

## **DISCLOSURE OF INFORMATION CONCERNING AFFILIATED TRANSACTION**

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

**domiciled in Jakarta**

**Business Sector:**

Banking

**Head Office:**

Gedung BRI 1

Jl. Jenderal Sudirman Kav 44-46, Jakarta 10210

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The Company is responsible for the accuracy of all material information contained in this Information Disclosure and after careful scrutiny of the information available on the transaction, the Company hereby asserts that to the knowledge and belief of the Board of Directors and Board of Commissioners, there are no undisclosed important and material facts relevant to the transaction, which may cause this Information Disclosure to be incorrect or misleading

## I. INTRODUCTION

This Information Disclosure is presented in compliance with Regulation No. IX.E.1 on Transaction with Affiliated Parties and Conflicts of Interest on Certain Transaction, which requires that a company conducting a transaction with affiliated parties to disclose information to the shareholders and public.

The Company subscribed to 71,207 new shares issued by PT Bahana Artha Ventura ("**BAV**"), equivalent to 35% of shares of BAV ("**Affiliated Transaction**"). The transaction is considered transaction between affiliated parties because of the affiliation between the Company, BAV, and Perusahaan Perseroan (Persero) PT Bahana Pembinaan Usaha Indonesia ("**BPUI**") as the majority shareholder of BAV.

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 AND BAV

### A. COMPANY

#### 1. General

The Company was incorporated in Indonesia and started to operate commercially under Deed Number 21, dated December 18, 1968. According to Indonesian Government Regulation Number 21 dated April 29, 1992, the legal status of the Company changed into Perusahaan Perseroan (Persero). The conversion of the Company's legal status was recorded in the Deed Number 133 dated July 31, 1992, made before Muhani Salim, Bachelor of Law, Notary in Jakarta. The deed has 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. 54 dated October 27, 2017 made before Fathiah Helmi, Bachelor of Law, Notary in Jakarta ("**Deed No. 54**").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.01.03-0187521 dated November 3rd, 2017.

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

## 2. Capital Structure and Shareholding

According to Deed No. 54 and the Shareholder Register as of November 15, 2017 issued by PT Datindo Entrycom as the Share Registrar, the capital structure and shareholders composition of the Company are as the following :

| Keterangan                                 | Number of Shares       | Ownership Percentage (%) | Nominal Value (Full Rp)   |
|--|------------------------|--------------------------|---------------------------|
| <b>Authorized Capital Stock</b>            |                        |                          |                           |
| - Series A Dwiwarna Share                  | 1                      | 0.00                     | 50                        |
| - Series B Common Shares                   | 299,999,999,999        | 100.00                   | 14,999,999,999,950        |
| <b>Total</b>                               | <b>300,000,000,000</b> | <b>100.00</b>            | <b>15,000,000,000,000</b> |
| <b>Issued and Fully Paid Capital Stock</b> |                        |                          |                           |
| Series A Shares:                           |                        |                          |                           |
| • Negara Republik Indonesia                | 1                      | 0.00                     | 50                        |
| Series B Shares:                           |                        |                          |                           |
| • Negara Republik Indonesia                | 69,999,999,999         | 56.75                    | 3,499,999,999,950         |
| • Public                                   | 53,345,810,000         | 43.25                    | 2,667,290,500,000         |
| <b>Total</b>                               | <b>123,345,810,000</b> | <b>100.00</b>            | <b>6,167,290,500,000</b>  |
| Shares in Portfolio                        | 176,654,190,000        |                          |                           |

## 3. Board of Commissioners and Board of Directors

Based on Deed No. 55 dated October 27, 2017 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 COMMISSIONER

|                               |   |                              |
|-------------------------------|---|------------------------------|
| President Commissioner/       | : | Andrinof Achir Chaniago      |
| Independent Commissioner      | : |                              |
| Deputy President Commissioner | : | Gatot Trihargo               |
| Independent Commissioner      | : | Ahmad Fuad Rahmany           |
| Independent Commissioner      | : | Alexander Sonny Keraf        |
| Independent Commissioner      | : | Mahmud                       |
| Independent Commissioner      | : | Rofikoh Rokhim (*)           |
| Commissioner                  | : | Vincentius Sonny Loho        |
| Commissioner                  | : | Jeffry Jefta Wurangian       |
| Commissioner                  | : | Nicolaus Teguh Budi Harjanto |

