

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries

**Interim consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for the 3 (three) months period ended
March 31, 2014 and 2013**

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Interim consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for the 3 (three) months period ended
March 31, 2014 and 2013

Table of contents

	Page
Consolidated statements of financial position	1 - 4
Consolidated statements of comprehensive income	5 - 6
Consolidated statements of changes in equity	7 - 9
Consolidated statements of cash flows	10 - 11
Notes to consolidated financial statements	12 - 193

PT Bank Rakyat Indonesia (Persero) Tbk and subsidiaries
Consolidated statements of financial position
as at March 31, 2014 and December 31, 2013
(expressed in millions rupiah, unless otherwise stated)

Assets	Notes	March 31, 2014	December 31, 2013
Cash	2a, 2c, 3	13,173,446	19,171,778
Current accounts with Bank Indonesia	2a, 2c, 2f, 4	40,855,611	40,718,495
Current accounts with other banks	2a, 2c, 2d, 2e, 2f, 5, 42	7,820,700	9,435,197
Allowance for impairment losses		(103)	(77)
		<u>7,820,597</u>	<u>9,435,120</u>
Placements with Bank Indonesia and other banks	2a, 2c, 2d, 2e, 2g, 6, 42	22,776,821	36,306,883
Securities	2a, 2c, 2d, 2e, 2h, 7, 42	41,933,354	42,674,437
Allowance for impairment losses		(773)	(772)
		<u>41,932,581</u>	<u>42,673,665</u>
Export bills	2c, 2d, 2e, 2i, 8, 42	7,128,283	8,926,072
Government Recapitalization Bonds	2c, 2d, 2h, 9, 42	4,315,201	4,511,419
Securities purchased under agreement to resell	2c, 2d, 2t, 10, 42	22,386,130	14,440,063
Derivatives receivable	2c, 2e, 2ah, 11	2,184	4,981
Loans	2c, 2d, 2e, 2j, 12, 42	436,295,987	434,316,466
Allowance for impairment losses		(15,531,016)	(15,171,736)
		<u>420,764,971</u>	<u>419,144,730</u>
Shariareceivable and financing	2d, 2e, 2k, 13, 42	13,860,663	14,028,390
Allowance for impairment losses		(208,393)	(246,360)
		<u>13,652,270</u>	<u>13,782,030</u>

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

PT Bank Rakyat Indonesia (Persero) Tbk and subsidiaries
Consolidated statements of financial position (continued)
as at March 31, 2014 and December 31, 2013
(expressed in millions rupiah, unless otherwise stated)

Assets (continued)	Notes	March 31, 2014	December 31, 2013
Acceptances receivable	2c, 2d, 2e, 2l, 14, 42	3,473,586	3,679,684
Investment in associated entities	2c, 2d, 2e, 2m, 15, 42	232,635	222,851
Premises and equipment	2n, 2o, 16		
Cost		8,893,391	8,817,641
Accumulated depreciation		(5,032,970)	(4,845,029)
Net book value		<u>3,860,421</u>	<u>3,972,612</u>
Deferred tax assets-net	2ai, 36c	1,931,029	2,188,506
Other assets-net	2c, 2e, 2o, 2p, 2q, 17	10,024,665	7,004,037
Current prepaid tax		1,388,174	-
Total Assets		<u>615,718,605</u>	<u>626,182,926</u>

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

PT Bank Rakyat Indonesia (Persero) Tbk and subsidiaries
Consolidated statements of financial position (continued)
as at March 31, 2014 and December 31, 2013
(expressed in millions rupiah, unless otherwise stated)

	<u>Notes</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Liabilities and Equity			
Liabilities			
Liabilities due immediately	2c, 2r, 18	12,116,925	5,065,527
Deposits from customers	2c, 2d, 2s, 42		
Demand deposits	19	71,423,948	78,666,064
<i>Wadiah</i> demand deposits		549,084	670,887
Saving deposits	20	200,165,909	210,234,683
<i>Wadiah</i> saving deposits		2,599,931	2,480,554
<i>Mudharabah</i> saving deposits		296,664	281,388
Time deposits	21	202,453,970	201,585,766
<i>Mudharabah</i> time deposits		10,179,158	10,362,040
Total deposits from customers		<u>487,668,664</u>	<u>504,281,382</u>
Deposits from other banks and financial institutions	2c, 2d, 2s, 22, 42	3,086,146	3,691,220
Derivatives payable	2c, 2ah, 7, 11	1,175,425	1,565,102
Acceptances payable	2c, 2d, 2l, 14, 42	3,473,586	3,679,684
Taxes payable	2ai, 36a	1,934,635	1,266,018
Marketable securities issued	2c, 2u, 23	5,625,935	6,023,133
Fund borrowings	2c, 2d, 2v, 24, 42	9,566,409	9,084,913
Estimated losses on commitments and contingencies	2d, 2al, 25, 42	223	223
Liabilities for employee benefits	2ac, 26, 40	6,262,837	6,858,932
Other liabilities	2c, 2x, 2y, 27, 43b	3,618,413	3,242,346
Subordinated loans	2c, 2w, 28	2,097,270	2,097,024
Total Liabilities		<u>536,626,468</u>	<u>546,855,504</u>

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

PT Bank Rakyat Indonesia (Persero) Tbk and subsidiaries
Consolidated statements of financial position (continued)
as at March 31, 2014 and December 31, 2013
(expressed in millions rupiah, unless otherwise stated)

Liabilities and Equity (continued)	Notes	March 31, 2014	December 31, 2013
Equity			
Capital stock—nominal value Rp250 (full Rupiah) per share as of March 31, 2014 and December 31, 2013			
Authorized capital—60,000,000.000 shares (consisting of 1 Series A Dwiwarna share and 59,999,999,999 Series B shares) as of March 31, 2014 and December 31, 2013			
Issued and fully paid capital—			
24,669,162,000 shares (consisting of 1 Series A Dwiwarna share and			
24,669,161,999 Series B shares) as of			
March 31, 2014 and December 31, 2013	1, 29a	6,167,291	6,167,291
Additional paid-in capital	29b	2,773,858	2,773,858
Differences arising from the translation of foreign currency financial statements	2ag, 29c	68,343	82,083
Unrealized loss on available for sale securities and Government Recapitalization Bonds-net off deferred tax	2i	(541,262)	(727,644)
Retained earnings—			
Appropriated		15,449,160	11,005,528
Unappropriated		55,005,548	59,862,555
Total retained earnings		<u>70,454,708</u>	<u>70,868,083</u>
Total equity attributable to equity holders of the parent entity		78,922,938	79,163,671
Non-controlling interest		169,199	163,751
Total Equity		<u>79,092,137</u>	<u>79,327,422</u>
Total Liabilities and Equity		<u>615,718,605</u>	<u>626,182,926</u>

PT Bank Rakyat Indonesia (Persero) Tbk and subsidiaries
Consolidated statements of comprehensive income
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions rupiah, unless otherwise stated)

	Notes	March 31, 2014	March 31, 2013
Income and expenses from operations			
Interest, investment and sharia income			
Interest and investment	2z, 30	16,593,107	12,962,732
Sharia income	2k, 2ab	506,186	389,734
Total interest, investment and sharia income		<u>17,099,293</u>	<u>13,352,466</u>
Interest, other financing and sharia expense			
Interest and other financing expense	2z, 31	(4,447,873)	(3,264,308)
Sharia expense	2ab	(250,195)	(169,346)
Total interest, other financing and sharia expense		<u>(4,698,068)</u>	<u>(3,433,654)</u>
Interest income-net		<u>12,401,225</u>	<u>9,918,812</u>
Other operating income			
Other fees and commissions	2aa	1,245,282	1,037,382
Recovery of assets written off		395,664	457,703
Gain on foreign exchange-net	2af, 2ah	-	182,200
Gain on sale of securities and Government Recapitalization Bonds-net	2h, 7, 9	11,996	-
Others		172,390	118,708
Total other operating income		<u>1,825,332</u>	<u>1,795,993</u>
Provision for impairment losses on financial assets-net	2g, 32	(1,099,950)	(676,288)
Other operating expenses			
Salaries and employee benefits	2d, 2ac, 33, 40, 42	(3,294,714)	(3,104,243)
General and administrative	2n, 34	(1,841,858)	(1,440,086)
Premium paid to Government Guarantee Program	45	(256,918)	(221,003)
Unrealized loss and changes in fair value of securities and Government Recapitalization Bonds-net	2h, 7, 9	-	(1,612)
Loss on foreign exchange-net		(215,609)	-
Others		(711,526)	(412,954)
Total other operating expenses		<u>(6,320,625)</u>	<u>(5,179,898)</u>
Operating Income		6,805,982	5,858,619

PT Bank Rakyat Indonesia (Persero) Tbk and subsidiaries
Consolidated statements of comprehensive income (continued)
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions rupiah, unless otherwise stated)

	Notes	March 31, 2014	March 31, 2013
Non operating income-net	35	606,045	357,226
Income before tax expense		7,412,027	6,215,845
Tax expense	2ai, 36b, 36c	(1,474,316)	(1,129,335)
Income for the period		5,937,711	5,086,510
Other comprehensive income			
Exchange rate differences on translation of foreign currency financial statements		(13,740)	738
Unrealized gain on available for sale securities and Government Recapitalization Bonds-net, including the amounts transferred to profit or loss in respect of fair value changes of available for sale securities and Government Recapitalization Bonds		251,720	253,202
Deferred tax relating to components of other comprehensive income		(62,930)	(63,859)
Other comprehensive income for the period after deferred taxes		175,050	190,081
Total other comprehensive income for the period		6,112,761	5,276,591
Income for the period attributable to			
Equity holders of the Parent Entity		5,934,670	5,084,785
Non-controlling interest		3,041	1,725
Total		5,937,711	5,086,510
Total comprehensive income for the period attributable to			
Equity holders of the Parent Entity		6,107,313	5,276,215
Non-controlling interest		5,448	376
Total		6,112,761	5,276,591
Basic earnings per share attributable to equity holders of the parent entity (full Rupiah)			
	48	240.57	206.12

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Consolidated statements of changes in equity
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions rupiah, unless otherwise stated)

	Notes	Issued and fully paid capital	Additional paid-in capital	Differences Arising from the translation of foreign currency financial statements	Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds-net of deferred tax	Retained earnings		Total equity attributable to equity holders of the Parent Entity	Non- controlling interest	Total equity
						Appropriated	Unappropriated			
Balance as of December 31, 2012		6,167,291	2,773,858	44,912	740,459	8,412,595	46,667,643	64,806,758	75,021	64,881,779
Income for the period		-	-	-	-	-	5,084,785	5,084,785	1,725	5,086,510
Other comprehensive income	2ag, 2h, 7, 9	-	-	738	190,692	-	-	191,430	(1,349)	190,081
Total other comprehensive income for the period		-	-	738	190,692	-	5,084,785	5,276,215	376	5,276,591
Distribution of income Dividens	29b	-	-	-	-	-	(5,556,285)	(5,556,285)	-	(5,556,285)
Addition to general and specific reserves		-	-	-	-	2,592,933	(2,592,933)	-	-	-
Adjustment on non- controlling interest transaction		-	-	-	59,672	-	(26,895)	32,777	182	32,959
Balance as of March 31, 2013		6,167,291	2,773,858	45,650	990,823	11,005,528	43,576,315	64,559,465	75,579	64,635,044

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

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

**PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Consolidated statements of changes in equity (continued)
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions rupiah, unless otherwise stated)**

	Notes	Issued and fully paid capital	Additional paid-in capital	Differences Arising from the translation of foreign currency financial statements	Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds-net of deferred tax	Retained earnings		Total equity attributable to equity holders of the Parent Entity	Non- controlling interest	Total equity
						Appropriated	Unappropriated			
Balance as of March 31, 2013		6,167,291	2,773,858	45,650	990,823	11,005,528	43,576,315	64,559,465	75,579	64,635,044
Income of the period		-	-	-	-	-	16,259,345	16,259,345	8,475	16,267,820
Other comprehensive income	2ag, 2h, 7, 9	-	-	36,433	(1,658,795)	-	-	(1,622,362)	(5,395)	(1,627,757)
Total other comprehensive income for the period		-	-	36,433	(1,658,795)	-	16,259,345	14,636,983	3,080	14,640,063
Additional paid-in capital		-	-	-	-	-	-	-	87,495	87,495
Adjustment on non- controlling interest transaction		-	-	-	(59,672)	-	26,895	(32,777)	(2,403)	(35,180)
Balance as of December 31, 2013		6,167,291	2,773,858	82,083	(727,644)	11,005,528	59,862,555	79,163,671	163,751	79,327,422

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

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Consolidated statements of changes in equity (continued)
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions rupiah, unless otherwise stated)

	Notes	Issued and fully paid capital	Additional paid-in capital	Differences Arising from the translation of foreign currency financial statements	Unrealized gain (loss) on available for sale securities and Government Recapitalization Bonds-net of deferred tax	Retained earnings		Total equity attributable to equity holders of the Parent Entity	Non- controlling interest	Total equity
						Appropriated	Unappropriated			
Balance as of December 31, 2013		6,167,291	2,773,858	82,083	(727,644)	11,005,528	59,862,555	79,163,671	163,751	79,327,422
Income for the period		-	-	-	-	-	5,934,670	5,934,670	3,041	5,937,711
Other comprehensive income	2ag, 2h, 7, 9	-	-	(13,740)	186,382	-	-	172,642	2,407	175,050
Total other comprehensive income for the period		-	-	(13,740)	186,382	-	5,934,670	6,107,312	5,448	6,112,761
Distribution of income	29b									
Dividends		-	-	-	-	-	(6,348,045)	(6,348,045)	-	(6,348,045)
Addition to general and specific reserves		-	-	-	-	4,443,632	(4,443,632)	-	-	-
Balance as of March 31, 2014		6,167,291	2,773,858	68,343	(541,262)	15,449,160	55,005,548	78,922,938	169,199	79,092,137

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

PT Bank Rakyat Indonesia (Persero) Tbk and subsidiaries
Consolidated statements of cash flows
for the 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions rupiah, unless otherwise stated)

	<u>Notes</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, investment, fees and commissions and sharia income received		17,046,225	13,366,338
Interest, sharia expenses and other charges paid		(4,581,090)	(3,412,575)
Recovery of assets written off		395,664	457,703
Other operational income		1,424,072	1,174,970
Other operational expenses		(6,912,517)	(4,606,734)
Non-operational income-net		603,733	352,878
Cash flows before changes in operating assets and liabilities		<u>7,976,087</u>	<u>7,332,580</u>
Changes in operating assets and liabilities:			
(Increase) decrease in operating assets:			
Placment with Bank Indonesia and other banks		2,796	12,617,724
Securities and Government Recapitalization Bonds at fair value through profit and loss		422,546	(156,372)
Export bills		1,797,789	26,971
Derivatives receivable		2,797	(172,190)
Loans		(2,735,740)	(13,716,558)
Sharia receivable and financing		145,232	(576,006)
Other assets		(5,457,678)	(1,267,522)
		<u>(5,822,258)</u>	<u>(3,243,953)</u>
(Increase) decrease in operating liabilities			
Liabilities due immediately		7,051,398	4,940,900
Deposits from customers			
Demand deposits		(7,242,116)	(21,006,146)
<i>Wadiah</i> demand deposits		(121,803)	(62,364)
Saving deposits		(10,068,774)	(9,798,705)
<i>Wadiah</i> saving deposits		119,377	86,376
<i>Mudharabah</i> saving deposits		15,276	17,710
Time deposits		868,204	(2,168,416)
<i>Mudharabah</i> time deposits		(182,882)	814,816
Deposits from other banks and financial institutions		(605,074)	(385,149)
Derivatives payable		(389,677)	45,076
Other liabilities		1,009,254	(1,357,707)
		<u>(9,546,817)</u>	<u>(28,873,609)</u>
Net cash used in operating activities		<u>(7,392,988)</u>	<u>(24,784,982)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale premises and equipment	35	2,312	4,348
Increase in securities purchased under agreements to resell		(7,946,067)	(1,799,278)
Acquisition of premises and equipment	16	(89,968)	(351,725)

PT Bank Rakyat Indonesia (Persero) Tbk and subsidiaries
Consolidated statements of cash flows (continued)
for the 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions rupiah, unless otherwise stated)

	<u>Notes</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(continued)			
Decrease (increase) in available for sale securities and Government Recapitalization Bonds		4,132,049	(2,878,876)
Net cash used in investing activities		(3,901,674)	(5,025,531)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of fund borrowings		481,496	468,927
Proceeds from marketable securities issued		-	4,819,151
Dividends and PKBL	29d	(6,348,045)	(5,556,285)
Payments of subordinated loans		246	173
Net cash used in financing activities		(5,866,303)	(268,034)
Net decrease in cash and cash equivalents		(17,160,965)	(30,078,547)
Effect of exchange in changes foreign currencies		(411,103)	154,856
Cash and cash equivalents at beginning of period		108,818,591	119,381,406
Cash and cash equivalents at end of period		91,246,523	89,457,715
Cash and cash equivalent at end of period consist of:			
Cash	2a		
Cash	3	13,173,446	11,172,072
Current accounts with Bank Indonesia	4	40,855,611	35,296,121
Current accounts with other banks	5	7,820,700	9,978,125
Placements with Bank Indonesia and other banks-maturing within 3 (three) months or less since the acquisition date	6	22,776,821	27,964,224
Certificates of Bank Indonesia and Deposits certificates of Bank Indonesia-maturing within 3 (three) months or less since the acquisition date		6,619,945	5,047,173
Total cash and cash equivalents		91,246,523	89,457,715

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(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 and started its commercial operations 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 was then amended by notarial deed No. 7 dated September 4, 1998 of notary Imas Fatimah, S.H., pertaining to Article 2 on "Term of Corporate Establishment" and Article 3 on "Purpose, Objectives and Business Activities" to comply with the provisions of Law No. 1 year 1995 on "Limited Liability Company" that was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-24930.HT.01.04.TH.98 dated November 13, 1998 and was published in Supplement No. 7216 of the Republic of Indonesia State Gazette No. 86 dated October 26, 1999 and notarial deed No. 7 dated October 3, 2003 of notary Imas Fatimah, S.H., among others, regarding the Company's status and compliance with the Capital Market Laws which were approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in its Decision Letter No. C-23726 HT.01.04.TH.2003 dated October 6, 2003 and published in Supplement No. 11053 of the Republic of Indonesia State Gazette No. 88 dated November 4, 2003.

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

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

Subsequently, BRI's Articles of Association has been amended several times. The latest amendment was documented in notarial deed No. 57 dated March 28, 2012 of candidate notary Dina Chozie, S.H., replacement of notary Fathiah Helmi, S.H., and was approved by the Ministry of Laws and Human Rights in its Decision Letter No. AHU-AH.01.10-2076 dated June 8, 2012. However, according BRI's Annual Shareholders' General Meeting's Decision held on March 26, 2014 there is a change in the last BRI's Articles of Association. The changes are documented in Notarial Certificate No. 39/Ket/Not/III/2014 dated March 26, 2014 of notary Fathiah Helmi SH and is currently in the process of request for approval of the Ministry of Laws and Human Rights of the Republic of Indonesia. 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.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

1. GENERAL (continuede)

b. Recapitalization Program

In realization of the recapitalization program for commercial banks, set forth in Government Regulation No. 52 year 1999 regarding the Increase in Investments in Shares by the Republic of Indonesia in State-Owned Banks, BRI received all the recapitalization with a nominal amount of Rp29,149,000 in the form of Government recapitalization bonds issued in 2 (two) tranches at their nominal amounts of Rp20,404,300 on July 25, 2000 and Rp8,744,700 on October 31, 2000 (Notes 9 and 29b).

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 4.00% was Rp29,063,531. Therefore, BRI returned the excess of recapitalization amounted to Rp85,469 in the form of Government Recapitalization bonds to the Republic of Indonesia on November 5, 2001 (Notes 9 and 29a).

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 29a).

c. Initial Public Offering of Shares and Stock Split

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

The IPO consists of the International Public Offering (under Rule 144A of the Securities Act and "S" Regulation) and the Indonesian Public Offering. BRI submitted its registration to Bapepam-LK and such registration statement became effective based on the Chairman of Bapepam-LK letter No. S-2646/PM/2003 dated October 31, 2003 (Note 29a).

BRI's IPO of shares consists of 3,811,765,000 shares with a nominal value of Rp500 (full Rupiah) per share and with a selling price of Rp875 (full Rupiah) per share. Subsequently, 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 29a). On November 10, 2003, the above mentioned offered shares were initially traded at the Jakarta and Surabaya Stock Exchanges (currently the Indonesia Stock Exchange) and all shares of BRI have been simultaneously listed.

Based on the notarial deed No. 38, dated November 24, 2010, notary Fathiah Helmi, S.H., stock split was performed of Rp500 (full Rupiah) per share to Rp250 (full Rupiah) per share. The deed was received and recorded in the administration database system of the Ministry of Laws and Human Rights of the Republic of Indonesia in its letter No. AHU.AH.01.10-33481 dated December 29, 2010. Stock split was performed in 2011 and BRI schedule that the end of trading shares with a previous nominal value or Rp500 (full Rupiah) per share in Regular and Negotiation Market is on January 10, 2011 and the date of commencement of legitimate trade with the new nominal value or Rp250 (full Rupiah) per share is dated January 11, 2011.

d. Structure and Management

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

1. GENERAL (continuede)

d. Structure and Management (continued)

As of March 31, 2014 and December 31, 2013, BRI has the following networks of working units:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Regional Offices	18	18
Head Inspection Office	1	1
Regional Inspection Offices	17	17
Domestic Branch Offices	452	449
Special Branch Office	1	1
Overseas Branch/Representative Offices	3	3
Sub-branch Offices	562	565
Cash Offices	953	950
BRI Units	5,144	5,144
Teras	2,208	2,206

As of December 31, 2013 and 2012, BRI has 1 (one) overseas branch located in Cayman Islands and 2 (two) representative offices located in New York and Hong Kong, and has 3 (three) Subsidiaries, namely, PT Bank BRISyariah, PT Bank Rakyat Indonesia Agroniaga Tbk (prior PT Bank Agroniaga Tbk) and BRI Remittance Co. Ltd. Hong Kong.

Based on BRI's accounting policies, the coverage of BRI's key management is boards of commissioners, directors, audit committee, remuneration committee, head of divisions, head of internal audits and inspectors, head of regionals and head of special branch. The number of BRI's employees as of March 31, 2014 and December 31, 2013 amounted to 83,430 and 81,238 employees, respectively.

The composition of the Boards of Commissioners and Directors of BRI as of March 31, 2014 and December 31, 2013 based on the minutes of BRI's Annual Shareholders' General Meeting held on March 28, 2012, as stated under the notarial deed No. 41 and No. 57 of notary Fathiah Helmi, S.H. are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
President/Independent Commissioner	: Bunasor Sanim	Bunasor Sanim
Vice President Commissioner	: Mustafa Abubakar	Mustafa Abubakar
Commissioner	: Heru Lelono	Heru Lelono
Commissioner	: Vincentius Sonny Loho	Vincentius Sonny Loho
Commissioner	: Hermanto Siregar	Hermanto Siregar
Independent Commissioner	: Adhyaksa Dault	Adhyaksa Dault
Independent Commissioner	: Ahmad Fuad	Ahmad Fuad
Independent Commissioner	: Aviliani	Aviliani
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
President Director	: Sofyan Basir	Sofyan Basir
Director of Operations	: Sarwono Sudarto	Sarwono Sudarto
Director of Finance	: Achmad Baiquni	Achmad Baiquni
Director of Commercial Business	: Sulaiman Arif Arianto	Sulaiman Arif Arianto
Director of Compliance	: Randi Anto	Randi Anto
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)	: Djarot Kusumayakti	Djarot Kusumayakti
Director of Institutional and State Owned Business Enterprises (BUMN)	: Asmawi Syam	Asmawi Syam

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

1. GENERAL (continuede)

d. Structure and Management (continued)

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Director of Network and Services	: Suprajarto	Suprajarto
Director of Human Resources Management (MSDM)	: Gatot Mardiwastiso	Gatot Mardiwastiso

The compositions of BRI's Audit Committee as of March 31, 2014 and December 31, 2013 based on BRI's Directors' Decision Letter No. Kep. 649-DIR/SDM/06/2012 dated June 29, 2012 and BRI's Commissioners' Decision Letter No. B.61-KOM/06/2012 dated June 1, 2012 are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Chairman	: Bunasor Sanim	Bunasor Sanim
Member	: Adhyaksa Dault	Adhyaksa Dault
Member	: H. C. Royke Singgih	H. C. Royke Singgih
Member	: Dedi Budiman Hakim	Dedi Budiman Hakim
Member	: Syahrir Nasution	Syahrir Nasution
Member	: Hermanto Siregar	Hermanto Siregar
Member	: Ahmad Fuad	Ahmad Fuad
Member	: Vincentius Sonny Loho	Vincentius Sonny Loho

As of March 31, 2014 and December 31, 2013, the Corporate Secretary of BRI is Muhammad Ali, based on Company's Director Decision Letter No. Kep. 20-DIR/SDM/12/2009 dated January 14, 2010.

As of March 31, 2014 and December 31, 2013, the Internal Audit Task Force Head is Ali Mudin, based on Company's Director Decision Letter No. Kpts.18/Dir.01.03/VII/2011 dated July 5, 2011.

e. Subsidiaries

PT Bank BRISyariah

On June 29, 2007, BRI entered into a Sale and Purchase of Shares Agreement with the shareholders of PT Bank Jasa Arta ("BJA") to acquire 100.00% of BJA's shares at a purchase price of Rp61 billion. Based on BRI's Shareholders' Extraordinary General Meeting, as stated under the notarial deed No. 3 dated September 5, 2007 of notary Imas Fatimah, S.H., the shareholders approved the above acquisition of BJA and subsequently obtained the approval of Bank Indonesia, according to letters No. 9/188/GBI/DPIP/Rahasia dated December 18, 2007 and No. 9/1326/DPIP/Prz dated December 28, 2007. The acquisition was completed on December 19, 2007 based on Acquisition Deed No. 61 of notary Imas Fatimah, S.H., whereby BRI acquired 99.99875% of the issued shares of BJA and 0.00125% was granted to BRI's Employee Welfare Foundation (Yayasan Kesejahteraan Pekerja BRI).

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

1. GENERAL (continuede)

e. Subsidiaries (continued)

PT Bank BRISyariah (continued)

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

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

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

BRIS' Articles of Association has been amended several times. The latest amendment was documented in the notarial deed of Decision of PT Bank BRI Syariah's Annual Shareholders' General Meeting Statement No. 113 dated June 26, 2013 of Notary Fathiah Helmi, S.H., notary in Jakarta, regarding the addition of the issued and fully paid capital. The amendment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-40622.AH.01.02.Tahun 2013 dated July 25, 2013.

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

Total assets of BRIS as of March 31, 2014 and December 31, 2013 amounted to Rp17,579,299 and Rp17,419,045, respectively, or 2.85% and 2.78%, respectively, of the consolidated total assets. Total Sharia income for the periods ended March 31, 2014 and 2013 amounted to Rp506,186 and Rp389,758, respectively, or 2.96% and 2.92%, respectively, of the consolidated interest income.

BRISyariah's Head Office is located at Jl. Abdul Muis No. 2-4, Jakarta Pusat, and has 51 domestic branch offices and 195 sub-branch offices.

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro)

On August 19, 2010, BRI entered into Sale and Purchase of Shares Agreement (PPJB) with the Agricultural Estate Pension Fund (Dapenbun), as the owner of 95.96% shares of BRI Agro, to acquire the shares of BRI Agro with total nominal value of Rp330,296 for 3,030,239,023 number of shares at a price of Rp109 (full Rupiah) per share. After the acquisition, the shareholdings of BRI Agro's investors comprise of 76.00% by BRI, 14.00% by Dapenbun and 10.00% by the public.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

1. GENERAL (continuede)

e. Subsidiaries (continued)

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

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

In compliance with Bapepam-LK's Regulation No. IX.H.1, Attachment to Decision of Chairman of Bapepam-LK No. Kep-259/BL/2008 dated June 30, 2008 regarding "Public Company Takeovers", BRI, as the new controlling shareholder of BRI Agro, is required to conduct mandatory Tender Offer for the remaining BRI Agro's shares which are owned by the public. The Tender Offer statement became effective May 4, 2011 based on Chairman of Bapepam-LK's letter No. S-4985/BL/2011 and was announced on two daily newspapers, *Bisnis Indonesia* and *Investor Daily*, both on May 5, 2011. The Tender Offer period commenced on May 5, 2011 and concluded on May 24, 2011. On the closing date of the Tender Offer period, BRI acquired 113,326,500 additional shares (3.15% of the total shares of BRI Agro). The price used for the Tender Offer is at Rp182 (full Rupiah) per share.

On July 1, 2011, BRI enacted the sale of 256,375,502 shares to Dapenbun as a result of Dapenbun's exercise of its buy option at a price of Rp109 (full Rupiah) per share. Based on Bapepam-LK's Regulation No. IX.H.1, the re-transfer period of the Tender Offer is within a maximum period of 2 (two) years, however, in the case of BRI Agro, BRI shall meet the minimum public shareholding of 10.00% no later than May 24, 2013. This is in compliance with the letter received from the Indonesian Stock Exchange No. S-06472/BEI.PPJ/09-2011 dated September 23, 2011. As of December 31, 2012, total shares of BRI Agro which has been transferred back to the public comprised of 500,000 shares, reducing BRI's ownership to 79.78% while maintaining Dapenbun's ownership at 14.00%.

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

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

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

Total assets of BRI Agro as of March 31, 2014 and December 31, 2013 are Rp5,186,174 and Rp5,122,727 or 0.84% and 0.82%, respectively, of the consolidated total assets. Total interest income for the periods ended March 31, 2014 and 2013 is Rp137,008 and Rp90,094 or 0.80% and 0.67%, respectively of the consolidated total interest income.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

1. GENERAL (continuede)

e. Subsidiaries (continued)

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

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

BRI Agro through Letter of Bank Indonesia No. 22/1037/UUps/Ps6D dated December 26, 1989, obtained its license as a commercial bank.

BRI Agro's head office is located at Plaza Great River, Jl. H.R. Rasuna Said Blok X2 No. 1, Jakarta, and has 12 branches and 10 sub-branches.

BRI Remittance Co. Limited Hong Kong (BRI Remittance)

On December 16, 2011, BRI entered into the Instrument of Transfer and the Bought and Sold Notes to acquire 100.00% of BRIngin Remittance Co. Ltd. (BRC) Hong Kong shares (equivalent to 1,600,000 shares) at a purchase price of HKD1,911,270. This acquisition was legalized by the Inland Revenue Department (IRD) Hong Kong with stamp duty dated December 28, 2011 and approved by Bank Indonesia in its letter No. 13/32/DPB1/TPB1-3/Rahasia dated December 1, 2011.

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

Total assets of BRI Remittance Co. Ltd Hong Kong as of March 31, 2014 and December 31, 2013 are Rp4,135 or 0.0007% and Rp4,124 or 0.0007%, respectively, of the consolidated total assets.

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

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

2. SUMMARY OF ACCOUNTING POLICIES

a. Basis of preparation of the consolidated financial statements

Statement of Compliance

The consolidated financial statements as as at March 31, 2014 and December 31, 2013 and for 3 (three) months period ended March 31, 2014 and 2013 were prepared and presented in accordance with Indonesian Financial Accounting Standards, which includes the Statements and Interpretations issued by the Financial Accounting Standards Board Indonesian Institute of Accountants and Bapepam-LK's Regulation No. VIII.G.7, Appendix of the Decision of the Chairman of Bapepam-LK No. KEP-347/BL/2012 dated June 25, 2012 regarding the "Guidelines on Financial Statements Presentations and Disclosures for Issuers or Public Companies", and the prevailing banking industry practices.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

Statement of Compliance (continued)

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

The consolidated financial statements have been prepared on a historical cost basis, except for some accounts that were assessed using another measurement basis as explained in the accounting policies of the account. The consolidated financial statements have been prepared on accrual basis, except for the revenue from *istishna* and the profit sharing from the *mudharabah* and *musyarakah* financing and the consolidated statements of cash flow.

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

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

b. Consolidation principles

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

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

Control over a Subsidiary is presumed to exist where more than 50.00% of the Subsidiary's voting power is controlled by BRI, or BRI has the ability to control the financial and operating policies of a Subsidiary, or has the ability to remove or appoint majority of the Subsidiary's Board of Directors, or control the majority vote during management meeting.

The purchase method of accounting is used to account for the acquisition of Subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the Subsidiaries acquired is recorded as goodwill.

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

b. Consolidation principles (continued)

The consolidated financial statements are prepared using uniform accounting policies for transactions and events in similar circumstances. If the Subsidiaries' financial statements use accounting policies which are different from those adopted in the consolidated financial statements, appropriate adjustments are made to the Subsidiaries' financial statements.

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

c. Financial assets and financial liabilities

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

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

BRI adopted SFAS No. 50 (Revised 2010), "Financial Instruments: Presentation", SFAS No. 55 (Revised 2011), "Financial Instruments: Recognition and Measurement", and SFAS No. 60 including its amendment in 2012, "Financial Instruments: Disclosure".

SFAS No. 50 (Revised 2010) contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. This SFAS requires the disclosure of, among others, information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments.

SFAS No. 55 (Revised 2011) establishes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This SFAS provides the definitions and characteristics of derivatives, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships.

SFAS No. 60 including its amendment in 2012, requires disclosures of significance of financial instruments for financial position and performance, and the nature and extent of risks arising from financial instruments to which BRI is exposed during the period and at the end of the reporting period, and how BRI manages those risks.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

1. Classification

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

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

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

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

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

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

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

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

1. Classification (continued)

The available for sale category consists of non-derivatives financial assets that are designated as available for sale or are not classified in one of the other categories of financial assets. After initial recognition, available for sale investments are measured at fair value with gains or losses being recognized as part of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gains or losses previously reported in equity is included in the consolidated statements of comprehensive income. The effective yield and (where applicable) results of foreign exchange restatement for available for sale investments are reported in the consolidated statements of comprehensive income.

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

2. Initial recognition

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

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

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

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

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

2. Initial recognition (continued)

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

3. Subsequent measurement

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

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

4. Derecognition

a. Financial assets are derecognized when:

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

When BRI has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of BRI's continuing involvement in the asset.

Loans are written off when there is no realistic prospect of collection in the near future or the normal relationship between BRI and the debtors has ceased to exist. When a loan is deemed uncollectible, it is written off against the related allowance for impairment losses.

b. Financial liabilities are derecognized when they end, i.e. when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

5. Income and expense recognition

- a. Interest income and interest expense on available for sale assets and financial assets and liabilities measured at amortized cost, are recognized in the consolidated statements of comprehensive income using the effective interest rate method.
- b. Gains and losses arising from changes in the fair value of the financial assets and liabilities held at fair value through profit or loss are included in the consolidated statements of comprehensive income.

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

When a financial asset is derecognized or impaired, the cumulative gains or losses previously recognized in equity should be reclassified to consolidated statements of comprehensive income.

6. Reclassification of financial assets

BRI is not allowed to reclassify any financial instrument out of or into the fair value through profit or loss category while it is held or issued.

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

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

7. Offsetting

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

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

8. Amortized cost measurement

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

9. Fair value measurement

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date, which includes the fair value obtained from IDMA's (Interdealer Market Association) quoted market prices or broker's quoted price from Bloomberg and Reuters on the measurement date.

When available, BRI measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transaction on an arm's length basis.

If a market for a financial instrument is inactive, BRI establishes fair value using valuation technique. BRI uses its own credit risk spreads in determining the fair value for its derivatives liability and all other liabilities for which it has elected the fair value option. When BRI's credit spread increases, BRI recognizes a gain on these liabilities, because the value of the liabilities has decreased. When BRI's credit spread decreases, BRI recognizes loss on those liabilities as an impact of the increase in liability.

BRI uses several commonly applied valuation techniques for determining fair values of financial instruments of lower complexity, such as exchange value options and currency swap. For these financial instruments, inputs into models are observable market data.

For more complex instruments, BRI uses internally developed models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on certain assumptions.

For financial instruments with no quoted market price, a reasonable estimate of the fair value is determined by reference to the fair value of other instruments with equal substance or calculated based on the expected cash flows of the underlying net asset of those securities.

The output of a valuation technique is an estimate or approximation of a value that cannot be precisely determined and the valuation technique employed may not fully reflect all factors relevant to the positions that BRI holds. Valuations are therefore adjusted, with additional factors such as model risks, liquidity risk and counterparty credit risk. Based on the established fair value valuation technique policy, related controls and procedures applied, BRI's management believes that these valuation adjustments are necessary and considered appropriate to fairly state the values of financial instruments measured at fair value in the consolidated statements of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary, particularly in view of the current market developments.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

9. Fair value measurement (continued)

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment value. The fair value for loans and receivables as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

Financial assets and assets held or liabilities to be issued are measured at bid price; financial liabilities and liabilities held or liabilities to be acquired are measured at ask price. Where BRI has consolidated assets and liabilities positions with off-setting market risk, middle-market prices can be used to measure the off-setting risk positions and bid or ask price adjustment is applied to the net open positions as appropriate.

10. *Sukuk* Financial Asset

BRI and Subsidiaries adopted SFAS No. 110 "Sukuk Investment" which regulate the recognition, measurement, presentation and disclosure of *Ijarah Sukuk* and *Mudharabah Sukuk* transactions.

Before initial recognition, BRI and subsidiaries determines the classification of investments in *sukuk* either measured at cost or fair value.

After the initial recognition, investment in *ijarah sukuk* and *mudharabah sukuk* is measured as follows:

a. Measured at cost

- (1) The investment is held in a business model whereby the primary goal is to obtain contractual cash flows and has contractual terms in determining the specific date of principal payments and or the results.
- (2) *Sukuk* acquisition cost includes transaction cost.
- (3) The difference between the acquisition cost and the nominal value is amortized on a straight-line basis over the period of the *sukuk*.
- (4) Impairment loss is recognized if the recoverable amount is less than the carrying amount and is presented as an impairment loss in the statement of comprehensive income.

b. Measured at fair value

- (1) The fair value is determined with reference to the following order:
 - (a) Quoted price in active market.
 - (b) Price from the current transaction, if there is no available price quotations in an active market.
 - (c) Fair value of similar instrument, if there is no available price quotations in an active market and no price from the current transaction.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

10. *Sukuk* Financial Asset (continued)

b. Measured at fair value (continued)

(2) *Sukuk* acquisition cost does not include transaction cost.

(3) The difference between fair value and carrying value is presented in the consolidated statements of comprehensive income.

All investment in *sukuk* of BRI and Subsidiaries was done under *ijarah* contracts.

d. Transactions with related parties

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

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

1. Directly or indirectly, through one or more intermediaries, a party (i) controls, or controlled by, or under common control with BRI and Subsidiaries; (ii) has an interest in BRI and Subsidiaries that provides significant influence on BRI and Subsidiaries or (iii) has joint control over BRI and Subsidiaries;
2. It is a member of the same group as BRI and Subsidiaries;
3. It is a joint venture of a third party in which BRI and Subsidiaries have ventured in;
4. It is a member of key management personnel in BRI and Subsidiaries;
5. It is a close family member of the individual described in clause (1) or (4);
6. It is an entity that is controlled, jointly controlled or significantly influenced by or for whom has significant voting rights in several entities, directly or indirectly, by the individual described in clause (4) or (5); and
7. It is a post-employment benefit plan for the employees benefit of either BRI and Subsidiaries or entities related to BRI and Subsidiaries.

Transactions with related parties are made on the same term and conditions as those transactions with third parties. All transaction done by BRI have complete with Bapepam-LK Regulation No. IX.E.1 regarding "The affiliate transactions and conflict of interest of certain transactions", at the time the transaction were made. All material transactions and balances with related parties are disclosed in the relevant notes to the consolidated financial statements and the details have been presented in Note 42 of the consolidated financial statements. Furthermore, material transactions and balances between BRI and Subsidiaries and the Government of the Republic of Indonesia (RI) and other entities related to the Government of the Republic of Indonesia are also disclosed in Note 42.

e. Allowance for impairment losses on financial assets

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

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

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

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

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

BRI first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If BRI determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Accounts that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assesment of impairment.

BRI determines the loans to be evaluated for impairment through individual evaluation if one of the following criteria is met:

1. Loans which individually have significant value and an objective evidence of impairment;
2. Restructured loans which individually have significant value.

Based on the above criteria, BRI performs individual assessment for: (a) Corporate and middle loans with collectibility classification of substandard, doubtful and loss; or (b) Restructured corporate and middle loans.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

BRI determines loans to be evaluated for impairment through collective evaluation if one of the following criteria is met:

1. Loans which individually have significant value but there is no objective evidence of impairment;
2. Loans which individually have insignificant value;
3. Restructured loans which individually have insignificant value.

Based on the above criteria, BRI performs collective assessment for: (a) Corporate and middle loans with collectibility classification of current and special mention which have never been restructured; or (b) Retail and consumer loans.

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

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

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

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

Impairment losses on financial assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and present value of estimated future cash flows discounted at the financial assets original effective interest rate. If loans or held to maturity securities and Government Recapitulation Bonds have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical guideline, BRI may measure impairment on the basis of an instrument's fair value using an observable market price, the calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Losses are recognized in the consolidated statements of comprehensive income and reflected in an allowance for impairment losses account against financial assets carried at amortized cost.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

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

For financial assets classified as available for sale, BRI assesses on each statements of financial position reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity instruments, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. Impairment losses on available for sale marketable securities are recognized by transferring the cumulative loss that has been recognized directly in equity to the statements of comprehensive income. The cumulative loss that has been removed from equity and recognized in the statements of comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in the consolidated statements of comprehensive income.

Impairment losses recognized in the statements of comprehensive income on available for sale equity instruments should not be recovered through a reversal of a previously recognized impairment loss in the current year statements of comprehensive income.

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

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

If in the next period, the amount of allowance for impairment losses is decreased and the decrease can be related objectively to an event that occurred after the recognition of the impairment losses (i.e. upgrade debtor's or issuer's collectibility), the impairment loss that was previously recognized has to be reversed, by adjusting the allowance account. The reversal amount of financial assets is recognized in the current year consolidated statements of comprehensive income.

