

**THE DISCLOSURE OF INFORMATION
TO THE SHAREHOLDERS IN RELATION TO THE MATERIAL TRANSACTION OF
PT BANK RAKYAT INDONESIA (PERSERO) TBK (“COMPANY”)**

THE INFORMATION CONTAINED IN THIS DISCLOSURE OF INFORMATION IS IMPORTANT AND FOR THE ATTENTION OF THE SHAREHOLDERS OF THE COMPANY IN RELATION TO SHARES TRANSFER – HEREINAFTER REFERRED AS “THE IN-KIND CONTRIBUTION” (AS ELABORATED BELOW) WHICH CONSTITUTES A MATERIAL TRANSACTION PURSUANT TO FINANCIAL SERVICES AUTHORITY (OTORITAS JASA KEUANGAN/ “OJK”) REGULATION NO. 17/POJK.04/2020 ON MATERIAL TRANSACTIONS AND CHANGES IN BUSINESS ACTIVITIES (“POJK NO. 17/2020”).

THE IN-KIND CONTRIBUTION IS ALSO CONSIDERED AS AN AFFILIATED TRANSACTION PURSUANT TO OJK REGULATION NO. 42/POJK.04/2020 ON AFFILIATED TRANSACTIONS AND CONFLICT OF INTEREST TRANSACTIONS (“POJK NO. 42/2020”). PURSUANT TO THE ARTICLE 24 PARAGRAPH (1) OF POJK NO. 42/2020, IF THE AFFILIATED TRANSACTION MEETS THE MATERIALITY THRESHOLD UNDER POJK NO. 17/2020, THE PUBLIC COMPANY IS ONLY REQUIRED TO COMPLY WITH POJK NO. 17/2020.

INFORMATION ON THE IN-KIND CONTRIBUTION HAS ALSO BEEN CONVEYED BY THE COMPANY IN THE DISCLOSURE OF INFORMATION AND THE ADDITIONAL INFORMATION OF THE DISCLOSURE OF INFORMATION, EACH DATED JUNE 14, 2021 AND JULY 19, 2021 (“DISCLOSURE OF INFORMATION ON RIGHTS ISSUE I”) WHICH SUBMITTED IN COMPLIANCE WITH OJK REGULATION NO. 32/POJK.04/2015 ON CAPITAL INCREASE IN PUBLIC COMPANIES WITH PRE-EMPTIVE RIGHTS AS AMENDED BY OJK REGULATION NO. 14/POJK.04/2019 ON THE AMENDMENT TO OJK REGULATION NO. 32/POJK.04/2015 ON CAPITAL INCREASE IN PUBLIC COMPANIES WITH PRE-EMPTIVE RIGHTS (“POJK NO. 32/2015”), AND CONSIDERING THAT THE IN-KIND CONTRIBUTION IS A FORM OF SUBSCRIPTION OF THE REPUBLIC OF INDONESIA AS THE CONTROLLING SHAREHOLDER OF THE COMPANY IN THE CAPITAL INCREASE WITH PRE-EMPTIVE RIGHTS I (“RIGHTS ISSUE I”).

FOR FURTHER UNDERSTANDING, THE INFORMATION AS CONTAINED IN THIS INFORMATION DISCLOSURE SHOULD BE CONSULTED WITH LEGAL ADVISORS, PUBLIC ACCOUNTANTS, FINANCIAL ADVISORS OR OTHER PROFESSIONALS.



PT BANK RAKYAT INDONESIA (PERSERO) Tbk

Main Business Activities:

Banking Services

Domiciled in Central Jakarta, Indonesia

Head Office:

Gedung BRI I

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This disclosure of information is issued in Jakarta on September 15, 2021

INTRODUCTION

In line with the Company's aspiration to reach the ultra-micro segment, the Government intends to form an ultra-micro holding. The formation of the ultra-micro holding is the manifestation of the Government's vision to increase accessibility of financial services in the ultra-micro segment. In this case, the Government appoints the Company as the holding company with PT Pegadaian (Persero) ("**Pegadaian**") and PT Permodalan Nasional Madani (Persero) ("**PNM**") as members of the holding.

The process of forming the ultra-micro holding is conducted through Rights Issue I. The Company has obtained the shareholder's approval dated July 22, 2021, to implement Rights Issue I and has obtained an effective statement from OJK dated August 30, 2021, for the registration statement submitted in the context of Rights Issue I. In this regard, the Republic of Indonesia exercise all of its Rights in the form of non-cash.

