99,710	164,443
				249,710	289,443
<b>Total</b>				<b>444,784</b>	<b>670,606</b>

<sup>\*)</sup> Interest received every 3 (three) months

d.8. Credit Linked Notes (CLN)

As of December 31, 2015, the balances of securities in the form of CLN are as follows:

December 31, 2015					
Issuer	Effective Date	Maturity Date	Annual Interest Rate	Nominal Value (United States Dollar) (full amount)	Carrying Value
<u>Held to maturity</u>					
<u>Third parties</u>					
<u>United States Dollar</u>					
Credit Suisse International	October 20, 2011	December 20, 2016	LIBOR*)	50,000,000	704,370
Total					704,370

<sup>\*)</sup> 6 (six) months USD LIBOR plus a given margin.

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

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**7. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.8. Credit Linked Notes (CLN) (continued)

includes among others (i) failure to pay any matured obligation, (ii) repudiation/moratorium and (iii) restructuring in which the payment terms are unfavorable to the creditors.

BRI has received CLN which have matured on their maturity dates.

The embedded credit default swap as of December 31, 2015 has a liability fair value amounting to USD580,763 (equivalent to Rp8,006), which was recognized as derivatives payable in the consolidated statement of financial position (Note 11). 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, 2015, amounting to USD413,455 (equivalent to Rp5,699).

e) BRI assessed allowance for impairment losses on securities individually based on whether objective evidence of impairment exists

Management believes that the allowance for impairment losses as of December 31, 2016 and 2015 is adequate.

f) The average annual interest rates:

	<b>2016</b>	<b>2015</b>
Rupiah	8.65%	8.51%
United States Dollar	5.08	5.13
European Euro	2.87	3.08
Singapore Dollar	2.12	2.25

g) BRI recognized unrealized loss - net on "Fair Value through Profit or Loss" securities amounting to RpNil and Rp10,945 for the years ended December 31, 2016 and 2015, respectively, which are recorded under "Unrealized loss from changes in fair value of securities" in the consolidated statement of profit or loss and other comprehensive income.

h) BRI recognized unrealized gain - net on "Fair Value through Profit or Loss" securities amounting to Rp31,025 and RpNil for the year ended December 31, 2016 and 2015, respectively, which are recorded under "Unrealized gain from changes in fair value of securities" in the consolidated statement of profit or loss and other comprehensive income.

i) BRI recognized net gain resulting from the sale of securities amounting to Rp447,580 and Rp86,485, for the years ended December 31, 2016 and 2015, respectively, which are recorded under "Gain on sale of securities and Government Recapitalization Bonds - net" in the consolidated statement of profit or loss and other comprehensive income.

j) As of December 31, 2016 and 2015, securities with nominal value of Rp7,935,345 and Rp14,562,910 were sold under agreement to repurchase (Note 24).

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**8. EXPORT BILLS**

a) By Type and Currency:

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>				
Domestic Documentary				
Letters of Credit		6,112,978		3,945,153
Export Bills		649,730		343,119
		<u>6,762,708</u>		<u>4,288,272</u>
<u>Foreign Currencies</u>				
Domestic Documentary				
Letters of Credit				
United States Dollar		-	314,985	4,342
Export Bills				
Renminbi	823,503,667	1,596,930	1,028,573,239	2,183,502
United States Dollar	47,917,829	645,573	40,470,700	557,889
Japanese Yen	513,619,647	59,100	310,742,325	35,585
European Euro	2,540,997	36,021	3,845,144	57,895
Great Britain Pound Sterling	267,500	4,428	1,443,713	29,508
Singapore Dollar		-	46,772	456
		<u>2,342,052</u>		<u>2,869,177</u>
		<u>9,104,760</u>		<u>7,157,449</u>
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Domestic Documentary				
Letters of Credit		77,494		122,613
<u>Foreign Currencies</u>				
<u>United States Dollar</u>				
Export Bills	12,114,895	163,218	24,181	333
Domestic Documentary				
Letters of Credit		-	35,429	488
		<u>240,712</u>		<u>123,434</u>
<b>Total</b>		<b><u>9,345,472</u></b>		<b><u>7,280,883</u></b>

b) By Collectibility:

All export bills were classified as "Current" as of December 31, 2016 and 2015, respectively.

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**8. EXPORT BILLS (continued)**

c) By Period:

The classification of export bills based on their remaining period to maturity are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<u>Third parties</u>		
≤ 1 month	2,308,225	1,595,957
> 1 month - 3 months	3,250,882	3,081,075
> 3 months - 1 year	3,545,653	2,480,417
	<u>9,104,760</u>	<u>7,157,449</u>
<u>Related parties (Note 44)</u>		
≤ 1 month	227,971	31,868
> 1 month - 3 months	7,810	73,775
> 3 months - 1 year	4,931	17,791
	<u>240,712</u>	<u>123,434</u>
<b>Total</b>	<b><u>9,345,472</u></b>	<b><u>7,280,883</u></b>

BRI assessed individually for allowance for impairment losses on export bills based on whether an objective evidence of impairment exists.

Management believes that no allowance for impairment losses is necessary as of December 31, 2016 and 2015 because management believes that export bills are fully collectible.

**9. GOVERNMENT RECAPITALIZATION BONDS**

This account represents bonds issued by the Government related to BRI's recapitalization program and Government Recapitalization Bonds purchased from the secondary market.

In connection with the recapitalization program, BRI received bonds issued by the Government at a nominal amount of Rp29,149,000 in 2 (two) tranches, at nominal amounts of Rp20,404,300 on July 25, 2000 and Rp8,744,700 on October 31, 2000, all of which earn interest at a fixed rate (Note 1b). In accordance with the letter of the Minister of Finance of the Republic of Indonesia No. S-84/MK.01/ 2002 dated March 26, 2002 on "Conversion Implementation of Series FR Bonds into Series VR Bonds", on March 26, 2002 BRI partially redeemed fixed rate Government bonds with a variable interest rate Government bonds.

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**9. GOVERNMENT RECAPITALIZATION BONDS (continued)**

a) By Ownership Purpose and Remaining Period to Maturity:

	December 31, 2016	December 31, 2015
<u>Available for sale</u>		
≤ 1 month	718,434	715,958
<u>Held to maturity</u>		
≤ 1 year	-	500,000
> 1 year - 5 years	2,600,000	2,600,000
	2,600,000	3,100,000
<b>Total</b>	<b>3,318,434</b>	<b>3,815,958</b>

b) By Classification and Type:

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			December 31, 2016	December 31, 2015
<u>Available for sale</u>				
VR0027	3 months SPN	July 25, 2018	449,325	447,178
VR0031	3 months SPN	July 25, 2020	269,109	268,780
			718,434	715,958
<u>Held to maturity</u>				
VR0023	3 months SPN	October 25, 2016	-	500,000
VR0026	3 months SPN	January 25, 2018	375,000	375,000
VR0027	3 months SPN	July 25, 2018	375,000	375,000
VR0028	3 months SPN	August 25, 2018	375,000	375,000
VR0029	3 months SPN	August 25, 2019	375,000	375,000
VR0031	3 months SPN	July 25, 2020	1,100,000	1,100,000
			2,600,000	3,100,000
<b>Total</b>			<b>3,318,434</b>	<b>3,815,958</b>

c) Other Significant Information:

The schedule of interest payment for Government Recapitalization bonds is every 3 (three) months.

The market values of Government Recapitalization Bonds classified under "Available for sale" ranged from 99.67% to 99.85% and from 99.37% to 99.55% of nominal amounts as of December 31, 2016 and 2015, respectively.

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**10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL**

Securities purchased under agreement to resell as of December 31, 2016 and 2015 consist of:

December 31, 2016					
	Annual Interest Rate (%)	Purchase Date	Resell Date	Nominal Amount	Resell Price-Net
<u>Third parties</u>					
<u>Rupiah</u>					
Bank Indonesia					
Government Bonds					
FR0066	5.60	December 30, 2016	March 31, 2017	924,996	925,140
PT Bank JTrust Indonesia Tbk					
Deposits Certificates of Bank Indonesia					
IDSD130117182C	8.50	December 28, 2016	January 11, 2017	89,749	89,812
				1,014,745	1,014,952
<u>Foreign currencies</u>					
PT Bank BNP Paribas Indonesia					
Government Bonds					
RI1023	6.15	December 19, 2016	January 26, 2017	58,835	58,955
RI0320	6.15	December 19, 2016	January 26, 2017	74,733	74,886
RI0237	6.15	December 19, 2016	January 26, 2017	111,868	112,097
RI0319	6.15	December 19, 2016	January 26, 2017	66,360	66,497
				311,796	312,435
				1,326,541	1,327,387
<u>Related party (Note 44)</u>					
<u>Rupiah</u>					
PT Bank Mandiri (Persero) Tbk					
Government Bonds					
FR0069	6.50	November 17, 2016	January 6, 2017	228,170	229,983
				228,170	229,983
<b>Total</b>				<b>1,554,711</b>	<b>1,557,370</b>

December 31, 2015					
	Annual Interest Rate (%)	Purchase Date	Resell Date	Nominal Amount	Resell Price-Net
<u>Third party</u>					
<u>Rupiah</u>					
PT BPD Jawa Barat dan Banten Tbk					
Deposits Certificates of Bank Indonesia					
IDSD03021691C	10.00	December 30, 2015	January 6, 2016	47,177	47,190
IDSD150116273S	10.00	December 30, 2015	January 6, 2016	236,755	236,821
IDSD190216273S	10.00	December 30, 2015	January 6, 2016	94,095	94,122
				378,027	378,133
<u>Related party (Note 44)</u>					
<u>Rupiah</u>					
PT Bank Mandiri (Persero) Tbk					
Certificates of Bank Indonesia					
IDBI200516273C	10.00	December 29, 2015	January 6, 2016	185,039	185,141
Deposits Certificates of Bank Indonesia					
IDSD020316182S	10.00	December 29, 2015	January 6, 2016	281,695	281,851
				466,734	466,992
<b>Total</b>				<b>844,761</b>	<b>845,125</b>



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## 11. DERIVATIVES RECEIVABLE AND PAYABLE

The summary of the derivatives transactions are as follows:

Transaction	December 31, 2016	
	Derivatives receivable	Derivatives payable
Foreign currency and interest rate swap	32,204	179,286
Interest rate swap	59,443	53,780
Foreign currency swap	-	112,160
Purchase and sale of foreign currency spot	10	-
Purchase and sale of foreign currency forward	-	1,991
<b>Total</b>	<b>91,657</b>	<b>347,217</b>

  

Transaction	December 31, 2015	
	Derivatives receivable	Derivatives payable
Credit linked notes (Note 7)	-	8,006
Foreign currency and interest rate swap	-	348,183
Interest rate swap	-	2,128
Foreign currency swap	-	82,819
Purchase and sale of foreign currency spot	-	412
Purchase and sale of foreign currency forward	-	4,205
	-	<b>445,753</b>

a. Cross currency and interest rate swap

As of December 31, 2016, BRI enters into cross currency interest rate swap contracts with several counterparties, whereby BRI agrees to exchange funds amounting to Renminbi 2,065,304,000, Rp541,400, USD53,167,500 and USD159,483,894 equivalent to USD315,000,000, USD40,000,000, EUR47,000,000 and Rp2,101,181, respectively on their effective contract dates. The parties in the cross currency swap contracts are liable to interest with respect to the funds received.

If the funds received are in USD, the beneficiary must pay interest with fixed rate or floating rate of six-month LIBOR plus a given margin. On the contrary, the beneficiary who receives Rupiah, Renminbi, or European Euro must pay interest with fixed rate.

b. Interest Rate Swap

As of December 31, 2016, BRI has outstanding interest rate swap contract with several counterparties, whereby BRI and the counterparties agreed to swap foreign currencies at a fixed rate or floating rate with contractual amount of USD373,125,000.

c. Purchase and sale of foreign currency spots and forward

As of December 31, 2016, BRI has outstanding foreign currency spot purchase and sale contract with notional amount of USD105,000,000 and USD121,000,000, respectively, and with contractual amount of Rp1,414,887 and Rp1,630,457, respectively.

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**11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)**

c. Purchase and sale of foreign currency spots and forward (continued)

BRI also has outstanding foreign currency forward purchase contract with notional amount of USD117,700,000 and EUR60,000,000 with the contractual amount of Rp1,588,919 and Rp845,491, respectively, and foreign currency forward sale contract with notional amount of USD381,682,492 with the contractual amount of Rp5,124,359.

d. Foreign currency swap

As of December 31, 2016, BRI has outstanding foreign currency swap contracts with notional purchase amount of USD295,000,000 and EUR310,000,000 with the contractual purchase amount of Rp3,998,890 and Rp4,479,072, respectively, and notional sale amount of USD25,000,000 with the contractual sale amount of Rp333,740.

**12. LOANS**

a) By Currency and Type:

The details of loans by type are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<u>Third parties</u>		
<u>Rupiah</u>		
Kupedes	211,417,693	178,759,239
Working capital	123,647,784	110,017,704
Consumer	101,016,417	89,603,296
Investment	54,536,901	42,366,014
Program	10,547,008	7,064,037
Syndicated	1,136,189	1,313,700
	<u>502,301,992</u>	<u>429,123,990</u>
<u>Foreign currencies</u>		
Investment	27,477,766	22,527,984
Working capital	19,362,729	18,764,850
Syndicated	615,873	933,555
	<u>47,456,368</u>	<u>42,226,389</u>
	<u>549,758,360</u>	<u>471,350,379</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Working capital	37,739,884	42,605,612
Investment	27,960,891	18,354,627
Syndicated	17,116,441	16,019,141
Key employees	43,174	46,498
Consumer	14,871	18,563
	<u>82,875,261</u>	<u>77,044,441</u>

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**12. LOANS (continued)**

a) By Currency and Type (continued):

The details of loans by type are as follows (continued):

	December 31, 2016	December 31, 2015
<u>Related parties (Note 44) (continued)</u>		
<u>Foreign currencies</u>		
Working capital	5,573,961	10,157,905
Investment	4,286,304	4,810,165
Syndicated	977,089	1,117,648
	10,837,354	16,085,718
	93,712,615	93,130,159
Total	643,470,975	564,480,538
Less: Allowance for impairment losses	(22,184,296)	(17,162,183)
<b>Net</b>	<b>621,286,679</b>	<b>547,318,355</b>

The details of loans by currency are as follows:

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Rupiah</u>		585,177,253		506,168,431
<u>Foreign currencies</u>				
United States Dollar	4,265,605,843	57,468,374	4,194,486,839	57,821,002
European Euro	40,702,251	576,986	18,700,101	281,561
Singapore Dollar	21,521,459	200,406	18,661,338	182,115
Great Britain Pound Sterling	2,090,463	34,608	725,983	14,838
Japanese Yen	90,820,000	10,450	97,471,871	11,162
Swiss Franc	205,338	2,712	102,669	1,429
Australian Dollar	19,099	186		-
		58,293,722		58,312,107
Total		643,470,975		564,480,538
Less: Allowance for impairment losses		(22,184,296)		(17,162,183)
<b>Net</b>		<b>621,286,679</b>		<b>547,318,355</b>

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**12. LOANS (continued)**

b) By Economic Sector:

	December 31, 2016	December 31, 2015
<u>Third parties</u>		
<u>Rupiah</u>		
Trading, hotels and restaurants	201,932,238	171,309,588
Agriculture	61,298,365	49,202,544
Manufacturing	23,131,242	16,719,172
Business services	21,669,972	18,622,984
Construction	13,352,157	11,260,702
Transportation, warehousing and communications	7,411,834	5,937,507
Social services	4,570,127	4,388,625
Mining	2,223,852	2,106,438
Electricity, gas and water	1,235,411	801,696
Others	165,476,794	148,774,734
	502,301,992	429,123,990
<u>Foreign currencies</u>		
Manufacturing	23,302,570	23,709,462
Agriculture	8,994,684	3,689,254
Electricity, gas and water	4,465,298	4,268,672
Mining	3,951,956	2,946,326
Trading, hotels and restaurants	1,742,852	2,798,057
Business services	1,681,920	1,468,551
Construction	1,669,253	1,919,381
Transportation, warehousing and communications	1,581,561	1,220,210
Others	66,274	206,476
	47,456,368	42,226,389
	549,758,360	471,350,379
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Electricity, gas and water	27,396,425	16,358,603
Trading, hotels and restaurants	15,784,788	19,599,529
Manufacturing	9,804,224	9,034,633
Transportation, warehousing and communications	8,699,909	8,396,044
Agriculture	7,673,124	6,487,849
Business services	6,315,017	7,169,936
Construction	6,272,142	3,537,595
Mining	466,620	695,063
Social services	418,524	5,717,561
Others	44,488	47,628
	82,875,261	77,044,441

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**12. LOANS (continued)**

b) By Economic Sector (continued):

	December 31, 2016	December 31, 2015
<u>Related parties (Note 44) (continued)</u>		
<u>Foreign currencies</u>		
Manufacturing	4,979,352	10,149,569
Social services	3,707,071	4,117,541
Mining	1,347,250	1,408,367
Transportation, warehousing and communications	524,255	271,020
Business services	176,577	96,495
Construction	77,020	39,580
Trading, hotels and restaurants	25,829	-
Agriculture	-	3,146
	10,837,354	16,085,718
	93,712,615	93,130,159
Total	643,470,975	564,480,538
Less: Allowance for impairment losses	(22,184,296)	(17,162,183)
<b>Net</b>	<b>621,286,679</b>	<b>547,318,355</b>

c) By Period:

The classification of loans based on the remaining period to maturity are as follows:

	December 31, 2016	December 31, 2015
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	13,537,435	13,966,093
> 1 month - 3 months	18,772,288	16,688,235
> 3 months - 1 year	97,065,113	80,979,512
> 1 year - 2 years	80,029,683	70,074,362
> 2 years - 5 years	142,332,825	122,274,147
> 5 years	150,564,648	125,141,641
	502,301,992	429,123,990
<u>Foreign currencies</u>		
≤ 1 month	2,441,291	2,887,982
> 1 month - 3 months	1,521,131	4,710,511
> 3 months - 1 year	5,505,601	6,130,904
> 1 year - 2 years	5,977,606	7,122,486
> 2 years - 5 years	12,608,850	8,627,405
> 5 years	19,401,889	12,747,101
	47,456,368	42,226,389
	549,758,360	471,350,379

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**12. LOANS (continued)**

c) By Period (continued):

The classification of loans based on the remaining period to maturity are as follows (continued):

	December 31, 2016	December 31, 2015
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
≤ 1 month	1,890,341	3,520,078
> 1 month - 3 months	19,986,637	4,513,341
> 3 months - 1 year	16,731,440	27,106,728
> 1 year - 2 years	2,638,472	6,875,664
> 2 years - 5 years	7,727,466	10,235,935
> 5 years	33,900,905	24,792,695
	82,875,261	77,044,441
<u>Foreign currencies</u>		
≤ 1 month	242,395	128,478
> 1 month - 3 months	1,347,250	1,378,500
> 3 months - 1 year	2,736,744	8,650,927
> 1 year - 2 years	-	634,565
> 2 years - 5 years	4,967,027	3,923,272
> 5 years	1,543,938	1,369,976
	10,837,354	16,085,718
	93,712,615	93,130,159
Total	643,470,975	564,480,538
Less: Allowance for impairment losses	(22,184,296)	(17,162,183)
<b>Net</b>	<b>621,286,679</b>	<b>547,318,355</b>

d) By Collectibility:

	December 31, 2016	December 31, 2015
Individual	28,871,177	19,596,126
Collective		
Current	587,285,896	516,307,931
Special mention	20,523,521	21,977,643
Substandard	1,056,103	1,160,311
Doubtful	1,128,476	1,224,930
Loss	4,605,802	4,213,597
	614,599,798	544,884,412
Total	643,470,975	564,480,538
Less: Allowance for impairment losses		
Individual	(7,510,899)	(4,104,272)
Collective	(14,673,397)	(13,057,911)
	(22,184,296)	(17,162,183)
<b>Net</b>	<b>621,286,679</b>	<b>547,318,355</b>

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**12. LOANS (continued)**

e) By Operating Segment:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<u>Third parties</u>		
<u>Rupiah</u>		
Retail	235,361,063	205,539,988
Micro	221,802,205	188,428,179
Corporate	45,138,724	35,155,823
	<u>502,301,992</u>	<u>429,123,990</u>
<u>Foreign currencies</u>		
Corporate	38,531,635	34,820,892
Retail	8,924,733	7,405,497
	<u>47,456,368</u>	<u>42,226,389</u>
	<u>549,758,360</u>	<u>471,350,379</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Corporate	82,280,121	70,204,154
Retail	595,140	6,840,287
	<u>82,875,261</u>	<u>77,044,441</u>
<u>Foreign currencies</u>		
Corporate	10,837,354	16,085,718
	<u>93,712,615</u>	<u>93,130,159</u>
Total	643,470,975	564,480,538
Less: Allowance for impairment losses	(22,184,296)	(17,162,183)
<b>Net</b>	<u><b>621,286,679</b></u>	<u><b>547,318,355</b></u>

f) Other Significant Information:

1) The average annual interest rates are as follows:

	<b>2016</b>	<b>2015</b>
<u>Contractual Rate</u>		
Rupiah	11.91%	12.47%
Foreign currencies	4.23	4.37
<u>Effective Interest Rate</u>		
Rupiah	14.59%	16.09%
Foreign currencies	4.38	4.46

2) The loans are generally collateralized by registered mortgages, by powers of attorneys to sell, demand deposits, saving deposits, time deposits or by other guarantees generally accepted by banks (Notes 20, 21, and 22).

3) Working capital and investment loans is given to debtors for working capital requirements and capital goods.

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**12. LOANS (continued)**

f) Other Significant Information (continued):

- 4) Consumption loans consist of loans to workers and retired workers, housing, motor vehicles and other consumption loans.
- 5) Program loans represent loan facilities channeled by BRI based on the guidelines from the Government in order to support the development in Indonesia especially the development of small scale industry, middle scale industry and cooperatives.
- 6) Kupedes loans represent loan facilities channeled by BRI through BRI's Units. The target of these loans is micro scale industry and fixed income employees that require additional funds, in accordance with the maximum limit amount stated in the Kupedes regulation. The targeted economic sectors are agriculture, manufacturing, trading and others.
- 7) Syndicated loans represent loans provided to debtors under syndication agreements with other banks. The total of BRI's syndicated loans amounted to Rp45,054,012 and Rp31,142,038 as of December 31, 2016 and 2015, respectively. BRI's participation as leader in the syndicated loans ranged from 24.50% to 63.65% and from 23.08% to 63.65%, while BRI's participation as member in the syndicated loans ranged from 2.97% to 59.97% and 2.97% to 51.79% as of December 31, 2016 and 2015, respectively.
- 8) Employee loans are loans given to employees with 5.5% annual interest rate that intended for the acquisition of vehicles, houses and other necessities with 4 (four) to 20 (twenty) years maturity. Loan principal and interest payments were collected through monthly payroll deductions. The difference between employee loan's interest rate and Base Lending Rate (BLR) is deferred and recorded as deferred expense for employee loans as part of other assets. The deferred expense for employee loans amounted to Rp565,480 and Rp569,257 as of December 31, 2016 and 2015, respectively (Note 18).
- 9) Loans granted by BRI to related parties, other than loans to key employees (Note 44) are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
PT Perusahaan Listrik Negara (Persero)	27,446,991	16,479,829
Perum BULOG	16,112,248	17,187,834
Ministry of Finance of the Republic of Indonesia	4,307,997	4,683,888
PT Kereta Api Indonesia (Persero)	3,864,676	3,678,155
PT Pegadaian (Persero)	3,835,110	3,864,154
PT Krakatau Steel (Persero) Tbk	2,377,804	2,123,803
PT Garuda Indonesia (Persero)	1,968,132	1,593,531
PT Dirgantara Indonesia	1,735,635	938,930
PT Waskita Beton Precast	1,670,095	229,628
PT Waskita Karya (Persero)	1,655,684	612,974
Others	28,695,069	41,690,935
<b>Total</b>	<b>93,669,441</b>	<b>93,083,661</b>

- 10) Loans that have been restructured by BRI (Parent Entity) amounted to Rp37,131,753 and Rp20,339,826 (unaudited) as of December 31, 2016 and 2015, respectively. Restructuring scheme generally consist of extension of the loan maturity date and rescheduling of overdue interest payment.



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**12. LOANS (continued)**

f) Other Significant Information (continued):

- 11) In BRI's report on Legal Lending Limit to Bank Indonesia as of December 31, 2016 and 2015, BRI has no debtor either related party or third party, in accordance with Bank Indonesia regulation, that does not comply with or exceed the Legal Lending Limit, respectively.
- 12) The details of non-performing collective loans (with collectibility of substandard, doubtful and loss) and total individual loans, as well as the allowance for impairment losses by economic sector are as follows:

	December 31, 2016	December 31, 2015
Trading, hotels and restaurants	9,589,255	9,128,103
Manufacturing	9,306,203	3,690,140
Agriculture	4,345,008	2,844,590
Construction	3,725,349	3,037,301
Mining	3,116,077	1,841,180
Transportation, warehousing and communications	1,653,314	1,642,456
Business services	1,629,211	1,700,017
Electricity, gas and water	723,688	776,168
Social services	135,594	112,727
Others	1,437,859	1,422,282
Total	35,661,558	26,194,964
Less: Allowance for impairment losses	(9,224,013)	(5,726,209)
<b>Net</b>	<b>26,437,545</b>	<b>20,468,755</b>

13) Ratios

- a. The ratios of non-performing loans (NPL) based on Bank Indonesia regulations are as follows:

(i) BRI (Parent Entity) and BRI Agro

	December 31, 2016	December 31, 2015
Total non-performing loans	13,117,282	11,380,718
Total loans	643,470,975	564,480,538
% Non-Performing Loans (NPL)	2.04%	2.02%

(ii) BRI (Parent Entity)

	December 31, 2016	December 31, 2015
Total non-performing loans	12,882,913	11,267,382
Total loans	635,291,221	558,436,016
% Non-Performing Loans (NPL)	2.03%	2.02%

- b. The ratio of BRI's small scale industry loans to total loans is 44.48% and 44.32% as of December 31, 2016 and 2015, respectively (unaudited).

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**12. LOANS (continued)**

f) Other Significant Information (continued):

Movements in the allowance for impairment losses on loans:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance	17,162,183	15,886,145
Provision for impairment losses during the year (Note 34)	13,454,979	8,685,146
Loans written-off during the year	(8,473,450)	(7,815,170)
Foreign currency translation	40,584	406,062
<b>Ending balance</b>	<b>22,184,296</b>	<b>17,162,183</b>

BRI's (Parent Entity) allowance for impairment losses balance includes the allowance for impairment losses for areas that are still categorized as a disaster prone areas or have experienced a disaster by the Government of the Republic of Indonesia amounted to Rp857,060 and Rp611,849, as of December 31, 2016 and 2015, respectively (Note 2e).

The minimum allowance for impairment losses of BRI's (Parent Entity) loans based on Bank Indonesia regulation (Note 2e) amounted to Rp15,652,514 and Rp13,892,885, as of December 31, 2016 and 2015, respectively.

Management believes that the allowance for impairment losses on loans is adequate.

**13. SHARIA RECEIVABLES AND FINANCING**

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

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<u>Third parties</u>		
Current	14,553,293	14,192,917
Special mention	1,870,297	1,561,399
Substandard	160,261	196,514
Doubtful	178,264	97,603
Loss	479,990	509,301
	<u>17,242,105</u>	<u>16,557,734</u>
<u>Related parties (Note 44)</u>		
Current	506,483	56,272
Special mention	355	-
	<u>506,838</u>	<u>56,272</u>
Total	17,748,943	16,614,006
Less: Allowance for impairment losses	(492,156)	(352,252)
<b>Net</b>	<b><u>17,256,787</u></b>	<b><u>16,261,754</u></b>

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**13. SHARIA RECEIVABLES AND FINANCING (continued)**

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

	December 31, 2016	December 31, 2015
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	282,806	484,053
> 1 month - 3 months	449,395	679,010
> 3 months - 1 year	1,399,649	2,107,439
> 1 year - 2 years	1,265,385	2,187,363
> 2 years - 5 years	2,728,868	7,414,901
> 5 years	11,116,002	3,684,968
	17,242,105	16,557,734
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
≤ 1 month	6	3,868
> 1 month - 3 months	3,400	778
> 3 months - 1 year	328,777	2,125
> 1 year - 2 years	1,936	238
> 2 years - 5 years	41,675	42,896
> 5 years	131,044	6,367
	506,838	56,272
Total	17,748,943	16,614,006
Less: Allowance for impairment losses	(492,156)	(352,252)
<b>Net</b>	<b>17,256,787</b>	<b>16,261,754</b>

Sharia receivables and financing consist of *murabahah* receivables, *istishna* receivables, *qardh* borrowing, *Mudharabah* and *musyarakah* financing.

Unrecognized *murabahah* receivables income as of December 31, 2016 and 2015 amounted to Rp4,322,067 and Rp4,067,750, respectively.

Movements in the allowance for impairment losses on sharia receivables and financing:

	December 31, 2016	December 31, 2015
Beginning balance	352,252	276,650
Provision for impairment losses during the year (Note 34)	244,267	206,159
Recovery from loans written-off	14,892	11,667
Loans written-off during the year	(119,255)	(142,224)
<b>Ending balance</b>	<b>492,156</b>	<b>352,252</b>

Management believes that the allowance for impairment losses on sharia receivables and financing is adequate.

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**13. SHARIA RECEIVABLES AND FINANCING (continued)**

As of December 31, 2016 and 2015, the Non-Performing Financing (NPF) of sharia receivables and financing amounted to Rp818,515 (4.61%) and Rp803,418 (4.84%), respectively.

The type of collateral submitted by the debtors for the sharia receivables and financing are land and buildings, Proof of Motor Vehicle Ownership and other properties.

As of December 31, 2016 and 2015, there are no sharia receivables and financing that were transferred or used as collateral for debts.

**14. FINANCE LEASE RECEIVABLES**

Finance lease receivables at December 31, 2016 consist of:

	<b>December 31, 2016</b>
<u>Third parties</u>	
<u>Rupiah</u>	
Finance lease receivables - gross	2,465,843
Guaranteed residual values	1,750,061
Unearned finance lease income	(266,044)
Security deposits	(1,749,560)
Total	2,200,300
Less allowance for impairment losses	(130,000)
<b>Net</b>	<b>2,070,300</b>

Finance lease receivables - gross, due in period:

	<b>December 31, 2016</b>
<u>Third parties</u>	
<u>Rupiah</u>	
≤ 1 year	264,036
> 1 year - 2 years	660,090
> 2 years - 5 years	1,276,174
Total	2,200,300
Less allowance for impairment losses	(130,000)
<b>Net</b>	<b>2,070,300</b>

The movement of allowance for impairment loss :

	<b>December 31, 2016</b>
Beginning balance	128,000
Provision for impairment losses*)	16,669
Exchange rate differences	(23)
Finance lease receivables written-off during the year	(14,646)
<b>Ending balance</b>	<b>130,000</b>

\*) Provision for allowance for impairment losses for the period after the acquisition date, September 30, 2016, amounted to Rp995 (Note 34)

Management believes that the allowance for impairment losses as of December 31, 2016 is adequate.

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**15. ACCEPTANCES RECEIVABLE AND PAYABLE**

The details of acceptances receivable from customers are as follows:

a) By Type and Currency:

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>				
Import Letters of Credit and Domestic Document Letters of Credit		3,192,249		2,333,810
<u>Foreign currencies</u>				
Import Letters of Credit and Domestic Document Letters of Credit				
United States Dollar	147,121,912	1,982,100	150,457,533	2,074,057
European Euro	1,406,631	19,940	2,877,637	43,328
Japanese Yen	30,124,000	3,466		-
Singapore Dollar	19,600	183		-
Great Britain Pound Sterling		-	34,168	698
		2,005,689		2,118,083
		5,197,938		4,451,893
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Import Letters of Credit and Domestic Document Letters of Credit		363,963		155,629
<u>Foreign currencies</u>				
Import Letters of Credit and Domestic Document Letters of Credit				
United States Dollar	7,433,691	100,150	31,420,787	433,136
European Euro	2,153,788	30,532	7,902,259	118,982
Great Britain Pound Sterling		-	109,760	2,243
Australian Dollar		-	79,580	802
Japanese Yen		-	6,860,000	786
		130,682		555,949
		494,645		711,578
<b>Total</b>		<b>5,692,583</b>		<b>5,163,471</b>

b) By Collectibility:

All acceptances receivable were classified as "Current" as of December 31, 2016 and 2015.

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**15. ACCEPTANCES RECEIVABLE AND PAYABLE (continued)**

The details of acceptances receivable from customers are as follows (continued):

c) By Period:

The classification of acceptances receivable based on the remaining period until maturity are as follows:

	December 31, 2016	December 31, 2015
<u>Third parties</u>		
≤ 1 month	955,776	529,581
> 1 month - 3 months	1,935,035	1,702,172
> 3 months - 1 year	2,307,127	2,220,140
	5,197,938	4,451,893
<u>Related parties (Note 44)</u>		
≤ 1 month	89,867	128,487
> 1 month - 3 months	171,292	343,632
> 3 months - 1 year	233,486	239,459
	494,645	711,578
<b>Total</b>	<b>5,692,583</b>	<b>5,163,471</b>

BRI assessed acceptance receivables individually for impairment based on whether an objective evidence of impairment exists.

Management believes that no allowance for impairment losses is necessary as of December 31, 2016 and 2015, because management believes that acceptances receivable are fully collectible.