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

In connection with compliance to Bank Indonesia, BRI implemented Bank Indonesia Regulation No. 14/15/PBI/2012 dated October 24, 2012 on "Assessment of Commercial Bank Asset Quality" as a guidance to calculate the minimum allowance for impairment losses that should be provided in accordance with Bank Indonesia Regulation.

Financial assets of the Subsidiary that is engaged in Sharia Banking, BRIS applies PBI No. 8/21/PBI/2006 dated October 5, 2006 as amended by PBI No. 13/13/PBI/2011 dated March 24, 2011 in determination of impairment losses.

Sharia productive assets consist of current accounts with Bank Indonesia and other banks, placements with Bank Indonesia and other banks, securities, *murabahah* receivables, *musyarakah* financing, *isthisna* receivables, *qardh* receivables, and commitments and contingencies with credit risk.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

The minimum allowance to be established in accordance with Bank Indonesia Regulations (PBI) is as follows:

1. 1.00% of earning assets classified as Current, excluding placements with Bank Indonesia, Government Bonds, other debt instruments issued by the Government of the Republic of Indonesia and earning assets secured by cash collateral;
2. 5.00% of earning assets classified as Special Mention, net of deductible collateral;
3. 15.00% of earning assets classified as Sub-standard, net of deductible collateral;
4. 50.00% of earning assets classified as Doubtful, net of deductible collateral; and
5. 100.00% of earning assets classified as Loss, net of deductible collateral.

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

f. Current accounts with Bank Indonesia and other banks

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

g. Placements with Bank Indonesia and other banks

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

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

h. Securities and Government Recapitalization Bonds

Securities consist of securities traded in the money market such as Certificates of Bank Indonesia, Deposits Certificates of Bank Indonesia, Bank Indonesia Sharia Certificates, Government bonds, promissory notes, subordinated bonds, mutual fund units, medium term notes, US Treasury Bonds, credit linked notes and bonds traded in the stock exchange.

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

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

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

h. Securities and Government Recapitalization Bonds (continued)

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

1. Held to maturity securities and Government Recapitalization Bonds are carried at amortized cost using the effective interest rate method. BRI does not classify securities or Government Recapitalization Bonds as held to maturity financial assets if BRI has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held to maturity securities or Government Recapitalization Bonds before maturity other than sales or reclassifications that are defined in SFAS No. 55 (Revised 2011) which is applicable in the relevant periods.
2. Securities and Government Recapitalization Bonds classified as fair value through profit or loss are stated at fair value. Gains and losses from changes in fair value of securities and Government Recapitalization Bonds are recognized in the consolidated statements of comprehensive income.
3. Securities and Government Recapitalization Bonds classified as available for sale investments are stated at fair value. Interest income is recognized in the consolidated statements of comprehensive income using the effective interest rate method. Foreign exchange gains or losses on available for sale securities and Government Recapitalization Bonds are recognized in the statements of comprehensive income. Other fair value changes are recognized directly in equity until the securities and Government bonds are sold or impaired, whereby the cumulative gains and losses previously recognized in equity are recognized in the consolidated statements of comprehensive income.

i. Export bills

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

j. Loans

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

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

Loans are classified as loans and receivables.

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

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

j. Loans (continued)

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

k. Sharia receivables and financing

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

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

Istishna is a sale contract between *al-mustashni* (buyer) and *al-shani* (producer who also acts as seller). Based on the contract, the buyer orders the producer to make or produce *al-mashnu* (ordered goods) according to the specifications required by the buyer and to sell them at the agreed price. *Istishna* receivables are presented based on the outstanding billings less allowance for impairment losses.

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

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

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

l. Acceptances receivable and payable

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

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

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

m. Investment in associated entities

BRI and Subsidiary adopted SFAS No. 15 (Revised 2009), "Investments in Associates Entities", which prescribes the accounting for investments in associated entities as to determined significant influence, accounting method to be applied, impairment in value of investments and separate financial statements.

BRI's investment in its associated company is measured using the equity method. An associated entities is an entity in which BRI has significant influence or share ownership of 20.00% up to 50.00%. Under the equity method, the cost of investment is increased or decreased by BRI's share in net earnings or losses of, and dividends received from the investee since the date of acquisition.

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

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

BRI's investment in its associated entities with no significant influence or share ownership under 20.00% are recorded in accordance with SFAS No. 55 (Revised 2011) and reduced by allowance for impairment losses.

n. Premises and equipment

BRI and Subsidiaries adopted SFAS No.16 (Revised 2011) , "Premises and Equipment" and IFAS No. 25, "Land Rights".

IFAS 25 prescribes that the legal cost of land rights in the form of Business Usage Rights ("Hak Guna Usaha" or "HGU"), Building Usage Right ("Hak Guna Bangunan" or "HGB") and Usage Rights ("Hak Pakai" or "HP") when the land was acquired initially are recognized as part of the cost of the land under the "Premises and Equipment" account and not amortized.

Meanwhile the extension or the legal renewal costs of land rights in the form of HGU, HGB and HP were recognized as part of "Deferred Charges, Net" account in the consolidated statements of financial position and were amortized over the shorter of the rights' legal life and land's economic life.

In accordance with the transitional provision of IFAS 25, the initial costs in the form of HGU, HGB and HP which were recognized as part of "Deferred Charges, Net" account in the consolidated statements of financial position prior to January 1, 2012 were reclassified to "Premises and Equipment - Land" account and ceased to be amortized effective January 1, 2012.

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

Subsequent to initial recognition, premises and equipment are carried at cost less any subsequent accumulated depreciation and impairment losses.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

n. Premises and equipment (continued)

Premises and equipment acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets are measured at fair values, unless:

1. The exchange transaction lacks commercial substance, or
2. The fair value of neither the assets received nor the assets given up can be measured reliably.

Depreciation of an asset starts when it is available for use and is computed using the straight-line method based on the estimated economic useful lives of the assets as follows:

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

The carrying amounts of premises and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be fully recoverable.

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

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

Land are stated at cost and not depreciated.

If the cost of land includes the costs of site dismantlement, removal and restoration, and the benefits from the site dismantlement, removal and restoration is limited, that portion of the land asset is depreciated over the period of benefits obtained by incurring those costs. In some cases, the land itself may have a limited useful life, in which case it is depreciated in a manner that reflects the benefits to be derived from it.

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

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

o. Impairment of Non-Financial Assets

BRI and subsidiaries adopted SFAS No. 48 (Revised 2009), "Impairment of Assets", prospectively, including goodwill and assets acquired from business combination before January 1, 2011.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

o. Impairment of Non-Financial Assets (continued)

SFAS No. 48 (Revised 2009) prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than their recoverable amounts. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and this revised SFAS requires the entity to recognize an impairment loss. This revised SFAS also specifies when an entity should reverse an impairment loss and prescribes disclosures.

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

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

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used by BRI and Subsidiaries to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in the consolidated statements of comprehensive income under expense categories that are consistent with the functions of the impaired assets.

p. Foreclosed collaterals

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

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

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

q. Prepaid expenses

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

r. Liabilities due immediately

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

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

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

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

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

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

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

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

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

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

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

t. Securities purchased under agreement to resell

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

t. Securities purchased under agreement to resell (continued)

Securities purchased under agreement to resell are classified as loans and receivables.

u. Marketable securities issued

Marketable securities issued by BRI consist of Bonds.

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

v. Borrowings

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

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

w. Subordinated loans

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

x. Provision

Bank adopted SFAS No. 57 (Revised 2009), "Provisions, Contingent Liabilities and Contingent Assets".

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

Provisions are reviewed at each reporting date and adjusted to reflect the best estimate of the present. If the outflow of resources to settle the obligation is most likely won't occur, the provision is reversed.

y. Allowance and on time interest payment in BRI unit

On Time Interest Payment (Pembayaran Bunga Tepat Waktu (PBTW)) represents incentives given to Micro Loans (Kredit Umum Pedesaan (Kupedes)) debtors who settled their loans according to the mutually agreed installment schedules. The amount of PBTW is 25.00% of the interest received from either Kupedes working capital loans or Kupedes investment loans. PBTW is recorded as a deduction from interest income on loans. BRI provided Allowance for On Time Interest Payment (CPBTW) for the PBTW and present it in "Other liabilities".

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

z. Interest Income and Interest Expense

Interest income and expense for all interest bearing financial instruments are recognized in the consolidated statements of comprehensive income using the effective interest rate method. The effective interest rate is the rate that precisely discounts the estimated future cash payments or receipts through the expected life of the financial instrument (or, wherever appropriate, a shorter period) to obtain the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, BRI and BRI Agro estimates future cash flows considering all contractual terms of the financial instruments except future credit losses.

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

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

Loans for which the principal or interest are past due for 90 (ninety) days or more, or loans with doubtful timely payment, are generally classified as impaired loans and the aforementioned interest income is reversed when the loan is classified as impaired.

aa. Fees and commissions

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

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

ab. Sharia income and expense

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

ac. Employee Benefit

Short-term employee benefits

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ac. Employee Benefit (continued)

Defined contribution plan

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

Defined benefit plan and other long-term employee benefits

BRI adopted SFAS No. 24 (Revised 2010), "Employee Benefits".

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

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

Provisions made pertaining to past service costs are deferred and amortized over the expected average remaining service years of the qualified employees. Furthermore, provisions for current service costs are directly charged to operations of the current year/period. Actuarial gains or losses arising from adjustments and changes in actuarial assumptions are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed 10.00% of the present value of the defined benefit obligations or 10.00% of the fair value of plan assets, at that date. The actuarial gains or losses in excess of the aforementioned 10.00% threshold are recognized on a straight-line method over the expected average remaining service years of the qualified employees.

Actuarial gains or losses and past service costs from other long-term employee benefits are recognized directly in the consolidated statement of comprehensive income of the current period.

ad. Stock options

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

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

ae. Earnings per Share

BRI adopted SFAS No. 56 (Revised 2011), "Earnings per Share".

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

af. Foreign currency transactions and balances

BRI maintains its accounting records in Indonesian Rupiah. Transactions in foreign currencies are recorded at the prevailing exchange rates in effect on the date of the transactions. As of March 31, 2014 and December 31, 2013, all foreign currency denominated monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time). The resulting gains or losses are credited or charged to the current consolidated statements of comprehensive income.

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

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
1 Great Britain Pound Sterling	18,879.19	20,110.93
1 European Euro	15,575.13	16,759.31
1 Australian Dollar	10,521.07	10,855.65
1 New Zealand Dollar	9,871.28	9,995.83
1 United States Dollar	11,360.00	12,170.00
1 Swiss Franc	12,777.69	13,674.16
100 Japanese Yen	11,119.50	11,575.00
1 Canadian Dollar	10,319.30	11,434.22
1 Singapore Dollar	9,000.16	9,622.08
1 Bruneian Dollar	8,998.02	9,620.94
1 Papua New Guinean Kina	4,103.91	4,856.09
1 Malaysian Ringgit	3,471.53	3,715.47
1 United Arab Emirates Dirham	3,092.84	3,313.50
1 Saudi Arabian Riyal	3,029.05	3,244.81
1 Danish Krone	2,086.24	2,246.78
1 Norwegian Kroner	1,885.98	2,001.39
1 Chinese Yuan	1,830.27	2,010.28
1 Swedish Kroner	1,750.38	1,897.39
1 Hong Kong Dollar	1,464.28	1,569.54
1 Thailand Baht	349.16	371.15
1 Philippines Peso	253.34	274.10
1 Indian Rupee	189.01	196.78
1 South Korean Won	10.64	11.53
1 Pakistan Rupee	1.99	1.99

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

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

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

1. Assets and liabilities, commitments and contingencies - using Reuters spot rates at 4.00 p.m. WIB at statements of financial position reporting date.
2. Revenues, expenses, gains and losses - using the average middle rate during the month. The ending year balances consist of the sum of the translated monthly balances of revenues, expenses and profit and losses during the year.
3. Equity - Capital Stock and Additional Paid-in Capital using historical rates.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ag. Translation of the financial statements of Overseas Branch and Representative Offices (continued)

4. Statements of cash flows - using the spot rate published by Reuters at 4.00 p.m. WIB on statements of financial position reporting date, except for the profit and loss accounts which are translated at the average middle rates and equity accounts which are translated at the historical rates.

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

ah. Derivatives Instrument

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

Derivative transactions are recognized in accordance with SFAS No. 55 (Revised 2011). Derivative receivables and payables are classified as financial assets and liabilities measured at fair value through profit or loss.

Gains or losses resulting from fair value changes are recognized in the consolidated statements of comprehensive income.

The fair value of derivatives instruments is determined based on discounted cash flows and pricing models or quoted prices from brokers of other instruments with similar characteristics.

ai. Taxation

BRI and Subsidiaries adopted SFAS No. 46 (Revised 2010), "Accounting for Income Tax".

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled based on tax laws that have been enacted or substantively enacted as at statements financial position reporting date. The related tax effects of the provisions for and/or reversals of all temporary differences during the year, including the effect of change in tax rates, are recognized as "Income Tax Benefit (Expense), Deferred" and included in of net profit or loss for the year, except to the extent that they relate to items previously charged or credited to equity.

Amendments to tax obligations are recorded when an assessment is received or, if appealed against by BRI, when the result of the appeal is determined.

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ai. Taxation (continued)

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

aj. Segment information

BRI and Subsidiaries adopted SFAS No. 5 (Revised 2009), "Operating Segments". The revised SFAS requires disclosures that will enable users of financial statements to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates.

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

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

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

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

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

ak. Use of significant accounting judgments, estimates and assumptions

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

1. Judgments

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

Going concern

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

1. Judgments (continued)

Classification of financial assets and financial liabilities

BRI and Subsidiaries determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 55 (Revised 2011). Accordingly, the financial assets and financial liabilities are accounted for in accordance with BRI's accounting policies disclosed in Note 2.

Fair value of financial instruments

If the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position is not available in an active market, such fair value is determined using various valuation techniques including the use of mathematical models.

Inputs for this model come from observable market data as long as the data is available. When observable market data is not available, it is deemed necessary for management to determine the fair value. Management's considerations include liquidity and volatility feedback model for long-term derivatives transactions and discount rate, rate of early payment and default rate assumptions.

Held to maturity classification

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

Financial assets not quoted in an active market

BRI and Subsidiaries classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Contingencies

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

2. Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. BRI based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

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

Allowance for impairment losses on loans and Sharia financing/receivables

The management of BRI and subsidiaries review its loan portfolio and financing/receivables to assess impairment on an annual basis by updating provisions made during the period as necessary based on the continuing analysis and monitoring of individual accounts by credit officers.

In determining whether an impairment loss should be recorded in the consolidated statements of comprehensive income, BRI and subsidiaries assess for any observable data indicating the existence of measurable decrease in the estimated future cash flows from loan portfolio before the decrease is individually identified in the portfolio.

This evidence may include observable data indicating that there has been an adverse change in the payment status of group borrowers, or national or local economic conditions that correlate with breach on assets in group. BRI and subsidiaries use estimates in the amount and timing of future cash flows when determining the level of allowance for losses required. Such estimates are based on assumptions of several factors and actual results may differ, resulting to future changes in the amount of allowance for losses.

Impairment of securities

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

Useful lives of premises and equipment

The management of BRI estimates the useful lives of premises and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of premises and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of premises and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the aforementioned factors mentioned. The amounts and timing of recorded expenses for any period are affected by changes of those factors and circumstances during recording. A reduction in the estimated useful lives of premises and equipment increases the recorded operating expenses.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

2. Estimates and Assumptions (continued)

Impairment of non-financial assets

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

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

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

Recognition of deferred tax assets

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

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

Present value of retirement liability

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

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

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

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

al. Allowances for impairment losses on non-earning assets and commitments and contingencies (continued)

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

am. Changes in accounting policies and disclosures

BRI adopted interpretations financial accounting standards and revised financial accounting standards which became effective on or after January 1, 2014, which are considered relevant to the Consolidated Financial Statements of BRI and Subsidiaries, the IFAS No. 28 "Extinguishing Financial Liabilities with Equity Instruments" and SFAS No. 102 (Revised 2013), "*Murabahah*". ISAK 28 regulates when an entity as a debtor wants to resolve its financial liabilities through the issuance of equity instruments mechanism (debt for equity swaps), does not have a significant impact on the Consolidated Statements of BRI and Subsidiaries. Then, BRIS adopted SFAS No. 102 (Revised 2013), "*Murabahah*", which is a revision of SFAS No. 102, published in 2008, governing the treatment of transactions that relate to recognition, measurement, presentation and disclosure of *murabahah*.

3. CASH

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount	Equivalent Rp	Foreign currency notional amount	Equivalent Rp
	(full amount)		(full amount)	
Rupiah		12,912,245		18,775,487
Foreign currencies				
United States Dollar	11,579,916	131,548	15,234,745	185,407
Malaysian Ringgit	7,611,537	26,427	7,139,467	26,526
Singapore Dollar	2,614,415	23,530	2,887,148	27,780
Australian Dollar	2,081,061	21,895	3,396,638	36,873
Saudi Arabian Riyal	6,862,878	20,788	22,226,667	72,121
European Euro	1,180,328	18,384	1,541,528	25,835
Chinese Yuan	3,330,646	6,095	1,678,716	3,375
Japan Yen	46,592,608	5,172	88,974,900	10,299
Great Britain Pound Sterling	114,025	1,776	74,714	1,503
Hong Kong Dollar	969,671	1,420	1,505,130	2,362
Thailand Bath	3,594,337	1,254	2,221,340	824
Swiss Franc	67,588	864	65,410	894
South Korean Won	67,734,315	746	68,568,000	791
Papua New Guinean Kina	166,297	683	75,060	365
New Zealand Dollar	32,251	318	78,155	781
Brunei Dollar	17,573	158	11,620	112
Canada Dollar	13,850	143	38,750	443
		261,201		396,291
Total		13,173,446		19,171,778

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

3. CASH (continued)

As of March 31, 2014 and December 31, 2013, balances denominated in Rupiah is inclusive of cash at the ATM (Automatic Teller Machines) amounted to Rp3,657,491 and Rp4,720,085, respectively.

4. CURRENT ACCOUNTS WITH BANK INDONESIA

Current accounts with Bank Indonesia consist of:

	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>
Rupiah		34,816,342		34,124,694
Foreign currencies				
United States Dollar	530,127,300	6,039,269	541,807,803	6,593,801
Total		<u>40,855,611</u>		<u>40,718,495</u>

As of March 31, 2014 and December 31, 2013, current accounts with Bank Indonesia based on Sharia banking principles amounted to Rp706,181 and Rp679,112, respectively.

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

As of March 31, 2014 and December 31, 2013, the GWM ratios of BRI (Parent Entity) are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Rupiah		
Primary GWM	8.02%	8.02%
Secondary GWM	8.63%	8.40%
Foreign currencies		
Primary GWM	8.06%	8.00%

The calculation of the GWM ratios as of March 31, 2014 and December 31, 2013 is based on Bank Indonesia's regulation (PBI) No. 15/15/2013 dated December 24, 2013 regarding "Bank Indonesia's Minimum Legal Reserve Requirements (GWM) of Commercial Banks in Rupiah and Foreign Currencies for Conventional Commercial Banks".

As of March 31, 2014 and December 31, 2013, based on the above Bank Indonesia regulations, BRI is required to maintain minimum primary reserves both in Rupiah and in foreign currencies of 8.00%, respectively. BRI is also required to maintain secondary reserves in Rupiah of 4.00% as of March 31, 2014 and December 31, 2013.

BRI has complied with Bank Indonesia's regulation regarding the minimum legal reserve requirement as of March 31, 2014 and December 31, 2013.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS

a. By Currency

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount (full amount)	Equivalent Rp	Foreign currency notional amount (full amount)	Equivalent Rp
Third parties				
Rupiah		80,635		9,093
Foreign currencies				
Japan Yen	1,694,384,158	188,077	1,259,084,064	145,739
Chinese Yuan	685,806,726	1,255,026	873,761,773	1,756,501
United States Dollar	421,435,006	4,787,502	452,562,200	5,507,682
Hong Kong Dollar	159,957,329	234,178	63,659,364	99,916
Australian Dollar	35,865,028	377,336	48,462,724	526,094
Saudi Arabian Riyal	31,023,709	93,971	25,320,262	82,160
Singapore Dollar	21,352,681	192,174	18,903,491	181,891
European Euro	21,292,933	331,637	43,824,139	734,462
United Arab Emirates Dirham	20,881,814	64,587	25,111,745	83,208
Swiss Franc	5,327,785	68,078	4,272,851	58,428
Great Britain Pound Sterling	4,733,369	89,361	5,575,667	112,132
Norwegian Krone	3,077,694	5,805	2,437,940	4,879
Swedish Krone	1,217,153	2,130	3,339,004	6,335
New Zealand Dollar	1,151,257	11,364	1,151,474	11,510
Canada Dollar	765,496	7,899	412,728	4,719
		7,709,125		9,315,656
		7,789,760		9,324,749
Related parties (Note 42)				
Rupiah		5,296		3,126
Foreign currencies				
United States Dollar	1,365,190	15,509	511,171	6,221
Hong Kong Dollar	6,922,703	10,135	64,414,371	101,101
		25,644		107,322
		30,940		110,448
		7,820,700		9,435,197
Less: Allowance for impairment losses		(103)		(77)
Total		7,820,597		9,435,120

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

b. By Bank

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Third parties		
Rupiah		
PT Bank Central Asia Tbk	10,911	6,874
PT Bank Pembangunan Daerah Sumatera Utara	158	1,108
Others	69,566	1,111
	<u>80,635</u>	<u>9,093</u>
Foreign currencies		
Standard Chartered Bank	1,054,299	1,413,727
JP Morgan Chase Bank, N.A.	1,014,189	2,286,308
Wells Fargo Bank N.A.	892,265	-
Bank of China Limited	858,952	792,190
Bank of Amerika, New York	825,951	822,611
The Bank of New York Mellon	567,539	41,822
Citibank, N.A.	475,836	91,251
Industrial and Commercial Bank of China (Indonesia) Co.Ltd	396,075	964,312
ANZ Banking Group Limited	368,710	146,700
Federal Reserve Bank of New York	199,041	621,092
The Hong Kong and Shanghai Banking Corporation Limited	192,258	577,174
ING Belgium N.V. Brussels	169,637	120,210
Oversea-Chinese Banking Corporation Limited	165,461	143,416
Commonwealth Bank	115,231	379,394
The Bank of Tokyo Mitsubishi UFJ, Ltd	88,150	112,426
Al Rajhi Bank	80,487	67,769
Commerzbank, A.G.	76,828	484,150
UBS AG	51,090	45,437
Credit Suisse AG Bank, Zurich	33,989	-
PT Bank Central Asia Tbk	28,930	-
The Royal Bank of Scotland	20,591	158,716
Bank of Montreal, Canada	7,899	-
DBS Bank Hong Kong	4,125	-
JP Morgan Chase Bank, N.A.	3,641	-
Scandinaviska Enskilda Banken, Stockholm	2,130	-
TD Bank, N.A.	1,849	-
Sumitomo Mitsui Banking Corporation	6	-
Others	13,966	46,951
	<u>7,709,125</u>	<u>9,315,656</u>
	<u>7,789,760</u>	<u>9,324,749</u>
Related parties (Note 42)		
Rupiah		
PT Bank Mandiri (Persero) Tbk	5,296	2,646
PT Bank Negara Indonesia (Persero) Tbk	-	470
PT Bank Bukopin Tbk	-	10
	<u>5,296</u>	<u>3,126</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

b. By Bank (continued)

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Related parties (Note 42) (continued)		
Foreign currencies		
PT Bank Mandiri (Persero) Tbk	15,509	6,215
PT Bank Negara Indonesia (Persero) Tbk	10,135	101,107
	<u>25,644</u>	<u>107,322</u>
	30,940	110,448
	7,820,700	9,435,197
Less: Allowance for impairment losses	(103)	(77)
Total	<u>7,820,597</u>	<u>9,435,120</u>

c. By Collectibility

Current accounts with other banks as of March 31, 2014 and December 31, 2013 were classified as "Current".

d. Average annual interest rates

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Rupiah	0.09%	0.59%
Foreign currencies		
United States Dollar	0.05%	0.01%

e. Movements in the allowance for impairment losses on current accounts with other banks

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Beginning balance	77	171
Provision (reversal) during the period (Note 32)	26	(94)
Ending Balance	<u>103</u>	<u>77</u>

BRI assess allowance for impairment losses on current accounts with other banks on an individual basis using objective evidence, except for current accounts with other banks owned by BRIS (Subsidiary) (based on sharia principles) assessment was performed using a collectability guidance of Bank Indonesia.

The minimum allowance for impairment losses on current accounts with other banks provided based on Bank Indonesia regulations amounted to Rp103 and Rp77 as of March 31, 2014 and December 31, 2013, respectively.

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

As of March 31, 2014 and December 31, 2013, there are no current accounts with other banks used as collateral.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a. By Currency and Type

	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>
Third parties				
Rupiah				
Bank Indonesia				
Deposit Facility		14,532,599		22,813,358
Deposit Facility Syariah		999,000		897,500
		<u>15,531,599</u>		<u>23,710,858</u>
Inter-bank call money				
Oversea-Chinese				
Banking Corporation Ltd		450,000		-
PT Bank CIMB Niaga Tbk		250,000		-
PT Bank Mega Tbk		200,000		320,000
PT Bank Pan Indonesia Tbk		200,000		260,000
PT Bank DKI		140,000		100,000
PT Bank Pembangunan Daerah (BPD) Jawa Barat dan Banten Tbk		70,000		120,000
Bank of Amerika, N.A.		50,000		-
Rabobank		30,000		-
Bank Victoria		25,000		-
PT BPD Riau Kepri		25,000		25,000
PT BPD Sumatera Utara		25,000		25,000
Commonwealth Bank		18,000		-
PT Bank UOB Indonesia		10,000		-
Citibank, N.A.		-		250,000
The Hong Kong and Shanghai Banking Corporation Limited		-		200,000
PT Bank DBS Indonesia		-		100,000
PT Bank BNP Paribas Indonesia		-		95,000
PT Bank Himpunan Saudara 1906 Tbk		-		89,040
PT Bank Mestika Dharma Tbk		-		25,000

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

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

a. By Currency and Type (continued)

	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>
Third parties (continued)				
Rupiah (continued)				
Inter-bank call money				
(continued)				
PT BPD Sumatera				
Barat (Bank Nagari)		-		25,000
PT Bank Sinarmas Tbk		-		20,000
PT BPD Kalimantan				
Selatan		-		15,000
		<u>1,493,000</u>		<u>1,669,040</u>
		<u>17,024,599</u>		<u>25,379,898</u>
Foreign currencies				
United States Dollar				
Bank Indonesia				
Term Deposit	399,998,140	<u>4,543,979</u>	599,998,264	<u>7,301,979</u>
Inter-bank call money				
TD Bank, N.A.	55,358,539	628,874	-	-
Citibank, N.A.	-	-	84,290,000	1,025,809
The Bank of New York	-	-	58,800,000	715,596
Mellon	-	-	45,600,000	554,952
Wells Fargo Bank, N.A.	-	-	4,000,000	48,680
Bank of China Limited	-	-		
		<u>628,874</u>		<u>2,345,037</u>
Time deposits				
Standard Chartered				
Bank	3,465,571	<u>39,369</u>	229,732	<u>2,796</u>
		<u>5,212,222</u>		<u>9,649,812</u>
		<u>22,236,821</u>		<u>35,029,710</u>
Related parties (Note 42)				
Rupiah				
Inter-bank call money				
Lembaga Pembiayaan				
Ekspor Indonesia		300,000		400,000
PT Bank Bukopin Tbk		210,000		210,000
PT BTMU-BRI Finance		<u>30,000</u>		<u>130,000</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

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

a. By Currency and Type (continued)

	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>
Related parties (Note 42) (continued)				
Foreign currencies				
Dolar Amerika Serikat				
Inter-bank call money				
PT Bank Negara				
Indonesia (Persero)				
Tbk	-	-	44,139,117	537,173
		<u>540,000</u>		<u>1,277,173</u>
Total		<u>22,776,821</u>		<u>36,306,883</u>

b. By Time Period

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

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Third parties		
Rupiah		
≤ 1 month	17,024,599	25,379,898
Foreign currencies		
≤ 1 month	5,172,853	9,647,016
> 1 month - 3 months	39,369	-
> 3 month - 1 year	-	2,796
	<u>5,212,222</u>	<u>9,649,812</u>
	<u>22,236,821</u>	<u>35,029,710</u>
Related parties (Note 42)		
Rupiah		
≤ 1 month	540,000	700,000
> 1 month - 3 months	-	40,000
	<u>540,000</u>	<u>740,000</u>
Foreign currencies		
≤ 1 month	-	537,173
	<u>540,000</u>	<u>1,277,173</u>
Total	<u>22,776,821</u>	<u>36,306,883</u>

c. By Collectibility

All placements with Bank Indonesia and other banks were classified as "Current" as of March 31, 2014 and December 31, 2013.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

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

d. The average annual interest rates

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Rupiah		
Deposit Facility	5.75%	4.92%
Term Deposit	-	4.42%
Inter-bank call money	6.77%	5.81%
Foreign currencies		
Term Deposit	0.11%	0.13%
Inter-bank call money	0.29%	0.32%
Time Deposit	0.02%	0.02%

e. Movements in the allowance for impairment losses on placements with Bank Indonesia and other banks

	<u>December 31, 2013</u>
Rupiah	
Beginning balance	300
Reversal during the period	(300)
Ending balance	<u><u>-</u></u>

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

Management believes that no allowance for impairment losses is necessary as of March 31, 2014 and December 31, 2013, because management believes that placements with Bank Indonesia and other banks are fully collectible.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

7. SECURITIES

a. By Purpose, Currency and Type

	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>
Fair value through profit or loss				
Third parties				
Rupiah				
Certificates of Bank				
Indonesia		173,579		87,424
Mutual funds		10,994		10,702
		<u>184,573</u>		<u>98,126</u>
Foreign currencies				
United States Dollar				
Credit Linked Notes		-	55,000,000	669,350
		<u>184,573</u>		<u>767,476</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

a. By Purpose, Currency and Type (continued)

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount (full amount)	Equivalent Rp	Foreign currency notional amount (full amount)	Equivalent Rp
Fair value through profit or loss (continued)				
Related parties (Note 42)				
Rupiah				
Government Bonds		577,252		131,035
Foreign currencies				
United States Dollar				
Government Bonds	7,661,375	87,033	-	-
		664,285		131,035
		848,858		898,511
Available for sale				
Third parties				
Rupiah				
Certificates of Bank Indonesia		2,831,173		2,853,028
Deposits Certificates of Bank Indonesia		1,538,988		1,342,650
Mutual funds		25,503		75,013
Bonds		25,129		25,487
		4,420,793		4,296,178
Foreign currencies				
United States Dollar				
Bonds	39,186,125	433,984	35,431,553	431,202
U.S Treasury Bonds	28,815,350	327,342	26,894,823	327,310
		761,326		758,512
		5,182,119		5,054,690
Related parties (Note 42)				
Rupiah				
Government Bonds		7,283,878		6,771,956
Mutual funds		225,449		252,749
Bonds		188,816		186,764
		7,698,143		7,211,469
Foreign currencies				
United States Dollar				
Government Bonds	233,077,486	2,647,760	251,828,595	3,064,754
Bonds	2,854,803	32,431	3,545,193	43,145
		2,680,191		3,107,899
		10,378,334		10,319,368
		15,560,453		15,374,058

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

a. By Purpose, Currency and Type (continued)

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount (full amount)	Equivalent Rp	Foreign currency notional amount (full amount)	Equivalent Rp
Held to maturity				
Third parties				
Rupiah				
Certificates of Bank Indonesia		5,879,139		5,087,423
Deposits Certificates of Bank Indonesia		1,763,110		2,375,218
Bank Indonesia Sharia Certificates (SBIS)		1,150,000		1,050,000
Bonds		914,693		918,425
Subordinated bonds		40,000		40,000
Medium Term Notes		25,000		25,000
		9,771,942		9,496,066
Foreign currencies				
United States Dollar				
Credit Linked Notes	123,602,534	1,404,124	291,162,942	3,543,453
Notes receivables	4,000,000	45,440	7,000,000	85,190
		1,449,564		3,628,643
		11,221,506		13,124,709
Related parties (Note 42)				
Rupiah				
Government bonds		12,068,522		11,223,864
Bonds		896,950		855,553
Medium Term Notes		25,000		25,000
		12,990,472		12,104,417
Foreign currencies				
United States Dollar				
Government bonds	103,445,477	1,175,141	84,306,081	1,026,005
Bonds	12,053,194	136,924	12,057,272	146,737
		1,312,065		1,172,742
		14,302,537		13,277,159
		25,524,043		26,401,868
		41,933,354		42,674,437
Less: Allowance for impairment losses		(773)		(772)
Total		41,932,581		42,673,665

b. By Collectibility

Securities were classified as "Current" as of March 31, 2014 and December 31, 2013.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

c. By Remaining Period to Maturity

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

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Third parties		
Rupiah		
≤ 1 month	3,076,378	4,643,601
> 1 month - 3 months	3,632,193	1,958,854
> 3 months - 1 year	6,944,345	6,489,098
> 1 year	724,392	798,817
	<u>14,377,308</u>	<u>13,890,370</u>
Foreign currencies		
≤ 1 month	761,325	758,513
> 1 month - 3 months	602,283	2,733,930
> 3 months - 1 year	-	866,921
> 1 year	847,282	697,141
	<u>2,210,890</u>	<u>5,056,505</u>
	<u>16,588,198</u>	<u>18,946,875</u>
Pihak berelasi (Catatan 42)		
Rupiah		
≤ 1 month	8,265,200	7,355,448
> 1 month - 3 months	162,226	22,126
> 3 months - 1 year	1,106,458	1,143,379
> 1 year	11,731,983	10,925,968
	<u>21,265,867</u>	<u>19,446,921</u>
Foreign currencies		
≤ 1 month	2,767,224	3,107,899
> 1 year	1,312,065	1,172,742
	<u>4,079,289</u>	<u>4,280,641</u>
	<u>25,345,156</u>	<u>23,727,562</u>
	41,933,354	42,674,437
Less: Allowance for impairment losses	(773)	(772)
Total	<u>41,932,581</u>	<u>42,673,665</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer

1. Government Bonds

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

Series	Annual interest rate (%)	Maturity date	Fair values/Carrying values	
			March 31, 2014	December 31, 2013
Fair value through profit or loss				
Rupiah				
FR0062	6.38%	April 15, 2042	14,905	14,300
FR0064	6.13%	May 15, 2028	24,153	23,288
FR0065	6.63%	May 15, 2033	24,258	23,450
FR0066	5.25%	15 Mei 2018	36,726	-
FR0068	8.38%	March 15, 2034	38,875	18,969
FR0069	7.88%	15 April 2019	30,149	-
FR0070	8.38%	March 15, 2024	364,633	29,858
FR0071	9.00%	15 Maret 2029	31,217	-
SR004	6.25%	September 21, 2015	588	21
SR005	6.00%	February 27, 2016	7,888	6,170
ORI010	8.50%	October 15, 2016	3,860	14,979
			577,252	131,035
Foreign currencies				
RI0017	6.88%	March 9, 2017	38,391	-
RI0024	5.88%	15 Januari 2024	24,102	-
Indois19s	6.13%	March 15, 2019	12,311	-
RI0044	6.75%	15 Januari 2044	12,229	-
			87,033	-
			664,285	131,035
Available for sale				
Rupiah				
FR0027	9.50%	June 15, 2015	243,399	242,391
FR0028	10.00%	July 15, 2017	107,379	105,986
FR0031	11.00%	November 15, 2020	57,731	56,702
FR0040	11.00%	September 15, 2025	430,489	419,232
FR0042	10.25%	July 15, 2027	220,764	214,085
FR0045	9.75%	May 15, 2037	10,900	10,471
FR0047	10.00%	February 15, 2028	186,810	181,043
FR0050	10.50%	July 15, 2038	29,260	28,049
FR0052	10.50%	August 15, 2030	339,145	330,095
FR0053	8.25%	July 15, 2021	342,184	335,164
FR0054	9.50%	July 15, 2031	146,546	142,540
FR0055	7.38%	September 15, 2016	219,291	216,315

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

1. Government Bonds (continued)

Series	Annual interest rate (%)	Maturity date	Fair values/Carrying values	
			March 31, 2014	December 31, 2013
Available for sale (continued)				
Rupiah (continued)				
FR0056	8.38%	September 15, 2026	168,546	162,338
FR0057	9.50%	May 15, 2041	53,474	51,103
FR0058	8.25%	June 15, 2032	410,766	399,679
FR0059	7.00%	May 15, 2027	424,275	409,121
FR0060	6.25%	April 15, 2017	450,483	442,243
FR0061	7.00%	May 15, 2022	449,826	440,417
FR0062	6.38%	April 15, 2042	305,764	291,270
FR0063	5.63%	May 15, 2023	395,583	387,145
FR0064	6.13%	May 15, 2028	518,518	499,417
FR0065	6.63%	May 15, 2033	426,128	413,417
FR0066	5.25%	May 15, 2018	268,694	262,507
FR0068	8.38%	March 15, 2034	247,948	175,444
FR0069	7.88%	April 15, 2019	126,546	65,320
FR0070	8.38%	March 15, 2024	314,074	171,773
FR0071	9.00%	March 15, 2029	186,706	120,089
ORI008	7.30%	October 15, 2014	18,010	17,763
ORI009	6.25%	October 15, 2015	27,120	26,045
ORI010	8.50%	October 15, 2016	81,638	80,259
SPN	various	various	75,881	74,533
			7,283,878	6,771,956
Foreign currencies				
RI0014	6.75%	March 10, 2014	-	682,431
RI0014	10.38%	May 4, 2014	34,374	37,667
RI0015	7.25%	April 20, 2015	181,237	195,392
RI0016	7.50%	January 15, 2016	75,334	80,565
RI0017	6.88%	March 9, 2017	102,376	176,268
RI0018	6.88%	January 17, 2018	142,092	150,416
RI0020	5.88%	March 13, 2020	148,766	154,621
RI0021	4.88%	May 5, 2021	268,335	276,411
RI0022	3.75%	April 25, 2022	160,108	-
RI0023	3.38%	April 15, 2023	305,038	283,829
RI0024	5.88%	January 15, 2024	337,429	-
RI0035	8.50%	October 12, 2035	42,941	44,295
RI0037	6.63%	February 17, 2037	214,704	184,961
RI0038	7.75%	January 17, 2038	81,588	82,849
RI0142	5.25%	January 17, 2042	71,866	20,724
RI0422	3.75%	April 25, 2022	-	164,321

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

1. Government Bonds (continued)

Series	Annual interest rate (%)	Maturity date	Fair values/Carrying values	
			March 31, 2014	December 31, 2013
Available for sale (continued)				
Foreign currencies (continued)				
RI0443	4.63%	April 15, 2043	324,707	309,994
RI1023	5.38%	October 17, 2023	-	36,331
U. S. Treasury Bonds				
USDFR0001	5.38%	February 15, 2031	327,342	327,310
	3.50%	May 15, 2017	156,865	183,679
			2,975,102	3,392,064
			10,258,980	10,164,020
Held to maturity				
Rupiah				
FR0026	11.00%	October 15, 2014	156,162	156,670
FR0028	10.00%	July 15, 2017	301,128	301,847
FR0030	10.75%	May 15, 2016	32,152	32,381
FR0039	11.75%	August 15, 2023	52,122	52,296
FR0040	11.00%	September 15, 2025	57,038	57,123
FR0042	10.25%	July 15, 2027	169,871	169,881
FR0043	10.25%	July 15, 2022	523,883	523,620
FR0044	10.00%	September 15, 2024	76,085	76,082
FR0045	9.75%	May 15, 2037	224,203	224,164
FR0046	9.50%	July 15, 2023	182,314	182,197
FR0047	10.00%	February 15, 2028	381,205	381,298
FR0048	9.00%	September 15, 2018	107,701	107,571
FR0050	10.50%	July 15, 2038	68,542	68,539
FR0052	10.50%	August 15, 2030	296,830	296,813
FR0053	8.25%	July 15, 2021	590,505	590,392
FR0054	9.50%	July 15, 2031	352,826	352,730
FR0055	7.38%	September 15, 2016	656,683	656,387
FR0056	8.38%	September 15, 2026	799,115	798,687
FR0058	8.25%	June 15, 2032	549,621	550,097
FR0059	7.00%	May 15, 2027	259,514	259,577
FR0060	6.25%	April 15, 2017	320,958	321,533
FR0061	7.00%	May 15, 2022	428,829	429,254
FR0062	6.38%	April 15, 2042	66,582	66,586
FR0063	5.63%	May 15, 2023	486,279	486,440
FR0064	6.13%	May 15, 2028	147,209	147,199
FR0065	6.63%	May 15, 2033	247,947	247,954

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

1. Government Bonds (continued)

Series	Annual interest rate (%)	Maturity date	Fair values/Carrying values	
			March 31, 2014	December 31, 2013
Held to maturity (continued)				
Rupiah (continued)				
FR0066	5.25%	May 15, 2018	119,484	119,554
FR0068	8.38%	March 15, 2034	304,775	142,889
FR0069	7.88%	April 15, 2019	627,151	332,414
FR0070	8.38%	March 15, 2024	602,201	416,094
FR0071	9.00%	March 15, 2029	314,257	226,824
IFR0003	9.25%	September 15, 2015	113,165	113,408
IFR0005	9.00%	January 15, 2017	307,203	307,203
IFR0006	10.25%	March 15, 2030	47,928	47,928
IFR0007	10.25%	January 15, 2025	309,906	309,906
IFR0010	10.00%	February 15, 2036	81,568	81,778
ORI008	7.30%	October 15, 2014	6,706	3,458
ORI009	6.25%	October 15, 2015	2,899	569
ORI010	8.50%	October 15, 2016	17,253	12,650
PBS0001	4.45%	February 15, 2018	210,573	210,101
PBS0002	5.45%	January 15, 2022	243,066	242,847
PBS0003	6.00%	January 15, 2027	261,790	243,510
PBS0004	6.10%	February 15, 2037	109,033	108,969
PBS0005	6.75%	April 15, 2043	28,671	4,821
PBS0006	8.25%	September 15, 2020	19,366	5,294
SR003	8.15%	February 23, 2014	-	22,126
SR004	6.25%	September 21, 2015	15,124	13,732
SR005	6.00%	February 27, 2016	93,384	81,322
SPN	various	various	697,715	639,149
			12,068,522	11,223,864
Foreign currencies				
RI0015	7.25%	April 20, 2015	73,119	70,134
RI0016	7.50%	January 15, 2016	159,048	172,365
RI0018	6.88%	January 17, 2018	110,989	119,484
RI0020	5.88%	March 13, 2020	84,328	90,531
RI0021	4.88%	May 5, 2021	34,080	27,203
RI0024	5.88%	January 15, 2024	169,450	
RI0037	6.63%	February 17, 2037	157,257	168,461

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

1. Government Bonds (continued)

Series	Annual interest rate (%)	Maturity date	Fair values/Carrying values	
			March 31, 2014	December 31, 2013
Held to maturity (continued)				
Foreign currencies (continued)				
USDFR0001	3.50%	May 15, 2017	159,670	134,427
Indois18	4.88%	May 5, 2021	56,800	60,850
Indois19s	6.13%	March 15, 2019	170,400	182,550
			<u>1,175,141</u>	<u>1,026,005</u>
			<u>13,243,663</u>	<u>12,249,869</u>
Total			<u>24,166,928</u>	<u>22,544,924</u>

The market values of Government bonds classified as fair value through profit or loss and available for sale ranged from 80.24% to 126.00% and 70.97% to 144.12% of nominal amounts as of March 31, 2014 and December 31, 2013, respectively.

