



Good
Governance
and
Innovation:

Our Foundation for Sustainability Development




BANK BRI



Teras BRI
Kas Keliling

*Pembayaran Tagihan
Listrik, Telepon, dll.*

*Penjemputan
dengan...*

*Setor &
Buka Reke-
ransfer An-
Reke-*

BRI sustained its notable achievements in 2012, a result of its quality performance.

Consistent implementation of Good Corporate Governance (GCG) has led the Bank's operations, enabling it to gain stakeholders' trust and to increase its corporate value, as well as to ensure a sustainable growth.

By upholding the GCG principles, BRI is confident to reach its target to becoming the Indonesia's most valuable bank.



Consistent implementation of Corporate Governance has supported our sustainable business performance.

In 2012, with consistent implementation of the principles of Good Corporate Governance, alongside with operational efficiency, the Bank had scored quality asset growth, mirrored by a high profitability figure. As such, the Bank had maintained itself as one of the most profitable banks in Indonesia, as it is reflected on its - higher - than - average of Indonesia's banking industry's profitability ratios.



ROA

5.15%*

*Bank only

Operating Expense to
Operating Income

59.93%*

*Bank only



ROE

38.66%*

**Bank only*



Net Profit

Rp18.69T



Loan Growth
▲ 22.92%

NPL (Gross)
1.83%



Third Party Funds
▲ 17.15%

A consistent applications of prudent management policies contribute to our quality asset growth.



Led by the principles of Good Corporate Governance, the Bank had applied prudent credit policies in pursuing potential business prospects, resulting in a quality asset growth.

This quality assets growth supported by structurally healthy third party funds, as it is reflected by the dominance of low cost funds which reached around 60% of the total third parties funds.

 Total Customers' Account
±42 million



Good Corporate Governance Principles guide us in achieving our sustainable growth.



Amid increasing competitions in Indonesia's banking industry, BRI retains its strong capacities, both in funds raising and loans disbursement. Those accomplishments are rooted from the implementation of Good Corporate Governance altogether with continuous innovations in products and services, enabling the Bank to maintain and to develop its loyal customer base.

We provide comprehensive and quality banking services supported by a widespread business network.

BRI is bolstering its position as the biggest commercial bank with diverse range of accessible, comprehensive, and quality products and services to cater the needs of the people, wherever they are.

The practice of Good Corporate Governance has contributed to the development of high quality products and services. This achievement is supported by a widespread business network encompassing 9,052 outlets (Head Offices, Regional Offices, Branches, Sub-Branches, BRI Units, Cash Offices, and TerasBRI) and 59,241 e-channel networks (ATM, Kiosk, CDM, EDC, and e-BUZZ).



9,052

Outlets

Connected real-time online

59,241

e-Channel networks



Good Corporate Governance
provides the best results
for our growth.



IT

- 2 Infrastructure Data Center
- 1 Disaster Recovery Center

Number of Learning Centers

7

Spread throughout Indonesia



BRI successfully recording quality growth and laying a strong foundation for sustainable growth by employing Good Corporate Governance, reliable IT infrastructure, as well as, by developing human resources' competency and integrity.

Such endeavors are aimed to increase customers' loyalty and to give optimal returns for stakeholders.

Composite Value Self-Assessment GCG Category

VERY GOOD

Financial Highlights

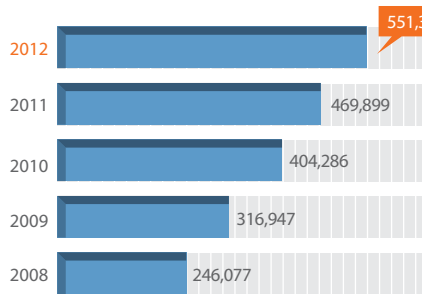
Financial Overview In billion Rupiah	Numbers from Consolidated Financial Statement				
	2008	2009	2010	2011	2012
Balance Sheet					
Total Assets	246,077	316,947	404,286	469,899	551,337
Total Earning Assets	228,781	299,063	379,696	432,647	499,042
Loan-Gross	161,108	208,123	252,489	294,515	362,007
Government Recap Bonds	16,352	15,027	13,626	8,996	4,316
Total Liabilities	223,720	289,690	367,612	420,079	486,455
Third Party Funds	201,537	255,928	333,652	384,264	450,166
- Demand Deposits	39,923	50,094	77,364	76,779	80,075
- Saving Deposits	88,077	104,463	125,990	154,133	184,365
- Time Deposits	73,538	101,371	130,298	153,353	185,726
Other Interest Bearing Liabilities	7,599	21,284	17,297	19,361	15,784
Capital/Equity	22,357	27,257	36,673	49,820	64,882
Income Statement					
Interest Income:					
- With Government Bonds Interest	28,097	35,334	44,615	48,164	49,610
- Without Government Bonds Interest	26,166	33,528	43,109	47,053	49,004
Net Interest Income					
- With Government Bonds Interest	19,651	23,049	32,889	34,427	36,484
- Without Government Bonds Interest	17,721	21,244	31,382	33,316	35,878
Other Operating Income	2,535	3,270	5,545	5,776	8,390
Other Operating Expenses	(10,997)	(11,960)	(16,114)	(17,086)	(19,491)
Provision for impairment losses on financial assets - net	(2,844)	(5,799)	(7,917)	(5,533)	(2,700)
Income before Tax	8,822	9,891	14,908	18,756	23,860
Net Income	5,958	7,308	11,472	15,088	18,687
Income for the year attributable to Equity holders of the Parent Entity	N/A	N/A	11,472	15,083	18,681
Income for the year attributable to Non-controlling interest	N/A	N/A	Nil	5	6
Total Comprehensive Income for the year	N/A	N/A	11,559	15,296	18,681
Total Comprehensive Income for the year attributable to Equity holders of the Parent Entity	N/A	N/A	11,559	15,288	18,652
Total Comprehensive Income for the year attributable to Non-controlling interest	N/A	N/A	Nil	8	29
Earning per-share (Rp)	248,50	304,75	478,36	628,91	778,93
Financial Ratios Bank number only					
Capital					
Capital Adequacy Ratio (CAR)*	13.18%	13.20%	13.76%	14.96%	16.95%
Earning Assets					
Earning Assets & Non Performing Assets to Total Earning Assets and Non Performing Asset	N/A	2.59%	2.19%	1.79%	1.19%
Non Performing Earning Assets	2.18%	2.68%	2.24%	1.85%	1.46%
Allowance for Possible Losses to Earning Assets	N/A	4.29%	4.58%	4.51%	3.43%
Non Performing Loans (NPL Gross)	2.80%	3.52%	2.78%	2.30%	1.78%
Profitability					
ROA	4.18%	3.73%	4.64%	4.93%	5.15%
ROE	34.50%	35.22%	43.83%	42.49%	38.66%
NIM	10.18%	9.14%	10.77%	9.58%	8.42%
BOPO (Operating Expenses to Operating Income)	72.65%	77.66%	70.86%	66.69%	59.93%
Liquidity					
LDR	79.93%	80.88%	75.17%	76.20%	79.85%
Compliance					
Violation of Legal Lending Limit (LLL)					
- Related Parties	Nil	Nil	Nil	Nil	Nil
- Third Parties	Nil	Nil	Nil	Nil	Nil
Excess of Legal Lending Limit (LLL)					
- Related Parties	Nil	Nil	Nil	Nil	Nil
- Third Parties	Nil	Nil	Nil	Nil	Nil
Statutory Reserves	5.57%	5.90%	8.05%	9.33%	10.64%
Net Open Position	13.55%	5.22%	4.45%	5.49%	3.00%

Note:
The above financial performance figures represent BRI's consolidated financial report with its subsidiaries: PT Bank BRI Syariah, PT BRI Agroniaga Tbk. and BRI Remittance Co. Ltd, for the year 2011 and 2012, but only PT BRI Syariah for the year 2010. Financial ratios are of bank only.

* Market risks are taken into account starting 2004 and operational risks are taken into account starting 2010.

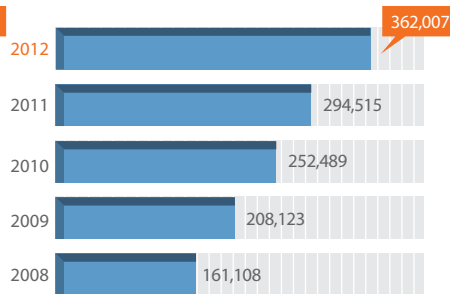
Total Assets

(In billion Rupiah)



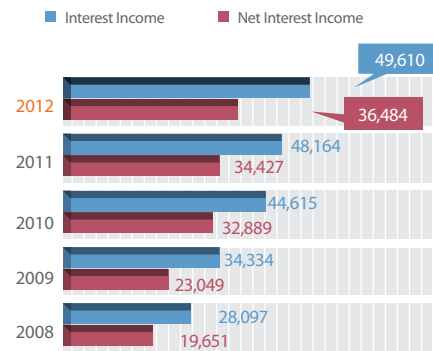
Total Loans

(In billion Rupiah)



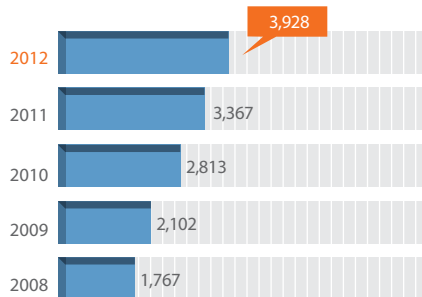
Interest Income and Net Interest Income

(In billion Rupiah)



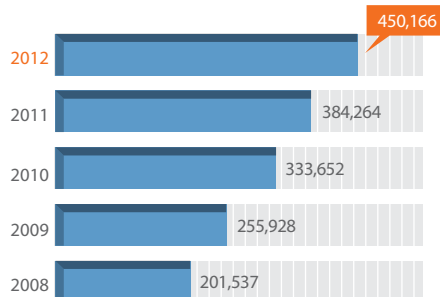
Fee Based Income

(In billion Rupiah)



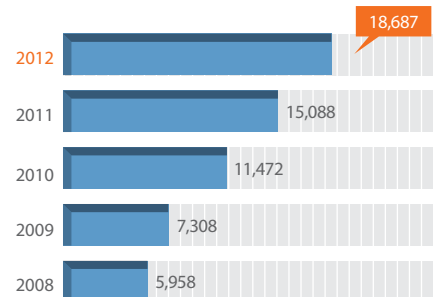
Third Party Funds

(In billion Rupiah)



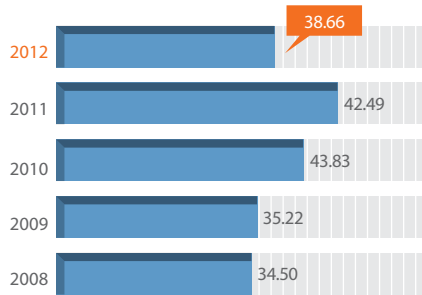
Net Profit

(In billion Rupiah)



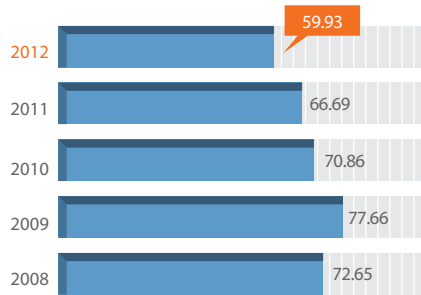
ROE

(%)



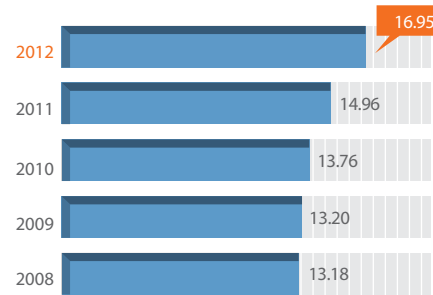
Operating Expenses to Operating Income

(%)



CAR

(%)



2012 Event Highlights



January

- 8 BRIzzi Product Launching in Bali
- 18 Financial Lecture: Post-Investment Grade What's Next?
- 25 2011 Review & 2012 Outlook Seminar – Through performance acceleration, SOEs are prepared to face crisis

February

- 28 • Presentation of BRI Financial Performance 2011
- Signing of MoU on Land and Building Tax management between BRI and Bogor Municipal Government



March

- 7 Adikriya Exhibition
- 14 Signing of MoU between BRI and the Public Housing Ministry
- 28 BRI Annual General Meeting of Shareholders 2012

April

- 26 Signing of MoU between BRI and Telkomvision
- 27 Signing of investment loan between BRI and Petrokimia Gresik



May

- 1 • Signing of Letter of Intent between BRI and Banco Nacional Comercial De Timor Leste
- Signing of MoU between BRI and Industrial Bank of Korea
- 6 Grand opening of BRI Priority Banking Services in Regional Office of Yogyakarta



June

- 1 Signing of syndicated loan on Gempol-Pasuruan Toll Road project
- 26 BRI-SOEs CSR program "Berbagi Kacamata"

July

- 20 Signing of agreement on loan disbursement for Partnership Program between BRI and PTPN IX



August

- 10 BRI CSR: Breaking of Fast (Ramadhan) with 3,500 orphans
15 BRI CSR: The visit and scholarship program to the member of Paskibraka Nasional 2012

September

- 4 BRI CSR Scholarships Awards to Universitas Terbuka Students
10 BRI CSR on Smart Boats Education program (Pengadaan Kapal Pintar)



October

- 16 Visit from South Africa's Chamber of Trade and Industry
22-23 2012 International Mirofinance Conference in Yogyakarta



November

- 2 BRI Mobile product launching
4 Indocomtech Exhibition (October 31 - November 4, 2012)
28 BRI Public Expose 2012

December

- 16 Sunday Festival
23 Family Day in celebrating BRI's 117th anniversary



Awards and Certifications



Best Bank in 5 Consecutive Years
Investor Magazine

BRI's achievements throughout 2012 have earned various awards from external, independent parties



Forbes Global 2000
One of The World's Biggest Public Companies
Forbes



Best of the year 2011
for Indonesia
The Banker Award 2011



Banking Service Excellence Award 2012
5th Overall Performance for
Commercial Bank
MRI & Infobank



Top 10 out of 300 banks with best
ROE in Asia and 10 biggest banks
in terms of Dividend Payment
Tabloid Asian



The Most Valuable Brand in
Indonesia
Product Category: Banks
SWA



Banking Service Excellence Award 2012
1st Best SMS Banking
MRI & Infobank



7th Anniversary Indonesia Property & Bank Award 2012
The Most Admired Mortgage Banking Product Category: State Owned/ Commercial Bank with Very Good performance
Property dan Bank Magazine



Investor Awards
Best Listed Company 2012
Banking Sector's best Issuer
Investor Magazine



Social Business Innovation Award 2012 for Innovations in MSMEs empowerment
Warta Ekonomi



25 Listed Companies in Sustainable Responsible Investment (SRI) KEHATI Index
Indonesian Biodiversity Foundation



Kesetiakawanan Award 2012 in Financial Institution Category
Ministry of Social Affairs of the Republic of Indonesia



Service Quality Award 2012 for BRI Prioritas Carre

Certifications

ISO 9001:2008 SNI ISO 9001:2008	BRI's Sentra Operasi (Centre of Operations Division) has been operating under a Quality Management System, in line with the ISO 9001:2008 for Provision of Payment System by RTGS, Clearing and Remittance. It received certification from Lloyd's Register Quality Assurance on December 12 2012. The certificate will be valid until December 12, 2015
ISO 9001:2008	BRI's Contact Center Service (LCC) operates under a quality management system, in line with ISO 9001:2008. It received certification from Verification New Zealand Limited on December 5, 2011 and the certificate will remain valid until December 5, 2014



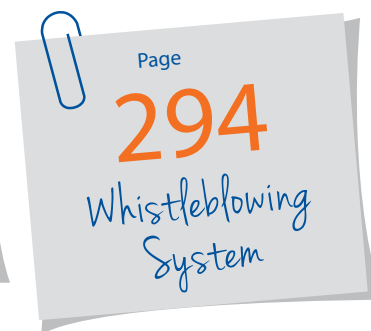
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BRI's success in maintaining its quality growth has assisted the bank to reach optimum performance and create a strong foundation for sustainable growth.

Total CAR

16.95%*

**Bank only*

Tier I CAR

15.86%*

**Bank only*



Management Report



Report of The President Commissioner

The year 2012 was marked by a prudent expansion, carried out in line with Good Corporate Governance principles and supported by the latest information technology-based network development. All those attempts were resulting in a commendable rise of net profit by 23.86% to Rp18.69 trillion, coming from an increase in net interest income and higher loan outstanding, improvements in loan quality and operational efficiency, and growing fee-based income contribution.

Assalamualaikum Wr. Wb.

We give thanks to Allah SWT for His blessings, which enabled the Bank to achieve an outstanding performance in 2012.

Macroeconomic indicators have demonstrated a slowdown in the global economy in 2012. This was in line with the decline of forecasted national economic growth of Asia's emerging market as well as that of countries in the Euro Zone. During the same year, Indonesia experienced inflation of 4.30%, increase in composite index of 12.94% and growth in Gross Domestic Products (GDP) of 6.23%.



Bunasor Sanim

President Commissioner/Independent Commissioner

The Bank's performance had increased significantly in 2012 compared to the previous year. It is reflected in 2012 financial highlights and financial ratios, such as, an increase of 17.33% on total assets to Rp551,34 trillion, an increase of 22.92% of loan outstanding to Rp362,01 trillion, growth of third-party funds by 17.15% to Rp450,17 trillion, a rise in net interest income by 5.97% to Rp36,48 trillion, an increase in net profit after tax by 23,86% to Rp18,69 trillion and a decline in NPL gross from 2.32% in 2011 to 1.83%. In addition, thanks to an increase of sophisticated information technology, the company welcomed 977 new outlets, composed of 15 branches, 43 sub-branches, 125 BRI Units, 44 Cash offices, 500 TerasBRI, and 250 Mobile TerasBRI. The Board of Commissioners would like to express its appreciation to all of the Bank's employees and stakeholders for their hard work and support throughout 2012 that has improved the Bank's performance.

Indonesia is forecasted to experience high economic growth in 2013 due to the domestic market potential, which act as a pull factor for investment, growing domestic demand, availability of good public infrastructures as priority in government spending, and low level inflation. Related to the information above, the Board of Commissioners is optimistic that the Bank's performance in 2013 will be finer than 2012 results.

The effort to enhance the Bank's performance in 2013 will require the support of all stakeholders throughout Indonesia. Several strategic initiatives that have been formulated will need to be well implemented and supported by the relevant parties and working units. This is primarily related to the increased competition in the micro, small and medium segments as well as non-bank financial products. Hence, the Bank's activities must be in accordance with the formulated strategies on assets, capital, non-organic growth, fee-based income and business support. In addition, the company also requires all employees to fully implement the employee's code of conducts in performing their tasks.

The company's 2013 Destination Statement is to become "The Bank with the Best Micro, Small and Medium segments Growth in Indonesia". This is in line with the Board of Commissioners' concern of the business which becoming more competitive and dynamic. Moreover, the Bank's status as a listed company requires all employees throughout Indonesia to maximize their potential in carrying-out their tasks in order to make this statement into reality.

In 2013, the Board of Commissioners will endeavor to increase the quality of our monitoring, while also working in harmony with the Board of Directors, as stipulated in the Company's Regulations and existing rules of law.

I pray that Allah SWT will always gives His strength and guidance to us and may ease the way for us all. Aamiin.

Wassalamualaikum Wr. Wb.



Bunasor Sanim

President Commissioner/Independent Commissioner

2012 Report on the Supervisory Duties of Board of Commissioners

Forewords

The Bank's Board of Commissioners commitment to its duties on supervisory role throughout the year 2012 is presented in the Bank's Annual Report. From this report, stakeholders can retrieve relevant information on the activities of the Board of Commissioners in its supervisory role.

In 2012, the Board of Commissioners's supervisory role was executed in accordance with the task, duties and responsibilities of the Board of Commissioners as stipulated in the articles of association of the Bank and prevailing regulations; in order to ensure that the approved Work Plan and Company Budget are implemented properly, that Good Corporate Governance principles and risk management are carried out appropriately in all of the organization's units and the optimalization of the Company's operational activities in providing banking services.

The Board of Commissioners implements active supervising by periodically discussing performance achievements and carrying out visits to working units and passive supervising through evaluation and analyzing the bank's operations based on submitted reports. In carrying out these supervisory tasks, it is supported by Committees formed by the board itself. The committees are the Audit Committee, the Risk Management Supervisory Committee and the Nominations and Remunerations Committee.

The 2012 Report for the Board of Commissioner's supervisory duty presented in this Annual Report outlines the Supervisory Recommendations and the Company's 2012 Performance Achievements.

Supervisory Recommendations

1. Loan/Credit Matters

The Board of Commissioners constantly recommends that loan disbursement should be done in accordance with the prudential banking principles and that it should be accompanied by efforts to improve the quality of internal control in order to reach the targeted loan quality by the end of 2012.

The Board of Commissioners supports the Board of Directors' strategies and policies in loan expansion through employing the trickle-down business strategy. The Board of Commissioners actively provides input and recommendations in the loan consultation forum which is held between the Directors and Commissioners for loan with a certain amount

2. Funding

The Board of Commissioners constantly provides inputs and recommendations for the Bank to increase its low-cost funds in order to provide more competitive interest rates to customers, compared to those given by competitors. The Bank should continuously pursue its target to increase the amount of third-party funds throughout 2012 to support its loan expansion target. The plan to issue Global Bonds in 2013 should be carried out through thorough analysis, in accordance with existing regulations as well as with the most favorable terms and conditions that best benefits the company.

3. Income and Expenses

The Board of Commissioners constantly provides recommendations for the Bank to increase its non-interest income through activities such as trade finance, remittance, cash management, and transactional accounts, by capitalizing BRI's nationwide-spread of working units. In terms of expenses, The Board of Commissioners constantly encourages the Bank to improve its efficiency.

4. Capitalization

The Board of Commissioners recommends that profits are optimally used as the source of the Bank capital growth.

5. Human Resources

Human resources play a central role in the Bank. Therefore, the Board of Commissioners consistently pays more attention to the management of human resources. In 2012, the Board provided the company's management with a number of recommendations regarding the management of human resources. These suggestions include accelerating the employee recruitment process in order to support business growth, improving the quality of human resources through education and training as well as intensifying the internalization and implementation of the corporate culture.

The Board of Commissioners consistently emphasizes on the importance of experience along with competence and leadership quality of BRI's human resources. The Board of Commissioners pays special attention to the development of new employees' competency considering their potency as professional bankers in the future.

The Board also supports the policy improvement related to the human resources and its implementation to support the Bank's business strategy. The Board underlines the need to increase the role of Information Technology through providing facilities to support the Bank's human resources in carrying out the Bank's operations. This is necessary to increase the productivity and performance of human capital.

6. Information Technology

The Board considers Information Technology as an important aspect in improving efficiency and service quality to the customers. Therefore, it is necessary to emphasize the focus on:

- a. Improving network reliability to ensure the service quality
- b. Optimizing Information Technology to boost the Bank operations' accuracy, speed and operational quality.

7. Internal Control

The Board of Commissioners considers that the main focus in internal control is on the audit findings from internal and external auditors, as well as follow-ups on those findings. Thus, it is essential for the BRI's management to increase the monitoring of the follow-ups of audit's finding by its working units –including those related to deadlines and its improvement efforts – aside from the optimization of Risk Management's role and functions in each of BRI's working units.

8. Equity Participation

Equity participation in subsidiary Bank should be through comprehensive analysis as well as in line with the prudential banking principles and the prevailing regulations. The process should be based on a strategy to develop the subsidiaries effectively, synergistically and mutually beneficial. It is accompanied also by monitoring of the subsidiaries' business plan.

9. Capital Expenditure

The capital expenditure budget should be designed in accordance with the 2012 project plans. Moreover, the budget for Capital Expenditure should be fully utilized in order to enhance the quality of service to customers.

10. Office Networks

The opening of new operating unit should be well coordinated among the relevant directorates. This is to ensure the operational efficiency and better synchronization to support the achievement of the working unit target. Such coordinations, includes:

- a. Human Resources. This requires active coordination among working units in manning analysis as well as determining and fulfilling the human resources' formation.
- b. Information Technology. This involves Information System Technology Division, Logistics and Fixed Assets Management Division, Micro Businesses Network Division, Retail Business Network Division and related Working Unit working together to provide sufficient e-channels.
- c. Supporting Logistics. This involves procurement of land, building, facilities and office equipment by Logistic and Fixed Assets Management Division and the related Working Units.

11. Partnership Program and Community Development (PKBL)

All related Working Units should ensure that the PKBL funds is channeled and used optimally while also adhering to prevailing regulations. In addition, the record-keeping and accountability for the disbursement and utilization of the associated funds, should be undertaken properly within the generally accepted accounting standard.

The Company's 2012 Performance

1. Financial Performance

The Bank's financial performance by the end of 2012 was improving compared to the same period in the previous year. The improvements were including:

- a. Total assets of Rp551.34 trillion, up by 17.33% from Rp469.90 trillion in December 2011.
- b. Loan outstanding of Rp362.01 trillion, an increase of 22.92% from Rp294.52 trillion in December 2011.
- c. Third party funds of Rp450.17 trillion, increasing by 17.14% from Rp384,26 trillion in December 2011.
- d. Non-performing loan gross of 1.83%, improving from 2.32% in December 2011.
- e. Net interest income of Rp36.48 trillion, up by 5.97% compared to Rp34.43 trillion in December 2011.
- f. Net income after tax totaling up to Rp18.69 trillion, up by 23.86% from Rp15.09 trillion in December 2011.

The improvements of the financial performance, reflected in the main indicators above, has become the result of the bank in carrying out its working plans and activities as stated in its 2012 is Budget Plan (RKAP), which comprises quantitative as well as qualitative targets. The Board of Commissioner's role in its relations to the budget plan is to approve and to endorse the budget plan before making it as the business guideline by all rank - and - file of the bank.

2. Profitability

The Bank's profitability performance remained strong, reflected by its achievement of Rp18.69 trillion net profit in 2012, where loan disbursement and improving loan quality remained as the main drivers of the profit.

3. Capitalization

The Bank's CAR stood at 16.95% - above the central bank's minimum ratio of 8%. The Bank's capital is dominated by mainly net profit-derived core capital, thus demonstrating a very healthy capital composition.

4. Loan Quality

The Bank is maintaining its loan quality. This is demonstrated by its 2012 Non Performing Loan Gross, which stood at 1.83% in 2012, improving significantly from 2,32% in 2011.

Mr. Vincentius Sonny Loho as commissioner and Mr. Ahmad Fuad as Independent Commissioner. We hope to build good cooperation and coordination to support the BRI's sustainable growth.

Finally, we are ending this Supervisory Report of Board of Commissioners on business implementation in 2012.

Board of Commissioners
PT Bank Rakyat Indonesia (Persero) Tbk

Changes in the Membership of the Company's Board of Commissioners in 2012

We hereby convey our respect and thanks to Mr. Agus Suprijanto for all his contributions and commitment during his time as a BRI commissioner. We also welcome Mr. Mustafa Abubakar as the new Vice Commissioner,

Board of Commissioners





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- | | |
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| 1. Heru Lelono
Commissioner | 5. Vincentius Sonny Loho
Commissioner |
| 2. Bunador Sanim
President Commissioner/
Independent Commissioner | 6. Mustafa Abubakar
Vice President Commissioner |
| 3. Adhyaksa Dault
Independent Commissioner | 7. Hermanto Siregar
Commissioner |
| 4. Aviliani
Independent Commissioner | 8. Ahmad Fuad
Independent Commissioner |

Report of the President Director

The year of 2012 became a period when BRI was able to build a solid foundation for a sustainable growth for the future. This was done with a prudent business growth along side with the development of sophisticated information technology-based business networks.

Prudent loan growth with a focus on asset quality, customer base expansion and optimizing of working unit networks produced Rp36.48 trillion in net interest income and a declining NPL's, stood at 1.83% in 2012 from 2.32% in the previous year. With the support of the increase in fee based income, the bank finally gained a Rp18.69 trillion in net profit – increasing by 23.86% compared to its net profit in 2011.

Assalamualaikum Wr. Wb.

We send our gratitude to Allah SWT for his blessings which allowed BRI to traverse 2012 with good results. The directors of BRI would like to highlight a number of BRI's main successes in 2012 performance to the company's shareholders and other stakeholders.

The Economy and Banking Conditions in Indonesia in 2012

Indonesia's economic resilience remained intact amid 2012' global economic volatility. The country's economy grew by 6.23% during 2012 supported strongly by household consumptions and investments. Strong growth in the household consumption is in line with the increase in consumer's confidence level and people purchasing power. The high domestic market demand, paired with business communities optimism, boosted the country's high level of investment.

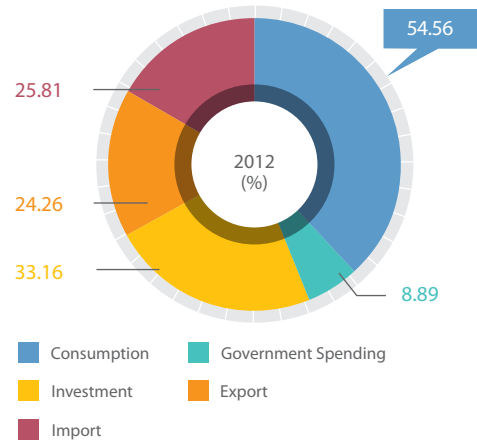


Sofyan Basir
President Director



Domestic Consumption, particularly household consumption, which makes up to 54.56% of the Gross Domestic Product, is the main contributor to Indonesia's economic growth.

GDP composition based on to usage



In 2012, inflation stood at 4.30% (yoy) – remain within the central bank's designated inflation target range of 4.5% ± 1%.

High imports put pressure on the Rupiah during 2012. However, the intensity of this pressure slowly decreased nearing the end of the year. The Rupiah's exchange rate against the US dollar hovered between Rp8,892 and Rp9,707/US Dollar during 2012.

The financial system's stability and the banks' intermediary function during 2012 were apparently well-maintained. The banking industry's solid performance was reflected in the high CAR, which was recorded at 17.43%, thus, well above the minimum limit of 8%. Loan quality was also well-maintained as demonstrated in the gross NPL level at 1.87% - below the maximum NPL limit of 5%. The year-on-year loan growth in December 2012 was recorded at 22.97% and was dominated by productive loan growth which also reflecting Indonesia's economic condition and growth source.

BRI's 2012 Business Performance

A prudent and good quality loan growth with mainly focus on micro, small and medium segments

One of BRI's strategic achievements during 2012 was its success in creating quality loan growth, demonstrated through the constant decrease of Non-Performing Loan levels from 2.32% in 2011 to 1.83% in 2012. This is far below its internal target of 3.0% maximum NPL and far below the central bank's maximum limit of 5%. BRI's 22.92% prudent loan growth during 2012 showed that reducing the NPL rate does not have to mean spurring growth that is not comply with the principles of prudence in banking. Thus, BRI's 2012 portfolio is one which considered to be healthy and have good quality.

The other important achievement by BRI in 2012 was the implementation of its strategic plan to remain focused on the micro, small and medium segments. This achievement is reflected in its loan portfolio for those segments, 75% of total loan disbursement was given to this segment during 2012. Based on the company's loan portfolio at the end of 2012, Micro loan became the largest contributor, reaching 30.7% of the total loan.

Business revitalization conducted in the Micro Business segment in 2011 has begun to show its positive results during 2012. This revitalization – encompassing the expansion of the customer base, the increase of loan officer capacity, the expansion of network and product development – went well according to plan. BRI added 125 BRI Units, 500 Teras BRI and 250 mobile Teras BRI in accordance with its 2012 outlet establishment target. By taking into account their performance and business potentials, in 2012, 14 Sub-branch Offices were up graded to be branch offices, 6 Cash Offices up graded to Sub-Branch Offices and 26 Teras BRI to BRI Units.

The network expansion was followed by the increase in outlet productivity in 2012, especially for TerasBRI, whose productivity was recorded at Rp2.99 billion per Teras for loan and Rp1.27 billion per Teras for deposits, increasing from its 2011 position of Rp2.21 billion per Teras for loan and Rp0.73 billion per Teras for deposit.

BRI's micro business revitalization has begun to show its result during the second quarter of 2012, as demonstrated in the increase in the amounts of the accounts for both loans and micro deposits. BRI's Micro loan accounts reached 5.5 million accounts, increasing from the 5.29 million accounts recorded in 2011. Deposits increased from 21.85 million accounts in 2011 to 24.97 million accounts in 2012. The amount of accounts in BRI's micro deposit and loan demonstrates that BRI's Micro Business was able to reach the grassroots communities throughout Indonesia. Therefore, its business model has succeeded in supporting Indonesia's financial inclusion strategy without putting aside the healthy and sustainable banking business principles.

Funding

In third-party funds, BRI succeeded in implementing its strategic funding plan to maintain its focus on low-cost funds. During 2012, the third-party funds grew with an optimal low-cost funds composition, which reached around 60% - in accordance with the ideal funding composition target.

Savings showed a more stable and relatively higher growth compared to other types of deposits. During 2012, BRI's savings grew by about 19.61%, or up to Rp184.37 trillion, and demand deposits grew by 4.29%, reaching Rp80.08 trillion. Time deposits grew by 21.11%, reaching Rp185.73 trillion, thus BRI's low-cost funds comprised 58.74% and high-cost funds 41.26%. BRI's third party funds composition and customer structure demonstrates a stable low-cost fund source to support sustainable growth for loans and other businesses.



BRI operational activities are now supported by a total of 9,052 conventional working units equipped with sophisticated information technology facilities as well as 59,241 e-channels.

Developments of e-Banking and Fee Based Income

BRI's long-term plan in developing fee-based income as an alternative source of income aside from the interest-based income, as well as becoming a payment gateway in Indonesia's financial system, were implemented through its e-banking developments by treating continuing developments of e-channels. In terms of e-channel developments, BRI had 14,292 ATMs spread throughout Indonesia at the end of 2012, so that BRI considered as the bank with the largest ATM networks among banks in Indonesia. Furthermore, BRI's e-channel facilities are also supported by 44,715 units of EDCs, phone banking, SMS banking and internet banking services.

Among all, the e-banking development efforts in 2012 resulted in the increase of fee-based income from an increase in e-banking transactions. The rise in fees coming from transactions conducted through the ATMs recorded the second-highest growth after fees coming from trade finance. Debit card holders - a proxy of the customers whose likely will use e-Banking services intensively - was also increasing, showing the potential of increasing transaction-based fee-based income for BRI. All the network developments - conventional or e-channels - are strategies to secure the company's target of becoming a national payment gateway in Indonesia's inclusive economic system, and has capability to support the micro, small and medium business segments that are its core businesses.

Profitability and Capitalization

A consistent and an appropriate implementation of strategy, along with the hard work and commitment from both management and employees, BRI has shown encouraging results. By the end of 2012, BRI booked a net profit of Rp18.69 trillion, increasing by 23.86 % from 2011's Rp15.09 trillion, along with an 8.42% Net Interest Margin (NIM).

The increased in net profit is supported by quality business growth, along with its ability to maintain its operational efficiency, reflected in its operational expense to operational income ratio, recorded as 59.93 %, and Cost Efficiency Ratio, which was maintained at 43.11% at the end of 2012.

Challenges and Solutions

In developing its business, BRI faces challenges such as fulfilling the needs of human resources in a timely manner and in line with business developments. The implementation of a proper and efficient system to meet the needs of marketing officers is critical in supporting BRI's business developments, especially for its micro business segment, which is reliant on the availability of Mantri (BRI's micro loan officer) as its spearhead.

The principles of community banking, which is implemented in BRI's micro business development are strongly depends on the availability of "Mantri", which is well-equipped with sufficient knowledge of local culture and business practices, as well as high integrity.

BRI has added 6,727 "Mantri" to its existing forces in 2012, making the ratio of "Mantri" to BRI units became 3.1 per BRI unit - an increase from 2.01 per BRI unit in 2011. The increase in the ratio reflected the increase in capacity of BRI's micro units in to expand BRI's micro businesses in the future.

“BRI's fee-based income increased by 16.64% to Rp3.93 trillion.



Corporate Governance – Toward GCG Excellence

The implementation of Good Corporate Governance (GCG) in BRI is done in several stages, starting with formulation, implementation, evaluation, and monitoring. The implementation's target is GCG excellence, which is a condition in which GCG is implemented consistently in all of the company's organization level and becomes its breath of life. The policy formulation and the implementation of GCG principles in BRI are based on prevailing regulations: The Indonesian Corporate Governance Code and BRI GCG Charter, which had been revised 3 (three) times in accordance to recent developments.

The next stage, implementation, has been carried out and will be continuously improved. Several steps of GCG implementation that have already been done are including developing internal GCG awareness, the development of GCG Tools, which include the development of a whistleblowing system, customer complaints system, e-procurement implementation, the forming of an Integrity Pact and the OPRA system. BRI has developed the compliance dashboard, which serves as an early warning system in the implementation of BRI's GCG.

The next stages are monitoring and evaluation, which include the implementation of BRI's GCG assessment using the self-assessment as well as third-party assessment method, evaluation of the company's performance based on determined assessment indicators, and annual evaluation of BRI's policies and systems.

The monitoring and evaluation implementation phase are carried out sustainably to reach GCG Excellence. A number of implementations, including developing internal and external awareness, reviews, and GCG improvement – related policies, have been carried out throughout 2012.

Net profit  23.86% to

Rp18.69 trillion

The result of the evaluation through GCG Self-Assessment, in line with Bank Indonesia's regulations, was "SANGAT BAIK" or VERY GOOD. Third party assessment was also conducted through research and rating using the Corporate Governance Perception Index (CGPI) carried out by The Indonesia Institute of Corporate Governance (IICG), in cooperation with SWA Magazine, with the result stated BRI as a "Trusted Bank".

BRI's management and employees are consistent in their GCG commitment, in line with the second article on the BRI's mission: "Providing excellent services to customers through a widespread of business network, supported with professional human resources and by implementing Good Corporate Governance practices". The BRI has chosen GCG as its 2012 theme, which is becoming the best bank in Indonesia with proper Good Corporate Governance practices.

Risk Management

A reliable risk management is a basic requirement in a bank, including BRI, a bank with a large-scale operations.

BRI's risk management function is independent from its business and audit functions in order to create a risk management system and to maintain assessment objectivity and risk management measurement; BRI's risk management is conducted by implementing the concept of Three Lines of Defense. The concept includes operational working units which functioning as the party responsible for carrying out an internal control functions and maintaining output quality as well as business processes in line with prevailing regulations. Its second line of defense is the risk management working unit, which monitors the implementation of BRI's risk management according to the risk tolerance. The third line of defense is the internal audit working unit, which carries out controlling function by evaluating the first and second lines of defense and reports the results independently to the President Director and Board of Commissioners.

BRI implements an enterprise-wide risk management to control eight types of risks through the implementation of four pillars, which consists of: active supervising by the Board of Commissioners and Board of Directors, sufficient policies, procedures and limit setting which periodically being evaluated and updated in accordance with BRI's operational and business developments, the development of risk management process and risk management information system, and internal control system.

Human Capital Development: Continuously Succession Process

BRI fully understood the importance of human capital in its business' development and sustainability. Therefore, it constantly prepares future leaders through its Officer Development Program (PPS), in which each recruited management trainee undergoes an intensive 13-month education and training program. Throughout 2012, BRI recruited 509 candidate employees from both internal and external sources to participate in the PPS. The candidates' final assessments were monitored and assessed directly by the Board of Directors. Once they passed the assessment process, the employees' careers in BRI will constantly undergo improvement through variety programs such as leveling-based education, training and professional experiences to broaden their horizons as well as sharpen their skills. Thus, BRI's human capital management is a chain of integrated operational activities within the frame of Human Capital Architecture, starting from planning, recruiting, developing, retaining and performance monitoring, up to terminating.

BRI's Human Capital developments are supported by 7 (seven) learning centers located in several locations in Indonesia, which covers continuing education and development program for the employees hard skills and soft skills.

Corporate Social Responsibility – A Synergy to Grow Together

BRI carries out integrated corporate social responsibility, which encompasses activities to fulfill its responsibility to its customers – such as providing quality banking products and services, taking care for its employee's welfare, participating in environmental development activities, fulfilling its responsibility to the central and local governments, and participating in developing local communities' lives through its well-planned Partnership Program and Community Development.

BRI, as one of the top commercial banks with the widest service network in Indonesia focusing on the micro, small and medium businesses segment, is highly committed to mobilize and to improve the grass-root economy. The bank implements Partnership Program by providing soft loans and trainings to its partners. These trainings are conducted according to the formulated plans and involve competent -parties, thus these partners can substantially grow after a certain period to become a loyal BRI commercial customer. In channeling its Partnership Program fund, BRI prioritizes the formation of business clusters to ensure the program's supervision and training work effectively and efficiently.


In implementing its Community Development Program, BRI prioritizes on health, education and environment conservation programs. These priorities are based on the consideration that there should be a synergy between them and the channeling of the Partnership Program fund. The channeling of the Community Development fund is done in the form of the BRI Peduli (BRI cares) and BUMN Peduli (SOEs care) programs.

Throughout 2012, BRI has channeled Rp398,98 billion in Partnership and Community Development Funds, comprising Rp145.97 billion in Partnership Program fund and Rp253.01 billion in Community Development .

2013 Business Prospect

BRI sees the Indonesian banking industry as having a promising business prospect thanks to the country's 2013 projected economic growth of 6.3% to 6.8% (source: Bank Indonesia), its enduring strong domestic consumption and investment, and its growing middle class and working age group.

The company will continuously focuses on micro, small and medium segment developments that will be supported by an extensive working units network spread throughout Indonesia. Thus, BRI will be in the frontline to capture this business potential. These advantages are supported by its policies to increase the technology and information system infrastructure ability to fulfill customers needs for its banking products and services.



BRI implements a risk management method that comprises three lines of defense to maintain assessment objectivity and risk management measurement.



BRI channeled a total of Rp406.44 billion in Partnership Program and Community Development, primarily to establish community business clusters and help to improve health, education and environmental conservation.

Considering all the above factors, BRI is targeting to accelerate its loan expansion in 2013, especially in the Micro-small-medium segment, while maintaining its focus on quality growth. Growth in assets will be accompanied by growth in liabilities, with the focus remaining on the growth of low-cost funds and keeping the low-cost fund at around 60% of total third-party funds. As an effort to increase the contribution of fee-based income, BRI is planning to increase its banking service activities through increasing the amount of e-channel and e-banking user as well as increasing the amount of transaction-based fees.

BRI's 2013 Strategic Plan

Since its conception, BRI has been focusing on micro, small and medium business segments. By having the largest working units network in Indonesia, BRI will improve its performance through continuous expansion of its service scope down to the grass roots community to retain and expand its market.

BRI will retain its focus on providing service to the Micro-small-medium segment in 2013, through market penetration and market development in lending and funding aspects. Market penetration in lending is conducted by optimizing the existing products in the existing markets by increasing the quality and adding more features, thus encouraging more usage of products and services by the customers. The company will continue to disburse loan to corporate segment, especially for sectors that provide trickle-down business opportunities to the Micro-small-medium segments.

Market penetration in the funding side is carried out to improve BRI's financial structure. BRI will focus on low-cost funds, which are savings and retail demand deposits, to achieve the ideal composition of 60% of low-cost funds out of total third-party funds. To achieve such a composition, BRI will continue to develop and improve its information technology system to provide service quality for its customers, thus increasing the usage of BRI's deposit products. Furthermore, It will continue to develop its e-banking feature to increase e-channel transactions, which will prompt a rise in fee-based incomes. It will also continue to develop its Product Linkage to encourage more intensive cross-selling.

BRI will also implement its market development strategy through loan expansion focusing on Micro-Small-Medium business segments. This will be done through the diversification of financing for sectors that become the backbone of Indonesia's Master Plan for Acceleration and Expansion of Indonesian Economic Development (MP3EI). All the loan expansion above will be carried out while still maintaining the principle of prudence, thus maintaining loan quality. The implementation of this strategy will be supported by the improvement of account officers' quality and quantity, the improvement of loan's service level agreement (SLA) and the optimization of cross selling opportunities, which will provide optimal returns for BRI.

In terms of third party funds, the marketing strategy is conducted through expansion of mass banking and e-banking product marketing programs, through new segments/markets, as well as the creation of new marketing programs for customers.

Aside from market penetration and development, BRI will also continue to develop banking services and products in 2013 to meet and anticipate customers' needs, which continue to develop along with Indonesia's economic growth and demographic-sociological developments.

Another strategy to ensure the sustainability of BRI's business is the preparation of human capital. In 2013, BRI will recruit more employee and prioritize the fulfillment of the marketing formation. For its long-term target, BRI will improve its career development policy by creating a talent management system, developing its assessment center, and improving the reward and punishment system to encourage employee productivity while taking into consideration labor regulations, market conditions, and the company's financial capabilities.

In order to accelerate business growth through non-organic growth or horizontal integration, BRI will continue to conduct analysis to identify any opportunities for acquisition, with factors such as the creation of added value, business synergy and support toward BRI's business focus on the Micro-Small-Medium segments being its main considerations.

In 2013, BRI will also improve its foreign currency funding structure to obtain a longer term structure in a natural hedging scheme.

In the future, we will give our best achievements for all of BRI's stakeholders. These achievements will not be ones forged only by BRI's staff and management, but also by the support and trust of the Board of Commissioners, shareholders, customers and business partners.

Wassalamualaikum Wr. Wb.



Sofyan Basir
President Director

Board of Directors



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1. **Djarot Kusumayakti**
Director of Micro, Small and
Medium Enterprises Business

2. **Asmawi Syam**
Director of Institutional and
State-Owned Enterprises Business

3. **Sofyan Basir**
President Director

4. **Gatot Mardiwasisto**
Director of Human Resources
Management

5. **Lenny Sugihat**
Director of Credit Risk
Management

6. **Sarwono Sudarto**
Director of Operations

7. **Suprajarto**
Director of Networks and
Services

8. **Sulaiman Arif Arianto**
Director of Commercial Business

9. **Randi Anto**
Director of Compliance

10. **Achmad Baiquni**
Director of Finance

11. **A. Toni Soetirto**
Director of Consumer Business

The Board of Commissioner's statement of responsibility for the 2012 Annual Report of PT Bank Rakyat Indonesia (Persero) Tbk

We, whose signatures appear below, hereby state that all the information in the 2012 Annual Report of PT Bank Rakyat Indonesia (Persero) Tbk has been comprehensively published and that we are fully responsible for the Company's Annual Report contents.

The undersigned



Bunasor Sanim

President Commissioner and Independent Commissioner



Mustafa Abubakar

Vice President Commissioner



Heru Lelono

Commissioner



Hermanto Siregar

Commissioner



Vincentius Sonny Loho

Commissioner



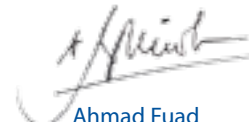
Aviliani

Independent Commissioner



Adhyaksa Dault

Independent Commissioner



Ahmad Fuad

Independent Commissioner

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The undersigned



Sofyan Basir
President Director



Sarwono Sudarto
Director of Operations



Achmad Baiquni
Director of Finance



Sulaiman Arif Arianto
Director of Commercial
Business



Lenny Sugihat
Director of Credit Risk
Management



A.Toni Soetirto
Director of Consumer
Business



Asmawi Syam
Director of Institutional and
State-owned Enterprises
Business



Suprajarto
Director of Network and
Operations



Sjarot Kusumayakti
Director of Micro, Small and
Medium Enterprises Business



Randi Anto
Director of Compliance



Gatot Mardiwasiso
Director of
Human Resources
Management

Company Profile





“BRI is one of the largest banks in Indonesia, which also one of the biggest micro bank in the world.

The largest bank with
9,052
working units
throughout Indonesia

Company's General Information



Company Name	: PT Bank Rakyat Indonesia (Persero) Tbk.
Type of Business	: Banking
Establishment	: 18 December 1968 based on Law No. 21 Year 1968
Shareholder's composition	: Government of Indonesia 56.75% Public 43.25%
Base Capital	: Rp15,000,000,000,000
Issued and Fully Paid Capital	: Rp6,617,291,000,000
Listing	: Indonesia Stock Exchange on 10 November, 2003, with ticker name BBRI.

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14017/(62-21) 500 017/5798 7400



Rating BRI

STANDARD AND POORS (May 2012)

Outlook	Stable
Long Term Foreign Issuer Credit	BB+
Long Term Local Issuer Credit	BB+
Short Term Foreign Issuer Credit	B
Short Term Local Issuer Credit	B

MOODY'S (January 2013)

Outlook	Stable
Bank Deposit	Baa3/P-3
Bank Financial Strength	D+
Baseline Credit Assessment	(Ba1)
Adjusted Baseline Credit Assessment	(Ba1)

FITCH (October 2012)

Long Term Foreign Currency IDR	BBB-, Stable Outlook
Short Term Foreign Currency IDR	F3
Support Rating Floor	BBB-
Support Rating	2
Viability Rating	bb+
National Long Term Rating	AAA (idn), Stable Outlook
Rupiah Subordinated Debt	A+ (idn)

PEFINDO (June 2012)

National Rating	id AAA, Stable Outlook
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BRI in Brief

PT Bank Rakyat Indonesia (Persero) Tbk. ("BRI", "Bank", or "Company") is the oldest commercial bank in Indonesia, established on 16 December 1895 in Purwokerto, Central Java. As the oldest bank, BRI continues to serve the micro, small and medium business segment (MSME) consistently. In 2003 BRI went public and continued its commitment towards the MSME up until now. The Government of the Republic of Indonesia is the majority shareholder of BRI with 56.75% share, while the general public shareholder hold the remaining 43.25% of share. Supported with years of experience and solid capabilities in banking services, especially in the UMKM segment, for eight years in a row BRI successfully maintains its position as the bank with the biggest profit and holds second position in terms of asset within the nation banking industry. This achievement is a testimony of the effort and hard working of all the people of BRI, who continuously innovate and develop banking products and services for all business segments.

With its reputation as a bank that serves the micro segment and deeply rooted within the Indonesian communities, BRI continually develops its services to suit the needs of the Indonesian people. This is evident in the continuous efforts of BRI to align its business with the recent demographic trend or urbanization which results in the emergence of satellite cities as the new economic hub all over Indonesia.

While remaining focus on the MSME segment, BRI unceasingly develops various consumer banking products and institutional services aimed at customer living in city area. This efforts are supported by unrelenting development of BRI's network and now BRI is the biggest bank in Indonesia in terms of network, with 9,052 operating units, including BRI New York Agency and BRI Hong Kong Representative Office, all of them linked real time on-line.

Other than developing conventional operating units, BRI also continuously develops e-banking services that give customer access to BRI's services via internet, telephone, Short Message Service/SMS, as well as via other e-channel services such as Automatic Teller Machine (ATM), Cash Deposit Machine (CDM), Electronic Data Capture (EDC), and Kiosk. In addition to strengthening its network infrastructures and e-banking technology, BRI also strives to provide banking services to small scale businesses at traditional markets all over Indonesia. Since end of 2009, these services has been provided by Teras BRI, through which BRI expects to reach micro and small entrepreneurs in traditional markets that so far have not been touched yet by banking services.

As a bank that operates among the people of the fourth most populous nation in the world, BRI always strives to become the first partner for the Indonesian people in their quest to develop their livelihood. This network strength of BRI is expected to support and deliver a sustainable growth in the years ahead, along with the enhancement of quality of live of the Indonesian people.



While remaining focus on developing conventional operating units, currently operates 9,052 working unit, BRI also continuously develops e-banking services, number of BRI's ATM reach 14,292 machine, the biggest ATM provider in Indonesia.

Milestone

On 16 December, 1895, Raden Aria Wiriatmaja founded De PoerwokertoscheHulp en Spaarbank der InlandscheHoofden in Purwokerto, a mosque-based association whose function was to manage and disburse trusted fund with a very simple scheme to surrounding communities.

This organization experienced a number of name changes, from Hulp-en Spaarbank der Inlandshe Bestuurs Ambtenareen(1895), to De Poerwokertosche HulpSpaar-en Landbouw Credietbank or Volksbank and Centrale Kas Voor Volkscredietwezen Algemene (1912). In 1934, the name changed again to Algemene Volkscredietbank (AVB) until the period of Japanese occupation, when the name was changed to Syomin Ginko (1942-1945).

1895

On 22 February, 1946, the Government of Indonesia issued Government Regulation No. 1 Year 1946 and changed the name Syomin Ginko to Bank Rakyat Indonesia (BRI), at which point it took the role as Government's front liner for the development of the national economy.

1946

The Government of Indonesia changed the name of the bank from BRI to Bank Koperasi Tani Nelayan (BKTN/ Cooperative Bank for Farmers and Fishermen).

1960

In accordance with Law No. 21 Year 1968, the Government of Indonesia reestablished the name Bank Rakyat Indonesia with the status of a commercial bank.

1968

In accordance with Banking Law No. 7 Year 1992, BRI's legal status was changed to become PT Bank Rakyat Indonesia (Persero).

1992

2003

On 10 November, 2003, BRI became a Public Listed Company by listing its shares through an initial public offering (IPO) on the Jakarta Stock Exchange (now the Indonesian Stock Exchange/IDX) with the ticker name "BBRI". BRI shares are now part of the LQ-45 share index and have become one of the IDX's blue chip stocks.

2007

BRI acquired Bank Jasa Artha, which was later converted to become PT Bank BRISyariah.

2009

Succeeded in connecting all network, which at that time totaled 6,480 operating units, in real time on line connection.

2011

- On 11 January, 2011, the nominal share value was split to the ratio of 1:2.
- On 3 March, 2011, signing of the Deed of Acquisition of shares in PT Bank Agroniaga Ltd. between BRI and Dana Pensiunan Perkebunan (Dapenbun) .
- On 16 December, 2011, signing of Instrument of Transfer and Bought and Sold Notes between BRI and PT Asuransi Jiwa BRIngin Jiwa Sejahtera for shares in BRIngin Remittance Co. Ltd. (Hong Kong).

2012

- BRI's ATM network of 14,292 machines, becoming the largest ATM network in Indonesia.
- On 12 December, 2012, Bank BRI obtained Certificate ISO 9001:2008 for quality system management in the field of "Provision of Payment Systems by RTGS, Clearing and Remittance".

Vision



To Become a Leading
Commercial Bank that
Always Prioritizes
Customer Satisfaction

Mission

- To undertake the best banking operation, while prioritizing on providing service to the micro, small and medium segment (MSME) with a view to support the improvement of the people's economy
- To provide prime services to customers through a vast network and supported by professional human capital and reliable information technology, conduct risk management and guided by excellent Good Corporate Governance (GCG) practices
- To provide optimum benefits to all stakeholders

BRI vision and mission statements were approved by the Board of Directors and Commissioners and stated on the Board of Directors decree.

Corporate Values

Integrity

To be devoted, dedicated, honest, always maintaining our honor and good name, and to abide by the Banking Code of Conducts and Regulations that are in force.

Professionalism

To be responsible, effective, efficient and disciplined, and with a focus on the future to anticipate developments, challenges and opportunities.

Customer Satisfaction

To fulfill customer needs and to satisfy our customers by providing the best services with due regard to Company interests and with the support of employees that are skilled, friendly and love to serve, and supported by superior technology.

Leadership

To consistently act in a fair way, with assertion and big-heartedness, and to not tolerate any action that is inconsistent with leadershipness.

Respect for Individual

To recruit, develop and retain quality human resources and to treat individuals with trust, openness, fairness and mutual respect as part of the Company by developing an attitude of cooperation and partnership. To provide respect based on the results of individual efforts and team collaboration, in order to achieve synergy for the benefit of the Company.

These Corporate Values were stated on the Board of Directors' Decree No: S-16-DIR/SSS/SDM/04/99 on 26 April 1999.

Products and Services

Saving Products

1. BritAma Rupiah
2. BritAma Dollar
3. BritAma Junio
4. Simpedes
5. Simpedes for Migrant Workers
6. Haj Savings Account
7. BRI Rupiah Deposit
8. BRI Dollar Deposit
9. Deposit on Call (DOC)
10. GiroBRI Rupiah
11. GiroBRI Foreign Exchange

Loan Products

Micro Credit

Kupedes

Small Commercial Loans

1. Cash Collateral Loan
2. Investment Loan (Kredit Investasi-KI)
3. Working Capital Loan (Kredit Modal Kerja-KMK)
4. Export Loan
5. Construction Loan
6. BO-I Construction Loan
7. Franchise Loan
8. Petrol Station Loan
9. Warehouse Receipt Loan
10. Warehouse Ownership Loan
11. Petrol Station Bridging Loan
12. Coal Related Loans
13. Loan for Indonesian-Migrant Working Agency (PPTKI Loan) and Migrant Workers Loan (TKI Loan) Pre-Financing Loan
14. Pre-Financing Loan
15. Post-Financing Loan
16. Distributor Financing
17. Briguna Karya (Salary Based Loan for active employees)
18. Briguna Purna (Salary Based Loan for retirees)

Consumer Credit

1. Housing Loan (Kredit Pemilikan Rumah-KPR)
 - Home Ownership program
 - Partnership Housing Loan
 - Individual Housing Loan
 - Subsidized Home Ownership Loan (KPRS)
2. Vehicle Loans (KKB)
 - Direct Vehicle Loan
 - Partnership Vehicle Loan
3. Multi-Purpose Loans (KMG)

People Business Loans (Kredit Usaha Rakyat-KUR)

1. Micro KUR
2. Retail KUR
3. Migrant Workers KUR
4. Crops KUR

Medium/Corporation Loans

1. Working Capital Loan (KMK)
2. Working Capital Loan for Export (KMK-E)
3. Working Capital Loan for Import (KMK-I)
4. Working Capital Loan for Construction (KMK-K)
5. Investment Loan
6. Syndicated Loan

Programs Loan

1. Loan for the Development of Bio Fuels and Revitalization of Plantations (KPEN-RP)
2. Loan for Food and Energy Security (KKPE)
3. Loan for Members of Primary Cooperative (KPPA)
4. Warehousing (Subsidy and Commercial)
5. Cattle Breeding Business loan (KUPS)



Bank Services

Business Services

1. Bank Guarantee
2. Clearing

Financial Services

1. Bill Payment
2. Receipt of Deposits
3. Online Transactions
4. Transfers and Giro Transfers (LLG)
5. Visa on Arrival

Institutional

1. Online Payment of tuition fee
2. Cash Management

e-channel and e-banking

1. BRI ATM
2. BRI SMS Banking
3. BRI Phone Banking
4. BRI Internet Banking
5. e-BUZZ
6. BRI Kiosk
7. BRI Mini ATM
8. BRIZZI
9. MOCASH

International Business Services

1. Import Services
 - a. Issuing Letter of Credit
 - b. Issuing Amendments to Letter of Credit
 - c. Import Facilities
 - i. Pre-Import Financing (Suspension of Import Guarantees)
 - ii. Post-Import Financing (KMKI/Trust Receipt)
2. Export Services
 - a. Advice on a Letter of Credit
 - b. Letter of Credit Confirmation
 - c. Exportation Billing Services
 - i. Outward Documentary Collection
 - ii. Outward Clean Collection
 - d. Pre-shipment Financing
 - i. Post-shipment Financing (Draft Export Negotiation)
 - ii. Draft Export Measure Discount
 - iii. Draft Export Measure Rediscount
3. Refinancing Letter of Credit
4. Risk Participation
5. Banker Acceptance
6. USD Local Settlement
7. Guarantee (Standby Letter of Credit)
8. Domestic Letter of Credit (SKBDN)
9. Bill Purchase Financing
10. Money Changer
11. BRI Remittance

Treasury Services

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

Consumer Products

Credit Cards

1. Visa
2. Mastercard

BRI Priority Banking

Notes:

Descriptions of these products and services can be found in the Sub-Chapter, "Business Overview".

Operational Area Map/Network



Thousands of BRI working units are spread throughout Indonesia, including three overseas offices

BRI currently serves its customers through 9,052 working units and a widespread of e-channel network across Indonesia.

BRI operates seven levels of service offices, consisting of its Head office; 18 Regional Offices; 446 Branch Offices (including three overseas offices); 545 Sub-Branch Offices; 914 Cash offices; 5,000 BRI Units; 1,778 TerasBRI (Sub-Micro Outlets); and 350 Mobile TerasBRI Outlets.

In 2012, BRI added 15 Branch Offices; 43 Sub-Branch Offices; 44 Cash offices; 125 BRI Units; 500 TerasBRI and 250 Mobile TerasBRI Outlets. By examining their performance and business potential, 14 Sub-Branch Offices increased their scale of operations to become Branch Offices, 6 Cash offices became Sub-Branch Offices and 26 TerasBRI became BRI Units.



	2008	2009	2010	2011	2012
Head office	1	1	1	1	1
Regional Offices	14	17	18	18	18
Branch Offices	379	406	413	431	446
Sub-Branch Offices	337	434	470	502	545
Cash offices	179	728	822	870	914
BRI Units	4,417	4,538	4,649	4,849	5,000
Village Service Points	68	68	0	0	0
TerasBRI (Sub-Micro Outlets)		217	617	1,304	1,778
MobileTerasBRI				100	350
Total Operational Working Units	5,395	6,409	6,990	8,075	9,052
Inspection Offices	14	14	14	14	16
Total Working Units	5,409	6,423	7,004	8,089	9,068

BRI's Network



Regional Office Makassar, South Sulawesi



Branch Office Cut Mutia, Jakarta



Sub-Branch Office Tugumulyo,
Ogan Komeringlilir, South Sumatra



BRI Unit Sikur, Selong, East Nusa Tenggara (NTT)

Since 2009, BRI's entire network has been connected real time on-line



Cash office Gambir, Jakarta

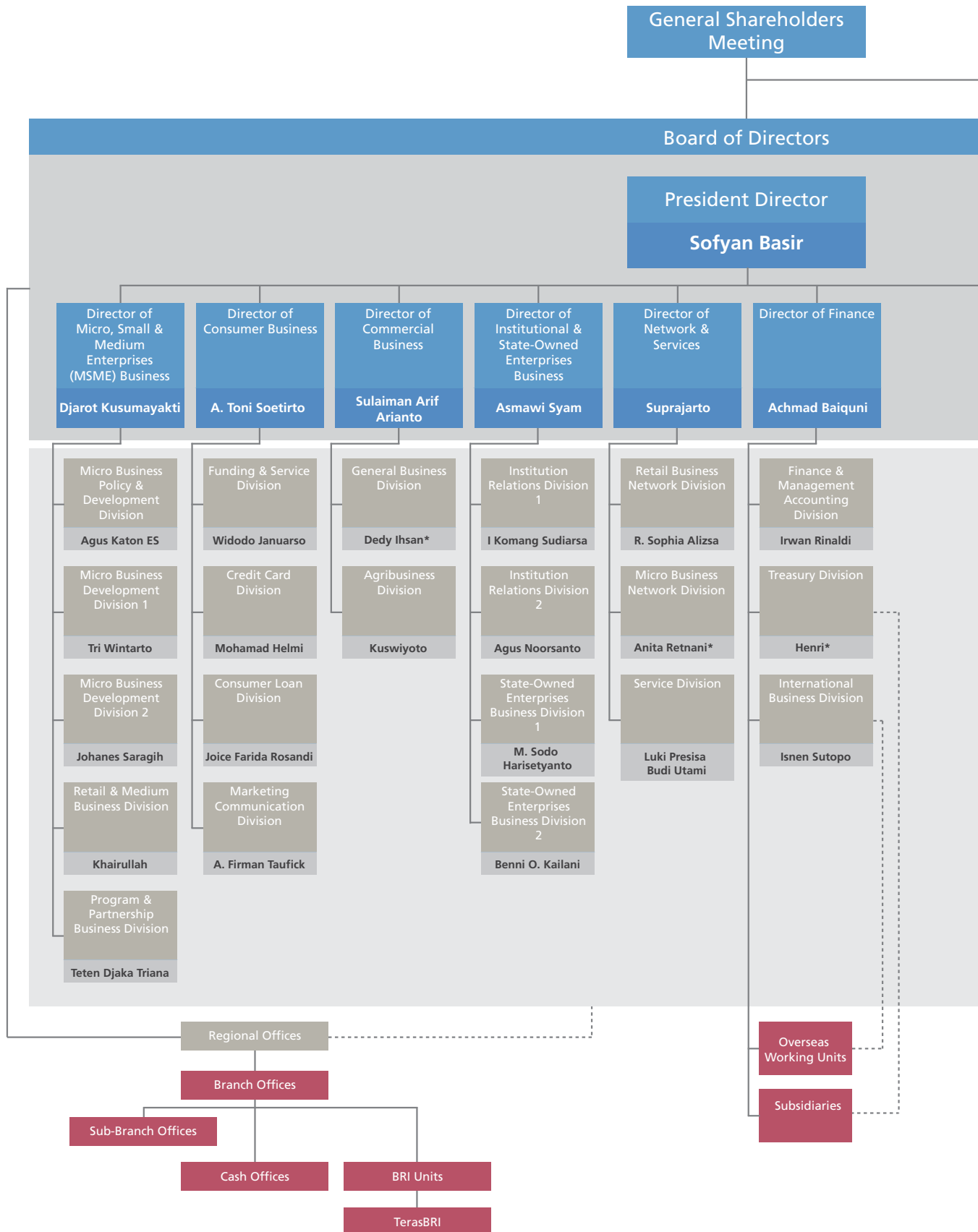


TerasBRI Mandaliika, Mataram, West Nusa Tenggara (NTB)

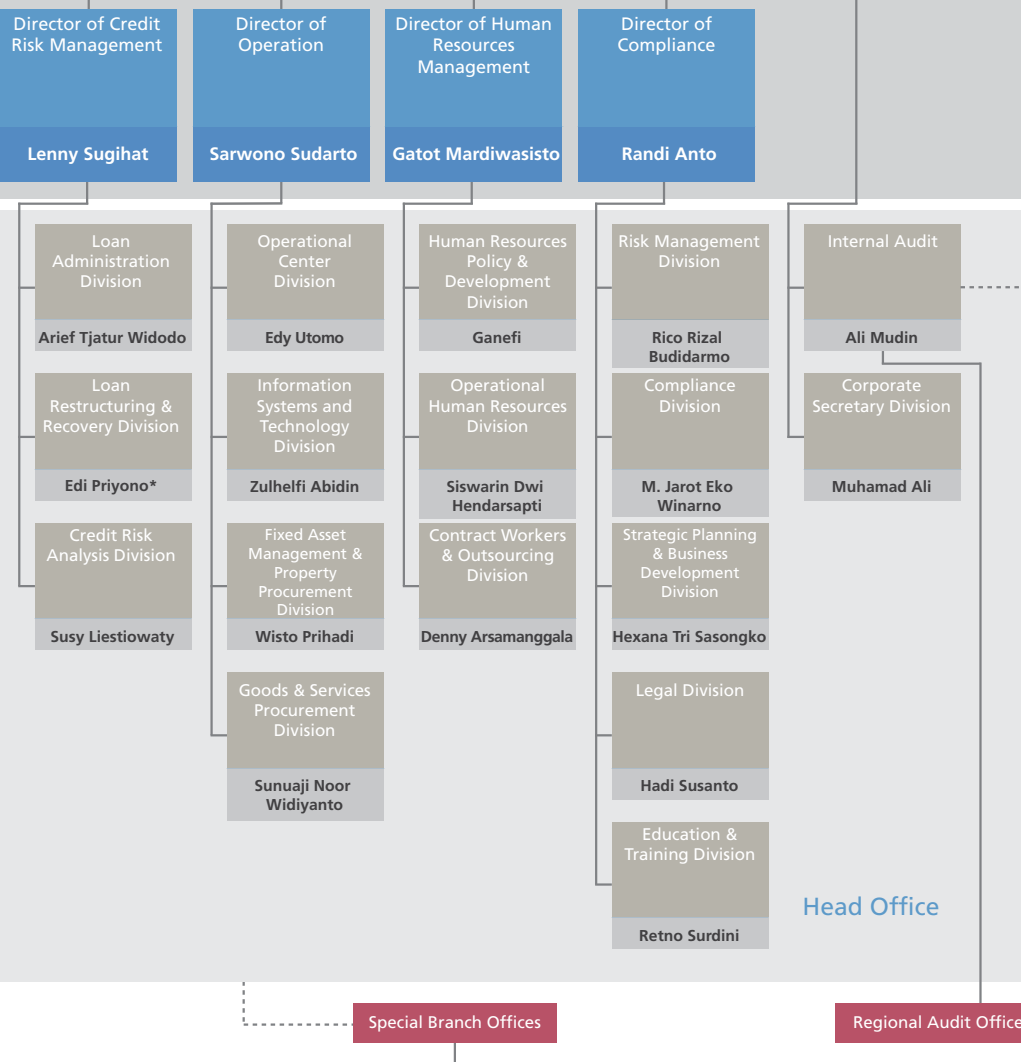


Priority Service Center Semarang, Central Java

Organizational Structure



Board of Commissioners



Head Office

— Guidance/Supervision Line

- - - - - Coordination Line

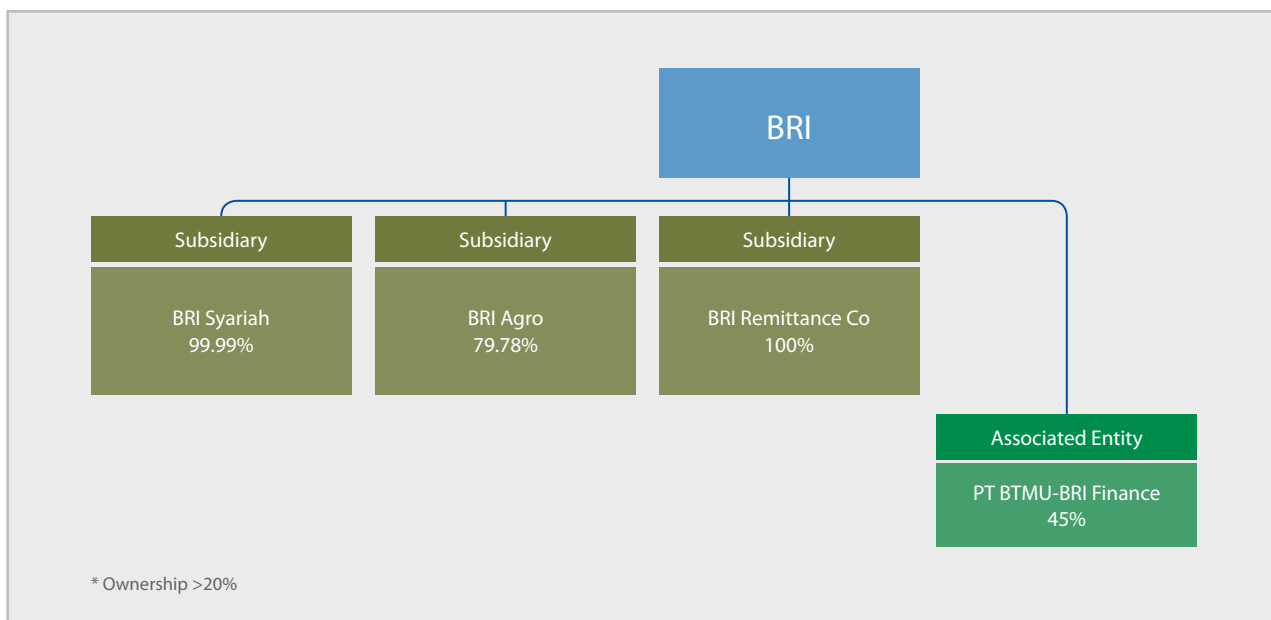
Committee under BOC : Audit Committee, Nomination & Remuneration Committee, Risk Management Supervisory Committee

Committee under BOD : Risk Management Committee, Credit Policy Committee, Credit Committee, Assets and Liabilities Committee (ALCO), Human Resources Policy Committee, Information System & Technology Steering Committee (ITSC), Project Management Office (PMO) Steering Committee

*Caretaker

Subsidiaries and Associations

Company Name	Type of Business	BRI Inclusion Date	BRI Ownership Percentage	Commenced Operations	Address
SUBSIDIARIES					
PT Bank BRI Syariah	Syariah Commercial Bank	19 December 2007	99.99%	16 October 2008	Jl. Abdul Muis No. 2-4, Jakarta
PT Bank Rakyat Indonesia Agroniaga Ltd.	National Private Bank	3 March 2011	79.78%	8 February 1990	Plaza GRI Jl. HR. Rasuna Said Blok X2 No.1, Jakarta
BRI Remittance Co.Ltd	Remittance Company	16 December 2011	100%	7 April 2005	Lippo Center, Tower II, Room 1115, 11/F, 89 Queensway, Admiralty, Hong Kong
ASSOCIATED ENTITIES					
PT BTMU-BRI Finance	Financing	1 August 1983	45.00%	1 August 1983	Wisma 46 Floor 10-Kota BNI, Jl.Jenderal Sudirman Kav. 1, Jakarta



Capital Market Supporting Institutions & Professions

Public Accountant

Purwantono, Suherman, & Surja (Ernst & Young)
Indonesian Stock Exchange Building Tower 2, Floor 7
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
Tel: (62-21) 5289 5000

Share Registrar

PT DatindoEntrycom
Jl. Jend. Sudirman Kav. 34-35
Jakarta 10220
Tel: (62-21) 570 9009

Indonesian Central Securities Depository (KSEI)

Indonesia Stock Exchange Building Tower I, Floor 5
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
Tel: (62-21) 5299 1003
Fax: (62-21) 5299 1129

Rating Agencies

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

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

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

Standard & Poor's
30 Cecil Street
#17-01/08 Prudential Tower, Singapore 049712
Tel: (65) 6438 2881
Fax: (65) 6438 2321

Access Information

Information on shares, the latest news and general information about the Company can be obtained from:

CORPORATE SECRETARY

BRI I Building

Jl. Jenderal Sudirman No. 44-46

Jakarta 10210 - Indonesia

Tel: (62-21) 575 1966

Fax: (62-21) 570 0916

Website: www.bri.co.id

Email: humas@bri.co.id





At the end of 2012, BBRI was priced at Rp6,950 per share, sixteen times higher than the initial public offering (IPO) price.

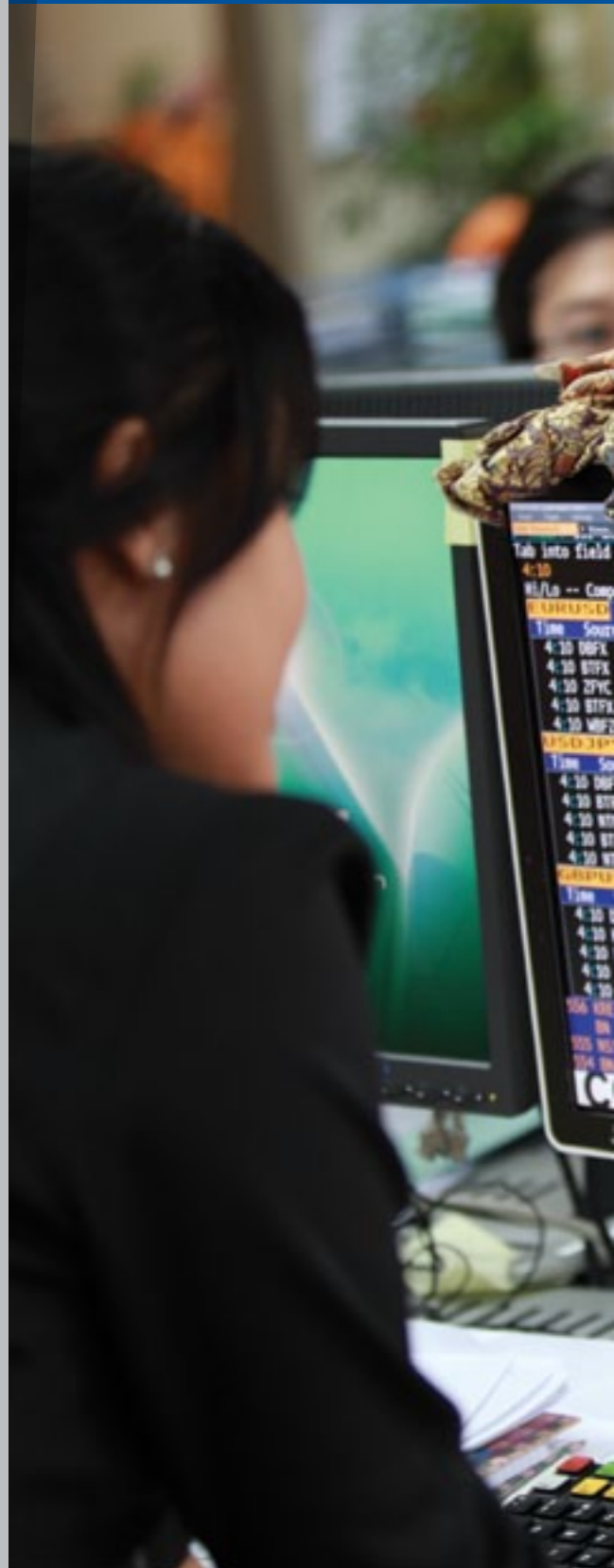
BRI's market capitalization was valued at Rp169.74 trillion, the sixth-largest on the Indonesia Stock Exchange (IDX), and the stock is included on the LQ45 Index.

BBRI share price

 **16x** higher than the IPO price

BRI Market Capitalization

Rp169.74 trillion

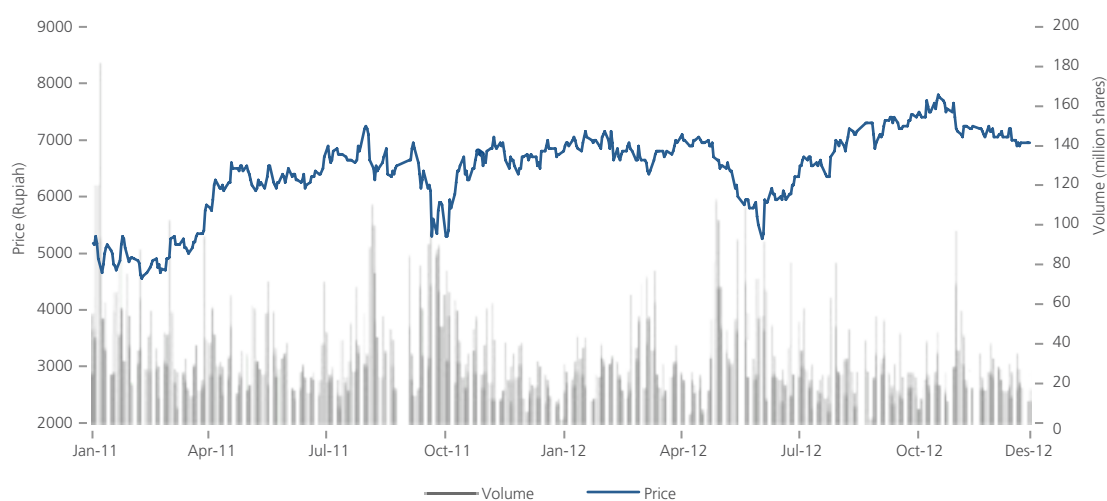


Information for Investors



Stock Summary

(Graph: Development of BRI Share Price and Trading Volume)



BRI Share Price Development

Calendar Year	Share Price				Total Shares	Transaction Volume	Value		Market Capitalization (Rp trillion)
	Opening	Highest	Lowest	Closing			Frequency (Times)	(Rp trillion)	
2011*	5,250	7,250	4,525	6,750	24,669,162,000	9,245,899,500	620,745	56.58	164.85
Quarter I*	5,250	5,375	4,525	5,750	24,669,162,000	2,561,502,500	151,173	13.90	140.43
Quarter II	5,750	6,600	5,650	6,500	24,669,162,000	1,961,571,500	123,095	12.30	158.75
Quarter III	6,500	7,250	5,000	5,850	24,669,162,000	2,812,699,500	187,527	18.02	142.87
Quarter IV	5,850	7,050	5,150	6,750	24,669,162,000	1,910,126,000	158,950	12.36	164.85
2012	6,850	7,850	5,150	6,950	24,669,162,000	7,909,920,000	510,037	53.41	169.74
Quarter I	6,850	7,250	6,400	6,950	24,669,162,000	2,084,086,000	139,315	14.17	169.74
Quarter II	7,000	7,150	5,150	6,350	24,669,162,000	2,500,207,500	152,642	15.61	155.08
Quarter III	6,400	7,550	6,250	7,450	24,669,162,000	1,719,729,500	108,461	11.97	181.95
Quarter IV	7,450	7,850	6,800	6,950	24,669,162,000	1,605,929,500	109,619	11.66	169.74

*share price after stock split on January 11, 2011 with 1:2 ratio



Bond Summary

Subordinated Bonds Chronology

Description	Issue Date	Term	Issue Value (Rp)	Maturity Date	Coupon	Rating	Listing	Outstanding (Rp)
Subordinated Bonds I	9 January 2004	10 years (Buyback option in year 6)	500,000,000,000	9 January 2014	<ul style="list-style-type: none"> 13.5% per annum (years 1 through 6) 23.5% p.a. (year 7 through 10) paid quarterly 	id AA+ (Pefindo)	Surabaya Stock Exchange	Settlement on 11 January 2010
Subordinated Bonds II	22 December 2009	5 years	2,000,000,000,000	22 December 2014	10.95% p.a. (year 1 through 5) paid quarterly	A+ (idn) (Fitch)	Indonesia Stock Exchange	2,000,000,000,000

Share Listing Chronology

Year	Share Ownership				Nominal (Rp)	Year-End Total Shares Exercised	Year-End Capital Value Exercised (Rp million)	Information	
	Government		Public						
	Total	%	Total	%					
2003	7,000,000,000	59.50	4,764,705,000	40.50	500	11,764,705,000	5,882,353	IPO on 10 November 2003. Total shares after IPO 11,764,705,000 (listed on JSX)	
2004	7,000,000,000	59.07	4,850,090,500	40.93	500	11,850,090,500	5,925,045	Exercise MSOP	85,385,500
2005	7,000,000,000	58.16	5,035,700,500	41.84	500	12,035,700,500	6,017,850	Exercise MSOP	185,610,000
2006	7,000,000,000	56.97	5,286,421,500	43.03	500	12,286,421,500	6,143,211	Exercise MSOP	250,721,000
2007	7,000,000,000	56.83	5,317,800,500	43.17	500	12,317,800,500	6,158,900	Exercise MSOP	31,379,000
2008	7,000,000,000	56.79	5,325,299,500	43.21	500	12,325,299,500	6,162,650	Exercise MSOP	7,499,000
2009	7,000,000,000	56.77	5,329,852,500	43.23	500	12,329,852,500	6,164,926	Exercise MSOP	4,553,000
2010	7,000,000,000	56.75	5,334,581,000	43.25	500	12,334,581,000	6,167,291	Exercise MSOP	4,728,500
2011	14,000,000,000	56.75	10,669,162,000	43.25	250	24,669,162,000	6,167,291	Stock split 1:2 on 11 January 2011	
2012	14,000,000,000	56.75	10,669,162,000	43.25	250	24,669,162,000	6,167,291		

Stock Split

BRI effectively performed a Corporate Action in the form of a Stock Split on 11 January 2011 with a ratio of 1:2, so that the nominal share value changed from the initial Rp500 to Rp250 per share. A chronology of share listings in relation to this corporate action is as follows.

Explanation	Shareholder (number of outstanding shares)				Nominal (Rp)	Total Number of Outstanding Shares
	Government		Public			
	Amount	%	Amount	%		
Before Stock Split	7,000,000,000	56.75%	5,334,581,000	43.25%	500	12,334,581,000
After Stock Split	14,000,000,000	56.75%	10,669,162,000	43.25%	250	24,669,162,000

Management Stock Option Plan

In accordance with the decision taken at an extraordinary AGM on 3 October 2003, BRI administered a Management Stock Option Plan (MSOP). A total of 588,235,250 shares were issued during the MSOP.

The MSOP was carried out in three stages, namely MSOP Stage I, MSOP Stage II and MSOP Stage III. The implementation of MSOP Stages I and II referred to an earlier Bapepam-LK regulation, while the implementation of MSOP Stage III referred to Bapepam-LK Regulation No. IX.D.4 and Indonesia Stock Exchange (IDX) Regulation No.1-A Attachment to the Decision by Directors of the Jakarta Stock Exchange (JSX) No. Kep.305/BEJ/07-2004 on Share Listings. Each stage of the MSOP had a vesting period of one year. The number of MSOP shares exercised by the completion of all the MSOP stages totaled 569,876,000. The execution of this option resulted in additional equity of Rp1,366,089,110,750.

The exercise periods for MSOP Stages I, II and III ended on 9 November 2008, 9 November 2009, and 9 November 2010, respectively. At the end of each of the exercise

periods, 4.30 million shares had not been exercised during MSOP Stage 1, 5.25 million during MSOP Stage II, and 8.82 million during MSOP Stage III.

The completion of the MSOP Stage III implementation period on 9 November 2010 ended the BRI MSOP program that had begun with BRI's IPO on 10 November 2003.

569,876,000

Total number of exercised BRI
MSOP shares

MSOP Stages

MSOP Stage	Number of MSOP Shares	Composition	MSOP Stage Start Date	MSOP Stage End Date	Exercise Price Per Share	Exercised Shares
Stage I	235,294,100	40%	10 November 03	9 November 08	962.50	230,999,000
Stage II	235,294,100	40%	10 November 04	9 November 09	1.750.00	230,047,000
Stage III	117,647,050	20%	10 November 05	9 November 10	In accordance with Bapepam-LK and IDX terms	108,830,000
Total	588,235,250					569,876,000

Additional Capital from MSOP

	(in Rp million)			
	Stage I	Stage II	Stage III	Total
Exercised Capital	115,500	115,024	54,415	284,938
Agio	106,837	287,559	474,490	868,886
Other Capital (Shares x option value)	27,117	80,889	10,259	212,265
Total	249,454	483,471	633,164	1,366,089

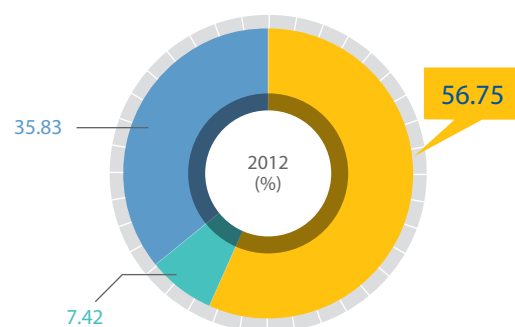
Composition of Shareholders

As of the end of 2012, the total number of BRI shareholders stood at 17,065, an increase of 42.15% compared with end of 2011, which totaled 12,005. The Government of the Republic of Indonesia remains BRI's majority shareholder with 56.75% ownership, while the remaining 43.25% is publicly owned with respective shareholdings not exceeding 5%.

56.75%

BRI shares owned by the
Government of Indonesia

(Share Ownership Composition)



■ Foreign Investor ■ Indonesian Investor ■ Government of Indonesia

	Total Shareholders	2012	
		Total Shares	Composition (%)
State	1	14,000,000,000	56.75
Public	17,064	10,669,162,000	43.25
National Investors	15,376	1,831,330,849	7.42
Individuals	11,617	267,451,062	1.08
Employees	3,230	94,326,500	0.38
Government	1	318,000	0.00
Institutions	555	1,469,235,287	5.96
Cooperatives	3	31,500	0.00
Foundations	25	21,681,000	0.09
Pension Funds	193	208,766,700	0.85
Insurance	58	394,948,500	1.60
Limited Companies	138	429,152,137	1.74
Mutual Funds	138	414,655,450	1.68
Foreign Investors	1,688	8,837,831,151	35.83
Individuals	48	1,355,500	0.01
Foreign Business Entities	1,640	8,836,475,651	35.82
Total	17,065	24,669,162,000	100.00

Capital Market Conditions and Share Performance

Capital market conditions in Indonesia continued to be affected by state of the global economy, which remained weak. This can be seen from the 8.79% drop in the value of daily transactions, which in 2012 amounted to Rp4.55 trillion as opposed to Rp4.95 trillion in 2011, as well as the declining of the value of foreign transactions .

Nevertheless, on the closing day of 2012, the Indonesia Stock Exchange's (IDX) Jakarta Composite Index (JCI) recorded a closing level of 4,316.69, which was a 12.94% increase from the index level of 3,821.99 at the end of 2011. In addition, the frequency of daily transactions also rose by 7.36% to 113,454 transactions. Another encouraging development, despite 2012 being overshadowed by the global crisis, was the entry of 23 newly listed companies onto the exchange. This showed the continued high interest among investors to invest their funds in Indonesia's capital market.

All these developments pushed stock market capitalization on the IDX to Rp4,127 trillion, up by 16.67% from Rp3,537 trillion at the end of 2011. This made the ratio of stock market capitalization to gross domestic product (GDP) climb to 55.6% from the previous year's 46.7%. Considering that the global economy is expected to recover in 2013, according to the research of International Monetary Fund (IMF), ratings agency McKinsey and other economic experts, capital stock market conditions in Indonesia in 2013 are predicted to be more attractive.

BRI Share Performance

BRI shares, with the ticker code BBRI, were listed and began to be traded on the IDX (formerly JSX) on 10 November 2003. Currently, besides being traded on the main board, BBRI shares are registered as blue chip shares on the LQ 45 (45 of the most liquid shares on the IDX), the Jakarta Islamic Index, the Business-27 Index, the Kompas 100 Index and the Sri Kehati Index.

Similar with the exchange's conditions in 2012, BBRI shares price fluctuated in line with the economic developments and global capital market sentiment. Fluctuations in the BBRI share price during 2012 ranged from a low of Rp5,150 to its highest listed price of Rp7,850. The volume of transactions also decreased 14.45% to total 7,909.9 million shares.

As one of the leading stocks with market capitalization of Rp169.74 trillion as of the end of December 2012, BBRI shares was affected by market sentiment in which investors became more cautious about the performance of financial stock. As we know, the global economic crisis during the last few years emanated from financial crises that hit Europe and the United States. Given that the global financial market and the banking sector are more integrated nowadays, any shock to the sector will rapidly be responded by capital market investors.

In the second quarter, BBRI stock price along with global stock market index experienced a sharp decline as the result of the news of the failure of European Union to agree on efforts to tackle budget deficits in several member. This caused fairly sharp falls on capital market indexes around the world.

At the end of the second quarter, BBRI shares price also experienced a decrease of 28.9% to Rp5,150 from its highest level during the first half of the year of Rp7,250, while trade volume increased due to the number of investors trying to get out of the stock market.

However, with the world economy beginning to show signs of recovery and increase in demand for Chinese goods, along with growth in the Indonesia economy, the BBRI stock price start showing an increasing trend. Improvements in BRI's performance, reflected by improved credit risk, prudent credit enhancements and increased net income as well as BRI continuing focus on the MSM segment, which routinely informed to the market players, attracted a positive response from investors. This resulted in 2012, BBRI shares price closing at Rp6,950, 2.95% higher than 2011.

Dividends and Dividend Policy

BRI dividends were distributed following shareholder approval at the Annual General Meeting (AGM) of shareholders. The distribution of dividends was conducted by considering a number of factors, such as the financial health of the Company and the Company's funding needs for business expansion.

In accordance with the shareholder approval at the AGM on 28 March 2012, BRI paid out final dividends for the 2011 fiscal year of 20% of net income or Rp3,016,587,862,754. The 20% ratio of these dividend payments was the same as that for the 2010 fiscal year, as decided by the AGM in 2011. The dividend value per share, which was paid on 15 May 2012, was Rp122.28, an increase of 31.5% from the dividend value per share for 2010 of Rp93.01.

BRI Dividend Payment

Dividend Year	Payment Date	Amount of Dividend (in billion Rp)	Dividend per Share* (Rp)	Dividend Payment Ratio
2003	23 July 2004	990	42.1	75.01%
2004	5 July 2005	1,816	76.47	50.00%
2005	10 July 2006	1,904	78.09	50.00%
2006	2 July 2007	2,129	86.52	50.00%
2007	7 July 2008	2,419	98.17	50.00%
2008	3 July 2009	2,085	84.41	35.00%
2009	1 July 2010	2,192	88.91	30.00%
2010	15 July 2011	2,294	93.01	20.00%
2011	15 May 2012	3,017	122.28	20.00%

* Dividend per share data relates to dividends following the Stock Split with a 1:2 ratio on 11 January 2011

In 2009 and 2010, BRI conducted interim distributions of dividends with an individual share price of Rp45.74 in 2009 and Rp45.93 per share in 2010. These interim dividends were carried out in accordance with Law No. 40/2007 on Limited Companies. The amount of these interim dividends is included in the calculation of final dividends as detailed above.

Interim Dividend Payments

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

BRI's dividend distribution policy was set out in the IPO Prospectus, namely in the Dividend Distribution section, which says that BRI will provide dividends with respect to its financial condition and business development plans, and that the size of the dividend payout ratio and/or the amount of dividends each financial year will be determined in the shareholders' AGM.

Subordinated Bonds

In December 2009, BRI issued Subordinated Bonds II in rupiah with a term of 5 (five) years and 10.95% interest rate, and listed on 22 December 2009. Fitch gave an A+ rating for this subordinated bonds and BRI accumulated funds totaling Rp2 trillion from the bond issuance.

After deducting expenses and in accordance with Bank Indonesia provisions, the funds raised from this Subordinated Bond Public Offering were used by the company as supplemental capital for the credit expansion.

BRI did not issue bonds or any other debt securities during 2012.

Nominal dividend for the 2011 fiscal year, which were distributed in 2012, is Rp122.28 per share, an increase of 31.52% from the year before.



Operational Overview





“A consistent implementation of good strategies as well as manageable operational efficiency have resulted in an optimal performance of BRI’s business

Operating Expense to
Operating Income

59.93%*

*Bank only

Prospects and General Strategies

Prospects

In 2012, the economic slowdown in the United States and European nations began to restrain the rate of growth in emerging market nations, specifically affecting exports from nations with lower commodity prices and trading volume. However, in 2013, the global economy is projected in better condition. World economic growth in 2013 is projection at 3.4 percent, slightly higher than the 3.1 percent growth rate projected for 2012. These projections are likely to be achieved if the impact of US government policy to reduce budget deficit (fiscal cliff), the weakening growth of China & Japan and the European crisis can be minimized.

In 2013, consumption and strong investment are expected to be major contributor for Indonesia's economic growth which driven by the increasing middle class and productive ages population. Exports are also expected to grow, in line with the improving economy of some of the nation's major trading partners and also to diversify trading activities to countries other than Europe and the United States. However, these plans remain shadowed by uncertainties in global economic conditions. Given these situations, the Government estimates that Indonesia's economy will grow within the range of 6.3 to 6.8 percent (Source: Bank Indonesia), with inflation level remaining in the range of 4.5 percent \pm 1 percent.

In Indonesia, loan to GDP ratio is 31.2 percent, which is far below that of other South East Asian countries, indicating that banking penetration in the

nation is still low. In addition, according to the data released by the Ministry of Cooperatives and Small and Medium Enterprises, Indonesia had more than 55 million micro, small and medium entrepreneur. Geographically, economic growth outside the island of Java has been higher than the growth on Java, and has driven the overall economic growth in Indonesia. These factors show the large potential for growth in the Indonesian banking industry, especially for banks such as BRI that focus on the micro, small and medium enterprises segments.

Based on the above conditions, Indonesian banks should prepare strategies to improve their business performance with a manageable level of risk. In facing of external challenges and managing business prospects in the upcoming period and also to achieve its goal in 2013 as the bank with the highest growth in micro, small and medium (MSM) segment in Indonesia – Bank BRI has reviewed and developed strategies for its future business growth. The bank's business focus will be on increasing number of qualified customers in the MSME segment, increasing its number of e-channel and e-banking users, increasing transaction-based fee which contributes to the increase in fee-based income, establishing professional human resources, as well as overseas market expansion.

Strategic Plan for 2013

To support its general strategies in 2013, BRI has developed strategies which taking into account the core competencies that have been mastered by management at all level, i.e., at the head office level, the regional level and at working units. In addition, projections for the Indonesian economy related to the upcoming general, elections for 2014 and the implementation of regional policies, such as the ASEAN Economic Community in 2015, have been taken into consideration. BRI believes that by implementing those strategic positioning in Indonesian banking industry with strong basis of its core competencies that have been long developed and



With its focus on the development of MSME segments and domestic economy orientation, BRI believes to have a prospective business performance.

mastered, the bank will be able to achieve if optimal performance in coming years, with the source income derived from interest and fee-based revenue.

BRI will grow its asset prudently in accordance with the availability of capital, the speed of employee recruitment, information technology development and policy changes from regulators. By taking into account these factors, BRI's policy direction for 2013 will be as follows:

1. Developing its potential for fee-based income and increased interest income by:
 - a. Focusing loan disbursement on the MSME segment and optimize the penetration to corporate segment that which provides trickle-down business for the MSME segment through their business activities.
 - b. Maintaining an optimal composition of low cost of fund (demand deposit and savings) in accordance with the economic conditions and BRI's business development.
 - c. Expanding its network and increasing banking services activities to increase fee-based income.
2. Business expansion through market penetration, market development and product development strategies, namely:
 - a. Market penetration, i.e., optimal positioning of BRI, which has the nation's largest customer base and network that is connected in real-time online across Indonesia, through:
 - Increasing cross-selling and integrated marketing activities in selling bank products and services.
 - Optimizing the capacity of its network to strengthen BRI's competitive advantages in the MSME's segment.
 - Improving the quality of the bank's products and services to maintain and enhance customer loyalty.
 - Improving BRI's e-channel, both quantitatively and qualitatively.
 - b. Market development, i.e., providing banking services to Indonesian people in all level by selectively entering markets that have been previously unserved by BRI, through:
 - Optimizing the bank's customer base and network to attract new customers and develop potential new markets.
 - Developing potential networks overseas.
 - c. Product Development, e.g., complementing existing products with new features and creating new products to maintain BRI's competitiveness in the financial industry. Steps to be taken include:
 - Cooperation with non-bank financial institutions for product bundling.
 - Product development for loans and savings schemes with customized features to meet customer needs.
3. Preparation for Basel III, particularly regarding capital structure, through the optimization of the bank's loan portfolio with respect to efficient capital allocation, improved asset quality and capital strengthening.
4. Realizing the concept of financial inclusion through the accessibility of financial services through network expansion which in line with business potential. The opening of the new outlets will be done selectively.
5. To support sustainable business growth projections, BRI will open conventional outlets and e-channels selectively, taking into account internal and external factors.
6. In line with its corporate strategy, BRI will prioritize recruitment of business and marketing position. In addition, BRI will make improvements to its career-development policies with a talent-management system and will optimize its existing assessment center as a development center. Improvements to the bank's reward and punishment system were also made to encourage worker productivity, taking into account employment regulations, market conditions and the financial capabilities of the company.

The strategic plan applied to each of the operating segments, can be found in detailed overview of each business segments in the "Business Overview" section.

Human Resources Management



Human resources management is carried out in an integrated manner, from planning, recruitment, selection, development, compensation, and performance management to termination. The process is based on the principles of Good Corporate Governance and supported by BRI's corporate culture and an automated process which is HR information system to develop professional, productive and prosperous human capital.



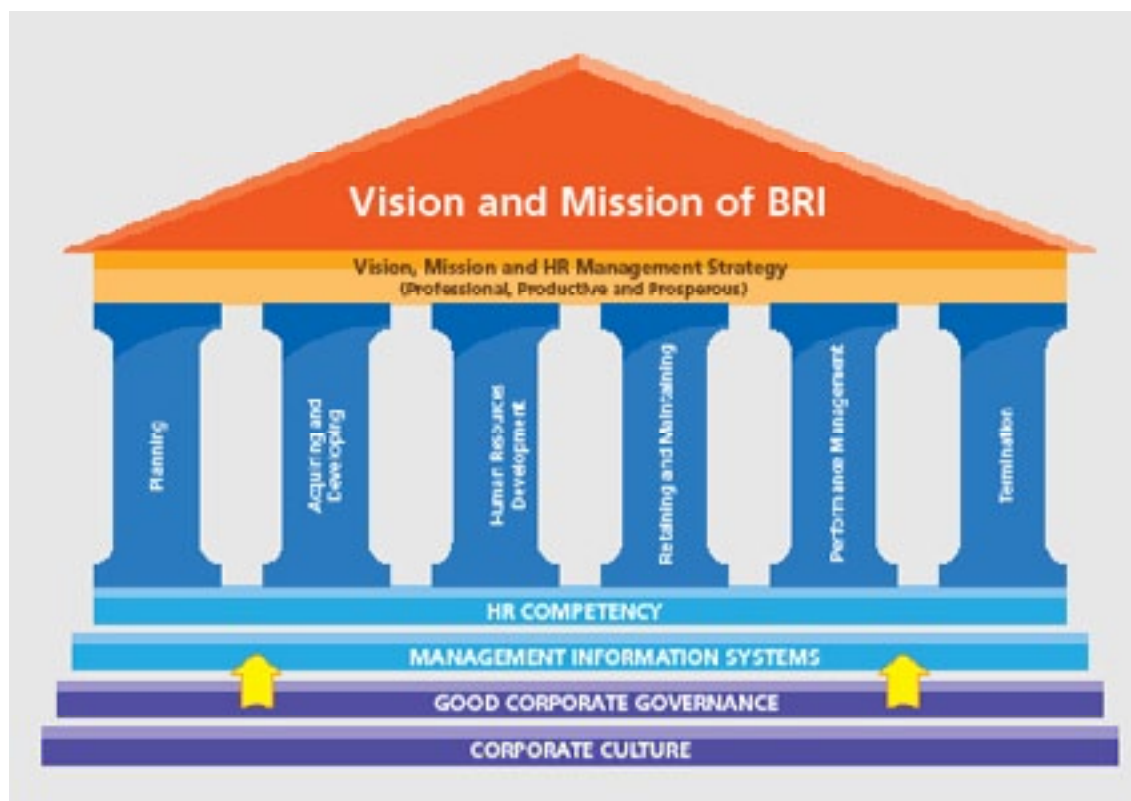
The implementation of BRI's HRM strategy is based on competencies, performance and effective communications to form a line of professional, productive and prosperous human resources as the main asset of the company.

1. Improving career guidance policies
2. Improving the performance management system
3. Improving compensation and benefits policies
4. Integrating HRM with information technology
5. Policy changes related to discipline

The Architecture of BRI's HR Program

BRI's strategic human resource management will be detail described in a road map for HRM that is set out every 5 (five) years and adjusted to the needs of the company. The HRM working program for 2012 includes:

The above programs are part of BRI's HRM architecture and was compiled in a comprehensive, systematic and scalable manner, starting from planning, acquiring, developing, retaining, maintaining, performance management to termination. With the support of the management information systems which enable the integration of business process management with HRM, information and data can be presented accurately and comprehensively.



Developing Competency and Professionalism

BRI developed its manpower planning that will make it able to integrate its HR needs precisely and accurately in accordance with the company's planning and strategies. The HR planning process was aimed at ensuring that BRI's Corporate Plan (long-term), Bank Business Plan (medium-term) and Work Plan (Short-term) and Corporate Budget Plan (RKAP) were aligned with the Company's unique characteristics which focus on SMEs that supported by a large number of workforce in which the number of marketing staff is larger than the number of non-marketing personnel.

Human Resources Recruitment

Given the unique characteristics of the company that focus on MSMEs, along with a rapid growth in both business development and operational network, BRI is fulfilling those positions through the promotion and rotation of workers and the recruitment and selection of internal and external candidates, according to the needs of the Company. The implementation process was done in an objective, transparent, fair and equitable manner, without discrimination, which

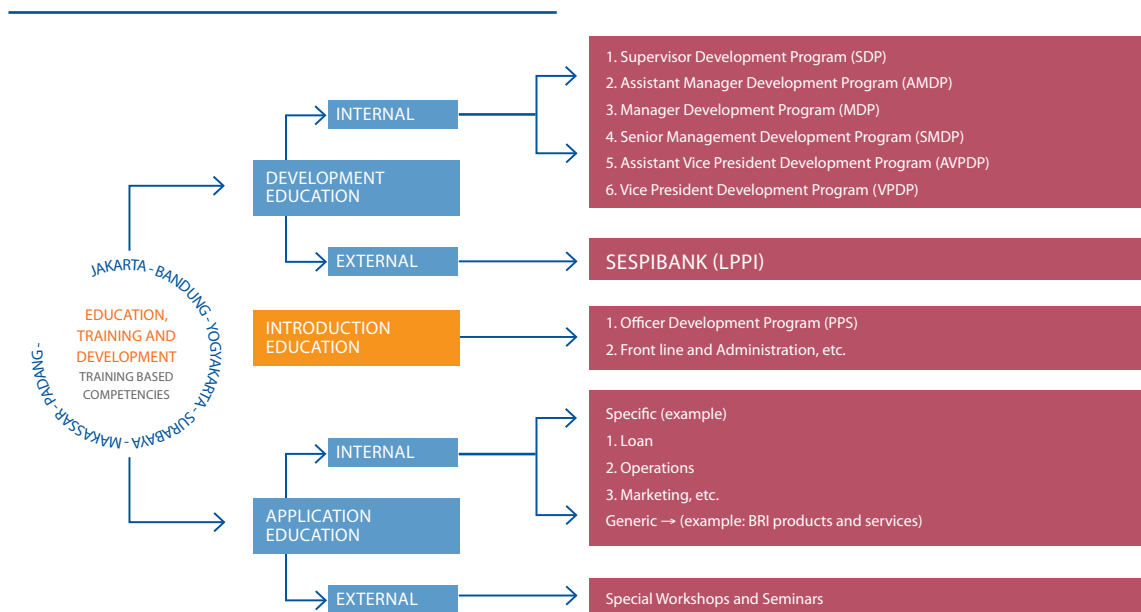
taking into account the quality and basic competencies of candidates, through officer development programs (PPS) to develop a candidate of BRI leaders; and regional officer development programs (PPRS) to develop future BRI leaders in eastern Indonesia; through the delegation of recruitment authority to the Regional Office level; through participating in or holding job fairs at several institutions and universities; and through conducting recruitment and employee selection online.

Through its recruitment strategy, BRI has increased its number of workers by 13,855 in 2012, comprising 509 PPS BRI, 8,536 Marketing employees, 652 supporting employees and 4,158 outsourced employees.

Learning and Development

BRI provides adequate and equal opportunities to all employees to develop themselves and their careers through improved knowledge and skills.

In carrying out competence, skills and career development, BRI has given an equal rights to all workers, regardless of religion, race, class, gender, and physical condition. Broadly speaking, the program development for BRI employees can be summarized by the chart below:



Training is held to improve employee's competence so that people with excellent talent are ready to occupy strategic positions in the company

In addition to comprehensive training, BRI supported the career development of employees through implementation of specific training, enrichment, job enrichment and job enlargement. Career development used a talent pool system that involved the support of IT systems as part of the development of the Talent Management System. Several training programs were held in 2012 as follows:

Education, Training and Development Programs and Participants for 2012

Type of Education	
A. Development Education	
1. Supervisor Development Program	3,641
2. Assistant Manager Development Program	3,441
3. Manager Development Program	257
4. Senior Manager Development Program	65
5. Assistant Vice President Development Program	93
6. Vice President Development Program	32
Total	7,529
B. Introduction Education	
1. Officer Development Programs	1,210
2. Frontliner and Administration	11,533
3. Marketing	10,601
4. Administration	817
5. Auditing	306
Total	24,467
C. Application Education (MOVE LEFT)	
1. Credit	8,102
2. Operations	13,567
3. Marketing	6,582
4. Public Courses	134,459
5. Certifications	988
6. Others	15,101
7. Risk Management	842
Total	179,641

The bank's training program was aimed at improving competency to create superior and talented employees who are ready to occupy strategic positions in the company.

In addition to an intensive training, employees were also given public courses according to the needs of their jobs to achieve a minimum employee education requirement of one training program per year.

HR Competency Development Fund Allocation

During the year 2012, no less than 500 training and development programs, both general and specific, were held by BRI for 211,637 participants. The total investment to increase employee competence and professionalism was Rp484.9 billion. The ratio of the cost of training to personnel costs in 2012 was 5.26 percent, higher than 5.16 percent in 2011. This indicates that in 2012 BRI provided more opportunities for its employees to develop their competencies through various training programs.

Retention and Maintenance

To attract potential job candidates, to retain competent employees and to increase motivation and appreciation, BRI has a variable compensation program of incentives and bonuses for workers who reach and exceed performance targets. In addition, each year there are Principal Wage Increases based on performance (Merit Increases) with respect to the achievement of the company's income nationally.

The improvement of the compensation policy as described above was implemented by BRI with due respect to fairness. In addition to providing compensation and facilities to employees during their employment relationship, BRI also provides similar compensation after the end of the employment relationship is ended.

Employee Welfare

The minimum wage paid to employees was already above the minimum wage prevailing in each region where the Company operated. In addition, BRI provides health insurance benefits, and religious holiday bonuses, includes permanent employees in the retirement and pensions with fixed benefits program and protects employees from health risks and accidents through enrollment in relevant insurance programs. The corporate contributions to retirement programs, health protection and accident programs reached 7.9 percent of total personnel costs.

The Financial Impact of Human Resources Management

An increasing number of employees and the fulfillment of their rights led to an increased allocation of operational funds for workers. For the year 2012, labor costs reached Rp9.21 trillion, an increase of 10.7

percent over total labor expenditure allocations in 2011, which were Rp8.33 trillion. However, BRI views the allocations as a justified investment. The benefit measurement of employees' costs and investments is done by calculating labor productivity ratios and training expenditure ratios.

BRI's labor productivity ratio (earnings divided by number of employees) in 2012 amounted to Rp255.02 million per worker, higher than 2011, when the ratio was Rp164.6 million per worker, showing an increase in labor productivity in the achievement of corporate profits.

Industrial Relations

Workers have been guaranteed their rights of association, assembly and expression with the formation of the BRI Workers Union (SP-BRI), which was registered with the South Jakarta Manpower and Transmigration Office under record number 357/I/P/V/2005 dated May 17, 2005. Policies related to the rights and obligations of workers are always developed with the involvement of trade unions. To ensure workers' rights, the Company and the Union have signed collective bargaining agreements 5 (five) times every 2 years.



Workers rights to unite, assemble and express their opinions are guaranteed



In addition to collective bargaining agreements, BRI has formed a Bipartite Cooperation Forum, which aims to align the interests of the company and the interests of workers and to resolve worker grievances. In addition, to minimize the communication barriers between Workers with the Company, the Company has had a Whistle Blower System since March 12, 2009 that is monitored by the CEO.

HR Profile of BRI

At the end of 2012, the total number of workers employed by BRI was 72,625, an increase compare to 40,044 recorded at the end of 2011. This large increase in employee numbers in 2012 was accompanied by an increase in the business activity and operations of the bank, including an increase in the number of BRI service units spread throughout Indonesia and a change in the employment status of BRI front liners, especially for Teller and Customer Service workers, from outsourced to contract status. This is consistent with Bank Indonesia Regulation 13/25/PBI/2011 dated December 9, 2011 on Prudential Principles for Commercial Banks to Transfer Work to Other Parties.

Status	2010	2011	2012
Permanent	33,296	33,357	34,936
Contract	2,441	4,780	36,155
Pension Preparation Period (MPP)	996	944	791
Trainee	911	963	743
Outsourced	38,068	45,486	30,789
Total Number of BRI Employees	75,712	85,530	103,414

In terms of education, the majority of BRI's workers are holding at least diplomas or college degrees, and their numbers are increasing, while the number of employees holding only junior and senior high school degrees has decreased. The composition of BRI's workers by education and position level is as follows:

The employee turnover rate for BRI is 1.14 percent

Number of Workers by Educational Level

Education	2010	2011	2012
Strata 3 (Doctorate)	2	5	7
Strata 2 (Master's)	1,107	1,034	1,073
Strata 1 (Bachelor's)	23,691	26,780	39,591
Diploma	4,053	4,847	25,915
SLTA/Equivalent	8,749	7,334	6,017
SLTP/Equivalent	42	44	22
Total Number of BRI Employees*	37,644	40,044	72,625

*Excludes outsourced employees

Number of Workers by Organizational Level

Position	2010	2011	2012
Executive Vice President	70	67	67
Vice President	101	103	106
Assistant Vice President	382	380	429
Senior Manager	575	584	633
Manager	554	582	581
Assistant Manager	3,318	2,925	3,295
Officer	10,510	10,662	10,998
Assistant	22,134	24,741	56,516
Total Number of BRI Employees*	37,644	40,044	72,625

*Excludes outsourced employees

Turnover Rate

During the year 2012, 393 workers resigned or stopped working, mostly through retirement. Thus, BRI's turnover rate of 1.14 percent can be considered very low as the result of the creation of a congenial working environment. For this reason, BRI is committed to maintain a good working environment to create a healthy situation that is safe, and comfortable and encourages a spirit of work and innovation at all levels of BRI's employees.

Integrated human resources management

With operations distributed over a wide area and a large number of human resources, the efficient and accurate management of human resources is a challenge for BRI. Therefore, BRI has developed an integrated Management Information System (MIS) that serves as a HR database, fulfilling employees rights, providing information related to HR policies related to employee's rights, and developing convenient channels of communication between employees and management. The HR MIS is the foundation for the development of office automation and the implementation of an Employee Self Service (ESS) system with the goal of efficiency in every aspect of human resource management.

Along with the development of BRI's operational activities and the need for more up-to-date and accurate human resource management information, BRI has developed a variety of new applications, including:

1. System and Products in Data Processing, a program for managing and processing the entire database of employee rights;
2. CV Offline, a program to provide employee data base that fast and in a flexible manner;
3. Online Performance Management System (CMS Online), a program to help workers to prepare themselves for the development plans (SSR) and for the guidance and evaluation at the end of the year; and
4. HR formation and Fulfillment Application to provide comprehensive data for BRI's working units throughout Indonesia.

These programs are required to complement previous applications, such as the HR Call Center, the HR Web Portal and counseling with the support of information technology.

Internalization of Corporate Culture

In line with the Company's growth, we realize that corporate culture plays an increasingly important role in supporting the Company's vision and mission. This can be achieved if every employee behaves properly, both personally and professionally, in carrying out their duties with a high sense of belonging to the company.

Therefore, BRI formulated the corporate culture by cultivating the values that considered by all its employees as superior values which will support the company to obtain the best achievement, such as integrity, professionalism, customer satisfaction, exemplary performance and appreciation to human resource.

The value of corporate culture that underlie the thoughts, actions and behavior of every BRI employee have supported the company to reach its best performance. However, evaluation of the implementation of the Corporate Culture is ongoing to ensure that the core values of the Company can meet challenges in the future, especially in the MSME segmen as the core of BRI's business. On that basis, in 2012 the company started to work on revitalizing its corporate culture.

Along with the implementation of the corporate culture revitalization program, there was a continuous improvement in the Work Improvement Forums in the form of active participation of workers in the creation of strategies and actions to improve the performance of each working unit. The forums were also functioning as a media to transform work culture for all working units so that their performance could be improved in line with the business plan of the company.

Corporate culture is one of several principles that have regularly been delivered in refreshment activities during regular education programs with the purpose that corporate culture values will be internalized in every employee daily activities In the company.

To ensure that corporate culture values are executed well across working units, Change Agents have been designated in each region to maintain and monitor the implementation of corporate culture for individual working units.

As part of the Year of Good Corporate Governance (GCG), which BRI launched in 2012 BRI also committed to reduce firmly (zero tolerance) on any violence against the ethics and company's regulation. This demonstrates BRI's commitment to make corporate culture as the soul for BRI's employees.

Marketing

BRI's integrated marketing program aimed to provide easiness and convenience for both new and existing customers to obtain sufficient Information related to BRI banking products and services as well as Improving access to services.

In order to achieve its targets for 2012 in both loan disbursement and acquire third party fund as well as providing banking services, the bank seek to maintain and increase its market share through integrated marketing programs. These programs made it easier for both new and existing customers to identify banking products and new product features from BRI, while providing clients with an easy access and convenience in a variety of activities. These programs are described below:

Increased Awareness

The outreach of BRI's services for micro, small and medium businesses in the grassroots communities which spread out in every corner of Indonesia cannot be separated from market acquisition and retention programs conducted in 2012. Fortunately, the Untung Beliang BritAma program, Pesta Rakyat Simpedes, BRI Peduli Pasar Rakyat, Panen Bulanan Simpedes programs and Grebeg Pasar program were implemented by BRI to market loan products, such as Kupedes and KUR, deposit products, such as BritAma and Simpedes and e-banking products. With the implementation of these programs which dealing directly with the community, the bank continued to build awareness of its products and services to potential customers, as well as to new and existing customers. In addition to these marketing activities to increase brand awareness, BRI also participated in various national and international exhibitions by involving customers as exhibitors and by organizing the traditional homecoming activity during the Ramadan period for its Kupedes and Simpedes customers.

Increasing Market Share

To increase its market share, the bank has also been actively marketing its products to its state-owned enterprises (SOE) business partners, cross-selling its products, and generate trickle-down business from its corporate and SOE customers. The Company's

partnership with state-owned enterprises has included organizing events to provide products and services to fit the needs of its business partners. While cross-selling its services, BRI also provided closed-system financing for both new and existing customers. Furthermore, intensive inter-division coordination was undertaken to increase the number of new customers in 2012. Trickle-down from the corporate and SOE segments also improved the performance of other business segments, such as the small commercial and medium segments.

BRI's sales strategy was also intensified by using customer databases, third-party dealers and developers, and walk-in customers, as well as banking implant programs, such as the Home Ownership Program (HOP) and Car Ownership Program (COP) in cooperation with several large companies.

Development of Product Features

Development of product features and modifications, as well as the introduction of new features, were also part of BRI's marketing strategies aimed at existing clients and new customers. Development was tailored to the needs and characters of customers in each segment.

Increasing Service Accessibility

Network development in the form of conventional and e-channel activities were part of BRI's strategies to provide convenience and to improve service to the customers. An extensive and intensive infrastructure development was undertaken. Expansion was implemented through the opening of working units in the new regions, while intensification was intended to maximize the business potential in areas with existing BRI working units. Increased access to customer service through e-channels was focused on expanding the ATM network and the dissemination of information on SMS banking and the Mocash program, with the aim of reaching out to customers and improving operational efficiency.



Other marketing strategies included the development of electronic networks, such as BRI mobile. This tool was designed to be more user-friendly so it will be easier for customers to obtain their account information and perform online banking transactions through BRI. All of the above developments were implemented with satisfactory Service Level Agreements (SLA).

The marketing strategies implemented specifically for each operating segment can be found in the “Business Overview” section.

For human resources, the bank increased the number of its marketing employees and also improved the quality of their knowledge about BRI’s products and services through training, so that they could market the complete line of products and services to fulfill to individual customer needs. As their quality increases, BRI’s marketing employees can become professional business advisors to their clients.

Marketing Communications

The mission of marketing communication activities was to ensure that all of BRI’s products and services had a strong brand to support marketing activities and increase sales of BRI’s products and services. Optimal marketing communications were implemented to build brand awareness and positioning that was unique, appropriate and relevant for all of BRI’s products and services for every target market, so that the success of the business expansion could be reinforced.

To achieve this mission, BRI designed a marketing communication strategy that was applied on an ongoing basis, in line with an assessment of external conditions in the banking industry and business development objectives. In 2012, marketing communication activities also focused on products that were substantially based on individuals and groups for funding and lending and were also focused on building an image of transactional banking to create BRI’s corporate brand.

A marketing communication program for retail funding has become a priority focus considering its strategic role in ensuring funding stability and price competitiveness. In addition, the micro, small and medium (MSM) enterprise business segment, which has become a pillar of BRI's business, also received special priority to ensure the sustainability of BRI's brand awareness.

In 2012, the marketing communication started to introduce of business-to-business (B2B) products and services with strategies being adjusted to the target market. BRI's e-banking activities were also a priority of the marketing program, which had a goal of increasing the composition of fee-based income through electronic transactions. The overall program implemented was intended to support the transformation of BRI into the largest national payment gateway in the next few years.

Program Realization

A variety of marketing communication activities were conducted in 2012, including the introduction of the products below:

1. BRI BritAma savings accounts (Untung Beliang BritAma).
2. BRI Simpedes savings accounts (Pesta Rakyat Simpedes, Panen Bulanan Simpedes, Mudik Bersama Kupedes dan Simpedes).
3. BRI Junior Savings accounts (in cooperation with several merchants, including Timezone, Theme Park: Duluth, Java Park, WaterBoom, Funland, Bali Bird Park and the Bali Zoo, among others).
4. E-Banking (Program Undian Gemerlap e-Banking BRI).
5. Brizzi (merchant discount program for food & beverage businesses, public services, fashion and mini markets).
6. BRI Credit Cards.
Retention and acquisition programs with various merchants, such as famous names in fashion, gadgets, airlines, hotels and restaurants, beauty and health, BRI Travel Service, BRING and so on.
7. BRI Priority programs (at merchants including White Lotus, Ante Prima and Blitzmegaplex).
8. BRIGuna.

Marketing Communication Awards

A variety of marketing communication programs and the implementation of high-quality service led to third-party fund recognition of several BRI-branded products as follows:

1. BritAma Junio accounts - Ranked first in the category of junior deposit product in the Top Brand Index for 2012 that was compiled by Marketing magazine.
2. BritAma accounts - Ranked second in the deposit product category in the Top Brand Index for 2012 that was compiled by Marketing magazine.
3. BRI Time Deposit - Ranked third in the time deposit category in the Top Brand Index for 2012 that was compiled by Marketing magazine.
4. BritAma and Simpedes deposit products - Ranked first in the accounts category by the Satria Brand Awards 2012.
5. BritAma deposit product - Word of Mouth Marketing 2012 from SWA Magazine.
6. BRI SMS Banking - Ranked first by the Banking Service Excellent Awards given by Infobank magazine.
7. BRI Phone Banking - Ranked third by the Banking Service Excellence Awards given by Infobank magazine.
8. Best Internet Banking and Mobile Banking - Consumer Excellence Award from SWA Magazine.
9. Indonesia Brand Champion Award 2012 - Silver honors in the category of Most Popular Bank from MarkPlus.
10. Ranked first by the Net Promoter Loyalty Awards 2012 in the category of savings account by SWA Magazine.
11. The Most Valuable Bank Brand from Mars, Metro TV and SWA Magazine.

Network Development

Implementation of Network Expansion in 2012

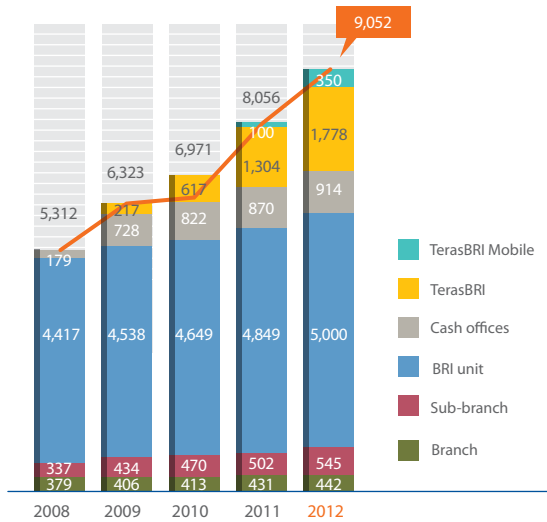
The development of BRI's retail business network in 2012 are included the opening of 15 branches, 43 sub-branches and 44 cash offices. Fourteen sub-branches were upgraded to branches and six cash offices were

upgraded to branches. Meanwhile, to develop the micro-business segment, BRI opened 125 new BRI units and upgraded 26 TerasBRI offices to BRI units in 2012, for a total of 5,000 BRI units as of December 2012. Additionally, BRI opened 500 TerasBRI and 250 Mobile TerasBRI last year.

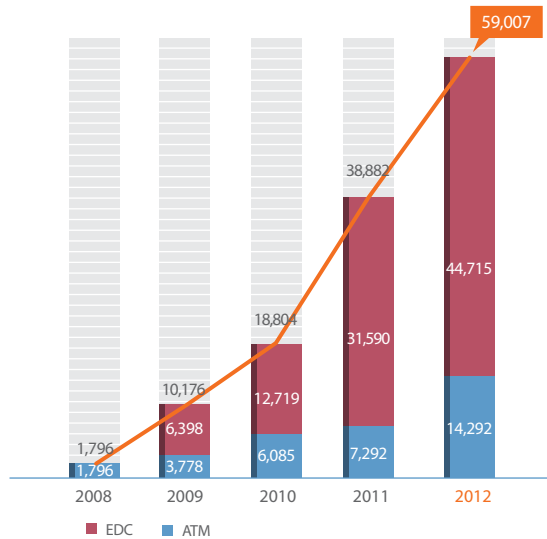
Instead of BRI Units, BRI developed a new form of working unit called TerasBRI, in 2009. At the beginning stage, TerasBRI are opened in traditional markets with the purpose to help vendors at traditional markets to deposit their money, apply for loans and conduct other banking transactions without leaving their business activities. As of 2012, BRI already has 1,778 TerasBRI and 350 TerasBRI Mobile.

In addition to the opening of new TerasBRI and BRI Units, BRI upgraded 26 TerasBRI to BRI Units in 2012 to optimize the service to customers.

Expansion of BRI's network, by the numbers



Expansion of BRI's ATM/EDC network



BRI added 7,000 ATMs, 13,125 EDCs (electronic data capture) machines and 3 CDMs (cash deposit machines) in 2012, for a total of 14,292 ATMs, 44,715 EDCs, 92 CDMs and 42 e-Buzz machines, as of December 2012.

With the above additional conventional outlets and e-channel expansion, BRI's banking services at the end of 2012 has been supported by a network that covers 9,052 working units (including regional offices and overseas working units) and 59,241 e-Channels. (See also the table "BRI Network Profiles" and the section titled "Business Overview-Business Consumers")

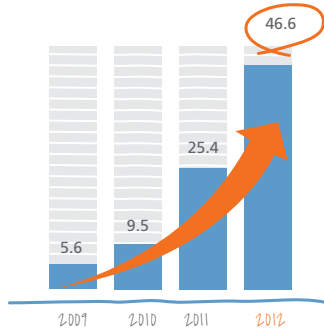
Along with the expansion of its conventional network in 2012, BRI also implemented other programs to improve service quality and optimize its operational network through:

1. Lay out standardization at operational working units and e-channel with the aim of improving customer convenience while doing financial transactions.
2. Increasing the frequency of training for BRI working units and TerasBRI employees in order to provide more effective services particularly to micro-business customers.

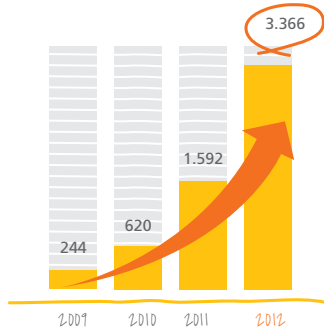
e-Banking transactions

SMS Banking

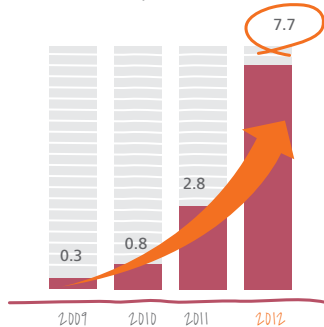
Number of Transactions
(in million)



Number of Users
(in thousand)

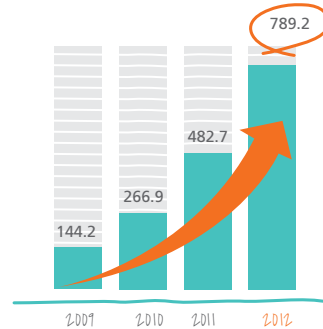


Transaction value
(in trillion Rp)

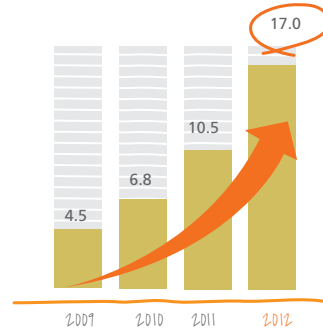


ATM

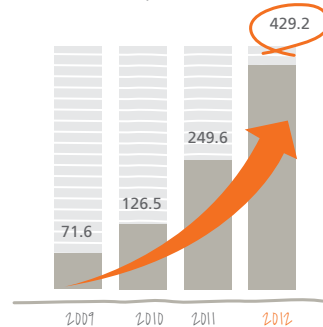
Number of Transactions
(in million)



Number of Card Holders
(in million)



Transaction value
(in trillion Rp)



E-Banking transactions has increased significantly over the last four years, in terms of the number and value of transactions, supported by a large number of customer base.

3. Opening Priority Lounges, Pension Services Offices, Employee Loan and Priority Service Centers.
4. E-channel placement: ATMs, EDCs and SSPPs (Self-Service Passbook Printer) to optimize banking services and to improve the efficiency and effectiveness of BRI's e-channel network.
5. Developing technologies to accelerate the credit application process for BRI Units, TerasBRI and mobile TerasBRI.

Service Improvement

As part of the implementation of marketing strategies in order to improve customer satisfaction and loyalty, BRI has improved the quality of service to its customers. Therefore give positive impact on business growth in the long run. This is in line with the vision of BRI to provide fast, accurate, safe, friendly and convenient service to all of its customers and make BRI the benchmark for banking services.

Strategic steps taken by BRI to improve service quality included applying service level agreements (SLA) and assigning service ratings for each working unit. BRI also organized its Service Quality Campaign 1-96 with a target of achieving a position among the top five banks with the best service.

To ensure that the quality and skills of its employees are in the top ranks of the banks with the best services, the bank held a "SQ Vaganza" (service quality) competition for BRI front-liners throughout Indonesia to sharpen their product knowledge.

To ensure the better competency and quality of service improvement, BRI provides certain benefits to its front-liners who have ability to meet the special

SLA criteria defined earlier, including accelerated career paths as well as an exciting rewards and recognition. As a result of this improved service to customers, BRI Priority earned a "Diamond" rank in Service Quality Awards from Caree - CCSL.

Improving Customer Satisfaction activities

In addition to the various strategic steps above, BRI initiated the development of several service quality initiatives as follows:

1. Follow up on customer complaints through a "one-stop" system to oversee the resolution of customer complaints. Customers can convey complaints easily through the BRI Call Center and be given steps to resolve their problems as well as possible solutions.
2. Standardizing services and improving customer satisfaction through SQ coaching and SQ monitoring for branches, sub-branches and working units through refreshing courses on products and policies.
3. Improving service skills and service leadership skills by providing relevant training to each employee at branches throughout Indonesia.
4. Selecting branch which functioning as Centers of Excellence in terms of quality service for each regional offices.
5. Preparing acceleration programs to improve service quality through SQ Assurance and Improvement programs.
6. Implementing response centers based on Service Level Agreements (SLA) by improving help desk infrastructure.
7. Improving the skills and knowledge of help desk operators with Service Quality training at least once a year.



