

# DISCLOSURE OF INFORMATION CONCERNING THE AFFILIATED TRANSACTION

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

**domiciled in Jakarta**

**Business Sector:**

Banking

**Head Office:**

Gedung BRI 1

Jl. Jend. Sudirman Kav 44-46, Jakarta 10210

Phone: (021) 5751966

Fax: (021) 5700916

THE COMPANY IS FULLY RESPONSIBLE FOR THE ACCURACY OF ALL INFORMATION IN THIS DISCLOSURE OF INFORMATION. THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS ASSERT THAT ALL INFORMATION AND RELEVANT MATERIAL FACTS HAVE BEEN DISCLOSED AND ALL INFORMATION AND MATERIAL FACTS IN THIS DISCLOSURE OF INFORMATION ARE NOT MISLEADING.

## **I. INTRODUCTION**

This Disclosure of Information is presented in compliance with Bapepam-LK Regulation No. IX.E.1 on Transaction with Affiliated Parties and Conflicts of Interest on Certain Transaction (Attachment of Decision of Chairman of Bapepam-LK Number. Kep-412/ BL/ 2009 dated 25 November 2009), in particular Article 2.A, which requires that a company conducting a transaction with affiliated parties to disclose information to the public.

The Company is acquiring 2,002,022 shares, equivalent to 91.001% of shares of PT Asuransi Jiwa Bringin Jiwa Sejahtera ("BJS") from Pension Fund of Bank Rakyat Indonesia ("Pension Fund") ("Affiliated Transaction").

The affiliation between the Company and the Pension Fund is relationship as founder and controller of the Pension Fund.

In connection with such Affiliated Transaction, the Company has appointed the Office of Public Appraisal Service (KJPP) Suwendho Rinaldy & Rekan ("SRR") as independent appraiser to provide fairness opinion on the Affiliated Transaction.

## **II. BRIEF INFORMATION ON THE COMPANY**

### **A. General**

The Company was incorporated in Indonesia under Deed of Establishment No. 133 dated July 31, 1992, made before Muhani Salim, Bachelor of Law, Notary in Jakarta. The deed have been authorized 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 published in the Official Gazette of the Republic of Indonesia dated September 11, 1992 Number 73, Supplement Number 3A.

The last amendment of Articles of Association of the Company was stated in Deed No. 1 dated April 1, 2015 made before Fathiah Helmi, Bachelor of Law, Notary in Jakarta. The Receipt of Amendments 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 Number: AHU-AH.01.03-0054353 dated April 8, 2015.

## B. Capital Structure and Shareholding

According to the Shareholder Register as of December 2, 2015 issued by PT Datindo Entrycom as the Share Registrar, capital structure and composition of shareholders of the Company is as follows:

Keterangan	Number of Shares	Percentage of Ownership (%)	Total Share Value (Full Rupiah)
<b><u>Authorized Capital Stock</u></b>			
- Series A Dwiwarna Share	1	0.00	250
- Series B Common Shares	59.999.999.999	100.00	14.999.999.999.750
<b>Total</b>	<b>60.000.000.000</b>	<b>100.00</b>	<b>15.000.000.000.000</b>
<b><u>Issued and Fully Paid Capital Stock</u></b>			
Series A Shares:			
• Negara Republik Indonesia	1	0.00	250
Series B Shares:			
• Negara Republik Indonesia	13.999.999.999	56.75	3.499.999.999.750
• Public	10.669.162.000	43.25	2.667.290.500.000
<b>Total</b>	<b>24.669.162.000</b>	<b>100.00</b>	<b>6.167.290.500.000</b>
Shares in Portfolio	35.330.838.000		

## C. Board of Commissioners and Board of Directors

Based on Deed No. 13 dated August 12, 2015 made before Fathiah Helmi, Bachelor of Law, Notary in Jakarta, the composition of the Board of Commissioners and Board of Directors is as follows:

### Board of Commissioners

President Commissioner	: Mustafa Abu Bakar
Deputy President Commissioner	: Gatot Trihargo
Independent Commissioner	: Ahmad Fuad
Independent Commissioner	: Adhyaksa Dault
Independent Commissioner	: A. Fuad Rahmany
Independent Commissioner	: A. Sonny Keraf
Commissioner	: Sonny Vincent Loho
Commissioner	: Jeffry W. Wurangian

