

# PREPARING FOR **DIGITAL ECOSYSTEMS** THROUGH TRANSFORMATION TO SUPPORT **SUSTAINABLE BUSINESS**





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In the midst of challenging banking conditions, the Company was able to bolster its performance, as evidenced with success in improving its competitive position in the banking industry and national housing sector, particularly on the realization of the One Million Houses Program. The success of this performance is inseparable from current Digital Banking transformation process, , allowing the Company to quickly adapt to changes in an ever more complex banking industry.

Realizing the future challenges, the Company has taken significant steps to strengthen its financial fundamentals, particularly in preparing for up-coming implementation of Statements of Financial Accounting Standards (SFAS) No. 71. To that end, in 2018 the Company strengthened its prudent business process governance and increased Allowance for Impairment Losses as an effort to improve the coverage ratio.

For the Company, the Digital Banking transformation along with efforts to strengthen the financial fundamentals is essential to manage the challenges of the banking business in the future, in order to realize sustainable growth and allowing the Company to contribute to improving the country's economy.



# THEME AND CONTINUITY OF THEMES



2012

## Dedicated to Indonesian Families

Houses are not only basic needs (human basic needs) for Indonesian families, but more than that. The property sector has an important role for the national economy. No fewer than 175 industries depend on this sector. Lots of workforce that can be absorbed, resulting in reduced unemployment.



2013

## Transformation supported by the implementation of good governance in achieving quality business

Navigating in 2013, the Company is in the process of going to the next level through transformation covering the fields of business, culture, and infrastructure (foundations). In accordance with the Company's focus and vision to become a leading bank in housing finance, 2013 can be illustrated as the basis for building the Company's homes. Like someone who builds a house, that person will dig deep and lay the foundation on a solid rock, so that when a flood comes and floods hit the house, the house cannot be shaken, because the house is firmly built.



2014

## BTN is the FOREST, RUMAHKOE GCG

Facing 2015 which is often referred to as the new economic era, the era of free competition in ASEAN, the Company launched a tagline which at the same time became the new corporate culture, BTN TERDEPAN, GCG RUMAHKOE. This new tagline shows the Company's great determination to realize the company's vision of "Becoming the leading Bank in housing finance" based on Good Corporate Governance.



2015

## BTN 5IAP Becomes a Million House Program Main Player

The position of the Company in the field of housing finance is getting stronger. Supported by a long history in this field, plus "Program 5 Ready", the Company is ready to become a major player in the Million Houses program launched by the government. 5 Ready is Ready for Human Resources (HR), Ready for Technology, Ready for Business Processes, Ready for Funding and Ready for Home Supply. With that provision, the Company is confident that it will continue to be able to improve its performance now and in the future.





# 2016

## Strengthening the Platform for Sustainable Growth, Supporting the Acceleration of a Million Houses Program

In 2016 the Company was able to record success in performance, implement good corporate governance practices, and achieve a positive image in the public eye. Success achieved thanks to the consistency of the Company in conducting business based on sound industrial and commercial rules, having resources capable of producing value creation, complying with regulations and having clear directions and strategies.

# 2017

## Transformation Based on Digital Banking to Support Strengthening and Expansion of Housing Business

The transformation of the digital-based Company is the Company's priority in 2017. Because the digital domination of business aspects in all sectors and lines has become more evident. The Company's understanding of the millennial generation and the development of millennial generation human resources has become the concern of the Company's management to anticipate competition especially in the face of the ASEAN Economic Community (MEA) and the competitive reliability in the market today. The Company will continue to develop the use of the latest and general digital technology to support its services and networks.

# 2018

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For the Company, the Digital Banking transformation along with efforts to strengthen the financial fundamentals are essential to manage the challenges of the banking business in the future, in order to realize sustainable growth and allowing the Company to contribute to improving the country's economy.

# DEVELOPING DIGITAL BANKING, ENCOURAGING THE ACHIEVEMENT OF A MILLION HOUSES



Bank BTN is ready to support the creation of a healthy and quality housing industry ecosystem, mainly in terms of financing, one of which is driven through the **Million Houses Development Program**, where Bank BTN's achievements from year to year continue to increase. The success of Bank BTN in encouraging the realization of the Million Houses Program is supported by the digital banking transformation, which has initiated the creation of various products and services development initiatives and innovations for the Company.



## Products Supporter

The success of the Company BTN supports the One Million Houses Program supported by various product and service innovations and digital transformation.



### KPR Gaeesss!

Development of KPR/KPA BTN Platinum products for purchasing houses/apartments for **millennial generation segmentation (21-35 years)** with various facilities and advantages.



### ABCG Mikro

Academy-Business-Community-Government (ABCG) is the initiative of Bank BTN in the **collaboration of 4 parties (academics, business, community, government)** to support the development of community-based self-help housing.



### [www.rumahmurahbtn.co.id](https://www.rumahmurahbtn.co.id)

A portal that markets property in the **non-performing loan (NPL) category** in various regions in Indonesia that are ready to sell by auction mechanism or through direct sales.



### [www.btnpropterti.co.id](https://www.btnpropterti.co.id)

Home search portal and ideal mortgage with **online KPR/KPA submission**, which facilitates the search for Bank BTN partner projects, installment simulations, 24-hour online live chat, and 4D Tour Service technology for a realistic overview of selected property units.

## ACHIEVEMENT

# ONE MILLION HOUSES



2018

**757,159**

In 2018, Bank BTN financed more than **757 thousand housing units** through the distribution of property loans in the form of mortgages and construction loans.



2015 ... 2018

**2,493,604**

Since it was rolled out by the Government in 2015, until 2018 Bank BTN has provided financing for **2.49 million housing units**.



# BTN AGILE TRANSFORMATION JOURNEY



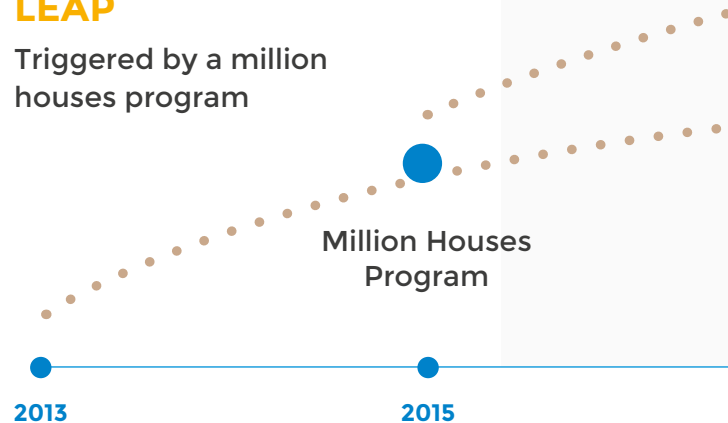
In line with Bank BTN's commitment to strengthen business dominance in the housing sector, supported by solid organizations and human resources who have high capacity and competence, Bank BTN has stepped up the phase of digital banking transformation to develop existing market potential and be able to adapt quickly in the face of banking industry competition increasingly dynamic. The survival period has been passed well, going forward Bank BTN will step up toward Global-Playership transformation phase, which will bring Bank BTN products and services to operate in accordance with international and world-class service standards.

## TRANSFORMATION 1 Survival Period



## TRANSFORMATION LEAP

Triggered by a million houses program



### STRENGTHEN

Business positioning in the housing sector and construction value chain.



Maintaining the dominance of the KPR segment in the Mass market (Subsidized & Non-Subsidized).



Expanding the emerging affluent & affluent credit segment



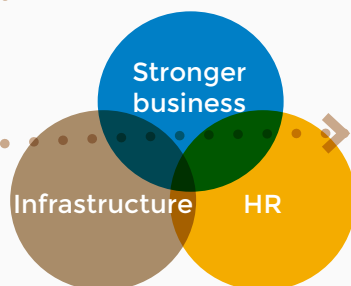
Increase construction loans in supporting home supply by targeting the MSME, Commercial and Corporate segments

## TRANSFORMATION 2 Digital Banking Period



### ASPIRATION

The Leading Housing Bank  
in Indonesia with World-  
Class Services



2016



## TRANSFORMATION 3 Global-Playership Period



### ASPIRATION

Transformational  
Enterprise-Globe Mindset

Products and services  
are already operating  
internationally

2019

2025

### ACTIVELY ACTING

As an integrator and accelerator in the housing  
business sector



Increase the role of BTN HFC as the main  
think tank in Indonesia



Develop initiatives to support the  
development of subsidized house  
developers

### BUILD

Strong customer orientation to seek and improve  
CASA-based funding



Targeting emerging affluent and affluent  
segments that include families and young  
people (millennial generation, digital  
savvy)



Develop digital banking services to  
strengthen the image of banks in the  
upper middle segment

# TESTIMONIALS



“

Providing home for the people through the One Million Houses Program is the government's commitment. The effectiveness of this program is inseparable from the support of Bank BTN. Bank BTN, Friends of Indonesian Family.

”

Source : Biro Setpres Republik Indonesia

**Joko Widodo**

President of the Republic of Indonesia



“

The housing development sector is one of the most strategic sectors that have a role in economic development. There is no doubt regarding the role of Bank BTN in economic development, particularly in the housing sector. To have a greater contribution to support the housing development sector in order to boost the nation's economy. To have closer relationship with the government and to have synergy with SOEs and the private sector to meet the housing needs of the masses.

”

Source: Documentation of Bank BTN

**Muhammad Jusuf Kalla**

Vice President of the Republic of Indonesia



“

Bank BTN is expected to be the leading bank in services, particularly for the provision of housing. Hopefully, Bank BTN will always be at the forefront in terms of innovation and housing financing. Keep advancing, Bank BTN.

”

Source: Documentation of Bank BTN

**Marsekal TNI Hadi Tjahjanto, S.IP**

Commander in Chief of TNI







“

Bank BTN is always present to provide optimum services to all levels of the community. Particularly in supporting the One Million Houses Program that was initiated by the government. Hopefully, Bank BTN becomes even more successful in innovating and improving the quality of its services in order to boost the improvement of the national economy and the welfare of the society.

”

Source: Documentation of Bank BTN

**Jenderal Pol. Prof. M. Tito Karnavian**

Chief of Police of the Republic of Indonesia



“

I am also proud for the progress of Bank Tabungan Negara that always support the government's program in home ownership. To that end, keep the spirit to provide the best for the nation.

”

Source: Documentation of Bank BTN

**Rini M. Soemarno**

Minister of SOE



“

Bank BTN is the major provider bank of FLPP, providing housing for the people. Thank you for the collaboration, and hopefully in the future we can increase our cooperation since in 2018 we have built 1 million and 41 thousand houses. Keep on moving, BTN is the champion of mortgage (KPR). Having its fast service and credit agreement by approaching consumers directly through exhibitions, it is a clever strategy, especially now there are millennial movement by us that will accelerate the growth of housing provision in Indonesia.

”

Source: Documentation of Bank BTN

**Basuki Hadimuljono**

Minister of PUPR



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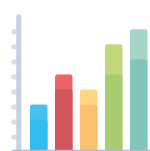
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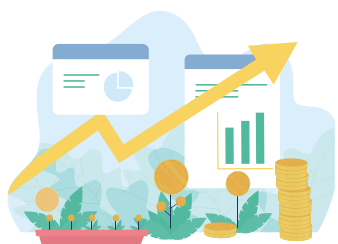
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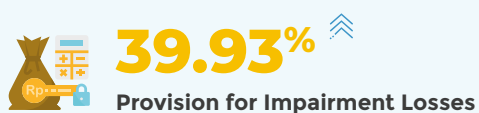


## PERFORMANCE HIGHLIGHTS 2018



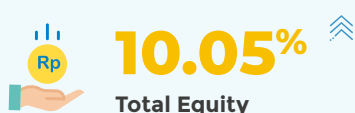
9.34trillion 2017 **>>>** 10.09trillion 2018

up 8.01%



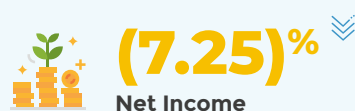
2.37trillion 2017 **>>>** 3.32trillion 2018

up 39.93%



21.66trillion 2017 **>>>** 23.84trillion 2018

up 10.05%



3.03trillion 2017 **>>>** 2.81trillion 2018

down 7.25%



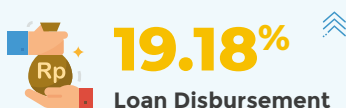
261.37trillion 2017 **>>>** 306.44trillion 2018

up 17.24%



192.47trillion 2017 **>>>** 229.83trillion 2018

up 19.41%



181.00trillion 2017 **>>>** 215.72trillion 2018

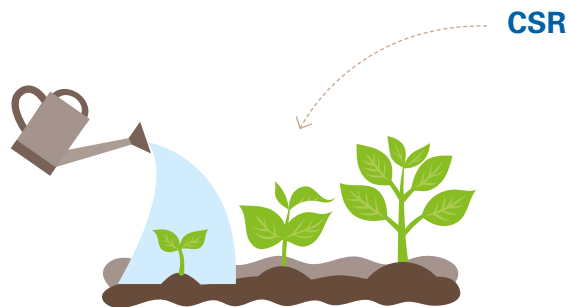
up 19.18%



17.99trillion 2017 **>>>** 22.04trillion 2018

up 22.54%





In 2018, the Company disbursed  
**Rp5.180 billion** of CSR funds



## CAR

CAR stood at the level of 18.21%  
in 2018



## CASA

CASA ratio reaches  
43.48%



## Market Share KPR

In 2018, total KPR market share  
reached 39.35%

\*Source: SEKI Bank Indonesia



## One Million Houses Program

During 2018, realization of the  
One Million Houses Program  
reached 757,159 units



The number of ATM  
consistently increased every  
year, reaching **2,126 ATMs**  
**spread throughout Indonesia**  
with a growth of 8.25% yoy at  
the end of 2018



Received two awards in the field of  
Governance, namely **"Top 50 ASEAN Public  
Listed Companies"** and **"Top 3 Public Listed  
Companies in Indonesia"** at the 2018 ASEAN  
Corporate Governance Awards event that  
was organized by ASEAN Capital Markets  
Forum (ACMF)

The Company's NPL stood at the  
level of 1.83% in 2018



# HIGHLIGHTS 2018



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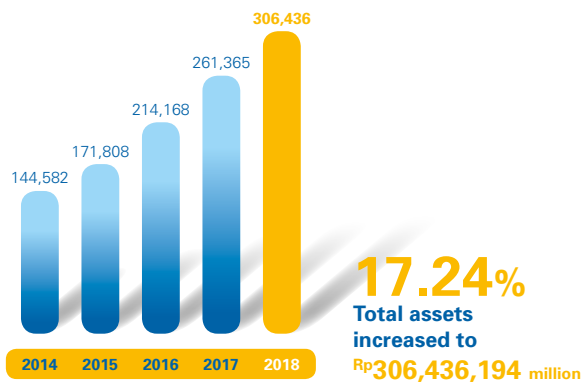
# FINANCIAL HIGHLIGHTS

	2014	2015	2016	2017	2018
<b>Financial Position (Rp Million)</b>					
Earning Assets	141,561,595	168,035,035	206,477,677	237,786,483	278,281,291
Loans	106,271,277	127,732,158	150,221,960	181,002,783	215,716,247
Sharia Financing/Receivables	9,644,524	11,223,646	14,224,421	17,987,798	22,041,427
Placement with Bank Indonesia and Other Banks	1,496,455	7,839,477	17,581,350	24,697,503	26,464,760
Securities	5,446,372	1,819,562	4,186,141	7,720,954	5,868,658
Government Bonds	8,238,065	8,230,908	9,243,639	8,183,973	9,393,138
<b>Total Assets</b>	<b>144,582,353</b>	<b>171,807,592</b>	<b>214,168,479</b>	<b>261,365,267</b>	<b>306,436,194</b>
Deposits from Customer	106,470,677	127,708,670	147,787,618	177,091,421	211,034,488
Demand Deposit	23,422,618	31,368,443	42,643,680	50,019,826	53,673,188
Savings	26,167,914	30,757,681	32,776,835	38,217,936	38,350,839
Time Deposit	56,880,145	65,582,546	69,536,953	85,481,932	115,462,283
Deposits from Other Banks	1,179,269	1,721,198	3,643,889	5,063,433	2,992,579
Securities Sold Under Agreement to Repurchase	3,817,603	2,135,091	1,385,000	1,385,000	935,000
Securities Issued	8,519,884	12,492,202	14,919,910	20,480,459	20,644,760
Fund Borrowings	6,998,213	7,726,728	4,999,616	7,991,053	15,499,493
<b>Total Liabilities</b>	<b>132,329,458</b>	<b>157,947,485</b>	<b>182,828,998</b>	<b>223,937,463</b>	<b>263,784,017</b>
<b>Total Syirkah Temporary Funds</b>	<b>-</b>	<b>-</b>	<b>12,208,945</b>	<b>15,764,370</b>	<b>18,811,729</b>
<b>Total Equity</b>	<b>12,252,895</b>	<b>13,860,107</b>	<b>19,130,536</b>	<b>21,663,434</b>	<b>23,840,448</b>
<b>Profit Loss (Rp Million)</b>					
Interest and Profit Sharing Income	12,807,328	14,966,209	17,138,819	20,091,600	22,851,758
Interest and Bonus Expenses	(7,342,747)	(8,155,133)	(8,975,274)	(10,750,660)	(12,762,581)
Interest and Profit Sharing Income - Net	5,464,581	6,811,076	8,163,545	9,340,940	10,089,177
Other Operational Income	894,82	1,106,526	1,282,822	1,605,931	2,071,594
Provision for Impairment Losses on Financial and Non-Financial Assets	(771,166)	(901,008)	(707,531)	(884,401)	(1,714,427)
Reverses (Expenses) of Estimated Allowance on Impairment of Commitments and Contingencies	(729)	7,198	-	-	-
Other Operational Expenses	(4,010,139)	(4,490,187)	(5,386,604)	(6,170,567)	(6,852,544)
Income from Operations	1,577,367	2,533,605	3,352,232	3,891,903	3,593,800
Non-Operational Income - Net	1,960	8,281	(22,148)	(30,348)	16,475
Profit Before Tax Expenses	1,579,327	2,541,886	3,330,084	3,861,555	3,610,275
Tax Expenses	(433,755)	(690,979)	(711,179)	(834,089)	(802,352)
Income for the Year	1,145,572	1,850,907	2,618,905	3,027,466	2,807,923
Income for the Year Attributable to:					
• Owners	1,145,572	1,850,907	2,618,905	3,027,466	2,807,923
• Non-Controlling Interests	-	-	-	-	-
Total Comprehensive Income for the Year - After Tax	1,120,716	1,811,337	5,631,617	3,056,679	2,782,507
Comprehensive Income for the Year Attributable to:					
• Owners	1,120,716	1,811,337	5,631,617	3,056,679	2,782,507
• Non-Controlling Interests	-	-	-	-	-
Earnings per Share (Full Amount)	108	175	247	286	265

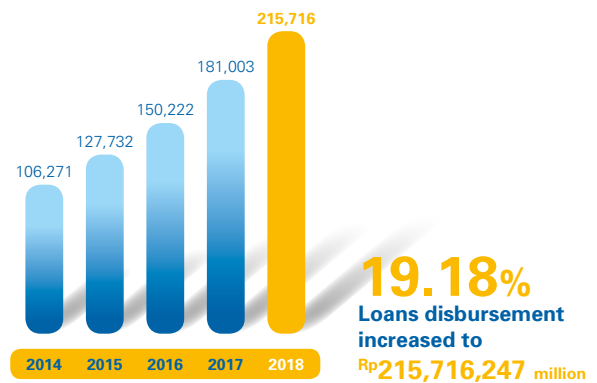


	2014	2015	2016	2017	2018
<b>Financial Ratios (%)</b>					
Capital Adequacy Ratio (CAR)	14.64	16.97	20.34	18.87	18.21
Non Performing Loan (NPL) Gross	4.01	3.42	2.84	2.66	2.82
Non Performing Loan (NPL) Net	2.76	2.11	1.85	1.66	1.83
Return On Asset (ROA)	1.14	1.61	1.76	1.71	1.34
Return On Equity (ROE)	10.95	16.84	18.35	18.11	14.93
Net Interest Margin (NIM)	4.47	4.87	4.98	4.76	4.32
Operating Expenses to Operating Revenues (BOPO)	88.97	84.83	82.48	82.06	85.58
Loan to Deposit Ratio (LDR)	108.86	108.78	102.66	103.13	103.25
BMPK Violation Percentage					
• Related Parties	0.00	0.00	0.00	0.00	0.00
• Non Related Parties	0.00	0.00	0.00	0.00	0.00
BMPK Exceedance Percentage					
• Related Parties	0.00	0.00	0.00	0.00	0.00
• Non Related Parties	0.00	0.00	0.00	0.00	0.00
Minimum Statutory Reserve (GWM)					
Primary Statutory Reserve (Rupiah):					
• Conventional	8.09	7.95	6.72	7.02	6.61
• Sharia	5.09	5.04	5.08	5.00	5.30
Statutory Reserve (Foreign Currency)	8.39	8.08	8.47	8.38	8.69
Net Open Position	1.92	1.74	0.29	1.29	1.55

#### Total Assets (Rp billion)



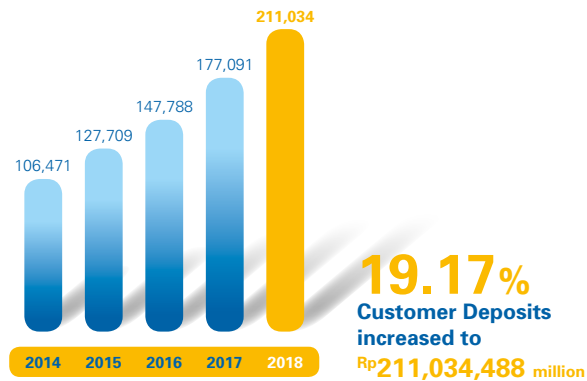
#### Loans (Rp billion)



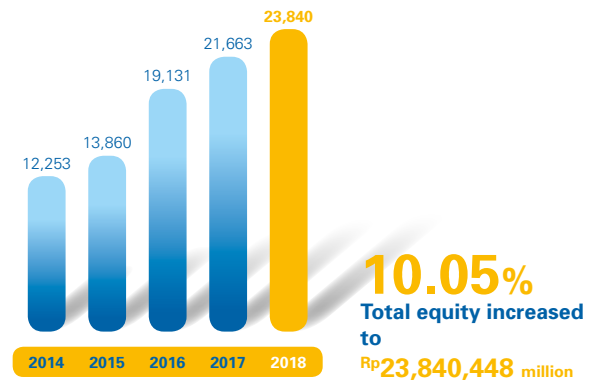


## FINANCIAL HIGHLIGHTS

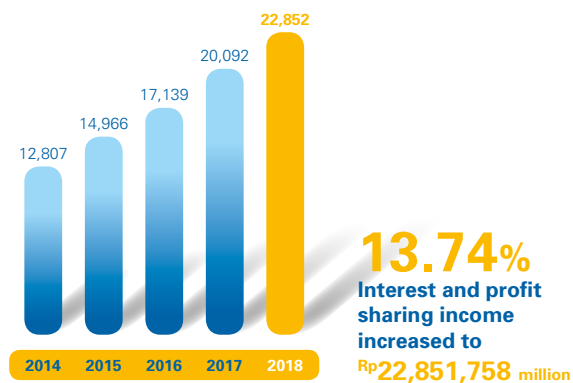
### Customer Deposits (Rp billion)



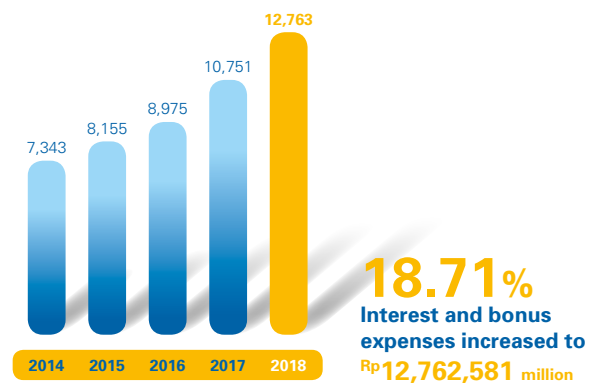
### Total Equity (Rp billion)



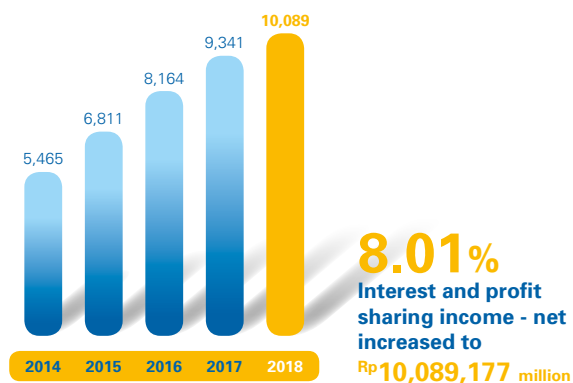
### Interest and Profit Sharing Income (Rp billion)



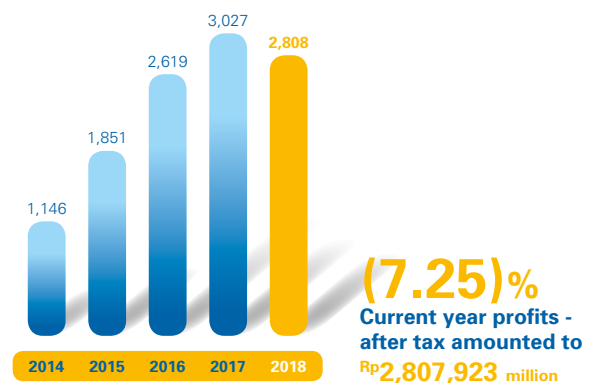
### Interest and Bonus Expenses (Rp billion)



### Interest and Profit Sharing Income - Net (Rp billion)

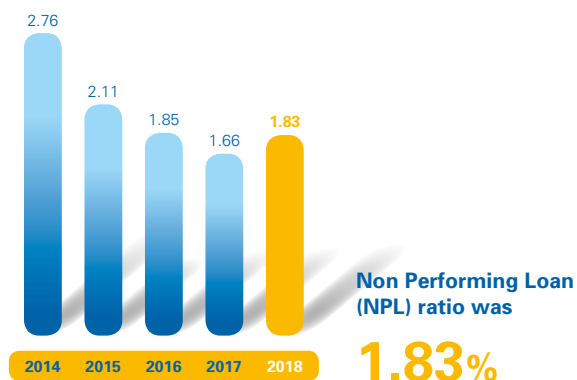


### Current Year Profit - After Tax (Rp billion)

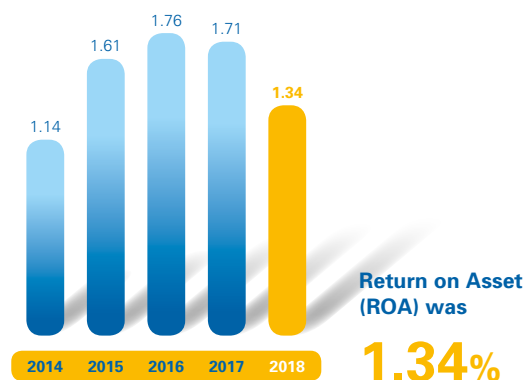




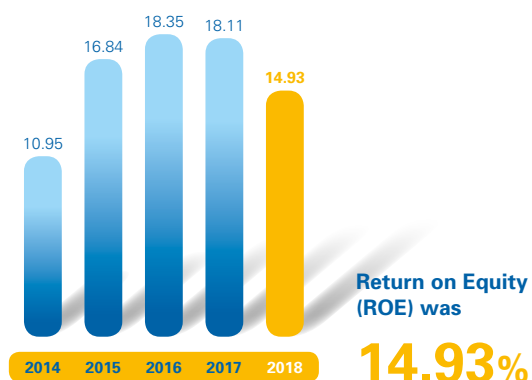
**Non Performing Loan (NPL) Net**  
(Percentage %)



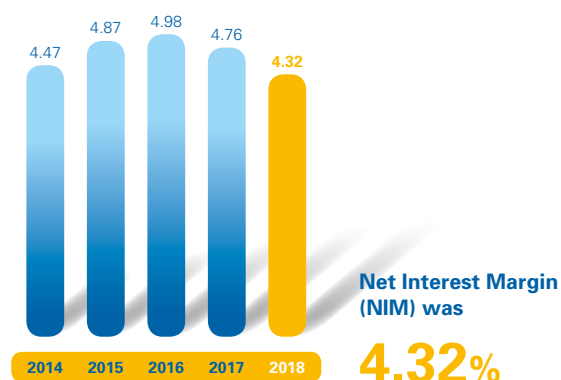
**Return on Asset (ROA)**  
(Percentage %)



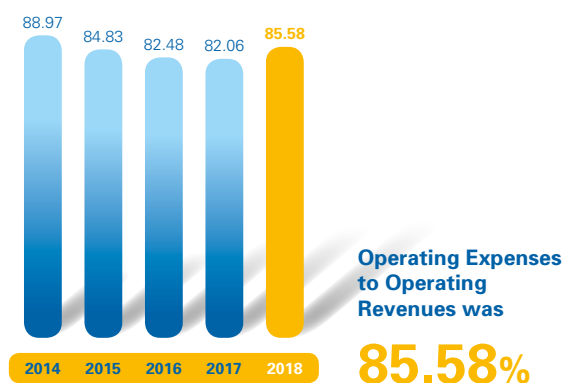
**Return on Equity (ROE)**  
(Percentage %)



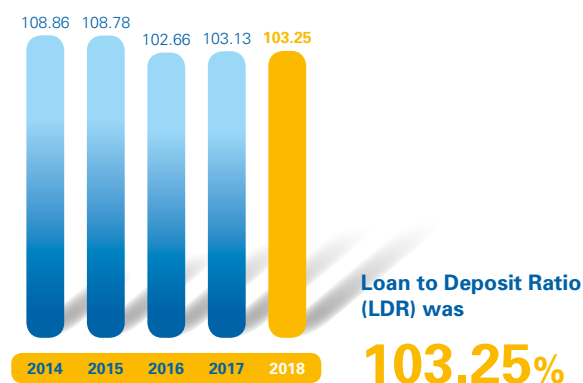
**Net Interest Margin (NIM)**  
(Percentage %)



**Operating Expenses to Operating Revenues (BOPO)**  
(Percentage %)



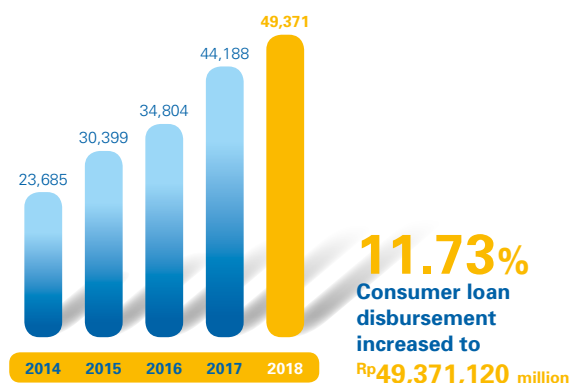
**Loan to Deposit Ratio (LDR)**  
(Percentage %)



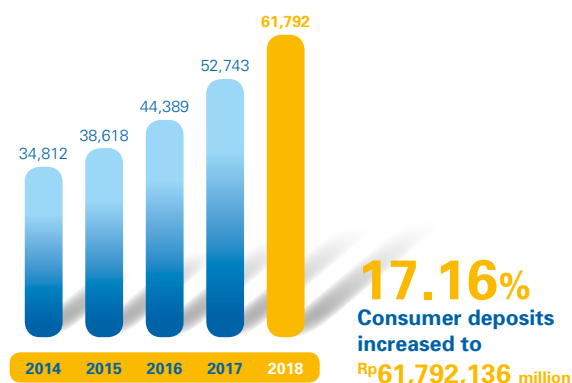
# BUSINESS AND OPERATIONS HIGHLIGHTS

	2014	2015	2016	2017	2018
<b>Business Highlights (Rp Million)</b>					
<b>Consumer Banking</b>					
Consumer Loan Disbursement	23,684,924	30,399,375	34,804,253	44,187,731	49,371,120
Consumer Deposits	34,811,565	38,618,436	44,389,209	52,743,237	61,792,136
<b>Commercial Banking</b>					
Commercial Loan Disbursement	13,807,906	16,565,305	18,521,043	23,298,077	29,135,261
Commercial Deposits	62,911,655	77,985,698	100,568,259	120,011,519	146,263,780
<b>Sharia Business Unit</b>					
Sharia Financing	4,105,301	4,281,418	5,960,741	7,489,093	8,326,533
Sharia Deposits	8,747,457	11,104,536	15,030,249	18,754,100	22,342,676
Sharia Fee Based Income	36,002	39,375	62,880	93,758	116,880
<b>Other Operations</b>					
Branch Offices	65	65	65	75	76
ATM	1,830	1,830	1,830	1,964	2,126
Number of Employees	8,582	9,042	9,380	10,245	11,810
GCG Score	Composite 2 "HEALTHY"	Composite 2 "HEALTHY"	Composite 2 "HEALTHY"	Komposit 2 "HEALTHY"	Composite 2 "HEALTHY"

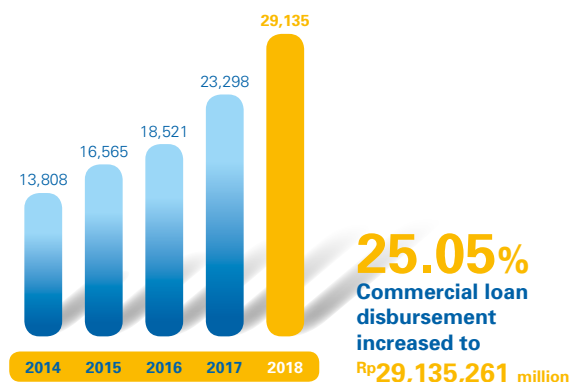
**Consumer Loan Disbursement**  
(Rp billion)



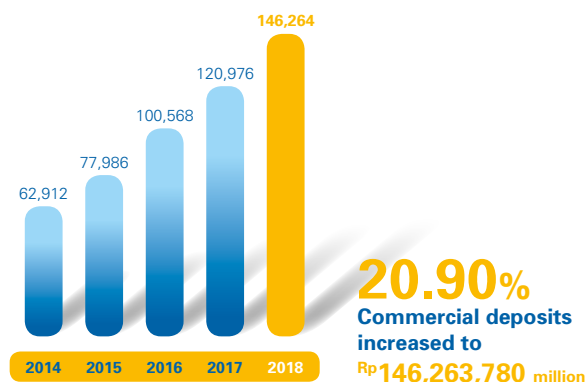
**Consumer Deposits**  
(Rp billion)



**Commercial Loan Disbursement**  
(Rp billion)

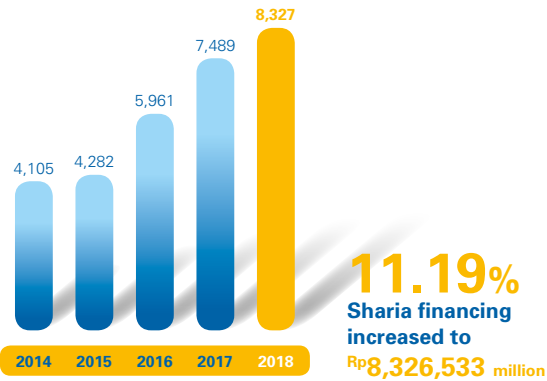


**Commercial Deposits**  
(Rp billion)

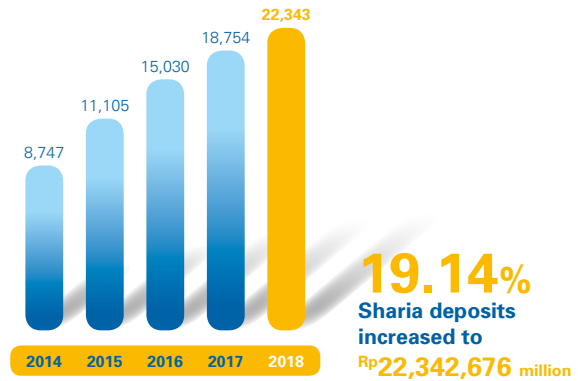




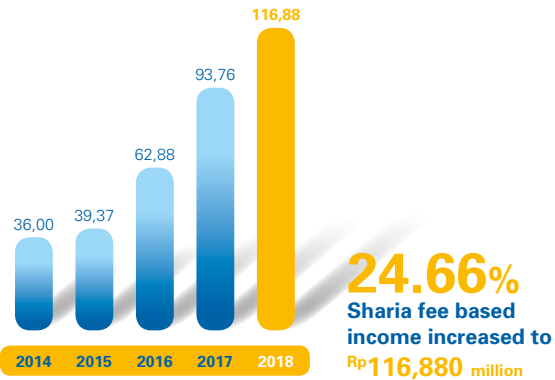
### Sharia Financing (Rp billion)



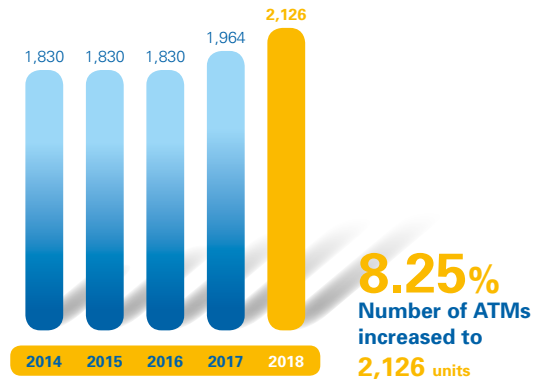
### Sharia Deposits (Rp billion)



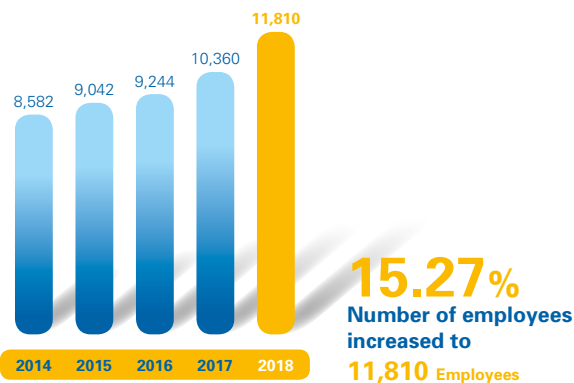
### Sharia Fee Based Income (Rp billion)



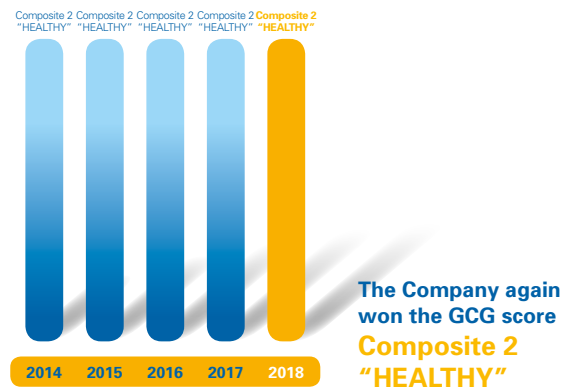
### ATM (Units)



### Number of Employees (Person)



### GCG Score



# SHARES HIGHLIGHTS

## INITIAL PUBLIC OFFERING/IPO

The Company listed its initial shares on the Indonesia Stock Exchange on December 17, 2009 by offering 2,360,057,000 shares of Series B shares or 27.08% of the issued capital, with an offering price of Rp800 per share to the public. The achievement of the IPO received a very good response from the public, which was marked by oversubscribing as much as 2.04 times with proceeds value of Rp1.88 trillion. This was awarded the "Best IPO in Indonesia 2009" from The Asset magazine and "Mid Cap / IPO Deal of the Year in Southeast Asia 2009" from the Alpha South Asia Publisher (Hong Kong).

## LIMITED PUBLIC OFFERING I - RIGHTS ISSUE

In 2012, the Company carried out corporate actions in the form of Limited Public Offering I (PUT I) to the Company's shareholders in order to issue Preemptive Rights (Rights) or Rights Issues with the aim of strengthening the capital structure and also to increase the number of public shares traded (floating shares). This condition will increase the market capitalization and liquidity of BBTN shares in the capital market as well as to support credit growth, so that investors can increase interest in investing more in BBTN shares.

The summary of the Company's Rights Issue transaction is:

Type of Offer	HMETD
Number of Shares Offered	1,512,857,500 Series B Shares
Nominal Value	IDR 500 (five hundred Rupiah)
Implementation Price	Rp1,235 (one thousand two hundred thirty five Rupiah)
Execution Period	August 2017 - January 2018
Shares Outstanding After Rights Issue	10,481,074,500 shares
Total Amount (Proceeds) Received	Rp1,868,379,012,500 (one trillion eight hundred sixty eight billion three hundred seventy nine million twelve thousand five hundred Rupiah)
Conversion Ratio	555,000 (five hundred fifty five thousand) Old Shares entitled to 94,943 (ninety four thousand nine hundred forty three) Rights
Ownership Dilution	14.61% (fourteen point six one percent) before the implementation of MESOP and amounting to 16.49% (sixteen point forty nine percent) after MESOP implementation
HMETD Trading Period	November 23-29, 2012
HMETD Implementation Period	November 23-29, 2012
Securities Listing Date at the Exchange	November 23, 2012
Listing Exchange	Indonesia Stock Exchange
Standby Buyer	PT Bahana Securities, PT Danareksa Sekuritas and PT Mandiri Sekuritas

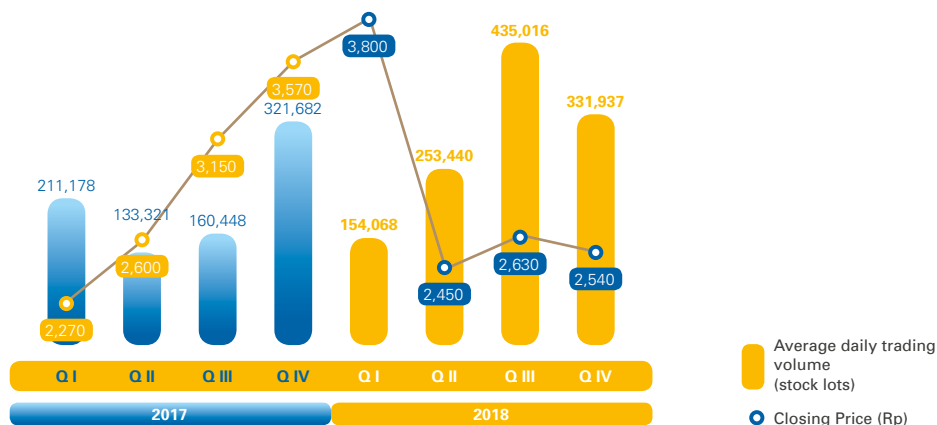




## INFORMATION ON PRICE, VOLUME AND CAPITALIZATION OF THE COMPANY'S SHARES 2017 - 2018

Period		Number of shares outstanding (sheet)	Closing Price (Rp)	Lowest Price (Rp)	Highest Price (Rp)	Average daily trading volume (stock lots)	Market Capitalization (Rp Million)
Year	Quarterly						
2017	I	10,590,000,000	2,270	1,695	2,360	211,178	24,039,300
	II	10,590,000,000	2,600	2,140	2,710	133,321	27,534,000
	III	10,590,000,000	3,150	2,320	3,340	160,448	33,358,500
	IV	10,590,000,000	3,570	2,690	3,610	321,682	37,806,300
2018	I	10,590,000,000	3,800	3,370	3,890	154,068	40,242,000
	II	10,590,000,000	2,450	2,370	3,770	253,440	25,945,500
	III	10,590,000,000	2,630	2,110	2,920	435,016	27,851,700
	IV	10,590,000,000	2,540	2,010	2,820	331,937	26,898,600

### Quarterly Shares Highlights



# INFORMATION FOR INVESTORS AND SHAREHOLDERS

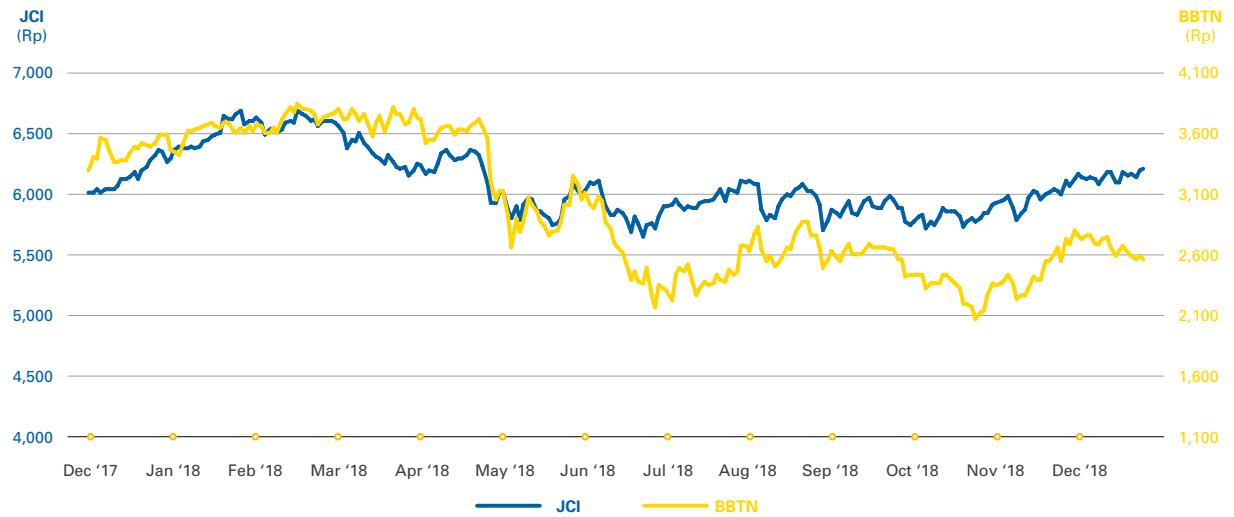
Throughout 2018, the performance of the domestic capital market faced various challenges. This is inseparable from the global macroeconomic conditions, in which global economic growth slowed down at the level of 3.6% (yoy). The slow down was primarily due to the slowdown in the economic growth of the United States (US), Europe, and China. In line with the outlook of for slowing global economic growth, uncertainties in the global financial market started to diminish along with the decrease in the US-China trade tension, complemented with the expectation of a lower interest rate of the Federal Funds Rate (FFR).

Some of these events contributed to the market sentiment that influenced the performance of stock indices in several countries during 2018. Most of the global stock indices performance experienced an annual decline, in which the Indonesian Composite Index posted a decrease of 2.54% (yoy) to the level of 6,194.50 as of 31 December 2018. Despite the negative performance, the Indonesian Composite Index was still superior compared to several other global indices, as evidenced in the following table:

No	Country	Index	2017	2018	YoY Performance
1	India	S&P BSE	34,056.83	36,068.33	5.91%
2	Argentina	MERVAL Index	30,065.61	30,292.55	0.75%
3	Indonesia	JCI Index	6,355.65	6,194.50	-2.54%
4	United States of America	DJI Index	24,719.22	23,327.46	-5.63%
5	Malaysia	FBMKLCI Index	1,796.81	1,690.58	-5.91%
6	Australia	AS30 Index	6,167.29	5,709.40	-7.42%
7	Vietnam	VNINDEX Index	984.24	892.54	-9.32%
8	Singapore	STI Index	3,402.92	3,068.76	-9.82%
9	Thailand	SET Index	1,753.71	1,563.88	-10.82%
10	Japan	NKY Index	22,764.94	20,014.77	-12.08%
11	England	UKX Index	7,687.77	6,728.13	-12.48%
12	Philippines	PSEi	8,558.42	7,466.02	-12.76%
13	Hong Kong	HSI Index	29,919.15	25,845.70	-13.61%
14	South Korea	KOSPI Index	2,467.49	2,041.04	-17.28%
15	Turkey	XU100 Index	115,333.00	91,270.48	-20.86%
16	China	SHCOMP Index	3,307.17	2,493.90	-24.59%



## Company Share Performance



### Share Performance Indicators

Indicator	BBTN 2017	BBTN 2018
Closing price (Rp)	3,570	2,540
Lowest price (Rp)	1,695	2,010
Highest price (Rp)	3,610	3,890
Average Daily Trading Volume (Stock Lot)	209,739	294,954
PE (x)	12.49	9.58
PBV (x)	1.75	1.13
Market Capitalization (Rp Million)	37,806,300	26,898,600

# CORPORATE ACTION 2018

In 2018 and 2017, the Company does not undertake corporate actions such as stock splits, reverse stock, stock dividends, bonus shares, and changes in share nominal value.

## OVERVIEW OF BONDS, SUKUK OR CONVERTIBLE BONDS IN THE LAST 2 (TWO) YEARS

### BONDS INFORMATION

Bonds	Nominal (Rp Million)	Issuance Date	Maturity Date	Tenor (Year)	Coupon (%)	Rating		Matured/Not Matured	Exchange
						2017	2018		
BTN Bonds XIV Year 2010	1,650,000	June 11, 2010	June 11, 2020	10	10.250%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange
BTN Bonds XV Year 2011	1,300,000	June 28, 2010	June 28, 2021	10	9.500%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange
Bank BTN Self-Registered Bonds I Phase I Year 2012	2,000,000	June 5, 2010	June 5, 2022	10	7.900%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange
Bank BTN Self-Registered Bonds I Phase II Year 2013	2,000,000	March 27, 2013	March 27, 2023	10	7.900%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange
Bank BTN Self-Registered Bonds II Phase I Year 2015 Series D	800,000	July 08, 2015	July 08, 2025	10	10.50%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange
Bank BTN Self-Registered Bonds II Phase I Year 2015 Series B	500,000	July 08, 2015	July 08, 2020	5	9.875%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange
Bank BTN Self-Registered Bonds II Phase I Year 2015 Series C	800,000	July 08, 2015	July 08, 2022	7	10.000%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange
Bank BTN Self-Registered Bonds II Phase I Year 2015 Series A	1,347,000	August 30, 2016	August 30, 2019	3	8.200%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange



Bonds	Nominal (Rp Million)	Issuance Date	Maturity Date	Tenor (Year)	Coupon (%)	Rating		Matured/Not Matured	Exchange
						2017	2018		
Bank BTN Self-Registered Bonds II Phase II Year 2016 Series B	1.653.000	August 30, 2016	August 30, 2021	5	8,750%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange
Bank BTN Self-Registered Bonds III Phase I Year 2017 Series A	1.466.000	July 13, 2017	July 13, 2020	3	8,300%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange
Bank BTN Self-Registered Bonds III Phase I Year 2017 Series B	1.295.000	July 13, 2017	July 13, 2022	5	8,500%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange
Bank BTN Self-Registered Bonds III Phase I Year 2017 Series C	853.000	July 13, 2017	July 13, 2024	7	8,700%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange
Bank BTN Self-Registered Bonds III Phase I Year 2017 Series D	1.386.000	July 13, 2017	July 13, 2027	10	8,900%	idAA+	idAA+	Not Matured	Indonesia Stock Exchange
<b>Total</b>	<b>17.050.000</b>								

## INFORMATION ON SUKUK OR CONVERTIBLE BONDS THAT ARE STILL OUTSTANDING IN THE LAST 2 (TWO) YEARS

The Company does not issue sukuk or convertible bonds that are still outstanding in the last 2 (two) years.

# EVENT HIGHLIGHTS 2018



January



## In Cooperation with District Court, the Company Launches e-Panjar Application

To simplify the judicial process in Indonesia, the Company cooperates with the Cibinong District Court to launch the e-Panjar application. Through e-Panjar, the community can pay down payment fees easily and practically. The court can also calculate and manage down payment costs more quickly, precisely, accurately, and practically.



February



## The Company Organizes BTN Mortgtech Hackathon Competition

The Company continues its efforts to spur the digital banking business line in accordance with the Company's digital transformation strategy to support the One Million Houses Program. This time, the Company supported by Daily Social held a BTN Mortgtech (mortgage technology) Hackathon.



March



## Bank BTN Distributes Dividend

The Annual General meeting of Shareholder 2018 has decided to distribute dividends to shareholders in the amount of 20% of the net income in 2017, or Rp605.49 billion, from total net income of Rp3.027 trillion. The remaining 80% amount as retained earnings will be used by the Company for loan expansion and business development.



April



## In Supporting Education, The Company Offers Single Digit Education Credits

The Company launched loans to meet educational needs with a ceiling of up to Rp200 million and interest of only 6.5% flat for 5 years. The loan was launched to support Government policies in improving the quality of human resources (HR) in Indonesia.





April



17

### Indulging Customers, The Company Launches a Debit Card Bearing Garuda Insignia

Subsequent to Bank Indonesia launching the National Payment Gateway (GPN) at the end of 2017, the Company fully supports the GPN in the national banking system. The Company anticipates that the presence of debit cards bearing the GPN logo will not only create better banking transactions for customers, but also assist in a variety of government programs.



May



05

### The Company Holds the e'Batarapos Saving Roadshow

The Company cooperates with PT Pos Indonesia (Persero) to expand financial inclusion to all levels of society through e'Batarapos Savings products. The savings product is targeted to attract customers and boost the Company's Third-Party Funds by holding roadshows in a number of provinces.



May



08

### TCASH and THE COMPANY Reach Customers Through Cellphones

TCASH, as Telkomsel's electronic money, develops strategic cooperation with the Company to reach more Indonesians to access financial services through cellular phones. The Company continues to make it simpler for customers to access various banking products so that more and more Indonesians become bankable.



15

### The Company and Grab Fulfill the Dream of Thousands of Drivers to Own Homes

The Company and PT Indonesia Transportation Solutions (Grab Indonesia) collaborated in realizing the wishes of the GrabBike drivers to own their dream home. This cooperation is one of the synergies of the Company as an agent of development to support the government goal in achieving one million houses program for informal sector workers with non-fixed income.



June



### Aiming to Raise Foreign Funds, The Company Launches Foreign Exchange Savings

The Company officially launched a foreign currency savings product in two currencies as a strategic step to raise foreign funds and increase the variety of products and services for the Company's customers. With this product, the Company strives to meet the needs of the community in saving, transacting, and investing in foreign currencies.



### The Company Won The Best Bank Title In 2018

This title was achieved for the success of the Company's leap in assets over the past six years and rated as the 5th largest bank in terms of assets. Various transformations will continue in making the Company as a global player by 2025.



July



### Supporting the Development of the Maja Region, the Company Disburses Loans to Civil Servants in Lebak

In supporting the success of the One Million Houses Program, the Company partnered with the Lebak District Government Corps and PT Bintang Energi Lestari to provide housing for nearly 10,000 Lebak Regency Government Civil Servants, Maja in Lebak Regency, Banten.



### The Company as the Most Profitable Buku 3 Bank

The Company is recognized as the most profitable Commercial Business Activity (BUKU) 3 The recognition was given with the title as The Best Public Companies based on 2018 Wealth Added Index (WAI) for the banking category. The Company's shares are again included in the ranks of the most liquid stocks in the capital market or the LQ45 index.



## August



### Seizing Discounted FLPP Funding, the Company Aims at Distributing Prosperous Home Ownership Loans

The Company signed a Tripartite Cooperation Agreement between the Central Housing and Public Housing Ministry's Housing Fund Management Center (PPDPP) and PT Sarana Multigriya Finansial (SMF) regarding the distribution of Prosperous Mortgages or commonly called Subsidized Mortgages under the Housing Financing Liquidity Facility (FLPP) scheme.



### The Company Socializes the Use of Fintech in Islamic Boarding Schools

With the addition of features that enable transaction services, the Company continues to support the development of fintech applications in Islamic Boarding Schools. The development of fintech applications by students of Islamic boarding schools is expected to truly be able to answer the needs of banking services in accordance with Islamic law.



## August



### Promoting for the Success of One Million Housing Program, the Company Organizes 2018 BTN Property Award

The Company again held an award event titled BTN Property Award 2018. The appreciation event for property developers in Indonesia was held to continue to spur the spirit of synergy among developers especially in supporting the success of the One Million Houses Program.



### The Company Restructures Earthquake Victims' Loans in Lombok

To ease the burden of the earthquake victims in West Nusa Tenggara, the Company made it easier for debtors to restructure their loans. The Company's measures are follow-up to the directive and appeal of the Financial Services Authority (OJK) to give special treatment to debtors affected by the earthquake in the Province of West Nusa Tenggara (NTB).





August



### In Reinforcing the Development of Airport Infrastructure in Indonesia, the Company Disburses Loans of Rp 1 Trillion to Apaii

The Company disbursed corporate loans worth Rp1 trillion to PT Angkasa Pura II (Persero). The funding was given to foster the development of AP II-owned airports while simultaneously supporting the synergy of State-Owned Enterprises (SOEs) and refining the Company's business performance.



September



### Bank BTN Increases Retail Deposits Through e'Batarapos Savings

e'Batarapos has complete banking facilities and a profitable business, including being able to transact on Saturdays and Sundays, making deposits and withdrawals at all BTN Bank outlets, Post Offices and at the wide ATM machine network, making transactions in mobile banking, acquiring ATM cards with Visa logos, and avoiding fees on accounts with balances above 1 million Rupiah.



September



### Company Launches BTN House Price Index (BTN HPI)

The rapid growth in residential demand and development of residential areas has prompted the Company to release a house price index (HPI) to become a reference for stakeholders in the property sector in investing. The HPI formulated by the Housing Finance Center (HFC) research team of the Company provides a more detailed depiction of the trend of more accurate house price growth with the matched sales method using data on BTN mortgage distribution in all regions in Indonesia.



### Micro Home Ownership Loans for Mbr with the ABCG Scheme Tested in Central Java

The Company together with the Public Works Ministry of Public Housing (PUPR), National Land Agency, Kendal Regency Government and Diponegoro University (UNDIP) synergized in facilitating Low-Income Communities (MBR) that have not received funding from the Bank to own a house under Micro Housing Loan scheme. Academy-Business-Community Government, or ABCG, promotes the development of community-based self-assisted housing needs.



October



### The Company Launches a Special Millennial Mortgage Program Called KPR Gaesss !!

Not wanting to miss the opportunity in seizing the millennial market niche, the Company released a new mortgage program called "KPR Gaesss!". KPR Gaesss provides convenience, from the initial submission of applications for Home Ownership Loans or Apartment Ownership Loans, to affordable down payment, provision fees and administration.



### The Company Prepares a Credit Restructuring Scheme for Victims of the Earthquake and Tsunami in Central Sulawesi

The Company developed a credit restructuring scheme for debtors affected by natural disasters. The Company is extremely concerned about the condition of those affected by the earthquake in Central Sulawesi, especially the debtors, and therefore the Company plans to launch a credit restructuring paying attention to the physical and psychological conditions of the customers as well as the forecast of Central Sulawesi so as not to burden them further.



