

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

Consolidated financial statements
with independent auditors' report
years ended December 31, 2009 and 2008

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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2009 AND 2008**

Table of Contents

	Page
Independent Auditors' Report	
Consolidated Balance Sheets.....	1 - 5
Consolidated Statements of Income.....	6 - 7
Consolidated Statements of Changes in Stockholders' Equity.....	8 - 9
Consolidated Statements of Cash Flows.....	10 - 11
Notes to the Consolidated Financial Statements	12 - 119

This report is originally issued in the Indonesian language.

Independent Auditors' Report

Report No. RPC-11168

The Stockholders, Boards of Commissioners and Directors PT Bank Rakyat Indonesia (Persero) Tbk

We have audited the consolidated balance sheets of PT Bank Rakyat Indonesia (Persero) Tbk (herein referred to as "BRI") and Subsidiary as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of BRI's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BRI and Subsidiary as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles in Indonesia.

Purwantono, Sarwoko & Sandjaja



Benyanto Suherman
Public Accountant License No. 05.1.0973

March 24, 2010

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in Indonesia.

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2009	2008
ASSETS			
CASH	2a	8,139,304	6,750,145
CURRENT ACCOUNTS WITH BANK INDONESIA	2a,4	12,893,414	9,945,696
CURRENT ACCOUNTS WITH OTHER BANKS	2a,2e,2f,5	9,081,086	3,420,288
Allowance for possible losses		(90,811)	(34,208)
		8,990,275	3,386,080
PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS - net of unamortized interest of Rp17,481 and Rp22,282 as of December 31, 2009 and 2008, respectively			
	2d,2e,2g,6,43		
Third parties		40,438,290	22,643,327
Related parties		193,000	265,000
		40,631,290	22,908,327
Allowance for possible losses		(136,233)	(672,766)
		40,495,057	22,235,561
SECURITIES - including unamortized premium of Rp535,117 and Rp677,743 as of December 31, 2009 and 2008, respectively, and net of unamortized interest and discount of Rp123,776 and Rp100,782 as of December 31, 2009 and 2008, respectively			
	2e,2h,7,22,23		
Allowance for possible losses		24,535,241	23,855,465
		(57,109)	(89,294)
		24,478,132	23,766,171
EXPORT BILLS	2e,2i,8	551,172	561,709
Allowance for possible losses		(5,512)	(5,617)
		545,660	556,092
GOVERNMENT RECAPITALIZATION BONDS	2e,2h,9,22	15,027,074	16,352,318
SECURITIES PURCHASED WITH AGREEMENTS TO RESELL - net of unamortized interest of Rp775 as of December 31, 2009	2e,2t,10	503,887	-

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2009	2008
DERIVATIVES RECEIVABLE			
Allowance for possible losses	2e,2ae,11	144,921 (1,449)	13 -
		143,472	13
LOANS	2d,2e,2j,12,43		
Third parties		205,037,003	159,657,070
Related parties		485,391	451,613
		205,522,394	160,108,683
Allowance for possible losses		(11,279,891)	(7,891,140)
		194,242,503	152,217,543
SHARIA RECEIVABLES AND FINANCING	2e,2k		
Allowance for possible losses		2,600,174 (88,257)	999,409 (114,322)
		2,511,917	885,087
ACCEPTANCES RECEIVABLE	2e,2l,13		
Allowance for possible losses		352,716 (4,502)	483,862 (4,839)
		348,214	479,023
INVESTMENTS IN SHARES OF STOCK	2d,2e,2m,14,43		
Allowance for possible losses		113,123 (1,662)	91,235 (1,443)
		111,461	89,792
PREMISES AND EQUIPMENT	2n,2o,15		
Cost		4,945,008	4,655,049
Accumulated depreciation		(3,578,796)	(3,304,566)
Net book value		1,366,212	1,350,483
DEFERRED TAX ASSETS - net	2af,36c	1,915,026	2,000,076
OTHER ASSETS - net	2e,2p,2q,16	5,235,421	6,062,816
TOTAL ASSETS		316,947,029	246,076,896

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2009	2008
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
LIABILITIES DUE IMMEDIATELY	2r,17	4,333,232	5,620,911
DEPOSITS FROM CUSTOMERS	2d,2s,43		
Demand Deposits	18		
Third parties		49,959,614	39,841,943
Related parties		5,302	6,062
		49,964,916	39,848,005
<i>Wadiah</i> Demand Deposits		129,297	74,999
Savings Deposits	19		
Third parties		104,068,469	87,798,704
Related parties		50,266	37,497
		104,118,735	87,836,201
<i>Wadiah</i> Savings Deposits		313,800	-
<i>Mudharabah</i> Savings Deposits		30,731	240,558
Time Deposits	20		
Third parties		99,842,774	73,043,694
Related parties		191,525	276,982
		100,034,299	73,320,676
<i>Mudharabah</i> Time Deposits		1,336,483	217,000
Total Deposits from Customers		255,928,261	201,537,439
DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS	2s,21	4,449,907	3,428,243

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2009	2008
SECURITIES SOLD WITH AGREEMENTS TO REPURCHASE - net of unamortized interest of Rp31,703 and Rp494 as of December 31, 2009 and 2008, respectively	2t,7,9,22	544,464	102,752
DERIVATIVES PAYABLE	2ae,7,11	277,302	1,313,676
ACCEPTANCES PAYABLE	2l,13	352,716	483,862
TAXES PAYABLE	2af,36a	343,492	300,295
FUND BORROWINGS - net of deferred provision of Rp1,895 and Rp4,332 as of December 31, 2009 and 2008, respectively	23	13,611,399	3,356,495
ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES	2e,24	101,737	86,970
OTHER LIABILITIES	2d,2o,2v,2z, 25,40,43,44b		
Third parties		7,068,716	6,777,778
Related parties		-	1,144
		<u>7,068,716</u>	<u>6,778,922</u>
SUBORDINATED LOANS - net of deferred issuance costs of Rp9,358 and Rp1,980 as of December 31, 2009 and 2008, respectively	2u,26	2,678,422	710,634
TOTAL LIABILITIES		<u>289,689,648</u>	<u>223,720,199</u>

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2009	2008
STOCKHOLDERS' EQUITY			
Capital stock - Rp500 (full Rupiah) par value per share			
Authorized capital - 30,000,000,000 shares (consisting of 1 Series A Dwiwarna share and 29,999,999,999 Series B shares)			
Issued and fully paid capital - 12,329,852,500 shares (consisting of 1 Series A Dwiwarna share and 12,329,852,499 Series B shares) as of December 31, 2009 and 12,325,299,500 shares (consisting of 1 Series A Dwiwarna share and 12,325,299,499 Series B shares) as of December 31, 2008	1,27a	6,164,926	6,162,650
Additional paid-in capital	2c,27b	2,722,349	2,706,137
Differences arising from translation of foreign currency financial statements	2ad,27c	89,947	108,361
Stock options	2aa,27a,28	12,977	17,300
Unrealized gain from available-for-sale securities and Government Recapitalization Bonds - net of deferred tax	2h	432,488	37,523
Retained earnings - (accumulated losses of Rp24,699,387 was eliminated as a result of quasi-reorganization as of June 30, 2003)	2c,3,27d		
Appropriated		7,024,878	6,488,625
Unappropriated		10,809,816	6,836,101
Total Retained Earnings		17,834,694	13,324,726
TOTAL STOCKHOLDERS' EQUITY		27,257,381	22,356,697
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		316,947,029	246,076,896

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2009	2008
INCOME AND EXPENSES FROM OPERATIONS			
Interest, Investment and Sharia Income			
Interest and investment	2w,29	33,946,341	27,009,627
Fees and commissions	2x,30	1,126,315	898,025
Sharia income	2k,2y	261,475	188,981
Total Interest, Investment and Sharia Income		35,334,131	28,096,633
Interest Expense, Other Charges and Sharia			
Interest expense and other charges	2w,31	(12,179,932)	(8,407,912)
Sharia charges	2y	(104,704)	(37,667)
Total Interest Expense, Other Charges and Sharia		(12,284,636)	(8,445,579)
Interest Income - net		23,049,495	19,651,054
Other Operating Income			
Fees		2,042,546	1,709,007
Gain on foreign exchange - net	2ac,2ae	713,431	613,641
Other fees and commissions	2x	75,203	57,829
Gain on sale of securities and Government Recapitalization Bonds - net	2h,7,9	142,846	51,484
Unrealized gain on changes in fair value of securities and Government Recapitalization Bonds - net	2h,7,9	127,305	-
Others		168,263	103,275
Total Other Operating Income		3,269,594	2,535,236
Provision for possible losses on earning assets - net	2e,32	(5,421,499)	(2,889,630)
Provision for estimated losses on commitments and contingencies - net	2e,24b	(14,767)	(13,141)
Provision for (reversal of) allowance for possible losses on other assets - net	2e	(362,649)	59,140

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME (continued)
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2009	2008
Other Operating Expenses			
Salaries and employee benefits	2d,2z, 33,40,43	(6,675,793)	(6,329,075)
General and administrative	2n,34	(3,717,931)	(3,087,606)
Premium paid on Government guarantee program	46	(424,003)	(349,065)
Unrealized loss on changes in fair value of securities and Government Recapitalization Bonds - net	2h,7,9	-	(150,277)
Other fees and commissions		(181)	(1,222)
Others		(1,141,607)	(1,079,301)
Total Other Operating Expenses		<u>(11,959,515)</u>	<u>(10,996,546)</u>
INCOME FROM OPERATIONS		8,560,659	8,346,113
NON-OPERATING INCOME - NET	35	<u>1,330,569</u>	<u>475,899</u>
INCOME BEFORE TAX BENEFIT (EXPENSE)		9,891,228	8,822,012
TAX BENEFIT (EXPENSE)	2af,36b,36c		
Current		(2,633,880)	(3,382,854)
Deferred		50,944	519,210
NET INCOME		<u>7,308,292</u>	<u>5,958,368</u>
EARNINGS PER SHARE	2ab,49		
Basic (in full Rupiah amount)		609.50	496.99
Diluted (in full Rupiah amount)		596.73	486.38

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid Capital	Additional Paid-in Capital	Revaluation Increment on Premises and Equipment	Differences Arising from Translation of Foreign Currency Financial Statements	Stock Options	Unrealized Gain (Loss) from Available-for-Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Retained Earnings			Total Stockholders' Equity
								Appropriated	Unappropriated	Total ¹⁾	
Balance as of December 31, 2007		6,158,900	2,676,620	786	103,075	23,586	496,576	4,553,425	5,424,667	9,978,092	19,437,635
Differences arising from translation of foreign currency financial statements	2ad,27c	-	-	-	5,286	-	-	-	-	-	5,286
Revaluation increment on premises and equipment (Implementation of PSAK No. 16 Revised 2007)	2n	-	-	(786)	-	-	-	-	786	786	-
Distribution of income	27d	-	-	-	-	-	-	-	(2,419,000)	(2,419,000)	(2,419,000)
Cash dividends		-	-	-	-	-	-	-	(2,419,000)	(2,419,000)	(2,419,000)
Addition to general and special reserves		-	-	-	-	-	-	1,935,200	(1,935,200)	-	-
Partnership and Environmental Assistance Program (PKBL)		-	-	-	-	-	-	-	(193,520)	(193,520)	(193,520)
Exercise of stock options	2aa,27a, 27b,28	3,750	29,517	-	-	(6,286)	-	-	-	-	26,981
Unrealized loss from available-for-sale securities and Government Recapitalization Bonds - net of deferred tax	2h	-	-	-	-	-	(459,053)	-	-	-	(459,053)
Net income in 2008		-	-	-	-	-	-	-	5,958,368	5,958,368	5,958,368
Balance as of December 31, 2008		6,162,650	2,706,137	-	108,361	17,300	37,523	6,488,625	6,836,101	13,324,726	22,356,697

¹⁾ Accumulated losses of Rp24,699,387 had been eliminated against additional paid-in capital as a result of quasi-reorganization as of June 30, 2003.

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (continued)
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid Capital	Additional Paid-in Capital	Revaluation Increment on Premises and Equipment	Differences Arising from Translation of Foreign Currency Financial Statements	Stock Options	Unrealized Gain (Loss) from Available-for-Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Retained Earnings			Total Stockholders' Equity
								Appropriated	Unappropriated	Total ¹⁾	
Balance as of December 31, 2008		6,162,650	2,706,137	-	108,361	17,300	37,523	6,488,625	6,836,101	13,324,726	22,356,697
Differences arising from translation of foreign currency financial statements	2ad,27c	-	-	-	(18,414)	-	-	-	-	-	(18,414)
Distribution of income	27d	-	-	-	-	-	-	-	(2,649,365)	(2,649,365)	(2,649,365)
Cash dividends		-	-	-	-	-	-	-	(2,649,365)	(2,649,365)	(2,649,365)
Addition to general and special reserves		-	-	-	-	-	-	536,253	(536,253)	-	-
Partnership and Environmental Assistance Program (PKBL)		-	-	-	-	-	-	-	(148,959)	(148,959)	(148,959)
Exercise of stock options	2aa,27a, 27b,28	2,276	16,212	-	-	(4,323)	-	-	-	-	14,165
Unrealized gain from available-for-sale securities and Government Recapitalization Bonds - net of deferred tax	2h	-	-	-	-	-	394,965	-	-	-	394,965
Net income in 2009		-	-	-	-	-	-	-	7,308,292	7,308,292	7,308,292
Balance as of December 31, 2009		6,164,926	2,722,349	-	89,947	12,977	432,488	7,024,878	10,809,816	17,834,694	27,257,381

¹⁾ Accumulated losses of Rp24,699,387 had been eliminated against additional paid-in capital as a result of quasi-reorganization as of June 30, 2003.

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

These financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interest, investment, fees and commissions and sharia income	35,065,389	27,591,162
Payments of interest, sharia expenses and other charges	(12,296,537)	(8,317,392)
Recoveries of written-off loans	775,150	473,989
Other operating income	3,269,594	2,787,555
Other operating expenses	(17,448,759)	(14,254,468)
Non-operating income - net	1,314,297	472,604
Cash flows before changes in operating assets and liabilities	10,679,134	8,753,450
Changes in operating assets and liabilities:		
(Increase) decrease in operating assets:		
Placements with Bank Indonesia and other banks	(17,718,162)	(8,248,952)
Trading securities and Government Recapitalization Bonds	857,613	(3,042,849)
Export bills	10,537	34,584
Derivatives receivable	(144,908)	24,711
Loans	(45,413,711)	(49,011,423)
Sharia receivables and financing	(1,600,765)	134,738
Other assets	1,541,853	(3,373,184)
Increase (decrease) in operating liabilities:		
Liabilities due immediately	(1,305,607)	1,621,694
Deposits:		
Demand deposits	10,116,911	2,727,538
<i>Wadiah</i> demand deposits	54,298	33,672
Savings deposits	16,282,534	15,730,375
<i>Wadiah</i> savings deposits	313,800	-
<i>Mudharabah</i> savings deposits	(209,827)	46,457
Time deposits	26,713,623	17,425,521
<i>Mudharabah</i> time deposits	1,119,483	(26,107)
Deposits from other banks and financial institutions	1,021,664	1,817,211
Derivatives payable	(1,036,374)	1,132,754
Other liabilities	(4,967)	6,083
Net Cash Provided by (Used in) Operating Activities	1,277,129	(14,213,727)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of premises and equipment	16,273	3,295
Receipt of dividends	24	89
Acquisition of premises and equipment	(441,550)	(639,578)
Increase in available-for-sale and held-to-maturity securities and Government Recapitalization Bonds	(212,145)	(1,584,097)
Net Cash Used in Investing Activities	(637,398)	(2,220,291)

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

These financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in additional paid-in capital from exercise of stock options	11,889	23,231
Increase in paid in capital from exercise of stock options	2,276	3,750
Increase in securities sold with agreements to repurchase	441,712	71
Proceeds from fund borrowings	10,254,904	974,218
Receipts (payments) of subordinated loans	1,967,788	(1,429,619)
Increase (decrease) in securities purchased with agreements to resell	(503,887)	2,573,610
Distribution of income for dividends and PKBL	(2,798,324)	(2,612,520)
Net Cash Provided by (Used in) Financing Activities	9,376,358	(467,259)
EFFECT OF EXCHANGE RATE DIFFERENCES ARISING FROM TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS	(18,414)	5,286
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,997,675	(16,895,991)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,116,129	37,012,120
CASH AND CASH EQUIVALENTS AT END OF YEAR	30,113,804	20,116,129
Cash and Cash Equivalents at end of year consist of:		
Cash	8,139,304	6,750,145
Current accounts with Bank Indonesia	12,893,414	9,945,696
Current accounts with other banks	9,081,086	3,420,288
Total Cash and Cash Equivalents	30,113,804	20,116,129
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Activities not affecting cash flows:		
Unrealized gain (loss) from available-for-sale securities and Government Recapitalization Bonds - net of deferred tax	394,965	(459,053)
Reclassification of stock options to additional paid-in capital	4,323	6,286

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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(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 December 18, 1968 based on Law No. 21 year 1968. On April 29, 1992, based on the Government of the Republic of Indonesia (the "Government") Regulation No. 21 year 1992, the legal status of BRI was changed to a limited liability corporation (Persero). The change in the status of BRI to become a limited liability corporation was documented by notarial deed No. 133 dated July 31, 1992 of Notary Muhani Salim, S.H., and was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-6584.HT.01.01.TH.92 dated August 12, 1992, and published in Supplement No. 3A of the Republic of Indonesia State Gazette No. 73 dated September 11, 1992. BRI's Articles of Association were 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 notarial deed No. 51 dated May 26, 2008 of Notary Fathiah Helmi, S.H., BRI has amended its Articles of Association, among others to comply with the provisions of Government Regulation No. 40 year 2007 on "Limited Liability Company" and Capital Market and Financial Institution Supervisory Agency's ("Bapepam-LK") Regulation No. 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 have been approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-48353.AH.01.02. Tahun 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 have been amended several times. The latest amendment was conducted as a follow-up of the Management Stock Option Plan (MSOP) program based on the total number of exercised stock options in accordance with the notarial deed No. 28 dated October 20, 2009 of Notary Fathiah Helmi, S.H., and was approved by the Ministry of Justice and Human Rights in its Decision Letter No. AHU-0072567.AH.01.09.Tahun 2009, dated November 4, 2009.

According to Article 3 of BRI's latest Articles of Association, BRI's scope of business is to conduct and support the Government's policy and program in the economic sector and in the national development in general, particularly in conducting business in the banking sector, in accordance with the prevailing laws and regulations, including the conduct of operating activities based on sharia principles.

b. Recapitalization Program

As 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 bonds issued in 2 (two) tranches at their nominal amounts of Rp20,404,300 on July 25, 2000 and Rp8,744,700 on October 31, 2000 (Notes 9 and

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

b. Recapitalization Program (continued)

27b). Furthermore, as stated in the Management Contract dated February 28, 2001 between the Republic of Indonesia as represented by the Government through the Ministry of Finance, and BRI, the Government determined that the recapitalization requirement amount of BRI to achieve a minimum Capital Adequacy Ratio of 4% was Rp29,063,531. Therefore, BRI returned the excess of recapitalization amounting to Rp85,469 in the form of Government bonds to the Republic of Indonesia on November 5, 2001 (Notes 9 and 27a).

On September 30, 2003, the Ministry of Finance issued Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 regarding the final amount and the implementation of the Government's rights as a result of the additional investment of the Republic of Indonesia in the capital of BRI under the recapitalization program for commercial banks. Based on this Decision Letter, the Ministry of Finance affirmed that the final recapitalization requirement of BRI amounted to Rp29,063,531 (Note 27a).

c. Initial Public Offering of Shares

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

The Initial Public Offering consists of the International Public Offering (under Rule 144A of the Securities Act and Regulation "S") and the Indonesian Public Offering. BRI submitted its registration to the Capital Market and Financial Institution Supervisory Agency ("Bapepam-LK"), and such registration statement became effective based on the Chairman of Bapepam-LK letter No. S-2646/PM/2003 dated October 31, 2003 (Note 27a).

BRI's initial public offering of shares consist of 3,811,765,000 shares with a nominal value of Rp500 (full Rupiah) per share and with a selling price of Rp875 (full Rupiah) per share. Subsequently, 381,176,000 shares under the over-subscription option and 571,764,000 shares under the over-allotment option at a price of Rp875 (full Rupiah) per share were exercised on November 10, 2003 and December 3, 2003, respectively. After BRI's IPO and the exercise of the over-subscription option and the over-allotment option by underwriters, the Republic of Indonesia owns 59.50% of shares of BRI (Note 27a). On November 10, 2003, the above mentioned offered shares were initially traded on the Jakarta and Surabaya Stock Exchanges (currently the Indonesia Stock Exchange) and all shares of BRI have been simultaneously listed.

d. Structure and Management

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

As of December 31, 2009 and 2008, BRI has the following regional offices, inspection offices, branch offices and units:

	2009	2008
Regional Offices	17	14
Inspection Offices	14	12
Domestic Branch Offices	402	372
Special Branch Office	1	1
Overseas Branch/Representative Offices	3	3

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)**

1. GENERAL (continued)

d. Structure and Management (continued)

	2009	2008
Sub-branch Offices	434	337
Cash Offices	728	179
BRI Units	4,538	4,417
Village Service Units	68	76
Sharia Branch Offices	-	27
Sharia Sub-branch Offices	-	18

As of December 31, 2009 and 2008, BRI has 1 (one) subsidiary PT BRISyariah and 1 (one) overseas branch located in Cayman Islands and 2 (two) agency offices located in New York and Hong Kong.

The number of BRI's employees as of December 31, 2009 and 2008 totaled 36,998 and 37,565 employees (unaudited), respectively.

The composition of the Boards of Commissioners and Directors of BRI as of December 31, 2009 and 2008 based on the minutes of BRI's Annual Stockholders' General Meeting held on May 19, 2009, as stated under the notarial deed No. 52 of Notary Fathiah Helmi, S.H., and BRI's Annual Stockholders' General Meeting held on May 22, 2007, as stated under the notarial deed No. 40 of Notary Imas Fatimah, S.H., respectively, is as follows:

	2009	2008
President/Independent Commissioner	: Bunasor Sanim	Bunasor Sanim
Commissioner	: Agus Pakpahan	Agus Pakpahan
Commissioner	: -	Saifullah Yusuf ^{*)}
Commissioner	: Agus Suprijanto	Agus Suprijanto
Independent Commissioner	: B.S. Kusmuljono	B.S. Kusmuljono
Independent Commissioner	: Baridjussalam Hadi	Baridjussalam Hadi
Independent Commissioner	: Aviliani	Aviliani

*) Has submitted a letter of resignation dated February 11, 2009 and approved based on the Annual Stockholders' General Meeting held on May 19, 2009, as stated under deed No. 52 of Notary Fathiah Helmi, S.H.

	2009	2008
President Director	: Sofyan Basir	Sofyan Basir
Director of Operations	: Sarwono Sudarto	Sarwono Sudarto
Director of Finance	: Sudaryanto Sudargo	Abdul Salam
Director of Commercial Business	: Sulaiman Arif Arianto	Sudaryanto Sudargo
Director of Compliance/ Risk Management	: Abdul Salam	Bambang Soepeno
Director of Consumer Business	: Agus Toni Soetirto	Agus Toni Soetirto
Director of Credit Risk Management	: Lenny Sugihat	Lenny Sugihat
Director of Micro, Small and Medium Enterprises (UMKM)	: Bambang Soepeno	Sulaiman Arif Arianto

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. Structure and Management (continued)

	2009	2008
Director of Institutional Business and BUMN :	Asmawi Syam	Asmawi Syam
Director of Network and Services :	Suprajarto	Suprajarto

The composition of BRI's Audit Committee as of December 31, 2009 and 2008 based on BRI's Commissioners' Decision Letter No. B.113-KOM/10/2009 dated October 6, 2009 and No. B.166-KOM/12/2007 dated December 5, 2007, is as follows:

	2009	2008
Chairman :	Aviliani	Aviliani
Member :	Bunator Sanim	Bunator Sanim
Member :	H. C. Royke Singgih	H. C. Royke Singgih
Member :	Dedi Budiman Hakim	Dedi Budiman Hakim
Member :	Syahrir Nasution	Syahrir Nasution
Member :	-	Saifullah Yusuf

The composition of BRI's Sharia Supervisory Board as of December 31, 2008 based on BRI's Directors' Decision Letter No. 150-DIR/SDM/04/2006 dated April 21, 2006, is as follows:

	2008
Chairman :	Asjmuni Abdurrahman
Member :	Karnaen Perwataatmaja
Member :	Cholid Fadlulloh

Based on BRI's Directors' Decision Letter No. 535-DIR/SDM/12/2008 dated December 31, 2008, regarding the spin-off of BRI Sharia Business Unit and its merger into PT Bank Syariah BRI, the working period of BRI's Sharia Supervisory Board has been ended.

e. Subsidiary

On June 29, 2007, BRI entered into a Shares Sale and Purchase 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 the minutes of BRI's Shareholders' Extraordinary General Meeting, as stated under the notarial deed No. 3 dated September 5, 2007 of Notary Imas Fatimah, S.H., the shareholders have approved the above acquisition of BJA and have subsequently obtained the approval of Bank Indonesia, according to letters No. 9/188/GBI/DPIP/Rahasia dated December 18, 2007 and No. 9/1326/DPIP/Prz dated December 28, 2007. This acquisition was completed on December 19, 2007 based on Acquisition Deed No. 61 of Notary Imas Fatimah, S.H., whereby BRI owns 99.99875% of the issued shares of BJA and 0.00125% was granted to BRI's Employee Welfare Foundation (Yayasan Kesejahteraan Pekerja BRI).

PT Bank Jasa Arta based on notarial deed No. 45 dated April 22, 2008 of Notary Fathiah Helmi, S.H., has been 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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

e. Subsidiary (continued)

the approval to change its business activities from a conventional bank into a commercial bank that conduct business activities under Sharia principles. During 60 (sixty) days from the decision date, BSB is 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 is obliged to settle all its loan receivables and debtor or customer liabilities from the previous conventional banking activities.

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

1. All assets and liabilities of UUS BRI in possession of BRI by operation of law have been transferred and became the rights or ownerships, obligations or expenditures from and to be operated under BSB's responsibility as the receiving entity.
2. All of the UUS BRI's operations, business and office activities by operation of law have been transferred to and/or operated under BSB's benefit, loss and responsibility.
3. All of the UUS BRI's rights, claims, authorities, and obligations based on any agreements, actions or existing events made, performed, or happened on or before the effective date of the spin-off including but not limited to the stated list of assets and liabilities of UUS BRI, and all legal relations between UUS BRI and other parties by operation of law have been transferred to and or operated under BSB's benefit, loss and responsibility.

The total assets, liabilities and temporary *syirkah* funds of UUS BRI transferred to BSB amounted to Rp938,766, Rp737,401 and Rp460,629, respectively. There is no material impact regarding the merger of UUS BRI into BSB to the consolidated financial statements of BRI.

BSB's Articles of Association were last changed based on BSB's Shareholders' Statements of Agreement as stated in notarial deeds of Notary Fathiah Helmi, S.H., No. 18 dated April 14, 2009 and No. 20 dated September 17, 2009, which have been approved by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-53631.AH.01.02.Tahun 2009 dated November 5, 2009 and the Governor of Bank Indonesia's Decision Letter No. 11/63/KEP.GBI/DpG/2009 dated December 15, 2009 and was published in Supplement No. 27908 of the Republic of Indonesia State Gazette No. 96 dated December 1, 2009, among others, regarding addition to the authorized, issued and fully paid capital and change of name from PT Bank Syariah BRI to PT Bank BRISyariah ("BRIS").

Total assets of BRIS as of December 31, 2009 and BSB as of December 31, 2008 amounted to Rp3,178,386 and Rp482,898, respectively, or 1% and 0.20%, respectively, of the consolidated assets. Total interest revenue as of December 31, 2009 amounted to Rp263,478 or 0.75% of the consolidated interest revenue, whereas total interest revenue as of December 31, 2008 amounted to Rp20,235 or 0.07% of the consolidated interest revenue.

