

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

Consolidated financial statements  
with independent auditors' report  
December 31, 2013 and 2012



# 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 AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES

We, the undersigned:

1. Name : Sofyan Basir  
 Office Address : Jl. Jenderal Sudirman No.44-46 Jakarta 10210  
 Residential Address : Jl. Taman Bendungan Jati Luhur No. 3 Central Jakarta  
 Telephone : 021 - 251 0286  
 Title : President Director
2. Name : Achmad Baiquni  
 Office Address : Jl. Jenderal Sudirman No. 44-46 Jakarta 10210  
 Residential Address : Jl. Taman Wijaya Kusuma III/21C South Jakarta  
 Telephone : 021 - 575 1741  
 Title : Director

Declare that:

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

This is our declaration, which has been made truthfully.

Jakarta, January 16, 2014

For and on behalf of the Board of Directors

  
 Sofyan Basir  
 President Director

  
 Achmad Baiquni  
 Director



Integritas, Profesionalisme, Kepuasan Nasabah, Keteladanan, Penghargaan Kepada SDM

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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2013 AND 2012**

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## **Independent Auditors' Report**

Report No. RPC-4702/PSS/2014

### **The Shareholders, Boards of Commissioners and Directors PT Bank Rakyat Indonesia (Persero) Tbk**

We have audited the accompanying consolidated financial statements of PT Bank Rakyat Indonesia (Persero) Tbk and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2013, and the consolidated statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

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

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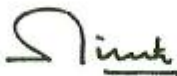
**Independent Auditors' Report (continued)**

Report No. RPC-4702/PSS/2014 (continued)

***Opinion***

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Bank Rakyat Indonesia (Persero) Tbk and its subsidiaries as of December 31, 2013, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

**Purwantono, Suherman & Surja**

A handwritten signature in black ink, appearing to read 'Sinarta'.

**Sinarta**

Public Accountant Registration No. AP.0701

January 16, 2014

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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2013 and 2012**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>Notes</b>	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>			
Cash	2a,2c,4	19,171,778	13,895,464
Current Accounts With Bank Indonesia	2a,2c,2g,5	40,718,495	42,524,126
Current Accounts With Other Banks	2a,2c,2e,2f, 2g,6,43	9,435,197	4,842,146
Allowance for impairment losses		(77)	(171)
		<u>9,435,120</u>	<u>4,841,975</u>
Placements With Bank Indonesia And Other Banks	2a,2c,2e,2f, 2h,7,43	36,306,883	66,242,928
Securities	2a,2c,2e,2f,2i, 8,43	42,674,437	41,137,640
Allowance for impairment losses		(772)	(760)
		<u>42,673,665</u>	<u>41,136,880</u>
Export Bills	2c,2e,2f,2j,9, 43	8,926,072	5,934,772
Government Recapitalization Bonds	2c,2e,2i,10, 43	4,511,419	4,315,616
Securities Purchased Under Agreement To Resell	2c,2e,2u,11, 43	14,440,063	9,550,521
Derivatives Receivable	2c,2f,2ai,12	4,981	28,850
Loans	2c,2e,2f, 2k,13,43	434,316,466	350,758,262
Allowance for impairment losses		(15,171,736)	(14,677,220)
		<u>419,144,730</u>	<u>336,081,042</u>
Sharia Receivables And Financing	2e,2f,2l,14,43	14,028,390	11,248,281
Allowance for impairment losses		(246,360)	(237,645)
		<u>13,782,030</u>	<u>11,010,636</u>

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

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**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)**  
**December 31, 2013 and 2012**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS (continued)</b>			
Acceptances Receivable	2c,2e,2f,2m, 15,43	3,679,684	4,786,121
Investment In Associated Entities	2c,2e,2f, 2n,16,43	222,851	197,278
Allowance for impairment losses		-	(536)
		<u>222,851</u>	<u>196,742</u>
Premises And Equipment	2o,2p,17		
Cost		8,817,641	7,218,807
Accumulated depreciation		(4,845,029)	(4,414,441)
Net book value		<u>3,972,612</u>	<u>2,804,366</u>
Deferred Tax Assets - net	2aj,37c	2,188,506	2,024,911
Other Assets - net	2c,2f,2p,2q,2r, 18	7,004,037	5,961,840
<b>TOTAL ASSETS</b>		<u><b>626,182,926</b></u>	<u><b>551,336,790</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 SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)**  
**December 31, 2013 and 2012**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Liabilities Due Immediately	2c,2s,19	5,065,527	4,911,852
Deposits From Customers	2c,2e,2t,43		
Demand Deposits	20	78,666,064	79,051,314
<i>Wadiah</i> Demand Deposits		670,887	671,800
Saving Deposits	21	210,234,683	182,833,586
<i>Wadiah</i> Saving Deposits		2,480,554	1,688,478
<i>Mudharabah</i> Saving Deposits		281,388	195,285
Time Deposits	22	201,585,766	177,267,237
<i>Mudharabah</i> Time Deposits		10,362,040	8,458,683
Total Deposits From Customers		<u>504,281,382</u>	<u>450,166,383</u>
Deposits From Other Banks And Financial Institutions	2c,2e,2t, 23,43	3,691,220	2,778,618
Derivatives Payable	2c,2ai,8,12	1,565,102	152,193
Acceptances Payable	2c,2e,2m, 15,43	3,679,684	4,786,121
Taxes Payable	2aj,37a	1,266,018	895,695
Marketable Securities Issued	2c,2v,24	6,023,133	-
Fund Borrowings	2c,2e,2w,25,43	9,084,913	10,888,755
Estimated Losses On Commitments And Contingencies	2e,2am,26,43	223	414
Liabilities for Employee Benefits	2ad,27,41	6,858,932	5,838,152
Other Liabilities	2c,2y,2z,28, 44b	3,242,346	3,920,266
Subordinated Loans	2c,2x,29	2,097,024	2,116,562
<b>TOTAL LIABILITIES</b>		<u><b>546,855,504</b></u>	<u><b>486,455,011</b></u>

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**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)**  
**December 31, 2013 and 2012**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
<b>LIABILITIES AND EQUITY (continued)</b>			
<b>EQUITY</b>			
Capital stock - nominal value Rp250 (full Rupiah) per share as of December 31, 2013 and 2012 Authorized capital - 60,000,000,000 shares (consisting of 1 Series A Dwiwarna share and 59,999,999,999 Series B shares) as of December 31, 2013 and 2012 Issued and fully paid capital - 24,669,162,000 shares (consisting of 1 Series A Dwiwarna share and 24,669,161,999 Series B shares) as of December 31, 2013 and 2012	1,30a	6,167,291	6,167,291
Additional paid-in capital	2d,30b	2,773,858	2,773,858
Differences arising from the translation of foreign currency financial statements	2ah,30c	82,083	44,912
Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds - net of deferred tax	2i	(727,644)	740,459
Retained earnings - (accumulated losses of Rp24,699,387 was eliminated as a result of quasi-reorganization as of June 30, 2003)	2d,3,30d		
Appropriated		11,005,528	8,412,595
Unappropriated		59,862,555	46,667,643
Total Retained Earnings		70,868,083	55,080,238
Total Equity Attributable To Equity Holders Of The Parent Entity		79,163,671	64,806,758
Non-controlling interest		163,751	75,021
<b>TOTAL EQUITY</b>		<b>79,327,422</b>	<b>64,881,779</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>626,182,926</b>	<b>551,336,790</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 SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**Years Ended December 31, 2013 and 2012**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
<b>INCOME AND EXPENSES FROM OPERATIONS</b>			
Interest, Investment and Sharia Income			
Interest and investment	2aa,31	57,720,831	48,272,021
Sharia income	2l,2ac	1,740,253	1,338,400
Total Interest, Investment and Sharia Income		59,461,084	49,610,421
 Interest, Other Financing and Sharia Expense			
Interest and other financing expense	2aa,32	(14,590,223)	(12,599,060)
Sharia expense	2ac	(764,590)	(527,595)
Total Interest, Other Financing and Sharia Expense		(15,354,813)	(13,126,655)
Interest Income - net		44,106,271	36,483,766
Other Operating Income			
Other fees and commissions	2ab	4,862,438	3,929,559
Recovery of assets written off		1,948,158	2,258,387
Gain on foreign exchange - net	2ag,2ai	477,524	428,800
Gain on sale of securities and Government Recapitalization Bonds - net	2i,8h,10	78,252	42,670
Unrealized gain on changes in fair value of securities and Government Recapitalization Bonds - net	2i,8,10	-	13,371
Others		982,087	1,716,945
Total Other Operating Income		8,348,459	8,389,732
Provision for impairment losses on financial assets - net	2f,33	(3,947,875)	(2,668,177)
Reversal of (provision for) allowance for estimated losses on commitments and contingencies - net	2am,26b	191	(262)
Reversal of (provision for) allowance for impairment losses on non-financial assets - net	2p	1,309	(31,489)

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**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)**  
**Years Ended December 31, 2013 and 2012**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<b>Notes</b>	<b>2013</b>	<b>2012</b>
Other Operating Expenses			
Salaries and employee benefits	2e,2ad, 34,41,43	(12,231,994)	(9,605,547)
General and administrative	2o,35	(7,518,886)	(6,343,661)
Premium paid to Government			
Guarantee Program	45	(911,957)	(749,297)
Unrealized loss on changes in			
fair value of securities and			
Government Recapitalization			
Bonds - net	2i,8,10	(13,208)	-
Others		(1,704,733)	(2,792,527)
Total Other Operating Expenses		(22,380,778)	(19,491,032)
<b>OPERATING INCOME</b>		<b>26,127,577</b>	<b>22,682,538</b>
<b>NON OPERATING INCOME - NET</b>	36	1,782,489	1,177,034
<b>INCOME BEFORE TAX EXPENSE</b>		<b>27,910,066</b>	<b>23,859,572</b>
<b>TAX EXPENSE</b>	2aj,37b,37c	(6,555,736)	(5,172,192)
<b>INCOME FOR THE YEAR</b>		<b>21,354,330</b>	<b>18,687,380</b>
Other comprehensive income:			
Exchange rate differences on translation of			
foreign currency financial statements		37,171	(4,241)
Unrealized loss on available for sale			
securities and Government			
Recapitalization Bonds – net, including the			
amounts tranferred to profit or loss in			
respect of fair value changes of			
available for sale securities and			
Government Recapitalization Bonds		(1,966,470)	(33,481)
Deferred tax relating to components of			
other comprehensive income		491,623	11,350
Other Comprehensive Income For The Year			
After Deferred Taxes		(1,437,676)	(26,372)
<b>TOTAL COMPREHENSIVE INCOME</b>			
<b>FOR THE YEAR</b>		<b>19,916,654</b>	<b>18,661,008</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 SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)**  
**Years Ended December 31, 2013 and 2012**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
<b>INCOME FOR THE YEAR</b>			
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Parent Entity		21,344,130	18,680,884
Non-controlling interest		10,200	6,496
<b>TOTAL</b>		<b><u>21,354,330</u></b>	<b><u>18,687,380</u></b>
<b>TOTAL COMPREHENSIVE INCOME</b>			
<b>FOR THE YEAR ATTRIBUTABLE TO:</b>			
Equity holders of the Parent Entity		19,913,198	18,652,098
Non-controlling interest		3,456	8,910
<b>TOTAL</b>		<b><u>19,916,654</u></b>	<b><u>18,661,008</u></b>
<b>BASIC EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO EQUITY</b>			
<b>HOLDERS OF THE PARENT ENTITY</b>			
<b>(full Rupiah)</b>	2af,48	865.22	757.26

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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**Years Ended December 31, 2013 and 2012**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Issued And Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized Gain (Loss) on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Retained Earnings		Total Equity Attributable To Equity Holders of the Parent Entity <sup>*)</sup>	Non-controlling Interest	Total Equity
						Appropriated	Unappropriated			
<b>Saldo pada tanggal 31 Desember 2011</b>		<b>6,167,291</b>	<b>2,773,858</b>	<b>49,153</b>	<b>765,004</b>	<b>8,261,766</b>	<b>31,757,488</b>	<b>49,774,560</b>	<b>45,769</b>	<b>49,820,329</b>
Income for the year		-	-	-	-	-	18,680,884	18,680,884	6,496	18,687,380
Other comprehensive income	2ah,2i,8,10	-	-	(4,241)	(24,545)	-	-	(28,786)	2,414	(26,372)
Total comprehensive income for the year		-	-	(4,241)	(24,545)	-	18,680,884	18,652,098	8,910	18,661,008
Distribution of income	30d									
Dividends		-	-	-	-	-	(3,016,585)	(3,016,585)	-	(3,016,585)
Addition to general and specific reserves		-	-	-	-	150,829	(150,829)	-	-	-
Partnership and Environmental Assistance Program (PKBL)		-	-	-	-	-	(603,315)	(603,315)	-	(603,315)
Adjustment on non-controlling interest transaction		-	-	-	-	-	-	-	20,342	20,342
<b>Balance as of December 31, 2012</b>		<b>6,167,291</b>	<b>2,773,858</b>	<b>44,912</b>	<b>740,459</b>	<b>8,412,595</b>	<b>46,667,643</b>	<b>64,806,758</b>	<b>75,021</b>	<b>64,881,779</b>

\*) Accumulated losses of Rp24,699,387 had been eliminated against additional paid-in capital as a result of quasi-reorganization as of June 30, 2003,

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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)**  
**Years Ended December 31, 2013 and 2012**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	Issued And Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized Gain (Loss) on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Retained Earnings		Total Equity Attributable To Equity Holders of the Parent Entity <sup>1)</sup>	Non-controlling Interest	Total Equity
						Appropriated	Unappropriated			
<b>Balance as of December 31, 2012</b>		<b>6,167,291</b>	<b>2,773,858</b>	<b>44,912</b>	<b>740,459</b>	<b>8,412,595</b>	<b>46,667,643</b>	<b>64,806,758</b>	<b>75,021</b>	<b>64,881,779</b>
Income for the year		-	-	-	-	-	21,344,130	21,344,130	10,200	21,354,330
Other comprehensive income	2ah,2i,8,10	-	-	37,171	(1,468,103)	-	-	(1,430,932)	(6,744)	(1,437,676)
Total comprehensive income for the year		-	-	37,171	(1,468,103)	-	21,344,130	19,913,198	3,456	19,916,654
Additional paid-in capital		-	-	-	-	-	-	-	87,495	87,495
Distribution of income	30d	-	-	-	-	-	(5,556,285)	(5,556,285)	-	(5,556,285)
Dividends		-	-	-	-	-	-	-	-	-
Addition to general and specific reserves		-	-	-	-	2,592,933	(2,592,933)	-	-	-
Adjustment on non-controlling interest transaction		-	-	-	-	-	-	-	(2,221)	(2,221)
<b>Balance as of December 31, 2013</b>		<b>6,167,291</b>	<b>2,773,858</b>	<b>82,083</b>	<b>(727,644)</b>	<b>11,005,528</b>	<b>59,862,555</b>	<b>79,163,671</b>	<b>163,751</b>	<b>79,327,422</b>

\*) Accumulated losses of Rp24,699,387 had been eliminated against additional paid-in capital as a result of quasi-reorganization as of June 30, 2003,

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**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2013 and 2012**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest, investment, fees and commissions and Sharia income received		59,350,676	49,830,419
Interest, Sharia expenses and other charges paid		(14,883,697)	(13,147,390)
Recoveries of loans written off		1,959,521	2,284,074
Other operating income		6,842,840	5,417,549
Other operating expenses		(25,225,142)	(22,978,696)
Non-operating income - net		2,147,065	1,163,042
<b>Cash flows before changes in operating assets and liabilities</b>		<b>30,191,263</b>	<b>22,568,998</b>
Changes in operating assets and liabilities:			
(Increase) decrease in operating assets:			
Placements with Bank Indonesia and other banks		14,164,442	(13,916,625)
Securities and Government Recapitalization Bonds at fair value through profit or loss		(397,415)	(2,987,198)
Export bills		(2,991,300)	(1,106,203)
Derivatives receivable		23,869	(11,032)
Loans		(87,876,065)	(69,799,516)
Sharia receivables and financing		(2,785,166)	(2,165,254)
Other assets		124,624	(4,014,473)
Increase (decrease) in operating liabilities:			
Liabilities due immediately		143,863	1,240,892
Deposits:			
Demand deposits		(385,250)	3,140,314
Wadiah demand deposits		(913)	155,971
Saving deposits		27,401,097	29,838,227
Wadiah saving deposits		792,076	301,754
Mudharabah saving deposits		86,103	92,495
Time deposits		24,318,529	31,260,256
Mudharabah time deposits		1,903,357	1,113,021
Deposits from other banks and financial institutions		912,602	(1,245,545)
Derivatives payable		1,412,909	(21,343)
Other liabilities		(2,639,539)	3,559,568
<b>Net Cash Provided by (Used in) Operating Activities</b>		<b>4,399,086</b>	<b>(1,995,693)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of premises and equipment	36	108,193	13,751
Receipt of dividends	16	382	158
Increase in securities purchased under agreements to resell		(4,889,542)	(167,223)
Acquisition of premises and equipment	17	(1,947,985)	(1,445,290)
Increase in available for sale and held to maturity securities and Government Recapitalization Bonds		(5,648,237)	(4,115,600)
<b>Net Cash Used in Investing Activities</b>		<b>(12,377,189)</b>	<b>(5,714,204)</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 SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**  
**Years Ended December 31, 2013 and 2012**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

	Notes	2013	2012
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of fund borrowings		(1,803,842)	(2,209,161)
Decrease in securities sold under agreement to repurchase		-	(102,681)
Dividends and PKBL	30d	(5,556,285)	(3,619,900)
Payments of subordinated loans		(19,538)	(19,725)
Proceeds from marketable securities issued		4,800,584	-
<b>Net Cash Used in Financing Activities</b>		<b>(2,579,081)</b>	<b>(5,951,467)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(10,557,184)</b>	<b>(13,661,364)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCIES</b>		<b>4,369</b>	<b>10,530</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>119,371,406</b>	<b>133,022,240</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>108,818,591</b>	<b>119,371,406</b>
Cash and cash equivalents at end of year consist of:	2a		
Cash	4	19,171,778	13,895,464
Current accounts with Bank Indonesia	5	40,718,495	42,524,126
Current accounts with other banks	6	9,435,197	4,842,146
Placements with other banks - maturing within three months or less since the acquisition date	7	36,304,087	52,075,690
Certificates of Bank Indonesia - maturing within three months or less since the acquisition date		3,189,034	6,033,980
<b>Total Cash and Cash Equivalents</b>		<b>108,818,591</b>	<b>119,371,406</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 SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended December 31, 2013 and 2012**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

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**1. GENERAL**

**a. Establishment**

PT Bank Rakyat Indonesia (Persero) Tbk (hereinafter referred to as "BRI") was established and started its commercial operations on December 18, 1968 based on Law No. 21 year 1968. On April 29, 1992, based on the Government of the Republic of Indonesia (the "Government") Regulation No. 21 year 1992, the legal status of BRI was changed to a limited liability corporation (Persero). The change in the status of BRI to become a limited liability corporation was documented by notarial deed No. 133 dated July 31, 1992 of notary Muhani Salim, S.H. and was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-6584.HT.01.01.TH.92 dated August 12, 1992 and published in Supplement No. 3A of the Republic of Indonesia State Gazette No. 73 dated September 11, 1992. BRI's Articles of Association was then amended by notarial deed No. 7 dated September 4, 1998 of notary Imas Fatimah, S.H., pertaining to Article 2 on "Term of Corporate Establishment" and Article 3 on "Purpose, Objectives and Business Activities" to comply with the provisions of Law No. 1 year 1995 on "Limited Liability Company" that was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-24930.HT.01.04.TH.98 dated November 13, 1998 and was published in Supplement No. 7216 of the Republic of Indonesia State Gazette No. 86 dated October 26, 1999 and notarial deed No. 7 dated October 3, 2003 of notary Imas Fatimah, S.H., among others, regarding the Company's status and compliance with the Capital Market Laws which were approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in its Decision Letter No. C-23726 HT.01.04.TH.2003 dated October 6, 2003 and published in Supplement No. 11053 of the Republic of Indonesia State Gazette No. 88 dated November 4, 2003.

Based on Bank Indonesia's Decision Letter No. 5/117/DPwB2/PWPwB24 dated October 15, 2003, regarding "SK appointment of BRI as a foreign exchange commercial bank", BRI has been designated as a foreign bank through Letter of Monetary Board No. SEKR/BRI/328 dated September 25, 1956.

Based on notarial deed No. 51 dated May 26, 2008 of notary Fathiah Helmi, S.H., BRI amended its Articles of Association, among others, to comply with the provisions of Government Regulation No. 40 year 2007 on "Limited Liability Company" and Capital Market and Financial Institution Supervisory Agency's ("Bapepam-LK") Regulation, whose function has been transferred to the Financial Services Authority ("OJK") starting January 1, 2013, No. IX.J.I on "The Main Provisions of the Articles of Association of a Company that Conduct Public Offering of Shares and Public Company", which was approved by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-48353.AH.01.02.Year 2008, dated August 6, 2008 and was published in Supplement No. 23079 of the Republic of Indonesia State Gazette No. 68 dated August 25, 2009.

Subsequently, BRI's Articles of Association has been amended several times. The latest amendment was documented in notarial deed No. 57 dated March 28, 2012 of candidate notary Dina Chozie, S.H., replacement of notary Fathiah Helmi, S.H., and was approved by the Ministry of Laws and Human Rights in its Decision Letter No. AHU-AH.01.10-2076 dated June 8, 2012. According to Article 3 of BRI's latest Articles of Association, BRI's scope of business is to conduct and support the Government's policy and program in the economic sector and in the national development in general, particularly in conducting business in the banking sector, in accordance with the prevailing laws and regulations, including the conduct of operating activities based on Sharia principles.

**b. Recapitalization Program**

In realization of the recapitalization program for commercial banks, set forth in Government Regulation No. 52 year 1999 regarding the Increase in Investments in Shares by the Republic of Indonesia in State-Owned Banks, BRI received all the recapitalization with a nominal amount of Rp29,149,000 in the form of Government recapitalization bonds issued in 2 (two) tranches at their nominal amounts of Rp20,404,300 on July 25, 2000 and Rp8,744,700 on October 31, 2000 (Notes 10 and 30b).

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended December 31, 2013 and 2012**  
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**1. GENERAL (continued)**

**b. Recapitalization Program (continued)**

Furthermore, as stated in the Management Contract dated February 28, 2001 between the Republic of Indonesia as represented by the Government through the Ministry of Finance and BRI, the Government determined that the recapitalization requirement amount of BRI to achieve a minimum Capital Adequacy Ratio of 4% was Rp29,063,531. Therefore, BRI returned the excess of recapitalization amounted to Rp85,469 in the form of Government Recapitalization bonds to the Republic of Indonesia on November 5, 2001 (Notes 10 and 30a).

On September 30, 2003, the Ministry of Finance issued Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 regarding the final amount and the implementation of the Government's rights as a result of the additional investment of the Republic of Indonesia in the capital of BRI under the recapitalization program for commercial banks. Based on this Decision Letter, the Ministry of Finance affirmed that the final recapitalization requirement of BRI amounted to Rp29,063,531 (Note 30a).

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

In relation to BRI's Initial Public Offering (IPO) of shares, based on the registration statement dated October 31, 2003, the Government, acting through the Ministry of State-Owned Enterprises agreed to conduct an IPO of 3,811,765,000 common shares of BRI together with over-subscription option shares and over-allotment option shares.

The IPO consists of the International Public Offering (under Rule 144A of the Securities Act and "S" Regulation) and the Indonesian Public Offering. BRI submitted its registration to Bapepam-LK and such registration statement became effective based on the Chairman of Bapepam-LK letter No. S-2646/PM/2003 dated October 31, 2003 (Note 30a).

BRI's IPO of shares consists of 3,811,765,000 shares with a nominal value of Rp500 (full Rupiah) per share and with a selling price of Rp875 (full Rupiah) per share. Subsequently, 381,176,000 shares under the over-subscription option and 571,764,000 shares under the over-allotment option at a price of Rp875 (full Rupiah) per share were exercised on November 10, 2003 and December 3, 2003, respectively. After BRI's IPO and the exercise of the over-subscription option and the over-allotment option by underwriters, the Republic of Indonesia owns 59.50% of shares of BRI (Note 30a). On November 10, 2003, the above mentioned offered shares were initially traded at the Jakarta and Surabaya Stock Exchanges (currently the Indonesia Stock Exchange) and all shares of BRI have been simultaneously listed.

Based on the notarial deed No. 38, dated November 24, 2010, notary Fathiah Helmi, S.H., stock split was performed of Rp500 (full Rupiah) per share to Rp250 (full Rupiah) per share. The deed was received and recorded in the administration database system of the Ministry of Laws and Human Rights of the Republic of Indonesia in its letter No. AHU.AH.01.10-33481 dated December 29, 2010. Stock split was performed in 2011 and BRI schedule that the end of trading shares with a previous nominal value or Rp500 (full Rupiah) per share in Regular and Negotiation Market is on January 10, 2011 and the date of commencement of legitimate trade with the new nominal value or Rp250 (full Rupiah) per share is dated January 11, 2011.

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

**d. Structure and Management**

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

As of December 31, 2013 and 2012, BRI has the following networks of working units (unaudited):

	<b>2013</b>	<b>2012</b>
Regional Offices	18	18
Head Inspection Office	1	1
Regional Inspection Offices	17	16
Domestic Branch Offices	449	442
Special Branch Office	1	1
Overseas Branch/Representative Offices	3	3
Sub-branch Offices	565	545
Cash Offices	950	914
BRI Units	5,144	5,000
Teras	2,212	1,778

As of December 31, 2013 and 2012, BRI has 1 (one) overseas branch located in Cayman Islands and 2 (two) representative offices located in New York and Hong Kong, and has 3 (three) Subsidiaries, namely, PT Bank BRISyariah, PT Bank Rakyat Indonesia Agroniaga Tbk (prior PT Bank Agroniaga Tbk) and BRI Remittance Co. Ltd. Hong Kong.

Based on BRI's accounting policies, the coverage of BRI's key management is boards of commissioners, directors, audit committee, remuneration committee, head of divisions, head of internal audits and inspectors, head of regionals and head of special branch. The number of BRI's employees as of December 31, 2013 and 2012 amounted to 81,238 and 72,625 employees (unaudited), respectively.

The composition of the Boards of Commissioners and Directors of BRI as of December 31, 2013 and 2012 based on the minutes of BRI's Annual Shareholders' General Meeting held on March 28, 2012, as stated under the notarial deed No. 41 and No. 57 of notary Fathiah Helmi, S.H. are as follows:

President/Independent Commissioner	:	Bunasor Sanim
Vice President/Independent Commissioner	:	Mustafa Abubakar
Commissioner	:	Heru Lelono
Commissioner	:	Vincentius Sonny Loho
Commissioner	:	Hermanto Siregar
Independent Commissioner	:	Adhyaksa Dault
Independent Commissioner	:	Ahmad Fuad
Independent Commissioner	:	Aviliani
President Director	:	Sofyan Basir
Director of Operations	:	Sarwono Sudarto
Director of Finance	:	Achmad Baiquni
Director of Commercial Business	:	Sulaiman Arif Arianto
Director of Compliance	:	Randi Anto
Director of Consumer Business	:	Agus Toni Soetirto
Director of Credit Risk Management	:	Lenny Sugihat
Director of Micro, Small and Medium Enterprises (UMKM)	:	Djarot Kusumayakti
Director of Institutional and State Owned Business Enterprise (BUMN)	:	Asmawi Syam
Director of Network and Services	:	Suprajarto
Director of Human Resources Management (MSDM)	:	Gatot Mardiwasisito

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES**  
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**1. GENERAL (continued)**

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

The compositions of BRI's Audit Committee as of December 31, 2013 and 2012 based on BRI's Commissioners' Decision Letter No. B.61-KOM/06/2012 dated June 1, 2012 are as follows:

Chairman	:	Bunasor Sanim
Member	:	Adhyaksa Dault
Member	:	H. C. Royke Singgih
Member	:	Dedi Budiman Hakim
Member	:	Syahrir Nasution
Member	:	Hermanto Siregar
Member	:	Ahmad Fuad
Member	:	Vincentius Sonny Loho

As of December 31, 2013 and 2012, the Corporate Secretary of BRI is Muhammad Ali, based on Company's Director Decision Letter No. Kep. 20-DIR/SDM/12/2009 dated January 14, 2010.

As of December 31, 2013 and 2012, the Internal Audit Task Force Head is Ali Mudin, based on Company's Director Decision Letter No. Kpts.18/Dir.01.03/VII/2011 dated July 5, 2011.

**e. Subsidiaries**

**PT Bank BRISyariah**

On June 29, 2007, BRI entered into a Sale and Purchase of Shares Agreement with the shareholders of PT Bank Jasa Arta ("BJA") to acquire 100% of BJA's shares at a purchase price of Rp61 billion. Based on BRI's Shareholders' Extraordinary General Meeting, as stated under the notarial deed No. 3 dated September 5, 2007 of notary Imas Fatimah, S.H., the shareholders approved the above acquisition of BJA and subsequently obtained the approval of Bank Indonesia, according to letters No. 9/188/GBI/DPIP/Rahasia dated December 18, 2007 and No. 9/1326/DPIP/Prz dated December 28, 2007. The acquisition was completed on December 19, 2007 based on Acquisition Deed No. 61 of notary Imas Fatimah, S.H., whereby BRI acquired 99.99875% of the issued shares of BJA and 0.00125% was granted to BRI's Employee Welfare Foundation (Yayasan Kesejahteraan Pekerja BRI).

Based on notarial deed No. 45 dated April 22, 2008 of notary Fathiah Helmi, S.H., the name PT Bank Jasa Arta was changed into PT Bank Syariah BRI ("BSB"). Based on the Governor of Bank Indonesia's Decision Letter No. 10/67/KEP.GBI/DpG/2008 dated October 16, 2008, BSB obtained the approval to change its business activities from a conventional bank into a commercial bank that conducts business activities based on Sharia principles. Within 60 (sixty) days from the decision date, BSB was obliged to perform its business activities based on Sharia principles and within a maximum of 360 (three hundred sixty) days from the decision date, BSB was obliged to settle all its loan receivables and debtor or customer liabilities from the previous conventional banking activities.

On December 19, 2008, BRI has entered into a spin-off agreement to transfer the assets and liabilities of BRI's Sharia Business Unit ("UUS BRI") to BSB, based on notarial deed No. 27, dated December 19, 2008 on "The Spin-Off Agreement of BRI's Sharia Business Unit into PT Bank Syariah BRI" of notary Fathiah Helmi, S.H., with effective date on January 1, 2009. As a result of the spin-off as of the effective date:

1. All assets and liabilities of UUS BRI in possession of BRI by operation of law were transferred and become the rights, liabilities or expenditures to be operated under BSB's responsibility as the receiving entity.
2. All of the UUS BRI's operations, business and office activities by operation of law were transferred to and/or operated under BSB's benefit, loss and responsibility.

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

**e. Subsidiaries (continued)**

**PT Bank BRISyariah (continued)**

All of the UUS BRI's rights, claims, authorities and liabilities based on any agreements, actions or existing which were made, performed, or which occurred on or before the effective date of the spin-off including but not limited to the stated list of assets and liabilities of UUS BRI and all legal relations between UUS BRI and other parties by operation of law, have been transferred to and or operated under BSB's benefit, loss and responsibility.

Based on BSB's Shareholders' Statements of Agreement as stated in notarial deed No. 18 of notary Fathiah Helmi, S.H., dated April 14, 2009, the name of PT Bank Syariah BRI was changed to PT Bank BRISyariah ("BRIS") as approved by the Governor of Bank Indonesia's Decision Letter No. 11/63/KEP.GBI/DpG/2009 dated December 15, 2009.

BRIS' Articles of Association has been amended several times. The latest amendment was documented in the notarial deed of Decision of PT Bank BRI Syariah's Annual Shareholders' General Meeting Statement No. 113 dated June 26, 2013 of Notary Fathiah Helmi, S.H., notary in Jakarta, regarding the addition of the issued and fully paid capital. The amendment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-40622.AH.01.02.Tahun 2013 dated July 25, 2013.

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

Total assets of BRIS as of December 31, 2013 and 2012 amounted to Rp17,419,045 and Rp14,088,915, respectively, or 2.78% and 2.56%, respectively, of the consolidated total assets. Total Sharia income for the years ended December 31, 2013 and 2012 amounted to Rp1,740,253 and Rp1,338,400, respectively, or 2.93% and 2.70%, respectively, of the consolidated interest income.

BRISyariah's Head Office is located at Jl. Abdul Muis No. 2-4, Jakarta Pusat, and has 51 domestic branch offices and 195 sub-branch offices.

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

On August 19, 2010, BRI entered into Sale and Purchase of Shares Agreement (PPJB) with the Agricultural Estate Pension Fund (Dapenbun), as the owner of 95.96% shares of BRI Agro, to acquire the shares of BRI Agro with total nominal value of Rp330,296 for 3,030,239,023 number of shares at a price of Rp109 (full Rupiah) per share. After the acquisition, the shareholdings of BRI Agro's investors comprise of 76% by BRI, 14% by Dapenbun and 10% by the public.

The shareholders approved the acquisition of BRI Agro based on BRI's Shareholders' Extraordinary General Meeting according to notarial deed No. 37 dated November 24, 2010 of notary Fathiah Helmi, S.H. Bank Indonesia also granted approval of the acquisition in its Letter No. 13/19/GBI/DPIP/Rahasia dated February 16, 2011. The acquisition was completed on March 3, 2011 based on the notarial deed No. 14 of notary Fathiah Helmi, S.H., whereby BRI owned 88.65% of the total issued and fully paid shares of BRI Agro, as stated in notarial deed No. 68 dated December 29, 2009, of notary Rusnaldy, S.H. The above mentioned matter also considered the effects of Series I Warrants which are exercisable up to May 25, 2011.

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

**e. Subsidiaries (continued)**

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

In compliance with Bapepam-LK's Regulation No. IX.H.1, Attachment to Decision of Chairman of Bapepam-LK No. Kep-259/BL/2008 dated June 30, 2008 regarding "Public Company Takeovers", BRI, as the new controlling shareholder of BRI Agro, is required to conduct mandatory Tender Offer for the remaining BRI Agro's shares which are owned by the public. The Tender Offer statement became effective May 4, 2011 based on Chairman of Bapepam-LK's letter No. S-4985/BL/2011 and was announced on two daily newspapers, *Bisnis Indonesia* and *Investor Daily*, both on May 5, 2011. The Tender Offer period commenced on May 5, 2011 and concluded on May 24, 2011. On the closing date of the Tender Offer period, BRI acquired 113,326,500 additional shares (3.15% of the total shares of BRI Agro). The price used for the Tender Offer is at Rp182 (full Rupiah) per share.

On July 1, 2011, BRI enacted the sale of 256,375,502 shares to Dapenbun as a result of Dapenbun's exercise of its buy option at a price of Rp109 (full Rupiah) per share. Based on Bapepam-LK's Regulation No. IX.H.1, the re-transfer period of the Tender Offer is within a maximum period of 2 (two) years, however, in the case of BRI Agro, BRI shall meet the minimum public shareholding of 10% no later than May 24, 2013. This is in compliance with the letter received from the Indonesian Stock Exchange No. S-06472/BEI.PPJ/09-2011 dated September 23, 2011. As of December 31, 2012, total shares of BRI Agro which has been transferred back to the public comprised of 500,000 shares, reducing BRI's ownership to 79.78% while maintaining Dapenbun's ownership at 14%.

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

On May 10, 2013, BRI Agro 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 results of PUT IV, BRI Agro's Articles of Association was amended as stated in notarial deed of Decision Meeting Statement No. 107 dated July 30, 2013, of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase of issued and fully paid capital, increasing BRI's ownership to 80.43%, Dapenbun to 14.02% and public to 5.55%. This amendment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0074249.AH.01.09.Tahun 2013 dated August 1, 2013.

Total assets of BRI Agro as of December 31, 2013 and 2012 are Rp5,122,727 and Rp4,041,003 or 0.82% and 0.73%, respectively, of the consolidated total assets. Total interest income for the years ended December 31, 2013 and 2012 is Rp420,186 and Rp349,990 or 0.71% and 0.71% respectively of the consolidated total interest income.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Years Ended December 31, 2013 and 2012**  
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**1. GENERAL (continued)**

**e. Subsidiaries (continued)**

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

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

BRI Agro through Letter of Bank Indonesia No. 22/1037/UUps/PS6D dated December 26, 1989, obtained its license as a commercial bank.

BRI Agro's head office is located at Plaza Great River, Jl. H.R. Rasuna Said Blok X2 No. 1, Jakarta, and has 12 branches and 10 sub-branches.

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

On December 16, 2011, BRI entered into the Instrument of Transfer and the Bought and Sold Notes to acquire 100% of BRIngin Remittance Co. Ltd. (BRC) Hong Kong shares (equivalent to 1,600,000 shares) at a purchase price of HKD1,911,270. This acquisition was legalized by the Inland Revenue Department (IRD) Hong Kong with stamp duty dated December 28, 2011 and approved by Bank Indonesia in its letter No. 13/32/DPB1/TPB1-3/Rahasia dated December 1, 2011.

According to the Annual General Meeting of Bringin Remittance Co. Ltd dated July 2, 2012, and the issuance of a Certificate of Change of Name No.961091 dated October 11, 2012 by the Registrar of Companies Hong Kong Special Administrative Region, the name Bringin Remittance Co. Ltd was officially changed to BRI Remittance Co. Ltd Hong Kong.

Total assets of BRI Remittance Co. Ltd Hong Kong as of December 31, 2013 and 2012 are Rp4,124 or 0.0007% and Rp2,815 or 0.0005%, respectively, of the consolidated total assets.

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

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

**2. SUMMARY OF ACCOUNTING POLICIES**

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

**Statement of Compliance**

The consolidated financial statements as of and for the years ended December 31, 2013 and 2012 were prepared and presented in accordance with Indonesian Financial Accounting Standards, which includes the Statements and Interpretations issued by the Financial Accounting Standards Board Indonesian Institute of Accountants and Bapepam-LK's Regulation No. VIII.G.7, Appendix of the Decision of the Chairman of Bapepam-LK No. KEP-347/BL/2012 dated June 25, 2012 regarding the "Guidelines on Financial Statements Presentations and Disclosures for Issuers or Public Companies", and the prevailing banking industry practices.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**(Expressed in millions of Rupiah, unless otherwise stated)**

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

**a. Basis of preparation of the consolidated financial statements (continued)**

**Statement of Compliance (continued)**

BRIS (Subsidiary), which is engaged in banking activities based on Sharia principles, presents its financial statements according to SFAS No. 101 on "Sharia Financial Statements Presentation", SFAS No. 102 on "Accounting for *Murabahah*", SFAS No. 104 on "Accounting for *Istishna*", SFAS No. 105 on "Accounting for *Mudharabah*" and SFAS No. 106 on "Accounting for *Musyarakah*" and SFAS 107 on "Accounting for *Ijarah*", which supersede SFAS No. 59 on "Accounting for Sharia Banking" associated with recognition, measurement, presentation and disclosure for the respective topics, SFAS No. 110 on "Accounting for *Sukuk*" and the Indonesia Sharia Banking Accounting Guidelines (PAPSI) issued by Bank Indonesia and IAI.

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

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

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

**b. Consolidation principles**

The consolidated financial statements include the financial statements of BRI and its Subsidiaries whose majority shares are owned or controlled by BRI.

Where control over a Subsidiary began or ceased during the year, the results of operations of a Subsidiary are included in the consolidated financial statements only from the date that control was acquired or up to the date that control has ceased.

Control over a Subsidiary is presumed to exist where more than 50% of the Subsidiary's voting power is controlled by BRI, or BRI has the ability to control the financial and operating policies of a Subsidiary, or has the ability to remove or appoint majority of the Subsidiary's Board of Directors, or control the majority vote during management meeting.

The purchase method of accounting is used to account for the acquisition of Subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the Subsidiaries acquired is recorded as goodwill.



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

**b. Consolidation principles (continued)**

All significant balances and transactions, including unrealized gains/losses are eliminated to reflect the consolidated financial position and results of operations of BRI and Subsidiaries as a single entity.

The consolidated financial statements are prepared using uniform accounting policies for transactions and events in similar circumstances. If the Subsidiaries' financial statements use accounting policies which are different from those adopted in the consolidated financial statements, appropriate adjustments are made to the Subsidiaries' financial statements.

The non-controlling interest represents the non-controlling shareholders' proportionate share in the income for the year and equity of the Subsidiaries based on the percentage of ownership of the non-controlling shareholders in the Subsidiaries.

**c. Financial assets and financial liabilities**

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

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

BRI adopted SFAS No. 50 (Revised 2010), "Financial Instruments: Presentation", SFAS No. 55 (Revised 2011), "Financial Instruments: Recognition and Measurement", and SFAS No. 60 including its amendment in 2012, "Financial Instruments: Disclosure".

SFAS No. 50 (Revised 2010) contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. This SFAS requires the disclosure of, among others, information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments.

SFAS No. 55 (Revised 2011) establishes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This SFAS provides the definitions and characteristics of derivatives, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships.

SFAS No. 60 including its amendment in 2012, requires disclosures of significance of financial instruments for financial position and performance, and the nature and extent of risks arising from financial instruments to which BRI is exposed during the period and at the end of the reporting period, and how BRI manages those risks.

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

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

**(i) Classification**

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

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

Financial liabilities are classified into the following categories at initial recognition:

- Fair value through profit or loss, which has 2 (two) sub-classifications, i.e. those designated as such upon initial recognition and those classified as held for trading;
- Other financial liabilities that are not classified as financial liabilities at fair value through profit or loss are categorized and measured at amortized cost.

Classes of financial assets and liabilities at fair value through profit or loss consist of financial assets or liabilities held for trading which BRI acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a financial instrument portfolio that is managed together for short-term profit or position taking.

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that BRI intends to sell immediately or in the short term, which are classified as held for trading and those that BRI upon initial recognition designates as at fair value through profit or loss;
- those that BRI upon initial recognition designates as available for sale investments; or
- those for which BRI may not recover substantially all of its initial investment, other than because of loans and receivables deterioration, which classified as available for sale.

Held to maturity investments consist of quoted non-derivatives financial assets with fixed or determinable payments and fixed maturity that BRI has the positive intention and ability to hold to maturity. Investments intended to be held for an undetermined period are not included in this classification.

The available for sale category consists of non-derivatives financial assets that are designated as available for sale or are not classified in one of the other categories of financial assets. After initial recognition, available for sale investments are measured at fair value with gains or losses being recognized as part of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gains or losses previously reported in equity is included in the consolidated statements of comprehensive income. The effective yield and (where applicable) results of foreign exchange restatement for available for sale investments are reported in the consolidated statements of comprehensive income.