2. Bonds

Issuer	Annual interest rate (%)	Maturity date	Rate ¹⁾		Fair value/Carrying value	
			March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Available for sale						
Third parties						
Rupiah						
PT Bank Permata Tbk Phase I 2013 Series A						
	10.00%	January 3, 2015	idAA+	idAA+	<u>25,129</u>	<u>25,487</u>
Foreign currencies						
PT Medco Energi Internasional Tbk Phase I 2011						
	6.05%	July 14, 2016	idAA-	idAA-	114,978	123,298
General Electric Company						
	3.10%	January 9, 2023	A1 ^{***)}	A1 ^{***)}	77,886	81,137
Morgan Stanley						
	3.75%	February 25, 2023	A- ^{****)}	A- ^{****)}	33,954	35,599
Mizuho Bank						
	3.50%	March 21, 2023	A+ ^{****)}	A+ ^{****)}	33,780	34,971
Indian Oil Corporation Ltd						
	5.75%	August 1, 2023	BBB- ^{****)}	BBB- ^{****)}	23,614	23,645

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

2. Bonds (continued)

Issuer	Annual interest rate (%)	Maturity date	Rate ^{*)}		Fair value/Carrying value	
			March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Available for sale (continued)						
Third parties (continued)						
Foreign currencies (continued)						
Goldman Sach	3.63%	January 22, 2023	A ^{***)}	A ^{***)}	22,349	11,937
Colgate	1.95%	February 1, 2023	Aa3 ^{**)}	-	21,522	-
Apple						
Incorporation	3.85%	May 4, 2043	AA+ ^{****)}	AA+ ^{****)}	20,809	20,534
Alcoa Inc	5.72%	February 23, 2019	Ba1 ^{**)}	Ba1 ^{**)}	12,285	12,988
Ford Motor	4.25%	September 20, 2022	Baa3 ^{**)}	-	11,727	-
JP Morgan Chase						
Bank.N.A.	2.35%	January 28, 2019	A3e ^{**)}	-	11,352	-
Chevron Corp	3.19%	June 24, 2023	Aa1 ^{**)}	-	11,281	-
Darden						
Restaurants Inc	4.50%	October 15, 2021	Baa3 ^{**)}	Baa3 ^{**)}	11,275	12,048
Bank Of America	3.30%	January 11, 2023	Baa2 ^{**)}	-	10,934	-
Verizon	2.45%	November 1, 2022	Baa1 ^{**)}	-	10,524	-
The Bank of Tokyo						
Mitsubishi UFJ,Ltd	3.75%	March 10, 2024	Aa3 ^{**)}	-	5,714	-
Hewlett-Packard						
Company	4.30%	June 1, 2021	-	Baa1 ^{**)}	-	25,310
Goldman Sach	3.30%	May 3, 2015	-	A ^{***)}	-	25,273
Kraft Foods	5.00%	June 4, 2042	-	Baa2 ^{**)}	-	24,462
					433,984	431,202
					459,113	456,689
Related parties (Note 42)						
Rupiah						
PT Jasa Marga (Persero) Tbk Series XIII R	10.25%	June 21, 2017	idAA	idAA	102,134	99,977
PT Perusahaan Listrik Negara (Persero) Series IX A	10.40%	July 10, 2017	idAAA	idAAA	76,482	76,858
Perum Pegadaian Series XII B	8.00%	September 4, 2017	idAA+	idAA+	10,200	9,929
					188,816	186,764

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

2. Bonds (continued)

Issuer	Annual interest rate (%)	Maturity date	Rate ¹⁾		Fair value/Carrying value	
			March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Available for sale (continued)						
Related parties (Note 42) (continued)						
Foreign currencies						
PT Bank Negara Indonesia (Persero) Tbk	4.13%	April 27, 2017	BB****)	BB****)	23,248	24,344
PT Perusahaan Listrik Negara (Persero)	5.25%	October 24, 2042	Baa3**)	Baa3**)	9,183	9,106
PT Pertamina (Persero)	5.63%	May 20, 2043	-	Baa3**)	-	9,695
					32,431	43,145
					221,247	229,909
					680,360	686,598
Held to maturity						
Third parties						
Rupiah						
PT Japfa Comfeed Indonesia Tbk Series I 2012						
	9.90%	January 12, 2017	idA+	idA+	150,000	150,000
PT Bank CIMB Niaga Tbk Series B						
	8.30%	December 23, 2016	idAAA	idAAA	30,000	30,000
Series IA 2013						
	8.75%	November 20, 2015	idAAA	idAAA	40,000	40,000
Series IC 2013 Phase II Year						
	9.75%	November 20, 2018	idAAA	idAAA	30,000	30,000
2013 Series A Phase I Year						
	8.75%	November 20, 2015	idAAA	-	19,487	-
2012 Series B						
	7.75%	October 30, 2017	idAAA	-	4,517	-
PT Bank Danamon Indonesia Tbk Series II B						
	9.00%	December 9, 2015	idAA+	idAA+	81,257	81,292
PT Bank Permata Tbk Phase I 2013 Series A						
	10.00%	January 3, 2015	idAA+	idAA+	50,000	50,000
Phase I 2013 Series B						
	10.50%	December 24, 2016	idAA+	idAA+	25,000	25,000

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

2. Bonds (continued)

Issuer	Annual interest rate (%)	Maturity date	Rate ¹⁾		Fair value/Carrying value	
			March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Held to maturity (continued)						
Third parties (continued)						
Rupiah (continued)						
PT Bank BTPN						
Series I A	7.75%	August 3, 2015	AA-	AA-	30,000	30,000
Series I B	8.25%	August 3, 2017	AA-	AA-	20,000	20,000
Series I B Year 2009	12.00%	October 7, 2014	AA-	-	4,043	-
Series II B Year 2010	10.60%	May 18, 2015	AA-	-	5,042	-
Series III B Year 2010	9.20%	December 22, 2015	AA-	-	1,480	-
PT Astra Sedaya Finance						
Series XII C	9.70%	February 25, 2014	-	idAA+	-	50,000
Phase II Series A 2013	8.75%	December 6, 2014	idAA+	idAA+	50,000	50,000
PT Federal International Finance						
Phase I Series C	7.65%	April 20, 2015	idAA+	idAA+	29,489	29,430
Phase II Series A	6.75%	April 14, 2014	idAA+	idAA+	10,000	10,000
Phase II Series B	7.75%	April 4, 2016	idAA+	idAA+	10,000	10,000
PT Adira						
Dinamika Multi Finance Tbk						
Phase I Series C 2011	9.00%	December 16, 2016	idAA+	idAA+	4,009	4,009
Phase I Series C 2013	7.85%	March 1, 2016	idAA+	idAA+	15,000	15,000
Phase I Series D 2013	8.90%	March 1, 2018	idAA+	idAA+	9,863	9,856
Phase II Series A 2013	9.15%	November 3, 2014	idAA+	idAA+	5,009	5,012
Sukuk Phase I Series C 2013	7.85%	March 1, 2016	idAA+(Sy)	idAA+(Sy)	15,000	15,000
PT Bank OCBC NISP						
Series I B	6.90%	February 19, 2015	idAAA	idAAA	4,936	4,980
Series I C	7.40%	February 19, 2016	idAAA	idAAA	34,253	34,256
Phase I Year 2013 Series B	6.90%	February 19, 2015	idAAA	-	7,871	-

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

2. Bonds (continued)

Issuer	Annual interest rate (%)	Maturity date	Rate ^{*)}		Fair value/Carrying value	
			March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Held to maturity (continued)						
Third parties (continued)						
Rupiah (continued)						
PT Bank Pan Indonesia Tbk						
Series III 2009	11.50%	October 6, 2014	idAA	idAA	30,441	26,595
Series IV 2010	9.00%	November 9, 2015	idAA	idAA	9,996	9,995
PT Bank Internasional Indonesia Tbk						
Series IA 2012	7.60%	October 31, 2015	idAAA	idAAA	25,000	25,000
Series IB 2012	8.00%	October 31, 2017	idAAA	idAAA	15,000	15,000
PT BFI Finance						
Series IB 2013	8.50%	February 19, 2015	idA+	idA+	25,000	25,000
PT Salim Invomas Pratama						
Sukuk Ijarah I	11.65%	December 1, 2014	idAA	idAA	25,000	25,000
PT BW Plantation Tbk						
Series I	10.68%	November 16, 2015	idBBB+	idBBB+	25,000	25,000
PT Agung Podomoro Land Tbk						
Series IA	10.00%	August 25, 2014	idA	idA	6,000	6,000
Series II	9.38%	August 15, 2017	idA	idA	10,000	10,000
PT BPD Sumatera Barat (Bank Nagari)						
Series VI	9.88%	January 13, 2016	idA	idA	10,000	10,000
PT Bank Sumut						
Series III	10.13%	July 5, 2016	idA+	idA+	10,000	10,000
PT Bank Jabar Banten Tbk						
Series VII A	9.20%	February 9, 2014	-	idAA-	-	20,000
PT Bank DKI						
Series VI A	9.25%	June 17, 2014	idA+	idA+	17,000	17,000
BFI Finance Phase I Year						
2014 Series A	10.50%	March 17, 2015	idA	-	20,000	-
					<u>914,693</u>	<u>918,425</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

2. Bonds (continued)

Issuer	Annual interest rate (%)	Maturity date	Rate ¹⁾		Fair value/Carrying value	
			March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Held to maturity (continued)						
Related parties (Note 42)						
Rupiah						
Perum Pegadian						
Series I A	7.50%	October 11, 2014	idAA+	idAA+	247,000	247,000
Series XI A	13.10%	May 23, 2016	idAA+	idAA+	23,691	19,616
Series XIII B	12.65%	July 1, 2017	idAA+	idAA+	1,089	1,094
Series XII A	10.03%	September 4, 2017	idAA+	idAA+	6,095	6,101
Series XIII A1	11.68%	July 1, 2014	AA+	-	10,084	-
Lembaga						
Pembiayaan						
Ekspor						
Indonesia						
Series I C	9.60%	July 8, 2015	idAAA	idAAA	20,000	20,000
Series A	7.00%	December 20, 2014	idAAA	idAAA	37,000	37,000
Series B	7.75%	December 20, 2016	idAAA	idAAA	38,000	38,000
Series I B 2012	6.50%	November 27, 2015	idAAA	idAAA	25,000	25,000
Phase III Series A	6.15%	June 2, 2014	idAAA	idAAA	60,000	60,000
Tahap III Series B	6.40%	May 23, 2016	idAAA	idAAA	60,000	60,000
PT Bank						
Tabungan						
Negara						
(Persero) Tbk						
Series I	7.90%	June 5, 2022	idAA	idAA	25,000	25,000
Series XIV	10.25%	June 11, 2020	idAA	idAA	30,000	30,000
Series XV	9.50%	June 28, 2021	idAA	idAA	50,000	50,000
Series I Phase II						
2013	7.90%	March 27, 2023	idAA	idAA	33,902	33,872
Series XIII C	12.25%	May 29, 2014	idAA	idAA	3,018	3,046
XII Year 2006	12.75%	September 19, 2016	idAA	-	2,113	-
PT Aneka						
Tambang						
(Persero) Tbk						
Series I A	8.38%	December 14, 2018	idAA-	idAA-	20,000	20,000
Series I B	9.05%	December 14, 2021	idAA-	idAA-	75,000	75,000

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

2. Bonds (continued)

Issuer	Annual interest rate (%)	Maturity date	Rate ¹⁾		Fair value/Carrying value	
			March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Held to maturity (continued)						
Related parties (Note 42) (continued)						
Rupiah (continued)						
PT Sarana Multigriya Finansial (Persero) Series I B Phase II Year 2012 Mortgage Asset Guarentee	7.50%	December 27, 2017	idAA	idAA	18,886	18,824
PT Pupuk Kalimantan Timur Series B	7.35%	April 25, 2015	idAA	-	4,880	-
PT Perusahaan Listrik Negara (Persero) Sukuk Ijarah I Series II	10.75%	December 4, 2014	idAA+	idAA+	25,000	25,000
PT Perusahaan Listrik Negara (Persero) Sukuk Ijarah IV A IX Year 2007 Series A	11.95%	January 12, 2017	idAAA	idAAA	10,000	10,000
PT Waskita Karya Series II A	10.40%	July 10, 2017	idAAA	-	20,192	-
PT Indosat Tbk Series II A	8.75%	June 5, 2015	idA	idA	25,000	25,000
PT Indosat Tbk Sukuk Ijarah IV A	11.25%	December 8, 2014	idAA+	idAA+	16,000	16,000
					<u>896,950</u>	<u>855,553</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

2. Bonds (continued)

Issuer	Annual interest rate (%)	Maturity date	Rate ^{*)}		Fair value/Carrying value	
			March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Held to maturity						
(continued)						
Related parties						
(Note 42)						
(continued)						
Foreign currencies						
PT Bank Bank Negara Indonesia (Persero) Tbk	4.13%	April 27, 2017	BB****)	BB****)	76,839	82,377
Lembaga Pembiayaan Ekspor Indonesia	3.75%	April 26, 2017	idAAA	idAAA	60,085	64,360
					<u>136,924</u>	<u>146,737</u>
					<u>1,033,874</u>	<u>1,002,290</u>
					<u>1,948,567</u>	<u>1,920,715</u>
Total					<u>2,628,927</u>	<u>2,607,313</u>

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

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

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

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

3. Mutual Funds

	March 31, 2014	December 31, 2013
Fair value through profit or loss		
Third parties		
Rupiah		
ITB - Niaga	10,994	10,702
Available for sale		
Third parties		
Rupiah		
RHB OSK Asset Management	25,503	75,013
Related parties (Note 42)		
Rupiah		
BNI Asset Management	225,449	252,749
	<u>250,952</u>	<u>327,762</u>
Total	<u>261,946</u>	<u>338,464</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

4. Notes Receivable

Issuer	March 31, 2014		Carrying value
	Maturity date	Rating****)	
Held to maturity			
Third parties			
Foreign currencies			
Morgan Stanley	August 31, 2015	A-	22,720
Morgan Stanley	August 31, 2017	A-	22,720
Total			45,440

Issuer	December 31, 2013		Carrying value
	Maturity date	Rating****)	
Held to maturity			
Third parties			
Foreign currencies			
Verizon	March 28, 2014	A-	36,510
Morgan Stanley	August 31, 2015	A-	24,340
Morgan Stanley	August 31, 2017	A-	24,340
Total			85,190

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

5. Subordinated bonds

Issuer	Annual interest rate (%)	Maturity date	Rating		Fair value/Carrying value	
			March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
Held to maturity						
Third parties						
Rupiah						
PT Bank OCBC NISP Tbk Series III	11.35%	June 30, 2017	AA***)	AA***)	40,000	40,000
Total					40,000	40,000

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

6. Medium Term Notes (MTN)

Issuer	Nominal value	Annual interest rate (%)	Maturity date	Fair value/Carrying value	
				March 31, 2014	December 31, 2013
Held to maturity					
Third parties					
Rupiah					
PT Bank OCBC NISP Tbk Series III	25,000	7.00% ^{*)}	April 18, 2016	25,000	25,000
Related parties (Note 42)					
Rupiah					
PT Perkebunan Nusantara III (Persero) Series B	25,000	9.75% ^{*)}	November 22, 2015	25,000	25,000
Total				50,000	50,000

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

7. Credit Linked Notes (CLN)

As of March 31, 2014 and December 31, 2013, the following are the balances of securities in the form of CLN:

Issuer	Effective date	Maturity date	Annual interest rate	March 31, 2014	
				Nominal value foreign currencies (full amount)	Carrying value
Held to maturity					
Third parties					
Foreign currencies					
Credit Suisse International	October 20, 2011	December 20, 2016	LIBOR ^{*)} + 2.95%	50,000,000	801,842
The Hongkong and Shanghai Banking Corporation Limited	April 28, 2009	June 20, 2014	LIBOR ^{*)} + 1.50%	70,000,000	602,282
Total				120,000,000	1,404,124

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

7. Credit Linked Notes (CLN) (continued)

December 31, 2013					
Issuer	Effective date	Maturity date	Annual interest rate	Nominal value foreign currencies (full amount)	Carrying value
Fair value through profit or loss					
Third parties					
Foreign currencies					
Standard					
Chartered Bank	March 14, 2011	March 20, 2014	3.05%	25,000,000	304,250
The Royal Bank of Scotland	April 6, 2011	March 20, 2014	LIBOR ^{*)} + 2.00%	30,000,000	365,100
				55,000,000	669,350
Held to maturity					
Third parties					
Foreign currencies					
Credit Suisse					
International	October 20, 2011	December 20, 2016	LIBOR ^{*)} + 2.95%	50,000,000	648,462
Standard					
Chartered Bank	February 11, 2009	March 20, 2014	LIBOR ^{**) + 1.50%}	90,000,000	1,105,834
The Hongkong and Shanghai Banking Corporation Limited	April 28, 2009	June 20, 2014	LIBOR ^{**) + 1.50%}	70,000,000	866,921
The Royal Bank of Scotland	January 14, 2009	March 20, 2014	LIBOR ^{**) + 2.80%}	50,000,000	615,003
The Royal Bank of Scotland	February 10, 2009	March 20, 2014	LIBOR ^{**) + 1.10%}	25,000,000	307,233
				285,000,000	3,543,453
Total				4,212,803	4,212,803

^{*)} United States Dollar LIBOR 6 (six) months.

^{**)} United States Dollar LIBOR 3 (three) months.

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

The embedded credit default swap as of December 31, 2013 and 2012 have a liability fair value of USD4,338,569 and USD3,225,160 (equivalent to Rp49,286 and Rp39,250), respectively, which were recognized as derivatives payable in the consolidated statements of financial position (Note 11).

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

7. SECURITIES (continued)

d. By Type and Issuer (continued)

7. Credit Linked Notes (CLN) (continued)

As of December 31, 2013 and 2012 BRI recognized net unrealized gains from increase in fair value of CLN classified as "fair value through profit or loss" amounted to USDNil and USD404,078 (equivalent to RpNil and Rp4,918) which was recorded in the consolidated statements of financial position as derivatives receivable (Note 11) and consolidated statements of comprehensive income as unrealized gain from changes in fair value of securities and Government Recapitalization Bonds.

e. Movements in the allowance for impairment losses on securities

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Beginning balance	772	760
Provision during the period (Note 32)	1	12
Ending balance	<u>773</u>	<u>772</u>

BRI assessed individually for impairment based on whether an objective evidence of impairment exists, except for the securities of BRIS (Subsidiary) based on Sharia principles whereby assessment is made using Bank Indonesia's guidelines on collectability.

The minimum allowance for impairment losses on securities based on Bank Indonesia regulations amounted to Rp773 and Rp772 as of March 31, 2014 and December 31, 2013, respectively.

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

f. The average annual interest rates

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Rupiah	7.62%	7.24%
Foreign currencies		
United States Dollar	4.82%	4.07%

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

8. EXPORT BILLS

a. By Type and Currency

	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>
Third parties				
Rupiah				
Domestic Documentary Letters of Credit (SKBDN)		713,439		932,062

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

8. EXPORT BILLS (continued)

a. By Type and Currency (continued)

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount (full amount)	Equivalent Rp	Foreign currency notional amount (full amount)	Equivalent Rp
Third parties (continued)				
Rupiah (continued)				
Export bills		116,028		114,289
		829,467		1,046,351
Foreign currencies				
Export bills				
Chinese Yuan	2,780,994,877	5,089,971	3,234,176,175	6,501,583
United States Dollar	88,510,635	1,005,481	66,388,123	807,943
Great Britain Pound				
Sterling	2,680,151	50,599	2,265,458	45,560
Hong Kong Dollar	32,971,925	48,280	73,008,995	114,591
European Euro	3,076,704	47,920	2,476,401	41,503
Japan Yen	421,393,569	46,857	1,036,368,866	119,960
Arab Emirates Dirham	977,238	3,022	8,740,469	28,962
Singapore Dollar	231,982	2,088	545,412	5,248
Australian Dollar	75,147	791	108,326	1,176
Saudi Arabian Riyal	-	-	1,713,915	5,561
		6,295,009		7,672,087
		7,124,476		8,718,438
Related parties				
(Note 42)				
Rupiah				
Domestic Documentary				
Letters of Credit		3,807		175,326
Foreign currencies				
Export bills				
United States Dollar		-	2,654,727	32,308
		-		207,634
Total		7,128,283		8,926,072

b. By Collectibility

All export bills were classified as "Current" as of March 31, 2014 and December 31, 2013.

c. By Period

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

	March 31, 2014	December 31, 2013
Third parties		
Rupiah		
≤ 1 month	414,170	928,943
> 1 month - 3 months	375,423	117,408

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

8. EXPORT BILLS (continued)

c. By Period (continued)

	March 31, 2014	December 31, 2013
Third parties (continued)		
Rupiah (continued)		
> 3 months - 6 months	39,874	-
	<u>829,467</u>	<u>1,046,351</u>
Mata uang asing		
≤ 1 month	773,186	-
> 1 month - 3 months	1,012,372	961,982
> 3 months - 6 months	415,029	6,710,105
> 6 months - 12 months	709,818	-
> 12 months	3,384,604	-
	<u>6,295,009</u>	<u>7,672,087</u>
	<u>7,124,476</u>	<u>8,718,438</u>
Related parties (Note 42)		
Rupiah		
≤ 1 month	-	175,326
> 1 month - 3 months	3,807	-
	<u>3,807</u>	<u>175,326</u>
Foreign currencies		
≤ 1 month	-	32,308
	<u>3,807</u>	<u>207,634</u>
Total	<u>7,128,283</u>	<u>8,926,072</u>

BRI assessed export bills individually for impairment based on whether an objective evidence of impairment exist.

Management believes that no allowance for impairment losses is necessary as of March 31, 2014 and December 31, 2013, because management believes that export bills are fully collectible.

Information with respect to the classification of not impaired and impaired financial assets is disclosed in Note 37.

9. GOVERNMENT RECAPITALIZATION BONDS

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

In connection with the recapitalization program, BRI received bonds issued by the Government at a nominal amount of Rp29,149,000 in 2 (two) tranches, at nominal amounts of Rp20,404,300 on July 25, 2000 and Rp8,744,700 on October 31, 2000, all of which earn interest at a fixed rate. Based on the management contract dated February 28, 2001 between the Government and the Directors and Boards of Commissioners of BRI, the total Government Recapitalization Bonds needed for BRI's recapitalization was determined at Rp29,063,531 (Note 29a), 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 the Government Recapitalization bonds amounted to Rp85,469, including the related interests on such bonds to the Government.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(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

	March 31, 2014	December 31, 2013
Fair value through profit or loss		
≤ 1 month	-	199,314
Available for sale		
≤ 1 month	715,201	712,105
Held to maturity		
> 1 year - 5 years	2,125,000	1,000,000
> 5 years - 10 years	1,475,000	2,600,000
	<u>3,600,000</u>	<u>3,600,000</u>
Total	<u>4,315,201</u>	<u>4,511,419</u>

b. By Classification and Type

Series	Annual interest rate (%)	Maturity date	Fair value/Carrying value	
			March 31, 2014	December 31, 2013
Fair value through profit or loss				
VR0026	SPN 3 months	January 25, 2018	-	199,314
Available for sale				
VR0027	SPN 3 months	July 25, 2018	446,724	444,748
VR0031	SPN 3 months	July 25, 2020	268,477	267,357
			<u>715,201</u>	<u>712,105</u>
Held to maturity				
VR0020	SPN 3 months	April 25, 2015	250,000	250,000
VR0021	SPN 3 months	November 25, 2015	250,000	250,000
VR0023	SPN 3 months	October 25, 2016	500,000	500,000
VR0026	SPN 3 months	January 25, 2018	375,000	375,000
VR0027	SPN 3 months	July 25, 2018	375,000	375,000
VR0028	SPN 3 months	August 25, 2018	375,000	375,000
VR0029	SPN 3 months	August 25, 2019	375,000	375,000
VR0031	SPN 3 months	July 25, 2020	1,100,000	1,100,000
			<u>3,600,000</u>	<u>3,600,000</u>
Total			<u>4,315,201</u>	<u>4,511,419</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

Securities purchased under agreement to resell as of March 31, 2014 and December 31, 2013 consist of:

March 31, 2014					
	Annual interest rate (%)	Purchase date	Resell date	Nominal Amount	Resell price-net
Third parties					
Rupiah					
Bank Indonesia					
Government bonds					
Series SPN12140731	6.20%	February 27, 2014	April 1, 2014	925,747	930,849
Series FR0054	6.20%	February 28, 2014	April 1, 2014	992,377	997,675
Series FR0065	6.19%	March 4, 2014	April 3, 2014	752,638	756,132
Series FR0058	6.19%	March 4, 2014	April 3, 2014	1,755,176	1,763,324
Series FR0058	6.19%	March 3, 2014	April 1, 2014	894,769	899,077
Series FR0065	6.19%	March 5, 2014	April 4, 2014	757,581	760,968
Series SPN12141009	6.20%	March 6, 2014	April 7, 2014	228,939	229,925
Series FR0061	6.20%	March 6, 2014	April 7, 2014	680,276	683,204
Series SPN12141009	6.19%	March 6, 2014	April 7, 2014	183,151	183,939
Series FR0043	6.53%	March 6, 2014	June 5, 2014	539,329	541,774
Series FR0061	6.19%	March 7, 2014	April 7, 2014	748,984	752,075
Series FR0030	6.19%	March 7, 2014	April 7, 2014	181,553	182,302
Series SPN12140703	6.19%	March 6, 2014	April 7, 2014	745,876	749,082
Series FR0031	6.19%	March 10, 2014	April 8, 2014	780,552	783,371
Series FR0061	6.19%	March 10, 2014	April 8, 2014	102,091	102,459
Series SPN12150305	6.19%	March 10, 2014	April 8, 2014	177,544	178,185
Series SPN12140604	6.19%	March 13, 2014	April 10, 2014	123,860	124,244
Series SPN12140507	6.19%	March 13, 2014	April 10, 2014	45,463	45,604
Series FR0027	6.19%	March 13, 2014	April 10, 2014	320,085	321,076
Series FR0044	6.19%	March 18, 2014	April 16, 2014	1,074,525	1,076,927
Series FR0070	6.18%	March 17, 2014	April 14, 2014	487,303	488,474
Series FR0053	6.20%	March 20, 2014	April 21, 2014	491,693	492,624
Series FR0056	6.60%	March 20, 2014	June 19, 2014	476,899	477,861
Series FR0053	6.20%	March 21, 2014	April 21, 2014	489,937	490,781
Series FR0053	6.19%	March 19, 2014	April 17, 2014	490,254	491,266
Series FR0059	6.19%	March 25, 2014	April 23, 2014	619,412	620,051
Series SPN12150108	6.19%	March 25, 2014	April 23, 2014	247,491	247,747
Series FR0059	6.19%	March 25, 2014	April 23, 2014	426,769	427,209
Series FR0063	6.19%	March 24, 2014	April 22, 2014	406,528	407,017

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)

March 31, 2014					
	Annual interest rate (%)	Purchase date	Resell date	Nominal Amount	Resell price-net
Third parties (continued)					
Rupiah (continued)					
Bank Indonesia (continued)					
Government bonds (continued)					
Series FR0056	6.19%	March 26, 2014	April 24, 2014	471,772	472,177
Series SPN12150108	6.19%	March 27, 2014	April 25, 2014	433,172	433,470
Series FR0063	6.19%	March 24, 2014	April 22, 2014	406,528	407,017
Series FR0056	6.19%	March 27, 2014	April 25, 2014	943,391	944,040
Series FR0064	6.20%	March 28, 2014	April 28, 2014	775,873	776,274
Series FR0071	6.20%	March 28, 2014	April 28, 2014	860,232	860,676
Series FR0064	6.20%	March 28, 2014	April 28, 2014	104,386	104,440
Series SPN12150206	6.19%	March 27, 2014	April 25, 2014	448,539	448,847
Series FR0056	6.19%	March 27, 2014	April 25, 2014	18,868	18,881
Bank Panin					
Series FR0042	6.40%	March 18, 2014	April 1, 2014	483,217	484,333
Series IDSD17041418	6.55%	March 25, 2014	April 8, 2014	104,052	104,166
Bank Jabar Banten					
Series SPN12140703	6.40%	March 26, 2014	April 2, 2014	46,809	46,850
Series IDSD240414182S	6.45%	March 25, 2014	April 1, 2014	179,483	179,676
				21,423,124	21,486,069
Related parties (Note 42)					
Rupiah					
PT Bank Mandiri (Persero) Tbk					
Government Recapitalization Bonds					
Series VR0029 RECAP	6.60%	March 19, 2014	April 2, 2014	500,044	501,141
Series VR0029	7.30%	March 24, 2014	April 24, 2014	222,563	222,880
PT Bank Bukopin Tbk					
Government bonds					
Series IDBI240714266S	6.50%	March 27, 2014	April 3, 2014	175,913	176,040
				898,520	900,061
Total				22,321,644	22,386,130

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)

31 Desember 2013					
	Tingkat suku bunga (%)	Tanggal beli	Tanggal jual kembali	Nilai beli	Nilai jual kembali-neto
Pihak ketiga					
Rupiah					
Bank Indonesia					
Obligasi pemerintah					
Seri FR0026	5,90%	27 Desember 2013	03 Januari 2014	323.242	323.454
Seri FR0026	5,90%	31 Desember 2013	07 Januari 2014	1.289.285	1.289.285
Seri FR0027	5,90%	31 Desember 2013	07 Januari 2014	1.674.894	1.674.894
Seri FR0056	6,06%	18 Desember 2013	02 Januari 2014	463.099	464.112
Seri FR0056	6,06%	20 Desember 2013	03 Januari 2014	464.450	465.310
Seri FR0057	6,34%	04 Desember 2013	02 Januari 2014	483.903	486.204
Seri FR0058	6,34%	17 Desember 2013	16 Januari 2014	372.741	373.660
Seri FR0059	6,06%	19 Desember 2013	02 Januari 2014	804.695	806.320
Seri FR0059	6,06%	30 Desember 2013	13 Januari 2014	806.682	806.818
Seri FR0060	5,90%	30 Desember 2013	06 Januari 2014	365.700	365.759
Seri FR0064	6,32%	12 Desember 2013	09 Januari 2014	709.928	712.296
Seri FR0064	6,34%	13 Desember 2013	10 Januari 2014	713.828	716.091
Seri FR0066	5,90%	27 Desember 2013	03 Januari 2014	2.246.357	2.247.829
Seri FR0069	5,90%	27 Desember 2013	03 Januari 2014	360.344	360.581
Seri FR0071	6,34%	17 Desember 2013	16 Januari 2014	73.859	74.041
Seri SPN12140703	5,90%	30 Desember 2013	06 Januari 2014	733.153	733.154
Seri SPN12140911	5,90%	27 Desember 2013	03 Januari 2014	610.321	610.721
Seri SPN12140911	5,90%	30 Desember 2013	06 Januari 2014	270.860	270.905
Seri SPN12141009	5,90%	30 Desember 2013	06 Januari 2014	448.692	448.765
PT Bank Pan					
Indonesia Tbk					
Sertifikat Bank					
Indonesia					
IDSD06031491S	7,00%	19 Desember 2013	15 Januari 2014	99.805	100.038
				13.315.838	13.330.237
Pihak berelasi					
(Catatan 42)					
Rupiah					
PT Bank Bukopin Tbk					
Obligasi Pemerintah					
Seri ORI010	7,00%	20 Desember 2013	10 Januari 2014	100.800	101.016
PT Bank Mandiri					
(Persero) Tbk					
Obligasi					
Rekapitalisasi					
Pemerintah					
Seri VR0026	7,00%	31 Desember 2013	07 Januari 2014	504.405	504.405
Seri VR0026	7,00%	31 Desember 2013	07 Januari 2014	504.405	504.405
				1.109.610	1.109.826
Total				14.425.448	14.440.063

BRI assessed securities purchased under agreement to resell individually for impairment based on whether an objective evidence of impairment exists.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

11. DERIVATIVES RECEIVABLE AND PAYABLE

The summary of the derivatives transactions is as follows:

Transaction	March 31, 2014	
	Derivatives receivable	Derivatives payable
Foreign currency swap	1,533	4,490
Purchase forward of foreign currency	651	-
Credit Linked Notes (Note 7)	-	49,286
Foreign currency and interest rate swap	-	1,121,210
Purchased and sale of foreign currency spot	-	439
Total	2,184	1,175,425

Transaction	December 31, 2013	
	Derivatives receivable	Derivatives payable
Credit Linked Notes (Note 7)	4,918	39,250
Purchased and sale of foreign currency spot	63	-
Foreign currency and interest rate swap	-	1,523,183
Foreign currency swap	-	2,669
Total	4,981	1,565,102

a. Cross currency and interest rate swap

BRI's cross currency and interest rate swap contracts as of March 31, 2014 and December 31, 2013 are as follows:

Counterparties	Notional amount	March 31, 2014		Date	
		Annual interest rate		Effective	Maturity
		Received	Paid		
Mata uang asing					
Dolar Amerika Serikat					
DBS Bank	65,000,000	7.50%	LIBOR ^(*) + 1.65%	September 27, 2011	September 27, 2014
DBS Bank	50,000,000	8.50%	LIBOR ^(*) + 0.55%	September 28, 2013	November 28, 2016
Standard Chartered Bank	20,000,000	7.00%	LIBOR ^(*) + 1.69%	September 18, 2012	September 18, 2014
Standard Chartered Bank	40,000,000	7.00%	LIBOR ^(*) + 1.75%	November 1, 2012	November 1, 2015
Standard Chartered Bank	60,000,000	7.00%	LIBOR ^(*) + 1.75%	November 1, 2012	November 1, 2015
Standard Chartered Bank	50,000,000	8.50%	LIBOR ^(*) + 0.55%	November 27, 2013	November 27, 2016
The Hongkong and Shanghai Banking Corporation Limited	50,000,000	7.50%	LIBOR ^(*) + 1.70%	September 26, 2011	September 26, 2014
The Hongkong and Shanghai Banking Corporation Limited	50,000,000	7.50%	LIBOR ^(*) + 1.70%	September 21, 2011	September 22, 2014
The Hongkong and Shanghai Banking Corporation Limited	50,000,000	7.00%	LIBOR ^(*) + 1.90%	April 16, 2012	April 16, 2014

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

a. Cross currency and interest rate swap (continued)

Counterparties	Notional amount	March 31, 2014		Date	
		Annual interest rate		Effective	Maturity
		Received	Paid		
Foreign currencies (continued)					
United States Dollar (continued)					
The Hongkong and Shanghai Banking Corporation Limited	50,000,000	7.00%	LIBOR**) + 1.50%	December 10, 2012	December 10, 2015
The Hongkong and Shanghai Banking Corporation Limited	50,000,000	7.00%	LIBOR**) + 1.50%	December 4, 2012	December 4, 2015
ANZ Bank	50,000,000	7.00%	LIBOR**) + 1.55%	December 5, 2012	November 5, 2014
Citibank	25,000,000	7.00%	LIBOR**) + 1.68%	October 15, 2012	October 15, 2014
	<u>610,000,000</u>				
		December 31, 2013		Date	
		Annual interest rate		Effective	Maturity
		Received	Paid		
Foreign currencies					
United States Dollar					
DBS Bank	65,000,000	7.50%	LIBOR**) + 1.65%	September 27, 2011	September 27, 2014
DBS Bank Standard Chartered Bank	50,000,000	8.50%	LIBOR*) + 0.55%	November 28, 2013	November 28, 2016
Standard Chartered Bank	20,000,000	7.00%	LIBOR**) + 1.69%	September 18, 2012	September 18, 2014
Standard Chartered Bank	40,000,000	7.00%	LIBOR**) + 1.75%	November 1, 2012	November 1, 2015
Standard Chartered Bank	60,000,000	7.00%	LIBOR**) + 1.75%	November 1, 2012	November 1, 2015
Standard Chartered Bank	50,000,000	8.50%	LIBOR*) + 0.55%	November 27, 2013	November 27, 2016
The Hongkong and Shanghai Banking Corporation Limited	50,000,000	7.50%	LIBOR**) + 1.70%	September 26, 2011	September 26, 2014
The Hongkong and Shanghai Banking Corporation Limited	50,000,000	7.50%	LIBOR**) + 1.70%	September 21, 2011	September 22, 2014
The Hongkong and Shanghai Banking Corporation Limited	50,000,000	7.00%	LIBOR**) + 1.90%	April 16, 2012	April 16, 2014
The Hongkong and Shanghai Banking Corporation Limited	50,000,000	7.00%	LIBOR**) + 1.50%	December 10, 2012	December 10, 2015
The Hongkong and Shanghai Banking Corporation Limited	50,000,000	7.00%	LIBOR**) + 1.50%	December 4, 2012	December 4, 2015
ANZ Bank	50,000,000	7.00%	LIBOR**) + 1.55%	December 5, 2012	December 5, 2015
Citibank	25,000,000	7.00%	LIBOR**) + 1.68%	October 15, 2012	October 15, 2014
	<u>610,000,000</u>				

*) SGD SIBOR 3 (three) months.

**) USD LIBOR 3 (three) months.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

a. Cross currency and interest rate swap (continued)

BRI enters into cross currency and interest rate swap contracts with several counterparties, whereby BRI and counterparties agree to exchange funds in USD and Rupiah with the amount equal at the effective date of the contract. Thus, BRI/counterparties shall pay interest according to the funds received.

If the funds received are in USD, the beneficiary must pay fixed rate or floating rate of SIBOR 3 (three) months, LIBOR 3 (three) months or LIBOR 6 (six) months plus certain margin. On the contrary, the beneficiary pays fixed rate or floating rate of floating rates of interest prevailing in the market plus certain margin if funds received are in Rupiah.

b. Foreign currency spots - purchase and sale

As of March 31, 2014, BRI has outstanding foreign currency spot purchase and sale contract with notional amount of USD10,000,000 and USD3,000,000 and contractual purchase amount of Rp11,360 and contractual sale amount of Rp34,080.

c. Foreign currency swap

As of March 31, 2014, BRI has outstanding foreign currency swap contracts with notional purchase amount of USD44,025,164 and notional sale amount of USD29,025,164 with the contractual purchase amount of Rp500,125 and the contractual sale amount of Rp329,725.