2. SUMMARY OF ACCOUNTING POLICIES

a. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with Statement of Financial Accounting Standards ("PSAK") No. 31 (Revised 2000) on "Accounting for Banking" and other related financial accounting standards issued by the Indonesian Institute of Accountants (IAI) and the Accounting Guidelines for Indonesian Banking (PAPI) published by Bank Indonesia and IAI

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

where applicable, prevailing banking industry practices and reporting guidelines prescribed by the bank regulatory authority in Indonesia and Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) regulation No. VIII.G.7 attachment to the Chairman of Bapepam-LK Decision No. KEP-06/PM/2000 dated March 13, 2000 on "Guidelines for Financial Statements Presentation" and Bapepam-LK Circular Letter No. SE-02/BL/2008 dated January 31, 2008 on "Guidelines on Financial Statement Presentations and Disclosures for Issuers or Public Companies on General Mining, Oil and Gas and Banking Industry".

BRIS (subsidiary) engaged in banking activities under Sharia principles have been presented according to PSAK No. 101 on "Sharia Financial Statement Presentation", PSAK No. 102 on "Murabahah Accounting", PSAK No. 104 on "Istishna Accounting", PSAK No. 105 on "Mudharabah Accounting" and PSAK No. 106 on "Musyarakah Accounting" which supersedes PSAK No. 59 on "Accounting for Sharia Banking" regarding the recognition, measurement, presentation and disclosure for the above topic and the Accounting Guidelines for the Indonesian Sharia Banking (PAPSI) issued by Bank Indonesia and IAI.

The consolidated financial statements have been prepared based on the following assumptions:

- (1) accrual basis, except for interest receivable on earning assets which are classified as non-performing, revenue from *istishna* and profit sharing from *mudharabah* and *musyarakah* financing.
- (2) historical cost, except for certain investments in shares which are recorded under equity method, certain securities and Government Recapitalization Bonds classified as trading and available-for-sale and derivative transactions which are stated at fair value and repossessed assets which are stated at net realizable value.

The consolidated statements of cash flows have been prepared using the direct method which classified cash flows into operating, investing and financing activities. For presentation in the consolidated statements of cash flows, cash and cash equivalents consist of cash, current accounts with Bank Indonesia and current accounts with other banks.

b. Consolidation principles

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

In case where control over a Subsidiary has begun or ended within the current period, the results of operations of a Subsidiary included in the consolidated financial statements are limited on the results as of the date on which control starts to be acquired until such control has ended.

Control on an entity is presumed to exist if BRI controls more than 50% of the entity's voting rights, or is able to govern the financial and operating policies of a Subsidiary, or has the ability to terminate or appoint the majority of the Subsidiary's Board of Directors, or is able to control the majority of voting rights in the management's meeting.

In the consolidated financial statements, all significant inter-company balances and transactions have been eliminated.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

b. Consolidation principles (continued)

Minority interest in net income and equity of the Subsidiary represents the minority stockholders' proportionate share in the net income and equity of such Subsidiary, based on the percentage of ownership of the minority stockholders in such Subsidiary.

The accounting policies adopted in the preparation of the consolidated financial statements have been consistently applied by the Subsidiary, unless otherwise stated.

c. Quasi-reorganization

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

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

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

BRI revalued its assets and liabilities in conjunction with the quasi-reorganization as of June 30, 2003. Since the fair value of net assets (total assets less total liabilities) of BRI is higher than their book value, based on PSAK No. 51 (before revision in 2003) and PSAK No. 21 on "Accounting for Equity", in the implementation of quasi-reorganization, BRI did not recognize the excess of such net assets against accumulated losses and used the book values of the assets and liabilities at the implementation of quasi-reorganization.

As a result of the above quasi-reorganization, BRI's deficit was eliminated against the additional paid-in capital account which amounting to Rp24,699,387 as of June 30, 2003.

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

d. Transactions with related parties

In accordance with PSAK No. 7 on "Related Party Disclosures", related parties are defined as follows:

- 1) enterprises that, through one or more intermediaries, control or are controlled by, or are under common control with, the reporting enterprise (including holding companies, subsidiaries and fellow subsidiaries);
- 2) associated companies;

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

d. Transactions with related parties (continued)

- 3) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, and close members of the family of any such individuals (close members of a family are defined as those members who are able to exercise influence or can be influenced by such individuals in their transactions with the reporting enterprise);
- 4) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the reporting enterprise, including Commissioners, Directors and Managers of the enterprise and close members of the families of such individuals; and
- 5) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any persons described in point 3) or 4) above, or over which such a person is able to exercise significant influence on the enterprises. This definition includes enterprises owned by the Commissioners, Directors or major stockholders of the reporting enterprise and enterprises that have a common member of key management as in the reporting enterprise.

All significant transactions with related parties, whether or not made under normal terms and conditions as those conducted with third parties, have been disclosed in the consolidated financial statements. Based on PSAK No. 7, transactions among BRI and the Government and other state-owned (BUMN) or controlled companies including the Deposit Insurance Corporation (a new institution which replaced the Government Guarantee Implementation Unit), are not considered as transactions with related parties.

e. Allowance for possible losses on earning assets, non-earning assets and estimated losses on commitments and contingencies

Earning assets consist of current accounts with other banks, placements with Bank Indonesia and other banks, securities, export bills, Government Recapitalization Bonds, securities purchased with agreements to resell, derivatives receivable, loans, sharia receivables and financing, acceptances receivable, investments in shares of stock and commitments and contingencies in administrative account transactions.

Commitments and contingencies in administrative account transactions, include but are not limited to issued guarantees, letters of credit, standby letters of credit and unused loan facilities granted to customers.

Non-earning assets are bank assets which have a potential loss and include but are not limited to repossessed assets, abandoned properties, inter-office accounts and suspense accounts.

Based on Bank Indonesia Regulation (PBI), assets are classified into performing assets as "Current" or "Special Mention", and non-performing assets as "Sub-standard", "Doubtful" or "Loss".

The classification of assets as current, special mention, sub-standard, doubtful or loss is based on PBI No. 7/2/PBI/2005 dated January 20, 2005 on "Assessment of the Quality of Commercial Bank Assets", whereby certain articles have been amended by PBI No. 8/2/PBI/2006 dated January 30, 2006 and PBI No. 9/6/PBI/2007 dated March 30, 2007 and PBI No. 11/2/PBI/2009 dated January 29, 2009 which consider management's evaluation of each debtor's business prospects, performance and ability to repay, and also further considering other

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

e. Allowance for possible losses on earning assets, non-earning assets and estimated losses on commitments and contingencies (continued)

aspects such as the classification based on Bank Indonesia audit results, the classification as determined by other commercial banks on earning assets drawn from more than one bank, and the availability of the debtor's audited financial statements.

The amendment on PBI No. 11/2/PBI/2009 among other regarding the limit of credit and other funding whose quality assessment was only measured based on the timely payment of principal and/or interest, which has been increased from the previous amount of up to Rp500 million to become an amount of up to Rp1 billion. Property which has been effectively used for the purpose of banking business for more than 50% is not categorized as abandoned property, thereby no need to record allowance for possible losses and also the extent of the expiry time limit of appraisal for collateral used as deduction from allowance for possible losses.

The minimum allowance for possible losses on earning assets, non-earning assets and estimated losses on commitments and contingencies is calculated considering the above mentioned PBI.

The recognition of minimum allowance for possible losses in accordance with the above PBI is as follows:

- 1) General reserve, at a minimum of 1% of earning assets classified as Current, except for earning assets guaranteed with cash collaterals such as demand deposits, time deposits, savings deposits, security deposits, gold, Bank Indonesia Certificates or Government Debentures (Government Bonds and Government Recapitalization Bonds), guarantees of Government in accordance with the prevailing laws and regulations, standby letters of credit from a prime bank which is issued in accordance with the prevailing Uniform Customs and Practice for Documentary Credit (UCP) or International Standard Practices (ISP).
- 2) Special reserve, at a minimum of:
 - a) 5% of earning assets classified as Special Mention, net of deductible collateral;
 - b) 15% of earning assets classified as Sub-standard, net of deductible collateral;
 - c) 50% of earning assets classified as Doubtful, net of deductible collateral; and
 - d) 100% of earning assets classified as Loss, net of deductible collateral.

The use of collateral value as deduction is made in the calculation of allowance for possible losses only for earning assets.

Deductible collateral from the calculation of provision for possible losses on earning assets and estimated losses on commitments and contingencies include securities and shares which are traded actively in the Indonesia Stock Exchange or have the highest investment rating, up to 50% of the value of securities listed in the stock exchange at month-end, certain percentage of land, buildings, residential houses, machinery that are installed on land, aircrafts, ships, motorcycles, inventories and warehouse receipts which are not more than 24 (twenty-four) months, on the other hand for land and buildings used as residence which do not exceed a period of 30 (thirty) months if appraised by an independent appraiser and not more than 24 (twenty-four) months if appraised by an internal appraiser. Appraisal for the loan principal above Rp5 billion should be conducted by an independent appraiser.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

e. Allowance for possible losses on earning assets, non-earning assets and estimated losses on commitments and contingencies (continued)

The allowance for possible losses on commitments and contingencies is presented as a liability in the consolidated balance sheets under "Estimated Losses on Commitments and Contingencies".

The outstanding balance of earning assets is written off against the respective allowance for possible losses when management believes that such earning assets are no longer collectible. The recovery of earning assets previously written off is recorded as addition to the allowance/estimate for possible losses during the current year. If there is excess from the recovery of the loan principal, such excess will be recognized as interest income.

The guidance on providing allowance for possible losses on earning assets and determining the earning assets quality of BRIS are based on PBI No. 9/9/PBI/2007 dated June 18, 2007 on "Amendment of Bank Indonesia Regulation No. 8/21/PBI/2006 on Assessment of Quality of Assets on Commercial Banks which Conduct Business Activities Under Sharia Principles".

f. Current accounts with other banks

Current accounts with other banks are stated at their outstanding balances net of allowance for possible losses.

g. Placements with Bank Indonesia and other banks

Placements with Bank Indonesia and other banks are placements of funds with Bank Indonesia in the form of Bank Indonesia deposit facilities (*Fasilitas Simpanan Bank Indonesia/FASBI*) and Fine Tune *Kontraksi* (FTK), while placements of funds with other banks represent placements of funds in the form of inter-bank call money and time deposits.

Placements with Bank Indonesia are stated at their outstanding balances net of unamortized interest. Placements with other banks are stated at their outstanding balances net of allowance for possible losses.

h. Securities and Government Recapitalization Bonds

Securities consist of securities traded in the money market such as Bank Indonesia Certificates, Bank Indonesia Sharia Certificates, Government bonds, notes receivable, subordinated notes, mutual fund units, medium term notes, guaranteed notes, credit-linked notes and bonds traded in the stock exchange.

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

h. Securities and Government Recapitalization Bonds (continued)

Securities and Government Recapitalization Bonds are classified based on management's intention at acquisition and based on the following classifications under PSAK No. 50 on "Accounting for Certain Investments in Securities":

- 1) Securities and Government Recapitalization Bonds for trading purposes are stated at fair value. Unrealized gains (losses) resulting from the increase (decrease) in fair value is reported in the current year's consolidated statement of income. Upon sale of the securities and Government Recapitalization Bonds held for trading, the difference between the selling price and their carrying fair value is recorded as realized gain or loss on sale.
- 2) Held-to-maturity securities and Government Recapitalization Bonds are stated at acquisition cost after adding (deducting) the amortization of premium (discount), if any.
- 3) Available-for-sale securities and Government Recapitalization Bonds are stated at fair value. Unrealized gains (losses) resulting from the increase (decrease) in fair value are not recognized in the current year's consolidated statement of income but are presented separately as a component of stockholders' equity. Those unrealized gains (losses) are reported in the consolidated statement of income upon realization.

For securities which are traded in organized financial markets, such fair value is generally determined by reference to quoted market bid prices by the stock exchange at the date that is close to the balance sheet date, then adjusted for transaction costs necessary to acquire such assets. For securities which have no quoted market price, an estimate of the fair value of the securities is determined by reference to the fair value of other instruments which are substantially the same or are calculated based on the expected cash flows of the underlying net asset base of such securities or using the expected market yield approach. The permanent decline in fair value of the held-to-maturity and available-for-sale securities is charged to the current year's consolidated statement of income.

Buy and sell transactions of securities for customers and BRI itself are recognized in the consolidated financial statements when the agreement of the securities transactions arise.

Securities are presented at their net values after deducting the allowance for possible losses and unamortized premium or discount. The premium and discount is amortized using the straight-line method.

Securities are derecognized in the consolidated balance sheets when BRI has transferred all significant risks and benefits of these securities.

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 possible losses. The discount arising from export bills has been directly recorded in full in the current year's consolidated statement of income as the amount is immaterial.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

j. Loans

Loans represent the lending of money or equivalent receivables under contracts or borrowing and lending commitments with borrowers, whereby the borrowers are required to repay their debts with interest after a specified time. Loans are stated at their loan principal net of allowance for possible losses.

For the restructuring of non-performing loans involving the modification of terms (e.g. modification of interest rate and extension of payment maturity date), and not involving the receipt of assets (including receipt of shares) from the debtor, BRI should record the effects of the restructuring prospectively and not change the carrying value of the loan receivable at the time of restructuring, except if the recorded amount exceeds the total future cash receipts specified by the new terms. The deduction amount is recorded as loss in the current year's consolidated statement of income.

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

k. Sharia receivables and financing

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

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

Istishna is a sale contract between *al - mustashni* (buyer) and *al - shani* (producer who also acts as seller). Based on such contract, the buyer assigns the producer to create or conduct *al - mashnu* (order goods) in accordance with the required specifications by the buyer and sells them at the agreed price. *Istishna* receivables are presented based on the outstanding billings less allowance for possible losses.

Ijarah is a leasing agreement between the *muajjir* (lessor) with the *musta'jir* (lessee) on *ma'jur* (lease items) to obtain the benefits on the items that are being leased.

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

i. 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 are stated at nominal amount or realization value of the L/C net of allowance for possible losses, while acceptances payable are stated at nominal amount or realization value of the L/C.

m. Investments in shares of stock

Investments in shares of stock represent mainly investment of funds in the form of shares in non-publicly-listed companies engaged in financing activities for long-term investment purposes.

Investments in shares of stock with an ownership interest of 20% up to 50% and more than 50% are recorded based on the equity method. Under this method, the investments are stated at acquisition cost increased or decreased by the share in the net earnings or losses of the associate companies based on the percentage of ownership and reduced by dividends received since the acquisition date.

Investments in shares of stock with an ownership interest of less than 20% are recorded based on the cost method reduced by allowance for possible losses.

n. Premises and equipment

Effective as of January 1, 2008, BRI has applied PSAK No. 16 (Revised 2007), "Fixed Assets" which supersedes PSAK No. 16 (1994), "Fixed Assets and Other Assets" and PSAK No. 17 (1994), "Accounting for Depreciation". BRI had previously revalued its premises and equipment before the application of PSAK No. 16 (Revised 2007) and has chosen the cost model, thus, the revalued amount of premises and equipment is considered as deemed cost and the cost is the value at the time PSAK No. 16 (Revised 2007) is applied. All the balance of revaluation increment in premises and equipment that still exist at the first time application of PSAK No.16 (Revised 2007) as presented in the stockholders' equity section of the 2007 consolidated balance sheet have been reclassified to retained earnings in 2008.

Premises and equipment is stated at cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the premises and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the premises and equipment as a replacement, if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in the consolidated statement of income as incurred.

Depreciation is calculated on the straight-line method over the estimated useful lives of the premises and equipment as follows:

	Years
Buildings	15
Motor vehicles	5
Computers and machineries	3 - 5
Furniture and fixtures	5

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

n. Premises and equipment (continued)

The carrying amount of premises and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the premises and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the premises and equipment) is included in the consolidated statement of income in the year the premises and equipment is derecognized.

The premises and equipment's residual value, useful lives and methods of depreciation are reviewed and adjusted prospectively if appropriate, at each financial year end.

In accordance with PSAK No. 47, "Land Accounting", all costs and expenses incurred in relation with the acquisition of the landright, such as license fee, survey and measurement cost, notarial fee and taxes, are deferred and presented separately from the cost of the landright. The deferred cost related to the acquisition of the landright was presented as part of "Other Assets" in the consolidated balance sheets, and amortized over the period of the related landright using the straight-line method.

In addition, PSAK No. 47 also states that landright is not amortized unless it meets certain required conditions.

PSAK No. 48 on "Impairment in Asset Value" requires the review of the premises and equipment values for each impairment or write-down to fair value whenever events indicate that the carrying value may not be recoverable.

o. Leases

Effective as of January 1, 2008, PSAK No. 30 (Revised 2007) regarding "Leases" supersedes PSAK No. 30 (1990) regarding "Accounting for Leases". Based on PSAK No. 30 (Revised 2007), the determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date and whether the fulfillment of the arrangement is dependent on the use of an asset and the arrangement conveys a right to use such asset. Under this revised PSAK, leases that transfer substantially all the risks and rewards incidental to ownership of the leased item are classified as finance leases. Moreover, leases which do not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. The implementation of this revised PSAK does not have significant impact on the 2008 consolidated financial statements.

p. Repossessed assets

Repossessed assets acquired in settlement of loans (included as part of "Other Assets") are recognized at their net realizable values. Net realizable value is the fair value of the collateral after deducting the estimated costs of disposal. The excess in loan balances which has not been paid by debtors over the value of repossessed assets 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.

q. Other assets

Other assets, among others, consist of interest revenue, accrued provision and commissions, accrued interest receivables, prepaid tax, deferred expense, abandoned property, inter-office account and others.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

r. Liabilities due immediately

Liabilities due immediately represent the obligations of the Bank to external parties that based on their nature should be paid immediately in accordance with the instructions of the agreement which have been previously determined. Liabilities due immediately are stated at the amount of the liability of the Bank to the account holders.

s. Deposits from customers and other banks and other financial institutions

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

Wadiah demand deposits represent third party funds which can be returned at anytime and customers receive bonus based on BRIS policy. *Wadiah* demand deposits are stated at the amount due to the account holder of the deposit in the bank.

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

Wadiah savings deposits represent funds deposited by customers in the bank, which have a deposit quality and can be withdrawn at any time and the bank is not required to give interest unless in the form of bonus in a voluntary way. *Wadiah* savings deposits are stated at the Bank's liabilities.

Mudharabah savings deposits represent funds from third parties which receive predetermined and pre-agreed profit-sharing return ratio (nisbah) from income derived by BRIS from the use of such funds. *Mudharabah* savings is stated based on the customer's savings balance.

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

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

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

t. Securities purchased with agreements to resell and securities sold with agreements to repurchase

Securities purchased with agreements to resell are recognized as receivables and recorded at their resale values reduced by unearned interest and allowance for possible losses. The difference between the securities purchase and resale price is treated as unearned interest income and will be recognized over the period from the time of purchase until the time of resale.

Securities sold with agreements to repurchase are recognized as liability at their agreed repurchase price, reduced by the balance of prepaid interest. The difference between the selling price and repurchase price is treated as prepaid interest which is recognized as interest expense over the period from the sale of the securities until the time of repurchase.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

u. Subordinated loans

Subordinated loans are stated at the nominal amount net of unamortized discount. The costs incurred in relation to the issuance of the subordinated loans are recognized as deferred issuance cost which are directly deducted from the proceeds of subordinated loans and amortized until maturity using the straight-line method.

v. Allowance and timely payment of interest on BRI unit

Timely Payment of Interest [*Pembayaran Bunga Tepat Waktu* (PBTW)] represents incentives given to Village General Loans (*Kupedes*) borrowers who pay their liabilities in accordance with the mutually agreed installment schedules. The amount of PBTW is 25% of interest received from either *Kupedes* working capital loans or *Kupedes* investment loans. PBTW is reported as deduction from interest income on loans.

Allowance for Timely Payment of Interest [*Cadangan Pembayaran Bunga Tepat Waktu* (CPBTW)] represents allowance provided for timely payment of incentives, which are given to borrowers of *Kupedes* who settle their liabilities on time. The amount of CPBTW is 25% of interest on *Kupedes* working capital loans and *Kupedes* investment loans received monthly. CPBTW is included as part of "Other Liabilities".

w. Interest income and interest expense

Interest income and interest expense are recognized on accrual basis, except for interest income on non-performing earning assets (Sub-standard, Doubtful and Loss) which is recognized at the time cash collections are received (cash basis). Interest receivable which has been accrued is reversed when the earning asset has been classified as non-performing and charged to expense in the current period. Interest income from non-performing assets that has not been received (Interest Receivables on Non-performing Loans) is disclosed in the information on commitments and contingencies.

Cash collections from loans which have been classified as doubtful or loss with possible few collections, will be used initially to reduce the loan principal. The excess collections from loan principal are recognized as interest income in the consolidated statements of income.

x. Fees and commissions

Significant fees and commissions which are directly related to lending activities and/or having specific time periods are deferred and amortized using the straight-line method over their respective time periods. The balances of deferred fees and commissions relating to agreements settled prior to maturity are recognized upon settlement of the commitments. Other fees and commissions which are not directly related to either lending activities or specific time periods are recognized as income at the time the transaction is made.

y. Sharia income and charges

Sharia income consists of income from *murabahah* transaction, *istishna*, *ijarah*, and profit sharing from *mudharabah* and *musyarakah* financing. Income from *murabahah* and *ijarah* transactions are recognized using accrual method. Income from *istishna* 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.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

z. Pension plan and employee benefits

BRI provides defined benefit pension plans covering substantially all its employees that fulfill the criteria. Under the defined benefit pension plans, current service cost is charged to current operations. Unrecognized past service cost and actuarial adjustment are amortized over the expected future remaining years of service of existing employees as determined by the actuary. In addition, BRI employees are also given Old-Age Benefits, and participate in defined contribution pension plan benefits and other long-term benefits (gratuity for services, grand leaves and pension preparation period).

BRI has accounted for the liabilities arising from the implementation of Labor Law No. 13 year 2003 dated March 25, 2003 (Labor Law No. 13/2003). BRI's work separation scheme is calculated following the provisions of Labor Law No. 13/2003.

Based on PSAK No. 24 (Revised 2004) on "Employee Benefits", the cost of providing employee benefits under the prevailing Law is determined using the actuarial valuation based on the projected unit credit method. Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded the higher of 10% of the present value of the defined benefit obligation and 10% of the fair value of plan assets at that date. These gains or losses are recognized on a straight-line method over the expected average remaining working lives of the employees. Further, past service costs arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan are required to be amortized over the remaining period until the benefits concerned become vested.

The post-employment benefits expense recognized during the year consists of current service cost, interest on obligation, actuarial gains or losses and past service costs, and reduced by employees' contributions and expected return on plan assets.

aa. Stock options

BRI has granted stock options to the Directors and employees at certain positions and levels based on established criteria. Compensation cost at the grant date is calculated using the fair value of such 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 stockholders' equity.

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

ab. Earnings per share

Basic earnings per share is calculated by dividing the net income by the weighted average number of issued and fully paid shares during the related year.

Diluted earnings per share is computed after making the necessary adjustments to the weighted average number of common shares outstanding assuming the full exercise of employee stock options at the time of issuance.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ac. Foreign currency transactions and balances

BRI and its Subsidiary maintain their accounting records in Indonesian Rupiah. Transactions in foreign currencies are recorded at the prevailing exchange rates in effect on the date of the transactions. As of December 31, 2009 and 2008, all foreign currency monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time) as of December 31, 2009 and 2008, respectively. The resulting gains or losses are credited or charged to the current consolidated statements of income.

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

	2009	2008
United States Dollar 1	9,395.00	10,900.00
Great Britain Pound Sterling 1	15,164.94	15,755.42
Japanese Yen 100	10,219.00	12,064.50
European Euro 1	13,542.43	15,356.48
Hong Kong Dollar 1	1,211.48	1,406.44

ad. Translation of the financial statements of overseas branch and representative offices

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

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

- Assets and liabilities, commitments and contingencies - at Reuters spot rates at 4.00 p.m. WIB at balance sheet date.
- Revenues, expenses, gains and losses - at the average middle rate during the month. The ending year balances consist of the sum of the translated monthly balances of revenues, expenses and profit and losses during the year.
- Stockholders' equity - Capital Stock and Additional Paid-in Capital at historical rates.
- Statements of cash flows - at the spot rate published by Reuters at 4.00 p.m. WIB on balance sheet date, except for the profit and loss accounts which are translated at the average middle rates and stockholders' 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 the stockholders' equity as "Differences Arising from Translation of Foreign Currency Financial Statements".

ae. Derivative transactions

Based on PSAK No. 55 (Revised 1999) on "Accounting for Derivative Instruments and Hedging Activities", all derivative instruments are recognized at the balance sheet date at their fair value. Fair value is determined based on market value or Reuters spot rate at balance sheet date or pricing models or quoted prices of other instruments with similar characteristics. The recognition of derivatives as either assets or liabilities is based on the difference between the contract amount and the fair value of the derivative instrument. Such difference represents unrealized gains or losses on the reporting date. The changes in the fair value of the derivative instruments that are not designated as hedging or do not meet the criteria for classification as hedging instrument are recognized in the current year consolidated income statement. For accounting purposes, BRI's derivative transactions are not designated as effective hedging.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

af. Income tax

BRI and its Subsidiary applied PSAK No. 46 on "Accounting for Income Taxes" which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between financial reporting and tax reporting. PSAK No. 46 also requires the recognition of deferred tax assets which arise from future tax benefits, including accumulated tax loss which can be compensated against the following years, if it is highly probable that the future income subject to tax is adequate to be compensated.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The changes in the carrying value of deferred tax assets and liabilities due to the changes in tax rate is charged to current year operations, except transaction which have been previously charged or credited to stockholders' equity.

Amendments to tax obligations are recorded when an assessment is received or, if there is objection or appeal, when the decision on the objection and or the result of the appeal is received.

The tax effect on temporary differences and accumulated of tax loss on the consolidated companies, which consist of assets or liabilities, are presented in net amount for BRI and its Subsidiary.

ag. Segment reporting

PSAK No. 5 (Revised 2000) on "Segment Reporting" requires the identification and disclosure of financial information based on the business type (products or services) and operating geographical region segment of a company's operations. BRI only operates in the banking industry, therefore the information for segment reporting is disclosed based on operating geographical regions.

ah. Use of estimates

In the preparation of the consolidated financial statements in accordance with Generally Accepted Accounting Principles, the management used estimations and assumptions that affect the reported amounts in the consolidated financial statements. There is inherent risk in making estimates such that actual amounts reported in future periods may differ from the estimated amounts.

3. IMPLEMENTATION OF QUASI-REORGANIZATION

As a result of the effects of the economic conditions, BRI incurred significant losses in 1998 and 1999 totaling Rp28,221,364. After BRI's recapitalization in July 2000 and October 2000, the allowance for possible losses on earning assets of BRI had been significantly reduced when the non-performing earning assets were transferred to the Indonesian Bank Restructuring Agency (IBRA). BRI had accumulated losses of Rp24,699,387 in the balance sheet as of June 30, 2003.

In order to have a fresh start with a balance sheet showing the current values without accumulated losses, BRI implemented quasi-reorganization as of June 30, 2003 (Note 2c).

BRI's management has prepared projections of financial statements that show strong profitability and sound Capital Adequacy Ratio (CAR) based on the primary strength of BRI as a major bank in Indonesia that focuses on micro-finance, consumer financing, small and middle businesses (UKM) and agribusiness sectors.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

4. CURRENT ACCOUNTS WITH BANK INDONESIA

Current accounts with Bank Indonesia consist of:

	<u>2009</u>	<u>2008</u>
Rupiah	12,532,673	9,760,128
United States Dollar	360,741	185,568
	<u>12,893,414</u>	<u>9,945,696</u>

As of December 31, 2009 and 2008, current accounts with Bank Indonesia under sharia banking principles amounted to Rp86,873 and Rp62,888, respectively.