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

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

**(i) Classification (continued)**

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

**(ii) Initial recognition**

- a. Purchase or sale of financial assets that requires delivery of assets within a time frame established by regulation or convention in the market (regular purchases) is recognized on the settlement date.
- b. Financial assets and financial liabilities are initially recognized at fair value. For those financial assets or financial liabilities not measured at fair value through profit or loss, the fair value includes directly attributable transaction costs. The subsequent measurement of financial assets and financial liabilities depends on their classification.

Transaction costs only include costs that are directly attributable to the acquisition of a financial asset or issuance of a financial liability and an additional charge that would not occur if the instrument is not acquired or issued. For financial assets, transaction costs are added to the amount recognized in the initial recognition of the asset, while for financial liabilities, transaction costs are deducted from the amount of debt recognized on initial recognition of a liability. The transaction costs are amortized over the terms of the instrument based on the effective interest rate method and recorded as part of interest income for transaction costs related to the asset or as part of interest expense for transaction costs related to financial liabilities.

BRI, upon initial recognition, may designate certain financial assets at fair value through profit or loss (fair value option). The fair value option is only applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or
- the financial assets are part of a portfolio of financial instruments, the risk of which are managed and reported to key management on a fair value basis; or
- the financial assets consist of a host contract and embedded derivatives that must be bifurcated.

The fair value option is applied to certain loans and receivables that are hedged with credit derivatives or interest rate swap, but for which the hedge accounting conditions are not fulfilled. Otherwise, the loans would be accounted for at amortized cost, while the derivatives are measured at fair value through profit or loss.

The fair value option is also applied to investment funds that are part of a portfolio managed on a fair value basis. Furthermore, the fair value option is applied to structured investments that include embedded derivatives.

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

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

(iii) Subsequent measurement

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

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

(iv) Derecognition

a. Financial assets are derecognized when:

- the contractual rights to receive cash flows from the financial assets have expired; or
- BRI has transferred its rights to receive cash flows from the financial assets or has assumed an obligation to pay the cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) BRI has substantially transferred all the risks and rewards of the assets, or (b) BRI has neither transferred nor retained substantially all risks and rewards of the assets, but has transferred control of the assets.

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

Loans are written off when there is no realistic prospect of collection in the near future or the normal relationship between BRI and the debtors has ceased to exist. When a loan is deemed uncollectible, it is written off against the related allowance for impairment losses.

b. Financial liabilities are derecognized when they end, i.e. when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

(v) Income and expense recognition

- a. Interest income and interest expense on available for sale assets and financial assets and liabilities measured at amortized cost, are recognized in the consolidated statements of comprehensive income using the effective interest rate method.
- b. Gains and losses arising from changes in the fair value of the financial assets and liabilities held at fair value through profit or loss are included in the consolidated statements of comprehensive income.

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

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

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

(v) Income and expense recognition (continued)

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

(vi) Reclassification of financial assets

BRI is not allowed to reclassify any financial instrument out of or into the fair value through profit or loss category while it is held or issued.

BRI is not allowed to classify any financial assets as held to maturity investments, if the entity has, during the current financial year or during the 2 (two) preceding financial years, sold or reclassified a significant amount of held to maturity investments before maturity (more than an insignificant amount in relation to the total amount of held to maturity investments) other than sales or reclassifications that:

- a. are so close to maturity or the financial asset's repurchase date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- b. occur after BRI has collected substantially all of the original principal of the financial assets through scheduled payments or prepayments; or
- c. are attributable to an isolated event that is beyond BRI's control, is non-recurring and could not have been reasonably anticipated by BRI.

(vii) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the consolidated statements of financial position when and only when, BRI has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards.

(viii) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(ix) Fair value measurement

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date, which includes the fair value obtained from IDMA's (Interdealer Market Association) quoted market prices or broker's quoted price from Bloomberg and Reuters on the measurement date.

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

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

**(ix) Fair value measurement (continued)**

When available, BRI measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transaction on an arm's length basis.

If a market for a financial instrument is inactive, BRI establishes fair value using valuation technique. BRI uses its own credit risk spreads in determining the fair value for its derivatives liability and all other liabilities for which it has elected the fair value option. When BRI's credit spread increases, BRI recognizes a gain on these liabilities, because the value of the liabilities has decreased. When BRI's credit spread decreases, BRI recognizes loss on those liabilities as an impact of the increase in liability.

BRI uses several commonly applied valuation techniques for determining fair values of financial instruments of lower complexity, such as exchange value options and currency swap. For these financial instruments, inputs into models are observable market data.

For more complex instruments, BRI uses internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on certain assumptions.

For financial instruments with no quoted market price, a reasonable estimate of the fair value is determined by reference to the fair value of other instruments with equal substance or calculated based on the expected cash flows of the underlying net asset of those securities.

The output of a valuation technique is an estimate or approximation of a value that cannot be precisely determined and the valuation technique employed may not fully reflect all factors relevant to the positions that BRI holds. Valuations are therefore adjusted, with additional factors such as model risks, liquidity risk and counterparty credit risk. Based on the established fair value valuation technique policy, related controls and procedures applied, BRI's management believes that these valuation adjustments are necessary and considered appropriate to fairly state the values of financial instruments measured at fair value in the consolidated statements of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary, particularly in view of the current market developments.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment value. The fair value for loans and receivables as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

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

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

(ix) Fair value measurement (continued)

Financial assets and assets held or liabilities to be issued are measured at bid price; financial liabilities and liabilities held or liabilities to be acquired are measured at ask price. Where BRI has consolidated assets and liabilities positions with off-setting market risk, middle-market prices can be used to measure the off-setting risk positions and bid or ask price adjustment is applied to the net open positions as appropriate.

(x) *Sukuk* Financial Asset

BRI and Subsidiaries adopted SFAS No. 110 "*Sukuk* Investment" which regulate the recognition, measurement, presentation and disclosure of *Ijarah Sukuk* and *Mudharabah Sukuk* transactions.

Before initial recognition, the entity determines the classification of investments in *sukuk* either measured at cost or fair value.

After the initial recognition, investment in *ijarah sukuk* and *mudharabah sukuk* is measured as follows:

a. Measured at cost

- The investment is held in a business model whereby the primary goal is to obtain contractual cash flows and has contractual terms in determining the specific date of principal payments and or the results.
- *Sukuk* acquisition cost includes transaction cost.
- The difference between the acquisition cost and the nominal value is amortized on a straight-line basis over the period of the *sukuk*.
- Impairment loss is recognized if the recoverable amount is less than the carrying amount and is presented as an impairment loss in the statement of comprehensive income.

b. Measured at fair value

- The fair value is determined with reference to the following order:
  - Quoted price in active market.
  - Price from the current transaction, if there is no available price quotations in an active market.
  - Fair value of similar instrument, if there is no available price quotations in an active market and no price from the current transaction.
- *Sukuk* acquisition cost does not include transaction cost.
- The difference between fair value and carrying value is presented in the consolidated statements of comprehensive income.

All investment in *sukuk* of BRI and Subsidiaries was done under *ijarah* contracts.

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

**d. Quasi-reorganization**

Based on SFAS No. 51 on "Accounting for Quasi-reorganization", quasi-reorganization is an accounting procedure which enables an enterprise to restructure its equity by eliminating accumulated losses and revaluing all its assets and liabilities based on fair values without a legal re-organization. Under quasi-reorganization, the company will have a fresh start with its statements of financial position showing current values without accumulated losses as the accumulated losses are eliminated against the additional paid-in capital account.

The estimated fair values of assets and liabilities of BRI under the quasi-reorganization was determined based on the best information available in accordance with the characteristics of the related assets and liabilities, with consideration on the level of risks or market values of the related assets and liabilities. If the market value is not available, the estimated fair value is determined based on the market values of similar types of assets, estimated present value or discounted cash flows. For certain assets and liabilities, the valuation is undertaken in accordance with the related SFAS.

Based on BRI's Shareholders' Extraordinary General Meeting held on October 3, 2003 notarized under deed No. 6 of the the same date of notary Imas Fatimah, S.H., the shareholders approved in principle the quasi-reorganization plan of BRI as of June 30, 2003 (Note 3).

BRI has performed revaluation of its assets and liabilities in conjunction with the quasi-reorganization as of June 30, 2003. Since the fair value of net assets (total assets less total liabilities) of BRI is higher than their book value, based on SFAS No. 51 (before revision in 2003), in the implementation of quasi-reorganization, BRI did not recognize the excess of such net assets against accumulated losses and used the book values of the assets and liabilities at the implementation date of quasi-reorganization. As a result of the above quasi-reorganization, BRI's deficit was eliminated against the additional paid-in capital account which amounted to Rp24,699,387 as of June 30, 2003.

Bank Indonesia, in its letter No. 5/105/DPwB2/PwB24 dated September 19, 2003, stated that in undertaking the quasi-reorganization, BRI should refer to SFAS No. 51 (before revision in 2003) and with consideration to other related aspects in implementing the quasi-reorganization.

**e. Transactions with related parties**

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

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

- 1) directly or indirectly, through one or more intermediaries, a party (i) controls, or controlled by, or under common control with BRI and Subsidiaries; (ii) has an interest in BRI and Subsidiaries that provides significant influence on BRI and Subsidiaries or (iii) has joint control over BRI and Subsidiaries;
- 2) it is a member of the same group as BRI and Subsidiaries;
- 3) it is a joint venture of a third party in which BRI and Subsidiaries have ventured in;
- 4) it is a member of key management personnel in BRI and Subsidiaries;
- 5) it is a close family member of the individual described in clause (1) or (4);
- 6) it is an entity that is controlled, jointly controlled or significantly influenced by or for whom has significant voting rights in several entities, directly or indirectly, by the individual described in clause (4) or (5); and
- 7) it is a post-employment benefit plan for the employees benefit of either BRI and Subsidiaries or entities related to BRI and Subsidiaries.



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

**e. Transactions with related parties (continued)**

Transactions with related parties are made on the same term and conditions as those transactions with third parties. All transaction done by BRI have complete with Bapepam-LK Regulation No. IX.E.1 regarding "The affiliate transactions and conflict of interest of certain transactions", at the time the transaction were made. All material transactions and balances with related parties are disclosed in the relevant notes to the consolidated financial statements and the details have been presented in Note 43 of the consolidated financial statements. Furthermore, material transactions and balances between BRI and Subsidiaries and the Government of the Republic of Indonesia (RI) and other entities related to the Government of the Republic of Indonesia are also disclosed in Note 43.

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

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

Financial assets are impaired when an objective evidence demonstrate that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows of the financial asset that can be estimated reliably.

The criteria used by the entity to determine the existence of an objective evidence of impairment loss include:

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as a default or delinquency in interest or principal payments;
- c) the creditor, for economic or legal reasons relating to the debtor's financial difficulty, grants the debtor a concession that the creditor would not otherwise consider;
- d) it becomes probable that the debtor will enter into bankruptcy or other financial reorganization;
- e) the disappearance of an active market for that financial asset because of financial difficulties; or
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - 1) adverse changes in the payment status of debtors in the portfolio; and
  - 2) national or local conditions that correlate with defaults on the assets in the portfolio.

The estimated period between the occurrence of the event and identification of loss is determined by management for each identified portfolio. In general, the periods used vary between 3 months and 12 months; in exceptional cases, longer periods are warranted.

BRI first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If BRI determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Accounts that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assesment of impairment.

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

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

BRI determines the loans to be evaluated for impairment through individual evaluation if one of the following criteria is met:

1. Loans which individually have significant value and an objective evidence of impairment;
2. Restructured loans which individually have significant value.

Based on the above criteria, BRI performs individual assessment for: (a) Corporate and middle loans with collectibility classification of substandard, doubtful and loss; or (b) Restructured corporate and middle loans.

BRI determines loans to be evaluated for impairment through collective evaluation if one of the following criteria is met:

1. Loans which individually have significant value but there is no objective evidence of impairment;
2. Loans which individually have insignificant value;
3. Restructured loans which individually have insignificant value.

Based on the above criteria, BRI performs collective assessment for: (a) Corporate and middle loans with collectibility classification of current and special mention which have never been restructured; or (b) Retail and consumer loans.

Calculation of allowance for impairment losses on financial assets assessed collectively grouped based on similar credit risk characteristics and taking into account the loan segmentation based on historical loss experience and the possibility of failure (probability of default). Loans that have historical loss data and information that is categorized as a disaster prone areas by the Government of the Republic of Indonesia and supported by internal policies of BRI, the calculation of allowance for impairment losses is done by calculating the overall loss rate which include the actual loss rate plus the risk factors associated relevant based on a survey conducted periodically to external and internal parties of BRI.

BRI uses the migration analysis method, which is a statistical model analysis method to collectively assess allowance for impairment losses on loans. Under this method, BRI uses 3 (three) years historical data to compute for the Probability of Default (PD) and Loss of Given Default (LGD).

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

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

Impairment losses on financial assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and present value of estimated future cash flows discounted at the financial assets original effective interest rate. If loans or held to maturity securities and Government Recapitulation Bonds have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical guideline, BRI may measure impairment on the basis of an instrument's fair value using an observable market price, the calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

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

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

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

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

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

Impairment losses recognized in the statements of comprehensive income on available for sale equity instruments should not be recovered through a reversal of a previously recognized impairment loss in the current year statements of comprehensive income.

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

If the terms of the loans, receivables or held to maturity securities are renegotiated or otherwise modified because of financial difficulties of the debtor or issuer, impairment is measured using the original effective interest rate before the modification of terms.

If in the next period, the amount of allowance for impairment losses is decreased and the decrease can be related objectively to an event that occurred after the recognition of the impairment losses (i.e. upgrade debtor's or issuer's collectibility), the impairment loss that was previously recognized has to be reversed, by adjusting the allowance account. The reversal amount of financial assets is recognized in the current year consolidated statements of comprehensive income.

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

In connection with compliance to Bank Indonesia, BRI implemented Bank Indonesia Regulation No. 14/15/PBI/2012 dated October 24, 2012 on "Assessment of Commercial Bank Asset Quality" as a guidance to calculate the minimum allowance for impairment losses that should be provided in accordance with Bank Indonesia Regulation.

Financial assets of the Subsidiary that is engaged in Sharia Banking, BRIS applies PBI No. 8/21/PBI/2006 dated October 5, 2006 as amended by PBI No. 13/13/PBI/2011 dated March 24, 2011 in determination of impairment losses.

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

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

Sharia productive assets consist of current accounts with Bank Indonesia and other banks, placements with Bank Indonesia and other banks, securities, *murabahah* receivables, *musyarakah* financing, *isthisna* receivables, *qardh* receivables, and commitments and contingencies with credit risk.

The minimum allowance to be established in accordance with PBI is as follows:

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

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

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

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

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

Placements with Bank Indonesia and other banks consist of placement in deposit facility of Bank Indonesia such as Deposit Facility, Term Deposit and Sharia Deposit Facility whereas placements with other banks represent placements of funds in the form of inter-bank call money and time deposits.

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

**i. Securities and Government Recapitalization Bonds**

Securities consist of securities traded in the money market such as Certificates of Bank Indonesia, Deposits Certificates of Bank Indonesia, Bank Indonesia Sharia Certificates, Government bonds, promissory notes, subordinated bonds, mutual fund units, medium term notes, US Treasury Bonds, credit linked notes and bonds traded in the stock exchange.

Securities include bonds issued by the Government that are not related with the recapitalization program such as Government Debentures (Surat Utang Negara or SUN), Government Treasury Bills (Surat Perbendaharaan Negara or SPN) and Government bonds in foreign currency purchased from primary and secondary markets.

Government Recapitalization Bonds are bonds issued by the Government in connection with the recapitalization program for commercial banks which consist of bonds under BRI's recapitalization and Government Recapitalization Bonds purchased from the secondary market.

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

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

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

The value of securities and Government Recapitalization Bonds is stated based on the classification as follows:

- 1) Held to maturity securities and Government Recapitalization Bonds are carried at amortized cost using the effective interest rate method. BRI does not classify securities or Government Recapitalization Bonds as held to maturity financial assets if BRI has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held to maturity securities or Government Recapitalization Bonds before maturity other than sales or reclassifications that are defined in SFAS No. 55 (Revised 2011) which is applicable in the relevant periods.
- 2) Securities and Government Recapitalization Bonds classified as fair value through profit or loss are stated at fair value. Gains and losses from changes in fair value of securities and Government Recapitalization Bonds are recognized in the consolidated statements of comprehensive income.
- 3) Securities and Government Recapitalization Bonds classified as available for sale investments are stated at fair value. Interest income is recognized in the consolidated statements of comprehensive income using the effective interest rate method. Foreign exchange gains or losses on available for sale securities and Government Recapitalization Bonds are recognized in the statements of comprehensive income. Other fair value changes are recognized directly in equity until the securities and Government bonds are sold or impaired, whereby the cumulative gains and losses previously recognized in equity are recognized in the consolidated statements of comprehensive income.

**j. Export bills**

Export bills represent negotiated export bills that have been discounted and guaranteed by other banks. Export bills are stated at acquisition cost after deducting the discount and allowance for impairment losses. Export bills are classified as loans and receivables

**k. Loans**

Loans represent the lending of money or equivalent receivables under contracts or borrowing and lending commitments with debtors, whereby the debtors are required to repay their debts with interest after a specified period of time.

Loans are initially measured at fair value plus transaction costs that are directly attributable and additional costs to obtain financial assets and after initial recognition, are measured at amortized cost based on the effective interest rate method less allowance for impairment losses.

Loans are classified as loans and receivables.

Loans extended under syndication agreements are recognized at the nominal amount to the extent of the risks, borne by BRI and BRI Agro.

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

**k. Loans (continued)**

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

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

**l. Sharia receivables and financing**

Sharia receivables are receivables resulting from sale or purchase transactions based on *murabahah*, *istishna* and *ijarah* contracts. Sharia financing consists of *mudharabah* and *musyarakah* financing.

*Murabahah* is a sale or purchase contract between the customer and BRIS, whereby BRIS finances the investment and working capital needs of the customer sold with a principal price plus a certain margin that is mutually informed and agreed. Repayment on this financing is made in installments within a specified period. *Murabahah* receivables are stated at net realizable value, which is, the balance of the receivables less allowance for impairment losses. Deferred *Murabahah* margin is presented as a contra account of *Murabahah* receivables.

*Istishna* is a sale contract between *al-mustashni* (buyer) and *al-shani* (producer who also acts as seller). Based on the contract, the buyer orders the producer to make or produce *al-mashnu* (ordered goods) according to the specifications required by the buyer and to sell them at the agreed price. *Istishna* receivables are presented based on the outstanding billings less allowance for impairment losses.

*Ijarah* is a leasing agreement between the *muajir* (lessor) and the *musta'jir* (lessee) on *ma'jur* (leased items) to obtain benefits on the items being leased.

*Mudharabah* financing is a joint financing made between BRIS, as the capital provider (*shahibul maal*) and the customer, who manages the business (*mudharib*), during a certain period. The profit sharing from such project or business is distributed according to agreed *nisbah* (pre-determined ratio). *Mudharabah* financing is stated at the outstanding balance of the financing less allowance for impairment losses. Allowance for impairment losses is provided based on the quality of the financing as determined by a review of each individual account.

*Musyarakah* financing is an agreement between the investors (*musyarakah* partners) to combine their capital and conduct a joint business in a partnership with the profit or loss sharing based on an agreement or proportionate to the capital contribution, it is stated at the outstanding balance of the financing less allowance for impairment losses. BRI provides allowance for impairment losses based on the quality of the financing as determined by a review of each individual account.

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

**m. Acceptances receivable and payable**

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

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

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

**n. Investment in associated entities**

BRI and Subsidiary adopted SFAS No. 15 (Revised 2009), "Investments in Associates Entities", which prescribes the accounting for investments in associated entities as to determined significant influence, accounting method to be applied, impairment in value of investments and separate financial statements.

BRI's investment in its associated company is measured using the equity method. An associated entities is an entity in which BRI has significant influence or share ownership of 20% up to 50%. Under the equity method, the cost of investment is increased or decreased by BRI's share in net earnings or losses of, and dividends received from the investee since the date of acquisition.

The consolidated statements of comprehensive income reflects the share of the results of operations of the associated entities. Where there has been a change recognized directly in the equity of the associated entities, BRI recognizes its share of any such changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between BRI and the associated entities are eliminated to the extent of BRI's interest in the associated entities.

After application of the equity method, BRI determines whether it is necessary to recognize an additional impairment loss on BRI's investment in its associated entities. BRI determines at each reporting date whether there is any objective evidence that the investment in the associated entities is impaired. If this is the case, BRI calculates the amount of impairment as the difference between the recoverable amount of the investment in associated entities and its carrying value, and recognizes the amount in the statements of comprehensive income.

BRI's investment in its associated entities with no significant influence or share ownership under 20% are recorded in accordance with SFAS No. 55 (Revised 2011) and reduced by allowance for impairment losses.

**o. Premises and equipment**

BRI and Subsidiaries adopted SFAS No.16 (Revised 2011) , "Premises and Equipment" and IFAS No. 25, "Land Rights".

IFAS 25 prescribes that the legal cost of land rights in the form of Business Usage Rights ("Hak Guna Usaha" or "HGU"), Building Usage Right ("Hak Guna Bangunan" or "HGB") and Usage Rights ("Hak Pakai" or "HP") when the land was acquired initially are recognized as part of the cost of the land under the "Premises and Equipment" account and not amortized.

Meanwhile the extension or the legal renewal costs of land rights in the form of HGU, HGB and HP were recognized as part of "Deferred Charges, Net" account in the consolidated statements of financial position and were amortized over the shorter of the rights' legal life and land's economic life.

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

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

In accordance with the transitional provision of IFAS 25, the initial costs in the form of HGU, HGB and HP which were recognized as part of "Deferred Charges, Net" account in the consolidated statements of financial position prior to January 1, 2012 were reclassified to "Premises and Equipment - Land" account and ceased to be amortized effective January 1, 2012.

All premises and equipment are initially recognized at cost, which comprises its purchase price and any costs directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent to initial recognition, premises and equipment are carried at cost less any subsequent accumulated depreciation and impairment losses.

Premises and equipment acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets are measured at fair values, unless:

- (i) the exchange transaction lacks commercial substance, or
- (ii) the fair value of neither the assets received nor the assets given up can be measured reliably.

Depreciation of an asset starts when it is available for use and is computed using the straight-line method based on the estimated economic useful lives of the assets as follows:

	<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 when the item is derecognized.

The asset residual values, useful lives and depreciation method are evaluated at each year end and adjusted prospectively if necessary.

Land are stated at cost and not depreciated.

If the cost of land includes the costs of site dismantlement, removal and restoration, and the benefits from the site dismantlement, removal and restoration is limited, that portion of the land asset is depreciated over the period of benefits obtained by incurring those costs. In some cases, the land itself may have a limited useful life, in which case it is depreciated in a manner that reflects the benefits to be derived from it.

Constructions in-progress are stated at cost, including capitalized borrowing costs and other charges incurred in connection with the financing of the said asset constructions. The accumulated costs will be reclassified to the appropriate "Premises and Equipment" account when the construction is completed and available for intended use. Assets under construction are not depreciated as these are not yet available for use.



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

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

Repairs and maintenance is charged to the profit or loss as incurred. The cost of major renovation and restoration is capitalized to the carrying amount of the related premises and equipment when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset and is depreciated over the remaining useful life of the related asset.

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

BRI and subsidiaries adopted SFAS No. 48 (Revised 2009), "Impairment of Assets", prospectively, including goodwill and assets acquired from business combination before January 1, 2011.

SFAS No. 48 (Revised 2009) prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than their recoverable amounts. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and this revised SFAS requires the entity to recognize an impairment loss. This revised SFAS also specifies when an entity should reverse an impairment loss and prescribes disclosures.

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

An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU)'s fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income as "impairment losses". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used by BRI and Subsidiaries to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in the consolidated statements of comprehensive income under expense categories that are consistent with the functions of the impaired assets.

**q. Foreclosed collaterals**

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

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

**q. Foreclosed collaterals (continued)**

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

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

**r. Prepaid expenses**

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

**s. Liabilities due immediately**

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

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

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

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

Saving deposits represent customers' funds which entitle the depositors to withdraw under certain agreed conditions. Deposits are stated at the amount due to the account holders.

*Wadiah* saving deposits represent funds deposited by customers in BRIS, whereby the deposits can be withdrawn any time and does not require BRIS to give interest unless in the form of bonus in a voluntary way. *Wadiah* saving deposits are stated at the amount due to the account holders.

*Mudharabah* saving deposits represent funds from third parties which earn bonus based on a predetermined and pre-agreed profit-sharing return ratio (*nisbah*) from income derived by BRIS from the use of such funds. *Mudharabah* saving deposits is stated at the customers' saving balance.

Time deposits represent funds deposited by customers that can be withdrawn only at a certain point of time as stated in the contract between the depositor and BRI and BRI Agro. Time deposits are stated at the nominal amount provided in the certificates of deposits or at the amount stated in the agreement.

*Mudharabah* time deposits represent third party funds that can be withdrawn only at a certain point in time based on the agreement between the customer and BRIS. *Mudharabah* time deposits are stated at the nominal amount as agreed by the deposit holder and BRIS.

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

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

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

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

**u. Securities purchased under agreement to resell**

Securities purchased under agreement to resell are presented as assets in the consolidated statements of financial position, at the resale price net of unamortized interest and net of allowance for impairment losses. The difference between the purchase price and the resale price is treated as unearned interest income (unamortized) and recognized as income over the period starting from when those securities are purchased until they are resold using effective interest rate method.

Securities purchased under agreement to resell are classified as loans and receivables.

**v. Marketable securities issued**

Marketable securities issued by BRI consist of Bonds.

The marketable securities issued are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium associated related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

**w. Borrowings**

Borrowings represent funds received from other banks, Bank Indonesia or other parties with a repayment obligation based on borrowing agreements.

Borrowings are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium associated related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

**x. Subordinated loans**

Subordinated loans are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium associated related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

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

**y. Provision**

Bank adopted SFAS No. 57 (Revised 2009), "Provisions, Contingent Liabilities and Contingent Assets".

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

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

**z. Allowance and on time interest payment in BRI unit**

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

**aa. Interest Income and Interest Expense**

Interest income and expense for all interest bearing financial instruments are recognized in the consolidated statements of comprehensive income using the effective interest rate method. The effective interest rate is the rate that precisely discounts the estimated future cash payments or receipts through the expected life of the financial instrument (or, wherever appropriate, a shorter period) to obtain the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, BRI and BRI Agro estimates future cash flows considering all contractual terms of the financial instruments except future credit losses.

This calculation includes all commissions, provision fees and other forms received by the parties in the contract that are inseparable from the effective interest rate, transaction costs and all other premiums or discounts.

If the value of a financial asset or group of similar financial assets has decreased as a result of impairment losses, the interest income subsequently obtained is recognized based on the interest rate used to discount future cash flows in calculating impairment losses.

Loans for which the principal or interest are past due for 90 (ninety) days or more, or loans with doubtful timely payment, are generally classified as impaired loans and the aforementioned interest income is reversed when the loan is classified as impaired.

**ab. Fees and commissions**

Fees and commissions directly related to lending activities, or fees and commissions income related to a specific period, are amortized over the term of the contract using the effective interest rate method and classified as part of interest income in the consolidated statements of comprehensive income.

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

**ab. Fees and commissions (continued)**

Fees and commissions that are not related to the credit activity or a period of time and/or associated with the service provided, are recognized as revenue at the time of the transaction and recorded under other operating income.

**ac. Sharia income and expense**

Sharia income consists of income from *murabahah*, *istishna*, *ijarah* transactions and profit sharing from *mudharabah* and *musyarakah* financing. Income from *murabahah* and *ijarah* transactions is recognized using the accrual method. Income from *istishna* transactions and profit sharing from *mudharabah* and *musyarakah* financing are recognized when the cash installments are received. Expenses based on Sharia principles consist of *mudharabah* profit sharing expense and *wadiah* bonus expense.

**ad. Employee Benefits**

Short-term employee benefits

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

Defined contribution plan

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

Defined benefit plan and other long-term employee benefits

BRI adopted SFAS No. 24 (Revised 2010), "Employee Benefits".

The post-employment benefits and other long-term employee benefits such as gratuity for services and grand leaves are accrued and recognized as expense when services have been rendered by qualified employees. The benefits are determined based on BRI's regulations and the minimum requirements of Labor Law No. 13/2003.

The post-employment benefits and other long-term employee benefits are actuarially determined using the *Projected Unit Credit Method*.

Provisions made pertaining to past service costs are deferred and amortized over the expected average remaining service years of the qualified employees. Furthermore, provisions for current service costs are directly charged to operations of the current year/period. Actuarial gains or losses arising from adjustments and changes in actuarial assumptions are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed 10% of the present value of the defined benefit obligations or 10% of the fair value of plan assets, at that date. The actuarial gains or losses in excess of the aforementioned 10% threshold are recognized on a straight-line method over the expected average remaining service years of the qualified employees.

Actuarial gains or losses and past service costs from other long-term employee benefits are recognized directly in the consolidated statement of comprehensive income of the current period.

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

**ae. Stock options**

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

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

**af. Earnings per Share**

BRI adopted SFAS No. 56 (Revised 2011), "Earnings per Share".

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

**ag. Foreign currency transactions and balances**

BRI maintains its accounting records in Indonesian Rupiah. Transactions in foreign currencies are recorded at the prevailing exchange rates in effect on the date of the transactions. As of December 31, 2013 and 2012, all foreign currency denominated monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time). The resulting gains or losses are credited or charged to the current consolidated statements of comprehensive income.

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

	<b>2013</b>	<b>2012</b>
1 United States Dollar	12,170.00	9,637.50
1 Great Britain Pound Sterling	20,110.93	15,514.93
100 Japanese Yen	11,575.00	11,176.50
1 European Euro	16,759.31	12,731.62
1 Hong Kong Dollar	1,569.54	1,243.27
1 Saudi Arabian Riyal	3,244.81	2,569.59
1 Singapore Dollar	9,622.08	7,878.61
1 Malaysian Ringgit	3,715.47	3,147.97
1 Australian Dollar	10,855.65	10,007.10
1 Chinese Yuan	2,010.28	1,546.52
1 Thailand Baht	371.15	314.85
1 Swiss Franc	13,674.16	10,536.25
1 Canadian Dollar	11,434.22	9,686.91
1 Bruneian Dollar	9,620.94	7,878.61
1 Danish Krone	2,246.78	1,708.60
1 South Korean Won	11.53	9.00
1 New Zealand Dollar	9,995.83	7,918.18
1 Papua New Guinean Kina	4,856.09	4,735.56
1 United Arab Emirates Dirham	3,313.50	2,623.84

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

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

BRI has 1 (one) branch office in Cayman Islands and 2 (two) representative offices located in New York and Hong Kong which are considered as separate foreign entities.

For consolidated financial statements purposes, all accounts of the overseas branch and representative offices are translated into Rupiah with the following exchange rates:

- Assets and liabilities, commitments and contingencies - using Reuters spot rates at 4.00 p.m. WIB at statements of financial position reporting date.
- Revenues, expenses, gains and losses - using the average middle rate during the month. The ending year balances consist of the sum of the translated monthly balances of revenues, expenses and profit and losses during the year.
- Equity - Capital Stock and Additional Paid-in Capital using historical rates.
- Statements of cash flows - using the spot rate published by Reuters at 4.00 p.m. WIB on statements of financial position reporting date, except for the profit and loss accounts which are translated at the average middle rates and equity accounts which are translated at the historical rates.

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

**ai. Derivatives Instrument**

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

Derivative transactions are recognized in accordance with SFAS No. 55 (Revised 2011). Derivative receivables and payables are classified as financial assets and liabilities measured at fair value through profit or loss.

Gains or losses resulting from fair value changes are recognized in the consolidated statements of comprehensive income.

The fair value of derivatives instruments is determined based on discounted cash flows and pricing models or quoted prices from brokers of other instruments with similar characteristics.

**aj. Taxation**

BRI and Subsidiaries adopted SFAS No. 46 (Revised 2010), "Accounting for Income Tax".

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

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

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

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

**aj. Taxation (continued)**

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

Amendments to tax obligations are recorded when an assessment is received or, if appealed against by BRI, when the result of the appeal is determined.

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

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

**ak. Segment information**

BRI and Subsidiaries adopted SFAS No. 5 (Revised 2009), "Operating Segments". The revised SFAS requires disclosures that will enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates.

A segment is a distinguishable component of the business unit that is engaged either in providing certain products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and intra-group transactions are eliminated.

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

BRI has identified and disclosed financial information based on main business (business segment) classified into micro, retail, corporate, others and subsidiaries, including geographical segment.

A geographical segment is engaged in providing products or services within a particular economic environment with risks and different returns compared to other operating segments in other economic environments. BRI's geographical segment covers Indonesia, Asia and United States of America.

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

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



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

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

**Judgments**

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

Going concern

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

Classification of financial assets and financial liabilities

BRI and Subsidiaries determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 55 (Revised 2011). Accordingly, the financial assets and financial liabilities are accounted for in accordance with BRI's accounting policies disclosed in Note 2.

Fair value of financial instruments

If the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position is not available in an active market, such fair value is determined using various valuation techniques including the use of mathematical models.

Inputs for this model come from observable market data as long as the data is available. When observable market data is not available, it is deemed necessary for management to determine the fair value. Management's considerations include liquidity and volatility feedback model for long-term derivatives transactions and discount rate, rate of early payment and default rate assumptions.

Held to maturity classification

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

Financial assets not quoted in an active market

BRI and Subsidiaries classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

**Judgments (continued)**

Contingencies

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

**Estimates and Assumptions**

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

Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of BRI and subsidiaries. Such changes are reflected in the assumptions when they occur.

Allowance for impairment losses on loans and Sharia financing/receivables

The management of BRI and subsidiaries review its loan portfolio and financing/receivables to assess impairment on an annual basis by updating provisions made during the period as necessary based on the continuing analysis and monitoring of individual accounts by credit officers.

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

This evidence may include observable data indicating that there has been an adverse change in the payment status of group borrowers, or national or local economic conditions that correlate with breach on assets in group. BRI and subsidiaries use estimates in the amount and timing of future cash flows when determining the level of allowance for losses required. Such estimates are based on assumptions of several factors and actual results may differ, resulting to future changes in the amount of allowance for losses.

Impairment of securities

BRI determines that securities are impaired based on the same criteria as financial assets carried at amortized cost.

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

**al. Use of significant accounting judgments, estimates and assumption (continued)**

**Estimates and Assumptions (continued)**

Useful lives of premises and equipment

The management of BRI estimates the useful lives of premises and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of premises and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of premises and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the aforementioned factors mentioned. The amounts and timing of recorded expenses for any period are affected by changes of those factors and circumstances during recording. A reduction in the estimated useful lives of premises and equipment increases the recorded operating expenses.

Impairment of non-financial assets

BRI and Subsidiaries assesses impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that BRI considers important which may lead to impairment assessment are the following:

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

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

Recognition of deferred tax assets

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

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

Present value of retirement liability

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

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

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

In accordance with Circular Letter of Bank Indonesia (BI) No. 13/658/DPNP/DPnP dated December 23, 2011, BRI and BRI Agro are no longer required to provide allowance for impairment losses on non-earning assets and administrative accounts (commitments and contingencies), but the management is required to continue calculating the allowance for impairment losses in accordance with the applicable accounting standards.

For non-earning assets, the management of BRI and BRI Agro determine the impairment losses at the lower amount between the carrying value and fair value after deducting cost to sell.

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

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

BRI adopted the revised accounting standard on January 1, 2013, which are considered relevant to the consolidated financial statements of BRI and Subsidiaries but does not have a significant impact, is the annual improvements to Financial Accounting Standards of SFAS No. 60 "Financial Instruments: Disclosures". Annual improvements to Financial Accounting Standards provide qualitative disclosures in the context of the quantitative disclosures that enable users of financial statements to be able to correlate the related disclosures, in order for users of financial statements to understand the overall picture of the nature and extent of risks arising from financial instruments. The interaction between the disclosure of qualitative and quantitative results in information disclosure that enables users of financial statements to evaluate an entity's exposure to risks better.

**3. IMPLEMENTATION OF QUASI-REORGANIZATION**

As an impact of the economic condition, BRI incurred significant losses in 1999 which amounted to Rp28,221,364. After BRI's recapitalization in July 2000 and October 2000, the allowance for possible losses on earning assets of BRI has been reduced significantly when the non-performing earning assets were transferred to the Indonesian Bank Restructuring Agency (BPPN). BRI's accumulated losses amounted to Rp24,699,387 in its statements of financial position as of June 30, 2003.

In order to have a fresh start on its financial position showing the current values with no deficit, BRI implemented quasi-reorganization on June 30, 2003 (Note 2d).

The management of BRI has prepared projected financial statements showing strong profitability and sound Capital Adequacy Ratio (CAR) based on the primary strength of BRI as one of the major banks in Indonesia which focuses on micro-finance, consumer financing, small and middle businesses (UKM) and agribusiness sectors.

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**4. CASH**

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Rupiah		18,775,487		13,610,755
Foreign currencies				
United Stated Dollar	15,234,745	185,407	22,215,525	214,102
Saudi Arabian Riyal	22,226,667	72,121	8,155,415	20,956
Australian Dollar	3,396,638	36,873	658,143	6,586
Singapore Dollar	2,887,148	27,780	2,489,050	19,610
Malaysian Ringgit	7,139,467	26,526	1,044,325	3,287
European Euro	1,541,528	25,835	1,009,273	12,850
Japanese Yen	88,974,900	10,299	10,981,900	1,227
Chinese Yuan	1,678,716	3,375	2,119,113	3,277
Hong Kong Dollar	1,505,130	2,362	414,231	515
Great Britain Pound Sterling	74,714	1,503	46,214	717
Franc Swiss	65,410	894	11,040	116
Thailand Baht	2,221,340	824	4,365,130	1,374
South Korean Won	68,568,000	791	-	-
New Zealand Dollar	78,155	781	-	-
Canadian Dollar	38,750	443	6,295	61
Papua New Guinean Kina	75,060	365	-	-
Bruneian Dollar	11,620	112	3,883	31
		396,291		284,709
		<b>19,171,778</b>		<b>13,895,464</b>

As of December 31, 2013 and 2012, balances denominated in Rupiah is inclusive of cash at the ATM (Automatic Teller Machines) amounted to Rp4,720,085 and Rp3,555,174, respectively

**5. CURRENT ACCOUNTS WITH BANK INDONESIA**

Current accounts with Bank Indonesia consist of:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Rupiah		34,124,694		37,334,059
United Stated Dollar	541,807,803	6,593,801	538,528,330	5,190,067
		<b>40,718,495</b>		<b>42,524,126</b>

As of December 31, 2013 and 2012, current accounts with Bank Indonesia based on Sharia banking principles amounted to Rp679,112 and Rp528,298, respectively.

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

As of December 31, 2013 and 2012, the GWM ratios of BRI (Parent Entity) (unaudited) are as follows

	2013	2012
Primary GWM - Rupiah	8.02%	10.64%
Secondary GWM - Rupiah	8.40	4.94
Primary GWM - Foreign Currency	8.00	8.17

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

The calculation of the GWM ratios as of December 31, 2013 is based on Bank Indonesia's regulation (PBI) No. 15/7/2013 dated September 26, 2013, regarding "Second changes on PBI No. 12/19/PBI/2010 dated October 4, 2010 on GWM of Commercial Banks with Bank Indonesia in Rupiah and Foreign Currencies". While the calculation of the GWM ratios as of December 31, 2012 is based on PBI No. 13/10/PBI/2011 dated February 9, 2011, regarding "Changes on PBI No. 12/19/PBI/2010 dated October 4, 2010 on GWM of Commercial Banks with Bank Indonesia in Rupiah and Foreign Currencies".

Secondary GWM in Rupiah is set at:

- 2.5% of third-party fund (TPF) in Rupiah until September 30, 2013;
- 3% of TPF in Rupiah since October 1, 2013 until October 31, 2013;
- 3.5% of TPF in Rupiah since November 1, 2013 until December 1, 2013, and
- 4% of TPF in Rupiah since December 2, 2013.

As of December 31, 2013 and 2012, based on the above Bank Indonesia regulations, BRI is required to maintain minimum primary reserves both in Rupiah and in foreign currencies of 8%, respectively. BRI is also required to maintain secondary reserves in Rupiah of 4% and 2.5% as of December 31, 2013 and 2012.

BRI has complied with Bank Indonesia's regulation regarding the minimum legal reserve requirement as of December 31, 2013 and 2012.

**6. CURRENT ACCOUNTS WITH OTHER BANKS**

a) By Currency:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>		9,093		96,268
<u>Foreign currencies</u>				
United States Dollar	452,562,200	5,507,682	234,372,503	2,258,765
Chinese Yuan	873,761,773	1,756,501	579,827,548	896,712
European Euro	43,824,139	734,462	44,151,883	562,125
Australian Dollar	48,462,724	526,094	19,104,536	191,181
Singapore Dollar	18,903,491	181,891	13,964,011	110,017
Japanese Yen	1,259,084,064	145,739	861,128,260	96,244
Great Britain Pound Sterling	5,575,667	112,132	15,512,348	240,673
Hong Kong Dollar	63,659,364	99,916	133,138,148	165,526
United Arab Emirates Dirham	25,111,745	83,208	18,138,294	47,592
Saudi Arabian Riyal	25,320,262	82,160	42,256,174	108,581
Swiss Franc	4,272,851	58,428	2,632,911	27,741
New Zealand Dollar	1,151,474	11,510	1,498,579	11,866
Swedish Krone	3,339,004	6,335	773,002	1,143
Norwegian Krone	2,437,940	4,879	-	-
Canadian Dollar	412,728	4,719	1,796,961	17,407
		9,315,656		4,735,573
<u>Related parties (Note 43)</u>				
<u>Rupiah</u>		3,126		1,627

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

a) By Currency (continued) :

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Related parties (Note 43)</u>				
<u>(continued)</u>				
<u>Foreign currencies</u>				
Hong Kong Dollar	64,414,371	101,101	6,457,191	8,028
United States Dollar	511,171	6,221	67,445	650
		107,322		8,678
		9,435,197		4,842,146
Less: Allowance for impairment losses		(77)		(171)
		<b>9,435,120</b>		<b>4,841,975</b>

b) By Bank:

	2013	2012
<u>Third parties</u>		
<u>Rupiah</u>		
PT Bank Central Asia Tbk	6,874	94,698
PT Bank Pembangunan Daerah Sumatera Utara	1,108	539
Others	1,111	1,031
	9,093	96,268
<u>Foreign currencies</u>		
JP Morgan Chase Bank, N.A.	2,286,308	1,177,222
Standard Chartered Bank	1,413,727	697,117
Industrial and Commercial Bank of China (Indonesia) Co. Ltd	964,312	419,292
Bank of America, New York	822,611	1,041
Bank of China	792,190	477,420
Federal Reserve Bank of New York	621,092	46,011
The Hong Kong and Shanghai Banking Corporation Limited	577,174	388,774
Commerzbank, A.G.	484,150	121,539
Commonwealth Bank	379,394	21,398
The Royal Bank of Scotland	158,716	624,816
ANZ Banking Group Limited	146,700	169,783
Oversea-Chinese Banking Corporation Limited	143,416	74,630
ING Belgium N.V. Brussels	120,210	208,668
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	112,426	52,292
Citibank, N.A.	91,251	45,833
Al Rajhi Bank	67,769	108,581
UBS AG	45,437	13,553
The Bank of New York Mellon	41,822	28,851
Others	46,951	58,752
	<b>9,315,656</b>	<b>4,735,573</b>

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

b) By Bank (continued):

	<b>2013</b>	<b>2012</b>
<u>Related parties (Note 43)</u>		
<u>Rupiah</u>		
PT Bank Mandiri (Persero) Tbk	2,646	1,170
PT Bank Negara Indonesia (Persero) Tbk	470	447
PT Bank Bukopin Tbk	10	10
	<u>3,126</u>	<u>1,627</u>
<u>Foreign currencies</u>		
PT Bank Negara Indonesia (Persero) Tbk	101,107	8,028
PT Bank Mandiri (Persero) Tbk	6,215	650
	<u>107,322</u>	<u>8,678</u>
	9,435,197	4,842,146
Less: Allowance for impairment losses	(77)	(171)
	<u><b>9,435,120</b></u>	<u><b>4,841,975</b></u>

c) By Collectibility:

Current accounts with other banks as of December 31, 2013 and 2012 were classified as "Current".

d) Average annual interest rates on current accounts with other banks:

	<b>2013</b>	<b>2012</b>
Rupiah	0.59%	1.58%
United States Dollar	0.01	0.10

e) Movements in the allowance for impairment losses on current accounts with other banks:

	<b>2013</b>	<b>2012</b>
Beginning balance	171	61
Provision (reversal) during the year (Note 33)	(94)	110
Ending balance	<u>77</u>	<u>171</u>

BRI assess allowance for impairment losses on current accounts with other banks on an individual basis using objective evidence, except for current accounts with other banks owned by BRIS (Subsidiary) (based on sharia principles) assessment was performed using a collectability guidance of Bank Indonesia.

