

PT Bank Rakyat Indonesia (Persero) Tbk and its Subsidiaries

**Interim Consolidated Financial Statements
as of September 30, 2017
and for the nine-month period then ended**



PT BANK RAKYAT INDONESIA (PERSERO) Tbk.

KANTOR PUSAT

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BOARD OF DIRECTORS' STATEMENT REGARDING THE RESPONSIBILITY FOR THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2017 AND FOR THE NINE-MONTH PERIOD THEN ENDED PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES

We, the undersigned:

1. Name : Suprajarto
 Office Address : Jl. Jenderal Sudirman No.44-46 Jakarta 10210
 Residential Address : Jl. Sumenep No. 11 Menteng, Central Jakarta
 Telephone : 021 -575 1705
 Title : President Director
2. Name : Haru Koesmahargyo
 Office Address : Jl. Jenderal Sudirman No. 44-46 Jakarta 10210
 Residential Address : Jl. MPR III / 09 Cilandak, South Jakarta
 Telephone : 021 - 575 1751
 Title : Director

Declare that:

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

This statement has been made truthfully.

Jakarta, October 26, 2017
 For and on behalf of the Board of Directors


 Suprajarto
 President Director


 Haru Koesmahargyo
 Director



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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2017
AND FOR THE NINE-MONTH PERIOD THEN ENDED**

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	September 30, 2017	December 31, 2016
ASSETS			
Cash	2a,2c,3	21,668,932	25,212,024
Current Accounts With Bank Indonesia	2a,2c,2f,4	56,350,523	55,635,946
Current Accounts With Other Banks	2a,2c,2d,2e, 2f,5,44	7,287,147	11,022,715
Placements With Bank Indonesia and Other Banks	2a,2c,2d,2e, 2g,6,44	38,208,026	78,142,754
Securities	2a,2c,2d,2e, 2h,7,44	165,382,116	132,064,102
Allowance for impairment losses		(758)	(758)
		<u>165,381,358</u>	<u>132,063,344</u>
Export Bills	2c,2d,2e,2i, 8.44	6,162,180	9,345,472
Government Recapitalization Bonds	2c,2d,2h, 9.44	3,319,262	3,318,434
Securities Purchased Under Agreement to Resell	2c,2d,2u, 10.44	21,175,368	1,557,370
Derivatives Receivable	2c,2e,2ak,11	114,069	91,657
Loans	2c,2d,2e, 2j,12,44	674,347,663	643,470,975
Allowance for impairment losses		(31,506,084)	(22,184,296)
		<u>642,841,579</u>	<u>621,286,679</u>
Sharia Receivables and Financing	2c,2d,2e, 2k,13,44	17,794,767	17,748,943
Allowance for impairment losses		(439,553)	(492,156)
		<u>17,355,214</u>	<u>17,256,787</u>
Finance Lease Receivables	2c,2e,2l, 14	2,065,995	2,200,300
Allowance for impairment losses		(109,000)	(130,000)
		<u>1,956,995</u>	<u>2,070,300</u>
Acceptances Receivable	2c,2d,2e, 2m,15,44	5,932,356	5,692,583
Investment in Associated Entities	2c,2d,2e, 2n,16,44	2,439	2,439

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

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	September 30, 2017	December 31, 2016
ASSETS (continued)			
Premises and Equipment	2o,2p,17		
Cost		33,452,961	32,262,349
Accumulated depreciation		<u>(8,825,935)</u>	<u>(7,747,290)</u>
Net book value		<u>24,627,026</u>	<u>24,515,059</u>
Deferred Tax Assets - net	2a/,38c	3,873,605	2,520,930
Other Assets - net	2c,2e,2p, 2q,2r,18	22,416,544	13,909,933
TOTAL ASSETS		<u>1,038,672,623</u>	<u>1,003,644,426</u>

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	September 30, 2017	December 31, 2016
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities Due Immediately	2c,2s,19	6,831,319	5,410,313
Deposits From Customers	2c,2d,2t,44		
Demand Deposits	20	116,178,663	141,419,020
<i>Wadiah</i> Demand Deposits		1,453,775	1,127,843
<i>Mudharabah</i> Demand Deposits		405	-
Saving Deposits	21	303,826,762	298,110,406
<i>Wadiah</i> Saving Deposits		4,403,513	4,176,761
<i>Mudharabah</i> Saving Deposits		1,157,739	983,121
Time Deposits	22	325,265,812	293,029,378
<i>Mudharabah</i> Time Deposits		18,317,378	15,679,845
Total Deposits From Customers		<u>770,604,047</u>	<u>754,526,374</u>
Deposits From Other Banks and Financial Institutions	2c,2d,2t,23.44	9,265,140	2,229,538
Securities Sold Under Agreement to Repurchase	2c,2d,2u,24.44	6,430,508	7,302,398
Derivatives Payable	2c,2ak,11	357,205	347,217
Acceptances Payable	2c,2d,2m,15.44	5,932,356	5,692,583
Taxes Payable	2al,38a	664,029	942,401
Marketable Securities Issued	2c,2v,25	31,535,820	24,800,781
Fund Borrowings	2c,2d,2w,26.44	23,918,374	35,008,170
Estimated Losses on Commitments and Contingencies	2d,2e,2ao,27.44	2,118	895
Liabilities for Employee Benefits	2d,2af,28,42.44	10,805,745	9,451,203
Other Liabilities	2c,2z,29ae,29,45b	12,715,957	10,111,453
Subordinated Loans	2c,2x,30	997,971	1,008,510
TOTAL LIABILITIES		<u>880,060,589</u>	<u>856,831,836</u>

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	September 30, 2017	December 31, 2016
LIABILITIES AND EQUITY (continued)			
EQUITY			
Capital stock - par value Rp250 (full Rupiah) per share			
Authorized - 60,000,000,000 shares (consisting of 1 Series A Dwiwarna share and 59,999,999,999 Series B shares)			
Issued and fully paid capital - 24,669,162,000 shares (consisting of 1 Series A Dwiwarna share and 24,669,161,999 Series B shares)	1,31a	6,167,291	6,167,291
Additional paid-in capital	31b	2,773,858	2,773,858
Revaluation surplus arising from fixed assets - net of tax	2o,17	13,824,692	13,824,692
Differences arising from the translation of foreign currency financial statements	2aj,31c	51,358	23,490
Unrealized gain on available for sale securities and Government Recapitalization Bonds - net of deferred tax	2h	1,664,828	75,618
Gain on remeasurement defined benefit plans - net of deferred tax	2af	632,410	665,870
Treasury Stock	1d	(2,418,948)	(2,418,948)
Retained earnings	31d,31e		
Appropriated		3,022,685	3,022,685
Unappropriated		132,316,598	122,286,786
Total Retained Earnings		135,339,283	125,309,471
Total Equity Attributable to Equity Holders of the Parent Entity		158,034,772	146,421,342
Non-controlling interest	2b	577,262	391,248
TOTAL EQUITY		158,612,034	146,812,590
TOTAL LIABILITIES AND EQUITY		1,038,672,623	1,003,644,426

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
For the Nine-Month Period Ended September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

		Nine-month Period Ended September 30,	
	Notes	2017	2016
INCOME AND EXPENSES FROM OPERATIONS			
Interest and Sharia Income			
Interest income	2k,2aa,	75,219,854	68,855,598
Sharia income	2ac,32	2,080,904	1,948,517
Total Interest and Sharia Income		77,300,758	70,804,115
Interest and Sharia Expense			
Interest expense	2aa,2ac,	(21,256,016)	(20,739,701)
Sharia expense	33	(915,417)	(796,374)
Total Interest and Sharia Expense		(22,171,433)	(21,536,075)
Interest and Sharia Income - net		55,129,325	49,268,040
Premium Income	2ad	1,878,772	1,779,986
Claim Expense	2ad	(1,811,974)	(1,751,704)
Premium Income - net		66,798	28,282
Interest, Sharia and Premium Income - net		55,196,123	49,296,322
Other Operating Income			
Other fees and commissions	2ab	7,433,476	6,475,783
Recovery of assets written-off		3,147,224	3,043,901
Unrealized gain on changes in fair value of securities and Government Recapitalization Bonds - net	2h,7,9	28,102	42,944
Gain on sale of securities and Government Recapitalization Bonds - net	2h,7,9	635,944	370,294
Others		2,449,850	2,313,262
Total Other Operating Income		13,694,596	12,246,184
Provision for impairment losses on financial assets - net	2e,34	(15,527,484)	(11,420,570)
(Provision for) / Reversal of allowance for estimated losses on commitments and contingencies - net	2ao,27b	(1,223)	199
Provision for allowance for impairment losses on non-financial assets - net	2p	(184,106)	(53,812)
Other Operating Expenses			
Salaries and employee benefits	2d,2af,35,42,44	(15,602,651)	(14,987,629)
General and administrative	2o,36	(8,955,816)	(8,300,865)
Foreign currency transaction losses - net	2ai,2aj	(70,306)	(457,567)
Other fees and commissions		(28,352)	(1,214)
Others		(3,879,076)	(3,172,339)
Total Other Operating Expenses		(28,536,201)	(26,919,614)

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (continued)
For the Nine-Month Period Ended September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Nine-month Period Ended September 30,	
		2017	2016
OPERATING INCOME		24,641,705	23,148,709
NON OPERATING INCOME - NET	37	154,611	168,374
INCOME BEFORE TAX EXPENSE		24,796,316	23,317,083
TAX EXPENSE	2a/, 38b, 38c	(4,256,062)	(4,341,938)
INCOME FOR THE PERIOD		20,540,254	18,975,145
Other comprehensive income:			
Items not to be reclassified to profit or loss			
Remeasurement on defined benefit plans		(45,099)	137,407
Income tax related to items not to be reclassified to profit or losses		11,275	(525,188)
Revaluation surplus arising from fixed assets	17	-	14,315,528
Items to be reclassified to profit or losses			
Exchange rate differences on translation of foreign currency financial statements	2aj	27,868	(2,692)
Unrealized gain on available for sale securities and Government Recapitalization Bonds	2h	2,095,486	3,614,267
Income tax related to items to be reclassified to profit or losses		(487,309)	(899,636)
Other Comprehensive Income For the Year - After Tax		1,602,221	16,639,686
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		22,142,475	35,614,831
INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Parent Entity		20,508,121	18,950,861
Non-controlling interest		32,133	24,284
TOTAL		20,540,254	18,975,145
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Parent Entity		22,091,740	35,572,719
Non-controlling interest		50,735	42,112
TOTAL		22,142,475	35,614,831
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY (full Rupiah)			
	2ah, 49	838.87	775.16

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Nine-month Period Ended September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized Gain (Loss) on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Gain (Loss) on Remeasurement on Defined Benefit Plans - Net of Deferred Tax	Treasury Stocks	Revaluation Surplus Arising from Fixed Assets - Net of Deferred Tax	Retained Earnings		Total Equity Attributable To Equity Holders of the Parent Entity	Non-Controlling Interest	Total Equity
									Appropriated	Unappropriated			
Balance as of December 31, 2015		6,167,291	2,773,858	49,069	(1,145,471)	541,468	(2,286,375)	-	18,115,741	88,617,280	112,832,861	294,318	113,127,179
Impact of restatement on subsidiary		-	-	-	-	-	-	-	-	(49,155)	(49,155)	-	(49,155)
Income for the period		-	-	-	-	-	-	-	-	18,950,861	18,950,861	24,284	18,975,145
Other comprehensive income	2h,2aj	-	-	(2,692)	2,696,365	103,492	-	13,824,692	-	-	16,621,857	17,829	16,639,686
Total comprehensive income for the year		-	-	(2,692)	2,696,365	103,492	-	13,824,692	-	18,950,861	35,572,718	42,113	35,614,831
Distribution of income Dividends	31d	-	-	-	-	-	-	-	-	(7,619,322)	(7,619,322)	-	(7,619,322)
Reclassification of specific reserves	31e	-	-	-	-	-	-	-	(15,093,057)	15,093,057	-	-	-
Treasury Stock		-	-	-	-	-	(132,573)	-	-	-	(132,573)	-	(132,573)
Balance as of September 30, 2016		6,167,291	2,773,858	46,377	1,550,894	644,960	(2,418,948)	13,824,692	3,022,684	114,992,721	140,604,529	336,431	140,940,960

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Nine-month Period Ended September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

Notes	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized Gain (Loss) on Available for Sale Securities and Government Bonds - Net of Deferred Tax	Gain (Loss) on Remeasurement on Defined Benefit Plans - Net of Deferred Tax	Treasury Stocks	Revaluation Surplus Arising from Fixed Assets - Net of Deferred Tax	Retained Earnings		Total Equity Attributable To Equity Holders of the Parent Entity	Non-Controlling Interest	Total Equity
								Appropriated	Unappropriated			
Balance as of December 31, 2016	6,167,291	2,773,858	23,490	75,618	665,870	(2,418,948)	13,824,692	3,022,685	122,286,786	146,421,342	391,248	146,812,590
Income for the period	-	-	-	-	-	-	-	-	20,508,121	20,508,121	32,133	20,540,254
Other comprehensive income	2h,2aj	-	27,868	1589,210	(33,460)	-	-	-	-	1583,618	18,602	1602,220
Total comprehensive income for the period	-	-	27,868	1589,210	(33,460)	-	-	-	20,508,121	22,091,739	50,735	22,142,474
Distribution of income Dividends	31d	-	-	-	-	-	-	-	(10,478,309)	(10,478,309)	(5,195)	(10,483,504)
Effect on changes in controlling interest ownership of BRI Agro	-	-	-	-	-	-	-	-	-	-	140,474	140,474
Balance as of September 30, 2017	6,167,291	2,773,858	51,358	1,664,828	632,410	(2,418,948)	13,824,692	3,022,685	132,316,598	158,034,772	577,262	158,612,034

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the Nine-month Period Ended September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

		Nine-month Period Ended September 30,	
	Notes	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES			
Income received			
Interest and investment income		75,311,008	68,441,400
Sharia income		2,080,904	1,948,517
Premium income		1,878,772	1,779,986
Expenses paid			
Interest expenses		(20,820,596)	(19,577,910)
Sharia expenses		(915,417)	(764,961)
Claim expenses		(1,811,974)	(1,751,704)
Recoveries of assets written-off		3,147,224	3,043,901
Other operating income		10,376,894	8,891,184
Other operating expenses		(25,450,131)	(26,765,806)
Non-operating income - net		145,747	208,910
Payment of income tax and tax bill		(7,703,496)	(6,644,205)
Cash flow before changes in operating assets and liabilities		36,238,935	28,809,312
Changes in operating assets and liabilities:			
Decrease (increase) in operating assets:			
Placement with Bank Indonesia and other banks		-	92,610
Securities and Government Recapitalization Bonds			
at fair value through profit or loss		(444,396)	(1,406,267)
Export bills		3,183,292	(2,578,925)
Securities purchased under agreement to resell		(19,617,998)	(2,960,628)
Loans		(37,030,064)	(52,452,977)
Sharia receivables and financing		(189,850)	(1,143,916)
Finance lease receivables		116,469	(2,171,958)
Other assets		(6,543,599)	(2,357,801)
Increase (decrease) in operating liabilities:			
Liabilities due immediately		1,400,277	21,489
Deposits:			
Demand deposits		(25,240,357)	2,252,468
<i>Wadiah</i> demand deposits		326,337	(32,491)
Saving deposits		5,716,356	523,330
<i>Wadiah</i> saving deposits		226,752	239,434
<i>Mudharabah</i> saving deposits		174,618	190,921
Time deposits		32,236,434	21,524,449
<i>Mudharabah</i> time deposits		2,637,533	1,149,829
Deposits from other banks and financial institutions		7,035,602	(1,843,221)
Securities sold under agreement to repurchase		(871,890)	(2,157,808)
Other liabilities		1,539,238	2,805,753
Net Cash Provided by / (Used in) Operating Activities		893,689	(11,496,397)

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PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the Nine-month Period Ended September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

		Nine-month Period Ended September 30,	
	Notes	2017	2016
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of premises and equipment		8,864	5,339
Receipt of dividends	16	32	224
Acquisition of premises and equipment	17	(1,197,806)	(2,375,951)
Increase in available for sale and held to maturity securities and Government Recapitalization Bonds		(15,077,865)	(1,655,219)
Net Cash Used in Investing Activities		(16,266,775)	(4,025,607)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of fund borrowing		(11,137,898)	(9,231,908)
Purchase of Treasury Stock		-	(132,573)
Payments of subordinated loans		-	(10,686)
Proceeds from marketable securities issued		6,737,696	9,954,702
Dividends paid		(10,478,309)	(7,619,322)
Net Cash Used in Financing Activities		(14,878,511)	(7,039,787)
NET DECREASE IN CASH AND CASH EQUIVALENT		(30,251,597)	(22,561,791)
EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCIES		59,225	(7,284)
CASH AND CASH EQUIVALENT AT BEGINNING OF PERIOD		188,654,879	163,388,757
CASH AND CASH EQUIVALENT AT END OF PERIOD		158,462,507	140,819,682
Cash and cash equivalent at end of year consist of:	2a		
Cash	3	21,668,931	23,076,640
Current accounts with Bank Indonesia	4	56,350,523	51,237,584
Current accounts with other banks	5	7,287,147	14,905,989
Placements with Bank Indonesia and other banks - maturing within three months or less since the acquisition date	6	38,208,026	43,403,206
Certificates of Bank Indonesia and Deposits Certificates of Bank Indonesia - maturing within three months or less since the acquisition date	7	34,947,880	8,196,263
Total Cash and Cash Equivalent		158,462,507	140,819,682

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As of September 30, 2017 and For the Nine-month Period Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment

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

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

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

Subsequently, BRI's Articles of Association has been amended several times, the last amendment was documented in Deed No. 26 dated July 12, 2017, notarised by Fathiah Helmi, S.H., on the adjustment of the Articles of Association with regards to the Ministry of State-Owned Enterprises of Republic of Indonesia program to standardise the Articles of Association of publicly listed state-owned enterprises. The amendment was accepted and recorded in the Legal Administration System in accordance with the Decision Letter of the Ministry of Laws and Human Rights of the Republic of Indonesia No. AHU-AH.01.03-0157770 dated August 1, 2017.

According to Article 3 of the Articles of Association of BRI, BRI's scope of business is to conduct business in the banking sector, in accordance with the prevailing law and regulations, by implementing the principles of Limited Liability Company.

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

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1. GENERAL (continued)

b. Recapitalization Program

As a realization of the recapitalization program for commercial banks, set forth in Government Regulation No. 52 year 1999 regarding the Increase in Investments in Shares by the Republic of Indonesia in State-Owned Banks, BRI received all the recapitalization with a nominal amount of Rp29,149,000 in the form of Government Recapitalization Bonds issued in 2 (two) tranches at their nominal amounts of Rp20,404,300 on July 25, 2000 and Rp8,744,700 on October 31, 2000 (Note 9).

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

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

c. Initial Public Offering of Shares and Stock Split

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

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

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

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

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1. GENERAL (continued)

d. Treasury Stock

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

e. Structure and Management

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

As of September 30, 2017 and December 31, 2016, BRI has the following networks of working unit:

	30 September 2017	31 Desember 2016
Regional Offices	19	19
Head Inspection Office	1	1
Regional Inspection Offices	19	19
Domestic Branch Office	462	462
Special Branch Office	1	1
Overseas Branch/Representative Offices	5	4
Sub-branch Offices	609	609
Cash Offices	991	984
BRI Unit	5.381	5.380
Teras and Teras Mobile	3.189	3.180
Floating Teras	3	3

As of September 30, 2017, BRI has 3 (three) overseas branch offices located in the Cayman Islands, Singapore and Timor Leste, 2 (two) representative offices located in New York and Hong Kong, and 5 (five) subsidiaries, namely PT Bank BRISyariah, PT Bank Rakyat Indonesia Agroniaga Tbk, BRI Remittance Co. Ltd., Hong Kong, PT Asuransi BRI Life and PT BRI Multifinance Indonesia. On the other hand, as of December 31, 2016 BRI has 2 (two) overseas branch office located in the Cayman Islands and Singapore, 2 (two) representative offices located in New York and Hong Kong, and 5 (five) subsidiaries, namely PT Bank BRISyariah, PT Bank Rakyat Indonesia Agroniaga Tbk, BRI Remittance Co. Ltd., Hong Kong, PT Asuransi BRI Life and PT BRI Multifinance Indonesia.

Based on the accounting policies of BRI, the coverage of BRI's key management are boards of commissioners, directors, senior executive vice president, audit committee, remuneration committee, the head of divisions, head of internal audit and inspectors, head of regionals, head of special branch and head of branch. The number of BRI's employees as of September 30, 2017 and December 31, 2016 are 60,542 and 58,885, respectively.

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1. GENERAL (continued)

e. Structure and Management (continued)

The composition of the Board of Commissioners of BRI as of September 30, 2017 appointed based on the minutes of BRI's Annual General Meeting of Shareholders held on March 15, 2017 as stated under the Notarial Deed No. 25 of Notary Fathiah Helmi, S. H., while the composition of the Board of Commissioners of BRI as of December 31, 2016 appointed based on the minutes of BRI's Annual General Meeting of Shareholders held on March 23, 2016, as stated under the Notarial Deed No. 1 of Notary Fathiah Helmi, S. H., are as follows:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
President/Independent Commissioner :	Andrinof A. Chaniago	Mustafa Abubakar
Vice President Commissioner :	Gatot Trihargo	Gatot Trihargo
Independent Commissioner :	Adhyaksa Dault	Adhyaksa Dault
Independent Commissioner :	Mahmud	Ahmad Fuad
Independent Commissioner :	A. Fuad Rahmany	A. Fuad Rahmany
Independent Commissioner :	A. Sonny Keraf	A. Sonny Keraf
Commissioner :	Vincentius Sonny Loho	Vincentius Sonny Loho
Commissioner :	Jeffry J. Wurangian	Jeffry J. Wurangian
Commissioner :	Nicolaus Teguh Budi Harjanto	Mahmud

The composition of the Board of Directors of BRI as of September 30, 2017 was determined based on the minutes of BRI's Annual General Meeting of Shareholders held on March 15, 2017, as stated in the Notarial Deed No. 25 of Notary Fathiah Helmi, S. H., whereas the composition of the Board of Directors of BRI as of December 31, 2016 was determined based on the minutes of BRI's Annual General Meeting of Shareholders held on March 23, 2016 as stated in the Notarial Deed No. 1 of Notary Fathiah Helmi, S.H., is as follows:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
President Director :	Suprajarto	Asmawi Syam
Vice President Director :	Sunarso	Sunarso
Director :	Randi Anto	Randi Anto
Director :	Haru Koesmahargyo	Haru Koesmahargyo
Director :	Susy Liestiwaty	Susy Liestiwaty
Director :	Kuswiyoto	Kuswiyoto
Director :	Donsuwan Simatupang	Donsuwan Simatupang
Director :	Mohammad Irfan	Mohammad Irfan
Director :	Sis Apik Wijayanto	Sis Apik Wijayanto
Director :	Priyastomo	Priyastomo
Director :	Indra Utoyo	Zulhelfi Abidin

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1. GENERAL (continued)

e. Structure and Management (continued)

The composition of BRI's Audit Committee as of September 30, 2017 and December 31, 2016 was determined based on BRI's Directors' Decision Letter No. Kep. 1059-DIR/KPS/12/2016 dated December 6, 2016 and Commissioners' Decision Letter No. R.57-KOM/11/2016 dated November 22, 2016 is as follows:

	September 30, 2017	December 31, 2016
Chairman	: A. Fuad Rahmany	A. Fuad Rahmany
Member	: Adhyaksa Dault	Adhyaksa Dault
Member	: A. Sonny Keraf	A. Sonny Keraf
Member	: Pamuji Gesang Raharjo	Pamuji Gesang Raharjo
Member	: I Gde Yadnya Kusuma	I Gde Yadnya Kusuma
Member	: Sunuaji Noor Widiyanto	Sunuaji Noor Widiyanto

As of September 30, 2017 and December 31, 2016, the Corporate Secretary of BRI is Hari Siaga Amijarso, as decided based on Directors' Decision Letter No. Kep. 887-DIR/KPS/12/2015 dated December 21, 2015.

As of September 30, 2017, the Head of Internal Audit Task Force is Tri Wintarto, as decided based on Directors' Decision Letter No. Kep. 427-DIR/KPS/05/2017 dated May 24, 2017. The Head of Internal Audit Task Force on December 31, 2016 are Adi Setyanto and Bardiyono Wiyatmojo, who were appointed as interim head for the given position in Directors' Decision Letter No. Kep. S.147.e-DIR/KPS/12/2016 dated December 7, 2016.

f. Subsidiaries

PT Bank BRISyariah

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

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

On December 19, 2008, through "the Spin-off Agreement of BRI's Sharia Business Unit" No. 27 dated December 19, 2008 of Notary Fathiah Helmi, S.H. BRI agreed to divest BRI's Sharia Business Unit ("UUS BRI") into BSB as of the effective date on January 1, 2009.

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1. GENERAL (continued)

f. Subsidiaries (continued)

PT Bank BRISyariah (continued)

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

1. All assets and liabilities of UUS BRI which are in the possession of BRI, through legal transfer, are to become the rights of, liabilities of or expenditures that are to be fulfilled by BSB, the receiving entity.
2. All UUS BRI's operations and business activities are legally transferred to and thus are operated for the benefit of, at the risks of loss of and under the responsibility of BSB.
3. All UUS BRI's rights, claims, authorities and liabilities arising from any agreements, actions or existing events made, performed, or occurred on or before the effective spin-off date including but not limited to the stated list of assets and liabilities of UUS BRI and all legal relations between UUS BRI and other parties are legally transferred to and thus are operated for the benefit of, at the risks of loss of and under the responsibility of BSB.

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

BRIS's Articles of Association has been amended several times. The latest amendment was documented in the Notarial Deed PT Bank BRISyariah Annual General Meeting of Shareholders Statement of Agreement No. 52 dated August 31, 2016, made before Notary Fathiah Helmi, S.H., a notary in Jakarta, regarding the change in the term of service of Directors, Board of Commissioners and the Supervisory Board of Sharia. Such amendment has been approved and is documented in the Legal Administrative System in accordance with the letter No. AHU-AH.01.03-0076528, dated September 1, 2016 that is issued by the Ministry of Law and Human Rights of Republic of Indonesia.

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

Total assets of BRIS as of September 30, 2017 and December 31, 2016 amounted to Rp30,410,687 or 2.93% and Rp27,687,188 or 2.76%, respectively, of consolidated total assets. Total sharia income for the nine-month period ended September 30, 2017 and 2016, amounted to Rp2,078,791 or 2.63% and Rp1,948,517 or 2.69%, respectively, of total interim consolidated income earned from interest, sharia and premium.

BRISyariah has 3,000 and 3,091 employees as of September 30, 2017 and December 31, 2016, respectively.

BRISyariah's head office which is located in Jl. Abdul Muis No. 2-4, Central Jakarta, has 54 domestic branch offices and 206 sub-branch offices.

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro)

On August 19, 2010, BRI entered into Sale and Purchase of Shares Agreement (PPJB) with Agricultural Estate Pension Fund (Dapenbun), who holds 95.96% of PT Bank Agroniaga Tbk ("Bank Agro") shares, to acquire Bank Agro's shares at a total nominal value of Rp330,296 for 3,030,239,023 shares, that is at a price of Rp109 (full Rupiah) per share. After the acquisition, the composition for shareholding would be as follows: 76% by BRI, 14% by Dapenbun and 10% by the public.

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1. GENERAL (continued)

f. Subsidiaries (continued)

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

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

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

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

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

On May 10, 2013, BRI Agro submitted Registration Statement of Limited Public Offering IV ("PUT IV") to the Board of Commissioners of OJK in connection with the issuance of Preemptive Rights of 3,846,035,599 Common Shares with par value of Rp100 (full amount) per share. On June 26, 2013, the Board of Commissioners of OJK through its letter No. S-186/D.04/2013, approved the Statement of Registration for a Limited Public Offering IV, thus increasing the number of its issued capital stock by 3,832,685,599 shares.

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1. GENERAL (continued)

f. Subsidiaries (continued)

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

As a result of PUT IV, BRI Agro's Articles of Association was amended as stated in Notarial Deed for 'Statement of Decision of Meeting No. 107 dated July 30, 2013, of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase in issued and fully paid capital, increasing BRI's ownership to 80.43%, Dapenbun's to 14.02% and public's to 5.55%. This amendment was approved by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0074249.AH.01.09.Year 2013 dated August 1, 2013.

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

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

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

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

On May 2, 2017, BRI Agro submitted Limited Public Offering Registration Statement VII to the OJK Commissioner Board in the context of Capital Addition With Pre-emptive Rights of 2,515,555,707 shares or common stock with nominal value of Rp100 (full amount) per share and the result of conversion of Series II Warrants as much as 16,807,342 shares. On June 12, 2017, the OJK Commissioner Board through letter No.S-293/D.04/2017 notified the effectiveness of Limited Public Offering Registration Statement VII, that increasing its capital stock by 2,515,555,707 shares at an exercise price of Rp400 (full amount) per share. Additionally coupled with the proceeds of the Series II Warrants conversion to 16,807,342 shares, with a total value of Rp130 (full amount) per share for the period from June 9, 2017 to July 12, 2017.

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1. GENERAL (continued)

f. Subsidiaries (continued)

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

As a result of PUT VII, BRI Agro's Articles of Association was amended as stated in notarial deed of Decision Meeting Statement No. 19 dated July 21, 2017, of Notary M. Nova Faisal, S.H., M.Kn in Jakarta, regarding the increase in issued and fully paid capital, resulting in BRI's ownership amounting to 87.08%, Dapenbun's to 6.43% and public's to 6.49%. This amendment was accepted and recorded by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Acceptance Letter of PT Bank Rakyat Indonesia Agroniaga Tbk Articles of Association Amendment Notice No. AHU-AH.01.03-0154825 dated July 21, 2017.

BRI Agro's Articles of Association had been amended for several times. Latest amendment was documented in notarial deed of Decision Meeting Statement No. 33 dated April 12, 2017 of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase of authorized capital of Company to Rp6 trillion divided into 60,000,000,000 (sixty billion) shares with a nominal value of Rp100 (full amount) per share. This amendment had been approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0008630.AH.01.02 Tahun 2017 dated April 13, 2017.

Total assets of BRI Agro as of September 30, 2017 and December 31, 2016 amounted to Rp14,026,503 or 1.35% and Rp11,379,242 or 1.13%, respectively, of the consolidated total assets. Total interest income for the nine-month period ended September 30, 2017 and 2016 amounted to Rp904,103 or 1.14% and Rp690,022 or 0.95%, respectively, of the interim consolidated income earned from interest, sharia and premium.

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

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

BRI Agro has 487 and 444 employees per September 30, 2017 and December 31, 2016, respectively.

BRI Agro's head office is located at Gedung BRI Agro, Jl. Warung Jati Barat No. 139, Jakarta, and has 18 branch offices and 19 sub-branch offices.

BRI Remittance Co. Limited Hong Kong (BRI Remittance)

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

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

Total assets of BRI Remittance as of September 30, 2017 and December 31, 2016 amounted to Rp6,373 or 0.0006% and Rp5,952 or 0.0006%, respectively, of the consolidated total assets.

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1. GENERAL (continued)

f. Subsidiaries (continued)

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

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

BRI Remittance has 6 and 5 employees as of September 30, 2017 and December 31, 2016, respectively.

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

PT Asuransi BRI Life (BRI Life)

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

Based on Notarial Deed No. 31 dated February 23, 2017, made before Notary Dahlia, S.H., delegate of Fathiah Helmi, S.H., notary in Jakarta, the name of PT Asuransi Jiwa Bringin Jiwa Sejahtera was changed into PT Asuransi BRI Life and according to the Decision Board of Commissioners of OJK No. KEP-140/NB.11/2017 dated March 20, 2017, BRI Life obtained the application of business license in the field of life insurance in relation to the change of company name.

BRI Life's Articles of Association had been amended several times. The latest amendment was documented in the Notarial Deed No. 31 dated February 23, 2017, made before Notary Dahlia, S.H., delegate of Fathiah Helmi, S.H., notary in Jakarta, regarding the changes on the type of shares, Series A shares of 1 share and Series B shares of 2,199,999 shares (full amount). This amendment has been approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0004875.AH.01.02 Tahun 2017 dated February 27, 2017.

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

BRI Life started operating since January 1, 1989 based on Decision Letter of Ministry of Finance Republic of Indonesia No. KEP-181/KMK.13/1988 dated October 10, 1988.

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

As of September 30, 2017 and December 31, 2016, BRI Life's total asset is Rp7,353,638 or 0.71% and Rp6,174,156 or 0.62%, respectively, of the consolidated total asset. Total premium earned for the six-month period ended September 30, 2017 and 2016 is Rp2,171,403 or 2.43% and Rp2,007,261 or 2.77% of interim consolidated income earned from interest, sharia and premium.

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1. UMUM (lanjutan)

f. Entitas Anak (lanjutan)

PT Asuransi BRI Life (BRI Life) (lanjutan)

BRI Life has 465 and 422 employees as of September 30, 2017 and December 31, 2016 respectively.

BRI Life's head office is located at Graha Irama Building 15th floor Jl. H.R Rasuna Said Blok X-1 Kav 1 and 2, Jakarta, and has 6 regional offices with a total of as many as 34 conventional sales offices and 10 sharia unit sales offices.

PT BRI Multifinance Indonesia (BRI Finance)

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

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

BRI Finance's Articles of Association was amended several times. The latest amendment was based on the Annual General Meeting of Shareholders of BRI Finance dated June 8, 2017, as stated on Notarial Deed No. 9 dated July 6, 2017, was made before Notary I Gede Buda Gunamanta, S.H., Notary in Jakarta, regarding the amendment to Article 21 of the Company's Articles of Association. The amendment had been received and recorded in the Legal Entity Administration System in accordance with the Letter Ministry of Laws and Human Rights of the Republic of Indonesia No. AHU-AH.01.03-0151106 dated July 8, 2017.

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

As of September 30, 2017 and December 31, 2016, BRI Finance has total assets amounted to Rp2,026,043 or 0.20% and Rp2,399,828 or 0.24% of consolidated total assets. Total interest income for the nine-month period ended September 30, 2017 amounted to Rp150,509 or 0.19% of interim consolidated total interest income, sharia and premium earned.

BRI Finance has 147 and 137 employees as of September 30, 2017 and December 31, 2016, respectively.

BRI Finance's head office is located at Gedung Wisma 46, 10th floor, Kota BNI Jl. Jenderal Sudirman Kav.1, Jakarta, and has 4 branches and 10 marketing office.

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2. SUMMARY OF ACCOUNTING POLICIES

a. Basis of preparation of the interim consolidated financial statements

Statement of Compliance

The interim consolidated financial statements for the six-month period ended June 30, 2017 was prepared and presented in accordance with Indonesian Financial Accounting Standards, which includes the Statements and Interpretations issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants and Bapepam-LK's Regulation No. VIII.G.7, Appendix of the Decision of the Chairman of Bapepam-LK No. KEP-347/BL/2012 dated June 25, 2012 regarding the "Guidelines on Financial Statements Presentations and Disclosures for Issuers or Public Companies".

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

BRIS (subsidiary), which is engaged in banking activities based on sharia principles, presents its financial statements according to SFAS No. 101 on "Sharia Financial Statements Presentation", SFAS No. 102 (Revised 2013) on "Accounting for *Murabahah*", SFAS No. 104 on "Accounting for *Istishna*", SFAS No. 105 on "Accounting for *Mudharabah*", SFAS No. 106 on "Accounting for *Musyarakah*" and SFAS No. 107 on "Accounting for *Ijarah*", which supersede SFAS No. 59 on "Accounting for Sharia Banking" associated with recognition, measurement, presentation and disclosure for the respective topics, SFAS No. 110 on "Accounting for Sukuk" and the Indonesia Sharia Banking Accounting Guidelines (PAPSI) issued by Bank Indonesia and Indonesian Institute of Accountants (IAI).

The interim consolidated financial statements have been prepared on a historical cost basis, except for some accounts that were assessed using another measurement basis as explained in the accounting policies of the account.

The interim consolidated financial statements have been prepared on accrual basis, except for the revenue from *istishna* and the profit sharing from the *mudharabah* and *musyarakah* financing and the interim consolidated statement of cash flows.

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

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

b. Principles of Consolidation

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

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

Control is acquired when BRI is exposed, or has rights to variable returns from its involvement with a subsidiary and has the ability to affect those returns through its power over a subsidiary.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

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

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

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

The interim 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 interim consolidated financial statements, appropriate adjustments are made to the Subsidiaries' financial statements.

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

c. Financial assets and financial liabilities

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

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

(i) Classification

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

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(i) Classification (continued)

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

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

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

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

The available for sale investments consists of non-derivatives financial assets that are designated as available for sale or are not classified in one of the other categories of financial assets.

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

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

(ii) Initial recognition

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(ii) Initial recognition (continued)

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

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

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

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

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

(iii) Subsequent measurement

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

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

(iv) Derecognition

a. Financial assets are derecognized when:

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

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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(iv) Derecognition

a. Financial assets are derecognized when (continued):

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 interim consolidated statement of profit or loss and other comprehensive income.

(v) Income and expense recognition

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

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

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

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

(vi) Reclassification of financial assets

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(vii) Offsetting

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

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

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

(viii) Amortized cost measurement

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

(ix) Fair value measurement

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

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

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

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

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

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(ix) Fair value measurement (continued)

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

(x) Sukuk Financial Asset

In accordance with SFAS No.110 (Revised 2015), BRI determines investment in sukuk *ijarah* and *mudharabah* as measured at cost, measured at fair value through other comprehensive income or at fair value through profit or loss.

Sukuk classifications are as follows:

a. Measured at amortized cost

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

b. Measured at fair value through other comprehensive income

- The investment is held in a business model whereby the primary goal is to obtain contractual cash flows and to sell the Sukuk, and has contractual terms in determining the specific date of principal payments and or the results.
- Sukuk acquisition cost includes transaction cost and the difference between acquisition cost and the nominal value is amortized on a straight-line basis over the period of the Sukuk and is recognized in profit or loss.
- Gain or loss from changes of fair value is recognized in other comprehensive income after considering unamortized difference of acquisition cost and nominal value and accumulated gain or loss of fair value which has previously recognized in other comprehensive income. When Sukuk is derecognized, accumulated gain or loss which has previously recognized in other comprehensive income is reclassified to profit or loss.

c. Measured at fair value through profit or loss

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

d. Transactions with related parties

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

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

- 1) langsung, atau tidak langsung yang melalui satu atau lebih perantara, suatu pihak (i) mengendalikan, atau dikendalikan oleh, atau berada dibawah pengendalian bersama, dengan BRI dan entitas anak; (ii) memiliki kepentingan dalam BRI dan entitas anak yang memberikan pengaruh signifikan atas BRI dan entitas anak; atau (iii) memiliki pengendalian bersama atas BRI dan entitas anak;

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

d. Transactions with related parties (continued)

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

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

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

e. Allowance for impairment losses on financial assets

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

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

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

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

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

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

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

For financial assets classified as available for sale, BRI assesses on each consolidated statement of financial position reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss.

Impairment losses on available for sale marketable securities are recognized by transferring the cumulative loss that has been recognized directly in equity to the interim consolidated statement of profit or loss and other comprehensive income. The cumulative loss that has been removed from equity and recognized in the interim consolidated statement of profit or loss and other comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in the interim consolidated statement of profit or loss and other comprehensive income.

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

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 interim consolidated statement of profit or loss and other comprehensive income.

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

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

BRI's subsidiary which is engaged in Sharia Banking (BRIS) applies the Financial Services Authority Regulation (POJK) No. 16/POJK.03/2014 dated November 18, 2014 on "Asset Quality Assessment for Sharia Commercial Banks and Business Unit" effective since January 1, 2015 and POJK No. 12/POJK.03/2015 dated August 21, 2015 on "Prudential Principle Provisions for Sharia Banks and Sharia Business Units to Stimulate the National Economy" which applicable until August 24, 2017. The assessment prior to January 1, 2015 using the PBI No.13/13/PBI/2011 dated March 24, 2011 on "Asset Quality Assessment for Sharia Commercial Banks and Sharia Business Unit".

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

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

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

f. Current accounts with Bank Indonesia and other banks

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

g. Placements with Bank Indonesia and other banks

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

g. Placements with Bank Indonesia and other banks (continued)

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

h. Securities and Government Recapitalization Bonds

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

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

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

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

i. Export bills

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

j. Loans

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

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

Loans are classified as loans and receivables.

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

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

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

k. Sharia receivables and financing

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

k. Sharia receivables and financing (continued)

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

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

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

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

l. Finance lease receivable

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

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

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

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

m. Acceptances receivable and payable

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

m. Acceptances receivable and payable (continued)

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

n. Investment in associated entities

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

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

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

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

o. Premises and equipments

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

Subsequent to initial recognition, premises and equipments (excluding landrights) are carried at cost less any subsequent accumulated depreciation and impairment losses.

Premises and equipments 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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

o. Premises and equipments (continued)

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
Satellites	15
Motor vehicles	5
Computers and machineries	3 - 5
Furniture and fixtures	5

Asset valuation is carried out on the decrease and possible impairment of the fair value of an asset in the event of an event or change in circumstance which indicates that the carrying amount may not be fully realized

The carrying amount of an item of premises and equipments is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset is directly included in the profit or loss for the year when the item is derecognized.

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

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

If the fair value of the revalued asset fluctuates and changes significantly, it will need to be revalued on an annual basis, whereas if the fair value of the revalued asset does not change significantly and fluctuates, revaluation should be made once every 3 (three) years.

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

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

p. Impairment of Non-Financial Assets

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

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

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

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

q. Foreclosed collaterals

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

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

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

r. Prepaid expenses

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

s. Liabilities due immediately

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

t. Deposits from customers and other banks and financial institutions

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

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

Securities purchased under agreement to resell

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

u. Securities purchased under agreement to resell and securities sold under agreement to repurchase (continued)

Securities sold under agreement to repurchase

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

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

v. Marketable securities issued

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

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

w. Borrowings

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

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

x. Subordinated loans and marketable securities

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

y. Provision

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

z. Provision for timely interest payment in BRI unit

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

aa. Interest income and interest expense

Interest income and expense for all interest bearing financial instruments are recognized in the interim consolidated statement of profit or loss and other comprehensive income using the effective interest rate method.

The effective interest rate is the rate that precisely discounts the estimated future cash payments or receipts through the expected life of the financial asset or financial liability (or, if appropriate, a shorter period) to obtain the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, BRI and BRI Agro estimates future cash flows considering all contractual terms of the financial instruments except future credit losses.

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

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

ab. Fees and commissions

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

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

ac. Sharia income and expense

Sharia income consists of income from *murabahah*, *istishna*, *ijarah* transactions and profit sharing from *mudharabah* and *musyarakah* financing.

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ac. Sharia income and expense (continued)

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

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

ad. Premium income and claim expense

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

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

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

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

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

ae. Insurance and investment contract liabilities and reinsurance

Insurance contract liabilities

a. Liabilities for future policy benefits

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

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

b. Estimasi liabilitas klaim

Estimasi liabilitas klaim merupakan klaim dalam proses penyelesaian yang ditentukan berdasarkan estimasi kerugian dari klaim yang masih dalam proses penyelesaian pada tanggal laporan posisi keuangan konsolidasian, termasuk klaim yang telah terjadi namun belum dilaporkan ("IBNR").

Perubahan dalam estimasi liabilitas klaim diakui dalam laba rugi tahun berjalan. Liabilitas tersebut dihentikan pengakuannya pada saat kontrak berakhir, dikeluarkan atau dibatalkan.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

Insurance contract liabilities (continued)

c. Unearned premium reserves

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

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

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

Investment contract liabilities

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

Reinsurance

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

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

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

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

Reinsurance (continued)

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

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

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

af. Employee benefits

Short-term employee benefits

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

Defined contribution plan

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

Defined benefit plan and other long-term employee benefits

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

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

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

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

af. Employee benefits (continued)

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

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

ag. Stock options

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

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

ah. Earnings per share

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

ai. Foreign currency transactions and balances

BRI and Subsidiaries maintain their accounting records in Indonesian Rupiah. Transactions in foreign currencies are recorded at the prevailing exchange rates at the time of the transactions. As of September 30, 2017 and December 31, 2016, all foreign currency denominated monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time).

The resulting gains or losses are recognized in the current year interim consolidated statement of profit or loss and other comprehensive income.

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

	September 30, 2017	December 31, 2016
1 United States Dollar	13,471.50	13,472.50
1 Great Britain Pound Sterling	18,016.78	16,555.01
1 Japanese Yen	119.69	115.07
1 European Euro	15,896.37	14,175.77
1 Hong Kong Dollar	1,724.74	1,737.34
1 Saudi Arabian Riyal	3,592.21	3,591.90
1 Singapore Dollar	9,918.28	9,311.93
1 Malaysian Ringgit	3,190.79	3,003.23
1 Australian Dollar	10,560.99	9,723.11
1 Renminbi	2,027.06	1,939.19
1 Thailand Bath	403.71	376.12

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ai. Foreign currency transactions and balances (continued)

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

	September 30, 2017	December 31, 2016
1 Swiss Franc	13,877.42	13,208.98
1 Canadian Dollar	10,838.77	9,986.29
1 Bruneian Dollar	9,930.71	9,311.29
1 Danish Krone	2,136.03	1,906.86
1 South Korean Won	11.77	11.20
1 New Zealand Dollar	4,219.96	9,362.72
1 Papua New Guinean Kina	4,219.96	4,243.86
1 United Arab Emirates Dirham	3,668.01	3,667.98
1 Swedish Krone	1,656.95	1,482.52
1 Norwegian Krone	1,694.74	1,560.42
1 Indian Rupee	206.10	198.40

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

BRI has 1 (one) Subsidiary in Hong Kong, 3 (two) branch offices in Cayman Islands, Singapore, and Timor Leste and 2 (two) representative offices located in New York and Hong Kong which are considered as separate foreign entities.

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

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

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

ak. Derivatives Instrument

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ak. Derivatives Instrument

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

al. Taxation

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply on the year when the asset is realized or the liability is settled based on tax laws that have been enacted or substantively enacted as of interim consolidated statement of financial position reporting date.

The related tax effects of the provisions for and/or reversals of all temporary differences during the year, including the effect of change in tax rates, are recognized as "Income Tax Benefit (Expense), Deferred" and included in net profit or loss for the year, except to the extent that they relate to items previously charged or credited to equity.

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

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

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

am. Segment information

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

am. Segment information (continued)

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

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

an. Use of significant accounting judgments, estimates and assumptions

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

Judgments

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

Going concern

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

Classification of financial assets and financial liabilities

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

Fair value of financial instruments

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

Held to maturity classification

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

Contingencies

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

Estimates and Assumptions

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

BRI and subsidiaries based its assumptions and estimates on parameters available when the interim consolidated financial statements were prepared.

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as disclosed below.

Allowance for impairment losses on loans, sharia financing/receivables, and finance lease receivable

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

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

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.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

Estimates and Assumptions (continued)

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

BRI and subsidiaries use estimates in the amount and timing of future cash flows when determining the level of allowance for losses required. The estimates are based on assumptions of several factors and actual results may differ, resulting to future changes in the amount of allowance for losses.

Impairment of securities

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

Useful lives of premises and equipments

The management of BRI estimates the useful lives of premises and equipments based on the period over which the assets are expected to be available for use. The estimated useful lives of premises and equipments 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 equipments is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the aforementioned factors. The amounts and timing of recorded expenses for any period are affected by changes of those factors and circumstances during recording. A reduction in the estimated useful lives of premises and equipments increases the operating expenses.

Impairment of non-financial assets

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

Estimates and Assumptions (continued)

Recognition of deferred tax assets

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

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

Estimated Claim Liability

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

Present value of employee benefit

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

Liabilities for Future Policy Benefits

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

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

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

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

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

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ap. Changes in accounting policies and disclosures

BRI and its subsidiaries have applied the following accounting standards starting on January 1, 2017, which are considered relevant to the interim consolidated financial statements, namely:

- a. SFAS No. 1 (2015 Amendment), "Presentation of Financial Statements about Disclosure Initiative", clarifies on materiality, systematic hierarchy flexibility of notes to financial statements and identification of significant accounting policy. This SFAS No. 1 amendment have impacted other SFAS (consequential amendment) as follows: SFAS No. 3 "Interim Financial Reporting", SFAS No. 5 "Operating Segments", SFAS No. 60 "Financial Instruments: Disclosures", and SFAS No. 62 "Insurance Contract".
- b. SFAS No. 3 (2016 Adjustment), "Interim Financial Reporting", clarifies that the required interim disclosures should be included in the interim financial statements or through cross-references of interim financial statements such as management comments or risk reports available to users of interim financial statements and at the same time. If the users of the financial statements can not access the information contained in cross-references with the same terms and times, the entity's interim financial statements are considered incomplete.
- c. SFAS No. 24 (2016 Adjustment), "Employee Benefit". This adjustment clarifies that the high-quality corporate bond market is valued based on the denomination of the bonds instead of the country in which the bond is located.
- d. SFAS No. 60 (2016 Adjustment), "Financial Instrument: Disclosure". This adjustment clarifies that the entity shall assess the nature of service contract benefits to determine whether the entity has a continuing involvement in the financial asset and whether the disclosure requirements related to sustainable engagement are met.
- e. SFAS No. 101 (Revised 2016), "Presentation of Sharia Financial Statements", is a revision of the illustration of the sharia insurance financial statements as a result of the revision of SFAS No. 108 "Accounting for Sharia Insurance", where the provision for future policy benefits is presented in the statement of financial position as liabilities.
- f. SFAS No. 102 (2016 Amendment), "Murabahah Accounting", SFAS No. 103 (Amendment 2016), "Salam Accounting", SFAS No. 104 (Amendment 2016), "Istishna Accounting", SFAS No. 107 (Amendment 2016), "Ijarah Accounting", this amendment changes the definition of fair value to follow the definition of fair value in SFAS No. 68 "Measurement of Fair Value". Fair value is defined as the price to be received to sell an asset or price to be paid to transfer a liability in a regular transaction between market participants on the date of measurement.
- g. SFAS No. 108, (Revised 2016), "Accounting for Sharia Insurance Transactions", this revised SFAS changes arrangements relating to sharia insurance accounting, such as initial recognition of participant contributions, allowance calculation for future policy benefits, and presentation of SFAS No. 108 revision in the financial statements.
- h. IFAS No. 31, "Interpretation of SFAS No. 13 : Investment Property", an interpretation of the characteristics of the building that is used as part of the definition of investment property under SFAS No. 13 "Investment Property". The building referred to in the definition of investment property refers to structures that have physical characteristics that are generally associated with a building which refers to the presence of walls, floors, and roofs attached to the asset.

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2. SUMMARY OF ACCOUNTING POLICIES (continued)

ap. Changes in accounting policies and disclosures (continued)

BRI and its subsidiaries have applied the following accounting standards starting on January 1, 2017, which are considered relevant to the interim consolidated financial statements, namely (continued):

- i. IFAS No. 32, "Definition and Hierarchy of Financial Accounting Standards", gives regulation to entities when capital market regulation contradicts with SFAS or specific IFAS..

The adoption of the above PSAK does not result in significant changes to financial reporting and disclosures in the interim consolidated financial statements.

3. CASH

The details of cash are as follow:

	September 30, 2017		December 31, 2016	
	Notional Amount		Notional Amount	
	Foreign Currency/ (Full Amount)	Rupiah Equivalent	Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Rupiah</u>		20,428,783		24,499,503
<u>Foreign currencies</u>				
United States Dollar	26,425,552	355,991	25,130,556	338,571
Singapore Dollar	25,093,083	248,880	8,179,992	76,171
Saudi Arabian Riyal	58,535,931	210,273	27,860,774	100,072
European Euro	8,735,396	138,861	3,703,923	52,506
Malaysian Ringgit	23,112,191	73,745	5,869,535	17,628
Australian Dollar	6,374,005	67,316	4,901,050	47,653
Japanese Yen	424,058,572	50,756	113,550,640	13,066
Renminbi	21,805,132	44,200	7,706,154	14,944
Great Britain Pound Sterling	880,236	15,859	324,900	5,379
Papua New Guinean Kina	2,227,161	9,399	6,273,700	26,625
United Arab Emirates				
Dirham	2,260,305	8,291	1,805,500	6,623
Hong Kong Dollar	3,557,384	6,136	2,981,757	5,180
Thailand Bath	6,384,935	2,578	5,394,605	2,029
Swiss Franch	167,700	2,327	130,200	1,720
Bruneian Dollar	203,797	2,024	237,922	2,215
New Zealand Dollar	168,089	1,633	109,491	1,025
Canadian Dollar	112,595	1,220	72,670	726
South Korean Won	55,656,970	655	34,316,799	384
Indian Rupee	19,307	4	19,307	4
		1,240,148		712,521
Total		21,668,931		25,212,024

As of September 30, 2017 and December 31, 2016, balances denominated in Rupiah include cash in ATMs (Automated Teller Machines) amounting to Rp7,794,935 and Rp9,148,888, respectively.