October



### The Company Successfully Auctioned 563 Confiscated Houses Through the BTN Housing Portal

Since it was first launched on February 9, 2018, the volume of those interested in houses for auction from the Company's [www.rumahmurahbtn.co.id](http://www.rumahmurahbtn.co.id) portal has increased. Collateral auctions from non-performing House Ownership Loans or Apartment Ownership Loans is one of the Company's efforts to restructure its non-performing loans through the housing portal that more effectively appeals interested parties.



### Thousands of Athletes Under the Indonesian Olympic Committee (KOI) Received BTN Home Ownership Loans

In line with the commitment to the success of the One Million Houses Program and supporting the welfare of national athletes, the Company collaborated with the Indonesian Olympic Committee (KOI). Through this partnership, administrators, members and thousands of national athletes under the auspices of KOI can own a house with attractive and affordable loan schemes.



## October



### Cooperating with Notaries Throughout Indonesia, The Company Improved Credit Quality

In refining the Company's credit quality, especially in securing credit portfolios as assets, the Company collaborates with the Central Notary Association of Indonesia (PP-INI). The strategic partnership with PP-INI was formed to secure land deed credit document in accordance with applicable regulations.



## November



### The Company Cooperates with Bluebird to Finance Home Ownership for Taxi Drivers and its Employees

As part of its efforts to continue to better the welfare of drivers and employees, Bluebird has collaborated with the Company on home ownership financing programs. In this collaboration, the Company is committed to provide Home Ownership financing, whether Subsidized Mortgages or Non-Subsidized Mortgages for employees and Bluebird drivers having met the requirements set by Bluebird and the Company.



## December



### Bank BTN Supports Digital Economy Development

Joko Widodo, President of the Republic of Indonesia, accompanied by the President Director of the Company visited a start up exhibition, BTN Digital Start Up Connect 2018, at Balai Kartini, Jakarta. The Company's support for digital economy is shown by its collaboration with start ups in Indonesia, such as Plug N Play Indonesia, and looking out for start ups that are ready to become the Company's strategic partners in digital transformation. In line with the ongoing digital banking transformation, the Company is optimistic that this collaboration will support the corporate business in developing e-commerce and fintech-based banking businesses.



### 42nd KPR Anniversary, the Company Invites Millennials to Actively Participate

Basuki Hadimuljono, Minister of Public Works and Public Housing, along with Maryono, President Director of Bank BTN, welcomed millennials at the 42nd Spirit of BTN KPR event titled Growing with Millennials in Jakarta, Monday (10/12). The 42nd KPR anniversary was a momentum for the Company to invite millennials to play an active role not only as an object but also the subject of the property business going forward mainly to be an innovator and accelerator of the one million house program. For 42 years the Company contributed to the public housing program by realizing the KPR to finance nearly 5 million housing units in Indonesia.





# AWARDS



## INTERNATIONAL

- 1 Gold Award**  
 From League of American Communication Professionals 2017 Vision Awards July 16, 2018
- 2 Top 10 Indonesian Reports of 2017**  
 From League of American Communication Professionals 2017 Vision Awards July 16, 2018
- 3 Best Report Financials: Silver**  
 From League of American Communication Professionals 2017 Vision Awards July 16, 2018
- 4 Top 80 Reports Asia - Pasific Region**  
 From League of American Communication Professionals 2017 Vision Awards July 16, 2018
- 5 Top 100 Reports Worldwide**  
 From League of American Communication Professionals 2017 Vision Awards July 16, 2018
- 6 The 11<sup>th</sup> Ranking Of Indonesia The Best Public Companies Based On Wai™ (Overall) 2018**  
 From Swa Magazine Asean Best Public Companies July 26, 2018
- 7 The 5<sup>th</sup> Ranking Of Indonesia The Best Public Companies Based On Wai™ 2018 Industry Category : Banks**  
 From Swa Magazine Asean Best Public Companies July 26, 2018
- 8 TOP 50 ASEAN PLCs (TOP 31-50)**  
 From the ASEAN Capital Markets Forum ASEAN Corporate Governance Awards November 21, 2018
- 9 TOP 3 PLCs (Indonesia)**  
 From the ASEAN Capital Markets Forum ASEAN Corporate Governance Awards November 21, 2018
- 10 Best CEO category SOE'S Bank Public Company in Asia & Turkey**  
 From Perbanas, Economic Review, International Business School, Indonesia-Asia Institute Human Development for Corporate Transformation Indonesia - Turkey Global Leaders Award 2018 November 24, 2018
- 11 The Best Company in Asia & Turkey 2018 category SOE'S Public Company - Bank**  
 From Perbanas, Economic Review, International Business School, Indonesia-Asia Institute Human Development for Corporate Transformation Indonesia - 2018 Turkey Global Leaders Award November 24, 2018
- 12 Gold Awards in Corporate Governance and Investor Relations**  
 From The Asset The Asset Corporate Award 2018 December 10, 2018
- 13 Winner in the category Public Risk Award**  
 From ERMA (Enterprise Risk Management Academy) ASEAN Risk Award 2018 December 6, 2018
- 14 Runner Up in the category GRC Award**  
 From ERMA (Enterprise Risk Management Academy) ASEAN Risk Award 2018 December 6, 2018

## AWARDS



### NATIONAL

- |   |  |  |
|---|--|--|
| <p><b>1 Education Field Award</b><br/>From Sindo Newspaper<br/>2017 CSR Appreciation<br/>January 25, 2018</p>   | <p><b>2 Best Achiever in CEO State Owned Enterprises (BUMN)</b><br/>From the Mens Obsession<br/>Obsession Award<br/>March 22, 2018</p>   | <p><b>3 Top Banks in Commercial Bank Based on Business Activities/Books 3</b><br/>From Warta Ekonomi<br/>Winner of Financial Indonesia 2018<br/>March 29, 2018</p>                           |
| <p><b>4 Top Home Ownership Loan Product</b><br/>From Warta Ekonomi<br/>Winner of Financial Indonesia 2018<br/>March 29, 2018</p>  | <p><b>5 Top Apartment Ownership Loan Product</b><br/>From Warta Ekonomi<br/>Winner of Financial Indonesia 2018<br/>March 29, 2018</p>  | <p><b>6 Winner of the Best Indonesian Independent Category - Gold Winner</b><br/>From Bumtrack<br/>Mental Revolution Award<br/>April 25, 2018</p>  |
| <p><b>7 Indonesian Serves the Best Category - Silver Winner</b><br/>From Bumtrack<br/>Mental Revolution Award<br/>April 25, 2018</p>  | <p><b>8 Excellent Growth - BUMN Bank Category</b><br/>From Bisnis Indonesia<br/>Bisnis Indonesia Award 2018<br/>May 7, 2018</p>  | <p><b>9 Top Performing Listed Companies 2018, Market Capitalization ≥ Rp10 Trillion</b><br/>From Investor Magazine 2018 Investor Award - 100 Best Listed Companies<br/>2018 May 14, 2018</p> |
| <p><b>10 3<sup>rd</sup> the Best of the Best Indonesia Human Capital 2018</b><br/>From the Economic Review &amp; Indonesia-Asia Institute Human Development for Corporate Transformation Indonesia Human Capital Award - IV - 2018<br/>May 30, 2018</p> | <p><b>11 3<sup>rd</sup> Best Overall Performance Sharia Business Unit (UUS)</b><br/>From Infobank &amp; MRI<br/>15th Banking Service Excellence Awards 2018<br/>June 5, 2018</p> | <p><b>12 3<sup>rd</sup> Best Opening Account Mobile Application Commercial Bank</b><br/>From Infobank &amp; MRI<br/>15th Banking Service Excellence Awards 2018<br/>June 5, 2018</p>         |



**13 1<sup>st</sup> Best ATM Center Commercial Bank**  
 From Infobank & MRI  
 15<sup>th</sup> Banking Service Excellence  
 Awards 2018, June 5, 2018

**14 2<sup>nd</sup> Best Telephone Sharia Business Unit (UUS)**  
 From Infobank & MRI  
 15<sup>th</sup> Banking Service Excellence  
 Awards 2018, June 5, 2018

**15 3<sup>rd</sup> Best Telephone Commercial Bank**  
 From Infobank & MRI  
 15<sup>th</sup> Banking Service Excellence  
 Awards 2018, June 5, 2018

**16 4<sup>th</sup> Best Walk-In Channel Commercial Bank**  
 From Infobank & MRI  
 15<sup>th</sup> Banking Service Excellence  
 Awards 2018, June 5, 2018

**17 6<sup>th</sup> Best Overall Performance Commercial Bank**  
 From Infobank & MRI  
 15<sup>th</sup> Banking Service Excellence  
 Awards 2018, June 5, 2018

**18 Best Bank 2018 - Category of Commercial Banks with Core Capital of Rp5 Trillion – Rp30 trillion**  
 From Investor Magazine  
 Investor Awards Best Bank 2018  
 June 29, 2018

**19 BTN SYARIAH CATEGORY Sharia Banking for Achieving Exceptional Total Service Quality Satisfaction Based on Customer Perception survey SQIndex 2018**  
 From Carre Service Quality Monitoring Indonesia Service Quality Award, SQ Diamond Award 2018, August 2, 2018

**20 1<sup>st</sup> Winner of BUMN Tbk Best Corporate Governance (GCG) Category**  
 From BUMN Track  
 7<sup>th</sup> Anugerah BUMN Award  
 August 9, 2018

**21 Best CEO Driving Execution**  
 From BUMN Track  
 7<sup>th</sup> Anugerah BUMN Award  
 August 9, 2018

**22 Winner of the 1<sup>st</sup> Best Talent Development Category**  
 From BUMN Track  
 7<sup>th</sup> Anugerah BUMN Award  
 August 9, 2018

**23 The Bank with “Very Good” Predicate for Financial Performance during 2017**  
 From Infobank  
 23<sup>th</sup> Infobank Awards 2018  
 August 14, 2018

**24 The Bank with “Very Good” Predicate for Financial Performance 2008 - 2017**  
 From Infobank  
 23<sup>th</sup> Infobank Awards 2018  
 August 14, 2018

## AWARDS



### NATIONAL

- |  |  |   |
|--|--|---|
| <p><b>25</b> <b>Top 8 Popular Company in Banking Sector</b><br/>From Warta Ekonomi<br/>Indonesia Corporate PR Award 2018<br/>August 24, 2018</p>                       | <p><b>26</b> <b>Top 5 Popular CEO</b><br/>From Warta Ekonomi<br/>Indonesia Corporate PR Award 2018<br/>August 24, 2018</p>   | <p><b>27</b> <b>BUMN with "Very Good" Predicate for Financial Performance in 2017</b><br/>From Infobank<br/>9th BUMN Awards 2018<br/>September 26, 2018</p>                             |
| <p><b>28</b> <b>BUMN Berpredikat "Sangat Bagus" Atas Kinerja Keuangan 2008 - 2017</b><br/>From Infobank<br/>9th BUMN Awards 2018<br/>September 26, 2018</p>            | <p><b>29</b> <b>Syariah with "Excellent" Predicate for Financial Performance in 2017 (Golden Awards)</b><br/>From Infobank<br/>7th Sharia Awards 2018<br/>September 26, 2018</p>   | <p><b>30</b> <b>Sharia Business Unit (UUS) with "Very Good" Predicate for Financial Performance 2013 - 2017</b><br/>From Infobank<br/>7th Sharia Awards 2018<br/>September 26, 2018</p> |
| <p><b>31</b> <b>The Best Assets Quality Sharia Business Unit of Commercial Banks 2015-2017</b><br/>From Infobank<br/>7th Sharia Awards 2018<br/>September 26, 2018</p> | <p><b>32</b> <b>The Best Sharia Business Unit; Sharia Bank Category with Asset 20T and Above 20T</b><br/>From Tempo Media Group &amp; Indonesia Banking School<br/>Indonesia Banking Award 2018<br/>September 26, 2018</p> | <p><b>33</b> <b>Living Legends Companies 2018</b><br/>From SWA<br/>Living Legends Companies 2018<br/>October 11, 2018</p>   |
| <p><b>34</b> <b>2017 Best BHUN III</b><br/>From the Ministry of BUMN<br/>BUMN Hadir Untuk Negeri Award 2017<br/>October 29, 2018</p>                                   | <p><b>35</b> <b>2017 Best BHUN Documentation</b><br/>From the Ministry of BUMN<br/>BUMN Hadir Untuk Negeri Award 2017<br/>October 29, 2018</p>   | <p><b>36</b> <b>The 2nd Rank Financial Services Companies</b><br/>From SWA &amp; NBO Group<br/>Indonesian Best Company in Creating Leaders from Within 2018<br/>October 31, 2018</p>    |





**37 The Best in Housing Financing**  
 From Republika  
 Syariah Republika Award 2018  
 November 8, 2018

**38 Rank 1 of BUMN Tbk Bank - Best in Indonesia - 2018 (Book 3) Assets> Rp100 T**  
 From Economic Review  
 Indonesian Banking Award - VII 2018  
 November 19, 2018

**39 BTN KPR, the 2018 Largest Housing Financing Product in the Banking Category**  
 From Property & Bank, Property & Financial Journalists Alliance, MyHomes.tv Indonesia Property & Bank Award 2018, November 21, 2018

**40 SOE with Best Supporting in One Million Housing Program**  
 From Warta Ekonomi  
 Indonesia's appreciation for BUMN  
 November 23, 2018

**41 Popular BUMN in the Financial Sector**  
 From Warta Ekonomi  
 Indonesia's appreciation for BUMN  
 November 23, 2018

**42 TOP 5 Popular BUMNs in the Financial Sector**  
 From Warta Ekonomi  
 Indonesia's appreciation for BUMN  
 November 23, 2018

**43 TOP 5 BUMN in Business Performance**  
 From Warta Ekonomi  
 Indonesia's appreciation for BUMN  
 November 23, 2018

**44 Top Most Caring SOE in Providing Employee Benefit**  
 From Warta Ekonomi  
 Indonesia's appreciation for BUMN  
 November 23, 2018

**45 The TOP 50 Companies for 2018 (Top 8 Best Company)**  
 From Forbes Indonesia  
 The 8th Annual Best of the Best Awards 2018, November 29, 2018

**46 The 3<sup>rd</sup> Rank of The Best CEO 2018 Employee's Choice**  
 From SWA  
 The Best CEO 2018  
 November 29, 2018

**47 Banks with healthy predicate for BUKU III category banks with assets above Rp100 trillion**  
 From Warta Ekonomi  
 Indonesia Best Banking Award 2018  
 30 November 2018

**48 BUMN/BUMD with the Best Gratuity Control System in 2018**  
 From the KPK  
 World Anti-Corruption Day Gratuity Award (HAKORDIA) 2018  
 December 5, 2018

## AWARDS



### NATIONAL

- 49** **Top Leader on IT Leadership 2018**  
From IT Works TOP IT 2018  
December 6, 2018
- 50** **TOP IT on Property Web & Application 2018**  
From IT Works TOP IT 2018  
December 6, 2018
- 51** **Runner Up in the category Risk Educator Award**  
From ERMA (Enterprise Risk Management Academy)  
ASEAN Risk Award 2018  
December 6, 2018
- 52** **Best Overall**  
From the Indonesian Institute of Corporate Directorship The 10th IICD Corporate Governance Conference & Award  
December 10, 2018
- 53** **TOP 50 Big Capitalization Public Listed Company**  
From the Indonesian Institute of Corporate Directorship The 10th IICD Corporate Governance Conference & Award  
December 10, 2018
- 54** **Most Trusted Company Based on Corporate Governance Perception Index (CGPI)**  
From IICG & SWA Good Corporate Governance Award 2018  
December 19, 2018



# CERTIFICATIONS



**1 ISO 9001:2015**  
**Compliance Assurance from SGS**  
Received by Compliance & Governance Division  
Valid until October 19, 2021

**2 ISO 9001:2015**  
**Internal Audit Services (General, Syariah & IT Audits) from SGS**  
Received by the Internal Audit Division  
Valid until August 11, 2020

**3 ISO 9001:2015**  
**Non Subsidized Mortgage Processing (KPR & KPA Ready Stock) which include the process of loan application initial data entry, loan document checking, loan approval & disbursement from SGS**  
Received by Non Subsidized Mortgage & Consumer Lending Division  
Valid until January 6, 2021

**4 ISO 9001:2015**  
**Risk Management Services from SGS**  
Received by Risk Management Division  
Valid until August 6, 2021



# MANAGEMENT REPORT



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# REPORT OF THE BOARD OF COMMISSIONERS



**I Wayan Agus Mertayasa**

President Commissioner



The Company has implemented comprehensive risk management at the levels of strategic, business, and operations. At the strategic level, risk management is carried out through periodic risk appetite & risk tolerance monitoring. At the business level, risk management is carried out by strengthening aspects of the four eyes principle in the credit business process and optimizing credit scoring as a decision tool for credit with certain ceilings and segments.

## *Dear Distinguished Shareholders and Stakeholders,*

First of all, allow the Board of Commissioners to express its gratitude to God Almighty for the success of the Company in continuing its transformation and building growth momentum.

Throughout 2018, the Board of Commissioners carried out its supervision thoroughly, responsibly, and with good intentions. The supervision was also conducted independently, guided by the Company's Work Plan and Budget, Bank Business Plans and Blueprint for Long-term Development Strategy that are in accordance with the Bank's prudential principles, implementation of risk management, and good corporate governance principles as stipulated in the Company's Articles of Association and applicable laws and regulations.

This report from the Board of Commissioners contains the perspectives of the Board of Commissioners regarding the evaluation of the performance of the Board of Directors in 2018, supervision of the implementation of strategic policies, implementation of corporate governance, and the Company's future steps.

### **Macro Economy in 2018**

Recovery of the global economy in 2017 turned out to be restrained in 2018. The global economy grew steadily by 3.7% (yoy) throughout the 2017-2018 period. Economic growth was driven by the strong growth of the United States (US) economy, which increased from 2.2% in 2017 to 2.9% in 2018 due to a boost in fiscal policy from the US President. Along with the improvement in the US economy and The Fed's monetary policy to increase its interest rates, the US dollar continued to strengthen which, on the other hand, caused the Rupiah to depreciate. This led to the outflow of global funds from developing countries, causing the emergence of uncertainty in world financial markets.

In the midst of this uncertainty the economic condition in Indonesia was generally still quite good as indicated by an economic growth rate of 5.17% in 2018, with inflation rate stable at 3.13%. However, due to the weakening of the Rupiah because of outflow of foreign funds from Indonesia, Bank Indonesia (BI) adopted a pre-emptive, front-loading and ahead of the curve monetary policy by raising the benchmark interest rate by 175 bps throughout 2018. This policy proved sufficient to support the stability of the Rupiah in the second half of 2018.



# 19.48%

Total loan and financing grew by 19.48% from Rp198.99 trillion in 2017 to Rp237.76 trillion in 2018



In the midst of rising interest rates, the intermediary function of the banking system throughout 2018 continued to improve which was indicated by continued growth in bank loans. Loans in the domestic banking industry grew 11.75% (yoy) to Rp5,294.88 trillion.

On the other hand, up to the end of 2018, the Company was able to disburse total loans and financing that grew by 19.48% from Rp198.99 trillion in 2017 to Rp237.76 trillion in 2018. The Company's TPF increased by 19.41% to Rp229.83 trillion from Rp192.47 trillion. This increased the Company's assets by 17.24% (yoy) to Rp306.44 trillion, compared to the position in 2017, which amounted to Rp261.37 trillion.

Rising interest rates are certainly a challenge for banks as they face rising operational costs. As a result, the banking industry's Net Interest Margin (NIM) was corrected from 5.32% at the end of 2017 to 5.14% at the end of 2018. Nevertheless, Indonesian banks were still in a strong position as indicated by the Capital Adequacy Ratio (CAR) of 22.97 % and Return on Assets (ROA) which remained stable at 2.55%.

### Assessment of Board of Directors Performance in 2018

2018 was a year full of challenges and opportunities for the Company. The challenges included limited recovery of global and domestic economic conditions, resulting in tight bank liquidity and increasing interest rates. The growth of the financial technology industry, which undermined the market share of transactional banking to some extent, certainly had an impact on the national banking industry, including the Company. However, the Company, as a bank that focuses on housing loans and housing financing has enjoyed relatively larger market opportunities, due to a large housing backlog in Indonesia.

Having to face challenging conditions, the Company remains committed to continue to grow and strengthen its prudential aspects of business. This is apparent in the impressive business achievements of 2018. Based on the 2018 audited financial statements, the assets of the Company have increased from Rp45.07 trillion (17.24% yoy) to Rp306.44 trillion, placing the Company in the position as the 5th largest bank in Indonesia. With consistent loan growth above average industry growth and the Company's dominant market position in the housing sector, the Company has shown real support in strengthening the development of the national housing sector. In 2018,

the Company's loans grew by Rp38.77 trillion (19.48% yoy) to Rp237.76 trillion, higher than the national loan growth of 11.75%. At a time when the banking industry faced the challenge of tight liquidity, the Company's third party funds grew to balance its loan growth, by Rp37.36 trillion (19.41% yoy) to reach Rp229.83 trillion. The Company's profitability was relatively secured as indicated by the NIM ratio of 4.32% in 2018, at a time of quite aggressive benchmark interest rate increase. Also, the Company continued to focus on increasing fee-based income growth as an initiative to improve profitability. In 2018, the Company's fee based income managed to grow by 29.40% to Rp2.06 trillion.

The Company's gross NPL ratio in 2018 was 2.82%, increasing from those in 2017, as was the net NPL ratio that increased to 1.83% from 1.66% in the previous year. In addition, the Company's Capital Adequacy Ratio in 2018 reached 18.21%, which exceeded the minimum capital adequacy provisions. In preparation for the implementation of SFAS 71 in 2020, the Company has prepared itself by strengthening the coverage ratio for the current year. In view of this strategy, the Company's profits, initially set at Rp3.80 trillion, were realized at Rp2.81 trillion in 2018.

In terms of liquidity management, the Board of Commissioners has noticed that the management team has prioritized prudential principles in balancing short-term funding needs with long-term lending, especially for housing loans. To that end, the Board of Commissioners supports the efforts made by the Board of Directors in meeting funding needs, both through increasing low-cost funds and wholesale funding (issuance of securities and loans) that were conducted throughout 2018.

The achievement of a good performance is indicated by a strong mortgage market share which remains dominant in the Subsidy and Low Income Community (MBR) segment. In September 2018, the Company's mortgage market share was 38% with the mortgage market share in the subsidy segment reaching 94%. This increase in market share is in line with the Company's contribution to the "one million houses" program that continues to gather momentum. The Company has realized financing of approximately 757 thousand housing units throughout Indonesia, improving the process towards an excellent performance and a positive accomplishment. This is reflected in the consistent increase in scores in the KPKU band revealing an ongoing upward trend from "emerging industry leader" to "industry leader."



In addition, the Board of Commissioners supports the implementation of sustainable transformation by the Board of Directors as an effort to deal with challenges and opportunities in the banking industry, improve the Company's competitive advantage, improve efficiency and optimize banking operations to meet growing customer expectations. One of the main focus points is the execution of the digital banking transformation initiative and the efforts to be made in implementing the digital ecosystem for the Company. The Board of Commissioners has also confirmed that the Board of Directors was able to strengthen the Company's core business in the housing sector and expand the construction value chain to support increased housing supply.

### **Supervision of the Board of Directors Strategic Policy Implementation**

The Board of Commissioners, in carrying out its supervision in 2018, has proffered sufficient advice to the Board of Directors including advice on aspects of the Company's business development, continued transformation, implementation of good corporate governance, implementation of risk management, application of the Bank's prudential principles, improvement of internal controls, strengthening the organization and improving the quality of human resources, as well as deepening the internalization of corporate culture. Suggestions and advice from the Board of Commissioners, as stated above, is the output from the results of the Board of Commissioners internal meetings, the Board of Commissioners internal meetings with the Committees of the Board of Commissioners, and joint meetings between the Board of Commissioners and the Board of Directors. During 2018, the Board of Commissioners conducted 46 internal Board of Commissioners meetings, as well as 36 joint meetings with the Board of Directors.

### **Overview of the Company's Business Prospects**

The development of the domestic economy from year to year has been followed by an increase in the banking intermediary function. The Company's loan distribution is predicted to continuously grow in line with the large housing backlog, especially for low-income communities. The Company's recognized experience and expertise in the housing finance business, as well as Government support through the Housing Financing Liquidity Facility (FLPP) program, Interest-Subsidized Loans (SSB), cash advance assistance, and LTV relaxation policy by Bank Indonesia, are all future development opportunities.

In pursuing these opportunities, the Board of Commissioners continue to strongly advises the Board of Directors to:

1. Focus on housing and housing-related financing.
2. Implement business processes, so that they constantly rely on the Bank's prudential principles, implementation of sound risk management, and good corporate governance (GCG).

The Board of Commissioners emphasizes improvements to implementation, considering that there are still a number of deviations from the applicable provisions, such as weaknesses in internal control, less than optimal supervision, and anticipation of the application of SFAS-71.

### **Implementation of Corporate Governance**

The Company continues to show a strong commitment to consistently implement GCG, and set the principles of GCG as an operational basis for all activities. The Board of Commissioners supports the Company to remain focused on strengthening good governance systems by following the governance standards issued by regulators in Indonesia, and the governance standards set by the Asian Corporate Governance Scorecard for the realization of superior and highly competitive governance.

The Company has also implemented a governance upgrading capability, which is demonstrated by the implementation of Integrated Governance Risk Compliance (iGRC). The implementation of iGRC is expected to create coordination among controlling and optimizing functions towards more effective and efficient processes.

The Board of Commissioners also appreciates the performance of the Board of Directors which has worked hard to implement GCG in every aspect of business operations and has won several awards. Recognition of the implementation of Corporate Governance is reflected in receiving several awards in the field of Good Corporate Governance (GCG) from both the Regional (ASEAN) and national levels. The Company's corporate governance awards are presented by regulators (Financial Services Authority/OJK) and independent institutions with expertise in GCG, namely the Indonesian Institute for Corporate Directorship (IICD) and The Indonesian Institute for Corporate Governance (IICG). Based on the assessment criteria from the OJK in the self-assessment governance category for the first semester of 2018, the Company received a rating of 2 or "Good," which reflects proper implementation of the Company good governance.

GCG implementation was in line with best practices throughout 2018, resulting in an excellent financial performance and recognition of external parties in the form of various awards for governance (GCG) at both national and international level, including Top 50 ASEAN PLC's and Top 3 PLC's in Indonesia at the ASEAN CG Scorecard in Kuala Lumpur on November 21, 2018, the award of "Best Overall from Top 50 Large Capitalization PLCs at the 10th IICD Corporate Governance Award event held by IICD on December 11, 2018 in Jakarta. Additionally, in managing the company, Bank BTN always prioritizes ethics and integrity. The Company has implemented the Gratuity Control System in collaboration with the KPK in controlling the practice of gratuity and bribery in the work place. Coinciding with the commemoration of the World Anti-Corruption Day held by the KPK, Bank BTN received an award as the BUMN / BUMD with the Best Gratuity Control System of 2018.

### Assessment of the Performance of Committees under the Board of Commissioners

In order to support the effectiveness of the implementation of its duties and responsibilities, the Board of Commissioners is supported by the following organs: the Audit Committee, the Risk Monitoring Committee, and the Remuneration and Nomination Committee.

The Board of Commissioners considers that, throughout 2018, the committees under the Board of Commissioners carried out their duties and responsibilities properly. The Audit Committee monitored and evaluated the planning and implementation of audits, as well as conducting follow-up of audit results in order to assess the adequacy of internal controls. The Risk Monitoring Committee conducted evaluations related to self-assessment of the Bank's risk profile, adequacy of competency and implementation of risk management, reviewed and provided overviews on credit and financing, as recommended by the Board of Directors to the Board of Commissioners, and provision of related-party funds that required Board of Commissioners approval. The Remuneration and Nomination Committee assisted the Board of Commissioners in reviewing the adequacy of the system and the amount of remuneration for the Board of Directors and Board of Commissioners, reviewed prospective members of the Board of Directors and Board of Commissioners to be proposed by the Board of Commissioners at the General Meeting of Directors and Commissioners, as well as reviewing the prospective Head of the Internal Audit Division and Head of the Corporate Secretary Division.

### Whistleblowing Reporting System

In the Company's Whistleblowing System (WBS), the Board of Commissioners also reviewed the adequacy of WBS implementation. During 2018, the Board of Commissioners consistently ensured that WBS reports received priority attention and were followed up properly by the Board of Directors. The Board of Commissioners reported that 112 complaints were submitted through the WBS system, consisting of 11 complaints via Letter / PO BOX, 30 direct complaints via SMS and mobile phone calls, and 71 complaints via email. Of these complaints, 106 were settled without a clarification audit and/or special audit process and 6 complaints were forwarded to a special audit and/or clarification audit process.

### Risk Management and Internal Control

In 2018, the Company implemented a satisfactory risk management structure in accordance with regulations issued by the Financial Services Authority (OJK). The Board of Commissioners constantly emphasized that the Board of Directors should continue to be consistent in implementing good risk management practices and improving the Bank's Internal Control. Based on the results of the 2018 risk self-assessment, the Company's composite risk was in the low to moderate risk category.

The Company has implemented wide-ranging and comprehensive risk management at the strategic, business, and operational levels. At the strategic level, risk management was carried out through periodic monitoring of risk appetite & risk tolerance profiles. At the business level, risk management was carried out by strengthening aspects of the four eyes principle in the credit business process and optimizing credit scoring as a decision tool for credit with certain ceilings and segments. Furthermore, risk management at operational level is carried out by strengthening compliance aspects and implementing risk management tools in all work units such as Risk Control Self Assessment (RCSA) and BTN Loss Event Database (BTN LED) so that work unit risk profiles can be mapped comprehensively and can be used as consideration in the Company's strategic decision making process.

An effective internal control system is an important component in the Bank's management and is the basis for sound and secure Bank operations. The Board of Commissioners also supervised the consistent implementation of the Company's internal control system to safeguard assets, ensure reliable financial





and managerial reporting, enhance the Company's compliance with applicable laws and regulations, and reduce the risk of losses, irregularities and violations of prudential aspects. In doing so, the Board of Commissioners also strengthened existing oversight mechanisms, implemented accountability, and oversaw the implementation of a culture of internal control at all levels of the organization in the Company.

### Implementation of Corporate Social Responsibility

Throughout 2018, the Board of Commissioners noted that the Company's Corporate Social Responsibility (CSR) activities had run very well. The Company's social and community development programs cover the fields of education, health, economy, society and culture, religion and the environment. The programs were carried out based on careful and responsible planning, in line with the Company's CSR policies. The programs consistently pay attention to community needs and are expected to generate increased benefits for stakeholders. In 2018, the Company spent Rp5.18 billion on social and community development programs, covering the fields of economy, arts and culture, sports, education, health, facilities and infrastructure, religion, and natural conservation.

### Changes in the Composition of the Board of Commissioners

Based on the Annual General Meeting of Shareholders on March 23, 2018, the Company appointed 1 (one) Commissioner namely Mr. Parman Nataatmadja as Commissioner of the Company. Based on this decision of the 2018 Annual GMS, the composition of the Company's Board of Commissioners membership in 2018 was as follows:

Position	Name
President Commissioner/ Independent Commissioner	I Wayan Agus Mertayasa
Independent Commissioner	Kamaruddin Sjam
Independent Commissioner	Arie Coerniadi
Independent Commissioner	Lucky Fathul Aziz Hadibrata
Independent Commissioner	Garuda Wiko
Non Independent Commissioner	Iman Sugema
Non Independent Commissioner	Maurin Sitorus
Non Independent Commissioner	Sumiyati
Non Independent Commissioner	Parman Nataatmadja*

\*) Effective after obtaining the OJK approval on the fit and proper test

### Appreciation

The Board of Commissioners, through this report, once again expresses its high appreciation and gratitude to the Board of Directors and all of the Company's organizational staff for their hard work, dedication and commitment throughout 2018 and previous years, with hopes that dedication, commitment and professionalism can be maintained in the coming years, and can be improved for the good of the Company in an effort to achieve the Company's vision and mission.

The Board of Commissioners would also like to convey its thanks and appreciation to shareholders, customers, business partners and all other stakeholders for the support that has been given to the Company during 2018.

The Board of Commissioners believes that with the support of all parties, the Company will be able to become the leading and trusted Bank in facilitating the housing sector and family financial services.

On Behalf of the Board of Commissioners  
 Jakarta, April 2019

**I Wayan Agus Mertayasa**

President Commissioner/Independent Commissioner

# REPORT OF THE BOARD OF DIRECTORS



**Maryono**  
President Director



During this rather challenging economic condition, the Company managed to maintain growth with increasingly strong financial fundamentals. This is evidenced by the Company's strategic role in the national housing sector and the success it has achieved in improving its competitive position in the banking industry. This success resulted from the transformation in the digital banking period that the Bank has been implementing since 2015.

Efforts to financial fundamentals to prepare for the imminent implementation of PSAK 71 was also one of the Company's key focuses. The Company has laid a focus on more prudent business process governance and efforts to increase the coverage ratio in 2018, in order to maintain sound financial fundamentals and ensure sustainable growth in the years to come.



### *Dear Shareholders and Stakeholders,*

On this fine occasion, please allow us to present the Company's Management Report for fiscal 2018. In general, the Company delivered excellent results during the year. The results were achieved in both financial and non-financial terms despite the insignificant recovery process in the global and domestic economies.

# 17.24%

In 2018, the Company posted total assets of Rp306.44 trillion, a growth of 17.24% from Rp261.37 trillion in 2017.

## THE MACROECONOMIC AND BANKING INDUSTRY IN 2018

The persistent volatility in financial markets and the onset of world trade tension certainly affected global economic growth in 2018. In the April 2019 World Economic Outlook, the IMF stated that strong economic growth was seen in 2017 with the trend continuing until the first half of 2018. However, this positive trend was reversed in the second half of 2018, since world economic activities, particularly in developed economies, were beginning to slowdown. After a high 3.8%(yoy) in 2017, world economic growth slowed to 3.6%(yoy) in 2018. The slowdown was chiefly attributable to global exposure to higher risks, due to the normalization in monetary policy elected by the US, which caused tightening liquidity across the globe, leading to heated trade conflicts and escalated geopolitics.

# 19.48%

Our loan and financing portfolios amounted to Rp237.76 trillion, up 19.48% from the previous position at Rp198.99 trillion.

Meanwhile, the global financial sector was faced with challenges that came in the form of Vulnerability, Uncertainty, Complexity and Ambiguity (VUCA), driven by changes in fiscal and monetary policies, especially those impelled in the US.

Amidst the global economic turmoil, Indonesia showed its ability to maintain healthy economic fundamentals as can be seen in its stable economic growth. The country saw its economy grew by 5.17% (yoy) for the full fiscal year 2018. This growth was higher than the corresponding figure of 5.07% in 2017. Factors that helped sustain this positive trend included stable consumption, increased investments, and larger government spending. Controlled inflation was another contributing factor to sustained consumption.

In the meantime, global volatility and uncertainty also put pressure on Indonesia's financial sector. Foreign capital flight from the country, especially from the capital market, drove IDX's JCI downward throughout 2018. This was in line with a weakening trend experienced by nearly all economies across the globe as a result of increased global uncertainty.

Along with pressure in the global financial sector, emerging market currencies, including the Indonesian Rupiah, lost value against the US dollar. By December 2018, the Rupiah had depreciated by 6.16%. This compelled Bank Indonesia (BI) to hike its 7-Day Repo Rate) by 175 bps to 6.00% to keep Indonesia's financial market attractive and control the current account deficit to remain within acceptable limits.

Indonesia's stronger GDP growth corresponded with an increase in consumption, since the Government was able to properly manage inflationary issues. Inflation in 2018 was 3.13%, lower than the preceding year's figure of 3.61%. The reporting year's figure still fell within the target range of 3.5% ( $\pm$  1%) set by BI.

Despite the persistent global economic risks, Indonesia seemed capable of maintaining positive growth on the strength of domestic growth sources. This will eventually have positive impact on Indonesia's economy, and hence, on the national banking industry, in the foreseeable future.

This was indicated in the solid figures for Capital Adequacy Ratio (CAR) and Net Interest Margin (NIM) in the banking industry that stood at 22.97% and 5.14%, respectively, by December 2018. The banking intermediary function improved with an increase in credit growth of 11.75% (yoy) in December 2018. However, Third Party Funds (DPK) saw a decline in growth to 6.45% (yoy) in December 2018, caused mainly by a slowdown in the growth of deposits in foreign exchange.

In addition, positive growth was seen in mortgages in 2018, from 7.2% in September 2016 to 13.31%(yoy) in December 2018, higher than the Rupiah-denominated credit growth of 11.63%(yoy). The role of mortgages, especially those targeting low-income earners, needs to be encouraged in order to stimulate bank credit growth. At the same time, mortgages are a type of loan that show a promising future given the increasingly large backlog in demand for proper housing, which is estimated to have reached 11.4 million units. There is no doubt that continuous improvements and growth in the housing sector will have a positive impact on other industries and ultimately create a large multiplier effect on the Indonesian economy.

### IMPLEMENTATION OF STRATEGIC POLICY

In facing the dynamics challenge in macroeconomics and increasingly tough competition, Bank BTN continued to make innovations that have been further outlined in our established transformation period. Bank BTN has recently embarked on a Digital Banking transformation period. As a manifestation of the Bank's sustainable growth strategy, we have kept our transformation focused on developing a stronger business in the housing sector, supported by improved capability of the Company's HR and infrastructure to help ensure business sustainability.

Consistent with the focus of transformation, the Management has set the direction of the General Policy of the Board of Directors (KUD), referred internally as "Building Growth Momentum on Stronger Business, HR competency Development, and reliable Business Infrastructure" to achieve the Bank's vision as the Leading and Reliable Bank in the housing sector and family financial services. During 2018, Bank



BTN successfully executed its business plans that principally can be elaborated below:

- a. Strengthening its positioning in the mortgage business and construction value chain
  - Strengthening the positioning of its credit portfolio in the subsidized and non-subsidized mass segments;
  - Increasing financing portfolio in the aspiring affluent (emerging affluent and affluent) segments;
  - Establishing cooperation with SOEs and their subsidiaries engaged in non-housing construction business.
  - Expanding market shares in the SME, Commercial and Corporate segments to help increase housing supply;
  - Engaging in asset securitization as an alternative strategy to expand financing portfolio in mortgage business.
- b. Strengthening funding structure and CASA Ratio
  - Optimizing captive customer share of wallet by keeping a higher average balance in mass customers;
  - Increasing CASA-based consumer fund by acquiring more aspiring affluent customers and increasing account utilization as the basis for customer transactions
  - Extending cooperation in institutional funding based on construction value chain;
  - Improving business to business (B2B) collaboration (in collaboration with credit units) with SOE and corporate customers for up-selling opportunities
  - Increasing low-cost wholesale funding
- c. Increasing non-interest income
  - Increasing recurring and service-based Fee Based Income
  - Increasing the Number of Accounts (NoA) and customer transactions through digital banking-based service offerings
  - Deepening customer share of wallet by strengthening the role of BTN Prioritas as Asset Under Management (AUM) in the affluent segment
  - Extending the scope of activities in corporate banking and treasury by developing targeted transactions of commercial and institutional customers;
  - Conducting marketing activities (cross-selling) in order to increase Supply Chain Financing (SCF) transactions to corporate & BUMN credit anchors to attract suppliers, distributors or agents
  - Optimizing passive income through massive sales of off balance sheet assets.
- d. Increasing the effectiveness of collections and asset recovery
  - Intensifying collection of current collectibility;
  - Improving the posture of credit collectability;
  - Improving collection and credit settlement
- e. Improving employee quality and productivity
  - Building top talent management and succession
  - Internalizing employer value proposition through directed recruitment activities to attract top talents;
  - Evaluating performance-based management (attractive compensation mechanism in all business segments);
  - Internalizing collaborative work culture with a focus on external insights into digital transformation;
  - Enhancing the capability of the Human Capital unit to execute strategic initiatives to strengthen the work culture with the support from the top management.
- f. Strengthening the application of governance, risk management and GRC integration
  - Improving corporate governance standards through 11 pillars of BI/OJK, CGPI standards, and ASEAN CG Scorecard
  - Reengineering credit, collection, remedial and other key processes
  - Implementing integrated GRC by monitoring Key Performance Indicators (KPI), Key Risk Indicators (KRI), and Key Compliance Indicators (KCI).
- g. Strengthening IT infrastructure
  - Strengthening IT infrastructure with a focus on developing digital banking and digitalization-based IT to allow more effective and efficient process.
  - Strengthening the role of BTN Properti Portal;
  - Developing internet banking & mobile banking applications through platform upgrading and integration between systems, such as iColl, iCash and property portals;
  - Developing management tools for marketing and sales activities by setting digital marketing & sales tools;
  - Enhancing current operational supporting tools, to improve risk prevention capacity;



- Maximizing risk profiling in all work units;
- Integrating the Loan Origination System and installing iCremo to monitor credit distribution;
- Reengineering financing business process toward a more centralized model through the digitalization of back office system in order to automate business process and connect to various databases

### DELIVERED PERFORMANCE

#### Analysis of Financial Performance

In general, the transformation phase has succeeded in developing the Company into a strong and an agile organization, as evidenced by the Bank's success in delivering stronger growth and financial fundamentals. In 2018, the Company was able to improve its competitive position in the banking industry. Compared to its peers, Bank BTN was growing stronger both in terms of financing distributed, funding generated and assets.

Bank BTN posted an increase of 19.5% in credit and financing disbursement to Rp237.76 trillion, supported by a growing trend in its mortgage business. In 2018, Bank BTN's Non-Subsidized Mortgages grew 12.19%, dominated by middle income segments and Low-Income Communities (MBR) with an average ticket size of Rp250 million to Rp350 million. Subsidized Mortgages also grew 29.70%, distributed through the Housing Financing Liquidity Facility (FLPP) and under the Interest Difference Subsidy (SSB) scheme.

This continued growth in credit is the Company's commitment to help bring the One Million Houses program of the Government into successful implementation while increasing its strategic role in the domestic housing sector. In line with this growth, during 2018, the Company contributed to the One Million Houses Program when it distributed financing for 757,159 housing units, exceeding the predetermined target of 750,000 units.

The increasingly tight liquidity as a result of continued growth in credit became a common challenge faced by the national banking industry in 2018. As of December 2018, lending grew by 11.7% nation-wide while

deposits grew by only 6.5%, slower than the 2017's figure of 9.36%. The slowdown in growth in deposits was due to slower growth in demand deposits and savings, from respectively 13.5% and 11.3% to 6.9% and 7.4%. In line with the industry, Bank BTN's Third Party Fund also experienced a growing trend, especially in savings products. However, the strategy that the Management has been implementing was able to increase the growth of the Company's deposits by 19.41% to Rp229.83 trillion.

In line with the growth of credit and deposits, the Company's assets increased to Rp306.44 trillion or up by 17.2%, in December 2018. The growth rate of assets, reaffirmed that Bank BTN is a BUKU III bank that in actuality is in direct competition with BUKU IV banks.

Safeguarding financial fundamentals to prepare for the imminent implementation of PSAK 71 was also the focus of the Company's efforts to deliver strong performance in 2018. Among strategic steps taken by the Company were the focus on more prudent business process, by strengthening the application of three pillars in credit business process and efforts to increase the level of Allowance for Impairment Losses (CKPN), in order to maintain sound financial fundamentals and ensure sustainable growth in the coming years.

Given the situation described above, the Company's profit reached only Rp2.8 trillion in 2018, of the projected Rp3.8 trillion. However, Bank BTN's business profitability continued to improve, as indicated by the increasing Pre-Provision Operating Profit (PPOP), where Bank BTN's PPOP in 2018 was Rp5.31 trillion or up 11.13% over the prior year.

The Company's Capital Adequacy Ratio (CAR) was well controlled at 18.21% in 2018. Profitability ratios were also maintained at a healthy and controlled level. Return on Assets (ROA) was 1.34%, while Return on Equity (ROE) was 17.06%. Net Interest Margin (NIM) as at 31 December 2018 was 4.32%. Meanwhile, the ratio of Operating Expenses to Operating Revenues (BOPO) was recorded at 85.58%.



## Human Capital Development

2018 was a year where the Company built growth momentum by honing its organizational and human capital capability. With the millennials dominating its workforce, the Company consistently develops the competences of its human capital so they can continue to innovate, embrace integrity, and remain agile in an era where digital disruption is increasingly frequent and the more dynamic competition in the banking industry.

To this end, in 2018 the Company undertook several strategic initiatives in human capital development, including the establishment of Strategic Human Capital Directorate to implement human resource development policies that will cover all aspects of human capital development, including Organizational Development, Human Capital Acquisition, Human Capital Development, Human Capital Engagement, Human Capital Reward and Human Capital Information System, in support of one of Bank BTN's missions, namely to "Prepare and develop quality, professional and high-integrity human capital"

As of December 31, 2018, the Company had 1,400 new recruits to support business development and office network expansion and to replace those employees entering the retirement preparation period. In 2018, the Company had a total headcount of 11,810 employees, up 14.00% from 10,360 employees at the end of 2017.

In order to direct the digital culture behavior and mindset in all employees and key executives, the Company has laid down a set of corporate cultural values as the basis for establishing organizational rules, policies and systems. The corporate culture is built with a focus theme of "Going Digital Through People Empowerment To Win The Competition", which is implemented through the five values of corporate culture known as "SIIPS" that stands for Synergy, Integrity, Innovation, Professionalism and Spirit to Achieve Excellence. These five corporate culture values are the foundation for all employees of the Company ("Bitniz") in behaving to help the Company realize its stated vision.

Further, to ensure an effective human capital competency development, the Company have grouped employee competency development into 3 (three) schools, namely Leadership, Business, and

Operational Banking. Overall in 2018, the Company ran education and training programs that were participated in by 28,827 employees. Of these, 10,153 employees were enrolled in the School of Business, 4,893 in the School of Leadership and the remaining 13,781 in the School of Operational Banking.

The various efforts that we were consistently making proved effective as the Company earned recognition from external parties including the First Place Best Talent Development, Top Most Caring SOE in Providing Employee Benefit and The 3rd Rank of the Best CEO 2018 Employee's Choice. Internally, the successful implementation of talent development policy was reflected in employees' deeper engagement in the business. This is evidenced by the Employee Engagement Survey score of 85 that the Company earned in 2018, indicating the Top Quartile (high) level employee engagement level.

## Implementation of Digital Banking Information Technology

In an era where digital disruption is increasingly frequent, Bank BTN is encouraged to utilize Information Technology as an innovation in developing the Bank's business value proposition, namely: (i) easy transaction services via features of digital-based financial services such as mobile banking, internet banking, and cash management; (ii) faster and more suitable process, through digital channel innovations including the BTN Properti portal and rumahmurahbtn.co.id to make it easier for people to find and apply for mortgages online, open a savings account through digital channels, and E-commerce partners for easy shopping for all customer needs; and (iii) a more efficient process, through the implementation of the BTN SMART application (sales management tools) at Branches and Outlets, BTN Survey (Digital OTS) application to allow faster survey/OTS process, and via the conversion of 10 Branch Offices (and outlets) to Smart Branches (Branches/Digital Outlets) that allow customers to get banking information, communicate with the Bank, do registration, open accounts, and make transactions.

These innovations improved the Bank's performance and increased its competitiveness as marked by the Company's overall performance in 2018, including the more than 4 million mobile banking transactions made, the more than 35% growth in users of mobile



banking, and the more than 18% growth in fees from digital channel business. Awards received for the Bank's digital banking were: 3rd Best Opening Account Mobile Application Commercial Bank (Infobank & MRI), Top Leader on IT Leadership 2018 (IT Work), and Top IT on Property Web & Application 2018 (IT Work).

### BUSINESS PROSPECT

The continued recovery of global economy amidst likely emergence of corrections due to changes in global monetary policies that marked the end of non-conventional monetary policy (in the form of loose/cheap liquidity) and despite continuing trade war initiated by the United States (US). The two global trends have led to a massive flight of foreign funds from developing countries who had been using the funds to finance investments.

While global risks are fairly likely, in general, the world economy has touched its lowest point and further improvements lie ahead. This will certainly have positive impacts on the Indonesian economy. Bank Indonesia expects that in 2019 Indonesia's economic growth will remain strong at above 5%, or at a range of 5.0-5.4% (yoy), with inflation expected to be under control at 3.5% ( $\pm 1\%$ ).

The stability and health of the financial system will remain solid, supported by the expected growth of banking intermediation in 2019. Bank Indonesia estimates credit growth to be in the range of 10-12% (yoy). On the other hand, the trend of banking liquidity is expected to continue in 2019 due to several reasons. First, the national banking loan deposit ratio (LDR) has increased since funding growth is slower than that of credit. Second, the government is increasingly active in issuing retail bonds that can be purchased by individuals, creating potential switch from deposits in banks (both deposits and savings) to retail bonds. Currently, the Government's retail bonds consist of Retail Government Bonds (ORI), Retail Sukuk (SR) and Savings Sukuk (ST). The tight liquidity condition will cause competition for customer deposits to be tougher and give impacts on the growth of funds in the upcoming 2019. In line with this, Bank Indonesia estimates that growth of Third Party Fund in 2019 will be in the range of 8.0-10.0% (yoy) nation-wide.

In the property sector, the ratio of Mortgage to GDP Ratio that shows signs that it can still be increased is an indication that the housing sector is still far from being saturated. Based on reports from the Secondary Mortgage Facility or PT Sarana Multigriya Finansial (SMF) in 2017, the Mortgage to GDP Ratio in Indonesia was 2.9%. This figure is lower than the corresponding ratio across other Southeast Asian countries, such as the Philippines (3.8%), Thailand (22.3%), Malaysia (38.4%) and Singapore (44.8%).

The Government's commitment to overcome the housing backlog via its One Million Houses program launched by the Jokowi-JK administration is also an opportunity for Bank BTN to capture if it seeks to expand its business in the mortgage segment, especially in the Subsidized and Low Income Communities (MBR) segments. A census conducted in 2015 suggests that the percentage of households living in their own houses has increased from 78% in 2010 to 82.63% in 2015. This means that there is a housing backlog of 11.4 million units that still needs to be addressed.

On the other hand, the bonus demographics and growth projections of the Mass - Affluent Community (MAC), which are supported by a stronger digital disruption era, constitute business opportunities that Bank BTN has continued to develop in order to accelerate growth. The demographic bonus and increasingly large digital economic potential will be an opportunity for the Bank to increase feeder income and increase share of wallet in the MAC population customers. Based on the analysis released by certain research institutions, the middle class (MAC) is a dominating population with higher growth compared to other populations, numbering some 141 million.

Looking ahead, with the imminent implementation of PSAK 71 in 2020 that now is in preparation, the Bank will have to strengthen its financial fundamentals and prudent aspects of business in credit business and collection-recovery processes.

Having analyzed the bright prospects, the Board of Directors are optimistic that despite the macro dynamics challenges and the due efforts to strengthen financial fundamentals to prepare for the implementation of PSAK 71, Bank BTN is sure that it can still do the best. This is inseparable from the wide open business opportunities, including that fact that mortgage business is still far from being saturated,



and that we can still optimize bonus demographics and increasingly strong digital disruption era to support business growth in 2019. With regard to the condition described above, we have set the theme of growth with a focus on controlled growth with quality by strengthening the prudent aspects of the business.

Support for government programs to overcome the housing backlog will continue, because Bank BTN as one of the nation's development agents, sees on one hand that the One Million Houses program can give a multiplier effect to 136 industry sectors that are relied on to improve the quality of economic growth faster, and on the other hand also sees the market players as business potentials in terms of credit distribution, fund accumulation, and fee based income generation.

## GCG IMPLEMENTATION

Bank BTN is aware how important it is to implement GCG as a guideline in running a business that is consistent with the goals and needs of all stakeholders. Therefore, in GCG implementation, the Company continues to adopt the various best governance standards at regional and international levels, including the ASEAN Corporate Governance Scorecard, POJK No. 55/POJK.03/2016 and SE OJK No.13/SEOJK.03/2017 on GCG implementation for Commercial Banks, Principles for Enhancing Corporate Governance (Basel Committee on Banking Supervision), and POJK No.21/POJK.04/2015 on the Implementation of Governance Guidelines along with OJK No.SE.32/SEOJK.04/2015 on Guidelines for Corporate Governance for Issuers.

In 2018, the Company embarked on the second phase of GCG implementation where it focused on Upgrading Governance Capability in line with the 2017-2020 GCG roadmap. During this phase, the Company enhanced its governance capabilities that ran paralel with policy improvement, governance application development, financial conglomerates planning, and initiatives on Governance, Risk, and Compliance (GRC).

GCG implementation throughout 2018 was in line with the best practices, resulting in strong financial performance as the Company earned recognition from

external parties in the form of various GCG awards at both National and International levels, including: (i) Ranked I in the SOE Governance Category Best GCG (BUMN Track); (ii) Gold Award - Vision Award (LACP); (iii) Top 50 ASEAN Publicly Listed Companies (PLCs) - ASEAN Corporate Governance Awards (ASEAN Capital Market Forum); (iv) Top Publicly Listed Companies (PLCs) - ASEAN Corporate Governance Awards (ASEAN Capital Market Forum); and (v) Gold Awards in Corporate Governance and Investor Relations - (The Asset).

In addition to the awards, based on the results of the self-assessment, the Bank's Soundness in 2018 was in composite two (Healthy), indicating that the management has implemented proper and adequate GCG principles at all levels of the organization.

## GOVERNANCE STRUCTURE AND MECHANISM

The company have compiled a GCG Roadmap in order to strengthen its GCG practices from time to time, based on 4 (four) GCG pillars: Commitment to Governance, Governance Structure, Governance Mechanism, and Governance Outcome. The application of the four GCG pillars aims to create proportional alignment between Company interests and goals and those of its stakeholders, and will further encourage the creation of corporate sustainability in the long term.

With regard to governance structure, the Company ensures that it has adequate governance structure as well as infrastructure, maximizes the effectiveness of the GCG implementation process, and encourages the creation of a quality GCG outcome to meet the expectations of all stakeholders. With regard to the governance mechanism, it is reflected in various pivotal GCG (soft-structure GCG) policies that the Company has made that will become a living document for all levels and ranks of the Company's organization. The Company currently has 8 (eight) key GCG policies.

In 2018, we made improvements to our GCG structure, including the Corporate Governance Policy Guidelines (PKTKP) as the key reference in application of corporate governance policies, as well as improvements to the Management System Guidelines (PMS) as the implementing manual for PKTKP.

### RISK MANAGEMENT

In conducting risk management, the Company has in place Risk Management that plays a large role and is responsible to the Company's internal control system, especially in relation to the risk assessment component in the COSO internal control framework. Implementation of the Risk Management function is based on Financial Services Authority Regulation (POJK) No 18/POJK.03/2016 on the Implementation of Risk Management for Commercial Banks, and Financial Services Authority Circular Letter (SEOJK) No.34/POJK.03/2016 on the Application of Risk Management for Commercial Banks as a reference for the Company's risk management.

The Company has also compiled the Risk Management Policy Guidelines (PKMR) that contain the minimum provisions required by regulations issued by Bank Indonesia or the Financial Services Authority. A review of PKMR is conducted at least once a year by the Board of Directors and the Board of Commissioners through improvements in the guidelines for risk management policies.

The Company designs risk management to realize sound business management and achieve sustainable growth, and eventually optimize stakeholder value. The Company applies a comprehensive approach to managing risks as a whole, enhancing performance to manage business uncertainty, minimizing threats and maximizing opportunities without neglecting risk management principles that at least include active supervision by the Boards of Commissioners and the Board of Directors; adequacy of policies, procedures and limits; adequacy of risk identification, measurement, monitoring and control processes as well as the Risk Management information systems; and a comprehensive internal control system.

As one of the Systemic Banks, the Company has devised a plan that will be carried out if a financial stress situation is inevitable and can endanger the Company's business sustainability. The plan has been outlined in the form of a Recovery Plan pursuant to POJK No.14/POJK.03/2017 dated April 4, 2017. The Company has compiled a Recovery Plan Document that contains Trigger Levels (for the purpose of prevention, recovery and repair). For each Recovery Options indicator included in the Recovery Plan, there are closures on Capital Indicators, Liquidity, Profitability and Asset Quality.

Throughout 2018, the Company mandatorily managed 8 (eight) types of risks. Of all the risks that must be managed, 3 (three) are categorized as the Company's main risks; these are credit risk, liquidity risk, and operational risk. The Company's risk management strategy is adjusted to the Company's business strategy. The strategy is implemented to support the Company's future business development through:

1. The application of risk management while focusing on the development and simulation of risk and capital measurement, is also focused on the development of a risk awareness culture for all levels of the Company and the Ex Ante function, in order to minimize risk exposures. This should allow the established risk management policies to be implemented in business activities and daily operations at each level.
2. The preparation of Risk Management policies and procedures.
3. Developing a risk management information system in the form of Internal Credit Rating (ICR) for commercial credit and Enhancement Loss Event Database (LED) for operational risk.
4. Stress testing for Credit Risk, which is conducted once (1 time) a year, Market Risk stress testing once (1 time) a year, and stress testing of Liquidity Risk four (4) times a year to assess the Company's resilience to any given stress/crisis scenarios.

The Company also evaluates its risk profile through inherent risk rating and quality rating of risk management implementation to determine the Company's risk rating. The assessment of Risk Management Implementation Quality measures 4 (four) interrelated aspects including risk governance, risk management framework, risk management process, adequacy of human resources, adequacy of management information systems, and the adequacy of risk control systems. Self-assessment of the Company's soundness made in Q4 of 2018 gave a composite risk rating score of 2 (Low to Moderate).

Looking ahead, the continuous efforts to improve GCG will enter the stage of Building Governance Sustainability. In this phase, we will build and implement governance sustainability through the implementation of GCG applications, sustainable financial action plans and sustainable GCG awards. The results of the implementation of Governance will continue to be directed towards how to improve the Company's performance.



## INTERNAL CONTROL SYSTEM

We operate our internal control system in order to help the Company achieve its performance goals, increase value for its stakeholders, minimize the risk of loss and remain in full compliance with applicable rules and regulations.

The implementation of the Company's internal control system is an important monitoring component in managing the Company and is one of the key references for healthy and controlled operations. The company refers to the COSO (Committee of the Sponsoring Organizations of the Treadway Commission), the Internal Control Integrated Framework in developing an internal control framework to ensure adequate operational and financial recognition, financial reporting, operational effectiveness and efficiency, and compliance with applicable laws and regulations.

The Company, through its Internal Audit Division, has disseminated internal controls by using the COSO Framework in each audit activity as part of a fraud prevention measure by strengthening the control environment of the business/operational units or first line of defense.