## BOARD OF DIRECTOR

|  |   |                      |
|--|---|----------------------|
| President Director                                   | : | Suprajarto           |
| Director of Compliance                               | : | Susy Liestiowaty     |
| Director of Risk Management                          | : | Donsuwan Simatupang  |
| Director of Business Strategy and Finance            | : | Haru Koesmahargyo    |
| Director of Micro & Retail                           | : | Priyastomo           |
| Director of Medium, Corporate & SOE                  | : | Kuswiyoto            |
| Director of Institutional Relations                  | : | Sis Apik Wljayanto   |
| Director of Consumer                                 | : | Handayani (*)        |
| Director of Network and Services                     | : | Mohammad Irfan       |
| Director of Digital Banking & Information Technology | : | Indra Utoyo          |
| Director of Human Capital                            | : | R. Sophia Alizsa (*) |

*(\*) The appointment of the members of the Board of Directors and Board of Commissioners is effective after obtaining approval from the Financial Services Authority on Fit & Proper Test and comply with applicable laws and regulations.*

## 4. 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. Jenderal Sudirman Kav. 44-46, Jakarta Pusat 10210. By September 30, 2017, the Company has 19 regional offices, 467 branches, 609 sub-branches, 5,381 BRI Unit, 991 cash offices, 2,554 Teras BRI, 638 mobile Teras and 24,802 ATMs across Indonesia.

## B. BRIEF INFORMATION ON BAV

### 1. General

BAV was established in Indonesia based on Deed of Establishment No. 3 dated March 11, 1991, made before Winnie Susanti Hadiprodjo, Bachelor of Law, Notary in Bogor. The Deed has been approved by the Minister of Justice of the Republic of Indonesia based on Decree No. C2-6333.HT.01.01.Th'92 dated 5 August 1992 and published in the State Gazette of the Republic of Indonesia dated November 24, 1992 Number 94.

The last amendment of BAV's Articles of Association was recorded in Deed of Minutes of Meeting No. 57 dated November 21, 2017 made before Hadijah, Bachelor of Law, Notary in Jakarta (“**Deed No. 57**”). 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 -0193328 dated November 22, 2017.

## 2. Capital & Shareholding Structure

Before Affiliated Transaction, based on Deed Number No. 16 dated November 3, 2017, made before Hadijah, Sarjana Hukum, Notary in Jakarta, the capital structure and composition of BAV Shareholders are as follows:

| Capital                                | Number of Shares | Nominal Value      |
|--|------------------|--------------------|
| <b>Authorized Capital</b>              | 500,000          | Rp 500,000,000,000 |
| <b>Fully Issued &amp; Paid Capital</b> | 132,242          | Rp 132,242,000,000 |

| Shareholders  | Number of Shares | Ownership Percentage | Nominal Value             |
|---|------------------|----------------------|---------------------------|
| PT Bahana Pembinaan Usaha Indonesia                   | 131,521          | 99.45%               | Rp 131,521,000,000        |
| Koperasi Karyawan PT Bahana Pembinaan Usaha Indonesia | 721              | 0.55%                | Rp 721,000,000            |
| <b>Total</b>  | <b>132,242</b>   | <b>100%</b>          | <b>Rp 132,242,000,000</b> |

After the Affiliated Transaction, according to Deed No. 57, the capital and shareholding structure of BAV become as follow:

| Capital                                | Number of Shares | Nominal Value      |
|--|------------------|--------------------|
| <b>Authorized Capital</b>              | 500,000          | Rp 500,000,000,000 |
| <b>Fully Issued &amp; Paid Capital</b> | 203,449          | Rp 203,449,000,000 |

| Shareholders  | Number of Shares | Ownership Percentage | Nominal Value      |
|---|------------------|----------------------|--------------------|
| PT Bahana Pembinaan Usaha Indonesia                   | 131,521          | 64.65%               | Rp 131,521,000,000 |
| Koperasi Karyawan PT Bahana Pembinaan Usaha Indonesia | 721              | 0.35%                | Rp 721,000,000     |

|   |                |             |                           |
|---|----------------|-------------|---------------------------|
| PT Bank Rakyat Indonesia (Persero) Tbk. | 71,207         | 35%         | Rp 71,207,000,000         |
| <b>Total</b>                            | <b>203,449</b> | <b>100%</b> | <b>Rp 203,449,000,000</b> |

