Marketing Strategy in 2019

To increase its business both in terms of deposits and loans, the support of integrated marketing communication activities is vital for BRI. The communication strategy aims to increase awareness, knowledge, and activation of BRI products and services as well as programs both to existing customers (increasing loyalty) and prospective customers (increasing purchase intention).

In general, in achieving BRI’s objectives at the end of 2022 to become “The Most Valuable Bank in South East Asia and Home to the Best Talent”, through the 2019 strategy theme of “Leading Consumer Banking in Indonesia”, BRI’s marketing strategy will focus more on products that are substantially based on individuals/retail both on the transaction, lending, and specifically on funding.

Starting in 2019, BRI’s marketing activities will also be influenced by external and internal conditions. Externally, the decline in the banking NIM has resulted in increased revenues of FII through products transactions. In addition, the influence of millennial and post millennial generation developments that have “consumerism as life” habit also requires an approach to products that can meet their needs dynamically and through more flexible, personal and easily accessible communication channels, such as the use of digital communication channels as this generation is very potential to become a future customer of BRI. Internally, in terms of retail funding in this case savings, is an entry gate for E-Banking products & features that are able to become the main locomotive in fee-based income.

Micro, small and medium enterprises (MSMEs), which is BRI’s business backbone and targeted to increase their market share, will also receive special priority to ensure sustainability from the aspects of awareness, image & loyalty. In addition, the communication strategy is also focused on the Business to Business (B2B) segment and is conducted in a more customized manner to be more optimal in capturing opportunities & potential of the value chain on the market. Programs that can strengthen the fund structure in this case CST Program will get more attention considering its strategic role to ensure funding stability as well as price competitiveness.

BRI also captures business potential from the wealth management services and financial planning with the concept of one stop financial solution in the customers financial management. Several strategies to increase funds acquisition and fee-based income include:

1. Organize national/regional scale programs and integrated with other work units including BRI subsidiaries to build an ecosystem that can increase value and profit for BRI.
2. Utilize corporate customer value chain to increase funds acquisition, particularly demand deposits and savings.

3. Sustain cross selling for insurance, investment and other financial service products to existing customers with the development of supporting application systems for reporting, monitoring and evaluation activities such as customer portfolio management applications, medallions and other applications in accordance with BRI’s business and customers needs.

4. The implementation of sales effectiveness programs that focus on CASA growth collaboration and productivity of cross selling products that are oriented towards customer needs.

Enhance customer experience in all BRI e-channels and e-banking as well as carry out product development and marketing strategies that focus on the target markets of millennials, women and netizens (active internet users).

DIVIDEND AND DIVIDEND POLICY

Dividend Policy

In deciding the dividends amount for the shareholders, BRI pays attention to the projected factors for future business growth, fulfillment of the capital adequacy ratio and the sustainable factor of the return on
equity in the next three years. The decision to determine the dividends amount is taken at the Annual General Meeting of Shareholders (AGM).

**Total Dividend Payout**
Pursuant to the Annual General Meeting of Shareholders held on 22 March 2018, based on the Company’s net profit for fiscal year 2017 amounted to Rp28.47 trillion, with 45% ratio, the dividend was distributed at Rp13.05 trillion. The shareholders approved the increase of dividend payout ratio from 40% of net profit in 2017 to 45% of net profit in 2018. Total cash dividend per share was Rp106.75 and has been paid on 25 April 2018 to the Shareholders of names are listed in the Shareholders Registry dated 31 March 2018.

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit (Rp billion)</td>
<td>26,285.25</td>
<td>29,045.05</td>
<td>32,418.49</td>
</tr>
<tr>
<td>Dividend Distribution Percentage (%)</td>
<td>30</td>
<td>40</td>
<td>45</td>
</tr>
<tr>
<td>Cash Dividend per Share (Rp full)</td>
<td>311.66</td>
<td>428.61</td>
<td>106.75</td>
</tr>
<tr>
<td>Payment Date</td>
<td>22-Apr-16</td>
<td>13-Apr-17</td>
<td>25-Apr-18</td>
</tr>
</tbody>
</table>

**CONTRIBUTION TO THE STATE**

Aligned with its business growth, BRI has directly and indirectly contributed to the state. The indirect contribution was provided by fostering economic growth through lending and other banking services. BRI also engages in various government programs particularly in the eradication of poverty and equal prosperity, among others by the disbursement of people’s business loans (KUR) and infrastructure financing. Moreover, BRI also participates in safeguarding the nation sovereignty by providing banking services to the abandoned, isolate and desolate remote areas (3T) supported by BRISat satellite technology.