Throughout 2018, the Company's Internal Audit Division took steps to ensure the implementation of effective monitoring activities, by:

1. Ensuring that the monitoring function is clearly defined and well-structured within the Company's organization;
2. Establishing work units/individual employees assigned to monitor the effectiveness of internal control;
3. Setting the right frequency of monitoring activities based on risks inherent in the Company and the nature and frequency of changes that may occur in operations;
4. Integrating SPIN into operational activities and providing routine reports such as bookkeeping journals, management reviews and reports on approvals for exceptions/deviations from the established policies and procedures (justifications for irregularities) subject to further review;

5. Conducting reviews on documentation and the results of the evaluation of work units/individual employees assigned with monitoring tasks;
6. Determining information/feedback in the right format and frequency.

The Company also makes Internal Control Assessment (ICA) in order to evaluate the effectiveness of its internal control system. The assessment measures the quality of the internal control of the audit work unit of 5 (five) components of the COSO Framework internal control, using the Internal Control Assessment (ICA) rating questionnaire criteria as well as the professional judgment of auditors through a walkthrough in the field. The effectiveness of the Company's internal control system (risk control) is evaluated at all units (division/desk) at the Head Office, in 76 Branches and in 24 Sharia Branch Offices. All matters pertaining to the issue of adequacy of internal controls have been reported directly to the Board of Directors and to the Board of Commissioners through the Audit Committee. Follow-up efforts have been made to minimize risks and overcome any issue that may consequently arise.

## WHISTLEBLOWING SYSTEM (WBS)

WBS is a crucial part of the internal control system in preventing wrongdoings from occurring. We have already in place a Whistleblowing System (WBS) policy that refers to Bank Indonesia Regulation No.5/8/PBI/2003, later amended by PBI No 11/23/PBI/2009 and Bank Indonesia Circular Letter No 13/28/DPNP on Anti-Fraud Policy. The implementation of WBS aims to detect and prevent early occurrences of wrongdoings or violations, gradually creating a transparent, sincere, honest and responsible work climate.

The Company has internalized its WBS system by distributing guidelines for the Implementation of the WBS System/SPP Policy, which is determined based on the Board of Directors Circular and sharing sessions with all Company leaders and employees. In addition, the WBS was also socialized through the Company's website and various media, such as internal bulletins, posters, direct presentations of ethical guidelines and WBS policies.

The mechanism for reporting any violation through the WBS is by filing a report/disclosure and sending it based on the indication of the alleged violation. The Company has also built a supporting infrastructure to implement its WBS policies where a whistle blower can submit his or her report through any designated media that the Company has provided i.e. mailboxes, official e-mails addressed to the WBS Team, and other distribution media such as Letters/PO BOX, Telephone/text, and by handing over the report in person.

In order to maximize the WBS, we are committed to guaranteeing protection to any whistle blower who has shown good intentions to report a violation that may cause the Company to suffer losses. Guaranteed protection is given comprehensively depending on the whistle blower's need, including physical protection for the whistle blower and family members; protection for the assets of whistle blower and those of family members against terror or possible retaliation; administrative protection, and legal protection in the litigation process in the District Court, including the costs, and, if necessary, protection through the LPSK (Witness and Victim Protection Agency).

Throughout 2018, we received 112 reports from whistle blowers that consisted of 11 complaints via Letter/PO BOX, 30 complaints via text/mobile/in person and 71 complaints via emails. Of these, we have completed 106 violation reports without further audits (special clarification and/or audit), while 6 complaints needed further audit processing (special clarification and / or audit).

### PERFORMANCE ASSESSMENT OF THE BOARD OF DIRECTORS COMMITTEES

In compliance with all applicable rules and regulations in discharging its management duties, the Board of Directors is supported by 7 (seven) Committees. Listed below are the aforementioned committees:

1. Risk Management Committee
2. Asset and Liability Management Committee (ALCO)
3. Credit Policy Committee
4. Credit Committee

5. Product Committee
6. Personnel Committee
7. IT Steering Committee

The performance of each of the Committees is assessed against their agreed work plan. The performance of each of the Committees is respectively reflected in its work meetings and meeting decisions. For the fiscal year 2018, we consider the Committees to have effectively discharged their respective duties and responsibilities with regard to how they assisted us. Criteria and basic considerations for assessment are based on several matters, including the number of meetings held, the presence of members of the Board of Directors, the minutes of meetings, and the decisions made during meeting discussions.

The Risk Management Committee has a role to formulate policies, strategies and objectives of risk management, as well as the necessary tools to monitor and make decisions pertaining to the implementation of the Company's risk management. In 2018, the Risk Management Committee held 5 (five) meetings, including one that discussed the Company's self-assessment of risk profile reports.

The Asset and Liability Committee (ALCO) has a role to formulate policies, strategies and targets, as well as the necessary tools to monitor and make decisions pertaining to the implementation of the Company's Asset Liability Management (ALMA). In 2018 ALCO held 14 (fourteen) meetings, all of which had a key agenda to discuss the performance of the Company's assets and liability.

The Credit Policy Committee has a role to formulate policies, oversee the implementation of policies, monitor the progress and performance of credit portfolios and give constructive recommendations to improve credit quality. In 2018 the Credit Committee held 5 (five) meetings including one that discussed credit analysis and strategies for the relaxation policy for mortgages, recently released by BI.

The Product Committee has a role to formulate policies, oversee the implementation of policies, monitor progress made, and make constructive recommendations related to the Company's products. In 2018, the Product Committee discharged its tasks by holding 2 (two) meetings to discuss the Launching of





Educational Mortgages, the Launching of BTN TCASH Savings product, Branch Office Facade Standardization and plans to develop a Marketing Kit for Bank Products & Services.

The Personnel Committee has a role to formulate policies, oversee the implementation of policies, monitor progress made in employment and give constructive recommendations in accordance with the Company's employment regulations and those enacted and applicable in Indonesia. In 2018, the Personnel Committee held 12 (twelve) meetings, which discussed the fulfillment of positions and employees in work units and promotion and re-assignment of employees.

The Information Technology Steering Committee has a role to formulate policies, strategies and targets, as well as the necessary tools to monitor and make decisions pertaining to the implementation of the Company's Information Technology management. In 2018, the Information Technology Steering Committee held 3 (three) meetings, mainly to discuss the Company's IT development.

## **CORPORATE SOCIAL RESPONSIBILITY AND PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAMS**

On awareness that success in the business world is not only determined by sound management and strong operational performance, it is also achieved through support from the Company's contribution to non-financial investment by the implementation of Corporate Social Responsibility (CSR) and Partnership and Community Development (PKBL) programs. We carry out CSR and PKBL programs in order to make a real contribution to sustainable economic development, help support the business in the long term, and meet stakeholder expectations.

Following the enactment of Financial Services Authority Regulation No 51/POJK.03/2017 on the Implementation of Sustainable Finance, the Company is committed to applying the principles of sustainable finance to prevent funding or investment where resources are excessively used that may have a negative impact on social balance and the environment. The application of this principle can

also be seen in the various CSR and PKBL activities that the Company has consistently carried out with a triple bottom line approach, covering economic, environmental, and social indicators.

In 2018, the Company's CSR program was run in line with the principle of 3P (people, profit, planet), which were prepared after the needs and sustainability of the programs were considered. The programs are expected to encourage increased benefits for stakeholders through the implementation of CSR budget allocation policies that pay heed to compliance and fairness principles. Based on the 3P principle, the Company's CSR program is oriented to the creation of added value to all stakeholders and the surrounding community, while helping to reach sustainable development goals.

The Company implements various CSR programs through four crucial areas that emphasize responsibility towards the environment, responsibility towards employment and occupational safety and health, responsibility towards social and community development, and responsibility towards products and customers. The Company runs programs in all four areas with a more intense focus on certain programs and activities that include economic development, arts and culture, sports, education, health, public facilities and infrastructure, religion, and environmental preservation.

We allocated CSR funds totaling Rp5.5 billion for 2018, and as of December 31, 2018, Rp5.18 billion or 94.18% of the funds had been absorbed. Areas of the Company's CSR fund distribution activities included the economy, arts and culture, sports, education, health, facilities and infrastructure, religion, and nature preservation.

In addition to CSR activities, the Company also implements the Partnership and Community Development Program (PKBL). For 2018, the Company allocated PKBL funds totaling Rp22 billion. The actual figure was Rp 21.78 billion as of the end of the year. In 2018, the Company has channeled total funds of Rp37.27 billion in the Partnership Program to 760 fostered partners in 7 (seven) sectors covering fisheries, plantations, agriculture, livestock, industry, services and trading. Meanwhile, the actual distribution figure of the Company's Community Development Program was Rp 21.78 billion.



## REPORT OF THE BOARD OF DIRECTORS

One of the Company's PKBL activities was carried out through the 'SOEs for the Country' program. Through this program, the Company has built a Village Economic Center (Balkondes) as an establishment that aims to help improve the economy of the local villages and empower and develop tourism-based human resources through the development of activities in the surrounding environment.

We have consistently run our CSR and PKBL programs and activities with well-conceived planning, responsibility, and referring them to Company policy. CSR activities are carried out throughout the office network consisting of the Company's Head Office and Branch Offices across Indonesia. Program implementation is adjusted to the conditions of each region and coordinated with relevant parties to ensure that each of the programs is properly run.

### CHANGES IN THE COMPOSITION OF MEMBERS OF THE BOARD OF DIRECTORS

In 2018, through the decision of the 2018 Annual General Meeting of Shareholders (GMS), the Company dismissed with honor Mr. Adi Setianto from his

position as Director of IT & Operations, effective the closing of the Annual GMS. The Company expresses its gratitude and high appreciation for the dedication, contribution of energy and thought that he contributed while he was in office.

In addition, the Company has, by nomenclature, changed the position of one member of the Company's Board of Directors, namely from Director of Collection, Asset Management & Legal to Director of Collection & Asset Management. The Company also opened an additional Director position, Director of Strategic Human Capital.

The 2018 Annual GMS also reassigned Mr. Nixon L.P. Napitupulu who was initially Director of Collection, Asset Management & Legal, as Director of Collection & Asset Management; he will assume his new position for his remaining term of office since the decision of the AGM of his appointment. Also, Mr. Andi Nirwoto was appointed as Director of IT & Operations and Mr Yossi Istanto as Director of Strategic Human Capital.

After the decision of the 2018 Annual GMS, the composition of the Company's Board of Directors in 2018 was as follows:

Position	Name
President Director	Maryono
Director of Finance & Treasury	Iman Nugroho Soeko
Director of IT & Operations	Andi Nirwoto
Director of Commercial Banking	Oni Febriarto Rahardjo
Director of Consumer Banking	Budi Satria
Director of Strategy, Compliance & Risk	R. Mahelan Prabantarikso
Director of Collection & Asset Management	Nixon L.P. Napitupulu
Director of Distribution & Network	Dasuki Amsir
Director of Strategic Human Capital	Yossi Istanto

These changes were needed because the Company is seeking to accelerate the implementation of business strategies, to bring about transformation and to meet its increasingly challenging targets. We believe that, with the new composition, the Company will grow even stronger.



## APPRECIATION AND CLOSING

In closing, we on behalf of the entire Board of Directors would like to express our gratitude and appreciation to the Board of Commissioners for all directions, suggestions and recommendations given to us. The same recognition is also due to all shareholders, customers, and business partners, for the support, trust and cooperation that we have sincerely established so far with you.

We thank and appreciate all employees for their hard work and dedication, and their love and respect towards their respective duties and responsibilities, and their collective and tireless support of the realization of the Company's Vision, Mission and Targets.

We would also like to say many thanks to all other stakeholders, impossible for us to mention one by one, who have continually shown us unflinching cooperation, which has allowed us, as the Management, to achieve our targets, as we seek to grow the business and ensure sustainable growth. May Allah the Almighty always be with us and pour His mercy and give His guidance, and protect all of us as we pursue a better future for the Company.

On behalf of the Board of Directors  
Jakarta, April 2019

**Maryono**  
President Director

# ACCOUNTABILITY OF ANNUAL REPORT

## Letter of Statement of the Members of Board of Commissioners on 2018 Annual Accountability Report of PT Bank Tabungan Negara (Persero) Tbk

We, the undersigned below, declare that all information in the 2018 Annual Report of PT Bank Tabungan Negara (Persero) Tbk has been completely disclosed and we are fully accountable for the truthfulness of its content. We also declare that the Company Risk Management and Internal Control System is adequate. This statement is made truthfully.

Jakarta, April 2019



**I Wayan Agus Mertayasa**  
President/Independent Commissioner



**Kamaruddin Sjam**  
Independent Commissioner

**Arie Coerniadi**  
Independent Commissioner



**Lucky Fathul Aziz Hadibrata**  
Independent Commissioner



**Garuda Wiko**  
Independent Commissioner



**Maurin Sitorus**  
Non Independent Commissioner



**Iman Sugema**  
Non Independent Commissioner



**Sumiyati**  
Non Independent Commissioner



## Letter of Statement of the Members of Board of Directors on 2018 Annual Accountability Report of PT Bank Tabungan Negara (Persero) Tbk

We, the undersigned below, declare that all information in the 2018 Annual Report of PT Bank Tabungan Negara (Persero) Tbk has been completely disclosed and we are fully accountable for the truthfulness of its content. We also declare that the Company Risk Management and Internal Control System is adequate. This statement is made truthfully.

Jakarta, April 2019

**Maryono**  
President Director

**Iman Nugroho Soeko**  
Director

**Oni Febriarto Rahardjo**  
Director

**R. Mahelan Prabantarikso**  
Director

**Nixon L.P Napitupulu**  
Director

**Budi Satria**  
Director

**Dasuki Amsir**  
Director

**Yossi Istanto**  
Director

**Andi Nirwoto**  
Director

# COMPANY PROFILE



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# COMPANY IDENTITY



<b>Name</b>	<b>PT Bank Tabungan Negara (Persero) Tbk</b>
<b>Short Name</b>	Bank BTN
<b>Business Line</b>	Commercial Bank
<b>Company Status</b>	State-Owned Enterprise (SOE)
<b>Share Ownership</b>	<ol style="list-style-type: none"> <li>1. Government of Republic of Indonesia : 60.00%</li> <li>2. Local Public : 16.82%</li> <li>3. Foreign Public : 23.18%</li> </ol>
<b>Date of Establishment</b>	9 <sup>th</sup> February 1950



### Change in Name of the Company and Effective Date of Change

Established as "Postspaarbank" in 1897, then changed its name to Tyokin Kyoku or Savings Office in 1942. It again changed its name to Taboengan Pos Office in 1945. In 1950, the name was changed to "Bank Tabungan Pos" by the Government of Republic of Indonesia. Effective 1963, the Company changed its name to Bank Tabungan Negara.

### Legal Basis of Establishment

Emergency Decree No. 9 of 1950, Republic of Indonesia Gazette No. 12 of 1950.

### Authorized Capital

Rp10,239,216,000,000,- (ten trillion two hundred thirty nine billion two hundred sixteen million Rupiah)) divided into:

- 1 (one) Series A Dwiwarna share with nominal value of each share of Rp500 (five hundred Rupiah).
- 20,478,431,999 (twenty billion four hundred seventy eight million four hundred thirty one thousand nine hundred and ninety nine) Series B shares with a nominal value of each share of Rp500 (five hundred Rupiah).

### Issued and Fully Paid Capital

From the Authorized Capital, some 51.71% or equal to 10,590,000,000 (ten billion five hundred ninety million) shares have been issued and fully paid-in to the nominal amount of Rp5,295,000,000,000 (five trillion two hundred ninety five billion Rupiah), divided into:

- 1 (one) Series A Dwiwarna share with nominal value of Rp500 (five hundred Rupiah)
- 10,589,999,999 (ten billion five hundred eighty nine million nine hundred ninety nine thousand nine hundred ninety nine) series B shares, with a total nominal value of Rp5,294,999,999,500 (five trillion two hundred ninety four billion nine hundred ninety nine million nine hundred ninety nine thousand five hundred Rupiah).

### Stock Exchange Listing

Indonesia Stock Exchange (IDX)

### Date of Listing of Shares

17<sup>th</sup> December 2009

### Ticker Symbol

BBTN

### Number of Employees 2018

11,810 employees

### Head Office Address

Menara Bank BTN  
Jl. Gajah Mada No. 1 Jakarta 10130, Indonesia

### Telephone

62-21 6336789, 6332666

### Facsimilie

62-21 6346704

### Email




csd@btn.co.id

### Website

www.btn.co.id

### Contact Center

**1500-286**  
www.btn.co.id

 BankBTNcoid  
 @BankBTNcoid  
 Bankbtn



# MILESTONES



**1897**

The Company was established under the name "Postspaarbank" during the rule of the Dutch East Indies Government.



**1942**

The Company was taken over by the Government of Japan and renamed Tyokin Kyoku or the Savings Office.



**1945**

The Government of the Republic of Indonesia took over Tyokin Kyoku and established Taboengan Pos Office.

**1946**

All Taboengan Pos offices were occupied by the Dutch and temporarily ceased operations.

**1949**

The Government of Indonesia reopened the Taboengan Pos Offices with the name of Bank Tabungan Pos RI

**1950**

Change of name to "Bank Tabungan Pos" by the Government of the Republic of Indonesia.



**1953**

Inaugurated as a legal entity under the Ministry of Transportation and allowed to open a Branch Office.

**1963**

Change of name to Bank Tabungan Negara and moved under the Ministry of Central Bank Affairs.



**1965**

Integration of State-owned Banks and Bank Tabungan Negara into the Central Bank.

Established a Single Bank under the name of Bank Negara Indonesia consisting of Bank Tabungan Negara, Bank Indonesia, Bank Koperasi Tani dan Nelayan, State-owned Banks, BNI 1946 and Bank Dagang Negara.



**1968**

The single bank was separated and reopened as Bank Tabungan Negara, abbreviated to BTN.



**1976**

Realization of BTN mortgage (KPR) for the first time in Tanah Mas Housing, Semarang.

**1971**

BTN cooperated with Perum Pos and Giro to implement Tabanas (National Savings) program and Taska (Term Insurance Savings) program.



**1974**

Assigned by the Ministry of Finance to public housing financing.

**1986**

Obtained credit from IBRD / World Bank in the amount of USD 266,550,000 which was signed by the Government of Republic of Indonesia.



**1989**

Issued Bonds for the first time and the commencement of commercial bank operations.



**1992**

Effectively became a limited liability company (Persero).

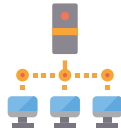
**1994**

Obtained permission to operate as a Foreign Exchange Bank.



**2001**

Recapitalization by the Government of the Republic of Indonesia with a value of Rp13.6 Trillion.



**2002**

With an online real-time system, based on IBM-AS400, information technology was implemented in all branch offices.



**2005**

Establishment of Sharia Unit Business and opened the First Sharia Branch Office at Harmoni, Jakarta.

**2008**

Obtained ISO 9001-2000 Certification for mid-term credit services with service pattern 1-5-1.



**2009**

Mortgage Securitization through the first Asset Backed Securities (KIK EBA) Collective Investment Contract in Indonesia.

The Company conducted an Initial Public Offering (IPO) and was listed on the Indonesia Stock Exchange (Go Public).

**2012**

The Company carried out a Rights Issue.

**2013**

The Company transformed into a leading housing financing bank, offering world class banking.

**2014**

The Company and SMF signed Indonesia's biggest securitization.

**2015**

The Company participated in the success of "One Million Houses for Indonesian People."

**2016**

The Company continued the transformation agenda, namely "Digital Banking Period."



**2017**

The Company continued the transformation phase of the digital banking period by developing various digital-based products and services, one of which was the opening of the Smart Branch in Harmoni, Jakarta.

**2018**



#### Developing Digital Ecosystems to Support Sustainable Business

2018 was a challenging year. The Company dealt with slower growth of housing property, which was accompanied by technological developments. The banking industry had to transform to adapt. In 2018, to achieve its stated goals, the Company built a digital ecosystem to support sustainable business while strengthening its position as the leading housing financing bank in Indonesia.



# BRIEF HISTORY OF THE COMPANY



The long history of PT Bank Tabungan Negara (Persero) Tbk., or Bank BTN (hereinafter referred to as the Company) began with the establishment of Postspaarbank in 1897. In 1942, Postspaarbank was taken over by the Government of Japan and changed its name to Tyokin Kyoku or Savings Office. In 1945, the Government of the Republic of Indonesia took over Tyokin Kyoku and established the Taboengan Pos Office. In the post-independence era, precisely in 1950, the Government of the Republic of Indonesia changed the name of Tyokin Kyoku to Bank Tabungan Pos, and then again changed its name to Bank Tabungan Negara in 1963. It is still known as Bank Tabungan Negara today.

In 1974, the Government appointed the Company as the only institution allowed to channel Home Ownership Loans (KPR) for the lower middle class, in line with the Government program to promote a housing program for the public. In 1976, the Company carried out its first realization in Tanah Mas Housing in Semarang. In 1994, the Company obtained an operating license as a Foreign Exchange Bank, and subsequently, the Company was appointed as a commercial bank that focused on home financing in 2002.

In 2009, the Company operated as a commercial bank and for the first time, the Company issued bonds. The Company listed its shares on December 17, 2009 on the Indonesia Stock Exchange and became the first bank in Indonesia to carry out asset securitization by listing Asset Backed Securities (KIK-EBA) Collective Investment Contract transaction.

The Company shows a determination to help all levels of Indonesian society in realizing their dreams of owning a home. This determination was realized



## The Company focuses on financing for the housing sector through its three main products, namely consumer banking, commercial banking, and shariah banking.

by the Company by continuing to focus on home financing and by its consistency, for more than six decades, in providing a variety of products and services in the housing sector, mainly through mortgages/KPR, both Subsidized Mortgages for lower middle segment and Non-Subsidized Mortgages for the middle to upper segments. This effort produced good results; the Company succeeded in increasing its position to become the 5th largest bank in Indonesia in terms of assets. With the aim of providing the best results to stakeholders, the Company is always consistent in emphasizing its focus as a leader in home financing, and aspires to become “The Leading Housing Financing Bank in Indonesia offering World Class Services.”

In 2015, the Company played an important role in helping the Government program “One Million Houses for the People Program.” The Company has been appointed as one of the banks that support government programs through mortgage financing. In an effort to accelerate the one million homes program, in 2016, the Company continued to boost supply and demand for mortgages, among other things, by offering financing facilities for developers for mortgage loans and disbursements, providing financing facilities for developers to accelerate subsidized mortgages, non-subsidized KPR and micro KPR. In 2016, the Company entered Phase II of transformation for the first year, namely the digital banking period. The Company has

developed various products and added digital services such as BTN mobile, internet banking and cash management. In 2017, the journey of the Company’s digital banking transformation process continued. In terms of business, the Company continues to improve banking services by accelerating the stages of corporate transformation in the digital era, one of which is by opening Smart Branch. The Company’s Smart Branch is equipped with a variety of services to facilitate customers’ needs in obtaining banking information, communicating with banks, registering, opening accounts, conducting transactions including transactions outside of banking products.

In 2018, the period of digital banking through improvement of infrastructure and information technology networks began to bear fruit. During the first semester of 2018, the Company managed to boost fee-based income (FBI) by 26.53% to Rp2,062.99 billion. In addition, through the implementation of various strategic policies carried out throughout 2018, the Company won first place for the Best Good Corporate Governance category in the 2018 BUMN Award. The Company was considered to have succeeded in implementing the principles of good corporate governance compared to other publicly listed SOEs. In addition to achieving The Best GCG, the Company won the Best Talent Development and The Best CEO award in the Driving Execution category.

# VISION, MISSION & CORPORATE CULTURE VALUES

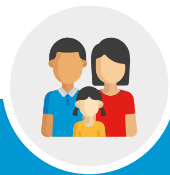
## VISION

**Leading, and trusted in facilitating the housing sector and family financial services.**

### MISSION



Play an active role in supporting the housing sector, both from the supply side and demand side, which is integrated in the housing sector in Indonesia



Provide superior services in financing to the housing sector and family financial needs



Increase competitive advantage through innovation in digital product development, services and strategic networks

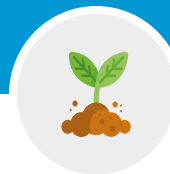
Prepare and develop qualified, professional and high- integrity human capital



Increase stakeholder value by focusing on increasing profitability growth in accordance with prudential and good corporate governance principles



Care for community, social and environmental interests in a sustainable manner



The determination of the Company's Vision and Mission is carried out periodically based on the mechanism for preparing the Bank's Long Term Plan (RJP). The Company's Vision and Mission have been reviewed and approved in the Blueprint of the BTN Bank Strategic Plan.



## CORPORATE CULTURE VALUES



Corporate culture is built on values, becoming principles that are believed to be good and right in carrying out work, and become a guideline for every person to behave, act and make decisions to achieve common objectives. Corporate culture values direct the behavior of members of the organization and establish the basis for determining organizational rules, policies and systems ("the way we do things around here").

# SIIPS

### SYNERGY

Building synergic cooperation with all stakeholders based on a sincere, open-minded attitude and encouraging productive collaboration by upholding mutual trust and respect to achieve common goals.

### INTEGRITY

Consistency in mind, manner, matter in line with the Company's rules, code of professional conduct, and commendable principle of truth.

### INNOVATION

Continual development of new ideas and continuous improvements that add value to the Company.

### PROFESSIONALISM

Visionary, competent in each field, always willing to move ahead using the latest technology to produce the best performance.

### SPIRIT TO ACHIEVE EXCELLENCE

Demonstrate passion and strong commitment to achieve the best results and provide services that exceed customer expectations (internal and external) by stressing the importance of quality in each activity, as well as in calculated risks.

Each Corporate Culture Value has 2 (two) Main Types of Behavior which are the reference point for all Company Personnel (Bitniz). The 10 (ten) main types of behavior are:



### SYNERGY

1. Be sincere, open and show productive collaboration.
2. Show mutual trust and respect.



### INTEGRITY

1. Be consistent and disciplined.
2. Be honest and dedicated.



### INNOVATION

1. Respond to change.
2. Be creative and innovative in making value-added improvements.



### PROFESSIONALISM

1. Be competent, show intrapreneurship and be responsible.
2. Work smart and be result oriented.



### SPIRIT TO ACHIEVE EXCELLENCE

1. Be enthusiastic, proactive and never give up.
2. Be effective, efficient and prioritize customer satisfaction.



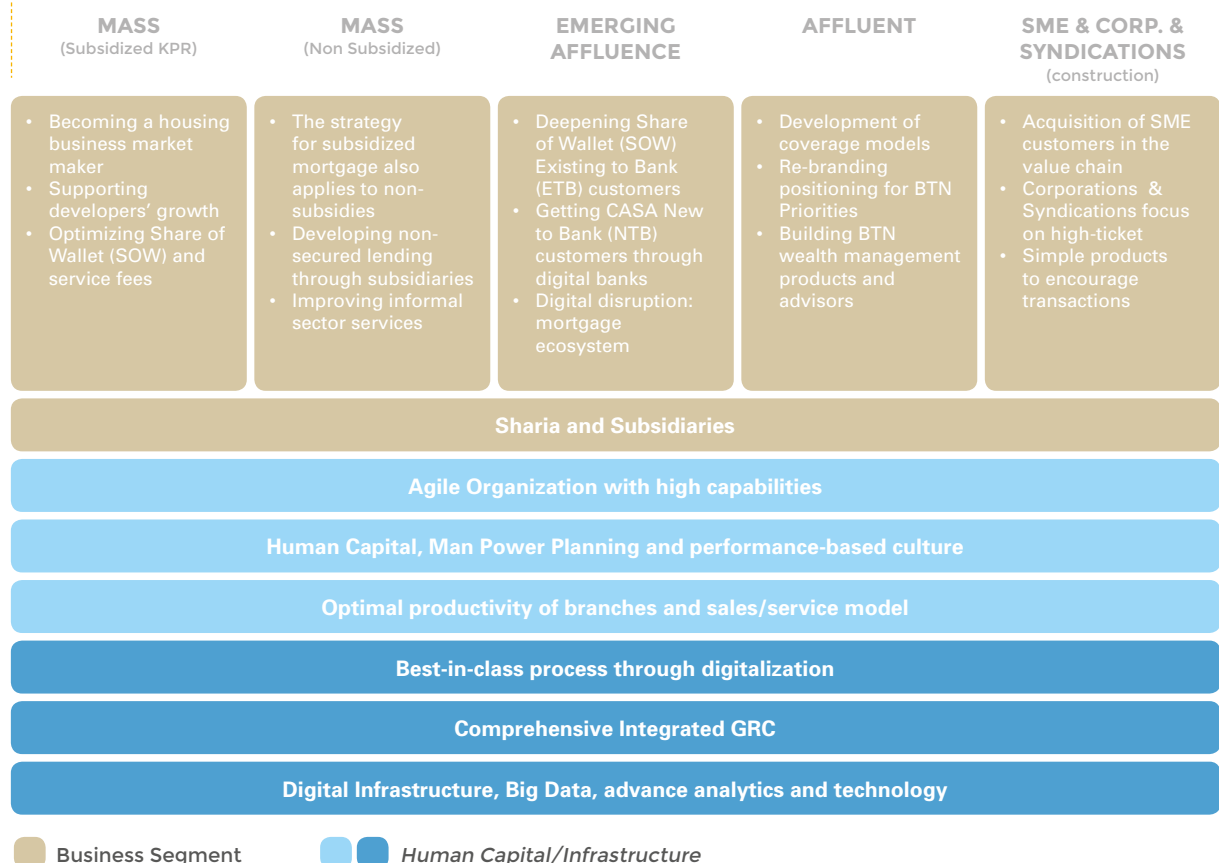


# STRATEGIES TO ACHIEVE THE VISION AND MISSION

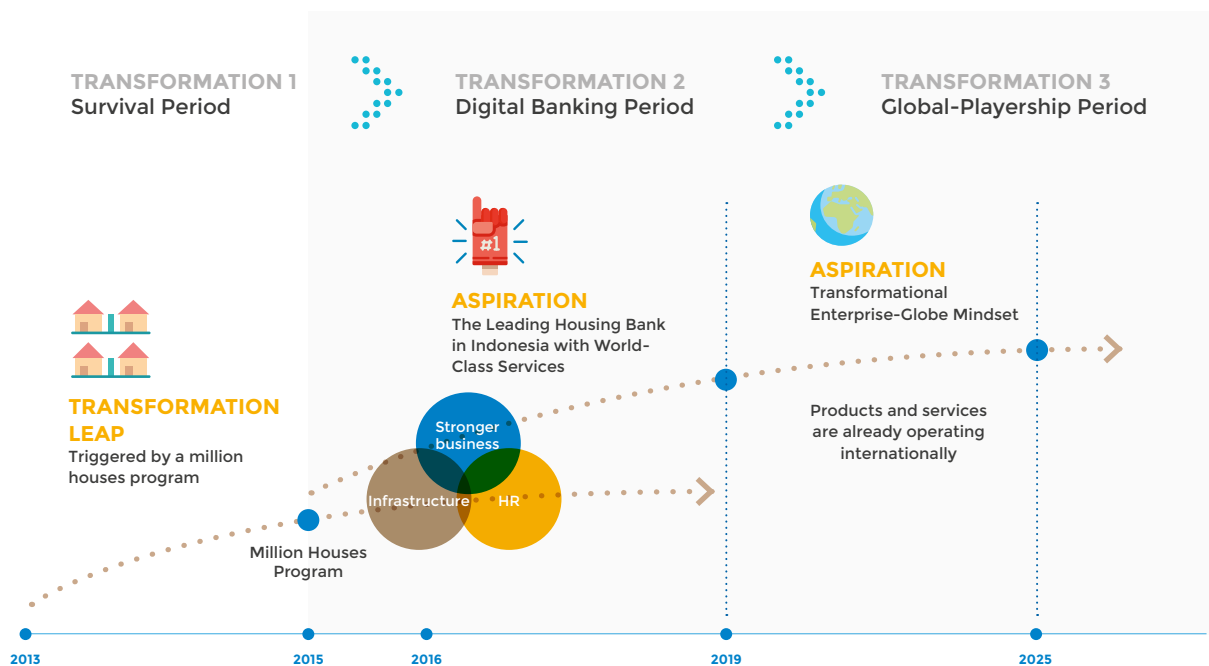
The Company has established strategic pillars in the context of business growth and has a vision to become 'Leading and Reliable in facilitating the housing sector and family financial services', as follows:



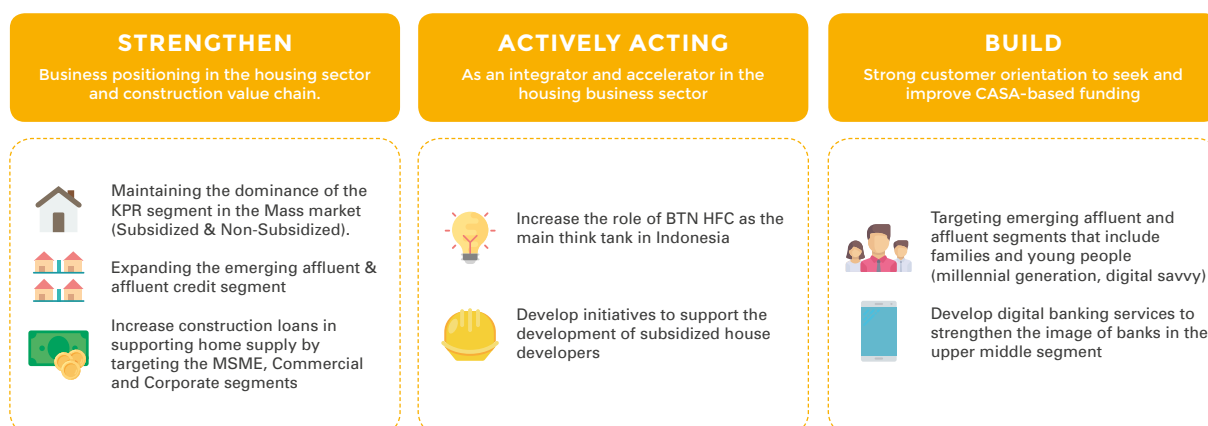
## VISION AND MISSION



# BTN TRANSFORMATION JOURNEY



The survival period has been concluded well, currently the Company is entering the digital banking phase. The focus of the transformation implementation is to strengthen business dominance in the housing sector, expanding the role of Bank BTN to realize the one million houses program, as well as offering digital banking services to expand the CASA-based financing and an increase in basic transaction account.





# CORPORATE BRAND



1. The roof of the house represents the main vision and mission of the Company as a provider of Housing Loans for all Indonesian people.
2. Two patterns of large and small hexagons symbolize the meaning of "the big is protecting and growing the small."
3. The symbol of the roof of the house with a three-dimensional impression in the form of space symbolizes the flexibility of the Company as a place for the community to carry out banking activities.
4. The Three Dimensions formed from 4 Sturdy Pillars displays the Company's security and flexibility.



Red line under "BTN" is interpreted as self-confidence.



Blue symbolizes the maturity of the Company with experience in managing the banking business and the wisdom in carrying out the main mission of national development.



Gold symbolizes the Company's solid credibility in proving itself as a bank that has gained public trust.



Red symbolizes self-confidence as a strong bank in running the banking business in Indonesia.

# BUSINESS SECTORS

## BUSINESS ACTIVITIES ACCORDING TO THE LATEST ARTICLES OF ASSOCIATION

Based on the latest Articles of Association, Article 3 paragraph 3.2, the Company conducts business activities in the banking sector as follows:

- a. Collects funds from the public in the form of savings such as demand deposits, time deposits, certificates of deposit, savings and / or other similar equivalent forms.
- b. Provides credit/loans.
- c. Issues debt instruments.
- d. Buys and sells, at its own risk and for the benefit of and at the behest of its customers:
  1. Bills of Exchange including those that are accepted by the Bank where the validity period is no longer than the related customary trading notes.
  2. Promissory notes and other commercial papers where the validity period is no longer than the related customary trading notes.
  3. Treasury bills and government insurance notes.
  4. Bank Indonesia Certificates (SBI).
  5. Bonds.
  6. Commercial papers where the validity period is in accordance to the Law and.
  7. Other securities instruments where the validity period is in accordance with Laws and Regulations.
- e. Moves funds both for its own interests or the interests of its customers.
- f. Places, borrows, or lends funds from other banks, either through mail, means of telecommunication, money order, cheque, or other means.
- g. Receives payment from securities bills and makes the calculation with third parties.
- h. Provides safekeeping services for valuables and securities.
- i. Provides a third-party custodian service on a contractual basis.
- j. Places funds from one client to another client in the form of securities not listed on the stock exchange.
- k. Finances or performs other activities based on Islamic principles, in accordance with regulations set by Bank Indonesia.
- l. Performs factoring, credit card, and trustee services.
- m. Performs activities utilizing foreign currency in accordance with regulations set by Bank Indonesia.
- n. Performs short-term capital inclusion to banks or other financial institutions.
- o. Performs short-term capital inclusion to cope with credit or financing failures based on Islamic principles, with the condition that they have to withdraw/retrieve the inclusion, in accordance with regulations set by Bank Indonesia.
- p. Acts as a pension fund provider and manager in accordance with the applicable pension funds law.
- q. Conducts financial services, commercial banking, and other investment banking activities.
- r. Conducts Sharia-principle business activities in accordance to the Laws and provisions established by the authorities.
- s. Conducts other common banking activities insofar as they are not in conflict with the aforementioned law or other applicable laws.

In addition to its main business activities, the Company can carry out supporting business activities to optimize the utilization of its resources to support the business as long as it is not in conflict with the laws and regulations.





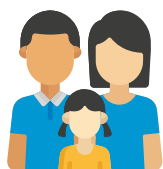
# EXISTING BUSINESS ACTIVITIES

Up to 31st, of December 2018, The Company has implemented all business activities as stated in the latest Articles of Association.





# PRODUCT AND SERVICES



## 01

## Consumer Banking

### CONSUMER LOAN PRODUCTS

#### 1. Housing Loans

##### a. KPR BTN Subsidized

A Housing Loan Program from the Ministry of Public Works and Housing of the Republic of Indonesia, which is intended for Low-Income Communities (MBR) with low-interest rates and light installments in order to buy prosperous houses and flats.

##### b. KPR BTN Mikro

This product facilitates the purchase of land or a house, or funding of gradual house renovation. The product is prioritized for members of the public who work in the informal sector.



## 01 Consumer Banking

### c. KPR Non Subsidized

Housing loan for the middle-upper class customers. Non-subsidized Housing Loan services consist of BTN Platinum Housing Loan, BTN Apartment Loan, and Shop House (Ruko) Ownership Loan.

- **KPR BTN Platinum**

Housing Loan for house purchase from developer or non-developer, both for a new house or resale house, ready stock or indent, or loan taken over from other banks.

- **KPR Gaeesss!**

It is a feature development of KPR / KPA BTN Platinum products to fulfill the needs of house or apartment purchasing for prospective debtors from millennial segment generation (21-35 years) with various facilities & advantages.

- **KPR Atlet**

Special program for KPR / KPA BTN Platinum products, which intended for Indonesian athletes and administrators of the Indonesian Olympic Committee (KOI).

- **KPA BTN**

Apartment Loan for apartment purchase from developer or non-developer, both for a new apartment or resale apartment, ready stock or indent, or loan take over from other banks.

- **KP Ruko BTN**

Shop House (Ruko) ownership loan to buy a shop unit, business unit, office, or kiosk with swift and easy services.

### d. Other Housing-related Loans

- **Kredit Agunan Rumah BTN**

Loan facility for various consumer needs by guaranteeing house/ apartment/shop/house.

- **Kredit Bangun Rumah BTN**

Loan facility for those who want to build on their own land.

- **Benefit of BPJS Employment Supplementary Services – Housing Advances Loan**

Housing advance loan facilities for BPJS employees who apply for BTN Subsidized Housing Loan.

## 2. Non-Housing Loan

Non-Housing Consumer Loan is a Company focus on improving business growth, as this potential market can survive the global financial crisis. This loan has a large and scattered customer base. Non-Housing Consumer Loan products include BTN Small Loan (Kring BTN), BTN Small Loan Plan (Pre-Pension Kring BTN), BTN Small Loan Pension (Pension Kring BTN), BTN Self-financing Loan, and Employee Loan.

### a. Kredit Ringan BTN (Kring BTN)

Loan facility that is targeted for company/institution employees to fulfill their needs without collateral. The Employee's statement will suffice.



### 01 Consumer Banking

#### b. Kredit Ringan BTN Pra Pensiun (Kring BTN Pra Pensiun)

Loan facility granted to debtors/prospective debtors with a fixed income (salary and pension) as the repayment source. The salary may or may not be disbursed through the Bank, and should be utilized for consumptive purposes. The financing period may extend through the debtor's pension period.

#### c. Kredit Ringan BTN Pensiunan (Kring BTN Pensiun)

Loan facility that is targeted for Pensioners from the Civil Service, the Indonesian Armed Forces, the Police, and their widows or widowers. The pension benefit must be disbursed through an account with BTN Bank.

#### d. Kredit Swadana BTN

Loan facility that is targeted for customers with the guarantee in the form of savings or deposits in the Bank, with the maximum loan 90% of the funds held by the customer with a competitive interest rate, an easy and fast process, and a flexible term time up to 1 year extendable.

#### e. Kredit Pegawai

Soft loan facility for employees who have met requirements.

## CONSUMER SAVING PRODUCTS

### 1. Consumer Savings

#### a. Tabungan BTN Batara

Multipurpose savings completed with transaction facilities to support the customer's financial activities.

#### b. Tabungan BTN Prima

Investment savings with various benefits to provide a better life for the customer

#### c. TabunganKu

Individual savings with easy and light requirements to promote a savings culture and improve public welfare

#### d. Tabungan Simpanan Pelajar (Simpel)

Savings for students with easy and simple requirements, as well as interesting features in the framework of financial education and inclusion, in order to promote a savings culture at an early age

#### e. Tabungan BTN e'BATARAPOS

Closer to the community and easily accessible savings for the community since they can make transactions at Online Post Offices throughout Indonesia.

#### f. Tabungan BTN Cermat

Savings that facilitate access and ease of banking transactions through EDC and phone account throughout the country without having to visit the Bank. This form of savings is a part of Laku Pandai Program.



## 01 Consumer Banking

### g. **Tabungan Rekening Dana Nasabah (RDN)**

A savings account from the Bank for Investors in order to conduct transactions in the capital market.

### h. **Tabungan BTN siap!**

Savings to meet the customers' future planning needs

### i. **Tabungan BTN Felas**

Savings Products that can be used to save, transact, and invest in foreign currencies. Available in USD & SGD.

### j. **Tabungan Simuda Rumahku**

Term savings account for students and youths aged 18-30 years as a means of educating home ownership planning from an early age.

## 2. **Deposito BTN Ritel**

Bank BTN deposits are time deposits in rupiah and foreign currencies. Benefits of Bank BTN Deposits are attractive interest, deposit interest which can be capitalized into principal, deposit interest which can be transferred for home installment payments, electricity and telephone account bills, placement periods vary from 1 month, 2 months, 3 months, 6 months, 12 month and 24 months, and can be used as collateral for credit (self-finance Credit/swadana).



## 02

## Commercial Banking

### COMMERCIAL LOAN PRODUCTS

#### 1. Housing Loan

##### a. Kredit Modal Kerja (KMK) Konstruksi BTN

Loan facility that is targeted for Developers. This loan functions as capital to fund horizontal construction (houses, offices, kiosks, etc.) and vertical/ high-rise building (flats, apartments, condotels, office buildings, etc.) and the facilities and infrastructure, as long as they display a feasible rating to obtain a loan. The Company provides 80% of the maximum total cost of construction.

##### b. Kredit Pemilikan Lahan (KPL)

BTN Loans granted to developers for the purchase of simple/subsidized housing land, in which the construction is funded by the Company.

#### 2. Non-Housing Loan

The Company Non-Housing Loan consists of MSME Loan Products, Linkage, and Corporate Programs and Loans. MSME Loan includes KUR BTN, KUMK, Kredit Investasi, KMK, and KMK Kontraktor. Linkage Program covers loans to Rural Banks and Savings and Loan Cooperatives. While Corporate Loans include Construction Loans, Investment, Working Capital, Contractor's Working Capital and Syndication.

##### a. Kredit Usaha Mikro dan Kecil (KUMK) BTN

Loan for customers who have a productive business in line with the requirements of MSME. The loan may be utilized to fund the capital and/or investment with a maximum loan of up to Rp5 billion.





## 02 Commercial Banking

### b. Program Kemitraan

Program to increase the competence of small businesses in order to become strong and independent.

### c. Kredit Usaha Rakyat (KUR)

Capital loan and/or investment granted to debtors with MSME status, in a productive and viable business field, but do not have additional collateral or sufficient additional collateral.

### d. BTN Kredit Linkage

Loan to facilitate legal entities i.e. Rural Banks (BPR) and Cooperatives, to be disbursed to the Micro, Small, and Medium Enterprises sector.

### e. Corporation Loans

Corporate Loans are loans granted to Debtors in the form of legal entities in order to meet working capital needs and / or investment needs.

- **Kredit Modal Kerja (KMK) BTN**

Working Capital Loan is a short-term loan given to finance working capital of a company.

- **Kredit Investasi BTN**

Investment Loan is medium and long term loans given to finance new projects or expansion projects of a company.

- **Kredit Modal Kerja Kontraktor (KMK Kontraktor)**

Capital loan to facilitate contractors to finish their job based on specified contract with the amount up to 60% of the value of the contract.

- **Kredit Sindikasi**

Syndicated loan is one of loan financing systems (investment loans, working capital loans, as well as guarantor) where several banks jointly financing the projects that are proposed by customers with the same terms and conditions.

## COMMERCIAL SAVING PRODUCTS

### 1. BTN Demand Deposits

BTN Demand Deposits is a type of deposit held by the Bank that can be withdrawn at any time by using Checks, Bilyet Giro, Payment Order, Book-entry and other withdrawal media.

#### a. BTN Demand Deposit by Ownership

- **Giro Perorangan**

Personal demand deposit is an individual account, including those who have a business. Withdrawals may be performed through Check/BG, ATM and other withdrawal means.



## 02 Commercial Banking

- **Giro Lembaga**  
Corporate demand deposit is an account under government/state institution, business entity/ legal entity (including the Bank and Rural Banks) and all business entities or legal entities governed by the Commercial Laws.
- **Giro Gabungan (Joint Account)**  
Joint account is an account that is owned by more than one person, which can be a combination of institution/agency, individual, and/or a combination of both.

### b. BTN Demand Deposit by Currency

- **Giro BTN Rupiah**  
BTN Rupiah Demand Deposit is a third party savings account in Rupiah. Withdrawals may be made by using Check/BG, other withdrawal means, or BTN Cash Management System (i-Cash).
- **BTN Foreign Currency Demand Deposit**  
BTN Foreign Currency Demand Deposit is a third party savings account in foreign currency (USD). Withdrawals may be made by using a Purchase Order.

## 2. Time Deposit for Institutions

Time deposit for institutions is a time deposit for investment in Rupiah or Foreign Currency, with attractive and competitive interest rates.

### a. Deposito BTN Rupiah

BTN Rupiah Deposit is a time deposit for investment in Rupiah, with placement periods of 1, 2, 3, 6, 12, and 24 months. Savings may only be withdrawn within a certain period, under an agreement between the customer and the Bank.

### b. Deposito BTN Valas

BTN Foreign Exchange Deposit is a time deposit for investment in foreign currency (USD) with placement periods of 1, 2, 3, 6, 12, and 24 months. Savings may only be withdrawn within a certain period, under an agreement between the customer and the Bank.

### c. Deposito On Call Lembaga

BTN On Call Deposit is a time deposit in Rupiah and foreign currency (USD), with a minimum period of 1 day and maximum 35 days. The disbursement may only be conducted on the maturity date, in accordance with the agreement between the customer and the Bank.



### 03

## Sharia Business Unit

### SHARIA FINANCING PRODUCTS

Sharia Business Unit Financing Products are categorized into Consumer Finance and Commercial Finance. Sharia Business Financing Products are described as follows:

#### 1. Consumer Funding

##### a. KPR BTN Sejahtera iB

BTN Prosperous iB Housing Loan is a BTN Sharia financing product to purchase a house for Low-Income Communities (MBR) with low margins, low and fixed installments throughout the loan term, with a “Murabahah” (deed of sale) in order to own a House, Flat, or apartment as part of the government program.

##### b. KPR BTN Platinum iB

BTN Platinum iB Housing Loan is a financing product for individual customers with a “Murabahah” (deed of sale), with fixed installments throughout the loan period in order to own a House, Shop, Office, Flat, or Apartment, both new and used.

##### c. Pembiayaan Propert BTN iB (KPR HITS)

Financing products using the “Musarakah Mutanaqisah” contract (sharing ownership) leased to customers in flexible installments, can be used for mortgage financing, as well as other assets and refinancing systems.

##### d. KPR BTN Indent iB

Funding product to facilitate the purchase of a house, shop, office, flat/ apartment based on orders, for individual customers with the principle of ‘istishna’ (deed of sales based on orders), with monthly installments within a certain period.



### 03 Sharia Business Unit

**e. Pembiayaan Kendaraan Bermotor (PKB) BTN iB**

Funding for individual customers with a Murabahah (deed of sales) in order to own a vehicle for personal use .

**f. Pembiayaan Tunai Emas (Tunas) BTN iB**

Funding for customers to fulfill customers' financial needs based on Qardh, Rahn, and Ijarah granted by the Bank to the Customer based on the agreement and the Letter of Lien, as attached.

**g. Pembiayaan Multijasa BTN iB**

Funding with a "Kafalah bil Ujroh" letter to finance various needs of services for the Customer, such as Education fund package, wedding fund package, traveling fund package, pilgrimage (umrah/haji plus) package, medical fund package, other packages that are in line with Sharia principles.

**h. Pembiayaan Multimanfaat BTN iB**

Individual consumptive financing with "Murabahah" in order to purchase various types of goods that are useful and not contrary to the applicable laws, such as electronics, furniture, and household appliances, as well as other necessities.

**i. Pembiayaan Emasku BTN iB**

Financing to individual customers with a "Murabahah" contract used to purchasing gold bullion with fixed installments over a period of time.

**j. Pembiayaan Talangan Haji**

Financing to individual customers with a "Qard" contract that is used to paying for the Hajj Implementation Fee (BPIH).

## 2. Commercial Funding

**a. Pembiayaan Konstruksi BTN iB**

A financing product to provide the capital expenditure needs for housing developers in order to construct housing and industrial projects with a "Musyarakah (cooperation)" principle. The installment plan is based on the customers' cash flow ability.

**b. Pembiayaan Modal Kerja BTN iB**

Financing with a "Murabahah (deed of sales)" or "Musyarakah (cooperation)" granted to institutions or companies to meet the needs of capital in the trading and services industry. The installment plan is based on customer cash flow projection.

**c. Pembiayaan Investasi BTN iB**

Financing with a "Murabahah (deed of sales)" or "Musyarakah (cooperation)" granted to agencies, institutions, or companies to meet the needs for capital expenditure in order to rehabilitate, modernize, expand, or increase business capacity. The installment plan is based on customer cash flow projection.



## 03 Sharia Business Unit

### d. Pembiayaan KUR BTN iB

Financing with a “Musyarakah (cooperation)” or a “Murabahah (deed of sales)” granted to productive businesses in the category of micro, small, and middle enterprises in the form of individual and Linkage Institution to meet capital and investment needs. The installment plan is based on customer cash flow.

### e. Pembiayaan Sindikasi BTN iB

Financing in the form of syndication or Club Deal by more than one Bank to customers whose financing amount is too large to be granted by one Financial Institution/Bank/Agency. Non-Bank Financial Institutions (LKBB) with choices of “Mudharabah (Profit Sharing)”, “Musyarakah (cooperation)”, “Murabahah (deed of sales)”, or “Ijarah (Rental)”.

## SHARIA SAVINGS PRODUCTS

### 1. Sharia Demand Deposit

#### a. Giro BTN iB

A savings product with the principles of “Wadiah (entrusted)” for the financial operational needs of customers, by offering a lucrative bonus for the customers’ savings, in order to facilitate business activities.

#### b. Giro BTN Prima iB

A savings product with the principles of “Mudharabah Mutlaqah (Profit Sharing)” for investment. The customer will get a share of the lucrative profit in order to facilitate business activities.

### 2. Sharia Savings

#### a. BTN Batara iB

Savings with “Wadi’ah (deposit)” contract for daily banking transactions with lucrative benefits for the customer and an administration fee that does not reduce the principal savings.

#### b. BTN Prima iB

Savings with a “Mudharabah Mutlaqah (Profit Sharing)” principle, intended for investment by providing a lucrative and competitive outcome for customers, and administration fee that does not reduce the principal savings.

#### c. Tabungan BTN Haji iB dan Umroh iB

This savings product is intended to fulfill the dream of a Pilgrimage (Haji and Umroh) through a Mudharabah (Profit Sharing) contract. The outcome is lucrative and beneficial and competitive for the customer.

#### d. TabungaabunganKu iB

A savings product with Wadi’ah (Entrusted) principle which has an attractive bonus. Issued simultaneously by banks in Indonesia in order to foster the culture of saving and to improve public welfare.





### 03 Sharia Business Unit

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**e. Tabungan BTN Qurban iB**

Savings to realize the qurban Prayer, by Mudharabah Mutlaqah (Profit Sharing), by offering a lucrative and competing outcome.

**f. Tabungan BTN Simpel iB**

A savings product destined for Students up to 17 years old who do not yet have an Identity Card. The initial deposit is very small but still offers a lucrative bonus.

**g. Tabungan BTN Emas iB**

Savings with a “Mudharabah Muthlaqah” contract to facilitate the customer in preparing funds for buying gold and other necessities in the future.

### 3. Sharia Time Deposits

**a. Deposito BTN iB**

Savings for safe, comfortable, and reliable investment in a certain period of time. Based on a “Mudharabah Mutlaqah (Profit Sharing)” principle. The deposit may be in the individuals’ or companies’ name.

**b. Deposito On Call iB**

Savings for safe and reliable investment for a shorter period of time. Based on a “Mudharabah Mutlaqah (Profit Sharing)” principle. The deposit may be in the individuals’ or companies’ name.



## 04

### Banking Services

The Company has Banking Services, such as customer card, wealth management, electronic channel, and other banking services. The customer card is a debit or credit card; Wealth Management is savings products, securities (ORI, Sukuk, and SBR), Mutual Funds, and Bancassurance; the electronic channel consists of ATM and Kiosk products, CDM, Internet Banking, Cash Management, SMS Banking, and Mobile Banking. Other banking services provided are trading and administration services.

The services provided by the Company based on the Consumer Banking activities are as follows:

#### CUSTOMER CARD

##### 1. BTN Debit Card

Functioning as ATM cards as well as debit cards that facilitate customers in making transactions in stores throughout the world, which display the Visa logo. It is easy, reliable, and fast and can be used for online shopping through various online merchants (for some types of BTN ATM cards). The BTN Debit card has many variants, customised to the savings segment. The Debit Cards include TabunganKu ATM card, Institution ATM Card, Regular BTN Visa Debit, BTN Visa e'Batarapos Debit Card, BTN Visa Juara Card, BTN Visa Sharia Debit Card, BTN Visa Gold Debit Card, and BTN Visa Platinum Debit Card for the Company's priority customers.

##### 2. BTN Credit Card

The BTN Credit Card helps to fulfill customer needs easily and securely and can be used for transactions in stores all around the world, which display the Visa logo.

##### 3. Kartu Suka-suka BTN

The first Visa debit card is a card designed specifically in line with customer or community requests. This card is able to complete transactions in stores all around the world, using the VISA network.

##### 4. BTN Online VBV (Verified by Visa)

The BTN Online Debit VBV (Verified by Visa) assists customers in conducting online transactions with BTN Sharia Debit (e-Commerce)

#### WEALTH MANAGEMENT

Wealth Management contributes to the acquisition of income through fee-based income that comes from the sale of non-banking products, including Bancassurance, Mutual Funds, and investment instruments issued by the government.

In the development of Wealth Management in the field of protection, the Company cooperates with several major insurance partners namely PT Asuransi Jiwasraya (Persero), Generali Life Insurance Indonesia, PT Zurich Topaz Life, PT Asuransi Sinarmas MSIG and PT FWD Life Indonesia. While in investment product development, the Company cooperates with investment partners PT Trimegah Aset Manajemen, PT Bahana TCW Investment



### 04 Banking Services

Management, PT Manulife Asset Management Indonesia, PT Schroder Investment Management Indonesia and PT Insight Investment Management. This year the Company is also part of the sale of SR 10 Series Retail Sukuk products, SBR004 Series Retail Savings Bonds, ORI015 Series Government Bonds and ST002 Series Sukuk Savings.

In 2018, the Wealth Management network operated 43 Priority BTN Outlets and 8 Priority BTN Lounges from Aceh to Papua. Services include Airport Executive Lounge, Airport Handling, Airport Transfers, Concierge Services, Discount Merchants, Market Update SMS, Birthday and Holidays Gifts, Meeting Rooms, E-Consolidated Statement, Safe Deposit Boxes, and Priority Events.

#### ELECTRONIC CHANNEL ATM

The Automatic Teller Machine (ATM) provides cash withdrawals with denomination of Rp50,000 and Rp100,000, located in Branch Offices and at premium locations, such as the ATM Gallery at malls, shopping centers, offices, markets, and housing estates to facilitate customers in making transactions. The network operates 24 hours online.

#### CDM (CASH DEPOSIT MACHINE)

ATM machine services to receive cash deposit to facilitate fast and real-time transactions. The machine is able to receive money with denomination of Rp20,000, Rp50,000, and Rp100,000.

#### ATM NON TUNAI (KIOSK)

A compact and modern machine with touchscreen. It looks similar to an ATM machine, but does not have a cash withdrawal feature. The machine functions as promotion media and provides non-cash financial transactions.

#### SMS BANKING

Banking services application for individual customers for the convenience of conducting financial transactions (non-cash) and non-financial transactions anywhere and everywhere by using a mobile phone. The application can be accessed by sending a text message to 3555 or by USSD (Unstructured Supplementary Service Data) command. Customers may register through a BTN ATM machine or by contacting Customer Services at branch offices.

#### MOBILE BANKING

Banking application for individual customers to conduct financial transactions (non-cash) and non-financial transactions anywhere and everywhere using a mobile phone. The application can be accessed by downloading the BTN iMobile application from Google Play, Blackberry World, and Apple Store. The connection uses internet data so it is cheaper and more efficient. The data tariff follows the provisions of the network provider.



## 04 Banking Services

### INTERNET BANKING

Banking application for individual customers to obtain financial information and conduct self-managed banking transactions using the internet. Website: <https://internetbanking.btn.co.id> Register through the BTN ATM machine or by contacting Customer Services at branch offices. The data tariff follows the provisions of the network provider.