### 3. Board of Commissioner & Board of Director

Based on Deed Number 35 dated November 10, 2017, made before Hadijah, Bachelor of Law, Notary in Jakarta, the Board of Commissioner of BAV is as follows:

#### Board of Commissioner

President of Commissioner : Hari Gursida  
 Commissioner : Dwijanti Tjahjaningsih

Based on Deed Number 41 dated June 14, 2017, made before Hadijah, Bachelor of Law, Notary in Jakarta, the Board of Director of BAV is as follows:

#### Board of Director

Acting CEO and Operation Director : Supomo  
 Financing Director : Agus Wicaksono

### 4. Business Activities

BAV conducts business activities as a venture capital company including (a) equity participation, (b) participation through purchase of convertible bonds, (c) financing through purchase of bonds issued by a business partner in initial stages (start-up) and / or business development , and / or (d) financing of productive businesses.

## III. DESCRIPTION OF THE AFFILIATED TRANSACTION

### A. Object of Affiliated Transaction

The object of Affiliated Transaction is 71,207 new shares issued by BAV, or equivalent to 35% BAV shares.

### B. Value Of Affiliated Transaction

The transaction value is Rp71,325,275,054,- (Seventy One Billion Three Hundred Twenty Five Million Two Hundred Seventy Five and Fifty Four Rupiah) for 71,207 new shares issued by BAV.

### C. Parties Conducting Affiliated Transaction (“Affiliated Parties”)

- Investee : PT Bahana Artha Ventura
- Investor : PT Bank Rakyat Indonesia (Persero) Tbk

- Majority Shareholder of Investee : Perusahaan Perseroan (Persero) Bahana  
Pembinaan Usaha Indonesia

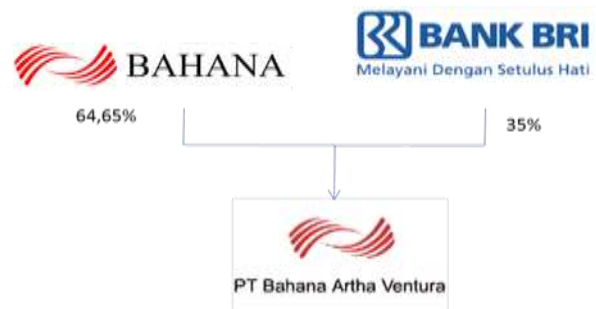
#### D. The nature of affiliation of Affiliated Parties

The relationship among BRI, BPUI, and BAV can be illustrated as follows:

##### Before Affiliated Transaction\*



##### After Affiliated Transaction\*



**\*Note:**

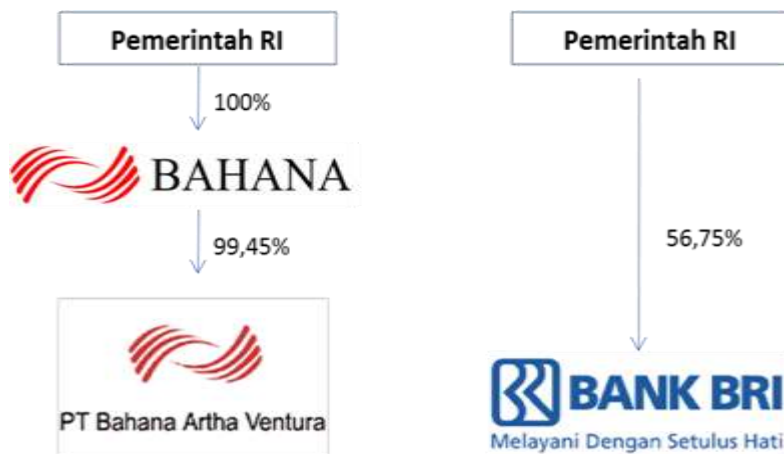
- Before the transaction, Koperasi Karyawan BPUI owned 0,55% of BAV shares
- After the transaction, Koperasi Karyawan BPUI owns 0,35% of BAV shares

Affiliation among parties:

1. **Between the Company and BPUI** – The Company and BPUI are affiliated because both companies are directly controlled by the same shareholder.