**16. INVESTMENT IN ASSOCIATED ENTITIES**

The details of investment in associated entities are as follows:

Company Name	Type of Business	December 31, 2016	
		Percentage of Ownership (%)	Carrying Value
<u>Cost Method</u>			
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00	900
PT Sarana Bersama			
Pembiayaan Indonesia	Investment	8.00	536
PT Jakarta Kyoei Medical Center	Golf membership	1.68	220
PT Pemeringkat Efek Indonesia	Credit rating agency	0.21	210
PT Menara Proteksi Indonesia	Golf membership	2.00	200
BPR Toelongredjo Dasa Nusantara	Banking	1.50	77
BPR Tjoekir Dasa Nusantara	Banking	3.00	77
BPR Toelangan Dasa Nusantara	Banking	1.50	66
PT Merapi Gelanggang Wisata	Golf membership	0.50	50
BPR Cinta Manis Agroloka	Banking	1.75	35
PT Sukapraja Estetika Padang Golf	Golf membership	0.50	25
BPR Bungamayang Agroloka	Banking	2.25	23
PT Aplikanusa Lintasarta	Non-Banking	0.03	20
<b>Total</b>			<b>2,439</b>

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

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

			December 31, 2015		
Company Name	Type of Business	Percentage of Ownership (%)	Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
<b>Equity Method</b>					
(Investments in associated entity)					
PT BTMU-BRI Finance (Related party - Note 44)	Financing	45.00	24,750	238,141	262,891
<b>Cost Method</b>					
PT Kelola Jasa Artha	Remittance	14.22			2,560
PT Bringin Gigantara (Related party - Note 44)	Procurement of goods, services and information technology	5.14			1,240
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00			900
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00			536
PT Jakarta Kyoei Medical Center	Golf membership	1.68			220
PT Pemeringkat Efek Indonesia	Credit rating agency	0.21			210
PT Menara Proteksi Indonesia	Golf membership	2.00			200
BPR Toelongredjo Dasa Nusantara	Banking	3.00			77
BPR Tjoekir Dasa Nusantara	Banking	3.00			77
BPR Toelangan Dasa Nusantara	Banking	1.50			66
PT Merapi Gelanggang Wisata	Golf membership	0.64			50
BPR Cinta Manis Agroloka	Banking	1.75			35
PT Sukapraja Golf	Golf membership	0.24			25
BPR Bungamayang Agroloka	Banking	2.25			23
PT Aplikanusa Lintasarta	Non-Banking	0.03			20
					6,239
<b>Total</b>					<b>269,130</b>

BRI assessed investment in associated entities individually for impairment based on whether an objective evidence of impairment exists.

As of December 31, 2016 and 2015, all investments were classified as "Current".

In 2016, BRI received cash dividends from PT Sarana Bersama Pembiayaan Indonesia and PT Pemeringkat Efek Indonesia of Rp170 and Rp11, respectively, whereas in 2015, BRI received cash dividends from PT Sarana Bersama Pembiayaan Indonesia and PT Pemeringkat Efek Indonesia of Rp391 and Rp3, respectively.

In 2016, BRI Agro (subsidiary) received cash dividend from BPR Cinta Manis Agroloka, BPR Bungamayang Agroloka and PT Aplikanusa Lintasarta of Rp7, Rp21 and Rp26, respectively, whereas in 2015, BRI Agro received cash dividend from BPR Toelongredjo Dasa Nusantara, BPR Tjoekir Dasa Nusantara, BPR Cinta Manis Agroloka, BPR Bungamayang Agroloka and PT Aplikanusa Lintasarta of Rp16, Rp19, Rp27, Rp15 and Rp12, respectively.

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

Effective on March 30, 2016, the Company sold its whole ownership of PT Kelola Jasa Artha and PT Bringin Gigantara as stipulated in the Purchase-Sale and Transfer of Shares Act No. 29 and No.30, respectively, by H. Yulizar Azhar, S.H, M.Kn dated March 30, 2016.

Management believes that no allowance for impairment losses is necessary as of December 31, 2016 and 2015, because investments in associated entities are fully collectible.

**17. PREMISES AND EQUIPMENT**

Premises and equipment consist of:

Description	December 31, 2016			Ending Balance
	Beginning Balance	Additions <sup>*)</sup>	Deductions	
<u>Carrying Value</u>				
Landrights	1,107,163	14,709,604	17,271	15,799,496
Buildings	2,900,001	455,660	194,748	3,160,913
Motor vehicles	1,943,674	243,909	35,560	2,152,023
Computers and machineries	5,065,582	1,422,607	83,975	6,404,214
Furniture and fixtures	1,354,292	143,069	27,455	1,469,906
Museum assets	184	-	-	184
Satellites in development	2,316,572	959,041	-	3,275,613
	14,687,468	17,933,890	359,009	32,262,349
<u>Accumulated Depreciation</u>				
Buildings	1,220,467	141,655	2,564	1,359,558
Motor vehicles	1,123,409	330,604	35,339	1,418,674
Computers and machineries	3,276,548	636,290	78,407	3,834,431
Furniture and fixtures	1,027,764	134,265	27,402	1,134,627
	6,648,188	1,242,814	143,712	7,747,290
<b>Net book value</b>	<b>8,039,280</b>			<b>24,515,059</b>

\*) Included in additions of premises and equipment is gain on revaluation of landrights amounted to Rp14,261,442 (after deducted by decreasing the carrying amount as the result of revaluation amounted to Rp54,085) and the beginning balance of Subsidiary (BRI Finance) acquired (Acquisition Cost amounted to Rp19,376, Accumulated Depreciation amounted to Rp16,901 and Depreciation Expense for the year amounted to Rp1,589).

Description	December 31, 2015			Ending Balance
	Beginning Balance	Additions <sup>*)</sup>	Deductions	
<u>Carrying Value</u>				
Landrights	625,460	482,222	519	1,107,163
Buildings	2,482,655	540,585	123,239	2,900,001
Motor vehicles	1,839,082	146,285	41,693	1,943,674
Computers and machineries	4,599,811	578,344	112,573	5,065,582
Furniture and fixtures	1,204,214	184,588	34,510	1,354,292
Museum assets	184	-	-	184
Satellites in development	831,895	1,484,677	-	2,316,572
	11,583,301	3,416,701	312,534	14,687,468



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**17. PREMISES AND EQUIPMENT (continued)**

Premises and equipment consist of (continued):

Description	December 31, 2015			Ending Balance
	Beginning Balance	Additions <sup>**) </sup>	Deductions	
<u>Accumulated Depreciation</u>				
Buildings	1,088,252	137,481	5,266	1,220,467
Motor vehicles	862,216	302,267	41,074	1,123,409
Computers and machineries	2,815,996	562,412	101,860	3,276,548
Furniture and fixtures	899,367	162,330	33,933	1,027,764
	5,665,831	1,164,490	182,133	6,648,188
<b>Net book value</b>	<b>5,917,470</b>			<b>8,039,280</b>

<sup>\*\*)</sup>  Included in additions of premises and equipment is the beginning balance of Subsidiary (BRI Life) acquired (Acquisition Cost amounted to Rp131,303, Accumulated Depreciation amounted to Rp57,949 and Depreciation Expense for the year amounted to Rp12,319).

Depreciation expense of premises and equipment charged to the consolidated statement of profit or loss and other comprehensive income amounted to Rp1,224,809 and Rp1,094,222 for the years ended December 31, 2016 and 2015, respectively (Note 36).

BRI insured its premises and equipment (excluding landrights) from losses due to risks of fire, theft, vandalism, force majeure, and others to PT Asuransi Bringin Sejahtera Artamakmur (related party - Note 44), PT Asuransi Jasa Tania and Asuransi Sampo Japan Nipponkoa Indonesia, with coverage amount of Rp10,530,478 and Rp10,358,054 for the years ended December 31, 2016 and 2015, respectively.

Taxable value of buildings owned by BRI as of December 31, 2016 amounted to Rp2,038,098 whereas taxable value of landrights and buildings owned by BRI as of December 31, 2015 amounted to Rp3,711,881 and Rp1,821,383, respectively. Other than landrights and buildings there are no significant difference between the fair value of the assets and their carrying value.

The gross carrying value of fixed assets that have been fully depreciated but still used by BRI as of December 31, 2016 and 2015 are Rp3,666,122 and Rp3,699,755, respectively.

As of December 31, 2016 and 2015, there are no fixed assets owned by BRI which are pledged as collateral.

As of December 31, 2016, the manufacture of satellites (BRIsat) has been completed and has been successfully launched on June 19, 2016 from Kourou, French Guiana. BRIsat has reached the intended orbit and has been tested (in orbit test). Since August 3, 2016, "BRIsat operational handover" from SSL (as BRIsat manufacturer) has been progressing. Currently, Final Acceptance for the ground device (gRCS) has been conducted to ensure that these devices can be used optimally by BRI. According to the contract, the satellite's performance will continue to be monitored by SSL and BRI until the last milestone (satellite performance) is completed by mid 2017. The percentage of carrying amounts to the contract value is  $\pm 96\%$ .

As of December 31, 2015, the satellite project (BRIsat) has reached the finishing stage of tower (alignment) followed by a Series of tests including vibration test, dynamic test, Compact Antenna

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**17. PREMISES AND EQUIPMENT (continued)**

Test Range (CATR) and the final performance test. For ground systems, the Bank has installed satellite antenna controller/Telemetry, Tracking and Command System (TT&C) and 2 antennas geolocation, while 2 (two) pieces of communication antennas are still in the process of installation. The percentage of carrying amounts to the contract value is  $\pm 74\%$ .

On April 1, 2016, BRI performed revaluation for accounting and taxation purposes over landrights, as follows:

- Accounting purposes: BRI changed its accounting policy of landrights from cost model to revaluation model.
- Taxation purposes: the increase in carrying value of landrights amounted to Rp14,315,527 has been approved by Directorate General of Taxation in accordance with the decree of the Directorate General of Taxation No. KEP-479/WPJ.19/2016 dated July 29, 2016.

The increase in the carrying amount arising from the revaluation is recorded as "Revaluation surplus arising from fixed assets", and is presented in other comprehensive income amounted to Rp13,824,692 (net of final tax of Rp490,835). A decrease in the carrying amount arising from revaluation amounted to Rp54,085 is recognized in profit or loss for the year. The fair value of landrights included in the fair value hierarchy as level 2.

Valuation, performed in accordance to Indonesian Valuations Standards, is determined based on reference to current market transactions and done on arm's length terms. The valuation methods used are market data approach, cost approach and income approach.

Valuation of landrights is performed by external independent appraiser KJPP Abdullah, Fitriantoro dan Rekan, KJPP Aditya, Iskandar dan Rekan, KJPP Aksa, Nelson dan Rekan, KJPP Immanuel, Johnny dan Rekan, KJPP Iwan Bachron dan Rekan, KJPP Nana, Rahayu dan Rekan, KJPP Pung's Zulkarnain dan Rekan, KJPP Satria, Iskandar, Setiawan dan Rekan and KJPP Toha, Okky, Heru dan Rekan, on various valuation dates.

As of December 31, 2016, if the landrights are valued using the cost model, the carrying value amounted to Rp1,538,053.

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 as of December 31, 2016 and 2015.

**18. OTHER ASSETS**

Other assets consist of:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<u>Rupiah</u>		
Claims related to ATM and credit card transactions	1,726,840	1,234,963
Interest receivables		
Securities	1,266,196	1,090,330
Government Recapitalization Bonds	40,219	42,629
Placements with Bank Indonesia and other banks	80,864	32,121
Others	76,757	34,160
Premises and equipment that have not been distributed	1,169,654	739,784
Office, warehouse, and classroom rent	845,247	808,517
Notes receivable	685,212	554,202
Prepaid expenses	632,266	343,769

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**18. OTHER ASSETS (continued)**

Other assets consist of (continued):

	December 31, 2016	December 31, 2015
<u>Rupiah (continued)</u>		
Internal advance	611,471	647,590
Claims to government related to Generation II KUR disbursement	595,562	256,073
Deferred expense for employees loan (Note 12f)	565,480	569,257
Foreclosed collaterals	344,770	84,191
Claims to Bulog	328,559	297,915
Office supplies	296,038	216,629
Ijarah assets	286,181	46,260
Reinsurance assets	232,332	214,731
Accrued revenue based on sharia principle	170,519	138,908
Investment property	112,251	90,185
Penalty charges of principal and interest loan	68,009	65,284
Estimated tax bill (Note 38b)	63,170	10,275
Premium receivables	46,511	77,490
Prepaid tax (Note 38b)	-	2,573,213
Others	2,183,779	2,014,948
	12,427,887	12,183,424
<u>Foreign currencies</u>		
Interest receivables		
Securities	685,426	538,731
Others	94,526	29,344
Risk Participation claims	580,778	331,556
Notes receivable	181,110	49,689
Claims related to ATM and credit card transactions	44,762	50,250
Others	476,222	314,864
	2,062,824	1,314,434
<b>Total</b>	<b>14,490,711</b>	<b>13,497,858</b>

**19. LIABILITIES DUE IMMEDIATELY**

Liabilities due immediately consist of:

	December 31, 2016	December 31, 2015
<u>Rupiah</u>		
Advance payment deposits	1,492,074	1,234,916
ATM and credit card deposits	457,982	668,091
Tax payment deposits	379,554	347,630
Insurance deposits	152,213	153,826
Deposits for channeling loans	51,265	48,383
Deposits for clearing	26,807	39,217
Advance from money transfer	35,703	31,984
Others	2,607,824	2,443,224
	5,203,422	4,967,271

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**19. LIABILITIES DUE IMMEDIATELY (continued)**

Liabilities due immediately consist of (continued):

	December 31, 2016	December 31, 2015
<u>Foreign currencies</u>		
Advance payment deposits	56,120	41,315
ATM and credit card deposits	52,597	39,658
Tax payment deposits	11,485	7,796
Others	86,689	82,522
	206,891	171,291
<b>Total</b>	<b>5,410,313</b>	<b>5,138,562</b>

**20. DEMAND DEPOSITS**

Demand deposits consist of:

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>		79,314,862		61,717,414
<u>Foreign currencies</u>				
United States Dollar	1,153,376,172	15,538,860	1,216,184,776	16,765,107
European Euro	113,890,839	1,614,490	41,826,352	629,766
Australian Dollar	21,415,159	208,222	20,169,312	203,382
Renminbi	56,984,608	110,504	51,796,341	109,956
Great Britain Pound Sterling	3,764,194	62,316	5,039,068	102,994
Singapore Dollar	2,777,138	25,861	18,717,717	182,665
Japanese Yen	223,500,953	25,717	76,869,131	8,803
Saudi Arabian Riyal	2,306,560	8,285	1,119,939	4,113
Hong Kong Dollar	528,967	919	1,675,381	2,980
Swiss Franc		-	271	4
		17,595,174		18,009,770
		96,910,036		79,727,184
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>		29,618,921		21,203,843
<u>Foreign currencies</u>				
United States Dollar	1,081,759,223	14,574,001	898,751,531	12,389,290
European Euro	22,240,029	315,269	7,186,639	108,207
Japanese Yen	6,890,431	793	7,154,051	819
		14,890,063		12,498,316
		44,508,984		33,702,159
<b>Total</b>		<b>141,419,020</b>		<b>113,429,343</b>

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**20. DEMAND DEPOSITS (continued)**

The average annual interest rates are as follows:

	<b>2016</b>	<b>2015</b>
Rupiah	1.66%	1.65%
Foreign currencies	0.25	0.29

Demand deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp127,809 and Rp120,705 as of December 31, 2016 and 2015, respectively.

**21. SAVING DEPOSITS**

Saving deposits consist of:

	<b>December 31, 2016</b>		<b>December 31, 2015</b>	
	<b>Notional Amount Foreign Currency/ (Full Amount)</b>	<b>Rupiah Equivalent</b>	<b>Notional Amount Foreign Currency/ (Full Amount)</b>	<b>Rupiah Equivalent</b>
<u>Third parties</u>				
<u>Rupiah</u>				
Simpedes		183,909,412		165,530,043
Britama		108,269,980		96,956,008
Others		4,260,239		4,090,969
		296,439,631		266,577,020
<u>Foreign currencies</u>				
Britama				
United States Dollar	94,648,979	1,275,158	80,276,219	1,106,608
European Euro	15,504,444	219,787	12,479,606	187,901
Singapore Dollar	5,506,164	51,273	2,559,184	24,975
Australian Dollar	807,929	7,856	1,031,765	10,404
Renminbi	672,164	1,304	981,980	2,085
Japanese Yen	10,923,961	1,257		-
Hong Kong Dollar	12,547	22	6,606	12
United Arab Emirates Dirham	365	1	1,622	6
Great Britain Pound Sterling	66	1		-
Saudi Arabian Riyal	328	1		-
		1,556,660		1,331,991
Others				
United States Dollar	195,196	2,630	150,957	2,081
		1,559,290		1,334,072
		297,998,921		267,911,092
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Britama		96,035		127,516
Simpedes		2,680		2,778
Others		6,476		6,371
		105,191		136,665
<u>Foreign currencies</u>				
Britama				
United States Dollar	466,872	6,290	803,385	11,075
Singapore Dollar	242	3	2,525	25

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**21. SAVING DEPOSITS (continued)**

Saving deposits consist of (continued):

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Related parties (Note 44)</u>				
<u>(continued)</u>				
<u>Foreign currencies (continued)</u>				
Britama (continued)				
Renminbi	607	1	672	1
European Euro		-	182	3
		6,294		11,104
Others				
United States Dollar		-	261	4
		6,294		11,108
		111,485		147,773
<b>Total</b>		<b>298,110,406</b>		<b>268,058,865</b>

The average annual interest rates are as follows:

	2016	2015
Rupiah	2.40%	1.98%
Foreign currencies	0.21	0.22

Saving deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp84,937 and Rp74,685 as of December 31, 2016 and 2015, respectively.

**22. TIME DEPOSITS**

Time deposits consist of:

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>		159,195,095		163,056,718
<u>Foreign currencies</u>				
United States Dollar	3,126,352,845	42,119,789	2,715,956,477	37,439,460
European Euro	803,857,776	11,395,299	3,154,957	47,503
Singapore Dollar	17,812,319	165,867	5,615,345	54,800
Renminbi	50,220,204	97,387	2,633,854,416	5,591,265
Australian Dollar	4,553,424	44,273	153,953	1,552
Saudi Arabian Riyal	5,258,518	18,888		-
Great Britain Pound Sterling	118,604	1,963	49,595	1,014
Japanese Yen	388,000	45	26,420,238	3,026
		53,843,511		43,138,620
		213,038,606		206,195,338
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>		60,898,562		48,232,867

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**22. TIME DEPOSITS (continued)**

Time deposits consist of (continued):

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Related parties (Note 44)</u>				
<u>(continued)</u>				
<u>Foreign currencies</u>				
United States Dollar	1,376,645,507	18,546,856	968,826,493	13,355,273
Singapore Dollar	43,793,922	407,806	-	-
European Euro	9,703,047	137,548	6,703,045	100,926
		19,092,210		13,456,199
		79,990,772		61,689,066
<b>Total</b>		<b>293,029,378</b>		<b>267,884,404</b>

Time deposits based on their contractual periods are as follows:

	December 31, 2016	December 31, 2015
<u>Third parties</u>		
<u>Rupiah</u>		
Deposits on call	9,577,885	7,266,427
Deposits		
1 month	66,562,883	70,675,227
3 months	59,117,884	59,448,961
6 months	17,829,486	15,438,264
12 months	5,647,297	9,449,541
More than 12 months	459,660	778,298
	159,195,095	163,056,718
<u>Foreign currencies</u>		
Deposits on call	3,823,613	2,940,286
Deposits		
1 month	6,845,138	12,706,465
3 months	5,329,468	5,829,525
6 months	26,618,525	13,768,744
12 months	10,607,111	7,128,749
More than 12 months	619,656	764,851
	53,843,511	43,138,620
	213,038,606	206,195,338

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**22. TIME DEPOSITS (continued)**

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

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Deposits on call	7,975,541	10,759,045
Deposits		
1 month	29,547,145	11,822,241
3 months	12,669,883	678,865
6 months	2,456,474	78,996
12 months	5,289,119	561,520
More than 12 months	2,960,400	24,332,200
	<u>60,898,562</u>	<u>48,232,867</u>
<u>Foreign currencies</u>		
Deposits on call	1,377,187	3,569,145
Deposits		
1 month	9,196,247	5,708,586
3 months	3,306,531	3,352,159
6 months	5,030,168	787,537
12 months	182,077	9,472
More than 12 months	-	29,300
	<u>19,092,210</u>	<u>13,456,199</u>
	<u>79,990,772</u>	<u>61,689,066</u>
<b>Total</b>	<b><u>293,029,378</u></b>	<b><u>267,884,404</u></b>

The average annual interest rates are as follows:

	<b>2016</b>	<b>2015</b>
Rupiah	7.89%	8.48%
Foreign currencies	1.50	1.46

Time deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp257,410 and Rp208,250 as of December 31, 2016 and 2015, respectively.



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**23. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS**

Deposits from other banks and financial institutions consist of:

	December 31, 2016		December 31, 2015	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>				
Deposits on call		810,000		4,385,000
Inter-bank call money		536,729		1,120,000
Demand deposits		152,260		132,663
Time deposits		84,630		559,076
Saving deposits		6,497		5,704
		<u>1,590,116</u>		<u>6,202,443</u>
<u>United States Dollar</u>				
Demand deposits	6,387,630	86,057	2,246,898	30,973
Time deposits	4,000,000	53,890		-
Inter-bank call money		-	314,000,000	4,328,490
		<u>139,947</u>		<u>4,359,463</u>
		<u>1,730,063</u>		<u>10,561,906</u>
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Deposits on call		80,000		-
Inter-bank call money		20,000		10,000
Demand deposits		689		412
		<u>100,689</u>		<u>10,412</u>
<u>United States Dollar</u>				
Inter-bank call money	29,600,000	398,786	43,000,000	592,755
		<u>499,475</u>		<u>603,167</u>
<b>Total</b>		<b><u>2,229,538</u></b>		<b><u>11,165,073</u></b>

The average annual interest rates are as follows:

	Rupiah		United States Dollar	
	2016	2015	2016	2015
Demand deposits	1.21%	1.14%	0.05%	0.00%
Saving deposits	1.46	1.25	-	-
Deposits on call	5.97	6.84	-	-
Time deposits	6.47	7.07	0.44	0.49
Inter-bank call money	4.74	5.47	0.46	0.22

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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:

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

<b>December 31, 2015</b>				
	<b>≤ 1 month</b>	<b>&gt; 1 - 3 months</b>	<b>&gt; 3 months - 1 year</b>	<b>Total</b>
<u>Third parties</u>				
<u>Rupiah</u>				
Deposits on call	4,385,000	-	-	4,385,000
Inter-bank call money	1,120,000	-	-	1,120,000
Time deposits	477,876	68,200	13,000	559,076
Demand deposits	132,663	-	-	132,663
Saving deposits	5,704	-	-	5,704
	<u>6,121,243</u>	<u>68,200</u>	<u>13,000</u>	<u>6,202,443</u>
<u>United States Dollar</u>				
Inter-bank call money	4,328,490	-	-	4,328,490
Demand deposits	30,973	-	-	30,973
	<u>4,359,463</u>	<u>-</u>	<u>-</u>	<u>4,359,463</u>

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**23. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS (continued)**

The classification of deposits from other banks and financial institutions based on their remaining period to maturity are as follows (continued):

December 31, 2015				
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Inter-bank call money	10,000	-	-	10,000
Demand deposits	412	-	-	412
	10,412	-	-	10,412
<u>United States Dollar</u>				
Inter-bank call money	592,755	-	-	592,755
<b>Total</b>	<b>11,083,873</b>	<b>68,200</b>	<b>13,000</b>	<b>11,165,073</b>

**24. SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE**

Securities sold under agreement to repurchase consist of:

December 31, 2016					
	Sold Date	Repurchase Date	Nominal Amount	Amount Sold	Repurchase Amount-Net
<u>Third Parties</u>					
<u>Rupiah</u>					
Other Bank					
Government bonds					
FR0069	May 18, 2015	April 15, 2019	571,000	500,047	500,047
FR0069	May 21, 2015	April 15, 2019	568,000	499,714	499,714
FR0069	September 9, 2016	April 15, 2019	540,000	498,000	498,000
FR0060	September 15, 2016	April 15, 2017	615,000	574,000	574,000
ORI011	September 14, 2016	October 15, 2017	718,000	670,000	670,000
FR0066	September 13, 2016	May 15, 2018	539,000	489,000	489,000
FR0053	September 9, 2016	July 15, 2021	416,000	390,000	390,000
FR0053	September 6, 2016	July 15, 2021	450,000	437,025	437,025
FR0034	September 6, 2016	June 15, 2021	300,000	344,315	344,315
FR0048	September 6, 2016	September 15, 2018	100,000	98,570	98,570
			4,817,000	4,500,671	4,500,671
<u>United States Dollar</u>					
Other Bank					
Government Bonds					
FR0028	March 16, 2015	July 15, 2017	670,000	538,900	538,900
FR0028	March 26, 2015	July 15, 2017	166,000	134,725	134,725
FR0053, FR0061	February 26, 2015	February 24, 2017	802,345	673,625	673,625
			1,638,345	1,347,250	1,347,250
			6,455,345	5,847,921	5,847,921
<u>Related Parties (Note 44)</u>					
<u>Rupiah</u>					
Non Bank					
Government Bonds					
FR0069	June 29, 2015	April 15, 2019	480,000	466,545	471,361
FR0069	March 20, 2015	April 15, 2019	1,000,000	972,093	983,116
			1,480,000	1,438,638	1,454,477
<b>Total</b>			<b>7,935,345</b>	<b>7,286,559</b>	<b>7,302,398</b>

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**24. SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE (continued)**

Securities sold under agreement to repurchase consist of (continued):

December 31, 2015					
	Sold Date	Repurchase Date	Nominal Amount	Amount Sold	Repurchase Amount-Net
<u>Third parties</u>					
<u>Rupiah</u>					
Other Bank					
Deposits Certificates of Bank Indonesia					
IDSD020316182S	December 2, 2015	January 4, 2016	250,000	221,308	222,761
IDSD020316182S	December 10, 2015	January 11, 2016	250,000	221,419	222,483
			500,000	442,727	445,244
Government Bonds					
FR0069	May 18, 2015	April 15, 2019	571,000	500,047	500,047
FR0069	May 21, 2015	April 15, 2019	568,000	499,714	499,714
			1,139,000	999,761	999,761
			1,639,000	1,442,488	1,445,005
<u>United States Dollar</u>					
Other Bank					
Government Bonds					
FR0030	December 29, 2014	May 15, 2016	840,000	665,816	665,816
ORI010	February 17, 2015	October 15, 2016	874,000	689,250	689,250
FR0028	March 16, 2015	July 15, 2017	670,000	551,400	551,400
FR0028	March 26, 2015	July 15, 2017	166,000	137,850	137,850
RI0017	December 7, 2015	February 5, 2016	1,516,350	1,064,478	1,064,478
RI0320	December 7, 2015	February 5, 2016	1,654,200	1,187,054	1,187,054
RI0521	December 15, 2015	February 3, 2016	1,378,500	860,019	860,019
RI0422	December 15, 2015	February 3, 2016	992,520	575,265	575,265
FR0060, FR0066, FR0069, ORI011	December 30, 2014	December 30, 2016	2,549,995	2,067,750	2,067,750
FR0053, FR0061	February 26, 2015	February 24, 2017	802,345	689,250	689,250
			11,443,910	8,488,132	8,488,132
			13,082,910	9,930,620	9,933,137
<u>Related parties (Notes 44)</u>					
<u>Rupiah</u>					
Non Bank					
Government Bonds					
FR0069	June 29, 2015	April 15, 2019	480,000	466,545	468,095
FR0069	March 20, 2015	April 15, 2019	1,000,000	972,093	976,726
			1,480,000	1,438,638	1,444,821
<b>Total</b>			<b>14,562,910</b>	<b>11,369,258</b>	<b>11,377,958</b>

**25. MARKETABLE SECURITIES ISSUED**

BRI issued marketable securities with details as follows:

	December 31, 2016	December 31, 2015
<u>Rupiah</u>		
BRI Shelf Registration Bonds I		
Phase I Year 2015		
Net of unamortized issuance cost		
amounted to Rp3,358 and Rp5,321 as of		
December 31, 2016 and 2015, respectively	2,321,811	2,994,679

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

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

	December 31, 2016	December 31, 2015
<u>Rupiah (continued)</u>		
BRI Shelf Registration Bonds I (continued)		
Phase II Year 2016		
Net of unamortized issuance cost amounted to Rp2,430 as of December 31, 2016	4,647,570	-
Phase III Year 2016		
Net of unamortized issuance cost amounted to Rp2,508 as of December 31, 2016	4,281,750	-
BRI Shelf Registration Bonds II		
Phase I Year 2016		
Net of unamortized issuance cost amounted to Rp5,466 as of December 31, 2016	4,544,019	-
Medium-Term Notes (MTN)		
Phase I Year 2014		
Net of unamortized issuance cost amounting to Rp191 and Rp331 as of December 31, 2016 and 2015, respectively	359,809	419,669
Phase I Year 2016		
Net of unamortized issuance cost amounting to Rp992 as of December 31, 2016	1,924,008	-
Negotiable Certificate of Deposits (NCD)		
NCD II Phase I Year 2015		
Net of discounts and unamortized issuance cost amounting to Rp1,225 as of December 31, 2015	-	253,824
	18,078,967	3,668,172
<u>United States Dollar</u>		
BRI Bonds		
Net of discounts and unamortized issuance cost amounting to Rp21,055 and Rp38,242 as of December 31, 2016 and 2015, respectively	6,721,814	6,852,931
<b>Total</b>	<b>24,800,781</b>	<b>10,521,103</b>

The amortization issuance cost of securities issued for the year ended December 31, 2016 and 2015 amounted to Rp22,526 and Rp111,790 respectively.

Other basic information related to marketable securities issued are as follows:

a) BRI Shelf Registration Bonds I

On June 25, 2015, BRI issued BRI Shelf Registration Bonds I Phase I Year 2015 at face value Rp3,000,000 in 3 (three) Series, as follows:

- Series A: Principal value amounting to Rp655,000 with a fixed interest rate of 8.40% per annum, for a period of 370 (three hundred and seventy) days that will mature on July 7, 2016.
- Series B: Principal value amounting to Rp925,000 with a fixed interest rate of 9.20% per annum, for a period of 3 (three) years that will mature on July 3, 2018.
- Series C: Principal value amounting to Rp1,420,000 with a fixed interest rate of 9.50% per annum, for a period of 5 (five) years that will mature on July 3, 2020.

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

Other basic information related to marketable securities issued are as follows (continued):

a) BRI Shelf Registration Bonds I (continued)

The interest of BRI Shelf Registration Bonds I Phase I Year 2015 is paid every 3 (three) months, starting from October 3, 2015. On the issue date, Pefindo gave these Shelf Registration Bonds a AAA(idn) rating.

On January 19, 2016, BRI issued BRI Shelf Registration Bonds I Phase II Year 2016 at face value Rp4,650,000 in 3 (three) Series, as follows:

- Series A: Principal value amounting to Rp808,000 with a fixed interest rate of 8.50% per annum, for a period of 370 (three hundred and seventy) days that will mature on February 8, 2017.
- Series B: Principal value amounting to Rp1,018,500 with a fixed interest rate of 9.25% per annum, for a period of 3 (three) years that will mature on February 4, 2019.
- Series C: Principal value amounting to Rp2,823,500 with a fixed interest rate of 9.60% per annum, for a period of 5 (five) years that will mature on February 4, 2021.

The interest of BRI Shelf Registration Bonds I Phase II Year 2016 is paid every 3 (three) months, starting from May 4, 2016. On the issue date, Pefindo gave these Shelf Registration Bonds a AAA(idn) rating.

On May 4, 2016, BRI issued BRI Shelf Registration Bonds I Phase III Year 2016 at face value Rp4,350,000 in 3 (three) Series, as follows:

- Series A: Principal value amounting to Rp1,212,000 with a fixed interest rate of 7.50% per annum, for a period of 370 (three hundred and seventy) days that will mature on May 30, 2017.
- Series B: Principal value amounting to Rp2,437,000 with a fixed interest rate of 8.20% per annum, for a period of 3 (three) years that will mature on May 25, 2019.
- Series C: Principal value amounting to Rp701,000 with a fixed interest rate of 8.70% per annum, for a period of 5 (five) years that will mature on May 25, 2021.

The interest of BRI Shelf Registration Bonds I Phase III Year 2016 is paid every 3 (three) months, starting from August 25, 2016. On the issue date, Pefindo gave these Shelf Registration Bonds a AAA(idn) rating.

On December 31, 2016 and 2015, BRI Shelf Registration Bonds I obtained a idAAA rating from Pefindo.

The net proceeds from the issue of Shelf Registration Bonds will be used for credit granting.

One important covenant stated in the agreement of Shelf Registration Bonds is that BRI shall not, without the written approval from the supervisory agent, reduce authorised, issued and paid-up capital, nor perform merger, separation, consolidation and takeovers of company.

Management claims that all requirements/restrictions required under the trustee agreement have been complied with.

BRI has settled its Shelf Registration Bonds I Phase I Series A with total nominal value Rp655,000 on maturity.

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

Other basic information related to marketable securities issued are as follows (continued):

b) BRI Shelf Registration Bonds II

On December 2, 2016, BRI issued Shelf Registration Bonds II Phase 1 Year 2016 at face value Rp4,600,000 in 5 (five) Series, as follows:

- Series A: Principal value amounting to Rp616,000 with a fixed interest rate of 7.25% per annum, for a period of 370 (three hundred and seventy) days that will mature on December 6, 2017.
- Series B: Principal value amounting to Rp964,000 with a fixed interest rate of 8.00% per annum, for a period of 3 (three) years that will mature on December 1, 2019.
- Series C: Principal value amounting to Rp193,000 with a fixed interest rate of 8.20% per annum, for a period of 5 (five) years that will mature on December 1, 2021.
- Series D: Principal value amounting to Rp477,000 with a fixed interest rate of 8.65% per annum, for a period of 7 (seven) years that will mature on December 1, 2023.
- Series E: Principal value amounting to Rp2,350,000 with a fixed interest rate of 8.90% per annum, for a period of 10 (ten) years that will mature on December 1, 2026.

The interest of BRI Shelf Registration Bonds II Phase I Year 2016 is paid every 3 (three) months, starting from March 1, 2017. On the issue date, Pefindo gave these Shelf Registration Bonds a AAA(idn) rating.

On December 31, 2016, BRI Shelf Registration Bonds II obtained a AAA(idn) rating from Pefindo.

The net proceeds from the issue of Shelf Registration Bonds will be used for credit granting.

One important covenant stated in the agreement of Shelf Registration Bonds is that BRI shall not, without the written approval from the supervisory agent, reduce authorised, issued and paid-up capital, nor perform merger, separation, consolidation and takeovers of company.