### VIRTUAL ACCOUNT

Services for BTN Institution customers' Current Accounts in the form of virtual accounts that can be used by customers / partners of the institution's customers to make bill payments using any bank card and institutional customers can monitor the receipt of real-time online payments to their customers' payment results.

### ELECTRONIC DATA CAPTURE (EDC)

This service is similar to a mini ATM that functions as a means to provide transactions and/or payment by inserting or by swiping the ATM Card (both Debit and Credit) in a bank or between banks, complete with other payment facilities. It also connects real-time.

### CASH MANAGEMENT

Special services for institutional customers to make self-managed financial transactions by using the internet. Website: <https://cashmanagement.btn.co.id> Register by contacting Customer Services at the nearest branch office. The data tariff follows the provisions of the network provider.

### BRANCHLESS BANKING

Banking services for customers that are performed outside the Bank's coverage area through the cooperation of information technology network utilization with telecommunication companies, and/or cooperation with agents acting on behalf of the Bank, in order to expand the range of banking services and to promote the realization of branchless banking for financial inclusion. It is called LAKU PANDAI.

### PORTAL BTN PROPERTI

Special services based on property portals, making it easier for prospective debtors in terms of project listing which have collaborated with Bank BTN, installment simulations, online KPR / KPA submissions, 24 hour online live chat, and other features. The BTN Property Portal also complements its features with 4D Tour Service technology that enables prospective debtors to get a real picture of the selected property units.



## 04 Banking Services

### OTHER BANKING SERVICES

In addition to disbursing loans and collecting third-party funds, the Company provides other consumer services to improve fee-based income, such as: domestic money transfer, remittance, foreign currency exchange, safe deposit box, bill payment (telephone, electricity, and water), Internet and TV cable payment, flight and train tickets purchase, and top ups. Moreover, as a provider of total solution banking for the institutional customer, the Company also provides additional services for the institutional customer such as:

#### 1. BTN Bank Guarantee

This is a statement issued by the Bank upon customers' requests to guarantee a certain risk that may arise if the customer does not perform its obligations (breach of contract) to the party receiving the guarantee

#### 2. SKBDN atau L/C Lokal

Is every written appointment based on a written request from the Applicant that binds the Issuing Bank to:

- Make a payment to the recipient or the order or accept payment notes received by the bank;
- Give power to other banks to make payments to recipients or orders or accept and pay money orders drawn by the recipient; or
- Give power to other banks to negotiate money orders drawn by the recipient.

#### 3. Operational Development Program (PPO)

The Operational Development Program (PPO) is a Bank's program provided for institutional customers in the form of funds or goods to support a smooth operation of customers business under certain requirements agreed upon by the Bank and Customers while adhering to the principles of prudence and Good Corporate Governance (GCG).

#### 4. Transfer Management

Transfer Management is a financial service for institutional customers to assist in conducting online fund transfers. The transfer may be in the form of In-house transfer (between accounts), domestic transfer (LLG/ Clearing, and RTGS), and International Fund Transfer (transfer to another bank both domestic and abroad, in foreign currency). The transfer may be in single currency (the recipient received the same currency being sent) or multi-currency (the recipient received different currency from the currency that is being sent)

#### 5. Payment Management

Payment management is a form of cooperation to assist the customer in managing payments and bills, such as:

- BTN Online Edu Payment/SPP
- Edu payment is a facility for educational institutions to receive payment of fees and other payments related to education online in real time.
- Utility Bill Payment (telephone, electricity, water, gas, etc.)
- Tax Payment
- Payment of purchase of Pertamina products
- Payment of BPJS Employment Subscriptions
- Payment of BPJS Health Subscriptions
- Pension Payment (Taspen dan ASABRI)
- Hospital Bill Payment
- Bank Operational I and II





## 04 Banking Services

### 6. Payroll Service BTN

Payroll Service is a form of bank cooperation with customers to help them pay employees' wages or salaries

## SHARIA BUSINESS UNIT SERVICE

### 1. BTN Sharia Debit Visa

This card provides ease for customers through an ATM, such as cash withdrawal and transfer. The transaction may be performed in all the Company ATM, ATM Bersama (Joint ATM), Prima (Prime), Visa and Plus. The transaction may be in the form of shopping at a store displaying the Visa logo, both in country and abroad.

### 2. Transfer or Remittance

A facility to send money real-time to other BTN and BTN Sharia accounts, and to other Banks by using SKN, RTGS, Link, ATM Bersama (Joint ATM), and Prima (Prime).

### 3. BTN Cash Management

BTN Cash Management Internet-based services use a web browser to facilitate customers in managing their banking activities independently, effectively, and efficiently

### 4. BTN iB Payment Point

Service facilities for customers to make it easier to pay regular and fixed bills, such as bills for paying education fees.

### 5. BTN iB Payroll

Services used by companies, institutions, and individuals in managing payrolls, holiday allowance (THR), bonus, and other routine financial needs of the employee.

### 6. The Cost of Haji Receipt

A service to provide certainty and ease in obtaining a haji pilgrimage departure seat of through the online system from Siskohat

### 7. BTN iB SPP Online

Services for Universities/Schools in order to provide a delivery channel to accept the payment for education fees in real-time and online.

### 8. BTN iB Operational Development Program

The Bank provides this program to Institutional Customers in the form of funds, goods, or other facilities to support the operation of customers with certain requirements, agreed upon by the Bank and the customer while maintaining the principles of prudence and Good Corporate Governance (GCG).

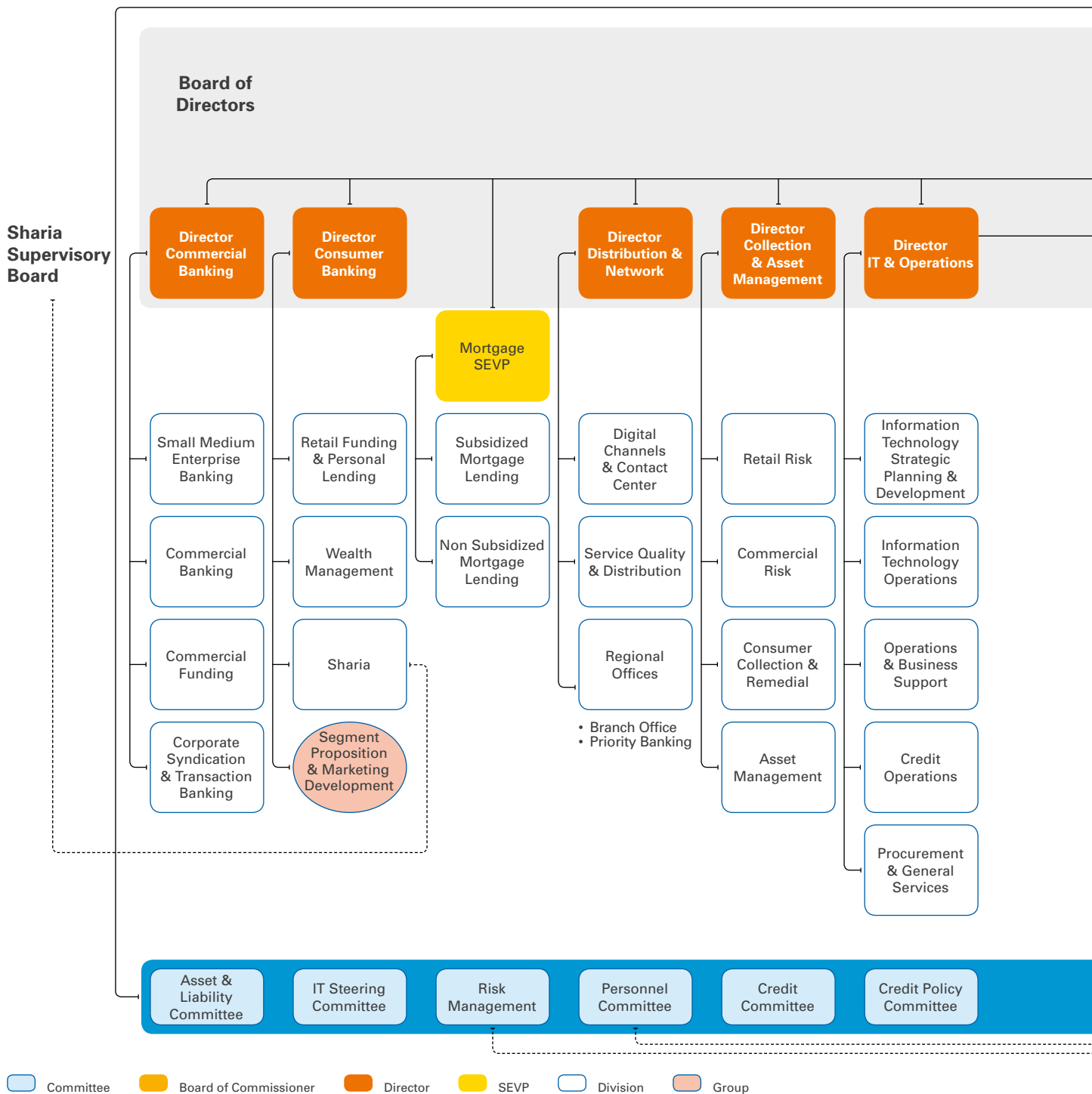
### 9. BTN iB Bank Guarantee

This service provides payment guarantee of a certain amount of money to the receiving party, in the interests of specified transactions/projects that are performed by customers. This guarantee is agreed upon in the Customer's "Kafalah (Guarantee)" contract.

### 10. BTN iB Safe Deposit Box

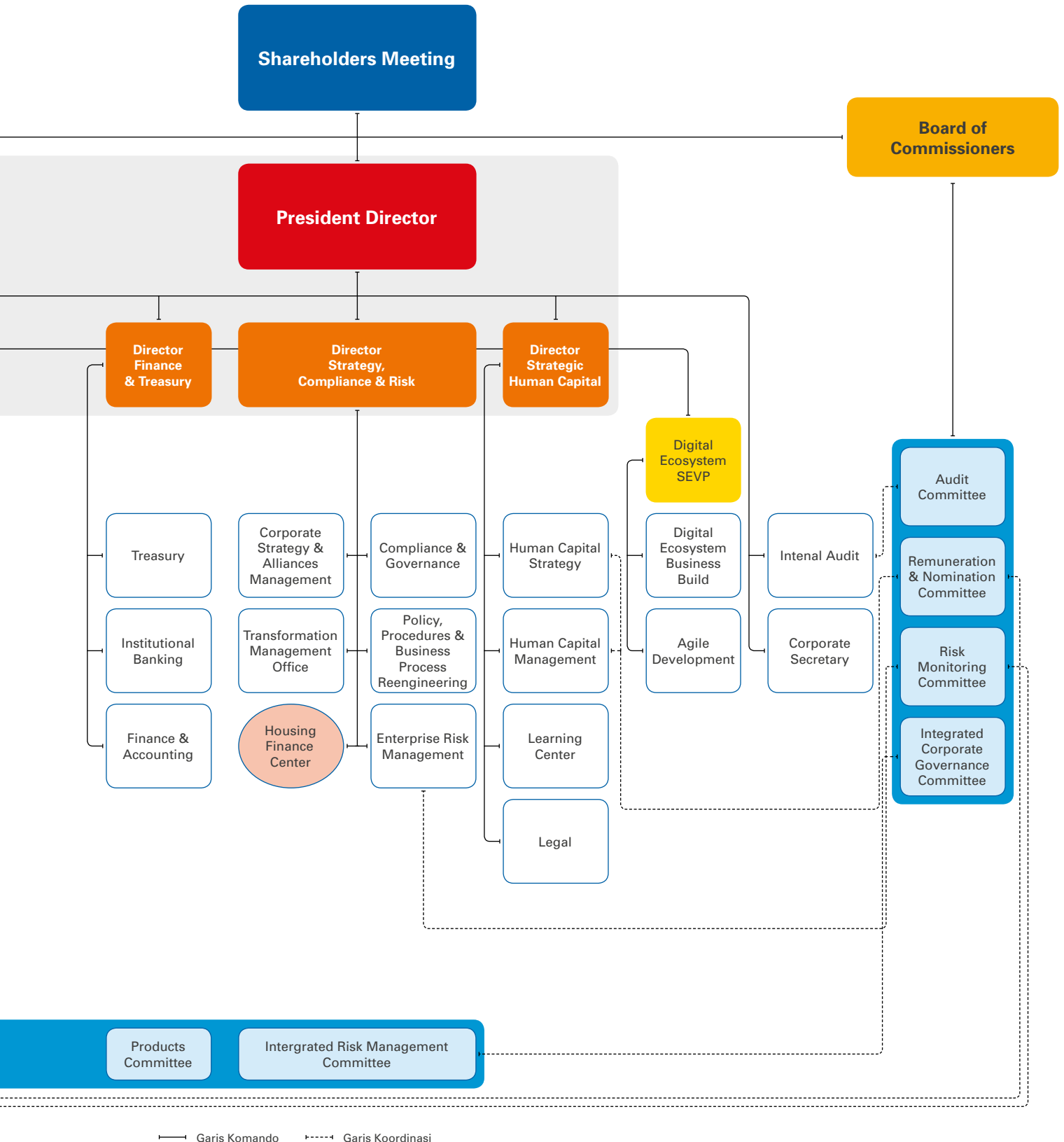
A box specially designed with certain sizes and complete with a safety system to ensure the safe keeping of valuables or important documents. The purpose is to keep the valuables/important documents away from fire, robbery, etc. The safe deposit box uses the "Ijarah (Rent)" contract.

# ORGANIZATIONAL STRUCTURE





In line with the business transformation being implemented by the Company, the Board of Directors has made adjustments to the organizational structure to ensure that the execution of business and operational initiatives are effective. On April 30, 2018, the Board of Directors made changes to Directors' decree No. 03/KD/DIR/SIPD/2017 concerning the Organizational Structure of the Head Office to No. 04/DIR/KD/TMO/2018, which had received prior approval from the Board of Commissioners.



# PROFILE OF THE BOARD OF COMMISSIONERS



**Parman Nataatmadja**  
Non Independent Commissioner

**Garuda Wiko**  
Independent Commissioner

**Lucky Fathul Aziz Hadibrata**  
Independent Commissioner

**Kamaruddin Sjam**  
Independent Commissioner



**I Wayan Agus Mertayasa**  
President Commissioner/  
Independent Commissioner

**Sumiyati**  
Non Independent  
Commissioner

**Arie Coerniadi**  
Independent Commissioner

**Maurin Sitorus**  
Non Independent  
Commissioner

**Iman Sugema**  
Non Independent  
Commissioner



## PROFILE OF THE BOARD OF COMMISSIONERS



### I Wayan Agus Mertayasa

President Commissioner/Independent Commissioner

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	71 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	Bachelor of Economics from Brawijaya University Malang in 1973
<b>Legal Basis of Appointment</b>	Appointed as President Commissioner/ Independent Commissioner at the 2016 Extraordinary General Meeting of Shareholders (RUPS) of PT Bank Tabungan Negara (Persero) Tbk, dated 7 January 2016 and declared effective by the Financial Services Authority (OJK) on 6 April 2016.
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Started his career in 1973 as a Credit Analyst at the Bank Bumi Daya Head Office until he held the position of General Manager at Bank Bumi Daya abroad: Los Angeles, Hong Kong, and New York (1991–1992)</li> <li>Chief Executive at Bumi Daya Finance, Hongkong (1992–1993)</li> <li>General Manager at Bank Bumi Daya, New York (1993–1994)</li> <li>Director of the Indonesian Development Bank (1994–1999)</li> <li>Executive Vice President &amp; Director of PT Bank Mandiri (Persero) Tbk (1999–2005)</li> <li>Deputy President Director of PT Bank Mandiri (Persero) Tbk (2005–2010)</li> <li>Chairman of Non-Executive Director, Bank Mandiri (Europe) Limited, London UK (2010–2015).</li> </ul>
<b>Concurrent Positions</b>	Tasked with special assignments as Chairman of the Remuneration and Nomination Committee, Member of the Audit Committee, and Member of Risk Monitoring Committees since April 25, 2016 to the present.
<b>Training</b>	<ul style="list-style-type: none"> <li>International Risk Management and Treasury Dealer Refreshment Program for Executives, organized by MM FEB UGM, Indonesian Bankers Association (IBI) and Banking Professionals Certification Body (LSPP) in Rome-Milan in October 2018</li> <li>Living Wills, Planning for Recovery and Resolution Bank in UK-London in September 2017</li> <li>Expand Leadership Program for BOD/BOC Seminar in Bali on August 2-5, 2017</li> <li>IIA Conference 2017 in Sydney, Australia in July 2017</li> <li>Deeper Understanding on IFRS 9 &amp; BASEL IV and Progress of BASEL III Implementation in Bali, May 2017</li> <li>ASEAN Global Leadership Program (London Business School - SRW &amp; Co.) in London, UK, September 2016</li> <li>Global Strategic Management (Harvard Business School) in Boston, USA in June 2009</li> <li>New Challenges, New Solutions (Harvard Business School) in Boston, USA in July 2008</li> <li>Changing the Game Negotiation &amp; Competitive Decision (Harvard Business School) in Boston, USA in August 2003</li> <li>Management development programs in finance and legal in Hong Kong and Singapore in 1991</li> <li>Management Development Program at University of Champaign Urbana Illinois, USA, in 1990</li> </ul>
<b>Affiliate Relationship</b>	Has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as controlling shareholder.



**Kamaruddin Sjam**  
Independent Commissioner

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	71 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Economics, University of Tanjung Pura, Pontianak in 1972</li> <li>Master of Management (MM) from the IPWI College of Economics, Jakarta in 1997</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed as Independent Commissioner at the Annual General Meeting of Shareholders (GMS) of PT Bank Tabungan Negara (Persero) Tbk, dated March 24, 2015 and declared effective by the Financial Services Authority (OJK) on June 29, 2015
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Member of the House of Representatives Commission XI (2009-2014)</li> <li>Director of Institutional Supervision at the Financial and Development Supervisory Agency (2002-2007)</li> </ul>
<b>Concurrent Positions</b>	Tasked with a special assignment as Chairman of the Audit Committee and as a Member of the Remuneration & Nomination Committee from July 2, 2018 until present
<b>Training</b>	<ul style="list-style-type: none"> <li>Marid ECIIA Conference and On-Site Learning Program by IIA in September 2018</li> <li>IIA 2018 Conference, Denpasar - Bali, in August 2018</li> <li>Executive Risk Management Refreshment Program, Germany, July 2018</li> <li>Integration of GRC in New Zealand, Australia in September 2017</li> <li>Risk Culture &amp; Leadership, The Paramount of GRC in Geneva-Switzerland, Prague, Czechia and Budapest, Hungary in March 2017</li> <li>Enhancing the Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Integration in Stockholm, Sweden in September 2016</li> <li>Benchmarking and Workshop on Enterprise Risk Management in UK in London, UK in April 2016</li> <li>ECIIA European Conference Paris France &amp; On-Site Learning in September 2015, National IIA Conference Seminar in August 2015, High Level Administration Leadership School (SPATI) by BPKP and LAN in 2002</li> <li>Comparative Study Program in Guangzhou and Shenzhen, China in 2002</li> <li>Short Term Training Program on Auditing Objects and Applied to Public Sector (Performance Audit) in Marseille, France in 1999</li> </ul>
<b>Affiliate Relationship</b>	Has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as controlling shareholder.

## PROFILE OF THE BOARD OF COMMISSIONERS



**Arie Coerniadi**  
Independent Commissioner

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	51 years old
<b>Domicile</b>	Tangerang
<b>Academic Background</b>	Bachelor of Electrical Engineering from the University of Indonesia in 1991.
<b>Legal Basis of Appointment</b>	Appointed as Independent Commissioner at the Annual General Meeting of Shareholders (GMS) of PT Bank Tabungan Negara (Persero) Tbk, dated March 24, 2015 and declared effective by the Financial Services Authority (OJK) on June 29, 2015
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>• Vice President at NISP Sekuritas (2005-2010),</li> <li>• Group Head Vice President at the National Bank Restructuring Agency (2010-2014),</li> <li>• Chief Finance Officer at Sarana Global Indonesia (2011-2016),</li> <li>• Vice President at the Indonesian Central Securities Depository (1998-2000)</li> </ul>
<b>Concurrent Positions</b>	Tasked with a special assignment as Chairman of the Risk Monitoring Committee and as a Member of the Remuneration & Nomination Committee from July 2, 2018 - present
<b>Training</b>	<ul style="list-style-type: none"> <li>• Key Risk Management Challenges In 2018 Workshop in Makassar on September 27, 2018</li> <li>• Transforming ASEAN Organization: The Leadership Imperative, USA, April 2018</li> <li>• The Internal Capital Adequacy Assessment Process (ICAAP) in Geneva-Switzerland, Prague, Czechia and Austria in October 2017</li> <li>• Deeper Understanding on IFRS 9 &amp; BASEL IV and Progress of BASEL III Implementation in Bali in May 2017</li> <li>• The Paramount of GRC's Risk Culture &amp; Leadership in Geneva-Switzerland, Prague, Czechia and Budapest, Hungary in March 2017</li> <li>• Enhancing the Power of Enterprise Risk Management in Creating a Sound Bank and Financial Risk Integration in Stockholm, Sweden, in September 2016</li> <li>• Mobile World Congress, for Mobile Payment and Mobile Banking Solutions, including Ekyc Mobile in Barcelona, Spain, in February 2016</li> <li>• Financial Market Operation by the New York Institute of Finance in 1998 in New York</li> <li>• Securities Lending and Borrowing in Amsterdam in 1996</li> <li>• Global Custodian Services by State Street in 1995 in Sydney</li> </ul>
<b>Affiliate Relationship</b>	Has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as controlling shareholder.



**Lucky Fathul Aziz Hadibrata**  
Independent Commissioner

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	62 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Animal Husbandry from Padjajaran University, Bandung in 1980</li> <li>Master of Arts (MA) in Development Economics from Boston University, Massachusetts, USA in 1985.</li> <li>Master of Science (MS) from Hasanuddin University, Makassar in 1991</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed as Independent Commissioner at the Annual General Meeting of Shareholders (GMS) of PT Bank Tabungan Negara (Persero) Tbk on March 24, 2015 and transferred to Independent Commissioner at the BTN Extraordinary General Meeting of Shareholders (RUPSLB) on 7 January 2016, has undergone a cooling off period for at least 6 months and has been declared effective as an Independent Commissioner by the Financial Services Authority (OJK) on November 15, 2017
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Bank Indonesia New York Representative Head (2007–2010)</li> <li>Bank Indonesia Region VI Representative Head in Bandung (2010–2012)</li> <li>Deputy Commissioner for Strategic Management 1B at OJK (2012–2014)</li> <li>President Director of OJK Pension Fund (2015–2016)</li> </ul>
<b>Concurrent Positions</b>	Received special assignments as a Member of the Audit Committee and Member of the Remuneration & Nomination Committee from November 21, 2017 - present
<b>Training</b>	<ul style="list-style-type: none"> <li>International Conference Risk Beyond, organized by ERMA in Yogyakarta, December 2018</li> <li>Key Risk Management Challenges In 2018 Workshop in Makassar on September 2018</li> <li>In Depth Directorship Program by IICD at Denpasar, Bali, in September 2018</li> <li>BARA Risk Forum, Denpasar, Bali, in July 2018</li> <li>Transforming ASEAN Organization: The Leadership Imperative, USA, April 2018</li> <li>ERMA International Conference on ERM “Navigating the Future of Risk, Integration of Business Processes” in Yogyakarta in December 2017</li> <li>The Internal Capital Adequacy Assessment Process (ICAAP) in Geneva, Switzerland, Prague, Czechia and Austria in October 2017</li> <li>The IIA International Conference 2016 in July 2016 in New York &amp; Washington DC, USA</li> <li>International Enterprise Risk Management Benchmarking in Spain in Barcelona, Spain in 2015</li> <li>Leading and Managing People: Power and Relationships by the Wharton Business School University of Pennsylvania in 2014</li> <li>A New Era of Conduct Supervision: Consequences, Challenges, and Opportunities by OJK, AusAID and The World Bank in 2014 in Bali</li> <li>Workshop on Banking Supervision Indonesia FSA-Japan FSA by OJK and Japan FSA in 2014</li> <li>Strengthening the Asian Financial Sector Sustainable and Inclusive Growth by the ADB Institute in 2013 in Japan</li> </ul>
<b>Affiliate Relationship</b>	Has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as with controlling shareholder.

## PROFILE OF THE BOARD OF COMMISSIONERS



**Sumiyati**

Non Independent Commissioner

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	57 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor of State Accounting College in 1986</li> <li>Master of Financial Management (M.F.M) from Queensland University, Australia in 1994</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed as Independent Commissioner at the Annual General Meeting of Shareholders (GMS) of PT Bank Tabungan Negara (Persero) Tbk on September 2, 2015 and declared effective by the Financial Services Authority (OJK) on February 22, 2016. He is also tasked with a special assignment as a Risk Monitoring Committee Member from October 31, 2017 - present
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Inspector General of the Ministry of Finance of the Republic of Indonesia (2017 – present)</li> <li>Head of the Ministry of Finance's Financial Education and Training Agency (BPPK) (2015 – 2016)</li> <li>Head of the Financial and Planning Bureau, Secretariat General of the Ministry of Finance (2009–2015)</li> <li>Commissioner of PT Jiwasraya (Persero), (2012-2015)</li> </ul>
<b>Concurrent Positions</b>	Currently serving as Inspector General of the Ministry of Finance of the Republic of Indonesia (2017 – present), and special assignment as Member of the Risk Monitoring Committee from 31 October 2017 - present
<b>Training</b>	<ul style="list-style-type: none"> <li>Enterprise Risk Management by CRMS in USA, September 2018</li> <li>IIA 2018 Conference in Denpasar, Bali, in August 2018</li> <li>Executive Risk Management Refreshment Program in Germany, July 2018</li> <li>Integration of GRC in New Zealand, Australia in September 2017</li> <li>Deeper Understanding on IFRS 9 &amp; BASEL IV and Progress of BASEL</li> <li>III Implementation in Bali in May 2017</li> <li>London Business School and SRW &amp; Co in London, UK, on September 2016</li> <li>Enterprise Risk Management in Japan in 2015</li> <li>Enhancing the Strategy Management System Forwards Obtaining Break Through Results in Jakarta in 2014</li> <li>High Performance Leadership in the UK in 2012/3</li> </ul>
<b>Affiliate Relationship</b>	Has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as controlling shareholder.





**Maurin Sitorus**  
Non Independent Commissioner

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	61 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>• Bachelor of Law (S1) from the University of Indonesia in 1983</li> <li>• Master's in Monetary and International Economics, University of Illinois Urbana - Campaign USA in 1990.</li> <li>• Ph.D in Monetary and International Economics from University of Kentucky, Lexington, USA in 1994</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed as Non Independent Commissioner at the Annual Extraordinary General Meeting of Shareholders (EGMS) of PT Bank Tabungan Negara (Persero) Tbk dated January 7, 2016 and declared effective by the Financial Services Authority (OJK) on June 6, 2016
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>• Director General of Housing Financing at the Ministry of Public Works and Public Housing (2014 - 2017)</li> <li>• Secretary of the Directorate General of Debt Management, Directorate General of Debt Management, Ministry of Finance of the Republic of Indonesia in 2014</li> <li>• Executive Director, Asian Development Bank, Manila, the Philippines (2011 - 2013)</li> </ul>
<b>Concurrent Positions</b>	Tasked with a special assignment as a Member of the Remuneration and Nomination Committee from 1 November 2016 - present
<b>Training</b>	<ul style="list-style-type: none"> <li>• Key Risk Management Challenges In 2018 Workshop in Makassar in September 2018</li> <li>• Executive Risk Management Refreshment Program in Germany, July 2018</li> <li>• Refreshment of the International Risk Management Program for Executives in Taiwan from February 26 - March 3, 2018</li> <li>• Finance for Non-Finance Managers in Hong Kong in November 2017</li> <li>• Expand Leadership Program for BOD / BOC Seminar in Bali from August 2 - 5, 2017</li> <li>• Deeper Understanding of IFRS 9 &amp; BASEL IV and Progress of BASEL III Implementation in Bali in May 2017</li> <li>• The Paramount of GRC Risk Culture &amp; Leadership in Geneva, Switzerland, Prague, Czechia and Budapest, Hungary in March 2017</li> <li>• Impact Evaluation and Use of Monitoring &amp; Evaluation Program in Performance Based Planning in Shanghai, China, 2010</li> <li>• Economic Development Strategy and Market in Japan and South Korea, 2002</li> <li>• Macro-Economic Modeling in Den Haag, the Netherlands, in 2002</li> </ul>
<b>Affiliate Relationship</b>	Has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as controlling shareholder.

## PROFILE OF THE BOARD OF COMMISSIONERS



**Iman Sugema**

Non Independent Commissioner

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	54 years old
<b>Domicile</b>	Bogor
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor's (S1) from Bogor Agricultural Institute in 1987</li> <li>Ph.D. in economics, Department of Economics, Research School of Pacific and Asian Studies, The Australian National University (1996-2000)</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed as Non Independent Commissioner at the Annual General Meeting of Shareholders (GMS) of PT Bank Tabungan Negara (Persero) Tbk on April 12, 2016 and declared effective after obtaining approval from the Financial Services Authority (OJK) on July 25, 2017
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Executive Chairperson, Ec-Think Indonesia (Think Tank Economy), Corp (2010 – present)</li> <li>Director of the Inter CAFE (International Center for Applied Finance and Economics), Bogor Agricultural University (2005–2013)</li> <li>Senior Economist, InterCAFE (International Center for Applied Finance and Economics), Bogor Agricultural Institute (2005 – present)</li> <li>Senior Economist, INDEF (Institute for Development of Economics and Finance) (2002 – present)</li> <li>Senior Economist of ISEI (Indonesian Bachelor of Economics Association) (2002 – present)</li> </ul>
<b>Concurrent Position</b>	Tasked with a special assignment as Member of Risk Monitoring Committee since August 15, 2017 - present
<b>Training</b>	<ul style="list-style-type: none"> <li>Refreshment of International Risk Management Program for Executives in Taiwan from February 26 - March 3, 2018</li> <li>Integration of GRC in New Zealand, Australia in September 2017</li> <li>Deeper Understanding of IFRS 9 &amp; BASEL IV and Progress of BASEL III Implementation in Bali in May 2017</li> <li>ERMA Bali International Conference on Enterprise Risk Management in Denpasar, Bali, December 2016</li> <li>Debriefing of Risk Management Tests Level 1 and 2 in Jakarta, in 2016</li> </ul>
<b>Affiliate Relationship</b>	Has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as controlling shareholder.



**Garuda Wiko**  
Independent Commissioner

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	54 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Law at Tanjungpura University Pontianak in 1988</li> <li>Master of Science in the field of National Resilience Assessment at the University of Indonesia Jakarta in 1996</li> <li>Received a Doctorate in Law from Diponegoro University in 2006</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed as Independent Commissioner at the Annual General Meeting of Shareholders (AGM) of PT Bank Tabungan Negara (Persero) Tbk on March 17, 2017 and declared effective after obtaining approval from the Financial Services Authority (OJK) on July 25, 2017
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Lecturer at the Tanjungpura University Management Master's Program (2008 – present)</li> <li>Member of the Pontianak State Islamic Institute Senate, and Professor of the Sharia Department (2010 – present)</li> </ul>
<b>Concurrent Positions</b>	Tasked with a special assignment as a Member of the Audit Committee and Member of the Risk Monitoring Committee since August 15, 2017 – present
<b>Training</b>	<ul style="list-style-type: none"> <li>Risk Management Certification Refresher Program “Cyber Risk and Financial Crime in the Banking Industry”, held by the Banker Association for Risk Management, Bali, in 2018</li> <li>International Risk Management and Treasury Refreshment Program for Executives, held by MM FEB UGM, Indonesian Bankers Association (IBI) &amp; Banking Professional Certification Body (LSPP), Rome-Milan, October 2018</li> <li>Asean Global Leadership Program “Transforming ASEAN Organizations, The Leadership Imperative”, held by the New York University Stern School of Business and SRW &amp; Co., in New York, April 2018</li> <li>Expand Leadership Program, held by the Corporate Leadership Development Institute (CLDI) &amp; YPK of State-Owned Enterprises, Bali, 2017</li> <li>Risk Management Certification Refresher Program “Living Wills, Planning for Bank Recovery and Resolution was held by BSMR &amp; Garp, London, 2017</li> <li>Arbitration Workshop in Construction, Jakarta, 2008</li> <li>Workshops and Research on Critical Legal Studies &amp; Legal Pluralism, Pontianak, 2004</li> </ul>
<b>Affiliate Relationship</b>	Has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as controlling shareholder

## PROFILE OF THE BOARD OF COMMISSIONERS



**Parman Nataatmadja**  
Non Independent Commissioner

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	61 years old
<b>Domicile</b>	Tangerang
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Economics from the University of Indonesia, Jakarta in 1985</li> <li>Master of Finance from SUNY in Buffalo, New York in 1988</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed as Non Independent Commissioner at the Annual General Meeting of Shareholders (AGM) of PT Bank Tabungan Negara (Persero) Tbk on March 23, 2018 and will be effective after obtaining approval from OJK of the fit and proper test and compliance with statutory regulations and laws
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>President Director at PT Permodalan Nasional Madani (Persero) (2008 –2018)</li> <li>President Director of PT Bahana Artha Ventura (2005 –2018)</li> <li>President Director of PT Niaga International Factors (1996-2005)</li> <li>Director of PT Danareksa Finance (1993 –1996)</li> </ul>
<b>Concurrent Positions</b>	<ul style="list-style-type: none"> <li>Special Staff V at the Ministry of State-Owned Enterprises (2018 - present)</li> <li>President Commissioner of Mitra Dani Madani (2017 - present)</li> <li>President Commissioner of PT PNM Investment Management (July 2008 - present)</li> <li>President Commissioner of PT PNM Venture Capital (2008 - present)</li> </ul>
<b>Training</b>	<ul style="list-style-type: none"> <li>Speaker at the Financial Services Industry Role in Supporting the Development of Start Up Business Organizers STIE Prasetya Mulya in Jakarta in 2016</li> <li>FEALAC resource person (Forum East Asia Latin America Corporation) held by the Colombian Government - Bogota in 2006</li> <li>Leading Change in Jakarta in 2006</li> <li>Orientation Seminar on New Folding Product at Singapore IFS in 1997, and Asia Financing &amp; Risk Management Conference seminar in Bali 1996</li> </ul>
<b>Affiliate Relationship</b>	Has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as controlling shareholder



# PROFILE OF SHARIA SUPERVISORY BOARD



**Prof. Dr. H. Muhammad Quraish Shihab, MA**  
Chairman of the Sharia Supervisory Board

<b>Nationality</b>	Indonesian
<b>Age</b>	75 years old
<b>Domicile</b>	South Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor, Al-Azhar University, Cairo, Egypt</li> <li>Master Al-Azhar University, Cairo, Egypt</li> <li>PhD Al-Azhar University, Cairo, Egypt</li> </ul>
<b>Legal Basis of Appointment</b>	<ul style="list-style-type: none"> <li>He served as Chairman of the Sharia Supervisory Board of Bank BTN since January 22, 2019 based on OJK Letter No. SR-4 / PB.13 / 2019 dated January 10, 2019, regarding Decision on Submission of Candidates for Sharia Supervisory Board of Bank BTN Sharia Business Unit (UUS)</li> <li>Results of the Annual General Meeting of Shareholders (AGM) of PT Bank Tabungan Negara (Persero) Tbk dated March 23, 2018</li> </ul>
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Deputy Rector of IAIN Alauddin 1974-1980</li> <li>Coordinator of Private Islamic Tertiary Education in Eastern Indonesia (Kopertis Wilayah Timur) 1967 - 1980</li> <li>Assistant to the Chief Coordinator of the East Indonesian Inter-Police in Mental Coaching 1973 - 1975</li> <li>Rector of IAIN Syarif Hidayatullah 1992 - 1998</li> <li>Member of the Sharia Supervisory Board of Bank Muamalat 1992 - 1999</li> <li>Minister of Religious Affairs of the Republic of Indonesia in 1998</li> <li>Member of the Indonesian-Malaysian Eminent Person Group 2010</li> <li>Extraordinary and Plenipotentiary Ambassador for Egypt and Djibouti 1998 - 2002</li> <li>Founder and Member of the Council of Muslim Elders, 2014 - present</li> <li>Member of the Sharia Supervisory Board, 2004 - present</li> <li>Member of the MPR - RI period 1982 - 1987 and the period 1987 - 2002</li> <li>Chairman of the Indonesian Ulama Council (MUI) period 1985 - 1998</li> <li>Member of the National Education Advisory Board, 1988 - 1996</li> <li>Member of the National Accreditation Agency 1994 - 1998</li> <li>Member of the National Research Council 1995 - 1999</li> <li>Member of Lajnah Pentashbih Qur'an in the Indonesian Ministry of Religious Affairs 1989 - present</li> <li>Director of Ulama Cadre, MUI 1994 -1997</li> </ul>
<b>Concurrent Position</b>	<ul style="list-style-type: none"> <li>Chairman of DPS UUS CIMB Niaga, 2004 - present</li> <li>Chairman of DPS UUS CIMB Niaga, 2004</li> </ul>
<b>Training</b>	Training Program in Strategic Management for Upper Level Government Officials in 1980 through the Institute For Training and Development in Amherst, Massachusetts USA
<b>Affiliate Relationship</b>	He has no affiliation with members of the Board of Directors and/or members of the Board of Commissioners, or with any major shareholders and/or controllers.



## PROFILE OF SHARIA SUPERVISORY BOARD



**Muhammad Gunawan Yasni, SE.Ak., MM,  
CIFA, FIIS, CRP, CA**

Member of the Sharia Supervisory Board

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	49 years old
<b>Domicile</b>	Tangerang
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor degree, University of Indonesia - 1993</li> <li>Master degree, STIE Prasetya Mulya - 1995</li> </ul>
<b>Legal Basis of Appointment</b>	<ul style="list-style-type: none"> <li>Served as a member of the Bank BTN Sharia Supervisory Board since January 22, 2019 based on OJK Letter No. SR-4/PB.13/2019 dated January 10, 2019 regarding Decision on Submission of Candidates for the Sharia Supervisory Board of the Sharia Business Unit (UUS) in PT Bank Tabungan Negara (Persero) Tbk</li> <li>Results of the Annual General Meeting of Shareholders (AGMS) of PT Bank Tabungan Negara (Persero) Tbk dated March 23, 2018</li> </ul>
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Deputy Secretary – Daily Executive Board of DSN MUI for the 2015-2020 period</li> <li>Lecturer for Middle East - Islamic Study in the Post Graduate Program, University of Indonesia</li> <li>Sharia Supervisory Board ar BATASA Sharia Fund in 2003-2007,</li> <li>SIMAS Sharia Insurance in 2004-2005,</li> <li>Deutsche Bank Sharia Custodian &amp; Investment Banking in 2006-2009,</li> <li>Indonesia Exim Bank in 2007-2012</li> </ul>
<b>Concurrent Position</b>	<ul style="list-style-type: none"> <li>SSB of Astra Insurance</li> <li>SSB of Bank BRI Syariah</li> <li>SSB of Manulife Asset Management</li> </ul>
<b>Training</b>	<ul style="list-style-type: none"> <li>Certified Islamic Financial Analyst by University of Indonesia Graduate School in 2001</li> <li>Fellow of the Islamic Insurance Society through the Sharia Insurance Association in 2010</li> </ul>
<b>Affiliate Relationship</b>	He has no affiliation with members of the Board of Directors and/or members of the Board of Commissioners, or with major shareholders and/or controllers.



**DR.H.Mohamad Hidayat, MBA,MH**  
Member of Sharia Supervisory Board

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	51 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>• Bachelor degree, IAIN Jakarta - 1992</li> <li>• Master degree (MBA), IPWI Jakarta</li> <li>• Master degree, Sekolah Tinggi Ilmu Hukum Institute at Business Law &amp; Legal Management (IBLAM) Jakarta - 2003</li> <li>• Doctoral degree (PhD) in Islamic Economy and Finance from Trisakti University - 2014</li> </ul>
<b>Legal Basis of Appointment</b>	Results of the Annual General Meeting of Shareholders (AGMS) of PT Bank Tabungan Negara (Persero) Tbk dated March 23, 2018
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>• Plenary Board of DSN-MUI</li> <li>• Indonesian Association of Islamic Economists</li> <li>• Indonesian Association of Sharia Insurance</li> <li>• Lecturer at the Graduate School of the Indonesian Banking School, PSTTI Program at Universitas Indonesia, and IEF Program at Universitas Trisakti</li> <li>• Advisor/supervisor at a number of sharia financial/non-financial institutions</li> <li>• Lecturer at Tahfiz Al Qurna Al Wasiah Islamic Boarding School, Jakarta</li> <li>• Permanent khotib at Presidential Palace Mosque, Vice Presidential Palace Mosque, OJK, BI, others</li> <li>• Writer, Mubaligh, etc.</li> </ul>
<b>Concurrent Positions</b>	<ul style="list-style-type: none"> <li>• Member of DPS BSM (banking)</li> <li>• Member of DPS PT Asuransi Manulife (insurance)</li> <li>• Member of DPS PT Asuransi Allianz Syariah (insurance)</li> <li>• Member of DPS PT BRIIngin Life Syariah (insurance)</li> </ul>
<b>Training</b>	<ul style="list-style-type: none"> <li>• Capital Market Sharia Expert, 2017</li> <li>• Sharia Supervisory Board Competency Certificate from BNSP, 2017</li> </ul>
<b>Affiliate Relationship</b>	He has no affiliation with members of the Board of Directors and/or members of the Board of Commissioners, or with major shareholders and/or controllers.

# PROFILE OF THE BOARD OF DIRECTORS



**Yossi Istanto**  
Director

**R. Mahelan Prabantarikso**  
Director

**Budi Satria**  
Director

**Oni Febriarto Rahardjo**  
Director

**Maryono**  
President Director



**Iman Nugroho Soeko**  
Director

**Nixon L.P. Napitupulu**  
Director

**Dasuki Amsir**  
Director

**Andi Nirwoto**  
Director

## PROFILE OF THE BOARD OF DIRECTORS



**Maryono**  
President Director

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	63 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Economics (S1) from Universitas Diponegoro, Semarang, 1981</li> <li>Master's Degree (S2) from the IPWI College of Economics, Jakarta, 1998</li> </ul>
<b>Legal Basis of Appointment</b>	<ul style="list-style-type: none"> <li>Appointed the first time as President Director of Bank BTN at the Extraordinary General Meeting of Shareholders (EGMS) of Bank BTN on December 28, 2012, and declared effective on March 18, 2013</li> <li>Re-appointed as President Director of Bank BTN at the Annual General Meeting of Shareholders (AGMS) of Bank BTN on March 17, 2017 for the second term and declared effective on March 17, 2017.</li> </ul>
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>President Director of PT Bank Tabungan Negara (Persero) Tbk (December 2012 - present)</li> <li>President Director of Bank Mutiara (November 2008 - December 2012)</li> <li>Group Head of Jakarta Network, PT Bank Mandiri (Persero) Tbk (January 2005- November 2008)</li> <li>Group Head of Regional Network, PT Bank Mandiri (Persero) Tbk (January - December 2004)</li> <li>Head of Region I, PT Bank Mandiri (Persero) Tbk (July 2002 - December 2003)</li> <li>Head of Region IV, PT Bank Mandiri (Persero) Tbk (August 1999 - July 2002)</li> </ul>
<b>Concurrent Positions</b>	Presently, he does not hold any board of director position in other companies. However, he holds a position as WSBI Director for the period 2018-2021 and the Chairperson of the HIMBARA (State-Owned Bank Association), 2017 – present.
<b>Training</b>	<ul style="list-style-type: none"> <li>25th WSBI World Congress in New Delhi India, November 15-18 2018,</li> <li>IMF Annual Meeting in Nusa Dua Bali on October 12, 2018,</li> <li>Risk Management Workshop (BARA) in Rome - Milan October 8-11 2018,</li> <li>Bancassurance Innovation Workshop in Zurich August 6-10 2018.</li> </ul>
<b>Affiliate Relationship</b>	He has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as major shareholders and/or controllers.
<b>Share Ownership</b>	346,800 shares / 0.0032748%





**Iman Nugroho Soeko**  
Director

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	63 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Mechanical Engineering Degree, Bandung Institute of Technology (ITB), Bandung in 1979</li> <li>Master of Social Science, University of Birmingham, England in 1989</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed for the first time as Director of Bank BTN at the Annual General Meeting of Shareholders (AGMS) of Bank BTN on February 25, 2014 and declared effective on June 16, 2014.
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Director of PT Bank Tabungan Negara (Persero) Tbk (February 2014 - present)</li> <li>Chief Executive of PT Bank Mandiri (Persero) Tbk (Europe) Ltd (BMEL) (October 2010 - November 2013)</li> <li>Chairman of PT Bank Mandiri (Persero) Tbk (Europe) Ltd (June 2009 - October 2010)</li> <li>Group Head - IBCMS PT Bank Mandiri (Persero) Tbk (January 2009 - April 2010)</li> <li>General Manager of PT Bank Mandiri (Persero) Tbk (Singapore) (August 1999 - October 2001)</li> <li>General Manager of PT Bank Mandiri (Persero) Tbk (Hong Kong) (April 1996 - December 1997)</li> <li>Deputy General Manager of PT Bank Mandiri (Persero) Tbk (Hong Kong) (July 1995 - April 1996)</li> </ul>
<b>Concurrent Positions</b>	At present, he does not hold any directorship position in other companies.
<b>Training</b>	<ul style="list-style-type: none"> <li>CEO of the International Public Relations Summit Forum in Jakarta November 2, 2018</li> <li>ASEAN Global Leadership Program Seminar by SRW in Cambridge October 15-19, 2018</li> <li>Paradigma Infrastructure Finance Seminar in Denpasar Bali on October 9, 2018</li> <li>ITMS Assessment in Jakarta on September 26, 2018</li> <li>2018 investor summit in Jakarta on August 27, 2018</li> <li>International Risk Management Program For Executives in Taiwan from February 26 - March 3, 2018</li> </ul>
<b>Affiliate Relationship</b>	He has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as major shareholders and/or controllers.
<b>Share Ownership</b>	184,300 shares / 0.0017403%



## PROFILE OF THE BOARD OF DIRECTORS



**Oni Febriarto Rahardjo**

Director

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	47 years old
<b>Domicile</b>	Tangerang
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Engineering (S1) from Diponegoro University, Semarang in 1994</li> <li>Master of Management (S2) from PPM Management School, Jakarta in 1996</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed for the first time as Director of Bank BTN at Annual General Meeting of Shareholders (AGMS) of Bank BTN on March 24, 2015 and declared effective on May 19, 2015
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Director of PT Bank Tabungan Negara (Persero) Tbk (March 2015 - present).</li> <li>Branch Manager of PT Bank Tabungan Negara (Persero) Tbk (Ciputat Branch Office) (November 2012 - March 2013)</li> <li>Head of Small and Medium Lending Division of PT Bank Tabungan Negara (Persero) Tbk (March 2013 – March 2015)</li> </ul>
<b>Concurrent Positions</b>	At present, he does not hold any directorship position in other companies.
<b>Training</b>	<ul style="list-style-type: none"> <li>Executive Leader Forum in Jakarta on October 16, 2018</li> <li>Bancassurance Innovation Workshop in Zurich August 8-10, 2018</li> <li>CLSA ASEAN Forum 2018 in Bangkok March 07-09, 2018</li> </ul>
<b>Affiliate Relationship</b>	He has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as major shareholders and/or controllers.
<b>Share Ownership</b>	184,300 shares / 0.0017403%



**R. Mahelan Prabantarikso**  
Director

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	49 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor degree (S1) in Economics from Universitas Jenderal Sudirman, Purwokerto, 1992</li> <li>Magister Management (S2) from Universitas Gajah Mada, Yogyakarta, 2004</li> <li>PhD (S3) in Business Management/Agribusiness StrategiC Management from Institut Pertanian Bogor, Bogor, 2018</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed for the first time as Director of Bank BTN at the Annual General Meeting of Shareholders (AGMS) of Bank BTN on March 17, 2017 and declared effective on July 25, 2017
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Director, PT Bank Tabungan Negara (Persero) Tbk (March 2017 – present)</li> <li>Head of Strategic Innovation &amp; Performance Division, PT Bank Tabungan Negara (Persero) Tbk (May 2015 – March 2017)</li> <li>Head of Change Management Office, PT Bank Tabungan Negara (Persero) Tbk (March 2013 – April 2015)</li> <li>Superintendent, Human Capital Projects, Bank BTN (2012 - 2013)</li> </ul>
<b>Concurrent Positions</b>	At present, he does not hold any directorship position in other companies.
<b>Training</b>	<ul style="list-style-type: none"> <li>FSA High Level Meeting Seminar in Bali on October 12, 2018</li> <li>2018 Investor Summit in Jakarta on August 27, 2018</li> <li>Executive Club State-Owned Enterprises Workshop in Jakarta July 31, 2018</li> <li>Executive Education Harvard Business School in Jakarta July 9-14, 2018</li> </ul>
<b>Affiliate Relationship</b>	He has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as major shareholders and/or controllers.
<b>Share Ownership</b>	210,400 shares / 0.0019868%

## PROFILE OF THE BOARD OF DIRECTORS



**Nixon L.P. Napitupulu**  
Director

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	49 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	Bachelor of Economics, University of North Sumatra, Medan in 1994
<b>Legal Basis of Appointment</b>	Appointed for the first time as Director of Bank BTN at the Annual General Meeting of Shareholders (AGMS) of Bank BTN on March 17, 2017 and declared effective on July 25, 2017
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>• Director of PT Bank Tabungan Negara (Persero) Tbk (March 2017 - present)</li> <li>• President Director of PT Bank Mandiri TASPEN Pos (in May 2015 - March 2017)</li> <li>• Head of Bank Joint Venture Transition Team of PT Bank Mandiri (Persero) Tbk, (January 2015 - May 2015)</li> <li>• Head of Priority Bank Joint Venture Project of PT Bank Mandiri (Persero) Tbk (October 2014–December 2015)</li> <li>• Group Head Corporate Secretary of PT Bank Mandiri (Persero) Tbk (January 2013- September 2014)</li> <li>• Acting Group Head Strategy &amp; Performance Management of PT Bank Mandiri (Persero) Tbk (June 2012 - January 2013)</li> <li>• Group Head Micro Network Development of PT Bank Mandiri (Persero) Tbk (August 2010 - May 2012)</li> <li>• Acting Group Head of Micro Network Development of PT Bank Mandiri (Persero) Tbk (January 2010 - July 2010)</li> </ul>
<b>Concurrent Positions</b>	At present, he does not hold any directorship position in other companies.
<b>Trainings</b>	<ul style="list-style-type: none"> <li>• ASEAN Global Leadership Program Seminar by SRW in Cambridge October 15-19, 2018</li> <li>• ITMS Assessment in Jakarta on September 26, 2018</li> <li>• 2018 Investor Summit in Jakarta on August 27, 2018</li> </ul>
<b>Affiliate Relationship</b>	He has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as major shareholders and/or controllers.
<b>Share Ownership</b>	146,400 shares / 0.0013824%



**Budi Satria**  
Director

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	55 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Law (S1) from Indonesian Islamic University in 1987</li> <li>Master in Management (S2) University of Indonesia in 2001</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed for the first time as Director of Bank BTN at the Annual General Meeting of Shareholders (AGMS) of Bank BTN on March 17, 2017 and declared effective on July 25, 2017
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Director of PT Bank Tabungan Negara (Persero) Tbk (March 2017 - present)</li> <li>Head of Regional Office of PT Bank Rakyat Indonesia (Persero) Tbk (October 2015 - March 2017)</li> <li>Corporate Secretary of PT Bank Rakyat Indonesia (Persero) Tbk (April 2014 - September 2015)</li> <li>Head of Regional Office of PT Bank Rakyat Indonesia (Persero) Tbk (June 2012 - March 2014)</li> <li>Inspector (Regional Head, Audit) PT Bank Rakyat Indonesia (Persero) Tbk (October 2011 - May 2012)</li> <li>Deputy Head of Division of PT Bank Rakyat Indonesia (Persero) Tbk (January 2007 - September 2011)</li> <li>Chief Representative of PT Bank Rakyat Indonesia (Persero) Tbk (April 2004 - December 2006)</li> </ul>
<b>Concurrent Positions</b>	At present, he does not hold any directorship position in other companies.
<b>Training</b>	<ul style="list-style-type: none"> <li>25<sup>th</sup> WSBI World Congress in New Delhi India November 15-18 2018</li> <li>Risk Management Workshop (BARA) in Rome - Milan October 8-11, 2018</li> <li>ITMS Assessment in Jakarta on September 26, 2018</li> <li>2018 National Championship League in New Zealand August 27-29, 2018</li> <li>LTV Economic Projection &amp; Relaxation Business Seminar in Jakarta July 31, 2018</li> <li>24<sup>th</sup> WSBI Regional Group Meeting Asia Pacific in Hong Kong April 17-19, 2018</li> </ul>
<b>Affiliate Relationship</b>	He has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as major shareholders and/or controllers.
<b>Share Ownership</b>	146,400 shares / 0.0013824%

## PROFILE OF THE BOARD OF DIRECTORS



**Dasuki Amsir**  
Director

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	55 years
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Economics (S1) from Krisna Dwipayana University, Bekasi in 1986</li> <li>Master of Management (S2) from Gadjah Mada University, Yogyakarta in 1996</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed for the first time as Director of Bank BTN at the Extraordinary General Meeting of Shareholders (EGMS) of Bank BTN on December 28, 2017 and declared effective on June 26, 2018
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Director of Distribution &amp; Network of PT Bank Tabungan Negara (Persero) Tbk (December 2017 - Present)</li> <li>President Director of Nusantara Plantation Holding PTPN III (Persero) (April – December 2017)</li> <li>President Director of PT Perkebunan Nusantara IV (2016–2017)</li> <li>Finance Director of PT Perkebunan Nusantara XII (2015–2016)</li> <li>Remedial &amp; Recovery Commercial Loan Leader (Head Office) of PT Bank Negara Indonesia (Persero) Tbk (August 2015 - October 2015)</li> <li>Head of Regional Office of PT Bank Negara Indonesia (Persero) Tbk Surabaya (June 2012 - August 2015)</li> <li>Business Banking Leader of the Regional Office of PT Bank Negara Indonesia (Persero) Tbk Surabaya (June 2011 - June 2012)</li> <li>Intermediate Credit Center Leader, PT Bank Negara Indonesia (Persero) Tbk (September 2010 - June 2011)</li> <li>Intermediate Credit Center Leader, PT Bank Negara Indonesia (Persero) Tbk Palembang (May 2009 - August 2010)</li> <li>Small Credit Center Leader of PT Bank Negara Indonesia (Persero) Tbk Medan (January 2009 - May 2009)</li> <li>Small Credit Center Leader of PT Bank Negara Indonesia (Persero) Tbk Sukabumi (February 2007 - December 2008)</li> </ul>
<b>Concurrent Positions</b>	At present, he does not hold any directorship position in other companies.
<b>Training</b>	<ul style="list-style-type: none"> <li>Digital BCG Asia Pacific Conference in Singapore June 28-29, 2018</li> <li>UKMR Level 5 in Jakarta on February 3, 2018</li> </ul>
<b>Affiliate Relationship</b>	He has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as major shareholders and/or controllers.
<b>Share Ownership</b>	2,000 shares / 0.0000189%



**Yossi Istanto**  
Director

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	45 years old
<b>Domicile</b>	Jakarta
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Law (S1) from Sebelas Maret University, Surakarta in 1996</li> <li>Master of Business Law (S2) from the Parahyangan Catholic University, Bandung in 2004</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed for the first time as Director of PT Bank Tabungan Negara (Persero) Tbk at the Annual General Meeting of Shareholders (AGMS) of Bank BTN on March 23, 2018 and declared effective on September 10, 2018
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Director of Strategic Human Capital, PT Bank Tabungan Negara (Persero) Tbk (March 2018 - present)</li> <li>Legal Division Head of PT Bank Tabungan Negara (Persero) Tbk (March 2017 - March 2018)</li> <li>Legal &amp; Loan Document Desk Head of PT Bank Tabungan Negara (Persero) Tbk (April 2014 - March 2017)</li> </ul>
<b>Concurrent Positions</b>	At present, he does not hold any directorship position in other companies.
<b>Training</b>	<ul style="list-style-type: none"> <li>Directorship Seminar Program in Jakarta October 8-09, 2018</li> <li>Dissemination of the Integrated Talent Management of the BUMN Ministry in Jakarta on August 02, 2018</li> <li>BSMR Level 5 in Jakarta on April 5-6, 2018</li> </ul>
<b>Affiliate Relationship</b>	He has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as major shareholders and/or controllers.
<b>Share Ownership</b>	0 shares / 0%



## PROFILE OF THE BOARD OF DIRECTORS



**Andi Nirwoto**  
Director

<b>Nationality</b>	Indonesian citizen
<b>Age</b>	48 years old
<b>Domicile</b>	Bekasi
<b>Academic Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Engineering (S1) from Gadjah Mada University, Yogyakarta in 1994</li> <li>Master of Finance (S2) from Gadjah Mada University / University of Lexington Kentucky, USA in 1997</li> </ul>
<b>Legal Basis of Appointment</b>	Appointed for the first time as Director of PT Bank Tabungan Negara (Persero) Tbk at the Annual General Meeting of Shareholders (AGMS) of Bank BTN on March 23, 2018 and declared effective on September 10, 2018
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>Director of IT &amp; Operations of PT Bank Tabungan Negara (Persero) Tbk (March 2018 - present)</li> <li>Information Technology Operational General Manager, PT Bank Negara Indonesia (Persero) Tbk (July 2017 - March 2018)</li> <li>General Manager of Information Technology Solutions &amp; Security Division, PT Bank Negara Indonesia (Persero) Tbk (November 2015 - July 2017)</li> <li>General Manager of Information Technology Division, PT Bank Negara Indonesia (Persero) Tbk (October 2014 - November 2015)</li> <li>Deputy General Manager of Information Technology Division, PT Bank Negara Indonesia (Persero) Tbk (December 2009 - October 2014)</li> </ul>
<b>Concurrent Positions</b>	At present, he does not hold any directorship position in other companies.
<b>Training</b>	<ul style="list-style-type: none"> <li>Swiss Fintech Fact Finding Mission in Zurich November 10-10, 2018</li> <li>Executive Leader Forum in Jakarta on October 16, 2018</li> <li>IMF Annual Meeting in Nusa Dua Bali 11-12 October, 2018</li> <li>ITMS Assessment in Jakarta on September 26, 2018</li> <li>State Owned Enterprises Executive Club Workshop in Jakarta on July 31, 2018</li> </ul>
<b>Affiliate Relationship</b>	He has no affiliation with members of the Board of Directors and other members of the Board of Commissioners, as well as major shareholders and/or controllers.
<b>Share Ownership</b>	0 shares / 0%



# PROFILE OF OFFICIALS REPORTING DIRECTLY TO THE BOARD OF DIRECTORS



**Achmad Chaerul**

Corporate Secretary

Indonesian citizen, 48 years old, domiciled in Jakarta. Obtained a Master degree in Law from University of Indonesia, Jakarta in 2002.