2. **Between the Company and BAV** – the Company and BAV are affiliated because both companies are controlled by the same shareholder, directly and indirectly.





The Affiliated Transaction is not a conflict of interest transaction as referred to in Bapepam - LK Regulation No. IX.E.1 because there are no 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.

#### **IV. SUMMARY OF INDEPENDENT APPRAISER REPORT**

The Company has appointed an independent appraiser, SRR to conduct a valuation of 35% of BAV shares after the new shares issuance ("**New BAV 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 New BAV Shares valuation report prepared by SRR No. 170908.001/SRR/LP-B/BBRI/OR dated September 8th, 2017 ("New BAV Shares Valuation Report"):

###### **1. Object of Valuation**

The object of valuation is the New BAV Shares, which represents 35% shares of BAV after new shares issuance.

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

The objective of the valuation of New BAV Shares is to provide opinion on the fair market value of the New BAV Shares, on June 30, 2017, 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 New BAV Shares which would then be used by the Company as a reference in the Affiliated Transaction.

###### **3. Assumptions and Limiting Conditions**

- a. The New BAV Shares Valuation Report is a non-disclaimer opinion.
- b. SRR has reviewed the documents used in the valuation process.
- c. The 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 accomplishments BAV (fiduciary duty).
- e. SRR is responsible for the valuation process and fairness of financial projections.

- f. The valuation of New BAV Shares is open to the public unless there is confidential information, which may affect the operational of BAV.
- g. SRR responsible for the New BAV Shares Valuation Report and the final value conclusion.
- h. SRR has obtained information on the legal status of New BAV Shares from BAV.

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

The valuation approach used in New BAV Shares valuation is the 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 BAV operations in the future will still fluctuate according to estimates on BAV business development. With this method, BAV operation is projected according to its the 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 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 New BAV Shares.

Furthermore, the values obtained from the aforementioned approaches are reconciled by weighting to obtain conclusion of the value of New BAV 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 BAV shares on June 30th, 2017 is amounting to Rp75,316,823,628,-,

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

The following is summary of the fairness opinion report compiled by the Affiliated Transaction SRR No. No. 171123.001/SRR/LP-F/BBRI/OR dated September 23, 2017 ("Fairness Opinion Report"):

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

The parties involved in the Affiliated Transaction is the Company, BAV, and BPUI.

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

The object of the fairness opinion is the Affiliated Transactions conducted by the Company of shares BAV with transaction value of Rp71,325,275,054,-.

### **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**

- a. The Fairness Opinion is a non-disclaimer opinion.
- b. SRR has reviewed the documents used in the Fairness Opinion preparation.
- c. The data and information are obtained from sources that can be trusted for their accuracy.
- d. 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).
- e. SRR is responsible for the preparation of the Fairness Opinion and the fairness of financial projections.
- f. Fairness Opinion is a report that is open to the public unless there is confidential information, which could affect the Company'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**

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. 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 set in the Company's 2013-2017 Corporate Plan and stated in the Business Plan 2017-2019 (Revision) document.

One of the non-organic growth strategies is the 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 venture capital company are:

- a. Increasing the Company's role in the development of MSME segment (financial inclusion)
- b. Increasing the role of the Company in the development of non-financial companies targeted by the Government
- c. Enhance the Company's innovation and collaboration with start-up fintech

The selection of BAV as an investee is based on the similarity of business focus with the Company, that is MSME segment, which hopefully will accelerate synergy and integration in the future. In addition, the structure of BAV and its subsidiaries throughout the country is suitable to support Company's capital participation in non-financial companies and other Government programs.

## **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 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.**  
BRI 1 Building, 20<sup>th</sup> Floor  
Jl. Jenderal Sudirman Kav. 44-46, Jakarta 10210  
Phone. (021) 5752019 Fax. (021) 5700916  
[www.ir-bri.com](http://www.ir-bri.com)/[www.bri.co.id](http://www.bri.co.id)

Up : *Investor Relations*

Jakarta, November 24, 2017

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