Management claims that all requirements/restrictions required under the trustee agreement have been complied with.

c) Medium-Term Notes (MTN)

MTN Year 2014

On October 10, 2014, BRI issued MTN Phase I Year 2014 with MTN principal value amounting to Rp720,000 within 3 (three) Series as follows:

- Series A: MTN principal value amounting to Rp300,000 with a fixed interest rate of 8.75% per annum, for a period of 370 (three hundred and seventy) days that will mature on October 15, 2015.
- Series B: MTN principal value amounting to Rp60,000 with a fixed interest rate of 9.25% per annum, for a period of 24 (twenty four) months that will mature on October 10, 2016.
- Series C: MTN principal value amounting to Rp360,000 with a fixed interest rate of 9.50% per annum, for a period of 36 (thirty six) months that will mature on October 10, 2017.

The interest of MTN Phase I Year 2016 is paid every 3 (three) months, starting from January 10, 2015. On the issue date, Fitch gave this MTN AAA(idn) and F1+(idn) rating.

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

Other basic information related to marketable securities issued are as follows (continued):

c) Medium-Term Notes (MTN) (continued)

MTN Year 2014 (continued)

On December 24, 2014, BRI's MTN Phase II Year 2014 was issued at face value Rp520,000 with a fixed interest rate of 8.90% per annum for a period of 370 (three hundred and seventy) days. This MTN had a maturity date on December 29, 2015. The interest of MTN Phase II was paid every 3 (three) months starting from March 24, 2015. On the issue date, Fitch gave this MTN AAA(idn) and F1+(idn) rating.

As of December 31, 2016 and 2015, BRI MTN Phase I obtained AAA(idn) rating from Pefindo.

The net proceeds from the issue of MTN will be used for credit granting.

One important covenant stated in the agreement of MTN is that BRI shall not, without the written approval from the supervisory agent, reduce authorised, issued and paid-up capital, nor perform merger, separation, consolidation and takeovers of company.

Management claims that all requirements/restrictions required under the trustee agreement have been complied with.

BRI has settled its Phase I Series A and B MTN with total nominal value Rp360,000 and Rp520,000 respectively on maturity.

MTN Year 2016

On September 16, 2016, BRI's MTN Phase I Year 2016 was issued at face value Rp1,925,000 with a fixed interest rate of 7.40% per annum for a period of 370 (three hundred and seventy) days. This MTN had a maturity date on September 21, 2017. The interest of MTN Phase II was paid every 3 (three) months starting from December 16, 2016. On the issue date, Pefindo gave this MTN AAA(idn) rating.

As of December 31, 2016, BRI's MTN Phase I Year 2016 obtained AAA(idn) rating from Pefindo.

The net proceeds from the issue of MTN will be used for credit granting.

One important covenant stated in the agreement of MTN is that BRI shall not, without the written approval from the supervisory agent, reduce authorised, issued and paid-up capital, nor perform merger, separation, consolidation and takeovers of company.

Management claims that all requirements/restrictions required under the trustee agreement have been complied with.



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

Other basic information related to marketable securities issued are as follows (continued):

d) Negotiable Certificate of Deposits (NCD)

On December 2, 2014, BRI issued NCD I Year 2014 at face value Rp955,000 in 2 (two) Series, as follows:

- Series A: NCD principal value amounting to Rp165,000 with a fixed interest rate of 8% per annum, for a period of 3 (three) months that matured on on March 2, 2015. NCD issued at 98.04%.
- Series B: NCD principal value amounting to Rp790,000 with a fixed interest rate of 8.6% per annum, for a period of 6 (six) months that matured on on June 2, 2015. NCD issued at 95.83%.

On April 22, 2015, BRI issued NCD II Phase I Year 2015 at face value Rp1,880,000 in 3 (three) Series, as follows:

- Series A: NCD principal value amounting to Rp595,000 with a fixed interest rate of 7.1% per annum, for a period of 3 (three) months period that will mature on on July 22, 2015. The NCD was issued at 98.24%.
- Series B: NCD principal value amounting to Rp1,020,000 with a fixed interest rate of 8% per annum, for a period of 6 (six) months period that will mature on on October 22, 2015. The NCD was issued at 96.09%.
- Series C: NCD principal value amounting to Rp265,000 with a fixed interest rate of 8.1% per annum, for a period of 9 (nine) months period that will mature on on January 22, 2016. The NCD was issued at 94.17%.

BRI have settled all its NCD with total nominal value of Rp2,835,000 on maturity.

e) BRI Bonds

On March 28, 2013, BRI issued and listed the BRI Bonds Year 2013 at nominal value USD500,000,000 (full amount) in Singapore Exchange Securities Trading Limited (SGX-ST) for a period of 5 (five) years, and which will mature on March 28, 2018 with a fixed interest rate of 2.95% per annum. The bonds were issued at 99.20% which were equivalent to USD495,980,000 (full amount). The interest is paid every 6 (six) months commencing on September 28, 2013. On the issue date, the bonds were rated Baa3 and BBB- by Moody's and Fitch, respectively.

The net proceeds from the issue of BRI bonds was used to strengthen BRI's general funding structure.

As of December 31, 2016 and 2015, BRI bonds Year 2013 were rated BBB- and Baa3 by Fitch and Moody's, respectively.

Management claims that all requirements/restrictions required under the trustee agreement have been complied with.

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**26. FUND BORROWINGS**

Fund borrowings consist of:

	December 31, 2016	December 31, 2015
<u>Third parties</u>		
<u>Rupiah</u>		
Bank Indonesia		
Liquidity loans	15,890	15,890
Others	12,307	12,332
	28,197	28,222
<u>Foreign currencies</u>		
Borrowings from China Development Bank Corporation net of unamortized transaction cost	13,047,548	13,600,809
Syndicate Loan - Club Loan net of unamortized transaction cost	7,300,061	7,427,624
Syndicate Loan - Club Deal net of unamortized transaction cost	3,725,183	3,791,592
Bilateral Loan	417,508	1,378,500
Others	10,389,673	9,153,611
	34,879,973	35,352,136
	34,908,170	35,380,358
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Borrowings from PT Sarana Multigriya Finansial (Persero)	100,000	100,000
<b>Total</b>	<b>35,008,170</b>	<b>35,480,358</b>

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

	December 31, 2016	December 31, 2015
<u>Third parties</u>		
<u>Rupiah</u>		
> 1 month - 3 months	515	85
> 3 months - 1 year	7,573	6,680
> 1 year - 5 years	7,802	9,125
> 5 years	12,307	12,332
	28,197	28,222
<u>Foreign currencies</u>		
≤ 1 month	320,647	3,629,831
> 1 month - 3 months	6,201,529	6,896,284
> 3 months - 1 year	7,996,715	5,996
> 1 year - 5 years	7,313,534	11,220,004
> 5 years	13,047,548	13,600,021
	34,879,973	35,352,136
	34,908,170	35,380,358

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**26, FUND BORROWINGS (continued)**

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

	December 31, 2016	December 31, 2015
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
> 3 months - 1 year	100,000	-
> 1 year - 5 years	-	100,000
	100,000	100,000
<b>Total</b>	<b>35,008,170</b>	<b>35,480,358</b>

Other significant information related to fund borrowings are as follows:

a) Borrowings from Bank Indonesia

Liquidity Loans

This account represents credit facilities obtained from Bank Indonesia that are channelled back to BRI's debtors for the following purposes: Investment Loans, Primary Cooperatives Loans for Sugar Cane Farmers, BULOG and Village Cooperative Units Loans, Permanent Working Capital Loans, Fertilisers and others.

The classification of liquidity loans from Bank Indonesia based on their remaining periods to maturity as of December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
> 1 month - 3 months	515	85
> 3 months - 1 year	7,573	6,680
> 1 year - 5 years	7,802	9,125
<b>Total</b>	<b>15,890</b>	<b>15,890</b>

The average annual interest rates on these loans are 0.02% for the year ended December 31, 2016 and 2015, respectively.

b) Borrowings from PT Sarana Multigriya Finansial (Persero)

Borrowings from PT Sarana Multigriya Finansial (Persero) represents *Mudharabah* financing facility which BRIS (subsidiary) obtained on December 14, 2012, for mortgage loan. The financing facility period is 5 (five) years and will mature on December 14, 2017 with the agreed *nisbah* portion for PT Sarana Multigriya Finansial (Persero) and BRIS amounting to 63.46% and 36.54%, respectively.

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**26. FUND BORROWINGS (continued)**

Other significant information related to fund borrowings are as follows (continued):

c) Syndicated Loan - Club Deal

On September 12, 2014, BRI obtained syndicated loan in the form of Club Deal amounting to USD370,000,000 (full amount), which is facilitated by BNP Paribas (agent) and divided into:

- a. Facility A, amounting to USD320,000,000 (full amount), with interest rate at LIBOR plus certain margin annually. The Participating banks in this loan are:
  - The Hongkong and Shanghai Banking Corporation Limited amounting to USD60,000,000
  - Wells Fargo Bank, National Association amounting to USD60,000,000
  - Australia and New Zealand Banking Group Limited amounting to USD50,000,000
  - BNP Paribas amounting to USD50,000,000
  - DBS Bank Ltd. amounting to USD50,000,000
  - United Overseas Bank Limited amounting to USD50,000,000
- b. Facility B, amounting to USD50,000,000 (full amount), with interest rate at LIBOR plus certain margin annually. This facility is only financed by Commerzbank Aktiengesellschaft.

This syndicated loan was obtained to meet BRI's liquidity needs. The interest is payable every 3 (three) months starting from 3<sup>rd</sup> (third) month since the signing date of the syndicated loan agreement.

The syndicated loan has a period of 36 (thirty six) months and will mature on September 12, 2017. BRI does not give any collateral for this loan.

BRI has made a partial payment for Facility A and Facility B of USD80,000,000 (full amount) and USD12,500,000 (full amount) on September 30, 2015, respectively.

The financial covenants in the syndicated loans agreement, among others, are maintaining financial ratios as follows:

- Minimum Capital Adequacy Ratio (CAR) of 9%.
- Maximum Non-Performing Loan (NPL) ratio of 5%.

As of December 31, 2016 and 2015, BRI has met the important covenants as required in this agreement.

d) Syndicated Loan - Club Loan

BRI obtained a syndicated loan facility in the form of Club Loan amounting to USD550,000,000 (full amount) according to Facility Agreement dated September 30, 2015. This loan is facilitated by The Hongkong and Shanghai Banking Corporation Limited as agent which consist of:

- a. Facility A amounting to USD325,000,000 (full amount) for 42 months from the date of agreement (including grace period) and will mature on March 30, 2019. The participating banks in this loan are:
  - Bank of America N.A. amounting to USD50,000,000
  - Citibank, N.A., Singapore branch amounting to USD30,000,000
  - Citibank, N.A., Jakarta branch amounting to USD20,000,000
  - The Hongkong and Shanghai Banking Corporation Limited amounting to USD50,000,000
  - Sumitomo Mitsui Banking Corporation amounting to USD50,000,000
  - Westpac Banking Corporation amounting to USD25,000,000
  - Australia and New Zealand Banking Group Limited amounting to USD20,000,000

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**26. FUND BORROWINGS (continued)**

Other significant information related to fund borrowings are as follows (continued):

d) Syndicated Loan - Club Loan (continued)

- a. Facility A amounting to USD325,000,000 (full amount) for 42 months from the date of agreement (including grace period) and will mature on March 30, 2019. The participating banks in this loan are (continued):
  - BNP Paribas amounting to USD20,000,000
  - CTBC Bank Co., Ltd. amounting to USD20,000,000
  - DBS Bank Ltd. amounting to USD20,000,000
  - United Overseas Bank Limited amounting to USD20,000,000
- b. Facility B amounting to USD155,000,000 (full amount) for 48 months from the date of the agreement (including grace period) and will mature on September 30, 2019. The participating banks in this loan are:
  - Oversea-Chinese Banking Corporation Limited amounting to USD50,000,000
  - BNP Paribas amounting to USD30,000,000
  - Australia and New Zealand Banking Group Limited amounting to USD20,000,000
  - DBS Bank Ltd. amounting to USD20,000,000
  - United Overseas Bank Limited amounting to USD20,000,000
  - Westpac Banking Corporation amounting to USD15,000,000
- c. Facility C amounting to USD70,000,000 (full amount) for 60 months from the date of the agreement (including grace period) and will mature on September 30, 2020. The participating banks in this loan are:
  - CTBC Bank Co., Ltd. amounting to USD30,000,000
  - Australia and New Zealand Banking Group Limited amounting to USD10,000,000
  - DBS Bank Ltd. amounting to USD10,000,000
  - United Overseas Bank Limited amounting to USD10,000,000
  - Westpac Banking Corporation amounting to USD10,000,000

This syndicated loan is used to strengthen the long-term financing structure and maturity profile. The loan principal will be paid on maturity date while the loan interest at LIBOR 3 (three) months plus certain margin per annum will be paid every 3 (three) months. BRI does not give any collateral for this loan.

The financial covenants in the syndicated loans agreement, among others, are maintaining financial ratios as follows:

- Minimum Capital Adequacy Ratio (CAR) of 9%.
- Maximum Non-Performing Loan (NPL) ratio of 5%.

As of December 31, 2016 and 2015, BRI has met the important covenants as required in this agreement.

e) Borrowings from China Development Bank Corporation

On September 16, 2015, BRI signed a loan facility agreement from China Development Bank Corporation to finance long-term infrastructure projects and industries in Indonesia and cross-border transactions between Indonesia and the People's Republic of China.

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**26. FUND BORROWINGS (continued)**

Other significant information related to fund borrowings are as follows (continued):

e) Borrowings from China Development Bank Corporation (continued)

This loan consists of 2 (two) facilities, which are:

- Tranche A facility amounting to USD700,000,000 (full amount) for which the drawdown was made on October 30, 2015 and November 6, 2015 amounting to USD223,953,383 (full amount) and USD476,046,617 (full amount), respectively.
- Tranche B Facility amounting to RMB1,906,080,000 (equivalent to USD300,000,000) (full amount) for which the first drawdown was made on October 30, 2015 amounting to RMB609,818,661 (full amount) and the second drawdown was made on November 6, 2015 amounting to RMB1,296,261,339 (full amount).

This long term facility has a tenor of 10 (ten) years and will mature on September 16, 2025 with an interest rate of LIBOR 6 (six) months plus a given margin per annum for Tranche A and SHIBOR 6 (six) months plus a given margin per annum for Tranche B which are paid every 6 (six) months.

Principal installments are paid every 6 (six) months, together with interest payments. For Tranche A facility, the first principal installments will be paid on April 29, 2016 by USD11,197,669.15 (full amount) up to April 30, 2018 and henceforth amounting to USD42,934,110.28 (full amount) from October 30, 2018 to maturity date. As for Tranche B facility, principal installments amounting to RMB127,072,000 (full amount) will be paid starting on October 30, 2018 to maturity date. BRI does not provide any guarantee for this loan.

The financial covenants in this loan agreement, among others, are maintaining financial ratios as follows:

- Minimum Capital Adequacy Ratio (CAR) of 9%
- Minimum Tier 1 ratio of 6%
- Minimum Core Tier 1 ratio of 5%
- Minimum Statutory Reserve in IDR ratio (GWM Rupiah) of 6.5%
- Maximum Non-Performing Loan (NPL) ratio of 5%
- Minimum Return On Assets (ROA) ratio of 0.6%

As of December 31, 2016 and 2015, BRI has met the important covenants as required in this agreement.

f) Bilateral Loan

Borrowings from The Bank of Tokyo-Mitsubishi UFJ

On February 24, 2015, which was amended on December 15, 2015, BRI and The Bank of Tokyo-Mitsubishi UFJ signed a loan facility agreement to meet its liquidity needs. This facility agreement is worth USD100,000,000 maximum (full amount) and is valid until February 24, 2016. The loan was disbursed to BRI on December 17, 2015 amounting to USD100,000,000 (full amount) with interest of ICE LIBOR plus a given margin per annum for a 1 (one) month period until January 19, 2016 and has been repaid on its maturity date.

On June 19, 2015, BRI Finance (subsidiary) and The Bank of Tokyo Mitsubishi UFJ, Ltd. signed a loan facility agreement amounting to USD1,000,000 (full amount) to finance its Cross Currency Swap. This loan bears interest on LIBOR 6 (six) months plus a given margin per annum payable every 6 (six) month and will mature on June 19, 2018.

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**26. FUND BORROWINGS (continued)**

Other significant information related to fund borrowings are as follows (continued):

f) Bilateral Loan (continued)

Borrowings from Emirates NBD Bank

On April 7, 2016, BRI (Singapore Branch) and Emirates NBD Bank signed a loan facility agreement amounting to USD10,000,000 (full amount) to meet its liquidity needs. This loan bears interest on one-month LIBOR plus a given margin per annum payable monthly, and will mature on March 30, 2017.

Borrowings from United Overseas Bank

On December 12, 2016, BRI (Singapore Branch) and United Overseas Bank signed a loan facility agreement amounting to USD20,000,000 (full amount) to meet its liquidity needs. This loan bears interest on three-month LIBOR plus a given margin per annum payable every 3 (three) months and will mature on March 13, 2017.

g) Other Borrowings

	December 31, 2016		December 31, 2015	
	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>				
Bank Indonesia		12,307		12,332
<u>Foreign currencies</u>				
<u>United States Dollar</u>				
Bank of Montreal	210,000,000	2,829,225	9,568,555	131,903
Standard Chartered Bank	100,000,000	1,347,250	129,232,129	1,781,465
The Bank of New York Mellon	90,000,000	1,212,525	120,000,000	1,654,200
Oversea-Chinese Banking Corporation Limited	76,004,562	1,023,971	167,887,243	2,314,325
Citibank, N.A.	75,000,000	1,010,437	-	-
Commerzbank, A.G.	60,000,000	808,350	-	-
The Hongkong and Shanghai Banking Corporation, Ltd.	50,000,000	673,625	-	-
Bank of America N.A.	36,875,880	496,810	17,000,000	234,345
National Bank of Abu Dhabi	25,000,000	336,813	-	-
The Bank of Tokyo-Mitsubishi UFJ	21,900,810	295,059	-	-
BNP Paribas	19,982,976	269,221	-	-
Wells Fargo Bank, N.A.	-	-	100,000,000	1,378,500
CTBC Bank	-	-	86,412,402	1,191,195
DBS Bank	-	-	33,000,000	454,905
		10,303,286		9,140,838
<u>European Euro</u>				
CTBC Bank	3,104,913	44,015	-	-
Commerzbank, A.G.	2,989,067	42,372	848,298	12,773
		86,387		12,773
		10,389,673		9,153,611
<b>Total</b>		<b>10,401,980</b>		<b>9,165,943</b>

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**26. FUND BORROWINGS (continued)**

Other significant information related to fund borrowings are as follows (continued):

g) Other Borrowings (continued)

Other borrowings facilities in foreign currencies represent short-term borrowings obtained from several foreign banks with terms from 1 (one) month up to 1 (one) year and bear interest rate at LIBOR or EURIBOR plus a certain margin, including refinancing borrowing facilities which are collateralized by letters of credit issued by BRI.

**27. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES**

- a) The details of estimated losses on commitments and contingencies which bear credit risk are as follows:

	December 31, 2016	December 31, 2015
<u>Rupiah</u>		
Guarantees issued	895	1,242

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

	December 31, 2016	December 31, 2015
<u>Rupiah</u>		
Beginning balance	1,242	398
Provision during the year	(347)	844
<b>Ending balance</b>	<b>895</b>	<b>1,242</b>

BRI assessed commitment and contingency transactions which bear credit risks individually based on whether an objective evidence of impairment exists, except for the commitment and contingency transactions owned by BRIS (Subsidiary) (based on sharia principles) in which assessment was performed using a collectability guidance of Bank Indonesia.

The minimum estimated losses on commitments and contingencies based on Bank Indonesia regulation amounted to Rp895 and Rp1,242 as of December 31, 2016 and 2015, respectively. Management believes that the amount is adequate.

- c) The collectibility of Bank Guarantee issued and the irrevocable L/C in Administrative Accounts is categorized as "Current" (Notes 2ao and 43):

	December 31, 2016		December 31, 2015	
	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>				
Guarantees				
Issued		4,342,053		3,394,062
Irrevocable L/C		514,596		528,682
		4,856,649		3,922,744



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

- c) The collectibility of Bank Guarantee issued and the irrevocable L/C in Administrative Accounts is categorized as "Current" (Notes 2ao and 43) (continued):

	December 31, 2016		December 31, 2015	
	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent
<u>Third parties (continued)</u>				
<u>Foreign currencies</u>				
Guarantees Issued				
United States Dollar	440,361,405	5,932,769	478,357,551	6,594,159
European Euro	16,835,180	238,652	30,217,436	454,974
Australian Dollar	676,419	6,577	74,360	750
Saudi Arabian Riyal	1,000,000	3,592	1,000,000	3,673
Malaysian Ringgit		-	8,500,000	27,291
Norwegian Kroner		-	7,917,112	12,394
Singapore Dollar		-	100,870	984
Japanese Yen		-	823,250	94
		6,181,590		7,094,319
Irrevocable L/C				
United States Dollar	107,112,073	1,443,067	159,431,513	2,197,764
European Euro	7,789,354	110,420	37,814,936	569,367
Great Britain Pound Sterling	342,912	5,677	3,563,041	72,825
Japanese Yen	45,373,091	5,221	765,354,641	87,645
Renminbi	2,646,926	5,133		-
Singapore Dollar	313,839	2,922	763	7
Swiss Franc		-	731,930	10,188
		1,572,440		2,937,796
		7,754,030		10,032,115
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Guarantees Issued		7,637,064		4,516,082
Irrevocable L/C		571,900		1,201,588
		8,208,964		5,717,670
<u>Foreign currencies</u>				
Guarantees Issued				
United States Dollar	394,079,942	5,309,242	495,950,823	6,836,682
European Euro	71,004,683	1,006,546	121,392,263	1,827,763
Malaysian Ringgit	8,500,000	25,527		-
Canadian Dollar	1,240,000	12,383		-
Japanese Yen	74,828,897	8,610		-
		6,362,308		8,664,445
Irrevocable L/C				
United States Dollar	334,073,051	4,500,799	666,173,805	9,183,206
European Euro	63,038,569	893,620	85,336,659	1,284,886
Japanese Yen	3,406,896,610	392,015	334,063,050	38,255
Great Britain Pound Sterling	5,307,740	87,870	2,672,979	54,633
Renminbi	2,798,000	5,426	6,522,470	13,846
Singapore Dollar	266,951	2,486	262,260	2,559
Australian Dollar		-	16,000,000	161,340
		5,882,216		10,738,725
		12,244,524		19,403,170
<b>Total</b>		<b>33,064,167</b>		<b>39,075,699</b>

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**28. LIABILITIES FOR EMPLOYEE BENEFITS**

Liabilities for employee benefits consist of:

	December 31, 2016	December 31, 2015
Bonuses and incentives	5,889,022	4,950,758
Provision for grand leaves (Note 42e)	1,349,754	1,156,541
Provision for work separation scheme (Note 42d)	1,261,219	1,113,099
Provision for gratuity for services (Note 42e)	951,208	843,340
<b>Total</b>	<b>9,451,203</b>	<b>8,063,738</b>

**29. OTHER LIABILITIES**

Other liabilities consist of:

	December 31, 2016	December 31, 2015
<u>Third parties</u>		
<u>Rupiah</u>		
Liability for future policy benefits	3,764,582	3,134,158
Interests payable	1,025,594	966,245
Provision for tax investigation	939,700	-
Provision for timely-payment of interests (Note 2z)	758,697	752,377
Provision for litigation liabilities (Note 45b)	613,720	410,878
Investment contract liabilities	401,903	87,564
Accrued expenses	163,437	32,022
Unearned premiums	98,374	75,258
Unearned income	92,768	129,772
Estimates liability claims	91,135	100,344
Guarantee deposits	14,343	15,692
Debt reinsurance	9,761	34,595
Others	1,612,029	1,167,497
	9,586,043	6,906,402
<u>Foreign Currencies</u>		
Interest payable	249,908	230,752
Unearned income	148,591	58,185
Others	126,911	197,427
	525,410	486,364
<b>Total</b>	<b>10,111,453</b>	<b>7,392,766</b>

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### 30. SUBORDINATED LOANS

BRI obtained subordinated loans in Rupiah with details as follows:

	December 31, 2016	December 31, 2015
<u>Rupiah</u>		
Subordinated Sukuk Mudharabah I	973,039	-
Two-step loan	35,471	56,468
	<b>1,008,510</b>	<b>56,468</b>

a. Subordinated Sukuk Mudharabah I

On November 17, 2016, BRIS (subsidiary) issued Rp1,000,000 Subordinated Sukuk Mudharabah I Year 2016 which is issued at 100.00% of its nominal value using profit sharing method. The amount of Sukuk holder's nisbah is 80.2013% which is calculated from liquid gross revenue, which is indicated to be 11.8452%. Profit sharing will be paid every 3 (three) months and will be due on November 16, 2023. Subordinated Sukuk Mudharabah I was rank A+(idn) by Fitch on publication date.

The receipt from the issuance of the Subordinated Sukuk Mudharabah I is used to strengthen the capital structure to support business development activities through financing.

The Subordinated Sukuk Mudharabah I is not guaranteed by special collateral nor guaranteed by the Republic of Indonesia or other third parties and is not included in the bank guarantee program implemented by the Deposit Insurance Agency (Lembaga Penjamin Simpanan/LPS) or other insurance corporation.

As of December 31, 2016, the Subordinated Sukuk Mudharabah I was rated A+(idn) by Fitch.

Acting as trustee for the Subordinated Sukuk Mudharabah I is PT Bank Negara Indonesia (Persero) Tbk.

BRIS (subsidiary) is required to have written approval from the trustee before conducting the following:

- Issuing another Sukuk or MTN with higher ranking and have priority in payment over Subordinated Sukuk Mudharabah.
- Changing its main business.
- Reducing of authorized, issued and paid capital stock
- Conducting merger, consolidation, acquisition with other parties which caused dissolution of BRIS, or would have negative impact on business continuity
- Selling or transferring fixed assets of BRIS to other parties, either all or most (over 50%) of BRIS's fixed assets based on the audited financial statement.
- Conducting transactions with affiliated parties, unless either the transaction is performed under favorable terms for BRIS or at least equal to the requirements obtained by BRIS from independent third parties in prevalent transactions.
- Providing financing or investment in shares to other parties

Management believes that all requirements/ restrictions set forth in the trustee agreement have been met.

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**30. SUBORDINATED LOANS (continued)**

b. Two-step loan

The two-step loans in Rupiah represent the loans from the Government which were funded by the Asian Development Bank (ADB), International Bank for Reconstruction and Development (IBRD), International Fund for Agricultural Development (IFAD), United States Agency for International Development (USAID) and Islamic Development Bank (IDB). The interest rates of these loans vary based on the respective agreements with terms ranging from 15 (fifteen) up to 40 (forty) years. The average annual interest rates for subordinated loans were 4.27% and 4.33%, for the years ended December 31, 2016 and 2015, respectively. These loans will mature on various dates up to 2027.

The classification of subordinated loans based on their remaining period until maturity are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<u>Rupiah</u>		
> 1 year - 5 years	30,935	51,466
> 5 years	977,575	5,002
<b>Total</b>	<b>1,008,510</b>	<b>56,468</b>

**31. EQUITY**

a. Capital stock

The details of authorized, issued and fully paid capital stock of BRI as of December 31, 2016 and 2015 are as follows:

	<b>December 31, 2016</b>			
	<b>Number of Shares</b>	<b>Nominal Value Per Share (Full Rupiah)</b>	<b>Total Share Value (Full Rupiah)</b>	<b>Percentage of Ownership</b>
<b>Authorized Capital Stock</b>				
Series A Dwiwarna Share	1	250	250	0.00%
Series B Common Shares	59,999,999,999	250	14,999,999,999,750	100.00
<b>Total</b>	<b>60,000,000,000</b>		<b>15,000,000,000,000</b>	<b>100.00%</b>
<b>Issued and Fully Paid Capital Stock</b>				
Series A Dwiwarna Share				
Republic of Indonesia	1	250	250	0.00%
Series B Common Shares				
Republic of Indonesia	13,999,999,999	250	3,499,999,999,750	56.75
Directors:				
- Randi Anto	661,000	250	165,250,000	0.00
- Susy Liestiowaty	580,000	250	145,000,000	0.00
- Sis Apik Wijayanto	140,000	250	35,000,000	0.00
- Mohammad Irfan	34,000	250	8,500,000	0.00
- Donsuwan Simatupang	28,500	250	7,125,000	0.00
Public	10,446,000,500	250	2,611,500,125,000	42.35
	<b>24,447,444,000</b>		<b>6,111,861,000,000</b>	
Treasury stocks (Note 1d)	221,718,000		55,429,500,000	0.90
<b>Total</b>	<b>24,669,162,000</b>		<b>6,167,290,500,000</b>	<b>100.00%</b>

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**31. EQUITY (continued)**

a. Capital stock (continued)

The details of authorized, issued and fully paid capital stock of BRI as of December 31, 2016 and 2015 are as follows (continued):

December 31, 2015				
	Number of Shares	Nominal Value Per Share (Full Rupiah)	Total Share Value (Full Rupiah)	Percentage of Ownership
<b>Authorized Capital Stock</b>				
Series A Dwiwarna Share	1	250	250	0.00%
Series B Common Shares	59,999,999,999	250	14,999,999,999,750	100.00
<b>Total</b>	<b>60,000,000,000</b>		<b>15,000,000,000,000</b>	<b>100.00%</b>
<b>Issued and Fully Paid Capital Stock</b>				
Series A Dwiwarna Share				
Republic of Indonesia	1	250	250	0.00%
Series B Common Shares				
Republic of Indonesia	13,999,999,999	250	3,499,999,999,750	56,75
Directors:				
- Randi Anto	661,000	250	165,250,000	0.00
- Susy Liestiwaty	580,000	250	145,000,000	0.00
- Mohammad Irfan	34,000	250	8,500,000	0.00
- Donsuwan Simatupang	29,500	250	7,375,000	0.00
Public	10,457,738,900	250	2,614,434,725,000	42.40
	<b>24,459,043,400</b>		<b>6,114,760,850,000</b>	
Treasury stocks (Note 1d)	210,118,600		52,529,650,000	0,85
<b>Total</b>	<b>24,669,162,000</b>		<b>6,167,290,500,000</b>	<b>100,00%</b>

Series A Dwiwarna share is the share that gives the shareholder preferential rights to approve the appointment or dismissal of Commissioners and Directors, changes in Articles of Association, approve on BRI's merger, dissolution, acquisition and separation, submission of request for bankruptcy and liquidation of BRI.

Series B shares are common shares that can be owned by the public.

b. Additional Paid-in Capital

The details of additional paid in capital as of December 31, 2016 and 2015 are as follows:

Additional capital by the Government related	
to the recapitalization program	1,092,144
Previous balance of paid up capital by the Government	5
Additional paid-in capital from IPO	589,762
Exercise of stock options	
Year 2004	49,514
Year 2005	184,859
Year 2006	619,376
Year 2007	140,960
Year 2008	29,013
Year 2009	14,367
Year 2010	43,062
Stock Option MSOP Stage-I which already expired	504
Stock Option MSOP Stage-II which already expired	1,845
Stock Option MSOP Stage-III which already expired	8,447
<b>Total</b>	<b>2,773,858</b>

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**31. EQUITY (continued)**

b. Additional Paid-in Capital (continued)

In line with the realization of the Recapitalization Program for Commercial Banks as set forth in Government Regulation No. 52 Year 1999 on the "Increase in Investment by the Republic of Indonesia in State-Owned Banks", the Government determined that the recapitalization requirement amount of BRI to achieve Capital Adequacy Ratio (CAR) of 4% was Rp29,063,531. Up to June 30, 2003, the authorized and issued capital stock of BRI has not yet been increased by additional capital from the above recapitalization program, therefore, the paid up capital from the Government of Rp29,063,531 was recorded temporarily under "Additional Paid-in Capital" together with the previous balance of paid up capital of Rp5 from the Government.

Based on the Decision Letter of the Ministry of Finance No. 427/KMK.02/2003 dated September 30, 2003, the final recapitalization requirement of BRI amounted to Rp29,063,531. The amount of Rp3,272,000 was converted to paid up capital and the remaining balance of Rp25,791,531 was recorded as additional paid-in capital. Moreover, with the implementation of the quasi-reorganization by BRI, the accumulated losses before quasi-reorganization as of June 30, 2003 amounting to Rp24,699,387 was eliminated against additional paid-in capital, resulting in additional paid-in capital amounting to Rp1,092,149 as of June 30, 2003.

On November 10, 2003, BRI conducted an IPO by issuing 1,764,705,000 new Series B common shares with a par value of Rp500 (full amount) per share at the offering price of Rp875 (full amount) per share, resulting in additional paid-in capital as follows:

Total new Series B Common shares issued to the public under the IPO (shares) (Note 1c)	1,764,705,000
Premium per share (full Rupiah)	375
Total premium on shares before discount	661,764
Less:	
- 3% discount given to BRI customers	(2,961)
- Cost of IPO	(69,041)
<b>Additional paid-in capital from IPO</b>	<b>589,762</b>

In accordance with the Special Annual Shareholders' Meetings on October 3, 2003, as disclosed in the Deed No. 6 Notary Imas Fatimah, S.H., the shareholders approved the issuance of stock options which is to be implemented within 3 (three) phases. Stock options are granted to Directors and employees who hold certain levels and positions and who have fulfilled the stipulated vesting requirements (Management Stock Option Plan (MSOP)).

The compensation cost of the MSOP is recognized as stock options which is part of equity.

BRI employees started to exercise their stock options for MSOP I on November 10, 2004, MSOP II on November 10, 2005 and MSOP III on November 15, 2006. MSOP I, II and III stock options that have been exercised from 2004 to 2010 amounted to 569,876,000 shares where there were 4,728,500 shares in 2010, 4,553,000 shares in 2009, 7,499,000 shares in 2008, 31,379,000 shares in 2007, 250,721,000 shares in 2006, 185,610,000 shares in 2005 and 85,385,500 shares in 2004. The additional paid-in capital arising from the exercise of stock options amounted to Rp43,062 in 2010, Rp14,367 in 2009, Rp29,013 in 2008, Rp140,960 in 2007, Rp619,376 in 2006, Rp184,859 in 2005 and Rp49,514 in 2004.

