

RESPONSIBILITY OF PRODUCTS AND CUSTOMERS

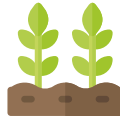


As a pioneer bank providing housing for communities, the Company continues to build and maintain its reputation by strengthening customer service and satisfaction. The Company realizes that quality banking services are key to maintaining customer loyalty and business continuity.

Understanding customer needs, prioritizing excellent service, and optimizing digital banking, are the best ways for the Company to ensure long-term business growth. Until the end of 2018, the Company had launched a number of digital technology-based services for all products and transactions in stages so that banking transactions had become more efficient, convenient, and practical.

Policies

The Company constantly does its utmost to maintain overall customer satisfaction by enforcing the best service systems. The establishment of policies for handling and resolving customer complaints is one form of the Company's responsibility to defend customer's rights in interacting with the Company. On the other hand, the Company is also committed to business alignment strategies to protect customers and enhance the quality of products and services. These measures are not only in line with business development but are also important for Company culture and values that consistently safeguard customer interests.



Activities Target

The Company has set targets to enhance customers satisfaction through various programs, including customers protection, service improvements, education for customers, settlement for customers complaints, as well as CSR distributions to customers and/or its surroundings.

Activity and Quantitative Impact

The distribution of CSR to customers and/or their surroundings as a form of the Company's responsibility to its customers will have a significant impact on increasing customer loyalty.

Customer Loyalty Enhancement

The customer loyalty enhancement program is aimed at enhancing customer trust and loyalty through various services, facilities and needs, tailored to the customer's desires. In 2018, the Company conducted various undertakings related to this endeavor as follows:

1. **TCASH-BTN Cermat Services**
To develop office-free financial services conforming with financial inclusion programs (Laku Pandai), the Company and Telkomsel have collaborated to launch TCASH-BTN Cermat service products. TCASH-BTN Cermat service combines the benefits of TCASH electronic money services with meticulous BTN savings. This product is designed to facilitate the transfer or delivery of balances from BTN Cermat savings accounts to e-money TCASH Telkomsel accounts and vice versa. This partnership is also a step in supporting the synergy of SOEs. The Company continues to extend services to unbanked communities unreachable by conventional banking services due to geographical location. Under partnership between the Company and Telkomsel, it will bring about an integrated mobile financial services ecosystem, in particular National Non-Cash Movement (GNNT) Campaign acceleration.
2. **Home Ownership Loans Plaza and Hotline**
The Company innovates by simplifying and accelerating mortgage services in the Million Homes Campaign. Accordingly, the Company has launched Plaza Home Owner and its Hotline. This

is an effort to improve customer service, and the Plaza Home Ownership and its Hotline makes it simpler for customers to obtain their preferred mortgage scheme.

3. **Sponsoring the Million Houses Project, the Company Builds inexpensive Houses for Informal Workers**

In reaching out to non-home owners, while promoting the One Million Houses Campaign as a success, the Company has again expanded access to housing loans (KPR) for online motorcycle taxi drivers beginning last year. The aim of this program is to reach out to more non-home owners, especially low-income and informal workers. Through these strategic measures, around 27,000 GO-JEK online motorcycle taxi drivers were given the opportunities for mortgages at a low interest rate and with an affordable installment plan. In agreement with this commitment, the Company has again provided the opportunities for GO-JEK drivers in Semarang to obtain mortgages with installments of below Rp 50,000 per day.

4. **Micro Home Ownership Credit Facility**
The Company also offers Micro House Ownership Loan facilities for other informal workers. This home ownership scheme is a manifestation of the Company's commitment to reach out to more people to own homes, in particular, the middle to lower classes. Through this BTN Micro Home Ownership facility, informal workers can now own homes with a Rp. 75 million maximum credit limit with a 20 year tenor. BTN Micro Home Ownership Loans also offers financing schemes with advances and installments adjusted to the financial capabilities of workers. This measure is in agreement with financial inclusion putting more Indonesians in reach of banking services.

Access to Product Information

The Company provides information access for its banking products and services, which is available through its website <http://btn.co.id>. Moreover, the Company has established and operated systems and procedures to ensure that all products and services information are in accordance with Bank Indonesia regulations.

