

**DISCLOSURE IN REGARD TO AFFILIATED TRANSACTION
IN COMPLYING WITH REGULATION NO.IX.E.1 ON TRANSACTION WITH AFFILIATED PARTIES AND
CONFLICT OF INTEREST ON CERTAIN TRANSACTION, AS ATTACHED ON DECISION OF CHAIRMAN OF
CAPITAL MARKET AND FINANCIAL INSTITUTION SUPERVISORY AGENCY NO. KEP-412 /BL/2009
DATED 25 NOVEMBER 2009
("REGULATION IX.E.1")**



**PT BANK RAKYAT INDONESIA (PERSERO) Tbk.
("COMPANY")**

Having its registered domicile at Jakarta

Business Sector:

Banking

Head Office:

Gedung BRI 1

Jl. Jenderal Sudirman Kav 44-46, Jakarta 10210

Phone: (021) 5752019

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Company accepts full responsibility for the accuracy of the information contained in this Disclosure, and after having made all reasonable inquiries, hereby declares that to the knowledge and assurance of the Board of Directors and Board of Commissioners, there are no other undisclosed important and material facts related to this transaction that can make this Disclosure become inaccurate or misleading.

I. INTRODUCTION

This Disclosure is made to comply with Regulation IX.E.1 which requires the Company to disclose information related to affiliated transaction.

This Information Disclosure contains information about Conditional Sale and Purchase Agreement (CSPA) of 67% of shares of PT Danareksa Sekuritas (“**DS**”) owned by PT Danareksa (Persero) (“**Danareksa**”) (“**Affiliated Transactions**”).

The transaction is considered an Affiliated Transaction due to an Affiliation relationship (as defined in Law No. 8 of 1995 concerning the Capital Market) between the Company, DS, and Danareksa as the majority shareholder of DS. The affiliation is based on ownership relation as described further in Part II letter D of this Disclosure.

The Company has appointed the Suwendho Rinaldy & Rekan Public Appraisal Services Office (“**SRR**”) as an Independent Appraiser to provide share valuation and fairness opinion on the Affiliated Transaction.

Furthermore, the value of the Affiliated Transaction does not exceed 20% of the Company's equity, therefore it is not considered a Material Transaction to the Company as referred to in Regulation No. IX.E.2 on Material Transactions and Changes in Main Business Activities (Attachment to the Decision of the Chairman of No. Kep-614 / BL / 2011 dated November 28, 2011).

II. DESCRIPTION OF THE AFFILIATED TRANSACTION

A. Object of Affiliated Transaction

The object of Affiliated Transaction is 335.000.000 DS shares owned by Danareksa (equivalent to 67% of issued and fully paid capital of DS). Each share has a nominal value of Rp1.000.000,-

B. Value of Affiliated Transaction

The transaction value is Rp446.887.670.812,- for 335.000.000 shares or equivalent to 67% of total DS shares.

C. Affiliated Parties

1) THE COMPANY

a) General Information

The Company was established and began commercial operations based on Law No.21 of 1968 on December 18, 1968. Based on the Government Regulation of the Republic of Indonesia No. 21 of 1992 dated April 29, 1992, the legal entity form of the Company was changed to a *Perusahaan Perseroan* ("Persero"). The conversion of the Company to Perseroan was carried out based on Deed No.133 dated July 31, 1992, made before Muhani Salim, Bachelor of Law, Notary in Jakarta. The deed has been approved by the Minister of Justice of the Republic of Indonesia based on Decree No.C2-6584.HT.01.01.TH.92. dated August 12, 1992 and announced in the State Gazette of the Republic of Indonesia No. 7, Supplement 3A dated September 11, 1992.

The latest amendment to the Company's Articles of Association contained in Deed No.54 dated October 27, 2017 made before Fathiah Helmi, Law Bachelor, Notary in Jakarta, whose notification has been received and the amendment to the Articles of Association has been recorded in the Legal Entity Administration System database by the Ministry of Law and Rights Human Rights Republic of Indonesia based on Letter No.AHU-AH.01.03-0187521 dated November 3, 2017.