BRI is continuously improving its service quality by setting the performance targets to improve every aspect of service quality, including:

1. Improving the service process by formulating and evaluating policies, training the employees and monitoring the implementation of operational procedures and services; implementing policies to accelerate the better service; and developing and improving Service Level Agreements (SLA).
2. Improving premises, by assuring the cleanliness, neatness, and convenience, as well as merchandising display, completeness of brochures and lay out of ATMs for both on and off site.
3. Monitoring, by conducting comprehensive surveys on service quality implementation in cooperation with third parties.
4. Improving the quality of customer database, by maintaining customer database and updating customer database to be matched with customer's risk profile, by integrating customer database systems with support coming from systems outside BRI's core system (BRINETS) and by selecting the best customer database from Operational Working Units (UKO) throughout Indonesia.
5. Improving operational policies, by implementing business process reengineering, separating and enhancing duties of operation employees.
6. Developing contact centers, utilizing telesales and telemarketing to sell bank products and services, as well as centralizing complaint handling.

Customer Satisfaction Survey

To improve the quality of service delivered to customers, the bank routinely conduct surveys related to the perceptions of its customers about the service they have received. These surveys were conducted both internally and by independent parties. Internal surveys are carried out at least twice a year by every operational unit throughout Indonesia, in which data collection process is

supported by information technology systems. Meanwhile, customer satisfaction surveys are conducted by independent parties every quarter, comparing BRI with its competitors in the industry. The surveys itself covered respondents nationally and also in small towns and cities, as well those in and outside Java. The surveys conducted by both BRI and independent parties BRI and independent parties use sample from respondents with a variety of educational background, occupation and age.

The results of the surveys conducted by independent parties and internally indicate that BRI's customer satisfaction levels are consistently increasing in almost every aspect compared to other banks. However, there are some areas that need attention in the future, including the need for improvement in the services and product features. Customer satisfaction surveys will be used as a reference to improve the quality of BRI's service to move customer perceptions of satisfaction with BRI's banking services closer to the ideal and to increase customer loyalty.

Service Quality Achievements

Various and intensive efforts which are conducted to improve service quality received appreciation and recognition from independent parties. According to the results published by Marketing Research Indonesia's (MRI) survey of 19 banks in 2010, BRI's service quality improved 2.14 points from 81.94 to 84.08. The last survey conducted in 2011 showed an increase in service quality ratings from Rank 7 to Rank 5.

In addition to the MRI survey results, BRI received numerous awards in the service quality in 2012, namely:

Awards in 2012

The Best HR Retention Program
(Bronze)

The Best Contact Center Operation
(Silver)

The Best Talent – Paduan Suara (Gold)

The Best Telesales (Bronze)

The Quality Assurance Staf (Bronze)

The Best Team Leader (Bronze)

The Best Manager (Platinum dan Silver)

Audit surveillance	ISO 9001:2008	VNZ Certification
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BRI Priority earned a "Diamond" rank in Service Quality Awards from Career - CCSI.

Information Technology

Information technology has been continuously develop to support greater productivity and efficiency as well as to improve the operational's quality.

BRI developed and utilized its Information and Systems Technology (IST) as major components in supporting its reliable, optimum and real-time online business activities. With technology support, BRI was able to deliver service in line with its standard Service Level Agreements (SLA) competitively, increasing productivity and efficiency while reducing operational risk through:

1. Implementing a Business Continuity and Disaster Recovery Plan to maintain sustainability in business operations, improve customer confidence and mitigate operational risks due to failures of information technology.
2. Implementing a security surveillance system on an ongoing basis through an enterprise monitoring system.
3. Implementing a Security Awareness Program for all employees on a regular basis to raise awareness about the security of information technology at BRI.
4. Implementing a "best-practice" information technology security system widely which based on ISO 27001:2005 standards as well as new rules and regulations from Bank Indonesia and the government.

In order to support its existence as a modern bank, BRI has established and implemented IST development programs gradually and continuously since 2008. The program is called the BRI Information Technology Strategic Plan (ITSP) years 2008-2013, which can be divided into several stages, namely:

1. Providing broad access channel equipped with diverse and integrated standard features.
2. Adopting leading-edge IT trends in the banking sector.
3. Providing accessibility to obtain comprehensive database in real time online.
4. Achieving (near) zero downtime.
5. Optimize the usage of multimedia and paperless technology.

Several IT development programs were conducted in 2012 in accordance with the ITSP roadmap as described briefly below.

Channel Access

BRI developed a variety of IT-based features to enhance the acquisition of fee-based income from banking services. In addition to the diverse features, BRI increased the coverage area of its IT-based infrastructure. The programs were conducted under the framework of expanding access channels, including:

1. Increasing the number, coverage and features of BRI's ATM, EDC/Mini ATM, Kiosk and CDM networks.
2. Improving features and capacity of BRI's Internet Banking, Mobile Banking, SMS Banking and Phone Banking systems.
3. Using smart cards to support BRI's banking business.
4. Developing Priority Banking - Customer Portfolio Management.
5. Improving feature payment services for third parties.
6. Developing e-Money prepaid cards (Brizzi).
7. Applying a delivery remittance application and assigning remittance representatives in various nations overseas.

Adopting Leading-Edge IT as Trends in Banking Industry

Various programs implemented include:

1. Improved interaction between customers and BRI through the e-channel and Internet Banking programs.
2. Development of e-money

- Adoption of Green IT (environmentally friendly IT operations)
- IT best practice features, including COBIT, I.T.I.L and ISO 27001.

A Secure and Reliable Real-Time Online Data Access

- Providing comprehensive access to data in a real-time, online and secure manner for both internal use and external auditors.
- Applying security technology through line encryption and two/three factor authentication for data integrity.
- Implementing an IT governance and security process based on best practices and international standards and in accordance with banking regulations in Indonesia.

Implementation of (near) zero downtime

- Network redundancy (VSAT and MPLS) for working units.
- Server clustering from the headquarters level to the smallest unit.
- Shared Processing for DC and DRC.
- Optimization the Information Technology Building as the primary site data center.
- Activation of bank headquarters as a secondary site/hot site.

Multimedia & Paperless Technology

To improve efficiency and operational effectiveness, BRI has designed and optimize its IT support by:

- Video conference with all operational working units,
- Managerial Dashboard and Reporting (Data Warehouse & Portal DWH)
- Knowledge Management and E-Learning
- Workflow and Document Management
- Online audit tools (BRISMA)

Features Development

Development of IT-based application features (e-channel) was one of the efforts undertaken by BRI to optimize infrastructure readiness and increase the acquisition of fee-based income. In 2012, BRI introduced 923 new features through its e-channel as follows.

e-Channel	2008	2009	2010	2011	2012
ATM	97	110	124	159	194
EDC	44	80	136	160	218
Mobile Banking	21	28	38	49	82
Cash Management	7	15	24	87	113
Phone Banking	31	33	33	33	3
Internet Banking	0	25	41	56	63
CDM	62	64	64	159	194
Kiosk	22	23	23	23	23
SSB (Self Service Banking)	0	0	0	0	26
BRILink	0	7	7	7	7
Total Number of Features	287	394	499	742	923

Some of the basic and useful application features developed during the year 2012 included:

- Host-to-host, which collaborate real-time applications with third parties, such as H2H with PDAM on water bill payments, H2H Hospital for 24-hour patient billing, H2H Higher Education for payment of tuition and course fees.
- Cash Management System (CMS) as an Internet-based banking services solution that enables companies to conduct their own financial transactions directly through online facilities.
- BRI Mobile as an application developed for mobile devices to conduct banking transactions with BRI. We have developed applications for the Android, Apple, and Blackberry platforms.

IT Human Resource Development

In addition to the program development, adding application features and upgrading IT infrastructure, BRI implemented an HR competency enhancement program for IT. The method to increase competencies was conducted through providing variety of relevant training. In 2012, the bank held no less than 83 training sessions in the field of IT. The training varied from the basic level, applications, skills certification programs, and IT risk management, up to the programming for developing application features.

Center of Operations

Operational efficiency with the purpose of cost reduction was intensively pursued by BRI with attention given to inherent risks through the implementation of paperless settlement of e-banking transactions and centralized settlement of ATM cash differences. This contributed to a reduction in overhead costs and was in line with the spirit of green banking.

To support smooth transaction banking operations for more than 9,000 outlets and e-channel which connected real time online, BRI has built a reliable and efficient operations center, which able to handle daily processing of millions different transactions and complexity, within a massive customer database.

BRI Centre of Operations is responsible for processing and monitoring transactions related to banking operations through e-banking and external transactions through clearing, RTGS or remittances. To ensure the achievement of the targets of having operation centers which in accordance with international best practices in the banking industry, BRI has built an operations system that is centralized, fast, has zero defects, and is low risk. The operating system also has an integrated monitoring and control system appropriate to the needs of BRI.

Business Process Improvement and Operational Efficiency

BRI continues to make improvements to its internal business processes in order to improve operational efficiency and effectiveness to optimize the speed and accuracy of its service to ensure customer satisfaction. BRI continues to evaluate and refine internal business processes for all back office transactions consistent with the implementation of enterprise reconciliation.

Operational efficiency with the goal of cost reduction was intensively pursued by BRI with attention given to inherent risks, such as through the implementation of paperless settlement of e-banking transactions and centralized settlement of ATM cash differences. This contributed to a reduction in overhead costs and was in line with the spirit of green banking.

Development of BRI's e-banking transactions

The total value of e-banking transactions in 2012 reached Rp895 trillion (an average of 2.5 million transactions per day), significantly increase by 95 percent compared to 2011, when the total value of transactions reached Rp459 trillion. The increasing number of transaction is in line with the increase in the number of active ATM/debit cards in circulation, which reached 17 million at the end of 2012. The highest number of e-banking transactions came through the ATM channel, which comprised 789.2 million transactions, an increase of 63 percent over the number of transactions in 2011, which were valued at Rp482.7 trillion.

Development of RTGS and Clearing Transactions

In 2012 the total value of incoming BRI RTGS transactions reached Rp7.29 trillion, Increase 50 percent from 2011, while the number of transactions in 2012 was 1.23 million. The value of outgoing RTGS transactions was also increase 50 percent compared to 2011, reaching a value of Rp7.29 trillion with 1.29 million transactions.

The increase were also experienced by the Incoming Clearing Transactions (Debits) with total transactions reaching Rp99 trillion, an increase of 5 percent compared to 2011, with the total number of transactions reaching 3.46 million. Meanwhile, the total value of Outgoing Clearing Submission transactions (Exit Debit) reached Rp37 trillion, increase 76 percent compared to 2011, with a total of 713 thousand transactions. As for Clearing Credits, the total value of the incoming transactions was Rp52 trillion, increase 48 percent from 2011, on a total



of 8.28 million transactions, while outward transactions totaled Rp37 trillion, an increase of 3 percent from 2011, on a total of 3.19 million transactions.

Development of Remittance Transactions

The total of cooperative incoming remittance transactions from 28 participating institutions reached 1.63 million with a value equivalent to USD586 million, while the number of non-cooperative incoming remittances in 2012 reached 94,000 with an equivalent transaction value of USD16.6 million. The number of outgoing remittance transactions in 2012 reached 38,000 with a value of USD19.6 million.

ISO 9001:2008 Certification (Quality Management System)

Center of operations activities which support Good Corporate Governance implementation received certification in the ISO 9001:2008 standard by the LRQA (Lloyds Registration Quality Assurance) Certification Body, which has been accredited by the International Accreditation Board - UKAS (United Kingdom Accreditation Service) and the National Accreditation Committee, with a scope covering the "Provision of a Payment System by RTGS, Clearing and Remittances".

2013 Strategic Goals

Entering 2013, BRI has prepared a strategic plan related to operational processes to improve performance and service to the customers through a variety of programs, including:

1. Business Process Re-engineering to streamline the work of back-end officers at working units to improve service quality.
2. Establishing a Regional Operations Center for debit clearing that is based at coordinating branches.
3. Implementing ISO 9001:2008 Quality Management System standards focusing on Card Production and Complaint Resolution.
4. Centralized Reconciliation and Settlement for Cash Deposit Machines differences.
5. Automated Credit Card Bookkeeping and Payments through RTGS and clearing facilities.

Fixed Asset Management and Procurement of Goods and Services

In line with the development and expansion of business networks, BRI seek to manage its fixed assets and to optimally meet the needs for the procurement of goods and services (logistics) for each working units. Hence, the process of fulfilling the needs for fixed assets and logistics were implemented in a fast, flexible, efficient and effective manner with regards to the concept of Good Corporate Governance (GCG) in order not to lose momentum for BRI's business growth. The management of fixed asset was conducted efficiently and accurately with the support coming from Fixed Asset Management Information System (SIM-AT), while the process was conducted transparently and fairly which showed by the development of an e-Procurement application for the procurement of goods and services in accordance with Good Corporate Governance throughout the whole process.

Transparency and Efficiency in Procurement and Fixed Asset Management through e-Procurement and SIM-AT

BRI developed an e-Procurement application for the procurement process, so that the fulfillment of goods and services for all working units could be done in a more transparent, fair, non-discriminatory and accountable manner. In addition, the development of the Fixed Assets Management Information System (SIM-AT) was successfully implemented. This ensured that BRI's fixed asset management could be realized in a transparent, accountable and accurate manner, from distribution activities, the recognition of assets, insurance and taxes until the disposal of the asset.



BRI developed e-procurement application to achieve transparency and fairness in the procurement of goods and services as a form of good governance practices.

BRI will continue to make improvements and evaluate policies, such as establishing service level agreements for logistics activities with regard to the principles of Good Corporate Governance.

Strategy for Fixed Asset Management and the Procurement of Goods and Services in 2013

1. Optimize the business and organizational processes as well as adjust the logistics policies.
2. Standardize building and infrastructure along with the delegation and decentralization of procurement.
3. Accelerate the activity in providing fixed asset management information systems that are reliable and integrated.
4. Implement an e-Office system.
5. Optimize assets.
6. Implement standard business processes and procedures to evaluate SLAs in preparation for ISO certification.
7. Standardize goods and services along with the delegation and decentralization of procurement.



Risk Management

Risk Management has an important role in improving the quality of the risk management system in order to support the achievement of corporate goals in two aspects - protecting capital and optimizing the relationship between risk and return. With a vast scale of operations and business activities that continue to increase, BRI implemented an integrated risk management program across organizational lines, which is known as the enterprise-wide risk management program. Risk management within BRI's organization is a process that is independent and has a business function and an audit function. These functions are active in risk management at different levels of authority.

Overview of Risk Management Systems

BRI Risk Management was implemented with the concept of three lines of defense, namely:

1. First line of defense is the business and operational units with functional activity, as the parties responsible for implementing and maintaining internal controls and ensuring quality output in accordance with policies and procedures that have been developed.
2. Second line of defense is risk management unit that monitors the implementation of risk management procedures with an appropriate risk tolerance and that also establishes policies, guidelines and risk limits for independent business and operational units, so that the overall exposure to risk remains appropriate to BRI's capital.

3. The third line of defense is an internal audit unit to evaluate the first line and second lines of defense, and to give report to the CEO and the Board of Commissioners independently.

Risk Management Organization Structure


BRI implemented an integrated enterprise-wide risk management framework to control the risks that accompany the bank's eight types of business activities. The framework included implementation of the four pillars of risk management, comprising (1) active supervision by the Board of Commissioners and Board of Directors, (2) adequate policies, procedures, and limits, (3) risk management processes and risk management information systems, and (4) internal control systems.

Application of the four pillars above was addressed as follows:

1. Active oversight from the Boards of Commissioners and Directors

The Boards were responsible for effective risk management at BRI. The Boards had to understand the risks faced by BRI and played an important role in supporting and overseeing successful implementation of risk management for all working units.

In conducting their supervision and management of business risk exposure and to determine a Risk Management System for BRI, the Boards



"Bank Risk Management was thoroughly addressed through the implementation of an enterprise-wide risk management system with a 'three lines of defense' concept, incorporating General Risk Management Policy (KUMR) and periodic evaluations to improve the effectiveness of risk management."

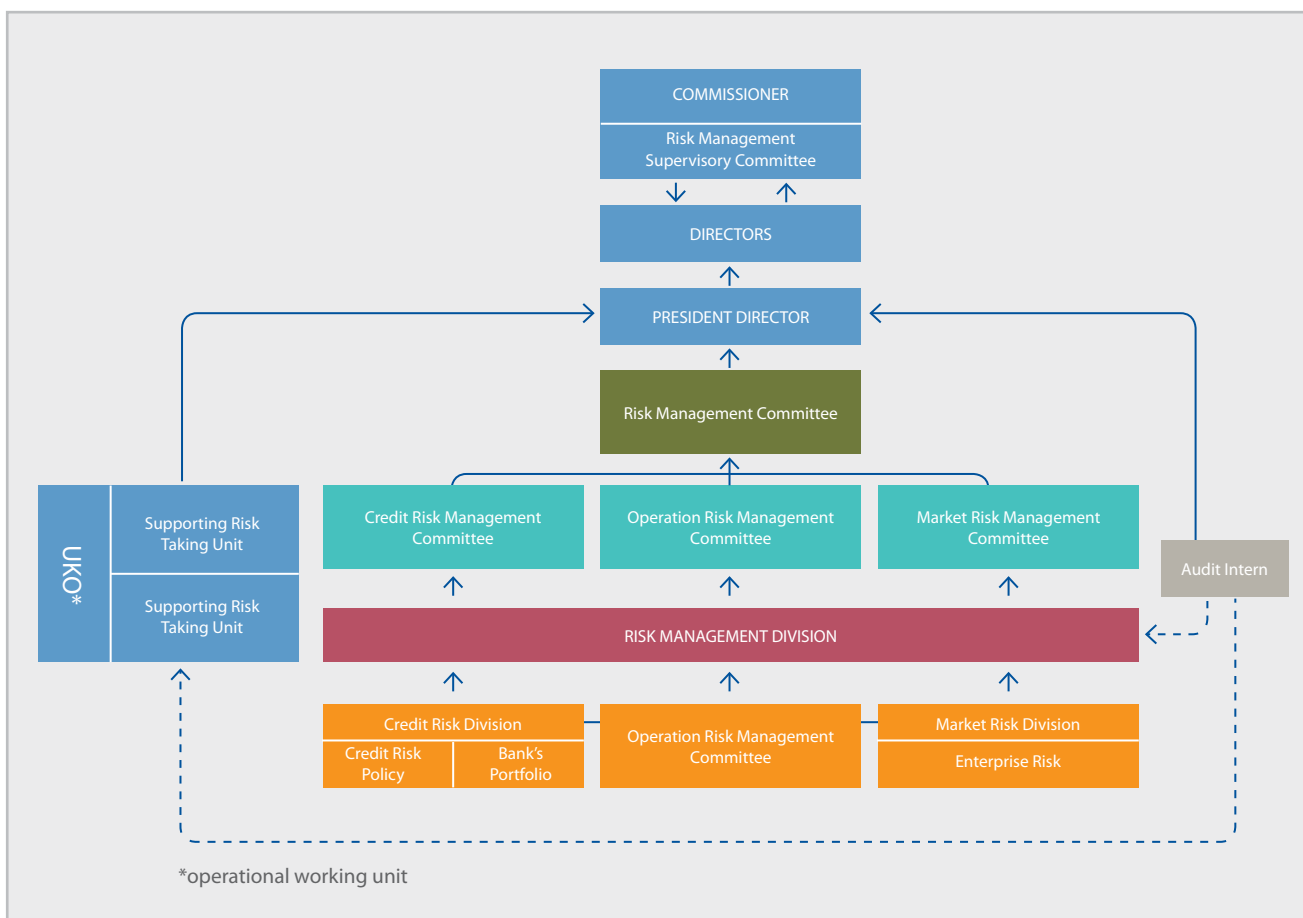
were assisted by the Risk Management Oversight Committee at the Commissioner level through the Risk Management Steering Committee (KPMR), while BRI's Board of Directors were assisted by the Risk Management Committee (RMC) as the highest committee in BRI's risk management system, whereas the members are all of the Directors and senior officials appointed by the Directors. The RMC is a non-structural entity and independent of operating units.

The KPMR's duty was to supervise the implementation of risk management policies and was led by the Board of Directors. The RMC was tasked with providing recommendations to the President Director for policy formulation, improving the implementation of policies, evaluating the

progress and condition of risk profiles, and providing suggestions and remedial measures to address issues that were specific to certain types of risk and required immediate decisions. The RMC also conducted restricted RMC meetings, or so-called sub-RMC meetings.

There were 3 (three) types of sub-RMCs: the CRMC (Credit Risk Management Committee), the MRMC (Market Risk Management Committee) and the ORMC (Operational Risk Management Committee), which were set up to discuss issues related to credit risk, market risk, operational and other risks.

The BRI's Risk Management Organizational Chart is as follows:



2. Adequacy of policies, procedures and limits.

The fundamentals of BRI's risk management policies were outlined in the General Risk Management Policy (KUMR), which is the highest policy in the field of risk management at BRI. The General Risk Management Policy acts as a guide for establishing and implementing risk management policies according to applicable regulations.

The General Risk Management Policy is set out in detail in the Risk Management Implementation Code (P3MR). The Code outlines the phases of the risk management process, including risk identification, management, monitoring and control.

BRI also has policies and procedures in place for limiting risk, including:

1. Guidelines for risk management in the use of information technology
2. Product and Activities Policy
3. Risk Profile Policy
4. Credit Risk Limit Determination Procedures
5. Financial Instruments Management Policy
6. Liquidity Risk Management Policy
7. Application of Risk Management in BRI's Mortgages and Vehicle loan.
8. Risk Management for Cooperative Marketing Activities with Insurance Companies (Bancassurance)
9. Determination of Transactions and Market Risk Limits for Financial Asset Instruments related to Treasury Activities.
10. Policies and methodology for Credit Risk Rating and Credit Risk Scoring
11. Methodology of Probability of Default (PD), Loss Given Default (LGD), and Exposure Default (EAD) according to credit characteristics.
12. Methodology of risk based pricing/risk premium
13. Determination of credit concentration limit for each business segment

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

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

3. The process of risk management and the risk management information system

The process of risk management consists of:

a. Identification

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

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

b. Measurement

The risk measurement system used to measure BRI's risk exposure has function as a reference for control process. The measurement of risk is

performed regularly for products and portfolios, as well as for all BRI business activities. The approach and methodology of measurement procedures can be quantitative, qualitative or a combination of the two.

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

c. Monitoring

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

d. Control

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

Risk Management Information System

The Risk Management Information System is part of BRI Information Management System (BRI MIS) and important in supporting the implementation and processes of identification, measurement,

monitoring and risk control. Some of the risk management information systems applied are the Operational Risk Assessor (OPRA), the Loan Approval System (LAS), and the GUAVA or Treasury and Market Risk System.

4. Internal Control System

Overall internal control has been implemented through:

- a. Determination of an organizational structure with a clear separation of functions between operational units (business units) and working units implementing risk control functions (risk management units).
- b. Determination of an independent risk management unit that makes policies and methodologies for measuring risk, setting risk limits and making data validation models.
- c. Applying the concept of three lines of defense.
- d. All transactions of functional activities that have exposure to risk must be approved by the competent authority, and the risk reviewed and monitored as required by each business unit.
- e. Validation of risk is determined by officers in working units independent of the operational units. Data validation is performed at least once a month for all risks.
- f. Regular audits are conducted by internal auditors to assess the implementation of risk management processes and the system of risk management for functional activities with exposure to risk.
- g. Application of the segregation of duties using the concepts of Maker, Checker, Signer (MCS) is adhered to all BRI operational activities.



To maintain the quality of its loan portfolio, BRI separates loan officers into Relationship Management and Credit Risk Management Officers.

Risks Faced

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

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

Credit Risk

The application of credit risk management is implemented through the BRI organizational structure that describes the involvement of all parties related to credit risk management (Board of Commissioners, Board of Directors, the Risk Management Division, Operational Units and the Internal Audit section). The Operational Unit comprise of Core Risk Taking Unit and Supporting Risk Taking Unit.

BRI has a Credit Risk Management Committee (CRMC) and a Risk Management Sub-Committee (RMC). The RMC addresses issues related to credit risk exposure and management. In order to maintain and manage credit risk, BRI has also set functions in the field of Relationship Management and Credit Risk Management.

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

Separation of the functions of RM and CRM is reflected in the separation of the management of current (performing) loan and the non-performing loans. For that reasons, BRI have separated divisions to manage those loans, so that the management of risk in lending activity can be better executed without disturbing business processes oriented towards sound business growth. In addition, BRI implemented a compliance test process from the Compliance Director to ensure that precautionary principles were applied to the decisions on loans above a certain loan size.

BRI possesses a policy for the management of concentrated credit risk through the establishment of guidelines for credit risk limits. Determination of risk limits aims to reduce the credit risk posed by the concentration of lending. Limits are determined according to the following:

1. Exposure to customers or counter parties.
2. Exposure to related parties.
3. Exposure to economic sectors, sector-specific industries or geographic areas. Grouping by geographic region is based on the location of BRI businesses, emphasizing the business potential in their respective territories.

These guidelines were intended to set credit risk limits at the portfolio level or at the bank level overall for all BRI products and activities which potentially have credit risk, with attention paid to the adequacy of capital to absorb the risk or loss that might appear, and the volatility in loan exposure.

BRI has implemented policies for the measurement and control of credit risk through debtor risk assessment using Internal Risk Ratings (Credit Risk Rating/Credit Risk Scoring) since 2001. Today CRR and CRS calculations are automated and integrated with business processes through the application of the Loan Approval System (LAS).

Measurement of the minimum capital requirement to cover risk is performed according to BRI provisions referring to the Standardized Approach of Basel II applied as required by Central Bank since January 2012. The calculation of credit risk is reflected in the Value of Assets (RWA). Calculations of credit risks on monthly basis consist of the risk of failure of the borrowers, the counterparty risk of failure and the risk of failure to secure settlement. Parallel with this is the preparation and development of the methodology of Internal Based Rating Approach (IRBA).

Credit risk management is also carried out through the monitoring of the concentration of credit and the actual credit risk exposure by portfolio, business segment and economic sectors associated with credit risk limits and predetermined targets. BRI also conducts periodic stress testing analysis using internal macroeconomic and BRI internal data in various scenarios.

BRI uses an Early Warning System (EWS) and Credit Risk Monitoring with respect to the development of the condition of borrowers in order to manage credit risk more effectively and to minimize the risk of losses while optimizing the use of capital to acquire maximum revenue.

Accounts past due or with decreased value/impairment

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

Accounts experience decreased value/impairment if they are in a condition where there is objective evidence of harm as a result of one or more events that occurred after the initial granting of the loan, and the adverse events can impact future cash flows, financial assets or a group of financial assets that can be reliably estimated.

Objective evidence of events that adversely affect BRI credit have been drawn from observation of events that affect debtors' ability to pay in the future. If the decline in value is such that the credit value after impairment is less than the carrying value from the outset, a reserve for impairment losses (Allowance for Impairment) must be established to cover losses. Reserve allowance for impairment loss is calculated from the amount of impairment loss on financial assets evaluated individually or collectively.

The following table discloses BRI receivables by portfolio category broken down by region, the remaining term of the contract and the economic sector, for the bank individually and consolidated with subsidiaries.

Disclosure of Net Receivables by Region - Bank (Without Subsidiaries)

(in million Rp)

No.	Portfolio Category	31 December 2012							Total
		Net Receivables by Region							
(1)	(2)	Jakarta (3)	Central and Eastern Indonesia (4)	West Java (5)	Central Java & DIY (6)	East Java (7)	Sumatera (8)	Others (9)	(10)
1.	Government Receivables	149,940,931	-	-	-	-	-	1,213,431	151,154,363
2.	Public Sector Entity Receivables	47,047,663	997,753	6,388,158	265,772	3,943,597	1,998,875	-	60,641,818
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-	-	-
4.	Bank Receivables	25,532,052	19,392	-	-	-	-	48,188	25,599,632
5.	Mortgage Loans	253,940	247,346	58,089	113,981	88,908	135,348	-	897,612
6.	Commercial Property Loans	109,525	551,225	36,549	26,433	115,488	121,622	-	960,842
7.	Employee/Pensioner Loans	9,166,298	34,078,351	7,361,636	7,542,409	10,223,946	15,431,823	576	83,805,039
8.	Microenterprise, Small Business and Retail Portfolio Receivables	16,083,980	29,016,175	9,895,381	20,859,767	16,318,850	26,814,069	245	118,988,467
9.	Corporate Receivables	45,359,160	9,811,126	2,130,016	5,441,212	9,042,363	11,427,074	445,540	83,656,491
10.	Receivables Already Due	486,434	368,869	205,538	285,239	396,767	752,636	-	2,495,483
11.	Other Assets	2,341,591	6,212,579	42,041	6,676,846	5,368,040	2,564,151	-	23,205,248
12.	Exposure of Syariah Business Unit	-	-	-	-	-	-	-	-
	Total	296,321,575	81,302,816	26,117,407	41,211,659	45,497,958	59,245,600	1,707,979	551,404,995

Disclosure of Net Receivables by Region - Bank Consolidated with Subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2012							Total
		Net Receivables by Region							
(1)	(2)	Jakarta (3)	Central and Eastern Indonesia (4)	West Java (5)	Central Java & DIY (6)	East Java (7)	Sumatera (8)	Others (9)	(10)
1.	Government Receivables	150,988,567	-	-	-	-	-	1,213,431	152,201,999
2.	Public Sector Entity Receivables	47,063,728	997,753	6,388,158	265,772	3,943,597	2,105,940	-	60,764,948
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-	-	-
4.	Bank Receivables	25,914,992	19,559	118	1,019	35,365	1,856	48,188	26,021,097
5.	Mortgage Loans	254,550	251,597	59,769	114,565	91,140	176,702	-	948,324
6.	Commercial Property Loans	109,525	551,225	36,549	26,433	117,124	132,335	-	973,191
7.	Employee/Pensioner Loans	9,211,261	34,086,797	7,462,944	7,569,016	10,257,119	15,627,129	576	84,214,842
8.	Microenterprise, Small Business and Retail Portfolio Receivables	16,304,468	29,086,123	9,895,381	20,893,067	16,333,224	27,369,680	245	119,882,187
9.	Corporate Receivables	46,062,770	9,811,126	2,146,866	5,451,117	9,224,616	11,559,640	445,540	84,701,675
10.	Receivables Already Due	486,434	368,869	205,538	285,239	396,767	752,636	-	2,495,483
11.	Other Assets	2,376,718	6,213,150	43,901	6,677,885	5,368,962	2,587,873	-	23,268,488
12.	Exposure of Syariah Business Unit	6,665,301	1,229,885	2,336,517	1,345,593	1,056,574	1,694,567	-	14,328,437
	Total	305,438,314	82,616,084	28,575,740	42,629,707	46,824,487	62,008,359	1,707,979	569,800,670

Disclosure of Net Receivables by Term Length - Bank Only (Without Subsidiaries)

(in million Rp)

No.	Portfolio Category	31 December 2012					Non-Contractual	Total
		Net receivables by term length						
(1)	(2)	≤1 yr	> 1yr to 3 yr	> 3yr to 5 yr	> 5 yr	(7)	(8)	
1.	Government Receivables	9,745,225	164,396	394,806	38,492,607	102,357,329	151,154,363	
2.	Public Sector Entity Receivables	15,457,768	3,533,803	8,463,648	23,456,065	9,730,534	60,641,818	
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-	
4.	Bank Receivables	6,398,207	914,748	199,586	1,285,746	16,801,345	25,599,632	
5.	Mortgage Loans	67	7,299	101,743	788,503	-	897,612	
6.	Commercial Property Loans	1,523	11,907	203,964	743,447	-	960,842	
7.	Employee/Pensioner Loans	98,484	4,082,410	20,407,648	59,215,921	576	83,805,039	
8.	Microenterprise, Small Business and Retail Portfolio Receivables	15,011,853	56,464,981	22,158,895	24,680,565	672,174	118,988,467	
9.	Corporate Receivables	16,531,033	17,127,190	17,357,362	32,580,445	60,461	83,656,491	
10.	Receivables Already Due	185,673	802,917	672,432	834,460	-	2,495,483	
11.	Other Assets	-	-	-	-	23,205,248	23,205,248	
12.	Exposure of Syariah Business Unit	-	-	-	-	-	-	
	Total	63,429,833	83,109,653	69,960,084	182,077,760	152,827,665	551,404,995	

Disclosure of Net Receivables by Term Length - Bank Consolidated with Subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2012					Non-Contractual	Total
		Net receivables by length of term						
(1)	(2)	≤1 yr	> 1yr to 3 yr	> 3yr to 5 yr	> 5 yr	(7)	(8)	
1.	Government Receivables	10,792,861	164,396	394,806	38,492,607	102,357,329	152,201,999	
2.	Public Sector Entity Receivables	15,507,294	3,565,170	8,479,713	23,482,237	9,730,534	60,764,948	
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-	
4.	Bank Receivables	6,783,599	942,550	207,857	1,285,746	16,801,345	26,021,097	
5.	Mortgage Loans	34,498	13,421	106,743	793,662	-	948,324	
6.	Commercial Property Loans	9,531	13,706	205,926	744,027	-	973,191	
7.	Employee/Pensioner Loans	115,693	4,200,309	20,624,603	59,273,660	576	84,214,841	
8.	Microenterprise, Small Business and Retail Portfolio Receivables	15,310,088	56,656,464	22,402,708	24,840,754	672,174	119,882,188	
9.	Corporate Receivables	16,937,736	17,545,775	17,489,655	32,668,049	60,461	84,701,676	
10.	Receivables Already Due	185,673	802,917	672,432	834,460	-	2,495,483	
11.	Other Assets	63,240	-	-	-	23,205,248	23,268,487	
12.	Exposure of Syariah Business Unit	3,298,957	2,055,420	1,312,688	7,661,371	-	14,328,437	
	Total	69,039,170	85,960,130	71,897,131	190,076,574	152,827,665	569,800,670	

Disclosure of Net Receivables by Economic Sector- Bank (Without Subsidiaries)

(in million Rp)					
No.	Economic Sector	Government Receivables	Public Sector Entity Receivables	Multilateral Development Bank and International Institutional Receivables	Bank Receivables
(1)	(2)	(3)	(4)	(5)	(6)
31 December 2012					
1.	Agriculture, Hunting and Forestry	-	6,922,468	-	-
2.	Fisheries	-	-	-	-
3.	Mining and Extraction	-	2,238,220	-	-
4.	Industry	-	17,202,468	-	-
5.	Electricity, Gas and Water	-	10,904,668	-	-
6.	Construction	-	3,316,216	-	-
7.	Wholesale and Retail	101,275	699,630	-	-
8.	Hotels and Food & Beverage	-	-	-	-
9.	Transportation, Logistics and Communications	-	5,967,591	-	-
10.	Financial Brokerage	132,771,913	4,601,737	-	25,599,631
11.	Real Estate, Rental and Serviced Property	-	4,891,847	-	-
12.	Government Administration, Defense and Social Security	27	-	-	-
13.	Educational Services	-	-	-	-
14.	Health and Social Services	-	-	-	-
15.	Public Services, Socio-Cultural Activities, Entertainment and Other Individuals	-	564,752	-	-
16.	Individuals Serving Households	-	-	-	-
17.	International Organizations and Other External Organizations	-	-	-	-
18.	Undefined Activities	18,281,148	3,332,219	-	-
19.	Unreported Activities	-	-	-	-
20.	Others	-	-	-	-
	Total	151,154,363	60,641,818	-	25,599,631

(in million Rp)

Mortgage Loans	Commercial Property Loans	Employee/Pensioner Loans	Claims To MSEs and Retail Portfolio	Corporate Receivables	Receivables Already Due	Other Assets	Sharia Business Unit Exposure (If Applicable)
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
-	1,029	28,800	12,335,457	11,188,698	66,522	-	-
-	-	1,088	1,110,494	179,797	11,217	-	-
337	-	173	149,521	2,899,476	19,136	-	-
904	-	6,352	2,520,535	21,127,750	90,791	-	-
-	-	2,350	72,240	738,153	2,880	-	-
-	-	38,903	876,020	5,724,403	85,568	-	-
7,897	-	40,388	62,084,235	24,563,633	1,983,886	-	-
446	914,073	1,156	654,544	392,379	15,901	-	-
170	16,061	9,406	962,580	2,101,510	32,763	-	-
-	-	-	-	-	-	-	-
20,840	29,679	69,634	4,191,578	2,859,632	73,935	-	-
234	-	135,319	69,311	51,673	1,317	-	-
671	-	479,483	198,872	78,053	1,989	-	-
2,652	-	68,935	372,964	406,329	3,860	-	-
-	-	10,883	1,728,244	676,406	3,755	-	-
-	-	566	316,346	8,599	-	-	-
-	-	-	46	-	-	-	-
15,350	-	71,567,214	25,993,260	9,896,369	97,605	-	-
848,110	-	11,344,389	5,352,222	763,632	4,360	-	-
-	-	-	-	-	-	23,205,248	-
897,612	960,842	83,805,039	118,988,467	83,656,492	2,495,484	23,205,248	-

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

(in million Rp)

No.	Economic Sector	Government Receivables	Public Sector Entity Receivables	Multilateral Development Bank and International Institutional Receivables	Bank Receivables
(1)	(2)	(3)	(4)	(5)	(6)
31 December 2012					
1.	Agriculture, Hunting and Forestry	-	7,045,598	-	-
2.	Fisheries	-	-	-	-
3.	Mining and Extraction	-	2,238,220	-	-
4.	Industry	-	17,202,468	-	-
5.	Electricity, Gas and Water	-	10,904,668	-	-
6.	Construction	-	3,316,216	-	-
7.	Wholesale and Retail	101,275	699,630	-	-
8.	Hotels and Food & Beverage	-	-	-	-
9.	Transportation, Logistics and Communications	-	5,967,591	-	-
10.	Financial Brokerage	132,771,913	4,601,737	-	25,601,880
11.	Real Estate, Rental and Serviced Property	-	4,891,847	-	34,592
12.	Government Administration, Defense and Social Security	27	-	-	-
13.	Educational Services	-	-	-	-
14.	Health and Social Services	-	-	-	-
15.	Public Services, Socio-Cultural Activities, Entertainment and Other Individuals	-	564,752	-	1,297
16.	Individuals Serving Households	-	-	-	-
17.	International Organizations and Other External Organizations	-	-	-	-
18.	Undefined Activities	18,281,148	3,332,219	-	-
19.	Unreported Activities	-	-	-	-
20.	Others	1,047,636	-	-	383,327
	Total	152,201,999	60,764,948	-	26,021,096

(In million Rp)

Mortgage Loans (7)	Commercial Property Loans (8)	Employee/Pensioner Loans (9)	Microenterprise, Small Business and Retail Portfolio (10)	Corporate Receivables (11)	Receivables Already Due (12)	Other Assets (13)	Sharia Business Unit Exposure (if applicable) (14)
3,516	3,929	35,761	12,767,478	11,305,321	66,522	-	65,860
871	723	1,276	1,111,129	179,797	11,217	-	-
337	-	173	149,969	2,899,476	19,136	-	53,464
1,903	358	8,160	2,535,273	21,309,146	90,791	-	591,731
-	-	2,350	72,240	738,153	2,880	-	1,895
925	-	39,587	891,151	5,840,486	85,568	-	56,020
41,858	6,827	40,417	62,156,743	24,730,935	1,983,886	-	151,699
591	914,073	1,156	654,963	411,100	15,901	-	-
564	16,061	9,493	974,976	2,140,352	32,763	-	51,641
-	-	-	9,285	262,897	-	-	3,808,422
24,129	30,642	73,206	4,199,102	2,876,482	73,935	-	1,633
234	-	135,319	69,311	51,673	1,317	-	2,385,600
671	-	479,483	198,899	78,053	1,989	-	-
2,652	462	68,935	373,552	406,329	3,860	-	-
98	-	10,973	1,887,865	676,748	3,755	-	-
-	-	566	316,346	8,599	-	-	-
-	-	-	46	-	-	-	-
21,864	115	71,963,598	26,161,637	9,944,954	97,605	-	-
848,110	-	11,344,389	5,352,222	763,632	4,360	-	-
-	-	-	-	77,543	-	23,268,489	7,160,472
948,323	973,191	84,214,842	119,882,187	84,701,676	2,495,484	23,268,489	14,328,437

Approach Used to Determine Impairment (Loan-Loss Provisions)

The approaches used to determine BRI's thresholds were determined individually and collectively as follows:

1. Impairment is calculated individually for financial assets (securities, loans, etc.) and evaluated based on two concepts, namely:
 - Estimates of the size of losses for financial assets based on all available information with respect to repayment capacity, the type and amount of collateral, guarantees and the prospects for the borrowers's business in the future.
 - Estimates of the recoverable amount.
2. Collective impairment is calculated for the entire financial asset and is
 - Not evaluated individually, or is
 - Evaluated individually, but without finding objective evidence of impairment, or is.
 - Evaluated individually and there is objective evidence of impairment.

The Provision (CKPN) Calculations that are performed at BRI in accordance with the following methodology are:

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

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

Disclosure of Receivables and Loan-Loss Provisions by Region- Bank (Without Subsidiaries)

(in million Rp)

No.	Data	31 December 2012							
		Region							Total
(1)	(2)	Jakarta (3)	Central and Eastern Indonesia (4)	West Java (5)	Central Java & DIY (6)	East Java (7)	Sumatera (8)	Others (9)	
1	Accounts	298,883,048	83,048,980	26,798,435	42,322,661	46,591,471	61,395,949	1,161,563	560,202,107
2	Impaired Accounts	4,834,689	1,294,258	715,382	739,476	1,469,742	2,197,227	25	11,250,799
	a. Not Yet Matured	3,585,389	183,352	291,203	63,592	628,830	294,569	-	5,046,935
	b. Matured	1,249,300	1,110,906	424,179	675,884	840,912	1,902,658	25	6,203,864
3	Loan-Loss Provisioning (CKPN) - Individual	2,004,560	100,504	153,382	81,720	444,316	590,078	-	3,374,560
4	Loan-Loss Provisioning (CKPN) - Collective	1,891,294	2,702,473	963,653	1,649,896	1,364,449	2,610,287	27,313	11,209,365
5	Accounts Written Off	916,636,00	955,319,00	405,992,00	563,686,00	630,801,00	946,332,00	-	4,418,766

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

(in million Rp)

No.	Keterangan	31 December 2012							
		Region							Total
(1)	(2)	Jakarta (3)	Central and Eastern Indonesia (4)	West Java (5)	Central Java & DIY (6)	East Java (7)	Sumatera (8)	Others (9)	
1	Accounts	306,507,897	84,367,531	29,280,616	43,743,213	47,906,976	64,057,004	1,161,563	577,024,800
2	Impaired Accounts	5,029,125	1,317,035	772,406	755,114	1,509,596	2,352,441	25	11,735,742
	a. Not Yet Matured	3,587,362	183,352	291,428	63,811	628,878	348,297	-	5,103,128
	b. Matured	1,441,763	1,133,683	480,978	691,303	880,718	2,004,144	25	6,632,614
3	Loan-Loss Provisioning (CKPN) - Individual	2,016,802	100,504	153,382	81,720	444,316	606,590	-	3,403,314
4	Loan-Loss Provisioning (CKPN) - Collective	1,977,795	2,722,583	1,017,783	1,672,421	1,399,038	2,694,618	27,313	11,511,551
5	Accounts Written Off	945,853	955,481	406,928	563,744	630,961	946,452	-	4,449,419

Disclosure of Receivables and Loan-Loss Provisions - By Economic Sector - Bank
(Without Subsidiaries)

(in million Rp)

No.	Economic Sector	Accounts	Declining Balance Yet To Mature	Matured	Loan-Loss Provisioning (CKPN)- Individual	Loan-Loss Provisioning (CKPN)- Collective	Receivables Written off
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
31 December 2012							
1	Agriculture, Hunting and Marine	31,161,976	46,506	443,559	185,924	1,210,222	330,783
2	Fisheries	1,326,643	-	22,900	-	42,838	18,358
3	Mining and Extraction	5,366,485	8,376	75,705	44,786	102,662	3,845
4	Industry	41,765,582	474,774	575,308	692,178	554,624	318,177
5	Electricity, Gas and Water	11,739,575	33,075	1,962	16,013	161,933	1,284
6	Construction	10,725,594	1,341,813	168,486	635,522	181,162	58,172
7	Wholesale and Retail	92,944,892	644,039	3,159,188	580,197	4,261,061	2,889,746
8	Hotels and Food & Beverage	2,050,508	50,851	50,921	45,517	57,658	16,716
9	Transportation, Logistics and Communications	9,469,221	865,864	133,029	320,107	204,170	27,765
10	Financial Brokerage	163,023,872	185,840	1,006	48,558	5,576	138
11	Real Estate, Rental and Serviced Property	12,370,081	195,100	283,439	109,998	268,447	146,350
12	Government Administration, Defense and Social Security	262,397	8,588	2,841	2,690	7,224	1,617
13	Educational Services	766,427	-	6,642	-	24,049	2,220
14	Health and Social Services	876,405	31,717	13,671	8,752	26,376	2,092
15	Public Services, Socio-Cultural Activities, Entertainment and Other Individuals	3,037,044	2,192	7,876	165	117,311	9,300
16	Individuals Serving Households	335,257	-	258	-	20,365	45
17	International Organizations and Other External Organizations	46	-	-	-	-	-
18	Undefined Activities	131,382,761	1,156,262	1,076,597	683,441	3,572,367	541,271
19	Unreported Activities	18,392,095	1,938	180,476	712	391,320	50,887
20	Others	23,205,248	-	-	-	-	-
	Total	560,202,107	5,046,935	6,203,864	3,374,560	11,209,365	4,418,766

Disclosure of Receivables and Loan-Loss Provisions - By Economic Sector - Bank Consolidated With Subsidiaries

(in million Rp)

No.	Economic Sector	Receivables	Receivables Experiencing Declining Value		Loan-Loss Provisioning (CKPN)- Individual	Loan-Loss Provisioning (CKPN)- Collective	Receivables Written Off
			Not Yet Mature	Matured			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
31 December 2012							
1	Agriculture, Hunting and Marine	31,738,863	82,644	566,933	212,874	1,241,351	336,847
2	Fisheries	1,329,024	-	22,900	-	42,863	18,358
3	Mining and Extraction	5,420,399	8,376	75,705	44,786	103,199	3,845
4	Manufacturing	42,555,472	474,995	619,188	692,178	584,161	318,177
5	Electricity, Gas and Water	11,741,470	33,075	2,125	16,013	161,969	1,284
6	Construction	10,914,296	1,341,813	173,512	635,522	186,468	58,869
7	Wholesale and Retail	93,511,035	644,039	3,166,391	580,197	4,267,334	2,903,750
8	Hotels and Food & Beverage	2,069,987	50,851	50,921	45,517	57,871	16,716
9	Transportation, Logistics and Communications	9,573,069	865,864	133,375	320,107	205,538	27,765
10	Financial Brokerage	167,148,533	185,840	1,006	48,558	68,872	138
11	Real Estate, Rental and Serviced Property	12,413,717	195,497	283,439	109,998	269,083	146,515
12	Government Administration, Defense and Social Security	2,673,334	8,588	2,841	2,690	69,934	1,617
13	Educational Services	766,440	-	6,642	-	24,049	2,220
14	Health and Social Services	877,361	31,717	211,810	8,752	26,381	2,092
15	Public Services, Socio-Cultural Activities, Entertainment and Other Individuals	3,182,722	16,909	7,876	1,969	123,269	9,300
16	Individuals Serving Households	335,257	-	258	-	20,365	45
17	International Organizations and Other External Organizations	46	-	-	-	-	-
18	Undefined Activities	132,015,885	1,160,982	1,076,822	683,441	3,591,624	549,085
19	Unreported Activities	18,392,095	1,938	180,476	712	391,320	50,887
20	Others	30,441,769	-	84,449	-	75,900	1,909
	Total	577,100,774	5,103,128	6,666,669	3,403,314	11,511,551	4,449,419

Disclosure of Detailed Allowances for Loan-Loss Provisions (CKPN) - Bank (Without Subsidiaries)

(in million Rp)

No. (1)	Information (2)	31 December 2012	
		CKPN Individual (3)	CKPN Collective (4)
1	CKPN Beginning Balance	3,085,307	12,783,229
2	Establishment (Recovery) CKPN for Current Period (Net)	761,519	1,793,112
	2.a Established CKPN at Start of Current Period	761,519	1,793,112
	2.b CKPN Recovered During Current Period	-	-
3	CKPN Used to Book Receivables for Current Period	472,266	3,946,499
4	Other Establishment (Recovery) During Current Period	-	579,523
	CKPN Ending Balance	3,374,560	11,209,365

Disclosure of Detailed Allowances for Loan-Loss Provisions (CKPN) - Bank and Subsidiaries Consolidated

(in million Rp)

No. (1)	Information (2)	31 December 2012	
		CKPN Individual (3)	CKPN Collective (4)
1	CKPN Beginning Balance	3,139,888	12,950,084
2	Establishment (Recovery) CKPN for Current Period (Net)	741,061	1,953,728
	2.a Established CKPN at Start of Current Period	767,316	1,974,137
	2.b CKPN Recovered During Current Period	26,255	20,409
3	CKPN Used to Book Receivables for Current Period	477,634	3,967,967
4	Other Establishment (Recovery) During Current Period	-	579,508
	CKPN Ending Balance	3,403,315	11,515,353

Approximation Standards

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

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

Disclosure of Net Receivables by Portfolio Category and Debt Ratings - Bank (Without Subsidiaries)

(in million Rp)

No.	Portfolio Category	Ratings Agency	Net Receivables		
			Long-Term Debt Rating		
(1)	(2)	Standard and Poor's	AAA	AA+ to AA-	A+ to A-
		Fitch Rating	AAA	AA+ to AA-	A+ to A-
		Moody's	Aaa	Aa1 to Aa3	A1 to A3
		PT Fitch Ratings Indonesia	AAA (Idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)
		PT ICRA Indonesia	[Idr] AAA	[Idr]AA+ to [Idr] AA-	[Idr] A+ to [Idr]A-
		PT Pemeringkat Efek Indonesia	idAAA	idAA+ to idAA-	idA+ to id A-
		(3)	(4)	(5)	(6)
		1.	Government Receivables	-	-
2.	Public Sector Entity Receivables	-	-	-	
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	
4.	Bank Receivables	-	86,738	574,996	
5.	Mortgage Loans	-	-	-	
6.	Commercial Property Loans	-	-	-	
7.	Employee/Pensioner Loans	-	-	-	
8.	Micro enterprise, Small Business and Retail Portfolio Receivables	-	-	-	
9.	Corporate Receivables	199,932	4,341	-	
10.	Receivables Already Due	-	-	-	
11.	Other Assets	-	-	-	
12.	Exposure of Syariah Business Unit (if applicable)	-	-	-	
	Total	199,932	91,079	574,996	

(in million Rp)

Net Receivables									
Long-Term Debt Rating				Short-Term Debt Rating				Without Rating	Total
BBB+ to BBB-	BB+ to BB-	B+ to B-	Lower than B-	A-1	A-2	A-3	Lower than A-3		
BBB+ to BBB-	BB+ to BB-	B+ to B-	Lower than B-	F1+ to F1	F2	F3	Lower than F3		
Baa1+ to Baa3-	Ba1+ to Ba3-	B1+ to B3-	Lower than B3	P-1	P-2	P-3	Lower than P-3		
BBB+(idn) to BBB-(idn)	BB+(idn) to BB-(idn)	B+(idn) to B-(idn)	Lower than B-(idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
[Idr]BBB+ to [Idr]BBB-	[Idr]BB+ to [Idr]BB-	[Idr]B+ to [Idr]B-	Lower than [Idr]B-	[Idr]A1+ to [Idr]A1	[Idr]A2+ to [Idr]A2	[Idr]A3+ to [Idr]A3	Lower than [Idr]A3		
id BBB+ to id BBB-	id BB+ to id BB-	id B+ to id B-	Lower than idB-	idA1	idA2	idA3 to idA4	Lower than idA4		
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
5,883,639	10,652,421	-	-	-	-	-	-	134,618,303	151,154,363
-	-	-	-	-	-	-	-	60,641,818	60,641,818
-	-	-	-	-	-	-	-	-	-
931,640	-	-	-	-	-	-	-	24,006,258	25,599,632
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	83,452,219	83,656,491
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
6,815,279	10,652,421	-	-	-	-	-	-	302,718,597	321,052,304

Disclosure of Net Receivables by Portfolio Category and Rating Scale -Bank Consolidated with Subsidiaries
31 December 2012

(in million Rp)

No.	Portfolio Category	Ratings Agency	Net Receivables		
			Long-Term Debt Rating		
(1)	(2)	Standard and Poor's	AAA	AA+ to AA-	A+ to A-
		Fitch Rating	AAA	AA+ to AA-	A+ to A-
		Moody's	Aaa	Aa1 to Aa3	A1 to A3
		PT Fitch Ratings Indonesia	AAA (Idn)	AA+(idn) to AA-(idn)	A+(idn) to A-(idn)
		PT ICRA Indonesia	[Idr] AAA	[Idr] AA+ to [Idr] AA-	[Idr] A+ to [Idr] A-
		PT Pemingkat Efek Indonesia	idAAA	idAA+ to idAA-	idA+ to id A-
		(3)	(4)	(5)	(6)
		1.	Government Receivables	-	-
2.	Public Sector Entity Receivables	-	-	-	-
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-
4.	Bank Receivables	-	-	-	-
5.	Mortgage Loans	-	-	-	-
6.	Commercial Property Loans	-	-	-	-
7.	Employee/Pensioner Loans	-	-	-	-
8.	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-
9.	Corporate Receivables	-	199,932	4,341	-
10.	Receivables Already Due	-	-	-	-
11.	Other Assets	-	-	-	-
12.	Exposure of Syariah Business Unit (if applicable)	-	-	-	-
	Total	-	199,932	91,079	574,996

(in million Rp)

Net Receivables								Without Rating	Total
Long-Term Debt Rating				Short-Term Debt Rating					
BBB+ to BBB-	BB+ to BB-	B+ to B-	Lower than B-	A-1	A-2	A-3	Lower than A-3	(15)	(16)
BBB+ to BBB-	BB+ to BB-	B+ to B-	Lower than B-	F1+ to F1	F2	F3	Lower than F3		
Baa1+ to Baa3-	Ba1+ to Ba3-	B1+ to B3-	Lower than B3	P-1	P-2	P-3	Lower than P-3		
BBB+(idn) to BBB- (idn)	BB+(idn) to BB- (idn)	B+(idn) to B-(idn)	Lower than B- (idn)	F1+(idn) to F1(idn)	F2(idn)	F3(idn)	Lower than F3(idn)		
[Idr] BBB+ to [Idr] BBB-	[Idr] BB+ to [Idr] BB-	[Idr] B+ to [Idr] B-	Lower than [Idr] B-	[Idr] A1+ to [Idr] A1	[Idr] A2+ to [Idr] A2	[Idr] A3+ to [Idr] A3	Lower than [Idr] A3		
id BBB+ to id BBB-	id BB+ to id BB-	id B+ s.d id B-	Lower than idB-	idA1	idA2	idA3 to id A4	Lower than idA4		
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)		
5,883,639	10,652,421	-	-	-	-	-	-	135,665,939	152,201,999
-	-	-	-	-	-	-	-	60,764,948	60,764,948
-	-	-	-	-	-	-	-	-	-
931,640	-	-	-	-	-	-	-	24,427,723	26,021,097
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	84,497,404	84,701,676
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
6,815,279	10,652,421	-	-	-	-	-	-	305,356,013	323,689,720

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

The following table discloses Counterparty Credit Risk

Disclosure of Counterparty Credit Risk - Derivative Transactions									
(in million Rp)									
No.	Base Variable	Notional Amount			31 December 2012		Net Receivables Before CRM	CRM	Net Receivables After CRM
		≤1 year	> 1 year to ≤ 5 year	>5 year	Derivative Receivables	Derivative Liabilities			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
BANK WITHOUT SUBSIDIARIES									
1.	Interest Rate	-	9,330,786	-	27,433	147,265	27,433	-	27,433
2.	Exchange Rate	1,455,263	-	-	1,417	4,928	1,417	-	1,417
3.	Others	-	-	-	-	-	-	-	-
	Total	1,455,263	9,330,786	-	28,850	152,193	28,850	-	28,850
BANK (CONSOLIDATED)									
1.	Interest Rate	-	9,330,786	-	27,433	147,265	27,433	-	27,433
2.	Exchange Rates	1,455,263	-	-	1,417	4,928	1,417	-	1,417
3.	Stock	-	-	-	-	-	-	-	-
4.	Gold	-	-	-	-	-	-	-	-
5.	Metals other than Gold	-	-	-	-	-	-	-	-
6.	Others	-	-	-	-	-	-	-	-
	Total	1,455,263	9,330,786	-	28,850	152,193	28,850	-	28,850

Disclosure of Counterparty Credit Risk: Repo Transactions - Bank (Without Subsidiaries)

(in million Rp)

No.	Portfolio Category	31 December 2012			
		Fair Value SSB Repo	Repo Liabilities	Net Receivables	ATMR
(1)	(2)	(3)	(4)	(5)	(6)
1.	Government Receivables	-	-	-	-
2.	Public Sector Entity Receivables	-	-	-	-
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-
4.	Bank Receivables	-	-	-	-
5.	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-
6.	Corporate Receivables	-	-	-	-
	Total	-	-	-	-

Disclosure of Counterparty Credit Risks: Repo Transactions- Bank Consolidated With Subsidiaries

(in million Rp)

No.	Portfolio Category	31 December 2012			
		Fair Value SSB Repo	Repo Liabilities	Net Receivables	ATMR
(1)	(2)	(3)	(4)	(5)	(6)
1.	Government Receivables	-	-	-	-
2.	Public Sector Entity Receivables	-	-	-	-
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-
4.	Bank Receivables	-	-	-	-
5.	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-
6.	Corporate Receivables	-	-	-	-
	Total	-	-	-	-

Disclosure of Counterparty Credit Risks: Reverse Repo Transactions - Bank (Without Subsidiaries)

(in million Rp)

No. (1)	Portfolio Category (2)	31 December 2012			
		Net Receivables (3)	CRM Value (4)	Net Receivables After CRM (5)	RWA After CRM (6)
1.	Government Receivables	9,550,521	-	9,550,521	-
2.	Public Sector Entity Receivables	-	-	-	-
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-
4.	Bank Receivables	-	-	-	-
5.	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-
6.	Corporate Receivables	-	-	-	-
	Total	9,550,521	-	9,550,521	-

Disclosure of Risk Countercredit: Reverse Repo Transactions - Bank Consolidated With Subsidiaries

(in million Rp)

No. (1)	Portfolio Category (2)	31 December 2012			
		Net Receivables (3)	CRM Value (4)	Net Receivables After CRM (5)	RWA After CRM (6)
1.	Government Receivables	9,550,521	-	9,550,521	-
2.	Public Sector Entity Receivables	-	-	-	-
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-
4.	Bank Receivables	-	-	-	-
5.	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-
6.	Corporate Receivables	-	-	-	-
	Total	9,550,521	-	9,550,521	-

Credit Risk Mitigation (CRM)

In calculating the RWA credit risk using the Standard Approach, the bank included existing collateral, guarantees and credit assurances as a credit risk mitigation technique, to be referred to as the CRM Technique.

CRM Technique Core Principles:

1. The CRM Technique can be acknowledged only if the RWA credit risk from exposure using the CRM Technique is lower than the RWA credit risk from which is not using CRM Technique. The result of RWA credit risk calculation after taking into consideration the impact caused by CRM technique implementation at least zero.
2. The Impact of existing collateral, guarantees, securities or credit assurances in which recognized as the CRM credit risk were not counted twice.
3. The period of validity for collateral, guarantees, securities, and credit assurances at least the same with the remaining period of loan.

The criteria that must be met in recognition of the CRM Technique are:

1. All documents related to collateral, guarantees, securities or credit assurances must be provided in accordance with prevailing laws and regulation.
2. Reviews must be set and conducted on a periodic basis to ensure that the collateral, guarantees, securities or credit assurances meet predetermined requirements in accordance with prevailing law and regulation.
3. There is a clause that sets a reasonable time period for the execution or release of collateral, guarantees, securities or credit assurances based on conditions that cause the borrowers not to be able to carry out their obligations under the agreement for the provision of funds (default).

BRI has procedures to identify, measure, monitor and control risks arising from the use of the CRM techniques, such as legal risks, operational risks, liquidity risks and market risks, including procedures to ensure that the execution of collateral, guarantees, warranties and credit insurance are conducted in a reasonable manner.

The guarantees afforded by the CRM techniques that were implemented were as follows:

1. Portions that were secured by the guarantee technique were given a weighted risk in accordance with the issuer as per the appropriate portfolio category.
2. The part that was not secured by guarantees was given a weighted risk based on its exposure in accordance with the appropriate portfolio category.

Calculation of RWA Credit Risk considered the CRM Technique of Guarantee/Credit Assurance, namely:

1. Guaranteed assets (secured portion), which comprised the exposed value of Net Receivables receiving protection from underwriting or credit assurances.
 - a. State-owned assets, meeting the above requirements, were weighted of 20 percent.
 - b. Non-state-owned assets, meeting the above requirements, were given risk weight as stated by credit insurance company as per the Portfolio Category "Receivables from Public Sector Entities".
2. Non-guaranteed assets (unsecured portion), which comprised the exposed value of Net Receivables that did not receive collateral protection were subject to risk weighting from exposure as per the appropriate Portfolio Category.

The following table discloses the weighted risks for receivables after considering the impact of credit risk mitigation and disclosure of receivables using the credit risk mitigation techniques for BRI consolidated with its subsidiaries as of December 31, 2012.

Net Exposure Receivables Risk Valuation After Allowance for Credit Risk Mitigation - BRI (Without Subsidiaries)

(in million Rp)

No.	Portfolio Category	31 December 2012										RWA	Capital Expense	
		Net Receivables after Considering Impact of Credit Risk Mitigation												
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Others			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
A. Balance Sheet Exposure														
1	Government Receivables	141,220,712	-	-	-	-	-	-	-	-	-	-	-	-
2	Public Sector Entity Receivables	-	554,509	-	-	-	54,461,925	-	-	-	-	27,338,831	2,187,106	
3	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-	-	-	-	-	-	-	
4	Bank Receivables	-	15,099,885	-	-	-	10,466,132	-	-	-	-	8,253,043	660,243	
5	Mortgage Loans	-	-	441,434	456,016	162	-	-	-	-	-	336,981	26,958	
6	Commercial Property Loans	-	-	-	-	-	-	-	960,842	-	-	960,842	76,867	
7	Employee/Pensioner Loans	-	-	-	-	-	83,805,039	-	-	-	-	41,902,520	3,352,202	
8	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-	-	-	118,780,469	-	-	-	81,332,743	6,506,619	
9	Corporate Receivables	-	192,628	-	-	-	306,650	77,410,014	100,000	-	-	77,497,133	6,199,771	
10	Receivables Already Due	-	-	-	-	-	-	-	-	2,495,483	-	3,743,225	299,458	
11	Other Assets	13,734,773	-	-	-	-	-	-	9,424,296	46,179	-	9,493,564	759,485	
12	Exposure of Syariah Business Unit (if applicable)	-	-	-	-	-	-	-	-	-	-	-	-	
	Total Balance Sheet Exposure	154,955,485	15,847,022	441,434	456,016	162	149,039,746	118,780,469	87,795,151	2,641,662	0	250,858,881	20,068,710	
B. Liabilities, Commitments, Exposure and Contingencies for Administrative Accounts Transactions														
1	Government Receivables	383,130	-	-	-	-	-	-	-	-	-	-	-	
2	Public Sector Entity Receivables	-	-	-	-	-	5,625,383	-	-	-	-	2,812,692	225,015	
3	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-	-	-	-	-	-	-	
4	Bank Receivables	-	4,765	-	-	-	-	-	-	-	-	953	76	
5	Mortgage Loans	-	-	-	-	-	-	-	-	-	-	-	-	
6	Commercial Property Loans	-	-	-	-	-	-	-	-	-	-	-	-	
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-	-	
8	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-	-	-	207,998	-	-	-	155,999	12,480	
9	Corporate Receivables	-	-	-	-	-	-	-	5,647,200	-	-	5,647,200	451,776	
10	Receivables Already Due	-	-	-	-	-	-	-	-	-	-	-	-	
11	Exposure of Syariah Business Unit (if applicable)	-	-	-	-	-	-	-	-	-	-	-	-	
	Total TRA Exposure	383,130	4,765	-	-	-	5,625,383	207,998	5,647,200	-	-	8,616,843	689,347	
C. Counterparty Credit Risk														
1	Government Receivables	9,550,521	-	-	-	-	-	-	-	-	-	-	-	
2	Public Sector Entity Receivables	-	-	-	-	-	-	-	-	-	-	-	-	
3	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-	-	-	-	-	-	-	
4	Bank Receivables	-	28,850	-	-	-	-	-	-	-	-	14,425	1,154	
5	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-	-	-	-	-	-	-	-	-	
6	Corporate Receivables	-	-	-	-	-	-	-	-	-	-	-	-	
7	Exposure of Syariah Business Unit (if applicable)	-	-	-	-	-	-	-	-	-	-	-	-	
	Total counterparty credit risk exposure	9,550,521	28,850	-	-	-	-	-	-	-	-	14,425	1,154	

Risk Valuation for Net Exposure for Receivables, After Allowance for Credit Risk Mitigation - Bank And Subsidiaries

(in million Rp)

No	Portfolio Category	31 December 2012											RWA	Capital Expense
		Net Receivables after Considering Impact of Credit Risk Mitigation												
		0%	20%	35%	40%	45%	50%	75%	100%	150%	Others			
(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
A. Balance Sheet Exposure														
1	Government Receivables	142,268,348	-	-	-	-	-	-	-	-	-	-	-	-
2	Public Sector Entity Receivables	-	554,509	-	-	-	54,585,055	-	-	-	-	27,400,396	2,192,032	-
3	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Bank Receivables	-	15,494,917	-	-	-	10,466,132	-	-	-	-	8,332,050	666,564	-
5	Mortgage Loans	-	-	441,434	504,743	162	-	-	-	-	-	356,472	28,518	-
6	Commercial Property Loans	-	-	-	-	-	-	-	-	972,593	-	972,593	77,807	-
7	Employee/Pensioner Loans	-	-	-	-	-	84,214,841	-	-	-	-	42,107,131	3,368,570	-
8	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-	-	-	119,645,489	-	-	-	81,951,405	6,556,112	-
9	Corporate Receivables	-	192,628	-	-	-	306,650	-	78,403,400	100,000	-	78,427,193	6,274,175	-
10	Receivables Already Due	-	-	-	-	-	-	-	-	2,495,483	-	3,743,225	299,458	-
11	Other Assets	13,734,773	-	-	-	-	-	-	9,424,296	109,420	-	9,529,740	762,379	-
12	Exposure of Syariah Business Unit (if applicable)	3,121,326	442,182	1,476,092	-	-	-	-	9,150,180	-	-	9,755,249	780,420	-
	Total Balance Sheet Exposure	159,124,447	16,684,236	1,917,526	504,743	162	149,572,678	119,645,489	97,950,468	2,704,903	-	262,575,451	21,006,036	-
B. Liabilities, Commitments, Exposure and Contingencies for Administrative Accounts Transactions														
1	Government Receivables	383,130	-	-	-	-	-	-	-	-	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-	5,625,383	-	-	-	-	2,812,692	225,015	-
3	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Bank Receivables	-	31,198	-	-	-	-	-	-	-	-	6,240	499	-
5	Mortgage Loans	-	-	-	1,985	-	-	-	-	-	-	794	64	-
6	Commercial Property Loans	-	-	-	-	-	-	-	-	598	-	598	48	-
7	Employee/Pensioner Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-	-	-	236,698	-	-	-	177,523	14,202	-
9	Corporate Receivables	-	-	-	-	-	-	-	5,698,998	-	-	5,698,998	455,920	-
10	Receivables Already Due	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Exposure of Syariah Business Unit (if applicable)	-	-	-	-	-	138,657	-	-	-	-	69,329	5,546	-
	Total TRA Exposure	383,130	31,198	-	1,985	-	5,764,040	236,698	5,699,596	-	-	8,766,173	701,294	-
C. Counterparty Credit Risk														
1	Government Receivables	9,550,521	-	-	-	-	-	-	-	-	-	-	-	-
2	Public Sector Entity Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Bank Receivables	-	28,850	-	-	-	-	-	-	-	-	14,425	1,154	-
5	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Corporate Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Exposure of Syariah Business Unit (if applicable)	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total counterparty credit risk exposure	9,550,521	28,850	-	-	-	-	-	-	-	-	14,425	1,154	-

Disclosure of Net Receivables Using Credit Risk Mitigation Technique - BRI (Without Subsidiaries)

(in million Rp)

No.	Portfolio Category	31 December 2012					Not Guaranteed
		Net Receivables	Guaranteed				
			Collateral	Guarantees	Credit Assurances	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3) - [(4)+(5)+(6)+(7)]
A. Balance Sheet Exposure							
1.	Government Receivables	141,220,712	-	-	-	-	141,220,712
2.	Public Sector Entity Receivables	55,016,434	6,066	-	-	-	55,010,368
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-
4.	Bank Receivables	25,566,017	-	-	-	-	25,566,017
5.	Mortgage Loans	897,612	-	-	-	-	897,612
6.	Commercial Property Loans	960,842	-	-	-	-	960,842
7.	Employee/Pensioner Loans	83,805,039	-	-	-	-	83,805,039
8.	Microenterprise, Small Business and Retail Portfolio Receivables	118,780,469	163,040	13,873,325	-	-	104,744,104
9.	Corporate Receivables	78,009,292	254,732	-	-	-	77,754,559
10.	Receivables Already Due	2,495,483	-	-	-	-	2,495,483
11.	Other Assets	23,205,247	-	-	-	-	23,205,247
12.	Exposure of Syariah Business Unit (if applicable)	-	-	-	-	-	-
	Total Balance Sheet Exposure	529,957,148	423,838	13,873,325	-	-	515,659,984
B. Liabilities, Commitments, Exposure and Contingencies for Administrative Accounts Transactions							
13.	Government Receivables	383,130	-	-	-	-	383,130
14.	Public Sector Entity Receivables	5,625,383	-	-	-	-	5,625,383
15.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	0
16.	Bank Receivables	4,765	-	-	-	-	4,765
17.	Mortgage Loans	-	-	-	-	-	0
18.	Commercial Property Loans	-	-	-	-	-	0
19.	Employee/Pensioner Loans	-	-	-	-	-	0
20.	Microenterprise, Small Business and Retail Portfolio Receivables	207,998	-	-	-	-	207,998
21.	Corporate Receivables	5,647,200	-	-	-	-	5,647,200
22.	Receivables Already Due	-	-	-	-	-	0
23.	Exposure of Syariah Business Unit (if applicable)	-	-	-	-	-	0
	Total TRA Exposure	11,868,476	-	-	-	-	11,868,476
C. Counterparty Credit Risk							
24.	Government Receivables	9,550,521	-	-	-	-	9,550,521
25.	Public Sector Entity Receivables	-	-	-	-	-	-
26.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-

No.	Portfolio Category	31 December 2012					
		Net Receivables	Guaranteed				Not Guaranteed
			Collateral	Guarantees	Credit Assurances	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)- [(4)+(5)+(6)+(7)]
27.	Bank Receivables	28,850	-	-	-	-	28,850
28.	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-	-	-
29.	Corporate Receivables	-	-	-	-	-	-
30.	Exposure of Syariah Business Unit (if applicable)	-	-	-	-	-	-
	Total counterparty credit risk exposure	9,579,371	-	-	-	-	9,579,371

Disclosure of Net Receivables and Credit Risk Mitigation - Bank and Subsidiaries Consolidated

(in million Rp)

No.	Portfolio Category	31 December 2012					
		Net Receivables	Guaranteed				Not Guaranteed
			Collateral	Guarantees	Credit Assurances	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3)- [(4)+(5)+(6)+(7)]
A.	Balance Sheet Exposure						
1.	Government Receivables	142,268,348	-	-	-	-	142,268,348
2.	Public Sector Entity Receivables	55,139,564	6,066	-	-	-	55,133,498
3.	Multilateral Bank and International Institution Receivables	-	-	-	-	-	-
4.	Bank Receivables	25,961,049	-	-	-	-	25,961,049
5.	Mortgage Loans	946,339	-	-	-	-	946,339
6.	Commercial Property Loans	972,593	-	-	-	-	972,593
7.	Employee/Pensioner Loans	84,214,841	580	-	-	-	84,214,261
8.	Microenterprise, Small Business and Retail Portfolio Receivables	119,645,490	203,178	13,873,325	-	-	105,568,987
9.	Corporate Receivables	79,002,679	318,059	-	-	-	78,684,619
10.	Receivables Already Due	2,495,483	-	-	-	-	2,495,483
11.	Other Assets	23,268,487	-	-	-	-	23,268,487
12.	Exposure of Syariah Business Unit (if applicable)	14,189,780	-	-	-	-	14,189,780
	Total Balance Sheet Exposure	548,104,653	527,883	13,873,325	-	-	533,703,445
B.	Liabilities, Commitments, Exposure and Contingencies for Administrative Accounts Transactions	-	-	-	-	-	-
13.	Government Receivables	383,130	-	-	-	-	383,130
14.	Public Sector Entity Receivables	5,625,383	-	-	-	-	5,625,383
15.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-

No.	Portfolio Category	31 December 2012					Not Guaranteed
		Net Receivables	Collateral	Guarantees	Credit Assurances	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (3) - [(4)+(5)+(6)+(7)]
16.	Bank Receivables	31,198	-	-	-	-	31,198
17.	Mortgage Loans	1,985	-	-	-	-	1,985
18.	Commercial Property Loans	598	-	-	-	-	598
19.	Employee/Pensioner Loans	-	-	-	-	-	-
20.	Microenterprise, Small Business and Retail Portfolio Receivables	236,698	-	-	-	-	236,698
21.	Corporate Receivables	5,698,998	-	-	-	-	5,698,998
22.	Receivables Already Due	-	-	-	-	-	-
23.	Exposure of Syariah Business Unit (if applicable)	138,657	-	-	-	-	138,657
	TOTAL TRA EXPOSURE	12,116,646	-	-	-	-	12,116,646
C.	Counterparty Credit Risk	-	-	-	-	-	-
24.	Government Receivables	9,550,521	-	-	-	-	9,550,521
25.	Public Sector Entity Receivables	-	-	-	-	-	-
26.	Multilateral Bank and International Institution Receivables	-	-	-	-	-	-
27.	Bank Receivables	28,850	-	-	-	-	28,850
28.	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-	-	-
29.	Corporate Receivables	-	-	-	-	-	-
30.	Exposure of Syariah Business Unit (if applicable)	-	-	-	-	-	-
	Total counterparty credit risk	9,579,371	-	-	-	-	9,579,371

RWA Credit Risk Calculations

Measurement of the minimum capital requirements needed to cover credit risks was calculated in reference to BI regulations using the Basel II Standardized Approach since January 2012.

In the standard approach, the calculations are made by multiplying the receivables against a predetermined weighted risk based on the current rating of the borrower or counterparty as per the appropriate portfolio category or by a fixed percentage for the specific type of receivable. The portfolios that were used for the rating were Bank Receivables and Corporate Receivables. Other receivables received an unrated weighted risk.

The Risk-Weighted Assets for the credit risk as of December 31, 2012 were Rp259.49 trillion, while the consolidated RWA credit risk for the bank and its subsidiaries amounted to Rp271.36 trillion.

The following table illustrates how the credit risk position for RWA was calculated using the standard approach for BRI individually and consolidated with its subsidiaries as of December 31, 2012 in millions of dollars.

BRI and its subsidiaries have no exposure from credit risk due to settlement risk and no exposure due to securitization.

Disclosure of Asset Exposure on Balance Sheet

(in million Rp)

No.	Portfolio Category	Bank			Consolidated		
		Net Receivables after Considering Impact of Credit Risk Mitigation	RWA After CRM	ATMR After CRM	Net Receivables after Considering Impact of Credit Risk Mitigation	RWA Before CRM	RWA After CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Government Receivables	141,220,712	-	-	142,268,348	-	-
2.	Public Sector Entity Receivables	55,016,434	27,341,864	27,338,831	55,139,564	27,403,429	27,400,396
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-
4.	Bank Receivables	25,566,017	8,253,043	8,253,043	25,961,049	8,332,049	8,332,050
5.	Mortgage Loans	897,612	336,981	336,981	946,339	356,472	356,472
6.	Commercial Property Loans	960,842	960,842	960,842	972,593	972,593	972,593
7.	Employee/Pensioner Loans	83,805,039	41,902,520	41,902,520	84,214,841	42,107,421	42,107,131
8.	Microenterprise, Small Business and Retail Portfolio Receivables	118,780,469	89,085,352	81,332,743	119,645,490	89,734,118	81,951,405
9.	Corporate Receivables	78,009,292	77,751,865	77,497,133	79,002,679	78,745,252	78,427,193
10.	Receivables Already Due	2,495,483	3,743,225	3,743,225	2,495,483	3,743,225	3,743,225
11.	Other Assets	23,205,247	9,493,564	9,493,564	23,268,487	9,529,740	9,529,740
	Total Balance Sheet Exposure	529,957,148	258,869,255	250,858,881	533,914,873	260,924,298	252,820,203

Liabilities, Commitments and Contingency Exposure for Administrative Account Transactions

(in million Rp)

No.	Portfolio Category	Net Receivables after Considering Impact of Credit Risk Mitigation	Bank		Consolidated		
			RWA Before CRM	RAW After CFM	Net Receivables after Considering Impact of Credit Risk Mitigation	RWA Before CRM	RAW After CFM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Government Receivables	383,130	-	-	383,130	-	-
2.	Public Sector Entity Receivables	5,625,383	2,812,692	2,812,692	5,625,383	2,812,692	2,812,692
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-
4.	Bank Receivables	4,765	953	953	31,198	6,240	6,240
5.	Mortgage Loans	-	-	-	1,985	794	794
6.	Commercial Property Loans	-	-	-	598	598	598
7.	Employee/Pensioner Loans	-	-	-	-	-	-
8.	Microenterprise, Small Business and Retail Portfolio Receivables	207,998	155,999	155,999	236,698	177,523	177,523
9.	Corporate Receivables	5,647,200	5,647,200	5,647,200	5,698,998	5,698,998	5,698,998
10.	Receivables Already Due	-	-	-	-	-	-
	Total	11,868,476	8,616,843	8,616,843	11,977,990	8,696,845	8,696,845

Disclosure of Counterparty Credit Risk Exposure

(in million Rp)

No.	Portfolio Category	Net Receivables after Considering Impact of Credit Risk Mitigation	Bank		Consolidated		
			RWA Before CRM	RAW After CRM	Net Receivables after Considering Impact of Credit Risk Mitigation	RWA Before CRM	RAW After CRM
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Government Receivables	9,550,521	-	-	9,550,521	-	-
2.	Public Sector Entity Receivables	-	-	-	-	-	-
3.	Multilateral Development Bank and International Institutional Receivables	-	-	-	-	-	-
4.	Bank Receivables	28,850	14,425	14,425	28,850	14,425	14,425
5.	Microenterprise, Small Business and Retail Portfolio Receivables	-	-	-	-	-	-
6.	Corporate Receivables	-	-	-	-	-	-
	Total	9,579,371	14,425	14,425	9,579,371	14,425	14,425

BRI Syariah Exposure

(in million Rp)

No. (1)	Transaction Type (2)	Consolidated	
		Capital Factor Deduction (3)	RWA (4)
1.	Total Exposure	-	9,824,577
	Total	-	9,824,577

Total Measurement of Credit Risk

(in million Rp)

No. (1)	Transaction Type (2)	Bank (3)	Consolidated (4)
	Total RWA Credit Risk	259,490,149	271,356,050
	Total Deduction Capital Factor	-	-

Market Risk

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

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

BRI has implemented a treasury and market risk application system (GUAVA), which is an integrated system that is used by employees in front-, mid- and back-office units. This application is used to measure market risk in a process integrated with daily transactions. In addition to monitoring risk exposure, the system also

monitors market risk limits and transaction limits, including nominal dealer transaction limits, cut-loss limits and stop-loss limits. Monitoring is done on a daily basis to accelerate the process in providing an up-to-date information to support decision-making by loan officers and management in a timely manner, especially for instruments that fall into the category of trading instruments.

The trading book portfolio is the position of all financial instruments listed on and off-balance sheet and derivative transactions held for trading purposes that can be traded or transferred freely, or whose value can be preserved arising from proprietary position transactions, upon request of the customer, or brokering activities, and in the context of the establishment of market making. Transactions involving financial assets or derivatives that are designated as trading positions can only be owned within a certain timeframe. The grouping of financial assets or derivatives in the trading book portfolio has been consistently adhered to by BRI, and these assets and derivatives cannot be moved from the trading book to the banking book portfolio.

The banking book portfolio cannot be managed using trading transactions in order to obtain profit from price differences in the short term. The banking book portfolio is intended to liquidity purpose or is held until maturity.

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

BRI measures market risk for the purpose of periodically monitoring risk for capital adequacy calculations. Application of capital calculations currently accommodates the 1988 and 1996 Capital Accords that calculate credit risk and market risk based on adequate bank capital. In accordance with the 1996 Capital Accord and Basel II, market risk can be calculated using two (2) preferred methods: the standard method and the internal model.

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

In accordance with Bank Indonesia (BI) regulations, calculation of market risk by the standard method must take into account the bank only without subsidiaries, including Interest Rate Risk and Foreign Exchange Risk. Calculations of Interest Rate Risk by the standard method were made considering all BRI financial instruments classified as Trading Book that were exposed to Interest Rate Risk. The calculation of Exchange Rate Risk by the standard method was made for BRI's Trading Book and Banking Book positions that were exposed to Exchange Rate Risk.

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

1. Specific Risk from any effect or financial instrument, regardless of the position, whether long or short. An offset was not possible unless the positions were identical.
2. General Market Risk of the total portfolio, where long or short positions for different securities or instruments can be offset.

The market value of securities used to calculate Specific Risk and General Risk is a dirty price, determined by adding the market value of securities (clean price) to the present value of the interest income to be received (accrued interest). The present value of accrued interest cannot be determined if the coupon payment value period creates a material difference.

Foreign Exchange Risk Calculations were performed on all positions in BRI's Trading Book and Banking Book portfolios using foreign currencies, including gold, with reference to the calculation of the Net Open Position (NOP). Use of an instrument that was denominated in foreign currency, other than those exposed to Foreign Exchange Risk, also enabled BRI to experience Interest Rate Risk (e.g., in cross-currency swaps). In this case, the Interest Rate Risk exposure was also taken into account.

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

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

1. Positions held for resale in the short term.
2. Positions held for the purpose of short-term profit from price movement, actual or potential.
3. Positions held for the purpose of retaining the advantages of arbitration (locking in arbitrage profit).
4. Derivative instruments associated with securities or other interest such as Forward Bond, Bond Options, Interest Rate Swaps, Cross-Currency Swaps, Forward Foreign Exchange, Interest Rate Options and Forward Rate Agreements/FRAs.

5. Entire debt securities with fixed or floating interest rates and all financial instruments that have similar characteristics, including certificates of deposit that can be traded (Negotiable Certificates of Deposits) and securities sold by BRI on condition of repurchase (Repo/Securities Lending).
6. BRI's foreign exchange position in the trading book and the banking book exposed to exchange rate risk.

Disclosure of Market Risk using Standard Method


(in million Rp)

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

*For the bank and subsidiaries with risk exposure

To anticipate market risk for treasury activities, BRI has taken several steps to measure, monitor and control such activities, including:

1. Measurement steps such as:
 - a. Sensitivity testing of interest rates, analyzing the sensitivity of interest rates to be used as an indicator to predict the potential for interest rate risks and to develop strategic policies for trading treasury activity.
 - b. Volatility of foreign exchange and interest rates, measuring the level of volatility (change) in exchange rates and interest rates based on a confidence level that can be used to quantify the potential risk of exchange rates and interest rates for the treasury trading portfolio.



BRI conducts stress tests on a regular basis using variety of scenarios to monitor and establish Capital Adequacy Ratios to anticipate market risks.

- c. Stress testing and back testing;
 - Stress testing, to simulate specific scenarios to examine the adequacy of capital and bank liquidity in the certain conditions, such as certain interest rates and foreign exchange rates reach up a certain level or the liquidity situation based on a particular situation.
 - Back testing, to ensure the accuracy of measuring devices used to measure market risk by comparing predictions with the market risk losses (actual losses).
- d. Revaluation of treasury positions and of BRI as a whole, including calculations for treasury products with hypothetical market prices.
2. Control measures, such as Profit and Loss Assistance, to provide data on profits and losses for daily treasury activities, to evaluate treasury performance against predetermined targets.
3. Control measures include:
 - a. Limit and excess controls (front end), to oversee activity limits for treasury transactions, to ensure that the treasury has complied with transaction limits established primarily for cut-loss limits.
 - b. New Product and/or Activity Review for treasury transactions, discussing the characteristics of new products or activities in trading activities for their potential for profit and loss, potential risk, settlement procedures, revaluation and risk mitigation.

Operational Risk

Operational risk is the risk due to inadequate or failed internal processes, human error, system failure or the external events that affect the bank's operations.

BRI's Operational Risk Management Governance system is based on three lines of defense, namely Risk-Taking Units (operational working units), Risk-Control Units (Risk Management Division), and the Internal Audit Function (Internal Audit). The system has been designed to create a sense of responsibility and belonging as close as possible to the area where risks usually arise and to create a center of excellence to add real value to the overall business. BRI is aware that Operational Working Units (UKO) are responsible for operational risks and other risks arising from their activities; however, operational risk management was developed to support working units to improve the control and management of operational risk in their respective field and provide a risk profile that enables more informed decision making.

BRI's operational risk management structure depicts the relationship between operational risk management functions at the corporate level, the operational working units level and the involvement of the Internal Audit section for the assurance function. Operational risk management at BRI was designed with an organizational structure that describes the involvement of all stakeholders in operational risk management (Commissioners, Directors, Risk Management Committee, Risk Management Division, Operational Working Units, the operational risk management function, as well as the Internal Audit).

BRI has established an Operational Risk Management Committee (ORMC), which act also as a Risk Management Sub-Committee (RMC), to discuss issues related to operational risk.

The implementation of effective operational risk management was effected to anticipate disturbances through an early-identification process so that corrective action can be formulated proactively.

The purpose of BRI's operational risk management and its various methods and supporting infrastructure is not only to meet regulatory requirements or to calculate needed operational risk capital reserves, but to improve the quality of the business and operational activities of BRI and to improve the governance of operational risk management, so that business continuity and BRI's operations can be maintained under any circumstances.

To improve and streamline the implementation of operational risk management, including the improvement of internal quality control systems, BRI requires operational risk management tools. The main elements supporting operational risk management consist of:

1. Risk and Control Self-Assessment (RCSA)

With RCSA, operational working units are expected to identify key risks that might cause loss and to measure the risks. Thus, operational working units will be able to control and monitor those risks.

2. Key Risk Indicators (IRU)

The use of IRUs is expected to bring benefits in the form of preventive measures and improvements to various indicators that can cause losses. Through IRUs, operational working units will be able to prevent losses.



BRI measures operational risk using the Basic Indicator Approach (BIA) on a periodic basis in accordance with Bank Indonesia regulations.

3. Incident Management (MI)

Through MI, operational working units are expected to conduct monitoring in an orderly and honest manner, reporting and monitoring a variety of cases, including action settlement, and to improve internal controls needed to minimize the risk of potential losses.

RCSA prediction accuracy can be controlled by the results listed on the MI. If a working unit faces many cases that need to be managed by the MI system, then this should also be reflected in the results of RCSA and vice versa. While IRUs are determined on the basis of key risks according to the RCSA if It is managed properly, IRUs can also function as an early warning. Thus, working unit managers would be able to quickly perform actions to ensure that key risks do not cause real loss.

Given that RCSAs are subjective and predictive, In order to improve their accuracy and reduce false assessments, RCSAs must be devised using technical guidance and interpretations of each risk covered by the RCSAs.

BRI has also implemented Business Continuity Management (BCM) to maintain the continuity of its important business activities and operations, such as securing BRI assets and protecting the lives and safety of employees and customers in situations of disruption or disaster. BCM was implemented for all BRI working units in Indonesia.

Management of priority operational risk issues has been addressed within the framework of an operational risk management system that was designed with attention given to the needs of BRI, BI regulations and best practices. In addition, BRI continues to improve the implementation of operational risks through:

1. Application of the Risk Management Forum as a media for the leaders of working units to meet with employees to discuss inherent concerns (risks) in business activities or operations. The results of these discussions on risks that require follow-up and resolution from decision-makers can be escalated to a higher level.
2. A Maturity Assessment for Risk Management Implementation, to show user maturity levels in implementing the risk management application. Assessment maturity is expected to provide feedback for each office for the implementation of better risk management.
3. Implementation of adequate risk management tests for new products or activities (PAB). Any new products or activities proposed by a working unit must be tested to ensure risk management procedures for the new product or activities are sufficient.
4. Determination and implementation of an Anti-Fraud Strategy as part of the implementation of Risk Management for the prevention and management of fraud at BRI. The Anti-Fraud Strategy includes four (4) pillars, as required by Bank Indonesia, namely (a) prevention; (b) detection; (c) investigation, reporting and sanctions; and (d) evaluation, monitoring and follow-up. The Board of BRI has also stated its "zero tolerance" of any occurrence of fraud at BRI. Anti-Fraud Commitments were also made by BRI employees as a form of increased awareness.
5. Monitoring and control of operational risk are conducted through information sources, such as Risk Management Forums and Operational Risk Management procedures, such as the RCSA.IRU, and MI systems. The results of monitoring and control are presented in the Regional Office Risk Profile on a monthly basis, and the Top 50 Risk Issues are promulgated on a quarterly basis in the form of a paperback book.
6. Simultaneous coordination of the implementation of BCM with relevant working units, including the implementation of tests, such as the Switch-Over DC-DRC and disaster evacuation training activities in several buildings in several BRI offices, including the headquarters.

Operational risk RWA calculations were made in accordance with BI regulations using the Basic Indicator Approach (BIA). Below is a table of capital expenses and operational risks for RWA using the Basic Indicator Approach.

Disclosure of Operating Risks using BIA Method

(in million Rp)

No.	Approach Used	Bank			Consolidated		
		Gross Approach (Average of last 3 years)	Capital Expense	RWA	Gross Approach (Average of last 3 years)	Capital Expense	RWA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Basic Approximation Indicator	34,243,949	5,136,592	64,207,405	34,401,371	5,160,206	64,502,571
	Total	34,243,949	5,136,592	64,207,405	34,401,371	5,160,206	64,502,571


Liquidity Risk

Liquidity risk is the risk due to the inability of the bank to meet its matured obligations from cash flow funding sources or from highly liquid assets that can be pledged without disturbing the activities and financial condition of the bank.

Implementation of Liquidity Risk Management at the corporate level is coordinated by the Treasury Division and the Risk Management Division, which analyze the sources of liquidity risk. The Treasury Division is responsible for managing liquidity nationally, both for inter-day, daily, short-, medium- and long-term investment, in rupiah and foreign currency, in accordance with applicable regulations. The Risk Management Division is responsible for preparing and conducting reviews of liquidity risk management policies. The results of monitoring and a statement of the liquidity risk position are presented in periodic reports submitted to the Board of Directors and the Board of Commissioners.

Liquidity risk is actively monitored with respect to internal and external indicators that are part of an early warning system, including:

1. Internal indicators providing early warnings of liquidity risk, such as:
 - a. Deteriorating asset quality;
 - b. Increased concentration on a few assets and limited financial resources;
 - c. Increased currency mismatch;
 - d. Repeatedly exceeding set limits;
 - e. An increase in the cost of funds for BRI as a whole;
 - f. Worsening cash flow as a result of large maturity mismatches, especially in the short term.



BRI maintains its secondary reserve in the form of high-quality liquid assets and maintains funds that can be categorized as long term.

2. External warning indicators of liquidity risk, such as:
 - a. Negative public perceptions of BRI;
 - b. A decrease in BRI's ratings by relevant agencies;
 - c. A continuous decline in BRI's stock price;
 - d. A decrease in credit line facilities provided by correspondent banks;
 - e. Increased withdrawal of time deposits before maturity;
 - f. Limited access to funding in the medium and long term;
 - g. Tight market liquidity;
 - h. Changes in regulatory policy with a significant impact on banks.

To get a picture of BRI's actual liquidity, the results of measurements using liquidity ratios are analyzed more deeply, along with qualitative information associated with the current situation so as to produce a fair and comprehensive conclusion. Liquidity risk gauges used comprised cash flow, maturity profile, liquidity ratio and liquidity risk stress tests.

The table below presents information regarding the mapping of assets and liabilities on the balance sheet, as well as receivables and payables in administrative accounts, on a specific time scale based on the remaining period until maturity as of December 31, 2012.

Disclosure of Rupiah Maturities - Bank Only (Without Subsidiaries)

(in million Rp)

No.	Portfolio Category	Balance	31 December 2012				
			Maturity Date				
(1)	(2)	(3)	≤ 1 months	>1 mo. - 3mo.	>3 mo. - 6mo.	> 6 mo. - 12mo.	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I BALANCE SHEET							
A. Assets							
1	Cash	13,450,227	13,450,227	-	-	-	-
2	Placements with Bank Indonesia	94,497,994	59,875,723	21,131,764	13,490,507	-	-
3	Placements with Other Banks	1,803,798	1,548,798	255,000	-	-	-
4	Marketable securities	37,538,188	11,797,964	1,627,741	8,461,574	2,516,239	13,134,670
5	Loans	311,335,938	14,957,386	22,190,689	21,254,353	37,150,177	215,783,333
6	Other receivables	6,907,674	573,963	1,955,525	2,256,633	2,121,553	-
7	Others	9,389,924	837	621	1,239	24,138	9,363,089
Total assets		474,923,743	102,204,898	47,161,340	45,464,306	41,812,107	238,281,092
B. Liabilities							
1	Third-Party Funds	390,186,602	332,639,011	18,183,335	8,013,306	31,040,598	310,352
2	Liabilities to Bank Indonesia	81,594	77,377	4,217	-	-	-
3	Liabilities to other banks	448,164	448,164	-	-	-	-
4	Marketable securities issued	-	-	-	-	-	-
5	Loans	40,787	-	4,066	23,017	-	13,704
6	Other Liabilities	5,489	349	5,140	-	-	-
7	Others	543,295	437,974	61,591	38,251	-	5,479
Total liabilities		391,305,931	333,602,875	18,258,349	8,074,574	31,040,598	329,535
Differences between assets with liabilities on balance sheet		83,617,812	(231,397,977)	28,902,991	37,389,732	10,771,509	237,951,557
II ADMINISTRATIVE ACCOUNTS							
A. Receivables, Administrative Accounts							
1	Commitments	-	-	-	-	-	-
2	Contingencies	180,573	114,427	3,768	7,807	13,046	41,525
Total Receivables, Administrative Accounts		180,573	114,427	3,768	7,807	13,046	41,525
B. Liabilities, Administrative Accounts							
1	Commitments	59,704,866	5,150,867	10,581,881	12,315,272	31,656,846	-
2	Contingencies	3,848,083	1,161,365	834,912	502,150	1,349,656	-

(in million Rp)

No. (1)	Portfolio Category (2)	Balance (3)	31 December 2012				
			< 1 months (4)	>1 mo. - 3mo. (5)	Maturity Date >3 mo. - 6mo. (6)	> 6 mo. - 12mo. (7)	> 12 months (8)
	Total liabilities, administrative accounts	63,552,949	6,312,232	11,416,793	12,817,422	33,006,502	-
	Differences between receivables and liabilities for administrative accounts	(63,372,376)	(6,197,805)	(11,413,025)	(12,809,615)	(32,993,456)	41,525
	Difference (IA-IB) + (IIA+IIB)	20,245,436	(237,595,782)	17,489,966	24,580,117	(22,221,947)	237,993,082
	Cumulative Difference						

Disclosure of Foreign Currency Maturities, Bank Only (Without Subsidiaries)

(in million Rp)

No. (1)	Portfolio Category (2)	Balance (3)	31 December 2012				
			< 1 months (4)	>1 mo. - 3mo. (5)	Maturity Date >3 mo. - 6mo. (6)	> 6 mo. - 12mo. (7)	> 12 months (8)
I BALANCE SHEET							
A. Assets							
1	Cash	284,543	284,543	-	-	-	-
2	Placements with Bank Indonesia	6,146,873	5,183,321	481,821	481,731	-	-
3	Placements with Other Banks	8,636,344	8,626,706	9,638	-	-	-
4	Marketable securities	6,999,619	2,854,341	48,188	-	67,463	4,029,627
5	Loans	36,891,249	10,785,703	1,648,194	2,024,216	5,510,396	16,922,740
6	Other receivables	4,791,316	556,689	1,950,561	2,205,451	-	78,615
7	Others	80,572	74,312	-	6,260	-	-
	Total assets	63,830,516	28,365,615	4,138,402	4,717,658	5,577,859	21,030,982
B. Liabilities							
1	Third-Party Funds	45,911,482	27,431,588	5,868,092	7,288,616	5,322,003	1,183
2	Liabilities to Bank Indonesia	-	-	-	-	-	-
3	Liabilities to other banks	5,407	5,407	-	-	-	-
4	Marketable securities issued	-	-	-	-	-	-
5	Loans	10,571,748	1,692,127	3,467,951	5,411,670	-	-
6	Other Liabilities	4,914,659	560,092	1,950,669	2,205,451	-	198,447
7	Others	75,140	26,260	18,175	30,705	-	-
	Total liabilities	61,478,436	29,715,474	11,304,887	14,936,442	5,322,003	199,630

(in million Rp)

No.	Portfolio Category	Balance	31 December 2012				
			Maturity Date				
(1)	(2)	(3)	< 1 months	> 1 mo. - 3mo.	> 3 mo. - 6mo.	> 6 mo. - 12mo.	> 12 months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Differences between assets with liabilities on balance sheet	2,352,080	(1,349,859)	(7,166,485)	(10,218,784)	255,856	20,831,352
II ADMINISTRATIVE ACCOUNTS							
A. Receivables, Administrative Accounts							
1	Commitments	-	-	-	-	-	-
2	Contingencies	15,192	1,648	-	-	-	13,544
	Total Receivables, Administrative Accounts	15,192	1,648	-	-	-	13,544
B. Liabilities, Administrative Accounts							
1	Commitments	27,733,344	2,019,384	12,909,894	1,456,517	11,347,549	-
2	Contingencies	8,320,674	409,867	991,314	1,510,316	5,409,177	-
	Total liabilities, administrative accounts	36,054,018	2,429,251	13,901,208	2,966,833	16,756,726	-
	Differences between receivables and liabilities for administrative accounts	(36,038,826)	(2,427,603)	(13,901,208)	(2,966,833)	(16,756,726)	13,544
	Difference (IA-IB) + (IIA-IIB)	38,406,098	1,079,392	6,734,723	(7,251,951)	17,012,582	20,831,352
	Cumulative Difference						

Disclosure of Maturity Dates for Rupiah Profile – Bank and Subsidiaries Consolidated

(in million Rp)

No.	Portfolio Category	Balance	31 December 2012				
			Maturity Date				
(1)	(2)	(3)	< 1 month	> 1 mo. - 3 mo.	> 3 mo. - 6 mo.	> 6 mo. - 12 mo.	> 12 month
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I BALANCE SHEET							
A. Assets							
1	Cash	13,610,752	13,610,752	-	-	-	-
2	Placements with Bank Indonesia	97,642,069	63,019,798	21,131,764	13,490,507	-	-
3	Placements with Other Banks	2,272,424	2,017,424	255,000	-	-	-
4	Securities	38,453,637	11,862,649	1,627,741	8,986,574	2,516,239	13,460,434
5	Loans	325,031,507	15,656,981	23,012,065	21,915,768	38,197,482	226,249,211
6	Other receivables	6,933,419	599,708	1,955,525	2,256,633	2,121,553	-
7	Others	9,423,458	1,067	31,535	3,629	24,138	9,363,089
	Total assets	493,367,266	106,768,379	48,013,630	46,653,111	42,859,412	249,072,734

(in million Rp)

No. (1)	Portfolio Category (2)	Balance (3)	31 December 2012				
			< 1 month (4)	>1 mo. - 3 mo. (5)	Maturity Date >3 mo. - 6 mo. (6)	> 6 mo. - 12 mo. (7)	> 12 month (8)
B. Liabilities							-
1	Third-Party Funds	403,851,521	343,718,010	20,456,540	8,280,732	31,083,539	312,700
2	Liabilities to Bank Indonesia	81,594	77,377	4,217	-	-	-
3	Liabilities to other banks	2,238,753	1,560,066	675,800	500	2,387	-
4	Marketable securities issued	-	-	-	-	-	-
5	Loans	317,007	-	129,489	65,928	-	121,590
6	Other Liabilities	23,655	14,033	9,622	-	-	-
7	Others	551,813	446,492	61,591	38,251	-	5,479
Total liabilities		407,064,343	345,815,978	21,337,259	8,385,411	31,085,926	439,769
Differences between assets with liabilities on balance sheet		86,302,923	(239,047,599)	26,676,371	38,267,700	11,773,486	248,632,965
II ADMINISTRATIVE ACCOUNTS							
A. Receivables, Administrative Accounts							
1	Commitments	532,710	135,525	7,825	38,015	171,672	179,673
2	Contingencies	250,201	155,859	3,768	7,807	13,046	69,721
Total Receivables, Administrative Accounts		782,911	291,384	11,593	45,822	184,718	249,394
B. Liabilities, Administrative Accounts							
1	Commitments	60,140,354	5,189,170	10,589,706	12,353,287	31,828,518	179,673
2	Contingencies	3,876,279	1,161,365	834,912	502,150	1,349,656	28,196
Total liabilities, administrative accounts		64,016,633	6,350,535	11,424,618	12,855,437	33,178,174	207,869
Differences between receivables and liabilities for administrative accounts		(63,233,722)	(38,303)	(7,825)	(38,015)	(171,672)	(207,869)
Difference (IA-IB) + (IIA+IIB)		23,069,201	(239,085,902)	26,668,546	38,229,685	11,601,814	248,425,096
Cumulative Difference							

Disclosure of Maturity and Foreign Currency Profile – Bank and Subsidiaries Consolidated

(in million Rp)

no (1)	Portfolio Category (2)	Balance (3)	31 December 2012				
			< 1 month (4)	>1 mo. - 3mo. (5)	Maturity Date >3 mo. - 6mo. (6)	> 6 mo. - 12mo. (7)	> 12 month (8)
I BALANCE SHEET							
A. Assets							
1	Cash	284,701	284,701	-	-	-	-
2	Placements With Bank Indonesia	6,153,619	5,190,067	481,821	481,731	-	-
3	Placements with Other Banks	8,686,730	8,677,092	9,638	-	-	-
4	Securities	6,999,619	2,854,341	48,188	-	67,463	4,029,627
5	Loans	36,975,038	10,785,703	1,648,194	2,024,216	5,527,686	16,989,239
6	Other receivables	4,791,316	556,689	1,950,561	2,205,451	-	78,615
7	Others	80,572	74,312	-	6,260	-	-
	Total assets	63,971,595	57,290	-	-	17,290	66,499
B. Liabilities							
1	Third-Party Funds	46,314,858	27,834,837	5,868,221	7,288,615	5,322,002	1,183
2	Liabilities to Bank Indonesia	-	-	-	-	-	-
3	Liabilities to other banks	43,957	5,407	38,550	-	-	-
4	Marketable securities issued	-	-	-	-	-	-
5	Loans	10,571,748	1,692,127	3,467,951	5,411,670	-	-
6	Other liabilities	4,914,659	560,092	1,950,669	2,205,451	-	198,447
7	Others	75,240	26,360	18,175	30,705	-	-
	Total liabilities	61,920,462	72,571	38,679	-	-	32
	Differences between assets with liabilities on balance sheet	29,797	(15,281)	(38,679)	-	17,290	66,467
II ADMINISTRATIVE ACCOUNTS							
A. Receivables, Administrative Accounts							
1	Commitments	-	-	-	-	-	-
2	Contingencies	15,192	1,648	-	-	-	13,544
	Total Receivables, Administrative Accounts	15,192	1,648	-	-	-	13,544
B. Liabilities, Administrative Accounts							
1	Commitments	347,423	253,081	3,768	7,807	13,046	69,721
2	Contingencies	644,257	152,730	11,593	45,822	184,718	249,394
	Total liabilities, administrative accounts	31,035	31,035	31,035	31,035	31,035	31,035

(in million Rp)

no (1)	Portfolio Category (2)	Balance (3)	31 December 2012 Maturity Date				> 12 month (8)
			< 1 month (4)	>1 mo. - 3mo. (5)	>3 mo. - 6mo. (6)	> 6 mo. - 12mo. (7)	
	Differences between receivables and liabilities for administrative accounts	(15,843)	(29,387)	(31,035)	(31,035)	(31,035)	(17,491)
	Difference (IA-IB) + (IIA+IIB)	45,640	14,106	(7,644)	31,035	48,325	83,958
	Cumulative Difference						

Liquidity risk management is conducted by the Treasury Division and Risk Management Division as a follow-up to the results of performance monitoring and to ensure the compliance of operational working units with a predetermined liquidity limit. Specifically, the Treasury Division also considers early-warning indicators when monitoring the position of liquidity as part of the liquidity management process, and to record any increasing potential for risk.

The results of the Treasury Division's monitoring of liquidity position and risk are presented in periodic reports submitted to BRI's Board of Directors and Board of Commissioners. In the case that the monitoring result shows an indication of potential increases in liquidity risk, the Treasury Division recommends steps to mitigate risk exposure or adjustments the liquidity management strategy at an ALCO Meeting or Contingency Crisis Team (CCT) Meeting, where follow-up action will be taken to control the situation in the form of prevention or effective remedies in prudent banking concept.

Legal Risk

Legal risk results from lawsuits or judicial weakness. The Legal Division, as the coordinator of Legal Risk Management, works in conjunction with the Risk Management Division to manage BRI's Legal Risks. In order to support Legal Risk Management across BRI's entire network, the Legal Division coordinates with legal officers in the regional offices. In addition, there is a Risk Management Function (RMF) at all branch offices, comprising an Operational RMF, a Marketing RMF and a Micro RMF, to help monitor Legal Risk as it arises in each BRI working unit, according to the specific field and in coordination with the regional office legal officer.

The control on Legal Risk is carried out in a number of ways, such as:

- The Legal Division, as the coordinator of BRI's Legal Risk Management, reviews any changes related to laws and regulations so as to ensure that BRI's internal policies are not deviate from current external regulations.
- The Legal Division offers legal advice and opinions on agreements between BRI and third parties to protect BRI's legal interests before agreements are signed by BRI's management.
- Every banking transaction at BRI which covers operations, loans and labor affairs is conducted in accordance with the current regulations and supported by required documents.
- The Legal Division cooperates with the legal officer at each Regional Office monitoring the legal risk at all BRI working units with optimizing a reporting mechanism and by documenting legal cases and promulgating information on the modus operandi of crimes following legal handling procedures to minimize legal risk.
- The Legal Division compiles legal guidelines such as, for instance, guidelines on cooperation agreements and legal booklets for operations and loan disbursement.
- Employee development at the operational working units (UKO) in Regional Offices is carried out by increasing competencies related to controlling the legal risk in the their operating areas, discussions of opinions about particular legal events that have occurred, and so on.

- g. Legal officers at Regional Offices provide legal assistance, according to their authority to UKOs, if a legal case occurs at OKU and coordinate with the Legal Division.
- h. The Legal Division provides legal assistance according to its authority when a case arises.
- i. If needed, an UKO can consult with the Legal Division about legal issues related to operational matters.
- j. In the event of a lawsuit being brought that has the potential to cause significant loss to the Bank or a lawsuit that could have a significant impact on BRI's reputation, a contingency plan must be put into action to reduce legal risk. Contingency plans may include using a lawyer and reporting any developments on the case to the Board of Directors.
- k. As part of its legal risk monitoring, the Legal Division coordinates with the Risk Management Division in reporting every month BRI's legal risk profile to the Board of Directors via the Risk Profile Dashboard.

Strategic Risk

Strategic risk is risk resulting from imprecisions in making or carrying out a strategic decision as well as failing to anticipate changes in the business environment.

The primary objective of Risk Management for Strategic Risk is to minimize the possibility of a negative impact from these inaccuracies in strategic decision making or the failure to anticipate changes to the business environment.

Formulating and monitoring the implementation of strategy includes a corporate plan and business plan, are conducted by the Strategic Planning and Business Development Division. The formulating and monitoring are carried out in accordance with external regulations.

All product development plans or new activities, the setting of new target markets and those that should be avoided, as well as corporate actions such as mergers and acquisitions, need to be carefully prepared while

taking into account BRI resources. Establishing accurate strategies in the development and maintenance of IT; HR management that includes recruitment, development, coaching and exit policies; product development or new activities; services; network expansion; targeted market penetration; and good marketing communication can all help BRI to succeed in maintaining both a competitive edge in the banking business and business sustainability. Furthermore, a strategy becomes ineffective if it is not accompanied by the fulfillment of supporting factors required for success.

In terms of identifying internal and external changes, BRI conducts studies or research – both internally and externally – in corporate, business and support areas, and it analyzes the environment and potential business sectors as well.

In mitigating strategic risk, BRI has already put into action periodic monitoring tools with regard to strategy implementation and the achievement of predetermined targets. Via parameters reflected in the Risk Profile, especially Strategic Risk, strategic planning of all initiatives relating to business lines and their support are monitored in order to ensure the achievement of predetermined short-term and long-term business targets. In addition, to measure the progress level, BRI received realization reports on the bank business plans, functional work plans and budget plans from each working unit on a quarterly basis.

Compliance Risk

Compliance Risk is risk resulting from BRI not complying with or implementing legislation and regulations that are in force. The banking industry is highly regulated; therefore, BRI always monitors its compliance with regulations issued by Bank Indonesia as well as other competent authorities. Regulatory sanctions for violations of those regulations are vary from reprimands, penalties and fines all the way up to license revocation. Managing compliance takes place in all credit and non-credit activities according to the regulations.

The following two programs, Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT), have been applied in accordance with relevant regulations. Promulgation of the Enhanced Due Diligence (EDD) program, which is broader in its scope of implementation than the Customer Due Diligence (CDD) program that was previously known as Know Your Customer (KYC), is conducted periodically with the aim of raising awareness of the procedures involved and compliance to these procedures among BRI operational working units. Furthermore, BRI also applies a Risk-Based Approach methodology that is summarized in policies and SOPs (Standard Operating Procedures) relating to the AML and CFT to protect BRI from becoming a target of money laundering and terrorism activities.

The Compliance Division, as the coordinator of Compliance Risk Management, coordinates with the Risk Management Division in managing BRI's Compliance Risk. In order to support compliance risk management at the regional level, the Compliance Division is assisted by the Regional Office Risk Management Department. The Risk Management Division reports any occurrence of Compliance Risk to the Board of Directors each month via BRI's Risk Profile Dashboard.

BRI has developed a module in the compliance risk management process via its Management of Incidents (MI) device. Through the MI device, BRI can identify and monitor sanctions, fines and penalties resulting from violations of regulatory rules so that steps can be taken to control compliance risk. This device is monitored by the Risk Management Division to oversee Corporate Compliance Risk, and the Regional Office Risk Management Department to observe Compliance Risk at the level of regional working units.

Reputational Risk

Reputational Risk is the risk resulting from the decreased levels of stakeholder confidence emanating from a negative perception of the bank.

The function to control Reputational Risk is carried out by the Corporate Secretary Division (CSD) as part of BRI's public relations. Periodically, the CSD assesses the reputational risk parameters that are reported to the Board of Directors, with a copy going to the Risk Management Division to create BRI's risk profile, which in turn is reported to Bank Indonesia.

BRI's public relations experience in handling negative publicity, whether on a national or local scale, has proven very helpful in maintaining a level of trust among the public in general and BRI customers in particular. Although BRI's reputation is currently very good, the management of negative publicity in connection to any of BRI's operational aspects has to be implemented in accordance with prevailing regulations.

BRI immediately follows up and addresses customer complaints and legal action that could increase exposure to Reputational Risk. In addition, mitigating both Reputational Risk and events that give rise to Reputational Risk are conducted by considering the fundamental substance of the problem and the costs involved.

During a crisis, reputational risk management is governed by BRI's Business Continuity Management policy that aims to minimize the impact upon reputation if and when a disruption or disaster occurs. BRI has a Crisis Management Team (CMT) that plays an important role at such times, assuming responsibility for carrying out the steps that need to be taken including the management of reputational risk. CMTs are established across BRI working units, with a Headquarters CMT, Regional Office CMTs and Branch Office CMTs. A key strategic aspect that must be monitored when managing reputational risk during a crisis is the maintenance of confidence among customers, shareholders and surrounding communities with regard to BRI's brand value.

In order to control Reputational Risk in a better way in the future, BRI will act toward the prevention of and recovery from Reputational Risk by improving the

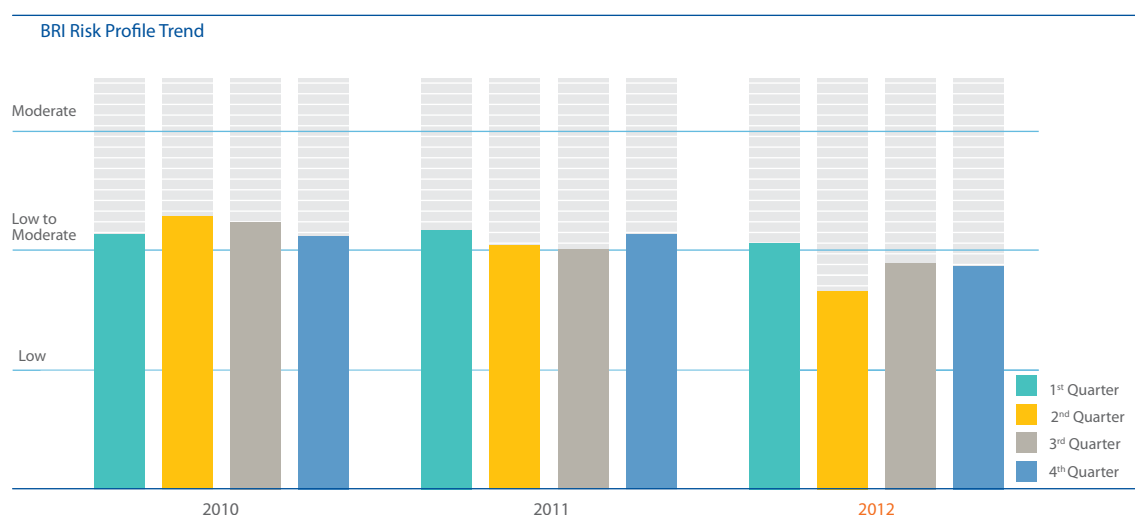
weaknesses in controls and procedures that lead to Reputational Risk. Among the steps taken by BRI to better manage reputational risk is the introduction of a quarterly handbook titled Top 50 Risk Issues that contains a number of possible risk issues in working units and applicable risk controls. In addition, a proactive attitude from operational working units as the first line of defense is also needed to manage operational risk. The second thing is to minimize and handle customer complaints, which can result in negative publicity toward BRI.

Risk Profile

The method in assessing BRI's risk profile comprises an assessment of Inherent Risk, which is an assessment of the Risks inherent in the bank's business activities that could potentially affect BRI's financial position, and an assessment of Risk Management Application Quality, which assesses the adequacy of the Risk control system that covers all pillars in the implementation of Risk Management. The combined Inherent Risk and Risk Management Application Quality assessments produce BRI's Risk Profile, which is one of the factors that go into the overall Risk-Based Bank Health assessment.

BRI's Risk Management Division conducts monthly evaluations on the effectiveness of the risk management system using the Risk Profile Dashboard device, and it sends monthly risk profile reports to the Management and quarterly reports to Bank Indonesia. Risk profile covers risk management reports of 8 (eight) different types of risk together with an assessment of control improvements. The eight types of risk managed by BRI are: Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Reputational Risk, and Compliance Risk.

The results of risk monitoring during the past 3 (three) years show that BRI's risk profile has decreased or assessment scores have improved, keeping it in the category of Low to Moderate. This shows that BRI's risk profile has experienced an improved trend (risk becoming lower) from year on year basis. The following graph illustrates the BRI Risk Profile Trend during 2010-2012.



BRI's Risk Profile throughout 2012 remained in the Low to Moderate Risk category. The Inherent Risk Level was still "low" to "moderate", while the Risk Management Application Quality Level registered an assessment between "satisfactory" and "fair".

Evaluation of Risk Management System Effectiveness

In applying Risk Management, the continuous evaluations and updating the risk management system and procedures need to be carried out. In order to perform these evaluations and updates, BRI uses a tool called the Risk Management Application Maturity Level Assessment, which is an assessment process conducted by the Risk Management Function designated by the Working Unit Manager that is later validated by the Head of a Regional Office Risk Management Department or the Head of the Operational Risk Management Department at Headquarters. A risk management application maturity assessment is carried out at least once a year.

Risk management application maturity level assessments at each Working Unit generally aimed to:

1. Evaluate the maturity level of risk management implementation at each Working Unit.
2. Assess the level of compliance at each Working Unit in applying regulations or to the risk management system and procedures as laid down by BRI's Board of Directors.
3. Provide an idea of the depth of risk awareness culture in each Working Unit.
4. Encourage every Working Unit to make continuous improvements in implementing risk management.

The implementation of a maturity assessment is expected to give several benefits including:

1. The results of a maturity assessment can be an input to assess a Working Unit Manager in fostering and enhancing compliance and the effectiveness of risk management implementation at each Working Unit.
2. Maturity assessment results also form an indicator depicting the effectiveness of the implementation of the system and procedures of the risk management process as initiated by the Risk Management Division.
3. On a broader scale, the results of a maturity level assessment can be used as an input by BRI management to determine the promotion and career development of staff in the Working Units.



The results of the recent periodic monitoring indicated that BRI's composite risk profile was in the low to Moderate category.

HR Development in the Area of Risk Management

In order to implement good quality of risk management, compliance is needed among human resources that are competent in their respective duties by promoting a risk culture and the implementation of risk management in all their day-to-day operational activities. In order to obtain human resources that are reliable in the area of risk management while at the same time fulfilling regulatory requirement in the implementation of risk management for commercial banks, BRI provides risk management education that includes:

1. Risk Management Certification and Refreshments

Risk Management Certification training session are attended by the Board of Commissioners, the Board of Directors and echelon from levels 1, 2 and 3. For those people who have already obtained certification in Risk Management, BRI provides a refresher course that offers the latest information on risk management. During 2012, the number of BRI employees that obtained certification in risk management was 399. A breakdown of that figure is as follows:

MR Certification Level	Number of Workers
Level 1	84
Level 2	185
Level 3	87
Level 4	43
Total	399

1. Learning

Risk management training is also provided by an interactive method via e-learning. This education is intended for all BRI employees as an independent educational media to help officers understand the philosophy and application of risk management.

3. Socialization

Routine socialization is conducted by Risk Management working units to all levels of BRI employees throughout Indonesia. The socialization sessions primarily focus on the risk management tools used by BRI.

4. Learning

Learning for BRI employees is provided through seminars and trainings organized by external parties.

Risk Management Working Program

During 2012, BRI carried out the following working program and risk management implementations:

1. Implementation of Credit Risk Management:

- Implemented credit risk measurement using the automated Standardized Approach (SA) and a review on policy and methodology measurement of Credit Risk using both the SA and an Internal Rating-Based Approach (IRBA).
- Conducted a review of the policies and methodologies regarding Credit Risk Rating-Credit Risk Scoring (CRR-CRS) and Credit Risk Modelling (PD, LGD and EAD) according to credit characteristics, MIS requirements and BRI's CRM system.
- Simulated the measuring of credit risk using IRBA.
- Conducted a review of the credit risk limit policy and methodology, and monitored the exposure of credit risk to a predetermined limit.

- Carried out a methodology review and created bottom-up simulations of back testing and stress testing (with various scenarios including a worst-case scenario) by using customer cash flow for the largest corporate borrowers and a portfolio of past performance data for MSMEs, with reference to external conditions and macroeconomic conditions in 2012.
- Conducted a methodology review and simulation of risk-based pricing/risk premium using CRR and CRS data for all business segments.

2. Implementation of Market Risk Management:

- Carried out a review of quantitative requirements according to Bank Indonesia regulations as well as the Treasury and Market Risk System (GUAVA application) in order to improve calculations of market risk (VaR) generated by the system.
- Conducted a review of the fulfillment of qualitative requirements in measuring market risk in accordance with Bank Indonesia regulations; in this particular purpose, there are staff assignment to perform a Middle Office function and fulfill the requirement of a competent HR.
- Prepared a monitoring of data and MIS compliance to support the implementation of Basel III.
- Established transaction limits and market risk limits in relation to the internal model.
- Carried out stress testing simulations against trading book and banking book portfolios in order to evaluate the impact of significant losses if the event of any abnormal movement in market factors. The stress tests used a variety of scenarios from the hypothetical to the historic, which take into consideration crisis that had already happened in the past.

3. Implementation of Operational Risk Management:

- Simulated Operational Risk calculations using the Advanced Measurement Approach (AMA). In order to support the implementation of the AMA, the Risk and Control Self-Assessment (RCSA), Key Risk Indicator (KRI) and Management of Incidents (MI) were implemented at all Operational Working Units, along with refining

and enhancing the policies and procedures of Operational Risk Management (ORM).

- b. Implemented a Risk Management Forum (RMF) as a meeting forum between working unit managers and their employees to discuss concerns (risks) inherent in their business or operational activities. Any results from the risk discussions that require follow-up and settlement from decision-makers can be fast-tracked to a higher level.
 - c. The development of OPRA (Operational Risk Assessor) software application, which covers RCSA, KRI, MI, Maturity Assessment and reporting on the implementation of the Risk Management Forum. The OPRA software facilitates an integrated application of ORM as a preparation for calculating operational risk capital charges using the Advanced Measurement Approach.
 - d. Gathered and validated a database on losses or operational risk events which originally come from the invention by Internal Audit, the MI and OPRA applications, and risk events data at Headquarters.
 - e. Carried out adequacy tests with regard to risk management on suggested products and/or new activities. Every product and/or new activity submitted by a particular working unit has to be reviewed so as to ensure that the risk management measures to each product and/or new activity are adequate.
5. Performing simulations and a methodology review to validate the back testing and stress testing models for Market Risk and Credit Risk.
 6. Reviewing the policies and methodologies for measuring Credit Risk with the SA and IRBA models.
 7. Reviewing the policies and methodologies of the Credit Risk Rating(CRR) and Credit Risk Scoring(CRS) according to regulations together with monitoring the implementation of the re-design of CRR and CRS.
 8. Reviewing the methodologies and simulations of risk-based pricing/risk premium, and the methodology for calculating CKPN, for both collective and particular disaster.
 9. Coordinating the implementation of an Anti-Fraud Strategy.
 10. Developing a Risk Management Information System (MIS)
 - a. The Risk Management MIS consists of the following applications: OPRA or Operational Risk Assessor (operational risk); LAS or Loan Approval System (credit risk); and GUAVA or Treasury and Market Risk System (market risk).The LAS application has been used to process micro and retail loans only, while in 2012, the LAS application started to be used to process medium loans. In the future, LAS will also be used to process corporate loans so that later on, all BRI loan processes and decisions will be processed in a fully integrated LAS application system.
 - b. The plan for the future development of the OPRA application is to have it utilized in all BRI working units. Currently, OPRA is only used in the Headquarters, Regional Offices and Branch Offices.
 - c. In the year of 2013, there will be the development of derivative products and internal dealing for the GUAVA application, or the Treasury and Market Risk System.

Plan for the year 2013

For 2013, BRI has plans for various activities aimed at strengthening and enhancing the quality of applied risk management. These activities include:

1. Fulfilling the requirements of qualitative and quantitative methodologies in measuring a market risk portfolio, or trading book.
2. Preparing a policy and methodology for calculating a portfolio of market risk management, or banking book.
3. Evaluating and updating liquidity risk management policies relating to the implementation of Basel III.
4. Preparing for the implementation of Enterprise Risk Management (ERM) and the measuring of Value-Based Management (VBM) performance.

The quality and validity of risk management MIS data will also need to be continually improved so as to provide accurate information and substantial material for management to support in decision making.



Prudent loan disbursements, innovative banking services and continuing improvements of e-banking services had increased BRI's net profit with a higher fee based income contribution

Fee Based Income



16.64%

To Rp3.93 trillion

Net Profit



23.86%

To Rp18.69 trillion



Management Discussion and Analysis

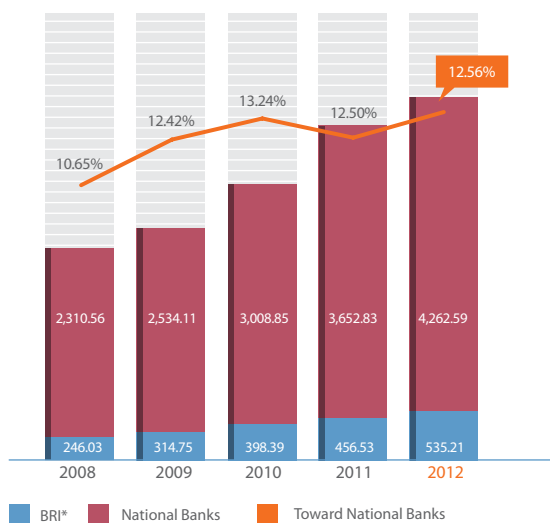


During 2012, BRI's assets grew 17.23% to Rp535.21 trillion, up from Rp456.53 trillion in 2011. Resulting in a 12.5% asset's market share in the Indonesian banking industry.

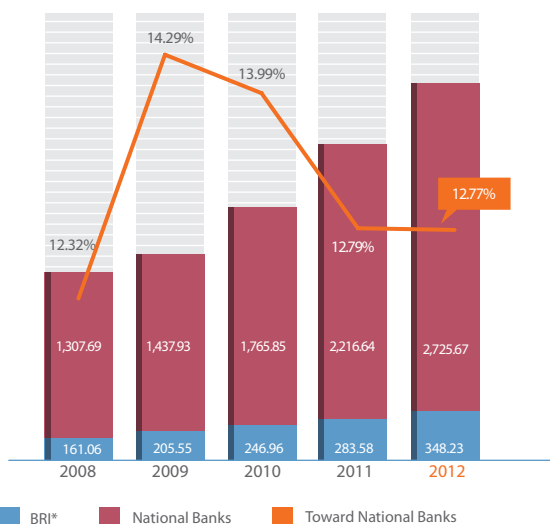
BRI's Loan Outstanding increased from Rp283.58 trillion as end of 2011 to Rp348.23 trillion by the end of 2012, representing 12.77% of Indonesia's banking industry market share.

BRI's third-party funds increased 17.18% from Rp372.15 trillion at the end of 2011 to Rp436.1 trillion at the end of 2012, covering 13.52% market share nationally.

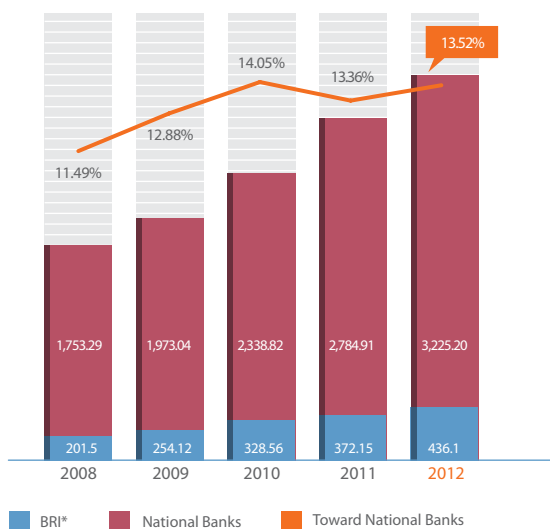
Assets (In billion Rupiah)



Credit (In billion Rupiah)



Third-party funds (In billion Rupiah)



*Bank data only

Assets increased 16.69%, from Rp3,652.83 trillion in December 2011 to Rp4,262.59 trillion at the end of December 2012, in line with the strengthening GDP growth.

Indonesia's banking Industry's Loan Outstanding up 22.97 % to Rp2,725.67 trillion at the end of 2012, from Rp2,216.64 trillion as of December 2011.

The Indonesian banking industry third-party funds grow 15.81% year on year, an increase from Rp2,784.91 trillion in December 2011 to Rp3,225.20 trillion at the end of November 2012.

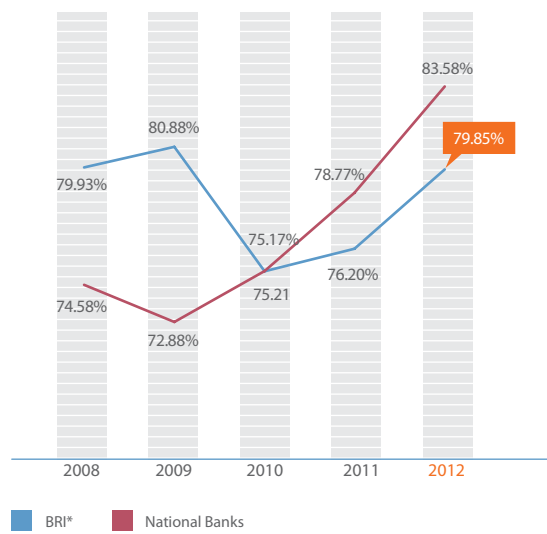
BRI

BRI's LDR experienced an increase from 76.20% by the end of 2011 to 79.85% by the end of 2012.

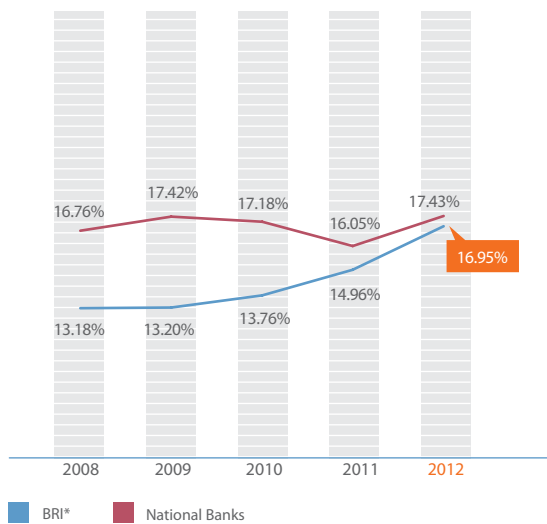
BRI's CAR showed a significant increase to 16.95% by the end of 2012, from 14.96% as of end of December 2011

BRI's ROA was up from 4.93% in 2011 to 5.15% in 2012, which was well above the average ROA of Indonesian banking industry, which was 3.11% as of December 2012. The increase of BRI's ROA was supported by high yielded micro loans accompanied by increasing fee based income.