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

As of December 31, 2009 and 2008, the GWM ratios of BRI (unaudited) are as follows:

	<u>2009</u>	<u>2008</u>
Primary GWM - Rupiah	5.90%	5.57%
Secondary GWM - Rupiah	6.47	-
Primary GWM - Foreign currency	1.00	1.00

The calculation of the GWM ratios as of December 31, 2009 is based on Bank Indonesia Regulation (PBI) No. 10/25/PBI/2008 dated October 23, 2008 regarding "The Amendment on PBI No. 10/19/PBI/2008 dated October 14, 2008 regarding GWM of Commercial Banks in Bank Indonesia in Rupiah and Foreign Currencies". Based on these regulations, Banks are required to maintain the primary minimum reserve in Rupiah equivalent to 5% of third party funds in Rupiah and secondary minimum reserve equivalent to 2.5% of third party funds in Rupiah, also maintain the minimum reserve in foreign currency equivalent to 1% of third party funds in foreign currency. The requirement on the secondary minimum required reserves in Rupiah becomes applicable on October 24, 2009.

BRI has complied with Bank Indonesia's regulation regarding the minimum legal reserve requirement as of December 31, 2009 and 2008.

5. CURRENT ACCOUNTS WITH OTHER BANKS

a) By Currency:

	<u>2009</u>	<u>2008</u>
<u>Third parties</u>		
<u>Rupiah</u>	54,683	114,375
<u>Foreign currencies</u>		
United States Dollar	4,714,309	2,767,720
European Euro	2,930,782	357,666
Singapore Dollar	898,099	2,195
Japanese Yen	210,457	150,450
Hong Kong Dollar	163,441	1,907
Great Britain Pound Sterling	53,776	10,351
Australian Dollar	37,162	6,047

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)**

5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

a) By Currency (continued):

	2009	2008
<u>Third parties (continued)</u>		
<u>Foreign currencies (continued)</u>		
Swiss Franc	13,006	4,914
Others	5,371	4,663
	<u>9,026,403</u>	<u>3,305,913</u>
Total	9,081,086	3,420,288
Less: Allowance for possible losses	(90,811)	(34,208)
	<u>8,990,275</u>	<u>3,386,080</u>

b) By Bank:

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
PT Bank Central Asia Tbk	45,258	106,297
PT Bank Mandiri (Persero) Tbk	5,439	2,436
Others	3,986	5,642
	<u>54,683</u>	<u>114,375</u>
<u>Foreign currencies</u>		
Commerzbank, A.G. (formerly Dresdner Bank A.G.)	2,707,158	31,877
JP Morgan Chase Bank, N.A.	2,248,531	309,223
The Hongkong and Shanghai Banking Corporation Limited	1,478,365	5,950
Standard Chartered Bank	1,293,171	1,548
Oversea-Chinese Banking Corporation Limited (OCBC Bank)	898,099	-
The Royal Bank of Scotland (formerly ABN-AMRO Bank N.V.)	241,939	2,853,083
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	39,138	32,159
ANZ Banking Group Limited	37,162	6,047
ING Belgium N.V. Brussels	28,126	-
PT Bank Negara Indonesia (Persero) Tbk	19,035	1,172
Others	35,679	64,854
	<u>9,026,403</u>	<u>3,305,913</u>
Total	9,081,086	3,420,288
Less: Allowance for possible losses	(90,811)	(34,208)
	<u>8,990,275</u>	<u>3,386,080</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

c) By Collectibility:

	2009	2008
<u>Rupiah</u>		
Current	54,683	114,375
<u>Foreign currencies</u>		
Current	9,026,403	3,305,908
Loss	-	5
	<u>9,026,403</u>	<u>3,305,913</u>
Total	9,081,086	3,420,288
Less: Allowance for possible losses	(90,811)	(34,208)
	<u>8,990,275</u>	<u>3,386,080</u>

As of December 31, 2009, all current accounts with other banks are classified as "Current". As of December 31, 2008, current account in Indonesische Overzeese Bank N.V. amounting to Rp5 is classified as "Loss" and has been written-off in 2009.

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

	2009	2008
<u>Rupiah</u>	1.33%	1.30%
<u>Foreign currencies</u>		
United States Dollar	0.36	1.16
European Euro	0.60	2.46

e) Movements of allowance for possible losses on current accounts with other banks:

	2009	2008
<u>Rupiah</u>		
Beginning balance	1,144	235
(Reversal) provision during the year (Note 32)	(597)	909
Ending balance	<u>547</u>	<u>1,144</u>
<u>Foreign currencies</u>		
Beginning balance	33,064	8,999
Provision during the year (Note 32)	57,200	24,065
Ending balance	<u>90,264</u>	<u>33,064</u>
	<u>90,811</u>	<u>34,208</u>

The minimum allowance for possible losses on current accounts with other banks that should be provided based on Bank Indonesia regulations amounted to Rp90,811 and Rp34,208 as of December 31, 2009 and 2008, respectively.

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

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)**

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a) By Currency and Type:

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
Bank Indonesia - FTK (net of unamortized interest of Rp11,075 and Rp21,796 as of December 31, 2009 and 2008, respectively)	13,988,925	19,978,204
Bank Indonesia - FASBI (net of unamortized interest of Rp6,406 and Rp486 as of December 31, 2009 and 2008, respectively)	12,813,594	399,514
Bank Indonesia - FASBI Syariah	205,500	-
	27,008,019	20,377,718
<u>Inter-bank call money</u>		
PT Bank Pan Indonesia Tbk	100,000	200,000
PT Bank Internasional Indonesia Tbk	35,000	-
The Hongkong and Shanghai Banking Corporation Limited	16,208	16,150
PT Bank Bukopin Tbk	-	450,000
PT Bank Bumiputera Indonesia Tbk	-	220,000
PT Bank Century Tbk	-	200,000
Others	-	109,000
	151,208	1,195,150
	27,159,227	21,572,868
<u>Foreign currency</u>		
<u>Inter-bank call money</u>		
The Bank of New York Mellon	3,204,635	46,870
The Bank of America	3,037,779	-
Wachovia Bank, N.A.	2,977,275	26,160
Citibank, N.A.	1,901,548	1,417
The Royal Bank of Scotland (formerly ABN-AMRO Bank N.V.)	1,746,653	-
Standard Chartered Bank	105,835	260,262
PT Bank Mandiri (Persero) Tbk	93,950	-
Indonesische Overzeese Bank N.V.	-	654,000
PT Bank Negara Indonesia (Persero) Tbk	-	54,500
	13,067,675	1,043,209

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

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

a) By Currency and Type (continued):

	2009	2008
<u>Third parties (continued)</u>		
<u>Foreign currency (continued)</u>		
Time deposits		
Standard Chartered Bank	187,900	-
Toronto Dominion Bank, N.A.	23,488	10,900
U.S. Bank N.A.	-	16,350
	<u>211,388</u>	<u>27,250</u>
	<u>13,279,063</u>	<u>1,070,459</u>
	<u>40,438,290</u>	<u>22,643,327</u>
<u>Related party</u>		
<u>Rupiah</u>		
Inter-bank call money		
PT BTMU-BRI Finance (formerly		
PT UFJ-BRI Finance)	193,000	265,000
Total	40,631,290	22,908,327
Less: Allowance for possible losses	(136,233)	(672,766)
	<u>40,495,057</u>	<u>22,235,561</u>

b) By Time Period:

The placements are grouped by their remaining period to maturity as follows:

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	27,159,227	21,572,868
<u>Foreign currency</u>		
≤ 1 month	13,044,188	351,059
> 1 month - 3 months	46,975	65,400
> 3 months - 1 year	187,900	-
> 1 year	-	654,000
	<u>13,279,063</u>	<u>1,070,459</u>
	<u>40,438,290</u>	<u>22,643,327</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

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

b) By Time Period (continued):

	2009	2008
<u>Related party</u>		
<u>Rupiah</u>		
≤ 1 month	193,000	100,000
> 1 month - 3 months	-	165,000
	<u>193,000</u>	<u>265,000</u>
Total	40,631,290	22,908,327
Less: Allowance for possible losses	(136,233)	(672,766)
	<u>40,495,057</u>	<u>22,235,561</u>

c) By Collectibility:

	2009	2008
<u>Rupiah</u>		
Current	27,352,227	21,837,868
<u>Foreign currency</u>		
Current	13,279,063	416,459
Loss	-	654,000
	<u>13,279,063</u>	<u>1,070,459</u>
Total	40,631,290	22,908,327
Less: Allowance for possible losses	(136,233)	(672,766)
	<u>40,495,057</u>	<u>22,235,561</u>

As of December 31, 2008, placement in Indonesische Overzee Bank N.V. amounting to US\$60,000,000 (equivalent to Rp654,000) of inter-bank call money is classified as "Loss". In 2009, the placement has been written-off.

d) Average annual interest rates are as follows:

	2009	2008
<u>Rupiah</u>		
FASBI/FTK	6.75%	8.31%
Inter-bank call money	7.52	8.53
<u>Foreign currency</u>		
Inter-bank call money	2.05	3.08
Time deposits	2.59	2.20

e) Movements of allowance for possible losses on placements with Bank Indonesia and other banks:

	2009	2008
<u>Rupiah</u>		
Beginning balance	14,601	40,384
(Reversal) provision during the year (Note 32)	(11,159)	(25,783)
Ending balance	<u>3,442</u>	<u>14,601</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

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

- e) Movements of allowance for possible losses on placements with Bank Indonesia and other banks (continued):

	2009	2008
<u>Foreign currency</u>		
Beginning balance	658,165	11,033
Written off during the year	(563,700)	-
Provision during the year (Note 32)	38,326	647,132
Ending balance	132,791	658,165
	136,233	672,766

The minimum allowance for possible losses on placements with Bank Indonesia and other banks that should be provided based on Bank Indonesia regulations amounted to Rp136,233 and Rp672,766 as of December 31, 2009 and 2008, respectively.

Management believes that the allowance for possible losses on placements with Bank Indonesia and other banks is adequate.

7. SECURITIES

- a) By Purpose, Currency and Type:

	2009	2008
<u>Trading (Fair Value)</u>		
<u>Rupiah</u>		
Government bonds	317,788	438,522
Mutual funds	8,586	14,736
Bonds	-	356,480
	326,374	809,738
<u>Foreign currencies</u>		
Government bonds	579,533	603,979
Medium term notes	-	109,410
Guaranteed notes	-	105,299
	579,533	818,688
	905,907	1,628,426
<u>Available-for-Sale (Fair Value)</u>		
<u>Rupiah</u>		
Government bonds	1,041,408	107,726
Bonds	194,817	19,581
Subordinates notes	-	38,690
	1,236,225	165,997

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

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

	2009	2008
<u>Available-for-Sale (Fair Value) (continued)</u>		
<u>Foreign currencies</u>		
Government bonds	1,191,660	897,079
Notes receivable	689,528	274,419
	1,881,188	1,171,498
	3,117,413	1,337,495
<u>Held-to-Maturity (Cost)</u>		
<u>Rupiah</u>		
Bank Indonesia Certificates - net of unamortized interest of Rp61,450 and Rp23,841 as of December 31, 2009 and 2008, respectively	13,588,550	9,974,379
Government Bonds - net of unamortized interest and discount of Rp57,235 and Rp76,941 as of December 31, 2009 and 2008, respectively	1,942,745	2,529,422
Bonds - net of unamortized discount of Rp1,657 as of December 31, 2009 and plus unamortized premium of Rp8 as of December 31, 2008	1,122,668	674,008
Subordinated notes - net of unamortized discount of Rp170 as of December 31, 2009	49,830	-
Bank Indonesia Sharia Certificates (SBIS)	25,000	375,000
Medium-term notes	10,000	10,000
	16,738,793	13,562,809
<u>Foreign currency</u>		
Credit Linked Notes - plus unamortized premium of Rp535,117 and Rp677,735 as of December 31, 2009 and 2008, respectively	3,447,567	7,326,735
Medium term notes	187,900	-
Government Bonds - net of unamortized discount of Rp3,264 as of December 31, 2009	137,661	-
	3,773,128	7,326,735
	20,511,921	20,889,544
Total	24,535,241	23,855,465
Less: Allowance for possible losses	(57,109)	(89,294)
	24,478,132	23,766,171

b) By Collectibility:

As of December 31, 2009 and 2008, all securities are classified as "Current".

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

c) By Remaining Period to Maturity:

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

	2009	2008
<u>Rupiah</u>		
≤ 1 month	12,778,699	11,325,114
> 1 month - 3 months	2,033,485	20,000
> 3 months - 1 year	635,783	1,356,099
> 1 year	2,853,425	1,837,331
	<u>18,301,392</u>	<u>14,538,544</u>
<u>Foreign currency</u>		
≤ 1 month	2,460,721	1,990,186
> 3 months - 1 year	-	500,546
> 1 year	3,773,128	6,826,189
	<u>6,233,849</u>	<u>9,316,921</u>
Total	24,535,241	23,855,465
Less: Allowance for possible losses	(57,109)	(89,294)
	<u>24,478,132</u>	<u>23,766,171</u>

d) By Issuer:

d.1. Government Bonds

Government bonds represent bonds issued by the Government in connection with the management of Government debentures portfolio such as Government Debentures (Surat Utang Negara or SUN), Government Treasury Bills (Surat Perbendaharaan Negara or SPN) and Government bonds issued in foreign currencies which are obtained from the primary and secondary markets. The details of Government bonds are as follows:

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Cost	
			2009	2008
<u>Trading</u>				
<u>Rupiah</u>				
FR0023	11.00	December 15, 2012	-	93,216
FR0024	12.00	October 15, 2010	25,974	25,293
FR0033	12.50	March 15, 2013	22,226	20,514
ORI001	12.05	August 9, 2009	-	1,692
ORI002	9.28	March 28, 2010	20,951	22,756
ORI003	9.40	September 12, 2011	27,630	22,430
ORI004	9.50	March 12, 2012	99,970	74,280
ORI005	11.45	September 15, 2013	7,259	1,553
ORI006	9.35	August 15, 2012	1,578	-
SR001	12.00	February 25, 2012	433	-
ZC-02	-	September 20, 2009	-	79,463
ZC-04	-	February 20, 2010	89,167	78,710
ZC-05	-	February 20, 2013	22,600	18,615
			<u>317,788</u>	<u>438,522</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Issuer (continued):

d.1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Cost	
			2009	2008
Trading (continued)				
<u>Foreign currency</u>				
RI0014	6.75	March 10, 2014	315,387	306,346
RI0015	7.25	April 20, 2015	105,962	99,882
RI0035	8.50	October 12, 2035	-	29,295
RI0037	6.63	February 17, 2037	158,184	140,816
RI0038	7.75	January 17, 2038	-	27,640
			579,533	603,979
			897,321	1,042,501
Available-for-Sale				
<u>Rupiah</u>				
FR0027	9.50	June 15, 2015	122,174	107,726
FR0031	11.00	November 15, 2020	10,510	-
FR0040	11.00	September 15, 2025	255,480	-
FR0047	10.00	February 15, 2028	47,117	-
FR0052	10.50	August 15, 2030	91,462	-
ORI002	9.28	March 28, 2010	45	-
ORI003	9.40	September 12, 2011	283	-
ORI004	9.50	March 12, 2012	3,189	-
ORI005	11.45	September 15, 2013	431	-
ORI006	9.35	August 15, 2012	522	-
SR001	12.00	February 25, 2012	53	-
IFR0004	9.00	October 15, 2013	49,886	-
SPN	-	mixed	460,256	-
			1,041,408	107,726
<u>Foreign currency</u>				
RI0014	6.75	March 10, 2014	415,968	370,096
RI0015	7.25	April 20, 2015	73,877	69,917
RI0016	7.50	January 15, 2016	64,040	30,093
RI0017	6.88	March 9, 2017	394,734	357,916
RI0018	6.88	January 17, 2018	113,152	-
RI0035	8.50	October 12, 2035	33,729	-
RI0037	6.63	February 17, 2037	64,827	41,417
RI0038	7.75	January 17, 2038	31,333	27,640
			1,191,660	897,079
			2,233,068	1,004,805
Held-to-Maturity				
<u>Rupiah</u>				
FR0026	11.00	October 15, 2014	155,000	155,000
FR0028	10.00	July 15, 2017	120,000	120,000
FR0042	10.25	July 15, 2027	149,132	149,132
FR0043	10.25	July 15, 2022	538,338	38,338
FR0045	9.75	May 15, 2037	240,000	240,000
FR0046	9.50	July 15, 2023	170,000	170,000
FR0047	10.00	February 15, 2028	113,098	113,098
FR0048	9.00	September 15, 2018	111,560	111,560
FR0049	9.00	September 15, 2013	90,598	90,568
FR0050	10.50	July 15, 2038	70,000	70,000
FR0052	10.50	August 15, 2030	100,000	-

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Issuer (continued):

d.1. Government Bonds (continued)

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Cost	
			2009	2008
<u>Held-to-Maturity (continued)</u>				
<u>Rupiah (continued)</u>				
IFR0003	9.25	September 15, 2015	42,254	-
SPN	-	mixed	100,000	1,348,667
			1,999,980	2,606,363
Less: Unamortized Interest and Discount			(57,235)	(76,941)
			1,942,745	2,529,422
<u>Foreign currency</u>				
RI0018	6.88	January 17, 2018	9,395	-
RI0037	6.63	February 17, 2037	131,530	-
			140,925	-
Less: Unamortized Interest and Discount			(3,264)	-
			137,661	-
			2,080,406	2,529,422

The market value of Government bonds held for "Trading" and "Available-for-Sale" ranged from 75.33% to 113.96% and 62.05% to 102.57% as of December 31, 2009 and 2008, respectively.

From July to September 2008, BRI performed switching of some of its Government Debentures (SUN) in the securities account, classified as "Trading" with nominal amount of Rp120,000 and Rp1,167,127 to "Available-for-Sale" and "Held-to-Maturity", respectively, and in the Government Recapitalization Bonds account with nominal amount of Rp450,000 from "Trading" to "Available-for-Sale" (Note 9). The above switching was performed in connection with the global crisis which caused the SUN to be not actively traded at that time, which was supported with the issuance of Bank Indonesia Letter No.10/177/DpG/DPNP dated October 9, 2008 regarding "Determination of Fair Value and Reclassification of Government Debentures". The switching process was made by selling the SUN to third parties and repurchasing them on the same day using the market prices as of December 31, 2007 for SUN purchased before 2008 and average purchase prices during 2008 for SUN purchased in 2008. The differences between repurchase prices and nominal amounts are recorded as premium (discount) and amortized until maturity of the SUN.

d.2. Bonds

Issuer	Annual Interest Rate (%)	Maturity Date	Rating ^{a)}		Fair Value/Cost	
			2009	2008	2009	2008
<u>Trading</u>						
<u>Rupiah</u>						
PT Jasa Marga (Persero) Tbk Series XIII R	10.25	June 21, 2017	-	idAA-	-	102,363
PT Perusahaan Listrik Negara (Persero) Series IX A	10.40	July 10, 2017	-	Aa2 ^{*)}	-	59,059

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)**

7. SECURITIES (continued)

d) By Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating ^{a)}		Fair Value/Cost	
			2009	2008	2009	2008
Trading (continued)						
<u>Rupiah (continued)</u>						
PT Bank Danamon Indonesia Tbk Series I B	10.60	April 19, 2012	-	idAA+	-	48,341
PT Bank Pan Indonesia Tbk Series II B	10.75	June 19, 2012	-	idA+	-	44,377
PT Summit Oto Finance Series C 10 B	8.91	March 8, 2010	-	idAAA	-	47,819
PT Bank Negara Indonesia (Persero) Tbk Series I	13.13	July 10, 2011	-	idAA-	-	44,457
Perum Pegadaian Series XII B	8.25	September 4, 2017	-	idAA+	-	8,045
PT Bank Tabungan Negara (Persero) Tbk Series X	12.20	May 25, 2009	-	idAA-	-	2,019
					-	356,480
Available-for-Sale						
<u>Rupiah</u>						
PT Jasa Marga (Persero) Tbk Series XIII R	10.25	June 21, 2017	idAA-	-	105,253	-
PT Perusahaan Listrik Negara (Persero) Series IX A	10.40	July 10, 2017	idAA-	-	79,560	-
Perum Pegadaian Series XII B	9.74	September 4, 2017	idAA+	-	10,004	-
PT Ciliandra Perkasa Series II	11.50	November 27, 2012	-	idA-	-	19,581
					194,817	19,581
Held-to-Maturity						
<u>Rupiah</u>						
PT Japfa Comfeed Indonesia Tbk Series I	12.75	July 11, 2012	idBBB+	idBBB+	250,000	250,000
PT Bentoel Internasional Investama Tbk Series I	10.50	November 27, 2012	idAAA	idA	200,000	200,000
PT Bakrieland Development Tbk Series I B	12.85	March 11, 2013	idBBB+	idBBB+	100,000	100,000
Sukuk Ijarah I B	16.00	July 7, 2012	idBBB+	-	50,000	-
PT Summit Oto Finance Series II B	8.65	September 8, 2009	-	idAAA	-	50,000
Series C 10 B	8.91	March 8, 2010	idAAA	-	50,000	-
PT Bank Danamon Indonesia Tbk Series I B	10.60	April 19, 2012	idAA+	-	50,000	-

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)**

7. SECURITIES (continued)

d) By Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating ^{a)}		Fair Value/Cost	
			2009	2008	2009	2008
Held-to-Maturity (continued)						
Rupiah (continued)						
PT Bank Pan Indonesia Tbk Series II B	10.75	June 19, 2012	idAA-	-	50,000	-
PT Mitra Adiperkasa Tbk Series I	12.25	December 16, 2012	idA+	-	50,000	-
Sukuk Ijarah I A	12.25	December 16, 2012	idA+	-	25,000	-
PT Bank Negara Indonesia (Persero) Tbk Series I	13.13	July 10, 2011	idAA-	-	45,000	-
PT Danareksa (Persero) Series III A	12.50	June 20, 2010	idA-	idA	25,000	25,000
Series III B	13.00	June 20, 2011	idA-	idA	10,000	10,000
Series III C	13.50	June 20, 2013	idA-	idA	5,000	5,000
Lembaga Pembiayaan Ekspor Indonesia (formerly PT Bank Ekspor Indonesia (Persero)) Series IV A	10.00	June 28, 2010	idAAA	-	18,000	-
Series IV B	11.63	June 18, 2012	idAAA	-	25,000	-
PT Sarana Multigriya Finansial (Persero) Series I	9.50	January 3, 2011	AA***)	-	25,000	-
PT Salim Invomas Pratama Sukuk Ijarah I	11.65	December 1, 2014	idAA-	-	25,000	-
PT Pupuk Kalimantan Timur Sukuk Ijarah I	10.75	December 4, 2014	idAA-	-	25,000	-
Series II A	10.75	December 4, 2014	idAA-	-	10,000	-
PT Medco Energi Internasional Tbk Series II A	13.38	June 17, 2012	idAA-	-	20,000	-
PT Ciliandra Perkasa Series II	11.50	November 27, 2012	idA	-	20,000	-
PT Indosat Tbk Sukuk Ijarah IV A	11.25	December 8, 2014	idAA+	-	16,000	-
PT Bank Tabungan Negara (Persero) Tbk Series XII A	11.75	May 29, 2012	idAA-	-	10,000	-
EBA Series I A	13.00	March 10, 2018	idAAA	-	10,325	-
PT Malindo Feedmill Tbk Series I	11.80	March 6, 2013	idAA-	idA+	10,000	10,000
PT Tunas Financindo Sarana Series V A	10.00	February 27, 2009	-	idA	-	20,000
PT Indofood Sukses Makmur Tbk Series IV	10.01	May 15, 2012	-	idAA+	-	3,000

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Issuer (continued):

d.2. Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating ^{*)}		Fair Value/Cost	
			2009	2008	2009	2008
Held-to-Maturity (continued)						
Rupiah (continued)						
Perum Pegadaian Series IX	16.15	June 6, 2010	-	idAA+	-	1,000
(Less unamortized discount) add unamortized premium					1,124,325	674,000
					(1,657)	8
					1,122,668	674,008

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

^{**)} Based on ratings issued by Moody's.

^{***)} Based on ratings issued by Fitch Ratings

On April 8, 2009, BRI reclassified all of its bonds classified as "Trading" with nominal amount of Rp185,000 and Rp195,000 to "Available-for-Sale" and "Held-to-Maturity", respectively, while the market value at that date are Rp168,328 and Rp191,110, respectively. The difference between the market value and nominal amount for securities reclassified to "Held-to-Maturity" from "Trading" amounted to Rp3,890 which was recorded as discount and amortized until maturity. BRI also reclassified 1 (one) bond classified as "Available-for-Sale" with a nominal amount of Rp20,000 to "Held-to-Maturity", while the market value at that date is Rp20,000.

d.3. Mutual Funds

	2009	2008
ITB Mutual Funds - Niaga	8,586	7,706
Surya Mutual Funds	-	7,030
	8,586	14,736

On June 30, 2009, a Dissolution and Liquidation agreement on Surya Mutual Funds by PT CIMB-Principal Asset Management has been reached.

d.4. Notes Receivable

Issuer	2009			2008		
	Fair Value	Rating ^{*)}	Maturity Date	Fair Value	Rating ^{*)}	Maturity Date
Available-for-Sale						
Foreign currency						
Toronto Dominion Bank, N.A.	560,957	A-1	February 1, 2010	-	-	-
U.S. Bank, N.A.	128,571	A-1	January 4, 2010	-	-	-
Commerce Bank	-	-	-	274,419	A-1	January 2, 2009
	689,528			274,419		

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Issuer (continued):

d.5. Subordinated Notes

Issuer	Annual Interest Rate (%)	Maturity Date	Ratings ^{*)}		Fair Value/Cost	
			2009	2008	2009	2008
Available-for-Sale						
Rupiah						
PT Bank Pan						
Indonesia Tbk	11.60	April 9, 2018	-	idA	-	38,690
Held-to-Maturity						
Rupiah						
PT Bank Pan						
Indonesia Tbk	11.60	April 9, 2018	idA+	-	50,000	-
Less: Unamortized Discount					(170)	-
					49,830	-
					49,830	38,690

^{*)} Based on ratings issued by Pefindo.

On April 8, 2009, BRI made a reclassification of PT Bank Pan Indonesia Tbk subordinated notes classified as "Available-for-Sale" with a nominal amount of Rp50,000 to "Held-to-Maturity" while the market value at that date is Rp49,815. The unrealized accumulated loss at the time of reclassification amounted to Rp185 and was recorded as part of equity.

d.6. Guaranteed Notes

Issuer	Annual Interest Rate (%)	Maturity Date	Rating ^{*)}		Fair Value	
			2009	2008	2009	2008
Trading						
Foreign currency						
PGN Euro Finance						
2003 Limited	7.50	February 24, 2014	-	BB-	-	105,299

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

d.7. Medium Term Notes (MTNs)

Issuer	Nominal Amount		Annual Interest Rate (%)	Maturity Date	Fair Value/ Cost	
	United States Dollar	Rupiah			2009	2008
Trading						
Foreign currency						
Deutsche Bank AG						
	10,000,000	-	-	July 17, 2009	-	109,410
Held-to-Maturity						
Rupiah						
PT Bank Resona						
Perdania	-	10,000	9.60 ¹⁾	December 6, 2010	10,000	10,000

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)**

7. SECURITIES (continued)

d) By Issuer (continued):

d.7. Medium Term Notes (MTNs) (continued)

Issuer	Nominal Amount		Annual Interest Rate (%)	Maturity Date	Fair Value/ Cost	
	United States Dollar	Rupiah			2009	2008
Held-to-Maturity (continued)						
<u>Foreign currency</u>						
PT Medco Energi International Tbk	20,000,000	-	8.00 ^{*)}	December 23, 2012	187,900	-
					197,900	10,000
					197,900	119,410

^{*)} The interest is receivable every 6 (six) months.

^{**)} The interest is receivable every 3 (three) months.