The minimum allowance for impairment losses on current accounts with other banks provided based on Bank Indonesia regulations amounted to Rp77 and Rp171 as of December 31, 2013 and 2012, respectively.

Management believes that the allowance for impairment losses on current accounts with other banks is adequate.



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

As of December 31, 2013 and 2012, there are no current accounts with other banks used as collateral.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

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

a) By Currency and Type:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>				
Bank Indonesia				
Deposit Facility		22,813,358		14,929,280
Sharia Deposit Facility		897,500		1,101,000
Term Deposit		-		43,702,732
		23,710,858		59,733,012
Inter-bank call money				
PT Bank Mega Tbk		320,000		300,000
PT Bank Danamon Indonesia Tbk		-		250,000
PT Bank Pan Indonesia Tbk		260,000		150,000
Citibank, N.A.		250,000		45,000
The Hong Kong and Shanghai Banking Corporation Limited		200,000		-
PT Bank Pembangunan Daerah (BPD) Jawa Barat dan Banten Tbk		120,000		50,000
PT Bank DBS Indonesia		100,000		45,000
PT Bank DKI		100,000		-
PT Bank BNP Paribas Indonesia		95,000		-
PT Bank Himpunan Saudara 1906 Tbk		89,040		-
PT BPD Riau Kepri		25,000		-
PT Bank Mestika Dharma Tbk		25,000		-
PT BPD Sumatera Barat (Bank Nagari)		25,000		-
PT BPD Sumatera Utara		25,000		-
PT Bank Sinarmas Tbk		20,000		-
PT BPD Kalimantan Selatan		15,000		-
PT BPD Jawa Tengah		-		40,000
PT Bank UOB Indonesia		-		40,000
		1,669,040		920,000
		25,379,898		60,653,012
<u>United States Dollar</u>				
Bank Indonesia - Term Deposit	599,998,264	7,301,979	99,979,409	963,552
Inter-bank call money				
Citibank, N.A.	84,290,000	1,025,809	86,200,000	830,753
The Bank of New York Mellon	58,800,000	715,596	138,900,000	1,338,649
First Union, NY	45,600,000	554,952	149,600,000	1,441,770
Bank Of China Limited	4,000,000	48,680	-	-
Bank of America, N.A.	-	-	29,560,000	284,885
US Bank	-	-	27,509	265
		2,345,037		3,896,322

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

a) By Currency and Type (continued):

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties (continued)</u>				
<u>United States Dollar (continued)</u>				
Time Deposits				
Standard Chartered Bank	229,732	2,796	1,000,000	9,637
		9,649,812		4,869,511
		35,029,710		65,522,523
<u>Related parties (Note 43)</u>				
<u>Rupiah</u>				
Inter-bank call money				
Lembaga Pembiayaan Ekspor Indonesia		400,000		-
PT Bank Bukopin Tbk		210,000		150,000
PT BTMU-BRI Finance		130,000		285,000
		740,000		435,000
<u>United States Dollar</u>				
Inter-bank call money				
PT Bank Negara Indonesia (Persero) Tbk	44,139,117	537,173	29,614,072	285,405
		1,277,173		720,405
		<b>36,306,883</b>		<b>66,242,928</b>

b) By Time Period:

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

	2013	2012
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	25,379,898	26,030,740
> 1 month - 3 months	-	21,131,764
> 3 months - 1 year	-	13,490,508
	<b>25,379,898</b>	<b>60,653,012</b>
<u>United States Dollar</u>		
≤ 1 month	9,647,016	3,896,322
> 1 month - 3 months	-	491,459
> 3 months - 1 year	2,796	481,730
	<b>9,649,812</b>	<b>4,869,511</b>
	<b>35,029,710</b>	<b>65,522,523</b>

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

b) By Time Period (continued):

	<b>2013</b>	<b>2012</b>
<u>Related parties (Note 43)</u>		
<u>Rupiah</u>		
≤ 1 month	700,000	180,000
> 1 month - 3 months	40,000	60,000
> 3 months - 1 year	-	195,000
	<u>740,000</u>	<u>435,000</u>
<u>United States Dollar</u>		
≤ 1 month	537,173	285,405
	<u>1,277,173</u>	<u>720,405</u>
	<b><u>36,306,883</u></b>	<b><u>66,242,928</u></b>

c) By Collectibility:

All placements with Bank Indonesia and other banks were classified as "Current" as of December 31, 2013 and 2012.

d) The average annual interest rates:

	<b>2013</b>	<b>2012</b>
<u>Rupiah</u>		
Deposit Facility	4.92%	3.90%
Term Deposit	4.42	4.41
Inter-bank call money	5.81	4.87
<u>United States Dollar</u>		
Term Deposit	0.13	0.15
Inter-bank call money	0.32	0.67
Time Deposit	0.02	0.66

BRI assessed placements with Bank Indonesia and other banks individually for impairment based on whether an objective evidence of impairment exists, except for the placements with Bank Indonesia and other banks based on Sharia principles whereby assessment is made using Bank Indonesia's guidelines on collectibility.

Management believes that no allowance for impairment losses is necessary as of December 31, 2013 and 2012, because management believes that placements with Bank Indonesia and other banks are fully collectible.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

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**8. SECURITIES**

a) By Purpose, Currency and Type:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<b><u>Fair value through profit or loss</u></b>				
<b><u>Third parties</u></b>				
<b><u>Rupiah</u></b>				
Certificates of Bank Indonesia		87,424		-
Mutual funds		10,702		10,998
		98,126		10,998
<b><u>United States Dollar</u></b>				
Credit Linked Notes	55,000,000	669,350	55,000,000	530,063
<b><u>Related parties (Note 43)</u></b>				
<b><u>Rupiah</u></b>				
Government bonds		131,035		71,925
		898,511		612,986
<b><u>Available for sale</u></b>				
<b><u>Third parties</u></b>				
<b><u>Rupiah</u></b>				
Certificates of Bank Indonesia		2,853,028		4,043,563
Deposits Certificates of Bank Indonesia		1,342,650		-
Mutual Funds		75,013		-
Bonds		25,487		-
		4,296,178		4,043,563
<b><u>United States Dollar</u></b>				
Bonds	35,431,553	431,202	14,691,569	141,590
U.S Treasury Bonds	26,894,823	327,310	40,415,875	389,508
Medium term notes		-	5,029,313	48,470
		758,512		579,568
<b><u>Related parties (Note 43)</u></b>				
<b><u>Rupiah</u></b>				
Government bonds		6,771,956		6,424,673
Mutual funds		252,749		-
Bonds		186,764		202,509
		7,211,469		6,627,182
<b><u>United States Dollar</u></b>				
Government bonds	251,828,595	3,064,754	234,108,741	2,256,223
Bonds	3,545,193	43,145	1,924,669	18,549
		3,107,899		2,274,772
		15,374,058		13,525,085
<b><u>Held to maturity</u></b>				
<b><u>Third parties</u></b>				
<b><u>Rupiah</u></b>				
Certificates of Bank Indonesia		5,087,423		12,513,201
Deposits Certificates of Bank Indonesia		2,375,218		-
Bank Indonesia Sharia Certificates (SBIS)		1,050,000		575,000
Bonds		918,425		603,000
Subordinated bonds		40,000		89,873
Medium Term Notes		25,000		-
		9,496,066		13,781,074

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**8. SECURITIES (continued)**

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

	<b>2013</b>		<b>2012</b>	
	<b>Notional Amount Foreign Currency/ (Full Amount)</b>	<b>Rupiah Equivalent</b>	<b>Notional Amount Foreign Currency/ (Full Amount)</b>	<b>Rupiah Equivalent</b>
<b><u>Held to maturity (continued)</u></b>				
<b><u>Third parties (continued)</u></b>				
<b><u>United States Dollar</u></b>				
Credit Linked Notes	291,162,942	3,543,453	328,714,293	3,167,984
Notes receivable	7,000,000	85,190	12,000,000	115,650
		<u>3,628,643</u>		<u>3,283,634</u>
<b><u>Related parties (Note 43)</u></b>				
<b><u>Rupiah</u></b>				
Government bonds		11,223,864		8,749,563
Bonds		855,553		753,716
Medium Term Notes		25,000		100,000
		<u>12,104,417</u>		<u>9,603,279</u>
<b><u>United States Dollar</u></b>				
Government bonds	84,306,081	1,026,005	34,405,395	331,582
Bonds	12,057,272	146,737		-
		<u>1,172,742</u>		<u>331,582</u>
		<u>26,401,868</u>		<u>26,999,569</u>
		42,674,437		41,137,640
Less: Allowance for impairment losses		(772)		(760)
		<u><b>42,673,665</b></u>		<u><b>41,136,880</b></u>

b) By Collectibility:

Securities were classified as "Current" as of December 31, 2013 and 2012.

c) By Remaining Period to Maturity:

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

	<b>2013</b>	<b>2012</b>
<b><u>Third parties</u></b>		
<b><u>Rupiah</u></b>		
≤ 1 month	4,643,601	4,554,059
> 1 month - 3 months	1,958,854	1,650,919
> 3 months - 1 year	6,489,098	11,067,784
> 1 year	798,817	562,873
	<u>13,890,370</u>	<u>17,835,635</u>
<b><u>United States Dollar</u></b>		
≤ 1 month	758,513	579,569
> 1 month - 3 months	2,733,930	-
> 3 months - 1 year	866,921	300,738
> 1 year	697,141	3,512,958
	<u>5,056,505</u>	<u>4,393,265</u>
	<u><b>18,946,875</b></u>	<u><b>22,228,900</b></u>

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**8. SECURITIES (continued)**

c) By Remaining Period to Maturity (continued):

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

	<b>2013</b>	<b>2012</b>
<u>Related parties (Note 43)</u>		
<u>Rupiah</u>		
≤ 1 month	7,355,448	6,542,974
> 1 month - 3 months	22,126	26,822
> 3 months - 1 year	1,143,379	435,029
> 1 year	10,925,968	9,297,561
	<u>19,446,921</u>	<u>16,302,386</u>
<u>United States Dollar</u>		
≤ 1 month	3,107,899	2,226,584
> 1 year	1,172,742	379,770
	<u>4,280,641</u>	<u>2,606,354</u>
	<u>23,727,562</u>	<u>18,908,740</u>
	42,674,437	41,137,640
Less: Allowance for impairment losses	(772)	(760)
	<u><b>42,673,665</b></u>	<u><b>41,136,880</b></u>

d) By Type and Issuer:

d.1. Government Bonds

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

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			2013	2012
<u>Fair value through profit or loss</u>				
<u>Rupiah</u>				
FR0062	6.38	April 15, 2042	14,300	30,033
FR0064	6.13	May 15, 2028	23,288	20,750
FR0065	6.63	May 15, 2033	23,450	21,142
FR0068	8.38	March 15, 2034	18,969	-
FR0070	8.38	March 15, 2024	29,858	-
SR004	6.25	September 21, 2015	21	-
SR005	6.00	February 27, 2016	6,170	-
ORI010	8.50	October 15, 2016	14,979	-
			131,035	71,925

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**8. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			2013	2012
<b>Available for sale</b>				
<u>Rupiah</u>				
FR0027	9.50	June 15, 2015	242,391	263,095
FR0028	10.00	July 15, 2017	105,986	120,834
FR0031	11.00	November 15, 2020	56,702	68,796
FR0040	11.00	September 15, 2025	419,232	530,673
FR0042	10.25	July 15, 2027	214,085	275,402
FR0045	9.75	May 15, 2037	10,471	14,000
FR0047	10.00	February 15, 2028	181,043	234,538
FR0050	10.50	July 15, 2038	28,049	37,676
FR0052	10.50	August 15, 2030	330,095	446,934
FR0053	8.25	July 15, 2021	335,164	409,920
FR0054	9.50	July 15, 2031	142,540	187,189
FR0055	7.38	September 15, 2016	216,315	238,276
FR0056	8.38	September 15, 2026	162,338	209,620
FR0057	9.50	May 15, 2041	51,103	69,583
FR0058	8.25	June 15, 2032	399,679	524,274
FR0059	7.00	May 15, 2027	409,121	521,784
FR0060	6.25	April 15, 2017	442,243	492,300
FR0061	7.00	May 15, 2022	440,417	547,178
FR0062	6.38	April 15, 2042	291,270	409,964
FR0063	5.63	May 15, 2023	387,145	209,652
FR0064	6.13	May 15, 2028	499,417	206,672
FR0065	6.63	May 15, 2033	413,417	216,126
FR0066	5.25	May 15, 2018	262,507	-
FR0068	8.38	March 15, 2034	175,444	-
FR0069	7.88	April 15, 2019	65,320	-
FR0070	8.38	March 15, 2024	171,773	-
FR0071	9.00	March 15, 2029	120,089	-
ORI005	11.45	September 15, 2013	-	15,263
ORI007	7.95	August 15, 2013	-	68,571
ORI008	7.30	October 15, 2014	17,763	9,618
ORI009	6.25	October 15, 2015	26,045	10,156
ORI010	8.50	October 15, 2016	80,259	-
ZC0005	-	February 20, 2013	-	29,710
SPN	various	various	74,533	56,869
			6,771,956	6,424,673
<u>United States Dollar</u>				
RI0014	6.75	March 10, 2014	682,431	688,842
RI0014	10.38	May 4, 2014	37,667	32,418
RI0015	7.25	April 20, 2015	195,392	206,459
RI0016	7.50	January 15, 2016	80,565	67,583
RI0017	6.88	March 9, 2017	176,268	436,723
RI0018	6.88	January 17, 2018	150,416	129,335
RI0020	5.88	March 13, 2020	154,621	139,358
RI0021	4.88	May 5, 2021	276,411	253,320
RI0023	3.38	April 15, 2023	100,695	-
RI0035	8.50	October 12, 2035	44,295	46,405
RI0037	6.63	February 17, 2037	184,961	167,885
RI0038	7.75	January 17, 2038	82,849	87,895
RI0142	5.25	January 17, 2042	20,724	-
RI0422	3.75	April 25, 2022	164,321	-
RI0423	3.38	April 15, 2023	183,134	-
RI0443	4.63	April 15, 2043	309,994	-
RI1023	5.38	October 17, 2023	36,331	-
U.S Treasury Bonds	5.38	February 15, 2031	327,310	389,508
USDFR0001	3.50	May 15, 2017	183,679	-
			3,392,064	2,645,731
			10,164,020	9,070,404

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**8. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			2013	2012
<b><u>Held to maturity</u></b>				
<u>Rupiah</u>				
FR0026	11.00	October 15, 2014	156,670	158,613
FR0028	10.00	July 15, 2017	301,847	304,636
FR0030	10.75	May 15, 2016	32,381	33,912
FR0039	11.75	August 15, 2023	52,296	52,804
FR0040	11.00	September 15, 2025	57,123	57,451
FR0042	10.25	July 15, 2027	169,881	169,863
FR0043	10.25	July 15, 2022	523,620	522,622
FR0044	10.00	September 15, 2024	76,082	76,426
FR0045	9.75	May 15, 2037	224,164	224,016
FR0046	9.50	July 15, 2023	182,197	181,757
FR0047	10.00	February 15, 2028	381,298	381,973
FR0048	9.00	September 15, 2018	107,571	107,074
FR0049	9.00	September 15, 2013	-	90,453
FR0050	10.50	July 15, 2038	68,539	68,527
FR0052	10.50	August 15, 2030	296,813	296,747
FR0053	8.25	July 15, 2021	590,392	590,002
FR0054	9.50	July 15, 2031	352,730	352,469
FR0055	7.38	September 15, 2016	656,387	655,829
FR0056	8.38	September 15, 2026	798,687	797,056
FR0058	8.25	June 15, 2032	550,097	551,636
FR0059	7.00	May 15, 2027	259,577	259,829
FR0060	6.25	April 15, 2017	321,533	323,810
FR0061	7.00	May 15, 2022	429,254	430,932
FR0062	6.38	April 15, 2042	66,586	66,603
FR0063	5.63	May 15, 2023	486,440	57,551
FR0064	6.13	May 15, 2028	147,199	24,323
FR0065	6.63	May 15, 2033	247,954	100,299
FR0066	5.25	May 15, 2018	119,554	-
FR0068	8.38	March 15, 2034	142,889	-
FR0069	7.88	April 15, 2019	332,414	-
FR0070	8.38	March 15, 2024	416,094	-
FR0071	9.00	March 15, 2029	226,824	-
IFR0003	9.25	September 15, 2015	113,408	114,544
IFR0004	9.00	October 15, 2013	-	49,877
IFR0005	9.00	January 15, 2017	307,203	310,661
IFR0006	10.25	March 15, 2030	47,928	47,914
IFR0007	10.25	January 15, 2025	309,906	311,073
IFR0010	10.00	February 15, 2036	81,778	82,631
ORI008	7.30	October 15, 2014	3,458	-
ORI009	6.25	October 15, 2015	569	-
ORI010	8.50	October 15, 2016	12,650	-
PBS0001	4.45	February 15, 2018	210,101	144,973
PBS0002	5.45	January 15, 2022	242,847	241,958
PBS0003	6.00	January 15, 2027	243,510	243,048
PBS0004	6.10	February 15, 2037	108,969	94,710
PBS0005	6.75	April 15, 2043	4,821	-
PBS0006	8.25	September 15, 2020	5,294	-
SR002	8.70	February 10, 2013	-	26,822
SR003	8.15	February 23, 2014	22,126	18,131
SR004	6.25	September 21, 2015	13,732	5,309
SR005	6.00	February 27, 2016	81,322	-
SPN	various	various	639,149	120,699
			11,223,864	8,749,563



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**8. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			2013	2012
<b>Held to maturity (continued)</b>				
<u>United States Dollar</u>				
RI0015	7.25	April 20, 2015	70,134	31,337
RI0016	7.50	January 15, 2016	172,365	-
RI0018	6.88	January 17, 2018	119,484	19,209
RI0020	5.88	March 13, 2020	90,531	72,266
RI0021	4.88	May 5, 2021	27,203	27,202
RI0037	6.63	February 17, 2037	168,461	133,379
USDFR0001	3.50	May 15, 2017	134,427	-
Indois18	4.88	May 5, 2021	60,850	48,189
Indois19s	6.13	March 15, 2019	182,550	-
			1,026,005	331,582
			12,249,869	9,081,145
			<b>22,544,924</b>	<b>18,223,474</b>

The market values of Government bonds classified as fair value through profit or loss and available for sale ranged from 70.97% to 144.12% and 94.78% to 150.71% of nominal amounts as of December 31, 2013 and 2012, respectively.

d.2. Bonds

Issuer	Annual Interest Rate (%)	Maturity Date	Rate <sup>*)</sup>		Fair Value/Carrying Value	
			2013	2012	2013	2012
<u>Available for sale</u>						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Bank Permata Tbk Phase I 2013 Series A	10.00	January 3, 2015	idAA+	-	25,487	-
<u>United States Dollar</u>						
PT Medco Energi Internasional Tbk Phase I 2011	6.05	July 14, 2016	idAA-	idAA-	123,298	90,912
General Electric Company	3.10	January 9, 2023	A1**)	-	81,137	-
Morgan Stanley	3.75	February 25, 2023	A-****)	-	35,599	-
Mizuho Bank	3.50	March 21, 2023	A+****)	-	34,971	-
Hewlett-Packard Company	4.30	June 1, 2021	Baa1**)	-	25,310	-
Goldman Sach	3.30	May 3, 2015	A**)	A****)	25,273	20,295
Kraft Foods	5.00	June 4, 2042	Baa2**)	-	24,462	-
Indian Oil Corporation Ltd	5.75	August 1, 2023	BBB-****)	-	23,645	-
Apple Incorporation	3.85	May 4, 2043	AA+****)	-	20,534	-
Alcoa Inc	5.72	February 23, 2019	Ba1**)	-	12,988	-
Darden Restaurants Inc	4.50	October 15, 2021	Baa3**)	-	12,048	-
Goldman Sach	3.63	January 22, 2023	A**)	-	11,937	-
Barclays Bank	5.14	October 14, 2020	-	A-****)	-	30,383
					431,202	141,590

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**8. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rate <sup>*)</sup>		Fair Value/Carrying Value	
			2013	2012	2013	2012
<b>Available for sale (continued)</b>						
<u>Related parties (Note 43)</u>						
<u>Rupiah</u>						
PT Jasa Marga (Persero) Tbk Series XIII R	10.25	June 21, 2017	idAA	idAA	99,977	111,497
PT Perusahaan Listrik Negara (Persero) Series IX A	10.40	July 10, 2017	idAAA	idAA+	76,858	80,180
Perum Pegadaian Series XII B	8.00	September 4, 2017	idAA+	idAA+	9,929	10,832
					186,764	202,509
<u>United States Dollar</u>						
PT Bank Negara Indonesia (Persero) Tbk	4.13	April 27, 2017	BB****)	idAA	24,344	18,549
PT Pertamina (Persero)	5.63	May 20, 2043	Baa3**)	-	9,695	-
PT Perusahaan Listrik Negara (Persero)	5.25	October 24, 2042	Baa3**)	-	9,106	-
					43,145	18,549
					686,598	362,648
<b>Held to maturity</b>						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Japfa Comfeed Indonesia Tbk Series I 2012	9.90	January 12, 2017	idA+	idA	150,000	150,000
PT Adira Dinamika Multi Finance Tbk Phase I Series C 2011	9.00	December 16, 2016	idAA+	-	4,009	-
Phase I Series C 2013	7.85	March 1, 2016	idAA+	-	15,000	-
Phase I Series D 2013	8.90	March 1, 2018	idAA+	-	9,856	-
Phase II Series A 2013	9.15	November 3, 2014	idAA+	-	5,012	-
Sukuk Phase I Series C 2013	7.85	March 1, 2016	idAA+(Sy)	-	15,000	-
PT Bakrieland Development Tbk Series I B	12.85	March 11, 2013	-	idB	-	100,000
PT Bank Danamon Indonesia Tbk Series II A	8.75	December 9, 2013	-	idAA+	-	20,000
Series II B	9.00	December 9, 2015	idAA+	idAA+	81,292	30,000
PT Bank Pan Indonesia Tbk Series III 2009	11.50	October 6, 2014	idAA	-	26,595	-
Series IV 2010	9.00	November 9, 2015	idAA	-	9,995	-
Series I B 2013	8.50	February 19, 2015	idA+	-	25,000	-
PT Salim Invomas Pratama Sukuk Ijarah I	11.65	December 1, 2014	idAA	idAA	25,000	25,000
PT Federal International Finance Phase I Series C	7.65	April 20, 2015	idAA+	-	29,430	-
Phase II Series A	6.75	April 14, 2014	idAA+	-	10,000	-
Phase II Series B	7.75	April 4, 2016	idAA+	-	10,000	-
Series I B	6.90	February 19, 2015	idAAA	-	4,980	-
Series I C	7.40	February 19, 2016	idAAA	-	34,256	-
Series I	11.80	March 6, 2013	-	idAAA	-	10,000
PT BW Plantation Tbk Series I	10.68	November 16, 2015	idBBB+	idA-	25,000	25,000
PT Astra Sedaya Finance Series XII C	9.70	February 25, 2014	idAA+	idAA+	50,000	50,000
Phase II Series A 2013	8.75	December 6, 2014	idAA+	idAA+	50,000	-
PT Agung Podomoro Land Tbk Series I A	10.00	August 25, 2014	idA	idA	6,000	6,000
Series II	9.38	August 15, 2017	idA	idA	10,000	10,000

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**8. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rate *)		Fair Value/Carrying Value	
			2013	2012	2013	2012
<b>Held to maturity (continued)</b>						
<u>Third parties (continued)</u>						
<u>Rupiah (continued)</u>						
PT BPD Sumatera Barat (Bank Nagari)						
Series VI	9.88	January 13, 2016	idA	idA	10,000	10,000
PT Bank CIMB Niaga Tbk						
Series B	8.30	December 23, 2016	idAAA	idAAA	30,000	30,000
Series I A 2013	8.75	November 20, 2015	idAAA	-	40,000	-
Series I C 2013	9.75	November 20, 2018	idAAA	-	30,000	-
Series III	10.13	July 5, 2016	idA+	idA+	10,000	10,000
PT Bank Jabar Banten Tbk						
Series VII A	9.20	February 9, 2014	idAA-	idAA-	20,000	20,000
PT Bank DKI						
Series VI A	9.25	June 17, 2014	idA+	idA+	17,000	17,000
PT Bank BTPN						
Series I A	7.75	August 3, 2015	AA-	AA-	30,000	30,000
Series I B	8.25	August 3, 2017	AA-	AA-	20,000	20,000
PT Bank Internasional Indonesia Tbk						
Series I A 2012	7.60	October 31, 2015	idAAA	idAAA	25,000	25,000
Series I B 2012	8.00	October 31, 2017	idAAA	idAAA	15,000	15,000
PT Bank Permata Tbk						
Phase I 2013 Series A	10.00	January 3, 2015	idAA+	-	50,000	-
Phase I 2013 Series B	10.50	December 24, 2016	idAA+	-	25,000	-
					918,425	603,000
<u>Related parties (Note 43)</u>						
<u>Rupiah</u>						
PT Danareksa (Persero)						
Series III C	13.50	June 20, 2013	-	idA	-	5,000
Lembaga Pembiayaan Ekspor Indonesia						
Series I B	8.85	July 8, 2013	idAAA	idAAA	-	29,000
Series I C	9.60	July 8, 2015	idAAA	idAAA	20,000	20,000
Series A	7.00	December 20, 2014	idAAA	idAAA	37,000	37,000
Series B	7.75	December 20, 2016	idAAA	idAAA	38,000	38,000
Series I A 2012	6.25	December 7, 2013	idAAA	idAAA	-	25,000
Series I B 2012	6.50	November 27, 2015	idAAA	idAAA	25,000	25,000
Phase III Series A	6.15	June 2, 2014	idAAA	-	60,000	-
Phase III Series B	6.40	May 23, 2016	idAAA	-	60,000	-
Series I B	7.50	December 27, 2017	idAA	-	18,824	-
Series III B	9.75	July 8, 2013	-	AA***)	-	20,000
Series IV B	8.80	April 5, 2013	-	AA***)	-	20,000
PT Pupuk Kalimantan Timur						
Sukuk Ijarah I	10.75	December 4, 2014	idAA+	idAA	25,000	25,000
Series II	10.75	December 4, 2014	idAA+	idAA	10,000	10,000
PT Indosat Tbk						
Sukuk Ijarah IV A	11.25	December 8, 2014	idAA+	idAA+	16,000	16,000
PT Bank Tabungan Negara (Persero) Tbk						
Series I	7.90	June 5, 2022	idAA	idAA	25,000	25,000
Series XIV	10.25	June 11, 2020	idAA	idAA	30,000	30,000
Series XV	9.50	June 28, 2021	idAA	idAA	50,000	50,000
Series I Phase II 2013	7.90	March 27, 2023	-	idAA	33,872	-
Series XIII C	12.25	May 29, 2014	idAA	-	3,046	-
EBA Series I A	13.00	March 10, 2018	idAAA	idAAA	-	1,716
PT PLN (Persero)						
Sukuk Ijarah IV A	11.95	January 12, 2017	idAAA	idAA+	10,000	10,000
Perum Pegadaian						
Series I A	7.50	October 11, 2014	idAA+	idAA+	247,000	247,000
Series XI A	13.10	May 23, 2016	idAA+	-	19,616	-
Series XIII B	12.65	July 1, 2017	idAA+	-	1,094	-
Series XII A	10.03	September 4, 2017	idAA+	-	6,101	-

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**8. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rate <sup>*)</sup>		Fair Value/Carrying Value	
			2013	2012	2013	2012
<b><u>Held to maturity (continued)</u></b>						
<b><u>Related parties (Note 43) (continued)</u></b>						
<b><u>Rupiah (continued)</u></b>						
PT Aneka Tambang (Persero) Tbk						
Series I A	8.38	December 14, 2018	idAA-	idAA	20,000	20,000
Series I B	9.05	December 14, 2021	idAA-	idAA	75,000	75,000
PT Waskita Karya						
Series II A	8.75	June 5, 2015	idA	idA-	25,000	25,000
					855,553	753,716
<b><u>United States Dollar</u></b>						
PT Bank Negara Indonesia (Persero) Tbk	4.13	April 27, 2017	BB****)	-	82,377	-
Lembaga Pembiayaan Ekspor Indonesia	3.75	April 26, 2017	idAAA	-	64,360	-
					146,737	-
					1,920,715	1,356,716
					<b>2,607,313</b>	<b>1,719,364</b>

<sup>\*)</sup> Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo).

<sup>\*\*)</sup> Based on ratings issued by Moody's.

<sup>\*\*\*)</sup> Based on ratings issued by Fitch Ratings.

<sup>\*\*\*\*)</sup> Based on ratings issued by Standard & Poor.

d.3. Mutual Funds

	2013	2012
<b>Third parties</b>		
<b>Rupiah</b>		
ITB - Niaga	10,702	10,998
RHB OSK Asset Management	75,013	-
	85,715	10,998
<b>Related parties (Note 43)</b>		
<b>Rupiah</b>		
PT BNI Asset Management	252,749	-
	<b>338,464</b>	<b>10,998</b>

d.4. Notes Receivable

Issuer	2013		
	Carrying Value	Rating****)	Maturity Date
<b>Third parties</b>			
<b>United States Dollar</b>			
Verizon	36,510	A-	March 28, 2014
Morgan Stanley	24,340	A-	August 31, 2015
Morgan Stanley	24,340	A-	August 31, 2017
	<b>85,190</b>		

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**8. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.4. Notes Receivable (continued)

Issuer	2012		
	Carrying Value	Rating****)	Maturity Date
<u>Third parties</u>			
<u>United States Dollar</u>			
Gen Electric Cap Corp	48,188	A-	May 22, 2013
Verizon	28,912	A-	March 28, 2014
Morgan Stanley	19,275	A-	August 31, 2015
Morgan Stanley	19,275	A-	August 31, 2017
	<b>115,650</b>		

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

d.5. Subordinated bonds

Penerbit	Annual Interest Rate (%)	Maturity Date	Rating		Fair Value/Carrying Value	
			2013	2012	2013	2012
<u>Held to maturity</u>						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Bank OCBC NISP Series III	11.35	June 30, 2017	AA <sup>+++</sup> )	AA <sup>+++</sup> )	40,000	40,000
PT Bank Pan Indonesia Tbk Series II	11.60	April 9, 2018	-	idAA <sup>-+)</sup>	-	49,873
					40,000	89,873

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

\*\*\*) Based on ratings issued by Fitch Ratings.

d.6. Medium-Term Notes (MTN)

Penerbit	Nominal Value		Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
	United States Dollar	Rupiah			2013	2012
	(Full Amount)					
<u>Available for sale</u>						
<u>Third parties</u>						
<u>United States Dollar</u>						
PT Medco Energi Internasional Tbk	5,000,000	-	6.38 <sup>*)</sup>	October 29, 2013	-	48,470
<u>Held to maturity</u>						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Bank OCBC NISP Tbk Series III	-	25,000	7.00 <sup>*)</sup>	April 18, 2016	25,000	-

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**8. SECURITIES (continued)**

d) By Type and Issuer (continued)

d.6. Medium-Term Notes (MTN) (continued)

Penerbit	Nominal Value		Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
	United States Dollar (Full Amount)	Rupiah			2013	2012
<b>Held to maturity (continued)</b>						
<u>Related parties (Note 43)</u>						
<u>Rupiah</u>						
PT Perkebunan Nusantara III (Persero)						
Series B	-	25,000	9.75 <sup>*)</sup>	November 22, 2015	25,000	25,000
Series A	-	25,000	9.10 <sup>*)</sup>	November 22, 2013	-	25,000
PT Perkebunan Nusantara VII (Persero)						
Series A	-	50,000	10.40 <sup>*)</sup>	July 8, 2013	-	50,000
					25,000	100,000
					50,000	148,470

<sup>\*)</sup> The interest is received every 3 (three) months.

d.7. Credit Linked Notes (CLN)

As of December 31, 2013 and 2012, the following are the balances of securities in the form of CLN:

2013					
Issuer	Effective Date	Maturity Date	Annual Interest Rate	Nominal Value (United States Dollar) (full amount)	Carrying Value
<b><u>Fair value through profit or loss</u></b>					
<b><u>Third parties</u></b>					
<b><u>United States Dollar</u></b>					
Standard Chartered Bank	March 14, 2011	March 20, 2014	3.05%	25,000,000	304,250
The Royal Bank of Scotland	April 6, 2011	March 20, 2014	LIBOR**) + 2%	30,000,000	365,100
				55,000,000	669,350
<b><u>Held to maturity</u></b>					
<b><u>Third parties</u></b>					
<b><u>United States Dollar</u></b>					
Credit Suisse International	October 20, 2011	December 20, 2016	LIBOR*) + 2.95%	50,000,000	648,462
Standard Chartered Bank	February 11, 2009	March 20, 2014	LIBOR**) + 1.50%	90,000,000	1,105,834
The Hong Kong and Shanghai Banking Corporation Limited	April 28, 2009	June 20, 2014	LIBOR**) + 1.50%	70,000,000	866,921
The Royal Bank of Scotland	January 14, 2009	March 20, 2014	LIBOR**) + 2.80%	50,000,000	615,003
The Royal Bank of Scotland	February 10, 2009	March 20, 2014	LIBOR**) + 1.10%	25,000,000	307,233
				285,000,000	3,543,453
					<b>4,212,803</b>

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**8. SECURITIES (continued)**

d) By Type and Issuer (continued):

d.7. Credit Linked Notes (CLN) (continued)

As of December 31, 2013 and 2012, the following are the balances of securities in the form of CLN (continued):

2012					
Issuer	Effective Date	Maturity Date	Annual Interest Rate	Nominal Value (United States Dollar) (full amount)	Carrying Value
<b><u>Fair value through profit or loss</u></b>					
<u>Third parties</u>					
<u>United States Dollar</u>					
Standard Chartered Bank	March 14, 2011	March 20, 2014	3.05%	25,000,000	240,938
The Royal Bank of Scotland	April 6, 2011	March 20, 2014	LIBOR**) + 2%	30,000,000	289,125
				55,000,000	530,063
<b><u>Held to maturity</u></b>					
<u>Third parties</u>					
<u>United States Dollar</u>					
Credit Suisse International	October 20, 2011	December 20, 2016	LIBOR*) + 2.95%	50,000,000	523,850
Standard Chartered Bank	February 11, 2009	March 20, 2014	LIBOR**) + 1.50%	90,000,000	914,480
The Hong Kong and Shanghai Banking Corporation Limited	April 28, 2009	June 20, 2014	LIBOR**) + 1.50%	70,000,000	711,959
The Royal Bank of Scotland	January 14, 2009	March 20, 2014	LIBOR**) + 2.80%	50,000,000	510,837
The Royal Bank of Scotland	February 10, 2009	March 20, 2014	LIBOR**) + 1.10%	25,000,000	254,308
The Royal Bank of Scotland	December 1, 2008	December 20, 2013	LIBOR*) + 1.00%	25,000,000	252,550
				310,000,000	3,167,984
					<b>3,698,047</b>

\*) United States Dollar LIBOR 6 (six) months.

\*\*) United States Dollar LIBOR 3 (three) months.

CLN represents a debt security where the coupon payments and principal repayment are linked to credit default event of the Republic of Indonesia (reference entity). BRI will receive all interest payments and full principal repayment if there is no credit default event. If credit default event occurs to the reference entity, the issuers will settle the CLN with bonds issued by the reference entity or cash at a certain amount. Credit default events that can occur to the reference entity among others are (i) failure to pay any matured obligation, (ii) repudiation/moratorium and (iii) restructuring in which the payment terms are unfavorable to the creditors.

The embedded credit default swap as of December 31, 2013 and 2012 have a liability fair value of USD3,225,160 and USD5,392,134 (equivalent to Rp39,250 and Rp51,967), respectively, which were recognized as derivatives payable in the consolidated statements of financial position (Note 12). The net gain from the changes in fair value of the embedded credit default swap was recognized as income for the years ended December 31, 2013 and 2012 amounted to USD2,166,975 (equivalent to Rp26,372) and USD6,221,952 (equivalent to Rp59,964), respectively.

As of December 31, 2013 and 2012 BRI recognized net unrealized gains from increase in fair value of CLN classified as "fair value through profit or loss" amounted to USD404,078 and USD1,387,416 (equivalent to Rp4,918 and Rp13,371) which was recorded in the consolidated statements of financial position as derivatives receivable (Note 12) and consolidated statements of comprehensive income as unrealized gain from changes in fair value of securities and Government Recapitalization Bonds.

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**8. SECURITIES (continued)**

- e) Movements in the allowance for impairment losses on securities:

	2013	2012
<u>Rupiah</u>		
Beginning balance	760	1,510
Provision (reversal) during the year (Note 33)	12	(750)
<b>Ending balance</b>	<b>772</b>	<b>760</b>

BRI assessed individually for impairment based on whether an objective evidence of impairment exists, except for the securities of BRIS (Subsidiary) based on Sharia principles whereby assessment is made using Bank Indonesia's guidelines on collectability.

The minimum allowance for impairment losses on securities based on Bank Indonesia regulations amounted to Rp772 and Rp760, as of December 31, 2013 and 2012, respectively.

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

- f) The average annual interest rates:

	2013	2012
<u>Rupiah</u>	7.24%	6.25%
United States Dollar	4.07	3.94

- g) BRI recognized unrealized loss - net in the value of "Fair Value through Profit or Loss" securities amounted to Rp21,820 and RpNil for the years ended December 31, 2013 and 2012, respectively, which are recorded under "Unrealized gain from changes in fair value of securities and Government Recapitalization Bonds - net" in the consolidated statements of comprehensive income.
- h) BRI recognized net gain resulting from the sale of securities amounted to Rp78,252 and Rp42,670, for the years ended December 31, 2013 and 2012, respectively, which are recorded under "Gain on sale of securities and Government Recapitalization Bonds - net" in the consolidated statements of comprehensive income.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

**9. EXPORT BILLS**

- a) By Type and Currency:

	2013	2012
	Notional Amount Foreign Currency/ (Full Amount)	Notional Amount Foreign Currency/ (Full Amount)
<u>Third parties</u>		
<u>Rupiah</u>		
Domestic Documentary		
Letters of Credit	932,062	35,148
Export bills	114,289	-
	1,046,351	35,148



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**9. EXPORT BILLS (continued)**

a) By Type and Currency (continued):

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties (continued)</u>				
<u>Foreign currencies</u>				
Domestic Documentary				
Letters of Credit				
United States Dollar	-	-	1,350,888	13,019
Export bills				
Chinese Yuan	3,234,176,175	6,501,583	2,874,780,071	4,445,891
United States Dollar	66,388,123	807,943	120,627,482	1,162,547
Japanese Yen	1,036,368,866	119,960	727,785,840	81,341
Hong Kong Dollar	73,008,995	114,591	63,553,434	79,014
Great Britain Pound Sterling	2,265,458	45,560	565,404	8,772
European Euro	2,476,401	41,503	3,909,649	49,776
Arab Emirates Dirham	8,740,469	28,962	8,902,950	23,360
Saudi Arabian Riyal	1,713,915	5,561	4,515,358	11,603
Singapore Dollar	545,412	5,248	1,102,041	8,683
Australian Dollar	108,326	1,176	133,637	1,337
		7,672,087		5,885,343
		8,718,438		5,920,491
<u>Related Parties (Note 43)</u>				
<u>Rupiah</u>				
Domestic Documentary				
Letters of Credit		175,326		14,281
<u>Foreign currencies</u>				
Export bills				
United States Dollar	2,654,727	32,308	-	-
		207,634		14,281
		<b>8,926,072</b>		<b>5,934,772</b>

b) By Collectibility:

All export bills were classified as "Current" as of December 31, 2013 and 2012.

c) By Period:

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

	2013	2012
<u>Third parties</u>		
≤ 1 month	928,943	763,565
> 1 month - 3 months	1,079,390	800,732
> 3 months - 1 year	6,710,105	4,356,194
	8,718,438	5,920,491
<u>Related parties (Note 43)</u>		
<u>Rupiah</u>		
≤ 1 month	207,634	14,281
	<b>8,926,072</b>	<b>5,934,772</b>

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**9. EXPORT BILLS (continued)**

c) By Period (continued):

BRI assessed export bills individually for impairment based on whether an objective evidence of impairment exist.

Management believes that no allowance for impairment losses is necessary as of December 31, 2013 and 2012, because management believes that export bills are fully collectible.

Information with respect to the classification of not impaired and impaired financial assets is disclosed in Note 38.

**10. GOVERNMENT RECAPITALIZATION BONDS**

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

In connection with the recapitalization program, BRI received bonds issued by the Government at a nominal amount of Rp29,149,000 in 2 (two) tranches, at nominal amounts of Rp20,404,300 on July 25, 2000 and Rp8,744,700 on October 31, 2000, all of which earn interest at a fixed rate. Based on the management contract dated February 28, 2001 between the Government and the Directors and Boards of Commissioners of BRI, the total Government Recapitalization Bonds needed for BRI's recapitalization was determined at Rp29,063,531 (Note 30a), therefore the recapitalization excess of Rp85,469 should be returned to the Government and BRI will not earn the interest income on such bonds. On November 5, 2001, BRI returned the Government Recapitalization bonds amounted to Rp85,469, including the related interests on such bonds to the Government.