#### Work Experience

Started a career at PT Bank Tabungan Negara (Persero) Tbk since 1997, and previously has served as Chief Makassar Branch (2016), Head of Regional Office Region 5 (2017) and Division Head Compliance & Governance (2018).

#### Training

Participated in a number of training and seminars including Corporate Secretary organized by Manpower Indonesia in Jakarta (2018), Strategy Excellence organized by Aztech in Dubai (2018), APU & PPT Training organized by Effective Pro in Jakarta (2018), UKMR

Level 4 Certification held by the Banking Professional Certification Institute in Jakarta (2018), Briefing of UKMR level 4 held by Effective Pro in Jakarta (2018) and Credit Certification organized by the Institute Banking Professional Certification in Jakarta (2018).



**Triani Pudji Astuti**

Head of Internal Audit

Indonesian citizen, 55 years old, domiciled in Jakarta. Obtained a Bachelor of Economics degree from Gajah Mada University, Yogyakarta in 1985.

#### Legal Basis of Appointment

Appointed as Head of Internal Audit effective since November 13, 2017 based on Directors Decree No. 612 / DIR / 2017 November 7, 2017 concerning Employee Rotation / Promotion.

#### Work Experience

Started her career at PT Bank Tabungan Negara (Persero) Tbk since 1986 and previously has served as Head of Finance & Accounting Division (2011 - 2017).

#### Training

Participated in a number of educational workshops both at home and abroad as follows: Developing The Strategic Manager 2 organized by AGSM UNSW business School, Australia in 2016, Training in Asset Accounting (PSAK & ISAK) held by the Indonesian Accounting Association (IAI), Jakarta in 2017, the Asset Accounting Implementation Workshop held by PT Barta Cahaya Mediatama in Jakarta in 2017.

# PROFILE OF EXECUTIVE OFFICERS



## **Anton Rijanto**

47 years old. Master of Management, University of Hasannudin. Appointed as Head of Commercial Funding & Services Division based on Decision of the Board of Directors No. 177/DIR/2017.



## **Alex Sofyan Noor**

52 years old. Bachelor of Economics, Islamic University of Indonesia. Appointed as Head of Commercial Risk Division based on Decision of the Board of Directors No. 545/DIR/2018.



## **Heru Kurniawan**

47 years old. Master of Management, Bogor Agricultural Institute. Appointed as Head of Commercial Lending Division based on Decision of the Board of Directors No. 545/DIR/2018.



## **Sindhu Rahardian Ardita**

46 years old. Master of Management, Gajah Mada University. Appointed as Head of Corporate & Loan Syndication Division based on Decision of the Board of Directors No. 260/DIR/2017.



## **Hirwandi Gafar**

50 years. Bachelor of Civil Engineering, Bandung Institute of Technology. Appointed as Head of the Subsidized Mortgage Division based on Decision of the Board of Directors No. 125/DIR/2014.



## **Suryanti Agustinar**

53 years old. Master of Management, Gajah Mada University. Appointed as Head of Non-Subsidized Mortgage and Consumer Lending Division based on Decision of the Board of Directors No. 150/DIR/2014.



## **Nasril**

53 years old. Bachelor of Financial Management, STIE KBP Padang. Appointed as Head of Service Quality & Distribution Division based on Decision of the Board of Directors No. 545/DIR/2018.



## **Sri Rezeki Murni Sudarsari**

53 years old. Master of Management, Gajah Mada University. Appointed as Head of Wealth Management Division based on Decision of the Board of Directors No. 177/DIR/2017.



## **Joni Prasetyanto**

50 years old. Master of Business Law, University of Indonesia. Appointed as Head of the Sharia Division based on Decision of the Board of Directors No. 545/DIR/2018.



## **Ferry Sipahutar**

48 years old, Master of Management, Gajah Mada University. Appointed as Head of Retail Funding & Services Division based on Decision of the Board of Directors No. 545/DIR/2018.



#### **Erwin Dwi Kusuma**

39 years old. Bachelor of Civil Engineering Ten November Institute of Technology. Appointed as Head of the Retail Risk Division based on Decision of the Board of Directors No. 502/DIR/2017.



#### **Marfiades**

54 years old. Master of Management from Borobudur University. Appointed as Head of Consumer Collection & Remedial Division based on Decision of the Board of Directors No. 579/DIR/2017.



#### **Elisabeth Novie Riswanti**

51 years old. Bachelor of Civil Law, Gadjah Mada University. Appointed as Head of Asset Management Division based on Decision of the Board of Directors No. 177/DIR/2017.



#### **Lusiana Anjarsari**

45 years old. Master of Law, University of Indonesia. Appointed as PLT Head of Legal Division based on Decision of the Board of Directors No. 294/DIR/2018.



#### **Purwa Riadi**

40 years old. Bachelor of Information Technology at Budi Luhur University. Appointed as Head of IT Strategic Planning & Development Division based on Decision of the Board of Directors No. 463/DIR/2017.



#### **Bimo Haryo Prawiro P**

42 years old. Bachelor of Engineering, Bandung Institute of Technology (ITB). Appointed as Head of IT Operation Division based on Decision of the Board of Directors No. 501/DIR/2017.



#### **Adee Indriana D**

47 years old. Bachelor of Development Economics, Sebelas Maret University. Appointed as Head of Operation & Business Support Division based on Decision of the Board of Directors No. 353/DIR/2017.



#### **Rudolf Valentino Saragih**

52 years old. Bachelor of Accounting, University of North Sumatra. Appointed as Head of Credit Operation Division based on Decision of the Board of Directors No. 177/DIR/2017.



#### **Adi Suharto Atmadja**

54 years old. Bachelor of Agricultural Technology, Bandung Institute of Technology. Appointed as Head of Procurement & General Services based on Decision of the Board of Directors No. 545/DIR/2018.



#### **Nofry Rony Poetro**

50 years. Master of Business Administration, George Washington University, Washington DC, USA. Appointed as Head of Institutional Banking Division based on Decision of the Board of Directors No. 257/DIR/2015.

## PROFILE OF EXECUTIVE OFFICERS



### **Dadang Eka Jatnika**

49 years old. Master of Accounting, Diponegoro University. Appointed as Head of Finance and Accounting based on Decision of the Board of Directors No. 612/DIR/2017.



### **Adi Santoso Budi Darma**

53 years old. Bachelor of Economics in Management, University of Pancasila. Appointed as Head of Institutional Banking Division based on Decision of the Board of Directors No. 260/DIR/2017.



### **Beki Kanuwa**

46 years old. Bachelor of Civil Engineering, Bandung Institute of Technology. Appointed as Head of Corporate Strategy & Performance Management Division based on Decision of the Board of Directors No. 353/DIR/2017.



### **Wilson Arifat**

47 years old. Master of Marketing Management, Gajah Mada University. Appointed as Head of Transformation Management Office Division, based on Decision of the Board of Directors No. 177/DIR/2017.



### **R. Wahyu B. Witjaksono**

48 years old. Master of Financial Management, Gajah Mada University. Appointed as PLT Head of Compliance & Governance Division based on Decision of the Board of Directors No. 1037/DIR/2018.



### **Sahat Sihombing**

52 years old. Master of Management Economics, IPPM Jakarta. Appointed as Head of Enterprise Risk Management Division based on Decision of the Board of Directors No. 353/DIR/2017.



### **Eko Waluyo**

47 years old. Master of Management, Gajah Mada University. Appointed as Head of Division of Human Capital Management & Culture (HMCD) based on Decision of the Board of Directors No. 180/DIR/2017.



### **Hertanta**

54 years old. Master of Financial Management, Padjadjaran University. Appointed as Head of Human Capital Organization & Policy Division based on Decision of the Board of Directors No. 466/DIR/2018.



### **Rifki Sengaji**

54 years old. Master of Management, Ars Internasional University. Appointed as Head of Learning Center based on Decision of the Board of Directors No. 260/DIR/2017.



### **L. Esti Dwi Retnosari**

49 years old. Bachelor of Industrial Engineering, Pasundan University. Appointed as PLT Head of Policy & Procedure Desk based on Decision of the Board of Directors No. 545/DIR/2018.





**Mohammad Faiz**

49 years old. Bachelor of Law, Indonesian Islamic University. Appointed as Head of SME Lending Division based on Decision of the Board of Directors No. 545/DIR/2018.



**Raden Meta Sutriatin Rukmitasari**

51 years old. Master of Financial Management, Oklahoma City University. Appointed as PLT Head of Digital Channels Division based on Decision of the Board of Directors No. 294/DIR/2018.



**Satya Wijayantara**

51 years old. Master of Law, Jayabaya University. Appointed as Head of Regional Office 1 based on Decision of the Board of Directors No. 177/DIR/2017.



**Dewi Fitrianingrum**

52 years old. Master of Management, Gadjah Mada University. Appointed as Head of Regional Office 2 based on Decision of the Board of Directors No. 177/DIR/2017.



**Frisaba H Yudianto**

54 years old. Bachelor of Law, Krisnadwipayana University. Appointed as Head of Regional Office 3 based on Decision of the Board of Directors No. 545/DIR/2018.



**Manahan Hutapea**

50 years. Bachelor of Economics, University of North Sumatra. Appointed as Head of Regional Office 4 based on Decision of the Board of Directors No. 579/DIR/2017.



**Edward Alimin Syarif**

50 years. Master of Management, Open University. Appointed as PLT Head of Regional Office 5 based on Decision of the Board of Directors No. 747/DIR/2018.



**Sri Nuryanti Ekaningsih**

54 years old. Bachelor of Civil Law, Gadjah Mada University. Appointed as Head of Regional Office 6 based on Decision of the Board of Directors No. 545/DIR/2018.





# EDUCATION AND/OR TRAINING OF THE BOARD OF COMMISSIONERS, BOARD OF DIRECTORS, COMMITTEES, CORPORATE SECRETARY AND INTERNAL AUDIT UNIT

Information on the education and training of the Board of Commissioners, Board of Directors, Committees, Corporate Secretary and Internal Audit Unit is presented in the discussion of the Corporate Governance chapter.

## EMPLOYEE STATISTICS AND COMPETENCY DEVELOPMENT DATA

### NUMBER OF EMPLOYEES

In 2018, the Company employed 11,810 employees, consisting of 10,025 Permanent Employees and 1,785 Contract/PKWT Employees. The Company also employs 10,286 Outsourced Employees. The number of employees in 2018 increased by 14% from the total of 10,360 employees in 2017. Information on the development of the number of employees over the past 3 (three) years is as follows:

	 Number of Employees			 Total	
	Permanent Employees	Contract Employees	Outsourced Employees	Not including Outsourced	Including Outsourced
2018	10,025	1,785	10,286	11,810	22,096
2017	8,780	1,580	9,223	10,360	19,583
2016	8,561	683	6,728	9,244	15,972



The following tables explain the comparison of the composition of the Company's employees in the last 3 (three) years with groupings based on organizational level, education level, employment status, age, gender and location of work units:

#### Employee Composition based on Organization Level

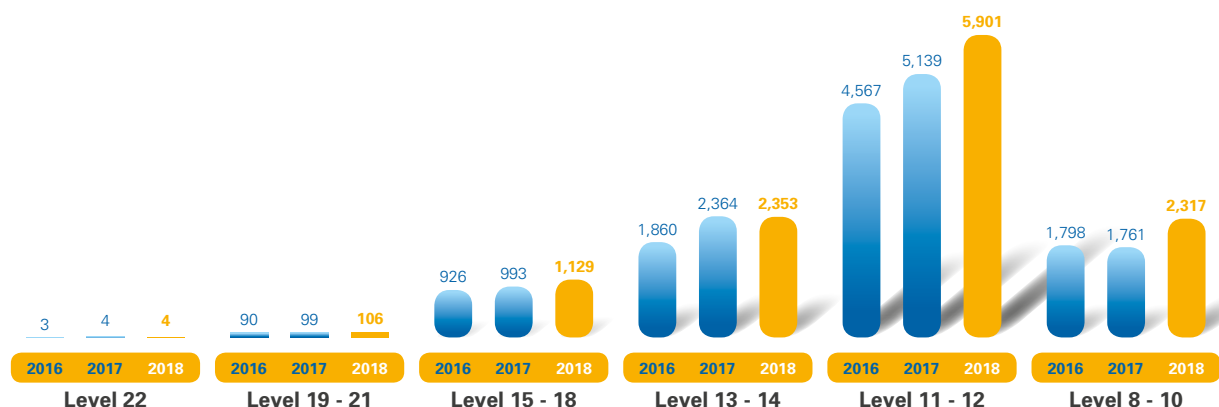
Organization Level	2016		2017		2018	
	Number of Employees	%	Number of Employees	%	Number of Employees	%
Level 22	3	0.03%	4	0.04%	4	0.03%
Level 19 - 21	90	0.97%	99	0.96%	106	0.90%
Level 15 - 18	926	10.02%	993	9.58%	1,129	9.56%
Level 13 - 14	1,860	20.12%	2,364	22.82%	2,353	19.92%
Level 11 - 12	4,567	49.41%	5,139	49.60%	5,901	49.97%
Level 8 - 10	1,798	19.45%	1,761	17.00%	2,317	19.62%
<b>Total</b>	<b>9,224</b>	<b>100.00%</b>	<b>10,360</b>	<b>100.00%</b>	<b>11,810</b>	<b>100.00%</b>

#### Employee Composition Based on Education Level

Education Level	2016		2017		2018	
	Number of Employees	%	Number of Employees	%	Number of Employees	%
Graduate School	332	3.59%	358	3.46%	379	3.21%
Bachelor	6,533	70.67%	7,438	71.80%	8,459	71.63%
Diploma	1,686	18.24%	1,871	18.06%	2,067	17.50%
High School	693	7.50%	693	6.69%	905	7.66%
<b>Total</b>	<b>9,224</b>	<b>100.00%</b>	<b>10,360</b>	<b>100.00%</b>	<b>11,810</b>	<b>100.00%</b>

#### Employee Composition Based on Employment Status

Employment Status	2016		2017		2018	
	Number of Employees	%	Number of Employees	%	Number of Employees	%
Permanent Employees	8,561	92.6%	8,780	84.7%	10,025	84.89%
Contract Employees	683	7.4%	1,580	15.3%	1,785	15.11%
Outsourced	6,728	42.1%	9,223	47.1%	10,286	46.55%
<b>Total</b>	<b>9,244</b>	<b>100.00%</b>	<b>10,360</b>	<b>100.00%</b>	<b>11,810</b>	<b>100.00%</b>
	<b>15,972</b>	<b>100.00%</b>	<b>19,583</b>	<b>100.00%</b>	<b>22,096</b>	<b>100.00%</b>



## EMPLOYEE STATISTICS AND COMPETENCY DEVELOPMENT DATA

### Employee Composition Based on Age

Age	2016		2017		2018	
	Number of Employees	%	Number of Employees	%	Number of Employees	%
≥ 51	689	7.45%	685	6.61%	673	5.70%
31 – 50	2,794	30.23%	3,122	30.14%	3,617	30.63%
≤ 30	5,761	62.32%	6,553	63.25%	7,520	63.67%
<b>Total</b>	<b>9,244</b>	<b>100.0%</b>	<b>10,360</b>	<b>100.00%</b>	<b>11,810</b>	<b>100.00%</b>

### Employee Composition Based on Gender

Gender	2016		2017		2018	
	Number of Employees	%	Number of Employees	%	Number of Employees	%
Male	5,180	56.04%	5,797	55.96%	6,465	54.74%
Female	4,064	43.96%	4,563	44.04%	5,345	45.26%
<b>Total</b>	<b>9,244</b>	<b>100.0%</b>	<b>10,360</b>	<b>100.00%</b>	<b>11,810</b>	<b>100.00%</b>

## COMPETENCY DEVELOPMENT DATA

The following table reflects the number of corporate employee education and training programs based on position levels which reflects the opportunity for each level of the organization in the period January-December 2018:

### Types, Objectives, and Participants/Job Position Levels

Types of Education and Training	Objective	Position Level	Number of Participants	
			2018	2017
Leadership	Focus on developing leadership qualities	<ul style="list-style-type: none"> <li>• Junior staff</li> <li>• Staff</li> <li>• Senior staff</li> <li>• Assistant Manager</li> <li>• Manager</li> <li>• Senior Manager</li> <li>• Ass. Vice President</li> <li>• Vice President</li> <li>• Exec. Vice President</li> <li>• Sr. Vice President</li> <li>• Directors &amp; Commissioners</li> </ul>	4,893	1,112
Business	Focus on training on products and services	<ul style="list-style-type: none"> <li>• Junior staff</li> <li>• Staff</li> <li>• Senior staff</li> <li>• Assistant Manager</li> <li>• Manager</li> <li>• Senior Manager</li> <li>• Ass. Vice President</li> <li>• Vice President</li> <li>• Exec. Vice President</li> <li>• Sr. Vice President</li> <li>• Directors &amp; Commissioners</li> </ul>	10,153	13,295
Operational Banking	Focus on training on operational banking in support of business units	<ul style="list-style-type: none"> <li>• Junior staff</li> <li>• Staff</li> <li>• Senior staff</li> <li>• Assistant Manager</li> <li>• Manager</li> <li>• Senior Manager</li> <li>• Ass. Vice President</li> <li>• Vice President</li> <li>• Exec. Vice President</li> <li>• Sr. Vice President</li> <li>• Directors &amp; Commissioners</li> </ul>	13,781	9,736



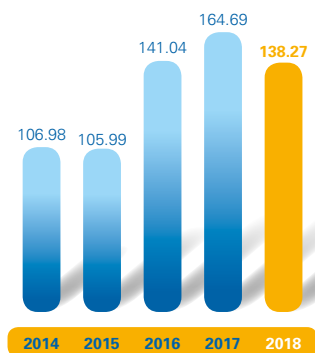
In 2018, the Company organized education and training programs that were attended by 28,827 participants. Of these, 10,153 participants attended the school of business, 4,893 participants attended the school of leadership and 13,781 participants attended the school of operational banking.

## COST OF COMPETENCY DEVELOPMENT

The investment or costs incurred by the Company in employee education and training programs throughout 2018 reached Rp138,272 million, while in 2017 it was Rp164,686 million. The realization of education costs in 2018 is lower than 2017 because the Bank focused on the efficiency of employees' salaries and productivity. Various efforts made by the Company in the field of HR in 2018 brought recognition from external parties, namely 3rd Place in "The Best of the Best Indonesia Human Capital award", 2018.

The following is a chart of training costs over the past 5 years

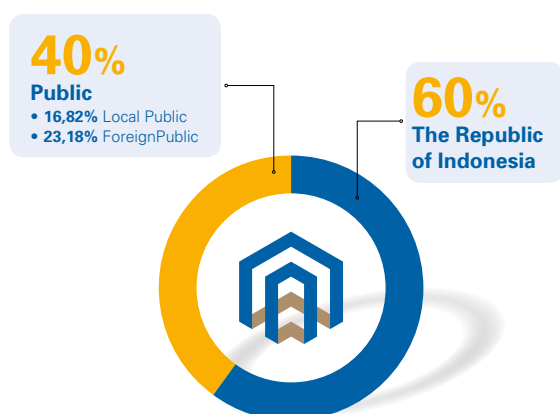
**Graph of Training Costs**  
(Rp Billion)



# GROUP STRUCTURE

As of December 31, 2018, the Company does not have subsidiaries, associates, joint ventures and special purpose vehicles (SPV). Therefore, the Company does not have information regarding the group structure in the form that describes the parent, subsidiaries, associates, joint ventures, and special purpose vehicle (SPV). The Company is a State-owned Enterprise, in which the Republic of Indonesia owns 60% of the shares, with 40% of the shares owned by the Public as described in the sub-section of Shareholders Composition.

## SHAREHOLDERS COMPOSITION



No	Shareholders	31 Desember 2018		
		Total	Shares	
			Number of Shares	%
1	The Republic of Indonesia	1	6,354,000,000	60.00%
2	Public			
	Local Public	17,895	1,781,005,375	16.82%
	Foreign Public	580	2,454,994,625	23.18%
	<b>Total</b>	<b>18,476</b>	<b>10,590,000,000</b>	<b>100.00%</b>

The Republic of Indonesia has one Series A Dwiwarna Share. Series A Dwiwarna shares give the holders special privileges that are not owned by other shareholders, namely approving the appointment and dismissal of the Board of Commissioners and Directors, approving amendments to the Articles including amendments to capital, approving mergers, mergers and separations of the Company, submitting requests for The Company to be declared bankrupt and dissolved, and requested reports and explanations regarding certain matters to the Board of Directors

and Board of Commissioners of the Company with due observance of laws and regulations, especially regulations in the Capital Market sector.

As of December 31, 2018, the State of the Republic of Indonesia had 6,354,000,000 Common Shares and one Dwiwarna Series A Share which has special voting rights, so that its share ownership is 60%.



## INFORMATION ON THE TOP 20 SHAREHOLDERS

Details of the 20 names of the largest shareholders, excluding the Government of the Republic of Indonesia are as follows:

No	Name	Share	%	Status	Country
1	DJS KETENAGAKERJAAN PROGRAM JHT	381,056,208	3.60	Limited Liability Company	Indonesia
2	PT PRUDENTIAL LIFE ASSURANCE	134,525,600	1.27	Insurance	Indonesia
3	JPMBSAS UCITS CLT RE-HANDELSBANKENTILLVAXTMARKNAD TEMA	122,000,000	1.15	Foreign Company	Sweden
4	JPMCB NA RE-SWEDBANK ROBUR GLOBAL EMERGING MARKETS	98,413,100	0.93	Foreign Company	Sweden
5	NT TST CO S/A LSV EMERGING MARKETS EQUITY FUND, LP	92,008,000	0.87	Foreign Company	USA
6	CITIBANK NEW YORK S/A GOVERNMENT OF NORWAY	86,000,000	0.81	Foreign Company	Norway
7	PT TASPEN	78,956,200	0.75	Pension Fund	Indonesia
8	JPMCB NA RE-VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	57,875,059	0.55	Foreign Company	USA
9	JPMCB NA RE - VANGUARD EMERGING MARKETS STOCK INDEX FUND	56,467,338	0.53	Foreign Company	USA
10	UBS AG LDN BRANCH A/C CLIENT	56,322,363	0.53	Foreign Company	Switzerland
11	CITIBANK NEW YORK S/A DIMENSIONAL EMERGING MARKETS VALUE FUND	52,076,227	0.49	Foreign Company	USA
12	SG SGBT AFII PIONEER GLOBAL SELECT	51,388,900	0.49	Foreign Company	Luxembourg
13	PT TASPEN (ASURANSI) - AFS	49,398,900	0.47	Pension Fund	Indonesia
14	CITIBANK NEW YORK S/A EMERGING MARKETS CORE EQUITY PORTFOLIO OF DFA INV DIMENSIO	48,549,835	0.46	Foreign Company	USA
15	SSB EBY5 S/A ACF LORD ABT SEC TR LAIO FD	48,013,300	0.45	Foreign Company	USA
16	DJS KETENAGAKERJAAN PROGRAM JP	45,449,000	0.43	Limited Liability Company	Indonesia
17	PICTET AND CIE (EUROPE) S.A., PICTET-ASIAN EQUITIES EX JAPAN	42,605,100	0.40	Foreign Company	Luxembourg
18	SSB 2Q27 S/A ISHARES CORE MSCI EMERGING MARKETS ETF	41,711,876	0.39	Foreign Company	USA
19	PT PRUDENTIAL LIFE ASSURANCE - REP	40,031,500	0.38	Insurance	Indonesia
20	BNYM S/A ACADIAN EM MKTS SM ALL CAP EQ FD LLC	39,636,900	0.37	Foreign Company	USA

## SHAREHOLDERS WHO HAVE 5% OR MORE

Until the end of 2018, there were no shareholders whose ownership percentage is more than 5%, other than the Government of the Republic of Indonesia.

## SHARE OWNERSHIP BY MANAGEMENT

No	Position	Name	Total Shares (unit)	% Share Ownership
<b>Board of Commissioners</b>				
1	President Commissioners/ Independent Commissioner	I Wayan Agus Mertayasa	-	0.0000000%
2	Independent Commissioner	Arie Coerniadi	-	0.0000000%
3	Independent Commissioner	Lucky Fathul Aziz Hadibrata	-	0.0000000%
4	Independent Commissioner	Kamaruddin Sjam	-	0.0000000%
5	Independent Commissioner	Garuda Wiko	-	0.0000000%
6	Non Independent Commissioner	Iman Sugema	82,900	0.0007828%
7	Non Independent Commissioner	Maurin Sitorus	82,900	0.0007828%
8	Non Independent Commissioner	Sumiyati	82,900	0.0007828%
9	Non Independent Commissioner	Parman Nataatmadja*	-	0.0000000%



## SHAREHOLDERS COMPOSITION

No	Position	Name	Total Shares (unit)	% Share Ownership
<b>Board of Directors</b>				
1	President Director	Maryono	346,800	0.0032748%
2	Director of Finance & Treasury	Iman Nugroho Soeko	184,300	0.0017403%
3	Director of IT & Operations	Andi Nirwoto**	-	0.0000000%
4	Director of Commercial Banking	Oni Febriarto Rahardjo	184,300	0.0017403%
5	Director of Consumer Banking	Budi Satria	146,400	0.0013824%
6	Director of Strategy, Compliance & Risk	R. Mahelan Prabantarikso	210,400	0.0019868%
7	Director of Asset Collection & Management	Nixon L. P. Napitupulu	146,400	0.0013824%
8	Director of Distribution & Network	Dasuki Amsir	2,000	0.0000189%
9	Director of Strategic Human Capital	Yossi Istanto***	-	0.0000000%
<b>Total</b>			<b>1,469,300</b>	<b>0.0138744%</b>

\*) Appointed as Commissioner of PT Bank Tabungan Negara (Persero) Tbk based on the decision of the Company's Annual General Meeting of Shareholders dated March 23, 2018 and effective after obtaining approval from the Financial Services Authority (OJK) for Fit and Proper Test and complying with Laws and Regulations.

\*\*) Has obtained the approval of the Financial Services Authority (OJK) through a copy of the OJK Board of Commissioners' Decision Number 27 / KDK.03 / 2018 dated September 7, 2018 regarding the Results of the Capability and Compliance Assessment of Mr. Andi Nirwoto as Director of IT & Operations, PT Bank Tabungan Negara (Persero) Tbk. The appointment is effective September 10, 2018.

\*\*\*) Has obtained the approval of the Financial Services Authority (OJK) through a copy of the OJK Board of Commissioners' Decision Number 28 / KDK.03 / 2018 dated September 7, 2018 regarding the Results of the Capability and Compliance Assessment of Mr. Yossi Istanto as Director of Strategic Human Capital, PT Bank Tabungan Negara (Persero) Tbk. The appointment is effective September 10, 2018.

## PUBLIC SHAREHOLDER GROUPS WITH LESS THAN 5% OWNERSHIP

Shareholders	31 December 2018		
	Number	Shares	
		Unit	%
Public			
Local Public			
Indonesian Individual	16,345	328,037,964	7.74%
Employee	1,093	14,408,000	0.34%
Cooperative	5	348,800	0.01%
Foundation	14	21,100,933	0.50%
Pension Fund	90	250,408,905	5.91%
Insurance	76	415,188,681	9.80%
Limited Liability Company	62	440,647,196	10.40%
Mutual Funds	210	310,864,896	7.34%
Sub Total	17,895	1,781,005,375	42.04%
Foreign Public			
Foreign Individual	55	9,007,240	0.21%
Foreign Company	525	2,445,987,385	57.74%
Sub Total	580	2,454,994,625	57.96%
Total	18,475	4,236,000,000	100.00%



# NUMBER OF SHAREHOLDERS AND OWNERSHIP PERCENTAGE BASED ON CLASSIFICATION

Shareholders	31 December 2018		
	Number	Shares	
		Unit	%
<b>Government of Republic of Indonesia</b>	<b>1</b>	<b>6,354,000,000</b>	<b>60.00%</b>
<b>Public</b>			
<b>Local Public</b>			
Indonesian Individual	16,345	328,037,964	3.10%
Employee	1,093	14,408,000	0.14%
Cooperative	5	348,800	0.00%
Foundation	14	21,100,933	0.20%
Pension Fund	90	250,408,905	2.36%
Insurance	76	415,188,681	3.92%
Limited Liability Company	62	440,647,196	4.16%
Mutual Funds	210	310,864,896	2.94%
<b>Sub Total</b>	<b>17,895</b>	<b>1,781,005,375</b>	<b>16.82%</b>
<b>Foreign Public</b>			
Foreign Individual	55	9,007,240	0.09%
Foreign Company	525	2,445,987,385	23.10%
<b>Sub Total</b>	<b>580</b>	<b>2,454,994,625</b>	<b>23.18%</b>
<b>TOTAL</b>	<b>18,476</b>	<b>10,590,000,000</b>	<b>100.00%</b>

## SUBSIDIARIES AND ASSOCIATED ENTITIES

As of December 31, 2018, the Company does not have subsidiaries and associated entities.

# CHRONOLOGY OF SHARES ISSUANCE AND LISTING

## INITIAL PUBLIC OFFERINGS

The Company conducted its initial public offerings (IPO) on the Indonesia Stock Exchange on December 17, 2009 by offering 2,360,057,000 shares of Series B shares or 27.08% of the issued capital, with an offering price of Rp800 per share to the public. The success of the Initial Public Offering (IPO) was reflected from a very good response from the public, which was marked by oversubscribing as much as 2.04 times with proceed value of Rp1.88 trillion. This was awarded the “Best IPO in Indonesia 2009” from The Asset magazine and “Mid Cap / IPO Deal of the Year in Southeast Asia 2009” from the Alpha South Asia Publisher (Hong Kong).

Year of Shares Issuance	17 <sup>th</sup> December 2009
Number of Shares	2,360,057,000 shares Serie B or 27.08% of issued capital
Nominal Value of Shares	Rp500 per share
Offering Price	Rp800 per share
Number of Listed Shares After IPO	8,623,285,575 Series B shares
Listing Exchange	Indonesia Stock Exchange

## CORPORATE ACTION (LIMITED PUBLIC OFFERING I - RIGHTS ISSUE)

In 2012, the Company carried out corporate actions in the form of Limited Public Offering I (PUT I) to the Company's shareholders in order to issue Preemptive Rights (Rights) or Rights Issues with the aim of strengthening the capital structure and also to increase the number of public shares traded (floating shares). This condition will increase the market capitalization and liquidity of BBTN shares in the capital market as well as to support credit growth, so that investors can increase interest in investing more in BBTN shares.

Type of Offer	HMETD
Number of Shares Offered	1,512,857,500 Series B shares
Nominal Value	Rp500 (Five Hundred Rupiah)
Implementation Price	Rp1,235 (one thousand two hundred thirty five Rupiah)
Implementation Period	August 2017 - January 2018
Number of Listed Shares after Rights Issue	10,481,074,500 shares
Total Amount (Proceeds) Received	Rp1,868,379,012,500 (one trillion eight hundred sixty eight billion three hundred seventy nine million twelve thousand five hundred Rupiah)
Conversion Ratio	555,000 (five hundred fifty five thousand) Old Shares are entitled to 94,943 (ninety four thousand nine hundred and forty three) HMETD
Ownership Dilution	14.61% (fourteen point six one percent) before the implementation of MESOP and amounting to 16.49% (sixteen point forty nine percent) after the MESOP implementation
HMETD Trading Period	23 - 29 November 2012
HMETD Implementation Period	23 - 29 November 2012
Securities Listing Date at Stock Exchange	23 November 2012
Listing	Indonesia Stock Exchange
Standby Buyer	PT Bahana Securities, PT Danareksa Sekuritas and PT Mandiri Sekuritas



# CHRONOLOGY OF OTHER SECURITIES LISTING

Chronology of listing of other securities which consists of bonds, mortgage securitization, and negotiable certificate of deposits (NCD), as follows:

## CHRONOLOGY OF BONDS LISTING

Name of Bonds	Nominal (Rp Million)	Issuance Date	Maturity Date	Tenor (Year)	Coupon (%)	Rating		Matured / Not Yet Matured	Stock Exchange
						2017	2018		
Bank BTN Bonds XIV Year 2010	1,650,000	11 June 2010	11 June 2020	10	10.250%	idAA+	idAA+	Not Yet Matured	Indonesia Stock Exchange
Bank BTN Bonds XV Year 2011	1,300,000	28 June 2011	28 June 2021	10	9.500%	idAA+	idAA+	Not Yet Matured	Indonesia Stock Exchange
Bank BTN Self- Registered Bonds I Phase I Year 2012	2,000,000	5 June 2012	5 June 2022	10	7.900%	idAA+	idAA+	Not Yet Matured	Indonesia Stock Exchange
Bank BTN Self- Registered Bonds I Phase II Year 2013	2,000,000	27 March 2013	27 March 2023	10	7.900%	idAA+	idAA+	Not Yet Matured	Indonesia Stock Exchange
Bank BTN Self- Registered Bonds II Phase I Year 2015 Series B	500,000	08 July 2015	08 July 2018	5	9.875%	idAA+	idAA+	Not Yet Matured	Indonesia Stock Exchange
Bank BTN Self- Registered Bonds II Phase I Year 2015 Series C	800,000	08 July 2015	08 July 2020	7	10.000%	idAA+	idAA+	Not Yet Matured	Indonesia Stock Exchange
Bank BTN Self- Registered Bonds II Phase I Year 2015 Series D	800,000	08 July 2015	08 July 2022	10	10.50%	idAA+	idAA+	Not Yet Matured	Indonesia Stock Exchange
Bank BTN Self- Registered Bonds II Phase II Year 2016 Series A	1,347,000	30 August 2016	30 August 2019	3	8.200%	idAA+	idAA+	Not Yet Matured	Indonesia Stock Exchange
Recurring Bonds II Bank BTN Tahap II Year 2016 Seri B	1,653,000	30 August 2016	30 August 2021	5	8.750%	idAA+	idAA+	Not Yet Matured	Indonesia Stock Exchange
Bank BTN Self- Registered Bonds III Phase I Year 2017 Series A	1,466,000	13 July 2017	13 July 2020	3	8.300%	idAA+	idAA+	Not Yet Matured	Indonesia Stock Exchange
Bank BTN Self- Registered Bonds III Phase I Year 2017 Series B	1,295,000	13 July 2017	13 July 2022	5	8.500%	idAA+	idAA+	Not Yet Matured	Indonesia Stock Exchange
Bank BTN Self- Registered Bonds III Phase I Year 2017 Series C	853,000	13 July 2017	13 JULY 2024	7	8.700%	idAA+	idAA+	Not Yet Matured	Indonesia Stock Exchange
Bank BTN Self- Registered Bonds III Phase I Year 2017 Series D	1,386,000	13 July 2017	13 July 2027	10	8.900%	idAA+	idAA+	Not yet matured	Indonesia Stock Exchange
Total	17,050,000								

## BONDS ISSUED BY THE COMPANY

Name of Bonds	Nominal (Million Rp)	Tenor	Maturity	Coupon	Listing Exchange
Bank BTN Bonds I Year 1989	50,000	5 tahun	25 July *)	18.75% fixed	IDX
Bank BTN Bonds II Year 1980	50,000	5 years	1 June *)	16.25% fixed	IDX
Bank BTN Bonds III Year 1991	50,000	5 years	11 November 1996 *)	20.00% fixed	IDX
Bank BTN Bonds IV Year 1991	100,000	5 years	23 January 1996 *)	17.00% fixed	IDX
Banj BTN Bonds V Year 1993	150,000	5 years	31 July 1998 *)	15.25% fixed for the first and second years, floating for the next year until maturity	IDX
Bank BTN Bonds VI Year 1995	350,000	5 years	21 December 2000 *)	17.25% fixed for the first and second years, floating for the next year until maturity	IDX
Bank BTN Bonds VII Year 1996	200,000	5 years	22 July 2001 *)	17.125% fixed for the first year, floating for the next year until maturity	IDX
Bank BTN Bonds VIII Year 1997	400,000	5 years	18 July 2002 *)	14.15% fixed	IDX
Bank BTN Bonds IX Year 2003	750,000	5 years	2 October 2008 *)	12.50% fixed	IDX
Bank BTN Bonds X Year 2004	750,000	5 years	25 May 2009 *)	12.20% fixed	IDX
Bank BTN Bonds XI Year 2005	750,000	5 years	6 July 2010 *)	12.00% fixed	IDX
Bank BTN Bonds XII Year 2006	1,000,000	10 years	19 September 2016*)	12.75% fixed	IDX
Bank BTN Bonds XIII Year 2009 Series A	300,000	3 years	29 May 2012 *)	11.75% fixed	IDX
Bank BTN Bonds XIII Year 2009 Series B	300,000	4 years	29 May 2013 *)	12.00% fixed	IDX
Bank BTN Bonds XIII Year 2009 Series C	900,000	5 years	29 May 2014 *)	12.25% fixed	IDX
Bank BTN Bonds XIV Year 2010	1,650,000	10 years	11 June 2020	10.25% fixed	IDX
Bank BTN Bonds XV Year 2011	1,300,000	10 years	28 June 2021	9.50% fixed	IDX
Bank BTN Self-Registered Bonds I Phase I Year 2012	2,000,000	10 years	5 June 2022	7.90% fixed	IDX
Bank BTN Self-Registered Bonds I Phase II Year 2013	2,000,000	10 years	27 March 2023	7.90% fixed	IDX
Bank BTN Self-Registered Bonds II Phase I Year 2015 Series A	900,000	3 years	8 July 2018	9.625% fixed	IDX
Bank BTN Self-Registered Bonds II Phase I Year 2015 Series B	500,000	5 years	8 July 2020	9.875% fixed	IDX
Bank BTN Self-Registered Bonds II Phase I Year 2015 Series C	800,000	7 years	8 July 2022	10.00% fixed	IDX
Bank BTN Self-Registered Bonds II Phase I Year 2015 Series D	800,000	10 years	8 July 2025	10.50% fixed	IDX
Bank BTN Self-Registered Bonds II Phase II Year 2016 Series A	1,347,000	3 years	30 August 2019	8.20% fixed	IDX
Bank BTN Self-Registered Bonds II Phase II Year 2016 Series B	1,653,000	5 years	30 August 2021	8.75% fixed	IDX
Bank BTN Self-Registered Bonds III Phase I Year 2017 Series A	1,466,000	3 years	13 July 2020	8.30% fixed	IDX
Bank BTN Self-Registered Bonds III Phase I Year 2017 Series B	1,295,000	5 years	13 July 2022	8.50% fixed	IDX
Bank BTN Self-Registered Bonds III Phase I Year 2017 Series C	853,000	7 years	13 July 2024	8.70% fixed	IDX
Bank BTN Self-Registered Bonds III Phase I Year 2017 Series D	1,386,000	10 years	13 July 2027	8.90% fixed	IDX
Bank BTN Subordinated Bonds I	250,000	10 years	25 May 2014 **)	12.60% fixed for the first year until the fifth year, 22.60% fixed for the sixth year to the tenth year if the Bank does not offer a buying option in the fifth year from the date of issue	IDX

\*) The Bank has paid off the bonds issued at the maturity date.

\*\*) The Bank has made a buy back option on May 25, 2009



#### Chronology of Negotiable Certificate Of Deposit (NCD) Listing

No.	Type	Nominal	Transaction Date	Series	Tenor	Maturity Date	Coupon	Nominal Per Series
1.	NCD Phase IV 2017	540,000,000,000	13-Dec-17	C	24 months	13-Dec-19	6.60%	60,000,000,000
2.	NCD Phase I 2018	1,440,000,000,000	3-Apr-18	B	12 months	02-Apr-19	6.20%	610,000,000,000
3.	NCD Phase II 2018	690,000,000,000	18-Jul-18	A	6 months	15-Jan-19	7.60%	520,000,000,000
				B	12 months	16-Jul-19	7.70%	170,000,000,000
4.	NCD Phase III 2018	2,020,000,000,000	05-Nov-18	A	6 months	07-May-19	8.30%	1,340,000,000,000
				B	9 months	02-Aug-19	8.40%	170,000,000,000
				C	12 months	05-Nov-19	8.50%	510,000,000,000
5.	NCD Phase IV 2018	340,000,000,000	10-Dec-18	A	3 months	12-Mar-19	8.00%	80,000,000,000
				B	6 months	11-Jun-19	8.40%	260,000,000,000
Total		5,030,000,000,000		3,720,000,000,000				

#### Summary of Matured Negotiable Certificate Of Deposit (NCD)

No.	Type	Nominal	Transaction Date	Series	Tenor	Maturity Date	Coupon	Nominal Per Series
1	NCD Phase I	625,000,000,000	05-Dec-14	A	6 months	04-Jun-15	9.00%	280,000,000,000
				B	12 months	27-Nov-15	9.25%	45,000,000,000
				C	15 months	26-Feb-16	9.50%	300,000,000,000
2	NCD Phase II	1,005,000,000,000	26-Feb-15	A	6 months	26-Aug-15	9.00%	470,000,000,000
				B	12 months	18-Feb-16	9.25%	85,000,000,000
				C	15 months	19-May-16	9.50%	10,000,000,000
				D	18 months	18-Aug-16	9.70%	440,000,000,000
3	NCD Phase III	500,000,000,000	17-Feb-15	E	5 months	15-Jul-15	9.00%	500,000,000,000
4	NCD Phase IV	1,110,000,000,000	30-Apr-15	A	6 months	30-Oct-15	8.75%	330,000,000,000
				B	12 months	02-May-16	9.00%	620,000,000,000
				C	18 months	31-Oct-16	9.25%	160,000,000,000
5	NCD Phase I 2016	740,000,000,000	09-Jun-16	A	3 months	09-Sep-16	6.85%	740,000,000,000
6	NCD Phase II 2016	1,115,000,000,000	05-Aug-16	A	3 months	03-Nov-16	7.19%	440,000,000,000
				B	6 months	01-Feb-17	7.47%	275,000,000,000
				C	12 months	10-Aug-17	7.80%	400,000,000,000
7	NCD Phase III 2016	371,000,000,000	30-Nov-16	A	3 months	28-Feb-17	7.04%	20,000,000,000
				B	6 months	29-May-17	7.26%	351,000,000,000
8	NCD Phase IV 2016	500,000,000,000	29-Dec-16	A	3 months	29-Mar-17	7.75%	315,000,000,000
				B	6 months	03-Jul-17	7.74%	185,000,000,000
9	NCD Phase V 2016	500,000,000,000	30-Dec-16		6 months	03-Jul-17	7.73%	500,000,000,000
10	NCD Phase I 2017	1,735,000,000,000	21-Feb-17	A	6 months	22-Aug-17	7.28%	1,195,000,000,000
				B	12 months	16-Feb-18	7.43%	540,000,000,000
11	NCD Phase III 2017	550,000,000,000	03-Oct-17		12 months	02-Oct-18	6.50%	550,000,000,000
12	NCD Phase II 2017	1,050,000,000,000	05-Oct-17	A	6 months	03-Apr-18	6.00%	230,000,000,000
				B	12 months	05-Oct-18	6.25%	820,000,000,000
13	NCD Phase IV 2017	540,000,000,000	13-Dec-17	A	6 months	12-Jun-18	5.90%	160,000,000,000
				B	12 months	13-Dec-18	6.20%	320,000,000,000
14	NCD Phase I 2018	1,440,000,000,000	03-Apr-18	A	6 months	02-Oct-18	5.90%	830,000,000,000
<b>Total</b>		<b>11,781,000,000,000</b>						<b>11,111,000,000,000</b>

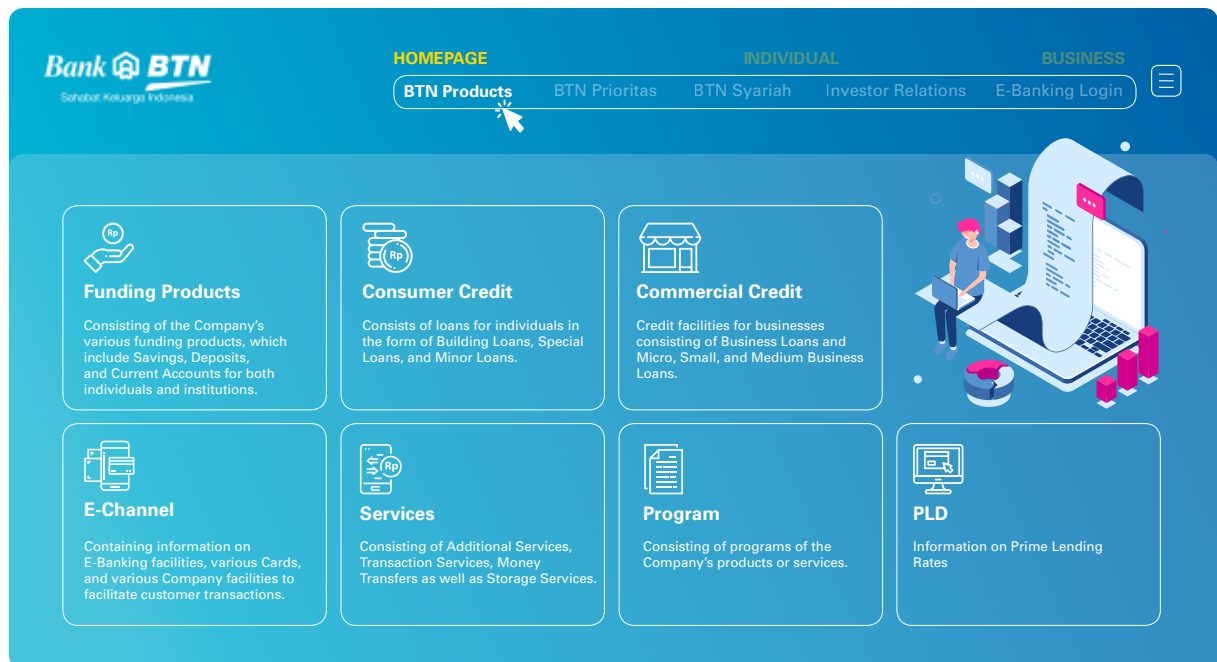



# CAPITAL MARKET SUPPORTING INSTITUTIONS AND PROFESSIONALS

Name of Supporting Institution and Professionals	Address	Service Provided	Fee (Rp)	Assignment Period
<b>Public Accountant Firm</b>				
Purwantono, Sungkoro & Surja (Member Company of Ernest & Young Global)	Indonesia Stock Exchange Bldg Tower 2 Fl. 7 Jl. Jenderal Sudirman Kav. 52 – 53, Jakarta 12190 Indonesia Tel : 62-21 5289 5000 Facs. : 62-21 5289 4100	Audit Service on Financial Statements, Audit on PKBL	2,367,000,000	31 December 2018
<b>Rating Agency</b>				
PT Pemeringkat Efek Indonesia (Pefindo)	Setiabudi Atrium Suite 809 - 810 Jl. HR Rasuna Said Kav. 62, Jakarta 12920 Indonesia Tel : 62-21 5795 7755 Facs. : 62-21 5795 7750	Rating of Bonds	192,500,000	1 March 2018 to 1 March 2019
		Rating of EBA SP 04 Class A Year 2018	850,000,000	Periode 12 Februari 2018 sd 1 Februari 2019
PT Fitch Ratings Indonesia	Prudential Tower, 20th Fl Jl. Jenderal Sudirman Kav. 79, Jakarta 12910 Indonesia Tel : 62-21 5795 7755 Facs. : 62-21 5795 7750	Rating on the Company and/or Bank BTN Self-Registered Bonds II Phase II	110,000,000	3 September 2018 - 2 September 2019
<b>Bureau of Securities Administration</b>				
PT Datindo Entrycom	Puri Datindo – Wisma Sudirman Jl. Hayam Wuruk No. 28 Jakarta 10120 Indonesia Tel : 62-21 570 9009 Facs. : 62-21 570 9026	Securities administration in the secondary market for PT Bank Tabungan Negara (Persero) Tbk	262,000,000	31 December 2018
<b>Notary</b>				
Ashoya Ratam, SH, MknNotaris & PPAT	Jl. Suryo No. 54, Kebayoran Baru Jakarta Selatan 12180 Indonesia	GMS Deed	132,550,000	31 December 2018




# INFORMATION ON BANK WEBSITE













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## INDIVIDUAL


Containing light information regarding housing and future planning

 Ideal Housing	 Dream Vehicle	 Ease of Worship	 Hajj and Umrah Pilgrims Preparation
 Long Term Investment	 Ease Of Transaction	 Practical Savings	 Future Planning








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## BUSINESS

Relating to information on business

 Services	 Improving the Business	 Institutional Solution
 Starting a Business Solution		 Customer Solution



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- » Shareholder information up to the individual final owner;
- » Contents of the Code of Ethics;
- » Information on General Meeting of Shareholders (GMS)
- » Separate annual financial statements (last 5 years);
- » Profile of the Board of Commissioners and Directors; and
- » Charter / Charter of the Board of Commissioners, Directors, Committees, and Internal Audit Unit.



# BUSINESS PARTNER NETWORK

The Company always cooperates with various business partners, with the aim of achieving predetermined targets. The Company also runs various business partnerships in the context of providing banking product services, as well as the convenience of transactions carried out by customers. The forms of cooperation carried out by the Company with business partners are as follows:

No.	Institution	Description
1.	Pengadilan Negeri Jakarta Selatan	E-Panjar Application and One-Stop Integrated Service (PTSP)
2.	Telkomsel	TCASH-BTN
3.	Komite Olimpiade Indonesia (KOI)	KPR Atlet
4.	PT Rajawali Nusantara Indonesia (Persero)	Property Construction
5.	PT Angkasa Pura II (Persero)	Investment Loan
6.	Blue Bird	Housing Financing
7.	PPDPP and PT SMF	Mortgage
8.	Grab Indonesia	Mortgage

# MAP OF OPERATIONAL AREA



## SUMATERA

Regional Office	1
Branch office	12
Sub Branch Office	51
Cash Office	57
Sharia Outlets	12
Priority Outlets	6
Post Office	700
ATM	286

## JAVA

Regional Office	4
Branch office	46
Sub Branch Office	202
Cash Office	356
Sharia Outlets	59
Priority Outlets	28
Post Office	1.624
ATM	1.520

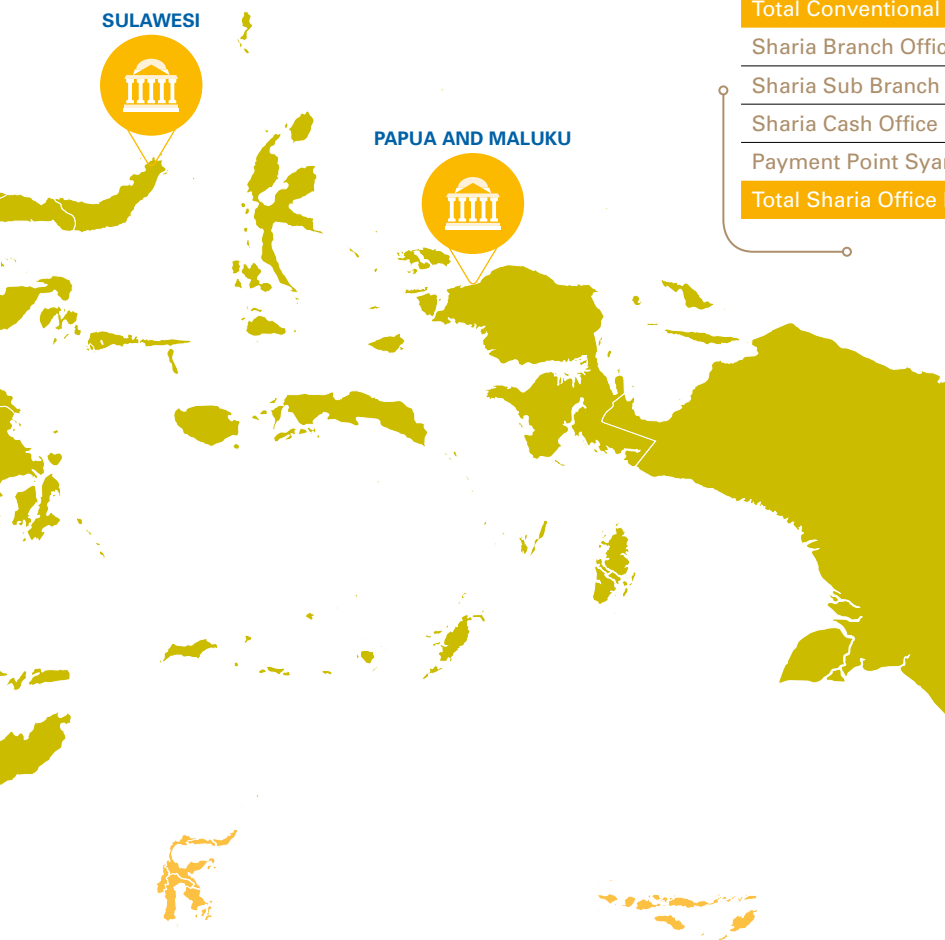
## KALIMANTAN

Regional Office	-
Branch office	6
Sub Branch Office	19
Cash Office	20
Sharia Outlets	4
Priority Outlets	5
Post Office	299
ATM	113



## OFFICE NETWORK

	2016	2017	2018
Regional Office	4	5	6
Branch Office	65	75	76
Sub Branch Office	243	279	304
Cash Office	477	485	468
Payment Point	28	32	48
Service Office Equivalent to Sub Branch Office	3	3	3
Service Office Equivalent to Cash Office	2,948	2,951	2,948
Mobile Cash Car	10	22	23
<b>Total Conventional Office Network</b>	<b>3,778</b>	<b>3,852</b>	<b>3,876</b>
Sharia Branch Office	23	24	24
Sharia Sub Branch Office	36	42	48
Sharia Cash Office	6	7	8
Payment Point Syariah	11	13	13
<b>Total Sharia Office Network</b>	<b>76</b>	<b>86</b>	<b>93</b>



### SULAWESI

Regional Office	1
Branch office	6
Sub Branch Office	18
Cash Office	22
Sharia Outlets	4
Priority Outlets	2
Post Office	126
ATM	116

### BALI AND NUSA TENGGARA

Regional Office	-
Branch office	3
Sub Branch Office	11
Cash Office	9
Sharia Outlets	1
Priority Outlets	2
Post Office	141
ATM	61

### PAPUA AND MALUKU

Regional Office	-
Branch office	3
Sub Branch Office	3
Cash Office	4
Sharia Outlets	-
Outlet Prioritas	-
Kantor Pos	61
ATM	30



# NAMES AND ADDRESSES OF REGIONAL AND BRANCH OFFICES

## Head Office

### Menara BTN

Jl. Gajah Mada No. 1 Jakarta Pusat 10130  
Telp. : (021) 6336789, 6332666  
Facs. : (021) 6346704  
Email : [csd@btn.co.id](mailto:csd@btn.co.id)  
Website : [www.btn.co.id](http://www.btn.co.id)

## Regional Offices

### Regional Office 1

#### Regional Office Jawa Barat

Jl. Jend. Sudirman No. 19  
Bekasi 17143  
Telp. : (021) 88953281, 88953282  
Facs. : (021) 8849519  
Email : [kantorwilayah1@btn.co.id](mailto:kantorwilayah1@btn.co.id)

### Regional Office 2

#### Regional Office DKI Jakarta & Banten

Gedung Yodya Tower Lt. 3  
Jl. Mayjen DI Panjaitan Kav 8, RT 003  
RW 011, Kel. Cipinang Cempedak, Kec.  
Jatinegara, Jakarta Timur  
Telp. : (021) 2301184, 31901656,  
3905775  
Facs. : -  
Email : [kantorwilayah2@btn.co.id](mailto:kantorwilayah2@btn.co.id)

### Regional Office 3

#### Regional Office Jawa Timur, Bali, Nusa Tenggara

Jl. Raya Darmo No. 123-125 Surabaya  
Jawa Timur 60241  
Telp. : (031) 5661704, 5661204  
Facs. : (031) 5661696  
Email : [kantorwilayah3@btn.co.id](mailto:kantorwilayah3@btn.co.id)

### Regional Office 4

#### Regional Office Sumatera

Komplek Perkantoran Batam Center  
Jl. Engku Putri No. 1, Kel. Belian,  
Kec. Nongsa Batam Center  
Telp. : (0778) 7711331, 7711215,  
7711661  
Facs. : -  
Email : [kantorwilayah4@btn.co.id](mailto:kantorwilayah4@btn.co.id)

### Regional Office 5

#### Regional Office Kalimantan, Sulawesi, Maluku, Papua

Jl. Sultan Hassanudin No. 1 Makassar  
Telp. : (0411) 5070760  
Facs. : -  
Email : [kantorwilayah5@btn.co.id](mailto:kantorwilayah5@btn.co.id)

### Regional Office 6

#### Regional Office Jawa Tengah & DIY

Jl. M.T. Haryono No. 717  
Semarang 50242  
Telp. : (024) 8455932  
Facs. : -  
Email : [kantorwilayah6@btn.co.id](mailto:kantorwilayah6@btn.co.id)

## Conventional Branch Office

### Conventional Branch Office Regional 1

#### Branch office Bandung

Jl. Jawa No. 7 Bandung 40117  
Telp. : (022) 4232112, 4241036,  
4241034  
Facs. : (022) 4204562  
Email : [kc.bandung@btn.co.id](mailto:kc.bandung@btn.co.id)

#### Branch office Bogor

Jl. Pengadilan No. 13-15  
Bogor 16121  
Telp. : (0251) 8311700  
Facs. : (0251) 8323007, 8351432  
Email : [kc.bogor@btn.co.id](mailto:kc.bogor@btn.co.id)

#### Branch office Bekasi

Jl. Jend. Sudirman No. 19  
Bekasi 17143  
Telp. : (021) 8840649  
Facs. : (021) 8849519  
Email : [kc.bekasi@btn.co.id](mailto:kc.bekasi@btn.co.id)

#### Branch office Depok

Jl. Margonda Raya No. 186  
Depok 16423  
Telp. : (021) 7751236, 7751237  
Facs. : (021) 7772927  
Email : [kc.depok@btn.co.id](mailto:kc.depok@btn.co.id)

#### Branch office Karawang

Jl. Kertabumi No. 29 A-D,  
Karawang 41311 Jawa Barat  
Telp. : (0267) 412282, 412283  
Facs. : (0267) 412247  
Email : [kc.karawang@btn.co.id](mailto:kc.karawang@btn.co.id)

#### Branch office Cikarang

Pertokoan Cikarang Center City  
Blok B No 2, 3, 5, 6  
Jl. Raya Cikarang - Cibusrah, 17750  
Kabupaten Bekasi  
Telp. : (021) 22180085, 22180086  
Facs. : (021) 8936418  
Email : [kc.cikarang@btn.co.id](mailto:kc.cikarang@btn.co.id)

#### Branch office Cirebon

Jl. Siliwangi No. 16  
Cirebon 45121  
Telp. : (0231) 209143, 209153  
Facs. : (0231) 209777  
Email : [kc.cirebon@btn.co.id](mailto:kc.cirebon@btn.co.id)

#### Branch office Purwakarta

Jl. RE. Martadinata No. 1  
Purwakarta 41114  
Telp. : (0264) 201024, 210830,  
210831, 206637  
Facs. : (0264) 201591  
Email : [kc.purwakarta@btn.co.id](mailto:kc.purwakarta@btn.co.id)

#### Branch office Cibubur

Ruko Madison Blok B1 No. 6-8  
Cibubur Time Square  
Jl. Raya Alternatif Transyogi Km. 3  
Cibubur-Bekasi 17435  
Telp. : (021) 84300071, 84300073  
Email : [kc.cibubur@btn.co.id](mailto:kc.cibubur@btn.co.id)



**Branch office Harapan Indah Bekasi**

Ruko Office Park Harapan Indah  
Blok OP Kavling No. OP1-01 & OP1-02  
Harapan Indah - Bekasi 17132  
Telp. : (021) 88386971 (hunting)  
88386972, 88386974  
Facs. : (021) 88386974  
Email : kc.harapanindah@btn.co.id

**Branch office Tasikmalaya**

Jl. Sutisna Senjaya No. 101  
Tasikmalaya 46112  
Telp. : (0265) 334464, 334465  
Facs. : (0265) 330884  
Email : kc.tasikmalaya@btn.co.id

**Branch office Cimahi**

Jl. Jend. Amir Machmud/Raya Timur  
No. 475 Cimahi 40524  
Telp. : (022) 6651644, 6651645  
Facs. : (022) 6652586  
Email : kc.cimahi@btn.co.id

**Branch office Sukabumi**

Jl. Jendral Sudirman No. 49,  
Kel. Sriwedari, Kec. Gunung Puyuh  
Sukabumi - Jawa Barat  
Telp. : (0266) 223446, 235951  
Facs. : (0266) 223447  
Email : kc.sukabumi@btn.co.id

**Branch office Bandung Timur**

Jl. Raya Cinunuk No. 223 A  
Kec. Cileunyi, Kab. Bandung  
Telp. : (022) 7816883  
Facs. : (022) 7838482, 7816876  
Email : kc.bandungtimur@btn.co.id

**Conventional Branch  
Office Regional 2**

**Branch office Jakarta Kuningan**

Wisma Budi Lt. 1 & 2  
Jl. H.R. Rasuna Said Kav. C6  
Jakarta Selatan 12940  
Telp. : (021) 52964652  
Facs. : (021) 52964974  
Email : kc.jakartakuningan@btn.co.id

**Branch office Jakarta Harmoni**

Menara BTN  
Jl. Gajah Mada No. 1  
Jakarta Pusat 10130  
Telp. : (021) 6336789, 6332666  
2310490  
Facs. : (021) 6386593, 6332676  
6333021  
Email : kc.jakartaharmoni@btn.co.id

**Branch office Tangerang**

Jl. Perintis Kemerdekaan No. 01  
Tangerang 15118  
Telp. : (021) 5539363  
Facs. : (021) 5537977, 5581186  
Email : kc.tangerang@btn.co.id

**Branch office Kelapa Gading Square**

Gedung Emerald Tower  
Jl. Boulevard Barat Blok XB No. 3 Kelapa  
Gading - Jakarta Utara 14240  
Telp. : (021) 45866883, 45866884  
Facs. : (021) 45866885  
Email : kc.kelapagadingsquare@btn.co.id

**Branch office Ciputat**

Jl. Dewi Sartika No. 21 Ciputat Tangerang  
Selatan 15411  
Telp. : (021) 7445145  
Facs. : (021) 7490968, 7402731  
Email : kc.ciputat@btn.co.id

**Branch office Jakarta Kebon Jeruk**

Jl. Anggrek No. 01 Kel. Kelapa Dua  
Kec. Kebon Jeruk Kebon Jeruk  
Jakarta Barat 11550  
Telp. : (021) 53666345  
Facs. : (021) 59666344  
Email : kc.jakartakebonjeruk@btn.co.id

**Branch office Jakarta Cawang**

Gedung Yodya Tower Lt. 1-2  
Jl. Mayjen DI Panjaitan Kav 8, RT 003, RW  
011, Kel. Cipinang Cempedak  
Kec. Jatinegara, Jakarta Timur  
Telp. : (021) 22986826, ) 22986827  
Facs. : (021) 21012381  
Email : kc.jakartacawang@btn.co.id

**Branch office Cilegon**

Jl. Sultan Ageng Tirtayasa No. 49  
Cilegon 42414  
Telp. : (0254) 391766, 392681, 393479  
Facs. : (0254) 393480  
Email : kc.cilegon@btn.co.id

**Branch office Bumi Serpong Damai**

Kompleks BSD, Ruko Sektor VII E  
Blok K No. 8  
Jl. Raya Serpong, Tangerang 15310  
Telp. : (021) 5372235, 5372237  
Facs. : (021) 5372238  
Email : kc.bumiserpongdamai@btn.co.id

**Branch office Karawaci**

Perumnas Karawaci I  
Jl. Cendrawasih No. 1, Tangerang 15115  
Telp. : (021) 5517849, 5517850  
Facs. : (021) 5524367, 5511420  
Email : kc.karawaci@btn.co.id

**Branch office Jakarta Melawai**

Jl. Melawai Raya No. 19 C-D,  
Kel. Melawai, Kec. Kebayoran Baru  
Jakarta Selatan  
Telp. : (021) 27517843, 27517840  
Facs. : (021) 27517858  
Email : kc.jakartamelawai@btn.co.id

**Branch office Jakarta Pluit**

Jl. Pluit Kencana Raya No. 79, Pluit,  
Penjaringan, Jakarta Utara 14440  
Telp. : (021) 97115586  
Facs. : (021) 66601530  
Email : kc.jakartapluit@btn.co.id

**Branch office Bintaro Jaya**

CBD Bintaro Blok B7 No. A3 - 04A, Kel.  
Pondok Jaya, Kec. Pondok Aren  
Tangerang Selatan  
Telp. : (021) 22215981  
Facs. : (021) 22215983  
Email : kc.bintarojaya@btn.co.id

**Conventional Branch  
Office Regional 3**

**Branch office Surabaya**

Jl. Pemuda No. 50 Surabaya 60271  
Telp. : (031) 5353513, 5353519  
Facs. : (031) 5345073, 5458002  
Email : kc.surabaya@btn.co.id

**Branch office Denpasar**

Jl. Dewi Sartika No. 2  
Denpasar 80114  
Telp. : (0361) 243811  
Facs. : (0361) 243815  
Email : kc.denpasar@btn.co.id

**Branch office Malang**

Jl. Ade Irma Suryani No. 2-4  
Malang 65119  
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#### Office Regional 4

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#### Office Regional 5

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#### Sharia Branch Office Makassar

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Bank  **BTN**

Padang



# MANAGEMENT DISCUSSION AND ANALYSIS

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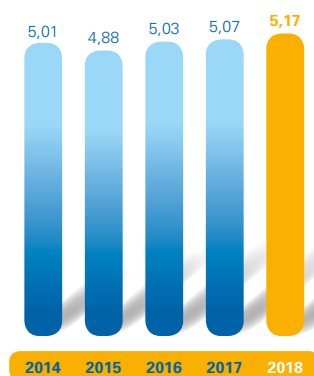




# MACROECONOMIC AND INDUSTRIAL REVIEW



**Indonesia's Economic Growth**  
(Percentage %)



## GENERAL OVERVIEW: ECONOMY, BANKING AND HOUSING INDUSTRY

### Global Economy

The recovery of the USA's GDP growth in 2018 was one of the key factors to the improvement of world economic growth and encouraged optimism in world financial markets. US GDP growth increased to 2.9% (yoy) in 2018 compared to its growth in 2017 of 2.2% (yoy) (World Economic Outlook, April 2019 - IMF). According to the IMF This higher economic growth, , is in line with the normalization of US monetary policy in response to the advancements in US economic indicators, including household consumption, exports and a decline in the unemployment rate.