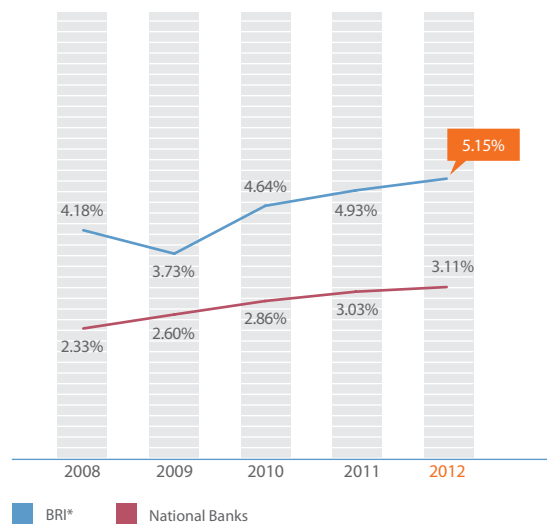
Loan to Deposit Ratio (LDR)



Capital Adequacy Ratio (CAR)



Return on Asset (ROA)



*Bank data only

Indonesian Banking Industry

The banking industry's LDR level also experienced an increase from 78.77% at the end of 2011 to 83.58% at the end of December 2012.

CAR level was also strengthened a from 16.05% in 2011 to 17.43% as of end of December 2012.

The industry's ROA also showed an increase to 3.03% in 2011 to 3.11% as of December 2012.

General Overview

Indonesian Banking Industry in 2012

Indonesian banking industry in 2012 remained steady, as shown by an improving intermediation function, despite an ongoing uncertainties in global economy stemmed from continuing financial crisis in Europe and the United States. The strength of the banking industry is reflected in its high Capital Adequacy Ratio of 17.43%, which is far higher than the minimum requirement of 8%. The gross Non-Performing Loan was also well maintained at 1.87%.

Indonesia's Gross Domestic Product (GDP) per capita in 2012 was up to Rp33.4 million from Rp30.4 million in 2011, representing a growth of about 6.23%. Indonesia's economic growth is mainly supported by domestic consumptions, and therefore enabled the micro, small and medium industries that produce domestic goods to perform well. This condition is also in favor to commercial banks which largely support these sectors, as they can grow their business better as well as maintain the assets quality.

According to Bank Indonesia's data, total loans in the banking industry in 2012 grew by 22.97%, with a value of Rp2,725.67 trillion. This growth was slightly lower than the loan growth in 2011, which was 24.6%, with a total value of Rp2,216.54 trillion. Given the unsupportive global economic situation, this result was quite satisfactory.

The majority of the total loans in 2012, which was around 48.62%, was used to finance working capital, which grew from Rp1,068.6 trillion as of December 2011 to Rp1,316.69 trillion as of the end of 2012. Furthermore, 21.84% was used to finance investments, which grew from Rp464.2 trillion in December 2011 to Rp591.43 trillion as of the end of 2012. The remaining 29.54% was used to finance consumption, which grew from Rp667.2 trillion to Rp799.75 trillion as of the end of 2012.

Third-party fund growth booked a 15.8% increase to reach Rp3,225.19 trillion in December 2012, lower than the 19.1% growth recorded in 2011 at Rp2,785 trillion. The composition of third-party funds as end of December 2012 consisted of 23.78% demand deposits, 42.83% time deposits and 33.39% savings. The composition of third-party funds as of December 2012 is similar to 2011's, which were 23.44% demand deposits, 44.31% time deposits, and 32.25% savings.

The industry's LDR level continue to increase, due to higher loan growth than third-party funds' as of end of December 2012, the average LDR of the banking industry was 83.58%, an increasing level from 78.8% recorded in 2011, where several banks recorded an LDR of more than 92%, or approaching 100%, which is the maximum allowed level of LDR since March 2011.

Several of the aforementioned parameters, especially third-party funds and LDR, show that competition in acquiring third-party funds will continue to rise, especially in low-cost funds, like savings. This situation will affect on the strategy in setting of interest rates, product innovation and features, as well as marketing promotion.

BRI, on the other hand, is showing different results. During 2012, BRI was still implementing a strategy of consolidation in the retail business sector, especially in the small commercial, and medium enterprises loan segments, as well as revitalization in micro business. This consolidation has produced a lower NPL level in the two said loan segments. The NPL (gross) of the small commercial loan segments decreased from its position in 2009 of 4.21% to 3.75% as of end of December 2012. At the same time, the NPL (gross) of the medium enterprises loan decreased from 12.31% to 5.09% during the same period. With lower NPL in these two sectors, BRI's overall NPL (gross) level decreased, from 2.30% as of the end of 2011 to 1.78% by the end of 2012.

The consolidation and revitalization of these businesses generated quality loan growth for BRI, and not just growth in aggressive lending practices. In the middle of increasing LDR ratio among commercial banks, these strategy has resulting a steady LDR level at 79.85% , providing sufficient room for BRI to expand its loans in 2013. This good liquidity ratio, supported by a healthy loan portfolio, strong capital and infrastructure are ready to support business growth, which means that 2013 is a time for BRI to accelerate growth in the (Micro, Small, and Medium (MSM) sectors by continuing to uphold a prudent principle.

Micro, Small and Medium (MSM) Loan Growth

The dominance of the domestic consumer market within the structure of the macro economy of Indonesia is believed to have provided the Indonesian economy with the strength to weather the global economic downturn. This is shown in the proportion of micro, small and medium loan within the domestic loan structure, which reached around 50 percent of the banking sector’s total loan. Most of the products in this segment are intended to meet the needs of the domestic market.

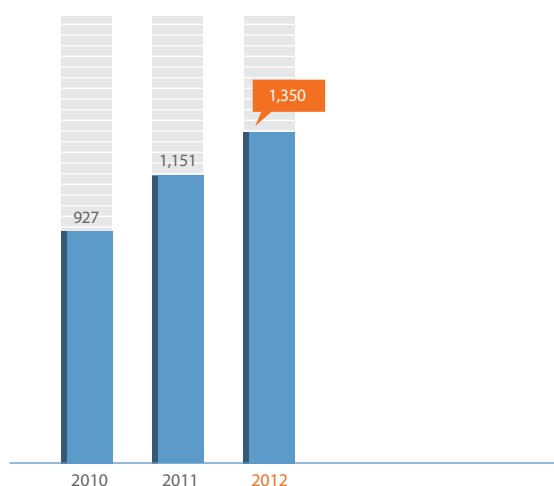
Domestic micro, small and medium loan over the last few years shown moderate levels of growth. In 2011, micro, small and medium lending grew 24.2% from Rp926.8 trillion in 2010 to Rp1,151.4 trillion in

2011. While in 2012, growth was 17.30%, with loan outstanding reaching Rp1,350.61 trillion. In 2012, BRI’s MSM loan portfolio accounted for 19.29% market share of total commercial banks’ MSM loan.

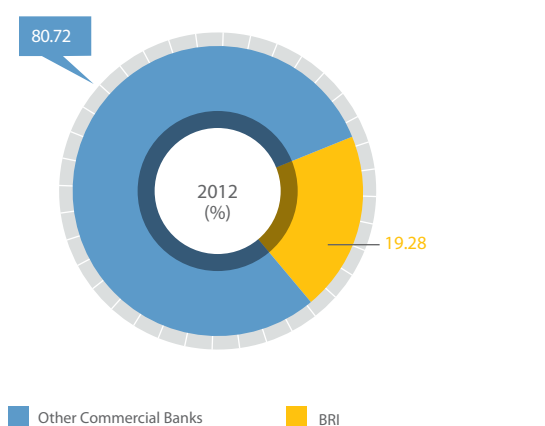
Furthermore, Indonesia’s continually improving economic situation has provided growth opportunities to the banking industry, including BRI, which enables us to support the development of micro, small and medium segment, that are more resilient to the global economic turmoil.

Indonesia’s economic condition, which mainly supported by strong domestic market, indicates that business sectors which are oriented toward the domestic market will have bright prospects. It is forecasted that this condition will remain steady for the next several years, given increasing purchasing power of Indonesian population, which is reflected by the increase in income per capita, the growing middle class, the decrease in the poverty rate and the increase in the productive work force. These facts, combined with the high level of investment in the manufacturing sector and other productive sectors, have generates high levels of optimism that the strength of the domestic market in supporting the Indonesian economy will remain stable. BRI, as a bank that has a very strong relation with the domestic economy, with a focus on the micro, small and medium sector, will be very well positioned to benefit from this business potential.

Indonesian MKM Loan (In trillion Rp)



Indonesian Banking Industry’s Market share of MSM Loan among National Banks



Business Overview



In 2012, BRI consistently strengthened the development of its businesses in micro, small and medium sectors by adding IT-based services, increasing Treasury services, as well as improving assets quality in medium enterprises and retail sectors.

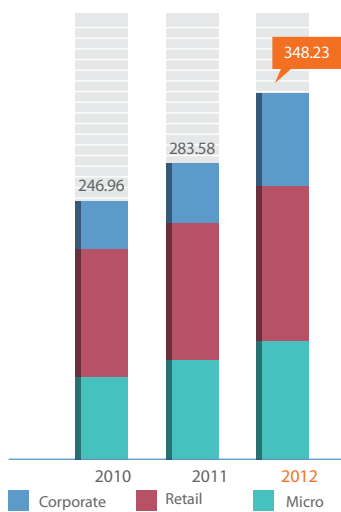
BRI's core businesses constitute loans, gathering third-party funds and other banking services. The products and services are divided into several business sectors: Micro Business and Program, Retail Business, Corporate Business, International Business, Treasury and Market Capital Support Services, and Subsidiaries.

However, in accordance with its mission and vision, BRI focuses more on the micro, small and medium sectors. Our accomplishment in maintaining micro, small and medium loan as the biggest part of our portfolio, which is accounted for 75 percent of BRI's total lending in 2012, is an outcome of this commitment.

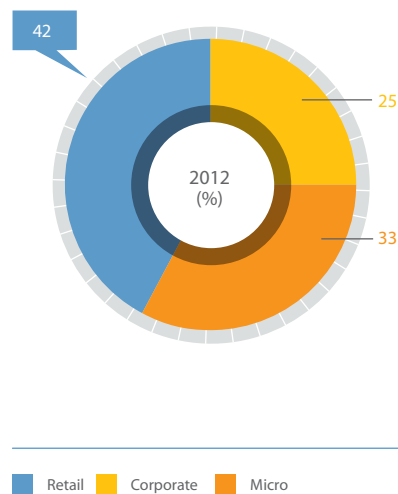
Apart from the micro, small and medium sectors, BRI also maintains a balance between long-term growth and maintaining its loan portfolio for the SOEs and corporate loan segment, in line with Indonesia's economic growth, which is greatly supported by state-owned companies. In addition to capturing potential and optimizing the liquidity of existing funds, loan to the corporate segments also opens opportunities to work on "trickle down business" for the micro, small and medium segments by benefitting from supply chains in the corporate sector.

Below are descriptions of each of BRI's business sectors, based on bank only data.

BRI's Loan (In trillion Rp)



BRI's Loan Composition



MICRO BUSINESS AND PROGRAM

Micro business comprises of micro and People's Business Loans or Kredit Usaha Rakyat (KUR) loan, micro third-party-fund gathering, and other banking services through micro outlets. The number of micro and programs loans outstanding in 2012 reached Rp115.16 trillion, or 33% of BRI's total loans.

1. BRI micro and programs businesses were designed for individual customers aiming to develop micro segment.
2. Kupedes and KUR are our most competitive loan products in micro segment, while Simpedes is our savings product champion.
3. The development of our micro business is supported by the growth of micro outlets, therefore, the number of outlets will be expanded into 5,000 BRI units, 1,778 TerasBRIs and 350 mobile TerasBRIs.
4. Micro loan outstanding increased by 18.41% to Rp106.8 trillion while the rate of non-performing loans (NPL) was managed to be 1.09%.
5. Micro savings increased by 17.7% to Rp126.59 trillion, where around 90% of this micro savings have an average of Rp4.5 million per customer.
6. Consistent in being the major player in distributing commercial micro and program loans to support the implementation of financial inclusion.

Micro Business

BRI aims to become the best micro bank that is profitable and sustainable in the world while prioritizing customers' satisfaction. With a long history, BRI has established a solid customer base, both in loan and saving, as a pillar to support BRI's domination in micro banking business.

The opportunity for BRI to boost the number of micro-banking customers is still wide open. According to the Cooperatives and Small-Medium Enterprises Ministry

(Kementrian Koperasi dan UMKM), of all existing small-medium enterprises, which was predicted to be standing at 55.21 million, only one-third have been served by the banking industry, meaning that more than 35 million businesses have yet to enjoy banking services.

BRI's strategy to develop its micro segment is by implementing the community banking concept, which includes:

1. Expansion to all regions in Indonesia by providing simple and safe micro financial products and services, which are easily accessed by customers through BRI's micro business network.
2. Quality improvement in micro business products and services and continuous partnership with customers to create a sustainable business growth.
3. Promotion on BRI's micro banking business as a thriving and sustainable micro financial institution at the international level, as part of BRI global corporate social responsibility.

In implementing the aforementioned strategies, BRI has continuously built a reliable system to support the expansion of its customer base, both in loan and saving, and develop champion products to meet micro customers' need.

As mentioned in previous sections, Kupedes and KUR are BRI's micro loan products. Kupedes is a loan product with size up to Rp100 million, and it is available for both individual and institutional customers that meet the requirements. The customers will be served at all BRI's micro business network. KUR is a financing facility for start-up businesses and it is insured by the government through state-owned insurance company Askrindo and state-owned loan insurance company Jamkrindo with a loan size up to Rp20 million.

In our view, KUR plays strategic role in the micro business development, as it is suit to be a feeder in expanding our qualified Kupedes customer base. The insurance provided by the government through Askrindo and Jamkrindo, reaching up to 80% of total non-performing loans has made KUR a loan scheme with a fit risk and return profile for BRI.

In saving, Simpedes is our champion product for the micro segment. It is designed to provide practical and customer-friendly banking services to our micro customers.

All of these products and services for the micro segment are served through a real time online outlets, comprising conventional outlets, such as, BRI Unit, TerasBRI, and Mobile TerasBRI (sub outlet of BRI Unit), and e-channel networks, like ATM and SMS Banking.

The Development of Micro Business in 2012

Throughout 2012, BRI implemented four main activities to develop its micro business:

1. Reorganizing the micro business division
There are two main programs in reorganizing the micro business division, which are aimed to boost the growth of BRI micro business, including:
 - a. Expanding the micro business division from one into three divisions, as follows: the Policy and Business Development Division, the Micro Business Monitoring I Division and the Micro Business Monitoring II Division. This expansion is intended to enhance the growth of micro business, as there are now two separated functions: policy and business development, and policy and strategy implementation. The presence of these two divisions focusing on policy and strategy implementation showed BRI's commitment in developing and supervising the micro business.
 - b. Enlarge the micro business marketing team by adding more loan officers in BRI units. This program will subsequently improve the ratio of loan officer per BRI Unit from 2.01 in 2011 to 3.09 in 2012. This new ratio implied an increase in micro loan distribution capacity, both for Kupedes and micro KUR, in each BRI unit.
2. Expanding network infrastructure
The expansion of network infrastructure is aimed to accelerate market penetration, both in extensive

and intensive way. The extensive strategy including the launch of BRI micro outlets in new region, while intensive strategy is implemented through optimizing business potential in existing market by launching TerasBRI and Mobile TerasBRI. The expansion of network infrastructure also included the development of e-channel network, like ATMs and SMS Banking.

3. Micro Business Marketing Programs
To extend the market and improve customers' loyalty, BRI carried out various integrated marketing programs, which included:

Simpedes Festival or Pesta Rakyat Simpedes (PRS)
PRS was launched in 2008 and was designed as an event to promote Simpedes. Throughout 2012, the PRS event was no longer only promoting Simpedes, but also Kupedes, KUR and e-banking services. These events were carried out in 190 BRI branches throughout the year, and mostly campaigned e-banking and SMS-banking as the theme in promoting Simpedes features.

BRI Care - BRI Peduli Pasar Rakyat (BRI PESAT)
BRI PESAT is an integrated marketing event to promote BRI products (saving, loan, e-banking, etc.). The events are held in traditional markets to reach out to the traditional market vendors' community and customers. The BRI PESAT program is aimed to:

- a. Build and increase awareness of BRI services and products among traditional market vendors' community and customers.
- b. Expand the number of BRI customers, including lending, saving and other services.
- c. Assist traditional market vendors by providing banking services and business development advices through micro loan distribution.

Simpedes Harvest Festival or Panen Bulanan Simpedes (PBS)
PBS was a marketing event which was regularly held by BRI Units to increase people's awareness and customers' loyalty toward Simpedes (BRI's micro saving product)

Partnership Program

BRI was developing micro business through partnerships with private sectors, government institutions and mass organizations. In so doing, BRI gained new customers through these partnership events, as well as, by providing products and services that fit the needs of each partner, and therefore, BRI's is able to expand its micro customer base.

'Mudik' with Kupedes and Simpedes or Mudik Bersama Kupedes Simpedes

In 2012, roughly 3,068 customers of Kupedes and Simpedes are traveled by 50 buses, and 50 Indonesian migrant workers are carried from Malaysia to Central Java, East Java and Yogyakarta to celebrate the Idul Fitri holidays with their families.

Participation in Exhibitions

BRI facilitated micro customers to join various exhibitions, such as, Inacraft festival, Small-Medium Enterprises (UKM) Expo, culinary exhibitions, and the like, to facilitate customers in reaching out potential markets.

4. Microfinance International Cooperation

BRI developed an international visitor program (IVP) aiming to boost visits to BRI micro banking business and established the BRI Microfinance International Cooperation (MIC) in 2008. The MIC is one of BRI's global corporate social responsibility programs intended to develop microfinance business in the global level.

Through the MIC program, BRI has consistently held Microfinance Training and Study Visits (MTSV), business captures and technical assistance in the microfinance sector. BRI MIC also worked together with various global microfinance institutions such as Asia-Pacific Rural and Agricultural Credit Association (APRACA), Microfinance Network (MFN), Microcredit Summit Banking with the Poor (BWTP), Woman World Banking, APEC, etc.

In 2012, BRI held an international seminar on microfinance, aiming to promote Indonesia as one of the microfinance seminar and workshop centers. The seminar was supported by various international and national institutions. BRI also conducted various studies on microfinance, including Micro Finance Study Visit, Micro Finance Specialized Study Visit, Micro Credit Operation, etc.

Business Program

BRI business program is developed by optimizing the existing infrastructure network. The strategy has managed to put BRI in its position as one of the major players in providing loans, as part of the government's development programs, while holding onto prudent and professional principles.

Business Development Program

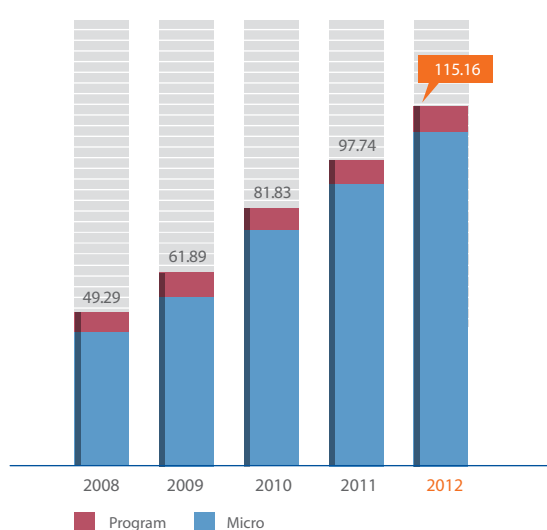
BRI supported the government food security program by providing food and energy security loans (KKP-E), Warehouse Receipt Subsidy Scheme (S-SRG) and Natural Energy and Plantation Revitalization (KPEN-RP) in non-partnership scheme. The KKP-E scheme has helped many farmers and fishermen in increasing their produce.

The KKP-E scheme comprised KKP-E for sugar cane, local produce, horticultural produce, food procurement, livestock, fisheries and agriculture machineries.

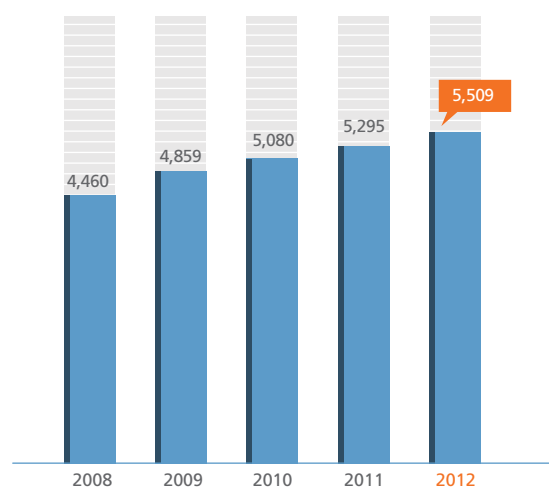
Aside from the food security loan (KKP) scheme, other competitive loan products comprised of Retail KUR, with loan size in between Rp20 million to Rp500 million. The Retail KUR is also insured by the government through state-owned companies Askrindo and Jamkrindo. Businessmen with small but feasible businesses which are not bankable are eligible to receive the loans, and expected to become the feeder for the BRI's commercial loan segment.

Achievement of Micro Business and Program 2012

Micro and Program Loans
(in trillion Rp)



Number of Micro Loan Borrowers
(in thousand)



1. Development of infrastructure network

During 2012, BRI managed to add 125 BRI Units, 500 TerasBRI and 250 Mobile TerasBRI, boosting the number of BRI outlets to 5,000 BRI units, 1,778 TerasBRI and 350 Mobile TerasBRI. The expansion of BRI outlets, which were mostly located in traditional markets since 1999, played an important role in increasing Kupedes and KUR Micro loans.

2. Development of Micro Customer Base

The expansion of the micro outlets showed a solid result in the increase of the number of micro-loan borrowers by 214 thousands borrowers to reach 5.5 millions as of end of December 2012. The addition of new networks (which was opened after 2009) contributed to 10.98% to the total micro-loan borrowers.

3. Growth of Outstanding Micro Loan

The economic growth, infrastructure development and implementation of various micro-business development programs have helped BRI to optimize potential growth and booked an 18.41% increase in micro loan to Rp106.8 trillion by the end of 2012.

The growth was supported by increase in Micro KUR loan outstanding by 35.05% to Rp15.1 trillion, and in Kupedes by 16.06% to Rp91.6 trillion.

4. Micro Loan Quality

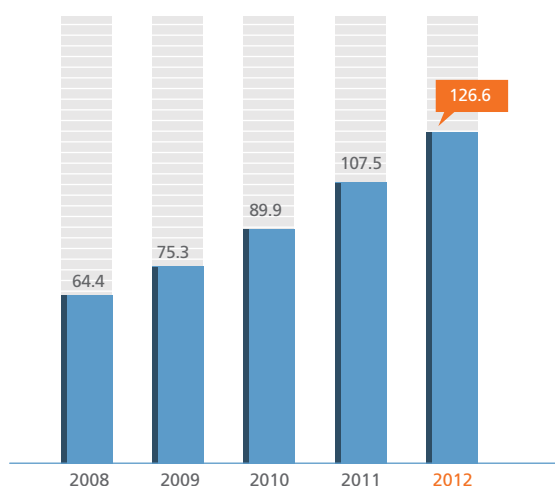
The organization development, human resources development, and in-depth knowledge about micro segment behaviors have helped BRI in maintaining its micro loan quality, which has shown by a low non-performing loan level of 1.09% in 2012. Within the past five years, the rate of non-performing micro loans has been maintained to a very low level below 1.5%.

NPL (%)	2008	2009	2010	2011	2012
Micro	1.02	1.40	1.21	1.19	1.09

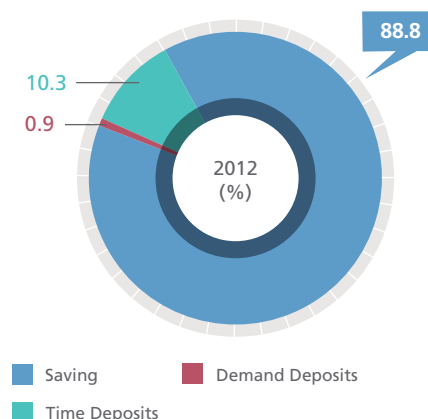
5. Development of Micro Savings

The increase in number of customers has a positive correlation to an increase in funds collected from micro customers. Throughout 2012, the total of funds collected from micro customers increased by 17.73% to Rp126.59 trillion. The BRI micro business network, which is the largest in the country, has contributed to the achievement. Saving, with low cost of fund, dominates third-party funds, and represents 88.6% of the total third party funds, followed by time deposit with 10.33% and demand deposit with 0.91%. The funds composition has led micro business to be self-funded by having adequate reserves to provide micro loans.

Total Micro Saving (in trillion Rp)



Composition of Micro Saving



6. Business Program Achievement

The total of loan outstanding that were distributed in 2012 have reached Rp8.36 trillion. Through the KKP-E program, BRI has distributed loans to more than 18,000 farmers to boost their product. The total KKP-E loan outstanding was increased by 24.87%; from Rp1.97 trillion to Rp2.46 trillion.

By the end of 2012, BRI has distributed Retail KUR loan to more than 37,000 borrowers, which comprised of small businesses and cooperatives, and therefore has increased number of borrowers by 2,000 debtors compared to 2011 number. It shows BRI's commitment to support the government's program to expand financial access for small and medium enterprises in Indonesia. In 2012, the total Retail KUR's loan outstanding has increased by 16.4% from Rp4.67 trillion to Rp5.4 trillion.

7. Micro Business and Programs' Income and Profitability

The distribution of micro and programs loans throughout 2012 has generated a total net interest income and other operational incomes of Rp19.13 trillion, and therefore contributed to Rp8.74 trillion in net profit to BRI.

Micro Business Development Plan for 2013

Given the crucial role of the micro business to BRI's business expansion as a whole, which is one of the main entry point to the growth and development of BRI and customers partnership, as well as, to maintain customers' loyalty, BRI is determined to strengthen the growth of micro business.

As an attempt to accelerate the growth of micro business in each outlet, business opportunity assessment for potential micro industry clusters will be done by all BRI's working unit across the archipelago. Meanwhile, to support the growth of the micro-business, BRI has developed a good relationship with institutions, agencies or third parties in both national and regional levels to support its marketing force in penetrating the market. Various programs that will be continuously implemented in 2013 include:

1. **Strengthening Customer Base**
Growing loan outstanding and saving funds by increasing number of customers. The increasing number of customers will strengthen BRI's customer base, in parallel with the economic community development in the region.
2. **Proficient Human Resources Developments**
BRI will continue to increase the number of its outlets, supported by qualified human resources. In so doing, BRI will continue to improve the quality of the human resources through continuous and regular education programs through seven education centers across Indonesia.
3. **Product Developments**
BRI will keep on evaluating and developing products features to match the needs of micro segment through enhanced functions, policy, as well as, introducing new features for Simpedes and Kupedes.
4. **Network Developments**
Given that accessibility is one of the most important factors for the micro-business development, BRI will continue to expand its conventional network in the form of BRI Unit or TerasBRI in 2013.
5. **E-channel Developments**
In micro-business, e-channel developments will be focused on deploying more ATM networks in BRI Units, as well as, developing SMS Banking service. As a proxy to show BRI's commitment in developing e-channel to serve the micro segment, roughly 75% of existing BRI Units have been equipped with ATMs and EDCs.

RETAIL BUSINESS

In general, BRI Retail Business segment includes the distribution of retail commercial and medium loan to finance small and medium enterprises (SMEs), consumer loan, individual third party funding and other consumer banking businesses. In 2012, total loan outstanding in this retail business reached Rp145.33 trillion or 41.73% of BRI's total loans.

- 
1. The year 2012 remained a year of consolidation for the retail commercial and medium segments.
 2. Consumer lending with top products Briguna (credit facility for employees and retirees) and KPR BRI home loan facility.
 3. Retail funding raised through BritAma grew by 17.8% to Rp69.95 trillion in 2012.
 4. The largest ATM network with more than 14,000 BRI ATMs across Indonesia.

Retail Commercial and Medium Loans

BRI distribute retail commercial and medium loans to meet the financial needs of the small and medium enterprises in the form of Working Capital Loans or Investment Loans. The loan distribution is channeled through 446 BRI branch offices and 545 BRI sub branch offices under the management of 18 BRI regional offices.

The development of Commercial and Medium Retail Loans in 2012

In 2012, the consolidation of the Retail Commercial and Medium-sized Business loan segment was carried out through the implementation of various programs, which aimed to improve the quality of the loans portfolio, and was classified into two types of action. The first action was the remedial steps, which were ad-hoc and done for the short term. The second action was pro-active steps, which included preventative measures to prevent recurring loan quality decline based on regulatory requirements.

The program that was implemented included business development counseling and on-site evaluation of each outlet to explore their potentials, as well as finding solutions to identify the outlet's problems in expanding retail and medium loans.

In addition to aforementioned actions, throughout 2012, BRI also completed a variety of programs to develop the Retail and Medium Business segment, which included:

1. Restructuring the Retail and Medium Business Division to support the improvement of the commercial and medium loans' performance.
2. Various programs were applied following the reorganizing. The programs included the improvement of the policy, system and procedure.
3. Retail and Medium Business Marketing
In a bid to ensure the strategy's success, BRI performed various activities in relation to the marketing of the products, which included:
 - a. Evaluating and defining the target market for retail commercial and medium loans to increase the outstanding as well as expanding the business by taking into account potential and economic growth of an area.
 - b. Evaluating retail commercial and medium loans' marketing strategies and policies.
 - c. Synchronizing, monitoring and evaluating communication activities as well as the marketing of the business products in order to increase the product awareness.
 - d. Conducting cross-selling activities to increase revenues.
4. Competency improvement and skill-building course programs for the marketing teams.
5. Retail commercial and medium loan monitoring and evaluation programs for each outlet.
6. Products and services development.
7. Other efforts to improve the loan's quality.
As previously mentioned in the beginning of the discussion, throughout 2012, BRI intensively

improved the loans' quality, especially for retail commercial and medium loans. Various programs that have been implemented in order to improve the loan quality include:

- a. Monitoring and evaluating the loans portfolio both on-site and off-site.
- b. Coaching programs and problem solving for each outlet.

Retail Consumer Loans

Approval of consumer loans' requests were made based on the income of the potential customers that was verified by their employers, as well as revenues of the consumers' companies (for business people) supported with adequate assessments of the collateral. Therefore, the growth of consumer loans was strongly influenced by the society's income, purchasing power, and the global economic condition.

In a bid to expand the market share of its consumer loan, BRI has constantly performed products innovations and development on an ongoing basis to fit the needs of the customers. For the reason, BRI provides and develops a number of retail consumer loan facilities, including Briguna, Mortgages or Kredit Kepemilikan Rumah (KPR), Auto Loans for vehicle and motorcycle or Kredit Kendaraan Bermotor (KKB), Multipurpose Loans or Kredit Multi Guna (KMG) and Credit Card (Kartu Kredit).

Retail consumer loan products

Briguna

Briguna is BRI's champion consumer loan product that is designed for employees and retirees with fixed incomes, for example, civil servants, which may be used to secure both productive and consumptive purposes. BRI's network, which is the largest, is extended all across Indonesia, and therefore become one of the bank's competitive advantages to help capture the segment.

Mortgages or Kredit Pemilikan Rumah (KPR)

KPR BRI is expected to continuously meet people's demands of house ownership. Currently, BRI has cooperated with more than 400 residential developers all over Indonesia. In addition, KPR BRI also offers a range of facilities, including a flexible loan installment period, competitive interest rates, guaranteed security of the document ownership, and other conveniences that will provide added value to the prospective lenders.

Welfare Housing Loans or Kredit Pemilikan Rumah Sejahtera (KPRS)

KPRS is a mortgage facility that is designed for low-income communities and was established in collaboration with the government i.e. the Public Housing Ministry. The resources to back KPRS financing originated from blended funds between BRI and the government through the Public Housing Ministry. The interest rate for the KPRS scheme is both low and fixed during the loan period.

Auto Loans for vehicle and motorcycle or Kredit Kendaraan Bermotor (KKB)

KKB BRI is established to meet customer's needs for automobiles and motorcycles. BRI has cooperated with various sole-authorized agents (ATPM), dealers and multi-financing firms in the program, making the KKB BRI proficient to give the best services with a very affordable interest rate. KKB BRI also provides a combined feature between KKB BRI and BRI saving products.

Multipurpose Loans or Kredit MultiGuna (KMG)

KMG BRI aims to fill the needs of customers, that cannot be met neither through the KPR or KKB products. The product is very attractive among the customers, particularly those with fixed income, given the advantages that can be enjoyed by using the product, including a relatively long-term loan period with hefty loan ceiling.

Credit Card (Kartu Kredit)

Kartu Kredit BRI was launched in 2006 and has always been offered to give the customers convenience in

doing transactions. Up until now, BRI has several types of credit cards, including Kartu Kredit BRI Standard, Gold, Platinum, Corporate, Business, and Co-Branding.

General Strategies for the Consumer Loans Business Development

Briguna, KPR, KKB and KMG strategies

1. Reorganizing the Retail and Medium Business Division to enhance the performance of retail consumer loans for employees and retirees (Briguna).
2. Developing BRI's information technology especially in Briguna customers' installment mechanism.
3. Improving Briguna services by implementing online application request.
4. Developing the Consumer Credit Center (SKK) and Consumer Credit Branch Office (KKK).

In 2012, BRI implemented the mono-line business process at 13 SKKs and 43 KKKs. The implementation is tailored to the potential business consumers situated in each region.

5. Cooperation with business partners.

BRI continues to forge partnerships with a number of large developers to distribute Mortgages (KPR) and Apartment Loans or Kredit Kepemilikan Apartemen (KPA), as well as to collaborate with sale-authorized agents (ATPM) in order to support Auto Loans (KKB) distribution. Furthermore, as part of the brand formulation strategy to increase the awareness, BRI has promoted the products and services through large number of media, as well as actively participating in various national and international exhibitions. BRI also forges affiliations with multi-financing firms through the KKB Kerjasama product. Given the big potential, this product will continue to be developed, as there are rooms to increase its effectiveness and efficiency in supporting the KKB expansion.

6. Improving the service quality

On top of expanding the outlets for consumer loans, BRI also reforms and improves its technology to ensure the bank will reach a satisfactory Service Level Agreement (SLA). In addition, BRI will always put innovation first in developing the features of its products, in line with the customer's needs.

7. Increasing the number of the marketing personnel

The rising number of the marketing personnel for consumer loans has always been in practice in a bid to support the expansion of consumer loans in all outlets, such as, branches, SKKs and KKKs, with preserved quality. BRI presently has 419 of marketing personnel for consumer loan facilities.

Credit Card Business Development Strategy

Throughout 2012, BRI implemented a number of strategies relating to the development and marketing of its credit cards business, including:

1. Market Penetration, by increasing the number of cooperating merchants, integrated promotion, and cross-selling with other BRI products.
2. Market Development, by expanding to second- and third-tier cities.
3. Maintaining asset quality by developing infrastructure in collection process, and assigning specific collection team to increase the recovery rate from written off balance.
4. Developing application process automation to speed up loan approval while adhering to prudent principles.

This development strategy has been supported by the reputation and trust from BRI's credit card holders, reliable IT platform, low cost funds, vast network across Indonesia, large and widespread customer base, and experienced human resources with strong integrity.

Deposits

BRI provides a variety of deposit products that offer safety and high service quality to the customers. BRI has integrated marketing activities in place to support and promote these deposit products. There are periodic promotional programs with attractive prizes for certain saving products. BRI's main deposit products in Consumer Business are:

BritAma

BritAma is the flagship savings account, dedicated to gain third-party funds in urban areas. In addition to BritAma with Rupiah denomination, BritAma is also available for other currencies. Moreover, BRI also have other variant of this saving product which has been customized to fulfill customers' needs such as BritAma Bisnis and BritAma Rencana. Meanwhile, to facilitate the financial transaction, this saving product also provided by BRI card and supported by more than 14,000 ATMs, 9,000 working units throughout Indonesia in real-time online. The BRI card can also be used in various parts of the world and equipped with sms banking and internet banking.

BRI conducts "Untung Beliung BritAma" (UBB) regularly, a lucky dip program designed to boost customer acquisition and maintain customer loyalty. The UBB program has been carried out as many as 6 (six) times since 2007 and has successfully raised public awareness.

BRI Junio Savings

BRI Junio is a savings account specially targeted at children of 17 years and younger. The aim of this product is to introduce young people to banking services at an early age and to instill a sense of delight in saving. BRI Junio is designed to attract young customers using BRI Private Label Limited Edition Card depicting iconic cartoon characters, namely Superman, Tweety, and Tom and Jerry.

GiroBRI

GiroBRI is demand deposit and is one of the BRI products available in various currencies; both in Rupiah and foreign currencies, and is equipped with BRIVA (BRI Virtual Account) facilities that offer additional convenience in depositing and verifying their business transactions.

DepoBRI

Other third-party funds come from Deposito (Time Deposit), called DepoBRI. DepoBRI is a term savings account with a choice of time limits from 1, 2, 3, 6, 12 and 18 through 24 months offering competitive interest rates.

Haj Savings

Haj Savings is a product for customers with plan to undertake the Haj pilgrimage. This product helps customers to prepare their Haj Pilgrimage Implementation Fee (BPIH), whether a regular BPIH or a Special BPIH/Haj Plus. Deposits can be carried out online at all BRI work units and will be forwarded via host-to-host switching application to the Integrated Computerized Haj System (Siskohat) in Religious Affairs Ministry.

Tabunganku

Tabunganku is a savings product for individuals with simple and straightforward conditions. It is offered at all banks in Indonesia in order to encourage savings culture in the country while at the same time may help to increase people's welfare. The Tabunganku product is one of Bank Indonesia's program in the Indonesia Savings Movement (Gerakan Indonesia Menabung). Tabunganku has several advantages, such as, free of administration fee, affordable initial deposit and others.

e-channel

E-channel is a primary way to fulfill the needs of BRI's main target in Consumer Banking Business. These people are well-informed, embracing practical and simple lifestyles, and foremost, having high mobility. In this segment, BRI offers comfort in access to financial services, as supported by 24/7 online services and reliable information technology (IT) infrastructure.

To ensure the convenience and safety in the e-banking services, BRI has consistently developed an integrated network using the latest technology, and carried out a prudent network infrastructure planning. (See also "Information Technology System Development").

As an indication of BRI's commitment in e-banking services, BRI annually adds new infrastructure to the e-channel network, which comprises ATMs, Kiosks, CDM and EDC, as illustrated in the following table.

e-channel Development

e-channel	2008	2009	2010	2011	2012
ATM	1,796	3,778	6,085	7,292	14,292
Kiosk	14	60	96	100	100
CDM	1	22	39	89	92
EDC		6,398	12,719	31,590	44,715
E Buzz		1	2	19	42
Total	1,811	10,259	18,941	39,090	59,241

BRI Priority

BRI Priority provides priority banking services offered exclusively to BRI's mass affluent customers and high net-worth individuals. The services include financial planning, investment consultations, insurance (bancassurance) and retirement planning.

By positioning in premium segment, the aim is to cultivate existing customers, while at the same time maintaining customer's loyalty, by emphasizing BRI's value on intellectual, lifestyle, heritage, and seasonal events.

BRI Priority services are offered through BRI Priority Centers (Sentra Layanan Prioritas - SLP), that are designed with a high service quality standards that prioritize comfort, safety, and accuracy for customers' transactions. SLP lounges are located in several major cities in Indonesia, offering the broadest network of priority banking services.

Each PSC has been constructed with built-in controls and is professionally managed by certified and proficient Priority Banking Assistant (PBA), Priority Banking Officer (PBO) and Priority Banking Manager (PBM). The certifications include WAPERD for Mutual Fund sales agents, Indonesia Life Insurance Association (AAJI) for Bancassurance (Unit Linked) sales, and Wealth Management Training.

BRI's premium services offer various privileges that are highly competitive compared to other products. These services including personal service from our Priority Banking Officer, in the form of delivery and collection services, private phone banking services, exclusive rooms for banking transactions, private mini-lounge facilities with internet and e-banking corner, free meeting room, designated parking bays, and a 24-hour Call Center.

Retail Business Achievements

1. Retail Loan Distribution

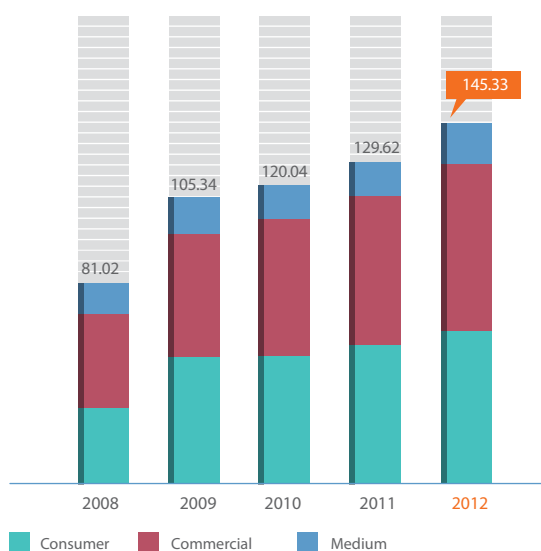
a. Retail Commercial Loans

The portfolio of Working Capital Loans (KMK) and Investment Loans (KI) in retail loan with loan size between Rp100 million and Rp5 billion began to show signs of improvement in 2012. With conducive domestic economy, BRI disbursed loans to more than 3 thousand new borrowers in 2012, resulting in total outstanding retail loans increasing by 11.9% from Rp67.60 trillion to Rp75.6 trillion, with the total number of retail borrowers reaching 1.06 million.

b. Medium Loan Distribution

Medium KI and KMK loans covering loan size between Rp5 billion and Rp50 billion. In 2012, loan outstanding in this medium segment grew by 19.4% from Rp13.8 trillion to Rp16.5 trillion.

Retail and Medium Loans (In trillion Rp)



c. Retail Consumer Loans

Overall, loan outstanding in Retail Consumer Loan in 2012 increased by 10.2%, reaching a total of Rp61.5 trillion. The increase from Rp55.8 trillion in the previous year is due to growth in Briguna, which is 11.9% from Rp43.8 trillion to Rp48.9 trillion in 2011.

2. Retail Loan Quality

- Intensive monitoring and improvement in loan management resulted in significant improvements in the quality of retail and medium loans during 2012. By end of 2012, BRI had succeeded in improving its Retail and Medium segments' Non-Performing Loan (NPL) ratio to 3.75% and 5.09%, respectively.
- Consumer loan expansion was carried out in a cautious manner while maintaining loan quality, intensive monitoring, and prudent customer selection, and therefore resulting a relatively low consumer loan NPL Ratio of 1.60% in 2012.



3. BRI Credit Cards

BRI's credit card performance continued to improve as indicated by the increase in the number of new cards, transaction volume and fee-based income. During 2012, BRI issued 538,729 cards, an increase of 23.1% from 437,781 cards issued in 2011. Transaction volume rose by 8.3% to reach Rp2.35 trillion from previous year's of Rp2.17 trillion. Total interest revenue reached Rp154.5 billion, an increase of 62.1% compared to Rp95.28 billion a year earlier. In addition, BRI deployed more Electronic Data Captures (EDCs) in various merchants during 2012, reaching a total of 21,299 units that accounted for a total sales of Rp2.4 trillion.

4. BRI Priority

BRI Priority program has recorded steady increases in terms of number of customers and portfolios managed during the past few years, as shown in the following table:

Growth of Total BRI Priority Customers (individuals)

Description	2008	2009	2010	2011	2012
Total Customers	280	1,295	3,679	6,978	13,634

Growth of Assets Under Management (Rp billion)

Growth	2008	2009	2010	2011	2012
Total Portfolios Managed	826	3,541	7,375	12,616	21,597

BRI Priority's service quality has continued to develop and improve. According to a customer satisfaction survey conducted by Care-CCSL and Marketing magazine, BRI Priority achieved a higher than industry average of the Indonesian Service Satisfaction Index (ISSI) - a multinational and domestic scale. With such result, in 2010, BRI Priority got the award of Indonesia Service Quality Award-Diamond category for achievement above the industry average, and was ranked fourth. In

May 2012, BRI managed to improve the index and were ranked third, and in the most recent review by Care-CCSL in 2012, BRI was ranked second.

5. Funding

In 2012, savings products in the retail consumer segment managed to accumulate Rp226.96 trillion third-party funds. In addition to the above achievement, BRI also gained recognition from external parties. In 2012, BRI got the Top Brand Award in a survey conducted by Marketing magazine and the Indonesia's Frontier Consulting Group. The award was received in the two categories, BritAma Junio in the Children's Savings Account category, and BritAma in the Savings Account category. On top of that, BRI was also awarded First Winner for the Savings Account Category 2012 by SWA and MARS magazines, both are well known business and management magazine in Indonesia.

6. All the above services in the Retail segment successfully delivered Net Interest Income and other operational revenue of Rp18.62 trillion, contributing Rp7.96 trillion to BRI's total net profits for 2012.

Retail Business Development Plan 2013

Retail Commercial and Medium Business

BRI has prepared a series of programs to accelerate the achievement of its retail and medium loan for 2013, which includes the following activities:

1. Market developments

Evaluation of cooperation with government institutions or state-owned enterprises (SOEs) and bonafide private firms, cross-selling, product promotions, business linkages, and network expansions.

2. Market penetrations (existing markets and products)

Active marketing to the SOE partners, developing Retail and Medium product features, formulating a strategic and cross-selling alliance on IT-based

products, and implementing a Closed Financing System that triggered Trickle-Down Business from the corporate - SOE segments.

3. Product developments

Creating Retail and Medium products scheme including bank guarantees, product benchmarking, card based loans, and business potential market mapping.

4. Improving loan processes

The improvement consists of:

- a. Promotion program of latest Retail and Medium loan guidelines in Regional Offices, Branches and sub-Branches.
- b. Evaluations, improvements, and monitoring of retail loan approval processes
- c. Evaluation and monitoring of loan growth in each business unit.
- d. Evaluation and refinement of loan guidelines
- e. Loan approval limits reviews
- f. Benchmarking to competitors in order to continuously review existing Service Level Agreement (SLA)

5. Human Resources developments

Improving expertise and performance assessment methods, and offering attractive and fair remuneration on the basis of performance.

6. IT developments

Utilizing information technology to support new product developments, IT-based loan monitoring, a better access to product information and new product promotions.

(KKB) and Multi-Purposes Loans (KMG) with a more flexible installments and requirements, so to increase customer satisfactions. Marketing strategies will be intensified using existing customer database, third parties (dealers/developers), as well as walk-in customers and implant banking via Home Ownership Program (HOP) with several large companies.

2. Raising Deposits

BRI will continue to introduce attractive deposit products with Tabungan BritAma sales program that is creative, innovative, and covers acquisition, retention and loyalty program. In addition, BRI will also focus on increasing funds in urban areas, together with developing retail and e-banking products that incur fee-based income by broadening and improving the number of delivery channels, especially the electronic channel.

3. Priority Service and Credit Cards

BRI Priority will remain focused on efforts to develop products and privileges in conjunction with leading third parties, as well as implementing various sales programs concerning acquisition, retention and loyalty. Moreover, BRI will add more BRI Priority Service Centers and Priority Lounges to provide additional coverage in servicing premium customers, in a number of large cities in Indonesia in order to strengthen its network. Meanwhile, regarding credit card business, BRI is committed to improve its business potential by targeting Top 7 (seven) position among Credit Card issuers in Indonesia and by increasing its yield contribution or fee-based income in the coming years. BRI will continue to increase its marketing activities and collaborations with merchants, in order to enhance the BRI Credit Card users' convenience, and to increase awareness among users about the advantages and facilities offered by BRI Credit Cards.

4. e-Channel Developments

In order to make the most of its customer base, which is the largest in Indonesia, BRI will continue to develop its e-channel for ATMs, EDCs and CDMs. The three main things needed to be achieved when developing the e-channel are improving access to customer services, increasing fee-based income, and enhancing operational efficiency.

Retail Consumer Banking Business

1. Consumer Loans

BRI aimed to further develop its Consumer Loans business by improving organization structure and business processes, which already being implemented in several major cities. It is planned to introduce several Regional Processing Centers (RPC), Regional Sales Centers (RSC) and Collection Centers, in order to have faster business processes and higher Service Level Agreement (SLA), which in the end will accelerate loan expansions and at the same time retain the loan quality. This step will be followed by product developments, for example addition in product features for Mortgages (KPR), Simple Mortgages (KPRS), Motor Vehicle Loans

STATE OWNED ENTERPRISES (SOEs) AND CORPORATE BUSINESSES

1. The development of SOEs and Corporate loan are focused on businesses that offer opportunities for cross-selling so as to develop other business sectors, especially in the Micro, Small and Medium (MSM) enterprises segment together with increasing fee-based income.
2. Total SOEs loan outstanding reached Rp49.8 trillion in 2012 with an NPL ratio maintained at 0%, while total loan outstanding of Corporate segment reached Rp38 trillion with an NPL ratio of 1%.

Currently, the SOEs and Corporate business segments are supporting BRI's business expansions, which in turn support the government's MP3EI programs and agribusiness developments. From these segments, BRI targets cross-selling to other business segments through the development of a range of other banking services that are appropriate to the needs of MSM enterprises. Consequently, the SOEs and corporate segments enable trickle-down business to the MSM segment as well as increasing fee-based income.

In order to derive full potentials from the segments, BRI strives to improve and develop its banking services, service quality, product features and human resource competency. Banking services for the SOEs and corporate segments include loan; cash management; loan facilities for vendors, subcontractors, suppliers, distributors and development partners; as well as consumer loans for employees who work in these companies. In addition, BRI has also developed other banking services, such as Host-to-Host, One-Gate Payments, Imprest Accounts, Master Accounts, Bill Payments and Briva (BRI Virtual Account).

SOEs Businesses

SOE loan outstanding in 2012 totaled Rp49.8 trillion with the largest composition coming from the infrastructure sector.

BRI's strategy to expand SOEs loans includes:

1. Maintenance, which means retaining existing SOEs customers.
2. Win Backs, meaning efforts to attract former SOEs customers who are currently served by other banks.
3. Acquisitions, which comprises BRI's efforts to offer services to SOEs that have not been BRI customers.

Corporate Businesses

BRI Corporate loans, which are distributed according to the targeted business sectors and the potential for trickle-down business, is divided into two main products, namely Agribusiness loans and General Business loans (Non-Agribusiness).

Agribusiness Loans

Agribusiness loans comprise loan facilities that are offered to individuals or companies that operate in the agricultural sector so as to support financing within that sector for on-farm and off-farm, from upstream to downstream. On-farm financing covers agricultural cultivation on plantations, forests, farms, and fisheries. Off-farm financing covers agro-processing businesses or industries, and the means of agricultural productions such as seeding, agrochemicals, pesticides, agricultural machineries and animal feeds.

The main aim of agribusiness loans is to finance export commodities that have a competitive advantage, and agribusiness that has a multiplier effect on SOEs through the creation of one-stop services, closed-system financing and risk-adjusting mechanisms.

General Business Loan (Non-Agribusiness)

General Business Loan comprises loan facilities aimed at developing the corporate sector outside the SOE and agribusiness sectors. The development of this business is conducted in a prudent fashion using BRI's vast outlets in Indonesia, and through optimizing treasury products, as well as BRI's comprehensive international business products, in order to maximize the bank's interest revenue and fee-based income.

Corporate Funds Management

BRI corporate business development can be seen not only by the increase in its assets, but also by the placement of client funds, and the developments of banking services to increase fee-based income.

In order to harness the potential of its corporate clients, BRI has developed institutional relations division so as to provide specific and sustainable services to its non-individual customers consisting of Government and private institutions that require banking services on a national scale. BRI plans, coordinates, implements, monitors and evaluates the mobilization of funding from the State Budget (APBN) and Regional Budget (APBD), which is disbursed via the Home Ministry, Provincial/Regency Governments, Educational Institutions (Universities), Pension Funds and private companies, in order to continue to increase BRI's funding base in accordance with predetermined targets.

Moreover, in order to keep up with rapid developments in a business world that demands banking products and services that are relevant to the problems faced by today's customers, BRI has continued to develop a range of available products and services that include the following:

Cash Management Services

BRI provides a Cash Management Services (CMS) for business customers in need of banking transaction services that are quick and accurate. The CMS is a solution that allows business customers to monitor account information, carry out financial transactions and manage their liquidity via integrated online facilities that are available all the time.

In 2012, BRI established the CMS through developing the following system:

1. Installation, enhancement, and server upgrade
2. Bandwidth improvement

3. Developed/enriched features
4. More user-friendly CMS application interface

Treasury Single Account (TSA)

In order to manage national finances in a professional, transparent and responsible way, the Government introduced a Treasury Single Account (TSA) at its State Treasury Service Office (KPPN) involving Bank Indonesia's Real Time Gross Settlement System (System BI-RTGS) and Bank Indonesia's National Clearing System (SKNBI). As one of the banks managing the TSA, BRI continues to strive to capture the potential for raising funds relating to the TSA.

State Revenue Module (MPN)

The Single Entry MPN application is an integrated application aimed at conducting deposit transactions for state revenues owed to the Directorate General of the Treasury via BRI. Single Entry MPN transactions cover almost all tax-related payments to the state.

Ministry Partnership Module

BRI has established cooperation agreements with several Ministries in order to support government programs. BRI derives a number of benefits from these collaborations including the opening of accounts from the revenue program, fund settlement and administrative services. The partnership module includes the following:

1. Cooperation with the Public Housing Ministry for the Distribution of Governmental Aid Stimulus for Public Housing (BSPS).
2. Cooperation with the Education and Culture Ministry in disbursing allowances and Block Grant funds.
3. Cooperation with the Health Ministry to distribute funding for various health programs.
4. Cooperation with the Agriculture Ministry to promote the agricultural industry based on local resources by supporting fund disbursement to a number of Agriculture Ministry programs, such as post-harvest working capital assistance, venture capital for horticulture and so on.

SIM (Driving License), STNK (Vehicle Registration) and BPKB (Vehicle Ownership Document) Payment Services

BRI is known for managing the payments of Non-Tax State Revenue (PNBP) in collaboration with the National Police (Polri), for which payments can be made via ATMs and EDCs, and at BRI work outlets.

The different types of PNBP payments cover driver's licenses (SIM), vehicle registration (STNK), vehicle owners' logbooks (BPKB), motor vehicle registration (TNKB), provisional vehicle registration (STCK), driving schools and gun registration.

Visa on Arrival (VoA)

A VoA is a visa issued by immigration to foreign nationals visiting Indonesia. BRI provides the VoA counter payment services and manages the income raised to benefit the Republic of Indonesia's immigration office.

PDAM Payment Point

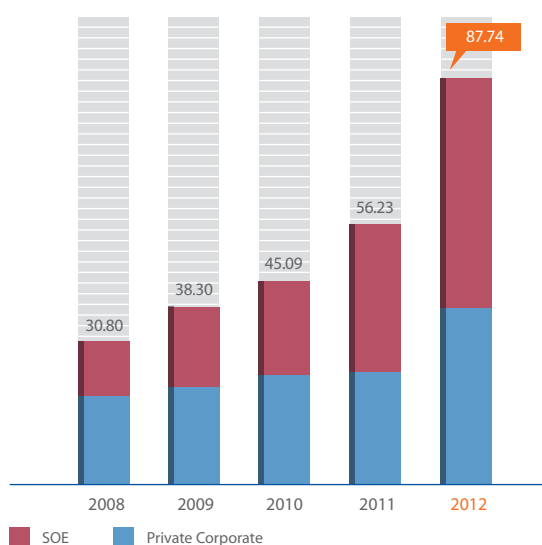
BRI works in cooperation with the Regional Water Company (PDAM), by managing the company's funds and the revenue received from bill payments made by its customers, to support PDAM's effort in supplying clean water to the general public.

SOEs and Corporate Business Achievements

- Loan Outstanding**
 Total loan outstanding in the corporate business segment rose to Rp87.8 trillion due to the increase in SOE loans to Rp17.86 trillion and Non-SOE loans of Rp13.72 trillion.
- Preserving loan quality**
 The use of prudential principles in the process of offering loans along with relatively conducive domestic economic conditions resulted in loan quality in the SOE segment being kept to 0% and in the Corporate business segment to 1%.

- Cooperation with SOEs and Agencies**
 BRI established cooperation with 108 SOEs in 2012, as well as signing Cooperation Agreements with 149 Agencies, including government agencies, ministries, educational organizations, financial institutions and private sectors.
- Cash Management**
 Developments and improvements of features in order to increase the number of BRI CMS account-holders resulted in the number of customer accounts rising by around 6 thousand to total 24 thousand accounts.
- Fee-Based Income**
 Increased activities through institutional relations and Corporate fund management resulted in total fee-based income for the corporate segment rising by 62% to reach Rp109.78 billion.
- Total funds raised in the Corporate segment** amounted to Rp82.52 trillion. This money then became one of the sources of funding for the expansion of Corporate businesses.
- Corporate business provided net interest income and other operational income of Rp3.57 trillion as well as contributing Rp1.34 trillion to BRI's overall net profits.**

Corporate Loans (In trillion Rp)



SOEs and Corporate Business Development Plans for 2013

1. SOEs Businesses

BRI will continue to apply the strategy it has used in SOEs segment. BRI will go on strengthening its penetration strategy in order to become an entry gate for other BRI business so that BRI can work with SOEs down to the micro segment. With improved synergy and coordination, it is hoped that all SOE businesses can be cultivated to attract customers from corporate and commercial levels as well as individual customers.

2. Agribusiness and General Businesses

In developing agribusiness and general business, BRI will endeavor to improve business through a number of steps, such as:

- a. Maximizing productivity through an extensive delivery channel (via the Headquarters Office, Regional Offices and Branch Offices) to develop business and monitor business potential throughout Indonesia.
- b. Choosing prospective business sectors that have potential to grow.
- c. Focusing business development on companies that possess potential trickle-down effects to the secondary and retail business sectors.

In addition, BRI will introduce new products to meet the needs of those in the agribusiness sector, accompanied by targeted marketing activities, to carry out cross-selling along with speeding up the process of analysis and evaluations of loan applicants. BRI is also committed to increase the competency of Account Officers so that they can act as financial advisors to borrowers.

3. Institutional Relations

BRI will continue to utilize to best effect of its cooperation with existing institutional customers, maximize its working network and existing electronic channel, increase the quality, function and role of the executive relationship officers and make inroads into the private sectors and multinational

corporations. BRI will also strive to increase the intensity of its collaborations with government agencies, both in disbursing State Budget (APBN) funds and in receiving tax and non-tax deposits from institutions, SOEs and individuals.

INTERNATIONAL BUSINESS

1. BRI's International Business is supported by three foreign offices and 1,178 correspondent banks around the world.
2. Trade finance and international banking services have grown rapidly over the past five years. In 2012, fee based income generated reached Rp361.88 billion, up 3.6 times from 2008.

To support BRI's efforts to become the leading commercial bank in Indonesia, BRI continues to develop its business services related to international trading. This development has consisted of updating policies related to international business, building relationships with correspondent banks both at home and abroad, providing guidance for units across Indonesia engaging in international business development and marketing in order to provide contributions in the form of fee based income to BRI.

In addition, trade finance and international banking services transactions have also contributed to BRI's performance in providing a source of short-term funding for the support of lending expansion. By increasing end-to-end services for its customers, BRI is currently providing services through trade finance, remittance and bank note services.

Trade finance and international banking services (remittance, banknotes, etc.) contribute fee based income that has been a very significant factor in BRI's rapid development over the past five years. Fee based income derived from trade finance and international banking services stood at Rp99.48 billion in 2008, and increased to Rp133.90 billion in

2009, and then to Rp168.51 billion in 2010 and then in 2011 increased to Rp228.96 billion, and in 2012 these businesses and services contributed fee based income of Rp361.88 billion.

International Business Achievements

Trade Finance

Average growth of fee based income from trade finance over the past five years has been 33.58%, making it one of the biggest contributors of fee based income revenue for BRI. As for 2012, fee based income generated by trade finance stood at Rp305.41 billion, with a total transaction volume of USD15.32 billion, comprising an export volume of USD6.03 billion and an import volume of USD9.29 billion.

To support international trading activities, especially export transactions, and in accordance with the policies of Bank Indonesia (BI), which serves as the regulating body that obliges all exporters to report all Foreign Exchange Export Proceeds (DHE) to domestic foreign exchange banks, BRI is currently creating a new web-based system called BROS (BRI RTE Online system) that makes it easier for exporters to report their DHEs. In developing BROS, BRI has become a pioneer in DHE automated reporting for exporters.

Remittances

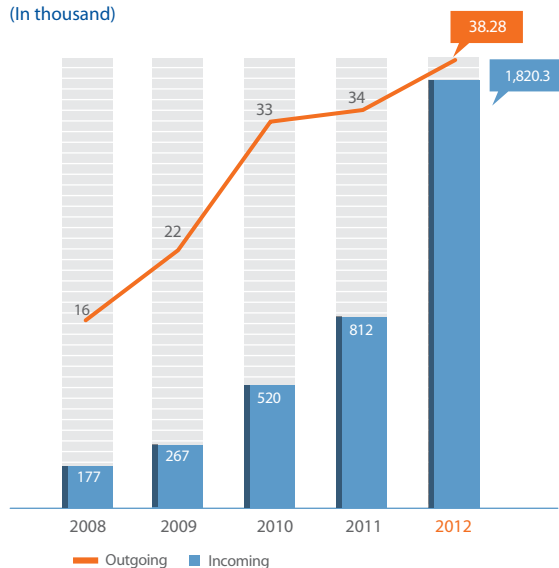
BRI has developed a remittance service in cooperation with financial institutions, both banks and non-banks around the world, named BRIfast Remittance. In 2012, the number of BRI remittance transactions increased to 1.86 million transactions, a 119.69% increase from 840,000 transactions recorded in 2011.

This achievement has been supported by the ongoing development of the BRIfast Remittance system as a way to fulfill the needs of customers and counterparts.

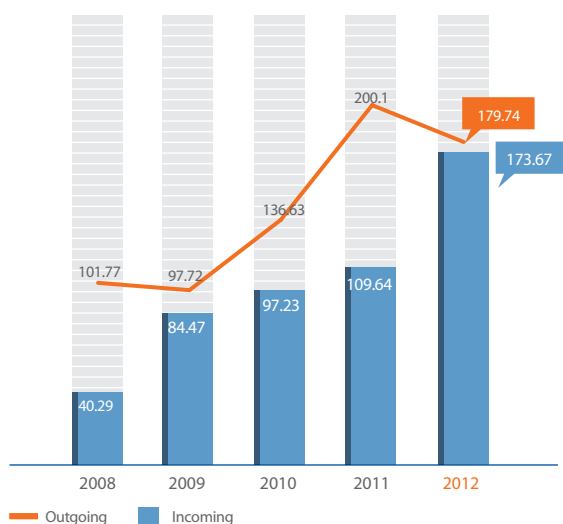
BRIfast Remittance accommodates remittance services in the form of Credit to Account and Cash Pick Up services. With cooperations with counterpart networks worldwide and the support of more than 9,000 BRI units, the largest number of real-time online outlets in Indonesia, BRI is able to offer convenience, safety and fast money transfers in accordance with the needs and expectations of its customers. So far, BRI has established cooperations with 37 counterparts in 13 countries.

To strengthen its remittance business, BRI has placed several Remittance Representatives abroad, including Malaysia, the United Arab Emirates and Saudi Arabia.

Remittance Transactions (In thousand)



Remittance Transactions by Value
(In trillion Rp)



Money Changer

Currently, BRI has a money changer business offering services across 13 currencies, including USD, SGD, AUD, CAD, EUR, GBP, CHF, SAR, CNY, JPY, THB, HKD and MYR, that is offered in real-time online at all BRI branches. The BRI money changer service offers competitive exchange rates and always stays up-to-date with global exchange rates.

To meet the needs for cash liquidity in foreign currencies (bank notes) as well as inventory management related to BRI's needs and those of third parties, BRI is also active in the export and import of bank notes in cooperation with BRI Correspondent Banks in several countries.

Overseas Offices

In an effort to develop its trade finance services, BRI is currently supported by Overseas Units, including the BRI New York Agency (BRINYA), the BRI Cayman Island Branch (BRICIB) and the BRI Hong Kong Representative Office (BRI HKRO). These supports are in the form of the provision of trade loans, fund raising, commercial loans, risk participation, remittance, USD settlement, and several functions in extending BRI's reach overseas.

Performance improvements at the BRI New York Agency have been encouraging. As of 2012, BRI New York Agency assets had grown by 122.26% over the previous three years. Revenue in 2012 was up 22.02% from the previous year. This revenue resulted in net income of USD10.01 million in 2012. The BRI New York Agency's total lending amounted to USD56.25 million and a total short term liabilities of USD1.09 million.

In 2012, the BRI Cayman Island Branch had USD199.92 million in assets, with total lending at USD120.85 million and short term liabilities of USD197.20 million. Net income in 2012 was USD1.16 million.

As for other overseas units, the BRI Hong Kong Representative Office is an extension of BRI's head office, which located in Hong Kong, the financial center of Asia. The BRI Hong Kong Representative Office is in charge of collecting information on investment and business opportunities to develop bilateral trade relations and promote Indonesia's export and imports. The BRI Hong Kong Representative Office is also responsible to build customer base for the remittance business as well as supervising the business activities of BRI's subsidiary in Hong Kong, namely the BRI Remittance Company (BRC).

International Business Products and Services

Other BRI trade finance products and international banking services are as follows:

1. Opening Letter of Credit (LC) and SKBDN, including the amendment of these two products.
2. Advising LC as well as SKBDN
3. Post-shipment Financing (Export Bill negotiation and discounts) for LC and SKBDN
4. Bill Purchase Financing
5. Standby LC, Guarantee and Counter Guarantee
6. Trust Receipt (TR)
7. Refinancing LC (Sight/Usance/UPAS/Usance Payable at Usance) and Non-LC
8. Money Changer
9. Interbank Banknotes Remittance
10. Inward/Outward Remittance

11. Inward/Outward Documentary Collection (Document Against Payment and Document Against Acceptance)
12. Inward/Outward Clean Collection

To support the services of these products, BRI currently has 1,178 Correspondent Banks and is supported by 30 nostros in 13 currencies. BRI also conducts direct marketing activities for LC and Non-LC Trade Refinancing products, Risk Participation and the issuance of Guarantees with Counter Guarantees from Correspondent Banks.

In addition, BRI is also engaged in searching for sources of foreign exchange funding (offshore funding) through the issuance of Bankers Acceptance (BA), Bilateral Loans and raising foreign currency deposits from retail and corporate customers.


International Business Development Plans for 2013

In 2013, as BRI plans to be more competitive in the market, we have developed an integrated trade finance services system by centralizing trade finance services through the formation of the Trade Processing Center (TPC). In addition, BRI will also develop structured services and products, including forfaiting and L/C confirmation.

As a newcomer in the banknotes/money changer business, BRI focuses on the development of Correspondent Bank marketing networks, in domestic and international, institutional, and other business networks.

BRI is currently in the process of opening an overseas unit in Asia that is expected to support the marketing of forfaiting and discounting LC transactions, as well as other business transactions. The BRI Remittance Company (BRC), which is a BRI subsidiary in Hong Kong, will also be developed as a unit for managing banknotes.

TREASURY BUSINESS AND CAPITAL MARKET SUPPORT SERVICES

- 
1. Liquidity management, market risk and yield optimization are the key roles of the Treasury.
 2. To meet customer needs in the field of capital markets, BRI has the support services spanning from trustees, selling agencies, custodians and pension funds.

Treasury Business

To offer optimal Treasury and Capital Market Support services, BRI implements the following key strategy:

1. Manage liquidity, sources and uses of bank funds and market risk management in a professional and focused manner.
2. Disciplined application of precautionary principles and trading limits in arbitrage, market making, as well as proprietary trading.
3. Perform credit assessment to seek out investment opportunities in financial instruments and investments.
4. Provide financial market products and services to BRI's internal units as well as its customers by offering competitive prices.
5. Develop financial products and services in both the money market and capital markets to generate fee based income.

The current global economic condition, which as of the end of 2012 was not pointing toward a stable outlook, has truly tested the reliability of the BRI's Treasury Division in managing the bank's asset structure and liabilities to provide a real contribution to support the performance and sustainability of the bank. The weakening of the rupiah throughout 2012 proved a challenge for the bank to take a stable position in protecting BRI's structural balance. The function of the treasury in minimizing the exchange risk is seen in the net foreign exchange position, which has never exceeded the levels enforced by internal Treasury Policy and those of Bank Indonesia.

Indonesia's recapturing of the investment grade title in 2011 and changes in monetary policy in Indonesian throughout 2012 have adjusted investors' expected yield for Indonesian financial instruments. In response to the condition, the BRI Treasury has been active in optimizing the placement of excess liquidity. Excess liquidity management strategies have included investments in short-term loans to SOEs, government securities, corporate securities and interbank placements. These excess liquidity optimization efforts continue to prioritize precautionary aspects and the fulfillment of BRI's internal liquidity needs.

Facing increasingly intense competition in lending, especially in the corporate loans segment, the fall in the Bank Indonesia interest rate and government bond yields have driven the BRI Treasury to make efforts to control BRI's cost of funds. Steps taken have been to reduce the cost of deposits that are not sensitive to interest rate changes, such as deposits and savings, and periodically monitor the composition of low-cost and high-cost funds in accordance with company targets. It is hoped that this strategy will lead to sustainable growth in Net Interest Margin (NIM) performance and other BRI performance targets.

In order to serve customers' foreign exchange needs, the BRI Treasury offers foreign exchange buy-sell services and hedging through forwards and swaps. As a complement to these foreign exchange services, BRI also offers market update services through e-mail and information sharing through SMS blasts to customers.

Capital Market Support Services

The increasing diversity of alternative investments in Indonesia, means customers have the choice to not only invest in the money market but also to start to invest in capital markets. The role of the BRI Capital Market Support Service is to help customers invest in capital markets. In addition, BRI's Capital Market Support Services can also serve the needs of corporate customers,

seeking financing through the issuance of securities in the capital market. The following explains the functions of the BRI Capital Market Support Service.

Trustee and Selling Agent

The BRI Capital Market Support Service provides Trustee and selling agent services. A trustee is the official who represents the interests of the owner of securities, both in and out of court. In the future, BRI will continue to work with Capital Market stakeholders to develop this trust service.

In its function as a selling agent, BRI markets investment products, including mutual funds, government securities, and sharia-based retail securities (Sukuk Ritel). In collaboration with eight investment managers, BRI currently markets 16 mutual fund products, with marketing mainly focused on BRI Prioritas' customers. In addition, during 2012, BRI was elected by the Government as a Selling Agent for ORI009 and for Sukuk Ritel Series SR004.

With the marketing strategy in government securities and Sukuk Ritel products at every BRI branch across Indonesia, BRI strives to always have the trust from the Government to be able to act as a Selling Agent or Sub-Selling Agent in every government security or Sukuk Ritel issuance, while at the same time generating fee based income from the sale proceeds.

Custodian Services

BRI has been a Custodian Bank since 1996, and been managing various types of assets, including money market instruments such as time deposits or deposits on call, and Bank Indonesia certificates, fixed income instruments such as bonds, and various types of debt instruments, including government bonds and corporate bonds, as well as equities in the form of stocks. The custodian services offered by BRI include mutual fund management, covering a range of a variety of mutual funds and financial institution pension funds.

During 2012, BRI Custodian offered a range of services to customers, and continued to improve to become the number one choice of clients for holding securities. The various custodial activities performed by the bank during 2012 can be divided into two categories: core services and value-added services.

During 2012, BRI Custodian made improvements to operations, services, and meeting customers' needs. Some of the products and services improvements implemented in 2012 include:

1. Corporate Internet Banking replaced manual work in overbooking, RTGS transactions as well as clearing, thus improving speed, effectiveness and efficiency in day-to-day operational activities.
2. Development of the Client Information Module Transactional system, which makes it easier for customers to perform securities transactions.
3. Introduction of the Global Custody service to meet the needs of customers wishing to invest in global securities.
4. Development of the Compliance Module system to facilitate the monitoring compliance of investment managers in managing mutual funds.
5. Development of the Back Office C-Best Connector system to CIPS to implement the Straight Through Processing (STP) system in custodian operations.

Financial Institution Pension Funds

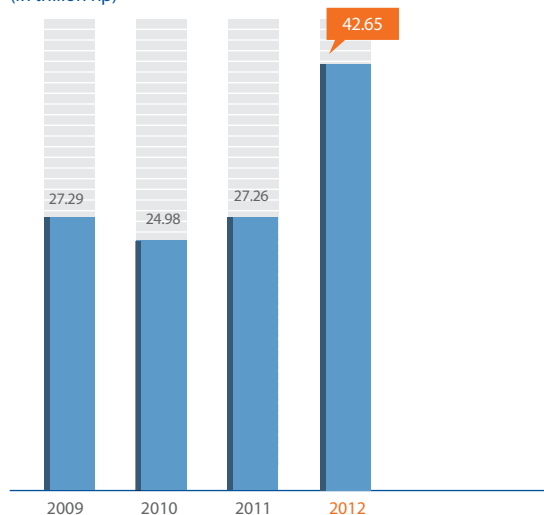
The BRI Financial Institution Pension Fund (DPLK) is the institutional manager of the Defined Contribution Plan (PPIP), which was established by BRI on January 9, 2006. The DPLK BRI product, known as the "BRI Pension Investment Plan", was opened for the general public as well as individuals and groups from the formal and informal working sector.

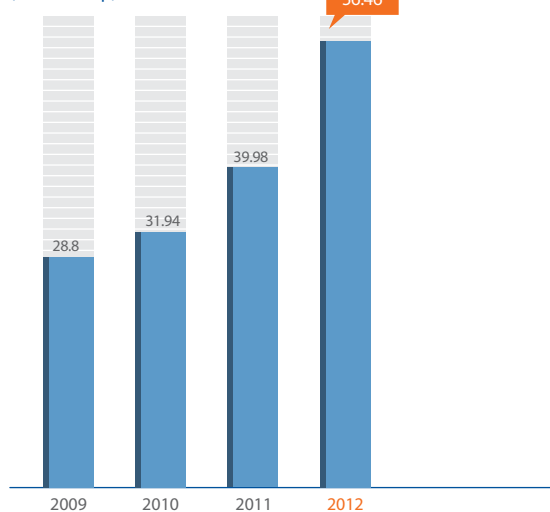
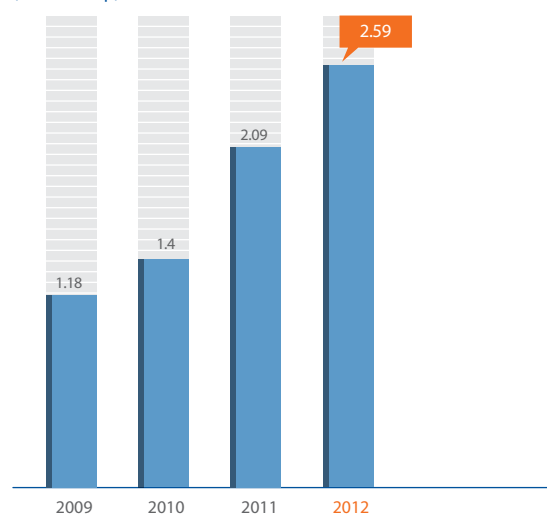
The "BRI Pension Investment Plan" offers four investment options: Money Market Investment Package, Fixed Income Investment Package,

Equity Investment Package and the Combination Investment Package. The benefits of the "BRI Pension Investment Plan" product cover modern and professional management with daily valuation of Net Active Value (NAB), similar to the management of mutual funds. Some of the benefits of BRI DPLK include transparent investment results, and the fact that investors can monitor the NAB data published daily in newspapers, an easy registration and deposit process, the largest service network available through all BRI branches, as well as safe and competitive returns. IN addition, the BRI DPLK Annual Financial Report is audited by an independent auditor and published by a national newspaper.

As a Pension Fund manager, BRI DPLK envisions being a market leader in the Pension Fund industry, prioritizing the prudent management of long-term investments, while continuing to provide optimal returns under professional and transparent management in order to bring about a better future for BRI DPLK investors.

Assets under management of BRI's Trustee services (In trillion Rp)



Assets under management of BRI Custodian
(In trillion Rp)Assets under management of BRI DPLK
(In trillion Rp)

Treasury and Capital Market Support Service Achievements

1. In general, BRI is able to maintain liquidity ratios such as GWM (BI's primary reserve requirement), Net Foreign Exchange Position, Loan to Deposit Ratio, and Cash Ratio in accordance to BI rules, as well as the internal Treasury Policies.
2. The total issuance of securities managed by BRI as a trustee as of December 2012 was Rp42.66 trillion, which was a 56.46% increase from the same period in 2011.
3. In 2012, assets under the management of the BRI Custodian department had increased by 37.81%, from Rp55.84 trillion in the previous year.
4. Assets under the management of BRI DPLK reached 2.59 trillion in 2012, a 24.24% increase from 2011.
5. Fee Based Income generated by the capital support service in 2012 reached Rp42.4 billion, up 11.59% from 2011.

2013 Treasury and Capital Market Support Service Development Plan

1. BRI will launch the Trustee Service, becoming a direct member of Euroclear and therefore being part of global custodian, carry out improvements of the back office system in order to bolster its support for operational and business activities.
2. Introduction of additional BRI Pension Investment Plan features including a Sharia Investment Package, and Insurance Coverage, as well as expansion of the BRI Pension Investment Plan sales network through BRI micro outlets.

Financial Overview



The strategy for quality growth is not only providing a substantial increase in profit but also improving BRI's key financial indicators, such as LDR, NPL (gross), CAR and ROA.

LDR was maintained at

79.85%*

**bank data only*

CAR strengthened at

16.95%*

**bank data only*

NPL (gross) improved at

1.83%

ROA increased to

5.15%*

**bank data only*

Bank BRI presents Management Discussion and Analysis of financial performance in accordance with Indonesian Statement of Financial Accounting Standards (PSAK) and the Accounting and Reporting Guide for the Indonesian Banking Sector. At the end of this discussion, BRI presents a summary of the performance of the BRI subsidiaries, which are an integral part of the financial performance of the company.

All of the material described here is based on the BRI Consolidated and Audited Financial Report, which are attached in this Annual Report, and which was audited by the Public Accounting Firm; Purwantono, Suherman and Surja, which is an affiliate of the 'Big 4' accounting firm, Ernst and Young. For a more detailed analysis of BRI's financial performance, please refer to the aforementioned financial report.

Profit-Loss Statement

(In million Rp)

	2010	2011	2012	% Change	
				2010-2011	2011-2012
Interest Income	43,971,493	47,296,178	48,272,021	7.56%	2.06%
Sharia Income	643,669	868,170	1,338,400	34.88%	54.16%
Interest and Bonus Expenses	(11,726,559)	(13,737,272)	(13,126,655)	17.15%	-4.44%
Net Interest and Sharia Income	32,888,603	34,427,076	36,483,766	4.68%	5.97%
Other Operating Income	5,544,533	5,775,975	8,389,732	4.17%	45.25%
Net Impairment costs	(7,880,536)	(5,791,658)	(2,668,177)	-26.51%	-53.93%
(Expense) Reversal for Net estimated commitments and contingencies	8,315	93,623	(262)	1025.95%	-100.28%
Reversal for Net allowance of impairment losses on non-financial assets	(45,222)	164,841	(31,489)	-464.52%	-119.10%
Operating Expenses	(16,113,692)	(17,085,627)	(19,491,032)	6.03%	14.08%
Operating Profit	14,402,001	17,584,230	22,682,538	22.10%	28.99%
Net Non-operating Income/(Expenses)	506,229	1,171,650	1,177,034	131.45%	0.46%
Pre-tax profit	14,908,230	18,755,880	23,859,572	25.81%	27.21%
Tax Expenses	(3,435,845)	(3,667,884)	(5,172,192)	6.75%	41.01%
Net profit before extraordinary items	11,472,385	15,087,996	18,687,380	31.52%	23.86%
Net Extraordinary items	-	-	-	0.00%	0.00%
Net Profit	11,472,385	15,087,996	18,687,380	31.52%	23.86%

Comprehensive Profit-Loss Statement

(In million Rp)

	2010	2011	2012	Growth	
				2010-2011	2011-2012
Net Profit	11,472,385	15,087,996	18,687,380	31.52%	23.86%
Other Comprehensive Income (Net after tax)	86,366	208,505	(6,030)	141.42%	-112.65%
Current Year Comprehensive Profit	11,558,751	15,296,501	18,681,350	32.34%	22.00%

Profit and Loss Statement

In 2012, BRI have demonstrated a satisfactory financial performance. Some of the factors that boosted BRI's performance were improvement in credit quality, a increase in loan outstanding and operational efficiency, an ideal credit composition, and a strong domestic economy in the midst of the global economic crisis.

BRI saw profits increase by 23.86% compared to 2011, or from Rp15.09 trillion to Rp18.69 trillion, maintaining BRI's position as the bank with the highest profits since 2005.

Interest Income

A prudent loan disbursement is the first step in creating healthy and sustainable business growth for the future. To achieve this, in 2012 BRI applied a business strategy focused on increasing loan quality and selectiveness in loan disbursement. With the implementation of these strategies, BRI's loan growth will be matched that of the overall banking industry, but with a better loan quality.

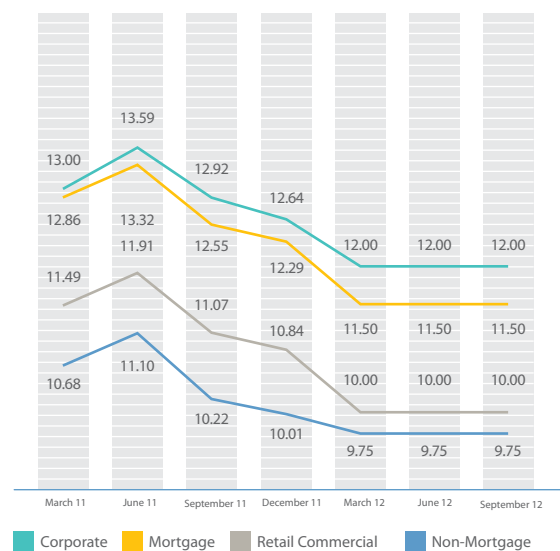
Throughout 2012, BRI's total loans grew 22.92%, or by Rp67.49 trillion, to Rp362.01 trillion from Rp294.52 trillion in 2011, with a continuously improving NPL rate of 1.83% as of December 2012. The preservation of this loan quality, combined with a loan portfolio composition dominated by Micro credit, triggered interest income in 2012 to grow by 3% to Rp49.61 trillion, from Rp48.16 trillion in 2011. Of this total interest-based income, Rp42.67 trillion, or 86.02% was income from loans.

The increase of interest income in 2012 was not optimal because of the impacts of the Statement of Accounting Standards (PSAK/SFAS) definitions 50&55 in 2010, which became major contributors to interest income growth in 2010, and therefore have to be amortized in the preceding years. However, the impact of the aforementioned accounting standards in 2012 was not as big as it was in 2010 and 2011.

In addition, in 2011 and early 2012, BRI reduced its base lending rate, which affected the realization of interest income in 2012. The reduction was one of BRI's strategies to continue increasing its customer base in the MSMEs sector, as well as being a natural result of improving economy, BI's trend of reducing BI rate, and increasing competition. In the long run,

we believe that this reduction will have a positive impact on the growth of our business, because it will increase the business volume, create barriers to entry for competitors, and increase the market share.

Primary Lending Rate



In 2012, Rp4.68 trillion worth of Government Recapitalization Bonds matured. As a consequence, income from Government bonds fell to Rp606 billion in 2012 from Rp1.11 trillion in 2011. The vast majority of the proceeds from these bonds were used for purchasing more bonds; however these carried lower yields accordance with market conditions. Thus causing a decrease in income generated by interest from Government bonds. Consequently, the percentage of overall interest income contributed by Government bonds fell to 1.22% in 2012 from 2.31% in 2011.

Interest Income Details

Type of Interest Income	2010		2011		2012	
	(In billion Rp)	Composition	(In billion Rp)	Composition	(In billion Rp)	Composition
Loan	39,587	90.0%	41,836	88.5%	42,674	88.4%
Government Bonds (Recapitalization Bonds)	1,506	3.4%	1,111	2.4%	606	1.3%
Securities	1,573	3.6%	2,001	4.2%	1,964	4.1%
Placements with Other Banks and Bank Indonesia	1,023	2.3%	1,802	3.8%	1,968	4.1%
Current account with Bank Indonesia	18	0.0%	138	0.3%	164	0.3%
Others	264	0.6%	408	0.9%	896	1.9%
Total Interest Income	43,971		47,296		48,272	

Interest income from earning assets and government bonds recorded in 2012 stood at Rp4.99 trillion, which was an increase of 14.78% from Rp4.35 trillion in 2011. Interest income derived from earning assets other than loans and government bonds in 2012 increased to 10.34% of total interest income from 9.20% of total interest income in 2011.

Interest Expenses

Total interest expenses in 2012 decreased to Rp13.13 trillion from Rp13.74 trillion in the previous year, as a result of third party fund growth in the form of savings and deposits. Although there was a nominal increase, BRI's fund fee structure remained healthy, reflected in a cost of funds of 3.68%, down from 4.70% in the previous year. The decrease in the cost of funds was due to a change in the composition of low-cost funds (savings and demand deposits), which was bigger than high-cost funds, and due to the fall in interest rates for deposits in line with the fall in BI rate. (see "Liabilities")

Interest Expense Details

Interest Expense	2010		2011		2012	
	(In billion Rp)	Composition	(In billion Rp)	Composition	(In billion Rp)	Composition
Demand Deposit	1,111	9.47%	1,388	10.10%	1,480	11.27%
Savings	2,474	21.10%	2,888	21.02%	2,125	16.19%
Time Deposit	6,417	54.72%	7,557	55.01%	7,367	56.12%
Others	1,724	14.70%	1,905	13.87%	2,155	16.42%
Total Interest Expense	11,727		13,737		13,127	

Recovery of assets written off



25.67% yoy

Rp2.26 trillion

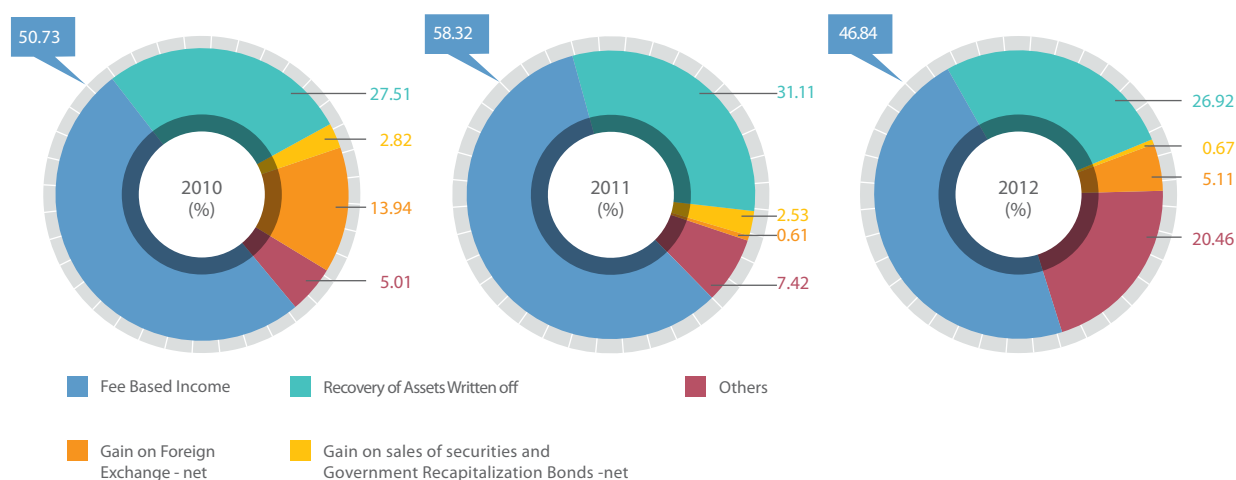
Net Interest Income

Net interest income in 2012 reached Rp36.48 trillion, up from Rp34.43 trillion in 2011. The increase was due to growth in loan outstanding, improving NPL and optimal composition of low-cost funds. Consequently, BRI's NIM settled at 8.42% in 2012.

Other Operating Income

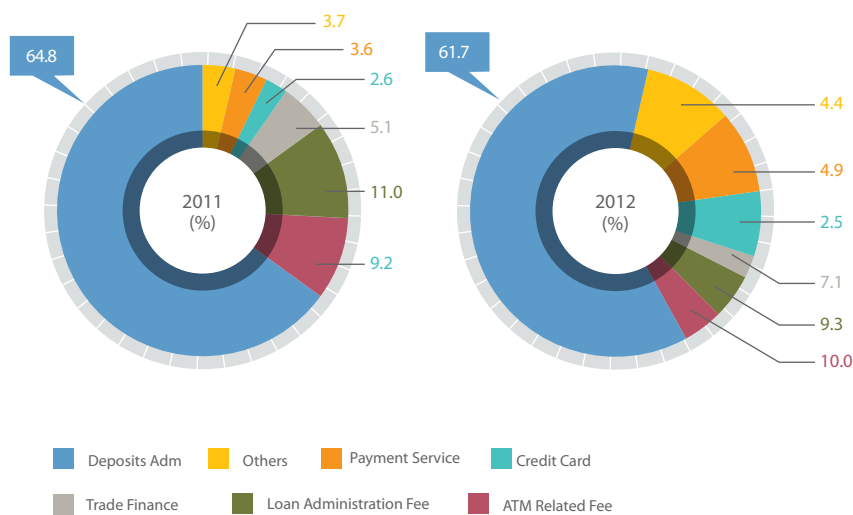
Component	2010	2011	2012	% Change	
	(in billion Rp)	(in billion Rp)	(in billion Rp)	2010-2011	2011-2012
Fee Based Income	2,813	3,369	3,930	19.78%	16.64%
Recovery of Assets Written off	1,525	1,797	2,258	17.83%	25.67%
Gain on sales of securities and Government Recapitalization Bonds - net	156	146	56	-6.60%	-61.59%
Gain on Foreign Exchange - net	773	36	429	-95.40%	1107.17%
Others	278	429	1,717	54.40%	300.51%
Total Other Operating Income	5,545	5,776	8,390	4.17%	45.25%

Composition of Other Operating Income

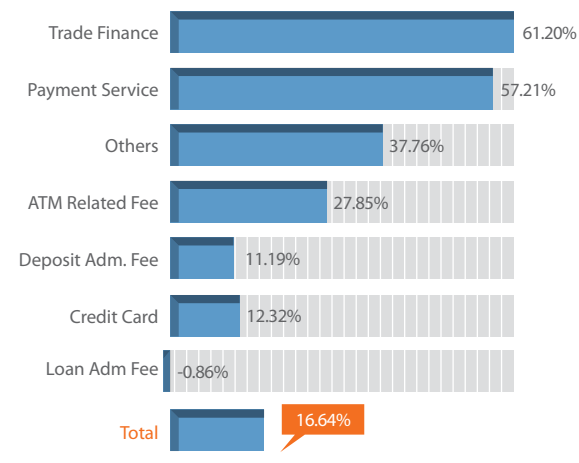


There was a significant increase in other operating income in 2012 of 45.25% to Rp8.39 trillion. One of the biggest contributors to the increase was growth in fee based income of 16.64% to Rp3.93 trillion, from Rp3.37 trillion in 2011. In 2012, fee based income contributed 46.84% of total other operating income, and 6.64% of total income.

Composition of Fee-Based Income



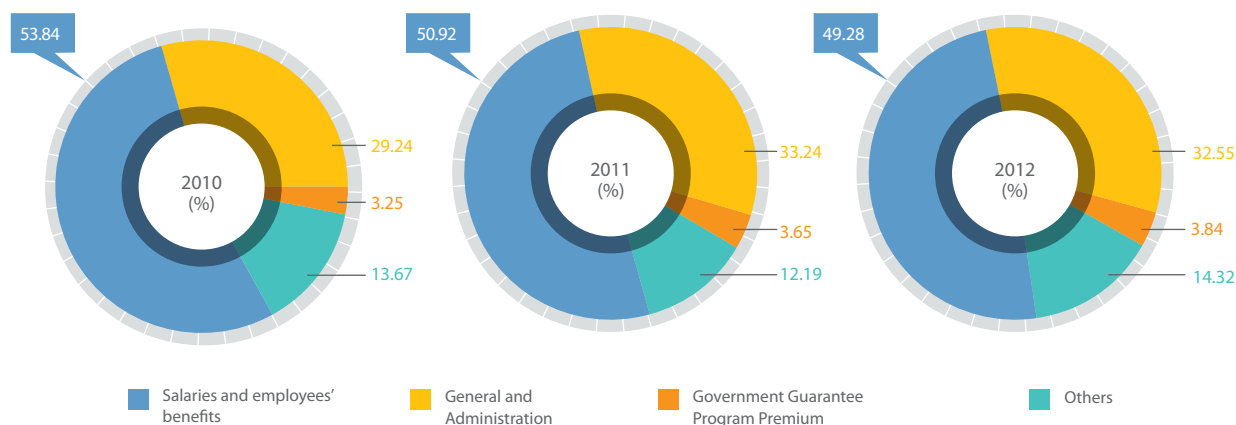
Fee-Based Income Growth



Fee-based income comprises of deposit administration, ATM related, loan administration, trade finance, credit card, payment service and others service fees. The 16.64% increase derived from, among other factors, increases in trade finance, payment services and ATM related fees.

In 2012, in line with the healthy domestic economy, BRI reclaimed written-off assets worth a total of Rp2.26 trillion, as part of an intensive program to settle default loans. In addition, BRI also booked gain of Rp56 billion on sale of securities and Government recapitalization bonds.

Composition of Other Operational Expenses



In addition, other income, stemming from pension reversions, income from fines, revenue from the advanced repayment of loans, clearing rejection fee income and others, reached Rp1.72 trillion by the end of 2012.

Other Operating Expenses

Other operating expenses, which consist of personnel expenses, general and administrative expenses, government guarantee program premiums, and others, increased by 14.08% in 2012 to Rp19.49 trillion from Rp17.09 trillion in 2011. In 2012, an increase in loan quality directly reduced the expenses arising from impairment losses on financial assets that continued to have an effect on cost reduction and ROA.

The increase in personnel expenses was in line with the expansion of BRI business units, as well as a new policy designed to increase the sales forces to further maximize the potential of existing businesses. As previously stated (see Human Resources Management), the total number of BRI employees rose to 72,625 in 2012 from 40,044 employees in 2011.

In addition, BRI also starting to implement a more attractive incentive scheme for marketers and sales forces, which is linked directly to the performance of individual employee, in order to have a proportional increase between personnel costs and the company's general performance.

Other Operating Expenses

Component	2010	2011	2012	% Change	
	(In billion Rp)	(In billion Rp)	(In billion Rp)	2010-2011	2011-2012
Salaries and employees' benefits	8,676	8,701	9,606	0.29%	10.40%
General and Administrative	4,711	5,679	6,344	20.53%	11.71%
Government Guarantee Program Premium	524	624	749	19.10%	20.02%
Others	2,203	2,082	2,792	-5.48%	34.11%
Total Other Operating Expenses	16,114	17,086	19,491	6.03%	14.08%

In 2012, there is a very significant increase in employee numbers. This was due to the implementation of Bank Indonesia Regulation No.13/25/PBI/2011 dated December 9, 2011 on the Prudential Principle for Commercial Banks doing Outsourcing of Work to Other Parties in December 2012. As a result, the status of BRI's frontliner employees, especially Tellers and Customer Service, changed from outsourced employees into BRI Contract employees (See "Human Resources Management").

The increase in general and administrative expenses of 11.71% to Rp6.34 trillion was caused by an increase in maintenance costs due to the growing number of BRI's service networks, operations and e-channel units.

As noted in the discussion of "Retail Consumer Business", BRI has continued to optimize the development, expansion and quality of its service network. Throughout 2012, BRI has added 15 Branches, 43 Sub-Branches, 44 Cash offices, 125 BRI Units, 500 Sub-Micro outlets (TerasBRI), 250 Mobile Micro outlets (Mobile Teras), as well as 7,000 ATMs in strategic locations, followed by the installation of 13,125 new Electronic Data Capture machines (EDC).

Allowance for Impairment Losses (CKPN Expense)

BRI has set aside a provision for potential future losses, especially for credit risk in the form of Impairment Losses Allowance (CKPN). In 2012, the impairment losses on financial and non-financial assets reached Rp2.67 trillion, or a fall of Rp3.12 trillion from Rp5.79 trillion in 2011. This decrease indicated a lower credit risk profile, which was reflected in the reduction of the NPL ratio to 1.83% in 2012 from 2.3% in 2011. This showed the success of BRI strategy in focusing on selective loan disbursement hence building a healthy and sustainable business.

In addition, the decline in Provisions expenses was also aided by Indonesia's favorable social and economy landscape, and a decrease in the number of disaster, leading to an overall lower level of risk for BRI's business.

Operating Profit and Pre-tax Profit

The overall results of BRI's operation triggered an increase in BRI's profit by 28.99% to Rp22.68 trillion in 2012 from Rp17.58 trillion in 2011. BRI also booked Rp1.18 trillion in non-operating income in 2012, leading to an overall pre-tax profit of Rp23.86 trillion, which was a 27.21% increase from Rp18.76 trillion in 2011.

Income Tax

In addition to dividend payouts, tax is one of the financial contributors from BRI to the government. In accordance with Law (UU) No.7 1983 on Income Tax, which was revised for a fourth time by Law No.36 2008 dated September 23, 2008, it is stated that the single tax rate for the 2010 fiscal year is 25%.

However, based on Law No.26 2008, Regulation (PP) No.81 2007 dated December 28 2007 on "Income Tax Rate Reductions for Domestic Listed Companies" and Regulation of the Minister of Finance No.238/PMK.03/2008 dated December 30 2008 on "Monitoring and Implementation Procedures for the Provision of Tax Reductions for Taxpayers Listed Companies", it is stipulated that a Domestic Listed Company in Indonesia can obtain income tax reduction facilities of up to 5% lower than the highest taxpayer rate by meeting certain criteria, specifically, the Listed Company must have at least 40% of its fully paid shares traded on the Indonesian Stock Exchange and these shares must be owned by at least 300 individual parties, and no party may own more than 5% of these fully paid shares. The requirement must be fulfilled by the Listed Company minimum in a 6 months period within a single (one) tax year to obtain the aforementioned income tax reduction.

Based on Letter No.DE/I/2013-0019 dated January 3, 2013 from the Securities Administration Bureau, Datindo Entrycom on the ownership of BRI shares during 2012 all of the above criteria for the year ended December 31, 2012 have been met. Therefore, BRI uses the single rate of 20% to calculate income tax expenses for 2010, 2011 and 2012.

Based on the aforementioned taxation regulation, BRI's tax expense for 2012 was Rp5.17 trillion, or an increase of 41.01% from Rp3.67 trillion in 2011.

Net Profit

After considering the income tax, BRI's 2012 net profit is Rp18.69 trillion, a 23.86% increase from Rp15.09 trillion in 2011, with earning per share of Rp778.93.

Comprehensive Income

The presentation of Other Comprehensive Income (After Tax) appeared following the adoption of PSAK No.1 (2009 Revision) on Financial Statement Presentation, was fully implemented in January 1, 2011. BRI's Other Comprehensive Income (After Tax) consists of:

1. A loss of Rp4.24 billion, owing to exchange rate differences due to the exposition of financial statement in foreign currencies.
 2. A loss of Rp33.48 billion in unrealized loss on available for sale securities and government recapitalization bonds-net with the amounts transferred to profit or loss in respect of fair value changes of available for sale for securities and Government Recapitalization Bonds.
 3. Income tax related to components of other comprehensive income of Rp11.35 billion.
- Therefore, the value of net comprehensive income amounted to Rp6.03 billion.

Total Comprehensive Profit

Taking into account the calculation of comprehensive income, BRI's total comprehensive profit in 2012 is therefore Rp18.68 trillion, a 22.13% increase from Rp15.30 trillion in 2011.

Financial Statement

Assets

Assets (Consolidated)					
Summary of Balance Sheet	2010	2011	2012	% Change	
	(in billion Rp)	(in billion Rp)	(in billion Rp)	2010-2011	2011-2012
Cash	9,976	10,526	13,895	5.52%	32.01%
Current Accounts with Bank Indonesia	19,990	33,040	42,524	65.29%	28.70%
Current Account and Placements with other Banks - net	88,930	79,130	71,085	-11.02%	-10.17%
Securities - net	23,750	48,129	56,622	102.65%	17.65%
Government Recapitalization Bonds	13,626	8,996	4,316	-33.98%	-52.02%
Loans	252,489	294,515	362,007	16.64%	22.92%
Impairment Loss Allowance	(14,103)	(16,090)	(14,915)	14.09%	-7.30%
Investments - net	134	164	197	23.01%	19.46%
Fixed Assets - net	1,569	1,853	2,804	18.09%	51.36%
Other Assets	7,924	9,635	12,802	21.60%	32.86%
Derivatives Receivables - net	88	18	29	-79.72%	61.91%
Acceptance Receivables - net	660	1,692	4,786	156.31%	182.84%
Deferred Tax Assets	2,295	2,632	2,025	14.68%	-23.06%
Other Assets	4,881	5,294	5,962	8.46%	12.63%
Total Assets	404,286	469,899	551,337	16.23%	17.33%

During the reported period, BRI's assets show an increase of 17.33% to Rp551.34 trillion, up from Rp469.90 trillion in the previous year. The main contributor to this rise in assets was the increase in loan outstanding, which grew 22.92% to Rp362.01 trillion from Rp294.52 trillion in 2011. Loan was the main component of BRI's assets, representing 65.66% of the Company's total assets as of December 2012.

Assets Composition

Loans

As mentioned above, in 2012, BRI was succeeded in increasing loan outstanding. This increase included sharia financing, which increased by 23.49% to Rp11.25 trillion. As a bank that focus on Micro, Small and Medium Enterprises sectors, BRI has significant proportion to these sectors, with 74.66% of total loan portfolio, includes micro, retail, and medium segments. The remaining 25.34% is covering the corporate segment, comprises of State-owned Enterprises and Private Corporation, where State-owned Enterprises accounted for 56.74% of BRI's corporate loan (also see "Business Overview").

Loan – by Currency (Bank Only)

Segment	2010	2011	2012	% Changes	
	(in billion Rp)	(in billion Rp)	(in billion Rp)	2010-2011	2011-2012
Micro					
Rupiah	81,832,169	98,079,430	115,494,852	19.85%	17.76%
Foreign Currency	-	-	-	0.00%	0.00%
Retail					
Rupiah	119,312,633	125,789,288	139,723,181	5.43%	11.08%
Foreign Currency	727,413	4,703,570	6,650,545	547%	41.39%
Corporate					
Rupiah	30,197,969	35,322,832	58,565,193	16.97%	65.80%
Foreign Currency	14,894,054	21,511,137	30,324,491	44.43%	40.97%
Sharia Receivables and Financing	5,524,968	9,108,715	11,248,281	64.86%	23.49%
Total Loan					
Rupiah	236,867,739	268,300,265	325,031,507	13.27%	21.14%
Foreign Currency	15,621,467	26,214,707	36,975,036	67.81%	41.05%

Loans Quality

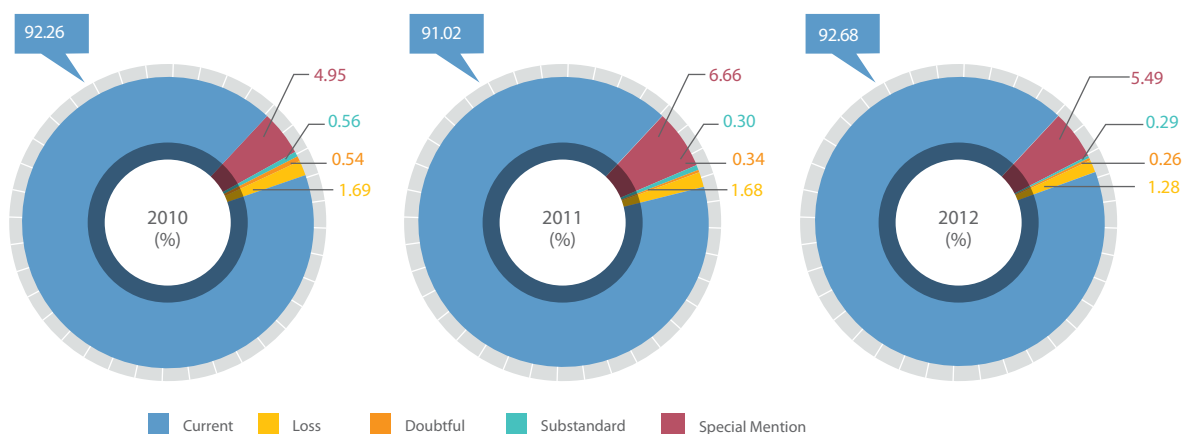
Various strategies to boost loan quality, such as, consolidation program, loan quality monitoring, and implementation of prudential loan disbursement procedures, have increased loans categorized as current by 25.16% to Rp355.51 trillion in 2012 from Rp268.06 trillion in 2011. Loans classified as Special Mention was relatively unchanged, remaining at Rp19.86 trillion in December 2012, from Rp19.62 trillion in December 2011.

	2010	2011	2012
Total Performing Loans	245,447,849	287,675,177	355,369,648
Total Non-Performing Loans	7,041,357	6,839,793	6,636,896
Total Loans	252,489,206	294,514,970	362,006,544
NPL (Gross)	2.79%	2.32%	1.83%
NPL (Net)	0.75%	0.51%	0.38%

At the same time, gross non-performing loans including receivables and sharia financing (consolidated) improved to 1.83% from 2.32% in 2012. Net consolidated NPL also improved, shifting down to 0.38% in 2012 from 0.51% in December 2011.

BRI managed to improve the NPL ratio to 1.83% from 2.32% in 2011.

Loan Composition based on Loan Quality



Loan Write-offs and Recoveries

During the reported year, BRI wrote off Rp4.45 trillion of loans and recovered Rp2.26 trillion of these written off loans. The decrease in loan write offs in parallel with the increase in loan recoveries are evidences of our intensive consolidation program.

Cash and Current Accounts with Bank Indonesia

Cash at the end of 2012 was up 32.01% to Rp13.90 trillion from Rp10.53 trillion in 2011 as a result of BRI network expansion in the form of branches, kiosks, micro outlets, sub-micro outlets (TerasBRI), mobile sub-micro outlets (Teras BRI keliling) and ATMs. Current Account with Bank Indonesia increased 28.70% to Rp42.52 trillion from Rp33.04 trillion in 2011, as a consequence of BRI's compliance to Bank Indonesia's Minimum Reserve Requirement (GWM), which represents Rupiah and Forex reserve requirement of 10.64% and 8.17%, respectively (for parent entity).

Current Accounts and Placements with Bank Indonesia and other banks

Current Accounts and Placement with Bank Indonesia and other banks decreased by 10.17% to Rp71.08 trillion in 2012 from Rp79.13 trillion in 2011. The decrease was caused by a Rp9.99 trillion decrease in Placements with Bank Indonesia.

Securities

To optimize the excess funds available at the bank as well as to manage the bank's liquidity, our treasury management placed these excess funds into interest-bearing financial instruments. In 2012, there is a 17.65% increase in the placement of such funds to Rp56.62 trillion from Rp48.13 trillion in the previous year.

Government Recapitalization Bonds

As of the end of 2012, BRI owned Rp4.31 billion government recap bonds, which was a 52.03% decrease from Rp8.99 trillion in 2011. The decrease was due to Rp4.68 trillion matured government recapitalization bonds in the reported year.

Government Recapitalization Bonds by Interest Rate

Interest Rate Type	2010	2011	2012
	(In billion Rp)		
Fixed Rate	10,026.50	4,682.33	-
Variable Rate	3,600.00	4,313.73	4,315.62
Total	13,626.50	8,996.05	4,315.62

Investment in Associated Entities

The total value of BRI's investments in associated entities as of the end of 2012 was Rp196.74 billion (net), which was a 19.46% increase from Rp164.69 billion in 2011. This mainly come from the increase in the listed value of PT BTMU – BRI Finance from Rp163.28 billion in 2011 to Rp195.33 billion in 2012 as a result of the accumulation of PT BTMU – BRI Finance's net profits.

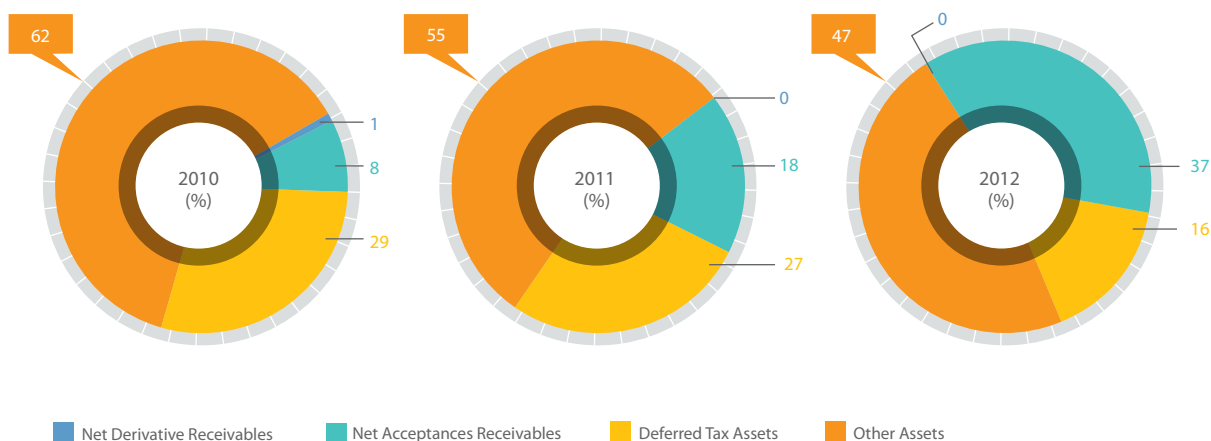
Details of investment in associated entities as of December 2012 are:

1. PT BTMU-BRI Finance (formerly PT UFJ BRI Finance): Rp195,33 billion
2. PT Kustodian Sentral Efek Indonesia: Rp900 million
3. PT Sarana Bersama Pembiayaan Indonesia: Rp5.36 million
4. PT Pemeringkat Efek Indonesia: Rp210 million
5. PT BPR Toeloengeredjo Agroloka: Rp77 million
6. PT BPR Tjoekir Agroloka: Rp77 million
7. PT BPR Toelangan Agroloka: Rp66 million
8. PT BPR Cinta Manis Agroloka: Rp35 million
9. PT BPR Bungamayang Agroloka: Rp23 million
10. PT Aplikanusa Lintasarta: Rp20 million

Fixed Assets

In line with the expansion of BRI's network, the total value of fixed assets saw a 25.01% increase to Rp7.22 trillion as of the end of 2012 from Rp5.99 trillion in 2011, while there are no material commitment on capital investment in 2012.

Composition of Other Assets



Other Assets

Other assets increased by 32.86% to Rp12.80 trillion from Rp9.64 trillion in the previous year. This category comprises derivatives receivables, acceptances receivables, deferred tax assets, and other assets. The increase in these items was caused by a Rp3.09 trillion rise in Net Acceptances Receivables, and a Rp668 billion increase in other assets.

Liabilities

Category	2010		2011		2012	
	(In billion Rp)	%	(In billion Rp)	%	(In billion Rp)	%
Deposits From Customers						
Demand Deposits	77,364	21.05	76,779	18.28	80,075	16.46
Saving Deposits	125,990	34.27	154,133	36.69	184,365	37.90
Time Deposits	130,298	35.44	153,353	36.51	185,726	38.18
Current Liabilities	4,124	1.12	3,961	0.94	4,911	1.01
Deposits from Other Banks	5,160	1.40	4,024	0.96	2,778	0.57
Securities sold under agreement to repurchase	526	0.14	102	0.02	-	0.00
Fund Borrowings	9,455	2.57	13,097	3.12	10,888	2.24
Subordinated Loans	2,156	0.59	2,136	0.51	2,116	0.44
Other Liabilities	12,539	3.41	12,491	2.97	15,592	3.21
Total Liabilities	367,612	100.00	420,079	100.00	486,455	100.00

The 17.33% growth in BRI's assets was due to the rise in the liabilities accounts and the increase in equity component from retained earnings. The biggest increase in the liabilities accounts was from the third party funds (DPK) component, of 17.15%. As shown in the above table, third party funds dominated BRI's liabilities, reaching 92.54 percent of total liabilities in 2012.

The increase in third party funds shows evidence of the success in our marketing strategy to increase third-party deposits, especially through the support of BRI's outlets and e-channel network, as well as the increase in customer service quality, which ultimately increases the general public's trust to BRI.

Third-Party Funds (DPK)

Third-party funds consist of funds gathered from third parties in the form of demand deposits, savings, and time deposits, including sharia products such as the Wadiah Demand Deposits, Mudharabah Savings, and Mudharabah Time Deposits.

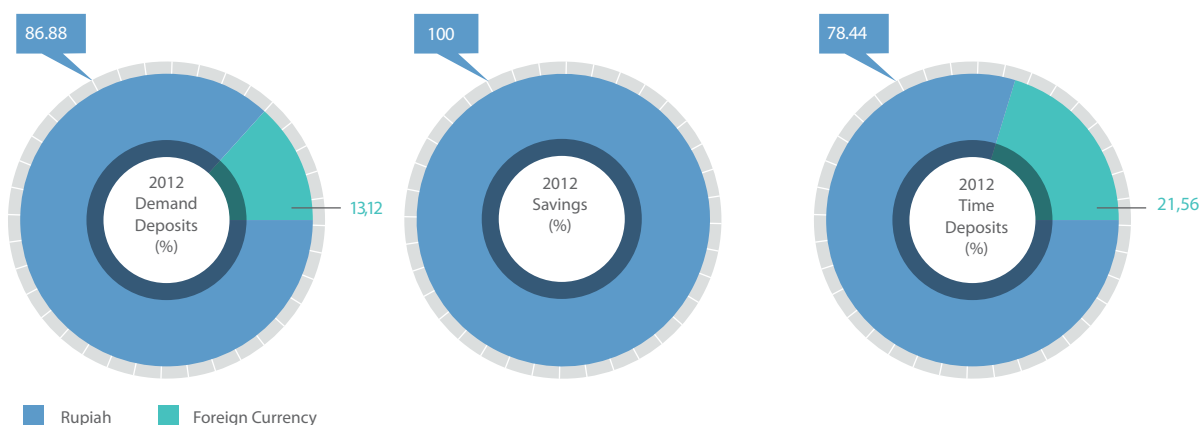
As shown in the above table, in 2012 BRI improved its third-party funds balance by 17.15% reaching Rp450.17 trillion in total. In addition, BRI also maintained the composition of low-cost funds (Demand Deposits and Savings) at around 60%.

BRI successfully maintained low-cost funds ratio around 60%.

As of December 2012, savings stood at Rp184.36 trillion, up 19.61% from Rp154.13 trillion in 2011. Savings accounted for about 40.95% of third party funds.

The increase in savings exhibits the success of our promotion programs, and the development of products' features, which in the end has increased public awareness and willingness to save their money with BRI.

Composition of Third Party Funds - Based on Currency (Excluding Sharia)



Liabilities Due Immediately

This account is BRI liabilities to external parties which by nature should be paid immediately in accordance with the requirements in the agreement which have been previously determined. Several transactions lie in the category include remittance deposits, tax payment deposits, ATM deposits, Credit Card deposits, clearing deposits, and advance payment deposits.

In 2012, BRI recorded liabilities due immediately of Rp4.91 trillion, which was up 23.99% from Rp3.96 trillion in 2011. The largest increase was in advance payment deposits, which reached Rp897.63 billion as of December 2012, compared to Rp711.75 billion in December 2011.

Deposits from Other Banks and Financial Institutions

Deposits from other banks and financial institutions comprised of demand deposits, savings, time deposits, interbank call money, and deposit on call. This heading is used for transactions between banks in the context of operations and liquidity management. The amount of deposits from other banks and financial institutions as of the end of 2012 stood at Rp2.78 trillion, down from previous year's Rp4.02 trillion.

Fund Borrowings

Among other things, fund borrowings are used to finance BRI's general activities, and trade finance needs. This category consists of loans from Bank Indonesia (liquid loans and loans for fixed assets investments), loans from Government Institutions and Entities, bilateral loans, and other loans.

The balance of borrowings as of the end of 2012 amounted to Rp10.88 trillion, 16.87% down from Rp13.10 trillion recorded on December 31, 2011. The cause of this decrease was a reduction in foreign currency borrowing.

Subordinated Loans

Total subordinated loans as of December 31, 2012, was Rp2.14 trillion; consisting of Rp2 trillion of type II subordinated bonds and Rp120.29 billion of two step loans.

The type II subordinated loans were issued by BRI on December 22, 2009, with a value of Rp2 trillion, maturity of five years, and an interest rate of 10.95%, listed on the Indonesian Stock Exchange. The type II subordinated bonds were issued for the purpose of generating supplementary capital (tier II capital) in accordance with Bank Indonesia policy, and all of the proceeds have been used to support the expansion of credit in accordance with prudential principles.

As for the two step loans, there was a reduction in the total outstanding principle from Rp141.62 billion as of the end of 2011, to Rp120.29 billion in 2012.

Other Liabilities

Other liabilities comprise of derivatives payables, acceptances payables, estimated losses on commitments and contingencies, taxes payable, and other liabilities. As of the end of 2012, the value of other liabilities had increased by 24.82% to 15.59 trillion in 2012 from Rp12.49 trillion in 2011. Among other things, this increase was caused by the increase in operational activities and unearned income.

Equity

(In million Rupiah)

Component	2010	2011	2012
Share Capital	6,167.29	6,167.29	6,167.29
Additional Paid-in Capital – net	2,773.86	2,773.86	2,773.86
Exchange difference due to payment in a foreign currency for the exposition of the financial report	47,24	49.15	44.91
Unrealized profit (loss) from securities and government bonds for sale – net	561.56	765.00	740.46
Total Retained Earnings	27,123.16	40,019.25	55,080.24
Total Equity Attributable to Parent Company	36,673.11	49,774.56	64,806.71
Non-controlling Interests	-	45.77	75.02
Total Equity	36,673.11	49,820.33	64,881.78

In 2012, BRI's total equity increased by 30.23% from Rp49.82 trillion in 2011, driven mainly by the significant increase in total retained earnings of 37.63 percent to Rp55.08 trillion from Rp40.02 trillion in 2011. This significant gain was due to the fact that the dividend payout ratio was kept at 20% of the retained earnings booked in 2011, which was unchanged from the previous year's dividend payout ratio. Therefore, the dividends per share for net retained earnings booked in 2010 and 2011 were Rp93.01 per share and Rp122.28 per share, respectively.

Capital Structure Policy

The bank is obliged to calculate the Capital Adequacy Ratio (CAR) based on Bank Indonesia regulation No. 10/15/PBI/2008 dated September 24, 2008. To meet this requirement, it is BRI's policy to maintain its capital structure so as to be able to anticipate all of the key risks that can occur in the management of the bank.

These main risks are market risk, credit risk and operating risk. The calculation of operational risk for cost of capital is set at 15% of the average annual gross income over the last three years. This calculation method went into effect on January 1, 2011, thus affecting the calculation of the capital adequacy ratio in 2011.

BRI will implement PBI No. 14/18/PBI/2012 dated November 28, 2012, on Capital Adequacy, based on BRI's risk profile reported on March 2013, reflecting December 2012 risk profile.

In accordance with BI Regulations, bank capital consists of the following:

1. Core Capital

This is bank capital that consists of: paid-in capital, reserves expressed as: contributed capital, additional paid-in capital, retained earnings (including retained earnings held for specific purposes), impairment of financial instruments available for sale, and differences between financial statements of international offices. As shown in the above table, BRI's Core Capital in 2012 reached Rp51.59 trillion, up 35% from Rp38.22 trillion in the previous year, due to additional capital from retained earnings.

2. Supplementary Capital (maximum of 100% of Core Capital)

Supplementary Capital refers to bank capital that consists of: allowance for fixed assets revaluation, general provision for impairment losses on earning assets, subordinated loans, and gain on financial instruments available for sales. BRI's total supplementary capital stood at Rp3.54 trillion in 2012, down 1.67% from the previous year.

3. Additional Supplementary Capital For Market Risk Anticipation

In 2012 and 2011, BRI had both Core Capital and Supplementary Capital amounting to Rp55.13 trillion and Rp41.82 trillion, and BRI did not have additional supplementary capital for market risk anticipation.

From the standpoint of supplementary capital – BRI's Tier 2 Capital was recorded at Rp3.54 trillion on December 2012, which was 6.86% of total core capital of Rp51.59 trillion. In accordance with Bank Indonesia Regulation No14/18/PBI/2012, dated November 28, 2012, the maximum composition of supplementary capital is 100% of core capital. Therefore, with BRI's supplementary capital ratio of 6.86% of core capital, it means that BRI has significant room to strengthen the supplementary capital, such as, through subordinated debt issuance.

Cash Flow

CASH FLOW	2010	2011	2012
	(In million Rp)		
Net Cash Generated from / (Used for) Operating Activities	54,336	15,668	(24,097)
Net Cash Generated from / (Used for) Investing Activities	(2,189)	(10,670)	(5,664)
Net Cash Generated from / (Used for) Financing Activities	(7,071)	466	(5,951)

Cash Flows from Operating Activities

In 2012, net cash flow used for operating activities stood at Rp24.10 trillion. Cash inflows, mainly from interest income, return on investments, fees and commissions, and sharia income, amounted to Rp49.83 trillion, and was also affected by the rise in saving and time deposits amounting to Rp29.84 trillion and Rp31.26 trillion, respectively. These cash inflows were balanced by cash outflows, which were mostly used for the payment of interest expenses and operations expenses of Rp13.15 trillion and Rp23.39 trillion, respectively.

Cash Flows from Investing Activities

At the same time, net cash flow provided by investing activities in 2012 stood at Rp5.66 trillion, mostly generated by a reduction of securities and government recapitalization bonds that were available for sale and that held to maturity, amounting to Rp4.07 trillion.

Cash Flows from Financing Activities

In 2012, net cash flows used for financing activities amounted to Rp5.95 trillion, most of which was used to purchase Rp102.68 billion worth of securities sold under a repurchase agreement, the distribution of profits for dividends, reserves, and Partnership Program and Community Development (PKBL) amounting to Rp2.62 trillion, and payments of fund borrowings of Rp2.21 trillion.

Financial Ratios

DESCRIPTION	2010	2011	2012
PERFORMANCE RATIO			
1. Capital Adequacy Ratio (CAR)	13.76%	14.96%	16.95%
2. Non performing earning assets and non earning assets to total earning assets and non earning assets	2.19%	1.79%	1.19%
3. Non performing earning assets to total earning assets	2.24%	1.85%	1.46%
4. Allowance for impairment losses of financial assets to earning assets	4.58%	4.51%	3.43%
5. NPL gross	2.79%	2.32%	1.83%
6. NPL net	0.75%	0.51%	0.38%
7. Return on Asset (ROA)	4.64%	4.93%	5.15%
8. Return on Equity (ROE)	43.83%	42.49%	38.66%
9. Net Interest Margin (NIM)	10.77%	9.58%	8.42%
10. Operational Expenses to Operational Income (BOPO)	70.86%	66.69%	59.93%
11. Loan to Deposit Ratio (LDR)	75.17%	76.20%	79.85%
COMPLIANCE			
1. a. Violation of the Legal Lending Limit			
i. Related Parties	0.00%	0.00%	0.00%
ii. Unrelated Parties	0.00%	0.00%	0.00%
b. Exceeding the Legal Lending Limit			
i. Related Parties	0.00%	0.00%	0.00%
ii. Unrelated Parties	0.00%	0.00%	0.00%
2. Statutory Reserves			
a. Primary Minimum Statutory Reserve - Rupiah	8.05%	9.33%	10.64%
b. Minimum Statutory Reserve - Foreign Currencies	1.00%	8.00%	8.17%
3. Net Open Position (NOP)	4.45%	5.49%	3.00%

Note: All data are bank only, except for NPL gross and NPL net

Solvency and Collectibility

Capital Adequacy Ratio

According to previous discussion (see Financial Review – Equity), BRI's Capital Adequacy Ratio is 16.59%, up from 2011's figure of 14.96%. This shows BRI's ability to generate high profits resulting in a 35% increase in core capital, and therefore increased the CAR ratio in December 2012.

Non-Performing Loans Ratio and Collectibility Management

The NPL ratio in 2012 was successfully reduced to 1.83% from 2.32% in 2011, albeit increase in total loans. It shows positive result of management's effort in maintaining and improving loan quality. The increase in loan quality for the micro, retail and corporate segments had a real impact on the decrease in the NPL ratio.

To eliminate the losses coming from uncollectible loans and earning assets, BRI continued to do aging analysis of past due asset, and set allowances for the possibility of uncollected loans. Although the total value of the allowance in 2012 has increased, but in terms of ratio, the amount of the allowance, which is recorded as an operational expense during accounting year, has fell.

Liquidity

Loan to Deposit Ratio (LDR)

During 2012, LDR was maintained at BRI's internal target of around 80-90%. At the end of 2012, the LDR was 79.85%, up from 76.20% in 2011.

Profitability

Net Interest Margin (NIM)

BRI achieved a net interest margin of 8.42%. With this level of NIM, BRI has become the frontier among Indonesian banks with a high profitability.

Cost Efficiency Ratio (CER)

CER of 43.11% in 2012, which was relatively similar to previous year's number, shows BRI has successfully implemented efficient and effective strategies for its operating activities. The increase in loans and expansion in banking operations were balanced with the increase in IT and Human Resources capabilities. Therefore, in line with the increase in interest income due to loan growth, expenses also increase proportionally and well-controlled.

Operating Expenses to Revenue Ratio (BOPO)

BOPO ratio has fell to 59.93% from 66.69% in 2011. This low ratio is an indicator of management's success in maintaining the efficiency and effectiveness of operating activities as also shown by stable NIM, manageable LDR, and lower NPL, which led to an increase in BRI's profitability.

Return on Assets (ROA)

BRI's return on assets ratio has increased in 2012 to 5.15% as a result of the rise in income, and manageable operational expenses, which ultimately led to a greater income growth rate than the assets'. This high ROA is well above the average of Indonesian banking industry.

Return on Equity (ROE)

Return on Equity, reflecting shareholders' returns, was maintained at 38.66%.

Capital Expenditures and Commitments for Capital Expenditures

As of 2012, BRI owned more than 9,000 outlets (Also see "Company Profile" and "Marketing") as part of the realization of a service network spanning across Indonesia. To grow these infrastructures, BRI has invested in capital expenditure amounting to Rp1.45 trillion (also see "Fixed Assets").

Realization of Capital Expenditures	2010	2011	2012
Land and Buildings	230,393	209,875	233,031
Inventory and Equipment	97,952	143,403	78,743
Vehicles	28,765	128,224	216,977
Computers and Softwares	154,802	168,472	916,539
Leases	-	-	-
Total	511,912	649,974	1,445,290

BRI has also conducted several material commitments on capital, most of them are done in rupiah, thus minimizing exposure to foreign exchange fluctuations.

Sources of funding for these capital expenditures are retained earnings from operating activities in the previous year and specific reserves set aside from previous years' net income. The purpose of the material commitments on capital includes:

1. Office construction project, valued at Rp43,783.93 million
2. Procurement of 4-wheel and 2-wheel vehicles, valued at Rp26,791.34 million
3. IT and e-banking infrastructure development, worth Rp17,280 million

5. The increase in operating costs was still below the maximum target of 15%.
6. The achieved net income of Rp18.69 trillion was just above the target.
7. The achieved ROA was 5.15%, above the targeted 4.89%.
8. At the end of December 2012, BRI's total CAR was recorded at 16.80%, which was above the target of 13.86%.

Comparison of Projections and Outcomes

	Realization in 2012 (In million Rupiah)	Target of 2012 (In million Rupiah)	Achievement
Total Assets	551,337	538,812	102.32%
Total Liabilities	486,455	475,702	102.26%
Total Equities	64,882	63,110	102.81%
Net Profit	18,687	18,464	101.21%

Other Financial Information

Targets Achievement in 2012

In general, in 2012, BRI showed satisfying performance, as seen in several achievements as follows:

1. BRI booked a 22.92% growth in high-quality loans as targeted, and achieved an NPL ratio of 1.83%, which was better than the target of 2.5%.
2. Deposits growth of 17.15% was slightly below the target of 18%, but BRI was still able to maintain a low-cost funds composition in the range of 60%.
3. LDR amounted to 79.85%, maintained near the optimum LDR target range of 80-90%.
4. Cost of funds at 3.68% was much better than the target of 4.54%.

2013 Targets

For 2013, taking into account the condition of the Indonesian economy, the readiness of BRI's business infrastructure and the competition in the banking industry, BRI is targeting to accomplish several key performance achievements as follows:

1. Loan growth of 22-24%.
2. Composition of low-cost funds around 60%.
3. LDR in the range of 80-90%.
4. NPL maintained at 2%.
5. Operating costs to increase by 15%.
6. Net profit growth around 15%.

Commitments and Contingencies

BRI has commitments to provide financing as well as procurement contracts, and several contingencies related to loans or legal issues.

Total commitments and contingencies on BRI's administrative accounts have increased by 30.83% and 96.55% compared to 2011, respectively. The increase in commitments was caused by increase in Letter of Credit and lending, which grew 22.92% higher than in 2011. At the same time, the increase in the value of contingencies was caused by a rise in guarantees issued in the form of standby L/C as well as bank guarantees. Details regarding these matters can be seen in Note 42 of the Audited Consolidated Financial Statement.