MTN issued by Deutsche Bank A.G., has a nominal amount of US\$10,000,000 with an offer price of 99% and is non-interest bearing. The redemption amount on maturity will be either 102% plus an amount equal to the index closing level on the valuation date if a minimum threshold event does not occur, or 102% of the nominal amount if a minimum threshold event does occur. The minimum threshold event is the index closing level on any business day in the period from, but excluding the issue date to and including the valuation date which is equal to or less than 0.75% of the nominal amount. The MTN, which has fair value of 100.38% as of December 31, 2008, has been paid by Deutsche Bank A.G. on maturity date at the rate of 102% of the nominal amount.

d.8. Credit Linked Notes (CLN)

As of December 31, 2009 and 2008, the following are the balances of securities in the form of Credit Linked Notes (CLN):

Issuer	Effective Date	Maturity Date	2009		
			Annual Interest Rate	Nominal Value (US\$)	Cost
Held-to-Maturity					
<u>Foreign currency</u>					
<u>Restructured in 2009</u>					
Standard Chartered Bank The Hongkong and Shanghai Banking Corporation Limited	February 11, 2009	March 20, 2014	LIBOR ^{**) + 1.50%}	90,000,000	845,550
The Royal Bank of Scotland (formerly ABN AMRO Bank N.V.)	April 28, 2009	June 20, 2014	LIBOR ^{**) + 1.50%}	70,000,000	657,650
The Royal Bank of Scotland (formerly ABN AMRO Bank N.V.)	January 14, 2009	March 20, 2014	LIBOR ^{**) + 2.80%}	50,000,000	469,750
The Royal Bank of Scotland (formerly ABN AMRO Bank N.V.)	February 10, 2009	March 20, 2014	LIBOR ^{**) + 1.10%}	25,000,000	234,875
				235,000,000	2,207,825
<u>Restructured in 2008</u>					
Credit Suisse International The Royal Bank of Scotland (formerly ABN AMRO Bank N.V.)	October 10, 2007	December 20, 2012	LIBOR ^{2) + 2.65%}	50,000,000	469,750
	August 13, 2007	December 20, 2013	LIBOR ^{2) + 1.00%}	25,000,000	234,875
				75,000,000	704,625
					2,912,450
Add: Unamortized premium					535,117
Total					3,447,567

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)**

7. SECURITIES (continued)

d) By Issuer (continued):

d.8. Credit Linked Notes (continued)

Issuer	Effective Date	Maturity Date	2008		
			Annual Interest Rate	Nominal Value (US\$)	Cost
Held-to-Maturity					
<u>Foreign currency</u>					
The Royal Bank of Scotland (formerly ABN AMRO Bank N. V.)	July 10, 2007	September 20, 2010	LIBOR ^{*)} + 1.45%	25,000,000	272,500
The Royal Bank of Scotland (formerly ABN AMRO Bank N. V.)	October 11, 2007	December 20, 2010	LIBOR ^{*)} + 1.60%	25,000,000	272,500
The Hongkong and Shanghai Banking Corporation Limited	October 24, 2007	December 20, 2010	LIBOR ^{*)} + 1.60%	25,000,000	272,500
The Hongkong and Shanghai Banking Corporation Limited	June 20, 2007	June 20, 2010	LIBOR ^{**)} + 1.10%	20,000,000	218,000
Standard Chartered Bank	August 24, 2007	September 20, 2010	LIBOR ^{*)} + 2.40%	20,000,000	218,000
Standard Chartered Bank	July 11, 2007	September 20, 2010	LIBOR ^{*)} + 1.60%	20,000,000	218,000
Standard Chartered Bank	April 27, 2007	June 20, 2010	LIBOR ^{*)} + 1.10%	30,000,000	327,000
Standard Chartered Bank	April 27, 2007	October 1, 2009	LIBOR ^{*)} + 0.77%	20,000,000	218,000
				185,000,000	2,016,500
<u>Restructured</u>					
Credit Suisse International	October 10, 2007	December 20, 2012	LIBOR ^{*)} + 2.65%	50,000,000	545,000
The Royal Bank of Scotland (formerly ABN AMRO Bank N. V.)	August 13, 2007	December 20, 2013	LIBOR ^{*)} + 1.58%	25,000,000	272,500
				75,000,000	817,500
<u>Top-up</u>					
Credit Suisse International	October 6, 2008	December 20, 2012	LIBOR ^{*)} + 2.65%	50,000,000	545,000
Credit Suisse International	October 14, 2008	December 20, 2012	LIBOR ^{*)} + 2.65%	50,000,000	545,000
The Royal Bank of Scotland (formerly ABN AMRO Bank N. V.)	October 10, 2008	December 20, 2010	LIBOR ^{*)} + 1.45%	25,000,000	272,500
The Royal Bank of Scotland (formerly ABN AMRO Bank N. V.)	October 10, 2008	September 20, 2010	LIBOR ^{*)} + 1.60%	25,000,000	272,500
The Royal Bank of Scotland (formerly ABN AMRO Bank N. V.)	October 16, 2008	September 20, 2010	LIBOR ^{*)} + 1.60%	25,000,000	272,500
The Hongkong and Shanghai Banking Corporation Limited	October 8, 2008	December 20, 2010	LIBOR ^{*)} + 1.60%	25,000,000	272,500
The Hongkong and Shanghai Banking Corporation Limited	October 14, 2008	June 20, 2010	LIBOR ^{**)} + 1.10%	40,000,000	436,000
Standard Chartered Bank	October 9, 2008	September 20, 2010	LIBOR ^{*)} + 2.40%	40,000,000	436,000
Standard Chartered Bank	October 10, 2008	September 20, 2010	LIBOR ^{*)} + 1.60%	20,000,000	218,000
Standard Chartered Bank	October 9, 2008	June 20, 2010	LIBOR ^{*)} + 1.10%	30,000,000	327,000
Standard Chartered Bank	October 9, 2008	October 1, 2009	LIBOR ^{*)} + 0.77%	20,000,000	218,000
				350,000,000	3,815,000
					6,649,000
Add: Unamortized premium					677,735
Total					7,326,735

*) US\$ LIBOR 6 (six) months.

**) US\$ LIBOR 3 (three) months.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Issuer (continued):

d.8. Credit Linked Notes (continued)

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

During 2009, BRI has restructured some of its CLN contracts by changing the nominal amount, period, interest rate, and eliminated the requirement to make the top-up payment.

During 2008, in line with the decline in the global economic condition including in Indonesia, CLN contracts owned by BRI experienced credit default event that required BRI to pay certain additional top-up amounts, in addition, BRI also restructured 2 (two) of its CLN contracts, 1 (one) contract with the Royal Bank of Scotland (formerly ABN AMRO Bank N.V.) which was restructured by not requiring top-up payment, but by extending the due date from September 20, 2010 to December 20, 2013, and changing the interest rate from LIBOR + 2.53% to LIBOR + 1.58% and 1 (one) contract with Credit Suisse International which was restructured by extending the due date from December 20, 2010 to December 20, 2012 and changing the interest rate from LIBOR + 2.40% to LIBOR + 2.65%.

The embedded credit default swaps as of December 31, 2009 and 2008 have a fair value in the form of liabilities of US\$28,936,021 and US\$72,157,183 (equivalent to Rp271,854 and Rp786,514), respectively, which were recognized as derivatives payable in the consolidated balance sheets (Note 11). The net gain from the change in fair value of the embedded credit default swaps was recognized as income for the years ended December 31, 2009 and 2008 which amounted to US\$41,555,661 (equivalent to Rp390,415) and US\$860,734 (equivalent to Rp9,382), respectively.

e) Movements of allowance for possible losses on securities:

	2009	2008
<u>Rupiah</u>		
Beginning balance	11,135	10,183
Provision during the year (Note 32)	2,724	952
Ending balance	<u>13,859</u>	<u>11,135</u>
<u>Foreign Currency</u>		
Beginning balance	78,159	30,166
(Reversal) provision during the year (Note 32)	(34,909)	47,993
Ending balance	<u>43,250</u>	<u>78,159</u>
	<u>57,109</u>	<u>89,294</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

- e) Movements of allowance for possible losses on securities (continued):

The minimum allowance for possible losses on securities that should be provided based on Bank Indonesia regulations amounted to Rp57,109 and Rp89,294 as of December 31, 2009 and 2008, respectively.

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

- f) BRI recognized net unrealized gain in the value of "Trading" securities for the year ended December 31, 2009 amounting to Rp122,030, which is recorded under "Unrealized gain in the value of securities and Government Recapitalization Bonds - net" in the consolidated statement of income.

BRI recognized net unrealized loss in the value of "Trading" securities for the year ended December 31, 2008 amounting to Rp138,819, which is recorded under "Unrealized loss in the value of securities and Government Recapitalization Bonds - net" in the consolidated statement of income.

- g) BRI recognized net gain resulting from the sale of securities amounting to Rp142,846 and Rp51,482 for the years ended December 31, 2009 and 2008, respectively, which is recorded under "Gain on sale of securities and Government Recapitalization Bonds - net" in the consolidated statements of income.
- h) On December 31, 2009, Government bonds amounting to Rp563,700 have been sold with agreements to repurchase (Note 22).

8. EXPORT BILLS

- a) By Collectibility:

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
Current	62,062	7,347
<u>Foreign currencies</u>		
Current	489,110	554,362
Total	551,172	561,709
Less: Allowance for possible losses	(5,512)	(5,617)
	545,660	556,092

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

8. EXPORT BILLS (continued)

b) By Period:

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

	2009	2008
<u>Third parties</u>		
≤ 1 month	547,609	225,584
> 1 month - 3 months	3,563	326,373
> 3 months - 1 year	-	9,752
Total	551,172	561,709
Less: Allowance for possible losses	(5,512)	(5,617)
	545,660	556,092

c) Movements of allowance for possible losses on export bills:

	2009	2008
Beginning balance	5,617	5,968
Reversal during the year (Note 32)	(105)	(351)
Ending balance	5,512	5,617

The minimum allowance for possible losses on export bills that should be provided based on Bank Indonesia regulations amounted to Rp5,512 and Rp5,617 as of December 31, 2009 and 2008, respectively.

Management believes that the allowance for possible losses on export bills is adequate.

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 with the 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 are bonds with fixed interest rates. Based on the management contract dated February 28, 2001 between the Government with BRI and the Directors and Boards of Commissioners of BRI, they have agreed that the total Government Recapitalization Bonds needed for BRI's recapitalization amounted to Rp29,063,531 (Note 27a), therefore the recapitalization excess of Rp85,469 should be returned to the Government, and BRI will not earn the interest income on such bonds. On November 5, 2001, BRI returned such bonds amounting to Rp85,469, including the related interests on such bonds to the Government.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

9. GOVERNMENT RECAPITALIZATION BONDS (continued)

The details of Government Recapitalization Bonds are as follows:

a) By Ownership Purpose and Remaining Period to Maturity:

	2009	2008
<u>Trading (Fair Value)</u>		
≤ 1 month	140,071	134,796
<u>Available-for-Sale (Fair Value)</u>		
≤ 1 month	6,487,003	6,147,875
<u>Held-to-Maturity (Acquisition Cost)</u>		
> 3 months - 1 year	800,000	1,669,647
> 1 year - 5 years	4,000,000	4,800,000
> 5 years - 10 years	2,500,000	2,125,000
> 10 years	1,100,000	1,475,000
	8,400,000	10,069,647
	15,027,074	16,352,318

b) By Type:

Series	Annual Interest Rate (%)	Maturity Date	Fair Value/Acquisition Cost	
			2009	2008
<u>Trading</u>				
FR0010	13.15	March 15, 2010	30,390	30,665
FR0017	13.15	January 15, 2012	109,681	104,131
			140,071	134,796
<u>Available-for-Sale</u>				
FR0014	15.58	November 15, 2010	482,139	481,784
FR0016	13.45	August 15, 2011	1,087,349	1,044,306
FR0017	13.15	January 15, 2012	1,270,200	1,205,927
FR0018	13.18	July 15, 2012	3,647,315	3,415,858
			6,487,003	6,147,875
<u>Held-to-Maturity</u>				
FR0011	13.55	May 15, 2010	800,000	800,000
FR0015	13.40	February 15, 2011	4,000,000	4,000,000
VR0016	SBI 3 months	July 25, 2009	-	1,669,647
VR0020	SBI 3 months	April 25, 2015	250,000	250,000
VR0021	SBI 3 months	November 25, 2015	250,000	250,000
VR0023	SBI 3 months	October 25, 2016	500,000	500,000
VR0026	SBI 3 months	January 25, 2018	375,000	375,000
VR0027	SBI 3 months	July 25, 2018	375,000	375,000
VR0028	SBI 3 months	August 25, 2018	375,000	375,000
VR0029	SBI 3 months	August 25, 2019	375,000	375,000
VR0031	SBI 3 months	July 25, 2020	1,100,000	1,100,000
			8,400,000	10,069,647
			15,027,074	16,352,318

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

9. GOVERNMENT RECAPITALIZATION BONDS (continued)

c) Other Significant Information:

The schedule of interest payment for bonds series FR is every 6 (six) months, while for bonds series VR is every 3 (three) months.

Government Recapitalization Bonds sold under agreements to repurchase as of December 31, 2009 and 2008 amounted to Rp100,000 each (Note 22).

The market values of several Government Recapitalization Bonds classified under "Trading" and "Available-for-Sale" ranged from 101.30% up to 111.37% and 102.22% up to 104.13% as of December 31, 2009 and 2008, respectively.

BRI recognized net unrealized gain in the value of "Trading" Government Recapitalization Bonds amounting to Rp5,275 for the year ended December 31, 2009, which was recorded under "Unrealized gain in the value of securities and Government Recapitalization Bonds - net" in the consolidated statement of income.

BRI recognized net unrealized loss in the value of "Trading" Government Recapitalization Bonds amounting to Rp11,458 for the year ended December 31, 2008, which was recorded under "Unrealized loss in the value of securities and Government Recapitalization Bonds - net" in the consolidated statement of income.

BRI recognized net gain from sales of Government Recapitalization Bonds classified as "Trading" amounting to Rp2 for the year ended December 31, 2008, which was recorded under "Gain on sale of securities and Government Recapitalization Bonds - net" in the consolidated statement of income.

On August 27, 2008, BRI has switched its Government Recapitalization Bonds for the FR0014 series, with a nominal value of Rp450,000, from "Trading" classification to "Available-for-Sale" classification (Note 7).

10. SECURITIES PURCHASED WITH AGREEMENTS TO RESELL

Securities purchased with agreements to resell as of December 31, 2009 consist of:

2009						
	Terms	Resale Date	Nominal Amount	Resale Price	Unrealized Interest Income	Net Value
PT Bank Pan Indonesia Tbk Government Bonds						
Series FR0044	14 days	January 4, 2010	231,000	200,922	(108)	200,814
Series FR0044	15 days	January 12, 2010	80,000	68,523	(138)	68,385
Series FR0040	15 days	January 12, 2010	255,000	235,217	(529)	234,688
			566,000	504,662	(775)	503,887

The securities purchased with agreements to resell are classified as "Current".

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVES RECEIVABLE AND PAYABLE

The summary of the derivative transactions are as follows:

Transaction	2009	
	Derivatives receivable	Derivatives payable
Cross currency swap	141,179	5,448
Credit linked notes (Note 7)	-	271,854
Performance swap	3,742	-
Total	144,921	277,302
Less: Allowance for possible losses	(1,449)	-
	143,472	277,302

Transaction	2008	
	Derivatives receivable	Derivatives payable
Cross currency swap	-	323,413
Purchase of spot foreign currencies	13	-
Credit linked notes (Note 7)	-	786,514
Performance swap	-	203,749
Total	13	1,313,676
Less: Allowance for possible losses	- ⁾	-
	13	1,313,676

⁾ Less than a million of Rupiah.

a. Cross currency swap

BRI has cross currency swap contracts as of December 31, 2009 and 2008 as follows:

Counterparties	Notional Amount (US\$)	2009		Date	
		Annual Interest Rate		Effective	Maturity
		Received	Paid		
The Royal Bank of Scotland (formerly ABN-AMRO Bank N.V.)	25,000,000	SBI ⁾ + 0.10%	LIBOR ^{**)} + 0.40%	August 10, 2007	September 20, 2010
DBS Bank	40,000,000	SBI ⁾ + 0.05%	LIBOR ^{**)} + 1.10%	June 9, 2008	June 9, 2011
Standard Chartered Bank	30,000,000	SBI ⁾ + 0.05%	LIBOR ^{**)} + 0.75%	April 19, 2007	June 23, 2010
Standard Chartered Bank	20,000,000	SBI ⁾ + 0.10%	LIBOR ^{**)} + 0.40%	July 5, 2007	September 21, 2010
Standard Chartered Bank	100,000,000	11%	LIBOR ^{**) + 0.80%}	June 19, 2008	June 19, 2011
The Hongkong and Shanghai Banking Corporation Limited	25,000,000	SBI ⁾ + 0.10%	LIBOR ^{**) + 0.40%}	July 6, 2007	July 6, 2010

⁾ Bank Indonesia Certificate 3 (three) months.

^{**)} US\$ LIBOR 3 (three) months.

^{***)} US\$ LIBOR 6 (six) months.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

a. Cross currency swap (continued)

2008					
Counterparties	Notional Amount (US\$)	Annual Interest Rate		Date	
		Received	Paid	Effective	Maturity
The Royal Bank of Scotland (formerly ABN-AMRO Bank N.V.)	20,000,000	SBI ^{*)} + 0.10%	LIBOR ^{**)} + 0.50%	October 4, 2006	October 4, 2009
The Royal Bank of Scotland (formerly ABN-AMRO Bank N.V.)	25,000,000	SBI ^{*)} + 0.10%	LIBOR ^{**) + 0.40%}	August 10, 2007	September 20, 2010
DBS Bank	40,000,000	SBI ^{*)} + 0.05%	LIBOR ^{**) + 1.10%}	June 9, 2008	June 9, 2011
DBS Bank	75,000,000	SBI ^{*)} + 0.05%	6.40%	October 10, 2008	October 13, 2009
Standard Chartered Bank	30,000,000	SBI ^{*)} + 0.05%	LIBOR ^{**) + 0.75%}	April 19, 2007	June 23, 2010
Standard Chartered Bank	20,000,000	SBI ^{*)} + 0.10%	LIBOR ^{**) + 0.40%}	July 5, 2007	September 21, 2010
Standard Chartered Bank	100,000,000	11%	LIBOR ^{**) + 0.80%}	June 19, 2008	June 19, 2011
The Hongkong and Shanghai Banking Corporation Limited	25,000,000	SBI ^{*)} + 0.10%	LIBOR ^{**) + 0.40%}	July 6, 2007	July 6, 2010

*) Bank Indonesia Certificate 3 (three) months.

**) US\$ LIBOR 3 (three) months.

***) US\$ LIBOR 6 (six) months.

Based on these contracts, BRI receives funds in US\$ from the counterparties and pays interest rate of US\$ LIBOR 3 (three) months and 6 (six) months + certain margin per annum. The counterparties receive funds in Rupiah (equivalent US\$ at the contract effective date) from BRI and pay interest at the rate of Bank Indonesia Certificate 3 (three) months + certain margin per annum. Interest is paid every 3 (three) months. At the end of the contracts, BRI will receive funds in Rupiah (equivalent US\$ at the last date of contract period) and the counterparties will receive funds in US\$.

b. Spot foreign currencies purchased

As of December 31, 2008, BRI has outstanding spot foreign currency contracts purchased in United States Dollar (US\$) with notional amounts of US\$12,500,000 with the contractual amount of Rp138,448.

c. Performance swap

BRI has performance swap contracts as of December 31, 2009 and 2008 as follows:

Counterparties	Notional Amount (US\$)	Annual Interest Rate		Date	
		Received	Paid	Effective	Maturity
Standard Chartered Bank	80,000,000	LIBOR ^{*)} + 1.10%	LIBOR ^{*)} + 0.60% + Fx Performance rate	March 13, 2008	December 27, 2010

*) US\$ LIBOR 3 (three) months.

Based on the above contract, BRI receives interest at US\$ LIBOR 3 (three) months + 1.10% margin and pays interest at US\$ LIBOR 3 (three) months + 0.60% margin and foreign exchange performance rate (Fx Performance Rate). Fx Performance Rate is the comparison between Rupiah exchange rate to US\$ as compared with Rp10,400 (full Rupiah).

Movements of allowance for possible losses on derivatives receivable:

	2009	2008
Beginning balance	-	247
Provision (reversal) during the year (Note 32)	1,449	(247)
Ending balance	1,449	-

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

The minimum allowance for possible losses on derivatives receivable that should be provided based on Bank Indonesia regulations amounted to Rp1,449 and Rp125,000 (full Rupiah) as of December 31, 2009 and 2008, respectively.

Management believes that the allowance for possible losses on derivatives receivable is adequate.

12. LOANS

a) By Currency and Type:

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
Working capital	70,997,999	54,184,107
Kupedes	54,075,641	42,756,274
Consumer	41,004,652	30,482,579
Investment	15,638,810	12,260,237
Program	5,436,536	5,841,916
Syndicated	4,868,638	2,523,736
Others	-	851
	<u>192,022,276</u>	<u>148,049,700</u>
<u>Foreign currencies</u>		
Working capital	10,247,171	8,773,376
Investment	2,602,486	2,423,222
Syndicated	165,070	410,772
	<u>13,014,727</u>	<u>11,607,370</u>
	<u>205,037,003</u>	<u>159,657,070</u>
<u>Related parties</u>		
<u>Rupiah</u>		
Working capital	400,684	343,729
Employees	68,994	62,727
Investment	14,970	44,741
	<u>484,648</u>	<u>451,197</u>
<u>Foreign currency</u>		
Employees	743	416
	<u>485,391</u>	<u>451,613</u>
Total	205,522,394	160,108,683
Less: Allowance for possible losses	(11,279,891)	(7,891,140)
	<u>194,242,503</u>	<u>152,217,543</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

b) By Economic Sector:

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
Trading, hotel and restaurant	71,695,587	49,760,001
Manufacturing	14,560,540	11,879,878
Agriculture	14,466,187	13,767,215
Business services	12,733,039	10,069,502
Construction	6,033,435	4,412,659
Electricity, gas and water	4,754,681	3,216,937
Transportation, warehousing and communications	1,544,691	1,076,934
Social services	1,057,218	773,271
Mining	228,843	164,366
Others	64,948,055	52,928,937
	<u>192,022,276</u>	<u>148,049,700</u>
<u>Foreign currencies</u>		
Trading, hotel and restaurant	5,517,825	3,199,991
Manufacturing	4,290,236	5,389,424
Agriculture	1,591,165	1,896,590
Transportation, warehousing and communications	726,190	379,973
Business services	647,157	500,174
Construction	181,392	155,498
Mining	49,893	81,782
Electricity, gas and water	-	495
Others	10,869	3,443
	<u>13,014,727</u>	<u>11,607,370</u>
	<u>205,037,003</u>	<u>159,657,070</u>
<u>Related parties</u>		
<u>Rupiah</u>		
Business services	415,654	388,470
Others	68,994	62,727
	<u>484,648</u>	<u>451,197</u>
<u>Foreign currency</u>		
Others	743	416
	<u>485,391</u>	<u>451,613</u>
Total	205,522,394	160,108,683
Less: Allowance for possible losses	(11,279,891)	(7,891,140)
	<u>194,242,503</u>	<u>152,217,543</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

c) By Period:

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

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	9,969,346	10,703,199
> 1 month - 3 months	15,029,235	12,820,182
> 3 months - 1 year	44,811,873	34,052,668
> 1 year - 2 years	27,382,424	22,922,550
> 2 years - 5 years	54,280,190	41,210,114
> 5 years	40,549,208	26,340,987
	<u>192,022,276</u>	<u>148,049,700</u>
<u>Foreign currencies</u>		
≤ 1 month	5,429,800	4,473,540
> 1 month - 3 months	1,759,344	922,966
> 3 months - 1 year	666,445	2,515,419
> 1 year - 2 years	325,193	801,998
> 2 years - 5 years	3,025,991	1,199,040
> 5 years	1,807,954	1,694,407
	<u>13,014,727</u>	<u>11,607,370</u>
	<u>205,037,003</u>	<u>159,657,070</u>
<u>Related parties</u>		
<u>Rupiah</u>		
≤ 1 month	194,182	-
> 3 months - 1 year	192,989	343,729
> 1 year - 2 years	28,483	-
> 2 years - 5 years	-	44,741
> 5 years	68,994	62,727
	<u>484,648</u>	<u>451,197</u>
<u>Foreign currency</u>		
> 3 months - 1 year	-	-
> 1 year - 2 years	743	-
> 2 years - 5 years	-	416
	<u>743</u>	<u>416</u>
	<u>485,391</u>	<u>451,613</u>
Total	205,522,394	160,108,683
Less: Allowance for possible losses	(11,279,891)	(7,891,140)
	<u>194,242,503</u>	<u>152,217,543</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

d) By Collectibility:

	2009	2008
Current	187,215,499	147,573,647
Special mention	11,075,235	8,091,316
Sub-standard	1,631,422	1,126,157
Doubtful	1,661,332	834,267
Loss	3,938,906	2,483,296
Total	205,522,394	160,108,683
Less: Allowance for possible losses	(11,279,891)	(7,891,140)
	194,242,503	152,217,543

e) Other Significant Information:

1) Average annual interest rates for loans are as follows:

	2009	2008
Rupiah	16.77%	17.20%
Foreign currencies	4.88	4.58

- 2) The loans are generally collateralized by registered mortgages, by power of attorney to sell, demand deposits, time deposits or by other guarantees generally accepted by banks (Notes 18 and 20).
- 3) Working capital and investment loans represent loans to customers for capital goods and working capital requirements.
- 4) Consumer loans consist of housing, motor vehicles and other personal loans.
- 5) Program loans represent loan facilities channeled by BRI based on the guidelines from the Government to support the development of Indonesia's small scale industry, middle and cooperative units and to finance the procurement of food supply by the National Logistics Agency (BULOG).
- 6) *Kupedes* loans represent credit facilities channeled by BRI through BRI's Units. The target of these loans is micro business and fixed income employees that require additional funds, in accordance with the maximum limit amount stated in the *Kupedes* manual. The economic sectors covered under *Kupedes* include agriculture, manufacturing, trading and others.
- 7) The syndicated loans represent loans provided to customers under syndication agreements with other banks. BRI's participation as member in the syndicated loans ranged from 12.23% up to 74.94% and from 11.32% up to 50.00% as of December 31, 2009 and 2008, respectively.
- 8) The loans to BRI's (Parent Company) key employees (related parties) amounted to Rp69,737 and Rp63,143 as of December 31, 2009 and 2008, respectively, and consist of loans which are intended for acquisitions of vehicles, houses and other needs. These loans bear annual interest of 5.5% and have maturities ranging from 4 (four) to 20 (twenty) years and are collected through monthly payroll deductions.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

e) Other Significant Information (continued):

- 9) The loans granted by BRI to related parties, other than loans to employees, include loans to PT Bringin Srikandi Finance, classified as "Current", amounting to Rp194,182 and Rp149,441 as of December 31, 2009 and 2008, respectively, and to PT Bringin Indotama Sejahtera Finance, classified as "Current", amounting to Rp192,989 and Rp194,288 as of December 31, 2009 and 2008, respectively, and also loans to PT Bringin Gigantara, classified as "Current", amounting to Rp28,483 and Rp44,741 as of December 31, 2009 and 2008, respectively.

The interest rates of loans granted by BRI to related parties is between 12.0% - 13.5% for the year 2009 and 13.0% - 13.5% for the year 2008.

- 10) Loans that have been restructured by BRI (Parent Company) in 2009 and 2008, and are still in the process of restructuring as of December 31, 2009 and 2008 are as follows:

	2009	2008
Restructured during the year	2,299,256	1,749,016
In the process of restructuring	1,472,533	920,954

The terms of restructuring are generally the extension of payment period.