The details of Government Recapitalization Bonds are as follows:

a) By Ownership Purpose and Remaining Period to Maturity:

	<b>2013</b>	<b>2012</b>
<u>Fair value through profit or loss</u>		
≤ 1 month	199,314	-
<u>Available for sale</u>		
≤ 1 month	712,105	715,616
<u>Held to maturity</u>		
> 1 year - 5 years	1,000,000	1,000,000
> 5 years - 10 years	2,600,000	2,600,000
	3,600,000	3,600,000
	<b>4,511,419</b>	<b>4,315,616</b>

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

b) By Classification and Type:

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			2013	2012
<b><u>Fair value through profit or loss</u></b>				
VR0026	SPN 3 months	January 25, 2018	199,314	-
<b><u>Available for sale</u></b>				
VR0027	SPN 3 months	July 25, 2018	444,748	447,565
VR0031	SPN 3 months	July 25, 2020	267,357	268,051
			712,105	715,616
<b><u>Held to maturity</u></b>				
VR0020	SPN 3 months	April 25, 2015	250,000	250,000
VR0021	SPN 3 months	November 25, 2015	250,000	250,000
VR0023	SPN 3 months	October 25, 2016	500,000	500,000
VR0026	SPN 3 months	January 25, 2018	375,000	375,000
VR0027	SPN 3 months	July 25, 2018	375,000	375,000
VR0028	SPN 3 months	August 25, 2018	375,000	375,000
VR0029	SPN 3 months	August 25, 2019	375,000	375,000
VR0031	SPN 3 months	July 25, 2020	1,100,000	1,100,000
			3,600,000	3,600,000
			4,511,419	4,315,616

c) Other Significant Information:

The schedule of interest payment for VR series bonds is every 3 (three) months.

The market values of several Government Recapitalization Bonds classified under "Available for sale" ranged from 98.83% to 99.02% and from 99.00% to 99.64% of nominal amounts as of December 31, 2013 and 2012, respectively.

BRI recognized unrealized gain in the value of "Fair value through profit or loss" Government Bonds amounted to Rp3,694 for the year ended December 31, 2013, which are recorded under "Unrealized gain from changes in fair value of securities and Government Recapitalization Bonds - net" in the consolidated statements of comprehensive income.

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

Securities purchased under agreement to resell as of December 31, 2013 and 2012 consist of:

	2013				
	Annual Interest Rate (%)	Purchase Date	Resell Date	Nominal Amount	Resell Price-Net
<b><u>Third parties</u></b>					
<b><u>Rupiah</u></b>					
<b><u>Bank Indonesia</u></b>					
<b><u>Government Bonds</u></b>					
Series FR0026	5.90	December 27, 2013	January 3, 2014	323,242	323,454
Series FR0026	5.90	December 31, 2013	January 7, 2014	1,289,285	1,289,285
Series FR0027	5.90	December 31, 2013	January 7, 2014	1,674,894	1,674,894
Series FR0056	6.06	December 18, 2013	January 2, 2014	463,099	464,112
Series FR0056	6.06	December 20, 2013	January 3, 2014	464,450	465,310
Series FR0057	6.34	December 4, 2013	January 2, 2014	483,903	486,204
Series FR0058	6.34	December 17, 2013	January 16, 2014	372,741	373,660
Series FR0059	6.06	December 19, 2013	January 2, 2014	804,695	806,320
Series FR0059	6.06	December 30, 2013	January 13, 2014	806,682	806,818

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**11. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)**

Securities purchased under agreement to resell as of December 31, 2013 and 2012 consist of (continued):

<b>2013</b>					
	<b>Annual Interest Rate (%)</b>	<b>Purchase Date</b>	<b>Resell Date</b>	<b>Nominal Amount</b>	<b>Resell Price-Net</b>
<u>Third parties (continued)</u>					
<u>Rupiah (continued)</u>					
Bank Indonesia (continued)					
Government Bonds (continued)					
Series FR0060	5.90	December 30, 2013	January 6, 2014	365,700	365,759
Series FR0064	6.32	December 12, 2013	January 9, 2014	709,928	712,296
Series FR0064	6.34	December 13, 2013	January 10, 2014	713,828	716,091
Series FR0066	5.90	December 27, 2013	January 3, 2014	2,246,357	2,247,829
Series FR0069	5.90	December 27, 2013	January 3, 2014	360,344	360,581
Series FR0071	6.34	December 17, 2013	January 16, 2014	73,859	74,041
Series SPN12140703	5.90	December 30, 2013	January 6, 2014	733,153	733,154
Series SPN12140911	5.90	December 27, 2013	January 3, 2014	610,321	610,721
Series SPN12140911	5.90	December 30, 2013	January 6, 2014	270,860	270,905
Series SPN12141009	5.90	December 30, 2013	January 6, 2014	448,692	448,765
				<b>13,216,033</b>	<b>13,230,199</b>
PT Bank Pan Indonesia Tbk					
Certificates of Bank Indonesia					
IDSD06031491S					
	7.00	December 19, 2013	January 15, 2014	99,805	100,038
				<b>13,315,838</b>	<b>13,330,237</b>
<u>Related parties (Note 43)</u>					
<u>Rupiah</u>					
PT Bank Bukopin Tbk					
Government Bonds					
Series ORI010					
	7.00	December 20, 2013	January 10, 2014	100,800	101,016
PT Bank Mandiri (Persero) Tbk					
Government Recapitalization Bonds					
Series VR0026					
	7.00	December 31, 2013	January 7, 2014	504,405	504,405
Series VR0026					
	7.00	December 31, 2013	January 7, 2014	504,405	504,405
				<b>1,008,810</b>	<b>1,008,810</b>
				<b>1,109,610</b>	<b>1,109,826</b>
				<b>14,425,448</b>	<b>14,440,063</b>
<b>2012</b>					
	<b>Annual Interest Rate (%)</b>	<b>Purchase Date</b>	<b>Resell Date</b>	<b>Nominal Amount</b>	<b>Resell Price-Net</b>
<u>Third parties</u>					
Bank Indonesia					
Government Bonds					
Series FR0019	4.41	November 23, 2012	January 4, 2013	532,792	535,272
Series FR0026	4.50	December 18, 2012	February 2, 2013	540,436	541,314
Series FR0030	4.51	December 26, 2012	March 1, 2013	883	884
Series FR0036	4.50	December 17, 2012	February 22, 2013	142,924	143,174
Series FR0042	4.60	December 13, 2012	March 19, 2013	304,536	305,236
Series FR0042	4.60	December 14, 2012	March 19, 2013	350,752	351,514
Series FR0042	4.60	December 18, 2012	March 22, 2013	701,151	702,315
Series FR0043	4.62	December 26, 2012	April 2, 2013	338,595	338,812
Series FR0046	4.42	November 27, 2012	January 8, 2013	646,606	649,305
Series FR0047	4.60	December 17, 2012	March 22, 2013	344,492	345,108
Series FR0053	4.50	November 28, 2012	February 1, 2013	495,553	497,597
Series FR0053	4.50	December 13, 2012	February 12, 2013	295,843	296,509
Series FR0053	4.50	December 14, 2012	February 15, 2013	296,679	297,309

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**11. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)**

Securities purchased under agreement to resell as of December 31, 2013 and 2012 consist of (continued):

<b>2012</b>					
	<b>Annual Interest Rate (%)</b>	<b>Purchase Date</b>	<b>Resell Date</b>	<b>Nominal Amount</b>	<b>Resell Price-Net</b>
<u>Third parties (continued)</u>					
<u>Bank Indonesia (continued)</u>					
<u>Government Bonds (continued)</u>					
Series FR0054	4.62	December 19, 2012	March 26, 2013	634,453	635,430
Series FR0055	4.50	December 17, 2012	February 22, 2013	151,443	151,708
Series FR0055	4.50	December 27, 2012	March 1, 2013	179,090	179,180
Series FR0056	4.60	November 28, 2012	March 1, 2013	299,395	300,657
Series FR0057	4.62	December 19, 2012	March 26, 2013	16,247	16,272
Series FR0058	4.51	December 27, 2012	March 1, 2013	31,497	31,513
Series FR0059	4.51	December 19, 2012	February 6, 2013	435,389	436,044
Series FR0059	4.51	December 27, 2012	March 1, 2013	47,833	47,857
Series FR0060	4.51	December 27, 2012	March 1, 2013	9,154	9,158
Series FR0061	4.50	November 28, 2012	February 1, 2013	83,816	84,162
Series FR0061	4.50	December 10, 2012	February 15, 2013	537,312	538,722
Series FR0061	4.50	December 11, 2012	February 8, 2013	536,764	538,106
Series FR0061	4.50	December 27, 2012	April 2, 2013	272,428	272,564
Series FR0063	4.62	December 19, 2012	March 26, 2013	20,175	20,206
Series FR0064	4.60	December 13, 2012	March 19, 2013	31,864	31,937
Series SPN12130205	4.50	December 5, 2012	February 8, 2013	280,447	281,359
Series SPN12130307	4.49	December 4, 2012	February 5, 2013	470,704	472,289
Series SPN12130606	4.50	December 5, 2012	February 8, 2013	186,154	186,759
Series SPN12130710	4.51	December 19, 2012	February 26, 2013	27,551	27,592
Series SPN12130912	4.51	December 26, 2012	March 1, 2013	229,766	229,910
Series SPN12131204	4.51	December 19, 2012	February 26, 2013	54,665	54,747
				<b>9,527,389</b>	<b>9,550,521</b>

BRI assessed securities purchased under agreement to resell individually for impairment based on whether an objective evidence of impairment exists.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

**12. DERIVATIVES RECEIVABLE AND PAYABLE**

The summary of the derivatives transactions is as follows:

<b>2013</b>		
<b>Transaction</b>	<b>Derivatives receivable</b>	<b>Derivatives payable</b>
Credit linked notes (Note 8)	4,918	39,250
Foreign currency and interest rate swap	-	1,523,183
Foreign currency swap	-	2,669
Purchase and sale of foreign currency spot	63	-
	<b>4,981</b>	<b>1,565,102</b>

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

The summary of the derivatives transactions is as follows (continued):

Transaction	2012	
	Derivatives receivable	Derivatives payable
Foreign currency and interest rate swap	14,062	95,298
Credit linked notes (Note 8)	13,371	51,967
Foreign currency swap	1,417	-
Purchase and sale of foreign currency spot	-	3,404
Purchase forward of foreign currency	-	1,524
	<b>28,850</b>	<b>152,193</b>

a) Cross currency and interest rate swap

BRI's cross currency and interest rate swap contracts as of December 31, 2013 and 2012 are as follows:

2013					
Counterparties	Notional Amount	Annual Interest Rate		Date	
		Received	Paid	Effective	Maturity
DBS Bank	USD65,000,000	7.50%	LIBOR**) + 1.65%	September 27, 2011	September 27, 2014
DBS Bank	USD50,000,000	8.50%	LIBOR**) + 0.55%	November 28, 2013	November 28, 2016
Standard Chartered Bank	USD20,000,000	7.00%	LIBOR**) + 1.69%	September 18, 2012	September 18, 2014
Standard Chartered Bank	USD40,000,000	7.00%	LIBOR**) + 1.75%	November 1, 2012	November 1, 2015
Standard Chartered Bank	USD60,000,000	7.00%	LIBOR**) + 1.75%	November 1, 2012	November 1, 2015
Standard Chartered Bank	USD50,000,000	8.50%	LIBOR**) + 0.55%	November 27, 2013	November 27, 2016
The Hong Kong and Shanghai Banking Corporation Limited	USD50,000,000	7.50%	LIBOR**) + 1.70%	September 26, 2011	September 26, 2014
The Hong Kong and Shanghai Banking Corporation Limited	USD50,000,000	7.50%	LIBOR**) + 1.70%	September 21, 2011	September 22, 2014
The Hong Kong and Shanghai Banking Corporation Limited	USD50,000,000	7.00%	LIBOR**) + 1.90%	April 16, 2012	April 16, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR**) + 1.50%	December 10, 2012	December 10, 2015
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR**) + 1.50%	December 4, 2012	December 4, 2015
ANZ Bank	USD50,000,000	7.00%	LIBOR**) + 1.55%	November 5, 2012	November 5, 2014
Citibank	USD25,000,000	7.00%	LIBOR**) + 1.68%	October 15, 2012	October 15, 2014

\*) USD LIBOR 6 (six) months.

\*\*) USD LIBOR 3 (three) months.

2012					
Counterparties	Notional Amount	Annual Interest Rate		Date	
		Received	Paid	Effective	Maturity
DBS Bank	USD65,000,000	7.50%	LIBOR**) + 1.65%	September 27, 2011	September 27, 2014
DBS Bank	USD35,000,000	7.25%	LIBOR**) + 1.65%	October 6, 2011	October 6, 2013
DBS Bank	SGD10,000,000	7.00%	SIBOR*) + 1.90%	July 16, 2012	July 16, 2013
Standard Chartered Bank	USD50,000,000	7.00%	LIBOR**) + 1.30%	September 22, 2011	September 22, 2013
Standard Chartered Bank	USD20,000,000	7.00%	LIBOR**) + 1.69%	September 18, 2012	September 18, 2014
Standard Chartered Bank	USD40,000,000	7.00%	LIBOR**) + 1.75%	November 1, 2012	November 1, 2015
Standard Chartered Bank	USD60,000,000	7.00%	LIBOR**) + 1.75%	November 1, 2012	November 1, 2015
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.50%	LIBOR**) + 1.70%	September 26, 2011	September 26, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.50%	LIBOR**) + 1.70%	September 21, 2011	September 22, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR**) + 1.90%	April 16, 2012	April 16, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR**) + 1.50%	December 10, 2012	December 10, 2015
The Hong Kong and Shanghai Banking Corporation Ltd	USD50,000,000	7.00%	LIBOR**) + 1.50%	December 4, 2012	December 4, 2015
ANZ Bank	USD50,000,000	7.00%	LIBOR**) + 1.55%	November 5, 2012	November 5, 2014
Citibank	USD25,000,000	7.00%	LIBOR**) + 1.68%	October 15, 2012	October 15, 2014

\*) SGD SIBOR 3 (three) months.

\*\*) USD LIBOR 3 (three) months.

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

a) Cross currency and interest rate swap (continued)

BRI enters into cross currency and interest rate swap contracts with several counterparties, whereby BRI and counterparties agree to exchange funds in USD and Rupiah with the amount equal at the effective date of the contract. Thus, BRI/counterparties shall pay interest according to the funds received.

If the funds received are in USD, the beneficiary must pays fixed rate or floating rate of SIBOR 3 (three) months, LIBOR 3 (three) months or LIBOR 6 (six) months plus certain margin. On the contrary, the beneficiary pays fixed rate or floating rate of floating rates of interest prevailing in the market plus certain margin if funds received are in Rupiah.

b) Foreign currency spots - purchase and sale

As of December 31, 2013, BRI has outstanding foreign currency spot purchase and sale contract with notional amount of USD63,000,000 and contractual purchase amount of Rp769,942 and contractual sale amount of Rp770,005.

c) Foreign currency swap

As of December 31, 2013, BRI has outstanding foreign currency swap contracts with notional purchase amount of USD34,000,000 and notional sale amount of USD14,000,000 with the contractual purchase amount of Rp393,359 and the contractual sale amount of Rp147,291.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

**13. LOANS**

a) By Currency and Type:

	<b>2013</b>	<b>2012</b>
<u>Third parties</u>		
<u>Rupiah</u>		
Kupedes	132,131,803	106,797,402
Working capital	87,467,943	70,456,569
Consumer	74,610,014	62,108,755
Investment	26,634,287	20,354,468
Program	10,594,551	8,769,157
Syndicated	1,703,561	1,238,165
Others	-	567,508
	333,142,159	270,292,024
<u>Foreign currencies</u>		
Working capital	18,935,853	13,754,643
Investment	12,705,403	8,602,611
Syndicated	1,075,184	841,957
	32,716,440	23,199,211
	365,858,599	293,491,235

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**13. LOANS (continued)**

a) By Currency and Type (continued):

	<b>2013</b>	<b>2012</b>
<u>Related parties (Note 43)</u>		
<u>Rupiah</u>		
Working capital	29,191,123	25,174,987
Syndicated	16,927,886	11,321,078
Investment	6,694,154	6,889,231
Employees	54,084	55,823
Consumer	39,601	50,083
	<u>52,906,848</u>	<u>43,491,202</u>
<u>Foreign currencies</u>		
Working capital	11,124,217	11,975,719
Investment	3,825,317	1,707,399
Syndicated	601,485	92,707
	<u>15,551,019</u>	<u>13,775,825</u>
	<u>68,457,867</u>	<u>57,267,027</u>
	434,316,466	350,758,262
Less: Allowance for impairment losses	(15,171,736)	(14,677,220)
	<u><b>419,144,730</b></u>	<u><b>336,081,042</b></u>

The details of loans by currencies are as follows:

	<b>2013</b>		<b>2012</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>Rupiah</u>		386,049,007		313,783,226
<u>Foreign currencies</u>				
United States Dollar	3,944,419,742	48,003,588	3,713,071,805	35,784,729
Singapore Dollar	22,162,586	213,250	20,527,736	161,730
European Euro	2,397,871	40,187	77,180,493	982,633
Japanese Yen	90,143,666	10,434	101,059,547	11,295
Great Britain Pound Sterling	-	-	2,233,250	34,649
		<u>48,267,459</u>		<u>36,975,036</u>
		434,316,466		350,758,262
Less: Allowance for impairment losses		(15,171,736)		(14,677,220)
		<u><b>419,144,730</b></u>		<u><b>336,081,042</b></u>



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**13. LOANS (continued)**

b) By Economic Sector:

	<b>2013</b>	<b>2012</b>
<u>Third parties</u>		
<u>Rupiah</u>		
Trading, hotels and restaurants	127,520,973	91,728,349
Agriculture	32,452,072	23,561,544
Business services	14,438,720	9,792,471
Manufacturing	14,220,719	11,204,269
Construction	7,811,836	6,090,323
Transportation, warehousing and communications	4,184,363	2,510,326
Social services	2,701,451	2,438,540
Mining	2,265,285	1,343,961
Electricity, gas and water	602,103	508,731
Others	126,944,637	121,113,510
	<u>333,142,159</u>	<u>270,292,024</u>
<u>Foreign currencies</u>		
Manufacturing	18,164,626	10,274,764
Trading, hotels and restaurants	5,377,368	4,358,103
Agriculture	2,881,438	2,349,319
Electricity, gas and water	1,539,950	1,932,052
Mining	1,512,662	1,504,623
Construction	1,138,289	1,042,591
Transportation, warehousing and communications	1,136,003	832,526
Business services	848,098	269,905
Social services	-	3,761
Others	118,006	631,567
	<u>32,716,440</u>	<u>23,199,211</u>
	<u>365,858,599</u>	<u>293,491,235</u>
<u>Related parties (Note 43)</u>		
<u>Rupiah</u>		
Trading, hotels and restaurants	10,727,788	941,581
Electricity, gas and water	10,001,627	7,844,061
Transportation, warehousing and communications	7,086,773	5,885,222
Manufacturing	6,522,773	7,305,937
Business services	6,102,396	6,874,999
Social services	5,850,094	4,500,043
Agriculture	4,193,698	6,979,950
Construction	2,162,385	2,295,776
Mining	203,514	123,884
Others	55,800	739,749
	<u>52,906,848</u>	<u>43,491,202</u>

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**13. LOANS (continued)**

b) By Economic Sector (continued):

	<b>2013</b>	<b>2012</b>
<u>Related parties (Note 43) (continued)</u>		
<u>Foreign currencies</u>		
Manufacturing	10,135,360	10,294,599
Social services	3,286,158	1,180,748
Mining	1,528,349	2,098,967
Business services	592,004	56,308
Agriculture	9,148	63,284
Transportation, warehousing and communications	-	81,919
	<u>15,551,019</u>	<u>13,775,825</u>
	<u>68,457,867</u>	<u>57,267,027</u>
	434,316,466	350,758,262
Less: Allowance for impairment losses	(15,171,736)	(14,677,220)
	<b><u>419,144,730</u></b>	<b><u>336,081,042</u></b>

c) By Period:

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

	<b>2013</b>	<b>2012</b>
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	12,190,232	9,162,744
> 1 month - 3 months	13,988,502	12,034,330
> 3 months - 1 year	62,647,603	53,594,760
> 1 year - 2 years	52,210,407	43,277,587
> 2 years - 5 years	95,010,709	74,711,131
> 5 years	97,094,706	77,511,472
	<u>333,142,159</u>	<u>270,292,024</u>
<u>Foreign currencies</u>		
≤ 1 month	4,106,354	1,325,785
> 1 month - 3 months	3,625,688	1,648,194
> 3 months - 1 year	9,002,931	7,037,085
> 1 year - 2 years	2,881,897	3,508,766
> 2 years - 5 years	4,549,898	5,405,805
> 5 years	8,549,672	4,273,576
	<u>32,716,440</u>	<u>23,199,211</u>
	<u>365,858,599</u>	<u>293,491,235</u>
<u>Related parties (Note 43)</u>		
<u>Rupiah</u>		
≤ 1 month	1,015,879	5,885,185
> 1 month - 3 months	20,261,074	10,230,543
> 3 months - 1 year	5,403,421	5,415,744
> 1 year - 2 years	2,554,393	971,450
> 2 years - 5 years	5,418,516	6,090,145
> 5 years	18,253,565	14,898,135
	<u>52,906,848</u>	<u>43,491,202</u>

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**13. LOANS (continued)**

c) By Period (continued):

	<b>2013</b>	<b>2012</b>
<u>Related parties (Note 43) (continued)</u>		
<u>Foreign currencies</u>		
≤ 1 month	8,865,691	9,459,919
> 1 month - 3 months	20,014	-
> 3 months - 1 year	2,197,227	514,814
> 1 year - 2 years	486,800	1,954,003
> 2 years - 5 years	829,573	569,005
> 5 years	3,151,714	1,278,084
	<u>15,551,019</u>	<u>13,775,825</u>
	<u>68,457,867</u>	<u>57,267,027</u>
	434,316,466	350,758,262
Less: Allowance for impairment losses	(15,171,736)	(14,677,220)
	<b><u>419,144,730</u></b>	<b><u>336,081,042</u></b>

d) By Collectibility:

	<b>2013</b>	<b>2012</b>
Individual	7,421,717	6,335,884
Collective		
Current	400,826,162	321,845,346
Special mention	20,564,316	17,517,600
Substandard	930,623	816,579
Doubtful	949,415	832,095
Loss	3,624,233	3,410,758
	<u>426,894,749</u>	<u>344,422,378</u>
	434,316,466	350,758,262
Less: Allowance for impairment losses		
Individual	(2,387,935)	(3,403,315)
Collective	(12,783,801)	(11,273,905)
	<u>(15,171,736)</u>	<u>(14,677,220)</u>
	<b><u>419,144,730</u></b>	<b><u>336,081,042</u></b>

e) By Operating Segment:

	<b>2013</b>	<b>2012</b>
<u>Third parties</u>		
<u>Rupiah</u>		
Corporate	25,715,738	20,426,136
Retail	165,159,679	134,371,036
Micro	142,266,742	115,494,852
	<u>333,142,159</u>	<u>270,292,024</u>
<u>Foreign currencies</u>		
Corporate	22,265,376	16,596,854
Retail	10,451,064	6,602,357
	<u>32,716,440</u>	<u>23,199,211</u>
	<u>365,858,599</u>	<u>293,491,235</u>

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**13. LOANS (continued)**

e) By Operating Segment (continued):

	<b>2013</b>	<b>2012</b>
<u>Related parties (Note 43)</u>		
<u>Rupiah</u>		
Corporate	46,780,191	38,139,057
Retail	6,126,657	5,352,145
	<u>52,906,848</u>	<u>43,491,202</u>
<u>Foreign currencies</u>		
Corporate	15,434,081	13,727,637
Retail	116,938	48,188
	<u>15,551,019</u>	<u>13,775,825</u>
	<u>68,457,867</u>	<u>57,267,027</u>
	434,316,466	350,758,262
Less: Allowance for impairment losses	(15,171,736)	(14,677,220)
	<u><b>419,144,730</b></u>	<u><b>336,081,042</b></u>

f) Other Significant Information:

1) The average annual interest rates for loans are as follows:

	<b>2013</b>	<b>2012</b>
<u>Contractual Rate</u>		
Rupiah	11.79%	12.11%
Foreign Currencies	4.47	4.53
<u>Effective Interest Rate</u>		
Rupiah	15.95%	16.80%
Foreign Currencies	4.58	4.65

- 2) The loans are generally collateralized by registered mortgages, by powers of attorneys to sell, demand deposits, time deposits or by other guarantees generally accepted by banks (Notes 20, 21 and 22).
- 3) Working capital and investment loans represent loans to customers for working capital requirements and capital goods.
- 4) Consumer loans consist of housing, motor vehicles and other personal loans.
- 5) Program loans represent loan facilities channeled by BRI based on the guidelines from the Government to support the development of Indonesia's small scale industry, middle and cooperative units.
- 6) Kupedes loans represent loan facilities channeled by BRI through BRI's Units. The target of these loans is micro businesses and fixed income employees that require additional funds, in accordance with the maximum limit amount stated in the Kupedes manual. The economic sectors covered under Kupedes include agriculture, manufacturing, trading and others.
- 7) Syndicated loans represent loans provided to customers under syndication agreements with other banks. BRI's participation as member in the syndicated loans ranged from 2.97% until 74.94% as of December 31, 2013 and 2012.

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**13. LOANS (continued)**

f) Other Significant Information (continued):

- 8) Loans to employees with 5.5% annual interest rate, intended for the acquisition of vehicles, houses and other necessities with 4 (four) to 20 (twenty) years maturity. Loan principal and interest payments were collected through monthly payroll deductions. Difference between employee loan's interest rates and Base Lending Rate (BLR) is deferred and recorded as deferred expense for employee loans as part of other assets. Deferred expense for employee loans amounted to Rp640,498 and Rp708,141 as of December 31, 2013 and 2012, respectively (Note 18).

- 9) Loans granted by BRI to related parties, other than loans to key employees (Note 43) are as follows:

	<b>2013</b>	<b>2012</b>
PT Perusahaan Listrik Negara (Persero)	10,288,290	8,211,065
Perum BULOG	9,355,324	3,570,265
PT Pertamina (Persero)	8,603,110	10,348,229
PT Taspen (Persero)	5,100,000	4,500,000
Kementerian Keuangan Republik Indonesia	3,778,698	1,711,741
Perum Pegadaian	3,602,519	4,769,429
PT Kereta Api Indonesia (Persero)	2,709,044	714,538
PT Telekomunikasi Indonesia (Persero) Tbk	2,250,000	3,625,000
PT Pupuk Kalimantan Timur	1,836,399	892,162
PT Dayamitra Telekomunikasi	1,610,438	1,000,000
Others	19,269,961	17,868,775
	<b>68,403,783</b>	<b>57,211,204</b>

- 10) Loans that have been restructured by BRI (Parent Entity) during 2013 and 2012, that were reported to Bank Indonesia amounted to Rp2,190,691 and Rp3,582,981, respectively. Restructuring scheme generally involves extension of the loan maturity date and rescheduling of overdue interest payment.

- 11) In its report on Legal Lending Limit to Bank Indonesia as of December 31, 2013 and 2012, BRI indicated that there is no debtor either related party or third party who has not complied with or exceeded the Legal Lending Limit.

- 12) The details of non-performing loans and allowance for impairment losses by economic sector are as follows:

	<b>2013</b>	<b>2012</b>
Trading, hotels and restaurants	5,489,984	3,904,999
Construction	1,492,326	1,510,299
Manufacturing	1,314,935	1,050,306
Transportation, warehousing and communications	1,254,465	998,893
Business services	1,147,967	675,248
Agriculture	821,780	595,414
Social services	81,758	69,115
Mining	46,927	84,077
Electricity, gas and water	26,173	35,037
Others	1,249,673	2,471,928
	12,925,988	11,395,316
Less: Allowance for impairment losses	(3,790,925)	(4,595,451)
	<b>9,135,063</b>	<b>6,799,865</b>

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**13. LOANS (continued)**

f) Other Significant Information (continued):

13) Ratios:

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

(i) Consolidated

	<b>2013</b>	<b>2012</b>
Total non-performing loans	6,735,938	6,296,470
Total loans	434,316,466	350,758,262
% non-performing loans (NPL)	1.55%	1.80%

(ii) BRI (Parent Entity)

	<b>2013</b>	<b>2012</b>
Total non-performing loans	6,654,494	6,203,863
Total loans	430,617,872	348,227,188
% non-performing loans (NPL)	1.55%	1.78%

b. The ratio of small scale industry loans to BRI's total loans is 41.71% and 42.45% as of December 31, 2013 and 2012, respectively (unaudited).

Movements in the allowance for impairment losses on loans:

	<b>2013</b>	<b>2012</b>
Beginning balance	14,677,220	15,951,531
Provision during the year (Note 33)	3,946,083	2,593,691
Loans written off during the year	(4,317,861)	(4,447,510)
Foreign currency translation	866,294	579,508
<b>Ending balance</b>	<b>15,171,736</b>	<b>14,677,220</b>

BRI's (Parent Entity) allowance for impairment losses balance includes the allowance for disaster prone areas amounted to Rp1,166,798 and Rp1,847,010, as of December 31, 2013 and 2012, respectively (Note 2f).

The minimum allowance for impairment losses on loans based on Bank Indonesia regulation (Note 2f) amounted to Rp10,265,927 and Rp9,024,876, as of December 31, 2013 and 2012, respectively.

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

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

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**14. SHARIA RECEIVABLES AND FINANCING**

Sharia receivables and financing based on collectibility are as follows:

	<b>2013</b>	<b>2012</b>
<u>Third parties</u>		
Current	13,032,367	10,524,430
Special mention	354,586	264,904
Substandard	289,826	144,735
Doubtful	53,914	24,707
Loss	220,157	170,983
	<u>13,950,850</u>	<u>11,129,759</u>
<u>Related parties (Note 43)</u>		
Current	77,540	118,495
Special mention	-	26
Substandard	-	1
	<u>77,540</u>	<u>118,522</u>
	14,028,390	11,248,281
Less: Allowance for impairment losses	(246,360)	(237,645)
	<u><b>13,782,030</b></u>	<u><b>11,010,636</b></u>

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

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

	<b>2013</b>	<b>2012</b>
Beginning balance	237,645	138,441
Provision during the year (Note 33)	2,410	75,426
Recoveries from loans written off	11,363	25,687
Loans written off during the year	(5,058)	(1,909)
<b>Ending balance</b>	<u><b>246,360</b></u>	<u><b>237,645</b></u>

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

As of December 31, 2013 and 2012, sharia receivables and financing classified as Non-Performing Financing (NPF) amounted to Rp563,897 (4.02%) and Rp340,426 (3.03%) of total Sharia's receivables and financing, respectively.

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**15. ACCEPTANCES RECEIVABLE AND PAYABLE**

The details of acceptances receivable from customers are as follows:

a) By Type and Currency:

	<b>2013</b>		<b>2012</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>				
Import Letters of Credit and Domestic Document Letters of Credit		4,412		23,306
<u>Foreign currencies</u>				
Import Letters of Credit and Domestic Document Letters of Credit				
United States Dollar	181,409,070	2,207,748	422,097,044	4,067,960
European Euro	1,578,533	26,455	632,342	8,051
Franc Swiss	360,000	4,923	-	-
Japanese Yen	3,324,651	385	7,979,000	892
		2,239,511		4,076,903
		2,243,923		4,100,209
<u>Related parties (Note 43)</u>				
<u>Rupiah</u>				
Import Letters of Credit and Domestic Document Letters of Credit		381,296		349
<u>Foreign currencies</u>				
Import Letters of Credit and Domestic Document Letters of Credit				
United States Dollar	86,356,761	1,050,962	51,463,696	495,981
European Euro	209,000	3,503	14,890,654	189,582
		1,054,465		685,563
		1,435,761		685,912
		<b>3,679,684</b>		<b>4,786,121</b>

b) By Collectibility:

All acceptances receivable were classified as "Current" as of December 31, 2013 and 2012.

c) By Period:

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

	<b>2013</b>	<b>2012</b>
<u>Third parties</u>		
≤ 1 month	986,137	530,585
> 1 month - 3 months	281,528	1,530,415
> 3 months - 1 year	976,258	2,039,209
	2,243,923	4,100,209



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

c) By Period (continued):

The classifications of acceptances receivable based on the remaining period until maturity are as follows (continued):

	2013	2012
<u>Related parties (Note 43)</u>		
≤ 1 month	241,061	43,378
> 1 month - 3 months	830,344	425,110
> 3 months - 1 year	364,356	217,424
	1,435,761	685,912
	<b>3,679,684</b>	<b>4,786,121</b>

The total acceptances payable is equal to the total of acceptances receivable from customers.

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

Management believes that no allowance for impairment losses is necessary as of December 31, 2013 and 2012, because management believes that acceptances receivable are fully collectible.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

**16. INVESTMENT IN ASSOCIATED ENTITIES**

The details of investment in associated entities are as follows:

Company Name	Type of Business	Percentage of Ownership	Cost	2013	
				Accumulated Equity in Net Earnings of Associated Company	Carrying Value
PT BTMU-BRI Finance (Related party - Note 43)	Financing	45.00%	24,750	196,157	220,907
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00			900
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00			536
PT Pemeringkat Efek Indonesia	Credit rating agency	2.10			210
BPR Toelongredjo Dasa Nusantara	Banking	3.00			77
BPR Tjoekir Dasa Nusantara	Banking	3.00			77
BPR Toelangan Dasa Nusantara	Banking	3.00			66
BPR Cinta Manis Agroloka	Banking	3.50			35
BPR Bungamayang Agroloka	Banking	2.25			23
PT Aplikanusa Lintasarta	Non- Banking	0.03			20
					1,944
					<b>222,851</b>

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

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

Company Name	Type of Business	Percentage of Ownership	Cost	2012	
				Accumulated Equity in Net Earnings of Associated Company	Carrying Value
PT BTMU-BRI Finance (Related party - Note 43)	Financing	45.00%	24,750	170,584	195,334
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00			900
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00			536
PT Pemeringkat Efek Indonesia	Credit rating agency	2.10			210
BPR Toelongredjo Dasa Nusantara	Banking	3.00			77
BPR Tjoekir Dasa Nusantara	Banking	3.00			77
BPR Toelangan Dasa Nusantara	Banking	3.00			66
BPR Cinta Manis Agroloka	Banking	3.50			35
BPR Bungamayang Agroloka	Banking	2.25			23
PT Aplikanusa Lintasarta	Non-Banking	0.03			20
					1,944
					197,278
Less: Allowance for impairment losses					(536)
					<b>196,742</b>

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

As of December 31, 2013 and 2012, all investments were classified as "Current", except for investment in associated entities of PT Sarana Bersama Pembiayaan Indonesia which was classified as "Loss" as of December 31, 2012.

In 2013, BRI received cash dividends from PT Pemeringkat Efek Indonesia and PT Sarana Bersama Pengembangan Indonesia amounted to Rp237 and Rp145, respectively, while in 2012 only from PT Pemeringkat Efek Indonesia amounted to Rp158.

Movements in the allowance for impairment losses on investment in associated entities:

	2013	2012
Beginning balance	536	536
Reversal during the year (Note 33)	(536)	-
<b>Ending balance</b>	<b>-</b>	<b>536</b>

Management believes that no allowance for impairment losses is necessary as of December 31, 2013, because management believes that investments are fully collectible, while the allowance for impairment losses as of December 31, 2012 is adequate.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 38.

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**17. PREMISES AND EQUIPMENT**

Premises and equipment consist of:

<b>2013</b>				
<b>Description</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>
<u>Carrying Value</u>				
Landrights	318,257	144,704	3,708	459,253
Buildings	1,918,424	257,867	87,319	2,088,972
Motor vehicles	839,088	694,558	30,890	1,502,756
Computers and machineries	3,201,863	734,447	212,470	3,723,840
Furniture and fixtures	940,991	116,409	14,764	1,042,636
Museum assets	184	-	-	184
	<u>7,218,807</u>	<u>1,947,985</u>	<u>349,151</u>	<u>8,817,641</u>
<u>Accumulated Depreciation</u>				
Buildings	895,273	94,014	6,111	983,176
Motor vehicles	540,336	150,730	30,061	661,005
Computers and machineries	2,233,862	351,946	197,553	2,388,255
Furniture and fixtures	744,970	81,595	13,972	812,593
	<u>4,414,441</u>	<u>678,285</u>	<u>247,697</u>	<u>4,845,029</u>
<b>Net Book Value</b>	<b>2,804,366</b>			<b>3,972,612</b>
<b>2012</b>				
<b>Description</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>
<u>Carrying Value</u>				
Landrights	287,257	31,421	421	318,257
Buildings	1,730,115	201,610	13,301	1,918,424
Motor vehicles	658,286	216,977	36,175	839,088
Computers and machineries	2,423,658	916,539	138,334	3,201,863
Furniture and fixtures	890,844	78,743	28,596	940,991
Museum assets	184	-	-	184
	<u>5,990,344</u>	<u>1,445,290</u>	<u>216,827</u>	<u>7,218,807</u>
<u>Accumulated Depreciation</u>				
Buildings	850,930	78,483	34,140	895,273
Motor vehicles	513,781	54,780	28,225	540,336
Computers and machineries	2,077,811	212,059	56,008	2,233,862
Furniture and fixtures	695,004	72,074	22,108	744,970
	<u>4,137,526</u>	<u>417,396</u>	<u>140,481</u>	<u>4,414,441</u>
<b>Net Book Value</b>	<b>1,852,818</b>			<b>2,804,366</b>

Depreciation of premises and equipment charged to the consolidated statements of comprehensive income amounted to Rp678,285 and Rp417,396 for the years ended December 31, 2013 and 2012 (Note 35).

BRI insured its premises and equipment (excluding landrights) from losses due to risks of fire and theft to PT Asuransi Bringin Sejahtera Artha Makmur (related party) and PT Asuransi Jasa Tania, with coverage amount of Rp9,522,788 and Rp8,813,509 for the years ended December 31, 2013 and 2012, respectively.

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

Management believes that there is no impairment in value of premises and equipment and the amount of insurance coverage is adequate to cover the risk of loss that may arise on the assets at the dates of December 31, 2013 and 2012.

**18. OTHER ASSETS**

Other assets consist of:

	<b>2013</b>	<b>2012</b>
<u>Rupiah</u>		
Prepaid tax (Note 37)	966,341	-
Prepaid expenses	906,035	866,545
Deferred expense for employee loans (Note 13f)	640,498	708,141
Interest receivables		
Securities	426,473	368,106
Government Recapitalization Bonds	50,042	47,508
Placements with Bank Indonesia and other banks	8,257	4,718
Others	838	714
Internal advance	270,007	261,564
Office supplies	189,634	185,663
Foreclosed Collaterals	33,951	49,544
Others	3,318,542	3,374,300
	<u>6,810,618</u>	<u>5,866,803</u>
<u>Foreign currencies</u>		
Interest receivables		
Securities	97,241	54,865
Others	40,783	37,314
Prepaid expenses	3,511	112
Internal advance	421	32
Others	51,463	2,714
	<u>193,419</u>	<u>95,037</u>
	<b><u>7,004,037</u></b>	<b><u>5,961,840</u></b>

**19. LIABILITIES DUE IMMEDIATELY**

Liabilities due immediately consist of:

	<b>2013</b>	<b>2012</b>
<u>Rupiah</u>		
Advance payment deposits	1,393,627	897,627
Insurance deposits	253,158	135,729
Remittance deposits	227,307	352,431
Tax payment deposits	120,513	188,224
Deposits for channeling loans	54,461	56,595
Credit card deposits	30,209	118,883
Bank drafts and BRI travelers' checks (Cepebri)	27,405	22,075
Deposits for clearing	16,972	30,511
Others	2,850,475	2,872,738
	<u>4,974,127</u>	<u>4,674,813</u>

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

Liabilities due immediately consist of (continued):

	<b>2013</b>	<b>2012</b>
<u>Foreign currencies</u>		
Remittance deposits	127	111
Others	91,273	236,928
	91,400	237,039
	<b>5,065,527</b>	<b>4,911,852</b>

**20. DEMAND DEPOSITS**

Demand deposits consist of:

	<b>2013</b>		<b>2012</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>				
Rupiah		44,381,264		52,851,673
Foreign currencies				
United States Dollar	932,761,837	11,351,712	710,536,861	6,847,799
European Euro	48,241,628	808,496	39,869,946	507,609
Australian Dollar	30,981,358	336,323	457,580	4,579
Great Britain Pound Sterling	7,072,289	142,230	13,771,509	213,664
Singapore Dollar	12,255,264	117,921	23,690,107	186,645
Hong Kong Dollar	28,859,414	45,296	35,942,458	44,686
Japanese Yen	185,040,829	21,418	32,092,690	3,587
Chinese Yuan	6,630,477	13,329	101,126,726	156,394
Saudi Arabian Riyal	1,290,369	4,187	2,304,260	5,921
Swiss Franc	300	4	-	-
		12,840,916		7,970,884
		57,222,180		60,822,557
<u>Related parties (Note 43)</u>				
Rupiah		17,543,458		16,135,876
Foreign currencies				
United States Dollar	312,398,136	3,801,885	213,854,112	2,061,019
European Euro	4,939,769	82,787	2,213,151	28,177
Japanese Yen	136,062,121	15,749	32,969,491	3,685
Chinese Yuan	2,088	4	-	-
Singapore Dollar	70	1	-	-
		3,900,426		2,092,881
		21,443,884		18,228,757
		<b>78,666,064</b>		<b>79,051,314</b>

The average annual interest rates for demand deposits are as follows:

	<b>2013</b>	<b>2012</b>
Rupiah	2.55%	2.87%
Foreign currencies	0.32	0.17

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**20. DEMAND DEPOSITS (continued)**

Demand deposits used as collateral for banking facilities granted by BRI and Subsidiaries amounted to Rp72,136 and Rp68,148 as of December 31, 2013 and 2012, respectively.

**21. SAVING DEPOSITS**

Saving deposits consist of:

	<b>2013</b>		<b>2012</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>				
Rupiah				
Simpedes		127,649,038		109,024,862
Britama		78,580,879		69,655,010
Others		3,172,251		3,488,379
		<u>209,402,168</u>		<u>182,168,251</u>
Foreign currencies				
Britama				
United States Dollar	52,542,488	639,442	35,819,351	345,209
Australian Dollar	393,360	4,270	1,199	12
Singapore Dollar	165,174	1,589	176,799	1,393
European Euro	58,786	985	157	2
Chinese Yuan	11,172	22	646	1
		<u>646,308</u>		<u>346,617</u>
		<u>210,048,476</u>		<u>182,514,868</u>
<u>Related parties (Note 43)</u>				
Rupiah				
Simpedes		1,772		1,766
Britama		162,339		297,204
Others		15,689		14,465
		<u>179,800</u>		<u>313,435</u>
Foreign currencies				
United States Dollar	525,908	6,400	548,171	5,283
Singapore Dollar	590	6	-	-
Chinese Yuan	364	1	-	-
		<u>6,407</u>		<u>5,283</u>
		<u>186,207</u>		<u>318,718</u>
		<u><b>210,234,683</b></u>		<u><b>182,833,586</b></u>

The average annual interest rates for saving deposits are as follows:

	<b>2013</b>	<b>2012</b>
Rupiah	1.26%	1.40%
Foreign currencies	0.22	0.19

Saving deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp67,271 and Rp63,072 as of December 31, 2013 and 2012, respectively.