BRI direct contribution to the state is through tax payments as well as dividend payout to the Government of RI as BRI ultimate shareholder. The following is BRI contribution on Taxes and dividends.

<table>
<thead>
<tr>
<th>No</th>
<th>Taxes</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Income Tax Article 21</td>
<td>1,029,521</td>
<td>834,583</td>
<td>1,319,719</td>
</tr>
<tr>
<td>2</td>
<td>Income Tax Article 22</td>
<td>33,817</td>
<td>20,789</td>
<td>19,541</td>
</tr>
<tr>
<td>3</td>
<td>Income Tax Article 23</td>
<td>104,646</td>
<td>133,348</td>
<td>170,931</td>
</tr>
<tr>
<td>4</td>
<td>Income Tax Article 26</td>
<td>756,000</td>
<td>959,794</td>
<td>1,102,587</td>
</tr>
<tr>
<td>5</td>
<td>Income Tax Article 26)</td>
<td>4,020,859</td>
<td>3,904,048</td>
<td>4,197,500</td>
</tr>
<tr>
<td></td>
<td><strong>Sub Total Tax Output</strong></td>
<td><strong>5,944,843</strong></td>
<td><strong>5,852,562</strong></td>
<td><strong>6,810,278</strong></td>
</tr>
<tr>
<td>6</td>
<td>VAT &amp; VAT for Luxury Goods</td>
<td>116,204</td>
<td>108,370</td>
<td>156,647</td>
</tr>
<tr>
<td>7</td>
<td>Corporate Income Tax</td>
<td>8,877,164</td>
<td>9,064,649</td>
<td>9,845,709</td>
</tr>
<tr>
<td>8</td>
<td>Dividends</td>
<td>4,363,259</td>
<td>6,000,477</td>
<td>7,472,281</td>
</tr>
<tr>
<td></td>
<td><strong>Total (Taxes + Dividend)</strong></td>
<td><strong>19,301,470</strong></td>
<td><strong>21,026,058</strong></td>
<td><strong>24,284,915</strong></td>
</tr>
</tbody>
</table>
Corporate Social Responsibility Toward Consumers

Service Standards Revitalization

As one of the Initiative Strategies, we continue to improve Quality according to Customer expectations covering various aspects hence integrating the quality standards starting from the People, Process, Product and Premises aspects that will provide a better experience.

For internal problems at Operating Unit related to systems and applications, recording process and escalation on such issues are carried out through BRI Solutions apps. The central function of helpdesk team in providing solutions and settlement of every systems and apps trouble, can be more effectively monitored to ensure its settlement through Service Level Agreement (SLA). With BRI Solutions apps, the Operating Unit can provide optimum customer service.

In the National Customer Day activities, BRI appreciates the customers by giving souvenirs such as chocolates, flowers, and others which was organized in all BRI Operating Units (Branch Office, Sub Branch Office, Cash Office and BRI Units) and appointment of contract employees with Frontliner positions that are outstanding employees to become permanent employees.

Developing an Integrated Complaint Handling System

An integrated complaint handling system at Bank BRI is implemented through the utilization of BRI Care and BRI Solutions apps. BRI Care apps is used to record, escalate, settle, and report customer complaint. BRI Care apps is used by every frontline of Bank BRI including customer service in every Operating Unit as well as contact center agent. Through BRI Care apps, customer complaints service becomes integrated and enable the customer to inform their complaint wherever and whenever they are. BRI Care apps also connects the frontline with back-office team that functions to settle every complaint received by Bank BRI. With an integrated customer complaint handling, the progress of customer complaint handling level can be monitored and supported Bank BRI efforts in improving customer service.

National Customer Day Celebration

As an appreciation for BRI customers for their loyalty in using BRI banking services and products and appreciation for outstanding employees, Bank BRI held a National Customer Day on September 4, 2018.

The National Customer Day is a commitment of all Board of Directors as the Mentor to realize excellent Customer Experience which oriented to BRI Core Values “Customer Centric” and momentum to create service awareness on the importance of service improvement in all Operating Unit.