The proceeds obtained by the Company from the result of Rights Issue I after deducting all issuance costs will be used for:

1. The formation of an ultra-micro State-Owned Enterprises ("**SOE**") holding, which is carried out through the Company's share participation in:
 - a. Pegadaian, in the amount of 6,249,999 Series B shares or representing 99.99% of Pegadaian's issued and paid-up capital; and
 - b. PNM, in the amount of 3,799,999 Series B shares or representing 99.99% of PNM's issued and paid-up capital,as a result of the in-kind contribution of the Republic of Indonesia's shares ("**Shares Transfer**" – hereinafter referred to as "**In-Kind Contribution**").
2. The remaining, in the form of cash, will be used the Company's working capital in order to develop an ultra-micro ecosystem, as well as micro and small businesses.

In implementing the In-Kind Contribution, (a) the Government has issued Government Regulation No. 73 of 2021 on Additional Capital Participation of the Republic of Indonesia to the Capital of Perusahaan Perseroan (Persero) PT Bank Rakyat Indonesia Tbk, as required by Law No. 19 of 2003 on State-Owned Enterprise as amended by Law No. 11 of 2020 on Job Creation and (b) the Minister of Finance has issued the Minister of Finance Decree No. 282/KMK.06/2021.

As for the the In-Kind Contribution as a form subscription by the Republic of Indonesia in connection with the Company's proposed capital participation in Pegadaian and PNM, the Company has obtained OJK Banking approval on August 24, 2021.

Hence, the Company's Board of Directors hereby announces the Disclosure of Information to provide explanations and considerations for the In-Kind Contribution to the shareholders of the Company in compliance with POJK No. 17/2020.

DESCRIPTION OF THE TRANSACTION

A. TRANSACTION OBJECT

The object of the transaction is the shares obtained by the Company based on the In-Kind Contribution. The object of such transaction, namely (a) Pegadaian shares in the amount of 6,249,999 Series B shares or representing 99.99% of Pegadaian's issued and paid-up capital; and (b) PNM shares in the amount of 3,799,999 Series B shares or representing 99.99% of PNM's issued and paid-up capital as a form of the Republic of Indonesia's subscription in Rights Issue I.

The In-Kind Contribution was carried out on September 13, 2021. The In-Kind Contribution is as stated in the Deed of Transfer of Rights of the Republic of Indonesia Shares on Perusahaan Perseroan (Persero) PT Pegadaian, Perusahaan Perseroan (Persero) PT Permodalan Nasional Madani to and in the context of the Addition of the Republic of Indonesia Participation into the Share Capital of Perusahaan Perseroan (Persero) PT Bank Rakyat Indonesia Tbk No. 13 dated September 13, 2021, drawn before Fathiah Helmi, S.H., Notary in Jakarta.

Description on Pegadaian and PNM has been disclosed in the Disclosure of Information on Rights Issue I and Prospectus of Rights Issue I which are available in the Company's website and PT Bursa Efek Indonesia's website.

The following is a summary of important financial data for Pegadaian and PNM:

1. Pegadaian

The table below provides a summary of the consolidated financial data of Pegadaian and its subsidiaries. Financial information as of and for the three-month period ended March 31, 2021 and as of and for the years ended December 31, 2020 and December 31, 2019 are taken from Pegadaian's interim audited financial statements as of and for the three-month period ended March 31 2021 and Pegadaian's consolidated audited financial statements as of December 31, 2020 and December 31, 2019. The consolidated Financial Statements of Pegadaian. has been audited by the Public Accounting Firm ("KAP") Tanudiredja, Wibisana, Rintis & Rekan (member of the PricewaterhouseCoopers network of firms). based on the Auditing Standards set by the Indonesian Institute of Certified Public Accountants ("IAPI"), with an unmodified opinion in its reports dated April 30, 2021, January 29, 2021 and January 31, 2020, signed by Drs M. Jusuf Wibisana, M.Ec., CPA (AP.0222).

Information for the three-month period ended March 31, 2020 has been presented from the unaudited consolidated financial statements of the Pegadaian for the three-month period ended March 31, 2020 (appearing as comparatives to the interim consolidated financial statements of the Pegadaian as of and for the three-month period ended March 31, 2020). The financial information for the three-month period ended March 31, 2020 has been reviewed in accordance with Standards on Review Engagement 2410, "Review of Interim Financial Information Review Performed by the Independent Auditor of the Entity" ("SRE 2410").