The Company made an initial public offering to the public and listed its shares on the Indonesia Stock Exchange on November 10, 2003.

b) Shareholding

The capital structure of the Company as of August 31st 2018 as issued by PT Datindo Entrycom as the Company's Registrar, is as follows:

Keterangan	Jumlah Lembar Saham	Prosentase Kepemilikan (%)	Jumlah Nominal Saham (Rp)
Authorized Capital:			
- A Series	1	0.00	50
- Saham B Series	299.999.999.999	100.00	14.999.999.999.950
Total Authorized Capital	300.000.000.000	100.00	15.000.000.000.000
Paid-Up Capital:			
A Series:			
• Government of Indonesia	1	0.00	50
B Series:			
• Government of Indonesia	69.999.999.999	56.75	3.499.999.999.950
• Public	53.345.810.000	43.25	2.667.290.500.000
Total Paid-Up Capital	123.345.810.000	100.00	6.167.290.500.000
Number of Shares in a Portfolio	176.654.190.000		

c) Board of Management

The composition of the Company's Board of Management based on Deed No.50 dated March 22nd 2018 by Fathiah Helmi, Sarjana Hukum, Notary in Jakarta is as follows:

Board of Commissioners

President Commissioner /Independent Commissioner	:	Andrinof A. Chaniago
Deputy President Director	:	Gatot Trihargo
Independent Commissioner	:	A. Fuad Rahmany
Independent Commissioner	:	A. Sonny Keraf
Independent Commissioner	:	Mahmud
Independent Commissioner	:	Rofikoh Rokhim
Commissioner	:	Nicolaus Teguh Budi Harjanto
Commissioner	:	Jeffry J. Wurangian
Commissioner	:	Hadiyanto

Board of Directors

President Director	:	Suprajarto
Managing Director of <i>Corporate Banking</i>	:	Kuswiyoto
Managing Director of <i>Retail</i> and Medium	:	Supari (*)
Managing Director of Micro and Small	:	Priyastomo
Managing Director of Consumer	:	Handayani
Managing Director of Network and Services	:	Osbal Saragi Rumahorbo
Managing Director of Finance	:	Haru Koesmahargyo
Managing Director of Information Technology and Operation	:	Indra Utoyo
Managing Director of Institution Relations	:	Sis Apik Wijayanto
Managing Director of <i>Human Capital</i>	:	R. Sophia Alizsa
Managing Director of Risk Management	:	Mohammad Irfan
Managing Director of Compliance	:	Ahmad Solichin Lutfiyanto

(*)effective after Fit & Proper Test by Otoritas Jasa Keuangan and prevailing regulations.

d) Business Activities

The main activity of the Company is to collect public funds and channel these funds by providing loans in the form of credit facilities and other banking activities in accordance with the Articles of Association and the prevailing laws and regulations.

The Company is located in BRI 1 Building, Jenderal Sudirman Street Kav. 44–46, Jakarta Pusat 10210. As of June 30th 2018, the Company has 19 Regional Offices, 468 branches, 610 sub-branches, 5.382 Micro Outlet, 989 Cash Offices, 2.261 Teras, 260 Mobile Teras, and 22.802 ATMs throughout Indonesia.

2) DANAREKSA

a) General Information

Danareksa is a limited liability company established in Indonesia pursuant to Deed No.74 dated December 28, 1976 and amended by Deed No. 59 dated February 17, 1977 both were made before Juliaan Nimrod Siregar Gelar Mangaradja Namora, S.H., Notary in Jakarta. Danareksa's Articles of Association has been approved by the Minister of Justice of the Republic of Indonesia with Decree No. Y.A.5 / 353/21 dated July 12, 1977 and announced in the State Gazette of the Republic of Indonesia No. 82 dated October 14, 1977, Supplement No. 619. Danareksa began its operations in 1977.