Complaint Settlement Details

Throughout 2018, BRI recorded an increase of customer information request and complaint. From the total complaint received by BRI, the respond was carried out immediately in accordance with the set procedures standard. Based on the received data, until December 2018 the received information request and complaint reached 3,544,225 complaint, with the completion reaching 3,488,797 (98.4%).
Corporate Social Responsibility Toward Consumers

The following is details of customer complaint settlement.

<table>
<thead>
<tr>
<th>Complaint Types</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Resolved</td>
<td>Total</td>
</tr>
<tr>
<td>Financial</td>
<td>725,657</td>
<td>714,904</td>
<td>831,586</td>
</tr>
<tr>
<td>Information Availability</td>
<td>735,051</td>
<td>734,767</td>
<td>888,687</td>
</tr>
<tr>
<td>Non Financial</td>
<td>1,183,413</td>
<td>1,177,845</td>
<td>1,272,962</td>
</tr>
<tr>
<td>Service Quality</td>
<td>4,239</td>
<td>4,193</td>
<td>5,719</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>2,648,363</td>
<td>2,631,709</td>
<td>2,998,954</td>
</tr>
</tbody>
</table>

Complaint Procedures

1. Customer complaints are expressions of customer dissatisfaction caused by potential financial/customers losses due to suspected errors or omissions of the Bank.

2. The customer shall immediately report his/her complaint to BRI through the designated facilities as soon as possible if the customer experiences the condition in point 1.

3. Complaints may be made verbally or in writing to:
   a. Special Branch Office/Branch Office/Sub-Branch Office/BRI Unit/Cash Office/Teras BRI, that will be received by customer service;
   b. BRI Digital Branch Priority and Service Center (BRI Digital Branch), that will be received by Priority Banking Assistant;
   c. Call Center BRI to Telephone No. 14017 or 1500017;
   d. E-mail BRI (menu contact us on the www.bri.co.id website and/or callbri@bri.co.id);
   a. Official social media of Bank BRI

4. Complaints made verbally should be accompanied by information:
   a. Customers’ Data;
   b. Problems reported.

5. Complaints made in writing that is submitted to Operating Units by fax shall be accompanied by:
   a. Customer complaints form containing customer data and complaints;
   b. Copy of customer’s Identity Card (KTP);
   c. Evidence of financial transactions at BRI relating to the complained issue/other supporting documents related to the complaint.

6. Complaints via Email must be equipped with:
   a. Customer data and complaints;
   b. Evidence of file scanned/data capture of financial transaction at BRI relating to the complaint filed;

7. The deadline for settlement of customer complaints filed verbally is 2 (two) business days. The deadline for settlement of customer complaints submitted in writing is 20 (twenty) working days.

8. In the event that the settlement of complaints related to financial losses has not satisfied the customer then it can be resolved by banking mediation.
Corporate Social Responsibility Toward Consumers

Customer Satisfaction Survey 2018
To measure the customer satisfaction, the Company periodically conducts survey. Generally, the survey result is used as one of evaluation materials to improve service quality to the customer. To attain accurate survey result and able to illustrate real conditions, BRI applies 2 (two) survey methods, namely:

1. Internal Survey
   Internal Survey is a survey conducted by assurance function in Head Office cooperating with assurance function at BRI Selindo Regional Office.

2. External Survey
   A Survey conducted by independent institution by using comparison variable, which is a service carried out by a competitor in the banking industry.

Based on the survey conducted in 2018 by Independent Institution Financial Wealth Group, BRI customer satisfaction result reached a level of 96.3%. This achievement is increased compared to 94.1% in the previous year. Factors supporting the achievement among others are:
1. Implementation of customer centric based service improvement programs across Indonesia.
2. Integrated complaint handling system, hence accelerating customer complaint settlement process.
3. Network improvement hence delivering optimum and fast services.

In 2018, BRI has received awards in service quality, among others are:
1. Diamond recognition in the category of Regular Banking, Priority Banking, Silver Credit Card in the Service Quality Index 2018 award organized by Carre.
2. Excellent recognition at the category of Regular Banking, Platinum Credit Card, Regular Credit Card, Mortgage and Personal Loan at the Contact Centre Service Excellence Index (CCSEI) award organized by Carre.
3. In Recognition of Outstanding Achievement in Building the Top Brand at the Top Brand Award 2018 organized by Frontier and Marketing Magazine.
4. Silver Champion at the Indonesia Brand Award 2018 organized by Markplus Inc.
6. Award Winning for Customer Recommendation at the Banking Service Achievement Award 2018 organized by PW Media Group & PW Research.