Statements of Financial Position

Description	<i>(in millions IDR)</i>		
	March 31 2021	December 31	
		2020	2019
Total Assets	72,193,827	71,468,960	65,324,177
Total Loans	58,303,268	57,474,599	50,843,920
Total Liabilities	46,682,645	46,865,344	42,263,867
Total Equity	25,511,182	24,603,616	23,060,310

Statements of Profit or Loss and Other Comprehensive Income

(in millions IDR)

Description	March 31		December 31	
	2021	2020*	2020	2019
Operating revenues	5,453,974	5,029,931	21,964,403	17,674,527
Operating expenses	4,520,495	3,879,350	19,173,144	13,485,100
Operating profit	933,479	1,150,581	2,791,259	4,189,427
Profit before income tax	939,076	1,155,993	2,873,290	4,211,866
Net profit for the year/ period	705,460	809,075	2,022,447	3,108,078
Comprehensive income for the year/ period	907,566	809,075	1,835,812	4,331,432

*unaudited

Ratio Table

Description	March 31		December 31	
	2021	2020	2020	2019
Financial Ratio				
Return on assets ratio (ROA)	3.91%	2.83%		4.76%
Return on equity ratio (ROE)	11.06%	8.22%		13.48%
Ratio of operating expenses to operating income (BOPO)	82.88%	87.29%		76.30%
Gearing Ratio (x)	1.57x	1.64x		1.61x
Non-Performing Loan (NPL) (%) – Gross*	3.59%	1.01%		1.75%

*The calculation of NPL uses loss collectability for pawning business and substandard collectability, doubtful collectability, and loss collectability for non-pawning business.

Description:

ROA March 31, 2021: ((Net profit for the period / 3) x 12/ Total Assets)

ROE March 31, 2021: ((Net profit for the period / 3) x 12/ Total Equity)

ROA: (Net profit for the year / Total Assets)

ROE: (Net profit for the year / Total Equity)

BOPO: (Operating Expenses / Operating Income)

Gearing Ratio: (Interest Bearing Debt – Cash and Cash Equivalent) / Total Equity

NPL - Gross: (Total NPL / Total Loans)

2. PNM

The table below illustrates the summary of important consolidated financial data of PNM and its subsidiaries whose figures are taken from PNM's consolidated financial statements: (a) as of and for the period ended on March 31, 2021 and March 31, 2020 (unaudited); and (b) as of and for the years ended on December 31, 2020 and December 31, 2019 audited by KAP Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan based on auditing standards set by IAPI, with an unmodified fair opinion dated January 29, 2021, signed by Tjahjo Dahono, SE, CPA (AP.0518).

Statements of Financial Position

(in millions IDR)

Description	March 31		December 31	
	2021	2020	2020	2019
Total Assets	35,102,708	31,664,889		24,906,517
Total Loans	26,831,615	22,763,500		18,528,636
Total Liabilities	29,319,387	26,077,979		22,042,024
Total Equity	5,783,321	5,586,910		2,864,493

Statements of Profit or Loss and Other Comprehensive Income

(in millions IDR)

Description	March 31		December 31	
	2021	2020*	2020	2019
Operating revenues	1,761,771	1,548,350	5,605,264	4,924,088
Operating expenses	1,511,194	(988,611)	1,689,808	1,595,095
Operating profit	250,577	271,491	399,135	1,291,319
Profit before income tax	250,577	271,491	399,135	1,291,319
Net profit for the year/ period	186,359	202,602	358,595	977,311
Comprehensive income for the year/ period	196,930	208,244	351,672	972,195

*unaudited

Ratio Table

Description	March 31		December 31	
	2021	2020	2019	
Financial Ratio				
Return on assets ratio (ROA)	2.12%	1.13%	3.92%	
Return on equity ratio (ROE)	12.89%	6.42%	34.12%	
Ratio of operating expenses to operating income (BOPO)	89.25%	96.26%	94.47%	
Gearing Ratio (x)	3.67x	3.24x	5.87x	
Non-Performing Loan (NPL) (%)	1.06%	1.23%	1.32%	

Description:

ROA March 31, 2021: ((Profit before tax for the period / 3) X 12 / average total Asset)

ROE March 31, 2021: ((Profit after tax for the period / 3) X 12 / average total equity)

ROA: (Profit before tax for the year / average total Assets)

ROE: (Profit after tax for the year / average total Equity)

BOPO: (Operating Expenses / Operating Income)

Gearing Ratio: (Interest Bearing Debt – Cash and Cash Equivalent) / Total Equity

NPL: NPL is calculated using past due loan more than 60 days for Mekaar credit and due past loan more than 90 days for other credits.

B. TRANSACTION VALUE

The In-Kind Contribution value through the full subscription of the Rights of the Republic of Indonesia in the Rights Issue I in the amount of 16,108,998,710 Series B shares with the Rights exercise price of IDR 3,400 (three thousand four hundred Rupiah) per share amounting to IDR 54,770,595,614,000 (fifty-four trillion seven hundred seventy billion five hundred ninety-five million six hundred fourteen thousand Rupiah) in total.