Commitments and Contingencies with Credit Risk as of December 2011 and 2012

(In million Rupiah)

	December 31, 2011	December 31, 2012
Commitments		
Unused Credit facilities granted to debtors	60,313,628	75,649,401
Irrevocable Letters of Credit	6,843,251	12,231,900
Other	89,942	97,225
Total commitment liabilities	67,246,821	87,978,526
Commitments - net	(67,246,821)	(87,978,526)
Contingencies		
Contingent Receivables		
Interest receivables under settlement	834,315	221,217
Other	486	-
Total contingent receivables	834,801	221,217
Contingent Liabilities		
Standby L/C	1,810,379	6,158,676
Bank Guarantees	4,428,146	6,103,142
Total contingent liabilities	6,238,525	12,261,818
Contingencies - net	(5,403,724)	(12,040,601)

In accordance with Bank Indonesia Letter No. 13/658/DPNP/DPnP dated December 23, 2011, BRI is no longer required to create a provision for impairment losses of administrative account transactions (commitments and contingencies).

Derivatives and Hedging Facilities

In the framework of safeguarding foreign currency denominated asset portfolios, BRI performs currency hedging transactions as part of its risk management activities. BRI does not use or issue derivative instruments for trading purposes.

Impact of Interest Rate Changes on Bank's Performance

Interest rate changes have a direct impact on the bank's performance. The effect of the decrease in the base lending rate in 2011 and at the beginning of 2012 was significantly impact the interest income in 2012. The stability of monetary and domestic economy, the increase in the sovereign bond rating, the stability of reference interest rate, and the stability of the Company's debt rating allowed the cost of funds to be controlled at a relatively low level.

Lower cost of funds was accomplished because of a greater composition in low-cost funds (demand deposits and saving deposits) compare to high cost funds (time deposits), moreover, deposits interest rate was decreasing in line with the reduction of BI rate. (Also see "Business Overview" and "Financial Review, Interest Income, and Interest Expense").

Other Material Information

Information and Facts regarding Investment, Expansion, Divesting, Acquisitions or Debt/Capital Restructuring

There is no material information or facts related to investment, expansion, divesting, acquisitions or capital/debt restructuring.

Recent Developments in Financial Accounting Standards and the effect on the Financial Statement

In 2012, BRI was still in the final stages of implementing Statement of Financial Accounting Standards (SFAS) No.55 (Revised 2006) on Financial Instruments: Recognition and Measurement and SFAS No.50 (Revised 2006) on Financial Instruments: Presentation and Disclosure.

The company's focus was on collective impairment estimations in the form of Allowance for Impairment Losses on Loans using historical loss data as regulated in SFAS 55 (Revised 2006) and the Indonesian Accounting Guidelines for Banking Industry 2008 (PAPI 2008). In addition, to support the implementation of the above accounting regulations, the company has been supported by adequate information technology, internal accounting policies and other supporting accounting guidelines.

The internal accounting policies and guidelines were prepared as the company's reference in implementing the national regulation. The company also continues to update all employees with the latest information and knowledge related to recent SFAS/IFRS development.

In this financial year, "The company" has adopted the Financial Accounting Standards published by the Financial Accounting Board, including the SFAS and Interpretation of Financial Accounting Standards (IFAS), which implemented on January 1, 2012. In addition, the company also revised the internal accounting policies and accounting guidelines according to Financial Accounting Standards, which already complied to IFRS. Following are list of SFAS and IFAS implemented on January 1 2012, which are relevant to the company.

1. SFAS 16 (Revised 2011) Fixed Assets.
2. SFAS 18 (Revised 2010) Accounting and Reporting of Retirement Benefit Plans.
3. SFAS 46 (Revised 2010) Accounting for Income Taxes.
4. SFAS 53 (Revised 2010) Share-based Payments.
5. SFAS 56 (Revised 2010) Earnings per Share.
6. SFAS 110 (Revised 2011) Accounting for Sukuk.
7. IFAS 15 SFAS 24 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
8. IFAS 20 Income tax – changes in the tax status of entities or its shareholders.
9. IFAS 26 Revaluation of Embedded Derivatives.

The implications of these aforementioned SFAS and IFAS have generated new recognition, measurement, presentation, and disclosure of categories in the the company's financial statement. Details of these implications can be seen in Note 2.ak of the Consolidated Audited Financial Report.

Accounting Policies and Financial Information for Extraordinary Items

The accounting policies specified for extraordinary items are used to record extraordinary events in the audited financial report, for example losses due to a fire at the bank, disasters that hit customers with substantial loans outstanding, etc. However, there are no accounting policies or financial information regarding extraordinary events in this reported year's financial statement.

Changes in Legislation and the effect on the Bank's Performance

Several legislative regulations that might affect BRI's business activities include:

1. State-Owned Enterprises Minister decree Number SK-164/MBU/2012 on The Stipulation of Partial Authority of the SOEs Minister as a Government Representative at the Annual General Meeting of Shareholders of a Limited Company, becoming the Authority of the Board of Commissioners and Board of Directors.

This SOEs Minister's decree was issued to clarify, avoid different interpretations of the delegation of authority and/or power explained in SOEs Minister Decree Number KEP-236/MBU/2011, and improve the efficiency and effectiveness of SOEs management.

2. Bank Indonesia Circular Letter No. 14/20/DPNP dated June 27, 2012, regarding Prudential principle for commercial Banks performing partial work outsourcing to other parties in strategic core jobs, such as, Tellers, Customer Service, Account Officer or Credit Analysts, Funding Officers, IT Designers and Developers, so that these jobs cannot be outsourced or carried out by outsourced workers.

The impact of this letter is the Bank will commence a transfer process of outsourced positions of the aforementioned jobs into contractual employment, in December 2012, which lead to increasing employment costs in the 2013 work plan.

3. Bank Indonesia Circular Letter No. 14/10/DPNP regarding the Implementation of Risk Management for Banks engaged in Mortgage and Motorcycle Financing.

The purpose of this regulation is to control excessive growth of mortgages and motorcycle financing to minimize credit risk for banks.

Major changes in this letter are:

- a. Limiting the Loan to Value (LTV) for mortgage at a maximum of 70% for homes greater than 70 m². This rule excludes mortgages associated with government housing programs.
- b. Limiting the Down Payment (DP) for motorcycle finance as follows:
 - DP of at least 25% for the purchase of two-wheeled motor vehicles
 - DP of at least 30% for the purchase of four-wheeled vehicles for non-productive purposes
 - DP of at least 20% for the purchase of motor vehicles with four or more wheels for productive purposes
4. Bank Indonesian Regulation No. 14/14/PBI/2012 on Transparency and Publication of Bank Reports (revised to Bank Indonesia Regulation No. 3/22/PBI/2001 on the Transparency and Financial Condition of Banks).

The purposes of this regulation, which are in line with the implementation of Basel II and the development of international standards and accounting standards, are acting as an umbrella regulation for obligations to submit reports, and improving the Bank's transparency.

Based on this regulation, there are adjustments need to be made to Bank's Annual Reports, including:

- a. Sharia business unit should now be added to general information on the business development of banks and its groups, strategies, management policies, and management reports, which previously covered conventional bank only.
- b. Addition of social function reports and distribution of profit sharing report for Sharia Commercial Banks and Sharia Business Unit (UUS).
- c. The following items related to presentation of information should be added, especially for Conventional Commercial Banks (BUK):

- Presentation of qualitative and quantitative information on potential losses (risk exposures) for several types of specific risk in accordance with Basel II Pillar III.
 - Qualitative and quantitative information related to capital (especially for Conventional Commercial Banks), covering capital adequacy and capital structure.
5. Bank Indonesia Regulation No. 14/15/PBI/2012 on Asset Quality Assessment for Commercial Banks. The purpose of this regulation is to serve as a precaution to safeguard and protect the banking system, and to ensure the Bank continues to manage credit risk exposure at a level sufficient to maintain the quality of assets and to calculate an allowance for asset impairments.
- The principal provisions include:
- a. The establishment of a special reserve for substandard credit.
 - b. Banks under special surveillance is no longer a criterion for quality assessment of inter-bank placements, which classified as loss.
 - c. The quality assessment of loans and other financing for MSME borrowers in the period of August until January refer to bank's level of health as of June, while the period of February until July refers to December of the previous year.
 - d. Time deposits recognized as cash collateral can only be stored at lending banks.
 - e. The title of Prime Bank is defined as AA- by S&P, Aa3 by Moody's, and AA- by Fitch ratings.
 - f. Regarding credit restructuring
 - The quality of restructured credit can only be increased by a maximum of 1 (one) level compared to its previous rating after the debtor had paid the principal and or interest installments for 3 consecutive periods.
- Income on restructured loans is recognized and recorded in accordance with SFAS.
 - Reporting of restructured loans is done online in parallel with the reporting of Commercial Bank Periodic Reports (LBBU).
- g. Some of the changes related to Allowance for Asset Impairment (PPA) include:
- A reserve in accordance with the impairment concept in the form of loan loss provision.
 - General and Specific Reserve (PPA) are still calculated for Productive Fixed Assets, and will affect the calculation of CAR after it is deducted from Loan Loss Provision (CKPN). These PPAs calculation will not be charged to the Income Statement (P/L).
 - Specific PPA for Productive Fixed Assets is still calculated for Productive Fixed Assets. This PPA will influence the calculation of CAR, but is not related to the amount of Loan Loss Provision (CKPN), as having Non-Earning Assets is disincentive. This PPA will also not be charged to the Income Statement (P/L).
6. Bank Indonesia Regulation No. 14/17/PBI/2012, concerning Bank Business Activity in the Form of Trust. The purpose of this regulation is to provide legal assurance for trust-related activities and to accommodate foreign exchange management activities.
- The principle provisions of this regulation are as follows:
- a. Trust is a bank's service covering safekeeping and management.
 - b. There are 3 relevant parties, namely the Settler, the Trustee, and the Beneficiary, within Trust-related activities.
 - c. Trust-related activities regulated by this BI regulation cover: paying agents, investment agents, and/or borrowing agents.

- d. Banks that can run Trust services are:
 - Banks incorporated in Indonesia.
 - Banks eligible to conduct Foreign Exchange service with core capital of at least Rp5 trillion.
 - Banks with Capital Adequacy Ratio of 13% for the last 18 consecutive months.
 - Banks with Health Level Report as follows:
 - A minimum Composite Rating of 2 within the last 12 consecutive months.
 - A minimum Composite Rating of 3 within 6 months before the period mentioned above.
 - Banks mentioning Trust service business plan in their Business Plan (RBB).
 - Banks having capacity to engage in Trust service based on Bank Indonesia's assessment.
 - e. Banks engaged in Trust-related activities are required to meet following requirements:
 - Core capital at least Rp5 trillion
 - CAR ratio at least 13%
 - Bank Health Level Report at least on Composite Rating of 2
 - f. For Overseas Bank Offices, in addition to meeting the above requirements, not only they must have a minimum Capital Equivalency Maintained Assets (CEMA), which according to the prevailing regulations, is at least Rp5 trillion, but also have to be incorporated in Indonesia.
7. Regulations regarding Capital Adequacy Ratio (KPMM) and Capital Equivalency Maintained Assets (CEMA) are:
- a. Bank Indonesia Regulation No.14/18/PBI/2012 - Concerning Minimum Capital Adequacy Requirement for Commercial Banks.
 - b. Bank Indonesia Circular Letter No.14/37/DPNP on Minimum Capital Requirement based on Risk Profile and Fulfillment of Capital Equivalency Maintained Assets (CEMA).

The purpose of these regulations are both to create a healthy banking system that is able to develop and compete both nationally and internationally, and to comply with the prevailing international standards regarding Capital Adequacy Ratio calculation. In addition, certain allocations into particular financial instruments from overseas branches to anticipate the dynamics of the economy and global financial system are required.

The main provisions of this Bank Indonesia regulation are:

- a. Banks are required to provide a minimum amount of capital in accordance with the risk profile so that it will not only able to absorb potential losses from credit risk, market risk and operating risk, but also from other risks, such as liquidity and other material risks. The minimum provision of capital in accordance with the risk profile is defined as follows:
 - Risk-weighted assets of 8 percent for a bank with a level 1 risk profile
 - Risk-weighted assets of 9% to 10% for bank with a level 2 risk profile
 - Risk-weighted assets of 10% to 11% for banks with a level 3 risk profile
 - Risk-weighted assets of 11% to 14% for banks with a level 4 or 5 risk profile.
- b. Bank Indonesia is authorized to set a higher CAR level for banks who are facing larger potential capital losses.
- c. To calculate minimum capital in accordance with the risk profile, the Bank is required to have and document the Internal Capital Adequacy Assessment Process (ICAAP). This calculation will start in March 2013, using December 2012's risk profile.
- d. BI will reassess the banks' ICAAP by implementing Supervisory Review and Evaluation Process (SREP). Based on the SREP results, BI can request the bank to improve its CAAP.

The effect of these regulations on BRI is that we will need to provide adequate CAR level based on our risk profile.

8. Bank Indonesia Regulation No.14/27/PBI/2012 concerning Implementation of Anti Money Laundering and Combating the Financing of Terrorism Program for Commercial Bank.

The development of increasingly complex banks' products, activities and information technology posed increasing external fraud potential in the form of money laundering and terrorism funding. Therefore, Bank Indonesia's regulations regarding these matters need to be adjusted to comply with prevailing national law, and international standards.

The main points of the arrangement cover:

- a. Active supervision of the Board of Directors shall at least include:
- Ensuring the Bank has policies and procedures in place for the anti-money laundering and combatting terrorism financing (APU and PPT) program;
 - Recommending policies and procedures for the APU and PPT program to the Board of Commissioners;
 - Ensuring implementation of the APU and PPT program is pursuant to established written policies and procedures;
 - Establishing special units assigned to implement the APU and PPT program and/or appointing an officer duly responsible for the APU and PPT program at Head Office;
 - Supervising the compliance of working units in implementation of the APU and PPT program;
 - Ensuring that branch offices have a special unit established.
 - Ensuring that branch offices with high business complexity meet the requirements referred in

previous item, and are separated from the working unit that implements the policies and procedures of the APU and PPT program.

- Ensuring that the written policies and procedures of the APU and PPT program are in line with changes in the development of Bank products, services and technology as well as applicable to prevailing methods of money laundering and terrorism financing.
- Ensuring that all employees, in particular employees of related work units and new employees, have participated in regular training relating to the APU and PPT program.

Active supervision of the Board of Commissioners shall at least include the following:

- Approval of implementation policy for the APU and PPT program; and
 - Supervision of the assigned responsibilities of the Board of Directors in terms of APU and PPT program implementation.
- b. The bank is required to have a written APU and PPT program procedures implementation guide.
- c. The bank is required to have an effective internal control system, that comprise compliance testing (including sample testing) of related APU and PPT rules and procedures.
- d. The bank is required to have information system that can identify, analyze, monitor and provide effective reporting on the characteristics of transactions carried out by the bank's customers. In addition, the bank is required to have and maintain integrated customer profiles (Single Customer Identification File).
- e. In order to prevent the bank being used as a medium or as a destination for money laundering or terrorism funding in connection with internal parties, the bank is required to perform screening of new employees, and to monitor employee profiles.



- f. The bank is required to carry out and monitor the implementation of the APU and PPT programs' procedures throughout its entire network and overseas subsidiaries.
- g. The bank is required to disseminate action plan updates on the APU and PPT programs' procedures, to report data updating action plan, and to report the implementation of latest data updating activities, annually to Bank Indonesia.
- h. Administrative sanctions will be issued if the required reports and guidelines are not issued.

BRI records related transactions in accordance with SFAS No.7 (revised 2010) on "The Disclosure of Related Parties" in order to produce a fair financial report.

Material transactions that occurred in 2012 with related parties are fully laid out in Note 43 of the Consolidated Audited Financial Report.

Material Information and Facts after the Date of the Accounting Report

There is no material information and facts after the date of the accounting report.

Transactions containing Conflicts of Interest

There were no transactions containing conflicts of interest during the reported year as mentioned in BAPEPAM-LK regulation No. IX.E.1 "Conflicts of Interest".

Related Transactions

BRI entered into transactions with related parties due to ownership/management relations. All transactions with related parties were done based on mutually agreed policies and conditions. Therefore, BRI has done fair-transactions with these related parties.

BRI records related transactions in accordance with SFAS No.7 (revised 2010) on "The Disclosure of Related Parties" in order to produce a fair financial report.

Material transactions that occurred in 2012 with related parties are fully laid out in Note 43 of the Consolidated Audited Financial Report.

Material Information and Facts about Investments, Expansion, Divestments, Acquisitions and Capital/Debt Restructuring

There is no material information or fact on investments, expansion, divestments, acquisitions, or capital/debt restructuring.

Dividend Policy

Policy on the distribution of dividends is set every year at the Annual General Meeting of Shareholders. In 2012, BRI paid out Rp3.02 trillion of dividends, equivalent to 20% of 2011 net profit, or Rp122.28 per-share. Detailed information regarding the dividend payout can be seen in the "Information for Investors" chapter.

Subsidiaries

PT Bank BRI Syariah

Business History

PT Bank BRI Syariah (BRI Syariah) was established to answer the increase in Indonesian public's needs on sharia banking services. It all started with the creation of the Sharia Business Unit (UUS) on April 14, 2002, with two branches in Jakarta and Serang.

Subsequently, BRI acquired Bank Jasa Artha in accordance with acquisition act No. 61 on December 19, 2007, which was signed in the presence of Imas Fathimah, S.H., a notary in Jakarta, where BRI owned 99.99875% of the total shares, and the remaining 0.00125% was owned by the BRI Workers Welfare Foundation (YKP BRI).

In 2008, Bank Jasa Artha was transformed into PT Bank BRISyariah and converted its business activities from previously as a commercial bank to be a commercial sharia bank. This was based on Deed No. 45 on April 22, 2008, which was created in the presence of Fathiah Helmi, a notary in Jakarta, as well as Bank Indonesian Governor Decree No. 10/67/KEP.GBI/DpG/2008 dated October 16, 2008.

On December 19, 2008, in accordance with Act No. 27 created in the presence of Fathiah Helmi S.H., a notary in Jakarta, BRI's management decided to spin-off UUS BRI and merge it with PT Bank BRISyariah, effectively since January 1, 2009, in order to improve its performance and competitiveness, especially in sharia banking, and to be more focus on sharia banking business, which require management attention.

Bank BRISyariah Profile

BRISyariah's vision is to become a modern retail bank with an excellent range of easily and accessible financial services in line with the needs of customers, based on sharia principles.

2012 Business Performance

In 2012, BRISyariah returned to record an encouraging business performance. Bank assets grew 25.8% to Rp14.09 trillion from Rp11.20 trillion in 2011. Third Party Funds (DPK) grew 17.79% to Rp11.01 trillion

from Rp9.35 trillion in 2011. On the financing side, BRISyariah booked above the sharia banking industry average growth of 23.49% to 11.25 trillion from 9.11 trillion in 2011.

With operating income of Rp1.51 trillion and a net income margin of 7.15%, BRISyariah booked a profit of Rp101.89 billion for 2012, which was a 773.76% increase from 2011's profit of Rp11.66 billion. This outstanding business performance was achieved mainly through continuous development of distribution channels, new product launches in line with market needs, and support from BRISyariah's reliable human resources, both in terms of size and competency.

In addition to the outlets network, which grew to be 117 service outlets as of the end of 2012, BRISyariah also developed joint distribution channel by opening the Sharia Service Office (KLS) inside the BRI's conventional network, and built BRI Syariah (BRIS) corner in Religious Affairs Offices and in Islamic boarding schools. BRISyariah also optimizes the support coming from its e-channel network of 259 ATMs, and continuously developing e-banking services by adding more comprehensive features.

BRISyariah's performance achievements in 2012 were supported by its human resources, growing to 4,659 people as of the end of 2012 from 4,497 people at the end of the 2011. The increase in human resources at the head office was focused on supporting operations as well as the development of various new policies, operating procedures and information technology operation; while at the branch, the development of human resources was focused more on developing strong sales teams.

BRISyariah's brilliant performance was recognized by independent parties through several awards received in 2012, including Brand Equity Champion of Islamic Banking (iB) 2012 from Markplus Management, Top Sharia Banking Brand from Frontier Consulting Group, Indonesian World Records Museum from MURI, Indonesia Service Quality Award 2012 in the Service Quality Golden Award 2012 program, Banking Efficiency Award 2012 from Bisnis Indonesia, Banking Service Excellence Awards 2012 - 1st Best ATM Sharia



Bank and 3rd Best Phone Handling Sharia Bank from Infobank & MRI, Indonesia Original Brands 2012 for Sharia Banking from Majalah SWA, Top 250 Indonesian Original Brands 2012 from Majalah SWA and Business Digest and Indonesia Brand Champion 2012 - Silver Brand Champion of Most Popular Brand Outside Jakarta from Markplus Inc.

Product and Service Development

Product and service development are important factors in BRISyariah's business target achievements. In 2012, BRISyariah launched several new products and services as well as strengthening its existing products' features, such as Gold Ownership (KLM) BRISyariah iB, adding e-Banking services, mobile banking services, new financing products with IMBT (Ijarah Muntahiyah Bit Tamlik) contracts, and lastly BRISyariah iB Tabungan Impian (Dream Savings Account) which is saving deposits with the principle of profit sharing designed to fulfill long-term-plans.

Risk Management

In order to anticipate such rapid business developments generated by public's interest in welcoming sharia-based banking services, BRISyariah implements prudent risk management principles. All of the inherent banking risk profiles, which consist of 8 types of risk: credit, market, liquidity, operational, compliance, strategic, reputation and legal, are constantly analyzed so that they can be followed by risk mitigation steps. BRISyariah's inherent composite risk profile is low to moderate.

PT Bank Rakyat Indonesia Agroniaga Tbk.

Business History

Following up on the decision of BRI Extraordinary General Meeting of Shareholders in 2010, the signing of an Acquisition Deed between BRI and Dana Pensiun Perkebunan (Plantation Pension Fund) on 88.65% of the total shares of Bank Agro was done on March 3, 2011. This decree was based on Acquisition Deed No. 14, which was created in the presence of notary Fathiah Helmi, S.H.

Furthermore, to comply with Bapepam-LK Regulation No.IX.H.1, chairman decision attachment Bapepam-LK Nokep-259/BL/2008, dated June 30, 2008, Bank BRI, as the New Controller of Bank Agro, was required to transfer back Bank Agro's shares to the public in the amount of no less than the percentage of shares acquired during the Mandatory Tender Offer, which was 3.15% of Bank Agro's total shares, or 113,326,500 shares, and owned by no less than 300 (three hundred) parties within a time period of no more than 2 (two) years. Referring to this matter, BRI has sold 7.10% Bank Agro's total shares or 256,875,502 shares to Dapenbun, and thus, as of March 31, 2012, the total number of Bank Agro's shareholders stood at 2,286 parties. Therefore as of March 31, 2012, Bank Agro's transfer of share process conducted by BRI had been completed. As of the end of 2012, BRI's ownership of Bank Agro shares amounted to 2,886,690,021 shares, or 79.785% of Bank Agro's total shares.

BRI Agro Profile

PT Bank Rakyat Indonesia Agroniaga Tbk. (BRI Agro), as one of the nation's foreign exchange commercial banks, has a vision to focus its banking services on agro-business financing, such as horticulture, fisheries, animal husbandry and agro-processing. BRI Agro was established in Jakarta on September 27, 1989, by a group of agro-business leaders from the Government, SOEs, and national private companies. BRI Agro's presence has spearheaded the history of agro-banking in Indonesia. BRI Agro provides various banking products and services, especially targeting specific agro-business, such as PT Perkebunan Nusantara I-IX (national plantation companies) and their trading partners and suppliers, as well as, providing funding to increase farmers' welfare through loan facilities from cooperatives to their members (KKPA) and Food Security Loans (KKP) scheme recommended by those national plantation companies (PTPN).

In 2012, BRI Agro had 9 (nine) branches and 9 (nine) sub-branches located across Greater Jakarta (Jabodetabek), Surabaya, Medan, Pekanbaru, Bandar Lampung, Jambi, Bandung, Semarang, Rantau Prapat,

Makassar and Balikpapan, 2 (two) cash offices and 32 (thirty two) self-managed ATMs, as its distribution channels. By the end of 2012, the company employed a total of 426 people.

BRI Agro's Performance in 2012

As of December 31, 2012, BRI Agro's total assets stood at Rp4.04 trillion, representing a 16.24% growth compared to the previous year. Third Party Funds collected during 2012 stood at Rp3.05 trillion, of which Rp2.53 trillion was channeled in the form of financing.

BRI Agro's profitability in 2012 shows good performance, with a net income of Rp33.03 billion.

Product Development and Services

BRI Agro continues to enhance and develop its banking products and services in order to increase its customer base, both in funding and lending. One of the promotion event held in 2012 was "Ayo Bergoyang" (Let's Rock) event, it was an acquisition and retention program for Savings and Time Deposits product, which was bundled with BRI AGRO Berhadiah promotion program. The program was in the form of free promotional gift for each fresh fund placement according to a predetermined time period.

BRI Remittance Co.Ltd

BRI Remittance Co. Ltd. Profile

BRI Remittance Co. Ltd. (previously named BRIngin Remittance Co. Ltd.) was established on April 7, 2005, in Hong Kong with a capital payment of HKD 1,600,000.00. On December 16, 2011, BRI signed the Instrument of Transfer and Bought and Sold Notes to acquire 100% of

the shares of BRIngin Remittance Company Ltd. (BRC) amounting to 1,600,000 shares with a purchase price of HKD 1,911,270. This acquisition was approved by the Hong Kong Inland Revenue Department (IRD) with stamp duty on December 28, 2011, and has approved by Bank Indonesia through Letter No.13/32/DPB1/TPB1-3/Rahasia, dated December 1, 2011, and therefore as of the said date, BRI became the Controlling Shareholder of BRC with 100% ownership of BRC shares.

Furthermore, based on Certificate of Change of Name No. 961091, dated October 11, 2012, issued by the Registrar of Companies Hong Kong Special Administrative Region, BRIngin Remittance Company Ltd.'s name was officially changed to BRI Remittance Company Ltd.

BRC's main business is in remittance business, which basically in the form of sending money from originator (sender) to beneficiary (recipient) who lives in another country. To support remittance business in Hong Kong, BRI currently establish the BRIFAST system, which already implemented at BRC and connected online to more than 9,000 BRI business units. BRC and BRI integration has accelerated the delivery time of remittance service from and to Hong Kong, which will become a major competitive advantage. In 2012, BRC's assets reached Rp2.82 billion, which was a 20.97% increase from Rp2.33 billion in 2011. BRI Remittance Co. Ltd.'s performance in 2012 provided income and net profit of Rp1.595 billion and Rp297 million, respectively.

Corporate Governance





“BRI is committed to become Indonesia’s best bank with Good Corporate Governance practices.”

Corporate Governance

The aim of Corporate Governance Implementation

BRI has a commitment to implement a healthy banking system in Indonesia based on the application of Good Corporate Governance (GCG) principles. BRI aims to maximize its value and increase its market confidence through the consistent implementation of GCG Principles, which is carried out to ensure Bank competitiveness nationally and internationally, and to ensure long-term business sustainability in order to reach company's goals.

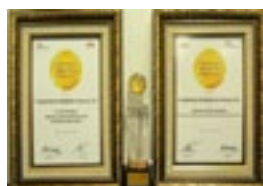
These practices are the reasons why BRI chose the theme of "Becoming the Best Indonesian Bank through Good Corporate Governance Practices" as its 2012 theme.

GCG implementation for BRI extends beyond complying with the rules of law; it is also a continuous effort to improve and innovate its implementation of GCG principles. Since 2000, BRI has been strengthening its commitment in applying the GCG principles in its business and banking operations, and that commitment has been a starting point in bolstering sustainable implementation of GCG in BRI up to this day.

The implementation of GCG principles in BRI in each of its business activities earned several awards from external and independent parties in 2012.



Best Corporate Governance Right of Shareholders 2012 Category
The 4th The Indonesian Institute
for Corporate Directionship (IICD) Conference and Award
Corporate Governance



Selected as "Trusted Company"
Corporate Governance Perception Index (CGPI) -
The Indonesian Institute
of Corporate Governance (IICG)

Indonesia Trusted Companies Investors and
Analysts's Assessment Survey



The Best Bank 2012 in GCG Category (rank 3rd)
Business Review

Good Corporate Governance Assessment

Good Corporate Governance Assessment is useful for assessing the GCG implementation quality. In 2012, BRI conducted self-assessment using criteria from Bank Indonesia and also assessment by external parties.

GCG Self-Assessment

The implementation of GCG principles requires a form of assessment to determine the extent in which GCG principles had been implemented and how this implementation influences a company's business and operational activities. The assessment can also show whether there is an improvement in the quality of sustainable implementation of GCG principles in an internal business process.

Complying with Bank Indonesia's regulation PBI No.8/14/PBI/2006, which stipulates that banks should conduct internal self-assessments of GCG implementation, BRI conducted a GCG implementation self-assessment for the period of 2012. The assessment produced a composite score of 1,31, with the Label "SANGAT BAIK"(VERY GOOD). Below is the explanation of the 2012 self-assessment of BRI's GCG implementation.

Aspect Assessed	Weight (A)	Rank (B)			Score (A x B)			Notes on Sem II/2012
		2011	Semester I/2012	Semester II/2012	2011	Semester I/2012	Semester II/2012	
The Board of Commissioner's task completion and fulfillment of responsibility	10,0%	1	1	1	0,10	0,10	0,10	The Board of Commissioner's number, composition, tasks and responsibilities has been implemented according to the regulations effectively, efficiently and never in breach of the regulations.
Board of Directors' task completion and fulfillment of responsibility.	20,0%	1	1	1	0,20	0,20	0,20	The Board of Directors' number, composition, tasks and responsibilities has been implemented according to the regulations effectively, efficiently and never in breach of the regulations.
The committees' adequacy and task completion	10,0%	1	1	1	0,10	0,10	0,10	The committees' composition and task completion was carried out according to the regulations effectively and efficiently.
Conflict of interest mitigation	10,0%	2	1	1,51	0,20	0,10	0,15	BRI is already equipped with comprehensive and effective internal policies to deal with conflict of interests. The conflicts of interest within were dealt with in a way that has not caused BRI any loss nor has the method reduced its profits.
Implementation of Bank Compliance Function	5,0%	2	2	2	0,10	0,10	0,10	BRI's implementation of compliance function is categorized as good. However, non-material breaches have occurred. The Compliance Director and Compliance Division's task completion and fulfillment of responsibility ran effectively. The guidelines, system and procedures are available in a comprehensive manner.
Implementation of Internal Auditing Function	5,0%	1	1	1	0,05	0,05	0,05	The internal audit function was implemented very effectively, in accordance with the internal guidelines and the minimum standards for banks' implementations of internal audit functions (SPFAIB)
Implementation of External Auditing function	5,0%	1	1	1	0,05	0,05	0,05	The bank has selected Public Accounting Firms in accordance with all the rules and regulations. The selected Public Accountants and Firms worked professionally and independently and they reported their findings in accordance with the working agreement.
The Implementation of Risk Management and Internal Control Functions	7,5%	1	1	2	0,075	0,075	0,150	The risk identification and control methods are effective in maintaining the bank's soundness internal conditions. The internal control procedures and application is comprehensive and in line with the aims, size and complexity of the bank's risks and businesses.

Aspect Assessed	Weight (A)	Rank (B)			Score (A x B)			Notes on Sem II/2012
		2011	Semester I/2012	Semester II/2012	2011	Semester I/2012	Semester II/2012	
Fund Allocation for Related Parties and borrowers with Large Exposures.	7.5%	1	1	1	0.075	0.075	0.075	BRI is already equipped with up-to-date policies, systems and procedures regarding fund allocation for related parties and for large exposures. No breach of BMPK (Maximum Credit Limit) occurred. The decisions regarding fund providing for related parties were made in a very independent manner. The concentration of fund allocation for large or core debtors is very small in comparison to the total funds allocated. In December 2012, the ratio was 16.15% (between fund provision for top 25 debtors and total loans, and 0,66% (between related parties and total loans). The total amount disbursed to the Top 25 debtors (core) was Rp54.65 billion (OS). The total amount disbursed to related parties was Rp2.23 billion (OS) and the total amount disbursed in December 2012 was Rp338.45 billion (OS).
Transparency of Bank's Financial and Non-Financial Conditions, GCG Implementation Report and Internal Report	15.0%	2	2	1.58	0.30	0.30	0.24	BRI has conveyed sufficient and accessible financial and non-financial information, in accordance with the regulations, to its stakeholders. The GCG report was conveyed in accordance with the rules. The Management Information System regarding BRI's internal reporting system was capable of providing information needed by the management in order to make decisions.
The Bank's strategic Plan	5.0%	1	1	2	0.05	0.05	0.10	The formulation and implementation of the Bank's Business Plan was in line with the Corporation's vision, mission and plan.
Composite	100%				1.300	1.200	1.310	Label "SANGAT BAIK" (VERY GOOD)

Composite Score Explanation

Composite Score	Composite Label
Composite Score < 1.5	Sangat Baik (Very Good)
1.5 = Composite Score < 2.5	Good
2.5 = Composite Score < 3.5	Fair
3.5 = Composite Score < 4.5	Below Fair
4.5 = Composite Score < 5	Poor

GCG Implementation Rating by External Parties

CGPI 2011 conducted a GCG implementation research and rating program with the theme "Good Corporate Governance in the Risk Perspective". The program was carried out from July to November 2012 in the following phases:

Phase	Explanation
Self-Assessment	The completion of questionnaires about the implementation of GCG in companies in relation to the management's effort to manage risks to reach the company's targets while implementing an ethical and sustainable business.
Document Assessment	To meet the assessment's requirements, the company submits all documents associated with GCG implementation. This related to the management's efforts in managing business risks to meet the company's target while implementing an ethical and sustainable business.
Paper Assessment	To meet the assessment's requirements, the paper explains a number of GCG implementation programs and processes in the company, in relation to the management's effort in managing business risks to meet the company's target while implementing an ethical and sustainable business.
Observations	The final phase of the assessment which is an important part of CGPI's research and rating processes, is in the form of the CGPI team's direct observational visits to the company to verify the process of GCG implementation programs and processes in the company in relations to the management's effort in managing risks to meet the company's target while implementing an ethical and sustainable business.

Risk Perspectives in GCG Assessment Aspects are as follows:

1. Commitment	5. Independence	8. Leadership	11. Strategies and Policies
2. Transparency	6. Fairness	9. The ability to cooperate	12. Business Ethics
3. Accountability	7. Competence	10. Vision, Mission and Values Structure	13. Risk Culture
4. Responsibility			

BRI was labeled "Terpercaya"/a "Trusted" company based on the CGPI 2011 assessment results.

GCG Implementation Road Map

BRI implements its GCG in four phases as described below:

Formulation	Implementation	Monitoring and Evaluation	GCG Excellent
<p>Phase 1</p> <ol style="list-style-type: none"> 1. Strengthening of the Management's Commitments 2. Comprehensiveness of BRI's GCG Soft-structure 3. Comprehensiveness of BRI's GCG Infrastructure 4. Comprehensiveness of BRI's GCG Mechanism 	<p>Phase 2</p> <p>GCG Awareness (Internal and external awareness building)</p> <ol style="list-style-type: none"> 1. Upholding of BRI's Corporate Culture and Code of Ethics 2. The active role of Top Management 3. Optimizing the role of supporting organs, such as: <ul style="list-style-type: none"> • Risk management and internal control functions • Compliance function • Internal audit function 4. The development of GCG Tools 	<p>Phase 3</p> <ol style="list-style-type: none"> 1. GCG Self-assessment program (Self-assessment and independent assessment) 2. Evaluation of the Company's performance 3. Improvement of GCG structure and mechanism 4. Improvement of IT Systems 5. Evaluation of Company's structures 	<p>Phase 4</p> <ol style="list-style-type: none"> 1. GCG as a culture 2. Most Trusted Company 3. Business Sustainability 4. A company with integrity, ethics and responsibility 5. Service Excellence 6. Provides stakeholders with added value

Several Activities held in 2012 to improve the quality of BRI's GCG implementation:

Anti-Fraud Commitment
 The signing of the Anti-Fraud Commitment by all employee in working units, including overseas units

The Anti-fraud commitment was also signed by all the members of BRI's Board of Directors



BRI's GCG Commitments
 BRI's GCG commitments are aimed at all its customers, debtors and working partners whose names are published in BRI's website and Tempo Magazine's 14 August 2012 edition



Strengthening BRI's Corporate Culture
 An annual agenda for all of BRI's working units in the form of Focus Group Discussions and Performance Enhancing Forums



Annual disclosure of each of BRI's employees' conflicts of interests
 Several issues disseminated in all the working units in 2012:

- Anti-Fraud Strategy
- Compliance Culture
- Bank's prudential principles
- Conflicts of interests
- Labor (employee's duties, prohibitions and rights)
- Taxation
- PSAK 50-55
- IT Security Awareness
- Others



APU-PPT Monitoring Program
 The annual activity of monitoring the APU-PPT program implementation in BRI's working units (sampling)

Annual Disclosure
 Annual disclosure of each of BRI's employees' conflicts of interests



BRI Event "Obrolan Pagi"
 Fraud: Indications, Prevention and Treatment. Jakarta, 3 April 2012

Corporate Governance Perception Index (CGPI)
 Theme: "Good Corporate Governance (GCG) in Risk Perspective"
 Conducted July to November 2012

Corporate Governance Guidelines, Structure and Policies

Corporate Governance Guidelines

BRI's commitment in implementing Good Corporate Governance (GCG) is stated in its vision to become a leading Commercial Bank that puts customer satisfaction as its priority. This is further elaborated in its mission to provide a prime service to customers through a widespread working units network and supported by professional human resources practicing GCG. Hence, it can provide the optimum benefit to stakeholders.



In depth learning for BRI's new employees

- BRI's GCG and Code of Ethics
- APU-PPT program
- Risk Management
- Internal Control System
- Operations
- Credit
- Business Profile
- Others



BRI believes that GCG implementation should begin with Top Management which is the Board of Directors (BOD) and Board of Commissioners (BOC). As a consequence of that commitment, GCG is applied in all of BRI's business activities, as demonstrated in its vision, mission, core values, and policy strategies. The Board of Commissioners and Directors' Joint Decree (SKB) in the Good Corporate Governance Charter lays out general guidelines for GCG implementation in all of BRI's organizational level. It has undergone 3 (three) improvements with the last being in 2010.

BRI's Commitment to implement GCG is reflected in its 2012 Theme of the Year, which is "To Become the Best Bank in Indonesia with GCG Practices" as part of the sustainable long-term work plan (corporate plan) to achieve the Company's vision. The selection of this theme will hopefully permeate the implementation of the work plan and the process in achieving company targets.

Corporate Governance Structure

In order to achieve its vision and mission and develop its business, BRI continues to improve its corporate governance structure.

The corporate governance structure should ensure the presence of check and balance process, and clear accountability in the company's organization. The amount and composition of the Board of Commissioners' members and the establishment of committees are in line with the prevailing regulations. Clear separations of the company's organization demonstrates proper internal control and check and balance.

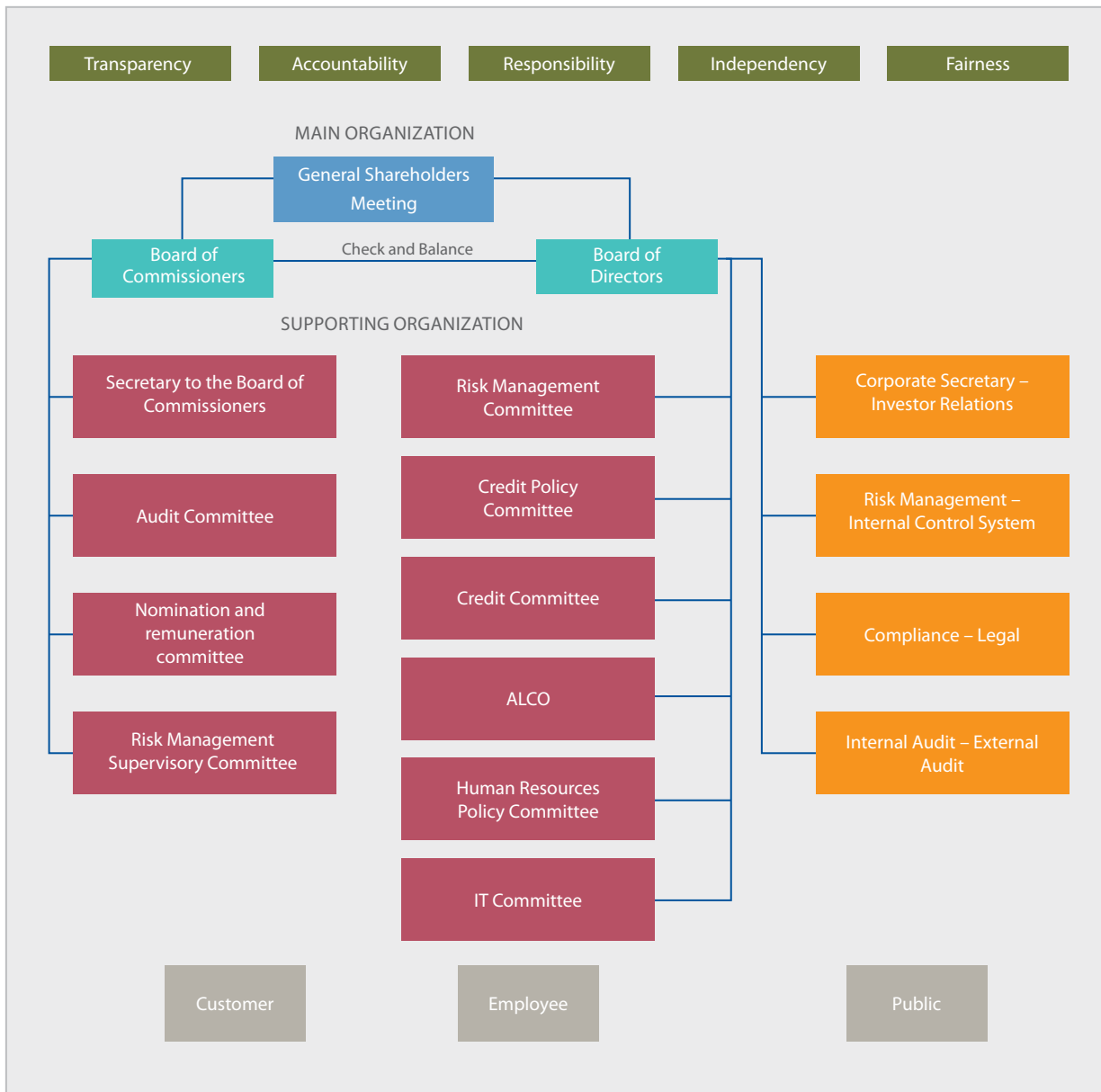
Corporate Governance Policies

BRI has GCG-related general policies, which become regulations to support the implementation of GCG in BRI. Some of these policies/procedures are listed below:

1. BRI's General Policy on Good Corporate Governance
2. BRI's Policy on Corporate Culture;
3. BRI's Code of Conduct;
4. BRI's Manual for the Board of Commissioners and Board of Directors;

5. BRI's Manual for the Board of Commissioners' Committees and BRI's Audit Committee Charter;
6. BRI's Corporate Secretary Manual;
7. BRI's General Policy for Managing Conflicts of Interests;
8. BRI's Policy on Whistleblowing System;
9. Policy regarding Customer Complaints and Procedures to settle Complaints;
10. BRI's Transparency and Disclosure Manual;
11. Regulations regarding the Revealing of the Bank's Confidentiality;
12. BRI's Anti-Fraud Strategies;
13. BRI's Disciplinary Rules;
14. BRI's Organizational General Policy;
15. BRI's Policy on Long Term Plan (Corporate Plan);
16. BRI's General Policy on Bank Business Plan (RBB);
17. BRI's Work Plan and Budget Policy;
18. BRI's General Policy on Risk Management and its derivatives;
19. Business Continuity Management Policy;
20. BRI's Policy on New Products and/or Activities;
21. The implementation of Anti-Money Laundering Programs and Prevention of Terrorism Funding Programs;
22. Compliance Charter;
23. The implementation of Compliance Culture in BRI's Working Units;
24. Audit Charter;
25. BRI's Internal Audit Manual;
26. Policy and Procedures on Information System Technology Auditing;
27. Auditing Quality Management System;
28. The Architecture of Human Resources;
29. BRI's General Policy on Development and Training;
30. BRI's Reward and Punishment Policies;
31. BRI's General Policy on Information System Technology;
32. General Policy and Procedures for Information System Technology Security;
33. General Policy on Credit and its derivatives;
34. BRI's General Policy on the Management of Fixed Assets and Logistics; and
35. BRI's policy on the Procurement of Goods and Services.

BRI's Corporate Governance Structure



Report on Financial Conditions Transparency

Type of Report	Published	
	Publishing Media	Date
2011 BRI Annual Report	Website, Bapepam-LK, Indonesian Stock Exchange	13 March 2012
	Bank Indonesia, YLKI, Rating Institutions (Fitch, Pefindo, ICRA) Banking Associations (IBI, Asosiasi BPD), Economics and Finance Research Institutions (Danareksa Research Institute, Institute for Development of Economics and Finance- INDEF) Economics and Finance Magazines (Infobank Magazine, Investor Magazines)	18 April 2012
Financial Statement Publication: 2011 (financial position as of 31 December 2011)		28 February 2012
First Quarter of 2012 (Financial Position as of 31 March 2012)		27 April 2012
Second Quarter of 2012 (Financial Position as of 30 June 2012)	BI, Bapepam-LK, Indonesian Stock Exchange, BRI Website, Newspaper, Indonesian Stock Exchange Website	29 July 2012
Third Quarter of 2012 (Financial Position as of 30 September 2012)		31 October 2012
Year 2012 (Financial Position as of 31 December 2012)		31 January 2013
GCG Implementation Reports for 2011	Bank Indonesia, YLKI, Rating Institutions (Fitch, Pefindo, ICRA) Banking Associations (IBI, Asosiasi BPD), Economics and Finance Research Institutions (Danareksa Research Institute, Institute for Development of Economics and Finance- INDEF) Economics and Finance Magazines (Infobank Magazine, Investor Magazine)	18 April 2012

Other Important Information

Share Option

Share option granting policy

BRI has produced an internal policy on the granting of share options based on Bapepam-LK rule No: Kep-44/PM/1998 dated 14 August 1998. The shares are made available in 3 (three) phases within 3 (three) years' time. The phases are as follows:

1. The first Phase of MSOP was conducted during Initial Public Offering (IPO) at the price of Rp962.5 and an exercising period of 5 years (10 November 2003 - 9 November 2008)
2. The second phase of MSOP was conducted two years after the IPO at the price of Rp1,750 and an exercising period of 5 years (10 November 2004 – 9 November 2009)
3. The third phase of MSOP was conducted three years after the IPO at a price that was in line with the bourse's regulations and an exercising period of 5 years (10 November 2005 - 9 November 2010).

Shares owned by the directors (except the President Director) were made available during the directors' tenure as an executive.

BRI's share option process disclosure

Names	Employee Stock Allocation - ESA			Management Stock Option Plan - MSOP					
	Bonus Stocks	Discounted Stocks	Additional Stocks	Type of Shares			Number of Executed Shares		
				MSOP 1 Stocks	MSOP 2 Stocks	MSOP 3 Stocks	Phase 1 of Option	Phase 2 of Option	Phase 3 of Option
BOARD OF COMMISSIONERS									
Bunasar Sanim	-	-	-	-	-	-	-	-	-
Mustafa Abubakar	-	-	-	-	-	-	-	-	-
Vincentius Sonny Loho	-	-	-	-	-	-	-	-	-
Heru Lelono	-	-	-	-	-	-	-	-	-
Hermanto Siregar	-	-	-	-	-	-	-	-	-
Adhyaksa Dault	-	-	-	-	-	-	-	-	-
Aviliani	-	-	-	-	-	-	-	-	-
Ahmad Fuad	-	-	-	-	-	-	-	-	-
INDEPENDENT PARTIES									NIL
BOARD OF DIRECTORS									
Sofyan Basir	-	-	-	-	-	3,115,500	-	-	3,115,500
Sarwono Sudarto	41,000	54,500	50,000	376,000	320,500	140,000	376,000	320,500	140,000
Sulaiman Arif Arianto	38,000	51,000	50,000	345,000	320,500	140,000	345,000	320,500	140,000
Lenny Sugihat	38,000	51,000	50,000	345,000	320,500	137,000	345,000	320,500	137,000
Asmawi Syam	41,000	54,500	125,000	376,000	320,500	140,000	376,000	320,500	140,000
Suprajarto	28,000	37,500	50,000	229,000	215,000	137,000	229,000	215,000	137,000
A. Toni Soetirto	-	-	-	-	-	-	-	-	-
Djarot Kusumayakti	28,000	37,500	50,000	229,000	215,000	137,000	229,000	215,000	137,000
Achmad Baiquni	-	-	-	-	-	-	-	-	-
Randi Anto	28,000	37,500	50,000	229,000	215,000	134,000	229,000	215,000	134,000
Gatot Mardiwasiso	-	-	-	-	-	-	-	-	-
	4,177,000	4,244,500	6,780,000	25,367,000	27,124,500	13,305,000			

Buybacks Shares and/or Bonds

In 2012, BRI did not buy back any shares and/or bonds.

Commodity	Amount bought back	Profit increase per Commodity
Shares	NIL	NIL
Bonds	NIL	NIL

Highest and Lowest Salary Per Month Ratio

Ratio	2011	2012
Highest and Lowest Employee's Salary	21.00	24.06
Highest and Lowest Directors' Salary	1.11	1.11
Highest and Lowest Commissioners' Honorarium	1.11	1.11
Highest Director's Salary and Highest Employee Salary	2.97	2.56
Highest Director's Salary and Lowest Employee Salary	62.46	61.62

2012 Allocation of funds for Socio-Political Activities

BRI takes into consideration the public interests and the environment surrounding each of its working units which spread throughout Indonesia. As a form of social responsibility, BRI puts aside some of its profits gained to develop local communities and environments.

(In million Rp)

Types of Activity	Amount Allocated
Social Activity	
Environmental Development (BRI Peduli) in the field of:	
• Natural Disasters	852
• Religious Facilities	8,142
• Improvement of Education	37,982
• Health Improvement	19,039
• Public Facilities	11,861
• Environmental Conservation	1,186
Sub Total	79,061
BUMN Peduli	173,948
Total	253,009
Political Activities	
	Nil

Funds Allocation for Related Parties

Funds Allocation for Related Parties and Large Exposures

In line with the Central Bank Regulations, BRI must apply prudential principles and risk management in allocating funds especially for Related Parties, and/or in the instance of Large Exposures, and/or for other parties in which conflicts of interests might appear.

Bank BRI has a policy manual and written procedures about Fund Allocation to Related Parties and or Large Exposures, and or Fund Allocation for other parties in which conflicts of interests might appear. When allocating funds for Related Parties, Bank BRI must obtain approval from the Board of Commissioners. It has to consult with the Board of Commissioners regarding decisions to allocate funds amounting up to Rp1 (one) trillion or more and/or a decision that was based on the judgment of BRI's Credit Committee or Board of Directors. This minimum limit of fund applies for single debtors, groups, Inti Plasma (Company-Group Partnership), SOE debtors or the government.

Fund allocation	Debtor	Amount Outstanding Nominal / Total (in million Rp)
To Related Parties	12	2,225,548
To main debtors:		
a. Individuals	25	54,647,000
b. Groups	-	-

Determination for Best GCG

External

- Invitation for partners in implementing the best GCG principles.
- Put up banners/advertisements about best GCG practices.
- Introduce the whistleblowing system to the public/customers/partners.

Internal:

- Build internal awareness on Best GCG practices
- Build internal awareness on the whistleblowing system
- Strengthened the supervisory activities
- Integrity implementation





Through the General Meeting of Shareholders, shareholders can use their voting rights and the rights to voice their opinions in the making of important decisions in a fair manner

General Meeting of Shareholders

A General Meeting of Shareholders is a forum of the company's highest institution which is the shareholders. It is a forum in which important decisions related to the company's business interests are made. It is also the highest institution with special authorities which not given to the Board of Commissioners and Directors. This is in accordance with the company's statutes and the prevailing laws.

Through the General Meeting of Shareholders, shareholders can practice their rights, express their opinions and cast their votes equally in decision making processes. The meeting is also a forum to evaluate the performance of the Board of Commissioners and Directors by rating the performance of the company's operational aspects, which includes economic, social and environmental performances.

In line with the Law on Limited Liability Companies and the Company's Statutes, General Meeting of Shareholders consists of:

Annual General Meeting of Shareholders (AGMS)

AGMS must be held at the latest 6 (six) months after the end of the accounting year. In the meeting, the Board of Directors report on the following matters:

1. Annual Report
2. Suggestions on the use of the company's net profit, if available
3. Propose public accountant candidates to audit the company's financial statements for the running accounting year based on suggestions from the

Board of Commissioners, or bestow authority upon the Board of Commissioners to name a Public Accounting Firm.

4. Other matters related to the Company's interests, requiring the approval of AGMS without compromising the rules in the company's statutes.

BRI is a State-owned enterprise. Therefore, it adheres to article 23 of Law No. 19/2003 on state-owned enterprises, thus BRI's Board of Directors must provide an annual report to the AGMS within 5 (five) months after the company's annual book closes in order to obtain endorsement.

Other General Meeting of Shareholders

Other General Meeting of Shareholders can be held any time according to the company's needs. In line with article 24 of the Company's Statutes, notices and summons must precede Annual General Meeting of Shareholders and other General Meeting of Shareholders held by the Board of Directors.

General Meeting of Shareholders (RUPS) procedures

The procedures of conducting a General Meeting of Shareholders are as follows:

1. The summoning of General Meeting of Shareholders participants must be done by using a registered letter/newspaper advertisement issued or published at least 14 (fourteen) days before the meeting – the period excluding the day of the summon and the day the meeting is held.
2. The company must give notice informing that a General Meeting of Shareholders summon is to be issued 14 (fourteen) days before summoning participants.
3. Because BRI is a public company, and in order to ensure all participants receive the same information about the General Meeting of Shareholders plan and execution, the company must inform clearly, and in detail, the meeting's agenda beforehand – in line with the Capital Market and Financial Institutions Supervisory Agency (Bapepam –LK)'s Regulation No. IX.I.1 – to the Bapepam LK at the latest 7 (seven) days before the notice.
4. The company must report the General Meeting of Shareholders results at least 2 (two) days after it was held to the Bapepam-LK and announce them to the public by publishing them in at least 2 (two) Indonesian –language newspapers, with one of them published nation-wide.

5. Each share gives the owner 1 (one) vote, unless declared otherwise in the Statutes

BRI conducted one General Meeting of Shareholders – the annual General Meeting of Shareholders- in 2012. It was held on March 28 2012 on the 21st floor of the BRI Building and was attended by shareholders representing 85,122% or 20.998.988.515 BRI fully paid and issued shares. Therefore, it met the AGMS quorum as stated in the Company's Statutes –making it legitimate, and able to make binding decisions. BRI's 2012 AGMS was held in these phases:

1. Sending notice of the plan to hold the 2012 BRI's AGMS to the Bapepam –LK through Company Letter No. R.46-DIR/SKP/02/2012 dated 20 February 2012.
2. The notice was published in 2 (two) Indonesian-language newspaper: Kompas and Bisnis Indonesia, on 27 February 2012
3. The summon was published in 2 (two) Indonesian-language newspaper: Kompas and Bisnis Indonesia, on 13 March 2012.

The AGMS produced several important decisions, as follows:

1. Approving the 2011 Annual Report and Authorizing the Board of Commissioner's Supervisory Duties Report, as well as the company's 2011 Accounting year Financial Report, which was audited by Purwanto, Suherman & Surja Public Accounting Firm, in line with the No. RPC-1874/PSS/2012 report dated 27 February 2012, and granted acquit de charge to the Board of Directors and Board of Commissioners regarding their management and supervising activities during the accounting year, which ended on 31 December 2011, so long as those activities are not of criminal nature and are reflected in the Company's 2011 Annual Report.
2. Authorizing the 2011 Accounting Year Annual Report for the company's Partnership Program and Community Development, including its Financial Report, which was audited by Hertanto, Sidik & Partners Public Accountants, in accordance with the No. 004/LAI/HSR.HT Report dated 9 March 2012, and granting acquit et de charge to the Board of Directors and Board of Commissioners regarding their management and supervising of the company's Partnership Program and Community Development in the Accounting Year of 2011, so long as those activities are not of criminal nature and is reflected in the Partnership Program and Community Development Annual Report.

In 2012, BRI held one AGMS, which produced several decisions, including setting the dividend payout at 20% of the 2011 net profit and the changes of The Board of Commissioner

3. a. Approving the usage of The company's net profit in the 2011 Accounting Year as follows
 - 20% of the company's net profit, or Rp3,016,587,862,754, is allocated as the 2011 accounting year's dividend and will be paid on 15 May 2012 to shareholders whose names are listed in the Company's list of Shareholders dated 1 May 2012.
 - 1% or Rp150,829,393,138 will be used for Appropriated Reserves to support investment.
 - 4% or Rp603,317,572,551 will be used for the company's Partnership and Environmental Development Program.
 - The remaining 75% or Rp11,312,204,485,329.10 will be added to the existing amount of retained profit.
- b. Bestow authority upon the holders of Dwiwarna A series shares to determine the percentages of net profit from the 2011 accounting year to be used for the Partnership program and the Community Development.
- c. Bestow Authority and power upon the Board of Directors to determine the schedule and procedures of dividend sharing in the 2011 Accounting Year, in accordance with the prevailing regulations.
- d. With approval from the holders of the Dwiwarna A series shares, bestow authority and power to the Board of Commissioners to determine the salaries for the members of the Board of Directors and honorariums for the members of the Board of Commissioners for the year 2012, determine the amount of bonus from profit awarded to the Board of Directors

and the Board of Commissioners for the 2011 Accounting Year, and determine other benefits for members of the Board of Directors and the Board of Commissioners.

- e. Bestow Authority and power upon the Board of Commissioners to select a Public Accounting Firm to audit the Company's 2012 accounting year Financial Report and one to audit the 2012 Accounting Year Partnership Program and Environmental Development Program Implementation Financial Report as well as determining the honorariums and other prerequisites in line with the prevailing regulations.
- f. Approve the change made in article 24 of the Company's Statutes and bestow authority and power upon the Directors with substitutive rights to take any necessary action in relation to this Agenda's decision in accordance with the prevailing legal regulations and to state it separately a Notary Deed.
- g. The Board of Commissioners
 - Honorably discharges Mr. Agus Suprijanto as a member of the Board of Commissioners at the end of this meeting. We thank him for the thoughts and energy he has spent on carrying out his duty as the Commissioner of PT Bank Rakyat Indonesia (Persero) Tbk.
 - Appoints:
Mustafa Abubakar: Vice President Commissioner
Vincentius Sonny Loho: Commissioner
Ahmad Fuad: Independent Commissioner
The appointment of Mr. Mustafa Abubakar, Mr Vincentius Sonny Loho and Mr. Ahmad Fuad for the positions above is effective after it gains approval from Bank Indonesia, based on the results of their Fit and Proper Test. The appointment is in accordance with prevailing legal regulations. The tenure of the appointed members of the Board of Commissioners will end on the closing of the fifth AGMS held since their appointment.
- h. Board of Directors
 - a. Honorably discharges Mr. Asmawi Syam and Mr. Suprajarto from their positions on the Board of Directors at the end of this meeting. We thank them for the thoughts and energy they spent while carrying out their duties as Directors of PT Bank Rakyat Indonesia (Persero) Tbk.

b. Re- Appoints

Asmawi Syam : as Director

Suprajarto : as Director

The appointment of the Board of Directors will be in effect at the end of this meeting and their tenure will end on the closing of the fifth AGMS held since their appointment.

c. Therefore, the composition of the Board of Commissioners and Board of Directors after this meeting is closed is as follows:

Board of Commissioners

President Commissioner / Independent Commissioner: Bunasor Sanim

Vice President Commissioners*: Mustafa Abubakar

Commissioner: Heru Lelono

Commissioner: Hermanto Siregar

Commissioner *: Vincentius Sonny Loho

Independent Commissioner: Avilliani

Independent Commissioner: Adhyaksa Dault

Independent Commissioner*: Ahmad Fuad

*effective after gaining approval from Bank Indonesia based on Fit and Proper Test results and in accordance with prevailing legal regulations Board of Directors

President Director : Sofyan Basir

Director : Sarwono Sudarto

Director : Achmad Baiquni

Director : Sulaiman Arif Arianto

Director : Lenny Sugihat

Director : A. Toni Soetirto

Director : Asmawi Syam

Director : Suprajarto

Director : Djarot Kusumayakti

Director : Randi Anto

Director : Gatot Mardiwasiso

- d. Bestows power and authority upon the Company's Board of Directors with substitutive rights to take any necessary action in relations with this Agenda's decision in line with the prevailing legal rules, including to state in a separate Notary Deed and register the composition of the company's Board of Commissioners' and Board of Directors.

Relationship between the Commissioners and the Directors

None of the members of BRI's Board of Commissioners and Directors hold positions as commissioners, directors or executives in other banks/institutions. The members of the Board of Commissioners and/or Board of Directors do not have any first or second-degree family relations with fellow members of the Board of Commissioners and/or Board of Directors. These ensure that BRI Directors always act independently and without any conflicts of interests in carrying out their tasks and responsibilities in an autonomous and critical manner, whether these tasks and responsibilities concern the relationships between the directors or between the directors and the Board of Commissioners. BRI's Board of Directors is spearheaded by a President Director, who is independent of the controlling shareholders.

Members of the Board of Directors do not hold any position as President Director or any other director positions in any State-owned Enterprises, local government-owned enterprises, private companies or any other positions related to the managing of BRI. This also applies for other structural or functionary positions in the central and local government institutions, as well as other positions, in accordance with BRI's statutes' regulations and prevailing legal regulations.

Name	Financial Relations with						Relations with					
	Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Board Commissioners												
Bunaser Sanim	√		√		√		√		√		√	
Mustafa Abubakar	√		√		√		√		√		√	
Heru Lelono	√		√		√		√		√		√	
Hermanto Siregar	√		√		√		√		√		√	
Vincentius Sonny Loho	√		√		√		√		√		√	
Adhyaksa Dault	√		√		√		√		√		√	
Aviliani	√		√		√		√		√		√	
Ahmad Fuad	√		√		√		√		√		√	
Directors												
Sofyan Basir	√		√		√		√		√		√	
Sarwono Sudarto	√		√		√		√		√		√	
Randi Anto	√		√		√		√		√		√	
Sulaiman Arif Arianto	√		√		√		√		√		√	
Achmad Baiquni	√		√		√		√		√		√	
A. Toni Soetirto	√		√		√		√		√		√	
Lenny Sugihat	√		√		√		√		√		√	
Djarot Kusumayakti	√		√		√		√		√		√	
Asmawi Syam	√		√		√		√		√		√	
Suprajarto	√		√		√		√		√		√	
Gatot Mardiwasiso	√		√		√		√		√		√	

The companies' organs whose conducting daily operational activities, the Board of Commissioners and Board of Directors' have different duties and responsibilities. The Board of Commissioners' main tasks are to supervise and provide recommendations, while the Board of Directors' main duties are to carry out the General Meeting of Shareholders' decisions, the Board of Commissioners' instructions and run the company's operations. Nevertheless, both parties must continuously maintain their coordination with each other and work together to reach the company's targets and maintain the company's sustainability in the long run.

Therefore, the working relationship between the Board of Commissioners and the Board of Directors is in the form of checks and balances in relation to the performance of their duties and responsibilities in the company's management based on openness and mutual respect. The Board of Commissioners and Board of Directors conduct regular meetings to unify their vision and make important decisions regarding the sustainability of company's business and operations.



The Board of Commissioners and the Board of Directors regularly schedule joint meetings to unify their perspectives and decide on important matters related to the sustainability of company business and operations

The joint meeting of the Board of Commissioners and Board of Directors is held to discuss a variety of agenda involving the company's work plan, operations, business opportunities, and strategic issues which requires the approval of the Board of Commissioners. The meeting is a form of coordination to discuss the Directors' periodic reports and to provide responses, notes and suggestions recorded in the meeting's minutes.

The meeting's decisions are made based on deliberation-and-consensus system or using the voting system. They are binding and must be followed up. Should any member of the Board of Commissioners be found to have conflict of interests during a voting process, he or she is not allowed to vote and explanations regarding that matter are recorded in the meeting's minutes. The Board Manual contains the conduct, working manual and the nature of relationship between the Board of Commissioners and the Board of Directors.

Meeting Frequency and Attendance

BRI has held 21 joint meetings between the Board of Commissioners and the Board of Directors during 2012. The attendance levels are as follows:

No.	Name	Position	Number of BoD and BoC Meetings	Attendance during BoD and BoC Meetings	% Attendance in BoD and BoC Meetings
a	b	c	d	e	f = e/d
1.	Bunasor Sanim	President/Independent Commissioner	21	18	86%
2.	Mustafa Abubakar *	Vice President Commissioner	6	5	83%
3.	Agus Suprijanto **	Commissioner	8	6	75%
4.	Heru Lelono	Commissioner	21	17	81%
5.	Hermanto Siregar	Commissioner	21	17	81%
6.	Vincentius Sonny Loho ***	Commissioner	4	3	75%
7.	Aviliani	Independent Commissioner	21	18	86%
8.	Adhyaksa Dault	Independent Commissioner	21	17	81%
9.	Ahmad Fuad ****	Independent Commissioner	10	9	90%

* Effective as Vice President Commissioner since 27 July 2012 after gaining approval from Bank Indonesia based on fit and proper test results

** Is no longer a BRI Commissioner as of 28 March 2012

*** Effective as a commissioner since 5 September 2012 after gaining approval from Bank Indonesia based on fit and proper test results

**** Effective as an Independent Commissioner since 1 June 2012 after gaining approval from Bank Indonesia based on fit and proper test results

Board of Commissioners


Law No. 40 year 2007 on Limited Liabilities Company (Undang-undang Perseroan Terbatas - UUPT) stipulates that all Company established in accordance with the Indonesian laws must have a Board of Commissioners, whose duties are to supervise the management policies, the management practices in relations to the Company or the company's business, and to provide advice for the Directors. The supervising and providing of advice is done for the Company's interests and in line with the Company's purposes and targets.

The Board of Commissioners supervises and provides recommendations regarding the Company's Budget and Work Plan, which includes risk management. The role of the Board of Commissioners in risk management emphasizes more on the approval process (those proposed by the Directors in the Company's Budget and Work Plan as well as those proposed separately in mid financial year) and evaluate the risk management policies. The job description, authorities and obligations of BRI's commissioners are elaborated below.

The Board of Commissioners Duties, Authorities and Responsibilities

Duties

1. Supervising the policies and general management of the Bank by the Board of Directors, including management of Subsidiaries, Pension Fund and Pension Fund Financial Institution; and
2. Giving advice to the BOD including oversight on the implementation of the corporate plan which comprise of Company Long Term Business Plans, Bank Business Plans, Company's Budget and Work Plans, Partnership and Community Development Program's Budget and Work Plan, and other work plans of the Board of Directors.



The Board of Commissioners has various authorities that the Board of Directors must adhere to, hence it can effectively carry out its supervisory duty of the company's operational management

Authorities

1. Inspecting the Bank's books, correspondences and other documents, verifying the Bank's cash and other securities, as well as the Company's assets;
2. Having access to the Company's premises, buildings and offices;
3. Requesting clarification from the Board of Directors and/or other management staff on all issues relating to management of the Bank;
4. Overseeing every action and decision that have and will be executed by the Board of Directors;
5. Requesting the Board of Directors and/or other management staff with the approval of the Board of Directors to attend meeting with the Board of Commissioners;
6. Appointing and discharging the Board of Commissioners' Secretary, upon recommendation from Series A Dwiwarna shareholders;
7. Discharging member of the Board of Directors temporarily as stipulated in the Bank's Article of Association;
8. Establishing Audit Committee, and any other committees if necessary, while considering the Bank's capacity;
9. Hiring external expert for a certain period of time and on the company's expense, if necessary;
10. Executing management of the Bank in a certain condition, for a certain period of time in accordance with the Bank's Article of Association;
11. Attending Board of Directors meetings and providing opinions on issues related to the discussion; and

12. Executing other supervisory role as long as it does not contradict the prevailing laws, regulations, Article of Association and/or resolutions of GMS.

Obligations

1. Providing advises to the Board of Directors in the management of the Bank;
2. Providing opinions and approvals on the Company's business plans which comprise of Company Long Term Business Plans, Bank Business Plans, Company's Budget and Work Plans, Partnership and Community Development Program's Budget and Work Plan, and other work plans submitted by the Board of Directors;
3. Following the progress of the Bank activities, providing opinions and solutions to the GMS on important issues related to the management of the Bank;
4. Reporting to the GMS if there is a declining performance of the Bank;
5. Proposing to GMS the appointment of Registered Public Accountant to audit the Bank's reports;
6. Reviewing and analyzing periodic reports and Annual Report prepared by the Board of Directors and signing the Annual Report;
7. Providing clarification, opinion and proposal to the GMS on the subject of Annual Report, if demanded;
8. Producing meeting minutes of the Board of Commissioners meetings and filing its copies;
9. Reporting to the Bank on their and/or their families share ownership in the Bank or in any other company;
10. Providing reports to the GMS on its supervision activities that was done during the past financial year; and

11. Undertaking other obligations to execute its supervisory role while adhering to the prevailing laws, regulations, Articles of Association, and/or resolutions of GMS.

The Board of Commissioners' Membership

There are 8 (eight) members of the BRI Board of Commissioners as of 31 December 2012. The number and composition of the Board's members are in accordance with the prevailing regulation, which stated that it should not exceed number of the members of the BRI Board of Directors, which has 11 (eleven) members. There are 4 (four) independent Commissioners or 50 percent of the total number of the Board of Commissioners' members. Therefore, the number of members and composition of BRI's Board of Commissioners complies with the prevailing regulations

All the Board of Commissioners' members have integrity, competency, and excellent financial reputation. Members of the BRI Board of Commissioners do not hold concurrent posts as Commissioner, Director, or Executives in other banks, with the exceptions as stated in Bank Indonesia's regulations about GCG implementation in Commercial Banks.

All of the members of BRI Board of Commissioners were domicile in Indonesia and have gained approval from Bank Indonesia on their fit and proper tests.

Composition of the Board of Commissioners as of 27 March 2012 is as follows

Name	Position
Bunaser Sanim	President Commissioner/Independent Commissioner
Agus Suprijanto*	Commissioner
Heru Lelono	Commissioner
Hermanto Siregar	Commissioner
Adhyaksa Dault	Independent Commissioner
Aviliani	Independent Commissioner

* As of 28 March 2012 no longer holds the position of BRI Commissioner



BRI has complied with the regulations on Commissioners' independence, as stipulated in PBI No. 8/14/PBI/2006

The composition of the Board of Commissioners as of 28 March 2012 – 31 December 2012 is as follows:

Name	Position
Bunasar Sanim	President Commissioner/Independent Commissioner
Mustafa Abubakar*	Vice President Commissioner
Vincentius Sonny Loho**	Commissioner
Heru Lelono	Commissioner
Hermanto Siregar	Commissioner
Adhyaksa Dault	Independent Commissioner
Aviliani	Independent Commissioner
Ahmad Fuad***	Independent Commissioner

* Effective as of 27 July 2012 as a Vice President Commissioner after gaining approval from Bank Indonesia on his Fit and Proper Test

** Effective as of 5 September 2012 as a Commissioner after gaining approval from Bank Indonesia on his Fit and Proper Test.

*** Effective as of 1 June 2012 as an Independent Commissioner after gaining approval from Bank Indonesia on his Fit and Proper Test.

Commissioners' Independence

Bank Indonesia Regulation (PBI) No. 8/4/PBI/2006, as amended by PBI No. 8/14/PBI/2006 on the implementation of Good Corporate Governance for Commercial Banks, stipulates that banks must have Independent Commissioners at least 50 percent of the Board of Commissioners' members. To comply with the regulation and to support GCG implementation, the shareholders through the general shareholders meeting have appointed Independent Commissioners to supervise the Bank and its business groups.

Independent Commissioners are members of the Board of Commissioners which is devoid of any financial, management, share ownership and/or family relations up to the second degree with other members of the Board of Commissioners, the Board of Directors, and/or controlling shareholders, or any other relationships that might influence their capability of acting independently. With the presence of Independent Commissioners will encourage a

more impartial working environment that places fairness and equality above all other interests including the interests of minority shareholders and other stakeholders.

BRI's independent commissioners should not have a conflict of interests and act independently, that might disrupt their ability to carry out tasks independently and in a critical manner, in their relationship with other Commissioners as well as with the Board of Directors.

Some of the BRI's Independent Commissioners hold important positions in government institutions outside of SOEs or local government-owned enterprises; however all have fulfilled the basic criteria:

1. Do not have any financial or familial ties with the Board of Directors members and BRI's controlling shareholders, or any other relationship that might influence one's capability to act independently.
2. The Board of Commissioners' members do not hold any other position as executives or members of other Boards of Commissioners or Boards of Directors of more than 1 (one) non-financial institution, State-owned Enterprise, local government-owned enterprise, private enterprise, and other positions stipulated in the Company's Statutes and prevailing laws.
3. Have passed the Fit and Proper Test, in accordance with Bank Indonesia's regulation on Fit and Proper Test.

The BRI Board of Commissioners formulates and executes its working program effectively and efficiently by using all of their resources, which are the members of the Board and the Commissioners' Committee



4. Nominated by the Shareholders and appointed in the General Shareholder's Meeting.
5. Within 5 (five) years before being appointed:
 - a. Has never been declared as bankrupt.
 - b. Has never been a member of a Board of Commissioners or a member of a Board of Directors named as guilty for causing the bankruptcy of a Company.
 - c. Has never been punished for a criminal act that has caused losses in the state finance and/or/SOEs and/or those related to the financial sector.

The Board of Commissioners Manual

To perform its duties and responsibilities, the Board of Commissioners always refer to the Articles of Associations, Joins Decision Letters between the Board of Commissioners and the Board of Directors, and the Board of Commissioners' Guidelines.

The Board of Commissioners' Guidelines was formulated as a guide for the Commissioners in discharging its duties and also as implementation of GCG for the Board of Commissioners. The Board of Commissioners' Guidelines contains the duties, authorities, obligations, responsibilities, work distribution, working time, work ethic, meetings, organizational structure and the BOC's implementation of duties with respect to GMS.

Work Program and Its Execution

The Board of Commissioners Work Program consist of duties, authorities, and obligation of the Board of Commissioners as mentioned in the prevailing laws and regulations, which to supervise management decisions of the Bank, overall management in the Bank as well as the Bank's subsidiaries.

In carrying out its working program, the Board of Commissioners is assisted by Audit Committee, Risk Management Supervisory Committee, Nomination and Remuneration Committee. The Board of Commissioners Work Program is a consolidation of work programs from three Committees mentioned above.

The Board of Commissioners utilize this work program as guideline in their duties. The work program is expected to be executed effectively by using all resources that the Board of Commissioners have, that is all members of the Board of commissioners including all members of three other committees who are from external commissioners and also the Board of Commissioners Secretariat.

Implementation of BOC's work program throughout 2012 resulted in several approvals, opinions, responses and recommendations from the BOC to the BOD, as follows:

1. Approval of the Revision of the 2012 BRI Company Work Plan and Budget.
2. Approval of the Revision of the 2012 -2014 Bank Business Plan.
3. Approval of BRI Directors' official overseas trips.
4. Approval of the write-off of BRI's Jakarta Learning Center building.
5. Supervisory Report on BRI's second semester of 2011 Business Plan realization.
6. Supervisory Report on BRI's first semester of 2012 Business Plan realization.
7. Approval of the Company's 2013 Work Plan and Budget, the Bank's 2013 – 2015 Bank Business Plan and BRI's 2013-2017 Long Term Plan.
8. Approval of founders' written statements regarding amendments in the BRI Pension Fund Regulation.
9. Approval of the Board of Director's Decree on BRI's Anti-Fraud Strategy.
10. Approval on the proposed appointment of Board of Directors and Board of Commissioners of BRI's subsidiaries.
11. Approval of the sixth amendment of BRI's General Credit Policy.
12. Approval of fund allocation for BRI's related parties.
13. Approval of the Principle License for the appointment of Public Accounting Firms by BRI's Supervisory Committee for Financial Institutions Pension Fund (DPLK).
14. Approval of the reorganizing of several Divisions in BRI's Head Office.

15. Approval of fund allocation for the Partnership and Environmental Development Program (PKBL).
16. Approval of the appointment of a Public Accounting Firm to audit the 2012 PKBL annual report.
17. Approval of the 2012 remunerations for BRI's Board of Directors and Board of Commissioners.
18. Approval of the BRI's manual for conflict of interest.
19. Response to the 2012 annual auditing plan.
20. Response to the audit report for the second semester of 2011.
21. Response to BRI's inspection results as of 30 September 2011.
22. Follow ups on the Recommendations from the Indonesian Supreme Audit Agency's inspection.
23. Review of the BRI's PKBL findings for the 2011 accounting year.
24. Feedback to the report of the 2011 auditing results.
25. Feedback to the report on first semester of 2011's auditing results.
26. Feedback to the report of the first quarter of 2012's audit results.
27. Memorandum on the result of the general audit on BRI's Financial report as of 31 December 2011.
28. Opinion, feedback and Recommendations for the loan consultation.
29. Recommendations and advises regarding on-site visits of the BRI Board of Commissioners to several of the BRI Working Units.
30. Recommendations and advises regarding Follow-ups on the Results of the Meeting between the Board of Commissioners and the Board of Directors and Working Units.
31. Recommendations to execute a study regarding the need to increase BRI's capital.
32. Recommendations to increase BRI's fee based income.
33. Recommendations on the extension of Working tenure of the Members of the Board of Commissioners Committees.
34. Recommendations to increase BRI's Working Units' physical quality.
35. Recommendations to review BRI's mission.
36. Recommendations to optimize Subsidiaries' Performances.
37. Recommendations to accelerate the recruitment process to fulfill employee formation in BRI's working units.
38. Recommendations to use Bank Indonesia regulation on Transparency for Commercial Banks' Annual Reports as a reference in the annual reports publication.
39. Recommendations for the financial performance improvements.
40. Recommendations to develop BRI micro products.
41. Results of the supervising of BRI's DPLK's Financial Report for the 2011 Accounting Year.
42. Evaluation on BRI's 2011 GCG implementation self-assessment.
43. Evaluation on BRI's 2012 GCG implementation self-assessment.
44. Evaluation of BRI's Director of Compliance's Report.
45. Evaluation of BRI's Risk Profile Report.

Meeting, Attendance & Decisions

Pursuant to procedures stipulated in the Article of Association, the meeting of the Board of Commissioners is held at least once in a month or at any time if necessary, and may invite the Board of Directors if required. The Board of Commissioners meeting is legal and authorized to make any binding decisions if more than 50% of its members are present or represented in the meeting.

All decisions of the meetings are made in consensus. If the consensus is not reached, the decision would be based on affirmative votes by more than half of valid voters. All decisions of the meeting are binding to all member of the Board of Commissioners.

In the reporting year of 2012, The Board of Commissioners held 43 meetings with the attendance of each member of the Board of Commissioners as follows:

Name	Position	Number of Meetings	Attendance	%
Bunaser Sanim	President Commissioner/ Independent Commissioner	43	38	88
Mustafa Abubakar*	Vice President Commissioner	15	13	87
Agus Suprijanto**	Commissioner	15	12	80
Heru Lelono	Commissioner	43	35	81
Hermanto Siregar	Commissioner	43	35	81
Vincentius Sonny Loho***	Commissioner	12	10	83
Aviliani	Independent Commissioner	43	38	88
Adhyaksa Dault	Independent Commissioner	43	35	81
Ahmad Fuad****	Independent Commissioner	23	21	91

* Effective as of 27 July 2012 as Vice President Commissioner after approval from Bank Indonesia on his fit and proper test.

** As of 28 March 2012 no longer a BRI Commissioner

*** Effective as of 5 September 2012 as a Commissioner after approval from Bank Indonesia on his fit and proper test.

**** Effective as of 1 June 2012 as an Independent Commissioner after approval from Bank Indonesia on his fit and proper test.

The agenda discussed in the Board of Commissioners' Meetings are as follows:

Date	Subject
3 January 2012	Audit Report for the third quarter of 2012
3 January 2012	GCG Self-Assessment
10 January 2012	BRI Syariah 2011 Performance and 2012 Bank Business Plan
17 January 2012	Bank Agroniaga 2011 Performance and 2012 Bank Business Plan.
17 January 2012	The Committee for Nominations and Remunerations' (KNR) 1) 2011 Annual Report, 2) 2012 KNR's work plan and budget, 3) 2012 Board of Directors nominating activity plan, 4) Board of Commissioners' Organ
24 January 2012	Fund Allocation for related party (PT Bank BRI Syariah)
2 February 2012	BRI's December 2011 unaudited Financial Performance
7 February 2012	Preparations for 2012 General Shareholders' Meeting
14 February 2012	1) 2012 PKBL Work Plan and Budget, 2) Preparations for 2012 General Shareholders' Meeting
21 February 2012	Supervisory Report for SMT2 - 2011 Bank Business Plan
21 February 2012	Nominations and Remunerations in related with Annual General Meeting of Shareholders
24 February 2012	2011 BRI's Audit Report
13 March 2012	Changes on Company's Organization Structure
16 March 2012	2011 Audit Report of PKBL
27 March 2012	Discussing the follow-ups for the result of the Supreme Audit Agency's inspection
17 April 2012	Discussion of Remuneration
27 April 2012	Audit Report of Q4-2011
1 May 2012	1) March 2012 Financial Report, 2) Disciplinary Rules
15 May 2012	Attendance of Board of Commissioners in SIPK program
22 May 2012	BRI's Risk Profile for the first Quarter of 2012
5 June 2012	Work Plans and follow-ups in the human resources management sector
12 June 2012	Changes on Company's Organization Structure

Date	Subject
18 June 2012	Fund Allocation for Related Parties
19 June 2012	2012-2014 Bank Business Plan (RBB) Revision and 2012 Company's Budget and Work Plan (RKAP)
26 June 2012	1) 2012-2104 RBB and 2012 RKAP Revisions, 2) Reorganizations for the Micro Business Division, 3) GCG Self-Assessment for SMT 1-2012
3 July 2012	Changes on Company's Organization Structure
10 July 2012	Audit Report for Q1-2012
24 July 2012	Preparations of financial publication Q2-2012
31 July 2012	Results of BRI's 2010 and 2011 Strategic Forum
7 August 2012	Bank Business Plan Realization of Q2-2012
4 September 2012	Risk Profile Report for the SMT 2-2012
11 September 2012	1) Filling of CGPI questionnaire 2013, 2) Board of Commissioners' Budget
25 September 2012	1) Anti-Fraud Strategy Implementations, 2) APU/PPT Program implementations, 3) Compliance Risk Profile
9 October 2012	Board of Commissioners' 2013 Work Plan and Budget
11 October 2012	Audit Report for Q2-2012
16 October 2012	Preparation for the CGPI Observation
25 October 2012	Preparations of financial publication Q3-2012
30 October 2012	Preparations for the BoD and BoC meeting about BRI's position amid the Banking Industry's competitiveness, especially in the Micro Segment.
6 November 2012	Preparations for the BoD and BoC meetings about the 2013 - 2017 Long Term Plans, 2013-2015 RBB and 2013 RKAP
20 November 2012	2013-2017 Long Term Plans, 2013-2015 RBB, and 2013 RKAP
11 December 2012	Preparations to conduct General Audit for BRI's financial report of 2012
18 December 2012	Knowledge sharing on IT subject
27 December 2012	Audit Report of Q3-2012 and the annual audit plan for 2013

Board of Commissioners' Training Programs

The training programs are held for the members of the Board of the Commissioners to constantly update to the latest developments of the banking industry and other knowledge related to the implementation of its supervisory duty.

Date	Training	Name of Commissioners	Locations
8 - 11 July 2012	International Conference on "Revolutionizing Internal Audit"	Bunaser Sanim, Aviliani, Hermanto Siregar	Boston
17 - 18 May 2012	Risk Management Certification Refreshment Program "Survival in Crisis: Enhancing Bank Strategy and Performance Implanting BCM and Fraud Prevention Process"	Aviliani	Tokyo
19 - 22 October 2012	Modern Corporate Governance	Ahmad Fuad	Paris
12 - 13 November 2012	BARA LSPP Risk Management Certification Refreshment Program	Bunaser Sanim, Mustafa Abubakar, Hermanto Siregar	Tokyo

Key Performance Indicators

The Board of Commissioners' Key Performance Indicators are reflected in the Commissioners' Work Plan and Budget's targets. The Key Performance Indicators employed as the references for the Board of Commissioners' performance are as follows:

1. Off Site Supervision, encompassing the timeliness of the reviewing of Internal Auditing Result, Financial report, GCG Self-Assessment, Risk Profile Report, and Compliance Report.
2. On-site supervision, encompassing the number of meetings field visits, and the number and timeliness for studies conducted by committees under the Board of Commissioners' authority.
3. The Company' Performance, which encompasses Profitability (Net Profit and ROA), Liquidity, (Third Party Funds and LDR) and Credit Portfolio (Credit Expansion and NPL).

The Board of Commissioners' Assessment

The Board of Commissioners conducted self-assessment of its achievement based on the Key Performance Indicators stated in the RKAP.

Commissioner Shareholding

As of 31 December 2012, each member of the Board of Commissioners owns less than 5 percent of the paid-in capital in BRI, other banks, non-bank financial institutions and other companies in the country or overseas. The list of The Board of Commissioners' share ownerships is as follows:

Name	Position	Share Ownership
Bunasar Sanim	President Commissioner/ Independent Commissioner	Nil
Mustafa Abubakar	Vice President Commissioner	Nil
Heru Lelono	Commissioner	Nil
Hermanto Siregar	Commissioner	Nil
Vincentius Sonny Loho	Commissioner	Nil
Adhyaksa Dault	Independent Commissioner	Nil
Aviliani	Independent Commissioner	Nil
Ahmad Fuad	Independent Commissioner	Nil

Board of Directors

In line with the Articles of Association, the Board of Directors' duty is to manage the Company, manage the Company's assets, and represent the Company inside and outside of court. In carrying out its duty, the Board of Directors must conduct in interest of the company and in accordance with the Company's aims and objectives, based on good faith and full responsibility in accordance with the Articles of Association, the General Shareholders Meeting's resolution and the prevailing regulations.

Position of the members of the Board of Directors, including the President Director, are equals. The duty of the President Director is to coordinate the Board's activities. Any action taken by the members of the Board other than Board meeting decision, is regarded as personal responsibility until that action is approved by the Board Meeting.

BRI's Board of Directors' Duties and Responsibilities are as follows:

The Board of Directors' Duties and Responsibilities

General

1. Being responsible for all actions related to the management of the Bank in accordance with the purposes, objectives and business activities; and the management, ownership and the binding with other parties by complying with the Articles of Association, prevailing laws and regulations, as well as General Meeting of Shareholders resolutions;
2. Being responsible to ensure that the Bank's management is in accordance with the Bank's objective; to manage the Company according to duties and responsibilities as stipulated in the Article of Association and General Meeting of Shareholders resolutions.

Specific:

1. Duties and responsibilities in relation with the Board of Commissioners and Shareholders
 - a. Ensuring the implementation of the GMS resolutions;

- b. Preparing the corporate plan (RJPP), Bank's business plan (RBB), and annual Company's budget and work plan (RKAP) and other work plans and the changes to obtain approval from the Board of Commissioners;
 - c. The Board of Directors is obligated to hold AGMS based on the written request of one or more Shareholders who have valid voting rights and who represent at the very least 1/10 (one tenth) of the number of shares issued;
 - d. Administering the list of shareholders and the special list containing the ownership of shares in the hands of the members of the Boards of Commissioners and the Board of Directors and their families both in the Bank and in other companies;
 - e. Consulting the granting of loan above a certain amount to the Board of Commissioners with reference to prevailing regulations;
 - f. Submitting an annual report after reviewed by the Board of Commissioners within 5 (five) months, at the latest, after the financial year ended to the AGMS for approval.
2. Duties and responsibilities in relation with Financial Accounting and Annual Report
 - a. Maintaining the bookkeeping and administration of the Bank in accordance with generally accepted practices;
 - b. Composing an accounting system that matches the Accounting Standard of Indonesia and the principles of internal control, especially in terms of recording, archiving, monitoring and management;
 - c. Preparing Annual Report, including Financial Statement.
 3. Duties and responsibilities in relation with Risk Management and Control
 - a. Maintaining the following processes of Risk Management:
 - Ensuring that the Bank has the proper and systematic processes in identifying, measuring, and controlling the risks;
 - Ensuring that proper system and processes have been executed in monitoring and reporting the main risks faced by the Bank;
 - Monitoring and evaluating the existence of good management processes in assessing the adequacy of the risk management

- system and the internal control, financial reporting and the compliance;
- Ensuring the adequacy of an effective control system in order to ensure:
 - The reliability and integrity of information.
 - The compliance with the prevailing policies, plans, procedures, rules and regulations.
 - The maintenance of the assets of the Bank.
 - The economical and efficient use of resources;
 - The achievement of the determined operational objectives and targets.
- Executing annual evaluations for making public statements concerning internal control at the Bank, to ensure that all significant aspects of internal control have been considered for the evaluation year up to the date of the approval of the annual report
- b. Creating clear organizational, duty and responsibility structures, including the appointment of the management.

A short description of the tasks of each members of the Board of Directors is as follows:

President Director

Main Responsibility:

1. Directing the Company's strategy formulation and work plans, including Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan / RBB), Company's Budget and Work Plan (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the company's target developments and achievements.
3. Providing a progress report and explanation of the Company's management.
4. Directing the internal and external follow-ups of auditing results.
5. Coaching the Board of Directors' members in order to expedite the achievement of the company's targets.

Director for Micro, Small and Medium Enterprises

Business:

Main Responsibilities:

1. Directing the Company's strategy and work plan, which includes the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan / RBB), Company Work Plan and Budget (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the Company's target developments and achievements in the field of Micro, Small and Medium Businesses.
3. Providing progress reports and explanation of the company's management.
4. Directing follow-ups of internal and external auditing results related to the Micro, Small and Medium Businesses.
5. Carrying out the functions of the Substitute Director to ensure that the execution of the Directors' duties runs smoothly.
6. Coordinating and cooperating with fellow members of the Board to expedite the achievement of the company's targets.

Director of Credit Risk Management

Main Responsibilities:

1. Directing the Company's strategies and work plans, which include a Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan /RBB), Company's Budget and Work Plan (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the development and achievement of the company's targets in the field of Credit Risk Management.
3. Providing progress reports and explanations regarding the Company's management.
4. Directing the follow-ups on internal and external auditing results related to the Credit Risk Management.
5. Carrying out the functions of the Substitute Director to ensure that the execution of the Directors' duties runs smoothly
6. Coordinating and cooperating with fellow members of the Board to expedite the achievement of the company's targets.

Director of Operations

Main Responsibilities:

1. Directing the Company's strategies and work plans, which include the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan / RBB), Company's Budget and Work Plan (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the development and achievement of the company's targets in the field of Operations.
3. Providing progress reports and explanations regarding the Company's management.
4. Directing the follow-ups on internal and external auditing results related to business operations.
5. Carrying out the functions of the Substitute Director to ensure that the execution of the Directors' duties runs smoothly.
6. Coordinating and cooperating with fellow members of the Board to expedite the achievement of the company's targets.

Director of Human Resources Management

Main Responsibilities:

1. Directing the Company's strategies and work plans, which include the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan / RBB), Company's Budget and Work Plan (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the development and achievement of the company's targets in the field of Human Resources Management.
3. Providing progress reports and explanations regarding the Company's management.
4. Directing the follow-ups on internal and external auditing results related to the Human Resource Management.
5. Carrying out the functions of the Substitute Director to ensure that the execution of the Directors' duties runs smoothly.
6. Coordinating and cooperating with fellow members of the Board to expedite the achievement of the company's targets.

Director of Consumers' Business

Main Responsibilities:

1. Directing the Company's strategies and work plans, which include the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan / RBB), Company's Budget and Work Plan (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the development and achievement of the company's targets in the field of Consumer Business.
3. Providing progress reports and explanations regarding the Company's management.
4. Directing the follow-ups on internal and external auditing results related to the Consumer Business Sector.
5. Carrying out the functions of the Substitute Director to ensure that the execution of the Directors' duties runs smoothly.
6. Coordinating and cooperating with fellow members of the Board to expedite the achievement of the company's targets.

Director of Commercial Business

Main Responsibilities:

1. Directing the Company's strategies and work plans, which include the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan / RBB), Company's Budget and Work Plan (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the development and achievement of the company's targets in the field of Commercial Business.
3. Providing progress reports and explanations regarding the Company's management.
4. Directing the follow-ups on internal and external auditing results related to the Commercial Business.
5. Carrying out the functions of the Substitute Director to ensure that the execution of the Directors' duties runs smoothly.
6. Coordinating and cooperating with fellow members of the Board to expedite the achievement of the company's targets.

Director of Finance

Main Responsibilities:

1. Directing the Company's strategies and work plans, which include the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan / RBB), Company's Budget and Work Plan (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the development and achievement of the company's targets in the field of Finance.
3. Providing progress reports and explanations regarding the Company's management.
4. Directing the follow-ups on internal and external auditing results related to the Corporate Finance.
5. Carrying out the functions of the Substitute Director to ensure that the execution of the Directors' duties runs smoothly.
6. Coordinating and cooperating with fellow members of the Board to expedite the achievement of the company's targets.

Director of Compliance

Main Responsibilities:

1. Directing the Company's strategies and work plans, which include the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan / RBB), Company's Budget and Work Plan (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the development and achievement of the company's targets in the field of Compliance.
3. Providing progress reports and explanations regarding the Company's management.
4. Directing the follow-ups on internal and external auditing results related to the Regulatory Compliance.
5. Carrying out the functions of the Substitute Director to ensure that the execution of the Directors' duties runs smoothly.
6. Coordinating and cooperating with fellow members of the Board to expedite the achievement of the company's targets.

Director of Institutional and SOE Business

Main Responsibilities:

1. Directing the Company's strategies and work plans, which include the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan / RBB), Company's Budget and Work Plan (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the development and achievement of the company's targets in the field of Institutional and State-Owned Businesses.
3. Providing progress reports and explanations regarding the Company's management.
4. Directing the follow-ups on internal and external auditing results related to the Institutional and State-Owned Businesses.
5. Carrying out the functions of the Substitute Director to ensure that the execution of the Directors' duties runs smoothly.
6. Coordinating and cooperating with fellow members of the Board to expedite the achievement of the company's targets.

Director of Networks and Services

Main Responsibilities:

1. Directing the Company's strategies and work plans, which include the Long Term Plan (Corporate Plan), medium term Plan (Bank Business Plan / RBB), Company's Budget and Work Plan (RKAP) and their amendments as guidelines in achieving the Company's performance targets.
2. Directing the development and achievement of the company's targets in the field of Networks and Services.
3. Providing progress reports and explanations regarding the Company's management.
4. Directing the follow-ups on internal and external auditing results related to the Company's Networks and Services.
5. Carrying out the functions of the Substitute Director to ensure that execution of the Directors' duties runs smoothly.
6. Coordinating and cooperating with fellow members of the Board to expedite the achievement of the company's targets.

The Board of Directors' Composition and Independence

There are 11 (eleven) members of the BRI's Board of Directors and the majority of them has more than five (5) years of experience in bank operations as bank executives. All of the Board members are domiciled in Indonesia and have gained approval from Bank Indonesia based on the results of their fit and proper tests.

BRI's Board of Directors' Composition as of 31 December 2012

Position	Name
President Director	Sofyan Basir
Director of Operations	Sarwono Sudarto
Director of Finance	Achmad Baiquni
Director of Commercial Business	Sulaiman Arif Arianto
Director of Credit Risk Management	Lenny Sugihat
Director of Consumer Business	A.Toni Soetirto
Director of Institutional and SOE Business	Asmawi Syam
Director of Networks and Services	Suprajarto
Director of Micro, Small and Medium Enterprises Business	Djarot Kusumayakti
Director of Compliance	Randi Anto
Director of Human Resources Management	Gatot Mardiwasiso

Board of Directors' Independence

Members of the BRI's Board of Directors do not hold any concurrent positions as Commissioners, Directors or Executives in other Banks/Institutions and do not have familial ties, up to the second degree, with fellow members of the board and/or with members of the Board Commissioners. With such independent status, BRI's Board

of Directors is always acting independently, in the sense that they do not have any conflicts of interests that might disrupt their ability to carry out their duties independently and in a critical manner in their relationship with each other or with the Board of Commissioners.

The Board of Directors' members do not hold any concurrent positions as President Directors or other Directors in State-owned enterprises, private enterprises, or any other positions related to BRI's management, including structural and functional positions in the central government institutions, local governments, and other positions, in accordance with BRI's article of associations and prevailing regulations.

Within the period of 5 (five) years before their appointments, members of the BRI Board of Directors:

1. Have never been declared as bankrupt .
2. Have never been a member of a Board of Directors or Board of Commissioners or a Supervisory Board that was declared as guilty for the bankruptcy of a company.
3. Have never been punished for a criminal act that caused loss in the State's finance and/or State-Owned Enterprises and/or that related to the financial sector.

BRI's Board of Directors is led by a President Director who is independent to the controlling shareholders.

The Board of Directors' Meetings

The Board of Directors regularly holds internal meetings to discuss matters requiring the Board's consideration and to discuss other strategic plans.

Directors' Attendance Rate in BoD Meetings

Director	Number of Meetings	Attendance number	Attendance (%)
Sofyan Basir	46	41	89.13
Sarwono Sudarto	46	42	91.30
Lenny Sugihat	46	44	95.65
Djarot Kusumayakti	46	41	89.13
Sulaiman A. Arianto	46	39	84.78
A.Toni Soetirto	46	40	86.96
Achmad Baiquni	46	41	89.13
Randi Anto	46	45	97.83
Suprajarto	46	40	86.96
Asmawi Syam	46	39	84.78
Gatot Mardiwasiso*	42	38	90.48

* Officially held the position of Director on 27 January 2012

Recapitulation of the Results of BoD Meetings

Date	Details
3 January 2012	1. BRI's 2011 Financial Performance 2. Others
10 January 2012	Transfers and promotions for Executive Vice President and Vice President
17 January 2012	1. Micro, Small and Medium Enterprise (MSME) Forum 2. Deputy Regional Manager Presentations 3. Proposed cooperation between BRI and KEMENPERA (The Ministry of Housing) in channeling the subsidized mortgage
24 January 2012	1. ALCO 2. Part 2 on the discussion on the Proposed cooperation between BRI and KEMENPERA (The Ministry of Housing) in channeling the subsidized mortgage
31 January 2012	2012 Corporate Actions
7 February 2012	1. Corporate Action Plans 2. Settling of Operational Cases 3. Preparations for the 2012 AGMS 4. Job distribution for BRI Directors
14 February 2012	1. AGMS Preparations 2. BRI's 2011 Financial Performance
20 February 2012	BRI's Micro, Small and Medium Enterprise (MSME) Forum
21 February 2012	1. Proposed of Priority Service Center opening 2. Preparations for AGMS 3. NPL management
29 February 2012	ALCO
6 March 2012	BRI's Human Resources Management
20 March 2012	1. Evaluation of the Performance of regional offices across Indonesia with regard to MSME Business Development 2. Mapping of MSME Business potentials and trickle down effects of Corporate and SOEs Businesses.
27 March 2012	1. ALCO 2. Life Insurance for Mortgage 3. Corporate Action Plan
3 April 2012	Human Resources Management
10 April 2012	1. Decree on Disciplinary Rules
17 April 2012	1. Formation for Vice Presidents 2. Transfers promotions of Executive Vice Presidents and Vice Presidents
24 April 2012	1. ALCO 2. Transfers/Promotions for BRI's Executive Vice President and Vice President
1 May 2012	Regional office performance evaluation
8 May 2012	1. BRI's assets 2. Human Resources Management 3. Writing-off of internal receivables 4. Others
15 May 2012	1. Human Resources Management 2. BRI's Business Development 3. Appreciation towards SOEs
22 May 2012	Discussion on Financial Services Authority (OJK)
29 May 2012	ALCO 2012 Budget and Working Plan Revision
5 June 2012	BRI's MSME Forum
12 June 2012	1. Preparations for the International Microfinance Committee 2. Plan on working unit expansion 3. Business Development 4. IT Investment Plan 5. Human Resources Management
19 June 2012	1. Plan on working unit expansion 2. IT Investment Plans

Recapitulation of the Results of BoD Meetings

Date	Details
	3. BRI's assets
26 June 2012	ALCO 1. Report of IT investment plans 2. Determining span of control based on traveling distance 3. Organizational Structure Changes in Branch Offices 4. Recruitment of RA Audit 5. Others
3 July 2012	1. Micro Businesses Discussion 2. Human Resources in Micro Businesses
10 July 2012	1. Report of Plan on Working Units expansion
17 July 2012	MSME Business Forum
24 July 2012	1. ALCO 2. Preparation for Government Limited Cabinet Meeting at BRI Head Office
31 July 2012	1. Premiums and Insurance Claims Discussion 2. Operational Issues 3. Progress Report of the preparations for Government Limited Cabinet Meeting in BRI
7 August 2012	3 Best and 5 Worst Branch Offices
28 August 2012	ALCO and Board of Directors Meeting
4 September 2012	1. Subsidiaries Strategic Plan 2. SIPK Schedule 3. BRI's August 2012 Financial Performance 4. IT Investment Plans 5. 2012 Branch Offices Performance Assessment
18 September 2012	ALCO
25 September 2012	ALCO
2 October 2012	1. 2012 Performance Assessment for Branch Offices 2. Performance Assessment for Deputy Regional Manager and Branch Manager 3. BRI's September 2012 Financial Performance 4. Promotion for Consumer Business Directorate on 117 th Birthday of BRI 5. Human Resources Issues
9 October 2012	1. 2013 Budget and Work plan 2. Human Resources Issues 3. 2012 International Microfinance Conference
16 October 2012	MSME Forum
30 October 2012	1. ALCO 2. 2013 Company Budget and Work Plan
13 November 2012	BRI's Corporate Action Plan
20 November 2012	MSME Forum
27 November 2012	ALCO
4 December 2012	BRI's 2012 Financial Performance
11 December 2012	Tax issue
18 December 2012	1. ALCO 2. MSME Forum 3. Tax issue

The Board of Directors' Execution of Tasks and Responsibilities

In line with the Articles of Association, the Board of Directors' duty is to manage the Company, manage the Company's assets, and represent the Company inside and outside of court. In carrying out its duty, the Board of Directors must conduct in interest of the company and in accordance with the Company's aims and objectives, based on good faith and full responsibility in accordance with the Articles of Association, the General Shareholders Meeting's resolution and the prevailing regulations.

Position of the members of the Board of Directors, including the President Director, are equals. The duty of the President Director is to coordinate the Board's activities. Any action taken by the members of the Board other than Board meeting decision, is regarded as personal responsibility until that action is approved by the Board Meeting.

BRI's Board of Directors' Duties and Responsibilities are as follows:

The Board of Directors' Duties and Responsibilities

General

1. Being responsible for all actions related to the management of the Bank in accordance with the purposes, objectives and business activities; and the management, ownership and the binding with other parties by complying with the Articles of Association, prevailing laws and regulations, as well as General Meeting of Shareholders resolutions;
2. Being responsible to ensure that the Bank's management is in accordance with the Bank's objective; to manage the Company according to duties and responsibilities as stipulated in the Article of Association and General Meeting of Shareholders resolutions.

Specific:

1. Duties and responsibilities in relation with the Board of Commissioners and Shareholders
 - a. Ensuring the implementation of the GMS resolutions;
 - b. Preparing the corporate plan (RJPP), Bank's business plan (RBB), and annual Company's budget and work plan (RKAP) and other work plans and the changes to obtain approval from the Board of Commissioners;
 - c. The Board of Directors is obligated to hold AGMS based on the written request of one or more Shareholders who have valid voting rights and who represent at the very least 1/10 (one tenth) of the number of shares issued;
 - d. Administering the list of shareholders and the special list containing the ownership of shares in the hands of the members of the Boards of Commissioners and the Board of Directors and their families both in the Bank and in other companies;

- e. Consulting the granting of loan above a certain amount to the Board of Commissioners with reference to prevailing regulations;
 - f. Submitting an annual report after reviewed by the Board of Commissioners within 5 (five) months, at the latest, after the financial year ended to the AGMS for approval.
2. Duties and responsibilities in relation with Financial Accounting and Annual Report
 - a. Maintaining the bookkeeping and administration of the Bank in accordance with generally accepted practices;
 - b. Composing an accounting system that matches the Accounting Standard of Indonesia and the principles of internal control, especially in terms of recording, archiving, monitoring and management;
 - c. Preparing Annual Report, including Financial Statement.
 3. Duties and responsibilities in relation with Risk Management and Control
 - a. Maintaining the following processes of Risk Management:
 - Ensuring that the Bank has the proper and systematic processes in identifying, measuring, and controlling the risks;
 - Ensuring that proper system and processes have been executed in monitoring and reporting the main risks faced by the Bank;
 - Monitoring and evaluating the existence of good management processes in assessing the adequacy of the risk management system and the internal control, financial reporting and the compliance;
 - Ensuring the adequacy of an effective control system in order to ensure:
 - The reliability and integrity of information.
 - The compliance with the prevailing policies, plans, procedures, rules and regulations.
 - The maintenance of the assets of the Bank.
 - The economical and efficient use of resources;
 - The achievement of the determined operational objectives and targets.
 - Executing annual evaluations for making public statements concerning internal

control at the Bank, to ensure that all significant aspects of internal control have been considered for the evaluation year up to the date of the approval of the annual report

- b. Creating clear organizational, duty and responsibility structures, including the appointment of the management.

Board of Directors' Training Program

The Training Program for members of the Board of Directors is held to ensure that the members can constantly update themselves on information related to the Company's business activities, latest developments, as well as other knowledge related to the Board of Directors' executions of duties.

BRI takes into account several parameters in carrying out its Training Program:

1. The Training Program is held to improve the Board of Directors' work function and effectiveness;
2. The costs for the Training Program are included in the Board of Directors' Work Plan and Budget;
3. All Board members participating in the Training Program –including and not limited to seminars, trainings and workshops – are expected to share the gained information and knowledge to other Board Members, who did not participate in the Program;
4. The materials of the Training Program must be well-documented by the Company's Secretary and must always be available anytime it is needed.

Below is the 2012 BRI Board of Directors' Training Recapitulation list:

Date	Name of Training	Name of Participant	City
15 May 2012	Understanding SOE's Position According to the State Finance Laws and Corruption Eradication Laws	Lenny Sugihat	Jakarta
9 July 2012	Risk Management Certification Refreshment Program Seminar	Sofyan Basir, Randi Anto, A. Toni Soetirto & Sulaiman Arif Arianto	Frankfurt, Germany
3 October 2012	Improving Compliance Competency	Randi Anto	Jakarta
18 October 2012	40 th EFMA Congress Multichannel Coordination and Integration	Suprajarto	Barcelona, Spain
29 October 2012	International Seminar On Housing Finance Management 2012	Gatot Mardiwastoto	Denpasar
1 November 2012	Risk Management Certification Refreshment Program- Bara-LSPP Financial Crime Asia 2012	Lenny Sugihat	Denpasar
23 November 2012	Risk Management Certification Refreshment Program- Banking Industry Readiness on the ASEAN Community's Economy	Sarwono Sudarto, Lenny Sugihat	Jakarta
13 December 2012	2013-2015 Directions and Strategies for National Banking Strategy	Randi Anto	Jakarta

The Board of Directors' Key Performance Indicators

1. The availability of the Bank's Long Term Plan (Corporate Plan)
2. The availability of the Bank's Medium term plan (RBB/ Bank Business Plan)
3. The availability of the Company's Budget and Work Plan (RKAP)
4. The Company's Performance is achieved in line with the Bank's soundness, which encompasses risk profile, Good Corporate Governance (GCG), Profitability and Capitalization
5. The availability of the Company's management report and documents
6. The availability of explanations regarding the Company's management practice
7. Follow-ups of audit findings
8. The execution of the Substitute Directors' duties
9. The achievement of the Company's targets.

Board of Directors' Assessment

The Board of Commissioners, General Meeting of Shareholders and Bank Indonesia, conduct assessments of the Board of Directors' performance. The Assessment is a collegial work result from all the members of the Board, reflected annually as a unity in the implementation of the Company's Budget and Work Plan. The Assessment is conducted towards the Bank's soundness, which encompasses, risk profile, GCG, Bank's Earning Power and Capitalization.

Board of Directors' Share Ownership

As of 31 December 2012, share ownerships of each members of the board did not reach 5% of BRI's paid-in capital, other Banks, Non-Bank Financial Institutions and other Companies in Indonesia and overseas. The Board of Directors share ownership list is as follows:

Name	Position	Share Ownership
Sofyan Basir	President Director	Nil
Sarwono Sudarto	Director	Less than 5%
Randi Anto	Director	Less than 5%
Sulaiman Arif Arianto	Director	Less than 5%
Achmad Baiquni	Director	Nil
Toni Soetirto	Director	Nil
Lenny Sugihat	Director	Less than 5%
Djarot Kusumayakti	Director	Nil
Asmawi Syam	Director	Nil
Suprajarto	Director	Nil
Gatot Mardiwasiso	Director	Less than 5%

Each member of the Board of Directors has stated their share ownership in their Statement Letter.

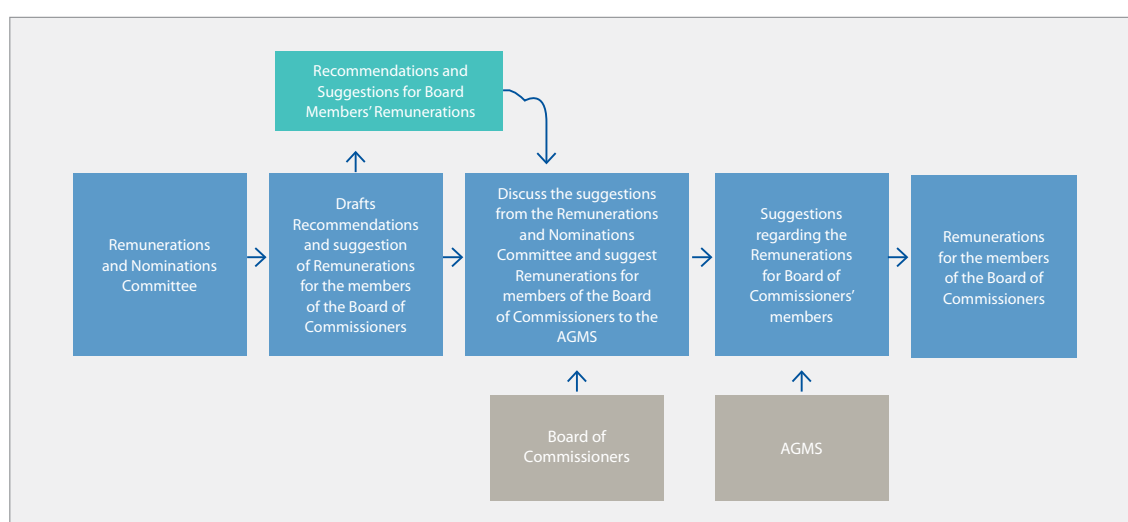
Procedures to establish the Board of Commissioners' Remunerations and Remunerations' Structure

Procedures to Establish the Board of Commissioners' Remunerations

One of AGMS resolution is the amount of Salaries, Honorariums and Tantiems for Board of Commissioners and Board of Directors. The Board of Commissioners submits suggestions regarding the decision of the Board of Commissioners and Board of Directors' Salaries, Honorariums and Tantiems based on recommendations from the Nomination and remuneration committee, while taking into consideration the Company's performance, business size and results of the survey on the Banking industry's remunerations.

The 2012 AGSM resolutions have bestowed authority and power to the Board of Commissioners to decide the 2012 Salaries and Honorariums as well as 2011 Tantiem for BRI's Board of Directors and Board of Commissioners, with the approval from the Seri A Dwiwarna shareholders preceding the decision. The authority and power have allowed the Board of Commissioners to determine Salaries, Honorariums and Tantiems after gaining approval from the Seri A Dwiwarna shareholders on April 25, 2012.

Below is a short description of the procedures for the establishment of the BRI Commissioners' Remunerations:



Remunerations Structure for the Board of Commissioners

The process of establishing the remunerations for the Board of Commissioners refers to regulations stipulated in The Ministry of State-Owned Enterprises Regulation No. PER-07/MBU/2010 on the Guidelines for Establishing the Income of State-Owned Enterprises' Boards of Directors, Boards of Commissioners and Supervisory Boards.

In line with the Ministerial Regulation, the salary for the Board of Commissioners is established by the General Meeting Shareholders (GMS). Components in the Board of Commissioners' income are Honorariums, Bonuses, Facilities and Tantiem.

Procedures in Establishing the Board of Directors' Remunerations

The Procedures to establish BRI's Board of Directors Remunerations are basically carried out through these steps:

1. The Nomination and remuneration committee evaluates the prevailing remunerations policies that apply for the Board of Directors.
2. The Nomination and remuneration committee gives recommendations regarding the remunerations policies for the Board of Directors to the Board of Commissioners and give recommendations (if available) about the provision of options, including stock options, to the Board of Directors.
3. The Board of Commissioners submits recommendations for remunerations in the form of honorarium and tantiem for the AGMS to approve.
4. The Nomination and remuneration committee, after consulting with the Seri A Dwiwarna shareholders, submits suggestions regarding facilities related to remunerations, which are official vehicles, health insurance, phone credit, club membership and support for members of the Board of Commissioners who have completed their tenure in order to obtain the Board of Commissioners' approval.

Remunerations establishment for the Board of Directors refer to rules stipulated in Ministry of SOE Regulation no. PER-07/MBU/2010 on the Manual to Establish the Income of State-Owned Enterprises' Boards of Directors, Boards of Commissioners and Supervisory Boards.

Based on that Ministerial Regulation, the principles to establish the Board of Directors' income are established by the General Meeting of Shareholders. Components in the Board of Directors income are:

1. The Directors' salary proportions is 90% of the President Director's.
2. Directors' Bonus
 - a. Members of the Board of Directors are given Religious Holiday's bonus. The amount for this bonus is a maximum of twice the salary they receive, taking into consideration the company's capabilities.
 - b. Members of the Board of Directors are given one yearly leave bonus with the maximum amount being equal to their salary. The bonus will be given regardless of the member choosing not to take the leave or not granted the leave permit due to the Company's interest.
 - c. Members of the Board of Directors are given long service leave bonus, of which the maximum amount is twice their salaries. The long service leave bonus is given regardless of the member choosing not to take the leave or not being granted the leave permit due to the Company's interest.
 - d. The long service leave bonus is given after the member of the board works for a period of 3 (three) consecutive years in one position.
 - e. Members of the Board of Directors are given communications allowance at cost.
 - f. Members of the Board receive post-tenure allowance at the end of their tenures. The support is given in the form of memberships in an insurance program or pension saving. The Company pays for the Premium or yearly dues within the maximum amount of 25% of the Board member's annual salary.
 - g. Members of the Board are given monthly official housing compensation at the amount of 30% of their monthly salary.

- h. Members of the Board are given utility costs allowance of the amount of 30% of the housing allowance.

3. Board of Directors' Facilities

- a. The Company provides facilities in the form of 1 (one) official vehicle and its maintenance and operational costs for each member of the Board. Decisions regarding types and amounts are made by taking into account propriety and the Company's financial capabilities.
- b. The Company provides health facilities for each member of the Board, in accordance with company regulations.
- c. The Company provides legal aid facility for each member of the Board should any actions for and under their position, regarding the Company's purpose, aim and activities, occur.
- d. The Company provides a maximum of 2 (two) Club Membership/Corporate Members facilities to members of the Board, taking into account the Company's financial capabilities. The Club Membership facilities given are only in the form of enrollment fee and yearly fee.

4. Tantiem / Performance Incentives

The process to establish tantiems/performance incentives for the Board of Directors as stipulated in the Ministerial Regulations include:

- a. Tantiems are granted to members of the Board of Directors should the SOE gain profit in the relevant accounting year.
- b. Tantiems are given to the members of the Board of Directors if the achievement of the Key Performance Indicators is more than 70% and the Soundness exceeds 70.
- c. The maximum achievement of key performance indicators taken into account in the tantiems is 150%.
- d. The composition for tantiem is as follows:
 - President Director 100%
 - Members of the Board of director is 90% of the President Director's tantiem
- e. BRI can provide tantiems if it experiences an increase in performance, even though it still experiences losses during the relevant accounting year or accumulated losses from the previous accounting year.

Remunerations of the Board of Commissioners and Board of Directors

Remunerations Packages/Policies and other Facilities for the Board of Commissioners and Board of Directors

Types of Remunerations and other Facilities	Amount Received in a year (2012)					
	Board of Commissioners		Board of Directors		Independent Parties ²	
	Person	Million (Rp)	Person	Million (Rp)	Person	Million (Rp)
REMUNERATIONS		36,625		109,260	-	-
- Salary 1	9	7,348	11	21,960	-	-
- Bonus	-	-	-	-	-	-
- Annual Bonus and Allowances 3	7	1,910	10	6,719	-	-
- Tantiem 4	11	27,367	12	80,581	-	-
FACILITIES IN NATURA FORM		4,248		16,841		
- Housing	-	-	8	3,840	-	-
- Transport 5	9	2,231	11	7,511	-	-
- Bonus	8	2,017	11	5,490	-	-
Amount of Remunerations per person in 1 Year	Number of members of the Board of Commissioners		Number of members of the Board of Directors		Number of Independent Parties	
Above Rp2 billion	7	34,766	11	126,101	-	-
Above Rp1 billion up to Rp2 billion	4	6,107	-	-	-	-
Above Rp500 million and up to Rp1 billion	-	-	-	-	-	-
Below Rp500 million	-	-	-	-	-	-

1. Including honorariums of Board of Commissioners' members whose tenure ended on the AGMS 28 April 2012
2. Independent Parties are those outside the Bank that have no relationships in the financial sense, organizational sense, share ownership sense or familial sense with the Board of Commissioners, Board of Directors and or Controlling Shareholders or any other relationships that might influence their ability to act independently
3. Includes THR (Religious holidays bonus), leave, health and cellular phones
4. Including Board of Directors' members whose tenure ended and whose appointment was on the AGMS held on 28 April 2011 and Extraordinary General Shareholders Meeting on 28 September 2011 as well as Board of Commissioners' members, whose tenure ended on 28 April 2011 and resigned during the Extraordinary General Shareholder Meeting on 28 September 2011.
5. Including Board of Commissioners' Members whose tenure ended on the AGM on 28 March 2012.

Committees

The Board of Commissioners' Committees

Auditing Committee

The formation of BRI's Auditing Committee is based on the Capital Market and Financial Institutions Supervisory Agency Injunction No. KEP-643/BL/2012 Dated 7 December 2012 on the Establishment of and the Working Manual for the Auditing Committee; the State-Owned Enterprises Minister's decision PER-01/MBU/2011, dated 1 August 2011 on the implementation of Good Corporate Governance, The Central Bank's (BI) Regulation No. 8/4/PBI/2006 as amended with PBI No. 8/14/PBI/2006 on Good Corporate Governance Practice for Commercial Banks; 2003 Law No. 19 dated 19 June 2003 on SOEs, and the Committee Audit Charter.

The purpose of the Audit Committee is helping the Board of Commissioners to carry out its supervisory duties and functions, and giving advice to the Board of Directors about matters related to financial information, internal control systems, the effectiveness of external and internal auditor inspections, the effectiveness of risk management practice, and compliance with prevailing legal regulations.

Structure and Membership

BRI's Auditing Committee is composed of one Chairman, who is an Independent Commissioner, one member, who is also an Independent Commissioner, one member, who is a Commissioner, and three non-Commissioner members, who are experts in the field of finance, accounting, law and banking. This composition is in line with the Capital Market and Financial Institutions Supervisory Agency Injunction No. Kep-29/PM/2004 and the BI regulation mentioned above.

Membership Composition 1 January 2012 – 28 June 2012

Name	Position	Profession
Bunator Sanim	Chairman	President Commissioner/ Independent Commissioner
Adhyaksa Dault	Member	Independent Commissioner
Hermanto Siregar	Member	Commissioner
H.C. Royke Singgih	Member	Non-Commissioner
Dedi Budiman Hakim	Member	Non-Commissioner
Syahrir Nasution	Member	Non-Commissioner

Membership Composition 29 June 2012 – 31 December 2012

Name	Position	Profession
Bunator Sanim	Chairman	President/Independent Commissioner
Adhyaksa Dault	Member	Independent Commissioner
Ahmad Fuad*	Member	Independent Commissioner
Vincentius Sonny Loho**	Member	Commissioner
Hermanto Siregar	Member	Commissioner
H.C. Royke Singgih	Member	Non-Commissioner
Dedi Budiman Hakim	Member	Non-Commissioner
Syahrir Nasution	Member	Non-Commissioner

*Effective as of 1 June 2012 as an Independent Commissioner after gaining approval from Bank Indonesia based on the result of his fit and proper tests.

**Effective as of 5 September 2012 as a Commissioner after gaining approval from Bank Indonesia based on the result of his fit and proper tests.

The Audit Committee's Independence

To maintain its independency in giving opinions, recommendations and suggestions to the Board of Commissioners and carrying out its task, the Audit Committee members are free from any affiliations with the Director, other Commissioners, and BRI's controlling shareholders. Therefore, the Audit Committee members are not shareholders, Commissioners, Directors or Staff Members of any companies having affiliations or business relations with BRI. Members of the Audit committee do not have any authority to design, lead or control BRI prior to them holding the positions and they are not former directors or staff members of a Public Accountant firm that audit BRI's bookkeeping.

BRI's Audit Committee members are equipped with financial and/or accounting backgrounds to guarantee the quality of its performance of duties and suggestions. Thus, all prerequisites regarding the Audit Committee's independency are in line with the regulations and GCG practices have been fulfilled.

Tasks and Responsibilities

Based on the Audit Committee's Manual and Work Regulations dated 03 August 2011, the Audit Committee is a committee established by the Board of Commissioner to support the effectiveness of the board's performance of duties and responsibilities, especially those related to supervisory functions, in order to increase the public confidence in the management of the company.

In 2012, the Audit Committee has carried out its function, tasks and responsibilities in line with the Committee Audit Charter. The Committee, through the Board of Commissioners, has requested that several of the management's subordinates attend meetings and provide information, especially those related to the Company's internal control and risk management.

The Audit Committee's Meetings and Meeting Attendance

The meetings are held with Internal Audit, Accounting and Financial Management Division, Program and Partnership Business Division, Public Accountant PSS- Ernst and Young.

The Auditing Committee held 11 meetings in 2012 with the attendance rate of each of the Auditing Committees as follows:

Name	Number of Meetings	Attendance	Attendance (%)
Bunasor Sanim	11	9	82
Adhyaksa Dault	11	8	73
Ahmad Fuad*	6	5	83
Vincentius Sonny Loho**	4	3	75
Hermanto Siregar	11	9	82
H.C. Royke Singgih	11	11	100
Dedi Budiman Hakim	11	10	91
Syahrir Nasution	11	10	91

*Effective as of 1 June 2012 as an Independent Commissioner after gaining approval from Bank Indonesia based on the result of his fit and proper tests.

**Effective as of 5 September 2012 as a Commissioner after gaining approval from Bank Indonesia based on the result of his fit and proper tests.

Meeting Agenda

The Meetings and activities held by the Auditing Committee in 2012 are as follows:

Parties /Working Units	Date	Subject Matter
KAP Ernst & Young	24 February 2012	Auditing of BRI's financial statement as of 31 December 2011
	11 December 2012	Preparations for the General Audit of BRI's Financial statements for the 2012 accounting year
Internal Audit	3 January 2012	Report of the third quarter of 2011 auditing results
	27 March 2012	the follow-up discussion of the Supreme Auditing Agency's examination result.
	27 April 2012	Report of the fourth quarter of 2011's auditing results
	10 July 2012	Report of the first quarter of 2012's auditing results
	11 October 2012	Report of the second quarter of 2012's auditing results
	27 December 2012	Report of the third quarter of 2012's auditing results and the 2013 annual audit plan
The Accounting and Financial Management Division	24 July 2012	Preparations for BRI's financial statements publication as of June 2012
	25 October 2012	Preparations for BRI's financial statements publication as of September 2012
KAP Hertanto, Sidik & Rekan	16 March 2012	Auditing of PKBL Financial statements as of 31 December 2011

The Audit Committee's Task Execution and Activities

The Audit Committee has executed its working program in 2012 as follows:

1. Internal Activity

- a. Supervised and evaluated the planning and execution of auditing activity by BRI's internal Auditors throughout 2012.
- b. Formulated the 2012 Audit Committee's plan and work programs, which are elaborations of the Audit Committee's Manual and Regulations.
- c. With other components of the Board of Commissioners, formulated the 2012 Board of Commissioners Work Plan and Program.
- d. Held regular meetings with Internal Auditors (AIN) to discuss internal control system, audit findings, especially those seen as containing risks that might influence the Company's business sustainability.
- e. Hold meetings with the Accounting and Financial Management Division (AMK) and related Divisions to discuss the progress of the Company's financial performance and other financial information.
- f. Conduct evaluations and present written reports to the Board of Commissioners regarding each meeting and each task assigned to the Audit Committee.
- g. Held meetings with Public Accounting Firms about the annual auditing of the Company's Financial Statements.
- h. Supervise the follow-ups of internal and external auditing, in order to rate the adequacy of internal control, including the adequacy of the financial reporting process.
- i. Conduct review and give suggestions to gain the Board of Commissioners' approval for the Bank's Business Plans (RBB) and the Company's Budget and Work Plan (RKAP).

- j. Carry out a review of the Company's monthly performance development and provide suggestions and opinions to the Board of Commissioners to be use as materials for the Board of Commissioners' Meeting with the Board of Directors.
- k. Conduct on-site visits to BRI's working Units

2. External activities

- a. Discussions with External Auditors, before and after the audit of the Company's financial statements.
- b. Discussions with related parties regarding internal control system improvement.

The Nomination and remuneration committee (KNR)

The establishment of BRI's Nomination and remuneration committee is based on the State Minister of State Owned Enterprise Regulation No. PER-01/MBU/2011 dated 1 August 2011 on the implementation of Good Corporate Governance, Bank Indonesia's Regulation No. 8/4/PBI/2006 as amended by Bank Indonesia's Regulation No. 8/14/PBI/2006 on Good Corporate Governance Implementation for Commercial Banks. In BRI, there is no separation between the Nominations Committee and the Remunerations Committee,

Structure and Membership

BRI's Nomination and remuneration committee is composed of a Chairman (Independent Commissioner), an Independent Commissioner, a Commissioner and an executive officer, who is the Head of the Human Resources Policy and Development Division and two non-Commissioner members who have sufficient knowledge about the remunerations and/or nominations system and the bank's succession plan. This is in accordance with the Bank Indonesia regulation mentioned above.

The Membership of Nomination and Remuneration Committee from 1 January 2012 – 28 June 2012

Name	Position	Profession
Adhyaksa Dault	Chairman	Independent Commissioner
Aviliani	Member	Independent Commissioner
Heru Lelono	Member	Commissioner
Executive Officials Head of the Human Resources Policy and Development Division	Member	Non Commissioner/ex-officio
Kanyatama P. Mulyono	Member	Non Commissioner
Asep Ikhsan Iskandar	Member	Non Commissioner

Membership Composition 29 June 2012 – 31 December 2012

Name	Position	Profession
Adhyaksa Dault	Chairman	Independent Commissioner
Aviliani	Member	Independent Commissioner
Mustafa Abubakar*	Member	Vice President Commissioner
Heru Lelono	Member	Commissioner
Hermanto Siregar	Member	Commissioner
Executive Officials Head of the Human Resources Policy and Development Division	Member	Non Commissioner/ex-officio
Kanyatama P. Mulyono	Member	Non Commissioner
Asep Ikhsan Iskandar	Member	Non Commissioner

*Effective as of 27 July 2012 as Vice President Commissioner after gaining approval from Bank Indonesia based on fit and proper test result.

The Independency of The Nomination and remuneration committee

Several members of The Nomination and Remuneration Committee have educational backgrounds in economics and finance, while other members have educational backgrounds in the field of human resources, these in order to ensure the quality of their duties. Ensuring the Committee's independency, in carrying out its duties and providing opinions, suggestions and recommendations to the Board of Commissioners, members of the Committee are not affiliated with Board of Directors, Board of Commissioners and BRI's controlling shareholders. Also, they are not the shareholders, Commissioners, Directors or staff members of companies that are affiliated with or have business relations with BRI.

The Nomination and Remuneration Committee's Duties and Responsibilities

Based on the Guidelines and Work Procedure of the Nomination and Remuneration Committee dated 3 August 2011, the Committee is established by the Board of Commissioners to support the effectiveness of the Board of Commissioners' duties and responsibilities, particularly those related to nominations and remunerations policies.

Nomination Function

1. Analyze, formulate and provide recommendations to the Board of Commissioners regarding the system and procedures to nominate and/or replace the Board of Commissioners and Board of Directors.
2. Provide recommendations for candidates of the Board of Commissioners and/or Board of Directors to the Board of Commissioner.
3. Monitor and analyze the criteria and selection procedures for Executive's candidates with position one level below the Board of Directors.
4. Construct a performance appraisals system for the Board of Commissioners and Board of Directors.
5. Provide recommendations regarding the number of the Board of Commissioners' and Board of Directors' members.
6. Provide opinions or advices to the Board of Directors regarding the Board's decisions to transfer and/or appoint those who are not the Company's staff as an Executive with position one level below the Board of Directors.
7. Analyze data, which are presented by the Board of Directors quarterly and in any events of occurring changes, of executives whose positions are one level below the Board of Directors.
8. Provide recommendations to the Board of Commissioners regarding independent parties who will be the Audit Committee's member and the Risk Management Supervisory Committee's member.

Remuneration Function

1. Evaluate the remuneration policies for the Board of Commissioners, Board of Directors and the employees.
2. Provide recommendations to the Board of Commissioners regarding:
 - a. Remunerations policies for the Board of Commissioners and the Board of Directors
 - b. Remunerations policies for the Company's Executives and Employees to be presented to the Board of Directors.
3. Provide recommendations about the reward of granting options to the Board of Commissioners, Board of Directors and the Company's Employees, including stock options.
4. Provide recommendations regarding the pension system to the Company's Employees.