“

**Amidst the turmoil of global uncertainties, Indonesia's economic fundamentals remain robust, as shown by a stronger economic growth of 5.17% (yoy) in 2018 as against 5.07% (yoy) in the previous year.**

”

Following up on this consistent US economy improvement, the Fed raised its benchmark interest rate four times throughout 2018 from 1.50% in early 2018 to 2.50% at the end of 2018. The decision of the US Federal Reserve to raise the benchmark interest rate was due to an upsurge in domestic demand that led to an increase in industrial performance buoyed by stronger consumer confidence.

On the contrary, the economy of countries in the European Union fell from 2.4% (yoy) in 2017 to 1.5% (yoy) in 2018 which was mainly due to the slackening growth of the French and Italian economies. On the other hand, developing countries such as China faced economic slowdown caused by a decline in export and investment as an after effect of the weakening world demand in addition to tighter financial policies in the country.

The global economy in 2019 will also be influenced by US policies with its protectionism and taxation policies, continuing normalization of monetary policy in developed countries, and geopolitical factors. International trade is strongly influenced by US trade protectionism policies and the continuing trade war between countries. World GDP growth which had risen to the level of 3.8% (yoy) in 2017, according to the IMF, dropped to 3.6% (yoy) in 2018 and will continue to fall to 3.3% (yoy) in 2019 and then rise again to 3.6% (yoy) in 2020. The decline in world GDP growth is caused by the effect of increased risk from US monetary policy, increased trade war tension, and geopolitical escalation.



### Indonesian Economy

The dynamics of the world economy throughout 2018 have had an effect on the further weakening of the Rupiah, a weakening which was also experienced by other developing countries, as the result of continual rising of the US economy. Based on data from Bank Indonesia, the Rupiah traded weaker against the US Dollar each month throughout 2018. The value of the Rupiah against the US Dollar by the end of 2018 was at the level of 14,568 Rupiah per Dollar or a weakening of 7.47% (yoy).

The effort to stabilize the Rupiah was the focus of attention of Bank Indonesia through intervention by using its foreign exchange reserves and by raising the benchmark interest rate. Foreign exchange reserves reached their highest level of USD132 billion in January 2018 but then eroded to USD121 billion at end of 2018, since its foreign exchange reserves were used to maintain Rupiah stability at its fundamental value and also to maintain market mechanisms coupled with efforts in the financial market. The policy remains based on multiple intervention strategies and monetary strategies to maintain adequate liquidity, especially in the Rupiah and foreign exchange money markets.

In the midst of this world uncertainty, Indonesia's economy remains fundamentally strong, indicated by stronger economic growth in 2018 of 5.17% (yoy) compared to that of the previous year at 5.07% (yoy). The continued strengthening of the Indonesian economy is reinforced by stable consumption, rising investments, and high government spending. This steady growth in consumption is due to the sustained inflation rate that also safeguards the stability of people's purchasing power.

Indonesia's stronger GDP growth in line with the rise in consumption was buoyed by well managed inflation by the Government. Inflation in 2018 was at 3.13% (yoy) or lower than inflation in 2017 of 3.61% (yoy). This attainment is in accord with the Bank Indonesia (BI) target of 3.5%±1%. However, BI decided to increase its BI 7-Day Reverse Repo Rate by 175 bps throughout 2018 to 6.00% at the end of 2018 compared to the previous year's position of 4.25%, to maintain domestic financial market appeal and control the current account deficit within the threshold level.

Indonesia's economic fundamentals that remain strong and are able to survive amid global challenges, both economic and geopolitical, are appreciated internationally. Positive perceptions of the Indonesian economy were strengthened by the rise in Indonesia's sovereign debt rating throughout 2018. Moody's raised Indonesia's sovereign debt rating to Baa2/stable outlook from Baa3/positive outlook on April 13 2018. Previously, Rating and Investment Inc. and Japan Credit Rating Agency also raised Indonesia's sovereign debt rating to BBB/stable outlook from BBB-/positive outlook in March and February of the same year. The other two Rating Agencies, Fitch Ratings and S & P Global, also placed Indonesian ratings on Investment Grade which further proves that Indonesia has become a Full Investment Grade level country.

However, the current account deficit remained a challenge for the Government in 2018. Along with the increase in domestic economic activity, the current account deficit went up from USD26.2 billion in 2017 to USD31.1 billion in 2018. The rise in imports of both raw materials, capital goods and consumption have led to an increase in the current deficit. Indonesia's total exports amounted to USD180.7 billion in 2018, up 6.99% (yoy) compared to the previous year's position of USD168.8 billion. Meanwhile, total imports rose by 20.72% (yoy) to USD181.2 billion in 2018 compared to USD150.1 billion in 2017. On the other hand, the capital and financial account surplus slowed to US\$25.1 billion due to global finance market dynamics and other external factors, especially the US economy.

Indonesia's GDP growth is expected to grow by 5.3% (yoy) in 2019, higher than the GDP growth of 5.17% (yoy) in 2018. Control of well-tested inflation triggers inflation rate at 3.50 % (yoy). Meanwhile, the Rupiah exchange rate is estimated to remain influenced by global market dynamics so that the pressure on the Rupiah continues and the Rupiah exchange rate against the US Dollar is estimated to be at Rp15,000/USD. World oil prices are projected to stay at a level of USD70.00/barrel, consistent with the forecasted commodity demand of the coming year.



**Table: Indonesian Economic Indicators**

Indicator	Unit	2018	2019
Economic growth	(%, yoy)	5.17	5.30
Inflation	(%)	3.13	3.50
Rupiah exchange rate	(Rp/US\$)	14,248	15,000
3-month Treasury Bills interest rate	(%)	5.00	5.30
Oil Prices	(USD/barrel)	68.0	70.0
Lifting oil	(thousand barrels/day)	776	775
Lifting gas	(thousand barrels of oil equivalent/day)	1,136	1,250

Source: Ministry of Finance

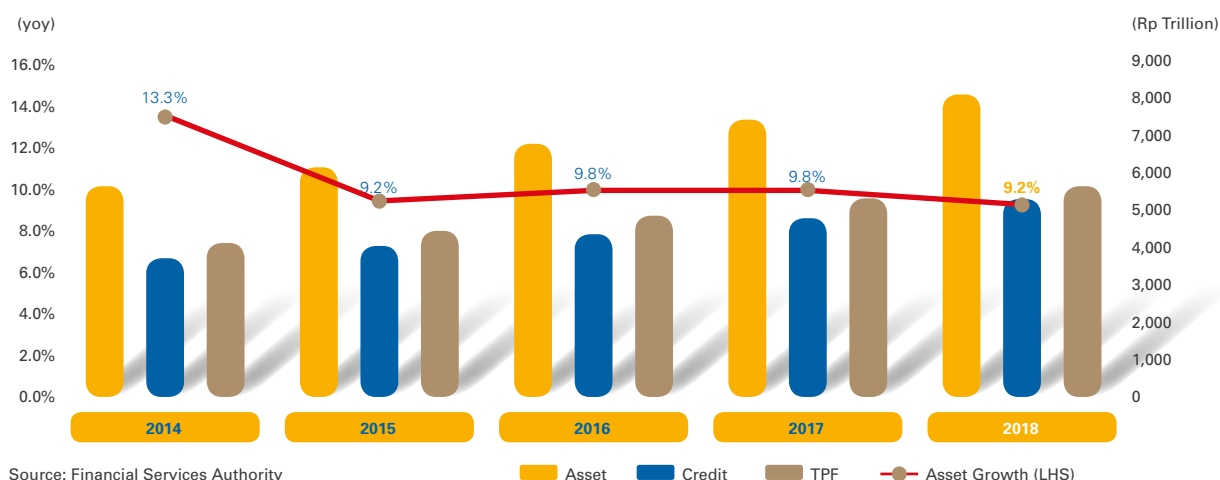
Better economic growth in 2019 will still be driven by consumption of both households and government. Household consumption is estimated to grow by 5.1% while government consumption will increase slightly higher by 5.4% as infrastructure development continues. The infrastructure development budget allocation amounted to Rp402.5 trillion, up by 2.4% in 2019. Along with the continued infrastructure development, the quality of Indonesia's infrastructure continues to progress marked by upgraded rankings to 52 out of 137 countries (up 9 from 2013-2014) based on Global Competitiveness Report data (2017-2018). In addition, Indonesia's logistical performance is ranked 46<sup>th</sup> out of 160 countries (up 17 places from the previous year) based on the Logistic Performance Index (2018) where infrastructure, which is one of the components of calculations, also went up in rank (from 73 to 54).

### Banking Industry Overview

The bank intermediation function proceeded better in 2018 along with Indonesia's higher GDP growth

of 5.17% (yoy). Banking credit support in various Indonesia economic sectors was able to grow by 11.75% (yoy) to Rp5,294.88 trillion braced by strong household consumption and sustainable infrastructure development as catalysts for swelling bank credit. In the previous year, along with the improvement of Indonesia's GDP growth to 5.07% (yoy), bank lending rose by 8.24% (yoy) to Rp4,737.94 trillion.

Banking assets grew by 9.22% (yoy) to Rp8,068.35 trillion compared to the previous year's position of Rp7,387.14 trillion along with the growth in bank loans. However, the banking sector faced a slowdown challenge in Third-Party Funds (TPF) growth in 2018. Banking deposits slowed by 6.45% (yoy) to Rp5,630.45 trillion in 2018 from the TPF position in 2017 of Rp5,289.21 trillion. The growth in deposits in 2018 was slower than the increase in deposits of 9.35% (yoy) in 2017. The expansion of bank loans, assets and deposits in the past five years is elaborated in the following graph.



Source: Financial Services Authority



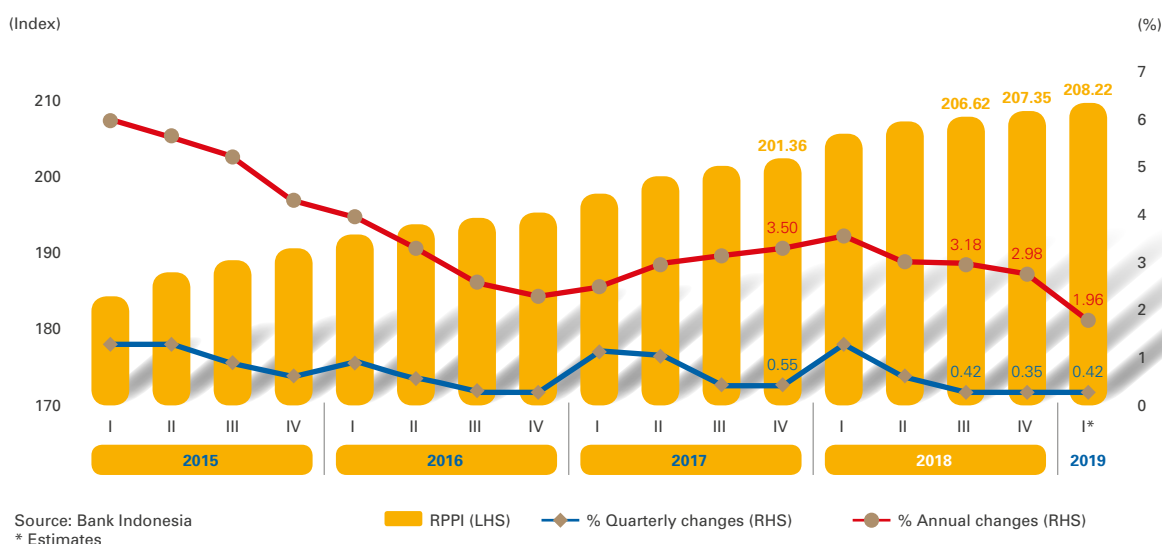
Judging from the type of loan utilization, banks' working capital loans posted the highest increase of 13.03% (yoy) compared to the previous year's growth of 8.50% (yoy). This category of credit contributed the most to the total loans lent to non-bank third parties of 47.50%, equivalent to Rp2,512.48 trillion. Meanwhile, consumption credit grew to Rp138.26 trillion or 10.35% (yoy) to Rp1,473.66 trillion reinforced by household consumption growth as a major component of Indonesia's GDP. In 2018, investment loans also grew stronger by 10.93% (yoy) to Rp1,308.75 trillion. The portion of consumption credit and investment credit towards total loans in 2018 was 27.8% and 24.7% respectively.

The slowdown in the growth of Third-Party Funds (TPF), which grew by 6.45% (yoy) to Rp5,630.45 trillion, was influenced by the slowdown in the growth of all deposit components such as demand deposits, savings and time deposits. The largest decline in growth occurred in time deposits of 5.75% (yoy) to Rp2,490.16 trillion in 2018 compared to its growth in 2017 of 8.98% (yoy). Current accounts also slowed down in growth, from 9.72% yoy in 2017 to 6.61% yoy or to Rp1,315.03 trillion by end of 2018. While savings went up by 7.29% (yoy) to Rp1,825.26 trillion in 2018, which is lower than its growth in 2017 of 9.63% (yoy).

Indonesia's banking capital performance remained strong with a Capital Adequacy Ratio (CAR) of 22.97% in 2018. This strong CAR is desired to sustain bank credit growth that grew 11.75% (yoy) in 2018 compared to 8.24% (yoy) in the previous year. The banking industry's Net Interest Margin (NIM) fell to 5.14% in 2018 from 5.32% in the previous year's due to a rise in benchmark interest rates and an increase in operating costs on banking operating income. Nevertheless, the ratio of banks' Return on Assets (ROA) in 2018 remained relatively stable at a level of 2.55%.

### Housing Industry

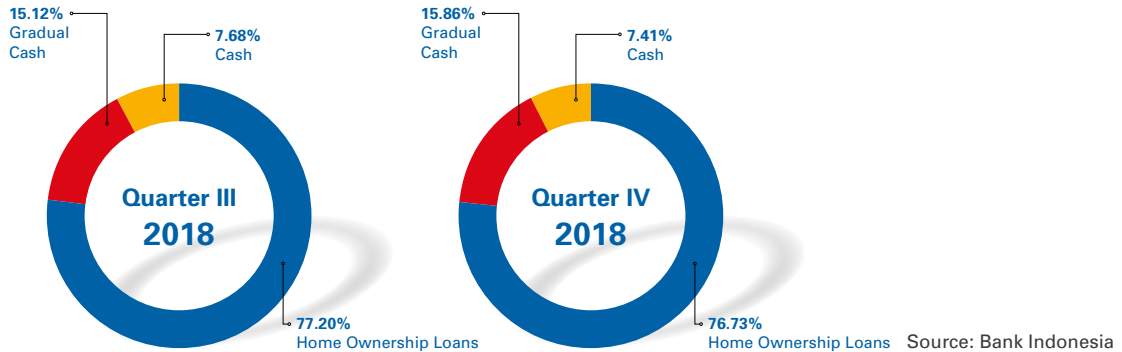
Based on Bank Indonesia quarter IV 2018 data, the Residential Property Price Index (RPPI) slowed by 0.35% (qoq) and by 2.98% (yoy) compared to the previous quarter at 0.42% (qoq) and 3.18% (yoy) respectively. This slowdown in growth occurred in all categories of housing, including small, medium and large. In addition, in the fourth quarter of 2018, residential property sales suffered a decline of 5.78% (qoq), although the decline in growth was better than the previous quarter of -14.14%. The decline in sales was due to lower consumer demand, limited housing offers from developers, and high interest rates on mortgage loans.



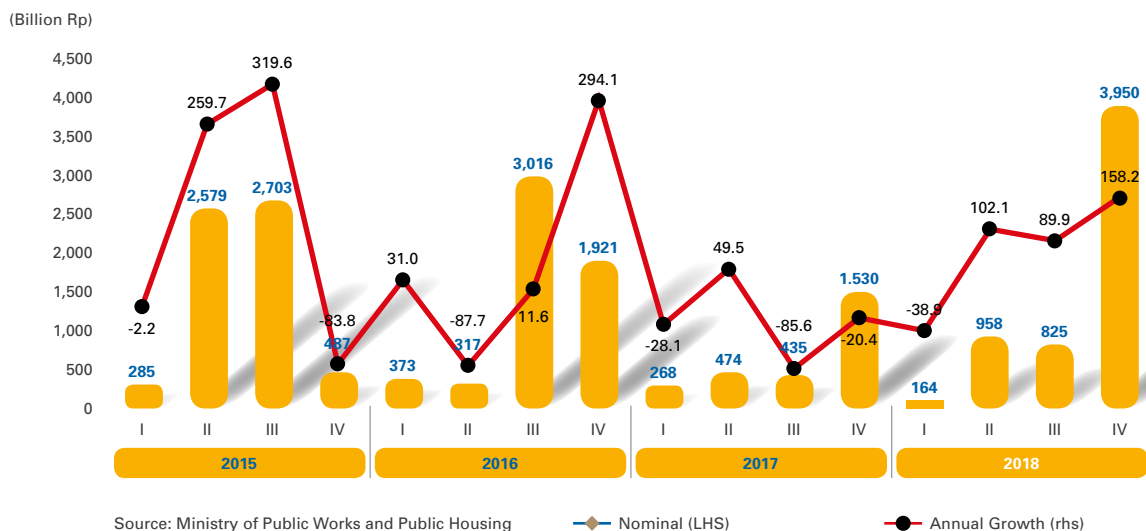
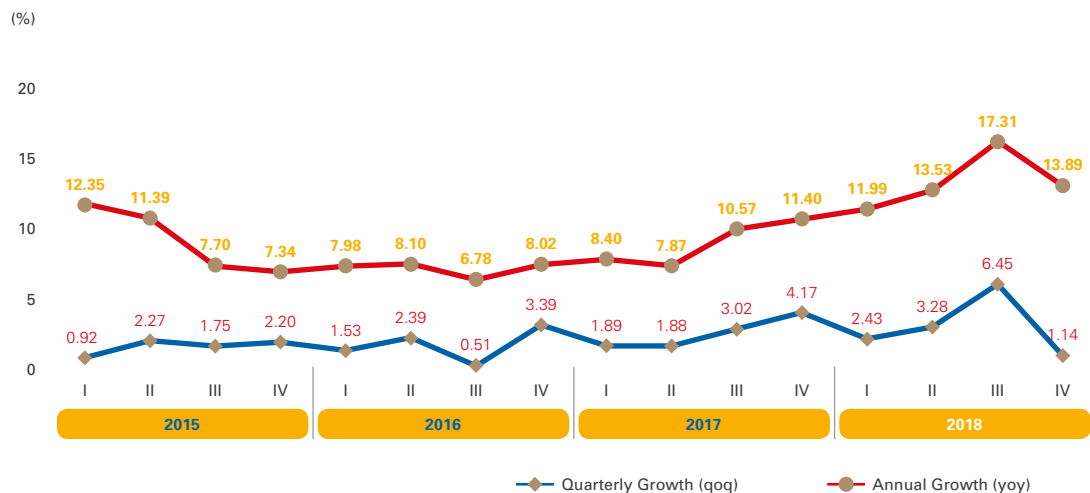
Nevertheless, residential property prices are expected to increase in the first quarter of 2019, supported by an increase in the RPPI index of 0.42% (qoq). The estimated increase was sustained by an increase in the price of small size housing by 0.59% (qoq) and for medium sized housing by 0.38% (qoq). On the other hand, the increase in large size housing prices slowed to 0.29% (qoq). Meanwhile, as seen from annual growth, residential property prices are expected to slow down in the first quarter of 2019 to 1.96% (yoy) due to slowing down in all housing categories, in the small category to 3.05% (yoy), the medium category to 1.61% (yoy), and the large category to 1.24% (yoy).



In terms of consumer financing, the percentage of consumers applying for mortgages to buy residential property in the fourth quarter of 2018 was 76.73%, down from 77.20% compared to the previous quarter. Consumers who make cash purchases in phases were at 15.86% and the remainder were at 7.41% with cash payments.



Growth in Housing Loans and Apartment Ownership Loans in quarter IV 2018 was 1.14% (qoq) and 13.89% (yoy). Meanwhile, the disbursement of the Housing Financing Liquidity Facility (FLPP) in the quarter grew by 158.20% (yoy), higher compared to 89.90% in the previous quarter.



# REVIEW OF OPERATION PER BUSINESS SEGMENT



## INFORMATION OF BUSINESS SEGMENT

Information disclosure regarding the Company's business segments aims to enable users of annual reports and financial reports to evaluate the nature and financial impact of the Bank's business activities, which are involved in the economic environment in which the Bank operates. Until the end of the period of December 31, 2018, the Company carried out operational activities covering two main business segments, namely Conventional and Sharia. In addition, the Company also provides other banking services as main business supports.

The Company has identified and disclosed financial information based on the business activities in which the Bank is involved (business segment). Segments of income, costs, results, assets and liabilities, including those that are directly attributable to the segment, and which can be allocated on an adequate basis for the segment.



“

The Company analyzes the various aspects that affect business continuity. External factors that are of concern and focus to the Company include macro economic development, government policies related to the Million Houses program, and the banking revenue pool growth that will affect the housing business.

”

A brief overview of the Company's operating segments is as follows:



## PERFORMANCE BY BUSINESS SEGMENT

### Conventional

The Company provides consumer and commercial savings and loan products in the conventional segment. The performance of conventional segment is as follows.

#### Consumer Banking

##### Consumer Loan Products

The Company's consumer loan products consist of Housing Loan and Non-Housing Loan. The housing loan product is classified as Subsidized Housing Loan, Non-Subsidized Housing Loan, and Other Housing Loan. Every consumer personal loan is in Rupiah.

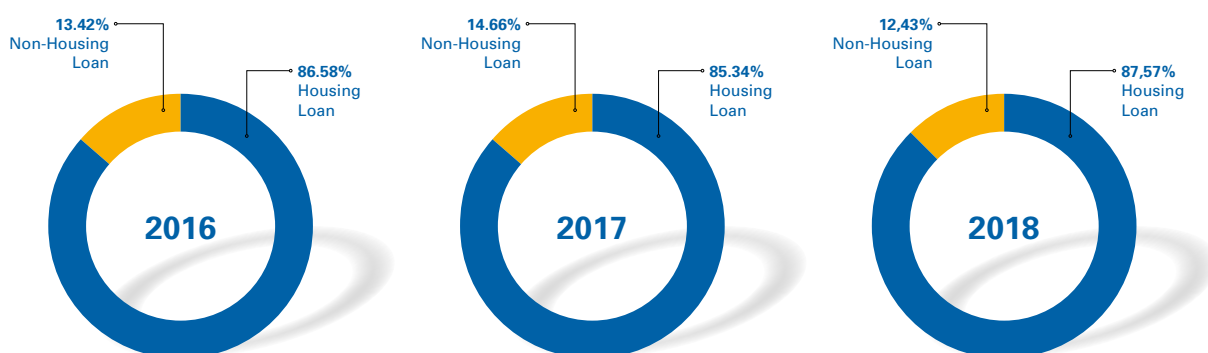
Throughout 2018, the Company successfully disbursed consumer loan amounted to Rp49,371,119 million, an increase by 11.73% compared to 2017 which was Rp 44,187,731 million. The increase is mainly driven by disbursement of subsidized Housing Loan and Other Housing Loan that grow by 20.31% and 14.65% respectively from the previous year's.

**Table of Consumer Banking Loan Disbursement 2016-2018 (IDR million)**

No	Loan Type	2016	2017	2018	Increase/decrease from 2017 to 2018 (%)	Increase/decrease from 2016 to 2017 (%)
1.	Housing Loan	30,133,461	37,708,048	43,234,117	14.65	25.14
	Subsidized Housing Loan	15,609,653	20,504,547	24,668,579	20.31	31.36
	Non-Subsidized Housing Loan	12,724,741	15,390,702	16,700,374	8.51	20.95
	Other Housing Loan	1,799,067	1,812,799	1,865,164	2.89	0.76
2.	Non-Housing Loan	4,670,792	6,479,683	6,137,002	(5.29)	38.73
Total		34,804,253	44,187,731	49,371,119	11.73	26.96

**Graph of Consumer Banking Loan Disbursement 2016-2018**

(Persentase %)



#### 1. Subsidized Housing Loan

Since 1976 until today, the scheme of Subsidized Housing Loan disbursement changes, but the Company is consistent with disbursing Subsidized Housing Loan. The Company's Subsidized Housing Loan always provides various facilities and low costs funds for people who want to own a house.





Subsidized Home Loan is a home ownership program from the Government through Minister of Public Works and Housing for Low-Income Communities (MBR), in the form of low-cost long-term funds and subsidy for the acquisition of houses, issued by the Executing Bank, both conventional and sharia bank. This Subsidized Housing Loan provides low interest rates and lenient installments for purchase of landed house and flat.

The Company was appointed to give the Subsidized Housing Loan service, in line with the Ministry of Finance Letter No. B-49/MK/IV/I/1974 dated January 29, 1974 with the first realization of Housing Loan is on December 10, 1976. Subsidized Housing Loan disbursement is conducted through partnership with Government, i.e. Ministry of Public Works and Public Housing.

The provisions on the Subsidized Housing Loan is stipulated in the Minister of Public Works and Housings Regulation (Permen PUPR) No. 21/PRT/M/2016 dated June 14, 2016, on Facilitation and/or Assistance for Low-Income Communities to Acquire Houses, and Permen PUPR No. 26/PRT/M/2016 dated July 14, 2016, on the Amendment to the Minister of Public Works and Housing Regulation No. 21/PRT/M/2016 on Facilitation and/or Assistance for Low-Income Communities to Acquire Houses.

Low-Income Communities (MBR) who are first-time home buyers who meet certain requirements may obtain Subsidized Housing Loan at low and fixed interest rates during the term of the Housing Loan. Based on the Government subsidy program, the subsidized housing loan is for customers who do not have a home with a maximum income of Rp4 million per month to purchase a landed house, and a maximum income of Rp7 million per month to purchase a flat. House prices are bound to certain price limits. The Customer must have ID Card and Tax Identification Number when requesting loan.

The Company disbursed subsidized housing loan using the Housing Financing Liquidity Facility (FLPP) scheme and Interest Margin Subsidy (SSB). Under an agreement with the government, the Company distributes Housing Loan with the SSB scheme in 2017, while the FLPP budget is allocated

to other banks. The 2018 SSB budget is sufficient to disburse Subsidized Housing Loan in accordance with the Company's target of approximately 205 thousand houses.

The provision of SSB Tapak and SSB Susun Housing Loan are as follows:

1. The housing loan value is at most the selling price of a landed or flat house deducted with the down payment;
2. The highest annual rate of Housing Loan per year is the BI rate or other equivalent reference recognized by the Government plus 5% (five percent) as set forth in the Joint Operations agreement between the Implementing Bank and the Officer of Treasury Task Force;
3. In the event that the housing loan interest rate as referred to in point (2) is higher than the non-subsidized housing loan interest rate applicable to the Implementing Bank, the SSB Tapak and SSB Susun Housing Loan interest rate uses the outstanding non-subsidized Housing Loan interest rate applicable to the Implementing Bank;
4. The housing loan interest is paid by the debtor at 5% (five percent) annually including the life insurance premium, fire insurance, and loan insurance;
5. The interest rate as referred to in point (4) is fixed during the term of loan (fixed-rate mortgage) by the method of annuity or effective interest rate in accordance with the applicable provisions of the Implementing Bank;
6. The term of Housing Loan is agreed upon by the Implementing Bank and the target group of SSB Tapak and Susun Housing Loan, which is adjusted to the ability to pay the installment by the target group of SSB Tapak and SSB Susun Housing Loan or at the maximum 20 (twenty) years; and
7. The subsidized housing loan interest paid by the Government to the Implementing Bank is the highest difference in housing loan interest rate as referred to in point (2) with the mortgage rate paid by the debtor as referred to in point (4).

In 2018, the Company successfully disbursed Subsidized Housing Loan at Rp24,668,578 million or 197,728 house units. An increase of 20.31% compared to 2017, which was Rp20,504,547 million. The increase was mainly driven by SSA/SSB Tapak mortgages, which significantly increased by 10.51% compared to the previous year.



## REVIEW OF OPERATION PER BUSINESS SEGMENT

**Table of Subsidized Housing Loan Disbursement 2016-2018 (IDR million)**

No	Types of Loans	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	Increase /decrease from 2016 to 2017 (%)
1.	KPR BTN Sejahtera Tapak	8,189,550	-	1,983,197	-	-
2.	KPR BTN Sejahtera Susun	6,536	-	12,837	-	-
3.	KPR BTN Sejahtera Susun Indent	-	-	-	-	-
4.	KPR SSA/SSB Tapak	7,408,861	20,500,609	22,654,342	10.51	176.70
5.	KPR SSA/SSB Susun	4,705	3,863	15,797	308.93	(17.90)
6.	KPR BTN Mikro	-	75	2,406	3.108	100
Total		15,609,652	20,504,547	24,668,579	20.31	31.36

### 2. Non Subsidized Housing Loan

In addition to Subsidized Mortgages, the Company also has a variety of non-subsidized KPR services that target middle to upper income customers with floating interest rates. The maximum period is 25 years for non-subsidized Housing Loan and 15 years for Apartment Loan (KPA) and Shop Office Loan. The Company's Non-Subsidized Housing Loan offers services for the purchase of homes from developers or non-developers, purchase of new or second homes, purchase of ready stock

or indent houses, and credit-take-over from other banks. The minimum deposit requirement is 15% or in accordance with Bank Indonesia regulation concerning Loan to Value Ratio.

In 2018, the Company has disbursed Non-Subsidized Housing Loan amounted to Rp16,700,374 million, an increase of 8.51% compared to 2017, which was Rp15,390,702 million. The increase is mainly backed by the KPR BTN Platinum, which increased by 8.09% from the previous year.

**Table of Non-Subsidized Housing Loan Disbursement 2016-2018 (IDR million)**

No	Loan Type	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	increase/decrease from 2016 to 2017 (%)
1.	KPR BTN Platinum	12,283,700	14,524,342	15,699,958	8.09	18.24
2.	KPA BTN	304,134	685,237	854,608	24.72	125.31
3.	Kredit Ruko BTN	136,907	181,123	145,808	(19.50)	32.30
Total		12,724,741	15,390,702	16,700,374	8.51	20.95%

### 3. Other Housing Loan

The Company also offers other types of housing loans and other consumer loans, which can be used in accordance with consumer needs. This loan is the Company's effort to develop business while also aimed at helping consumers to buy homes with high profits and eases.

In 2018, the Company has disbursed Other Housing Loan amounted to Rp1,865,164 million, an increase of 2.89% compared to 2017, which was Rp1,812,799 million. The increase is mainly supported by the increase in Kredit Agunan Rumah, which increased by 4.16% from the previous year.



**Table of Other Housing Loan Disbursement 2016-2018 (IDR million)**

No	Loan Type	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	increase/decrease fro 2016 to 2017 (%)
1.	Kredit Agunan Rumah	1,766,754	1,773,333	1,847,158	4.16	0.37
2.	Kredit Bangun Rumah	28,973	33,018	15,091	(54.29)	13.96
3.	PUM-KB BPJS Ketenagakerjaan	-	-	-	-	-
4.	PRR-KB BPJS Ketenagakerjaan	-	5,398	2,755	(48.96)	-
5.	TBUM Bapertarum	3,320	1,050	160	(84.76)	(68.37)
6.	TBM Bapertarum	20	-	-	-	-
Total		1,799,067	1,812,799	1,865,164	2.89	0.76

#### 4. Non-Housing Consumer Loan

The Company provides other consumer loans, excluding housing loans, used for various customers' needs. In 2018, the Company has disbursed Non-Housing Consumer Loan amounted to Rp6,137,002 million, down 5.29% compared to 2017, which was Rp6,479,683 million. This is because Kredit Swadana BTN fell by 10.10% from the previous year. Besides that, the decline was also driven by the Company's focus on housing finance as well.

**Table of Non-Housing Consumer Loan Disbursement 2016-2018 (IDR million)**

No	Loan Type	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	increase/decrease from 2016 to 2017 (%)
1.	Kring BTN	621,456	804,100	776,884	(3.38)	29.39
2.	Kring BTN Pensiunan	37,877	46,540	98,053	110.69	22.87
3.	Kredit Swadana BTN	2,717,776	4,859,950	4,368,982	(10.10)	78.82
4.	Kredit Pegawai	1,293,683	769,093	893,084	16.12	(40.55)
Total		4,670,792	6,479,683	6,137,002	(5.29)	38.73

#### Consumer Savings Products

The Company provides various saving products to facilitate the customer's needs, which is categorized into 2 (two) products, i.e. Savings and Deposits. Through the provision of these products, the Company strives to maintain a healthy level of liquidity, a low-cost source of funds that is in line with the company's strategy to maintain the competitive and affordable funding composition.

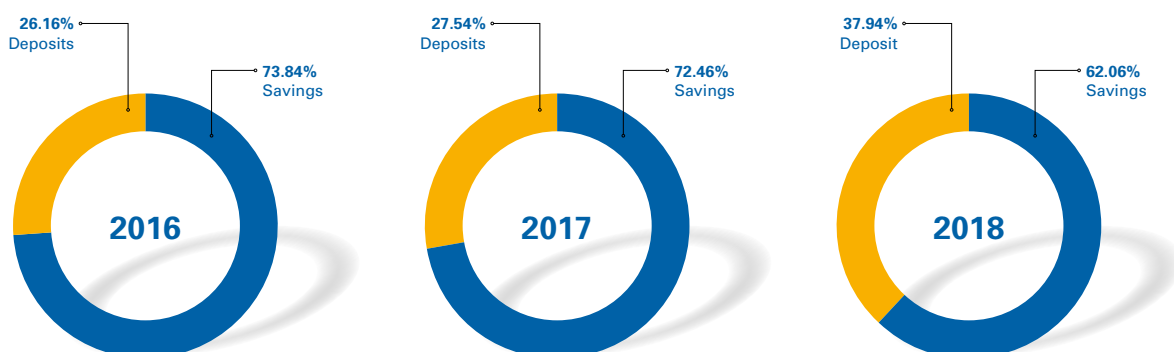
The performance of saving products or Third-Party Funds in 2018 increased, both the amount of the accounts and the fund collected. Details of the Company's savings products performance are as follows:

**Table of Consumer Savings Products 2016-2018 (Rp million)**

No	Type of Saving	2016		2017		2018	
		Account (unit)	Amount (Rp million)	Account (unit)	Amount (Rp million)	Account (unit)	Amount (Rp million)
1.	Savings	6,748,167	32,776,835	7,470,025	38,217,936	8,071,970	38,349,313
2.	Time Deposits	67,010	11,612,374	70,911	14,525,301	73,773	23,442,822
Total		6,815,177	44,389,209	7,540,936	52,743,237	8,145,743	61,792,135

## REVIEW OF OPERATION PER BUSINESS SEGMENT

**Graph of Consumer Saving Products 2016-2018**  
(Persentase %)



### 1. Consumer Savings

The Company's consumer savings provide solutions for transactional saving with the ease of purchase and payment transactions through Bank BTN's channels to support consumer financial activities. In 2018, the Company accumulated Consumer Savings of Rp 38,349,313 million, slightly up 0.34% compared to 2017 amounted IDR 38,217,936 million. This increase was mainly driven by the number of Batara Savings which increased by 3.84% compared to the previous year. The Company also innovates in consumer savings products by launching three new products, namely Tabungan Batara Tax Amnesty, Tabungan BTN Batara RDN, and Tabungan BTN Siap!.

**Table of Consumer Savings 2016-2018 (Rp million)**

No	Type of Saving	2016		2017		2018	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1.	Tabungan Batara	1,900,917	12,067,548	2,042,236	15,124,799	2,122,247	15,706,091
2.	Tabungan BTN Pensiunan	8,643	73,084	9,446	82,679	11,557	138,876
3.	Tabungan Batara Pendidik	33,203	72,733	29,606	84,518	23,696	88,646
4.	Tabungan Batara Prima	41,225	15,898,413	38,540	17,666,053	36,102	17,374,048
5.	Tabungan Batara Tax Amnesty	-	-	34	1,369	38	1,731
6.	Tabungan BTN Batara RDN	-	-	1,957	1,068	2,045	1,279
7.	Others Savings	3,786,815	2,051,828	4,310,330	2,326,796	4,800,541	2,507,997
	Tabungan BTN Junior	1,033,623	691,882	1,070,772	769,632	1,085,785	828,713
	Tabungan BTN Juara	986,294	533,834	1,084,567	591,116	1,175,326	573,165
	TabunganKu	291,601	585,061	629,410	720,546	394,372	766,031
	Tabungan BTN Sempel	457,880	46,704	494,424	59,343	569,257	63,134
	Tabungan Cermat	951,592	35,198	951,872	28,366	1,492,710	80,725
	Tabungan BTN Perumahan	4,329	46,313	4,244	43,942	4,044	39,455
	Tabungan BTN Haji Reguler	61,084	110,615	65,312	109,629	69,616	108,855
	Tabungan BTN Haji Plus	412	2,221	392	2,158	344	1,374
	Tabungan BTN Siap !	-	-	9,337	2,064	8,310	17,684
	Tabungan Felas	-	-	-	-	267	28,701
	Tabungan Simuda Rumahku	-	-	-	-	510	160
8.	Tabungan Pos	977,364	2,613,229	1,037,876	2,930,654	1,075,744	2,530,645
	Tabungan Tabanas Batara	77,207	66,673	38,154	50,458	24,684	41,892
	Tabungan eBatara Pos	900,157	2,546,556	999,722	2,880,196	1,051,060	2,488,753
Total		6,748,167	32,776,835	7,470,025	38,217,936	8,071,970	38,349,314



## 2. Time Deposits

The Company's time deposit products provide convenience to consumers or customers for high-benefit futures investments. Investments made in Rupiah with attractive and competitive interest rates.

In 2018, the Company has accumulated Time Deposits amounted Rp23,442,822 million, an increase of 61.39% compared to 2017, which was Rp14,525,301 million. The increase was mainly caused by the increase in 3-months deposits by 110.22% from the previous year.

**Table of Time Deposit 2016-2018**

No	Type of Deposit	2016		2017		2018	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1.	1 month	39,654	6,803,407	42,806	7,687,249	45,580	9,189,971
2.	2 months	806	74,579	1,058	83,266	1,424	1,910,496
3.	3 months	18,993	4,050,550	20,427	5,124,295	19,159	10,772,359
4.	6 months	4,879	378,137	4,376	1,329,091	5,299	1,161,032
5.	12 months	2,352	192,696	2,019	229,422	2,100	334,230
6.	24 months	281	11,907	215	9,697	191	13,818
7.	On Call Deposit	45	101,098	20	62,281	20	60,916
Total		67,010	11,612,374	70,911	14,525,301	73,773	23,442,822

## Commercial Banking

### Commercial Loan Product

The Company offers commercial banking credit products to provide a variety of solutions for consumers with products consisting of housing loans and non-housing loans. Housing loans are in the form of construction loans, while non-housing loans consist of MSME loans and Corporate Loans.

The Company managed to channel commercial loan of Rp29,137.82 million in 2018, an increase of 25.05%, compared to 2017 which was Rp23,298,077 million. This expansion was mainly due to significant increase of Corporate of 64.09% from the previous year.

**Table of Commercial Credit Disbursement 2016-2018 (Rp million)**

No	Loan Types	2016	2017	2018	Increase/decrease from 2017 to 2018 (%)	Increase/decrease from 2016 to 2017 (%)
1.	Construction Loan	11,720,021	13,393,800	14,004,333	4.56	14.28
2.	MSME Loan	1,639,086	1,997,134	2,168,887	8.60	21.84
3.	Commercial Credit	5,156,324	7,969,070	12,964,598	62.69	54.55
Total		18,515,430	23,360,004	29,137,819	24.73	26.17

### 1. Construction Loan

Construction Credit is intended to provide a variety of solutions to your property development with ease and benefits offered. The Company provides construction loans to housing developers for working capital purposes that can be used to house and apartment constructions. For this type of loan, the Company provides loans up to 80% of the cost of construction with a floating interest rate. Construction credit facilities provide convenience for commercial banking customers to develop in the construction of horizontal buildings and high-rise buildings including facilities and infrastructure.

## REVIEW OF OPERATION PER BUSINESS SEGMENT

Construction Loan has a strategic role in supporting the One Million Houses Program because the loan distribution will generate supply of house. In making decision to finance construction loans, the Company considers the maturity period based on estimated construction period. Construction loan are secured by collateral in the form of land and buildings that will be built on land.

Commercial banking customers who have obtained BTN Construction Loan may also obtain Land Ownership Loan, where the Company provides loan to acquire land to be used for constructing subsidized houses and apartments, in the amount up to 70% of the cost the credit period follows the construction credit period and is secured by

collateral in the form of land acquired and the building financed.

In 2018, the Company distributed construction loans of Rp14,004.33 billion, an increase of 4.56% compared to 2017 amounted Rp13,939.80 billion.

### 2. Kredit UMKM MSME Loan

The Company offers MSME loans as a solution for micro, small and medium business and aims to channel productive business financing. In 2018, the Company channeled MSME Loans of Rp2,168.89 million, an increase of 8.60% compared to 2017 amounted Rp1,997.13 million. This increase was mainly supported by KMK loans which increased by 19.12% from the previous year.

**Table of MSME Loan Disbursement 2016-2018 (Rp million)**

No	Loan Type	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	increase/decrease from 2016 to 2017 (%)
1.	Loan for the Poor (KUR)	-	9,775	111,192	1037.52	-
2.	Micro and Small Enterprises Loan (KUMK)	1,013,045	1,508,232	1,537,423	1.94	48.88
3.	KMK	359,145	343,123	408,731	19.12	(4.46)
4.	MSME Investment Loan	44,982	16,714	17,854	6.82	(62.84)
5.	MSME Contractor KMK	127,776	71,213	52,388	(26.44)	(44.27)
6.	Linkage Program	94,137	48,076	41,300	(14.09)	(48.93)
Total		1,639,086	1,997,134	2,168,887	8.60	21.84

### 3. Corporate Loan

The company markets corporate loans not only providing competitive interest but also excellent service. In 2018, the Company channeled Corporate Loans amounted Rp11,266.67 billion, an increase of 33.36% compared to 2017 amounted Rp8,448.19 billion. This increase was mainly driven by working capital credit, which increased 76.80% from the previous year.

**Table of Corporate Loan Disbursement 2016-2018 (Rp million)**

No	Types of Loans	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	increase/decrease from 2016 to 2017 (%)
1.	KMK	1,612,221	4,063,721	7,982,149	96.42	152.06
2.	Investment Loan	1,504,564	1,887,183	2,489,380	31.91	25.43
3.	Contractor Loan	2,039,538	2,018,166	2,493,070	23.53	(1.05)
Total		5,156,324	7,969,070	12,964,598	62.69	54.55



### Commercial Saving Products

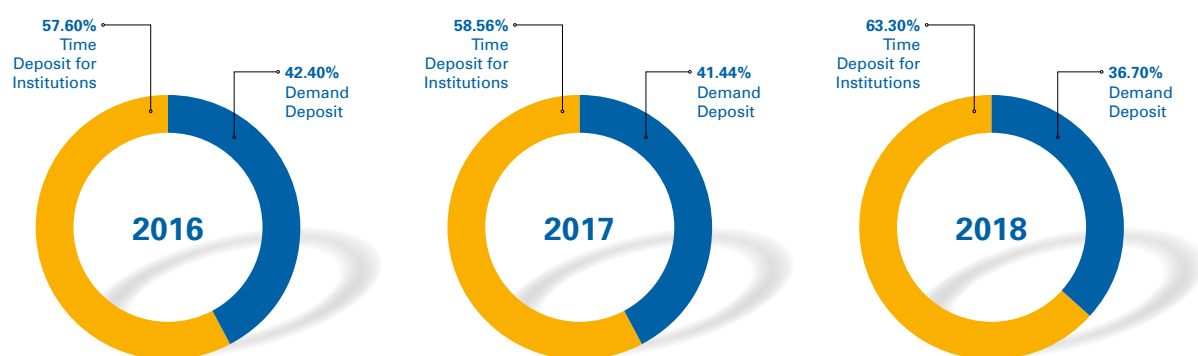
The Company provides funding products and services for commercial banking segment, which include demand deposits and institutional time deposits. In 2018, the Company managed to accumulate commercial savings products of Rp146,263.78 billion, grew by 20.90% compared to 2017 amounted Rp120,976.46 billion.

The performance of commercial banking savings products is as follow:

**Table of Commercial Saving Products 2016-2018**

No	Type of Commercial Saving Products	2016		2017		2018	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1.	Demand Deposit	39,726	42,643,680	42,526	50,019,826	46,463	53,674,097
2.	Time Deposit for Institutions	6,851	57,924,579	6,938	70,956,631	8,760	92,589,683
Total		46,577	100,568,259	49,464	120,976,457	55,223	146,263,780

**Graph of Commercial Saving Products 2016-2018**  
(Persentase %)



#### 1. Commercial Demand Deposit

In 2018, the Company accumulated commercial demand deposits of Rp53,674,10 billion, an increase of 7.31% compared to 2017 amounted Rp50,019.83 billion. This increase was mainly due to non-FLPP demand deposits which increased by Rp3,476.23 billion or 11.59%.

**Table of Commercial Demand Deposit 2016-2018**

No	Type of Demand Deposit	2016		2017		2018	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1.	Non FLPP Demand Deposit	39,722	21,785,323	42,522	29,993,100	46,457	33,469,326
2.	FLPP Demand Deposit	4	20,858,357	4	20,026,726	5	20,204,771
Total		39,726	42,643,680	42,526	50,019,826	46,463	53,674,097



## REVIEW OF OPERATION PER BUSINESS SEGMENT

### 2. Institutional Time Deposit

In 2018, the Company accumulated Institutional Time Deposit amounted Rp.92,589.68 billion, an increase of 30.49% compared to 2017 amounted Rp.70,956.63 billion.

**Table of Time Deposit for Institutions 2016-2018**

No	Type of Deposit	2016		2017		2018	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1.	Time Deposit for Institutions	6,772	55,981,037	6,815	67,726,064	8,666	91,395,169
2.	On Call Institutional Deposit	79	1,943,542	123	3,230,567	94	1,194,513
Total		6,851	57,924,579	6,938	70,956,631	8,760	92,589,683

## Sharia

### Sharia Business Unit

#### Sharia Financing Products

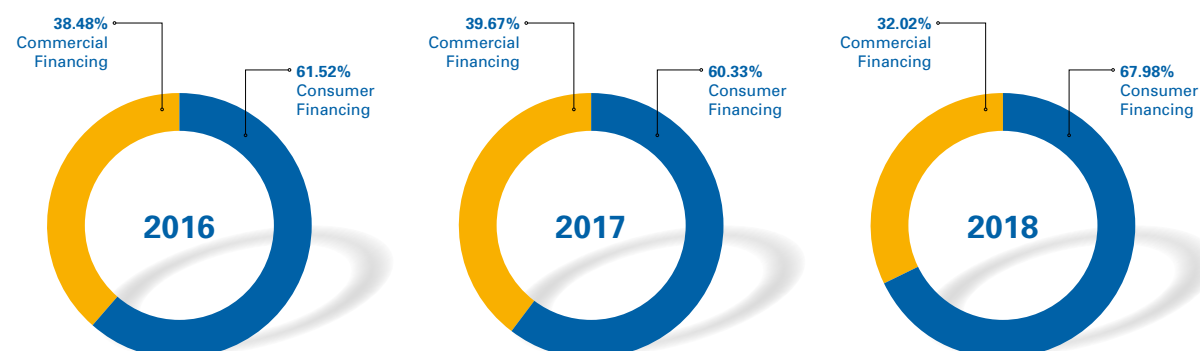
The Company classifies Sharia Business Unit financing products into consumer and commercial types. In 2018, the Company recorded the realization of Sharia financing based on the consumer and commercial segments reaching Rp8.34 trillion, grew by 11.41% compared to 2016. This achievement was dominated by the consumer segment which accounted of 67.98% while the commercial segment amounted 32.02%.

**Table of Sharia Financing 2016-2018 (Rp million)**

No	Type of Financing	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	increase/decrease from 2016 to 2017 (%)
1.	Consumer Financing	3,666,853	4,518,292	5,671,816	25.53	23.22
2.	Commercial Financing	2,293,888	2,970,801	2,671,857	(10.06)	29.51
Total		5,960,741	7,489,093	8,343,673	11.41	25.64

**Graph of Sharia Financing 2016-2018**

(Persentase %)



#### 1. Consumer Financing

Throughout 2018, the Sharia Business Unit channeled consumer financing of Rp5.67 trillion, up 25.53% compared to 2017 amounted Rp4.52 trillion. This was mainly driven by the increase in SSM Tapak iB mortgages by 74.66%.



**Table of Realization of Consumer Financing 2016-2018 (Rp million)**

No	Type of Financing	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	increase/decrease from 2016 to 2017 (%)
1.	KPR Sejahtera Tapak iB	1,719,354	979,559	449,915	(54.07)	(43.03)
2.	KPR Sejahtera Susun iB	-	13,718	425,	(96.90)	100
3.	KPR SSM Tapak iB	223,543	1,973,177	3,446,371	74.66	782.68
4.	KPR SSM Susun iB	943	28,035	13,075	(53.36)	2.872.21
5.	KPR Platinum iB	1,196,310	1,005,354	1,098,928	9.31	(15.96)
6.	KPR Indent iB	394,257	407,016	550,710	35.30	3.24
7.	Pembiayaan Bangun Rumah iB	24,209	12,635	10,199	(19.28)	(47.81)
8.	Pembiayaan PUMP Jamsostek iB	-	-	-	-	-
9.	Pembiayaan Kendaraan Bermotor iB	4,109	1,711	3,227	88.60	(58.36)
10.	Pembiayaan Gadai iB	2,112	3,082	866	(71.90)	45.97
11.	Pembiayaan Multijasa iB	18,832	10,777	8,939	(17.05)	(42.77)
12.	Pembiayaan Multimanfaat iB	83,184	83,227	89,158	7.13	0.05
13.	Pembiayaan Talangan Haji iB	-	-	-	-	-
Total		3,666,853	4,518,292	5,671,816	25.53	23.22

## 2. Commercial Financing

In 2018, the Sharia Business Unit recorded the result of commercial financing products of Rp2.67 trillion. This achievement dropped by 10.64% compared to 2017 amounted Rp2.97 trillion. The decline was mainly due to drop in BTN iB Investment Financing by 80.36% from the previous year.