- 11) In its report on Legal Lending Limit (LLL) to Bank Indonesia as of December 31, 2009 and 2008, BRI indicated that there is no debtor either related party or third party who has not complied with or exceeded the LLL.
- 12) The details of non-performing loans (consisting of sub-standard, doubtful and loss) which are determined based on management's evaluation of the debtors' business prospects, financial condition and each debtor's ability to repay and the guidelines prescribed by Bank Indonesia regarding the classification of earning assets (Note 2e) are as follows:

(i) Consolidated

Collectibility	2009	2008
Sub-standard	1,631,422	1,126,157
Doubtful	1,661,332	834,267
Loss	3,938,906	2,483,296
Total non-performing loans	7,231,660	4,443,720
Total loans	205,522,394	160,108,683
% non-performing loans (Gross NPL)	3.52%	2.78%

(ii) BRI (Parent Company)

Collectibility	2009	2008
Sub-standard	1,631,422	1,125,581
Doubtful	1,661,332	833,995
Loss	3,938,906	2,483,225
Total non-performing loans	7,231,660	4,442,801
Total loans	205,522,394	160,061,940
% non-performing loans (Gross NPL)	3.52%	2.78%

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

e) Other Significant Information (continued):

13) Movements of allowance for possible losses on loans:

	2009	2008
Beginning balance	7,891,140	6,915,043
Provision during the year (Note 32)	5,377,940	1,911,153
Bad debt recoveries	775,150	473,989
Loans written off during the year	(2,506,104)	(1,544,226)
Foreign currency translation	(258,235)	135,181
Ending balance	11,279,891	7,891,140

BRI's allowance for possible losses balance includes the allowance for riot-prone and calamity areas amounting to Rp1,344,913 and Rp922,293 as of December 31, 2009 and 2008, respectively. Based on Bank Indonesia Letter No. 3/360/DPWB2 dated April 10, 2001, Bank Indonesia can evaluate the formation of allowance for BRI's debtors located in such areas.

The minimum allowance for possible losses on loans that should be provided based on Bank Indonesia regulation (Note 2e) amounted to Rp7,099,109 and Rp4,719,481 as of December 31, 2009 and 2008, respectively.

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

13. ACCEPTANCES RECEIVABLE AND PAYABLE

The details of acceptances receivable from customers are as follows:

a) By Collectibility:

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
Current	24,468	49,015
<u>Foreign currencies</u>		
Current	308,458	434,847
Special mention	17,957	-
Sub-standard	1,833	-
	<u>328,248</u>	<u>434,847</u>
Total	352,716	483,862
Less: Allowance for possible losses	(4,502)	(4,839)
	<u>348,214</u>	<u>479,023</u>

Acceptances payable represent the same amount as acceptances receivable from customers (before allowance for possible losses).

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

13. ACCEPTANCES RECEIVABLE AND PAYABLE (continued)

b) By Period:

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

	2009	2008
≤ 1 month	213,349	137,726
> 1 month - 3 months	85,939	245,391
> 3 months - 1 year	53,428	100,745
Total	352,716	483,862
Less: Allowance for possible losses	(4,502)	(4,839)
	348,214	479,023

c) Movements of allowance for possible losses on acceptances receivable is as follows:

	2009	2008
Beginning balance	4,839	7,018
Reversal during the year (Note 32)	(337)	(2,179)
Ending Balance	4,502	4,839

The minimum allowance for possible losses on acceptances receivable that should be provided based on Bank Indonesia regulation amounted to Rp4,502 and Rp4,839 as of December 31, 2009 and 2008, respectively.

Management believes that the allowance for possible losses on acceptances receivable is adequate.

14. INVESTMENTS IN SHARES OF STOCK

The details of investments in shares of stock are as follows:

2009					
Company Name	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings of Associate Company	Carrying Value
Equity Method					
PT BTMU-BRI Finance (formerly PT UFJ-BRI Finance)	Financing	45.00%	24,750	86,727	111,477
Cost Method					
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00			900
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00			536

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

14. INVESTMENTS IN SHARES OF STOCK (continued)

2009					
Company Name	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings of Associate Company	Carrying Value
Cost Method (continued)					
PT Pemeringkat Efek Indonesia	Credit rating	2.10%			210
					<u>1,646</u>
Total					113,123
Less: Allowance for possible losses					<u>(1,662)</u>
					<u>111,461</u>

2008					
Company Name	Type of Business	Percentage of Ownership	Cost	Accumulated Equity in Net Earnings of Associate Company	Carrying Value
Equity Method					
PT BTMU-BRI Finance (formerly PT UFJ-BRI Finance)	Financing	45.00%	24,750	64,839	89,589
Cost Method					
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00			900
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00			536
PT Pemeringkat Efek Indonesia	Credit rating	2.10			210
					<u>1,646</u>
Total					91,235
Less: Allowance for possible losses					<u>(1,443)</u>
					<u>89,792</u>

As of December 31, 2009 and 2008, all investments are classified as "Current", except for investments in shares of stock of PT Sarana Bersama Pembiayaan Indonesia which were classified as "Loss".

In 2009 and 2008, BRI received cash dividends from PT Pemeringkat Efek Indonesia amounting to Rp24 and Rp89, respectively, from the distribution of income at the end of year 2008 and 2007.

Movements of allowance for possible losses on investments in shares of stock is as follows:

	2009	2008
Beginning balance	1,443	1,311
Provision during the year (Note 32)	219	132
Ending balance	<u>1,662</u>	<u>1,443</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

14. INVESTMENTS IN SHARES OF STOCK (continued)

The minimum allowance for possible losses on investments in shares of stock that should be provided based on Bank Indonesia regulation amounted to Rp1,662 and Rp1,443 as of December 31, 2009 and 2008, respectively.

Management believes that the allowance for possible losses on investments in shares of stock is adequate.

15. PREMISES AND EQUIPMENT

Premises and equipment consist of:

Description	2009			
	Beginning Balance	Additions	Deductions	Ending Balance
<u>Carrying Value</u>				
<u>Direct Ownership</u>				
Landrights	223,633	15,082	7,173	231,542
Buildings	1,211,918	142,516	4,621	1,349,813
Motor vehicles	500,270	50,428	14,446	536,252
Computers and machineries	2,025,345	179,952	46,159	2,159,138
Furniture and fixtures	634,793	51,282	21,215	664,860
Museum assets	184	-	-	184
	4,596,143	439,260	93,614	4,941,789
<u>Assets under finance leases</u>	58,906	2,290	57,977	3,219
Total Carrying Value	4,655,049	441,550	151,591	4,945,008
<u>Accumulated Depreciation</u>				
<u>Direct Ownership</u>				
Buildings	614,676	59,356	4,124	669,908
Motor vehicles	415,112	84,849	13,042	486,919
Computers and machineries	1,727,195	196,251	45,698	1,877,748
Furniture and fixtures	493,459	65,203	17,424	541,238
	3,250,442	405,659	80,288	3,575,813
<u>Assets under finance leases</u>	54,124	1,720	52,861	2,983
Total Accumulated Depreciation	3,304,566	407,379	133,149	3,578,796
Net book value	1,350,483			1,366,212
2008				
Description	Beginning Balance	Additions	Deductions	Ending Balance
<u>Carrying Value</u>				
<u>Direct Ownership</u>				
Landrights	222,095	8,128	6,590	223,633
Buildings	1,117,737	170,107	75,926	1,211,918
Motor vehicles	306,285	205,939	11,954	500,270
Computers and machineries	1,884,488	190,080	49,223	2,025,345
Furniture and fixtures	626,955	59,746	51,908	634,793
Museum assets	184	-	-	184
	4,157,744	634,000	195,601	4,596,143
<u>Assets under finance leases</u>	328,331	5,578	275,003	58,906

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

15. PREMISES AND EQUIPMENT (continued)

Description	2008			
	Beginning Balance	Additions	Deductions	Ending Balance
<u>Carrying Value (continued)</u>				
Total Carrying Value	4,486,075	639,578	470,604	4,655,049
<u>Accumulated Depreciation</u>				
<u>Direct Ownership</u>				
Buildings	567,346	79,108	31,778	614,676
Motor vehicles	278,901	146,826	10,615	415,112
Computers and machineries	1,246,926	503,633	23,364	1,727,195
Furniture and fixtures	420,624	110,024	37,189	493,459
	2,513,797	839,591	102,946	3,250,442
<u>Assets under finance leases</u>	328,106	930	274,912	54,124
Total Accumulated Depreciation	2,841,903	840,521	377,858	3,304,566
Net book value	1,644,172			1,350,483

BRI has lease contracts mainly for computers and machineries and motor vehicles with lease terms of 5 (five) years (Note 25).

Depreciation charged to current operations which is reported in the consolidated statements of income amounted to Rp407,379 and Rp840,521 for the years ended December 31, 2009 and 2008, respectively (Note 34).

BRI has insured its premises and equipment (excluding landrights) for possible losses due to risk of fire and theft with PT Asuransi Bringin Sejahtera Arthamakmur (Subsidiary of Dana Pensiun BRI) with coverage amount of Rp7,066,681 and Rp6,311,230 for the years ended December 31, 2009 and 2008, respectively.

Management believes that there is no impairment in the value of premises and equipment as of December 31, 2009 and 2008.

16. OTHER ASSETS

Other assets consist of:

	2009	2008
<u>Rupiah</u>		
Interests receivable		
Loans	1,730,550	1,163,608
Government Recapitalization Bonds	597,575	650,012
Securities	104,646	63,130
Placements with Bank Indonesia and other banks	1,434	6,072
Others	-	36
Prepaid expenses	425,179	316,600
Office supplies	170,025	117,805
Repossessed assets	36,024	31,627

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

16. OTHER ASSETS (continued)

	2009	2008
<u>Rupiah (continued)</u>		
Others	2,544,683	3,689,240
	<u>5,610,116</u>	<u>6,038,130</u>
<u>Foreign currencies</u>		
Interest receivables		
Securities	44,064	76,806
Loans	13,530	12,574
Others	6,507	5,917
Prepaid expenses	1,837	1,229
Others	118,595	124,128
	<u>184,533</u>	<u>220,654</u>
Total	5,794,649	6,258,784
Less: Allowance for possible losses	(559,228)	(195,968)
	<u>5,235,421</u>	<u>6,062,816</u>

Allowance for possible losses mainly represents allowance for suspense accounts in branches, other receivables from third parties, allowance for possible losses on actual cases, repossessed assets and abandoned property.

Management believes that the allowance for possible losses on other assets is adequate.

17. LIABILITIES DUE IMMEDIATELY

Liabilities due immediately consist of:

	2009	2008
<u>Rupiah</u>		
Advance payment deposits	527,912	375,706
Credit card deposits	292,768	305,605
Tax payment deposits	167,784	129,641
Insurance deposits	126,100	101,823
Remittance deposits	121,387	128,355
Deposits for channeling loans	58,168	58,787
Bank drafts and BRI travelers' checks (Cepebri)	39,199	34,489
Deposits for clearing	16,364	27,436
Others	2,896,977	4,324,726
	<u>4,246,659</u>	<u>5,486,568</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

17. LIABILITIES DUE IMMEDIATELY (continued)

	2009	2008
<u>Foreign currencies</u>		
Remittance deposits	370	397
Others	86,203	133,946
	86,573	134,343
	4,333,232	5,620,911

18. DEMAND DEPOSITS

Demand deposits consist of:

	2009	2008
<u>Third parties</u>		
Rupiah	41,346,701	35,185,061
Foreign currency	8,612,913	4,656,882
	49,959,614	39,841,943
<u>Related parties</u>		
Rupiah	2,601	2,857
Foreign currency	2,701	3,205
	5,302	6,062
	49,964,916	39,848,005

Average annual interest rates for demand deposits are as follows:

	2009	2008
Rupiah	3.88%	3.07%
Foreign currency	0.73	1.16

Demand deposits used as collateral for banking facilities granted by BRI amounted to Rp11,867 and Rp9,171 as of December 31, 2009 and 2008, respectively.

19. SAVINGS DEPOSITS

Savings deposits consist of:

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
Simpedes	64,392,687	56,275,106
Britama	38,404,095	30,610,485
Others	1,271,687	913,113
	104,068,469	87,798,704

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

19. SAVINGS DEPOSITS (continued)

	2009	2008
<u>Related parties</u>		
<u>Rupiah</u>		
Britama	50,266	37,497
	104,118,735	87,836,201

The average annual interest rates for savings deposits are 2.41% and 2.40% for the years ended December 31, 2009 and 2008, respectively.

20. TIME DEPOSITS

Time deposits consist of:

	2009	2008
<u>Third parties</u>		
Rupiah	82,784,199	66,487,204
Foreign currencies	17,058,575	6,556,490
	99,842,774	73,043,694
<u>Related parties</u>		
Rupiah	188,737	274,128
Foreign currency	2,788	2,854
	191,525	276,982
	100,034,299	73,320,676

Time deposits based on their contract period are as follows:

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
Deposits on call	7,712,187	8,051,903
Deposits		
1 month	37,983,257	34,661,349
3 months	10,893,272	4,629,407
6 months	3,934,004	4,180,398
12 months	22,105,803	14,843,150
More than 12 months	155,676	120,997
	82,784,199	66,487,204

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

20. TIME DEPOSITS (continued)

	2009	2008
<u>Third parties (continued)</u>		
<u>Foreign currencies</u>		
Deposits on call	1,244,436	1,624,002
Deposits		
1 month	11,933,029	4,066,058
3 months	3,052,820	537,109
6 months	614,216	269,326
12 months	212,347	59,638
More than 12 months	1,727	357
	<u>17,058,575</u>	<u>6,556,490</u>
	<u>99,842,774</u>	<u>73,043,694</u>
<u>Related parties</u>		
<u>Rupiah</u>		
Deposits on call	43,980	37,790
Deposits		
1 month	99,496	233,105
3 months	24,600	200
6 months	19,861	33
12 months	800	3,000
	<u>188,737</u>	<u>274,128</u>
<u>Foreign currency</u>		
Deposits		
1 month	2,180	2,271
3 months	608	583
	<u>2,788</u>	<u>2,854</u>
	<u>191,525</u>	<u>276,982</u>
	<u>100,034,299</u>	<u>73,320,676</u>

Average annual interest rates for time deposits are as follows:

	2009	2008
Rupiah	9.71%	8.29%
Foreign currencies	3.90	3.41

Time deposits used as collateral for banking facilities granted by BRI amounted to Rp85,416 and Rp30,638 as of December 31, 2009 and 2008, respectively.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

21. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Deposits from other banks and financial institutions consist of:

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
Demand deposits	67,277	76,631
Savings deposits	6,190	11,709
Deposits on call	2,595,000	178,000
Time deposits	975,780	178,445
Inter-bank call money	285,604	-
	<u>3,929,851</u>	<u>444,785</u>
<u>Foreign currency</u>		
Demand deposits	3,331	673
Time deposits	46,975	21,800
Inter-bank call money	469,750	2,960,985
	<u>520,056</u>	<u>2,983,458</u>
	<u>4,449,907</u>	<u>3,428,243</u>

As of December 31, 2009, demand deposits, savings deposits, time deposits and inter-bank call money in Rupiah consist of demand deposits, savings deposits, time deposits and inter-bank call money under sharia banking principles which amounted to Rp1,535, Rp3,163, Rp337,613 and Rp10,000, respectively.

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

	<u>Rupiah</u>		<u>Foreign Currency</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Demand deposits	1.70%	2.42%	0.15%	1.17%
Savings deposits	2.22	2.50	-	-
Deposits on call	6.99	10.90	-	-
Time deposits	6.98	12.48	3.60	4.00
Inter-bank call money	7.20	9.16	2.05	3.53

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

	2009			
	<u>≤ 1 month</u>	<u>> 1 - 3 months</u>	<u>> 3 months - 1 year</u>	<u>Total</u>
<u>Third Parties</u>				
<u>Rupiah</u>				
Demand deposits	67,277	-	-	67,277
Savings deposits	6,190	-	-	6,190
Deposits on call	2,595,000	-	-	2,595,000
Time deposits	947,420	27,155	1,205	975,780
Inter-bank call money	285,604	-	-	285,604
	<u>3,901,491</u>	<u>27,155</u>	<u>1,205</u>	<u>3,929,851</u>
<u>Foreign Currency</u>				
Demand deposits	3,331	-	-	3,331

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

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

	2009			Total
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	
<u>Third Parties (continued)</u>				
<u>Foreign Currency (continued)</u>				
Time deposits	46,975	-	-	46,975
Inter-bank call money	469,750	-	-	469,750
	520,056	-	-	520,056
	4,421,547	27,155	1,205	4,449,907
	2008			Total
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	
<u>Third Parties</u>				
<u>Rupiah</u>				
Demand deposits	76,631	-	-	76,631
Savings deposits	11,709	-	-	11,709
Deposits on call	178,000	-	-	178,000
Time deposits	178,445	-	-	178,445
	444,785	-	-	444,785
<u>Foreign Currency</u>				
Demand deposits	673	-	-	673
Time deposits	21,800	-	-	21,800
Inter-bank call money	2,960,985	-	-	2,960,985
	2,983,458	-	-	2,983,458
	3,428,243	-	-	3,428,243

22. SECURITIES SOLD WITH AGREEMENTS TO REPURCHASE

Securities sold with agreements to repurchase consist of:

Type of securities	Terms	Repurchase Date	2009			
			Nominal Amount	Repurchase Price	Unamortized Interest	Net Value
<u>Rupiah</u>						
Deutsche Bank, AG						
Government						
Recapitalization Bond						
Series FR0017	92 days	January 15, 2010	100,000	103,246	(494)	102,752
<u>Foreign Currencies</u>						
Barclays Bank, PLC						
Government Bond						
Series RI0014	639 days	September 29, 2011	216,085	181,287	(11,964)	169,323
Series RI0015	639 days	September 29, 2011	65,765	55,174	(3,641)	51,533
Series RI0016	639 days	September 29, 2011	28,185	23,646	(1,560)	22,086
Series RI0017	639 days	September 29, 2011	46,975	39,410	(2,601)	36,809
Series RI0018	639 days	September 29, 2011	103,345	86,702	(5,722)	80,980
Series RI0035	639 days	September 29, 2011	28,185	23,646	(1,560)	22,086
Series RI0037	639 days	September 29, 2011	46,975	39,410	(2,601)	36,809
Series RI0038	639 days	September 29, 2011	28,185	23,646	(1,560)	22,086
			563,700	472,921	(31,209)	441,712
			663,700	576,167	(31,703)	544,464

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

22. SECURITIES SOLD WITH AGREEMENTS TO REPURCHASE (continued)

2008						
Type of securities	Terms	Repurchase Date	Nominal Amount	Repurchase Price	Unamortized Interest	Net Value
Deutsche Bank, AG Government Recapitalization Bond Series FR0017	92 days	January 15, 2009	<u>100,000</u>	<u>103,246</u>	<u>(494)</u>	<u>102,752</u>

23. FUND BORROWINGS

Fund borrowings consist of:

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
Borrowings from the Government	-	200,000
Borrowings from Bank Indonesia		
Liquidity loans	104,696	208,523
Borrowings for investments in premises and equipment	32,092	32,092
Others	13,721	13,959
	<u>150,509</u>	<u>454,574</u>
<u>Foreign currencies</u>		
Bilateral borrowings - net of deferred provision of Rp1,895 and Rp4,332 as of December 31, 2009 and 2008, respectively	3,568,205	1,412,668
Others	9,892,685	1,489,253
	<u>13,460,890</u>	<u>2,901,921</u>
	<u>13,611,399</u>	<u>3,356,495</u>

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

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
> 1 month - 3 months	9,541	1,988
> 3 months - 1 year	28,082	257,796
> 1 year - 5 years	67,073	148,739
> 5 years	45,813	46,051
	<u>150,509</u>	<u>454,574</u>
<u>Foreign currencies</u>		
≤ 1 month	5,703,971	-
> 1 month - 3 months	3,157,044	-
> 3 months - 1 year	3,368,344	2,034,253

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

23. FUND BORROWINGS (continued)

	2009	2008
<u>Third parties (continued)</u>		
<u>Foreign currencies (continued)</u>		
> 1 year - 5 years	1,231,531	867,668
	13,460,890	2,901,921
	13,611,399	3,356,495

Other significant information relating to fund borrowings are as follows:

(a) Borrowings from the Government

These borrowings represent loans for distribution to micro and retail businesses with the source of funds from the Government Letter of Indebtedness (*Surat Utang Pemerintah* or SUP), with the total facility of Rp500,000, where BRI acts as a financial institution executor for the loan distribution to micro and retail businesses. The period of these loans is from May 14, 2004 up to December 10, 2009 with annual interest rate similar to the SUP interest rate charged by Bank Indonesia. These borrowings have been settled on December 1, 2009.

(b) Borrowings from Bank Indonesia

(i) Liquidity Loans

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

The classification by period of liquidity loans from Bank Indonesia based on their remaining period until maturity as of December 31, 2009 and 2008 is as follows:

	2009	2008
> 1 month - 3 months	9,541	1,988
> 3 months - 1 year	28,082	57,796
> 1 year - 5 years	67,073	148,739
	104,696	208,523

Average annual interest rates on these loans are 5.49% and 6.10% for the years ended December 31, 2009 and 2008, respectively.

(ii) Borrowings for Investments in Premises and Equipment

This account represents loans obtained for the construction of certain offices for BRI's Micro Units all over Indonesia.

The average annual interest rate on these borrowings is 5.00% for the years ended December 31, 2009 and 2008, respectively. These borrowings are due in 2016.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

23. FUND BORROWINGS (continued)

(c) Bilateral borrowings

As of December 31, 2008, bilateral borrowings held by BRI represents a loan facility from Standard Chartered Bank of US\$80,000,000 and US\$50,000,000. This borrowing facility amounting to US\$80,000,000 is used to finance BRI's general activities and for trade finance funding, while the borrowing facility amounting to US\$50,000,000 is used for the expansion of loans in foreign currencies. The annual interest rate of this facility is LIBOR plus margin of 1.10% and 1.75% per annum, respectively, which is paid every 3 (three) months. This facility will be due and paid in one lumpsum on December 13, 2010 and September 29, 2009. Bilateral borrowing amounting to US\$50,000,000, has been settled by BRI on September 29, 2009.

On September 29, 2009, BRI entered into a bilateral loan with Standard Chartered Bank and PT Bank Pan Indonesia Tbk (Panin Bank) of US\$100,000,000 and US\$200,000,000, respectively, which is used to fulfill liquidity needs to anticipate BRI's business expansion. The annual interest rate of the facility from Standard Chartered Bank is LIBOR plus 4.00% margin and from Panin Bank is LIBOR plus 3.75% margin. The interest is paid every 3 (three) months. These facilities will be due and paid in one lumpsum on September 20, 2011 and September 27, 2010. For the facility from Standard Chartered Bank of US\$100,000,000, BRI gives collateral such as the Credit Linked Notes (CLN) of Standard Chartered Bank and HSBC amounting to US\$90,000,000 and US\$70,000,000, respectively (Note 7d).

(d) Other Borrowings

	2009	2008
<u>Rupiah</u>		
Others	13,721	13,959
<u>Foreign currencies</u>		
Oversea-Chinese Banking Corporation Limited (OCBC Bank)	4,613,301	109,000
Standard Chartered Bank	1,049,436	109,000
ING Belgium N.V. Brussels	774,681	218,000
Citibank, N.A.	563,700	218,000
Wachovia Bank, N.A.	488,936	218,000
The Hongkong and Shanghai Banking Corporation Limited	446,900	-
JP Morgan Chase Bank, N.A.	375,800	109,000
The Bank of Nova Scotia	375,800	-
Raiffeisen Zentralbank Osterreich, A.G.	365,645	-
CoBank	292,031	-
Others	546,455	508,253
	9,892,685	1,489,253
	9,906,406	1,503,212

Other borrowings facilities 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 SIBOR plus a certain margin, including refinancing borrowing facilities which are collateralized by letters of credit issued by BRI.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

24. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

- a) The details of estimated losses on commitments and contingencies which bear credit risk (Note 2e) are as follows:

	2009	2008
<u>Rupiah</u>		
Guarantees issued	18,527	15,724
Outstanding irrevocable L/C	2,166	2,037
	<u>20,693</u>	<u>17,761</u>
<u>Foreign currencies</u>		
Outstanding irrevocable L/C	63,840	60,774
Guarantees issued	17,204	8,435
	<u>81,044</u>	<u>69,209</u>
	<u>101,737</u>	<u>86,970</u>

- b) Movements of estimated losses on commitments and contingencies is as follows:

	2009	2008
<u>Rupiah</u>		
Beginning balance	17,761	12,868
Provision during the year	2,932	4,893
Ending Balance	<u>20,693</u>	<u>17,761</u>
<u>Foreign currencies</u>		
Beginning balance	69,209	60,978
Provision during the year	11,835	8,231
Ending Balance	<u>81,044</u>	<u>69,209</u>
	<u>101,737</u>	<u>86,970</u>

The minimum estimated losses on commitments and contingencies that should be provided based on Bank Indonesia regulation amounted to Rp101,737 and Rp86,970 as of December 31, 2009 and 2008, respectively.

Management believes that the allowance for estimated losses on commitments and contingencies is adequate.

- c) The collectibility of commitments and contingencies in administrative accounts (Notes 2e and 41) are as follows:

	2009					Total
	Current	Special Mention	Sub-standard	Doubtful	Loss	
<u>Third parties</u>						
<u>Rupiah</u>						
Guarantees issued	1,852,705	-	-	-	-	1,852,705
Outstanding irrevocable L/C	216,552	-	-	-	-	216,552
	<u>2,069,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,069,257</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

24. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

- c) The collectibility of commitments and contingencies in administrative accounts (Notes 2e and 41) are as follows (continued):

	2009					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
<u>Third parties (continued)</u>						
<u>Foreign currencies</u>						
Outstanding irrevocable L/C	6,372,905	-	742	-	-	6,373,647
Guarantees issued	1,720,443	-	-	-	-	1,720,443
	8,093,348	-	742	-	-	8,094,090
	10,162,605	-	742	-	-	10,163,347
	2008					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
<u>Third parties</u>						
<u>Rupiah</u>						
Guarantees issued	1,518,017	10,871	-	-	-	1,528,888
Outstanding irrevocable L/C	203,721	-	-	-	-	203,721
	1,721,738	10,871	-	-	-	1,732,609
<u>Foreign currencies</u>						
Outstanding irrevocable L/C	6,048,626	-	-	577	-	6,049,203
Guarantees issued	843,524	-	-	-	-	843,524
	6,892,150	-	-	577	-	6,892,727
	8,613,888	10,871	-	577	-	8,625,336

25. OTHER LIABILITIES

Other liabilities consist of:

	2009	2008
<u>Third parties</u>		
<u>Rupiah</u>		
Bonuses and incentives	1,425,884	1,834,249
Provision for pension preparation period (Note 40e)	957,750	803,670
Provision for grand leaves (Note 40e)	580,422	491,553
Provision for work separation scheme (Note 40d)	469,548	442,236
Provision for gratuity for services (Note 40e)	463,682	383,134
Unearned income	448,569	197,160
Interests payable	445,936	475,765
Provision for timely-payment of interests (Note 2v)	323,266	293,652
Provision for litigation liabilities (Note 44b)	314,454	225,763
Defined benefit pension plan (Note 40a)	130,779	-
Guarantee deposits	67,675	74,051
Others	885,276	807,051
	6,513,241	6,028,284
<u>Foreign currencies</u>		
Guarantee deposits	252,747	477,463
Interests payable	71,138	28,249
Unearned income	30,032	16,622

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

25. OTHER LIABILITIES (continued)

	2009	2008
<u>Third parties (continued)</u>		
<u>Foreign currencies (continued)</u>		
Others	201,558	227,160
	<u>555,475</u>	<u>749,494</u>
	<u>7,068,716</u>	<u>6,777,778</u>
<u>Related party</u>		
<u>Rupiah</u>		
Obligations under finance lease (Notes 2o and 15)		
PT Bringin Srikandi Finance (Subsidiary of Dana Pensiun BRI)	-	1,144
	<u>7,068,716</u>	<u>6,778,922</u>

The average annual interest rate for obligations under finance lease was 17.00% for the years ended December 31, 2009 and 2008.