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4. CURRENT ACCOUNTS WITH BANK INDONESIA

Current accounts with Bank Indonesia consist of:

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Rupiah		46,380,025		44,066,637
United States Dollar	740,117,840	9,970,498	858,735,147	11,569,309
Total		56,350,523		55,635,946

As of September 30, 2017 and December 31, 2016, current accounts with Bank Indonesia based on Sharia banking principles amounted to Rp1,763,448 and Rp1,201,177, respectively.

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

As of September 30, 2017 and December 31, 2016, the GWM ratios of BRI (Parent Entity) are as follows:

	September 30, 2017	December 31, 2016
Primary GWM - Rupiah	6,58%	6,94%
Secondary GWM - Rupiah	13,09%	9,96%
Primary GWM - Foreign Currency	8,01%	8,03%

The calculation of the GWM ratios as of September 30, 2017 and December 31, 2016 is based on Bank Indonesia regulation (PBI) No.18/3/PBI/2016 dated March 10, 2016, on "Third Amendment of Bank Indonesia regulation No. 15/15/PBI/2013 on GWM of Commercial Banks in Rupiah and Foreign Currency for Conventional Banking".

As of September 30, 2017 and December 31, 2016, based on Bank Indonesia regulation mentioned above, BRI is required to maintain minimum primary GWM of 6.5%, in Rupiah, of 8% in foreign currencies, and secondary GWM of 4% in Rupiah. BRI has complied with Bank Indonesia regulation regarding the minimum legal reserve requirement as of September 30, 2017 and December 31, 2016.

In addition to the Primary and Secondary GWM, BRI must also comply with Bank Indonesia Regulation (OJK) No. 18/14/PBI/2016 regarding "Fourth Amendment of Bank Indonesia regulation No. 15/15/PBI/2013 on GWM of Commercial Banks in Rupiah and Foreign Currency for Conventional Banking", which BRI is subject to the GWM Loan to Funding Ratio (LFR) if the LFR of BRI is less than the Bank Indonesia (BI) lower limit of 80% or exceeds the BI upper limit of 92% with BRI Capital Adequacy Ratio (CAR) is lower than BI CAR incentives of 14%. BRI has complied with Bank Indonesia Regulation regarding the LFR requirement as of September 30, 2017 and December 31, 2016.

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5. CURRENT ACCOUNTS WITH OTHER BANKS

a. By Currency:

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>		<u>57,727</u>		<u>119,480</u>
<u>Foreign currencies</u>				
United States Dollar	389,380,413	5,245,538	441,928,870	5,953,887
Renminbi	231,601,014	469,467	289,301,369	561,010
Singapore Dollar	38,961,517	386,431	216,459,615	3,068,481
Hong Kong Dollar	168,946,350	291,389	13,268,872	47,660
European Euro	17,711,880	281,555	44,289,848	412,424
Japanese Yen	1,620,407,562	193,947	1,850,099,200	212,882
Saudi Arabian Riyal	33,846,818	121,585	91,641,803	159,213
Great Britain Pound Sterling	5,969,742	107,556	9,564,477	158,340
Swiss Franc	2,735,760	37,965	26,818,881	98,371
Australian Dollar	3,018,091	31,874	14,336,181	139,392
United Arab Emirates Dirham	3,069,924	11,261	2,559,185	33,804
New Zealand Dollar	818,883	7,957	1,152,637	11,511
Canadian Dollar	714,787	7,747	4,765,927	7,437
Norwegian Krone	3,488,095	5,911	1,349,992	12,640
Swedish Krone	706,177	1,170	2,249,280	3,335
		<u>7,201,353</u>		<u>10,880,387</u>
		<u>7,259,080</u>		<u>10,999,867</u>
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>		<u>5,400</u>		<u>9,258</u>
<u>Foreign currencies</u>				
United States Dollar	1,192,973	16,071	328,678	4,428
Hong Kong Dollar	3,824,117	6,596	5,273,792	9,162
		<u>22,667</u>		<u>13,590</u>
		<u>28,067</u>		<u>22,848</u>
Total		<u>7,287,147</u>		<u>11,022,715</u>

b. By Bank:

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
PT Bank Central Asia Tbk	25,117	34,910
PT Bank Pembangunan Daerah (BPD) Papua	9,969	39,297
Citibank, N.A.	6,907	26,315
PT Bank Danamon Indonesia Tbk	3,086	9,554

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5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

a. By Bank (continued):

	September 30, 2017	December 31, 2016
<u>Third parties (continued)</u>		
<u>Rupiah (continued)</u>		
PT Bank NTT	518	-
Others	12,130	9,404
	<u>57,727</u>	<u>119,480</u>
<u>Foreign currencies</u>		
JP Morgan Chase Bank, N.A.	2,940,993	5,341,827
The Bank of New York Mellon	1,029,834	240,474
Standard Chartered Bank	689,367	863,323
The Hong Kong and Shanghai Banking Corporation Limited	433,622	426,055
Bank of China, Ltd.	416,836	490,368
Others	1,690,701	3,518,340
	<u>7,201,353</u>	<u>10,880,387</u>
	<u>7,259,080</u>	<u>10,999,867</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
PT Bank Mandiri (Persero) Tbk	4,724	8,096
PT Bank Negara Indonesia (Persero) Tbk	444	1,014
PT Bank BNI Syariah	170	74
PT Bank Mandiri Syariah	62	74
	<u>5,400</u>	<u>9,258</u>
<u>Foreign currencies</u>		
PT Bank Negara Indonesia (Persero) Tbk	20,643	9,626
PT Bank Mandiri (Persero) Tbk	2,024	3,964
	<u>22,667</u>	<u>13,590</u>
	<u>28,067</u>	<u>22,848</u>
Total	<u>7,287,147</u>	<u>11,022,715</u>

c. By Collectibility:

Current accounts with other banks as of September 30, 2017 and December 31, 2016 were classified as "Current".

d. Average annual interest rates:

	September 30, 2017	December 31, 2016
Rupiah	0,42%	0,27%
Foreign currencies	0,35%	0,26%

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5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

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

Management believes that no allowance for impairment losses is necessary as of September 30, 2017 and December 31, 2016, because management believes that current accounts with other banks are fully collectible.

As of September 30, 2017 and December 31, 2016, there are no current accounts with other banks which are used as collateral.

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

- a. By Currency and Type:

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties				
Rupiah				
Bank Indonesia				
Deposit Facility		14,894,666		52,359,589
Term Deposit		6,548,780		5,997,961
Deposit Facility Sharia		1,800,000		963,000
		<u>23,243,446</u>		<u>59,320,550</u>
Inter-bank call money				
PT Bank Sumitomo				
Mitsui Indonesia		550,000		250,000
PT Bank Bukopin Tbk		150,000		80,000
PT Bank Pan Indonesia Tbk		150,000		60,000
PT Bank DBS Indonesia		150,000		20,000
JP Morgan Chase				
Bank, N.A.		100,000		100,000
PT Bank Danamon				
Indonesia Tbk		100,000		70,000
PT Bank BNP Paribas				
Indonesia		100,000		-
PT Bank ICBC Indonesia		100,000		-
PT Bank Woori Indonesia		100,000		-
PT Bank CIMB Niaga Tbk		50,000		70,000
PT BPD Riau Kepri		50,000		25,000
PT Bank CTBC Indonesia		50,000		-
PT Bank Tabungan				
Pensiunan Nasional		50,000		-
PT Danareksa (Persero)		45,000		-
PT Bank KEB Hana				
indonesia		30,000		-
PT Bank Central Asia		20,000		-

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

a. By Currency and Type (continued):

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
Third parties (continued)				
<u>Rupiah (continued)</u>				
Inter-bank call money (continued)				
PT BPD Jawa Barat dan Banten Tbk	-			245,000
PT Bank Aceh	-			200,000
Standard Chartered Bank, N.A.	-			200,000
PT Bank OCBC NISP Tbk	-			80,000
PT Bank Sinarmas Tbk	-			80,000
PT Bank Panin Dubai Syariah Tbk	-			70,000
PT BPD Jambi	-			50,000
PT BPD Sulawesi Tengah	-			50,000
PT BPD Maluku	-			50,000
PT BPD Jawa Tengah	-			50,000
PT BPD Lampung	-			50,000
PT BPD Jawa Timur	-			50,000
PT Bank Victoria International Tbk	-			30,000
PT Bank Maybank Indonesia Tbk	-			20,000
PT Bank Victoria Syariah	-			20,000
PT Bank Kesejahteraan Ekonomi	-			20,000
		1,795,000		1,940,000
Time Deposits				
PT Bank Danamon		14,400		-
PT Bank Bukopin Tbk		14,400		3,300
Standard Chartered Bank, N.A.		11,000		-
PT Bank Sahabat Sampoerna		2,000		2,000
PT Bank Mayapada International Tbk		450		-
PT Bank Riau Kepri		300		-
		42,550		5,300
Other Placement (Banker's Acceptance)				
Bank Perkreditan Rakyat		-		130,000
		-		130,000
		25,080,996		61,395,850

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

a. By Currency and Type (continued):

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties (continued)</u>				
<u>Foreign currencies</u>				
United States Dollar				
Bank Indonesia				
Term Deposit	769,771,046	10,369,971	999,961,670	13,471,984
		<u>10,369,971</u>		<u>13,471,984</u>
Inter-bank call money				
Federal Reserve Bank	60,796,424	819,019	62,352,096	840,039
Wells Fargo Bank, N.A.	39,300,000	529,430	70,300,000	947,117
Citibank, N.A.	15,255,112	205,509	29,940,000	403,367
PT Bank OCBC NISP Tbk	13,000,000	175,130		-
TD Bank, N.A.	332,648	4,481	627,068	8,448
The Bank of New York Mellon	-	-	33,700,000	454,023
PT Bank BNP Paribas Indonesia	-	-	1,310,193	17,652
		<u>1,733,569</u>		<u>2,670,646</u>
Time Deposits				
US Bank	10,598,602	142,779	228,828	3,083
TD Bank, NA	903,104	12,166	511,630	6,893
		<u>154,945</u>		<u>9,976</u>
Other Placement (Banker's Acceptance)				
PT Bank Mega Tbk	30,000,000	404,145	9,996,546	134,678
		<u>404,145</u>		<u>134,678</u>
		<u>12,662,630</u>		<u>16,287,284</u>
		<u>37,743,626</u>		<u>77,683,134</u>
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Inter-bank call money				
Lembaga Pembiayaan Ekspor Indonesia		380,000		200,000
PT Bank Negara Indonesia Syariah		69,000		-
PT Bank Mandiri (Persero) Tbk		-		40,000
PT Bank Negara Indonesia (Persero) Tbk		-		200,000
		<u>449,000</u>		<u>440,000</u>

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

a. By Currency and Type (continued):

	September 30, 2017		December 31, 2016	
	Notional Amount		Notional Amount	
	Foreign Currency/ (Full Amount)	Rupiah Equivalent	Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Related parties (Note 44)</u>				
<u>(continued)</u>				
<u>Rupiah (continued)</u>				
Time Deposits				
PT Bank Tabungan Negara				
Syariah (Persero) Tbk		6,800		
PT Bank Mandiri				
(Persero) Tbk		6,600		5,400
PT Bank BNI Syariah		2,000		2,000
PT Bank Tabungan				
Negara (Persero) Tbk		-		12,220
		15,400		19,620
		464,400		459,620
Total		38,208,026		78,142,754

b. By Time Period

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

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	25,010,996	61,265,850
> 1 month - 3 months	70,000	130,000
	25,080,996	61,395,850
<u>Foreign currencies</u>		
≤ 1 month	12,258,485	16,287,284
> 1 month - 3 months	269,430	-
> 3 months - 1 year	134,715	-
	12,662,630	16,287,284
	37,743,626	77,683,134
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
≤ 1 month	464,400	459,620
Total	38,208,026	78,142,754

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

c. By Collectibility:

All placements with Bank Indonesia and other banks were classified as "Current" as of September 30, 2017 and December 31, 2016.

d. The average annual interest rates are as follows:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
<u>Rupiah</u>		
Placements with Bank Indonesia	3.85%	4.35%
Placements with other banks	4.27%	6.46%
<u>Foreign currencies</u>		
Placements with Bank Indonesia	1.18%	0.44%
Placements with other banks	1.30%	0.62%

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

As of September 30, 2017 and December 31, 2016, there were no placements with Bank Indonesia and other banks which are impaired nor restricted.

Management believes that no allowance for impairment losses is necessary as of September 30, 2017 and December 31, 2016 because management believes that placements with Bank Indonesia and other banks are fully collectible.

7. SECURITIES

a. By Purpose, Currency and Type:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
	<u>Notional Amount</u>	<u>Notional Amount</u>
	<u>Foreign Currency/ (Full Amount)</u>	<u>Foreign Currency/ (Full Amount)</u>
	<u>Rupiah Equivalent</u>	<u>Rupiah Equivalent</u>
<u>Fair value through profit or loss</u>		
<u>Third parties</u>		
<u>Rupiah</u>		
Deposits Certificate of Bank Indonesia	1,349,080	-
Mutual funds	609,961	273,602
Subordinated bonds	85,997	45,880
Bonds	47,349	54,416
Others	129,903	111,464
	<u>2,222,290</u>	<u>485,362</u>

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7. SECURITIES (continued)

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

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Fair value through</u>				
<u>profit or loss</u>				
<u>(continued)</u>				
<u>Related parties</u>				
<u>(Note 44)</u>				
<u>Rupiah</u>				
Government bonds		200,015		84,746
Mutual funds		27,426		19,786
Bonds		2,378		10,329
Others		-		72,759
		<u>229,819</u>		<u>187,620</u>
<u>United States Dollar</u>				
Government bonds	1,057,500	14,245		-
Mutual funds	155,068	2,089	147,263	1,984
		<u>16,334</u>		<u>1,984</u>
		<u>2,468,443</u>		<u>674,966</u>
<u>Available for sale</u>				
<u>Third parties</u>				
<u>Rupiah</u>				
Deposits Certificate of Bank Indonesia		25,930,461		6,023,957
Bonds		2,432,998		2,141,239
Mutual funds		1,318,830		552,481
Subordinated bonds		775,051		812,649
Certificates of Bank Indonesia		597,213		8,895,833
Negotiable Certificate of Deposits		311,473		-
Medium-Term Notes		-		40,000
Others		294,067		82,796
		<u>31,660,093</u>		<u>18,548,955</u>
<u>United States Dollar</u>				
Certificates of Bank Indonesia	469,222,133	6,321,126	276,240,564	3,721,651
Bonds	35,937,326	484,130	59,913,082	807,179
U.S Treasury Bonds	17,133,616	230,816	25,822,008	347,887
		<u>7,036,072</u>		<u>4,876,717</u>

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7. SECURITIES (continued)

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

	September 30, 2017		December 31, 2016	
	Notional Amount		Notional Amount	
	Foreign Currency/	Rupiah	Foreign Currency/	Rupiah
	(Full Amount)	Equivalent	(Full Amount)	Equivalent
<u>Available for sale</u>				
<u>(continued)</u>				
<u>Third parties (continued)</u>				
<u>Rupiah (continued)</u>				
<u>Singapore Dollar</u>				
Monetary Authority of Singapore (MAS) Bills	34,709,695	344,260	35,000,048	325,918
Singapore Government Securities	18,167,760	180,193	21,338,863	198,706
		<u>524,453</u>		<u>524,624</u>
<u>Related parties</u>				
<u>(Note 44)</u>				
<u>Rupiah</u>				
Government bonds		41,769,300		21,158,568
Bonds		5,027,434		2,408,561
Mutual funds		567,201		373,303
Medium-Term Notes		207,000		155,074
Negotiable Certificate of Deposits		48,920		-
Others		-		77,508
		<u>47,619,855</u>		<u>24,173,014</u>
<u>United States Dollar</u>				
Government bonds	2,425,202,169	21,182,520	1,441,010,726	19,414,017
Bonds	49,971,072	673,185	106,060,345	1,428,898
		<u>21,855,705</u>		<u>20,842,915</u>
<u>European Euro</u>				
Government bonds	49,477,512	786,513	37,108,474	526,041
		<u>109,482,691</u>		<u>69,492,266</u>
<u>Held to maturity</u>				
<u>Third parties</u>				
<u>Rupiah</u>				
Sharia Certificates of Bank Indonesia (SBIS)		1,000,000		1,650,000
Bonds		1,232,576		1,440,273
Negotiable Certificate of Deposits		284,149		660,243
Medium-Term Notes		150,000		150,000

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7. SECURITIES (continued)

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

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Held to maturity</u>				
<u>(continued)</u>				
<u>Third parties (continued)</u>				
<u>Rupiah (continued)</u>				
Negotiable Certificate of Deposits		284,149		660,243
Medium-Term Notes		150,000		150,000
Subordinated bonds		24,057		64,057
Certificates of Bank Indonesia		-		2,009,192
		<u>2,690,782</u>		<u>5,973,765</u>
<u>United States Dollar</u>				
Promissory Notes	-	-	2,000,000	26,945
Others	39,528,709	532,511	43,108,406	580,778
		<u>532,511</u>		<u>607,723</u>
<u>Related parties</u>				
<u>(Note 44)</u>				
<u>Rupiah</u>				
Government bonds		29,582,754		32,185,729
Bonds		2,282,420		2,567,989
Negotiable Certificate of Deposits		251,519		808,282
Medium-Term Notes		99,925		99,710
		<u>32,216,618</u>		<u>35,661,710</u>
<u>United States Dollar</u>				
Government bonds	1,306,969,782	17,606,844	1,391,260,144	18,743,752
Bonds	14,346,267	193,266	54,871,034	739,250
		<u>17,800,110</u>		<u>19,483,002</u>
<u>European Euro</u>				
Government bonds	12,012,838	190,961	12,039,541	170,670
		<u>53,430,982</u>		<u>61,896,870</u>
Total		<u>165,382,116</u>		<u>132,064,102</u>
Less allowance for impairment losses		<u>(758)</u>		<u>(758)</u>
Net		<u>165,381,358</u>		<u>132,063,344</u>

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7. SECURITIES (continued)

b. By Collectibility:

As of September 30, 2017 and December 31, 2016, all securities are classified as 'Current', except for Bonds I Year 2003 issued by PT Great River International which is classified as 'Loss'. The bond is owned by BRI Life (subsidiary) with a nominal value of Rp758, and has already matured on October 13, 2008. Based on the above, BRI Life management has established allowance for impairment losses amounting to Rp758 as of September 30, 2017 and December 31, 2016.

c. By Remaining Period to Maturity:

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

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	33,888,988	19,419,942
> 1 month - 3 months	193,524	308,968
> 3 months - 1 year	1,563,129	4,168,321
> 1 year	927,524	1,110,851
	<u>36,573,165</u>	<u>25,008,082</u>
<u>Foreign currencies</u>		
≤ 1 month	7,560,525	5,401,340
> 1 month - 3 months	-	267,955
> 3 months - 1 year	532,511	339,769
	<u>8,093,036</u>	<u>6,009,064</u>
	<u>44,666,201</u>	<u>31,017,146</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
≤ 1 month	48,645,783	25,393,914
> 1 month - 3 months	45,938	4,151,328
> 3 months - 1 year	4,861,878	3,685,462
> 1 year	26,512,693	26,791,640
	<u>80,066,292</u>	<u>60,022,344</u>
<u>Foreign currencies</u>		
≤ 1 month	22,658,508	21,362,145
> 1 month - 3 months	-	504,355
> 3 months - 1 year	975,869	996,873
> 1 year	17,015,246	18,161,239
	<u>40,649,623</u>	<u>41,024,612</u>
	<u>120,715,915</u>	<u>101,046,956</u>
Total	165,382,116	132,064,102
Less allowance for impairment losses	(758)	(758)
Net	<u>165,381,358</u>	<u>132,063,344</u>

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7. SECURITIES (continued)

d. By Type and Issuer:

d1. Government Bonds

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

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			September 30, 2017	December 31, 2016
<u>Fair value through profit or loss</u>				
Rupiah				
FR0059	7.00	May 15, 2027	31,136	-
FR0061	7.00	May 15, 2022	20,752	-
FR0064	6.13	May 15, 2028	28,325	25,245
FR0065	6.63	May 15, 2033	28,250	25,381
FR0072	8.25	May 15, 2036	10,982	-
FR0074	7.25	August 14, 2032	1,572	-
FR0076	7.50	May 15, 2048	40,584	-
FR0006	10.25	March 15, 2030	14,596	13,136
SR006	8.75	March 5, 2017	-	1,683
SR007	8.25	March 11, 2018	2,033	2,571
SR008	8.30	March 10, 2018	-	6,576
PBS005	6.75	April 15, 2043	2,116	1,967
PBS006	8.25	September 15, 2020	1,564	1,524
PBS011	8.75	August 15, 2023	1,614	1,544
PBS012	8.88	November 15, 2031	11,451	5,119
PBS013	6.25	May 15, 2019	5,040	-
			200,015	84,746
<u>United States Dollar</u>				
RI0127	4.35	January 8, 2027	14,245	-
			14,245	-
			214,260	84,746
<u>Available for sale</u>				
Rupiah				
FR0028	10.00	July 15, 2017	-	536,177
FR0031	11.00	November 15, 2020	141,532	138,158
FR0034	12.80	June 15, 2021	442,672	432,304
FR0035	12.90	June 15, 2022	785,416	757,206
FR0036	11.50	September 15, 2019	3,852	3,832
FR0039	11.75	August 15, 2023	63,105	59,790

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			September 30, 2017	December 31, 2016
Available for sale				
(continued)				
<u>Rupiah (continued)</u>				
FR0040	11.00	September 15, 2025	680,441	632,718
FR0042	10.25	July 15, 2027	311,359	286,341
FR0043	10.25	July 15, 2022	262,748	261,181
FR0044	10.00	September 15, 2024	238,800	222,400
FR0046	9.50	July 15, 2023	34,554	32,433
FR0047	10.00	February 15, 2028	265,729	240,250
FR0048	9.00	September 15, 2018	10,329	10,276
FR0050	10.50	July 15, 2038	33,080	29,885
FR0052	10.50	August 15, 2030	565,632	516,675
FR0053	8.25	July 15, 2021	1,530,654	1,450,367
FR0054	9.50	July 15, 2031	304,441	331,687
FR0056	8.38	September 15, 2026	552,425	2,506,370
FR0057	9.50	May 15, 2041	36,183	43,988
FR0058	8.25	June 15, 2032	460,573	556,645
FR0059	7.00	May 15, 2027	5,390,532	926,358
FR0060	6.25	April 15, 2017	-	195,860
FR0061	7.00	May 15, 2022	7,540,736	751,137
FR0062	6.38	April 15, 2042	357,915	318,231
FR0063	5.63	May 15, 2023	598,722	549,859
FR0064	6.13	May 15, 2028	638,667	540,181
FR0065	6.63	May 15, 2033	539,265	531,400
FR0066	5.25	May 15, 2018	317,933	310,181
FR0068	8.38	March 15, 2034	293,924	505,881
FR0069	7.88	April 15, 2019	781,076	764,862
FR0070	8.38	March 15, 2024	329,450	661,557
FR0071	9.00	March 15, 2029	151,177	296,492
FR0072	8.25	May 15, 2036	280,780	411,694
FR0073	13.50	May 15, 2031	335,844	468,926
FR0074	7.50	August 15, 2032	1,492,642	9,724
FR0075	7.50	May 15, 2038	908,404	-
FR0076	7.38	May 15, 2048	101,051	-
IFR0002	11.95	August 15, 2018	1,060	1,062
IFR0006	10.25	March 15, 2030	8,020	7,424
ORI011	8.50	October 15, 2017	614,739	621,859
ORI012	9.00	October 15, 2018	109,847	91,217
ORI013	6.60	October 15, 2019	303,673	7,918
PBS004	6.10	February 15, 2037	27,948	5,210

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			September 30, 2017	December 31, 2016
<u>Available for sale</u>				
<u>(continued)</u>				
<u>Rupiah (continued)</u>				
PBS005	6.75	April 15, 2043	8,408	4,484
PBS006	8.25	September 15, 2020	692,173	758,238
PBS007	9.00	September 15, 2040	5,811	5,162
PBS009	7.75	January 25, 2018	146,064	196,348
PBS011	8.75	August 15, 2023	938,790	861,570
PBS012	8.88	November 15, 2031	776,318	623,873
PBS013	6.25	May 15, 2019	2,245,673	48,550
PBS014	6.50	May 15, 2021	1,765,924	144,414
SR006	8.75	March 5, 2017	-	2,263
SR007	8.25	March 11, 2018	105,682	84,196
SR008	8.30	March 10, 2019	563,611	515,218
SR009	6.90	March 10, 2020	239,680	-
SPN	various	various	6,434,236	888,536
			41,769,300	21,158,568
<u>United States Dollar</u>				
RI0017	6.88	March 9, 2017	-	828,285
RI0018	6.88	January 17, 2018	1,758,612	929,727
RI0320	5.88	March 13, 2020	2,591,739	1,424,638
RI0521	4.88	May 5, 2021	3,149,952	1,904,424
RI0035	8.50	October 12, 2035	199,665	186,485
RI0037	6.63	February 17, 2037	137,631	140,247
RI0038	7.75	January 17, 2038	191,812	103,873
RI0124	5.88	January 15, 2024	949,280	303,472
RI0125	4.13	January 15, 2025	240,029	896,925
RI0126	4.75	January 8, 2026	557,932	528,825
RI0142	5.25	January 17, 2042	29,943	121,976
RI0145	5.13	January 15, 2045	118,399	281,896
RI0327	4.35	March 8, 2027	27,903	-
RI0422	3.75	April 25, 2022	1,665,484	1,315,939
RI0423	3.38	April 15, 2023	507,898	678,228
RI0443	4.63	April 15, 2043	83,250	558,528
RI1023	5.38	October 17, 2023	495,753	437,598
RI190304	11.63	March 4, 2019	2,358,111	2,014,787

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			September 30, 2017	December 31, 2016
<u>Available for sale</u>				
<u>(continued)</u>				
<u>United States Dollar</u>				
<u>(continued)</u>				
RI0727	3.85	July 18, 2027	346,453	-
INDOIS18	4.00	November 21, 2018	553,188	385,785
INDOIS 19	6.13	March 15, 2019	314,224	-
INDOIS19S	6.13	March 15, 2019	14,283	334,657
INDOIS 21	3.40	March 31, 2021	343,944	335,128
INDOIS 21A	3.40	March 29, 2021	394,848	532,184
INDOIS22	3.30	November 21, 2022	412,081	465,791
INDOIS22 N	3.40	March 29, 2022	273,808	-
INDOIS24	4.35	September 10, 2024	502,190	451,106
INDOIS25	4.33	May 28, 2025	599,336	749,483
INDOIS 26	4.55	March 29, 2026	380,646	1,619,896
INDOIS 27	4.15	March 29, 2027	249,625	-
RI0118	6.88	17 Januari 2018	-	113,301
RI0122	3.70	January 8, 2022	726,139	108,348
RI0127	4.35	January 8, 2027	327,849	459,370
RI0138	7.75	17 Januari 2038	-	121,342
RI0237	6.63	17 Februari 2037	-	15,589
RI035	8.50	12 Oktober 2035	-	73,217
US Treasury Bonds	2.39	February 15, 2043	230,816	347,887
USDFR0001	3.50	May 15, 2017	-	321,026
USDFR0002	4.05	June 24, 2026	680,513	671,941
			<u>21,413,336</u>	<u>19,761,904</u>
<u>European Euro</u>				
RIEUR0721	2.88	July 8, 2021	188,450	162,568
RIEUR0724	2.15	July 18, 2024	163,779	-
RIEUR0725	3.38	July 30, 2025	122,814	101,726
RIEUR0623	2.63	June 14, 2023	311,470	261,747
			<u>786,513</u>	<u>526,041</u>
<u>Singapore Dollar</u>				
SIGB 060126	2.13	June 1, 2026	180,193	198,706
			<u>180,193</u>	<u>198,706</u>
			<u>64,149,342</u>	<u>41,645,219</u>

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d1. Government Bonds (continued)

Series	Annual Interest Rate	Maturity Date	Fair Value/Carrying Value	
	(%)		September 30, 2017	December 31, 2016
<u>Held to maturity</u>				
<u>Rupiah</u>				
FR0028	10.00	July 15, 2017	-	342,646
FR0034	12.80	June 15, 2021	413,918	420,891
FR0035	12.90	June 15, 2022	57,214	57,248
FR0036	11.50	September 15, 2019	19,744	19,495
FR0038	11.60	August 15, 2018	18,244	18,396
FR0039	11.75	August 15, 2023	69,401	69,516
FR0040	11.00	September 15, 2025	75,397	75,079
FR0042	10.25	July 15, 2027	169,709	168,992
FR0043	10.25	July 15, 2022	690,024	688,999
FR0044	10.00	September 15, 2024	180,584	182,031
FR0045	9.75	May 15, 2037	235,060	234,918
FR0046	9.50	July 15, 2023	236,592	235,744
FR0047	10.00	February 15, 2028	395,458	398,197
FR0048	9.00	September 15, 2018	109,933	110,113
FR0050	10.50	July 15, 2038	68,595	68,578
FR0052	10.50	August 15, 2030	297,134	297,317
FR0053	8.25	July 15, 2021	1,379,426	1,380,814
FR0054	9.50	July 15, 2031	405,999	405,972
FR0056	8.38	September 15, 2026	1,640,671	1,637,257
FR0058	8.25	June 15, 2032	543,223	544,794
FR0059	7.00	May 15, 2027	340,587	258,767
FR0060	6.25	April 15, 2017	-	602,725
FR0061	7.00	May 15, 2022	540,716	423,576
FR0062	6.38	April 15, 2042	66,513	66,504
FR0063	5.63	May 15, 2023	527,699	525,544
FR0064	6.13	May 15, 2028	147,369	147,389
FR0065	6.63	May 15, 2033	287,502	287,317
FR0066	5.25	May 15, 2018	282,742	280,110
FR0067	8.75	February 15, 2044	34,682	34,680
FR0068	8.38	March 15, 2034	713,901	713,746
FR0069	7.88	April 15, 2019	2,917,563	2,928,607
FR0070	8.38	March 15, 2024	1,284,228	1,285,993
FR0071	9.00	March 15, 2029	741,069	741,827
FR0072	8.25	May 15, 2036	258,258	212,248
FR0073	8.75	May 15, 2031	467,233	467,605
FR0074	7.50	August 15, 2032	120,959	-
IFR0005	9.00	January 15, 2017	-	298,557
IFR0006	10.25	March 15, 2030	78,564	80,442

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			September 30, 2017	December 31, 2016
<u>Held to maturity (continued)</u>				
<u>Rupiah (continued)</u>				
IFR0007	10.25	January 15, 2025	308,154	306,987
IFR0010	10.00	February 15, 2036	78,579	79,217
ORI011	8.50	October 15, 2017	778,976	786,549
ORI012	9.00	October 15, 2018	132,869	132,302
ORI013	6.60	October 15, 2019	1,125	98
PBS0001	4.45	February 15, 2018	217,277	215,846
PBS0002	5.45	January 15, 2022	260,341	245,516
PBS0003	6.00	January 15, 2027	267,188	266,526
PBS0004	6.10	February 15, 2037	124,002	123,656
PBS0005	6.75	April 15, 2043	98,217	97,276
PBS0006	8.25	September 15, 2020	2,947,274	2,893,544
PBS0007	9.00	September 15, 2040	30,167	30,205
PBS0009	7.75	January 25, 2018	2,367,154	2,308,622
PBS0010	9.00	January 25, 2019	255,887	259,221
PBS011	8.75	August 15, 2023	573,437	191,103
PBS012	8.88	November 15, 2031	50,298	44,898
PBS013	6.25	May 15, 2019	885,189	148,482
PBS014	6.50	May 15, 2021	863,797	-
SR006	8.75	March 5, 2017	-	3,113,119
SR007	8.25	March 11, 2018	1,865,341	1,869,273
SR008	8.30	March 10, 2019	243,905	32,846
SR009	6.90	March 10, 2020	30,517	-
SPN	various	various	1,387,149	2,327,809
			<u>29,582,754</u>	<u>32,185,729</u>
<u>United States Dollar</u>				
RI0017	6.88	March 9, 2017	-	502,673
RI0018	6.88	January 17, 2018	975,869	1,007,146
RI0035	8.50	October 12, 2035	56,922	57,339
RI0037	6.63	February 17, 2037	186,640	186,650
RI0124	5.88	January 15, 2024	260,800	261,200
RI0125	4.13	January 15, 2025	147,090	147,016
RI0122	3.70	January 8, 2022	13,572	13,589
RI0126	4.75	January 8, 2026	229,198	497,715
RI0144	6.75	January 15, 2044	15,518	15,546
RI0045	5.13	January 15, 2045	13,324	13,324
RI0146	5.95	January 8, 2046	301,948	33,450

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			September 30, 2017	December 31, 2016
<u>Held to maturity (continued)</u>				
<u>United States Dollar</u>				
<u>(continued)</u>				
RI0320	5.88	March 13, 2020	506,368	514,416
RI0422	3.75	April 25, 2022	825,366	825,804
RI0423	3.38	April 15, 2023	100,908	100,704
RI0521	4.88	May 5, 2021	1,041,498	1,050,303
RI1127	4.35	January 8, 2027	53,680	53,670
RI1023	5.38	October 17, 2023	268,879	270,267
RI190304	11.63	March 4, 2019	458,463	484,682
USDFR0001	3.50	May 15, 2017	-	454,973
USDFR0002	4.05	June 24, 2026	677,932	673,625
INDOIS 18	4.00	November 21, 2018	3,204,702	3,237,057
INDOIS 19	6.13	March 15, 2019	116,387	-
INDOIS 19s	6.13	March 15, 2019	3,781,403	3,975,859
INDOIS 21	3.40	March 31, 2021	27,205	27,263
INDOIS 21A	3.40	March 29, 2021	135,116	135,212
INDOIS 22	3.30	November 21, 2022	1,690,668	1,688,553
INDOIS 24	4.35	September 10, 2024	1,096,095	1,093,728
INDOIS 25	4.33	May 28, 2025	955,073	955,060
INDOIS 26	4.55	March 29, 2026	466,220	466,928
			<u>17,606,844</u>	<u>18,743,752</u>
<u>European Euro</u>				
RIEUR0725	3.38	July 30, 2025	47,107	41,964
RIEUR0623	2.62	June 14, 2023	47,320	42,159
RIEUR0721	2.88	July 8, 2021	96,534	86,547
			<u>190,961</u>	<u>170,670</u>
			<u>47,380,559</u>	<u>51,100,151</u>
Total			111,744,161	92,830,116

The market values of Government bonds classified as "Fair Value through Profit or Loss" and "Available for Sale" ranged from 83.39% to 147.88% and 74.48% to 135.63% as of September 30, 2017 and December 31, 2016, respectively.

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds

Issuer	Annual Interest Rate (%)	Maturity Date	Rating*)		Fair value/Carrying Value	
			September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
<u>Fair value through profit or loss</u>						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Indosat Tbk						
Sukuk <i>Ijarah Berkelanjutan</i> I Phase I Series C 2014	10.50	December 12, 2021	idAAA(sy)	idAAA(sy)	2,644	2,597
PT Bank Muamalat Indonesia Tbk						
<i>Subordinasi Mudharabah Berkelanjutan</i> I Phase II 2013	7.62	March 28, 2023	idA(sy)	idA(sy)	4,926	4,684
PT Adira Dinamika Multi Finance Tbk						
<i>Berkelanjutan</i> II Phase II Series C 2013	11.00	October 24, 2018	idAAA	idAAA	7,303	7,238
PT Surya Artha Nusantara Finance						
<i>Berkelanjutan</i> II Phase I Series B 2016	9.00	June 9, 2019	idAA-	idAA-	16,970	19,740
PT Medco Energi International						
<i>Berkelanjutan</i> II Phase I Series B 2016	11.30	July 15, 2021	idAA-	idAA-	7,343	10,160
PT Bank Maybank Indonesia Tbk						
Sukuk <i>Mudharabah Berkelanjutan</i> I Phase II 2016	8.25	June 10, 2019	AAA***)	AAA***)	5,056	4,894
PT Summarecon Agung Tbk						
<i>Ijarah Berkelanjutan</i> I Phase I 2013	10.85	December 11, 2018	idA+(Sy)	idA+(Sy)	1,027	1,013
<i>Ijarah Berkelanjutan</i> I Phase II 2014	11.50	October 10, 2019	idA+(Sy)	idA+(Sy)	2,080	4,090
					<u>47,349</u>	<u>54,416</u>
<u>Related parties (Note 44)</u>						
<u>Rupiah</u>						
PT Adhi Karya (Persero) Tbk						
<i>Mudharabah Berkelanjutan</i> I Phase I 2012	9.35	July 3, 2017	idA(Sy)	idA(Sy)	500	500
PT Perusahaan Listrik Negara (Persero)						
Sukuk <i>Ijarah</i> V Series B 2010	10.40	July 8, 2022	idAAA(sy)	idAAA(sy)	1,083	1,039
<i>Ijarah Berkelanjutan</i> I Phase I 2013	8.00	July 5, 2020	idAAA(sy)	idAAA(sy)	795	773
PT Waskita Karya (Persero)						
Series B 2012	9.75	June 5, 2017	-	idA-	-	8,017
					<u>2,378</u>	<u>10,329</u>
					<u>49,727</u>	<u>64,745</u>

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual	Maturity	Rating*)		Fair value/Carrying Value	
	Interest		September	December	September	December
	Rate		30,	31,	30,	31,
	(%)	Date	2017	2016	2017	2016
Available for sale						
Third parties						
Rupiah						
PT Adira Dinamika Multi Finance Tbk						
Phase IV Series B 2014	10.50	November 12, 2017	idAAA	idAAA	25,118	25,558
Phase II Series C 2013	11.00	October 24, 2018	idAAA	idAAA	16,579	11,378
Phase III Series C 2012	8.65	March 30, 2020	-	idAAA	-	1,002
Phase I Series B 2015	8.75	June 30, 2020	-	idAAA	-	20,681
Phase III Series A 2016	8.75	March 12, 2017	-	idAAA	-	20,036
Phase I Series D 2013	8.90	March 1, 2018	-	idAAA	-	8,997
Phase I Series A 2015	9.50	June 30, 2018	idAAA	idAAA	15,293	10,147
Phase II Series B 2015	9.50	25 Agustus 2018	idAAA	-	14,322	-
Phase II Series C 2015	10.25	August 25, 2020	idAAA	idAAA	8,481	8,334
Phase IV Series B 2016	8.75	26 juli 2019	idAAA	-	5,091	-
Phase V Series A 2017	7.50	April 2, 2018	idAAA	-	10,047	-
Phase V Series B 2017	8.60	March 22, 2020	idAAA	-	109,557	-
Phase V Series C 2017	8.90	22 Maret 2022	idAAA	-	20,834	-
Phase VI Series B 2017	8.10	14 Juli 2020	idAAA	-	10,110	-
PT Astra Sedaya Finance						
Phase I Series C 2012	8.60	February 21, 2017	-	idAAA	-	6,007
Phase II Series C 2013	9.75	November 26, 2017	idAAA	idAAA	50,260	50,645
Phase III Series B 2014	10.50	April 4, 2017	-	idAAA	-	22,871
Phase IV Series B 2014	10.50	October 29, 2017	idAAA	AAA***)	61,697	68,308
Phase V Series B 2015	9.25	July 2, 2018	idAAA	AAA***)	86,267	75,237
Phase IV Series A 2016	7.90	6 Agustus 2017	-	AAA***)	-	99,170
Phase I Series B 2016	8.50	May 11, 2019	idAAA	idAAA	37,781	36,549
Phase I Series A 2016	7.95	May 21, 2017	-	idAAA	-	6,999
Phase II Series B 2016	7.95	18 Oktober 2019	idAAA	-	10,156	-
Phase III Series B 2017	8.50	March 3, 2020	idAAA	-	15,245	-
Phase III Series C 2017	8.75	March 3, 2022	idAAA	-	7,248	-
PT Bank CIMB Niaga Tbk						
Phase II Series C 2013	9.75	November 20, 2018	idAAA	idAAA	20,458	20,342
Phase I Series B 2012	7.75	October 30, 2017	idAAA	idAAA	14,018	13,443
Phase I Series C 2016	8.25	November 3, 2021	idAAA	idAAA	101,350	95,590
Phase II Series B 2017	7.70	August 23, 2020	idAAA	-	60,576	-
Phase II Series C 2017	8.15	August 23, 2022	idAAA	-	32,602	-
PT Bank Maybank Indonesia Tbk						
Phase II Series B 2012	8.00	October 31, 2017	idAAA	idAAA	51,562	2,000
Sukuk Mudharabah						
Phase II 2016	8.25	June 10, 2019	idAAA	idAAA	75,614	78,368
Phase I Series A 2015	10.35	June 30, 2021	-	idAAA	-	5,091
Phase II Series A 2016	9.10	April 13, 2019	-	idAAA	-	61,268

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual	Maturity Date	Rating*)		Fair value/Carrying Value	
	Interest		September	December	September	December
	Rate (%)		30, 2017	31, 2016	30, 2017	31, 2016
Available for sale (continued)						
<u>Third parties (continued)</u>						
<u>Rupiah (continued)</u>						
PT Bank OCBC NISP Tbk						
Phase II Series B 2015	9.40	February 10, 2017	-	idAAA	-	25,043
Phase II Series C 2015	9.80	February 10, 2018	idAAA	idAAA	88,130	88,471
Phase I Series C 2016	8.25	May 11, 2019	idAAA	idAAA	136,674	132,651
Phase II Series C 2017	7.70	August 22, 2020	idAAA	-	178,469	-
PT Bank Pan Indonesia Tbk						
Phase I 2012	8.15	December 20, 2017	idAA	idAA	45,149	40,036
Phase I 2016	9.15	June 28, 2021	idAA	idAA	132,302	126,331
Phase II 2016	8.75	October 27, 2021	idAA	idAA	129,664	76,880
PT Bank Tabungan Pensiunan Nasional Tbk						
Phase II Series B 2012	8.25	August 3, 2017	-	idAA	-	32,035
Phase I Series B 2013	8.25	July 4, 2018	AAA***)	AAA***)	33,286	14,888
Phase III Series B 2013	8.25	March 5, 2018	-	AAA***)	-	17,946
PT UOB Indonesia						
Year 2015 Series B	9.40	April 1, 2018	idAAA	AAA***)	38,502	99,168
Year 2015 Series C	9.60	April 1, 2020	idAAA	AAA***)	33,987	18,338
Year 2016 Series C	9.60	April 1, 2020	AAA***)	AAA***)	1,999	15,083
Year 2016 Series B	8.00	November 25, 2019	AAA***)	-	77,408	-
PT BCA Finance						
Phase II Series C 2013	7.60	June 14, 2017	-	idAAA	-	4,990
Phase I Series C 2015	9.00	March 20, 2018	idAAA	idAAA	59,614	59,012
Phase II Series B 2016	8.15	June 21, 2019	idAAA	idAAA	17,141	16,629
PT BFI Finance Indonesia Tbk						
Phase II Series A 2017	8.00	March 12, 2018	AA-***)	-	40,164	-
PT Maybank Indonesia Finance						
Series A 2013	8.25	11 Juni 2019	AA+(idn)	AA+(idn)	5,038	5,023
Phase I Series A 2015	10.35	April 12, 2018	AA+(idn)	AA+(idn)	36,030	30,558
Phase II Series A 2016	9.10	April 13, 2019	AA+(idn)	-	60,972	-
Phase III Series A 2016	8.30	November 3, 2019	AA+(idn)	-	38,209	-
PT Bumi Serpong Damai Tbk						
Phase II Year 2013	8.38	June 5, 2018	-	idAA-	-	12,740
Phase I Series C Year 2013	8.38	July 4, 2019	-	idAA-	-	11,968
PT Federal International Finance						
Phase III Series B 2016	9.15	April 5, 2019	idAAA	idAAA	30,783	30,186
Phase II Series A 2015	8.50	21 Maret 2017	-	idAAA	-	40,067
Phase IV Series B 2016	7.95	27 Semptember 2019	idAAA	-	32,136	-
Phase I Series B 2017	8.45	April 26, 2020	idAAA	-	22,348	-
PT Indofood						
Sukses Makmur Tbk						
Bonds VI Year 2012	7.25	May 31, 2017	-	idAA+)	-	2,998
Bonds VII Year 2014	10.13	June 13, 2019	-	idAA+)	-	5,103

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual	Maturity Date	Rating*)		Fair value/Carrying Value	
	Interest		September	December	September	December
	Rate (%)		30, 2017	31, 2016	30, 2017	31, 2016
<u>Available for sale (continued)</u>						
<u>Third parties (continued)</u>						
<u>Rupiah (continued)</u>						
PT Indosat Tbk						
Series B 2012	8.88	June 27, 2022	idAAA	idAAA	14,138	18,485
Series A 2012	8.75	March 27, 2022	-	idAAA	-	3,269
Phase III Series D 2015	11.20	December 8, 2025	idAAA	idAAA	17,784	21,595
Phase I Series B 2014	10.30	November 25, 2021	idAAA	idAAA	2,644	2,597
Phase II Series B 2016	9.25	November 12, 2018	idAAA	idAAA	5,104	4,998
<i>Ijarah</i> Phase I Series C 2014	10.50	December 12, 2021	-	idAAA	-	729
PT Mandala MultifinanceTbk						
Phase I Series C 2015	11.50	May 8, 2018	-	idA	-	5,091
PT Summarecon Agung Tbk						
Phase I Year 2013	10.85	December 11, 2018	-	idA+	-	17,297
Phase II Year 2014	11.50	October 10, 2019	-	idA+	-	56,604
PT Toyota Astra Financial Services						
Phase I Series B 2014	10.50	February 13, 2017	-	idAAA	-	20,030
Phase II Series B 2015	9.25	June 11, 2018	AAA ***)	AAA ***)	66,092	64,766
Phase III Series B 2015	9.50	November 6, 2018	AAA ***)	AAA ***)	5,148	5,041
Phase I Series B 2016	8.40	June 1, 2019	AAA ***)	AAA ***)	37,474	37,044
Phase II Series B 2017	8.50	February 14, 2020	AAA ***)	-	10,181	-
PT Wahana Ottomitra						
Multiartha Tbk						
Phase I Series B 2014	11.00	June 25, 2017	-	AA ***)	-	3,036
Phase IV Series A 2015	9.35	January 2, 2017	-	F1+ ***)	-	25,000
Phase IV Series B 2015	10.80	December 22, 2018	AA ***)	AA ***)	15,446	10,442
Phase III Series B 2015	10.25	April 2, 2018	AA ***)	-	5,083	-
Phase I Series B 2016	9.50	24 Juni 2019	AA ***)	-	40,764	-
PT Portelindo Profesional Telekomunikasi						
Phase I Series A 2016	7.90	December 10, 2023	AA ***)	AA ***)	2,004	10,039
PT Bank DKI						
<i>Berkelanjutan</i> I Phase I 2016	8.70	June 30, 2021	A+(idn)	A+(idn)	3,925	33,036
PT AKR Corporindo						
Series B Year 2012	8.60	December 21, 2019	AA ***)	AA ***)	6,523	34,625
PT Tower Bersama						
Phase I Year 2016	7.70	July 1, 2021	-	AA ***)	-	4,877
PT Medco Energy						
Phase II Year 2013	8.70	March 15, 2018	-	idA-(sy)	-	13,997
Phase I Year 2012	9.10	December 19, 2017	-	idA-(sy)	-	2,965
Phase III Year 2012	8.60	June 15, 2019	-	idA-(sy)	-	5,002
Phase II Series A Year 2016	8.75	September 30, 2019	-	idA-(sy)	-	9,991
PT Nippon Indosari Corpindo						
Phase II Year 2015	8.70	March 18, 2020	-	idAA-	-	2,009
PT Tiga Pilar Sejahterah						
Phase I Year 2013	8.70	May 28, 2021	idAA-	idAA-	2,024	5,000

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual	Maturity	Rating*)		Fair value/Carrying Value	
	Interest		September	December	September	December
	Rate		30,	31,	30,	31,
	(%)	Date	2017	2016	2017	2016
Available for sale (continued)						
Third parties (continued)						
Rupiah (continued)						
PT Bank Muamalat Indonesia Tbk Mudharabah Phase II Year 2013	7.65	March 28, 2023	-	idA-(sy)	-	5,222
PT Smart Tbk Phase I Series B Year 2012	9.25	July 3, 2019	-	idAA-	-	4,944
PT Indonesia Infrastruktur Finance Phase I Series A Year 2016	8.25	July 19, 2019	idAAA	idAAA	45,410	54,465
Phase I Series B Year 2016	8.70	July 19, 2021	idAAA	idAAA	5,151	4,878
PT Indomobil Finance Indonesia (Persero) Phase I Series A Year 2017	7.65	July 17, 2018	idA	-	44,676	-
Phase III Series B Year 2016	10.50	March 16, 2019	idA	-	5,156	-
					2,432,998	2,141,239
United States Dollar						
Alibaba	3.80	November 28, 2024	A1**)	A1**)	69,825	66,622
AT&T Global	5.80	February 15, 2019	Baa1**)	Baa1**)	4,788	4,886
AT&T Global	4.45	May 15, 2021	Baa1**)	Baa1**)	3,917	3,803
Apple Inc	3.20	May 11, 2027	Aa1**)	-	1,878	-
Bank of America	5.75	December 1, 2017	-	Baa1**)	-	2,051
Bank of America	5.63	July 1, 2020	Baa1**)	Baa1**)	2,963	2,986
Bank of America	3.30	January 11, 2023	Baa1**)	Baa1**)	4,862	4,749
Bank of America	3.50	April 19, 2026	Baa1**)	-	2,341	-
Bank Nova Scotia	2.70	7 Maret 2022	A1	-	3,713	-
Bank of Montreal	2.10	December 12, 2019	A1	-	5,706	-
Bank of Montreal	2.55	November 6, 2022	A1	-	1,321	-
Chase Bank	3.63	May 13, 2024	A-	A-	28,078	27,344
Chase Bank	3.13	23 Januari 2025	A-	A-	67,789	65,658
Chase Bank	4.95	25 Maret 2020	A-	A-	3,915	3,945
Chase Bank	3.20	June 15, 2026	A-	A-	8,726	8,373
BB&T Corp	3.63	September 16, 2025	A2**)	A2**)	4,189	4,090
Bed Bath&Beyond Inc	3.75	August 1, 2024	-	Baa1**)	-	40,408
Berkshire Hathaw ay	1.60	May 15, 2017	-	Aa2**)	-	7,863
Berkshire Hathaw ay	2.75	15 Maret 2023	Aa2**)	-	8,117	-
BHP Billiton Ltd.	3.25	November 21, 2021	-	A1**)	-	4,070
Canadian Imperial Bank of Commerce	1.55	January 23, 2018	-	Aa3**)	-	7,229
Chevron Corporation	2.95	May 16, 2026	Aa2**)	-	1,291	-
Cisco System, Inc.	4.95	February 15, 2019	-	A1**)	-	5,346
Citigroup Inc.	2.65	October 26, 2020	Baa1**)	Baa1**)	4,192	4,078
Citigroup Inc.	3.75	June 16, 2024	Baa1**)	Baa1**)	5,963	5,714
Comcast Corporation	5.70	May 15, 2018	-	A3**)	-	4,392