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**31. EQUITY (continued)**

c. Differences Arising from Translation of Foreign Currency Financial Statements

This account represents the exchange rate differences resulting from the translation into Indonesian Rupiah of the financial statements of BRI branch/representative offices located abroad (Cayman Islands, New York, Hong Kong and Singapore) and its subsidiaries whose functional currencies are in United States Dollar, Hong Kong Dollar and Singapore Dollar (Note 2aj). Assets and liabilities as well as commitments and contingencies denominated in foreign currencies were translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian time) as of the date of the statements of financial position. The consolidated statements of profit or loss and other comprehensive income for the year ended as of such date is derived from the accumulation of the monthly consolidated statements of profit or loss and other comprehensive income balances which are translated into Rupiah by using the average mid-rate of currency exchange for respective month.

d. Distribution of Net Income

Based on the Annual General Shareholders' Meetings of BRI held on March 23, 2016 and March 19, 2015, the Shareholders agreed to distribute dividend from net income for the years ended December 31, 2015 and 2014 as follows:

	Income for the year 2015	Income for the year 2014
Dividends	7,619,322	7,272,493
General and specific reserves	-	2,666,581

e. Reclassification of Appropriated Retained Earnings

In order to maintain its capital structure, BRI has reclassified Rp15,093,056 of its appropriated retained earnings into unappropriated retained earnings. This is in conjunction with the change in the Regulation of Indonesia Financial Services Authority (POJK) No.34/POJK.03/2016 dated September 26, 2016 regarding "the changes to POJK No.11/POJK.03/2016 on Minimum Capital Adequacy Requirement for Banks".

**32. INTEREST AND SHARIA INCOME**

Interest income are derived from:

	Year Ended December 31,	
	2016	2015
<u>Rupiah</u>		
Loans		
Micro	41,739,049	36,999,127
Retail	29,804,038	28,363,105
Corporate	8,428,432	7,105,161
Securities		
Fair value through profit or loss		
Deposits Certificates of Bank Indonesia	58,206	1,577
Government bonds	18,472	68,086
Certificates of Bank Indonesia	12,635	6,422
Bonds	11,983	-
Medium-Term Notes	-	475

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

Interest income are derived from (continued):

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<u>Rupiah (continued)</u>		
<u>Securities (continued)</u>		
Available for sale		
Government bonds	2,153,086	1,250,033
Certificates of Bank Indonesia	424,375	303,168
Deposits Certificates of Bank Indonesia	384,725	488,527
Bonds	134,390	54,007
Medium-Term Notes	26,617	3,389
Held to maturity		
Government bonds	2,558,389	1,623,263
Bonds	235,228	309,751
Certificates of Bank Indonesia	87,678	248,907
Negotiable Certificate Deposit	34,660	46,915
Medium-Term Notes	18,008	26,329
Deposits Certificates of Bank Indonesia	11,425	281,374
Government Recapitalization Bonds		
Held to maturity	173,129	214,143
Available for sale	28,112	28,368
Placements with Bank Indonesia and other banks		
Deposit Facility/Term Deposit	460,282	795,961
Inter-bank call money	155,010	185,158
Others	183,915	23,902
Current accounts with Bank Indonesia	158,570	247,729
Others	893,919	668,451
	<b>88,194,333</b>	<b>79,343,328</b>
<u>Foreign currencies</u>		
<u>Loans</u>		
Corporate	1,347,607	1,178,306
Retail	531,801	460,642
<u>Securities</u>		
Fair value through profit or loss		
Government bonds	724	12,171
Available for sale		
Government bonds	629,431	373,394
Certificates of Bank Indonesia	40,105	511
Bonds	26,162	176,402
Held to maturity		
Government bonds	647,443	577,846
Promissory Notes	57,082	88,904
Bonds	23,347	75,654
Certificates of Bank Indonesia	7,992	227
Credit Link Notes	7,628	27,675



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

Interest income are derived from (continued):

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<u>Foreign currencies (continued)</u>		
Placements with Bank Indonesia and other banks		
Deposit Facility/Term Deposit	62,019	14,831
Inter-bank call money	45,424	93,176
Others	75,637	61,664
Others	454,577	523,014
	<u>3,956,979</u>	<u>3,664,417</u>
	<u>92,151,312</u>	<u>83,007,745</u>
 Sharia income are derived from:		
Murabahah	1,533,339	1,463,233
Musyarakah	526,506	513,496
Others	576,832	449,563
Total Sharia income	<u>2,636,677</u>	<u>2,426,292</u>
<b>Total</b>	<b><u>94,787,989</u></b>	<b><u>85,434,037</u></b>

**33. INTEREST AND SHARIA EXPENSE**

This account represents interest expense incurred on:

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<u>Rupiah</u>		
Time deposits	16,429,029	17,975,185
Saving deposits	2,880,441	2,895,613
Demand deposits	1,572,976	1,171,074
Securities issued	1,015,247	354,260
Deposits from other banks and financial institutions	496,936	762,522
Securities sold under agreement to repurchase	356,224	188,084
Subordinated loans	2,286	3,225
Others	1,085,208	936,762
	<u>23,838,347</u>	<u>24,286,725</u>

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

This account represents interest expense incurred on (continued):

	Year Ended December 31,	
	2016	2015
<u>Foreign currencies</u>		
Fund borrowings	1,091,202	335,113
Time deposits	685,944	954,448
Deposits from other banks and financial institutions	141,315	149,439
Securities issued	114,238	204,219
Demand deposits	88,276	89,536
Securities sold under agreement to repurchase	22,006	51,480
Saving deposits	5,717	1,918
Others	189,428	68,222
	<u>2,338,126</u>	<u>1,854,375</u>
	<u>26,176,473</u>	<u>26,141,100</u>
 Sharia expense consists of:		
Deposits <i>Mudharabah</i>	990,710	985,287
Others	44,792	27,883
Total Sharia expense	<u>1,035,502</u>	<u>1,013,170</u>
<b>Total</b>	<b><u>27,211,975</u></b>	<b><u>27,154,270</u></b>

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

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

	Year Ended December 31,	
	2016	2015
Loans (Note 12f)	13,454,979	8,685,146
Sharia receivables and financing (Note 13)	244,267	206,159
Finance lease receivables (Note 14)	995	-
	<u>13,700,241</u>	<u>8,891,305</u>

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**35. SALARIES AND EMPLOYEE BENEFITS**

The details of this account are as follows:

	Year Ended December 31,	
	2016	2015
Salaries, wages and allowances	9,195,127	8,735,335
Bonuses, incentives and <i>tantiem</i>	5,904,569	4,987,921
Training and development	593,654	629,634
Jamsostek contribution	525,477	433,374
Defined benefit pension (Note 42a)	513,384	543,325
Medical allowances	368,137	302,379
Grand leaves (Note 42e)	316,665	273,666
Defined contribution pension (Note 42c)	231,801	198,975
Work separation scheme (Note 42d)	181,513	213,364
Gratuity for services (Note 42e)	152,480	76,718
Others	502,207	204,467
<b>Total</b>	<b>18,485,014</b>	<b>16,599,158</b>

For the years ended December 31, 2016 and 2015, salaries and allowances of the Board of Directors amounted to Rp65,526 and Rp42,300, respectively, and of the Board of Commissioners amounted to Rp26,702 and Rp20,920, respectively (Note 44). Bonuses, incentives and *tantiem* of BRI's Boards of Directors, Commissioners and key employees amounted to Rp396,453 and Rp398,315 for the year ended December 31, 2016 and 2015, respectively (Note 44).

**36. GENERAL AND ADMINISTRATIVE EXPENSES**

The details of this account are as follows:

	Year Ended December 31,	
	2016	2015
Outsourcing service	2,918,089	2,413,167
Rent	1,758,312	1,845,272
Depreciation of premises and equipment (Note 17)	1,224,809	1,094,222
Repairs and maintenance	961,923	841,916
Electricity and water	577,645	574,885
Transportation	459,785	397,123
Printing and postage	306,174	271,153
Office supplies	298,711	283,300
Communications	180,413	161,319
Professional fees	133,901	55,216
Computer installations	45,602	65,348
Research and product development	21,367	14,744
Others	3,089,014	2,362,882
<b>Total</b>	<b>11,975,745</b>	<b>10,380,547</b>

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**37. NON OPERATING INCOME - NET**

The details of this account are as follows:

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Gain on sale of premises and equipment	7,934	21,628
Rental income	9,833	15,040
Cash distribution from the liquidation of BRI Finance Ltd. Hong Kong	1,656	4,111
Others - net	(10,195)	493,889
<b>Total</b>	<b>9,228</b>	<b>534,668</b>

**38. TAXATION**

a) Taxes Payable

As of December 31, 2016 and 2015, the details of taxes payable are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<u>BRI (Parent Entity)</u>		
Income tax		
Article 25	-	278,130
Article 29	881,207	1,093,551
	881,207	1,371,681
<u>Subsidiaries</u>		
Income tax and other tax		
Article 21	10,230	7,936
Article 22	116	-
Article 23	1,145	10,355
Article 25	6,162	10,979
Article 26	157	-
Article 29	15,790	64,798
Article 4 (2)	23,604	29,541
Value-added tax	3,990	1,972
	61,194	125,581
<b>Total</b>	<b>942,401</b>	<b>1,497,262</b>

b) Tax Expense

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<u>Parent Entity</u>		
Current tax expense of:		
Current year	8,165,498	7,008,173
Prior year tax examination	466,188	-
Deferred income tax (benefit) expense	(943,499)	(885)
	7,688,187	7,007,288

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**38. TAXATION (continued)**

b) Tax Expense (continued)

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<u>Subsidiaries</u>		
Current tax expense of:		
Current year	128,975	94,780
Deferred income tax (benefit) expense	(71,383)	(18,838)
	57,592	75,942
<b>Total</b>	<b>7,745,779</b>	<b>7,083,230</b>

The reconciliation between income before tax expense as presented in the consolidated statement of profit or loss and other comprehensive income and estimated taxable income are as follows:

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Income before tax expense in accordance with the consolidated statement of profit or loss and other comprehensive income	33,973,770	32,494,018
Income of Subsidiaries	(532,127)	(282,580)
Income before tax expense - BRI (Parent Entity)	33,441,643	32,211,438
Temporary Differences:		
Reversal of allowance for impairment losses on loans	3,154,390	(411,956)
Provision for employee expenses	651,210	573,996
Unrealized loss on FVTPL securities and Government Recapitalization Bonds	(6,879)	8,940
Depreciation of premises and equipment	(24,727)	(167,440)
	3,773,994	3,540
Permanent Differences:		
Public relations	298,147	185,157
Representations and donations	159,361	126,886
Sports and religious activities	46,622	40,843
Income subjected to final tax	(7,302)	(12,003)
Income of Subsidiaries	(18,564)	(13,262)
Others	3,133,588	2,498,264
	3,611,852	2,825,885
<b>Estimated taxable income</b>	<b>40,827,489</b>	<b>35,040,863</b>

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**38. TAXATION (continued)**

b) Tax Expense (continued)

The reconciliation between income before tax expense as presented in the consolidated statement of profit or loss and other comprehensive income and estimated taxable income are as follows (continued):

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<u>Parent Entity</u>		
Corporate income tax expense - current	(8,165,498)	(7,008,173)
Income tax installment payments during the year	7,263,072	5,914,622
Foreign tax credit	21,219	-
Corporate income tax payable - Article 29	(881,207)	(1,093,551)
<u>Subsidiary - BRIS</u>		
Corporate income tax expense - current	(87,417)	(66,739)
Income tax installment payments during the year	74,335	39,662
Corporate income tax (payable) refund - Article 29	(13,082)	(27,077)
<u>Subsidiary - BRI Agro</u>		
Corporate income tax expense - current	(36,945)	(28,041)
Income tax installment payments during the year	34,237	26,630
Corporate income tax payable - Article 29	(2,708)	(1,411)
<u>Subsidiary – BRI Life<sup>*)</sup></u>		
Corporate income tax payable - Article 29 (Note 18)	63,113	(36,310)
<u>Entitas Anak-BRI Finance<sup>**)</sup></u>		
Corporate income tax payable - Article 29 (Note 18)	57	

<sup>\*)</sup> Acquisition was done as of December, 29 2015 (Note 1f)

<sup>\*\*)</sup> Transfer of shares was done as of September 30, 2016 (Note 1f)

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**38. TAXATION (continued)**

b) Tax Expense (continued)

The reconciliation of income tax expense by multiplying income before tax expense to the applicable tax rate is as follows:

	Year Ended December 31,	
	2016	2015
Income before tax expense in accordance with the consolidated statement of profit or loss and other comprehensive income	33,973,770	32,494,018
Income of Subsidiaries	(532,127)	(282,580)
Income before tax expense - BRI (Parent Entity)	33,441,643	32,211,438
Tax expense with a tax rate of 20%	6,688,329	6,442,288
Tax effect on permanent differences	722,370	565,177
Effect of different rate used in deferred tax calculation	(188,700)	(177)
Correction of income tax assessment on previous year	466,188	-
Tax expense - Parent Entity	7,688,187	7,007,288
Tax expense - Subsidiaries	57,592	75,942
	<b>7,745,779</b>	<b>7,083,230</b>

Estimated taxable income in 2015 are consistent with Annual Tax Return (SPT) for corporate income tax reported by BRI to Tax Office (KPP). As of January 20, 2017, BRI has not yet reported the 2016 Annual Tax Return to the Tax Office. However, the reporting basis for its 2016 Annual Tax Return will be in accordance with the above estimated taxable income for 2016.

**Assessment for fiscal year 2010**

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 amounting to Rp1,484,041 which was already approved by BRI amounting to Rp34,529. Management believes that the treatment of the tax under payment not approved by BRI is already in accordance with the existing tax regulations.

On February 27, 2013, BRI has contested the Under Payment of Tax Assessment Letter of Income Tax No. 00003/206/10/093/12 dated November 28, 2012. To qualify for the requirement of objection, BRI has paid deposit amounting to Rp1,449,512 to the State Treasury on February 28, 2013. According to a decree of the General Directorate of Tax No. KEP-229/WPJ.19/2014 dated February 18, 2014, the request was rejected, then on May 12, 2014, BRI filed an appeal to the Tax Court and currently is still in the process on the tax court.

Based on the trial fact that has taken place on November 17, 2014 and December 8, 2014, where BRI has a better chance to resolve the tax dispute at the appeals level, BRI management believes that the provision made for possible losses of the appeal process until the appeal decision amounted to Rp724,756, which was already charged in 2013 amounting to Rp483,171 and in 2014 amounting to Rp241,585, the remaining provision amounting to Rp724,756 was still recorded in the other asset account - prepaid tax (Note 18).

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**38. TAXATION (continued)**

b) Tax Expense (continued)

**Assessment for fiscal year 2010 (continued)**

Based on Tax Court Decision No. PUT-63381/PP/M,XVA/15/2015 pronounced by the judges in the open session for public dated August 24, 2015, the Tax Court has granted the BRI's appeal for the decision of the The Directorate General of Taxes No. KEP - 229/WPJ.19/2014 dated February 18, 2014 on an objection to the Under Payment of Tax Assessment Letter of Income Tax No. 00003/206/10/093/12 dated November 28, 2012.

Based on the decision of the The Directorate General of Taxes No. KEP-00003.PPH/WPJ.19/KP.0403/2016 dated 8 January 2016 and the Overpayment of Tax Assessment Letter of Income Tax No. 80006/093-0006-2016 as of January 8, 2016, BRI has received the repayment of the Over Payment of income tax amounting Rp1,448,499 after the adjustment in BRI's tax payable amounting Rp1,013, as of February, 24 2016.

**Tax for revaluation of fixed assets**

BRI through the letter No. 830-DIR/AMK/11/2015 on November 30, 2015 has submitted an application to the head of Regional Office of Directorate General of Taxes (DGT) Large Taxpayer Tax Office regarding "Application for Revaluation of fixed assets for tax purposes in 2015 by tax payers that have not revalued fixed assets".

Based on Ministry of Finance Decree No. 91/PMK,010/2015 dated October 15, 2015 as amended by Ministry of Finance Decree No. 233/PMK.03/2015 dated December 21, 2015, the application filed until December 31, 2015, will receive special treatment in the form of reduction in the income tax rates to 3% final tax. In conjunction with this, BRI has estimated the fixed assets fair value such as land and building, and for the increase in fixed assets fair value compared to the book value, BRI has made tax payment amounting to Rp245,357 on December 2, 2015, even though the revaluation is still not approved by the Directorate General of Taxes. The tax payment was recorded under other assets account - prepaid tax (Note 18). As of April 1, 2016, BRI revaluated the carrying value of land upwards by Rp14,315,527 of which this amount is taxed at Rp490,835. The Directorate General of Taxes through its Decision Letter No. KEP-479/WPJ.19/2016 dated July 29, 2016 has given its approval over this matter.

**Assessment for fiscal year 2011**

The Directorate General of Taxes through its Decision Letter No. 00025/207/11/093/16 dated June 2, 2016, has stated that the Under Payment Value Added Tax for goods and services amounting to Rp3.284 and its fine amounting to Rp443, have been billed through Letter of Income Tax No. 00025/107/11/093/16 dated June 2, 2016 has been approved by BRI.

The Directorate General of Taxes through its Decision Letter No. 00003/201/11/093/16 dated May 30, 2016, has stated that the Underpayment of income tax in article 21 amounting to Rp49,656 has been approved by BRI.

The Directorate General of Taxes through its Decision Letter No. 00005/203/11/093/16 dated June 1, 2016, has stated that the Underpayment of income tax in article 23 amounting to Rp8,015 has been approved by BRI.



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**38. TAXATION (continued)**

b) Tax Expense (continued)

**Assessment for fiscal year 2011 (continued)**

The Directorate General of Taxes through its Decision Letter No. 00005/206/11/093/16 dated May 30, 2016, has stated that the Underpayment of income tax amounting to Rp466.188 has been approved by BRI.

**Income Tax Collection Letter for fiscal year 2014**

The Directorate General of Taxes based on Tax Collection Letter No.90002/106/14/093/15 dated December 29, 2015, affirmed the under payment of Income Tax for fiscal year 2014 amounting to Rp1,603,100 and administration sanction amounting to Rp256,496, in conjunction with the correction of Bank Indonesia minimum balance of allowance for impairment losses.

Management believes that the Tax Collection Letter is not correct and BRI treatment is already in accordance with the applicable regulation.

On January 13, 2016, BRI has submitted a letter for the cancellation of the Tax Collection Letter. To meet the requirement for the Tax Collection Letter cancellation, on December 30, 2015, BRI has paid deposit amounting to Rp1,603,100 and recorded it under other assets - prepaid tax (Note 18).

Based on The Directorate General of Taxes through its Decision Letter No. KEP-90001/NKEB/WPJ.19/2016 dated February 1, 2016, "Related to the Cancellation of the Tax Collection Letter", all BRI petitions have been approved.

On February 4, 2016, BRI has requested a petition related to the Cancellation of the Tax Collection amounting to Rp1,603,100 to be compensated to the installment payment of income tax article 25 during the fiscal period January and February 2016 amounting to Rp800,000 and Rp803,100, respectively.

Based on the cancellation letter of tax collection No. KEP-00019.PPH/WPJ.19/KP.0403/2016 dated February 15, 2016 and the instruction letter of Over Payment Tax No. 80095/093-0095-2016 dated February 15, 2016, The Directorate General of Taxes has approved the petition for compensation by BRI.

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**38. TAXATION (continued)**

c) Deferred Tax Assets

The computation of deferred tax benefit (expense) of BRI is as follows:

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<u>Parent Entity</u>		
Reversal for allowance for possible losses on earning assets	788,598	(102,989)
Reversal of provision for employee expense	162,803	143,499
Unrealized loss on FVTPL securities and Government Recapitalization Bonds	(1,720)	2,235
Depreciation of premises and equipment	(6,182)	(41,860)
	943,499	885
Subsidiaries	71,383	18,838
<b>Total</b>	<b>1,014,882</b>	<b>19,723</b>

The tax effects of significant temporary differences between commercial and tax reporting (recorded under "Deferred Tax Assets" account) are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<u>Parent Entity</u>		
Allowance for possible losses on earning assets	1,616,787	828,189
Provision for employee expense	1,109,857	947,054
Depreciation on premises and equipment	(145,271)	(139,089)
Remeasurement on defined benefit program	(218,213)	(177,470)
Unrealized loss on FVTPL securities and Government Recapitalization Bonds	-	1,720
Unrealized (gain) loss on available for sale securities and Government Recapitalization Bonds	(34,630)	346,376
	2,328,530	1,806,780
Subsidiaries	192,400	176,994
<b>Total</b>	<b>2,520,930</b>	<b>1,983,774</b>

Under article 17 (2) of Law No. 7 year 1983 regarding "Income Tax" which was revised for the fourth time by Law No. 36 year 2008, the corporate tax rate is 25%.

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### **38. TAXATION (continued)**

In addition, based on the above Law No. 36 year 2008 dated September 23, 2008, the Government Regulation No. 81 year 2007 dated December 28, 2007 on "Reduction of the Income Tax Rate on Resident Corporate Tax Payers in the Form of Public Companies" and the Ministry of Finance Regulation No. 238/PMK.03/2008 dated December 30, 2008 on "The Guidelines on the Implementation and Supervision on the Rate Reduction for Domestic Corporate Tax Payers in the Form of Public Companies" stipulates that resident public companies in Indonesia can obtain the reduced income tax rate at 5% lower than the highest existing income tax rate, provided they meet the prescribed criteria, public companies whose shares are owned by the public at a minimum of 40% or more of the total paid-up shares are traded in the Indonesia Stock Exchange and such shares are owned by at least 300 (three hundred) parties and each party owning only less than 5% of the total paid-up shares. These requirements should be fulfilled by the public companies for a minimum period of 6 (six) months in 1 (one) tax year.

Based on Letter No. DE/I/2016-0109 dated January 5, 2017 and the monthly report of shares ownerships (form No. X.H.I-2 dated January 5, 2017 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of BRI's shares during 2016), all of the above mentioned required criteria to obtain the tax rate reduction on BRI's consolidated financial statements for the year ended December 31, 2016 were fulfilled by BRI.

### **39. RISK MANAGEMENT**

BRI's success in developing into a strong and healthy bank that grows sustainably could be attributed to its implementation of integrated and systematic risk management process, by managing credit risk, liquidity risk, operational risk, market risk, strategic risk, compliance risk, reputational risk and legal risk.

The principles of having an integrated and systematic risk management are embedded into a number of policies and procedures, among others, the Risk Management General Policy (KUMR) which serves as the highest guiding policy for the implementation of risk management procedures in all BRI business operations, starting from general policies, strategies, organisation, risk management in information system, process and the implementation of risk management to internal control system. The implementation of risk management differs according to the type of risks involved and is governed by policies which can be derived from other policies.

Board of Commissioners (BOC) and Board of Directors (BOD) are responsible for effective risk management at BRI and have an important role in supporting and overseeing the implementation of risk management in all business units.

BOD's implementation of risk management policies is subjected to evaluation by the BOC to ensure that there is in place effective stewardship and management of company's risks and business activities. BOC were assisted by the Risk Management Oversight Committee (KPMR) in its supervision and evaluation.

BOD sets the strategy, direction and implementation of risk management policy. Moreover, BOD has the responsibility to ensure that all material risks and their impacts have been addressed and that corrective measures have been taken to remedy the problems and irregularities found in business activities. BOD appoints Director of Compliance and Risk Management to implement the process of monitoring and controlling the risks bankwide.

BOD is assisted by Risk Management Committee (RMC), the highest committee in BRI's risk management structure. RMC provides recommendations to President Director on policy formulation, measures required to enhance policy implementation, evaluate the progress and conditions of risk profiles as well as to advise on corrective actions.

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### 39. RISK MANAGEMENT (continued)

In order to address issues that arise from specific types of risk and which require immediate actions and decisions, Sub-RMC is established out of RMC. Sub-RMC which is a special committee that is made up of CMRC (Credit Risk Management Committee), MRMC (Market Risk Management Committee), and ORMC (Operational Risk Management Committee) specialises in issues relating to credit, market, operational and other risks.

#### Credit Risk Management

Credit risk is a type of risk that occurs when debtors and/or other party default or fail to settle their obligations with BRI. BRI identifies and measures the level of risks of each debtor using internal risk rating. BRI monitors credit quality for early identification of credit impairment. Credit risk management follows closely the policy of risk management in an integrated and comprehensive manner. BRI's credit risk management framework includes, among others, governance, the acceptable level for risk exposure, the limit on geographical boundaries and the level of concentration of each industry. The risk of credit rating is updated periodically to estimate potential loss that is a result of credit expansion and use it as a benchmark to determine the next set corrective actions required.

Credit risk management is implemented not only to comply with the current prevailing regulation but it serves as a device which management utilises to manage and maintain risk and return at an optimum level, the level considered as the best practice of banking industry. The implementation of credit risk management is expected to boost BRI business activities without having to compromise its prudent principle.

Business units have taken into account and calculated the credit risk for all the credits issued, from their period of disbursement to repayment. The quality of these credits are monitored periodically to prevent the occurrence of Non-Performing Loan (NPL).

The implementation of Early Warning System (EWS) which monitors debtor's business conditions and developments of the condition of the debtor's business allows for effective credit risk management. This minimizes the risk of loss and optimise the use of capital to earn maximum income.

BRI credit risk management is implemented with the purpose of minimising possible financial losses due to credit default and/or default on other financial contracts, be it individually or collectively as credit portfolios. Credit risk management is also part of BRI efforts to meet regulatory requirements.

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

The carrying value of BRI's financial assets, other than loans and receivables and securities purchased under agreement to resell depicts the maximum amount of exposure to credit risk.

The tables below show the net maximum exposure to credit risk for securities purchased under the agreement to resell as of December 31, 2016 and 2015:

	<b>December 31, 2016</b>		
	<b>Maximum Exposure</b>	<b>Collateral</b>	<b>Net Exposure</b>
Securities purchased under agreement to resell	1,557,370	1,576,958	-

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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

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

The tables below show the net maximum exposure to credit risk for securities purchased under agreement to resell as of December 31, 2016 and 2015 (continued):

	<b>December 31, 2015</b>		
	<b>Maximum Exposure</b>	<b>Collateral</b>	<b>Net Exposure</b>
Securities purchased under agreement to resell	845,125	889,580	-

BRI uses collaterals to minimise the credit risks of credits issued. BRI credits or loans can be classified into 2 (two) major categories:

1. Secured loans
2. Unsecured loans

For secured loans, the types and value of collaterals are determined according to the credit scheme. Types of collaterals are:

- a. Physical collateral, such as lands and buildings, certificate of vehicles ownership, and properties.
- b. Financial collateral, such as deposits (time deposit, savings, demand deposit), securities, and gold.
- c. Others, such as guarantees, government guarantees, and guarantee institutions.

In the event of default, however, BRI uses collaterals as the last resort to fulfill counterparty's credit obligations.

Unsecured loans are comprised of fully unsecured loans such as credit cards and partially secured loans such as loans for fixed income employees, loans for retirees, and other consumer loans. The repayment of partially secured loans is generally made through automatic payroll deduction.

Thus, although partially secured loans are considered to be unsecured loans, their risk level is lower than their carrying value whereas the risk level of fully unsecured loan is equal to their carrying value.

Employee recruitment decision letter and certificate of retirement are used as part of credit risk mitigation techniques for partially secured loans.

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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

2. Risk concentration analysis

a. Geographical sectors

Tables below detail the credit risk exposure of consolidated BRI's financial assets at carrying value, categorised according to their geographical regions as of December 31, 2016 and 2015 respectively.

Geographical sectors based on BRI business operational locations which also illustrate the business potentials of each region:

	December 31, 2016							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
<b>Assets</b>								
Current accounts with Bank Indonesia	55,635,946	-	-	-	-	-	-	55,635,946
Current accounts with other banks	10,250,878	6,593	1,066	294	262	46,494	717,128	11,022,715
Placements with Bank Indonesia and other banks	77,131,960	-	-	-	-	-	1,010,794	78,142,754
Securities								
Fair value through profit or loss	490,742	-	-	-	-	-	184,224	674,966
Available for sale	67,812,522	-	-	-	-	-	1,679,744	69,492,266
Held to maturity	61,286,147	-	-	-	-	-	29,945	61,316,092
Export bills	7,450,580	198,567	147,953	960,666	581,374	6,332	-	9,345,472
Government Recapitalisation Bonds								
Available for sale	718,434	-	-	-	-	-	-	718,434
Held to maturity	2,600,000	-	-	-	-	-	-	2,600,000
Securities purchased under agreement to resell	1,557,370	-	-	-	-	-	-	1,557,370
Derivative receivables	91,657	-	-	-	-	-	-	91,657
Loan								
Micro	17,333,003	21,577,469	35,655,855	28,925,252	47,381,058	70,929,568	-	221,802,205
Retail	57,407,811	18,067,842	27,185,046	31,453,445	44,719,314	66,046,776	702	244,880,936
Corporate	128,551,904	10,038,287	2,291,428	5,344,063	13,911,017	8,772,798	7,878,337	176,787,834
Sharia receivables and financing	5,562,328	3,096,990	1,967,988	1,838,606	2,558,727	2,724,304	-	17,748,943
Finance lease receivables	1,107,160	415,637	-	314,227	273,494	89,782	-	2,200,300
Acceptances receivable	4,939,982	114,705	78,217	557,509	632	1,538	-	5,692,583
Investment in associated entities*)	2,439	-	-	-	-	-	-	2,439
Other assets**)	5,078,337	28,897	29,707	33,947	186,766	92,089	657,656	6,107,399
<b>Total</b>	<b>505,009,200</b>	<b>53,544,987</b>	<b>67,357,260</b>	<b>69,428,009</b>	<b>109,612,644</b>	<b>148,709,681</b>	<b>12,158,530</b>	<b>965,820,311</b>
Less: Allowance for impairment losses								(22,807,210)
<b>Net</b>								<b>943,013,101</b>
<b>Administrative Accounts</b>								
Irrevocable L/C	6,313,266	1,303,388	57,293	381,770	463,165	22,270	-	8,541,152
Guarantees issued	20,227,433	2,244,394	341,443	573,537	737,002	395,993	3,213	24,523,015
<b>Total</b>	<b>26,540,699</b>	<b>3,547,782</b>	<b>398,736</b>	<b>955,307</b>	<b>1,200,167</b>	<b>418,263</b>	<b>3,213</b>	<b>33,064,167</b>

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

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

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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

2. Risk concentration analysis (continued)

a. Geographical sectors (continued)

Geographical sectors based on BRI business operational locations which also illustrate the business potentials of each region (continued):

	December 31, 2015							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
<b>Assets</b>								
Current accounts with Bank Indonesia	61,717,798	-	-	-	-	-	-	61,717,798
Current accounts with other banks	8,311,660	6,507	3,337	1,104	1,131	43,456	368,897	8,736,092
Placements with Bank Indonesia and other banks	48,764,753	-	-	-	-	-	1,069,911	49,834,664
Securities								
Fair value through profit or loss	638,328	-	-	-	-	-	291,006	929,334
Available for sale	58,764,603	-	-	-	-	-	1,937,447	60,702,050
Held to maturity	63,218,554	-	-	-	-	-	41,355	63,259,909
Export Bills	4,553,463	726,798	369,997	1,239,721	387,116	3,788	-	7,280,883
Government Recapitalization Bonds								
Available for sale	715,958	-	-	-	-	-	-	715,958
Held to maturity	3,100,000	-	-	-	-	-	-	3,100,000
Securities purchased under agreement to resell	845,125	-	-	-	-	-	-	845,125
Loans								
Micro	14,834,329	18,461,601	29,988,844	24,647,834	41,276,863	59,218,708	-	188,428,179
Retail	52,987,418	16,249,131	24,722,002	27,774,033	40,507,100	57,545,227	861	219,785,772
Corporate	111,801,014	9,025,716	1,662,743	6,531,739	10,920,315	8,854,664	7,470,396	156,266,587
Sharia receivables and financing	3,558,411	4,590,896	1,801,029	1,702,237	2,435,850	2,525,583	-	16,614,006
Acceptances receivable	3,355,606	623,999	655,771	518,845	9,250	-	-	5,163,471
Investment in associated entities*)	6,239	-	-	-	-	-	-	6,239
Other assets**)	3,425,493	45,942	25,802	31,610	57,600	33,261	377,129	3,996,837
<b>Total</b>	<b>440,598,752</b>	<b>49,730,590</b>	<b>59,229,525</b>	<b>62,447,123</b>	<b>95,595,225</b>	<b>128,224,687</b>	<b>11,557,002</b>	<b>847,382,904</b>
Less: Allowance for impairment losses								(17,515,193)
<b>Net</b>								<b>829,867,711</b>
<b>Administrative Accounts</b>								
Irrevocable L/C	10,797,908	2,688,596	5,925	862,936	991,919	59,507	-	15,406,791
Guarantees issued	18,768,455	3,157,426	238,991	619,702	498,579	375,631	10,124	23,668,908
<b>Total</b>	<b>29,566,363</b>	<b>5,846,022</b>	<b>244,916</b>	<b>1,482,638</b>	<b>1,490,498</b>	<b>435,138</b>	<b>10,124</b>	<b>39,075,699</b>

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

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

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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

2. Risk concentration analysis (continued)

b. Industrial sectors

The following tables detail credit exposure at carrying value, categorised according to industrial sectors as of December 31, 2016 and 2015:

	December 31, 2016							
	Government (Including BI)	Banks and other financial institutions	Agriculture	Industry	Trading, hotels and restaurant	Services	Others	Total
<b>Assets</b>								
Current accounts with Bank Indonesia	55,635,946	-	-	-	-	-	-	55,635,946
Current accounts with other banks	-	11,022,715	-	-	-	-	-	11,022,715
Placements with Bank Indonesia and other banks	72,792,534	5,350,220	-	-	-	-	-	78,142,754
Securities								
Fair value through profit or loss	84,746	329,944	-	-	-	18,029	242,247	674,966
Available for sale	60,612,578	4,627,494	-	2,293,191	-	1,633,416	325,587	69,492,266
Held to maturity	54,759,343	4,094,065	-	1,446,121	-	746,500	270,063	61,316,092
Export bills	239,769	-	-	2,926,515	133,525	22,823	6,022,840	9,345,472
Government Recapitalization Bonds								
Available for sale	718,434	-	-	-	-	-	-	718,434
Held to maturity	2,600,000	-	-	-	-	-	-	2,600,000
Securities purchased under agreement to resell	925,140	632,230	-	-	-	-	-	1,557,370
Derivatives receivable	-	91,657	-	-	-	-	-	91,657
Loan								
Micro	-	-	32,354,043	6,532,381	101,384,386	11,236,469	70,294,926	221,802,205
Retail	348,026	1,270,563	7,871,328	17,369,845	95,507,483	8,212,692	114,300,999	244,880,936
Corporate	600,926	4,650,036	37,365,653	36,710,500	22,379,114	5,050,563	70,031,042	176,787,834
Sharia receivables and financing	-	1,455,136	398,661	2,443,509	4,812,794	757,641	7,881,202	17,748,943
Finance lease receivables	-	4,607	2,362	1,105,236	-	866,959	221,136	2,200,300
Acceptances receivables	428,155	89,740	-	301,789	5,127	632	4,867,140	5,692,583
Investment in associated entities*)	-	1,034	-	-	-	975	430	2,439
Other Assets**)	1,501,389	393,192	-	-	-	2,548,857	1,663,961	6,107,399
<b>Total</b>	<b>251,246,986</b>	<b>34,012,633</b>	<b>77,992,047</b>	<b>71,129,087</b>	<b>224,222,429</b>	<b>31,095,556</b>	<b>276,121,573</b>	<b>965,820,311</b>
Less: Allowance for impairment losses								(22,807,210)
<b>Net</b>								<b>943,013,101</b>
<b>Administrative Accounts</b>								
Irrevocable L/C	5,505,442	-	377	226,337	20,707	-	2,788,289	8,541,152
Guarantees issued	12,990,267	737	443,271	907,353	195,202	92,565	9,893,620	24,523,015
<b>Total</b>	<b>18,495,709</b>	<b>737</b>	<b>443,648</b>	<b>1,133,690</b>	<b>215,909</b>	<b>92,565</b>	<b>12,681,909</b>	<b>33,064,167</b>

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

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



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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

2. Risk concentration analysis (continued)

b. Industrial sector (continued)

The following tables detail credit exposure at carrying value, categorised according to industrial sectors as of December 31, 2016 and 2015 (continued):

	December 31, 2015							
	Government (Including BI)	Banks and other financial institutions	Agriculture	Industry	Trading, hotels and restaurant	Services	Others	Total
<b>Assets</b>								
Current accounts with Bank Indonesia	61,717,798	-	-	-	-	-	-	61,717,798
Current accounts with other banks	-	8,736,092	-	-	-	-	-	8,736,092
Placements with Bank Indonesia and other banks	38,038,959	11,795,705	-	-	-	-	-	49,834,664
Securities								
Fair value through profit or loss	565,699	188,937	-	9,444	-	-	165,254	929,334
Available for sale	56,518,415	2,030,702	-	1,619,463	-	516,325	17,145	60,702,050
Held to maturity	57,886,878	3,988,423	10,000	997,558	-	377,050	-	63,259,909
Export bills	116,686	-	-	1,797,849	94,790	48,583	5,222,975	7,280,883
Government Recapitalization Bonds								
Available for sale	715,958	-	-	-	-	-	-	715,958
Held to maturity	3,100,000	-	-	-	-	-	-	3,100,000
Securities purchased under agreement to resell	-	845,125	-	-	-	-	-	845,125
Loans								
Micro	-	-	27,236,588	5,066,709	82,528,608	9,127,647	64,468,627	188,428,179
Retail	223,847	7,528,847	6,348,634	13,092,616	84,235,167	7,475,127	100,881,534	219,785,772
Corporate	566,348	4,736,620	25,550,319	35,538,946	31,631,533	4,750,270	53,492,551	156,266,587
Sharia receivables and financing	-	1,514,472	406,476	2,215,274	3,851,048	776,526	7,850,210	16,614,006
Acceptances receivable	689,791	24,800	-	147,837	2,287	-	4,298,756	5,163,471
Investment in associated entities*)	-	1,034	-	-	-	4,775	430	6,239
Other Assets**)	1,498,276	539,016	-	-	-	825,084	1,134,461	3,996,837
<b>Total</b>	<b>221,638,655</b>	<b>41,929,773</b>	<b>59,552,017</b>	<b>60,485,696</b>	<b>202,343,433</b>	<b>23,901,387</b>	<b>237,531,943</b>	<b>847,382,904</b>
Less: Allowance for impairment losses								(17,515,193)
<b>Net</b>								<b>829,867,711</b>
<b>Administrative Accounts</b>								
Irrevocable L/C	8,821,206	-	5,896	320,474	4,984	-	6,254,231	15,406,791
Guarantees issued	13,007,541	6,985	496,504	1,787,858	237,736	113,515	8,018,769	23,668,908
<b>Total</b>	<b>21,828,747</b>	<b>6,985</b>	<b>502,400</b>	<b>2,108,332</b>	<b>242,720</b>	<b>113,515</b>	<b>14,273,000</b>	<b>39,075,699</b>

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

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

3. Impairment of financial assets as of December 31, 2016 and 2015

a. Current accounts with other banks

As of December 31, 2016 and 2015, this financial asset is neither individually nor collectively impaired.

b. Placements with Bank Indonesia and other banks

As of December 31, 2016 and 2015, this financial asset is neither individually nor collectively impaired.