The installments on obligations under finance lease based on the remaining period until maturity as of December 31, 2009 and 2008 are as follows:

	2009	2008
Up to 1 year	-	1,144
	<u>-</u>	<u>1,144</u>

26. SUBORDINATED LOANS

BRI has obtained subordinated loans in Rupiah with details as follows:

	2009	2008
<u>Rupiah</u>		
Subordinated bonds I	500,000	500,000
Subordinated bonds II	2,000,000	-
Two-step loans	187,780	212,614
	<u>2,687,780</u>	<u>712,614</u>
Less: Deferred issuance cost	(9,358)	(1,980)
	<u>2,678,422</u>	<u>710,634</u>

a. Subordinated Bonds I

On January 9, 2004, BRI issued Rp500,000 Bank BRI Subordinated Bonds I Year 2004 with a fixed interest rate which are registered at the Surabaya Stock Exchange (currently the Indonesia Stock Exchange). These Subordinated Bonds were issued at 100.00% of their nominal value with fixed annual interest rate of 13.50%, payable every 3 (three) months. These Subordinated Bonds

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

26. SUBORDINATED LOANS (continued)

a. Subordinated Bonds I (continued)

will be due and must be settled with the same value as the principal in the Jumbo Certificate of Subordinated Bonds on settlement date, on January 9, 2014 (10th anniversary after the issuance date), or at an earlier date if BRI will exercise a call option, on January 9, 2010 (6th anniversary after the issuance date). After the first anniversary, BRI may buy back the Subordinated Bonds partially or in full to resell in the future or for settlement considering the existing regulations.

The net proceeds from the issuance of the Subordinated Bonds will be used to increase earning assets and at the same time to strengthen the capital structure of BRI to conform with Bank Indonesia regulation.

These Subordinated Bonds are not guaranteed with specific collateral from BRI or by the Republic of Indonesia and are not included in the bank guarantee program implemented by Bank Indonesia, Indonesian Bank Restructuring Agency or its replacement.

The issuance and classification of the Subordinated Bonds I as Subordinated Loans have been approved in principle by Bank Indonesia, through its letter No. 5/84/DPWB2/PW/B24 dated August 15, 2003.

As of December 31, 2009 and 2008, BRI's Subordinated Bonds I 2004 obtained ratings of "id AA+" and "id AA+", respectively, from PT Pemeringkat Efek Indonesia. The trustee of this Subordinated Bonds is PT Bank Mandiri (Persero) Tbk.

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

- Reduction of authorized, issued and paid capital stock, except as requested and or instructed by the Government and or authorized parties.
- Conduct merger and or takeover and or acquisition, or allowing or giving approval to Subsidiaries to conduct merger and or takeover and or acquisition, except as requested and or instructed by the Government and or authorized parties, in accordance with the prevailing regulations.
- Change BRI's main business.

b. Subordinated Bonds II

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

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

These Subordinated Bonds are not guaranteed by special collateral nor guaranteed by the Republic of Indonesia or other third parties and are not included in the bank guarantee

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)**

26. SUBORDINATED LOANS (continued)

b. Subordinated Bonds II (continued)

program implemented by the Deposit Insurance Corporation or other insurance corporation. BRI does not establish provision for principal repayment fund of the Subordinated Bonds with consideration to optimize the use of fund in accordance with the planning of the use of the issuance fund of the Subordinated Bonds.

The issuance and classification of the Subordinated Bonds II as Subordinated Loans have been approved in principle by Bank Indonesia, through its letter No. 11/90/DPB1/TPB1-3 dated November 11, 2009.

As of December 31, 2009, BRI's Subordinated Bonds II 2009 obtained a rating of "AA+" from PT Fitch Ratings Indonesia. The trustee of this Subordinated Bonds is PT Bank Mandiri (Persero) Tbk.

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

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

BRI has complied with the above trustee agreement.

c. Two-step Loans

The two-step loans in Rupiah represent the loans from the Government which were funded by the Asian Development Bank (ADB), International Bank for Reconstruction and Development (IBRD), International Fund for Agricultural Development (IFAD), United States Agency for International Development (USAID) and Islamic Development Bank (IDB). The interest rates of these loans vary based on the respective agreements with terms ranging from 15 (fifteen) up to 40 (forty) years. The average annual interest rates for subordinated loans were 5.57% and 5.97% for the years ended December 31, 2009 and 2008, respectively. These loans will mature at various dates from 2005 to 2027.

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

	2009	2008
<u>Rupiah</u>		
≤ 1 month	232	232
> 3 months - 1 year	24,601	24,601
> 1 year - 5 years	85,300	110,133
> 5 years	2,568,289	575,668
	2,678,422	710,634

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)**

27. STOCKHOLDERS' EQUITY

a. Capital stock

The details of authorized, issued and fully paid capital stock of BRI as of December 31, 2009 and 2008 are as follows:

2009	Number of Shares	Nominal Value Per Share (full Rupiah)	Share Value (full Rupiah)	Percentage of Ownership
Authorized Capital Stock				
- Series A Dwiwarna share	1	500	500	0.00%
- Series B ordinary shares	29,999,999,999	500	14,999,999,999,500	100.00
Total Authorized Capital Stock	30,000,000,000		15,000,000,000,000	100.00%
Issued and Fully Paid Capital Stock				
Republic of Indonesia				
- Series A Dwiwarna share	1	500	500	0.00%
- Series B ordinary shares	6,999,999,999	500	3,499,999,999,500	56.77
Public				
- Series B ordinary shares	5,329,852,500	500	2,664,926,250,000	43.23
Total Issued and Fully Paid Capital Stock	12,329,852,500		6,164,926,250,000	100.00%
2008	Number of Shares	Nominal Value Per Share (full Rupiah)	Share Value (full Rupiah)	Percentage of Ownership
Authorized Capital Stock				
- Series A Dwiwarna share	1	500	500	0.00%
- Series B ordinary shares	29,999,999,999	500	14,999,999,999,500	100.00
Total Authorized Capital Stock	30,000,000,000		15,000,000,000,000	100.00%
Issued and Fully Paid Capital Stock				
Republic of Indonesia				
- Series A Dwiwarna share	1	500	500	0.00%
- Series B ordinary shares	6,999,999,999	500	3,499,999,999,500	56.79
Public				
- Series B ordinary shares	5,325,299,500	500	2,662,649,750,000	43.21
Total Issued and Fully Paid Capital Stock	12,325,299,500		6,162,649,750,000	100.00%

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

Series B shares are ordinary shares that can be owned by the public.

Capital Structure

In response to the Management Contract entered between the Republic of Indonesia, as represented by the Government through the Ministry of Finance, and BRI on February 28, 2001, the Ministry of Finance issued the Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 regarding the final amount and the implementation of the rights of the Government arising from the additional investment of the Republic of Indonesia in the capital of BRI in connection with the recapitalization program for commercial banks. Based on such Decision Letter, the Ministry of Finance determined that the final recapitalization requirement amount of BRI is Rp29,063,531 (Note 9).

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)**

27. STOCKHOLDERS' EQUITY (continued)

a. Capital stock (continued)

Capital Structure (continued)

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

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

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

27. STOCKHOLDERS' EQUITY (continued)

a. Capital stock (continued)

Capital Structure (continued)

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

Initial Public Offering (IPO) of BRI's Shares

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

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

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

Stock Allocation Program

Based on the above Stockholders' Extraordinary General Meeting, BRI's stockholders agreed to, among others, the employee and management stock ownership plan through an Employee Stock Allocation Program (ESA) and Management Stock Option Plan (MSOP). The ESA consists of a Bonus Share Plan, Shares Purchase at a Discount and Additional Shares Grant programs while MSOP is granted to Directors and employees at certain levels and positions. Costs and discounts related to the ESA and MSOP programs are paid by the Bank through the allocation of reserves. The compensation cost relating to MSOP is recognized through stock options under equity. The management and execution of the ESA and MSOP programs are performed by the Directors, while the supervision is performed by the Board of Commissioners (Note 28).

In accordance with the MSOP, stock options which have been exercised by BRI's employees as of and for the years ended December 31, 2009 and 2008 amounted to Rp2,276 and Rp3,750 which consist of 4,553,000 shares and 7,499,000 shares, respectively. The additional paid up capital arising from the execution of the above stock options is added to the issued and fully paid capital and additional paid-in capital (Note 28).

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

27. STOCKHOLDERS' EQUITY (continued)

b. The Additional Paid-in Capital:

	2009	2008
Additional capital by the Government related to the recapitalization program	1,092,144	1,092,144
Previous balance of paid up capital by the Government	5	5
Additional paid-in capital from IPO	589,762	589,762
Exercise of stock options (Note 28)		
Year 2004	49,514	49,514
Year 2005	184,859	184,859
Year 2006	619,376	619,376
Year 2007	140,960	140,960
Year 2008	29,013	29,013
Year 2009	14,367	-
Remaining MSOP Stage-I which already expired	504	504
Remaining MSOP Stage-II which already expired	1,845	-
	2,722,349	2,706,137

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

Based on the Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 of the Ministry of Finance of the Republic of Indonesia as explained in letter (a) above, from the final recapitalization requirement of BRI amounting to Rp29,063,531, Rp3,272,000 was converted to paid up capital and the balance of Rp25,791,531 was recorded as additional paid in capital (Note 27a). In addition, 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 (Note 3) was eliminated against additional paid-in capital, resulting to additional paid-in capital of 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 ordinary shares with a par value of Rp500 (full Rupiah) per share with the offering price of Rp875 (full Rupiah) per share, resulting in additional paid-in capital as follows:

Total new Series B ordinary shares issued to the public under the IPO (shares)	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	589,762

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

27. STOCKHOLDERS' EQUITY (continued)

b. The Additional Paid-in Capital (continued)

The employees of BRI have exercised stock options starting on November 10, 2004 for MSOP I, November 10, 2005 for MSOP II and November 15, 2006 for MSOP III. During 2004 until 2009, stock options that had been exercised were 565,147,500 shares for MSOP I, II and III, which consist of 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 these exercise of stock options are 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 (Note 28).

c. Differences Arising from Translation of Foreign Currency Financial Statements

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

d. Distribution of Net Income and Utilization of Appropriated Retained Earnings

Based on the Annual Stockholders' General Meetings of BRI held on May 19, 2009 and May 26, 2008, the Stockholders agreed to distribute the net income for the years ended December 31, 2008 and 2007 as follows:

	Income 2008	Income 2007
Dividends	2,085,429	2,419,000
General and special reserves	536,253	1,935,200
Appropriation for partnership and environmental development fund	148,959	193,520

Based on the letter from the Ministry of State-Owned Enterprises No. S-668/MBU/2009 dated September 30, 2009, there is interim dividend payment for the year 2009 amounting to Rp45.74 (full Rupiah) per share or in total amounting to Rp563,936 which have been approved by the Directors based on the Directors' Meeting dated November 2, 2009.

BRI has recorded the provision for *tantiem* in the current consolidated statements of income in accordance with PSAK No. 24 (revised 2004) on Employee Benefits.

28. MANAGEMENT STOCK OPTION PLAN (MSOP)

Based on Stockholders' Extraordinary General Meeting held on October 3, 2003 as mentioned in notarial deed No. 6 of Notary Imas Fatimah, S.H., the stockholders approved the issuance of stock options in 3 (three) stages (Note 27a). Stock options are granted to Directors and employees at certain levels and positions who fulfill the determined criteria. MSOP stage-I was granted at the Initial Public Offering (IPO), while MSOP stage-2 and MSOP stage-3 will be granted each year after the MSOP stage-I. The number of stock options to be issued in MSOP stage-I through stage-III is at a maximum of 5% from the paid up capital of BRI within 3 (three) years without giving priority to the existing stockholders to exercise their rights.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

28. MANAGEMENT STOCK OPTION PLAN (MSOP) (continued)

a. MSOP Stage-I

In MSOP stage-I, the exercise price was 110% of the offering price with the life of the option over 5 (five) years from the grant date. The MSOP vesting period is 1 (one) year. The number of stock options that can be exercised at the end of the first year from the grant date is a maximum of 50% of the total options granted, and the remainder can be executed at the end of the second year through the end of the fifth year. On November 10, 2003, the date of listing of BRI's shares in the Jakarta Stock Exchange and Surabaya Stock Exchange (currently the Indonesia Stock Exchange), BRI agreed to grant 235,294,100 stock options with an exercise price of Rp962.5 (full Rupiah) per share or 110% of the offering price per share.

The fair value of stock options in MSOP stage-I granted as of November 10, 2003 amounted to Rp117.39 (full Rupiah), based on the Valuation Report issued by PT Watson Wyatt Purbajaga dated March 17, 2004 using the Black Scholes option pricing model.

b. MSOP Stage-II

Based on BRI Annual Stockholders' General Meeting held on May 31, 2004, the stockholders granted MSOP stage-II with an option life of 5 (five) years and a vesting period of 1 (one) year. The number of stock options can be exercised anytime after the vesting period until the end of the option life with a share price of Rp1,750 (full Rupiah) per share, and number of shares granted are 235,294,100 shares.

The fair value of stock options in MSOP stage-II granted as of November 10, 2004 amounted to Rp351.62 (full Rupiah), based on the Valuation Report issued by PT Watson Wyatt Purbajaga dated February 15, 2005, using the Black Scholes option pricing model.

c. MSOP Stage-III

Based on the Annual Stockholders' General Meeting held on May 20, 2005, the stockholders granted MSOP stage-III with an option life of 5 (five) years and a vesting period of 1 (one) year. The number of stock options that can be exercised twice in a year within 5 (five) until up to 30 (thirty) working days until the end of the option life with a share closing price of 90% of the average of the share closing price of BRI shares in the Jakarta Stock Exchange (currently the Indonesia Stock Exchange) within 25 (twenty-five) consecutive days before reporting date to the Jakarta Stock Exchange (currently the Indonesia Stock Exchange) (the latest within 5 (five) working days) and the number of shares issued is 117,647,050 shares. The share price exercised in 2009 are Rp5,458 (full Rupiah) per share (period 6) and Rp6,671 (full Rupiah) per share (period 7), and in 2008 Rp4,752 (full Rupiah) per share (period 4) and Rp2,907 (full Rupiah) per share (period 5).

The fair value of stock options in MSOP stage-III granted as of November 10, 2005 amounted to Rp958 (full Rupiah), based on BRI management's calculation using the Black Scholes - Merton option pricing model.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

28. MANAGEMENT STOCK OPTION PLAN (MSOP) (continued)

The summary of the MSOP and the movements during the years ended December 31, 2009 and 2008 are as follows (Note 27a):

	2009		
	Number of Options		
	MSOP Stage-I	MSOP Stage-II	MSOP Stage-III
Options outstanding at the beginning of the year	-	8,352,600	14,993,050
Options exercised during the year	-	(3,105,500)	(1,447,500)
Options not exercised until the end of the option life	-	(5,247,100) ^{*)}	-
Options that can be exercised at the end of the year	-	-	13,545,550

*) Total MSOP Stage-II that are still remaining at maturity date on November 10, 2009 and has been reported to Indonesia Stock Exchange on December 30, 2009.

	2008		
	Number of Options		
	MSOP Stage-I	MSOP Stage-II	MSOP Stage-III
Options outstanding at the beginning of the year	5,093,100	9,560,100	20,486,550
Options exercised during the year	(798,000)	(1,207,500)	(5,493,500)
Options not exercised until the end of the option life	(4,295,100) ^{*)}	-	-
Options that can be exercised at the end of the year	-	8,352,600	14,993,050

*) Total MSOP Stage-I that are still remaining at maturity date on November 23, 2008 and has been reported to Indonesia Stock Exchange on January 12, 2009.

The fair value of the options granted represents the estimated values with the following assumptions:

	MSOP Stage-I	MSOP Stage-II	MSOP Stage-III
Risk free interest rate	8.75%	8.75%	13.04%
Expected period of option	5 years	5 years	5 years
Expected share price volatility	24.33%	24.33%	42.95%
Expected dividend yield	5.50%	5.50%	5.04%
Employee turnover rate	1%	1%	-

During 2009 and 2008, the total stock options which have been exercised amounted to Rp2,276 and Rp3,750, respectively, consisting of 4,553,000 and 7,499,000 shares, respectively (Note 27a), and resulted in the increase in additional paid-in capital of Rp14,367 and Rp29,013 as of December 31, 2009 and 2008, respectively (Note 27b).

Accumulated stock options after deducted with the realization of MSOP amounting to Rp4,323 and Rp6,286 (including stock option of MSOP stage-II which have expired amounting to Rp1,845 and stock option of MSOP stage-I which have expired amounting to Rp504) for the years ended December 31, 2009 and 2008, respectively, became Rp12,977 and Rp17,300, which are presented as part of the stockholders' equity in the consolidated balance sheets as of December 31, 2009 and 2008, respectively.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

29. INTEREST AND INVESTMENT INCOME

Interest and investment income are derived from:

	2009	2008
<u>Rupiah</u>		
Loans	28,824,228	21,950,049
Government Recapitalization Bonds	1,805,805	1,930,432
Securities		
Bank Indonesia Certificates	1,128,173	1,197,080
Government Bonds	321,327	185,927
Others	169,343	337,378
Placements with Bank Indonesia and other banks		
FASBI/FTK	724,942	323,569
Inter-bank call money	115,076	168,583
Others	2,196	2,279
Current accounts with Bank Indonesia	-	92,044
Others	129,610	91,955
	<u>33,220,700</u>	<u>26,279,296</u>
<u>Foreign currencies</u>		
Loans	467,398	393,430
Securities		
Government Bonds	75,025	87,997
Others	141,978	169,575
Placements with Bank Indonesia and other banks		
Inter-bank call money	9,681	7,890
Others	31,559	71,439
	<u>725,641</u>	<u>730,331</u>
	<u>33,946,341</u>	<u>27,009,627</u>

30. FEES AND COMMISSIONS INCOME

Fees and commissions income are derived from:

	2009	2008
<u>Rupiah</u>		
Loans	1,125,778	897,379
<u>Foreign currencies</u>		
Loans	537	646
	<u>1,126,315</u>	<u>898,025</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

31. INTEREST EXPENSE AND OTHER CHARGES

This account represents interest expense and other charges incurred on:

	2009	2008
<u>Rupiah</u>		
Time deposits	7,463,898	4,551,116
Savings deposits	2,144,736	1,835,751
Demand deposits	1,075,815	708,016
Deposits from other banks and other financial institutions	231,081	82,830
Fund borrowings	134,094	145,902
Subordinated loans	84,905	81,441
Securities sold with agreements to repurchase	13,146	29,010
Others	567,862	593,172
	<u>11,715,537</u>	<u>8,027,238</u>
<u>Foreign currencies</u>		
Time deposits	362,396	202,974
Fund borrowings	1,003	90,010
Demand deposits	45,247	48,822
Deposits from other banks and other financial institutions	55,749	38,868
	<u>464,395</u>	<u>380,674</u>
	<u>12,179,932</u>	<u>8,407,912</u>

32. PROVISION FOR POSSIBLE LOSSES ON EARNING ASSETS - NET

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

	2009	2008
Current accounts with other banks (Note 5e)	56,603	24,974
Placements with Bank Indonesia and other banks (Note 6e)	27,167	621,349
Securities (Note 7e)	(32,185)	48,945
Export bills (Note 8c)	(105)	(351)
Derivatives receivable (Note 11)	1,449	(247)
Loans (Note 12e)	5,377,940	1,911,153
Acceptances receivable (Note 13c)	(337)	(2,179)
Investments in shares of stock (Note 14)	219	132
Sharia receivable and financing	(9,252)	285,854
	<u>5,421,499</u>	<u>2,889,630</u>

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

33. SALARIES AND EMPLOYEE BENEFITS

The details of this account are as follows:

	2009	2008
Salaries, wages and allowances	3,189,226	3,231,474
Bonuses, incentives and <i>tantiem</i>	1,585,222	1,887,249
Defined benefit pension (Note 40a)	269,636	73,422
Training and development	255,061	168,661
Pension preparation period (Note 40e)	238,925	65,005
Grand leaves (Note 40e)	182,908	360,323
Medical allowances	124,794	117,038
Gratuity for services (Note 40e)	116,256	79,796
Defined contribution pension (Note 40c)	116,074	66,325
Work separation scheme (Note 40d)	67,537	63,754
Others	530,154	216,028
	6,675,793	6,329,075

The amount of salaries and allowances for the Directors amounted to Rp40,287 and Rp25,169, Board of Commissioners of BRI amounted to Rp12,133 and Rp7,750 for the years ended December 31, 2009 and 2008, respectively (Note 43).

The amount of *tantiem*, bonuses and incentives paid to the Directors and Board of Commissioners, and executive officers of BRI for the years ended December 31, 2009 and 2008, amounted to Rp159,987 and Rp84,590, respectively (Note 43).

34. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account are as follows:

	2009	2008
Rent	707,800	434,011
Repairs and maintenance	448,649	369,521
Depreciation of premises and equipment (Note 15)	407,379	840,521
Electricity and water	213,260	162,586
Transportation	158,855	130,319
Printing and postage	131,778	100,006
Office supplies	115,552	88,259
Communications	84,909	78,239
Computer installations	36,391	31,191
Professional fees	25,675	21,178
Research and product development	10,215	7,122
Others	1,377,468	824,653
	3,717,931	3,087,606

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

35. NON-OPERATING INCOME - NET

The details of this account are as follows:

	2009	2008
Loan insurance claim income	214,226	1,384
Rental income	13,653	8,532
Cash distribution from the liquidation of BRI Finance Limited, Hong Kong	4,648	40,221
Gain on sale of premises and equipment	2,947	3,420
Others - net	1,095,095	422,342
	1,330,569	475,899

36. TAXATION

a) Taxes Payable

As of December 31, 2009 and 2008, the details of taxes payable are as follows:

	2009	2008
BRI (Parent Company)		
Income tax		
Article 25 (December)	220,123	297,829
Article 29	121,007	2,236
	341,130	300,065
Subsidiary		
Income tax		
Article 21	765	195
Article 23	1,076	35
Article 4 (2)	521	-
	2,362	230
	343,492	300,295

b) Corporate Income Tax Expense

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

	2009	2008
Income before tax benefit (expense) based on the consolidated statements of income	9,891,228	8,822,012
Share of (income)/loss of Subsidiary	(10,675)	36,980
Income before tax benefit - BRI (Parent Company)	9,880,553	8,858,992

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

36. TAXATION (continued)

b) Corporate Income Tax Expense (continued)

	2009	2008
Temporary Differences:		
Provision of allowance for possible losses on loans	977,081	315,010
Provision for personnel expenses	475,197	256,179
Depreciation of premises and equipment	91,365	510,372
Provision of reserve of earning assets excluding loans	51,541	692,559
Provision for estimated losses on commitments and contingencies	14,746	13,141
Unrealized (gain) loss in the value of trading securities and Government Recapitalization Bonds	(127,305)	150,277
Unrealized (gain) loss from derivative transactions	(666,635)	527,162
	<u>815,990</u>	<u>2,464,700</u>
Permanent Differences:		
Public relations	65,384	48,810
Sports and religious activities	26,013	25,414
Representations and donations	24,573	20,034
Income subjected to final tax	(9,550)	(63,129)
(Income)/loss of Subsidiary (equity method)	(14,644)	(6,010)
Others	663,333	2,182,655
	<u>755,109</u>	<u>2,207,774</u>
Estimated taxable income	<u>11,451,652</u>	<u>13,531,466</u>

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

	2009	2008
Estimated taxable income	11,451,652	13,531,466
Corporate income tax expense - current	(2,633,880)	(3,382,854)
Income tax installment payments during the year	2,512,873	3,380,618
Corporate income tax payable - Article 29	<u>(121,007)</u>	<u>(2,236)</u>

BRI and Subsidiary's income tax are computed individually as separate legal entities.

c) Deferred Tax Assets

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

	2009	2008
Provision of allowance for possible losses on earning assets	288,015	302,271
Provision for employee benefits	118,799	76,854
Depreciation on premises and equipment	25,582	153,112

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

36. TAXATION (continued)

c) Deferred Tax Assets (continued)

	2009	2008
Provision for estimated losses on commitments and contingencies	4,129	3,942
Unrealized (gain) loss in the value of trading securities and Government Recapitalization Bonds	(35,645)	31,185
Unrealized (gain) loss from derivative transactions	(186,658)	158,148
Others	-	4,711
Impact of changes on income tax rate	(168,819)	(212,332)
	<u>45,403</u>	<u>517,891</u>
Subsidiary	5,541	1,319
Total deferred tax benefit	<u>50,944</u>	<u>519,210</u>

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

	2009	2008
Allowance for possible losses on earning assets	1,411,297	1,203,518
Provision for employee expense	651,808	639,610
Depreciation on premises and equipment	168,486	153,112
Estimated losses on commitments and contingencies	28,481	26,092
Unrealized loss in the value of trading securities and Government Recapitalization Bonds	6,432	45,083
Unrealized (gain) loss from derivative transactions	(39,052)	158,148
Unrealized gain in the value of available-for-sale securities and Government Recapitalization Bonds	(152,107)	(16,081)
Impact of changes on income tax rate	(168,819)	(212,332)
	<u>1,906,526</u>	<u>1,997,150</u>
Subsidiary	8,500	2,926
	<u>1,915,026</u>	<u>2,000,076</u>

In September 2008, Law No. 7 year 1983 regarding "Income Tax" has been revised for the fourth time with Law No. 36 year 2008. The above revision also stipulates changes in corporate tax rate from a progressive tax rate to a single rate of 28% for the fiscal year 2009 and 25% for the fiscal year 2010 onwards. The Company recorded the impact of the changes in income tax rate as part of the current year tax expense which amounted to Rp168,819 and Rp212,332 for the years ended December 31, 2009 and 2008, respectively.

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 Taxpayers in the Form of Publicly-listed Companies" and the Ministry of Finance Regulation No. 238/PMK.03/2008 dated December 30, 2008 on "The Guidelines on the Implementation and Supervision on the Rate Reduction for Domestic Tax Payers in the Form of Public Companies" provides that resident publicly-listed companies in Indonesia can obtain the reduced income tax rate at 5% lower than the highest existing income tax rate, provided they meet the prescribed criteria, i.e., public companies whose shares are owned by the public at a

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

36. TAXATION (continued)

c) Deferred Tax Assets (continued)

minimum of 40% or more of the total paid-up shares are traded in the Indonesia Stock Exchange and such shares are owned by at least 300 (three hundred) parties and each party owning only less than 5% of the total paid-up shares. These requirements should be fulfilled by the publicly-listed companies for a period of 6 (six) months in 1 (one) tax year. Based on Letter No. DE/1/2010 - 0671 dated January 11, 2010 and the monthly report of shares ownerships, form No. X.H.I-6 dated January 8, 2010 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of BRI's shares during 2009, all of the above mentioned required criteria to obtain the tax rate reduction on BRI's financial statements for the year ended December 31, 2009, have been fulfilled by BRI.

37. RISK MANAGEMENT

BRI's business activities are constantly facing risks relating to its function as a financial intermediary institution. The rapid business development in the external and internal bank industry also caused the risk on the bank's business activities to become more complex. BRI is required to implement good risk management to adapt in the complexity of the mentioned activities. The applied risk management principles must be able to support BRI to operate more carefully within a rapidly developing banking business and operational activities. Basically, the implementation of those risk management principles have become the standard in the global banking industry which is required by Bank Indonesia in line with the recommendation issued by the Bank for International Settlements (BIS) through the Basel Committee on Banking Supervision.

Considering the above matters, BRI has prepared the Risk Management General Policy (KUMR) which represents the highest rule in the risk management implementation in BRI's entire business activities. KUMR includes general policy, risk management strategy, risk management organization, risk management process, risk management information system, risk management implementation, internal control system and risk management implementation in using information technology and integrated risk management (Enterprise Risk Management) which include managing Risk Profile, Business Continuity Management (BCM) implementation, management of new products and/or activities. Since the establishment of KUMR in 2006, it has been revised with BRI's Directors' Decision Letter No. S.248/DIR/DMR/04/2009 dated April 30, 2009, which added 3 (three) new chapters regarding Risk Management Implementation on Information System Usage, Product and or Activities Management and Business Continuity Management.