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual	Maturity Date	Rating*)		Fair value/Carrying Value	
	Interest		September	December	September	December
	Rate (%)		30, 2017	31, 2016	30, 2017	31, 2016
<u>Available for sale (continued)</u>						
<u>Third parties (continued)</u>						
<u>United States Dollar (continued)</u>						
Comcast Corporation	2.85	January 15, 2023	A3**)	A3**)	4,516	4,359
Conoco Philips Co.	3.35	November 15, 2024	A2**)	A2**)	4,173	3,971
CVS Health	2.75	December 1, 2022	Baa1**)	Baa1**)	1,110	979
Enterprise Production Partners L.P.	3.35	March 15, 2023	Baa1**)	Baa1**)	4,142	4,067
Ford Motor Company	2.88	October 1, 2018	-	Baa3**)	-	6,500
Ford Motor Company	4.25	September 20, 2022	Baa3**)	Baa3**)	14,213	13,867
Freeport-McMoran Inc	4.55	November 14, 2024	-	Baa3**)	-	125,968
General Electric	3.10	January 9, 2023	-	A1**)	-	68,182
General Electric	3.37	November 15, 2025	A1**)	A1**)	4,088	3,958
Goldman Sachs Group, Inc.	2.75	September 15, 2020	A3**)	A3**)	3,876	3,467
Goldman Sachs Group, Inc.	3.00	April 26, 2021	A3**)	-	1,336	-
International Business Machines Corporation	1.13	February 6, 2018	-	Aa3**)	-	8,777
International Business Machines Corporation	3.63	February 12, 2024	-	Aa3**)	-	4,068
Kinder Morgan Energy Partners LP	2.65	February 1, 2019	Baa3**)	Baa3**)	5,984	5,968
Macy's Inc	3.63	June 1, 2024	Baa2**)	Baa2**)	25,814	26,298
Manulife Financial Corp.	5.50	4 Maret 2026	A-	-	1,404	-
Norfolk Southern Corp.	4.30	15 Juni 2026	Baa1	-	1,308	-
Oversea-Chinese Banking Corporation Limited	4.25	June 19, 2024	AA-***)	AA-***)	56,817	54,283
PacificFirst Mortgage	2.95	February 1, 2022	A1**)	A1**)	4,112	4,072
PepsiCo Inc.	2.75	March 1, 2023	-	A1**)	-	26,885
PepsiCo Inc.	3.10	July 13, 2022	-	A1**)	-	3,997
PepsiCo Inc.	3.10	July 17, 2022	A1**)	-	4,142	-
Phillips66	2.95	May 1, 2017	-	A3**)	-	3,783
Phillips66	4.30	April 1, 2022	A3**)	-	4,215	-
PNC Financial Services Group, Inc	2.95	February 23, 2025	A2**)	A2**)	4,030	3,928
Province of Ontario	4.40	April 14, 2020	Aa2**)	Aa2**)	13,063	12,978
Province of Quebec	2.75	August 25, 2021	Aa2**)	Aa2**)	6,938	6,904
Royal Bank of Canada	2.63	March 15, 2019	-	Aa3**)	-	9,649
Royal Bank of Canada	2.75	1 februari 2022	Aa3**)	-	3,733	-
Royal Dutch Shell Plc	2.13	May 11, 2020	Aa1**)	Aa1**)	4,080	3,987
The Federal Home Loan Mortgage Corporation	3.75	March 27, 2019	Aaa****)	Aaa****)	1,725	20,374
The Federal Home Loan Mortgage Corporation	2.38	January 13, 2022	Aaa****)	Aaa****)	8,467	8,454
U.S. Bancorp	1.95	November 15, 2018	-	A1**)	-	4,003
U.S. Bancorp	3.15	April 27, 2017	A1**)	-	1,328	-
Time Warner Inc	3.55	June 1, 2024	Baa2**)	Baa2**)	2,072	1,972

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual Interest	Maturity Date	Rating*)		Fair value/Carrying Value	
	Rate (%)		September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Available for sale (continued)						
<u>Third parties (continued)</u>						
<u>United States Dollar (continued)</u>						
Verizon Communications	2.96	March 15, 2020	Baa1**)	-	5,215	-
Verizon Communications	3.38	February 25, 2025	Baa1**)	-	2,814	-
Verizon Communications	3.65	September 14, 2018	-	Baa1**)	-	4,035
Verizon Communications	4.45	September 15, 2023	-	Baa1**)	-	2,822
Walgreen Company	3.10	September 15, 2022	-	Baa2**)	-	26,867
Wells Fargo & Company	2.60	July 22, 2020	A2**)	A2**)	4,163	4,127
Wells Fargo & Company	3.50	March 8, 2022	A2**)	A2**)	5,614	5,542
Toyota Motor Corp	4.15	April 8, 2021	Baa1**)	Baa1**)	5,942	5,826
Xerox Corporation Ltd.	2.95	May 15, 2024	Baa2**)	Baa2**)	40,122	38,655
					<u>484,130</u>	<u>807,179</u>
<u>Related parties (Note 44)</u>						
<u>Rupiah</u>						
Lembaga Pembiayaan Ekspor Indonesia						
Phase I Year 2010 Series D	10.00	July 8, 2017	-	idAAA	-	5,058
Phase I Series D 2014	9.75	June 5, 2019	idAAA	idAAA	25,828	20,284
Phase III Series B 2014	9.25	October 16, 2017	idAAA	-	10,011	-
Phase V Series B 2015	9.00	March 13, 2018	idAAA	idAAA	62,645	62,434
Phase V Series C 2015	9.50	March 13, 2020	idAAA	-	52,882	-
Phase VI Series B 2015	9.20	September 16, 2018	idAAA	idAAA	25,455	25,148
Phase VI Series C 2015	9.50	September 16, 2020	idAAA	idAAA	52,270	55,770
Phase I Series C 2011	8.50	20 Desember 2018	idAAA	-	10,188	-
Phase V Series C 2016	9.50	March 13, 2020	-	idAAA	-	45,337
Phase I Series B 2016	8.20	June 8, 2019	idAAA	idAAA	136,202	71,956
Phase I Series C 2016	8.70	June 8, 2021	idAAA	idAAA	116,984	83,148
Phase II Series B 2016	7.95	August 25, 2019	idAAA	-	40,188	-
Phase III Series B 2016	7.85	November 22, 2019	idAAA	-	30,072	-
Phase III Series C 2016	8.20	November 22, 2021	idAAA	-	5,325	-
Phase VII Series C 2016	9.60	February 19, 2021	idAAA	idAAA	26,113	25,350
Phase VII Series B 2016	9.25	February 19, 2019	idAAA	idAAA	81,472	91,008
Phase III Series D 2016	8.50	November 22, 2023	idAAA	idAAA	52,816	50,025
Phase IV Series B 2017	8.40	February 23, 2020	idAAA	-	128,275	-
Phase IV Series C 2017	8.90	February 23, 2022	idAAA	-	10,188	-
Phase V Series B 2017	7.90	August 15, 2022	idAAA	-	129,675	-
Phase V Series C 2017	8.25	August 15, 2024	idAAA	-	101,310	-
PT Adhi Karya (Persero) Tbk						
Phase I Series B 2012	9.80	July 3, 2019	-	idA	-	978
Phase II Series A 2013	8.10	March 15, 2018	idA	idA	7,968	7,815
Sukuk Phase II 2012	8.10	March 15, 2018	-	idA	-	1,661
Phase II Series B 2013	8.50	March 15, 2020	-	idA-	-	9,539
PT Aneka Tambang (Persero) Tbk						
Phase I Series A 2011	8.38	December 14, 2018	idAAA	idAAA	1,944	1,882
Phase I Series B 2011	9.05	December 14, 2021	idAAA	idAAA	30,079	26,361

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual	Maturity Date	Rating*)		Fair value/Carrying Value	
	Interest		September	December	September	December
	Rate (%)		30, 2017	31, 2016	30, 2017	31, 2016
<u>Available for sale (continued)</u>						
<u>Related parties (Note 44)</u>						
<u>(continued)</u>						
<u>Rupiah (continued)</u>						
PT Bank Tabungan Negara (Persero) Tbk.						
Phase II Year 2013	7.90	March 27, 2023	idAA+	idAA+	19,480	18,028
Phase I Series A 2015	9.63	July 8, 2018	idAA+	idAA+	35,553	35,273
Phase I Series B 2015	9.88	July 8, 2020	idAA+	idAA+	31,176	30,252
Phase I Series C 2015	10.00	July 8, 2022	idAA+	idAA+	10,551	10,020
Obligasi XIV Year 2010	10.25	June 11, 2020	idAA+	idAA+	37,156	49,407
Obligasi XV Year 2011	9.50	June 28, 2021	-	idAA+	-	19,804
Phase II Series A 2016	8.20	August 30, 2019	idAA+	idAA+	105,032	97,240
Phase II Series B 2016	8.75	August 30, 2021	idAA+	idAA+	100,070	94,830
Phase I Series A 2017	8.30	July 13, 2020	idAA+	-	248,684	-
Phase I Series B 2017	8.50	July 13, 2022	idAA+	-	155,509	-
PT Jasa Marga (Persero) Tbk						
Series XIII R	10.25	June 21, 2017	-	idAA	-	161,216
Series JM-10 Year 2010	9.35	October 12, 2020	idAA	idAA	15,807	18,324
Phase I Series C Year 2013	8.90	September 27, 2018	idAA	idAA	61,659	60,756
Phase II Series T 2014	9.85	September 19, 2019	idAA	idAA	36,043	35,353
PT Mandiri Tunas Finance						
Phase II Series A 2014	10.70	May 23, 2017	-	idAA+	-	71,703
Phase I Series A 2016	8.20	7 Oktober 2019	idAA+	-	14,055	-
Phase II Series A 2016	8.95	June 1, 2019	idAA+	idAA+	30,600	17,794
Phase II Series B 2016	9.25	June 1, 2021	idAA+	idAA+	71,345	50,013
Phase II Series A 2017	8.50	6 Juni 2020	idAA+	-	121,308	-
PT Pegadaian (Persero)						
Phase II Series D 2012	7.75	February 14, 2019	idAAA	idAA+	7,034	6,825
Phase I Series D 2013	8.00	July 9, 2020	idAAA	idAA+	2,992	3,859
Phase III Series B 2015	9.25	May 7, 2018	idAAA	idAA+	59,037	58,284
Phase III Series C 2015	9.50	May 7, 2020	idAAA	idAA+	27,052	26,151
Series X B 2003	10.50	July 11, 2019	idAAA	idAA+	6,041	1,022
Series XII A	10.03	September 4, 2017	-	idAA+	-	9,083
PT Permodalan Nasional Madani (Persero)						
Phase I Series B 2014	10.50	December 19, 2017	idA	idA	8,048	8,053
Phase II Series A 2016	9.00	10 Desember 2018	idA	idA	2,994	12,806
Phase I Series B 2017	9.25	July 12, 2022	idA	-	45,679	-
PT Perusahaan Listrik Negara (Persero)						
Year 2007 Series IX A	10.40	July 10, 2017	-	idAAA	-	76,874
Year 2010 Series XI B	12.55	January 12, 2020	idAAA	idAAA	8,813	8,760
Year 2010 Series XII B	10.40	July 8, 2022	idAAA	idAAA	21,656	36,446
Phase II Series A 2013	9.00	December 10, 2018	idAAA	idAAA	5,093	10,001
Sukuk Phase II Series B 2013	9.60	December 10, 2023	idAAA	idAAA	5,316	9,985

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating*)		Fair value/Carrying Value	
			September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
<u>Available for sale (continued)</u>						
<u>Related parties (Note 44)</u>						
<u>(continued)</u>						
<u>Rupiah (continued)</u>						
PT Perusahaan Listrik Negara (Persero) (lanjutan)						
Sukuk Phase I Series A 2013	8.00	July 5, 2020	idAAA	idAAA	70,610	961
Phase II Series B 2013	9.60	December 10, 2023	-	idAAA	-	1,690
PT Pupuk Indonesia (Persero)						
Year 2014 Series A	9.63	July 8, 2017	-	idAA+	-	22,463
Year 2014 Series B	9.95	July 8, 2019	AAA***)	AAA***)	19,714	30,593
PT Sarana Multi Infrasturktur (Persero)						
Year 2014 Series B	10.00	June 11, 2019	idAAA	idAAA	27,455	42,815
Year 2014 Series A	9.60	June 11, 2017	-	idAAA	-	10,066
Phase I Series A Year 2016	7.85	November 18, 2019	idAAA	-	38,314	-
Phase I Series B Year 2016	8.20	November 18, 2021	idAAA	idAAA	4,058	3,988
Phase VI Year 2014	8.60	August 25, 2020	idAAA	idAAA	3,043	9,694
PT Sarana Multigriya Finansial (Persero)						
Phase II 2012 Berjamin						
Aset KPR Series C	7.55	April 25, 2017	-	AA+***)	-	5,992
Phase V Series B 2014	10.00	December 16, 2017	idAAA	idAA+	14,105	14,161
Phase I Series B 2015	9.25	July 7, 2018	idAAA	idAA+	30,489	19,766
Phase IV Series A 2016	8.60	March 21, 2017	-	idAA+	-	10,015
Phase IV Series B 2016	9.13	March 11, 2019	idAAA	idAA+	11,234	11,010
Phase V Series B 2016	8.20	June 17, 2019	idAAA	idAA+	20,206	19,800
Phase VI 2016	8.60	September 27, 2021	idAAA	idAA+	132,834	77,070
Berkelanjutan III Phase VII						
Year 2017 Series B	8.40	March 2, 2020	idAAA	-	137,147	-
Berkelanjutan IV Phase I						
Year 2017 Series B	7.80	20 Juni 2020	idAAA	-	84,084	-
PT Telekomunikasi Indonesia (Persero) Tbk						
Phase I Series A 2015	9.93	June 23, 2022	idAAA	idAAA	128,687	51,015
PT Waskita Karya (Persero) Tbk.						
Year 2012 Series B	9.75	June 5, 2017	-	idA-	-	77,018
Phase II Series A 2015	10.40	October 16, 2018	idA-	idA-	2,992	3,014
Phase II Series B 2015	11.10	October 16, 2020	idA-	idA-	24,690	106,970
Phase I Year 2014	10.40	November 18, 2017	idA-	idA-	8,025	8,035
Phase I Year 2016	9.25	June 10, 2019	idA-	idA-	56,903	92,856
Phase II Year 2016	8.50	September 28, 2021	idA-	-	58,992	-
PT Pembangunan Perumahan (Persero)						
Phase I Year 2013	8.38	March 19, 2018	-	idA	-	18,638

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual	Maturity	Rating*)		Fair value/Carrying Value	
	Interest		September	December	September	December
	Rate		30,	31,	30,	31,
	(%)	Date	2017	2016	2017	2016
<u>Available for sale (continued)</u>						
<u>Related parties (Note 44)</u>						
<u>(continued)</u>						
<u>Rupiah (continued)</u>						
PT Hutama Karya						
Year 2013 Series C	9.50	June 28, 2022	-	idA-	-	23,974
Berkelanjutan I Phase II 2017	8.07	6 Juni 2027	idA-	-	200,680	-
PT Bank Mandiri (Persero) Tbk						
Phase I Series A 2016	7.95	September 30, 2021	idAAA	idAAA	57,906	48,979
Phase II Series A 2017	8.00	June 15, 2022	idAAA	-	268,417	-
Phase II Series B 2017	8.50	June 15, 2024	idAAA	-	323,106	-
PT Bank Negara Indonesia						
(Persero) Tbk						
Phase I Year 2017	8.00	July 11, 2022	idAAA	-	392,175	-
PT Angkasa Pura II (Persero)						
Year 2016 Series C	9.00	June 30, 2026	idAAA	idAAA	13,426	12,370
Year 2016 Series A	8.60	June 30, 2021	idAAA	idAAA	66,469	63,692
PT Danareksa (Persero)						
EBA Indonesia Pow er	8.02	September 19, 2022	idAAA	-	400,000	-
					<u>5,027,434</u>	<u>2,408,561</u>
<u>United States Dollar</u>						
Lembaga Pembayaran						
Ekspor Indonesia						
Year 2017	3.75	April 26, 2017	-	Baa3**)	-	157,565
PT Bank Negara Indonesia						
(Persero) Tbk.						
Year 2017	4.13	April 27, 2017	-	BB****)	-	457,325
PT Pelabuhan Indonesia II						
Year 2025	4.25	May 5, 2025	B1**)	B1**)	13,825	209,527
PT Pelabuhan Indonesia III						
(Persero)						
Year 2025	4.88	October 1, 2024	BB+****)	BB+****)	36,916	100,613
PT Pertamina (Persero)						
Year 2023	4.30	May 20, 2023	Baa3**)	Baa3**)	176,535	127,113
Year 2021	5.25	May 23, 2021	Baa3**)	Baa3**)	29,132	31,631
Year 2022	4.88	May 3, 2022	Baa3**)	Baa3**)	131,515	98,285
PT Perusahaan Gas Negara						
Year 2024	5.13	May 16, 2024	Baa3**)	Baa3**)	87,090	100,658
PT Perusahaan Listrik Negara						
(Persero)						
Year 2027	4.13	15 Mei 2027	BBB-***)	-	40,364	-
Year 2020	7.75	January 20, 2020	-	BBB-***)	-	11,814
Year 2021	5.50	November 22, 2021	BBB-***)	BBB-***)	157,808	134,367
					<u>673,185</u>	<u>1,428,898</u>
					<u>8,617,747</u>	<u>6,785,877</u>

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual	Maturity	Rating*)		Fair value/Carrying Value	
	Interest		September	December	September	December
	Rate		30,	31,	30,	31,
	(%)	Date	2017	2016	2017	2016
Held to maturity						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Adira Dinamika Multi Finance Tbk.						
Phase I Series D 2013	8.90	March 1, 2018	idAAA	idAAA	9,982	9,954
Phase IV Series A 2016	7.90	6 Agustus 2017	-	idAAA	-	10,000
Phase IV Series B 2014	10.50	November 12, 2017	idAAA	idAAA	56,009	56,071
Sukuk Phase II Series B 2014	10.50	November 12, 2017	idAAA(sy)	idAAA(sy)	20,000	20,000
Phase I Series A Th 2015	9.50	June 30, 2018	idAAA	idAAA	10,030	10,058
PT Agung Podomoro Land Tbk.						
Series II Year 2012	9.38	August 15, 2017	-	idA-	-	10,000
PT Astra Sedaya Finance						
Phase I Series C 2012	8.60	February 21, 2017	-	idAAA	-	4,498
Phase IV Series B 2014	10.50	October 29, 2017	AAA***)	AAA***)	6,605	6,660
Phase V Series B 2015	9.25	July 2, 2018	AAA***)	AAA***)	4,032	4,063
Phase I Series B 2016	8.50	May 11, 2019	AAA***)	idBBB	23,999	24,000
PT Bank CIMB Niaga Tbk						
Phase I Series B 2012	7.75	October 30, 2017	idAAA	idAAA	42,441	41,959
Phase II Series C 2013	9.75	November 20, 2018	idAAA	idAAA	51,150	51,246
PT Bank Maybank Indonesia Tbk						
Phase II Series B 2012	8.00	October 31, 2017	idAAA	idAAA	57,591	57,545
Phase II Series A 2016	9.10	April 13, 2019	AA+***)	idAAA	17,117	17,168
Sukuk Mudharabah Phase II Year 2016	8.25	June 10, 2019	idAAA(sy)	idAAA(sy)	125,000	125,000
PT Bank OCBC NISP Tbk						
Phase II Series C 2015	9.80	February 10, 2018	idAAA	idAAA	35,004	35,020
Phase I Series B 2016	8.00	May 11, 2018	idAAA	idAAA	25,041	25,089
Phase I Series C 2016	8.25	May 11, 2019	idAAA	idAAA	85,030	85,048
PT Bank Pan Indonesia Tbk						
Phase I 2012	8.15	December 20, 2017	idAA	idAA	12,472	12,385
Phase I 2016	9.15	June 28, 2021	idAA	idAA	134,999	135,000
Phase II 2016	8.75	October 27, 2021	idAA	-	50,467	-
PT Bank Pembangunan Daerah Jawa Barat						
Series VII C 2011	10.40	February 9, 2018	idAA-	idAA-	1,010	1,022
Bank Jambi						
Year 2022	9.60	July 14, 2022	idA	-	10,000	-
PT Bank Tabungan Pensiunan Nasional Tbk						
Phase II Series B 2012	8.25	August 3, 2017	-	AAA***)	-	22,998
Phase III Series B 2013	8.25	March 5, 2018	AAA(idn)	AAA***)	5,965	5,907

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual	Maturity	Rating*)		Fair value/Carrying Value	
	Interest		September	December	September	December
	Rate		30,	31,	30,	31,
	(%)	Date	2017	2016	2017	2016
Held to maturity						
<u>(continued)</u>						
<u>Third parties (continued)</u>						
<u>Rupiah (continued)</u>						
PT Bank UOB Indonesia						
Series B 2015	9.40	April 1, 2018	AAA(idn)	AAA***)	45,067	45,097
Series C 2015	9.60	April 1, 2020	AAA(idn)	AAA***)	10,216	10,272
Phase I Series B 2016	8.00	November 25, 2019	AAA***)	AAA***)	29,999	30,000
PT BCA Finance						
Phase III Series B 2014	10.00	March 27, 2017	-	idAAA	-	56,063
Phase I Series C 2015	9.00	March 20, 2018	idAAA	idAAA	77,019	77,054
Phase I Series B 2015	8.50	March 20, 2017	-	idAAA	-	9,988
PT Great River						
International Tbk						
Obligasi I Year 2003	14.00	October 13, 2008	-	-	-	758
PT Indosat Tbk						
Series V B 2007	10.65	May 29, 2017	-	idAAA	-	8,018
Series VIII B 2012	8.88	June 27, 2022	idAAA	idAAA	64,847	64,253
Sukuk Ijarah Series V 2012	8.63	June 27, 2019	idAAA(sy)	idAAA(sy)	22,110	22,137
Sukuk Ijarah Phase I						
Series C 2014	10.50	December 12, 2021	idAAA(sy)	idAAA(sy)	14,433	14,447
Sukuk Ijarah Phase III						
Series B 2015	11.20	December 8, 2025	AAA(idn)	AAA(idn)	19,144	10,000
PT Bank Nagari						
Series VII Year 2015	10.99	January 8, 2021	idA	idA	10,028	10,000
Global Media Company						
Phase 1 Series A 2017	7.50	July 7, 2022	idA+	-	25,000	-
PT Federal Internasional Finance						
Series B Year 2015	9.25	April 24, 2018	idAAA	idAAA	18,136	18,304
PT Japfa Comfeed Indonesia						
Tbk						
Phase I 2012	9.90	January 12, 2017	-	idA	-	150,000
PT Mayora Indah Tbk.						
Sukuk Mudharabah II 2012	8.25	May 9, 2017	-	idAA-(Sy)	-	6,483
PT Summarecon Agung Tbk						
Sukuk Phase I 2013	10.85	December 11, 2018	idA+(Sy)	idA+(Sy)	12,484	11,651
Sukuk Phase II 2014	11.50	October 10, 2019	idA+(Sy)	idA+(Sy)	10,142	10,000
PT Indonesia Infrastruktur						
Finance						
Series B Year 2016	8.70	July 19, 2021	AAA(idn)	AAA(idn)	49,998	50,000
PT Toyota Astra Financial						
Services						
Phase I Series B 2016	8.40	June 1, 2019	AAA***)	AAA***)	32,998	33,000

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual	Maturity Date	Rating*)		Fair value/Carrying Value	
	Interest		September	December	September	December
	Rate (%)		30, 2017	31, 2016	30, 2017	31, 2016
<u>Held to maturity (continued)</u>						
<u>Third parties (continued)</u>						
<u>Rupiah (continued)</u>						
PT Wahana Ottomitra						
Multiartha Tbk						
Phase II Series B 2014	11.25	December 5, 2017	AA ***)	AA ***)	5,011	5,057
Phase IV Series A 2015	9.35	January 2, 2017	-	F1+**)	-	25,000
Phase I Series B 2016	9.50	June 24, 2019	AA ***)	AA ***)	2,000	2,000
					<u>1,232,576</u>	<u>1,440,273</u>
<u>Related parties (Note 44)</u>						
<u>Rupiah</u>						
Lembaga Pembiayaan Ekspor						
Ekspor Indonesia						
Phase I Series D 2010	10.00	July 8, 2017	-	idAAA	-	2,000
Phase II Series C 2014	9.25	June 5, 2017	-	idAAA	-	9,999
Phase III Series B 2014	9.25	October 16, 2017	idAAA	idAAA	15,999	16,001
Phase III Series C 2014	9.75	October 16, 2019	idAAA	idAAA	19,999	20,000
Phase V Series B 2015	9.00	March 13, 2018	idAAA	idAAA	49,998	50,000
Phase VI Series B 2015	9.20	September 16, 2018	idAAA	idAAA	74,997	75,000
Phase VI Series C 2015	9.50	September 16, 2020	idAAA	idAAA	104,996	105,000
Phase V Series C 2015	9.50	March 13, 2020	idAAA	idAAA	10,218	10,277
Phase I Series C 2014	9.25	June 5, 2017	-	idAAA	-	19,995
Mandiri Tunas Finance						
Phase II Series A 2014	10.70	May 23, 2017	-	idAA+	-	34,075
Phase I Series A 2015	10.20	December 18, 2018	idAA	idAA+	89,996	90,000
PT Adhi Karya (Persero) Tbk						
Phase I Series A 2012	9.35	July 3, 2017	-	idA-	-	2,009
Phase I Series B 2012	9.80	July 3, 2019	idA-	idA-	11,026	11,041
Sukuk <i>Mudharabah</i> Phase I						
Year 2012	9.35	July 3, 2017	-	idA-(sy)	-	4,012
Sukuk <i>Mudharabah</i> Phase II						
Year 2013	8.10	March 15, 2018	idA-(sy)	idA-(sy)	800	298
PT Aneka Tambang						
(Persero) Tbk						
Series I A	8.38	December 14, 2018	idBBB+	idBBB+	20,000	20,000
Series I B	9.05	December 14, 2021	idBBB+	idBBB+	75,000	75,000
PT Bank BNI Syariah						
Sukuk <i>Mudharabah</i> I 2015	9.10	May 26, 2018	idAA+(sy)	idAA+(sy)	68,745	68,927
PT Bank Tabungan Negara						
(Persero) Tbk.						
Series XIV	10.25	June 11, 2020	idAA+	idAA+	79,058	79,449
Series XV	9.50	June 28, 2021	idAA+	idAA+	50,000	50,000
Series I Phase I 2012	7.90	June 5, 2022	idAA+	idAA+	25,000	25,000

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual	Maturity	Rating*)		Fair value/Carrying Value	
	Interest		September	December	September	December
	Rate		30,	31,	30,	31,
	(%)	Date	2017	2016	2017	2016
Held to maturity (continued)						
<u>Related parties (Note 44)</u>						
<u>(continued)</u>						
<u>Rupiah (continued)</u>						
PT Bank Tabungan Negara						
(Persero) Tbk. (continued)						
Series I Phase II 2013	7.90	March 27, 2023	idAA+	idAA+	50,145	49,768
Phase I Series A 2015	9.63	July 8, 2018	idAA+	idAA+	35,016	35,031
Phase I Series B 2015	9.88	July 8, 2020	idAA+	idAA+	32,000	32,000
Phase I Series C 2015	10.00	July 8, 2022	idAA+	idAA+	55,000	55,000
Phase II Series A 2016	8.20	August 30, 2019	idAA+	idAA+	99,995	99,995
Phase II Series B 2016	8.75	August 30, 2021	idAA+	idAA+	79,996	79,996
PT Hutama Karya (Persero)						
Series C Year 2013	9.50	June 28, 2020	idA-	idA-	10,000	10,000
PT Jasa Marga (Persero) Tbk						
Series XIII R 2007	10.25	June 21, 2017	-	idAA	-	67,318
Series JM 10 Year 2010	9.35	October 12, 2020	idAA	idAA	57,466	57,683
Phase II Series T Year 2014	9.85	September 19, 2019	idAA	idAA	41,329	41,440
Phase I Series C Year 2013	8.90	September 27, 2018	idAA	idAA	16,070	5,977
PT Pegadaian (Persero)						
Series X B 2003	10.50	July 11, 2018	idAAA	idAA+	5,087	5,077
Series XII A 2007	10.03	September 4, 2017	-	idAA+	-	46,154
Series XIII B 2009	12.65	July 1, 2017	-	idAA+	-	5,054
Series XIII C 2009	12.88	July 1, 2019	idAAA	idAA+	2,000	2,000
Series C 2011	9.00	October 11, 2021	idAAA	idAA+	4,090	4,120
Phase II Series D 2012	7.75	February 14, 2019	idAAA	idAA+	1,959	1,939
Phase II Series C 2014	9.35	July 11, 2018	idAAA	idAA+	85,048	85,026
Phase II Series B 2014	9.75	July 11, 2019	idAAA	idAA+	1,010	1,005
Phase III Series B 2015	9.25	May 7, 2018	idAAA	idAA+	269,001	269,011
Phase III Series C 2015	9.50	May 7, 2020	idAAA	idAA+	45,039	45,050
PT Pembangunan Perumahan						
(Persero) Tbk						
Phase I Year 2013	8.38	March 19, 2018	idA	idA	9,864	9,736
PT Perkebunan Nusantara X						
(Persero)						
Year 2013	8.90	July 5, 2018	idBBB+	idBBB+	10,000	10,000
PT Perusahaan Listrik Negara						
(Persero)						
Series VIII B 2006	13.75	June 21, 2021	idAAA	idAAA	2,000	2,000
Series IX A 2007	10.40	July 10, 2017	-	idAAA	-	24,034
Series IX B 2007	10.90	July 10, 2022	idAAA	idAAA	18,379	18,544
Series XI A 2010	11.95	January 12, 2017	-	idAAA	-	6,000
Series XI B 2010	12.55	January 12, 2020	idAAA	idAAA	1,000	1,000
Series XII B 2010	10.40	July 2, 2022	idAAA	idAAA	3,000	3,000
Phase I Series B 2013	8.25	July 5, 2023	idAAA	idAAA	5,000	5,000

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating*)		Fair value/Carrying Value	
			September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Held to maturity (continued)						
<u>Related parties (Note 44)</u>						
<u>(continued)</u>						
<u>Rupiah (continued)</u>						
PT Perusahaan Listrik Negara (Persero) (lanjutan)						
Phase II Series A 2013	9.00	December 10, 2018	idAAA	idAAA	19,985	19,944
Sukuk <i>Ijarah</i> IV A	11.95	January 12, 2017	-	idAAA(sy)	-	6,000
Sukuk <i>Ijarah</i> II 2007	10.40	July 10, 2017	-	idAAA(sy)	-	4,036
Sukuk <i>Ijarah</i> IV B 2010	12.55	January 12, 2020	idAAA(sy)	idAAA(sy)	1,000	1,000
Sukuk <i>Ijarah</i> Series V B 2010	10.40	July 8, 2022	idAAA(sy)	idAAA(sy)	7,000	7,000
Sukuk <i>Ijarah</i> Phase I Year 2013	8.00	July 5, 2020	idAAA(sy)	idAAA(sy)	2,450	2,450
Sukuk <i>Ijarah</i> Phase II Series B 2013	9.60	December 10, 2023	idAAA(sy)	idAAA(sy)	5,000	5,000
PT Pupuk Indonesia (Persero)						
Year 2014 Series A	9.63	July 8, 2017	-	idAA+	-	75,634
Year 2014 Series B	9.95	July 8, 2019	AAA***)	AAA***)	40,273	40,377
PT Sarana Multi Infrastruktur						
Series A Year 2014	9.60	June 11, 2017	-	idAAA	-	13,015
Series B Year 2014	10.00	June 11, 2019	idAAA	idAAA	16,117	16,163
PT Angkasa Pura II						
Series A Year 2016	8.60	June 30, 2021	idAAA	idAAA	10,141	10,165
PT Angkasa Pura I						
Series A Year 2016	8.10	November 22, 2021	idAAA	idAAA	100,000	100,000
PT Sarana Multigriya Finansial (Persero)						
Phase I Series B 2012	7.50	December 27, 2017	idAAA	idAA+	19,916	19,666
Phase III Series B 2014	10.00	March 27, 2017	-	idAA+	-	10,009
Phase V Series B 2014	10.00	December 16, 2017	idAAA	idAA+	26,022	26,106
Phase I Series B 2015	9.25	July 7, 2018	idAAA	idAA+	30,000	30,000
Phase III Year 2015	9.25	January 3, 2017	-	idAA+	-	50,000
Berjamin Aset Piutang KPR						
Phase II Series C 2012	7.55	April 25, 2017	-	idAA+	-	2,985
Sukuk 2017	0.08	June 16, 2019	idAA+(sy)	-	100,000	-
PT Rajawali Nusantara Indonesia (Persero)						
Year 2020	10.00	August 2, 2020	idA-	-	25,000	-
PT Telekomunikasi Indonesia (Persero)						
Series B Year 2010	10.20	July 6, 2020	idAAA	idAAA	36,774	36,114
Phase I Series A 2015	9.93	June 23, 2022	idAAA	idAAA	195,255	190,000
Phase I Series D 2015	11.00	June 23, 2045	idAAA	idAAA	5,161	5,168

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d2. Bonds (continued)

Issuer	Annual	Maturity	Rating*)		Fair value/Carrying Value	
	Interest		September	December	September	December
	Rate		30,	31,	30,	31,
	(%)	Date	2017	2016	2017	2016
Held to maturity (continued)						
<u>Related parties (Note 44)</u>						
<u>(continued)</u>						
<u>Rupiah (continued)</u>						
PT Timah (Persero) Tbk						
Year 2020	8.50	September 28, 2020	idA+	-	7,000	-
PT Waskita Karya						
Year 2012 Series B	9.75	June 5, 2017	-	idA-	-	51,116
					<u>2,282,420</u>	<u>2,567,989</u>
<u>United States Dollar</u>						
Lembaga Pembiayaan Ekspor						
Indonesia						
Year 2017	3.75	April 26, 2017	-	Baa3**)	-	150,132
PT Bank Negara Indonesia						
(Persero) Tbk						
Year 2017	4.13	April 27, 2017	-	Baa3**)	-	384,338
PT Pelabuhan Indonesia						
III (Persero)						
Year 2024	4.88	October 1, 2024	Baa3**)	Baa3**)	21,674	21,353
PT Pelabuhan Indonesia II						
Year 2025	4.25	May 5, 2025	Baa3**)	Baa3**)	34,819	33,863
PT Pertamina (Persero)						
Year 2023	4.30	May 20, 2023	Baa3**)	Baa3**)	28,395	34,514
PT Perusahaan Gas						
Negara (Persero) Tbk						
Year 2024	5.13	May 16, 2024	Baa3**)	Baa3**)	53,316	52,148
PT Perusahaan						
Listrik Negara						
Year 2020	7.75	January 20, 2020	Baa3**)	Baa3**)	11,570	15,563
Year 2021	5.50	November 22, 2021	Baa3**)	Baa3**)	43,491	47,339
					<u>193,265</u>	<u>739,250</u>
					<u>3,708,262</u>	<u>4,747,512</u>
Total					<u>12,375,736</u>	<u>11,598,134</u>

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

**) Based on ratings issued by Moody's.

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

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

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d3. Mutual Funds

	September 30, 2017	Desember 31, 2016
<u>Fair value through profit or loss</u>		
<u>Third parties</u>		
<u>Rupiah</u>		
PT Insight Investment Manajemen	324,552	-
PT Schroeder Investment Management Indonesia	182,415	135,961
PT BNP Paribas Investment Partners	32,330	12,042
PT Ciptadana Asset Management	16,156	-
PT Batavia Prosperindo Aset Manajemen	15,973	14,772
PT Manulife Aset Manajemen Indonesia	12,939	5,227
PT Trimegah Asset Manajemen	9,100	29,558
PT Maybank Asset Management	6,486	16,651
PT Kresna Asset Management	5,869	2,989
PT RHB Asset Management Indonesia	4,141	-
PT Sinarmas Asset Management	-	56,402
	609,961	273,602
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
PT Mandiri Manajemen Investasi	11,716	1,194
PT Bahana TCW Investment Management	6,775	1,050
PT Danareksa Investment Management	5,541	14,255
PT PNM Investent Management	3,393	3,287
	27,426	19,786
<u>United States Dollar</u>		
PT Danareksa Investment Management	2,089	1,984
	29,515	21,770
	639,476	295,372
<u>Available for sale</u>		
<u>Third parties</u>		
<u>Rupiah</u>		
PT Batavia Prosperindo Aset Management	350,819	-
PT Schroeder Investment Management Indonesia	270,697	98,189
PT Sinarmas Asset Management	161,532	103,965
PT Maybank Asset Management	123,560	61,425
PT Insight Investment Manajemen	123,511	108,164
PT RHB Asset Management Indonesia	108,274	4,902
PT Trimegah Asset Manajemen	71,229	48,643
PT Mega Capital Investama	51,457	40,099
PT Syailendra Capital	43,419	48,542
PT CIMB Principal Asset Managemen	7,461	8,040
PT Panin Asset Management	4,417	4,227
PT Pratama Capital Asset Management	1,936	1,843
PT Indo Premier Investment Management	518	464
PT BNP Paribas Investment Partners	-	15,790
PT Manulife Aset Manajemen Indonesia	-	7,134
PT MNC Asset Management	-	1,054
	1,318,830	552,481

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d3. Mutual Funds

	September 30, 2017	Desember 31, 2016
Available for sale (continued)		
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
PT Danareksa Investment Management	279,994	268,100
PT Bahana TCW Investment Management	182,493	5,081
PT BNI Asset Management	52,498	50,105
PT Mandiri Manajemen Investasi	52,216	50,017
	<u>567,201</u>	<u>373,303</u>
	<u>1,886,032</u>	<u>925,784</u>
Total	<u>2,525,507</u>	<u>1,221,156</u>

d4. Negotiable Certificate of Deposits (NCD)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value/Fair Value September 30, 2017	December 31, 2016
Available for sale					
<u>Third parties</u>					
<u>Rupiah</u>					
PT BPD Jawa Barat dan Banten Tbk					
Phase I 2017 Series A	20,000	7.50	March 21, 2018	19,464	-
Phase I 2017 Series B	20,000	7.60	June 21, 2018	19,130	-
PT Bank Commonwealth					
Phase III 2016 Series C	100,000	7.10	October 13, 2017	99,840	-
The Bank of Tokyo-Mitsubishi UFJ Ltd.					
Phase I 2017 Series B	40,000	7.20	May 29, 2018	38,432	-
Phase I 2017 Series C	40,000	7.10	February 23, 2018	39,092	-
PT Bank KEB Hana Indonesia					
Phase I 2017 Series B	50,000	6.31	March 27, 2018	48,605	-
Phase I 2017 Series C	50,000	6.52	September 26, 2018	46,910	-
				<u>311,473</u>	<u>-</u>
<u>Related parties (Note 44)</u>					
PT Bank Tabungan Negara (Persero) Tbk					
Phase I Year 2017 Series B	50,000	7.43	16 Februari 2018	48,920	-
				<u>360,393</u>	<u>-</u>

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d4. Negotiable Certificate of Deposits (NCD) (continued)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value/Fair Value	
				September 30, 2017	December 31, 2016
<u>Held to maturity</u>					
<u>Third parties</u>					
<u>Rupiah</u>					
PT Bank Sumitomo Mitsui					
Year II 2016 Series C	100,000	7.66	September 22, 2017	-	94,704
Year II 2016 Series B	100,000	7.44	July 11, 2017	-	96,154
Year II 2016 Series A	50,000	7.50	March 22, 2017	-	49,187
PT Bank Commonwealth					
Phase III 2016 Series B	100,000	7.60	July 14, 2017	-	96,132
Phase III 2016 Series C	100,000	7.65	October 13, 2017	99,745	94,358
Phase III 2016 Series A	50,000	7.44	April 13, 2017	-	48,974
PT Bank Tabungan Pensiun Nasional Tbk					
Phase II 2016 Series A	10,000	7.30	May 8, 2017	-	9,750
Phase II 2016 Series B	30,000	7.60	November 8, 2017	29,753	28,165
PT Bank Mizhuo Tbk					
Phase III 2017	60,000	7.49	May 17, 2018	57,341	43,717
PT CIMB Niaga Tbk					
Phase II 2016 Series B	50,000	7.60	January 13, 2017	-	49,869
Phase II 2016 Series C	50,000	7.80	March 16, 2017	-	49,233
Phase III 2017 Series A	50,000	7.20	November 17, 2017	49,537	-
Phase III 2017 Series C	50,000	7.50	May 18, 2018	47,773	-
				<u>284,149</u>	<u>660,243</u>
<u>Related parties (Note 44)</u>					
<u>Rupiah</u>					
PT Bank Tabungan Negara (Persero) Tbk					
Phase V Year 2016	500,000	7.73	July 3, 2017	-	481,000
Phase II Year 2016	100,000	7.80	August 10, 2017	-	95,547
Phase VI Year 2016	50,000	7.75	March 29, 2017	-	49,071
PT Bank Mandiri Persero Tbk					
Phase II Year 2016 Series A	100,000	7.55	December 21, 2017	98,385	93,091
PT. Bank Negara Indonesia (Persero) Tbk					
Year 2016 Series E	100,000	8.25	June 15, 2018	95,118	89,573
Year 2017 Series A	60,000	7.74	March 15, 2018	58,016	-
				<u>251,519</u>	<u>808,282</u>
Total				896,061	1,468,525

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d5. Promissory Notes

Issuer	Annual Interest Rate (%)	Maturity Date	Ratings		Carrying Value	
			September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Held to maturity						
<u>Third parties</u>						
<u>Foreign currencies</u>						
United States Dollar						
Morgan Stanley	4.00	August 31, 2017	-	A-****)	-	26,945
Total					-	26,945

****) Based on ratings issued by Standard & Poor's.

d6. Subordinated Bonds

Issuer	Annual Interest Rate (%)	Maturity Date	Ratings		Carrying Value/Fair Value	
			September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
<u>Fair value through profit or loss</u>						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Maybank Indonesia Tbk						
Berkelanjutan II Phase II						
Year 2016	9.63	June 10, 2023	idAA	idAA	18,823	7,786
PT Bank PAN Indonesia Tbk						
Series II Year 2010	10.50	November 9, 2017	idAA-	idAA-	3,012	3,058
Berkelanjutan I Phase O						
Year 2012	9.40	December 20, 2019	idAA-	idAA-	2,047	2,014
Berkelanjutan II Phase II						
Year 2017	10.25	March 17, 2024	idAA-	-	20,202	-
PT CIMB Niaga Tbk						
Series II Year 2012	10.85	December 23, 2020	idAA	idAA	1,491	1,454
PT Bank KEB Hana Indonesia						
Phase I Year 2016	9.95	December 21, 2023	idAA	idAA	32,692	30,956
PT Bank Permata Tbk						
Series II Year 2011	11.00	June 28, 2018	idAA+	idAA+	2,571	612
Berkelanjutan II Phase II						
Year 2012	9.40	December 19, 2019	idAA-	-	5,159	-
					85,997	45,880
<u>Available for sale</u>						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Bank Pan Indonesia Tbk						
Series III Year 2010	10.50	November 9, 2017	idAA	idAA	145,477	147,662
Phase I Year 2012	9.40	December 20, 2019	idAA	idAA	92,671	91,136
Phase II Year 2017	10.25	March 17, 2024	idAA	-	9,091	-
PT Bank UOB Indonesia						
Series I Year 2014	11.35	May 28, 2021	idAA	idAA	30,657	29,252

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d6. Subordinated Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Ratings		Carrying Value/Fair Value	
			September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
<u>Available for sale (continued)</u>						
<u>Third parties (continued)</u>						
<u>Rupiah (continued)</u>						
PT Bank Maybank Indonesia						
Phase I Year 2011	10.00	December 6, 2018	-	idAA+	-	15,648
Phase II Year 2012	9.25	October 31, 2019	idAA+	idAA+	26,606	64,029
Series I Year 2011	10.75	May 19, 2018	idAA+	idAA+	31,722	50,218
<i>Berkelanjutan</i> II Phase II Year 2014	11.35	July 8, 2021	idAA+	idAA+	33,135	31,657
Phase II Phase II Year 2016	9.63	July 10, 2023	-	idAA+	-	9,733
PT Bank Permata Tbk						
Phase II Year 2012	9.40	December 19, 2019	idAA+	idAA+	146,302	124,008
Series II Year 2011	11.00	June 28, 2018	idAA+	idAA+	56,357	56,421
<i>Berkelanjutan</i> I Phase I Year 2012	8.90	June 15, 2019	idAA+	idAA+	5,050	4,961
<i>Berkelanjutan</i> II Phase I Year 2013	12.00	June 28, 2018	idAA	idAA	5,560	5,425
<i>Berkelanjutan</i> II Phase II Year 2014	11.75	October 24, 2021	idAA	idAA	38,426	42,814
PT Bank Bukopin Tbk						
<i>Berkelanjutan</i> I Phase I Year 2012	9.25	March 6, 2019	idA	idA	10,168	989
PT Bank CIMB Niaga Tbk						
Series I Year 2010	11.30	July 8, 2017	-	idAA	-	8,084
Series II Year 2010	10.85	December 23, 2020	idAA	idAA	134,338	118,924
PT Bank Muamalat Indonesia Tbk						
<i>Mudharabah Berkelanjutan</i> I Year 2012	11.17	June 29, 2022	-	idA-(sy)	-	877
<i>Mudharabah Berkelanjutan</i> I Phase II Year 2013	9.60	March 28, 2023	-	idA-(sy)	-	1,824
PT Bank KEB Hana Indonesia						
Series I Year 2016	9.95	June 30, 2026	idAA	idAA	9,491	8,987
					775,051	812,649
<u>Held to maturity</u>						
<u>Third parties</u>						
<u>Rupiah</u>						
PT Bank OCBC NISP Tbk						
Series III	11.35	June 30, 2017	-	idAAA	-	40,000
PT Bank Permata Tbk						
Phase II Year 2012	9.40	December 19, 2019	idAA+	idAA+	20,000	20,000
PT Bak Muamalat Indonesia Tbk						
Phase II Year 2012	8.25	June 29, 2022	idAA+	idAA+	4,057	4,057
					24,057	64,057
Total					885,105	922,586

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7. SECURITIES (continued)

d. By Type and Issuer (continued):

d7. Medium Term Notes (MTN)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value/Fair Value	
				September 30, 2017	December 31, 2016
<u>Available for sale</u>					
<u>Third parties</u>					
<u>Rupiah</u>					
PT Bank Bukopin (Persero)					
Phase I Year 2016	40,000	8.50	September 4, 2017	-	40,000
<u>Related parties (Note 44)</u>					
<u>Rupiah</u>					
PT Perkebunan Nusantara III (Persero)	150,000	10.00	December 21, 2018	150,000	155,074
PT Kimia Farma (Persero) Tbk					
Phase I Year 2017	57,000	8.10	September 15, 2020	57,000	-
				<u>207,000</u>	<u>195,074</u>
<u>Held to maturity</u>					
<u>Third parties</u>					
<u>Rupiah</u>					
PT Bank Sumitomo Mitsui Indonesia I Year 2015	100,000	9.85	February 3, 2018	100,000	100,000
PT Bank BJB Tbk					
Series I Year 2016	50,000	7.00	January 8, 2018	50,000	50,000
				<u>150,000</u>	<u>150,000</u>
<u>Related parties (Note 44)</u>					
<u>Rupiah</u>					
PT Wijaya Karya (Persero) Tbk					
Series II Year 2014	99,202	9.80	December 24, 2017	99,925	99,710
				<u>249,925</u>	<u>249,710</u>
Total				456,925	444,784

- e. BRI assessed allowance for impairment losses on securities individually based on whether objective evidence of impairment existed.

Management believes that the allowance for impairment losses as of September 30, 2017 and December 31, 2016 is adequate.

- f. The average annual interest rates:

	2017	2016
Rupiah	8.74%	8.65%
United States Dollar	5.27%	5.08%
European Euro	2.75%	2.87%
Singapore Dollar	2.06%	2.12%

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7. SECURITIES (continued)

- g. BRI recognized unrealized gain - net on "Fair Value through Profit or Loss" securities amounting to Rp28,102 and Rp42,944 for the nine-month period ended September 30, 2017 and 2016, respectively, which are recorded under "Unrealized gain from changes in fair value of securities" in the interim consolidated statement of profit or loss and other comprehensive income.
- h. BRI recognized net gain resulting from the sale of securities amounting to Rp635,944 and Rp370,294, for the nine-month period ended September 30, 2017 and 2016, respectively, which are recorded under "Gain on sale of securities and Government Recapitalization Bonds - net" in the interim consolidated statement of profit or loss and other comprehensive income.
- i. As of September 30, 2017 and December 31, 2016, securities with nominal value of Rp6,884,000 and Rp7,935,345 were sold under agreement to repurchase (Note 24).

8. EXPORT BILLS

- a. By Type and Currency:

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>				
Domestic Documentary				
Letters of Credit		4,069,737		6,112,978
Export Bills		1,156,219		649,730
		<u>5,225,956</u>		<u>6,762,708</u>
<u>Foreign currencies</u>				
Export Bills				
United States Dollar	32,768,642	441,443	47,917,829	645,573
Renminbi	209,329,067	424,322	823,503,667	1,596,930
European Euro	3,132,490	49,795	2,540,997	36,021
Japanese Yen	153,771,333	18,405	513,619,647	59,100
Great Britain Pound				
Sterling	33,380	601	267,500	4,428
		<u>934,566</u>		<u>2,342,052</u>
		<u>6,160,522</u>		<u>9,104,760</u>
<u>Related parties</u>				
<u>(Note 44)</u>				
<u>Rupiah</u>				
Export Bills		549		-
Domestic Documentary				
Letters of Credit		-		77,494
		<u>549</u>		<u>77,494</u>

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8. EXPORT BILLS (continued)

a. By Type and Currency (continued):

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Related parties</u>				
<u>(Note 44) (continued)</u>				
<u>Foreign currencies</u>				
Export Bills				
United States Dollar	82,300	1,109	12,114,895	163,218
		1,658		240,712
Total		6,162,180		9,345,472

b. By Collectibility:

All export bills were classified as "Current" as of September 30, 2017 and December 31, 2016, respectively.

c. By Period:

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

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
≤ 1 month	5,379,747	2,308,225
> 1 month - 3 months	653,058	3,250,882
> 3 months -1 year	127,717	3,545,653
	6,160,522	9,104,760
<u>Related parties (Note 44)</u>		
≤ 1 month	1,658	227,971
> 1 month - 3 months	-	7,810
> 3 months -1 year	-	4,931
	1,658	240,712
Total	6,162,180	9,345,472

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

Management believes that no allowance for impairment losses is necessary as of September 30, 2017 and December 31, 2016, because management believes that export bills are fully collectible.

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9. GOVERNMENT RECAPITALIZATION BONDS

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

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

a. By Ownership Purpose and Remaining Period to Maturity:

	September 30, 2017	December 31, 2016
<u>Available for sale</u>		
≤ 1 month	719,262	718,434
<u>Held to maturity</u>		
> 1 year - 5 years	2,600,000	2,600,000
Total	3,319,262	3,318,434

b. By Classification and Type:

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Carrying Value	
			September 30, 2017	December 31, 2016
<u>Available for sale</u>				
VR0027	SPN 3 months	July 25, 2018	449,505	449,325
VR0031	SPN 3 months	July 25, 2020	269,757	269,109
			719,262	718,434
<u>Held to maturity</u>				
<u>tempo</u>				
VR0026	SPN 3 months	January 25, 2018	375,000	375,000
VR0027	SPN 3 months	July 25, 2018	375,000	375,000
VR0028	SPN 3 months	August 25, 2018	375,000	375,000
VR0029	SPN 3 months	August 25, 2019	375,000	375,000
VR0031	SPN 3 months	July 25, 2020	1,100,000	1,100,000
			2,600,000	2,600,000
Total			3,319,262	3,318,434

c. Other Significant Information:

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

The market values of Government Recapitalization Bonds classified under "Available for sale" ranged from 99.89% to 99.91% and from 99.67% to 99.85% of nominal amounts as of September 30, 2017 and December 31, 2016, respectively.