BRI assessed individually derivatives receivable with objective evidence of impairment.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

12. LOANS

a. By Currency and Type

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Third parties		
Rupiah		
Kupedes	135,828,017	132,131,803
Working capital	85,547,546	87,467,943
Consumer	76,167,901	74,610,014
Investment	28,469,874	26,634,287
Program	10,593,315	10,594,551
Syndicated	1,746,247	1,703,561
	<u>338,352,900</u>	<u>333,142,159</u>
Foreign currencies		
Working capital	14,548,855	18,935,853
Investment	12,739,615	12,705,403
Syndicated	993,168	1,075,184
	<u>28,281,638</u>	<u>32,716,440</u>
	<u>366,634,538</u>	<u>365,858,599</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

12. LOANS (continued)

a. By Currency and Type (continued)

	March 31, 2014	December 31, 2013
Related parties (Note 42)		
Rupiah		
Working capital	25,550,030	29,191,123
Syndicated	19,418,081	16,927,886
Investment	7,566,736	6,694,154
Employees	48,987	54,084
Consumer	37,847	39,601
	<u>52,621,681</u>	<u>52,906,848</u>
Foreign currencies		
Working capital	13,396,531	11,124,217
Investment	3,002,856	3,825,317
Syndicated	640,381	601,485
	<u>17,039,768</u>	<u>15,551,019</u>
	<u>69,661,449</u>	<u>68,457,867</u>
	436,295,987	434,316,466
Less: Allowance for impairment losses	(15,531,016)	(15,171,736)
Total	<u>420,764,971</u>	<u>419,144,730</u>

The details of loans by currencies are as follows:

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount (full amount)	Equivalent Rp	Foreign currency notional amount (full amount)	Equivalent Rp
Rupiah		390,974,581		386,049,007
Foreign currencies				
United States Dollar	3,968,605,178	45,083,356	3,944,419,742	48,003,588
Singapore Dollar	21,165,175	190,490	22,162,586	213,250
European Euro	1,513,334	23,570	2,397,871	40,187
Australian Dollar	1,334,190	14,037	-	-
Japan Yen	89,509,114	9,953	90,143,666	10,434
		<u>45,321,406</u>		<u>48,267,459</u>
		436,295,987		434,316,466
Less: Allowance for impairment losses		(15,531,016)		(15,171,736)
Total		<u>420,764,971</u>		<u>419,144,730</u>

b. By Economic Sector

	March 31, 2014	December 31, 2013
Third parties		
Rupiah		
Trading, hotels and restaurants	129,706,680	127,520,973
Agriculture	33,829,181	32,452,072
Business services	14,892,936	14,438,720
Manufacturing	13,630,301	14,220,719
Construction	7,716,176	7,811,836

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

12. LOANS (continued)

b. By Economic Sector (continued)

	March 31, 2014	December 31, 2013
Third parties (continued)		
Rupiah (continued)		
Transportation, warehousing and communications	4,227,578	4,184,363
Social services	2,844,117	2,701,451
Mining	1,957,096	2,265,285
Electricity, gas and water	552,638	602,103
Others	128,996,197	126,944,637
	<u>338,352,900</u>	<u>333,142,159</u>
Foreign currencies		
Manufacturing	15,151,617	18,164,626
Trading, hotels and restaurants	3,761,096	5,377,368
Agriculture	2,484,395	2,881,438
Mining	1,500,235	1,512,662
Construction	1,463,889	1,138,289
Electricity, gas and water	1,413,219	1,539,950
Transportation, warehousing and communications	1,049,140	1,136,003
Business service	781,754	848,098
Others	676,293	118,006
	<u>28,281,638</u>	<u>32,716,440</u>
	<u>366,634,538</u>	<u>365,858,599</u>
Related parties (Note 42)		
Rupiah		
Electricity, gas and water	13,301,769	10,001,627
Trading, hotels and restaurants	11,865,129	10,727,788
Manufacturing	7,253,060	6,522,773
Transportation, warehousing and communications	7,167,190	7,086,773
Business service	6,284,821	6,102,396
Agriculture	4,361,631	4,193,698
Construction	2,117,120	2,162,385
Mining	218,950	203,514
Social services	120	5,850,094
Others	51,891	55,800
	<u>52,621,681</u>	<u>52,906,848</u>
Foreign currencies		
Manufacturing	12,537,997	10,135,360
Social services	2,469,241	3,286,158
Mining	1,426,627	1,528,349
Business service	601,663	592,004
Agriculture	4,240	9,148
	<u>17,039,768</u>	<u>15,551,019</u>
	<u>69,661,449</u>	<u>68,457,867</u>
	436,295,987	434,316,466
Less: Allowance for impairment losses	(15,531,016)	(15,171,736)
Total	<u>420,764,971</u>	<u>419,144,730</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

12. LOANS (continued)

c. By Period

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

	March 31, 2014	December 31, 2013
Third parties		
Rupiah		
≤ 1 month	16,174,091	12,190,232
> 1 month - 3 months	14,696,606	13,988,502
> 3 months - 1 year	57,425,151	62,647,603
> 1 year - 2 years	52,105,812	52,210,407
> 2 years - 5 years	98,081,506	95,010,709
> 5 years	99,869,734	97,094,706
	<u>338,352,900</u>	<u>333,142,159</u>
Foreign currencies		
≤ 1 month	4,193,767	4,106,354
> 1 month - 3 months	2,378,976	3,625,688
> 3 months - 1 year	7,877,481	9,002,931
> 1 year - 2 years	959,951	2,881,897
> 2 years - 5 years	4,954,007	4,549,898
> 5 years	7,917,456	8,549,672
	<u>28,281,638</u>	<u>32,716,440</u>
	<u>366,634,538</u>	<u>365,858,599</u>
Related parties (Note 42)		
Rupiah		
≤ 1 month	7,641,950	1,015,879
> 1 month - 3 months	4,194,707	20,261,074
> 3 months - 1 year	13,604,074	5,403,421
> 1 year - 2 years	2,519,069	2,554,393
> 2 years - 5 years	6,052,186	5,418,516
> 5 years	18,609,695	18,253,565
	<u>52,621,681</u>	<u>52,906,848</u>
Foreign currencies		
≤ 1 month	11,193,718	8,865,691
> 1 month - 3 months	4,240	20,014
> 3 months - 1 year	1,511,951	2,197,227
> 1 year - 2 years	454,400	486,800
> 2 years - 5 years	2,081,290	829,573
> 5 years	1,794,169	3,151,714
	<u>17,039,768</u>	<u>15,551,019</u>
	<u>69,661,449</u>	<u>68,457,867</u>
	<u>436,295,987</u>	<u>434,316,466</u>
Less: Allowance for impairment losses	(15,531,016)	(15,171,736)
Total	<u>420,764,971</u>	<u>419,144,730</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

12. LOANS (continued)

d. By Collectibility

	March 31, 2014	December 31, 2013
Individual	7,084,346	7,421,717
Collective		
Current	392,708,372	400,826,162
Special mention	30,015,233	20,564,316
Substandard	1,396,423	930,623
Doubtful	1,504,137	949,415
Loss	3,587,476	3,624,233
	<u>429,211,641</u>	<u>426,894,749</u>
	<u>436,295,987</u>	<u>434,316,466</u>
Less: Allowance for impairment losses		
Individual	(1,120,166)	(2,387,935)
Collective	(14,410,850)	(12,783,801)
	<u>(15,531,016)</u>	<u>(15,171,736)</u>
Total	<u>420,764,971</u>	<u>419,144,730</u>

e. By Operating Segment

	March 31, 2014	December 31, 2013
Third parties		
Rupiah		
Retail	166,326,583	142,266,742
Micro	146,461,729	165,159,679
Corporate	25,564,588	25,715,738
	<u>338,352,900</u>	<u>333,142,159</u>
Foreign currencies		
Corporate	20,534,933	22,265,376
Retail	7,746,705	10,451,064
	<u>28,281,638</u>	<u>32,716,440</u>
	<u>366,634,538</u>	<u>365,858,599</u>
Related parties (Note 42)		
Rupiah		
Corporate	52,188,175	46,780,191
Retail	433,506	6,126,657
	<u>52,621,681</u>	<u>52,906,848</u>
Foreign currencies		
Corporate	16,930,613	15,434,081
Retail	109,155	116,938
	<u>17,039,768</u>	<u>15,551,019</u>
	<u>69,661,449</u>	<u>68,457,867</u>
	<u>436,295,987</u>	<u>434,316,466</u>
Less: Allowance for impairment losses	(15,531,016)	(15,171,736)
Total	<u>420,764,971</u>	<u>419,144,730</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

12. LOANS (continued)

f. Other Significant Information

1. The average annual interest rates for loans are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Contractual rate		
Rupiah	11.88%	11.79%
Foreign currencies	4.95%	4.47%
Effective interest rate		
Rupiah	16.02%	15.95%
Foreign currencies	5.06%	4.58%

2. The loans are generally collateralized by registered mortgages, by powers of attorneys to sell, demand deposits, time deposits or by other guarantees generally accepted by banks (Notes 19, 20 and 21).
3. Working capital and investment loans represent loans to customers for working capital requirements and capital goods.
4. Consumer loans consist of housing, motor vehicles and other personal loans.
5. Program loans represent loan facilities channeled by BRI based on the guidelines from the Government to support the development of Indonesia's small scale industry, middle and cooperative units.
6. Kupedes loans represent loan facilities channeled by BRI through BRI's Units. The target of these loans is micro businesses and fixed income employees that require additional funds, in accordance with the maximum limit amount stated in the Kupedes manual. The economic sectors covered under Kupedes include agriculture, manufacturing, trading and others.
7. Syndicated loans represent loans provided to customers under syndication agreements with other banks. BRI's participation as member in the syndicated loans ranged from 2.97% until 74.94% as of March 31, 2014 and December 31, 2013.
8. Loans to employees with 5.50% annual interest rate, intended for the acquisition of vehicles, houses and other necessities with 4 (four) to 20 (twenty) years maturity. Loan principal and interest payments were collected through monthly payroll deductions. Difference between employee loan's interest rates and Base Lending Rate (BLR) is deferred and recorded as deferred expense for employee loans as part of other assets. Deferred expense for employee loans amounted to Rp625,430 and Rp640,498 as of March 31, 2014 and December 31, 2013, respectively (Note 17).
9. Loans granted by BRI to related parties, other than loans to key employees (Note 42) are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
PT Perusahaan Listrik Negara (Persero)	13,536,794	10,288,290
Perum BULOG	10,590,982	9,355,324
PT Pertamina (Persero)	10,244,559	8,603,110
Perum Pegadaian	3,982,431	3,602,519
Kementerian Keuangan Republik Indonesia	2,993,530	3,778,698
PT Kereta Api Indonesia (Persero)	2,810,298	2,709,044

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

12. LOANS (continued)

f. Other Significant Information (continued)

9. Loans granted by BRI to related parties, other than loans to key employees (Note 42) are as follows (continued):

	March 31, 2014	December 31, 2013
PT Telekomunikasi Indonesia (Persero) Tbk.	2,125,000	2,250,000
PT Pupuk Kalimantan Timur	1,968,201	1,836,399
PT Dayamitra Telekomunikasi	1,728,438	1,610,438
PT Pupuk Kujang	799,682	834,451
PT Bringin Srikandi Finance	585,793	595,041
PT Petrokimia Gresik	360,098	345,026
PT Bringin Indotama Sejahtera Finance	214,820	198,653
PT Bringin Karya Sejahtera	159	157
PT Taspen (Persero)	-	5,100,000
Others	17,671,677	17,296,633
	69,612,462	68,403,783

10. Loans that have been restructured by BRI (Parent Entity) during March 31, 2014 and December 31, 2013, that were reported to Bank Indonesia amounted to Rp1,292,522 and Rp2,190,691, respectively. Restructuring scheme generally involves extension of the loan maturity date and rescheduling of overdue interest payment.

11. In its report on Legal Lending Limit to Bank Indonesia as of March 31, 2014 and December 31, 2013, BRI indicated that there is no debtor either related party or third party who has not complied with or exceeded the Legal Lending Limit.

12. The details of non-performing loans and allowance for impairment losses by economic sector are as follows:

	March 31, 2014	December 31, 2013
Trading, hotels and restaurants	5,356,424	5,489,984
Construction	2,021,373	1,492,326
Manufacturing	1,252,344	1,314,935
Transportation, warehousing and communications	1,252,003	1,254,465
Business services	1,186,945	1,147,967
Agriculture	933,978	821,780
Social services	79,001	81,758
Mining	49,424	46,927
Electricity, gas and water	26,027	26,173
Others	1,414,863	1,249,673
	13,572,382	12,925,988
Less: Allowance for impairment losses	(4,022,519)	(3,790,925)
Total	9,549,863	9,135,063

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

12. LOANS (continued)

f. Other Significant Information (continued)

13. Ratios

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

1) Consolidated

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Total non-performing loans	7,793,111	6,735,938
Total loans	436,295,987	434,316,466
% non-performing loans (Gross NPL)	1.79%	1.55%

2) BRI (Parent Entity)

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Total non-performing loans	7,711,470	6,654,494
Total loans	432,435,552	430,617,872
% non-performing loans (Gross NPL)	1.78%	1.55%

b. The ratio of small scale industry loans to BRI's total loans is 42.23% and 41.71% as of March 31, 2014 and December 31, 2013, respectively.

Movements in the allowance for impairment losses on loans:

	<u>31 Maret 2014</u>	<u>31 Desember 2013</u>
Saldo awal	15,171,736	14,677,220
Provision during the period (Note 32)	1,115,499	3,946,083
Loans written off during the period	(1,068,471)	(4,317,861)
Foreign currency translation	312,252	866,294
Ending balance	<u>15,531,016</u>	<u>15,171,736</u>

BRI's (Parent Entity) allowance for impairment losses balance includes the allowance for disaster prone areas amounted to Rp1,317,481 and Rp1,166,798, as of March 31, 2014 and December 31, 2013, respectively (Note 2e).

The minimum allowance for impairment losses on loans based on Bank Indonesia regulation (Note 2e) amounted to Rp11,258,967 and Rp10,265,927, as of March 31, 2014 and December 31, 2013, respectively.

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

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

13. SHARIA RECEIVABLES AND FINANCING

Sharia receivables and financing based on collectibility are as follows:

	March 31, 2014	December 31, 2013
Third parties		
Current	12,585,582	13,032,367
Special mention	603,866	354,586
Substandard	230,890	289,826
Doubtful	74,612	53,914
Loss	256,612	220,157
	<u>13,751,562</u>	<u>13,950,850</u>
Related parties (Note 42)		
Current	109,101	77,540
	<u>13,860,663</u>	<u>14,028,390</u>
Less: Allowance for impairment losses	(208,393)	(246,360)
Total	<u>13,652,270</u>	<u>13,782,030</u>

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

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

	March 31, 2014	December 31, 2013
Beginning balance	246,360	237,645
(Reversal) provision during the period (Note 32)	(15,576)	2,410
Recoveries from loans written off	93,843	11,363
Loans written off during the period	(116,234)	(5,058)
Ending balance	<u>208,393</u>	<u>246,360</u>

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

As of March 31, 2014 and December 31, 2013, sharia receivables and financing classified as Non-Performing Financing (NPF) amounted to Rp562,114 (4.06%) and Rp563,897 (4.02%) of total Sharia's receivables and financing, respectively.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

14. ACCEPTANCES RECEIVABLE AND PAYABLE

The details of acceptances receivable from customers are as follows:

a. By Type and Currency

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount (full amount)	Equivalent Rp	Foreign currency notional amount (full amount)	Equivalent Rp
Third parties				
Rupiah				
Import Letters of Credit and Domestic Document Letters of Credit		7,606		4,412
Foreign currencies				
Import Letters of Credit and Domestic Document Letters of Credit				
United States Dollar	228,035,757	2,590,486	181,409,070	2,207,748
European Euro	2,918,218	45,451	1,578,533	26,455
Swiss Franc	360,000	4,600	360,000	4,923
Singapore Dollar	24,254	218	-	-
Japan Yen	-	-	3,324,651	385
		2,640,755		2,239,511
		2,648,361		2,243,923
Related parties (Note 42)				
Rupiah				
Import Letters of Credit and Domestic Document Letters of Credit		107,323		381,296
Foreign currencies				
Import Letters of Credit and Domestic Document Letters of Credit				
United States Dollar	63,195,604	717,902	86,356,761	1,050,962
European Euro	-	-	209,000	3,503
		717,902		1,054,465
		825,225		1,435,761
Total		3,473,586		3,679,684

b. By Collectibility

All acceptances receivable were classified as "Current" as of March 31, 2014 and December 31, 2013.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

14. ACCEPTANCES RECEIVABLE AND PAYABLE (continued)

c. By Period

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

	March 31, 2014	December 31, 2013
Third parties		
≤ 1 month	1,472,877	986,137
> 1 month - 3 months	601,541	281,528
> 3 months - 1 year	573,943	976,258
	<u>2,648,361</u>	<u>2,243,923</u>
Related parties (Note 42)		
≤ 1 month	438,041	241,061
> 1 month - 3 months	326,906	830,344
> 3 months - 1 year	60,278	364,356
	<u>825,225</u>	<u>1,435,761</u>
Total	<u>3,473,586</u>	<u>3,679,684</u>

The total acceptances payable is equal to the total of acceptances receivable from customers.

BRI assessed acceptance receivables individually for impairment based on whether an objective evidence of impairment exist.

Management believes that no allowance for impairment losses is necessary as of March 31, 2014 and December 31, 2013, because management believes that acceptances receivable are fully collectible.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

15. INVESTMENT IN ASSOCIATED ENTITIES

The details of investment in associated entities are as follows:

Company name	Type of business	Percentage of ownership	March 31, 2014		
			Cost	Accumulated equity in Net earnings of associated company	Carrying value
<u>Equity method</u>					
Related parties (Note 42)					
PT BTMU-BRI Finance	Financing	45.00%	24,750	205,941	230,691
<u>Cost method</u>					
Third parties					
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00%			900

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

15. INVESTMENT IN ASSOCIATED ENTITIES (continued)

March 31, 2014					
Company name	Type of business	Percentage of ownership	Cost	Accumulated equity in Net earnings of associated company	Carrying value
Cost method (continued)					
Third parties (continued)					
PT Sarana Bersama					
Pembiayaan Indonesia	Investment	8.00%			536
PT Pemeringkat Efek Indonesia	Credit rating agency	2.10%			210
BPR Toeloengredjo Dasa Nusantara	Banking	3.00%			77
BPR Tjoekir Dasa Nusantara	Banking	3.00%			77
BPR Toelangan Dasa Nusantara	Banking	9.00%			66
BPR Cinta Manis Agroloka	Banking	3.50%			35
BPR Bungamayang Agroloka	Banking	9.00%			23
PT Aplikanusa Lintasarta	Non-Banking	0.03%			20
					1,944
Total					232,635
December 31, 2013					
Company name	Type of business	Percentage of ownership	Cost	Accumulated equity in Net earnings of associated company	Carrying value
Equity method					
Related parties (Note 42)					
PT BTMU-BRI Finance	Pembiayaan	45.00%	24,750	196,157	220,907
Cost method					
Third parties					
PT Kustodian Sentral Efek Indonesia	Central securities depository institution	3.00%			900

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

15. INVESTMENT IN ASSOCIATED ENTITIES (continued)

<u>Company name</u>	<u>Type of business</u>	<u>Percentage of ownership</u>	<u>December 31, 2013</u>		
			<u>Cost</u>	<u>Accumulated equity in Net earnings of associated company</u>	<u>Carrying value</u>
<u>Cost method (continued)</u>					
<u>Third parties (continued)</u>					
PT Sarana Bersama					
Pembiayaan Indonesia	Investment	8.00%			536
PT Pemeringkat Efek Indonesia	Credit rating agency	2.10%			210
BPR Toeloengredjo Dasa Nusantara	Banking	3.00%			77
BPR Tjoekir Dasa Nusantara	Banking	3.00%			77
BPR Toelangan Dasa Nusantara	Banking	9.00%			66
BPR Cinta Manis Agroloka	Banking	3.50%			35
BPR Bungamayang Agroloka	Banking	9.00%			23
PT Aplikanusa Lintasarta	Non-Banking	0.03%			20
					<u>1,944</u>
Total					<u>222,851</u>

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

As of March 31, 2014 and December 31, 2013, all investments were classified as "Current".

Movements in the allowance for impairment losses on investment in associated entities:

	<u>December 31, 2013</u>
Beginning balance	536
Reversal during the period	(536)
Ending balance	<u>-</u>

Management believes that no allowance for impairment losses is necessary as of March 31, 2014 and December 31, 2013.

Information with respect to classification of not impaired and impaired financial assets is disclosed in Note 37.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

16. PREMISES AND EQUIPMENT

Premises and equipment consist of:

Description	March 31, 2014			Ending balance
	Beginning balance	Additions	Deductions	
Carrying value				
Landrights	459,253	4,277	739	462,791
Buildings	2,088,972	30,545	3,285	2,116,232
Motor vehicles	1,502,756	20,960	4,446	1,519,270
Computers and machineries	3,723,840	22,603	4,575	3,741,868
Furniture and fixtures	1,042,636	11,583	1,173	1,053,046
Museum assets	184	-	-	184
	<u>8,817,641</u>	<u>89,968</u>	<u>14,218</u>	<u>8,893,391</u>
Accumulated depreciation				
Buildings	983,176	25,216	2,289	1,006,103
Motor vehicles	661,005	51,802	4,412	708,395
Computers and machineries	2,388,255	104,274	4,574	2,487,955
Furniture and fixtures	812,593	19,074	1,150	830,517
	<u>4,845,029</u>	<u>200,366</u>	<u>12,425</u>	<u>5,032,970</u>
Net book value	<u>3,972,612</u>			<u>3,860,421</u>

Description	December 31, 2013			Ending balance
	Beginning balance	Additions	Deductions	
Carrying value				
Landrights	318,257	144,704	3,708	459,253
Buildings	1,918,424	257,867	87,319	2,088,972
Motor vehicles	839,088	694,558	30,890	1,502,756
Computers and machineries	3,201,863	734,447	212,470	3,723,840
Furniture and fixtures	940,991	116,409	14,764	1,042,636
Museum assets	184	-	-	184
	<u>7,218,807</u>	<u>1,947,985</u>	<u>349,151</u>	<u>8,817,641</u>
Accumulated depreciation				
Buildings	895,273	94,014	6,111	983,176
Motor vehicles	540,336	150,730	30,061	661,005
Computers and machineries	2,233,862	351,946	197,553	2,388,255
Furniture and fixtures	744,970	81,595	13,972	812,593
	<u>4,414,441</u>	<u>678,285</u>	<u>247,697</u>	<u>4,845,029</u>
Net book value	<u>2,804,366</u>			<u>3,972,612</u>

Depreciation of premises and equipment charged to the consolidated statements of comprehensive income amounted to Rp200,366 and Rp678,285 for the years ended March 31, 2014 and December 31, 2013 (Note 34).

Net profit on sale of premises and equipment-net is recognized as part of non-operating income amounted to Rp2,312 and Rp108,193 for the years ended March 31, 2014 and December 31, 2013 (Note 35).

BRI insured its premises and equipment (excluding landrights) from losses due to risks of fire and theft to PT Asuransi Bringin Sejahtera Artha Makmur (related party), PT Asuransi Jasa Indonesia (related party) and PT Asuransi Ramayana with coverage amount of Rp9,522,788 for the years ended March 31, 2014 and December 31, 2013, respectively.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

16. PREMISES AND EQUIPMENT (continued)

Valuation at fair value of land and buildings owned by the Bank on the date of March 31, 2014 is to use the Tax Object Sale Value (Nilai Jual Obyek Pajak "NJOP"). NJOP considered as the best estimate to reflect the fair value. NJOP land and buildings owned by the Bank on the date of March 31, 2014 amounted to Rp2,657,561 and Rp1,495,676, respectively. Besides the land and buildings there are no significant difference between the fair value of the asset and its carrying value.

Management believes that there is no impairment in value of premises and equipment and the amount of insurance coverage is adequate to cover the risk of loss that may arise on the assets at the dates of March 31, 2014 and December 31, 2013.

On March 31, 2014 and December 31, 2013, BRI has no premises and equipment as collateral.

All premises and equipment at the reporting date are used to support the operational activities of BRI.

17. OTHER ASSETS

Other assets consist of:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Rupiah		
Prepaid tax (Note 36)	845,548	966,341
Prepaid expenses	1,123,640	906,035
Deferred expenses for employee loans (Note 12f)	625,430	640,498
Interest receivables		
Securities	419,426	426,473
Government Recapitalization Bonds	49,208	50,042
Placements with Bank Indonesia and other banks	4,537	8,257
Others interest receivables	61,028	838
Internal advance	483,702	270,007
Office supplies	220,365	189,634
Foreclosed collaterals	34,143	33,951
Goodwill	64,793	64,793
Others	5,175,262	3,253,749
	<u>9,107,082</u>	<u>6,810,618</u>
Foreign currencies		
Interest receivables		
Securities	80,772	97,241
Others interest receivables	61,731	40,783
Prepaid expenses	3,333	3,511
Internal advance	741	421
Others	771,006	51,463
	<u>917,583</u>	<u>193,419</u>
Total	<u>10,024,665</u>	<u>7,004,037</u>

18. LIABILITIES DUE IMMEDIATELY

Liabilities due immediately consist of:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Rupiah		
Devidend payable	6,348,045	-

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

18. LIABILITIES DUE IMMEDIATELY (continued)

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Rupiah (continued)		
Advance payment deposits	1,214,052	1,393,627
Tax payment deposits	314,735	120,513
Credit card deposits	159,586	30,209
Credit card deposits	132,367	253,158
Deposits for channeling loans	63,274	54,461
Deposits for clearing	30,445	16,972
Remittance deposits	26,486	227,307
Bank draft and BRI travelers' checks (Cepebri)	16,400	27,405
Others	3,369,676	2,850,475
	<u>11,675,066</u>	<u>4,974,127</u>
Foreign currencies		
Remittance deposits	121	127
Others	441,738	91,273
	<u>441,859</u>	<u>91,400</u>
Total	<u>12,116,925</u>	<u>5,065,527</u>

19. DEMAND DEPOSITS

Demand deposits consist of:

	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>
Third parties				
Rupiah		43,047,328		44,381,264
Foreign currencies				
United States Dollar	732,891,732	8,325,650	932,761,837	11,351,712
European Euro	37,802,837	588,784	48,241,628	808,496
Australian Dollar	22,013,074	231,601	30,981,358	336,323
Great Britain Pound Sterling	10,625,846	200,607	7,072,289	142,230
Chinese Yuan	55,064,693	100,783	6,630,477	13,329
Singapore Dollar	10,639,657	95,759	12,255,264	117,921
Japan Yen	180,850,804	20,110	185,040,829	21,418
Hong Kong Dollar	7,747,935	11,345	28,859,414	45,296
Saudi Arabian Riyal	1,351,154	4,093	1,290,369	4,187
Swiss Franc	-	-	300	4
		<u>9,578,732</u>		<u>12,840,916</u>
		<u>52,626,060</u>		<u>57,222,180</u>
Related parties (Note 42)				
Rupiah		11,542,330	11,811,925	17,543,458
Foreign currencies				
United States Dollar	633,759,984	7,199,513	312,398,136	3,801,885

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

19. DEMAND DEPOSITS (continued)

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount	Equivalent Rp	Foreign currency notional amount	Equivalent Rp
	(full amount)		(full amount)	
Related parties (Note 42)				
(continued)				
Foreign currencies (continued)				
European Euro	3,312,236	51,589	4,939,769	82,787
Japan Yen	40,049,370	4,453	136,062,121	15,749
Chinese Yuan	1,878	3	2,088	4
Singapore Dollar	-	-	70	1
		7,255,558		3,900,426
		18,797,888		21,443,884
Total		71,423,948		78,666,064

The average annual interest rates for demand deposits are as follows:

	March 31, 2014	December 31, 2013
Rupiah	2.49%	2.55%
Foreign currencies	0.31%	0.32%

Demand deposits used as collateral for banking facilities granted by BRI and Subsidiaries amounted to Rp64,278 and Rp72,136 as of March 31, 2014 and December 31, 2013, respectively.

20. SAVING DEPOSITS

Saving deposits consist of:

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount	Equivalent Rp	Foreign currency notional amount	Equivalent Rp
	(full amount)		(full amount)	
Third parties				
Rupiah				
Simpedes		124,251,031		127,649,038
Britama		72,128,226		78,580,879
Others		2,857,622		3,172,251
		199,236,879		209,402,168
Foreign currencies				
Britama				
United States Dollar	53,989,475	613,320	52,542,488	639,442
Singapore Dollar	453,834	4,085	165,174	1,589
Australian Dollar	360,863	3,797	393,360	4,270

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

20. SAVING DEPOSITS (continued)

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount (full amount)	Equivalent Rp	Foreign currency notional amount (full amount)	Equivalent Rp
	Third parties (continued)			
Foreign currencies (continued)				
Britama (continued)				
European Euro	78,353	1,220	58,786	985
Chinese Yuan	11,835	22	11,172	22
		622,444		646,308
		199,859,323		210,048,476
Related parties (Note 42)				
Rupiah				
Britama		188,947		162,339
Simpedes		2,151		1,772
Others		110,304		15,689
		301,402		179,800
Foreign currencies				
United States Dollar	455,569	5,175	525,908	6,400
Singapore Dollar	905	8	590	6
Chinese Yuan	362	1	364	1
		5,184		6,407
		306,586		186,207
Total		200,165,909		210,234,683

The average annual interest rates for saving deposits are as follows:

	March 31, 2014	December 31, 2013
Rupiah	1.25%	1.26%
Foreign currencies	0.22%	0.22%

Saving deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp67,020 and Rp67,271 as of March 31, 2014 and December 31, 2013, respectively.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

21. TIME DEPOSITS

Time deposits consist of:

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount (full amount)	Equivalent Rp	Foreign currency notional amount (full amount)	Equivalent Rp
Third parties				
Rupiah		128,094,745		114,672,685
Foreign currencies				
United States Dollar	1,495,568,885	16,989,663	865,225,457	10,529,794
Chinese Yuan	3,467,748,928	6,346,917	4,116,198,111	8,274,690
European Euro	3,019,273	47,026	562,552,458	9,427,991
Singapore Dollar	294,934	2,654	283,458	2,727
Australian Dollar	101,191	1,065	100,103	1,087
Great Britain Pound Sterling	11,769	222	11,746	236
		23,387,547		28,236,525
		151,482,292		142,909,210
Related parties (Note 42)				
Rupiah		39,616,593		38,562,901
Foreign currencies				
United States Dollar	989,554,447	11,241,339	1,641,703,370	19,979,530
European Euro	7,303,040	113,746	8,003,040	134,125
		11,355,085		20,113,655
		50,971,678		58,676,556
Total		202,453,970		201,585,766

Time deposits based on their contractual periods are as follows:

	March 31, 2014	December 31, 2013
Third parties		
Rupiah		
Deposits on call	4,494,967	3,812,090
Deposits		
1 month	76,662,920	77,525,429
3 months	23,652,484	18,399,280
6 months	10,291,083	7,867,620
12 months	12,642,279	6,812,550
More than 12 months	351,012	255,716
	128,094,745	114,672,685
Foreign currencies		
Deposits on call	858,464	3,801,861

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

21. TIME DEPOSITS (continued)

	March 31, 2014	December 31, 2013
Third parties (continued)		
Foreign currencies (continued)		
Deposits		
1 month	5,712,442	8,853,438
3 months	196,761	2,197,124
6 months	9,306,632	9,693,174
12 months	7,286,693	3,689,404
More than 12 months	26,555	1,524
	<u>23,387,547</u>	<u>28,236,525</u>
	<u>151,482,292</u>	<u>142,909,210</u>
Related parties (Note 42)		
Rupiah		
Deposits on call	2,463,222	1,985,697
Deposits		
1 month	16,291,181	14,559,406
3 months	3,329,143	3,294,887
6 months	335,000	321,666
12 months	17,198,047	18,401,245
	<u>39,616,593</u>	<u>38,562,901</u>
Foreign currencies		
Deposits on call	1,260,048	5,739,576
Deposito berjangka		
1 month	4,859,024	8,829,425
3 months	5,113,726	5,478,347
6 months	4,860	5,207
12 months	93,281	8,459
More than 12 months	24,146	52,641
	<u>11,355,085</u>	<u>20,113,655</u>
	<u>50,971,678</u>	<u>58,676,556</u>
Total	<u>202,453,970</u>	<u>201,585,766</u>

The average annual interest rates for time deposits are as follows:

	March 31, 2014	December 31, 2013
Rupiah	7.84%	6.12%
Foreign currencies	1.65%	1.51%

Time deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp53,900 and Rp202,654 as of March 31, 2014 and December 31, 2013, respectively.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

22. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Deposits from other banks and financial institutions consist of:

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount		Foreign currency notional amount	
	(full amount)	Equivalent Rp	(full amount)	Equivalent Rp
Third parties				
Rupiah				
Demand deposits		82,862		100,749
Saving deposits		3,856		4,534
Deposit On Call		1,275,000		650,000
Time deposits		471,793		660,993
Inter-bank call money		750,000		380,000
		2,583,511		1,796,276
Foreign currencies				
Demand deposits				
United States Dollar	653,196	7,420	100,161	1,219
Inter-bank call money				
United States Dollar	29,833,462	338,908	121,893,432	1,483,443
		346,328		1,484,662
		2,929,839		3,280,938
Related parties (Note 42)				
Rupiah				
Demand deposits		42,707		45,182
Foreign currencies				
Inter-bank call money				
United States Dollar	10,000,000	113,600	30,000,000	365,100
		156,307		410,282
Total		3,086,146		3,691,220

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

	March 31, 2014	December 31, 2013
Rupiah		
Demand deposits	1.29%	1.35%
Saving deposits	1.25%	1.24%
Deposit On Call	7.48%	6.83%
Time deposits	8.16%	5.72%
Inter-bank Call money	5.65%	4.43%

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

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

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Foreign currencies		
Demand deposits	0.00%	0.00%
Inter-bank call money	0.17%	0.22%

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

	<u>March 31, 2014</u>			<u>Total</u>
	<u>≤ 1 month</u>	<u>> 1 month - 3 months</u>	<u>> 3 months - 1 year</u>	
Third parties				
Rupiah				
Demand deposits	82,862	-	-	82,862
Saving deposits	3,856	-	-	3,856
Deposit On Call	1,275,000	-	-	1,275,000
Time deposits	105,150	500	366,143	471,793
Inter-bank call money	750,000	-	-	750,000
	<u>2,216,868</u>	<u>500</u>	<u>366,143</u>	<u>2,583,511</u>
Foreign currencies				
Demand deposits	7,420	-	-	7,420
Inter-bank call money	338,908	-	-	338,908
	<u>346,328</u>	<u>-</u>	<u>-</u>	<u>346,328</u>
	<u>2,563,196</u>	<u>500</u>	<u>366,143</u>	<u>2,929,839</u>
Related parties (Note 42)				
Rupiah				
Demand deposits	42,707	-	-	42,707
	<u>42,707</u>	<u>-</u>	<u>-</u>	<u>42,707</u>
Foreign currencies				
Inter-bank call money	113,600	-	-	113,600
	<u>156,307</u>	<u>-</u>	<u>-</u>	<u>156,307</u>
Total	<u>2,719,503</u>	<u>500</u>	<u>366,143</u>	<u>3,086,146</u>

	<u>December 31, 2013</u>			<u>Total</u>
	<u>≤ 1 month</u>	<u>> 1 month - 3 months</u>	<u>> 3 months - 1 year</u>	
Third parties				
Rupiah				
Demand deposits	100,749	-	-	100,749
Saving deposits	4,534	-	-	4,534
Deposit On Call	650,000	-	-	650,000

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

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

	December 31, 2013			Total
	≤ 1 month	> 1 month - 3 months	> 3 months - 1 year	
Third parties (continued)				
Rupiah (continued)				
Time deposits	655,449	3,108	2,436	660,993
Inter-bank call money	380,000	-	-	380,000
	<u>1,790,732</u>	<u>3,108</u>	<u>2,436</u>	<u>1,796,276</u>
Foreign currencies				
Demand deposits	1,219	-	-	1,219
Inter-bank call money	1,265,680	44,543	173,220	1,483,443
	<u>1,266,899</u>	<u>44,543</u>	<u>173,220</u>	<u>1,484,662</u>
	<u>3,057,631</u>	<u>47,651</u>	<u>175,656</u>	<u>3,280,938</u>
Related parties (Note 42)				
Rupiah				
Demand deposits	45,182	-	-	45,182
	<u>45,182</u>	<u>-</u>	<u>-</u>	<u>45,182</u>
Foreign currencies				
Inter-bank call money	365,100	-	-	365,100
	<u>410,282</u>	<u>-</u>	<u>-</u>	<u>410,282</u>
Total	<u>3,467,913</u>	<u>47,651</u>	<u>175,656</u>	<u>3,691,220</u>

23. MARKETABLE SECURITIES ISSUED

BRI issued marketable securities with details as follo:

	March 31, 2014	December 31, 2013
Foreign currencies		
United States Dollar		
BRI Bonds - net of unamortized discount and issuance cost amounted to Rp54,065 and Rp61,867 as of March 31, 2014 and December 31, 2013.	<u>5,625,935</u>	<u>6,023,133</u>

On March 28, 2013, BRI issued and listed the BRI bonds year 2013 amounted to USD500,000,000 (full amount) in Singapore Exchange Securities Trading Limited (SGX-ST) for 5 (five) year period, and will mature on March 28, 2018 with fixed interest rate of 2.95% per annum. The bonds were issued at 99.20% or equivalent to USD495,980,000 (full amount) and the interest is paid semi-annually commencing on September 28, 2013. On the issuance date, the bonds were rated Baa3 and BBB- by Moody's and Fitch, respectively.

The net proceed of the issuance of BRI bonds will be used to strengthen general funding structure.

As of March 31, 2014 and December 31, 2013, BRI bonds year 2013 is rated BBB- and Baa3 by Fitch and Moody's, respectively.

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

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

24. FUND BORROWINGS

Fund borrowings consist of:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Third parties		
Rupiah		
Bank Indonesia		
Liquidity loans	14,670	16,066
Others	13,772	12,457
	<u>28,442</u>	<u>28,523</u>
Foreign currencies		
Others	9,437,967	8,956,390
	<u>9,466,409</u>	<u>8,984,913</u>
Related parties (Note 42)		
Rupiah		
Borrowings from PT Sarana Multigriya Finansial (Persero)	100,000	100,000
Total	<u>9,566,409</u>	<u>9,084,913</u>

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

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Third parties		
Rupiah		
> 1 month - 3 months	17	202
> 3 months - 1 year	6,814	6,727
> 1 year - 5 years	7,839	9,137
> 5 years	13,772	12,457
	<u>28,442</u>	<u>28,523</u>
Foreign currencies		
≤ 1 month	2,529,203	1,909,483
> 1 month - 3 months	6,898,030	4,065,257
> 3 months - 1 year	10,734	2,981,650
	<u>9,437,967</u>	<u>8,956,390</u>
	<u>9,466,409</u>	<u>8,984,913</u>
Related parties (Note 42)		
Rupiah		
> 1 year - 5 years	100,000	100,000
Total	<u>9,566,409</u>	<u>9,084,913</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

24. FUND BORROWINGS (continued)

Other significant information related to fund borrowings is as follows:

a. Borrowings from Bank Indonesia

Liquidity Loans

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

The classification of liquidity loans from Bank Indonesia based on their remaining period to maturity as of March 31, 2014 and December 31, 2013 as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
> 1 month - 3 months	17	202
> 3 months - 12 months	6,814	6,727
> 12 months - 60 months	7,839	9,137
	<u>14,670</u>	<u>16,066</u>

Average annual interest rates on these loans are 0.04% and 0.06% in 2014 and 2013.

b. Borrowings from PT Sarana Multigriya Finansial (Persero)

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

c. Other Borrowings

	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>	<u>Foreign currency notional amount (full amount)</u>	<u>Equivalent Rp</u>
Third parties				
Rupiah				
Bank Indonesia		13,772		12,457
Foreign currencies				
United States Dollar				
OCBC Bank	156,956,258	1,783,023	146,015,613	1,777,010
Wells Fargo	148,783,421	1,690,180	25,478,200	310,070
The Royal Bank of Scotland	101,006,030	1,147,429	96,175,305	1,170,453
Standard Chartered Bank	72,641,345	825,206	25,000,000	304,250
Bank of America, N.A	50,896,356	578,183	19,537,048	237,766

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

24. FUND BORROWINGS (continued)

c. Other Borrowings (continued)

	March 31, 2014		December 31, 2013	
	Foreign currency notional amount		Foreign currency notional amount	
	(full amount)	Equivalent Rp	(full amount)	Equivalent Rp
Third parties (continued)				
Foreign currencies (continued)				
United States Dollar (continued)				
Commerzbank, A.G.	50,000,000	568,000	50,000,000	608,500
Australia and New Zealand Banking Group Ltd	50,000,000	568,000	50,000,000	608,500
Citibank, N.A.	40,000,000	454,400	50,000,000	608,500
The Bank of New York Mellon	25,000,000	284,000	75,150,275	914,579
Sumitomo Mitsui Banking Corporation	34,493,054	391,841	51,133,844	622,299
Bank of Nova Scotia	30,000,000	340,800	30,000,000	365,100
JP Morgan Chase Bank, N.A.	25,085,587	284,972	1,537,555	18,712
Bank of Montreal	25,000,000	284,000	50,000,000	608,500
Bangkok Bank Public Company Limited	20,000,000	227,200	40,000,000	486,800
Westpac Banking, SNG	944,875	10,733	-	-
Maybank	-	-	25,000,000	304,250
		<u>9,437,967</u>		<u>8,956,390</u>
Total		9,451,739		8,968,847

Other borrowings facilities in foreign currencies represent short-term borrowings obtained from several foreign banks with terms from 1 (one) month up to 3 (three) years and bear interest rate at LIBOR or SIBOR plus a certain margin, including refinancing borrowing facilities which are collateralized by letters of credit issued by BRI.

25. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

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

	March 31, 2014	December 31, 2013
Rupiah		
Guarantees issued	<u>223</u>	<u>223</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

25. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

b. Movements in estimated losses on commitments and contingencies:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Rupiah		
Beginning balance	223	414
Provision (reversal) during the period	-	(191)
Ending balance	<u>223</u>	<u>223</u>

BRI assessed commitment and contingency transactions which have credit risks individually for impairment based on whether an objective evidence of impairment exists, except for the commitment and contingency transactions which have credit risks based on Sharia principles whereby assessment is made using Bank Indonesia's guidelines on collectability

The minimum estimated losses on commitments and contingencies based on Bank Indonesia regulation amounted to Rp223 as of March 31, 2014 and December 31, 2013, respectively.

c. The collectibility of commitments and contingencies in administrative accounts (Notes 2a1 and 41):

	<u>March 31, 2014</u>					
	<u>Current</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Loss</u>	<u>Total</u>
Third parties						
Rupiah						
Guarantees issued	1,717,501	-	-	-	-	1,717,501
Irrevocable L/C	182,389	-	-	-	-	182,389
	<u>1,899,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,899,890</u>
Foreign currencies						
Irrevocable L/C	10,452,517	-	-	-	-	10,452,517
Guarantees issued	4,622,957	-	-	-	-	4,622,957
	<u>15,075,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,075,474</u>
	<u>16,975,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,975,364</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

25. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

- c. The collectibility of commitments and contingencies in administrative accounts (Notes 2a1 and 41) (continued):

	March 31, 2014					Total
	Current	Special Mention	Substandard	Doubtful	Loss	
Related parties (Note 42)						
Rupiah						
Guarantees issued	2,391,882	-	-	-	-	2,391,882
Irrevocable L/C	189,495	-	-	-	-	189,495
	<u>2,581,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,581,377</u>
Foreign currencies						
Irrevocable L/C	4,272,264	-	-	-	-	4,272,264
Guarantees issued	6,161,604	-	-	-	-	6,161,604
	<u>10,433,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,433,868</u>
	<u>13,015,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,015,245</u>
Total	<u>29,990,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,990,609</u>
	December 31, 2013					
	Current	Special Mention	Substandard	Doubtful	Loss	Total
Third parties						
Rupiah						
Guarantees issued	2,956,284	-	-	-	-	2,956,284
Irrevocable L/C	482,260	-	-	-	-	482,260
	<u>3,438,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,438,544</u>
Foreign currencies						
Irrevocable L/C	14,520,957	-	-	-	-	14,520,957
Guarantees issued	5,073,751	-	-	-	-	5,073,751
	<u>19,594,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,594,708</u>
	<u>23,033,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,033,252</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

25. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

- c. The collectibility of commitments and contingencies in administrative accounts (Notes 2a1 and 41) (continued):

	December 31, 2013					Total
	Current	Special Mention	Substandard	Doubtful	Loss	
Related parties (Note 42)						
Rupiah						
Guarantees issued	2,814,419	-	-	-	-	2,814,419
Irrevocable L/C	180,540	-	-	-	-	180,540
	<u>2,994,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,994,959</u>
Foreign currencies						
Irrevocable L/C	5,047,727	-	-	-	-	5,047,727
Guarantees issued	3,442,713	-	-	-	-	3,442,713
	<u>8,490,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,490,440</u>
	<u>11,485,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,485,399</u>
Total	<u>34,518,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,518,651</u>

26. LIABILITIES FOR EMPLOYEE BENEFITS

Employee benefit consist of:

	March 31, 2014	December 31, 2013
Rupiah		
Bonuses and incentives	3,481,064	4,049,103
Provision for grand leaves (Note 40e)	858,964	844,309
Provision for work separation scheme (Note 40d)	858,619	815,881
Provision for gratuity for services (Note 40e)	754,236	752,338
Defined benefit pension plan (Note 40a)	305,084	392,870
Provision for pension preparation period (Note 40e)	4,870	4,431
Total	<u>6,262,837</u>	<u>6,858,932</u>

27. OTHER LIABILITIES

Other liabilities consist of:

	March 31, 2014	December 31, 2013
Third parties		
Rupiah		
Interests payable	800,840	618,490
Provision for timely-payment of interests (Note 2y)	605,205	581,812

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

27. OTHER LIABILITIES (continued)

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Third parties (continued)		
Rupiah (continued)		
Provision for litigation liabilities (Note 43b)	326,499	328,630
Unearned income	63,046	51,919
Guarantee deposits	22,629	32,617
Others	1,660,857	1,412,833
	<u>3,479,076</u>	<u>3,026,301</u>
Foreign currencies		
Interest payable	55,820	85,932
Unearned income	40,144	47,083
Guarantee deposits	15,480	21,091
Others	27,893	61,939
	<u>139,337</u>	<u>216,045</u>
Total	<u>3,618,413</u>	<u>3,242,346</u>

28. SUBORDINATED LOANS

BRI obtained subordinated loans in Rupiah with details as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Rupiah		
Subordinated loans	1,998,530	1,998,052
Two-Step Loan	98,740	98,972
Total	<u>2,097,270</u>	<u>2,097,024</u>

a. Subordinated Bond II

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

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

The Subordinated Bond II are not guaranteed by special collateral nor guaranteed by the Republic of Indonesia or other third parties and are not included in the bank guarantee program implemented by the Deposit Insurance Agency (Lembaga Penjamin Simpanan/LPS) or other insurance corporation. BRI does not establish provision for principal repayment fund of the Subordinated Bond with consideration to optimize the use of the fund in accordance with the planning of the use of the issuance fund of the Subordinated Bond.

The issuance and classification of the Subordinated Bond II as subordinated loans were approved by Bank Indonesia, through its letter No. 11/90/DPB1/TPB1-3 dated November 11, 2009.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

28. SUBORDINATED LOANS (continued)

a. Subordinated Bond II (continued)

As of March 31, 2014 and December 31, 2013, "BRI Subordinated Bond II Year 2009" obtained a "idAAA" rating from PT Pemeringkat Efek Indonesia. The trustee of this Subordinated Bond is PT Bank Mandiri (Persero) Tbk.

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

1. 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).
2. Conduct merger and or separation and or dissolution and or acquisition, or allowing or giving approval to Subsidiaries to conduct merger and or separation and or dissolution and or acquisition, except as requested and or instructed by the Government of the Republic of Indonesia and or authorized parties (including but not limited to Bank Indonesia, Deposit Insurance Agency or other insurance corporation in accordance with the prevailing regulations, Ministry of Finance of the Republic of Indonesia and Ministry of State-Owned Enterprises), in accordance with the prevailing regulations, including but not limited to OJK regulations.

BRI has complied with the above trustee agreement.

b. Two-step Loan

The two-step loans in Rupiah represent the loans from the Government which were funded by the Asian Development Bank (ADB), International Bank for Reconstruction and Development (IBRD), International Fund for Agricultural Development (IFAD), United States Agency for International Development (USAID) and Islamic Development Bank (IDB). The interest rates of these loans vary based on the respective agreements with terms ranged from 15 (fifteen) up to 40 (forty) years. The average annual interest rates for subordinated loans were 4.38% and 4.40%, for the years ended March 31, 2014 and December 31, 2013, respectively. The maturity of these loans are various up to 2027.

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

	March 31, 2014	December 31, 2013
Rupiah		
≤ 1 month	-	232
> 1 month - 3 months	-	-
> 3 months - 1 year	1,998,767	1,998,289
> 1 year - 5 years	92,804	-
> 5 years	5,699	98,503
Total	2,097,270	2,097,024

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

29. EQUITY

a. Capital stock

The details of authorized, issued and fully paid capital stock of BRI as of March 31, 2014 and December 31, 2013 (Note 1c) adalah sebagai berikut:

March 31, 2014				
	Number of Shares	Nominal Value Per Share (Full Rupiah)	Share Value (Full Rupiah)	Percentage of Ownership
Authorized Capital Stock				
Series A Dwiwarna share	1	250	250	0.00%
Series B Common shares	59,999,999,999	250	14,999,999,999,750	100.00%
Total Authorized Capital Stock	60,000,000,000		15,000,000,000,000	100.00%
Issued and Fully Paid Capital Stock				
Republic of Indonesia				
Series A Dwiwarna share	1	250	250	0.00%
Series B Common shares	13,999,999,999	250	3,499,999,999,750	56.75%
Public				
Series B Common shares	10,669,162,000	250	2,667,290,500,000	43.25%
Total Issued and Fully Paid Capital Stock	24,669,162,000		6,167,290,500,000	100.00%
December 31, 2013				
	Number of Shares	Nominal Value Per Share (Full Rupiah)	Share Value (Full Rupiah)	Percentage of Ownership
Authorized Capital Stock				
Series A Dwiwarna share	1	250	250	0.00%
Series B Common shares	59,999,999,999	250	14,999,999,999,750	100.00%
Total Authorized Capital Stock	60,000,000,000		15,000,000,000,000	100.00%
Issued and Fully Paid Capital Stock				
Republic of Indonesia				
Series A Dwiwarna share	1	250	250	0.00%
Series B Common shares	13,999,999,999	250	3,499,999,999,750	56.75%

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

29. EQUITY (continued)

a. Capital stock (continued)

	December 31, 2013			
	Number of Shares	Nominal Value Per Share (Full Rupiah)	Share Value (Full Rupiah)	Percentage of Ownership
Issued and Fully Paid Capital Stock (continued)				
Public				
Series B Common shares	10,669,162,000	250	2,667,290,500,000	43.25%
Total Issued and Fully Paid Capital Stock	24,669,162,000		6,167,290,500,000	100.00%

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

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

Capital Structure

In response to the Management Contract entered into between the Government of the Republic of Indonesia, as represented by the Government through the Ministry of Finance and 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).

The Government's rights arising from the additional investment of the state to BRI were 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 has been implemented retrospectively since June 30, 2003.

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

1. 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. Change in par value per share (stock split) from Rp1 million to Rp500 (full Rupiah).
3. Increase in BRI's authorized capital stock of Rp5 trillion, divided into 5,000,000 shares at a par value of Rp1 million per share, to Rp15 trillion divided into 30,000,000,000 shares at a par value of Rp500 (full Rupiah) per share.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

29. EQUITY (continued)

a. Capital stock (continued)

4. Change in classification of BRI's shares to Series A Dwiwarna and Series B shares.
5. Utilization of general and specific reserves as of June 30, 2003 amounted to Rp1,386,616 to cover the accumulated losses as of June 30, 2003.
6. Plan to undertake the Initial Public Offering (IPO) of BRI's shares.
7. Follow up actions on the amendments to the Articles of Association
 - a. 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 "Perusahaan Perseroan (Persero) PT Bank Rakyat Indonesia Tbk" and simplified to "PT Bank Rakyat Indonesia (Persero) Tbk".
 - b. 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".

The changes in BRI's Articles of Association in connection with the above Extraordinary General Shareholders' Meeting were covered in notarial deed No. 7 dated October 3, 2003 by notary Imas Fatimah, S.H. and were 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.

Stock split was conducted based on Notarial Deed No. 38 dated November 24, 2010, whereby the par value per share of Rp500 (full Rupiah) became Rp250 (full Rupiah) per share, effective January 11, 2011 (Note 1c).

On October 13, 2003, the President of the Republic of Indonesia issued Government Regulation No. 49 Year 2003 regarding the sale of a portion of shares of 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.

Initial Public Offering (IPO) of BRI's Shares

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, became effective October 31, 2003. Such offered shares were initially traded on November 10, 2003 and simultaneously all of BRI shares were listed on the Jakarta and Surabaya Stock Exchanges (currently the Indonesia Stock Exchange).

Subsequently, the over-subscription option of 381,176,000 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 of BRI.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

29. EQUITY (continued)

a. Capital stock (continued)

Stock Allocation Program

Based on the above Extraordinary General Shareholders' Meeting, BRI's shareholders agreed to, among others, the employee and management stock ownership plan through an Employee Stock Allocation Program (ESA) and Management Stock Option Plan (MSOP). The ESA consists of a Bonus Share Plan, Shares Purchase at a Discount and Additional Shares Grant programs.

While MSOP is granted to Directors and employees at certain levels and positions. Costs and discounts related to the ESA and MSOP programs are paid by the Bank through the allocation of reserves. The compensation cost relating to MSOP is recognized through stock options under equity. The management and execution of the ESA and MSOP programs are performed by the Directors, while the supervision is performed by the Board of Commissioners.

b. Additional Paid-in Capital

The details of additional paid in capital as of March 31, 2014 and December 31, 2013 are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Additional capital by the Government related to the recapitalization program	1,092,144	1,092,144
Previous balance of paid up capital from IPO by the Government	5	5
Additional paid-in capital from IPO	589,762	589,762
Exercise of stock options		
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	14,367
Year 2010	43,062	43,062
Remaining MSOP Stage-I which already expired	504	504
Remaining MSOP Stage-II which already expired	1,845	1,845
Remaining MSOP Stage-III which already expired	8,447	8,447
	<u>2,773,858</u>	<u>2,773,858</u>

In line with the realization of the Recapitalization Program for Commercial Banks as set forth in Government Regulation No. 52 Year 1999 on the "Increase in Investment by the Republic of Indonesia in State-Owned Banks", the Government determined that the recapitalization requirement amount of BRI to achieve a CAR of 4.00% was Rp29,063,531. Up to June 30, 2003, the authorized and issued capital stock of BRI has not yet been increased by additional capital from the above recapitalization program, therefore, the paid up capital from the Government of Rp29,063,531 was recorded temporarily under "Additional Paid-in Capital" together with the previous balance of paid up capital of Rp5 from the Government.

Based on the Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 of the Ministry of Finance as explained in letter a above, from the final recapitalization requirement of BRI amounted to Rp29,063,531, the amount of Rp3,272,000 was converted to paid up capital and the remaining balance of Rp25,791,531 was recorded as additional paid in capital (Note 29a).

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

29. EQUITY (continued)

b. Additional Paid-in Capital (continued)

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

Total new Series B Common shares issued to the public under the IPO (shares)	1,764,705,000
Premium per share (full Rupiah)	<u>375</u>
Total premium on shares before discount	661,764
Less:	
3.00% discount given to BRI customers	(2,961)
Cost of IPO	<u>(69,041)</u>
Additional paid-in capital from IPO	<u>589,762</u>

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

c. Differences Arising from Translation of Foreign Currency Financial Statements

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

d. Distribution of Net Income

Based on the Annual General Shareholders' Meetings of BRI held on February 28, 2013 and March 28, 2012, the Shareholders agreed to distribute the dividend from net income for the years ended March 31, 2014 and December 31, 2013 as follows:

	<u>Income 2013</u>	<u>Income 2012</u>
Dividends	6,348,045	5,556,285
General and specific reserves	4,443,632	2,592,933

BRI recorded the allowance for *tantiem* in the current consolidated statements of comprehensive income in accordance with SFAS No. 24 (Revised 2010) on "Employee Benefits".

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

30. INTEREST AND INVESTMENT INCOME

Interest and investment income are derived from:

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Rupiah		
Loans		
Micro	7,301,797	5,482,326
Retail	5,782,592	4,738,159
Corporate	1,649,033	1,025,072
Securities		
Fair value through profit or loss		
Certificates of Bank Indonesia	594	1,434
Deposits Certificates of Bank Indonesia	366	-
Government bonds	13,184	-
Available for sale		
Certificates of Bank Indonesia	38,350	53,609
Deposits Certificates of Bank Indonesia	24,413	-
Bonds	1,144	944
Government bonds	141,164	164,770
Held to maturity		
Certificates of Bank Indonesia	98,955	143,979
Deposits Certificates of Bank Indonesia	35,817	-
Subordinated bonds	-	1,455
Government bonds	194,550	186,437
Medium Term Notes	1,046	2,355
Government Recapitalization Bonds		
Available for sale	8,054	4,843
Held to maturity	43,179	30,373
Placement with Bank Indonesia and other banks		
Deposit Facility/Term Deposit	235,875	-
Inter-bank call money	32,542	411,240
Others placement with Bank Indonesia and other banks	5,078	10,785
Current accounts with Bank Indonesia	51,194	3,670
Others	352,285	289,730
	<u>16,011,212</u>	<u>12,551,181</u>
Foreign currencies		
Loans		
Retail	84,377	65,146
Corporate	236,070	128,566
Securities		
Fair value through profit or loss		
Credit Link Notes	-	4,185
Government bonds	-	191
Available for sale		
Bonds	428	132
Medium Term Notes	-	773
Government bonds	177	52,162
Held to maturity		
Credit Link Notes	203,838	10,783
Notes receivable	-	4,677
Government bonds	-	47,815

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

30. INTEREST AND INVESTMENT INCOME (continued)

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Foreign currencies (continued)		
Placement with Bank Indonesia and other banks		
Inter-bank Call Money	15,286	6,056
Others placement with Bank Indonesia and other banks	11,331	9,053
Others	30,388	82,012
	<u>581,895</u>	<u>411,551</u>
Total	<u>16,593,107</u>	<u>12,962,732</u>

31. INTEREST EXPENSE AND OTHER FINANCING EXPENSE

This account represents interest expenses and other financing expense as of March 31, 2014 and 2013 incurred on:

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Rupiah		
Time deposits	2,959,576	1,943,347
Saving deposits	634,430	541,239
Demand deposits	295,685	295,880
Subordinated loans	55,779	54,750
Deposits from other banks and financial institutions	31,332	4,103
Fund borrowing	34,178	46,946
Others	166,520	179,515
	<u>4,177,500</u>	<u>3,065,780</u>
Foreign currencies		
Time deposits	150,990	131,167
Fund borrowing	2,569	12,481
Deposits from other banks and financial institutions	27,030	16,822
Demand deposits	13,008	9,638
Others	76,776	28,420
	<u>270,373</u>	<u>198,528</u>
Total	<u>4,447,873</u>	<u>3,264,308</u>

32. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET

This account represents provision (reversal) of allowance for impairment losses on financial assets as of March 31, 2014 and 2013 as follows:

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Loans (Note 12f)	1,115,499	666,009
Sharia receivables and financing (Note 13)	(15,576)	9,814
Placement with Bank Indonesia and other banks (Note 6)	-	486
Securities (Note 7e)	1	-
Current accounts with other banks (Note 5e)	26	(21)
Total	<u>1,099,950</u>	<u>676,288</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

33. SALARIES AND EMPLOYEE BENEFITS

As of March 31, 2014 and 2013, the details of this account are as follows:

	March 31, 2014	March 31, 2013
Salaries, wages and allowances	1,819,754	1,547,549
Bonuses, incentives and tantiem	1,071,997	1,027,149
Training and development	93,646	69,747
Medical allowances	48,999	36,046
Work separation scheme (Note 40d)	43,755	59,541
Grand leaves (Note 40e)	39,101	52,559
Defined contribution pension (Catatan 40c)	33,323	27,105
Gratuity for services (Note 40e)	17,122	41,270
Old-Age plan contribution (Note 40b)	16,686	20,030
Defined benefit pension (Note 40a)	2,470	132,354
Pension preparation period (Note 40e)	439	-
Others	107,422	90,893
Total	3,294,714	3,104,243

Salaries and allowances of the Board of Directors amounted to Rp12,851 and Rp9,863 and the Board of Commissioners amounted to Rp4,432 and Rp4,066 for the years ended March 31, 2014 and 2013, respectively (Note 42).

Bonuses, incentives and tantiem paid to the Boards of Directors, Commissioners and key employees amounted to Rp47,400 and Rp189, for the years ended March 31, 2014 and 2013, respectively (Note 42).

34. GENERAL AND ADMINISTRATIVE EXPENSES

As of March 31, 2014 and 2013, the details of this account are as follows:

	March 31, 2014	March 31, 2013
Rent	266,230	225,008
Depreciation of premises and equipment (Note 16)	200,366	136,966
Repairs and maintenance	171,517	146,119
Electricity and water	114,837	92,019
Transportation	77,822	70,610
Office supplies	63,259	45,856
Printing and postage	55,658	65,221
Communications	32,882	25,114
Professional fees	9,665	12,677
Computer installations	7,815	15,133
Research and product development	2,199	6,059
Others	839,608	599,304
Total	1,841,858	1,440,086

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

35. NON OPERATING INCOME - NET

As of March 31, 2014 and 2013, the details of this account are as follows:

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Loan insurance claim income	150,688	111,583
Gain on sale of premises and equipment (Note 16)	2,312	4,348
Rental income	190	482
Cash distribution from the liquidation of BRI Finance Ltd, Hong Kong	-	236,296
Others-net	452,855	4,517
Total	<u>606,045</u>	<u>357,226</u>

36. TAXATION

a. Taxes Payable:

As of March 31, 2014 and December 31, 2013, the details of taxes payable are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
BRI (Parent entity)		
Income tax		
Article 25	848,895	160,469
Article 29	1,067,156	1,067,156
	<u>1,916,051</u>	<u>1,227,625</u>
Subsidiaries		
Income tax		
Article 21	3,479	10,116
Article 23	165	736
Article 25	-	7,342
Article 29	817	4,254
Article 4 (2)	14,111	15,940
Others	12	5
	<u>18,584</u>	<u>38,393</u>
Total	<u>1,934,635</u>	<u>1,266,018</u>

b. Tax Expense

As of March 31, 2014 and 2013, the details of taxes expense are as follows:

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
<u>Parent Entity</u>		
Current tax expense of:		
Current year	1,158,508	920,488
Prior year tax examination	120,793	-
Deferred income tax expense	190,467	205,258
	<u>1,469,768</u>	<u>1,125,746</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

36. TAXATION (continued)

b. Tax Expense (continued)

<u>Subsidiaries</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Current tax expense of:		
Current year	4,548	3,589
	<u>1,474,316</u>	<u>1,129,335</u>

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

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Income before tax expense based on the consolidated statements of comprehensive income	7,412,027	6,215,845
Income of Subsidiaries	(40,282)	(82,650)
Income before tax expense - BRI (Parent Entity)	<u>7,371,745</u>	<u>6,133,195</u>
Temporary Differences:		
Reversal for allowance for impairment losses on loans	(681,138)	(870,675)
Reversal of provision for personnel expenses	(33,009)	191,698
Unrealized (gain) loss on trading securities and Government Recapitalization Bonds	(8,822)	-
Depreciation of premises and equipment	(38,901)	(142,053)
	<u>(761,870)</u>	<u>(821,030)</u>
Permanent Differences:		
Public relations	7,704	2,286
Representations and donations	22,906	17,406
Sports and religious activities	5,042	4,711
Income subjected to final tax	-	(20)
Income of Subsidiaries (equity method)	(9,783)	(9,639)
Others	(843,202)	(724,471)
	<u>(817,333)</u>	<u>(709,727)</u>
Estimated taxable income	<u>5,792,542</u>	<u>4,602,438</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

36. TAXATION (continued)

b. Tax Expense (continued)

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

	March 31, 2014	March 31, 2013
Estimated taxable income	5,792,542	4,602,438
<u>Parent Entity</u>		
Corporate income tax expense - current	(1,158,508)	(920,488)
Income tax installment payments during the year	2,546,682	985,783
Corporate income tax payable - Article 29	1,388,174	65,295
<u>Subsidiaries</u>		
Corporate income tax expense - current	(4,548)	(3,589)
Income tax installment payments during the year	3,731	2,890
Corporate income tax payable - Article 29	(817)	(699)

Income tax of BRI and Subsidiaries are computed for each company as a separate legal entity.

Examination of fiscal year 2010

The General Directorate of Tax based on Tax Assessment Letter No. 00198/207/10/093/12 dated November 28, 2012, affirmed the under payment of Value Added Tax on Goods and Services in the amount of Rp1,418 including fine in the amount of Rp194 which was billed through Tax Billing Letter No. 00112/107/10/093/12 dated November 28, 2012. Tax principal was already approved by the BRI, but for administrative sanctions and penalties are currently being proposed for deletion process according to the existing tax regulations.

The General Directorate of Tax based on Tax Assessment Letter No. 00003/206/10/093/12 dated November 28, 2012, affirmed the under payment of Income Tax in the amount of Rp1,484,041 which was already approved by BRI in the amount of Rp34,529. The management is in the opinion that BRI's treatment to disapprove the tax under payment is already in accordance with the existing tax regulations, therefore, BRI is currently filing for an objection.

The total payment for tax under payment of Value Added Tax and Goods (including penalty) and income tax by BRI amounted to Rp36,142 and was paid on December 27, 2012.

On February 27, 2013, BRI has contested the Under Payment of Tax Assesment Letter of Income Tax No. 00003/206/10/093/12 dated 28 November 2012. To qualify for the requirement of objection, BRI has paid a deposit of Rp1,449,512 to the State Treasury on February 28, 2013. At the request of the BRI objection The General Directorate of Tax issued Objection Decision Letter No. KEP-229/WPJ.19/2014 dated February 18, 2014 that rejected the objection petition BRI. Furthermore, the bank will appeal the Objection Decision Letter

After the assessment, management BRI believes that the period for filing an objection and appeal until the decision of the review takes about 3 years and 3 months. Appeal decision and reconsideration decision has the possibility of rejected by the Tax Court, therefore BRI has formed the cost for the possible losses from the appeal process until the reconsideration decision amounted to Rp603,964 in March 31, 2014 (Note 17).

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

36. TAXATION (continued)

c. Deferred Tax Assets

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

	March 31, 2014	March 31, 2013
<u>Parent Entity</u>		
Reversal for allowance for possible losses on earning assets	(170,285)	(217,669)
Reversal of provision for personnel expense	(8,252)	47,924
Unrealized (gain) loss on trading securities and Government Recapitalization Bonds	(2,205)	-
Depreciation of premises and equipment	(9,725)	(35,513)
	<u>(190,467)</u>	<u>(205,258)</u>
<u>Subsidiaries</u>		
Total deferred tax expenses	<u>(190,467)</u>	<u>(205,258)</u>

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

	March 31, 2014	December 31, 2013
<u>Parent Entity</u>		
Allowance for possible losses on earning assets	1,075,155	1,245,440
Provision for personnel expense	674,251	682,503
Depreciation on premises and equipment	(30,916)	(21,191)
Unrealized gain on trading securities and Government Recapitalization Bonds	(3,334)	(1,129)
Unrealized loss on available for sale securities and Government Recapitalization Bonds	177,681	236,513
	<u>1,892,837</u>	<u>2,142,136</u>
Subsidiaries	38,192	46,370
Total	<u>1,931,029</u>	<u>2,188,506</u>

Under article 17 (2) of Law No. 7 year 1983 regarding "Income Tax" which was revised for the fourth time by Law No. 36 year 2008, the corporate tax rate is 25.00%.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

36. TAXATION (continued)

In addition, based on the above Law No. 36 year 2008 dated September 23, 2008, the Government Regulation No.77 year 2013 dated November 21, 2013 on "Reduction of the Income Tax Rate on Resident Corporate Tax Payers in the Form of Publicly-listed Companies" and the Ministry of Finance Regulation No. 238/PMK.03/2008 dated December 30, 2008 on "The Guidelines on the Implementation and Supervision on the Rate Reduction for Domestic Tax Payers in the Form of Public Companies" stipulates that resident publicly-listed companies in Indonesia can obtain the reduced income tax rate at 5.00% lower than the highest existing income tax rate, provided they meet the prescribed criteria, i.e., public companies whose shares are owned by the public at a minimum of 40.00% 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 5.00% 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/1/2014-0098 dated January 6, 2014 and the monthly report of shares ownerships, form No. X.H.I-2 dated January, 6 2014 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of BRI's shares during 2013), all of the above mentioned required criteria to obtain the tax rate reduction on BRI's consolidated financial statements for the year ended December 31, 2013 were fulfilled by BRI.

37. RISK MANAGEMENT

The key to success in BRI's accomplishment as a strong and healthy bank with sustainable growth is the business implementation accompanied by an integrated and systematic risk management of credit, liquidity, operational, market, strategic, compliance, reputational and legal risk in accordance with Circular Letter of Bank Indonesia No. 13/23/DPNP dated October 25, 2011 on Risk Management Implementation for Commercial Banks.

The principles of integrated and systematic risk management are stated in the Risk Management General Policy (KUMR) which represents the supreme rule in the risk management implementation in BRI's business activities. KUMR includes general policy, strategy, organization, risk management, information system, process and implementation of risk management, up to internal control system. Implementation of risk management policies are set for derivative transactions in accordance with the type of derivative risks.

Board of Commissioners (BOC) and Board of Director (BOD) is responsible for effective risk management at BRI and have an important role in supporting and overseeing the implementation of risk management across working units.

BOC evaluate the implementation of risk management policies that was led by BOD. Evaluation is done to ensure that BOD manage the activity and risks effectively. In conducting supervision of BRI's risk management, BOC were assisted by the Risk Management Oversight Committee (KPMR).

BOD determine the policy and risk management strategy comprehensively along with its implementation. BOD ensure that all material risks and the impact has been followed up, and remedial measure for problems or irregularities in business activity has been implemented. BOD appoint a Special Director, in this case Director of Compliance and Risk Management, to implement the process of monitoring and controlling bank-wide risk.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

BRI's BOD were assisted by Risk Management Committee (RMC) as the highest committee in BRI's risk management structure. RMC is responsible to provide recommendations to the President Director in formulating policies, enhance policy implementation, evaluating the progress and condition of risk profiles, and providing remedial measure.

To address issues that were specific to certain types of risk and required immediate decisions, RMC conducted sub-RMC meetings. There were 3 (three) types of sub-RMC: CMRC (Credit Risk Management Committee), MRMC (Market Risk Management Committee), and ORMC (Operational Risk Management Committee), was form to discuss issues related to credit, market, operational and other risks.

Risk management within BRI is a function that is independent, in example business function and audit function. These functions plays an active roll in implementing risk management at different levels of authority. BRI's Risk Management was implemented with the concept of three lines of defense. First line of defense is the business and operational units with functional activity, responsible for implementing and maintaining internal controls and ensuring output quality are accordance with policies and procedures that have been developed. Second line of defense monitors the implementation of risk management procedures with an appropriate risk tolerance and establishes policies, guidelines, and risk limits for business and operational units independently. Third line of defense evaluate the first line and second lines of defense, and provide report to the President Director and BOC independently.

a. Credit Risk Management

Credit risk is risk due to default of debtor and/or other party in meeting their obligation to BRI. BRI monitors the credit quality as part of early identification of credit impairment. Credit risk management is done by including limits of acceptable risk exposure for individual third party, limits on geographics boundaries, and limits on each industry. Limit determination is done through credit risk rating for each debtor. Credit risk rating is updated periodically to estimate potential loss as risk due to credit expansion and as a basis to determine the following improvement.

Implementation of Credit Risk Management is not solely intended to put BRI as a bank that is complied with the regulation, but also as a form of management's obligation in implementing credit risk management system at an optimum level of risk and return, and in accordance with best practice in the banking industry, which is expected to support BRI's business activities.

Loan distribution performed by business unit already considered the credit risk from granting until fully paid. Monitoring on credit risk are done on a regular basis to prevent Non Performing Loan (NPL).

Through the implementation of Early Warning System (EWS) in the development of the condition of the debtor's business, effective credit risk management could minimize risk of loss and optimize capital usage to obtain maximum income.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

a. Credit Risk Management (continued)

Credit risk management of BRI is intended to minimize possible losses due to unsettled loans and other financial contracts, both in the individual level and the overall loan portfolio. Credit risk management is also intended to meet the regulatory requirements of Bank Indonesia.

1. Analysis of maximum exposure to credit risk and collateral and other credit enhancement

The carrying value of BRI's financial assets other than loan and receivable and securities purchased under agreement to resell best represent the maximum exposure to credit risk

The table below shows the net maximum exposure to credit risk of securities purchase under agreement to resell as of March 31, 2014 and December 31, 2013:

	March 31, 2014		
	Maximum Exposure	Collateral	Net Exposure
Securities purchased under agreements to resell	22,386,130	23,764,370	-
	December 31, 2013		
	Maximum Exposure	Collateral	Net Exposure
Securities purchased under agreements to resell	14,440,063	15,133,887	-

For the loans and receivables, BRI uses the collateral to minimize the credit risk. Loans and receivables are classified into two major category:

- a. Secured loans
- b. Unsecured loans

For secured loans, BRI determined the type and value of collateral according to the loan scheme. Types of collateral are as follows:

- a. Physical collateral, such as land and buildings, proof of vehicle ownership, and property.
- b. Financial collateral, such as time deposit, savings, demand deposit, securities, and gold.
- c. Others, such as guarantees, government guarantees, and guarantee institution.

In times of default, BRI will use the collateral as the last resort in recovering its investment.

Unsecured loans consist of fully unsecured loans such as credit cards and partially secured loans such as loans for fixed income employees, loans for retirees, and other consumer loans. In their payment obligations, partially secured loans are generally made through automatic payroll deduction.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

a. Credit Risk Management (continued)

1. Analysis of maximum exposure to credit risk and collateral and other credit enhancement (continued)

Although it is included in the unsecured loans category, the risk level of partially secured loans is lower than the carrying value. As for fully unsecured loan, the risk level is equal to the carrying value.

Credit risk mitigations for partially secured loans consist of employee recruitment decision letter and certificate of retirement.

2. Risk concentration analysis

a. Geographical sectors

The following tables provide details of BRI's credit risk exposure at carrying value as categorized by geographical region as of March 31, 2014 and December 31, 2013. For these tables, BRI has allocated exposures to the regions based on the geographical area where activities are undertaken which also illustrates the region business potential:

	March 31, 2014							Total
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	
Assets								
Current accounts with Bank Indonesia	40,855,584	-	-	-	-	27	-	40,855,611
Current accounts with other banks	7,576,035	-	79	5	5	10,798	233,778	7,820,700
Placement with Bank Indonesia and other banks	22,224,976	-	-	-	-	-	551,845	22,776,821
Securities								
Fair value through profit or loss	848,858	-	-	-	-	-	-	848,858
Available for sale	13,824,207	-	-	-	-	-	1,736,246	15,560,453
Held to maturity	25,444,523	-	-	-	-	-	79,520	25,524,043
Export bills	5,216,866	668,383	162,009	788,647	284,501	7,877	-	7,128,283
Government Recapitalization Bonds								
Available for sale	715,201	-	-	-	-	-	-	715,201
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	22,386,130	-	-	-	-	-	-	22,386,130
Derivatives receivable	2,184	-	-	-	-	-	-	2,184
Loans								
Micro	11,506,282	13,315,622	23,413,878	20,331,706	30,954,870	46,939,371	-	146,461,729
Retail	39,332,311	12,974,856	19,986,655	23,716,673	31,812,254	46,576,528	216,672	174,615,949
Corporate	83,082,117	7,860,985	2,145,005	5,090,016	8,817,305	4,308,172	3,914,709	115,218,309
Sharia receivable and financing	3,808,918	3,073,220	1,644,502	1,359,924	2,225,716	1,748,383	-	13,860,663
Acceptances receivable	2,358,082	402,880	100,978	582,486	28,464	696	-	3,473,586
Investment in associated entities ¹⁾	1,944	-	-	-	-	-	-	1,944
Others assets ²⁾	1,065,306	17,622	13,491	36,488	35,983	41,168	77,341	1,287,399
	283,849,524	38,313,568	47,466,597	51,905,945	74,159,098	99,633,020	6,810,111	602,137,863
Less: Allowance for impairment losses								(15,740,285)
Total								586,397,578

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

a. Credit Risk Management (continued)

2. Risk concentration analysis (continued)

a. Geographical sectors (continued)

	March 31, 2014							Total
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	
Administrative Accounts								
Irrevocable L/C Guarantees issued	12,994,919	1,233,145	135,554	380,265	306,150	46,632	-	15,096,665
Total	22,708,149	3,174,520	237,603	823,232	605,198	2,441,907	-	29,990,609
	December 31, 2013							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
Assets								
Current accounts with Bank Indonesia	40,718,495	-	-	-	-	-	-	40,718,495
Current accounts with other banks	8,746,304	3,740	1,416	795	5,016	10,076	667,850	9,435,197
Placement with Bank Indonesia and other banks	36,306,883	-	-	-	-	-	-	36,306,883
Securities								
Fair value through profit or loss	898,511	-	-	-	-	-	-	898,511
Available for sale	13,739,364	-	-	-	-	-	1,634,694	15,374,058
Held to maturity	26,289,475	-	-	-	-	-	112,393	26,401,868
Export bills	6,399,769	901,712	143,749	1,116,915	350,933	12,994	-	8,926,072
Government Recapitalization Bonds								
Fair value through profit or loss	199,314	-	-	-	-	-	-	199,314
Available for sale	712,105	-	-	-	-	-	-	712,105
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	14,440,063	-	-	-	-	-	-	14,440,063
Derivatives receivable	4,981	-	-	-	-	-	-	4,981
Loans								
Micro	11,172,945	12,787,420	22,711,207	19,609,819	30,126,437	45,858,914	-	142,266,742
Retail	48,387,090	12,809,817	19,690,352	23,467,745	31,556,531	45,616,690	326,113	181,854,338
Corporate	76,579,783	7,685,786	2,089,124	5,946,223	9,701,029	4,191,558	4,001,883	110,195,386
Sharia receivable and financing	3,939,050	3,186,621	1,624,095	1,352,004	2,252,143	1,674,477	-	14,028,390
Acceptances receivable	1,788,857	1,034,340	189,150	527,306	140,031	-	-	3,679,684
Investment in associated entities ^{*)}	1,944	-	-	-	-	-	-	1,944
Other assets ^{**)}	996,975	19,189	15,550	20,885	34,920	23,292	49,723	1,160,534
Total	294,921,908	38,428,625	46,464,643	52,041,692	74,167,040	97,388,001	6,792,656	610,204,565
Less: Allowance for impairment losses								(15,418,945)
Total								594,785,620

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

a. Credit Risk Management (continued)

2. Risk concentration analysis (continued)

a. Geographical sectors (continued)

	December 31, 2013							Total
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	
Administrative								
Accounts								
Irrevocable L/C	15,691,043	1,811,410	110,618	557,092	429,071	27,236	-	18,626,470
Guarantees issued	10,058,642	2,226,392	158,740	480,897	393,191	2,574,319	-	15,892,181
Total	25,749,685	4,037,802	269,358	1,037,989	822,262	2,601,555	-	34,518,651

*) Investment in associated entities with no significant influence

**) Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles

b. Industrial sectors

The following tables provide the details of credit exposure at carrying value, as categorized by the industrial sectors as of March 31, 2014 and December 31, 2013:

	March 31, 2014							Total
	Government (including Bank Indonesia)	Banks and other financial institutions	Agriculture	Manufacturing	Trading, hotels and restaurants	Business services	Others	
Current accounts with Bank Indonesia	40,855,611	-	-	-	-	-	-	40,855,611
Current accounts with other banks	-	7,820,700	-	-	-	-	-	7,820,700
Placement with Bank Indonesia and other banks	20,075,579	2,701,242	-	-	-	-	-	22,776,821
Securities								
Fair value with profit or loss	848,858	-	-	-	-	-	-	848,858
Available for sale	14,748,495	134,761	-	349,855	-	-	327,342	15,560,453
Held to maturity	21,893,786	3,414,257	-	216,000	-	-	-	25,524,043
Export bills	3,807	-	-	2,215,617	53,513	74,202	4,781,144	7,128,283
Government								
Recapitalization								
Bonds								
Available for sale	715,201	-	-	-	-	-	-	715,201
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	21,571,103	815,027	-	-	-	-	-	22,386,130
Derivatives receivable	-	2,184	-	-	-	-	-	2,184
Loans								
Micro	-	-	20,150,536	2,868,379	60,542,859	6,911,830	55,988,125	146,461,729
Retail	-	1,182,268	3,860,715	11,879,228	65,255,324	6,663,978	85,774,436	174,615,949
Corporate	3,357,526	4,748,138	16,453,717	33,025,846	18,897,716	4,408,293	34,327,073	115,218,309
Sharia receivable and financing								

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

a. Credit Risk Management (continued)

2. Risk concentration analysis (continued)

b. Industrial sectors (continued)

March 31, 2014								
	Government (including Bank Indonesia)	Banks and other financial institutes	Agriculture	Manufacturing	Trading, hotels and restaurants	Business services	Others	Total
Acceptances receivable	825,225	-	13,715	65,603	1,000	155,228	2,412,815	3,473,586
Investment in Inassociated entities ^{*)}	-	834	-	-	-	900	210	1,944
Other assets ^{**)}	425,285	98,711	-	-	33,372	260,617	469,414	1,287,399
	128,964,606	21,063,336	40,661,572	51,079,330	145,034,000	24,182,908	191,152,111	602,137,863
Less: Allowance for impairment losses								(15,740,285)
Total								586,397,578
Administrative Accounts								
Irrevocable L/C Guarantees issued	4,461,759	-	11,068	305,061	198,195	2,478,368	7,642,214	15,096,665
	8,553,486	-	-	45,413	186,999	2,101,509	4,006,537	14,893,944
Total	13,015,245	-	11,068	350,474	385,194	4,579,877	11,648,751	29,990,609
December 31, 2013								
	Government (including Bank Indonesia)	Banks and other financial institutes	Agriculture	Manufacturing	Trading, hotels and restaurants	Business services	Others	Total
Current accounts with Bank Indonesia	40,718,495	-	-	-	-	-	-	40,718,495
Current accounts with other banks	-	9,435,197	-	-	-	-	-	9,435,197
Placement with Bank Indonesia and other banks	31,957,329	4,349,554	-	-	-	-	-	36,306,883
Securities								
Fair value through profit or loss	197,028	701,483	-	-	-	-	-	898,511
Available for sale	14,262,387	461,029	-	248,524	12,048	25,310	364,760	15,374,058
Held to maturity	21,653,086	4,456,782	50,000	50,000	150,000	42,000	-	26,401,868
Export bills	10,266	-	-	2,664,128	40,856	32,965	6,177,857	8,926,072
Government Recapitalization Bonds								
Fair value through profit or loss	199,314	-	-	-	-	-	-	199,314
Available for sale	712,105	-	-	-	-	-	-	712,105
Held to maturity	3,600,000	-	-	-	-	-	-	3,600,000
Securities purchased under agreements to resell	14,440,063	-	-	-	-	-	-	14,440,063
Derivatives receivable	-	4,981	-	-	-	-	-	4,981
Loans								
Micro	-	-	18,962,693	2,684,186	58,893,221	6,554,528	55,172,114	142,266,742
Retail	-	6,773,316	3,936,283	13,693,620	65,489,885	6,561,863	85,399,371	181,854,338
Corporate	3,541,631	4,371,588	16,625,502	31,961,494	18,601,806	4,407,974	30,685,391	110,195,386
Sharia receivable and financing	6,739	79,173	129,504	311,405	49,542	5,467,247	7,984,780	14,028,390
Acceptances receivable	1,417,558	-	-	11,241	-	-	2,250,885	3,679,684

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

a. Credit Risk Management (continued)

2. Risk concentration analysis (continued)

b. Industrial sectors (continued)

	December 31, 2013							Total
	Government (including Bank Indonesia)	Banks and other financial institutions	Agriculture	Manufacturing	Trading, hotels and restaurants	Business services	Others	
Investment in associated entities ^{*)}	-	834	-	-	-	900	210	1,944
Other assets ^{**)}	764,030	90,272	-	-	-	42,177	264,055	1,160,534
	<u>133,480,031</u>	<u>30,724,209</u>	<u>39,703,982</u>	<u>51,624,598</u>	<u>143,237,358</u>	<u>23,134,964</u>	<u>188,299,423</u>	<u>610,204,565</u>
Less: Allowance for impairment losses								(15,418,945)
Total								<u>594,785,620</u>
Administrative Accounts								
Irrevocable L/C	5,856,008	-	-	575,179	33,095	810	12,161,378	18,626,470
Guarantees issued	7,194,127	1,689	-	960,675	169,827	109,416	7,456,447	15,892,181
Total	<u>13,050,135</u>	<u>1,689</u>	<u>-</u>	<u>1,535,854</u>	<u>202,922</u>	<u>110,226</u>	<u>19,617,825</u>	<u>34,518,651</u>

^{*)} Investment in associated entities with no significant influence

^{**)} Other assets consist of interest receivables and other receivables, including other receivables based on Sharia principles

3. Impairment of financial assets

Impairment of financial assets as of March 31, 2014 and December 31, 2013 are as follows:

a. Current accounts with other banks

As of March 31, 2014 and December 31, 2013, this financial asset includes impaired account amounted to Rp103 and Rp77.