**Board of Directors**

President Director	: Asmawi Syam
Deputy President Director	: Sunarso
Director	: Randi Anto
Director	: A. Toni Sutirto
Director	: Gatot Mardiwasto
Director	: Mohammad Irfan
Director	: Haru Koesmahargyo
Director	: Donsuwan Simatupang
Director	: Susy Liestiwaty
Director	: Zulhelfi Abidin
Director	: Kuswiyoto

**D. Business Activities**

The Company operates in accordance with banking laws and regulations. The Company's main activity is collecting public funds and channeling those funds to provide loans in the form of credit facilities. The Company is headquartered in Gedung BRI 1, Jl. Jend. Sudirman Kav. 44-46, Jakarta Pusat 10210. By September 30, 2015, the Company has 19 regional offices, 465 branches, 598 sub-branches, 5,331 BRI Unit, 982 cash offices, 2,544 Teras BRI, 611 mobile Teras and 21,685 ATMs across Indonesia.

### III. DESCRIPTION OF THE AFFILIATED TRANSACTION

#### A. Object of Affiliated Transaction

The object of the Affiliated Transaction is 2,002,022 shares of BJS, equivalent to 91.001% of all shares issued by BJS.

#### B. Value of Affiliated Transaction

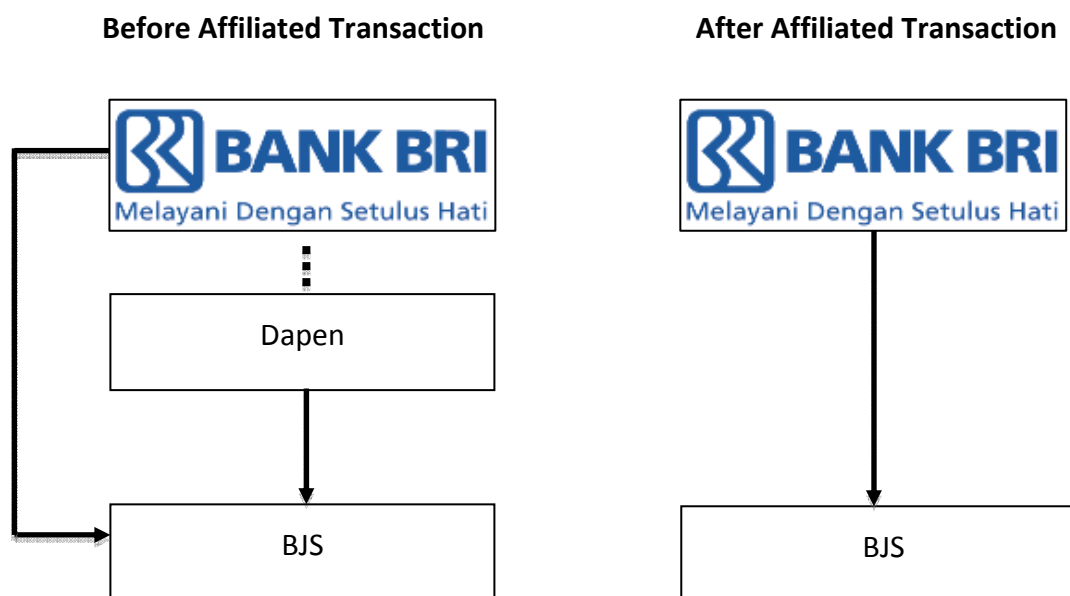
The transaction value is Rp1.626.642.875.000,- (One Trillion Six Hundred Twenty Six Billion Six Hundred Forty Two Million Eight Hundred Seventy Five Thousand Rupiah) for 2,002,022 shares.

#### C. Parties conducting Affiliated Transaction ("Affiliated Parties")

Seller : Pension Fund of Bank Rakyat Indonesia  
Purchaser : PT Bank Rakyat Indonesia (Persero) Tbk

#### D. The nature of affiliated relation of Affiliated Parties

The relationship between BRI, Dapen and BJS can be illustrated as follows:



In accordance with Article 4 of Decree Number S.12-DIR/KPS/06/2015 dated June 15, 2015 on Pension Fund Rules of Dapen BRI, the founder of the Pension Fund is PT Bank Rakyat Indonesia (Persero) Tbk.