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10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

Securities purchased under agreement to resell as of September 30, 2017 and December 31, 2016 consist of:

September 30, 2017					
	Annual	Purchase	Resell	Nominal	Resell
	Interest				
	Rate	Date	Date	Amount	Price-Net
	(%)				
<u>Third parties</u>					
<u>Rupiah</u>					
Bank Indonesia					
Government Bonds					
FR0061	5.65	July 14, 2017	October 13, 2017	483,837	489,759
FR0059	5.65	August 4, 2017	November 3, 2017	4,633,744	4,675,196
FR0071	5.64	August 11, 2017	November 10, 2017	224,348	226,105
FR0071	5.65	August 11, 2017	November 10, 2017	336,522	339,163
FR0054	5.10	August 31, 2017	November 30, 2017	1,147,183	1,152,059
FR0065	5.25	September 6, 2017	October 4, 2017	450,635	452,101
FR0068	5.58	September 13, 2017	October 11, 2017	66,008	66,159
FR0054	4.66	September 20, 2017	October 4, 2017	1,175,036	1,176,557
FR0054	4.67	September 20, 2017	October 4, 2017	1,106,572	1,108,008
FR0058	4.68	September 20, 2017	October 4, 2017	46,558	46,619
FR0064	4.65	September 20, 2017	October 4, 2017	457,662	458,253
FR0057	4.85	September 20, 2017	October 18, 2017	577,997	578,775
FR0072	4.84	September 20, 2017	October 18, 2017	1,128,286	1,129,803
FR0054	4.67	20 September 2017	04 Oktober 2017	352,511	352,511
FR0057	4.85	20 September 2017	18 Oktober 2017	173,399	173,399
FR0071	4.66	20 September 2017	04 Oktober 2017	333,958	333,958
FR0072	4.84	20 September 2017	18 Oktober 2017	323,762	323,762
FR0054	4.60	September 27, 2017	October 25, 2017	89,533	89,567
FR0054	4.59	September 27, 2017	October 25, 2017	591,857	592,083
FR0071	4.58	September 27, 2017	October 25, 2017	561,851	562,066
FR0071	4.56	September 27, 2017	October 25, 2017	561,851	562,065
FR0071	4.55	September 27, 2017	October 25, 2017	561,851	562,065
FR0071	4.57	September 27, 2017	October 25, 2017	561,851	562,065
SPN12180412	5.65	July 28, 2017	October 27, 2017	1,357,509	1,371,144
SPN12171109	4.25	September 25, 2017	October 2, 2017	283,422	283,589
SPN12180201	4.42	September 27, 2017	October 11, 2017	472,846	473,020
SPN12180201	4.41	September 27, 2017	October 11, 2017	466,780	466,952
SPN12180104	4.40	September 27, 2017	October 11, 2017	469,130	469,302
SPN03171123	4.38	September 27, 2017	October 11, 2017	471,615	471,787
SPN03171123	4.37	September 27, 2017	October 11, 2017	471,615	471,787
SPN12180104	4.39	September 27, 2017	October 11, 2017	469,130	469,302
				20,408,859	20,488,981
PT. Bank Mega Tbk.					
Deposit Certificates					
IDSD201017273C	4.32	September 25, 2017	October 3, 2017	179,178	179,285

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10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)

Securities purchased under agreement to resell as of September 30, 2017 and December 31, 2016 consist of (continued):

September 30, 2017					
	Annual Interest Rate (%)	Purchase Date	Resell Date	Nominal Amount	Resell Price-Net
<u>Third parties (continued)</u>					
<u>Rupiah (continued)</u>					
PT Bank DBS Indonesia					
Government Bonds					
FR0053	4.55	September 27, 2017	October 11, 2017	194,521	194,595
Deposit Certificates					
of Bank Indonesia					
IDSD271017182S	4.55	September 27, 2017	October 11, 2017	268,469	268,571
				<u>462,990</u>	<u>463,166</u>
PT. BPD Sulteng					
Deposit Certificates					
of Bank Indonesia					
IDSD090318182S	4.95	September 27, 2017	November 27, 2017	43,918	43,936
Total				<u>21,094,945</u>	<u>21,175,368</u>
December 31, 2016					
	Annual Interest Rate (%)	Purchase Date	Resell Date	Nominal Amount	Resell Price-Net
<u>Third parties</u>					
<u>Rupiah</u>					
Bank Indonesia					
Government Bonds					
FR0066	5.60	December 30, 2016	March 31, 2017	924,996	925,140
				<u>924,996</u>	<u>925,140</u>
PT Bank Jtrust					
Indonesia Tbk					
Deposit Certificates					
of Bank Indonesia					
IDSD130117182C	8.50	December 28, 2016	January 11, 2017	89,749	89,812
				<u>89,749</u>	<u>89,812</u>
				<u>1,014,745</u>	<u>1,014,952</u>
<u>Foreign currencies</u>					
PT Bank BNP Paribas					
Indonesia					
Government Bonds					
RI1023	6.15	December 19, 2016	January 26, 2017	58,835	58,955
RI0320	6.15	December 19, 2016	January 26, 2017	74,733	74,886

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10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)

Securities purchased under agreement to resell as of September 30, 2017 and December 31, 2016 consist of (continued):

December 31, 2016					
	Annual Interest Rate (%)	Purchase Date	Resell Date	Nominal Amount	Resell Price-Net
Third parties (continued)					
<u>Foreign currencies (continued)</u>					
PT Bank BNP Paribas					
Indonesia (continued)					
Government Bonds (continued)					
RI0237	6.15	December 19, 2016	January 26, 2017	111,868	112,097
RI0319	6.15	December 19, 2016	January 26, 2017	66,360	66,497
				311,796	312,435
				1,326,541	1,327,387
Related parties					
(Note 44)					
<u>Rupiah</u>					
PT. Bank Mandiri					
(Persero) Tbk.					
Government Bonds					
FR0069	6.50	November 17, 2016	January 6, 2017	228,170	229,983
				228,170	229,983
Total				1,554,711	1,557,370

11. DERIVATIVES RECEIVABLE AND PAYABLE

The summary of the derivative transactions are as follows:

Transaction	September 30, 2017	
	Derivatives receivable	Derivatives payable
Interest rate swap	40,532	43,440
Foreign currency and interest rate swap	40,150	135,423
Purchase and sale of foreign currency forward	21,742	39,123
Foreign currency swap	4,782	129,878
Purchase and sale of foreign currency spot	4,429	2,357
Option	2,434	6,984
Total	114,069	357,205

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11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

The summary of the derivative transactions are as follows (continued):

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

a. Cross Currency and Interest Rate Swap

As of September 30, 2017, BRI enters into cross currency interest rate swap contracts with several counterparties, whereby BRI agrees to exchange funds amounting CNY897,563,000, USD10,000,000, USD64,625,500, USD206,207,277, Rp269,400, CNY1,075,000,000, and SGD10,000,000 equivalent to USD140,000,000, CNY68,346,000, EUR57,000,000, Rp2,741,574, USD20,000,000, Rp2,178,935, and USD7,217,090. respectively on their effective contract dates.

The parties in the cross currency swap contracts are liable to interest with respect to the funds received. If the funds received are in USD, the beneficiary must pay interest with fixed rate or floating rate of six-month LIBOR plus a given margin. On the contrary, the beneficiary who receives Rupiah, Renminbi, European Euro or Singapore Dollar must pay interest with fixed rate.

b. Interest Rate Swap

As of September 30, 2017, BRI has outstanding interest rate swap contract with several counterparties, whereby BRI and the counterparties agreed to swap foreign currencies at a fixed rate or floating rate with contractual amount of USD430,276,309

c. Purchase and Sale of Foreign Currency Spots and Forward

As of September 30, 2017, BRI has outstanding foreign currency spot purchase contract with notional amount of USD39,597,195, EUR10,500,000, GBP8,000,000 and AUD1,100,000, with contractual amount of Rp531,254, Rp166,154, Rp144,356, and Rp11,619, respectively, and foreign currency spot sale contract with notional amount of USD87,515,000, EUR10,500,000, GBP8,000,000 and AUD1,100,000, with contractual amount of Rp1,166,594, Rp166,376, Rp144,482 and Rp11,619, respectively

BRI also has outstanding foreign currency forward purchase contract with notional amount of USD125,500,000 with the contractual amount of Rp1,607,531 and foreign currency forward sale contract with notional amount of USD256,250,000 with the contractual amount of Rp3,447,941.

d. Purchase and Sale of Foreign Currency Swap

As of September 30, 2017, BRI has outstanding foreign currency swap purchase contract with notional amount of USD4,500,000 with contractual amount of Rp60,210 and foreign currency swap sale contract with notional amount of USD335,200,000 and EUR160,000,000 with contractual amount of Rp4,514,686 and Rp2,447,170, respectively.

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11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

The summary of the derivative transactions are as follows (continued):

e. Option

As of September 30, 2017, BRI has outstanding option purchase contract with notional amount of USD30,000,000 with contractual amount of Rp409,000 and option sale contract with notional amount of USD230,000,000 with contractual amount of Rp3,179,000, respectively.

12. LOANS

a. By Currency and Type

The details of loans by type are as follows:

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
Kupedes	229,262,880	211,417,693
Working capital	130,480,676	123,647,784
Consumer	108,904,397	101,016,417
Investment	54,931,486	54,536,901
Program	13,874,565	10,547,008
Syndicated	750,434	1,136,189
	<u>538,204,438</u>	<u>502,301,992</u>
<u>Foreign currencies</u>		
Investment	28,664,580	27,477,766
Working capital	18,999,395	19,362,729
Syndicated	576,297	615,873
	<u>48,240,272</u>	<u>47,456,368</u>
	<u>586,444,710</u>	<u>549,758,360</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Working capital	31,215,142	37,739,884
Investment	29,893,919	27,960,891
Syndicated	14,689,117	17,116,441
Key employees	38,549	43,174
Consumer	12,501	14,871
	<u>75,849,228</u>	<u>82,875,261</u>
<u>Foreign currencies</u>		
Working capital	7,339,219	5,573,961
Investment	3,822,339	4,286,304
Syndicated	892,167	977,089
	<u>12,053,725</u>	<u>10,837,354</u>
	<u>87,902,953</u>	<u>93,712,615</u>
Total	674,347,663	643,470,975
Less allowance for impairment losses	(31,506,084)	(22,184,296)
Net	<u>642,841,579</u>	<u>621,286,679</u>

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12. LOANS (continued)

a. By Currency and Type (continued)

The details of loans by currency are as follows:

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Rupiah</u>		614,053,666		585,177,253
<u>Foreign currencies</u>				
United States Dollar	4,416,270,114	59,493,784	4,265,605,843	57,468,374
European Euro	32,807,670	521,523	40,702,251	576,986
Singapore Dollar	21,244,100	210,705	21,521,459	200,406
Great Britain Pound				
Sterling	2,541,363	45,787	2,090,463	34,608
Japanese Yen	124,898,560	14,949	90,820,000	10,450
Swiss Franc	308,006	4,274	205,338	2,712
Renminbi	1,467,400	2,975	-	-
Australian Dollar	-	-	19,099	186
		60,293,997		58,293,722
Total		674,347,663		643,470,975
Less allowance for impairment losses		(31,506,084)		(22,184,296)
Net		642,841,579		621,286,679

b. By Economic Sector

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
Trading, hotels and restaurants	219,107,105	201,932,238
Agriculture	64,071,531	61,298,365
Business services	24,165,219	21,669,972
Manufacturing	23,415,684	23,131,242
Construction	14,245,812	13,352,157
Transportation, warehousing and communications	8,337,470	7,411,834
Social services	5,034,037	4,570,127
Mining	2,199,304	2,223,852
Electricity, gas and water	1,501,571	1,235,411
Others	176,126,705	165,476,794
	538,204,438	502,301,992
<u>Foreign currencies</u>		
Manufacturing	21,917,884	23,302,570
Agriculture	11,366,224	8,994,684
Electricity, gas and water	5,476,397	4,465,298
Mining	2,789,256	3,951,956
Trading, hotels and restaurants	1,748,405	1,742,852
Business services	1,741,268	1,681,920

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12. LOANS (continued)

b. By Economic Sector (continued)

	September 30, 2017	December 31, 2016
<u>Third parties (continued)</u>		
<u>Foreign currencies (continued)</u>		
Construction	1,489,874	1,669,253
Transportation, warehousing and communications	1,419,000	1,581,561
Social services	51,554	-
Others	240,410	66,274
	<u>48,240,272</u>	<u>47,456,368</u>
	<u>586,444,710</u>	<u>549,758,360</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Electricity, gas and water	25,880,184	27,396,425
Trading, hotels and restaurants	12,008,124	15,784,788
Transportation, warehousing and communications	8,852,271	8,699,909
Manufacturing	8,633,455	9,804,224
Agriculture	7,291,087	7,673,124
Construction	7,265,117	6,272,142
Business services	5,374,657	6,315,017
Social services	364,273	418,524
Mining	139,659	466,620
Others	40,401	44,488
	<u>75,849,228</u>	<u>82,875,261</u>
<u>Foreign currencies</u>		
Manufacturing	5,630,671	4,979,352
Social services	3,333,566	3,707,071
Mining	1,347,150	1,347,250
Trading, hotels and restaurants	943,005	25,829
Transportation, warehousing and communications	697,276	524,255
Business services	101,036	176,577
Construction	1,021	77,020
	<u>12,053,725</u>	<u>10,837,354</u>
	<u>87,902,953</u>	<u>93,712,615</u>
Total	674,347,663	643,470,975
Less allowance for impairment losses	(31,506,084)	(22,184,296)
Net	<u>642,841,579</u>	<u>621,286,679</u>

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12. LOANS (continued)

c. By Period

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

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	17,756,304	13,537,435
> 1 month - 3 months	20,938,210	18,772,288
> 3 months - 1 year	101,428,751	97,065,113
> 1 year - 2 years	86,877,561	80,029,683
> 2 years - 5 years	151,217,885	142,332,825
> 5 years	159,985,727	150,564,648
	<u>538,204,438</u>	<u>502,301,992</u>
<u>Foreign currencies</u>		
≤ 1 month	3,752,862	2,441,291
> 1 month - 3 months	2,216,208	1,521,131
> 3 months - 1 year	5,123,256	5,505,601
> 1 year - 2 years	1,756,189	5,977,606
> 2 years - 5 years	13,386,479	12,608,850
> 5 years	22,005,278	19,401,889
	<u>48,240,272</u>	<u>47,456,368</u>
	<u>586,444,710</u>	<u>549,758,360</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
≤ 1 month	3,913,664	1,890,341
> 1 month - 3 months	5,019,391	19,986,637
> 3 months - 1 year	22,951,295	16,731,440
> 1 year - 2 years	2,879,609	2,638,472
> 2 years - 5 years	6,005,487	7,727,466
> 5 years	35,079,782	33,900,905
	<u>75,849,228</u>	<u>82,875,261</u>
<u>Foreign currencies</u>		
≤ 1 month	2,173,607	242,395
> 1 month - 3 months	903,582	1,347,250
> 3 months - 1 year	2,861,166	2,736,744
> 1 year - 2 years	2,881,359	-
> 2 years - 5 years	3,144,991	4,967,027
> 5 years	89,020	1,543,938
	<u>12,053,725</u>	<u>10,837,354</u>
	<u>87,902,953</u>	<u>93,712,615</u>
Total	674,347,663	643,470,975
Less allowance for impairment losses	(31,506,084)	(22,184,296)
Net	<u>642,841,579</u>	<u>621,286,679</u>

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12. LOANS (continued)

d. By Collectibility

	September 30, 2017	December 31, 2016
Individual	28,523,364	28,871,177
Collective		
Current	608,902,664	587,285,896
Special mention	27,338,820	20,523,521
Substandard	2,017,859	1,056,103
Doubtful	1,650,031	1,128,476
Loss	5,914,925	4,605,802
	645,824,299	614,599,798
Total	674,347,663	643,470,975
Less: Allowance for impairment losses		
Individual	(14,404,729)	(7,510,899)
Collective	(17,101,355)	(14,673,397)
	(31,506,084)	(22,184,296)
Net	642,841,579	621,286,679

e. By Operating Segment

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
Retail	255,736,413	235,361,063
Micro	241,873,473	221,802,205
Corporate	40,594,552	45,138,724
	538,204,438	502,301,992
<u>Foreign currencies</u>		
Corporate	39,893,830	38,531,635
Retail	8,346,442	8,924,733
	48,240,272	47,456,368
	586,444,710	549,758,360
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Corporate	75,122,618	82,280,121
Retail	726,610	595,140
	75,849,228	82,875,261
<u>Foreign currencies</u>		
Corporate	12,053,725	10,837,354
	12,053,725	10,837,354
	87,902,953	93,712,615
Total	674,347,663	643,470,975
Less allowance for impairment losses	(31,506,084)	(22,184,296)
Net	642,841,579	621,286,679

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12. LOANS (continued)

f. Other Significant Information:

1. The average annual interest rates are as follows:

	September 30, 2017	December 31, 2016
Contractual Interest Rate		
Rupiah	11.94%	11.91%
Foreign currencies	4.44%	4.23%
Effective Interest Rate		
Rupiah	14.38%	14.59%
Foreign currencies	4.23%	4.38%

2. The loans are generally collateralized by registered mortgages, by powers of attorneys to sell, demand deposits, saving deposits, time deposits or by other guarantees generally accepted by banks (Notes 20, 21, and 22).
3. Working capital and investment loans is given to debtors for working capital requirements and capital goods.
4. Consumption loans consist of loans to workers and retired workers, housing, motor vehicles and other consumption loans.
5. Program loans represent loan facilities channeled by BRI based on the guidelines from the Government in order to support the development in Indonesia especially the development of small scale industry, middle scale industry and cooperatives.
6. Kupedes loans represent loan facilities channeled by BRI through BRI's Units. The target of these loans is micro scale industry and fixed income employees that require additional funds, in accordance with the maximum limit amount stated in the Kupedes regulation. The targeted economic sectors are agriculture, manufacturing, trading and others.
7. Syndicated loans represent loans provided to debtors under syndication agreements with other banks. The total of BRI's syndicated loans amounted to Rp45,400,509 and Rp45,054,012 as of September 30, 2017 and December 31, 2016, respectively. BRI's participation as leader in the syndicated loans ranged from 24.50% to 63.65%, while BRI's participation as member in the syndicated loans ranged from 2.97% to 51.79% and 2.97% to 59.97% as of September 30, 2017 and December 31, 2016, respectively.
8. Employee loans are loans given to employees with 5.5% annual interest rate that intended for the acquisition of vehicles, houses and other necessities with 4 (four) to 20 (twenty) years maturity. Loan principal and interest payments were collected through monthly payroll deductions. The difference between employee loan's interest rate and Base Lending Rate (BLR) is deferred and recorded as deferred expense for employee loans as part of other assets. The deferred expense for employee loans amounted to Rp597,308 and Rp565,480 as of September 30, 2017 and December 31, 2016, respectively (Note 18).

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12. LOANS (continued)

f. Other Significant Information (continued):

9. Loans granted by BRI to related parties, other than loans to key employees (Note 44) are as follows:

	September 30, 2017	December 31, 2016
PT Perusahaan Listrik Negara (Persero)	25,862,011	27,446,991
Perum BULOG	11,379,185	16,112,248
Kementerian Keuangan Republik Indonesia	3,868,416	4,307,997
PT Kereta Api Indonesia (Persero)	3,723,857	3,864,676
PT Pegadaian (Persero)	3,514,506	3,835,110
P PT Aneka Tambang (Persero)	2,020,725	1,347,250
PT Dirgantara Indonesia (Persero)	1,955,797	1,735,635
PT Krakatau Steel (Persero) Tbk	1,938,798	2,377,804
PT Garuda Indonesia (Persero) Tbk	1,909,375	1,968,132
PT Pupuk Kalimantan Timur	1,749,891	1,621,845
Others	29,941,843	29,051,753
Total	87,864,404	93,669,441

10. Loans that have been restructured by BRI (Parent Entity) amounted to Rp41,367,457 and Rp37,131,753 as of September 30, 2017 and December 31, 2016, respectively. Restructuring scheme generally consist of extension of the loan maturity date and rescheduling of overdue interest payment.

11. In BRI's report on Legal Lending Limit to Bank Indonesia as of September 30, 2017 and December 31, 2016, BRI has no debtor either related party or third party, in accordance with Bank Indonesia regulation, that does not comply with or exceed the Legal Lending Limit, respectively.

12. The details of impaired loans by economic sector that consist of total individual loans and total collective loans with collectibility of substandard, doubtful and loss, as well as the allowance for impairment losses, are as follows:

	September 30, 2017	December 31, 2016
Trading, hotels and restaurants	11,622,416	9,589,255
Manufacturing	8,928,216	9,306,203
Agriculture	5,017,405	4,345,008
Construction	3,601,232	3,725,349
Mining	2,866,639	3,116,077
Transportation, warehousing and communications	1,699,199	1,653,314
Business services	1,662,524	1,629,211
Electricity, gas and water	710,561	723,688
Social services	152,255	135,594
Others	1,845,732	1,437,859
Total	38,106,179	35,661,558
Less allowance for impairment losses	(16,882,055)	(9,224,013)
Net	21,224,124	26,437,545

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12. LOANS (continued)

f. Other Significant Information (continued):

13. Ratios

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

(i) BRI (Parent Entity) and BRI Agro

	September 30, 2017	December 31, 2016
Total non-performing loans	15,165,323	13,117,282
Total loans	674,347,663	643,470,975
% Non-performing loans (NPL)	2.25%	2.04%

(ii) BRI (Parent Entity)

	September 30, 2017	December 31, 2016
Total non-performing loans	14,840,196	12,882,913
Total loans	664,510,020	635,291,221
% Non-performing loans (NPL)	2.23%	2.03%

b. The ratio of BRI's small scale industry loans to total loans is 46.83% and 44.48% as of September 30, 2017 and December 31, 2016, respectively.

14. Movements in the allowance for impairment losses on loans:

	September 30, 2017	December 31, 2016
Beginning balance	22,184,296	17,162,183
Provision for impairment losses (Note 34)	15,449,162	13,454,979
Loans written-off during the year	(6,153,376)	(8,473,450)
Exchange rate differences	26,002	40,584
Ending balance	31,506,084	22,184,296

BRI's (Parent Entity) allowance for impairment losses balance includes the allowance for impairment losses for areas that are still categorized as a disaster prone areas or have experienced a disaster by the Government of the Republic of Indonesia amounted to Rp899,226 and Rp857,060, as of September 30, 2017 and December 31, 2016, respectively (Note 2e).

The minimum allowance for impairment losses of BRI's (Parent Entity) loans based on Bank Indonesia regulation (Note 2e) amounted to Rp18,435,729 and Rp15,652,514, as of September 30, 2017 and December 31, 2016, respectively.

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

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13. SHARIA RECEIVABLES AND FINANCING

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

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
Current	14,041,548	14,553,293
Special mention	2,303,223	1,870,297
Substandard	201,550	160,261
Doubtful	138,350	178,264
Loss	549,938	479,990
	<u>17,234,609</u>	<u>17,242,105</u>
<u>Related parties (Note 44)</u>		
Current	560,158	506,483
Special mention	-	355
	<u>560,158</u>	<u>506,838</u>
Total	17,794,767	17,748,943
Less allowance for impairment losses	(439,553)	(492,156)
Net	<u>17,355,214</u>	<u>17,256,787</u>

- b. Sharia receivables and financing based on the term are as follows::

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	166,409	282,806
> 1 month - 3 months	254,526	449,395
> 3 months - 1 year	2,562,559	1,399,649
> 1 year - 2 years	1,631,508	1,265,385
> 2 years - 5 years	7,492,998	2,728,868
> 5 years	5,126,609	11,116,002
	<u>17,234,609</u>	<u>17,242,105</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
≤ 1 month	-	6
> 1 month - 3 months	-	3,400
> 3 months - 1 year	4,182	328,777
> 1 year - 2 years	355,834	1,936
> 2 years - 5 years	106,514	41,675
> 5 years	93,628	131,044
	<u>560,158</u>	<u>506,838</u>
Total	17,794,767	17,748,943
Less allowance for impairment losses	(439,553)	(492,156)
Net	<u>17,355,214</u>	<u>17,256,787</u>

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13. SHARIA RECEIVABLES AND FINANCING (continued)

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

Unrecognized *murabahah* receivables income as of September 30, 2017 and December 31, 2016 amounted to Rp4,200,767 and Rp4,322,067, respectively.

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

	September 30, 2017	December 31, 2016
Beginning balance	492,156	352,252
Provision for impairment losses (Note 34)	81,535	244,267
Recovery from loans written-off	9,887	14,892
Loans written-off during the year	(144,025)	(119,255)
Ending balance	439,553	492,156

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

As of September 30, 2017 and December 31, 2016, the Non-Performing Financing (NPF) of sharia receivables and financing amounted to Rp889,838 (5.00%) and Rp818,515 (4.61%), respectively.

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

As of September 30, 2017 and December 31, 2016, there are no sharia receivables and financing that were transferred or used as collateral for debts.

14. FINANCE LEASE RECEIVABLE

Finance lease receivable as of September 30, 2017 and December 31, 2016 consist of:

	September 30, 2017	December 31, 2016
Third parties		
Finance lease receivable - gross	2,315,336	2,465,843
Guaranteed residual values	1,655,238	1,750,061
Unearned finance lease income	(252,299)	(266,044)
Security deposits	(1,652,280)	(1,749,560)
Total	2,065,995	2,200,300
Less allowance for impairment losses	(109,000)	(130,000)
Net	1,956,995	2,070,300

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14. FINANCE LEASE RECEIVABLE (continued)

Finance lease receivable - gross, due in period:

	September 30, 2017	December 31, 2016
Third parties		
<u>Rupiah</u>		
≤ 1 year	171,966	192,212
> 1 year - 2 years	438,279	480,529
> 2 years - 5 years	941,324	929,023
	<u>1,551,568</u>	<u>1,601,764</u>
<u>United States Dollar</u>		
≤ 1 year	46,317	71,824
> 1 year - 2 years	62,931	179,561
> 2 years - 5 years	405,178	347,151
	<u>514,427</u>	<u>598,536</u>
Total	2,065,995	2,200,300
Less allowance for impairment losses	(109,000)	(130,000)
Net	<u><u>1,956,995</u></u>	<u><u>2,070,300</u></u>

The movement of allowance for impairment losses:

	September 30, 2017	December 31, 2016
Beginning balance	130,000	128,000
Provision for impairment loss (Note 34)	(3,213)	16,669
Finance lease receivable written-off during the year	(17,836)	(14,646)
Exchange rate differences	49	(23)
Ending balance	<u><u>109,000</u></u>	<u><u>130,000</u></u>

Management believes that the allowance for impairment losses for finance lease receivable is adequate.

15. ACCEPTANCES RECEIVABLE AND PAYABLE

The details of acceptances receivable from customers are as follows:

a. By Type and Currency

	September 30, 2017	December 31, 2016
	Notional Amount	Notional Amount
	Foreign Currency/ (Full Amount)	Foreign Currency/ (Full Amount)
	Rupiah Equivalent	Rupiah Equivalent
Third parties		
<u>Rupiah</u>		
Import Letters of Credit and Domestic Document Letters of Credit	<u>3,720,782</u>	<u>3,192,249</u>

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15. ACCEPTANCES RECEIVABLE AND PAYABLE (continued)

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

a. By Type and Currency (continued)

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties (continued)</u>				
<u>Foreign currencies</u>				
Import Letters of Credit and Domestic Document Letters of Credit				
United States Dollar	100,091,007	1,348,376	147,121,912	1,982,100
European Euro	1,755,447	27,905	1,406,631	19,940
Japanese Yen	45,150,000	5,404	30,124,000	3,466
Singapore Dollar	-	-	19,600	183
		<u>1,381,685</u>		<u>2,005,689</u>
		<u>5,102,467</u>		<u>5,197,938</u>
 <u>Related parties</u>				
<u>(Note 44)</u>				
<u>Rupiah</u>				
Import Letters of Credit and Domestic Document Letters of Credit				
		<u>458,777</u>		<u>363,963</u>
 <u>Foreign currencies</u>				
Import Letters of Credit and Domestic Document Letters of Credit				
United States Dollar	27,547,935	371,112	7,433,691	100,150
European Euro	-	-	2,153,788	30,532
		<u>371,112</u>		<u>130,682</u>
		<u>829,889</u>		<u>494,645</u>
Total		<u>5,932,356</u>		<u>5,692,583</u>

b. By Collectibility

All acceptances receivable were classified as "Current" as of September 30, 2017 and December 31, 2016.

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15. ACCEPTANCES RECEIVABLE AND PAYABLE (continued)

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

c. By Period

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

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
≤ 1 month	4,411,477	955,776
> 1 month - 3 months	532,198	1,935,035
> 3 months - 1 year	158,792	2,307,127
	<u>5,102,467</u>	<u>5,197,938</u>
<u>Related parties (Note 44)</u>		
≤ 1 month	649,677	89,867
> 1 month - 3 months	46,797	171,292
> 3 months - 1 year	133,415	233,486
	<u>829,889</u>	<u>494,645</u>
Total	<u>5,932,356</u>	<u>5,692,583</u>

BRI assessed acceptances receivable individually for impairment based on whether an objective evidence of impairment exists.

Management believes that no allowance for impairment losses is necessary as of September 30, 2017 and December 31, 2016, because management believes that acceptances receivable are fully collectible.

16. INVESTMENT IN ASSOCIATED ENTITIES

The details of investment in associated entities are as follows:

<u>Company Name</u>	<u>Type of Business</u>	September 30, 2017	<u>Carrying Value</u>
		Percentage of Ownership (%)	
<u>Cost method</u>			
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00	900
PT Sarana Bersama Pengembangan Indonesia	Investment	8.00	536
PT Jakarta Kyoei Medical Center	Health services	1.68	220
PT Pemeringkat Efek Indonesia	Credit rating agency	0.21	210
PT Menara Proteksi Indonesia	Land agent supporting facility	2.00	200
BPR Toelongredjo Dasa Nusantara	Banking	1.50	77
BPR Tjoekir Dasa Nusantara	Banking	3.00	77
BPR Toelangan Dasa Nusantara	Banking	1.50	66
PT Merapi Gelanggang Wisata	Tourism supporting facility	0.50	50
BPR Cinta Manis Agroloka	Banking	1.75	35

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16. INVESTMENT IN ASSOCIATED ENTITIES (continued)

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

September 30, 2017			
Company Name	Type of Business	Percentage of Ownership (%)	Carrying Value
<u>Cost method</u>			
PT Sukapraja Estetika Padang Golf	Sport facilities		
	construction services	0.50	25
BPR Bungamayang Agroloka	Banking	2.25	23
PT Aplikanusa Lintasarta	Non-Banking	0.03	20
			<u>2,439</u>

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

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

As of September 30, 2017 and December 31, 2016, all investments were classified as "Current".

For the nine-month period ended September 30, 2017, BRI Agro (subsidiary) received cash dividend from BPR Cinta Manis Agroloka and BPR Bungamayang Agroloka Rp8 and Rp13, respectively, whereas for the nine-month period ended September 30, 2016, PT Asuransi BRI Life (subsidiary) received cash dividends Rp44.

Management believes that no allowance for impairment losses is necessary as of September 30, 2017 and December 31, 2016, because investments in associated entities are fully collectible.

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17. PREMISES AND EQUIPMENTS

Premises and equipments consist of:

Description	September 30, 2017			
	Beginning balance	Additions	Deductions	Ending Balance
<u>Carrying Value</u>				
Landrights	15,799,496	290,411	2,956	16,086,951
Buildings	3,160,913	339,946	22,398	3,478,461
Motor vehicles	2,152,023	57,678	22,281	2,187,420
Computers and machineries	6,404,214	496,937	45,627	6,855,524
Furniture and fixtures	1,469,906	98,094	8,243	1,559,757
Museum assets	184	-	-	184
Satellites in development	3,275,613	183,877	3,459,490	-
Satellites	-	3,284,664	-	3,284,664
	<u>32,262,349</u>	<u>4,751,607</u>	<u>3,560,995</u>	<u>33,452,961</u>
<u>Accumulated Depreciation</u>				
Buildings	1,359,558	127,578	1,152	1,485,984
Motor vehicles	1,418,674	240,444	20,824	1,638,294
Computers and machineries	3,834,431	597,101	37,407	4,394,125
Furniture and fixtures	1,134,627	107,931	8,019	1,234,539
Satellites	-	72,993	-	72,993
	<u>7,747,290</u>	<u>1,146,047</u>	<u>67,402</u>	<u>8,825,935</u>
Net book value	<u>24,515,059</u>			<u>24,627,026</u>

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

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

Depreciation expense of premises and equipments charged to the interim consolidated statement of profit or loss and other comprehensive income amounted to Rp1,146,047 and Rp910,460 for the nine-month period ended September 30, 2017 and 2016, respectively (Note 36).

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17. PREMISES AND EQUIPMENTS (continued)

BRI insured its premises and equipments (excluding landrights) from losses due to risks of fire, theft, vandalism, *force majeure*, and others to PT Asuransi Bringin Sejahtera Artamakmur (related party - Note 44), PT Asuransi Jasa Tania and PT Asuransi Purna Artanugraha, with coverage amount of Rp13,227,214 and Rp10,530,478 as of September 30, 2017 and December 31, 2016, respectively.

Taxable value of buildings owned by BRI as of September 30, 2017 and December 31, 2016 amounted to Rp2,297,440 and Rp2,038,098, respectively. Taxable value of buildings considered as the best estimation that reflecting fair value.

The gross carrying value of fixed assets that have been fully depreciated but still used by BRI as of September 30, 2017 and December 31, 2016 are Rp4,167,860 and Rp3,666,122, respectively.

As of September 30, 2017 and December, 31 2016, there are no fixed assets owned by BRI which are pledged as collateral.

In the year of 2017, Satellites in development are ready to be used as business support in accordance with management intentions. Therefore, BRI has reclassified satellites in development amounted to Rp3,459,490 to satellite fixed assets amounted to Rp3,284,664, buildings amounted to Rp79,722, furnitures and fixtures amounted to Rp1,360, along with computers and machineries amounted to Rp93,744.

On the fixed assets of satellites, BRI has allocated the utilization of 144 MHz transponder capacity to several government agencies which has been evaluated and approved by the Ministry of Communication and Informatics of the Republic of Indonesia. The government agencies that can take advantage of such capacity are Tentara Nasional Indonesia (TNI), Badan Intelijen Negara (BIN), Badan Keamanan Laut (Bakamla), Kepolisian Negara Republik Indonesia (POLRI) and Ministry of Finance.

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

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

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

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

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

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17. PREMISES AND EQUIPMENTS (continued)

Valuation of landrights is performed by external independent appraiser KJPP Abdullah, Fitriantoro dan Rekan, KJPP Aditya, Iskandar dan Rekan, KJPP Aksa, Nelson dan Rekan, KJPP Immanuel, Johnny dan Rekan, KJPP Iwan Bachron dan Rekan, KJPP Nanang, Rahayu dan Rekan, KJPP Pung's Zulkarnain dan Rekan, KJPP Satria, Iskandar, Setiawan dan Rekan and KJPP Toha, Okky, Heru dan Rekan, on various valuation dates. As of September 30, 2017 and December 31, 2016 if the landrights are valued using the cost model, the carrying value amounted to Rp1,789,683 and Rp1,538,053, respectively.

Management believes that there is no impairment in value of premises and equipments and the amount of insurance coverage is adequate to cover the risk of loss that may arise on the premises and equipments as of September 30, 2017 and December 31, 2016.

18. OTHER ASSETS

Other assets consist of:

	September 30, 2017	December 31, 2016
<u>Rupiah</u>		
Claims to government related to generation II KUR disbursement	3,510,693	595,562
Promissory notes	2,074,549	1,479,420
Claims related to ATM and credit card transactions	2,072,345	1,726,840
Estimated tax refund (Note 38b)	1,620,287	63,170
Prepaid expenses	1,734,430	632,266
Premises and equipments that have not been distributed	1,329,830	1,169,654
Interest receivable		
Securities	1,020,918	725,662
Government Recapitalization Bonds	203,741	417,562
Placements with Bank Indonesia and other banks	6,359	80,864
Others	26,954	76,757
Office, warehouse, and classroom rent	917,910	845,247
<i>Ijarah</i> assets	862,906	286,181
Internal advance	602,576	611,471
Deferred expense for employees loan (Note 12f)	597,308	565,480
Claims to Perum Bulog	374,472	328,559
Reinsurance assets	241,758	232,332
Office supplies	235,521	296,038
Accrued revenue based on sharia principle	202,871	170,519
Investment property	112,251	112,251
Foreclosed collaterals	95,848	257,769
Penalty charges of principal and interest loan	65,544	68,009
Premium receivable	43,305	46,511
Others	2,608,051	1,639,761
	<u>20,560,427</u>	<u>12,427,885</u>

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18. OTHER ASSETS (continued)

Other assets consist of (continued):

	September 30, 2017	December 31, 2016
Foreign currencies		
Interest receivables		
Securities	450,678	535,611
Others	97,989	34,164
Promissory notes	341,189	755,285
Claims related to ATM and credit card transactions	32,383	44,762
Others	933,878	112,224
	<u>1,856,117</u>	<u>1,482,046</u>
Total	<u>22,416,544</u>	<u>13,909,931</u>

19. LIABILITIES DUE IMMEDIATELY

Liabilities due immediately consist of:

	September 30, 2017	December 31, 2016
<u>Rupiah</u>		
Advance payment deposits	1,764,664	1,492,074
ATM and credit card deposits	547,168	457,982
Tax payment deposits	402,398	379,554
Insurance deposits	162,194	152,213
Third parties deposits	154,516	100,786
Deposits for channeling loans	59,699	51,265
Deposits for clearing	40,242	26,807
Students disbursement deposits	37,170	558
Advance from money transfer	26,831	35,703
Others	3,295,582	2,506,480
	<u>6,490,464</u>	<u>5,203,422</u>
<u>Foreign currencies</u>		
Advance payment deposits	146,586	56,120
ATM and credit card deposits	48,307	52,597
Tax payment deposits	12,918	11,485
Others	133,044	86,689
	<u>340,855</u>	<u>206,891</u>
Total	<u>6,831,319</u>	<u>5,410,313</u>

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20. DEMAND DEPOSITS

Demand deposits consist of:

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>		69,379,908		79,314,862
<u>Foreign currencies</u>				
United States Dollar	379,300,935	5,109,753	1,153,376,172	15,538,860
European Euro	12,995,759	206,585	113,890,839	1,614,490
Japanese Yen	1,251,910,647	149,841	223,500,953	25,717
Renminbi	65,241,550	132,248	56,984,608	110,504
Singapore Dollar	6,379,518	63,274	2,777,138	25,861
Great Britain Pound				
Sterling	3,498,429	63,030	3,764,194	62,316
Dolar Australia	1,672,477	17,663	21,415,159	208,222
Hong Kong Dollar	524,677	905	528,967	919
Saudi Arabian Riyal	34,048	122	2,306,560	8,285
		5,743,421		17,595,174
		75,123,329		96,910,036
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>		24,907,387		29,618,921
<u>Foreign currencies</u>				
United States Dollar	1,194,309,933	16,089,146	1,081,759,223	14,574,001
European Euro	3,670,219	58,343	22,240,029	315,269
Japanese Yen	3,824,129	458	6,890,431	793
		16,147,947		14,890,063
		41,055,334		44,508,984
Total		116,178,663		141,419,020

The average annual interest rates are as follows:

	September 30, 2017	December 31, 2016
Rupiah	2.54%	2.33%
Foreign currencies	0.32%	0.49%

Demand deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp126,304 and Rp127,809 as of September 30, 2017 and December 31, 2016, respectively.

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21. SAVING DEPOSITS

Saving deposits consist of:

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>				
Simpedes		186,013,953		183,909,412
Britama		107,431,346		108,269,980
Others		8,661,655		4,260,239
		<u>302,106,954</u>		<u>296,439,631</u>
<u>Foreign currencies</u>				
Britama				
United States Dollar	102,940,973	1,382,859	94,648,979	1,275,158
European Euro	4,725,036	75,111	15,504,444	219,787
Singapore Dollar	3,775,092	37,442	5,506,164	51,273
Australian Dollar	582,381	6,151	807,929	7,856
Japanese Yen	20,720,106	2,480	10,923,961	1,257
Great Britain Pound				
Sterling	77,143	1,390	66	1
Renminbi	404,376	820	672,164	1,304
Saudi Arabian Riyal	24,844	89	328	1
Hong Kong Dollar	2,154	4	12,547	22
United Arab Emirates				
Dirham	179	1	365	1
		<u>1,506,347</u>		<u>1,556,660</u>
Others				
United States Dollar	-	-	195,196	2,630
		<u>1,506,347</u>		<u>1,559,290</u>
		<u>303,613,301</u>		<u>297,998,921</u>
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Britama		187,453		96,035
Simpedes		2,128		2,680
Others		16,957		6,476
		<u>206,538</u>		<u>105,191</u>
<u>Foreign currencies</u>				
United States Dollar	513,934	6,923	466,872	6,290
		<u>6,923</u>		<u>6,294</u>
		<u>213,461</u>		<u>111,485</u>
Total		<u>303,826,762</u>		<u>298,110,406</u>

The average annual interest rates are as follows:

	September 30, 2017	December 31, 2016
Rupiah	0.89%	1.14%
Foreign currencies	0.21%	0.22%

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21. SAVING DEPOSITS (continued)

Saving deposits used as collateral for banking facilities granted by BRI and subsidiaries is amounted to Rp81,731 and Rp84,937 as of September 30, 2017 and December 31, 2016, respectively.

22. TIME DEPOSITS

Time deposits consist of:

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>		189,014,078		159,195,095
<u>Foreign currencies</u>				
United States Dollar	3,782,351,171	50,953,944	3,126,352,845	42,119,789
Singapore Dollar	19,306,786	191,490	17,812,319	165,867
Australian Dollar	6,364,771	67,218	4,553,424	44,273
European Euro	3,229,213	51,332	803,857,776	11,395,299
Renminbi	9,348,823	18,951	50,220,204	97,387
Saudi Arabian Riyal	5,258,518	18,890	5,258,518	18,888
Great Britain Pound Sterling	136,149	2,452	118,604	1,963
Japanese Yen	1,728,000	207	388,000	45
		51,304,484		53,843,511
		240,318,562		213,038,606
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>		63,615,978		60,898,562
<u>Foreign currencies</u>				
United States Dollar	1,543,089,692	20,787,733	1,376,645,507	18,546,856
Singapore Dollar	44,063,423	437,033	43,793,922	407,806
European Euro	6,700,000	106,506	9,703,047	137,548
		21,331,272		19,092,210
		84,947,250		79,990,772
Total		325,265,812		293,029,378

Time deposits based on their contractual periods are as follows:

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
Deposits on call	10,304,860	9,577,885
Deposits		
1 month	78,506,194	66,562,883
3 months	73,838,485	59,117,884
6 months	19,460,564	17,829,486
12 months	6,096,191	5,647,297
More than 12 months	807,784	459,660
	189,014,078	159,195,095

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22. TIME DEPOSITS (continued)

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

	September 30, 2017	December 31, 2016
<u>Third parties (continued)</u>		
<u>Foreign currencies</u>		
Deposits on call	4,323,635	3,823,613
Deposits		
1 month	9,913,444	6,845,138
3 months	4,782,775	5,329,468
6 months	17,371,803	26,618,525
12 months	14,784,878	10,607,111
More than 12 months	127,949	619,656
	<u>51,304,484</u>	<u>53,843,511</u>
	<u>240,318,562</u>	<u>213,038,606</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Deposits on call	10,506,338	7,975,541
Deposits		
1 month	23,765,060	29,547,145
3 months	15,360,141	12,669,883
6 months	2,654,171	2,456,474
12 months	2,797,633	5,289,119
More than 12 months	8,532,635	2,960,400
	<u>63,615,978</u>	<u>60,898,562</u>
<u>Foreign currencies</u>		
Deposits on call	1,242,140	1,377,187
Deposits		
1 month	8,447,211	9,196,247
3 months	7,836,347	3,306,531
6 months	2,084,648	5,030,168
12 months	972,315	182,077
More than 12 months	748,611	-
	<u>21,331,272</u>	<u>19,092,210</u>
	<u>84,947,250</u>	<u>79,990,772</u>
Total	<u>325,265,812</u>	<u>293,029,378</u>

The average annual interest rates are as follows:

	September 30, 2017	December 31, 2016
Rupiah	6.16%	7.49%
Foreign currencies	1.43%	1.19%

Time deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp237,759 and Rp257,410 as of September 30, 2017 and December 31, 2016, respectively.

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23. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Deposits from other banks and financial institutions consist of:

	September 30, 2017		December 31, 2016	
	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency/ (Full Amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>				
Deposits on call		7,159,000		810,000
Time deposits		995,243		84,630
Demand deposits		168,815		152,260
Inter-bank call money		140,000		536,729
Saving deposits		6,705		6,497
		<u>8,469,763</u>		<u>1,590,116</u>
<u>Foreign currencies</u>				
<u>United States Dollar</u>				
Demand deposits	5,524,630	74,425	6,387,630	86,057
Time deposits	1,000,000	13,472	4,000,000	53,890
		<u>87,897</u>		<u>139,947</u>
		<u>8,557,660</u>		<u>1,730,063</u>
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Deposits on call		180,000		80,000
Demand deposits		8,827		689
Inter-bank call money		-		20,000
		<u>188,827</u>		<u>100,689</u>
<u>Foreign currencies</u>				
<u>United States Dollar</u>				
Inter-bank call money	38,500,000	518,653	29,600,000	398,786
		<u>707,480</u>		<u>499,475</u>
Total		<u>9,265,140</u>		<u>2,229,538</u>

The average annual interest rates are as follows:

	September 30, 2017	December 31, 2016
<u>Rupiah</u>		
Demand deposits	1.26%	1.21%
Saving deposits	1.34%	1.46%
Deposits on call	5.31%	5.97%
Time deposits	6.03%	6.47%
Inter-bank call money	6.34%	4.74%

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

The average annual interest rates are as follows (continued):

	September 30, 2017	December 31, 2016
<u>Foreign currencies</u>		
Demand deposits	0.02%	0.05%
Time deposits	0.23%	0.44%
Inter-bank call money	0.89%	0.46%

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

September 30, 2017				
	≤ 1 month	> 1 month - 3 months	> 3 months - 1 year	Total
<u>Third parties</u>				
<u>Rupiah</u>				
Deposits on call	7,159,000	-	-	7,159,000
Time deposits	922,033	73,210	-	995,243
Demand deposits	168,815	-	-	168,815
Inter-bank call money	140,000	-	-	140,000
Saving deposits	6,705	-	-	6,705
	<u>8,396,553</u>	<u>73,210</u>	<u>-</u>	<u>8,469,763</u>
<u>Foreign currencies</u>				
Demand deposits	74,425	-	-	74,425
Time deposits	13,472	-	-	13,472
	<u>87,897</u>	<u>-</u>	<u>-</u>	<u>87,897</u>
<u>Related parties (Note 44)</u>				
<u>Rupiah</u>				
Deposits on call	180,000	-	-	180,000
Demand deposits	8,827	-	-	8,827
	<u>188,827</u>	<u>-</u>	<u>-</u>	<u>188,827</u>
<u>Foreign currencies</u>				
Inter-bank call money	518,653	-	-	518,653
Total	<u>9,191,930</u>	<u>73,210</u>	<u>-</u>	<u>9,265,140</u>
				-
December 31, 2016				
	≤ 1 month	> 1 month - 3 months	> 3 months - 1 year	Total
<u>Third parties</u>				
<u>Rupiah</u>				
Deposits on call	810,000	-	-	810,000
Time deposits	41,250	42,057	1,323	84,630
Demand deposits	152,260	-	-	152,260
Inter-bank call money	536,729	-	-	536,729
Saving deposits	6,497	-	-	6,497
	<u>1,546,736</u>	<u>42,057</u>	<u>1,323</u>	<u>1,590,116</u>

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

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

December 31, 2016				
	≤ 1 month	> 1 month - 3 months	> 3 months - 1 year	Total
Third parties (continued)				
<u>Foreign currencies</u>				
Demand deposits	86,057	-	-	86,057
Time deposits	53,890	-	-	53,890
	<u>139,947</u>	<u>-</u>	<u>-</u>	<u>139,947</u>
Related parties (Note 44)				
<u>Rupiah</u>				
Deposits on call	80,000	-	-	80,000
Demand deposits	689	-	-	689
Inter-bank call money	20,000	-	-	20,000
	<u>100,689</u>	<u>-</u>	<u>-</u>	<u>100,689</u>
<u>Foreign currencies</u>				
Inter-bank call money	398,786	-	-	398,786
Total	<u>2,186,158</u>	<u>42,057</u>	<u>1,323</u>	<u>2,229,538</u>

24. SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE

Securities sold under agreement to repurchase consist of:

September 30, 2017					
	Date of Sale	Date of Repurchased	Nominal Amount	Sale Amount	Repurchased Amount - Net
Third parties					
<u>Rupiah</u>					
Other Bank					
Deposits Certificate of Bank					
Indonesia					
IDSD190118364C	September 18, 2017	October 4, 2017	200,000	176,298	176,573
IDSD120118182S	September 20, 2017	October 19, 2017	100,000	88,345	88,464
IDSD241117182S	September 27, 2017	October 11, 2017	100,000	89,086	89,119
			<u>400,000</u>	<u>353,729</u>	<u>354,156</u>
Government Bonds					
FR0069	18 Mei 2015	April 15, 2019	571,000	500,047	500,047
FR0069	21 Mei 2015	April 15, 2019	568,000	499,714	499,714
FR0053	September 6, 2016	July 15, 2021	450,000	437,025	437,025
FR0034	September 6, 2016	June 15, 2021	300,000	344,315	344,315
FR0048	September 6, 2016	September 15, 2018	100,000	98,570	98,570
FR0069	September 9, 2016	April 15, 2019	540,000	498,000	498,000
FR0053	September 9, 2016	July 15, 2021	416,000	390,000	390,000
FR0066	September 13, 2016	May 15, 2018	539,000	489,000	489,000
ORI011	September 14, 2016	October 15, 2017	718,000	670,000	670,000
FR0053	February 28, 2017	July 15, 2021	440,000	382,690	382,690
FR0061	February 28, 2017	May 13, 2022	362,000	304,722	304,722
			<u>5,004,000</u>	<u>4,614,083</u>	<u>4,614,083</u>
			<u>5,404,000</u>	<u>4,967,812</u>	<u>4,968,239</u>

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24. SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE (continued)

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

September 30, 2017					
	Date of Sale	Date of Repurchased	Nominal Amount	Sale Amount	Repurchased Amount - Net
Related parties (Note 44)					
<u>Rupiah</u>					
Non Bank					
Government Bonds					
FR0069	June 29, 2015	April 15, 2019	480,000	480,000	473,998
FR0069	March 20, 2015	April 15, 2019	1,000,000	1,000,000	988,271
			1,480,000	1,480,000	1,462,269
Total			6,884,000	6,447,812	6,430,508

December 31, 2016					
	Date of Sale	Date of Repurchased	Nominal Amount	Sale Amount	Repurchased Amount - Net
Third parties					
<u>Rupiah</u>					
Other Bank					
Government Bonds					
FR0069	18 Mei 2015	April 15, 2019	571,000	500,047	500,047
FR0069	21 Mei 2015	April 15, 2019	568,000	499,714	499,714
FR0069	September 9, 2016	April 15, 2019	540,000	498,000	498,000
FR0060	September 15, 2016	April 15, 2017	615,000	574,000	574,000
ORI011	September 14, 2016	October 15, 2017	718,000	670,000	670,000
FR0066	September 13, 2016	May 15, 2018	539,000	489,000	489,000
FR0053	September 9, 2016	July 15, 2021	416,000	390,000	390,000
FR0053	September 6, 2016	July 15, 2021	450,000	437,025	437,025
FR0034	September 6, 2016	June 15, 2021	300,000	344,315	344,315
FR0048	September 6, 2016	September 15, 2018	100,000	98,570	98,570
			4,817,000	4,500,671	4,500,671

Foreign currencies

Other Bank

Government Bonds

FR0028	March 16, 2015	July 15, 2017	670,000	538,900	538,900
FR0028	March 26, 2015	July 15, 2017	166,000	134,725	134,725
FR0053, FR0061	February 26, 2015	February 24, 2017	802,345	673,625	673,625
			1,638,345	1,347,250	1,347,250
			6,455,345	5,847,921	5,847,921

Related parties (Note 44)

Rupiah

Non Bank

Government Bonds

FR0069	June 29, 2015	April 15, 2019	480,000	466,545	471,361
FR0069	March 20, 2015	April 15, 2019	1,000,000	972,093	983,116
			1,480,000	1,438,638	1,454,477
Total			7,935,345	7,286,559	7,302,398

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25. MARKETABLE SECURITIES ISSUED

BRI issued marketable securities with details as follows:

	September 30, 2017	December 31, 2016
<u>Rupiah</u>		
BRI Shelf Registration Bonds I		
Phase I Year 2015		
Net of unamortized issuance cost amounting to Rp5,868 and Rp3,358 as of September 30, 2017 and December 31, 2016, respectively	2,339,132	2,321,811
Phase II Year 2016		
Net of unamortized issuance cost amounting to Rp5,168 and Rp2,430 as of September 30, 2017 and December 31, 2016, respectively	3,836,831	4,647,570
Phase III Year 2016		
Net of unamortized issuance cost amounting to Rp4,540 and Rp2,508 as of September 30, 2017 and December 31, 2016, respectively	3,133,460	4,281,750
BRI Shelf Registration Bonds II		
Phase I Year 2016		
Net of unamortized issuance cost amounting to Rp4,475 and Rp5,466 as of September 30, 2017 and December 31, 2016, respectively	4,498,778	4,544,019
Phase II Year 2017		
Net of unamortized issuance cost amounting to Rp3,254 as of September 30, 2017	5,075,841	-
Phase III Year 2017		
Net of unamortized issuance cost amounting to Rp2,868 as of September 30, 2017	5,063,648	-
Medium-Term Notes (MTN)		
Phase I Year 2014		
Net of unamortized issuance cost amounting to Rp97 and Rp191 as of September 30, 2017 and December 31, 2016, respectively	359,994	359,809
Phase I Year 2016		
Net of unamortized issuance cost amounting to Rp992 as of December 31, 2016	-	1,924,008
BRI Agro Bonds I		
Net of unamortized issuance cost at September 30, 2017	500,000	-
	<u>24,807,684</u>	<u>18,078,967</u>

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25. MARKETABLE SECURITIES ISSUED (continued)

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

	September 30, 2017	December 31, 2016
<u>United States Dollar</u>		
BRI Bonds		
Net of unamortized discounts and issuance cost amounting to Rp8,227 and Rp21,055 as of September 30, 2017 and December 31, 2016	6,728,136	6,721,814
	<u>31,535,820</u>	<u>24,800,781</u>

The amortization issuance cost of securities issued for the period and year ended September 30, 2017 and December 31, 2016 amounting to Rp19,942 and Rp22,526, respectively.