b. Placements with Bank Indonesia and other banks

As of March 31, 2014 and December 31, 2013, this financial asset is neither individually nor collectively impaired.

c. Securities

As of March 31, 2014 and December 31, 2013, this financial asset includes impaired accounts with the following details:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Rupiah		
Government bonds	19,929,652	18,126,855
Certificates of Bank Indonesia	8,883,891	8,027,875
Deposits Certificates of Bank Indonesia	3,302,098	3,717,868
Bonds	2,025,588	1,986,229
Bank Indonesia Sharia Certificates (SBIS)	1,150,000	1,050,000
Mutual funds	261,946	338,464
Medium Term Notes	50,000	50,000

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

a. Credit Risk Management (continued)

3. Impairment of financial assets (continued)

c. Securities (continued)

	March 31, 2014	December 31, 2013
Rupiah (continued)		
Subordinated bonds	40,000	40,000
	<u>35,643,175</u>	<u>33,337,291</u>
Foreign currencies		
Government bonds	4,237,276	4,418,069
Credit Linked Notes	1,404,124	4,212,803
Bonds	603,339	621,084
Notes receivables	45,440	85,190
	<u>6,290,179</u>	<u>9,337,146</u>
	41,933,354	42,674,437
Less: Allowance for impairment losses	(773)	(772)
Total	<u>41,932,581</u>	<u>42,673,665</u>

d. Export bills

As of March 31, 2014 and December 31, 2013 this financial asset is neither individually nor collectively impaired.

e. Derivatives receivable

As of March 31, 2014 and December 31, 2013, this financial asset is not individually or collectively impaired.

f. Loans, Sharia receivables and financing

As of March 31, 2014 and December 31, 2013, this financial asset is individually or collectively impaired, for Sharia is according to the regulation of Bank Indonesia with the following details:

	March 31, 2014				Total
	Neither Past Due Nor Impaired		Past Due But Not Impaired		
	High Grade	Standar Grade	Impaired	Impaired	
Rupiah					
Trading, hotels and restaurants	121,385,003	214,368	15,070,423	5,123,742	141,793,536
Agriculture	35,662,520	5,510	1,802,512	903,158	38,373,700
Business services	19,904,339	3,950,251	2,008,614	1,014,464	26,877,668
Manufacturing	18,123,638	660,322	1,777,543	780,659	21,342,162
Electricity, gas and water	13,809,178	-	22,614	26,061	13,857,853
Transportation, warehousing and communications	10,441,395	305	613,482	370,527	11,425,709
Construction	7,573,308	-	1,081,242	1,282,749	9,937,299
Social services	5,367,759	635	442,264	208,599	6,019,257
Mining	1,485,194	1,800	699,891	47,122	2,234,007
Others	125,316,935	1,790	6,114,810	1,540,518	132,974,053
	<u>359,069,269</u>	<u>4,834,981</u>	<u>29,633,395</u>	<u>11,297,599</u>	<u>404,835,244</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

a. Credit Risk Management (continued)

3. Impairment of financial assets (continued)

f. Loans, Sharia receivables and financing (continued)

	March 31, 2014				
	Neither Past Due Nor Impaired		Past Due But Not Impaired		Total
	High Grade	Standar Grade	Impaired	Impaired	
Foreign currencies					
Manufacturing	26,441,907	249,825	455,487	542,395	27,689,614
Trading, hotels and restaurants	3,145,581	96,967	280,285	238,264	3,761,097
Social services	3,144,306	-	-	-	3,144,306
Mining	2,701,991	-	222,568	2,302	2,926,861
Agriculture	2,454,063	-	-	34,573	2,488,636
Construction	754,230	-	4,714	743,053	1,501,997
Electricity, gas and water	1,413,219	-	-	-	1,413,219
Business services	929,922	-	20,552	394,834	1,345,308
Transportations, warehousing and communications	165,565	-	2,098	881,476	1,049,139
Others	1,229	-	-	-	1,229
	<u>41,152,013</u>	<u>346,792</u>	<u>985,704</u>	<u>2,836,897</u>	<u>45,321,406</u>
	<u>400,221,282</u>	<u>5,181,773</u>	<u>30,619,099</u>	<u>14,134,496</u>	<u>450,156,650</u>
Less: Allowance for impairment losses					(15,739,409)
Total					<u>434,417,241</u>

	December 31, 2013				
	Neither Past Due Nor Impaired		Past Due But Not Impaired		Total
	High Grade	Standar Grade	Impaired	Impaired	
Rupiah					
Trading, hotels and restaurants	122,782,974	215,206	10,670,167	4,629,957	138,298,304
Agriculture	34,633,345	3,482	1,350,181	788,266	36,775,274
Business services	20,169,721	3,625,324	1,274,688	940,567	26,010,300
Manufacturing	18,340,606	1,291,838	651,361	771,092	21,054,897
Social services	11,986,164	646	253,642	194,599	12,435,051
Transportations, warehousing and communications	10,673,187	2,555	351,335	299,492	11,326,569
Electricity, gas and water	10,564,096	-	13,471	26,207	10,603,774
Construction	8,324,731	-	390,665	1,317,825	10,033,221
Mining	2,065,572	1,800	362,284	41,451	2,471,107
Others	124,568,589	1,267	5,146,468	1,352,576	131,068,900
	<u>364,108,985</u>	<u>5,142,118</u>	<u>20,464,262</u>	<u>10,362,032</u>	<u>400,077,397</u>
Foreign currencies					
Manufacturing	27,227,762	413,841	-	658,383	28,299,986
Trading, hotels and restaurants	4,190,159	100,737	220,878	865,594	5,377,368
Social services	3,286,158	-	-	-	3,286,158
Mining	2,820,276	-	215,260	5,475	3,041,011
Agriculture	2,853,568	-	-	37,018	2,890,586
Electricity, gas and water	1,539,950	-	-	-	1,539,950
Business services	995,281	-	17,148	427,673	1,440,102

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

a. Credit Risk Management (continued)

3. Impairment of financial assets (continued)

f. Loans, Sharia receivables and financing (continued)

	December 31, 2013				Total
	Neither Past Due Nor Impaired		Past Due But Not Impaired		
	High Grade	Standar Grade	Impaired	Impaired	
Foreign currencies (continued)					
Construction	959,459	-	92	178,738	1,138,289
Transportation, warehousing and communication	179,769	-	1,262	954,972	1,136,003
Others	118,006	-	-	-	118,006
	<u>44,170,388</u>	<u>514,578</u>	<u>454,640</u>	<u>3,127,853</u>	<u>48,267,459</u>
Less: Allowance for impairment losses	<u>408,279,373</u>	<u>5,656,696</u>	<u>20,918,902</u>	<u>13,489,885</u>	<u>448,344,856</u>
Total					<u>(15,418,096)</u> <u>432,926,760</u>

g. Acceptances receivable

As of March 31, 2014 and December 31, 2013, this financial asset is neither individually nor collectively impaired.

h. Estimated losses on commitments and contingencies

As of March 31, 2014 and December 31, 2013, the administrative accounts are impaired with the following details:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Rupiah		
Guarantees issued	4,109,383	5,770,703
Irrevocable L/C	371,884	662,800
	<u>4,481,267</u>	<u>6,433,503</u>
Foreign currencies		
Irrevocable L/C	14,724,781	17,963,670
Guarantees issued	10,784,561	10,121,478
	<u>25,509,342</u>	<u>28,085,148</u>
	29,990,609	34,518,651
Less: Allowance for impairment losses	(223)	(223)
Total	<u>29,990,386</u>	<u>34,518,428</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

a. Credit Risk Management (continued)

4. Quality of financial assets

The following tables show the quality of financial assets by class for all financial assets with credit risk, amount presented are gross.

	March 31, 2014				
	Neither Past Due Nor Impaired		Past Due But Not Impaired		Total
	High Grade	Standar Grade	Impaired	Impaired	
Current accounts with Bank Indonesia	40,855,611	-	-	-	40,855,611
Current accounts with other banks	7,820,700	-	-	-	7,820,700
Placment with Bank Indonesia and other banks	22,776,821	-	-	-	22,776,821
Securities					
Fair value through profit or loss	848,858	-	-	-	848,858
Available for sale	15,560,453	-	-	-	15,560,453
Held to maturity	25,524,043	-	-	-	25,524,043
Export bills	7,128,283	-	-	-	7,128,283
Government Recapitalization					
Bonds					
Available for sale	715,201	-	-	-	715,201
Held to maturity	3,600,000	-	-	-	3,600,000
Securities purchased under agreements to resell	22,386,130	-	-	-	22,386,130
Derivatives receivable	2,184	-	-	-	2,184
Loans					
Micro	132,444,089	-	11,735,272	2,282,368	146,461,729
Retail	153,644,873	22,444	14,911,150	6,037,482	174,615,949
Corporate	101,458,894	5,138,072	3,368,811	5,252,532	115,218,309
Sharia receivable and financing	12,673,426	21,257	603,866	562,114	13,860,663
Acceptances receivable	3,473,586	-	-	-	3,473,586
Investment in associated entities ^{*)}	1,944	-	-	-	1,944
Other assets ^{**)}	1,287,399	-	-	-	1,287,399
Total	552,202,495	5,181,773	30,619,099	14,134,496	602,137,863

	December 31, 2013				
	Neither Past Due Nor Impaired		Past Due But Not Impaired		Total
	High Grade	Standar Grade	Impaired	Impaired	
Current accounts with Bank Indonesia	40,718,495	-	-	-	40,718,495
Current accounts with other banks	9,435,197	-	-	-	9,435,197
Placment with Bank Indonesia and other banks	36,306,883	-	-	-	36,306,883
Securities					
Fair value through profit or loss	898,511	-	-	-	898,511
Available for sale	15,232,460	141,598	-	-	15,374,058
Held to maturity	26,294,491	107,377	-	-	26,401,868
Export bills	8,926,072	-	-	-	8,926,072

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

a. Credit Risk Management (continued)

4. Quality of financial assets (continued)

	December 31, 2013				
	Neither Past Due Nor Impaired		Past Due But Not Impaired		Total
	High Grade	Standar Grade	Impaired	Impaired	
Government Recapitalization Bonds					
Fair value through profit or loss	199,314	-	-	-	199,314
Available for sale	712,105	-	-	-	712,105
Held to maturity	3,600,000	-	-	-	3,600,000
Securities purchased under agreements to resell	14,440,063	-	-	-	14,440,063
Derivative receivable	4,981	-	-	-	4,981
Loans					
Micro	131,203,167	-	9,350,206	1,713,369	142,266,742
Retail	165,838,852	25,647	10,297,146	5,692,693	181,854,338
Corporate	98,149,920	5,608,577	916,964	5,519,925	110,195,386
Sharia receivable and financing	13,087,434	22,472	354,586	563,898	14,028,390
Acceptances receivable	3,679,684	-	-	-	3,679,684
Investment in associated entities ^{*)}	1,944	-	-	-	1,944
Other assets ^{**)}	1,160,534	-	-	-	1,160,534
Total	569,890,107	5,905,671	20,918,902	13,489,885	610,204,565

^{*)} Investment in associated entities with no significant influence

^{**)} Other assets consist of interest receivables, other receivables, and unearned income based on Sharia principles

Credit quality defined as follows:

a. High Grade

- 1) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements with the sovereign and transacted with banks listed in the stock exchange.
- 2) Loans and Sharia receivables/financing, are third party receivables that are neither past due nor impaired, and has never been restructured.
- 3) Export bills and acceptances receivable, are third party receivables that are not past due, and have strong financial capacity to repay all of obligations in a timely manner.
- 4) Securities and government bonds are sovereign securities, investment grade securities and bonds with a rating of at least idA- (Pefindo), A- (Fitch), A- (Standard & Poor's), or A3 (Moody's).
- 5) Investment in associated entities, are investment to entity listed in stock exchange and have an overall good performance level.

b. Standard Grade

- 1) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are currents accounts or placements with the banks not listed in the stock exchange.
- 2) Loans and Sharia receivables/financing, are third party receivables that are neither past due nor impaired, but has been restructured.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

a. Credit Risk Management (continued)

4. Quality of financial assets (continued)

b. Standard Grade (continued)

- 3) Export bills and acceptances receivable, are third party receivables that are not past due, and have strong financial capacity to repay all of obligations in a timely manner.
 - 4) Securities and government bonds are sovereign securities, investment grade securities and bonds with a rating between idBBB+ to idBBB- (Pefindo), BBB+ to BBB- (Fitch), BBB+ to BBB- (Standard & Poor's) or Baa1 to Baa3 (Moody's).
 - 5) Investment in associated entities, are investment to entity not listed in stock exchange and have an overall good performance level.
5. According to SFAS 60, financial asset that are past due is determined when the debtor fails to pay as scheduled. The following tables show the aging analysis of loans, Sharia receivables and financing which are past due but not impaired.

	March 31, 2014			Total
	≤ 30 days	> 30 - 60 days	> 60 - 90 days	
Loans				
Retail	1,726,728	427,129	12,757,294	14,911,151
Micro	315,422	59,876	11,359,974	11,735,272
Corporate	1,769,519	65,000	1,534,292	3,368,811
Sharia receivable and financing	468,782	83,622	51,461	603,865
Total	4,280,451	635,627	25,703,021	30,619,099

	December 31, 2013			Total
	≤ 30 days	> 30 - 60 days	> 60 - 90 days	
Loans				
Retail	918,767	270,709	9,107,670	10,297,146
Micro	300,557	47,635	9,002,014	9,350,206
Corporate	152,059	36,573	728,332	916,964
Sharia receivable and financing	234,651	74,944	44,991	354,586
Total	1,606,034	429,861	18,883,007	20,918,902

b. Liquidity Risk Management

BRI manages liquidity risk as an effort to meet every financial liability that has been agreed upon in a timely manner and in order to maintain adequate and optimal liquidity level. In order to support liquidity management, BRI has determined liquidity risk management policy which covers liquidity management, liquidity allowance maintenance, funding strategy determination, early warning system, measurement and determination of liquidity risk limit including high quality liquid asset and emergency funding plan (contingency plan).

The purpose of this policy is to ensure daily fund adequacy in meeting its obligations during normal or crisis condition in a timely manner from various available source of fund, including ensuring the availability of high quality liquid asset.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

b. Liquidity Risk Management (continued)

Asset and Liability Analysis According to Contractual Maturity

Future potential liquidity risk encountered by BRI is measured through Liquidity Gap Analysis, which is the projection of the excess or shortage of liquidity based on the maturity of assets and liabilities, after taking into account the business expansion needs. This information is also used as a consideration in planning and managing liquidity, including business expansion need. With the implementation of effective liquidity risk management, it is expected that liquidity risk can be minimized as well as enhancing the overall banking system stability.

The tables below represent information about the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of March 31, 2014 and December 31, 2013:

	March 31, 2014					Total
	≤ 1 month	> 1 month - 3 months	> 3 months - 12 months	> 12 months	Others without maturity	
Assets						
Cash	13,173,446	-	-	-	-	13,173,446
Current accounts with Bank Indonesia	40,855,611	-	-	-	-	40,855,611
Current accounts with other banks	7,820,700	-	-	-	-	7,820,700
Allowance for impairment losses	-	-	-	-	(103)	(103)
Placment with Bank Indonesia and other banks	22,776,821	-	-	-	-	22,776,821
Securities	14,870,127	4,396,702	8,050,803	14,615,722	-	41,933,354
Allowance for impairment losses	-	-	-	-	(773)	(773)
Export bills	1,187,357	1,391,602	1,164,720	3,384,604	-	7,128,283
Government Recapitalization Bonds	715,201	-	-	3,600,000	-	4,315,201
Securities purchased under agreements to resell	21,366,496	1,019,634	-	-	-	22,386,130
Derivatives receivable	2,184	-	-	-	-	2,184
Loans						
Micro	1,786,116	2,990,822	18,720,806	122,963,985	-	146,461,729
Retail	13,263,327	12,136,346	39,674,025	109,542,251	-	174,615,949
Corporate	24,154,083	6,147,361	22,023,826	62,893,039	-	115,218,309
Allowance for impairment losses	-	-	-	-	(15,531,016)	(15,531,016)
Sharia receivable and financing	518,439	607,188	918,570	1,008,850	10,807,616	13,860,663
Allowance for impairment losses	-	-	-	-	(208,393)	(208,393)
Acceptances receivable	1,910,918	928,447	634,221	-	-	3,473,586
Investment in associated entities ^{*)}	-	-	-	-	1,944	1,944
Other assets ^{**)}	170,639	138,854	369,538	46	608,322	1,287,399
	<u>164,571,465</u>	<u>29,756,956</u>	<u>91,556,509</u>	<u>318,008,497</u>	<u>(4,322,403)</u>	<u>599,571,024</u>
Liabilities						
Liabilities due immediately	12,116,925	-	-	-	-	12,116,925
Deposits from customers						
Demand deposits	71,423,948	-	-	-	-	71,423,948
<i>Wadiah</i> demand deposits	549,084	-	-	-	-	549,084
Saving deposits	200,165,909	-	-	-	-	200,165,909
<i>Wadiah</i> saving deposits	2,599,931	-	-	-	-	2,599,931

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

b. Liquidity Risk Management (continued)

	March 31, 2014					Total
	≤ 1 month	> 1 month - 3 months	> 3 months - 12 months	> 12 months	Others without maturity	
Liabilities (continued)						
Deposits from customers (continued)						
<i>Mudharabah</i> saving deposits	296,664	-	-	-	-	296,664
Time deposits	126,607,854	34,935,007	23,472,510	17,438,599	-	202,453,970
<i>Mudharabah</i> time deposits	8,628,817	1,297,199	253,142	-	-	10,179,158
Deposits from other banks and financial institutions	2,719,503	500	366,143	-	-	3,086,146
Derivatives payable	114,044	2,656	581,658	477,068	-	1,175,425
Acceptances payable	1,910,918	928,447	634,221	-	-	3,473,586
Marketable securities issued	-	-	-	5,625,935	-	5,625,935
Fund borrowings	2,529,202	6,898,047	17,548	121,612	-	9,566,409
Subordinated loans	10,312	119	2,009,424	74,270	3,145	2,097,270
Other liabilities ****)	789,511	102,334	89,542	-	-	981,387
	<u>430,462,622</u>	<u>44,164,309</u>	<u>27,424,188</u>	<u>23,737,484</u>	<u>3,145</u>	<u>525,791,747</u>
Maturity gap	<u>(265,891,157)</u>	<u>(14,407,353)</u>	<u>64,132,321</u>	<u>294,271,013</u>	<u>(4,325,548)</u>	<u>73,779,277</u>
	December 31, 2013					
	≤ 1 month	> 1 month - 3 months	> 3 months - 12 months	> 12 months	Others without maturity	Total
Assets						
Cash	19,171,778	-	-	-	-	19,171,778
Current accounts with Bank Indonesia	40,718,495	-	-	-	-	40,718,495
Current accounts with other banks	9,435,197	-	-	-	-	9,435,197
Allowance for impairment losses	-	-	-	-	(77)	(77)
Placement with Bank Indonesia and other banks	36,264,087	40,000	2,796	-	-	36,306,883
Securities	15,865,461	4,714,910	8,499,398	13,594,668	-	42,674,437
Allowance for impairment losses	-	-	-	-	(772)	(772)
Export bills	1,136,577	1,079,390	6,710,105	-	-	8,926,072
Government Recapitalization Bonds	911,419	-	-	3,600,000	-	4,511,419
Securities purchased under agreements to resell	14,440,063	-	-	-	-	14,440,063
Derivatives receivable	-	4,981	-	-	-	4,981
Loans						
Micro	1,408,628	2,415,817	18,491,165	119,951,132	-	142,266,742
Retail	9,533,300	16,308,914	48,101,129	107,910,995	-	181,854,338
Corporate	15,236,228	19,170,547	12,658,888	63,129,723	-	110,195,386
Allowance for impairment losses	-	-	-	-	(15,171,736)	(15,171,736)
Sharia receivable and financing	688,838	582,437	1,809,569	10,947,546	-	14,028,390
Allowance for impairment losses	-	-	-	-	(246,360)	(246,360)
Acceptances receivable	1,227,198	1,111,872	1,340,614	-	-	3,679,684

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

b. Liquidity Risk Management (continued)

	December 31, 2013				Others without maturity	Total
	≤ 1 month	> 1 month - 3 months	> 3 months - 6 months	> 12 months		
Assets (continued)						
Investment in associated entities ^{*)}	-	-	-	-	1,944	1,944
Other assets	243,920	548,476	368,138	-	-	1,160,534
	<u>(99,656,919)</u>	<u>31,570,568</u>	<u>162,159,254</u>	<u>613,424,354</u>	<u>(19,833,662)</u>	<u>687,621,957</u>
Liabilities						
Liabilities due immediately	5,065,527	-	-	-	-	5,065,527
Deposits from customers						
Demand deposits	78,666,064	-	-	-	-	78,666,064
<i>Wadiah</i> demand deposits	670,887	-	-	-	-	670,887
Saving deposits	210,234,683	-	-	-	-	210,234,683
<i>Wadiah</i> saving deposits	2,480,554	-	-	-	-	2,480,554
<i>Mudharabah</i> saving deposits	281,388	-	-	-	-	281,388
Time deposits	37,829,908	28,182,426	114,831,889	20,741,544	-	201,585,766
<i>Mudharabah</i> time deposits	8,432,979	1,690,677	238,384	-	-	10,362,040
Deposits from other banks and financial institution	3,467,913	47,651	175,656	-	-	3,691,220
Derivatives payable	6,212	35,706	1,523,184	-	-	1,565,102
Acceptances payable	1,227,198	1,111,872	1,340,614	-	-	3,679,684
Marketable securities issued	-	-	-	6,023,133	-	6,023,133
Fund borrowings	1,909,483	4,065,459	2,988,377	121,594	-	9,084,913
Subordinated loans	232	-	1,998,289	98,503	-	2,097,024
Other liabilities ^{***)}	594,714	100,579	57,965	4,872	-	758,130
	<u>350,867,742</u>	<u>35,234,370</u>	<u>123,154,358</u>	<u>26,989,646</u>	<u>-</u>	<u>536,246,115</u>
Maturity gap	<u>(450,524,661)</u>	<u>(3,663,802)</u>	<u>39,004,896</u>	<u>586,434,708</u>	<u>(19,833,662)</u>	<u>151,375,842</u>

^{*)} Investment in associated entities with no significant influence

^{**)} Other assets consist of interest receivables, other receivables, and unearned income based on Sharia principle

^{***)} Other liabilities consist of interest payables and guarantee deposits

c. Market Risk Management

Market risk is loss risk which arises due to the movements of market factors which consist of interest rates and exchange rates that are against the position held by BRI, on the statements of financial position or administrative accounts. The positions are those in the trading book and banking book.

BRI has implemented treasury and market risk application system (GUAVA), an integrated system used by the front, middle, and back office function. Through the application, it is possible to measure the market risk by using an internal model approach (Value-at-Risk) which is integrated with the daily process transaction. Besides monitoring instrument risk exposure, it also covers market risk monitoring limit and transaction limit such as dealer transaction nominal limit, cut loss limit, stop loss limit, and Value-at-Risk (VaR) limit. Monitoring is conducted daily to accelerate the availability of updated information to support timely decision, especially for instruments classified into trading.

1. Value-at-Risk (VaR): Purpose and Limitation of the Method

BRI uses internal model approach to measure VaR potential loss due to changes in the market price of trading portfolio based in historical data. VaR potential loss from market risk is measured by using assumption of changes in risk factor according to normal distribution pattern. BRI uses VaR to measure exchange rate for trading and banking book position as well as measuring interest rate risk for trading book position.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

c. Market Risk Management (continued)

2. Value-at-Risk (VaR) Assumption

VaR potential loss is measured based on estimated value by using 99.00% confidence level and unchanged market risk position in 1 (one) day holding period, which means that the potential loss which might exceed VaR value in normal market condition, in average, may occur once every one hundred days. The method used in VaR is Delta Gamma.

The following tables present information on VaR value starting from January 1, 2014 until March 31, 2014 and January 1, 2013 until December 31, 2013.

	March 31, 2014	
	Exchange rate^{*)}	Interest rate
Daily Average	35,906.47	16,378.67
Highest	47,268.60	32,713.34
Lowest	23,347.19	2,448.16

^{*)} Including trading and banking book

	December 31, 2013	
	Exchange rate^{*)}	Interest rate
Daily Average	18,104.97	5,849.11
Highest	30,828.99	30,622.73
Lowest	8,082.87	7.22

^{*)} Including trading and banking book

3. Back Testing

The purpose of back testing is to ensure that the result of internal model measurement for interest risk and exchange rate risk is valid. When performing back testing, BRI compares between estimated result of daily VaR and rate changes realization.

Based on back testing procedures for exchange rate risk and interest risk, the actual loss for the whole year result is already consistent with VaR forecast model. The result of the back testing is reported quarterly to the Risk Management Committee (RMC).

4. Market Risk Outside Trading Book

a. Interest Rate Risk

Financial instrument with interest rate basis possesses risk due to potential change in interest rate which affects future cash flow.

The management is responsible in determining, maintaining, and controlling interest rate by weighing bank's risk appetite and financial performance achievement target. Review of interest rate is performed at least once in a month during Asset and Liability Committee (ALCO) forum.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

c. Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

a. Interest Rate Risk (continued)

The following table presents information on the average annual interest rates for financial asset and liability position as of March 31, 2014 and December 31, 2013:

	March 31, 2014		December 31, 2013	
	Rupiah	Foreign currencies	Rupiah	Foreign currencies
<u>Assets</u>				
Placement with Bank Indonesia and other banks	4.18%	0.14%	5.05%	0.16%
Securities	7.62%	4.82%	7.24%	4.07%
Government Recapitalization Bonds	5.61%	-	4.59%	-
Loans	11.88%	4.95%	11.79%	4.47%
<u>Liabilities</u>				
Deposits from customers				
Demand deposits	2.49%	0.31%	2.55%	0.32%
Saving deposits	1.25%	0.22%	1.26%	0.22%
Time deposits	7.84%	1.65%	6.12%	1.51%
Deposits from other banks and financial institutions				
Fund borrowings	4.76%	0.08%	3.91%	0.07%
Subordinated loans	3.22%	1.09%	3.22%	1.19%
Marketable securities issued	7.67%	-	7.67%	-
	-	2.95%	-	2.95%

Sensitivity rate is used to analyze probable change of interest rate affecting the banking book portfolio gain and loss. In the above sensitivity analysis, interest rate change assumption basis are 1.00%.

The following table presents the sensitivity towards possible change in interest rate for banking book, with the remaining variable being constant, towards BRI's consolidated statements of comprehensive income.

March 31, 2014	
Changes in percentage	Impact on Statement of Comprehensive Income
+/- 1%	+/- 1,218,050
December 31, 2013	
Changes in percentage	Impact on Statement of Comprehensive Income
+/- 1%	+/- 1,134,009

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

c. Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

a. Interest Rate Risk (continued)

The tables below summarize the financial assets and liabilities exposures to interest rate risk (gross):

	March 31, 2014					Total
	Floating interest rate			Fixed interest rate	Non-interest bearing	
	≤ 3 months	> 3 months - 12 months	> 12 months			
Assets						
Cash	-	-	-	-	13,173,446	13,173,446
Current accounts with Bank Indoensia	40,855,611	-	-	-	-	40,855,611
Current accounts with other banks	7,820,700	-	-	-	-	7,820,700
Placement with Bank Indonesia and other banks	22,737,452	39,369	-	-	-	22,776,821
Securities						
Fair value through profit or loss	-	-	-	848,858	-	848,858
Available for sale	-	-	-	15,560,453	-	15,560,453
Held to maturity	1,404,124	-	-	24,119,919	-	25,524,043
Expost bills	7,128,283	-	-	-	-	7,128,283
Government Recapitalization Bonds						
Available for sale	715,201	-	-	-	-	715,201
Held to maturity	3,600,000	-	-	-	-	3,600,000
Securities purchased under agreements to resell	724,023	-	-	21,662,107	-	22,386,130
Derivatives receivable	-	-	-	-	2,184	2,184
Loans						
Micro	67,828,103	26,796,269	-	51,837,357	-	146,461,729
Retail	25,340,975	76,603,224	14,974,086	57,697,664	-	174,615,949
Coorporate	30,301,444	84,916,865	-	-	-	115,218,309
Sharia receivable and financing	-	-	-	-	13,860,663	13,860,663
Acceptances receivable	-	-	-	-	3,473,586	3,473,586
Investment in associated entities ^{*)}	-	-	-	-	1,944	1,944
Other assets ^{**)}	-	-	-	-	1,287,399	1,287,399
	208,455,916	188,355,727	14,974,086	171,726,358	31,799,222	615,311,309
Liabilities						
Liabilities due immediately	-	-	-	-	12,116,925	12,116,925
Deposits from customers						
Demand deposits	71,423,948	-	-	-	-	71,423,948
<i>Wadiah</i> demand deposits	-	-	-	-	549,084	549,084
Saving deposits	200,165,909	-	-	-	-	200,165,909
<i>Wadiah</i> saving deposits	-	-	-	-	2,599,931	2,599,931
<i>Mudharabah</i> saving deposits	-	-	-	-	296,664	296,664
Time deposits	144,894,382	39,959,829	17,599,759	-	-	202,453,970
<i>Mudharabah</i> time deposits	-	-	-	-	10,179,158	10,179,158
Deposits from other banks and financial institutions	2,720,003	366,143	-	-	-	3,086,146
Derivatives payable	-	-	-	-	1,175,425	1,175,425
Acceptances payable	-	-	-	-	3,473,586	3,473,586
Marketable securities issued	-	-	-	5,625,935	-	5,625,935
Fund borrowings	9,427,232	10,734	13,773	14,670	100,000	9,566,409
Subordinated loans	-	-	-	2,097,270	-	2,097,270
Other liabilities ^{***)}	-	-	-	-	981,387	981,387
	428,631,474	40,336,706	17,613,532	7,737,875	31,472,160	525,791,747
Interest rate gap repricing gap bettween financial assets an liabilities	(220,175,558)	148,019,021	(2,639,446)	163,988,483	327,062	89,519,562

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

c. Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

a. Interest Rate Risk (continued)

	December 31, 2013					Total
	Floating interest rate			Fixed interest rate	Non-interest bearing	
	≤ 3 months	> 3 months - 12 months	> 12 months			
Assets						
Cash	-	-	-	-	19,171,778	19,171,778
Current accounts with Bank Indoensia	40,718,495	-	-	-	-	40,718,495
Current accounts with other banks	9,435,197	-	-	-	-	9,435,197
Placement with Bank Indonesia and other banks	36,304,087	2,796	-	-	-	36,306,883
Securities						
Fair value through profit or loss	669,350	-	-	229,161	-	898,511
Available for sale	-	-	-	15,374,058	-	15,374,058
Held to maturity	3,543,453	-	-	22,858,415	-	26,401,868
Expost bills	8,926,072	-	-	-	-	8,926,072
Government Recapitalization Bonds						
Fair value through profit or loss	199,314	-	-	-	-	199,314
Available for sale	712,105	-	-	-	-	712,105
Held to maturity	3,600,000	-	-	-	-	3,600,000
Securities purchased under agreements to resell	3,072,475	-	-	11,367,588	-	14,440,063
Derivatives receivable	-	-	-	-	4,981	4,981
Loans						
Micro	64,538,130	26,463,720	-	51,264,892	-	142,266,742
Retail	25,842,213	99,237,434	-	56,774,691	-	181,854,338
Cooperate	34,406,775	75,788,611	-	-	-	110,195,386
Sharia receivable and financing	-	-	-	-	14,028,390	14,028,390
Acceptances receivable	-	-	-	-	3,679,684	3,679,684
Investment in associated entities ^{*)}	-	-	-	-	1,944	1,944
Other assets ^{**)}	-	-	-	-	1,160,534	1,160,534
	231,967,666	201,492,561	-	157,868,805	38,047,311	629,376,343
Liabilities						
Liabilities due immediately	-	-	-	-	5,065,527	5,065,527
Deposits from customers						
Demand deposits	78,666,064	-	-	-	-	78,666,064
<i>Wadiah</i> demand deposits	-	-	-	-	670,887	670,887
Saving deposits	210,234,683	-	-	-	-	210,234,683
<i>Wadiah</i> saving deposits	-	-	-	-	2,480,554	2,480,554
<i>Mudharabah</i> saving deposits	-	-	-	-	281,388	281,388
Time deposits	154,476,560	28,524,375	18,584,831	-	-	201,585,766
<i>Mudharabah</i> time deposits	-	-	-	-	10,362,040	10,362,040
Deposits from other banks and financial institutions	3,688,784	2,436	-	-	-	3,691,220
Derivatives payable	-	-	-	-	1,565,102	1,565,102
Acceptances payable	-	-	-	-	3,679,684	3,679,684
Marketable securities issued	-	-	-	6,023,133	-	6,023,133
Fund borrowings	5,974,740	2,981,650	12,457	16,066	100,000	9,084,913
Subordinated loans	-	-	-	2,097,024	-	2,097,024
Other liabilities ^{***)}	-	-	-	-	758,130	758,130
	453,040,831	31,508,461	18,597,288	8,136,223	24,963,312	536,246,115
Interest rate gap repricing gap between financial assets an liabilities	(221,073,165)	169,984,100	(18,597,288)	149,732,582	13,083,999	93,130,228

^{*)} Investment in associated entities with no significant influence

^{**)} Other assets consist of interest receivables, other receivables, and unearned income based on Sharia principle

^{***)} Other liabilities consist of interest payables and guarantee deposits

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

c. Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

b. Exchange Rate Risk

Exchange rate risk is the risk due to fluctuation of Rupiah exchange rate against foreign exchange positions held by BRI. Included in the foreign exchange positions are the trading book positions conducted to generate profit from foreign exchange transactions in short term and banking book position in order to control the Net Open Position (NOP).

The tables below represent NOP (BRI only) as of March 31, 2014 and December 31, 2013 by currency, as follows:

Currencies	March 31, 2014		
	Assets	Liabilities	NOP
Statement of Financial Position			
United States Dollar	72,808,125	71,469,558	1,338,567
Chinese Yuan	6,379,920	6,477,059	(97,139)
European Euro	520,797	930,503	(409,706)
Australian Dollar	427,073	240,248	186,825
Singapore Dollar	410,634	119,849	290,785
Japan Yen	251,866	31,141	220,725
Great Britain Pound Sterling	143,829	127,343	16,486
Canada Dollar	8,844	5,306	3,538
Others	637,208	31,836	605,372
			2,155,453
Statement of Financial Position and Administrative Accounts*)			
United States Dollar	73,731,023	72,176,775	1,554,248
Chinese Yuan	6,379,920	6,477,059	97,139
European Euro	520,797	930,503	409,706
Australian Dollar	427,073	240,248	186,825
Singapore Dollar	410,634	119,849	290,785
Japan Yen	251,866	31,141	220,725
Great Britain Pound Sterling	143,829	127,343	16,486
Canada Dollar	8,844	5,306	3,538
Others	637,208	31,836	605,372
			3,384,824
Equity (Note 47a)			76,271,702
NOP Ratio (Statement of Financial Position)			2.83%
NOP Ratio (Overall)			4.44%
Currencies	December 31, 2013		
	Assets	Liabilities	NOP
Statement of Financial Position			
United States Dollar	81,598,671	82,238,633	(639,962)
Chinese Yuan	8,250,550	8,350,010	(99,460)
European Euro	956,013	1,244,606	(288,593)

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

c. Market Risk Management (continued)

4. Market Risk Outside Trading Book (continued)

b. Exchange Rate Risk (continued)

<u>Currencies</u>	<u>December 31, 2013</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>NOP</u>
<u>Statement of Financial Position</u>			
<u>(continued)</u>			
Australian Dollar	564,135	345,783	218,352
Singapore Dollar	428,239	132,542	295,697
Japan Yen	290,260	46,027	244,233
Great Britain Pound Sterling	159,097	144,218	14,879
Canada Dollar	5,139	8,827	(3,688)
Others	692,383	68,465	623,918
			<u>365,376</u>
<u>Statement of Financial Position</u>			
<u>and Administrative Accounts*)</u>			
United States Dollar	83,088,333	83,484,895	396,562
Chinese Yuan	8,250,550	8,350,010	99,460
European Euro	956,013	1,244,606	288,593
Australian Dollar	564,135	345,783	218,352
Singapore Dollar	428,239	132,542	295,697
Japan Yen	290,260	46,027	244,233
Great Britain Pound Sterling	159,097	144,218	14,879
Canada Dollar	5,139	8,827	3,688
Others	692,383	68,465	623,918
			<u>2,185,382</u>
Equity (Note 47a)			<u>69,472,036</u>
NOP Ratio (Statement of			
Financial Position)			<u>0.53%</u>
NOP Ratio (Overall)			<u>3.15%</u>

*) Total absolute differences between assets and liabilities denominated in foreign currencies

5. BRI Agro Sensitivity Analysis

The following tables present sensitivity towards possible change in interest rate and exchange rate of BRI Agro towards statement of comprehensive income with the remaining variables being constant.

	<u>March 31, 2014</u>				<u>December 31, 2013</u>			
	<u>Changes in</u>		<u>Impact on</u>		<u>Changes in</u>		<u>Impact on</u>	
	<u>Percentage</u>	<u>1%</u>	<u>Statement of</u>	<u>Comprehensive</u>	<u>Percentage</u>	<u>1%</u>	<u>Statement of</u>	<u>Comprehensive</u>
			<u>Income</u>			<u>Income</u>		
Interest rate risk	+/-	1%	+/-	16,236	+/-	1%	+/-	21,478
Foreign exchange risk	+/-	1%	+/-	405	+/-	1%	+/-	8

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

d. Operational Risk Management

BRI Operational Risk Management is implemented according to Bank Indonesia Circular Letter No.13/23/DPNP dated October 25, 2011 on Risk Management Implementation of Commercial Bank, which includes 4 (four) pillars: 1) Active supervision of the Boards of Commissioners and Directors, 2) Policy adequacy, limit determination and procedure, 3) Identification process adequacy, measurement, monitoring and risk management as well as risk management information and 4) Internal Control Systems. The main objective of risk management implementation is managing operational risk exposure caused by internal and external factors that influences business and operational activities such as inadequate or failed of internal processes, human resources, IT failures and external events such as natural disaster, potentially severe, financial and non financial losses. Operational risk exposure management includes mitigation of legal, reputational, compliance, and strategic risk exposure in every business process and operational activities

Each of BRI operational working unit is responsible for the implementation of risk management process through internal control system in business and operational activities in each of business unit. It begins from the phase of identification, measurement, monitoring and risk mitigation. The Board of Directors determined Risk Management Function in every business unit starting from Head Office level (Desk/Division), Regional Office, Special Branch Office, Branch Office which covers operational, marketing, and micro business, and Sub Branch Office.

Operational Risk Management Unit in the Head Office and Regional Office is responsible in making the guidance of operational risk management implementation, developing and implementing policy or procedure and methodology, and also monitoring, reviewing, and controlling operational risk management process. On the other hand, Operational Risk Management Unit is involved in composing and monitoring BRI's operational risk profile, assessing the risk management adequacy of a new product and/or activity, and supporting the business unit or risk owner in order to develop risk culture awareness, anti fraud strategy implementation, and compliance towards risk management principles. In order to discuss operational risk mitigation and risk control improvement, Operational Risk Management Committee (ORMC) is held quarterly and it's coordinated by Operational Risk Management Unit and related desk/division/business unit

Internal Auditor in The Head Office and Inspectorate Office within Indonesia is responsible in monitoring and validating the internal control adequacy of business and operational activities in every business unit and also the consistency of operational risk management implementation in BRI as a bank wide.

BRI's operational risk management implementation is facilitated by operational risk management tools called Operational Risk Assessor (OPRA), consists of Risk and Control Self Assessment (RCSA), Key Risk Indicator (KRI), Incident Management (IM), Risk Management Forum and Maturity. In order to perceive risk management, it is focused on building risk culture awareness and risk management training continuously to all of BRI employees and also improving internal control in every business and operational activities.

1. Risk Control and Self Assesment (RCSA)

RCSA is a risk management tool, qualitatively and predictively, which is used to identify, measure risks by using dimension of impact and likelihood. RCSA has already been implemented in Head Office Division or Desk, Regional Office, Special Branch Office, Branch Office embedded BRI Unit, Sub Branch Office, and Priority Service Centre. Policy on RCSA is stipulated through BRI Circular Letter No. S.25-DIR/DMR/12/2012.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

37. RISK MANAGEMENT (continued)

d. Operational Risk Management (continued)

1. Risk Control and Self Assessment (RCSA) (continued)

RCSA is used to help the business unit to identify, measure operational risk in every business and operational activities independently, monitor and determine the action plans or towards improvements.

The main risk issue is assessed, identified and updated by considering business development such as product implementation and or new activity, change in competition condition, new market segment, change in internal/external policy, as well as other changes which affect BRI risk exposure. Working unit performs RCSA assessment by considering loss event data in Incident Management (IM)/Loss Event Database (LED), Key Risk Indicator (KRI) and Audit Result (LHA) of the working unit. RCSA evaluation is performed quarterly, however, the frequency will be increased in time of significant increase in risk exposure.

RCSA consolidation report stated above is reported regularly to the BOD in RMC that was held quarterly.

2. Incident Management (IM)/Loss Event Database (LED)

Recording of operational loss event in BRI business activity is Loss Event Database (LED), performed in Incident Management (IM). This tool is developed to document data of financial and non financial loss, covering actual loss, potential loss and near misses, as well as chronological recording of loss incident since occurrence up to declaration of settlement, including improvement measure and incident handling conducted. Policy on Incident Management is stipulated through BRI Circular Letter No. S.30-DIR/DMR/11/2013.

Based on loss event data in IM module, loss event analysis can be performed based on loss event data causes, functional activities, event types and business lines. LED information system can be used to determine the preventive actions in risk mitigation, based on the process of incident handling for the financial loss, non financial loss, financial recovery and also litigation process.

BRI operational loss event data has been documented consistently and systematically since 2007 in loss event database matrix which is classified into 8 (eight) business lines and 7 (seven) event types based on the dimension of lost event severity/loss and likelihood/frequency.