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**22. TIME DEPOSITS**

Time deposits consist of:

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
Rupiah		114,672,685		105,067,723
Foreign currencies				
United States Dollar	865,225,457	10,529,794	2,939,062,620	28,325,216
European Euro	562,552,458	9,427,991	3,030,082	38,579
Chinese Yuan	4,116,198,111	8,274,690	78,979,680	122,143
Singapore Dollar	283,458	2,727	307,019	2,419
Australian Dollar	100,103	1,087	49,965	500
Great Britain Pound Sterling	11,746	236	-	-
		28,236,525		28,488,857
		142,909,210		133,556,580
<u>Related parties (Note 43)</u>				
Rupiah		38,562,901		36,300,317
Foreign currencies				
United States Dollar	1,641,703,370	19,979,530	748,316,680	7,211,902
European Euro	8,003,040	134,125	15,586,233	198,438
		20,113,655		7,410,340
		58,676,556		43,710,657
		<b>201,585,766</b>		<b>177,267,237</b>

Time deposits based on their contractual periods are as follows:

	2013	2012
<u>Third parties</u>		
<u>Rupiah</u>		
Deposits on call	3,812,090	8,640,037
Deposits		
1 month	77,525,429	65,689,511
3 months	18,399,280	17,917,049
6 months	7,867,620	8,054,826
12 months	6,812,550	4,455,948
More than 12 months	255,716	310,352
	114,672,685	105,067,723
<u>Foreign currencies</u>		
Deposits on call	3,801,861	1,286,886
Deposits		
1 month	8,853,438	8,736,039
3 months	2,197,124	5,866,620
6 months	9,693,174	7,286,207
12 months	3,689,404	5,311,922
More than 12 months	1,524	1,183
	28,236,525	28,488,857
	142,909,210	133,556,580

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**22. TIME DEPOSITS (continued)**

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

	<b>2013</b>	<b>2012</b>
<u>Related parties (Note 43)</u>		
<u>Rupiah</u>		
Deposits on call	1,985,697	3,266,429
Deposits		
1 month	14,559,406	5,670,758
3 months	3,294,887	688,879
6 months	321,666	46,660
12 months	18,401,245	26,627,591
	<u>38,562,901</u>	<u>36,300,317</u>
<u>Foreign currencies</u>		
Deposits on call	5,739,576	1,905,871
Deposits		
1 month	8,829,425	5,490,377
3 months	5,478,347	1,602
6 months	5,207	2,409
12 months	8,459	10,081
More than 12 months	52,641	-
	<u>20,113,655</u>	<u>7,410,340</u>
	<u>58,676,556</u>	<u>43,710,657</u>
	<b><u>201,585,766</u></b>	<b><u>177,267,237</u></b>

The average annual interest rates for time deposits are as follows:

	<b>2013</b>	<b>2012</b>
Rupiah	6.12%	5.84%
Foreign currencies	1.51	1.76

Time deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp202,654 and Rp213,313 as of December 31, 2013 and 2012, respectively.

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

Deposits from other banks and financial institutions consist of:

	<b>2013</b>	<b>2012</b>
	<b>Notional Amount Foreign Currency/ (Full Amount)</b>	<b>Notional Amount Foreign Currency/ (Full Amount)</b>
	<b>Rupiah Equivalent</b>	<b>Rupiah Equivalent</b>
<u>Third parties</u>		
<u>Rupiah</u>		
Demand deposits	100,749	104,582
Saving deposits	4,534	3,983
Deposits on call	650,000	-
Time deposits	660,993	1,299,493
Inter-bank call money	380,000	30,000
	<u>1,796,276</u>	<u>1,438,058</u>



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

Deposits from other banks and financial institutions consist of (continued):

	2013		2012	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties (continued)</u>				
Foreign currencies				
Demand deposits				
United States Dollar	100,161	1,219	288,249	2,778
Inter-bank call money				
United States Dollar	121,893,432	1,483,443	70,786,822	682,208
		1,484,662		684,986
		3,280,938		2,123,044
<u>Related parties (Note 43)</u>				
Rupiah				
Demand deposits		45,182		3,699
Time deposits		-		50,000
Inter-bank call money		-		120,000
		45,182		173,699
Foreign currencies				
Inter-bank call money				
United States Dollar	30,000,000	365,100	50,000,000	481,875
		410,282		655,574
		<b>3,691,220</b>		<b>2,778,618</b>

The average annual interest rates for deposits from other banks and financial institutions are as follows:

	Rupiah		Foreign Currencies	
	2013	2012	2013	2012
Demand deposits	1.35%	1.62%	0.00%	0.00%
Saving deposits	1.24	1.39	-	-
Deposits on call	6.83	3.53	-	-
Time deposits	5.72	4.79	0.00	0.71
Inter-bank call money	4.43	3.63	0.22	1.00

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

	2013			
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
<u>Third parties</u>				
<u>Rupiah</u>				
Demand deposits	100,749	-	-	100,749
Savings	4,534	-	-	4,534
Deposits on call	650,000	-	-	650,000
Times deposits	655,449	3,108	2,436	660,993
Inter-bank call money	380,000	-	-	380,000
	1,790,732	3,108	2,436	1,796,276

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

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

<b>2013</b>				
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
<u>Third parties (continued)</u>				
<u>Foreign currencies</u>				
Demand deposits	1,219	-	-	1,219
Inter-bank call money	1,265,680	44,543	173,220	1,483,443
	<u>1,266,899</u>	<u>44,543</u>	<u>173,220</u>	<u>1,484,662</u>
<u>Related parties (Note 43)</u>				
<u>Rupiah</u>				
Demand deposits	45,182	-	-	45,182
<u>Foreign currencies</u>				
Inter-bank call money	365,100	-	-	365,100
	<u><b>3,467,913</b></u>	<u><b>47,651</b></u>	<u><b>175,656</b></u>	<u><b>3,691,220</b></u>
<b>2012</b>				
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
<u>Third parties</u>				
<u>Rupiah</u>				
Demand deposits	104,582	-	-	104,582
Saving deposits	3,983	-	-	3,983
Time deposits	1,285,056	11,250	3,187	1,299,493
Inter-bank call money	30,000	-	-	30,000
	<u>1,423,621</u>	<u>11,250</u>	<u>3,187</u>	<u>1,438,058</u>
<u>Foreign currencies</u>				
Demand deposits	2,778	-	-	2,778
Inter-bank call money	337,312	-	344,896	682,208
	<u>340,090</u>	<u>-</u>	<u>344,896</u>	<u>684,986</u>
<u>Related parties (Note 43)</u>				
<u>Rupiah</u>				
Demand deposits	3,699	-	-	3,699
Time deposits	50,000	-	-	50,000
Inter-bank call money	120,000	-	-	120,000
	<u>173,699</u>	<u>-</u>	<u>-</u>	<u>173,699</u>
<u>Foreign currencies</u>				
Inter-bank call money	481,875	-	-	481,875
	<u><b>2,419,285</b></u>	<u><b>11,250</b></u>	<u><b>348,083</b></u>	<u><b>2,778,618</b></u>

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**24. MARKETABLE SECURITIES ISSUED**

BRI issued marketable securities with details as follows:

	<b>2013</b>
<u>United States Dollar</u>	
BRI Bonds	
Net of unamortized discount and issuance cost amounted to Rp61,867 as of December 31, 2013	<b>6,023,133</b>

On March 28, 2013, BRI issued and listed the BRI bonds year 2013 amounted to USD500,000,000 (full amount) in Singapore Exchange Securities Trading Limited (SGX-ST) for 5 (five) year period, and will mature on March 28, 2018 with fixed interest rate of 2.95% per annum. The bonds were issued at 99.20% or equivalent to USD495,980,000 (full amount) and the interest is paid semi-annually commencing on September 28, 2013. On the issuance date, the bonds were rated Baa3 and BBB by Moody's and Fitch, respectively.

The net proceed of the issuance of BRI bonds will be used to strengthen general funding structure.

As of December 31, 2013, BRI bonds year 2013 is rated BBB and Baa3 by Fitch and Moody's, respectively.

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

**25. FUND BORROWINGS**

Fund borrowings consist of:

	<b>2013</b>	<b>2012</b>
<u>Third parties</u>		
<u>Rupiah</u>		
Bank Indonesia		
Liquidity loans	16,066	28,410
Others	12,457	12,376
	<u>28,523</u>	<u>40,786</u>
<u>Foreign currencies</u>		
Bilateral borrowings	-	1,927,500
Others	8,956,390	8,644,248
	<u>8,956,390</u>	<u>10,571,748</u>
	<u>8,984,913</u>	<u>10,612,534</u>
<u>Related parties (Note 43)</u>		
<u>Rupiah</u>		
Borrowings from PT Sarana Multigriya Finansial (Persero)	100,000	100,000
Borrowings from Lembaga Pembiayaan Ekspor Indonesia	-	150,987
Borrowings from PT Permodalan Nasional Madani (Persero)	-	25,234
	<u>100,000</u>	<u>276,221</u>
	<b><u>9,084,913</u></b>	<b><u>10,888,755</u></b>

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**25. FUND BORROWINGS (continued)**

The classification of fund borrowings based on their remaining period until maturity is as follows:

	<b>2013</b>	<b>2012</b>
<u>Third parties</u>		
<u>Rupiah</u>		
> 1 month - 3 months	202	4,066
> 3 months - 1 year	6,727	15,130
> 1 year - 5 years	9,137	9,214
> 5 years	12,457	12,376
	<u>28,523</u>	<u>40,786</u>
<u>Foreign currencies</u>		
≤ 1 month	1,909,483	1,692,127
> 1 month - 3 months	4,065,257	3,467,951
> 3 months - 1 year	2,981,650	5,411,670
	<u>8,956,390</u>	<u>10,571,748</u>
	<u>8,984,913</u>	<u>10,612,534</u>
<u>Related parties (Note 43)</u>		
<u>Rupiah</u>		
> 1 month - 3 months	-	125,423
> 3 months - 1 year	-	50,798
> 1 year - 5 years	100,000	100,000
	<u>100,000</u>	<u>276,221</u>
	<u><b>9,084,913</b></u>	<u><b>10,888,755</b></u>

Other significant information related to fund borrowings is as follows:

a) Borrowings from Bank Indonesia

Liquidity Loans

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

The classification of liquidity loans from Bank Indonesia based on their remaining period to maturity as of December 31, 2013 and 2012 as follows:

	<b>2013</b>	<b>2012</b>
> 1 month - 3 months	202	4,066
> 3 months - 1 year	6,727	15,130
> 1 year - 5 years	9,137	9,214
	<u><b>16,066</b></u>	<u><b>28,410</b></u>

Average annual interest rates on these loans are 0.06% and 3.22% in 2013 and 2012.

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**25. FUND BORROWINGS (continued)**

b) Borrowings from PT Sarana Multigriya Finansial (Persero), PT Permodalan Nasional Madani (Persero) and Lembaga Pembiayaan Ekspor Indonesia

- Borrowings from PT Sarana Multigriya Finansial (Persero) represents *mudharabah* financing facility obtained by BRIS (Subsidiary) on December 14, 2012, used for mortgage loan. The financing facility is for 5 (five) years period and will be mature on December 14, 2017 with the agreed *nisbah* portion for PT Sarana Multigriya Finansial (Persero) and BRIS are 63.46% and 36.54%, respectively.
- Borrowings from PT Permodalan Nasional Madani (Persero) represents loan facilities used to refinance debtors of BRI Agro (Subsidiary) for investment loan purposes, among others are Koperasi Primer untuk Anggotanya (KKPA), Koperasi Petani Sawit Makmur, Koperasi Perkebunan Belimbing Makmur and others. These loan facilities (4 facilities) are secured by fiducia in the form of government bonds maturing January 31, 2013. Average annual interest rates on these loans is 7.05% for the year 2012.
- Borrowing from Lembaga Pembiayaan Ekspor Indonesia represents loan facilities used to refinance the debtors of BRI Agro (Subsidiary), among others are KUD Delima Sakti, Kopbun Siampo, KUD Hidup Baru and others. These loan facilities (2 facilities) with no collateral will mature on March 28, 2013 and June 4, 2013, respectively. The average annual interest rates on these loans is 7.27% for the year 2012.

c) Bilateral Borrowings

On August 26, 2011 and September 27, 2011, BRI obtained bilateral loan with PT Bank Pan Indonesia Tbk (Panin Bank) amounted to USD25,000,000 and USD200,000,000, respectively, to fulfill liquidity needs in anticipation of BRI's business expansion, with annual interest rate of LIBOR plus 1.20% margin annually and LIBOR plus 2.20% margin annually, respectively, payable every 3 (three) months. The loan amounted to USD25,000,000 was paid on August 26, 2012.

The maturity date of loan facilities amounted to USD200,000,000 was divided into two stages, the first USD100,000,000 should be paid on August 27, 2012, while the second USD100,000,000 should be paid on September 27, 2012. At the maturity date of the first USD100,000,000 loan, on August 27, 2012, the facility is extended by changing the interest rate at LIBOR plus 2% margin annually. While, at the maturity date for the second USD100,000,000, on the September 27, 2012, the facility is extended by changing the interest rate at LIBOR plus 1.5% margin annually. These loan facilities was paid on August 27, 2013 and September 27, 2013, respectively.

d) Other Borrowings

	2013		2012	
	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent
<u>Third parties</u>				
Rupiah				
Bank Indonesia		12,457		12,376

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**25. FUND BORROWINGS (continued)**

d) Other Borrowings (continued)

	2013		2012	
	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent	Notional amount Foreign currencies/ (Full amount)	Rupiah Equivalent
<u>Third parties (continued)</u>				
<u>Foreign currencies</u>				
United States Dollar				
OCBC Bank	146,015,613	1,777,010	97,636,272	940,969
The Royal Bank of Scotland	96,175,305	1,170,453	130,059,214	1,253,446
The Bank of New York Mellon	75,150,275	914,579	50,739,925	489,006
Sumitomo Mitsui Banking Corporation	51,133,844	622,299	34,577,911	333,245
Commerzbank, A.G.	50,000,000	608,500	-	-
Citibank, N.A.	50,000,000	608,500	125,415,500	1,208,692
Australia and New Zealand Bank	50,000,000	608,500	25,000,000	240,938
Bank of Montreal	50,000,000	608,500	-	-
Bangkok Bank Public Company Limited	40,000,000	486,800	-	-
Bank of Nova Scotia	30,000,000	365,100	-	-
Wells Fargo	25,478,200	310,070	75,000,000	722,812
Maybank	25,000,000	304,250	-	-
Standard Chartered Bank	25,000,000	304,250	150,871,757	1,454,027
Bank of America N.A.	19,537,048	237,766	30,000,000	289,125
JP Morgan Chase Bank, N.A.	1,537,555	18,712	80,000,000	771,000
		<u>8,945,289</u>		<u>7,703,260</u>
European Euro				
Commerzbank, A.G.	662,400	11,101	65,440,466	833,163
JP Morgan Chase Bank, N.A.	-	-	8,340,671	106,190
		<u>11,101</u>		<u>939,353</u>
Japanese Yen				
Standard Chartered Bank	-	-	14,630,000	1,635
		<u>8,956,390</u>		<u>8,644,248</u>
		<u><b>8,968,847</b></u>		<u><b>8,656,624</b></u>

Other borrowings facilities in foreign currencies represent short-term borrowings obtained from several foreign banks with terms from 1 (one) month up to 3 (three) years and bear interest rate at LIBOR or SIBOR plus a certain margin, including refinancing borrowing facilities which are collateralized by letters of credit issued by BRI.

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

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

	2013	2012
<u>Rupiah</u>		
Guarantees issued	<u>223</u>	<u>414</u>

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

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

	<b>2013</b>	<b>2012</b>
<u>Rupiah</u>		
Beginning balance	414	152
(Reversal) provision during the year	(191)	262
Ending balance	<b>223</b>	<b>414</b>

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

The minimum estimated losses on commitments and contingencies based on Bank Indonesia regulation amounted to Rp223 and Rp414 as of December 31, 2013 and 2012, respectively.

- c) The collectibility of commitments and contingencies in administrative accounts (Notes 2am and 42):

2013						
	Current	Special Mention	Substandard	Doubtful	Loss	Total
<u>Third parties</u>						
<u>Rupiah</u>						
Guarantees issued	2,956,284	-	-	-	-	2,956,284
Irrevocable L/C	482,260	-	-	-	-	482,260
	3,438,544	-	-	-	-	3,438,544
<u>Foreign currencies</u>						
Irrevocable L/C	14,520,957	-	-	-	-	14,520,957
Guarantees issued	5,073,751	-	-	-	-	5,073,751
	19,594,708	-	-	-	-	19,594,708
<u>Related parties (Note 43)</u>						
<u>Rupiah</u>						
Guarantees issued	2,814,419	-	-	-	-	2,814,419
Irrevocable L/C	180,540	-	-	-	-	180,540
	2,994,959	-	-	-	-	2,994,959
<u>Foreign currencies</u>						
Guarantees issued	5,047,727	-	-	-	-	5,047,727
Irrevocable L/C	3,442,713	-	-	-	-	3,442,713
	8,490,440	-	-	-	-	8,490,440
	<b>34,518,651</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,518,651</b>

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

- c) The collectibility of commitments and contingencies in administrative accounts (Notes 2am and 42) (continued):

	2012					Total
	Current	Special Mention	Substandard	Doubtful	Loss	
<u>Third parties</u>						
<u>Rupiah</u>						
Guarantees issued	2,238,507	-	-	-	-	2,238,507
Irrevocable L/C	126,012	-	-	-	-	126,012
	2,364,519	-	-	-	-	2,364,519
<u>Foreign currencies</u>						
Irrevocable L/C	6,037,299	-	-	-	-	6,037,299
Guarantees issued	4,578,886	-	-	-	-	4,578,886
	10,616,185	-	-	-	-	10,616,185
<u>Related parties (Note 43)</u>						
<u>Rupiah</u>						
Guarantees issued	1,463,576	-	-	-	-	1,463,576
Irrevocable L/C	324,284	-	-	-	-	324,284
	1,787,860	-	-	-	-	1,787,860
<u>Foreign currencies</u>						
Irrevocable L/C	5,744,305	-	-	-	-	5,744,305
Guarantees issued	3,980,849	-	-	-	-	3,980,849
	9,725,154	-	-	-	-	9,725,154
	<b>24,493,718</b>	-	-	-	-	<b>24,493,718</b>

**27. LIABILITIES FOR EMPLOYEE BENEFITS**

Liabilities for employee benefits consist of:

	2013	2012
Bonuses and incentives	4,049,103	2,791,258
Provision for grand leaves (Note 41e)	844,309	903,446
Provision for gratuity for services (Note 41e)	752,338	825,709
Provision for work separation scheme (Note 41d)	815,881	684,438
Defined benefit pension plan (Note 41a)	392,870	573,290
Provision for pension preparation period (Note 41e)	4,431	60,011
	<b>6,858,932</b>	<b>5,838,152</b>



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**28. OTHER LIABILITIES**

Other liabilities consist of:

	<b>2013</b>	<b>2012</b>
<u>Third parties</u>		
<u>Rupiah</u>		
Interests payable	618,490	488,539
Provision for timely-payment of interests (Note 2z)	581,812	494,150
Provision for litigation liabilities (Note 44b)	328,630	826,661
Unearned income	51,919	15,559
Guarantee deposits	32,617	63,273
Others	1,412,833	1,694,102
	<u>3,026,301</u>	<u>3,582,284</u>
<u>Foreign currencies</u>		
Interest payable	85,932	57,065
Unearned income	47,083	35,799
Guarantee deposits	21,091	18,175
Others	61,939	226,943
	<u>216,045</u>	<u>337,982</u>
	<b><u>3,242,346</u></b>	<b><u>3,920,266</u></b>

**29. SUBORDINATED LOANS**

BRI obtained subordinated loans in Rupiah with details as follows:

	<b>2013</b>	<b>2012</b>
<u>Rupiah</u>		
Subordinated Bond II	1,998,052	1,996,266
Two-step loans	98,972	120,296
	<b><u>2,097,024</u></b>	<b><u>2,116,562</u></b>

**a. Subordinated Bond II**

On December 22, 2009, BRI issued Rp2,000,000 "BRI Subordinated Bond II Year 2009" which are registered in the Indonesia Stock Exchange and bears a fixed interest rate. The Subordinated Bond II were issued at 100.00% of their nominal value with a fixed annual interest rate of 10.95%, payable every 3 (three) months. The Subordinated Bond II will be due and must be settled with the same value as the principal of the Subordinated Bond on December 22, 2014. Principal repayment of the Subordinated Bond can only be done after receiving approval from Bank Indonesia, however, if in the future the obligation to obtain approval from Bank Indonesia as stated above is no longer mandatory, therefore the principal repayment of the Subordinated Bond can be made without receiving the approval from Bank Indonesia.

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**29. SUBORDINATED LOANS (continued)**

**a. Subordinated Bond II (continued)**

The net proceeds from the issuance of the Subordinated Bond II are intended for loans expansion under a prudent principle.

The Subordinated Bond II are not guaranteed by special collateral nor guaranteed by the Republic of Indonesia or other third parties and are not included in the bank guarantee program implemented by the Deposit Insurance Agency (Lembaga Penjamin Simpanan/LPS) or other insurance corporation. BRI does not establish provision for principal repayment fund of the Subordinated Bond with consideration to optimize the use of the fund in accordance with the planning of the use of the issuance fund of the Subordinated Bond.

The issuance and classification of the Subordinated Bond II as subordinated loans were approved by Bank Indonesia, through its letter No. 11/90/DPB1/TPB1-3 dated November 11, 2009.

As of December 31, 2013 and 2012, "BRI Subordinated Bond II Year 2009" obtained a "idAAA" rating from PT Pemeringkat Efek Indonesia. The trustee of this Subordinated Bond is PT Bank Mandiri (Persero) Tbk.

The trustee agreement covers several covenants affecting BRI and requires a written approval from the trustee before conducting the following:

- Reduction of authorized, issued and paid capital stock, except as requested and or instructed by the Government of the Republic of Indonesia and or authorized parties (including but not limited to Bank Indonesia, Ministry of Finance of the Republic of Indonesia and Ministry of State-Owned Enterprises).
- Conduct merger and or separation and or dissolution and or acquisition, or allowing or giving approval to Subsidiaries to conduct merger and or separation and or dissolution and or acquisition, except as requested and or instructed by the Government of the Republic of Indonesia and or authorized parties (including but not limited to Bank Indonesia, Deposit Insurance Agency or other insurance corporation in accordance with the prevailing regulations, Ministry of Finance of the Republic of Indonesia and Ministry of State-Owned Enterprises), in accordance with the prevailing regulations, including but not limited to OJK regulations.

BRI has complied with the above trustee agreement.

**b. Two-step Loans**

The two-step loans in Rupiah represent the loans from the Government which were funded by the Asian Development Bank (ADB), International Bank for Reconstruction and Development (IBRD), International Fund for Agricultural Development (IFAD), United States Agency for International Development (USAID) and Islamic Development Bank (IDB). The interest rates of these loans vary based on the respective agreements with terms ranged from 15 (fifteen) up to 40 (forty) years. The average annual interest rates for subordinated loans were 4.38% and 4.40%, for the years ended December 31, 2013 and 2012, respectively. The maturity of these loans are various up to 2027.

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**29. SUBORDINATED LOANS (continued)**

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

	<b>2013</b>	<b>2012</b>
<u>Rupiah</u>		
≤ 1 month	232	232
> 3 months - 1 year	1,998,289	21,093
> 1 year - 5 years	-	1,996,502
> 5 years	98,503	98,735
	<b>2,097,024</b>	<b>2,116,562</b>

**30. EQUITY**

a. Capital stock

The details of authorized, issued and fully paid capital stock of BRI as of December 31, 2013 and 2012 (Note 1c) are as follows:

	<b>Number of Shares</b>	<b>Nominal Value Per Share (Full Rupiah)</b>	<b>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>60,000,000,000</b>		<b>15,000,000,000,000</b>	<b>100.00%</b>
<b>Issued and Fully Paid Capital Stock</b>				
Republic of Indonesia				
- Series A Dwiwarna share	1	250	250	0.00%
- Series B Common shares	13,999,999,999	250	3,499,999,999,750	56.75
Public				
- Series B Common shares	10,669,162,000	250	2,667,290,500,000	43.25
	<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.

Capital Structure

In response to the Management Contract entered into between the Government of the Republic of Indonesia, as represented by the Government through the Ministry of Finance and BRI on February 28, 2001, the Ministry of Finance issued the Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 regarding the final amount and the implementation of the rights of the Government arising from the additional investment of the Republic of Indonesia in the capital of BRI in connection with the recapitalization program for commercial banks. Based on such Decision Letter, the Ministry of Finance determined that the final recapitalization requirement amount of BRI is Rp29,063,531 (Note 10).

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**30. EQUITY (continued)**

a. Capital stock (continued)

Capital Structure (continued)

The Government's rights arising from the additional investment of the state to BRI were implemented as follows: Rp29,063,531 converted to 3,272,000 new shares issued by BRI with a par value of Rp1 million per share and Rp25,791,531 from the recapitalization fund recorded as additional paid-in capital in BRI's capital structure. This decision of the Ministry of Finance has been implemented retrospectively since June 30, 2003.

Based on BRI's Shareholders' Extraordinary General Meeting held on October 3, 2003 as covered by notarial deed No. 6 dated October 3, 2003 of notary Imas Fatimah, S.H., BRI's shareholders decided on, among others, the following:

1. Capital restructuring of BRI as of June 30, 2003 arising from the recapitalization fund of Rp29,063,531 to increase BRI's issued and fully paid capital stock owned by the Republic of Indonesia from Rp1,728,000, consisting of 1,728,000 shares at a par value of Rp1 million per share, to become Rp5,000,000 consisting of 5,000,000 shares at the same par value per share and the balance of Rp25,791,531 recorded as additional paid-in capital.
2. Change in par value per share (stock split) from Rp1 million to Rp500 (full Rupiah).
3. Increase in BRI's authorized capital stock of Rp5 trillion, divided into 5,000,000 shares at a par value of Rp1 million per share, to Rp15 trillion divided into 30,000,000,000 shares at a par value of Rp500 (full Rupiah) per share.
4. Change in classification of BRI's shares to Series A Dwiwarna and Series B shares.
5. Utilization of general and specific reserves as of June 30, 2003 amounted to Rp1,386,616 to cover the accumulated losses as of June 30, 2003.
6. Quasi-reorganization plan of BRI as of June 30, 2003 to eliminate the accumulated losses of Rp24,699,387 against the recorded additional paid-in capital (Note 3).
7. Plan to undertake the Initial Public Offering (IPO) of BRI's shares.
8. Follow up actions on the amendments to the Articles of Association
  - i. Agree on the change in the status of BRI, to be a Publicly Listed Limited Liability Company, thereafter the name will be changed from "PT Bank Rakyat Indonesia (Persero)", to "Perusahaan Perseroan (Persero) PT Bank Rakyat Indonesia Tbk" and simplified to "PT Bank Rakyat Indonesia (Persero) Tbk".
  - ii. Agree to change all provisions in the Articles of Association of BRI with revisions in accordance with Law No. 8 Year 1995 on "Capital Markets" and Decision of the Chairman of the Capital Market Supervisory Agency (Bapepam) No. KEP-13/PM/1997 dated April 30, 1997 on "The Main Provisions of the Articles of Association of a Company that Conduct an Initial Public Offering of Shares and Public Company".

The changes in BRI's Articles of Association in connection with the above Extraordinary General Shareholders' Meeting were covered in notarial deed No. 7 dated October 3, 2003 by notary Imas Fatimah, S.H. and were approved by the Ministry of Justice and Human Rights through its Decision Letter No. C-23726 HT.01.04.TH.2003 dated October 6, 2003.

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**30. EQUITY (continued)**

a. Capital stock (continued)

Capital Structure (continued)

Stock split was conducted based on Notarial Deed No. 38 dated November 24, 2010, whereby the par value per share of Rp500 (full Rupiah) became Rp250 (full Rupiah) per share, effective January 11, 2011 (Note 1c).

On October 13, 2003, the President of the Republic of Indonesia issued Government Regulation No. 49 Year 2003 regarding the sale of a portion of shares of BRI owned by the Republic of Indonesia and issuance of new shares of BRI, excluding the participation from the Republic of Indonesia, through the capital market and or direct sale to investors.

Initial Public Offering (IPO) of BRI's Shares

Based on the letter from the Chairman of Bapepam No. S-2646/PM/2003 dated October 31, 2003, the registration statement submitted by BRI in connection with the IPO of BRI's shares of 3,811,765,000 Series B common shares consisting of 2,047,060,000 Series B common shares owned by the Republic of Indonesia (divestment) and 1,764,705,000 new Series B common shares issued with a par value of Rp500 (full Rupiah) per share and initial offer price of Rp875 (full Rupiah) per share to the public, became effective October 31, 2003. Such offered shares were initially traded on November 10, 2003 and simultaneously all of BRI shares were listed on the Jakarta and Surabaya Stock Exchanges (currently the Indonesia Stock Exchange).

Subsequently, the over-subscription option of 381,176,000 Series B common shares owned by the Republic of Indonesia (divestment) and over-allotment option of 571,764,000 Series B common shares owned by the Republic of Indonesia (divestment) with a price of Rp875 (full Rupiah) per share were exercised on November 10, 2003 and December 3, 2003, respectively. After BRI's IPO and the exercise of the over-subscription option and the over-allotment option, the Republic of Indonesia owns 59.50% of the outstanding common shares of BRI.

Stock Allocation Program

Based on the above Extraordinary General Shareholders' Meeting, BRI's shareholders agreed to, among others, the employee and management stock ownership plan through an Employee Stock Allocation Program (ESA) and Management Stock Option Plan (MSOP). The ESA consists of a Bonus Share Plan, Shares Purchase at a Discount and Additional Shares Grant programs. While MSOP is granted to Directors and employees at certain levels and positions. Costs and discounts related to the ESA and MSOP programs are paid by the Bank through the allocation of reserves. The compensation cost relating to MSOP is recognized through stock options under equity. The management and execution of the ESA and MSOP programs are performed by the Directors, while the supervision is performed by the Board of Commissioners.

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**30. EQUITY (continued)**

b. Additional Paid-in Capital

The details of additional paid in capital as of December 31, 2013 and 2012 are as follows:

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

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

Based on the Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 of the Ministry of Finance as explained in letter a above, from the final recapitalization requirement of BRI amounted to Rp29,063,531, the amount of Rp3,272,000 was converted to paid up capital and the remaining balance of Rp25,791,531 was recorded as additional paid in capital (Note 28a). Moreover, with the implementation of the quasi-reorganization by BRI, the accumulated losses before quasi-reorganization as of June 30, 2003 amounted to Rp24,699,387 (Note 3) was eliminated against additional paid-in capital, resulting the additional paid-in capital amounted to Rp1,092,149 as of June 30, 2003.

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

Total new Series B Common shares issued to the public under the IPO (shares)	<u>1,764,705,000</u>
Premium per share (full Rupiah)	<u>375</u>
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><u>589,762</u></b>

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**30. EQUITY (continued)**

b. Additional Paid-in Capital (continued)

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

c. Differences Arising from Translation of Foreign Currency Financial Statements

This account represents the exchange rate differences resulting from the translation of the financial statement of the overseas branch/representative offices of BRI (Cayman Islands, New York and Hong Kong) from United States Dollar and Hong Kong Dollar to Indonesian Rupiah (Note 2ah). Assets and liabilities as well as commitments and contingencies denominated in foreign currencies were translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian time) on the statements of financial position date. The statements of comprehensive income for the year ended as of such date is derived from the accumulation of the monthly statements of comprehensive income balances which are translated into Rupiah by using the average exchange middle rate for the respective months.

d. Distribution of Net Income

Based on the Annual General Shareholders' Meetings of BRI held on February 28, 2013 and March 28, 2012, the Shareholders agreed to distribute the dividend from net income for the years ended December 31, 2013 and 2012 as follows:

	Income 2012	Income 2011
Dividends	5,556,285	3,016,585
General and specific reserves	2,592,933	150,829
Appropriation for partnership and environmental development funds	-	603,315

BRI recorded the allowance for *tantiem* in the current consolidated statements of comprehensive income in accordance with SFAS No. 24 (Revised 2010) on "Employee Benefits".

**31. INTEREST AND INVESTMENT INCOME**

Interest and investment income are derived from:

	2013	2012
<u>Rupiah</u>		
Loans		
Micro	24,838,353	19,780,729
Retail	21,020,297	18,688,743
Corporate	5,075,470	3,385,618
Securities		
Fair value through profit or loss		
Certificates of Bank Indonesia	1,965	-
Government bonds	16,143	35,525
Bonds	2,557	1,005

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**31. INTEREST AND INVESTMENT INCOME (continued)**

Interest and investment income are derived from (continued):

	<b>2013</b>	<b>2012</b>
<u>Rupiah (continued)</u>		
Securities (continued)		
Available for sale		
Certificates of Bank Indonesia	223,282	305,875
Deposits Certificates of Bank Indonesia	15,067	-
Bonds	3,026	6,296
Government bonds	489,708	332,418
Held to maturity		
Certificates of Bank Indonesia	466,203	341,361
Deposits Certificates of Bank Indonesia	41,369	-
Bonds	53,263	88
Subordinated bonds	13,744	7,950
Government bonds	800,421	780,606
Medium Term Notes	5,646	6,794
Government Recapitalization Bonds		
Fair value through profit or loss	647	-
Available for sale	21,675	294,839
Held to maturity	140,795	80,379
Placements with Bank Indonesia and other banks		
Deposit Facility/Term Deposit	1,138,532	1,862,490
Inter-bank call money	96,577	45,422
Others	104	323
Current accounts with Bank Indonesia	190,842	163,713
Others	830,891	669,285
	<u>55,486,577</u>	<u>46,789,459</u>
<u>Foreign currencies</u>		
Loans		
Retail	211,720	140,436
Corporate	971,674	678,805
Securities		
Fair value through profit or loss		
Credit Linked Notes	18,007	17,451
Government bonds	4,123	3,514
Available for sale		
Bonds	11,279	493
Medium Term Notes	2,681	18,114
Government bonds	345,880	181,561
Held to maturity		
Credit Link Notes	33,541	64,574
Notes Receivable	9,754	23,376
Medium Term Notes	4,612	-
Bonds	1,172	2,089
Government bonds	120,521	65,812
Placements with Bank Indonesia and other banks		
Deposit Facility/Term Deposit	3,888	-
Inter-bank call money	32,715	15,275
Others	58,610	44,175
Others	404,077	226,887
	<u>2,234,254</u>	<u>1,482,562</u>
	<u><b>57,720,831</b></u>	<u><b>48,272,021</b></u>



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**32. INTEREST EXPENSE AND OTHER FINANCING EXPENSE**

This account represents interest expenses and other financing expense incurred on:

	<b>2013</b>	<b>2012</b>
<u>Rupiah</u>		
Time deposits	8,870,319	6,892,440
Saving deposits	2,253,778	2,125,483
Demand deposits	1,202,053	1,462,384
Subordinated loans	220,786	221,208
Fund borrowings	183,428	177,180
Deposits from other banks and financial institutions	101,405	41,856
Securities sold under agreement to repurchase	-	388
Others	1,001,681	1,055,971
	<u>13,833,450</u>	<u>11,976,910</u>
<u>Foreign currencies</u>		
Time deposits	565,088	474,163
Deposits from other banks and financial institutions	86,751	51,877
Demand deposits	64,633	16,393
Fund borrowings	38,849	78,934
Savings	1,452	783
	<u>756,773</u>	<u>622,150</u>
	<b><u>14,590,223</u></b>	<b><u>12,599,060</u></b>

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

This account represents provision (reversal) of allowance for impairment losses on financial assets as follows:

	<b>2013</b>	<b>2012</b>
Loans (Note 13f)	3,946,083	2,593,691
Sharia receivables and financing (Note 14)	2,410	75,426
Placements with Bank Indonesia and other banks (Note 7)	-	(300)
Securities (Note 8e)	12	(750)
Current accounts with other banks (Note 6e)	(94)	110
Investment in associated entities (Note 16)	(536)	-
	<b><u>3,947,875</u></b>	<b><u>2,668,177</u></b>

**34. SALARIES AND EMPLOYEE BENEFITS**

The details of this account are as follows:

	<b>2013</b>	<b>2012</b>
Salaries, wages and allowances	6,397,984	4,593,169
Bonuses, incentives and tantiem	4,079,858	2,806,706
Training and development	566,365	495,736
Medical allowances	183,551	154,641
Jamsostek contribution	180,464	122,173

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**34. SALARIES AND EMPLOYEE BENEFITS (continued)**

The details of this account are as follows (continued):

	<b>2013</b>	<b>2012</b>
Work separation scheme (Note 41d)	174,500	155,250
Defined contribution pension (Catatan 41c)	124,322	104,385
Grand leaves (Note 41e)	55,534	224,217
Defined benefit pension (Note 41a)	46,791	497,852
Pension preparation period (Note 41e)	32,220	2,152
Gratuity for services (Note 41e)	2,342	192,577
Others	388,063	256,689
	<b>12,231,994</b>	<b>9,605,547</b>

Salaries and allowances of the Board of Directors amounted to Rp48,817 and Rp46,269, and the Board of Commissioners amounted to Rp17,256 and Rp14,739 for the years ended December 31, 2013 and 2012, respectively (Note 43).

Bonuses, incentives and *tantiem* paid to the Boards of Directors, Commissioners and key employees amounted to Rp266,479 and Rp225,076 for the years ended December 31, 2013 and 2012, respectively (Note 43).

**35. GENERAL AND ADMINISTRATIVE EXPENSES**

The details of this account are as follows:

	<b>2013</b>	<b>2012</b>
Rent	1,280,213	1,016,732
Repairs and maintenance	752,937	654,556
Depreciation of premises and equipment (Note 17)	678,285	417,396
Electricity and water	435,213	362,027
Transportation	324,360	272,628
Printing and postage	254,341	168,212
Office supplies	220,913	183,298
Communications	117,015	107,615
Professional fees	72,478	54,139
Computer installations	47,128	42,300
Research and product development	13,823	6,874
Others	3,322,180	3,057,884
	<b>7,518,886</b>	<b>6,343,661</b>

**36. NON OPERATING INCOME - NET**

The details of this account are as follows:

	<b>2013</b>	<b>2012</b>
Loan insurance claim income	593,346	460,359
Gain on sale of premises and equipment	108,193	13,751
Cash distribution from the liquidation of BRI Finance Ltd, Hong Kong	39,542	23,855
Rental income	7,104	4,636
Others - net	1,034,304	674,433
	<b>1,782,489</b>	<b>1,177,034</b>

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**37. TAXATION**

a) Taxes Payable

As of December 31, 2013 and 2012, the details of taxes payable are as follows:

	<b>2013</b>	<b>2012</b>
<u>BRI (Parent Entity)</u>		
Income tax		
Article 25 (December)	160,469	392,603
Article 29	1,067,156	443,641
	<u>1,227,625</u>	<u>836,244</u>
<u>Subsidiaries</u>		
Income tax		
Article 21	10,116	10,374
Article 23	736	725
Article 25 (December)	7,342	4,574
Article 29	4,254	34,103
Article 4 (2)	15,940	9,669
Others	5	6
	<u>38,393</u>	<u>59,451</u>
	<b><u>1,266,018</u></b>	<b><u>895,695</u></b>

b) Tax Expense

	<b>2013</b>	<b>2012</b>
<u>Parent Entity</u>		
Current tax expense of:		
Current year	5,674,294	4,434,804
Prior year tax examination	483,171	36,142
Deferred income tax expense	330,261	646,937
	<u>6,487,726</u>	<u>5,117,883</u>
<u>Subsidiaries</u>		
Current tax expense of:		
Current year	71,080	71,089
Prior year tax examination	-	4,455
Deferred income tax benefit	(3,070)	(21,235)
	<u>68,010</u>	<u>54,309</u>
	<b><u>6,555,736</u></b>	<b><u>5,172,192</u></b>

The reconciliation between income before tax expense as presented in the consolidated statements of comprehensive income and estimated taxable income is as follows:

	<b>2013</b>	<b>2012</b>
Income before tax expense based on the consolidated statements of comprehensive income	27,910,066	23,859,572
Income of Subsidiaries	(262,190)	(188,685)
Income before tax expense - BRI (Parent Entity)	<u>27,647,876</u>	<u>23,670,887</u>

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**37. TAXATION (continued)**

b) Tax Expense (continued)

	<b>2013</b>	<b>2012</b>
Temporary Differences:		
Reversal for allowance for impairment losses on loans	(752,577)	(1,688,909)
Reversal of provision for personnel expenses	(255,395)	(657,053)
Unrealized loss (gain) on trading securities and Government Recapitalization Bonds	(4,516)	882
Depreciation of premises and equipment	(308,020)	(242,670)
Reversal of provision for possible losses on earning assets excluding loans	(536)	-
	<u>(1,321,044)</u>	<u>(2,587,750)</u>
Permanent Differences:		
Public relations	209,352	142,637
Representations and donations	86,789	49,706
Sports and religious activities	36,825	32,098
Income subjected to final tax	(5,261)	(4,724)
Income of Subsidiaries	(25,573)	(32,060)
Others	1,742,508	903,225
	<u>2,044,640</u>	<u>1,090,882</u>
<b>Estimated taxable income</b>	<b><u>28,371,472</u></b>	<b><u>22,174,019</u></b>

The computation of corporate income tax expense and income tax payable are as follows:

	<b>2013</b>	<b>2012</b>
Estimated taxable income	<u>28,371,472</u>	<u>22,174,019</u>
<u>Parent Entity</u>		
Corporate income tax expense - current	(5,674,294)	(4,434,804)
Income tax installment payments during the year	4,607,138	3,991,163
Corporate income tax payable - Article 29	<u>(1,067,156)</u>	<u>(443,641)</u>
<u>Subsidiaries</u>		
Corporate income tax expense - current	(71,080)	(71,089)
Income tax installment payments during the year	66,826	36,986
Corporate income tax payable - Article 29	<u>(4,254)</u>	<u>(34,103)</u>

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**37. TAXATION (continued)**

b) Tax Expense (continued)

Estimated taxable income in 2013 and 2012 are used as a basis for fulfillment of annual tax return (SPT) for corporate income tax that reported by BRI to Tax Office (KPP). Income tax of BRI and Subsidiaries are computed for each company as a separate legal entity.