**Table of Outflow of Commercial Financing 2016-2018 (Rp million)**

No	Type of Financing	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	increase/decrease from 2016 to 2017 (%)
1.	BTN iB Construction Financing	1,826,164	2,373,037	2,276,563	(4.79%)	29.95
2.	SYUKUR BTN iB Financing	108	-	-	-	(100)
3.	BTN iB Working Capital Financing	299,665	394,452	355,369	(9.91%)	31.63
4.	BTN iB Investment Financing	167,951	203,312	39,925	(80.36%)	21.05
Total		2,293,888	2,970,801	2,671,857	(10.64%)	29.51

## Sharia Saving Products

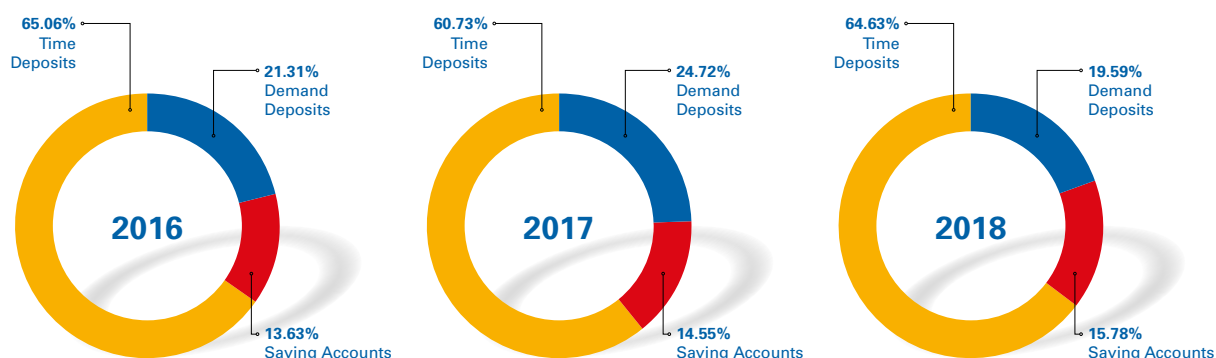
Sharia Business Unit savings products consist of demand deposits, savings and time deposits products. The value of Sharia Business Unit savings products in 2018 was Rp22.34 trillion, grew by 19.13% compared to 2017 amounted Rp18.75 trillion. This increase was mainly driven by an expanding fund in deposits of 26.78%. Detailed information regarding the performance of Sharia Business Unit savings products is shown in the following table:

**Table of Sharia Saving Products 2016-2108**

No	Type of Saving	2016		2017		2018	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1.	Demand Deposit	6,587	3,202,375	7,743	4,635,304	9,516	4,376,126
2.	Savings	443,539	2,049,373	526,806	2,728,643	616,371	3,526,393
3.	Deposits	5,678	9,778,501	5,696	11,390,152	5,697	14,440,156
Total		455,804	15,030,249	540,245	18,754,099	631,584	22,342,676

## REVIEW OF OPERATION PER BUSINESS SEGMENT

**Graph of Sharia Saving Products 2016-2018**  
(Percentage %)



### 1. Sharia Demand Deposit

In 2018, the value of sharia demand deposits amounted Rp4.38 trillion, down 5.59% compared to 2017 amounted Rp4.63 trillion. This increase was mainly due to the Giro BTN Prima iB which dropped by Rp259,178 million or 15.47% from the previous year.

**Table of Sharia Demand Deposit 2016-2018**

No	Type of Demand Deposit	2016		2017		2018	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1.	Giro BTN iB	5,102	2,262,359	6,170	2,749,326	7,815	2,781,854
2.	Giro BTN Prima iB	1,485	940,016	1,573	1,885,978	1,701	1,594,272
Total		6,587	3,202,375	7,743	4,635,304	9,516	4,376,126

### 2. Sharia Savings

The Sharia Business Unit Savings Products experience an increase in 2018 in terms of the number of accounts, as well as the fund collected, namely by 17% and 20.24%.

**Table of Sharia Savings 2016-2018**

No	Type of Savings	2016		2017		2018	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1.	Tabungan BTN Batara iB	269,265	563,695	320,874	617,345	388,194	760,378
2.	Tabungan BTN Prima iB	100,413	1,389,225	110,493	2,017,945	120,787	2,664,925
3.	Tabungan BTN Haji iB	29,719	91,009	32,158	86,040	39,627	92,296
4.	TabunganKu iB	8,254	3,430	9,249	3,323	9,733	3,805
5.	Tabungan BTN Qurban iB	2,406	1,347	3,176	1,754	4,271	2,147
6.	Tabungan Simpel BTN iB	33,482	666	50,561	1,733	53,057	2,141
7.	Tabungan Emas BTN iB	-	-	295	503	702	701
Total		443,539	2,049,373	526,806	2,728,643	616,371	3,526,393



### 3. Sharia Deposits

In 2018, Sharia Business Unit deposit products grew in both the number of accounts and the amount of funds. The number of accounts slightly increased by 0.02% and the amount of funds were up by 26.78%. The expansion in deposit products was mainly driven by BTN iB Deposits (Institutions) which rose by Rp2,982,290 million or 27.56% from the previous year. In detail, information regarding Sharia Business Unit deposit products based on the number of accounts and the amount of funds in the last three years are as follows;

**Table of Sharia Deposits 2016-2018**

No	Type of Deposit	2016		2017		2018	
		Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)	Account (unit)	Total (Rp million)
1.	BTN iB Deposit (Personal)	4,501	484,751	4,557	499,900	4,603	597,912
2.	BTN iB Deposit for Institutions	1,169	9,272,550	1,130	10,822,954	1,075	13,805,244
3.	iB On Call Deposits	8	21,200	9	67,298	19	37,000
Total		5,678	9,778,501	5,696	11,390,152	5,697	14,440,156

## REVIEW OF OPERATION PER BUSINESS SEGMENT

### Banking Services

Besides conventional and sharia, the Company also carried out banking services segment which consist of trading services, administration services, and other services. Administration income is in the form of account fees, saving fees, deposit administration fees, and loan administration fees. Other income is in the form of payment point, card and E-Banking, Servicing Fee of Asset Securities, Transfer, Guarantee Bank, SDB, Bancassurance Fee, Sharia Financing Administration, and Banking Services Fee. In addition, other income comes from collateral values, fines, etc.

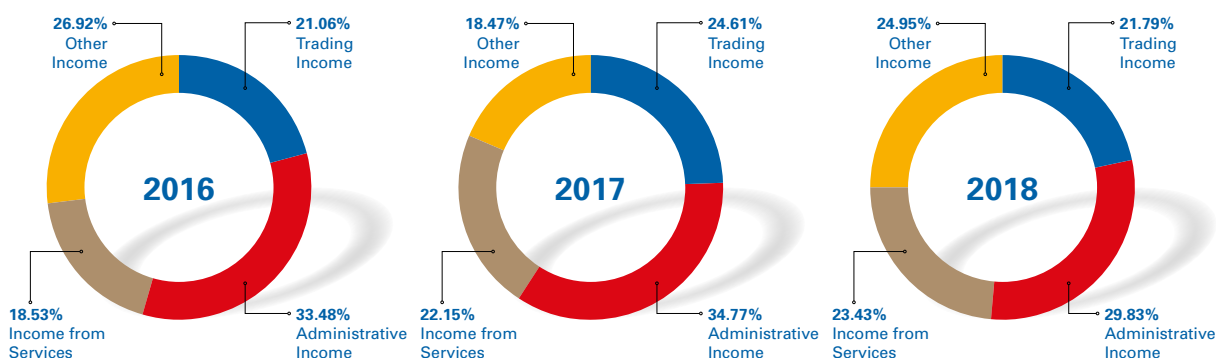
Throughout 2018, the Company booked the fee-based income amounted Rp2,090.33 billion. The growth is mainly come from other services and other income which is up by 35.62% and 73.20% respectively compared to previous year's.

**Table of Fee-based Income 2016-2018 (Rp million)**

No	Type of Income	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	increase/decrease from 2016 to 2017 (%)
1.	Trading Income	272,689	401,169	455,502	13.54%	47.12
2.	Administrative Income	433,407	566,972	623,458	9.96%	30.82
	Demand Deposit Fees	13,149	13,430	12,255	(8.75%)	2.14
	Saving Fees	305,296	334,782	359,149	7.28%	9.66
	Deposit Administration Fees	23,709	46,419	74,437	60.36%	95.79
	Loan Administration Fees	91,254	172,342	177,617	3.06%	88.86
3.	Income from Services	239,992	361,085	489,698	35.62%	50.46
	<i>Payment Point</i>	7,598	18,242	21,629	18.57%	140.09
	Card & E-Banking	73,436	80,255	85,185	6.14%	9.29
	Servicing Fee of Assets Securities	17,602	44,128	117,658	166.63%	150.70
	Transfer	2,462	3,894	4,419	13.48%	58.17
	Guarantee Bank	35,503	43,436	54,960	26.53%	22.34
	<i>Safe Deposit Box</i>	4,713	5,338	6,249	17.06%	13.28
	<i>Bancassurance Fee</i>	29,827	52,128	51,597	(1.12%)	74.95
	Administrative Sharia Financing	62,880	93,758	116,880	24.66%	49.10
	<i>Banking Services Fee</i>	5,972	19,854	31,121	56.75%	232.44
4.	Other Income	348,561	301,189	494,172	73.20%	(13.59)
	Collateral valuation (LPA, taxation)	12,293	23,339	31,562	35.23%	89.85
	Fines	105,650	96,548	100,549	4.14%	(8.62)
	Book Deletion	178,427	138,972	130,900	(5.81%)	(22.11)
	Other	52,191	42,330	231,161	446.92%	(18.89)
Total		1,294,649	1,630,415	2,062,995	28.21%	25.93



**Graph of Fee-Based Income 2016-2018**  
(Percentage %)



### Customer Card

The Company recorded the number of Consumer product card holders for ATM/Debit Card in 2018 amounting to 5,550,277 card units, and for Credit Card amounting to 22,412 card units. This increase was mainly driven by the implementation of the Company's strategy in the promotion of electronic banking transactions in order to increase the number of card holders.

**Tabel of Feebased Income in 2018 (Rp million)**

No	Type of Card	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	increase/decrease from 2016 to 2017 (%)
1.	Debit Card	4,652,914	5,710,058	5,550,277	(2.80)	22.72
2.	Credit Card	21,727	22,073	22,412	1.54	1.59
Total		4,674,641	5,732,131	5,572,689	(2.78)	22.62

### Wealth Management

In 2018, the number of Wealth Management customers grew 12% to 23,762 customers compared to 2017 with 21,174 customers. This increase was mainly driven by sales optimization through cross selling of non-banking products, the addition of more varied non-banking products, the addition of priority personnel, the addition of priority outlets and the addition of facilities and benefits to priority customers.

In addition, the Company's Asset Under Management (Deposits and AUM Non Banking) in 2018 reached Rp36,075.84 billion, experienced 29% growth compared to 2017 amounting to Rp27,822.70 billion. Details on Asset Under Management is shown in the following table.

**Tabel Wealth Management**

No	Type of Products	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	increase/decrease from 2016 to 2017 (%)
1.	DPK	20,111,093	23,955,064	32,826,320	37.03	19.11
2.	Securities	1,714,560	733,900	1,281,871	74.67	(57.20)
	ORI	579,575	354,030	550,000	55.35	(38.92)
	SUKUK	1,024,985	379,870	515,066	35.59	(62.94)
	SBR	110,000	-	216,805	N/A	(100)
3.	Mutual Funds	531,417	357,603	780,685	(118.31)	(32.71)
4.	Bancassurance	1,336,218	2,776,128	1,186,967	(57.24)	107.76
Total		23,693,287	27,822,696	36,075,844	29.66	17.43



## REVIEW OF OPERATION PER BUSINESS SEGMENT

### Electronic Channel

The Electronic Channel (e-channel) service continues to show positive trends in the Company's business. Gradually in line with the established digital-based transformation program, the Company continued to develop e-channel-based banking transactions in order to support financial inclusion programs from Bank Indonesia and in an effort to expand access to banking and financial services for all customers.

In 2018, e-channel transactions recorded 144,017,843 transactions, grew by 24.51% compared to 2017 with 115,666,659 transactions. This increase was mainly driven by the development of features/digital products and various promotional programs to attract customers to increase electronic banking transactions.

**Table of E-Channel Transactions 2016-2018**

No	Type of Products	2016	2017	2018	increase/decrease from 2017 to 2018 (%)	increase/decrease from 2016 to 2017 (%)
1.	ATM & Kiosk	72,191,957	85,673,578	100,604,363	17.43	18.67
	CDM	143,073	150,602	119,001	(20.98)	5.26
	Internet Banking	799,542	1,692,723	3,463,806	104.63	111.71
2.	Cash Management	763,641	1,006,733	856,210	(14.95)	31.83
	SMS Banking	3,957,008	4,342,884	5,850,039	34.70	9.75
	Mobile Banking	15,828,032	22,800,139	33,124,424	45.28	44.05
Total		93,683,253	115,666,659	144,017,843	24.51	23.47



## INCOME AND PROFITABILITY PER BUSINESS SEGMENT

In 2018, The Company recorded a current year profit of Rp2,807.92 billion. Information on income and profitability per business segment based on the type of business of the Company in the last two years is stated in the following table:

**Table of Income of the Year per Segment (Rp million)**

Description	Conventional		Sharia		Total	
	2017	2018	2017	2018	2017	2018
Segment Income	18,446,732	20,781,512	1,644,868	2,070,246	20,091,600	22,851,758
Segment Expenses	(9,918,889)	(11,756,380)	(831,771)	(1,006,201)	(10,750,660)	(12,762,581)
Segment Income – Net	8,527,843	9,025,132	813,097	1,064,045	9,340,940	10,089,177
Other Operating Income	1,538,350	1,979,067	67,581	92,527	1,605,931	2,071,594
Provision for impairment losses on financial assets and non-financial assets	(855,103)	(1,273,482)	(29,298)	(440,945)	(884,401)	(1,714,427)
Other Operating Expenses	(5,842,016)	(6,462,296)	(328,551)	(390,248)	(6,170,567)	(6,852,544)
Income from Operations	3,369,074	3,268,421	522,829	325,379	3,891,903	3,593,800
Non Operating Income (Expenses) – Net	10,290	126,086	(40,638)	(109,611)	(30,348)	16,475
Tax Expenses	(834,089)	(802,352)	-	-	(834,089)	(802,352)
Profit for the Year	2,545,275	2,592,155	482,191	215,768	3,027,466	2,807,923
Assets	237,968,664	278,036,919	23,396,603	28,399,275	261,365,267	306,436,194
Liabilities	219,258,258	257,665,349	20,443,575	24,930,397	239,701,833	282,595,746

# MARKETING ASPECT



## MARKETING STRATEGY

Throughout 2018, the Company has implemented a variety of marketing strategies as stated in the Bank's Business Plan for each product which is directed to remain focused on making the Company as the leading bank in home financing. Digital development and increasingly complex customer needs are one of the main considerations in the determination and implementation of the Company's marketing strategy. The Company has implemented marketing strategies for funding and credit products in the consumer banking and commercial banking segments, as well as the implementation of other marketing strategies for sharia business unit products as follows:

## Funding Product

In 2018, the Company implements a marketing strategy for funding products to increase low cost and sustainable funding including:

1. Close the product gap and savings features. The Company applies this strategy by developing products accompanied by continuous improvement of business processes.
2. Improved product sales organization. The Company is committed to continuing to strengthen its business with improvements needed by product sales organizations.
3. Strengthen market segmentation according to product segmentation.



“

**In the face of future challenges, the Company has formulated a transformation journey roadmap that contains the strategy for future business development.**

”

4. Improve Above the line (ATL) and below the line (BTL) communication per product. More rapid and transparent development of information technology, provides a number of opportunities for marketing the Company's banking products and services.

Besides that, in meeting the funding target, the Company also runs several programs and promotions including Super Untung Jaman Now (SUJAN) Program, BTN Savings Program 2018, Kado BTN Anniversary, BTN THR Program #TakHabisHabisRejeki 2018, and e'BATARAPOS Basic Food Party. The company also conducts a special program for BTN Priority customers as well as an increase in cooperation among divisions, namely collaboration between divisions of funding and credit for the provision of banking services for employees of state-owned institutions, the Government or other institutions.

### **Loan Product**

The Company's efforts to accelerate the one million home program were carried out by the Bank's initiative to strengthen the role of the Bank as a housing market maker, namely acting as an integrator and accelerator in the housing sector. In 2018, the Company has implemented a marketing strategy for each credit product owned as follows:

#### **1. Improve collaboration with Bank partners**

This initiative was carried out with the aim of gaining market potential and achieving credit targets in 2018; obtaining potential sales of Subsidized Mortgages as well as the potential for cooperation in other financial products/services; and increase brand awareness, maintain and enhance the Company's corporate image as the

leading and most experienced bank in the field of housing finance; maintain and expand cooperation with housing developer associations and exhibitor developers.

Throughout 2018, the Company carried out developer gatherings, marketing gatherings, and coffee mornings, with developers organized periodically by all Regional Offices and Branch Offices.

During 2018, the Company conducted three types of exhibitions, namely the Indonesia Property Expo I which was held on 3-11 February 2018 and the IDE Prospect. The Subsidized Mortgages obtained at both events amounted to Rp. 547 billion. Then, the Company also carried out the Indonesia Property Expo II which was held on September 22-30 2018 at the Jakarta Convention Center (JCC) which received a Prospective KPR Subsidy Prospect reaching up to Rp506 billion.

In 2018, the Company also held the BTN Property Award on August 15, 2018 as a venue for accolades and appreciation to property developers who have contributed to supporting the success of the One Million Houses program.

## 2. Market Expansion

The Company implements a market expansion strategy with the aim of obtaining a captive market for distribution of Subsidized BTN Mortgages and Micro Mortgages; proactively bringing together supply and demand through socialization and open booth activities of mortgage service; and help increase funding collection.

The market expansion strategy is carried out by implementing several activities throughout 2018 as follows:

- One strategy for market expansion is proactive marketing by holding a meeting with the government civil apparatus / TNI / Police forces which has a captive market of 1.6 million people who do not have houses. Marketing activities are carried out by Regional Offices / Branch Offices and visiting activities to the National Police.
- Signing of Cooperation Agreement (PKS) with start-up partners and other potential partners to distribute BTN KPR.
- Implementation of the ABCG (Academic, Business, Community, Government) collaboration scheme and the implementation of the ABCG program project.

- The launch of a new scheme of housing finance for the MBR, namely KPR BTN BP2BT with a target market that has not been fulfilled by other subsidy schemes.

## 3. Implementation of Marketing Communication

In order to improve brand awareness dan product market share, the Company initiated to conduct several activities such as:

- Advertising in several radio programs that have market segmentation that matches the criteria for prospective Subsidized Mortgages or the middle to low category.
- Creating motion graphic videos on the provisions and features of Subsidized Mortgage products that are used as a medium for delivering information that is more effective to the target audience.
- Creating sales kits for Branch Offices and Regional Offices as an additional guide and tool when conducting marketing activities to potential partners.

## DIGITAL BANKING STRATEGY

Throughout 2018, the Company has carried out several developments of product and features with the aim of strengthening the Bank's position in the digital banking sector which include:

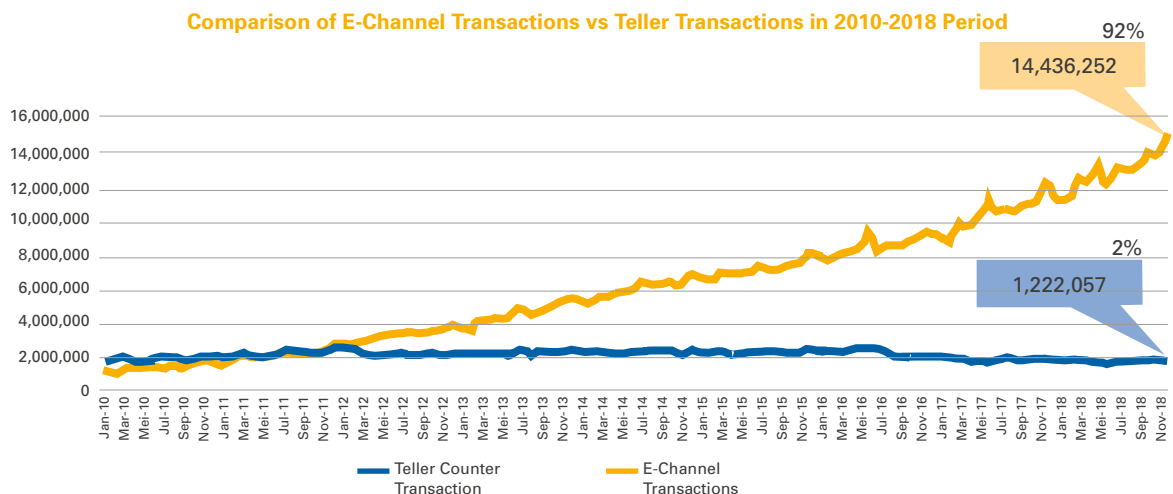
- Strengthening BTN's mobile banking position especially for millennials by developing tuition payment receipt features in well-known universities.
- Purchase features of Online Retail Government Securities (SBN) through BTN Internet Banking and BTN Cash Management System (in collaboration with Wealth Management Division).
- Features of motor vehicle tax payment (Samsat Online) through BTN Internet Banking.
- Expand cooperation with traditional market traders community and local governments through BTN's E-Retribution Market products. In addition, the Company has collaborated with the Indonesian Market Management Association (ASPARINDO) in utilizing banking products and services for traditional markets throughout Indonesia.
- Working closely with Telkomsel in order to expand the BTN Griya Bayar agents' network by utilizing Reseller of T-Cash.
- QR Pay feature that can be used by the Company's customers to make payments to merchants who are already part of the BTN QR Merchant through QR code and BTN Mobile Banking.





- Use of Optical Recognition Character (OCR) technology in the process of opening an online account.
- The process of developing New Products and Activities (PAB) that has been completed includes EDC Acquiring, Prepaid Server Based and E-Wallet which are currently in the process of submitting permission to the Regulator.
- Development of a BTN Property portal that is equipped with more complete features.

Through the development and initiatives, the Company recorded customer transactions through e-channels which reached 14.44 million transactions. When compared with the number of transactions at the teller counter (1.22 million transactions), the ratio is 92:8 between e-channels and teller transactions.

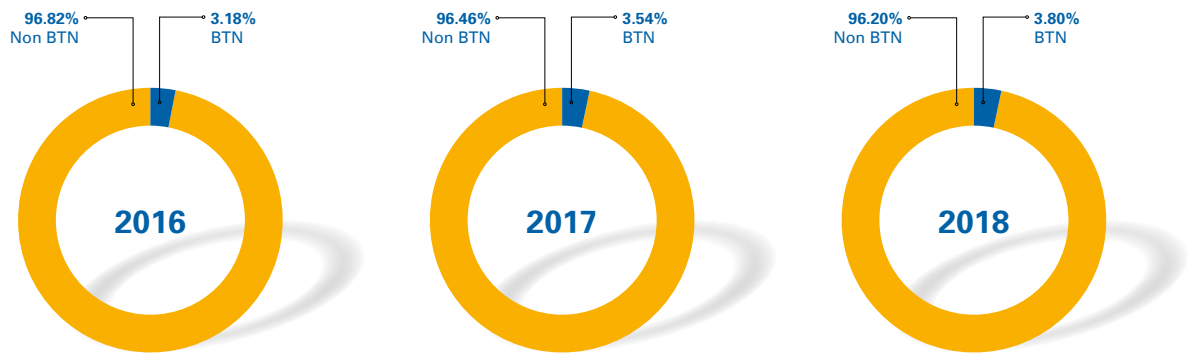




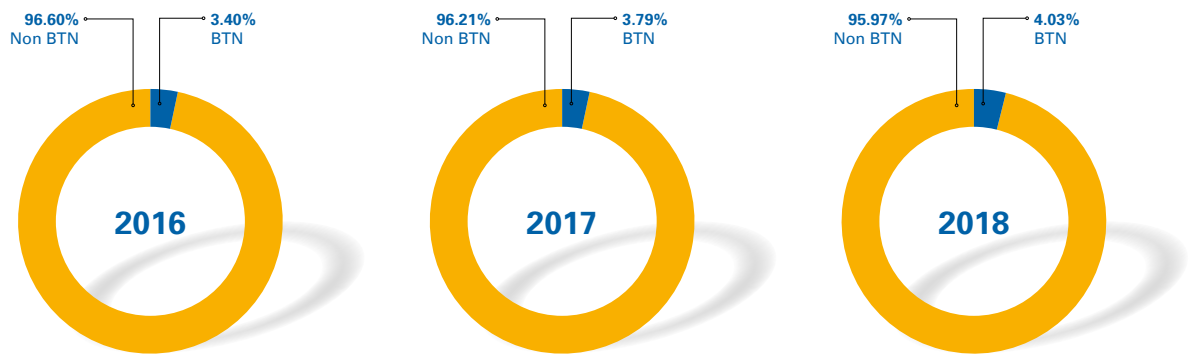
Market Share

The Company has implemented a variety of marketing strategies with the aim of improving the performance of each product and expanding market share. In 2018, the Company’s market share in terms of assets of Bank Book III was recorded at 11.18%, Third Party Funds amounted to 11.39%, while in terms of loans it reached 12.67%. The Company’s market share in the national banking industry for each type of product is as follows:

Graph of Market Share of Asset in 2016-2018  
(Percentage %)

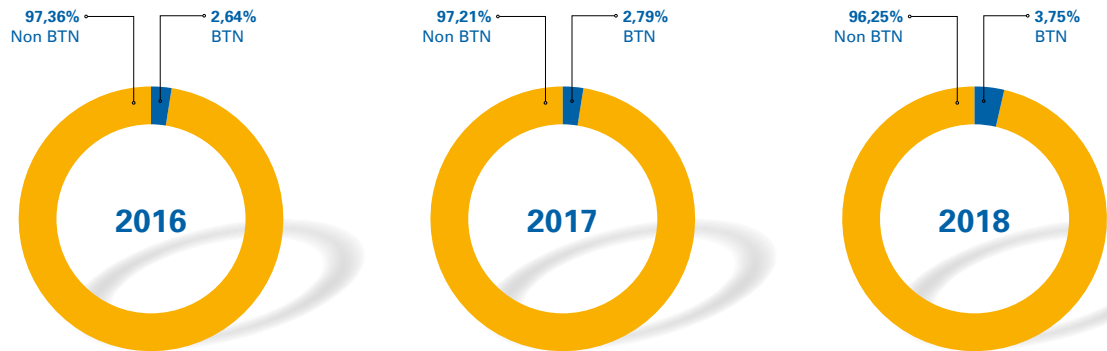


Graph of Market Share of Credit in 2016-2018  
(Percentage %)

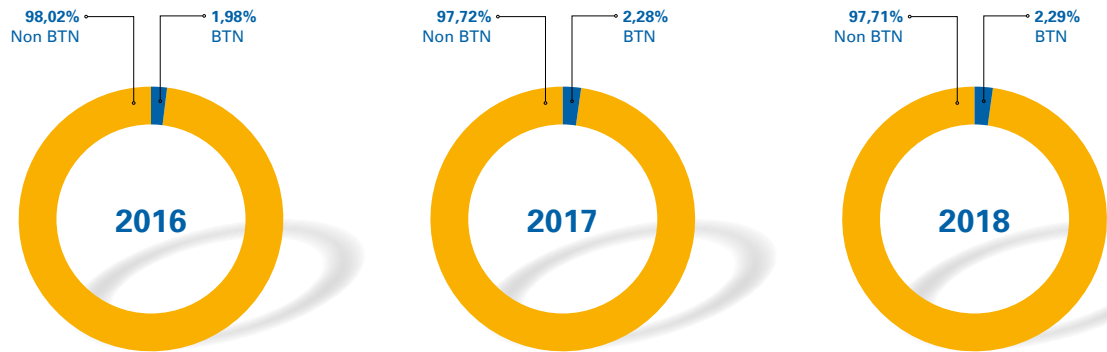




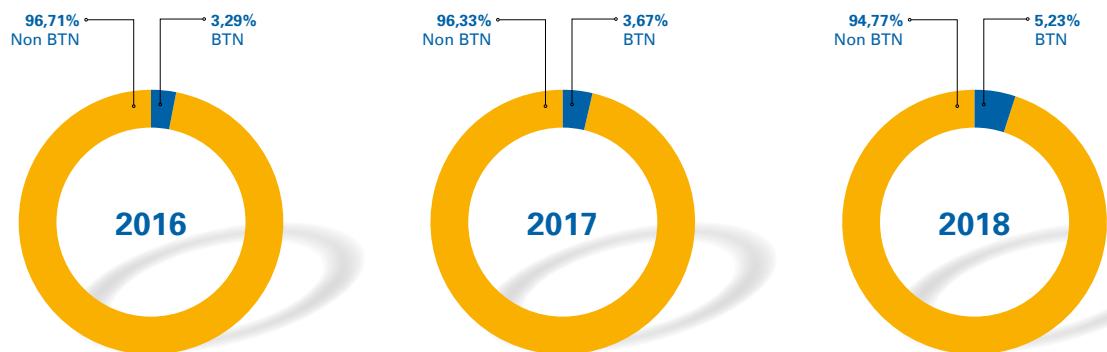
**Graph of Market Share of Third Party Fund in 2016-2018**  
(Percentage %)



**Graph of Market Share of Saving Accounts in 2016-2018**  
(Percentage %)



**Graph of Market Share of Time Deposits in 2016-2018**  
(Percentage %)



# COMPANY FINANCIAL PERFORMANCE REVIEW



## FINANCIAL POSITION REPORT

### Assets

Table of Assets

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Cash	1,243,615	1,027,554	216,061	21.03%
Current Account with Bank Indonesia	15,417,862	12,554,585	2,863,277	22.81%
Current Account with Other Banks - net	1,587,051	556,301	1,030,750	185.29%
Placements with BI & Other Banks - net	26,464,760	24,697,503	1,767,257	7.16%
Securities	5,848,485	7,706,031	(1,857,546)	(24.11%)
Government Bonds	9,393,138	8,183,973	1,209,165	14.77%



“

Amidst a limited economic growth of 5.17% in 2018, Bank BTN was able to record performance above the national banking industry, with growth in loans, deposits and assets of 19.24%; 19.41%; and 17.24%, respectively, to Rp234.46 trillion; Rp229.83 trillion; and Rp306.44 trillion, respectively. The Company always pays attention to the proper and prudent management of productive assets and adheres to the implementation of banking policies as per regulations, including the application of SFAS 71 which began this year even though the regulation is actually effective in early 2020

”

**Table of Assets**

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Loans and Financing/Sharia Receivables	234,459,542	196,634,594	37,824,948	19.24%
Acceptance Receivables	528,148	8,081	520,067	6,435.68%
Fixed Assets	5,017,694	4,837,319	180,375	3.73%
Interest Accrued	2,959,502	2,296,440	663,062	28.87%
Deferred Tax Assets	260,251	174,555	85,696	49.09%
Other Assets	3,256,146	2,688,331	567,815	21.12%
Total Assets	306,436,194	261,365,267	45,070,927	17.24%

### Cash

Bank BTN's cash position reached Rp1.24 trillion in 2018, an increase of 21.03% compared to the previous year's cash position of Rp1.03 trillion. This increase was in line with the increase in the position of the Bank's cash in Rupiah to Rp1.24 trillion from Rp1.02 trillion in 2017, while the foreign exchange position decreased to Rp3.11 billion in 2018 compared to Rp5.34 billion in the previous year.

### Current Account with Bank Indonesia

Current accounts with Bank Indonesia (BI) increased by 22.81% to Rp15.42 trillion in 2018 compared to Rp12.55 trillion a year earlier. This increase was in line with the increase in current accounts with BI in Rupiah and US Dollar to Rp15.15 trillion and Rp266.75 billion in 2018 with growth of 21.12% and 489.53% respectively. In the previous year this account in both currencies reached Rp12.51 trillion and Rp45.25 billion respectively.

**Table of Current Account with Bank Indonesia**

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Rupiah	15,151,113	12,509,337	2,641,776	21.12%
US Dollar	266,749	45,248	221,501	489.53%
Current Account with Bank Indonesia	15,417,862	12,554,585	2,863,277	22.81%

Bank BTN's Statutory Reserves ratio was able to fulfill Bank Indonesia (BI) regulations regarding Minimum Statutory Reserves (GWM) as presented in the following table:

**Table of GWM Ratio**

Category	Currency		2018	2017
Conventional	Rupiah	Main	6.61%	7.02%
		Secondary	-	6.42%
		PLM*	5.45%	-
	US Dollar		8.69%	8.38%
Sharia	Rupiah		5.30%	5.00%

\*) As of July 16, 2018, based on BI Regulation No. 20/4 / PBI / 2018 dated 3 April 2018 on Macroprudential Intermediary Ratio and Macroprudential Liquidity Support for Conventional Commercial Banks, Islamic Commercial Banks, and Sharia Business Units, the term Secondary GWM is changed to PLM (Macroprudential Liquidity Buffer) and LFR Statutory Reserves change to RIM (Macroprudential Intermediation Ratio)

Based on the provisions of BI, the requirements for Primary GWM in Rupiah in 2017 were at 6.5%, daily GWM at 5%, and GWM at an average of 2%, while foreign currencies were at 8% each. Secondary GWM were at 4% each in Rupiah. In 2018, the Company had to meet the requirements of Primary GWM in Rupiah at 6.5%, daily GWM at 4.5% and GWM on average at 2%; for foreign currencies and Secondary GWM (PLM) there were no changes. Based on sharia principles, the the Company had to meet the requirements of the Statutory Reserves in Rupiah and foreign currencies at 5% and 1%, respectively.

### Current Account with Other Banks – Net

Current accounts with other banks rose by 185.29%, equivalent to Rp1.03 trillion, to Rp1.59 trillion compared to the position in 2017 of Rp556.30 billion. This increase was in line with the increase in demand deposits with other banks in foreign currencies by 320.37% to Rp1.48 trillion; on the other hand there was a decrease in other bank demand deposits in Rupiah of 46.35% to Rp110.74 billion in 2018.



**Table of Current Account with Other Banks**

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Rupiah	110,735	206,393	(95,658)	(46.35%)
Foreign Currency	1,478,034	351,604	1,126,430	320.37%
Reserves for Impairment Losses (CKPN)	(1,718)	(1,696)	(22)	1.30%
Current Account with Other Banks	1,587,051	556,301	1,030,750	185.29%

The average annual interest rate for current accounts with other banks in 2018 was 1.23% in Rupiah and 2.19% in foreign currency. For 2017, the average interest rates for the two types of current accounts based on these currencies were 0.33% and 0.04% respectively. Meanwhile, in the case of Allowance for Impairment Losses (CKPN), the Company established a CKPN of Rp1.72 billion for this account in 2018. Management has the confidence that the amount of reserve losses on current accounts with other established banks was adequate.

#### Placements with BI & Other Banks – Net

The Company placements at BI and other banks amounted to Rp26.46 trillion in 2018, up by 7.16% compared to the previous year's achievement of Rp24.69 trillion. This increase was mainly influenced by the placement of Bank Indonesia Term Deposits in foreign currency amounting to Rp2.66 trillion. In 2018, the Company placed a Bank Indonesia Sharia Certificate at Bank Indonesia worth Rp100 billion.

**Table of Placements with BI & Other Banks**

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
BI Deposit Facility	7,198,950	14,798,542	(7,599,592)	(51.35%)
BI Term Deposit in IDR	12,496,316	5,998,644	6,497,672	108.32%
BI Deposit Facility Syariah	4,005,000	3,894,000	111,000	2.85%
Bank Indonesia Certificate Sharia	100,000	-	100,000	-
BI Term Deposit Foreign-Currency	2,660,850	-	2,660,850	-
Placements at Other Banks	3,644	6,317	(2,673)	(42.31%)
Total	26,464,760	24,691,186	1,767,257	7.16%

The average annual interest rate for placements with Bank Indonesia and other banks for the Rupiah was 4.39% for 2018 and 5.20% for 2017. The average interest rate per year for placement with Bank Indonesia and other banks for foreign currency in 2018 was 0.81%. Management believes that no allowance for impairment losses is necessary because they believe that placements with Bank Indonesia and other banks can be collected.

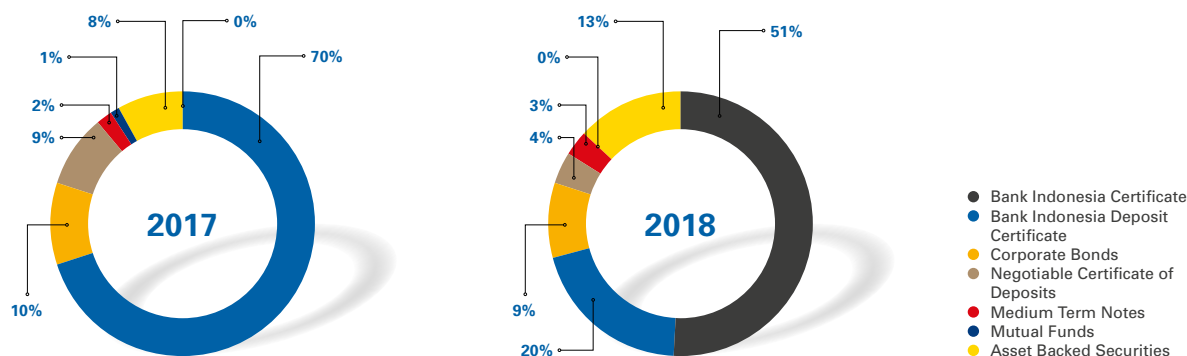
#### Securities

The securities portfolio of Company is mostly in Bank Indonesia Deposit Certificates with a contribution of 51.22% in 2018. The reduction in the 2018 portion is in line with the investment book of Bank Indonesia Certificates reaching Rp3.01 trillion from Rp0 in the previous year. The Company invested in securities of corporate bonds amounting to Rp525.28 billion in 2018 and Rp788.85 billion in 2017 at 8.95% and 10.22%, respectively. Other compositions of investments in securities are Asset Backed Securities valued at Rp760.93 billion in 2018 and Rp635.46 billion in the previous year with 12.97% and 8.23% respectively. Meanwhile, investments in other types of securities pose a minimum contribution of below 10.00%.



## Graphic of Securities Portfolio

(Percentage %)



Most of the Company's securities are categorized as current with a contribution of 97.53% to total securities before deduction of reserves of impairment losses. This portion was relatively unchanged in 2018. The Company allocated CKPN of Rp20.17 billion in 2018, higher than the previous period of Rp14.92 billion. Management considered that the allocated allowance for impairment losses on securities was adequate.

## Table of Securities by Collectibility

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Current	5,723,571	7,602,315	(1,878,744)	(24.71%)
Special Mention	72,382	68,724	3,658	5.32%
Substandard	6,922	4,545	2,377	52.30%
Doubtful	10,952	7,372	3,580	48.56%
Bad	54,831	37,998	16,833	44.30%
Total	5,868,658	7,720,954	(1,852,296)	(23.99%)
Reserves for Impairment Losses (CKPN)	(20,173)	(14,923)	(5,250)	35.18%
Net	5,848,485	7,706,031	(1,857,546)	(24.11%)

## Government Bonds

The Government Bonds portfolio held by the Company reached Rp9.39 trillion in 2018, up by 14.77% compared to the previous year's Rp8.18 trillion. This rise was in accord with the investment of Zero-Coupon Bonds issued by the Government in the form of State Treasury Bills (SPN) of Rp2.65 trillion which were not registered during the previous year. This upsurge in investment in Government Bonds was due to rising investor confidence in the Indonesian economy indicated by Indonesia's higher debt securities rating by Moody's to Baa2/stable outlook from Baa3/positive outlook on April 13, 2018.

## Table of Government Bonds

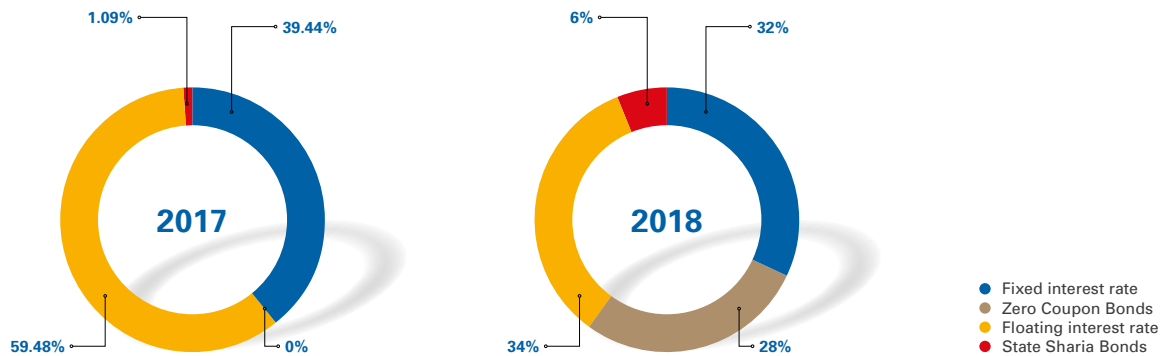
(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Fixed Interest Rate	3,035,054	3,227,470	(192,416)	(5.96%)
Zero Coupon Bonds	2,647,127	-	2,647,127	-
Floating Interest Rate	3,141,131	4,868,122	(1,726,991)	(35.48%)
State Sharia Bonds	569,826	88,381	481,445	544.74%
Total Government Bonds	9,393,138	8,183,973	1,209,165	14.77%



Judging from its composition, the Company's Government Bond portfolio is better diversified by owning State Treasury Bills (SPN). The portion of Government Bonds with a fixed interest rate was 32.31%, followed by Government Bonds with floating interest rates of 33.44%, with SPN reaching 28.18% and State Syariah Bonds at 6.07%.

**Graphic of Government Bonds 2017-2018**  
(Percentage %)



As part of the Company's risk management, management has mitigated the risk of the impact of market price fluctuations on bonds held by investing in protected-to-maturity mutual funds that have underlying FR63 series government bonds. The Bank is the only party holding the mutual fund unit.

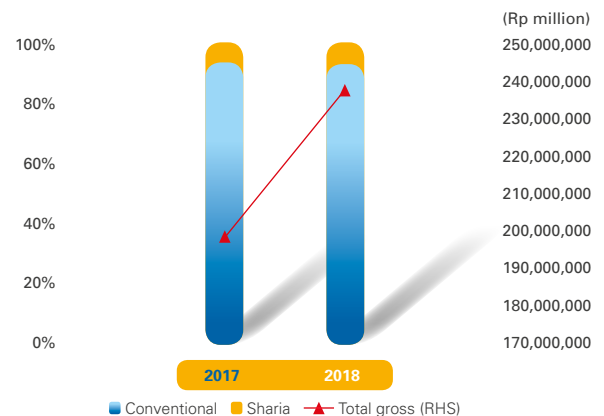
#### Securities purchased under resale agreements

The Bank did not make purchases of securities under agreements to resell (repurchase order or repo) in 2018.

#### Disbursed Loans

In parallel with the higher economic growth in 2018, Bank lending grew sustainably. Loans (gross) disbursed grew by 19.48% to Rp237.76 trillion compared to the previous year's achievement of Rp198.99 trillion. This growth was due to a rise in conventional and sharia loans, which grew by 19.18% and 22.54% to Rp215.72 trillion and Rp22.04 trillion respectively. Conventional credit still dominated at 90.73% in 2018 compared to 90.96% in the previous year.

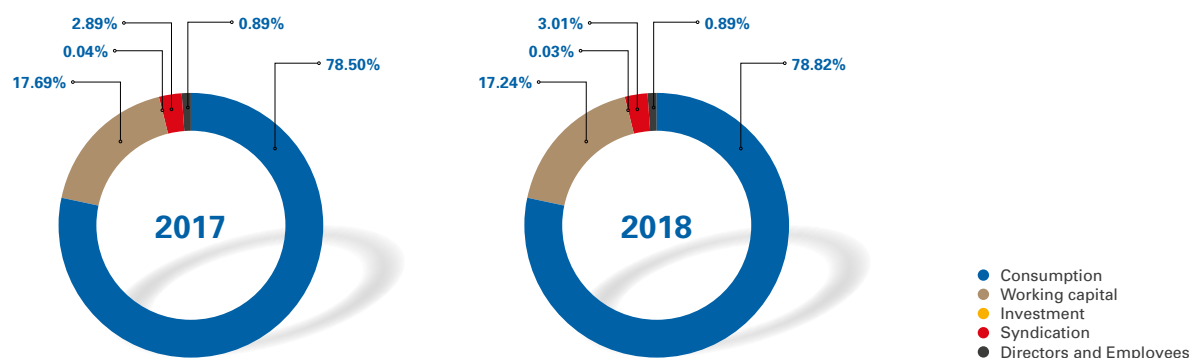
**Graphic of Loan Composition 2017 and 2018**



Meanwhile, based on disbursed credit, the contribution of consumer loans remained the largest under the Bank's loan portfolio of 78.82% in 2018 and 78.50% in the previous year. This largest portion was due to an increase in housing loans (KPR), Bank BTN's core business. The Company was able to book mortgages worth Rp175.90 trillion in 2018, growing by 21.16% from the previous year that reached Rp145.17 trillion. Investment loans grew by 24.46% from Rp5.76 trillion in 2017 to Rp7.16 trillion in 2018. Working capital loans also showed an upward trend with growth of 16.49% from Rp35.20 trillion in 2017 to Rp41.00 trillion the following year. Although continuing to grow, the contribution of other types of credit remained limited to below 5.00%.

## Graphic of Loan Portfolio 2017-2018

(Percentage %)



Based on the economic sector, loans disbursed by the Company were mostly for the housing sector. This is in agreement with the Company's core business of mortgage loans. The contribution of credit to the housing sector amounted to 90.27% in 2018 and 91.10% in the previous year. Meanwhile, the construction and business services sectors contributed 4.56% and 3.37% respectively in 2018. The portion of the two types of loans based on this economic sector was 4.27% and 2.86% in 2017.

## Table of Sharia Credit and Financing Composition

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Housing	214,623,664	181,286,489	33,337,175	18.39%
Construction	10,837,419	8,504,791	2,332,628	27.43%
Services	8,005,132	5,696,110	2,309,022	40.54%
Restaurants and Hotels	1,303,412	1,557,731	(254,319)	(16.33%)
Social/Community Services	780,783	836,737	(55,954)	(6.69%)
Transportation, Warehousing and Communication	1,225,355	202,793	1,022,562	504.24%
Manufacturing	157,818	153,708	4,110	2.67%
Mining	87,799	164,435	(76,636)	(46.61%)
Electricity, Gas and Water	89,603	128,923	(39,320)	(30.50%)
Agriculture	37,055	63,377	(26,322)	(41.53%)
Others	609,634	395,487	214,147	(54.15%)
Total-gross (RHS)	237,757,674	198,990,581	38,767,093	(19.48%)
Reserves for Impairment Losses (CKPN)	(3,298,132)	(2,355,987)	(942,145)	39.99%
Total-Net	234,459,542	196,634,594	37,824,948	19.24%

The Company were able to well-manage credit quality in 2018 with the collectability of loans disbursed as follows:

## Table of Sharia Loans and Financing per Collectibility

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Current	210,776,397	176,247,277	34,529,120	19.59%
Special Mention	20,282,599	17,455,231	2,827,368	16.20%
Substandard	569,932	236,411	333,521	141.08%
Doubtful	473,366	348,530	124,836	35.82%
Bad	5,655,380	4,703,132	952,248	20.25%
Total	237,757,674	198,990,581	38,767,093	19.48%



The Bank allocated an allowance for impairment losses (CKPN) of Rp3.30 trillion in 2018, or an increase of 39.99% compared to the previous year of Rp2.36 trillion. Management believes that the amount of allowance for impairment losses allocated for loans and sharia financing/ receivables was adequate.

The Bank's credit oversight focuses on preventing deterioration in the quality of the loan portfolio and unhealthy credit disbursements that can lead to losses. Credit risk is managed and overcome by imposing credit limits and uniform lending policies, periodically assessing individual portfolios, and quantifying the collectability of loan portfolios. In addition, the Bank has complied with the provisions of the Legal Lending Limit (LLL), both for related parties and for unrelated parties.

### Acceptance Receivables

The Bank Acceptance Receivables in 2018 reached Rp528.15 billion, this attainment increased by Rp520.07 billion from 2017 which amounted to Rp8.08 billion. The increase in the Bank's acceptance receivables in particular originated from claims to customers in the form of Domestic Letters of Credit (SKBDN).

### Accrued Interest

In parallel with the increase in loans and investments in government bonds, the Bank posted an increase in accrued interest of Rp2.96 trillion in 2018. This attainment grew by 28.87% compared to the previous year of Rp2.30 trillion. Accrued interest from loans increased to Rp2.86 trillion in 2018, growing by 30.56% from Rp2.19 trillion in the previous year. Meanwhile, accrued interest from government bonds was Rp77.75 billion, a rise of 0.93% from Rp77.04 billion in 2017.

### Fixed Assets

The Bank's fixed net assets reached Rp5.02 trillion in 2018, increasing by 3.73% compared to the previous year's position of Rp4.84 trillion. The upsurge in net assets was mainly caused by the upturn in the value of land, buildings, office equipment and motor vehicles amounting to Rp3.63 trillion, Rp1.50 trillion and Rp2.27 trillion respectively in 2018, compared to Rp3.58 trillion, Rp1.35 trillion and Rp1.95 trillion respectively in the previous year.

### Other Assets

Other assets consist of assets other than those mentioned above. Cumulatively, the Bank's other assets amounted to Rp3.52 trillion, down from the previous year's position of Rp2.86 trillion. The largest portion of other assets is the net other assets and accounted for Rp3.26 trillion in 2018 up from Rp2.69 trillion in the previous year.

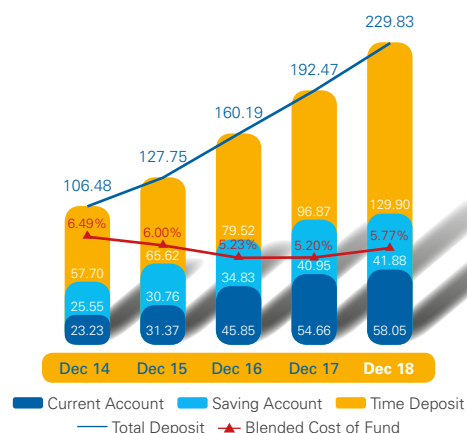
## Liabilities

Table of Liabilities

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Current Liabilities	2,301,930	2,813,874	(511,944)	(18.19%)
Customers Deposits	211,034,488	177,091,421	33,943,067	19.17%
Other Banks Deposits	2,992,579	5,063,433	(2,070,854)	(40.90%)
Securities Sold under Repurchase Agreements	935,000	1,385,000	(450,000)	(32.49%)
Acceptance Liabilities	528,148	8,081	520,067	6435.68%
Marketable Securities Issued	20,644,760	20,480,459	164,301	0.80%
Borrowings	15,499,493	7,991,053	7,508,440	93.96%
Subordinated Bonds	2,999,519	2,999,319	200	0.01%
Other Liabilities	6,848,100	6,104,823	743,277	12.18%
Total Liabilities	263,784,017	223,937,463	39,846,554	17.79%

## Graphic CASA Composition



## Immediate Liabilities

The Bank's immediate liabilities fell in 2018 to Rp2.30 trillion, down by 18.19% compared to the previous year of Rp2.81 trillion. This reduction was due to the decline in maturity deposits amounting Rp62.87 billion in 2018 down from Rp501.04 billion in the previous year. Term deposits are time deposits that have matured but not cashed by clients.

## Deposits from Customers and Temporary Syirkah Funds

To sustain high credit growth, the Company must be able to raise large amounts of funds from customers. In 2018, the Company was able to increase the position of deposits from customers including temporary syirkah funds from Rp192.47 trillion in 2017 to Rp229.83 trillion in 2018 or an increase of 19.41%. The ratio of current accounts and saving accounts or CASA to the Company's total deposits is 43.48% in 2018 compared to 49.67% in the previous year. The decline in the CASA ratio was mainly influenced by an increase in time deposits by 34.10% to Rp129.90 trillion in 2018 compared to Rp96.87 trillion a year earlier. The composition of the Company's TPF in 2017-2018 can be seen in the graph above.

The Company's strategy in collecting deposits from customers is to focus on low-cost retail funds, with the aim of gradually increasing the CASA ratio. The increase in CASA was carried out through various attractive promotional programs, lottery campaigns with prizes, and improvement of Savings and Current products through the development of digital and electronic banking.

## Deposits from customers

Third party funds (TPF) are customer deposits in the form of demand deposits, savings and time deposits. Cumulatively, total deposits amounted to Rp211.03 trillion in 2018, up by 19.17% compared to the previous year of Rp177.09 trillion.

## Temporary Syirkah Funds

Table Temporary Syirkah Funds

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Customers Deposits	18,794,497	15,382,372	3,412,125	22.18%
Deposits from other banks	17,232	381,998	(364,766)	(95.49%)
<b>Total Temporary Syirkah Funds</b>	<b>18,811,729</b>	<b>15,764,370</b>	<b>3,047,359</b>	<b>19.33%</b>

Bank BTN was able to book temporary syirkah funds worth Rp18.81 trillion, up by 19.33% from the previous year of Rp15.76 trillion. This increase was mainly driven by an increase in customer deposits reaching Rp18.79 trillion in 2018 from Rp15.38 trillion in the previous year.

## Deposits from other banks

Deposits from other banks dropped by 40.90% to Rp2.99 trillion in 2018 mainly due to the acquisition of deposits from other banks that dropped to Rp2.97 trillion, compared to the previous year of Rp5.04 trillion. In 2018, total deposits from other banks fell to Rp2.99 trillion from Rp5.06 trillion a year earlier.



### Securities under repurchase agreements

Bank BTN conducted securities transactions under repurchase agreements (repo) with third parties such as Deutsche bank and Standard Chartered Bank in 2018. These repo transactions were valued at Rp935 billion in 2018, down by 32.49% from the previous year of Rp1.39 trillion. This reduction was due to the diminution in repurchase transactions with Standard Chartered Bank of Rp435.00 billion from Rp885.00 billion in 2017.

### Acceptance Liabilities

Bank BTN acceptances liabilities reached Rp528.15 billion in 2018. This attainment went up by Rp520.07 billion or by 6435.68% from the previous year of Rp8.08 billion. The increase in acceptances liabilities originated primarily from Domestic Letter of Credit (SKBDN) to affiliated parties amounting to Rp520.07 billion.

### Securities issued

Bank BTN actively publishes securities (bonds) in the Indonesian capital market as presented in the following table:

**Table of Securities issued**

Name of Bond	Nominal Amount (Rp Million)	Tenure	Maturity	Interest Rate
Bank BTN Bonds I of 1989	50,000	5 years	July 25, 1994	18.75%
Bank BTN Bonds II of 1990	50,000	5 years	June 1, 1995	16.25%
Bank BTN Bonds III of 1991	50,000	5 years	November 11, 1996	20.00%
Bank BTN Bonds IV of 1991	100,000	5 years	January 23, 1996	17.00%
Bank BTN Bonds V of 1993	150,000	5 years	July 31, 1998	15.25% fixed, for the first and second BTN year, floating for the following year until maturity
Bank BTN Bonds VI of 1995	350,000	5 years	December 21, 2000	17.25% fixed, for the first year, floating for the following year to maturity
Bank BTN Bonds VII of 1996	200,000	5 years	July 22, 2001	17.125% remains, for the first year, floating for the following year to maturity
Bank BTN Bonds VIII of 1997	400,000	5 years	July 18, 2002	14.15% fixed
Bank BTN Bonds IX of 2003	750,000	5 years	October 2, 2008	12.50% fixed
Bank BTN Bonds X of 2004	750,000	5 years	May 25, 2009	12.20% fixed
Bank BTN Bonds XI of 2005	750,000	5 years	July 6, 2010	12.00% fixed
Bank BTN Bonds XII of 2006	1,000,000	10 years	September 19, 2016	12.75% fixed
Bank BTN Bonds XIII of 2009 Series A	300,000	3 years	May 29, 2012	11.75% fixed
Bank BTN Bonds XIII of 2009 Series B	300,000	4 years	May 29, 2013	12.00% fixed
Bank BTN Bonds XIII of 2009 Series C	900,000	5 years	May 29, 2014	12.25% fixed
Bank BTN Bonds XIV of 2010	1,650,000	10 years	June 11, 2020	10.25% fixed
Bank BTN Bonds XV of 2011	1,300,000	10 years	June 28, 2021	9.50% fixed
Bank BTN Phase I Sustainable Bonds I of 2012	2,000,000	10 years	June 5, 2022	7.90% fixed
Bank BTN Phase II Sustainable Bonds I of 2013	2,000,000	10 years	March 27, 2023	7.90% fixed
Bank BTN Phase I Sustainable Bonds II of 2015 Series A	900,000	3 years	July 8, 2018	9.63% fixed
Bank BTN Phase I Sustainable Bonds II of 2015 Series B	500,000	5 years	July 8, 2020	9.88% fixed
Bank BTN Phase I Sustainable Bonds II of 2015 Series C	800,000	7 years	July 8, 2022	10.00% fixed
Bank BTN Phase I Sustainable Bonds II of 2015 Series D	800,000	10 years	July 8, 2025	10.50% fixed



Table of Securities issued

Name of Bond	Nominal Amount (Rp Million)	Tenure	Maturity	Interest Rate
Bank BTN Phase II Sustainable Bonds II of 2016 Seri A	1,347,000	3 years	August 30, 2019	8.20% fixed
Bank BTN Phase II Sustainable Bonds II of 2016 Series B	1,653,000	5 years	August 30, 2019	8.75% fixed
Bank BTN Phase I Sustainable Bonds III of 2017 Series A	1,466,000	3 years	July 13, 2020	8.30% fixed
Bank BTN Phase I Sustainable Bonds III of 2017 Series B	1,295,000	5 years	July 13, 2022	8.50% fixed
Bank BTN Phase I Sustainable Bonds III of 2017 Series C	853,000	7 years	July 13, 2024	8.70% fixed
Bank BTN Phase I Sustainable Bonds III of 2017 Series D	1,386,000	10 years	July 13, 2027	8.90% fixed
Bank BTN Subordinated Bonds I of 2004	250,000	10 years	May 25, 2014	12.60% fixed, for the first year until the fifth year, 22.60% fixed, for the sixth year until the tenth year if the Bank does not make a purchase option in the fifth year from the date of issue

In addition to bonds and subordinated bonds, the Bank also issued Negotiable Certificates of Deposits (NCD) on October 5, 2017 amounting to Rp1.05 trillion divided into 2 (two) series, namely Series A amounting to Rp230.00 billion with fixed interest of 6.00% per year due on April 3, 2018, and Series B amounting to Rp820.00 billion with a fixed interest of 6.25% per annum due on October 5, 2018.