In order to calculate operational capital charge and Risk Weighted Average, according to regulator policy, BRI used Basic Indicator Approach method (BIA) since it has been implemented in 2010. However, BRI has been prepared for The Standardised Approach (TSA) and Advanced Measurement Approach (AMA). BRI's LED also has been used to calculate operational risk capital charge by Advanced Measurement Approach (AMA) method, based on Extreme Value Theory (EVT) and Loss Distribution Approach (LDA). In order to implement the advanced operational risk capital charge calculation, BRI has identified gap analysis for The Standardised Approach (TSA) and Advanced Measurement Approach (AMA) implementation forward.

37. RISK MANAGEMENT (continued)

d. Operational Risk Management (continued)

3. Key Risk Indicator (KRI)

KRI is a tool to detect risks trend/risks increasing and or risks decreasing both leading or historical. Risks trend prediction is used to determine towards action plans, In order to mitigate operational risk before it causes the financial and or non financial loss. KRI policy is stipulated through BRI Circular Letter No. S.24-DIR/DMR/08/2007.

BRI has identified key risk indicators for all risks type, and determined the threshold or risks limit which portrays the acceptable condition and risk appetite of the management. It is established by using the best judgement, considered BRI risk exposures and risk appetite, that involved Internal Auditor, risk owner and other business units, BRI's KRI are reflected on its Bank Wide Risk Profile and Regional Risk Profile Report which are monitored and reported monthly to the management.

4. Risk Management Forum

Risk Management Forum is a risk management tool to documents the result of meeting/forum among The Head of BRI's business units with the lower level employees and staffs in order to discuss inherent risks in the daily business or operational activities that might be the constraint in achieving the business target or business performance. Risk management forum are held in each business unit and its expected to support the enlargement of BRI's risk culture awareness. Risk Management Forum is stipulated through BRI Circular Letter No. S.25-DIR/DMR/08/2007.

5. Maturity

Maturity is a self assessment process on the establishment level of risk management implementation in each of BRI working unit. Maturity assessment is performed at every year end by each of working unit head by using certain parameters. By performing maturity assessment, it is expected that each working unit will be able to evaluate the risk management implementation performed, in order to compose future improvement plan. Maturity policy is stipulated through BRI Circular Letter No. S.12-DIR/DMR/04/2009.

6. Business Continuity Management (BCM)

The possibility of disaster caused by nature, human or technology might be threat for BRI business continuity, whereas the business units are spread over Indonesia. Therefore, the Board of Directors concern to develop and implement Business Continuity Management (BCM) in order to ensure the employees, customers and others third parties safety and security who were around BRI business unit environment (Emergency Response Plan), and maintain the continuity of critical businesses and operational activities, protect BRI's assets and provide sufficient respond while disruption or disaster condition are declared (Business Continuity Plan). BCM is stipulated through BRI Circular Letter No. S.02-DIR/DMR/01/2009.

BCM implementation covers all business units, among others through Crisis Management Team, Call Tree arrangement and alternate sites determination. In order to deal with the disruption/disaster in each of business units, BRI business units have already estimated the Disaster Risk and Threat Assessment to list and inventory required resources. BCM pilot project is prioritized to the business units in prone areas and its done annually, including BRI 1 Head Office, IT Building and Ragunan BRI Training Centre.

37. RISK MANAGEMENT (continued)

d. Operational Risk Management (continued)

6. Business Continuity Management (BCM) (continued)

In order to ensure the execution of BCM procedures, the readiness of BRI organization has been tested well during disasters condition in several business units, such as earthquake in Aceh, and floods in Ambon, Jakarta and Kendari. Availability of E-Buzz car and Mobile Terrace Bank (Teras Keliling) which are located throughout all of BRI business are utilized as an alternate site, and operated to service the customers sooner after the disasters condition. Therefore, the availability of these vehicles are very important to support the continuance of business and operational activities after the disasters condition.

7. New Product and or Activity Launching

In order to launch every BRI's new product and or activity, it involves risk management process that covers risk and control assessment which is done by product owner in every launch of new product and or activity, including control determination to mitigate the risks that might appear. Risk Management Unit are responsible to asses the risk mitigation adequacy and recommend the assessment result to the Risk Management Director. New Product and or Activity Launching is stipulated through BRI Circular Letter No. 03-DIR/DMR/08/2013.

8. Anti-Fraud Strategy Policy

Anti-Fraud Strategy has been implemented in accordance with BRI internal policy and procedure which concern on fraud cases handling in order to show the Management intolerance in fraud (zero fraud tolerance). Anti fraud strategy establishment and implementation is a part of risk management implementation, in order to prevent and manage fraud incident in BRI. Anti-Fraud Strategy covers 4 (four) pillars based on requirements from Bank Indonesia which are 1) prevention pillar, 2) detection pillar, 3) investigation, report, and sanction pillar, and 4) evaluation, monitoring, and follow-up/action plan pillar. Statement of anti fraud commitment are signed by Board of the Board of Commissioners and Directors, management and all of BRI employees as a part of risk awareness and fraud prevention. Anti-Fraud Strategy Policy is stipulated through BRI Circular Letter No. S.106-DIR/DMR/05/2012.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The table below presents the comparison of the carrying values and fair values of financial assets and liabilities. The fair values disclosed below are based on relevant information available as of March 31, 2014 and December 31, 2013 and are not updated to reflect changes in market conditions which have occurred subsequently.

	March 31, 2014		December 31, 2013	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Cash	13,173,446	13,173,446	19,171,778	19,171,778
Current accounts with Bank Indonesia	40,855,611	40,855,611	40,718,495	40,718,495
Current accounts with other banks	7,820,597	7,820,597	9,435,120	9,435,120
Placement with Bank Indonesia and other banks	22,776,821	22,776,821	36,306,883	36,306,883
Securities				
Fair value through profit or loss	848,858	848,858	898,511	898,511
Available for sale	15,560,453	15,560,453	15,374,058	15,374,058
Held to maturity	25,523,270	25,197,257	26,401,096	26,656,632
Export bills	7,128,283	7,128,283	8,926,072	8,926,072
Government Recapitalization Bonds				
Fair value through profit or loss	-	-	199,314	199,314
Available for sale	715,201	715,201	712,105	712,105
Held to maturity	3,600,000	3,597,178	3,600,000	3,567,687
Securities purchased under agreements to resell	22,386,130	22,386,130	14,440,063	14,440,063
Derivatives receivable	2,184	2,184	4,981	4,981
Loans				
Sharia receivable and financing	434,417,241	434,417,241	432,926,760	432,926,760
Acceptances receivable	3,473,586	3,473,586	3,679,684	3,679,684
Investment in associated entities ^{*)}	1,944	1,944	1,944	1,944
Other assets ^{**)}	1,287,399	1,287,399	1,160,534	1,160,534
	599,571,024	599,242,190	613,957,398	614,180,621
Liabilities				
Liabilities due immediately	12,116,925	12,116,925	5,065,527	5,065,527
Deposits from customers				
Demand deposits	71,423,948	71,423,948	78,666,064	78,666,064
<i>Wadiah</i> demand deposits	549,084	549,084	670,887	670,887
Saving deposits	200,165,909	200,165,909	210,234,683	210,234,683
<i>Wadiah</i> saving deposits	2,599,931	2,599,931	2,480,554	2,480,554
<i>Mudharabah</i> saving deposits	296,664	296,664	281,388	281,388
Time deposits	202,453,970	202,453,970	201,585,766	201,585,766
<i>Mudharabah</i> time deposits	10,179,158	10,179,158	10,362,040	10,362,040
Deposits from other banks and financial institutions	3,086,146	3,086,146	3,691,220	3,691,220
Derivatives payable	1,175,425	1,175,425	1,565,102	1,565,102

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

	March 31, 2014		December 31, 2013	
	Carrying value	Fair value	Carrying value	Fair value
Liabilities (continued)				
Acceptances payable	3,473,586	3,473,586	3,679,684	3,679,684
Marketable securities issued	5,625,935	5,625,935	6,023,133	6,023,133
Fund borrowings	9,566,409	9,566,409	9,084,913	9,084,913
Subordinated loans	2,097,270	2,097,270	2,097,024	2,097,024
Other liabilities ^{***)}	981,387	981,387	758,130	758,130
	525,791,747	525,791,747	536,246,115	536,246,115

^{*)} Investment in associated entities with no significant influence.

^{**)} Other assets consist of interest receivables and other receivables based on Sharia principles.

^{***)} Other liabilities consist of interest payables and guarantee deposits.

Methods and assumptions used to estimate fair value are as follows:

- a. The fair values of certain financial assets and liabilities, except for securities and Government Recapitalization Bonds classified as held to maturity, loans, derivatives receivable and payable, fund borrowings, subordinated loans and marketable securities issued approximate their carrying values due to their short-term maturities.

The estimated fair values of certain financial assets are determined based on discounted cash flows using money market interest rates for instruments with similar credit risk and remaining maturities.

The estimated fair values of certain financial obligations which are not quoted in an active market are determined based on discounted cash flows using interest rates of instruments with similar remaining maturities.

- b. Securities and Government Recapitalization Bonds

The fair values of securities and Government Recapitalization Bonds classified as held to maturity are determined based on market prices or price quotations of intermediary (broker) securities dealers. If the information is not available, fair values are estimated by using quoted market price of securities with credit characteristics, maturity and yield.

- c. Loans

BRI's loan portfolio generally consists of loans with floating rates and fixed rates. Loans are stated at carrying amount. The fair value of loans is derived based on discounted future cash flows expected to be received by BRI using current market rates.

Carrying value of loans with floating rate and short term fixed rate is a reasonable estimate of its fair value.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

d. Derivatives receivable and payable

The fair values of derivatives instrument valued by valuation techniques using components which can be observed in the market, primarily are interest rate swaps, currency swaps and currency exchange contracts. Most widely used valuation techniques include forward and swap valuation models which use the present value calculation. The models incorporate various components which include the credit quality of the counterparty, spot value and future contracts and interest rate curve.

e. Fund borrowings, marketable securities issued and subordinated loans

Fair value is calculated based on discounted cash flow models by using market rates for the remaining maturity period.

f. Other Significant Information

The hierarchy used by BRI to determine and disclose the fair value of financial instruments:

1. Level 1: quoted from active market price for identical financial asset or liability;
2. Level 2: involves input other than quoted active market price classified in level 1 which are observable for asset and liability, directly (price) or indirectly (derivative of price);
3. Level 3: input for asset and liability which are not based on observable market data (unobservable input).

The following table presents financial instruments measured at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments:

	Carrying value	March 31, 2014	
		Fair value	
		Level 1	Level 2
Financial assets			
Fair value through profit or loss			
Government bonds	664,285	664,285	-
Certificates of Bank Indonesia	173,579	173,579	-
Mutual fund	10,994	10,994	-
	<u>848,858</u>	<u>848,858</u>	<u>-</u>
Available for sale			
Certificates of Bank Indonesia	2,831,173	2,831,173	-
Deposits certificates of Bank Indonesia	1,538,988	1,538,988	-
Mutual fund	250,952	250,952	-
Bonds	1,007,702	1,007,702	-
Government bonds	9,931,638	9,931,638	-
Government Recapitalization Bonds	715,201	715,201	-
	<u>16,275,654</u>	<u>16,275,654</u>	<u>-</u>
Total	<u>17,124,512</u>	<u>17,124,512</u>	<u>-</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

	December 31, 2013		
	Carrying value	Fair value	
		Level 1	Level 2
Financial assets			
Fair value through profit or loss			
Credit Link Notes	669,350	-	669,350
Government Recapitalization Bonds	199,314	199,314	-
Government bonds	131,035	131,035	-
Certificates of Bank Indonesia	87,424	87,424	-
Mutual fund	10,702	10,702	-
	1,097,825	428,475	669,350
Available for sale			
Government bonds	9,836,710	9,836,710	-
Certificates of Bank Indonesia	2,853,028	2,853,028	-
Deposits certificates of Bank Indonesia	1,342,650	1,342,650	-
Government Recapitalization Bonds	712,105	712,105	-
Bonds	686,598	686,598	-
Mutual fund	327,762	327,762	-
US Treasury Bonds	327,310	327,310	-
	16,086,163	16,086,163	-
Total	17,183,988	16,514,638	669,350

39. SEGMENT INFORMATION

Information concerning the segments of BRI and Subsidiaries are as follows:

a. Corporate Name

Corporate name	Main business
BRI	Conventional banking
PT Bank BRISyariah	Sharia banking
PT Bank Agroniaga Tbk	Conventional banking
BRIngin Remittance Co. Ltd. Hong Kong	Financial service

b. Operating Segment

For management purposes, BRI is organized into 5 (five) operating segment based on products are as follows:

1. Micro Segment
2. Retail Segment
3. Corporate Segment
4. Other Segments
5. Subsidiaries

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

39. SEGMENT INFORMATION (continued)

b. Operating Segment (continued)

Information concerning the operating segments of BRI and Subsidiaries as of March 31, 2014, December 31 and March 31, 2013 are as follows:

Description	March 31, 2014					Total
	Micro	Retail	Corporate	Others	Subsidiaries ¹⁾	
Interest income-net	6,308,679	4,011,678	969,161	794,070	317,637	12,401,225
Other operating income	635,398	948,534	29,116	191,807	20,477	1,825,332
Total income	6,944,077	4,960,212	998,277	985,877	338,114	14,226,557
Operating expenses	(2,393,186)	(2,415,320)	(476,207)	(729,249)	(306,663)	(6,320,625)
Provision for impairment losses	(1,033,444)	(542,294)	468,170	-	7,619	(1,099,950)
Total expenses	(3,426,630)	(2,957,614)	(8,037)	(729,249)	(299,044)	(7,420,575)
Other income	123,607	217,245	184,844	79,136	1,213	606,045
Income before income tax expenses	3,641,054	2,219,843	1,175,084	335,764	40,283	7,412,027
Income tax expenses	(725,864)	(442,641)	(234,318)	(66,945)	(4,548)	(1,474,316)
Non controlling interest	-	-	-	(3,041)	-	(3,041)
Income for the period	2,915,190	1,777,202	940,766	265,778	35,735	5,934,670

Description	March 31, 2014					Total
	Micro	Retail	Corporate	Others	Subsidiaries ¹⁾	
Segment assets						
Loans	146,461,729	170,755,514	115,218,308	-	17,721,098	450,156,650
Provision for impairment losses	(9,762,553)	(2,724,691)	(2,944,814)	-	(307,351)	(15,739,409)
Non-loans	-	-	-	174,052,666	5,317,669	179,370,335
	136,699,176	168,030,823	112,273,494	174,052,666	22,731,416	613,787,576
Segment liabilities						
Funding	141,335,049	142,550,875	186,131,562	-	17,651,178	487,668,664
Non funding	-	-	-	46,442,075	2,515,729	48,957,804
	141,335,049	142,550,875	186,131,562	46,442,075	20,166,907	536,626,468

Description	March 31, 2013					Total
	Micro	Retail	Corporate	Others	Subsidiaries ¹⁾	
Interest income-net	4,815,279	3,778,356	898,296	162,150	264,731	9,918,812
Other operating income	528,161	908,266	26,646	272,083	60,837	1,795,993
Total income	5,343,440	4,686,622	924,942	434,233	325,568	11,714,805
Operating expenses	(2,144,785)	(2,257,303)	(350,589)	(196,240)	(230,981)	(5,179,898)
Provision for impairment losses	(393,446)	(220,641)	(39,494)	-	(22,707)	(676,288)
Total expenses	(2,538,231)	(2,477,944)	(390,083)	(196,240)	(253,688)	(5,856,186)
Other income	77,364	133,583	101,533	43,617	1,129	357,226
Income before income tax expenses	2,882,573	2,342,261	636,392	281,610	73,009	6,215,845
Income tax expenses	(529,095)	(429,921)	(116,810)	(49,920)	(3,589)	(1,129,335)
Non controlling interest	-	-	-	(1,725)	-	(1,725)
Income for the period	2,353,478	1,912,340	519,582	229,965	69,420	5,084,785

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

39. SEGMENT INFORMATION (continued)

b. Operating Segment (continued)

Description	March 31, 2014					Total
	December 31, 2013					
	Micro	Retail	Corporate	Others	Subsidiaries*)	
Segment assets						
Loans	142,266,742	178,155,745	110,195,386	-	17,726,983	448,344,856
Allowance for impairment losses	(8,985,643)	(2,801,046)	(3,285,710)	-	(345,697)	(15,418,096)
Non loans	-	-	-	185,949,421	5,118,239	191,067,660
	133,281,099	175,354,699	106,909,676	185,949,421	22,499,525	623,994,420
Segment liabilities						
Funding	146,150,785	167,812,080	172,403,394	-	17,915,123	504,281,382
Non funding	-	-	-	40,492,762	2,081,360	42,574,122
	146,150,785	167,812,080	172,403,394	40,492,762	19,996,483	546,855,504

c. Geographical Segment

Description	Net interest income, operating, and investment income	
	March 31, 2014	March 31, 2013
Indonesia	14,162,396	11,652,881
USA	63,212	61,374
Hong Kong	949	550
Total	14,226,557	11,714,805

Description	Income before tax benefit (expenses)	
	March 31, 2014	March 31, 2013
Indonesia	7,363,644	6,171,343
USA	48,249	44,420
Hong Kong	134	82
Total	7,412,027	6,215,845

Description	Total assets	
	March 31, 2014	March 31, 2013
Indonesia	600,546,371	609,388,109
USA	13,237,070	14,602,187
Hong Kong	4,135	4,124
Total	613,787,576	623,994,420

Description	Total liabilities	
	March 31, 2014	March 31, 2013
Indonesia	523,610,533	532,440,777
USA	13,015,440	14,414,277
Hong Kong	495	450
Total	536,626,468	546,855,504

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM

a. Defined Benefit Pension Plan

Effective January 1, 2007, all newly appointed permanent employees are not included in the PPMP program. Under this program, the right to pension benefits is given based on the established conditions which are stated in the regulations of BRI with consideration to the yearly gratuity factor over the working period and income on the Pension Fund. BRI's pension plan is managed by Dana Pensiun BRI (DPBRI). According to the regulation in BRI's Directors' Decision Letter, the employee's contribution for pension contribution amounted to 7.00% of the employee's pension-based salary and any remaining amount required to fund DPBRI represents the contribution by BRI, amounted to 24.96% (previously 22.58%) since May 1, 2013.

1. BRI (Parent Entity)

a. The main actuarial assumptions used until the end of the reporting period and is expressed in absolute size

Actuarial defined benefit cost, the principle of the present value of the amount of payment for benefits due to retirement, compensation for death and disability benefits. Calculation of the present value obtained from the use of actuarial assumptions. Not only the interest rate but also based on wage increases, the rate of death, disability and retirement. Calculation of all the factors mentioned above is commonly called the actuarial present value. The actuarial calculation of BRI's pension costs as of March 31, 2014 and December 31, 2013, was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated March 13, 2014 and January 3, 2014, respectively, which were prepared in accordance with SFAS No. 24 (Revised 2010), by using the "Projected Unit Credit Method" and considering the following assumptions:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Discount rate	8.40%	8.70%
Pension-based salary growth rate	7.50%	7.50%
Pension benefit growth rate	4.00%	4.00%
Level of expected investment returns	11.20%	11.20%
Mortality rate	CSO 1958	CSO 1958
Disability rate	10% of CSO 1958	10% of CSO 1958
Normal retirement age	56 years old	56 years old

b. Changes in the present value of the defined benefit obligation

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Present value of defined benefit pension at beginning	11,022,194	14,359,520
Interest cost	239,733	814,185
Current service cost	61,634	234,443
Compensation paid	(151,551)	(703,866)
(Gain) / loss on actuarial	(48,005)	1,279,520
Impact of Changes in Assumptions	389,819	(5,238,565)
Immediate recognition of past service cost (vested)	-	179,298
Immediate recognition of past service cost (non vested)	-	97,659
Present value of defined benefit pension	<u>11,513,824</u>	<u>11,022,194</u>

Decrease in the present value of the obligation is affected by the increased discount rate, service life, and the remaining period to maturity.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

1. BRI (Parent Entity) (continued)

c. Movements in the fair value of assets program

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
The fair value of plan assets at beginning of period	11,254,714	11,021,236
Expectations of asset returns plan	315,132	1,234,378
Payment of dues participants	60,891	227,211
Payment of employer's contribution	17,082	68,023
Gains / (losses) on asset actuarial program	225,068	(592,268)
Payment of employee benefits	(151,551)	(703,866)
Actual program assets at end of period	<u>11,721,336</u>	<u>11,254,714</u>

d. Movements of defined benefit pension liabilities

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
The present value of the defined benefit liabilities actual	11,513,824	11,022,194
Fair value of the asset program	(11,721,336)	(11,254,714)
Funding status	(207,512)	(232,520)
Past service cost not yet recognized-non-vested benefits	(158,073)	(162,025)
Unrecognized actuarial gain (loss)	670,669	787,415
Net Recognized Liabilities on financial position	<u>305,084</u>	<u>392,870</u>

e. Defined benefit pension expense for the period ended March 31, 2014 and December 31, 2013 based on actuarial calculations are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Interest cost	239,733	814,185
Current service cost	44,553	166,420
Recognized actuarial gain-net	-	110,474
Immediate recognition of past service cost (non vested)	3,952	10,792
Expected return on program assets	(315,132)	(1,234,378)
Immediate recognition of past service cost (vested)	-	179,298
Defined benefit pension expense	<u>(26,894)</u>	<u>46,791</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

1. BRI (Parent Entity) (continued)

e. Defined benefit pension expense for the period ended March 31, 2014 and December 31, 2013 based on actuarial calculations are as follows (continued):

Movements in the defined benefit pension liabilities for the period ended March 31, 2014 and December 31, 2013 are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Beginning balance	392,870	573,290
Defined benefit pension expense - net	(26,894)	46,791
BRI contributions	(60,892)	(227,211)
Ending balance (note 26)	<u>305,084</u>	<u>392,870</u>

There is no other comprehensive income recognized immediately in retained earnings due to the accounting policy in recognizing gain or loss are corridor method and amortized.

f. Percentage or amount that each major category of assets is the total fair value of the program assets

	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Stocks	2,687,103	22.92%	2,648,842	22.60%
Government securities	2,317,821	19.77%	2,033,735	17.35%
Bonds	2,143,037	18.28%	2,113,258	18.03%
Mutual fund units	1,395,259	11.90%	1,321,190	11.27%
Direct placement	1,098,693	9.37%	1,098,692	9.37%
Land and building	1,424,789	12.16%	1,424,788	12.16%
Savings and time deposits	417,678	3.56%	488,578	4.17%
Asset-backed securities	25,057	0.21%	26,246	0.22%
Sukuk	23,399	0.20%	24,000	0.20%
Others	188,500	1.61%	359,509	3.07%
TOTAL	<u>11,721,336</u>	<u>100%</u>	<u>11,538,838</u>	<u>100%</u>

g. Amounts include fair value of plan program assets

Percentage of financial instruments that are placed by an entity BRI Pension Fund on the fair value of total plan assets. For each category of financial instruments owned by BRI, the position in March 2014 as follows:

<u>Instruments</u>	<u>%</u>
BRI Deposito On Call	1.300%
BRI deposits	0.950%
BRI bonds	4.590%
BRI stocks	3.830%

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

1. BRI (Parent Entity) (continued)

g. Amounts include fair value of plan program assets (continued)

For each property or other asset used BRI, the position in March 2014 is:

<u>Property</u>	<u>%</u>
BRI's leased land	0,055%
BRI's leased building	0,002%
BRI's leased land and building	3.333%

h. The basis used to determine the expected rate of return on assets as a whole

In accordance with the work plan and budget of the BRI's pension fund in 2014, specifying the minimal returns on investment of 11.20% per year.

i. Actual yield on plan assets, as well as actual returns on any reimbursement right recognized as an asset

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Expected investment returns of the program assets	315,132	1,234,378
Actuarial gains (losses) on plan program assets	225,068	(592,268)
Real investment returns on plan asstes	<u>540,200</u>	<u>642,110</u>

j. Impact of an increase or decrease of health care cost trend

The post-retirement actuarial reports only consider defined benefit pension programs outside the post-retirement health care and post-retirement health program, due to both programs have been funded through life insurance.

k. The pension fund status in accordance actuarial calculations is as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Assets at fair value	11,721,336	11,254,714	11,021,236	9,370,652	8,785,181
Present value of defined benefit pension liabilities	(11,513,824)	(11,022,194)	(14,359,520)	(11,345,025)	(8,400,544)
Pension program funded status	207,512	232,520	(3,338,284)	(1,974,373)	384,637
(Gain) loss on unrecognized actuarial adjustments	(670,669)	(787,415)	2,689,837	1,345,298	(732,773)
Unrecognized pat service cost (non-vested)	158,073	162,025	75,157	82,363	89,569
Defined benefit pension liabilities	<u>(305,084)</u>	<u>(392,870)</u>	<u>(573,290)</u>	<u>(546,712)</u>	<u>(258,567)</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

1. BRI (Parent Entity) (continued)

l. Estimated on employer's contribution to be paid in the program for the annual period beginning after the reporting period

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Interest cost	967,161	958,930
Current service cost	170,914	163,314
Immediate recognition of past service cost (non vested)	158,073	15,810
The expected results of the program assets	<u>(971,844)</u>	<u>(979,160)</u>
At the expense recognized	<u>324,304</u>	<u>158,894</u>

m. Defined benefit plan which divides risks between entities under common control

There is no contractual agreement or stated policy for charging the net defined benefit cost. All employees who are placed in BRI's subsidiary corporate is BRI's responsibility, there is no risk sharing between parent entity.

2. BRI Syariah (Subsidiaries)

Defined benefit pension expense for the year ended March 31, 2014 and 2013, which is reported in the income for the year amounted to Rp2,470 and Rp2,014 based on remuneration charged in the BRISyariah.

b. Old-Age Benefits Plan

1. BRI (Parent Entity)

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

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

a. Main actuarial assumptions used until the end of the reporting period

Actuarial defined benefit cost, the principle of the present value of the amount of payment for benefits due to retirement, compensation for death and disability benefits. Calculation of the present value obtained from the use of actuarial assumptions. Not only the interest rate but also based on wage increases, the rate of death, disability and retirement. Calculation of all the factors mentioned above is commonly called the actuarial present value.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

1. BRI (Parent Entity) (continued)

a. Main actuarial assumptions used until the end of the reporting period (continued)

Based on the actuarial calculation of BRI's old-age benefits as of March 31, 2014 and December 31, 2013, which was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated March 13, 2014 and January 3, 2014, which were prepared in accordance with SFAS No. 24 (Revised 2010), by using the "Projected Unit Credit Method" with the following assumptions:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Discount rate	8.80%	9.00%
Pension-based salary growth rate	7.50%	7.50%
Level of expected investment returns	10.23%	10.02%
Mortality rate	CSO 1958	CSO 1958
Disability rate	10% of CSO 1958	10% of CSO 1958

b. Movements in present value of defined benefit obligation

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Present value of defined benefit pension at beginning	902,820	986,681
Interest cost	20,313	57,227
Current service cost	12,469	47,773
(Gain) / loss on actuarial	(13,187)	32,121
Compensation paid	(14,588)	(76,311)
Impact of Changes in Assumptions	921	(144,671)
Present value of defined benefit pension	<u>908,748</u>	<u>902,820</u>

c. Value of the defined benefit amount produced from program

The movement of the present value of the obligation is affected by a decrease in the discount rate (the impact of changes in assumptions), increase service life and the approach with a maturity (interest cost).

d. Movements in the fair value of assets and the program beginning and ending balances

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
The fair value of plan assets at beginning of period	2,635,837	3,031,998
Expectations of asset returns plan	67,411	303,806
Payment of employer's contribution & dues participants	24,596	98,388
Payment of employee benefits	(14,589)	(76,311)
Gains / (losses) on asset actuarial program	(12,681)	(722,044)
Actual program assets at end of period	<u>2,700,574</u>	<u>2,635,837</u>

e. Changes recognized in the statement of financial position

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Present value of the defined benefit liabilities-actual	908,748	902,820
Fair value of the asset program	(2,700,574)	(2,635,837)
Funding status	(1,791,826)	(1,733,017)
Assets margin/deferred assets	1,791,826	1,733,017
Net Recognized Liabilities on financial position	<u>-</u>	<u>-</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

1. BRI (Parent Entity) (continued)

- f. Defined benefit pension expense for the period ended March 31, 2014 and December 31, 2013 based on actuarial calculations are as follows:**

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Recognized actuarial gain-net	415	609,494
Interest cost	20,313	57,227
Current service cost	4,526	16,002
Expected return on program assets	(67,411)	(303,806)
(Gain) / loss on actuarial after margin assets	58,811	(312,300)
Defined benefit pension expense (Note 33)	<u>16,654</u>	<u>66,617</u>

For the period ended March 31, 2014 and December 31, 2013, BRI did not recognize the prepaid old-age benefits and the income of old-age benefits as BRI's management has no benefits on those assets and has no plans to reduce its contributions in the future.

There is no total and cumulative amount from actuarial gains and losses recognized in other comprehensive income will be recognized immediately in retained earnings.

- g. Percentage or amount that each major category is the total fair value of plan assets**

	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Securities	836,530	30.98%	835,030	0.00%
Deposits	647,000	23.96%	633,300	24.13%
Bonds	611,093	22.63%	594,093	31.58%
Government securities	295,158	10.93%	275,158	0.00%
Others asstes	121,586	4.50%	106,918	0.00%
ocks	95,321	3.53%	95,321	4.50%
KIK EBA	37,426	1.39%	39,941	0.00%
Debt recognition letter	25,557	0.95%	25,557	4.47%
Subsidiaries	21,190	0.78%	21,190	0.00%
Property	9,707	0.36%	9,323	0.00%
Mutual fund	-	0.00%	-	29.35%
Investments	-	0.00%	-	5.96%
	<u>2,700,568</u>	<u>100%</u>	<u>2,635,831</u>	<u>100%</u>

- h. Amounts include fair value of plan assets**

Percentage of financial instruments that are placed by an entity YKPI BRI on the fair value of total plan assets. For each category of financial instruments owned by BRI, the position in March 2014 as follows:

<u>Instruments</u>	<u>%</u>
BRI deposits	6.45%
BRI bonds	7.58%
BRI stocks	1.67%

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

1. BRI (Parent Entity) (continued)

i. Basis used to determine the expected rate of return on assets as a whole

In RKAP 2013 YKP BRI targets the yield rate of 10.23%.

j. Actual yield on plan assets, as well as actual returns on any reimbursement right recognized as an asset

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Expected investment returns of the program assets	67,411	303,806
Actuarial gains (losses) on plan program assets	(12,681)	(722,044)
Real investment returns on plan assets	<u>54,730</u>	<u>(418,238)</u>

k. Impact of an increase or decrease in the level of the percentages in the assumed health care cost trend

In the benefit actuarial reports only consider defined benefit program outside benefit health care and health program funded by life insurance.

	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Defined benefit obligation	908,748	902,821	986,681	899,949	1,031,664
Fair value of plan assets	(2,700,574)	(2,635,837)	(3,031,998)	(2,272,191)	(2,182,880)
(Surplus)/Defisit	<u>(1,791,826)</u>	<u>(1,733,016)</u>	<u>(2,045,317)</u>	<u>(1,372,242)</u>	<u>(1,151,216)</u>

l. Estimated on employer's contributions to be paid in the program for the annual period beginning after the reporting period

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Interest cost	79,970	70,228
Current service cost	17,197	20,120
The expected results of the program assets	(239,892)	(264,110)
Net actuarial gains recognized	-	32,933
(Gain) / loss on actuarial after margin assets	-	198,319
Present value of defined benefit pension	<u>(142,725)</u>	<u>57,490</u>

m. Defined benefit plan which divides risks between entities under common control

Tidak ada perjanjian kontraktual atau kebijakan tertulis untuk pembebanan biaya imbalan pasti neto. Semua pegawai BRI yang ditempatkan di anak perusahaan menjadi tanggung jawab BRI, tidak ada pembagian risiko antar entitas pengendali.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

2. BRI Syariah (Subsidiaries)

The employees of BRISyariah are also included in Old-Age Benefits Plan in accordance with BRI Directors' decision. BRISyariah contributions to the plan which are reported in the statements of comprehensive income amounted Rp32 and Rp55 for the years ended March 31, 2014 and 2013 respectively (Note 33). This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

c. Defined Contribution Pension Plan (PPIP)

1. BRI (Parent Entity)

The employees of BRI are also included in the defined contribution pension plan in accordance with BRI Directors' decision which was effective October 2000. BRI's contributions to the plan which are reported in the statements of comprehensive income amounted to Rp33,271 and Rp27,105 for the years ended March 31, 2014 and 2013 respectively (Note 33). This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

2. BRI Syariah (Subsidiaries)

The employees of BRISyariah are also included in the defined contribution pension plan in accordance with BRI Directors' decision which was effective January 2009. BRISyariah contributions to the plan which are reported in the statements of comprehensive income amounted Rp52 and Rp86 for the years ended March 31, 2014 and 2013 respectively (Note 33). This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

d. Work Separation Scheme (PHK)

1. BRI (Parent Entity)

The calculation performed by the management of BRI of liabilities related to allowance for cost settlement of separation which include severance, gratuity and compensation benefits were based on actuarial valuation assumption in compliance with Labor Law No. 13/2003 dated March 25, 2003 as of March 31, 2014 and December 31, 2013. The actuarial calculations were performed by PT Bestama Aktuaria, an independent actuary, in its reports dated March 13, 2014 and January 3, 2014 by using the "Projected Unit Credit Method" with the following assumptions:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Discount rate	8.80%	9.00%
Future salary's growth rate	7.50%	7.50%
Mortality rate	CSO 1958	CSO 1958
Disability rate	10% of CSO 1958	10% of CSO 1958

The status of the work separation scheme as of March 31, 2014 and December 31, 2013 based on the actuarial calculation is as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Present value of work separation	894,267	(831,234)
Unrecognized actuarial (Gain) Losses	(90,998)	68,376
Obligasi of work separation	<u>803,269</u>	<u>(762,858)</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (PHK) (continued)

1. BRI (Parent Entity) (continued)

Movements in the work separation scheme liability as of March 31, 2014 and December 31, 2013 are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Beginning balance	762,858	640,765
Work separation scheme expense-net (Note 33)	40,608	160,472
Actual benefit payment	(197)	(38,379)
Ending Balance (note 26)	<u>803,269</u>	<u>762,858</u>

The calculation of work separation scheme expense for the period ended March 31, 2014 and December 31, 2013 based on the actuarial calculation is as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Current service cost	21,905	78,949
Interest cost	18,703	74,974
Recognition of current period (gain) loss	-	6,549
Work separation scheme expense (Note 33)	<u>40,608</u>	<u>160,472</u>

2. BRI Syariah (Subsidiaries)

The Subsidiary provides the work separation scheme based on the provisions of Labor Law No. 13/2003 dated March 25, 2003. The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of March 31, 2014 and December 31, 2013, as determined by PT Katsir Imam Sapto Sejahtera Aktuaria, an independent actuary, in its reports dated April 4, 2014 and January 2, 2014, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Discount rate	8.60%	9.00%
Future salary's growth rate	5.00%	5.00%
Mortality rate	TMI-III 2011	TMI-III 2011

As of March 31, 2014 and December 31, 2013, the status of the work separation scheme based on the actuarial calculation is as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Present value of work separation	(31,130)	(28,080)
Unrecognized actuarial (Gain) Losses	(10,625)	(11,622)
Obligasi of work separation	<u>(41,755)</u>	<u>(39,702)</u>

Movements in the work separation scheme liability for the period ended March 31, 2014 and December 31, 2013 are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Beginning balance	39,702	29,924
Work separation scheme expense - net (Neto 33)	2,136	9,895
Actual benefit payments	(83)	(117)
Ending balance (Note 26)	<u>41,755</u>	<u>39,702</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (PHK) (continued)

2. BRI Syariah (Subsidiaries) (continued)

The work separation scheme expense for the period ended March 31, 2014 and December 31, 2013 based on the actuarial calculation is as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Curent service cost	1,931	7,427
Interest expense	603	2,468
Amortization of accumulated acturial gain	(398)	-
Work separation scheme expense (Note 33)	<u>2,136</u>	<u>9,895</u>

3. Bank BRI Agro (Subsidiaries)

The Subsidiary provides the work separation scheme based on the provisions of Labor Law No. 13/2003 dated March 25, 2003. The following tables summarize the components of the work separation scheme expense recognized in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position for the work separation scheme liability as of March 31, 2014 and December 31, 2013 as determined by PT Bestama Aktuarial, independent actuaries, in their report dated February 3, 2014 and January 3, 2014, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Discount rate	7.60%	8.80%
Future salary's growth rate	8.00%	8.00%
Mortality rate	TMI 2011	TMI 2011
Disability rate	10% of TMI 2011	10% of TMI 2011

As of March 31, 2014 and December 31, 2013, the status of the work separation scheme based on the actuarial calculation is as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Unrecognized past services cost	5,394	5,499
Accmulation of unrecognized actuarial gain	904	611
Immediate recognition of past service cost	(19,893)	(19,431)
Work seperation scheme liability	<u>(13,595)</u>	<u>(13,321)</u>

Movements in the work separation scheme liability for the period ended March 31, 2014 and December 31, 2013 are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Beginning balance	13,321	13,749
Expense recognized in the curent period (Note 33)	1,011	4,133
Actual benefit payment	(737)	(4,561)
Ending balnce (Note 26)	<u>13,595</u>	<u>13,321</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (PHK) (continued)

3. Bank BRI Agro (Subsidiaries) (continued)

The work separation scheme expense for the period ended March 31, 2014 and December 31, 2013 based on the actuarial calculation is as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Current service cost	479	1,935
Interest expense	427	1,544
Actuarial losses	-	234
Amortization of past service cost	105	420
Work separation scheme expense (Note 33)	<u>1,011</u>	<u>4,133</u>

e. Other Long-term Employee Benefits

BRI employees also have long-term employee benefits, such as gratuity for services and grand leaves.

1. Allowance for gratuity for services

The actuarial calculation on gratuity for services as of March 31, 2014 and December 31, 2013 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated March 13, 2014 and January 3, 2014, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Discount rate	8.80%	9.00%
Future salary's growth	7.50%	7.50%
Gold price growth rate	10.00%	10.00%
Mortality rate	CSO 1958	CSO 1958
Disability rate	10% of CSO 1958	10% of CSO 1958

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp754,236 and Rp752,338 dated March 13, 2014 and January 3, 2014, respectively (Note 26).

Movements in liability for gratuity for services for the period ended March 31, 2014 and December 31, 2013 are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Beginning balance of liability	752,338	825,709
Gratuity for service expense (Note 33)	17,122	2,342
Benefit payment by BRI	(15,224)	(75,713)
Gratuity for service liability (Note 26)	<u>754,236</u>	<u>752,338</u>

The gratuity for service expense for the period ended March 31, 2014 and December 31, 2013 based on the actuarial calculation is as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Current service cost	13,514	51,643
Interest expense	16,927	47,891
Recognized actuarial losses	(13,319)	(97,192)
Gratuity for service expense (Note 33)	<u>17,122</u>	<u>2,342</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits

2. Grand leaves

a. BRI (Parent Entity)

The actuarial calculation for grand leaves as of March 31, 2014 and December 31, 2013 was prepared by PT Bestama Aktuarial, an independent actuary, in its reports dated March 13, 2014 and January 3, 2014, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Discount rate	8.80%	9.00%
Future salary's growth rate	7.50%	7.50%
Mortality rate	CSO 1958	CSO 1958
Disability rate	10% of CSO 1958	10% of CSO 1958

The present value of liability of allowance for grand leaves based on the actuarial calculation amounted to Rp834,418 and Rp821,951 as of March 31, 2014 and December 31, 2013, respectively (Note 26).

Movements in liability for grand leaves as of March 31, 2014 and December 31, 2013 are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Beginning balance of liability	821,951	887,617
Grand leaves expense -net (Note 33)	36,749	48,504
Benefit payment by BRI	(24,282)	(114,170)
Grand leaves liability (Note 26)	<u>834,418</u>	<u>821,951</u>

The grand leaves expense for the period ended March 31, 2014 and December 31, 2013 based on the actuarial calculation is as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Recognized actuarial (gain) losses	(6,619)	(96,556)
Current service cost	24,875	93,578
Interest expense	18,493	51,482
Grand leaves expense (Note 33)	<u>36,749</u>	<u>48,504</u>

b. BRI Syariah (Subsidiaries)

The Subsidiary also provides grand leaves program to its employees as one of their benefits

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

2. Grand leaves (continued)

b. BRI Syariah (Subsidiaries)

The actuarial calculation for grand leaves was recorded in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position as of March 31, 2014 and December 31, 2013 as determined by PT Katsir Imam Sapto Sejahtera Aktuarial, an independent actuary, in its reports dated April 4, 2014 and January 2, 2014, respectively, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Discount rate	8.60%	9.00%
Future salary's growth rate	5.00%	5.00%
Mortality rate	TMI-III-2011	TM-III 2011
Normal retirement age	56 years old	56 years old

The present value of liability of allowance for grand leaves based on the actuarial calculation amounted to Rp21,677 and Rp19,650 as of March 31, 2014 and December 31, 2012, respectively (Note 26).

Movements in liability for grand leaves for the period ended March 31, 2014 and December 31, 2013 are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Beginning balance	19,650	13,153
Grand leaves expense-net (Note 33)	2,027	6,497
Ending Balance (Note 26)	<u>21,677</u>	<u>19,650</u>

The grand leaves expense of the Subsidiary for the period ended March 31, 2014 and December 31, 2013 based on the actuarial calculation is as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Current service cost	1,627	5,669
Interest expense	401	828
Amortization of accumulated actuarial gain	(1)	-
Grand leaves expense (Note 33)	<u>2,027</u>	<u>6,497</u>

c. Bank BRI Agro (Subsidiaries)

The Subsidiary also provides grand leaves program to its employees as one of their benefits. The actuarial calculation for grand leaves recognized in the consolidated statements of comprehensive income and recognized in the consolidated statements of financial position as of March 31, 2014 and December 31, 2013 was prepared by PT Bestama Aktuarial, an independent actuary, in its report dated February 3, 2014 and January 3, 2014, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Discount rate	7.70%	8.40%
Future salary's growth rate	8.00%	8.00%
Mortality rate	TMI 2011	TMI 2011

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

2. Grand leaves (continued)

c. Bank BRI Agro (Subsidiaries) (continued)

The present value of liability of allowance for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp2,869 and Rp2,708 as of March 31, 2014 and December 31, 2013, respectively (Note 26).