**Examination of fiscal year 2010**

The General Directorate of Tax based on Tax Assessment Letter No. 00198/207/10/093/12 dated November 28, 2012, affirmed the under payment of Value Added Tax on Goods and Services in the amount of Rp1,418 including fine in the amount of Rp194 which was billed through Tax Billing Letter No. 00112/107/10/093/12 dated November 28, 2012. Tax principal was already approved by the BRI, but for administrative sanctions and penalties are currently being proposed for deletion process according to the existing tax regulations.

The General Directorate of Tax based on Tax Assessment Letter No. 00003/206/10/093/12 dated November 28, 2012, affirmed the under payment of Income Tax in the amount of Rp1,484,041 which was already approved by BRI in the amount of Rp34,529. The management is in the opinion that BRI's treatment to disapprove the tax under payment is already in accordance with the existing tax regulations, therefore, BRI is currently filing for an objection.

The total payment for tax under payment of Value Added Tax and Goods (including penalty) and income tax by BRI amounted to Rp36,142 and was paid on December 27, 2012.

On February 27, 2013, BRI has contested the Under Payment of Tax Assessment Letter of Income Tax No. 00003/206/10/093/12 dated 28 November 2012. To qualify for the requirement of objection, BRI has paid a deposit of Rp1,449,512 to the State Treasury on February 28, 2013. After the assessment, management BRI believes that the period for filing an objection and appeal until the decision of the review takes about 3 years and 3 months. Appeal decision and reconsideration decision has the possibility of rejected by the Tax Court, therefore BRI has formed the cost for the possible losses from the appeal process until the reconsideration decision amounted to Rp483,171 in 2013 (Note 18).

c) Deferred Tax Assets

The computation of deferred tax benefit (expense) of BRI is as follows (Note 2aj):

	<b>2013</b>	<b>2012</b>
<u>Parent Entity</u>		
Reversal for allowance for possible losses on earning assets	(188,278)	(422,227)
Reversal of provision for personnel expense	(63,849)	(164,263)
Unrealized loss (gain) on trading securities and Government Recapitalization Bonds	(1,129)	220
Depreciation of premises and equipment	(77,005)	(60,667)
	(330,261)	(646,937)
Subsidiaries	3,070	21,235
	<b>(327,191)</b>	<b>(625,702)</b>

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**37. TAXATION (continued)**

c) Deferred Tax Assets (continued)

The tax effects of significant temporary differences between commercial reporting and tax (recorded under "Deferred Tax Assets") are as follows (Note 2aj):

	<b>2013</b>	<b>2012</b>
<u>Parent Entity</u>		
Allowance for possible losses on earning assets	1,245,440	1,433,718
Provision for personnel expense	682,503	746,352
Depreciation on premises and equipment	(21,191)	55,814
Unrealized gain on trading securities and Government Recapitalization Bonds	(1,129)	-
Unrealized loss (gain) on available for sale securities and Government Recapitalization Bonds	236,513	(243,652)
	2,142,136	1,992,232
<u>Subsidiaries</u>	46,370	32,679
	<b>2,188,506</b>	<b>2,024,911</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%.

In addition, based on the above Law No. 36 year 2008 dated September 23, 2008, the Government Regulation No. 81 year 2007 dated December 28, 2007 on "Reduction of the Income Tax Rate on Resident Corporate Tax Payers in the Form of Publicly-listed Companies" and the Ministry of Finance Regulation No. 238/PMK.03/2008 dated December 30, 2008 on "The Guidelines on the Implementation and Supervision on the Rate Reduction for Domestic Tax Payers in the Form of Public Companies" stipulates that resident publicly-listed companies in Indonesia can obtain the reduced income tax rate at 5% lower than the highest existing income tax rate, provided they meet the prescribed criteria, i.e., public companies whose shares are owned by the public at a minimum of 40% or more of the total paid-up shares are traded in the Indonesia Stock Exchange and such shares are owned by at least 300 (three hundred) parties and each party owning only less than 5% of the total paid-up shares. These requirements should be fulfilled by the publicly-listed companies for a period of 6 (six) months in 1 (one) tax year. Based on Letter No. DE/I/2014-0098 dated January 6, 2014 and the monthly report of shares ownerships, form No. X.H.I-2 dated January, 6 2014 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of BRI's shares during 2013), all of the above mentioned required criteria to obtain the tax rate reduction on BRI's consolidated financial statements for the year ended December 31, 2013 were fulfilled by BRI.

**38. RISK MANAGEMENT**

The key to success in BRI's accomplishment as a strong and healthy bank with sustainable growth is the business implementation accompanied by an integrated and systematic risk management of credit, liquidity, operational, market, strategic, compliance, reputational and legal risk in accordance with Circular Letter of Bank Indonesia No. 13/23/DPNP dated October 25, 2011 on Risk Management Implementation for Commercial Banks.

The principles of integrated and systematic risk management are stated in the Risk Management General Policy (KUMR) which represents the supreme rule in the risk management implementation in BRI's business activities. KUMR includes general policy, strategy, organization, risk management, information system, process and implementation of risk management, up to internal control system. Implementation of risk management policies are set for derivative transactions in accordance with the type of derivative risks.

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**38. RISK MANAGEMENT (continued)**

Board of Commissioners (BOC) and Board of Director (BOD) is responsible for effective risk management at BRI and have an important role in supporting and overseeing the implementation of risk management across working units.

BOC evaluate the implementation of risk management policies that was led by BOD. Evaluation is done to ensure that BOD manage the activity and risks effectively. In conducting supervision of BRI's risk management, BOC were assisted by the Risk Management Oversight Committee (KPMR).

BOD determine the policy and risk management strategy comprehensively along with its implementation. BOD ensure that all material risks and the impact has been followed up, and remedial measure for problems or irregularities in business activity has been implemented. BOD appoint a Special Director, in this case Director of Compliance and Risk Management, to implement the process of monitoring and controlling bank-wide risk.

BRI's BOD were assisted by Risk Management Committee (RMC) as the highest committee in BRI's risk management structure. RMC is responsible to provide recommendations to the President Director in formulating policies, enhance policy implementation, evaluating the progress and condition of risk profiles, and providing remedial measure.

To address issues that were specific to certain types of risk and required immediate decisions, RMC conducted sub-RMC meetings. There were 3 (three) types of sub-RMC: CMRC (Credit Risk Management Committee), MRMC (Market Risk Management Committee), and ORMC (Operational Risk Management Committee), was form to discuss issues related to credit, market, operational and other risks.

Risk management within BRI is a function that is independent, in example business function and audit function. These functions plays an active roll in implementing risk management at different levels of authority. BRI's Risk Management was implemented with the concept of three lines of defense. First line of defense is the business and operational units with functional activity, responsible for implementing and maintaining internal controls and ensuring output quality are accordance with policies and procedures that have been developed. Second line of defense monitors the implementation of risk management procedures with an appropriate risk tolerance and establishes policies, guidelines, and risk limits for business and operational units independently. Third line of denfense evaluate the first line and second lines of defense, and provide report to the President Director and BOC independently.

**Credit Risk Management**

Credit risk is risk due to default of debtor and/or other party in meeting their obligation to BRI. BRI monitors the credit quality as part of early identification of credit impairment. Credit risk management is done by including limits of acceptable risk exposure for individual third party, limits on geographics boundaries, and limits on each industry. Limit determination is done through credit risk rating for each debtor. Credit risk rating is updated periodically to estimate potential loss as risk due to credit expansion and as a basis to determine the following improvement.

Implementation of Credit Risk Management is not solely intended to put BRI as a bank that is complied with the regulation, but also as a form of management's obligation in implementing credit risk management system at an optimum level of risk and return, and in accordance with best practice in the banking industry, which is expected to support BRI's business activities.

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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

Loan distribution performed by business unit already considered the credit risk from granting until fully paid. Monitoring on credit risk are done on a regular basis to prevent Non Performing Loan (NPL).

Through the implementation of Early Warning System (EWS) in the development of the condition of the debtor's business, effective credit risk management could minimize risk of loss and optimize capital usage to obtain maximum income.

Credit risk management of BRI is intended to minimize possible losses due to unsettled loans and other financial contracts, both in the individual level and the overall loan portfolio. Credit risk management is also intended to meet the regulatory requirements of Bank Indonesia.

**1. Analysis of maximum exposure to credit risk and collateral and other credit echancement**

The carrying value of BRI's financial assets other than loan and receivable and securities purchased under agreement to resell best represent the maximum exposure to credit risk

The table below shows the net maximum exposure to credit risk of securities purchase under agreement to resell as of December 31, 2013.

	<b>Maximum Exposure</b>	<b>Collateral</b>	<b>Net Exposure</b>
Securities purchased under agrrements to resell	14,440,063	15,133,887	-

For the loans and receivables, BRI uses the collateral to minimize the credit risk. Loans and receivables are classified into two major category :

1. Secured loans
2. Unsecured loans

For *secured loans*, BRI determined the type and value of collateral according to the loan scheme. Types of collateral are as follows :

- a. Physical collateral, such as land and buildings, proof of vehicle ownership, and property.
- b. Financial collateral, such as time deposit, savings, demand deposit, securities, and gold.
- c. Others, such as guarantees, government guarantees, and guarantee institution.

In times of default, BRI will use the collateral as the last resort in recovering its investment.

Unsecured loans consist of fully unsecured loans such as credit cards and partially secured loans such as loans for fixed income employees, loans for retirees, and other consumer loans. In their payment obligations, partially secured loans are generally made through automatic payroll deduction.

Although it is included in the unsecured loans category, the risk level of partially secured loans is lower than the carrying value. As for fully unsecured loan, the risk level is equal to the carrying value.

Credit risk mitigations for partially secured loans consist of employee recruitment decision letter and certificate of retirement.



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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

**2. Risk concentration analysis**

**a. Geographical sectors**

The following tables provide details of BRI's credit risk exposure at carrying value as categorized by geographical region as of December 31, 2013 and 2012. For these tables, BRI has allocated exposures to the regions based on the geographical area where activities are undertaken which also illustrates the region business potential:

2013								
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
<b>Assets</b>								
Current accounts with Bank Indonesia	40,718,495	-	-	-	-	-	-	40,718,495
Current accounts with other banks	8,746,304	3,740	1,416	795	5,016	10,076	667,850	9,435,197
Placements with Bank Indonesia and other banks	36,306,883	-	-	-	-	-	-	36,306,883
Securities								
Fair value through profit or loss	898,511	-	-	-	-	-	-	898,511
Available for sale	13,739,364	-	-	-	-	-	1,634,694	15,374,058
Held to maturity	26,289,475	-	-	-	-	-	112,393	26,401,868
Export bills	6,399,769	901,712	143,749	1,116,915	350,933	12,994	-	8,926,072
Government Recapitalization Bonds								
Fair value through profit or loss	199,314	-	-	-	-	-	-	199,314
Available for sale	712,105	-	-	-	-	-	-	712,105
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	14,440,063	-	-	-	-	-	-	14,440,063
Derivatives receivable	4,981	-	-	-	-	-	-	4,981
Loans								
Micro	11,172,945	12,787,420	22,711,207	19,609,819	30,126,437	45,858,914	-	142,266,742
Retail	48,387,090	12,809,817	19,690,352	23,467,745	31,556,531	45,616,690	326,113	181,854,338
Corporate	76,579,783	7,685,786	2,089,124	5,946,223	9,701,029	4,191,558	4,001,883	110,195,386
Sharia receivables and financing	3,939,050	3,186,621	1,624,095	1,352,004	2,252,143	1,674,477	-	14,028,390
Acceptances receivable	1,788,857	1,034,340	189,150	527,306	140,031	-	-	3,679,684
Investment in associated entities*)	1,944	-	-	-	-	-	-	1,944
Other assets**)	996,975	19,189	15,550	20,885	34,920	23,292	49,723	1,160,534
	<b>294,921,908</b>	<b>38,428,625</b>	<b>46,464,643</b>	<b>52,041,692</b>	<b>74,167,040</b>	<b>97,388,001</b>	<b>6,792,656</b>	<b>610,204,565</b>
Less: Allowance for Impairment losses								(15,418,945)
								<b>594,785,620</b>
<b>Administrative Accounts</b>								
Irrevocable L/C	15,691,043	1,811,410	110,618	557,092	429,071	27,236	-	18,626,470
Guarantees issued	10,058,642	2,226,392	158,740	480,897	393,191	2,574,319	-	15,892,181
	<b>25,749,685</b>	<b>4,037,802</b>	<b>269,358</b>	<b>1,037,989</b>	<b>822,262</b>	<b>2,601,555</b>	<b>-</b>	<b>34,518,651</b>

2012								
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
<b>Assets</b>								
Current accounts with Bank Indonesia	42,524,126	-	-	-	-	-	-	42,524,126
Current accounts with other banks	4,736,402	118	1,026	8	562	7,818	96,212	4,842,146
Placements with Bank Indonesia and other banks	65,947,885	-	-	-	-	-	295,043	66,242,928
Securities								
Fair value through profit or loss	612,986	-	-	-	-	-	-	612,986
Available for sale	12,280,118	-	-	-	-	-	1,244,967	13,525,085
Held to maturity	26,856,716	-	-	-	-	-	142,853	26,999,569
Export bills	4,048,115	7,623	80,255	905,657	72,752	14,669	805,701	5,934,772
Government Recapitalization Bonds								
Available for sale	715,616	-	-	-	-	-	-	715,616
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	9,550,521	-	-	-	-	-	-	9,550,521

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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

**2. Risk concentration analysis (continued)**

**a. Geographical sectors (continued)**

	2012						
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others
<b>Assets (continued)</b>							
Derivatives receivable	28,850	-	-	-	-	-	-
Loans							
Micro	9,034,327	9,939,161	17,788,181	15,498,699	25,571,902	37,662,582	-
Retail	35,603,909	10,090,294	15,982,950	19,034,391	26,932,435	38,567,169	162,578
Corporate	60,861,940	6,794,456	1,828,626	6,825,359	7,259,103	3,774,799	1,545,401
Sharia receivables and financing	3,608,075	2,332,404	1,342,613	1,052,596	1,687,256	1,225,337	-
Acceptances receivable	3,730,657	676,866	336,822	8,086	33,690	-	-
Investment in associated entities*)	1,944	-	-	-	-	-	-
Other assets**)	410,062	18,732	9,904	18,323	30,045	65,895	72,394
<b>Total</b>	<b>284,152,249</b>	<b>29,859,654</b>	<b>37,370,377</b>	<b>43,343,119</b>	<b>61,587,745</b>	<b>81,318,269</b>	<b>4,365,149</b>
Less: Allowance for Impairment losses							(14,916,332)
							<b>527,080,230</b>
<b>Administrative Accounts</b>							
Guarantees issued	8,503,562	887,918	278,298	253,230	285,400	2,053,410	-
Irrevocable L/C	7,436,075	3,685,709	160,285	435,667	475,178	38,986	-
	<b>15,939,637</b>	<b>4,573,627</b>	<b>438,583</b>	<b>688,897</b>	<b>760,578</b>	<b>2,092,396</b>	<b>-</b>
							<b>24,493,718</b>

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

\*\*) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

**b. Industrial sectors**

The following tables provide the details of credit exposure at carrying value, as categorized by the industrial sectors as of December 31, 2013 and 2012:

	2013						
	Government (including Bank Indonesia)	Banks and other financial institutions	Agriculture	Industry	Trade, hotel and restaurant	Services	Others
<b>Aset</b>							
Current accounts with Bank Indonesia	40,718,495	-	-	-	-	-	-
Current accounts with other banks	-	9,435,197	-	-	-	-	-
Placements with Bank Indonesia and other banks	31,957,329	4,349,554	-	-	-	-	-
Securities							
Fair value through profit or loss	197,028	701,483	-	-	-	-	-
Available for sale	14,262,387	461,029	-	248,524	12,048	25,310	364,760
Held to maturity	21,653,086	4,456,782	50,000	50,000	150,000	42,000	-
Export bills	10,266	-	-	2,664,128	40,856	32,965	6,177,857
Government Recapitalization Bonds							
Fair value through profit or loss	199,314	-	-	-	-	-	-
Available for sale	712,105	-	-	-	-	-	-
Held to maturity	3,600,000	-	-	-	-	-	-
Securities purchased under agreements to resell	14,440,063	-	-	-	-	-	-
Derivatives receivable	-	4,981	-	-	-	-	-
Loans							
Micro	-	-	18,962,693	2,684,186	58,893,221	6,554,528	55,172,114
Retail	-	6,773,316	3,936,283	13,693,620	65,489,885	6,561,863	85,399,371
Corporate	3,541,631	4,371,588	16,625,502	31,961,494	18,601,806	4,407,974	30,685,391
Sharia receivables and financing	6,739	79,173	129,504	311,405	49,542	5,467,247	7,984,780
Acceptances receivable	1,417,558	-	-	11,241	-	-	2,250,885
Investment in associated entities*)	-	834	-	-	-	900	210
Other assets**)	764,030	90,272	-	-	-	42,177	264,055
	<b>133,480,031</b>	<b>30,724,209</b>	<b>39,703,982</b>	<b>51,624,598</b>	<b>143,237,358</b>	<b>23,134,964</b>	<b>188,299,423</b>
							<b>610,204,565</b>
Less: Allowance for Impairment losses							(15,418,945)
							<b>594,785,620</b>

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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

**2. Risk concentration analysis (continued)**

**b. Industrial sectors (continued)**

2013								
	Government (including Bank Indonesia)	Banks and other financial institutions	Agriculture	Industry	Trade, hotel and restaurant	Services	Others	Total
<b>Administrative Accounts</b>								
Irrevocable L/C	5,856,008	-	-	575,179	33,095	810	12,161,378	18,626,470
Guarantees issued	7,194,127	1,689	-	960,675	169,827	109,416	7,456,447	15,892,181
	<b>13,050,135</b>	<b>1,689</b>	<b>-</b>	<b>1,535,854</b>	<b>202,922</b>	<b>110,226</b>	<b>19,617,825</b>	<b>34,518,651</b>
2012								
	Government (including Bank Indonesia)	Banks and other financial institutions	Agriculture	Industry	Trade, hotel and restaurant	Services	Others	Total
<b>Assets</b>								
Current account with Bank Indonesia	42,524,126	-	-	-	-	-	-	42,524,126
Current accounts with other banks	-	4,842,146	-	-	-	-	-	4,842,146
Placements with Bank Indonesia and other banks	60,696,564	5,261,364	-	-	-	-	285,000	66,242,928
Securities								
Fair value through profit or loss	71,925	541,061	-	-	-	-	-	612,986
Available for sale	13,113,967	69,227	-	-	-	-	341,891	13,525,085
Held to maturity	22,169,346	3,591,573	25,000	233,188	-	-	980,462	26,999,569
Export bills	14,281	-	11,627	928,956	57,048	-	4,922,860	5,934,772
Government Recapitalization Bonds								
Available for sale	715,616	-	-	-	-	-	-	715,616
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	9,550,521	-	-	-	-	-	-	9,550,521
Derivatives receivable	-	28,850	-	-	-	-	-	28,850
Loans								
Micro	-	-	13,606,510	1,569,718	37,471,249	2,554,663	60,292,712	115,494,852
Retail	696,347	387,937	2,710,743	7,967,775	53,131,825	6,630,768	74,848,331	146,373,726
Corporate	2,254,829	5,489,847	15,880,206	28,623,491	3,759,502	798,102	32,083,707	88,889,684
Sharia receivables and financing	17,695	-	127,960	682,580	677,218	4,210,196	5,532,632	11,248,281
Acceptances receivable	685,912	-	-	1,185	-	-	4,099,024	4,786,121
Investment in associated entities*	-	834	-	-	-	900	210	1,944
Other assets**)	68,054	730	-	-	387,883	168,688	-	625,355
	<b>156,179,183</b>	<b>20,213,569</b>	<b>32,362,046</b>	<b>40,006,893</b>	<b>95,484,725</b>	<b>14,363,317</b>	<b>183,386,829</b>	<b>541,996,562</b>
Less: Allowance for impairment losses								(14,916,332)
								<b>527,080,230</b>
<b>Administrative Accounts</b>								
Guarantees issued	5,444,426	-	347,076	75,036	268,021	23,262	6,103,997	12,261,818
Irrevocable L/C	6,068,726	-	1,654	250,057	74,932	80,184	5,756,347	12,231,900
	<b>11,513,152</b>	<b>-</b>	<b>348,730</b>	<b>325,093</b>	<b>342,953</b>	<b>103,446</b>	<b>11,860,344</b>	<b>24,493,718</b>

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

\*\*) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

3. Impairment of financial assets as of December 31, 2013 and 2012

a. Current accounts with other banks

As of December 31, 2013 and 2012, this financial asset includes impaired account amounted to Rp77 and Rp171.

b. Placements with Bank Indonesia and other banks

As of December 31, 2013 and 2012, this financial asset is neither individually nor collectively impaired.

c. Securities

As of December 31, 2013 and 2012, this financial asset includes impaired accounts with the following details:

	<b>2013</b>	<b>2012</b>
<u>Rupiah</u>		
Government bonds	18,126,855	15,246,161
Certificates of Bank Indonesia	8,027,875	16,556,764
Deposits Certificates of Bank Indonesia	3,717,868	-
Bonds	1,986,229	1,559,225
Bank Indonesia Sharia Certificates (SBIS)	1,050,000	575,000
Mutual funds	338,464	10,998
Medium term notes	50,000	100,000
Subordinates bonds	40,000	89,873
	<u>33,337,291</u>	<u>34,138,021</u>
<u>Foreign currencies</u>		
Government bonds	4,418,069	2,977,313
Credit linked notes	4,212,803	3,698,047
Bonds	621,084	160,139
Notes receivables	85,190	115,650
Medium term notes	-	48,470
	<u>9,337,146</u>	<u>6,999,619</u>
	42,674,437	41,137,640
Less : Allowance for impairment losses	(772)	(760)
	<u><b>42,673,665</b></u>	<u><b>41,136,880</b></u>

d. Export bills

As of December 31, 2013 and 2012 this financial asset is neither individually nor collectively impaired.

e. Derivatives receivable

As of December 31, 2013 and 2012, this financial asset is not individually or collectively impaired.

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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

**3. Impairment of financial assets as of December 31, 2013 and 2012 (continued)**

**f. Loans, Sharia receivables and financing**

As of December 31, 2013 and 2012, this financial asset is individually or collectively impaired, for Sharia is according to the regulation of Bank Indonesia with the following details:

	2013				
	Neither Past Due Nor Impaired		Past Due But Not	Impaired	Total
	High Grade	Standard Grade	Impaired		
<b>Rupiah</b>					
Trading, hotels and restaurants	122,782,974	215,206	10,670,167	4,629,957	138,298,304
Agriculture	34,633,345	3,482	1,350,181	788,266	36,775,274
Business services	20,169,721	3,625,324	1,274,688	940,567	26,010,300
Manufacturing	18,340,606	1,291,838	651,361	771,092	21,054,897
Social services	11,986,164	646	253,642	194,599	12,435,051
Transportation, warehousing and communications	10,673,187	2,555	351,335	299,492	11,326,569
Electricity, gas and water	10,564,096	-	13,471	26,207	10,603,774
Construction	8,324,731	-	390,665	1,317,825	10,033,221
Mining	2,065,572	1,800	362,284	41,451	2,471,107
Others	124,568,589	1,267	5,146,468	1,352,576	131,068,900
	<u>364,108,985</u>	<u>5,142,118</u>	<u>20,464,262</u>	<u>10,362,032</u>	<u>400,077,397</u>
<b>Foreign currencies</b>					
Manufacturing	27,227,762	413,841	-	658,383	28,299,986
Trading, hotels and restaurants	4,190,159	100,737	220,878	865,594	5,377,368
Social services	3,286,158	-	-	-	3,286,158
Agriculture	2,853,568	-	-	37,018	2,890,586
Mining	2,820,276	-	215,260	5,475	3,041,011
Electricity, gas and water	1,539,950	-	-	-	1,539,950
Business services	995,281	-	17,148	427,673	1,440,102
Construction	959,459	-	92	178,738	1,138,289
Transportation, warehousing and communications	179,769	-	1,262	954,972	1,136,003
Others	118,006	-	-	-	118,006
	<u>44,170,388</u>	<u>514,578</u>	<u>454,640</u>	<u>3,127,853</u>	<u>48,267,459</u>
	<u><b>408,279,373</b></u>	<u><b>5,656,696</b></u>	<u><b>20,918,902</b></u>	<u><b>13,489,885</b></u>	<u><b>448,344,856</b></u>
Less: Allowance for Impairment losses					(15,418,096)
					<u><b>432,926,760</b></u>

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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

**3. Impairment of financial assets as of December 31, 2013 and 2012 (continued)**

**f. Loans, Sharia receivables and financing (continued)**

	2012				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
<u>Rupiah</u>					
Trading, hotels and restaurants	80,229,488	64,984	8,286,020	4,240,317	92,820,809
Agriculture	28,614,575	31,667	1,334,176	640,306	30,620,724
Manufacturing	16,962,073	990,610	535,521	611,051	19,099,255
Business services	13,991,749	4,792,238	962,900	727,991	20,474,878
Social services	9,015,540	-	151,023	126,736	9,293,299
Electricity, gas and water	8,301,198	575	17,156	35,200	8,354,129
Transportation, warehousing and communications	8,029,664	3,391	169,940	230,195	8,433,190
Construction	6,838,465	12,627	243,304	1,347,726	8,442,122
Mining	1,359,468	1,799	92,973	67,069	1,521,309
Others	118,167,559	195,976	5,905,868	1,702,389	125,971,792
	<u>291,509,779</u>	<u>6,093,867</u>	<u>17,698,881</u>	<u>9,728,980</u>	<u>325,031,507</u>
<u>Foreign currencies</u>					
Manufacturing	19,776,030	309,920	2,542	480,871	20,569,363
Trading, hotels and restaurants	4,060,098	73,859	28,546	195,600	4,358,103
Mining	3,573,399	-	13,183	17,008	3,603,590
Agriculture	2,384,829	-	17,352	10,422	2,412,603
Electricity, gas and water	1,653,608	-	-	278,444	1,932,052
Social services	1,184,509	-	-	-	1,184,509
Construction	855,796	-	19,196	167,599	1,042,591
Business services	238,439	-	-	87,774	326,213
Transportation, warehousing and communications	144,350	-	1,051	769,044	914,445
Others	629,788	-	1,779	-	631,567
	<u>34,500,846</u>	<u>383,779</u>	<u>83,649</u>	<u>2,006,762</u>	<u>36,975,036</u>
	<u><b>326,010,625</b></u>	<u><b>6,477,646</b></u>	<u><b>17,782,530</b></u>	<u><b>11,735,742</b></u>	<u><b>362,006,543</b></u>
Less: Allowance for Impairment losses					(14,914,865)
					<u><b>347,091,678</b></u>

**g. Acceptances receivable**

As of December 31, 2013 and 2012, this financial asset is neither individually nor collectively impaired.

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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

**3. Impairment of financial assets as of December 31, 2013 and 2012 (continued)**

**h. Estimated losses on commitments and contingencies**

As of december 31, 2013 and 2012, the administrative accounts are impaired with the following details:

	<b>2013</b>	<b>2012</b>
<u>Rupiah</u>		
Guarantees issued	5,770,703	3,702,083
Irrevocable L/C	662,800	450,296
	<u>6,433,503</u>	<u>4,152,379</u>
<u>Foreign currencies</u>		
Irrevocable L/C	17,963,670	11,781,604
Guarantees issued	10,121,478	8,559,735
	<u>28,085,148</u>	<u>20,341,339</u>
	34,518,651	24,493,718
Less: Allowance for Impairment losses	(223)	(414)
	<u><b>34,518,428</b></u>	<u><b>24,493,304</b></u>

**4. Quality of financial assets**

The following tables show the quality of financial assets by class for all financial assets with credit risk, amount presented are gross.

	<b>2013</b>			
	<b>Neither Past Due Nor Impaired</b>		<b>Past Due But Not Impaired</b>	
	<u><b>High Grade</b></u>	<u><b>Standard Grade</b></u>	<u><b>Impaired</b></u>	<u><b>Total</b></u>
<u>Assets</u>				
Current accounts with				
Bank Indonesia	40,718,495	-	-	40,718,495
Current accounts with				
Other banks	9,435,197	-	-	9,435,197
Placements with Bank				
Indonesia and other banks	36,306,883	-	-	36,306,883
Securities				
Fair value through profit or loss	898,511	-	-	898,511
Available for sale	15,232,460	141,598	-	15,374,058
Held to maturity	26,294,491	107,377	-	26,401,868
Export bills	8,926,072	-	-	8,926,072
Government recapitalization bonds				
Fair value through profit or loss	199,314	-	-	199,314
Available for sale	712,105	-	-	712,105
Held to maturity	3,600,000	-	-	3,600,000
Securities purchased under				
agreement to resell	14,440,063	-	-	14,440,063

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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

**4. Quality of financial assets (continued)**

	2013				
	Neither Past Due Nor Impaired		Past Due But Not	Impaired	Total
	High Grade	Standard Grade	Impaired		
<u>Assets (continued)</u>					
Derivatives receivable	4,981	-	-	-	4,981
Loans					
Micro	131,203,167	-	9,350,206	1,713,369	142,266,742
Retail	165,838,852	25,647	10,297,146	5,692,693	181,854,338
Corporate	98,149,920	5,608,577	916,964	5,519,925	110,195,386
Sharia receivables and financing	13,087,434	22,472	354,586	563,898	14,028,390
Acceptances receivable	3,679,684	-	-	-	3,679,684
Investment in associated entities*)	1,944	-	-	-	1,944
Other assets**)	1,160,534	-	-	-	1,160,534
	<b>569,890,107</b>	<b>5,905,671</b>	<b>20,918,902</b>	<b>13,489,885</b>	<b>610,204,565</b>
	2012				
	Neither Past Due Nor Impaired		Past Due But Not	Impaired	Total
	High Grade	Standard Grade	Impaired		
<u>Assets</u>					
Current accounts with					
Bank Indonesia	42,524,126	-	-	-	42,524,126
Current accounts with					
Other banks	4,842,146	-	-	-	4,842,146
Placements with Bank					
Indonesia and other banks	66,242,928	-	-	-	66,242,928
Securities					
Fair value through profit or loss	612,986	-	-	-	612,986
Available for sale	13,525,085	-	-	-	13,525,085
Held to maturity	26,899,569	100,000	-	-	26,999,569
Export bills	5,934,772	-	-	-	5,934,772
Government recapitalization bonds					
Available for sale	715,616	-	-	-	715,616
Held to maturity	3,600,000	-	-	-	3,600,000
Securities purchased under					
Agreement to resell	9,550,521	-	-	-	9,550,521
Derivatives receivable	28,850	-	-	-	28,850
Loans					
Micro	106,003,807	-	7,996,256	1,494,789	115,494,852
Retail	132,119,531	79,936	8,716,216	5,458,043	146,373,726
Corporate	77,264,187	6,377,885	805,128	4,442,484	88,889,684
Sharia receivables and financing	10,623,100	19,825	264,930	340,426	11,248,281
Acceptances receivable	4,786,121	-	-	-	4,786,121
Investment in associated entities *)	1,944	-	-	-	1,944
Other assets **)	625,355	-	-	-	625,355
	<b>505,900,644</b>	<b>6,577,646</b>	<b>17,782,530</b>	<b>11,735,742</b>	<b>541,996,562</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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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

**4. Quality of financial assets (continued)**

Credit quality defined as follows :

**1. High Grade**

- a) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements with the sovereign and transacted with banks listed in the stock exchange with low probability of insolvency.
- b) Loans and Sharia receivables/financing, are third party receivables that are neither past due nor impaired, and has never been restructured.
- c) Export bills and acceptances receivable, are third party receivables that are not past due, and have strong financial capacity to repay all of obligations in a timely manner.
- d) Securities and government bonds are sovereign securities, investment grade securities and bonds with a rating of at least idA- (Pefindo), A- (Fitch), A- (Standard & Poor's), or A3 (Moody's).
- e) Investment in associated entities, are investment to entity listed in stock exchange and have an 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 currents accounts or plecements with the banks not listed in the stock exchange.
- b) Loans and Sharia receivables/financing, are third party receivables that are neither past due nor impaired, but has been restructured.
- c) Export bills and acceptances receivable, are third party receivables that are not past due, and have adequate financial capacity.
- d) Securities and government bonds are sovereign securities, investment grade securities and bonds with a rating between idBBB+ to idBBB- (Pefindo), BBB+ to BBB- (Fitch), BBB+ to BBB- (Standard & Poor's) or Baa1 to Baa3 (Moody's).
- e) Investment in associated entities, are investment to entity not listed in stock exchange and have an overall good performance level.

5. According to SFAS 60, financial asset that are past due is determined when the debtor fails to pay as scheduled. The following tables show the aging analysis of loans, Sharia receivables and financing which are past due but not impaired.

	2013			
	≤ 30 days	> 30 – 60 days	> 60 – 90 days	Total
Loans				
Micro	300,557	47,635	9,002,014	9,350,206
Retail	918,767	270,709	9,107,670	10,297,146
Corporate	152,059	36,573	728,332	916,964
Sharia receivables and financing	234,651	74,944	44,991	354,586
	<b>1,606,034</b>	<b>429,861</b>	<b>18,883,007</b>	<b>20,918,902</b>

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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

5. According to SFAS 60, financial asset that are past due is determined when the debtor fails to pay as scheduled. The following tables show the aging analysis of loans, Sharia receivables and financing which are past due but not impaired (continued).

2012				
	≤ 30 days	> 30 – 60 days	> 60 – 90 days	Total
Loans				
Micro	201,957	53,068	7,741,231	7,996,256
Retail	739,385	252,277	7,724,554	8,716,216
Corporate	-	192,769	612,359	805,128
Sharia receivables and financing	191,418	38,107	35,405	264,930
	<b>1,132,760</b>	<b>536,221</b>	<b>16,113,549</b>	<b>17,782,530</b>

**Liquidity Risk Management**

BRI manages liquidity risk as an effort to meet every financial liability that has been agreed upon in a timely manner and in order to maintain adequate and optimal liquidity level. In order to support liquidity management, BRI has determined liquidity risk management policy which covers liquidity management, liquidity allowance maintenance, funding strategy determination, early warning system, measurement and determination of liquidity risk limit including high quality liquid asset and emergency funding plan (contingency plan).

The purpose of this policy is to ensure daily fund adequacy in meeting its obligations during normal or crisis condition in a timely manner from various available source of fund, including ensuring the availability of high quality liquid asset.

**Asset and Liability Analysis According to Contractual Maturity**

Future potential liquidity risk encountered by BRI is measured through Liquidity Gap Analysis, which is the projection of the excess or shortage of liquidity based on the maturity of assets and liabilities, after taking into account the business expansion needs. This information is also used as a consideration in planning and managing liquidity, including business expansion need. With the implementation of effective liquidity risk management, it is expected that liquidity risk can be minimized as well as enhancing the overall banking system stability.

The tables below represent information about the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of December 31, 2013 and 2012:

2013						
Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
<b>Assets</b>						
Cash	19,171,778	19,171,778	-	-	-	-
Current accounts with Bank Indonesia	40,718,495	40,718,495	-	-	-	-
Current accounts with Other banks	9,435,197	9,435,197	-	-	-	-
Allowance for Impairment losses	(77)	-	-	-	-	(77)

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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

Asset and Liability Analysis According to Contractual Maturity (continued)

2013						
Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
<b>Assets (continued)</b>						
Placements with Bank						
Indonesia and						
other banks	36,306,883	36,264,087	40,000	2,796	-	-
Securities	42,674,437	15,865,461	4,714,910	8,499,398	13,594,668	-
Allowance for						
Impairment losses	(772)	-	-	-	-	(772)
Export bills	8,926,072	1,136,577	1,079,390	6,710,105	-	-
Government						
Recapitalization Bonds	4,511,419	911,419	-	-	3,600,000	-
Securities purchased						
under agreement						
to resell	14,440,063	14,440,063	-	-	-	-
Derivatives receivable	4,981	-	4,981	-	-	-
Loans						
Micro	142,266,742	1,408,628	2,415,817	18,491,165	119,951,132	-
Retail	181,854,338	9,533,300	16,308,914	48,101,129	107,910,995	-
Corporate	110,195,386	15,236,228	19,170,547	12,658,888	63,129,723	-
Allowance for						
Impairment losses	(15,171,736)	-	-	-	-	(15,171,736)
Sharia receivables and						
financing	14,028,390	688,838	582,437	1,809,569	10,947,546	-
Allowance for						
Impairment losses	(246,360)	-	-	-	-	(246,360)
Acceptances receivable	3,679,684	1,227,198	1,111,872	1,340,614	-	-
Investment in associated						
entities *)	1,944	-	-	-	-	1,944
Other assets **)	1,160,534	243,920	548,476	368,138	-	-
	<b>613,957,398</b>	<b>166,281,189</b>	<b>45,977,344</b>	<b>97,981,802</b>	<b>319,134,064</b>	<b>(15,417,001)</b>
<b>Liabilities</b>						
Liabilities due						
immediately	5,065,527	5,065,527	-	-	-	-
Deposits from customers						
Demand deposits	78,666,064	78,666,064	-	-	-	-
Wadiah demand						
deposits	670,887	670,887	-	-	-	-
Saving deposits	210,234,683	210,234,683	-	-	-	-
Wadiah saving						
deposits	2,480,554	2,480,554	-	-	-	-
Mudharabah						
saving deposits	281,388	281,388	-	-	-	-
Time deposits	201,585,766	125,107,421	29,369,138	28,524,375	18,584,832	-
Mudharabah						
time deposits	10,362,040	8,432,979	1,690,677	238,384	-	-
Deposits from other						
Banks and financial						
Institutions	3,691,220	3,467,913	47,651	175,656	-	-
Derivatives payable	1,565,102	6,212	35,706	1,523,184	-	-
Acceptances payable	3,679,684	1,227,198	1,111,872	1,340,614	-	-
Marketable securities						
issued	6,023,133	-	-	-	6,023,133	-
Fund borrowings	9,084,913	1,909,483	4,065,459	2,988,377	121,594	-
Subordinated loans	2,097,024	232	-	1,998,289	98,503	-
Other liabilities***)	758,130	594,714	100,579	57,965	4,872	-
	<b>536,246,115</b>	<b>438,145,255</b>	<b>36,421,082</b>	<b>36,846,844</b>	<b>24,832,934</b>	<b>-</b>
<b>Maturity gap</b>	<b>77,711,283</b>	<b>(271,864,066)</b>	<b>9,556,262</b>	<b>61,134,958</b>	<b>294,301,130</b>	<b>(15,417,001)</b>

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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

**Asset and Liability Analysis According to Contractual Maturity (continued)**

2012						
Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
<b>Assets</b>						
Cash	13,895,464	13,895,464	-	-	-	-
Current accounts with Bank Indonesia	42,524,126	42,524,126	-	-	-	-
Current accounts with Other banks	4,842,146	4,842,146	-	-	-	-
Allowance for Impairment losses	(171)	-	-	-	-	(171)
Placements with Bank Indonesia and other banks	66,242,928	30,392,467	21,683,223	14,167,238	-	-
Securities	41,137,640	13,903,186	1,677,741	11,803,551	13,753,162	-
Allowance for Impairment losses	(760)	-	-	-	-	(760)
Export bills	5,934,772	777,846	800,732	4,356,194	-	-
Government Recapitalization Bonds	4,315,616	715,616	-	-	3,600,000	-
Securities purchased under agreement to resell	9,550,521	1,184,577	7,754,568	611,376	-	-
Derivatives receivable	28,850	-	1,417	-	27,433	-
Loans						
Micro	115,494,852	1,114,126	2,125,242	15,374,321	96,881,163	-
Retail	146,373,726	12,098,999	9,676,910	38,730,298	85,867,519	-
Corporate	88,889,684	12,620,508	12,110,915	12,457,784	51,700,477	-
Allowance for Impairment losses	(14,677,220)	-	-	-	-	(14,677,220)
Sharia receivables and financing	11,248,281	357,787	684,964	1,297,635	8,907,895	-
Allowance for Impairment losses	(237,645)	-	-	-	-	(237,645)
Acceptances receivable	4,786,121	573,963	1,955,525	2,256,633	-	-
Investment in associated entities *)	1,944	-	-	-	-	1,944
Allowance for Impairment losses	(536)	-	-	-	-	(536)
Other assets **)	625,355	191,772	125,701	307,882	-	-
	<b>540,975,694</b>	<b>135,192,583</b>	<b>58,596,938</b>	<b>101,362,912</b>	<b>260,737,649</b>	<b>(14,914,388)</b>
<b>Liabilities</b>						
Liabilities due immediately	4,911,852	4,911,852	-	-	-	-
Deposits from customers						
Demand deposits	79,051,314	79,051,314	-	-	-	-
Wadiah demand deposits	671,800	671,800	-	-	-	-
Saving deposits	182,833,586	182,833,586	-	-	-	-
Wadiah saving deposits	1,688,478	1,688,478	-	-	-	-
Mudharabah saving deposits	195,285	195,285	-	-	-	-
Time deposits	177,267,237	100,685,908	24,474,150	51,795,644	311,535	-
Mudharabah time deposits	8,458,683	6,426,477	1,850,612	179,246	2,348	-
Deposits from other Banks and financial Institutions	2,778,618	2,419,285	11,250	348,083	-	-
Securities sold under agreement to repurchase	-	-	-	-	-	-
Derivatives payable	152,193	3,403	1,525	-	147,265	-
Acceptances payable	4,786,121	573,963	1,955,525	2,256,633	-	-
Fund borrowings	10,888,755	1,692,127	3,597,440	5,477,598	121,590	-

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**38. RISK MANAGEMENT (continued)**

**Credit Risk Management (continued)**

Asset and Liability Analysis According to Contractual Maturity (continued)

Description	Total	2012				
		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>						
Other liabilities**)	627,052	471,169	81,448	68,956	5,479	-
Subordinated loans	2,116,562	232	-	21,093	2,095,237	-
	<b>476.427.536</b>	<b>381.624.879</b>	<b>31.971.950</b>	<b>60.147.253</b>	<b>2.683.454</b>	<b>-</b>
<b>Maturity Gap</b>	<b>64,548,158</b>	<b>(246,432,296)</b>	<b>26,624,988</b>	<b>41,215,659</b>	<b>258,054,195</b>	<b>(14,914,388)</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 and guarantee deposits.

**Market Risk Management**

Market risk is loss risk which arises due to the movements of market factors which consist of interest rates and exchange rates that are against the position held by BRI, on the statements of financial position or administrative accounts. The positions are those in the trading book and banking book.

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

**1. Value-at-Risk (VaR): Purpose and Limitation of the Method**

BRI uses internal model approach to measure VaR potential loss due to changes in the market price of trading portfolio based in historical data. VaR potential loss from market risk is measured by using assumption of changes in risk factor according to normal distribution pattern. BRI uses VaR to measure exchange rate for trading and banking book position as well as measuring interest rate risk for trading book position.

**2. Value-at-Risk (VaR) Assumption**

VaR potential loss is measured based on estimated value by using 99% confidence level and unchanged market risk position in 1 (one) day holding period, which means that the potential loss which might exceed VaR value in normal market condition, in average, may occur once every one hundred days. The method used in VaR is Delta Gamma.