Danareksa's Articles of Association have undergone several changes. Amendments to the Articles of Association with Law No. 40 of 2007 concerning Limited Liability Companies as stated in Deed No. 93 dated August 13, 2008 made before Imas Fatimah, S.H., at that time a notary in Jakarta, which was approved by the Minister of Law and Human Rights with his Decree No. AHU-69641.AH.01.02. Year 2008 dated September 25, 2008 and announced in the State Gazette of the Republic of Indonesia No. 28 dated April 7, 2009, Supplement No. 9817 and was last amended by Deed No. 13 October 9, 2009 was made before Nelfi Mutiara Simanjuntak, S.H., the notary substitute of Notary Imas Fatimah, S.H. AHU-AH.01.10-19291 dated November 2, 2009 and announced in the State Gazette of the Republic of Indonesia No.71 dated September 3, 2010, Supplement No. 1161.

b) Capital Structure and Share Ownership

Based on Deed No.48 dated May 30, 2000, made before Nila Noordjasmani Soeyasa Besar, SH, substitute for Imas Fatimah, Bachelor of Law, at that time a Notary in Jakarta, who had obtained approval from the Indonesian Minister of Justice No.C-14781 HT.01.04 .TH.2000 dated 21 July 2000, the capital and shareholder structure of Danareksa are as follows:

Information	Nominal (Rp million per shares)		
	Shares	Rupiah	%
Capital			
- Authorized Capital	2.800.000	2.800.000.000.000	
- Issued and Paid Up Capital	701.480	701.480.000.000	
- Stocks in Portfolios	2.098.520	2.098.520.000.000	
Shareholders			
- Government of Indonesia	701.480	701.480.000.000	100
Total	701.480	701.480.000.000	100

c) Composition of the Board of Commissioners and Directors

Based on Deed No. 45 dated June 7, 2018 made before Mochamad Nova Faisal, Bachelor of Law, Notary in South Jakarta, the current composition of the Board of Commissioners of Danareksa is as follows:

Board of Commissioners

Acting President Commissioner : Eko Sulistyو
 Independent Commissioner : Dyah Kartika Rini

Based on Deed Number 27 dated September 14, 2018 made before Mochamad Nova Faisal, Bachelor of Law, Notary in South Jakarta, the current composition of the Board of Directors of Danareksa is as follows:

Directors

President Director : Arief Budiman
 Director : Bondan Pristiwandana

d) Business Activities

In accordance with Article 3 of the Company's Articles of Association, the purpose and objectives of the establishment of the Company are as follows:

- 1) Conducting business by accelerating the process of community participation in stocks/shares ownership and increasing community participation in the deployment of funds and managing these funds to produce high quality and highly competitive services to obtain / pursue profits to increase the value of the Company by applying the principles Limited liability company.
- 2) To achieve these goals and objectives, the Company can carry out business activities as follows:

- a) Buying and selling securities of other companies that have been registered in the Stock Exchange both at domestic and abroad by heeding the applicable laws and regulations;
- b) Issuing, selling and/or buying investment participation units whose funds are collected from investors and invest them in effects;
- c) Conducting custody activities and activities that are normally carried out by trust funds;
- d) Conducting business in the capital market, money market, futures market and business as financial institutions and businesses related to these activities;
- e) Conducting research and consultant services in the macro economic and capital market fields, as well as financial advisory services.
- f) Conducting business in the form of ownership in other business entities insofar as they support the purposes and objectives of the Company.

Danareksa's headquarter is at Danareksa Building, Jl. Medan Merdeka Selatan No.14 Jakarta 10110 - Indonesia.

3) DS

a) General

DS was established in Indonesia based on Deed of Establishment Number 25 dated July 1, 1992, made before Imas Fatimah, SH. , Notary in Jakarta, juncto Deed Number 107 dated August 24, 1992, made before Achmad Bajumi, SH. The deed has been approved by the Minister of Justice and Human Rights of the Republic of Indonesia based on Decree Number C2-7284.HT.01.01.Th.92 dated September 3, 1992 and announced in the State Gazette of The Republic of Indonesia, dated October 27, 1992, Number 86.