The In-Kind Contribution value mentioned above is a material transaction under POJK No. 17/2020 with the consideration that (a) the operating income of Pegadaian and PNM divided by the operating income of the Company is more than 20% but does not exceed 50% of the Company's operating income based on the Company's Consolidated Financial Statements as of March 31, 2021, and (b) the value of the In-Kind Contribution is more than 20% but does not exceed 50% of the Company's equity based on the Company's Consolidated Financial Statements as of March 31, 2021. The Company's Consolidated Financial Statements as of March 31, 2021, is audited by KAP Purwantono, Sungkoro dan Surja (member firms of Ernst & Young Global Limited).

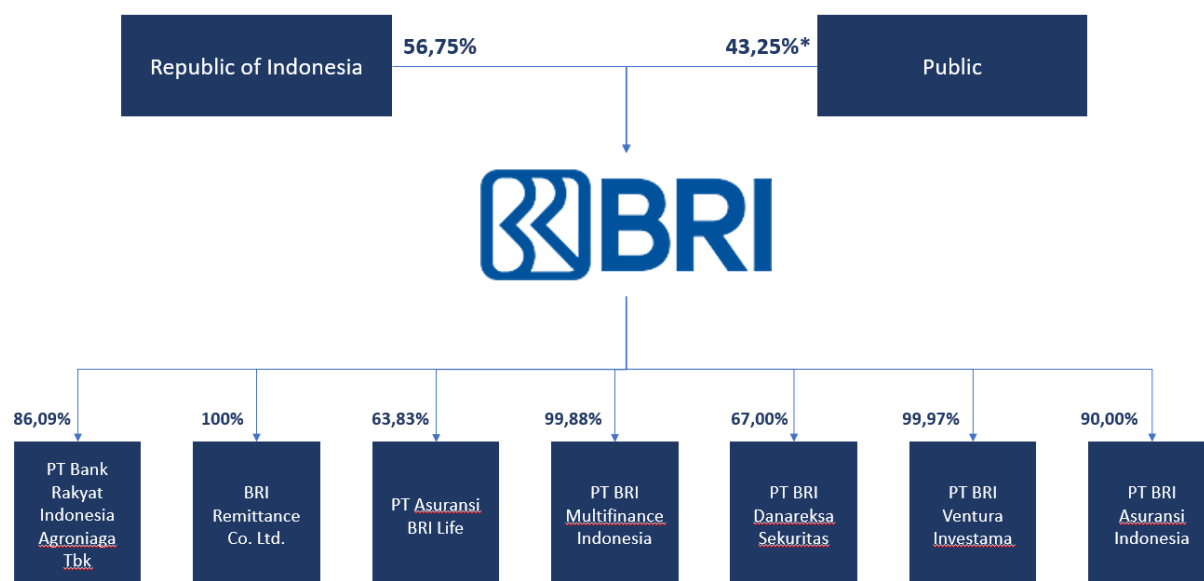
Therefore, the In-Kind Contribution is not a material transaction that requires General Meeting of Shareholders ("GMS") and/or Independent GMS.

C. PARTIES CONDUCTING THE TRANSACTION

The In-Kind Contribution is carried out between the Republic of Indonesia (who subscribe the shares) and the Company (who receives the subscription).

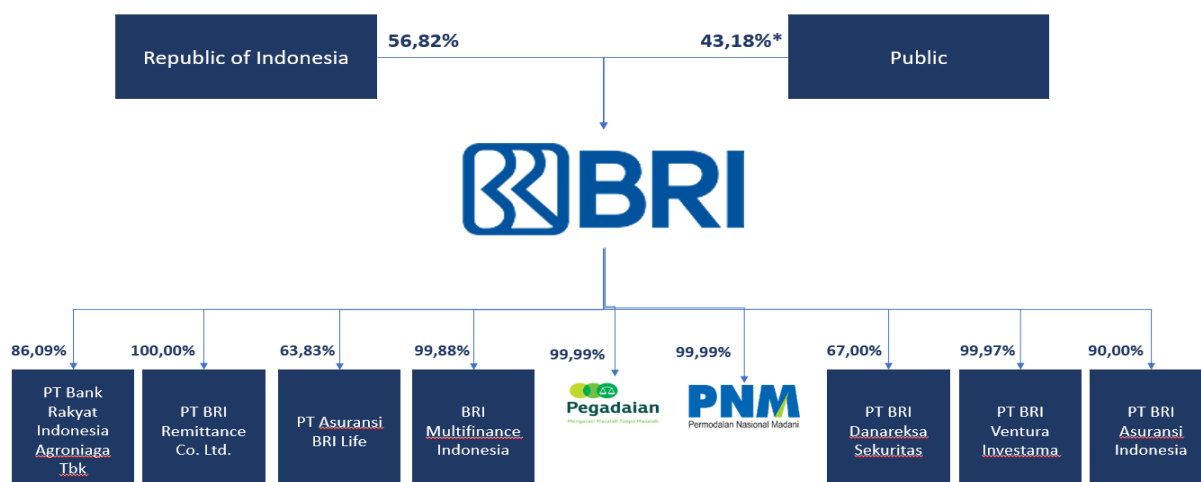
The In-Kind Contribution is also considered as an affiliated transaction under POJK No. 42/2020. The affiliation nature and relation of the In-Kind Contribution is that (a) the Republic of Indonesia is the controlling shareholder of the Company; and (b) the Deputy Minister of SOE II is the President Commissioner of the Company.