The following tables present information on VaR value starting from January 1, 2013 until December 31, 2013 and January 1, 2012 until December 31, 2012. BRI has no trading portfolio as at December 31, 2012.

	2013	
	Exchange Rate*)	Interest Rate
Daily Average	18,104.97	5,849.11
Highest	30,828.99	30,322.73
Lowest	8,082.87	7.22

\*) Including trading and banking book.

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**38. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**2. Value-at-Risk (VaR) Assumption (continued)**

	2012	
	Exchange Rate*)	Interest Rate
Daily Average	22,738.54	6,332.23
Highest	37,003.37	26,493.55
Lowest	8,953.73	0.02

\*) Including trading and banking book.

**3. Back Testing**

The purpose of back testing is to ensure that the result of internal model measurement for interest risk and exchange rate risk is valid. When performing back testing, BRI compares between estimated result of daily VaR and rate changes realization.

Based on back testing procedures for exchange rate risk and interest risk, the actual loss for the whole year result is already consistent with VaR forecast model. The result of the back testing is reported quarterly to the Risk Management Committee (RMC).

**4. Market Risk Outside Trading Book**

**a. Interest Rate Risk**

Financial instrument with interest rate basis possesses risk due to potential change in interest rate which affects future cash flow.

The management is responsible in determining, maintaining, and controlling interest rate by weighing bank's risk appetite and financial performance achievement target. Review of interest rate is performed at least once in a month during Asset and Liability Committee (ALCO) forum.

The following table presents information on the average annual interest rates for financial asset and liability position as of December 31, 2013 and 2012:

	2013		2012	
	Rupiah (%)	Foreign currencies (%)	Rupiah (%)	Foreign currencies (%)
<b>Assets</b>				
Placements with Bank Indonesia and other banks	5.05	0.16	4.39	0.49
Securities	7.24	4.07	6.25	3.94
Loans	11.79	4.47	12.11	4.53
Government Recapitalization Bonds	4.59	-	3.73	-
<b>Liabilities</b>				
Deposit from customers				
Demand deposits	2.55	0.32	2.87	0.17
Saving deposits	1.26	0.22	1.40	0.19
Time deposits	6.12	1.51	5.84	1.76
Deposits from other banks and other financial institutions	3.91	0.07	2.99	0.57
Fund borrowings	3.22	1.19	3.99	1.64
Subordinated loans	7.67	-	7.68	-
Marketable securities issued	-	2.95	-	-

Sensitivity rate is used to analyze probable change of interest rate affecting the banking book portfolio gain and loss. In the above sensitivity analysis, interest rate change assumption basis are 1%.

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**38. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**4. Market Risk Outside Trading Book (continued)**

**a. Interest Rate Risk (continued)**

The following table presents the sensitivity towards possible change in interest rate for banking book, with the remaining variable being constant, towards BRI's consolidated statements of comprehensive income.

2013	
Changes in Percentage	Impact on Statement of Comprehensive Income
+/- 1%	-/+ 1,094,229
2012	
Changes in Percentage	Impact on Statement of Comprehensive Income
+/- 1%	-/+ 1,094,205

The tables below summarize the financial assets and liabilities exposures to interest rate risk (gross) (unaudited):

2013						
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	-	-	-	-	19,171,778	19,171,778
Current accounts with Bank Indonesia	40,718,495	-	-	-	-	40,718,495
Current accounts with Other banks	9,435,197	-	-	-	-	9,435,197
Placements with Bank Indonesia and other banks	36,304,087	2,796	-	-	-	36,306,883
Securities						
Through profit or loss	669,350	-	-	229,161	-	898,511
Available for sale	-	-	-	15,374,058	-	15,374,058
Held to maturity	3,543,453	-	-	22,858,415	-	26,401,868
Export bills	8,926,072	-	-	-	-	8,926,072
Government						
Recapitalization Bonds						
Through profit or loss	199,314	-	-	-	-	199,314
Available for sale	712,105	-	-	-	-	712,105
Held to maturity	3,600,000	-	-	-	-	3,600,000
Securities purchased under agreement to resell	3,072,475	-	-	11,367,588	-	14,440,063
Derivatives receivable	-	-	-	-	4,981	4,981
Loans						
Micro	64,538,130	26,463,720	-	51,264,892	-	142,266,742
Retail	25,842,213	99,237,434	-	56,774,691	-	181,854,338
Corporate	34,406,775	75,788,611	-	-	-	110,195,386
Sharia receivables and financing	-	-	-	-	14,028,390	14,028,390
Acceptances receivable	-	-	-	-	3,679,684	3,679,684
Investment in associated entities*)	-	-	-	-	1,944	1,944
Other assets**)	-	-	-	-	1,160,534	1,160,534
	<b>231,967,666</b>	<b>201,492,561</b>	<b>-</b>	<b>157,868,805</b>	<b>38,047,311</b>	<b>629,376,343</b>

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**38. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**4. Market Risk Outside Trading Book (continued)**

**a. Interest Rate Risk (continued)**

2013						
Description	Floating interest rate			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	-	-	-	-	5,065,527	5,065,527
Deposits from customers						
Demand deposits	78,666,064	-	-	-	-	78,666,064
<i>Wadiah</i> demand deposits	-	-	-	-	670,887	670,887
Saving deposits	210,234,683	-	-	-	-	210,234,683
<i>Wadiah</i> saving deposits	-	-	-	-	2,480,554	2,480,554
Saving deposits	-	-	-	-	281,388	281,388
<i>Mudharabah</i> time deposits	154,476,560	28,524,375	18,584,831	-	-	201,585,766
<i>Mudharabah</i> saving deposits	-	-	-	-	10,362,040	10,362,040
Deposits from other Banks and financial Institutions	-	-	-	3,691,220	-	3,691,220
Derivatives payable	-	-	-	-	1,565,102	1,565,102
Acceptances payable	-	-	-	-	3,679,684	3,679,684
Marketable securities issued	-	-	-	6,023,133	-	6,023,133
Fund borrowings	3,807,529	5,148,861	-	28,523	100,000	9,084,913
Subordinated loans	-	-	-	2,097,024	-	2,097,024
Other liabilities ***)	-	-	-	-	758,130	758,130
	<b>447,184,836</b>	<b>33,673,236</b>	<b>18,584,831</b>	<b>11,839,900</b>	<b>24,963,312</b>	<b>536,246,115</b>
<b>Interest rate repricing Gap between financial assets and liabilities</b>	<b>(215,217,170)</b>	<b>167,819,325</b>	<b>(18,584,831)</b>	<b>146,028,905</b>	<b>13,083,999</b>	<b>93,130,228</b>
2012						
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	-	-	-	-	13,895,464	13,895,464
Current accounts with Bank Indonesia	42,524,126	-	-	-	-	42,524,126
Current accounts with Other banks	4,842,146	-	-	-	-	4,842,146
Placements with Bank Indonesia and other banks	30,392,467	35,850,461	-	-	-	66,242,928
Securities						
Through profit or loss	530,063	-	-	82,923	-	612,986
Available for sale	-	-	-	13,525,085	-	13,525,085
Held to maturity	3,167,984	-	-	23,831,585	-	26,999,569
Export bills	5,934,772	-	-	-	-	5,934,772



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**38. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**4. Market Risk Outside Trading Book (continued)**

**a. Interest Rate Risk (continued)**

2012						
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>Asset (continued)</b>						
Government						
Recapitalization Bonds						
Available for sale	715,616	-	-	-	-	715,616
Held to maturity	3,600,000	-	-	-	-	3,600,000
Securities purchased under agreement to resell	-	-	-	9,550,521	-	9,550,521
Derivatives receivable	-	-	-	-	28,850	28,850
Loans						
Micro	48,866,678	21,813,902	-	44,814,272	-	115,494,852
Retail	21,876,420	77,718,128	-	46,779,178	-	146,373,726
Corporate	24,675,699	64,213,985	-	-	-	88,889,684
Sharia receivables and financing	-	-	-	-	11,248,281	11,248,281
Acceptances receivable	-	-	-	-	4,786,121	4,786,121
Investment in associated entities *)	-	-	-	-	1,944	1,944
Other assets **)	-	-	-	-	625,355	625,355
	<b>187,125,971</b>	<b>199,596,476</b>	<b>-</b>	<b>138,583,564</b>	<b>30,586,015</b>	<b>555,892,026</b>
<b>Liabilities</b>						
Liabilities due immediately	-	-	-	-	4,911,852	4,911,852
Deposits from customers						
Demand deposits	79,051,314	-	-	-	-	79,051,314
Wadiah demand deposits	-	-	-	-	671,800	671,800
Saving deposits	182,833,586	-	-	-	-	182,833,586
Wadiah saving deposits	-	-	-	-	1,688,478	1,688,478
Mudharabah saving deposits	-	-	-	-	195,285	195,285
Time deposits	125,160,057	51,795,645	311,535	-	-	177,267,237
Mudharabah time deposits	-	-	-	-	8,458,683	8,458,683
Deposits from other Banks and financial institutions	-	-	-	2,778,618	-	2,778,618
Derivatives payable	-	-	-	-	152,193	152,193
Acceptances payable	-	-	-	-	4,786,121	4,786,121
Fund borrowings	-	10,571,748	-	217,007	100,000	10,888,755
Subordinated loans	-	-	-	2,116,562	-	2,116,562
Other liabilities ***)	-	-	-	-	627,052	627,052
	<b>387,044,957</b>	<b>62,367,393</b>	<b>311,535</b>	<b>5,112,187</b>	<b>21,591,464</b>	<b>476,427,536</b>
<b>Interest rate repricing Gap between financial assets and liabilities</b>						
	<b>(199,918,986 )</b>	<b>137,229,083</b>	<b>(311,535)</b>	<b>133,471,377</b>	<b>8,994,551</b>	<b>79,464,490</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 and guarantee deposits.

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**38. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**4. Market Risk Outside Trading Book (continued)**

**b. Exchange Rate Risk**

Exchange rate risk is the risk due to fluctuation of Rupiah exchange rate against foreign exchange positions held by BRI. Included in the foreign exchange positions are the trading book positions conducted to generate profit from foreign exchange transactions in short term and banking book position in order to control the Net Open Position (NOP).

The tables below represent NOP (BRI only) as of December 31, 2013 and 2012 by currency, as follows (unaudited):

Currencies	2013		
	Assets	Liabilities	NOP
<b><u>Statement of Financial Position</u></b>			
United States Dollar	81,598,671	82,238,633	(639,962)
Chinese Yuan	8,250,550	8,350,010	(99,460)
European Euro	956,013	1,244,606	(288,593)
Australian Dollar	564,135	345,783	218,352
Singapore Dollar	428,239	132,542	295,697
Japanese Yen	290,260	46,027	244,233
Great Britain Pound Sterling	159,097	144,218	14,879
Canadian Dollar	5,139	8,827	(3,688)
Others	692,383	68,465	623,918
			<b>365,376</b>
<b><u>Statement of Financial Position and Administrative accounts</u></b>			
United States Dollar	83,088,333	83,484,895	396,562
Chinese Yuan	8,250,550	8,350,010	99,460
European Euro	956,013	1,244,606	288,593
Australian Dollar	564,135	345,783	218,352
Singapore Dollar	428,239	132,542	295,697
Japanese Yen	290,260	46,027	244,233
Great Britain Pound Sterling	159,097	144,218	14,879
Canadian Dollar	5,139	8,827	3,688
Others	692,383	68,465	623,918
			<b>2,185,382</b>
Capital (Note 47a)			69,472,036
<b>NOP Ratio (Statement of Financial Position)</b>			<b>0.53%</b>
<b>NOP Ratio (Overall)</b>			<b>3.15%</b>

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**38. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**4. Market Risk Outside Trading Book (continued)**

**b. Exchange Rate Risk (continued)**

The tables below represent NOP (BRI only) as of December 31, 2013 and 2012 by currency, as follows (unaudited) (continued):

Currencies	2012		
	Assets	Liabilities	NOP
<b><u>Statement of Financial Position</u></b>			
United States Dollar	69,353,239	69,086,218	267,021
Chinese Yuan	5,326,904	5,312,508	14,396
European Euro	1,797,947	1,937,302	(139,355)
Singapore Dollar	296,609	275,679	20,930
Great Britain Pound Sterling	284,626	216,665	67,961
Japanese Yen	203,138	25,577	177,561
Australian Dollar	198,837	7,363	191,474
Canadian Dollar	17,463	185	17,278
Others	482,511	61,325	421,186
			<b>1,038,452</b>
<b><u>Statement of Financial Position and Administrative accounts *)</u></b>			
United States Dollar	70,558,698	69,954,365	604,333
Chinese Yuan	5,326,904	5,312,508	14,396
European Euro	1,797,947	1,937,302	139,355
Singapore Dollar	296,609	275,679	20,930
Great Britain Pound Sterling	284,626	216,665	67,961
Japanese Yen	203,138	25,577	177,561
Australian Dollar	198,837	7,363	191,474
Canadian Dollar	17,463	185	17,278
Others	482,511	61,325	421,186
			<b>1,654,474</b>
Capital (Note 47a)			55,133,677
<b>NOP Ratio (Statement of Financial Position)</b>			<b>1.88 %</b>
<b>NOP Ratio (Overall)</b>			<b>3.00 %</b>

\*) Total absolute differences between assets and liabilities denominated in foreign currencies.

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**38. RISK MANAGEMENT (continued)**

**Market Risk Management (continued)**

**5. BRI Agro Sensitivity Analysis**

The following tables present sensitivity towards possible change in interest rate and exchange rate of BRI Agro towards statement of comprehensive income with the remaining variables being constant.

	2013		2012	
	Percentage Change	Impact to Statement of Comprehensive Income	Percentage Change	Impact to Statement of Comprehensive Income
Interest rate risk	+/- 1%	-/+ 21,478	+/- 1%	-/+ 3,912
Foreign Exchange risk	+/- 1%	-/+ 8	+/- 1%	-/+ 41

**Operational Risk Management**

BRI Operational Risk Management is implemented according to Bank Indonesia Regulation No. 11/25/PBI/2009 on Risk Management Implementation of Commercial Bank, which requires risk management implementation to cover pillars on active supervision of the Boards of Commissioners and Directors, policy adequacy, limit determination and procedure, identification process adequacy, measurement, monitoring and risk management as well as risk management information and internal control systems. The main objective of risk management implementation is managing operational risk exposure caused by internal and external factors that influences business and operational activities such as inadequate or failed of internal processes, human resources, IT failures and external events such as natural disaster, potentially severe, financial and non financial losses. Operational risk exposure management includes mitigation of legal, reputational, compliance, and strategic risk exposure in every business process and operational activities.

Each of BRI operational working unit is responsible for the implementation of risk management process through internal control system in business and operational activities in each of business unit. It begins from the phase of identification, measurement, monitoring and risk mitigation. The Board of Directors determined Risk Management Function in every business unit starting from Head Office level (Desk/Division), Regional Office, Special Branch Office, Branch Office which covers operational, marketing, and micro business, and Sub Branch Office.

Operational Risk Management Unit in the Head Office and Regional Office is responsible in making the guidance of operational risk management implementation, developing and implementing policy or procedure and methodology, and also monitoring, reviewing, and controlling operational risk management process. On the other hand, Operational Risk Management Unit is involved in composing and monitoring BRI's operational risk profile, assessing the risk management adequacy of a new product and/or activity, and supporting the business unit or risk owner in order to develop risk culture awareness, anti fraud strategy implementation, and compliance towards risk management principles. In order to discuss operational risk mitigation and risk control improvement, Operational Risk Management Committee (ORMC) is held quarterly and it's coordinated by Operational Risk Management Unit and related desk/division/business unit.

Internal Auditor in The Head Office and Inspectorate Office within Indonesia is responsible in monitoring and validating the internal control adequacy of business and operational activities in every business unit and also the consistency of operational risk management implementation in BRI as a bank wide.

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**38. RISK MANAGEMENT (continued)**

**Operational Risk Management (continued)**

BRI's operational risk management implementation is facilitated by operational risk management tools called Operational Risk Assessor (OPRA), consists of Risk and Control Self Assessment (RCSA), Key Risk Indicator (KRI), Incident Management (IM), Risk Management Forum and Maturity. In order to perceive risk management, it is focused on building risk culture awareness and risk management training continuously to all of BRI employees and also improving internal control in every business and operational activities.

**1. Risk Control and Self Assessment (RCSA)**

RCSA is a risk management tool, qualitatively and predictively, which is used to identify, measure risks by using dimension of impact and likelihood. RCSA has already been implemented in Head Office Division or Desk, Regional Office, Special Branch Office, Branch Office embedded BRI Unit, Sub Branch Office, and Priority Service Centre. Policy on RCSA is stipulated through BRI Circular Letter No. S.25-DIR/DMR/12/2012.

RCSA is used to help the business unit to identify, measure operational risk in every business and operational activities independently, monitor and determine the action plans or towards improvements.

The main risk issue is assessed, identified and updated by considering business development such as product implementation and or new activity, change in competition condition, new market segment, change in internal/external policy, as well as other changes which affect BRI risk exposure. Working unit performs RCSA assessment by considering loss event data in Incident Management (IM)/Loss Event Database (LED), Key Risk Indicator (KRI) and Audit Result (LHA) of the working unit. RCSA evaluation is performed quarterly, however, the frequency will be increased in time of significant increase in risk exposure.

RCSA consolidation report stated above is reported regularly to the BOD in RMC that was held quarterly.

**2. Incident Management (IM)/Loss Event Database (LED)**

Recording of operational loss event in BRI business activity is Loss Event Database (LED), performed in Incident Management (IM). This tool is developed to document data of financial and non financial loss, covering actual loss, potential loss and near misses, as well as chronological recording of loss incident since occurrence up to declaration of settlement, including improvement measure and incident handling conducted. Policy on Incident Management is stipulated through BRI Circular Letter No. S.30-DIR/DMR/11/2013.

Based on loss event data in IM module, loss event analysis can be performed based on loss event data causes, functional activities, event types and business lines. LED information system can be used to determine the preventive actions in risk mitigation, based on the process of incident handling for the financial loss, non financial loss, financial recovery and also litigation process.

BRI operational loss event data has been documented consistently and systematically since 2007 in loss event database matrix which is classified into 8 business lines and 7 event types based on the dimension of lost event severity/loss and likelihood/frequency.

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**38. RISK MANAGEMENT (continued)**

**Operational Risk Management (continued)**

**2. Incident Management (IM)/Loss Event Database (LED) (continued)**

In order to calculate operational capital charge and Risk Weighted Average, according to regulator policy, BRI used Basic Indicator Approach method (BIA) since it has been implemented in 2010. However, BRI has been prepared for The Standardised Approach (TSA) and Advanced Measurement Approach (AMA). BRI's LED also has been used to calculate operational risk capital charge by Advanced Measurement Approach (AMA) method, based on Extreme Value Theory (EVT) and Loss Distribution Approach (LDA). In order to implement the advanced operational risk capital charge calculation, BRI has identified gap analysis for The Standardised Approach (TSA) and Advanced Measurement Approach (AMA) implementation forward.

**3. Key Risk Indicator (KRI)**

KRI is a tool to detect risks trend/risks increasing and or risks decreasing both leading or historical. Risks trend prediction is used to determine towards action plans, In order to mitigate operational risk before it causes the financial and or non financial loss. KRI policy is stipulated through BRI Circular Letter No. S.24-DIR/DMR/08/2007.

BRI has identified key risk indicators for all risks type, and determined the threshold or risks limit which portrays the acceptable condition and risk appetite of the management. It is established by using the best judgement, considered BRI risk exposures and risk appetite, that involved Internal Auditor, risk owner and other business units, BRI's KRI are reflected on its Bank Wide Risk Profile and Regional Risk Profile Report which are monitored and reported monthly to the management.

**4. Risk Management Forum**

Risk Management Forum is a risk management tool to documents the result of meeting/forum among The Head of BRI's business units with the lower level employees and staffs in order to discuss inherent risks in the daily business or operational activities that might be the constraint in achieving the business target or business performance. Risk management forum are held in each business unit and its expected to support the enlargement of BRI's risk culture awareness. Risk Management Forum is stipulated through BRI Circular Letter No. S.25-DIR/DMR/08/2007.

**5. Maturity**

Maturity is a self assessment process on the establishment level of risk management implementation in each of BRI working unit. Maturity assessment is performed at every year end by each of working unit head by using certain parameters. By performing maturity assessment, it is expected that each working unit will be able to evaluate the risk management implementation performed, in order to compose future improvement plan. Maturity policy is stipulated through BRI Circular Letter No. S.12-DIR/DMR/04/2009.

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**38. RISK MANAGEMENT (continued)**

**Operational Risk Management (continued)**

**6. Business Continuity Management (BCM)**

The possibility of disaster caused by nature, human or technology might be threat for BRI business continuity, whereas the business units are spread over Indonesia. Therefore, the Board of Directors concern to develop and implement Business Continuity Management (BCM) in order to ensure the employees, customers and others third parties safety and security who were around BRI business unit environment (Emergency Response Plan), and maintain the continuity of critical businesses and operational activities, protect BRI's assets and provide sufficient respond while disruption or disaster condition are declared (Business Continuity Plan). BCM is stipulated through BRI Circular Letter No. S.02-DIR/DMR/01/2009.

BCM implementation covers all business units, among others through Crisis Management Team, Call Tree arrangement and alternate sites determination. In order to deal with the disruption/disaster in each of business units, BRI business units have already estimated the Disaster Risk and Threat Assessment to list and inventory required resources. BCM pilot project is prioritized to the business units in prone areas and its done annually, including BRI 1 Head Office, IT Building and Ragunan BRI Training Centre.

In order to ensure the execution of BCM procedures, the readiness of BRI organization has been tested well during disasters condition in several business units, while in 2013 there were disasters such as earthquake in Aceh, and floods in Ambon, Jakarta and Kendari. Availability of E-Buzz car and Mobile Teracce Bank (Teras Keliling) which are located throughout all of BRI business are utilized as an alternate site, and operated to service the customers sooner after the disasters condition. Therefore, the availability of these vehicles are very important to support the continuance of business and operational activities after the disasters condition.

**7. New Product and or Activity Launching**

In order to launch every BRI's new product and or activity, it involves risk management process that covers risk and control assessment which is done by product owner in every launch of new product and or activity, including control determination to mitigate the risks that might appear. Risk Management Unit are responsible to asses the risk mitigation adequacy and recommend the assessment result to the Risk Management Director. New Product and or Activity Launching is stipulated through BRI Circular Letter No. 03-DIR/DMR/08/2013.

**8. Anti-Fraud Strategy Policy**

Anti-Fraud Strategy has been implemented in accordance with BRI internal policy and procedure which concern on fraud cases handling in order to show the Management intolerance in fraud (zero fraud tolerance). Anti fraud strategy establishment and implementation is a part of risk management implementation, in order to prevent and manage fraud incident in BRI. Anti-Fraud Strategy covers 4 (four) pillars based on requirements from Bank Indonesia which are: prevention pillar, detection pillar, investigation, report, and sanction pillar, and evaluation, monitoring, and follow-up/action plan pillar. Statement of anti fraud commitment are signed by Board of the Board of Commissioners and Directors, management and all of BRI employees as a part of risk awareness and fraud prevention. Anti-Fraud Strategy Policy is stipulated through BRI Circular Letter No. S.106-DIR/DMR/05/2012.

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**39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The table below presents the comparison of the carrying values and fair values of financial assets and liabilities. The fair values disclosed below are based on relevant information available as of December 31, 2013 and 2012 and are not updated to reflect changes in market conditions which have occurred subsequently.

	<b>2013</b>		<b>2012</b>	
	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
<b>ASSETS</b>				
Cash	19,171,778	19,171,778	13,895,464	13,895,464
Current accounts with Bank Indonesia	40,718,495	40,718,495	42,524,126	42,524,126
Current accounts with other banks	9,435,120	9,435,120	4,841,975	4,841,975
Placements with Bank Indonesia and other banks	36,306,883	36,306,883	66,242,928	66,242,928
Securities				
Fair value through profit or loss	898,511	898,511	612,986	612,986
Available for sale	15,374,058	15,374,058	13,525,085	13,525,085
Held to maturity	26,401,096	26,656,632	26,998,809	27,596,819
Export bills	8,926,072	8,926,072	5,934,772	5,934,772
Government Recapitalization Bonds				
Fair value through profit or loss	199,314	199,314	-	-
Available for sale	712,105	712,105	715,616	715,616
Held to maturity	3,600,000	3,567,687	3,600,000	3,576,735
Securities purchased under agreements to resell	14,440,063	14,440,063	9,550,521	9,550,521
Derivatives receivable	4,981	4,981	28,850	28,850
Loans, Sharia receivables and financing	432,926,760	432,926,760	347,091,678	347,091,678
Acceptances receivable	3,679,684	3,679,684	4,786,121	4,786,121
Investment in associated entities *)	1,944	1,944	1,408	1,408
Other assets **)	1,160,534	1,160,534	625,355	625,355
	<b>613,957,398</b>	<b>614,180,621</b>	<b>540,975,694</b>	<b>541,550,439</b>
<b>LIABILITIES</b>				
Liabilities due immediately	5,065,527	5,065,527	4,911,852	4,911,852
Deposits from customers ****)				
Demand deposits	79,336,951	79,336,951	79,723,114	79,723,114
Saving deposits	212,996,625	212,996,625	184,717,349	184,717,349
Time deposits	211,947,806	211,947,806	185,725,920	185,725,920
Deposits from banks and other financial institutions				
Demand deposits	147,150	147,150	111,059	111,059
Saving deposits	4,534	4,534	3,983	3,983
Time deposits and deposits on call	1,310,993	1,310,993	1,349,493	1,349,493
Inter-bank call money	2,228,543	2,228,543	1,314,083	1,314,083
Derivatives payable	1,565,102	1,565,102	152,193	152,193
Acceptances payable	3,679,684	3,679,684	4,786,121	4,786,121
Marketable securities issued	6,023,133	6,023,133	-	-
Fund borrowings	9,084,913	9,084,913	10,888,755	10,888,755
Other liabilities ***)	758,130	758,130	627,052	627,052
Subordinated loan	2,097,024	2,097,024	2,116,562	2,116,562
	<b>536,246,115</b>	<b>536,246,115</b>	<b>476,427,536</b>	<b>476,427,536</b>

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

\*\*) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

\*\*\*) Other liabilities consist of interest payables and guarantee deposits.

\*\*\*\*) Including deposits based on Sharia principles.



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**39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)**

Methods and assumptions used to estimate fair value are as follows:

- a) The fair values of certain financial assets and liabilities, except for securities and Government Recapitalization Bonds classified as held to maturity, loans, derivatives receivable and payable, fund borrowings, subordinated loans and marketable securities issued approximate their carrying values due to their short-term maturities.

The estimated fair values of certain financial assets are determined based on discounted cash flows using money market interest rates for instruments with similar credit risk and remaining maturities.

The estimated fair values of certain financial obligations which are not quoted in an active market are determined based on discounted cash flows using interest rates of instruments with similar remaining maturities.

- b) Securities and Government Recapitalization Bonds

The fair values of securities and Government Recapitalization Bonds classified as held to maturity are determined based on market prices or price quotations of intermediary (broker) securities dealers. If the information is not available, fair values are estimated by using quoted market price of securities with credit characteristics, maturity and yield.

- c) Loans

BRI's loan portfolio generally consists of loans with floating rates and fixed rates. Loans are stated at carrying amount. The fair value of loans is derived based on discounted future cash flows expected to be received by BRI using current market rates.

Carrying value of loans with floating rate and short term fixed rate is a reasonable estimate of its fair value.

- d) Derivatives receivable and payable

The fair values of derivatives instrument valued by valuation techniques using components which can be observed in the market, primarily are interest rate swaps, currency swaps and currency exchange contracts. Most widely used valuation techniques include forward and swap valuation models which use the present value calculation. The models incorporate various components which include the credit quality of the counterparty, spot value and future contracts and interest rate curve.

- e) Fund borrowings, marketable securities issued and subordinated loans

Fair value is calculated based on discounted cash flow models by using market rates for the remaining maturity period.

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**39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)**

The following table presents financial instruments measured at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments :

- a. Level 1: quoted from active market price for identical financial asset or liability;
- b. Level 2: involves input other than quoted active market price classified in level 1 which are observable for asset and liability, directly (price) or indirectly (derivative of price);
- c. Level 3: input for asset and liability which are not based on observable market data (unobservable input).

		<b>2013</b>		
		<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>
<b>Financial Assets</b>				
<b>Fair value through profit or loss</b>				
Mutual Fund	10,702	10,702	-	
Certificate of Bank Indonesia	87,424	87,424	-	
Credit Linked Notes	669,350	-		669,350
Government Recapitalization Bonds	199,314	199,314	-	
Government Bonds	131,035	131,035	-	
	<u>1,097,825</u>	<u>428,475</u>		<u>669,350</u>
<b>Available For Sale</b>				
Certificate of Bank Indonesia	2,853,028	2,853,028	-	
Deposits Certificate of Bank Indonesia	1,342,650	1,342,650	-	
Mutual Fund	327,762	327,762	-	
Bonds	686,598	686,598	-	
U.S Treasury Bonds	327,310	327,310	-	
Government Bonds	9,836,710	9,836,710	-	
Government Recapitalization Bonds	712,105	712,105	-	
	<u>16,086,163</u>	<u>16,086,163</u>		<u>-</u>
	<u><b>17,183,988</b></u>	<u><b>16,514,638</b></u>		<u><b>669,350</b></u>
		<b>2012</b>		
		<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>
<b>Financial Assets</b>				
<b>Fair value through profit or loss</b>				
Mutual Fund	10,998	10,998	-	
Credit Linked Notes	530,063	-		530,063
Government Bonds	71,925	71,925	-	
	<u>612,986</u>	<u>82,923</u>		<u>530,063</u>
<b>Available For Sale</b>				
Certificate of Bank Indonesia	4,043,563	4,043,563	-	
Bonds	362,648	362,648	-	
Medium Term Notes	48,470	48,470	-	
Government Bonds	8,680,896	8,680,896	-	
U.S Treasury Bonds	389,508	389,508	-	
Government Recapitalization Bonds	715,616	715,616	-	
	<u>14,240,701</u>	<u>14,240,701</u>		<u>-</u>
	<u><b>14,853,687</b></u>	<u><b>14,323,624</b></u>		<u><b>530,063</b></u>

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#### 40. SEGMENT INFORMATION

Information concerning the segments of BRI and Subsidiaries are as follows:

a. Corporate Name	Main Business
PT Bank Rakyat Indonesia (Persero) Tbk	Conventional Banking
PT Bank BRISyariah	Sharia Banking
PT Bank Rakyat Indonesia Agroniaga Tbk	Conventional Banking
BRI Remittance Co. Ltd Hong Kong	Financial Service

#### b. Operating Segment

For management purposes, BRI is organized into 5 (five) operating segment based on products are as follows:

- Micro Segment
- Retail Segment
- Corporate Segment
- Other Segments
- Subsidiaries

Information concerning the operating segments of BRI and Subsidiaries are as follows:

2013						
Description	Micro	Retail	Corporate	Others	Subsidiaries	Total
Interest income - net	21,455,414	16,496,904	3,598,795	1,354,791	1,200,367	44,106,271
Other operating income	2,509,400	4,267,299	266,802	1,113,137	191,821	8,348,459
Total income	23,964,814	20,764,203	3,865,597	2,467,928	1,392,188	52,454,730
Operating expenses	(8,852,630)	(9,176,086)	(1,781,821)	(1,462,965)	(1,107,276)	(22,380,778)
Provision for impairment losses	(2,629,684)	(995,278)	(291,520)	-	(29,893)	(3,946,375)
Total expenses	(11,482,314)	(10,171,364)	(2,073,341)	(1,462,965)	(1,137,169)	(26,327,153)
Other income (expenses)	664,188	701,567	211,141	199,324	6,269	1,782,489
Income before income tax expense	13,146,688	11,294,406	2,003,397	1,204,287	261,288	27,910,066
Income tax expense	(3,084,992)	(2,650,356)	(470,146)	(282,232)	(68,010)	(6,555,736)
Non-controlling interest	-	-	-	(10,200)	-	(10,200)
<b>Income for the year</b>	<b>10,061,696</b>	<b>8,644,050</b>	<b>1,533,251</b>	<b>911,855</b>	<b>193,278</b>	<b>21,344,130</b>
<b>Segment Assets</b>						
Loans	142,266,742	178,155,745	110,195,386	-	17,726,983	448,344,856
Allowance for impairment losses	(8,985,643)	(2,801,046)	(3,285,710)	-	(345,697)	(15,418,096)
Non Loans	-	-	-	185,949,421	5,118,239	191,067,660
	<b>133,281,099</b>	<b>175,354,699</b>	<b>106,909,676</b>	<b>185,949,421</b>	<b>22,499,525</b>	<b>623,994,420</b>
<b>Segment Liabilities</b>						
Funding	146,150,785	167,812,080	172,403,394	-	17,915,123	504,281,382
Non funding	-	-	-	40,492,762	2,081,360	42,574,122
	<b>146,150,785</b>	<b>167,812,080</b>	<b>172,403,394</b>	<b>40,492,762</b>	<b>19,996,483</b>	<b>546,855,504</b>

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**40. SEGMENT INFORMATION (continued)**

**b. Operating Segment (continued)**

Information concerning the operating segments of BRI and Subsidiaries are as follows (continued):

2012						
Keterangan	Mikro	Ritel	Korporasi	Lainnya	Entitas Anak	Total
Interest income - net	16,245,047	14,583,543	3,156,294	1,476,258	1,022,624	36,483,766
Other operating income	2,882,661	4,034,082	418,621	861,837	192,531	8,389,732
Total income	19,127,708	18,617,625	3,574,915	2,338,095	1,215,155	44,873,498
Operating expenses	(6,811,859)	(8,090,789)	(1,908,908)	(1,790,492)	(888,984)	(19,491,032)
Provision for impairment losses	(1,841,805)	(749,039)	36,213	522	(145,819)	(2,699,928)
Total expenses	(8,653,664)	(8,839,828)	(1,872,695)	(1,789,970)	(1,034,803)	(22,190,960)
Other income (expenses)	680,448	383,474	9,146	95,632	8,334	1,177,034
Income before income tax expense	11,154,492	10,161,271	1,711,366	643,757	188,686	23,859,572
Income tax expense	(2,414,984)	(2,199,948)	(370,516)	(132,436)	(54,308)	(5,172,192)
Non-controlling interest	-	-	-	(6,496)	-	(6,496)
<b>Income for the year</b>	<b>8,739,508</b>	<b>7,961,323</b>	<b>1,340,850</b>	<b>504,825</b>	<b>134,378</b>	<b>18,680,884</b>
<b>Segment Assets</b>						
Loans	115,158,007	145,332,428	87,736,754	-	13,779,354	362,006,543
Allowance for impairment losses	(7,873,344)	(3,039,110)	(3,671,471)	-	(330,940)	(14,914,865)
Non Loans	-	-	-	197,568,562	4,651,639	202,220,201
	<b>107,284,663</b>	<b>142,293,318</b>	<b>84,065,283</b>	<b>197,568,562</b>	<b>18,100,053</b>	<b>549,311,879</b>
<b>Segment Liabilities</b>						
Funding	126,593,606	226,985,513	82,518,728	-	14,068,536	450,166,383
Non funding	-	-	-	33,666,602	2,622,026	36,288,628
	<b>126,593,606</b>	<b>226,985,513</b>	<b>82,518,728</b>	<b>33,666,602</b>	<b>16,690,562</b>	<b>486,455,011</b>

**c. Geographical Segment**

Description	Net interest income, operating, And investment income	
	2013	2012
Indonesia	52,175,937	44,703,235
USA	275,263	168,286
Hong Kong	3,530	1,977
	<b>52,454,730</b>	<b>44,873,498</b>
Description	Income before tax benefit (expenses)	
	2013	2012
Indonesia	27,756,857	23,743,590
USA	152,638	115,621
Hong Kong	571	361
	<b>27,910,066</b>	<b>23,859,572</b>

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**40. SEGMENT INFORMATION (continued)**

c. Geographical Segment (continued)

Description	<b>Total assets</b>	
	<b>2013</b>	<b>2012</b>
Indonesia	609,388,109	536,235,345
USA	14,602,187	13,073,719
Hong Kong	4,124	2,815
	<b>623,994,420</b>	<b>549,311,879</b>

Description	<b>Total liabilities</b>	
	<b>2013</b>	<b>2012</b>
Indonesia	532,440,777	473,593,925
USA	14,414,277	12,860,852
Hong Kong	450	234
	<b>546,855,504</b>	<b>486,455,011</b>

**41. EMPLOYEES PROGRAM**

a. Defined Benefit Pension Plan

Effective January 1, 2007, all newly appointed permanent employees are not included in the PPMP program. Under this program, the right to pension benefits is given based on the established conditions which are stated in the regulations of BRI with consideration to the yearly gratuity factor over the working period and income on the Pension Fund. BRI's pension plan is managed by Dana Pensiun BRI (DPBRI). According to the regulation in BRI's Directors' Decision Letter, the employee's contribution for pension contribution amounted to 7% of the employee's pension-based salary and any remaining amount required to fund DPBRI represents the contribution by BRI, amounted to 24.96% (previously 22.58%) since May 1, 2013.

The actuarial calculation of BRI's pension costs as of December 31, 2013 and 2012, was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2014 and January 4, 2013, respectively, which were prepared in accordance with SFAS No. 24 (Revised 2010), by using the "Projected Unit Credit Method" and considering the following assumptions:

	<b>2013</b>	<b>2012</b>
Annual discount rate	8.7%	5.67%
Annual pension-based salary growth rate	7.5	7.5
Annual pension benefit growth rate	4.0	4.0
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958
Normal retirement age	56 years old	56 years old

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**41. EMPLOYEES PROGRAM (continued)**

a. Defined Benefit Pension Plan (continued)

The assets of DPBRI mainly consist of saving deposits, time deposits, securities, mutual fund units, securities with collateral assets and long-term investments in the form of shares of stocks and property.

The status of the pension plan based on the actuarial calculation is as follows:

	2013	2012	2011	2010	2009
Assets at fair value	11,254,714	11,021,236	9,370,652	8,785,181	7,578,545
Present value of defined benefit pension liabilities	(11,022,194)	(14,359,520)	(11,345,025)	(8,400,544)	(6,821,484)
Pension program funded status	232,520	(3,338,284)	(1,974,373)	384,637	757,061
(Gain) loss on unrecognized actuarial adjustments	(787,415)	2,689,837	1,345,298	(732,773)	(887,840)
Unrecognized past service cost (non-vested)	162,025	75,157	82,363	89,569	-
<b>Defined benefit pension liabilities</b>	<b>(392,870)</b>	<b>(573,290)</b>	<b>(546,712)</b>	<b>(258,567)</b>	<b>(130,779)</b>

Movements in Present Value of Defined Benefit Pension as of December 31, 2013 and 2012 are as follows:

	2013	2012
Present Value of Defined Benefit Pension – beginning balance	14,359,520	11,345,026
Interest expense	814,185	737,427
Current service cost	234,443	389,239
Recognized of Past Service Cost – Non Vested	97,659	-
Recognized of Past Service Cost – Vested	179,298	569,480
Benefit paid	(703,866)	(575,214)
Actuarial (gain) loss	(3,959,045)	1,893,562
<b>Present Value of Defined Benefit Pension – ending balance</b>	<b>11,022,194</b>	<b>14,359,520</b>

Movements in the fair value of program assets as of December 31, 2013 and 2012 are as follows:

	2013	2012
Fair value of program assets – beginning balance	11,021,236	9,370,652
Expected yield on program assets	1,234,378	1,125,415
Contributions paid	295,234	533,896
Benefit paid	(703,866)	(575,214)
Actuarial (gain) loss on program assets	(592,268)	566,487
<b>Program assets – ending balance</b>	<b>11,254,714</b>	<b>11,021,236</b>

Movements in the defined benefit pension liabilities as of December 31, 2013 and 2012 are as follows:

	2013	2012
Beginning balance	573,290	546,712
Defined benefit pension expense - net (Note 34)	46,791	497,852
BRI contributions	(227,211)	(471,274)
<b>Ending balance (Note 27)</b>	<b>392,870</b>	<b>573,290</b>

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**41. EMPLOYEES PROGRAM (continued)**

a. Defined Benefit Pension Plan (continued)

Defined benefit pension expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Current service cost	234,443	389,239
Defined contribution plan	(68,023)	(62,621)
Interest cost	814,185	737,427
Expected return on plan assets	(1,234,378)	(1,125,415)
Recognized actuarial gain-net	110,474	(17,464)
Immediate recognition of past service cost (non vested)	10,792	7,206
Immediate recognition of past service cost (vested)	179,298	569,480
<b>Defined benefit pension expense (Note 34)</b>	<b>46,791</b>	<b>497,852</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, 2013 and 2012, which was prepared by PT Bestama Aktuarial, an independent actuary in its reports dated January 4, 2014 and January 4, 2013, respectively, which were prepared in accordance with SFAS No. 24 (Revised 2010), by using the "Projected Unit Credit Method" with the following assumptions:

	<b>2013</b>	<b>2012</b>
Discount rate	9.0%	5.8%
Salary's growth rate	7.5	7.5
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

The status of the old-age benefits as of December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Assets at fair value	2,635,837	3,031,998
Present value of old-age benefits liability	(902,821)	(986,681)
<b>Funded status</b>	<b>1,733,016</b>	<b>2,045,317</b>

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**41. EMPLOYEES PROGRAM (continued)**

**b. Old-Age Benefits Plan (continued)**

Old-age benefits expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Current service cost	16,002	31,910
Interest cost	57,228	58,490
Expected return on plan assets	(303,806)	(228,582)
Recognized actuarial losses	297,193	194,907
<b>Old-age benefits expense</b>	<b>66,617</b>	<b>56,725</b>

For the years ended December 31, 2013 and 2012, BRI did not recognize the prepaid old-age benefits and the income of old-age benefits as BRI management has no benefits on those assets and has no plans to reduce its contributions in the future.