Amendment of DS's Article of Association was recorded in Deed of Minutes of Meeting Number 1 dated July 5, 2017, made before Ffidiana, SH, Notary in Jakarta ("**Deed Number 1**"). The Receipt of Amendment Notification has been received and recorded in the database of Legal Entity Administration System of the Ministry of Justice and Human Rights of the Republic of Indonesia based on decree Number AHU-0013998.AH.01.02.Tahun 2017 dated July 7, 2017.

b) Capital and Shareholding Structure

The capital and shareholding structure of DS before Affiliated Transaction, based on Deed of Minutes of Meeting Number 20 dated September 21, 2011, made before Mochamad Nova Faisal, SH, notary in Jakarta, the notification of which has been received by the Minister of Justice and Human Rights according to decree Number AHU-AH.01.10-31539 dated October 4, 2011, is as follows:

Capital	Number of Shares	Nominal Value
Authorized Capital	2.000.000.000	Rp2.000.000.000.000
Fully Issued & Paid Capital	500.000.000	Rp500.000.000.000

Shareholders	Number of Shares	Ownership Percentage	Nominal Value
Danareksa	499.999.000	99,99%	Rp499.999.000
Yayasan Kesejahteraan Pegawai (YKP) Danareksa	1.000	0,01%	Rp1.000
Total	500.000.000	100%	Rp500.000.000

If all conditions precedent are fulfilled and the transaction is completed, the Company will have 67% share ownership on DS.

c) Board of Commissioner & Board of Director

Based on the Deed of Meeting Resolutions No. 1 dated November 7, 2017 made before Fifidiana, Bachelor of Law, Notary in Jakarta, the current composition of the DS Board of Commissioners is as follows:

Board of Commissioner

President Commissioner : Bondan Pristiwandana (*)
 Commissioner : Damhuri Nasution

() the term of office expires on June 27, 2018 and the endorsement certificate for the expiration of the term of office is currently in the process of being processed at the Notary Office of Fifidiana, S.H.*

Based on the Deed of Meeting Resolutions No. 1 dated 3 July 2018 made before Fifidiana, Bachelor of Law, Notary in Jakarta, the current composition of the Board of Directors of DS is:

Directors

President Director : Jenpino Ngabdi
 Director of Finance Operations and Technology : R.M Irwan
 Director of Institution Capital Market Institution : Budi Susanto
 Director of Retail Capital Market : Saidu Solihin
 Director of Investment Banking : Boumediene Sumurung
 Director of Investment Banking : Santi Suryandari

d) Business Activities

DS's business activities as a securities company include:

- Underwriter
- Brokerage
- Other activities that have been approved by the Financial Services Authority (OJK), including as financial advisors.

D. The nature of affiliation of Affiliated Parties

The Affiliation among the Company, DS, and Danareksa can be described as follow

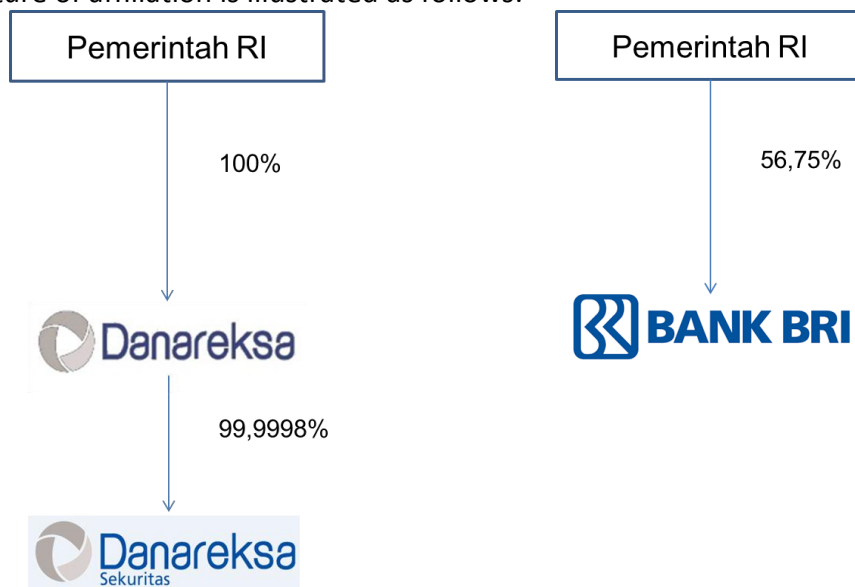
1. Relationship between the Company and Danareksa