RESPONSIBILITY OF PRODUCTS AND CUSTOMERS

Banking Product Information Transparency and Use of Customer's Personal Data include:

1. Providing complete and clear written information in the Indonesian language concerning the characteristics of each Bank Product
2. Delivering information to Customers both in writing and verbally
3. Delivering no misleading and/or unethical information
4. Delivering information on the characteristics of the Bank's products including, product name, product type, benefits and risks inherent in the product, requirements and procedures for using Bank products, costs attached to the product, calculation of interest or profit sharing and profit margins, the period of validity of the product and the issuer / originator of the product.
5. Delivering information about the product guarantee program related to Bank products and raising funds.
6. Informing customers of any changes, additions and or deductions on the characteristics of the Company's products.
7. Including information on the characteristics of bank products whose location and/or shape are clearly visible and/or legible and/or easy to understand.
8. Providing bank product characteristics information services that can be accessed easily by the public and publishing them through the Company's website www.btn.co.id which is easily accessible to the general public.

Customer Education Program

The Company has executed financial literacy and other financial education programs every year. This is in accord with the directive of the Financial Services Authority (FSA) regarding the Indonesian national financial literacy blueprint program as well as Financial Services Authority Regulation No.76/POJK.07/2016 concerning enhancing financial literacy and inclusion in the financial services sector for consumers and/or the public.

In 2018, the Company organized educational campaigns for customers through digital solution release, a banking application for smart phones other than internet banking. This application can be downloaded via the Google playstore and appstore and makes it easy for customers to make credit card/ insurance payments, money transfers and

e-commerce bill payments that are now a shopping trend, and top up digital payments such as Gopay and Grabpay.

Customer Health and Safety

The Company's commitment to customer health and safety is realized by providing decent and affordable housing while still meeting health, safety and comfort requirements according to minimum standards based on the Decree of the Minister of Settlements and Regional Infrastructure Number 403/KPTS/M/2002 concerning Technical Guidelines for the Construction of Simple Healthy Houses (Healthy Rs). The Company collaborates with housing developers and contractors to provide livable housing for the public.

With this collaboration, the Company upholds the principles of professionalism, transparency and fairness, and sustainability of customer health and safety. In addition, the Company guarantees the confidentiality of customers by maintaining the secrecy/privacy of customer data.

Customer Data Confidentiality

The Company consistently upholds the confidentiality of customer data in accordance with applicable provisions including: (1) Law No. 7 of 1992 concerning Banking; (2) Law of the Republic of Indonesia No. 10 of 1998, concerning Amendment to Law No. 7 of 1992; (3) Bank Indonesia Regulation No. 2/19/PBI/2000, concerning Requirements and Procedures for Granting Written Orders or Permits Conveying Bank Secrets Regarding Customer privacy policies.

The Company, correspondingly, has in place a special policy stated in Circular of the Board of Directors No. 40/DIR/ICTD/2016, concerning the Information Security Guidelines of PT Bank Tabungan Negara (Persero) Tbk. In this policy, the Company establishes prerequisites to ensure that all confidential and sensitive information is protected from computer viruses and is safeguarded from information leaks and damages. Various attempts made by the Company to safeguard customer data include installing all approved software and updating it regularly, organizing IT security training for IT users, implementing management/standardization of passwords to ensure authorized access only to protected information.



In 2018, the Company did not receive any complaints from customers regarding leaks of personal data, loss of data or breach of customer confidentiality. The Company also did not experience loss of customer data nor receive complaints from external parties or regulators.

Customer Deposit Insurance Protection

One of the keys to business continuity in the banking industry is safeguarding the trust of customers and all other stakeholders. Internally, the Company is committed to harmonizing business strategies with efforts to protect customers and improve the quality of products and services. Trust is nurtured with the presence of legal certainty, Bank supervision and guarantees of customer deposits. As stipulated in Law No. 24 of 2004 concerning the Deposit Insurance Corporation (Lembaga Penjamin Simpanan/LPS), the Company guarantees customers deposits through the Deposit Insurance Corporation.