The Company's group structure prior to the In-Kind Contribution is as follow:



**including treasury shares*

The Company's group structure after the In-Kind Contribution with the assumption that all Rights are exercised by all shareholders of the Company in accordance with their ownership portion and no additional shares are purchased is as follow:



**including treasury shares*

The composition of the Company's share ownership based on the Shareholders Register issued by the Company's Share Registrar, PT Datindo Entrycom, as of August 31, 2021, is as follows:

No.	NAME OF SHAREHOLDERS	NUMBER OF SHARES		TOTAL (IDR)	%
		SERIES A DWIWARNA	SERIES B		
1.	Republic of Indonesia	1	69,999,999,999	3,500,000,000,000	56.75
2.	Public*	-	53,345,810,000	2,667,290,500,000	43.25
Total		1	123,345,809,999	6,167,290,500,000	100

* including treasury shares in the amount of 748,282,500 shares.

Description of the Company has been disclosed in the Disclosure of Information on Rights Issue I and Prospectus of Rights Issue I which are available in the Company's website PT Bursa Efek Indonesia's website.

EXPLANATION AND CONSIDERATION FOR THE TRANSACTION AND THE EFFECT OF THE TRANSACTION TO THE FINANCIAL CONDITION OF THE COMPANY

A. EXPLANATION AND CONSIDERATION OF THE TRANSACTION

According to the data from the Ministry of Cooperatives and SMEs in 2019, the ultra-micro segment is recorded as the part of around 65 million micro business units representing 99% of the total number of businesses in Indonesia. In this case, the Company estimates that out of 45 million ultra-micro businesses in Indonesia in such year, only around 20 million ultra-micro businesses have access to funding from formal sources such as banks, BPR and other financial institutions, along with micro credit and group-based lending, pawnshops and cooperatives. Around 12 million other ultra-micro businesses get access to funding from informal sources such as lenders and from family or relatives. The rest of around 14 million ultra-micro businesses, do not have access to funding at all, both from formal and informal sources. Several factors causing the limited access to funding for ultra-micro businesses include (a) the unequal service coverage of work units of formal financial institutions; and (b) the role of financial agents is not yet optimal in providing financial services due to low financial literacy in the ultra-micro segment to access financial services digitally. Thus, the Company believes in the opening of the financing potential for the ultra-micro businesses and such segment be a source of new sustainable business growth which may strengthen the Company's core competencies in the micro and small business segment.

The micro and ultra-micro segment has important role to support economic growth of Indonesia. Therefore, the optimization of SOEs role is urgently needed as agents of value creation and agents of development to support the national economic growth. Currently, there are 3 SOEs that have a major role in the development of the Micro, Small and Medium Enterprise ("MSME") sector, especially the micro and ultra-micro segments, namely the Company, Pegadaian and PNM.

The Company is proven capable of granting the ultra-micro and micro segment access to banking products for over 100 years to over 120 million customers. Pegadaian has provided pledge-based loans to over 10 million ultra-micro customers in Indonesia. PNM has become one of the leaders of group-based lending in terms of customers with almost 8 million customers in Indonesia. The three SOEs have different business models to meet the majority of the ultra-micro segment needs to this day. The role of 3 SOEs in the development of the ultra-micro segment will be optimized through the establishment of an ultra-micro ecosystem through a holding scheme with the Company as the parent and Pegadaian and PNM as holding members.

B. EXPLANATION AND CONSIDERATION FOR THE TRANSACTION COMPARED TO OTHER TRANSACTIONS OF THE SAME KIND THAT ARE NOT CONDUCTED WITH AN AFFILIATED PARTY

The transaction is carried out with affiliated parties by considering the optimization of (a) the role of SOEs to support national economic growth, particularly in the MSME sector; and (b) an effort to manifesting the Company's aspirations to reach the ultra-micro segment through the establishment of an ultra-micro holding. In accordance, the Company, Pegadaian and PNM, currently have a major role in the development of the micro sector so that future alignment is expected to be better managed.