The Company and Danareksa are directly owned and controlled by The Government of Indonesia ("Government"). The affiliation is illustrated as follows:



2. Relationship between the Company and DS

The Company is directly owned and controlled by the Government, while DS is owned by Danareksa, and therefore, indirectly controlled by the Government. The nature of affiliation is illustrated as follows:



The role of each party in the Affiliated Transaction is:

- DS as investee candidate
- The Company as investor candidate
- Danareksa as seller candidate

The Affiliated Transaction does not contain conflict of interest as referred to in Regulation Number. IX.E.1 because there is no difference in the economic interests of the Company and that of members of the Board of Directors, members of Board of Commissioners, or major shareholders that could harm the Company. This is supported by a Fairness Opinion Report from Independent Appraiser which will be explained further in section III of this Disclosure of Information.

III. SUMMARY OF INDEPENDENT APPRAISER REPORT

The Company has appointed an independent appraiser, Suwendho Rinaldy & Rekan (“SRR”), to conduct a valuation of 67% of total DS shares (“**DS Shares**”) and prepare a fairness opinion on Affiliated Transaction.

As an independent appraiser, SRR asserts that it has no affiliation, directly or indirectly, as defined in the Capital Market Law, with the Company.

A. Summary of Share Valuation Report

The following is summary of the DS Shares valuation report Number 180802.001/SRR-JK/LP-B/BBRI/OR dated August 2, 2018 prepared by SRR (“**DS Shares Valuation Report**”):

1. Valuation Object

The valuation object is DS Shares, representing 67% of total issued and fully paid shares of DS.

2. Objective of Valuation

The objective of DS Shares valuation is to provide opinion on the fair market value of DS Shares, on March 31, 2018, denominated in Rupiah and/or its equivalent. The purpose of the assessment is to provide an overview of the fair value of DS Shares which will then be used by the Company as a reference in the Affiliated Transaction.

3. Assumptions and Limiting Conditions

- a. The DS Shares Valuation Report is a non-disclaimer opinion.
- b. SRR has reviewed the documents used in the valuation process.
- c. Data and information are obtained from sources that can be trusted for their accuracy.
- d. SRR uses the adjusted financial projections that reflect the fairness of the financial projections made by management with the ability to accomplish (fiduciary duty).
- e. SRR is responsible for the valuation process and fairness of financial projections.
- f. The DS Shares Valuation Report is open to public, unless there is confidential information that may affect DS’s operations.

- g. SRR is responsible for the DS Shares Valuation Report and the final value conclusion
- h. SRR has obtained information on the legal status of DS Shares from The Company.

4. Valuation Approach and Methodology

The valuation approach used in DS Shares valuation is income-based approach with discounted cash flows [DCF] method and market-based approach with listed companies comparison (guideline publicly traded company method).

The income approach with DCF method is used in the valuation considering that DS's operations in the future will still fluctuate according to estimates on its business development. In this method, DS's operation is projected according to the estimated business development. The future cash flows generated from the projection is discounted to present value at a discount rate corresponding to the risk level. The indicative value is the total present value of future cash flows.

The market approach with listed companies comparison method is used in the valuation because even though there is no information on companies with comparable scale of business and equivalent assets in the stock market, it is expected that data of existing listed companies can be used as a comparison to the value of DS Shares.