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

a) BRI Shelf Registration Bonds I

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

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

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

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

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

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

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

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

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25. MARKETABLE SECURITIES ISSUED (continued)

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

a) BRI Shelf Registration Bonds I (continued)

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

As of September 30, 2017 and December 31, 2016, BRI Shelf Registration Bonds I obtained an idAAA rating from Pefindo. The net proceeds from the issue of Shelf Registration Bonds will be used for credit granting.

One important covenant stated in the agreement of Shelf Registration Bonds is that BRI shall not, without the written approval from the supervisory agent, reduce authorised, issued and paid-up capital, nor perform merger, separation, consolidation neither takeovers of company.

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

BRI has settled its Shelf Registration Bonds I Phase I Series A with total nominal value of Rp655,000, Phase II Series A with total nominal value of Rp808,000, and Phase III Series A with total nominal value of Rp1,212,000 on maturity.

b) BRI Shelf Registration Bonds II

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

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

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

On April 12, 2017, BRI issued Shelf Registration Bonds II Phase II Year 2017 at principal value Rp5,100,000 in 4 (four) series, as follows:

- Series A: Principal value amounting to Rp1,131,000 with a fixed interest rate of 7.20% per annum, for a period of 370 (three hundred and seventy) days that will mature on April 16, 2018.
- Series B: Principal value amounting to Rp1,743,500 with a fixed interest rate of 8.10% per annum, for a period of 3 (three) years that will mature on April 11, 2020.
- Series C: Principal value amounting to Rp925,000 with a fixed interest rate of 8.30 per annum, for a period of 5 (five) years that will mature on April 11, 2022.
- Series D: Principal value amounting to Rp1,300,500 with a fixed interest rate of 8.80% per annum, for a period of 10 (ten) years that will mature on April 11, 2027.

The interest of BRI Shelf Registration Bonds II Phase II Year 2017 is paid every 3 (three) months, starting from July 11, 2017. On the issue date, Pefindo gave these Shelf Registration Bonds an idAAA rating.

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25. MARKETABLE SECURITIES ISSUED (continued)

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

b) BRI Shelf Registration Bonds II (continued)

On August 31, 2017, BRI issued Shelf Registration Bonds II Phase III Year 2017 at principal value Rp5,150,000 in 3 (three) series, as follows:

- Series A: Principal value amounting to Rp980,500 with a fixed interest rate of 7.60% per annum, for a period of 3 (three) years that will mature on August 24, 2020.
- Series B: Principal value amounting to Rp1,652,500 with a fixed interest rate of 8.00% per annum, for a period of 5 (five) years that will mature on August 24, 2022.
- Series C: Principal value amounting to Rp2,517,000 with a fixed interest rate of 8.20% per annum, for a period of 7 (seven) years that will mature on August 24, 2024.

The interest of BRI Shelf Registration Bonds II Phase III Year 2017 is paid every 3 (three) months, starting from November 24, 2017. On the issue date, Pefindo gave these Shelf Registration Bonds an idAAA rating.

As of September 30, 2017 and December 31, 2016, BRI Shelf Registration Bonds II obtained an idAAA rating from Pefindo. The net proceeds from the issue of Shelf Registration Bonds will be used for credit granting.

One important covenant stated in the agreement of Shelf Registration Bonds is that BRI shall not, without the written approval from the supervisory agent, reduce authorised, issued and paid-up capital, nor perform merger, separation, consolidation neither takeovers of company.

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

c) Medium-Term Notes (MTN)

MTN Year 2014

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

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

The interest of MTN Phase I Year 2014 is paid every 3 (three) months, starting from January 10, 2015. On the issue date, Fitch gave this MTN AAA(idn) and F1+(idn) rating.

On December 24, 2014, BRI issued MTN Phase II Year 2014 with MTN principal value amounting to Rp520,000 for a period of 370 (three hundred and seventy) days that will mature on December 29, 2015 with a fixed interest rate of 8.90% per annum. The interest of MTN Phase II Year 2014 is paid every 3 (three) months, starting from March 24, 2015. On the issue date, Fitch gave this MTN AAA(idn) and F1+(idn) rating.

As of September 30, 2017 and December 31, 2016, BRI MTN Phase I Year 2014 obtained AAA(idn) rating from Pefindo. The net proceeds from the issue of MTN will be used for credit granting.

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25. MARKETABLE SECURITIES ISSUED (continued)

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

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

One important covenant stated in the agreement of MTN is that BRI shall not, without the written approval from the supervisory agent, reduce authorised, issued and paid-up capital, nor perform merger, separation, consolidation neither takeovers of company.

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

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

MTN Year 2016

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

As of September 30, 2017 and December 31, 2016, BRI's MTN Phase I Year 2016 obtained AAA(idn) rating from Pefindo. The net proceeds from the issue of MTN will be used for credit granting.

One important covenant stated in the agreement of MTN is that BRI shall not, without the written approval from the supervisory agent, reduce authorised, issued and paid-up capital, nor perform merger, separation, consolidation neither takeovers of company.

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

d) Negotiable Certificate of Deposits (NCD)

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

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

BRI have settled all its NCD with total nominal value of Rp1,880,000 on maturity.

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25. MARKETABLE SECURITIES ISSUED (continued)

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

e) BRI Bonds

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

The net proceeds from the issue of BRI bonds was used to strengthen BRI's general funding structure. As of September 30, 2017 and December 31, 2016, BRI Bonds Year 2013 were rated BBB- and Baa3 by Fitch and Moody's, respectively.

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

f) BRI Agro Bonds I

On July 7, 2017, BRI Agro issued BRI Agro Bonds I Year 2017 at principal value Rp500,000 in 2 (two) series, as follows:

- Series A: Principal value amounting to Rp261,000 with a fixed interest rate of 8.25% per annum, for a period of 3 (three) years period that will mature on July 7, 2020.
- Series B: Principal value amounting to Rp239,000 with a fixed interest rate of 8.50% per annum, for a period of 5 (five) years period that will mature on July 7, 2022.

The interest of BRI Agro Bonds I Year 2017 is paid every 3 (three) months, starting from October 7, 2017. On the issue date, Pefindo gave these Bonds an idAA rating. As of September 30, 2017 BRI Agro Bonds I Year 2017 were rated idAA by Pefindo.

The net proceeds from the issue of Bonds will be used to strengthen BRI Agro's general funding structure for credit granting.

One important covenant stated in the agreement of MTN is that BRI shall not, without the written approval from the supervisory agent, reduce authorised, issued and paid-up capital, nor perform merger, separation, consolidation neither takeovers of company.

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

26. FUND BORROWINGS

Fund borrowings consist of:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
<u>Third parties</u>		
<u>Rupiah</u>		
Bank Indonesia		
Liquidity loans	14,614	15,890
Others	13,927	12,307
	<u>28,541</u>	<u>28,197</u>

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26. FUND BORROWINGS (continued)

Fund borrowings consist of (continued):

	September 30, 2017	December 31, 2016
<u>Third parties (continued)</u>		
<u>Foreign currencies</u>		
Borrowings from China Development Bank Corporation net of unamortized transaction cost	13,217,108	13,047,548
Syndicate Loan - Club Loan net of unamortized transaction cost	7,331,434	7,300,061
Syndicate Loan - Club Deal net of unamortized transaction cost	-	3,725,183
Bilateral Loan	269,460	417,508
Others	2,971,831	10,389,673
	<u>23,789,833</u>	<u>34,879,973</u>
	<u>23,818,374</u>	<u>34,908,170</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
Borrowings from PT Sarana Multigriya Finansial (Persero)	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
	<u>23,918,374</u>	<u>35,008,170</u>

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

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
> 1 month - 3 months	1,682	515
> 3 months - 1 year	6,430	7,573
> 1 year - 5 years	7,802	7,802
> 5 years	12,627	12,307
	<u>28,541</u>	<u>28,197</u>
<u>Foreign currencies</u>		
≤ 1 month	-	320,647
> 1 month - 3 months	7,229	6,201,529
> 3 months - 1 year	676,325	7,996,715
> 1 year - 5 years	9,889,171	7,313,534
> 5 years	13,217,108	13,047,548
	<u>23,789,833</u>	<u>34,879,973</u>
	<u>23,818,374</u>	<u>34,908,170</u>
<u>Related parties (Note 44)</u>		
<u>Rupiah</u>		
> 3 months - 1 year	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
	<u>23,918,374</u>	<u>35,008,170</u>

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26. FUND BORROWINGS (continued)

Other significant information related to fund borrowings are as follows:

a. Borrowings from Bank Indonesia

Liquidity Loans

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

The classification of liquidity loans from Bank Indonesia based on their remaining periods to maturity as of September 30, 2017 and December 31, 2016 are as follows:

	September 30, 2017	December 31, 2016
> 1 month - 3 months	515	515
> 3 months - 1 year	6,430	7,573
> 1 year - 5 years	7,669	7,802
	14,614	15,890

The average annual interest rates on these loans are 0.02% for 2017 and 2016, respectively.

b. Borrowings from PT Sarana Multigriya Finansial (Persero)

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

c. Syndicated Loan - Club Deal

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

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

This syndicated loan was obtained to meet BRI's liquidity needs. The interest is payable every 3 (three) months starting from 3rd (third) month since the signing date of the syndicated loan agreement. The syndicated loan has a period of 36 (thirty six) months and will mature on September 12, 2017. BRI does not give any collateral for this loan.

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26. FUND BORROWINGS (continued)

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

c. Syndicated Loan - Club Deal (continued)

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

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

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

As of September 30, 2017 and December 31, 2016, BRI has met the important covenants as required in this agreement.

d. Syndicated Loan - Club Loan

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

1. Facility A amounting to USD325,000,000 (full amount) for 42 (forty two) months from the date of agreement (including grace period) and will mature on March 30, 2019. The participating banks in this loan are:
 - Bank of America N.A. amounting to ASD50,000,000
 - Citibank, N.A. amounting to ASD30,000,000
 - Citibank, N.A. amounting to ASD20,000,000
 - The Hong Kong and Shanghai Banking Corporation Limited amounting to ASD50,000,000
 - Sumitomo Mitsui Banking Corporation amounting to ASD50,000,000
 - Westpac Banking Corporation amounting to ASD25,000,000
 - Australia and New Zealand Banking Group Limited amounting to ASD20,000,000
 - BNP Paribas amounting to ASD20,000,000
 - CTBC Bank Co., Ltd amounting to ASD20,000,000
 - DBS Bank Ltd. amounting to ASD20,000,000
 - United Overseas Bank Limited amounting to ASD20,000,000
2. Facility B amounting to USD155,000,000 (full amount) for 48 (forty eight) months from the date of the agreement (including grace period) and will mature on September 30, 2019. The participating banks in this loan are:
 - Oversea-Chinese Banking Corporation Limited amounting to ASD50,000,000
 - BNP Paribas amounting to ASD30,000,000
 - Australia and New Zealand Banking Group Limited amounting to ASD20,000,000
 - DBS Bank Ltd. amounting to ASD20,000,000
 - United Overseas Bank Limited amounting to ASD20,000,000
 - Westpac Banking Corporation amounting to ASD15,000,000
3. Facility C amounting to USD70,000,000 (full amount) for 60 (sixty) months from the date of the agreement (including grace period) and will mature on September 30, 2020. The participating banks in this loan are:
 - CTBC Bank Co., Ltd amounting to ASD30,000,000
 - Australia and New Zealand Banking Group Limited amounting to ASD10,000,000
 - DBS Bank Ltd. amounting to ASD10,000,000
 - United Overseas Bank Limited amounting to ASD10,000,000
 - Westpac Banking Corporation amounting to ASD10,000,000

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26. FUND BORROWINGS (continued)

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

d. Syndicated Loan - Club Loan (continued)

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

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

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

As of September 30, 2017 and December 31, 2016, BRI has met the important covenants as required in this agreement.

e. Borrowings from China Development Bank Corporation

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

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

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

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

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

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

- Minimum Capital Adequacy Ratio (CAR) of 9%.
- Minimum Tier 1 ratio of 6%.
- Minimum Core Tier 1 ratio of 5%.
- Minimum Statutory Reserve in IDR ratio (GWM Rupiah) of 7.5%.
- Maximum Non-Performing Loan (NPL) ratio of 5%.
- Minimum Return On Assets (ROA) ratio of 0.6%.

As of September 30, 2017 and December 31, 2016, BRI has met the important covenants as required in this agreement.

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26. FUND BORROWINGS (continued)

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

f. Borrowings from BNP Paribas

On June 7, 2016, BRI signed refinancing facility agreement with Export Credit Financing (ECA) scheme from BNP Paribas to finance BRI'sat component and launching service by Arianespace Prancis.

Pada tanggal 7 Juni 2016, BRI telah menandatangani perjanjian fasilitas pinjaman *refinancing* dengan skema *Export Credit Financing* (ECA) dari BNP Paribas untuk membiayai komponen dan jasa peluncuran BRI'sat yang dilakukan oleh Arianespace Prancis. This loan consists of 2 (two) facilities, which are:

- Tranche facility from Banque publique d'investissement (BPI) amounting to USD49,961,501.23 (full amount) for which the drawdown was fully made on August 31, 2017.
- Tranche facility from Euler Hermes amounting to USD9,901,308.77 (full amount) for which the drawdown was fully made on August 31, 2017.

This long term facility has a tenor of 7 (seven) years 6 (six) months and will mature on February 3, 2025 with an interest rate of 2.68% per annum for Tranche BPI facility and LIBOR 6 (six) months plus a given margin per annum for Tranche Hermes facility which are paid every 6 (six) months.

Principal installments are paid every 6 (six) months, together with interest payments. For Tranche BPI facility, the first principal installments will be paid on February 5, 2018 by USD3,330,766.75 (full amount) to maturity date. As for Tranche Hermes facility, principal installments amounting to USD660,087.25 (full amount) will be paid starting on February 5, 2018 to maturity date. BRI does not provide any guarantee for this loan.

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

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

As of September 30, 2017 and December 31, 2016, BRI has met the important covenants as required in this agreement.

g. Bilateral Loan

Borrowings from The Bank of Tokyo-Mitsubishi UFJ

On June 19, 2015, BRI Finance (subsidiary) and The Bank of Tokyo Mitsubishi UFJ, Ltd. signed a loan facility agreement amounting to USD1,000,000 (full amount) to finance its Cross Currency Swap. This loan bears interest on LIBOR 6 (six) months plus a given margin per annum payable every 6 (six) months and has been repaid on June 21, 2017.

Borrowings from Emirates NBD Bank

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

Borrowings from United Overseas Bank

On December 12, 2016, BRI (Singapore Branch) and United Overseas Bank signed a loan facility agreement amounting to USD20,000,000 (full amount) to meet its liquidity needs. This loan bears interest on three-month LIBOR plus a given margin per annum payable every 3 (three) months and will mature on December 7, 2017.

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26. FUND BORROWINGS (continued)

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

h. Other Borrowings

	September 30, 2017		December 31, 2016	
	Notional amount		Notional amount	
	Foreign Currency/ (Full amount)	Rupiah Equivalent	Foreign Currency/ (Full amount)	Rupiah Equivalent
<u>Third parties</u>				
<u>Rupiah</u>				
Bank Indonesia		13,927		12,307
<u>Foreign currencies</u>				
<u>United States Dollar</u>				
Bank of Montreal	90,774,361	1,222,867	210,000,000	2,829,225
BNP Paribas	59,862,810	806,442	19,982,976	269,221
Bank of America N.A.	50,000,000	673,575	36,875,880	496,810
Oversea-Chinese Banking Corporation Limited	19,712,647	195,516	76,004,562	1,023,971
Sumitomo Mitsui Banking Corporation	6,674,811	66,202	-	-
CTBC Bank	536,599	7,229	-	-
Standard Chartered Bank	-	-	100,000,000	1,347,250
The Bank of New York Mellon	-	-	90,000,000	1,212,525
Citibank, N.A.	-	-	75,000,000	1,010,437
Commerzbank, A.G.	-	-	60,000,000	808,350
The Hong Kong and Shanghai Banking Corporation, Ltd.	-	-	50,000,000	673,625
National Bank of Abu Dhabi	-	-	25,000,000	336,813
The Bank of Tokyo- Mitsubishi UFJ	-	-	21,900,810	295,059
		<u>2,971,831</u>		<u>10,303,286</u>
<u>European Euro</u>				
Commerzbank, A.G.	-	-	3,104,913	44,015
CTBC Bank	-	-	2,989,067	42,372
		-		86,387
		<u>2,971,831</u>		<u>10,389,673</u>
Total		<u>2,985,758</u>		<u>10,401,980</u>

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

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27. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

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

	September 30, 2017	December 31, 2016
<u>Rupiah</u>		
Guarantees issued	2,118	895

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

	September 30, 2017	December 31, 2016
<u>Rupiah</u>		
Beginning balance	895	1,242
Provision during the period	1,223	(347)
Ending balance	2,118	895

BRI assessed commitment and contingency transactions which bear credit risks individually based on whether an objective evidence of impairment exists, except for the commitment and contingency transactions owned by BRIS (Subsidiary) (based on sharia principles) in which assessment was performed using a collectability guidance of Bank Indonesia. The minimum estimated losses on commitments and contingencies based on Bank Indonesia (OJK) regulation amounted to Rp2,118 and Rp895 as of September 30, 2017 and December 31, 2016, respectively. Management believes that the amount is adequate.

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

	September 30, 2017		December 31, 2016	
	Notional amount		Notional amount	
	Foreign Currency/ (Full amount)	Rupiah Equivalent	Foreign Currency/ (Full amount)	Rupiah Equivalent
Third parties				
<u>Rupiah</u>				
Guarantees issued		5,142,591		4,342,053
Irrevocable L/C		767,118		514,596
		<u>5,909,709</u>		<u>4,856,649</u>
<u>Foreign currencies</u>				
Guarantees issued				
United States Dollar	794,897,740	10,722,234	440,361,405	5,932,769
European Euro	14,860,194	236,223	16,835,180	238,652
Malaysian Ringgit	8,500,000	27,122	-	-
Australian Dollar	-	-	676,419	6,577
Saudi Arabian Riyal	-	-	1,000,000	3,592
		<u>10,985,579</u>		<u>6,181,590</u>

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27. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

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

	September 30, 2017		December 31, 2016	
	Notional amount Foreign Currency/ (Full amount)	Rupiah Equivalent	Notional amount Foreign Currency/ (Full amount)	Rupiah Equivalent
Third parties (continued)				
<u>Foreign currencies</u>				
<u>(continued)</u>				
Irrevocable L/C				
United States Dollar	163,252,218	2,211,115	107,112,073	1,443,067
European Euro	18,423,159	292,861	7,789,354	110,420
Great Britain Pound				
Sterling	2,564,386	46,202	342,912	5,677
Japanese Yen	71,298,512	8,534	45,373,091	5,221
Singapore Dollar	694,449	6,887	313,839	2,922
Renminbi	-	-	2,646,926	5,133
		<u>2,565,599</u>		<u>1,572,440</u>
		<u>13,551,178</u>		<u>7,754,030</u>
 Related parties				
<u>(Note 44)</u>				
<u>Rupiah</u>				
Guarantees issued		7,624,934		7,637,064
Irrevocable L/C		<u>925,776</u>		<u>571,900</u>
		<u>8,550,710</u>		<u>8,208,964</u>
 <u>Foreign currencies</u>				
Guarantees issued				
United States Dollar	459,609,986	6,191,636	394,079,942	5,309,242
European Euro	31,978,854	508,348	71,004,683	1,006,546
Canadian Dollar	1,240,000	13,440	1,240,000	12,383
Japanese Yen	-	-	74,828,897	8,610
Malaysian Ringgit	-	-	8,500,000	25,527
		<u>6,713,424</u>		<u>6,362,308</u>
Irrevocable L/C				
United States Dollar	189,297,122	2,550,116	334,073,051	4,500,799
European Euro	32,714,879	520,048	63,038,569	893,620
Japanese Yen	1,142,967,716	136,802	3,406,896,610	392,015
Great Britain Pound				
Sterling	5,139,610	92,599	5,307,740	87,870
Dolar Australia	3,721,500	39,303	-	-
Dolar Singapura	89,757	890	266,951	2,486
Renminbi	208,026	422	2,798,000	5,426
		<u>3,340,180</u>		<u>5,882,216</u>
		<u>10,053,604</u>		<u>12,244,524</u>
Total		<u>38,065,201</u>		<u>33,064,167</u>

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28. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits consist of:

	September 30, 2017	December 31, 2016
Bonuses and incentives	6,864,230	5,889,022
Provision for grand leaves (Note 42e)	1,621,863	1,349,754
Provision for work separation scheme (Note 42d)	1,344,263	1,261,219
Provision for gratuity for services (Note 42e)	975,389	951,208
	10,805,745	9,451,203

29. OTHER LIABILITIES

Other liabilities consist of:

	September 30, 2017	December 31, 2016
<u>Third parties</u>		
<u>Rupiah</u>		
Liability for future policy benefits	4,151,606	3,764,582
Interests payable	1,235,812	1,025,594
Provision for tax investigation	943,188	940,536
Investment contract liabilities	760,675	401,903
Provision for timely-payment of interests (Note 2z)	714,076	758,697
Provision for litigation liabilities (Note 45b)	704,489	613,720
Credit card liabilities	252,912	88,063
Unearned premiums	127,650	98,374
Estimates liability claims	92,905	91,135
Unearned income	77,889	92,768
Accrued expenses	67,624	163,437
Guarantee deposits	21,024	14,343
Reinsurance debt	15,735	9,761
Others	2,075,294	1,523,130
	11,240,879	9,586,043
<u>Foreign currencies</u>		
Interests payable	490,378	249,908
Unearned income	145,879	148,591
Others	838,821	126,911
	1,475,078	525,410
Total	12,715,957	10,111,453

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30. SUBORDINATED LOANS AND MARKETABLE SECURITIES

BRI obtained subordinated loans and marketable securities in Rupiah with details as follows:

	September 30, 2017	December 31, 2016
<u>Rupiah</u>		
Subordinated Sukuk Mudharabah I	973,184	973,039
Two-step loan	24,787	35,471
Total	997,971	1,008,510

a. Subordinated Sukuk Mudharabah I

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

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

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

As of September 30, 2017 and December 31, 2016, the Subordinated Sukuk *Mudharabah I* was rated A+(idn) by Fitch. Acting as trustee for the Subordinated Sukuk *Mudharabah I* is PT Bank Negara Indonesia (Persero) Tbk.

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

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

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

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30. SUBORDINATED LOANS AND MARKETABLE SECURITIES (continued)

b. Two-step loan

The two-step loans in Rupiah represent the loans from the Government which were funded by the Asian Development Bank (ADB), International Fund for Agricultural Development (IFAD), and United States Agency for International Development (USAID). The interest rates of these loans vary based on the respective agreements with terms ranging from 15 (fifteen) up to 40 (forty) years. The average annual interest rates for subordinated loans and marketable securities were 4.22% and 4.27%, for the period and year ended September 30, 2017 and December 31, 2016, respectively. These loans will mature on various dates up to 2027.

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

	September 30, 2017	December 31, 2016
Rupiah		
> 1 year - 5 years	24,787	30,935
> 5 years	973,184	977,575
Total	997,971	1,008,510

31. EQUITY

a. Capital stock

The details of authorized, issued and fully paid capital stock of BRI as of September 30, 2017 and December 31, 2016 are as follows:

	September 30, 2017			
	Number of Shares	Nominal Value Per Share (Full Rupiah)	Total Share Value (Full Rupiah)	Percentage of Ownership
Authorized Capital Stock				
Series A Dw i w arna Share	1	250	250	0.00%
Series B Common Shares	59,999,999,999	250	14,999,999,999,750	100.00%
Total	60,000,000,000		15,000,000,000,000	100.00%
Issued and Fully Paid Capital Stock				
Series A Dw i w arna Share Republic of Indonesia	1	250	250	0.00%
Series B Common Shares Republic of Indonesia	13,999,999,999	250	3,499,999,999,750	56.75%
Directors				
- Randi Anto	661,000	250	165,250,000	0.00%
- Susy Liestiw aty	580,000	250	145,000,000	0.00%
- Sis Apik Wijayanto	140,000	250	35,000,000	0.00%
- Mohammad Irfan	34,000	250	8,500,000	0.00%
- Donsuw an Simatupang	28,500	250	7,125,000	0.00%
Public	10,446,000,500	250	2,611,500,125,000	42.34%
	24,447,444,000		6,111,861,000,000	99.10%
Treasury stocks (Note 1d)	221,718,000		55,429,500,000	0.90%
Total	24,669,162,000		6,167,290,500,000	100.00%

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31. EQUITY (continued)

a. Capital stock (continued)

The details of authorized, issued and fully paid capital stock of BRI as of September 30, 2017 and December 31, 2016 are as follows (continued):

	December 31, 2016			
	Number of Shares	Nominal Value Per Share (Full Rupiah)	Total Share Value (Full Rupiah)	Percentage of Ownership
Authorized Capital Stock				
Series A Dw iwarna Share	1	250	250	0.00%
Series B Common Shares	59,999,999,999	250	14,999,999,999,750	100.00%
Total	60,000,000,000		15,000,000,000,000	100.00%
Issued and Fully Paid Capital Stock				
Series A Dw iwarna Share Republic of Indonesia	1	250	250	0.00%
Series B Common Shares Republic of Indonesia	13,999,999,999	250	3,499,999,999,750	56.75%
Directors				
- Randi Anto	661,000	250	165,250,000	0.00%
- Susy Liestiw aty	580,000	250	145,000,000	0.00%
- Sis Apik Wj Jayanto	140,000	250	35,000,000	0.00%
- Mohammad Irfan	34,000	250	8,500,000	0.00%
- Donsuw an Simatupang	28,500	250	7,125,000	0.00%
Public	10,446,000,500	250	2,611,500,125,000	42.34%
	24,447,444,000		6,111,861,000,000	99.10%
Treasury stocks (Note 1d)	221,718,000		55,429,500,000	0.90%
Total	24,669,162,000		6,167,290,500,000	100.00%

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

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

b. Additional Paid-in Capital

The details of additional paid in capital as of June 30, 2017 and December 31, 2016 are as follows:

Additional capital by the Government related to the recapitalization program	1,092,144
Previous balance of paid up capital by the Government	5
Additional paid-in capital from IPO	589,762
Exercise of stock options	
Year 2004	49,514
Year 2005	184,859
Year 2006	619,376
Year 2007	140,960
Year 2008	29,013
Year 2009	14,367
Year 2010	43,062

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31. EQUITY (continued)

b. Additional Paid-in Capital (continued)

The details of additional paid in capital as of June 30, 2017 and December 31, 2016 are as follows (continued):

Stock Option MSOP Stage-I which already expired	504
Stock Option MSOP Stage-II which already expired	1,845
Stock Option MSOP Stage-III which already expired	8,447
Total	<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 Capital Adequacy Ratio (CAR) of 4% was Rp29,063,531.

Up to June 30, 2003, the authorized and issued capital stock of BRI has not yet been increased by additional capital from the above recapitalization program, therefore, the paid up capital from the Government of Rp29,063,531 was recorded temporarily under "Additional Paid-in Capital" together with the previous balance of paid up capital of Rp5 from the Government.

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

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

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

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

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

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31. EQUITY (continued)

b. Additional Paid-in Capital (continued)

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

c. Differences Arising from Translation of Foreign Currency Financial Statements

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

d. Distribution of Net Income

Based on the Annual General Shareholders' Meetings of BRI held on March 15, 2017 and March 23, 2016, the Shareholders agreed to distribute dividend from net income for the years ended December 31, 2016 and 2015 as follows:

	Income for the year 2016	Income for the year 2015
Dividends	10,478,309	7,619,322

e. Reclassification of Appropriated Retained Earnings

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

32. INTEREST AND SHARIA INCOME

Interest income are derived from:

	Nine-month Period Ended September 30,	
	2017	2016
<u>Rupiah</u>		
Loans		
Micro	32,721,512	31,217,617
Retail	25,246,371	22,495,363
Corporate	6,736,353	6,325,163

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32. INTEREST AND SHARIA INCOME (continued)

Interest income are derived from (continued):

	Nine-month Period Ended	
	September 30,	
	2017	2016
<u>Rupiah (continued)</u>		
Securities		
Fair value through profit or loss		
Deposit Certificates of Bank Indonesia	51,228	41,052
Government Bonds	49,307	3,277
Certificates of Bank Indonesia	2,967	5,373
Bonds	651	11,497
Others	2,530	2,918
Available for sale		
Government Bonds	1,782,486	1,692,859
Deposit Certificates of Bank Indonesia	656,500	302,977
Certificates of Bank Indonesia	217,051	314,445
Bonds	44,527	47,032
Medium Term Notes	13,744	26,617
Negotiable Certificate Deposit	7,165	-
Held to maturity		
Government Bonds	1,878,806	1,785,103
Bonds	144,654	25,392
Negotiable Certificate Deposit	69,833	18,073
Medium Term Notes	18,113	17,683
Certificates of Bank Indonesia	9,350	34,435
Deposit Certificates of Bank Indonesia	-	11,425
Government Recapitalization Bonds		
Held to maturity	65,394	140,310
Available for sale	12,626	20,883
Placements with Bank Indonesia and other banks		
Deposit Facility/Term Deposit	531,886	325,284
Inter-bank call money	119,069	100,212
Others	21,423	11,484
Current accounts with Bank Indonesia	114,523	122,253
Others	1,031,376	839,737
	<u>71,549,445</u>	<u>65,938,464</u>
<u>Foreign currencies</u>		
Loans		
Corporate	1,813,021	1,216,858
Retail	209,926	222,563
Securities		
Fair value through profit or loss		
Government Bonds	3,316	522
Certificates of Bank Indonesia	205	-
Credit Link Notes	-	7,628
Available for sale		
Government Bonds	354,734	226,022
Certificates of Bank Indonesia	44,330	26,246
Bonds	25,101	15,052

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32. INTEREST AND SHARIA INCOME (continued)

Interest income are derived from (continued):

	Nine-month Period Ended	
	September 30,	
	2017	2016
<u>Foreign currencies (continued)</u>		
Securities (continued)		
Held to maturity		
Government Bonds	593,506	580,821
Promissory Notes	42,639	51,617
Bonds	38,129	23,345
Certificates of Bank Indonesia	11,517	3,000
Credit Link Notes	-	13,851
Placements with Bank Indonesia and other banks		
Deposit Facility/Term Deposit	185,724	67,059
Inter-bank Call Money	82,979	94,477
Others	265,282	368,073
	<u>3,670,409</u>	<u>2,917,134</u>
	<u>75,219,854</u>	<u>68,855,598</u>
 Sharia income are derived from:		
Murabahah	1,117,496	1,165,416
Musyarakah	391,846	393,160
Others	571,562	389,941
Total Sharia income	<u>2,080,904</u>	<u>1,948,517</u>
Total	<u>77,300,758</u>	<u>70,804,115</u>

33. INTEREST AND SHARIA EXPENSE

This account represents interest expense incurred on:

	Nine-month Period Ended	
	September 30,	
	2017	2016
<u>Rupiah</u>		
Time deposits	11,637,045	12,657,319
Saving deposits	1,971,441	2,164,498
Demand deposits	1,496,863	1,182,009
Securities issued	1,495,711	583,087
Securities sold under agreement to repurchase	417,208	216,742
Deposits from other banks and financial institutions	296,791	398,048
Deposit Certificates	15,244	-
Fund borrowings	356	509,668
Subordinated loans	-	11
Others	1,908,206	1,116,050
	<u>19,238,865</u>	<u>18,827,432</u>

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33. INTEREST AND SHARIA EXPENSE (continued)

This account represents interest expense incurred on (continued):

	Nine-month Period Ended September 30,	
	2017	2016
<u>Foreign currencies</u>		
Fund borrowings	786,484	801,490
Time deposits	742,597	481,230
Securities issued	156,100	299,657
Deposits from other banks and financial institutions	137,373	109,110
Demand deposits	60,052	63,123
Saving deposits	2,324	4,923
Securities sold under agreement to repurchase	-	17,608
Others	132,221	135,128
	<u>2,017,151</u>	<u>1,912,269</u>
Total interest expense and other financing expense	<u>21,256,016</u>	<u>20,739,701</u>
 Sharia expense consists of:		
Deposits <i>Mudharabah</i>	792,676	752,052
Others	122,741	44,322
Total Sharia expense	<u>915,417</u>	<u>796,374</u>
Total	<u>22,171,433</u>	<u>21,536,075</u>

34. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET

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

	Nine-month Period Ended September 30,	
	2017	2016
Loans (Note 12f)	15,449,162	11,197,554
Sharia receivables and financing (Note 13)	81,535	199,947
Finance lease receivables (Note 14)	(3,213)	-
Securities (Note 7e)	-	23,069
Total	<u>15,527,484</u>	<u>11,420,570</u>

35. SALARIES AND EMPLOYEE BENEFITS

The details of this account are as follows:

	Nine-month Period Ended September 30,	
	2017	2016
Salaries, wages and allowances	7,308,460	6,938,801
Bonuses, incentives and tantiem	4,852,462	4,986,508
Jamsostek contribution	522,600	449,494
Defined benefit pension (Note 42a)	418,826	467,514

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35. SALARIES AND EMPLOYEE BENEFITS (continued)

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

	Nine-month Period Ended September 30,	
	2017	2016
Training and development	368,018	410,452
Grand leaves (Note 42e)	350,993	341,688
Work separation scheme (Note 42d)	212,238	197,176
Defined contribution pension (Note 42c)	190,692	171,385
Old-age contribution (Note 42d)	33,041	13,528
Gratuity for services (Note 42e)	24,942	166,234
Others	1,320,379	844,849
Total	15,602,651	14,987,629

For the nine-month period ended September 30, 2017 and 2016, salaries and allowances of the Board of Directors amounted to Rp47,295 and Rp49,153, respectively, and of the Board of Commissioners amounted to Rp19,056 and Rp18,288, respectively (Note 44).

Bonuses, incentives and *tantiem* of BRI's Boards of Directors, Commissioners and key employees amounted to Rp409,498 and Rp401,571 for the nine-month period ended September 30, 2017 and 2016, respectively (Note 44).

36. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account are as follows:

	Nine-month Period Ended September 30,	
	2017	2016
Outsourcing service	2,078,435	1,910,138
Depreciation of premises and equipments (Note 17)	1,146,047	910,460
Rent	1,271,892	1,233,828
ATM Exploitation	846,500	601,461
Repairs and maintenance	681,946	668,886
Transportation	331,486	316,241
Electricity and water	434,397	436,380
Printing and postage	211,773	196,162
Office supplies	103,911	219,764
Public relation	159,259	189,325
Communications	126,155	132,065
Professional fees	108,956	81,295
Computer installations	147,420	34,366
Others	1,307,639	1,370,494
Total	8,955,816	8,300,865

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37. NON OPERATING INCOME - NET

The details of this account are as follows:

	Nine-month Period Ended September 30,	
	2017	2016
Gain on sale of premises and equipments	8,852	10,011
Rental income	4,108	3,335
Others - net	141,651	155,028
Total	154,611	168,374

38. TAXATION

a. Taxes Payable

As of September 30, 2017 and December 31, 2016, the details of taxes payable are as follows::

	September 30, 2017	December 31, 2016
<u>BRI (Parent Entity)</u>		
Income tax		
Article 25	607,125	-
Article 29	-	881,207
	607,125	881,207
<u>Subsidiaries</u>		
Income tax and other tax		
Article 21	4,351	10,230
Article 22	42	116
Article 23	596	1,145
Article 25	3,119	6,162
Article 26	-	157
Article 29	15,958	15,790
Article 4 (2)	29,765	23,604
Value-added tax	3,073	3,990
	56,904	61,194
Total	664,029	942,401

b. Tax expense

	Nine-month Period Ended September 30,	
	2017	2016
<u>Parent Entity</u>		
Current tax expense of:		
Current year	5,937,187	4,238,054
Prior year tax examination	-	466,188
Deferred income tax benefit	(1,788,061)	(414,951)
	4,149,126	4,289,291

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38. TAXATION (continued)

b. Tax expense (continued)

	Nine-month Period Ended September 30,	
	2017	2016
<u>Subsidiaries</u>		
Current tax expense of:		
Current year	144,047	72,340
Deferred income tax benefit	(37,111)	(19,693)
	<u>106,936</u>	<u>52,647</u>
Total	<u>4,256,062</u>	<u>4,341,938</u>

The reconciliation between income before tax expense as presented in the interim consolidated statement of profit or loss and other comprehensive income and estimated taxable income are as follows:

	Nine-month Period Ended September 30,	
	2017	2016
Income before tax expense in accordance with the interim consolidated statement of profit or loss and other comprehensive income	24,808,120	23,317,083
Income of Subsidiaries	(539,535)	(405,180)
Income before tax expense - BRI (Parent Entity)	<u>24,268,585</u>	<u>22,911,903</u>
Temporary Differences:		
Reversal of allowance for impairment losses on loans	6,658,698	2,242,504
Provision for employee expenses	416,373	(651,124)
Unrealized loss on FVTPL securities and Government Recapitalization Bonds	(2,846)	(16,351)
Depreciation of premises and equipments	80,018	84,776
	<u>7,152,242</u>	<u>1,659,805</u>
Permanent Differences:		
Public relations	39,630	-
Representations and donations	121,646	108,314
Sports and religious activities	25,073	23,330
Income subjected to final tax	(1,816)	(1,096)
Income of Subsidiaries	-	(17,836)
Others	(1,919,424)	(3,494,146)
	<u>(1,734,890)</u>	<u>(3,381,434)</u>
Estimated taxable income	<u>29,685,936</u>	<u>21,190,274</u>

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38. TAXATION (continued)

b. Tax expense (continued)

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

	Nine-month Period Ended September 30,	
	2017	2016
Estimated taxable income	29,685,936	21,190,274
<u>Parent Entity</u>		
Corporate income tax expense - current	(5,937,187)	(4,238,054)
Income tax installment payments during the year	7,486,318	5,954,763
Corporate income tax refund	1,549,131	1,716,709
<u>Subsidiary - BRIS</u>		
Corporate income tax expense - current	(93,338)	(46,005)
Income tax installment payments during the year	101,381	49,083
Corporate income tax refund	8,043	3,078
<u>Subsidiary - BRI Agro</u>		
Corporate income tax expense - current	(38,245)	(26,336)
Income tax installment payments during the year	25,519	20,998
Corporate income tax payable	(12,726)	(5,338)
<u>Subsidiary - BRI Life*)</u>		
Corporate income tax expense - current	-	-
Income tax installment payments during the year	-	56,802
Corporate income tax refund**)	-	56,802
<u>Subsidiary - BRI Finance***)</u>		
Corporate income tax expense - current	(12,464)	
Income tax installment payments during the year	9,232	
Corporate income tax payable	(3,232)	

*) Acquisition was done as of December, 29 2015 (Note 1f)

**) There was an excess of tax installment as of December 31, 2016 amounted to Rp63,113 that was recorded in other assets account (Note 18)

***) Transfer of shares was done as of September 30, 2016 (Note 1f)

The reconciliation of income tax expense by multiplying income before tax expense to the applicable tax rate is as follows:

	Nine-month Period Ended September 30,	
	2017	2016
Income before tax expense in accordance with the interim consolidated statement of profit or loss and other comprehensive income	24,808,120	23,317,083
Income of Subsidiaries	(539,535)	(405,180)
Income before tax expense – BRI (Parent Entity)	24,268,585	22,911,903

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38. TAXATION (continued)

b. Tax expense (continued)

The reconciliation of income tax expense by multiplying income before tax expense to the applicable tax rate is as follows (continued):

	Nine-month Period Ended	
	September 30,	
	2017	2016
Tax expense with a tax rate of 20%	4,853,717	4,582,380
Tax effect on permanent differences	(346,979)	(676,287)
Effect of different rate used in deferred tax calculation	(357,612)	(82,990)
Correction of income tax assessment on previous year	-	466,188
	4,149,126	4,289,291
Tax expense - Parent Entity	4,149,126	4,289,291
Tax expense - Subsidiaries	106,936	52,647
	4,256,062	4,341,938

Estimated taxable income in 2016 are consistent with Annual Tax Return (SPT) for corporate income tax reported by BRI to Tax Office (KPP).

Assessment for fiscal year 2010

The General Directorate of Tax based on Tax Assessment Letter No. 00003/206/10/093/12 dated November 28, 2012, affirmed the under payment of Income Tax amounting to Rp1,484,041 which was already approved by BRI amounting to Rp34,529. Management believes that the treatment of the tax under payment not approved by BRI is already in accordance with the existing tax regulations.

On February 27, 2013, BRI has contested the Under Payment of Tax Assessment Letter of Income Tax No. 00003/206/10/093/12 dated November 28, 2012. To qualify for the requirement of objection, BRI has paid deposit amounting to Rp1,449,512 to the State Treasury on February 28, 2013. According to a decree of the General Directorate of Tax No. KEP-229/WPJ.19/2014 dated February 18, 2014, the request was rejected, then on May 12, 2014, BRI filed an appeal to the Tax Court and currently is still in the process on the tax court.

Based on the trial fact that has taken place on November 17, 2014 and December 8, 2014, where BRI has a better chance to resolve the tax dispute at the appeals level, BRI management believes that the provision made for possible losses of the appeal process until the appeal decision amounted to Rp724,756, which was already charged in 2013 amounting to Rp483,171 and in 2014 amounting to Rp241,585, the remaining provision amounting to Rp724,756 was still recorded in the other asset account - prepaid tax (Note 18).

Based on Tax Court Decision No. PUT-63381/PP/M,XVA/15/2015 pronounced by the judges in the open session for public dated August 24, 2015, the Tax Court has granted the BRI's appeal for the decision of the The Directorate General of Taxation No. KEP - 229/WPJ.19/2014 dated February 18, 2014 on an objection to the Under Payment of Tax Assessment Letter of Income Tax No. 00003/206/10/093/12 dated November 28, 2012.

Based on the decision of the The Directorate General of Taxation No. KEP-00003.PPH/WPJ.19/KP.0403/2016 dated 8 January 2016 and the Overpayment of Tax Assessment Letter of Income Tax No. 80006/093-0006-2016 as of January 8, 2016, BRI has received the repayment of the Over Payment of income tax amounting Rp1,448,499 after the adjustment in BRI's tax payable amounting Rp1,013, as of February, 24 2016.

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38. TAXATION (continued)

b. Tax expense (continued)

Assessment for fiscal year 2010 (continued)

Directorate General of Taxation filed Memorandum of Review No. S-7220/PJ.07/2015 dated December 11, 2015 to the Supreme Court through the Tax Court on Tax Court Decisions No. PUT-63381/PP/M.XVA/15/2015 dated August 24, 2015. In relation to the receipt of the Review Memorandum, BRI provided the response in the form of Counter Memorandum of Review to the Supreme Court by letter no. B.1464-DIR/AMK/11/2016 dated November 24, 2016 stating that the decision of the Tax Court has been appropriate and has been made with due regard to formal judicial decisions and based on the available facts and revealed in the hearing in the Tax Court.

Tax for revaluation of fixed assets

BRI through the letter No. 830-DIR/AMK/11/2015 on November 30, 2015 has submitted an application to the head of Regional Office of Directorate General of Taxation (DGT) Large Taxpayer Tax Office regarding "Application for Revaluation of fixed assets for tax purposes in 2015 by tax payers that have not revalued fixed assets".

Based on Ministry of Finance Decree No. 191/PMK,010/2015 dated October 15, 2015 as amended by Ministry of Finance Decree No. 233/PMK.03/2015 dated December 21, 2015, the application filed until December 31, 2015, will receive special treatment in the form of reduction in the income tax rates to 3% final tax. In conjunction with this, BRI has estimated the fixed assets fair value such as land and building, and for the increase in fixed assets fair value compared to the book value, BRI has made tax payment amounting to Rp245,357 on December 2, 2015, even though the revaluation is still not approved by the Directorate General of Taxation. The tax payment was recorded under other assets account - prepaid tax (Note 18). As of April 1, 2016, BRI revaluated the carrying value of land upwards by Rp14,315,527 of which this amount is taxed at Rp490,835. The Directorate General of Taxation through its Decision Letter No. KEP-479/WPJ.19/2016 dated July 29, 2016 has given its approval over this matter.

Assessment for fiscal year 2011

The Directorate General of Taxation through its Decision Letter No. 00025/207/11/093/16 dated June 2, 2016, has stated that the Under Payment Value Added Tax for goods and services amounting to Rp3,284 and its fine amounting to Rp443, have been billed through Letter of Income Tax No. 00025/107/11/093/16 dated June 2, 2016 has been approved by BRI.

The Directorate General of Taxation through its Decision Letter No. 00003/201/11/093/16 dated May 30, 2016, has stated that the Underpayment of income tax in article 21 amounting to Rp49,656 has been approved by BRI. The underpayment have been recorded in BRI's statement of profit or loss for the year ended December 31, 2016.

The Directorate General of Taxation through its Decision Letter No. 00005/203/11/093/16 dated June 1, 2016, has stated that the Underpayment of income tax in article 23 amounting to Rp8,015 has been approved by BRI. The underpayment have been recorded in BRI's statement of profit or loss for the year ended December 31, 2016.

The Directorate General of Taxation through its Decision Letter No. 00005/206/11/093/16 dated May 30, 2016, has stated that the Underpayment of income tax amounting to Rp466,188 has been approved by BRI. The underpayment have been recorded in BRI's statement of profit or loss for the year ended December 31, 2016.

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38. TAXATION (continued)

b. Tax expense (continued)

Income Tax Collection Letter for fiscal year 2014

The Directorate General of Taxation based on Tax Collection Letter No.90002/106/14/093/15 dated December 29, 2015, affirmed the under payment of Income Tax for fiscal year 2014 amounting to Rp1,603,100 and administration sanction amounting to Rp256,496, in conjunction with the correction of Bank Indonesia minimum balance of allowance for impairment losses.

Management believes that the Tax Collection Letter is not correct and BRI treatment is already in accordance with the applicable regulation.

On January 13, 2016, BRI has submitted a letter for the cancellation of the Tax Collection Letter. To meet the requirement for the Tax Collection Letter cancellation, on December 30, 2015, BRI has paid deposit amounting to Rp1,603,100 and recorded it under other assets - prepaid tax (Note 18).

Based on The Directorate General of Taxation through its Decision Letter No. KEP-90001/NKEB/WPJ.19/2016 dated February 1, 2016, "Related to the Cancellation of the Tax Collection Letter", all BRI petitions have been approved.

On February 4, 2016, BRI has requested a petition related to the Cancellation of the Tax Collection amounting to Rp1,603,100 to be compensated to the installment payment of income tax article 25 during the fiscal period January and February 2016 amounting to Rp800,000 and Rp803,100, respectively.

Based on the cancellation letter of tax collection No. KEP-00019.PPH/WPJ.19/KP.0403/2016 dated February 15, 2016 and the instruction letter of Over Payment Tax No. 80095/093-0095-2016 dated February 15, 2016, The Directorate General of Taxation has approved the petition for compensation by BRI.

c. Deferred Tax Assets

The computation of deferred tax benefit of BRI is as follows:

	Nine-month Period Ended	
	September 30,	
	2017	2016
<u>Parent Entity</u>		
Reversal for allowance for possible losses on earning assets	1,664,674	560,626
Reversal of provision for employee expense	104,093	(162,781)
Unrealized gain on FVTPL securities and Government Recapitalization Bonds	(711)	(4,088)
Depreciation of premises and equipments	20,005	21,194
	<u>1,788,061</u>	<u>414,951</u>
<u>Subsidiaries</u>	<u>37,111</u>	<u>19,693</u>
Total	<u>1,825,172</u>	<u>434,644</u>

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38. TAXATION (continued)

c. Deferred Tax Assets (continued)

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

	September 30, 2017	December 31, 2016
<u>Parent Entity</u>		
Allowance for possible losses on earning assets	3,281,460	1,616,787
Provision for employee expense	1,213,949	1,109,857
Depreciation on premises and equipments	(125,266)	(145,271)
Remeasurement of defined benefit program	(209,154)	(218,213)
Unrealized gain on FVTPL securities and Government Recapitalization Bonds	(711)	-
Unrealized gain on available for sale securities and Government Recapitalization Bonds	(506,409)	(34,630)
	<u>3,653,869</u>	<u>2,328,530</u>
<u>Subsidiaries</u>	219,736	192,400
Total	<u>3,873,605</u>	<u>2,520,930</u>

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 Public Companies" and the Ministry of Finance Regulation No. 238/PMK.03/2008 dated December 30, 2008 on "The Guidelines on the Implementation and Supervision on the Rate Reduction for Domestic Corporate Tax Payers in the Form of Public Companies" stipulates that resident public companies in Indonesia can obtain the reduced income tax rate at 5% lower than the highest existing income tax rate, provided they meet the prescribed criteria, public companies whose shares are owned by the public at a minimum of 40% or more of the total paid-up shares are traded in the Indonesia Stock Exchange and such shares are owned by at least 300 (three hundred) parties and each party owning only less than 5% of the total paid-up shares. These requirements should be fulfilled by the public companies for a minimum period of 6 (six) months in 1 (one) fiscal year.

Based on Letter No. DE/VII/2017-3497 dated July 3, 2017 and the monthly report of shares ownerships (form No. X.H.I-2 dated July 4, 2017 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of BRI's shares during the nine-month period ended September 30, 2017), all of the above mentioned required criteria to obtain the tax rate reduction on BRI's interim consolidated financial statements for the period ended September 30, 2017 were fulfilled by BRI.

39. RISK MANAGEMENT

BRI's business activities are always faced with risks related to its function as a financial intermediary institution. Rapid development in the external and internal environments of banks also leads to increasingly complex business risks. Therefore, in order to be able to adapt in the business environment, BRI is required to manage risks in an integrated and systematic way, namely management of credit risk, liquidity risk, operational risk, market risk, strategic risk, compliance risk, reputation risk, and legal risk.

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39. RISK MANAGEMENT (continued)

The principles of having an integrated and systematic risk management are embedded into a number of policies and procedures, among others, the Risk Management General Policy (KUMR) which serves as the highest guiding policy for the implementation of risk management procedures in all BRI business operations, starting from general policies, strategies, organisation, risk management in information system, process and the implementation of risk management to internal control system. The implementation of risk management differs according to the type of risks involved and is governed by policies which can be derived from other policies.

Board of Commissioners (BOC) and Board of Directors (BOD) are responsible for effectiveness of risk management at BRI and have an important role in supporting and overseeing the implementation of risk management in all business units.

BOC evaluates the risk management policies and implementation by the BOD. Evaluation is done to ensure BOD manages BRI activities and risk effectively. BOC were assisted by the Risk Management Oversight Committee (KPMR) in its supervision and evaluation.

