P.T. BANK RAKYAT INDONESIA (PERSERO) TBK.
NEW YORK AGENCY
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New York, December 31st 2013

To:
Federal Deposit Insurance Corporation
Division of Risk Management Supervision
1776 F Street, Room 7007
Washington, DC 20429-0002

Re: Bank Rakyat Indonesia New York Agency Initial Resolution Plan

Herewith we submit PT. Bank Rakyat Indonesia (Persero) Tbk. New York Agency, The Initial Resolution Plan, to meet the requirement of the Dodd-Frank Wall-Street Reform and Consumer Protection Acts (DFA), as follow:

Initial Resolution Plan

The Bank, the Structure and the Business Objectives

P.T. Bank Rakyat Indonesia (Persero) Tbk., New York Agency (the "Agency") is operated and controlled by PT. Bank Rakyat Indonesia (Persero) Tbk., Jakarta, Indonesia (the "Bank" or the "Head Office") The management of the Agency is designated by Board of Director of the Head Office and have coordinating line with International Business Division of the Head Office and reporting line to Director of Finance (the Chief Financial Officer) of the Head Office. The Agency established its operation in the year 1988 in New York as Foreign Bank licensed under New York State (**Foreign Agency License** dated April 8, 1988).

The Agency's core activities are providing financing to the Head Office customers related to trade financing, extending loan to both Indonesian and US customers and investing in securities of US Treasury and US corporations. In the course of business, the Agency has significant transactions with Head Office and its customers, most of which are recorded at the direction of the Head Office. The Agency has an International Bank Facility (IBF) which permits the Agency to engage in certain types of international banking transaction free of certain regulatory constraints such as mandatory reserves and interest rate limitations. The Financial Statement contains the accounts of both the Agency and the IBF.

The Home Office Supervisors of the Bank

The Agency is subject to the U.S. and Indonesian Banking regulations, and it is periodically examined by the U.S. and Home Office regulators. The Home Office regulators consist of a number of different institutions includes the Head Office Internal Audit, "OJK" (The Indonesian Financial Institution Authority), and "BPKP" (The State's Examiners for Finance and Development).

The Liquidity Support from the Head Office

The Agency does not take deposit from individuals or from US customers. Most of the Agency funding is provided by the Head Office. The Agency is a **non-member of the FDIC**. However, the Head Office fully supports the Agency's need of funding, liquidity as well as businesses. The Head Office deposit is insured by Indonesia Deposit Insurance Corporation (http://www1.lps.go.id/). The Agency is not a separate legal entity to the Head Office, in addition the Agency does not have significant size compared to the Head Office total consolidated assets. As of September 2013, the Agency assets is USD769.02 million, or only 1.52% of the Head Office consolidated assets in USD equivalent of USD50,607.62 million (using Indonesian Rupiah currency exchange rate of 11,613 per USD). This assets size comparison between the Agency and the Head Office depicts the capability and willingness of the Head Office to guarantee the business continuity of the Agency in the event of liquidity distress.

The Significance of the Bank in the Home Country

The Head Office (http://www.ir-bri.com/ or http://www.bri.co.id/) is the oldest and the second largest bank and also one of the systemically important banks in Indonesia as it has the largest customer base (more than 35 million) and the largest networks (more than 9,000 branches and outlets). The Head Office is a publicly listed company (ticker: BBRI IJ) in Indonesia Stock Exchange (http://www.idx.co.id/index-En.html) with 56.75% shares owned by the Government of Republic of Indonesia and become one of the 5th largest companies by market capitalization in Indonesia Stock Exchange.

The Head Office shares the same credit rating and outlook with its sovereign (Government of Indonesia): BBB- with Stable Outlook (Fitch), Baa3 with Stable Outlook (Moody's) and BB+ with Stable Outlook (S&P). The Head Office capital ratio is at 17.13% under Basel II regime, and it will be higher under proposed Basel III regime as the Head Office has higher core capital portion in its capital composition.