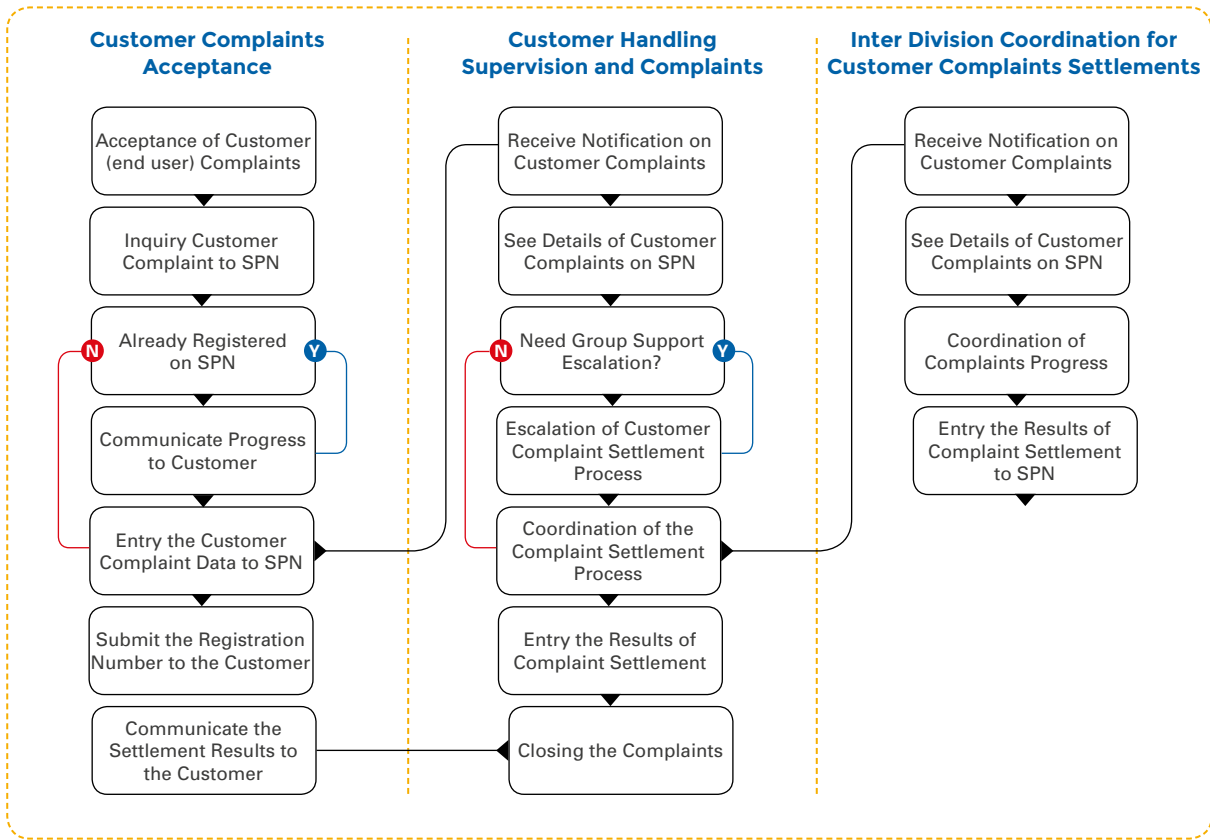
Customer Complaint Mechanism

In 2018, the Company made various efforts that were able to meet customer expectations in accordance with the customer complaint center through the Customer Complaint System (SPN) which can monitor complaint resolution in a comprehensive manner. The establishment of the complaint system is based on the Financial Services Authority Regulation No.1/POJK.07/2013 regarding the Consumer Protection in Financial Services Sector.

SPN is a web-based system that facilitates monitoring of the status of complaint resolution while providing certainty for customers regarding the time required by the Company to resolve complaints. By using an online and integrated system, customers can also submit complaints and check the status of the complaint at Branch Offices throughout Indonesia. In addition, through SPN, complaint handling mechanisms have become more structured and are monitored properly.

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Customer Complaints Service Mechanism