BOD sets the strategy, direction and implementation of risk management policy. Moreover, BOD has the responsibility to ensure that all material risks and their impacts have been addressed and that corrective measures have been taken to remedy the problems and irregularities found in business activities. BOD appoints Director of Compliance and Risk Management to implement the process of monitoring and controlling the risks bankwide.

BOD is assisted by Risk Management Committee (RMC), the highest committee in BRI's risk management structure. RMC provides recommendations to President Director on policy formulation, measures required to enhance policy implementation, evaluate the progress and conditions of risk profiles as well as to advise on corrective actions.

In order to address issues that arise from specific types of risk and which require immediate actions and decisions, Sub-RMC is established out of RMC. Sub-RMC, which is a special committee, is made up of CRMC (Credit Risk Management Committee), MRMC (Market Risk Management Committee), and ORMC (Operational Risk Management Committee) specializing in discussion of issues relating to credit, market, operational and other risks.

Credit Risk Management

Credit risk is a type of risk that occurs when debtors and/or other party default or fail to settle their obligations with BRI. BRI identifies and measures the level of risks of each debtor using internal risk rating. BRI monitors credit quality for early identification of loan impairment. Credit risk management follows closely the policy of risk management in an integrated and comprehensive manner. BRI's credit risk management framework includes, among others, governance, the acceptable level for risk exposure, the limit on geographical boundaries and the level of concentration of each industry. The risk of credit rating is updated periodically to estimate potential loss that is a result of credit expansion and use it as a benchmark to determine the next set corrective actions required.

Credit risk management is implemented not only to comply with the current prevailing regulation but it serves as a device which management utilises to manage and maintain risk and return at an optimum level, the level considered as the best practice of banking industry. The implementation of credit risk management is expected to boost BRI business activities without having to compromise its prudent principle.

Business units have taken into account and calculated the credit risk for all the credits issued, from their period of disbursement to repayment. The quality of these credits are monitored periodically to prevent the occurrence of Non-Performing Loan (NPL).

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39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

The implementation of Early Warning System (EWS) which monitors debtor's developments of the debtor's business condition allows for effective credit risk management. This minimizes the risk of loss and optimise the use of capital to earn maximum income.

BRI credit risk management is implemented with the purpose of minimising possible financial losses due to credit default and/or default on other financial contracts, be it individually or collectively as credit portfolios. Credit risk management is also part of BRI efforts to meet regulatory requirements.

BRI continues to make improvements to the credit risk assessment methodology in order to improve accuracy in credit risk management especially in the process of identifying, measuring, monitoring and controlling risks.

1. Analysis of the maximum exposure to credit risks after considering the value of collaterals and other mitigations of credit risks.

The carrying value of BRI's financial assets, other than loans and securities purchased under agreement to resell represents the maximum amount of exposure to credit risk.

The tables below show the net maximum exposure to credit risk for securities purchased under the agreement to resell as of June 30, 2017 and December 31, 2016:

September 30, 2017			
	Maximum Exposure	Collateral	Net Exposure
Securities purchased under agreement to resell	21,175,368	20,251,081	924,287

December 31, 2016			
	Maximum Exposure	Collateral	Net Exposure
Securities purchased under agreement to resell	1,557,370	1,576,958	-

BRI uses collaterals to minimise the credit risks of loans. BRI loans can be classified into 2 (two) major categories:

- a. Secured loans
- b. Unsecured loans

For secured loans, the types and value of collaterals are determined according to the credit scheme. Types of collaterals are:

- a. Physical collateral, such as lands and buildings, certificate of vehicles ownership, and properties.
- b. Financial collateral, such as deposits (savings, demand deposit, time deposit), securities, and gold.
- c. Others, such as guarantees, government guarantees, and guarantee institutions.

In the event of default, however, BRI uses collaterals as the last resort to fulfill counterparty's credit obligations.

Unsecured loans are comprised of fully unsecured loans such as credit cards and partially secured loans such as loans for fixed income employees, loans for retirees, and other consumer loans. The repayment of partially secured loans is generally made through automatic payroll deduction.

Thus, although partially secured loans are considered to be unsecured loans, their risk level is lower than their carrying value whereas the risk level of fully unsecured loan is equal to their carrying value.

Employee recruitment decision letter and certificate of retirement are used as part of credit risk mitigation techniques for partially secured loans.

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39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis

a. Geographical sectors

Tables below detail the credit risk exposure of consolidated BRI's financial assets at carrying value, categorised according to their geographical regions as of September 30, 2017 and December 31, 2016.

Geographical sectors based on BRI business operational locations which also illustrate the business potentials of each region:

	September 30, 2017							Total
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	
Assets								
Current Accounts with Bank Indonesia	56,350,523	-	-	-	-	-	-	56,350,523
Current Accounts with Other banks	5,603,381	6,581	537	1,307	223	18,546	1,656,572	7,287,147
Placements with Bank Indonesia and other bank	37,161,934	6,547	478	-	-	-	1,039,067	38,208,026
Securities								
Fair value through profit or loss	2,468,443	-	-	-	-	-	-	2,468,443
Available for sale	108,247,649	-	-	-	-	-	1,239,399	109,487,048
Held to maturity	52,700,848	-	-	-	-	-	725,777	53,426,625
Export bills	4,790,447	252,257	234,739	447,133	256,790	180,814	-	6,162,180
Government								
Recapitalisation Bonds								
Available for sale	719,262	-	-	-	-	-	-	719,262
Held to maturity	2,600,000	-	-	-	-	-	-	2,600,000
Securities purchased under agreement to resell	21,175,368	-	-	-	-	-	-	21,175,368
Derivatives receivables	114,069	-	-	-	-	-	-	114,069
Loans								
Micro	19,260,133	23,258,947	39,310,541	32,301,189	50,607,484	77,135,179	-	241,873,473
Retail	63,911,684	19,292,363	28,090,247	33,774,960	47,421,537	72,281,820	36,854	264,809,465
Corporate	118,176,790	11,445,031	2,380,704	5,867,581	13,093,750	8,790,607	7,910,262	167,664,725
Sharia receivables and financing	4,292,526	4,188,078	2,109,786	1,784,499	2,591,937	2,827,941	-	17,794,767
Finance lease receivables	1,109,616	390,130	1,292	245,384	238,105	81,468	-	2,065,995
Acceptances receivables	5,017,380	470,540	123,646	310,906	9,884	-	-	5,932,356
Investment in associated entities*)	2,439	-	-	-	-	-	-	2,439
Other assets**)	6,118,433	249,693	276,383	237,287	325,445	199,826	1,224,253	8,631,319
	509,820,925	59,560,167	72,528,353	74,970,246	114,545,155	161,516,201	13,832,184	1,006,773,230
Less: Allowance for impairment losses								(32,055,395)
Net								974,717,835
Administrative Accounts								
Irrevocable L/C	4,588,453	1,136,506	74,665	754,056	1,006,622	37,630	741	7,598,673
Guarantees issued	25,914,104	2,106,539	333,877	507,441	926,089	675,938	2,540	30,466,528
Total	30,502,557	3,243,045	408,542	1,261,497	1,932,711	713,568	3,281	38,065,201

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39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis (continued)

a. Geographical sectors (continued)

Geographical sectors based on BRI business operational locations which also illustrate the business potentials of each region (continued):

	December 31, 2016							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
Assets								
Current accounts with Bank Indonesia	55,635,946	-	-	-	-	-	-	55,635,946
Current accounts with other banks	10,250,878	6,593	1,066	294	262	46,494	717,128	11,022,715
Placements with Bank Indonesia and other banks	77,131,960	-	-	-	-	-	1,010,794	78,142,754
Securities								
Fair value through profit or loss	490,742	-	-	-	-	-	184,224	674,966
Available for sale	67,812,522	-	-	-	-	-	1,679,744	69,492,266
Held to maturity	61,286,147	-	-	-	-	-	610,723	61,896,870
Export Bills	7,450,580	198,567	147,953	960,666	581,374	6,332	-	9,345,472
Government								
Recapitalization								
Bonds								
Available for sale	718,434	-	-	-	-	-	-	718,434
Held to maturity	2,600,000	-	-	-	-	-	-	2,600,000
Securities purchased under agreement to resell	1,557,370	-	-	-	-	-	-	1,557,370
Derivatives receivables	91,657	-	-	-	-	-	-	91,657
Loans								
Micro	17,333,003	21,577,469	35,655,855	28,925,252	47,381,058	70,929,568	-	221,802,205
Retail	57,407,811	18,067,842	27,185,046	31,453,445	44,719,314	66,046,776	702	244,880,936
Corporate	128,551,904	10,038,287	2,291,428	5,344,063	13,911,017	8,772,798	7,878,337	176,787,834
Sharia receivables and financing	5,562,328	3,096,990	1,967,988	1,838,606	2,558,727	2,724,304	-	17,748,943
Finance lease receivables	1,107,160	415,637	-	314,227	273,494	89,782	-	2,200,300
Acceptances receivable	4,939,982	114,705	78,217	557,509	632	1,538	-	5,692,583
Investment in associated entities*)	2,439	-	-	-	-	-	-	2,439
Other assets**)	5,078,337	28,897	29,707	33,947	186,766	92,089	76,878	5,526,621
	505,009,200	53,544,987	67,357,260	69,428,009	109,612,644	148,709,681	12,158,530	965,820,311
Less: Allowance for impairment losses								(22,807,210)
Net								943,013,101
Administrative								
Accounts								
Irrevocable L/C	6,313,266	1,303,388	57,293	381,770	463,165	22,270	-	8,541,152
Guarantees issued	20,227,433	2,244,394	341,443	573,537	737,002	395,993	3,213	24,523,015
Total	26,540,699	3,547,782	398,736	955,307	1,200,167	418,263	3,213	33,064,167

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivable, other receivable, and accrued income based on sharia principles.

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39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis (continued)

b. Industrial sectors

The following tables detail credit exposure at carrying value, categorised according to industrial sectors as of September 30, 2017 and December 31, 2016:

	September 30, 2017							
	Government (Including BI)	Banks and other financial institutions	Agriculture	Industry	Trading Hotel and Restaurant	Services	Others	Total
Assets								
Current accounts with								
Bank Indonesia	56,350,523	-	-	-	-	-	-	56,350,523
Current accounts with other banks	-	7,287,147	-	-	-	-	-	7,287,147
Placement with								
Bank Indonesia and other banks	33,613,417	4,594,609	-	-	-	-	-	38,208,026
Securities								
Fair value through profit or loss	1,563,340	809,306	-	9,221	-	6,251	80,325	2,468,443
Available for sale	96,587,133	9,806,744	169,714	566,569	-	2,038,463	318,425	109,487,048
Held to maturity	48,376,202	2,610,864	50,273	1,049,854	-	806,921	532,511	53,426,625
Export bills	1,657	-	-	2,653,032	36,105	8,194	3,463,192	6,162,180
Government								
Recapitalisation								
Bonds								
Available for sale	719,262	-	-	-	-	-	-	719,262
Held to maturity	2,600,000	-	-	-	-	-	-	2,600,000
Securities purchased under agreement to resell	20,488,981	686,387	-	-	-	-	-	21,175,368
Derivative receivables	-	114,069	-	-	-	-	-	114,069
Loan								
Micro	-	-	36,092,774	7,266,314	112,036,620	13,067,207	73,410,558	241,873,473
Retail	260,299	948,791	11,770,349	16,829,026	102,220,675	9,255,831	123,524,494	264,809,465
Corporate	534,850	4,212,796	34,585,041	34,973,560	19,329,172	4,956,758	69,072,548	167,664,725
Sharia receivables and financing	-	968,185	419,596	2,860,714	4,392,087	574,571	8,579,614	17,794,767
Finance lease receivables	-	11,609	6,830	933,088	275,652	710,328	128,488	2,065,995
Acceptances receivables	555,411	-	-	249,975	1,378	120	5,125,472	5,932,356
Investment in associated entities*)	-	1,034	-	-	-	975	430	2,439
Other Assets**)	1,532,222	721,648	-	-	-	2,748,993	3,628,456	8,631,319
	263,183,297	32,773,189	83,094,577	67,391,353	238,291,689	34,174,612	287,864,513	1,006,773,230
Less: Allowance for impairment losses								(32,055,395)
Net								974,717,835
Administrative								
Accounts								
Irrevocable L/C	3,602,130	-	557	273,636	19,343	31,219	3,671,788	7,598,673
Guarantees Issued	13,679,060	874	540,060	235,461	292,554	627,218	15,091,301	30,466,528
Total	17,281,190	874	540,617	509,097	311,897	658,437	18,763,089	38,065,201

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39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis (continued)

b. Industrial sectors (continued)

The following tables detail credit exposure at carrying value, categorised according to industrial sectors as of September 30, 2017 and December 31, 2016 (continued):

	December 31, 2016							
	Government (Including BI)	Banks and other financial institutions	Agriculture	Industry	Trading Hotel and Restaurant	Services	Others	Total
Assets								
Current accounts with Bank Indonesia	55,635,946	-	-	-	-	-	-	55,635,946
Current accounts with other banks	-	11,022,715	-	-	-	-	-	11,022,715
Placement with Bank Indonesia and other banks	72,792,534	5,350,220	-	-	-	-	-	78,142,754
Securities								
Fair value through profit or loss	84,746	329,944	-	-	-	18,029	242,247	674,966
Available for sale	60,612,578	4,627,494	-	2,293,191	-	1,633,416	325,587	69,492,266
Held to maturity	54,759,343	4,674,843	-	1,446,121	-	746,500	270,063	61,896,870
Export bills	239,769	-	-	2,926,515	133,525	22,823	6,022,840	9,345,472
Government								
Recapitalisation								
Bonds								
Available for sale	718,434	-	-	-	-	-	-	718,434
Held to maturity	2,600,000	-	-	-	-	-	-	2,600,000
Securities purchased under agreement to resell	925,140	632,230	-	-	-	-	-	1,557,370
Derivative receivables	-	91,657	-	-	-	-	-	91,657
Loan								
Micro	-	-	32,354,043	6,532,381	101,384,386	11,236,469	70,294,926	221,802,205
Retail	348,026	1,270,563	7,871,328	17,369,845	95,507,483	8,212,692	114,300,999	244,880,936
Corporate	600,926	4,650,036	37,365,653	36,710,500	22,379,114	5,050,563	70,031,042	176,787,834
Sharia receivables and financing	-	1,455,136	398,661	2,443,509	4,812,794	757,641	7,881,202	17,748,943
Finance lease receivables	-	4,607	2,362	1,105,236	-	866,959	221,136	2,200,300
Acceptances receivables	428,155	89,740	-	301,789	5,127	632	4,867,140	5,692,583
Investment in associated entities*)	-	1,034	-	-	-	975	430	2,439
Other Assets**)	1,501,389	393,192	-	-	-	2,548,857	1,083,183	5,526,621
	251,246,986	34,593,411	77,992,047	71,129,087	224,222,429	31,095,556	275,540,795	965,820,311
Less: Allowance for impairment losses								(22,807,210)
Net								943,013,101
Administrative								
Accounts								
Irrevocable L/C	5,505,442	-	377	226,337	20,707	-	2,788,289	8,541,152
Guarantees Issued	12,990,267	737	443,271	907,353	195,202	92,565	9,893,620	24,523,015
Total	18,495,709	737	443,648	1,133,690	215,909	92,565	12,681,909	33,064,167

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivable, other receivable, and accrued income based on sharia principles.

3. Impairment of financial assets as of September 30, 2017 and December 31, 2016

a. Current accounts with other banks

As of September 30, 2017 and December 31, 2016, this financial asset is neither individually nor collectively impaired.

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39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

3. Impairment of financial assets as of September 30, 2017 and December 31, 2016 (continued)

b. Placements with Bank Indonesia and other banks

As of September 30, 2017 and December 31, 2016, this financial asset is neither individually nor collectively impaired.

c. Securities

As of September 30, 2017 and December 31, 2016, all securities are classified as 'Current', except for Bonds I Year 2003 issued by PT Great River International which is classified as 'Loss'. The bond is owned by BRI Life (subsidiary) with a nominal value of Rp758, and has already matured on October 13, 2008.

d. Finance lease receivable

As of September 30, 2017 and December 31, 2016, the details of impaired finance lease receivable are as follows:

	September 30, 2017	December 31, 2016
Impaired	117,206	217,115
Past due but not impaired	12,461	221,851
Neither past due nor impaired	1,936,328	1,761,334
	2,065,995	2,200,300
Less allowance for impairment losses	(109,000)	(130,000)
Total	1,956,995	2,070,300

e. Loans, sharia receivables and financing

As of September 30, 2017 and December 31, 2016, these financial assets are individually and collectively impaired, with the following details:

	September 30, 2017				
	Neither Past Due Nor Impaired		Past Due But Not Impaired		Total
	High Grade	Standard Grade	Impaired	Impaired	
<u>Rupiah</u>					
Trading, hotels and restaurant	200,206,487	7,435,934	16,374,384	11,490,511	235,507,316
Agriculture	63,423,737	1,512,807	2,502,224	5,052,308	72,491,076
Manufacturing	28,565,728	379,990	1,515,628	4,448,507	34,909,853
Business services	27,339,381	547,722	1,829,331	1,366,198	31,082,632
Electricity, gas and water	27,259,099	166,969	27,868	31,156	27,485,092
Construction	19,737,985	341,902	487,654	2,386,685	22,954,226
Transportation, warehousing and communication	15,755,535	241,998	807,874	1,298,571	18,103,978
Social services	5,452,937	151,649	356,667	187,348	6,148,601
Mining	978,643	50,770	116,931	1,216,018	2,362,362
Others	172,194,042	832,235	5,613,502	2,163,518	180,803,297
	560,913,574	11,661,976	29,632,063	29,640,820	631,848,433

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39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

3. Impairment of financial assets as of September 30, 2017 and December 31, 2016 (continued)

e. Loans, sharia receivables and financing (continued)

As of September 30, 2017 and December 31, 2016, these financial assets are individually and collectively impaired, with the following details (continued):

	September 30, 2017				
	Neither Past Due Nor Impaired		Past Due But Not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Foreign currencies					
Manufacturing	22,993,065	11,819	-	4,543,671	27,548,555
Agriculture	11,349,383	-	-	16,841	11,366,224
Electricity, gas and water	4,796,147	-	-	680,250	5,476,397
Mining	2,481,679	3,178	-	1,651,549	4,136,406
Social services	3,385,120	-	-	-	3,385,120
Trading, hotels and restaurant	2,209,817	7,149	5,112	469,332	2,691,410
Transportation, warehousing and communications	1,699,285	-	-	416,991	2,116,276
Business services	1,478,906	-	-	363,398	1,842,304
Construction	266,481	-	-	1,224,414	1,490,895
Others	240,410	-	-	-	240,410
	50,900,293	22,146	5,112	9,366,446	60,293,997
Total	611,813,867	11,684,122	29,637,175	39,007,266	692,142,430
Less allowance for impairment losses					(31,945,637)
Net					660,196,793

	December 31, 2016				
	Neither Past Due Nor Impaired		Past Due But Not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Rupiah					
Trading, hotels and restaurant	194,421,942	6,713,103	12,197,071	9,197,709	222,529,825
Agriculture	62,778,609	948,799	2,061,115	4,321,466	70,109,989
Manufacturing	29,205,165	345,519	1,130,893	4,697,397	35,378,974
Business services	27,111,516	649,859	1,129,198	1,307,191	30,197,764
Electricity, gas and water	28,677,845	10,184	23,344	32,519	28,743,892
Construction	17,552,083	204,414	242,271	2,473,659	20,472,427
Transportation, warehousing and communications	14,927,759	217,035	649,998	1,270,357	17,065,149
Social services	8,712,795	150,190	550,859	273,676	9,687,520
Mining	1,397,823	38,171	41,345	1,297,754	2,775,093
Others	159,567,402	705,909	4,186,671	1,505,581	165,965,563
	544,352,939	9,983,183	22,212,765	26,377,309	602,926,196
Foreign currencies					
Manufacturing	23,536,391	-	-	4,745,531	28,281,922
Agriculture	8,789,899	-	177,628	27,157	8,994,684
Mining	3,474,378	-	3,434	1,821,394	5,299,206
Electricity, gas and water	3,773,707	-	-	691,591	4,465,298
Social services	3,707,071	-	-	-	3,707,071
Transportation, warehousing and communications	1,681,947	-	-	423,869	2,105,816

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39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

3. Impairment of financial assets as of September 30, 2017 and December 31, 2016 (continued)

e. Loans, sharia receivables and financing (continued)

As of September 30, 2017 and December 31, 2016, these financial assets are individually and collectively impaired, with the following details (continued):

	December 31, 2016			
	Neither Past Due Nor Impaired		Past Due But Not	Total
	High Grade	Standard Grade	Impaired	
Foreign currencies (continued)				
Business services	1,406,898	1,347	-	450,252
Construction	484,670	-	-	1,261,603
Trading, hotels and restaurant	1,080,091	6,877	346	681,367
Others	66,274	-	-	-
	48,001,326	8,224	181,408	10,102,764
Total	592,354,265	9,991,407	22,394,173	36,480,073
Less allowance for impairment losses				(22,676,452)
Net				638,543,466

f. Export bills

As of September 30, 2017 and December 31, 2016, this financial asset is neither individually nor collectively impaired.

g. Acceptances receivable

As of September 30, 2017 and December 31, 2016, this financial asset is neither individually nor collectively impaired.

h. Other Assets

As of September 30, 2017 and December 31, 2016, this financial asset is neither individually nor collectively impaired.

i. Administrative accounts

As of September 30, 2017 and December 31, 2016, the administrative accounts are impaired with the following details:

	September 30, 2017	December 31, 2016
Rupiah		
Guarantees issued	12,767,525	11,979,117
Irrevocable L/C	1,692,893	1,086,496
	14,460,418	13,065,613

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39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

3. Impairment of financial assets as of September 30, 2017 and December 31, 2016 (continued)

i. Administrative accounts (continued)

As of September 30, 2017 and December 31, 2016, the administrative accounts are impaired with the following details (continued):

	September 30, 2017	December 31, 2016
Foreign currencies		
Guarantees issued	17,699,003	12,543,898
Irrevocable L/C	5,905,780	7,454,656
	<u>23,604,783</u>	<u>19,998,554</u>
Total	38,065,201	33,064,167
Less allowance for impairment losses	(2,118)	(895)
Net	<u><u>38,063,083</u></u>	<u><u>33,063,272</u></u>

4. Quality of financial assets

The following tables show the quality of financial assets by class for all financial assets with credit risk, amounts presented at gross.

	September 30, 2017				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Assets					
Current accounts with Bank Indonesia	56,350,523	-	-	-	56,350,523
Current accounts with other banks	7,287,147	-	-	-	7,287,147
Placements with Bank					
Indonesia and other banks	38,208,026	-	-	-	38,208,026
Securities					
Fair value through profit or loss	2,468,443	-	-	-	2,468,443
Available for sale	108,363,442	1,123,606	-	-	109,487,048
Held to maturity	52,542,670	883,955	-	-	53,426,625
Export bills	6,162,180	-	-	-	6,162,180
Government Recapitalization Bonds					
Available for sale	719,262	-	-	-	719,262
Held to maturity	2,600,000	-	-	-	2,600,000
Securities purchased					
under agreement to resell	21,175,368	-	-	-	21,175,368
Derivatives Receivable	114,069	-	-	-	114,069
Loans					
Micro	222,780,546	3,049,885	12,550,239	3,492,803	241,873,473
Retail	231,473,838	7,984,518	14,344,004	11,007,105	264,809,465
Corporate	143,554,140	59,734	444,578	23,606,273	167,664,725
Sharia receivables and financing	14,005,343	589,985	2,298,354	901,085	17,794,767
Finance lease receivables	1,936,328	-	12,461	117,206	2,065,995
Acceptances receivable	5,932,356	-	-	-	5,932,356
Investment in associated entities*)	2,439	-	-	-	2,439
Other Assets**)	8,630,478	841	-	-	8,631,319
	<u><u>924,306,598</u></u>	<u><u>13,692,524</u></u>	<u><u>29,649,636</u></u>	<u><u>39,124,472</u></u>	<u><u>1,006,773,230</u></u>

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39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

4. Quality of financial assets (continued)

The following tables show the quality of financial assets by class for all financial assets with credit risk, amounts presented at gross (continued).

	December 31, 2016				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Assets					
Current accounts with Bank Indonesia	55,635,946	-	-	-	55,635,946
Current accounts with other banks	10,998,749	23,966	-	-	11,022,715
Placements with Bank Indonesia and other banks	78,142,754	-	-	-	78,142,754
Securities					
Fair value through profit or loss	674,966	-	-	-	674,966
Available for sale	67,702,626	1,789,640	-	-	69,492,266
Held to maturity	61,028,620	868,250	-	-	61,896,870
Export bills	9,345,472	-	-	-	9,345,472
Government Recapitalization Bonds					
Available for sale	718,434	-	-	-	718,434
Held to maturity	2,600,000	-	-	-	2,600,000
Securities purchased under agreement to resell	1,557,370	-	-	-	1,557,370
Derivatives Receivable	91,657	-	-	-	91,657
Loans					
Micro	206,999,682	2,496,361	9,958,341	2,347,821	221,802,205
Retail	218,691,266	6,880,476	10,484,935	8,824,259	244,880,936
Corporate	152,218,111	-	80,245	24,489,478	176,787,834
Sharia receivables and financing	14,445,206	614,570	1,870,652	818,515	17,748,943
Finance lease receivables	1,761,334	-	221,851	217,115	2,200,300
Acceptances receivable	5,692,583	-	-	-	5,692,583
Investment in associated entities*)	2,439	-	-	-	2,439
Other Assets**)	5,526,104	517	-	-	5,526,621
	893,833,319	12,673,780	22,616,024	36,697,188	965,820,311

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivable, other receivable, and unearned income based on sharia principles.

Credit quality is defined as follows:

1. High Grade

- a) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements in government institutions and transactions with banks listed in the stock exchange.
- b) Loans and sharia receivables/financing, are third party receivable that are neither past due nor impaired, and have never been restructured.
- c) Export bills and acceptances receivable, are third party receivable that are not past due, and have strong financial capacity to repay all obligations in a timely manner.
- d) Securities and government bonds are government securities, investment grade securities and bonds with a rating of at least idA- (Pefindo), A- (Fitch), A- (Standard & Poor's), or A3 (Moody's).
- e) Investment in associated entities, are investments in entities listed in stock exchange which have an overall good performance level.

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39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

4. Quality of financial assets (continued)

Credit quality is defined as follows (continued):

2. Standard Grade

- a) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements with banks not listed in stock exchange.
 - b) Loans and sharia receivables/financing, are third party receivable that are neither past due nor impaired, have been restructured and have undergone collective impairment.
 - c) Export bills and acceptances receivable, are third party receivable that have not matured and have adequate financial capacity to repay all obligations in a timely manner.
 - d) Securities and government bonds are government securities, investment grade securities and bonds with a rating between idBBB+ and idBBB- (Pefindo), BBB+ and BBB- (Fitch), BBB+ and BBB- (Standard & Poor's) or Baa1 and Baa3 (Moody's)
 - e) Investment in associated entities, are investment in entities not listed in stock exchange which have an overall good performance level.
5. According to PSAK No. 60, financial assets are past due when debtors fail to meet their obligations in a timely manner. The following tables show the aging analysis of loans, sharia receivables and financing and finance lease receivable which are past due but not impaired.

September 30, 2017				
	≤ 30 days	> 30 - 60 days	> 60 - 90 days	Total
Loans				
Micro	6,722,002	2,773,302	3,054,935	12,550,239
Retail	9,045,808	2,527,130	2,771,066	14,344,004
Corporate	444,577	-	1	444,578
Sharia receivables and financing	1,556,637	398,517	343,200	2,298,354
Finance lease receivables	-	5,255	7,206	12,461
	17,769,024	5,704,204	6,176,408	29,649,636
December 31, 2016				
	≤ 30 days	> 30 - 60 days	> 60 - 90 days	Total
Loans				
Micro	4,548,784	2,399,345	3,010,212	9,958,341
Retail	5,463,764	2,229,201	2,791,970	10,484,935
Corporate	80,245	-	-	80,245
Sharia receivables and financing	1,471,901	176,717	222,034	1,870,652
Finance lease receivables	179,860	18,679	23,312	221,851
	11,744,554	4,823,942	6,047,528	22,616,024

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39. RISK MANAGEMENT (continued)

Liquidity Risk Management

Liquidity Risk is a risk of the Bank's inability to meet the maturity obligations of cash flow fund sources and/or of high quality liquid assets that can be mortgaged so as not to interfere with these activities and financial condition of the Bank.

BRI manages liquidity risks in order to meet every financial liability that has been agreed upon in a timely manner and to maintain adequate and optimal liquidity level. In order to support liquidity management, BRI put in place Policy and Guidelines for the Implementation of Liquidity Risk Management (PPPMRL) which encompasses liquidity management, projected cash flows, maturity profile (maturity gap), net stable funding ratio and liquidity coverage ratio, policy and guidelines for determine of liquidity risk limit, liquidity risk stress test, contingency funding plan, and information system of liquidity risk.

The purpose of this policy is to ensure that BRI has sufficient daily operating capital in normal or crisis conditions in a timely manner from various available sources to ensure the availability of high quality liquid assets, and having a healthy and sustainable structure of deposits from customer.

BRI also stimulates stress testing on a quarterly basis which is submitted to the Board of Commissioners and Directors through Risk Management Committee (RMC). The purpose of stress testing is to measure the resistance or ability to meet liquidity and capital adequacy during crisis (stress). Moreover, stress test is also used as reference for developing or improving emergency funding plans (contingency plan) and liquidity risk limits.

Analysis of Financial Assets and Liabilities According to Contractual Maturity

Potential liquidity risks which BRI will encounter in the future are measured by using Liquidity Gap Analysis which projects the excess or shortage of liquidity based on the maturity of assets and liabilities, after taking into account the business expansion needs. This information is also considered when planning and managing liquidity, including business expansion needs. With the implementation of effective liquidity risk management, it is expected that liquidity risks can be minimised while simultaneously enhance the overall banking system's stability.

The tables below present information about the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of September 30, 2017 and December 31, 2016:

	September 30, 2017				Others without maturity	Total
	≤ 1 month	> 1 month - 3 months	> 3 months - 12 months	> 12 months		
Assets						
Cash	-	-	-	-	21,668,932	21,668,932
Current Account with Bank Indonesia	56,350,523	-	-	-	-	56,350,523
Current accounts with other banks	7,287,147					7,287,147
Placements with Bank Indonesia and other banks	37,733,881	339,430	134,715	-	-	38,208,026
Securities	112,753,804	239,462	7,933,387	44,455,463	-	165,382,116
Allowance for Impairment losses	-	-	-	-	(758)	(758)
Export bills	5,379,749	653,058	127,716	1,657	-	6,162,180
Government Recapitalization Bonds	-	-	-	3,319,262	-	3,319,262
Securities purchased under agreement to resell	14,074,000	7,101,368	-	-	-	21,175,368
Derivatives receivable	25,250	22,360	26,379	40,080	-	114,069

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39. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Analysis of Financial Assets and Liabilities According to Contractual Maturity (continued)

The tables below present information about the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of September 30, 2017 and December 31, 2016 (continued):

	September 30, 2017					Total
	≤ 1 month	> 1 month - 3 months	> 3 months - 12 months	> 12 months	Others without maturity	
Assets (continued)						
Loans						
Micro	2,920,911	5,485,540	30,422,910	203,044,112	-	241,873,473
Retail	13,293,808	14,751,491	67,056,325	169,707,841	-	264,809,465
Corporate	11,381,718	8,840,360	34,885,233	112,557,414	-	167,664,725
Allowance for Impairment losses	-	-	-	-	(31,506,084)	(31,506,084)
Sharia receivables and financing	166,407	254,526	2,566,741	14,807,093	-	17,794,767
Allowance for Impairment losses	-	-	-	-	(439,553)	(439,553)
Finance Lease Receivables	3,694	14,987	178,671	1,868,643	-	2,065,995
Allowance for Impairment losses	-	-	-	-	(109,000)	(109,000)
Acceptances receivable	5,066,251	573,898	246,395	45,812	-	5,932,356
Investment in associated entities*)	-	-	-	-	2,439	2,439
Other Assets**)	3,349,257	1,774,643	621,772	20,664	2,864,983	8,631,319
	<u>269,786,400</u>	<u>40,051,123</u>	<u>144,200,244</u>	<u>549,868,041</u>	<u>(7,519,041)</u>	<u>996,386,767</u>
Liabilities						
Liabilities due immediately	6,831,319	-	-	-	-	6,831,319
Deposits from customers						
Demand deposits	116,178,663	-	-	-	-	116,178,663
Wadiah demand deposits	1,453,775	-	-	-	-	1,453,775
Mudharabah demand deposits	405	-	-	-	-	405
Saving deposits	303,826,762	-	-	-	-	303,826,762
Wadiah saving deposits	4,403,513	-	-	-	-	4,403,513
Mudharabah saving deposits	1,157,739	-	-	-	-	1,157,739
Time deposits	184,674,017	91,633,929	40,335,203	8,622,663	-	325,265,812
Mudharabah time deposits	13,292,367	4,812,322	210,284	2,405	-	18,317,378
Deposits from other						
Banks and financial institutions	9,191,930	73,210	-	-	-	9,265,140
Securities sold under agreement to repurchase	1,024,156	-	587,570	4,818,782	-	6,430,508
Derivatives payable	38,591	130,488	14,213	173,913	-	357,205
Acceptance payable	5,066,251	573,898	246,395	45,812	-	5,932,356
Marketable securities issued	-	-	7,092,018	24,443,802	-	31,535,820
Fund borrowings	-	8,911	782,755	23,126,708	-	23,918,374
Subordinated loans	-	-	-	997,971	-	997,971
Other liabilities ***)	788,425	600,977	351,073	855,060	7,129	2,602,664
	<u>647,927,913</u>	<u>97,833,735</u>	<u>49,619,511</u>	<u>63,087,116</u>	<u>7,129</u>	<u>858,475,404</u>
Maturity gap	<u>(378,141,513)</u>	<u>(57,782,612)</u>	<u>94,580,733</u>	<u>486,780,925</u>	<u>(7,526,170)</u>	<u>137,911,363</u>

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39. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Analysis of Financial Assets and Liabilities According to Contractual Maturity (continued)

The tables below present information about the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of September 30, 2017 and December 31, 2016 (continued):

	December 31, 2016					Total
	≤ 1 month	> 1 month - 3 months	> 3 months - 12 months	> 12 months	Others without maturity	
Assets						
Cash	-	-	-	-	25,212,024	25,212,024
Current Account with Bank Indonesia	55,635,946	-	-	-	-	55,635,946
Current Account with other banks	11,022,715	-	-	-	-	11,022,715
Placements with Bank Indonesia and other banks	78,012,754	130,000	-	-	-	78,142,754
Securities	71,577,341	5,232,606	9,190,425	46,063,730	-	132,064,102
Allowance for impairment losses	-	-	-	-	(758)	(758)
Export bills	2,536,196	3,258,692	3,550,584	-	-	9,345,472
Government Recapitalization Bonds	718,434	-	-	2,600,000	-	3,318,434
Securities purchased under agreement to resell	632,230	925,140	-	-	-	1,557,370
Derivatives payable	32,214	-	489	58,954	-	91,657
Loans						
Micro	1,942,248	4,449,159	30,293,610	185,117,188	-	221,802,205
Retail	10,175,734	13,037,992	63,386,726	158,280,484	-	244,880,936
Corporate	5,993,480	24,140,155	28,358,562	118,295,637	-	176,787,834
Allowance for impairment losses	-	-	-	-	(22,184,296)	(22,184,296)
Sharia receivables and financing	282,812	452,795	1,728,426	15,284,910	-	17,748,943
Allowance for impairment losses	-	-	-	-	(492,156)	(492,156)
Finance Lease Receivables	-	-	264,036	1,936,264	-	2,200,300
Allowance for impairment losses	-	-	-	-	(130,000)	(130,000)
Acceptances receivable	1,045,643	2,106,327	2,540,613	-	-	5,692,583
Investment in associated entities*)	-	-	-	-	2,439	2,439
Other Assets**)	2,570,452	1,199,076	954,795	478	801,820	5,526,621
	242,178,199	54,931,942	140,268,266	527,637,645	3,209,073	968,225,125
Liabilities						
Liabilities due immediately	5,410,313	-	-	-	-	5,410,313
Deposits from customers						
Demand deposits	141,419,020	-	-	-	-	141,419,020
Wadiah demand deposits	1,127,843	-	-	-	-	1,127,843
Saving deposits	298,110,406	-	-	-	-	298,110,406
Wadiah saving deposits	4,176,761	-	-	-	-	4,176,761
Mudharabah saving deposits	983,121	-	-	-	-	983,121
Time deposits	239,316,485	37,907,214	13,639,996	2,165,683	-	293,029,378
Mudharabah time deposits	13,791,599	1,670,222	214,638	3,386	-	15,679,845
Deposits from other Banks and financial institutions	2,186,158	42,057	1,323	-	-	2,229,538
Securities sold under agreement to repurchase	-	673,625	1,917,625	4,711,148	-	7,302,398

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39. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Analysis of Financial Assets and Liabilities According to Contractual Maturity (continued)

The tables below present information about the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of September 30, 2017 and December 31, 2016 (continued):

	December 31, 2016					Total
	≤ 1 month	> 1 month - 3 months	> 3 months - 12 months	> 12 months	Others without maturity	
Liabilities (continued)						
Derivatives payable	-	114,152	-	233,065	-	347,217
Acceptance payable	1,045,643	2,106,327	2,540,613	-	-	5,692,583
Marketable securities issued	-	807,927	4,110,712	19,882,142	-	24,800,781
Fund borrowings	320,647	6,202,044	8,104,288	20,381,191	-	35,008,170
Subordinated loans	-	-	-	1,008,510	-	1,008,510
Other liabilities ***)	1,053,489	73,376	241,664	-	482,558	1,851,087
	<u>708,941,485</u>	<u>49,596,944</u>	<u>30,770,859</u>	<u>48,385,125</u>	<u>482,558</u>	<u>838,176,971</u>
Maturity gap	<u>(466,763,286)</u>	<u>5,334,998</u>	<u>109,497,407</u>	<u>479,252,520</u>	<u>2,726,515</u>	<u>130,048,154</u>

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivable, other receivable, and unearned income based on sharia principle.

***) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance liabilities, reinsurance and classified as available for sale, *tabarru'* fund and temporary *syirkah* funds.

Market Risk Management

Market risk arises when market interest rates and exchange rates move against the positions which BRI held in the statements of financial position or in administrative accounts. These positions are those which exist in trading book and banking book.

BRI has implemented treasury and market risk application system (GUAVA), an integrated system used by the front, middle, and back office functions. Middle Office uses Value-at-Risk (VaR), an internal model that is integrated into daily transaction processing, to measure market risks. Other than monitoring the risks to which instruments are exposed, Middle Office also monitors market risks and transaction limits such as limits on the nominal value transacted by dealers, cut loss limit, stop loss limit and VaR limit. Monitoring is executed daily so as to accelerate the provision of updated information, allowing timely decision-making for instruments, especially those which are classified as trading.

1. Value-at-Risk (VaR): Purpose and Limitation of the Method

BRI uses internal model approach to measure VaR potential loss due to changes in market price of trading portfolio based on historical data. VaR potential loss that arise from market risks is measured using the assumptions that the change in risk factors follow normal distribution. BRI uses VaR to measure exchange rate risk for positions both in trading and banking book and interest rate risks for position in trading book.

2. Value-at-Risk (VaR) Assumptions

VaR potential loss is estimated value that is measured using 99% confidence level and market risk position that is unchanged within 1 (one) day holding period. This is an indicator that the potential loss which might exceed VaR value in normal market condition, in average, may occur once every one hundred days. The method used in VaR is Delta Gamma.

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39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

2. Value-at-Risk (VaR) Assumptions (continued)

The following tables present information on VaR value starting from January 1, 2017 until September 30, 2017 and January 1, 2016 until December 31, 2016.

	2017	
	Exchange Rate^{*)}	Interest Rate
Daily Average	39,710.87	3,452.17
Highest	67,226.24	8,366.41
Lowest	26,745.25	1,159.18

	2016	
	Exchange Rate^{*)}	Interest Rate
Daily Average	58,421.11	851.78
Highest	134,093.77	4,153.38
Lowest	20,170.30	7.00

^{*)} Including trading and banking book.

3. Back Testing

The purpose of back testing is to ensure that the result of internal model measurement for interest rate risk and exchange rate risk is valid. When performing back testing, BRI compares estimations from daily VaR with realised change of rates.

Based on back testing procedures for exchange rate risk and interest rate risk, actual loss throughout the year is already consistent with VaR forecast model.

4. Market Risk Outside of Trading Book

a. Interest Rate Risk

Interest-rate derivatives which are subjected to the fluctuations in interest rates have potential impacts on future cash flow.

Management has the responsibility to take into account the bank's risk appetite and its target for financial performance when determining, maintaining, and controlling interest rate. The setting of interest rate is reviewed at least once in a month during Asset and Liability Committee (ALCO) forum.

The following table presents the average annual interest rates for financial assets and liabilities position for the nine-month period and year ended September 30, 2017 and December 31, 2016:

	2017		2016	
	Rupiah (%)	Foreign Currencies (%)	Rupiah (%)	Foreign Currencies (%)
Assets				
Placement with Bank Indonesia and other banks	4.06	1.24	5.41	0.53
Securities	8.74	3.37	8.65	3.36
Loans	11.96	4.44	11.91	4.23
Government Recapitalization Bonds	6.62	-	6.63	-
Finance lease receivables	13.74	6.22	13.43	5.93

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39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

a. Interest Rate Risk (continued)

The following table presents the average annual interest rates for financial assets and liabilities position for the nine-month period and year ended September 30, 2017 and December 31, 2016 (continued):

	2017		2016	
	Rupiah (%)	Foreign Currencies (%)	Rupiah (%)	Foreign Currencies (%)
<u>Liabilities</u>				
Deposits from customers				
Demand deposits	2.54	0.32	2.33	0.49
Saving deposits	0.89	0.21	1.14	0.22
Time deposits	6.16	1.43	7.49	1.19
Deposits from other banks and financial institutions	4.06	0.42	3.97	0.32
Fund borrowings	3.79	2.29	4.04	2.35
Subordinated loans and marketable securities	4.12	-	4.27	-
Marketable securities issued	8.48	2.95	8.56	2.95

The following table presents the sensitivity of BRI's interim consolidated statement of profit or loss and other comprehensive income towards possible changes in the interest rate of banking book, ceteris paribus.

Nine-month Period Ended September 30, 2017	
Change in Percentage	Impact on Statement of Profit or Loss and Other Comprehensive Income
+/- 1%	+/- 1,545,389
Nine-month Period Ended September 30, 2016	
Change in Percentage	Impact on Statement of Profit or Loss and Other Comprehensive Income
+/- 1%	+/- 1,382,841

Sensitivity rate is used to analyse probable changes in interest rates which affect the gain and/or loss of the banking book portfolio. In the above sensitivity analysis, interest rate is assumed to move by one basis point (1%).

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39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

a. Interest Rate Risk (continued)

The tables below summarise the exposure of financial assets and liabilities to interest rate risks (gross):

	September 30, 2017					
	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	-	-	-	-	21,668,932	21,668,932
Current accounts with Bank Indonesia	56,350,523	-	-	-	-	56,350,523
Current accounts with other banks	7,287,147	-	-	-	-	7,287,147
Placements with Bank Indonesia and other banks	38,208,026	-	-	-	-	38,208,026
Securities						
Fair value through profit or loss	-	-	-	2,468,443	-	2,468,443
Available for sale	-	-	-	109,487,048	-	109,487,048
Held to maturity	-	-	-	53,426,625	-	53,426,625
Export bills	6,162,180	-	-	-	-	6,162,180
Government Recapitalization Bonds						
Available for sale	719,262	-	-	-	-	719,262
Held to maturity	2,600,000	-	-	-	-	2,600,000
Securities purchased under agreement to resell	21,175,368	-	-	-	-	21,175,368
Derivatives receivables	-	-	-	-	114,069	114,069
Loans						
Micro	8,406,451	41,928,622	-	191,538,400	-	241,873,473
Retail	28,045,299	105,978,675	48,819,293	81,966,198	-	264,809,465
Corporate	20,222,079	147,442,646	-	-	-	167,664,725
Sharia receivables and financing	-	-	-	-	17,794,767	17,794,767
Finance lease receivables	13,115	113,070	777,188	1,162,622	-	2,065,995
Acceptances receivables	-	-	-	-	5,932,356	5,932,356
Investment in associated entities*)	-	-	-	-	2,439	2,439
Other assets**)	-	-	-	-	8,631,319	8,631,319
	189,189,450	295,463,013	49,596,481	440,049,336	54,143,882	1,028,442,162
Liabilities						
Liabilities due immediately	-	-	-	-	6,831,319	6,831,319
Deposits from customers						
Demand deposits	68,760,547	-	-	47,418,116	-	116,178,663
Wadiah demand deposits	-	-	-	-	1,453,775	1,453,775
Mudharabah demand deposits	-	-	-	-	405	405
Saving deposits	143,447,760	-	-	160,379,002	-	303,826,762
Wadiah saving deposits	-	-	-	-	4,403,513	4,403,513
Mudharabah saving deposits	-	-	-	-	1,157,739	1,157,739
Time deposits	276,307,947	40,335,203	8,622,662	-	-	325,265,812
Mudharabah time deposits	-	-	-	-	18,317,378	18,317,378
Deposits from other Banks and financial Institutions	8,423,962	-	-	-	841,178	9,265,140
Securities sold under agreement to repurchase	1,024,156	587,570	4,818,782	-	-	6,430,508
Derivatives payable	-	-	-	-	357,205	357,205
Acceptances payable	-	-	-	-	5,932,356	5,932,356
Marketable securities issued	-	7,092,018	24,443,802	-	-	31,535,820
Fund borrowings	-	791,666	23,026,708	-	100,000	23,918,374

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39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

a. Interest Rate Risk (continued)

The tables below summarise the exposure of financial assets and liabilities to interest rate risks (gross) (continued):

		September 30, 2017				
		Floating interest rate			Fixed interest rate	Non-interest bearing
		Not more than 3 months	More than 3 months but less than 1 year	More than 1 year		
						Total
Liabilities (continued)						
Subordinated loans	-	-	-	-	24,787	997,971
Other liabilities***)	-	-	-	-	-	2,602,664
	497,964,372	48,806,457	60,911,954	207,821,905	42,970,716	858,475,404
Interest rate repricing gap between financial assets and liabilities		(308,774,922)	246,656,556	(11,315,473)	232,227,431	11,173,166
		December 31, 2016				
		Floating interest rate			Fixed interest rate	Non-interest bearing
		Not more than 3 months	More than 3 months but less than 1 year	More than 1 year		
						Total
Assets						
Cash	-	-	-	-	-	25,212,024
Current accounts with Bank Indonesia	55,635,946	-	-	-	-	55,635,946
Current accounts with other banks	11,022,715	-	-	-	-	11,022,715
Placements with Bank Indonesia and other banks	78,142,754	-	-	-	-	78,142,754
Securities						
Fair value through profit or loss	-	-	-	-	674,966	674,966
Available for sale	-	-	-	-	69,492,266	69,492,266
Held to maturity	-	-	-	-	61,896,870	61,896,870
Export bills	9,345,472	-	-	-	-	9,345,472
Government Recapitalization Bonds						
Available for sale	718,434	-	-	-	-	718,434
Held to maturity	2,600,000	-	-	-	-	2,600,000
Securities purchased under agreement to resell	-	-	-	-	1,557,370	1,557,370
Derivatives receivables	-	-	-	-	-	91,657
Loans						
Micro	6,391,407	39,348,602	-	-	176,062,196	221,802,205
Retail	23,213,726	120,684,576	23,750,225	-	77,232,409	244,880,936
Corporate	30,133,635	146,654,199	-	-	-	176,787,834
Sharia receivables and financing	-	-	-	-	-	17,748,943
Finance lease receivables	31,206	155,746	935,350	-	1,077,998	2,200,300
Acceptances receivables	-	-	-	-	-	5,692,583
Investment in associated entities*)	-	-	-	-	-	2,439
Other assets**)	-	-	-	-	-	5,526,621
	217,235,295	306,843,123	24,685,575	387,994,075	54,274,267	991,032,335
Liabilities						
Liabilities due immediately	-	-	-	-	-	5,410,313
Deposits from customers						
Demand deposits	97,490,396	-	-	-	43,928,624	141,419,020
Wadiah demand deposits	-	-	-	-	-	1,127,843
Saving deposits	155,940,955	-	-	-	142,169,451	298,110,406
Wadiah saving deposits	-	-	-	-	-	4,176,761
Mudharabah saving deposits	-	-	-	-	-	983,121

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39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

a. Interest Rate Risk (continued)

The tables below summarise the exposure of financial assets and liabilities to interest rate risks (gross) (continued):

	December 31, 2016					
	Floating interest rate					
	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year	Fixed interest rate	Non-interest bearing	Total
Liabilities (continued)						
Deposits from customers (continued)						
Time deposits	215,329,405	51,934,654	25,765,319	-	-	293,029,378
Mudharabah time deposits	-	-	-	-	15,679,845	15,679,845
Deposits from other Banks and financial Institutions	2,186,158	42,057	1,323	-	-	2,229,538
Securities sold under agreement to repurchase	673,625	673,625	-	5,955,148	-	7,302,398
Derivatives payable	-	-	-	-	347,217	347,217
Acceptances payable	-	-	-	-	5,692,583	5,692,583
Marketable securities issued	-	-	-	24,800,781	-	24,800,781
Fund borrowings	320,132	14,297,326	20,274,822	15,890	100,000	35,008,170
Subordinated loans	-	-	-	35,471	973,039	1,008,510
Other liabilities***)	-	-	-	-	1,851,087	1,851,087
	471,940,671	66,947,662	46,041,464	216,905,365	36,341,809	838,176,971
Interest rate repricing gap between financial assets and liabilities	(254,705,376)	239,895,461	(21,355,889)	171,088,710	17,932,458	152,855,364

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivable, other receivable, and unearned income based on sharia principle.

***) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance liabilities, reinsurance and classified as available for sale, tabarru' fund and temporary syirkah funds.

b. Exchange Rate Risk

Exchange rate risk arises when foreign exchange rate against Rupiah fluctuates against the positions which BRI held. Included in the foreign exchange positions are positions in trading book held to generate profit both from foreign exchange transactions within a short period of time and from positions in banking book that has a purpose of controlling the Net Open Position (NOP).

Based on Bank Indonesia Regulation (PBI) No. 17/5/PBI/2015 dated May 29, 2015, the fourth amendment made to PBI No. 5/13/PBI/2003, regarding Net Open Position for Commercial Banks dated July 1, 2010, NOP is set to a maximum of 20% of capital.

NOP is the sum of the absolute values of the net difference between assets and liabilities in the statement of financial position for each foreign currency and the net difference of receivables and commitments and contingent liabilities in the administrative accounts for each foreign currency, which are all stated in Rupiah.

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39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

b. Exchange Rate Risk (continued)

The tables below present NOP (BRI only) as of September 30, 2017 and December 31, 2016 by currency, respectively, as follows:

Currencies	September 30, 2017		
	Assets	Liabilities	NOP
<u>Statement of Financial Position and Administrative Accounts</u>			
United States Dollar	128,338,111	123,012,811	5,325,300
Renminbi	4,779,918	4,155,800	624,118
European Euro	2,406,904	4,051,143	1,644,239
Singapore Dollar	1,387,170	674,896	712,274
Australian Dollar	144,482	134,682	9,800
Great Britain Pound Sterling	218,419	132,635	85,784
Japanese Yen	320,825	67,338	253,487
Canadian Dollar	8,949	114	8,835
Others	863,027	106,253	756,774
			9,420,611
Capital (Note 48a)			152,389,444
NOP Ratio			6.18%

Currencies	December 31, 2016		
	Assets	Liabilities	NOP
<u>Statement of Financial Position and Administrative Accounts</u>			
United States Dollar	138,725,987	137,134,766	1,591,221
Renminbi	6,598,517	4,678,412	1,920,105
European Euro	10,065,634	14,520,265	4,454,631
Singapore Dollar	1,377,990	574,284	803,706
Australian Dollar	185,862	262,620	76,758
Great Britain Pound Sterling	212,224	66,595	145,629
Japanese Yen	315,709	301,684	14,025
Canadian Dollar	12,211	116	12,095
Others	564,675	47,416	517,259
			9,535,429
Capital (Note 48a)			142,910,432
NOP Ratio			6.67%

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39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

5. BRI Agro Sensitivity Analysis

The following table present sensitivity towards possible change in interest rate and exchange rate of BRI Agro towards statement of profit or loss and other comprehensive income with the remaining variables being constant.