The Bank Risk Management and Continuity Management

The Head Office implements risk management to ensure its business and operations are running within acceptable risk.

1. The implementation of risk management in general includes:
    a. Establishment of Risk Management Committee at Board of Director and Board of Commissioner level, and hold a regular Risk Management Committee meeting at both levels. The Head Office has Risk Management Division that facilitates the board as well as assists all branches in implementing risk management. In addition to Risk Management Committee, the Board of Directors call regular meeting for Assets and Liability Committee, Credit Committee, IT Committee and Human Resources Committee.
    b. Setting and monitoring risk limit in both strategic level and operational level.
    c. Instituting internal control function and designating dedicated personnel to perform that function in each branch and outlet.
    d. The Head Office Require all branches to implement Risk and Control Self-Assessment to report it to its immediate supervisor.

2. Credit risk area: establishment of risk acceptance criteria, legal lending limit

3. Market risk Area: Net Open Position (currency mismatch), maturity and interest rate gap.

4. Liquidity risk area: Contingency Funding Plan in the event of liquidity crisis in the bank level is in place, approved by the Board of Directors and tested periodically. The Plan includes raising fund through:

    a. Interbank borrowing
    b. Issue CD NCD Promissory notes
    c. Repo the financial instruments to other banks and to Bank Indonesia (Indonesia Central Bank as the lender of the last resort)
    d. Transfer the HTM portfolio to AFS portfolio then liquidate
    e. Issuing Banker's Acceptance
    f. Increase deposit rates
    g. Liquidate the assets in Nostro accounts

5. Operations risk area: Business Continuity Management to ensure when natural disaster or system disruption occur, the Head Office have the ability to resume its critical operations, supported by two data center and one back up/mirroring operational center. In addition, the bank 115,000 strong employees is managed by Human Resources Division, Education and Training Division and Strategic Planning Division in comprehensive alignment.

The Agency Risk Management and Continuity Management

The Agency has its own risk management and continuity plan to ensure business and operations are running as expected, includes

1. Establishing Committees and having regular meeting on these areas: Assets and Liabilities, Credit, Compliance, IT
2. Reviewing and updating all policy and procedures annually and having it approved by the Head Office.
3. Submitting Assessing and submitting Risk and Control Self-Assessment to the Head Office
4. Agency has Management Information System (MIS) in place to ensure proper reporting to management and HO for effective communication.

The Agency Management Information System

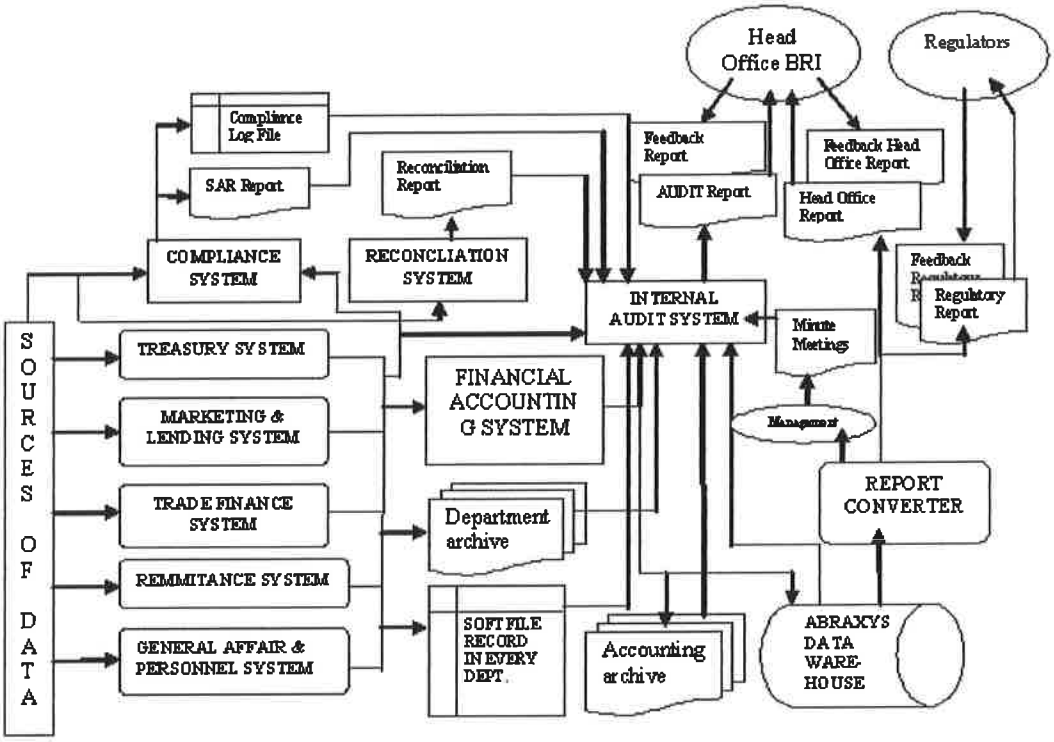
Management Information System:

The goals of the Agency's MIS are (1) enhance communication among staff members of the Agency and the Agency with Head Office, (2) deliver information to the proper recipient internally and externally, (3) Provide an objective system for recording and aggregating information, and (4) support the organization's strategic goals and direction.

Components of the Agency's MIS

MIS is viewed and used at many levels by management. To the other extreme it is also those everyday financial accounting systems that are used to ensure basic control is maintained over financial recordkeeping activities.
Financial accounting systems and subsystems are just one type of institutional MIS. Financial accounting systems are an important functional element or part of the total MIS structure. Other subsystems are Treasury System, Marketing and Lending System, Trade Finance System, Remittance System, General Affair & personnel System, Reconciliation System, Compliance System, Reporting System, and Internal Audit System,

The Flow of Information of the Agency's MIS



Financial Accounting System:

The accounting reports produced by the core banking system Abraxsys automatically or converted automatically by certain program from Abraxys Data Warehouse, may be sent directly to the recipient without signature. However, the reports produced manually must be checked by Accounting Officer or Operation Managers or General Manager.
Abraxsys system is maintained and supported by the vendor COR-IBS Inc, located in New York and Home Office in London. Agency has existing maintenance contract with the vendor.

The Head Office Management Information Reports:

These reports are prepared manually using data from the core banking system "Abraxsys" by Accounting Officer using the Microsoft Excel and sent to Head Office.

SWIFT Messaging System:

The Agency uses SWIFT System for all wire transfers and financial messaging supported by SWIFT and Akshay Software International secured by a service level agreement.

Reconciliation system:

All General Ledger accounts and Nostro Reconciliations are done manually using Microsoft Excel spreadsheet and all reconciliation reports are provided to management.

Compliance System:

Compliance Committee meetings are performed at least once in every quarter and meeting minutes are documented for management information. Compliance Officer prepares a quarterly summary report of all the actions taken, even if there are no compliance matters to inform, and providing the report to the Agency Management quarterly and to the Head Office Compliance Division semiannually.
Due diligence and Enhance due diligence reports are prepared manually for all products, services and customers based on the risk assessed and provided to Management.

IT System:

Function Access Journal Report

The Agency uses an automated User Daily Function Access log, which records all events and actions that the computer operators take. This log is produced daily and reviewed by the IT Officer and Operations Manager to ensure that routine operating schedules are adhered to and to detect any unusual activities.
Management Reports

Various management reports are produced automatically by the computer system, and some are prepared manually. The management performs a scheduled review of the reports, which include:

- Manually prepared logs of equipment failure, preventive maintenance for hardware, and repair and downtime.
- Manually logs of all upgrades; software and hardware.
- Automated reports on computer performance, use, job accounting, and capacity.
- Online exception reporting on unauthorized attempts to access the system and attempts to access information outside the user's assigned level.
- Console logs reflecting all jobs submitted, including reruns, program amends, and utility use.