The Company's influence on policy and management of the Pension Fund is contained in Article 5 concerning Obligation, Rights, and Responsibilities of Founder from the aforementioned Decree, which contains among, other things, the followings:

**1. Obligations and Rights of Founder**

- a. Establish rules and amendments.
- b. Appoint and dismiss members of the Board and Supervisory Board.
- c. Report in writing changes to the members of Board and the Supervisory Board to the Financial Services Authority.
- d. Endorse the annual report of the Board and the Supervisory Board.
- e. Give decision on the resignation request from the Board and the Supervisory Board within a maximum period of 30 (thirty) days of receipt of the resignation in question.
- f. Determine the amount of honorarium, allowances and other benefits for the Board and the Supervisory Board.
- g. Provide beneficiary data related to employee participation in the Pension Fund.
- h. Set the type of Pension Benefits for Participants.
- i. Hold a joint meeting with the Board and the Supervisory Board at least 1 (one) time a year.
- j. As the Employer:
  - Pay the normal fees and additional fees (if there is a deficit).
  - Collect participant fee.
  - Deposit all fees (normal fees, additional fees, and participant fee) to the Pension Fund.
  - Pay interest on fees which have not been paid after the due date.

**2. Responsibility of Founder**

Founder is responsible for adequacy of funds to fulfill the obligation to pay pension benefits to participants and parties entitled to pension benefits according to the regulation.

The Affiliated Transaction is not a conflict of interest transaction as referred to in Bapepam - LK Regulation No. IX.E.1 because there are differences in the economic interests of the Company and the personal economic interests of members of the Board of Directors, member of board of directors or major shareholders that could harm the Company. This is supported by the Fairness Opinion Report from the Independent Appraiser which will be explained further in section IV of this Disclosure of Information.

## **E. Consideration and reasons for the Affiliated Transaction**

Acquisition of non-bank financial institutions is a part of the Company's non-organic growth strategy that has been set in the Company's 2013-2017 Corporate Plan and stated as a Strategic Initiative in the Business Plan 2015-2017.

One of the non-organic growth plans is the acquisition of non-bank financial institutions with products/services that are complementing the Company's products/services. This strategy is aimed to achieve the Company's aspiration to provide integrated financial services to its customers. The life insurance industry is chosen to be the first non-bank industry because of its large potential.

The selection of BJS as a target has been through a long and mature process. BJS has been the Company's partner in bancassurance business, especially in credit life insurance for micro segment. With this experience, the post-acquisition integration is expected to run faster. This is something positive for the Company compared to acquisition of other insurance companies.

By acquiring shares of BJS, the Company will be able to accelerate the bancassurance business which is a complementary to the Company's business with a high potential to be a source of fee-based income. This is possible considering that currently more than 50 million customer of BRI has not been fully explored and touched by the insurance service.

From BJS perspective, the increasingly fierce competition in life insurance industry requires local insurance companies to increase readiness to compete. To be able to face the competition, BJS requires a strong capital to improve several key points, such as products and services development, human resources and business processes (including IT).

The Company believes that BJS, with the support of the Company's capital, will be able to grow along with the industry because it still has a large market potential, i.e. the customer of the Company.

#### IV. SUMMARY OF INDEPENDENT APPRAISER REPORT

To ensure the fairness of the Affiliated Transaction and that such Affiliated Transaction is an Affiliated Transaction with no conflict of interest, the Company has appointed an independent appraiser, KJPP Suwendho Rinaldy & Rekan ("SRR") to conduct a valuation of the 2,002,022 shares or equivalent BJS 91.001% of the shares owned by BRI Pension Fund ("BJS 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 a summary of the BJS Shares valuation report prepared by SRR No. 150928.001 / SRR / LP-B / BRI / OR dated 28 September 2015 ("BJS Shares Valuation Report"):

##### 1. Object of Valuation

The valuation object is the 2,002,022 shares of BJS or 91.001% of BJS shares owned by the Pension Fund.

##### 2. Objective and Purpose of Valuation

The objective of the valuation of BJS shares is to provide opinion on the fair market value of BJS Shares, on June 30, 2015, which are denominated in Rupiah and/or its equivalent. The purpose of the assessment is to provide an overview of the fair value of the BJS shares which would then be used by the Company as a reference in the Affiliated Transaction.