Based on the above KUMR, BRI has applied various policies in risk management sector, such as policies in Market Risk Management (MRP), Credit Risk Management (MRK), and Operational Risk Management (MRO), which were made into one book entitled Guidance on the Application and Implementation of Risk Management (PPPMR), which is a series of technical guidelines that determine the stages in risk management process that has been determined in KUMR, such as risk identification, risk measurement, risk monitoring and risk control. BRI PPPMR consist of Guidance on the Application and Implementation of Credit Risk Management (PPPMRK), Guidance on the Application and Implementation of Operational Risk Management (PPPMRO), and Guidance on the Application and Implementation of Market Risk Management (PPPMRP).

BRI has prepared the Implementation Strategy of Risk Management (SIMR), an important document which provides the step-by-step guidelines in implementing a risk management for every BRI's employee, especially senior managers and other executive positions in order to obtain the same understanding of the aims and implementation strategy of risk management in BRI.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

Credit Risk Management

The implementation of credit risk management is not only intended to position BRI as a Bank that has complied with the regulation, but as an obligation for management to implement a good credit risk management system and appropriate with best practices in the banking industry, which in turn is expected to support BRI's business activities. In order to maintain and manage credit risk, BRI has established some principles, such as the segregation of credit officers according to their tasks (Relationship Management and Credit Risk Management), the implementation of Four Eyes Principle, the implementation of Risk Scoring System, and also the segregation of credit default management. Furthermore, in the credit granting process prudent credit procedures should be followed.

In the Credit Risk Management Framework, a Credit Risk Management Committee/CRMC is required, which is a Sub Risk Management Committee (RMC) to discuss problems regarding the credit risk exposure and the implementation of credit risk management.

To support the implementation of credit risk measurement in accordance with Basel II (Standardized Approach and Internal Rating Based Approach), currently an implementation on Loan Approval System (LAS) for credit until the approval by BRI Head Branch, credit risk information system development which covers credit risk data integration to fulfill internal and external needs. Especially for the preparation of the credit risk measurement implementation in accordance with IRB Basel II, a redesign on Credit Risk Rating (CRR) and Credit Risk Scoring (CRS) has been done, also a simulation on the calculation of Probability of Default (PD) using CRR and CRS data with scorecard model and simulation on the calculation of Retail Lost Given Default (LGD).

BRI has performed credit risk management through portfolio monitoring of the actual credit risk exposure, business segment and economy sector linked to credit risk limit and the set target. On the other hand, BRI has performed Stress Testing analysis (by using scenarios including worst case scenario) using bottom-up method, by using customer cash flows for corporation debtors and using past performance portfolio data method for UMKM debtors, in line to external and macro-economic condition, especially during the crisis period in 2009. BRI has performed credit risk Stress Testing analysis by using indicators and methods in line with internal and macro economic conditions. Stress Testing analysis is conducted in a routine way a minimum of once a year or if a worst case occurred.

Liquidity and Market Risk Management

BRI maintains the optimum liquidity level by keeping an adequate amount of liquid assets to pay the deposits from customers and matured liabilities and provide funds for asset growth when needed. BRI has established the liquidity risk analysis called the Liquidity Gap Analysis which is an information that becomes BRI's consideration in planning and managing its liquidity containing information about surplus or deficit projection of liquidity pursuant to maturity profile including BRI business expansion needs.

BRI has prepared Risk Management Implementation policy for BRI's liquidity risk according to PBI No. 11/16/DPNP dated July 6, 2009, having the purpose to ensure daily adequacy of funds in a normal or crisis condition to settle liabilities on time, including assurance of the availability of high quality liquid assets. With the implementation of effective liquidity risk management, it is expected to minimize liquidity risk in BRI and increase the overall stability of the banking system.

BRI performs market risk management by monitoring the trading activities conducted by the dealers in the Treasury Division and setting the transaction limit such as the dealer nominal limit and cut loss limit, also monitoring the counterparty limit. BRI is implementing the Treasury and Market Risk System application which accommodated the calculation of market risk with Internal Model VaR (Variance Covariance 10 Days Holding Period) to support the process of capital allocation calculation to accurately cover the market risk, also to ease the monitoring of market risk and providing an updated information for management.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

Operational Risk Management

The management of operational risk is an integral part of BRI's risk management having the purpose to minimize the possibility and effect of loss, including potential threat to BRI's reputation, compliance risk, legal risk and BRI's strategic risk.

In implementing operational risk management in accordance with the policy of Bank Indonesia and best practices of operational risk management in the banking industry, BRI already have several primary and supporting tools of operational risk management such as:

1. Primary Tools of Operational Risk Management

BRI has developed and applied the primary tools of operational risk management such as Risk and Control Self Assessment (RCSA), Key Risk Indicators (IRU) and Incident Management (MI).

The guidelines for the tools mentioned above have been published in 2007, thus the socialization of the tools has been maintained since 2007. Since the publication in 2007, RCSA has been implemented in the working units of Branch Offices, Regional Offices and Divisions, and by now the RCSA is being revised and enhanced, which includes the key risk valuation process, verification and consolidation process, also valuation of inherent risk, residual risk, and control.

IRU is used to capture the potential indication of risk level increase or decrease and to predict the potential operational risk that is probably faced by BRI. Whereas, MI is used to gather data about operational risk event or loss that has occurred and as a reference in handling the incident structurally in all BRI working units. IRU and MI have not been applied extensively and integrated in all BRI working units, since both tools are still manually performed (paper-based).

In 2009, BRI have developed an application system (software) for Operational Risk Management tool that is Operational Risk Assessor (OPRA), whereby the system functions to facilitate several application modules of RCSA, IRU, MI, Risk Management Forum, and Maturity Valuation of Risk Management Implementation tools, also including calculation module of operational risk reserve capital with Advanced Measurement Approach (AMA) method.

2. Risk Management Function

The risk management function found in all BRI operational working units (UKO) is used to improve the risk awareness culture in every employee and in applying the identification, measurement, control and monitoring processes in their respective working units. This function is embedded and under the direct responsibility of the Head of UKO.

3. Risk Management Forum (RM Forum)

RM Forum facilitates the employee and worker communication with each other on every matter in connection with risk management involved in operational and business activities in BRI working units. The purpose is to improve awareness and concern to all BRI employees in controlling the risk more effectively on every operational or business activities in their working units.

4. Risk Management Socialization

In order to improve risk culture and awareness to the application of risk mitigation, BRI keeps socializing risk management through education and training programs, also through socialization held by Risk Management Division (DMR), such as risk management socialization in some communication forum or training, both formal or informal.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

4. Risk Management Socialization (continued)

BRI has issued several modules of the MRO application in the form of booklets, such as the Risk Management Implementation Strategy (SIMR), Risk and Control Self Assessment (RCSA), Key Risk Indicators (IRU) and Incident Management (MI). BRI also published PerISMA Memo bulletin, which is the communication media and socialization, which consists of various information and discussion about risk management. Starting from 2009, BRI has developed risk management training and learning methods through e-learning program with the coordination of the Education and Training Division. Other than that, DMR actively updates information or knowledge about risk management and presents it in the risk management folder.

5. Implementation of Business Continuity Management (BCM)

BRI has implemented Business Continuity Management to maintain the continuity of critical business/operational activities, provides best services to priority customer in and after a disruption or disaster situations and overseeing BRI's assets, also improving coordination among BRI's working units on anticipating the disruption or disaster.

BRI has launched the Disaster Recovery Guidelines Booklet, Banners and Flyers containing useful tips on facing natural disasters, also gives socialization to employees in Regional Offices and the Head Office. Moreover, regarding information technology, BRI conducted various routine tests of technology infrastructure which is used to test the readiness of BRI's Information Technology on facing disasters, among others, by conducting Switch Over (SO) or transferring host production BRINets which is currently in the Head Office Data Center (DC) to the AS 400 machine located in BRI Disaster Recovery Centre (DRC).

So far, BRI has performed 5 (five) times of SO and during 2009, BRI has performed several activity preparation for the sixth SO, which will be live transaction test on all operational working units and ATMs all over Indonesia on working days. Preparation for the sixth SO is by conducting 3 (three) times of pretests using host BRINETs DRC as a host production on holidays (Saturday and Sunday) and fulfill the infrastructure adequacy which is a pre-requisite, for both infrastructure in DRC or in network.

Enterprise Risk Management

BRI has performed enterprise risk management that integrates 8 (eight) kinds of risk (credit risk, market risk, operational risk, liquidity risk, strategic risk, legal risk, reputation risk and compliance risk) through the implementation of Risk Profile. From time to time, BRI tries to enhance the Risk Profile Ordering guidelines to implement Risk Control System measurement in a more sensitive way with details on risk measurement parameters (inherent risk). Prudent measurement on RCS must be conducted due to changes in environment both internal and external that could significantly increase the risk directly or indirectly, thus BRI risk profile could describe precisely the actual risk rate.

In addition, BRI always performs testing on new products and or activities to ensure that the 8 (eight) integrated kinds of risk can be managed through effective controls and implementation procedures on new products and activities proposed by working units.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

Enterprise Risk Management (continued)

Briefly, the matters stated above could be explained as follows:

a. Implementation of Risk Profile

BRI has composed the Risk Profile Ordering Guidelines by linking the Risk Profile with MRO tools (RCSA, IRU and MI). The purpose of harmonizing the Risk Profile with MRO tools is that operational risk valuation on all business and operational activities in the valuation of Risk Profile does not depend only on audit valuation results, but is also based on risk measurement (self assessment) made by operational working units in the Branch Offices, Regional Offices and Head Office.

Besides harmonization between Risk Profile and MRO tools, the measurement of Risk Control System (RCS) is carried out in a more sensitive manner, with more detailed risk measurement parameters. Prudent RCS measurement is needed considering the change in internal and external environment which would directly or indirectly increase the risk significantly, therefore, the actual risk rate of BRI's Risk Profile could be reflected.

BRI risk valuation using aggregate method through self-assessment process results in risk profile. The risk profile consists of inherent risk (the risk embedded in bank activities before being controlled) and risk control system (control of inherent risk) in 8 (eight) types of risks on 7 (seven) functional activities that include the functional activities of credit, treasury, trade finance, funding, operational and services, IT system and support.

BRI is overall risk profile in 2009 is in a low risk category with stable trend. On a composite basis, the inherent risk and risk control system are still in very low to moderate category. Whereas based on risk control system assessment, BRI's risk profile scoring is acceptable to strong.

b. Risk Management on New Products and/or Activities

Risk management for each new products and/or activities is one of the steps that should be done in BRI's business development. This step is expected to minimize unexpected potential risks caused by the service for such new products or activities.

The policy of risk management adequacy procedures on new products and activities performed by the product owner is to assess the embedded risks on new products and or activities. The Risk Management Division (DMR) also prepared procedures that must be performed in terms of monitoring the assessment and managing the risks which have been previously identified.

Risk management has a role in assessing the risk management suggestions on new products and/or activities to ensure BRI's readiness in carrying out new products and/or activities and in giving recommendations on risk management to the Compliance Director/Risk Management.

Since 2007, DMR has revealed risk adequacy management procedures on new products and/or activities with 3 (three) recommendations, which are, acceptable risk criteria without the need for further study, acceptable risk criteria with the need for further study and unacceptable risk criteria.

During the year 2009, DMR has performed risk analysis on 3 (three) new products and activities, which are "BRI Link", Internet Banking and SSB Payment Point and came up with a recommendation that the new products and activities have acceptable risk criteria without the need for further study. "BRI Link" is a medium to perform BRI's e-banking non-cash transaction that coordinates with third parties through sharing fee agreement, while, Internet Banking is a service provided to BRI's customers to conduct banking transactions through internet connection in a safe and comfortable

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

Enterprise Risk Management (continued)

b. Risk Management on New Products and/or Activities (continued)

way starting from balance information, account movements, transfer, billing payment, voucher purchase, and even flight ticket purchase. SSB Payment Point is a service to BRI card users intended for convenience in making payments for Driving License (SIM), Vehicles Identification Number (STNK), and Vehicles Registration Certificate (BPKB) by using Electronic Data Capture (EDC) BRI.

38. MATURITY PROFILE

The following list presents the analysis of the maturities of BRI's assets and liabilities which are classified based on the respective remaining period from December 31, 2009 and 2008 until maturity date:

Description	2009					
	Total	Up to 1 month	More than 1 month - 3 months	More than 3 months - 1 year	More than 1 year	Others that have no maturities
Assets						
Cash	8,139,304	8,139,304	-	-	-	-
Current accounts with Bank Indonesia	12,893,414	12,893,414	-	-	-	-
Current accounts with other banks	9,081,086	9,081,086	-	-	-	-
Allowance for possible losses	(90,811)	-	-	-	-	(90,811)
Placements with Bank Indonesia and other banks	40,631,290	40,396,415	46,975	187,900	-	-
Allowance for possible losses	(136,233)	-	-	-	-	(136,233)
Securities	24,535,241	15,239,420	2,033,485	635,783	6,626,553	-
Allowance for possible losses	(57,109)	-	-	-	-	(57,109)
Export bills	551,172	547,609	3,563	-	-	-
Allowance for possible losses	(5,512)	-	-	-	-	(5,512)
Government Recapitalization Bonds	15,027,074	6,627,074	-	800,000	7,600,000	-
Securities purchased with agreements to resell	503,887	503,887	-	-	-	-
Derivatives receivable	144,921	-	-	52,441	92,480	-
Allowance for possible losses	(1,449)	-	-	-	-	(1,449)
Loans	205,522,394	15,593,328	16,788,579	45,671,307	127,469,180	-
Allowance for possible losses	(11,279,891)	-	-	-	-	(11,279,891)
Sharia receivables and financing	2,600,174	136,725	130,813	313,954	2,018,682	-
Allowance for possible losses	(88,257)	-	-	-	-	(88,257)
Acceptances receivable	352,716	213,349	85,939	53,428	-	-
Allowance for possible losses	(4,502)	-	-	-	-	(4,502)

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

38. MATURITY PROFILE (continued)

2009						
Description	Total	Up to 1 month	More than 1 month - 3 months	More than 3 months - 1 year	More than 1 year	Others that have no maturities
Assets (continued)						
Investments in shares of stock	113,123	-	-	-	-	113,123
Allowance for possible losses	(1,662)	-	-	-	-	(1,662)
Premises and equipment - net	1,366,212	-	-	-	-	1,366,212
Deferred tax assets - net	1,915,026	-	-	-	-	1,915,026
Other assets - net	5,235,421	3,728,980	805,189	664,320	596,160	(559,228)
Total Assets	316,947,029	113,100,591	19,894,543	48,379,133	144,403,055	(8,830,293)
Liabilities						
Liabilities due immediately	4,333,232	4,333,232	-	-	-	-
Deposits from customers	255,928,261	214,289,726	14,555,709	26,925,423	157,403	-
Deposits from other banks and financial institutions	4,449,907	4,421,547	27,155	1,205	-	-
Securities sold with agreements to repurchase	544,464	102,752	-	-	441,712	-
Derivatives payable	277,302	-	-	-	277,302	-
Acceptances payable	352,716	213,349	85,939	53,428	-	-
Taxes payable	343,492	222,485	121,007	-	-	-
Fund borrowings	13,611,399	5,703,971	3,166,585	3,396,426	1,344,417	-
Estimated losses on commitments and contingencies	101,737	-	-	-	-	101,737
Other liabilities	7,068,716	1,083,871	696,623	1,838,266	3,077,575	372,381
Subordinated loans	2,678,422	232	-	24,601	2,653,589	-
Total Liabilities	289,689,648	230,371,165	18,653,018	32,239,349	7,951,998	474,118
Maturity Gap	27,257,381	(117,270,574)	1,241,525	16,139,784	136,451,057	(9,304,411)
2008						
Description	Total	Up to 1 month	More than 1 month - 3 months	More than 3 months - 1 year	More than 1 year	Others that have no maturities
Assets						
Cash	6,750,145	6,750,145	-	-	-	-
Current accounts with Bank Indonesia	9,945,696	9,945,696	-	-	-	-
Current accounts with other banks	3,420,288	3,420,283	-	-	5	-
Allowance for possible losses	(34,208)	-	-	-	-	(34,208)
Placements with Bank Indonesia and other banks	22,908,327	22,023,927	230,400	-	654,000	-
Allowance for possible losses	(672,766)	-	-	-	-	(672,766)
Securities	23,855,465	13,315,300	20,000	1,856,645	8,663,520	-
Allowance for possible losses	(89,294)	-	-	-	-	(89,294)
Export bills	561,709	225,584	326,373	9,752	-	-
Allowance for possible losses	(5,617)	-	-	-	-	(5,617)
Government Recapitalization Bonds	16,352,318	6,282,671	-	1,669,647	8,400,000	-
Derivatives receivable	13	13	-	-	-	-
Allowance for possible losses	-	-	-	-	-	-
Loans	160,108,683	15,176,739	13,743,148	36,911,816	94,276,980	-
Allowance for possible losses	(7,891,140)	-	-	-	-	(7,891,140)

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

38. MATURITY PROFILE (continued)

Description	2008					
	Total	Up to 1 month	More than 1 month - 3 months	More than 3 months - 1 year	More than 1 year	Others that have no maturities
Assets (continued)						
Sharia receivables and financing	999,409	54,397	20,567	103,836	820,609	-
Allowance for possible losses	(114,322)	-	-	-	-	(114,322)
Acceptances receivable	483,862	137,726	245,391	100,745	-	-
Allowance for possible losses	(4,839)	-	-	-	-	(4,839)
Investments in shares of stock	91,235	-	-	-	-	91,235
Allowance for possible losses	(1,443)	-	-	-	-	(1,443)
Premises and equipment - net	1,350,483	-	-	-	-	1,350,483
Deferred tax assets - net	2,000,076	-	-	-	-	2,000,076
Other assets - net	6,062,816	5,063,078	478,955	643,075	13,060	(135,352)
Total Assets	246,076,896	82,395,559	15,064,834	41,295,516	112,828,174	(5,507,187)
Liabilities						
Liabilities due immediately	5,620,911	5,620,911	-	-	-	-
Deposits from customers	201,537,439	176,860,062	5,190,964	19,364,959	121,454	-
Deposits from other banks and financial institutions	3,428,243	3,428,243	-	-	-	-
Securities sold with agreements to repurchase	102,752	102,752	-	-	-	-
Derivatives payable	1,313,676	-	-	184,177	1,129,499	-
Acceptances payable	483,862	137,726	245,391	100,745	-	-
Taxes payable	300,295	298,059	2,236	-	-	-
Fund borrowings	3,356,495	-	1,988	2,292,049	1,062,458	-
Estimated losses on commitments and contingencies	86,970	-	-	-	-	86,970
Other liabilities	6,778,922	1,511,516	1,059,281	1,835,393	2,122,220	250,512
Subordinated loans	710,634	232	-	24,601	685,801	-
Total Liabilities	223,720,199	187,959,501	6,499,860	23,801,924	5,121,432	337,482
Maturity Gap	22,356,697	(105,563,942)	8,564,974	17,493,592	107,706,742	(5,844,669)

The above assets and liabilities of BRI in the previous table are based on the assumptions on the remaining contracts with the customers, assets and liabilities. Based on historical data, most of the deposits that have the lowest position during the current period (core fund) (unaudited) consist of:

	2009	2008
Demand deposits	27,985,039	20,468,620
Savings deposits	83,913,295	70,401,149
Time deposits	71,542,050	51,905,466

The actions undertaken by BRI to overcome the above maturity gap, among others are by trying to decrease the gap through the shift of short-term deposits to long-term deposits, by making the positive yield curve on deposit pricing, as well as undertaking a persuasive approach to the funding officers in the operational divisions to reach the optimal limit (to shorten/extend).

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

39. SEGMENT INFORMATION

Information concerning the geographical segments of BRI are as follows:

As of and for the year ended December 31, 2009				
	Domestic	Overseas	Elimination	Total
Earning assets (gross)	307,143,530	2,816,532	(733,637)	309,226,425
Total assets	314,537,518	3,591,356	(1,181,845)	316,947,029
Deposits	258,195,936	2,343,832	(161,600)	260,378,168
Fund borrowings	13,611,399	-	-	13,611,399
Stockholders' equity	27,257,381	78,710	(78,710)	27,257,381
Interest income - net	23,038,271	45,553	(34,329)	23,049,495
Income from operations	8,560,659	12,260	(12,260)	8,560,659
Net income	7,308,292	43,590	(43,590)	7,308,292

As of and for the year ended December 31, 2008				
	Domestic	Overseas	Elimination	Total
Earning assets (gross)	235,668,312	2,283,374	(545,041)	237,406,645
Total assets	245,612,012	2,256,311	(1,791,427)	246,076,896
Deposits	202,887,215	2,281,915	(203,448)	204,965,682
Fund borrowings	3,356,495	-	-	3,356,495
Stockholders' equity	22,356,697	(51,831)	51,831	22,356,697
Interest income - net	19,791,622	29,412	(169,980)	19,651,054
Income from operations	8,346,113	(53,036)	53,036	8,346,113
Net income	5,958,368	(52,732)	52,732	5,958,368

40. EMPLOYEES' PROGRAM

a. Defined Benefit Pension Plan

Effective as of January 1, 2007, all newly appointed permanent employees are not included in the PPMP program. Under this program, the right on pension benefit is given based on the established conditions which are stated in the regulation with consideration of 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 the BRI's Directors' Decision Letter, the employee's contribution for pension contribution amounted to 7% of the employee's pension-based salary and any remaining amount required to fund DPBRI represents the contribution by BRI, whereby the contribution of BRI since July 1, 2009 amounted to 16.24% (previously 17.24%). This is due to the increase in pension benefits which amounted to Rp100,000 (full Rupiah).

The actuarial calculation of BRI's pension costs as of December 31, 2009 and 2008, was prepared by PT Katsir Imam Sapto Sejahtera Aktuarial, an independent actuary, according to PSAK No. 24 (Revised 2004), by using the "Projected Unit Credit Method" and considered the following assumptions:

	2009	2008
Annual discount rate	10.0%	9.5%
Annual pension-based salary growth rate	7.5	7.5
Annual pension benefit growth rate	4.0	4.0
Tax loading	2.0% of benefits	2.0% of benefits
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958
Normal retirement age	56 years	56 years

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

40. EMPLOYEES' PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

The assets of DPBRI mainly consist of time deposits, securities and long-term investments in the form of shares of stock and property.

The status of the pension plan based on the actuarial calculation is as follows:

	<u>2009</u>	<u>2008</u>
Assets at fair value	7,578,545	6,256,418
Present value of defined benefit pension liabilities	(6,821,484)	(6,729,719)
Pension program funded status	757,061	(473,301)
(Loss) gain from unrecognized actuarial adjustments	(887,840)	475,277
Unrecognized (liabilities) assets of defined benefit pension	(130,779)	1,976

The movements in the defined benefit pension liabilities for the years ended December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Beginning balance	-	66,517
Defined benefit pension expense - net (Note 33)	269,636	73,422
BRI contributions	(138,857)	(139,939)
Ending balance (Note 25)	130,779	-

Defined benefit pension expense based on the actuarial calculation is as follows:

	<u>2009</u>	<u>2008</u>
Current service cost	107,441	131,520
Interest cost	672,972	593,091
Expected return on plan assets	(625,642)	(651,189)
Immediate recognition of past service cost - vested	114,865	-
Defined benefit pension expense (Note 33)	269,636	73,422

b. Old-Age Benefits Plan

BRI's employees are also given old-age benefits (THT) based on the regulation as stated in the decision letter by the Directors of BRI. BRI's old-age benefits plan is managed by Yayasan Kesejahteraan Pegawai BRI.

Old-age benefit contributions consist of payments from the employees and company contributions in accordance with the requirements of the Decision Letter of the Directors of BRI.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

40. EMPLOYEES' PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

Based on the actuarial calculation of BRI's old-age benefits as of December 31, 2009 and 2008 which was prepared by PT Katsir Imam Sapto Sejahtera Aktuarial, an independent actuary, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>2009</u>	<u>2008</u>
Annual discount rate	10.0%	10.0%
Gross wages growth rate	7.5	7.5
Tax loading	15.0% of benefits	15.0% of benefits
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

The status of the old-age benefits based on the actuarial calculation is as follows:

	<u>2009</u>	<u>2008</u>
Assets at fair value	2,077,426	1,930,329
Present value of old-age benefits liability	(999,122)	(993,116)
Funded status	1,078,304	937,213
Unrecognized actuarial gain	-	-
Prepaid old-age benefits	1,078,304	937,213

Old-age benefits expense based on the actuarial calculation is as follows:

	<u>2009</u>	<u>2008</u>
Current service cost	51,077	50,952
Interest cost	99,312	111,567
Recognized actuarial gain accumulation	-	(83,455)
Expected return on plan assets	(193,033)	(161,142)
Recognition of current year actuarial gain	(51,189)	(395,222)
Deferred assets	141,091	524,921
Old-age benefits expense	47,258	47,621

As of December 31, 2009 and 2008, BRI did not recognize the prepaid old-age benefits and the income of old-age benefits as BRI management has no benefits on those assets and has no plans to reduce its contributions in the future.

c. Defined Contribution Pension Plan

The employees of BRI are also included in the defined contribution pension plan in accordance with the BRI Directors' decision which is effective in October 2000. BRI's contributions to the plan that are reported in the consolidated income statements amounted to Rp116,074 and Rp66,325 for the years ended December 31, 2009 and 2008, respectively (Note 33). This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

40. EMPLOYEES' PROGRAM (continued)

d. Work Separation Scheme

(i) BRI (Parent Company)

Based on the BRI management calculation which used the actuarial valuation assumptions on BRI's liability related to the allowance for cost settlement of separation pay (PHK) including severance, gratuity and compensation benefits based on Labor Law No. 13 year 2003 (UU No. 13/2003) for liability as of December 31, 2009 and 2008. The above actuarial calculation was performed by PT Katsir Imam Sapto Sejahtera Aktuarial, an independent actuary using the "Projected Unit Credit Method" and considered the following assumptions:

	<u>2009</u>	<u>2008</u>
Annual discount rate	10.0%	12.0%
Gross wages future growth rate	7.5	7.5
Tax loading	10.0% of benefits	10.0% of benefits
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

The status of the work separation scheme based on the actuarial calculation is as follows:

	<u>2009</u>	<u>2008</u>
Present value of work separation liability	(537,196)	(490,723)
Unrecognized actuarial losses	75,575	54,850
Work separation scheme liability	(461,621)	(435,873)

The movements in the work separation scheme liability for the years ended December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Beginning balance	435,873	391,153
Work separation scheme expense - net (Note 33)	64,831	57,391
Actual benefit payments by BRI	(39,083)	(12,671)
Ending balance (Note 25)	461,621	435,873

The calculation of work separation scheme expense based on the actuarial calculation is as follows:

	<u>2009</u>	<u>2008</u>
Current service cost	15,408	13,652
Interest cost	49,072	43,739
Recognition of current year losses	351	-
Work separation scheme expense (Note 33)	64,831	57,391

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

40. EMPLOYEES' PROGRAM (continued)

d. Work Separation Scheme (continued)

(ii) 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 income and recognized in the consolidated balance sheets for the work separation scheme liability as of December 31, 2009 and 2008, as determined by PT Katsir Imam Sapto Sejahtera Aktuaria and PT Jasa Aktuaria Tiwikrama, independent actuaries, respectively, by using the "Projected Unit Credit Method" and considered the following assumptions:

	<u>2009</u>	<u>2008</u>
Annual discount rate	10.0%	12.0%
Gross wages future growth rate	7.0	7.0
Mortality rate	TMI-II 1999	TMI-II 1999

As of December 31, 2009 and 2008, the status of the work separation scheme based on the actuarial calculation is as follows:

	<u>2009</u>	<u>2008</u>
Present value of work separation liability	(3,775)	(1,413)
Accumulation of unrecognized actuarial gain	(4,152)	(3,020)
Recognized loss from curtailment	-	(1,930)
Work separation scheme liability	<u>(7,927)</u>	<u>(6,363)</u>

The movements in the work separation scheme liability for the years ended December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Beginning balance	6,363	4,028
Work separation scheme expense - net (Note 33)	2,706	6,363
Actual benefit payments	(1,142)	(4,028)
Ending balance (Note 25)	<u>7,927</u>	<u>6,363</u>

The work separation scheme expense for the years ended December 31, 2009 and 2008 based on the actuarial calculation is as follows:

	<u>2009</u>	<u>2008</u>
Current service cost	2,551	511
Interest cost	199	497
Amortization of unrecognized past service cost (non-vested)	246	-

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

40. EMPLOYEES' PROGRAM (continued)

d. Work Separation Scheme (continued)

(ii) Subsidiary (continued)

	2009	2008
Amortization of accumulated actuarial (gains) losses	(290)	1,886
Curtailment	-	3,469
Work separation scheme expense (Note 33)	2,706	6,363

e. Other Long-term Employee Benefits

BRI employees also have long-term employee benefits, such as gratuity for services, grand leaves and pension preparation period (MPP).