	Nine-month Period Ended September 30,			
	2017		2016	
	Percentage Change	Impact to Statement of Profit or Loss and Other Comprehensive Income	Percentage Change	Impact to Statement of Profit or Loss and Other Comprehensive Income
Interest rate risk	+/- 1%	+/- 42,353	+/- 1%	+/- 45,421
Foreign exchange rate risk	+/- 1%	+/- 173	+/- 1%	+/- 133

Manajemen Risiko Operasional

BRI Operational Risk Management is implemented according to Financial Services Authority Regulation No. 18/POJK.03/2016 dated March 22, 2016 on Risk Management Implementation of Commercial Bank, which requires risk management implementation to cover pillars on active control from the Board of Commissioners and Directors, policy adequacy, limit determination and procedure, identification process adequacy, measurement, monitoring and risk management as well as risk management information system and internal control system.

The main objective of operational risk management implementation is managing operational risk exposure caused by internal and external factors that influences business and operational activities such as inadequacy of human resources, internal processes, IT failures, natural disaster and external events that potentially cause financial and non financial losses. Operational risk exposure management includes mitigation of legal, reputational, compliance and strategic risk exposure in every business process and operational activity.

Each operational working unit is responsible for the implementation of risk management process in the business and operational activities of each business unit through internal control system. It begins from the phase of identification, measurement, monitoring and risk mitigation. The Board of Directors determined risk management function in every business unit starting from Head Office level (Desk/Division), Regional Office, Special Branch Office, Branch Office which covers operations, marketing and micro businesses as well as Sub Branch Office, BRI Priority Service Center and Overseas Working Unit.

Risk Management of the Head Office and Regional Office is responsible for setting the guidelines of operational risk management, development and implementation of policy or procedure and methodology, monitoring, reviewing, and controlling operational risk management process. On the other hand, Risk Management is also involved in composing and monitoring BRI's operational risk profile, assessing the risk management adequacy of a new product and/or activity, and supporting the business unit or risk owner in order to develop risk awareness culture, anti fraud strategy implementation and compliance towards risk management principles. In order to discuss operational risk mitigation and risk control improvement, Operational Risk Management Committee (ORMC) is held quarterly and coordinated by Operational Risk Management Unit and related desk/division/business unit.

Internal audit as third line of defense including the Head Office and Inspectorate Office Audit within Indonesia is responsible in monitoring and validating the internal control adequacy of business and operational activities in every business unit and also the consistency of operational risk management implementation in BRI bank wide.

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39. RISK MANAGEMENT (continued)

Manajemen Risiko Operasional (continued)

BRI's operational risk management implementation is facilitated by operational risk management tools called Operational Risk Assessor (OPRA), consisting of Risk and Control Self Assessment (RCSA) module, Key Risk Indicator (KRI), Incident Management (IM), Risk Management Forum and Maturity. Operational risk management policy has been updated in the decree of BRI Decision Letter No. S.17- DIR/DMR/02.2016.

In order to increase understanding on risk management, BRI focused on building risk awareness culture and risk management training/socialization continuously to all BRI employees and also improving internal control quality in each operational activities.

1. Risk Control and Self Assessment (RCSA)

RCSA is a qualitative and predictive risk management tool which is used to identify and measure the impact and likelihood of risks. RCSA has already been implemented in Head Office (Desk/Division), Regional Office, Special Branch Office, Branch Office which also represents BRI Unit, Sub Branch Office and Priority Service Centre.

RCSA is used to help the business unit to identify and measure operational risk in every business and operational activities independently, including to monitor and determine the action plans or towards improvements.

The main risk issue is updated by considering business development such as new product and or activity implementation, new market segment and competition condition, change in internal/external policy and other changes which affect BRI risk exposure. Working unit performs RCSA assessment by considering Incident Management (IM) Loss Event Database (LED) data, Key Risk Indicator (KRI) and Audit Result of the working unit. RCSA evaluation is performed quarterly, however, the frequency will be increased in time of significant changes in risk exposure.

RCSA consolidation report stated above is reported regularly to the BOD in RMC that was held quarterly.

2. Incident Management (IM) and Loss Event Database (LED)

Incident Management (IM) is BRI's Loss Event Database (LED) which includes data documentation process of loss events for all types of loss, financial and non financial loss, covering actual loss, potential loss and near misses, since occurrence up to settlement, including corrective and incident handling measures conducted.

Based on loss event data in IM module, loss event analysis can be performed based on causes, functional activities, event types and business lines. LED information system can be used to determine the preventive actions in risk mitigation, based on the process of incident handling or settlement for the non financial loss, financial loss, financial loss recovery and litigation process.

BRI's operational loss event data has been documented consistently and systematically since 2007 in loss event database matrix which is classified into 8 (eight) business lines and 7 (seven) event types based on the loss event severity and frequency.

In order to calculate operational capital charge and Risk Weighted Assets (RWA), according to regulator policy, BRI used Basic Indicator Approach (BIA) method since it has been implemented in 2010. However, BRI has been prepared for The Standardised Approach (TSA) and Advanced Measurement Approach (AMA). BRI's LED also has been used to calculate operational risk capital charge by Advanced Measurement Approach (AMA) method, based on Extreme Value Theory (EVT) and Loss Distribution Approach (LDA). In order to do more advanced calculation of operational risk capital charge, BRI has developed gap analysis related to the implementation of TSA and AMA.

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39. RISK MANAGEMENT (continued)

Manajemen Risiko Operasional (continued)

3. Key Risk Indicator (KRI)

KRI is a tool to detect risks/favorable risk trends increase and or risks decrease both leading/futuristic or historical. Risk trend prediction is used to determine action plans in order to mitigate operational risk before it causes the financial or non financial loss.

BRI has identified key risk indicators for all risks type and determined the risks threshold or limit which portrays the acceptable condition and risk appetite of the management. It is established by using the best judgement, considering BRI risk exposures and risk appetite, that involved internal auditor, risk owner and other business units. BRI's KRI are reflected on its Bank Wide Risk Profile and Regional Risk Profile Report which are monitored and reported monthly to the management.

4. Risk Management Forum

Risk Management Forum is a risk management tool to document the result of meeting/forum among the head of BRI's business units with the lower level employees and staffs in order to discuss inherent risks in the daily business or operational activities that might be the constraint in achieving the business target or business performance. Risk management forum, which are held in each business unit, are expected to support the growth of BRI's risk awareness culture.

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 end of year by each working unit head using certain parameters. By performing maturity assessment, it is expected that each working unit will be able to evaluate the risk management implementation performed, in order to compose future improvement plan.

6. Business Continuity Management (BCM)

The possibility of disaster caused by nature, human or technology to pose a threat to BRI's business continuity, as BRI has business units spread across Indonesia. Therefore, the Board of Directors concern to develop and implement Business Continuity Management (BCM Policies) in order to ensure the employees, customers and other third parties safety and security who are in the vicinity of BRI business unit environment (Emergency Response Plan) and maintain the continuity of critical businesses and operational activities, protect BRI's assets and provide sufficient response during disruption or disaster conditions (Business Continuity Plan). BCM is stipulated through BRI Circular Letter No. S.26-DIR/DMR/12/2016.

BCM implementation covers all business units, among others through Crisis Management Team, Call Tree arrangement and alternate sites determination. In order to deal with the disruption/disaster in each of business units, BRI business units have already estimated the Disaster and Threat Risk Assessment to identify necessary resources. BCM test runs are prioritized to the business units in prone areas and are done annually, in Head Offices, Regional Offices and Branch Offices.

The readiness of BRI organization to ensure the implementation of business continuity procedures has been tested during disaster conditions in several business units, whereas in third quarter of 2017 there are raising status and activity of Agung Mountain which affecting operations and business in some BRI Denpasar working units.

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39. RISK MANAGEMENT (continued)

Manajemen Risiko Operasional (continued)

7. New Product and/or Activity Launching

In order to launch each BRI's new product and or activity, it involves risk management process that covers risk assessment done by product owner in every launch of new product and or activity, including control determination to mitigate the risks that might appear.

Risk Management Division are responsible to asses the risk mitigation adequacy and recommend the assessment result for the approval of the Risk Management Director. New Product and/or Activity Launching is stipulated through BRI Circular Letter No. S.14-DIR/DMR/02/2017.

8. Anti-Fraud Strategy Implementation

Anti-Fraud Strategy has been implemented in accordance with BRI internal policy and procedure which concern on fraud cases handling in order to show the management intolerance to fraud (zero fraud tolerance). Anti fraud strategy establishment and implementation is a part of risk management implementation, in order to prevent and manage fraud incident in BRI. Anti-Fraud Strategy covers 4 (four) pillars which are: prevention pillar, detection pillar, investigation, report and sanction pillar and evaluation, monitoring and follow-up pillar.

Statement of anti-fraud commitment are signed by Board of Commissioners and Directors, management and all BRI employees as a part of employee awareness and fraud prevention. Anti-Fraud Strategy Policy is stipulated through BRI Decision Letter No. S.25-DIR/DMR/12/2016.

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The tables below present the comparison of the carrying values and fair values of financial assets and liabilities. The fair values disclosed below are based on relevant information available as of September 30, 2017 and December 31, 2016 are not updated to reflect changes in market conditions which have occurred subsequently.

	September 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Cash	21,668,932	21,668,932	25,212,024	25,212,024
Current accounts with Bank				
Indonesia	56,350,523	56,350,523	55,635,946	55,635,946
Current accounts with other banks	7,287,147	7,287,147	11,022,715	11,022,715
Placements with Bank				
Indonesia and other banks	38,208,026	38,208,026	78,142,754	78,142,754
Securities				
Fair value through profit or loss	2,468,443	2,468,443	674,966	674,966
Available for sale	109,482,691	109,482,691	69,492,266	69,492,266
Held to maturity	53,430,224	55,629,445	61,896,112	62,452,483
Export bills	6,162,180	6,162,180	9,345,472	9,345,472
Government Recapitalization				
Bonds				
Available for sale	719,262	719,262	718,434	718,434
Held to maturity	2,600,000	2,596,048	2,600,000	2,592,245

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40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The tables below present the comparison of the carrying values and fair values of financial assets and liabilities. The fair values disclosed below are based on relevant information available as of September 30, 2017 and December 31, 2016 are not updated to reflect changes in market conditions which have occurred subsequently (continued).

	September 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets (continued)				
Securities purchased under agreement to resell	21,175,368	21,175,368	1,557,370	1,557,370
Derivatives receivable	114,069	114,069	91,657	91,657
Loans, Sharia receivables and financing	660,196,793	628,719,921	638,543,466	601,402,821
Finance lease receivables	1,956,995	2,007,409	2,070,300	2,059,460
Acceptances receivables	5,932,356	5,932,356	5,692,583	5,692,583
Investment in associated entities*)	2,439	2,439	2,439	2,439
Other assets**)	8,631,319	8,631,319	5,526,621	5,526,621
	996,386,767	967,155,578	968,225,125	931,622,256
Liabilities				
Liabilities due immediately	6,831,319	6,831,319	5,410,313	5,410,313
Deposits from customers***)				
Demand deposits	117,632,843	117,632,843	142,546,863	142,546,863
Saving deposits	309,388,014	309,388,014	303,270,288	303,270,288
Time deposits	343,583,190	343,583,190	308,709,223	308,709,223
Deposits from other banks and financial institutions				
Demand deposits	252,067	252,067	239,006	239,006
Saving deposits	6,705	6,705	6,497	6,497
Time deposits and deposits on call	8,347,715	8,347,715	1,028,520	1,028,520
Inter-bank call money	658,653	658,653	955,515	955,515
Securities sold under agreement to repurchase	6,430,508	6,430,508	7,302,398	7,302,398
Derivatives payable	357,205	357,205	347,217	347,217
Acceptances payable	5,932,356	5,932,356	5,692,583	5,692,583
Marketable securities issued	31,535,820	31,864,749	24,800,781	25,123,300
Fund borrowings	23,918,374	23,918,374	35,008,170	35,008,170
Subordinated loans	997,971	1,050,571	1,008,510	1,007,148
Other liabilities****)	2,602,664	2,602,664	1,851,087	1,851,087
	858,475,404	858,856,933	838,176,971	838,498,128

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivable, other receivable and accrued income based on sharia principles.

***) Including deposits based on sharia principles.

****) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance liabilities, reinsurance and classified as available for sale, *tabarru'* fund and temporary *syirkah* funds.S

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40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Methods and assumptions used to estimate fair value are as follows:

- a. The fair values of certain financial assets and liabilities, except for securities and Government Recapitalization Bonds classified as held to maturity, loans, finance lease receivable, derivatives receivable and payable, fund borrowings, marketable securities issued and subordinated loans and marketable securities 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 liabilities which are not quoted in an active market are determined based on discounted cash flows using interest rates of instruments with similar remaining maturities.

- b. Securities and Government Recapitalization Bonds

The fair values of securities and Government Recapitalization Bonds classified as held to maturity are determined based on market prices or price quotations of intermediary (broker) / securities dealers. If the information is not available, fair values are estimated by using quoted market price of securities with similar credit characteristics, maturity and yield.

- c. Loans

BRI's loan portfolio generally consists of loans with floating rates and fixed rates. Loans are stated at carrying amount. The fair value of loans is derived based on discounted future cash flows expected to be received by BRI using current market rates.

- d. Finance Lease Receivable

Fair value is calculated based on discounted cash flow models by using market interest rates.

- e. Derivatives receivable and payable

The fair values of derivatives instrument valued by valuation techniques using components which can be observed in the market, primarily are interest rate swaps, currency swaps and currency exchange contracts. Most widely used valuation techniques include forward and swap valuation models which use the present value calculation. The models incorporate various components which include the credit quality of the counterparty, spot value and future contracts as well as interest rate curve.

- f. Fund borrowings, marketable securities issued and subordinated loans and marketable securities

Fair value is calculated based on discounted cash flow models by using market rates for the remaining maturity period.

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40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The following tables present financial instruments measured at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments (Note 2c):

		September 30, 2017		
	Fair Value	Level 1	Level 2	Level 3
Financial Assets				
Fair value through profit or loss				
Deposits Certificate of Bank Indonesia	1,349,080	1,349,080	-	-
Mutual funds	639,476	639,476	-	-
Government bonds	214,260	214,260	-	-
Derivatives receivables	114,019	-	114,019	-
Subordinated bonds	85,997	85,997	-	-
Bonds	49,727	49,727	-	-
Others	129,903	129,903	-	-
	<u>2,582,462</u>	<u>2,468,443</u>	<u>114,019</u>	<u>-</u>
Available for sale				
Government bonds	63,738,333	63,738,333	-	-
Deposit Certificates of Bank Indonesia	25,930,461	25,930,461	-	-
Bonds	8,617,747	8,617,747	-	-
Certificates of Bank Indonesia	6,918,339	6,918,339	-	-
Mutual funds	1,886,031	1,886,031	-	-
Subordinated bonds	775,051	775,051	-	-
Negotiable Certificate Of Deposits	360,393	360,393	-	-
Monetary Authority of Singapore (MAS)	344,260	344,260	-	-
U.S Treasury Bonds	230,816	230,816	-	-
Medium Term Notes	207,000	207,000	-	-
Singapore Government Securities	180,193	180,193	-	-
Government Recapitalization Bonds	-	-	-	-
Others	294,067	294,067	-	-
	<u>109,482,691</u>	<u>109,482,691</u>	<u>-</u>	<u>-</u>
Held to maturity				
Government bonds	49,680,912	49,680,912	-	-
Bonds	3,629,680	3,629,680	-	-
Government Recapitalization Bonds	2,596,048	2,596,048	-	-
Bank Indonesia Sharia				
Certificates (SBIS)	1,000,000	1,000,000	-	-
Negotiable Certificate of Deposits	534,722	534,722	-	-
Medium Term Notes	251,620	251,620	-	-
Certificates of Bank Indonesia	-	-	-	-
Subordinated bonds	-	-	-	-
Promissory Notes	-	-	-	-
Others	532,511	532,511	-	-
	<u>58,225,493</u>	<u>58,225,493</u>	<u>-</u>	<u>-</u>

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40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The following tables present financial instruments measured at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments (Note 2c) (continued):

		September 30, 2017			
		Fair Value	Level 1	Level 2	Level 3
Financial Assets (continued)					
Loans and receivables					
Loans, Sharia receivables and financing	628,719,921	-	613,718,337	15,001,584	
Finance lease receivable	2,007,409	-	-	2,007,409	
	630,727,330	-	613,718,337	17,008,993	
Total Financial Assets	801,017,976	170,176,627	613,832,356	17,008,993	
Financial Liabilities					
Fair value through profit or loss					
Derivatives payable	357,205	-	357,205	-	
Other liabilities					
Marketable securities issued	31,864,749	31,864,749	-	-	
Subordinated loans and marketable securities	1,050,571	1,050,571	-	-	
	32,915,320	32,915,320	-	-	
Total Financial Liabilities	33,272,525	32,915,320	357,205	-	
		December 31, 2016			
		Fair Value	Level 1	Level 2	Level 3
Financial Assets					
Fair value through profit or loss					
Mutual fund	295,372	295,372	-	-	
Derivatives receivable	91,657	-	91,657	-	
Government bonds	84,746	84,746	-	-	
Bonds	64,745	64,745	-	-	
Subordinated bonds	45,880	45,880	-	-	
Others	184,223	184,223	-	-	
	766,623	674,966	91,657	-	
Available for sale					
Government bonds	41,098,626	41,098,626	-	-	
Certificate of Bank Indonesia	12,617,484	12,617,484	-	-	
Bonds	6,785,877	6,785,877	-	-	
Deposit Certificates of Bank Indonesia	6,023,957	6,023,957	-	-	
Mutual fund	925,784	925,784	-	-	
Subordinated bonds	812,649	812,649	-	-	
Government Recapitalization Bonds	718,434	718,434	-	-	
US Treasury Bonds	347,887	347,887	-	-	
MAS Bills	325,918	325,918	-	-	
Singapore Government Securities	198,706	198,706	-	-	
Medium-Term Notes	195,074	195,074	-	-	
Others	160,304	160,304	-	-	
	70,210,700	70,210,700	-	-	

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40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The following tables present financial instruments measured at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments (Note 2c) (continued):

	December 31, 2016			
	Fair Value	Level 1	Level 2	Level 3
Financial Assets (continued)				
Held to maturity				
Government bonds	51,737,965	51,737,965	-	-
Bonds	4,663,814	4,663,814	-	-
Government Recapitalization Bonds	2,592,245	2,592,245	-	-
Certificate of Bank Indonesia	2,009,884	2,009,884	-	-
Bank Indonesia Sharia				
Certificates (SBIS)	1,650,000	1,650,000	-	-
Negotiable Certificate of Deposits	1,468,526	1,468,526	-	-
Medium-Term Notes	254,022	254,022	-	-
Subordinated bonds	60,549	60,549	-	-
Promissory Notes	26,945	26,945	-	-
Others	580,778	580,778	-	-
	<u>65,044,728</u>	<u>65,044,728</u>	<u>-</u>	<u>-</u>
Loans and receivables				
Loans, Sharia receivables and financing	601,402,821	-	579,128,986	22,273,835
Finance lease receivable	2,059,460	-	-	2,059,460
	<u>603,462,281</u>	<u>-</u>	<u>579,128,986</u>	<u>24,333,295</u>
Total Financial Assets	<u>739,484,332</u>	<u>135,930,394</u>	<u>579,220,643</u>	<u>24,333,295</u>
Financial Liabilities				
Fair value through profit or loss				
Derivatives payable	347,217	-	347,217	-
Other liabilities				
Marketable securities issued	25,123,300	25,123,300	-	-
Subordinated loans and marketable securities	1,007,148	1,007,148	-	-
	<u>26,130,448</u>	<u>26,130,448</u>	<u>-</u>	<u>-</u>
Total Financial Liabilities	<u>26,477,665</u>	<u>26,130,448</u>	<u>347,217</u>	<u>-</u>

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41. SEGMENT INFORMATION

Information concerning the segments of BRI and Subsidiaries are as follows:

a. Corporate Name

Corporate Name	Main Business
PT Bank Rakyat Indonesia (Persero) Tbk	Conventional Banking
PT Bank BRISyariah	Sharia Banking
PT Bank Rakyat Indonesia Agroniaga Tbk	Conventional Banking
BRI Remittance Co. Limited Hong Kong	Financial Service
PT Asuransi BRI Life	Life Insurance
PT BRI Multifinance Indonesia	Financing

b. Operating Segment

For management purposes, BRI is organized into 5 (five) operating segments based on products which are as follows:

- Micro Segment
- Retail Segment
- Corporate Segment
- Other Segments
- Subsidiaries

Information concerning the operating segments of BRI and Subsidiaries are as follows:

Description	As of September 30, 2017 and for the Nine-month Period Then Ended					Total
	Micro	Retail	Corporate	Others	Subsidiaries*)	
Interest and premium income - net	28,576,722	17,116,464	5,133,101	2,404,859	1,964,977	55,196,123
Other operating income	5,054,908	6,238,976	220,575	1,752,731	427,406	13,694,596
Total income	33,631,630	23,355,440	5,353,676	4,157,590	2,392,383	68,890,719
Other operating expenses	(12,058,303)	(10,818,761)	(2,336,699)	(1,803,916)	(1,518,522)	(28,536,201)
Provision for impairment losses	(7,653,389)	(5,563,642)	(2,144,080)	-	(351,702)	(15,712,813)
Total expenses	(19,711,692)	(16,382,403)	(4,480,779)	(1,803,916)	(1,870,224)	(44,249,014)
Other income - net	73,602	166,341	(3,655)	(87,249)	5,572	154,611
Income before income tax expense	13,993,540	7,139,378	869,242	2,266,425	527,731	24,796,316
Income tax expense	(3,503,719)	(109,313)	(148,612)	(387,482)	(106,936)	(4,256,062)
Income for the period	10,489,821	7,030,065	720,630	1,878,943	420,795	20,540,254
Segment Assets						
Loans	241,873,473	257,844,447	164,792,100	-	29,698,405	694,208,425
Allowance for impairment losses	(14,388,854)	(6,534,271)	(10,276,019)	-	(855,493)	(32,054,637)
Non loans	-	-	-	359,789,944	12,855,286	372,645,230
	227,484,619	251,310,176	154,516,081	359,789,944	41,698,198	1,034,799,018

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41. SEGMENT INFORMATION (continued)

b. Operating Segment (continued)

Information concerning the operating segments of BRI and Subsidiaries are as follows (continued):

Description	As of September 30, 2017 and for the Nine-month Period Then Ended					Total
	Micro	Retail	Corporate	Others	Subsidiaries*)	
Segment liabilities						
Funding	225,244,470	297,810,498	212,091,754	-	35,457,325	770,604,047
Non Funding	-	-	-	101,439,201	8,017,341	109,456,542
	225,244,470	297,810,498	212,091,754	101,439,201	43,474,666	880,060,589

Description	As of December 31, 2016 and for the Year Then Ended					Total
	Micro	Retail	Corporate	Others	Subsidiaries*)	
Interest and premium income - net	34,477,951	19,488,591	6,006,200	3,915,302	2,444,123	66,332,167
Other operating income	6,517,052	7,674,882	972,169	1,515,107	533,902	17,213,112
Total income	40,995,003	27,163,473	6,978,369	5,430,409	2,978,025	83,545,279
Other operating expenses	(14,921,582)	(13,814,825)	(2,994,735)	(2,089,905)	(1,969,039)	(35,790,086)
Provision for impairment losses	(6,624,372)	(3,355,030)	(3,340,361)	-	(470,888)	(13,790,651)
Total expenses	(21,545,954)	(17,169,855)	(6,335,096)	(2,089,905)	(2,439,927)	(49,580,737)
Other income - net	123,338	232,923	292,580	(633,642)	(5,971)	9,228
Income before income tax expense	19,572,387	10,226,541	935,853	2,706,862	532,127	33,973,770
Income tax expense	(4,499,665)	(2,351,067)	(215,151)	(622,304)	(57,592)	(7,745,779)
Income for the period	15,072,722	7,875,474	720,702	2,084,558	474,535	26,227,991

Segment Assets						
Loans	221,802,205	237,808,490	175,680,526	-	28,128,997	663,420,218
Allowance for impairment losses	(10,556,250)	(2,920,658)	(8,467,463)	-	(862,081)	(22,806,452)
Non loans	-	-	-	348,325,310	12,184,420	360,509,730
	211,245,955	234,887,832	167,213,063	348,325,310	39,451,336	1,001,123,496
Segment liabilities						
Funding	213,208,779	285,574,629	225,062,050	-	30,680,916	754,526,374
Non Funding	-	-	-	94,697,514	7,607,948	102,305,462
	213,208,779	285,574,629	225,062,050	94,697,514	38,288,864	856,831,836

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41. SEGMENT INFORMATION (continued)

c. Geographical Segment

		Total income	
		Nine-month Period Ended	
		September 30,	
	Description	2017	2016
	Indonesia	68,443,141	61,137,557
	USA	408,288	363,319
	Hong Kong	2,756	3,053
	Singapore	34,924	38,577
	Timor Leste	1,610	-
	Total	68,890,719	61,542,506

		Income before tax expense	
		Nine-month Period Ended	
		September 30,	
	Description	2017	2016
	Indonesia	24,505,005	22,988,492
	USA	293,598	308,883
	Hong Kong	110	2
	Singapore	2,980	19,706
	Timor Leste	(5,377)	-
	Total	24,796,316	23,317,083

		Total assets	
		September 30,	December 31,
		2017	2016
	Indonesia	1,017,170,887	984,256,727
	USA	14,660,170	14,065,978
	Hong Kong	784	5,952
	Singapore	2,791,721	2,794,839
	Timor Leste	175,456	-
	Total	1,034,799,018	1,001,123,496

		Total liabilities	
		September 30,	December 31,
		2017	2016
	Indonesia	862,907,571	840,376,290
	USA	14,191,034	13,656,808
	Hong Kong	1,710	338
	Singapore	2,779,383	2,798,400
	Timor Leste	180,891	-
	Total	880,060,589	856,831,836

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42. EMPLOYEES PROGRAM

a. Defined Benefit Pension Plan

Effective January 1, 2007, all newly appointed permanent employees are not included in this program. Under this program, the right to pension benefits is given based on the established conditions which are stated in the regulations of BRI with consideration to the yearly gratuity factor over the working period and income on the pension fund. BRI's pension plan is managed by Dana Pensiun BRI (DPBRI). According to the regulation in BRI Directors' Decision Letter, the employee's contribution for pension contribution amounted to 7% of the employee's pension-based salary and any remaining amount required to fund DPBRI represents the contribution by BRI, amounted to 25.02% (previously 25.38%) since April 1, 2016.

1. BRI (Parent Entity)

The actuarial calculation of BRI's pension costs as of September 30, 2017 and December 31, 2016, respectively, was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated October 4, 2017 and January 5, 2017, which were prepared in accordance with SFAS No. 24 (Revised 2013), by using the "Projected Unit Credit Method" and considering the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	7.40%	8.10%
Pension-based salary growth	7.50%	7.50%
Pension benefit growth rate	4.00%	4.00%
Mortality rate	CSO 1958	CSO 1958
Disability rate	10% from CSO 1958	10% from CSO 1958
Normal retirement age	56 years	56 years

Movements in present value of defined benefit pension as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Present value of defined benefit pension		
- beginning balance	15,032,520	13,221,843
Interest expense	898,797	1,151,483
Current service cost	236,767	286,216
Benefit paid	(711,755)	(853,894)
Unrecognized actuarial (gain) loss	421,494	926,577
Past service cost	-	300,295
Present Value of Defined Benefit Pension		
Liabilities - ending balance	15,877,823	15,032,520

The increase in the present value of obligations is affected by the increase in the discount rate, the increase of employment, and the approach to the maturity date.

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42. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

1. BRI (Parent Entity) (continued)

Movements in the fair value of program assets as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Fair value of program assets - beginning balance	16,230,759	14,287,884
Real investment results	1,536,467	2,469,674
Contributions paid - Employer	188,871	255,787
Contributions paid - Participants	52,842	71,308
Benefit paid	(711,756)	(853,894)
Program assets - ending balance	17,297,183	16,230,759

Movements in the defined benefit pension liabilities as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	30 September 2017	31 Desember 2016
The present value of the defined benefit obligation - Current	15,877,823	15,032,520
The fair value of plan assets	(17,297,183)	(16,230,759)
Status of funding	(1,419,360)	(1,198,239)
Surplus	1,419,360	1,198,239
Liabilities are recognized in the Statement of financial position	-	-

Expense for defined benefit pension for the period ended on the dates September 30, 2017 and 2016 based on the actuarial calculation is as follows:

	Nine-month Period Ended September 30, 2017	2016
Net interest on liabilities	(150)	(1,107)
Current service cost	236,767	214,662
Contributions paid - Employer	(52,842)	(53,576)
Past service cost	-	300,295
Benefit pension expense (Note 35)	183,775	460,274

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42. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

1. BRI (Parent Entity) (continued)

Movements in the defined benefit pension liabilities as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	-	-
Past service cost	-	-
Benefit pension expense - neto (Note 35)	183,775	513,384
Contributions paid - current period	(188,871)	(255,787)
Remeasurement liabilities (assets) for defined benefit pension - net	5,096	(257,597)
Ending balance (Note 28)	-	-

The total amount recognized in other comprehensive income as of September 30, 2017 and December 31, 2016 are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	(1,047,558)	(789,961)
(Gain) / Loss actuarial	421,494	926,577
Yields on assets program	(564,726)	(1,221,493)
Impact change of assets other than the net interest liabilities (assets)	148,327	37,320
Total Remeasurement on assets for defined benefit pension - net	(1,042,463)	(1,047,557)

The percentage and amount of each major category which is the total fair value of plan assets at September 30, 2017 and December 31, 2016 is as follows:

	September 30, 2017		December 31, 2016	
	Total	Percentage	Total	Percentage
Stocks	3,286,029	19.39%	3,062,476	19.11%
Government securities	3,482,284	20.55%	3,617,963	22.58%
Bonds	3,707,034	21.88%	3,232,205	20.17%
Mutual fund	525,937	3.10%	494,723	3.09%
Direct placement	1,350,713	7.97%	1,322,647	8.25%
Land & Building	3,359,176	19.83%	3,515,216	21.94%
Saving & Time Deposit	1,159,161	6.84%	752,054	4.69%
Asset backed securities	72,431	0.43%	26,314	0.16%
	16,942,765	100.00%	16,023,598	100.00%

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42. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

1. BRI (Parent Entity) (continued)

Percentage of financial instruments issued by the entity BRI Pension Fund of the total fair value of plan assets. For each category of financial instruments belonging to the BRI, the position in September 30, 2017 as follows:

Instrument	Percentage
BRI's Deposito On Call	0.472%
BRI's deposits	3.360%
BRI's bonds	7.335%
BRI's stocks	2.458%
BRI's MTN	0.000%

The percentage of the property that was placed by the entities BRI Pension Fund against the fair value of the total assets of the program for each category of property on the position in September 31, 2016 as follows:

Property	Percentage
BRI's leased land	12.632%
BRI's leased building	2.001%
BRI's leased land and building	3.657%

b. Old-Age Benefits Plan

The actuarial calculations for the defined benefit costs, implements the principle of the present value of the amount of payment for retirement benefits, in return for death compensation and compensation for disability. Calculation of the current value are obtained from the use of various actuarial assumptions. It is not only based on the interest rate but also based on the wage increase, the rate of death, disability and retirement. Calculation of all the factors referred to is commonly called The actuarial cash value.

Based on the actuarial calculation of BRI's old-age benefits as of September 30, 2017 and December 31, 2016, which was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated October 4, 2017 and Januari 5, 2017, which were prepared in accordance with SFAS No. 24 (Revised 2013), by using the "Projected Unit Credit Method" with the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	7.60%	8.30%
Pension-based salary growth rate	7.50%	7.50%
Mortality rate	CSO 1958	CSO 1958
Disability rate	10% from CSO 1958	10% from CSO 1958

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42. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

1. BRI (Parent Entity) (continued)

Movement of the present value of the defined benefit liabilities as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
The present value of the defined benefit at beginning of period	1,374,984	991,131
Interest expense	84,308	88,261
Current service cost	60,363	63,621
(Gains) / Losses Actuarial	574,181	335,917
Compensation paid	(101,656)	(103,947)
The present value of the defined benefit	1,992,180	1,374,983

Movement of the present value of the defined benefit liabilities is affected by the rise in the discount rate (the impact of assumption changes), accretion and the increasingly close working lives with a maturity (interest cost).

Movement of the fair value of plan assets as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
The fair value of plan assets at beginning of period	3,286,981	3,121,511
Correction of initial balance	-	-
Real investment result	310,410	134,490
Payment of dues (Giver and participants)	106,492	134,926
Payment of employee benefits	(101,656)	(103,947)
Plan assets at end of period - Actual	3,602,227	3,286,980

Movements of the ending balance liabilities recognized in the statement of financial position as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Load annuity - net (Note 35)	24,539	16,809
Remeasurement liability (asset) annuity - net	47,565	74,546
Payment of dues for the period	(72,104)	(91,355)
Liabilities - Ending Balances (Note 28)	-	-

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42. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

1. BRI (Parent Entity) (continued)

Remeasurement on liabilities for defined old-age benefits as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	202,101	127,555
(Gain) / Losses Actuarial	574,181	335,918
Yields on assets program	(105,645)	150,663
Impact change of assets outside the net interest liabilities (assets)	(420,971)	(412,035)
Total Remeasurement on liabilities for defined Old-age benefits - net	249,666	202,101

Old-age benefits expense for the nine-month period ended as of September 30, 2017 and 2016, based on the actuarial calculation is as follows:

	Nine-month Period Ended September 30, 2017	2016
Current service cost	60,363	46,748
Contributions paid - Participants	(34,388)	(32,748)
Liabilities interest	84,308	66,550
Assets interest	(204,765)	(213,652)
Limit interest on assets	119,021	145,239
Expense or (income) recognized profit and loss	24,539	12,137

As of September 30, 2017 and December 31, 2016, 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.

The percentage and amount of each major category which is the total fair value of plan assets as of September 30, 2017 and December 31, 2016, respectively, are as:

	September 30, 2017		December 31, 2016
	Total	Percentage	Total
			Percentage
Stocks	407,392	11.66%	274,233
Time deposits	721,350	20.67%	778,350
Bonds	886,311	25.40%	825,428
Government bonds	229,787	6.59%	229,241
KIK EBA	8,631	0.25%	15,146
Mutual fund	779,433	22.34%	754,409
Others	456,564	13.08%	325,896
	3,489,468	100.00%	3,202,703
			100.00%

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42. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

1. BRI (Parent Entity) (continued)

Percentage of financial instruments on the entity placed YKP BRI BRI to the total fair value of plan assets . For each category of financial instruments belonging to the BRI as of September 30, 2017 are as follow:

Instrument	Percentage
BRI's Deposits	17.61%
BRI's MTN	1.36%
BRI's Bonds	3.12%
BRI's Stocks	1.50%

There is no contractual agreement or stated policy for charging the net defined benefit . All workers BRI placed in a subsidiary is the responsibility of BRI , there is no sharing of risk between the controlling entity.

c. Defined Contribution Pension Plan

1. BRI (Parent Entity)

The employees of BRI are also included in the defined contribution pension plan in accordance with BRI Directors' decision which was effective since October 2000. BRI's contributions to the plan which are reported in the consolidated statement of profit or loss and other comprehensive income amounted to Rp190,692 and Rp53,983 for the nine-month period ended September 30, 2017 and 2016 (Note 35). This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

2. BRISyariah (Subsidiary)

The employees of BRISyariah are also included in the defined contribution pension plan in accordance with BRISyariah Directors' decision which was effective since January 2009. BRISyariah's contributions to the plan which are reported in the consolidated statement of profit or loss and other comprehensive income amounted to Rp45 and Rp9 for the nine-month period ended September 30, 2017 and 2016 (Note 35). This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

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42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme

1. BRI (Parent Entity)

The calculation performed by the management of BRI of liabilities related to allowance for separation benefit which include severance, gratuity and compensation benefits were based on actuarial valuation assumption in compliance with Labor Law No. 13/2003 dated March 25, 2003, as of September 30, 2017 and December 31, 2016. The actuarial calculations were performed by PT Bestama Aktuaria, an independent actuary, in its reports dated October 4, 2017 and January 5, 2017 by using the "Projected Unit Credit Method" with the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	7.60%	8.30%
Future salary's growth rate	7.50%	7.50%
Mortality rate	CSO 1958	CSO 1958
Disability rate	10% from CSO 1958	10% from CSO 1958

The status of the Work Separation Scheme as of September 30, 2017 and December 31, 2016, respectively, based on actuarial calculation are as follows:

	September 30, 2017	December 31, 2016
Present value of Work separation scheme liabilities	1,223,702	1,109,732
Unrealized (gain) / loss on actuarial	-	-
Fair value of plan assets	-	-
Work separation scheme liabilities	<u>1,223,702</u>	<u>1,109,732</u>

Movements in the work separation scheme liability as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	1,109,732	997,669
Work separation scheme expense (Note 35)	195,779	153,280
Actual benefit payments by BRI	(65,383)	(61,297)
Remeasurement on liabilities (assets)	(16,426)	20,080
Ending balance (Note 28)	<u>1,223,702</u>	<u>1,109,732</u>

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42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

1. BRI (Parent Entity) (continued)

The calculation of Work separation scheme expense for the three-month period ended as of September 30, 2017 and 2016, based on actuarial calculation are as follow:

	Nine-month Period Ended	
	September 30,	
	2017	2016
Current service cost	124,847	106,197
Interest expense	70,932	69,687
Work separation scheme expense (Note 35)	195,779	175,884

Remeasurement on liabilities (assets) for defined work separation scheme as of September 30, 2017 and December 31, 2016 respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	(27,395)	(47,474)
Actuarial (gain) / loss	(16,426)	20,080
Total remeasurement on liabilities for defined work separation scheme	(43,821)	(27,394)

2. 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 September 30, 2017 and December 31, 2016 respectively, as determined by PT Bestama Aktuaria, an independent actuary, in its reports dated October 5, 2017 and January 4, 2017, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	September 30, 2017	December 31, 2016
Annual discount rate	7.60%	8.10%
Annual salary's growth rate	5.00%	5.00%
Mortality rate	TMI-III 2011	TMI-III 2011

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42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

2. BRISyariah (Subsidiary) (continued)

The status of the work separation scheme liability as of September 30, 2017 and December 31, 2016, respectively, is as follows:

	September 30, 2017	December 31, 2016
Present value of Work separation scheme liabilities	74,156	58,108
Fair value of plan assets	(62,243)	-
Work separation scheme liabilities	11,913	58,108

Movements in the work separation scheme liability as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	58,109	46,966
Work separation scheme expense (Note 35)	10,587	12,654
Actual benefit payments by BRI	(211)	(1,519)
Remeasurement on liabilities (assets) for defined work separation scheme - net	5,428	7
Payment of contribution during the period	(62,000)	-
Ending balance (Note 28)	11,913	58,108

The calculation of work separation scheme expense for the nine-month period ended as of September 30, 2017 and 2016 based on the actuarial calculation are as follows:

	Nine-month Period Ended September 30, 2017	2016
Current service cost	7,059	5,892
Interest expense	3,528	3,392
Recognition of (gains) losses for the year	-	-
Work separation scheme expense (Note 35)	10,587	9,284

Remeasurement on liabilities (assets) for defined work separation scheme as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	(14,363)	(14,370)
(Gain) / loss on actuarial	5,462	7
Proceeds of program assets	(33)	-
Total Remeasurement on liabilities (assets) for defined work separation scheme - net	(8,934)	(14,363)

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42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

3. BRI Agro (Subsidiary)

The Subsidiary provides the work separation scheme based on the provisions of Labor Law No. 13/2003 dated March 25, 2003.

The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of profit and loss and other comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of September 30, 2017 and December 31, 2016, respectively, as determined by PT Bestama Aktuaria, an independent actuary, in its reports dated October 5, 2017 dan Januari 5, 2017, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	7.40%	8.30%
Annual salary increase rate	7.40%	8.00%
Mortality rate	TMI 2011	TMI 2011
Disability rate	10% TMI 2011	10% TMI 2011

The status of the work separation scheme liability as of September 30, 2017 and December 31, 2016, respectively, is as follows:

	September 30, 2017	December 31, 2016
Present value of Work separation scheme liabilities	41,762	35,519
Unrealized (gain) / loss on actuarial	-	-
Fair value of plan assets	-	-
Work separation scheme liabilities	41,762	35,519

Movements in the work separation scheme liability as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	35,519	27,420
Work separation scheme expense (Note 35)	5,872	10,245
Payment of benefits	(1,374)	(1,540)
Remeasurement liabilities / assets	1,745	(606)
Ending balance (Note 28)	41,762	35,519

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42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

3. BRI Agro (Subsidiary) (continued)

The calculation of work separation scheme expense for the nine-month period ended as of September 30, 2017 and 2016 based on the actuarial calculation are as follows:

	Nine-month Period Ended September 30,	
	2017	2016
Current service cost	3,592	686
Interest expense	2,280	621
Past service cost	-	-
Recognition of (gains) losses for the year	-	-
Work separation scheme expense (Note 35)	5,872	1,307

Remeasurement on liabilities for defined work separation scheme as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	442	1,047
Actuarial (gain) / loss	1,745	(605)
Total remeasurement on liabilities for defined work separation scheme - net	2,187	442

4. BRI Life (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 September 30, 2017 and December 31, 2016, as determined by Padma Radya Aktuaria, independent actuaries, in their reports dated October 5, 2017 and January 6, 2017, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	7.25%	8.25%
Annual salary increase rate	7.00%	7.00%
Mortality rate	TMI III 2011	TMI III 2011
Disability rate	10% TMI III 2011	10% TMI III 2011

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42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

4. BRI Life (Subsidiary) (continued)

Movements in the work separation scheme liability as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	48,691	41,044
Work separation scheme expense - net (Note 35)	5,892	4,711
Actual benefit payments	(27)	(760)
Remeasurement on liabilities (assets)	2,105	3,697
Ending balance (Note 28)	56,661	48,692

Remeasurement on liabilities (assets) for defined work separation scheme as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2016	December 31, 2016
Beginning balance	6,598	2,901
Actuarial loss	2,105	3,697
Total remeasurement on liabilities for defined work separation scheme - net	8,703	6,598

The calculation of work separation scheme expense for the three-month period ended as of September 30, 2017 and 2016 based on the actuarial calculation are as follows:

	Nine-month Period Ended September 30, 2017	2016
Current service cost	2,937	2,185
Pas service cost	-	(1,590)
Interest expense	2,955	2,776
(Gain) loss for the year	-	-
Work separation scheme expense (Note 35)	5,892	3,371

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42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

5. BRI Finance (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 September 30, 2017 and December 31, 2016, as determined by PT Jasa Aktuaria Praptasentosa Gunajasa, independent actuaries, in their reports dated October 2, 2017 and January 5, 2017, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	8.00%	8.00%
Annual salary increase rate	7.00%	7.00%
Mortality rate	TMI III 2011	TMI III 2011
Disability rate	10% TMI III 2011	10% TMI III 2011

Movements in the work separation scheme liability as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	9,168	16,055
Work separation scheme expense - net (Note 35)	1,422	2,490
Actual benefit payments	(772)	(5,074)
Remeasurement on liabilities (assets)	406	(4,303)
Ending balance (Note 28)	10,224	9,168

Remeasurement on liabilities (assets) for defined work separation scheme as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	(5,742)	(1,439)
Actuarial loss	406	(4,303)
Total remeasurement on liabilities for defined work separation scheme - net	(5,336)	(5,742)

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42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

5. BRI Finance (Subsidiary) (continued)

The calculation of work separation scheme expense for the nine-month period ended as of September 30, 2017 based on the actuarial calculation is as follows:

	Nine-month Period Ended September 30, 2017
Current service cost	870
Pas service cost	2
Interest expense	550
(Gain) loss for the year	-
Work separation scheme expense (Note 35)	1,422

e. Other Long-term Employee Benefits

BRI employees also have long-term employee benefits, such as gratuity for services, and grand leaves.

1. Allowance for gratuity for services

a) BRI (Parent Entity)

Based on the actuarial calculation on gratuity for services as of September 30, 2017 and December 31, 2016, respectively, which was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated October 4, 2017 and January 5, 2017, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	7.60%	8.30%
Future salary's growth	7.50%	7.50%
Gold price growth rate	4.00%	10.00%
Mortality rate	CSO 1958	CSO 1958
Disability rate	10% from CSO 1958	10% from CSO 1958

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp964,030 and Rp940,341 as of September 30, 2017 and Desember 31, 2016, respectively (Note 28).

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42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

1. Allowance for gratuity for services (continued)

a) BRI (Parent Entity) (continued)

Movements in liability for gratuity for services as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	940,342	833,576
Gratuity for service expense (Note 35)	24,059	150,349
Benefit payments by BRI	(371)	(43,584)
Gratuity for services liability (Note 28)	964,030	940,341

The gratuity for service expense for the nine-month period as of September 30, 2017 and 2016 based on the actuarial calculation are as follows:

	Nine-month Period Ended September 30, 2017	2016
Current service cost	64,471	53,560
Interest expense	60,531	58,063
Recognized actuarial (gain) loss	(100,943)	54,611
Gratuity for services expense	24,059	166,234

b) BRI Agro (Subsidiary)

The Subsidiary also provide awards program honors to the workers as a form of employee benefits.

The actuarial calculation of gratuity for services subsidiaries are recorded in the statement of income and other comprehensive income and recognized in the consolidated statement of financial position on September 30, 2017 and Desember 31, 2016 which was prepared by PT Bestama Aktuaria, independent actuaries in their reports dated October 5, 2017 by using the Projected Unit Credit method and considered the following assumptions:

	September 30, 2017
Gold price (full Rupiah)	555,500
Average age below retirement age	34.86
Average age above retirement age	-
Average service years	9.33

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp181 as of September 30, 2017 (Note 28).

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42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

1. Allowance for gratuity for services (continued)

b) BRI Agro (Subsidiary) (continued)

Movements in liability for gratuity for services as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017
Beginning balance	-
Gratuity for service expense (Note 35)	603
Actual benefit payments	(422)
Gratuity for services liability (Note 28)	181

Gratuity for services expense for the nine-month period ended September 30, 2017 based on actuarial calculations are as follows:

	Nine-month Period Ended September 30, 2017
Current services cost	204
Past services cost	420
Interest expense	-
Recognized actuarial loss	(21)
Gratuity for services expense (Note 35)	603

c) BRI Life (Subsidiary)

The Subsidiary also provide awards program honors to the workers as a form of employee benefits.

The actuarial calculation of gratuity for services subsidiaries are recorded in the statement of income and other comprehensive income and recognized in the consolidated statement of financial position on September 30, 2017 and Desember 31, 2016 which was prepared by PT Padma Radya Aktuaria. Independent actuaries in their reports dated October 4, 2017 and Januari 6, 2017, by using the Projected Unit Credit method and considered the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	7.25%	8.25%
Future salary's growth	7.00%	7.00%
Mortality rate	TMI-III 2011	TMI-III 2011
Disability rate	10% TMI 2011	10% TMI 2011

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42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

1. Allowance for gratuity for services (continued)

c) BRI Life (Subsidiary) (continued)

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp10,902 and Rp10,623 as of September 30, 2017 and December 31, 2016, respectively (Note 28).

Movements in liability for gratuity for services as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	10,623	9,764
Gratuity for service expense (Note 35)	279	2,131
Actual benefit payments	-	(1,272)
Gratuity for services liability (Note 28)	10,902	10,623

Gratuity for services expense for the nine-month period ended September 30, 2017 and 2016 based on actuarial calculations are as follows:

	Nine-month Period Ended September 30, 2017	2016
Current services cost	674	538
Past services cost	(447)	(908)
Interest expense	580	431
Recognized actuarial loss	(528)	2,014
Gratuity for services expense	279	2,075

d) BRI Finance (Subsidiary)

The Subsidiary also provide awards program honors to the workers as a form of employee benefits.

The actuarial calculation of gratuity for services subsidiaries are recorded in the statement of income and other comprehensive income and recognized in the consolidated statement of financial position on September 30, 2017 and Desember 31, 2016 which was prepared by PT Jasa Aktuaria Praptasentosa Gunajasa, independent actuaries in their reports dated October 62, 2017 and Januari 5, 2017, by using the Projected Unit Credit method and considered the following assumptions:

	September 30, 2017	December 31, 2016
Gold price (full Rupiah)	565,750	502,750
Average age below retirement age	37.05	36.00
Average age above retirement age	-	-
Average service years	8.49	7.71

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42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

1. Allowance for gratuity for services (continued)

d) BRI Finance (Subsidiary) (continued)

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp275 and Rp244 as of September 30, 2017 and Desember 31, 2016, respectively (Note 28).

Movements in liability for gratuity for services as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance	244	356
Income in statement of profit and loss	37	(65)
Actual benefit payments	(6)	(47)
Gratuity for services liability (Note 28)	275	244

Gratuity for services expense for the three-month period ended September 30, 2017 based on actuarial calculations is as follows:

	Nine-month Period Ended September 30, 2017
Current services cost	20
Past services cost	-
Interest expense	15
Recognized actuarial loss	2
Gratuity for services expense (Note 35)	37

2. Grand leaves

a) BRI (Parent Entity)

The actuarial calculation for grand leaves each of the dates September 30, 2017 and December 31, 2016, respectively, which was prepared by PT Bestama Actuary, an independent actuary, in its report dated October 4, 2017 and Januari 5, 2017, by using the Projected Unit Credit method and considered the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	7.60%	8.30%
Future salary's growth	7.50%	7.50%
Mortality rate	CSO 1958	CSO 1958
Disability rate	10% from CSO 1958	10% from CSO 1958

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42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

2. Grand leaves (continued)

a) BRI (Parent Entity) (continued)

The present value of liability of allowance for grand leaves based on actuarial calculations amounted to Rp1,581,784 and Rp1,314,399 as of September 30, 2017 and December 31, 2016, respectively (Note 28).

Movements in liability for grand leaves as of September 30, 2017 and December 31, 2016 and respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance of liability	1,314,399	1,119,535
Grand leaves expense - net (Note 35)	341,178	308,428
Actual benefit payments by BRI	(73,793)	(113,564)
Grand leaves liability (Note 28)	1,581,784	1,314,399

The grand leaves expense for the nine-month period ended as of September 30, 2017 and 2016 based on the actuarial calculation are as follows:

	Nine-month Period Ended September 30, 2017	2016
Current service cost	186,552	135,006
Interest Expense	85,331	76,811
Recognized actuarial loss (gain)	69,295	128,409
Grand leaves expense (Note 35)	341,178	340,226

b) BRISyariah (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefit.

The actuarial calculation for grand leaves was recorded in the consolidated statements of profit and loss and other comprehensive income and recognized in the consolidated statements of financial position as of September 30, 2017 and December 31, 2016 as determined by PT Bestama Aktuaria, an independent actuary, in its reports dated October 5, 2017 and January 4, 2017, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	7.60%	8.10%
Future salary's growth rate	5.00%	5.00%
Mortality rate	TMI-III 2011	TMI-III 2011
Normal retirement age	10% TMI 2011	10% TMI 2011

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42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

2. Grand leaves (continued)

b) BRISyariah (Subsidiary) (continued)

The present value of liability of allowance for grand leaves based on actuarial calculations are Rp28,473 and Rp25,294 as of September 30, 2017 and Desember 31, 2016, respectively (Note 28).

Movements in liability for grand leaves as of September 30, 2017 and Desember 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance of liability	25,294	32,828
Grand leaves expense - net (Note 35)	7,498	985
Actual benefit payments by BRIS	(4,319)	(8,519)
Grand leaves liability (Note 28)	28,473	25,294

The subsidiary's grand leaves expense for the nine-month period ended as of September 30, 2017 and 2016 based on the actuarial calculation are as follows:

	Nine-month Period Ended September 30, 2017	2016
Current service cost	3,918	4,790
Interest Expense	1,524	2,210
Recognized actuarial loss (gain)	2,056	(6,778)
Grand leaves expense (Note 35)	7,498	222

c) BRI Agro (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation for grand leaves Subsidiary recorded in the income statement and the consolidated comprehensive income and be acknowledged in the statement of financial position for the termination of employment obligations respectively on September 30, 2017 and December 31, 2016 as determined by PT Bestama Actuarial, an independent actuary, in its report on October 5, 2017 dan January 5, 2017 by using the Projected Unit Credit method and considered the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	5.90%	7.50%
Future salary's growth	7.40%	8.00%
Mortality rate	TMI 2011	TMI 2011
Disability rate	10% TMI 2011	10% TMI 2011

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42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

2. Grand leaves (continued)

c) BRI Agro (Subsidiary) (continued)

The present value of the obligation for grand leaves based on actuarial calculations amounted to Rp2,708 and Rp2,202 as of September 30, 2017 and December 31, 2016 (Note 28).