##### 3. Assumptions and Limiting Conditions

- The BJS Shares Valuation Report is a non-disclaimer opinion.
- SRR has reviewed the documents used in the valuation process.
- The data and information is obtained from sources that can be trusted for their accuracy.
- SRR using the adjusted financial projections that reflect the fairness of the financial projections made by management with the ability accomplishments BJS (fiduciary duty).
- SRR is responsible for the valuation process and fairness of financial projections.
- The valuation of BJS shares is open to the public unless there is confidential information, which may affect the operational of BJS.
- SRR responsible for the BJS Shares Valuation Report and the final value conclusion.



- SRR has obtained information on the legal status of BJS Shares from the Company.

#### **4. Valuation Approach**

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

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

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

Furthermore, the values obtained from the aforementioned approaches are reconciled by weighting to obtain conclusion of the value of BJS shares.

#### **5. Conclusion**

Based on the analysis of all data and information received by SRR and considering factors that are closely related to the assessment, the fair market value of BJS shares on June 30, 2015 is amounting to Rp1.69 trillion.

### **B. Summary of Fairness Opinion Report**

The following is summary of the fairness opinion report compiled by the Affiliated Transaction SRR No. 151230.001/SRR/LP-F /BRI/OR dated December 30, 2015 ("Fairness Opinion Report"):

#### **1. The parties involved in the Affiliated Transaction**

The parties involved in the Affiliated Transaction is the Company and the Pension Fund.

## **2. Object of Fairness Opinion**

The object of the fairness opinion is the Affiliated Transactions conducted by the Company of shares BJS with transaction value of Rp1,626,642,875,000,-.

## **3. Objective and Purpose of the Fairness Opinion**

The intent and purpose 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**

- The Fairness Opinion report is a non-disclaimer opinion.
- SRR has reviewed the documents used in the Fairness Opinion preparation.
- The data and information is obtained from sources that can be trusted for their accuracy.
- The analysis in the preparation of the Fairness Opinion is done using the adjusted financial projections that reflect the fairness of the financial projections made by management of the Company with the ability accomplishments (fiduciary duty).
- SRR is responsible for the preparation of the Fairness Opinion and the fairness of financial projections.
- Fairness Opinion is a report that is open to the public unless there is confidential information, which could affect the Company's operations.
- SRR is responsible for Fairness Opinion and conclusion of Fairness Opinion.
- 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**

In evaluating the fairness of the Affiliated Transaction, SRR has conducted (a) a qualitative analysis of the parties involved in Affiliated Transactions and their linkages, industry analysis, and analysis of 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. BJS DEVELOPMENT PLAN BY THE COMPANY

With regard to the due diligence results on BJS, the Company will implement a strategy which focuses on two things:

- 1) Utilization of the Company's competitive advantages, including brand awareness, more than 50 million customers as a captive market, more than 10 thousand points of distribution, and bancassurance business model that has been established.
- 2) Internal restructuring to improve competitiveness through better products, IT utilization, and prudence in operational processes.

The post-acquisition development plan is divided into three (3) stages:

### 1. Restructuring Period

At this stage, the Company will focus on, among other things, strengthening BJS capital, internal restructuring, and mapping integration/synergies in the business plans of the Company, its subsidiaries, and BJS.

### 2. Integration Period

At this stage, the Company will focus on, among other things, increasing penetration on the Company's customer base and building synergy between BJS and other subsidiaries of the Company, and preparing marketing to non-captive market.

### 3. Development Period

At this stage, the Company will focus on product and service development, and market development.

As a new shareholder, the Company has a strong capital base to support the future development of BJS to be a healthier and more competitive life insurance company.

## VI. ADDITIONAL INFORMATION

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

**PT Bank Rakyat Indonesia (Persero) Tbk.**  
**Corporate Secretary**  
Gedung BRI 1  
Jl. Jend. Sudirman Kav. 44-46, Jakarta 10210  
Phone. (021) 5751966, 5237899 Fax. (021) 5237244

Jakarta, December 31, 2015

**Board of Directors**  
**PT Bank Rakyat Indonesia (Persero) Tbk**