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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

3. Impairment of financial assets as of December 31, 2016 and 2015 (continued)

c. Securities

As of December 31, 2016 and 2015, all securities are classified as 'Current', except for Bonds I Year 2003 issued by PT Great River International which is classified as 'Loss'. The bond is owned by BRI Life (subsidiary) with a nominal value of Rp 758, and has already matured on October 13, 2008.

d. Finance lease receivables

On December 31, 2016, the details of finance lease receivables are as follows:

	<b>31 December 2016</b>
Impaired	210,571
Past due but not impaired	228,394
Neither past due nor impaired	1,761,335
	<b>2,200,300</b>
Less: Allowance for impairment loss	(130,000)
<b>Total</b>	<b>2,070,300</b>

e. Loans, sharia receivables and financing

As of December 31, 2016 and 2015, these financial assets are individually and collectively impaired, with the following details:

	December 31, 2016				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<u>Rupiah</u>					
Trading, hotels and restaurant	194,421,942	6,713,103	12,197,071	9,197,709	222,529,825
Agriculture	62,778,609	948,799	2,061,115	4,321,466	70,109,989
Manufacturing	29,205,165	345,519	1,130,893	4,697,397	35,378,974
Business services	27,111,516	649,859	1,129,198	1,307,191	30,197,764
Electricity, gas and water	28,677,845	10,184	23,344	32,519	28,743,892
Construction	17,552,083	204,414	242,271	2,473,659	20,472,427
Transportation, warehousing and communications	14,927,759	217,035	649,998	1,270,357	17,065,149
Social services	8,712,795	150,190	550,859	273,676	9,687,520
Mining	1,397,823	38,171	41,345	1,297,754	2,775,093
Others	159,567,402	705,909	4,186,671	1,505,581	165,965,563
	<b>544,352,939</b>	<b>9,983,183</b>	<b>22,212,765</b>	<b>26,377,309</b>	<b>602,926,196</b>

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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

**3. Impairment of financial assets as of December 31, 2016 and 2015 (continued)**

**e. Loans, sharia receivables and financing (continued)**

As of December 31, 2016 and 2015, these financial assets are individually and collectively impaired, with the following details (continued):

December 31, 2016					
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<u>Foreign Currencies</u>					
Manufacturing	23,536,391	-	-	4,771,362	28,307,753
Agriculture	8,789,899	-	177,628	27,155	8,994,682
Mining	3,474,378	-	3,434	1,821,394	5,299,206
Electricity, gas and water	3,773,707	-	-	691,591	4,465,298
Social services	3,707,071	-	-	-	3,707,071
Transportation, warehousing and communications	1,681,948	-	-	423,869	2,105,817
Business services	1,406,898	1,347	-	450,252	1,858,497
Construction	484,670	-	-	1,261,603	1,746,273
Trading, hotels and restaurant	1,080,091	6,877	346	655,538	1,742,852
Others	66,273	-	-	-	66,273
	48,001,326	8,224	181,408	10,102,764	58,293,722
<b>Total</b>	<b>592,354,265</b>	<b>9,991,407</b>	<b>22,394,173</b>	<b>36,480,073</b>	<b>661,219,918</b>
Less: Allowance for impairment losses					(22,676,452)
<b>Net</b>					<b>638,543,466</b>

December 31, 2015					
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<u>Rupiah</u>					
Trading, hotels and restaurant	170,016,954	4,314,374	11,886,035	8,542,802	194,760,165
Agriculture	50,399,746	552,168	2,325,041	2,819,914	56,096,869
Manufacturing	23,364,714	315,780	934,009	3,354,577	27,969,080
Business services	23,171,307	2,168,438	1,568,890	1,175,284	28,083,919
Electricity, gas and water	17,146,799	4,807	23,946	43,016	17,218,568
Construction	13,307,573	91,289	412,523	1,660,517	15,471,902
Transportation, warehousing and communications	13,069,289	272,180	583,984	1,293,624	15,219,077
Social services	10,409,020	52,621	329,458	130,773	10,921,872
Mining	1,485,521	40,966	54,310	1,331,294	2,912,091
Others	146,759,624	257,856	5,358,181	1,753,233	154,128,894
	469,130,547	8,070,479	23,476,377	22,105,034	522,782,437

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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

3. Impairment of financial assets as of December 31, 2016 and 2015 (continued)

e. Loans, sharia receivables and financing (continued)

As of December 31, 2016 and 2015, these financial assets are individually and collectively impaired, with the following details (continued):

	December 31, 2015				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<u>Foreign Currencies</u>					
Manufacturing	27,506,318	475,141	57,448	475,441	28,514,348
Mining	3,839,173	-	3,064	512,456	4,354,693
Electricity, gas and water	3,535,243	-	-	733,429	4,268,672
Social services	4,117,541	-	-	-	4,117,541
Trading, hotels and restaurant	7,267,894	92,667	252	781,927	8,142,740
Agriculture	3,650,553	-	-	41,847	3,692,400
Transportation, warehousing and communications	1,068,175	-	1,415	421,640	1,491,230
Business services	1,015,047	1,378	486	548,135	1,565,046
Construction	580,488	-	-	1,378,473	1,958,961
Others	206,476	-	-	-	206,476
	52,786,908	569,186	62,665	4,893,348	58,312,107
<b>Total</b>	<b>521,917,455</b>	<b>8,639,665</b>	<b>23,539,042</b>	<b>26,998,382</b>	<b>581,094,544</b>
Less: Allowance for impairment losses					(17,514,435)
<b>Net</b>					<b>563,580,109</b>

f. Export bills

As of December 31, 2016 and 2015, this financial asset is neither individually nor collectively impaired.

g. Acceptances receivable

As of December 31, 2016 and 2015, this financial asset is neither individually nor collectively impaired.

h. Other Assets

As of December 31, 2016 and 2015, this financial asset is neither individually nor collectively impaired.

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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

3. Impairment of financial assets as of December 31, 2016 and 2015 (continued)

i. Administrative accounts

As of December 31, 2016 and 2015, the administrative accounts are impaired with the following details:

	December 31, 2016	December 31, 2015
<u>Rupiah</u>		
Guarantees issued	11,979,117	7,910,144
Irrevocable L/C	1,086,496	1,730,270
	13,065,613	9,640,414
<u>Foreign Currencies</u>		
Irrevocable L/C	7,454,656	13,676,521
Guarantees issued	12,543,898	15,758,764
	19,998,554	29,435,285
	33,064,167	39,075,699
Less: Allowance for impairment losses	(895)	(1,242)
<b>Net</b>	<b>33,063,272</b>	<b>39,074,457</b>

4. Quality of financial assets

The following tables show the quality of financial assets by class for all financial assets with credit risk, amounts presented at gross.

	December 31, 2016				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<b>Assets</b>					
Current accounts with Bank Indonesia	55,635,946	-	-	-	55,635,946
Current accounts with other banks	10,998,749	23,966	-	-	11,022,715
Placements with Bank Indonesia and other banks	78,142,754	-	-	-	78,142,754
Securities					
Fair value through profit or loss	674,966	-	-	-	674,966
Available for sale	67,705,869	1,786,397	-	-	69,492,266
Held to maturity	60,551,842	764,250	-	-	61,316,092
Export bills	9,345,472	-	-	-	9,345,472
Government Recapitalization Bonds					
Available for sale	718,434	-	-	-	718,434
Held to maturity	2,600,000	-	-	-	2,600,000
Securities purchased under agreement to resell	1,557,370	-	-	-	1,557,370
Derivatives Receivable	91,657	-	-	-	91,657

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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

**4. Quality of financial assets (continued)**

The following tables show the quality of financial assets by class for all financial assets with credit risk, amounts presented at gross (continued).

December 31, 2016					
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<b>Assets (continued)</b>					
Loans					
Micro	206,999,682	2,496,361	9,958,341	2,347,821	221,802,205
Retail	218,691,266	6,880,476	10,484,935	8,824,259	244,880,936
Corporate	152,218,111	-	80,245	24,489,478	176,787,834
Sharia receivables and financing	14,445,206	614,570	1,870,652	818,515	17,748,943
Finance lease receivables	1,761,334	-	221,851	217,115	2,200,300
Acceptances receivable	5,692,583	-	-	-	5,692,583
Investment in associated entities*)	2,439	-	-	-	2,439
Other Assets**)	6,106,882	517	-	-	6,107,399
<b>Total</b>	<b>893,940,562</b>	<b>12,566,537</b>	<b>22,616,024</b>	<b>36,697,188</b>	<b>965,820,311</b>

  

December 31, 2015					
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<b>Assets</b>					
Current accounts with Bank Indonesia	61,717,798	-	-	-	61,717,798
Current accounts with other banks	8,736,092	-	-	-	8,736,092
Placements with Bank					
Indonesia and other banks	49,834,664	-	-	-	49,834,664
Securities					
Fair value through profit or loss	929,334	-	-	-	929,334
Available for sale	58,961,827	1,740,223	-	-	60,702,050
Held to maturity	62,488,275	771,634	-	-	63,259,909
Export bills	7,280,883	-	-	-	7,280,883
Government Recapitalization Bonds					
Available for sale	715,958	-	-	-	715,958
Held to maturity	3,100,000	-	-	-	3,100,000
Securities purchased					
under agreement to resell	845,125	-	-	-	845,125
Loans					
Micro	173,223,644	1,418,419	11,377,609	2,408,507	188,428,179
Retail	197,424,678	4,157,337	10,543,131	7,660,626	219,785,772
Corporate	137,410,864	2,672,989	56,903	16,125,831	156,266,587
Sharia receivables and financing	13,858,269	390,920	1,561,399	803,418	16,614,006
Acceptances receivable	5,163,471	-	-	-	5,163,471
Investment in associated entities*)	6,239	-	-	-	6,239
Other Assets**)	3,996,564	273	-	-	3,996,837
<b>Total</b>	<b>785,693,685</b>	<b>11,151,795</b>	<b>23,539,042</b>	<b>26,998,382</b>	<b>847,382,904</b>

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

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

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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

4. Quality of financial assets (continued)

Credit quality is defined as follows:

1. High Grade

- a) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements in government institutions and transactions with banks listed in the stock exchange.
- b) Loans and Sharia receivables/financing, are third party receivables that are neither past due nor impaired, and have never been restructured.
- c) Export bills and acceptances receivable, are third party receivables that are not past due, and have strong financial capacity to repay all obligations in a timely manner.
- d) Securities and Government bonds are government securities, investment grade securities and bonds with a rating of at least idA- (Pefindo), A- (Fitch), A- (Standard & Poor's), or A3 (Moody's).
- e) Investment in associated entities, are investments in entities listed in stock exchange which have an overall good performance level.

2. Standard Grade

- a) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements with banks not listed in stock exchange.
- b) Loans and Sharia receivables/financing, are third party receivables that are neither past due nor impaired, have been restructured and have undergone collective impairment.
- c) Export bills and acceptances receivable, are third party receivables that have not matured and have adequate financial capacity to repay all obligations in a timely manner.
- d) Securities and Government bonds are government securities, investment grade securities and bonds with a rating between idBBB+ and idBBB- (Pefindo), BBB+ and BBB- (Fitch), BBB+ and BBB- (Standard & Poor's) or Baa1 and Baa3 (Moody's).
- e) Investment in associated entities, are investment in entities not listed in stock exchange which have an overall good performance level.

5. According to PSAK No. 60, financial assets are past due when debtors fail to meet their obligations in a timely manner. The following tables show the aging analysis of loans, Sharia receivables and financing and finance lease receivables which are past due but not impaired.

December 31, 2016				
	≤ 30 days	> 30 – 60 days	> 60 – 90 days	Total
Loans				
Micro	4,548,784	2,399,345	3,010,212	9,958,341
Retail	5,463,764	2,229,201	2,791,970	10,484,935
Corporate	80,245	-	-	80,245
Sharia receivables and financing	1,471,901	176,717	222,034	1,870,652
Finance lease receivables	179,860	18,679	23,312	221,851
<b>Total</b>	<b>11,744,554</b>	<b>4,823,942</b>	<b>6,047,528</b>	<b>22,616,024</b>

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**39. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

5. According to PSAK No. 60, financial assets are past due when debtors fail to meet their obligations in a timely manner. The following tables show the aging analysis of loans, Sharia receivables and financing and finance lease receivables which are past due but not impaired (continued).

	December 31, 2015			Total
	≤ 30 days	> 30 – 60 days	> 60 – 90 days	
Loans				
Micro	5,438,875	2,767,293	3,171,441	11,377,609
Retail	5,879,252	2,413,958	2,249,921	10,543,131
Corporate	56,903	-	-	56,903
Sharia receivables and financing	1,265,187	194,117	102,095	1,561,399
<b>Total</b>	<b>12,640,217</b>	<b>5,375,368</b>	<b>5,523,457</b>	<b>23,539,042</b>

**Liquidity Risk Management**

BRI manages liquidity risks in order to meet every financial liability that has been agreed upon in a timely manner and to maintain adequate and optimal liquidity level. BRI liquidity risk management is implemented according to POJK No. 18/POJK.03/2016 dated March 22, 2016, regarding the implementation of risk management for commercial banks that encompasses active supervision by Board of Commissioners and Board of Directors, the adequacy of identification process, measurement, supervision and monitoring using information system of liquidity risk management, the adequacy of policies and procedures for limits and liquidity, as well as integrated internal control system.

In order to support liquidity management, BRI put in place Policy and Guidelines for the Implementation of Liquidity Risk Management (PPPMRL) which encompasses liquidity management, development of financing strategy, early warning system, measurement and determination of liquidity risks limit, contingency plans, information system of liquidity risks, and guidelines on the management of short-term and long-term liquidity risks.

The purpose of this policy is to ensure that BRI has sufficient daily operating capital in normal or crisis conditions in a timely manner from various available sources to ensure the availability of high quality liquid assets.

BRI also stimulates stress testing on a quarterly basis which is submitted to the Board of Commissioners and Directors through Risk Management Committee (RMC). The purpose of stress testing is to measure the resistance or ability to meet liquidity and capital adequacy during crisis (stress). Moreover, stress test is also used as reference for developing or improving emergency funding plan (contingency plan) and liquidity risk limit.

**Analysis of Financial Asset and Liability According to Contractual Maturity**

Potential liquidity risks which BRI will encounter in the future are measured using Liquidity Gap Analysis which projects 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 considered when planning and managing liquidity, including business expansion needs. With the implementation of effective liquidity risk management, it is expected that liquidity risks can be minimised while simultaneously enhance the overall banking system.



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**39. RISK MANAGEMENT (continued)**

**Liquidity Risk Management (continued)**

Analysis of Financial Asset and Liability According to Contractual Maturity (continued)

The tables below present information about the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of December 31, 2016 and 2015:

December 31, 2016						
Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
<b>Assets</b>						
Cash	25,212,024	-	-	-	-	25,212,024
Current Account with Bank Indonesia	55,635,946	55,635,946	-	-	-	-
Current accounts with other banks	11,022,715	11,022,715	-	-	-	-
Placements with Bank Indonesia and other banks	78,142,754	78,012,754	130,000	-	-	-
Securities	131,483,324	71,577,341	4,964,651	8,877,602	46,063,730	-
Allowance for Impairment losses	(758)	-	-	-	-	(758)
Export bills	9,345,472	2,536,196	3,258,692	3,550,584	-	-
Government Recapitalization Bonds	3,318,434	718,434	-	-	2,600,000	-
Securities purchased under agreement to resell	1,557,370	632,230	925,140	-	-	-
Derivatives receivable	91,657	32,214	-	489	58,954	-
Loans						
Micro	221,802,205	1,942,248	4,449,159	30,293,610	185,117,188	-
Retail	244,880,936	10,175,734	13,037,992	63,386,726	158,280,484	-
Corporate	176,787,834	5,993,480	24,140,155	28,358,562	118,295,637	-
Allowance for Impairment losses	(22,184,296)	-	-	-	-	(22,184,296)
Sharia receivables and financing	17,748,943	708,381	1,376,290	2,165,428	13,498,844	-
Allowance for Impairment losses	(492,156)	-	-	-	-	(492,156)
Finance Lease Receivables	2,200,300	-	-	264,036	1,936,264	-
Allowance for Impairment losses	(130,000)	-	-	-	-	(130,000)
Acceptances receivable	5,692,583	1,045,643	2,106,327	2,540,613	-	-
Investment in associated entities*)	2,439	-	-	-	-	2,439
Other Assets**)	6,107,399	2,570,452	1,779,854	954,795	478	801,820
	<b>968,225,125</b>	<b>242,603,768</b>	<b>56,168,260</b>	<b>140,392,445</b>	<b>525,851,579</b>	<b>3,209,073</b>
<b>Liabilities</b>						
Liabilities due immediately	5,410,313	5,410,313	-	-	-	-
Deposits from customers						
Demand deposits	141,419,020	141,419,020	-	-	-	-
Wadiah demand deposits	1,127,843	1,127,843	-	-	-	-
Saving deposits	298,110,406	298,110,406	-	-	-	-
Wadiah saving deposits	4,176,761	4,176,761	-	-	-	-
Mudharabah saving deposits	983,121	983,121	-	-	-	-
Time deposits	293,029,378	239,316,485	37,907,214	13,639,996	2,165,683	-
Mudharabah time deposits	15,679,845	13,791,599	1,670,222	214,638	3,386	-
Deposits from other Banks and financial Institutions	2,229,538	2,186,158	42,057	1,323	-	-
Securities sold under agreement to repurchase	7,302,398	-	673,625	1,917,625	4,711,148	-

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**39. RISK MANAGEMENT (continued)**

**Liquidity Risk Management (continued)**

Analysis of Financial Asset and Liability According to Contractual Maturity (continued)

The tables below present information about the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of December 31, 2016 and 2015 (continued):

December 31, 2016						
Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
<b>Liabilities (continued)</b>						
Derivatives payable	347,217	-	114,152	-	233,065	-
Acceptance payable	5,692,583	1,045,643	2,106,327	2,540,613	-	-
Marketable securities issued	24,800,781	-	807,927	4,110,712	19,882,142	-
Fund borrowings	35,008,170	320,647	6,202,044	8,104,288	20,381,191	-
Subordinated loans	1,008,510	-	-	-	1,008,510	-
Other liabilities ***)	1,851,087	1,053,489	73,376	241,664	-	482,558
	<b>838,176,971</b>	<b>708,941,485</b>	<b>49,596,944</b>	<b>30,770,859</b>	<b>48,385,125</b>	<b>482,558</b>
<b>Maturity gap</b>	<b>130,048,154</b>	<b>(466,337,717)</b>	<b>6,571,316</b>	<b>109,621,586</b>	<b>477,466,454</b>	<b>2,726,515</b>
December 31, 2015						
Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
<b>Assets</b>						
Cash	28,771,635	-	-	-	-	28,771,635
Current Account with Bank Indonesia	61,717,798	61,717,798	-	-	-	-
Current accounts with other banks	8,736,092	8,736,092	-	-	-	-
Placements with Bank Indonesia and other banks	49,834,664	49,447,664	287,000	100,000	-	-
Securities	124,891,293	62,218,149	4,241,486	9,944,442	48,487,216	-
Allowance for impairment losses	(758)	-	-	-	-	(758)
Export bills	7,280,883	1,627,825	3,154,850	2,498,208	-	-
Government Recapitalization Bonds	3,815,958	715,958	-	500,000	2,600,000	-
Securities purchased under agreement to resell	845,125	845,125	-	-	-	-
Loans						
Micro	188,428,179	1,746,206	3,523,167	25,379,918	157,778,888	-
Retail	219,785,772	10,447,025	14,669,266	55,370,616	139,298,865	-
Corporate	156,266,587	8,309,400	9,098,154	42,117,537	96,741,496	-
Allowance for impairment losses	(17,162,183)	-	-	-	-	(17,162,183)
Sharia receivables and financing	16,614,006	487,921	679,788	2,109,564	13,336,733	-
Allowance for impairment losses	(352,252)	-	-	-	-	(352,252)
Acceptances receivable	5,163,471	658,068	2,045,804	2,459,599	-	-
Investment in associated entities*)	6,239	-	-	-	-	6,239
Other Assets**)	3,996,837	783,684	740,011	1,489,303	612,473	371,366
	<b>858,639,346</b>	<b>207,740,915</b>	<b>38,439,526</b>	<b>141,969,187</b>	<b>458,855,671</b>	<b>11,634,047</b>

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**39. RISK MANAGEMENT (continued)**

**Liquidity Risk Management (continued)**

Analysis of Financial Asset and Liability According to Contractual Maturity (continued)

The tables below present information about the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of December 31, 2016 and 2015 (continued):

December 31, 2015						
Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
<b>Liabilities</b>						
Liabilities due immediately	5,138,562	5,138,562	-	-	-	-
Deposits from customers						
Demand deposits	113,429,343	113,429,343	-	-	-	-
Wadiah demand deposits	937,745	937,745	-	-	-	-
Saving deposits	268,058,865	268,058,865	-	-	-	-
Wadiah saving deposits	3,715,929	3,715,929	-	-	-	-
Mudharabah saving deposits	696,198	696,198	-	-	-	-
Time deposits	267,884,404	216,166,772	20,129,028	27,615,154	3,973,450	-
Mudharabah time deposits	14,272,895	10,338,321	3,683,236	249,345	1,993	-
Deposits from other Banks and financial Institutions	11,165,073	11,083,873	68,200	13,000	-	-
Securities sold under agreement to repurchase	11,377,958	445,244	3,686,816	3,422,816	3,823,082	-
Derivatives payable	445,753	27	-	429,710	16,016	-
Acceptance payable	5,163,471	658,068	2,045,804	2,459,599	-	-
Marketable securities issued	10,521,103	253,824	-	714,218	9,553,061	-
Fund borrowings	35,480,358	3,629,831	6,896,369	12,676	24,941,482	-
Subordinated loans	56,468	-	-	-	56,468	-
Other liabilities ***)	1,441,604	1,001,798	56,774	144,865	-	238,167
	<b>749,785,729</b>	<b>635,554,400</b>	<b>36,566,227</b>	<b>35,061,383</b>	<b>42,365,552</b>	<b>238,167</b>
<b>Maturity gap</b>	<b>108,853,617</b>	<b>(427,813,485)</b>	<b>1,873,299</b>	<b>106,907,804</b>	<b>416,490,119</b>	<b>11,395,880</b>

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

\*\*) Other assets consist of interest receivables, other receivables, and unearned income based on Sharia principle.

\*\*\*) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance liabilities, reinsurance and classified as available for sale, *tabarru'* fund and temporary *syirkah* funds.

**Market Risk Management**

Market risk arises when market interest rates and exchange rates move against the positions which BRI held in the statements of financial position or in administrative accounts. These positions are those which exist in trading book and banking book.

BRI has implemented treasury and market risk application system (GUAVA), an integrated system used by the front, middle, and back office functions. Middle Office uses Value-at-Risk (VaR), an internal model that is integrated into daily transaction processing, to measure market risks. Other than monitoring the risks to which instruments are exposed, Middle Office also monitors market risks and

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### 39. RISK MANAGEMENT (continued)

#### Market Risk Management (continued)

transaction limits such as limits on the nominal value transacted by dealers, cut loss limit, stop loss limit and VaR limit. Monitoring is executed daily so as to accelerate the provision of updated information, allowing timely decision-making for instruments, especially those which are classified as trading.

#### 1. Value-at-Risk (VaR): Purpose and Limitation of the Method

BRI uses internal model approach to measure VaR potential loss due to changes in market price of trading portfolio based on historical data. VaR potential loss that arise from market risks is measured using the assumptions that the change in risk factors follow normal distribution. BRI uses VaR to measure exchange rate risk for positions both in trading and banking book and interest rate risks for position in trading book.

#### 2. Value-at-Risk (VaR) Assumptions

VaR potential loss is estimated value that is measured using 99% confidence level and market risk position that is unchanged within 1 (one) day holding period. This is an indicator that the potential loss which might exceed VaR value in normal market condition, in average, may occur once every one hundred days. The method used in VaR is Delta Gamma.

The following tables present information on VaR value starting from January 1, 2016 until December 31, 2016 and January 1, 2015 until December 31, 2015.

2016		
	Exchange Rate <sup>*)</sup>	Interest Rate
Daily Average	58,421.11	851.78
Highest	134,093.77	4,153.38
Lowest	20,170.30	7.00
2015		
	Exchange Rate <sup>*)</sup>	Interest Rate
Daily Average	56,509.63	10,715.84
Highest	122,211.37	34,463.22
Lowest	15,379.05	92.01

\*) Including trading and banking book.

#### 3. Back Testing

The purpose of back testing is to ensure that the result of internal model measurement for interest rate risk and exchange rate risk is valid. When performing back testing, BRI compares estimations from daily VaR with realised change of rates.

Based on back testing procedures for exchange rate risk and interest rate risk, actual loss throughout the year is already consistent with VaR forecast model.

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**39. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**4. Market Risk Outside of Trading Book**

**a. Interest Rate Risk**

Interest-rate derivatives which are subjected to the fluctuations in interest rates have potential impacts on future cash flow.

Management has the responsibility to take into account the bank's risk appetite and its target for financial performance when determining, maintaining, and controlling interest rate. The setting of interest rate is reviewed at least once in a month during Asset and Liability Committee (ALCO) forum.

The following table presents the average annual interest rates for financial asset and liability position as of December 31, 2016 and 2015:

	2016		2015	
	Rupiah (%)	Foreign Currencies (%)	Rupiah (%)	Foreign Currencies (%)
<b>Assets</b>				
Placements with Bank Indonesia and other banks	5.41	0.53	6.56	0.10
Securities	8.65	3.36	8.51	3.49
Loans	11.91	4.23	12.47	4.37
Government Recapitalization Bonds	6.63	-	6.28	-
Finance lease receivables	13.43	5.93	-	-
<b>Liabilities</b>				
Deposits from customers				
Demand deposits	1.66	0.25	1.65	0.29
Saving deposits	2.40	0.21	1.98	0.22
Time deposits	7.89	1.50	8.48	1.46
Deposits from other banks and financial institutions	3.97	0.32	4.35	0.36
Fund borrowings	4.64	3.40	4.64	3.13
Subordinated loans	4.27	-	4.33	-
Marketable securities issued	8.56	2.95	8.99	2.95

The following table presents the sensitivity of BRI's consolidated statement of profit or loss and other comprehensive income towards possible changes in the interest rate of banking book, ceteris paribus.

2016	
Changes in Percentage	Impact on Statement of Profit or Loss and Other Comprehensive Income
+/- 1 %	+/- 1,122,980
2015	
Changes in Percentage	Impact on Statement of Profit or Loss and Other Comprehensive Income
+/- 1 %	+/- 1,301,019

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**39. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**4. Market Risk Outside Trading Book (continued)**

**a. Interest Rate Risk (continued)**

Sensitivity rate is used to analyse probable changes in interest rates which affect the gain and/or loss of the banking book portfolio. In the above sensitivity analysis, interest rate is assumed to move by one basis point (1%).