C. EFFECT OF THE TRANSACTION TO THE FINANCIAL CONDITION OF THE COMPANY

Through In-Kind Contribution, the Company become the majority shareholders in Pegadaian and PNM. Furthermore, the Company, together with Pegadaian and PNM, continue to develop their business through financial services in the ultra-micro segment to maintain positive contribution to the Company's financial performance. This reinforcement in the capital structure hopefully will support the Company's future business, whether individually or collectively as a group, to create more value for the shareholders and stakeholders.

With the ownership of the majority shares, the financial statement of Pegadaian and PNM will be consolidated with the Company's financial statement. Therefore, it will increase the consolidated revenue in the future.

SUMMARY OF OPINION OF INDEPENDENT PARTY

The Company has appointed SRR as an independent appraiser to conduct valuation of (a) 6,249,999 Series B Shares of Pegadaian ("**Pegadaian Shares**") and (b) 3,799,999 Series B Shares of PNM ("**PNM Shares**"), as well as to prepare a fairness opinion on the Proposed Transaction.

SRR states that SRR has no affiliation, directly or indirectly, with the Company as defined in Law No. 8 of 1995 regarding Capital Market.

The valuation of Pegadaian Shares and PNM Shares have been prepared in accordance with and subject to OJK Regulation No. 35/POJK.04/2020 dated May 25, 2020 on Valuation and Presentation of Business Valuation Reports in the Capital Market and Indonesian Valuation Standards 2018 ("**SPI 2018**").

A. Summary of Valuation of Pegadaian Shares

The following is a summary of the share valuation prepared by SRR on its report No. 00244/2.0059-02/BS/07/0242/1/VI/2021 dated June 30, 2021 ("**Pegadaian Share Valuation Report**"):

1. Identity of the Party

Pegadaian is a private limited liability company engaging in the pawn and fiducia sector both conventionally and sharia and other services in the financial sector in accordance with laws and regulations, specifically for middle to low-income income community, micro, small, and medium enterprises, as well as optimization of Pegadaian's resources with the implementation of limited liability company principle. Pegadaian is headquartered at Jl. Kramat Raya No. 162, Central Jakarta Administrative City, with telephone number (021) 3155550, facsimile (021) 80635162, email address at renstra.pusat@pegadaian.co.id, and website at www.pegadaian.co.id.

2. Valuation Object

The valuation object is Pegadaian Shares.

3. Purpose and Objective of Valuation

- a. The valuation is intended to provide an opinion on the market value of Pegadaian Shares as of March 31, 2021, which is denominated in Rupiah currency.
- b. The valuation is intended to provide information on the market value of Pegadaian Shares to the management of the Company to support the implementation of the Proposed Transaction.

4. Assumptions and Limiting Conditions

- a. Pegadaian Share Valuation Report is a non-disclaimer opinion report.
- b. SRR has reviewed the document used in the process of preparing the valuation.
- c. The data and information are obtained from sources with reliable accuracy.
- d. SRR uses financial projection which has been adjusted to reflect the reasonableness of the financial projection prepared by the management of Pegadaian considering the ability to accomplish the projection (fiduciary duty).
- e. SRR is responsible for the valuation process and the reasonableness of the financial projection.
- f. Pegadaian Share Valuation Report is open for public, unless there are confidential information, which may affect the operation of Pegadaian.
- g. SRR is responsible for Pegadaian Share Valuation Report and the final value conclusion.
- h. SRR has obtained information on the legal status of Pegadaian Shares from the Company.

5. Valuation Approaches and Methods

The valuation of Pegadaian Shares use income-based approach with discounted cash flows (DCF) method and market-based approach with guideline publicly traded company method.

The income approach with discounted cash flows method is used in the valuation of Pegadaian Shares considering Pegadaian's operation in the future will still fluctuate according to estimates on its business development. In conducting valuation with this method, Pegadaian's operation is projected according to its estimated business development. The future cash flows generated from the projection is converted to present value at a discount rate corresponding to the risk level. The indicative value is the total present value of future cash flows.

The market approach with guideline publicly traded company method is still used in the valuation of Pegadaian Shares, even though there is no information on companies with comparable scale of business and equivalent assets in the stock market. However, the data of existing listed companies' shares are considered suitable to be used as comparable data for Pegadaian Shares.

Further, the value obtained from each approach is reconciled using weighted average to produce a conclusion on the value of Pegadaian Shares.