5. Provide recommendations regarding the compensation and other benefits in the trimming of the Company's Employees.

Others

1. Evaluate and provide recommendations to the Board of Commissioners regarding labor and human resource management policy that have significant financial impacts and/or legal risks to the Company.
2. Provide recommendations regarding the internal and/or external auditor results and Bank Indonesia's supervision results, especially regarding policies in the human resources management divisions.
3. Administer documents related to the Committee's duties and responsibilities.

The Nomination and Remuneration Committee Meetings and Meeting Attendance

The Nomination and remuneration committee always attend the Board of Directors' and other committees' meeting, held once a week. The Nomination and remuneration committee held four meetings in 2012 with the attendance rate of each member as follows:

Name	Number of Meetings	Attendance	Attendance (%)
Adhyaksa Dault	4	4	100
Aviliani	4	4	100
Heru Lelono	4	4	100
Executive Officials Head of Human Resources Policy and Development Division	4	4	100
Kanyatama P. Mulyono	4	4	100
Asep Ikhsan Iskandar	4	4	100

Note:

As of 29 June 2012, Mustafa Abubakar (Vice President Commissioner/ Commissioner) and Hermanto Siregar (Commissioner) are effectively members of the Nomination and remuneration committee.

The Nomination and Remuneration Committee Meeting Agenda

In the beginning of 2012, the Nomination and remuneration committee discussed executions and follow-ups of the Committee's Work Plan and Budget,

which has been formulated at the end of 2011, to ensure that designated targets are achieved.

Regarding the Annual General Meeting of Shareholders, the Nomination and Remuneration committee reviewed the remunerations of the Board of Directors and Board of Commissioners to be proposed during the 2012 AGMS, with consideration to Good Corporate Governance principles, prevailing SOE Ministry's Regulation, the financial performance and reserve fulfillment, fairness with group peers, Company's targets and long term strategies, and various reliable surveys and analysis from external parties. The Committee also discusses plans, execution steps and suggestions regarding the nominations of Board Directors and Board Commissioners to be proposed to the 2012 Annual General Meeting of Shareholders.

In 2012 the Nomination and remuneration committee has discussed Labor Policies along with its problems and challenges faced in implementations, as well as solutions to overcome these.

The Implementation of the Nomination and Remuneration Committee Duties and Responsibilities

In 2012, the Nomination and remuneration committee has carried out a number of duties and responsibilities, including:

1. Formulate the 2012 Nomination and Remuneration committee plan and work programs, which are elaborations of the Committee's Guidelines and Work Procedure.
2. With the Audit Committee, the Risk Management Supervisory Committee, the Board of Commissioners' Secretary, and the staff of the Board of Commissioners' Secretary, formulate the 2013 Board of Commissioners plan and work program.
3. Carry out the Nomination functions with the Board of Commissioners.
4. Review and analyze the Board of Directors' and the Board of Commissioners remuneration according to the Company's performance, size and banking industry's remunerations survey results.
5. Provide input and recommendations regarding BRI's Board of Commissioners' approval of the proposed appointment of Subsidiaries' Board of Directors and Board of Commissioners to the Board of Commissioners according to the prevailing regulations.

6. Provide input and recommendations about the BRI's Board of Commissioners' approval for the Founders' Written Statement in regards to Amendments in BRI's Pension Fund Regulations to the Board of Commissioners.
7. Provide recommendations about the extension of the Committee's members' tenures in BRI's Commissioner Institution to the Board of Commissioners.
8. Provide input and recommendations to the Board of Commissioners about labor policies.
9. Along with the Audit Committee, the Risk Management Supervisory Committee, the Board of Commissioners' Secretary and the Staff of the Board of Commissioners' Secretary, conduct reviews regarding the Board of Commissioners' approval of the drafts and revisions of Bank Business Plan (RBB), the Company's Budget and Work Plan (RKAP) and the Company's Long Term Plan (RJPP).
10. Along with the Audit Committee, the Risk Management Supervisory Committee, the Board of Commissioners' Secretary and the Staff of the Board of Commissioners' Secretary conduct reviews regarding developments in BRI's monthly performance and provide suggestions and opinions to the Board of Commissioners to be clarified by the Directors in the Board of Commissioners and Board of Directors' Meeting forum.
11. Conduct on-site visits to working units.
12. Carry out other duties assigned by the Board of Commissioners.

Risk Management Supervisory Committee (KPMR)

The establishment of BRI's KPMR is based on the State Owned Enterprise Regulation No. PER-01/MBU/2011, dated 1 August 2011 on the implementation of Good Corporate Governance, Bank Indonesia Regulation No. 8/4/PBI/2006 as amended with the PBI No. 8/14/PBI/2006 on Corporate Governance Implementation for Commercial Banks.

Structure and Membership

BRI's Risk Management Supervisory Committee is composed of a Chairman (Independent Commissioner), an Independent Commissioner, a Commissioner and three non-Commissioner members, who are experts in the field of finance and risk management. These are in accordance with regulations in the PBI mentioned above.

The Membership of Risk Management Supervisory Committee 1 January 2012 – 28 June 2012

Name	Position	Profession
Aviliani	Chair	Independent Commissioner
Bunaser Sanim	Member	President/Independent Commissioner
Agus Suprijanto*	Member	Commissioner
Ridwan Darmawan Ayub	Member	Non-Commissioner
I Gde Yadnya Kusuma	Member	Non-Commissioner
Pamuji Gesang Raharjo	Member	Non-Commissioner

*As of 28 March 2012 no longer holds the position of Commissioner and member of the Risk Management Supervisory Committee.

Membership Composition 29 June 2012 – 31 December 2012

Name	Position	Profession
Aviliani	Chair	Independent Commissioner
Bunaser Sanim	Member	President/Independent Commissioner
Mustafa Abubakar*	Member	Vice President Commissioner
Ahmad Fuad**	Member	Independent Commissioner
Vincentius Sonny Loho***	Member	Commissioner
Ridwan Darmawan Ayub	Member	Non-Commissioner
I Gde Yadnya Kusuma	Member	Non-Commissioner
Pamuji Gesang Raharjo	Member	Non-Commissioner

*Effective as of 27 July 2012 as Vice President Commissioner after gaining approval from Bank Indonesia based on the result of his fit and proper test.

** Effective as of 1 June 2012 as Independent Commissioner after gaining approval from Bank Indonesia based on the result of his fit and proper test

*** Effective as of 5 September 2012 as a Commissioner after gaining approval from Bank Indonesia based on the result of his fit and proper test.

The Risk Management Supervisory Committee's Independency

The Risk Management Supervisory Committee constantly prioritize independency in its performance of duties and report its work to the Board of Commissioners. The committee's members are independent of the Directors and have competence and experience in their respective field.

The committee members are professionals with adequate competence in their fields and a minimum of five years' experience. These professionals have never had any relationship with the Company or familial relationships with other members of the Board of Commissioners and Board of Directors. The committee's members come from different backgrounds, which are strategic management, performance management, risk management, banking/finance and accounting. Thus, will ensure the quality of their recommendations and for them to become sources in the improvement of BRI's risk management practices.

Duties and Responsibilities

According to the Risk Management Supervisory Committee Working Manual, the Committee's function is to help the Board of Commissioners in carrying out its duties of evaluating and ensuring that the Bank's risk management practices constantly fulfill the elements of procedure adequacy and risk management methodology, thus keeping the Bank's activity manageable at an acceptable and profitable limit.

In general, the KPMR's duties and responsibilities include:

1. Annually evaluating and re-evaluating the risk management policies and provide opinions in the form of suggestions and/or recommendations to be used as considerations to improve and refine the required risk management policies.
2. Monitoring the adequacy of the Company's identification, measuring, monitoring, and controlling process, as well as its risk management information system.
3. Quarterly evaluate and analyze the Company's risk profile report and provide opinions in the form of advice and/or recommendations for improvements needed.
4. Analyze and evaluate the Board of Directors' progress report on the implementation of risk management, conducted at least quarterly.
5. Evaluate and Analyze the Board of Directors proposal packages regarding fund allocation for related parties that required the approval from the Board of Commissioners.
6. Evaluate the Company's Work and Budget Plan, Bank's Business Plan and Long Term Plan to obtain the Board of Commissioners' approval.

7. Monitor and/or produce responses to the Bank's Business Plan and Work and Budget Plan realization report.
8. Evaluate and analyze credit approvals for loans exceeding certain amounts that required consultation with the Board of Commissioners.
9. Evaluate the results of monitoring the Company's compliance with Bank Indonesia's regulations and other prevailing regulations.
10. Carry out other duties assigned by the Board of Commissioners.

Meetings and Meeting Attendance

Considering the wide scopes of each risk faced by the Company and their interrelatedness, discussion of problems related to risk management implementations are not only done in the KPMR Meeting forum, but also in the agenda of the Board of Commissioners' Meetings.

In 2012, KPMR held internal meetings and those held with related Divisions/Working Units to evaluate the implementation of risk management. The risks include Market Risks, Liquidity Risks, Credit Risks, Operational Risks, Legal Risks, Compliance Risks, Strategic Risks and Reputations Risks, as stipulated in the prevailing Bank Indonesia regulations.

The Risk Management Committee held 15 meetings in 2012 with the attendance rate of each member as follows:

Name	Number of Meetings	Attendance	Attendance (%)
Aviliani	15	12	80
Bunador Sanim	10	8	80
Mustafa Abubakar**	7	6	86
Agus Suprijanto*	6	5	83
Ahmad Fuad***	7	6	86
Vincentius Sonny Loho****	7	5	71
Ridwan Darmawan Ayub	15	13	87
I Gde Yadnya Kusuma	15	18	80
Pamuji Gesang Raharjo	15	13	87

*As of 28 March 2012 no longer holds the position of Commissioner and member of the Risk Management Supervisory Committee.

**Effective since 27 July 2012 as Vice President Commissioner after gaining approval from Bank Indonesia based on the result of his fit and proper test.

***Effective since 1 June 2012 as Independent Commissioner after gaining approval from Bank Indonesia based on the result of his fit and proper test.

****Effective as of 5 September 2012 as Independent Commissioner after gaining approval from Bank Indonesia based on the result of his fit and proper test.

The 2012 meeting agenda of the Risk Management Supervisory Committee are as follows:

No.	Date	Subject Matter	Directors/Divisions/Working Units
1.	24 January 2012	Fund allocation for related parties	Director of institutional and SOE Business, Director of Finance, Director of Commercial Business
2.	22 May 2012	BRI's Risk Profile for the first Quarter of 2012	Risk Management Division
3.	18 June 2012	Fund allocation for related parties	BRI's Commissioners Institution
4.	4 September 2012	Risk Profile Report for the second quarter of 2012	BRI's Director of Compliance, BRI's Risk Management Division
5.	25 September 2012	1. Anti-Fraud strategy Implementation 2. APU/PPT program implementation 3. Compliance Risk Profile	Director of Compliance, Compliance Division, Risk Management Division
6.	January - December 2012	Loan approval consultation, carried out in 10 (ten) meetings	• Directorate of Commercial Business • Directorate of Institutional and SOE Business

The Risk Management Supervisory Committee Duties and Activities

In 2012, the Risk Management Supervisory Committee carried out the following:

1. Formulate the 2013 Risk Management Supervisory Committee plan and working programs, which are the elaborations of the Committee's Guidelines and Working Procedures.
2. Along with the Audit Committee, the Nomination and Remuneration committee, the Board of Commissioners' Secretary, and the staff of the Board of Commissioners' Secretary formulate the 2013 Board of Commissioners plan and work program.
3. Provide responses and opinions regarding credit facilities which needed Board of Commissioner's consultation
4. Evaluate the Company's Credit Portfolio Performance Report.
5. Review the quarterly report on the Company's Bank Risk Profile.
6. Review the Director of Compliance's monthly and semester reports.
7. Along with the Audit Committee, the Nomination and Remuneration committee, the Board of Commissioners' Secretary and the Staff of the Board of Commissioners' Secretary conduct the review regarding the Board of Commissioners' approval of the drafts and revisions of Bank Business Plan (RBB) and the Company's Budget and Work Plan (RKAP) and the Company's Long Term Plan (RJPP).
8. Along with the Audit Committee, the Risk Management Supervisory Committee, the Board of Commissioners' Secretary and the Staff of the Board of Commissioners' Secretary conduct reviews regarding developments in BRI's monthly performance and provide suggestions and opinions to the Board of Commissioners to be clarified by the Directors in the Board of Commissioners and Board of Directors' Meeting forum.
9. Conduct on-site assessments in BRI's working units.
10. Carry out other duties assigned by the Board of Commissioners.

The Board of Directors' Committees

A number of committees under the Board's authority have been established to improve the effectiveness of the Board of Directors' duties and responsibilities execution. The committees are:

Risk Management Committee (RMC)

RMC is the highest committee in BRI's risk management system. Its members are all the members of the Board of Directors and appointed executives who hold positions one level below BRI's Board of Directors. RMC is non-structural and independent to Operational Working Units.

RMC discusses, reviews and approves suggestions and recommendations presented in the meeting, in line with prevailing regulations. Those suggestions and recommendations include risk management policies, strategies and procedures.

In managing risks, the RMC established Sub-RMCs that give recommendations to BRI's President Director. The established Sub-RMCs are:

1. Operational Risk Management Committee (ORMC), which is the Sub-RMC function discussing issues related to operational risks exposure and the implementation of operational risk management. Operational risks include operational risks, legal risks, reputation risks, strategic risks, and compliance risks.
2. Credit Risk Management Committee (CRMC), which is the Sub-RMC function discussing issues related to credit risk exposures and credit risk management implementation.
3. Market Risk Management Committee (MRMC), which is the Sub-RMC function discussing issues related to market risk exposure and the implementation of market risk management. Market risks include exchange rate risks, interest rate risks and liquidity risks.

Structure and Membership

The complete Structure and Membership of the Risk Management Sub Committee are stipulated in the Directors' Decree No.519-DIR/DMR/07/2011 dated 18 July 2011. Short descriptions of each Risk Management sub Committees are as follows:

RMC (Risk Management Committee)

Chair : President Director
 Chair I : Director of Compliance
 Chair II : Director of Credit Risk Control
 Secretary I : Risk Management Division Head
 Secretary II : Credit Administration Division Head

Permanent members:

- All members of the Board of Directors, including the President Director (have voting rights)
- All Heads of Divisions (without voting rights)
- Special Branch Head (without voting rights)
- Regional Heads in DKI Jakarta (without voting rights)
- Inspectors in DKI Jakarta (without voting rights)

Non-permanent members : Invited based on the relevance of the matters discussed

RMC's membership is composed of permanent members with or without voting rights, and non-permanent members. Voting rights are rights to vote should the deliberation method fails to reach a consensus

ORMC (Operational Risk Management Committee)

Chair I : Head of the Risk Management Division
 Chair II : Head of the Service Division
 Secretary : Head of the Operational Risk Management Group
 Permanent Members : Heads of Divisions related to Operations.
 Non-Permanent Members : Invited according to their relations to issues discussed

CRMC (Credit Risk Management Committee)

Chair I : Head of Risk Management Division
 Chair II : Head of Credit Administration Division
 Secretary : Head of Credit Risk Review and Monitoring Group
 Secretary II : Head of Credit Risk Methodology and Policy Group
 Permanent Members : Heads of Divisions in charge of Businesses and Treasury
 Non-Permanent Members : Invited according to their relations to the issues discussed

MRC (Market Risk Management Committee)

Chair I : Head of Risk Management
 Chair II : Head of Treasury Division
 Secretary : Head of Market Risk and Integrated Risk Management Group
 Permanent Members:

- Head of the International Business Division
- Head of the Accounting and Financial Management Division
- Head of the Center of Operation Division

 Non-Permanent Members : Invited according to their relations to the issues discussed

RMC's Authorities and Responsibilities

1. Provide recommendations to the President Director regarding the formulation of Risk Management Policies and its amendments if needed, including the implementation of risk management policies, risk management strategies and contingency planning should abnormal external conditions occur.
2. Provide recommendations to the President Director to determine risk measuring methodology and its amendments.
3. Recommends the risk limits and its amendments.
4. Present risk profile reports and risk monitoring results as well as recommendations on amendments if necessary.

RMC's 2012 Working Program

RMC's 2012 Agenda includes:

1. The follow-ups for previous RMCs.
2. Risk Profile
3. Risk Issue in 8 types of risk profile.
4. Risk Monitoring
5. Capital Analysis
6. Basel implementation and Risk Management
7. Building Awareness about Risk Management
8. RMC's recommendations and decisions

RMC and Sub-RMCs Meeting Frequency

RMC was held 13 (thirteen) times in 2012. The attendance rate for each RMC meeting has met the quorum terms, which states that at least 2/3 of permanent members, including three Directors with one of them being Director of Compliance, must attend the meeting.

The 2012 RMC schedule and Subject Matters are as follows:

Activity	Schedule	Agenda
RMC IV-2011	30 January 2012	<ul style="list-style-type: none"> • Discussing BRI's Risk Profile for the fourth quarter of 2011 • Discussing risk issue (The growth and quality of credit, third party funds in Rupiah and Foreign Currency, the implementation of Standardized Approach Basel II) • Capital Analysis • RMC's Recommendations and Decisions • Discussing Mortgage Loan's collateral review
CRMC I-2012	11 April 2012	<ul style="list-style-type: none"> • Discussing credit risk profile • Discussing Internal risk rating
ORMC I-2012	11 April 2012	Discussing Priority Banking Services, Anti-Fraud Strategies, Operational Risks - RWA Calculation
RMC I-2012	26 April 2012	<ul style="list-style-type: none"> • Discussing BRI's Risk Profile for the first quarter of 2012. • Discussing risk issue (Allowance for Impairment Losses (CKPN) for Disaster Calculation Method, working units' cash ratio, BRI's Business Continuity Management road map) • Capital Analysis • RMC's Recommendations and Decisions
ORMC II-2012	15 June 2012	Building awareness for Anti-Fraud Strategy, Reporting of Loss from Operational Risks, Discussing Top Risk Issue in the Operational Sector
CRMC II-2012	28 June 2012	Discussing Credit's Risks and Credit Operation's Risks
RMC II-2012	30 July 2012	<ul style="list-style-type: none"> • Discussing BRI's Risk Profile for the second quarter of 2012 • Discussing risk issues (implementation of Anti-Fraud Policies, market risk limits, NPL-causing variables, credit's performance and quality) • Capital Analysis • RMC's Recommendations and Decisions
ORMC III-2012	26 September 2012	Discussing Top Risk Issues in the Operations sector, the implementation of Business Continuity Management and Risk Management Forum
CRMC III-2012	27 September 2012	Discussion of credit concentration per economic sector, Credit Risk Management Information System, and Discussion of Credit Top Risk and Crediting Operations Top Risks
RMC III-2012	29 October 2012	<ul style="list-style-type: none"> • Discussion of BRI's Risk Profile for the third quarter of 2012 • Discussion of risk issues (strategy in facing ASEAN Economic Community, preparations for Basel III, Risk Based Pricing) • Capital Analysis • RMC's Recommendations and Decisions
MRCM	7 December 2012	Discussion of BRI's Third Party Fund in Foreign Currency
CRMC IV-2012	18 December 2012	Discussion of Credit Rating/Scoring, Credit Portfolio Performance per Economic Sector and Credit Concentration Limit
ORMC IV-2012	19 December 2012	Discussion of Operational Top Risk Issues, Supervision of BRI's Working Units' Operations.

The RMC Forum has become an excellent means to accommodate inter-divisional coordination. The Forum produced several strategic suggestions regarding risk management in BRI.

Assets and Liabilities Committee/ ALCO

The Asset-Liability Committee (ALCO) is a committee which assists the Board of Directors in managing the Assets and Liabilities in an integrated manner, determining interests rates for deposits and loans, determining mismatch policies, net open position and interest rate risks, managing and determining balance sheet and capital structure, and providing recommendations to the Board of Directors, who will then determine policies to be decided in ALCO Meetings.

ALCO's Structure and Membership

The Assets and Liabilities' Committee's Organizational Structure is stipulated in the Board of Directors' Decree No.650-DIR/TRY/10/2009 dated 30 October 2009 with a general description as follows:

Chair (and member)	: President Director
Substitute Chair I (and member)	: Director of Finance
Substitute Chair II (and member)	: Substitute Director for Director of Finance (in line with the Decree about Substitute Directors)
Secretary (and member)	: Head of the Treasury Division
member	: - Board of Directors - All Heads of Business, Fund and Service Divisions as well as Operational Divisions - Regional Heads in Jakarta - Heads of Special Branch Office

Assets and Liabilities Management (ALM):

ALM is ALCO's supporting group of analysts with a tasked of conducting analysis of fund sources and usage, Maturity and Repricing Gap, Primary and Secondary Reserve, monitoring of NOP, drafting the scenario for deposit's interest rate level and pricing loans and alternatives, drafting a funding strategy

and preparing data, presentation materials and equipment needed for ALCO meetings.

ALCO's Tasks and Responsibilities

1. Determining the policies of Assets and Liability management in an integrated manner.
2. Determining prime rates for deposits, loans and fund transfer price.
3. Determining mismatch policies and net open position (NOP).
4. Managing and determining the structures of balance sheets and capital.
5. Ensuring that the Asset and Liability management is carried out in line with policies produced in ALCO meetings.

ALCO Working Programs

ALCO holds meetings periodically, at the minimum frequency of once a month to discuss the management of BRI's assets and liabilities in relations to the Board of Directors' strategy and policies for the bank's performance developments, the Bank's portfolio composition and growth, risk management (mismatch limit manual and net open position) and interest rates for deposits and loans, as well as fund transfer price.

ALCO Meetings Frequency

ALCO held 12 meetings (each month) in 2012, with the attendance percentage of each ALCO meeting fulfilling the quorum (attended by 2/3 of the ALCO members). Meetings are usually held on the fourth week of the month.

ALCO meeting's routine agenda is Performance Evaluation, Asset & Liability, Market Review, Analysis of the development of BRI's shares, analysis of the development of Fee-Based Income, presentations about the Regional Offices' Performances, Asset and Liability Management Recommendations, ALCO Meeting's Decisions.

ALCO Work Program Realization

ALCO Meetings routinely evaluate BRI's asset-liability performance and determine the prime interest rates for loans, deposits and fund transfer prices. ALCO

meetings are also forums to provide information regarding market conditions and current issues for BRI's Board of Directors and Executives. These current issues include macro economic conditions, national banking industry conditions, new regulations and things that are of interest to investors/market expectations.

ALCO meetings are also a strategic forum to convey business directions and strategies as well as solutions for work problems by the Board of Directors.

Credit Policy Committee

Credit Policy Committee is a committee to assist BRI's Board of Directors in formulating credit policies and to provide suggestions for improvement related to credit policies.

Credit Policy Committee's Structure and Membership

The complete Structure and Membership of the committee are stipulated in Board of Directors Decree No. S.114-DIR/ADK/06/2012 dated 29 June 2012:

Chair : President Director

Secretary : Head of Credit Administration Division (also a member of the Committee)

Members : - 7 Directors of Business, Finance and Compliance
- 17 Heads of Divisions in charge of Business, Strategic Plan and Legal matters

Credit Policy Committee's Tasks and Responsibilities

1. Provide input to the Board of Directors in formulating BRI's General Credit Policy (KUP), especially those related to formulation of prudential principles in credit, as stipulated in BRI's KUP.
2. Ensure that BRI's KUP is implemented consistently, and formulate solutions should there be any challenges in the implementation. the committee periodically reviews BRI's KUP and provides the Board of Directors with suggestions should any amendments or improvements be needed.
3. Monitor and evaluate:
 - a. Whether proper implementation of credit decision making authority was carried out
 - b. Whether proper processes to grant credits to parties related to the bank and certain large debtors was carried out, as well as the developments and quality of such credit.

- c. Whether proper implementation of BMPK (Legal lending limit) regulations was carried out.
 - d. Compliance with legal regulations and other regulations in granting loans.
 - e. Whether settlements for bad credit are in accordance with those stipulated in KUP-BRI
 - f. The fulfillment of the amount of Provision for Loss of Productive Assets (PPAP)/ Allowance for Impairment Losses (CKPN)
 - g. Certain large debtors and special mention loans.
4. Conduct studies to rate the effectiveness of Internal Control System for Crediting.
 5. Produce written reports periodically and provide suggestions about improvement steps to the Board of Directors, with copy of the reports send to the Board of Commissioners, regarding:
 - a. Results of the monitoring of BRI's KUP implementation.
 - b. Monitoring and evaluation results of matters related to points described in number 3.

Credit Policy Committee Work Mechanism

The daily functions, tasks and responsibilities of the committee are conducted by the committee's Secretary with related Divisions.

In 2012, 1 (one) meeting was held, with details as follows:

Activity	Schedule	Agenda
KKP Meeting	4 September 2012	Revision of BRI's General Credit Policy

Realizations of Credit Policy Committee's Work Programs

With regards to the meeting described above, BRI published director's decree No. S.140-DIR/ADK/12/2012 dated 4 December 2012 about the sixth amendment of BRI's General Policy on Credit.

Credit Committee

The Credit Committee is an operational committee to assist the Board of Directors in evaluating and/or approving loan for certain amount and/or types of loans determined by the Board of Directors.

The Credit Committee Structure and Membership

The Credit Committee's structure and membership are stipulated in Director's decree No.S.114-DIR/ADK/06/2012. dated 29 June 2012 with descriptions as follows:

Credit Committee's Structure and Membership

Credit Committee	Members	Final Decision Maker
BRI's Credit Committee (for loan approval)	Director of Commercial Businesses Director of Institutional and SOE Businesses Director of MSME Business Director of Consumer Businesses Director of Credit Risk Control	President Director
BRI's Credit Committee (For decisions about Money Market Line and Treasury products)	Director of Finance Director of Commercial Business Director of Institutional and SOE Businesses. Director of UMKM Businesses Director of Consumer Business Director of Credit Risk Control	President Director
Directors' Committee 1 (KKD-1) (For medium segments loan approval which initiated by Regional offices and Program and Partnership Business Division)	Director of MSME Businesses Director of Commercial Businesses Director of Credit Risk Control	
Directors Committee 2 (KKD-2) (For medium and corporate loans segment approval which initiated by the SOE Businesses Division)	Director of Institutional and SOE Businesses Director of Commercial Businesses Director of Credit Risk Control	
Directors Committee 3 (KKD-3) (For medium and corporate loans segment approval which initiated by General Business and Agribusiness Division and consumer loan approval)	Director of Commercial Businesses Director of Consumer Businesses Directors of Credit Risk Control	
Director's Credit Committee for Restructuring and Settlement of Bad Loans	Director of MSME Businesses Director of Commercial Businesses Director of Institutional and SOE Businesses Director of Consumer Businesses Director of Credit Risk Control	

The Credit Committee's Tasks and Responsibilities

The Credit Committee's Task is to approve or reject loans according to the limits of authority set by the Board of Directors. The Committee is also in charge of coordinating with ALCO in the funding aspect for credit with certain amounts determined by ALCO.

The Responsibilities of the Credit Committee are:

1. Perform its duties and responsibilities in loan approval based on its professional capacity in an honest, objective and meticulous manner.
2. Reject the request and/or influence from parties with vested interests to give loan approval that is a mere formality.
3. Signs the loan approval forms as proof of loan granting decision as a form of credit committee's responsibility. Therefore, before providing their signatures, the Committee must:
 - a. Ensure that any loans in compliance with banking regulations and healthy loan principles.
 - b. Ensure that loan disbursement in compliance with BRI's General Credit Policy (KUP), Credit Guidelines (PPK) and other regulations.
 - c. Ensure that loan disbursement is based on honest, objective and prudent assessment and is free from any influences of those with vested interests towards loan applicant.

The Credit Committee's Meetings Frequency

The meetings of the Credit Committee are held when decisions regarding new loan or top-up of existing ones are needed. Decisions of BRI's Credit Committee are made using the majority principle, but decisions for Credit Committees aside from BRI Credit Committee are made using the unanimous method.

Loans with minimum total exposure of Rp300 billion for single debtors or business groups require consultation with the Board of Commissioners. Consultation with the Board for Agribusiness and SOE loans are held if the total exposure of each loan is a minimum of Rp600 billion and Rp500 billion.

Realization of BRI's Credit Committee Working Program

Credit Committee's Approval in 2012

Period	BRI's Credit Committee Approval	Board of Directors' Credit Committee's Approval	Board of Directors' Restructuring Credit Committee's Approval
2012	238	54	15

Information Systems and Technology Steering Committee (ITSC)

In accordance with Bank Indonesia's Regulation No.9/15/PBI/2007 dated 30 November 2007 and Bank Indonesia Decree No. 9/30/DPNP dated 12 December 2007 – both regarding the subject of Risk Management in the use of Information Technology by Commercial Banks, BRI has established the Information System and Technology Steering Committee through its Board of Directors' Decree No: 625-DIR/TSI/10/2009 dated 19 October 2009 regarding PT Bank Rakyat Indonesia (Persero) Tbk's Information System and Technology Steering Committee

ITSC is responsible for giving instructions and recommendations regarding the policies, development and implementation of BRI's information system.

ITSC Structure and Membership

ITSC's Structure and Membership are established through the Board of Directors Decree No. 625-DIR/TSI/10/2009 dated 19 October 2009. Their short description is as follows:

Chair : Director of Operations
 Vice Chair : Director of Compliance
 Secretary : Head of the Technology and Information System Division
 Members : 19 Heads of Business, Operations and Internal Audit Divisions

The Committee's Memberships are of ex-officio nature and members of the committee represent parties directly related with Information System Technology (IST), as partners or users.

ITSC's Tasks and Responsibilities

1. Provide recommendations regarding BRI's long term (5 years) IST Development target policies plan, stipulated in BRI's IT Strategic Plan (ITSP)
2. Provide recommendations regarding priorities in BRI's TSI development for the short term (annual) and long term (5 years), in line with the Corporate Plan and Bank Business Plan to be implemented by BRI's management;
3. Provide recommendations regarding changes in IST strategies and plans in the long term as a consequence of changes in BRI's policies and business strategies;
4. Conduct reviews and recommend Functional Work Plan and Investment Budget Work Plan and BRI's IST Exploitation for the short term (annual) development, Operations and maintenance of BRI's IST – using BRI's ITSPs as a manual;
5. Conduct monitoring and evaluation of BRI's IST project development to ensure that the developments are in line with designated plans and strategies;
6. Conduct routine IST developments monitoring and evaluation of IST realizations and development projects managed by IST Division.

7. Monitor the effectiveness of risk management measures on IT investment to ensure that these investment contributed to the achievement of BRI's business objectives.
8. Recommend efforts to settle all IST-related problems that cannot be settled effectively, efficiently and in a timely manner by the IST users and workers.

ITSC Working Program

The ITSC Working program is to carry out tasks and authorities in line with regulations related to matters discussed in the committee meetings.

Realization of Working Program

In the meeting, ITSC evaluate BRI's IT developments and discuss matters that are relevant to the meeting's agenda. The Board of Directors provides guidance regarding strategies, especially those related to the developments of particular e-channels that are considered in need of extra attention. The Board of Director also warns, however, that application developments should not ignore mandatory developments.

ITSC Meetings Frequency and Meetings Agenda

ITSC held the meetings below in 2012:

Time	ITSC meeting Topics/Agenda
April 2012	<ul style="list-style-type: none"> • IST Organization and Human Resources • 2012 IT Budget and Projects • 2008-2013 ITSP • IT Business Continuity Management • IST Performance • IT Development Progress
June 2012	Realization of 2012 IT Budget and Projects
December 2012	<ul style="list-style-type: none"> • Realization of 2008-2013 ITSP • Realization of IT Budget • Progress and Realization of IST Activities • DRC Switch Over X/Live Production • IT performance

Project Management Office (PMO) Steering Committee

PMO Steering Committee is the highest forum/committee in BRI's corporate level project management. Its role is to provide strategic instructions in project management. Strategic decisions in project management include investment decisions related to project matters, including approving, changing or cancelling project plans and execution.

PMO Steering Committee Structure and Membership

Its complete structure and membership is stipulated in the Board of Directors' Decree No. 647-DIR/REN/09/2011 dated 30 September 2011. The short description is as follows:

Chair : President Director

Members : - Directors holding the Head of PMO position

- Members of the Board of Directors in charge of Working Units responsible for the Projects
- Members of the Board of Directors in charge of Working Units Supporting the Projects
- Heads of the Working Units Responsible for the Projects
- Heads of the Working Units Supporting the Projects

PMO Steering Committee's Duties and Responsibilities

1. Provide instructions on corporate project strategies for BRI;
2. Make decisions on the basis of suggestions to settle matters in project governance should the Head of PMO or the Project Steering Committee fail to make a decision regarding the matter;
3. Reallocate inter-project budgets already listed in the Project Work Plan in line with prevailing regulations;
4. Make decisions regarding matters not regulated in the PMO and PP MO General Policies;
5. Authorize the results of the Joint Planning Session;
6. Terminate a project if it is deemed devoid of any reasons to progress.

PMO Steering Committee's Programs and Realization of Working Programs

In carrying out its functions, the PMO Steering Committee holds a minimum of 1 (one) meeting a year, and it is responsible to BRI's Board of Directors.

PMO Steering Committee Meeting I in 2012

Date	Agenda	Members Meeting
6 September 2012	<ol style="list-style-type: none">a. 2012 Project's Status Progress up to August 2012b. Realization of the Budget for 2012 Projectsc. Project Problemsd. Projects needing Special Attentione. Planning for 2013 Projectsf. Recommendations for PMO-SC Decisions	<ol style="list-style-type: none">a. Head of PMO (BRI's Director of Compliance)b. Directors in charge of Working Units Supporting the Projects (BRI's Director of Operations).c. All Heads of Working Units in Charge of the Projects (appointed representatives) and Heads of Working Units Supporting the Project (appointed representatives)

Human Resources Policy Committee

The Human Resources Policy Committee is an operational committee, which has the authority to determine policies in the Human Resources management. The Committee was established in 2008 to increase effectiveness, efficiency, objectivity and transparency in decision making in matters related to human resources and to convince stakeholders that policy determining for Human Resources matters have been carried out in line with GCG principles.

The Human Resources Policy's Structure and Membership

Chair	: President Director
Members	: All members of BRI's Board of Directors
Secretary	: Head of the Human Resources Policy and Development Division
Vice Secretary	: Vice Head of the Human Resources Policy and Development Division

Frequency and Agenda for the Human Resources Policy Committee's Meetings

The Human Resources Policy Committee held 9 meetings on policies and 13 meetings on Operations in 2012, with committee member attendance percentage of 100%. Details regarding the meetings are as follows:

Date	Meeting's Topic/Agenda in relations to Human Resources Policies
6 January 2012 - 16 January 2012	Amendments for BRI's Pension Fund Regulations
9 February 2012 - 24 March 2012	Regulations on Short-Term Incentives Payment
10 February 2012 - 16 May 2012	Personnel Grade Improvement and Promotions
8 March 2012 - 22 March 2012	Regulations regarding 2012 Normal Distribution
20 March 2012 - 2 April 2012	Regulations Regarding 2011 Bonus for BRI Workers
28 June 2012 - 8 August 2012	Performance-based basic Salary Increase
30 July 2012 - 29 October 2012	Regulations regarding the 2012 Short Term Incentives
1 October 2012 - 28 December 2012	Human Resources Management General Policies
30 October 2012 - 26 November 2012	Amendments in BRI's Pension Fund Regulations

Date	Topics/Agenda for Meetings about Human Resources Operations
6 January 2012	Transfers/Promotions for Echelon 1 and 2 Executives
10 January 2012	Transfers/Promotions for Echelon 1 and 2 Executives
6 March 2012	Transfers/Promotions for Echelon 1 and 2 Executives
3 April 2012	Transfers/Promotions for Echelon 1 and 2 Executives
17 April 2012	Transfers/Promotions for Echelon 1 and 2 Executives
24 April 2012	Transfers/Promotions for Echelon 1 and 2 Executives
2 May 2012	Case Analysis
7 May 2012	Case Analysis
15 May 2012	Transfers/Promotions for Echelon 1 and 2 Executives
1 June 2012	Transfers/Promotions for Echelon 1 and 2 Executives
29 June 2012	Case Analysis
13 July 2012	Case Analysis
25 July 2012	Transfers/Promotions for Echelon 1 and 2 Executives

The Human Resources Policy Committee's Duties and Responsibilities

As an operational committee in the Human Resources sector, The Human Resources Policy Committee possesses the following authorities:

1. Making decisions related to Human Resources policies, including Human Resources planning, recruitment and selection, career development, performance management, welfare, industrial relations, assessment and Human Resources Management Information System (SIM-SDM).
2. Making decisions related to Human Resources Operations, including transfers (promotions, rotations, demotions) performance assessment and disciplinary punishment for Echelon 1 and 2 Executives.

The Human Resources Policy Committee's Working Programs

The Human Resources Policy Committee's Working Programs include the making of regulations in the Human Resources policies and Operations sector. The Committee's structure and membership are established through BRI's Board of Directors Decree No. S.109-DIK/02/2008 dated 29 February 2008.

Position Evaluation Committee

The Position Evaluation Committee's duties are to review and recommend Position Categories recommended by the Position Evaluation Team

The Position Evaluation Committee's Structure and Membership

In line with the Board of Directors' Decision Decree No. S.38-DIR/REN/05/2010 dated 19 May 2010 on the Execution of Organization's General Policies Manual, the Committee's structure and membership are as follows:

1. Director of Compliance
2. Director of Operations
3. Head of Strategic Planning and Business Development Division
4. Head of the Human Resources Policy and Development Division

The membership's nature is ex-officio, and not based on the individual.

The Position Evaluation Committee's Duties and Responsibilities

The Position Evaluation Committee's Duties and Responsibilities are

1. Providing instructions and inputs on Position Category recommendations prepared by the Position Evaluation Team during the Position Evaluation Committee meeting.
2. Recommending Position Categories requiring the approval of BRI's Board of Directors through the Board of Directors' Meeting. The results of Position Category are stipulated in the Board of Directors' Decree.

The Position Evaluation Committee's Working Programs

The Position Evaluation Team carries out Position Evaluation. The results are then presented to The Position Evaluation Committee.

The Position Evaluation Committee's Meeting Frequencies

On 13 August 2012, The Position Evaluation Committee held 1 (one) meeting with the agenda of Position Evaluation results by Position Evaluation Team, which was conducted on 6 to 8 June 2012.

Corporate Secretary

The Corporate Secretary has strategic position of ensuring compliance and administrative procedures in decision making, and carrying out the corporate communications function to build the company's goodwill.

Corporate Secretary's Functions

In line with the State-Owned Enterprises Ministry Decree No. PER-01/MBU/2011 dated 1 August 2011 on Good Corporate Governance Implementation, the Corporate Secretary's functions include:

1. Ensure that SOEs comply with regulations about disclosure requirements in line with the implementation of GCG principles;
2. Provide information needed by the Board of Directors and Board of Commissioners periodically and if requested;
3. As a liaison officer; and
4. Filing and storing the company's documents, which include the Shareholders' List, Special Lists, the minutes of Board of Directors' Meetings', Board of Commissioners' Meetings and Shareholders' Meetings.

According to regulation, the main task of BRI's Corporate Secretary is to build BRI's Corporate Image through a public relations function, investor relations function and corporate secretariat functions, including the Board of Director's and Board of Commissioners' Bureau, as well as managing information for related working units and stakeholders, to support the company's performance achievements, in accordance with the company's vision, mission and strategy.

The Corporate Secretary has the responsibility of ensuring smooth communication between the company and stakeholders, as well as ensuring the availability of information accessible to stakeholders in accordance with the reasonable needs of stakeholders.

With those strategic duties and responsibilities, BRI's Corporate Secretary is directly responsible to the President Director and reports their task executions to the Board of Commissioners.

Public Relations

The Corporate Secretary carries out proper public relations activity to communicate the company's programs in fulfilling its responsibility as a part of the state and community, as well as stakeholders' empowerment.

The aim of proper public relations is essentially to build a good corporate image through activities involving print, electronic and outdoor media, exhibitions, or cooperation's with third parties such as press relations, government relations and other parties.

In 2012, BRI conducted several public relations activities as follows:

Activity	Date
Post Investment Grade Seminar, Cooperation between BRI and Bisnis Indonesia	12 January 2012
2012 Adikriya Indonesia Exhibition at JCC, Jakarta	7 March 2012
2012 National Entrepreneurial Movement Exhibition in Smesco, Jakarta	8 March 2012
2012 Annual General Meeting of Shareholders	28 March 2012
Venlo 2012 Holland World Expo Floriade	5 April-7 October 2012
The provision of 35,000 nine basic needs packages in 25 coastal areas	9 April 2012
Inacraft exhibition in JCC	25 to 29 April 2012
Indonesian Computer Festival in six big cities in Indonesia (Jakarta, Surabaya, Semarang, Bandung and Yogyakarta)	6 to 10 June 2012
2012 Indonesia Banking Expo (IBEX) at JCC	27 June to 1 July 2012
Press Gathering in Hotel Bukit Indah Purwakarta	7 - 8 July 2012
PKBL chat, in cooperation with the SOE Ministry and 30 SOEs in BRI's Central Office	31 July 2012
Sound of Nusantara Ramadhan Bazaar in Dhanapala	1-3 August 2012
Break fasting with 3,500 orphans in JCC	10 August 2012
Hosting the Limited Cabinet meeting	10 August 2012
Break fasting with reporters in BRI's Central Office	13 August 2012
PON Expo in Pekanbaru	12 -20 September 2012
Jakarta 2012 Muslim World BIZ exhibition at JCC	12 - 16 September 2012
Publishing of the KKPE (Energy and Food Resilience Credit) and PNPM Program	13 September 2012
Media visit to Metro TV newsroom	2 October 2012
2012 International Embroidery Festival at JCC	4-7 October 2012
Media visit to Kompas newsroom	8 October 2012
International Microfinance Summit in Yogyakarta	22-23 October 2012
Speedy NBL & WNBL '13 Exhibition	31 October 2012 - 26 May 2013

Activity	Date
Indocomtech 2013 Exhibition at JCC	31 October - 4 November 2012
Pekan Kreatif Indonesia Exhibition at Epiwalk Epicentrum	21-25 November 2012
Pasar Murah BRI at the Parking Hall of Trisakti's D Building	1 December 2012
Banker Expo 2012 at Tennis Indoor Senayan	5-6 December 2012
Indonesian National Shipowner Association (INSA) Exhibition at Ritz Carlton	7 December 2012
Futsal for Forum Wartawan Sahabat Pers BRI (BRI's Press Friends Forum)	15 December 2012
Family Gathering for BRI's 117th Birthday	23 December 2012
CSR channeling for BRI's 117 th Birthday:	
• Mass Circumcision, Charity for the Orphanages, Islamic Boarding Schools and Homes for the Aged	8 December 2012
• Blood Donor	12 December 2012
• Symbolic Handing of 1,000 trees through Iwan Fals	23 December 2012

Investor Relations

The Company has established the Investor Relations function as a bridge between the company and the stock market as well as other external parties. Investor Relations is under the authority of Corporate Secretary. It is responsible for ensuring transparency, as one of the GCG principles to the stock market community, is fulfilled. Investor Relations develop relations with investors of shares, bonds and other valuable papers, as well as analysts, journalists, trustee agent, rating agencies, self regulatory organizations, as well as other related financial communities.

To comply with the rules and increase effective communications, BRI holds public expose and analyst meetings, hosts company visits, field visits and conference calls. It publishes investor newsletters, updates information on the investor relations website, and participates in investor conferences and non-deal road show in the country and the world's financial center cities in Asia, Europe and the United States. BRI provides information regarding the latest in the company's developments through General Meeting of Shareholders and the publishing of Annual Reports. BRI disseminates information for all staff members through internal communications channel to ensure equality among stakeholders in information dissemination.

BRI is committed to convey accurate and timely information to protect investors' interests, especially from the risk of making the wrong investment decisions due to lack of information, insider training, misinformation, or other unethical conducts related to information availability.

To convey accurate information, BRI through the Corporate Secretary held one Annual General Meeting of Shareholders in 2012 and announced a string of material information and other information related to corporate actions through correspondence forums with stock market authorities (Bapepam-LK and the Indonesian Stock Exchange) and through the publishing of press releases (Details regarding press releases and BRI's correspondence with stock market authorities are available in this Annual Report's appendix). BRI published Annual Reports in two languages: Indonesian and English, in 2012. The Report contains

information regarding the Company's performance. Shareholders and the public can obtain information regarding the company's developments through the website: www.ir-bri.com

BRI holds a number of communication activities with investors, with details as follows.

Communication activities with investors

Activity	2012
Company Visit	200
Conference Call	65
Field Visit	44
Analyst Meeting	4
Analyst Gathering	1
Roadshow/Conference (Domestic)	6
Roadshow/Conference (Overseas)	9
Investor Newsletters	1
Public Expose	1
Total	331

Board of Directors and Board of Commissioners Bureau

BRI's Corporate Secretary also functions as officer of the board to ensure the availability of information and the achievement of the quorum in decision making by the Board of Directors and/or Board of Commissioners. The Corporate Secretary is responsible for updating information regarding rules and regulations to be complied with, and disseminate corporate action information to relevant regulators. To carry out its compliance function, the Corporate Secretary carries out its government relations function to create and preserve the company's goodwill in the eyes of regulators.

Communicating with Investors

Investors are strategic stakeholders whose decisions are highly influenced by the quality and timeliness of information they received. Untimely information might benefit some parties in an unreasonable and

illegal way, because it might allow self-dealing, insider trading, misinformation or other unethical deeds.

One of the Corporate Secretary's activities which has the function of ensuring the delivery of material information to shareholders is General Meeting of Shareholders and the creation of an Annual Report. One of the Meeting's agenda is the accountability report regarding the company's management from the Board of Directors and Board of Commissioners to Shareholders.

The Corporate Secretary constantly builds good communication with the stock exchange community, especially the investors and analysts. Subject matters communicated directly to the investors or through analysts are important information used as the basis to make an investment decision.

In building communication with investors and analysts, BRI holds public expose and analyst meetings, hosts company visits, field visits, conference calls, publishes investor newsletters, updates information published on the investor relations website and participates in investor conferences and non-deal road shows in the country or in cities that are the world's financial centers in Asia, Europe and the United States. Communication with investors in 2012 was carried out through company visits, field visits and road shows/conferences in the country and overseas.

Access to corporate data and information

To make it easy for stakeholders in accessing information about the company, Bank BRI always provides information in an integrated, timely and effective manner through the website www.bri.co.id, which contains information about BRI's products and services, financial information, career and other information about Bank BRI.

For further information, customers can dial Call BRI 14017 or (62-21) 500 017/579 87400. Investors can directly contact BRI's Investor Relations via e-mail with the e-mail address ir@bri.co.id or call (62-21) 575 1969.

Internal Control System

Internal Control Systems (SPI) are a mechanism for monitoring processes established by the Bank on an ongoing basis. The system's design and execution quality largely depends on the commitment of the Board of Commissioners, Board of Directors and all the Bank's Executives and Staff members. In line with article 26 of the SOE Ministry Regulation No. PAER-01/2011, which replaces Regulation No-KEP-11/M-MBU/2002, on the implementation of Good Corporate Governance Practice for SOEs, BRI constantly develops its Internal Control System. BRI has conducted internal control activities in accordance with the international standard in COSO ERM framework encompassing Internal Environment, Objectives Setting, Event Identification, Risk Assessment, Risk Response, Control Activities, Information & Communication, and Monitoring.

This effort is carried out in order for BRI to obtain adequate assurance in safeguarding the Bank's asset, guarantee the availability of accurate reports, increase compliance with prevailing regulations, reduce the impacts of financial losses, deviance, including fraud and breach of prudent aspects and increase the organization's effectiveness as well as increasing cost efficiency.

SPIs are implemented in BRI to achieve the following aims:

1. Assurance that BRI in compliance with all regulations and laws that apply in all operating activities. These regulations include those issued by the government, Bank monitoring authority and internal policies, rules and regulations.
2. Ensure the availability of correct, complete and timely financial and management information. This includes relevant information needed in decision making.
3. Gain efficiency and effectiveness from the Bank's business activities, through, among others, the increasing of effectiveness and efficiency in the employment of assets and other resources and in protecting the bank from the risk of losses.
4. Increase the effectiveness of risk culture in all parts of the organization comprehensively, especially in identifying weaknesses and early detection of deviations, rating the reasonableness of policies and improving all relevant work procedures.
5. Reduce the impact of losses and deviation, including fraud/cheating and breach of the prudential aspect.

Evaluation of the Effectiveness of Internal Control System

BRI continuously evaluates the effectiveness of SPI implementation. The monitoring and mitigation of banking activities' main risks are always prioritized and they function as part of the daily SPI activities conducted by operational work task forces or by the Internal Audit Unit. BRI evaluates and monitors the adequacy of internal control systems constantly due to changes in the internal and external conditions in regards to constantly expanding businesses and it engages in efforts to increase SPI's capacity to increase its effectiveness.

Evaluation of the effectiveness of SPI implementation based on functionary activates and major business processes conducted on several of interrelated control components includes:

1. Controlling the environment,
2. Risk identifying, rating and mitigation,
3. Controlling and separating functions,
4. Information, accounting and communications system, and
5. Monitoring activity and corrective activities for deviations/weaknesses.

Evaluation results of the internal control system implementation are use as the basis for BRI's Management in evaluating the internal control system effectiveness. Therefore, the management could determine steps to improve and perfect the controlling system or policies. This will improve the

operational activities effectiveness while minimizing risks that will cause losses for the Company. The monitoring and evaluation are further elaborated in various policies in the form of Manuals, Operational Guides and Work Instructions. From the meetings results held between the Board of Commissioners, Committees, Audit Taskforce and several related divisions, it has been concluded that BRI has an adequate internal control system.

2012 was the year of comprehensive GCG implementation for BRI, therefore the main focus for compliance is to work towards the consistent and sustainable implementation of Good Corporate Governance in all of the organization's levels, by applying basic principles of transparency, accountability, responsibility, independency and fairness (TARIF).

Therefore, a number of strategic steps are needed to be conducted intensively in order to constantly build, apply and evaluate GCG implementation process in BRI. This aims to ensure that BRI's business activities are healthy and complying with the law, and protecting the stakeholder's interests.

Compliance Function

The practice of Compliance Functions refers to PBI No. 13/2/PBI/2011 dated 12 January 2011 on the Implementation of Compliance Functions for Commercial Banks. BRI's Compliance Functions are carried out by its Compliance division, comprising the Director of Compliance and Compliance Division. In 2012, the position of Director of Compliance was held by Randi Anto, who has held the position since 12 July 2011. M. Jarot Eko Winarno holds the position of Head of the Compliance Division. Both have fulfilled the independency prerequisites and criteria set by Bank Indonesia.

BRI has finished its structuring, established a Compliance Charter and perfected its internal policy on Compliance Culture Implementation in BRI's Working Units, as stipulated in the BI Regulation.

Strategy

BRI develops Compliance activities as one of management tools that will contribute and support a prudent, healthy and transparent business and operational activities. The implemented strategy creates synergy between the compliance function and business function. This is described in 3 pillars:

1. The implementation of prudential principles
2. The implementation of Good Corporate Governance (GCG)
3. The implementation of Anti Money Laundering Program (APU) and the terrorism's financing prevention program (PPT)

The Implementation of prudential principles

Carried out through a variety of activities, including:

1. Reviewing and perfecting compliance policies if needed
2. Developing Human Resources to support the implementation of compliance function
3. Monitoring follow-ups of test results stating the 'comply' status.
4. Reviewing BRI's internal policies
5. External policy resume and forwarding the policy
6. Analyzing the impacts of external policies
7. Monitoring BRI's fulfillment of commitment towards regulators
8. Monitoring the fulfillment of prudential principles (BMPK, CAR, GWM, PDN, LDR, NPL, Derivatives transactions, etc.)
9. Perfecting/development of compliance toolkit

Good Corporate Governance (GCG) Implementation

Activities include:

1. Reviewing and improving GCG policies if needed
2. Developing Human Resources to support GCG Implementation
3. Assessment of GCG Implementation. This includes self-assessment and assessment done by independent parties (such as by the CGPI)
4. Increase coordination with related Work Units
5. Building awareness of GCG policies

Implementation of Anti-Money Laundering Program (APU) and the Terrorism's Financing Prevention Program (PPT)

1. Focusing on the implementation of action plans related to APU and PPT programs, which have been submitted to Bank Indonesia, and monitoring the implementation progress.
2. Improving the policies and procedures to implement APU and PPT programs continuously to adjust to rules from the regulators
3. Integrated transaction monitoring through BRI's AML system to help monitor transaction conducted by Operational Working Units.
4. Improving the system to identify customers, suspicious financial transactions and cash financial transactions, thus minimizing the possibility of the banking system being used as a vehicle for money laundering crimes and/or funding of terrorism.
5. Periodic monitoring and development of APU and PPT programs to BRI's Working Units by using a sampling method to ensure that the Working Units have carried out the APU and PPT program's policies and procedures consistently and according to the rules.
6. Self Assessment of APU and PPT Programs implementation periodically, at least once a year.
7. Awareness building/training of APU and PPT Program periodically, at least once a year.
8. Periodic monitoring of updating BRI's customer data progress.

Implementation of Compliance Function

1. Compliance Function Report

In line with Bank Indonesia Regulation No. 13/2/PBI/2012 on the Implementation of Compliance Function for Commercial Banks, BRI, the Director of Compliance, describes its task execution with details as follows:

Monthly	Presented by the Director of Compliance to the President Director with copies for Commissioners and Internal Auditors.
Every Semester	Presented by the President Director and Director of Compliance to Bank Indonesia, with copies for Commissioners.

2. The Implementation of Compliance Culture

All BRI Workers are responsible for the practice of Compliance Culture. At the end of 2012, the Bank built awareness continuously to all working units which aimed to strengthen the compliance culture.

3. Policy Monitoring and Board of Directors' Decision and Bank's Business Activities

- a. Testing prudential principles'

The final draft for policy plan and/or decisions to be made by the BRI Board of directors in the credit or non-credit sector underwent few tests for prudential principles. Test results in 2012 demonstrated that Board of Directors policy plans and/or decisions that underwent the tests generally met the prudential principles as regulated in external and internal regulations.
- b. Test results monitoring

This activity is follow-up for the test above which carried out to ensure that there are no deviations in the follow-ups for policy plans and/ or decisions that have been declared as complying with the regulations.

c. Internal policies review

Carried out to ensure that policies set by the Board of Directors and applied internally in BRI still meet prudential principles.

d. Resume External policies

Resumption or continuation of external policies is applied for new policies or amendments of policies set by external regulators. Resumptions or continuations are carried out as part of policy awareness building so that the external policies can immediately become references for relevant working units.

e. Impact/Gap analysis for External Policies

Carried out to look for impacts of prevailing external regulations relevant to BRI's internal policies and to ensure that BRI's current policies are in line with external regulations.

2012 is the year when BRI implements GCG comprehensively, therefore the main focus for the compliance sector is to work towards good, consistent corporate governance implementation in all levels of the organization

Type of Activity	2011		2012	
	Credit	Non-credit	Credit	Non-credit
Testing the prudential principles	260	118	321	133
Monitoring	222	108	300	80
Policy Response	15	36	11	37
Internal Policies Review	27	11	25	18
Resumption & Continuation of External Policy	13	27	39	33
Impact Analysis for External Policies	13	10	18	12

f. Monitoring the fulfillment of BRI's commitments

This activity is carried out to ensure BRI fulfills its commitments to Bank Indonesia or other monitoring authorities. The Commitment can be in the form of audit results, a letter from Bank Indonesia and/or other monitoring authorities. Results of the monitoring the fulfillment of BRI's commitment are reported periodically in the Report of Compliance Function Execution to the Board of Directors, Board of Commissioners and BI.

g. Monitoring the fulfillment of Prudential Principles (LLL, CAR, RR, NOP, LDR, NPL, etc.)

This activity is carried out to ensure that BRI complies with prudential principles set by Bank Indonesia or other monitoring authorities.

h. Compliance Toolkit Development/Improvement

To ensure the effectiveness of the prevailing compliance procedure standards, the compliance division constantly evaluates and, if necessary, improves the company's compliance toolkit.

In 2012, the compliance checklist for Board of Directors' Policy Plan, Loan Restructuring Decisions, Loan Settlement Decisions and Performing Loan Decisions testing have undergone evaluation and revision.

BRI's Compliance Dashboard also underwent developments. BRI's Compliance Dashboard is tools that was developed by BRI to monitor BRI's compliance with regulations and provide alerts for related officials in making decisions and/or formulating policies. Factors that can be monitored using these tools include third party fund, derivatives, SID fines, LBU (Commercial Banks Report), NPL, CAR, Corporate Credit, Medium Credit, Retail credit, Micro Credit, etc.

i. Compliance Risk Management

The Compliance Department coordinate with the Risk Management Department to identify, measure, monitor and control compliance risks, using Bank Indonesia's Regulations on Risk Management Application for Commercial Banks. The Effectiveness of compliance risk management is described in the monthly Compliance Risk Profile Report.

j. APU-PPT Program Execution

Activities carried out in 2012, include:

- Consistently build awareness of the APU and PPT Program Policies and implementation procedures. The awareness building activities include:
 - APU and PPT Program awareness building and training for BRI Staff Development Program (PPS) in BRI's Education and Training Center.
 - APU and PPT Program awareness building/training for the education of Operation Manager, Assistant

Operation Manager, Account Officers, whose working period was less than 1 (one) year.

- APU and PPT Program Awareness Building/ Training in the education of Associate Auditors, Resident Auditors, Funding Officers and Priority Banking Officers.
- Awareness Building/ Education for frontliners (customer services and tellers) in BRI's Education Center
- Presenting the Action Plan for APU and PPT Program Implementation to Bank Indonesia and further coordination with related working units to fulfill the action plan's target
- Implementing the joint account system and using risk based approach to categorize customers.
- Monitoring of APU and PPT program policy implementation and procedures in BRI's working units is done using sampling methods for 12 BRI Regional Offices, 37 BRI Branch Offices, 28 BRI KCP Offices, 40 BRI Units and 2 BRI Priority Service Centers. The monitoring results have been submitted to each Regional Office to gain attention or follow-ups from related BRI Working Units.
- Monitoring the Updating of Customer Data for Bank BRI's CIF or Cross Border Correspondent Banking Customers.
- Carrying out Obligatory reporting to the PPATK (Financial Transaction Reports and Analysis Centre) in the form of CTR and STR, in accordance with prevailing regulations.
- Following up on data requests and blocking requests from external parties: Bank Indonesia, KPK RI, PPATK, BNN RI, the Police and Directorate General of Taxation.

USA Patriot Act

Regarding compliance with Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Act of 2001 (the USA PATRIOT Act) regulation established by the U.S Government to prevent money laundering and terrorists' financing using foreign banks' corresponding accounts in US financial institutions, the financial institutions oblige all foreign banks that have or are planning to have corresponding accounts to fill standard certification forms.

BRI has completed its certificates regarding foreign banks' corresponding accounts and this can be seen on BRI's website www.bri.co.id. This certification applies to all accounts opened for BRI by Covered Financial Institutions.

Evaluation of Compliance Function's Effectiveness

The Compliance Function Report is one of the Board of Commissioners' information media for carrying out Bank BRI's Compliance monitoring function. In 2012, the Board of Commissioners conducted 4 (four) evaluations of BRI's compliance function implementation.

The Development of the Compliance Function Implementation

To strengthen Bank BRI's Compliance function in the future and the Compliance culture in all of Bank BRI's organizational levels, perfection and completion of the system and policies related to the Compliance function, as well as internal awareness building on the importance of Compliance culture, will be carried out in the future.

Participation in the Director of Compliance's Communication Forum (FKDKP)

Bank BRI in FKDKP can communicate with other Bank's Compliance functions through various activities, such as seminars, workshops, and training, as well as other activities that can support the strengthening of the Compliance function at Bank BRI.

IT Governance

IT Architecture Framework

BRI's IT Architecture has become an inseparable part of the 2008-2013 IT Strategic Plan (ITSP). The application and development of BRI's Information Technology refers to the Bank Indonesia regulation on the implementation of risk management in the employment of Information Technology (MR-IT) for Commercial Banks. BRI's IT Architecture is composed of 4 (four) elements:

1. Enterprise Architecture: Executive Summary
2. Assessment Phase: Business & IT Context
3. Design Phase: Enterprise Architecture Definition
4. Transition Plan Phase: Application, Information, and Infrastructure

IT Policies and Procedures

Policies and procedures made to support Corporate governance processes include:

1. 2008-2013 IT Strategic Plan (ITSP)
2. BRI's Information Technology Architecture
3. General Policy on Information Systems
4. BRI's General Policy on Information System Technology Security
5. The Implementation of Risk Management Policy in the employment of Information Technology
6. BRI's Business Sustainability Management Policy (MKU)/Business Continuity management (BCM)
7. Regulation on Management's Tasks and Responsibilities to Secure Information
8. Policy on the Standardization of Information Technology Tools
9. Policy on the Information Technology Tools Analysis
10. BRI's IT Development Cycle Procedures
11. Password Management Regulations
12. Key Management Standards
13. Regulations on Internet Usage in BRI Environment
14. Regulations on Security Compliance Check
15. Regulations on the Usage of Host Rooms
16. Regulations on the Usage of BRI E-mail
17. Regulations on Third Party Information Secrecy Agreement

18. Regulations on BIOS Password and Administration's Password in PC UKO
19. Regulations on the Evaluations of Information Security Policy
20. Regulations on Information Management
21. Regulations on Security Hardening
22. Regulations on User Account Management
23. Regulations on Usage of Encryption
24. Regulations on Antivirus Management and Security Patch
25. File Sharing Regulations
26. Regulations on the Returning of IT Access and Changes in Access Rights Regarding Employee's Status Change
27. Regulations on the Reviewing of the Capacity of Supporting Facilities
28. Regulations on network Access Control
29. Regulations on Backup and Restore
30. Regulations on Mobile Computing and Data Storing Media
31. Regulations on Internal Control and Audit Monitoring
32. Regulations on the Registering of IT Assets belonging to Third Parties
33. Regulations on the Registering of IT Assets
34. Regulations on Risk Management
35. Regulations on the Maintenance of Information Technology Assets
36. Regulations on IT Security Awareness
37. Regulations on the Management of Information Security Incidents
38. Firewall Configuration Standards
39. Policies and Procedures related to Closed Circuit Television (CCTV) and Embedded Cameras
40. Numbering Procedures and Document Codes
41. Firewall Access Procedures
42. Antivirus Management and Security Patch Procedures
43. Management Procedures for Information Security
44. Information Technology Assets Maintenance Procedures
45. IT Assets Returns Procedures and Access Rights Changes regarding changes in an employee's status
46. User Account Management Procedures

IT Management System Development

In implementing GCG consistently in the company, Bank BRI has developed several supporting applications that can assist the Management in monitoring and as tools to aid decision making. Several of the applications in BRI are:

Risk Management MIS

BRI applies enterprise-wide risk management to control 8 (eight) types of risks, including risk management information system.

1. Development of risk management information system by development of Operational Risk Assessor (OPRA), Loan Approval System (LAS) and GUAVA application or Treasury and Market Risk System.
2. Establishment of risk measuring tools and methodology, composed of:
 - a. Operational risk
 - Tools: Risk and Control Self Assessment, Main Risk Indicator, Incident Management, Risk Management Forum and Maturity Level Rating
 - Methodology: Basic Indicator Approach (BIA) and moving towards Standardized Approach (SA), and towards Advanced Measurement Approach (AMA).
 - b. Credit risk
 - Tools: Credit Risk Rating (CRR) and Credit Risk Scoring (CRS).
 - Methodology: Standardized Approach (SA) and moving towards Internal Rating Based Approach (IRBA).
 - c. Market risk
 - Tools: VaR, Sensitivity Analysis, Maturity Gap, Maximum Cash Outflow.
 - Methodology: Standardized Approach (SA) and ready to implement Internal Model.
3. Increasing the effectiveness of Good Corporate Governance implementation and risk management work frame through Risk Management Forum in each Working Unit, application of Risk Management Function attached to executives appointed to the Working Units and Regional Offices, Risk

Management Subdivision (MRK) in each Regional Office, and executives whose duties are to conduct coaching, monitoring, and verifying of the implementation of risk management processes in Regional Offices.

Compliance Dashboard

The Compliance Dashboard is a tool developed by BRI to monitor BRI's compliance with regulators' regulations and provide alerts to related executives in making decisions or formulating policies. Matters that can be monitored using this tool are Third Party Funds, Derivatives, SID Fines, LBU (Commercial Banks Report), NPL, CAR, Corporate Loans, Medium Loans, Retail, Micro, etc. Furthermore, BRI will continue to improve those applications through the development of several new menus will be carried out.

Human Resources MIS

Internal Reporting regarding BRI's human resources management through an adequate system both in the IT sense (including IT-security system) as well as support from competent human resources. Thus creating timely, accurate, complete and reliable information that is effective in assisting management's decision-making.

BRI's HR MIS application is currently able to provide information that includes:

1. Share option data of the Board of Commissioners, Board of Directors and other executives.
2. Highest-Lowest workers' salary ratio.
3. Internal fraud report.
4. Workers whose status indicates involvements in cases
5. Workers formation Data and Fulfillment

STAR Web System

BRI has built STAR Web System to monitor service and operational quality in BRI Working Units online. This system eases the process of inputting the monitored data and makes the data well documented. Thus will help the working units in swiftly improving service quality and working units' operations.

Audit of Management Information System

The development of Audit's IT System aims to increase the efficiency and quality of the Risk Based Audit implementation. Internal Audit's IT developments include:

1. Implementation of Audit Management System Application (BRISMA), which integrates all the auditing processes, which range from Annual Audit Planning (PAT), Individual Audit Planning, Individual Auditing, reporting and documenting.
2. Development of BRIdex as an analytical tool to help identify risk indicators.
3. Continuous Development of Electronic Data Center (PDE) for auditors. PDE processes data used for centralized audit. The results of PDE's data processing can be accessed by each auditor in accordance with their own auditing areas. If an auditor has raw data in need of further processing (ad hoc processing) he or she can use BRIdex as an offline application to process data in a decentralized manner.
4. Supporting System (CSS, AER)
Systems under this category deal with various subjects that are not directly related to the audit process. This includes CSS (Customer Satisfaction Survey), which deals with results of auditee satisfaction survey in every audit process. AER (AIN Electronic Register) deals with inventory making for IT (hardware) infrastructure in each audit office.

E-Procurement

E-procurement application is a goods and services procurement process carried out electronically or online to create transparency in that process. BRI's e-procurement application consists of 10 modules:

1. Budget Management
2. User Management
3. Vendor Management
4. Request Management
5. Procurement Management
6. Bid Auction
7. Determining Auction Winner
8. Contract Management
9. Vendor Performance management
10. Report

Future Development of BRI's IT

The main objective of BRI's IT plans for the future is to support the achievement of the company vision and mission. This plans include creating an integrated one stop service by making use of widespread channels and varied products, providing online and real-time access to comprehensive data, and application of reliable security technology.

Internal Audit

Internal audit function in BRI is run by BRI's Internal Audit, which is directly responsible to the President Director and possess a direct communication line to the Audit Committee to coordinate and convey information related to audit and its results. Auditors play a very strategic role to help the Company achieve its targets through a systematic and structured approach in evaluating and increasing the effectiveness of risk management, internal control and governance processes.

The Head of Internal Audit is appointed and dismissed by the President Director with the Board of Commissioners' approval.

Internal Audit Charter

Internal Audit uses the internal audit charter as a reference in carrying out its tasks and responsibilities. The objective of the charter is to provide a description and guideline on the purpose, authorities, responsibilities and working scope of internal audit in the organization.

The Charter was established based on BRI's Board of Directors Decree No: S.53-DIR/AIN/07/2008 dated 28 July 2008 on the Internal Audit Charter and the Internal Audit policies and procedures for PT Bank Rakyat Indonesia (Persero) Tbk. The Charter stipulates: Internal Audit' Vision, Mission, Purpose and Aims, Working Scope, Organizational Structure, Authorities, Tasks and Responsibilities, Auditors' Prerequisites and Professionalism, Auditing Procedures and Internal Auditors' Code of Ethics.

Internal Audits' Human Resources and Qualifications

Internal Audit constantly tries to provide highly qualified auditors who possess competencies that are relevant to each of the audit areas, span of control and level of risk. Ali Mudin holds the position of Head of Internal Audit, having been appointed in September 2008. The total number of employees in the Internal Audit Department is 1,876, consisting of 1 Head of Internal Audit, 16 Inspectors, 22 Vice Inspectors, 66 Group Heads, 564 Auditors (senior Auditors, Auditors, Junior Auditors and Associate Auditors). The Internal Audit department also has 167 Branch Office' Resident Auditors and 1,031 Micro outlet's Resident Auditor.

Internal Audit Professional Certification

BRI's Internal Audit is supported by professional auditors, who are mostly nationally or internationally certified. They are as follows:

Certification	Staff Members' Job Grade													Total	
	6	7	8	9	10	11	12	13	14	15	16	17	18		
Risk Management (BSMR/LSP)							2	27	45	9	14	2	14	1	114
CFE (Certified Fraud Examiner)	5	1	2	1											9
QIA(Qualified Internal Auditor)			3				3	9		5		2			22
CISA (Certified Information System Auditor)				5											5
CEH (Certified Ethical Hacker)				2											2
CDCP (Certified Data Center Professional)				1											1
CFSS (Certified Forensic Security Specialist)				1											1
MCSE (Microsoft Certified System Engineer)				1											1
IT Governance from MTI UI			1												1
Total	5	1	6	11	0	2	30	54	9	19	2	16	1	156	

Formal education qualification based on career levels are as follows:

Formal Education	Position						Total
	Head of Internal Audit/ Inspector	Head of Section / Head of Audit/ Vice Inspector	Group Head / Gh	Auditor	Resident Auditor	Support Admin (PT)	
Doctorate	1						1
Post Graduates	11	16	30	13	23	2	95
Graduates	5	8	22	525	769	23	1352
under-graduates				9	62	3	74
High School Graduates					120	14	134
Total	17	24	52	547	974	42	1656

Internal Audit's Duties and Responsibilities

Internal Audit's duties and responsibilities, as stipulated in the Internal Audit Charter, include:

1. Internal Audit reports directly to the President Director.
2. Assisting the President Director and President Commissioner in monitoring by providing details in an operational manner with regards to planning, execution and auditing results.
3. Provide analysis and assessment in the field of finance, accounting, operations and other activities through direct inspections and indirect monitoring.
4. Identifying all possibilities to improve and increase the efficiency of resources and fund usage.
5. Provide objective information and suggestions for improvements about inspected activities in all management levels.
6. In carrying out its tasks, Internal Audit must submit reports to the President Director and President Commissioner.
7. Ensure that the quality of the task execution of linear management in terms of risk management process, internal control system and business governance have been carried out adequately and effectively.

8. Examine and evaluate the execution of Bank BRI's Work Plan to ensure that all BRI's business activities can run smoothly and in accordance with stakeholders' expectations.
9. Submit audit results to internal and external parties in a timely manner in accordance with prevailing policies, regulations and procedures.
10. Maintain good relationships with Auditee, External Auditors and third parties in its task execution.

Internal Audit's Structure and Position

Internal Audit's structure and position are stipulated in:

1. Decree regarding BRI's Internal Audit Organizational Structure No. S.129-DIR/REN/08/2012 dated 9 August 2012 on BRI's Internal Audit Organization, Internal Audit (AI) is under the guidance of President Director. However, in its operational activities, Director of Compliance is responsible for BRI's Internal Audit operational executions in line with its authority. Head of the Internal Audit can communicate directly with the Audit Committee to report /inform matters related to audit activities. Internal Audit is one of the Company Organization's internal monitoring and control functions.
2. BRI's internal Audit Charter No. 53-DIR/AIN/07/2008 dated 28 July 2008 mentions that BRI's Internal Audit reports directly to the President Director and is under the direct supervision of the President Director. BRI's Internal Audit is led by the Head of Internal Audit, who is appointed and dismissed by the President Director with the approval of Commissioners, with a report sent to Bank Indonesia and Bapepam-LK.

BRI's Internal Audit is structurally composed of Audit for Delivery Audit Working Unit and Support Audit Working Unit, with details as follows:

1. Delivery Audit Working Unit is composed of:
 - a. IST Audit

It audit and provide consultations as strategic business partner to the management of Information System Technology (IST) by the IST User and Developer to ensure the adequacy and effectiveness of internal control, risk management and Good Corporate Governance (GCG).

- b. Central Office, Special Branch Office, Overseas Working Units and Subsidiaries Audit

It audit and provide consultation as a strategic business partner for working units in the Head Office (KP), Special Branch (KCK), Overseas Working Units (UKLN) Subsidiaries (PA) with share ownership of over 51% to ensure the adequacy and effectiveness of internal control, Risk Management and Good Corporate Governance (GCG).

- c. Inspection Office

It audit and provide consultation as a strategic business partner for Regional Offices, Branch Offices, Sub-Branch Offices, Cash Offices and BRI Units to ensure the adequacy and effectiveness of internal control, Risk Management and Good Corporate Governance (GCG).

- d. Special Investigations Group

It analyze red flags, fraud risk indicators and investigate fraud indications. It also provide consultations to increase the adequacy and effectiveness of internal control, risk management and Good Corporate Governance (GCG) implementation.

2. Support Audit Working Unit, which is PSKA Audit

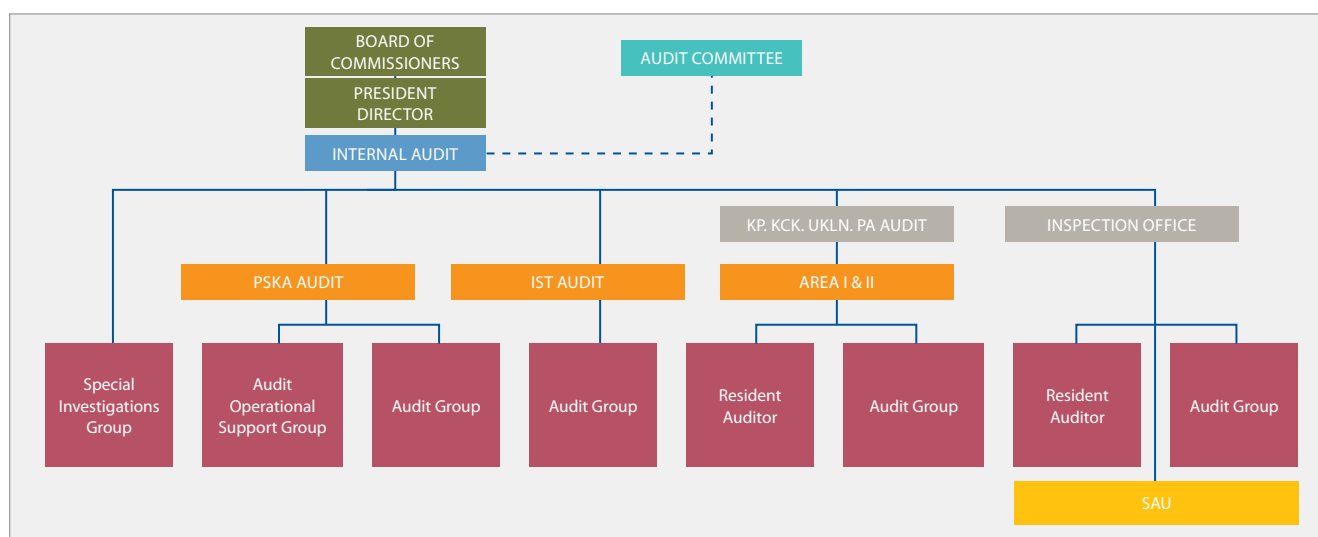
It analyze Audit Intern organization, develop policies, procedures and audit tools, develop auditing qualities and software and hardware design in line with Audit Intern's regulations and best practices.

Currently, BRI's Audit Intern has 18 Audit Working Units for Delivery Function (auditing working units) spread throughout Indonesia. Furthermore, responding to a more rapid and complex business growth.

BRI has formed an auditing function in Branches and BRI Units (micro outlet). These are Resident Auditors, whose responsibility is to monitor working unit's activities and businesses periodically hence the increase in risk signals will be detected earlier.

Minimizing frauds, Bank BRI has formed Special Investigations Working Units, which are responsible for analyzing red flags, periodically analyzing fraud risk indicators, and investigating fraud indications.

Internal Audit Organizational Structure



Audit Methodology

BRI applies a Risk Based Internal Audit (RBIA) method with a business process approach. RBIA is implemented in phases according to the maturity level of the corporate risk management. This methodology allows auditing priority for business processes and business units that forecasted to have significant risks in the achievement of the company's targets. Therefore, it is believed that all risk potentials can be minimized according to the designated risk tolerance. The data analyzing process is supported by the use of Computer Assisted Audit Technique (CAAT) to support the risk based audit's efficiency and effectiveness.

Audit Evaluation

Ensuring the audit quality, the quality assurance review was conducted by internal parties. External reviews are carried out by PT SGS Indonesia using Surveillance ISO 9001. Surveillance ISO 9001:2008 visit 2/2012 by PT SGS Indonesia did not produce any minor or major findings.

External Auditors evaluate work effectiveness and compliance with the Bank's Internal Audit Function Execution (SPFAIB). In 2011, Pricewaterhouse Coopers carried out the evaluation, with results demonstrating that BRI's Internal Audit function was

capable of carrying out its role in accordance with the set standards. It received the label "good practices" when compared with similar industries.

Elaboration of Audit Tasks Execution

In 2012, BRI prioritized the auditing of 3,463 working units or 62% of the total of BRI's working units. The plan was based on the result of corporate risk rating, consistency with BRI's targets and strategic plans, the regulator's regulations, management and Audit Committee, risk profile, and previous audit results.

As of 31 December 2012, BRI's Internal Audit has carried out regular audit activities at 6,442 working units, or 186.02% of the audit assignment target, and it has carried out 2,092 special audits and 12 fraud audits.

Data from 2012 audit activities (regular, special and fraud audit) identified 40 fraud incidents. BRI conducted analysis of internal control weaknesses, and has carried out several programs to increase internal control functions, including:

1. Establish audit functions in Branch Offices and BRI Micro Outlets (Resident Auditor)
2. Constantly develop the Electronic Data Center to analyze loan and non-loan indicators to detect the increase of risk earlier.

- Send results of risk indicator analysis every month to auditors throughout Indonesia through unit assessment media, which aims to identify any risk increase in Working Units.

Internal Audit periodically conducts monitoring of the developments of internal control improvement carried out by the auditee.

Coordination with External Auditors

Auditing of BRI is also carried out by external auditors, who are Bank Indonesia, (BI) the Supreme Audit Agency (BPK) and a Public Accounting Firm (KAP). Internal Audit's role in an audit carried out by external auditors is that of liaison officer to coordinate the audit and to monitor related working units' follow-ups of the external auditor's findings.

The objective of monitoring is to ensure that the management has carried out improvements regarding internal control weaknesses found by external auditors.

External Auditors	Number of findings	Status of findings	
		Settled	Unsettled
Bank Indonesia (BI)	78	67	11
BPK RI*	251	232	19
Public Accounting Firm (KAP)	34	3	31

*BPK's audits include routine inspections and tax inspections.

Increasing Audit Quality

BRI has continuously developed information technology usage program to improve the audit process's quality and efficiency. Hence it will improve Internal Audit's role as an early warning signal (EWS). Several of the information technology programs under the Internal Audit unit include:

- Implementation of Audit Management System application (BRISMA), which integrates all the audit processes, starting from the Annual Audit Planning (PAT), individual audit planning, individual auditing, reporting and documenting.
- Development of BRIdEX application as an analytical tool to identify increases in risk indicators.
- Consistent development of Electronic Data Center (PDE) for auditors.

External Auditors

External auditors monitor BRI along with internal auditors. External auditors include Bank Indonesia (BI), the Supreme Audit Agency (BPK) and a Public Accounting Firm (KAP). For the KAP in particular, BRI's Board of Commissioners, according to the authority bestowed upon them by the 2012 BRI Annual General Meeting of Shareholders on March 28 2012, has appointed Purwantono, Suherman dan Surja- Ernst and Young (PSS-EY), one of The Big Four international public accounting firms, to audit BRI's Annual Report for the 2012 accounting year. This is PSS-EY's second period auditing BRI's annual report and the second appointment of the public accountant to audit BRI's financial report. The previous appointment was for the 2011 accounting year.

The KAP appointment was made according to effective regulations, and through a selection process involving tenders based on its fulfillment of the following criteria:

1. Experienced as banking auditors.
2. Understands Indonesia's banking regulations, companies entering the stock market/bourse and other relevant regulations.
3. Experience in and understands banking application and technology system.
4. Understands banking products.
5. Experienced in and understands risk management.

The regulation used as a reference is that a KAP should not be appointed to audit the company for 5 (five) consecutive accounting years and 3 (three) accounting years by the same partner.

Service Pay

BRI gave KAP-PSS-EY Rp5,580,000,000 (five billion five hundred and eighty million rupiah) as service pay. The sum includes 10% VAT and other related taxes. The service pay includes out of pocket expenses (OPE), which includes costs to visit branches in Indonesia and reviews of branches' and overseas representatives' financial reports. The assignment was conducted in accordance with effective prerequisites and it fulfills aspects stipulated in PBI No.3/22/PBI/2001 dated 13 December 2001 as amended with PBI No. 7/50/PBI/2005 dated 29 November 2005 on the Transparency of Bank Financial Condition and SE BI No: 3/32/DPNP/IDPnP dated 14 November 2001 on Relations between Banks, Public Accountants and Bank Indonesia.

The appointed KAP has presented the audit result and management letter to the Bank in a timely manner. The Public Accountants have worked independently and fulfilled the above mentioned criteria.

The Implementation of Risk Management

BRI applies enterprise-wide risk management to control 8 (eight) types of risks, including four pillars (1) Board of Directors and Board of Commissioners' Supervision, (2) Policy, procedures and limit setting, (3) Risk Management Process and Management Information System, and (4) Internal Control System.

The risks were managed in accordance with PBI No.11/25/PBI/2009 regarding amendments of PBI No. 5/PBI/2003 on Risk Management Application for Commercial Banks, and it is in accordance with the Basel III regulations. Details about BRI's Risk Management are available in the Sub Chapter "Operational Review".

Code of Conduct and Corporate Culture

Code of Conduct Existence

BRI's Code of Conduct describe basic principles of personal and professional behavior expected of BRI staff when they carry out their duties. This is an appropriate and trustable behavior standard for all of BRI's staff. BRI's Code of Conduct applies to all BRI workers in all of BRI's organizational levels.

BRI's Code of Conduct Policy was structured in 2003 and was revised in 2010. BRI's Code of Conduct implementation is backed up by the Whistleblowing system Mechanism (WBS-BRI), which BRI built as a medium to report breaches of the code of conduct and BRI's Disciplinary Rules policy, which stipulates types of breaches and mechanisms to settle breaches.

Elements of BRI's Code of Conduct

The elements of BRI's Code of Conduct are:

Compliance with Law and the Bank's Policies

1. All BRI staff must comply with legal rules and rules stipulated in Bank BRI's policies.
2. All BRI staff are not allowed to breach laws, rules or Bank BRI's policies for the sake of meeting profit targets.
3. Criteria of an acceptable activity are not only seen according to activities of the competitor or other parties in the market. If a law or rule becomes irrelevant, or if competitors no longer comply with them, Bank BRI will keep prohibiting breaches of the law or rule.

Relationship with External Customers

1. Bank BRI provides product and/or services in which the bank has the permission to sell those products and/or services in accordance with the prevailing regulations.
2. BRI staff will give timely, adequate, clear and accurate information about products and/or services to customers.
3. Bank BRI is committed to constantly develop prime service quality by always prioritizing customer satisfaction and building long and mutually beneficial relationships.
4. Bank BRI upholds honesty in producing, using and selecting advertising and promotional methods, thus the success of the bank's products and/or services is due to their quality and Bank BRI's reputation, and not due to any internal fraud.

Relationship with local communities

1. Bank BRI and all BRI staff are committed to being good residents in all of the environments where BRI runs its businesses.
2. Bank BRI has the responsibility to the local communities for resources usage in the form of money, human resources or energy-wisely.
3. Bank BRI supports the Bank's staff involvement in community activities, with education, arts and culture, religion, humanities and the environmental conservation sector as their priority.

Relationship with the Bank's Staff

1. All of Bank's staff must provide solutions for all challenges that would disrupt Bank BRI's efforts in carrying out its main policies.
2. Bank BRI will treat each Staff in an objective, transparent, equal and just manner.
3. Bank BRI will only manage the required personal information that is deemed as required.
4. Bank BRI tries to provide an encouraging work environment to increase productivity.

Bank Confidentiality

1. Bank BRI must maintain the community's trust.
2. Bank staff must maintain bank's and company confidentiality.

Integrity and Accuracy of Bank's Bookkeeping

1. Bank BRI's bookkeeping must produce an accurate, accountable report for the management, shareholders, customers and other stakeholders.
2. The Bank's staff is responsible in officially recording Bank BRI's business activities in an accurate, honest, comprehensive and timely manner.

Conflicts of Interests

1. The Bank's staffs are not allowed to position themselves in a position or situation that is likely to cause conflicts of interest between him or herself with Bank BRI or Bank BRI customers.
2. All of the Bank's staffs decisions should be taken for Bank BRI's best interests.
3. Each staff member must reveal to the management if he or she knows of an existing conflict of interest.
4. Each staff member is requested to be absent from bank BRI's decision making if it will cause conflicts of interests..

Contributions and Political Activities

Bank BRI does not allow its fund, facilities or resources to be donated for political campaigns, political fundraising or any political participation targets in any parts of the world.

Gifts

1. The gifts referred here is in a broad sense, includes money, goods, discounts, commissions, interest-free loans, travel tickets, accommodations, luxury trips, medication and other facilities accepted in the country or overseas and accepted using electronic facilities or without electronic facilities.
2. BRI staffs are not allowed to accept or give gifts that are not in accordance with prevailing legal regulations.

Upholding BRI's Code of Conduct

BRI's Code of Conduct applies to BRI's Board of Commissioners, Board of Directors and all of BRI staff in all of BRI's organizational ranks. This effort to apply and uphold BRI's code of ethics is carried out consistently in full awareness and in the form of behavior, commitment and regulations, including:

Statement of Compliance with BRI Code of Conducts

To apply the Code of Conducts effectively, BRI staff must read and understand the code, and they must sign the "Statement of BRI Staff Compliance with Code of Conduct".

Management Commitment

Affirmation of BRI's Management commitment not to accept and/or request gifts in any form for any reason from customers, debtors, business partners or any other third party in the media and Bank BRI's website.

Conflict of Interest's Annual Disclosure

An adjunct policy of BRI's Code of Ethics in the form of BRI's Manual in Settling Conflicts of Interests has been formulated. Therefore, each BRI staff member must make an annual disclosure regarding each year's conflicts of interests and each working unit must deliver transaction/decision reports containing conflicts of interests every quarter.

Integrity Pact

The publishing of an integrity pact for all of BRI's partners in goods and/or service provision.

Anti-Fraud strategy

BRI's anti-fraud strategy is a form of Bank BRI's commitment to control fraud, by giving zero tolerance to any form of fraud originating from inside or outside of BRI.

Awareness Program

BRI's Code of Conducts induction program is conducted for BRI's new workers through education programs in BRI's education centers. Socialization of the policy to the Bank's staffs was done continuously and consistently.

Socialization related to the code of conduct, such as BRI's anti-fraud strategy, compliance culture and service culture, is carried out in all of BRI's Working Units.

Upholding the Corporate Culture

1. BRI's Corporate Culture

Core Values are important guidelines for the staff's behavior, in their relationships with the customers, fellow staff members, management and other external parties. They are BRI's corporate culture. BRI's core values include values categorized as follows:

- a. Integrity
- b. Professionalism
- c. Customer Satisfaction
- d. Being Exemplary
- e. Appreciation to Human Resources

BRI conducted its Corporate Culture revitalization in 2012, due to its increasing amount of staffs, business development demands and to support the internalization process in BRI's Working Units. BRI's corporate culture revitalization aims to increase the role of staff in facing future business challenges by possessing an attitude that is in line with BRI's Corporate Culture.

Several efforts to revitalize BRI's corporate culture include:

- a. Increasing the role of change leaders and change agents in each working units.
- b. Re-establishing change agent ratio.
- c. Tiered monitoring and evaluating, supported by a system.

2. BRI's Service Culture

Service Culture covers the important values that define customer expectations. These values are used as guideline behavior in relationships with customers both internal and external. To uphold service culture, Bank BRI carries out the following programs:

- a. Service Culture's Kick Off as BRI's sub-corporate culture
Kick Off meeting held in BRI's Head Office with the attendance of the Board of Directors, and all Head of Division. In the meeting, BOD and Division Heads were committed in realizing service excellence. This activity invites outside speakers to provide training and motivation about Service Culture.
- b. Socialization of Service Culture by using Video
BRI's Service Culture Video, themed "Serving Sincerely" describes an entrenched service mindset and service excellence, in line with the saying, "It's not about how we do it, but why we should do it". The video has been sent to all working units to build awareness.
- c. Service Culture Workshop
Workshops are conducted to formulate or codify BRI's service culture, which is part of BRI's corporate culture (Integrity, Professionalism, Customer Satisfaction, Being Exemplary, and Appreciation to Human Resources)

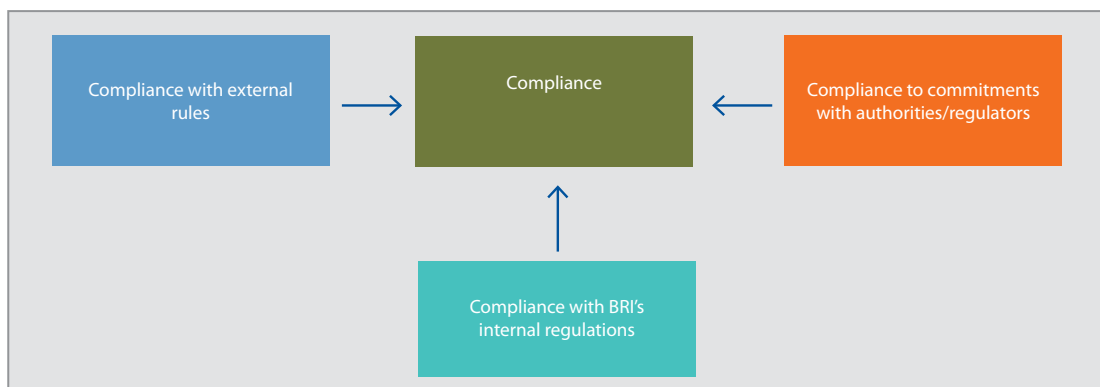
3. Risk – Aware Culture

The implementation of a risk-aware culture is done through communication with all levels in the organization on the subject of the importance of effective internal control, through:

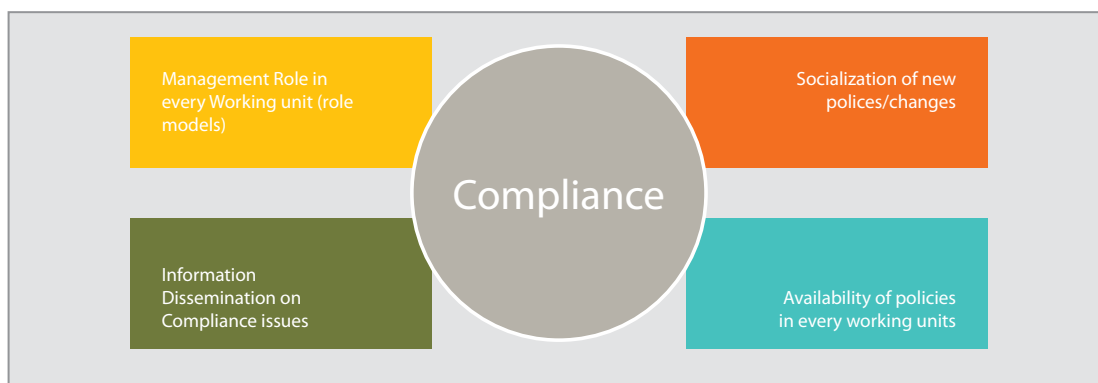
- a. Pocket-sized Quarterly Top 50 Risk Issues book, describing risk issues in working units and applying risk controls.
- b. Risk Management Functions in all Working Units to implement risk-aware culture, and establishing Risk Management Sections in all of BRI's Regional Offices.
- c. Risk Management Forum (FMR) as a forum in which head of working unit meet with their staff to discuss risks attached to business or operational activities. Results that need follow-ups and settlements from decision makers can be transferred to higher ranks.
- d. Risk Management Awareness Building.
- e. Correspondence with working units on the subject of improvement of internal control.

4. Compliance Culture

Compliance Culture is described in BRI's Board of Directors' Policy, which binds all staff in BRI. The statement includes:



The main foundations to build a compliance culture among BRI's staffs and BRI's Working Units in Indonesia are as follows:



As of 2012, each working unit must carry out consistent awareness building regarding the implementation of BRI's Compliance culture. Every staff has a role to ensure that values, behavior and actions are in line with external policies, internal polices and commitments with regulators, and to actively convey information relating to compliance issues. The head/manager of working unit must be committed and able to provide examples in the implementation of the Compliance culture to his or her subordinates. This must be supported with the availability of policies in all working units as references for executing tasks that are relevant to staff duties and responsibilities.

5. Anti-Fraud Culture

Anti-Fraud Culture implementation in BRI is done through Anti-Fraud Awareness, which is the effort to build awareness about the importance of fraud prevention among all related parties. Anti-Fraud Awareness execution is reported each quarter to the Compliance Division. Anti-Fraud Awareness is conducted through an awareness building program, the drafting of anti-fraud statements, employee awareness and customer awareness. Below is the Anti-Fraud Awareness Implementation:

- a. Drafting and Building Awareness of anti-fraud statements, BRI's Management states zero tolerance for each incident of fraud occurring in BRI Units. Anti-Fraud statements are stipulated in the Anti-Fraud Commitment signed by the Board of Commissioners, Board of Directors and all of BRI's Staff.
- b. Employee Awareness, including the publishing of Top 50 Risk issues Book and increased control in working unit Letters, Refreshment of Risk Management Function, Direct Awareness Building on Risk Management in BRI's Working Units and Risk Management Forum.
- c. Customer Awareness implemented through customer education to increase customer awareness and alertness on the subject of transaction security. Education is done through methods such as requesting working units to build frontliners' alertness towards unofficial fees and other fraud methods.

Number of internal fraud cases

Internal Fraud in 1 year	Executives		Number of cases by: Permanent employees		Non-permanent employees	
	Previous year	Current Year	Previous year	Current Year	Previous year	Current Year
Total Fraud	-	-	141	286	12	38
Settled	-	-	49	86	6	12
In the internal bank process of settlement	-	-	74	175	5	18
Settlements not yet begun	-	-	4	-	-	-
Undergoing legal processes	-	-	14	25	1	8

Transactions containing Conflicts of Interests

Bank BRI is aware that the company's business activities are inseparable from the relationships and interactions between internal and external parties in the context of forming a sustainable cooperation. Thus, further regulations regarding business relationships conducted between BRI and its business partners are required, without setting aside ethics and Good Corporate Governance principles.

Regulations regarding the disclosure of parties having special relationships have been internally formulated in the form of the BRI Board of Commissioners and Board of Directors Joint Decision (SKB) No. S. 104-DIR/DKP/05/2012 dated 24 May 2012 on PT Bank Rakyat Indonesia (Persero) Tbk's General Guidelines for Settling Conflicts of Interests.

This Joint Decision means that each working unit is requested to identify and ensure that initiated and applied policies or procedures in the unit have met the regulations stipulated in the guideline and will not create transactions with conflicts of interest.

The Integrity Pact is one of BRI's forms of commitment to disclose transactions containing conflicts of interests. Teams providing goods and services must write and sign an Integrity Pact, which states matters such as:

1. Independency
2. Duty of Care and loyalty
3. Prudent person rule
4. Conflict of interest rule
5. Duty abiding the laws

Working Units must disclose transparency regarding transactions containing conflicts of interests. This includes the names and positions of those having conflicts of interests, names and positions of decision makers in transactions having conflicts of interests, types of transactions, transaction values and descriptions according to the rules. Each staff member, at the end of each year, must fill the annual disclosure regarding conflict of interests, in line with BRI's internal regulations.

There have been no transactions with parties having special relationships directly or indirectly related with the Bank's main activities, defined as conflict of interest transactions based on Bapepam-LK Regulation No. IX.E.1 on "Conflicts of Interest".

Name and Position of those having conflicts of interests	Name and position of decision makers	Type of transaction	Transaction Value (Million Rp)	Description (Not in line with the effective system and procedures)
NIL				

Whistleblowing System

Regarding GCG Implementation, Bank BRI implements whistleblowing system through internal regulations stipulated in BRI's Board of Directors' Decree No. B.144-DIR/AIN/03/2009 dated 12 March 2009.

The existence of BRI's Whistleblowing System (WBS)

Bank BRI's Whistleblowing system/WBS was first initiated in 2009. It aims to create a favorable climate and encourages the reporting of matters that might cause financial and non-financial losses, including those that might damage the organization's image.

WBS Management

Bank BRI's Whistleblowing system (WBS) is directly managed by BRI's President Director.

Information about breaches that can be reported through WBS-BRI includes:

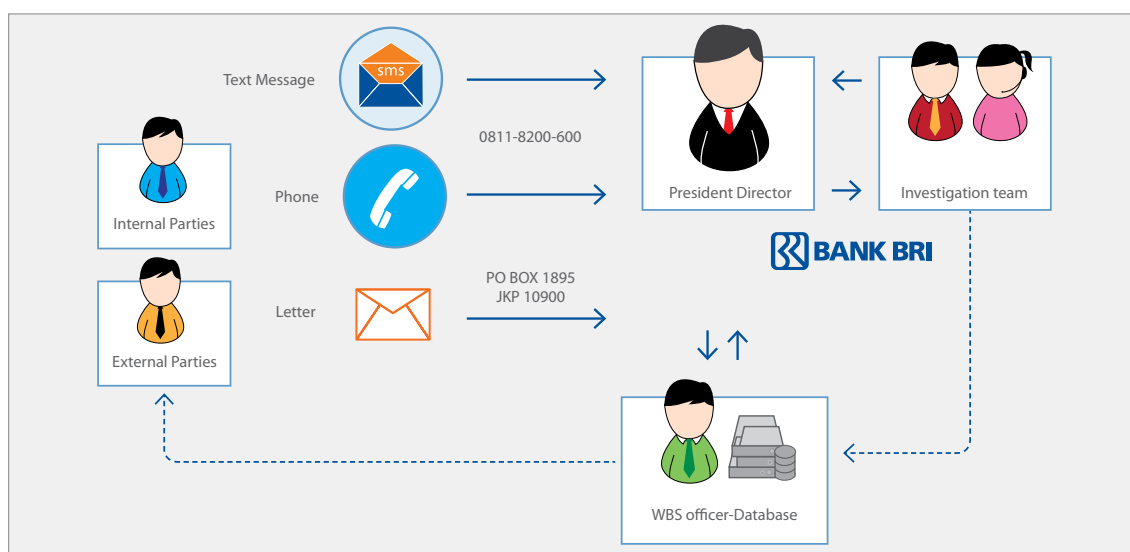
1. Fraud;
2. Deliberate Mistakes / neglect of obligations by the management
3. Illegal actions (the use of violence towards staff or leaders, blackmailing, drug usage, harassment, other criminal acts);
4. Violation of effective legal rules;
5. Breach of company's SOP;
6. Violation of BRI's Code of Conducts; or
7. Actions that endanger work safety and health or endanger the company's safety or cause losses for the company.

Reports of violations must be conveyed in a clear and accountable manner. They must, at the minimum, include:

1. The reported violation;
2. Parties involved;
3. Time Violation occurred;
4. Place where violation occurred;
5. Description of how it occurred; and
6. Evidence of violation

Reporting mechanism

The reporting mechanism, as one of BRI's instruments to support its anti-fraud strategy system, involves reporting to the President Director via phone call, text message or letter.



Management of Reports

The procedures for managing and following up on received reports/disclosures, are as follows:

1. President Director receives and conveys each violation report to the appointed WBS officer, who will verify data and gather initial evidence and process a receipt report.
2. The Board of Directors determines follow-up steps upon receipt of report. Further follow-up steps include:
 - a. Investigation by Internal Audit, if the report's substance is one that allows for such investigation.
 - b. Investigation by external investigators, if the substance of the report requires certain knowledge/competence/skill not possessed by Internal Audit team.
3. The investigation team conducts comprehensive investigation and presents the report's investigation results to the Board of Directors, who will make a decision regarding that report. The decision may include taking one of the following steps:
 - a. Halt procedure if the investigation result reveals that the report is incorrect or unproven.
 - b. Forward the investigation result to the Violation Case Discussions (PKP) forum, should the result reveal that the report was proven true.
 - c. Forward the violation that is under the general criminal category or corruption to investigators for further processing in line with BRI regulations and effective laws. Communication and Coordination with the team from the Legal Division will ensure that the gathered evidence from the investigation is adequate, thus can be submitted to the relevant authorities.

Whistleblower's protection

Bank BRI provides guarantee of protection and secrecy for every whistleblower in terms of:

1. Whistleblowers' identity (name, address, phone number, facsimile, e-mail address, working unit).
2. Protection from vengeful acts from those reported. Protection from pressures, delay in promotion, dismissal, legal suit, threats towards wealth and possessions, and physical assaults. The protection also applies to the whistleblower's family members.

Results of Report Processing (WBS usage and output)

Period	Reports received	Reports followed up	Reports stated as finished
2009	50	50	42
2010	111	111	79
2011	278	278	165
2012	772	772	503

*Based on investigation/follow up reports

Details of reports using WBS

Report Source		Whistleblower's identity		Reporting Media			Report Classification	
Internal	External	Available	Not Available	Text Message	Letter	Phone/Direct	Complaints/Input	Reports of Violation
634	138	329	443	626	140	6	532	249
Total Reports								772

Plans for future development

To be more effective at implementing the WBS-BRI, several development plans are drafted, such as:

1. Increasing internal and external awareness by disseminating information about the availability of WBS in each operational working unit and through the mass media.
2. Evaluating and perfecting WBS-BRI policies and reporting systems.

Legal Cases

Legal Cases Faced by BRI

2010	2011	2012
251	333	309

Case Details

2012 Quarters	Credits	Treasury & Investment	Operational and Services	Support	Total
Quarters I	81	0	1	2	84
Quarters II	56	0	0	4	60
Quarters III	75	0	2	0	77
Quarters IV	84	0	0	4	88
Total	296	0	3	10	309

Legal Cases and Case Settlement Status

Legal Cases	Number of Cases	
	Civil	Industrial Relations
Settled (already has permanent legal power)	96	6
In the settlement process	303	6

Legal Lawsuit and Lawsuit Settlement Status

Case Substance	Lawsuit regarding the cancellation of a collateral binding agreement by the owner of the collateral handed to BRI to guarantee the paying off the loan under the name PT Sido Bangun Plastic Factory, which has been declared bankrupt through Decision No 31/Pailit/2011/Surabaya Commercial Court Dated 6 December 2011
Case position	Processed in Court
Settlement Status	Currently in litigation, Lawsuit No: 20/Pdt.G/2012/PN.KPJ
Impact on Bank's financial condition	Has no direct effect on BRI's financial condition, because the plaintiff's (as owners of the collateral) lawsuit substance has no foundation to allow it to be granted by the judge.



To be socially responsible by fulfilling our obligation to all stakeholders through social investments to provide sustainable mutual benefits over the long term.

Total Disbursement for BRI Partnership, Program and Community Development (PKBL) stands

at **Rp406.44**
billion



Corporate Social Responsibility



Basis and Commitment

As the bank with the largest network reaching the most remote areas throughout Indonesia, BRI is committed to continuing to grow and develop together with surrounding communities. We strive for quality growth that is able to balance the efficacy in performance, as measured by profitability, in line with the success in protecting the environment and improving the quality of life of communities located in our operational areas.



This aim is reflected in our Company's mission statement "to provide profits and optimal benefits to our stakeholders", who consist of our customers, business partners, the government, shareholders, our employees and local communities, by maintaining environmental conservation. As for BRI, implementing social responsibility means making a social investment by strengthening our mutual relationships with local communities and collaborating with various parties such as the Government, NGOs, Mass Organizations and other community organizations.

Considering the importance of this social investment, BRI demonstrated its commitment to achieve the company mission related to social responsibility through the implementation of several strategic programs with the aim of:

1. Achieving harmonious relationships between the company and communities.
2. Assisting the growth and the development of small businesses and cooperatives that are independent, resilient and competitive in order to increase employment rate through professional management.
3. Establishing small businesses and supporting cooperatives development that can provide long-term reciprocal relationships with the Company's business through the channeling of partnership funds and sustainable development, with prioritization in the aspects of equality, independence, professionalism and ethics.
4. Participating in the environmental conservation program while, at the same time, helping to improve local people's quality of life in the areas of education, health and welfare.

Based on the achievement of the strategic objectives through the implementation of this social responsibility program, the Company prepared a series of programs on corporate social responsibility, which involved and gave added value to our customers, employees, business partners, shareholders and local communities, for the nation and the environment in a balanced way.



BRI always strives to benefit local communities in alignment with BRI's business development.



Responsibility toward Consumers/Customers

The implementation of the social responsibility program to our customers, which consists of depositors, borrowers and other banking services customers - is achieved by providing a range of products and banking services that meet their needs, as well as enabling access through our conventional banking network and our e-channel network, which is connected in real time online.

Descriptions of different elements within the overall program can be found in the following sections: "Products and Services", "Operational-Marketing Highlights", and "Management Discussion and Analysis-Business Overview".

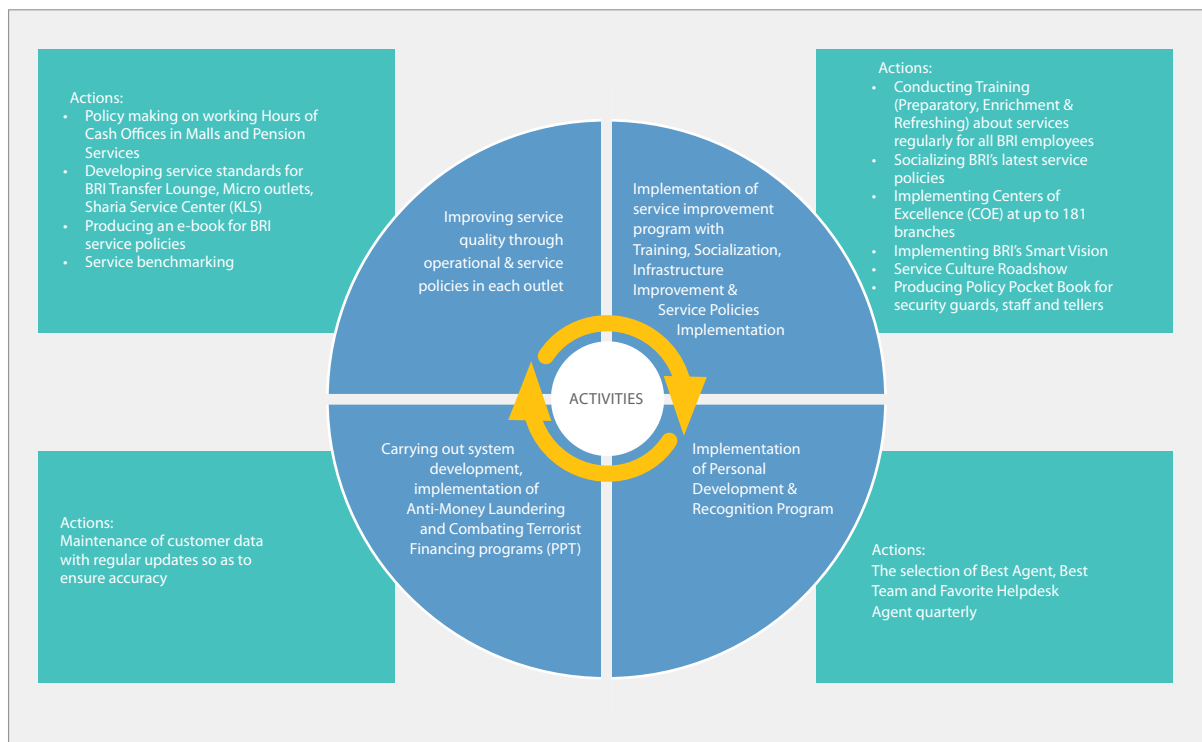
In order to provide information on the complete range of BRI products and banking services, BRI has established the following resources:

1. Development of BRI website, namely www.bri.co.id
On the website, BRI customers can find in-depth information about products and services that we offer.
2. BRI Contact Center
Through BRI's Contact Center, customers are able to obtain further information about BRI including product information, marketing programs and the latest BRI services. They can also submit any complaints they may have in relation to BRI services.
3. BRI Mobile Banking
Related to its recent development, customers may enjoy easy access to BRI's banking services as well as get information about products and BRI's ATM network, including finding the nearest ATM location in real time online.



In 2012, independent survey results from Marketing Research Indonesia showed that BRI's service quality had risen





In addition to the above actions, BRI has also made other efforts in Improving accessibility to its networks, both conventional and e-channel.

These efforts include:

1. Opening an additional 977 Offices, 7,000 ATMs and 13,125 Electronic Data Capture (EDC) units
2. Investing in BRI's technology infrastructure, including:
 - a. Establishing two Data Centers that operate in parallel so as to reduce the possibility of a "system crash", which could adversely affect customer transactions.
 - b. Having a Disaster Recovery Center, to reduce the impact of losses in an unexpected event.
 - c. Utilizing the latest software system, in order to increase the accuracy of our banking transactions.

Customer Complaints Procedure

In its day-to-day activities, BRI strives to fulfill the needs of its customers appropriately up to a high standard. However, given the ongoing innovations and infrastructure developments, BRI has anticipated the possibility of dissatisfaction among some of its customers by establishing a centralized complaint-handling system to facilitate its customers in submitting complaints about BRI products or services.

In the event of a customer complaint being received, BRI will follow up on it and aims to resolve the issue within the time limit specified in the Service Level Agreement (SLA). Customer complaints can be easily submitted through the following Multi-Contact Channels:

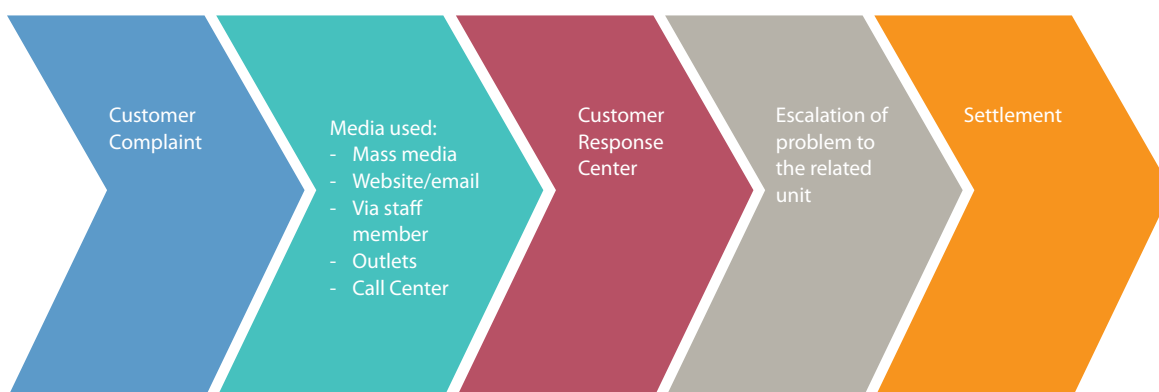
Channel	Contact
Telephone	14017/500017/ 021-57987400
Premium Service	0800 1 017017/021-5758899
Facsimile	021-579 33 045
Website	www.bri.co.id
E-mail	callbri@bri.co.id or contactcenter@corp.bri.co.id
Internet Banking	https://ib.bri.co.id
Mail	Customer complaint can be sent by mail to: <ul style="list-style-type: none"> - the nearest BRI outlets; or - Contact Center Service Department BRI Head Office
Print and Electronic Media	Customer complaint can be submitted through print and electronic media
Face to face	Customer can express complaint by means face to face directly to BRI's Customer Service Officer in the nearest BRI outlets

Customer Complaints Settlement Rate

Year	Complaints received	Complaints followed up	Complaints resolved	Complaints in - process*
2011	173,728	173,728	170,263	3,465
2012	168,672	168,672	165,192	3,482

*Complaints in process will be followed up during the subsequent time period.

Customer Complaints Procedure



Financial Impact

BRI capital investment in 2012, which was allocated specifically to further enhance service quality and to expand BRI's network, totaled Rp1.45 trillion. (See also a rundown of capital expenditure in the "Financial Review" section).



Responsibility for Manpower and Health and Safety at Work

A description of how we implement corporate responsibility toward our employees can be found in the Sub-Chapter, "Review of Operations-Human Resource Management".

Health and Safety at Work

BRI recognizes that health and safety at work must be one of the Company's top priorities in order to establish a work environment that supports the achievement of the company's optimal targets. Good working conditions have been achieved as BRI's employees have the assurance of knowing that their health and safety while at work are guaranteed.

BRI's operational activities are generally carried out in office areas, whether those offices comprise high-rise buildings, shops or mobile units. The majority of BRI's activities take place in areas that are not considered dangerous, except for e-channel mobile units that have IT support, which must move to designated points in areas that are relatively safe. Activities in open spaces normally only occur when reviewing BRI-funded development projects and in carrying out routine visits to customers.

Given that the majority of BRI activities take place inside buildings, health and safety at work is promoted by primarily focusing on the implementation of a basic program to prevent the risk of workplace accidents and to ensure the health of workers. This basic program includes:

1. Training in evacuation procedures from multi-story buildings.
2. Basic training in the use of fire extinguishers.
3. Exercises for security officers in rescuing victims from inside a building.
4. Other relevant basic training.

In addition to these basic programs, and still within the framework of protecting employees from workplace accidents, BRI has a strict policy that employees must always follow the safety procedures detailed by their project owner whenever there is a field review. Besides this, the entire BRI workforce is protected by work accident insurance when carrying out work visits.

BRI also applies a standard work safety program by equipping all of its operational facilities, whether in mobile units, shops or multi-story buildings, with basic safety equipment that is necessary and adequate. BRI also requires that information on evacuation routes in case of emergency is provided at all events organized by external parties at BRI Head Office, the BRI Building.

In order to mitigate an emergency in which an employee is suddenly taken ill while in the office, the company provides healthcare facilities in the form of oxygen tubes and First Aid boxes that are available at all BRI work units.

Currently, all BRI employees receive several amenities in relation to health and safety:

1. BRI provides special benefit packages to employees to maintain their health and/or to receive medical treatment. The company covers all expenses, within reasonable limits.
2. BRI also organizes annual General Medical Checkups (GMC) for its staff, which is a preventive measure to ensure good health among its employees.
3. Subsidies are provided for eyeglasses so as to optimize employee performance.
4. All BRI employees are included as beneficiaries of the Workers' Social Security (Jamsostek) scheme.



In guaranteeing quality health services for BRI employees, especially those at our Head Office, BRI works in conjunction with BRIMedica (a subsidiary of the BRI Pension Fund) to provide medical health checks. In addition to that, we have 2 (two) Ambulances on standby at BRI Head Office to offer first aid assistance in the event of an accident.

Financial Impact

Implementation of the training and provision of basic safety equipment does not result in a material impact on BRI finance.

Name: BRI Medica

Location: BRI I Building, Jakarta

Operating Hours: 08.00 – 16.30WIB
(Western Indonesia Time)

Doctors: 3 (General Practitioners)

Health services: medical examinations,
drug prescriptions and delivery, and
laboratory checks.

PRAKTEK BERSAMA DOKTER SPESIALIS & APOTEK
BRIMEDIKA



With the implementation of sustainable social responsibility, Bank BRI aims to achieve business success while at the same time improving the welfare of the community.



Before



After

LPI BINA BHAKTI NURUL HIDAYAH
Madrasah Ibtidaiyah MI
Nurul Hidayah I
Jl. Pendidikan Km. 1 Kronjo - Tangerang 15550

Responsibility for the Environment

BRI's operations does not include material processes or other physical processes that result in changes to the earth's surface. Nevertheless, BRI remains committed to participating in activities - both direct and indirect - that are aimed at saving the environment.

Active participation by BRI includes green initiatives, sponsoring environmental events, direct assistance via the Environmental Development scheme to environmental activities, and so on. Several activities that have already been carried out are:

1. Donated 5,000 mangroves for planting to the Jakarta Maritime and Agriculture Office.
2. Established a pilot seaweed cultivation project, using both free foundation and floating methods.
3. Provided assistance for a biogas installation program at BRI's Regional Office in Yokyakarta.
4. Donated 1,000 fruit trees for an event led by singer Iwan Fals to celebrate BRI's 117th anniversary.

(Further information can be found at Social Responsibility - Environmental Development - BRI Cares about Nature Conservation)

BRI's indirect participation toward environmental conservation includes adopting policies that aim to reduce the negative impact of our operations on the environment. Besides having a positive effect on environmental conservation, our policies also help to make our operational activities more effective and efficient.

Operational policies that indicate BRI's commitment toward the environment include:

1. A "paperless" system in our administrative work in order to reduce the amount of paper consumed, which is supported by a fully integrated information technology system.
2. A policy to save electricity, including the use of energy-saving lights and maintaining reasonable room temperatures in all offices.
3. A policy to test operational vehicles to reduce emissions.
4. A policy to replace technical equipment in collaboration with an authorized, competent company that manages hi-tech waste products.
5. A policy to offer investment or working capital loans only to those industries that do not endanger or damage the environment.
6. A policy to save water by using recycled water as part of good governance at BRI Head Office.

Financial Impact

The amount of funding spent on our environmental policies in relation to nature conservation totaled Rp0.79 billion.

Responsibility toward the Community

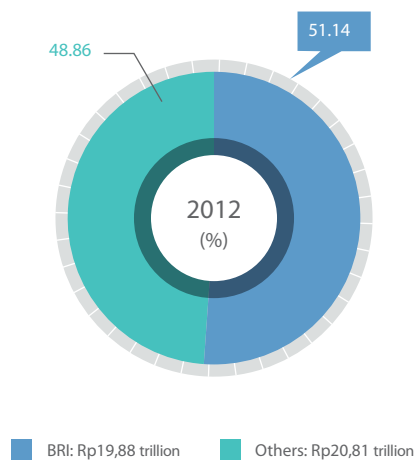
BRI's corporate social responsibility toward the community takes many forms, including:

1. Programs Loan Distribution, comprising:
 - KUR (People Business Loans)
 - Other Programs Loan (KKPE, KUT etc)
2. Implementation of Corporate Social Responsibility activities, comprising:
 - Company CSR Program
 - Partnership Program and Community Development (PKBL)

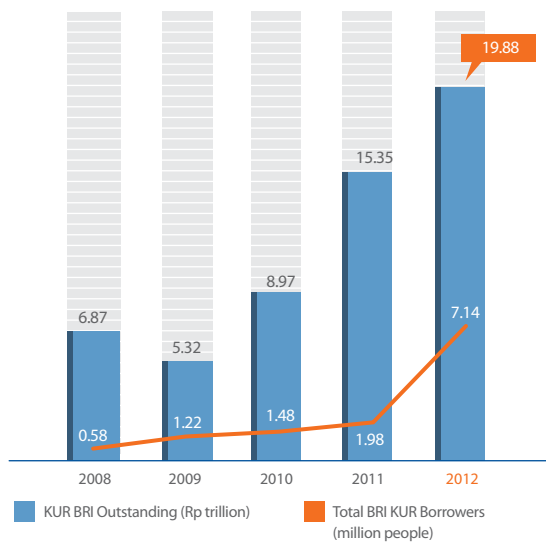
People Business Loan Distribution

People Business Loans, which are commonly referred as KUR, consist of loan/financing by banks to Micro and Small Enterprises that are considered feasible but not yet bankable; in other words, small businesses that have good business prospects and are able to repay their loans. Currently, 6 (six) national banks offer such people business loans, namely BRI, BNI, Bank Mandiri, BTN, Bukopin and Bank Syariah Mandiri along with 26 Regional Development Banks.

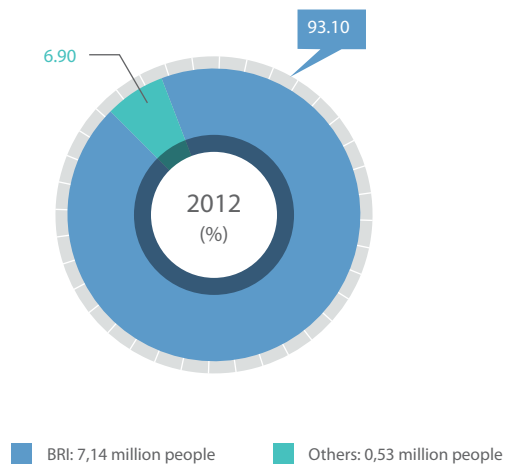
KUR (People Business Loans) Outstanding
BRI to National



BRI People Business Loan Distribution



Total Borrowers: BRI to National



BRI has become one of the Government's strongholds in the field of providing People Business Loans, which is due to BRI's competitive advantage in the form of Indonesia's largest banking network in real time online outlets, as well as its wealth of experience in micro business. Taken together, these factors enable BRI to easily distribute loans, while also maintaining loan quality.

From a national perspective, BRI People Business Loans accounted for 48.86% of the total nominal distribution of KUR nationally, as well as reaching 93.10% of the total number of borrowers across the country.

Financial Impact

During 2012, BRI served more than 7.14 million people with total People Business Loans amounting to Rp59.30 trillion. In December 2012, BRI People Business Loans outstanding totaled Rp19.88 trillion, an increase of 30.71% compared with 2011, when Rp15.21 trillion worth of outstanding loans was recorded. At the end of 2012, the total number of People Business Loan borrowers was 2.20 million, up by 11.68% from the year before that recorded a total of 1.97 million borrowers. BRI managed People keep Business Loan quality below 3%, and at the end of 2012 recorded non-performing loans (NPL) level of 2.04%.

These figures highlight the significant role that BRI plays in enhancing financial inclusion in Indonesia and how, in an indirect way, BRI helps to raise living standards within those communities that are located in BRI operational areas.

Other Programs Loan

As a bank with branches and outlets in all regions across Indonesia, BRI is at the forefront of supporting regional economic growth. Taking that into consideration, BRI has a very important role in determining the success of each program loan.

With the aim of supporting food security in Indonesia, BRI provided loans within Food Security and Energy, Warehouse Receipt Subsidy, and Bio-Energy Development and Plantation Revitalization programs, all of which follow a Non-Partnership Model. The Food Security and Energy loan scheme has already helped many farmers, livestock farmers, fishermen and fish farmers to increase their production levels.

Financial Impact

Up to end of 2012, BRI disbursed Food Security and Energy loans to 18,609 Groups of Farmers/Livestock Farmers/Land Cultivators/Cooperatives to increase their agricultural production. Total outstanding loans rose 24.87% from Rp1.97 trillion in 2011 to Rp2.46 trillion in 2012.

Corporate Social Responsibility Program



BRI's CSR program entails corporate social responsibility aimed at improving social conditions among communities surrounding company areas. In 2012, BRI focused its CSR efforts upon the structure of environments within communities, especially housing facilities, which constitute one of their primary needs. BRI collaborated with Gadjah Mada University (UGM) and NGO Rumah konomi Rakyat to renovate houses that were unfit for occupancy. This program, which was supported by CSR grant funding, used a concept of community participation, which in practice meant that work was carried out based on the needs of the community and with the physical help of community members themselves. Given the limits on funding, time and manpower, the involvement of the community proved invaluable in helping to fill the gaps. In terms of determining appropriate designs for the houses, the community helped a great deal by forwarding their ideas and information based on their needs. Extracting exactly what people wanted became an important task for the design consultants so that they could arrive at detailed yet functional designs. Programs such as this one have been conducted in several different areas including Limboto, Gorontalo Province; Soreang, Bandung Regency; Denpasar, Bali Province; Wates, DI Yogyakarta Province; and Barabai, South Kalimantan Province.

Partnership Program and Community Development (PKBL)

PKBL comprises social responsibility as mandated by BRI's shareholders and is implemented in accordance with State-Owned Enterprises Ministerial Regulation

Number PER-20/MBU/2012 dated 27 December 2012 on Amendments to SOE Ministerial Regulation No. 05/MBU/2007 on SOE Partnership Program with Small Businesses and Community Development Program.

Funding, which is allocated every year for PKBL activities, is decided at BRI's Annual General Meeting of Shareholders (AGM). In 2012, the total allocation of funds to realize the PKBL program was taken from BRI's 2011 operational income, following a decision made at the AGM on 28 March 2012, amounting to Rp603.32 billion (4% of net income for 2011).

The total realization of funds for the PKBL during 2012 reached Rp398.98 billion, which consisted of Partnership Fund disbursements of Rp145.97 billion and Community Development Fund disbursements of Rp253.01 billion.

Renovating Derelict Houses

Implementation: Kricak village – Yogyakarta

Aim: Renovating houses that are unfit for habitation together with building community participation and a spirit of mutual assistance

Renovated Houses: 34

Construction Period:
April – December 2012

Manager

Design Consultant:
Professors & Students of faculty of
Architecture, UGM

Renovators: Local community

Partnership Program

The BRI Partnership Program is a financing and assistance program for micro and small businesses including cooperatives that are commercially feasible, but can not utilize BRI's commercial credit scheme. In practice, BRI views the implementation of the partnership program as part of its efforts to achieve the company's mission, namely "To carry out best banking practice by prioritizing services to micro, small and medium enterprises in order to bolster the local economy".

This program aims to increase productivity within micro and small businesses in order that they may become strong businesses in the future. Partners within this Lending Partnership are embryonic BRI customers, that one day will be BRI commercial customers.

In addition to providing financing facilities with light terms and conditions via its Partnership Program, BRI also offers an entrepreneurship development program to its partners. This development program is implemented in various forms, including fostering basic entrepreneurial knowledge, basic knowledge on marketing products, and promotional activities on product marketing by engaging partners at varieties of micro business product exhibitions at regional, national and international levels. Participating at these exhibitions not only allows developing partners to gain new insights but also gives them an opportunity to expand the awareness of their products.

Considering that these developing partners are embryonic BRI customers, the process and selection for offering partner financing is carried out carefully and in a way that is appropriate with the Company's long-term plans. Bearing in mind the importance of efficiency in development, control and ease of marketing, BRI now focuses more on channeling funds to clusters of specific businesses.

By following this pattern of cluster formation, in 2012 BRI disbursed partnership program funding to 2,431 developing targets, bringing the total number of developing partners assisted through the end of 2012 to 19,980. The total amount of partnership loan funds disbursed reached Rp143.71 billion, an increase of 232.74% compared with 2011 when Rp43.19

billion worth of funding was disbursed. Besides this, Rp2.26 billion of partnership development funding was disbursed.

The following table details the disbursement of partnership loans during 2012 according to economic sector.

Business sectors	Realization (in billion Rp)	Composition (%)
Industry	5.26	3.66
Trade	48.11	33.48
Agriculture	9.39	6.53
Livestock	9.29	6.47
Plantation	50.09	34.86
Fishery	7.94	5.52
Services	10.62	7.39
Others	3.00	2.09
Subtotal	143.71	100.00
Cultivation Fund	2.26	
Total	145.97	

Audited data

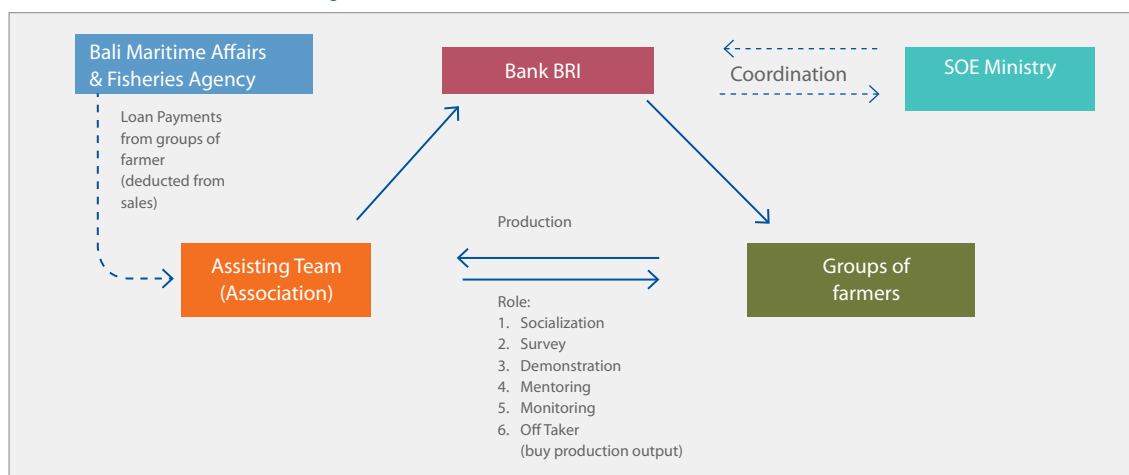
Community Empowerment Program - Seaweed Farming Cluster in Nusa Lembongan

One of the business clusters as mentioned above comprises seaweed cultivators in Nusa Lembongan, Bali. Community empowerment through establishing and cultivating seaweed is carried out via a pilot Seaweed Cultivation project, which has 12 cultivators using the Free Foundation Method and another 12 using the Floating Method, as well as via assisting the cultivation and establishment of a Seaweed Cluster. BRI assists these farmers in collaboration with the Bali Association of Seaweed Farmers, and academics.

Benefits derived from this Empowerment Program include:

1. The production of better quality seaweed, resulting in an increased selling price from the previous Rp3,000/kg to Rp5,000/kg
2. An increase in production capacity, achieved with the help from BRI's Partnership Loans
3. The formation of a business group, which shortens the chain and improves the farmers' access to markets as the Bali Association of Seaweed Farmers collects the seaweed that is produced.

Flow chart: BRI's Community Empowerment Program through Seaweed Cultivation on the Island of Nusa Lembongan



BRI Cares

The BRI Cares program, which is a realization of the bank's Community Development Program, aims to improve the social conditions and quality of life of communities located in BRI operational areas. In line with SOE Ministerial Regulation No. PER-05/MBU/2007 dated 27 April 2007, which was amended by SOE Ministerial Regulation No. PER-20/MBU/2012 dated 27 December 2012, forming the legal foundation for the implementation of the PKBL program, delivery of the BRI Cares program is divided into 6 (six) areas, namely public facilities, education, health promotion, religious service, nature conservation and providing assistance to victims of natural disasters.

In line with the PKBL implementation aims, one of which is to aid community welfare by cultivating economic capacity, the implementation of the BRI Cares program prioritizes three main areas that are expected to provide long-term mutual support through the distribution of partnership funding. The three areas comprise health, education and public facilities.