The tables below summarise the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited):

December 31, 2016						
Description	Floating interest rate			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
<b>Assets</b>						
Cash	-	-	-	-	25,212,024	25,212,024
Current accounts with Bank Indonesia	55,635,946	-	-	-	-	55,635,946
Current accounts with other banks	11,022,715	-	-	-	-	11,022,715
Placements with Bank Indonesia and other banks	78,142,754	-	-	-	-	78,142,754
Securities						
Fair Value through profit or loss	-	-	-	674,966	-	674,966
Available for sale	-	-	-	69,492,266	-	69,492,266
Held to maturity	-	-	-	61,316,092	-	61,316,092
Export bills	9,345,472	-	-	-	-	9,345,472
Government						
Recapitalization Bonds						
Available for sale	718,434	-	-	-	-	718,434
Held to maturity	2,600,000	-	-	-	-	2,600,000
Securities purchased under agreement to resell	-	-	-	1,557,370	-	1,557,370
Derivatives receivable	-	-	-	-	91,657	91,657
Loans						
Micro	6,391,407	39,348,602	-	176,062,196	-	221,802,205
Retail	23,213,726	120,684,576	23,750,225	77,232,409	-	244,880,936
Corporate	30,133,635	146,654,199	-	-	-	176,787,834
Sharia receivables and financing	-	-	-	-	17,748,943	17,748,943
Finance lease receivables	31,206	155,746	935,350	1,077,998	-	2,200,300
Acceptances receivable	-	-	-	-	5,692,583	5,692,583
Investment in associated entities*)	-	-	-	-	2,439	2,439
Other Assets**)	-	-	-	-	6,107,399	6,107,399
	<b>217,235,295</b>	<b>306,843,123</b>	<b>24,685,575</b>	<b>387,413,297</b>	<b>54,855,045</b>	<b>991,032,335</b>

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**39. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**4. Market Risk Outside Trading Book (continued)**

**a. Interest Rate Risk (continued)**

The tables below summarise the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited) (continued):

December 31, 2016						
Description	Floating interest rate			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
<b>Liabilities</b>						
Liabilities due immediately	-	-	-	-	5,410,313	5,410,313
Deposits from customers						
Demand deposits	97,490,396	-	-	43,928,624	-	141,419,020
Wadiah demand deposits	-	-	-	-	1,127,843	1,127,843
Saving deposits	155,940,955	-	-	142,169,451	-	298,110,406
Wadiah saving deposits	-	-	-	-	4,176,761	4,176,761
Mudharabah saving deposits	-	-	-	-	983,121	983,121
Time deposits	215,329,405	51,934,654	25,765,319	-	-	293,029,378
Mudharabah time deposits	-	-	-	-	15,679,845	15,679,845
Deposits from other Banks and financial Institution	2,186,158	42,057	1,323	-	-	2,229,538
Securities sold under agreement to repurchase	673,625	673,625	-	5,955,148	-	7,302,398
Derivatives payable	-	-	-	-	347,217	347,217
Acceptances payable	-	-	-	-	5,692,583	5,692,583
Marketable securities issued	-	-	-	24,800,781	-	24,800,781
Fund borrowings	320,132	14,297,326	20,274,822	15,890	100,000	35,008,170
Subordinated loans	-	-	-	35,471	973,039	1,008,510
Other Liabilities***)	-	-	-	-	1,851,087	1,851,087
	<b>471,940,671</b>	<b>66,947,662</b>	<b>46,041,464</b>	<b>216,905,365</b>	<b>36,341,809</b>	<b>838,176,971</b>
<b>Interest rate repricing Gap between financial assets and liabilities</b>	<b>(254,705,376)</b>	<b>239,895,461</b>	<b>(21,355,889)</b>	<b>170,507,932</b>	<b>18,513,236</b>	<b>152,855,364</b>

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**39. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**4. Market Risk Outside Trading Book (continued)**

**a. Interest Rate Risk (continued)**

The tables below summarise the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited) (continued):

December 31, 2015						
Description	Floating interest rate			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
<b>Assets</b>						
Cash	-	-	-	-	28,771,635	28,771,635
Current accounts with Bank Indonesia	61,717,798	-	-	-	-	61,717,798
Current accounts with other banks	8,736,092	-	-	-	-	8,736,092
Placements with Bank Indonesia and other banks	49,834,664	-	-	-	-	49,834,664
Securities						
Fair Value through profit or loss	-	-	-	929,334	-	929,334
Available for sale	-	-	-	60,702,050	-	60,702,050
Held to maturity	704,371	-	-	62,555,538	-	63,259,909
Export bills	7,280,883	-	-	-	-	7,280,883
Government						
Recapitalization Bonds						
Available for sale	715,958	-	-	-	-	715,958
Held to maturity	3,100,000	-	-	-	-	3,100,000
Securities purchased under agreement to resell	-	-	-	845,125	-	845,125
Loans						
Micro	5,269,374	32,775,604	-	150,383,201	-	188,428,179
Retail	25,116,290	106,292,565	19,723,571	68,653,346	-	219,785,772
Corporate	17,407,555	138,859,032	-	-	-	156,266,587
Sharia receivables and financing	-	-	-	-	16,614,006	16,614,006
Acceptances receivable	-	-	-	-	5,163,471	5,163,471
Investment in associated entities*)	-	-	-	-	6,239	6,239
Other Assets**)	-	-	-	-	3,996,837	3,996,837
	<b>179,882,985</b>	<b>277,927,201</b>	<b>19,723,571</b>	<b>344,068,594</b>	<b>54,552,188</b>	<b>876,154,539</b>
<b>Liabilities</b>						
Liabilities due immediately	-	-	-	-	5,138,562	5,138,562
Deposits from customers						
Demand deposits	82,113,723	-	-	31,315,620	-	113,429,343
Wadiah demand deposits	-	-	-	-	937,745	937,745
Saving deposits	151,087,937	-	-	116,970,928	-	268,058,865
Wadiah saving deposits	-	-	-	-	3,715,929	3,715,929
Mudharabah saving deposits	-	-	-	-	696,198	696,198
Time deposits	194,756,932	47,222,823	25,904,649	-	-	267,884,404
Mudharabah time deposits	-	-	-	-	14,272,895	14,272,895
Deposits from other Banks and financial Institution	11,152,073	13,000	-	-	-	11,165,073



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**39. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**4. Market Risk Outside Trading Book (continued)**

**a. Interest Rate Risk (continued)**

The tables below summarise the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited) (continued):

December 31, 2015						
Description	Floating interest rate			Fixed interest rate	Non-interest bearing	Total
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
<b>Liabilities (continued)</b>						
Securities sold						
under agreement to repurchase	-	3,422,816	1,378,500	6,576,642	-	11,377,958
Derivatives payable	-	-	-	-	445,753	445,753
Acceptances payable	-	-	-	-	5,163,471	5,163,471
Marketable securities issued	-	-	-	10,521,103	-	10,521,103
Fund borrowings	10,526,115	5,996	24,832,357	15,890	100,000	35,480,358
Subordinated loans	-	-	-	56,468	-	56,468
Other Liabilities***)	-	-	-	-	1,441,604	1,441,604
	<b>449,636,780</b>	<b>50,664,635</b>	<b>52,115,506</b>	<b>165,456,651</b>	<b>31,912,157</b>	<b>749,785,729</b>
<b>Interest rate repricing Gap between financial assets and liabilities</b>	<b>(269,753,795)</b>	<b>227,262,566</b>	<b>(32,391,935)</b>	<b>178,611,943</b>	<b>22,640,031</b>	<b>126,368,810</b>

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

\*\*) Other assets consist of interest receivables, other receivables, and unearned income based on Sharia principle.

\*\*\*) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance liabilities, reinsurance and classified as available for sale, *tabarru'* fund and temporary *syirkah* funds.

**b. Exchange Rate Risk**

Exchange rate risk arises when foreign exchange rate against Rupiah fluctuates against the positions which BRI held. Included in the foreign exchange positions are positions in trading book held to generate profit both from foreign exchange transactions within a short period of time and from positions in banking book that has a purpose of controlling the Net Open Position (NOP).

Based on Bank Indonesia Regulation (PBI) No. 17/5/PBI/2015 dated May 29, 2015, the fourth amendment made to PBI No. 5/13/PBI/2003, regarding Net Open Position for Commercial Banks dated July 1, 2010, NOP is set to a maximum of 20% of capital.

NOP is the sum of the absolute values of the net difference between assets and liabilities in the statement of financial position for each foreign currency and the net difference of receivables and commitments and contingent liabilities in the administrative accounts for each foreign currency, which are all stated in Rupiah.

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**39. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**4. Market Risk Outside Trading Book (continued)**

**b. Exchange Rate Risk (continued)**

The tables below present NOP (BRI only) as of December 31, 2016 and 2015 by currency, respectively, as follows:

<b>Currencies</b>	<b>December 31, 2016</b>		
	<b>Assets</b>	<b>Liabilities</b>	<b>NOP</b>
<b><u>Statement of Financial Position and Administrative Accounts</u></b>			
United States Dollar	138,725,987	137,134,766	1,591,221
Renminbi	6,598,517	4,678,412	1,920,105
European Euro	10,065,634	14,520,265	4,454,631
Singapore Dollar	1,377,990	574,284	803,706
Australian Dollar	185,862	262,620	76,758
Great Britain Pound Sterling	212,224	66,595	145,629
Japanese Yen	315,709	301,684	14,025
Canadian Dollar	12,211	116	12,095
Others	564,675	47,416	517,259
			<b>9,535,429</b>
Capital (Notes 48a)			142,910,432
<b>NOP Ratio</b>			<b>6.67%</b>

<b>Currencies</b>	<b>December 31, 2015</b>		
	<b>Assets</b>	<b>Liabilities</b>	<b>NOP</b>
<b><u>Statement of Financial Position and Administrative Accounts</u></b>			
United States Dollar	132,947,360	131,831,296	1,116,064
Renminbi	10,048,508	9,935,599	112,909
European Euro	1,254,775	1,286,949	32,174
Singapore Dollar	737,789	250,912	486,877
Australian Dollar	347,514	218,679	128,835
Great Britain Pound Sterling	172,165	111,997	60,168
Japanese Yen	159,437	15,961	143,476
Canadian Dollar	17,835	174	17,661
Others	495,976	22,009	473,967
			<b>2,572,131</b>
Capital (Note 48a)			110,580,617
<b>NOP Ratio</b>			<b>2.33%</b>

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### 39. 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 profit or loss and other comprehensive income with the remaining variables being constant.

	2016		2015	
	Percentage Change	Impact to Statement of Profit or Loss and Other Comprehensive Income	Percentage Change	Impact to Statement of Profit or Loss and Other Comprehensive Income
Interest rate risk	+/- 1 %	+/-43,014	+/- 1%	+/-33,410
Foreign exchange rate risk	+/- 1 %	+/-577	+/- 1%	+/-23

#### Operational Risk Management

BRI Operational Risk Management is implemented according to Financial Services Authority Regulation No. 18/POJK.03/2016 dated March 22, 2016 on Risk Management Implementation of Commercial Bank, which requires risk management implementation to cover pillars on active control from the Board of Commissioners and Directors, policy adequacy, limit determination and procedure, identification process adequacy, measurement, monitoring and risk management as well as risk management information system and internal control system.

The main objective of operational risk management implementation is managing operational risk exposure caused by internal and external factors that influences business and operational activities such as inadequacy of human resources, internal processes, IT failures, natural disaster and external events that potentially cause financial and non financial losses. Operational risk exposure management includes mitigation of legal, reputational, compliance and strategic risk exposure in every business process and operational activity.

Each operational working unit is responsible for the implementation of risk management process in the business and operational activities of each business unit through internal control system. It begins from the phase of identification, measurement, monitoring and risk mitigation. The Board of Directors determined risk management function in every business unit starting from Head Office level (Desk/Division), Regional Office, Special Branch Office, Branch Office which covers operations, marketing and micro businesses as well as Sub Branch Office, BRI Priority Service Center and Overseas Working Unit (UKLN).

Operational Risk Management Unit of the Head Office and Regional Office is responsible for setting the guidelines of operational risk management, development and implementation of policy or procedure and methodology, monitoring, reviewing, and controlling operational risk management process. On the other hand, Operational Risk Management Unit is also involved in composing and monitoring BRI's operational risk profile, assessing the risk management adequacy of a new product and/or activity, and supporting the business unit or risk owner in order to develop risk awareness culture, anti fraud strategy implementation and compliance towards risk management principles. In order to discuss operational risk mitigation and risk control improvement, Operational Risk Management Committee (ORMC) is held quarterly and coordinated by Operational Risk Management Unit and related desk/division/business unit.

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### **39. RISK MANAGEMENT (continued)**

#### **Operational Risk Management (continued)**

Internal audit including the Head Office Audit Division 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 bank wide.

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) module, Key Risk Indicator (KRI), Incident Management (IM), Risk Management Forum and Maturity. In order to perceive risk management, it is focused on building risk awareness culture and risk management training continuously to all BRI employees and also improving internal control in every business and operational activities. Operational risk management policy has been updated in the decree of BRI Circular Letter No. S.17- DIR/DMR/02.2016.

#### **1. Risk Control and Self Assessment (RCSA)**

RCSA is a qualitative and predictive risk management tool which is used to identify and measure the impact and likelihood of risks. RCSA has already been implemented in Head Office (Desk/Division), Regional Office, Special Branch Office, Branch Office which also represents BRI Unit, Sub Branch Office and Priority Service Centre.

RCSA is used to help the business unit to identify and measure operational risk in every business and operational activities independently, monitor and determine the action plans or towards improvements.

The main risk issue is updated by considering business development such as new product and or activity implementation, new market segment and competition condition, change in internal/external policy and other changes which affect BRI risk exposure. Working unit performs RCSA assessment by considering Incident Management (IM) data/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 changes in risk exposure.

RCSA consolidation report stated above is reported regularly to the BOD in RMC that was held quarterly.

#### **2. Incident Management (IM) and Loss Event Database (LED)**

Incident Management (IM) is BRI's Loss Event Database (LED) which 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.17-DIR/DMR/02/2016.

Based on loss event data in IM module, loss event analysis can be performed based on causes, functional activities, event types and business lines. LED information system can be used to determine the preventive actions in risk mitigation, based on the process of incident handling for the financial loss, non financial loss, financial recovery and also litigation process.

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**39. RISK MANAGEMENT (continued)**

**Operational Risk Management (continued)**

**2. Incident Management (IM) and Loss Event Database (LED) (continued)**

BRI's operational loss event data has been documented consistently and systematically since 2007 in loss event database matrix which is classified into 8 (eight) business lines and 7 (seven) event types based on the dimension of lost event severity/loss and likelihood/frequency.

In order to calculate operational capital charge and Risk Weighted Average, according to regulator policy, BRI used Basic Indicator Approach (BIA) method since it has been implemented in 2010. However, BRI has been prepared for The Standardised Approach (TSA) and Advanced Measurement Approach (AMA). BRI's LED also has been used to calculate operational risk capital charge by Advanced Measurement Approach (AMA) method, based on Extreme Value Theory (EVT) and Loss Distribution Approach (LDA).

In order to calculate operational capital charge in more advanced, BRI has developed gap analysis related to the implementation of TSA and AMA.

**3. Key Risk Indicator (KRI)**

KRI is a tool to detect risks 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 or non financial loss. KRI policy is stipulated through BRI Circular Letter No. S.17-DIR/DMR/02/2016.

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, considering BRI risk exposures and risk appetite, that involved internal auditor, risk owner and other business units. BRI's KRI are reflected on its Bank Wide Risk Profile and Regional Risk Profile Report which are monitored and reported monthly to the management.

**4. Risk Management Forum**

Risk Management Forum is a risk management tool to document the result of meeting/forum among the head of BRI's business units with the lower level employees and staffs in order to discuss inherent risks in the daily business or operational activities that might be the constraint in achieving the business target or business performance. Risk management forum, which are held in each business unit, are expected to support the enlargement of BRI's risk awareness culture. The updated policy of Risk Management Forum is stipulated through BRI Circular Letter No. S.17-DIR/DMR/02/2016.

**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 working unit head using certain parameters. By performing maturity assessment, it is expected that each working unit will be able to evaluate the risk management implementation performed, in order to compose future improvement plan. Maturity policy is stipulated through BRI Circular Letter No. S.17-DIR/DMR/02/2016.

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**39. RISK MANAGEMENT (continued)**

**Operational Risk Management (continued)**

**6. Business Continuity Management (BCM)**

The possibility of disaster caused by nature, human or technology to pose a threat to BRI's business continuity, as BRI has business units spread across Indonesia. Therefore, the Board of Directors concern to develop and implement Business Continuity Management (BCM) in order to ensure the employees, customers and other third parties safety and security who are 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 response during disruption or disaster conditions (Business Continuity Plan). BCM is stipulated through BRI Circular Letter No. S.26-DIR/DMR/12/2016.

BCM implementation covers all business units, among others through Crisis Management Team, Call Tree arrangement and alternate sites determination. In order to deal with the disruption/disaster in each of business units, BRI business units have already estimated the Disaster Risk and Threat Assessment to list and inventory required resources.

BCM pilot project is prioritized to the business units in prone areas and is done annually, including BRI 3 (three) Head Offices, which are BRI 1 Building, IT Building and BRI Corporate University Ragunan.

The readiness of BRI organization has been tested during disaster conditions in several business units, whereas in fourth quarter of 2016 there are floods in Bima and landslides in Pidie which affecting operations and business in some BRI working units such as postponement of operational opening hours in some affected working units.

**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 Division 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 Implementation**

Anti-Fraud Strategy has been implemented in accordance with BRI internal policy and procedure which concern on fraud cases handling in order to show the management intolerance 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 which are: prevention pillar, detection pillar, investigation pillar, report and sanction and evaluation pillar, monitoring and follow-up/action plan.

Statement of anti-fraud commitment are signed by Board of Commissioners and Directors, management and all BRI employees as a part of employee awareness and fraud prevention. Anti-Fraud Strategy Policy is stipulated through BRI Decision Letter No. S.17-DIR/DMR/07/2015.

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**40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The tables below present the comparison of the carrying values and fair values of financial assets and liabilities. The fair values disclosed below are based on relevant information available as of December 31, 2016 and 2015 are not updated to reflect changes in market conditions which have occurred subsequently.

	December 31, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>ASSETS</b>				
Cash	25,212,024	25,212,024	28,771,635	28,771,635
Current accounts with Bank Indonesia	55,635,946	55,635,946	61,717,798	61,717,798
Current accounts with other banks	11,022,715	11,022,715	8,736,092	8,736,092
Placements with Bank Indonesia and other banks	78,142,754	78,142,754	49,834,664	49,834,664
Securities				
Fair value through profit or loss	674,966	674,966	929,334	929,334
Available for sale	69,492,266	69,492,266	60,702,050	60,702,050
Held to maturity	61,315,334	61,871,705	63,259,151	59,218,417
Export bills	9,345,472	9,345,472	7,280,883	7,280,883
Government Recapitalization Bonds				
Available for sale	718,434	718,434	715,958	715,958
Held to maturity	2,600,000	2,592,245	3,100,000	3,083,712
Securities purchased under agreement to resell	1,557,370	1,557,370	845,125	845,125
Derivatives receivable	91,657	91,657	-	-
Loans, Sharia receivables and financing	638,543,466	601,402,821	563,580,109	525,895,593
Finance Lease Receivables	2,070,300	2,059,460	-	-
Acceptances receivable	5,692,583	5,692,583	5,163,471	5,163,471
Investment in associated entities *)	2,439	2,439	6,239	6,239
Other assets **)	6,107,399	6,107,399	3,996,837	3,996,837
<b>Total</b>	<b>968,225,125</b>	<b>931,622,256</b>	<b>858,639,346</b>	<b>816,897,808</b>
<b>LIABILITIES</b>				
Liabilities due immediately	5,410,313	5,410,313	5,138,562	5,138,562
Deposits from customers ***)				
Demand deposits	142,546,863	142,546,863	114,367,088	114,367,088
Saving deposits	303,270,288	303,270,288	272,470,992	272,470,992
Time deposits	308,709,223	308,709,223	282,157,299	282,157,299
Deposits from other banks and financial institutions				
Demand deposits	239,006	239,006	164,048	164,048
Saving deposits	6,497	6,497	5,704	5,704
Time deposits and deposits on call	1,028,520	1,028,520	4,944,076	4,944,076
Inter-bank call money	955,515	955,515	6,051,245	6,051,245
Securities sold under agreement to repurchase	7,302,398	7,302,398	11,377,958	11,377,958
Derivatives payable	347,217	347,217	445,753	445,753
Acceptances payable	5,692,583	5,692,583	5,163,471	5,163,471
Marketable securities issued	24,800,781	25,123,300	10,521,103	10,805,020
Fund borrowings	35,008,170	35,008,170	35,480,358	35,480,358
Subordinated loans	1,008,510	1,008,510	56,468	56,468
Other liabilities ****)	1,851,087	1,851,087	1,441,604	1,441,604
<b>Total</b>	<b>838,176,971</b>	<b>838,499,490</b>	<b>749,785,729</b>	<b>750,069,646</b>

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

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

\*\*\*) Including deposits based on Sharia principles.

\*\*\*\*) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance liabilities, reinsurance and classified as available for sale, *tabarru'* fund and temporary *syirkah* funds.

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**40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)**

Methods and assumptions used to estimate fair value are as follows:

- a) The fair values of certain financial assets and liabilities, except for securities and Government Recapitalization Bonds classified as held to maturity, loans, finance lease receivables, derivatives receivable and payable, fund borrowings, marketable securities issued and subordinated loans 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 similar credit characteristics, maturity and yield.

- c) Loans

BRI's loan portfolio generally consists of loans with floating rates and fixed rates. Loans are stated at carrying amount. The fair value of loans is derived based on discounted future cash flows expected to be received by BRI using current market rates.

- d) Finance Lease Receivable

Fair value is calculated based on discounted cash flow models by using market interest rates.

- e) Derivatives receivable and payable

The fair values of derivatives instrument valued by valuation techniques using components which can be observed in the market, primarily are interest rate swaps, currency swaps and currency exchange contracts. Most widely used valuation techniques include forward and swap valuation models which use the present value calculation. The models incorporate various components which include the credit quality of the counterparty, spot value and future contracts as well as interest rate curve.

- f) Fund borrowings, marketable securities issued and subordinated loans

Fair value is calculated based on discounted cash flow models by using market rates for the remaining maturity period.



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**40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)**

The following tables present financial instruments measured at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments (Note 2c):

December 31, 2016				
	Fair Value	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
<b>Fair value through profit or loss</b>				
Government bonds	84,746	84,746	-	-
Mutual fund	295,372	295,372	-	-
Bonds	64,745	64,745	-	-
Subordinated bonds	45,880	45,880	-	-
Others	184,223	184,223	-	-
	674,966	674,966	-	-
<b>Available for sale</b>				
Government bonds	41,098,626	41,098,626	-	-
Certificate of Bank Indonesia	12,617,484	12,617,484	-	-
Deposits Certificate of Bank Indonesia	6,023,957	6,023,957	-	-
Bonds	6,785,877	6,785,877	-	-
Mutual fund	925,784	925,784	-	-
Government Recapitalization Bonds	718,434	718,434	-	-
Subordinated bonds	812,649	812,649	-	-
Medium-Term Notes	195,074	195,074	-	-
U.S Treasury Bonds	347,887	347,887	-	-
Singapore Government Securities	198,706	198,706	-	-
MAS Bills	325,918	325,918	-	-
Others	160,304	160,304	-	-
	70,210,700	70,210,700	-	-
<b>Held to maturity</b>				
Government bonds	51,737,965	51,737,965	-	-
Bonds	4,663,814	4,663,814	-	-
Government Recapitalization Bonds	2,592,245	2,592,245	-	-
Bank Indonesia Sharia Certificates (SBIS)	1,650,000	1,650,000	-	-
Certificate of Bank Indonesia	2,009,884	2,009,884	-	-
Negotiable Certificate of Deposits	1,468,526	1,468,526	-	-
Medium-Term Notes	254,022	254,022	-	-
Subordinated bonds	60,549	60,549	-	-
Promissory Notes	26,945	26,945	-	-
	64,463,950	64,463,950	-	-
<b>Loans and receivables</b>				
Loans, Sharia receivables and financing	601,402,821	-	579,128,986	22,273,835
Finance lease receivables	2,059,460	-	-	2,059,460
	603,462,281	-	579,128,986	24,333,295
<b>Total</b>	<b>738,811,897</b>	<b>135,349,616</b>	<b>579,128,986</b>	<b>24,333,295</b>

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**40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)**

The following tables present financial instruments measured at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments (Note 2c) (continued):

December 31, 2015				
	Fair Value	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
<b>Fair value through profit or loss</b>				
Government bonds	565,699	565,699	-	-
Mutual fund	124,092	124,092	-	-
Medium-Term Notes	56,198	56,198	-	-
Bonds	18,091	18,091	-	-
Others	165,254	165,254	-	-
	929,334	929,334	-	-
<b>Available for sale</b>				
Government bonds	40,133,946	40,133,946	-	-
Certificate of Bank Indonesia	7,823,499	7,823,499	-	-
Deposits Certificate of Bank Indonesia	5,516,495	5,516,495	-	-
Bonds	4,186,898	4,186,898	-	-
Mutual fund	1,573,553	1,573,553	-	-
Government Recapitalization Bonds	715,958	715,958	-	-
Subordinated bonds	513,836	513,836	-	-
Medium-Term Notes	324,965	324,965	-	-
U.S Treasury Bonds	259,577	259,577	-	-
Singapore Government Securities	220,867	220,867	-	-
Others	148,414	148,414	-	-
	61,418,008	61,418,008	-	-
<b>Held to maturity</b>				
Government bonds	49,918,638	49,918,638	-	-
Bonds	4,615,545	4,615,545	-	-
Government Recapitalization Bonds	3,083,712	3,083,712	-	-
Deposits Certificate of Bank Indonesia	1,089,410	1,089,410	-	-
Bank Indonesia Sharia Certificates (SBIS)	1,350,000	1,350,000	-	-
Credit Linked Notes	677,645	677,645	-	-
Certificate of Bank Indonesia	683,777	683,777	-	-
Negotiable Certificate of Deposits	350,190	350,190	-	-
Medium-Term Notes	360,508	360,508	-	-
Subordinated bonds	145,134	145,134	-	-
Promissory Notes	27,570	27,570	-	-
	62,302,129	62,302,129	-	-
<b>Loans and receivables</b>				
Loans, Sharia receivables and financing	525,895,593	-	509,728,033	16,167,560
<b>Total</b>	<b>650,545,064</b>	<b>124,649,471</b>	<b>509,728,033</b>	<b>16,167,560</b>

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#### 41. SEGMENT INFORMATION

Information concerning the segments of BRI and Subsidiaries are as follows:

a. Corporate Name	Main Business
PT Bank Rakyat Indonesia (Persero) Tbk	Conventional Banking
PT Bank BRISyariah	Sharia Banking
PT Bank Rakyat Indonesia Agroniaga Tbk	Conventional Banking
BRI Remittance Co. Limited Hong Kong	Financial Service
PT Asuransi Jiwa Bringin Jiwa Sejahtera	Life Insurance
PT BRI Multifinance Indonesia	Financing

#### b. Operating Segment

For management purposes, BRI is organized into 5 (five) operating segments based on products which are as follows:

- Micro Segment
- Retail Segment
- Corporate Segment
- Other Segments
- Subsidiaries

Information concerning the operating segments of BRI and Subsidiaries are as follows:

As of December 31, 2016 and for the Year Then Ended						
Description	Micro	Retail	Corporate	Others	Subsidiaries	Total
Interest and premium income - net	34,833,576	20,016,985	6,430,415	3,915,302	2,444,123	67,640,401
Other operating income	6,517,052	7,674,882	972,169	1,515,107	533,902	17,213,112
<b>Total income</b>	<b>41,350,628</b>	<b>27,691,867</b>	<b>7,402,584</b>	<b>5,430,409</b>	<b>2,978,025</b>	<b>84,853,513</b>
Other operating expenses	(15,277,207)	(14,343,219)	(3,418,950)	(2,089,905)	(1,969,039)	(37,098,320)
Provision for impairment losses	(6,624,372)	(3,355,030)	(3,340,361)	-	(470,888)	(13,790,651)
<b>Total expenses</b>	<b>(21,901,579)</b>	<b>(17,698,249)</b>	<b>(6,759,311)</b>	<b>(2,089,905)</b>	<b>(2,439,927)</b>	<b>(50,888,971)</b>
Other income - net	123,338	232,923	292,580	(633,642)	(5,971)	9,228
Income before income tax expense	19,572,387	10,226,541	935,853	2,706,862	532,127	33,973,770
Income tax expense	(4,499,665)	(2,351,067)	(215,151)	(622,304)	(57,592)	(7,745,779)
<b>Income for the year</b>	<b>15,072,722</b>	<b>7,875,474</b>	<b>720,702</b>	<b>2,084,558</b>	<b>474,535</b>	<b>26,227,991</b>
<b>Segment Assets</b>						
Loans	221,802,205	237,808,490	175,680,526	-	28,128,997	663,420,218
Allowance for impairment losses	(10,556,250)	(2,920,658)	(8,467,463)	-	(862,081)	(22,806,452)
Non loans	-	-	-	348,325,310	12,184,420	360,509,730
	<b>211,245,955</b>	<b>234,887,832</b>	<b>167,213,063</b>	<b>348,325,310</b>	<b>39,451,336</b>	<b>1,001,123,496</b>
<b>Segment Liabilities</b>						
Funding	213,208,779	285,574,629	225,062,050	-	30,680,916	754,526,374
Non funding	-	-	-	94,697,514	7,607,948	102,305,462
	<b>213,208,779</b>	<b>285,574,629</b>	<b>225,062,050</b>	<b>94,697,514</b>	<b>38,288,864</b>	<b>856,831,836</b>

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**41. SEGMENT INFORMATION (continued)**

**b. Operating Segment (continued)**

Information concerning the operating segments of BRI and Subsidiaries are as follows (continued):

As of December 31, 2015 and for the Year Then Ended						
Description	Micro	Retail	Corporate	Others	Subsidiaries	Total
Interest income - net	32,292,256	18,154,722	4,279,340	1,784,556	1,768,893	58,279,767
Other operating income	5,276,402	6,395,257	247,029	1,751,510	185,286	13,855,484
Total income	37,568,658	24,549,979	4,526,369	3,536,066	1,954,179	72,135,251
Other operating expenses	(13,312,228)	(12,660,454)	(2,974,116)	(942,021)	(1,386,877)	(31,275,696)
Provision for impairment losses	(5,226,934)	(1,951,508)	(1,402,634)	-	(319,129)	(8,900,205)
Total expenses	(18,539,162)	(14,611,962)	(4,376,750)	(942,021)	(1,706,006)	(40,175,901)
Other income - net	187,146	261,292	35,256	16,567	34,407	534,668
Income before income tax expense	19,216,642	10,199,309	184,875	2,610,612	282,580	32,494,018
Income tax expense	(3,885,329)	(2,236,457)	(56,830)	(828,672)	(75,942)	(7,083,230)
<b>Income for the year</b>	<b>15,331,313</b>	<b>7,962,852</b>	<b>128,045</b>	<b>1,781,940</b>	<b>206,638</b>	<b>25,410,788</b>
<b>Segment Assets</b>						
Loans	188,428,179	213,741,251	156,266,586	-	22,658,528	581,094,544
Allowance for impairment losses	(9,495,512)	(2,401,479)	(5,133,361)	-	(484,083)	(17,514,435)
Non Loans	-	-	-	302,785,935	10,076,494	312,862,429
	<b>178,932,667</b>	<b>211,339,772</b>	<b>151,133,225</b>	<b>302,785,935</b>	<b>32,250,939</b>	<b>876,442,538</b>
<b>Segment Liabilities</b>						
Funding	190,216,859	256,974,993	195,582,152	-	26,221,375	668,995,379
Non funding	-	-	-	90,832,577	5,471,177	96,303,754
	<b>190,216,859</b>	<b>256,974,993</b>	<b>195,582,152</b>	<b>90,832,577</b>	<b>31,692,552</b>	<b>765,299,133</b>

**c. Geographical Segment**

Description	Total income	
	Year Ended December 31,	
	2016	2015
Indonesia	84,326,594	71,761,733
USA	473,146	354,868
Hong Kong	4,452	14,184
Singapore	49,321	4,466
<b>Total</b>	<b>84,853,513</b>	<b>72,135,251</b>
Description	Income before tax expense	
	Year Ended December 31,	
	2016	2015
Indonesia	33,609,647	32,229,090
USA	346,335	272,416
Hong Kong	167	462
Singapore	17,621	(7,950)
<b>Total</b>	<b>33,973,770</b>	<b>32,494,018</b>

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**41. SEGMENT INFORMATION (continued)**

c. Geographical Segment (continued)

Description	Total assets	
	December 31, 2016	December 31, 2015
Indonesia	984,256,727	860,784,169
USA	14,065,978	12,731,232
Hong Kong	5,952	5,832
Singapore	2,794,839	2,921,305
<b>Total</b>	<b>1,001,123,496</b>	<b>876,442,538</b>

  

Description	Total liabilities	
	December 31, 2016	December 31, 2015
Indonesia	840,376,290	749,907,147
USA	13,656,808	12,450,720
Hong Kong	338	255
Singapore	2,798,400	2,941,011
<b>Total</b>	<b>856,831,836</b>	<b>765,299,133</b>

**42. EMPLOYEES PROGRAM**

a. Defined Benefit Pension Plan

Effective January 1, 2007, all newly appointed permanent employees are not included in this program. Under this program, the right to pension benefits is given based on the established conditions which are stated in the regulations of BRI with consideration to the yearly gratuity factor over the working period and income on the pension fund. BRI's pension plan is managed by Dana Pensiun BRI (DPBRI). According to the regulation in BRI Directors' Decision Letter, the employee's contribution for pension contribution amounted to 7% of the employee's pension-based salary and any remaining amount required to fund DPBRI represents the contribution by BRI, amounted to 25.02% (previously 25.38%) since April 1, 2016.

The actuarial calculation of BRI's pension costs as of December 31, 2016 and 2015 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 5, 2017 and January 5, 2016, respectively, which were prepared in accordance with SFAS No. 24 (Revised 2013) using the "Projected Unit Credit Method" and considering the following assumptions:

	December 31, 2016	December 31, 2015
Discount rate	8.10%	8.90%
Annual pension-based salary growth rate	7.50	7.50
Annual pension benefit growth rate	4.00	4.00
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% from CSO 1958	10.0% from CSO 1958
Normal retirement age	56 years	56 years

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**42. 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, long-term investments in the form of shares of stocks and property.

Movements in present value of defined benefit pension as of December 31, 2016 and 2015 are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Present value of defined benefit pension		
- beginning balance	13,221,843	12,845,427
Interest expense	1,151,483	1,015,124
Current service cost	286,216	274,022
Past service cost	300,295	322,182
Benefit paid	(853,894)	(838,047)
Actuarial loss (gain)	926,577	(396,865)
<b>Present Value of Defined Benefit Pension Liabilities - ending balance</b>	<b>15,032,520</b>	<b>13,221,843</b>

Movements in the fair value of program assets as of December 31, 2016 and 2015, respectively, are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Fair value of program assets - beginning balance	14,287,884	12,571,805
The real development results	2,469,674	2,218,737
Contributions paid - Employer	255,787	262,881
Contributions paid - Participants	71,308	72,508
Benefit paid	(853,894)	(838,047)
<b>Program assets - ending balance</b>	<b>16,230,759</b>	<b>14,287,884</b>

Movements in the defined benefit pension liabilities as of December 31, 2016 and 2015 are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance	-	273,622
Defined benefit pension expense		
- net (Note 35)	513,384	543,325
Contributions paid - current period	(255,787)	(262,881)
Remeasurement liabilities (assets)		
for defined benefit pension - net	(257,597)	(554,066)
<b>Ending balance</b>	<b>-</b>	<b>-</b>

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**42. EMPLOYEES PROGRAM (continued)**

a. Defined Benefit Pension Plan (continued)

Remeasurement on assets for defined benefit pension as of December 31, 2016 and 2015, respectively, are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance	(789,961)	(235,895)
Actuarial loss (gain)	926,577	(396,865)
Yields on assets program	(1,221,494)	(1,223,242)
Impact change of assets other than the net interest liabilities (assets)	37,320	1,066,041
<b>Total Remeasurement on assets for defined benefit pension - net</b>	<b>(1,047,558)</b>	<b>(789,961)</b>

Benefit pension expense for the years ended December 31, 2016 and 2015, respectively, based on the actuarial calculation is as follows:

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Current service cost	286,216	274,022
Contributions paid - Participants	(71,308)	(72,508)
Interest Expense - net	(1,819)	19,629
Past service cost	300,295	322,182
<b>Benefit pension expense (Note 35)</b>	<b>513,384</b>	<b>543,325</b>

b. Old-Age Benefits Plan

BRI's employees are also given old-age benefits (THT) based on the regulation as stated in the Decision Letter of the Directors of BRI, BRI's old-age benefits plan is managed by Yayasan Kesejahteraan Pegawai BRI.