6. Conclusion of Valuation

IDR Trillion

Description	Value Indication	Weight	Weighted Value
Discounted Cash Flow Method	49.03	90%	44.13
Comparison Method of Companies Listed on the Stock Exchange	45.43	10%	4.54
Market Value of 100% Shares			48.67

To obtain an indication of the value of the Pegadaian Shares that represents the valuation method used, a reconciliation is carried out by first weighing the calculation result. A weight of 90% is set to be used for the indication of the value from the discounted cash flow method and a weight of 10% for the indication of the value from the comparison method of companies listed on the stock exchange.

The weighing above is determined with due consideration of the data and information used in the discounted cash flow method to determine the indication of the value of Pegadaian Shares with a more adequate level of reliability than the comparison method of companies listed on the stock exchange. In this case, in the valuation using the comparison method of companies listed on the stock exchange, Pegadaian Shares specifically cannot be compared accurately and completely with comparable public companies of the same type and equivalent.

Based on the analysis results on all data and information received by SRR and considering all factors closely relevant to the valuation, the market value of Pegadaian Shares as of March 31, 2021 is amounting to IDR48.67 trillion.

B. Summary of Valuation of PNM Shares

The following is a summary of the share valuation prepared by SRR on its report No. 00245/2.0059-02/BS/07/0242/1/VI/2021 dated June 30, 2021 ("**PNM Share Valuation Report**"):

1. Identity of the Party

PNM is a private limited liability company engaging in the empowerment and development of micro, small, medium enterprises and cooperatives with business in the financing services, participation, as well as management and partnership services. PNM is headquartered at Menara Taspen, Jl. Kramat Raya 162, Central Jakarta Administrative City, with telephone number (021) 251404, facsimile (021) 2511405, email address at info@pnm.co.id, and website at www.pnm.co.id.

2. Valuation Object

The valuation object is PNM Shares.

3. Purpose and Objective of Valuation

- The valuation is intended to provide an opinion on the market value of PNM Shares as of March 31, 2021, which is denominated in Rupiah currency.
- The valuation is intended to provide information on the market value of PNM Shares to the management of the Company to support the implementation of the Proposed Transaction.

4. Assumptions and Limiting Conditions

- a. PNM Share Valuation Report is a non-disclaimer opinion report.
- b. SRR has reviewed the document used in the process of preparing the valuation.
- c. The data and information are obtained from sources with reliable accuracy.
- d. SRR uses financial projection which has been adjusted; to reflect the reasonableness of the financial projection prepared by the management of PNM considering the ability to accomplish the projection (fiduciary duty).
- e. SRR is responsible for the valuation process and the reasonableness of the financial projection.
- f. PNM Share Valuation Report is open for public, unless there are confidential information, which may affect the operation of PNM.
- g. SRR is responsible for PNM Share Valuation Report and the final value conclusion.
- h. SRR has obtained information on the legal status of PNM Shares from the Company.

5. Valuation Approaches and Methods

The valuation of PNM Shares use income-based approach with discounted cash flows (DCF) method and market-based approach with guideline publicly traded company method.

The income approach with discounted cash flows method is used in the valuation of PNM Shares considering PNM's operation in the future will still fluctuate according to estimates on its business development. In implementing the valuation with this method, PNM's operation is projected according to its estimated business development. The future cash flows generated from the projection is converted to present value at a discount rate corresponding to the risk level. The indicative value is the total present value of future cash flows.

The market approach with guideline publicly traded company method is still used in the valuation of PNM Shares, even though there is no information on companies with comparable scale of business and equivalent assets in the stock market. However, the data of existing listed companies' shares are considered suitable to be used as comparable data for PNM Shares.

Further, the value obtained from each approach is reconciled using weighted average to produce a conclusion on the value of PNM Shares.

6. Conclusion of Valuation

IDR Trillion			
Description	Value Indication	Weight	Weighted Value
Discounted Cash Flow Method	6.21	90%	5.59
Comparison Method of Companies Listed on the Stock Exchange	5.08	10%	0.51
Market Value of 100% Shares			6.10

To obtain an indication of the value of PNM Shares that represents the valuation methods used, a reconciliation is carried out by first weighting the calculation value. A weight of 90% is determined for the indication of the value from the discounted cash flow method and a weight of 10% for the indication of the value from the comparison method of companies listed on the stock exchange.

Such weighing is with due consideration for the data and information used in the discounted cash flow method to determine the indication of the value of PNM Shares with a more adequate level of reliability in the comparison with method of companies listed on the stock exchange. In this case, in the valuation using the comparison method of companies listed on the stock exchange, PNM Shares specifically cannot be compared accurately and completely with comparable publicly listed companies of the same type and equivalent.

Based on the analysis on all data and information received by SRR and considering all factors closely relevant to the valuation, the market value of of PNM Shares as of March 31, 2021 amounts to IDR6.10 trillion.