Movements in liability for grand leaves as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance of liability	2,202	1,957
Expense recognized in the current year	964	1,046
Benefit payments	(458)	(801)
Ending balance (Note 28)	2,708	2,202

The subsidiary's grand leaves expense for the nine-month period ended as of September 30, 2017 and 2016 based on the actuarial calculation are as follows:

	Nine-month Period Ended September 30, 2017	2016
Current service cost	712	597
Interest Expense	131	123
Recognized actuarial loss (gain)	121	212
Grand leaves expense (Note 35)	964	932

d) BRI Life (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation for grand leaves Subsidiary recorded in the income statement and the consolidated comprehensive income and be acknowledged in the statement of financial position for the termination of employment obligations respectively on September 30, 2017 and December 31, 2016 as determined by PT Padma Radya Aktuaria, an independent actuary, in its report on October 4, 2017 and Januari 6, 2017, by using the Projected Unit Credit method and considered the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	7.25%	8.25%
Future salary's growth	7.00%	7.00%
Mortality	TMI 2011	TMI 2011
Disability rate	10% TMI 2011	10% TMI 2011

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42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

2. Grand leaves (continued)

d) BRI Life (Subsidiary) (continued)

The present value of obligation for grand leaves of the Subsidiary based on actuarial calculation amounted to Rp8,315 and Rp7,542 as of September 30, 2017 and December 31, 2016, respectively.

Movements in liability for grand leaves as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	30 September 2017	December 31, 2016
	S	
Beginning balance of liability	7,541	2,221
Grand leaves expense (Note 35)	1,351	6,161
Actual benefit payments	(577)	(840)
Grand leaves liability (Note 28)	8,315	7,542

The subsidiary's grand leaves expense for the nine-month period ended as of September 30, 2017 and 2016 based on the actuarial calculation are as follows:

	Nine-month Period Ended September 30, 2017	2016
Current service cost	1,883	1,458
Past service cost	-	2,678
Interest expense	402	308
Recognized actuarial loss	(933)	897
Grand leaves expense (Note 35)	1,352	5,341

e) BRI Finance (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation for grand leaves Subsidiary recorded in the income statement and the consolidated comprehensive income and be acknowledged in the statement of financial position for the termination of employment obligations respectively on September 30, 2017 and December 31, 2016 as determined by PT Jasa Aktuaria Praptasentosa Gunajasa, an independent actuary, in its report on October 2, 2017 and Januari 5, 2017, by using the Projected Unit Credit method and considered the following assumptions:

	September 30, 2017	December 31, 2016
Discount rate	8.00%	8.00%
Future salary's growth	7.00%	7.00%
Mortality	TMI 2011	TMI 2011
Disability rate	5% TMI 2011	5% TMI 2011

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42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

2. Grand leaves (continued)

e) BRI Finance (Subsidiary) (continued)

The present value of obligation for grand leaves of the Subsidiary based on actuarial calculation amounted to Rp582 and Rp317 as of September 30, 2017 and December 31, 2016, respectively.

Movements in liability for grand leaves as of September 30, 2017 and December 31, 2016, respectively, are as follows:

	September 30, 2017	December 31, 2016
Beginning balance of liability	317	485
Grand leaves expense (Note 35)	313	181
Actual benefit payments	(48)	(349)
Grand leaves liability (Note 28)	582	317

The subsidiary's grand leaves expense for the nine-month period ended as of September 31, 2017 based on the actuarial calculation are as follows:

	Nine-month Period Ended September 30, 2017
Current service cost	65
Interest expense	19
Recognized actuarial loss	229
Grand leaves expense (Note 35)	313

43. INFORMATION ON COMMITMENTS AND CONTINGENCIES

Significant information regarding commitments and contingencies as of September 31, 2017 and December 31, 2016 are as follows:

	September 30, 2017	December 31, 2016
Commitments		
Commitments receivables		
Purchase of spot and foreign currencies	2,540,034	12,219,746
Commitments liabilities		
Unused credit facilities granted to debtors	120,712,949	120,916,072
Irrevocable letters of credit (Note 27c)	7,598,673	8,541,152
Sale of spot and foreign currencies	12,013,244	7,109,202
Unused financing facilities granted to debtors	150,015	254,649
	140,474,881	136,821,075
Commitments - net	(137,934,847)	(124,601,329)

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43. INFORMATION ON COMMITMENTS AND CONTINGENCIES (continued)

Significant information regarding commitments and contingencies as of September 31, 2017 and December 31, 2016 are as follows (continued):

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Contingencies		
Contingencies receivables		
Interest receivable under settlement	64,039	45,208
Contingent liabilities		
Guarantees issued (Note 27c) in the form of:		
Standby letters of credit	10,630,991	3,838,190
Bank guarantees	19,835,537	20,684,825
	30,466,528	24,523,015
Contingencies - net	(30,402,489)	(24,477,807)

44. TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, BRI engages in transactions with related parties due to the relationship of ownership and/or management. All transactions with related parties have been made according to the mutually agreed policies and terms.

Balances and transactions with related parties are as follows:

<u>Related parties</u>	<u>Relationship</u>	<u>Element of transactions</u>
Government of the Republic of Indonesia (RI)	Ownership of majority shares through the Ministry of Finance of the Republic of Indonesia	Securities
BDH Khusus Bialugri	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
Ministry of Finance of the Republic of Indonesia	Control through the Central Government of the Republic of Indonesia	Loans
Lembaga Pembiayaan Ekspor Indonesia	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other Banks, Securities
Perum BULOG	Control through the Central Government of the Republic of Indonesia	Loans, Export bills

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44. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Relationship	Element of transactions
Perum Djawatan Angkoetan Motor Republik Indonesia (DAMRI)	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
PT Aero System Indonesia	Control through the Central Government of the Republic of Indonesia	Export bills
PT Aneka Tambang	Control through the Central Government of the Republic of Indonesia	Loans
PT Bank BNI Syariah	Control through the Central Government of the Republic of Indonesia	Current accounts with other banks, Placements in Bank Indonesia and other Banks
PT Bank Mandiri (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Current accounts with other banks, Placements in Bank Indonesia and other Banks, Securities purchased under Agreement to resell, Securities
PT Bank Negara Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Current accounts with other banks, Placements in Bank Indonesia and other Banks, Securities
PT Bank Syariah Mandiri	Control through the Central Government of the Republic of Indonesia	Current accounts with other banks
PT Bank Tabungan Negara (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other Banks, Securities
PT Bank BTN Syariah	Control through the Central Government of the Republic of Indonesia	Placements in Bank Indonesia and other Banks
PT Dirgantara Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Export bills, Loans, Guarantees issued, Irrevocable L/C
PT Garuda Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Loans, Guarantees issued

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44. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Pihak-pihak Berelasi	Jenis Hubungan	Unsur Transaksi Pihak Berelasi
PT Garuda Maintenance Facility AeroAsia	Control through the Central Government of the Republic of Indonesia	Acceptance receivables, Acceptance payables, Guaranteed issued
PT Indonesia Asahan Aluminium (Persero)	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Indonesia Power	Control through the Central Government of the Republic of Indonesia	Guaranteed issued
PT INTI (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptance receivables, Acceptance payables
PT Inti Pindad Mitra Sejati	Control through the Central Government of the Republic of Indonesia	Export bills
PT Inti Konten Indonesia	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
PT Jasa Marga (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities
PT Kereta Api Indonesia (Persero)	Control through the Central Government of the Republic of Indonesia	Loans, Guarantees issued
PT Koperasi Karyawan BRI Syariah	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
PT Koperasi Swakarya BRI	Control through the Central Government of the Republic of Indonesia	Sharia receivables and financing
PT Krakatau Engineering	Control through the Central Government of the Republic of Indonesia	Acceptance receivables, Acceptance payables

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44. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Relationship	Element of transactions
PT Krakatau Steel (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Export bills, Loans, Acceptance receivables, Acceptance payables
PT Len Industri (Persero)	Control through the Central Government of the Republic of Indonesia	Acceptance receivables, Acceptance payables
PT Pegadaian (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Loans, Sharia receivables and financing
PT Pembangunan Perumahan (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptance receivables, Acceptance payables, Guarantees issued, IrrevocableL/C
PT Pembangkit Jawa Bali	Control through the Central Government of the Republic of Indonesia	IrrevocableL/C
PT Perkebunan Nusantara II	Control through the Central Government of the Republic of Indonesia	IrrevocableL/C
PT Pertamina (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Export bills, IrrevocableL/C, Guarantees issued
PT Pertamina Lubricants	Control through the Central Government of the Republic of Indonesia	Export bills
PT Perusahaan Gas Negara (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Guarantees issued
PT Perusahaan Listrik Negara (Persero)	Control through the Central Government of the Republic of Indonesia	Securities, Loans, Guarantees issued, IrrevocableL/C

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44. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Relationship	Element of transactions
PT Petrokimia Gresik	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Pindad (Persero)	Control through the Central Government of the Republic of Indonesia	Export bills, Acceptance receivables, Acceptance payables
PT Pupuk Kalimantan Timur	Control through the Central Government of the Republic of Indonesia	Loans
Railink	Control through the Central Government of the Republic of Indonesia	Irrevocable L/C
PT Sarana Multigriya Finansial (Persero)	Control through the Central Government of the Republic of Indonesia	Securities
PT Telekomunikasi Indonesia (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Securities
PT Telekomunikasi Seluler Tbk	Control through the Central Government of the Republic of Indonesia	Guarantee issued
PT Waskita Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptance receivables, Acceptance payables, Guarantee issued
PT Wijaya Karya (Persero) Tbk	Control through the Central Government of the Republic of Indonesia	Acceptance receivables, Acceptance payables, Guarantee issued
Key employees	Control through the Central Government of the Republic of Indonesia	Loans, Sharia receivables and financing

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44. TRANSACTIONS WITH RELATED PARTIES (continued)

	September 30, 2017	December 31, 2016
Assets		
Current accounts with other banks (Note 5)		
PT Bank Negara Indonesia (Persero) Tbk	21,087	10,640
PT Bank Mandiri (Persero) Tbk	6,748	12,060
PT Bank BNI Syariah	170	74
PT Bank Syariah Mandiri	62	74
	<u>28,067</u>	<u>22,848</u>
Placements with Bank Indonesia and other Banks (Note 6)		
Lembaga Pembiayaan Ekspor Indonesia	380,000	200,000
PT Bank BNI Syariah	71,000	2,000
PT Bank BTN Syariah	6,800	-
PT Bank Mandiri (Persero) Tbk	6,600	45,400
PT Bank Negara Indonesia (Persero) Tbk	-	200,000
PT Bank Tabungan Negara (Persero) Tbk	-	12,220
	<u>464,400</u>	<u>459,620</u>
Securities (Note 7)		
Government of Republic of Indonesia	111,328,794	92,283,523
Lembaga Pembiayaan Ekspor Indonesia	1,374,106	1,151,487
PT Bank Tabungan Negara (Persero) Tbk	1,298,341	1,486,711
PT Bank Mandiri (Persero) Tbk	747,814	142,070
PT Sarana Multigriya Finansial (Persero)	606,037	296,580
PT Pegadaian (Persero)	515,390	569,660
PT Perusahaan Listrik Negara (Persero)	431,413	460,620
PT Pertamina (Persero)	365,577	291,543
PT Telekomunikasi Indonesia (Persero) Tbk	237,190	282,297
PT Jasa Marga (Persero) Tbk	228,374	448,067
Others	3,578,521	3,634,398
	<u>120,711,557</u>	<u>101,046,956</u>
Export bills (Note 8)		
PT Pertamina (Persero)	1,109	932
PT Pindad Enjiniring Indonesia	281	6,398
PT Pindad (Persero)	268	1,191
PT Dirgantara Indonesia (Persero)	-	161,800
Perum BULOG	-	60,143
PT Krakatau Steel (Persero) Tbk	-	5,031
PT Aero Systems Indonesia	-	4,275
PT Pertamina Lubricants	-	485
PT Inti Pindad Mitra Sejati	-	457
	<u>1,658</u>	<u>240,712</u>
Government Recapitalization Bonds (Note 9)		
Government of Republic of Indonesia	3,319,262	3,318,434
	<u>3,319,262</u>	<u>3,318,434</u>

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44. TRANSACTIONS WITH RELATED PARTIES (continued)

	September 30, 2017	December 31, 2016
<u>Assets (continued)</u>		
Securities purchased under agreement to resell (Note 10)		
PT Bank Mandiri (Persero) Tbk	-	229,983
	-	229,983
Loans (Note 12)		
PT Perusahaan Listrik Negara (Persero)	25,862,011	27,446,991
Perum BULOG	11,379,185	16,112,248
Kementrian Keuangan Republik Indonesia	3,868,416	4,307,997
PT Kereta Api Indonesia (Persero)	3,723,857	3,864,676
PT Pegadaian (Persero)	3,514,506	3,835,110
PT Aneka Tambang (Persero)	2,020,725	1,347,250
PT Dirgantara Indonesia (Persero)	1,955,797	1,735,635
PT Krakatau Steel (Persero) Tbk.	1,938,798	2,377,804
PT. Garuda Indonesia (Persero) Tbk	1,909,375	1,968,132
PT Pupuk Kalimantan Timur	1,749,891	1,621,845
Key employees	38,549	43,174
Others	29,941,843	29,051,753
	87,902,953	93,712,615
Sharia receivables and financing (Note 13)		
PT Pegadaian (Persero)	354,000	300,000
PT Koperasi Karyawan BRI Syariah	108,344	112,576
Perum DAMRI	60,469	31,700
PT Koperasi Swakarya BRI	14,883	45,366
PT Inti Konten Indonesia	3,850	3,850
Key employees	3,160	13,346
Others	15,452	-
	560,158	506,838
Acceptance receivables (Note 15)		
PT Wijaya Karya (Persero) Tbk	164,095	163,023
PT Garuda Maintenance Facility AeroAsia	130,953	66,490
PT Pembangunan Perumahan (Persero) Tbk	117,268	119,260
PT Waskita Karya (Persero) Tbk	89,561	16,087
PT Pindad (Persero)	22,313	93,410
PT INTI (Persero)	9,200	477
PT Len Industri (Persero)	3,186	6,459
PT Krakatau Steel (Persero) Tbk	1,759	-
PT Krakatau Engineering	-	908
Lain-Lain	291,554	28,531
	829,889	494,645
Total assets from related parties	213,817,944	200,032,651
Total consolidated assets	1,038,672,623	1,003,644,426
Percentage of total assets from related parties to total consolidate assets	20.59%	19.93%

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44. TRANSACTIONS WITH RELATED PARTIES (continued)

	September 30, 2017	December 31, 2016
Liabilities		
Deposits		
Demand deposits (Note 20)		
Government Entities and Institutions	40,844,624	44,484,819
Key employees	200,193	632
Others	10,517	23,533
	<u>41,055,334</u>	<u>44,508,984</u>
Saving deposits (Note 21)		
Government Entities and Institutions	32,441	19,258
Key employees	181,020	92,227
	<u>213,461</u>	<u>111,485</u>
Time deposits (Note 22)		
Government Entities and Institutions	84,466,616	79,043,913
Key employees	372,634	118,601
Others	108,000	828,258
	<u>84,947,250</u>	<u>79,990,772</u>
Deposits from other Banks and financial institutions (Note 23)		
Government Entities and Institutions	707,480	499,475
	<u>707,480</u>	<u>499,475</u>
Securities sold under agreements to repurchase (Note 24)		
Government Entities and Institutions	1,462,269	1,454,477
	<u>1,462,269</u>	<u>1,454,477</u>
Acceptance payables (Note 25)		
Government Entities and Institutions	829,889	494,645
	<u>829,889</u>	<u>494,645</u>
Fund borrowings (Note 26)		
Government Entities and Institutions	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Compensation to key employees management (Note 42)		
Present value of defined benefit pension liability	409,203	369,514
Present value of work separation liability	53,645	76,513
Present value of old-age benefits liability	99,748	68,082
Present value of grand leaves liability	41,776	42,327
Present value of gratuity for services liability	38,530	37,548
	<u>642,902</u>	<u>593,984</u>
Total liabilities to related parties	<u>129,958,585</u>	<u>127,753,822</u>
Total consolidated liabilities	<u>880,060,589</u>	<u>856,831,836</u>
Percentage of liabilities to related parties to total consolidated liabilities	<u>14.77%</u>	<u>14.91%</u>

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44. TRANSACTIONS WITH RELATED PARTIES (continued)

	September 30, 2017	December 31, 2016
Commitments and contingencies in administrative accounts		
Guarantees issued (Note 27c)		
PT Wijaya Karya (Persero) Tbk	2,738,610	2,348,096
PT Perusahaan Gas Negara (Persero) Tbk	2,501,961	2,457,968
PT Waskita Karya (Persero) Tbk	2,252,795	2,310,583
PT Pertamina (Persero)	1,520,471	115,912
PT Dirgantara Indonesia (Persero)	1,095,080	1,507,044
PT Pembangunan Perumahan (Persero) Tbk	607,468	225,841
PT Perusahaan Listrik Negara (Persero)	568,771	640,776
PT Telekomunikasi Selular Tbk	492,264	463,357
PT Kereta Api Indonesia (Persero)	473,536	288,897
PT Indonesia Power	397,783	576,901
Others	1,689,344	3,063,997
	14,338,083	13,999,372
Irrevocable L/C (Note 27c)		
PT Dirgantara Indonesia (Persero)	852,625	947,591
PT Indonesia Asahan Alumunium	591,871	360,514
PT Railink	517,354	517,392
PT Pembangunan Perumahan (Persero) Tbk	320,131	149,740
PT Perusahaan Listrik Negara (Persero)	297,755	1,477,564
PT Pertamina (Persero)	290,158	835,210
PT Pembangkitan Jawa Bali	273,754	103,498
PT Petrokimia Gresik	181,296	86,325
BDH Khusus Bialugri	124,440	541,153
PT Perkebunan Nusantara II	107,286	-
Others	709,286	1,435,129
	4,265,956	6,454,116
Nine-month Period Ended September 30,		
	2017	2016
Salaries and allowances for the Boards of Directors (Note 35)		
Salaries and allowances for the Boards of Directors	47,295	30,222
Salaries and allowances for the Boards of Commissioners	19,056	7,942
Total	66,351	38,164
Tantiem, bonuses and incentives for the Boards of Commissioners, Directors and key employees (Note 35)		
Tantiem for the Boards of Directors	241,532	210,773
Tantiem for the Boards of Commissioners	95,513	83,426
Bonuses and incentives for key employees	72,453	32,618
Total	409,498	326,817

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44. TRANSACTIONS WITH RELATED PARTIES (continued)

Percentage of transactions with related parties to total consolidated assets and liabilities of BRI and Subsidiaries are as follows:

	September 30, 2017	December 31, 2016
<u>Assets</u>		
Current accounts with other Banks	0.003%	0.002%
Placements with Bank Indonesia and other Banks	0.045%	0.046%
Securities	11.622%	10.068%
Export bills	0.000%	0.024%
Government Recapitalization Bonds	0.320%	0.331%
Securities purchased under agreement to resell	0.000%	0.023%
Loans	8.463%	9.337%
Sharia receivables and financing	0.054%	0.050%
Acceptances receivables	0.080%	0.049%
Total	20.587%	19.930%
<u>Liabilities</u>		
Demand deposits	4.666%	5.194%
Saving deposits	0.024%	0.013%
Time deposits	9.653%	9.336%
Deposits from other Banks and financial institutions	0.080%	0.058%
Securities sold under agreements to repurchase	0.166%	0.170%
Acceptance liabilities	0.094%	0.058%
Fund borrowings	0.011%	0.012%
Compensation to key employees management	0.073%	0.069%
Total	14.767%	14.910%

As of September 30, 2017 and December 31, 2016, BRI (Parent Entity) insured certain premises and equipments to PT Asuransi Bringin Sejahtera Artamakmur (related party) (Note 17).

45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Significant Agreements

On September 13, 2017, BRI entered into an agreement with PT Bringin Gigantara in connection with the procurement of Maintenance Agreement (MA) service for 2 (two) IBM Power 8 E880 engine units for a period of 2017-2020 with contract value of Rp80,000.

On July 12, 2017, BRI entered into an agreement with PT Telekomunikasi Indonesia, Tbk in connection with the procurement of 400 (four hundred) server units for BRI's DC and DRC with contract value of Rp56,925.

On May 17, 2017, BRI entered into an agreement with PT Anabatic Technologies Tbk in connection with the procurement of 2 (two) units mainframe Z13S N10 machine for a guarantee period of 1 (one) year with a contract value of Rp69,000.

On May 9, 2017, BRI entered into an agreement with PT Patra Telekomunikasi Indonesia in connection with the procurement to lease Hub and Remote VSAT Phase-1 BRI'sat Integration for 2,278 (two thousand two hundred and seventy eight) locations for a period of 3 (three) years with a contract value of Rp67,994.

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45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

a. Significant Agreements (continued)

On April 13, 2017, BRI entered into an agreement with PT Ingenico International Indonesia in connection with the procurement of 45,750 (forty five thousand seven hundred and fifty) EDC units for a guarantee period of 3 (three) years with a contract value of Rp74,572.

On December 23, 2016, BRI entered an agreement with PT Satkomindo Mediyasain connection with the procurement of Hub and Remote VSAT lease of Phase-1 BRI-sat Integration for 6,836 (six thousand eight hundred and thirty six) for a period of 3 (three) years with a contract value of Rp210,549.

On June 9, 2016, BRI entered an agreement with PT Bringin Gigantara in connection with the procurement of 2 (two) units of Machine AS / 400 Power-8 (E880) for a period of 1 (one) year with a contract value of Rp220,000.

On June 1, 2016, BRI entered an agreement with Koperasi Swakarya BRI in connection with the procurement of 3,000 (three thousand) ATM units for a period of 3 (three) years with a contract value of Rp250,805.

On June 1, 2016, BRI entered an agreement with PT Titan Sarana Niaga in connection with the procurement of 2,250 (two thousand two hundred and fifty) ATM units for a period of 3 (three) years with a contract value of Rp188,073.

On June 1, 2016, BRI entered an agreement with PT Asaba Computer Center in connection with the procurement of 1,500 (one thousand five hundred) ATM units for a period of 3 (three) years with a contract value of Rp125,382.

b. Contingent Liabilities

In conducting its business, BRI is a defendant with various litigation proceedings and legal claims mainly with respect to matters of contractual compliance. Although there is no clear assurance yet, BRI believes that based on information currently available, the ultimate resolution of these legal proceedings and legal claims will not likely have a material effect on the operations, financial position or liquidity level of BRI.

As of September 30, 2017 and December 31, 2016, BRI has provided an allowance (included in "Other Liabilities") for several pending lawsuits filed against BRI amounting to Rp704,489 and Rp613,720 (Note 29), respectively. Management believes that the allowance is adequate to cover possible losses arising from pending litigations or legal claims that are currently in progress.

46. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS

Based on Presidential Decision No. 26 of 1998 as implemented by the Ministry of Finance Decision dated January 28, 1998 and the Joint Decrees No. 30/270/KEP/DIR and No. 1/BPPN/1998 dated March 6, 1998, of the Director of Bank Indonesia and Head of IBRA, the Government provided a guarantee on certain obligations of all locally incorporated commercial banks. Based on the latest amendment under the Decree of the Ministry of Finance Decision No. 179/KMK.017/2000 dated May 26, 2000, this guarantee is valid from January 26, 1998 up to January 31, 2001 and with automatic extension of the guarantee period continuously every 6 (six) months, unless within 6 (six) months before the maturity of the guarantee period or its extension period, the Ministry of Finance announces to the public the expiry and/or change in the guarantee program. For this guarantee, the Government charges premium which is computed based on a certain percentage in accordance with the prevailing regulations.

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46. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS (continued)

In accordance with Regulation No. 17/PMK.05/2005 dated March 3, 2005 of the Ministry of Finance, starting April 18, 2005, commercial bank obligations guaranteed by the Government Guarantee Program include demand deposits, saving deposits, time deposits and borrowings from other banks in the form of inter-bank money market transactions.

The Government Guarantee Program through UP3 ended on September 22, 2005 based on Regulation No. 68/PMK.05/2005 dated August 10, 2005 of the Ministry of Finance regarding the "Calculation and Payment of Premium on Government Guarantee Program on the Payment of Obligations of Commercial Banks" for the period of July 1 up to September 21, 2005. The Government established the Indonesia Deposit Insurance Corporation (LPS), an independent agency, to replace UP3 based on Law No. 24 of 2004 dated September 22, 2004 regarding "Deposit Insurance Corporation", in order to provide guarantees on public funds including funds from other banks in the form of demand deposits, time deposits, certificates of deposits, saving deposits and/or other similar forms.

Based on LPS regulation No. 1/PLPS/2006 dated March 9, 2006 regarding "Guarantee Program on Saving Account", the balance of saving accounts guaranteed for each customer has a maximum of Rp100 million.

In accordance with Government Regulation No. 66 of 2008, dated October 13, 2008 regarding "The Amount of Public Savings Guaranteed by the Indonesia Deposit Insurance Corporation", the total amount of customers' saving accounts in banks which is guaranteed by the Government has increased to Rp2 billion, from the previous Rp100 million, effective on the date stated above.

LPS guarantee interest rate as of September 30, 2017 and December 31, 2016 were 6.00% and 6.25%, respectively, for deposits in Rupiah and 0.75% for foreign currencies.

47. ISSUED AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS)

The following summarizes the SFAS and IFAS which were issued by the Financial Accounting Standards Board (FASB) and Sharia Accounting Standards Board (SASB) are relevant to BRI and Subsidiaries, but not yet effective for interim consolidated financial statements as of September 30, 2017:

Effective on or after January 1, 2018:

- a. SFAS No. 2 (2016 Amendment), "Disclosure Initiative on Statement of Cash Flow", requires an entity to provide disclosures that enable users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.
- b. SFAS No. 46 (2016 Amendment), "Income Tax on Recognition of Deferred Tax Assets for Unrealised Losses", clarifies:
 - the temporary difference may be deducted when the carrying amount of the debt instrument assets measured at fair value and fair value is less than its tax base, regardless of whether the entity estimates to recover the carrying amount of the debt instrument through sale or use,
 - to determine whether the taxable profit will be available so that the deductible temporary differences can be utilized, the valuation of the deductible temporary differences shall be made in accordance with the tax regulations,
 - tax deductions arising from the reversal of deferred tax assets are exempt from future estimated taxable income. Then the entity compares the deductible temporary differences with the estimated future taxable income that does not include the tax deductions resulting from the reversal of the deferred tax asset,
 - some of the entity's assets exceed the carrying amount if there is sufficient evidence that it is likely that the entity will achieve it.

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47. ISSUED AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS) (continued)

The following summarizes the SFAS and IFAS which were issued by the Financial Accounting Standards Board (FASB) and Sharia Accounting Standards Board (SASB) are relevant to BRI and Subsidiaries, but not yet effective for interim consolidated financial statements as of September 30, 2017 (continued):

Effective on or after January 1, 2018 (continued):

- c. SFAS No. 15 (2017 Adjustment), "Investments in Associates and Joint Ventures", at initial recognition, entity may choose to measure its investee at fair value on an investment-by-investment basis.
- d. SFAS No. 67 (2017 Adjustment), "Disclosure of Interests in Other Entities", disclosure requirements in SFAS No. 67, other than those described in paragraphs PP 10 – PP 16, are also applied to any interest in an entity classified in accordance with SFAS No. 58 "Non-current Assets Held for Trading and Discontinued Operations".
- e. SFAS No. 111, "Wa'd Accounting", regulates the recognition and disclosure of sharia financial transactions in which one entity pledges to another to implement something. Sharia repo and exchange rate hedging transaction are Wa'd transaction.

Currently, BRI and Subsidiaries are evaluating and have not yet determined the impact of the revised SFAS on their interim consolidated financial statements.

48. OTHER DISCLOSURES

a. Capital Adequacy Ratio (CAR)

BRI actively manages its capital in accordance with the regulatory requirements. The primary objective of which is to ensure that BRI, at all times, maintains adequate capital to cover inherent risks to its banking activities without prejudice to optimizing shareholder's value.

CAR as of September 30, 2017 and December 31, 2016 was calculated based on Regulation of Financial Services Authority (POJK) No. 34/POJK.03/2016 and Bank Indonesia Regulation (PBI) No. 15/12/PBI/2013, concerning the Minimum Capital Requirement for Commercial Banks where capital for credit risk consist of core capital (Common Equity Tier 1 and Additional Tier) and supplementary capital.

Based on POJK No. 34/POJK.03/2016 concerning the Minimum Capital Requirement for Commercial Banks, PBI No. 17/22/PBI/2015 concerning the Establishment of Countercyclical Buffer Requirement, and POJK No. 46/POJK.03/2015 concerning the Determination of Systemically Important Bank and Capital Surcharge, BRI is required to form additional capital as a buffer that apply in stages starting on January 1, 2016. The establishment of buffer capital consist of Capital Conservation Buffer, Countercyclical Buffer, and Capital Surcharge for D-SIB which shall be established based on a percentage of RWA of 1.25%, 0.00% and 1.00%, respectively.

Since August 24, 2015, BRI has implemented the Regulation of Financial Services Authority (POJK) No. 11/POJK.03/2015 on Prudential Principle Provisions to Stimulate the National Economy for Commercial Banks, which stipulates that the weight of risk for credit backed residences is on minimum of 35% for consumer credit in relation with the possession of house (KPR) or an apartment (KPA) or consumer loan with collateral such as house or apartment with certain conditions, or at least by 20% for a mortgage which is a program of the Government of Indonesia with certain conditions. In addition, the risk weight of credit to Small Medium Enterprise (SME) whose credit is guaranteed by Regional-Owned Enterprises (BUMD) guarantee institution or credit insurance is set at 50% as long as the requirements set are met.

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48. OTHER DISCLOSURES (continued)

a. Capital Adequacy Ratio (CAR) (continued)

Based on the BRI's risk profile as of June 30, 2017 and June 30, 2016, which are both satisfactory, the minimum CAR as of September 30, 2017 and December 31, 2016 is set at 9% to less than 10%.

The determination of BRI's compliance with regulatory requirements and ratios is based on the regulatory accounting practices which differ from Indonesian Financial Accounting Standards in some respects. As of September 30, 2017 and December 31, 2016, BRI has complied with the BI and OJK required capital adequacy ratio.

CAR BRI (Parent Entity) as of September 30, 2017 and December 31, 2016 are calculated as follows:

	September 30, 2017	December 31, 2016
Core Capital (Tier 1)		
Common Equity (CET 1)	145,552,406	136,670,139
Additional Tier (AT-1)	-	-
Total Core Capital (Tier 1)	145,552,406	136,670,139
Supplementary Capital (Tier 2)	6,837,038	6,240,293
Total Capital	152,389,444	142,910,432
	September 30, 2017	December 31, 2016
Risk Weighted Asset (RWA)		
RWA for Credit Risk *)	546,963,040	502,423,401
RWA for Market Risk **)	9,549,657	9,535,428
RWA for Operational Risk ***)	130,967,728	111,898,899
Total RWA	687,480,425	623,857,728
	September 30, 2017	December 31, 2016
CAR Ratio		
CET 1 Ratio	21.17%	21.91%
Tier 1 Ratio	21.17%	21.91%
Tier 2 Ratio	0.99%	1.00%
Total Ratio	22.17%	22.91%
Tier 1 Minimum Ratio	6.00%	6.00%
CET 1 Minimum Ratio	4.50%	4.50%
Minimum CAR Based on Risk Profile	9.00%	9.00%

*) Credit risk is calculated according to SE OJK No. 42/SEOJK.03/2016 dated September 28, 2016

**) Market risk is calculated according to SE OJK No. 38/SEOJK.03/2016 dated September 8, 2016.

***) Operational risk is calculated according to SE OJK No. 24/SEOJK.03/2016 dated July 14, 2016.

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48. OTHER DISCLOSURES (continued)

b. Non-Performing Loans (NPL) Ratio

As of September 30, 2017 and December 31, 2016, BRI's NPL ratio are as follows:

1. Consolidated (including Sharia receivables and financing)

	September 30, 2017	December 31, 2016
NPL ratio - gross	2.32%	2.11%
NPL ratio - net	1.15%	1.15%

2. BRI (Parent Entity)

	September 30, 2017	December 31, 2016
NPL ratio - gross	2.23%	2.03%
NPL ratio - net	1.06%	1.09%

Net NPL ratio is calculated based on NPL less the minimum allowance for impairment losses in accordance with Bank Indonesia regulations divided by the total loans.

c. Custodian Operations

BRI Custodian is authorized by Bapepam and LK to provide custodian services under Decree No.KEP-91/PM/96 on April 11, 1996. The custodian services business is a part of the Investment Services Division, which provides services such as:

- Safe keeping custody services, administration, and portfolio valuation;
- Settlement handling & clearing;
- Income collection services, including the related tax payments;
- Corporate actions and proxy services;
- Information and reporting services;
- Custody Unit Link services and DPLK;
- Custodian for asset securitization;
- Global custodian for securities issued abroad, where BRI Custodian is direct member from Euroclear.

BRI has 249 (two hundred and forty nine) and 210 (two hundred and ten) customers as of September 30, 2017 and December 31, 2016, respectively, which mainly consist of pension funds, financial institutions, insurance companies, securities companies, mutual funds and other companies.

Customers' assets deposited at BRI Custodian (unaudited) amounted to Rp281,143,924 and Rp320,285,896 as of September 30, 2017 and December 31, 2016, respectively. While the number of custodian fees earned amounted to Rp51,763 and Rp40,728 for the nine-month period ended September 30, 2017 and 2016, respectively.

d. Trustee Agent Operations

BRI rendered trustee agent operations since 1996. The operating license of BRI for trust services was granted by the Ministry of Finance based on its Decision Letter No. 1554/KMK.013/1990 dated December 6, 1990 and registered in OJK in conformity with its Operating License as Trustee Agent No. 08/STTD-WA/PM/1996 dated June 11, 1996.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
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48. OTHER DISCLOSURES (continued)

d. Trustee Agent Operations (continued)

The trust services business is a part of the Investment Services Division which provides services such as:

- Trustee agent
- Security agent
- Payment agent

The total value of bonds issuance on behalf of bonds issuers managed by BRI as part of trustee agent amounted to Rp68,431,000 and Rp66,099,135 as of September 30, 2017 and December 31, 2016, respectively.

e. Trust Service

BRI's Trust Service is the custodian services customers in the form of financial assets for and on behalf of customers. BRI is the first bank in Indonesia to obtain permission from Bank Indonesia to perform Trust Services in Indonesia through Bank Indonesia letter No. 15/19/DPB1/PB1-3 dated February 12, 2013 and Bank Indonesia confirmation letter No. 15/30/DPB1/PB1-3 dated March 19, 2013.

The scope of services includes the BRI Trust Services:

- Paying agent services
- Lending agency services
- Investment agency services
- Other agency services, such as suspend and guarantees agent

BRI's Trust Services has been providing services for financial transactions involving oil and gas projects, both carried out by members of the Contractor Contract (K3S) under the auspices of SKK Migas and non K3S projects.

In addition to providing Trust Services, BRI has been providing paying agent and suspend agent services (non-trust) for other sectors, such as infrastructure, energy, trading and chemical industries. Beside service to direct customers, the BRI's Trust Services also participate in supporting BRI's financing working unit in the infrastructure, energy and syndicated financing transactions activities.

BRI's Trust and non Trust project value amounted to Rp24,159,072 and Rp40,986,737 for the nine-month period ended September 30, 2017.

BRI's Trust and non Trust project value amounted to Rp5,337,870 and Rp32,177,711 for the year ended December 31, 2016.

f. Syndication Agent

BRI is currently providing a syndicate agent service involving a syndicated loan for financing projects which is initiated by state-owned company, such as PT Jasa Marga (Persero) Tbk, PT Kereta Api Indonesia (Persero), PT Perusahaan Listrik Negara (Persero), PT Waskita Karya (Persero), PT Angkasa Pura I (Persero), PT Pupuk Sriwijaya, PT Perkebunan Nusantara (Persero) and syndicated financing project for private sector such as PT Malea Energy, PT Rayon Utama Makmur, and PT Bosowa Energi.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
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48. OTHER DISCLOSURES (continued)

f. Syndication Agent (continued)

BRI's syndication agent include the following services:

- Arranger
- Facilities agent
- Guarantees agent
- Shelter agent

BRI Syndication Agent project value amounted to Rp151,616,733 and Rp141,670,733, for the period and year ended September 30, 2017 and December 31, 2016, respectively.

g. Extraordinary General Meeting of Shareholders

On Wednesday, October 18, 2017, BRI has conducted Extraordinary General Meeting of Shareholders with the following agenda:

- The approval of Company stock split from Rp250 (two hundred and fifty rupiah) per share to Rp50 (fifty rupiah) per share and the Amandment of Company's Articles of Association related to the stock split.
- Changes of Board of the Company.

49. EARNINGS PER SHARE

The following presents the computation of basic earnings per share (EPS):

	September 30, 2017		
	Income for the Year	Weighted average number of outstanding common shares	Earning per share (Full Rupiah)
Basic earnings per share	<u>20,508,121</u>	<u>24,447,444,000</u>	<u>838.87</u>
	September 30, 2016		
	Income for the Year	Weighted average number of outstanding common shares	Earning per share (Full Rupiah)
Basic earnings per share	<u>18,950,861</u>	<u>24,447,668,313</u>	<u>775.16</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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50. ACCOUNT RECLASSIFICATION

Some of accounts in the interim consolidated statements for the nine-month period ended September 30, 2016 have been reclassified so appropriate with the presentation of the interim consolidated financial statements for the nine-month period ended September 30, 2017. The reclassification is made in the context of presenting the premium paid of the guarantee program customer funds as part of the cost of fund so that it is presented in interest expense.

	Nine-month Period Ended September 13, 2016		
	<u>Before</u>	<u>Reclassification</u>	<u>After</u>
	<u>reclassification</u>		<u>reclassification</u>
Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Premium paid to Government Guarantee Program	(1,021,402)	1,021,402	-
Total Interest and Sharia Income	(20,514,673)	(1,021,402)	(21,536,075)

51. COMPLETION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The management of BRI is responsible for the preparation of these interim consolidated financial statements which were completed and authorized to be issued on October 26, 2017.

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
INTERIM STATEMENT OF FINANCIAL POSITION - PARENT ENTITY
As of September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	September 30, 2017	December 31, 2016
ASSETS		
Cash	21,323,361	24,865,133
Current Accounts With Bank Indonesia	53,814,795	53,398,240
Current Accounts With Other Banks	7,201,130	10,792,581
Placements With Bank Indonesia and Other Banks	36,656,819	77,574,246
Securities	151,268,536	120,083,644
Export bills	6,162,180	9,345,472
Government Recapitalization Bonds	3,319,262	3,318,434
Securities Purchased Under Agreement to Resell	19,991,738	1,557,370
Derivatives Receivable	114,069	93,649
Loans	664,510,020	635,291,221
Allowance for impairment losses	(31,199,144)	(21,944,371)
	<u>633,310,876</u>	<u>613,346,850</u>
Acceptances Receivable	5,915,472	5,602,843
Investment in Associated Entities	6,656,433	5,783,220
Premises And Equipments		
Cost	32,322,565	31,232,047
Accumulated depreciation	(8,288,282)	(7,255,098)
Net book value	<u>24,034,283</u>	<u>23,976,949</u>
Deferred Tax Assets - net	3,653,869	2,328,530
Other Assets - net	19,677,997	11,933,529
TOTAL ASSETS	<u>993,100,820</u>	<u>964,000,690</u>

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
INTERIM STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	September 30, 2017	December 31, 2016
LIABILITIES AND EQUITY		
LIABILITIES		
Liabilities Due Immediately	6,728,588	5,328,446
Deposits from Customers		
Demand Deposits	115,587,626	140,764,079
Saving Deposits	303,328,486	297,649,283
Time Deposits	316,230,610	285,432,096
Total Deposits from Customers	<u>735,146,722</u>	<u>723,845,458</u>
Deposits from Other Banks and Financial Institutions	9,536,126	1,784,932
Securities Sold Under Agreement to Repurchase	6,430,508	7,302,398
Derivatives Payable	357,205	344,865
Acceptances Payable	5,915,472	5,602,843
Taxes Payable	607,125	881,207
Marketable Securities Issued	31,236,456	24,936,730
Fund Borrowings	23,818,374	34,599,638
Liabilities for Employee Benefits	10,591,798	9,181,163
Other Liabilities	6,192,761	4,699,821
Subordinated Loans and Marketable Securities	24,787	35,471
TOTAL LIABILITIES	<u>836,585,922</u>	<u>818,542,972</u>

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
INTERIM STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	September 30, 2017	December 31, 2016
LIABILITIES AND EQUITY (continued)		
EQUITY		
Capital stock - par value RP250 (full Rupiah) per share		
Authorized capital - 60, 000, 000, 000 shares		
(consisting of 1 Series A Dwiwarna series share and		
59, 999, 999 Series B shares)		
Issues and fully paid capital - 24,669,162,000 shares		
(consisting of 1 Series A Dwiwarna share and		
24,669,161,999 Series B shares	6,167,291	6,167,291
Additional paid-in capital	2,773,858	2,773,858
Revaluation surplus arising from fixed assets - net of tax	13,824,692	13,824,692
Differences arising from the translation of foreign currency		
financial statements	51,358	23,490
Unrealized gain on available for sale securities and		
Government Recapitalization Bonds - net of		
deferred tax	1,519,227	103,891
Gain on remeasurement of defined benefit plans - net of		
deferred tax	627,463	654,637
Treasury stock	(2,418,948)	(2,418,948)
Retained earnings		
Appropriated	3,022,685	3,022,685
Unappropriated	130,947,272	121,306,122
Total Retained Earnings	<u>133,969,957</u>	<u>124,328,807</u>
TOTAL EQUITY	<u>156,514,898</u>	<u>145,457,718</u>
TOTAL LIABILITIES AND EQUITY	<u>993,100,820</u>	<u>964,000,690</u>

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME - PARENT ENTITY
For the Nine-Month Period Ended September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Nine-month Period Ended	
	September 30,	
	2017	2016
INCOME AND EXPENSES FROM OPERATIONS		
Interest and investment income	73,874,724	67,938,301
Interest and other financing expense	(20,643,578)	(20,333,114)
Interest Income - net	53,231,146	47,605,187
Other Operating Income		
Other fees and commissions	7,401,269	6,568,537
Recovery of assets written-off	3,135,014	3,023,636
Gain on sale of securities and Government Recapitalization Bonds - net	582,607	310,438
Unrealized gain from changes the fair value of securities and Government Recapitalization Bonds - net	2,846	-
Others	2,145,454	2,043,121
Total Other Operating Income	13,267,190	11,945,732
Provision for impairment losses on financial assets - net	(15,361,111)	(11,121,441)
Other Operating Expenses		
Salaries and employee benefits	(14,956,938)	(14,389,167)
General and administrative	(8,407,053)	(7,847,049)
Foreign currency transaction losses - net	(76,217)	(454,095)
Unrealized loss from changes the fair value of securities and Government Recapitalization Bonds - net	-	(1,893)
Others	(3,577,471)	(3,008,597)
Total Other Operating Expenses	(27,017,679)	(25,700,801)
OPERATING INCOME	24,119,546	22,728,677
NON OPERATING INCOME - NET	149,039	183,226
INCOME BEFORE TAX EXPENSE	24,268,585	22,911,903
TAX EXPENSE	(4,149,126)	(4,289,291)
INCOME FOR THE PERIOD	20,119,459	18,622,612

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME - PARENT ENTITY (continued)
For the Nine-Month Period Ended September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Nine-month Period Ended	
	September 30,	
	2017	2016
Other comprehensive income:		
Items not to be reclassified to profit or loss		
Remeasurement of defined benefit plans	(36,232)	143,676
Revaluation surplus arising from fixed assets	-	14,315,528
Income tax related to item not to be reclassified to profit or loss	9,058	(526,755)
Items to be reclassified to profit or loss		
Exchange rate differences on translation of foreign currency financial statements	27,868	(2,692)
Unrealized gain on available for sale securities and Government Recapitalization Bonds	1,887,115	3,416,658
Income tax related to items to be reclassified to profit or loss	(471,779)	(854,164)
Other Comprehensive Income For the Period - After Tax	1,416,030	16,492,251
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	21,535,489	35,114,863
BASIC EARNINGS PER SHARE		
(full Rupiah)	822.97	761.73

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
INTERIM STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY
For the Nine-Month Period Ended September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statement	Unrealized Loss on Available for Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Gain on Remeasurement on Defined Benefit Plans - Net of Deferred Tax	Treasury Stocks	Revaluation Surplus Arising from Fixed Assets - Net of Deferred Tax	Retained Earnings		Total Equity
								Appropriated	Unappropriated	
Balance as of December 31, 2015	6,167,291	2,773,858	49,069	(1,039,128)	532,410	(2,286,375)	-	18,115,741	88,078,932	112,391,798
Income for the period	-	-	-	-	-	-	-	-	18,622,612	18,622,612
Other comprehensive income	-	-	(2,692)	2,562,490	107,758	-	13,824,692	-	-	16,492,248
Total comprehensive income for the period	-	-	(2,692)	2,562,490	107,758	-	13,824,692	-	18,622,612	35,114,860
Distribution of income Dividends	-	-	-	-	-	-	-	-	(7,619,322)	(7,619,322)
Reclassification of specific reserves	-	-	-	-	-	-	-	(15,093,057)	15,093,057	-
Treasury stock	-	-	-	-	-	(132,573)	-	-	-	(132,573)
Balance as of September 30, 2016	6,167,291	2,773,858	46,377	1,523,362	640,168	(2,418,948)	13,824,692	3,022,684	114,175,279	139,754,763

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
INTERIM STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY
For the Nine-Month Period Ended September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statement	Unrealized Loss on Available for Sale Securities and Government Bonds - Net of Deferred Tax	Gain on Remeasurement on Defined Benefit Plans - Net of Deferred Tax	Treasury Stocks	Revaluation Surplus Arising from Fixed Assets - Net of Deferred Tax	Retained Earnings		Total Equity
								Appropriated	Unappropriated	
Balance as of December 31, 2016	6,167,291	2,773,858	23,490	103,891	654,637	(2,418,948)	13,824,692	3,022,685	121,306,122	145,457,718
Income for the period	-	-	-	-	-	-	-	-	20,119,457	20,119,457
Other comprehensive income	-	-	27,868	1,415,336	(27,174)	-	-	-	-	1,416,030
Total comprehensive income for the period	-	-	27,868	1,415,336	(27,174)	-	-	-	20,119,457	21,535,487
Distribution of income Dividends	-	-	-	-	-	-	-	-	(10,478,309)	(10,478,309)
Balance as of September 30, 2017	6,167,291	2,773,858	51,358	1,519,227	627,463	(2,418,948)	13,824,692	3,022,685	130,947,270	156,514,896

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
INTERIM STATEMENT OF CASH FLOWS - PARENT ENTITY
For the Nine-Month Period Ended September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Nine-month Period Ended	
	September 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	73,965,878	67,751,378
Interest paid	(20,216,153)	(19,199,723)
Recoveries of assets written-off	3,135,014	3,023,636
Other operating income	9,655,525	8,341,575
Other operating expenses	(24,092,708)	(25,851,967)
Non-operating income - net	140,744	183,226
Payment of income tax and tax bill	(7,760,400)	(6,718,786)
Cash flows before changes in operating assets and liabilities	34,827,900	27,529,339
Changes in operating assets and liabilities:		
Decrease (increase) in operating assets:		
Placements with Bank Indonesia and other banks	-	100,000
Securities and Government Recapitalization Bonds at fair value through profit or loss	(77,116)	(893,643)
Export bills	3,183,292	(2,578,925)
Securities purchased under agreement to resell	(18,434,368)	(2,960,628)
Loans	(35,351,139)	(50,864,725)
Other assets	(5,390,113)	(2,187,084)
Increase (decrease) in operating liabilities:		
Liabilities due immediately	1,379,413	103,703
Deposits:		
Demand deposits	(25,176,453)	2,215,235
Saving deposits	5,679,203	579,723
Time deposits	30,798,514	19,960,328
Deposits from other banks and financial institutions	7,751,194	(1,520,924)
Securities sold under agreement to repurchase	(871,890)	(2,157,808)
Other liabilities	712,108	1,976,688
Net Cash Used in Operating Activities	(969,455)	(10,698,721)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of premises and equipments	8,295	4,814
Proceeds from dividend	41,903	13,801
Acquisition of premises and equipments	(1,097,712)	(2,086,435)
Investment in Associated Entities	(873,213)	(383,624)
Increase in available for sale and held to maturity securities and Government Recapitalization Bonds	(14,245,830)	(1,895,793)
Net Cash Used in Investing Activities	(16,166,557)	(4,347,237)

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
INTERIM STATEMENT OF CASH FLOWS - PARENT ENTITY (continued)
For the Nine-Month Period Ended September 30, 2017
(Expressed in millions of Rupiah, unless otherwise stated)

	Nine-month Period Ended September 30,	
	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from funding borrowings	(10,829,365)	(10,185,976)
Treasury Stock	-	(132,573)
Dividends paid	(10,478,309)	(7,619,322)
Payments of subordinated loans	-	(10,686)
Proceeds from and payment of marketable securities issued - net	6,302,383	9,954,702
Net Cash Used in Financing Activities	(15,005,291)	(7,993,855)
DECREASE IN CASH AND CASH EQUIVALENTS	(32,141,303)	(23,039,813)
EFFECT OF CHANGES ON FOREIGN CURRENCIES RATE	63,651	(8,079)
CASH AND CASH EQUIVALENT'S AT BEGINNING OF YEAR	185,271,640	158,677,543
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	153,193,988	135,629,651
Cash and cash equivalents at end of year consist of:		
Cash	21,323,361	22,732,351
Current accounts with Bank Indonesia	53,814,795	49,644,768
Current accounts with other banks	7,201,130	14,740,860
Placements with other banks - maturing within three months or less since the acquisition date	36,656,819	41,125,409
Certificates of Bank Indonesia and Deposits Certificates of Bank Indonesia - maturing within three months or less since the acquisition date	34,197,883	7,386,263
Total Cash and Cash Equivalents	153,193,988	135,629,651

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS – PARENT ENTITY
As of September 30, 2017 and For the Nine-month Period Then Ended
(Expressed in millions of Rupiah, unless otherwise stated)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Separate financial statements for parent entity prepared in accordance with Statement of Financial Accounting Standards ("SFAS") No. 4 (Revised 2013), "Separate Financial Statements".

SFAS No. 4 (Revised 2013) addresses entity which presents separate financial statements. The report can only be presented as additional information in the interim consolidated financial statements. Separate financial statements are the financial statements presented by the parent entity which records investments in subsidiaries, associated and joint controlled entities using the acquisition cost method.

Accounting policies applied in the preparation of separate financial statements of parent entity are the same with the accounting policies applied in the preparation of the interim consolidated financial statements as disclosed in Note 2 to the interim consolidated financial statements, except for investments in subsidiaries which is presented in acquisition cost.

2. INVESTMENTS IN SUBSIDIARIES

Information related to subsidiaries owned by BRI is disclosed in Note 1f to the interim consolidated financial statements.

As of September 30, 2017 and December 31, 2016, parent entity has investment in subsidiaries as follows:

	September 30, 2017		December 31, 2016	
	Acquisition Cost	Percentage of Ownership	Acquisition Cost	Percentage of Ownership
PT Bank BRISyariah	2,004,375	99.99%	2,004,375	99.99%
PT Bank Rakyat Indonesia				
Agroniaga Tbk	1,524,538	86.83%	1,524,538	87.23%
BRI Remittance Co. Limited	2,289	100.00%	2,289	100.00%
PT Asuransi BRI Life	1,626,643	91.00%	1,626,643	91.00%
PT BRI Multifinance Indonesia	660,003	99.00%	660,003	99.00%

PT Bank Rakyat Indonesia (Persero) Tbk
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