Backup and Contingency for MIS:

Data from all Productions Site Server VMs are automatically backed up daily to the Disaster Recovery(DR) Site using the BDR device and data replication process. Agency's DR site is a replica of the Production Site.

Agency Critical Systems:

Critical applications have a material impact on Agency's financial statements and managed non-public customer information. These applications must be reviewed and tested on an annual basis to ensure the integrity of processing and the security of information. Critical applications include the following:

Service Provider/Vendor	Application	Type of Data	Tests of Controls
COR-IBS Inc	Abraxsys (Core Banking System)	Customer non-public	Support Contract and audited by Accume Partners
PROACTIVE	Network and IT System Support	Customer non-public	Support Contract and audited by Accume Partners
SWIFT	Funds Transfer and Messaging	Customer non-public	Support Contract and audited by Accume Partners
AKSHAY	SWIFT Connectivity & Support	Customer non-public	Support Contract and audited by Accume Partners SAS70 Review
FED LINE ADVANTAGE for Fed wire by Federal Reserve Bank	Funds Transfer	Customer non-public	Support Contract and audited by Accume Partners
MASSCOM	Primary Internet Service Provider	Customer non-public	Support Contract and audited by Accume Partners

The Agency Resolution Plan

The Agency Resolution Plan will be based to the fact that the Agency operates with the consent and direction from its Board of Directors (the Head Office). And the Head Office is majority owned by the Government of the Republic of Indonesia. The Government of Indonesia as a controlling shareholder has the intention to keep the ownership of the Head Office shown by having golden shares of the Bank. The Bank is a systemically important bank in term of financial system and payment system, as it is the largest bank by customers and network.

The Resolution Plan of the Agency to prevent or reduce the impact of financial distress are as follow:

1. Follow the relevant banking regulation appropriately
2. Intensify internal control function to avoid operation error that causes loss.
3. Monitor the cash flow and liquidity accurately
4. Assess credit risks of the existing borrowers or issuers carefully and halt expansion, if necessary on new loan or securities portfolio
5. Increase the loan loss reserve
6. Access the counterparties' credit facilities to obtain liquidity. The Agency has tested this contingency plan to ensure the procedure works.
7. Liquidate the secondary reserves starting with the most liquid ones
8. If the problem continues and potential loss occurs and may not be covered by the Agency, the Agency then proposes to the Head Office to seek support.

To support the Agency in the event of financial distress, The Head Office has a number of steps includes providing management assistance, widening the access of credit facility from other banks to provide the Agency to obtain liquidity, providing liquidity from the Head Office itself, transfer the bad debts to the Head Office, and to the last resort by covering all the loss that may occur in the Agency. To support the fact that the Head Office has ability to cover such potential loss in the Agency is given by the following description.

The Head Office maintains conservative level of (equity) capital ratio, as of September 2013 at 17.14%, much higher than required by Basel II at 8%. If we translate that equity capital level into dollar value, it is equal to USD 5,944.57 million or 7.7 times of the total assets of the Agency as of September 2013 at USD769.02 million. Assuming the Head Office reduce its capital ratio to its minimum regulatory level at 8%, it still has excess capital of USD 3,046.14 or 4.1 times of total assets of the Agency.

Supervisory and Regulatory Information

Although Agency is a Foreign Branch, it is subject to function with a fair practice of banking and adhere to banking rules and regulations. Periodically, the Agency management and staff will be conducting meeting to discuss any developments with any supervisory and regulations issues that would in turn affect day to day operations. As a sound practice the Agency's compliance officer will be key person to enlighten with latest developments.

Contact Information

General Manger and Operations Manager of the Agency are the management officials as the contacts regarding the Resolution Plan. The compliance officer will be acting as liaison and to access FDIC connect.

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NEW YORK AGENCY

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