C. Summary of Fairness Opinion Report

The following is a summary of Fairness Opinion Report of the Proposed Transaction prepared by SRR on its report No. 00246/2.0059-02/BS/07/0242/1/VI/2021 dated June 30, 2021 (“**the Fairness Opinion Report**”):

1. Parties involved in the Proposed Transaction

The Company and Republic of Indonesia, as the controlling shareholder of Pegadaian and PNM, are the parties involved in the Proposed Transaction.

2. Object of Fairness Opinion

The object of the Fairness Opinion is the Proposed Transaction, namely the proposed Rights Issue I and the proposed In-Kind Contribution, in connection with the plan to form an ultra-micro holding company by conducting non-cash contribution to the Pegadaian and PNM, where the Company will become the shareholder of Pegadaian and PNM.

3. Purpose and Objective of the Fairness Opinion

The Fairness Opinion is prepared with the objective and purpose to provide an overview to the Company regarding the fairness of the Proposed Transaction to comply with POJK No. 42/2020 and POJK No. 32/2015.

4. Assumptions and Limiting Conditions

- a. The Fairness Opinion is a non-disclaimer opinion report.
- b. SRR has reviewed the document used in the process of preparing the Fairness Opinion.
- c. The data and information are obtained from sources with reliable accuracy.
- d. The analysis in the Fairness Opinion is prepared using financial projection which has been adjusted to reflect the reasonableness of the financial projection prepared by the management of the Company considering the ability to accomplish the projection (fiduciary duty).
- e. SRR is responsible for the process of preparation of the Fairness Opinion and the reasonableness of the financial projection.
- f. The Fairness Opinion is open for public, unless there are confidential information, which may affect the operation of the Company.
- g. SRR is responsible for the Fairness Opinion and the conclusion of the Fairness Opinion.
- h. SRR has obtained information on the terms and conditions in the agreements related to the Proposed Transaction from the Company.

5. Approaches and Procedures for the Fairness Opinion

In evaluating the fairness of the Proposed Transaction, SRR has conducted:

a. Qualitative and Quantitative Analysis of the Proposed Transaction

The qualitative and quantitative analysis of the Proposed Transaction is carried out by:

- 1) Conducting a review on the overview of the development of the performance of the banking industry;
- 2) Analyzing the Company's operational activities and business prospects,
- 3) Researching the reasons for conducting the Proposed Transaction, advantages and disadvantages of the Proposed Transaction; and
- 4) Analyzing the Company's historical financial performance based on the Company's audited consolidated financial statements for the three-month period ended March 31, 2021 and for the years ended December 31, from the years 2016 – 2020.

Further, SRR also conducts an analysis of the pro forma report and incremental analysis of the Proposed Transaction. In this case, after the Proposed Transaction becomes effective, based on the pro forma consolidated financial statements, the Company is expected to improve the Company's consolidated financial performance and provide added value for all its shareholders.

b. Analysis of the Fairness of the Proposed Transaction

The fairness opinion is carried out by qualitative and quantitative analysis of the Proposed Transaction. The qualitative analysis takes into account the benefits and risks as well as the potential benefits of the Proposed Transaction for all shareholders of the Company. Further, the quantitative analysis takes into account the potential profit before and after the Proposed Transaction in terms of the Company's financial projections.

6. Conclusion

Based on the analysis as described in the Fairness Opinion, SRR is of the opinion that the Proposed Transaction is **fair**.

CONSOLIDATED PROFORMA FINANCIAL INFORMATION

In the Company's consolidated pro forma financial information, reasonable assurance engagement has been implemented by KAP Purwanto, Sungkoro dan Surja (member firms of Ernst & Young Global Limited) based on the Company's audited historical interim consolidated financial statements as of March 31, 2021, and for the three-month period ended on that date. The historical consolidated balance of the Company and its subsidiaries when compared to the pro forma consolidated balance of the merger of the Company and its subsidiaries, Pegadaian and PNM, are as follows:

(in IDR trillion)

Remarks	Historical Consolidated Balance of the Company as of March 31, 2021	Consolidated Pro Forma Balance Merged between the Company, Pegadaian, and PNM as of March 31, 2021
Asset	1,411	1,515
Liability	1,216	1,289
Net Income	7	8

STATEMENT OF BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS

The Board of Directors and the Board of Commissioners of the Company declare that:

1. The In-Kind Contribution is not a conflict-of-interest transaction as set out in the POJK No. 42/2020.
2. Important and relevant material fact has been disclosed in this disclosure of information, so that there is no misleading information.

ADDITIONAL INFORMATION

Further information in relation to this disclosure of information is available at the Company during business hours at the address:

Corporate Secretary

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Investor Relation

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