In executing the Community Development program, BRI has joined the SOE Cares program besides carrying out its own process of disbursement via its BRI Care program. During 2012, the realization of funds

disbursed for Community Development consisted of Community Development BRI Cares funds of Rp79.06 billion and Community Development SOE Cares funds of Rp173.95 billion with recapitulation as follows.

Community Development Disbursement	2012 Realization In billion Rp	Composition of BRI Cares
BRI Cares	79.06	100.00%
Public Facilities	11.86	15%
Natural Disasters	0.85	1.08%
Education	37.98	51.24%
Health	19.04	20.84%
Religious Service	8.14	10.35%
Nature Conservation	1.19	1.48%
SOE Cares	173.95	
Total	253.01	

BRI Cares for Public Facilities

BRI helps to repair and build public facilities that are needed by local communities. These include repairs to traditional markets, which are carried out as part of BRI Cares Public Markets activities, construction of and repairs to sanitation facilities, repairs to transportation facilities, and so on. Total BRI Cares funds disbursed in 2012 for public facilities totaled Rp11.86 billion.

BRI Cares for Natural Disasters

As part of its efforts to help victims of natural disasters, BRI assists with emergency response through its work units that are closest to locations hit by natural disasters. In 2012, BRI distributed Rp852 million to help fund natural disaster mitigation efforts. This financial aid paid for food, clothing, medicine, blankets and other emergency needs.

BRI Cares for Education

As a company that recognizes the importance of good quality education for each generation, BRI strives to provide benefits and enhance educational quality with its BRI Cares for Education program. In 2012, financial assistance channeled through this program amounted to Rp37.98 billion. This assistance took the form of scholarships, renovation of school buildings and the provision of school facilities for students and schools in need.

BRI Cares for Public Health

One of the ways in which BRI helps to improve the quality of public health in Indonesia is by playing a role with its BRI Cares Health activities. The total amount of funding disbursed in 2012 for health-related activities was Rp19.04 billion. This aid took the form of offering free health services at more than 147 BRI work units as part of the bank's 117-year anniversary celebrations, providing assistance to mobile community health centers, ambulance procurement, establishing integrated health posts, and other activities.

BRI Cares for Religious Service

Within a framework of providing amenities for religious worship and to enhance the quality of the spiritual lives of communities around the bank's work units, BRI strives to prepare and offer development assistance and to repair places of worship, as well as other forms of religious service. Total aid channeled through the BRI Cares Religious Service program in 2012 amounted to Rp8.14 billion, which was aimed at improving the quality of religious worship.

BRI Cares for Nature Conservation

Activities carried out by BRI to protect the environment and improve air quality were implemented with the

participation of BRI's entire workforce, who planted productive trees on land surrounding BRI outlets. In 2012, Rp1.19 billion was disbursed to cover these activities.

SOE Community Development SOE Cares Program

BRI allocated 30% of available Community Development funds to the SOE Community Development Cares program to help implement environmental activities as determined by the Ministry of SOE. In 2012, the total amount of Community Development aid disbursed reached Rp173.95 billion, which was used specifically to fund low-cost grocery markets program in all provinces across the country and nature conservation in East Nusa Tenggara province.

Impact of Regulation Amendment

The passing of SOE Ministerial Regulation No. PER-20/MBU/2012 dated 27 December 2012 concerning Amendments to SOE Ministerial Regulation No. PER-05/MBU/2007 on the SOE Partnership Program with Small Businesses and the Environment Development Program has provided a new legal foundation regarding the implementation of the PKBL. The new regulation introduces several changes, the most significant of which relates to the PKBL funds that are set aside from Company Net Income based on the decision at the AGM. The new regulation stipulates that the entire allocation will become funds for SOE PKBL Development, superseding the previous practice of allocating a 30% portion of the total funds available to the SOE Community Development Cares program.

SOE Ministerial
Regulation
No. PER-05/
MBU/2007
dated 27 April
2007

PKBL fund
allocation:
- 70% to
SOE PKBL
Development
- 30% to SOE
Cares Program



SOE Ministerial
Regulation
No. PER-20/
MBU/2012 dated
27 December 2012

Entire funds
allocated to
SOE PKBL
Development

Corporate Data





- Profile of Board of Commissioners
- Profile of Board of Directors
- Profile of Board of Commissioners' Committees
- Profile of Corporate Secretary
- Profile of Head of Internal Audit
- List of Senior Officials
- Office Address
- Outlets
- Contact Address

Profile of Board of Commissioners



Bunasor Sanim

Indonesian, 67 years old. Bunasor Sanim assumed the position of Independent Commissioner on May 19, 2005, and was appointed as **President Commissioner/Independent Commissioner** of Bank Rakyat Indonesia (BRI) on May 30, 2006. He was reelected as President Commissioner/Independent Commissioner on April 28, 2011.

Bunasor Sanim is a lecturer for graduate and postgraduate programs at Bogor Institute of Agriculture (IPB) and is active in numerous organizations, including the Indonesia Muslim Scholars Association (ICMI) as an Experts Council member, the Indonesia Agricultural Economy Association (Perhepi) as an Advisory Council member, International Center for Analysis of Finance and Economic (InterCAFE) as an Advisory Council member, Indonesia Islam Banks Association (Asbisindo) as an Advisory Council member, Indonesia Fertilizer Council as deputy chairman and the Indonesia Organic Agriculture Society (Maporina) as deputy chairman. He served as Consortium Coordinator on Agriculture and Natural Resources at the SEARCA-SEAMEO (1989-2002) and Senior Scientist Partnership—a joint partnership between IPB and the University of Gottingen, Germany.

Bunasor Salim holds an engineer's degree in agricultural social economics from IPB (1972) and a Master's degree in agricultural economics from the University of the Philippines Los Banos (1982) and a PhD in resources economy from the University of the Philippines Los Banos (1986). He completed a post doctoral program at the Harvard Institute of International Development (HIID), Harvard University, Cambridge, the United States (June – July 1994).



Mustafa Abubakar

Indonesian, 63 years old. He has served as **Deputy President Commissioner** of BRI since March 28, 2012. He served as State-Owned Enterprises Minister from 2009 to 2011, State Logistics Agency President Director from 2007 to 2009, Aceh Governor from 2005 to 2007 and Maritime and Fisheries Ministry Inspector General from 1999 to 2001.

He holds an engineer's degree in maritime resources management (1977), a Master's degree in maritime technology (2002) and a doctoral degree in maritime technology (2004) from IPB.



Vincentius Sonny Loho

Indonesian, 55 years old. He has served as **Commissioner** of BRI since March 28, 2012. He is currently the Inspector General at the Ministry of Finance. He also served as the Director for Accounting and Reporting at the Ministry of Finance's Treasury Directorate General from 2008 to 2011, the Director of Finance Supervisory on Public Service Agencies (BLU) at the Ministry of Finance's Treasury Directorate General from 2006 to 2008, and the Head of Consolidation and Financial Reporting Sub-Directorate at the Ministry of Finance's Treasury Directorate General from 2004-2006.

He holds a diploma from the State Accounting College (STAN) (1980), a bachelor's degree from STAN (1987) and a master's degree in public management from Carnegie Mellon University, Pittsburgh, the United States (1998).



Hermanto Siregar

Indonesian, 49 years old. He has held his position as a **Commissioner** of BRI since April, 28, 2011. He is currently the Vice Chancellor for Resources and Development and the Professor of Economics at the Bogor Institute of Agriculture (IPB). He is also a member of the National Economy Committee (KEN), the Head of the Indonesia Agricultural Economy Association (PERHEPI) and a Member of the Indonesia Economics Graduates Association's (ISEI) Central Board. He had served as an Independent Commissioner of PT Permodalan Nasional Madani (PNM) (2007), the President Commissioner of PNM (2008 - 2011), Secretary General of PERHEPI (2007 - 2011), Secretary General of Asia Pacific Agricultural Policy Forum (2007-2009), Member of Statistics Society Forum (2007-2009) and the Director for Management and Business Postgraduate Program at IPB (2005-2008).

He holds an engineer's degree from IPB's Agriculture Faculty (1986), a Master's degree in Agricultural Economics from the University of New England, Armidale, Australia (1991) and a doctoral degree in Economics from Lincoln University, New Zealand (2003).



Heru Lelono

Indonesian, 57 years old. He has served as a **Commissioner** of BRI since May 20, 2010. He had previously served as Managing Director at PT Telesera (Rajawali Corp) (1995 – 1998) and Director of Business Development at PT Bukit Jaya Abadi Surabaya (1993 – 1995). He is currently a member of the President's special staff team.

He holds a bachelor's degree in architecture from Soegijapranata Catholic University (1983).



Aviliani

Indonesian, 51 years old. She has serving her second term as an **Independent Commissioner** of BRI since May 20, 2010, and started her first term in May, 2005. She is currently the Secretary of the National Economy Committee (KEN), the Chairwoman of the Indonesia Society of Independent Commissioners (ISICOM), a member of Perbanas Central Board, a member of Sharia Economy Society's (MES) Experts Council, a member of the Indonesia Economics Graduates Association (ISEI) Central Board, a member of the Indonesia Muslim Intellectuals Association's (ICMI) Finance and Investment Division, Advisor for Indonesia – Singapore relations at the Indonesia Chamber of Commerce (KADIN) and Advisor at the Indonesia Listed Companies Association. She served as the Director of Institute for Development of Economics and Finance (INDEF) (2004-2005), Head of Management Department at Paramadina University, Faculty of Economics (2002-2005), Lecturer at STIE Perbanas School of Economics and other universities (1986-2005), Secretary at Consortium of Private Universities' Community Service Bodies (2000-2003), and Deputy Head for Finance and Human Resources at STIE Perbanas (2000-2002).

Aviliani holds a bachelor's degree in economics from Atmajaya University, Jakarta (1985), a master's degree in business administration from the University of Indonesia (1995) and a doctoral degree in business management from IPB (2012).



Adhyaksa Dault

Indonesian, 49 years old. He assumed his position as an **Independent Commissioner** of BRI in May 20, 2010. He served as Youth and Sports Minister (2004-2009) and a commissioner at several companies (1995-2002).

He holds a bachelor's degree from Trisakti University, Law School (1989), a master's degree in society development from the University of Indonesia (1999) and a doctoral degree in marine engineering from IPB (2007).



Ahmad Fuad

Indonesian, 58 years old. He has served as a **Commissioner** of BRI since March 28, 2012. He previously served as Director of Legal Affairs at Bank Indonesia (2008 – 2012), Director of Banking Investigation and Mediation at Bank Indonesia (2005 – 2008) and Deputy Director of Legal Affairs at Bank Indonesia (2001 – 2005).

He holds a bachelor's degree in law from the University of Indonesia (1982) and an MBA in finance from the University of Adelaide, Australia (1995).

Profile of Board of Directors



Sofyan Basir

Indonesian, 54 years old. He served as the **President Director** of BRI for a first term from May 17, 2005, and was reelected for a second term on May 20, 2010. He served as President Director of Bank Bukopin after serving as Commercial Director, Group Head Line of Business and Head of numerous branches in Indonesia's major cities. He started his banking career in 1981 with Bank Duta before joining Bank Bukopin in 1986.

He holds a diploma from Trisakti Accounting School in 1980 and a bachelor's degree in Economics from the Ganesha School of Economics in Jakarta in 2010. In December 2012, Trisakti University awarded him with a Doctor Honoris Causa in Economics. He joined a number of training courses in banking both inside and outside the country, including training for risk management executives in Denpasar; Islamic Finance Forum in Switzerland; Business Continuity Planning seminar, Ernst & Young; Bank Leadership School (SESPIBANK) in Jakarta; Strategy Development Session, IBM; and Structuring Loans and Short Term, The Institute of Banking & Finance.



Sarwono Sudarto

Indonesian, 60 years old. He assumed his position as a **Director** of BRI on May 30, 2006, and was reelected for a second term on April 28, 2011. He started his career in BRI in 1976 and has assumed various positions, including Head of Treasury Department, Head of Planning and Strategy Division, Head of Internal Audit, Head of Retail Business Division, Deputy Head of Accounting Management and Finance Division, Head of BRI Palembang Sriwijaya Branch, Guest Officer at Sanwa International Finance Ltd. Hong Kong, Treasury Manager and Chief Dealer at BRI Finance Ltd. Hong Kong.

He holds a bachelor's degree in Business Administration from Diponegoro University in Semarang, Central Java (1975), an MBA from Tulane University in New Orleans, the United States (1987), and a doctoral degree in management from Jakarta State University (2011). He participated in numerous training sessions, including training in capital market in Tokyo; Risk Management Certification—BSMR in Singapore; Assessor at BNSP Risk Management Competence Certification; National Resilience Institute (Lemhamnas), Bank Leadership School (SESPIBANK) (Jakarta); Credit Manager and Organization Management; BRI Representative on microfinance seminar in Thailand, APEC Meeting in Chile (2004), and in a number of roadshows or investor conferences in London, Hong Kong and Singapore.



Achmad Baiquni

Indonesian, 55 years old. He has served as a **Director** of BRI since May 20, 2010. He started his career in banking with BNI in 1984 and assumed a number of managerial posts, including Director of Small-Medium-Sharia Businesses, Director of Corporate Business, Director of Consumer Business, and Head of Personal Business Management Division.

He holds a bachelor's degree in Economics from Padjadjaran University in Bandung, West Java (1982) and a master's in Business Management from the Asian Institute of Management in Makati, the Philippines (1992). He participated in a number of training sessions, courses and seminars on banking, including Risk Management in Retail Banking-BSMR (the Netherlands); Executive Training for Directors – The Wharton School of The University of Pennsylvania (the United States); Bank Indonesia's Executive Risk Management Certification – BSMR (Singapore); Retail Banking Conference – LAFERTY (Singapore); Asian Bankers Surveyor Program – Bank of New York (New York); and Bank Leadership School (SESPIBANK) – IBI (Jakarta); BRI Representative in various roadshows and investor conferences in London, New York, Singapore, Tokyo, Hong Kong and the Middle East.



Sulaiman Arif Arianto

Indonesian, 54 years old. He was appointed as a Director of BRI for Small-Medium Enterprises on May 30, 2006, and as **Director** on Oct. 12, 2009. He was reelected for a second term on April 28, 2011. He started his career at BRI in 1983 and has assumed various posts, including Head of Agribusiness Division, Head of General Business Division, Head of Denpasar Regional Office and Head of Jakarta Regional Office.

He holds a bachelor's degree in Animal Husbandry from IPB (1981) and an MBA from the University of New Orleans, the United States (1991). He represented BRI in a number of organizations, such as APRACA, UN advisor for Inclusive Financial System and Micro Finance Network. He spoke in numerous international seminars on small-medium enterprises, including the Asian Banking Forum (Jakarta), APEC SME Working Group (Bali), Financial Technology Conference (Singapore), Microfinance Sustainability, APRACA (Kunming), APO Forum, Micro Banking and Risk Management Workshop (Beijing), Asia Pacific Regional Microcredit Summit (Bali) and International Microfinance Conference (IMC) 2012 in Yogyakarta. He also represented BRI in several investor conferences held inside and outside the country, including in the United States, Hong Kong and Singapore.



A. Toni Soetirto

Indonesian, 54 years old. He was appointed as a **Director** of BRI in 2006 and was reelected for a second term on April 28, 2011. He started his career in banking in Bank Duta in 1983 and in 1985 he joined with Bank Bukopin. He previously served various positions in Bank Bukopin, including Director of Commercial Business, Director of Risk Management and Compliance, and Group Head of Credit and Marketing Financial Institutions.

In 1981, he graduated from IPB with a bachelor's degree in Agribusiness. He had participated in a number of training sessions, courses and seminars in banking, such as CRM and Intelligence Banking EFMA (Barcelona); the Future Face of Marketing (Australia); Self-Service Banking, EFMA (Barcelona); the Branch of the Future, EFMA (Barcelona); Structured Trade and Export Finance in Asia Conference, Euromoney, JP Morgan and Citigroup (Singapore); the Strategic Board, Australian Institute of Company Director (Australia); Comparative Study for Trade Financing and Risk Management – Deutsche Bank (Germany); and Certified Wealth Manager – Erasmus Huis Netherlands (the Netherlands).



Lenny Sugihat

Indonesian, 56 years old. She assumed her position as a **Director** of BRI in 2006 and was reappointed for a second term in April 28, 2011. Her career in banking started with BRI in 1981. She has previously served various managerial posts, including Head of Non-Performing Loans Settlement and Restructuring Division, Head of Agribusiness Division and Head of Planning and Strategy Division.

She holds a bachelor's degree in Fisheries from IPB (1979) and an MBA from University of Houston, the United States (1993). She has participated in various trainings, including Credit Risk Management BRI – Citibank; the Advanced Management Program for Overseas Bankers (the United States); Problem Loan and Loan Syndication Training (Sydney); Bank Leadership School (Bank Leadership School (SESPIBANK) (Jakarta); Strategic Management in Banking Programme (France); the World Bank Conference "The Role of State-Owned Banks" (the United States); Risk Management Certification – BSMR (Denpasar); World Bank/IMF 2002 Annual Meeting (the United States); "Program Management Office" Seminar (Jakarta); the 33rd Asean Banking Council Meeting (Bali); Rethinking the East Asia Miracle (World Bank Jakarta); "Bank Management and Basel II Capital Requirements" Seminar (Jakarta); and Assessor of Training for Competency Test by BNSP (Jakarta).

Asmawi Syam

Indonesian, 57 years old. He was appointed as a **Director** of BRI on September 5, 2007, and was reappointed for a second term on March 28, 2012. He first joined BRI in 1980 and served various managerial posts, including Head of General Business Division, Head of Consumer Banking Division, Head of Bandung Regional Office, and Head of Denpasar Regional Office.

He holds a bachelor's degree in Economics from Hasanuddin University in Makassar, South Sulawesi (1979), and a master's degree in Management from Padjadjaran University in Bandung, West Java (2003). He participated in various training courses in banking, such as State-Owned Enterprises to World Class Competitors, Creative Innovative and State-Owned Firms (the Philippines); Card and Payment – European Financial Management Marketing EFMA (France); Restructuring and State-Owned Enterprises Performance Improvement (Jakarta); Strategic Leadership – Mastercard International (Bangkok); World Congress on IT Information (Australia); Asset and Liability Management; Credit Risk Management & International Banking (Brussel); and Bank Leadership School (SESPIBANK) (Jakarta).

Suprajarto

Indonesian, 56 years old. He was appointed as a **Director** of BRI on Sept. 5, 2007, and was reelected for a second term on March 28, 2012. He started his banking career in 1983 and had served various managerial posts, such as Head of Jakarta Regional Office, Head of Corporate Secretary Division, Deputy Head of Jakarta Regional Office, and Head of several BRI branches in major cities across the country.

He holds a bachelor's degree in Economics from the National Development University (UPN) in Yogyakarta (1982) and a master's degree in Management from Padjadjaran University in Bandung, West Java (2001). He has participated in various training sessions on banking, including Customer Relationship Management (Paris); the Branch of the Future seminar (Barcelona); the 5th Annual Asia Pacific Mobile Payments (Bangkok); Bank Leadership School (SESPIBANK) (Jakarta); Management Executive Development; Marketing seminar (Sydney); Delivery Channel Strategy the Branch and Beyond Seminar (Kuala Lumpur); and Branch of the Future Revamping the Branch for the Technology Driven World seminar (London).



Djarot Kusumayakti

Indonesian, 55 years old. He was appointed as a **Director** of BRI on May 20, 2010. He started his career in banking when he joined BRI in 1983 and filled various managerial positions, including President Director at PT BTMU BRI Finance, Head of Credit Risk Analysis Division, Deputy Head of Jakarta Regional Office, Deputy Head of Semarang Regional Office, and Deputy Head of Padang Regional Office.

He holds a bachelor's degree in Corporate Economics from Indonesian Islamic University (1982) and a master's degree in Financial Management from Airlangga University in Surabaya, East Java (2000). Training sessions and courses joined include; Bank Leadership School (SESPIBANK) – LPPI (Jakarta), Credit Risk Management Training (Semarang); Senior Banker Development Course – Bank of America (Jakarta), Risk Management Certification (Jakarta) and Financial Lecture – Bisnis Indonesia (Jakarta). He acted as BRI Representative on microfinance seminar in "The Key to Success in Sustainable Microfinance Programs in Microfinance Network" (MFN) 17th Meeting Conference Rivena Maya in Cancun (Mexico), and a speaker at the seminar "The Role of Microsavings on Sustainable Microfinancing in Global Microcredit Summit" in Valladolid (Spain).



Randi Anto

Indonesian, 51 years old. He has served as a **Director** of BRI since April 28, 2011. He has filled several managerial positions with the bank such as Head of Human Resources Management Division, Head of Palembang Regional Office, Head of Credit Administration Division, and Head of Compliance and Risk Management Division.

He holds a bachelor's degree in Economics from Diponegoro University (1984) and an MBA from St. Louis University, the United States (1994). He participated in various training sessions on banking, including Pro Active Operational Risk Management (Jakarta), Bank Leadership School (SESPIBANK) (Jakarta), World Class Leadership Mentoring Coaching (Jakarta) and Credit Appraisal for Small Medium Individu (Tokyo).



Gatot Mardiwastito

Indonesian, 59 years old. He was appointed as a **Director** of BRI on September 28, 2011. He had previously served as Director of Pharmaceutical Commercial Business, the Ministry of PBUMN & BKPM, Director of Finance of PT Kliring Berjangka Indonesia (Persero), Assistant Deputy of Banking Business at State-Owned Enterprises and Commissioner of Bank Tabungan Negara (BTN).

He holds a bachelor's degree in Economics/Business Law from the University of Indonesia (1985) and a master's degree in Management from Ecole Supérieure Lyon Prancis (1989). He has participated in various training courses, including Property Appraisal (Taiwan), Urban Finance and Taxation (Taiwan), Financial Management by Institute International d'Administration Public (Paris), Strategic Planning (Jakarta), Privatization and Corporate Governance of State-Owned Enterprises workshop (Jakarta), International Conference Bara Risk Forum 2010 (Bali), Executive Risk Management Refreshing Program (Paris), the seminar "Sharpening Leadership for Senior Executive" (Jakarta) and Global Islamic Finance Forum (Kuala Lumpur).

Profile of Board of Commissioners' Committees

Exclude Board of Commissioners

Audit Committee

H.C. Royke Singgih

Indonesian, 52 years old. He has served as an **Audit Commissioner** since October 2005. He is a registered accountant, and previously worked for PT Bank IFI Jakarta, PT PAN Indonesia, Bank Jakarta and PT Krakatau Steel in Cilegon, Banten.

He holds a bachelor's degree in Accounting from Gadjah Mada University in Yogyakarta (1986), a master's degree in Finance and Banking from the University of Indonesia in Jakarta (2000). He is certified for the pre-doctoral program in Strategic Management at University of Indonesia, Jakarta (2004) and holds a doctoral degree in Business Management from IPB (2012).

Dedi Budiman Hakim

Indonesian, 48 years old. He has served as a member of the **Audit Committee** since November 2005. He is currently a lecturer at IPB and is a researcher with IPB's Center for Applied Economics and Finance.

He holds a bachelor's degree in Agricultural Economics from IPB (1988), a master's degree in Agricultural Economics from Massey University, Palmerston North, New Zealand (1994) and a doctoral degree in Agricultural Economics from Georg-August-Universitaet Goettingen, Germany (2004).

Syahrir Nasution

Indonesian, 60 years old. He has served on the **Audit Committee** since November 2008. He is a registered accountant, and had worked for the State Audit Bureau on Finance and Development (BPKP) Jakarta until 1990, and then worked as an auditor for BRI between 1990 – 2008, and also served as the Inspector at BRI Jakarta Regional Audit Office.

He holds a bachelor's degree in Accounting from the Finance Institute, Ministry of Finance, Jakarta (1981).

Risk Management Supervisory Committee

Ridwan Darmawan Ayub

Indonesian, 50 years old. He has served as a member of the **Risk Management Supervisory Committee** since 2006. He had previously filled various positions at Bank International Indonesia.

He holds a bachelor's degree in Social and Political science from the Parahyangan Catholic University in Bandung, West Java (1985) and a master's degree in Financial Management from Mercu Buana University, Jakarta (2008).

I Gde Yadnya Kusuma

Indonesian, 58 years old. He has served as a member of the **Risk Management Supervisory Committee** since July 2010. He has filled various positions at Bank Indonesia and had served as Director for Research and Analysis at the Center of Financial Transaction Reports and Analysis (PPATK).

He holds a bachelor's degree in economics from the Swadaya School of Economics in Jakarta (1993) and a master's degree in economics from the University of Indonesia, Jakarta (2006).

Pamuji Gesang Raharjo

Indonesian, 44 years old. He has served as member of BRI's **Risk Management Supervisory Committee** since September 2011. He previously served the same position from 2007 – 2010. He has filled various positions at Bank Negara Indonesia (BNI), Bank Danahutama, Bank Internasional Indonesia, and served as General Manager for Risk Management in the State Pawnshop Operator (Perum Pegadaian) (June 2010 – March 2011). He also serves as lecturer at the Indonesian Banking Development Institute (LPPi).

He holds a bachelor's degree in Economics from Prof. Dr. Moertopo University in Jakarta (1996) and a master's degree in Risk Management from the University of Indonesia in Jakarta (2003). He is completing a doctoral program in Management and Business at IPB (2010).

Nomination and Remuneration Committee

Ganefi

Indonesian, 49 years old. She has served various positions at BRI since 1989 and currently serves as **Head of Human Resources Policy and Management Division**.

She holds a bachelor's degree in Fiscal Administration from the University of Indonesia in Jakarta (1989) and a master's degree in Business from Monash University in Australia (1994).

Kanyatama P. Mulyono

Indonesian, 40 years old. He has served as a member of the **Nomination and Remuneration Committee** since November 2009. He previously worked as an auditor at Bank Haga and at public accounting office KPMG. He was also a consultant and a lecturer at the Management Institute, Faculty of Economics at the University of Indonesia (LM-FEUI).

He holds a bachelor's degree in Economics from the University of Indonesia (1996) and a Master's degree in Industrial and Organizational Psychology from the University of Indonesia (2004).

Asep Ikhsan Iskandar

Indonesian, 40 years old. He has served as a member of the **Nomination and Remuneration Committee** since November 2009. He has been working at BRI since 1998 and has filled various posts. He is currently a member of the Human Resources Operations Division.

He holds a bachelor's degree in Accounting from Pasundan University in Bandung, West Java.

Profile of Corporate Secretary

Muhamad Ali

Indonesian, 47 years old. He acts as **Corporate Secretary** since January 1, 2010, as stipulated in Board of Directors Decree No.20-DIR/12/2009 signed on Jan. 14, 2010. He holds a bachelor's degree in Law from Gadjah Mada University (UGM) in Yogyakarta in 1987 and joined BRI on June 2, 1988. He previously served as the Deputy Head of Corporate Secretary Division in 2008 and the Chief of Board of Directors Bureau in 2009.

His appointment as Corporate Secretary has been reported to Bank Indonesia in compliance with Bank Indonesia Regulation No.11/1/PBI/2009 dated Jan. 27/2009 on General Banks and has been reported to the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) and Indonesia Stock Exchange in letter No.B.02/SKP/DHI/01/2010 dated January 27, 2010, on corporate-secretary appointments.

Profile of Head of Internal Audit

Ali Mudin

Indonesian, 55 years old. He has served as **Head of Internal Audit BRI** since September, 2008. He has worked for BRI since 1990 and has served various positions, including Head of Logistics Division, Head of Aceh Regional Office, Head of Legal Division, and Head of BRI Branches in numerous cities. He has been tasked with filling various positions, such as Commissioner at PT Beringin Karya Sejahtera (2006-2009) and President Commissioner at PT Asuransi Jiwa Beringin Jiwa Sejahtera (2009 – now).

He holds a bachelor's degree in Law from Padjadjaran University in Bandung, West Java (1981) and a master's degree in Marketing Management from Padjadjaran University (2006). He has participated in various training sessions and courses on banking inside and outside the country, including the European Conference Amsterdam; Internal Audit A'la Carte (2012); Int'l Conference: Auditing through Leadership; Atlanta – USA (2010) and seminar of "Enhancing Internal Audit's Role: Gaining Stakeholder's Confidence through the Global Economic Crisis", Bali (2009).

Head of Division

Head of Credit Administration Division	Arief Tjatur Widodo
Head of Agribusiness Division	Kuswiyoto
Head of Finance and Management Accounting Division	Irwan Rinaldi
Head of Credit Risk Analysis Division	Susy Liestiwaty
Head of SOE Business Division 1	M. Sodo Harisetyanto
Head of SOE Business Division 2	Benni O. Kailani
Head of International Business Division	Isnen Sutopo
Head of Micro Business Development Division 1	Tri Wintarto
Head of Micro Business Development Division 2	Johanes Saragih
Head of Micro Business Policy & Development Division	Agus Katon ES
Head of Business Program & Partnership Business Division	Teten Djaka Triana
Head of Retail & Medium Business Division	Khairullah
Head of General Business Division	Dedy Ihsan*
Head of Funding and Service Division	Widodo Januarso
Head of Education and Training Division	Retno Surdini
Head of Institution Relations Division 1	I Komang Sudiarsa
Head of Institution Relations Division 2	Agus Noorsanto
Head of Legal Division	Hadi Susanto
Head of Micro Business Network Division	Anita Retnani*
Head of Retail Business Network Division	R. Sophia Aliza
Head of Credit Card Division	Mohamad Helmi
Head of Compliance Division	M. Jarot Eko Winarno
Head of Consumer Loans Division	Joice Farida Rosandi
Head of Service Division	Luki Presisa Budi Utami
Head of Fixed Assets Management & Property Procurement Division	Wisto Prihadi
Head of Goods & Services Procurement Division	Sunuaji Noor Widiyanto
Head of Risk Management Division	Rico Rizal Budidarmo
Head of Marketing Communication Division	A. Firman Taufick
Head of Human Resources Policy & Development Division	Ganefi
Head of Human Resources Operational Division	Siswarin Dwi Hendarsapti
Head of Contract Workers & Outsourcing Division	Denny Arsamanggala
Head of Strategic Planning & Business Development Division	Hexana Tri Sasongko
Head of Loans Restructuring & Recovery Division	Edi Priyono*
Head of Operational Center Division	Edy Utomo
Head of Corporate Secretary Division	Muhamad Ali
Head of Treasury Division	Henri*
Head of Information Systems & Technology Division	Zulhelfi Abidin

* Interim Officer

Senior Executives

Inspector		
1.	Inspector of Bandung Region	Windiartono
2.	Inspector of Banjarmasin Region	Sutardjo
3.	Inspector of Denpasar Region	Suindiyo
4.	Inspector of Jakarta 1 Region	Hartono Sukiman
5.	Inspector of Jakarta 2 Region	Sulistianto
6.	Inspector of Jakarta 3 Region	Umi Haryati
7.	Inspector of Makassar Region	Yan Budiarmoko
8.	Inspector of Jayapura Region	Wahyu Waluyo
9.	Inspector of Malang Region	Saptono Siwi
10.	Inspector of Manado Region	Siswanto
11.	Inspector of Medan Region	M. Fankar Umran*
12.	Inspector of Padang in Pekanbaru Region	Khairi Setiawan
13.	Inspector of Palembang Region	Rusli Witjahjono
14.	Inspector of Semarang Region	Zainudin Mappa
15.	Inspector of Surabaya Region	Mudjiharno
16.	Inspector of Yogyakarta Region	Eka Sriyantini
Head of Regional Office		
1.	Head of Banda Aceh Regional Office	Abing Rabani
2.	Head of Bandung Regional Office	Pardiman
3.	Head of Banjarmasin Regional Office	Zainuddin Latif
4.	Head of Denpasar Regional Office	Irianto
5.	Head of Jakarta 1 Regional Office	Mohammad Irfan
6.	Head of Jakarta 2 Regional Office	Albert Radjaguguk
7.	Head of Jakarta 3 Regional Office	Eko Wahyu Andriastono
8.	Head of Jayapura Regional Office	Priyastomo
9.	Head of Makassar Regional Office	Adhy Kusnandar
10.	Head of Malang Regional Office	Mardiwibawa
11.	Head of Manado Regional Office	Osbal Saragi Rumahorbo
12.	Head of Medan Regional Office	Endra Sasmito Soengkowo
13.	Head of Padang Regional Office	Achmad Chumaidi
14.	Head of Palembang Regional Office	Budi Satria
15.	Head of Pekanbaru Regional Office	I Made Suprateka Y.
16.	Head of Semarang Regional Office	Achmad Chairul Ganie
17.	Head of Surabaya Regional Office	Donsuwan Simatupang
18.	Head of Yogyakarta Regional Office	Triyana
Head of Overseas Branch		
1	BRI New York Agency	Haru Koesmahargyo
Head of Special Branch Office		
1	Special Branch Office	Sis Apik Wijayanto

Office Address

Office	Address	City	Telephone	Facsimile
Head Office	Gedung BRI I Jl. Jend. Sudirman No. 44-46	Jakarta	(021) 2510244, 2510254	(021) 2500065, 2500077
Banda Aceh	Jl. Cut Meutia No 17	Banda Aceh	(0651) 22822 (hunting)	(0651) 23487, 22352
Medan	Jl. Putri Hijau No. 2A	Medan	(061) 45256666, 4528323	(061) 4525601
Padang	Jl. Bagindo Azis Chan No. 30 (sementara) Jl. Dr. Moh. Hatta No. 01, Pauh	Padang	(0751) 31964-68, 31970, 31970/(sementara) (0751) 778907	(0751) 778905
Pekanbaru	Jend Sudirman Blok E Kavling No.01, Rt.01, Rw.01, Kel. Simpang Tiga, Kec. Bukit Raya	Pekanbaru	(0761) 44494, 35351, 33149	(0761) 44533, 34875
Palembang	Jl. Kapten A. Rivai No.15	Palembang	(0711) 313411	(0711) 312262
Jakarta 1	Jl. Veteran No. 8	Jakarta Pusat	(021) 3840802	(021) 3453685
Jakarta 2	Gedung Wilma 2 Lt.I Gatot Subroto Kav. 9 - 11	Jakarta Selatan	(021) 52920581, 52920585	(021) 52920586, 52920587
Jakarta 3	Jl S.Parman Kav. G No.9-11, Slipi	Jakarta Barat	(021) 53653470 (hunting), 53653467-69, 53653473-74	(021) 5481766
Bandung	Jl. Asia Afrika No. 57-59	Bandung	(022) 4200356 (hunting)	(022) 432038, 4200348, 4200368
Yogyakarta	Jl. Cik Ditiro No. 3	Yogyakarta	(0274) 520270, 561403	(0274) 514166
Semarang	Jl. Teuku Umar No. 24	Semarang	(024) 8440728, 8440729, 8440730, 84418146	(024) 84473154, 8318463
Surabaya	Gedung BRI Tower Lt. 20 Jl. Jend Basuki Rahmat No.122-138	Surabaya	(031) 5324230	(031) 5324033, 5324044, 5324840, 5324322
Malang	Jl. A Yani Ruko De Panorama Square Kav. A6-A7	Malang	(0341) 474949 (hunting)	(0341) 474944, 474945, 474935
Denpasar	Jl. Dr. Kusumaatmaja No. 1	Denpasar	(0361) 228715, 221979, 236231	(0361) 234796, 264858, 225791
Banjarmasin	Jl. Jend. A.Yani KM 3,5 No. 151	Banjarmasin	(0511) 3250256/57, 3268350	(0511) 3251649, 3252992
Makassar	Jl. Achmad Yani No. 8	Makassar	(0411) 3613174, 3612931	(0411) 3655351
Manado	Jl. Sarapung No. 4-6	Manado	(0431) 863592, 863378, 863778	(0431) 862779
Jayapura	Gedung Pelni 1 & 2 Lt 1 & 2 Jl. Raya Argapura No.15	Jayapura	(0967) 524470, 524453	(0967) 524452
Special Branch Office	Gedung BRI II Jl. Jend. Sudirman No. 44-46	Jakarta	(021) 5713105	(021) 5707570
- BRI New York Agency - BRI Cayman Island	140 Broadway 36th floor New York	New York	(212) 3793840-3845	(212) 3793850
BRI Representative Office Hong Kong	Tower 2 Lipppo Centre 89 Room 1115, 11/F, Queensway, Admiralty	Hong Kong	(85) 2 25271318	(85) 2 28613693

Outlets

BANDA ACEH REGION	
10	Branch Office
13	Sub Branch Office
10	Cash offices
132	BRI Unit/Micro Outlet
24	TerasBRI
4	Mobile Teras

MEDAN REGION	
21	Branch Office
32	Sub Branch Office
18	Cash offices
244	BRI Unit/Micro Outlet
66	TerasBRI
6	Mobile Teras

PADANG REGION	
13	Branch Office
6	Sub Branch Office
8	Cash offices
137	BRI Unit/Micro Outlet
30	TerasBRI
4	Mobile Teras

PEKANBARU REGION	
17	Branch Office
16	Sub Branch Office
15	Cash offices
130	BRI Unit/Micro Outlet
43	TerasBRI
6	Mobile Teras

PALEMBANG REGION	
30	Branch Office
31	Sub Branch Office
18	Cash offices
345	BRI Unit/Micro Outlet
80	TerasBRI
8	Mobile Teras

JAKARTA I REGION	
26	Branch Office
50	Sub Branch Office
60	Cash offices
90	BRI Unit/Micro Outlet
40	TerasBRI
3	Mobile Teras

JAKARTA II REGION	
30	Branch Office
57	Sub Branch Office
62	Cash offices
177	BRI Unit/Micro Outlet
53	TerasBRI
4	Mobile Teras

JAKARTA III REGION	
31	Branch Office
50	Sub Branch Office
37	Cash offices
217	BRI Unit/Micro Outlet
71	TerasBRI
6	Mobile Teras

BANDUNG REGION	
30	Branch Office
37	Sub Branch Office
57	Cash offices
583	BRI Unit/Micro Outlet
134	TerasBRI
8	Mobile Teras

YOGYAKARTA REGION	
33	Branch Office
32	Sub Branch Office
47	Cash offices
578	BRI Unit/Micro Outlet
149	TerasBRI
8	Mobile Teras

SEMARANG REGION	
22	Branch Office
26	Sub Branch Office
45	Cash offices
397	BRI Unit/Micro Outlet
97	TerasBRI
7	Mobile Teras

SURABAYA REGION	
23	Branch Office
32	Sub Branch Office
18	Cash offices
277	BRI Unit/Micro Outlet
89	TerasBRI
6	Mobile Teras

MALANG REGION	
20	Branch Office
28	Sub Branch Office
15	Cash offices
485	BRI Unit/Micro Outlet
134	TerasBRI
6	Mobile Teras

DENPASAR REGION	
30	Branch Office
20	Sub Branch Office
12	Cash offices
261	BRI Unit/Micro Outlet
83	TerasBRI
6	Mobile Teras

BANJARMASIN REGION	
28	Branch Office
24	Sub Branch Office
19	Cash offices
241	BRI Unit/Micro Outlet
63	TerasBRI
5	Mobile Teras

MAKASSAR REGION	
36	Branch Office
21	Sub Branch Office
15	Cash offices
311	BRI Unit/Micro Outlet
89	TerasBRI
7	Mobile Teras

MANADO REGION	
14	Branch Office
17	Sub Branch Office
15	Cash offices
177	BRI Unit/Micro Outlet
37	TerasBRI
4	Mobile Teras

JAYAPURA REGION	
13	Branch Office
10	Sub Branch Office
10	Cash offices
67	BRI Unit/Micro Outlet
22	TerasBRI
3	Mobile Teras

Note:

Exclude 389 Cash offices to serve drive licence, vehicle tax & vehicle title payment in Police offices

Contact Address



PT Bank Rakyat Indonesia (Persero) Tbk.

HEAD OFFICE

BRI Building I
Jl. Jenderal Sudirman No. 44-46
Jakarta 10210 - Indonesia
Phone. (62-21) 251 0244, 251 0254
Facsimile. (62-21) 250 0065, 250 0077

CORPORATE SECRETARY

BRI Building I
Jl. Jenderal Sudirman No. 44-46
Jakarta 10210 - Indonesia
Phone. (62-21) 575 1966
Facsimile. (62-21) 570 0916

WEBSITE

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EMAIL

humas@bri.co.id



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PT Bank Rakyat Indonesia (Persero) Tbk.
and Subsidiaries

Consolidated financial statements
with independent auditors' report
December 31, 2012, 2011 and 2010



PT BANK RAKYAT INDONESIA (PERSERO)

KANTOR PUSAT

Jalan Jenderal Sudirman No. 44 - 46 Tropic Poo 1094/1000 Jakarta 10210
 Telepon: 021 2510244, 2510254, 2510264, 2510259, 2510279
 Faksimili: 021 2500077 Kawat: KANPUSBR
 Telex: 65290, 65456, 65458, 65481

BOARD OF DIRECTORS' STATEMENT REGARDING

THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
 AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010
 PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES

We, the undersigned:

1. Name : Djarot Kusumayakti
 Office Address : Jl. Jenderal Sudirman No. 44-46 Jakarta 10210
 Residential Address : Jl. Hang Tuah raya No. 13-15 South Jakarta
 Telephone : 021 - 575 1713
 Title : 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 23, 2013

For and on behalf of the Board of Directors

Djarot Kusumayakti
 Director



Achmad Baiquni
 Director

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, 2012, 2011 AND 2010**

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This report is originally issued in the Indonesian language.

Independent Auditors' Report

Report No. RPC-3167/PSS/2013

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

We have audited the consolidated statements of financial position of PT Bank Rakyat Indonesia (Persero) Tbk (herein referred to as "BRI") and Subsidiaries as of December 31, 2012, 2011 and 2010, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of BRI's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of BRI's overseas branches whose combined total assets and net income constitute 1.47% and 0.28% of BRI's total assets and net income, respectively, for the year ended December 31, 2010. Those statements were audited by other independent auditors, whose reports with unqualified opinions had been furnished to us and our opinion, insofar as it relates to the amounts included for those overseas branches, is based solely on the reports of the other independent auditors.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits and the reports of the other independent auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other independent auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BRI and Subsidiaries as of December 31, 2012, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with Indonesian Financial Accounting Standards.

The accompanying consolidated financial statements are prepared in accordance with BRI's plan to conduct US Dollar Bond Public Offering.

Purwanto, Suherman & Surja

Peter Surja, CPA
Public Accountant Registration No. AP.0686

January 23, 2013

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in Indonesia.

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, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
ASSETS				
Cash	2a,2c	13,885,484	10,525,873	9,975,712
Current Accounts With Bank Indonesia	2a,2c,2g,4	42,524,128	33,040,418	19,980,883
Current Accounts With Other Banks	2a,2c,2e,2f,2g,5,43	4,842,148	5,533,225	5,858,118
Allowance for impairment losses		(171)	(81)	(83)
		<u>4,841,975</u>	<u>5,533,184</u>	<u>5,858,033</u>
Placements With Bank Indonesia And Other Banks	2a,2c,2e,2f,2h,6,43	88,242,828	73,586,858	83,272,380
Allowance for impairment losses		-	(300)	(250)
		<u>88,242,828</u>	<u>73,586,358</u>	<u>83,272,140</u>
Securities	2a,2c,2e,2f,2i,7,23,24,43	41,137,840	33,818,028	22,518,173
Allowance for impairment losses		(780)	(1,510)	(1,510)
		<u>41,136,880</u>	<u>33,817,518</u>	<u>22,514,683</u>
Export Bills	2c,2e,2f,2j,8,43	5,834,772	4,828,588	741,757
Allowance for impairment losses		-	-	(7,418)
		<u>5,834,772</u>	<u>4,828,588</u>	<u>734,339</u>
Government Recapitalization Bonds	2c,2e,2j,8,23,43	4,315,816	8,888,028	13,828,483
Securities Purchased Under Agreement To Resell	2c,2u,10	8,550,521	8,383,288	501,381
Derivatives Receivable	2c,2f,2af,11	28,850	17,818	87,870
Loans	2c,2e,2f,2k,12,43	350,758,282	285,408,257	248,884,238
Allowance for impairment losses		(14,877,220)	(15,851,531)	(13,881,454)
		<u>336,881,062</u>	<u>269,454,726</u>	<u>232,872,784</u>
Sharia Receivables And Financing	2e,2f,2k,13,43	11,248,281	8,108,715	5,524,988
Allowance for impairment losses		(237,845)	(138,441)	(111,378)
		<u>11,010,436</u>	<u>8,970,274</u>	<u>5,413,582</u>

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
ASSETS (continued)				
Acceptances Receivable	2c, 2e, 2f, 2m, 14, 43	4,786,121	1,882,176	688,578
Allowance for impairment losses		-	-	(8,888)
		<u>4,786,121</u>	<u>1,882,176</u>	<u>681,210</u>
Investment in Associated Entities	2c, 2e, 2f, 2n, 15, 43	187,278	185,225	135,778
Allowance for impairment losses		(539)	(539)	(1,888)
		<u>186,742</u>	<u>184,686</u>	<u>133,888</u>
Premises And Equipment Cost	2c, 2p, 18	7,218,807	5,888,344	5,405,013
Accumulated depreciation		(4,414,441)	(4,137,528)	(3,538,088)
Net book value		<u>2,804,366</u>	<u>1,752,816</u>	<u>1,866,945</u>
Deferred Tax Assets - net	2ag, 36c	2,024,811	2,831,858	2,285,101
Other Assets - net	2c, 2f, 2p, 2q, 2r, 17	5,861,840	5,293,505	4,881,770
TOTAL ASSETS		<u>551,336,798</u>	<u>463,859,284</u>	<u>484,285,602</u>

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
LIABILITIES AND EQUITY				
LIABILITIES				
Liabilities Due Immediately	2c,2e,1B	4,011,852	3,961,040	4,123,830
Deposits From Customers	2c,2e,2f,43			
Demand Deposits	19	79,403,214	78,262,000	77,048,097
Wadiah Demand Deposits		671,800	515,620	315,770
Saving Deposits	20	182,481,055	152,843,450	125,187,518
Wadiah Saving Deposits		1,088,478	1,366,724	738,227
Mudharabah Saving Deposits		185,285	102,780	54,005
Time Deposits	21	177,267,237	146,006,061	126,308,568
Mudharabah Time Deposits		8,458,053	7,345,052	3,988,585
Total Deposits From Customers		450,106,353	384,264,345	333,652,397
Deposits From Other Banks And Financial Institutions	2c,2e,2f,22,43	2,778,618	4,024,163	5,160,315
Securities Sold Under Agreement To Repurchase	2c,2u,7,9,23	-	102,081	528,385
Derivatives Payable	2c,2af,7,11	152,183	173,536	81,801
Acceptances Payable	2c,2e,2m,14,43	4,786,121	1,602,176	608,578
Taxes Payable	2ag,36a	885,085	1,105,807	1,930,823
Fund Borrowings	2c,2e,24,43	10,888,755	13,097,816	9,454,545
Estimated Losses On Commitments And Contingencies	2aj,25,43	414	152	93,422
Other Liabilities	2c,2ar,2aa,26,41,44b	8,758,418	8,520,001	9,788,028
Subordinated Loans	2c,2v,27	2,116,562	2,136,288	2,156,181
TOTAL LIABILITIES		486,455,011	420,078,955	367,612,482

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
EQUITY				
Capital stock - nominal value Rp250 (full Rupiah) per share as of December 31, 2012 and 2011 and Rp500 (full Rupiah) per share as of December 31, 2010				
Authorized capital - 80,000,000,000 shares (consisting of 1 Series A Daimama share and 59,899,999,999 Series B shares) as of December 31, 2012 and 2011 and 30,000,000,000 shares (consisting of 1 Series A Daimama share and 29,899,999,999 Series B shares) as of December 31, 2010				
Issued and fully paid capital - 24,069,162,000 shares (consisting of 1 Series A Daimama share and 24,069,161,999 Series B shares) as of December 31, 2012 and 2011 and 12,334,581,000 shares (consisting of 1 Series A Daimama share and 12,334,580,999 Series B shares) as of December 31, 2010	1,25a	8,167,291	8,167,291	8,167,291
Additional paid-in capital	2d,28b	2,773,858	2,773,858	2,773,858
Differences arising from the translation of foreign currency financial statements	2ae,28c	44,812	48,153	47,237
Unrealized gain on available for sale securities and Government Recapitalization Bonds - net of deferred tax	2i	740,450	765,004	581,584
Retained earnings - (accumulated losses of Rp24,889,387 was eliminated as a result of quasi-reorganization as of June 30, 2003)	2d,3,28d			
Appropriated		8,412,585	8,281,708	7,874,868
Unappropriated		48,887,843	31,757,488	19,148,204
Total Retained Earnings		55,080,238	40,039,254	27,123,180
Total Equity Attributable To Equity Holders Of The Parent Entity		64,806,758	48,774,500	36,673,110
Non-controlling interest		75,021	45,789	-
TOTAL EQUITY		64,881,779	48,820,329	36,673,110
TOTAL LIABILITIES AND EQUITY		551,336,758	463,859,284	484,285,602

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
INCOME AND EXPENSES FROM OPERATIONS				
Interest, Investment and Sharia Income				
Interest and investment	2a,30	48,272,021	47,206,178	43,971,493
Sharia income	2a,2z	1,338,400	888,170	643,669
Total Interest, Investment and Sharia Income		49,610,421	48,104,348	44,615,162
Interest, Other Financing and Sharia Expense				
Interest and other financing expense	2a,31	(12,580,000)	(13,275,304)	(11,448,953)
Sharia expense	2z	(527,585)	(481,005)	(277,808)
Total Interest, Other Financing and Sharia Expense		(13,120,655)	(13,737,272)	(11,728,559)
Interest Income - net		36,483,766	34,427,076	32,886,603
Other Operating Income				
Fees		3,888,588	3,217,886	2,732,256
Recovery of assets written off		2,258,367	1,787,048	1,525,143
Gain on foreign exchange - net	2ad,2af	428,800	35,521	773,019
Gain on sale of securities and Government Recapitalization Bonds - net	2i,7j	42,870	132,248	152,888
Other provision fees and commissions	2y	230,881	151,155	81,253
Unrealized gain on changes in fair value of securities and Government Recapitalization Bonds - net	2i,7j	13,371	13,851	3,321
Others		1,716,845	428,888	277,854
Total Other Operating Income		8,389,732	5,775,875	5,544,533
Provision for impairment losses on financial assets - net	2i,3z	(2,888,177)	(5,781,858)	(7,880,538)
Reversal of allowance (provision) for estimated losses on commitments and contingencies - net	2aj,2ib	(262)	83,823	8,315
Reversal of allowance (provision) for impairment losses on non-financial assets - net	2f	(31,488)	184,841	(45,222)

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)
Years Ended December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
Other Operating Expenses				
Salaries and employee benefits	2e,2aa, 33,41,43	(8,005,547)	(8,700,947)	(8,675,721)
General and administrative	2a,34	(6,343,061)	(5,078,786)	(4,711,444)
Premium paid on Government Guarantee Program	45	(748,287)	(124,157)	(523,901)
Others		(2,782,527)	(2,081,837)	(2,202,536)
Total Other Operating Expenses		(18,481,032)	(17,085,627)	(18,113,602)
OPERATING INCOME		22,682,538	17,384,238	14,482,801
NON OPERATING INCOME - NET	35	1,177,034	1,171,050	508,220
INCOME BEFORE TAX EXPENSE		23,859,572	18,555,288	14,991,021
TAX EXPENSE	2ag,30h,30e	(5,172,122)	(3,087,004)	(3,435,845)
INCOME FOR THE YEAR		18,687,450	15,468,284	11,555,176
Other comprehensive income:				
Exchange rate differences on translation of foreign currency financial statements		(4,241)	1,916	(42,710)
Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds - net with the amounts transferred to profit or loss in respect of fair value changes of available for sale securities and Government Recapitalization Bonds		(33,481)	274,402	172,101
Income tax relating to components of other comprehensive income		11,350	(67,813)	(43,025)
Adjustment on non-controlling interest transaction		20,342	-	-
Other Comprehensive Income For The Year After Taxes		(4,030)	208,505	86,381
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		18,681,350	15,296,581	11,558,751

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)
Years Ended December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2012	2011	2010
INCOME FOR THE YEAR				
ATTRIBUTABLE TO:				
Equity holders of the Parent Entity		18,080,854	15,082,838	11,472,385
Non-controlling interest		8,408	5,057	-
TOTAL		18,089,262	15,087,895	11,472,385
TOTAL COMPREHENSIVE INCOME				
FOR THE YEAR ATTRIBUTABLE TO:				
Equity holders of the Parent Entity		18,052,038	15,288,285	11,568,751
Non-controlling interest		29,252	8,205	-
TOTAL		18,081,290	15,296,490	11,568,751
EARNINGS PER SHARE				
ATTRIBUTABLE TO EQUITY				
HOLDERS OF THE PARENT ENTITY				
	2ac,48			
Basic (full Rupiah)		778.83	628.81	478.38

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

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

PT BANK RAYAT INDOnesia (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years Ended December 31, 2013, 2012, 2011 and 2010
(Expressed in Millions of Rupiah) unless otherwise stated)

Notes	Issued in Paid-up Capital	Additional Paid-up Capital	Reserves From the Sale of Shares at a Premium	Reserves From Currency Translation Adjustments	Share Options	Included Gain on Available-for- Sale Securities and Discontinued Operations Result - Net of Income Tax	Retained Earnings		Total Equity Attributable To Equity Holders of Parent Entity	Total Equity
							Beginning	Ending		
Both years ended December 31, 2013 or previously unaudited	5,464,820	2,770,040	68,842	62,088	10,877	42,088	7,024,076	16,888,746	27,252,264	27,252,264
Impact of business combination on the incorporation of Bank Rakyat Indonesia (BRI) Ltd into the parent entity	-	-	-	-	-	-	-	233,428	233,428	233,428
Balance as of January 1, 2013 after the impact of business combination on the parent entity	5,464,820	2,770,040	68,842	62,088	10,877	42,088	7,024,076	17,122,174	27,485,692	27,485,692
Net income for the year	-	-	-	-	-	-	1,075,388	1,075,388	1,075,388	1,075,388
Other comprehensive income	-	-	(10,170)	-	-	58,279	-	-	48,109	38,239
Total comprehensive income for the year	-	-	(10,170)	-	-	58,279	-	-	38,239	38,239
Dividends	-	-	-	-	-	-	-	(1,075,388)	(1,075,388)	(1,075,388)
Reduction of Income Taxation	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)	(2,000,000)
Share-based payment expense	-	-	-	-	-	-	680,000	(680,000)	-	-
Share-based payment expense - net of tax	-	-	-	-	-	-	-	(218,288)	(218,288)	(218,288)
Share-based payment expense - net of tax	3,288	84,828	-	-	(10,877)	-	-	-	63,951	63,951
Both years ended December 31, 2012	5,464,820	2,770,040	42,088	62,088	-	62,088	7,024,076	16,144,046	26,472,174	26,472,174

*) Accumulated income of Rp4,088,287 is not being distributed until such time as required as a result of special regulations as of June 30, 2013.

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

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

**PT BANK RAYAT INDOREKA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)
Years Ended December 31, 2013, 2012, 2011 and 2010
(Expressed in millions of Rupiah), unless otherwise stated)**

	Notes	Paid-up Capital	Reserves in the form of Retained Earnings, General Reserve, Special Reserve, Reserve for Contingent Liabilities and Reserve for Others	Retained Earnings in the form of Retained Earnings, General Reserve, Special Reserve, Reserve for Contingent Liabilities and Reserve for Others	Total Equity Attributable to Shareholders, Less: Preferred Shares	Total Equity
Balance as of December 31, 2010		5,587,281	48,222	184,284	5,819,787	5,819,787
Income for the year		-	-	-	10,282,222	10,282,222
Other comprehensive income	20.2.1.2	-	1,116	204,640	205,756	205,756
Total comprehensive income		-	1,116	204,640	206,978	206,978
Change in ownership interest		-	-	-	-	-
Dividends		-	-	-	(1,727,282)	(1,727,282)
Adding new issued shares in form of Preferred and Subordinated Debt Securities (PDS)		-	-	-	288,842	288,842
Change in non-controlling interest due to IPO Acquisition		-	-	-	(284,465)	(284,465)
Balance as of December 31, 2011		5,587,281	49,338	204,924	5,841,543	5,841,543
Income for the year		-	-	-	21,787,222	21,787,222
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	21,787,222	21,787,222
Change in ownership interest		-	-	-	-	-
Dividends		-	-	-	(17,249)	(17,249)
Balance as of December 31, 2012		5,587,281	49,338	204,924	5,841,543	5,841,543

1. Accumulated losses of Rp44,000,000 had been eliminated against additional paid-in capital as a result of quasi-reorganization as of June 30, 2010.

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

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

**PT BANK RASYAT INDOORA SA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)
Years Ended December 31, 2013, 2012, 2011 and 2010
(Expressed in millions of Rupiah), unless otherwise stated)**

Notes	Total Paid-Up Capital	Reserves for the Year of Profit Transfer Reserve Reserve for Dividend	Retained Earnings	Total Equity Attributable to Shareholders of Bank Rasyat	Non-controlling Interest	Total Equity Attributable to Shareholders of Bank Rasyat	Total Equity
Balance at end of December 31, 2011	5,487,224	2,272,288	46,582	7,806,104	24,272,288	46,274,288	46,274,288
Income for the year	-	-	-	-	68,882,288	68,882,288	68,882,288
Other comprehensive income	-	-	64,278	64,278	-	64,278	64,278
Adjustment on non-controlling interest for minority	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	64,278	64,278	-	64,278	64,278
Contributions of income attributed to non-controlling interest and equity transfer Partnership and Investment Acquisition Program (PIA)	-	-	-	-	78,882,288	78,882,288	78,882,288
Balance at end of December 31, 2012	5,487,224	2,272,288	46,582	7,806,104	49,272,288	46,274,288	46,274,288

*) Amount total income of Rp64,926,566 had been added under capital addition paid-in capital as a result of special reorganization as of June 25, 2013.

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2012, 2011 and 2010
(Expressed in millions of Rupiah, unless otherwise stated)

	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, investment, fees and commissions and Sharia income received	49,830,419	48,238,004	46,305,088
Interest, Sharia expenses and other charges paid	(13,147,380)	(13,084,008)	(11,719,715)
Recoveries of loans written off	2,294,074	1,833,012	1,525,143
Other operating income	5,417,540	3,447,133	3,583,583
Other operating expenses	(23,388,808)	(20,204,548)	(20,324,560)
Non-operating income - net	1,182,888	1,181,176	500,355
Cash flows before changes in operating assets and liabilities	22,158,584	28,798,767	25,870,485
Changes in operating assets and liabilities:			
(Increase) decrease in operating assets:			
Placements with Bank Indonesia and other banks	(35,588,043)	753,088	(818,715)
Securities and Government Recapitalization Bonds	(2,887,188)	(4,422,878)	1,822,238
Export bills	(1,108,203)	(4,086,812)	(180,588)
Derivatives receivable	(11,032)	70,052	57,051
Loans	(88,788,518)	(42,836,970)	(46,405,825)
Sharia receivables and financing	(2,185,254)	(3,583,747)	(2,824,794)
Other assets	(4,014,473)	(1,541,888)	547,843
Increase (decrease) in operating liabilities:			
Liabilities due immediately	1,240,882	(187,523)	580,071
Deposits:			
Demand deposits	3,140,314	(785,787)	27,053,781
Wadiah demand deposits	155,871	200,050	188,482
Saving deposits	28,838,227	27,445,041	21,078,781
Wadiah saving deposits	301,754	848,487	424,428
Mudharabah saving deposits	82,485	48,785	23,274
Time deposits	31,280,258	18,887,385	26,275,285
Mudharabah time deposits	1,113,021	3,357,077	2,852,102
Deposits from other banks and financial institutions	(1,245,545)	(1,136,152)	710,488
Derivatives payable	(21,343)	81,735	(185,502)
Other liabilities	3,558,588	1,125,851	3,478,888
Net Cash Provided by (Used in) Operating Activities	(24,087,325)	15,688,842	54,335,687
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of premises and equipment	13,886	10,475	5,875
Receipt of dividends	158	134	147
Proceeds from sale of investment in associated entities	-	7,350	-
Decrease (increase) in securities purchased under agreements to resell	(187,223)	(8,881,817)	2,508
Acquisition of premises and equipment	(1,445,280)	(801,338)	(511,812)
Increase in available for sale and held to maturity securities and Government Recapitalization Bonds	(4,085,000)	(1,205,052)	(1,688,088)
Net Cash Used in Investing Activities	(5,684,860)	(10,678,379)	(2,185,482)

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Years Ended December 31, 2012, 2011 and 2010
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	2012	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES			
(Payments of) proceeds from fund borrowings	(2,209,161)	3,043,371	(4,158,854)
Decrease in securities sold under agreement to repurchase	(102,051)	(423,884)	(18,088)
Dividends and PKBL	(3,018,805)	(2,753,372)	(2,414,327)
Increase in additional paid-in capital from exercise of stock options	-	-	38,532
Increase in paid-in capital from exercise of stock options	-	-	2,385
Payments of subordinated loans	(10,725)	-	(522,241)
Net Cash Provided by (Used in) Financing Activities	(5,951,472)	456,315	(7,470,624)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(35,712,857)	5,404,018	45,075,581
EFFECT OF EXCHANGE RATE CHANGES OF FOREIGN CURRENCIES	428,800	35,523	773,010
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	133,022,240	127,522,880	81,674,080
CASH AND CASH EQUIVALENTS AT END OF YEAR	97,738,183	133,022,240	127,522,669
Cash and cash equivalents at end of year consist of:			
Cash	13,885,404	10,525,873	9,875,712
Current accounts with Bank Indonesia	42,524,128	33,040,418	19,980,883
Current accounts with other banks	4,842,148	5,533,225	5,658,110
Placements with other banks - maturing within three months or less since the acquisition date	30,382,467	73,346,030	82,267,770
Certificates of Bank Indonesia - maturing within three months or less since the acquisition date	6,083,880	10,576,585	9,831,412
Total Cash and Cash Equivalents	97,738,183	133,022,240	127,522,669

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

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

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

a. Establishment

PT Bank Rakyat Indonesia (Persero) Tbk (hereinafter referred to as "BRI") was established on December 18, 1988 based on Law No. 21 year 1988. 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. C2-8594.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 Ines 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.D1.04.TH.98 dated November 13, 1998 and was published in Supplement No. 7216 of the Republic of Indonesia State Gazette No. 86 dated October 20, 1999 and notarial deed No. 7 dated October 3, 2003 of notary Ines 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-23728 HT.D1.04.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 notarial deed No. 51 dated May 20, 2008 of notary Fatimah 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 No. DL.II 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 8, 2008 and was published in Supplement No. 23079 of the Republic of Indonesia State Gazette No. 68 dated August 25, 2008.

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 notary Dina Chozie, S.H. replacement of notary Fatimah Helmi, S.H. and was approved by the Ministry of Laws and Human Rights in its Decision Letter No. AHU-AH.D1.10-2076 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 Rp20,149,000 in the form of Government 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 8 and 28b).

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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 Rp29,083,531. Therefore, BRI returned the excess of recapitalization amounted to Rp65,489 in the form of Government Recapitalization bonds to the Republic of Indonesia on November 5, 2001 (Notes 9 and 28a).

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 Rp29,083,531 (Note 28a).

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 Initial Public Offering of 3,811,785,000 common shares of BRI together with over-subscription option shares and over-allotment option shares.

The Initial Public Offering consists of the International Public Offering (under Rule 144A of the Securities Act and Regulation "S") and the Indonesian Public Offering. BRI submitted its registration to the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) and such registration statement became effective based on the Chairman of Bapepam-LK letter No. S-2846/PM/2003 dated October 31, 2003 (Note 28a).

BRI's Initial Public Offering (IPO) of shares consists of 3,811,785,000 shares with a nominal value of Rp500 (full Rupiah) per share and with a selling price of Rp875 (full Rupiah) per share. Subsequently, 381,178,000 shares under the over-subscription option and 571,784,000 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 58.50% of shares of BRI (Note 28a). 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 deed 38, dated 24 November 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 database of the Ministry of Legal Administration of Laws and Human Rights of the Republic of Indonesia in its letter No. AHU/AH.D/1.10-33481 dated December 28, 2010. Stock split was performed in 2011 and BRI schedule that at the end of trading shares with a previous nominal value of Rp500 (full Rupiah) per share in Regular and Negotiation Market is dated January 10, 2011 and the date of commencement of legitimate trade with the new nominal value of Rp250 (full Rupiah) per share is dated January 11, 2011.

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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. 44-48, Jakarta.

As of December 31, 2012, 2011 and 2010, BRI has the following networks of working units:

	2012	2011	2010
Regional Offices	18	18	18
Inspection Offices	18	14	14
Domestic Branch Offices	442	427	400
Special Branch Office	1	1	1
Overseas Branch/Representative Offices	3	3	3
Sub-branch Offices	545	502	470
Cash Offices	814	870	822
BRI Units	5,000	4,949	4,840
Terraces	1,778	1,304	817

BRI has 1 (one) overseas branch located in Cayman Islands and 2 (two) representative offices located in New York and Hong Kong.

As of December 31, 2012 and 2011, BRI 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 and as of December 31, 2010, BRI has only 1 (one) Subsidiary which is PT Bank BRISyariah.

The number of BRI's employees as of December 31, 2012, 2011 and 2010 amounted to 72,625, 40,044 and 37,644 employees (unaudited), respectively.

The composition of the Boards of Commissioners and Directors of BRI as of December 31, 2012, 2011 and 2010 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. BRI's shareholders' General Meeting on September 28, 2011, as stated under the notarial deed No. 38 of notary Fathiah Helmi, S.H. and BRI's Annual Shareholders' General Meeting held on May 20, 2010, as stated under the notarial deed No. 35 of notary Fathiah Helmi, S.H. are as follows:

	2012	2011	2010
President/Independent Commissioner	Buncar Santia	Buncar Santia	Buncar Santia
Vice President/Independent Commissioner	Mustafa Abubakar Hsu Lelana	-	Sudrajat Hsu Lelana
Commissioner	Vincenius Sonny Loto	Agus Suprijanto	Agus Suprijanto
Commissioner	Hennario Slegar	Hennario Slegar	-
Independent Commissioner	Adityaksa Dauf	Adityaksa Dauf	Adityaksa Dauf
Independent Commissioner	Anmad Fuzil	-	Bardjasaan Hadi
Independent Commissioner	Azzhari	Azzhari	Azzhari
	2012	2011	2010
President Director	Sulyan Basri	Sulyan Basri	Sulyan Basri
Director of Operations	Samsara Sudarta	Samsara Sudarta	Samsara Sudarta
Director of Finance	Achmad Bakqul	Achmad Bakqul	Achmad Bakqul
Director of Commercial Business	Subatman Ari Antonio	Subatman Ari Antonio	Subatman Ari Antonio
Director of Compliance	Randi Anlo	Randi Anlo	Bambang Soepeno
Director of Consumer Business	Agus Toei Soelilo	Agus Toei Soelilo	Agus Toei Soelilo

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1. GENERAL (continued)

d. Structure and Management (continued)

	2012	2011	2010
Director of Credit Risk Management :	Lenny Sugihart	Lenny Sugihart	Lenny Sugihart
Director of Micro, Small and Medium Enterprises (UMKM) :	Djard Kusurayadi	Djard Kusurayadi	Djard Kusurayadi
Director of Institutional and State Owned Business Enterprise (BUMN) :	Ariandi Syam	Ariandi Syam	Ariandi Syam
Director of Network and Services :	Suprajito	Suprajito	Suprajito
Director of Human Resources Management (MSDM) :	Galot Mardiasih ⁹	Galot Mardiasih ⁹	-

⁹ Effective starting January 27, 2012, according to letter No. 14/HD/GB/DP/RAHESIA of Bank Indonesia dated January 25, 2012 and letter No. 0-45/MB/LA/2012 of Ministry of BUMN dated January 27, 2012.

The compositions of BRI's Audit Committee as of December 31, 2012, 2011 and 2010 based on BRI's Commissioners' Decision Letter No. B.01-KOM/08/2012 dated June 1, 2012, BRI's Commissioners' Decision Letter No. B.111-KOM/10/2011 dated October 18, 2011 and No. B.63-KOM/08/2010 dated June 15, 2010, respectively, are as follows:

	2012	2011	2010
Chairman :	Bucasar Santia	Bucasar Santia	Bardjassaban Hadi
Member :	Adhyaksa Daak	Adhyaksa Daak	Bucasar Santia
Member :	H. C. Royke Singgih	H. C. Royke Singgih	H. C. Royke Singgih
Member :	Dedi Budiman Halim	Dedi Budiman Halim	Dedi Budiman Halim
Member :	Syahrir Nasution	Syahrir Nasution	Syahrir Nasution
Member :	Hennario Siregar	Hennario Siregar	Sedarjuno
Member :	Ahmad Fiaid	-	-
Member :	Vincenzus Sanny Loto	-	-

e. Subsidiaries

PT Bank BRI Syariah

On June 29, 2007, BRI entered into a Sale and Purchase of Shares Agreement with the shareholders of PT Bank Jasa Arie ("BJA") to acquire 100% of BJA's shares at a purchase price of Rp61 billion. Based on the minutes of 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. 0/188/GB/DP/PR/RAHESIA dated December 18, 2007 and No. 0/1328/DP/PR/Prz dated December 28, 2007. The acquisition was completed on December 18, 2007 based on Acquisition Deed No. 01 of notary Imas Fatimah, S.H., whereby BRI acquired 80.89875% 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 Arie was changed into PT Bank Syariah BRI ("BSB"). Based on the Governor of Bank Indonesia's Decision Letter No. 10/87/KEP.GB/DP/G/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

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1. GENERAL (continued)

e. Subsidiaries (continued)

PT Bank BRI Syariah (continued)

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.
3. 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 BRI Syariah ("BRIS") as approved by the Governor of Bank Indonesia's Decision Letter No. 11/03/KEP.GBUDpG/2009 dated December 15, 2009.

BRIS' Articles of Association was amended several times. The latest amendment is on the addition of the issued and paid up capital based on notarial deed No. 15 dated July 18, 2010 of notary Fathiah Helmi, S.H.

Total assets of BRIS as of December 31, 2012, 2011 and 2010 amounted to Rp14,088,915, Rp11,200,828 and Rp8,858,388, respectively, or 2.56%, 2.38% and 1.70%, respectively, of the consolidated total assets. Total Sharia income for the year ended December 31, 2012, 2011 and 2010 amounted to Rp1,338,400, Rp988,170 and Rp643,880, respectively, or 2.70%, 1.80% and 1.44%, respectively, of the consolidated interest income.

PT Bank Rakyat Indonesia Agromiaga Tbk (prior PT Bank Agromiaga Tbk)

On August 19, 2010, BRI entered into Sale and Purchase of Shares Agreement (SPJB) with the Agricultural Estate Pension Fund (Dapenbun), owner of 85.86% shares of BRI Agro, to acquire the shares of BRI Agro with total nominal value of Rp330,268 for 3,030,230,023 number of shares at a price of Rp100 (full Rupiah) per share. After the acquisition, the shareholdings of BRI Agro's investors comprise of 70% by BRI, 14% by Dapenbun and 10% by the public.

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1. GENERAL (continued)

e. Subsidiaries (continued)

PT Bank Rakyat Indonesia Agroniaga Tbk (prior PT Bank Agroniaga Tbk) (continued)

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/MB/GB/DP/PR/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.88 dated December 28, 2009, of notary Rusnaldi, S.H. The above mentioned matter also considered the effects of Series I Warrants which are exercisable up to May 25, 2011.

In compliance with Bapepam-LK's Regulation No. DLH.1, Attachment to Decision of Chairman of Bapepam-LK No. Kep-250/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-4885/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 113,328,500 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 258,375,502 shares to Dapenbur as a result of Dapenbur's exercise of its buy option at a price of Rp100 (full Rupiah) per share. Based on Bapepam-LK's Regulation No. DLH.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.PP.MOB-2011 dated September 23, 2011. As of December 31, 2011, 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 Dapenbur's ownership at 14%.

Based on the notarial deed of Statement Decision Meeting No. 30 dated May 16, 2012 of notary Rusnaldi, SH, 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.GBU/2012 dated October 10, 2012.

Total assets of BRI Agro as of December 31, 2012 and 2011 are Rp4,041,003 or 0.73% and Rp3,478,552 or 0.74%, respectively, of the consolidated total assets. Total interest income for the years ended December 31, 2012 and 2011 is Rp349,800 or 0.71% and Rp347,042 or 0.72%, respectively of the consolidated total interest income.

BRI Remittance Co. Ltd (prior BRIngin Remittance Co. Ltd) Hong Kong

On December 18, 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 1,000,000 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. 13/22/DP/BI/TPB1-3/Rahasia dated December 1, 2011.

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1. GENERAL (continued)

e. Subsidiaries (continued)

BRI Remittance Co. Ltd (prior BRIngin Remittance Co. Ltd) Hong Kong (continued)

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.B01001 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.

Total assets of BRI Remittance Co. Ltd Hong Kong as of December 31, 2012 and 2011 are Rp2,815 or 0.005% and Rp2,327 or 0.005%, respectively, of the consolidated total assets.

2. SUMMARY OF ACCOUNTING POLICIES

a. Basis of preparation of the consolidated financial statements

Statement of Compliance

The consolidated financial statements for the years ended December 31, 2012, 2011 and 2010 were prepared in accordance with Indonesian Financial Accounting Standards (IAS).

The consolidated financial statements have been prepared using the prevailing banking industry practices and other related financial accounting standards issued by the Indonesian Institute of Accountants (IAI) and Indonesian Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) 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".

BRIIS (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 *Istisna'*", 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. 58 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, unless otherwise stated and under the accrual basis of accounting (except for the revenue from *istisna'* and the profit sharing from the *mudharabah* and *musyarakah* financing).

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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

b. Consolidation principles

The consolidated financial statements include the financial statements of BRI and 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.

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 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, 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, "Financial Instruments: Disclosure" effective January 1, 2012.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

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 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.

BRI adopted SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement" and SFAS No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures" effective since January 1, 2010, which replaced SFAS No. 55 (Revised 1999), "Accounting for Derivatives Instruments and Hedging Activities" and SFAS No. 50 (Revised 1999), "Accounting for Investments in Certain Securities Investments", respectively.

The impact of the initial adoption of SFAS No. 50 (Revised 2006) and SFAS No. 55 (Revised 2006) is disclosed in Note 30.

(i) Classification

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

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

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

- Fair value through profit or loss, which has 2 (two) sub-classifications, i.e. those designated as such upon initial recognition and those classified as held for trading;
- Other financial liabilities.

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 portfolio that is managed together for short-term profit or position taking.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(i) Classification (continued)

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 shall be 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.

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 is added with directly attributable transaction costs. The subsequent measurement of financial assets and financial liabilities depends on their classification.

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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(i) Initial recognition (continued)

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.

(ii) 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 and held to maturity investments and other financial liabilities 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(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.

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

BRRI 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.

BRRI 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 BRRI 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 BRRI's control, is non-recurring and could not have been reasonably anticipated by BRRI.

Reclassification of financial assets from held to maturity classification to available for sale is recorded at fair value. Unrealized gains or losses are recorded in the equity section until the financial assets are derecognized.

(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, BRRI 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(vii) 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.

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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(ix) Fair value measurement (continued)

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.

Financial assets (long positions) are measured at bid price, financial liabilities (short positions) 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

Investment in *jarah sukok* and *murabahah sukok* are classified 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.
- *Sukok* 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 *sukok*.
- 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:
 - Price quotation 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.
- *Sukok* acquisition cost does not include transaction cost.
- The difference between fair value and carrying value is presented in the consolidated statements of comprehensive income.

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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 Inas 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 Rp24,800,387 as of June 30, 2003.

Bank Indonesia, in its letter No. 5/105/DPw/B2/Pw/B24 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

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

Effective January 1, 2011, BRI and Subsidiaries implement SFAS No. 7 (Revised 2010), "Related Party Disclosures", which requires disclosure of relationships, transactions and balances of related parties, including commitments, in the consolidated financial statements.

The implementation of the revised SFAS affects the relevant disclosures in the consolidated financial statements of BRI and Subsidiaries.

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;

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

e. Transactions with related parties (continued)

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

- 3) it is a joint venture of a third party in which BRI and Subsidiaries have ventured in;
- 4) it is a member of key management personnel in BRI and Subsidiaries;
- 5) it is a close family member of the individual described in clause (1) or (4);
- 6) it is an entity that is controlled, jointly controlled or significantly influenced by or for whom has significant voting rights in several entities, directly or indirectly, by the individual described in clause (4) or (5); and
- 7) it is a post-employment benefit plan for the employees benefit of either BRI and Subsidiaries or entities related to BRI and Subsidiaries.

Transactions with related parties are made on terms agreed by both parties, whereby such requirements may differ from other transactions undertaken with non-related parties. 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

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 assessment of impairment.

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

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

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

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

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

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.

Prior to January 1, 2012, in assessing collective impairment, BRI applies Bank Indonesia Circular Letter No. 11/33/DPNP dated December 8, 2009, "Amendment to Bank Indonesia Circular Letter No. 114/DPNP dated January 27, 2009 on the Implementation of Accounting and Reporting Guidelines for Indonesian Banking Industry" for loans with inadequate historical loss data and information. As for the loans that has the historical loss data and information that is categorized as a disaster prone area by the Government of the Republic of Indonesia, the calculation of the allowance for impairment losses is done by calculating the overall loss levels which include the level of actual damages plus any adjustments by BRI, through periodic surveys to external parties as well as BRI's internal.

In accordance with the Appendix to the Bank Indonesia Circular Letter No. 11/33/DPNP dated December 8, 2009 (SE-BI), BRI determines the allowance for collective impairment losses of loans with reference to general allowance and specific allowance in accordance with the regulation of Bank Indonesia regarding the assessment of commercial banks' asset quality. In accordance with aforementioned SE-BI, the transition rule for collective impairment calculation on loans can be applied until December 31, 2011.

Collective allowance for loans classified as special mention, substandard, doubtful and loss is calculated after deducting the value of allowable collateral in accordance with Bank Indonesia regulations. The calculations of allowance for impairment losses is based on carrying amount (amortized cost).

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

Starting January 1, 2012, the calculation of allowance for impairment losses on financial assets are collectively evaluated based on similar credit risk characteristics and taking into account the loan segmentation on the basis of historical loss experience (probability of default).

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 Recapitalization Bonds have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Losses are recognized in the consolidated 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

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.

For financial assets of the Subsidiary that is engaged in Sharia Banking, BRIS applies PBI No. 8/21/PBW/2008 dated October 5, 2008 as amended by PBI No. 13/13/PBW/2011 dated March 24, 2011 in determination of impairment losses.

Sharia productive assets consist of current accounts with Bank Indonesia and other banks, receivables and financing, Sharia securities, placements with Bank Indonesia and other banks, assets acquired for *jarah* as well as commitments and contingencies with credit risk.

The recognition of minimum allowance for impairment losses in accordance with PBI is as follows:

- a) 1% of earning assets classified as Current, excluding Sharia Deposit Facility of Bank Indonesia, Bank Indonesia Sharia Certificates and productive assets with 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.

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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

i. Securities and Government Recapitalization Bonds

Securities consist of securities traded in the money market such as Certificates of Bank Indonesia, Bank Indonesia Sharia Certificates, Government bonds, promissory notes, subordinated bonds, mutual fund units, medium term notes, guaranteed 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 Pertendahaaran 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.

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 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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.

l. Sharia receivables and financing

Sharia receivables are receivables resulting from sale or purchase transactions based on *murabahah*, *istifhna* 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.

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

Ijarah is a leasing agreement between the *muajir* (lessor) and the *musajir* (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 (*mudharibi*), during a certain period. The profit sharing from such project or business is distributed according to a predetermined ratio (*nisbah*). *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 (LC) 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 at amortized cost.

n. Investment in associated entities

Effective January 1, 2011, BRI applied SFAS No. 15 (Revised 2008), "Investments in Associated Companies". The revised SFAS is applied retrospectively and prescribes the accounting for investments in associated companies as to determination of significant influence, accounting method to be applied, impairment in value of investments and separate financial statements.

BRI's investment in its associated company is accounted for using the equity method. An associated company 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 associate. Where there has been a change recognized directly in the equity of the associate, 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 associate are eliminated to the extent of BRI's interest in the associate.

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

BRI's investment in its associate with no significant influence or share ownership under 20% are recorded in accordance with SFAS No. 55, and reduced by allowance for impairment losses.

o. Premises and equipment

Starting January 1, 2012, BRI and Subsidiaries adopted SFAS No.16 (Revised 2011), "Premises and Equipment" and IFAS No. 25, "Land Rights".

The adoption of SFAS No. 16 (Revised 2011) has no significant impact on the financial reporting and disclosures in the consolidated financial statements.

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)

a. 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 except lands 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:

	<u>Years</u>
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 are taken to the profit or loss when these are 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

Effective January 1, 2011, BRI and Subsidiaries prospectively adopted SFAS No. 48 (Revised 2008), "Impairment of Assets", including goodwill and assets acquired from business combinations before January 1, 2011.

SFAS No. 48 (Revised 2008) 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 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 collateral

Foreclosed collateral 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 collateral 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)

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 recorded 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. 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.

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 *ajiniah* 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

Securities purchased under agreement to resell

Securities purchased under agreement to resell are presented as 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.

Securities sold under agreement to repurchase

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

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

v. Subordinated loans

Subordinated loans are classified as financial liabilities at amortized cost (incremental costs directly attributable to issuance of securities are deducted from the amount of subordinated loans).

Subordinated bonds issued are stated at nominal value net of unamortized discount. Costs incurred related to the subordinated bond issuance are presented as deduction from the proceeds of bonds issued and amortized using the effective interest rate method.

Differences between the carrying amount of securities issued and repurchased value are not recognized as gain or loss in the consolidated statements of comprehensive income.

w. Allowance and on time interest payment in BNI 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 of interest income on loans.

Allowance for On Time Interest Payment (Cadangan Pembayaran Bunga Tepat Waktu (CPBTW)) represents allowance provided for timely payment of incentives, which are given to debtors of Kupedes who settle their loans on time. The amount of CPBTW is 25% of interest on Kupedes working capital loans and Kupedes investment loans received monthly. CPBTW is recorded in "Other Liabilities" account.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

x. 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 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.

y. Fees and commissions

Fees and commissions directly related to lending activities, or provision fees and commissions income which relates 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.

z. Sharia income and expense

Sharia income consists of income from *murabahah*, *istisna*, *ijarah* transactions and profit sharing from *mudharabah* and *musyarakah* financing. Income from *murabahah* and *ijarah* transactions is recognized using the accrual method. Income from *istisna* 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 *wakaf* bonus expense.

aa. Pension plan and 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

aa. Pension plan and employee benefits (continued)

Defined benefit plan and other long-term employee benefits

Effective January 1, 2012, BRI adopted SFAS No. 24 (Revised 2010) "Employee Benefits". The adoption of the SFAS has no significant impact on the financial reporting and disclosures in the consolidated financial statements.

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

ab. Stock options

BRI has granted stock options to Directors and employees of certain positions and levels based on established criteria. 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.

ac. Earnings per share

Effective January 1, 2012, BRI and Subsidiaries adopted SFAS No. 58 (Revised 2011) "Earnings Per Share". The adoption of SFAS No. 58 (Revised 2011) has no significant impact on the financial reporting and disclosures in the consolidated financial statements.

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.

Diluted earnings per share is computed after making the necessary adjustments to the weighted average number of common shares outstanding assuming full exercise of employee stock options at the time of issuance.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ad. 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, 2012, 2011 and 2010, 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):

	2012	2011	2010
1 United States Dollar	9,837.50	9,067.50	9,010.00
1 Great Britain Pound Sterling	15,514.83	13,875.29	13,941.18
100 Japanese Yen	11,178.50	11,682.00	11,075.00
1 European Euro	12,731.82	11,714.76	12,017.99
1 Hong Kong Dollar	1,243.27	1,167.23	1,159.08

ae. 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".

af. 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. Derivative receivables and payables are classified as financial assets and liabilities measured at fair value through profit or loss.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

af. Derivatives instrument (continued)

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.

ag. Taxation

Effective January 1, 2012, BRI and Subsidiaries adopted SFAS No. 48 (Revised 2010), "Accounting for Income Tax".

The adoption of SFAS No. 48 (Revised 2010) has no significant impact on the financial reporting and disclosures in the consolidated financial statements.

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply 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.

ah. Segment information

Effective January 1, 2011, BRI and Subsidiaries applied SFAS No. 5 (Revised 2008), "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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ah. Segment information (continued)

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 operational decision makers.

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.

ai. Use of significant accounting judgment and estimates

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.

Judgements

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 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ai. Use of significant accounting judgment and estimates (continued)

Fair value of financial instruments

If the fair value of financial assets and financial liabilities recorded in the 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 securities

The classification under held to maturity securities requires significant judgment. In making this judgment, BRI evaluates its intention and ability to hold such investments to maturity. If BRI 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 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.

Contingencies

BRI is 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 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.

Estimation and Assumption

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 interim 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. Such changes are reflected in the assumptions when they occur.

Allowance for impairment losses on loans and Sharia financing/receivables

BRI reviews its loan portfolio and receivables to assess impairment on an annual basis with updating provisions made during the intervals as necessary based on the continuing analysis and monitoring of individual accounts by credit officers.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ai. Use of significant accounting judgment and estimates (continued)

Allowance for impairment losses on loans and Sharia financing/receivables (continued)

In determining whether an impairment loss should be recorded in the consolidated statements of comprehensive income, BRI assesses 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 uses estimates in the amount and timing of future cash flows when determining the level of allowance for losses required. Such estimates are based on assumptions of several factors and actual results may differ, resulting to future changes in the amount of allowance for losses.

Impairment of securities

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

Useful life 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 these 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 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 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ai. Use of significant accounting judgment and estimates (continued)

Recognition of deferred tax assets

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

BRI reviews its deferred tax assets at each 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.

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

In accordance with Circular Letter of Bank Indonesia (BI) No. 13/858/DPNP/DPnP dated December 23, 2011, BRI is 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.

Prior to the issuance of Circular Letter by BI, BRI assessed the allowance for impairment losses on non-earning assets and administrative accounts with credit risk based on Bank Indonesia Regulation No. 7/2/PEW/2005 dated January 20, 2005 and in accordance with Circular Letter of Bank Indonesia No. 12/518/DPNP/DPnP dated September 21, 2010.

The above changes in the determination of allowance for impairment losses represent changes in accounting policy which should generally be applied retrospectively requiring restatements of prior years' comprehensive income. However, as the impact of the change in relation to prior years' results is not material, no restatement was made and the impact of the change is charged to the consolidated statements of comprehensive income in 2011.

For non-earning assets, the management of BRI determines 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).

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ak. Changes in accounting policies and disclosures

BRI also adopted the following revised accounting standards on January 1, 2012, which are considered relevant to the BRI's consolidated financial statements but did not have significant impact, except for the related disclosures:

- a) SFAS No. 16 (2011), "Property, Plant and Equipment", the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognized in relation to them.
- b) SFAS No. 18 (Revised 2010), "Accounting and Reporting by Retirement Benefit Plans", establishes the accounting and reporting by the plan to all participants as a group. This Standard complements SFAS No. 24 (Revised 2010), "Employee Benefits".
- c) SFAS No. 46 (Revised 2010), "Accounting for Income Taxes", prescribes the accounting treatment for income taxes to account for the current and future tax consequences of the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in the statement of financial position; and transactions and other events of the current period that are recognized in the financial statements.
- d) SFAS No. 53 (Revised 2010), "Share-based Payment", specifies the financial reporting by an entity when it undertakes a share-based payment transaction.
- e) SFAS No. 56 (Revised 2011), "Earnings per Share", prescribed principles for the determination and presentation of earnings per share, so as to improve performance comparisons between different entities in the same period and between different reporting periods for the same entity.
- f) SFAS No. 110, "Accounting for *Sukuk*", prescribed recognition, measurement, presentation and disclosure of *Sukuk Ijarah* and *Mudharabah* transaction.
- g) IFAS No. 15, "SFAS No. 24 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", provides guidance on how to assess the limit on the amount of surplus in a defined scheme that can be recognized as an asset under SFAS No. 24 (Revised 2010), "Employee Benefits".
- h) IFAS No. 20, "Income Taxes-Changes in the Tax Status of an Entity or its Shareholders", prescribes how an entity should account for the current and deferred tax consequences of a change in tax status of entities or its shareholders.
- i) IFAS No. 26, "Reassessment of Embedded Derivatives", provides guidance on term and condition which have to fulfill for the reassessment of embedded derivative.

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3. IMPLEMENTATION OF QUASI-REORGANIZATION

As an impact of the economic conditions, 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 Rp24,689,387 in its statements of financial position as of June 30, 2003.

In order to have a fresh start of the statements of 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.

4. CURRENT ACCOUNTS WITH BANK INDONESIA

Current accounts with Bank Indonesia consist of:

	2012	2011	2010
Rupiah	37,334,059	28,833,011	19,570,802
United States Dollar	5,180,067	4,207,407	418,791
	42,524,126	33,040,418	19,989,593

As of December 31, 2012, 2011 and 2010, current accounts with Bank Indonesia based on Sharia banking principles amounted to Rp528,288, Rp455,064 and Rp254,882, respectively.

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

As of December 31, 2012, 2011 and 2010, the GWM ratios of BRI (Parent Entity) (unaudited) are as follows:

	2012	2011	2010
Primary GWM - Rupiah	10.84%	9.33%	8.05%
Secondary GWM - Rupiah	4.84	4.71	3.35
Primary GWM - Foreign Currency	8.17	8.01	1.00

The calculation of the GWM ratios as of December 31, 2012 and 2011 is based on Bank Indonesia's regulation (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".

Starting March 1, 2011 up to May 31, 2011, GWM in foreign currency is required to be 5% of the total third party funds in foreign currencies and starting June 1, 2011, GWM in foreign currency is required to be 8% of total third party funds in foreign currencies.

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4. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

As of December 31, 2012, 2011 and 2010, based on the above Bank Indonesia regulations, BRI is required to maintain minimum primary reserves in Rupiah of 8%, respectively, and in United States Dollar of 8% in December 31 2012 and 2011, and 1% in December 31, 2010. BRI is also required to maintain secondary reserves in Rupiah of 2.5% as of December 31, 2012, 2011 and 2010.

BRI has complied with Bank Indonesia's regulation regarding the minimum legal reserve requirement as of December 31, 2012, 2011 and 2010.

5. CURRENT ACCOUNTS WITH OTHER BANKS

a) By Currency:

	2012	2011	2010
Third parties			
Rupiah	86,268	86,875	81,115
Foreign currencies			
United States Dollar	2,258,785	3,578,288	3,358,387
China Yuan	886,712	-	-
European Euro	582,125	587,150	1,135,293
Great Britain Pound Sterling	240,673	200,708	152,852
Australian Dollar	181,181	102,502	54,188
Hong Kong Dollar	185,528	153,428	113,133
Singapore Dollar	110,017	182,821	102,781
Saudi Arabian Riyal	108,581	141,818	143,858
Japanese Yen	86,244	87,888	304,815
Arab Emirates Dirham	47,582	73,148	153,508
Swiss Franc	27,741	10,121	13,727
Others	30,418	338,755	9,212
	4,735,573	5,436,530	5,542,852
Related parties (Note 43)			
Rupiah	1,827	4,482	871
Foreign currencies			
Hong Kong Dollar	8,028	25,502	33,408
United States Dollar	850	28	872
	8,878	25,530	34,280
Total	4,842,148	5,533,225	5,658,118
Less: Allowance for impairment losses	(171)	(81)	(83)
	4,841,975	5,533,144	5,658,033

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5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

b) By Bank:

	2012	2011	2010
Third parties			
Rupiah			
PT Bank Central Asia Tbk	94,086	82,744	77,710
PT Bank Pembangunan Daerah Kalimantan Timur	1	1,478	3
Others	1,509	2,455	2,402
	<u>96,296</u>	<u>86,677</u>	<u>80,115</u>
Foreign currencies			
JP Morgan Chase Bank, N.A.	1,177,222	1,008,780	1,462,894
Standard Chartered Bank	887,117	1,177,572	1,565,042
The Royal Bank of Scotland	824,816	358,880	588,785
Bank of China	477,420	-	-
Industrial and Commercial Bank of China (Indonesia) Co. Ltd	419,282	320,515	-
The Hong Kong and Shanghai Banking Corporation Ltd	388,774	587,834	683,820
ING Belgium N.V. Brussels	208,068	182,308	441,875
ANZ Banking Group Ltd	188,783	102,582	54,188
Commerzbank, A.G.	121,539	284,720	347,832
Al Rajhi Bank	108,581	133,407	124,282
Oversea-Chinese Banking Corporation Ltd	74,830	158,831	95,758
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	52,282	21,310	125,124
Federal Reserve Bank of New York	48,011	117,322	2,752
Citibank, N.A.	45,833	811	807
The Bank of New York Mellon	28,851	13,828	14,247
Others	84,744	57,000	27,188
	<u>4,735,573</u>	<u>5,436,530</u>	<u>5,542,862</u>
Related parties (Note 43)			
Rupiah			
PT Bank Mandiri (Persero) Tbk	1,170	3,800	408
PT Bank Negara Indonesia (Persero) Tbk	447	502	585
PT Bank Bukopin Tbk	10	10	-
	<u>1,627</u>	<u>4,482</u>	<u>993</u>
Foreign currencies			
PT Bank Negara Indonesia (Persero) Tbk	8,028	25,502	33,408
PT Bank Mandiri (Persero) Tbk	850	28	972
	<u>8,878</u>	<u>25,530</u>	<u>34,380</u>
Total	4,842,146	5,533,225	5,858,118
Less: Allowance for impairment losses	(171)	(81)	(83)
	<u>4,841,975</u>	<u>5,533,144</u>	<u>5,858,035</u>

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5. CURRENT ACCOUNTS WITH OTHER BANKS BANKS (continued)

c) By Collectibility:

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

Current accounts with other banks as of December 31, 2012, 2011 and 2010 were classified as "Current".

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

	2012	2011	2010
Rupiah	0.00 - 4.75%	0.00 - 4.75%	0.00 - 4.75%
United States Dollar	0.00 - 0.20	0.01 - 0.32	0.00 - 0.34

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

	2012	2011	2010
Rupiah			
Beginning balance ^{*)}	01	170	547
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2008) (Note 38)	-	-	(540)
Provision (reversal) during the year (Note 32)	110	(118)	62
Ending balance	171	01	63
Foreign currencies			
Beginning balance	-	-	(01,204)
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2008) (Note 38)	-	-	(01,204)
Ending balance	-	-	-
	171	01	63

^{*)} The beginning balance in 2011 represents additional balance of BRI Agra (subsidiary) amounted to Rp115.

The minimum allowance for impairment losses on current accounts with other banks provided based on Bank Indonesia regulations amounted to Rp171, Rp01 and Rp63 as of December 31, 2012, 2011 and 2010, respectively.

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

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

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6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a) By Currency and Type:

	2012	2011	2010
Third Parties			
Rupiah			
Bank Indonesia			
Term Deposit	43,702,732	27,482,087	18,367,802
Deposit Facility	14,829,280	41,885,783	48,784,790
Sharia Deposit Facility	1,101,000	587,000	403,500
	<u>59,733,012</u>	<u>69,724,880</u>	<u>68,558,002</u>
Inter-bank call money			
PT Bank Mega Tbk	300,000	-	225,000
PT Bank Danamon Indonesia Tbk	250,000	-	-
PT Bank Pan Indonesia Tbk	150,000	-	235,000
PT Bank Pembangunan Daerah Jawa Barat dan Banten, Tbk	50,000	-	-
PT Bank DBS Indonesia	45,000	-	-
Citibank, N.A.	45,000	-	-
PT Bank Pembangunan Daerah Jawa Tengah	40,000	-	-
PT Bank UOB Indonesia	40,000	-	-
Unit Usaha Syariah Bank Danamon	-	30,000	25,000
PT Bank DIO	-	-	45,000
PT Bank Tabungan Pensiunan Nasional Tbk	-	-	35,000
PT Bank Commonwealth	-	-	30,000
PT Bank Rabobank Internasional Indonesia	-	-	30,000
PT Bank Mayapada Internasional Tbk	-	-	25,000
PT Bank Sinarmas Tbk	-	-	25,000
PT Bank Himpunan Sausara 1906 Tbk	-	-	20,000
	<u>820,000</u>	<u>30,000</u>	<u>665,000</u>
	<u>60,653,012</u>	<u>69,754,880</u>	<u>69,251,002</u>
United States Dollar			
Bank Indonesia - Term Deposit	863,552	-	-
	<u>863,552</u>	<u>-</u>	<u>-</u>
Inter-bank call money			
First Union, NY	1,441,770	308,083	2,088,518
The Bank of New York Mellon	1,338,848	120,588	3,257,115
Citibank, N.A.	830,753	1,016,104	1,144,270
Bank of America, N.A.	284,885	527,275	2,138,831
US Bank	285	-	-
The Royal Bank of Scotland	-	581,104	1,114,332
Toronto Dominion Bank, N.A.	-	-	2,875,787
	<u>3,896,322</u>	<u>2,643,144</u>	<u>12,418,833</u>
Time deposit			
Standard Chartered Bank	9,837	-	-
Toronto Dominion Bank, N.A.	-	22,889	13,515
	<u>9,837</u>	<u>22,889</u>	<u>13,515</u>

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

a) By Currency and Type (continued):

	2012	2011	2010
Third parties (continued)			
United States Dollar (continued)			
Deposits on call			
The Industrial and Commercial Bank of China Ltd	-	88,548	-
Standard Chartered Bank	-	-	881,100
	-	88,548	881,100
	4,888,511	2,752,382	13,421,298
	<u>85,522,523</u>	<u>72,817,242</u>	<u>82,872,340</u>
Related parties (Note 43)			
Rupiah			
Inter-bank call money			
PT BTMU-BRI Finance	285,000	185,000	215,000
PT Bank Bukopin Tbk	150,000	-	230,000
PT Bank Negara Indonesia (Persero) Tbk	-	448,000	-
PT Perusahaan Pengelola Aset	-	250,000	-
PT BNI Sekuritas	-	20,000	10,000
Lembaga Pembiayaan Ekspor Indonesia	-	-	100,000
	<u>435,000</u>	<u>883,000</u>	<u>555,000</u>
United States Dollar			
Inter-bank call money			
PT Bank Negara Indonesia (Persero) Tbk	285,405	208,414	45,050
Total	<u>86,242,828</u>	<u>73,586,856</u>	<u>83,272,380</u>
Less: Allowance for impairment losses	-	(300)	(250)
	<u>86,242,828</u>	<u>73,586,556</u>	<u>83,272,130</u>

b) By Time Period:

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

	2012	2011	2010
Third parties			
Rupiah			
≤ 1 month	26,030,740	53,727,722	81,340,442
> 1 months - 3 months	21,131,784	12,381,514	7,910,850
> 3 months - 1 year	13,480,508	3,835,844	-
	<u>80,643,032</u>	<u>80,754,880</u>	<u>89,251,092</u>

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

b) By Time Period (continued):

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

	2012	2011	2010
Third parties (continued)			
United States Dollar			
≤ 1 month	3,886,322	2,743,294	12,416,633
> 1 months - 3 months	481,459	-	981,100
> 3 months - 1 year	481,730	9,068	13,515
	<u>4,849,511</u>	<u>2,752,362</u>	<u>13,421,248</u>
	<u>65,522,523</u>	<u>72,917,242</u>	<u>82,672,340</u>
Related parties (Note 43)			
Rupiah			
≤ 1 month	180,000	728,000	400,000
> 1 months - 3 months	80,000	-	-
> 3 months - 1 year	185,000	155,000	155,000
	<u>435,000</u>	<u>883,000</u>	<u>555,000</u>
United States Dollar			
≤ 1 month	285,405	206,414	-
> 3 months - 1 year	-	-	45,060
Total	<u>66,242,828</u>	<u>73,506,656</u>	<u>83,272,300</u>
Less: Allowance for impairment losses	<u>-</u>	<u>(300)</u>	<u>(250)</u>
	<u><u>66,242,828</u></u>	<u><u>73,506,356</u></u>	<u><u>83,272,140</u></u>

c) By Collectibility:

BRB 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.

Placements with Bank Indonesia and other banks as of December 31, 2012, 2011, and 2010 were classified as "Current".

d) Range of annual interest rates for placements with Bank Indonesia and other banks are as follows:

	2012	2011	2010
Rupiah			
Deposit Facility	3.75 - 4.50%	4.50 - 5.75%	5.50 - 6.00%
Term Deposit	3.78 - 4.88	4.53 - 7.25	5.50 - 6.40
Inter-bank call money	3.78 - 7.50	4.55 - 6.70	6.00 - 7.75
United States Dollar			
Term Deposit	0.12 - 0.19	-	-
Inter-bank call money	0.12 - 0.95	0.13 - 1.05	0.11 - 0.35
Time Deposit	0.40 - 0.68	0.34 - 1.05	0.63 - 2.08

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

- e) Movements in the allowance for impairment losses on placements with Bank Indonesia and other banks:

	2012	2011	2010
Rupiah			
Beginning balance	300	250	3,442
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2008) (Note 36)	-	-	(3,442)
Provision (reversal) during the year (Note 32)	(300)	50	250
Ending balance	-	300	250
United States Dollar			
Beginning balance	-	-	132,791
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2008) (Note 36)	-	-	(132,791)
Ending balance	-	-	-
	-	300	250

The minimum allowance for impairment losses on placements with Bank Indonesia and other banks provided based on Bank Indonesia regulations amounted to RpNil, Rp300 and Rp250 as of December 31, 2012, 2011 and 2010, respectively.

Management believes that the allowance for impairment losses on placements with Bank Indonesia and other banks is adequate.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

7. SECURITIES

- a) By Purpose, Currency and Type:

	2012	2011	2010
Fair value through profit or loss			
Third parties			
Rupiah			
Mutual funds	10,888	10,479	8,582
Certificates of Bank Indonesia	-	-	193,582
	10,888	10,479	203,144
United States Dollar			
Credit Linked Notes	530,083	498,713	-

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7. SECURITIES (continued)

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

	2012	2011	2010
Fair value through profit or loss			
(continued)			
Related parties (Note 43)			
Rupiah			
Government bonds	71,825	53,833	-
	<u>812,888</u>	<u>583,125</u>	<u>203,144</u>
Available for sale			
Third parties			
Rupiah			
Certificates of Bank Indonesia Bonds	4,043,583	8,588,317	8,440,188
	-	2,588	-
	<u>4,043,583</u>	<u>8,591,005</u>	<u>8,440,188</u>
United States Dollar			
U.S Treasury Bonds	388,508	243,032	212,474
Bonds	141,580	81,888	-
Medium term notes	48,470	48,022	41,589
	<u>578,558</u>	<u>380,922</u>	<u>257,063</u>
Related parties (Note 43)			
Rupiah			
Government bonds	8,424,873	4,107,050	2,385,535
Bonds	202,509	187,102	185,883
	<u>8,627,182</u>	<u>4,304,152</u>	<u>2,581,418</u>
United States Dollar			
Government bonds	2,304,412	2,138,051	1,813,848
Bonds	18,549	-	-
	<u>2,322,961</u>	<u>2,138,051</u>	<u>1,813,848</u>
	<u>13,573,274</u>	<u>15,418,030</u>	<u>13,072,285</u>
Held to maturity			
Third parties			
Rupiah			
Certificates of Bank Indonesia Bonds	12,513,201	5,387,445	987,883
	883,000	1,087,789	929,271
Bank Indonesia Sharia Certificates (SBIS)	575,000	400,000	200,000
Subordinated bonds	88,873	88,857	88,843
	<u>13,781,074</u>	<u>6,825,101</u>	<u>2,211,777</u>
United States Dollar			
Credit linked notes	3,187,884	3,086,885	3,175,431
Notes receivable	115,850	108,184	387,842
Medium term notes	-	181,350	180,200
	<u>3,283,634</u>	<u>3,387,509</u>	<u>3,753,273</u>

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7. SECURITIES (continued)

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

	2012	2011	2010
Held to maturity (continued)			
Related parties (Note 43)			
Rupiah			
Government bonds	8,748,583	8,537,058	2,738,270
Bonds	753,718	881,337	287,228
Medium term notes	100,000	130,000	120,000
	<u>9,602,301</u>	<u>9,548,395</u>	<u>3,145,500</u>
United States Dollar			
Government bonds	283,383	288,888	132,177
	<u>283,383</u>	<u>288,888</u>	<u>132,177</u>
	<u>26,851,380</u>	<u>17,839,871</u>	<u>9,240,734</u>
Total	41,137,840	33,918,028	22,518,173
Less: Allowance for impairment losses	(700)	(1,510)	(1,510)
	<u>41,136,880</u>	<u>33,917,516</u>	<u>22,514,663</u>

b) By Collectibility:

BRI assessed securities individually for impairment based on whether an objective evidence of impairment exists, except for securities of Subsidiaries (based on Sharia principles) whereby assessment is made using Bank Indonesia's guideline on collectibility.

Securities were classified as "Current" as of December 31, 2012, 2011 and 2010.

c) By Remaining Period to Maturity:

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

	2012	2011	2010
Third parties			
Rupiah			
≤ 1 month	4,554,050	10,000,188	9,840,975
> 1 month - 3 months	1,850,819	888,485	-
> 3 months - 1 year	11,087,784	4,084,874	-
> 1 year	582,873	442,858	1,014,114
	<u>17,075,526</u>	<u>15,416,405</u>	<u>10,855,089</u>
United States Dollar			
≤ 1 month	579,500	381,278	294,305
> 3 months - 1 year	300,738	-	380,400
> 1 year	3,512,858	3,885,888	3,355,831
	<u>4,393,036</u>	<u>4,267,166</u>	<u>4,030,536</u>
	<u>22,228,800</u>	<u>19,704,029</u>	<u>14,885,625</u>

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7. SECURITIES (continued)

c) By Remaining Period to Maturity (continued):

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

	2012	2011	2010
Related parties (Note 43)			
Rupiah			
≤ 1 month	8,542,874	4,347,810	2,588,418
> 1 month - 3 months	28,822	10,475	-
> 3 months - 1 year	435,029	75,000	214,778
> 1 year	8,287,581	7,283,383	2,903,729
	<u>16,302,306</u>	<u>11,716,478</u>	<u>5,706,925</u>
United States Dollar			
≤ 1 month	2,274,773	2,138,051	1,813,848
> 1 year	331,581	288,888	132,177
	<u>2,606,354</u>	<u>2,426,939</u>	<u>1,946,025</u>
	<u>18,908,740</u>	<u>14,124,387</u>	<u>7,652,948</u>
Total	41,137,040	33,918,028	22,518,173
Less: Allowance for impairment losses	(700)	(1,510)	(1,510)
	<u>41,136,340</u>	<u>33,916,518</u>	<u>22,516,663</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:

Issuer	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value		
			2012	2011	2010
Fair value Government bonds					
Rupiah					
FR0098	8.25	June 15, 2022	-	22,300	-
FR0099	9.50	May 15, 2022	-	20,580	-
FR0061	7.80	May 15, 2022	-	10,633	-
FR0062	6.38	April 15, 2012	38,033	-	-
FR0064	6.13	May 15, 2028	28,758	-	-
FR0065	6.63	May 15, 2023	21,142	-	-
			<u>71,925</u>	<u>53,513</u>	-

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value		
			2012	2011	2010
Available for sale					
Rupiah					
FR0027	9.50	June 15, 2015	263,085	357,151	259,887
FR0028	10.00	July 15, 2017	128,834	121,898	114,114
FR0031	11.00	November 15, 2020	68,756	65,625	61,558
FR0040	11.00	September 15, 2025	539,673	502,155	425,862
FR0042	10.25	July 15, 2027	275,462	255,536	214,822
FR0045	9.75	May 15, 2027	14,000	25,200	-
FR0046	9.50	July 15, 2023	-	12,300	-
FR0047	10.00	February 15, 2028	234,538	227,695	62,281
FR0050	10.50	July 15, 2028	37,576	-	-
FR0052	10.50	August 15, 2028	446,594	421,448	325,182
FR0053	8.25	July 15, 2021	489,908	393,321	286,241
FR0054	9.50	July 15, 2021	87,889	156,551	61,559
FR0055	7.38	September 15, 2016	238,276	236,523	80,520
FR0056	8.38	September 15, 2026	289,528	208,816	39,526
FR0057	9.50	May 15, 2011	68,583	62,462	-
FR0058	8.25	June 15, 2022	524,294	204,263	-
FR0059	7.80	May 15, 2027	521,784	317,836	-
FR0060	6.25	April 15, 2017	492,388	31,105	-
FR0061	7.80	May 15, 2022	547,178	160,250	-
FR0062	6.38	April 15, 2012	489,564	-	-
FR0063	5.63	May 15, 2023	289,652	-	-
FR0064	6.13	May 15, 2028	286,672	-	-
FR0065	6.63	May 15, 2023	215,126	-	-
CF0063	9.40	September 12, 2011	-	-	115,880
CF0064	9.50	March 12, 2012	-	135,988	125,835
CF0065	11.45	September 15, 2013	15,263	15,113	12,911
CF0066	9.35	August 15, 2012	-	14,717	9,404
CF0067	7.95	August 15, 2013	68,571	65,596	55,013
CF0068	7.30	October 15, 2014	9,588	2,671	-
CF0069	6.25	October 15, 2015	10,156	-	-
\$FR001	12.80	February 25, 2012	-	1,965	582
\$FR002	8.70	February 10, 2013	-	14,536	6,592
\$FR003	8.15	February 25, 2014	-	12,618	-
FR0004	9.00	October 15, 2013	-	53,400	52,365
FR0006	10.25	March 15, 2020	-	51,525	52,252
CF0005	-	February 20, 2013	28,718	26,706	25,281
\$FM	various	various	56,869	-	58,986
			6,424,673	4,107,850	2,365,535
United States Dollar					
FR0014	6.75	March 10, 2014	688,842	627,033	681,160
FR0014	10.38	May 4, 2014	32,418	31,762	33,585
FR0015	7.25	April 20, 2015	286,469	194,472	177,294
FR0016	7.50	January 15, 2016	67,583	62,246	63,120
FR0017	6.88	March 5, 2017	426,723	397,573	395,528
FR0018	6.88	January 17, 2018	128,325	117,447	114,568
FR0020	5.88	March 13, 2020	139,358	122,565	118,391
FR0021	4.88	May 5, 2021	253,321	222,504	-
FR0025	8.50	October 12, 2026	46,405	39,398	35,417
FR0027	6.63	February 17, 2027	167,885	142,949	127,925
FR0028	7.75	January 17, 2028	87,894	73,719	65,818
U.S. Treasury Bonds	2.63	November 15, 2020	389,588	343,832	212,474
Indefinite	4.80	November 21, 2018	48,189	45,213	-
			2,683,508	2,382,883	2,626,120
			9,108,181	6,490,733	4,991,655

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value		
			2012	2011	2010
Total in rupiah					
Rupiah					
FR0006	11.00	October 15, 2014	158,813	180,379	161,983
FR0008	10.00	July 15, 2017	304,636	307,217	121,819
FR0030	10.75	May 15, 2016	33,912	34,889	34,871
FR0039	11.75	August 15, 2023	52,804	53,250	-
FR0040	11.00	September 15, 2025	57,454	57,790	58,004
FR0042	10.25	July 15, 2027	169,863	169,989	146,852
FR0043	10.25	July 15, 2022	522,622	521,725	520,928
FR0044	10.00	September 15, 2024	76,426	76,741	-
FR0045	9.75	May 15, 2037	224,016	229,882	223,762
FR0046	9.50	July 15, 2023	181,757	181,362	159,026
FR0047	10.00	February 15, 2028	381,973	382,607	188,369
FR0048	9.00	September 15, 2018	107,084	106,624	106,215
FR0049	9.00	September 15, 2013	50,453	50,263	50,089
FR0050	10.50	July 15, 2038	68,527	68,517	68,588
FR0052	10.50	August 15, 2038	236,747	236,687	236,634
FR0053	8.25	July 15, 2021	588,082	604,184	40,686
FR0054	9.50	July 15, 2031	352,489	351,882	-
FR0055	7.38	September 15, 2016	655,828	655,325	182,588
FR0056	8.38	September 15, 2026	797,056	795,572	190,711
FR0058	8.25	June 15, 2032	561,626	168,678	-
FR0059	7.00	May 15, 2027	258,828	201,205	-
FR0060	6.25	April 15, 2017	323,818	72,132	-
FR0061	7.00	May 15, 2022	438,982	201,983	-
FR0062	6.38	April 15, 2042	66,808	-	-
FR0063	5.63	May 15, 2023	57,564	-	-
FR0064	6.13	May 15, 2028	24,323	-	-
FR0065	6.63	May 15, 2033	188,288	-	-
FR0008	9.25	September 15, 2015	114,584	115,679	116,768
FR0004	9.00	October 15, 2013	48,877	-	-
FR0005	9.00	January 15, 2017	318,661	314,119	-
FR0006	10.25	March 15, 2038	47,914	-	-
FR0007	10.25	January 15, 2025	311,073	312,241	43,644
FR0010	10.00	February 15, 2036	82,684	12,894	-
FR0001	4.45	February 15, 2018	144,973	-	-
FR0002	5.45	January 15, 2022	281,958	-	-
FR0003	6.00	January 15, 2027	243,088	-	-
FR0004	6.10	February 15, 2037	94,718	-	-
SR0002	8.70	February 10, 2013	26,822	-	-
SR0003	8.15	February 23, 2014	18,131	-	-
SR0004	6.25	September 21, 2015	5,308	-	-
SPM	various	various	128,688	-	139,778
			8,748,563	6,537,856	2,736,279
United States Dollar					
FR0015	7.25	April 30, 2015	31,387	30,419	-
FR0018	6.88	January 17, 2018	19,208	17,279	7,527
FR0020	5.88	March 13, 2020	72,266	68,521	-
FR0021	4.88	May 5, 2021	27,202	27,203	-
FR0037	6.63	February 17, 2037	133,379	125,466	124,668
			283,362	268,888	132,177
			8,992,892	6,806,744	2,868,456

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

The market values of Government bonds classified as fair value through profit or loss and available for sale ranged from 94.76% to 150.71%, from 85.89% to 144.50% and from 75.33% to 113.96% as of December 31, 2012, 2011 and 2010, respectively.

d.2. Bonds

Issuer	Annual Interest Rate (%)	Maturity Date	Rating ¹⁾			Fair Value/Carrying Value		
			2012	2011	2010	2012	2011	2010
Available for Sale								
Local Issuer								
Rupiah								
Threeo PNM Jaya	12.00	March 18, 2015	-	NA	-	-	2,000	-
						-	2,000	-
United States Dollar								
PT Bank Bumi Internasional Tbk								
Tugas I 2011	6.75	July 14, 2015	NA	NA	-	32,312	34,800	-
Receivable Bank	5.54	October 14, 2015	A-	-	-	32,312	-	-
Outstanding	3.30	May 8, 2015	A-	-	-	32,312	-	-
						141,696	34,800	-
Subordinated								
Local Issuer								
Rupiah								
PT Jasa Marga (Persero) Tbk								
Subsidiary TBK	10.00	June 21, 2017	NA	NA	NA	191,897	105,362	108,000
PT Persewaan Liris (Persero) Tbk								
Subsidiary TBK	10.40	July 10, 2017	NA	NA	NA	31,788	31,012	30,400
PT Telekomunikasi Indonesia Tbk								
Subsidiary TBK	6.00	September 4, 2017	NA	NA	NA	10,892	10,750	10,200
						234,577	147,124	148,600
United States Dollar								
PT Jasa Marga (Persero) Tbk								
Subsidiary TBK	4.50	April 27, 2017	NA	-	-	95,040	-	-
						329,617	284,376	148,600
Hold to Maturity								
Local Issuer								
Rupiah								
PT Japfa Comfeed Indonesia Tbk								
Subsidiary TBK	12.75	July 11, 2013	-	NA	NA	-	370,000	370,000
Subsidiary TBK	6.00	January 12, 2011	NA	-	-	100,000	-	-
PT Bank Internasional Indonesia Tbk								
Subsidiary TBK	10.00	November 27, 2012	-	NA	NA	-	300,000	300,000
PT Pembangunan Perumahan Tbk								
Subsidiary TBK	12.00	March 11, 2013	NA	NA	NA	100,000	100,000	100,000
Subsidiary TBK	10.00	July 7, 2012	-	NA	NA	-	50,000	50,000
PT Bank Danamon Indonesia Tbk								
Subsidiary TBK	10.00	April 15, 2012	-	NA	NA	-	40,000	40,000
Subsidiary TBK	6.75	December 6, 2012	NA	NA	NA	30,000	30,000	30,000
Subsidiary TBK	6.00	December 6, 2010	NA	NA	NA	30,000	30,000	30,000
PT Bank Panin Indonesia Tbk								
Subsidiary TBK	10.75	June 18, 2012	-	NA	NA	-	40,000	40,000
PT Mitra Perumahan Tbk								
Subsidiary TBK	12.00	December 10, 2012	-	NA	NA	-	50,000	50,000
Subsidiary TBK	12.00	December 10, 2012	-	NA	NA	-	30,000	30,000
PT Sinar Investo Indonesia Tbk								
Subsidiary TBK	11.00	December 1, 2014	NA	NA	NA	30,000	30,000	30,000

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating ¹⁾			Fair Value/Carrying Value		
			2012	2011	2010	2012	2011	2010
Held to Maturity								
Government								
Bank Negara Indonesia								
PT Bank Negara								
International Tbk								
Series A	10.00	June 17, 2013	-	N/A	N/A	-	30,000	30,000
PT Garuda Pacific								
Series B	11.00	November 27, 2013	-	NP+	NP+	-	30,000	30,000
PT Indah Food&Tbk								
Series 1	11.00	March 5, 2013	BBAA	BBAA	BBAA	10,000	10,000	10,000
PT PT Harsana Tbk								
Series 1	10.00	November 10, 2010	BB-	BB	BB	30,000	30,000	30,000
PT Astra Global Finance								
Series 2012 C	0.70	February 25, 2014	BBAA+	BBAA+	-	30,000	30,000	-
PT Astra Finance								
Series A	10.00	August 25, 2014	BB	BB	-	5,000	5,000	-
Series B	0.30	August 10, 2017	BB	-	-	10,000	-	-
PT PT Okechandra Bond								
Series 10	0.00	January 13, 2010	BB	BB	-	10,000	10,000	-
PT Bank CIMB Niaga Tbk								
Series B	0.30	December 28, 2010	BBAA	BBAA	-	30,000	30,000	-
PT Bank Central								
Series B	10.10	July 5, 2010	BB+	BB+	-	10,000	10,000	-
PT Bank Jaber Sentra Tbk								
Series 101A	0.00	February 5, 2014	N/A	N/A	-	30,000	30,000	-
PT Bank DII								
Series 101A	0.00	June 17, 2014	BB+	BB+	-	17,000	17,000	-
PT Bank BTPN								
Series 1A	7.70	August 3, 2010	AA-	-	-	30,000	-	-
Series 1B	0.00	August 3, 2017	AA-	-	-	30,000	-	-
PT Bank International								
Indonesia Tbk								
Series 10101	7.00	October 31, 2010	BBAA	-	-	30,000	-	-
Series 10102	0.00	October 31, 2017	BBAA	-	-	10,000	-	-
						300,000	1,037,700	394,371
Not Held to Maturity								
Government								
Bank								
PT Bank Negara								
Tbk Series 1	10.10	July 10, 2011	-	-	N/A	-	-	40,000
PT Garuda Pacific								
Series 101 B	10.00	June 21, 2011	-	-	BB	-	-	10,000
Series 101 C	10.00	June 21, 2010	BB	BB	BB	5,000	5,000	5,000
Lawang Ponds								
Series 10101	11.00	June 13, 2012	-	BBAA	BBAA	-	30,000	30,000
Series 101 B	0.00	July 5, 2010	BBAA	BBAA	BBAA	30,000	30,000	30,000
Series 101 C	0.00	July 5, 2010	BBAA	BBAA	BBAA	30,000	30,000	30,000
Series A	7.00	December 27, 2014	BBAA	BBAA	-	30,000	30,000	-
Series B	7.70	December 27, 2010	BBAA	BBAA	-	30,000	30,000	-
Series 10102	0.00	December 7, 2010	BBAA	-	-	30,000	-	-
Series 10103	0.00	November 27, 2010	BBAA	-	-	30,000	-	-
PT Bank Niaga								
Series 101	0.00	January 9, 2011	-	-	BB+	-	-	30,000
Series 101 B	0.70	July 5, 2010	BB+	BB+	BB+	30,000	30,000	30,000
Series 101 C	0.00	April 5, 2010	BB+	BB+	-	30,000	30,000	-
PT Bank Nelayan								
Series 101	10.70	December 4, 2014	N/A	N/A	N/A	30,000	30,000	30,000
Series 102	10.70	December 4, 2014	N/A	N/A	N/A	10,000	10,000	10,000
PT Bank Nelayan								
Series 101 B/A	11.00	December 9, 2014	BBAA+	BBAA+	BBAA+	10,000	10,000	10,000
PT Bank Niaga								
Series 10101	7.00	July 5, 2010	N/A	-	-	30,000	-	-
Series 101 A	11.00	May 26, 2012	-	N/A	N/A	-	10,000	10,000
Series 102	10.00	June 11, 2010	N/A	N/A	N/A	30,000	30,000	30,000
Series 103	0.00	June 28, 2011	N/A	N/A	N/A	30,000	30,000	-
Series 101A	0.00	March 10, 2010	BBAA	BBAA	BBAA	1,310	1,310	1,310

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating ¹⁾			Fair Value/Carrying Value		
			2012	2011	2010	2012	2011	2010
Held to Maturity								
Government								
State								
Other								
PT PLN (Persero)								
State Bank N/A	11.50	January 12, 2017	AAA	AAA	N/A	10,000	10,000	10,000
Power Generation	7.50	October 11, 2014	AAA	AAA	-	307,000	307,000	-
PT Asuransi								
Prasana Tbk	0.30	December 12, 2012	N/A	N/A	-	30,000	30,000	-
Prasana TBK	0.30	December 14, 2009	N/A	N/A	-	75,000	75,000	-
PT Telekomunikasi								
Indosat Tbk	0.70	June 2, 2010	N/A	-	-	35,000	-	-
						<u>702,000</u>	<u>692,000</u>	<u>697,000</u>
						<u>1,355,700</u>	<u>1,700,000</u>	<u>1,811,400</u>

¹⁾ Based on ratings issued by PT Peningkatan Efek Instrumen (Pefinra)

²⁾ Based on ratings issued by Moody's

³⁾ Based on ratings issued by Fitch Ratings

d.3. Mutual Funds

As of December 31, 2012, 2011 and 2010, ITB Mutual Funds - Niaga amounted to Rp10,988, Rp10,478 and Rp0,582 respectively.

d.4. Notes Receivable

Issuer	2012		
	Carrying Value	Rating ³⁾	Maturity Date
Third Parties			
United States Dollar			
Gen Electric Gap Corp	48,188	A-	May 22, 2013
Verizon	28,012	A-	March 28, 2014
Morgan Stanley	18,275	A-	August 31, 2015
Morgan Stanley	18,275	A-	August 31, 2017
	<u>115,650</u>		

Issuer	2011		
	Carrying Value	Rating ³⁾	Maturity Date
Third Parties			
United States Dollar			
Gen Electric Gap Corp	45,338	A-	May 22, 2013
Verizon	27,203	A-	March 28, 2014
Morgan Stanley	18,135	A-	August 31, 2015
Morgan Stanley	18,135	A-	August 31, 2017
U.S. Bank, N.A.	353	A-	January 3, 2012
	<u>109,164</u>		

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7. SECURITIES (continued)

d) By Type and Issuer (continued)

d.4. Notes Receivable (continued)

Issuer	2010		
	Carrying Value	Rating ¹⁾	Maturity Date
Third Parties			
United States Dollar			
Standard Chartered Bank	180,200	A-	December 8, 2011
UBS AG	63,070	A-	September 2, 2011
Inrens Funds	45,050	A-	August 30, 2011
Natix	45,050	A-	August 12, 2011
U.S. Bank, N.A.	37,242	A-	January 3, 2011
UBS AG	27,030	A-	August 30, 2011
	357,642		

¹⁾ Based on ratings issued by Standard & Poor's

d.5. Subordinated bonds

Issuer	Annual Interest Rate (%)	Maturity Date	Rating			Fair Value/Carrying Value		
			2012	2011	2010	2012	2011	2010
Held to maturity								
Third parties								
Bank								
PT Bank OCBC NISP	11.80	June 30, 2017	AAA	AAA	AAA	40,000	40,000	40,000
PT Bank Pan	11.80	April 9, 2016	AAA	AAA	AAA	48,870	48,887	48,840
						88,870	88,887	88,840

¹⁾ Based on ratings issued by PT Peringkat Efek Instrumen (Pefinra)

²⁾ Based on ratings issued by Fitch Ratings

d.6. Medium Term Notes (MTN)

Issuer	Nominal Value		Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value		
	United States Dollar	Rupiah			2012	2011	2010
Available for sale							
Third party							
United States Dollar							
PT Bank Bumi	5,000,000	-	6.30%	October 28, 2015	4,670	4,622	44,000
Held to maturity							
Third party							
United States Dollar							
PT Bank Bumi	90,000,000	-	6.60%	December 31, 2012	-	91,300	90,000

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

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

Issuer	Nominal Value		Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value		
	United States Dollar	Rupiah			2012	2011	2010
Held to maturity (continued)							
Bank of America (USA, Inc)							
PT Telekomunikasi Indonesia (Persero) Tbk	-	25,000	6.90%	November 22, 2012	35,000	35,000	35,000
PT Telekomunikasi Indonesia (Persero) Tbk	-	25,000	6.70%	November 22, 2012	35,000	35,000	35,000
PT Telekomunikasi Indonesia (Persero) Tbk	-	50,000	10.40%	July 5, 2012	50,000	50,000	50,000
PT Garuda Indonesia (Persero) Tbk	-	50,000	6.50%	December 21, 2011	-	-	50,000
PT Garuda Indonesia (Persero) Tbk	-	50,000	6.20%	October 11, 2012	-	-	-
					100,000	100,000	120,000
					140,070	147,872	144,700

*) The interest is receive every 3 (three) months.

d.7. Credit Linked Notes (CLN)

As of December 31, 2012, 2011, and 2010, the following are the balances of securities in the form of CLN:

Issuer	2012				
	Effective Date	Maturity Date	Annual Interest Rate	Nominal Value (United States Dollar) (Million)	Carrying Value
Held to maturity					
Total assets					
United States Dollar					
Guarant Chemical Bank	March 14, 2011	March 20, 2014	3.05%	25,000,000	240,588
The Royal Bank of Scotland	April 5, 2011	March 20, 2014	LIBOR(*) + 2%	30,000,000	289,425
				55,000,000	530,013
Held to maturity					
Total assets					
United States Dollar					
Restructured in 2011					
Credit Suisse International	October 20, 2011	December 20, 2016	LIBOR(*) + 2.95%	50,000,000	523,850
Restructured in 2009					
Guarant Chemical Bank	February 11, 2009	March 20, 2014	LIBOR(*) + 1.50%	50,000,000	544,480
The Hong Kong and Shanghai Banking Corporation Ltd	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
				235,000,000	2,391,584

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

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

As of December 31, 2012, 2011, and 2010 the following are the balances of securities in the form of CLN (continued):

Issuer	2012				
	Issuance Date	Maturity Date	Annual Interest Rate	Market Value (United States Dollar) (at amount)	Carrying Value
Total by maturity					
Total securities (continued)					
United States Dollar (continued)					
Residualized in 2008					
The Royal Bank of Scotland	December 1, 2008	December 20, 2013	LIBOR ¹ + 1.00%	25,000,000	252,550
Total					252,550
					3,888,847
Issuer	2011				
	Issuance Date	Maturity Date	Annual Interest Rate	Market Value (United States Dollar) (at amount)	Carrying Value
Fair value through profit or loss					
Total securities					
United States Dollar					
Standard Chartered Bank	March 14, 2011	March 20, 2014	3.05%	25,000,000	225,688
The Royal Bank of Scotland	April 5, 2011	March 20, 2014	LIBOR ² + 2%	30,000,000	272,025
				55,000,000	497,713
Total by maturity					
Total securities					
United States Dollar					
Residualized in 2011					
Credit Suisse International	October 20, 2011	December 20, 2016	LIBOR ³ + 2.50%	50,000,000	502,469
Residualized in 2009					
Standard Chartered Bank	February 11, 2009	March 20, 2014	LIBOR ⁴ + 1.50%	50,000,000	497,729
The Hong Kong and Shanghai Banking Corporation Ltd	April 20, 2009	June 20, 2014	LIBOR ⁵ + 1.50%	70,000,000	694,225
The Royal Bank of Scotland	January 14, 2009	March 20, 2014	LIBOR ⁶ + 2.00%	50,000,000	503,375
The Royal Bank of Scotland	February 10, 2009	March 20, 2014	LIBOR ⁷ + 1.10%	25,000,000	249,506
				295,000,000	2,345,265
Residualized in 2008					
The Royal Bank of Scotland	December 1, 2008	December 20, 2013	LIBOR ⁸ + 1.00%	25,000,000	249,260
Total					2,495,260
					3,686,788

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7. SECURITIES (continued)

d) By Type and Issuer (continued):

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

As of December 31, 2012, 2011, and 2010 the following are the balances of securities in the form of CLN (continued):

Issuer	2010				
	Issuance Date	Maturity Date	Annual Interest Rate	Market Value (United States Dollar) (net amount)	Carrying Value
Not in portfolio					
United States Dollar					
Restructured in 2009					
Garanti Creditcard Bank	February 11, 2009	March 28, 2014	LIBOR ^{*)} + 1.50%	50,000,000	509,595
The Hong Kong and Shanghai Banking Corporation Ltd	April 28, 2009	June 28, 2014	LIBOR ^{*)} + 1.50%	70,000,000	714,434
The Royal Bank of Scotland	January 14, 2009	March 28, 2014	LIBOR ^{*)} + 2.00%	50,000,000	523,114
The Royal Bank of Scotland	February 10, 2009	March 28, 2014	LIBOR ^{*)} + 1.10%	25,000,000	259,224
				295,000,000	2,405,767
Restructured in 2008					
Credit Suisse International	September 26, 2008	December 28, 2012	LIBOR ^{*)} + 2.65%	50,000,000	489,082
The Royal Bank of Scotland	December 1, 2008	December 28, 2013	LIBOR ^{*)} + 1.00%	25,000,000	259,582
				75,000,000	748,664
Total					3,154,431

^{*)} 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/monstrum and (iii) restructuring in which the payment terms are unfavorable to the creditors.