Movements in liability for grand leaves for the period ended March 31, 2014 and December 31, 2013 are as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Beginning balance	2,708	2,676
Expense recognized in the current period	325	533
Benefit payment	(164)	(501)
Grand leaves liability (Note 26)	<u>2,869</u>	<u>2,708</u>

The grand leaves expense of the Subsidiary for the period ended March 31, 2014 and December 31, 2013 based on the actuarial calculation is as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Current service cost	230	881
Interest expense	57	181
Recognized actuarial (gain) losses	39	(529)
Grand leaves expense (Note 33)	<u>325</u>	<u>533</u>

3. Pension preparation period

a. BRI Agro (Subsidiaries)

Effective March 12, 2012, the Subsidiary also provides pension preparation period to its employees as one of their benefits. The actuarial calculation for pension preparation period as of March 31, 2014 and December 31, 2013 was prepared by PT Bestama Aktuarial, an independent actuary, in its report dated February 3, 2014 and January 3, 2014, by using the "Projected Unit Credit Method" with the following assumptions:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Discount rate	8.50%	8.80%
Future salary's growth rate	8.00%	8.00%
Mortality rate	TMI 2011	TMI 2011
Disability rate	10% of TMI 2011	10% of TMI 2011

The present value of liability of allowance for pension preparation period based on the actuarial calculation amounted to Rp4,870 and Rp4,431 as of March 31, 2014 and December 31, 2013, respectively (Note 26).

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

40. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

3. Pension preparation period (continued)

a. BRI Agro (Subsidiaries) (continued)

Movements in the liability for pension preparation period for the period ended March 31, 2014 and December 31, 2013 is as follows:

	March 31, 2014	December 31, 2013
Beginning balance of liability - net	4,431	1,981
Pension preparation period expense (Neto 33)	439	2,450
Pension preparation period liability (Note 26)	4,870	4,431

Pension preparation period expense for the period ended March 31, 2014 and December 31, 2013 based on the actuarial calculation is as follows:

	March 31, 2014	December 31, 2013
Recognized actuarial losses	(195)	1,197
Current service cost	179	694
Interest expense	156	559
Recognized past service costs	299	-
Pension preparation period expenses (Note 33)	439	2,450

41. INFORMATION ON COMMITMENTS AND CONTINGENCIES

Significant information on commitments and contingencies for the period ended March 31, 2014 and December 31, 2013 is as follows:

	March 31, 2014	December 31, 2013
<u>Commitments</u>		
Commitments receivables		
Purchase of spot and foreign currencies	613,726	1,180,490
Others	118,011	-
Total commitments receivables	731,737	1,180,490
Commitments liabilities		
Unused credit facilities granted to debtors	87,468,102	79,707,332
Irrevocable letters of credit (Note 25c)	15,096,665	18,626,470
Sale of spot and foreign currencies	398,045	937,090
Unused financing facilities granted to debtors	56,862	72,679
Total commitments liabilities	103,019,674	99,343,571
Commitments-Net	(102,287,937)	(98,163,081)
<u>Contingencies</u>		
Contingent receivables		
Interest receivables under settlement	30,546	58,203

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

41. INFORMATION ON COMMITMENTS AND CONTINGENCIES (continued)

Contingencies (continued)	March 31, 2014	December 31, 2013
Contingent liabilities		
Guarantees issued (Note 25c) in the form of:		
Standby letters of credit	-	6,656,160
Bank guarantees	14,893,944	9,236,021
Others	-	45,322
Total contingent liabilities	14,893,944	15,937,503
Contingencies-Net	(14,863,398)	(15,879,300)

42. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of shareholders held by the same end, the management or key employees of BRI and its subsidiaries that are directly or indirectly owned by BRI.

a. List of related parties are entities and / or management

Related parties	Relationship	Element of transactions
Key employees	Controlling corporate activities	Loans Sharia receivable and financing Demand deposits Saving deposits Time deposits <i>Wadiah</i> saving deposits <i>Mudharabah</i> saving deposits <i>Mudharabah</i> time deposits
Ministry of Finance of the Republic of Indonesia (RI)	Control through the Central Government of the RI	Loans
Lembaga Pembiayaan Ekspor Indonesia	Control through the Central Government of the RI	Securities Placement with Bank Indonesia and other banks Fund borrowings
Government of the Republic of Indonesia (RI)	Ownership of majority shares through the Ministry of Finance of the RI	Securities Governemnt Recapitalization Bonds
Perum BULOG	Control through the Central Government of the RI	Loans
Perum DAMRI	Control through the Central Government of the RI	Sharia receivable and financing
Perum Pegadaian	Control through the Central Government of the RI	Securities Loans
Perum Percetakan Uang Republik Indonesia	Control through the Central Government of the RI	Irrevocable L/C

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

42. TRANSACTIONS WITH RELATED PARTIES (continued)

a. List of related parties are entities and / or management (continued)

<u>Related parties</u>	<u>Relationship</u>	<u>Element of transactions</u>
BDH Khusus Bialugri	Control through the Central Government of the RI	Irrevocable L/C
PT Aneka Tambang (Persero) Tbk	Control through the Central Government of the RI	Securities
PT Barata Indonesia (Persero)	Control through the Central Government of the RI	Guarantees issued Export bills
PT Bank Bukopin Tbk	Control through the Central Government of the RI	Current account with other banks Placement with Bank Indonesia and other banks Securities purchased under agreement to resell
PT Bank Mandiri (Persero) Tbk	Control through the Central Government of the RI	Current account with other banks Securities purchased under agreement to resell
PT Bank Negara Indonesia (Persero) Tbk	Control through the Central Government of the RI	Current account with other banks Placement with Bank Indonesia and other banks Securities
PT Bank Tabungan Negara (Persero)	Control through the Central Government of the RI	Securities
PT BNI Asset Management	Control through the Central Government of the RI	Securities
PT Bringin Gigantara	Ownership through Dana Pensiun BRI	Sharia receivable and financing Acceptances receivable Acceptances payable
PT Bringin Indotama Sejahtera Finance	Ownership through Dana Pensiun BRI	Loans
PT Bringin Karya Sejahtera	Ownership through Dana Pensiun BRI	Loans Sharia receivable and financing
PT Bringin Sejahtera Artha Makmur	Ownership through Dana Pensiun BRI	Loans
PT Bringin Srikandi Finance	Ownership through Dana Pensiun BRI	Loans

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

42. TRANSACTIONS WITH RELATED PARTIES (continued)

a. List of related parties are entities and / or management (continued)

<u>Related parties</u>	<u>Relationship</u>	<u>Element of transactions</u>
PT BTMU-BRI Finance	Ownership	Placement with Bank Indonesia and other banks Investment in associated entities
PT Dayamitra Telekomunikasi	Control through the Central Government of the RI	Loans
PT Dirgantara Indonesia (Persero)	Control through the Central Government of the RI	Irrevocable L/C Guarantees issued
PT Dok dan Perkapalan Kodja Bahari (Persero)	Control through the Central Government of the RI	Loans
PT Elnusa Tbk	Control through the Central Government of the RI	Guarantees issued
PT Indonesia Power	Control through the Central Government of the RI	Guarantees issued
PT Indonesia Asahan Aluminium	Control through the Central Government of the RI	Irrevocable L/C
PT Indosat Tbk	Control through the Central Government of the RI	Securities
PT Inti (Persero)	Control through the Central Government of the RI	Acceptances receivable Acceptances payable Irrevocable L/C
PT Jasa Marga (Persero) Tbk	Control through the Central Government of the RI	Securities
PT Kereta Api Indonesia (Persero)	Control through the Central Government of the RI	Loans Irrevocable L/C
PT KHI Pipe Industries	Control through the Central Government of the RI	Irrevocable L/C

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

42. TRANSACTIONS WITH RELATED PARTIES (continued)

a. List of related parties are entities and / or management (continued)

<u>Related parties</u>	<u>Relationship</u>	<u>Element of transactions</u>
PT Krakatau Steel (Persero) Tbk	Control through the Central Government of the RI	Acceptances receivable Acceptances payable
PT Krakatau Engineering	Control through the Central Government of the RI	Acceptances receivable Acceptances payable
PT Len Industri (Persero)	Control through the Central Government of the RI	Acceptances receivable Acceptances payable Irrevocable L/C
PT Meratus Jaya Iron	Control through the Central Government of the RI	Irrevocable L/C
PT PAL Indonesia (Persero)	Control through the Central Government of the RI	Guarantees issued
PT Pembangunan Perumahan (Persero)	Control through the Central Government of the RI	Export bills Acceptances receivable Acceptances payable Irrevocable L/C
PT Perkebunan Nusantara II (Persero)	Control through the Central Government of the RI	Export bills Acceptances receivable Acceptances payable
PT Perkebunan Nusantara III (Persero)	Control through the Central Government of the RI	Securities
PT Perkebunan Nusantara VII (Persero)	Control through the Central Government of the RI	Sharia receivable and financing
PT Perkebunan Nusantara VIII (Persero)	Control through the Central Government of the RI	Export bills
PT Pertamina (Persero)	Control through the Central Government of the RI	Securities Loans Guarantees issued Irrevocable L/C

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

42. TRANSACTIONS WITH RELATED PARTIES (continued)

a. List of related parties are entities and / or management (continued)

<u>Related parties</u>	<u>Relationship</u>	<u>Element of transactions</u>
PT Pertamina Patra Niaga	Control through the Central Government of the RI	Acceptances receivable Acceptances payable Irrevocable L/C
PT Pertani (Persero)	Control through the Central Government of the RI	Acceptances receivable Acceptances payable
PT Perusahaan Gas Negara (Persero) Tbk	Control through the Central Government of the RI	Guarantees issued
PT Perusahaan Listrik Negara (Persero)	Control through the Central Government of the RI	Securities Loans Irrevocable L/C Guarantees issued
PT Petrokimia Gresik	Control through the Central Government of the RI	Loans
PT Petrosida Gresik	Control through the Central Government of the RI	Acceptances receivable Acceptances payable
PT PP Dirganeka	Control through the Central Government of the RI	Export bills
PT Pindad (Persero)	Control through the Central Government of the RI	Acceptances receivable Acceptances payable Irrevocable L/C Guarantees issued
PT Pupuk Kalimantan Timur	Control through the Central Government of the RI	Securities Loans Export bills
PT Pupuk Kujang (Persero)	Control through the Central Government of the RI	Loans Guarantees issued Irrevocable L/C
PT Rekayasa Industri (Persero)	Control through the Central Government of the RI	Acceptances receivable Acceptances payable Guarantees issued

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

42. TRANSACTIONS WITH RELATED PARTIES (continued)

a. List of related parties are entities and / or management (continued)

<u>Related parties</u>	<u>Relationship</u>	<u>Element of transactions</u>
PT Sarana Multigriya Finansial (Persero)	Control through the Central Government of the RI	Securities
PT Taspen (Persero)	Control through the Central Government of the RI	Loans
PT Telekomunikasi Indonesia (Persero) Tbk	Control through the Central Government of the RI	Loans
PT Wijaya Karya (Persero) Tbk	Control through the Central Government of the RI	Acceptances receivable Acceptances payable Irrevocable L/C Guarantees issued
PT Wijaya Karya Industri dan Konstruksi	Control through the Central Government of the RI	Acceptances receivable Acceptances payable
PT Waskita Karya	Control through the Central Government of the RI	Securities Guarantees issued Acceptances receivable Acceptances payable

b. Significant transactions of related party entity and / or management

In banking, BRI significant transactions with related parties as at March 31, 2014 and December 31, 2013 as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
<u>Assets</u>		
Current accounts with otehr banks (Note 5)		
PT Bank Mandiri (Persero) Tbk	20,805	101,577
PT Bank Negara Indonesia (Persero) Tbk	10,135	8,861
PT Bank Bukopin Tbk	-	10
	<u>30,940</u>	<u>110,448</u>
Placement with Bank Indonesia and other banks (Note 6)		
Lembaga Pembiayaan Ekspor Indonesia	300,000	400,000
PT Bank Bukopin Tbk	210,000	210,000
PT BTMU-BRI Finance	30,000	130,000
PT Bank Negara Indonesia (Persero) Tbk	-	537,173
	<u>540,000</u>	<u>1,277,173</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

42. TRANSACTIONS WITH RELATED PARTIES (continued)

b. Significant transactions of related party entity and / or management (continued)

<u>Assets (continued)</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Securities (Note 7)		
Government of The Republic of Indonesia	23,839,586	22,217,614
Lembaga Pembiayaan Ekspor Indonesia	300,085	304,360
Perum Pegadaian	298,159	283,740
PT BNI Asset Management	225,449	252,749
PT Bank Tabungan Negara (Persero) Tbk	144,033	106,721
PT Perusahaan Listrik Negara (Persero)	115,857	95,964
PT Jasa Marga (Persero) Tbk	102,134	99,977
PT Bank Negara Indonesia (Persero) Tbk	100,087	141,918
PT Aneka Tambang (Persero) Tbk	95,000	95,000
PT Waskita Karya	25,000	25,000
PT Perkebunan Nusantara III (Persero)	25,000	25,000
PT Sarana Multigriya Finansial (Persero)	23,766	18,824
Others	51,000	60,695
	<u>25,345,156</u>	<u>23,727,562</u>
Export bills (Note 8)		
PT Pembangunan Perumahan (Persero)	3,807	-
PT PP Dirganeka	-	165,060
PT Perkebunan Nusantara VIII (Persero)	-	32,307
PT Pupuk Kalimantan Timur	-	5,663
PT Barata Indonesia (Persero)	-	4,604
	<u>3,807</u>	<u>207,634</u>
Government Recapitalization Bonds (Note 9)		
Government of The Republic of Indonesia	4,315,201	4,511,419
Securities purchased under agreements to resell (Note 10)		
PT Bank Mandiri (Persero) Tbk	724,021	1,008,810
PT Bank Bukopin Tbk	176,040	101,016
	<u>900,061</u>	<u>1,109,826</u>
Loans (Note 12)		
PT Perusahaan Listrik Negara (Persero)	13,536,794	10,288,290
Perum BULOG	10,590,982	9,355,324
PT Pertamina (Persero)	10,244,559	8,603,110
Perum Pegadaian	3,982,431	3,602,519
Ministry of Finance of the Republic of Indonesia	2,993,530	3,778,698
PT Kereta Api Indonesia (Persero)	2,810,298	2,709,044
PT Telekomunikasi Indonesia (Persero) Tbk.	2,125,000	2,250,000
PT Pupuk Kalimantan Timur	1,968,201	1,836,399
PT Dayamitra Telekomunikasi	1,728,438	1,610,438
PT Pupuk Kujang	799,682	834,451
PT Bringin Srikandi Finance	585,793	595,041
PT Petrokimia Gresik	360,098	345,026
PT Bringin Indotama Sejahtera Finance	214,820	198,653
Key employees	48,987	54,084
PT Bringin Karya Sejahtera	159	157
PT Taspen (Persero)	-	5,100,000
Others	17,671,677	17,296,633
	<u>69,661,449</u>	<u>68,457,867</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

42. TRANSACTIONS WITH RELATED PARTIES (continued)

b. Significant transactions of related party entity and / or management (continued)

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Assets (continued)		
Sharia receivable and financing (Note 13)		
PT Perkebunan Nusantara VII (Persero)	55,915	-
Perum DAMRI	44,130	50,858
PT Bringin Gigantara	6,334	8,763
PT Bringin Karya Sejahtera	2,722	3,711
Key employees	-	14,208
	<u>109,101</u>	<u>77,540</u>
Acceptances receivable (Note 14)		
PT Pertamina Patra Niaga	373,895	-
PT Krakatau Steel	270,103	592,260
PT Inti (Persero)	46,356	232,075
PT Pindad (Persero)	31,255	137,639
PT Wijaya Karya (Persero) Tbk	28,936	53,979
PT Pertani (Persero)	28,715	54,837
PT Len Industri (Persero)	19,200	19,320
PT Rekayasa Industri (Persero)	13,226	9,967
PT Krakatau Engineering	5,307	-
PT Waskita Karya (Persero)	3,837	-
PT Petrosida Gresik	3,320	-
PT Pembangunan Perumahan (Persero)	1,075	187,418
PT Perkebunan Nusantara II	-	140,031
PT Bringin Gigantara	-	8,082
PT Wijaya Karya Industri dan Konstruksi	-	153
	<u>825,225</u>	<u>1,435,761</u>
Investment in associated entities (Note 15)		
PT BTMU-BRI Finance	230,691	220,907
Total assets from related parties	<u>101,961,631</u>	<u>101,136,137</u>
Total consolidated assets	<u>615,718,605</u>	<u>626,182,926</u>
Percentage of total assets from related parties to total consolidated assets	<u>16.56%</u>	<u>16.15%</u>
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Liabilities		
Demand deposits (Note 19)		
Government Entities and Institutions	18,787,029	21,391,485
Key employees	142	1,332
Others	10,717	51,067
	<u>18,797,888</u>	<u>21,443,884</u>
Saving deposits (Note 20)		
Government Entities and Institutions	239,519	73,286
Key employees	66,891	99,662
Others	176	13,259
	<u>306,586</u>	<u>186,207</u>
Time deposits (Note 21)		
Government Entities and Institutions	50,813,868	57,426,013
Key employees	11,578	238,668
Others	146,232	1,011,875
	<u>50,971,678</u>	<u>58,676,556</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

42. TRANSACTIONS WITH RELATED PARTIES (continued)

b. Significant transactions of related party entity and / or management (continued)

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Liabilities (continued)		
Deposits from other banks and financial institutions (Note 22)		
Government Entities and Institutions	156,307	410,282
Acceptances payable (Note 14)		
Government Entities and Institutions	825,225	1,435,761
Fund borrowings (Note 24)		
Government Entities and Institutions	100,000	100,000
Compensation to key employees management (Note 40)		
Present value of defined benefit pension liability	243,026	229,549
Present value of work separation liability	58,907	52,133
Present value of old-age benefits liability	43,771	40,227
Present value of grand leaves liability	32,065	32,410
Present value of gratuity for services liability	29,918	29,782
Present value of pension preparation period	1,248	1,134
	<u>408,935</u>	<u>385,235</u>
Total liabilities to related parties	71,566,619	82,637,925
Total consolidated liabilities	536,626,468	546,855,504
Percentage of liabilities to related parties to total consolidated liabilities	13.34%	15.11%
	<u>13.34%</u>	<u>15.11%</u>
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Commitments and contingencies in administrative accounts		
Guarantees issued (Note 25c)		
PT Perusahaan Gas Negara (Persero) Tbk	2,645,972	651,429
PT Dirgantara Indonesia (Persero)	1,255,803	1,349,021
PT Wijaya Karya (Persero) Tbk	991,848	1,109,338
PT Rekayasa Industri (Persero)	564,133	607,567
PT Pertamina (Persero)	550,080	1,071,133
PT Wakista Karya (Persero) Tbk	348,672	395,436
PT Perusahaan Listrik negara (Persero)	312,777	330,598
PT Indonesia Power	287,860	500,737
PT Elnusa Tbk	175,893	-
PT Pupuk Kujang (Persero)	164,097	-
PT Pindad (Persero)	137,672	196,047
PT PAL Indonesia (Persero)	136,971	-
PT Barata Indonesia (Persero)	79,344	205,173
Others	902,364	1,445,667
	<u>8,553,486</u>	<u>7,862,146</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

42. TRANSACTIONS WITH RELATED PARTIES (continued)

b. Significant transactions of related party entity and / or management (continued)

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Commitments and contingencies in administrative accounts (continued)		
Irrevocable L/C (Note 25c)		
BDH Khusus Bialugri	2,398,220	-
PT Dirgantara Indonesia (Persero)	766,835	747,150
PT Pindad (Persero)	239,043	338,432
PT Pertamina (Persero)	165,995	691,526
PT Pertamina Patra Niaga	93,605	331,450
PT Kereta Api Indonesia (persero)	55,667	491,271
PT KHI Pipe Industries	47,072	172,984
PT Meratus Jaya Iron	43,355	-
PT Pupuk Kujang (Persero)	36,800	-
Perum Percetakan Uang Republik Indonesia	31,002	35,963
PT Inti (Persero)	30,181	-
PT Len Industri	26,584	-
PT Perusahaan Listrik Negara (Persero)	21,417	81,983
PT Pembangunan Perumahan (Persero)	4,758	39,240
PT Indonesia Asahan Aluminium	-	400,453
Others	501,225	292,801
	<u>4,461,759</u>	<u>3,623,253</u>
	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Salaries and allowances for the Boards of Directors and Commissioners (Note 34)	<u>17,283</u>	<u>13,929</u>
Tantiem, bonuses and incentives for the Boards of Directors, Commissioners and key employees (Note 33)	<u>47,400</u>	<u>189,076</u>

Persentase transaksi pihak-pihak berelasi terhadap jumlah seluruh aset, liabilitas BRI sebagai berikut:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Assets		
Current Accounts with other banks	0.005%	0.018%
Placement with Bnak Indonesia and other banks	0.088%	0.204%
Securities	4.116%	3.789%
Export bills	0.001%	0.033%
Government Recapitalization Bonds	0.701%	0.720%
Securities purchased under agreements to resell	0.146%	0.177%
Loans	11.314%	10.933%
Sharia receivable and financing	0.018%	0.012%
Acceptances receivable	0.134%	0.229%
Investment in associated entities	0.037%	0.035%
Total	<u>16.560%</u>	<u>16.151%</u>
Liabilities		
Demand deposits	3.503%	3.921%
Saving deposits	0.057%	0.034%
Time deposits	9.498%	10.730%
Deposits from other banks and financial institutions	0.029%	0.075%
Acceptances payable	0.154%	0.263%
Fund borrowings	0.019%	0.018%
Compensation to key employees	0.076%	0.070%
Total	<u>13.336%</u>	<u>15.111%</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

42. TRANSACTIONS WITH RELATED PARTIES (continued)

b. Significant transactions of related party entity and / or management (continued)

As of March 31, 2014 and December 31, 2013, BRI (Parent Entity) insured certain premises and equipment to PT Asuransi Bringin Sejahtera Artha Makmur and PT Asuransi Jasa Indonesia (related party) (Note 16).

43. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Communication Services Agreements

On February 24, 2014, BRI entered into an agreement with PT Bringin Gigantara in connection with the procurement of PMS-LAN rental services installation for New Micro Work Unit (43 units PMS-LAN for BRI Java Unit, 89 units PMS-LAN for BRI Outside Java Unit, 97 units PMS-LAN for Java Teras BRI and 173 units PMS-LAN for Outside Java Teras BRI) in 2014 with the contract value of Rp11,638.

On December 16, 2013, BRI entered into an agreement with PT Telekomunikasi Indonesia Tbk in connection with the procurement of VSAT communication services in 1,250 (one thousand two hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp45,500.

On November 11, 2013, BRI entered into an agreement with PT Prima Vista Solusi in connection with the procurement of 2,567 (two thousand five hundred sixty seven) unit EDC LAN for UKO, 4,788 (four thousand seven hundred eighty eight) unit EDC GPRS for UKO and 10,074 (ten thousand seventy four) unit EDC Triple Connection ATM for 3 (three) years with the contract value of Rp53,542.

On November 8, 2013, BRI entered into an agreement with PT Pasifik Satelit Nusantara Mitrakom in connection with the procurement of VSAT communication services in 1,250 (one thousand two hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp45,500.

On September 12, 2013, BRI entered into an agreement with PT Tangara Mitrakom in connection with the procurement of VSAT communication services in 1,250 (one thousand two hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp43,550.

On September 5, 2013, BRI entered into an agreement with PT Satkomindo Mediyasa Mediyasa in connection with the procurement of VSAT communication services in 1,250 (one thousand two hundred fifty) locations of offsite ATM for 3 (three) years with the contract value of Rp45,125.

b. Contingent Liabilities

In conducting its business, BRI is a defendant with various litigation proceedings and legal claims mainly with respect to matters of contractual compliance. Although there is no clear assurance yet, BRI believes that based on information currently available, the ultimate resolution of these legal proceedings and legal claims will not likely have a material effect on the operations, financial position or liquidity level of BRI.

As of March 31, 2014 and December 31, 2013, BRI has established an allowance (included in "Other Liabilities") for several pending lawsuits filed against BRI amounted to Rp326,499 and Rp328,630, respectively (Note 27). Management believes that the allowance is adequate to cover possible losses arising from pending litigations or legal claims that are currently in progress.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

44. ECONOMIC CONDITIONS

a. World Economy Development

By the end of 2013, the world economy still showed a slowdown. This is because the economic conditions of advanced economic countries are still in recovery process from the crisis that occurred in some areas. The world economy grew by 3.00%, while advanced economic countries only grew by 1.30%. The world economic growth in 2013 was lower than the average growth during the last three years which is 3.70%. The U.S. economy which is the main driver of the world economy also showed a slowdown as of 2013, while the Euro area economy still faces a recession which has lasted for several years. In contrast to the conditions of the developed world, the developing country's economy can still grow at 4.70% although some major countries in the developing world who have a large contribution to the global economy (China and India) are still experiencing slower economic growth in 2013.

The global economic growth in 2013 is much lower if compared to the average growth rate from year 2000 to 2012, however it is projected to increase in 2014 and 2015. This is in line with the projected improvement in the U.S. and Europe economy. Recovery of the world economy also depends on the economic conditions of developing countries, especially in Asia. However, some developing countries also face problem of declining export performance due to the weakening global economic conditions. Therefore, developing countries should anticipate global financial risks by managing the flow investment and synchronizing fiscal and monetary policies.

b. Indonesian economic growth

The Indonesian economy in 2013 grew by 5.72%. This growth is lower compared to growth in 2012 which amounted to 6.18%. The global economic crisis which continues until today has resulted in a slowdown in exports and is one of the factors that encourage Indonesian economic slowdown in 2013. The global economic crisis also affects the economy of almost all countries in the world which experienced economic slowdown.

As of the end of February 2014, the monthly inflation is of 0.26% , lower than the 2012 inflation at 0.70%. The rate of inflation year-on-year (February 2014 to February 2013) amounted to 7.75%. General inflation (headline inflation) is due to the increase in prices indicated by the index increase in foodstuff of 0.36%; food, beverages, cigarettes, and tobacco of 0.43%; housing, water, electricity, gas, and fuel of 0.17%; clothing of 0.57%; health of 0.28%; education, recreation, and sport of 0.17%; and transport, communications, and financial services of 0.15%.

As a result of inflationary pressures and weakening of the rupiah against the U.S. dollar, Bank Indonesia had several times increased interest rates. The interest rate set by Bank Indonesia (BI Rate) from February to May 2013 have consistently stood at 5.75%. BI rate then was increased to 6.00% on June 13, 2013, to 6.50% on July 11, 2013, to 7.00% on September 8, 2013, to 7.25% on September 12, 2013 and to 7.50% on November 12, 2013. Until March 2014, the BI rate is remained at 7.50%.

As of the end of December 2013, Rupiah was at Rp12,171 per USD. Rupiah exchange rate during 2013 has several times been weakened against the U.S Dollar. The weakening of rupiah is triggered by high demand in the domestic foreign exchange amid limited supply. This results in an imbalance in the domestic foreign exchange market. In addition, the weakening of the rupiah was also caused by increased pressure on the current account due to limited growth of exports and high growth of imports.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

44. ECONOMIC CONDITIONS (continued)

b. Indonesian economic growth (continued)

Rupiah movement in 2013 was also affected by external factors that create negative sentiment. The process of global economic recovery is expected to remain constrained due to the tightening of U.S. fiscal policy, economic stimulus programs by the Fed which are still unclear, the European crisis which was not handled properly and European macroeconomic conditions which are still weak. In addition, the prices of international commodities which are the main items of Indonesian export are still low. This has created conditions that are not conducive to the development of the rupiah.

Meanwhile, until the end of March 2014, the value of the Rupiah against the U.S. Dollar continues to strengthen up to Rp11,361 per U.S Dollar.

45. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS

a. Guarantee on Payment Responsibility of Commercial Bank by Lembaga Penjamin Simpanan (LPS)

RI Law No. 24 dated September 22, 2004 and any amendments thereto (the latter through Act No. 7 of 2009) of Lembaga Penjamin Simpanan (LPS) prepared on the basis of the stable and resilient national economy to achieve through the establishment of a healthy banking system. To achieve a healthy banking system, improvements of bank customers deposit guarantee program is necessary.

Customer Bank Deposit Guarantee is an guarantee executed by LPS on the Bank's customer deposits. LPS is an institution that is independent, transparent, and accountable in carrying out its duties and authorities. Lembaga Penjamin Simpanan (LPS) has functions as follow:

1. To guarantee depositor's fund.
2. To actively participate in promoting stability of the country's financial system in accordance with its authorized mandate.

b. Regulation of Lembaga Penjamin Simpanan (LPS)

In order of synergies with banking rules and improvements regulations related to deposit guarantee program, LPS sets LPS Regulation No. 2/PLPS/2010 dated November 25, 2010 regarding Deposit guarantee Programs. Each Bank which conducts business in the territory of the Republic of Indonesia shall be guarantee participant with the membership contribution of 0.10% of the paid-in capital of the Bank. In accordance with the LPS Regulations, LPS guarantee customer deposits in the form of:

1. Deposits at conventional Bank include demand deposits, time deposits, certificates of deposit, savings, and / or other equivalent forms of it.
2. Deposits at sharia Bank include demand deposits based on *wadiah* and *mudharabah* principle, savings based on the principle of *wadiah* and *mudharabah muthlaqah / mudharabah muqayyadah* time, deposits based on the principle of *mudharabah muthlaqah / mudharabah muqayyadah*, and other deposits set by LPS.
3. Deposits from other Banks.

Value of guaranteed deposits includes the balance on the date of LPS revocation Bank. Balance is guaranteed for each customer in one bank is the highest Rp2,000,000,000 (two billion dollars) (full amount). LPS do the reconciliation and verification of deposits that are guaranteed to determine viable deposits paid or not worth paying. LPS announce the date of filing a claim for a decent deposit paid at least 2 (two) or more daily newspapers to reach customers who bank license has been revoked.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

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

c. Update on Guarantee on Payment Responsibility of Commercial Bank Regulation

Until March 2014, there hasn't been recent provisions/amendments to the provisions explained in items a and b above governing the Bank's guarantee against customer deposits.

46. STATEMENT OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS) ISSUED AND REVISED

The following summarizes the Statement of Financial Accounting Standards (SFAS) and Interpretations of Financial Accounting Standards (IFAS) issued by the Financial Accounting Standards Board (DSAK) and relevant to the Bank, which became effective on or after January 1, 2014 and which became effective on or after date January 1, 2015.

a. Effective on or after January 1, 2014:

1. IFAS No. 28 "Extinguishing Financial Liabilities with Equity Instruments". This IFAS regulates when an entity as a debtor wants to resolve its financial liabilities through the issuance of equity instruments mechanism (debt for equity swaps).
2. SFAS No. 102 (Revised 2013), "Murabahah", which is refinement of SFAS No. 102, published in 2008. This SFAS regulates the criteria of murabahah transactions related to recognition, measurement, presentation and disclosure.

b. Effective on or after January 1, 2015:

1. SFAS No. 1 (Revised 2013), "Presentation of Financial Statements", adopted from IAS 1. This SFAS changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified to profit or loss would be presented separately from items that will never be reclassified.
2. SFAS No. 4 (Revised 2013), "Separate Financial Statements", adopted from IAS 4. This SFAS prescribes only the accounting requirements when a parent entity prepares separate financial statements as additional information. Accounting for consolidated financial statements is determined in SFAS No.65.
3. SFAS No. 15 (Revised 2013), "Investments in Associates and Joint Ventures", adopted from IAS 28. This SFAS describes the application of the equity method to investments in joint ventures in addition to associates.
4. SFAS No. 24 (Revised 2013), "Employee Benefits", adopted from IAS 19. This SFAS, among other, removes the corridor mechanism and contingent liability disclosures to simple clarifications and disclosures.
5. SFAS No. 65, "Consolidated Financial Statements", adopted from IFRS 10. This SFAS replaces the portion of SFAS No. 4 (Revised 2009) that addresses the accounting for consolidated financial statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
6. SFAS No. 66, "Joint Arrangements", adopted from IFRS 11. This SFAS replaces SFAS No. 12 (Revised 2009) and IFAS No. 12. This SFAS removes the option to account for jointly controlled entities using proportionate consolidation.
7. SFAS No. 67, "Disclosure of Interests in Other Entities", adopted from IFRS 12. This SFAS includes all of the disclosures that were previously in SFAS No. 4 (Revised 2009), SFAS No. 12 (Revised 2009) and SFAS No. 15 (Revised 2009). This disclosures relate to an entity's interests in other entities.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

46. STATEMENT OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS) ISSUED AND REVISED (continued)

b. Effective on or after January 1, 2015 (continued):

8. SFAS No. 68, "Fair Value Measurements", adopted from IFRS 13. This SFAS provides guidance on how to measure fair value when fair value is required or permitted.

Currently BRI and Subsidiaries are in the process of evaluating and have not yet determined the impact of these issued and revised SFAS and IFAS on the consolidated financial statements.

47. OTHER DISCLOSURES

a. Capital Adequacy Ratio (CAR)

BRI actively manages its capital in accordance with the regulatory requirements. The primary objective of which is to ensure that BRI, at all times, maintains adequate capital to cover risks inherent to its banking activities without prejudice to optimizing shareholder's value.

CAR is the ratio of capital to Risk Weighted Assets (RWA), the computation is based on Bank Indonesia Regulation No. 10/15/PBI/2008 dated September 24, 2008, whereby the total capital for credit risk consists of core capital and supplementary capital. Banks which meet certain criteria have to consider market and operational risk in the computation of CAR by including additional supplementary capital component.

On December 31, 2012 BRI has implemented PBI No.14/18/PBI/2012 dated November 28, 2012 on Minimum Capital Reserve for General Bank based on Risk Profile Rating, which is the amendment to PBI No.10/15/2008 dated September 24, 2008. as the aforementioned regulation is initially effective March 2013 reporting position by using December 2012 risk profile. Based on the BRI's risk profile as of December 31 and June 30, 2013, which is satisfactory, the minimum CAR per March 31, 2014 and December 31, 2013 is set at 9.00% to less than 10.00%.

The determination of BRI's compliance with regulatory requirements and ratios is based on the regulatory accounting practices which differ from Indonesian Financial Accounting Standards in some respects. During the year ended 2014 and 2013, BRI has complied with the BI required capital adequacy ratio.

CAR of BRI (Parent Entity) as of March 31, 2014 amounted to 18.44% for the CAR credit risk and operational risk and 18.27% for credit risk, market risk and operational risk, meanwhile as at December 31, 2013 amounted to 17.09% for the CAR credit risk and operational risk and 16.99% credit risk and operational risk and 16.95% for credit risk, market risk and operational risk are calculated as follows:

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Capital		
Core Capital *)	72,909,016	65,964,040
Supplementary Capital **)	3,362,686	3,507,996
Total Capital for Credit, Market and Operational Risks	<u>76,271,702</u>	<u>69,472,036</u>

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

47. OTHER DISCLOSURES (continued)

a. Capital Adequacy Ratio (CAR) (continued)

	March 31, 2014	December 31, 2013
RWA for Credit Risk after considering Special Risk ^{*)}	329,911,576	331,161,598
RWA for Operational Risk ^{****)}	83,790,585	75,401,807
Total RWA for Credit and Operational Risks	413,702,161	406,563,405
RWA for Market Risk	3,760,398	2,294,988
Total RWA for Credit, Operational and Market Risks	417,462,559	408,858,393
CAR for Credit and Operational Risks ^{**) (***)}	18.44%	17.09%
CAR for Credit, Market and Operational Risks ^{**) (***)}	18.27%	16.99%
CAR Minimum	9.00%	9.00%

^{*)} Presented by excluding deferred tax assets according to Bank Indonesia Regulation No. 10/15/PBI/2008 dated September 24, 2008

^{**) (***)} Presented after deducting the amortization of Subordinated Bonds during the period according to Bank Indonesia Letter No. 12/18/DPB1/TPB1-3 dated February 11, 2010

^{***)} Credit risk is calculated according to Bank Indonesia Form Letter No. 13/6/DPNP dated February 18, 2011

^{****)} Operational risk is calculated according to Bank Indonesia Form Letter No. 11/3/DPNP dated January 27, 2009

b. Non-Performing Loans (NPL) Ratio

As of March 31, 2014 and December 31, 2013, BRI's non-performing loans ratio including Sharia receivables and financing are as follows:

1. Consolidated

	March 31, 2014	December 31, 2013
Gross NPL ratio	1.86%	1.63%
Net NPL ratio	0.50%	0.36%

2. BRI (Parent Entity)

	March 31, 2014	December 31, 2013
Gross NPL ratio	1.78%	1.55%
Net NPL ratio	0.47%	0.31%

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

c. Custodian Operations and Selling Agent

1. Custodian

BRI rendered custodian services since 1996 based on its operating license through Bapepam Chairman Decision Letter No. 91/PM/1996 dated April 11, 1996 and was also selected as the Sub-Registry in conducting of Government bonds transactions and administration of Scriptless Certificates of Bank Indonesia by Bank Indonesia.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

47. OTHER DISCLOSURES (continued)

c. Custodian Operations and Selling Agent (continued)

1. Custodian (continued)

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

- a. Safekeeping, administration services and portfolio valuation.
- b. Transaction settlement (settlement/transaction handling) services.
- c. Income collection services, including the related tax payments.
- d. Corporate actions and proxy services.
- e. Information and reporting services, including information through website.
- f. Custodian Unit Link services and DPLK.
- g. On-line Brokerage services of BRI's shares.
- h. Custodian services for asset securitization.
- i. Global Custodian services.

BRI Custodian has 82 customers, consisting of pension funds, financial institutions, and insurance underwriting institutions, securities firms, mutual funds and other institutional.

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Assets under management	103,182	102,594
Fee Based Income	7,150	25,300

Customer-owned assets that are deposited on the BRI Custodian until February 2014 amounted to Rp103,182. While the fee based income received during the period from January 2014 to March 2014 amounted to Rp7,150.

BRI Custodian will continue to increase market share of securities custodian services by optimizing the potential of marketing to institutions, in particular the Customer BRI Bank that have existing facilities and other services BRI.

The existing BRI Custodian Customer services will continue to be enhanced by the implementation of Client Information Module for informational purposes (access data holdings of securities in BRI Custodian) and for transactional purposes (sending of securities settlement instructions).

In 2014 BRI have set as the "Year of Service" to improve the quality of services provided by BRI officers. Speed, friendliness and accuracy is a major concern as a commitment we provide better services to the Customer.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

47. OTHER DISCLOSURES (continued)

c. Custodian Operations and Selling Agent (continued)

2. Trustee

BRI Trust Services is custodian services customers in the form of financial assets for and on behalf of customers. BRI is the first bank in Indonesia to obtain a license from Bank Indonesia to run Trust Services by Bank Indonesia Letter No. 15/19/DPB1/PB1-3 dated February 12, 2013 and Bank Indonesia Letter of Confirmation No. 15/30/DPB1/PB1-3 dated March 19, 2013.

The scope of the BRI Trust Services as stipulated in Bank Indonesia Regulation include:

- a. Paying Agent Services.
- b. Loan Agent Services.
- c. Investment Services Agency.

BRI Trust Services currently provides services for financial transactions involving oil and gas projects (oil and gas) that is carried by both members of Sharing Contract (Kontraktor Kontrak Kerja Sama "K3S") under the auspices of SKK Oil and Gas and non K3S projects.

BRI Trust Services also supports the BRI unit financing in transaction financing for infrastructure activities, nergy and syndicated financing transaction activity. In the management of grant funds (trust funds) BRI can play a role as well as providers Trust Services.

Project Value for BRI Trust Services in March 2014 amounted to Rp8,700 of 10 corporate customers. Trust services BRI customers mostly come from the oil and gas sector while the rest of the supporting infrastructure and capital market activities. BRI hopes to increase the Trustee's assets under management grew by 30.00% to Rp13,200 and can serve 29 corporate customers at the end of 2014.

d. Trustee Agent Operations

BRI rendered trust services since 1990. The operating license of BRI for trust services was granted by the Ministry of Finance based on its Decision Letter No. 1554/KMK.013/1990 dated December 6, 1990 and registered in 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:

1. Trust services
2. Security agent
3. Payment agent

BRI has 17 and 16 customers as of March 31, 2014 and 2013, respectively. The total value of bonds issuance on behalf of bonds issuers managed by BRI as part of its trust services (including security agents) amounted to Rp46,931,889 and Rp42,796,506 as of March 31, 2014 and 2013, respectively.

The fees and commissions on trust services and other related services (payment agent) earned for the years ended as of March 31, 2014 and 2013 amounted to Rp1,218 and Rp471, respectively.

In addition, BRI also implement activities as Selling Agent. Total revenue as Sales Agent for the period March 31, 2014 and 2013 amounted Rp2,244 and Rp2,267, respectively.

PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries
Notes to the consolidated financial statements
as at March 31, 2014 and December 31, 2013 and
for 3 (three) months period ended March 31, 2014 and 2013
(expressed in millions of rupiah, unless otherwise stated)

48. EARNINGS PER SHARE

The following presents the reconciliation of factors in the computation of basic earnings per share (EPS) attributable to the owners of Parent Entity as of March 31, 2014 and 2013, respectively.

	March 31, 2014		
	Weighted		
	Net income	Average Number of Ordinary Share Outstanding	Net income per share (full Rupiah)
Basic earning per share	5,934,670	24,669,162,000	240.57

	March 31, 2013		
	Weighted		
	Net income	Average Number of Ordinary Share Outstanding	Net income per share (full Rupiah)
Basic earning per share	5,084,785	24,669,162,000	206.12

49. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of BRI is responsible for the preparation of these consolidated financial statements which were completed and authorized for issue on April 24, 2014.

