

Meeting Material

Extraordinary General Meeting of Shareholders II

PT. BANK RAKYAT INDONESIA (PERSERO) Tbk
Jakarta, December 14th 2015

1st Agenda

Plan of PT Bank Rakyat Indonesia (Persero) Tbk (“BRI”) to acquire PT Asuransi Jiwa Bringin Jiwa Sejahtera (“BJS”)

- ❑ In accordance with company’s Business Plan, in order to complement the banking services of Bank BRI to provide integrated banking solution for customers of Bank BRI, more specifically services related to life insurance, hence BRI intends to proceed corporate action that is share transfer of BJS from Dapen to BRI.
- ❑ According to Article 30 jo. Article 26 of the Company’s Article of Association, stated merger, consolidation and acquisition and spin off must be determined by General Meeting of Shareholder to comply with prevailing regulations.

BRingin Life – Business Prospect

Life insurance business prospect in Indonesia is still attractive

Life Insurance penetration in Indonesia (Premium to GDP) is still below 5% (2014E) and it is projected that average growth of life insurance premium in Indonesia (CAGR) for the next ten years (2015-2025F) will reach 13,3%

Optimize Synergy from Product Side and Distribution Channel

The purpose of Acquisition is to increase the quality of BRI's customer base that already more than 50 million accounts, consist of 8 million accounts for loan and 42 million accounts for saving to increase value of bank.

Accelerate fee based income of BRI specifically from the development of bancassurance business as an alternative income for bank.

Source: Swiss Re, IMF, US Census, EIU

Note: Penetration as measured by premiums as % of GDP; density as measured by premiums per capita. TW = Taiwan; HK= Hong Kong; JP = Japan; SG = Singapore; TH = Thailand; IN = India; MY = Malaysia; CN = China; PH = Philippines; ID = Indonesia; VN = Vietnam. CAGR calculated based on projections in local currency ¹ GDP per capita in real terms with 2009 as base year

BRIngin Life – Key Statistics

Key statistics - BRI

IDRbn	2013	2014
Total income	67,242	84,141
Profit before tax	27,910	30,859
Net income	21,354	24,254
Gross loans	448,345	510,697
Total deposits	504,281	622,322
Shareholders' equity	79,327	97,737
<i>NIM</i> ¹	8.55%	8.51%
<i>Cost efficiency ratio</i> ¹	42.13%	43.10%
<i>RoE</i> ¹	30.10%	27.90%
<i>CAR</i> ¹ / Tier 1 ratio ¹	17.0% / 16.1%	18.3% / 17.5%
# accounts ² (mm)	~48	~59
# employees ³	112,854	127,070

Key statistics - BRIngin Life

IDRbn	2013	2014
Gross premiums	1,890	1,887
New business APE	331	351
Net income	234	410
Total assets	3,921	4,630
Shareholders' equity	767	1,173
<i>RoAE</i>	32.9%	41.3%
<i>Solvency ratio (RBC)</i>	169%	231%
# policies ('000)	80.8	130.5
# employees ³	755	813
# Tied agents	~1,000	1,169

BRIngin Life Financial Highlight

Some of key indicators in 2014 showed the increasing of company's performance compared to previous year from both Liabilities and Equity side. It indicated the improvement of risk management in BJS.

Rasio Risk Based Capital (RBC) is a main indicator that represent life insurance company's performance experienced a significant increasing. Based on Solvability report of BJS, the increasing due to the addition of investment portfolio in mutual funds and time deposit. Based on the regulation, the minimum RBC is 120%.

2nd Agenda

Minister of State Owned Enterprises Rules No. PER-09/MBU/07/2015 dated July 3, 2015 regarding Partnership and Community Development Program (PKBL)

Background

As State own Enterprise, BRI is required to distribute the Partnership and Community Development Program (PKBL) based on regulation :

1. Minister of SoE Rules No. PER-05 / MBU / 2007 dated April 27th regarding SoE's Partnership and Community Development Program (PKBL) stated that source of PKBL's fund is a net profit allowance of the previous period. Then, the regulation was amended with the Minister of SoE Rules No. PER-08 / MBU / 2013 dated September 10, 2013 changed that the distribution of PKBL's fund is calculated as the cost of the current year.
2. Those regulations above were revoked and declared inapplicable after the regulation PER-09 / MBU / 07/2015 was issued at July 3, 2015 that will be determined at the EGM II, there are some changes mainly related to the source of funds of PKBL comes from net profit allowance of the previous period.