Old-age benefit contributions consist of payments from the employees and BRI's contributions in accordance with the requirements of the Decision Letter of Directors of BRI.

Based on the actuarial calculation of BRI's old-age benefits as of December 31, 2016 and 2015, which was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 5, 2017 and January 5, 2016, respectively, which were prepared in accordance with SFAS No. 24 (Revised 2013) using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Discount rate	8.30%	9.09%
Salary growth rate	7.50	7.50
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.00% from CSO 1958	10.00% from CSO 1958

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**42. EMPLOYEES PROGRAM (continued)**

b. Old-Age Benefits Plan (continued)

The status of the old-age benefits as of December 31, 2016 and 2015, respectively, based on the actuarial calculation is as follows:

	December 31, 2016	December 31, 2015
Assets at fair value	3,286,981	3,121,511
Present value of old-age benefits liability	(1,374,984)	(991,131)
<b>Surplus</b>	<b>1,911,997</b>	<b>2,130,380</b>

Movements of the old-age benefits liabilities as of December 31, 2016 and 2015, respectively, are as follows:

	December 31, 2016	December 31, 2015
Old-age benefits expense	16,809	12,807
Remeasurement on liabilities		
for defined old-age benefits - net	74,546	71,650
Contributions paid - current period	(91,355)	(84,457)
<b>Liabilities - Ending Balances</b>	<b>-</b>	<b>-</b>

Remeasurement on liabilities for defined old-age benefits as of December 31, 2016 and 2015, respectively, are as follows:

	December 31, 2016	December 31, 2015
Beginning balance	127,555	55,905
Actuarial loss (gain)	335,918	(45,173)
Yields on liabilities (assets) program	150,663	(2,068)
Impact change of assets outside the net interest liabilities (assets)	(412,035)	118,891
<b>Total Remeasurement on liabilities for defined Old-age benefits - net</b>	<b>202,101</b>	<b>127,555</b>

Old-age benefits expense for the years ended December 31, 2016 and 2015, based on the actuarial calculation is as follows:

	Year Ended December 31, 2016	2015
Current service cost	63,621	55,978
Contributions paid - participants	(43,571)	(40,283)
Interest expense - net	(3,241)	(2,888)
<b>Old-age benefits expense</b>	<b>16,809</b>	<b>12,807</b>



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**42. EMPLOYEES PROGRAM (continued)**

b. Old-Age Benefits Plan (continued)

As of December 31, 2016 and 2015, BRI did not recognize the prepaid old-age benefits and the income of old-age benefits as BRI management has no benefits on those assets and has no plans to reduce its contributions in the future.

c. Defined Contribution Pension Plan

(i) BRI (Parent Entity)

The employees of BRI are also included in the defined contribution pension plan in accordance with BRI Directors' decision which was effective since October 2000. BRI's contributions to the plan which are reported in the consolidated statement of profit or loss and other comprehensive income amounted to Rp231,105 and Rp198,322, respectively, for the years ended December 31, 2016 and 2015 (Note 35). This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

(ii) BRI Agro (Subsidiary)

BRI Agro organized defined contribution pension plans for all its permanent employees which is managed by Dana Pensiun Lembaga Keuangan (Financial Institutions Pension Fund) PT Bank Negara Indonesia (Persero) Tbk. BRI Agro's contribution to the plan amounted to 87.8% of the contributions that have been defined based on the level of each employee which are reported in the income statement and the consolidated other comprehensive income amounted to Rp696 and Rp653, respectively, for the years ended December 31, 2016 and 2015 (Note 35).

d. Work Separation Scheme

(i) BRI (Parent Entity)

The calculation performed by the management of BRI of liabilities related to allowance for separation benefit which include severance, gratuity and compensation benefits were based on actuarial valuation assumption in compliance with Labor Law No. 13/2003 dated March 25, 2003. As of December 31, 2016 and 2015, the actuarial calculations were performed by PT Bestama Aktuarial, an independent actuary, in its reports dated January 5, 2017 and January 5, 2016, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Discount rate	8.30%	9.00%
Future salary growth rate	7.50	7.50
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.00% from CSO 1958	10.00% from CSO 1958

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**42. EMPLOYEES PROGRAM (continued)**

c. Work Separation Scheme (continued)

(i) BRI (Parent Entity) (continued)

Movements in the work separation scheme liability as of December 31, 2016 and 2015, respectively, are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance	997,669	936,602
Work separation scheme expense		
- net (Note 35)	153,280	196,040
Actual benefit payments by BRI	(61,297)	(58,860)
Remeasurement on liabilities		
(assets) for defined work		
separation scheme - net	20,080	(76,113)
<b>Ending Balances (Note 28)</b>	<b>1,109,732</b>	<b>997,669</b>

Remeasurement on liabilities (assets) for defined work separation scheme as of December 31, 2016 and 2015, respectively, are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance	(47,474)	28,639
Actuarial loss (gain)	20,080	(76,113)
<b>Total remeasurement on assets for defined work separation scheme - net</b>	<b>(27,394)</b>	<b>(47,474)</b>

The calculation of work separation scheme expense for the years ended December 31, 2016 and 2015 based on the actuarial calculation are as follows:

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Current service cost	144,737	115,007
Interest cost - net	93,544	81,033
Past service cost	(85,001)	-
<b>Work separation scheme expense (Note 35)</b>	<b>153,280</b>	<b>196,040</b>

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**42. EMPLOYEES PROGRAM (continued)**

d. Work Separation Scheme (continued)

(ii) BRISyariah (Subsidiary)

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

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2016 and 2015 as determined by PT Bestama Aktuaria and PT Katsir Imam Sapto Sejahtera Aktuaria, independent actuaries, in their reports dated January 4, 2017 and January 4, 2016, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Discount rate	8.10%	9.20%
Annual salary growth rate	5.00	5.00
Mortality rate	TMI-III 2011	TMI-III 2011

Movements in the work separation scheme liability as of December 31, 2016 and 2015, respectively, are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance	46,966	38,037
Work separation scheme expense (Note 35)	12,654	12,509
Actual benefit payments by BRISyariah	(1,519)	-
Remeasurement on liabilities (assets) for defined work separation scheme - net	7	(3,580)
<b>Ending balances (Note 28)</b>	<b>58,108</b>	<b>46,966</b>

Remeasurement on liabilities (assets) for defined work separation scheme as of December 31, 2016 and 2015, respectively, are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance	(15,629)	(12,049)
Actuarial loss/(gain)	7	(3,580)
<b>Total remeasurement on assets for defined work separation scheme - net</b>	<b>(15,622)</b>	<b>(15,629)</b>

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**42. EMPLOYEES PROGRAM (continued)**

d. Work Separation Scheme (continued)

(ii) BRISyariah (Subsidiary) (continued)

The calculation of work separation scheme expense for the years ended December 31, 2016 and 2015 based on the actuarial calculation are as follows:

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Current service cost	8,033	9,276
Interest cost	4,621	3,233
<b>Work separation scheme expense (Note 35)</b>	<b>12,654</b>	<b>12,509</b>

(iii) BRI Agro (Subsidiary)

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

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2016 and 2015 as determined by PT Bestama Aktuaria, an independent actuary, in its reports dated January 5, 2017 and January 5, 2016, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Discount rate	8.30%	9.00%
Annual salary growth rate	8.00	8.00
Mortality rate	TMI 2011	TMI 2011
Disability rate	10.00% TMI 2011	10.00% TMI 2011

Movements in the work separation scheme liability as of December 31, 2016 and 2015, respectively, are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance	27,420	25,644
Work separation scheme expense (Note 35)	10,245	4,815
Actual benefit payments	(1,540)	(2,283)
Remeasurement on assets for defined work separation scheme - net	(606)	(756)
<b>Ending balance (Note 28)</b>	<b>35,519</b>	<b>27,420</b>

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**42. EMPLOYEES PROGRAM (continued)**

d. Work Separation Scheme (continued)

(iii) BRI Agro (Subsidiary) (continued)

Remeasurement on liabilities (assets) for defined work separation scheme as of December 31, 2016 and 2015, respectively, are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance	1,048	1,804
Actuarial gain	(606)	(756)
<b>Total remeasurement on liabilities for defined work separation scheme - net</b>	<b>442</b>	<b>1,048</b>

The calculation of work separation scheme expense for the years ended December 31, 2016 and 2015 based on the actuarial calculation are as follows:

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
Current service cost	3,212	2,671
Interest expense	2,542	2,144
Past service cost	4,491	-
<b>Work separation scheme expense (Note 35)</b>	<b>10,245</b>	<b>4,815</b>

(iv) BRI Life (Subsidiary)

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

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2016 and 2015, as determined by PT Padma Radya Aktuaria and PT Quattro Asia Consulting, independent actuaries, in their reports dated January 6, 2017 and January 7, 2016, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Discount rate	8.25%	9.08%
Annual salary growth rate	7.00	7.00
Mortality rate	TMI III 2011	TMI III 2011
Disability rate	10.00% TMI III 2011	10.00% TMI III 2011

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**42. EMPLOYEES PROGRAM (continued)**

d. Work Separation Scheme (continued)

(iv) BRI Life (Subsidiary) (continued)

Movements in the work separation scheme liability as of December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Beginning balance	41,044	34,629
Work separation scheme expense (Note 35)	4,711	6,086
Actual benefit payments	(760)	(1,361)
Remeasurement on liabilities for defined work separation scheme - net	3,697	1,690
<b>Ending Balance (Note 28)</b>	<b>48,692</b>	<b>41,044</b>

Remeasurement on liabilities (assets) for defined work separation scheme as of December 31, 2016 and 2015 are as follows:

	December 31, 2016	December 31, 2015
Beginning balance	2,901	1,211
Actuarial loss	3,697	1,690
<b>Total remeasurement on liabilities for defined work separation scheme - net</b>	<b>6,598</b>	<b>2,901</b>

The calculation of work separation scheme expense for the years ended December 31, 2016 and 2015 based on the actuarial calculation are as follows:

	Year Ended December 31, 2016	2015
Current service cost	2,798	3,301
Interest expense	3,682	2,785
Past service cost	(1,769)	-
<b>Work separation expense (Notes 35)</b>	<b>4,711</b>	<b>6,086</b>

(v) BRI Finance (Subsidiary)

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

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**42. EMPLOYEES PROGRAM (continued)**

d. Work Separation Scheme (continued)

(v) BRI Finance (Subsidiary) (continued)

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2016, as determined by PT Jasa Aktuarial Praptasentosa Gunajasa, an independent actuary, in its report dated January 5, 2017, by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>
Discount rate	8.00%
Annual salary growth rate	7.00
Mortality rate	TMI 2011
Disability rate	5.00% TMI 2011

Movements in the work separation scheme liability as of December 31, 2016 is as follows:

	<b>December 31, 2016</b>
Beginning balance	16,055
Work separation scheme expense	2,490
Actual benefit payments	(5,074)
Remeasurement on separation scheme - net	(4,303)
<b>Ending balances (Note 28)</b>	<b>9,168</b>

Remeasurement on liabilities (assets) for defined work separation scheme as of December 31, 2016 is as follows:

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

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**42. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits

BRI employees also have long-term employee benefits, such as gratuity for services, grand leaves and pension preparation period (MPP).

(i) Allowance for gratuity for services

i. BRI (Parent Entity)

The actuarial calculation on gratuity for services as of December 31, 2016 and 2015 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 5, 2017 and January 5, 2016, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Discount rate	8.30%	9.00%
Future salary growth rate	7.50	7.50
Gold price growth rate	10.00	10.00
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.00% from CSO 1958	10.00% from CSO 1958

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp940,341 and Rp833,576 as of December 31, 2016 and 2015, respectively.

Movements in liability for gratuity for services as of December 31, 2016 and 2015 are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance of liability	833,576	817,046
Gratuity for service expense (Note 35)	150,349	76,718
Benefit payments by BRI	(43,584)	(60,188)
<b>Gratuity for services liability (Note 28)</b>	<b>940,341</b>	<b>833,576</b>

The gratuity for service expense for the years ended December 31, 2016 and 2015 based on the actuarial calculation are as follows:

	<b>Year Ended December 31, 2016</b>	<b>2015</b>
Current service cost	72,442	65,369
Interest expense	76,320	68,849
Recognized actuarial loss (gain)	1,587	(57,500)
<b>Gratuity for services expense (Note 35)</b>	<b>150,349</b>	<b>76,718</b>



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**42. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(i) Allowance for gratuity for services (continued)

ii. BRI Life (Subsidiary)

The Subsidiary also provides gratuity for services program to its employees as one of their benefits.

The actuarial calculation for gratuity for services recorded in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2016 and 2015 was prepared by PT Padma Radya Aktuarial and PT Quattro Asia Consulting, independent actuaries, in their reports dated January 6, 2017 and January 7, 2016, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Discount rate	8.25%	9.08%
Future salary growth rate	7.00	7.00
Mortality rate	TMI-III 2011	TMI-III 2011
Disability rate	10.00% TMI 2011	10.00% TMI 2011

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp10,623 and Rp9,764 as of December 31, 2016 and 2015, respectively.

Movements in liability for gratuity for services as of December 31, 2016 and 2015 are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance of liability	9,764	8,724
Gratuity for service expense (Note 35)	2,131	2,330
Actual benefit payments	(1,272)	(1,290)
<b>Gratuity for services liability (Note 28)</b>	<b>10,623</b>	<b>9,764</b>

The gratuity for service expense for the years ended December 31, 2016 and 2015 based on the actuarial calculation are as follows:

	<b>Year Ended December 31, 2016</b>	<b>2015</b>
Current service cost	729	726
Past service cost	(909)	-
Interest expense	602	662
Recognized actuarial loss	1,709	942
<b>Gratuity for services expense (Note 35)</b>	<b>2,131</b>	<b>2,330</b>

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**42. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(i) Allowance for gratuity for services (continued)

iii. BRI Finance (Subsidiary)

The Subsidiary also provides gratuity for services program to its employees as one of their benefits.

The actuarial calculation for gratuity for services recorded in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2016 was prepared by PT Jasa Aktuaria Praptasentosa Gunajasa, an independent actuary in its report dated January 5, 2017 by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>
Gold Price (full Rupiah)	502,750
Average age below retirement age	36.00
Average age above retirement age	0.00
Average service years	7.71

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp244 as of December 31, 2016.

Movements in liability for gratuity for services as of December 31, 2016 is as follows:

	<b>December 31, 2016</b>
Beginning balance of liability	356
Income in statement of profit and loss	(65)
Actual benefit payments	(47)
<b>Gratuity for services liability (Notes 28)</b>	<b>244</b>

(ii) Grand leaves

i. BRI (Parent Entity)

The actuarial calculation for grand leaves as of December 31, 2016 and 2015 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 5, 2017 and January 5, 2016, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Discount rate	8.30%	9.00%
Future salary growth rate	7.50	7.50
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.00% from CSO 1958	10.00% from CSO 1958

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**42. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

i. BRI (Parent Entity) (continued)

The present value of liability of allowance for grand leaves based on actuarial calculations amounted to Rp1,314,399 and Rp1,119,535 as of December 31, 2016 and 2015, respectively.

Movements in liability for grand leaves December 31, 2016 and 2015, respectively, are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance of liability	1,119,535	979,693
Grand leaves expense (Note 35)	308,428	264,713
Actual benefit payments by BRI	(113,564)	(124,871)
<b>Grand leaves liability (Note 28)</b>	<b>1,314,399</b>	<b>1,119,535</b>

The grand leaves expense for the years ended December 31, 2016 and 2015 based on the actuarial calculation are as follows:

	<b>Year Ended December 31, 2016</b>	<b>2015</b>
Current service cost	187,174	142,910
Interest expense	104,070	83,052
Recognized actuarial loss	17,184	38,751
<b>Grand leaves expense (Note 35)</b>	<b>308,428</b>	<b>264,713</b>

ii. BRISyariah (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation for grand leaves was recorded in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2016 and 2015 as determined by PT Bestama Aktuaria and PT Katsir Imam Sapto Sejahtera Aktuaria, independent actuaries, in their reports dated January 4, 2017 and January 4, 2016, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Discount rate	8.10%	9.20%
Annual salary growth rate	5.00	5.00
Mortality rate	TMI-III 2011	TMI-III 2011
Disability rate	10.00% TMI 2011	10.00% TMI 2011

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**42. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

ii. BRISyariah (Subsidiary) (continued)

Movements in liability for grand leaves as of December 31, 2016 and 2015, respectively, are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance of liability	32,828	31,112
Grand leaves expense - net (Note 35)	985	8,269
Actual benefit payments by BRIS	(8,519)	(6,553)
<b>Grand leaves liability (Note 28)</b>	<b>25,294</b>	<b>32,828</b>

The subsidiary's grand leaves expense for the years ended December 31, 2016 and 2015 based on the actuarial calculation are as follows:

	<b>Year Ended December 31, 2016</b>	<b>2015</b>
Current service cost	6,485	7,196
Interest expense	2,927	2,644
Recognized actuarial gain	(8,427)	(1,571)
<b>Grand leaves expense (Note 35)</b>	<b>985</b>	<b>8,269</b>

iii. BRI Agro (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation for grand leaves recorded in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2016 and 2015 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 5, 2017 and January 5, 2016, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Discount rate	7.50%	8.70%
Annual salary growth rate	8.00	8.00
Mortality rate	TMI 2011	TMI 2011
Disability rate	10.00% TMI 2011	10.00% TMI 2011

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**42. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

iii. BRI Agro (Subsidiary) (continued)

The present value of liability of allowance for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp2,202 and Rp1,957 as of December 31, 2016 and 2015, respectively.

Movements in liability for grand leaves as of December 31, 2016 and 2015, respectively, are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance of liability	1,957	1,849
Expense recognized in the current year (Note 35)	1,046	684
Actual benefit payments	(801)	(576)
<b>Grand leaves liability (Note 28)</b>	<b>2,202</b>	<b>1,957</b>

The subsidiary's grand leaves expense for the years ended December 31, 2016 and 2015 based on the actuarial calculation are as follows:

	<b>Year Ended December 31, 2016</b>	<b>2015</b>
Current service cost	844	696
Interest expense	172	153
Recognized actuarial losses (gains)	30	(165)
<b>Grand leaves expense (Note 35)</b>	<b>1,046</b>	<b>684</b>

Under Decree No. Kpts.B.06/Dir.01.02/MSDM/10/2014 dated October 13, 2014, The Board of Directors of BRI Agro decided a change in allowance of grand leaves from 2.75 times employees wages to 2 times employees wages.

iv. BRI Life (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

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**42. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

iv. BRI Life (Subsidiary) (continued)

The actuarial calculation for grand leaves recorded in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2016 and 2015 was prepared by PT Padma Radya Aktuaria and PT Quattro Asia Consulting, independent actuaries, in their reports dated January 6, 2017 and January 7, 2016, respectively, by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Discount rate	8.25%	9.08%
Annual salary growth rate	7.00	7.00
Mortality rate	TMI 2011	TMI 2011
Disability rate	10% TMI 2011	10% TMI 2011

The present value of liability of allowance for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp7,542 and Rp2,221 as of December 31, 2016 and 2015, respectively.

Movements in liability for grand leaves as of December 31, 2016 and 2015 are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Beginning balance of liability	2,221	1,572
Grand leaves expense (Note 35)	6,161	1,415
Actual benefit payments	(840)	(766)
<b>Grand leaves liability (Note 28)</b>	<b>7,542</b>	<b>2,221</b>

The subsidiary's grand leave expenses for the years ended December 31, 2016 and 2015, based on the actuarial calculation are as follow:

	<b>Year Ended December 31, 2016</b>	<b>2015</b>
Current service cost	1,990	857
Past service cost	2,678	-
Interest expense	412	97
Recognized actuarial losses	1,081	461
<b>Grand leave expense (Note 35)</b>	<b>6,161</b>	<b>1,415</b>

v. BRI Finance (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

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**42. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

v. BRI Finance (Subsidiary) (continued)

The actuarial calculation for grand leaves recorded in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2016 was prepared by PT Jasa Aktuarial Praptasentosa Gunajasa, an independent actuary, in its report dated January 5, 2017, by using the "Projected Unit Credit Method" and considering the following assumptions:

Actuarial calculation on grand leave for the subsidiary is recorded in the consolidated statement of profit and loss and other comprehensive income and recognized in the consolidated statement of financial positions as of December 31, 2016 as calculated by PT Jasa Aktuarial Praptasentosa Gunajasa, an independent actuary, in its report dated January 5, 2017, using the "Projected Unit Credit Method" accounting for the following assumptions:

	<b>December 31, 2016</b>
Discount rate	8.00%
Annual salary growth rate	7.00
Mortality rate	TMI 2011
Disability rate	5% TMI 2011

The present value of liability of allowance for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp317 as of December 31, 2016.

Movements in liability for grand leaves as of December 31, 2016 is as follows:

	<b>December 31, 2016</b>
Beginning balance of liability	485
Grand leaves expense	181
Actual benefit payments	(349)
<b>Grand leaves liability (Note 28)</b>	<b>317</b>

(iii) Pension preparation period

i. BRI Agro (Subsidiary)

BRI Agro provides pension preparation period to its employees as one of their benefits.

The actuarial calculation of pension preparation period as of December 31, 2015 was prepared by PT Bestama Aktuarial, an independent actuary, in its report dated January 5, 2016 by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>December 31, 2015</b>
Discount rate	0.00%
Future salary growth rate	8.00
Mortality rate	TMI 2011
Disability rate	10% TMI 2011

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**42. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(iii) Pension preparation period (continued)

i. BRI Agro (Subsidiary) (continued)

Movements in the liability for pension preparation period as of December 31, 2015 is as follows:

	<b>December 31, 2015</b>
Beginning balance	7,446
Pension preparation period expense	(11,877)
Actual benefit payment by BRI Agro	(19)
Remeasurement on liabilities (asset) for defined pension preparation period - net	4,450
<b>Ending balance</b>	<b>-</b>

Remeasurement on liabilities (assets) for defined pension preparation period - net as of December 31, 2015 is as follows:

	<b>December 31, 2015</b>
Beginning balance	(4,450)
Actuarial loss	4,450
<b>Total remeasurement on liabilities (assets) for defined pension preparation period - net</b>	<b>-</b>

Pension preparation period expense for the year ended December 31, 2015 based on the actuarial calculation is as follows:

	<b>Year Ended December 31, 2015</b>
Current service cost	803
Interest expense	643
Recognized actuarial gain	(13,323)
<b>Pension preparation period expense</b>	<b>(11,877)</b>

Based on the Decree No. Kpts.B.15/Dir.02.04/MSDM/XII/2015 dated December 17, 2015, the Board of Directors of BRI Agro decided to revoke and terminate the pension preparation period which became effective on December 15, 2015. Specifically for employees who were undergoing a period of preparation for retirement, the employee would still be eligible for Pension Preparation Period in the "laid off" program during the 12 months period until retirement. Reversal of allowance for pension preparation period as a result of the decree was recorded under other operating income in the consolidated statement of profit or loss and other comprehensive income.



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**43. INFORMATION ON COMMITMENTS AND CONTINGENCIES**

	December 31, 2016	December 31, 2015
<b><u>Commitments</u></b>		
Commitments receivables		
Purchase of spot and foreign currencies	12,219,746	6,343,775
Commitments liabilities		
Unused credit facilities granted to debtors	120,916,072	111,600,420
Irrevocable letters of credit (Note 27c)	8,541,152	15,406,791
Sale of spot and foreign currencies	7,109,202	2,198,086
Unused financing facilities granted to debtors	254,649	155,372
	136,821,075	129,360,669
<b>Commitments - net</b>	<b>(124,601,329)</b>	<b>(123,016,894)</b>
<b><u>Contingencies</u></b>		
Contingent receivables		
Interest receivables under settlement	45,208	47,497
Contingent liabilities		
Guarantees issued (Note 27c) in the form of:		
Standby letters of credit	3,838,190	4,225,864
Bank guarantees	20,684,825	19,443,044
	24,523,015	23,668,908
<b>Contingencies - net</b>	<b>(24,477,807)</b>	<b>(23,621,411)</b>

**44. TRANSACTIONS WITH RELATED PARTIES**

In the normal course of business, BRI engages in transactions with related parties due to the relationship of ownership and/or management. All transactions with related parties have been made according to the mutually agreed policies and terms.

Balances and transactions with related parties are as follows:

Related parties	Relationship	Element of transactions
Government of the Republic of Indonesia (RI)	Ownership of majority shares through the Ministry of Finance of the Republic of Indonesia	Securities, Government Recapitalization Bonds
PT Asuransi Bringin Sejahtera Artamakmur	Control through the Dana Pensiun BRI	Insurance of fixed assets
PT Bringin Gigantara	Control through the Dana Pensiun BRI	Investment in associated entities
BDH Khusus Bialugri	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
BPP 018 Bendahara Khusus	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C

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

Related parties	Relationship	Element of transactions
Bendahara Khusus Direktorat Angkatan Darat (DITKUAD)	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
Ministry of Finance of the Republic of Indonesia	Control through the Central Government of the Republic of Indonesia	Loans
Lembaga Pembiayaan Ekspor Indonesia	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other Banks, Securities
Perum BULOG	Control through the Central Government of the Republic of Indonesia	Loans, Export bills
Perum Djawatan Angkoetan Motor Republik Indonesia (DAMRI)	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
PT Aero System Indonesia	Control through the Central Government of the Republic of Indonesia	Export bills
PT Bank BNI Syariah	Control through the Central Government of the Republic of Indonesia	Current accounts with other Banks, Placements in Bank Indonesia and other Banks
PT Bank Bukopin Tbk	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other Banks
PT Bank Mandiri (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Current accounts with other Banks, Placements in Bank Indonesia and other Banks, Securities purchased under Agreement to resale
PT Bank Negara Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Current accounts with other Banks, Placements in Bank Indonesia and other Banks, Securities
PT Bank Syariah Mandiri	Control through the Central Government of the Republic of Indonesia	Current accounts with other Banks, Placements in Bank Indonesia and other Banks
PT Bank Tabungan Negara (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other Banks, Securities
PT BTMU-BRI Finance	Ownership	Placements in Bank Indonesia and other Banks, Investment in associated entities
PT Dirgantara Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Export bills, Loans, Guarantees issued, Irrevocable L/C
PT Garuda Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Loans, Guarantees issued

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

Related parties	Relationship	Element of transactions
PT Garuda Maintenance Facility AeroAsia	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued
PT Indonesia Asahan Aluminium (Persero)	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Indonesia Power	Control through the Central Government of the Republic of Indonesia	Guarantees issued
PT Industri Kereta Api (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Inti Pindad Mitra Sejati	Control through the Central Government of the Republic of Indonesia	Export bills
PT Inti Konten Indonesia	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
PT Jasa Marga (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities
PT Kereta Api Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Loans, Guarantees issued, Irrevocable L/C
PT Koperasi Karyawan BRI Syariah	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
PT Koperasi Swakarya BRI	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
PT Krakatau Steel (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Export bills, Loans
PT Len Industri (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Pegadaian (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Loans, Sharia receivables and financing
PT Pembangunan Perumahan (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Pertamina (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Export bills, Loans, Irrevocable L/C
PT Pertamina Lubricants	Control through the Central Government of the Republic of Indonesia	Export bills

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

Related parties	Relationship	Element of transactions
PT Pertamina Patra Niaga	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
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	Export bills, Acceptances receivable, Acceptances payable
PT Pindad Enjiniring Indonesia	Control through the Central Government of the Republic of Indonesia	Export bills
Railink	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Rekayasa Industri	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Sarana Multigriya Finansial (Persero)	Control through the Central Government of the Republic of Indonesia	Securities
PT Telekomunikasi Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities
PT Telekomunikasi Selular Tbk	Control through the Central Government of the Republic of Indonesia	Guarantees issued
PT Waskita Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Export bills, Loans, Acceptances receivable, Acceptances payable, Guarantees issued
PT Waskita Beton Precast	Control through the Central Government of the Republic of Indonesia	Loans
PT Wijaya Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued,
PT Wijaya Karya Industri Energi	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
Key employees	Control on company's Activities	Loans, Sharia receivables and financing

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

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b><u>Assets</u></b>		
Current accounts with other Banks (Note 5)		
PT Bank Mandiri (Persero) Tbk	12,060	3,574
PT Bank Negara Indonesia (Persero) Tbk	10,640	64,833
PT Bank BNI Syariah	74	45
PT Bank Syariah Mandiri	74	-
	<b>22,848</b>	<b>68,452</b>
Placements with Bank Indonesia and other Banks (Note 6)		
Lembaga Pembiayaan Ekspor Indonesia	200,000	400,000
PT Bank Negara Indonesia (Persero) Tbk	200,000	100,000
PT Bank Mandiri (Persero) Tbk	45,400	400,000
PT Bank Tabungan Negara (Persero) Tbk	12,220	51,000
PT Bank BNI Syariah	2,000	2,000
PT BTMU-BRI Finance	-	46,000
PT Bank Syariah Mandiri	-	1,500
	<b>459,620</b>	<b>1,000,500</b>
Securities (Note 7)		
Pemerintah Republik Indonesia (RI)	92,283,523	93,941,932
PT Bank Tabungan Negara (Persero) Tbk	1,486,711	548,155
Lembaga Pembiayaan Ekspor Indonesia	1,151,487	916,861
PT Bank Negara Indonesia (Persero) Tbk	931,236	883,747
PT Pegadaian (Persero)	569,660	724,664
PT Perusahaan Listrik Negara (Persero)	460,620	549,591
PT Jasa Marga (Persero) Tbk	448,067	503,399
PT Sarana Multigriya Finansial (Persero)	296,580	457,424
PT Pertamina (Persero)	291,543	313,835
PT Telekomunikasi Indonesia (Persero) Tbk	282,297	282,764
Others	2,860,003	2,426,400
	<b>101,061,727</b>	<b>101,548,772</b>
Export bills (Note 8)		
PT Dirgantara Indonesia (Persero)	161,800	-
Perum BULOG	60,143	-
PT Pindad Enjiniring Indonesia	6,398	6,419
PT Krakatau Steel (Persero) Tbk	5,031	-
PT Aero Systems Indonesia	4,275	-
PT Pindad (Persero)	1,191	-
PT Pertamina (Persero)	932	-
PT Pertamina Lubricants	485	822
PT Inti Pindad Mitra Sejati	457	-
PT Waskita Karya (Persero) Tbk	-	102,064
Others	-	14,129
	<b>240,712</b>	<b>123,434</b>
Government Recapitalization Bonds (Note 9)		
Government of Republic of Indonesia	3,318,434	3,815,958

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

	December 31, 2016	December 31, 2015
<b><u>Assets (continued)</u></b>		
Securities purchased under agreement to resell (Note 10)		
PT Bank Mandiri (Persero) Tbk	229,983	466,992
Loans (Note 12)		
PT Perusahaan Listrik Negara (Persero)	27,446,991	16,479,829
Perum BULOG	16,112,248	17,187,834
Kementerian Keuangan Republik Indonesia	4,307,997	4,683,888
PT Kereta Api Indonesia (Persero)	3,864,676	3,678,155
PT Pegadaian (Persero)	3,835,110	3,864,154
PT Krakatau Steel (Persero) Tbk	2,377,804	2,123,803
PT Garuda Indonesia (Persero)	1,968,132	1,593,531
PT Dirgantara Indonesia (Persero)	1,735,635	938,930
PT Waskita Beton Precast	1,670,095	229,628
PT Waskita Karya (Persero)	1,655,684	612,974
Key Employees	43,174	46,498
Others	28,695,069	41,690,935
	93,712,615	93,130,159
Sharia receivables and financing (Note 13)		
PT Pegadaian (Persero)	300,000	-
PT Koperasi Karyawan BRI Syariah	112,576	-
PT Koperasi Swakarya BRI	45,366	-
Perum DAMRI	31,700	40,403
PT Inti Konten Indonesia	3,850	5,704
Key employees	13,346	10,165
	506,838	56,272
Acceptances receivable (Note 15)		
PT Wijaya Karya (Persero) Tbk	163,023	57,174
PT Pembangunan Perumahan (Persero) Tbk	119,260	-
PT Pindad (Persero)	93,410	335,586
PT Garuda Maintenance Facility AeroAsia	66,490	-
PT Pertamina Patra Niaga	23,759	9,019
PT Waskita Karya (Persero) Tbk	16,087	2,810
PT Len Industri (Persero)	6,459	-
PT Industri Kereta Api (Persero)	3,580	8,890
PT Wijaya Karya Industri Energi	1,192	1,831
Others	1,385	296,268
	494,645	711,578
Investment in associated entities (Note 16)		
PT BTMU-BRI Finance	-	262,891
PT Bringin Gigantara	-	1,240
	-	264,131
<b>Total assets from related parties</b>	<b>200,047,422</b>	<b>201,186,248</b>
<b>Total consolidated assets</b>	<b>1,003,644,426</b>	<b>878,426,312</b>
<b>Percentage of total assets from related parties to total consolidated assets</b>	<b>19.93%</b>	<b>22.90%</b>

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

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b><u>Liabilities</u></b>		
Demand Deposits (Note 20)		
Government Entities and Institutions	44,484,819	33,664,980
Key employees	632	676
Others	23,533	36,503
	<u>44,508,984</u>	<u>33,702,159</u>
Saving deposits (Note 21)		
Government Entities and Institutions	19,258	15,209
Key employees	92,227	132,564
	<u>111,485</u>	<u>147,773</u>
Time deposits (Note 22)		
Government Entities and Institutions	79,043,913	61,367,059
Key employees	118,601	143,006
Others	828,258	179,001
	<u>79,990,772</u>	<u>61,689,066</u>
Deposits from other Banks and financial institutions (Note 23)		
Government Entities and Institutions	499,475	603,167
Securities sold under agreement to repurchase (Note 24)		
Government Entities and Institutions	1,454,477	1,444,821
Acceptances payable (Note 15)		
Government Entities and Institutions	494,645	711,578
Fund borrowings (Note 26)		
Government Entities and Institutions	100,000	100,000
Compensation to key employees management (Note 42)		
Present value of defined benefit pension liability	369,514	326,876
Present value of work separation liability	76,513	71,914
Present value of old-age benefits liability	68,082	51,314
Present value of grand leaves liability	42,327	38,570
Present value of gratuity for services liability	37,548	34,293
	<u>593,984</u>	<u>522,967</u>
<b>Total liabilities to related parties</b>	<b>127,753,822</b>	<b>98,921,531</b>
<b>Total consolidated liabilities</b>	<b>856,831,836</b>	<b>765,299,133</b>
<b>Percentage of liabilities to related parties to total consolidated liabilities</b>	<b>14.91%</b>	<b>12.93%</b>

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

	December 31, 2016	December 31, 2015
<b><u>Commitments and contingencies in administrative accounts</u></b>		
Guarantees issued (Note 27c)		
PT Perusahaan Gas Negara (Persero) Tbk	2,457,968	3,082,484
PT Wijaya Karya (Persero) Tbk	2,348,096	1,488,411
PT Waskita Karya (Persero) Tbk	2,310,583	1,570,160
PT Dirgantara Indonesia (Persero)	1,507,044	2,001,619
PT Perusahaan Listrik Negara (Persero)	640,776	605,519
PT Indonesia Power	576,901	582,063
PT Telekomunikasi Selular Tbk	463,357	337,191
PT Garuda Indonesia (Persero) Tbk	298,690	392,762
PT Kereta Api Indonesia (Persero)	288,897	198,592
Garuda Maintenance Facility AeroAsia	270,217	-
Others	2,836,843	2,921,726
	<u>13,999,372</u>	<u>13,180,527</u>
Irrevocable L/C (Note 27c)		
PT Perusahaan Listrik Negara (Persero)	1,477,564	238,934
PT Dirgantara Indonesia (Persero)	947,591	1,153,393
PT Pertamina (Persero)	835,210	377,963
BDH Khusus Bialugri	541,153	2,567,620
Railink	517,392	-
PT Indonesia Asahan Aluminium	360,514	-
BPP 018 Bendahara Khusus	299,200	-
PT Kereta Api Indonesia (Persero)	270,468	97,584
PT Rekayasa Industri	252,979	-
Bendahara Khusus DITKUAD	203,481	-
Others	748,564	7,504,819
	<u>6,454,116</u>	<u>11,940,313</u>
	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Salaries and allowances for the Boards of Directors and Commissioners (Note 35)</b>		
Salaries and allowances for the Boards of Directors	65,526	42,300
Salaries and allowances for the Boards of Commissioners	26,702	20,920
<b>Total</b>	<u><b>92,228</b></u>	<u><b>63,220</b></u>
<b>Tantiem, bonuses and incentives for the Boards of Commissioners, Directors and key employees (Note 35)</b>		
Tantiem for the Boards of Directors	213,003	232,975
Tantiem for the Boards of Commissioners	84,028	75,898
Bonuses and incentives for key employees	99,422	89,442
<b>Total</b>	<u><b>396,453</b></u>	<u><b>398,315</b></u>



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

Percentage of transactions with related parties to total consolidated assets and liabilities of BRI and Subsidiaries are as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b><u>Assets</u></b>		
Current accounts with other Banks	0.002%	0.008%
Placements with Bank Indonesia and other Banks	0.046	0.114
Securities	10.070	11.560
Export bills	0.024	0.014
Government Recapitalization Bonds	0.331	0.435
Securities purchased under agreement to resell	0.023	0.053
Loans	9.337	10.602
Sharia receivables and financing	0.050	0.006
Acceptances receivable	0.049	0.081
Investment in associated entities	-	0.030
<b>Total</b>	<b>19.932%</b>	<b>22.903%</b>
<b><u>Liabilities</u></b>		
Demand deposits	5.194%	4.404%
Saving deposits	0.013	0.019
Time deposits	9.336	8.061
Deposits from other Banks and financial institutions	0.058	0.079
Securities sold under agreement to repurchase	0.170	0.189
Acceptances payable	0.058	0.093
Fund borrowings	0.012	0.013
Compensation to key employees management	0.069	0.068
<b>Total</b>	<b>14.910%</b>	<b>12.926%</b>

As of December 31, 2016 and 2015, BRI (Parent Entity) insured certain premises and equipment to PT Asuransi Bringin Sejahtera Artha Makmur (related party) (Note 17).