**c. Defined Contribution Pension Plan**

The employees of BRI are also included in the defined contribution pension plan in accordance with BRI Directors' decision which was effective October 2000. BRI's contributions to the plan which are reported in the consolidated statements of comprehensive income amounted to Rp124,322 and Rp104,385 for the years ended December 31, 2013 and 2012 (Note 34), respectively. This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

**d. Work Separation Scheme**

**(i) BRI (Parent Entity)**

The calculation performed by the management of BRI of liabilities related to allowance for cost settlement of separation which include severance, gratuity and compensation benefits were based on actuarial valuation assumption in compliance with Labor Law No. 13/2003 dated March 25, 2003 as of December 31, 2013 and 2012. The actuarial calculations were performed by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3 2014 and January 4, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<b>2013</b>	<b>2012</b>
Discount rate	9.0%	5.8%
Future salary's growth rate	7.5	7.5
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

The status of the work separation scheme as of December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Present value of work separation liability	(831,234)	(833,035)
Unrecognized actuarial (gain) loss	68,376	192,270
<b>Work separation scheme liability</b>	<b>(762,858)</b>	<b>(640,765)</b>



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**41. EMPLOYEES PROGRAM (continued)**

d. Work Separation Scheme (continued)

(i) BRI (Parent Entity) (continued)

Movements in the work separation scheme liability as of December 31, 2013 and 2012 are as follows:

	<b>2013</b>	<b>2012</b>
Beginning balance	640,765	533,471
Work separation scheme expense - net (Note 34)	160,472	138,314
Actual benefit payments by BRI	(38,379)	(31,020)
<b>Ending balance (Note 27)</b>	<b>762,858</b>	<b>640,765</b>

The calculation of work separation scheme expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Current service cost	78,949	85,832
Interest cost	74,974	52,482
Recognition of current year losses	6,549	-
<b>Work separation scheme expense (Note 34)</b>	<b>160,472</b>	<b>138,314</b>

(ii) BRISyariah (Subsidiary)

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

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2013 and 2012, as determined by PT Katsir Imam Sapto Sejahtera Aktuaria, an independent actuary, in its reports dated January 2, 2014 and January 4, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<b>2013</b>	<b>2012</b>
Annual discount rate	9.0%	6.0%
Annual salary's growth rate	5.0	5.0
Mortality rate	TMI-III 2011	TMI-III 2011

As of December 31, 2013 and 2012, the status of the work separation scheme based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Present value of work separation liability	(28,080)	(27,423)
Accumulation of unrecognized actuarial gain	(11,622)	(2,501)
<b>Work separation scheme liability</b>	<b>(39,702)</b>	<b>(29,924)</b>

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**41. EMPLOYEES PROGRAM (continued)**

d. Work Separation Scheme (continued)

(ii) BRISyariah (Subsidiary) (continued)

Movements in the work separation scheme liability for the years ended December 31, 2013 and 2012 are as follows:

	<b>2013</b>	<b>2012</b>
Beginning balance	29,924	18,628
Work separation scheme expense - net (Note 34)	9,895	11,300
Actual benefit payments	(117)	(4)
<b>Ending balance (Note 27)</b>	<b>39,702</b>	<b>29,924</b>

The work separation scheme expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Current service cost	7,427	10,428
Interest expense	2,468	937
Amortization of accumulated actuarial gains	-	(65)
<b>Work separation scheme expense (Note 34)</b>	<b>9,895</b>	<b>11,300</b>

(iii) BRI Agro (Subsidiary)

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

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of December 31, 2013 and 2012 as determined by PT Bestama Aktuaria, independent actuaries, in their report dated January 3, 2014 and January 11, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<b>2013</b>	<b>2012</b>
Discount rate	8.8%	6.0%
Annual salary increase rate	8.0	8.0
Mortality rate	TMI 2011	TMI 2011
Disability rate	10% TMI 2011	10% TMI 2011

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**41. EMPLOYEES PROGRAM (continued)**

d. Work Separation Scheme (continued)

(iii) BRI Agro (Subsidiary) (continued)

As of December 31, 2013 and 2012, the status of the work separation scheme based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Present value of work separation liability	(19,431)	(25,738)
Accumulation of unrecognized actuarial gain	611	6,070
Immediate recognition of past service cost	5,499	5,919
<b>Work separation scheme liability</b>	<b>(13,321)</b>	<b>(13,749)</b>

Movements in the work separation scheme liability for the year ended December 31, 2013 and 2012 are as follows:

	<b>2013</b>	<b>2012</b>
Beginning balance	13,749	12,715
Expense recognized in the current year (Note 34)	4,133	5,636
Actual benefit payments	(4,561)	(4,602)
<b>Ending balance (Note 27)</b>	<b>13,321</b>	<b>13,749</b>

The work separation scheme expense for the year ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Current service cost	1,935	2,628
Interest expense	1,544	1,956
Unrecognized actuarial losses	234	632
Amortization of past service cost	420	420
<b>Work separation scheme expense (Note 34)</b>	<b>4,133</b>	<b>5,636</b>

e. Other Long-term Employee Benefits

BRI employees also have long-term employee benefits, such as gratuity for services, grand leaves and pension preparation period (MPP).

(i) Allowance for gratuity for services

Based on the actuarial calculation on gratuity for services as of December 31, 2013 and 2012, which was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2014 and January 4, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<b>2013</b>	<b>2012</b>
Discount rate	9.0%	5.8%
Future salary's growth rate	7.5	7.5
Gold price growth rate	10.0	10.0
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

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**41. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(i) Allowance for gratuity for services (continued)

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp752,338 and Rp825,709 as of December 31, 2013 and 2012, respectively.

Movements in liability for gratuity for services for the years ended December 31, 2013 and 2012 are as follows:

	<b>2013</b>	<b>2012</b>
Beginning balance of liability	825,709	670,744
Gratuity for service expense - net (Note 34)	2,342	192,577
Benefit payments by BRI	(75,713)	(37,612)
<b>Gratuity for services liability (Note 27)</b>	<b>752,338</b>	<b>825,709</b>

The gratuity for service expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Current service cost	51,643	56,886
Interest expense	47,891	43,598
Recognized actuarial losses	(97,192)	92,093
<b>Gratuity for services expense (Note 34)</b>	<b>2,342</b>	<b>192,577</b>

(ii) Grand leaves

i. BRI (Parent Entity)

The actuarial calculation for grand leaves as of December 31, 2013 and 2012 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2014 and January 4, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<b>2013</b>	<b>2012</b>
Discount rate	9.0%	5.8%
Future salary's growth rate	7.5	7.5
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

The present value of liability of allowance for grand leaves based on the actuarial calculation amounted to Rp821,951 and Rp887,617 as of December 31, 2013 and 2012, respectively.

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**41. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

i. BRI (Parent Entity) (continued)

Movements in liability for grand leaves as of December 31, 2013 and 2012 are as follows:

	<b>2013</b>	<b>2012</b>
Beginning balance of liability	887,617	750,623
Grand leaves expense - net (Note 34)	48,504	217,635
Benefit payments by BRI	(114,170)	(80,641)
<b>Grand leaves liability (Note 27)</b>	<b>821,951</b>	<b>887,617</b>

The grand leaves expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Current service cost	93,578	88,398
Interest expense	51,482	48,790
Recognized actuarial (gain) loss	(96,556)	80,447
<b>Grand leaves expense (Note 34)</b>	<b>48,504</b>	<b>217,635</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 comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2013 and 2012 as determined by PT Katsir Imam Sapto Sejahtera Aktuaria, an independent actuary, in its reports dated January 2, 2014 and January 4, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<b>2013</b>	<b>2012</b>
Discount rate	9.0%	6.0%
Future salary's growth rate	5.0	5.0
Mortality rate	TMI-III 2011	TMI-III 2011
Normal retirement age	56 years old	56 years old

The present value of liability of allowance for grand leaves based on the actuarial calculation amounted to Rp19,650 and Rp13,153 as of December 31, 2013 and 2012, respectively.

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**41. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

ii. BRISyariah (Subsidiary) (continued)

Movements in liability for grand leaves for the years ended December 31, 2013 and 2012 are as follows:

	<b>2013</b>	<b>2012</b>
Beginning balance of liability	13,153	6,915
Grand leaves expense - net (Note 34)	6,497	6,238
<b>Grand leaves liability (Note 27)</b>	<b>19,650</b>	<b>13,153</b>

The grand leaves expense of the Subsidiary for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Current service cost	5,669	5,701
Interest expense	828	537
<b>Grand leaves expense (Note 34)</b>	<b>6,497</b>	<b>6,238</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 recognized in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2013 and 2012 was prepared by PT Bestama Aktuaria, an independent actuary in its report dated January 3, 2014 and January 11, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<b>2013</b>	<b>2012</b>
Discount rate	8.4%	6.8%
Future salary's growth rate	8.0	8.0
Mortality rate	TMI 2011	TMI 2011

The present value of liability of allowance for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp2,708 and Rp2,676 as of December 31, 2013 and 2012, respectively.

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**41. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

iii. BRI Agro (Subsidiary) (continued)

Movements in liability for grand leaves as of December 31, 2013 and 2012 are as follows:

	<b>2013</b>	<b>2012</b>
Beginning balance of liability	2,676	3,224
Expense recognized in the current year (Note 34)	533	344
Benefit payments	(501)	(892)
<b>Grand leaves liability (Note 27)</b>	<b>2,708</b>	<b>2,676</b>

The grand leaves expense of the Subsidiary for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Current service cost	881	948
Interest expense	181	226
Recognized actuarial gains	(529)	(830)
<b>Grand leaves expense (Note 34)</b>	<b>533</b>	<b>344</b>

(iii) Pension preparation period

i. BRI (Parent Entity)

The actuarial calculation of pension preparation period as of December 31, 2013 and 2012 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2014 and January 4, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<b>2012</b>
Discount rate	6.0%
Future salary's growth rate	7.5
	<b>2012</b>
Mortality rate	CSO 1958
Disability rate	10.0% dari CSO 1958

The present value of liability of allowance for pension preparation period based on the actuarial calculation amounted to RpNil and Rp58,030, as of December 31, 2013 and 2012, respectively.

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**41. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(iii) Pension preparation period (continued)

i. BRI (Parent Entity) (continued)

Movements in the liability for pension preparation period as of December 31, 2013 and 2012 are as follows:

	<b>2013</b>	<b>2012</b>
Beginning balance of liability	58,030	1,140,913
Pension preparation period (income) expense (Note 34)	29,770	(985,007)
Benefit payments by BRI	(87,800)	(97,876)
<b>Pension preparation period liability (Note 27)</b>	<b>-</b>	<b>58,030</b>

Pension preparation period expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Current service cost	-	135,628
Interest expense	3,482	74,159
Recognized actuarial (gain) loss	26,288	(1,194,794)
<b>Pension preparation period (income) expense (Note 34)</b>	<b>29,770</b>	<b>(985,007)</b>

Based on Decision Letter No.S.248-DIR/KPS/12/2012 dated December 21, 2012, the of Directors of BRI resolved that it is compulsory for employees to remain actively employed until the normal pension age of 56 (fifty six) years without undergoing pension preparation period (MPP) effective January 1, 2014. For employees entering age of 55 (fifty five) years in 2013 have the option to undergo pension preparation period or remain actively employed until the age of 56 (fifty six) years. Reversal of pension preparation period (MPP) allowance in accordance with the aforementioned Decision Letter is recorded in the other operating income account.

ii. BRI Agro (Subsidiary)

Effective March 12, 2012, the Subsidiary also provides pension preparation period to its employees as one of their benefits.

The actuarial calculation of pension preparation period as of December 31, 2013 and 2012 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2014 and January 11, 2013, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<b>2013</b>	<b>2012</b>
Discount rate	8.8%	6.0%
Future salary's growth rate	8.0	8.0
Mortality rate	TMI 2011	TMI 2011
Disability rate	10% TMI 2011	10% TMI 2011



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**41. EMPLOYEES PROGRAM (continued)**

e. Other Long-term Employee Benefits (continued)

(iii) Pension preparation period (continued)

ii. BRI Agro (Subsidiary) (continued)

The present value of liability of allowance for pension preparation period based on the actuarial calculation amounted to Rp4,431 and Rp1,981 as of December 31, 2013 and 2012, respectively.

Movements in the liability for pension preparation period as of December 31, 2013 and 2012 are as follows:

	<b>2013</b>	<b>2012</b>
Beginning balance of liability	1,981	-
Pension preparation period expense - net (Note 34)	2,450	2,152
Benefit payments by BRI	-	(171)
<b>Pension preparation period liability (Note 27)</b>	<b>4,431</b>	<b>1,981</b>

Pension preparation period expense for the years ended December 31, 2013 and 2012 based on the actuarial calculation is as follows:

	<b>2013</b>	<b>2012</b>
Current service cost	694	955
Interest expense	559	-
Recognized actuarial losses	1,197	1,197
<b>Pension preparation period expense (Note 34)</b>	<b>2,450</b>	<b>2,152</b>

**42. INFORMATION ON COMMITMENTS AND CONTINGENCIES**

	<b>2013</b>	<b>2012</b>
<b><u>Commitments</u></b>		
Commitments receivables		
Purchase of spot and foreign currencies	1,180,490	896,288
Commitments liabilities		
Unused credit facilities granted to debtors	79,707,332	75,649,401
Irrevocable letters of credit (Note 26c)	18,626,470	12,231,900
Sale of spot and foreign currencies	937,090	558,975
Unused financing facilities granted to debtors	72,679	97,225
	99,343,571	88,537,501
<b>Commitments - net</b>	<b>(98,163,081)</b>	<b>(87,641,213)</b>
<b><u>Contingencies</u></b>		
Contingent receivables		
Interest receivables under settlement	58,203	221,217

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**42. INFORMATION ON COMMITMENTS AND CONTINGENCIES (continued)**

	<b>2013</b>	<b>2012</b>
<b>Contingencies (continued)</b>		
Contingent liabilities		
Guarantees issued (Note 26c) in the form of:		
Standby letters of credit	6,656,160	6,158,676
Bank guarantees	9,236,021	6,103,142
Others	45,322	-
	<u>15,937,503</u>	<u>12,261,818</u>
<b>Contingencies - net</b>	<b><u>(15,879,300)</u></b>	<b><u>(12,040,601)</u></b>

**43. TRANSACTIONS WITH RELATED PARTIES**

In the normal course of the business, BRI engages in transactions with related parties due to the relationship of ownership and/or management. All transactions with related parties have been made according to the mutually agreed policies and terms.

Balances and transactions with related parties are as follows:

<b>Related parties</b>	<b>Relationship</b>	<b>Element of transactions</b>
Ministry of Finance of the Republic of Indonesia	Control through the Central Government of the Republic of Indonesia	Loans
Lembaga Pembiayaan Ekspor Indonesia	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other Banks, Securities
Government of the Republic of Indonesia (RI)	Ownership of majority shares through the Ministry of Finance of the Republic of Indonesia	Securities, Government Recapitalization Bonds
Perum BULOG	Control through the Central Government of the Republic of Indonesia	Loans, Irrevocable L/C
Perum DAMRI	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
Perum Pegadaian	Control through the Central Government of the Republic of Indonesia	Securities, Loans
Perum Percetakan Republik Indonesia	Control through the Central Government of the Republic of Indonesia	Acceptances receivable and Acceptances payable
Perum Percetakan Uang Republik Indonesia	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C

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

Related parties	Relationship	Element of transactions
PT Aneka Tambang (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities
PT Bank Bukopin Tbk	Control through the Central Government of the Republic of Indonesia	Current accounts with other Banks, Placements in Bank Indonesia and other Banks, Securities purchased under agreement to resell, Deposits from other Banks and other financial institutions
PT Bank Mandiri (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Current accounts with other Banks, Securities purchased under agreement to resell, Deposits from other Banks and other financial institutions
PT Bank Muamalat Indonesia Tbk	Control through the Central Government of the Republic of Indonesia	Deposits from other Banks and other financial institutions
PT Bank Negara Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Current accounts with other Banks, Placements in Bank Indonesia and other Banks, Securities, Deposits from other Banks and other financial institutions
PT Bank Tabungan Negara (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities, Deposits from other Banks and other financial institutions
PT Barata Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Export bills, Guarantees issued
PT Bringin Gigantara	Ownership through Dana Pensiun BRI	Sharia receivables and financing, Acceptances receivable, Acceptances payable
PT BNI Asset Management	Control through the Central Government of the Republic of Indonesia	Securities
PT Bringin Karya Sejahtera	Ownership through Dana Pensiun BRI	Sharia receivables and financing
PT BTMU-BRI Finance	Ownership	Placements in Bank Indonesia and other Banks, Investment in associated entities
PT Dayamitra Telekomunikasi	Control through the Central Government of the Republic of Indonesia	Loans
PT Dirgantara Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued, Irrevocable L/C
PT Indonesia Asahan Aluminium	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C

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

Related parties	Relationship	Element of transactions
PT Indonesia Power	Control through the Central Government of the Republic of Indonesia	Guarantees issued
PT Inti (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Jasa Marga (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities
PT Kereta Api Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Loans, Irrevocable L/C
PT KHI Pipe Industries	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Krakatau Steel (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Len Industri (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Pembangunan Perumahan (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Irrevocable L/C
PT Perkebunan Nusantara II (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Perkebunan Nusantara III (Persero)	Control through the Central Government of the Republic of Indonesia	Securities
PT Perkebunan Nusantara VII (Persero)	Control through the Central Government of the Republic of Indonesia	Securities
PT Perkebunan Nusantara VIII (Persero)	Control through the Central Government of the Republic of Indonesia	Export bills
PT Pertamina (Persero)	Control through the Central Government of the Republic of Indonesia	Loans, Guarantees issued, Irrevocable L/C
PT Pertamina Patra Niaga	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Pertani (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Perusahaan Gas Negara (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Guarantees issued

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

Related parties	Relationship	Element of transactions
PT Perusahaan Listrik Negara (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Loans Guarantees issued, Irrevocable L/C
PT Pindad (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued, Irrevocable L/C
PT PP Dirganeka	Control through the Central Government of the Republic of Indonesia	Export bills
PT Pupuk Kalimantan Timur	Control through the Central Government of the Republic of Indonesia	Loans, Export bills
PT Rekayasa Industri (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued
PT Sarana Multigriya Finansial (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Fund borrowings
PT Taspen (Persero)	Control through the Central Government of the Republic of Indonesia	Loans
PT Telekomunikasi Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Loans
PT Waskita Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities, Guarantees issued
PT Wijaya Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued
PT Wijaya Karya Bangunan dan Gedung	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable,
PT Wijaya Karya Industri dan Konstruksi	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
Key employees	Control on company's activities	Loans, Sharia receivables and financing

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

	<b>2013</b>	<b>2012</b>
<b><u>Assets</u></b>		
Current accounts with other Banks (Note 6)		
PT Bank Negara Indonesia (Persero) Tbk	101,577	8,475
PT Bank Mandiri (Persero) Tbk	8,861	1,820
PT Bank Bukopin Tbk	10	10
	<u>110,448</u>	<u>10,305</u>
Placements with Bank Indonesia and other Banks (Note 7)		
PT Bank Negara Indonesia (Persero) Tbk	537,173	285,405
Lembaga Pembiayaan Ekspor Indonesia	400,000	-
PT Bank Bukopin Tbk	210,000	150,000
PT BTMU-BRI Finance	130,000	285,000
	<u>1,277,173</u>	<u>720,405</u>
Securities (Note 8)		
Government of Republic of Indonesia	22,217,614	17,833,966
Lembaga Pembiayaan Ekspor Indonesia	304,360	174,000
Perum Pegadaian	283,740	257,832
PT BNI Asset Management	252,749	-
PT Bank Tabungan Negara (Persero) Tbk	141,918	106,716
PT Bank Negara Indonesia (Persero) Tbk	106,721	18,549
PT Jasa Marga (Persero) Tbk	99,977	111,497
PT Perusahaan Listrik Negara (Persero)	95,964	90,180
PT Aneka Tambang (Persero) Tbk	95,000	95,000
PT Perkebunan Nusantara III (Persero)	25,000	50,000
PT Waskita Karya (Persero) Tbk	25,000	25,000
PT Sarana Multigriya Finansial (Persero)	18,824	40,000
PT Perkebunan Nusantara VII (Persero)	-	50,000
Others	60,695	56,000
	<u>23,727,562</u>	<u>18,908,740</u>
Export bills (Note 9)		
PT PP Dirganeka	165,060	-
PT Perkebunan Nusantara VIII (Persero)	32,307	-
PT Pupuk Kalimantan Timur	5,663	14,281
PT Barata Indonesia (Persero)	4,604	-
	<u>207,634</u>	<u>14,281</u>
Government Recapitalization Bonds (Note 10)		
Government of Republic of Indonesia	4,511,419	4,315,616
Securities purchased under agreement to resell (Note 11)		
PT Bank Mandiri (Persero) Tbk	1,008,810	-
PT Bank Bukopin Tbk	101,016	-
	<u>1,109,826</u>	<u>-</u>
Loans (Note 13)		
PT Perusahaan Listrik Negara (Persero)	10,288,290	8,211,065
Perum BULOG	9,355,324	3,570,265
PT Pertamina (Persero)	8,603,110	10,348,229

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

	<b>2013</b>	<b>2012</b>
<b><u>Assets (continued)</u></b>		
Loans (Note 13) (continued)		
PT Taspen (Persero)	5,100,000	4,500,000
Ministry of Finance of the Republic of Indonesia	3,778,698	1,711,741
Perum Pegadaian	3,602,519	4,769,429
PT Kereta Api Indonesia (Persero)	2,709,044	714,538
PT Telekomunikasi Indonesia (Persero) Tbk	2,250,000	3,625,000
PT Pupuk Kalimantan Timur	1,836,399	892,162
PT Dayamitra Telekomunikasi	1,610,438	1,000,000
Key employees	54,084	55,823
Others	19,269,961	17,868,775
	<b>68,457,867</b>	<b>57,267,027</b>
Sharia receivables and financing (Note 14)		
Perum DAMRI	50,858	75,994
PT Bringin Gigantara	8,763	17,621
PT Bringin Karya Sejahtera	3,711	9,237
Key employees	14,208	15,670
	<b>77,540</b>	<b>118,522</b>
Acceptances receivable (Note 15)		
PT Krakatau Steel (Persero) Tbk	592,260	287,699
PT Inti (Persero)	232,075	23,499
PT Pembangunan Perumahan (Persero)	187,418	-
PT Perkebunan Nusantara II (Persero)	140,031	-
PT Pindad (Persero)	137,639	95,497
PT Pertani (Persero)	54,837	17,702
PT Wijaya Karya (Persero) Tbk	53,979	-
PT Len Industri (Persero)	19,320	-
PT Rekayasa Industri (Persero)	9,967	-
PT Bringin Gigantara	8,082	-
PT Wijaya Karya Industri dan Konstruksi	153	-
PT Dirgantara Indonesia (Persero)	-	231,467
Perum Percetakan Negara Republik Indonesia	-	29,699
PT Wijaya Karya Bangunan dan Gedung	-	349
	<b>1,435,761</b>	<b>685,912</b>
Investment in associated entities (Note 16)		
PT BTMU-BRI Finance	220,907	195,334
<b>Total assets from related parties</b>	<b>101,136,137</b>	<b>82,236,142</b>
<b>Total consolidated assets</b>	<b>626,182,926</b>	<b>551,336,790</b>
<b>Percentage of total assets from related parties to total consolidated assets</b>	<b>16.15%</b>	<b>14.92%</b>

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

	<b>2013</b>	<b>2012</b>
<b><u>Liabilities</u></b>		
Demand Deposits (Note 20)		
Government Entities and Institutions	21,391,485	18,202,762
Key employees	1,332	4,774
Others	51,067	21,221
	<u>21,443,884</u>	<u>18,228,757</u>
Saving deposits (Note 21)		
Government Entities and Institutions	73,286	207,368
Key employees	99,662	111,277
Others	13,259	73
	<u>186,207</u>	<u>318,718</u>
Time deposits (Note 22)		
Government Entities and Institutions	57,426,013	43,169,843
Key employees	238,668	136,273
Others	1,011,875	404,541
	<u>58,676,556</u>	<u>43,710,657</u>
Deposits from other Banks and financial institutions (Note 23)		
Government Entities and Institutions	410,282	655,574
Acceptances payable (Note 15)		
Government Entities and Institutions	1,435,761	685,912
Fund borrowings (Note 25)		
Government Entities and Institutions	100,000	276,221
Compensation to key employees management (Note 41)		
Present value of defined benefit pension liability	229,549	309,734
Present value of old-age benefits liability	40,227	45,082
Present value of work separation liability	52,133	72,625
Present value of gratuity for services liability	29,782	30,931
Present value of grand leaves liability	32,410	33,689
Present value of pension preparation period	1,134	2,686
	<u>385,235</u>	<u>494,747</u>
<b>Total liabilities to related parties</b>	<b><u>82,637,925</u></b>	<b><u>64,370,586</u></b>
<b>Total consolidated liabilities</b>	<b><u>546,855,504</u></b>	<b><u>486,455,011</u></b>
<b>Percentage of liabilities to related parties to total consolidated liabilities</b>	<b><u>15.11%</u></b>	<b><u>13.23%</u></b>



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

	<b>2013</b>	<b>2012</b>
<b>Commitments and contingencies in administrative accounts</b>		
Guarantees issued (Note 26c)		
PT Dirgantara Indonesia (Persero)	1,349,021	224,692
PT Wijaya Karya (Persero) Tbk	1,109,338	567,473
PT Pertamina (Persero)	1,071,133	851,530
PT Perusahaan Gas Negara (Persero) Tbk	651,429	1,972,063
PT Rekayasa Industri (Persero)	607,567	-
PT Indonesia Power	500,737	235,815
PT Waskita Karya (Persero) Tbk	395,436	156,799
PT Perusahaan Listrik Negara (Persero)	330,598	677,496
PT Barata Indonesia (Persero)	205,173	30,739
PT Pindad (Persero)	196,047	246,126
Others	1,445,667	481,692
	<b>7,862,146</b>	<b>5,444,425</b>
Irrevocable L/C (Note 26c)		
PT Dirgantara Indonesia (Persero)	747,150	1,125,563
PT Pertamina (Persero)	691,526	-
PT Kereta Api Indonesia (Persero)	491,271	2,150,192
PT Indonesia Asahan Aluminium	400,453	-
PT Pindad (Persero)	338,432	176,205
PT Pertamina Patra Niaga	331,450	108,422
PT KHI Pipe Industries	172,984	-
PT Perusahaan Listrik Negara (Persero)	81,983	758,112
PT Pembangunan Perumahan (Persero)	39,240	-
Perum Percetakan Uang Republik Indonesia	35,963	-
Perum BULOG	-	506,374
Others	292,801	1,243,721
	<b>3,623,253</b>	<b>6,068,589</b>
<b>Salaries and allowances for the Boards of Directors and Commissioners (Note 34)</b>	<b>66,073</b>	<b>61,008</b>
<b>Tantiem, bonuses and incentives for the Boards of Directors, Commissioners and key employees (Note 34)</b>	<b>266,479</b>	<b>225,076</b>

Percentage of transactions with related parties to total consolidated assets and liabilities of BRI and Subsidiaries are as follows:

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Current accounts with other Banks	0.018%	0.002%
Placements with Bank Indonesia and other Banks	0.204	0.131
Securities	3.789	3.430
Export bills	0.033	0.003
Government Recapitalization Bonds	0.720	0.783
Securities purchased under agreement to resell	0.177	-
Loans	10.933	10.387
Sharia receivables and financing	0.012	0.021
Acceptances receivable	0.229	0.124
Investment in associated entities	0.035	0.035
	<b>16.150%</b>	<b>14.916%</b>

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

Percentage of transactions with related parties to total consolidated assets and liabilities of BRI and Subsidiaries are as follows (continued):

	<b>2013</b>	<b>2012</b>
<b><u>Liabilities</u></b>		
Demand deposits	3.921%	3.747%
Saving deposits	0.034	0.065
Time deposits	10.730	8.986
Deposits from other Banks and financial institutions	0.075	0.135
Acceptances payable	0.263	0.141
Fund borrowings	0.018	0.057
Compensation to key employees	0.070	0.102
	<b>15.111%</b>	<b>13.233%</b>

As of December 31, 2013 and 2012, BRI (Parent Entity) insured certain premises and equipment to PT Asuransi Bringin Sejahtera Artha Makmur (related party) (Note 17).

**44. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES**

**a. Communication Services Agreements**

On December 16, 2013, BRI entered into an agreement with PT Telekomunikasi Indonesia Tbk in connection with the procurement of VSAT communication services in 1,250 (one thousand two hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp45,500.

On November 11, 2013, BRI entered into an agreement with PT Prima Vista Solusi in connection with the procurement of 2,567 (two thousand five hundred sixty seven) unit EDC LAN for UKO, 4,788 (four thousand seven hundred eighty eight) unit EDC GPRS for UKO and 10,074 (ten thousand seventy four) unit EDC *Triple Connection* ATM for 3 (three) years with the contract value of Rp53,542.

On November 8, 2013, BRI entered into an agreement with PT Pasifik Satelit Nusantara Mitrakom in connection with the procurement of VSAT communication services in 1,250 (one thousand two hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp45,500.

On September 12, 2013, BRI entered into an agreement with PT Tangara Mitrakom in connection with the procurement of VSAT communication services in 1,250 (one thousand two hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp43,550.

On September 5, 2013, BRI entered into an agreement with PT Satkomindo Mediyasa in connection with the procurement of VSAT communication services in 1,250 (one thousand two hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp45,125.

On August 13, 2012, BRI entered into an agreement with PT Satkomindo Mediyasa in connection with the procurement of VSAT communication services in 1,950 (one thousand nine hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp57,798.

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**44. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)**

a. Communication Services Agreements (continued)

On March 19, 2012, BRI entered into an agreement with PT Telekomunikasi Indonesia in connection with the procurement of MPLS communication services in 1,200 (one thousand two hundred) locations of BRI VSAT offsite ATM for 3 (three) years with the contract value of Rp35,652.

b. Contingent Liabilities

In conducting its business, BRI is a defendant with various litigation proceedings and legal claims mainly with respect to matters of contractual compliance. Although there is no clear assurance yet, BRI believes that based on information currently available, the ultimate resolution of these legal proceedings and legal claims will not likely have a material effect on the operations, financial position or liquidity level of BRI.

As of December 31, 2013 and 2012, BRI has established an allowance (included in "Other Liabilities") for several pending lawsuits filed against BRI amounted to Rp328,630 and Rp826,661, respectively (Note 28). Management believes that the allowance is adequate to cover possible losses arising from pending litigations or legal claims that are currently in progress.

**45. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS**

Based on Presidential Decision No. 26 of 1998 as implemented by the Ministry of Finance Decision dated January 28, 1998 and the Joint Decrees No. 30/270/KEP/DIR and No. 1/BPPN/1998 dated March 6, 1998, of the Director of Bank Indonesia and Head of IBRA, the Government provided a guarantee on certain obligations of all locally incorporated commercial banks. Based on the latest amendment under the Decree of the Ministry of Finance Decision No. 179/KMK.017/2000 dated May 26, 2000, this guarantee is valid from January 26, 1998 up to January 31, 2001 and with automatic extension of the guarantee period continuously every 6 (six) months, unless within 6 (six) months before the maturity of the guarantee period or its extension period, the Ministry of Finance announces to the public the expiry and/or change in the guarantee program. For this guarantee, the Government charges premium which is computed based on a certain percentage in accordance with the prevailing regulations.

In accordance with Regulation No. 17/PMK.05/2005 dated March 3, 2005 of the Ministry of Finance, starting April 18, 2005, commercial bank obligations guaranteed by the Government Guarantee Program include demand deposits, saving deposits, time deposits and borrowings from other banks in the form of inter-bank money market transactions.

The Government Guarantee Program through UP3 ended on September 22, 2005 based on Regulation No. 68/PMK.05/2005 dated August 10, 2005 of the Ministry of Finance regarding the "Calculation and Payment of Premium on Government Guarantee Program on the Payment of Obligations of Commercial Banks" for the period of July 1 up to September 21, 2005. The Government established the Indonesia Deposit Insurance Corporation (LPS), an independent agency, to replace UP3 based on Law No. 24 of 2004 dated September 22, 2004 regarding "Deposit Insurance Corporation", in order to provide guarantees on public funds including funds from other banks in the form of demand deposits, time deposits, certificates of deposits, saving deposits and/or other similar forms.

Based on LPS regulation No. 1/PLPS/2006 dated March 9, 2006 regarding "Government Guarantee Program on Saving Account", the balance of saving accounts guaranteed for each customer has a maximum of Rp100 million.

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**45. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS (continued)**

In accordance with Government Regulation No. 66 of 2008, dated October 13, 2008 regarding "The Amount of Public Savings Guaranteed by the Indonesia Deposit Insurance Corporation", the total amount of customers' saving accounts in banks which is guaranteed by the Government has increased to Rp2 billion, from the previous Rp100 million, effective on the date stated above.

LPS interest rates guarantee as of December 31, 2013 and 2012 were 7.25% and 5.5%, respectively, for deposits in Rupiah and 1.5% and 1.0% for deposits in foreign currencies, respectively.

**46. STATEMENT OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS) ISSUED AND REVISED**

The following summarizes the SFAS and Interpretation of Financial Accounting Standards (IFAS) which were issued by the Indonesian Financial Accounting Standards Board (FASB) and are relevant to BRI and Subsidiaries but not yet effective for consolidated financial statements as of December 31, 2013:

**Effective on or after January 1, 2014:**

- a. IFAS No. 28 "Extinguishing Financial Liabilities with Equity Instruments". This IFAS regulates when an entity as a debtor wants to resolve its financial liabilities through the issuance of equity instruments mechanism (debt for equity swaps).
- b. SFAS No. 102 (Revised 2013), "*Murabahah*", which is refinement of SFAS No. 102, published in 2008. This SFAS regulates the criteria of *murabahah* transactions related to recognition, measurement, presentation and disclosure.

**Effective on or after January 1, 2015:**

- a. SFAS No. 1 (Revised 2013), "Presentation of Financial Statements", adopted from IAS 1. This SFAS changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified to profit or loss would be presented separately from items that will never be reclassified.
- b. SFAS No. 4 (Revised 2013), "Separate Financial Statements", adopted from IAS 4. This SFAS prescribes only the accounting requirements when a parent entity prepares separate financial statements as additional information. Accounting for consolidated financial statements is determined in SFAS No.65.
- c. SFAS No. 15 (Revised 2013), "Investments in Associates and Joint Ventures", adopted from IAS 28. This SFAS describes the application of the equity method to investments in joint ventures in addition to associates.
- d. SFAS No. 24 (Revised 2013), "Employee Benefits", adopted from IAS 19. This SFAS, among other, removes the corridor mechanism and contingent liability disclosures to simple clarifications and disclosures.
- e. SFAS No. 65, "Consolidated Financial Statements", adopted from IFRS 10. This SFAS replaces the portion of SFAS No. 4 (Revised 2009) that addresses the accounting for consolidated financial statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

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**46. STATEMENT OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS) ISSUED AND REVISED (continued)**

**Effective on or after January 1, 2015 (continued):**

- f. SFAS No. 66, "Joint Arrangements", adopted from IFRS 11. This SFAS replaces SFAS No. 12 (Revised 2009) and IFAS No. 12. This SFAS removes the option to account for jointly controlled entities using proportionate consolidation.
- g. SFAS No. 67, "Disclosure of Interests in Other Entities", adopted from IFRS 12. This SFAS includes all of the disclosures that were previously in SFAS No. 4 (Revised 2009), SFAS No. 12 (Revised 2009) and SFAS No. 15 (Revised 2009). This disclosures relate to an entity's interests in other entities.
- h. SFAS No. 68, "Fair Value Measurements", adopted from IFRS 13. This SFAS provides guidance on how to measures fair value when fair value is required or permitted.

Currently BRI and Subsidiaries are in the process of evaluating and have not yet determined the impact of these issued and revised SFAS and IFAS on the consolidated financial statements.

**47. OTHER DISCLOSURES**

**a. Capital Adequacy Ratio (CAR)**

BRI actively manages its capital in accordance with the regulatory requirements. The primary objective of which is to ensure that BRI, at all times, maintains adequate capital to cover risks inherent to its banking activities without prejudice to optimizing shareholder's value.

CAR is the ratio of capital to Risk Weighted Assets (RWA), the computation is based on Bank Indonesia Regulation No. 10/15/PBI/2008 dated September 24, 2008, whereby the total capital for credit risk consists of core capital and supplementary capital. Banks which meet certain criteria have to consider market and operational risk in the computation of CAR by including additional supplementary capital component.

On December 31, 2012 BRI has implemented PBI No.14/18/PBI/2012 dated November 28, 2012 on Minimum Capital Reserve for General Bank based on Risk Profile Rating, which is the amendment to PBI No.10/15/2008 dated September 24, 2008, as the aforementioned regulation is initially effective March 2013 reporting position by using December 2012 risk profile. Based on the BRI's risk profile as of June 30, 2013, which is satisfactory, the minimum CAR per December 31, 2013 is set at 9% to less than 10%.

The determination of BRI's compliance with regulatory requirements and ratios is based on the regulatory accounting practices which differ from Indonesian Financial Accounting Standards in some respects. During the year ended December 31, 2013 and 2012, BRI has complied with the BI required capital adequacy ratio.

CAR of BRI (Parent Entity) as of December 31, 2013 amounted to 17.09% for the CAR credit risk and operational risk and 16.99% for credit risk, market risk and operational risk, meanwhile as at December 31, 2012 amounted to 17.03% for the CAR credit risk and operational risk and 16.95% for credit risk, market risk and operational risk are calculated as follows:

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**47. OTHER DISCLOSURES (continued)**

a. Capital Adequacy Ratio (CAR) (continued)

	<b>2013</b>	<b>2012</b>
Capital		
Core Capital <sup>*)</sup>	65,964,040	51,593,002
Supplementary Capital <sup>**)</sup>	3,507,996	3,540,675
<b>Total Capital for Credit, Market and Operational Risks</b>	<b>69,472,036</b>	<b>55,133,677</b>
RWA for Credit Risk after considering Special Risk <sup>***)</sup>	331,161,598	259,490,149
RWA for Operational Risk <sup>****)</sup>	75,401,807	64,207,405
<b>Total RWA for Credit and Operational Risks</b>	<b>406,563,405</b>	<b>323,697,554</b>
RWA for Market Risk	2,294,988	1,654,474
<b>Total RWA for Credit, Operational and Market Risks</b>	<b>408,858,393</b>	<b>325,352,028</b>
<b>CAR for Credit and Operational Risks <sup>***)</sup></b>	<b>17.09%</b>	<b>17.03%</b>
<b>CAR for Credit, Market and Operational Risks <sup>***)</sup></b>	<b>16.99%</b>	<b>16.95%</b>
<b>CAR Minimum</b>	<b>9.00%</b>	<b>8.00%</b>

<sup>\*)</sup> Presented by excluding deferred tax assets according to Bank Indonesia Regulation No. 10/15/PBI/2008 dated September 24, 2008.

<sup>\*\*)</sup> Presented after deducting the amortization of Subordinated Bonds during the period according to Bank Indonesia Letter No. 12/18/DPB1/TPB1-3 dated February 11, 2010.

<sup>\*\*\*)</sup> Credit risk is calculated according to Bank Indonesia Form Letter No. 13/6/DPNP dated February 18, 2011.

<sup>\*\*\*\*)</sup> Operational risk is calculated according to Bank Indonesia Form Letter No. 11/3/DPNP dated January 27, 2009.

b. Non-Performing Loans (NPL) Ratio

As of December 31, 2013 and 2012, BRI's non-performing loans ratio including Sharia receivables and financing are as follows:

(i) Consolidated

	<b>2013</b>	<b>2012</b>
Gross NPL ratio	1.63%	1.83%
Net NPL ratio	0.36	0.38

(ii) BRI (Parent Entity)

	<b>2013</b>	<b>2012</b>
Gross NPL ratio	1.55%	1.78%
Net NPL ratio	0.31	0.34

Net NPL ratio is calculated based on NPL after deducting the minimum allowance for possible losses divided by the total loans amount in accordance with Bank Indonesia regulations.

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**47. OTHER DISCLOSURES (continued)**

**c. Custodian Operations and Selling Agent**

BRI rendered custodian services since 1996 based on its operating license through Bapepam Chairman Decision Letter No. 91/PM/1996 dated April 11, 1996 and was also selected as the Sub-Registry in conducting of Government bonds transactions and administration of Scriptless Certificates of Bank Indonesia by Bank Indonesia.

The custodian services business is a part of the Treasury Division, which provides services such as:

- Safekeeping, administration services and portfolio valuation;
- Transaction settlement (settlement/transaction handling) services;
- Income collection services, including the related tax payments;
- Corporate actions and proxy services;
- Information and reporting services, including information through website;
- Custodian Unit Link services, DPLK, KIK EBA; and
- On-line Brokerage services of BRI's shares.

BRI has (unaudited) 90 (ninety) and 91 (ninety one) customers as of December 31, 2013 and 2012, respectively, which mainly consist of pension funds, financial institutions, securities companies, insurance companies, mutual funds and other companies.

The custodian fees earned (unaudited) for the years ended December 31, 2013 and 2012 amounted to Rp25,550 and Rp18,015, respectively.

In order to improve services to customers, BRI Custodian currently provides information system accessible through the "Customer Information E-access" website, in order to provide more convenience to customers in obtaining information on their portfolio value.

BRI, who acts as a custodian Bank, coordinates with PT Asuransi Jiwa Bringin Jiwa Sejahtera, in developing "Unit Link" products which will be marketed through BRI Branch Offices, that appointed as the selling agents.

**d. Trustee Agent Operations**

BRI rendered trust services since 1990. The operating license of BRI for trust services was granted by the Ministry of Finance based on its Decision Letter No. 1554/KMK.013/1990 dated December 6, 1990 and registered in Bapepam in conformity with its Operating License as Trust Services No. 08/STTD-WA/PM/1996 dated June 11, 1996.

The trust services business is a part of the Treasury Division which provides services such as:

- Trust services
- Security agent
- Payment agent
- Sinking fund agent
- Selling agent of mutual funds and investment products.

BRI has (unaudited) 17 (seventeen) customers as of December 31, 2013 and 2012, respectively. The total value of bonds issuance on behalf of bonds issuers managed by BRI as part of its trust services (including security agents) (unaudited) amounted to Rp47,006,889 and Rp42,656,506 as of December 31, 2013 and 2012, respectively.

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**47. OTHER DISCLOSURES (continued)**

d. Trustee Agent Operations (continued)

The fees and commissions on trust services and other related services (payment agent) (unaudited) earned for the years ended December 31, 2013 and 2012 amounted to Rp5,590 and Rp5,142, respectively.

To comply with Bapepam-LK Regulation No. Kep-11/BL/2006 dated August 30, 2006 on "Mutual Funds Selling Agent Behavior", the selling agent services function previously performed by the custodian has been transferred to the Trustee Agent.

The total income from services as mutual funds and government retail bonds agent (unaudited) amounted to Rp4,583 and Rp2,957 for the years ended December 31, 2013 and 2012, respectively.

**48. EARNINGS PER SHARE**

The following presents the reconciliation of factors in the computation of basic earnings per share (EPS) attributable to the owners of Parent Entity:

	2013		
	Income for the year attributable to the owners of Parent Entity	Weighted average number of outstanding common shares (full amount)	Income for the year attributable to the owners of Parent Entity per share (Full Rupiah)
Income for the year attributable to the owners of Parent Entity	21,344,130	24,669,162,000	865.22
	2012		
	Income for the year attributable to the owners of Parent Entity	Weighted average number of outstanding common shares (full amount)	Income for the year attributable to the owners of Parent Entity per share (Full Rupiah)
Income for the year attributable to the owners of Parent Entity	18,680,884	24,669,162,000	757.26

**49. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The management of BRI is responsible for the preparation of these consolidated financial statements which were completed and authorized for issue on January 16, 2014.