2nd Agenda

Legal Basis

Minister of State Owned Enterprises Rules No. PER-09/MBU/07/2015 dated July 3, 2015 regarding Partnership and Community Development Program (PKBL)

Article 2 act (2)

Listed Companies implement Partnership and Community Development Program (PKBL) based on this regulation must be determined by General Meeting of Shareholder.

Points Changes from previous regulation

such as :



No	SECTION	Minister of SoE Rules No. KEP-236/MBU/2003 & Its amendment I-IV	PER-09/MBU/07/2015
1	Distribution of PKBL	Distribution of PKBL is only in the area where SoE is located	SoE may distribute PKBL throughout Indonesia, but the priority for distribution is the area where SoE is located, including branches offices / representative offices.
2	Optimalization of PKBL's Distribution	Unregulated	SOE as an adviser can cooperate with another SoE to assist the distribution of the Partnership and Community Development Program (PKBL) especially for SoE as adviser that doesn't have branch offices / representative offices in regional area and / or doesn't create PKBL's unit in that region in order to optimize and make the program running well.
3	Source of PKBL's Fund	Previously net profit allowance then in 4 th ammendment changed to cost at current year	Net profit allowance, maximum 4% from net profit of previous year
4	Placement of PKBL's Fund	Unregulated	PKBL's fund is only can be placed in Time Deposit and / or Current Account in Stated owned Banks

Changes in Minister of SoE Rules regarding PKBL

No	SECTION	Minister of SoE Rules No. KEP- 236/MBU/2003 & Its amendment I-IV	PER-09/MBU/07/2015
6	PKBL's accounting method	PKBL's fund is recorded separately from SoE's book	PKBL's fund is recorded based on accounting method that is applied in SoE
7	Maximum Limit of Partnership Loan	Unregulated	Maximum limit for Partnership Loan for each customer is Rp75.000.000,00 (seventy five million rupiah).
8	PKBL's Unit in SoE	SoE is required to create PKBL's unit under supervision of a Director	SoE as advisor creates PKBL's Unit and appoints an officer who is in position one level bellow Director as a Person in Charge for PKBL's unit.
9	Amount of loan administration fee	Amount of loan administration fee of PKBL's fund is 6% from loan limit for every year.	Amount of loan administration fee of PKBL's fund is 6% from loan outstanding every year.
10	Operating Expense	Operating expense is funded by loan interest, time deposit interest, or current account interest of PKBL's fund . Maximum amount for operating expense is 5% from total PKBL's disbursement.	Operating expense for PKBL is charged to SoE

Changes in Minister of SoE Rules regarding PKBL

No	SECTION	Minister of SoE Rules No. KEP-236/MBU/2003 & Its amendment I-IV	PER-09/MBU/07/2015
11	PKBL's Budget Plan	PKBL's Budget Plan is separate from SoE's Budget Plan.	PKBL's Budget Plan is combined in SoE's Budget Plan.
12	PKBL's Report	PKBL's report delivered separately from periodic report and Annual Report of SoE	PKBL's report is combined in Quarterly Report and Annual Report of SoE that is disclosed in separate chapter.
13	PKBL's Audit	PKBL's Auditor is not mandatory same with SoE's Auditor	Audit for PKBL's report is carried along with Audit for SoE
14	Approval of PKBL's Report	Minister/AGM approves Annual PKBL's report	Approval of PKBL's report become one entity with Approval of SoE's Annual Report.
15	PKBL's Performance	Performance of Partnership Program is one of the indicator SoE Health Evaluation.	Performance of Partnership Program is one of Key Performance Indicator (KPI) for BOD and BOC/Supervisory Board for SoE.
16	Further regulation related to PKBL	Unregulated	If necessary, the officer of echelon 1 in Ministry of SoE who responsible of Partnership and Community Development Program (PKBL) may set further arrangement for the implementation of this regulation.

Thank you

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