**45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES**

**a. Significant Agreements**

On December 23, 2016, BRI entered into an agreement with PT Satkomindo Mediyasa in connection with the procurement to lease Hub and Remote VSAT Phase-1 BRI-sat integration equipment 6,836 (six thousand eight hundred and thirty six) units for a period of 3 (three) years with a contract value of Rp210,549.

On June 9, 2016, BRI entered into an agreement with PT Bringin Gigantara in connection with the procurement of 2 (two) units AS/400 Power-8 (E880) Machine for a period of 1 (one) year with a contract value of Rp220,000.

On June 1, 2016, BRI entered into an agreement with Koperasi Swakarya BRI in connection with the procurement of 3,000 (three thousand) ATM units for a period of 3 (three) years with a contract value of Rp250,805.

On June 1, 2016, BRI entered into agreement with PT Titan Sarana Niaga in connection with the procurement of 2,250 (two thousand two hundred and fifty) ATM Units for a period of 3 (three) years with a contract value of Rp188,073.

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**45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)**

a. Significant Agreements (continued)

On June 1, 2016, BRI entered into agreement with PT Asaba Computer Center in connection with the procurement of 1,500 (one thousand five hundred) ATM Unit for a period of 3 (three) years with a contract value of Rp125,382.

On November 30, 2015, BRI entered into an agreement with PT Bringin Gigantara in connection with the procurement of 6,000 (six thousand) EDC Triple Connection units and 17,186 (seventeen thousand one hundred and eighty six) EDC Mobile units for 3 (three) years with a contract value of Rp60,143.

On October 27, 2015, BRI entered into an agreement with Koperasi Swakarya BRI in connection with the procurement of 14,000 (fourteen thousand) EDC Triple Connection units and 17,966 (seventeen thousand nine hundred and sixty six) EDC Mobile units for 3 (three) years with a contract value of Rp83,789.

On June 29, 2015, BRI entered into an agreement with PT Bringin Gigantara in connection with the procurement of 300 (three hundred) CDM units for 3 (three) years with a contract value of USD5,399,400.

On June 1, 2015, BRI entered into an agreement with Koperasi Swakarya BRI in connection with the procurement of 1,000 (one thousand) ATM units for 3 (three) years with a contract value of USD6,750,000.

On June 1, 2015, BRI entered into an agreement with PT Bringin Gigantara in connection with the procurement of 600 (six hundred) ATM units for 3 (three) years with a contract value of USD4,050,000.

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, 2016 and 2015, BRI has provided an allowance (included in "Other Liabilities") for several pending lawsuits filed against BRI amounting to Rp613,720 and Rp410,878 (Note 29), respectively. Management believes that the allowance is adequate to cover possible losses arising from pending litigations or legal claims that are currently in progress.

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**46. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS**

Based on Presidential Decision No. 26 of 1998 as implemented by the Ministry of Finance Decision dated January 28, 1998 and the Joint Decrees No. 30/270/KEP/DIR and No. 1/BPPN/1998 dated March 6, 1998, of the Director of Bank Indonesia and Head of IBRA, the Government provided a guarantee on certain obligations of all locally incorporated commercial banks. Based on the latest amendment under the Decree of the Ministry of Finance Decision No. 179/KMK.017/2000 dated May 26, 2000, this guarantee is valid from January 26, 1998 up to January 31, 2001 and with automatic extension of the guarantee period continuously every 6 (six) months, unless within 6 (six) months before the maturity of the guarantee period or its extension period, the Ministry of Finance announces to the public the expiry and/or change in the guarantee program. For this guarantee, the Government charges premium which is computed based on a certain percentage in accordance with the prevailing regulations.

In accordance with Regulation No. 17/PMK.05/2005 dated March 3, 2005 of the Ministry of Finance, starting April 18, 2005, commercial bank obligations guaranteed by the Government Guarantee Program include demand deposits, saving deposits, time deposits and borrowings from other banks in the form of inter-bank money market transactions.

The Government Guarantee Program through UP3 ended on September 22, 2005 based on Regulation No. 68/PMK.05/2005 dated August 10, 2005 of the Ministry of Finance regarding the "Calculation and Payment of Premium on Government Guarantee Program on the Payment of Obligations of Commercial Banks" for the period of July 1 up to September 21, 2005. The Government established the Indonesia Deposit Insurance Corporation (LPS), an independent agency, to replace UP3 based on Law No. 24 of 2004 dated September 22, 2004 regarding "Deposit Insurance Corporation", in order to provide guarantees on public funds including funds from other banks in the form of demand deposits, time deposits, certificates of deposits, saving deposits and/or other similar forms.

Based on LPS regulation No. 1/PLPS/2006 dated March 9, 2006 regarding "Guarantee Program on Saving Account", the balance of saving accounts guaranteed for each customer has a maximum of Rp100 million.

In accordance with Government Regulation No. 66 of 2008, dated October 13, 2008 regarding "The Amount of Public Savings Guaranteed by the Indonesia Deposit Insurance Corporation", the total amount of customers' saving accounts in banks which is guaranteed by the Government has increased to Rp2 billion, from the previous Rp100 million, effective on the date stated above.

LPS guarantee interest rate as of December 31, 2016 and 2015 were 6.25% and 7.50%, respectively, for deposits in Rupiah, while for foreign currencies 0.75% and 1.25%, respectively.

**47. ISSUED AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS)**

The following summarizes the SFAS and IFAS which were issued by the Financial Accounting Standards Board (FASB) and Sharia Accounting Standards Board (SASB) are relevant to BRI and Subsidiaries, but not yet effective for consolidated financial statements as of December 31, 2016:

**Effective on or after January 1, 2017:**

- a. Amendment SFAS No. 1, "Presentation of Financial Statements about disclosure initiative", have given clarification regarding materiality, systematic hierarchy flexibility of notes to financial statements and identification of significant accounting policy. Amendment SFAS No. 1 have impacted other SFAS (consequential amendment) such as: SFAS No. 3 "Interim Financial Reporting", SFAS No. 5 "Operating Segments", SFAS No. 60 "Financial Instruments: Disclosures", and SFAS No. 62 "Insurance Contract".

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**47. ISSUED AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS) (continued)**

**Effective on or after January 1, 2017 (continued):**

- b. IFAS No. 31, "Interpretation of SFAS No. 13 : Investment Property", an interpretation of the characteristics of the building that is used as part of the definition of investment property under SFAS No. 13 "Investment Property". The building referred to in the definition of investment property refers to structures that have physical characteristics that are generally associated with a building which refers to the presence of walls, floors, and roofs attached to the asset.

Currently, BRI and Subsidiaries are evaluating and have not yet determined the impact of the revised SFAS on their consolidated financial statements.

**48. OTHER DISCLOSURES**

a. Capital Adequacy Ratio (CAR)

BRI actively manages its capital in accordance with the regulatory requirements. The primary objective of which is to ensure that BRI, at all times, maintains adequate capital to cover inherent risks to its banking activities without prejudice to optimizing shareholder's value.

CAR as of December 31, 2016 and 2015 was calculated based on Regulation of Financial Services Authority (POJK) No. 34/POJK.03/2016 and Bank Indonesia Regulation (PBI) No. 15/12/PBI/2013, concerning the Minimum Capital Requirement for Commercial Banks where capital for credit risk consist of core capital (Common Equity Tier 1 and additional Tier I) and supplementary capital.

Based on POJK No. 34/POJK.03/2016 concerning the Minimum Capital Requirement for Commercial Banks, PBI No. 17/22/PBI/2015 concerning the Establishment of Countercyclical Buffer Requirement, and POJK No. 46/POJK.03/2015 concerning the Determination of Systemically Important Bank and Capital Surcharge, BRI is required to form additional capital as a buffer that apply in stages starting on January 1, 2016. The establishment of buffer capital consist of Capital Conservation Buffer, Countercyclical Buffer, and Capital Surcharge for D-SIB which shall be established based on a percentage of RWA of 0.625%, 0.00% and 0.5%, respectively.

Since August 24, 2015, BRI has implemented the Regulation of Financial Services Authority (POJK) No. 11/POJK.03/2015 on Prudential Principle Provisions to Stimulate the National Economy for Commercial Banks, which stipulates that the weight of risk for credit backed residences is on minimum of 35% for consumer credit in relation with the possession of house (KPR) or an apartment (KPA) or consumer loan with collateral such as house or apartment with certain conditions, or at least by 20% for a mortgage which is a program of the Government of Indonesia with certain conditions. In addition, the risk weight of credit to Small Medium Enterprise (SME) whose credit is guaranteed by Regional-Owned Enterprises (BUMD) guarantee institution or credit insurance is set at 50% as long as the requirements set are met.

Based on the BRI's risk profile as of June 30, 2016 and 2015, which are both satisfactory, the minimum CAR as of December 31, 2016 and 2015 is set at 9% to less than 10%.

The determination of BRI's compliance with regulatory requirements and ratios is based on the regulatory accounting practices which differ from Indonesian Financial Accounting Standards in some respects. As of December 31, 2016 and 2015, BRI has complied with the BI and OJK required capital adequacy ratio.

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**48. OTHER DISCLOSURES (continued)**

a. Capital Adequacy Ratio (CAR) (continued)

CAR BRI (Parent Entity) as of December 31, 2016 and 2015 are calculated as follows:

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Core Capital (Tier 1)		
Common Equity (CET 1)	136,670,139	89,992,393
Additional Tier (AT-1)	-	-
Total Core Capital (Tier 1)	136,670,139	89,992,393
Supplementary Capital (Tier 2)	6,240,293	20,588,224
<b>Total Capital</b>	<b>142,910,432</b>	<b>110,580,617</b>
	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Risk Weighted Asset (RWA)		
RWA for Credit Risk *)	502,423,401	438,295,934
RWA for Market Risk **)	9,535,428	2,572,131
RWA for Operational Risk ***)	111,898,899	96,206,873
<b>Total RWA</b>	<b>623,857,728</b>	<b>537,074,938</b>
CAR Ratio		
CET 1 Ratio	21.91%	16.76%
Tier 1 Ratio	21.91	16.76
Tier 2 Ratio	1.00	3.83
Total Ratio	22.91	20.59
Tier 1 Minimum Ratio	6.00%	6.00%
CET 1 Minimum Ratio	4.50	4.50
Minimum CAR Based on Risk Profile	9.38	9.00

\*) Credit risk is calculated according to SE OJK No. 42/SEOJK.03/2016 dated September 28, 2016.

\*\*) Market risk is calculated according to SE OJK No. 38/SEOJK.03/2016 dated September 8, 2016.

\*\*\*) Operational risk is calculated according to SE OJK No. 24/SEOJK.03/2016 dated July 14, 2016.

b. Non-Performing Loans (NPL) Ratio

As of December 31, 2016 and 2015, BRI's NPL ratio are as follows:

(i) Consolidated (including Sharia receivables and financing)

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
NPL ratio - gross	2.11%	2.10%
NPL ratio - net	1.15	1.29

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**48. OTHER DISCLOSURES (continued)**

b. Non-Performing Loans (NPL) Ratio (continued)

As of December 31, 2016 and 2015, BRI's NPL ratio are as follows (continued):

(ii) BRI (Parent Entity)

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
NPL ratio - gross	2.03%	2.02%
NPL ratio - net	1.09	1.22

Net NPL ratio is calculated based on NPL less the minimum allowance for impairment losses in accordance with Bank Indonesia regulations divided by the total loans.

c. Custodian Operations

BRI rendered custodian services since 1996 based on its operating license through Bapepam Chairman Decision Letter No. 91/PM/1996 dated April 11, 1996 and was also selected as the Sub-Registry in conducting Government bonds transactions and administration of Scriptless Certificates of Bank Indonesia by Bank Indonesia.

The custodian services business is a part of the Investment Services Division, which provides services such as:

- Safekeeping services and portfolio valuation;
- Settlement handling services;
- Income collection services, including the related tax payments;
- Corporate actions and proxy services;
- Information and reporting services;
- Custody Unit Link services and DPLK;
- Online Brokerage services of BRI's shares;
- Custodian for asset securitization; and
- Global custodian for securities issued abroad,

BRI has 210 (two hundred and ten) and 127 (one hundred twenty seven) customers (unaudited) as of December 31, 2016 and 2015, respectively, which mainly consist of pension funds, financial institutions, insurance companies, securities companies, mutual funds and other companies.

Customers' assets deposited at BRI Custodian (unaudited) amounted to Rp320,285,896 and Rp182,164,111 as of December 31, 2016 and 2015, respectively. While the number of custodian fees earned (unaudited) amounted to Rp56,058 and Rp38,775 for the years ended December 31, 2016 and 2015, respectively.

d. Trustee Agent Operations

BRI rendered trustee agent operations since 1996. The operating license of BRI for trust services was granted by the Ministry of Finance based on its Decision Letter No. 1554/KMK.013/1990 dated December 6, 1990 and registered in OJK in conformity with its Operating License as Trustee Agent No. 08/STTD-WA/PM/1996 dated June 11, 1996.

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**48. OTHER DISCLOSURES (continued)**

d. Trustee Agent Operations (continued)

The trust services business is a part of the Investment Services Division which provides services such as:

- Trustee agent
- Security agent
- Payment agent

BRI has 26 (twenty six) customers (unaudited) as of December 31, 2016 and 23 (twenty three) customers as of December 31, 2015. The total value of bonds issuance on behalf of bonds issuers managed by BRI as part of trustee agent (unaudited) amounted to Rp66,099,135 and Rp59,147,889 as of December 31, 2016 and 2015, respectively.

e. Trust Service

BRI's Trust Service is the custodian services customers in the form of financial assets for and on behalf of customers. BRI is the first bank in Indonesia to obtain permission from Bank Indonesia to perform Trust Services in Indonesia through Bank Indonesia letter No. 15/19/DPB1/PB1-3 dated February 12, 2013 and Bank Indonesia confirmation letter No. 15/30/DPB1/PB1-3 dated March 19, 2013.

The scope of services includes the BRI Trust Services :

- Paying agent services
- Lending agency services
- Investment agency services
- Other agency services, such as suspend and guarantees agent

BRI's Trust Services has been providing services for financial transactions involving oil and gas projects, both carried out by members of the Contractor Contract (K3S) under the auspices of SKK Migas and non K3S projects.

In addition to providing Trust Services for the oil and gas sector, BRI has been providing either trust or non-trust services for other sectors, such as infrastructure, energy, trading and chemical industries. Beside service to direct customers, the BRI's Trust Services also participate in supporting BRI's financing working unit in the infrastructure, energy and syndicated financing transactions activities.

BRI's Trust project value (unaudited) amounted to Rp37,515,581 and Rp24,819,911 for the years ended December 31, 2016 and 2015, respectively.

f. Syndication Agent

BRI is currently providing a syndicate agent service involving a syndicated loan for financing projects which is initiated by state-owned company, such as PT Jasa Marga (Persero) Tbk, PT Kereta Api Indonesia (Persero), PT Perusahaan Listrik Negara (Persero), PT Waskita Karya (Persero), PT Angkasa Pura I (Persero), PT Pupuk Sriwijaya, PT Industri Gula Glenmore, and PT Perkebunan Nusantara (Persero) and syndicated financing project for private sector such as PT Malea Energy, PT Rayon Utama Makmur, and PT Bosowa Energi.

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**48. OTHER DISCLOSURES (continued)**

f. Syndication Agent (continued)

Syndication agent services is part of the activities of the Trust and Corporate Services, which include the following services:

- Arranger
- Facilities agent
- Guarantees agent
- Shelter agent

BRI Syndication Agent project value (unaudited) amounted to Rp141,670,733 and Rp95,083,565, for the years ended December 31, 2016 and 2015, respectively.

**49. EARNINGS PER SHARE**

The following presents the computation of basic earnings per share (EPS):

	December 31, 2016		
	Income for the Year	Weighted average number of outstanding common shares	Earning per share (Full Rupiah)
Basic earnings per share	26,195,772	24,447,555,543	1,071.51

  

	December 31, 2015		
	Income for the Year	Weighted average number of outstanding common shares	Earning per share (Full Rupiah)
Basic earnings per share	25,397,742	24,647,768,689	1,030.43

**50. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The management of BRI is responsible for the preparation of these consolidated financial statements which were completed and authorized to be issued on January 20, 2017.



These supplementary financial information are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk**  
**STATEMENT OF FINANCIAL POSITION - PARENT ENTITY**  
**As of December 31, 2016**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2016	December 31, 2015
<b>ASSETS</b>		
Cash	24,865,133	28,470,316
Current Accounts With Bank Indonesia	53,398,240	60,128,814
Current Accounts With Other Banks	10,792,581	8,325,277
Placements With Bank Indonesia and Other Banks	77,574,246	47,424,568
Securities	119,502,866	116,770,755
Export Bills	9,345,472	7,280,883
Government Recapitalization Bonds	3,318,434	3,815,958
Securities Purchased Under Agreement to Resell	1,557,370	845,125
Derivatives Receivable	93,649	-
Loans	635,291,221	558,436,016
Allowance for impairment losses	(21,944,371)	(17,030,352)
	613,346,850	541,405,664
Acceptances Receivable	5,602,843	5,138,671
Investment in Associated Entities	5,783,220	4,949,988
Premises And Equipment		
Cost	31,232,047	13,982,469
Accumulated depreciation	(7,255,098)	(6,231,273)
Net book value	23,976,949	7,751,196
Deferred Tax Assets - net	2,328,530	1,806,780
Other Assets - net	12,514,307	11,884,384
<b>TOTAL ASSETS</b>	<b>964,000,690</b>	<b>845,998,379</b>

These supplementary financial information are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk**  
**STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)**  
**As of December 31, 2016**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Liabilities Due Immediately	5,328,446	5,000,687
Deposits from Customers		
Demand Deposits	140,764,079	112,988,721
Saving Deposits	297,649,283	267,607,038
Time Deposits	285,432,096	262,178,245
Total Deposits from Customers	723,845,458	642,774,004
Deposits From Other Banks and Financial Institutions	1,784,932	10,365,232
Securities Sold Under Agreement to Repurchase	7,302,398	11,377,958
Derivatives Payable	344,865	445,753
Acceptances Payable	5,602,843	5,138,671
Taxes Payable	881,207	1,371,681
Marketable Securities Issued	24,936,730	10,532,381
Fund Borrowings	34,599,638	35,380,358
Liabilities for Employee Benefits	9,181,163	7,880,662
Other Liabilities	4,699,821	3,282,726
Subordinated Loans	35,471	56,468
<b>TOTAL LIABILITIES</b>	<b>818,542,972</b>	<b>733,606,581</b>

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**PT BANK RAKYAT INDONESIA (PERSERO) Tbk**  
**STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)**  
**As of December 31, 2016**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	December 31, 2016	December 31, 2015
<b>LIABILITIES AND EQUITY (continued)</b>		
<b>EQUITY</b>		
Capital stock - par value Rp250 (full Rupiah) per share		
Authorized capital - 60,000,000,000 shares (consisting of 1 Series A Dwiwarna share and 59,999,999,999 Series B shares)		
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)	6,167,291	6,167,291
Additional paid-in capital	2,773,858	2,773,858
Revaluation surplus arising from fixed assets - net of tax	13,824,692	-
Differences arising from the translation of foreign currency financial statements	23,490	49,069
Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds - net of deferred tax	103,891	(1,039,128)
Gain on remeasurement defined benefit plans - net of deferred tax	654,637	532,410
Treasury Stock	(2,418,948)	(2,286,375)
Retained Earnings		
Appropriated	3,022,685	18,115,741
Unappropriated	121,306,122	88,078,932
Total Retained Earnings	124,328,807	106,194,673
<b>TOTAL EQUITY</b>	<b>145,457,718</b>	<b>112,391,798</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>964,000,690</b>	<b>845,998,379</b>

These supplementary financial information are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk**  
**STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME - PARENT ENTITY**  
**For the Year Ended December 31, 2016**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>INCOME AND EXPENSES FROM OPERATIONS</b>		
Interest and investment income	90,808,424	82,221,036
Interest and other financing expense	(25,612,146)	(25,710,162)
Interest Income - net	65,196,278	56,510,874
Other Operating Income		
Other fees and commissions	9,209,654	7,351,714
Recovery of assets written-off	4,461,473	3,780,409
Gain on sale of securities and Government Recapitalization Bonds - net	373,720	63,257
Gain on foreign exchange - net	-	457,939
Others	2,634,363	2,016,879
Total Other Operating Income	16,679,210	13,670,198
Provision for impairment losses on financial assets - net	(13,319,763)	(8,581,076)
Other Operating Expenses		
Salaries and employee benefits	(17,648,351)	(15,961,035)
General and administrative	(11,324,949)	(9,917,770)
Premium paid to Government Guarantee Program	(1,308,234)	(1,248,259)
Foreign currency transaction losses - net	(271,661)	-
Unrealized losses from changes the fair value of securities	-	(6,879)
Others	(4,576,086)	(2,754,876)
Total Other Operating Expenses	(35,129,281)	(29,888,819)
<b>OPERATING INCOME</b>	<b>33,426,444</b>	<b>31,711,177</b>
<b>NON OPERATING INCOME - NET</b>	<b>15,199</b>	<b>500,261</b>
<b>INCOME BEFORE TAX EXPENSE</b>	<b>33,441,643</b>	<b>32,211,438</b>
<b>TAX EXPENSE</b>	<b>(7,688,187)</b>	<b>(7,007,288)</b>
<b>INCOME FOR THE YEAR</b>	<b>25,753,456</b>	<b>25,204,150</b>

These supplementary financial information are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk**  
**STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME - PARENT ENTITY (continued)**  
**For the Year Ended December 31, 2016**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Other comprehensive income:</b>		
<b>Items not to be reclassified to profit or loss</b>		
Remeasurement on defined benefit plans	162,969	558,530
Revaluation surplus arising from fixed assets	14,315,527	-
Income tax related to item not to be reclassified to profit or loss	(531,577)	(139,633)
<b>Items to be reclassified to profit or loss</b>		
Exchange rate differences on translation of foreign currency financial statements	(25,579)	(7,399)
Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds	1,524,025	(1,127,957)
Income tax related to items to be reclassified to profit or loss	(381,006)	281,989
<b>Other Comprehensive Income For the Year - After Tax</b>	<b>15,064,359</b>	<b>(434,470)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>40,817,815</b>	<b>24,769,680</b>
<b>BASIC EARNINGS PER SHARE (full Rupiah)</b>	<b>1,053.42</b>	<b>1,022.57</b>

These supplementary financial information are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk**  
**STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY**  
**For the Year Ended December 31, 2016**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized Loss on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Gain on Remeasurement on Defined Benefit Plans - Net of Deferred Tax	Treasury Stocks	Retained Earnings		Total Equity - Parent Entity
							Appropriated	Unappropriated	
Balance as of December 31, 2014	6,167,291	2,773,858	56,468	(193,160 )	113,513	-	15,449,160	72,813,856	97,180,986
Income for the year	-	-	-	-	-	-	-	25,204,150	25,204,150
Other comprehensive income	-	-	(7,399)	(845,968)	418,897	-	-	-	(434,470)
Total comprehensive income for the year	-	-	(7,399)	(845,968 )	418,897	-	-	25,204,150	24,769,680
Distribution of income									
Dividends	-	-	-	-	-	-	-	(7,272,493)	(7,272,493)
Addition to specific reserves	-	-	-	-	-	-	2,666,581	(2,666,581)	-
Treasury stock	-	-	-	-	-	(2,286,375)	-	-	(2,286,375)
Balance as of December 31, 2015	6,167,291	2,773,858	49,069	(1,039,128 )	532,410	(2,286,375)	18,115,741	88,078,932	112,391,798

These supplementary financial information are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk**  
**STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY (continued)**  
**For the Year Ended December 31, 2016**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized Gain (Loss) on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Gain on Remeasurement on Defined Benefit Plans - Net of Deferred Tax	Treasury Stocks	Revaluation Surplus Arising from Fixed Assets - Net of Tax	Retained Earnings		Total Equity - Parent Entity
								Appropriated	Unappropriated	
<b>Balance as of December 31, 2015</b>	<b>6,167,291</b>	<b>2,773,858</b>	<b>49,069</b>	<b>(1,039,128)</b>	<b>532,410</b>	<b>(2,286,375)</b>	<b>-</b>	<b>18,115,741</b>	<b>88,078,932</b>	<b>112,391,798</b>
Income for the year	-	-	-	-	-	-	-	-	25,753,456	25,753,456
Other comprehensive income	-	-	(25,579)	1,143,019	122,227	-	13,824,692	-	-	15,064,359
Total comprehensive income for the year	-	-	(25,579)	1,143,019	122,227	-	13,824,692	-	25,753,456	40,817,815
Distribution of income										
Dividends	-	-	-	-	-	-	-	-	(7,619,322 )	(7,619,322 )
Specific reserves reclassification	-	-	-	-	-	-	-	(15,093,056 )	15,093,056	-
Treasury stock	-	-	-	-	-	(132,573)	-	-	-	(132,573 )
<b>Balance as of December 31, 2016</b>	<b>6,167,291</b>	<b>2,773,858</b>	<b>23,490</b>	<b>103,891</b>	<b>654,637</b>	<b>(2,418,948)</b>	<b>13,824,692</b>	<b>3,022,685</b>	<b>121,306,122</b>	<b>145,457,718</b>

These supplementary financial information are originally issued in the Indonesian language.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk**  
**STATEMENT OF CASH FLOWS - PARENT ENTITY**  
**For the Year Ended December 31, 2016**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	90,236,423	81,805,176
Interest paid	(25,499,702)	(25,681,650)
Recoveries of assets written-off	4,461,473	3,780,409
Other operating income	8,545,173	9,009,339
Other operating expenses	(33,636,587)	(25,234,624)
Non-operating income - net	6,450	467,236
Payment of income tax and tax bill	(6,012,928)	(6,902,436)
<b>Cash flows before changes in operating assets and liabilities</b>	<b>38,100,302</b>	<b>37,243,450</b>
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets:		
Placements with Bank Indonesia and other banks	100,000	(100,000)
Securities and Government Recapitalization Bonds at fair value through profit or loss	273,714	(215,705)
Export bills	(2,064,589)	3,247,102
Securities purchased under agreement to resell	(712,245)	38,158,470
Loans	(85,301,450)	(75,774,315)
Other assets	(19,174)	(1,210,597)
Increase (decrease) in operating liabilities:		
Liabilities due immediately	320,350	(1,917,779)
Deposits:		
Demand deposits	27,775,358	23,913,144
Saving deposits	30,042,245	35,193,315
Time deposits	23,253,851	(16,736,825)
Deposits from other banks and financial institutions	(8,580,300)	2,417,103
Securities sold under agreement to repurchase	(4,075,560)	(4,434,003)
Other liabilities	2,050,986	386,657
<b>Net Cash Provided by Operating Activities</b>	<b>21,163,488</b>	<b>40,170,017</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from dividend	27,290	5,281
Investments	(814,668)	(2,528,765)
Acquisition of premises and equipment	(3,339,807)	(3,201,506)
Increase in available for sale and held to maturity securities and Government Recapitalization Bonds	3,750,731	(47,687,638)
<b>Net Cash Used in Investing Activities</b>	<b>(376,454)</b>	<b>(53,412,628)</b>



**PT BANK RAKYAT INDONESIA (PERSERO) Tbk**  
**STATEMENT OF CASH FLOWS - PARENT ENTITY (continued)**  
**For the Year Ended December 31, 2016**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from fund borrowings	(955,882)	9,930,290
Treasury Stock	(132,573)	(2,286,375)
Dividends	(7,619,322)	(7,272,493)
Payments of subordinated loans	(20,997)	(21,179)
Proceeds from marketable securities issued	15,510,825	1,416,969
Payments for marketable securities due	(980,000)	-
<b>Net Cash Provided by Financing Activities</b>	<b>5,802,051</b>	<b>1,767,212</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>26,589,085</b>	<b>(11,475,399)</b>
<b>EFFECT OF CHANGES ON FOREIGN CURRENCIES RATE</b>	<b>5,012</b>	<b>12,827</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>158,677,543</b>	<b>170,140,115</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>185,271,640</b>	<b>158,677,543</b>
Cash and cash equivalents at end of year consist of:		
Cash	24,865,133	28,470,316
Current accounts with Bank Indonesia	53,398,240	60,128,814
Current accounts with other banks	10,792,581	8,325,277
Placements with other banks - maturing within three months or less since the acquisition date	77,574,246	47,324,568
Certificates of Bank Indonesia and Deposits Certificates of Bank Indonesia - maturing within three months or less since the acquisition date	18,641,440	14,428,568
<b>Total Cash and Cash Equivalents</b>	<b>185,271,640</b>	<b>158,677,543</b>

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk**  
**NOTES TO THE FINANCIAL STATEMENTS - PARENT ENTITY**  
**For the Year Ended December 31, 2016**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Reporting basis for separate financial statements parent entity

Separate Financial Statements for parent entity prepared in accordance with Statement of Financial Accounting Standards ("SFAS") No. 4 (Revised 2013), "Separate Financial Statements".

SFAS No. 4 (Revised 2013) addresses entity which presents separate financial statements. The report can only be presented as additional information in the consolidated financial statements. Separate financial statements are the financial statements presented by the parent entity which records investments in subsidiaries, associated and joint controlled entities using the acquisition cost method.

Accounting policies applied in the preparation of separate financial statements of parent entity are the same with the accounting policies applied in the preparation of the consolidated financial statements as disclosed in Note 2 to the consolidated financial statements, except for investments in subsidiaries.

## 2. INVESTMENTS IN SUBSIDIARIES

Information related to subsidiaries owned by BRI is disclosed in Note 1f to the consolidated financial statements.

As of December 31, 2016 and 2015, parent entity has investment in subsidiaries as follows:

	December 31, 2016		December 31, 2015	
	Acquisition Cost	Percentage of Ownership	Acquisition Cost	Percentage of Ownership
PT Bank BRISyariah	2,004,375	99.99%	2,004,375	99.99%
PT Bank Rakyat Indonesia				
Agroniaga Tbk	1,524,538	87.23	1,088,418	87.23
BRI Remittance	2,289	100.00	2,289	100.00
PT Asuransi Jiwa Bringin				
Jiwa Sejahtera	1,626,643	91.00	1,626,643	91.00
PT BRI Multifinance Indonesia	660,003	99.00	-	-