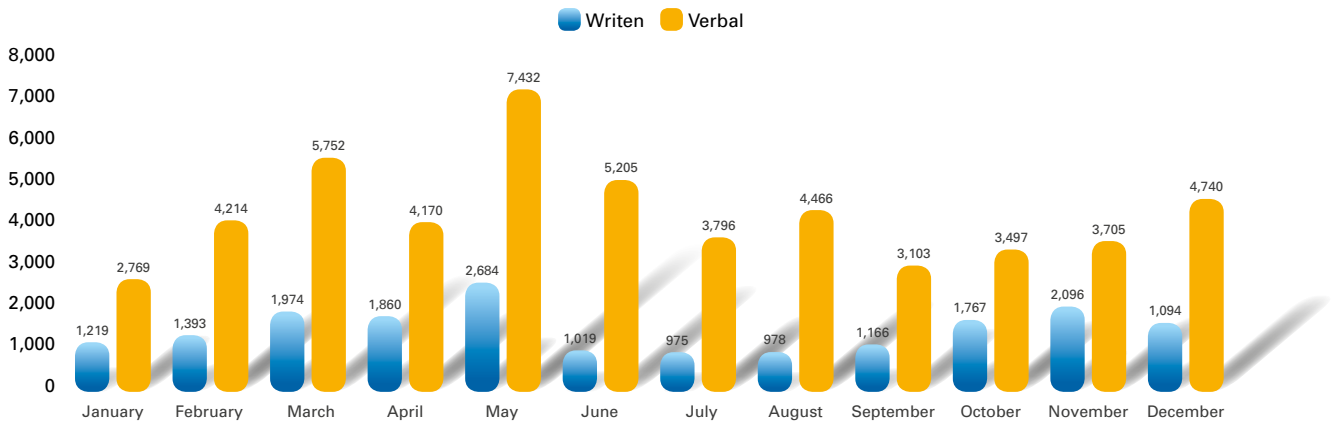


Customer complaint centers can be accessed through several channels including:

- Head Office of PT Bank Tabungan Negara (Persero) Tbk.
- Menara Bank BTN Jl. Gajah Mada No. 1 Jakarta, 10130
- Tel: (021) 6336789
- Fax: (021) 6336719
- Contact Center 1500 286
- Email Contact Center: btncontactcenter@btn.co.id

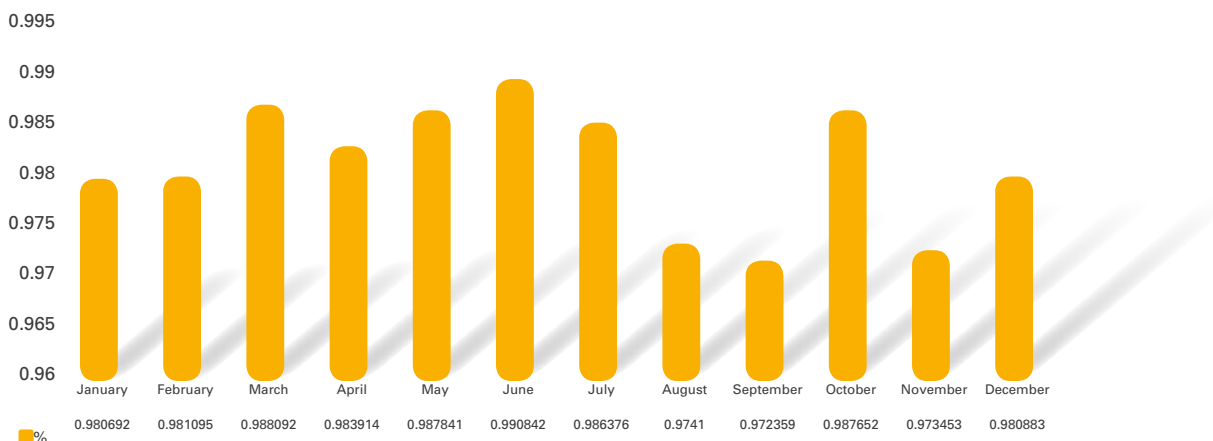
Throughout 2018, the Company received 71,674 complaints with 70,453 complaints being followed up. Of these, 98.30% were properly resolved during the financial year.

Percentage of Complaints in 2018





Percentage of Complaints Settlement



The settlement efforts made by the Company on complaints submitted include:

1. Perform in-depth verification by coordinating with branch offices, divisions and other related parties such as: network providers, developers, notaries, and others
2. Submit notification to customers regarding the process of resolving complaints
3. Oversee the management of SLA (Service Level Agreement) settlement of complaints
4. Make refinements to system procedures and improve employee understanding and provide information to customers so that complaints do not recur.

Customer Satisfaction Survey

The Company cooperates with third parties to carry out customer satisfaction surveys using qualitative and quantitative approaches. The method is carried out through in-depth interviews, while the quantitative approach is conducted through face-to-face interviews. Information on the results of the Company's 2018 customer satisfaction survey are as follows:

Results of Customer Satisfaction Survey 2018

Year	Survey Result
2018	79.7%
2017	80.7%
2016	78.3%

Activities Impact

The Company's CSR in its responsibilities to customers has an impact on customers ease of mind and security in making transactions. This also fosters customer growth from year to year. The effectiveness of handling customer complaints has an impact on the customer satisfaction index.