During 2011, BRI has restructured CLN contracts with Credit Suisse International by changing the period, interest rate and eliminated the requirement to make the top-up payment.

The embedded credit default swap as of December 31, 2012, 2011 and 2010 have a liability fair value of USD5,382,134, USD11,814,098 and USD8,023,089 (equivalent to Rp51,867, Rp105,311 and Rp72,288), respectively, which were recognized as derivatives payable in the consolidated statements of financial position (Note 11). The net gain from the changes in fair value of the embedded credit default swap was recognized as income for the years ended December 31, 2012, 2011 and 2010 which amounted to USD8,221,952 (equivalent to Rp59,884), USD2,034,218 (equivalent to Rp18,445) and USD20,812,852 (equivalent to Rp188,428), respectively.

As of December 31, 2012 and 2011 BRI recognized net unrealized gains from increase in fair value of CLN classified as "fair value through profit or loss" amounted to USD1,387,416 and USD1,408,049 (equivalent to Rp13,371 and Rp12,787) which was recorded in the consolidated statements of financial position as derivatives receivable (Note 11) and consolidated statements of comprehensive income as unrealized gain from changes in fair value of securities and Government Recapitalization Bonds.

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7. SECURITIES (continued)

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

	2012	2011	2010
Rupiah			
Beginning balance ^{*)}	1,510	1,535	13,859
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2008) (Note 36)	-	-	(12,449)
Provision (reversal) during the year (Note 32)	(750)	(25)	100
Ending balance	760	1,510	1,510
United States Dollar			
Beginning balance	-	-	43,250
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2008) (Note 36)	-	-	(43,250)
Ending balance	-	-	-
	760	1,510	1,510

^{*)} The beginning balance of 2011 is including the balance of BRI Ajen (Subsidiary) which amounted to Rp25.

The minimum allowance for impairment losses on securities provided based on Bank Indonesia regulations amounted to Rp780, Rp1,510 and Rp1,510 as of December 31, 2012, 2011 and 2010, respectively.

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

f) Range of annual interest rates are as follows:

	2012	2011	2010
Rupiah	4.45 - 13.50%	6.25 - 13.50%	6.37 - 13.50%
United States Dollar	1.41 - 8.00	1.35 - 8.00	1.35 - 8.00

g) BRI recognized unrealized gain - net in the value of "Fair Value through Profit or Loss" securities amounted to Rp484, Rp884 and Rp3,321 for the years ended December 31, 2012, 2011 and 2010, 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 Rp42,670, Rp132,248 and Rp153,275 for the years ended December 31, 2012, 2011 and 2010, respectively, which are recorded under "Gain on sale of securities and Government Recapitalization Bonds - net" in the consolidated statements of comprehensive income.

i) Government bonds amounted to Rp540,000 as of December 31, 2010 were sold under agreement to repurchase (Note 23).

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

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8. EXPORT BILLS

a) By Type and Currency:

	2012	2011	2010
Third parties			
Rupiah			
Domestic Documentary Letters of Credit	35,148	58,057	42,715
Export bills	-	1,885	-
	<u>35,148</u>	<u>59,942</u>	<u>42,715</u>
Foreign currencies			
Domestic Documentary Letters of Credit			
United States Dollar	13,019	1,512	-
Export bills			
Chinese Yuan	4,445,881	3,782,836	-
United States Dollar	1,182,547	888,875	445,105
Japanese Yen	81,341	118,818	125,809
Hong Kong Dollar	79,014	48,536	70,827
European Euro	48,778	104,788	34,487
Arab Emirates Dirham	23,300	22,872	4,485
Saudi Arabian Riyal	11,803	7,833	12,523
Great Britain Pound Sterling	8,772	7,750	3,088
Singapore Dollar	8,883	2,222	-
Australian Dollar	1,337	4,877	2,840
	<u>5,885,343</u>	<u>4,788,827</u>	<u>888,042</u>
	<u>5,920,481</u>	<u>4,828,589</u>	<u>741,757</u>
Related Parties (Note 43)			
Rupiah			
Domestic Documentary Letters of Credit	14,281	-	-
	<u>14,281</u>	<u>-</u>	<u>-</u>
Total	<u>5,934,772</u>	<u>4,828,589</u>	<u>741,757</u>
Less: Allowance for impairment losses	-	-	(7,418)
	<u>5,934,772</u>	<u>4,828,589</u>	<u>734,339</u>

b) By Collectibility:

BRB assessed export bills individually for impairment based on the existence of objective evidence, except for the year 2010, assessment was conducted using Bank Indonesia's collectibility guidelines.

All export bills were classified as "Current" as of December 31, 2010.

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8. EXPORT BILLS (continued)

c) **By Period:**

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

	2012	2011	2010
Third parties			
≤ 1 month	703,585	572,438	480,034
> 1 month - 3 months	800,732	816,080	218,257
> 3 months - 1 year	4,358,184	3,440,051	43,488
	5,820,481	4,828,509	741,757
Related parties (Note 43)			
Rupiah			
≤ 1 month	14,281	-	-
	14,281	-	-
Total	5,834,772	4,828,509	741,757
Less: Allowance for impairment losses	-	-	(7,418)
	5,834,772	4,828,509	734,339

d) **Movements in the allowance for impairment losses on export bills:**

	2011	2010
Beginning balance ^{*)}	7,838	5,512
Provision (Reversal) during the year (Note 32)	(7,838)	1,908
Ending balance	-	7,418

^{*)} The beginning balance in 2011 represents additional balance of BRF/Agri (subsidiary) which amounted to Rp20.

The minimum allowance for impairment losses on export bills provided based on Bank Indonesia regulations amounted to Rp7,418 as of December 31, 2010.

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

Information with respect to the classification of not impaired and impaired financial assets is disclosed in Note 37.

9. GOVERNMENT RECAPITALIZATION BONDS

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

In connection with the recapitalization program, BRF 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.

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9. GOVERNMENT RECAPITALIZATION BONDS (continued)

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 Rp20,063,531 (Note 28a), therefore the recapitalization excess of Rp85,488 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 Rp85,488, 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:

	2012	2011	2010
Available for sale			
≤ 1 month	715,616	5,386,026	6,026,463
Held to maturity			
> 1 month - 3 months	-	-	4,000,000
> 1 year - 5 years	1,000,000	1,000,000	500,000
> 5 years - 10 years	2,000,000	2,000,000	3,100,000
	3,000,000	3,000,000	7,600,000
	4,315,616	8,386,026	13,626,463

b) By Classification and Type:

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value		
			2012	2011	2010
Available for sale					
FR0016	13.45	August 15, 2011	-	-	1,847,775
FR0017	13.15	January 15, 2012	-	1,251,049	1,353,485
FR0018	13.18	July 15, 2012	-	3,420,476	3,525,282
VR0027	OPM 3 months	July 25, 2010	447,565	447,714	-
VR0031	OPM 3 months	July 25, 2010	268,051	255,927	-
			715,616	5,395,026	5,025,463
Held to maturity					
FR0015	13.40	February 15, 2011	-	-	4,000,000
VR0020	OPM 3 months	April 25, 2015	250,000	250,000	250,000
VR0021	OPM 3 months	November 25, 2015	250,000	250,000	250,000
VR0023	OPM 3 months	October 25, 2016	500,000	500,000	500,000
VR0026	OPM 3 months	January 25, 2018	375,000	375,000	375,000
VR0027	OPM 3 months	July 25, 2018	375,000	375,000	375,000
VR0028	OPM 3 months	August 25, 2018	375,000	375,000	375,000
VR0029	OPM 3 months	August 25, 2019	375,000	375,000	375,000
VR0031	OPM 3 months	July 25, 2020	1,100,000	1,100,000	1,100,000
			3,600,000	3,600,000	7,600,000
			4,315,616	8,995,026	13,626,463

c) Other Significant Information:

The schedule of interest payment for FR series bonds is every 6 (six) months, while for VR series bonds is every 3 (three) months.

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9. GOVERNMENT RECAPITALIZATION BONDS (continued)

c) Other Significant Information (continued)

Government Recapitalization Bonds amounted to Rp100,000 were sold under agreement to repurchase as of December 31, 2011 and 2010, respectively (Note 23).

The market values of several Government Recapitalization Bonds classified under "Available for sale" ranged from 99.00% to 99.64%, from 99.51% to 104.44% and from 104.99% to 110.68% as of December 31, 2012, 2011 and 2010, respectively.

BRI recognized net loss from sales of Government Recapitalization Bonds classified as "Fair value through profit or loss" amounted to Rp387 for the year ended December 31, 2010, which was recorded under "Gain on sale of securities and Government Recapitalization Bonds - net" in the consolidated statements of comprehensive income.

10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

Securities purchased under agreement to resell as of December 31, 2012, 2011 and 2010 consist of:

	2012			
	Term (day)	Resell Date	Nominal Amount	Resell Price - Net
Total assets				
Bank Indonesia				
Government bonds				
Series FR0019	42	January 4, 2013	501,450	535,272
Series FR0026	66	February 22, 2013	530,765	541,314
Series FR0030	65	March 1, 2013	874	884
Series FR0036	67	February 22, 2013	139,773	143,174
Series FR0042	96	March 19, 2013	295,391	305,236
Series FR0042	95	March 19, 2013	340,188	351,514
Series FR0042	94	March 22, 2013	679,425	702,315
Series FR0043	97	April 2, 2013	327,175	338,812
Series FR0046	42	January 8, 2013	629,100	649,305
Series FR0047	95	March 22, 2013	335,088	345,108
Series FR0053	65	February 1, 2013	402,702	407,597
Series FR0053	61	February 12, 2013	207,300	206,509
Series FR0053	63	February 15, 2013	298,180	297,309
Series FR0054	97	March 26, 2013	615,405	635,430
Series FR0055	67	February 22, 2013	148,727	151,708
Series FR0055	64	March 1, 2013	175,539	179,180
Series FR0056	93	March 1, 2013	295,115	300,657
Series FR0057	97	March 26, 2013	16,140	16,272
Series FR0058	64	March 1, 2013	31,424	31,513
Series FR0059	69	February 26, 2013	432,634	436,044
Series FR0059	64	March 1, 2013	47,488	47,857
Series FR0060	64	March 1, 2013	9,041	9,158
Series FR0061	65	February 1, 2013	83,619	84,162
Series FR0061	67	February 15, 2013	534,895	538,722
Series FR0061	59	February 8, 2013	534,250	538,105
Series FR0061	96	April 2, 2013	270,398	272,564
Series FR0063	97	March 26, 2013	20,050	20,205
Series FR0064	96	March 19, 2013	31,710	31,957
Series SPN121G0205	65	February 8, 2013	280,447	281,359
Series SPN121G0307	63	February 5, 2013	470,704	472,289
Series SPN121G0606	65	February 8, 2013	185,154	186,759
Series SPN121G0710	69	February 26, 2013	27,551	27,592
Series SPN121G0912	65	March 1, 2013	229,785	229,910
Series SPN121G1204	69	February 26, 2013	54,685	54,747
			3,334,353	3,528,521

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10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)

Securities purchased under agreement to resell as of December 31, 2012, 2011 and 2010 consist of (continued):

2011				
Term (day)	Resell Date	Nominal Amount	Resell Price - Net	
Total assets				
Bank Indonesia				
Government bonds				
Series FR0059	99	February 16, 2012	18,000	18,265
Series FR0056	99	February 16, 2012	171,000	190,451
Series FR0054	21	January 12, 2012	2,000,000	2,458,802
Series FR0053	20	January 12, 2012	1,048,200	1,195,006
Series FR0052	104	February 16, 2012	134,771	177,596
Series FR0052	22	January 12, 2012	84,096	110,386
Series FR0047	22	January 12, 2012	915,904	1,148,998
Series FR0046	20	January 12, 2012	730,800	897,153
Series FR0044	20	January 12, 2012	391,000	492,300
Series FR0043	20	January 12, 2012	830,000	1,062,032
Series FR0043	99	February 16, 2012	61,000	77,627
Series FR0042	100	March 29, 2012	1,000,000	1,288,767
Series FR0023	99	February 16, 2012	250,000	265,915
			7,634,771	9,383,298

2010				
Term (day)	Resell Date	Nominal Amount	Resell Price - Net	
Total assets				
PT Bank Pan Indonesia Tbk				
Government bonds				
Series FR0031	29	January 14, 2011	110,000	124,511
Series FR0040	29	January 14, 2011	115,000	124,630
Series FR0045	29	January 14, 2011	263,000	252,250
			488,000	501,391

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 37.

11. DERIVATIVES RECEIVABLE AND PAYABLE

The summary of the derivatives transactions is as follows:

Transaction	2012	
	Derivatives receivable	Derivatives payable
Cross currency and interest rate swap	14,062	95,298
Credit linked notes (Note 7)	13,371	51,967
Foreign currency swap	1,417	-
Purchase and sale of foreign currency spot	-	3,404
Purchase forward of foreign currency	-	1,534
	28,850	152,203

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11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

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

Transaction	2011	
	Derivatives receivable	Derivatives payable
Credit linked notes (Note 7)	12,767	105,311
Cross currency and interest rate swap	4,976	67,770
Foreign currency swap	75	-
Purchase and sale of foreign currency spot	-	455
	17,818	173,536

Transaction	2010	
	Derivatives receivable	Derivatives payable
Cross currency and interest rate swap	76,654	5,840
Purchase and sale of foreign currency spot	5,722	3,673
Foreign currency swap	3,494	-
Credit linked notes (Note 7)	-	72,288
	87,870	81,801

a) Cross currency and interest rate swap

BRI's cross currency and interest rate swap contracts as of December 31, 2012, 2011 and 2010 are as follows:

Counterparty	Notional Amount	Annual interest rate		Date	
		Received	Paid	Effective	Ready
CDB Bank	USD20,000,000	7.80%	LIBOR* + 1.80%	September 27, 2011	September 27, 2014
CDB Bank	USD20,000,000	7.80%	LIBOR* + 1.80%	October 6, 2011	October 6, 2014
CDB Bank	USD10,000,000	7.80%	LIBOR* + 1.80%	July 16, 2012	July 16, 2015
Standard Chartered Bank	USD20,000,000	7.80%	LIBOR* + 1.80%	September 22, 2011	September 22, 2014
Standard Chartered Bank	USD40,000,000	7.80%	LIBOR* + 1.80%	September 16, 2012	September 16, 2014
Standard Chartered Bank	USD40,000,000	7.80%	LIBOR* + 1.70%	November 1, 2012	November 1, 2015
Standard Chartered Bank	USD40,000,000	7.80%	LIBOR* + 1.70%	November 1, 2012	November 1, 2015
The Hong Kong and Shanghai Banking Corporation Ltd	USD20,000,000	7.80%	LIBOR* + 1.70%	September 26, 2011	September 26, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD20,000,000	7.80%	LIBOR* + 1.70%	September 21, 2011	September 22, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD20,000,000	7.80%	LIBOR* + 1.80%	April 16, 2012	April 16, 2014
The Hong Kong and Shanghai Banking Corporation Ltd	USD20,000,000	7.80%	LIBOR* + 1.80%	December 10, 2012	December 10, 2015
The Hong Kong and Shanghai Banking Corporation Ltd	USD20,000,000	7.80%	LIBOR* + 1.80%	December 4, 2012	December 4, 2015
ANZ Bank	USD20,000,000	7.80%	LIBOR* + 1.80%	November 8, 2012	November 8, 2014
CIBank	USD20,000,000	7.80%	LIBOR* + 1.80%	October 16, 2012	October 16, 2014

* 30D MIBOR 3 (fixed-overlibor)
 * 30D LIBOR 3 (fixed-overlibor)

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11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

a) Cross currency and interest rate swap (continued)

BRI's cross currency and interest rate swap contracts as of December 31, 2012, 2011 and 2010 are as follows (continued):

2011					
Counterparty	Nominal Amount	Annual Interest Rate		Date	
		Received	Paid	Effective	Maturity
The Royal Bank of Scotland	USD20,000,000	6.00%	LIBOR* + 0.00%	September 20, 2011	September 20, 2012
CDB Bank	USD20,000,000	7.00%	LIBOR* + 1.00%	September 17, 2011	September 27, 2012
CDB Bank	USD20,000,000	7.50%	LIBOR* + 1.00%	October 6, 2011	October 6, 2012
Standard Chartered Bank	USD20,000,000	7.00%	LIBOR* + 1.00%	September 22, 2011	September 22, 2012
The Hong Kong and Shanghai Banking Corporation Ltd	USD20,000,000	7.00%	LIBOR* + 1.70%	September 26, 2011	September 26, 2012
The Hong Kong and Shanghai Banking Corporation Ltd	USD20,000,000	7.00%	LIBOR* + 1.70%	September 21, 2011	September 22, 2012
↳ USD LIBOR 6 (six) months					
↳ USD LIBOR 3 (three) months					
2010					
Counterparty	Nominal Amount	Annual Interest Rate		Date	
		Received	Paid	Effective	Maturity
The Royal Bank of Scotland	USD20,000,000	LIBOR* + 0.50%	6.00%	October 5, 2010	December 6, 2011
The Royal Bank of Scotland	USD20,000,000	LIBOR* + 0.50%	6.00%	October 12, 2010	October 12, 2011
CDB Bank	USD20,000,000	6M* + 0.00%	LIBOR* + 1.00%	Jan 2, 2010	Jan 6, 2011
CDB Bank	USD20,000,000	LIBOR* + 1.00%	6M* + 1.00%	July 21, 2010	July 21, 2011
Standard Chartered Bank	USD20,000,000	1.7%	LIBOR* + 0.50%	Jan 12, 2010	Jan 24, 2011
Standard Chartered Bank	USD20,000,000	LIBOR* + 0.50%	6M* + 1.00%	November 22, 2010	November 24, 2011
Standard Chartered Bank	USD20,000,000	LIBOR* + 0.50%	6M* + 1.00%	September 7, 2010	September 7, 2011
The Hong Kong and Shanghai Banking Corporation Ltd	USD20,000,000	LIBOR* + 1.00%	6M* + 1.00%	August 12, 2010	August 12, 2011
↳ Outright of Bank Indonesia 3 (three) months					
↳ USD LIBOR 3 (three) months					

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 pay 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, 2012, BRI has outstanding foreign currency spot contracts in United States Dollar with notional amount of USD20,000,000 and contractual amount of Rp170,881 and purchase forward with notional amount of USD10,000,000 and contractual amount of Rp97,800.

Furthermore, BRI also has foreign currency spot sale contract in United States Dollar with notional amount of USD34,000,000 and contractual amount of Rp330,245.

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11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

c) Foreign currency swap

As of December 31, 2012, BRI has foreign currency swap contracts in United States Dollar with notional amount of USD 14,000,000, and with sale notional amount of USD 24,000,000, with the purchase contractual amount of Rp138,545 and sale contractual amount of Rp234,337.

Movements in the allowance for impairment losses on derivatives receivable:

	2010
Beginning balance	1,449
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2008) (Note 38)	(1,448)
Ending balance	-

BRI assessed derivatives receivable 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 37.

12. LOANS

a) By Currency and Type:

	2012	2011	2010
Third parties			
Rupiah			
Kuperdes	106,787,402	80,189,482	75,371,380
Working capital	89,068,219	61,633,557	62,280,280
Consumer	62,087,183	55,715,913	50,781,281
Investment	20,320,941	14,031,064	12,714,177
Program	8,767,917	7,825,141	6,625,255
Syndicated	1,238,185	834,885	775,834
Others	1,112,187	1,247,800	130,048
	270,282,024	231,577,762	208,707,328
Foreign currencies			
Working capital	13,754,843	11,710,504	4,150,430
Investment	8,602,611	4,113,834	3,704,834
Syndicated	841,957	353,745	380,748
	23,199,411	16,178,083	8,236,012
	293,481,435	247,755,845	216,943,340

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12. LOANS (continued)

a) By Currency and Type (continued):

	2012	2011	2010
Related parties (Note 43)			
Rupiah			
Working capital	25,174,067	18,355,057	12,670,280
Syndicated	11,321,078	7,858,316	8,152,188
Investment	6,880,231	3,287,830	1,741,982
Employees	55,823	55,721	35,742
Consumer	50,083	50,855	35,282
	<u>43,481,202</u>	<u>27,813,786</u>	<u>22,635,493</u>
Foreign currencies			
Working capital	11,875,719	8,838,048	8,838,850
Investment	1,707,369	1,020,489	420,807
Syndicated	82,707	77,086	-
	<u>13,775,825</u>	<u>10,036,621</u>	<u>7,357,457</u>
	<u>57,267,027</u>	<u>37,850,406</u>	<u>29,992,900</u>
Total	<u>350,758,282</u>	<u>285,406,257</u>	<u>248,884,238</u>
Less: Allowance for impairment losses	<u>(14,877,220)</u>	<u>(15,851,531)</u>	<u>(13,881,454)</u>
	<u>335,881,062</u>	<u>269,554,726</u>	<u>232,972,784</u>

Details of loans in foreign currencies as of December 31, 2012, 2011 and 2010 are Rp35,784,728, Rp26,141,237 and Rp15,586,188 in United States Dollars, Rp181,730, Rp73,470 and Rp21,807 in Singapore Dollars, Rp882,833, RpNil and Rp3,832 in European Euro, Rp34,848, RpNil and Rp832 in Great Britain Pound Sterling, Rp11,285, RpNil and RpNil in Japanese Yen, respectively.

b) By Economic Sector:

	2012	2011	2010
Third parties			
Rupiah			
Trading, hotels and restaurants	81,728,340	82,301,588	82,130,884
Agriculture	23,581,544	18,418,819	15,748,727
Manufacturing	11,204,209	7,173,181	7,903,000
Business services	8,782,471	7,210,828	8,157,754
Construction	6,080,323	4,252,484	4,400,580
Transportation, warehousing and communications	2,510,328	1,818,858	1,540,825
Social services	2,438,540	2,801,808	2,850,878
Mining	1,343,881	785,759	1,415,313
Electricity, gas and water	508,731	432,713	400,548
Others	121,113,510	108,770,083	88,380,719
	<u>270,282,024</u>	<u>231,577,782</u>	<u>208,707,328</u>

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12. LOANS (continued)

b) By Economic Sector (continued):

	2012	2011	2010
Third parties (continued)			
Foreign currencies			
Manufacturing	10,274,704	3,060,267	2,730,052
Agriculture	2,340,319	2,100,047	804,880
Trading, hotels and restaurants	1,017,100	0,310,825	1,150,020
Mining	1,504,623	1,020,730	534,798
Construction	1,042,501	707,072	230,940
Transportation, warehousing and communications	832,520	882,440	910,773
Electricity, gas and water	304,361	67,862	800,050
Business services	200,005	200,003	53,500
Social services	3,701	00,213	00,020
Others	5,000,165	1,021,837	730,702
	23,100,211	10,170,006	8,204,010
	203,401,235	247,755,048	210,071,330
Related parties (Note 43)			
Rupiah			
Electricity, gas and water	7,044,001	0,013,305	4,572,470
Agriculture	0,070,050	2,751,043	1,410,477
Manufacturing	0,774,044	2,005,110	2,154,505
Transportation, warehousing and communications	5,005,222	2,300,028	2,200,154
Business services	5,207,007	5,021,020	4,453,366
Social services	4,500,043	4,002,003	25,057
Construction	2,205,770	1,407,558	043,001
Mining	123,004	307,001	300,000
Trading, hotels and restaurants	00,534	33,557	150,033
Others	3,720,701	2,041,515	0,250,005
	43,401,202	27,013,700	22,036,443
Foreign currencies			
Manufacturing	0,707,022	0,131,104	52,501
Mining	2,000,007	2,754,253	3,013,005
Construction	520,051	450,021	277,000
Agriculture	03,204	-	11,004
Business services	50,300	45,300	-
Transportation, warehousing and communications	01,010	77,074	-
Trading, hotels and restaurants	-	40,000	3,013,403
Others	1,100,074	520,700	07,000
	13,775,025	10,030,021	7,357,457
	57,207,027	37,050,400	29,392,900
Total	350,750,202	285,400,257	240,004,230
Less: Allowance for impairment losses	(14,077,220)	(15,051,531)	(13,001,454)
	336,672,982	270,348,726	227,002,776

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12. LOANS (continued)

c) By Period:

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

	2012	2011	2010
Third parties			
Rupiah			
≤ 1 month	8,162,744	8,836,335	8,114,818
> 1 month - 3 months	12,034,330	11,170,859	11,284,827
> 3 months - 1 year	53,584,780	46,374,408	44,740,348
> 1 year - 2 years	43,277,587	37,071,286	32,328,151
> 2 years - 5 years	74,711,131	65,733,770	60,819,171
> 5 years	77,511,472	62,590,882	51,803,113
	<u>270,282,024</u>	<u>231,577,762</u>	<u>208,707,328</u>
Foreign currencies			
≤ 1 month	1,325,785	744,280	1,025,875
> 1 month - 3 months	1,845,184	802,530	732,191
> 3 months - 1 year	7,037,085	6,844,183	1,190,900
> 1 year - 2 years	3,508,788	1,418,808	512,271
> 2 years - 5 years	5,405,805	4,238,244	2,890,888
> 5 years	4,273,578	2,328,801	1,812,779
	<u>23,189,211</u>	<u>18,178,856</u>	<u>8,284,010</u>
	<u>293,481,235</u>	<u>247,755,848</u>	<u>216,971,338</u>
Related parties (Note 43)			
Rupiah			
≤ 1 month	5,885,185	5,088,058	4,202,001
> 1 month - 3 months	10,230,543	5,472,458	5,859,298
> 3 months - 1 year	5,415,744	3,880,725	1,194,479
> 1 year - 2 years	871,450	872,840	1,810,107
> 2 years - 5 years	6,080,145	2,811,474	2,575,554
> 5 years	14,888,135	8,707,234	8,864,004
	<u>43,401,202</u>	<u>27,813,788</u>	<u>22,835,443</u>
Foreign currencies			
≤ 1 month	8,458,819	6,126,118	-
> 3 months - 1 year	514,814	88,858	71,898
> 1 year - 2 years	1,854,003	112,338	190,228
> 2 years - 5 years	588,005	2,754,253	2,824,585
> 5 years	1,278,884	844,855	4,281,737
	<u>13,775,825</u>	<u>10,036,821</u>	<u>7,357,457</u>
	<u>57,207,027</u>	<u>37,850,409</u>	<u>29,892,900</u>
Total	<u>350,758,262</u>	<u>285,406,257</u>	<u>246,884,238</u>
Less: Allowance for impairment losses	<u>(14,877,220)</u>	<u>(15,851,531)</u>	<u>(13,991,454)</u>
	<u>335,881,042</u>	<u>269,454,726</u>	<u>232,872,784</u>

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12. LOANS (continued)

d) By Collectibility:

	2012	2011	2010
Individual	6,335,884	4,281,841	5,011,021
Collective			
Current	321,845,348	257,435,588	225,447,541
Special mention	17,517,800	18,888,718	11,547,810
Substandard	818,579	752,018	1,044,888
Doubtful	832,085	847,057	884,188
Loss	3,410,758	3,411,035	3,018,831
	<u>350,758,282</u>	<u>285,406,257</u>	<u>248,884,238</u>
Less: Allowance for impairment losses			
Individual	(3,403,315)	(3,138,887)	(4,121,581)
Collective	(11,273,805)	(12,811,844)	(8,888,883)
	<u>(14,677,220)</u>	<u>(15,951,531)</u>	<u>(13,001,464)</u>
Total	<u>336,081,062</u>	<u>269,454,726</u>	<u>232,872,774</u>

e) By Operating Segment:

	2012	2011	2010
Third parties			
Rupiah			
Corporate	20,428,138	12,478,188	11,520,883
Micro	115,484,852	88,078,430	81,832,188
Retail	134,371,038	121,018,172	115,314,208
	<u>270,282,024</u>	<u>221,577,782</u>	<u>208,707,328</u>
Foreign currencies			
Corporate	18,588,854	11,518,853	7,578,385
Retail	8,882,357	4,858,233	884,825
	<u>23,188,211</u>	<u>18,178,086</u>	<u>8,284,010</u>
	<u>293,481,235</u>	<u>247,755,848</u>	<u>216,971,338</u>
Related parties (Note 43)			
Rupiah			
Corporate	38,138,057	22,843,872	18,837,018
Retail	5,352,145	4,770,118	3,888,427
	<u>43,491,202</u>	<u>27,813,788</u>	<u>22,635,443</u>
Foreign currencies			
Corporate	13,727,837	8,881,284	7,314,888
Retail	48,188	45,337	42,788
	<u>13,775,825</u>	<u>10,036,821</u>	<u>7,357,457</u>
	<u>57,267,027</u>	<u>37,850,409</u>	<u>29,992,900</u>
Total	<u>350,758,282</u>	<u>285,406,257</u>	<u>248,884,238</u>
Less: Allowance for impairment losses	<u>(14,677,220)</u>	<u>(15,951,531)</u>	<u>(13,001,464)</u>
	<u>336,081,062</u>	<u>269,454,726</u>	<u>232,872,774</u>

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12. LOANS (continued)

f) Other Significant Information:

1) Average annual interest rates for loans are as follows:

	2012	2011	2010
Contractual Rate			
Rupiah	4.50 - 22.32%	5.00 - 24.00%	5.50 - 24.00%
Foreign Currencies	3.10 - 9.50	3.70 - 9.50	3.75 - 9.50
Effective Interest Rate			
Rupiah	5.00 - 30.10%	5.12 - 30.41%	5.48 - 30.58%
Foreign Currencies	4.40 - 9.50	4.24 - 9.97	4.24 - 9.97

- 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 19 and 21).
- 3) Working capital and investment loans represent loans to customers for capital goods and working capital requirements.
- 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 credit 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 are provided to customers under syndication agreements with other banks. BRI's participation as member of the syndicated loans ranged from 2.97% until 74.94%, 10.00% until 74.94% and 12.44% until 74.94% as of December 31, 2012, 2011 and 2010, respectively.
- 8) Loans to employees which earn interest of 5.5% per annum were 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 Rp708,141, Rp829,188 and Rp757,608 as of December 31, 2012, 2011 and 2010, respectively (Note 17).
- 9) Loans granted by BRI to related parties, other than loans to key employees (Note 43) are as follows:

	2012	2011	2010
PT Pertamina (Persero)	10,345,229	8,538,804	7,217,175
PT Perusahaan Listrik Negara (Persero)	8,211,085	8,838,484	8,190,349
Perum Pegadaian	4,788,429	4,858,401	4,248,385
PT Taspen (Persero)	4,500,000	4,014,051	3,360,000
PT Telekomunikasi Indonesia (Persero) Tbk	3,025,000	1,700,000	1,375,000

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12. LOANS (continued)

f) Other Significant Information (continued):

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

	2012	2011	2010
Perum BULOG	3,570,205	1,229,276	678,293
PT Petrokimia Gresik	2,444,483	800,518	642,743
Kementerian Keuangan Republik Indonesia	1,711,741	820,519	270,284
PT Dayamitra Telekomunikasi	1,000,000	435,536	-
PT Pupuk Kujang	873,468	-	-
PT Brinjin Srikandi Finance	548,005	183,312	187,218
PT Brinjin Indobama Sejahtera Finance	185,840	113,445	158,432
PT Brinjin Karya Sejahtera	9,632	18,020	20,652
PT Brinjin Sejahtera Artha Maimur	444	1,134	-
PT Brinjin Giganlara	-	3,637	5,971
Others	15,313,603	7,828,381	5,567,862
	57,211,284	37,584,688	29,957,158

- 10) Loans that have been restructured by BRI (Parent Entity) in 2012, 2011 and 2010 and are still in the process of restructuring as of December 31, 2012, 2011 and 2010 are as follows (unaudited):**

	2012	2011	2010
Restructured during the year	624,782	885,180	1,034,003
In the process of restructuring	329,838	522,871	716,171

The scheme of restructuring is generally extension of the payment period.

- 11) In its report on Legal Lending Limit to Bank Indonesia as of December 31, 2012, 2011 and 2010, 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:**

	2012	2011	2010
Trading, hotels and restaurants	3,804,888	4,887,882	4,428,888
Construction	1,510,289	413,031	738,138
Manufacturing	1,050,308	1,105,804	1,416,037
Transportation, warehousing and communications	888,883	154,337	278,823
Business services	875,248	497,888	558,588
Agriculture	585,414	578,143	803,840
Mining	84,077	21,373	25,270
Social services	88,115	212,401	388,854
Electricity, gas and water	35,037	24,882	17,528
Others	2,471,828	1,588,488	1,534,123
Total	11,385,318	8,271,848	9,888,787
Less: Allowance for impairment losses	(4,585,451)	(7,027,144)	(7,848,238)
	6,799,867	1,244,704	2,040,549

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12. LOANS (continued)

f) Other Significant Information (continued):

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

(i) Consolidated

	2012	2011	2010
Total non-performing loans	6,286,470	6,586,800	6,885,700
Total loans	350,758,282	285,406,257	246,884,238
% non-performing loans (NPL)	1.80%	2.31%	2.78%

(ii) BRI (Parent Entity)

	2012	2011	2010
Total non-performing loans	6,203,883	6,522,422	6,885,700
Total loans	348,227,188	283,583,188	246,884,238
% non-performing loans (NPL)	1.78%	2.30%	2.78%

Movements in the allowance for impairment losses on loans:

	2012	2011	2010
Beginning balance ^{*)}	15,851,531	14,201,100	11,279,891
Adjustment on the beginning balance due to the implementation of SFAS No. 55 (Revised 2008) (Note 30)	-	-	(17,280)
Allowance during the year (Note 32)	2,583,881	5,788,241	7,579,082
Loans written off during the year	(4,447,510)	(4,384,852)	(4,984,081)
Foreign currency translation	578,508	358,142	(188,182)
Ending balance	14,677,288	15,851,531	13,991,454

^{*)} The beginning balance in 2011 represents additional balance of BRI Agri (subsidiary) which amounted to Rp203,645.

BRI's (Parent Entity) allowance for impairment losses balance includes the allowance for disaster prone areas amounted to Rp1,847,010, Rp5,881,882 and Rp3,803,584 as of December 31, 2012, 2011 and 2010, respectively (Notes 28).

The minimum allowance for impairment losses on loans provided based on Bank Indonesia regulation (Note 28) amounted to Rp9,024,878, Rp8,620,578 and Rp7,743,848 as of December 31, 2012, 2011 and 2010, 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 37.

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13. SHARIA RECEIVABLES AND FINANCING

Sharia receivables and financing based on collectibility are as follows:

	2012	2011	2010
Third parties			
Current	10,524,430	8,517,350	5,138,500
Special mention	204,004	210,003	180,294
Substandard	144,735	20,200	42,004
Doubtful	24,707	71,752	31,093
Loss	170,083	151,001	101,630
	11,128,759	8,986,855	5,404,407
Related parties (Note 43)			
Current	118,485	121,000	31,471
Special mention	20	-	-
Substandard	1	-	-
	118,522	121,000	31,471
Total	11,248,281	9,108,715	5,524,988
Less: Allowance for impairment losses	(237,045)	(138,441)	(111,370)
	11,011,636	8,970,274	5,413,522

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

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

	2012	2011	2010
Beginning balance	138,441	111,370	88,257
Provision (reversal) during the year (Note 32)	75,420	15,743	(3,207)
Recoveries from loans written off	25,087	35,004	20,300
Loans written off during the year	(1,000)	(27,042)	-
Ending balance	237,645	138,441	111,370

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

As of December 31, 2012, 2011 and 2010, Sharia receivables and financing classified as Non-Performing Financing (NPF) amounted to Rp340,428 (3.03%), Rp252,833 (2.70%) and Rp175,057 (3.18%), respectively.

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14. ACCEPTANCES RECEIVABLE AND PAYABLE

The details of acceptances receivable from customers are as follows:

a) By Type and Currency:

	2012	2011	2010
Third parties			
Rupiah			
Import Letters of Credit and Domestic Document Letters of Credit	23,305	55,514	-
Foreign currencies			
Import Letters of Credit and Domestic Document Letters of Credit			
United States Dollar	4,057,860	1,325,535	551,271
European Euro	8,051	14,028	35,000
Japanese Yen	882	1,255	-
Singapore Dollar	-	-	513
	<u>4,076,803</u>	<u>1,340,821</u>	<u>586,974</u>
	<u>4,100,209</u>	<u>1,397,335</u>	<u>586,974</u>
Related parties (Note 43)			
Rupiah			
Import Letters of Credit and Domestic Document Letters of Credit	340	483	-
Foreign currencies			
Import Letters of Credit and Domestic Document Letters of Credit			
United States Dollar	485,851	280,488	71,504
European Euro	189,552	-	-
Japanese Yen	-	13,890	-
	<u>685,503</u>	<u>294,348</u>	<u>71,504</u>
	<u>685,912</u>	<u>294,841</u>	<u>71,504</u>
Total	<u>4,786,121</u>	<u>1,692,176</u>	<u>658,578</u>
Less: Allowance for impairment losses	-	-	(1,000)
	<u>4,786,121</u>	<u>1,692,176</u>	<u>657,578</u>

Acceptances payable represent the same amount as acceptances receivable from customers (before deducted from allowance for impairment losses).

b) By Collectibility:

BR assessed acceptances receivable individually for impairment based on whether an objective evidence of impairment exists.

c) By Period:

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

	2012	2011	2010
Third parties			
≤ 1 month	530,585	385,301	202,717
> 1 month - 3 months	1,530,415	715,137	281,109
> 3 months - 1 year	2,039,200	285,867	103,148
	<u>4,100,209</u>	<u>1,397,335</u>	<u>586,974</u>

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14. 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):

	2012	2011	2010
Related parties (Note 43)			
≤ 1 month	43,378	33,279	68,891
> 1 month - 3 months	425,110	23,278	4,123
> 3 months - 1 year	217,429	238,288	-
	<u>685,917</u>	<u>294,845</u>	<u>73,014</u>
Total	4,788,121	1,682,178	668,578
Less: Allowance for impairment losses	-	-	(1,688)
	<u>4,788,121</u>	<u>1,682,178</u>	<u>666,890</u>

d) Movements in the allowance for impairment losses on acceptances receivable are as follows:

	2011	2010
Beginning balance *)	7,240	4,512
Allowance (reversal) during the year (Note 32)	(7,240)	2,187
Ending Balance	<u>-</u>	<u>6,699</u>

*) The beginning balance in 2011 represents additional balance of BRI/Agri (subsidiary) which amounted to Rp571.

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

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

15. INVESTMENT IN ASSOCIATED ENTITIES

The details of investment in associated entities are as follows:

Company Name	Type of Business	Percentage of Ownership	2012		
			Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
PT BTMU-BRI Finance (Related party - Note 43)	Financing	45.00%	24,750	170,584	195,334
PT Kaselolan Sentral Etik Indonesia	Central securities depository institution	3.00			900
PT Sarana Biscaya Perdagangan Indonesia	Investment	8.00			536

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15. INVESTMENT IN ASSOCIATED ENTITIES (continued)

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

2012					
Company Name	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
PT Penasejahta Elitik Indonesia	Credit saving agency	2.10			210
BPR Tuasagung Agroloka	Banking	3.00			77
BPR Tjoeleir Agroloka	Banking	3.00			77
BPR Tuasagan Agroloka	Banking	9.00			66
BPR Cika Mank Agroloka	Banking	10.00			35
BPR Bangsanjaya Agroloka	Banking	9.00			23
PT Apilaksana Lingsarja	Non-Banking	0.03			20
					1,944
Total					197,278
Less: Allowance for impairment losses					(536)
					196,742
2011					
Company Name	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
PT BTMU-BRI Finance (Related party - Note 43)	Financing	45.00%	24,750	130,531	163,281
PT Kaselatan Sentral Elitik Indonesia	Central securities depository institution	3.00			900
PT Sarasa Bessana	Investment	6.00			536
PT Penasejahta Elitik Indonesia	Credit saving agency	2.10			210
BPR Tuasagung Agroloka	Banking	3.00			77
BPR Tjoeleir Agroloka	Banking	3.00			77
BPR Tuasagan Agroloka	Banking	9.00			66
BPR Cika Mank Agroloka	Banking	10.00			35
BPR Bangsanjaya Agroloka	Banking	9.00			23
PT Apilaksana Lingsarja	Non-Banking	0.03			20
					1,944
Total					165,225
Less: Allowance for impairment losses					(536)
					164,689

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15. INVESTMENT IN ASSOCIATED ENTITIES (continued)

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

Company Name	Type of Business	Percentage of Ownership	2011		
			Cost	Accumulated Equity in Net Earnings of Associated Company	Carrying Value
PT BTML-BRI Finance (Related party - Note 43)	Financing	45.00%	24,750	109,380	134,130
PT Kaselatan 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
					<u>1,646</u>
Total					135,776
Less: Allowance for impairment losses					(1,888)
					<u>133,888</u>

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

As of December 2010, all investments were classified as "Current", except for investment in associated entities of PT Sarana Bersama Pembiayaan Indonesia which was classified as "Loss".

In 2012, 2011 and 2010, BRI received cash dividends from PT Pemeringkat Efek Indonesia amounted to Rp158, Rp134 and Rp147, respectively, from the distribution of income at the end of year 2011, 2010 and 2009.

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

	2012	2011	2010
Beginning balance *)	536	1,891	1,882
Allowance (reversal) during the year (Note 32)	-	(1,355)	220
Ending balance	<u>536</u>	<u>536</u>	<u>1,888</u>

*) The beginning balance in 2011 represents additional balance of BRI Agro (subsidiary) which amounted to Rp0.

The minimum allowance for impairment losses on investment in associated entities provided amounted to Rp1,888 as of December 31, 2010.

Management believes that the allowance for impairment losses on investment in associated entities is adequate.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

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16. PREMISES AND EQUIPMENT

Premises and equipment consist of:

Description	2012			
	Beginning Balance	Additions	Deductions	Ending Balance
Carrying Value				
Direct Ownership				
Landrights	287,257	31,421	421	318,257
Buildings	1,730,115	201,610	13,301	1,918,424
Motor vehicles	658,288	216,977	36,175	839,088
Computers and machineries	2,423,851	918,539	138,334	3,201,856
Furniture and fixtures	800,844	78,743	28,598	940,989
Museum assets	184	-	-	184
	5,900,337	1,446,290	216,827	7,218,800
Assets under finance leases	7	-	-	7
Total Carrying Value	5,900,344	1,446,290	216,827	7,218,807
Accumulated Depreciation				
Direct Ownership				
Buildings	850,930	78,483	34,140	955,273
Motor vehicles	513,781	54,780	28,225	590,336
Computers and machineries	2,077,804	212,059	58,008	2,233,866
Furniture and fixtures	685,004	72,074	22,108	744,970
	4,137,519	417,398	140,481	4,414,434
Assets under finance leases	7	-	-	7
Total Accumulated Depreciation	4,137,526	417,398	140,481	4,414,441
Net Book Value	1,852,818			2,804,366

Description	2011			
	Beginning Balance	Additions ¹⁾	Deductions	Ending Balance
Carrying Value				
Direct Ownership				
Landrights	244,339	43,558	840	287,257
Buildings	1,508,749	198,317	2,851	1,730,115
Motor vehicles	550,400	128,224	20,338	658,288
Computers and machineries	2,289,157	168,472	33,978	2,423,851
Furniture and fixtures	753,412	143,403	5,871	800,844
Museum assets	184	-	-	184
	5,404,241	640,674	63,878	5,900,337
Assets under finance leases	772	-	785	7
Total Carrying Value	5,405,013	640,674	64,663	5,900,344

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16. PREMISES AND EQUIPMENT (continued)

Description	2011			
	Beginning Balance	Additions ^{*)}	Deductions	Ending Balance
Accumulated Depreciation				
Direct Ownership				
Buildings	738,700	118,471	2,241	855,930
Motor vehicles	503,047	30,568	18,885	513,781
Computers and machineries	1,988,058	110,788	31,053	2,077,804
Furniture and fixtures	587,481	101,851	4,435	695,004
	<u>3,835,286</u>	<u>359,520</u>	<u>57,587</u>	<u>4,137,519</u>
Assets under finance leases	<u>772</u>	<u>-</u>	<u>785</u>	<u>7</u>
Total Accumulated Depreciation	<u>3,836,058</u>	<u>359,520</u>	<u>58,302</u>	<u>4,137,526</u>
Net Book Value	<u>1,568,545</u>			<u>1,852,818</u>

^{*)} Included in the addition of premises and equipment to the beginning balance of the premises and equipment of the acquired Subsidiary, BR Agro (Carrying Value of Rp49,255 and Accumulated Depreciation of Rp37,053).

Description	2010			
	Beginning Balance	Additions	Deductions	Ending Balance
Carrying Value				
Direct Ownership				
Landrights	231,542	12,857	00	244,330
Buildings	1,348,813	217,538	800	1,568,749
Motor vehicles	538,252	28,785	14,817	550,400
Computers and machineries	2,158,138	154,802	24,783	2,288,157
Furniture and fixtures	884,880	87,852	8,400	753,412
Museum assets	184	-	-	184
	<u>4,941,789</u>	<u>511,812</u>	<u>48,400</u>	<u>5,404,241</u>
Assets under finance leases	<u>3,218</u>	<u>-</u>	<u>2,447</u>	<u>772</u>
Total Carrying Value	<u>4,945,008</u>	<u>511,812</u>	<u>51,007</u>	<u>5,405,013</u>
Accumulated Depreciation				
Direct Ownership				
Buildings	888,908	87,184	402	738,700
Motor vehicles	488,918	30,852	13,854	503,047
Computers and machineries	1,877,748	142,788	22,478	1,988,058
Furniture and fixtures	541,238	82,528	8,275	587,481
	<u>3,575,813</u>	<u>302,502</u>	<u>43,109</u>	<u>3,835,286</u>
Assets under finance leases	<u>2,883</u>	<u>138</u>	<u>2,349</u>	<u>772</u>
Total Accumulated Depreciation	<u>3,578,786</u>	<u>302,730</u>	<u>45,458</u>	<u>3,838,088</u>
Net Book Value	<u>1,366,212</u>			<u>1,568,545</u>

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16. PREMISES AND EQUIPMENT (continued)

Depreciation of premises and equipment charged to the consolidated statements of comprehensive income amounted to Rp417,306, Rp322,757 and Rp302,730 for the years ended December 31, 2012, 2011 and 2010, respectively (Note 34).

BRB 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 Rp8,813,509, Rp7,834,117 and Rp7,513,307 for the years ended December 31, 2012, 2011 and 2010, respectively.

Management believes that there is no impairment in the value of premises and equipment as of December 31, 2012, 2011 and 2010.

17. OTHER ASSETS

Other assets consist of:

	2012	2011	2010
Rupiah			
Prepaid expenses	886,545	871,315	614,000
Deferred expense for employee loans (Note 12)	706,141	629,188	757,008
Interest receivables			
Securities	368,108	321,551	171,987
Government Recapitalization Bonds	47,508	331,783	575,703
Placements with Bank Indonesia and other banks	4,718	1,440	1,382
Others	714	-	-
Office supplies	185,083	202,258	194,108
Foreclosed Collaterals	48,544	75,845	30,280
Others	3,635,864	2,119,229	2,452,221
	<u>5,886,803</u>	<u>4,352,618</u>	<u>4,808,988</u>
Foreign currencies			
Interest receivables			
Securities	54,885	50,802	43,630
Others	37,314	27,538	15,080
Prepaid expenses	112	2,012	1,732
Others	2,748	880,435	218,482
	<u>85,037</u>	<u>940,837</u>	<u>278,933</u>
Total	<u>5,971,840</u>	<u>5,293,505</u>	<u>5,083,921</u>
Less: Allowance for impairment losses	-	-	(203,142)
	<u>5,971,840</u>	<u>5,293,505</u>	<u>4,880,779</u>

As of December 31, 2010, the allowance for impairment losses mainly represents allowance for suspense accounts in branches, other receivables from third parties, allowance for possible losses on actual cases, foreclosed collaterals and abandoned properties.

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

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18. LIABILITIES DUE IMMEDIATELY

Liabilities due immediately consist of:

	2012	2011	2010
Rupiah			
Advance payment deposits	887,627	711,751	662,301
Remittance deposits	352,431	45,483	58,318
Tax payment deposits	188,224	202,137	157,828
Insurance deposits	135,729	158,758	181,402
Credit card deposits	118,883	38,887	287,895
Deposits for channeling loans	58,585	58,000	57,194
Deposits for clearing	30,511	33,254	15,347
Bank drafts and BRI travelers' checks (Cepelan)	22,075	25,040	37,171
Others	2,872,738	2,818,881	2,810,738
	4,874,813	3,887,871	4,058,278
Foreign currencies			
Remittance deposits	111	348	347
Others	236,828	73,321	65,014
	237,039	73,669	65,361
	4,911,852	3,961,540	4,123,639

19. DEMAND DEPOSITS

Demand deposits consist of:

	2012	2011	2010
Third parties			
Rupiah	52,851,873	51,225,881	65,704,038
Foreign currencies	8,322,258	8,220,301	5,852,802
	61,173,829	57,446,282	71,556,840
Related parties (Note 43)			
Rupiah	18,135,878	14,720,488	4,423,822
Foreign currencies	2,083,409	4,086,130	1,058,235
	18,229,286	18,816,618	5,482,057
	79,403,214	76,262,900	77,038,897

Range of annual interest rates for demand deposits are as follows:

	2012	2011	2010
Rupiah	0.00 - 2.50%	0.00 - 3.00%	0.00 - 3.00%
Foreign currencies	0.00 - 1.00	0.00 - 0.25	0.00 - 0.75

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19. DEMAND DEPOSITS (continued)

The details of demand deposits in foreign currencies as of December 31, 2012, 2011 and 2010 amounted to Rp0,250,310, Rp0,630,558 and Rp0,348,219 in United States Dollar, Rp535,788, Rp208,640 and Rp402,609 in European Euro, Rp188,038, Rp160,360 and Rp27,163 in Singapore Dollar, Rp158,305, Rp108,782 and RpNil in Chinese Yuan, Rp213,684, Rp77,776 and Rp45,276 in Great Britain Pound Sterling, Rp7,272, Rp25,551 and Rp6,649 in Japanese Yen, Rp44,886, Rp11,582 and Rp38,198 in Hong Kong Dollar and Rp5,921, RpNil and RpNil in Saudi Arabian Riyal, Rp4,581, Rp3,152 and Rp52,723 in Australian Dollar, respectively.

Demand deposits used as collateral for banking facilities granted by BRI amounted to Rp56,833, Rp04,050 and Rp3,230 as of December 31, 2012, 2011 and 2010, respectively.

20. SAVING DEPOSITS

Saving deposits consist of:

	2012	2011	2010
Third parties			
Rupiah			
Simperdes	109,024,882	81,183,270	78,255,535
Britama	69,655,070	59,354,579	47,068,445
Others	3,488,379	2,075,510	1,813,718
	<u>182,168,251</u>	<u>152,613,359</u>	<u>124,965,698</u>
Related parties (Note 43)			
Rupiah			
Britama	297,204	29,080	231,520
Simperdes	1,706	-	-
Others	14,485	1,020	-
	<u>313,435</u>	<u>30,100</u>	<u>231,520</u>
	<u>182,481,686</u>	<u>152,643,459</u>	<u>125,197,218</u>

Range of annual interest rates for saving deposits are as follows:

	2012	2011	2010
Rupiah	0.00 - 5.50%	0.00 - 5.50%	0.00 - 4.00%

21. TIME DEPOSITS

Time deposits consist of:

	2012	2011	2010
Third parties			
Rupiah	105,067,723	100,639,858	82,480,028
Foreign currencies	28,488,857	17,858,905	17,282,840
	<u>133,556,580</u>	<u>127,498,763</u>	<u>99,762,868</u>

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21. TIME DEPOSITS (continued)

Time deposits consist of (continued):

	2012	2011	2010
Related parties (Note 43)			
Rupiah	30,300,317	15,038,243	21,341,270
Foreign currencies	7,410,340	3,488,172	5,205,460
	<u>43,710,657</u>	<u>18,527,415</u>	<u>26,546,730</u>
	<u>177,267,237</u>	<u>146,006,981</u>	<u>126,383,586</u>

Time deposits based on their contractual periods are as follows:

	2012	2011	2010
Third parties			
Rupiah			
Deposits on call	8,840,037	8,885,277	7,848,213
Deposits			
1 month	85,888,511	57,882,830	42,828,248
3 months	17,817,048	17,782,377	11,384,271
6 months	8,054,828	5,877,241	3,388,702
12 months	4,455,845	18,376,504	17,057,141
More than 12 months	310,362	245,328	182,463
	<u>105,067,723</u>	<u>108,638,658</u>	<u>82,481,028</u>
Foreign currencies			
Deposits on call	1,288,888	2,188,514	877,804
Deposits			
1 month	8,738,038	5,844,233	8,475,103
3 months	5,888,820	2,537,478	1,773,358
6 months	7,288,207	4,151,481	3,018,887
12 months	5,311,822	3,125,844	3,138,207
More than 12 months	1,183	1,277	1,703
	<u>28,488,857</u>	<u>17,850,808</u>	<u>17,282,840</u>
	<u>133,556,580</u>	<u>127,489,466</u>	<u>99,763,868</u>
Related parties (Note 43)			
Rupiah			
Deposits on call	3,288,428	2,251,858	5,518,844
Deposits			
1 month	5,870,758	7,052,188	7,181,512
3 months	888,879	535,823	533,882
6 months	48,880	43,088	11,880
12 months	28,827,581	5,155,888	8,117,582
	<u>30,300,317</u>	<u>15,038,243</u>	<u>21,341,270</u>

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21. TIME DEPOSITS (continued)

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

	2012	2011	2010
<u>Related parties (Note 43) (continued)</u>			
<u>Foreign currencies</u>			
Deposits on call	1,005,871	436,394	1,765,311
Deposits			
1 month	5,480,377	2,077,383	3,429,998
3 months	1,002	45,894	2,050
6 months	2,409	27	2,895
12 months	10,081	9,484	5,400
	<u>7,410,340</u>	<u>3,468,172</u>	<u>5,205,450</u>
	<u>43,710,057</u>	<u>18,507,415</u>	<u>28,548,720</u>
	<u>177,257,237</u>	<u>146,005,981</u>	<u>126,389,586</u>

Range of annual interest rates for time deposits are as follows:

	2012	2011	2010
Rupiah	4.25 - 6.00%	5.00 - 6.00%	5.50 - 7.00%
Foreign currencies	0.00 - 1.50	0.15 - 1.00	0.25 - 1.50

The details of time deposits in foreign currencies as of December 31, 2012, 2011 and 2010 amounted to Rp30,537,118, Rp17,074,488 and Rp22,258,131 in United States Dollar, Rp5,122,143, Rp4,088,887 and RpNil in Chinese Yuan, Rp237,017, Rp183,648 and Rp227,888 in European Euro and Rp2,419, Rp1,248 and Rp1,480 in Singapore Dollar and Rp500, RpNil and RpNil in Australian Dollar, respectively.

Time deposits used as collateral for banking facilities granted by BRI amounted to Rp48,471, Rp145,418 and Rp108,833 as of December 31, 2012, 2011 and 2010, respectively.

22. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Deposits from other banks and financial institutions consist of:

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
Demand deposits	104,582	81,358	80,010
Saving deposits	3,883	22,887	7,510
Deposits on call	-	2,400,000	2,578,500
Time deposits	1,288,483	874,458	1,151,800
Inter-bank call money	30,000	80,000	425,000
	<u>1,438,058</u>	<u>3,538,613</u>	<u>4,242,820</u>
<u>Foreign currencies</u>			
Demand deposits	2,778	10,840	188
Time deposits	-	18,135	144,388
Inter-bank call money	882,208	114,886	380,400
	<u>884,986</u>	<u>143,441</u>	<u>504,938</u>

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22. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS (continued)

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

	2012	2011	2010
Related Parties (Note 43)			
Rupiah			
Demand deposits	3,000	10,550	253
Time deposits	50,000	50,000	182,000
Inter-bank call money	120,000	100,000	40,000
	<u>173,000</u>	<u>160,550</u>	<u>232,253</u>
Foreign currencies			
Inter-bank call money	481,875	181,350	180,200
	<u>2,778,618</u>	<u>4,024,163</u>	<u>5,160,315</u>

Deposits from other banks and financial institutions consist of demand deposits, saving deposits, time deposits and inter-bank call money based on Sharia banking principles amounted to Rp5,850, Rp48, Rp134,843 and Rp150,130, respectively as of December 31, 2012, Rp3,087, Rp2,033, Rp555,405 and Rp150,000, respectively as of December 31, 2011 and Rp4,488, Rp803, Rp888,356 and Rp40,000, respectively as of December 31, 2010.

Range of annual interest rates for deposits from other banks and financial institutions are as follows:

	Rupiah			Foreign Currency		
	2012	2011	2010	2012	2011	2010
Demand deposits	0.00 - 2.50%	0.00 - 3.00%	0.00 - 3.00%	0.00 - 0.25%	0.00 - 0.25%	0.00 - 0.75%
Saving deposits	1.00 - 2.00	1.50 - 2.50	2.00 - 2.50	-	-	-
Deposits on call	0.00 - 5.50	4.75 - 7.25	4.50 - 7.00	-	-	-
Time deposits	4.00 - 6.50	5.00 - 7.25	5.50 - 8.00	0.00 - 2.35	0.75 - 2.30	0.25 - 2.50
Inter-bank call money	3.00 - 3.75	4.50 - 6.00	5.50 - 6.50	0.12 - 0.50	0.12 - 0.60	0.12 - 0.30

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

	2012			
	≤ 1 month	= 1 - 3 months	= 3 months - 1 year	Total
Third parties				
Rupiah				
Demand deposits	104,582	-	-	104,582
Saving deposits	3,983	-	-	3,983
Time deposits	1,285,058	11,250	3,157	1,299,463
Inter-bank call money	30,000	-	-	30,000
	<u>1,423,621</u>	<u>11,250</u>	<u>3,157</u>	<u>1,438,028</u>
Foreign Currency				
Demand deposits	2,778	-	-	2,778
Inter-bank call money	337,312	-	344,888	682,208
	<u>340,090</u>	<u>-</u>	<u>344,888</u>	<u>684,978</u>

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22. 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):

	2012			Total
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	
Related parties (Note 43)				
Rupiah				
Demand deposits	3,889	-	-	3,889
Time deposits	50,000	-	-	50,000
Inter-bank call money	120,000	-	-	120,000
	<u>173,889</u>	<u>-</u>	<u>-</u>	<u>173,889</u>
Foreign Currency				
Inter-bank call money	481,875	-	-	481,875
	<u>2,419,285</u>	<u>11,250</u>	<u>348,883</u>	<u>2,778,618</u>
	2011			
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
Third parties				
Rupiah				
Demand deposits	81,358	-	-	81,358
Saving deposits	22,987	-	-	22,987
Deposits on call	2,400,000	-	-	2,400,000
Time deposits	974,458	-	-	974,458
Inter-bank call money	80,000	-	-	80,000
	<u>3,538,813</u>	<u>-</u>	<u>-</u>	<u>3,538,813</u>
Foreign Currency				
Demand deposits	10,640	-	-	10,640
Time deposits	18,135	-	-	18,135
Inter-bank call money	-	-	114,686	114,686
	<u>28,775</u>	<u>-</u>	<u>114,686</u>	<u>143,461</u>
Related parties (Note 43)				
Rupiah				
Demand deposits	10,559	-	-	10,559
Time deposits	50,000	-	-	50,000
Inter-bank call money	100,000	-	-	100,000
	<u>160,559</u>	<u>-</u>	<u>-</u>	<u>160,559</u>
Foreign Currency				
Inter-bank call money	181,350	-	-	181,350
	<u>3,509,497</u>	<u>-</u>	<u>114,686</u>	<u>4,024,183</u>

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22. 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):

	2012			Total
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	
Third parties				
Rupiah				
Demand deposits	80,010	-	-	80,010
Saving deposits	7,510	-	-	7,510
Deposits on call	2,578,500	-	-	2,578,500
Time deposits	1,151,780	118	-	1,151,908
Inter-bank call money	425,000	-	-	425,000
	<u>4,242,810</u>	<u>118</u>	<u>-</u>	<u>4,242,928</u>
Foreign Currency				
Demand deposits	188	-	-	188
Time deposits	144,388	-	-	144,388
Inter-bank call money	380,400	-	-	380,400
	<u>514,936</u>	<u>-</u>	<u>-</u>	<u>514,936</u>
Related parties (Note 43)				
Rupiah				
Demand deposits	253	-	-	253
Time deposits	182,000	-	-	182,000
Inter-bank call money	40,000	-	-	40,000
	<u>232,253</u>	<u>-</u>	<u>-</u>	<u>232,253</u>
Foreign Currency				
Inter-bank call money	180,200	-	-	180,200
	<u>5,160,199</u>	<u>118</u>	<u>-</u>	<u>5,160,315</u>

23. SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE

Securities sold under agreement to repurchase consist of:

Type of Securities	2011			
	Term (day)	Repurchase Date	Nominal Amount	Repurchase Price - Net
Rupiah				
Deutsche Bank, AG				
Government Recapitalization				
Bond				
Series FR0017	87	January 12, 2012	100,000	102,581
			<u>100,000</u>	<u>102,581</u>

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23. SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE (continued)

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

Type of Securities	2010			
	Term (day)	Repurchase Date	Nominal Amount	Repurchase Price - Net
Rupiah				
Deutsche Bank, AG				
Government Recapitalization Bond				
States FR0017	94	January 17, 2011	100,000	102,752
Foreign currency				
Barclays Bank, PLC				
Government bonds				
States RH0014	730	September 29, 2011	207,230	162,385
States RH0015	730	September 29, 2011	63,070	49,422
States RH0016	730	September 29, 2011	27,030	21,181
States RH0017	730	September 29, 2011	45,050	35,301
States RH0018	730	September 29, 2011	99,110	77,662
States RH0035	730	September 29, 2011	27,030	21,181
States RH0037	730	September 29, 2011	45,050	35,301
States RH0038	730	September 29, 2011	27,030	21,180
			540,600	423,613
			648,630	525,365

24. FUND BORROWINGS

Fund borrowings consist of:

	2012	2011	2010
Rupiah			
Third parties			
Bank Indonesia			
Liquidity loans	28,410	53,911	62,147
Borrowings for investments in premises and equipment	-	-	32,062
Others	12,378	12,378	12,378
	40,788	66,289	106,587
Related parties (Note 43)			
Borrowings from Lembaga Pembiayaan Ekspor Indonesia	150,867	148,791	-
Borrowings from PT Sarana MultiGraha Finansial (Persero)	100,000	-	-
Borrowings from PT Permodalan Nasional Mandiri (Persero)	25,234	82,634	-
	276,221	232,425	-
	317,009	298,714	106,587

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24. FUND BORROWINGS (continued)

Fund borrowings consist of (continued):

	2012	2011	2010
<u>Foreign currencies</u>			
Third parties			
Bilateral borrowings	1,027,500	2,046,838	2,703,000
Others	8,644,248	8,852,206	8,644,830
	<u>10,571,748</u>	<u>12,700,204</u>	<u>9,347,830</u>
	<u>10,898,755</u>	<u>13,057,916</u>	<u>9,454,545</u>

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

	2012	2011	2010
<u>Third parties</u>			
<u>Rupiah</u>			
> 1 month - 3 months	4,056	4,441	8,494
> 3 months - 1 year	15,130	18,813	18,810
> 1 year - 5 years	7,886	21,825	80,385
> 5 years	13,704	21,406	19,837
	<u>40,780</u>	<u>66,287</u>	<u>108,615</u>
<u>Related Parties (Note 43)</u>			
<u>Rupiah</u>			
> 1 month - 3 months	125,423	100,112	-
> 3 months - 1 year	50,788	128,186	-
> 1 year - 5 years	100,000	3,127	-
	<u>276,221</u>	<u>232,425</u>	<u>-</u>
	<u>317,007</u>	<u>298,712</u>	<u>108,615</u>
<u>Foreign currencies</u>			
≤ 1 month	1,882,127	-	885,307
> 1 month - 3 months	3,467,851	2,178,522	4,675,348
> 3 months - 1 year	5,411,670	10,822,882	3,749,307
> 1 year - 5 years	-	-	227,878
	<u>10,571,748</u>	<u>12,700,204</u>	<u>9,347,830</u>
	<u>10,898,755</u>	<u>13,057,916</u>	<u>9,454,545</u>

Other significant information related to fund borrowings is as follows:

a) Borrowings from Bank Indonesia

(i) 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.

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24. FUND BORROWINGS (continued)

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

a) Borrowings from Bank Indonesia (continued)

(i) Liquidity Loans (continued)

The classification of liquidity loans from Bank Indonesia based on their remaining period to maturity as of December 31, 2012, 2011 and 2010 is as follows:

	2012	2011	2010
> 1 month - 3 months	4,055	4,440	0,494
> 3 months - 1 year	15,130	18,013	18,810
> 1 year - 5 years	9,214	21,825	35,834
> 5 years	-	9,033	-
	28,400	53,311	62,147

The range of annual interest rates on these loans are 3.75% - 7.00% for the years 2012, 2011 and 2010.

(ii) Borrowings for Investments in Premises and Equipment

This account represents loans obtained for the construction of certain offices of BRI's micro units all over Indonesia.

The annual interest rate on these borrowings is 5.00% for the year ended December 31, 2010. These borrowings have been settled in July 2011.

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

Borrowing 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 (KOPA), Koperasi Petani Sawit Makmur, Koperasi Perkebunan Belimbing Makmur and others.

Borrowing from Lembaga Pembiayaan Ekspor Indonesia represents loan facilities used to refinance the debtors of BRI Agro (Subsidiary), among others are KUD Delima Sakti, Koptun Siampo, KUD Hidup Baru and others.

The annual interest rate range for borrowing from PT Permodalan Nasional Madani (Persero) and Lembaga Pembiayaan Ekspor Indonesia is 6.75% - 8.25% for the years 2012 and 2011.

Borrowing from PT Sarana Multi Griya Finansial (Persero) represents mudharabah financing facility obtained by BRIS (Subsidiary) used for mortgage loan. The financing facility is of 5 (five) years period and the agreed nisabah portion for PT Sarana Multi Griya Finansial (Persero) and BRIS are 63.46% and 36.54%, respectively.

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24. FUND BORROWINGS (continued)

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

c) Bilateral Borrowings

On September 29, 2009 and September 27, 2010, BRI obtained bilateral loan from Standard Chartered Bank and PT Bank Pan Indonesia Tbk (Panin Bank) which amounted to USD100,000,000 and USD200,000,000, respectively, which were used to fulfill liquidity needs in anticipation of BRI's business expansion. The annual interest rates of the facilities from Standard Chartered Bank and Panin Bank are LIBOR plus 4.00% margin annually and LIBOR plus 3.75% margin annually, respectively, payable every 3 (three) months. These facilities were settled on September 28, 2011 and September 27, 2011, respectively.

On October 18, 2011, BRI obtained bilateral loan from Standard Chartered Bank which amounted to USD100,000,000 to fulfill liquidity needs in anticipation of BRI's business expansion with annual interest rate of LIBOR plus 1.60% annually, payable every 3 (three) months. This facility was settled on October 19, 2012. This borrowing was collateralized by Credit Linked Notes (CLN) of Standard Chartered Bank and HSBC which amounted to USD80,000,000 and USD70,000,000, respectively (Note 7d).

On August 28, 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% annually and LIBOR plus 2.20% margin annually, respectively, payable every 3 (three) months. The facility amounted to USD25,000,000 has been settled on August 28, 2012.

The maturity date of loan facilities amounted to USD200,000,000 was divided into two stages, the first USD100,000,000 will be paid on August 27, 2012, while the second USD100,000,000 will 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. The maturity of this loan become September 27, 2013. These borrowings is secured by BRI's corporate guarantee.

d) Other Borrowings

	2012	2011	2010
<u>Rupiah</u>			
Others	12,378	12,378	12,378
<u>Foreign currencies</u>			
Standard Chartered Bank	1,455,062	-	901,073
The Royal Bank of Scotland	1,253,448	1,700,878	1,881,743
Citibank, N.A.	1,208,082	852,345	40,857
Oversea-Chinese Banking Corporation Ltd	940,000	2,041,858	3,027,612
JP Morgan Chase Bank, N.A.	877,180	807,914	-
Commerzbank, A.G.	833,163	-	1,672
Wells Fargo	722,812	1,300,125	-
The Bank of New York Mellon	488,008	226,888	-
Sumitomo Mitsui Banking Corporation	333,245	885,311	144,805
Bank of America N.A.	280,125	587,488	417,852
Australia and New Zealand Bank	240,838	544,050	-
Bank of Montreal	-	544,050	-

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24. FUND BORROWINGS (continued)

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

d) Other Borrowings (continued):

	2012	2011	2010
<u>Foreign currencies (continued)</u>			
The Bank of Tokyo Mitsubishi UFJ, Ltd	-	181,350	-
CoBank	-	-	440,128
	<u>8,644,248</u>	<u>8,852,208</u>	<u>8,644,930</u>
	<u>8,656,524</u>	<u>9,064,642</u>	<u>6,557,306</u>

Other borrowings facilities 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.

25. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

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

	2012	2011	2010
<u>Rupiah</u>			
Guarantees issued	414	152	21,282
Irrevocable LC	-	-	2,695
	<u>414</u>	<u>152</u>	<u>23,907</u>
<u>Foreign currencies</u>			
Irrevocable LC	-	-	50,545
Guarantees issued	-	-	18,870
	<u>-</u>	<u>-</u>	<u>69,515</u>
	<u>414</u>	<u>152</u>	<u>93,422</u>

b) Movements in estimated losses on commitments and contingencies:

	2012	2011	2010
<u>Rupiah</u>			
Beginning balance *)	152	24,200	20,000
(Reversal) provision during the year	262	(24,108)	3,214
Ending balance	<u>414</u>	<u>152</u>	<u>23,907</u>
<u>Foreign currencies</u>			
Beginning balance	-	69,515	81,044
Reversal during the year	-	(69,515)	(11,528)
Ending balance	<u>-</u>	<u>-</u>	<u>69,515</u>
	<u>414</u>	<u>152</u>	<u>93,422</u>

*) The beginning balance in 2011 represents additional balance of BRI Agro (subsidiary) which amounted to Rp533.

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25. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

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

	2011					
	General	Special Mention	Substandard	Doubtful	Loss	Total
Related parties						
(Bank-ICI)						
Rupiah						
Guarantees						
Issued	1,338,866	-	-	-	-	1,338,866
Incurable						
LTC	178,545	-	-	-	-	178,545
	<u>1,517,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,517,411</u>
Foreign currencies						
Incurable						
LTC	3,623,848	-	-	-	-	3,623,848
Guarantees						
Issued	1,462,820	-	-	-	-	1,462,820
	<u>5,086,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,086,668</u>
	<u>10,884,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,884,778</u>
	2010					
	General	Special Mention	Substandard	Doubtful	Loss	Total
Third parties						
Rupiah						
Guarantees						
Issued	1,107,752	11,857	-	3,611	-	1,122,480
Incurable						
LTC	82,202	-	-	-	-	82,202
	<u>1,189,954</u>	<u>11,857</u>	<u>-</u>	<u>3,611</u>	<u>-</u>	<u>1,204,682</u>
Foreign currencies						
Incurable						
LTC	2,695,708	1,504	-	-	3,827	2,702,519
Guarantees						
Issued	678,594	189	-	-	-	679,183
	<u>3,374,302</u>	<u>2,173</u>	<u>-</u>	<u>-</u>	<u>3,827</u>	<u>3,377,782</u>
Related parties						
(Bank-ICI)						
Rupiah						
Guarantees						
Issued	782,676	-	-	-	-	782,676
Incurable						
LTC	182,259	-	-	-	-	182,259
	<u>964,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>964,935</u>
Foreign currencies						
Incurable						
LTC	1,965,119	-	-	-	-	1,965,119
Guarantees						
Issued	1,225,112	-	-	-	-	1,225,112
	<u>3,190,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,190,231</u>
	<u>11,772,882</u>	<u>13,778</u>	<u>-</u>	<u>3,611</u>	<u>3,827</u>	<u>11,794,618</u>

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26. OTHER LIABILITIES

Other liabilities consist of:

	2012	2011	2010
Third parties			
Rupiah			
Bonuses and incentives	2,083,570	1,473,827	2,123,124
Provision for grand leases (Note 41e)	903,448	780,762	628,585
Provision for litigation liabilities (Note 44b)	828,061	868,064	517,189
Provision for gratuity for services (Note 41e)	825,708	870,744	548,777
Provision for work separation scheme (Note 41d)	884,438	584,814	515,410
Defined benefit pension plan (Note 41a)	573,280	548,712	258,587
Provision for timely-payment of interests (Note 2a)	494,150	382,188	358,258
Interests payable	488,538	504,283	448,442
Guarantee deposits	83,273	52,234	55,532
Provision for pension preparation period (Note 41e)	80,011	1,140,813	578,588
Unearned income	15,558	250,154	785,783
Others	2,381,730	1,882,858	2,343,381
	8,420,436	8,187,844	8,481,815
Foreign currencies			
Interest payable	57,085	80,004	51,082
Unearned income	35,788	80,227	5,383
Guarantee deposits	18,175	1,550	51,723
Others	228,843	188,836	188,243
	337,882	332,417	305,411
	8,758,418	8,520,261	8,787,226

27. SUBORDINATED LOANS

BRI obtained subordinated loans in Rupiah with details as follows:

	2012	2011	2010
Rupiah			
Subordinated Bond II	1,888,288	1,884,888	1,883,234
Two-step loans	120,288	141,822	162,847
	2,118,562	2,136,710	2,156,081

a) Subordinated Bond II

On December 22, 2008, BRI issued Rp2,000,000 "BRI Subordinated Bond II Year 2008" 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 10.85%, 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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27. 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. 11/00/DPB/1/TPB1-3 dated November 11, 2009.

As of December 31, 2012, 2011 and 2010, "BRI Subordinated Bond II year 2008" 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 Bapepam-LK 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 range of annual interest rates for subordinated loans were 0.00% - 5.83%, 0.00% - 8.14% and 0.00% - 7.03% for the years ended December 31, 2012, 2011 and 2010, respectively. The maturity of these loans are various up to 2027.

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27. SUBORDINATED LOANS (continued)

b) Two-step Loans (continued)

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

	2012	2011	2010
Rupiah			
≤ 1 month	232	232	232
> 3 months - 1 year	21,083	21,083	21,083
> 1 year - 5 years	1,888,502	2,078,481	2,078,280
> 5 years	88,735	35,472	58,580
	2,116,562	2,136,288	2,156,181

28. EQUITY

a. Capital stock

The details of authorized, issued and fully paid capital stock of BRI as of December 31, 2012, 2011 (after the stock split) (Note 1c) and 2010 are as follows:

2012	Number of Shares	Market Value Per Share (Full Rupiah)	Share Value (Full Rupiah)	Percentage of Ownership
Authorized Capital Stock:				
- (Class A) Domestic share	1	250	250	0.00%
- (Class B) Common shares	59,999,999,999	250	14,999,999,999,750	100.00
Total Authorized Capital Stock:	60,000,000,000		14,999,999,999,999	100.00%
Issued and Fully Paid Capital Stock:				
Republic of Indonesia:				
- (Class A) Domestic share	1	250	250	0.00%
- (Class B) Common shares	13,999,999,999	250	3,499,999,999,750	56.75
Public:				
- (Class B) Common shares	10,999,162,000	250	2,749,790,500,000	43.25
Total Issued and Fully Paid Capital Stock:	24,999,162,000		6,249,790,500,000	100.00%
2011				
Authorized Capital Stock:				
- (Class A) Domestic share	1	250	250	0.00%
- (Class B) Common shares	59,999,999,999	250	14,999,999,999,750	100.00
Total Authorized Capital Stock:	60,000,000,000		14,999,999,999,999	100.00%
Issued and Fully Paid Capital Stock:				
Republic of Indonesia:				
- (Class A) Domestic share	1	250	250	0.00%
- (Class B) Common shares	13,999,999,999	250	3,499,999,999,750	56.75
Public:				
- (Class B) Common shares	10,999,162,000	250	2,749,790,500,000	43.25
Total Issued and Fully Paid Capital Stock:	24,999,162,000		6,249,790,500,000	100.00%

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28. EQUITY (continued)

a. Capital stock (continued)

2012	Number of Shares	Nominal Value Per Share (Full Rupiah)	Share Value (Full Rupiah)	Percentage of Ownership
Authorized Capital Stock:				
- Series A Dwimasa share	1	500	500	0.00%
- Series B Common shares	29,999,999,999	500	14,999,999,999,500	100.00
Total Authorized Capital Stock	30,000,000,000		14,999,999,999,500	100.00%
Issued and Fully Paid Capital Stock:				
Republic of Indonesia:				
- Series A Dwimasa share	1	500	500	0.00%
- Series B Common shares	6,999,999,999	500	3,499,999,999,500	56.75
Public:				
- Series B Common shares	5,334,581,000	500	2,667,290,500,000	43.25
Total Issued and Fully Paid Capital Stock	12,334,581,000		6,167,290,499,500	100.00%

Series A Dwimasa 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 BKR's merger, dissolution, acquisition and separation, submission of request for bankruptcy and liquidation of BKR.

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 BKR on February 28, 2001, the Ministry of Finance issued the Decision Letter No. 427/10/MK.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 BKR 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 BKR is Rp29,083,531 (Note 9).

The Government's rights arising from the additional investment of the state to BKR were implemented as follows: Rp29,083,531 converted to 3,272,000 new shares issued by BKR with a par value of Rp1 million per share and Rp25,791,531 from the recapitalization fund recorded as additional paid-in capital in BKR's capital structure. This decision of the Ministry of Finance has been implemented retrospectively since June 30, 2003.

Based on BKR'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., BKR's shareholders decided on, among others, the following:

1. Capital restructuring of BKR as of June 30, 2003 arising from the recapitalization fund of Rp29,083,531 to increase BKR'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.

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28. EQUITY (continued)

a. Capital stock (continued)

Capital Structure (continued)

2. Change in par value per share (stock split) from Rp1 million to Rp500 (full Rupiah).
3. Increase in BRF'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 BRF's shares to Series A Dinamika 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 BRF as of June 30, 2003 to eliminate the accumulated losses of Rp24,890,387 against the recorded additional paid-in capital (Note 3).
7. Plan to undertake the Initial Public Offering (IPO) of BRF's shares.
8. Follow up actions on the amendments to the Articles of Association.
 - i. Agree on the change in the status of BRF, 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 BRF 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 BRF'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 Ines Fatimah, S.H. and were approved by the Ministry of Justice and Human Rights through its Decision Letter No. C-23720 HT.01.04.TH.2003 dated October 6, 2003.

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).

Initial Public Offering (IPO) of BRF's Shares

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 BRF owned by the Republic of Indonesia and issuance of new shares of BRF, excluding the participation from the Republic of Indonesia, through the capital market and or direct sale to investors.

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28. EQUITY (continued)

a. Capital stock (continued)

Initial Public Offering (IPO) of BRI's Shares (continued)

Based on the letter from the Chairman of Bapepam No. S-2046/PM/2003 dated October 31, 2003, the registration statement submitted by BRI in connection with the IPO of BRI's shares of 3,811,785,000 Series B common shares consisting of 2,047,000,000 Series B common shares owned by the Republic of Indonesia (divestment) and 1,764,785,000 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 381,178,000 Series B common shares owned by the Republic of Indonesia (divestment) and over-allotment option of 571,784,000 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 58.50% 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 (Note 28).

In accordance with the MSOP, stock options which have been exercised by BRI's employees for the year ended December 31, 2010 amounted to Rp2,385 which consists of 4,728,500 shares. The additional paid up capital arising from the execution of the above stock options is added to the issued and fully paid capital and additional paid-in capital (Note 28).

b. Additional Paid-in Capital

	2012	2011	2010
Additional capital by the Government related to the recapitalization program	1,082,144	1,082,144	1,082,144
Previous balance of paid up capital from IPO by the Government	5	5	5

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28. EQUITY (continued)

b. Additional Paid-in Capital (continued)

	2012	2011	2010
Additional paid-in capital from IPO	589,762	589,762	589,762
Exercise of stock options (Note 28)			
Year 2004	48,514	48,514	48,514
Year 2005	184,850	184,850	184,850
Year 2006	819,378	819,378	819,378
Year 2007	140,000	140,000	140,000
Year 2008	29,013	29,013	29,013
Year 2009	14,367	14,367	14,367
Year 2010	43,062	43,062	43,062
Remaining MSOP Stage-I which already expired	504	504	504
Remaining MSOP Stage-II which already expired	1,845	1,845	1,845
Remaining MSOP Stage-III which already expired	8,447	8,447	8,447
	<u>2,773,858</u>	<u>2,773,858</u>	<u>2,773,858</u>

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 Rp29,083,531. 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 Rp29,083,531 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 Rp29,083,531, the amount of Rp3,272,000 was converted to paid up capital and the remaining balance of Rp25,781,531 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 Rp24,089,387 (Note 3) was eliminated against additional paid-in capital, resulting the additional paid-in capital amounted to Rp1,082,149 as of June 30, 2003.

On November 10, 2003, BRI conducted an IPO by issuing 1,784,705,000 new series B common shares with a par value of Rp500 (full Rupiah) per share at the offering price of Rp675 (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>1,784,705,000</u>
Premium per share (full Rupiah)	<u>375</u>
Total premium on shares before discount	681,784
Less: - 3% discount given to BRI customers	(2,881)
- Cost of IPO	<u>(80,041)</u>
Additional paid-in capital from IPO	<u>589,762</u>

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28. 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, 2008 for MSOP III. During 2004 until 2010, stock options exercised totaled to 589,878,000 shares for MSOP I, II and III, which consist of 4,728,500 shares in 2010, 4,553,000 shares in 2009, 7,489,000 shares in 2008, 31,378,000 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 Rp43,082 in 2010, Rp14,367 in 2009, Rp29,013 in 2008, Rp140,980 in 2007, Rp110,376 in 2006, Rp194,859 in 2005 and Rp49,514 in 2004 (Note 29).

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 2ae). 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 and Utilization of Appropriated Retained Earnings

Based on the Annual General Shareholders' Meetings of BRI held on March 28, 2012, April 28, 2011 and May 20, 2010, the Shareholders agreed to distribute the dividend from net income for the years ended December 31, 2011, 2010 and 2009 as follows:

	Income 2011	Income 2010	Income 2009
Dividends	3,016,585	1,727,951 ¹⁾	1,628,551 ²⁾
General and specific reserves	150,829	286,810	950,078
Appropriation for partnership and environmental development funds	603,315	458,885	219,240

¹⁾ Consists of dividends in the year 2009, amounted to Rp2,952,867 less interim dividends which was paid on December 16, 2009, amounted to Rp63,986.

²⁾ Consists of dividends in the year 2010, amounted to Rp2,294,477 less interim dividends which was paid on December 30, 2010, amounted to Rp66,527.

Based on the letter from the Ministry of State-Owned Enterprises No. S-705/MBUJ/2010 dated November 18, 2010, there is an interim dividend payment for the year 2010 amounted to Rp45.83 (full Rupiah) per share or a total of Rp568,527 which was approved by BRI's Directors based on BRI's Directors' Meeting dated November 29, 2010.

BRI recorded the allowance for *farjem* in the current consolidated statements of comprehensive income in accordance with SFAS No. 24 (Revised 2004) on "Employee Benefits".

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29. MANAGEMENT STOCK OPTION PLAN (MSOP)

Based on the Extraordinary General Shareholders' Meeting held on October 3, 2003 as mentioned in notarial deed No. 6 of notary Imas Fatimah, S.H., the shareholders approved the issuance of stock options in 3 (three) stages (Note 28a). Stock options are granted to Directors and employees at certain levels and positions who fulfill the determined criteria.

MSOP stage-I was granted at the Initial Public Offering (IPO), while MSOP stage-II and MSOP stage-III will be granted each year after the MSOP stage-I. The number of stock options to be issued in MSOP stage-I through stage-III is at a maximum of 5% from the paid up capital of BRI within 3 (three) years without giving priority to the existing shareholders to exercise their rights.

a. MSOP Stage-I

In MSOP stage-I, the exercise price was 110% of the offering price with the option exercisable over 5 (five) years from the granting date. The MSOP vesting period is 1 (one) year. The number of stock options that can be exercised at the end of the first year from the granting date is at a maximum of 50% of the total options granted and the remaining can be executed at the end of the second year up to the end of the fifth year. On November 10, 2003, the date of listing of BRI's shares in the Jakarta Stock Exchange and Surabaya Stock Exchange (currently the Indonesia Stock Exchange), BRI agreed to grant 235,204,100 stock options with an exercise price of Rp882.5 (full Rupiah) per share or 110% of the offering price per share.

The fair value of stock options in MSOP stage-I granted on November 10, 2003 amounted to Rp117.38 (full Rupiah) per share, in accordance with the Valuation Report issued by PT Watson Wyatt Purbejaga dated March 17, 2004 using the Black Scholes option pricing model.

b. MSOP Stage-II

Based on BRI Annual General Shareholders' Meeting held on May 31, 2004, the shareholders granted MSOP stage-II with an exercise period of 5 (five) years and a vesting period of 1 (one) year. The number of stock options that can be exercised anytime after the vesting period until the end of the exercise period with a price of Rp1,750 (full Rupiah) per share and number of shares granted are 235,204,100 shares.

The fair value of stock options in MSOP stage-II granted on November 10, 2004 amounted to Rp351.62 (full Rupiah) per share, in accordance with the Valuation Report issued by PT Watson Wyatt Purbejaga dated February 15, 2005, using the Black Scholes option pricing model.

c. MSOP Stage-III

Based on the Annual General Shareholders' Meeting held on May 20, 2005, the shareholders granted MSOP stage-III with an exercise period of 5 (five) years and a vesting period of 1 (one) year. The number of stock options that can be exercised is twice a year within 5 (five) to 30 (thirty) working days until the end of exercise period with a share closing price of 90% of BRI's average closing price shares in the Jakarta Stock Exchange (currently the Indonesia Stock Exchange) for 25 (twenty-five) consecutive days before reporting date to the Jakarta Stock Exchange (currently the Indonesia Stock Exchange) (the latest within 5 (five) working days) and the number of shares issued are up to 117,647,050 shares.

The price of shares exercised in 2010 was Rp8,649 (full Rupiah) per share (period 8) and in 2009 was Rp5,458 (full Rupiah) per share (period 8) and Rp6,671 (full Rupiah) per share (period 7).

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29. MANAGEMENT STOCK OPTION PLAN (MSOP) (continued)

c. MSOP Stage-III (continued)

The fair value of stock options in MSOP stage-III granted on November 10, 2005 amounted to Rp658 (full Rupiah) per share, in accordance with BFI management's calculation using the Black Scholes - Merton option pricing model.

The summary of the MSOP and its movements for the year ended December 31, 2010 is as follows (Note 28a):

	2010		
	Number of Options		
	MSOP Stage-I	MSOP Stage-II	MSOP Stage-III
Options outstanding at the beginning of the year	-	-	13,545,500
Options exercised during the year	-	-	(4,728,500)
Options not exercised until maturity date	-	-	(8,817,000) ⁷⁾
Options that can be exercised at the end of the year	-	-	-

⁷⁾ The remaining balance of MSOP Stage-III that was still calculating at maturity date on November 9, 2010 and was reported to Indonesia Stock Exchange on December 1, 2010.

The fair value of the options granted was derived using the following assumptions:

	MSOP Stage-I	MSOP Stage-II	MSOP Stage-III
Risk free interest rate	8.75%	8.75%	13.04%
Expected exercise period	5 years	5 years	5 years
Expected share price volatility	24.33%	24.33%	42.86%
Expected dividend yield	5.50%	5.50%	5.04%
Employee turnover rate	1.00%	1.00%	-

During 2010, stock options which were exercised amounted to Rp2,305 consisting of 4,728,500 shares (Note 28a) which resulted in the increase in additional paid-in capital of Rp43,082 as of December 31, 2010 (Note 28b).

The balance of accumulated stock options after deduction of the realized stock options amounted to Rp12,877 (including expired stock options of MSOP stage-III) for the year ended December 31, 2010 was RpNil, due to the expiration of the MSOP program, the movements are presented as part of the equity in the consolidated statements of financial position as of December 31, 2010.

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30. INTEREST AND INVESTMENT INCOME

Interest and investment income are derived from:

	2012	2011	2010
Rupiah			
Loans			
Micro	18,780,728	18,452,031	18,087,281
Retail	18,888,743	18,433,259	17,855,857
Corporate	3,385,818	3,382,812	3,083,045
Securities			
Fair value through profit or loss			
Certificates of Bank Indonesia	-	13,203	13,328
Government bonds	32,570	28,433	18,701
Bonds	1,005	-	2,707
Available for sale			
Certificates of Bank Indonesia	305,380	823,500	638,488
Bonds	9,251	7,458	883
Government bonds	708,712	578,888	578,838
Held to maturity			
Certificates of Bank Indonesia	341,875	478,143	138,148
Bonds	88	-	14,172
Subordinated bonds	7,850	5,815	8,297
Government bonds	175,341	128,887	91,587
Medium Term Notes	8,794	11,327	1,378
Government Recapitalization Bonds			
Available for sale	311,350	287,588	1,502,588
Held to maturity	284,838	843,885	3,785
Placements with Bank Indonesia and other banks			
Deposit Facility/Term Deposit	1,882,488	1,821,888	742,272
Inter-bank call money	45,422	75,308	51,812
Others	323	244	158,872
Current accounts with Bank Indonesia	183,713	137,884	17,885
Others	888,288	387,882	284,381
	48,788,458	48,474,882	43,382,888
Foreign currencies			
Loans			
Retail	148,438	58,828	28,228
Corporate	878,885	588,858	442,724
Securities			
Fair value through profit or loss			
Credit Link Notes	17,451	3,883	-
Government bonds	3,514	1,824	4,882
Bonds	-	-	217
Available for sale			
Bonds	483	387	828
Medium Term Notes	18,114	18,817	482
Government bonds	175,588	73,874	42,374
Held to maturity			
Credit Link Notes	84,574	21,183	18,883
Notes Receivable	23,378	255	114
Medium Term Notes	-	-	18,158
Bonds	2,888	1,828	1,811
Government bonds	71,785	8,828	-

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30. INTEREST AND INVESTMENT INCOME (continued)

Interest and investment income are derived from (continued):

	2012	2011	2010
Foreign currencies (continued)			
Placements with Bank Indonesia and other banks			
Inter-bank call money	15,275	85,341	58,528
Others	44,175	18,828	12,221
Others	226,857	20,305	-
	<u>1,482,562</u>	<u>821,216</u>	<u>600,435</u>
Total	<u>48,272,021</u>	<u>47,256,178</u>	<u>43,971,483</u>

31. INTEREST EXPENSES AND OTHER FINANCING EXPENSE

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

	2012	2011	2010
Rupiah			
Time deposits	6,882,440	7,188,858	5,917,870
Saving deposits	2,125,483	2,887,704	2,474,288
Demand deposits	1,462,384	1,375,801	1,057,842
Subordinated loans	221,208	224,882	220,488
Deposits from other banks and financial institutions	41,858	187,578	257,818
Fund borrowings	177,180	143,183	232,888
Securities sold under agreement to repurchase	388	12,878	12,878
Others	1,055,871	784,887	625,297
	<u>11,978,810</u>	<u>12,785,718</u>	<u>10,858,005</u>
Foreign currencies			
Time deposits	474,183	357,185	488,258
Fund borrowings	78,834	85,578	2,230
Deposits from other banks and financial institutions	51,877	45,885	65,888
Demand deposits	17,178	11,728	23,318
	<u>622,150</u>	<u>478,586</u>	<u>580,868</u>
	<u>12,599,060</u>	<u>13,275,304</u>	<u>11,448,953</u>

32. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET

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

	2012	2011	2010
Loans (Note 12f)	2,583,881	5,788,241	7,578,882
Sharia receivables and financing (Note 13)	75,428	18,743	(3,287)

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32. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET (continued)

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

	2012	2011	2010
Placements with Bank Indonesia and other banks (Note 6e)	(300)	50	250
Securities (Note 7e)	(750)	(25)	100
Current accounts with other banks (Note 5e)	110	(118)	62
Investment in associated entities (Note 15)	-	(1,355)	228
Acceptances receivable (Note 14d)	-	(7,240)	2,167
Export bills (Note 6c)	-	(7,838)	1,808
	2,688,177	5,791,658	7,880,536

33. SALARIES AND EMPLOYEE BENEFITS

The details of this account are as follows:

	2012	2011	2010
Salaries, wages and allowances	4,583,100	4,118,075	3,688,832
Bonuses, incentives and <i>banjar</i>	2,806,708	2,421,846	2,304,140
Defined benefit pension (Note 41a)	487,852	447,858	278,275
Training and development	485,738	451,788	373,089
Grand leaves (Note 41e)	224,217	188,531	91,824
Gratuity for services (Note 41e)	182,577	182,804	123,385
Medical allowances	154,841	136,880	131,430
Work separation scheme (Note 41d)	155,250	85,754	73,437
Defined contribution pension (Note 41c)	104,385	77,870	680,318
Pension preparation period (Note 41e)	2,152	347,852	18,808
Others	378,882	284,073	988,583
	9,685,547	8,708,847	8,575,721

Salaries and allowances of the Board of Directors amounted to Rp48,289, Rp52,078 and Rp45,778, and the Board of Commissioners amounted to Rp14,739, Rp10,247 and Rp8,384 for the years ended December 31, 2012, 2011 and 2010, respectively (Note 43).

Bonuses, incentives and *banjar* paid to the Boards of Directors, Commissioners and key employees of BRI for the years ended December 31, 2012, 2011 and 2010, amounted to Rp225,078, Rp204,724 and Rp147,180, respectively (Note 43).

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34. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account are as follows:

	2012	2011	2010
Rent	1,016,732	1,106,078	888,228
Repairs and maintenance	854,558	584,717	481,413
Depreciation of premises and equipment (Note 16)	417,388	322,757	302,730
Electricity and water	362,027	313,067	278,144
Transportation	272,828	214,122	201,070
Office supplies	183,288	154,428	131,475
Printing and postage	188,212	183,862	152,018
Communications	107,815	118,105	98,891
Professional fees	54,139	50,888	33,911
Computer installations	42,300	17,288	17,839
Research and product development	8,874	8,781	10,017
Others	3,057,884	2,804,823	2,112,810
	6,343,661	5,678,786	4,711,444

35. NON-OPERATING INCOME - NET

The details of this account are as follows:

	2012	2011	2010
Loan insurance claim income	480,359	318,588	313,578
Cash distribution from the liquidation of BRI Finance Ltd, Hong Kong	23,855	18,519	12,283
Gain on sale of premises and equipment	13,751	17,067	5,875
Rental income	4,838	3,033	8,379
Others - net	874,433	818,483	188,138
	1,177,834	1,171,658	586,229

36. TAXATION

a) Taxes Payable

As of December 31, 2012, 2011 and 2010, the details of taxes payable are as follows:

	2012	2011	2010
BRI (Parent Entity)			
Income tax			
Article 23	-	-	2,874
Article 25 (December)	382,803	482,148	231,469
Article 28	-	-	38,400
Article 29	443,841	822,506	1,848,318
Article 4 (2)	-	-	784
	826,644	1,304,654	1,921,810

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36. TAXATION (continued)

a) Taxes Payable (continued)

As of December 31, 2012, 2011 and 2010, the details of taxes payable are as follows (continued):

	2012	2011	2010
Subsidiaries			
Income tax:			
Article 21	10,374	3,278	4,048
Article 23	725	811	457
Article 25 (December)	4,574	1,483	-
Article 28	34,103	5,838	95
Article 4 (2)	9,089	10,003	5,500
Others	8	50	-
	<u>58,451</u>	<u>21,343</u>	<u>10,107</u>
	<u>895,695</u>	<u>1,105,997</u>	<u>1,930,923</u>

b) Tax Expense

	2012	2011	2010
Parent Entity			
Current tax expense of:			
Current year	4,434,804	4,057,443	3,917,140
Prior year tax examination	38,142	-	-
Expense (benefit) income tax	848,837	(408,080)	(498,158)
	<u>5,117,883</u>	<u>3,648,363</u>	<u>3,431,084</u>
Subsidiaries			
Current tax expense of:			
Current year	71,089	17,781	4,800
Prior year tax examination	4,455	-	-
Expense (benefit) income tax	(21,235)	1,780	(48)
	<u>54,309</u>	<u>19,561</u>	<u>4,852</u>
	<u>5,172,192</u>	<u>3,667,924</u>	<u>3,435,936</u>

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

	2012	2011	2010
Income before tax expense based on the consolidated statements of comprehensive income	23,858,572	18,755,880	14,808,230
Income of Subsidiaries	(188,885)	(58,488)	(15,308)
Income before tax expense - BFR (Parent Entity)	<u>23,670,687</u>	<u>18,697,394</u>	<u>14,802,924</u>

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36. TAXATION (continued)

b) Tax Expense (continued)

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

	2012	2011	2010
Temporary Differences:			
Provision (reversal) for allowance for possible losses on loans	(1,088,808)	1,000,151	2,087,028
Provision (reversal) for personnel expenses	(857,053)	825,581	222,828
Unrealized loss on derivatives transactions	-	-	138,473
Reversal of provision for estimated losses on commitments and contingencies	-	(83,284)	(8,422)
Unrealized loss (gain) on trading securities and Government Recapitalization Bonds	882	2,438	(28,283)
Depreciation of premises and equipment	(242,870)	(83,118)	(52,888)
Reversal of provision for possible losses on earning assets excluding loans	-	(15,438)	(888,304)
	<u>(2,587,750)</u>	<u>1,836,321</u>	<u>1,673,410</u>
Permanent Differences:			
Public relations	142,837	158,221	84,838
Representations and donations	48,708	34,547	30,380
Sports and religious activities	32,088	30,488	28,808
Income subjected to final tax	(4,724)	(4,407)	(4,325)
Income of Subsidiaries	(32,000)	(23,787)	(15,408)
Others	803,225	(244,533)	2,888,883
	<u>1,080,882</u>	<u>(48,500)</u>	<u>3,018,388</u>
Estimated taxable income	<u>22,174,019</u>	<u>20,287,215</u>	<u>19,585,700</u>

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

	2012	2011	2010
Estimated taxable income	<u>22,174,019</u>	<u>20,287,215</u>	<u>19,585,700</u>
Parent Entity			
Corporate income tax expense - current	(4,434,804)	(4,057,443)	(3,817,140)
Income tax installment payments during the year	3,881,183	3,434,837	2,288,821
Corporate income tax payable - Article 25	<u>(443,641)</u>	<u>(622,606)</u>	<u>(1,648,319)</u>
Subsidiaries			
Corporate income tax expense - current	(71,088)	(17,781)	(4,888)
Income tax installment payments during the year	38,888	11,823	4,814
Corporate income tax payable - Article 25	<u>(34,183)</u>	<u>(5,958)</u>	<u>(85)</u>

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36. TAXATION (continued)

b) Tax Expense (continued)

Examination of fiscal year 2010

The General Directorate of Tax based on Tax Assessment Letter No. DD188/207/10/003/12 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 Rp184 which was billed through Tax Billing Letter No. DM12/107/10/003/12 dated November 28, 2012 and was already approved by BRL.

The General Directorate of Tax based on Tax Assessment Letter No. DD003/208/10/003/12 dated November 28, 2012, affirmed the under payment of Income Tax in the amount of Rp1,484,041 which was already approved by BRL in the amount of Rp34,528. The management is in the opinion that BRL's treatment to disapprove the tax under payment is already in accordance with the existing tax regulations, therefore, BRL is currently filing for an objection.

The approved payment for tax under payment by BRL amounted to Rp38,142 and was paid on December 27, 2012. Income tax of BRL and Subsidiaries are computed for each company as a separate legal entity.

c) Deferred Tax Assets

The computation of deferred tax benefit (expense) of BRL is as follows (Note 2a):

	2012	2011	2010
Parent Entity			
Provision for allowance for possible losses on earning assets	(422,227)	248,178	420,728
Provision for employee benefits	(184,283)	206,365	52,412
Unrealized loss on derivatives transactions	-	-	34,888
Reversal of estimated losses on commitments and contingencies	-	(23,324)	(2,105)
Unrealized loss (gain) on trading securities and Government Recapitalization Bonds	220	810	(8,573)
Depreciation of premises and equipment	(80,887)	(20,778)	(13,174)
	(648,887)	418,160	488,158
Subsidiaries	21,235	(1,700)	48
Total deferred tax benefit (expense)	(627,652)	416,460	488,206

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

	2012	2011	2010
Parent Entity			
Allowance for possible losses on earning assets	1,433,718	1,855,845	1,808,787
Provision for employee expense	748,352	810,815	704,220
Depreciation on premises and equipment	55,814	118,481	137,280
Estimated losses on commitments and contingencies	-	-	23,324
Unrealized gain on trading securities and Government Recapitalization Bonds	-	(220)	(830)
Unrealized gain on available for sale securities and Government Recapitalization Bonds	(243,852)	(255,001)	(187,188)
	1,982,232	2,627,820	2,286,553
Subsidiaries	32,879	4,138	8,548
	2,015,111	2,631,958	2,295,101

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36. TAXATION (continued)

c) Deferred Tax Assets (continued)

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/2013-0010 dated January 3, 2013 and the monthly report of shares ownerships, form No. X.H.I-B dated January 2, 2013 from the Securities Administration Agency (Biro Administrasi Efek), Dalinda Entycom on the ownership of BRI's shares during 2012, all of the above mentioned required criteria to obtain the tax rate reduction on BRI's financial statements for the year ended December 31, 2012, were fulfilled by BRI.

37. RISK MANAGEMENT

One of the key to success in BRI's accomplishment as a strong and healthy bank with sustainable growth is the business implementation which is supplemented with an integrated and systematic risk management of credit risk, liquidity risk, operational risk, market risk, strategic risk, compliance risk, reputational risk 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 entire business activities. KUMR includes general policy, strategy, organization, risk management, information system, process and implementation of risk management, up to internal control system. KUMR is translated in details and set forth in Guidance on the Application of Risk Management Implementation (P3MR), which determines the stages in risk management process, among others, risk identification, risk measurement, risk monitoring and risk control. P3MR consists of Guidance on the Application of Credit Risk Management Implementation (P3MRK), Guidance on the Application of Operational Risk Management Implementation (P3MRO), Guidance on the Application of Market Risk Management Implementation (P3MRP) and Guidance on the Application of Integrated Risk Management Implementation (P3MRT).

BRI Risk Profile Assessment consists of inherent risk assessment, an assessment of embedded risks in the business activities of the bank that could potentially affect the Bank's financial position and assessment of Risk Management Implementation Quality in the operational activities, which is an assessment on the adequacy of the risk management system covering all the pillars of risk management implementation. Combination of inherent risk assessment and Risk Management Implementation Quality result in the risk profile assessment, one of the factors in Bank's Health Assessment (Risk Based Bank Rating (RBBR)). RBBR is stipulated in BRI's Circular Letter No. 01-DIR/ANK/01/2012.

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37. RISK MANAGEMENT (continued)

BRI has implemented the concept of three line of defense. First line of defense is the business/operational working unit performing functional activities according to existing policies, limit and operational guidelines. Second line of defense is the risk management working unit which oversees compliance of BRI risk management according to risk tolerance and implements policies, guidelines and risk limits of business/operational working units independently. Third line of defense is the internal audit working unit which functions in performing control through evaluation of the first and second lines of defense as well as reporting independently to the Chief Executive Director and Commissioner.

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 conducted through limit management at acceptable risk exposure level for third party individual, limit management at geographic level and limit management of each industry concentration. Limit determination is done through credit risk rating for each individual debtor. Credit risk rating is updated periodically to estimate the potential loss as risk due to credit expansion and as a basis to determine following improvement.

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

Credit analysis and approval process begins with the early introduction of prospective debtors through the assessment of individual risk levels of debtors using the Credit Risk Rating (CRR) for commercial loans and Credit Risk Scoring (CRS) for consumer and micro loans. BRI has determined a cut-off for a prospective debtor who is eligible to be approved based on BRI's acceptable risk (KRD).

Loan distribution performed by business working unit is done to take into account credit risk from loan disbursement up to loan settlement by controlling and monitoring loan quality periodically to prevent Non Performing Loans (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 possible loss and optimize capital usage to obtain maximum income.

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

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(i) Maximum exposure of financial asset

Credit risk exposures on financial assets in the consolidated statements of financial position as of December 31, 2012, 2011 and 2010 are as follows:

	Maximum Exposure		
	2012	2011	2010
Current accounts with Bank Indonesia	42,524,128	33,040,418	19,980,083
Current accounts with other banks	4,841,875	5,533,184	5,668,053
Placements with Bank Indonesia and other banks	88,242,828	73,588,358	83,272,140
Securities			
Fair value through profit or loss	812,888	583,125	203,144
Available for sale	13,573,274	15,418,030	13,072,285
Held to maturity	26,850,820	17,838,381	9,239,224
Export bills	5,834,772	4,828,509	734,339
Government Recapitalization Bonds			
Available for sale	715,818	5,386,028	8,028,483
Held to maturity	3,800,000	3,800,000	7,800,000
Securities purchased under agreement to resell	9,550,521	8,383,288	501,381
Derivatives receivable	28,850	17,818	87,870
Loans			
Micro	107,818,454	82,777,152	78,125,129
Retail	143,282,232	121,837,545	112,848,253
Corporate	85,182,358	54,840,029	42,188,402
Sharia receivables and financing	11,010,838	8,870,274	5,413,582
Acceptances receivable	4,788,121	1,882,178	680,209
Investment in associated entities ^{*)}	1,408	1,408	1,089
Other assets ^{**)}	825,355	1,128,481	1,285,744
Total	527,888,238	450,568,238	386,728,820

^{*)} Investment in associated entities with no significant influence.

^{**)} Other assets consist of intangible receivables and other receivables, including other receivables based on Sharia practices.

Credit risk exposure relating to consolidated administrative accounts as of December 31, 2012, 2011 and 2010 is as follows:

	Maximum Exposure		
	2012	2011	2010
Irrevocable L/G	12,231,800	8,843,251	4,932,139
Guarantees issued	12,281,818	8,238,525	3,801,371
	24,513,718	13,081,776	8,733,510

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(i) Maximum exposure of financial asset (continued)

The above tables represent the maximum credit risk exposure of BRI as of December 31, 2012, 2011 and 2010. For financial assets on consolidated statements of financial position, the exposures set out above are based on net carrying amounts as reported in the consolidated financial statements.

As of December 31, 2012, 2011 and 2010, the percentage of maximum exposure of loans, Sharia receivables and financing against the total financial assets subject to credit risk in the consolidated statements of financial position is 85.85%, 81.80% and 81.64%, respectively.

(ii) Risk concentration analysis

(a) Geographical sectors

The following tables provide details of BRI's credit risk exposure as categorized by geographical region as of December 31, 2012, 2011 and 2010. For these tables, BRI has allocated exposures to the regions based on the geographical area where activities are undertaken.

	December 31, 2012							Total
	Jabara	Bant-Java	Central Java and Yogyakarta	Bali-Java	Sumatra	Central and East Indonesia	Other	
Assets								
Current accounts with Bank Indonesia	42,284,182	-	-	-	-	-	-	42,284,182
Current accounts with other banks	4,788,788	110	1,028	5	582	7,218	68	4,800,788
Placements with Bank Indonesia and other banks	88,047,880	-	-	-	-	-	280,843	88,328,723
Securities								
Puttable through profit or loss	882,888	-	-	-	-	-	-	882,888
Available for sale	12,388,388	-	-	-	-	-	1,394,887	13,783,275
Held to maturity	88,888,882	-	-	-	-	-	148,883	89,037,765
Government Recognition Bonds	4,888,118	7,888	88,888	888,887	78,882	14,888	888,701	5,888,772
Assets by sale	788,888	-	-	-	-	-	-	788,888
Held to maturity	3,888,888	-	-	-	-	-	-	3,888,888
Securities purchased								
Under agreement forward	888,888	-	-	-	-	-	-	888,888
Default/receivable	28,888	-	-	-	-	-	-	28,888
Loans								
IFG	8,888,888	8,888,888	12,888,888	18,888,888	28,888,888	38,888,888	-	108,888,888
Total	38,888,888	98,888,888	78,888,888	18,888,888	38,888,888	38,888,888	188,888	218,888,888
Corporate	88,888,888	8,888,888	1,888,888	8,888,888	7,888,888	1,888,888	1,888,888	108,888,888
Sharia receivables and financing	3,888,888	2,888,888	1,888,888	8,888,888	7,888,888	1,888,888	-	28,888,888
Acceptance receivable (provided by associated entities)	3,788,888	888,888	288,888	888	888	-	-	4,788,888
Other assets	1,888	-	-	-	-	-	-	1,888
Other assets	488,888	18,888	888	888	888	888	788	1,888,888
Total	108,188,888	108,188,888	12,888,888	28,888,888	41,888,888	81,888,888	4,888,888	248,188,888
Less: Allowance for impairment losses								(14,888,888)
								233,300,000
Administrative Expenses								
Provision I/O	7,888,888	3,888,888	888,888	888,888	888,888	888,888	-	18,888,888
Guarantee fees	888,888	888,888	888,888	888,888	888,888	888,888	-	6,888,888
	8,777,776	4,777,776	1,777,776	1,777,776	1,777,776	1,777,776	-	25,666,664

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(i) Risk concentration analysis (continued)

(a) Geographical sectors (continued)

	December 31, 2011							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatra	Central and West Indonesia	Others	Total
<i>Assets</i>								
Current receivable Bank Indonesia	23,000,418	-	-	-	-	-	-	23,000,418
Current receivable other banks	8,301,888	7	1,869	308	3,088	3,384	127,493	8,306,255
Placed/borrowed Bank Indonesia and other banks	79,279,858	-	-	-	-	-	389,894	79,669,752
<i>Securities</i>								
Fair value through profit or loss	588,128	-	-	-	-	-	-	588,128
Available for sale	18,368,880	-	-	-	-	-	168,104	18,436,984
Held to maturity	17,888,971	-	-	-	-	-	-	17,888,971
Specialized	3,621,878	2,482	117,398	892,398	399,928	5,978	-	4,628,082
Government Readjustment Bonds								
Available for sale	8,300,000	-	-	-	-	-	-	8,300,000
Held to maturity	3,000,000	-	-	-	-	-	-	3,000,000
Securities purchased								
Under agreement forward	8,300,000	-	-	-	-	-	-	8,300,000
Derivatives/convertible	17,878	-	-	-	-	-	-	17,878
<i>Loans</i>								
Micro	7,687,888	8,828,288	15,578,148	13,054,888	28,873,488	30,609,888	-	94,632,400
Retail	48,882,888	7,231,888	13,888,888	17,784,884	23,888,888	23,285,884	147,888	138,488,888
Corporate	43,148,888	8,232,888	211,881	3,282,888	4,238,888	1,238,888	788,888	58,943,888
Specialized	2,488,888	1,888,888	1,241,148	888,888	1,238,888	878,888	-	8,630,888
Share receivable and financing receivable (included in associated entities/ other assets)	887,281	194,888	384,888	282,884	348,888	1,888	-	1,888,888
Other assets	1,088,888	-	-	-	-	-	1,088	1,088,888
Total	208,888,888	28,888,888	15,887,282	18,884,878	28,888,888	68,819,884	1,821,888	408,888,888
<i>Less: Allowance for impairment losses</i>	-	-	-	-	-	-	-	(18,888,888)
	-	-	-	-	-	-	-	408,888,888
<i>Subsidiaries Accounts</i>								
Revenue (P)	8,118,888	87,888	888,888	478,888	878,888	888,888	7,888	8,888,888
Revenue owed	8,348,888	88,888	888,888	478,888	878,888	888,888	-	8,888,888
	16,467,776	176,776	1,777,776	957,776	1,757,776	1,777,776	7,896	17,777,776

	December 31, 2010							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatra	Central and West Indonesia	Others	Total
<i>Assets</i>								
Current receivable Bank Indonesia	18,888,888	-	-	-	-	-	-	18,888,888
Current receivable other banks	8,888,888	-	122	4	3	3,147	18,888	8,888,888
Placed/borrowed Bank Indonesia and other banks	82,388,888	-	-	-	-	-	888,888	83,277,776
<i>Securities</i>								
Fair value through profit or loss	888,148	-	-	-	-	-	-	888,148
Available for sale	11,788,888	-	-	-	-	-	1,287,888	13,076,776
Held to maturity	8,238,888	-	-	-	-	-	-	8,238,888
Specialized	417,288	887	88,887	288,888	18,774	18,888	-	711,888
Government Readjustment Bonds								
Available for sale	8,888,888	-	-	-	-	-	-	8,888,888
Held to maturity	7,888,888	-	-	-	-	-	-	7,888,888
Securities purchased								
Under agreement forward	881,881	-	-	-	-	-	-	881,881
Derivatives/convertible	87,888	-	-	-	-	-	-	87,888
<i>Loans</i>								
Micro	8,888,888	7,288,288	18,888,888	11,088,888	28,873,488	31,781,888	-	86,888,888
Retail	32,888,888	8,232,888	13,888,888	18,888,888	21,888,888	21,778,888	8,888,888	130,888,888
Corporate	38,148,888	1,232,888	138,881	3,282,888	4,238,888	1,238,888	-	47,388,888
Specialized	2,488,888	1,888,888	1,241,148	888,888	1,238,888	878,888	-	8,630,888
Share receivable and financing receivable	387,281	194,888	384,888	282,884	348,888	1,888	-	1,888,888
Other assets	1,088,888	-	-	-	-	-	-	1,088,888
Total	168,888,888	28,888,888	15,887,282	18,884,878	28,888,888	68,819,884	1,821,888	368,888,888

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(i) Risk concentration analysis (continued)

(a) Geographical sectors (continued)

	December 31, 2012							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sulawesi	Central and East Indonesia	Other	Total
<i>(Asset Impaired)</i> <i>(provided in associated entities)</i> <i>Other assets¹⁾</i>	1,000	-	-	-	-	-	-	1,000
	1,178,125	88,594	14,900	17,882	25,032	21,021	98,385	1,385,939
Total	212,891,135	18,848,711	39,845,102	18,298,448	41,140,000	69,254,700	8,138,444	408,646,539
Less: Allowance for impairment losses								(14,118,287)
								394,528,252
Administrative Expenses <i>(provided in associated entities)</i> <i>Guarantee issued</i>	4,418,985	28,829	48,429	291,294	198,739	4,859	-	4,988,135
	3,298,823	24,821	8,889	291,798	128,288	5,079	-	3,898,828
	7,698,244	52,884	56,262	583,092	327,027	9,938	-	8,738,447

¹⁾ Investment in associated entities with no significant influence.

²⁾ Other assets consist of intangible receivables and other receivables, including other receivables issued in Sharia practices.

(b) Industrial sectors

The following tables provide the details of credit exposure at carrying amounts, as categorized by the industrial sectors as of December 31, 2012, 2011 and 2010:

	December 31, 2012				
	Government (excluding Bank Indonesia)	Bank and other financial institutions	Corporate	Individuals	Total
Assets					
Current accounts with Bank Indonesia	42,524,125	-	-	-	42,524,125
Current accounts with other banks	-	4,842,146	-	-	4,842,146
Placements with Bank Indonesia and other banks	60,636,564	5,261,364	215,000	-	66,112,928
Securities					
Fair value through profit or loss	71,925	541,851	-	-	613,776
Available for sale	13,162,156	69,227	341,881	-	13,573,264
Held to maturity	22,121,157	3,581,573	1,238,650	-	26,941,380
Export bills	14,281	-	5,928,491	-	5,942,772
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

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(a) Risk concentration analysis (continued)

(b) Industrial sectors (continued)

	December 31, 2012				Total
	Government (excluding Bank Indonesia)	Bank and other financial institutions	Companies	Individuals	
Assets (continued)					
Loans					
Micro	-	-	2,335,514	113,159,338	115,494,852
Retail	695,347	387,537	35,434,274	109,065,168	146,373,726
Corporate	2,254,829	5,489,847	81,145,008	-	88,889,684
Sharia receivables and financing	17,685	-	4,016,204	7,214,362	11,248,251
Acceptances receivable	605,912	-	4,100,209	-	4,706,121
Investment in associated entities	-	-	1,944	-	1,944
Other assets	68,054	730	387,883	168,888	625,355
Total	156,173,183	28,212,735	135,157,068	230,487,576	541,296,562
Less: Allowance for impairment losses					
					(14,916,332)
					527,380,230
Administrative Accounts					
Invoice L/C	5,068,726	-	5,163,174	-	12,231,900
Guarantees issued	5,444,426	-	4,807,631	2,009,761	12,261,818
	11,513,152	-	10,570,805	2,009,761	24,450,716
December 31, 2011					
	Government (excluding Bank Indonesia)	Bank and other financial institutions	Companies	Individuals	Total
Assets					
Current accounts					
with Bank Indonesia	33,040,418	-	-	-	33,040,418
with other banks	-	5,533,225	-	-	5,533,225
Placements with Bank Indonesia and other banks	69,724,880	3,705,776	165,000	-	73,596,656
Securities					
Fair value through profit or loss	53,933	509,192	-	-	563,125
Available for sale	15,076,450	-	337,580	-	15,416,030
Held to maturity	12,573,389	3,773,611	1,592,891	-	17,939,891
Export bills	5,351	-	4,823,218	-	4,828,569
Government Recapitalization					
Bonds					
Available for sale	5,395,026	-	-	-	5,395,026
Held to maturity	3,600,000	-	-	-	3,600,000
Securities purchased under agreements to resell	9,363,298	-	-	-	9,363,298
Derivatives receivable	-	17,818	-	-	17,818

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(a) Risk concentration analysis (continued)

(b) Industrial sectors (continued)

	December 31, 2010				Total
	Government (including Bank Instruments)	Bank and other financial institutions	Companies	Individuals	
Assets (continued)					
Securities purchased					
under agreements to resell	-	501,381	-	-	501,381
Derivatives receivable	-	87,870	-	-	87,870
Loans					
Micro	-	-	1,581,505	80,250,854	81,832,169
Retail	42,388	-	26,279,932	93,717,806	120,040,046
Corporate	227,976	56,130	44,808,917	-	45,092,023
Sharia receivables and financing	-	-	2,380,951	3,144,017	5,524,968
Acceptances receivable	-	-	656,878	-	656,878
Investment in associated entities	-	536	1,110	-	1,546
Other assets ¹⁾	749,585	27,591	518,580	-	1,295,744
Total	129,285,353	25,853,284	77,594,553	177,112,487	480,847,387
Less: Allowance for impairment losses					(14,119,267)
					466,728,120
Administrative Accounts					
Investable L/C	2,459,228	393,603	2,079,308	-	4,932,139
Guarantees issued	134,110	1,588,766	2,029,201	49,094	3,801,371
	2,593,338	1,982,369	4,108,509	49,094	8,733,319

¹⁾ Investment in associated entities with no significant influence.

²⁾ Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

(a) Collateral and pledging of loans

BR1 determined the type and value of collateral according to the loan scheme as well as credit risk level estimation from the counterparty as a determined second way out. The types of collateral are as follows:

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

The collateral will be pledged according to the existing loan policy as to minimize credit risk, should there be an event of default in the future.

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(iv) Impairment of financial assets as of December 31, 2012, 2011 and 2010:

(a) Current accounts with other banks

As of December 31, 2012, 2011 and 2010, this financial asset is not individually or collectively impaired according to the regulation of Bank Indonesia, except for Sharia, amounted to Rp171, Rp01, and Rp03, respectively.

(b) Placements with Bank Indonesia and other banks

As of December 31, 2012, 2011 and 2010, this financial asset is not individually or collectively impaired according to the regulation of Bank Indonesia, except for Sharia.

	2012	2011	2010
Rupiah			
Bank Indonesia - Term Deposit	43,702,732	27,482,087	18,367,802
Bank Indonesia - Deposit Facility	16,030,280	42,232,783	51,188,280
Inter-bank call money	1,365,000	813,000	1,250,000
	<u>61,098,012</u>	<u>70,527,870</u>	<u>69,806,082</u>
Foreign currencies			
Inter-bank call money	4,181,727	2,848,558	12,461,883
Bank Indonesia - Term Deposit	863,552	-	-
Time deposits	9,637	108,218	1,004,815
	<u>5,154,916</u>	<u>2,956,776</u>	<u>13,466,698</u>
Total	<u>66,242,828</u>	<u>73,586,856</u>	<u>83,272,380</u>
Less: Allowance for impairment losses	-	(300)	(250)
	<u>66,242,828</u>	<u>73,586,556</u>	<u>83,272,130</u>

(c) Securities

As of December 31, 2012, 2011 and 2010, this financial asset is not impaired according to the regulation of Bank Indonesia, except for Sharia.

	2012	2011	2010
Rupiah			
Certificates of Bank Indonesia	16,668,784	13,868,762	9,631,413
Government bonds	15,246,181	10,888,038	5,101,814
Bonds	1,668,225	1,868,826	1,407,382
Bank Indonesia Sharia Certificates (SBIS)	575,000	400,000	200,000
Medium term notes	100,000	130,000	120,000
Subordinated bonds	88,873	88,857	88,843
Mutual funds	10,886	10,478	9,582
	<u>34,138,021</u>	<u>27,243,863</u>	<u>16,580,014</u>

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(iv) Impairment of financial assets as of December 31, 2012, 2011 and 2010 (continued):

(c) Securities (continued)

	2012	2011	2010
<u>Foreign currencies</u>			
Credit linked notes	3,088,047	3,595,708	3,175,431
Government bonds	2,077,313	2,050,851	2,158,297
Bonds	100,130	01,808	-
Notes receivables	115,050	100,104	387,842
Medium term notes	48,470	227,372	224,780
	<u>6,008,010</u>	<u>6,075,003</u>	<u>5,956,150</u>
Total	41,137,040	33,919,028	22,518,173
Less: Allowance for impairment losses	(700)	(1,510)	(1,510)
	<u>41,136,340</u>	<u>33,917,518</u>	<u>22,516,663</u>

(d) Export bills

As of December 31, 2012 and 2011 this financial asset is not individually or collectively impaired. Whereas, as of December 31, 2010, this financial asset is impaired with the following details:

	2010
<u>Rupiah</u>	
Domestic Documentary Letter of Credit	42,715
<u>Foreign currencies</u>	
Export bills	688,042
Total	741,757
Less: Allowance for impairment losses	(7,418)
	<u>734,339</u>

(e) Derivatives receivable

As of December 2012, 2011 and 2010, this financial asset is not individually or collectively impaired.

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(iv) Impairment of financial assets as of December 31, 2012, 2011 and 2010 (continued):

(f) Loans, Sharia receivables and financing

As of December 31, 2012, 2011 and 2010, this financial asset is individually or collectively impaired according to the regulation of Bank Indonesia with the following details:

	December 31, 2012				
	Neither Past Due Nor Impaired		Past Due But Not Impaired		Total
	High Grade	Standard Grade	Impaired	Total	
Assets					
Agriculture	28,689,694	29,094	1,334,177	630,386	30,683,331
Mining	1,359,468	1,799	52,973	67,669	1,521,309
Manufacturing	16,430,581	999,610	535,521	611,051	18,566,163
Electricity, gas and water	8,391,280	575	17,156	35,200	8,394,131
Construction	6,838,463	12,527	243,304	1,347,726	8,442,120
Trading, hotels and restaurants	81,782,127	64,984	7,995,844	3,717,311	93,580,266
Transportation, warehousing and communications	8,336,742	3,391	889,948	230,195	8,740,268
Business services	12,150,572	4,792,298	963,076	727,991	18,634,277
Special services	9,815,544	-	151,023	136,655	9,983,222
Others	118,627,181	195,976	6,255,867	2,225,396	127,304,420
	291,512,322	6,091,274	17,698,881	9,738,980	325,041,557
Provision allowances					
Agriculture	2,384,629	-	17,352	80,402	2,412,683
Mining	3,579,389	-	13,883	17,808	3,611,080
Manufacturing	19,249,253	308,528	2,542	480,871	20,042,596
Electricity, gas and water	394,361	-	-	-	394,361
Construction	1,382,847	-	19,196	167,599	1,569,542
Trading, hotels and restaurants	1,328,080	69,401	24,824	194,891	1,617,196
Transportation, warehousing and communications	144,350	-	1,051	769,844	914,445
Business services	238,439	-	-	87,774	326,213
Special services	3,761	-	-	-	3,761
Others	5,891,527	4,458	5,501	279,153	6,181,039
	34,580,846	382,779	82,649	2,006,762	36,993,036
	326,893,288	6,474,053	17,781,530	11,745,742	344,894,673
Less: Allowance for impairment losses					(14,514,885)
					330,379,788

	December 31, 2011				
	Neither Past Due Nor Impaired		Past Due But Not Impaired		Total
	High Grade	Standard Grade	Impaired	Total	
Assets					
Agriculture	19,833,954	29,599	1,612,543	605,890	21,482,190
Mining	1,812,863	2,489	79,153	9,907	1,903,615
Manufacturing	8,298,652	651,177	1,621,395	555,475	11,136,699
Electricity, gas and water	6,274,180	-	48,143	24,892	6,447,215
Construction	4,651,855	-	739,902	413,831	5,805,588
Trading, hotels and restaurants	70,387,189	48,487	8,088,595	4,795,535	83,319,806
Transportation, warehousing and communications	3,741,662	-	952,181	156,682	4,850,445
Business services	9,255,657	4,888,071	746,567	586,484	15,476,779
Special services	7,538,217	-	885,663	32,616	7,656,496
Others	106,311,189	195,476	4,270,766	1,192,800	111,960,441
	236,694,543	5,807,297	17,504,848	8,388,572	260,395,260

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(iv) Impairment of financial assets as of December 31, 2012, 2011 and 2010 (continued):

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

	December 31, 2012				
	Pooled Pool Date Not Impaired		Pool Date Not Not Impaired		Total
	High Grade	Standard Grade	Impaired	Impaired	
Region categories					
Agriculture	1,772,246	-	412,878	12,503	2,198,047
Mining	4,363,517	-	-	11,466	4,374,983
Manufacturing	3,254,789	237,486	956,499	551,987	9,280,451
Electricity, gas and water	67,562	-	-	-	67,562
Construction	1,164,580	-	1,113	-	1,165,693
Trucks, boats and automobiles	5,843,620	49,508	9,325	467,365	6,369,818
Transportation, warehousing and communications	130,464	-	826,646	2,404	959,514
Business services	153,583	-	-	91,518	245,101
Social services	90,213	-	-	-	90,213
Others	1,530,420	4,274	4,362	3,547	1,542,623
	<u>23,371,784</u>	<u>291,259</u>	<u>1,413,534</u>	<u>1,141,210</u>	<u>26,214,767</u>
	<u>259,878,262</u>	<u>8,888,658</u>	<u>18,915,282</u>	<u>8,624,782</u>	<u>286,684,972</u>
Less: Allowance for impairment losses					<u>(16,889,572)</u>
					<u>270,425,888</u>

	December 31, 2011				
	Pooled Pool Date Not Impaired		Pool Date Not Not Impaired		Total
	High Grade	Standard Grade	Impaired	Impaired	
Region					
Agriculture	15,779,416	-	887,068	625,576	17,290,060
Mining	1,724,268	-	28,684	20,589	1,773,541
Manufacturing	7,581,047	959,874	526,658	736,389	10,283,970
Electricity, gas and water	4,932,340	-	24,388	17,538	4,974,266
Construction	4,555,365	-	881,462	746,694	5,483,521
Trucks, boats and automobiles	72,559,421	16,787	5,888,287	4,236,562	82,681,057
Transportation, warehousing and communications	3,588,419	-	68,327	270,851	3,927,597
Business services	6,538,886	4,246,386	777,326	702,805	12,265,322
Social services	4,836,648	-	33,868	180,797	5,051,313
Others	88,432,840	188,739	3,311,256	1,312,632	93,245,521
	<u>210,967,770</u>	<u>5,441,839</u>	<u>11,688,889</u>	<u>8,847,233</u>	<u>236,267,739</u>
Region categories					
Agriculture	586,724	-	-	-	586,724
Mining	3,543,686	-	-	4,917	3,548,603
Manufacturing	1,783,312	308,258	18,019	686,862	2,788,643
Electricity, gas and water	899,656	-	-	-	899,656
Construction	588,886	-	-	-	588,886
Trucks, boats and automobiles	4,785,732	52,816	8,366	229,290	5,882,423
Transportation, warehousing and communications	898,269	-	13,522	7,932	919,723
Business services	43,732	-	9,768	-	53,500
Social services	44,127	-	-	55,502	99,629
Others	457,361	4,238	46,513	319,508	825,620
	<u>13,871,455</u>	<u>365,504</u>	<u>87,257</u>	<u>1,287,211</u>	<u>15,621,467</u>
	<u>234,888,286</u>	<u>6,777,243</u>	<u>11,728,144</u>	<u>18,844,444</u>	<u>252,488,288</u>
Less: Allowance for impairment losses					<u>(14,182,833)</u>
					<u>238,305,455</u>

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(iv) Impairment of financial assets as of December 31, 2012, 2011 and 2010 (continued):

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

Above table shows the credit quality of each financial instrument which is neither past due nor impaired (allowance for impairment losses excluded), defined as follows:

1. **High Grade**
Loans and Sharia receivables/financing, are third party receivables that are neither past due nor impaired, and has never been restructured (low risk).
2. **Standard Grade**
Loan and Sharia receivables/financing, are third party receivables that are neither past due nor impaired, but has been restructured (middle risk).

(g) Acceptances receivable

As of December 31, 2012 and 2011, this financial asset is not impaired individually or collectively. While, as of December 31, 2010, this financial asset is impaired with the following details:

	2010
Foreign currencies	
Usance Import Letter of Credit	553,304
Usance Domestic Documentary Letter of Credit	113,574
Total	666,878
Less: Allowance for impairment losses	(8,086)
	658,792

(h) Estimated losses on commitments and contingencies

As of December 31, 2012, 2011 and 2010, the administrative accounts are impaired with the following details:

	2012	2011	2010
Rupiah			
Guarantees issued	3,702,053	3,447,111	1,905,078
Irrevocable L/C	450,288	313,130	284,501
	4,152,379	3,760,241	2,189,579
Foreign currencies			
Irrevocable L/C	11,781,004	8,530,121	4,657,838
Guarantees issued	8,558,735	2,791,414	1,898,295
	20,341,339	11,321,535	6,556,133
Total	24,493,718	13,081,776	8,733,510
Less: Allowance for impairment losses	(414)	(152)	(83,422)
	24,493,304	13,081,624	8,650,088

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(v) Quality of financial assets:

The following table shows the quality of financial assets by class of assets for all financial assets with credit risk, amount presented are gross.