Furthermore, the values obtained from the aforementioned approaches are reconciled by weighting mechanism to get a conclusion on the value of DS Shares.

5. Conclusion

Based on analysis of all data and information received by SRR and considering factors that are closely related to the assessment, the fair market value of DS Shares on March 31, 2018 is Rp468,00 Billion .

B. Summary of Fairness Opinion Report

The following is summary of the fairness opinion report of Affiliated Transaction Number 180928.001/SRR-JK/LP-B/BBRI/OR dated September 28, 2018 compiled by SRR ("Fairness Opinion Report"):

1. Parties involved in the Affiliated Transaction

The parties involved in the Affiliated Transaction is the Company and Danareksa.

2. Object of Fairness Opinion

The object of fairness opinion is the Affiliated Transaction, which is the sale and purchase of DS Shares.

3. Objective of Fairness Opinion

The objective of the Fairness Opinion on the Affiliated Transaction is to provide an overview on the fairness of the financial aspects of the Affiliated Transaction to meet IX.E.1 Regulation

4. Assumptions and Limiting Conditions

- a. The Fairness Opinion is a non-disclaimer opinion.
- b. SRR has reviewed the documents used in the Fairness Opinion preparation.
- c. Data and information are obtained from sources that can be trusted for their accuracy.
- d. The analysis in the preparation of the Fairness Opinion uses the adjusted financial projections that reflect the fairness of the financial projections made by management of the Company with the ability to accomplish (fiduciary duty).
- e. SRR is responsible for the preparation of the Fairness Opinion and the fairness of financial projections.
- f. The Fairness Opinion report is open to public, unless there is confidential information which could affect DS's operations.
- g. SRR is responsible for Fairness Opinion and conclusion of Fairness Opinion.
- h. SRR has obtained information on the terms and provisions of the agreements relating to the Affiliated Transaction from The Company

5. Approaches and Procedures of Fairness Opinion Reporting

To evaluate the fairness of the Affiliated Transaction, SRR has conducted (a) a qualitative analysis of parties involved in Affiliated Transactions and their linkages, the industry, and the benefits and risks of Affiliated Transactions; and (b) a quantitative analysis, such as analysis of the Company's historical financial statements, the Company's financial performance analysis without and with Affiliated Transactions and analysis of the financial impact on the Company's Affiliated Transaction.

6. Conclusion

Based on the analysis of the fairness of the Affiliated Transaction as described in the Fairness Opinion analysis above, SRR concludes that the Affiliated Transaction is fair.

V. CONSIDERATION AND REASONS FOR THE AFFILIATED TRANSACTION

Investment in financial institutions is a part of the Company's non-organic growth strategy that has been stated in the Business Plan 2018-2020 document.

One of the non-organic growth strategies is investment in non-bank financial institutions with products/services that are complementary to the Company's products/services. This strategy is aimed to achieve the Company's aspiration to provide integrated financial services to its customers

The reasons and objectives of investment on securities company are

- Achieving destination statement in 2020: Integrated Financial Solution
- Diversifying source of income for sustainable growth

The selection of DS as investee candidate is one of the most active securities companies in Indonesia with a great and reputable track record in Indonesian capital market. DS has widely basis institutional and retail customer, supported by a comprehensive research team. The synergy between DS and the Company will increase retail customer base for both parties.

VI. STATEMENT OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

The Board of Commissioners and the Board of Directors of the Company assert that all material information has been disclosed in this Information Disclosure and the information is not misleading.

VII. ADDITIONAL INFORMATION

Shareholders of the Company who need more information can contact the Corporate Secretary during normal business hours at the following address:

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Gedung BRI 1 Lt. 20
Jl. Jenderal Sudirman Kav. 44-46, Jakarta 10210
Telp. (021) 5752019 Fax. (021) 5700916
www.ir-bri.com/www.bri.co.id

Up:Investor Relations/Corporate Secretary

Jakarta, September 28th 2018

Board of Directors

PT Bank Rakyat Indonesia (Persero) Tbk.