(i) Provision for gratuity for services

The actuarial calculation on gratuity for services as of December 31, 2009 and 2008 was prepared by PT Katsir Imam Sapto Sejahtera Aktuaria, an independent actuary, by using the "Projected Unit Credit Method" with the following assumptions:

	2009	2008
Annual discount rate	10.0%	12.0%
Gross wages future growth rate	7.5	7.5
Gold price growth rate	7.0	7.0
Tax loading	10.0% of benefits	10.0% of benefits
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

The present value of obligation for gratuity for services based on the actuarial calculation amounted to Rp463,682 and Rp383,134 as of December 31, 2009 and 2008, respectively.

The movements in the provision for gratuity for services for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Beginning balance of liability	383,134	347,184
Gratuity for service expense - net (Note 33)	116,256	79,796
Benefit payments by BRI	(35,708)	(43,846)
Gratuity for services liability (Note 25)	463,682	383,134

The gratuity for service expense based on the actuarial calculation is as follows:

	2009	2008
Current service cost	27,122	21,965
Interest cost	38,313	41,662
Recognized actuarial losses	50,821	16,169
Gratuity for services expense (Note 33)	116,256	79,796

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

40. EMPLOYEES' PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand Leaves

The actuarial calculation for grand leaves as of December 31, 2009 and 2008 was prepared by PT Katsir Imam Sapto Sejahtera Aktuaria, an independent actuary, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>2009</u>	<u>2008</u>
Annual discount rate	10.0%	12.0%
Gross wages future growth rate	7.5	7.5
Tax loading	10.0% of benefits	10.0% of benefits
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

The present value of obligation for grand leaves based on the actuarial calculation amounted to Rp580,422 and Rp491,553 as of December 31, 2009 and 2008, respectively.

The movements in the provision for grand leaves for the years ended December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Beginning balance of liability	491,553	222,752
Grand leaves expense - net (Note 33)	182,908	360,323
Benefit payments by BRI	(94,039)	(91,522)
Grand leaves liability (Note 25)	580,422	491,553

The grand leaves expense based on the actuarial calculation is as follows:

	<u>2009</u>	<u>2008</u>
Current service cost	55,066	52,384
Interest cost	49,155	26,730
Recognized actuarial losses	78,687	281,209
Grand leaves expense (Note 33)	182,908	360,323

(iii) Pension preparation period

The actuarial calculation of pension preparation period as of December 31, 2009 and 2008 was prepared by PT Katsir Imam Sapto Sejahtera Aktuaria, an independent actuary, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>2009</u>	<u>2008</u>
Annual discount rate	10.0%	12.0%
Gross wages future growth rate	7.5	7.5
Tax loading	10.0% of benefits	10.0% of benefits
Mortality rate	CSO 1958	CSO 1958
Disability rate	10.0% of CSO 1958	10.0% of CSO 1958

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

40. EMPLOYEES' PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(iii) Pension preparation period (continued)

The present value of obligation for provision for pension preparation period based on the actuarial calculation amounted to Rp957,750 and Rp803,670 as of December 31, 2009 and 2008, respectively.

The movements in the provision for pension preparation period for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Beginning balance of liability	803,670	824,664
Pension preparation period expense - net (Note 33)	238,925	65,005
Benefit payments by BRI	(84,845)	(85,999)
Pension preparation period liability (Note 25)	957,750	803,670

Pension preparation period expense based on the actuarial calculation is as follows:

	2009	2008
Current service cost	48,165	38,073
Interest cost	80,367	98,960
Recognized actuarial losses (gains)	110,393	(72,028)
Pension preparation period expense (Note 33)	238,925	65,005

41. INFORMATION ON COMMITMENTS AND CONTINGENCIES

	2009	2008
<u>Commitments</u>		
Commitment Receivables		
Unused borrowing facilities	-	147,385
Commitment Liabilities		
Unused credit facilities granted to debtors	50,399,190	31,226,754
Outstanding irrevocable letters of credit (Note 24c)	6,590,199	6,252,924
Others	44,401	546
Total Commitment Liabilities	57,033,790	37,480,224
Commitments - net	(57,033,790)	(37,332,839)
<u>Contingencies</u>		
Contingent Receivables		
Interest receivables under settlement	1,675,373	1,028,883
Guarantees received from other banks	527	88
Others	478,399	325,764
Total Contingent Receivables	2,154,299	1,354,735

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

41. INFORMATION ON COMMITMENTS AND CONTINGENCIES (continued)

	2009	2008
<u>Contingencies (continued)</u>		
Contingent Liabilities		
Guarantees issued in the form of (Note 24c):		
Standby L/C	1,086,279	611,602
Bank guarantees	2,486,869	1,760,810
Total Contingent Liabilities	3,573,148	2,372,412
Contingencies - net	(1,418,849)	(1,017,677)

42. NET OPEN POSITION

The calculation of Net Open Position (NOP) as of December 31, 2009 and 2008 is based on Bank Indonesia Regulation No. 5/13/PBI/2003 dated July 17, 2003 regarding the "NOP for Commercial Banks", whereby certain articles have been amended by PBI No. 6/20/PBI/2004 dated July 15, 2004 and PBI No. 7/37/PBI/2005 dated September 30, 2005.

The balance sheet NOP is the net difference between the assets and liabilities denominated in each foreign currency which are all stated in Rupiah. While the overall NOP is the sum of the absolute values of the net difference between all assets and liabilities denominated in foreign currency and net difference of the receivables and payables of both commitments and contingencies, recorded in the administrative accounts denominated in each foreign currency, which are stated in Rupiah.

Based on such regulation, BRI is required to maintain the overall NOP ratio at a maximum of 20% of total capital.

The following is the NOP of BRI (Parent Company):

Currencies	2009		
	Assets	Liabilities	NOP
<u>Balance Sheet</u>			
United States Dollar	40,089,446	40,585,718	(496,272)
European Euro	4,074,788	4,009,293	65,495
Japanese Yen	367,718	33,107	334,611
Australian Dollar	70,348	82,493	(12,145)
Great Britain Pound Sterling	58,371	26,166	32,205
Singapore Dollar	51,865	52,753	(888)
Others	353,308	101,697	251,611
			174,617
<u>Balance Sheet and Administrative Accounts*</u>			
United States Dollar	40,238,798	40,735,070	496,272
European Euro	4,074,788	4,009,293	65,495
Japanese Yen	367,718	33,107	334,611
Australian Dollar	70,348	82,493	12,145
Great Britain Pound Sterling	58,371	26,166	32,205
Singapore Dollar	51,865	52,753	888
Others	353,308	101,697	251,611
			1,193,227

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

42. NET OPEN POSITION (continued)

Currencies	2009		
	Assets	Liabilities	NOP
Capital (Note 48a)			22,839,021
NOP Ratio (Balance Sheet)			0.76%
NOP Ratio (Overall)			5.22%
Currencies	2008		
	Assets	Liabilities	NOP
Balance Sheet			
United States Dollar	26,579,279	24,349,430	2,229,849
European Euro	462,532	257,201	205,331
Japanese Yen	182,205	37,139	145,066
Australian Dollar	4,963	2,099	2,864
Great Britain Pound Sterling	18,303	24,773	(6,470)
Singapore Dollar	17,437	23,995	(6,558)
Others	24,174	19,757	4,417
			2,574,499
Balance Sheet and Administrative Accounts*)			
United States Dollar	26,720,979	24,491,130	2,229,849
European Euro	462,532	257,201	205,331
Japanese Yen	182,205	37,139	145,066
Singapore Dollar	17,437	23,995	6,558
Great Britain Pound Sterling	18,303	24,773	6,470
Australian Dollar	4,963	2,099	2,864
Others	24,174	19,757	4,417
			2,600,555
Capital (Note 48a)			19,187,674
NOP Ratio (Balance Sheet)			13.42%
NOP Ratio (Overall)			13.55%

*) Represents the sum of the absolute values of the difference between the assets and liabilities denominated in several other foreign currencies.

43. RELATED PARTIES TRANSACTIONS

Related parties consist of the management or key personnel of BRI and entities that are owned directly or indirectly by BRI.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

43. RELATED PARTIES TRANSACTIONS (continued)

Related parties by entity and/or management:

Related parties	Nature of relationship
- PT BTMU-BRI Finance (formerly PT UFJ-BRI Finance)	- Ownership
- PT Bringin Srikandi Finance	- Ownership by Dana Pensiun BRI
- PT Bringin Indotama Sejahtera Finance	- Ownership by Dana Pensiun BRI
- PT Bringin Gigantara	- Ownership by Dana Pensiun BRI
- Yayasan Kesejahteraan Pegawai BRI	- Management
- Key Employees	- Corporate activities controller

In the course of its business, BRI engages in significant transactions with related parties as follows:

	2009	2008
Assets		
Placements with Bank Indonesia and other banks (Note 6)		
PT BTMU-BRI Finance (formerly PT UFJ-BRI Finance)	193,000	265,000
Loans (Note 12)		
PT Bringin Srikandi Finance	194,182	149,441
PT Bringin Indotama Sejahtera Finance	192,989	194,288
PT Bringin Gigantara	28,483	44,741
Key Employees	69,737	63,143
	485,391	451,613
Investments in shares of stock (Note 14)		
PT BTMU-BRI Finance (formerly PT UFJ-BRI Finance)	111,477	89,589
Total assets from related parties	789,868	806,202
Total consolidated assets	316,947,029	246,076,896
Percentage of total assets from related parties to total consolidated assets	0.249%	0.328%
Liabilities		
Demand deposits (Note 18)	5,302	6,062
Savings deposits (Note 19)	50,266	37,497
Time deposits (Note 20)	191,525	276,982
Other liabilities (Note 25)		
PT Bringin Srikandi Finance	-	1,144
Total liabilities to related parties	247,093	321,685
Total consolidated liabilities	289,689,648	223,720,199
Percentage of liabilities to related parties to total consolidated liabilities	0.085%	0.144%

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

43. RELATED PARTIES TRANSACTIONS (continued)

	2009	2008
Salaries and allowances of the Directors and Board of Commissioners (Note 33)	52,420	32,919
Tantiem, bonuses and incentives of the Directors, Board of Commissioners and executive officers (Note 33)	159,987	84,590

The percentage of transactions with related parties over the total consolidated assets and liabilities of BRI are as follows:

	2009	2008
Assets		
Placements with Bank Indonesia and other banks	0.061%	0.108%
Loans	0.153	0.184
Investments in shares of stock	0.035	0.036
Total	0.249%	0.328%
Liabilities		
Demand deposits	0.002%	0.003%
Savings deposits	0.017	0.016
Time deposits	0.066	0.124
Other liabilities	-	0.001
Total	0.085%	0.144%

As of December 31, 2009 and 2008, BRI has insured its premises and equipment with PT Asuransi Bringin Sejahtera Arthamakmur (a related party).

44. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Communication Services Agreement

On February 5, 2007, BRI entered into an agreement with PT Satkomindo Mediyasa in accordance with the procurement of Very Small Aperture Terminal (VSAT) networking services in 101 (one hundred and one) and 323 (three hundred twenty three) BRI working unit locations for 36 (thirty six) months period, with contract values of Rp454 and Rp1,246 per month, respectively.

On June 2, 2008, BRI entered into an agreement with PT Citra Sari Makmur (CSM) in accordance with the procurement of VSAT communication services for Brinets implementation at 126 (one hundred twenty six) BRI working unit locations for 3 (three) years, with a contract value of Rp365 per month.

On December 31, 2008, BRI entered into an agreement with PT Satkomindo Mediyasa in accordance with the procurement of Multiprotocol Label Switching (MPLS) communication services in 102 (one hundred and two) BRI working unit locations and VSAT networking services in 453 (four hundred fifty three) BRI working unit locations for 3 (three) years, with a contract value of Rp72,406.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

44. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

a. Communication Services Agreement (continued)

On December 31, 2008, BRI entered into an agreement with PT Aplikanusa Lintasarta in accordance with the procurement of IP-VPN MPLS communication service in 15 (fifteen) BRI working unit locations and VSAT networking service in 796 (seven hundred ninety six) BRI working unit locations for 3 (three) years, with a contract value of Rp92,298.

On March 27, 2009, BRI entered into an agreement with PT Satkomindo Mediyasa in accordance with the procurement of IP-VPN MPLS communication service in 2 (two) locations and VSAT networking service in 111 (one hundred eleven) locations for 3 (three) years, with a contract value of Rp4,451.

On March 30, 2009, BRI entered into an agreement with PT Indonesia Comnets Plus in accordance with the procurement of IP-VPN MPLS communication service in 78 (seventy eight) locations for 3 (three) years with a contract value of Rp7,697.

b. Contingent Liabilities

In the conduct of its business, BRI is a defendant in various litigation actions and legal claims mainly with respect to matters of contractual compliance. Although there is no clear assurance yet, BRI believes that based on information currently available, the ultimate resolution of these legal proceedings and legal claims will not likely have a material effect on the operations, financial position or liquidity level of BRI. As of December 31, 2009 and 2008, BRI has established a provision (included in "Other Liabilities") for several pending lawsuits filed against BRI amounting to Rp314,454 and Rp225,763, respectively (Note 25). Management believes that the provision is adequate to cover possible losses arising from pending litigations, or legal claims that are currently in progress.

45. ECONOMIC CONDITIONS

In general, BRI's operational activities have been affected and may continue to be affected by the global economic crisis, including the economic conditions in Indonesia. The main contribution to the economic growth mentioned is provided from growth in the sector of transportation and communication, electricity, gas and water, construction, services, financial and other sectors. In the future, the Indonesian economy is predicted to grow higher in line with the improving recovery rate of the global economy, the increasing conducive situation of the financial market and banking which is followed by secure domestic fundamental conditions.

In the banking sector, based on Bank Indonesia statistical data (unaudited), during the year 2009, Bank Indonesia has reduced the SBI interest rate for a few times and the latest is in the position of 6.5%. This matter is expected to support the attempt in preserving the enthusiasm and growth of the domestic economy by maintaining price stability and financial system in the middle term. Up to December 2009, the amount of credit distributed by national banking reached Rp1,437,930 billion and collection of third party funds reached Rp1,973,042 billion, compared to the third quarter of year 2009 with increase in the amount of credit distributed and collection of third party funds reached 2.9% and 4.0%, respectively. In general, the national banking industry is still able to anticipate the effects of the global crisis by maintaining Non-Performing Loans (NPL) under 5% and Capital Adequacy Ratio of 17.6%.

BRI's operational activities still consider the progress of the key economic indicators along with the influential risk factors and the real sector activities, particularly in the attempt for current business development and search for new business opportunities. On the other hand, these indicators are also used to anticipate the possibility of unfavorable conditions emerging for BRI, which will result in a negative impact for BRI's profitability.

**PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)**

45. ECONOMIC CONDITIONS (continued)

To anticipate various changes in economic conditions mentioned above, BRI consistently implements the Business Plan of the Bank (RBB) used as a guideline to improve BRI's performance activity and to comply with all prudential banking conditions. BRI is still optimistic and prudent on events that could threaten its business. Therefore, BRI will continue to follow the developments in the economic recovery proposed by the Government through fiscal and monetary stimulus.

The recovery of the economic condition also depends on monetary, fiscal and other policies that have been and will be undertaken by the Indonesian Government and Bank Indonesia, as the monetary authority, actions that are beyond the control of BRI. Therefore, it is not possible to determine the future effects of the economic conditions on BRI's earnings and realization of its earning assets, including the effects on the flow of funds through and from BRI's customers, depositors, creditors and stockholders.

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 will announce to the public the expiry and/or change in the guarantee program. For this guarantee, the Government charges premium which is computed based on a certain percentage in accordance with the prevailing regulations.

The Decision Letter No. 179/KMK.017/2000 dated May 26, 2000 from the Ministry of Finance of the Republic of Indonesia, concerning the "Conditions and Procedures in the Implementation of Government Guarantee for the Payment of Obligations of Commercial Banks" was amended by the Ministry of Finance Decision Letter No. 84/KMK.06/2004 dated February 27, 2004, concerning the "Conditions, Procedures and Policy in the Implementation of Government Guarantee for the Payment of Obligations of Commercial Banks". The changes consist of, among others, the payment for the guarantee premium which was previously paid through the Indonesian Bank Restructuring Agency which was changed to make the payment through the Government Guarantee Implementation Unit (UP3).

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, savings deposits, time deposits and borrowings from other banks in the form of inter-bank money market transactions.

The Government Guarantee Program through UP3 has 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 has 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 which LPS guarantees public funds including funds from other banks in the form of demand deposits, time deposits, certificates of deposits, savings deposits and/or other similar forms.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

46. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS (continued)

Based on LPS regulation No. 1/PLPS/2006 dated March 9, 2006 regarding "Government Guarantee Program on Savings Account", the balance of savings account 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' savings account in banks which is guaranteed by the Government has increased to Rp2 billion, from the previous Rp100 million, effective on the date stated above.

47. REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

The following summarizes the revised Statements of Financial Accounting Standards (PSAK) which have been issued by IAI and will be applied on or after January 1, 2010:

- PSAK No. 50 (Revised 2006), "Financial Instruments: Presentation and Disclosures" contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed.
- PSAK No. 55 (Revised 2006), "Financial Instruments: Recognition and Measurement" establishes the principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items.
- PPSAK No. 4, "Revocation of PSAK No. 31 (Revised 2000): Accounting for Banking Industry, PSAK No. 42: Accounting for Securities Companies, and PSAK No. 49: Accounting for Mutual Funds". Applicable for all entities that apply PSAK No. 31 (Revised 2000), PSAK No. 42 and PSAK No. 49.
- PPSAK No. 5, "Revocation of ISAK No. 6: Interpretation of Paragraphs 12 and 16 of PSAK No. 55 (1999) on Embedded Derivative Instruments in Foreign Currency".

Effective on or after January 1, 2011:

- PSAK No. 1 (Revised 2009), "Presentation of Financial Statements", prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.
- PSAK No. 2 (Revised 2009), "Statement of Cash Flows", requires the provision of information about the historical changes in cash and cash equivalents by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities.
- PSAK No. 4 (Revised 2009), "Consolidated and Separate Financial Statements", shall be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent and in accounting for investments in subsidiaries, jointly controlled entities and associates when separate financial statements are presented as additional information.
- PSAK No. 5 (Revised 2009), "Operating Segments", segment information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates.
- PSAK 15 (Revised 2009) "Investments in Associates", shall be applied in accounting for investments in associates. Supersedes PSAK 15 (1994) "Accounting for Investments in Associates" and PSAK 40 (1997) "Accounting for Changes in Equity of Subsidiaries/Associates".

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

47. REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (continued)

- PSAK 25 (Revised 2009) "Accounting Policies, Changes in Accounting Estimates and Errors", prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.
- PSAK No. 48 (Revised 2009), "Impairment of Assets", prescribes the procedures applied to ensure that assets are carried at no more than their recoverable amount and if the assets are impaired, an impairment loss should be recognized.
- PSAK No. 57 (Revised 2009), "Provisions, Contingent Liabilities and Contingent Assets", aims to provide that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and to ensure that sufficient information is disclosed in the notes to enable users to understand the nature, timing and amount related to the information.

BRI is currently evaluating the effects of these revised PSAKs, Interpretation and Revocation of PSAKs and has not determined the effects on its consolidated financial statements.

As in Bank of Indonesia Circular Letter (SE-BI) No. 11/33/DPNP dated December 8, 2009, for the implementation of PSAK No. 50 and No. 55 (Revised 2006), BRI will comply with Bank Indonesia policy regarding the Assessment of the Quality of Commercial Bank Assets for using estimation on the collective value downgrade of credit due to transition. In line with the SE-BI mentioned above, the transition to collective value downgrade of credit must be implemented before December 31, 2011.

48. OTHER DISCLOSURES

a. Capital Adequacy Ratio (CAR)

CAR is the ratio of capital to Risk Weighted Assets (RWA). Based on Bank Indonesia Regulation No. 3/21/PBI/2001 dated December 13, 2001, the total capital for credit risk consist of core capital and supplementary capital net of investments in shares of stock. Based on Bank Indonesia Regulation No. 5/12/PBI/2003 dated July 17, 2003, banks which meet certain criteria should consider market risk in the computation of CAR and include additional supplementary capital.

As of December 31, 2009 and 2008, the CAR of BRI (Parent Company) for CAR credit risk are 13.30% and 13.67%, respectively, and CAR credit and market risks are 13.20% and 13.18%, respectively, which are computed as follows (unaudited):

	2009	2008
Capital		
Core Capital *)	21,137,919	17,795,610
Supplementary Capital **)	2,284,664	1,944,766
Total Core and Supplementary Capital	23,422,583	19,740,376
Less: Investments in shares of stock	(583,562)	(552,702)
Total Capital for Credit and Market Risks	22,839,021	19,187,674
RWA for Credit Risk after considering Specific Risk	171,737,109	140,316,552
RWA for Market Risk	1,330,893	5,264,157
Total RWA for Credit and Market Risks	173,068,002	145,580,709

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

48. OTHER DISCLOSURES (continued)

a. Capital Adequacy Ratio (CAR) (continued)

	<u>2009</u>	<u>2008</u>
CAR for Credit Risk	13.30%	13.67%
CAR for Credit and Market Risks	13.20%	13.18%
Minimum CAR	8.00%	8.00%

*) Presented by excluding deferred tax assets according to Bank Indonesia Regulation No. 3/21/PBI/2001 dated December 13, 2001.

***) Presented after deducting the amortization of Subordinated Bonds I which is calculated using straight-line method during the period of Subordinated Bonds I according to Bank Indonesia Letter No. 6/71/DPwB2/PwB24 dated May 17, 2004.

b. Non-Performing Loans (NPL) Ratio

As of December 31, 2009 and 2008, BRI's non-performing loans ratio including Shariah receivables and financing are as follows:

(i) Consolidated

	<u>2009</u>	<u>2008</u>
Gross NPL ratio	3.51%	2.80%
Net NPL ratio	1.07	0.85

(ii) BRI (Parent Company)

	<u>2009</u>	<u>2008</u>
Gross NPL ratio	3.52%	2.80%
Net NPL ratio	1.08	0.85

Net NPL ratio is calculated based on NPL after deducting the minimum allowance for possible losses divided by the total loans amount in accordance with Bank Indonesia regulations.

c. Non-Performing Earning Assets Ratio

(i) Consolidated

<u>Collectibility</u>	<u>2009</u>	<u>2008</u>
Sub-standard	1,650,876	1,127,794
Doubtful	1,671,134	835,593
Loss	3,996,089	3,207,774
Total non-performing earning assets	7,318,099	5,171,161
Total earning assets	309,226,425	237,406,645
Ratio	2.37%	2.18%

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

48. OTHER DISCLOSURES (continued)

c. Non-Performing Earning Assets Ratio (continued)

(ii) BRI (Parent Company)

Collectibility	2009	2008
Sub-standard	1,633,997	1,127,218
Doubtful	1,661,332	835,321
Loss	3,939,442	3,207,703
Total non-performing earning assets	7,234,771	5,170,242
Total earning assets	307,197,960	237,431,949
Ratio	2.36%	2.18%

d. Custodian Operations and Selling Agent

BRI has rendered custodian services since 1996 based on its operating license through Bapepam Chairman Decision Letter No. 91/PM/1996 dated April 11, 1996 and also has been selected as the Sub-Registry in the conduct of Government Bonds transaction and administration of Scripless Bank Indonesia certificates by Bank Indonesia.

The custodian services business is a part of the Treasury Division, which provides services such as:

- Safekeeping administration services and portfolio valuation;
- Transaction settlement (settlement/transaction handling) services;
- Income collection services, including the related tax payments;
- Corporate actions and proxy services;
- Information and reporting services, including information through website;
- Custodian Unit Link services, DPLK, KIK EBA; and
- On-line Brokerage services of BBRI Shares.

BRI has (unaudited) 157 (one hundred fifty seven) and 43 (forty three) customers as of December 31, 2009 and 2008, respectively, which mainly consist of pension funds, financial institutions, securities companies, mutual funds and other companies.

The custodian fees earned (unaudited) for the years ended December 31, 2009 and 2008 amounted to Rp11,300 and Rp6,900, respectively.

In order to improve services to customers, currently BRI Custodian has provided information system accessible through the "Customer Information E-access" website, in order to provide more convenience for customers to be informed of their portfolio value.

BRI coordinates with PT Asuransi Jiwa Bringin Jiwa Sejahtera, whereby BRI acts as the Custodian Bank and has been developing "Unit Link" products which will be marketed through BRI Branch Offices which are appointed as the selling agents.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

48. OTHER DISCLOSURES (continued)

e. Trust Operations

BRI has rendered trust services since 1990. The operating license of BRI for trust services has been granted by the Ministry of Finance based on its Decision Letter No. 1554/KMK.013/1990 dated December 6, 1990 and registered in Bapepam in conformity with its Operating License as Trust Services No. 08/STTD-WA/PM/1996 dated June 11, 1996.

The trust services business is a part of the Treasury Division which provides services such as:

- Trust services
- Security agent
- Payment agent
- Sinking fund agent
- Selling agent of mutual funds and investment products.

BRI has (unaudited) 13 (thirteen) and 9 (nine) customers as of December 31, 2009 and 2008, respectively. The total value of bonds issuance on behalf of bonds issuers managed by BRI as trust services (including security agents) (unaudited) amounted to Rp14,039,327 and Rp13,698,589 as of December 31, 2009 and 2008, respectively.

The fees and commissions on trust services and other related services (payment agent) (unaudited) earned for the years ended December 31, 2009 and 2008 amounted to Rp3,880 and Rp2,710, respectively.

To comply with Bapepam-LK Regulation No. Kep-11/BL/2006 dated August 30, 2006 on "Mutual Funds Selling Agent Behavior", the Selling Agent Services function previously performed by the custodian has been transferred to the Trust Operations.

The total income from services as Mutual Funds Agent and Government Retail Bonds (unaudited) amounted to Rp2,160 and Rp1,990, for the years ended December 31, 2009 and 2008, respectively.

49. EARNINGS PER SHARE

The following presents the reconciliation of factors in the computation of basic and diluted earnings per share (EPS):

	2009		
	Net Income	Weighted Average Number of Ordinary Shares Outstanding	Earnings Per Share (Full Rupiah)
Basic EPS	7,308,292	11,990,634,473	609.50
Add: Assumed shares issued from exercise of Management Stock Ownership Program			
- MSOP I	-	145,899,323	-
- MSOP II	-	62,302,687	-
- MSOP III	-	48,467,416	-
Diluted EPS	7,308,292	12,247,303,899	596.73

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

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2009 and 2008
(Expressed in millions of Rupiah, unless otherwise stated)

49. EARNINGS PER SHARE (continued)

	2008		
	Net Income	Weighted Average Number of Ordinary Shares Outstanding	Earnings Per Share (Full Rupiah)
Basic EPS	5,958,368	11,988,931,481	496.99
Add: Assumed shares issued from exercise of Management Stock Ownership Program			
- MSOP I	-	142,387,414	-
- MSOP II	-	59,969,675	-
- MSOP III	-	59,243,374	-
Diluted EPS	5,958,368	12,250,531,944	486.38

50. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of BRI is responsible for the preparation of these consolidated financial statements which were completed on March 24, 2010.