	December 31, 2012				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Assets					
Current accounts with Bank Indonesia	42,524,125	-	-	-	42,524,125
Current accounts with other banks	4,842,145	-	-	-	4,842,145
Placements with Bank Indonesia and other banks	65,242,528	-	-	-	65,242,528
Securities					
Fair value through profit or loss	612,585	-	-	-	612,585
Available for sale:					
Held to maturity	13,573,274	-	-	-	13,573,274
Held to maturity	25,551,380	-	-	-	25,551,380
Equity title	5,534,772	-	-	-	5,534,772
Government Receptationism Events					
Available for sale:					
Held to maturity	715,615	-	-	-	715,615
Held to maturity	3,680,000	-	-	-	3,680,000
Securities purchased under agreements to sell	9,550,521	-	-	-	9,550,521
Derivatives receivable:	28,850	-	-	-	28,850
Loans					
Micro	105,893,897	-	7,586,256	1,494,789	115,484,852
Retail	132,119,531	75,936	8,716,216	5,458,863	146,373,725
Corporate	77,265,780	5,395,292	885,428	4,442,484	88,893,684
State receivables and financing	10,623,180	15,825	264,589	340,425	11,248,281
Acceptances receivable	4,785,121	-	-	-	4,785,121
Investment in associated entities	1,944	-	-	-	1,944
Other assets	625,355	-	-	-	625,355
	688,893,297	8,476,854	17,702,288	11,736,742	826,809,281

	December 31, 2011				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Assets					
Current accounts with Bank Indonesia	33,840,418	-	-	-	33,840,418
Current accounts with other banks	5,533,225	-	-	-	5,533,225
Placements with Bank Indonesia and other banks	73,585,655	-	-	-	73,585,655
Securities					
Fair value through profit or loss	563,125	-	-	-	563,125
Available for sale:					
Held to maturity	15,415,830	-	-	-	15,415,830
Held to maturity	17,539,871	-	-	-	17,539,871
Equity title	4,828,569	-	-	-	4,828,569
Government Receptationism Events					
Available for sale:					
Held to maturity	5,385,025	-	-	-	5,385,025
Held to maturity	3,680,000	-	-	-	3,680,000
Securities purchased under agreements to sell	9,383,298	-	-	-	9,383,298
Derivatives receivable:	17,818	-	-	-	17,818

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(v) Quality of financial assets (continued):

	December 31, 2011				
	Nonfin Pool Das Not Impaired		Pool Das Not Impaired		Total
	High Grade	Standard Grade	Impaired	Total	
Assets (continued)					
Loans					
Micro	83,528,313	-	6,783,754	1,351,323	90,679,400
Retail	116,574,678	42,632	8,025,324	5,785,104	130,452,858
Corporate	44,857,680	6,032,226	3,819,541	2,124,522	56,833,969
State receivables and financing	6,615,581	23,628	216,663	252,833	9,108,715
Acceptances receivable	1,632,176	-	-	-	1,632,176
Investment in associated entities ¹⁾	1,544	-	-	-	1,544
Other assets ²⁾	1,128,481	-	-	-	1,128,481
	432,913,389	6,098,556	18,215,302	9,634,782	466,862,029
	December 31, 2010				
	Nonfin Pool Das Not Impaired		Pool Das Not Impaired		Total
	High Grade	Standard Grade	Impaired	Total	
Assets					
Current accounts with Bank Indonesia	19,589,693	-	-	-	19,589,693
Current accounts with other banks	5,658,116	-	-	-	5,658,116
Placements with Bank Indonesia and other banks	83,272,350	-	-	-	83,272,350
Securities					
Fair value through profit or loss	283,144	-	-	-	283,144
Available for sale	13,872,295	-	-	-	13,872,295
Held to maturity	9,240,734	-	-	-	9,240,734
Export bills	741,757	-	-	-	741,757
Government Receguisitionan Bonds					
Available for sale	6,825,463	-	-	-	6,825,463
Held to maturity	7,620,000	-	-	-	7,620,000
Securities purchased under agreements to resell	521,381	-	-	-	521,381
Derivatives receivable	87,870	-	-	-	87,870
Loans					
Micro	75,780,322	-	4,863,157	1,182,650	81,826,129
Retail	108,811,685	804,245	6,026,863	5,891,802	120,840,045
Corporate	35,878,180	5,676,038	642,618	2,835,135	45,992,823
State receivables and financing	5,183,867	-	883,244	175,657	6,522,768
Acceptances receivable	685,878	-	-	-	685,878
Investment in associated entities ¹⁾	1,645	-	-	-	1,645
Other assets ²⁾	1,295,744	-	-	-	1,295,744
	373,887,388	6,777,343	11,728,144	18,944,494	401,347,369

¹⁾ Investment in associated entities with no significant influence.

²⁾ Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles.

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37. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

(vi) The following tables show the aging analysis of loans, Sharia receivables and financing which are past due but not impaired.

	December 31, 2012				Total
	≤ 30 days	> 30 – 90 days	> 90 – 180 days	> 180 days	
Loans					
Micro	204,357	53,858	7,744,251	-	7,999,256
Retail	739,385	252,277	7,724,554	-	8,715,216
Corporate	-	192,769	612,359	-	805,128
Sharia receivables and financing	191,418	36,107	36,405	-	264,930
	1,126,158	474,911	16,117,569	-	17,718,638

	December 31, 2011				Total
	≤ 30 days	> 30 – 90 days	> 90 – 180 days	> 180 days	
Loans					
Micro	178,253	43,855	6,568,485	-	6,790,593
Retail	807,811	269,161	7,013,212	-	8,089,284
Corporate	36,936	622,919	3,159,887	-	3,819,742
Sharia receivables and financing	160,587	29,203	26,473	-	216,263
	1,183,587	965,138	16,767,957	-	18,916,682

	December 31, 2010				Total
	≤ 30 days	> 30 – 90 days	> 90 – 180 days	> 180 days	
Loans					
Micro	174,516	44,102	4,658,579	-	4,877,197
Retail	504,474	165,823	5,366,806	-	6,037,103
Corporate	88,639	73,177	489,734	-	641,540
Sharia receivables and financing	121,945	28,727	29,572	-	180,244
	889,574	311,829	10,544,691	-	11,746,094

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 (according to Decision Letter of BRI No. 580-DIR/DMP/018/2010) 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.

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37. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

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/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, 2012, 2011 and 2010:

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	Other without maturity
Assets						
Cash	13,895,464	-	-	-	-	13,895,464
Current accounts with Bank Indonesia	42,528,126	-	-	-	-	42,528,126
Current accounts with other banks	4,842,146	-	-	-	-	4,842,146
Allowance for impairment losses	(171)	-	-	-	-	(171)
Placement with Bank Indonesia and other Banks	66,242,928	38,382,467	21,883,229	14,167,298	-	-
Securities	41,137,640	13,951,305	1,577,741	11,808,551	13,704,973	-
Allowance for impairment losses	(783)	-	-	-	-	(783)
Export bills	5,984,772	777,846	808,732	4,356,194	-	-
Government Receivables						
Bank	4,315,616	715,616	-	-	3,600,000	-
Securities purchased under agreement to resell	9,558,521	1,184,577	7,754,968	611,306	-	-
Derivatives receivable	28,850	-	1,417	-	27,433	-
Loans						
Micro	115,494,852	1,114,126	2,125,242	15,304,321	95,881,163	-
Retail	146,373,726	12,038,989	9,576,918	38,738,298	85,867,519	-
Corporate	88,889,684	12,528,908	12,118,915	12,457,784	51,708,477	-
Allowance for impairment losses	(14,677,238)	-	-	-	-	(14,677,238)
Trade receivables and financing	11,248,281	357,787	684,864	1,259,535	8,907,895	-
Allowance for impairment losses	(237,645)	-	-	-	-	(237,645)
Accounts receivable	4,786,121	573,963	1,955,525	2,256,633	-	-
Investment in associated entities	1,944	-	-	-	1,944	-
Allowance for impairment losses	(538)	-	-	-	-	(538)
Other assets	625,355	194,772	125,701	319,882	-	-
Total Assets	648,876,884	78,878,838	48,288,838	181,288,812	288,884,486	48,246,884

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37. RISK MANAGEMENT (continued)

Liquidity 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	Other without maturity
Liabilities						
Liabilities due immediately	4,911,852	-	-	-	-	4,911,852
Deposits from customers						
Demand deposits	79,403,214	-	-	-	-	79,403,214
Monthly automatic deposits	671,800	-	-	-	-	671,800
Savings deposits	182,481,686	-	-	-	-	182,481,686
Monthly saving deposits	1,688,478	-	-	-	-	1,688,478
Automatic saving deposits	195,285	-	-	-	-	195,285
Time deposits	177,257,237	103,685,508	28,479,150	51,795,544	311,535	-
Automatic time deposits	8,458,683	5,425,477	1,858,612	179,245	2,348	-
Deposits from other Banks and financial institutions	2,778,618	2,419,385	11,250	348,083	-	-
Securities sold under agreement to repurchase	-	-	-	-	-	-
Derivatives payable	152,499	3,403	1,525	-	147,355	-
Acceptances payable	4,785,121	573,963	1,955,525	2,256,633	-	-
Fund investments	10,888,755	1,682,127	3,599,440	5,477,598	121,598	-
Other liabilities	627,852	471,168	81,448	68,956	5,479	-
Uncontracted issues	2,115,552	252	-	21,088	2,092,217	-
Total Liabilities	408,437,698	112,257,636	28,671,859	68,147,368	2,883,464	288,352,345
Maturity gap	88,648,138	68,288,029	28,824,888	41,215,888	288,887,368	(224,888,811)
		2011				
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	Other without maturity
Assets						
Cash	10,525,973	-	-	-	-	10,525,973
Central accounts with Bank Indonesia	33,040,418	-	-	-	-	33,040,418
Central accounts with other banks	5,533,225	-	-	-	-	5,533,225
Allowance for impairment losses	(51)	-	-	-	-	(51)
Placements with Bank Indonesia and other Banks	73,995,635	57,405,438	12,391,514	3,798,712	-	-
Allowance for impairment losses	(300)	-	-	-	-	(300)
Securities	33,919,025	15,868,805	959,560	4,168,574	11,888,987	-
Allowance for impairment losses	(1,510)	-	-	-	-	(1,510)
Export bills	4,828,559	572,438	815,880	3,448,051	-	-
Government Recapitalization Bonds	8,935,025	5,395,025	-	-	3,508,000	-

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37. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Asset and Liability Analysis According to Contractual Maturity (continued)

Description	2011					
	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	Other without maturity
Assets						
Securities acquired under agreement to resell	9,382,258	7,364,577	2,018,621	-	-	-
Debt/income receivable	17,818	-	75	-	17,743	-
Loans						
Micro	98,079,430	955,533	1,808,735	13,732,938	81,582,229	-
Retail	138,492,858	12,011,714	8,551,223	34,139,757	75,798,168	-
Corporate	56,833,959	7,808,545	7,085,887	9,125,558	33,013,979	-
Allowance for impairment losses	(15,951,531)	-	-	-	-	(15,951,531)
State receivables and financing	9,808,715	735,288	874,494	1,224,184	6,273,749	-
Allowance for impairment losses	(138,441)	-	-	-	-	(138,441)
Acceptances receivable	1,592,176	428,588	738,413	54,183	-	-
Allowance for impairment losses	-	-	-	-	-	-
Investment in associated entities	1,944	-	-	-	1,944	-
Allowance for impairment losses	(536)	-	-	-	-	(536)
Other assets	1,128,481	452,528	391,807	285,454	-	-
Total Assets	484,894,282	148,748,288	26,577,289	78,442,878	212,148,888	23,887,237
Liabilities						
Liabilities due immediately	3,951,640	-	-	-	-	3,951,640
Deposits from customers						
Current deposits	75,262,900	-	-	-	-	75,262,900
Wholesale demand deposits	515,829	-	-	-	-	515,829
Savings deposits	152,643,459	-	-	-	-	152,643,459
Wholesale saving deposits	1,385,724	-	-	-	-	1,385,724
Mechanized saving deposits	182,730	-	-	-	-	182,730
Time deposits	146,805,931	87,808,847	28,911,573	37,738,955	246,906	-
Mechanized time deposits	7,345,652	5,870,418	1,317,236	157,991	25	-
Deposits from other Banks and financial institutions	4,024,153	3,908,489	-	114,666	-	-
Securities sold under agreements to repurchase	802,681	802,681	-	-	-	-
Debt/income payable	173,536	455	-	-	173,081	-
Acceptances payable	1,592,176	428,588	738,413	54,183	-	-
Fund investments	13,859,316	-	2,281,825	18,778,481	46,368	-
Other liabilities	618,851	485,119	95,871	72,198	4,871	-
Unallocated losses	2,135,288	252	-	21,093	2,114,943	-
Total Liabilities	448,870,736	59,905,821	25,305,258	49,399,459	2,595,905	234,873,342
Maturity gap	48,023,547	18,842,467	18,271,841	21,043,419	209,552,983	(211,086,105)

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37. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Asset and Liability Analysis According to Contractual Maturity (continued)

Description	2012					
	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	Other without maturity
Assets						
Cash	9,975,712	-	-	-	-	9,975,712
Current accounts with Bank Indonesia	19,989,683	-	-	-	-	19,989,683
Current accounts with other banks	5,658,116	-	-	-	-	5,658,116
Allowance for Impairment losses	(53)	-	-	-	-	(53)
Placements with Bank Indonesia and other banks	83,272,380	74,157,075	8,901,750	213,555	-	-
Allowance for Impairment losses	(250)	-	-	-	-	(250)
Securities	22,516,173	14,535,344	-	575,178	7,405,651	-
Allowance for Impairment losses	(1,580)	-	-	-	-	(1,580)
Export bills	241,757	488,084	218,257	42,465	-	-
Allowance for Impairment losses	(7,418)	-	-	-	-	(7,418)
Government Receptanculation Bonds	13,626,453	6,026,463	4,008,800	-	3,608,800	-
Securities purchased under agreement to resell	501,381	501,381	-	-	-	-
Derivatives receivable	87,870	9,215	-	78,654	-	-
Loans						
Micro	81,852,169	847,955	1,808,422	12,586,822	65,578,978	-
Retail	128,840,846	18,279,428	8,558,955	38,053,517	71,155,944	-
Corporate	45,892,823	2,215,219	7,527,829	4,556,298	38,693,485	-
Allowance for Impairment losses	(13,591,454)	-	-	-	-	(13,591,454)
Share receivables and financing	5,524,958	228,301	365,470	758,294	4,148,903	-
Allowance for Impairment losses	(111,376)	-	-	-	-	(111,376)
Acceptances receivable	835,878	269,598	294,132	183,148	-	-
Allowance for Impairment losses	(5,629)	-	-	-	-	(5,629)
Investment in associated entities	1,546	-	-	-	1,546	-
Allowance for Impairment losses	(547)	-	-	-	-	(547)
Other assets	1,295,744	924,369	344,424	25,951	-	-
Total Assets	288,763,732	178,448,576	22,178,449	48,887,886	133,824,788	27,684,234
Liabilities						
Liabilities due immediately	4,123,639	-	-	-	-	4,123,639
Deposits from customers						
Current deposits	77,048,657	-	-	-	-	77,048,657
Walk-in demand deposits	315,779	-	-	-	-	315,779
Savings deposits	125,197,518	-	-	-	-	125,197,518
Walk-in saving deposits	738,227	-	-	-	-	738,227
Matsyandah saving deposits	54,025	-	-	-	-	54,025
Time deposits	125,309,586	77,702,631	13,673,339	34,748,268	184,156	-

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37. RISK MANAGEMENT (continued)

Liquidity 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	Other without maturity
Liabilities (continued)						
Deposits from customers (continued)						
Mechanized loan deposits	3,988,585	3,802,452	301,152	84,981	-	-
Deposits from other Banks and financial institutions	5,168,315	5,168,299	116	-	-	-
Securities sold under agreements to repurchase	526,355	102,752	-	423,603	-	-
Derivatives payable	81,801	3,574	-	5,639	72,388	-
Acceptances payable	856,808	269,599	294,132	103,148	-	-
Fund borrowings	9,458,545	895,397	4,684,862	3,766,126	308,180	-
Other liabilities ^(*)	808,789	456,429	44,180	93,522	9,528	-
Securitized loans	2,156,181	232	-	21,099	2,134,856	-
Total Liabilities	28,426,819	27,268,814	18,887,341	28,247,882	2,788,188	287,472,285
Maturity gap	48,277,822	22,472,768	12,112,788	8,788,288	128,876,894	(186,872,041)

^(*) Involved 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.

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 (on) or administrative accounts (off). 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 on 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.

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

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 table presents information on VaR value starting from January 1, 2012 until December 31, 2012. BRI has no trading portfolio as at December 31, 2012.

	<u>Exchange Rate¹⁾</u>	<u>Interest Rate</u>
Daily Average	22,738.54	0,331.72
Highest	37,003.37	28,493.55
Lowest	8,853.73	-

¹⁾ Including funding and lending 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 hypothetical statement of comprehensive income and estimated result of daily VaR measurement.

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 once every three months 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 determination is performed at least once in a month during Asset and Liability Committee (ALCO) forum.

The following table presents information on the annual interest rate range for financial asset and liability position for the years ended December 31, 2012, 2011 and 2010:

	<u>December 31, 2012</u>		<u>December 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Rupiah (%)</u>	<u>Foreign Currency (%)</u>	<u>Rupiah (%)</u>	<u>Foreign Currency (%)</u>	<u>Rupiah (%)</u>	<u>Foreign Currency (%)</u>
ASSETS						
Financials with Bank Interest and other assets	3.75 - 7.50	0.12 - 0.95	4.50 - 7.25	0.13 - 1.06	5.50 - 7.75	0.11 - 2.08
Securities	4.45 - 13.50	1.41 - 8.00	6.25 - 13.50	1.25 - 8.00	6.37 - 13.50	1.35 - 8.00
Loans	4.50 - 22.32	3.40 - 9.50	5.00 - 24.00	3.70 - 9.50	5.50 - 24.00	3.75 - 9.50
Government Receipts/Deposit Bonds						
Fix interest rate	13.15 - 13.18	-	13.15 - 13.18	-	13.15 - 13.48	-
Floating interest rate	6.37 - 6.64	-	3.75 - 5.49	-	1.69 - 4.05	-

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

(a) Interest Rate Risk (continued)

	December 31, 2012		December 31, 2011		December 31, 2010	
	Rupiah (Rp)	Foreign Currency (Rp)	Rupiah (Rp)	Foreign Currency (Rp)	Rupiah (Rp)	Foreign Currency (Rp)
LIABILITIES						
Deposits from customers	0.00 - 6.00	0.00 - 1.50	0.00 - 6.00	0.00 - 1.00	0.00 - 7.00	0.00 - 1.50
Deposits from other banks and other financial institutions	0.00 - 6.50	0.00 - 2.35	0.00 - 7.25	0.00 - 2.30	0.00 - 8.00	0.00 - 2.50
Fund borrowings	3.75 - 8.25	-	3.75 - 8.25	-	3.75 - 7.00	-
Subordinated loans	0.00 - 10.95	-	0.00 - 10.95	-	0.00 - 10.95	-

The following table presents the sensitivity towards possible change in interest rate for banking book, with the remaining variable being constant, towards BIR's statement of comprehensive income.

Changes in Percentage	Impact on Comprehensive Income
+/- 1%	+/- 351,520
+/- 3%	+/- 1,055,485
+/- 5%	+/- 1,750,140

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%, 3% and 5%.

The tables below summarize the financial assets and liabilities exposures to interest rate risk (gross) (unaudited):

Description	2012			Fixed Interest rate	Non-Interest bearing	Total
	Floating Interest rate					
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
Assets						
Cash	-	-	-	-	13,895,464	13,895,464
Current accounts with Bank Indonesia	42,520,125	-	-	-	-	42,520,125
Current accounts with other banks	4,842,146	-	-	-	-	4,842,146
Placement with Bank Indonesia and other banks	30,392,457	35,850,461	-	-	-	66,242,918
Securities						
Fair value through profit or loss	-	-	-	612,986	-	612,986
Available for sale	-	-	-	13,573,274	-	13,573,274
Held to maturity	-	-	-	26,951,380	-	26,951,380

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

(a) Interest Rate Risk (continued)

Description	2012					
	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			
Assets						
Assets available for sale						
Government						
Receipts/Issuance						
Bonds						
Available for sale	5,534,772	-	-	-	-	5,534,772
Held to maturity	-	-	-	-	-	-
Securities purchased under agreement to resell	715,616	-	-	-	-	715,616
Derivatives receivable	3,520,000	-	-	-	-	3,520,000
Loans	-	-	15,479	9,550,521	13,371	9,565,921
Micro	-	-	-	-	-	-
Retail	-	-	7,981,888	32,089,228	-	39,971,116
Corporate	-	-	756,597	14,598,479	-	15,355,076
State receivables and financing	-	-	-	-	11,248,281	11,248,281
Acceptances receivable	4,785,121	-	-	-	-	4,785,121
Investment in associated entities	-	-	-	-	1,944	1,944
Other assets	-	-	-	-	625,355	625,355
Total Assets	207,894,823	128,822,288	8,764,264	87,425,856	26,794,416	656,802,637
Liabilities						
Liabilities due						
Immediate	4,911,852	-	-	-	-	4,911,852
Deposits from customers						
Current deposits	79,403,214	-	-	-	-	79,403,214
Reserve deposits	-	-	-	-	671,800	671,800
Saving deposits	182,481,686	-	-	-	-	182,481,686
Time deposits	-	-	-	-	1,588,478	1,588,478
Deposits from other banks and other financial institutions	-	-	-	-	2,778,618	2,778,618
Securities sold under agreement to repurchase	-	-	-	-	-	-
Derivatives payable	-	-	-	147,264	4,329	151,593
Acceptances payable	4,785,121	-	-	-	-	4,785,121
Fund loanings	-	10,571,748	-	217,009	100,000	10,888,755
Subordinated loans	-	-	-	2,116,562	-	2,116,562
Other liabilities	-	-	-	-	627,052	627,052
Total Liabilities	208,242,829	68,287,288	371,826	5,288,448	11,798,227	478,422,628
Interest rate re-pricing						
BMP balances						
Receivable assets and liabilities	(98,047,897)	(68,884,878)	(8,042,878)	(82,148,488)	(14,828,188)	(262,952,129)

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

(a) Interest Rate Risk (continued)

Description	2011			Fixed Interest rate	Floating Interest bearing	Total
	Floating Interest rate					
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year			
Assets						
Cash	-	-	-	-	10,525,973	10,525,973
Current accounts with Bank Indonesia	33,040,418	-	-	-	-	33,040,418
Current accounts with other banks	5,533,225	-	-	-	-	5,533,225
Placement with Bank Indonesia and other banks	73,346,839	259,517	-	-	-	73,606,356
Securities						
Fair value through profit or loss	-	-	-	563,125	-	563,125
Available for sale	-	-	-	15,416,030	-	15,416,030
Held to maturity	-	-	-	17,939,871	-	17,939,871
Equity title	4,828,569	-	-	-	-	4,828,569
Government Receipitization						
Bonds						
Available for sale	713,701	-	-	4,682,325	-	5,396,026
Held to maturity	3,680,800	-	-	-	-	3,680,800
Securities purchased under agreement to resell	-	-	-	9,383,298	-	9,383,298
Derivatives receivable	-	-	17,744	-	79	17,818
Loans						
Micro	31,988,160	32,115,522	7,326,828	27,056,828	-	98,487,338
Retail	82,742,877	33,504,345	628,801	13,136,835	-	130,412,858
Corporate	58,305,940	5,527,925	-	-	-	63,833,865
Savings receivables and financing	-	-	-	-	9,188,715	9,188,715
Acceptance receivable	1,692,176	-	-	-	-	1,692,176
Investment in associated entities	-	-	-	-	1,944	1,944
Other receivable	-	-	-	-	1,128,481	1,128,481
Total Assets	287,282,285	72,888,819	7,955,629	88,178,884	28,786,187	477,038,682
Liabilities						
Liabilities due:						
Intersubsidary	3,961,640	-	-	-	-	3,961,640
Deposits from Customers						
Demand deposits	76,252,900	-	-	-	-	76,252,900
Fixed deposit						
Savings deposits	152,643,459	-	-	-	515,829	152,643,459
Fixed deposit						
Savings deposits	-	-	-	-	1,385,724	1,385,724
Savings deposits	-	-	-	-	102,790	102,790
Term deposits	108,821,520	37,738,855	246,806	-	-	146,806,181
Savings deposits	-	-	-	-	7,345,652	7,345,652
Deposits from other banks and other financial institutions	-	-	-	4,824,163	-	4,824,163
Securities sold under agreement to repurchase	-	-	-	102,581	-	102,581

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

(a) Interest Rate Risk (continued)

2011						
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			
Liabilities						
(continued)						
Deposits payable:						
Acceptances payable:	1,532,176	-	173,081	-	455	1,705,712
Fund investments:	-	12,803,448	-	294,467	-	13,097,915
Subordinated loans:	-	-	-	2,136,288	-	2,136,288
Other liabilities ^(*) :	-	-	-	-	518,051	518,051
Total Liabilities:	1,532,176	12,803,448	173,081	2,430,755	518,506	17,258,074
Interest rate re-pricing						
BNP Indonesia						
Banknote issuance						
and liabilities:	15,188,488	22,228,288	7,283,888	21,828,785	18,785,878	67,535,327

2010						
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			
Assets						
Cash						
Cash:						
Central accounts with Bank Indonesia:	19,989,683	-	-	-	-	19,989,683
Central accounts with other banks:	5,658,116	-	-	-	-	5,658,116
Placements with Bank Indonesia and other banks:	82,267,776	1,004,614	-	-	-	83,272,390
Securities:						
Fair value through profit or loss:	-	-	-	203,144	-	203,144
Available for sale:	-	-	80,398	13,061,887	-	13,142,285
Held to maturity:	-	-	3,175,431	5,065,303	-	8,240,734
Export bills:	241,757	-	-	-	-	241,757
Government Receivables:						
Bonds:						
Available for sale:	-	-	-	5,026,463	-	5,026,463
Held to maturity:	3,608,000	-	4,008,000	-	-	7,616,000
Securities purchased under agreement to resell:	-	-	-	521,381	-	521,381
Deposits receivable:						
Lama:						
Micro:	26,455,115	26,953,757	5,737,805	22,575,492	-	81,722,169
Retail:	77,537,434	38,218,748	-	12,283,572	-	128,039,754
Corporate:	38,437,791	5,654,252	-	-	-	44,092,043
State receivables and financing:	-	-	-	-	5,524,968	5,524,968
Acceptances receivable:	685,878	-	-	-	-	685,878
Investment in associated entity:	-	-	-	-	1,546	1,546
Other assets ^(*) :	-	-	-	-	1,295,744	1,295,744
Total Assets:	108,254,529	68,841,261	12,991,288	38,887,522	18,887,288	248,862,088

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

A. Market Risk Outside Trading Book (continued)

(a) Interest Rate Risk (continued)

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			
Liabilities						
Liabilities due:						
Immediacy	4,123,639	-	-	-	-	4,123,639
Deposits from customers						
Demand deposits	77,048,697	-	-	-	-	77,048,697
Walking demand deposits	-	-	-	-	315,779	315,779
Savings deposits	125,197,518	-	-	-	-	125,197,518
Walking saving deposits	-	-	-	-	738,227	738,227
Mechanized saving deposits	-	-	-	-	54,085	54,085
Time deposits	51,376,870	34,748,368	184,156	-	-	126,309,595
Mechanized time deposits	-	-	-	-	3,988,585	3,988,585
Deposits from other Banks and financial institutions	87,941	-	-	5,072,374	-	5,160,315
Securities sold under agreement to repurchase	-	-	-	526,365	-	526,365
Derivatives payable	-	-	78,128	-	3,673	81,801
Acceptances payable	666,878	-	-	-	-	666,878
Fund loanings	-	9,391,615	-	62,988	-	9,454,545
Guaranteed loans	-	-	-	2,156,181	-	2,156,181
Other liabilities (*)	-	-	-	-	603,789	603,789
Total Liabilities	288,588,743	44,140,076	284,284	7,877,808	6,794,888	347,175,899
Interest rate re-pricing						
BAP balance						
Recessed assets and liabilities	(62,148,182)	18,788,888	12,748,884	62,888,782	11,183,288	64,387,780

*) Involved in associated entities with no significant influence.

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

*) Other liabilities consist of interest payables and guarantee deposits.

(b) Exchange Rate Risk

Exchange rate risk is the risk due to the gap of foreign exchange positions held by BRI which is reflected in BRI's Net Open Position (NOP) both individually and at a consolidated level. 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 conducted to control the NOP.

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

A. Market Risk Outside Trading Book (continued)

(b) Exchange Rate Risk (continued)

The tables below represent NOP (BRI only) as of December 31, 2012, 2011 and 2010 (unaudited), by currency, as follows:

Currencies	2012		
	Assets	Liabilities	NOP
Statement of financial position			
United States Dollar	60,353,230	60,066,218	287,021
European Euro	1,797,947	1,837,302	(130,355)
Singapore Dollar	200,000	275,679	20,930
Great Britain Pound Sterling	204,026	216,085	67,081
Japanese Yen	203,138	25,577	177,561
Australian Dollar	106,837	7,363	191,474
Others	5,826,878	5,374,018	452,860
			1,031,452
Statements of financial position and administrative accounts*)			
United States Dollar	70,558,006	69,854,365	604,333
European Euro	1,797,947	1,837,302	130,365
Singapore Dollar	200,000	275,679	20,930
Great Britain Pound Sterling	204,026	216,085	67,081
Japanese Yen	203,138	25,577	177,561
Australian Dollar	106,837	7,363	191,474
Others	5,826,878	5,374,018	452,860
			1,654,474
Capital (Note 47a)			55,133,677
NOP Ratio (Statements of financial position)			1.88 %
NOP Ratio (Overall)			3.00 %

Currencies	2011		
	Assets	Liabilities	NOP
Statements of financial position			
United States Dollar	40,859,148	48,624,580	1,034,568
European Euro	741,127	506,007	234,520
Singapore Dollar	250,127	100,898	81,141
Japanese Yen	242,911	66,802	178,109
Great Britain Pound Sterling	209,226	79,940	129,277
Australian Dollar	114,542	5,225	109,317
Others	4,578,713	4,267,163	312,560
			2,076,472

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

(b) Exchange Rate Risk (continued)

Currencies	2011		
	Assets	Liabilities	NOP
Statements of financial position and administrative accounts¹⁾			
United States Dollar	53,821,245	52,509,067	1,252,178
European Euro	741,127	508,007	234,520
Australian Dollar	114,542	5,225	109,317
Japanese Yen	242,011	66,802	178,109
Singapore Dollar	250,127	100,898	81,141
Great Britain Pound Sterling	209,226	79,940	129,277
Others	4,579,713	4,267,163	312,550
			2,294,032
Capital (Note 47a)			41,815,888
NOP Ratio (Statements of financial position)			4.97%
NOP Ratio (Overall)			5.48%
Currencies	2010		
	Assets	Liabilities	NOP
Statements of financial position and administrative accounts¹⁾			
United States Dollar	43,173,174	44,123,284	(850,000)
European Euro	1,340,027	1,157,064	152,943
Australian Dollar	454,888	37,288	417,600
Japanese Yen	100,017	51,274	100,843
Singapore Dollar	130,815	34,388	102,440
Great Britain Pound Sterling	81,036	54,273	7,863
Others	300,291	61,847	328,414
			168,622
Statement of financial position and administrative accounts¹⁾			
United States Dollar	51,023,235	51,316,880	293,465
European Euro	1,340,027	1,157,064	152,943
Australian Dollar	454,888	37,288	417,600
Japanese Yen	100,017	51,274	100,843
Singapore Dollar	130,815	34,388	102,440
Great Britain Pound Sterling	81,036	54,273	7,863
Others	300,291	61,847	328,414
			1,412,167
Capital (Note 47a)			31,710,580
NOP Ratio (Statements of financial position)			0.53%
NOP Ratio (Overall)			4.45%

¹⁾ Total absolute difference between Assets and Liabilities denominated in foreign currencies.

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37. RISK MANAGEMENT (continued)

Market Risk Management (continued)

5. BIRI Agro Sensitivity Analysis

The following tables present sensitivity towards possible change in interest rate and exchange rate of BIRI Agro towards statement of comprehensive income with the remaining variables being constant.

Interest Rate Risk	
Percentage Change	Impact to Statement of Comprehensive Income
+/- 1%	+/- 3,012
+/- 3	+/- 11,736
+/- 5	+/- 19,500

Foreign Exchange Risk	
Percentage Change	Impact to Statement of Comprehensive Income
+/- 1%	+/- 41
+/- 3	+/- 123
+/- 5	+/- 206

Operational Risk Management

Operational Risk Management Implementation is carried out based on Bank Indonesia Regulation (PBI) No.11/25/PBI/2008 on Risk Management Implementation for 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. Operational risk exposure management includes management of legal, reputational, compliance and strategic risk exposure in every business process and operational activities.

Each of BIRI operational working unit acts as the first line of defense and is responsible for the implementation of risk management process through internal control system in business and operational activities in each working unit. The risk management process of operational working unit begins from phase of identification, measurement, monitoring until risk management. The Board of Directors determined Risk Management Function in every working unit starting from Head Office level (Division/Desk), Regional Office, Special Branch Office, including Branch Office which covers operational, marketing and micro business.

The existing Operational Risk Management in the Head Office as well as Regional Office have performed activities intended to prevent event of risk based on the determined structure of operational risk management. Operational Risk Management as the second line of defense is responsible in developing and implementing policy/procedure and methodology, monitoring, reviewing and controlling operational risk management process as well as composing and monitoring BIRI's operational risk profile, both in corporate and regional level, assessing the risk management adequacy of a new product or activity, and supporting operational working unit/risk owner in developing risk awareness culture and compliance towards risk management principles including developing and coordinating Anti-Fraud strategy implementation. Monitoring and validation of the performed and adequacy of Operational Risk Management process is conducted by the Head Office Audit.

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37. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

1. Risk Control and Self Assessment (RCSA)

The main tool of operational risk management consists of Risk and Control Self Assessment (RCSA), Key Risk Indicator (KRI) and Incident Management (IM). The tool is completed with Risk Management Forum and maturity assessments to improve documentation quality in risk management performance in working unit. Determination of operational risk management tools are supported with Operational Risk Assessor (OPRA).

RCSA assesses operational risk and other risks qualitatively and predictively by using impact dimension as well as probability of an event. The results of RCSA are identification and detection of operational risk sources including bank internal control adequacy to avoid deviation/failure. RCSA has already been implemented in BRI working unit which covers Head Office Division/Desk, Regional Office, Special Branch Office and Branch Office including Sub-Branch Office, Unit Terrace, as well as Priority Service Centre. Policy on RCSA is stipulated through BRI Circular Letter No. S.25-DIR/DMR/12/2012.

The main risk issue is assessed, identified or 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.

2. Incident Management (IM) and 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.43-DIR/DMR/11/2007.

Based on the loss event data in IM module, loss event analysis can be performed based on the classification of cause, functional activity, type of event and business line. Data of every operational loss is a result of documentation based on guideline and procedure for incident handling of financial and non financial loss, including litigation process development. Consequently, the information is used to compose and complete operational risk control policy and procedure.

Operational loss data of BRI, documented since the year 2007 are composed consistently and systematically in the form of loss database matrix classified into 8 (eight) business lines and 7 (seven) types/categories of event based on event frequency dimension and severity/loss. LED has been used in simulation of capital charges calculation of operational risk by using Advanced Measurement Approach (AMA) method, as well as Extreme Value Theory (EVT) or Loss Distribution Approach (LDA).

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37. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

3. Key Risk Indicators (KRI)

KRI is a continuation of the implementation of the RCSA process, especially for key risks are predicted to have a moderate or high risk level. KRI is a tool to detect risk trends both leading to loss events that have not happened and that is historical. In addition, KRI is also used as an input for setting the anticipation preventing a worse risk events or remedial action control over key risks are monitored. KRI policy arranged through BRI Circular Letter No. S.24-DIR/DMP/08/2012.

Main risk indicators for all types of embedded risks in the business activity of a working unit is monitored through management reporting system. Reporting is composed according to the need of related internal working unit and existing regulation. Every risk indicator has threshold or limit risk which portrays the acceptable condition and risk (risk appetite) of the management. Bankwide risk profile report and Regional risk profile are reported monthly to the management, among others main risk indicators which are monitored on a routine basis by BRI management and regulatory party.

4. Risk Management Forum (RM Forum)

RM Forum is an operational risk management tool containing documentation on minutes of meeting among heads of working units with the lower officials, employees and staffs to discuss issue and risk embedded in the daily business or operational activity that might hinder in accomplishing the determined business target or performance. Information on the minutes of meeting that are documented in the RM Forum portray the risk management process performed in each working unit and is one of the sources used to update risk issue in RCSA of each working unit. RM Forum policy is stipulated through BRI Circular Letter No. S.25-DIR/DMP/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/DMP/04/2009.

6. Business Continuity Management (BCM)

The main objective of BCM is to maintain the continuance of critical business and operational activities in order for BRI to be able to keep serving customers despite of disastrous condition. Hence, BCM is a procedure designed to protect BRI's asset as well as providing sufficient respond in times of disruption or disaster. BCM policy is stipulated through BRI Circular Letter No. S.02-DIR/DMP/01/2009.

The BCM covers Emergency Respond Plan as a procedure to protect the security and safety of employees, customers and stakeholders in the working unit and Business Continuity Plan as a procedure to quickly recover critical operational and business process in times of disaster declaration by the management. BCM implementation covers all working units, among others through Crisis Management Team, Call Tree arrangement and alternate sites determination. BCM pilot project is prioritized for working units in disaster areas.

One of the scopes of BCM is IT readiness in fronting disruption or disaster. In relation, during the second quarter of year 2012, Disaster Recovery Center (DRC) trial was performed in executing BRI's core banking system to support operational working units for several days, including weekend banking service.

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37. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

6. Business Continuity Management (BCM) (continued)

Readiness of the organization in ensuring well execution of BCM procedures has been tested during events of disaster in several working units. Availability of E-Buzz car and Mobile Terrace Bank (Teras Keliling) located throughout all working units are utilized to support operational recovery process for working units in disaster areas as it can be used as alternate site.

7. Anti-Fraud Strategy Policy

Determination and implementation of Anti-Fraud Strategy as part of Risk Management implementation to prevent and manage fraud incident in BRI. Anti-Fraud Strategy covers 4 (four) pillars according to the requirements of Bank Indonesia, which are a) prevention, b) detection, c) investigation, reporting and sanction as well as d) evaluation, monitoring and follow-up. Besides that, statement of "zero-tolerance" towards every fraud incident was declared by the Board of Directors and Commissioners. Anti-Fraud commitment is performed by every BRI's employee as a form of awareness in fraud prevention. Anti-Fraud Strategy policy is stipulated through BRI Circular Letter No.S.106-DIR/DIR/05/2012.

38. 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, 2012, 2011 and 2010 and are not updated to reflect changes in market conditions which have occurred subsequently.

	December 31, 2012		December 31, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
ASSETS						
Cash	10,080,484	10,080,484	10,028,870	10,028,870	8,870,712	8,870,712
Current accounts with Bank Indonesia	43,024,129	43,024,129	23,048,418	23,048,418	18,888,829	18,888,829
Current accounts with other banks	4,041,870	4,041,870	6,028,104	6,028,104	5,028,800	5,028,800
Placements with Bank Indonesia and other banks	60,242,825	60,242,825	70,086,000	70,086,000	63,272,148	63,272,148
Securities						
Fair value through profit or loss	612,889	612,889	608,128	608,128	203,144	203,144
Available for sale	10,070,274	10,070,274	16,416,030	16,416,030	13,072,289	13,072,289
Held to maturity	20,880,000	20,880,000	17,838,001	18,828,808	8,208,224	8,217,208
Reportable	6,884,772	6,884,772	4,828,008	4,828,008	734,308	734,308
Government Reconciliation Bonds						
Available for sale	710,040	710,040	8,088,000	8,088,000	8,028,400	8,028,400
Held to maturity	6,174,732	6,174,732	3,000,000	3,878,704	7,000,000	7,688,874
Securities purchased under agreements to resell	6,000,001	6,000,001	8,000,000	8,000,000	501,204	501,204
Derivatives receivable	28,000	28,000	17,818	17,818	87,870	87,870
Loans, other receivables and financing	247,091,870	247,091,878	278,428,000	278,428,000	208,380,278	208,380,278
Acceptance receivable	4,780,121	4,780,121	1,882,170	1,882,170	600,208	600,208
Investment in associated entities ^{*)}	1,408	1,408	1,408	1,408	1,888	1,888
Other assets ^{**)}	620,000	620,000	1,128,481	1,128,481	1,280,744	1,280,744
	348,970,484	348,970,487	494,888,288	494,102,148	396,782,792	396,782,798

^{*)} Invested in associated entities with no significant influence.

^{**) Other assets consist of: Interal receivables and other receivables, including other receivables based on Sharia principles.}

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38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

	December 31, 2012		December 31, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
LIABILITIES						
Liabilities due immediately	4,011,082	4,011,082	3,894,040	3,894,040	4,123,008	4,123,008
Deposits from customers						
Demand deposits	80,070,014	80,070,014	79,778,728	79,778,728	77,304,478	77,304,478
Savings deposits	184,585,449	184,585,449	164,132,870	164,132,870	125,898,708	125,898,708
Time deposits	180,720,980	180,720,980	169,032,040	169,032,040	100,284,171	100,284,171
Deposits from banks and other financial institutions						
Demand deposits	111,089	111,089	32,897	32,897	63,404	63,404
Savings deposits	2,885	2,885	22,897	22,897	7,810	7,810
Time deposits and deposits on call	1,248,480	1,248,480	3,442,080	3,442,080	4,800,774	4,800,774
Inter-bank call money	1,244,080	1,244,080	478,010	478,010	1,000,600	1,000,600
Securities sold under agreements to repurchase	-	-	102,001	102,001	520,305	520,305
Derivatives payable	182,180	182,180	173,030	173,030	61,801	61,801
Acceptance payable	4,780,121	4,780,121	1,682,178	1,682,178	600,878	600,878
Fund borrowings	10,680,780	10,680,780	19,087,810	13,887,810	8,454,848	8,454,848
Other liabilities	527,032	527,032	678,001	678,804	503,738	503,738
Subordinated loan	2,110,082	2,110,082	2,138,288	2,138,288	2,900,104	2,900,104
	478,827,038	478,827,038	478,878,798	478,878,798	386,428,018	386,428,018

— Other liabilities consist of interest payable and guarantee deposits.

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 and subordinated loans, approximate their carrying values due to their short-term maturities.

The estimated fair values of certain financial assets are determined based on discounted cash flows using money market interest rates for instruments with similar credit risk and remaining maturities.

The estimated fair values of certain financial obligations which are not quoted in an active market are determined based on discounted cash flows using interest rates of instruments with similar remaining maturities.

- b) Securities and Government Recapitalization Bonds

The fair values of securities and Government Recapitalization Bonds classified as held to maturity are determined based on market prices or price quotations of intermediary (broker)/securities dealers. If the information is not available, fair values are estimated by using quoted market price of securities with 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 fixed rate is a reasonable estimate of its fair value.

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38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Methods and assumptions used to estimate fair value are as follows (continued):

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 and subordinated loans

Fair value is calculated based on discounted cash flow models by using market rates for the remaining maturity period.

The following table presents financial instruments measured at fair value based on the hierarchy used by BFR 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).

	December 31, 2012		
	Carrying Value	Level 1	Level 2
Financial Assets			
Fair value through profit or loss			
Mutual Fund	10,000	10,000	-
Credit Linked Notes	530,003	-	530,003
Government Bonds	71,825	71,825	-
	<u>612,000</u>	<u>82,293</u>	<u>530,003</u>
Available For Sale			
Certificate of Bank Indonesia	4,043,583	4,043,583	-
Bonds	362,048	362,048	-
Medium Term Notes	48,470	48,470	-
Government Bonds	8,118,583	8,118,583	-
Government Recapitalization Bonds	715,816	715,816	-
	<u>14,288,800</u>	<u>14,288,800</u>	<u>-</u>
	<u>14,901,876</u>	<u>14,371,183</u>	<u>530,003</u>

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39. THE INITIAL IMPLEMENTATION OF SFAS NO. 50 (REVISED 2006) AND SFAS NO. 55 (REVISED 2006)

SFAS No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures" and SFAS No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement", became effective for Financial Statements beginning January 1, 2010 and applied prospectively.

The transitional regulations of the initial implementation of SFAS No. 50 (Revised 2006) and SFAS No. 55 (Revised 2006) are based on Technical Bulletin No. 4 issued by the Indonesian Institute of Accountants (IAI), which provides the following additional guidance:

1. Calculation of Effective Interest Rate

The calculation of effective interest rate for financial instruments measured at amortized cost which were acquired prior to and still have remaining balance as of January 1, 2010 is calculated by referring to the future cash flows that will be generated from the time SFAS No. 55 (Revised 2006) is first implemented up to the maturity of the financial instruments.

2. Derecognition

Financial instruments that have been derecognized prior to January 1, 2010 should not be re-evaluated subsequently to determine whether they would meet the derecognition criteria under SFAS No. 55 (Revised 2006).

3. Compound Financial Instruments

Compound financial instruments which existed as of January 1, 2010 should be bifurcated into debt and equity components in accordance with the requirements of paragraph 11 of SFAS No. 50 (Revised 2006). The bifurcation should be based on the nature, condition and requirements relating to those financial instruments as of January 1, 2010.

4. Classification of Financial Instruments as Debt or Equity

BRI should reassess its financial instruments existing as of January 1, 2010, to determine whether they should be classified as a debt or equity instrument in accordance with the requirements of paragraph 11 of SFAS No. 50 (Revised 2006).

5. Impairment of Financial Instruments

As of January 1, 2010, BRI should determine any possible impairment of financial instruments based on conditions existing at that date. Any difference between the impairment resulting from implementation of SFAS No. 55 (Revised 2006) and the impairment calculated based on previous applicable accounting principles is recognized in retained earnings as of January 1, 2010.

For the implementation of the new standards, BRI has identified transition adjustments according to SFAS No. 50 (Revised 2006) and SFAS No. 55 (Revised 2006), PAPI (Revised 2006) and Technical Bulletin No. 4 on the transitional regulations of the aforementioned standards.

Transitional adjustments are mainly due to recalculation of allowance for impairment losses. The difference between the allowance for impairment losses calculated based on the new standard and previous standard is adjusted to the beginning balance of retained earnings at 2010, which was on January 1, 2010. The basis of recalculation of allowance for impairment losses is explained in Note 2f.

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39. THE INITIAL IMPLEMENTATION OF SFAS NO. 50 (REVISED 2006) AND SFAS NO. 55 (REVISED 2006) (continued)

Details of adjustment on transition date are as follows:

	January 1, 2010		
	Before adjustment	Impact of transitional adjustments on the implementation of SFAS No. 50 (Revised 2006) and SFAS No. 55 (Revised 2006)	After adjustment
Assets net of allowance for impairment losses			
Current accounts with other banks	8,890,275	80,810	9,081,085
Placements with Bank Indonesia and other banks	40,495,057	136,233	40,831,290
Securities	24,478,132	55,888	24,533,831
Derivatives receivable	143,472	1,448	144,921
Loans	194,242,503	17,286	194,259,789
Deferred tax assets	1,815,026	(71,048)	1,843,977
Equity			
Retained earnings	17,834,884	230,408	18,065,102

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 Agroniga 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

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40. SEGMENT INFORMATION (continued)

b. Operating Segment (continued)

Information concerning the operating segments of BRI and Subsidiaries are as follows:

Description	2012					
	Micro	Small	Corporate	Other	Subsidiary	Total
Interest income - net	10,582,007	14,888,888	3,180,234	1,478,288	1,822,881	30,952,288
Other operating income	2,892,091	4,684,882	418,881	891,887	182,891	8,969,732
Total Income	13,474,098	19,573,770	3,599,115	2,370,175	2,005,772	39,922,930
Operating expense	(5,011,809)	(8,880,339)	(1,888,805)	(1,780,888)	(888,384)	(18,440,125)
Provision for impairment losses	(1,841,805)	(748,889)	80,215	823	(140,319)	(2,848,015)
Total expense	(6,853,614)	(9,629,228)	(1,808,590)	(1,780,065)	(1,028,703)	(21,090,199)
Income before income tax expense	6,620,484	9,944,542	1,790,525	589,110	977,069	18,832,730
Income tax expense	(1,151,888)	(8,881,271)	(1,711,805)	(812,787)	(888,888)	(13,446,639)
Non-controlling interest	(2,714,384)	(2,488,888)	(800,215)	(188,888)	(88,319)	(6,880,695)
Income for the year	2,754,202	7,574,383	(721,590)	(412,765)	(999,138)	10,134,092
Segment Assets						
Loans	110,108,007	148,388,888	87,780,234	-	13,778,234	360,055,363
Allowance for impairment losses	(7,873,344)	(8,888,110)	(8,871,871)	-	(880,347)	(26,513,672)
Net Loans	102,234,663	139,500,778	78,908,363	197,888,888	12,897,887	333,540,691
Segment Liabilities						
Funding	128,884,005	128,888,888	82,884,238	-	14,888,888	355,551,019
Net Funding	-	-	-	38,888,888	2,888,888	41,666,666
	128,884,005	128,888,888	82,884,238	38,888,888	17,777,776	409,213,895

Description	2011					
	Micro	Small	Corporate	Other	Subsidiary	Total
Interest income - net	10,182,280	14,888,888	2,441,114	771,288	887,888	28,171,458
Other operating income	1,454,888	3,448,881	75,889	488,888	288,235	5,756,781
Total Income	11,637,168	18,337,769	2,517,003	1,260,176	1,176,123	33,928,239
Operating expense	(5,884,889)	(8,888,888)	(1,888,718)	(888,888)	(787,235)	(17,388,618)
Provision for impairment losses	(2,488,884)	(2,488,888)	77,887	(238,888)	(738)	(5,238,613)
Total expense	(8,373,773)	(11,377,776)	(1,810,831)	(1,127,776)	(790,973)	(22,481,137)
Income before income tax expense	3,263,395	6,959,993	1,706,172	132,400	385,150	11,747,110
Income tax expense	(1,788,888)	(1,888,110)	(888,238)	(88,888)	(18,888)	(4,688,112)
Non-controlling interest	-	-	-	(88,888)	-	(88,888)
Income for the year	1,474,507	5,071,883	817,934	44,512	366,262	7,675,098
Segment Assets						
Loans	87,388,888	128,888,888	88,888,238	-	18,888,775	315,054,789
Allowance for impairment losses	(5,488,884)	(7,288,888)	(8,188,877)	-	(211,235)	(21,177,884)
Net Loans	81,899,994	121,600,000	80,699,361	198,888,888	18,677,540	323,876,823
Segment Liabilities						
Funding	187,887,238	128,888,888	38,888,238	-	12,110,234	367,774,398
Net Funding	-	-	-	38,888,888	1,281,235	40,170,123
	187,887,238	128,888,888	38,888,238	38,888,888	13,391,469	409,044,711

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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):

Description	2012					
	Micro	Small	Corporate	Other	Subsidiary	Total
Interest income - net	10,576,785	13,071,008	2,000,529	482,890	300,004	16,431,216
Other operating income	1,006,275	3,174,408	100,005	1,040,388	60,000	5,381,076
Total income	11,583,060	17,245,416	2,100,534	1,487,718	400,004	21,816,732
Operating expense	(5,132,107)	(8,201,105)	(1,700,004)	(1,401,001)	(400,201)	(16,834,418)
Provision for impairment losses	(3,893,263)	(4,000,206)	(893,903)	(710,232)	3,755	(7,597,449)
Total expense	(9,025,370)	(12,201,311)	(2,593,907)	(2,111,233)	(396,446)	(24,327,267)
Income before income tax expense	2,557,690	5,044,105	(493,373)	376,485	796,450	8,486,457
Income tax expense	(7,021,423)	(1,390,330)	(100,000)	(100,000)	(2,000)	(8,613,753)
Income for the year	(4,463,733)	3,653,775	(593,373)	276,485	794,450	(1,322,396)
Segment Assets						
Loans	61,000,700	120,000,000	40,000,000	-	6,000,000	227,000,700
Provision for impairment losses	(4,000,000)	(8,000,000)	(2,000,000)	-	(1,000,000)	(15,000,000)
Net Loans	57,000,700	112,000,000	38,000,000	-	5,000,000	212,000,700
Segment Liabilities						
Payable	60,000,000	100,000,000	30,000,000	-	6,000,000	196,000,000
Non-paying	-	-	-	30,000,000	700,000	30,700,000
	60,000,000	100,000,000	30,000,000	30,000,000	6,700,000	227,700,000

c. Geographical Segment

Description	Net interest income, operating and investment income		
	2012	2011	2010
Indonesia	44,703,235	40,118,940	30,376,155
USA	188,285	82,515	56,981
Hong Kong	1,977	1,535	-
Total	44,873,497	40,202,990	30,433,136

Description	Income before tax benefit (expense)		
	2012	2011	2010
Indonesia	23,743,590	18,679,828	14,875,759
USA	115,621	75,755	32,471
Hong Kong	361	237	-
Total	23,859,572	18,755,820	14,908,230

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40. SEGMENT INFORMATION (continued)

c. Geographical Segment (continued)

Description	Total assets		
	2012	2011	2010
Indonesia	536,235,345	480,573,389	396,031,571
USA	13,073,719	6,691,600	5,968,980
Hong Kong	2,815	2,327	-
Total	549,311,879	487,267,316	401,999,551

Description	Total liabilities		
	2012	2011	2010
Indonesia	473,593,925	413,541,559	361,741,305
USA	12,860,852	6,537,153	5,871,187
Hong Kong	234	243	-
Total	486,455,011	420,308,955	367,612,492

41. EMPLOYEES PROGRAM

a. Defined Benefit Pension Plan (PPMP)

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 22.58% (previously 22.43%) since September 1, 2012.

The actuarial calculation of BRI's pension costs as of December 31, 2012, 2011 and 2010, was prepared by PT Bestama Aktuaris, an independent actuary, in its reports dated January 4, 2013, January 17, 2012 and January 28, 2011, respectively, which were prepared in accordance with SFAS No. 24 (Revised 2010), by using the "Projected Unit Credit Method" and considering the following assumptions:

	2012	2011	2010
Annual discount rate	5.87%	6.5%	8.0%
Annual pension-based salary growth rate	7.5	7.5	7.5
Annual pension benefit growth rate	4.0	4.0	4.0
Mortality rate	CSO 1958	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958	10.0% of CSO 1958
Normal retirement age	58 years old	58 years old	58 years old

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.

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41. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (PPMP) (continued)

The status of the pension plan based on the actuarial calculation is as follows:

	2012	2011	2010	2009
Assets at fair value:	11,021,236	9,370,652	8,785,881	7,578,545
Present value of defined benefit pension liabilities	(14,359,528)	(11,345,025)	(8,400,544)	(5,821,484)
Pension program funded status	(3,338,294)	(1,974,373)	384,637	1,757,061
(Gain) loss on unrecognized actuarial adjustments	2,689,837	1,345,298	(732,773)	(887,840)
Unrecognized past service cost (non-vested)	75,157	82,363	89,569	-
Defined benefit pension liabilities	(673,298)	(564,712)	(258,637)	(108,779)

Movements in the defined benefit pension liabilities for the years ended December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Beginning balance	546,712	258,567	130,770
Defined benefit pension expense – net (Note 33)	487,852	447,856	276,275
BRI contributions	(471,274)	(158,711)	(148,457)
Ending balance (Note 26)	573,298	546,712	258,567

Defined benefit pension expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Current service cost	388,230	288,287	213,801
Defined contribution plan	(82,821)	(57,851)	(57,810)
Interest cost	737,427	758,040	682,148
Expected return on plan assets	(1,125,415)	(822,444)	(795,747)
Recognized actuarial gain-net	(17,404)	-	(10,188)
Immediate recognition of past service cost (non-vested)	7,208	7,208	-
Immediate recognition of past service cost (vested)	588,480	378,588	243,701
Defined benefit pension expense (Note 33)	487,852	447,856	276,275

b. Old-Age Benefits Plan

BRI's employees are also given old-age benefits (THT) based on the regulation as stated in the Decision Letter of the Directors of BRI. BRI's old-age benefits plan is managed by Yayasan Kesejahteraan Pegawai BRI.

Old-age benefit contributions consist of payments from the employees and BRI's contributions in accordance with the requirements of the Decision Letter of Directors of BRI.

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41. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

Based on the actuarial calculation of BRI's old-age benefits as of December 31, 2012, 2011 and 2010, which was prepared by PT Bestama Aktuarial, an independent actuary, in its reports dated January 4, 2013, January 17, 2012 and January 26, 2011, which were prepared in accordance with SFAS No. 24 (Revised 2010), by using the "Projected Unit Credit Method" with the following assumptions:

	2012	2011	2010
Discount rate	5.8%	6.5%	9.0%
Salary's growth rate	7.5	7.5	7.5
Mortality rate	CSO 1958	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958	10.0% of CSO 1958

The status of the old-age benefits as of December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Assets at fair value	3,031,808	2,272,191	2,182,880
Present value of old-age benefits liability	(868,051)	(880,049)	(1,031,804)
Funded status	2,045,317	1,372,342	1,151,216

Old-age benefits expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Current service cost	31,910	24,424	14,000
Interest cost	58,480	82,850	98,912
Expected return on plan assets	(228,582)	(186,458)	(198,988)
Net actuarial losses (gain) recognized	(478,087)	(91,704)	48,071
Deferred assets	872,874	221,128	72,912
Old-age benefits expense	56,725	59,237	48,626

For the years ended December 31, 2012, 2011 and 2010, 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 Rp104,385, Rp77,870 and Rp880,318 for the years ended December 31, 2012, 2011 and 2010, respectively (Note 33). This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

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41. EMPLOYEES PROGRAM (continued)

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, 2012, 2011 and 2010. The actuarial calculations were performed by PT Bestama Aktuaria, an independent actuary, in its reports dated January 4, 2013, January 17, 2012 and January 28, 2011, by using the "Projected Unit Credit Method" with the following assumptions:

	2012	2011	2010
Discount rate	5.8%	6.5%	9.0%
Future salary's growth rate	7.5	7.5	7.5
Mortality rate	CSO 1858	CSO 1858	CSO 1858
Disability rate	10.0% of CSO 1858	10.0% of CSO 1858	10.0% of CSO 1858

The status of the work separation scheme as of December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Present value of work separation liability	(833,035)	(583,133)	(250,300)
Unrecognized actuarial (gains) losses	182,270	49,002	(245,471)
Work separation scheme liability	(648,763)	(533,471)	(504,770)

Movements in the work separation scheme liability as of December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Beginning balance	533,471	504,770	461,621
Work separation scheme expense - net (Note 33)	138,314	52,674	69,320
Actual benefit payments by BRI	(31,020)	(23,973)	(26,171)
Ending balance (Note 25)	640,765	533,471	504,770

The calculation of work separation scheme expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Current service cost	85,832	45,524	19,369
Interest cost	52,482	23,337	49,347
Recognition of current year (gain) loss	-	(16,187)	1,817
Work separation scheme expense (Note 33)	138,314	52,674	69,320

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41. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(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, 2012, 2011 and 2010, as determined by PT Katsir Imam Sapto Sejahtera Aktuaris, an independent actuary, in its reports dated January 4, 2013, January 20, 2012 and February 18, 2011, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2012	2011	2010
Annual discount rate	6.0%	7.0%	10.0%
Annual salary's growth rate	5.0	5.0	5.0
Mortality rate	TMI-II 2011	TMI-II 1999	TMI-II 1999

As of December 31, 2012, 2011 and 2010, the status of the work separation scheme based on the actuarial calculation is as follows:

	2012	2011	2010
Present value of work separation liability	(27,423)	(15,010)	(5,831)
Accumulation of unrecognized actuarial gain	(2,501)	(3,018)	(5,000)
Work separation scheme liability	(29,924)	(18,028)	(10,831)

Movements in the work separation scheme liability for the years ended December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Beginning balance	18,028	10,040	7,119
Work separation scheme expense - net (Note 33)	11,300	8,107	4,117
Actual benefit payments	(9)	(118)	(500)
Ending balance (Note 26)	29,324	18,028	10,831

The work separation scheme expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Current service cost	10,428	7,919	4,002
Interest expense	837	394	305
Amortization of accumulated actuarial gains	(85)	(206)	(190)
Work separation scheme expense (Note 33)	11,300	8,107	4,117

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41. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(iii) BRI Agm (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, 2012 and 2011 as determined by PT Besbama Aktuaria and PT Bumi Persada Aktuaria, independent actuaries, in their report dated January 11, 2013 and February 10, 2012, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2012	2011
Discount rate	8.0%	7.0%
Annual salary increase rate	8.0	8.0
	2012	2011
Mortality rate	TM 2011	TM 1999
Disability rate	10% of TM 2011	10% of TM 1999

As of December 31, 2012 and 2011, the status of the work separation scheme based on the actuarial calculation is as follows:

	2012	2011
Present value of work separation liability	(25,738)	(27,943)
Accumulation of unrecognized actuarial gain	8,070	12,110
Immediate recognition of past service cost	5,819	3,118
Work separation scheme liability	(13,749)	(12,715)

Movements in the work separation scheme liability for the year ended December 31, 2012 and 2011 are as follows:

	2012	2011
Beginning balance	12,715	8,814
Expense recognized in the current year (Note 33)	5,836	4,973
Actual benefit payments	(4,802)	(1,072)
Ending balance (Note 25)	13,749	12,715

The work separation scheme expense for the year ended December 31, 2012 and 2011 based on the actuarial calculation is as follows:

	2012	2011
Current service cost	2,828	3,030
Interest expense	1,858	1,380
Actuarial losses	832	382
Amortization of past service cost	420	201
Work separation scheme expense (Note 33)	5,938	4,993

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits

BRI employees also have long-term employee benefits, such as gratuity for services, grand leaves and pension preparation period (MPP).

(i) Allowance for gratuity for services

The actuarial calculation on gratuity for services as of December 31, 2012, 2011 and 2010 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 4, 2013, January 17, 2012 and January 26, 2011, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2012	2011	2010
Discount rate	5.0%	6.5%	0.0%
Future salary's growth rate	7.5	7.5	7.5
Gold price growth rate	10.0	10.0	7.0
Mortality rate	CSO 1858	CSO 1858	CSO 1858
Disability rate	10.0% of CSO 1858	10.0% of CSO 1858	10.0% of CSO 1858

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp625,700, Rp670,744 and Rp548,777 as of December 31, 2012, 2011 and 2010, respectively.

Movements in liability for gratuity for services for the years ended December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Beginning balance of liability	670,744	548,777	463,082
Gratuity for service expense - net (Note 33)	182,577	162,004	123,335
Benefit payments by BRI	(37,612)	(40,037)	(38,290)
Gratuity for services liability (Note 29)	825,709	670,744	548,777

The gratuity for service expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Current service cost	56,886	44,406	32,780
Interest expense	43,586	49,360	48,366
Recognized actuarial losses	82,083	68,748	44,201
Gratuity for services expense (Note 33)	182,577	162,614	123,335

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(a) Grand leaves

i. BRI (Parent Entity)

The actuarial calculation for grand leaves as of December 31, 2012, 2011 and 2010 was prepared by PT Bestama Aktuaris, an independent actuary, in its reports dated January 4, 2013, January 17, 2012 and January 26, 2011, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2012	2011	2010
Discount rate	5.8%	6.5%	9.0%
Future salary's growth rate	7.5	7.5	7.5
Mortality rate	CSO 1858	CSO 1858	CSO 1858
Disability rate	10.0% of CSO 1858	10.0% of CSO 1858	10.0% of CSO 1858

The present value of liability of allowance for grand leaves based on the actuarial calculation amounted to Rp887,617, Rp750,623 and Rp626,189 as of December 31, 2012, 2011 and 2010, respectively.

Movements in liability for grand leaves as of December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Beginning balance of liability	750,623	626,189	581,422
Grand leaves expense - net (Note 33)	217,635	179,365	91,346
Benefit payments by BRI	(80,641)	(54,971)	(44,588)
Grand leaves liability (Note 26)	887,617	750,623	626,189

The grand leaves expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Current service cost	88,386	70,110	56,536
Interest expense	48,780	58,358	58,042
Recognized actuarial (gain) losses	80,447	52,927	(23,231)
Grand leaves expense (Note 33)	217,635	179,365	91,346

ii. BRISyariah (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(i) Grand leaves (continued)

ii. BRISyariah (Subsidiary) (continued)

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, 2012, 2011 and 2010 as determined by PT Katsir Imam Septo Sejahtera Akbaria, an independent actuary, in its reports dated January 4, 2013, January 20, 2012 and February 18, 2011, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2012	2011	2010
Discount rate	6.0%	7.0%	10.0%
Future salary's growth rate	5.0	5.0	5.0
Mortality rate	TMI-II 2011	TMI-II 1999	TMI-II 1999
Normal retirement age	58 years old	58 years old	58 years old

The present value of liability of allowance for grand leaves based on the actuarial calculation amounted to Rp13,153, Rp6,915 and Rp2,386 as of December 31, 2012, 2011 and 2010, respectively.

Movements in liability for grand leaves for the years ended December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Beginning balance of liability	6,915	2,386	808
Grand leaves expense - net (Note 33)	6,238	4,529	1,578
Grand leaves liability (Note 26)	13,153	6,915	2,386

The grand leaves expense of the Subsidiary for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Current service cost	5,701	4,305	1,508
Interest expense	537	224	73
Amortization of accumulated actuarial gains	-	-	(1)
Grand leaves expense (Note 33)	6,238	4,529	1,578

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

iii. BRI Agro (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation for grand leaves recognized in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2012 and 2011 was prepared by PT Bestama Aktuarial and PT Bumi Persada Aktuarial, an independent actuary, in its report dated January 11, 2013 and February 10, 2012, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>2012</u>	<u>2011</u>
Discount rate	6.8%	7.0%
Future salary's growth rate	8.0	8.0
Mortality rate	TMI 2011	TMI 1999

The present value of liability of allowance for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp2,678 and Rp3,224 as of December 31, 2012 and 2011, respectively.

Movements in liability for grand leaves for the year ended December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Beginning balance of liability	3,224	999
Expense recognized in the current year (Note 33)	344	2,607
Benefit payments	(882)	(382)
Grand leaves liability (Note 26)	<u>2,676</u>	<u>3,224</u>

The grand leaves expense of the Subsidiary for the year ended December 31, 2012 and 2011 based on the actuarial calculation is as follows:

	<u>2012</u>	<u>2011</u>
Current service cost	948	439
Interest expense	226	90
Recognized actuarial (gain) losses	(830)	2,078
Grand leaves expense (Note 33)	<u>344</u>	<u>2,607</u>

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(iii) Pension preparation period

i. BRI (Parent Entity)

The actuarial calculation of pension preparation period as of December 31, 2012, 2011 and 2010 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 4, 2013, January 17, 2012 and January 26, 2011, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	2012	2011	2010
Discount rate	8.0%	8.5%	9.0%
Future salary's growth rate	7.5	7.5	7.5
Mortality rate	CSO 1858	CSO 1858	CSO 1858
Disability rate	10.0% of CSO 1858	10.0% of CSO 1858	10.0% of CSO 1858

The present value of liability of allowance for pension preparation period based on the actuarial calculation amounted to Rp58,030, Rp1,140,913 and Rp878,589 as of December 31, 2012, 2011 and 2010, respectively.

Movements in the liability for pension preparation period for the years ended December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Beginning balance of liability	1,140,913	878,589	957,750
Pension preparation period (income) expense (Note 33)	(985,087)	347,952	16,608
Benefit payments by BRI	(87,879)	(85,005)	(95,730)
Pension preparation period liability (Note 26)	58,030	1,140,913	878,589

Pension preparation period expense for the years ended December 31, 2012, 2011 and 2010 based on the actuarial calculation is as follows:

	2012	2011	2010
Current service cost	135,028	80,112	46,385
Interest expense	74,159	78,071	95,775
Recognized actuarial (gains) losses	(1,194,794)	178,709	(125,562)
Pension preparation period (income) expense (Note 33)	(985,087)	347,952	16,608

Based on Decision Letter No.S.248-DIR/KPS/12/2012 dated December 21, 2012, the Board of Directors of BRI resolved that it is compulsory for employees to remain actively employed until the normal pension age of 58 (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 58 (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.

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41. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(iii) Pension preparation period (continued)

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 for pension preparation period as of December 31, 2012 was prepared by PT Besbama Aktuaris, an independent actuary, in its report dated January 11, 2013 by using the "Projected Unit Credit Method" with the following assumptions:

	2012
Discount rate	6.0%
Future salary's growth rate	5.0
Mortality rate	TMI 2011
Disability rate	10% of TMI 2011

The present value of liability of allowance for pension preparation period based on the actuarial calculation amounted to Rp1,881 as of December 31, 2012, respectively.

Movements in the liability for pension preparation period for the year ended December 31, 2012 is as follows:

	2012
Beginning balance of liability	-
Pension preparation period expense - net (Note 33)	2,152
Benefit payments by BRI	(171)
Pension preparation period liability (Note 26)	1,981

Pension preparation period expense for the year ended December 31, 2012 based on the actuarial calculation is as follows:

	2012
Current service cost	955
Interest expense	583
Recognized actuarial losses	614
Pension preparation period expense (Note 33)	2,152

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42. INFORMATION ON COMMITMENTS AND CONTINGENCIES

	2012	2011	2010
Commitments			
Commitments liabilities			
Unused credit facilities granted to debtors	75,040,401	80,313,828	38,186,517
Irrevocable letters of credit (Note 25c)	12,231,800	6,043,251	4,932,130
Others	87,225	89,042	111,513
Total commitments liabilities	87,378,526	87,246,821	43,230,160
Commitments - net	(87,378,526)	(87,246,821)	(43,230,160)
Contingencies			
Contingent receivables			
Interest receivables under settlement	221,217	834,315	758,016
Others	-	486	602,218
Total contingent receivables	221,217	834,801	1,360,234
Contingent liabilities			
Guarantees issued (Note 25c) in the form of:			
Standby letters of credit	6,158,678	1,810,379	1,338,388
Bank guarantees	6,103,142	4,428,146	2,466,003
Total contingent liabilities	12,261,819	6,238,525	3,804,391
Contingencies - net	(12,040,601)	(5,403,724)	(2,443,157)

43. TRANSACTIONS WITH RELATED PARTIES

In the normal course of the business, BRI engages in transactions with related parties due to the relationship of ownership and/or management. All transactions with related parties have been made according to the mutually agreed policies and terms.

Balances and transactions with related parties are as follows:

Related parties	Relationship	Class of transactions
Ministry of Finance of the Republic of Indonesia	Control through the Central Government of the Republic of Indonesia	Loans
Lembaga Penyalangan Ekspor Indonesia	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other Banks, Securities, Fund borrowings
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
Pemerintah BULOG	Control through the Central Government of the Republic of Indonesia	Loans, Irrevocable LC

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

<u>Related parties</u>	<u>Relationship</u>	<u>Essence of transactions</u>
Pesuni DAMRI	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
Pesuni Pengebakan	Control through the Central Government of the Republic of Indonesia	Securities, Loans
Pesuni Persewaan Republic of Indonesia	Control through the Central Government of the Republic of Indonesia	Acceptances receivable and Acceptances payable
PT Aneka Tambang (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities
PT Bank Bupopin Tbk	Control through the Central Government of the Republic of Indonesia	Current Accounts with other Banks, Placements in Bank Indonesia and other Banks, 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, 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, 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 BNI Securities	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other Banks
PT Bintang Gajendra	Ownership through Dana Pensiun BRI	Loans, Sharia receivables and financing
PT Bintang Indonesia Sepahira Finance	Ownership through Dana Pensiun BRI	Loans
PT Bintang Karya Sepahira	Ownership through Dana Pensiun BRI	Loans, Sharia receivables and financing
PT Bintang Sepahira Artha Mahmur	Ownership through Dana Pensiun BRI	Loans

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

<u>Related parties</u>	<u>Relationship</u>	<u>Essence of transactions</u>
PT Bilingual Saktiand Finance	Ownership through Dana Pensiun BRI	Loans
PT BTMU-BRI Finance	Ownership	Placement in Bank Indonesia and other Banks, Investment in associated entities
PT Dayanika Telekomunikasi	Control through the Central Government of the Republic of Indonesia	Loans
PT Diponegara Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued, Irrevocable L/C
PT Doka dan Perpipaan Kuduja Bahari (Persero)	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Indonesia Power	Control through the Central Government of the Republic of Indonesia	Guarantees issued
PT Industri Kereta Api	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable,
PT Ind (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 Kencana Api (Persero)	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 Mega Erika (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Pal Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Guarantees issued, Irrevocable L/C
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

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

<u>Related parties</u>	<u>Relationship</u>	<u>Essence of transactions</u>
PT Permodalan Nasional Madani (Persero)	Control through the Central Government of the Republic of Indonesia	Fund borrowings
PT Perantara (Persero)	Control through the Central Government of the Republic of Indonesia	Loans, Guarantees issued
PT Perantara Paka Niaga	Control through the Central Government of the Republic of Indonesia	Irrevocable LC
PT Peranti (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable
PT Perusahan Gas Negara (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Guarantees issued
PT Perusahan Listrik Negara (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Loans, Guarantees issued, Irrevocable LC
PT Perusahan Pengaliran Asah	Control through the Central Government of the Republic of Indonesia	Placement in Bank Indonesia and other Banks
PT Perantara Gresik	Control through the Central Government of the Republic of Indonesia	Loans, Acceptances receivable, Acceptances payable
PT Pindad (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued, Irrevocable LC
PT Pupuk Kalimantan Timur	Control through the Central Government of the Republic of Indonesia	Export Bills
PT Pupuk Kujang (Persero)	Control through the Central Government of the Republic of Indonesia	Loans, Guarantees issued
PT Ralink	Control through the Central Government of the Republic of Indonesia	Irrevocable LC
PT Sacara Multiwaya Financial (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Fund Borrowings
PT Saktiindo Medijaya	Ownership through Dana Pensiun BRI	Sharia receivables and financing
PT Taspen (Persero)	Control through the Central Government of the Republic of Indonesia	Loans

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Relationship	Essence of transactions		
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	Guarantees issued		
PT Wijaya Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable, Guarantees issued, Irrevocable LC		
PT Wijaya Karya Bangunan dan Gedung	Control through the Central Government of the Republic of Indonesia	Acceptances receivable, Acceptances payable		
Key employees	Control on company's activities	Loans, Short receivables and financing		
		2012	2011	2010
Assets				
Current Accounts with other Banks (Note 5)				
PT Bank Negara Indonesia (Persero) Tbk		8,475	26,004	33,671
PT Bank Mandiri (Persero) Tbk		1,820	4,006	1,378
PT Bank Bukopin Tbk		10	10	-
		<u>10,305</u>	<u>30,020</u>	<u>35,049</u>
Placements with Bank Indonesia and other Banks (Note 6)				
PT Bank Negara Indonesia (Persero) Tbk		285,405	654,414	46,060
PT BTMU-BRI Finance		285,000	185,000	215,000
PT Bank Bukopin Tbk		150,000	-	230,000
PT Perusahaan Pengelola Aseel		-	250,000	-
PT BNI Securities		-	20,000	10,000
Lembaga Pembiayaan Elepor Indonesia		-	-	100,000
		<u>720,405</u>	<u>1,089,414</u>	<u>601,060</u>
Securities (Note 7)				
Government of Republic of Indonesia (RI)		17,833,868	13,105,858	7,047,837
Perum Pegadaian		257,832	257,728	10,308
Lembaga Pembiayaan Elepor Indonesia		174,000	148,000	74,000
PT Jasa Marga (Persero) Tbk		111,467	105,362	105,005
PT Bank Tabungan Negara (Persero) Tbk		108,716	84,337	47,228
PT Aneka Tambang (Persero) Tbk		85,000	85,000	-
PT Perusahaan Listrik Negara (Persero)		80,180	81,012	90,480
PT Perkebunan Nusantara III (Persero)		50,000	50,000	50,000
PT Perkebunan Nusantara VII (Persero)		50,000	50,000	50,000
PT Sarana MultiGriya Finansial (Persero)		40,000	70,000	65,000
Others		88,548	56,000	111,000
		<u>18,908,740</u>	<u>14,124,387</u>	<u>7,651,748</u>

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

	2012	2011	2010
Assets (continued)			
Export Bills (Note 8)			
PT Pupuk Kalimantan Timur	14,281	-	-
Government Recapitalization Bonds (Note 8)			
Government of Republic of Indonesia	4,315,618	8,066,026	13,628,463
Loans (Note 12)			
PT Pertamina (Persero)	10,348,229	8,538,804	7,217,175
PT Perusahaan Listrik Negara (Persero)	8,211,085	8,838,484	8,199,343
Perum Pegadaian	4,768,429	4,858,401	4,248,385
PT Taspen (Persero)	4,500,000	4,014,051	3,380,000
PT Telekomunikasi Indonesia (Persero) Tbk	3,625,000	1,700,000	1,375,000
Perum BULOG	3,570,285	1,228,278	678,293
PT Petrokimia Gresik	2,444,483	800,518	642,743
Ministry of Finance of the Republic of Indonesia	1,711,741	820,519	270,284
PT Dayamira Telekomunikasi	1,000,000	435,536	-
PT Pupuk Kujang	873,468	-	-
PT Bringsin Srikandi Finance	548,005	183,312	187,218
PT Bringsin Indotama Sejahtera Finance	185,840	113,445	158,432
PT Bringsin Karya Sejahtera	9,632	18,020	20,652
PT Bringsin Sejahtera Artha Mulmur	444	1,134	-
PT Bringsin Gigantara	-	3,637	5,971
Key employees	55,823	55,721	35,742
Others	15,313,603	7,828,381	5,567,862
	57,267,027	37,650,409	28,882,900
Sharia receivables and financing (Note 13)			
Perum DAMRI	75,884	73,276	-
PT Bringsin Gigantara	17,621	25,083	5,029
PT Bringsin Karya Sejahtera	9,237	13,408	17,018
PT Satbominde Mediyasa	-	1,119	2,785
Key employees	15,670	8,884	5,639
	118,522	121,880	31,471
Acceptances receivable (Note 14)			
PT Krakatau Steel (Persero) Tbk	287,088	-	-
PT Dirgantara Indonesia (Persero)	231,467	-	-
PT Pindad (Persero)	85,487	-	-
Perum Percelatan Negara Republic of Indonesia	28,688	-	-
PT Inli (Persero)	23,488	81,632	15,380
PT Pertanian (Persero)	17,702	-	-
PT Wijaya Karya Bangunan dan Gedung	348	-	-
PT Industri Kereta Api (Persero)	-	72,173	-
PT Petrokimia Gresik	-	128,300	-
PT Mega Elira (Persero)	-	4,678	-
PT Wijaya Karya (Persero) Tbk	-	-	55,524
	685,912	284,841	70,884

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

	2012	2011	2010
Assets (continued)			
Investment in associated entities (Note 15)			
PT BTMU-BRI Finance	185,334	183,281	134,131
Total assets from related parties	185,334	183,281	134,131
Total consolidated assets	551,336,790	469,899,284	484,285,602
Percentage of total assets from related parties to total consolidated assets	14.52%	13.29%	12.90%
Liabilities			
Demand Deposits (Note 18)			
Government Entities and Institutions	18,203,858	18,708,780	5,472,152
Key employees	4,774	21,878	1,408
Others	20,852	27,880	8,407
	18,229,484	18,818,618	5,482,057
Saving Deposits (Note 20)			
Government Entities and Institutions	208,272	7,400	182,241
Key employees	107,080	22,700	40,102
Others	73	-	9,477
	315,425	30,100	231,820
Time Deposits (Note 21)			
Government Entities and Institutions	43,188,843	18,102,880	28,528,738
Key employees	138,273	48,220	8,523
Others	404,541	355,385	10,468
	43,731,657	18,506,485	28,547,729
Deposits from other Banks and financial institutions (Note 22)			
Government Entities and Institutions	855,574	341,808	412,463
Acceptances Payable (Note 14)			
Government Entities and Institutions	885,812	284,841	70,804
Fund borrowings (Note 24)			
Government Entities and Institutions	278,221	232,425	-
Compensation to key employees management (Note 41)			
Present value of defined benefit pension liability	308,734	251,514	197,084
Present value of work separation liability	72,825	46,046	15,520
Present value of old-age benefits liability	45,882	40,108	39,010
Present value of gratuity for services liability	30,831	28,801	22,720
Present value of grand leaves liability	33,888	28,708	25,033
Present value of pension preparation period	2,888	71,830	55,174
	494,747	468,006	354,591
Total liabilities to related parties	64,365,831	38,688,114	33,898,485
Total consolidated liabilities	485,455,811	428,078,955	367,612,482
Percentage of liabilities to related parties to total consolidated liabilities	13.23%	9.21%	9.00%

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43. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

	2012	2011	2010
Commitments and contingencies in administrative accounts			
Guarantees issued (Note 25c)			
PT Perusahaan Gas Negara (Persero) Tbk	1,072,003	751,532	604,292
PT Pertamina (Persero)	851,530	106,368	80,003
PT Perusahaan Listrik Negara (Persero)	877,408	174,528	134,015
PT Wijaya Karya (Persero) Tbk	587,473	604,103	752,181
PT Pindad (Persero)	246,128	-	2,405
PT Indonesia Power	235,815	130,080	128,444
PT Dipantara Indonesia (Persero)	224,022	103,287	0,091
PT Waskita Karya (Persero)	158,790	48,137	9,437
PT Pupuk Kujang (Persero)	133,905	113,355	112,637
PT Pal Indonesia (Persero)	46,448	-	-
Others	332,090	787,477	170,503
	5,444,425	2,808,895	2,867,788
Invocable L/G (Note 25c)			
PT Kendra Api (Persero)	2,150,182	322,524	-
PT Dipantara Indonesia (Persero)	1,125,583	517,887	0,333
PT Perusahaan Listrik Negara (Persero)	758,112	1,087,026	1,580,372
Perum BULOG	506,374	1,084,801	-
PT Wijaya Karya (Persero) Tbk	252,743	10,311	10,660
PT Pindad (Persero)	176,205	-	-
PT Railink	185,852	-	-
PT Pal Indonesia (Persero)	116,540	5,352	138
PT Pertamina Palra Niaga	108,422	-	-
PT Dok dan Perkapalan Kotjra Bahari (Persero)	108,300	-	-
Others	602,268	734,812	500,025
	6,088,589	3,782,393	2,147,418
Salaries and allowances for the Boards of Directors and Commissioners (Note 33)	61,008	62,325	54,162
Tuition, bonuses and incentives for the Boards of Directors, Commissioners and key employees (Note 33)	225,876	294,724	147,180

Percentage of transactions with related parties to total consolidated assets and liabilities of BRI and Subsidiaries are as follows:

	2012	2011	2010
Assets			
Current Accounts with other Banks	0.002%	0.000%	0.000%
Placements with Bank Indonesia and other Banks	0.131	0.232	0.148
Securities	3.430	3.006	1.802
Export Bills	0.003	-	-
Government Recapitalization Bonds	0.783	1.014	3.371
Loans	10.387	8.012	7.419
Sharia receivables and financing	0.021	0.020	0.008
Acceptances receivable	0.124	0.083	0.018
Investment in associated entities	0.035	0.035	0.033
Total	14.916%	13.294%	12.836%

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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):

	2012	2011	2010
Liabilities			
Demand Deposits	3.747%	4.470%	1.481%
Saving Deposits	0.004	0.007	0.063
Time Deposits	8.988	4.406	7.221
Deposits from other Banks and financial institutions	0.135	0.081	0.112
Acceptances payable	0.141	0.070	0.018
Fund borrowings	0.057	0.055	-
Compensation to key employees	0.102	0.111	0.086
Total	13.232%	9.209%	9.082%

As of December 31, 2012, 2011 and 2010, BRI (Parent Entity) insured certain premises and equipment to PT Asuransi Brngin Sejahtera Artha Makmur (related party) (Note 16).

44. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Communication Services Agreements

On August 13, 2012, BRI entered into an agreement with PT Sankomindo Mediyasa in connection with the procurement of VSAT communication services in 1,850 (one thousand nine hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp57,798.

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 offsite ATM for 3 (three) years with the contract value of Rp35,852.

On November 14, 2011, BRI entered into an agreement with PT Sankomindo Mediyasa in connection with the procurement of VSAT communication services in 1,000 (one thousand) locations of offsite ATM for 3 (three) years with the contract value of Rp30,810.

On March 29, 2011, BRI entered into an agreement with PT Telekomunikasi Indonesia in connection with the procurement of IP-VPN MPLS communication service in 800 (eight hundred) locations for 3 (three) years with a contract value of Rp878 per month.

On August 31, 2010, BRI entered into an agreement with PT Sankomindo Mediyasa in connection with the procurement of VSAT communication service in 982 (nine hundred eighty two) locations for 3 (three) years, with a contract value of Rp64,781.

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.

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44. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

b. Contingent Liabilities (continued)

As of December 31, 2012, 2011 and 2010, BRI has established an allowance (included in "Other Liabilities") for several pending lawsuits filed against BRI amounted to Rp828,081, Rp888,064 and Rp517,189, 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. 28 of 1998 as implemented by the Ministry of Finance Decision dated January 28, 1998 and the Joint Decrees No. 30/27/1998 and No. 1/8/PPN/1998 dated March 8, 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. 17/M/1998 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.

The Decision Letter No. 17/M/2000 dated May 26, 2000 from the Ministry of Finance of the Republic of Indonesia, concerning the "Conditions and Procedures in the Implementation of Government Guarantee for the Payment of Obligations of Commercial Banks" was amended by the Ministry of Finance Decision Letter No. 84/M/2004 dated February 27, 2004, concerning the "Conditions, Procedures and Policy in the Implementation of Government Guarantee for the Payment of Obligations of Commercial Banks". The changes consist of, among others, the responsibility of accepting payments for the guarantee premium was transferred from the Indonesian Bank Restructuring Agency to the Government Guarantee Implementation Unit (UP3).

In accordance with Regulation No. 17/P/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. 8/P/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/2008 dated March 9, 2008 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. 88 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.

46. REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

The following summarizes the revised Statements of Financial Accounting Standards (SFAS) which were issued by the Financial Accounting Standards Board (FASB) and are relevant to BRI and its Subsidiaries, effective on or after January 1, 2013:

- a. SFAS 38 (Revised 2012) "Business Combinations Entities". This revised SFAS prescribes the accounting treatment for business combinations under common control and applied to business combinations under common control that meet the requirements in SFAS 22 "Business Combinations", both for recipient and withdrawal entity.
- b. Amendment to Financial Accounting Standard for SFAS No.80 "Financial Instrument": Disclosure. The Financial Accounting Standard prescribes qualitative disclosure, in the context of qualitative disclosures that enable financial statements users to correlate the related disclosures, in order for the financial statements users to comprehend the overall perspective on the risk's characteristics and level resulting from the financial instrument. Interaction between qualitative and quantitative disclosures results in information disclosure that enable financial statement users to better evaluate entity risk exposure.
- c. Revocation SFAS No. 10, "Revocation of SFAS No. 5T": Accounting for Quasi Reorganization.

Currently BRI and Subsidiaries are in the process of evaluating and have not determined the impact of the revised, amended and revoked SFAS on the consolidated financial statements.

47. OTHER DISCLOSURES

a. Capital Adequacy Ratio (CAR)

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 not 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.

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47. OTHER DISCLOSURES (continued)

a. Capital Adequacy Ratio (CAR) (continued)

CAR of BRI (Parent Entity) as of December 31, 2012 amounted to 17.03% (unaudited) for the CAR credit risk and operational risk and 16.85% (unaudited) for credit risk, market risk and operational risk, at 31 December 2011 amounted to 15.08% (unaudited) for the CAR credit risk and operational risk and 14.96% (unaudited) for credit risk, market risk and operational risk, while on December 31, 2010 was 13.85% (unaudited) for the CAR credit risk and operational risk and 13.78% (unaudited) for credit risk, market risk and operational risk are calculated as follows:

	2012	2011	2010
Capital			
Core Capital ¹⁾	51,583,002	38,215,079	27,873,231
Supplementary Capital ²⁾	3,540,675	3,800,809	4,037,358
Total Capital for Credit, Market and Operational Risks	55,123,677	41,815,888	31,710,589
RWA for Credit Risk after considering Special Risk ³⁾	259,480,149	224,304,822	201,883,081
RWA for Operational Risk ⁴⁾	84,207,405	52,988,112	27,131,913
Total RWA for Credit and Operational Risks	323,687,554	277,292,734	229,013,994
RWA for Market Risk	1,854,474	2,289,805	1,433,038
Total RWA for Credit, Operational and Market Risks	325,542,028	279,582,539	230,447,032
CAR for Credit and Operational Risks ³⁾	17.03%	15.08%	13.85%
CAR for Credit, Market and Operational Risks ⁴⁾	16.85%	14.96%	13.78%
Minimum CAR	8.00%	8.00%	8.00%

¹⁾ Presented by excluding deferred tax assets according to Bank Indonesia Regulation No. 10/15/PB/2008 dated September 24, 2008.

²⁾ Presented after subtracting the encumbrance of Subordinated Bonds during the period according to Bank Indonesia Letter No. 12/18/DPH/1/TPH-3 dated February 11, 2010.

³⁾ Credit risk dated December 31, 2012 calculated according to Bank Indonesia Firm Letter No. 13/6/DPNP dated February 18, 2011 where the calculation of RWA using standard approach effective January 2, 2012.

⁴⁾ Operational risk is only included in 2010 according to Bank Indonesia Firm Letter No. 11/6/DPNP dated January 27, 2009.

b. Non-Performing Loans (NPL) Ratio

As of December 31, 2012, 2011 and 2010, BRI's non-performing loans ratio including Sharia receivables and financing are as follows:

(i) Consolidated

	2012	2011	2010
Gross NPL ratio	1.83%	2.32%	2.78%
Net NPL ratio	0.38	0.51	0.75

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47. OTHER DISCLOSURES (continued)

b. Non-Performing Loans (NPL) Ratio (continued)

As of December 31, 2012, 2011 and 2010, BRI's non-performing loans ratio including Sharia receivables and financing are as follows (continued):

(a) BRI (Parent Entity)

	2012	2011	2010
Gross NPL ratio	1.76%	2.30%	2.78%
Net NPL ratio	0.34	0.42	0.74

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.

c. Custodian Operations and Selling Agent

BRI rendered custodian services since 1988 based on its operating license through Bapepam Chairman Decision Letter No. 81/PM/1988 dated April 11, 1988 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) 91 (ninety one), 83 (eighty three) and 69 (sixty nine) customers as of December 31, 2012, 2011 and 2010, 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, 2012, 2011 and 2010 amounted to Rp18,015, Rp11,050 and Rp11,340, 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, which are appointed as the selling agents.

d. Trustee Agent Operations

BRI rendered trust services since 1980. The operating license of BRI for trust services was granted by the Ministry of Finance based on its Decision Letter No. 1554/KMK.013/1980 dated December 8, 1980 and registered in Bapepam in conformity with its Operating License as Trust Services No. 08/STTD-WAFW/1986 dated June 11, 1986.

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47. OTHER DISCLOSURES (continued)

d. Trustee Agent Operations (continued)

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.

BRRI has (unaudited) 17 (seventeen), 15 (fifteen) and 13 (thirteen) customers as of December 31, 2012, 2011 and 2010, respectively. The total value of bonds issuance on behalf of bonds issuers managed by BRRI as part of its trust services (including security agents) (unaudited) amounted to Rp42,858,506, Rp27,284,603 and Rp24,983,853 as of December 31, 2012, 2011 and 2010, respectively.

The fees and commissions on trust services and other related services (payment agent) (unaudited) earned for the years ended December 31, 2012, 2011 and 2010 amounted to Rp5,142, Rp3,870 and Rp4,414, 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 Rp2,857, Rp1,540 and Rp1,673, for the years ended December 31, 2012, 2011 and 2010, respectively.

48. EARNINGS PER SHARE

The following presents the reconciliation of factors in the computation of basic and diluted earnings per share (EPS) attributable to the owners of Parent Entity:

	2012		
	Income for the year attributable to the owners of Parent Entity	Weighted average number of outstanding common shares	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	15,520,284	23,982,848,245	776.33
	<u>15,520,284</u>	<u>23,982,848,245</u>	<u>776.33</u>
	2011		
	Income for the year attributable to the owners of Parent Entity	Weighted average number of outstanding common shares	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	15,882,523	23,982,848,245	628.51
	<u>15,882,523</u>	<u>23,982,848,245</u>	<u>628.51</u>

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48. EARNINGS PER SHARE (continued)

The following presents the reconciliation of factors in the computation of basic and diluted earnings per share (EPS) for Parent Entity (continued):

	2010		
	Income for the year attributable to the owners of Parent Entity	Weighted average number of outstanding common shares	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	11,472,385	23,982,848,358	478.26

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 23, 2013.

Press Release 2012

January

No.	Date	Activities
1	January 4, 2012	New year, BRI loan interest rate decreases again
2	January 4, 2012	BRI finance IDR 5.7 trillion for PUSRI Holding
3	January 7, 2012	BRI e-BUZZ mobile outlet present in Solo
4	January 8, 2012	BRIZZI launch 2012 takes place in Bali
5	January 16, 2012	BRI disbursed loan to PGN
6	January 16, 2012	PNPM (National Program of Community Empowerment Service) – BRI cultivates urban funding pilot project
7	January 28, 2012	E-Buzz present in Palembang

February

No.	Date	Activities
1	February 6, 2012	BRI clarifies PGNI issue
2	February 7, 2012	BRI SMS Banking targets 5 million transactions
3	February 7, 2012	BRI supports Fisheries Industry and National Marine Affairs
4	February 21, 2012	5.4 million people benefit from BRI KUR
5	February 28, 2012	BRI Performance Statement, Quarter 4, 2011

March

No.	Date	Activities
1	March 1, 2012	BRI base lending rate decrease in one month
2	March 7, 2012	BRI sends more than 162 customers to liven up Adikriya Indonesia 2012,
3	March 8, 2012	BRI facilitates national bazaar of cash management and operational finance transactions
4	March 10, 2012	Sponsoring NBL, BRI targets the acquisition of 500 new BRIZZI cards
5	March 11, 2012	BRIZZI FUNBIKE meet and greet in Makassar
6	March 14, 2012	BRI- Kemenpera (Public Housing Ministry) renovates the houses of under privileged citizens in Yogyakarta
7	March 28, 2012	BRI Annual General Shareholders Meeting 2012
8	March 30, 2012	BRI links with five ministries to increase the National Program of Community Empowerment Service
9	March 31, 2012	BRI targets 500 new BRIZZI cards from basketball fans in Jakarta

April

No.	Date	Activities
1	April 3, 2012	Linking with Perumnas (State-Owned Housing Developer), BRI urges cheap housing for the public
2	April 3, 2012	Linking with Gajah Mada University (UGM), BRI launches the BRI Entrepreneurial Program
3	April 5, 2012	BRI launches Transfer Lounge, BRI links with Angkasa Pura II
4	April 10, 2012	Floriade Venlo Exhibition
5	April 15, 2012	BRI provides coastal communities with 35,000 Sembako (nine basic human commodities)
6	April 21, 2012	After Jakarta, BRIZZI targets basketball fans in Yogyakarta
7	April 23, 2012	BRI targets the market at Ratu Indah Mall, Makassar
8	April 24, 2012	BRI Bank supports Rp225 billion Telkom Vision expansion
9	April 25, 2012	Untung Beliung Britama Lottery simultaneously held in 16 cities
10	April 27, 2012	16.12% growth, BRI Mikro Credit still leads
11	April 27, 2012	BRI supplies Rp1.5 trillion credit for Petrokimia

May

No.	Date	Activities
1	May 1, 2012	Big business opportunity in Korea, BRI connects with the Bank of Korea
2	May 4, 2012	BRI opens the 14 th Priority Service in Yogyakarta
3	May 5, 2012	BRIZZI helps resolve queue at the Prambanan Temple entrance
4	May 9, 2012	Increasing KUR Monitoring, BRI-Askrindo-Jamkrindo integrate Information Technology (IT)
5	May 24, 2012	Congratulations to 37 children from East Indonesia who received the BRI Bank intelligence archipelago scholarship
6	May 24, 2012	To introduce others to Indonesia's nature and culture, BRI supports the Borobudur Interhash 2012 event
7	May 27, 2012	BRI Bank is satisfied with the Borobudur Interhash event success
8	May 29, 2012	Who will be the winner who will go to Movie World, Dream World, Seaworld and Sydney?

June

No.	Date	Activities
1	June 1, 2012	BRI leads Rp1.937 trillion Gempol-Pasuruan toll road syndication
2	June 14, 2012	BRI strengthens foreign export results management
3	June 18, 2012	Since 2009, KUR BRI Mikro jumps to Rp8.2 trillion
4	June 20, 2012	BRI Touch returns to present Jason Mraz in concert
5	June 21, 2012	4 keys to success of the KUR Mikro BRI fluctuation

July

No.	Date	Activities
1	July 6, 2012	BRI minimizes opportunity for criminal activity in its banking services
2	July 8, 2012	BRI invites journalist's families to Preserve the Environment,
3	July 9, 2012	Information regarding BRI CSR can be found at www.banggaberindonesia.com
4	July 12, 2012	Ahead of Ramadhan, 10,623 BRI ATMs distribute Rp25 trillion
5	July 13, 2012	Good news, BIG (Geospatial Information Agency) employees can take their salary from BRI
6	July 16, 2012	Opened by the President, BRI sends eight established UKM (Small and Medium Enterprises) to the IFIS (International Flight Inspection Symposium) Expo
7	July 27, 2012	BRI performance explanation; Quarter 2, 2012

August

No.	Date	Activities
1	August 10, 2012	Attended by the President, BRI breakfast together with 3,500 orphans
2	August 13, 2012	Want a comfortable journey home? Don't forget the eight types of BRI services
3	August 14, 2012	These are the six BRI free routes back home
4	August 15, 2012	Supporting Jakarta Fashion Week 2013, BRI promotes creative industry
5	August 23, 2012	BRI customers draw Rp14.694 trillion in cash over the Lebaran holiday period
6	August 30, 2012	BRI supports Pelindo IV Investment 2012

September

No.	Date	Activities
1	September 5, 2012	BRI is not only the most productive, but also more efficient
2	September 5, 2012	Increasing 26%, BRI's generous contributions reach Rp311.1 trillion
3	September 10, 2012	BRI-TNI AL (Navy) helps neglected villages with Smart Ship
4	September 12, 2012	An enthusiastic supporter of sports, BRI hopes for a successful PON (National Sports Week) XVIII in Riau
5	September 12, 2012	BRI launches BRITAMA Plan
6	September 13, 2012	BRI supports food security credit
7	September 19, 2012	Driving the fashion Industry, BRI supplies Rp. 8.1 trillion credit

October

No.	Date	Activities
1	October 1, 2012	SRI supplies scholarships for 384 Army Strategy Reserve Command boys and girls
2	October 12, 2012	BRI-Indosat work together to improve services
3	October 17, 2012	Highest food credit growth
4	October 24, 2012	Ushering in Jakarta Fashion Week 2012, BRI spurs development of the fashion industry
5	October 31, 2012	BRI performance statement for Quarter 3, 2012

November

No.	Date	Activities
1	November 2, 2012	Life gets more practical and easier with "BRI Mobile"
2	November 3, 2012	BRI helps Jakarta Fashion Week return to success
3	November 8, 2012	BRI Sponsors Jakarta Fashion Week
4	November 28, 2012	BRI's five-year performance spikes
5	November 29, 2012	With a broadening network, BRI non-interest income increases
6	November 29, 2012	BRI provides credit investment and a non-cash loan facility to Perum Peruri (Indonesian state banknote printers)
7	November 29, 2012	BRI supports the optimization of PT Geo Dipa Energy's Geothermal Power Plant 2012

December

No.	Date	Activities
1	December 16, 2012	Under the theme "Touch of Betawi", Sunday Fest livens up BRI 117 anniversary
2	December 17, 2012	Millennium Challenge Account-Indonesia (MCA-I)
3	December 19, 2012	Mitratel gets disbursement from BUMN (State-Owned Enterprises) Banking
4	December 19, 2012	BRI ready to serve Jamsostek participants
5	December 20, 2012	BRI-Telkom signs 55 business cooperations
6	December 20, 2012	13.600 BRI ATMs prepare Rp.11.424 trillion
7	December 23, 2012	State Minister sends off 32,000 BRI employees on health walk

Correspondence with Bapepam-LK and the Indonesia Stock Exchange (IDX)

Outgoing Letter to Bapepam-LK and the Indonesia Stock Exchange (IDX)

Month	No	Letter No.		Sent to	Description
		Number	Date		
January	1	B.12-SKP/DHI/01/2012	January 6, 2012	IDX	PT Agroniaga Bank Tbk Share Transfer Progress Report
	2	B.13-SKP/DHI/01/2012	January 6, 2012	Bapepam-LK	PT Agroniaga Bank Tbk Share Transfer Progress Report
	3	B.15-SKP/DHI/01/2012	January 6, 2012	IDX	Monthly Report of Shareholders Registration
February	1	B.63-SKP/DHI/02/2012	February 3, 2012	Bapepam-LK	PT Agroniaga Bank Tbk Share Transfer Progress Report
	2	B.64-SKP/DHI/02/2012	February 3, 2012	IDX	PT Agroniaga Bank Tbk Share Transfer Progress Report
	3	B.65-SKP/DHI/02/2012	February 7, 2012	Bapepam-LK	Affiliated transaction report
	4	B.67-SKP/DHI/02/2012	February 8, 2012	IDX	Monthly Report of Shareholders Registration
	5	B.85-SKP/DHI/02/2012	February 27, 2012	IDX	BRI AGM (Annual General Meeting) 2012 Announcement
	6	B.86-SKP/DHI/02/2012	February 27, 2012	Bapepam-LK	BRI AGM (Annual General Meeting) 2012 Announcement
	7	B.87-SKP/DHI/02/2012	February 27, 2012	Bapepam-LK	Proof of Advertisement of BRI AGM (Annual General Meeting) 2012 Announcement
	8	B.88-SKP/DHI/02/2012	February 27, 2012	IDX	Proof of Advertisement of BRI AGM (Annual General Meeting) 2012 Announcement
	9	B.91-SKP/DHI/02/2012	February 29, 2012	IDX	BRI Financial Statement 2011
	10	B.92-SKP/DHI/02/2012	February 29, 2012	IDX	Proof of Financial Statements 2011 Announcement
	11	B.93-SKP/DHI/02/2012	February 29, 2012	IDX	BRI Financial Statement 2011
	12	B.94-SKP/DHI/02/2012	February 29, 2012	Bapepam-LK	Proof of Financial Statements 2011 Announcement
	13	B.95-SKP/DHI/02/2012	February 29, 2012	Bapepam-LK	Affiliated Transaction Report
	14	B.145-DIR/SKP/02/2012	February 29, 2012	Bapepam-LK	BRI Financial Statement as of December 31 st , 2011 (Audited)
	15	B.146-DIR/SKP/02/2012	February 29, 2012	IDX	BRI Financial Statement as of December 31 st , 2011 (Audited)
March	1	B.101-SKP/DHI/03/2012	March 6, 2012	Bapepam-LK	Disclosure of information regarding BRI Financial Statement 2011
	2	B.166-DIR/SKP/03/2012	March 12, 2012	Bapepam-LK	Revised agenda for BRI AGM (Annual General Meeting) 2012
	3	B.105-SKP/DHI/03/2012	March 12, 2012	IDX	Monthly Report of Shareholders registration
	4	B.109-SKP/DHI/03/2012	March 13, 2012	Bapepam-LK	PT Bank Rakyat Indonesia (Persero) Tbk Annual Report 2011

Month	No	Letter No.		Sent to	Description
		Number	Date		
	5	B.110-SKP/DHI/03/2012	March 13, 2012	IDX	PT Bank Rakyat Indonesia (Persero) Tbk Annual Report 2011
	6	B.111-SKP/DHI/03/2012	March 13, 2012	Bapepam-LK	Proof of AGM (Annual General Meeting) 2012 Summons
	7	B.112-SKP/DHI/03/2012	March 13, 2012	IDX	Proof of AGM (Annual General Meeting) 2012 Summons
	8	B.113-SKP/DHI/03/2012	March 13, 2012	IDX	BRI AGM (Annual General Meeting) 2012 Summons
	9	B.114-SKP/DHI/03/2012	March 13, 2012	Bapepam-LK	BRI AGM (Annual General Meeting) 2012 Summons
	10	B.115-SKP/DHI/03/2012	March 14, 2012	Bapepam-LK	Proof of Advertisement of BRI Subordinated Bond II Issuance in 2009 by PT Fitch Ratings Indonesia
	11	B.116-SKP/DHI/03/2012	March 14, 2012	IDX	Proof of Advertisement of BRI Subordinated Bond II Issuance in 2009 by PT Fitch Ratings Indonesia
	12	B.117-SKP/DHI/03/2012	March 14, 2012	Bapepam-LK	BRI Subordinated Bond II's Rating Agency in 2009
	13	B.118-SKP/DHI/03/2012	March 14, 2012	IDX	BRI Subordinated Bond II's Rating Agency in 2009
	14	B.122-SKP/DHI/03/2012	March 14, 2012	IDX	Confirmation of Demand Response Exchange
	15	B.145-SKP/DHI/03/2012	March 30, 2012	Bapepam-LK	Announcement of schedule and procedures of dividend payout
	16	B.146-SKP/DHI/03/2012	March 30, 2012	IDX	Announcement of schedule and procedures of dividend payout
	17	B.148-SKP/DHI/03/2012	March 30, 2012	Bapepam-LK	BRI AGM (Annual General Meeting) 2012 Implementation report
	18	B.149-SKP/DHI/03/2012	March 30, 2012	IDX	BRI AGM (Annual General Meeting) 2012 Implementation report
	19	B.150-SKP/DHI/03/2012	March 30, 2012	Bapepam-LK	Proof of advertising of BRI AGM (Annual General Meeting) 2012 Implementation report
	20	B.151-SKP/DHI/03/2012	March 30, 2012	IDX	Proof of advertising of BRI AGM (Annual General Meeting) 2012 Implementation report
April	1	B.156-SKP/DHI/04/2012	April 10, 2012	IDX	Monthly Report of Shareholders registration
	2	B.172-SKP/DHI/04/2012	April 18, 2012	Bapepam-LK	PT Agroniaga Bank Tbk Shares Retransfer Progress Report
	3	B.180-SKP/DHI/04/2012	April 27, 2012	IDX	BRI Financial Statement of Quarter 1 2012
	4	B.181-SKP/DHI/04/2012	April 27, 2012	IDX	BRI Financial Statement of Quarter 1 2012
	5	B.182-SKP/DHI/04/2012	April 27, 2012	Bapepam-LK	Proof of Announcement of BRI Financial Statement of Quarter 1 2012
	6	B.183-SKP/DHI/04/2012	April 27, 2012	IDX	Proof of Announcement of BRI Financial Statement of Quarter 1 2012
	7	B.374-DIR/SKP/04/2012	April 27, 2012	Bapepam-LK	BRI Financial Statement as of March 31, 2012

Month	No	Letter No.		Sent to	Description
		Number	Date		
May	1	B.197-SKP/DHI/05/2012	May 9, 2012	IDX	Monthly Report of Shareholders registration
June	1	B.226-SKP/DHI/06/2012	June 11, 2012	IDX	Monthly Report of Shareholders registration
July	1	B.244-SKP/DHI/07/2012	July 10, 2012	IDX	Monthly Report of Shareholders registration
	2	B.259-SKP/DHI/07/2012	July 27, 2012	IDX	BRI Financial Statement of Quarter 2 2012
	3	B.260-SKP/DHI/07/2012	July 27, 2012	IDX	BRI Financial Statement of Quarter 2 2012
	4	B.261-SKP/DHI/07/2012	July 27, 2012	Bapepam-LK	Proof of Advertisement of BRI Financial Statement of Quarter 2 2012
	5	B.262-SKP/DHI/07/2012	July 27, 2012	IDX	Proof of advertisement of BRI Financial Statement of Quarter 2 2012
August	1	B.285-SKP/DHI/08/2012	August 8, 2012	IDX	Monthly Report of Shareholders registration
September	1	B.285-SKP/DHI/09/2012	September 11, 2012	IDX	Monthly Report of Shareholders registration
October	1	B.310-SKP/DHI/10/2012	October 9, 2012	IDX	Monthly Report of Shareholders registration
	2	B.321-SKP/DHI/10/2012	October 25, 2012	Bapepam-LK	PT BRI Ranking
	3	B.322-SKP/DHI/10/2012	October 25, 2012	Bapepam-LK	Submission of Proof of Advertising
	4	B.325-SKP/DHI/10/2012	October 30, 2012	Bapepam-LK	Change of Name of Subsidiaries
	5	B.327-SKP/DHI/10/2012	October 31, 2012	IDX	BRI Financial Statement of Quarter 3 2012
	6	B.328-SKP/DHI/10/2012	October 31, 2012	IDX	BRI Financial Statement of Quarter 3 2012
	7	B.329-SKP/DHI/10/2012	October 31, 2012	IDX	Proof of advertisement of BRI Financial Statement of Quarter 3 2012
	8	B.330-SKP/DHI/10/2012	October 31, 2012	Bapepam-LK	Proof of advertisement of BRI Financial Statement of Quarter 3 2012
November	1	B.332-SKP/DHI/11/2012	November 9, 2012	IDX	Public Expose Plan
	2	B.333-SKP/DHI/11/2012	November 9, 2012	IDX	Monthly Report of Shareholders registration
	3	B.343-SKP/DHI/11/2012	November 23, 2012	Bapepam-LK	Data of BRI's Debt/Obligation in foreign exchange
	4	B.344-SKP/DHI/11/2012	November 23, 2012	IDX	Submission of Public Expose Materials
	5	B.352-SKP/DHI/11/2012	November 30, 2012	IDX	Public Expose Implementation Report
December	1	B.360-SKP/DHI/12/2012	December 11, 2012	IDX	Monthly Report of Shareholders registration
	2	B.362-SKP/DHI/12/2012	December 18, 2012	Bapepam-LK	Data of BRI's Debt/Obligation in foreign exchange

Month	No	Letter Number		Sent from	Matter
		Number	Date		
January	1	S.00557/BEI/PPS/01-2012	January 26, 2012	IDX	Recall the submission of Ranking Report and The use of IPO Funds Report
April	2	S. 3829/BL/2012	April 12, 2012	Bapepam-LK	Participation in Annual Report Awards 2012
	3	S.01139/BEI/SPI/02-2012	April 25, 2012	IDX	PT BEI Customer Satisfaction Survey
May	4	S.0211/BEI/PPU/05/2012	May 10, 2012	IDX	Invitation to the Presentation of Capital Market Awards 2012 Nomination
	5	S-03513/BEI/PSH/05/2012	May 22, 2012	IDX	Policy on implementation of correction/cancellation of IDX transactions in market negotiation and trade handling guide at IDX
August	6	S.9403/BL/2012	August 28, 2012	Bapepam-LK	Bapepam-LK Customer Satisfaction Survey Stage 3
September	7	S.06358-BEI.PMR/09/2012	September 18, 2012	IDX	Confirmation of availability to deliver Company Presentation and Press Conference at Investor Summit 2012
	8	00468/BEI/09-2012	September 21, 2012	IDX	Invitation of socialization and refreshing on Asset-Backed Securities listing rules
October	9	S.06453/BEI/PSH/09/2012	October 1, 2012	IDX	IDX Holiday Calendar for 2012
	10	S.07323-BEI/PMR/10-2012	October 30, 2012	IDX	Invitation of Technical Meeting Presentation at Investor Summit 2012

Bapepam LK Reference

Criteria	Description	Pages
I. GENERAL		
1. Written in good and correct Indonesian, and it is recommended to present the report in English as well		√
2. Printed with good quality, using readable type and size of font.		√
3. Corporate identity should be stated clearly	Company name and year of annual report on: 1. Front cover 2. Side cover 3. Back cover 4. Every page	√
4. Posted in the Company's website		√
II. FINANCIAL HIGHLIGHTS		
1. Financial information in comparative form over a period of three financial years or since operation commence date if company has been operational less than three years	Information covers at least: 1. Sales/operating income 2. Profit (loss) 3. Comprehensive total profit (loss) 4. Profit (loss) per share	12
2. Financial information in comparative form over a period of three financial years or since operation commence date if company has been operational less than three years	Information includes: 1. Net working capital 2. Total investment in associates and/or joint ventures 3. Total assets 4. Total liabilities 5. Total equity	12-13
3. Financial ratios in comparative form over a period of three financial years or since operation commence date if company has been operational less than three years.	Information includes five general ratios that are relevant to company's business.	12
4. Share price in table and graph.	Information in tables and graphs depicts: 1. Number of shares in circulation 2. Market capitalization; 3. Highest, lowest and closing share prices; and 4. Share transaction volume for every quarter in the last two financial years (if any).	66

Criteria	Description	Pages
5. Information on total bonds, sukuk or convertible bonds outstanding in the last two financial years.	Information describes: 1. Total outstanding bonds/sukuk/convertible bonds 2. Coupon rate 3. Maturity date 4. Bond/sukuk rating	67
III. BOARD OF COMMISSIONERS AND DIRECTORS REPORT		
1. Board of Commissioners Report	Information includes: 1. Evaluation of Board of Directors performance 2. Review of business prospects stated by Board of Directors 3. Changes in Board of Commissioners composition (if any)	24 24 29
2. Board of Directors Report	Contains the following information: 1. Analysis of company performance: strategic policy, comparison of result and target, problems facing the company 2. Business prospects 3. Good corporate governance practice 4. Changes in Board of Directors composition (if any)	34-36 39-41 37-38 29
3. Signatures of Board of Commissioners and Board of Directors members	Provides the following information: 1. Signatures are printed on a separate sheet 2. Statement of Board of Commissioners and Board of Directors that they are fully responsible for the validity of annual report 3. Signatures, names and positions of all members of Board of Commissioners and Board of Directors 4. Separate written statement of any member of Board of Commissioners or Board of Directors not signing the report, or separate written statement of other members in case there is no explanation from the member who does not sign the report.	44-45
IV. CORPORATE PROFILE		
1. Name and address	Information includes name, address, postal code, telephone and/or fax number (s), e-mail and website	48
2. Brief history	Description includes date of establishment, name and change of name (if any)	50-51

Criteria	Description	Pages
3. Line of business	Description regarding: 1. line of business in accordance with articles of association 2. products or services provided	48, 54-55
4. Organization structure	In the form of chart, depicting names and positions at least to one level below board of directors.	60-61
5. Vision and mission	Elaborates on: 1. Corporate vision and mission 2. Statement that corporate vision and mission are approved by Board of Directors/Board of Commissioners	52-53
6. Identity and brief curriculum vitae of Board of Commissioners Members	Information includes: 1. Name 2. Position (incl. position in any other company or institution) 3. Age 4. Education 5. Working experience 6. Date of first appointment as member of Board of Commissioners	318-321
7. Identity and brief curriculum vitae of Board of Directors members	Information includes: 1. Name 2. Position (incl. position in any other company or institution) 3. Age 4. Education 5. Working experience 6. Date of first appointment as member of Board of Directors	322-325
8. Total employees (two-year comparison) and description of potential development (e.g. education and training)	Information describes: 1. Number of employees in each organization level 2. Number of employees in each education level 3. Accomplished training reflecting equal opportunity for all employees 4. Total costs incurred	84 84 81 81

Criteria	Description	Pages
9. Shareholding composition	Information includes among other things: 1. Name of shareholders owning 5% or more ownership 2. Directors and Commissioners owning shares 3. Public shareholders each owning less than 5% and the percentage of their ownership	70 240, 250 70
10. Subsidiaries and/or affiliates	Information contains at least: 1. Name of subsidiaries/affiliates 2. Percentage of share ownership 3. Core business of subsidiaries/ affiliates 4. Operating status of subsidiaries/ affiliates (operational or non operational)	62
11. Company Group Structure	Structure describes the subsidiary, affiliates, joint ventures, special purpose vehicle (SPV) or statement of not owning any group	60-62
12. Share listing chronology	Information describes at least: 1. Share listing chronology 2. Corporate action affecting total number of shares 3. Changes of share total number from initial listing to end of financial year 4. Name of bourse(s) where company shares are listed	68-69
13. Other securities listing chronology	Description includes among other things: 1. Other securities listing chronology 2. Corporate action affecting total number of other securities 3. Changes of securities total number from initial listing to end of financial year 4. Name of bourse(s) where securities are listed Securities rating	73
14. Name & address of capital market institutions and professionals	Information with regard to: 1. Name & address of Share Registrar 2. Name & address of public Accountant 3. Office name & address of Rating Agency	63

Criteria	Description	Pages
15. Awards and/or certifications received by company at national and international level	Information includes, among other things: 1. Name of award and/or certification 2. Year awarded 3. Agency issuing the award and/or certification 4. Validity period (for certification)	16-17
16. Name and address of subsidiaries or branches or representative offices (if any)		330-332
V. MANAGEMENT DISCUSSION AND ANALYSIS		
1. Review of business operations per business segment	Contains information on: 1. Production or business activity 2. Increase/decrease of production capacity 3. Sales/operating income 4. profitability of each business segment presented in financial statement, if any	158-181
2. Description of financial performance	Comparative financial analysis of current and previous years (in narration and table), covering: 1. Current assets, non-current assets, total assets 2. Current liabilities, non-current liabilities, total liabilities 3. Equity 4. Total comprehensive profit (loss) net profit 5. Cash flow	182-196 189-194 194-196 197-198 184-185 198
3. Discussion and analysis of debt service ratio and turnover rate	Explanation on: 1. Ratio solvability 2. Account receivable collectability ratio	199-200
4. Discussion of capital structure and capital structure policy	Explanation on: 1. Capital structure 2. Capital structure policies	197 197-198
5. Material commitment in capital expenditure	Description of: 1. Purpose of commitment 2. Funding sources to honor commitment 3. Currency 4. Action plans to hedge foreign currency risks Note: if company has no commitment in capital expenditure, it should be stated	200-201

Criteria	Description	Pages
6. If financial statement discloses material increase or decrease in net sales/ income, discussion of the extent of such changes if related to total goods or services sold, and whether or not there are new goods or services.	Explanation on: 1. Amount of increase/decrease of net sales/ income 2. Causes of material increase/ decrease of net sales/income related to total goods/services sold	184 186
7. Comparative information between targets in beginning of financial year and results achieved, also targets or projection for one year to come of revenue, profit, capital structure and others deemed important by company	Information includes, among other things: 1. Comparison between targets in beginning of financial year and results achieved 2. Targets or projections for one year to come	201
8. Material information and fact subsequent to date of accountant report	Description of significant events subsequent to accountant report including the effects on company's future performance and business risk. Note: if there is no significant event subsequent to accountant report, state so	209
9. Description of company business prospects	Description of business prospects in relation to industry and general economic condition, with supporting quantitative data from reliable sources	76
10. Description of marketing aspect	Description of marketing of products and/ or services, covering marketing strategy and market share of the company	86-93, 157
11. Description of dividend policy, total cash dividend per share and total dividend per year declared and paid for the past two financial years	Description includes: 1. Total cash dividend 2. Total cash dividend per share 3. Payout ratio for each year Note: if no dividend is paid, state the reason	72-73
12. Application of public offering proceeds (if company is still required to make such report)	Description of the following: 1. Total fund acquired 2. Proposed application of fund 3. Detail of fund application 4. Balance of fund 5. Date of GMS approval for revised fund application, if any	Irrelevant
13. Material information on investment, expansion, divestment, acquisition or debt/capital restructuring	Information on the following: 1. Purpose of transaction 2. Value of transaction or restructuring 3. Source(s) of fund Note: if there is no such transaction, state so	203, 209

Criteria	Description	Pages
14. Information on material transaction involving conflict of interest and/ or transaction with affiliated parties	Description of the following: 1. Name of party making transaction and nature of affiliation 2. Explanation on transaction fairness 3. Reason for making transaction 4. Realized transaction in current period 5. Company policy in relation to mechanism of transaction review 6. Compliance with related rules and regulations Note: if there is no such transaction, state so	209
15. Description of changes in laws and regulations significantly affecting the company	Describe changes in government policy and the effects on the company Note: if there are no significant changes in laws and regulations, state so	204-208
16. Description of changes in accounting policies	Describe changes in accounting policies, reasons and effects on financial statement Note: if there are no changes in accounting policies, state so	203
VI. GOOD CORPORATE GOVERNANCE		
1. Description of Board of Commissioners	Description contains: 1. Board of Commissioners responsibility 2. Procedures of fixing remuneration 3. Remuneration structure showing remuneration components and nominal amount per component for each member of Board of Commissioners 4. Frequency and attendance rate of Board of Commissioners meeting 5. Training program for enhancing Board of Commissioners' competence 6. Disclosure of Board Charter (work guidelines and procedures of Board of Commissioners)	233-237 250-251 253 237-238 239 233-234
2. Description of Board of Directors	Description include: 1. Scope of duty and responsibility of each member of Board of Directors 2. Frequency of Board of Directors meeting 3. Attendance rate of Board of Directors meeting 4. Training program for enhancing Board of Directors' competence 5. Disclosure of Board Charter (work guidelines and procedures of Board of Directors)	241-244 245 245 249 240

Criteria	Description	Pages
3. Assessment of members of Board of Commissioners and Board of Directors	Description with regard to:	
	1. Assessment process of Board of Commissioners and Board of Directors performance	240, 250 240, 249-250
	2. Assessment criteria of Board of Commissioners and Board of Directors performance	240, 250
4. Description of remuneration policy for Board of Directors	3. Name of party making the assessment	
	Description includes:	
	1. Procedures of fixing remuneration	251-252
5. Information on Principal Shareholders and Controlling Shareholders, either directly or not directly, through to individuals	2. Remuneration structure showing type and amount of short-term, long-term and post employment benefits for each member of Board of Directors	253 249-250
	3. Performance indicator of Board of Directors	
	In the form of chart or diagram.	70
6. Disclosure of affiliate relation between Board of Commissioners, Directors, and principal shareholders and/or controlling shareholders	Information includes among other things:	
	1. Affiliate relation between Board of directors member and other Board of directors member	231-232
	2. Affiliate relation between Board of directors member and Board of commissioners member	
	3. Affiliate relation between Board of directors member and Principal shareholder and/or Controlling Shareholder	
	4. Affiliate relation between Board of commissioners member and other Board of commissioners member	
	5. Affiliate relation between Board of commissioners member and Principal shareholder and/or Controlling Shareholder	
Note: if no such affiliate relation exists, state so		
7. Audit Committee	Information includes:	
	1. Name and position of members	254
	2. Qualification and experience of members	326
	3. Independence of members	254
	4. Duty and responsibility	254
	5. Activity report	256
	6. Audit Committee meeting frequency and attendance rate	255

Criteria	Description	Pages
8. Nomination and Remuneration Committee	Description includes: 1. Name, position, brief curriculum vitae of members 2. Independence of members 3. Duty and responsibility 4. Activity report 5. Meeting frequency and attendance rate	257-327 257 257-258 259 258
9. Other Committees under Board of Commissioners	Information covers at least: 1. Name, position, brief curriculum vitae of members 2. Independence of members 3. Duty and responsibility 4. Activity report 5. Other Committees meeting frequency and attendance rate	260-272, 326
10. Job and function of Corporate Secretary	Description includes: 1. Name and brief curriculum vitae of Corporate Secretary 2. Activity report	327 272-274
11. Internal Audit Unit	Description of: 1. Name of head of internal audit unit 2. Total employees of internal audit unit 3. Professional internal audit qualification/certification 4. Structure and position of internal audit unit 5. Activity report 6. Party appointing/terminating head of internal audit unit	327 284 285 287 285-286 284
12. Accountant	Information on: 1. Number of periods accountant has audited company's annual financial statements 2. Number of periods public accountant office has audited company's annual financial statements 3. Amount of audit fee and other attestation fees (if accountant provides attestation concurrently with audit) 4. Other accountant services besides financial audit Note: if no other service exists, state so	289

Criteria	Description	Pages
13. Description of company's risk management	Description includes: 1. Risk management system 2. Evaluation of effectiveness of risk management system 3. Risks facing the company 4. Efforts to manage such risks	100, 289 149-150 104-147 100-151
14. Description of internal control system	Information includes: 1. Brief report on internal control system, including financial and operational control 2. Explanation on internal control system suitability with internationally acknowledged frameworks/COSO (control environment, risk assessment, control activities, information and communication, and monitoring activities) 3. Evaluation of effectiveness of internal control system	103, 276 276 276-277
15. Description of corporate social responsibility related to environment	Description includes information on: 1. Policy 2. Activities 3. Financial effect of environmental program activities, such as usage of recyclable material and ecofriendly energy, waste treatment system, etc. 4. Environmental certification owned by the Company	309
16. Description of corporate social responsibility related to employment, work safety and health	Information includes: 1. Policy 2. Activities 3. Financial effect of these activities in relation to employment, work safety and health, gender equality and equal opportunity, working facilities, employee turnover, work-related accident rate, training, etc.	306-307
17. Description of corporate social responsibility related to social and community development	Information covers: 1. Policy 2. Activities 3. Financial effect of these activities in relation to customer's safety and health, product information, means of handling customer complaints, total number of customer complaints settled, etc.	310-311

Criteria	Description	Pages
18. Description of corporate social responsibility in relation to customer	Information covers: 1. Policy 2. Activities 3. Financial effect of these activities in relation to customer's safety and health, product information, means of handling customer complaints, total number of customer complaints settled, etc.	302-305
19. Description of significant cases faced by the company, subsidiaries, incumbent members of Board of Directors and Board of Commissioners	Description includes: 1. Subject of cases/claims 2. Status of cases/claims settlement 3. Effects on company's financial condition 4. Administrative penalty imposed on subsidiary, members of Board of Directors and Board of Commissioners, by the related authority (capital market, bank, etc) in the last financial year Note: if there is no significant case, state so	297
20. Public access to corporate data and information	Elaboration on availability of public access to corporate data and information, through website, mass media, mailing list, bulletin, analyst meeting, etc.	330-332 274-275
21. Discussion of code of conduct	Discussion includes: 1. Content of code of conduct 2. Statement that code of conduct is applicable to all organization levels 3. Efforts to implement and enforce code of conduct 4. Statement of corporate culture	288-289 291 291-293 289-293
22. Elaboration on whistleblowing system	Elaboration on whistle-blowing mechanism: 1. Method of reporting 2. Protection of whistle-blower 3. Handling of reports 4. Party that handles reports 5. Output of reports handled	295 296 296 295 296
VII. FINANCIAL INFORMATION		
1. Statement of Board of Directors regarding its responsibility of financial statement	In conformity with related regulations on Financial Statement	336
2. Independent auditor's opinion on financial statement		338

Criteria	Description	Pages
3. Description of independent auditor in opinion	Description contains: 1. Name and signature 2. Date of audited report 3. License number of Public Accountant office and license number of Public Accountant	338
4. Full financial statement	Contains all financial statement elements: 1. Balance sheet 2. Comprehensive income statement 3. Changes in equity report 4. Cash flow report 5. Notes to financial statement 6. Financial statement at the beginning of comparative periods when the company implements accounting policy retrospectively or restates financial statement accounts, or reclassifies financial statement accounts (if applicable).	339 - 342 343-345 346-350 349-350 351-530 362
5. Disclosure in notes to financial statement when the company implements accounting policy retrospectively or restates financial statement accounts, or reclassifies financial statement accounts	State whether or not there is disclosure according to SFAS	362, 526
6. Comparison of profitability ratio	Comparison of current and previous year profit (loss)	343, 345
7. Presentation of cash flow report	In compliance with the following: 1. Classification of activities in three categories: operating, investing and financing activities 2. Usage of direct method in reporting cash flow from operating activities 3. Separate presentation of cash income/ expense in current year in operating, investing and financing activities 4. Disclosure of non-cash activities in notes to financial statement	349-350 357 350-358 350

Criteria	Description	Pages
8. Description of accounting policy	Description contains at least:	
	1. Statement of compliance with SFAS	357
	2. Basis of financial statement measurement and presentation	357
	3. Recognition of income and expense	378
	4. Fixed assets	373-375
	5. Financial instruments	381
9. Disclosure of related-party transactions	Items to be disclosed include:	
	1. Name of related parties, nature of relationship to related parties	366, 517-520
	2. Value of transactions and percentage to relevant total income and expense	521-524
	3. Transaction balance and percentage to total assets or liabilities	524
10. Disclosure of tax obligations	Items to be disclosed include:	
	1. Relation between tax expense (income) and accounting profit	381
	2. Reconciliation between fiscal and current tax assessment	459-460
	3. Statement that reconciled taxable profit is the basis of making corporate annual income tax return	381, 460
	4. Breakdown of deferred tax assets and liabilities recognized in balance sheet for each period and total deferred tax expense (income) recognized in income statement if such amount is not shown in total deferred tax assets or liabilities recognized in financial statement	461
	5. Statement whether or not there is any tax dispute	461-462

Criteria	Description	Pages
11. Disclosure of fixed assets	Items to be disclosed:	
	1. Depreciation method applied	373-374
	2. Description of accounting policy adopted between fair value model and cost model	375
	3. Significant method and assumption adopted in estimating fair value of fixed assets (revaluation model) or disclosure of fair value of fixed assets (cost model)	374 427-429
12. Accounting policies related to employee benefits	Items to be disclosed:	
	1. Type of employee benefits for employee	505-516
	2. Brief description on company's post-employment benefits	
	3. Company's accounting policies in recognizing actuarial profit and loss; and	
13. Disclosure of financial instruments	4. Recognition of profit and loss for curtailment and resolution	
	Items to be disclosed include:	
	1. Accounting requirements, conditions and policies for each group of financial instruments	358-359 359-360
	2. Classification of financial instruments	363-364
	3. Fair value of each group of financial instruments	462 462-493
	4. Purpose and policy of financial risk management	462-497
14. Publication of financial statement	5. Explanation on risks related to financial instruments: market risks, credit risks and liquidity risks	
	6. Quantitative analysis on risks related to financial instruments	
14. Publication of financial statement	Items to be disclosed include:	
	1. Date of authorization for financial statement publication	530
	2. Party responsible for authorizing financial statement	335, 530

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Annual Report 2012



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