On December 13, 2017, the Bank issued a Phase IV 2017 Negotiable Certificate of Deposits (NCD) with a principal value of Rp540,000 in 3 (three) series as follows:

- Series A: NCD principal value of Rp160,000 with a fixed interest rate of 5.90% per annum, for a period of 181 (one hundred eighty-one) days and due on June 12, 2018. The NCD was issued at 97.12%.
- Series B: NCD principal value of Rp320,000 with a fixed interest rate of 6.20% per annum, for a period of 365 (three hundred sixty-five) days and will mature on December 13, 2018. The NCD was issued at 94.08%.
- Series C: NCD principal value of Rp60,000 with a fixed interest rate of 6.60% per annum, for a period of 730 (seven hundred thirty) days and will mature on December 13, 2019. The NCD was issued at 88.19 %.

On July 18, 2018, the Bank issued a Negotiable Certificate of Deposits (NCD) Phase II in 2018 with a principal value of Rp690,000 in 2 (two) series as follows:

- Series A: NCD principal value of Rp520,000 with a fixed interest rate of 7.60% per annum, for a period of 181 (one hundred eighty-one) days and due on January 15, 2019. The NCD was issued at 96.32 %.
- Series B: NCD principal value of Rp170,000 with a fixed interest rate of 7.70% per annum, for a period of 365 (three hundred sixty-five) days and maturing on July 16, 2019. The NCD was issued at 92.80%.

As of December 31, 2018, securities issued by the Bank, which have not yet matured, amounted to Rp20.77 trillion, compared to the previous year of Rp20.48 trillion.

### Borrowings

The Bank's borrowings consist of loans other banks obtained from Bank Central Asia (BCA). Meanwhile from related parties, Bank BTN obtained a working capital loan from PT Bank Negara Indonesia (Persero) Tbk and PT Sarana Multigriya Finansial (Persero) (SMF). The loan from PT Bank Negara Indonesia



matured on December 7, 2018 and was repaid by the Bank on the maturity date. The Bank's borrowings reached Rp15.50 trillion, higher than the previous year of Rp7.99 trillion. This intensification was mainly due to the increase in loans received from BCA and SMF to Rp5.00 trillion and Rp8.7 trillion from the previous year of Rp3 trillion and Rp4.60 trillion. In 2018 the Company obtained syndicated loan facilities from abroad and from within the country in USD where several lenders participating in the syndication are PT Bank SBI Indonesia, PT Bank Shinhan Indonesia, The Korea Development Bank Singapore Branch, DBS Bank Ltd, Overseas-Chinese Banking Corporation Limited and PT ANZ Indonesia Bank with loan ceiling amounting to Rp1.86 trillion. In addition, the Bank also obtained bilateral loans from PT Bank DKI amounting to Rp1 trillion. The two bilateral loans were used to support the Bank's business development and operations.

#### Subordinated bonds

This account is a Subordinated Loan obtained from PT SMF (Persero) to shore up the "Million Houses" Program. The Subordinated loans amounted to Rp3 trillion with an interest rate of 9% in 2 (two) stages of

disbursement. The 1<sup>st</sup> stage of disbursement was on May 30, 2016 totaling Rp1.50 trillion and the second stage was on June 20, 2016 amounting to Rp1.50 trillion. The tenure of the Subordinated Loan is 5 years (60 months) which will mature on May 30, 2021 and June 20, 2021 respectively. This subordinated loan was approved by the Financial Services Authority (FSA) through letter No. S-69/PB.31/2016, dated June 30, 2016.

#### Other Liabilities

Other liabilities consist of several accounts in liabilities not previously explained. Cumulatively, total other liabilities reached Rp6.85 billion in 2018, compared to the previous year of Rp6.10 trillion. The largest portion of this account is the developer guarantee fund liabilities (liabilities to third parties) reaching Rp5.35 trillion in 2018 from Rp4.47 trillion the previous year.

#### Equity

Bank BTN posted an increase in equity of 10.05% from Rp21.66 trillion to Rp23.84 trillion in 2018. This equity growth was mainly due to an increase in the retained earnings balance to Rp10.75 trillion from Rp8.33 trillion a year earlier.

**Table of Equity**

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Issued and fully paid capital	5,295,000	5,295,000	-	0,00%
Additional paid-in capital	2,054,454	2,054,454	-	0,00%
The net unrealized losses on securities and government bonds available for sale, after deferred tax	(107,430)	(21,742)	(85,688)	(394.11%)
Re-measurement of defined benefit programs	(82,886)	(143,158)	60,272	42.10%
Fixed asset revaluation surplus	2,966,991	2,966,991	-	0,00%
Retained earnings	13,714,319	11,511,889	2,202,430	19.13%
Appropriated	10,749,657	8,327,684	2,421,973	29.08%
Unappropriated	2,964,662	3,184,205	(219,543)	(6.89%)
<b>Total</b>	<b>23,840,448</b>	<b>21,663,434</b>	<b>2,177,014</b>	<b>10.05%</b>

## PROFIT LOSS STATEMENT

The company managed to post a net profit of Rp2.81 trillion in 2018 or a decrease of 7.25% compared to 2017, which amounted to Rp3.03 trillion. The decrease in net income is in line with the preparation for the application of SFAS 71 which will be effective in 2020, thus Bank BTN applies more conservative reserves by increasing the reserve expense by 93.45% from Rp883.45 billion to Rp1.71 trillion in 2018, consequently, although operating income increase, net income has been adjusted.

Table of Profit Loss Statement

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Interest Income	20,781,512	18,446,732	2,334,780	12.66%
Revenue Sharing	2,070,246	1,644,868	425,378	25.86%
Total Interest Income and Profit Sharing	22,851,758	20,091,600	2,760,158	13.74%
Interest expense	(11,627,554)	(9,805,116)	(1,822,438)	18.59%
Other Funding Expenses	(128,826)	(113,773)	(15,053)	13.23%
Wadiah Savings Bonus	(12,436)	(11,753)	(683)	5.81%
Third Party Rights to Mudharabah Profit Sharing	(993,765)	(820,018)	(173,747)	21.19%
Total Interest Expense and Profit Sharing	(12,762,581)	(10,750,660)	(2,011,921)	18.71%
Interest Income and Net Profit Sharing	10,089,177	9,340,940	748,237	8.01%
Other operational income/expenses				
Administrative levies & loans disbursed	819,837	750,364	69,473	9.26%
Revenues from receipt of written-off loans	130,900	138,972	(8,072)	(5.81%)
Gain on sale of securities - net	437,553	294,486	143,067	48.58%
Gains from the sale of government bonds - net	8,586	101,934	(93,348)	(91.58%)
Unrealized gains from changes in the fair value of net effects	30,316	8,145	22,171	272.20%
Unrealized profits from changes in the fair value of government bonds	11,999	-	-	-
Others	632,403	312,030	320,373	102.67%
Total Other Operating Income	2,071,594	1,605,931	465,663	29.00%
Allowance for impairment losses on financial assets and non-financial assets	(1,714,427)	(884,401)	(830,026)	93.85%
Other operating expenses:				
General and administrative	(3,225,353)	(2,952,916)	(272,437)	9.23%
Salaries and allowances of administrators & employees	(2,876,562)	(2,554,429)	(322,133)	12.61%
Unrealized losses from changes in the fair value of government bonds - net	-	(1,801)	1,801	-
Government guarantee program premiums	(401,532)	(346,755)	(54,777)	15.80%
Others	(349,097)	(314,666)	(34,431)	10.94%
Total Other Operating Expenses	(6,852,544)	(6,170,567)	(681,977)	11.05%
Operating profit	3,593,800	3,891,903	(298,103)	(7.66%)
Non-Operating Income - Net	16,475	(30,348)	46,823	154.29%
Profit Before Tax Expenses	3,610,275	3,861,555	(251,280)	(6.51%)
Tax Expenses - Net	(802,352)	(834,089)	31,737	3.80%
Current year profit	2,807,923	3,027,466	(219,543)	(7.25%)
Other comprehensive income after income tax	(25,416)	29,213	(54,629)	(187.00%)
Total comprehensive profit	2,782,507	3,056,679	(274,172)	(8.97%)
EARNINGS PER SHARE	265	286	(21)	(7.34%)



## Interest Income

Table of Interest Income

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Loans and receivables	20,135,848	17,640,553	2,495,295	14.15%
Fair value through profit or loss	24,002	34,513	(10,511)	(30.46%)
Available for sale	392,289	521,339	(129,050)	(24.75%)
Held to maturity	229,373	250,329	(20,956)	(8.37%)
<b>Total</b>	<b>20,781,512</b>	<b>18,446,734</b>	<b>2,334,778</b>	<b>12.66%</b>

Cumulatively, the Bank's interest income reached Rp20.78 trillion in 2018, growing by 12.66% compared to the previous year of Rp18.45 trillion. This increase was mainly due to a sustained increase in interest income from loans and receivables of 14.15% from Rp17.64 trillion in 2017 to Rp20.14 trillion in 2018. The contribution of this interest income was 96.89% in 2018, an increase from the previous year's 95.63%.

## Interest Expenses

Bank BTN posted an interest expense of Rp11.63 trillion, up by 18.59% compared to the previous year of Rp9.81 trillion. This increase was mainly due to the escalation in time deposit fees to Rp6.12 trillion in 2018 from Rp5.13 trillion a year earlier. This is in accord with the increase in Third Party Funds originating from time deposits. The increase in other interest expenses was also registered by securities accounts issued and savings accounts to Rp1.75 trillion and Rp1.43 trillion respectively amid an increase in both of these accounts in 2018.

Table Interest Expense

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Time deposit	6,121,822	5,129,165	992,657	19.35%
Deposit certificate	-	-	-	-
Securities issued	1,753,488	1,520,084	233,404	15.35%
Savings	1,433,139	1,187,888	245,251	20.65%
Current account	925,651	802,585	123,066	15.33%
Borrowings	737,136	566,758	170,378	30.06%
Subordinated loans	270,200	270,200	0	0.00%
Deposits from other banks	291,627	236,255	55,372	23.44%
Securities sold under agreement to repurchase	94,491	92,181	2,310	2.51%
<b>Total</b>	<b>11,627,554</b>	<b>9,805,116</b>	<b>1,822,438</b>	<b>18.59%</b>

By calculating the above interest expense plus other funding expenses of Rp128.83 billion, bonuses for wadiah deposits worth Rp12.44 billion and the rights of third parties on mudharabah profit sharing of Rp993.76 million, Bank BTN was able to book interest income and net profit sharing of Rp10.09 trillion in 2018.

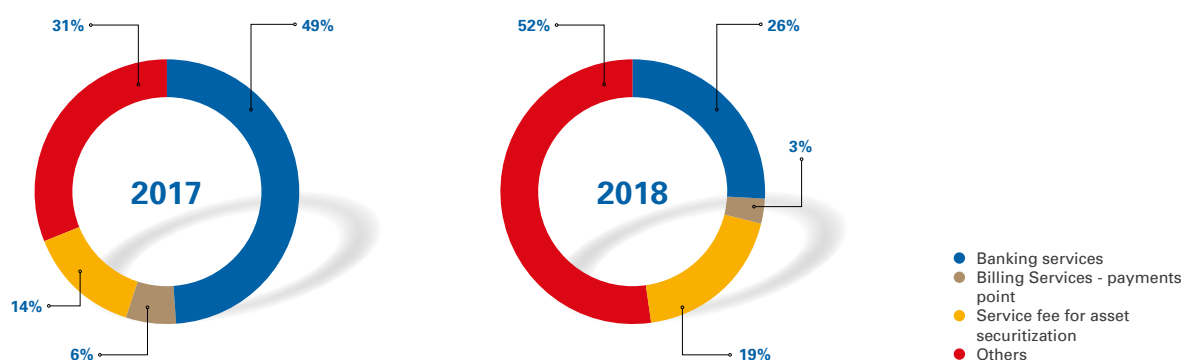
## Other operating income

Other operating income cumulatively reached Rp2.07 trillion in 2018, up by 29.00% from the previous year of Rp1.61 trillion. The largest portion came from administrative levies and fines for deposits and loans amounting to Rp819.84 billion, compared to Rp750.36 billion in 2017. The other large contribution came from other income consisting of income originating from

banking services, billing services, and others. Other operating income reached Rp632.40 billion in 2018, up by 102.67% from the previous year of Rp3,123 billion. Other operating income compositions are dominated by revenues derived from Banking Services, Asset Securitization Servicing Fees, and others with a share of 25.86%, 18.60% and 52.17% respectively in 2018 compared to 49.43%, 14.14%, and 30.58% respectively in 2017.

In the future, the Company will continue to strive to increase other operating income or fee-based income, which is currently considered to have a small contribution to total revenue. Some of the banking transactions that are expected to increase fee-based income are wealth management and bancassurance transactions, transactions from the card business, and increased banking transactions through the digital and electronic platforms.

**Graphic of Other Operating Income 2017-2018**  
(Percentage %)



Banking services consist of income from fund transfer transactions, safe deposit box rental income and administration fees for ATM services. Others mainly consist of the provision of bank guarantees issued, commissions received from insurance companies for insurance products sold through the Bank, reversal of reserves of tax risk and reversal of operational reserves related to cases of fraudulent deposit bills, whose cases have been won by the Bank at the Supreme Court level.

## Allowance for impairment losses on financial assets and non-financial assets

The Bank recorded an allowance for impairment losses on financial and non-financial assets amounting to Rp1.71 trillion in 2018, 93.85% higher than the previous year's position of Rp884.40 billion. Of this amount, the allowance for losses for channeled loans has the largest portion reaching 99.69%, equivalent to Rp1.71 trillion in 2018 as a consequence of the growth in loans.

**Table Allowance for Impairment Losses on Financial Assets and Non-Financial Assets**

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Loans	1,709,059	883,450	825,609	93.45%
Effects	5,250	482	4,768	989.21%
Investments in shares	-	270	(270)	100.00%
Current accounts with other banks	22	214	(192)	(89.72%)
Abandoned property	96	(15)	111	740.00%
<b>Total</b>	<b>1,714,427</b>	<b>884,401</b>	<b>830,026</b>	<b>93.85%</b>



### Other Operating Expenses

Other operating expenses consist of general and administrative expenses, salary and employee benefits expenses, unrealized losses from changes in the fair value of government bonds, premiums on government guarantee programs and other expenses. Total other operating expenses reached Rp6.85 trillion in 2018, up by 11.05%, compared to the previous year's position of Rp6.17 trillion in line with the expansion of the Bank's business during that period.

This increment was mainly due to an increase in salaries and employee benefits expenses which rose from Rp2.55 trillion in 2017 to Rp2.88 trillion the following year with a growth of 12.61%. Judging from its contribution, this expense made up a significant portion of total other operating expenses of 41.98% in 2018 from the previous year's portion of 41.40%. In addition, general and administrative expenses are accounts that have the largest value of other operating expenses with a contribution of 47.07%, equivalent to Rp3.23 trillion, up by 9.23% compared to its position in 2017 of Rp2.95 trillion. The increase in this account also affected the increments in other operating expenses.

**Table of Other Operating Expenses**

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
General and Administrative	3,225,353	2,952,916	272,437	9.23%
Salary and Employee Benefits	2,876,562	2,554,429	322,133	12.61%
Unrealized Losses from Changes in fair value of government bonds	-	1,801	(1,801)	100.00%
Premium government guarantee program	401,532	346,755	54,777	15.80%
Others	349,097	314,666	34,431	10.94%
<b>Total other operating expenses</b>	<b>6,852,544</b>	<b>6,170,567</b>	<b>681,977</b>	<b>11.05%</b>

Taking into account interest income which amounted to Rp10.09 trillion and net other operating income which amounted to Rp2.07 trillion, less allowance for impairment losses on financial assets and non-financial assets and other operating expenses of Rp1.71 trillion and Rp6.85 trillion respectively, Bank BTN posted an operating profit of Rp3.59 trillion. This achievement was 7.66% lower compared to the position in 2017 which amounted Rp3.89 trillion.

Non-operational Bank income of Rp16.48 billion increased by 154.29% from the previous year's Rp(30.35 billion). Pre-tax profit amounted to Rp3.61 trillion after calculating net non-operating income. After deducting the tax expense, the Bank's profit for the year 2018 fell by 7.25% to Rp2.81 trillion. The decrease in net income is in line with the preparation for the application of PSAK 71 which will become effective in 2020 so that Bank BTN

applied a more conservative reserve by increasing it to 93.45% from Rp883.45 billion to Rp1.71 trillion in 2018, so that even though operating income rises, net income remained adjusted. Meanwhile, the total comprehensive income in 2018 reached Rp2.78 trillion after deducting other comprehensive losses after tax of Rp25.42 billion

### CASHFLOW

The increase in cash and cash equivalents in 2018 amounted to Rp5.88 trillion, subsequently, cash and cash equivalents in 2018 amounted to Rp44.72 trillion, an increase of 15.13% compared to 2017, which amounted to Rp38.84 trillion. The increase was primarily derived from the Company's financing activities, which amounted to Rp6.60 trillion from the activities of loan receipts and securities issuance.



Table Cash Flow

(in million Rupiah)

	2018	2017	Growth	
			Nominal	Percent
Net cash (used for) / obtained from operations	(2,410,430)	299,688	(2,710,118)	(904.31%)
Net cash (used for) / obtained from investment	1,689,493	832,608	856,885	102.92%
Net cash (used for) / obtained from funding	6,598,304	8,097,145	(1,498,841)	(18.51%)
(Reduction)/Net Increase in Cash and Cash Equivalents	5,877,367	9,229,441	(3,352,074)	(36.32%)
Cash and Cash Equivalents at Beginning of Year	38,837,639	29,608,198	9,229,441	31.17%
Cash and Cash Equivalents at End of Year	44,715,006	38,837,639	5,877,367	15.13%

### Cashflow from Operations

Bank BTN booked net cash used for operations of Rp2.41 trillion in 2018, up by 904.31% of net cash obtained from operations of Rp299.69 billion in the previous year. This increase was mainly contributed by an increase in interest income, profit sharing and margin so that cash receipts before changes in operating assets and operating liabilities rose to Rp3.59 trillion in 2018 compared to Rp3.12 trillion a year earlier. The increase in operating assets compared to the increase in operating liabilities caused net cash for operating activities to be Rp2.41 trillion, lower than the previous year of Rp299.69 billion.

### Cashflow from Investments

Bank BTN was able to register net cash obtained from its investments of Rp1.69 trillion primarily due to reduction in purchases of available-for-sale securities to Rp1.09 trillion in 2018 from Rp743 billion in the previous year. The cash augmenting component from other operating activities was derived from receipts of government bonds held to maturity of Rp944.57 billion in 2018 a large increase from Rp14.05 billion in 2017. The Bank was able to book net cash from its investment activities of Rp1.69 trillion, higher compared to the previous year of Rp832.61 billion.

### Cashflow from Financing

The Bank's net cash from funding cumulatively reached Rp6.60 trillion in 2018 compared to the previous year's Rp8.10 trillion. This was mainly due to reduced receipt of securities issued amounting to Rp1.04 trillion in 2018 compared to the previous year's Rp5.83 trillion.

### Cash and Cash Equivalents at end of Period

The increase in net cash and cash equivalents of Rp5.88 trillion in 2018 combined with a strong profile of cash and cash equivalents at the beginning of the year caused Bank BTN to be able to book cash and year-end equivalents of Rp44.72 trillion. This attainment is higher than the previous year of Rp38.84 trillion.

## COMMITMENT AND CONTINGENCIES

Bank BTN's liabilities commitment of Rp21.89 trillion in 2018 grew from the previous year's Rp18.74 trillion. This intensification was mainly influenced by the increase in loans to customers that had not been withdrawn to Rp21.89 trillion from the previous year's position of Rp18.74 trillion.

Meanwhile, Bank contingent liabilities rose to Rp975.43 billion in 2018 compared to Rp628.98 billion in 2017. This escalation was mainly due to an increase in contingent liabilities in the form of guarantees issued totaling Rp3.00 trillion in 2017 to Rp3.79 trillion in 2018. In the meantime, contingent bills in the form of interest income settlement swelled to Rp2.82 trillion in 2018 compared to the previous year of Rp2.37 trillion. Cumulatively, net contingent liabilities rose to Rp975.43 billion in 2018 from Rp628.98 billion in the previous year.



## Table of Commitment and Contingencies

(in million Rp)

	Description	Period	
		2018	2017
Commitment	Loans to customers not withdrawn	21,892,927	18,740,054
	Total liabilities commitments	21,892,927	18,740,054
Contingency	Contingency bills	2,818,535	2,372,209
	Contingent liabilities	(3,793,965)	(3,001,188)
	Net contingency liabilities	(975,430)	(628,979)

## PRIME LENDING RATES

Financial Services Authority Regulation No. 32/POJK.03/2016 concerning Transparency and Publication of Bank Reports requiring commercial banks in Indonesia that conduct conventional business activities to report and publish their Prime Lending Rate in Rupiah. Other provisions related to the Bank's product transparency of information and the use of customer personal data are regulated in more detail in the Financial Services Authority Circular Number 34/SEOJK.03/2017.

Bank BTN periodically updates the Prime Lending Rate in accordance with the movement of the benchmark interest rate set by Bank Indonesia as described in the table below. This is in line with the objective of applying Prime Lending Rate transformation to provide clarity and facilitate customers in considering credit benefits, costs and risks. Prime lending rates also enhance good governance and encourage healthy competition within the banking industry, among others, through better market discipline.

	Prime Lending Rates Based on Credit Segment				
	Loan			Consumer Loan	
	Corporation	Retail	Micro	Mortgage	Non Mortgage
2018					
March 2018	11,00%	11,50%	n/a	10.25%	11.50%
June 2018	11,00%	11,50%	n/a	10.25%	11.50%
September 2018	11,25%	11,50%	n/a	10.50%	11.50%
December 2018	11,25%	11,50%	n/a	10.50%	11.50%
2017					
2017 Average	11,00%	11,67%	n/a	10.25%	11.50%

## SOLVENCY, RECEIVABLE COLLECTIBILITY AND RELEVANT FINANCIAL RATIO ANALYSIS

### Financial Ratio

Other than imposing prudent principles in carrying out banking business in Indonesia, Bank BTN has a strong commitment to adhere to various rules and guidelines issued by regulators, both Bank Indonesia (BI) and the Financial Services Authority (FSA). In parallel with the ongoing expansion of the Bank's business in accordance with the various applicable laws and regulations, the Bank is able to fulfill the provisions related to financial ratios stipulated by the regulators.

Ratio	Consolidated	
	2018	2017
<b>Performance Ratio</b>		
Capital Adequacy Ratio (CAR)	18.21%	18.87%
Earning assets and non-earning assets to total earning assets and non-earning assets	2.50%	2.31%
Non-earning assets to total earning assets	2.65%	2.48%
Allowance for impairment losses (CKPN) financial assets to productive assets	1.30%	1.10%
NPL Gross	2.82%	2.66%
NPL net	1.83%	1.66%
Return on Asset (ROA/BOPO)	1.34%	1.71%
Return on Equity (ROE)	14.93%	18.11%
Net Interest Margin (NIM)	4.32%	4.76%
Operating Expenses to Operating Income (ROA)	85.58%	82.06%
Loan to Deposit Ratio (LDR)	103.25%	103.13%
Net Stable Funding Ratio (NSFR)	118.83%	
<b>Compliance</b>		
1. a. Percentage of LLL Violations		
a.1. Related Parties	0.00%	0.00%
a.2. Non-Related Parties	0.00%	0.00%
b. Percentage of Excess of LLL		
b.1. Related parties	0.00%	0.00%
b.2. Non-Related Party	0.00%	0.00%
2. Statutory Reserves (GWM)		
a. Rupiah primary reserve requirement		
i. Conventional	6.61%	7.02%
ii. Sharia	5.30%	5.00%
b. Foreign Exchange GWM	8.69%	8.38%
3. Overall Net Open Position (NOP)	1.55%	1.29%

Referring to the Bank's financial ratios presented above, Bank BTN has been able to fulfil the provisions concerning capital ratios, earning assets, profitability, liquidity and bank compliance.

### Solvency and Collectability of Receivables

The Bank's ability to pay its liabilities (debt) can be measured by using the liquidity ratio, solvency, and profitability ratios. These ratios become the parameters in calculating the Bank's ability to allocate liquidity reserves.

### Liquidity Ratio

The liquidity ratio is used to determine the Company's ability to fulfill its obligations. One of the main parameters in liquidity ratio is the fulfillment of the Minimum Statutory Reserve (GWM) ratio. The Company maintains the Primary and Secondary Statutory Reserves, which in 2018 have been changed to Macroprudential Liquidity Support (PLM). The Company has consistently been able to meet this ratio, exceeding the minimum limit set by Bank Indonesia. Company achievements in meeting this ratio are as follows:

Category	Currency		2018	2017
Conventional	Rupiah	Primary	6.61%	7.02%
		Secondary	-	6.42%
		PLM	5.45%	-
	US Dollar		8.69%	8.38%
Sharia	Rupiah		5.30%	5.00%



The next parameter is the LDR and LFR, which have been changed to RIM (Macroprudential Intermediary Ratio) in 2018. The Loan to Deposit Ratio (LDR) is one of the parameters to assess the soundness of liquidity ratio. This ratio is a comparison between the amount of loans to third parties against third party funds (customer deposits). The Bank's LDR stood at 103.25%, compared to the previous year's ratio, which stood at 103.13% due to the Bank's long-term source of funds in addition to third party funds to finance its credit. The Macroprudential Intermediary Ratio is the ratio of loans to third parties in Rupiah and foreign currencies, not including loans to other banks, added with securities owned, against: a. third party funds including demand deposits, savings, and time deposits in Rupiah and foreign currencies, excluding interbank funds; and b. securities in Rupiah and foreign currencies that meet certain requirements issued by the Bank. RIM limit = 80% - 92% with KPMM incentives of 14%. The Bank's RIM ratio in 2018 stood at 104.73%. This indicated that the Bank was able to expand credit while maintaining capital adequacy at 18.21% in 2018

The Company also manages liquidity reserves in the form of secondary reserves, which are also a component of liquidity in the form of High Quality Liquid Assets, which are set in optimal amounts in the range above the daily secondary reserve minimum to support the bank's liquidity requirements and the maintenance of the GWM and PLM that have been established by Bank Indonesia. The Company's secondary reserve is always maintained above the secondary reserve threshold during 2018.

## Solvency Ratio

Capital ratio is one parameter applied in measuring solvency ratios. In accordance with its commitment to conduct banking business that upholds the precautionary principle and applicable regulations, Bank BTN ensures the Capital Adequacy Ratio (CAR) is maintained to meet credit risk, market risk and operational risk. In accordance with BI regulations, the Minimum Capital Adequacy Ratio (CAR) stipulated by BI for banks with risk profile 2 is 9.16%.

CAR is the ratio of capital to Risk-Weighted Assets (RWA). The amount of capital for credit risk consists of Core Capital ("Tier I") and Supplementary Capital ("Tier II"). In calculating Market Risk, the Bank takes into account the Additional Supplementary Capital component ("Tier III"), which is a short-term Subordinated Loan that meets certain criteria as a component of capital. Bank BTN's total capital of Rp23.33 trillion consisted of core and complementary capital of Rp20.46 trillion and Rp2.87 trillion respectively in 2018, compared to the previous year's total capital position of Rp22.09 trillion with core and complementary capital worth Rp 18.73 trillion and Rp 3.37 trillion, respectively.

By comparing the total capital with the Bank's RWA of Rp 128.14 trillion in 2018, the CAR ratio was 18.21% higher than the previous CAR ratio of 18.87%. Meanwhile, CAR for core capital amounted to 15.99% in 2017 to 15.97% in 2018.

Besides this, the bonds issued by the Company are rated idAA + by the rating agency PT. Pemeringkat Efek Indonesia (Pefindo), with details as follows:

No	Bond	Rating	Rating Agency
1.	Bank BTN Phase I Sustainable Bonds III of 2017	idAA+	Indonesian Rating Agency (Pefindo)
2.	Bank BTN Phase II Sustainable Bonds II of 2017	idAA+	Indonesian Rating Agency (Pefindo)
3.	Bank BTN Phase I Sustainable Bonds III of 2015	idAA+	Indonesian Rating Agency (Pefindo)
4.	Bank BTN Phase II Sustainable Bonds I of 2013	idAA+	Indonesian Rating Agency (Pefindo)
5.	Bank BTN Phase I Sustainable Bonds I of 2012	idAA+	Indonesian Rating Agency (Pefindo)
6.	Bank BTN Bonds XV of 2011	idAA+	Indonesian Rating Agency (Pefindo)
7.	Bank BTN Sustainable Bonds XIV of 2010	idAA+	Indonesian Rating Agency (Pefindo)

Besides the bond ratings mentioned above, Bank BTN has an idAAa rating issued by Pefindo, a long-term national rating of AA (idn) and a short-term national rating of AA (idn).

### Profitability Ratios and Efficiency

To measure the profitability and efficiency of the Bank's performance, the financial ratios employed by banks are Profit to Assets (ROA), Profit to Equity (ROE), Net Interest Margin (NIM), and Operational Expenses to Operating Income (BOPO).

The Bank's Operational Expenses to Operating Income (BOPO) ratio in 2018 escalated to 85.58% from the previous year's position of 82.06% due to Bank BTN's sustainable business expansion. This increase promoted the Company profitability amid the ever-rising competition within the Indonesian banking industry. This aspect altered the Bank's NIM ratio of 4.32% in 2018 from 4.76% in 2017. Meanwhile, the Bank's ROA and ROE were at 1.34% and 14.93% respectively in the same year compared to 1.71 % and 18.11%, respectively, in 2017.

### Credit Collectability

Bank BTN is well committed in maintaining the quality of productive assets amid credit expansion and other banking businesses. As of December 31, 2018, the gross NPL ratio was 2.82% while the net NPL ratio was 1.83%. Both of these bank ratios in 2017 were 2.66% and 1.66%, respectively. The collectability of the Bank's earning assets at their carrying values before the allowance for impairment losses is presented in the table below.

Various efforts made by the Bank to minimize bad debt in 2018 include the following:

1. Maintain the principle of prudence in the provision of credit and financing for new loans
2. Provide guidance and seek payments of non-performing debtors, including restructuring debtors' loans still having business potential
3. Carry out collateral execution on non-performing debtors assets by conducting collateral auctions  
Seek strategic partners for managing the Company's assets.

**Table of Productive Asset Collectability 2018**

(in million Rp)

	Current	Under Special Observation	Substandard	Doubtful	Bad Debt	Total
Placements with other banks	1,831,609	-	-	-	1,718	1,833,327
Claims spot and derivatives	167	-	-	-	-	167
Securities	13,816,260	72,382	6,922	10,952	54,831	13,961,347
Securities sold under repurchase agreements (Repo)	1,059,534	-	-	-	-	1,059,534
Claims on securities purchased under resale agreements (Reverse Repo)						
Acceptances Receivables	528,148	-	-	-	-	528,148
Credit	210,776,397	20,282,599	569,932	473,366	5,655,380	237,757,674
Inclusion	-	-	-	-	-	-
Temporary equity participation	-	-	-	-	270	270
Commitments and contingencies	23,881,178	1,644,480	52,211	14,238	110,778	25,702,885
Foreclosed Assets	-	-	77,591	-	-	77,591

**Table of Productive Asset Collectability 2017**

(in million Rp)

	Current	Under Special Observation	Substandard	Doubtful	Bad Debt	Total
Placements with other banks	1,215,407	-	-	-	1,696	1,217,103
Claims spot and derivatives	-	-	-	-	-	-
Securities	13,600,780	68,724	4,545	7,372	37,998	13,719,419
Securities sold under repurchase agreements (Repo)	1,532,720	-	-	-	-	1,532,720



**Table of Productive Asset Collectability 2017**

(in million Rp)

	Current	Under Special Observation	Substandard	Doubtful	Bad Debt	Total
Claims on securities purchased under resale agreements (Reverse Repo)	-	-	-	-	-	-
Acceptances Receivables	8,081	-	-	-	-	8,081
Credit	176,247,278	17,455,229	236,411	348,530	4,703,133	198,990,581
Inclusion	-	-	-	-	-	-
Temporary equity participation	270	-	-	-	-	270
Commitments and contingencies	20,894,740	806,539	8,897	4,322	39,861	21,754,359
Foreclosed Assets	-	-	77,591	-	-	77,591

## Compliance Ratio

Besides Statutory Reserves (GWM), which have been described previously, the ratio of compliance related to compliance with regulations is compliance to Lending Limit (LLL), and the fulfillment of the Net Open Position (NOP). The Bank's NOP ratio for 2018 and 2017 was at 1.55% and 1.29% respectively.

## SPOT AND DERIVATIVES TRANSACTIONS

Bank BTN booked spot and derivative transactions for the periods ended December 31, 2018 and 2017 as presented in the following table:

**Table Spot and Derivatives Transactions**

No	Transaction	Notional Value	Objective		Claims and Liability Derivatives	
			Trading	Hedging	Claim	Liability
A. Related to Exchange Rates						
1	Spot	57,687	57,687	-	167	152
2	Forward	-	-	-	-	-
3	Option	-	-	-	-	-
	a. Sell	-	-	-	-	-
	b. Buy	-	-	-	-	-
4	Future	-	-	-	-	-
5	Swap	-	-	-	-	-
6	Others	-	-	-	-	-
B. Related to Interest Rates						
1	Forward	-	-	-	-	-
2	Option	-	-	-	-	-
	a. Sell	-	-	-	-	-
	b. Buy	-	-	-	-	-
3	Future	-	-	-	-	-
4	Swap	-	-	-	-	-
5	Others	-	-	-	-	-
C. Others						
Total		57,687	57,687	-	167	152



# OTHER MATERIAL INFORMATION



## CAPITAL STRUCTURE AND MANAGEMENT POLICY ON CAPITAL STRUCTURE AND BASIS FOR POLICY MAKING

### Policies and Determinants of Capital Structure Policy

The Capital Plan prepared by Bank BTN refers to a review of the latest economic developments in addition to being based on the review and assessment of the required capital adequacy requirements. The Board of Directors prepares a Capital Plan that is part of the Bank's Business Plan and obtains approval from the Board of Commissioners. The Bank regularly plans and reviews capital requirements together with

analysis data. In this plan, Bank BTN always connects financial goals and capital adequacy to risks so that the Bank's business is in line with the Bank's capital and liquidity requirements.

The purpose of management's policy on capital is to ensure that the bank's capital is strong and able to create a strong capital structure to support the strategy of developing current business expansion and maintaining the continuity of future development. In addition, the determination of the capital policy is intended to fulfil the capital adequacy provisions set by the regulator and ensure that the Company's capital structure has been efficient.



“

**The Company has strong capital capabilities to support business growth. The core capital (Tier 1) grew by 9.25% from the previous year**

”

Based on applicable regulations, the Company's capital consists of:

- Core capital consisting of: Primary Core Capital (Common Equity Tier – CET 1) and Supplementary Core Capital (Additional Tier 1). The primary core capital includes paid-up capital and disclose reserve. Disclose reserve consists of additional factors (agio, general reserves, previous year's profit, profit for the year, and stock options) and the deducting factors (other comprehensive losses and financial asset transactions classified as available for sale, difference of Allowance for Uncollectible Accounts (PPA) on earning assets with Allowance for Impairment Losses and non-earning PPA).

- Complementary Capital (Maximum 100% of Core Capital) which consists of general reserves of PPA for productive assets that must be calculated with a maximum amount of 1.25% of RWA for Credit Risk and Reserves.

The amount of core capital and supplementary capital of the Company in 2018 is Rp20.46 trillion and Rp2.87 trillion respectively, higher than the core capital and supplementary capital of the previous year amounting to Rp18.73 trillion and Rp3.37 trillion.

## Capital Structure

The Company has strong capital capabilities to support business growth. Core capital (Tier 1) has a vital role in the composition of the the Company's capital with contributions reaching 87.70% or equivalent to Rp20.46 trillion while Bank supplementary capital is Rp2.87 trillion. The following table presents a report on the calculation of the Minimum Capital Requirement (KPMR) in the 2017-2018 period.

(In Million Rp)

Capital Components	2018	2017
I. Core Capital (Tier 1)	20,460,086	18,726,949
1. Common Equity Tier - CET 1	20,460,086	18,726,949
1.1. Paid-up Capital (Net of Treasury Shares)	5,295,000	5,295,000
1.2. Additional Capital Reserves	16,020,750	14,073,731
1.3. Non-controlling interests that can be calculated	-	-
1.4. Deduction Factor of Primary Capital	(855,664)	(641,782)
2. Additional Tier - AT 1	-	-
2.1. Instruments qualifying as AT-1	-	-
2.2. Agio / Disagio	-	-
2.3. Deduction Factor for Additional Core Capital	-	-
II. Tier 2	2,868,360	3,367,995
1. Capital instruments in the form of shares or other eligible instruments	1,499,519	2,099,319
2. Agio/Disagio	-	-
3. General Reserves of statutory PPA for earning assets (max 1.25% of Credit Risk RWA)	1,368,841	1,268,676
4. Deducting Factor of Supplementary Capital	-	-
Total Capital	23,328,446	22,094,944
Risk-weighted Asset		
Credit Risk RWA	109,507,283	101,494,102
Market Risk RWA	1,007,249	664,340
Operational Risk RWA	17,623,217	14,933,824
Total RWA	128,137,749	117,092,266
CAR Ratio based on Risk Profile	9.16%	9.18%
CET 1 Ratio (%)	15.97%	15.99%
Tier 1 Ratio (%)	15.97%	15.99%
Tier 2 Ratio (%)	2.24%	2.88%
CAR Ratio (%)	18.21%	18.87%

In addition to core capital, Bank BTN receives Subordinated Loan facilities that are calculated as supplementary capital. This subordinated loan is a Subordinated Loan facility that is obtained from PT SMF (Persero) which is intended to support the One Million Houses Program. The Subordinated loan of Rp3,000,000 with an interest rate of 9.00% was carried out in 2 (two) times the disbursement stage. The 1st stage of disbursement on 30 May 2016 amounted to Rp1,500,000 and the second stage on 20 June 2016 amounted to Rp1,500,000. The term of the Subordinated Loan is 5 years (60 months) which will mature on May 30, 2021 and June 20, 2021, respectively. This subordinated loan has been approved by the Financial Services Authority (OJK) through letter No. S-69/PB.31/2016 dated 30 June 2016.



## MATERIAL COMMITMENTS FOR INVESTMENT OF CAPITAL GOODS

In line with sustainable business expansion, the Company invests in capital goods. This investment is used to buy a number of fixed assets or add value to fixed assets that are expected to provide value for future benefits.

The Bank conducts material commitments regarding investment in capital goods with various parties in 2018 which are presented in the following table:

No	Type of capital goods investment	Fund Sources	Denomination (million Rp)
1	Building Investment	The Company's Internal	183,712
2	Office Machine	The Company's Internal	173,913
3	Office Furniture	The Company's Internal	118,962
4	Company House Furniture	The Company's Internal	1,640
5	Land	The Company's Internal	48,516
Total			526,743

Capital goods investment is carried out in Rupiah so there is no need for the Company to plan to protect the risk of the related foreign currency position. Nevertheless, the Bank carries out insurance protection for investment activities in 2018.

## CAPITAL GOODS INVESTMENTS

To support sustainable business expansion, the Company up to 2018 has invested capital goods amounting to Rp7,411,526 million. Capital goods investment in the form of fixed assets such as land, buildings, motor vehicles, office equipment, and assets which are still in the form of buildings.

The following are the details of the investment capital chart of the Company in 2018:

**Tabel Capital Goods Investments**

Capital Goods Investment	Objective	Value (million Rp)
Land	Capital Goods Investment	3,628,606
Building	Capital Goods Investment	1,498,583
Office equipments and motor vehicle	Capital Goods Investment	2,265,131
Assets in progress	Capital Goods Investment	19,206
Total additional investment	Capital Goods Investment	7,411,526

## MATERIAL INFORMATION AND FACTS HAPPENED AFTER THE ACCOUNTING REPORTING PERIOD

The Bank's financial statements have been audited by the Purwantono, Sungkoro & Surja Public Accounting Firm (Ernest and Young or EY). The Bank's management is fully responsible for the presentation of financial statements completed and approved for publication on March 28, 2019. The Bank states that there is no material information or facts that occur after the date of the accountant's report.

## COMPARISON BETWEEN TARGETS &amp; REALIZATION IN 2018

## Comparisons of Target, Realization and Projection of Operational Aspect

## Targets, Realization, and Projection of Loan Position and Sharia Financing

The Company was able to record loan realization in 2018 amounting to Rp86.83 trillion. This achievement reached 96.47% of the 2018 Work Plan and Budget/RKAP target of Rp90.02%. In 2019, the Company projects that the credit will grow supported by stronger economic growth projections in 2019 with several indicators as explained in the Indonesian economy.

In billion Rupiah

Description	The 2018 RKAP Target	Realization 2018	% achievement of RKAP Target	Projection 2019
I. LOAN	80,464	78,506	97.57%	12%-14%
CONSUMER	50,891	49,371	97.01%	10%-12%
A. Housing	45,317	43,234	95.40%	10%-12%
1. Subsidized Mortgage	23,815	24,669	103.58%	9%-11%
2. NonSubsidized Mortgage	19,014	16,700	87.83%	12%-14%
3. Non KPR	2,488	1,865	74.95%	8%-10%
B. Non Housing	5,574	6,137	110.09%	19%-21%
COMMERCIAL	29,573	29,135	98.52%	20%-22%
A. Housing	18,011	14,032	77.91%	14%-16%
B. Non Housing	11,562	15,103	130.63%	21%-23%
1. Working Capital Loan	9,838	12,596	128.03%	29%
2. Investment	1,724	2,507	145.47%	12%-14%
II. FINANCING	9,551	8,327	87.18%	13%-15%
Total	90,015	86,833	96.47%	12%-14%

## Target, Realization, and Projection of Third Party Funds

The realization of third-party deposits in 2018 is Rp229.83 trillion or 99.68% compared to the target of the 2018 RKAP of Rp230.54 trillion.

In billion Rupiah

Description	The 2018 RKAP Target	Realization 2018	% Achievement of RKAP Target	Projection 2019
Current Account	56,839	58,049	102.13%	14%-16 %
Savings	54,731	41,877	76.51%	24%-26%
Deposits	118,969	129,902	109.19%	7%-9%
Total	230,540	229,828	99.69%	12%-14%



## Comparison of Target, Realization and Financial Aspect

The Company targets the growth of financial aspects in 2019 including as described in the following table.

In Billion Rupiah

Description	The 2018 RKAP Target	Realization 2018	% Achievement of RKAP Target	Projection 2019
Asset	306,271	306,436	100.05%	11%-13%
Fund Borrowings	13,192	15,499	117.49%	39%-41%
Equity	24,812	23,840	96.08%	10%-12%
Net Interest income	11,794	10,089	85.54%	14%-16%
Net Profit	3,804	2,808	73.82%	14%-16%

Realization of total assets and equity in 2018 amounted to 100.05% and 96.08% of the RKAP target or reached Rp306.44 trillion, and Rp23.84 trillion in 2018. While net interest income and net income respectively reached 85.54% and 73.82%, the failure to achieve the Company's net profit in 2018 was caused by the application of PSAK 71 in order to maintain the Company's financial fundamentals.

## Target, Realization, and Capital Structure

The following is information related to achievement of 2018 RKAP and projection of 2019 on the Company's capital structure:

In Billion Rupiah

Description	The 2018 RKAP Target	Realization 2018	% Achievement of RKAP Target	Projection 2019
Tier 1 Core Capital	21,706	20,460	94.26%	9%-11%
Tier 2 Supplementary Capital	3,088	2,868	92.88%	135%-138%
Additional Supplementary Capital	-	-	-	-
Total Capital	24,794	23,328	94.09%	25%-27%

The total capital realization in 2018 is IDR23.33 trillion or 94.09% of the RKAP target for capital is IDR24,79 trillion.

## Target and Realization of Financial Ratios

Realization of financial ratio against the targets is presented in the table below:

(Percentage %)

No	Description	The 2018 RKAP Target	Realization 2018	Projection 2019
1	CAR (%)	16.97%	18.21%	8%-10%
2	NPL - Gross (%)	2.37%	2.82%	24%-26%
3	NIM (%)	4.88%	4.32%	0,50%-0,70%
4	BOPO (%)	80.68%	85.58%	0,20%-0,40%
5	ROE (%)	19.40%	14.93%	3%-5%
6	ROA (%)	1.86%	1.34%	0,00%
7	LDR (%)	105.75%	103.25%	0,10%-0,20%



## KEY PERFORMANCE INDICATORS (KPI) &amp; THE BANK'S SOUNDNESS LEVEL

## Key Performance Indicator

KPI is a quantitative performance measure to assess the level of achievement of targets previously approved by Management. KPI achievement reflects the determinants of the success of a company. Bank BTN KPI includes four perspectives consisting of financial and non-financial aspects. Details of the achievement of the Company's KPI in 2018 are presented in the following table.

## Individual Key Performance Indicator (KPI) for Material Risk Taker (MRT) Board of Directors in 2018

Perspective	KPI 2018	Director								
		Pres. Director	Commercial Banking	Consumer Banking	Distribution & Network	Collection & Asset Man.	IT & Operation	Finance & Treasury	Strategy, Compliance & Risk	Strategic Human Capital
Finance and Market	Profit after Tax	◆	◆	◆	◆	◆	◆	◆	◆	◆
	Corporate Financial Indicator (% Market Cap Growth, % ROE, % CIR, % NIM)	◆	◆	◆	◆	◆	◆	◆	◆	◆
	Rp. Asset Growth	◆							◆	
	Rp. Credit & TPF Growth		◆	◆		◆	◆			
	Rp. Wholesale Funding							◆		
	Rp. Fee Based Income		◆	◆	◆		◆	◆		
	% NPL National	◆	◆	◆		◆				
Customer Focus	% Growth Market Share KPR	◆	◆	◆	◆	◆	◆	◆	◆	◆
	Net Promoter Score	◆			◆					
Effectiveness of Products and Processes	Branchless Banking Growth				◆					
	% Implementation of PAB			◆	◆			◆		
	Rp Assets Securitization							◆		
	Availability of Network & Core						◆			
	HR Fulfillment according to MPP									◆
	% Kol 2		◆	◆		◆				
	Recovery rate					◆				
Employee Focus	KUR Subrogation Online System					◆				
	Rp. Profit per Employee									◆
	Employee Engagement Survey									◆
	GRC Index	◆	◆	◆	◆	◆	◆	◆	◆	◆
Leadership, Governance and Social Responsibility	% Implementation of RSTIK						◆			
	KPKU Score	◆							◆	
	% realization of PKBL	◆	◆							
	CGPI Score	◆	◆	◆	◆	◆	◆	◆	◆	◆
Agent of Development	Division & Area Supervision	◆	◆	◆	◆	◆	◆	◆	◆	◆
	% Implementation of Agent of Development				◆				◆	
Transformation	Transformation Program	◆	◆	◆	◆	◆	◆	◆	◆	◆
Total		12	12	12	12	12	11	11	10	10
Grand Total		100	100	100	100	100	100	100	100	100

◆ KPI Collegial ◆ KPI Unit



## Bank Soundness Level

The soundness of the Bank reflects the results of the assessment of the Company's condition on the Bank's risks and performance which can be seen from the final rating based on Financial Services Authority Regulation No.4/POJK.03/2016 dated 26 January 2017 concerning Commercial Bank Soundness Rating and Circular Letter of OJK No.14/SEOJK.03/2017 dated March 17, 2017 concerning Assessment of Soundness Levels of Commercial Banks using a risk-based bank rating that includes four factors, namely:

1. Risk Profile,
2. Governance,
3. Earnings,
4. Capital.

The Company's soundness level in December 2018 (Self-Assessment) is in the Composite Rank of 2 (PK-2) which reflects the generally sound condition of the Bank so that it is considered capable of facing significant negative effects from changes in business conditions and other external factors.

## DIVIDEND POLICY AND DISTRIBUTION

### Dividend Policy

Based on Law No. 40 of 2007 on Limited Liability Company, the dividend distribution shall be conducted based on the Annual General Meeting of Shareholders (AGMS) or Extraordinary General Meeting of Shareholders (EGMS) decisions. The dividend amount and payment will be determined with regards and consideration to these following factors, among others, the level of financial soundness, the level of capital adequacy, the required capital for further business expansion, without disrupting the rights of the Company's GMS in determining based on the Articles of Association.

The amount of Company dividend will be determined during GMS. The management plans to distribute the dividend if there is surplus cash from the operational activities after the fund is set aside from the reserve fund, funding activities, capital expenditure plan and the Company's working capital.

### Dividend Distribution

Dividend distribution is conducted based on GMS' decision as follows:

Year	Net Profit	Dividend	Dividend per Share	Payout Ratio	Announcement Date	Payment Date
2017	Rp3.03 trillion	Rp605.49 billion	Rp57.18	20.00%	26 March 2018	24 April 2018
2016	Rp2.62 trillion	Rp523.78 billion	Rp49.46	20.00%	20 March 2017	13 April 2017

## MANAGEMENT AND/OR EMPLOYEE STOCK OWNERSHIP PROGRAM (ESOP/MSOP)

Management Stock Option Program (MSOP) and/or Employee Stock Option Program (ESOP) are the granted of rights to purchase shares for program participants. Program participants are able to purchase new shares to be issued from the Company's portfolio, as much as 4% of the issued and paid-up capital of the Company after the Initial Public Offering. Management and Employee Stock Option Program (MESOP) is carried out by issuing purchase rights in the following 3 stages:

1. Phase I The number of issued option rights amounted to a maximum of 40% of the total shares in the MESOP program, and distributed to participants of the MESOP program in 2010.

2. Phase II The number of issued option rights amounted to a maximum of 30% of the total shares in the MESOP program, and distributed to participants of the MESOP program in 2011.
3. Phase III The number of option rights issued amounted to a maximum of 30% of the total shares in the MESOP program, and distributed to participants of the MESOP program in 2012.

The requirements for employees and/or management who are entitled to participate in the MESOP program are employees who were registered on September 30, 2009 and members of the Board of Directors, members of the Board of Commissioners, members of the Sharia Supervisory Board, Secretary of the Board of Commissioners and members of the Audit Committee.

## OTHER MATERIAL INFORMATION

No	MESOP	Validity Period	Option Rights Ending Year	Options	Option Price (Rp/ Share)
1	MESOP 1	February 2011 - August 2014	2014	145,234,500	855
2	MESOP 2	February 2012 - August 2015	2015	108,925,500	1,297,44
3	MESOP 3	February 2013 - August 2016	2016	108,925,500	1,098,36
<b>Total</b>					<b>363,085,500</b>

The realization of the MESOP program is presented in the following table:

**Table: Realization of MESOP Phase 1**

No	Description/Name	Total Shares Outstanding	Option	
			Granted (Shares)	Executed (Share)
Commissioner				
1	Arie Coerniadi	-	-	-
2	Kamaruddin Sjam	-	-	-
3	Lucky Fathul Aziz Hadibrata	-	-	-
4	Catherinawati Hadiman	-	-	-
5	Fajar Harry Sampurno	-	-	-
6	Sumiyati	-	-	-
Directors				
1	Maryono			
2	Irman Alvian Zahiruddin	3,991,000	1,354,000	1,354,000
3	Mansyur Syamsuri Nasution	-	-	-
4	Iman Nugroho Soeko	-	-	-
5	Sis Apik Wijayanto	-	-	-
6	Adi Setianto	-	-	-
7	Sulis Usdoko		138,500	138,500
8	Oni Febriarto R.		65,000	65,000
Executive Offers		7,430,600	6,925,500	6,925,500
Employee			36,751,500	136,751,500

**Table: Realization of MESOP Phase II**

No	Description/Name	Total Shares Outstanding	Option	
			Granted (Shares)	Executed (Share)
Commissioner				
1	Arie Coerniadi	-	-	-
2	Kamaruddin Sjam	-	-	-
3	Lucky Fathul Aziz Hadibrata	-	-	-
4	Catherinawati Hadiman	-	-	-
5	Fajar Harry Sampurno	-	-	-
6	Sumiyati	-	-	-



**Table: Realization of MESOP Phase II**

No	Description/Name	Total Shares Outstanding	Option	
			Granted (Shares)	Executed (Share)
Director				
1	Maryono			
2	Irman Alvian Zahiruddin	3,991,000	855,500	855,500
3	Mansyur Syamsuri Nasution	-	-	-
4	Iman Nugroho Soeko	-	-	-
5	Sis Apik Wijayanto	-	-	-
6	Adi Setianto	-	-	-
7	Sulis Usdoko		109,000	109,000
8	Oni Febriarto R.		51,000	51,000
9	Executive Offers	5,467,500	5,467,500	5,467,500
10	Employee		102,442,500	102,442,500

**Table: Realization of MESOP Phase III**

No	Description/Name	Total Shares Outstanding	Option	
			Granted (Shares)	Executed (Share)
Dewan Komisaris				
1	Arie Coerniadi	-	-	-
2	Kamaruddin Sjam	-	-	-
3	Lucky Fathul Aziz Hadibrata	-	-	-
4	Catherinawati Hadiman	-	-	-
5	Fajar Harry Sampurno	-	-	-
6	Sumiyati	-	-	-
Direksi				
1	Maryono			
2	Irman Alvian Zahiruddin	3,991,000	828,500	828,500
3	Mansyur Syamsuri Nasution	-	-	-
4	Iman Nugroho Soeko	-	-	-
5	Sis Apik Wijayanto	-	-	-
6	Adi Setianto	-	-	-
7	Sulis Usdoko		108,500	108,500
8	Oni Febriarto R.		54,500	54,500
9	Executive Offers	7,430,600	5,566,500	5,566,500
10	Employee		102,367,500	102,367,500

The three stages of the MESOP Program have been carried out based on the terms and conditions stipulated by the Board of Directors of Bank BTN in accordance with the applicable laws and regulations.

## USE OF FUNDS FROM PUBLIC OFFERINGS

The Company has obtained a license to conduct a Public Offering pursuant to the approval of the House of Representatives of the Republic of Indonesia, as stipulated in the Letter of the Chairman of the House of Representatives of the Republic of Indonesia No. PW.01/3104/DPRRI/V/2009 dated May 29, 2009, and the Government's stipulation as set forth in the Government Regulation of the Republic of Indonesia No. 66 of 2009, and enacted in the State Gazette No. 167 dated November 16, 2009, on the Changes in State Ownership Structure through Issuance and Sale of New Shares of PT Bank Tabungan Negara (Persero).

Based on the Capital Market and Financial Institution Supervisory Board (BAPEPAM-LK) Letter No. S-10523/BL/2009 dated December 8, 2009, the Bank proposed an IPO amounted to 6,353,999,999 common Series B shares owned by the Republic of Indonesia; and 2,360,057,000 new common Series B shares, with nominal value of Rp500 (full amount) per share to the public, which was effective on December 8, 2009. The shares offered would be listed and traded on Indonesia Stock Exchange on December 17, 2009, with selling price of IDR 800 (full amount) per share.

Related to the Initial Public Offering, the Company has implemented Management and Employee Stock Allocation (MESA) program. MESA Program offered the maximum of 9.62% new shares issued on September 30, 2009, to the employees.

This program has been effective since September 17, 2009, and all employee is eligible to partake in the program, with a total of 226,928,500 common shares Series B (nominal value of Rp500 per share) at selling price of Rp640 per share (after 20% discount from the initial public offering amounted to Rp800 per share) and a six months lock-up period.

The discount share for MESA Program is borne by the Company in 2009, amounted to 20% or Rp41,353, including income tax. The use of Initial Public Offering (IPO) in 2009 is realized in 2009 and 2010, in line with the plan fund.

In addition to public offerings, on June 30, 2015, the Company has also obtained an Effective Confirmation Letter from FSA for participants of Sustainable Bonds II Phase I of 2015 and Phase II of 2016.

The Use of Proceeds from the Shares Public Offering of Sustainable Bonds II Phase I of 2015 and Phase II of 2016 has been reported to the Financial Services Authority (FSA) and the Indonesia Stock Exchange (IDX), and has been reported at the Company's Annual General Meeting of Shareholders (GMS).

On June 22, 2017, the Company obtained an Effective Confirmation Letter from FSA for the Issuance of Sustainable Bonds III Phase I of 2017. The report on the use of proceeds from the public offering of Sustainable Bonds III Phase I of 2017 has been submitted by the Company to FSA and IDX on January 5, 2018 and is reported in the Company's Annual GMS on March 23, 2018.

**Table of Utilization of Funds from Public Offerings**

Type of Public Offering	Effective Date	Realization of Proceeds from Public Offering (Rp Million)			Plan of Utilization of Proceeds as Stated in the Prospectus (Rp Million)		Realization of the Utilization of Proceeds as Stated in the Prospectus (Rp Million)		Remaining Balance of Net Proceeds (Rp Million)
		Total Proceeds of the Public Offering	Public Offering Cost	Net Proceeds	Realization of Credit	Total	Realization of Credit	Total	
Public Offering of Sustainable Bonds III Phase I of 2017	22 June 2017*	5,000,000	7,118.50	4,992,881.50	4,992,881.50	4,992,881.50	4,992,881.50	4,992,881.50	-

\*) Registration Statement for the Company's Phase III Year 2017 Sustainable Bonds effective on June 22, 2017, Listing on the Indonesia Stock Exchange and Receiving Funds from the Effective Public Offering on July 13, 2017.



## IMPACT OF CHANGES OF INTEREST RATE TO THE BANK'S PERFORMANCE

Bank Indonesia (BI) uses a 7-Day Reverse Repo Rate (BI 7-day RR Rate) as the benchmark interest rate that replaces the BI Rate in August 2017 as an effort to maintain macroeconomic stability while maintaining the momentum of domestic economic growth amid still weakening global economic growth. Throughout 2018, BI has raised the benchmark interest rate several times starting on May 17, 2018 with an increase of 25bps to 4.50%. The policy was taken as part of the Bank Indonesia policy mix to maintain economic stability amid continued uncertainty in the world financial market and a decline in global liquidity.

BI again raised the benchmark interest rate to 4.75% by 25bps on May 30 2018 as a pre-emptive, front-loading, and ahead of the curve of Bank Indonesia to strengthen stability, especially exchange rate stability against the expected increase in US interest rates higher and increasing risks on global financial markets due to changes in US policy and a number of geopolitical risks. A month later at the end of June, the Central Bank again raised its benchmark interest rate by 25 bps to 5.25% and 25 bps to 5.50% on 15 August 2018 to maintain competitiveness of the domestic financial market against changes in a number of countries' monetary policy and uncertainty in global financial markets still high.

The next increase in the benchmark interest rate was decided by BI to 5.75% on September 27, 2018. This increase is consistent with efforts to reduce the current account deficit to a safe level and maintain the attractiveness of the domestic financial market so that it can further strengthen Indonesia's external resilience in the middle of high-risk global uncertainty.

In November 2018, BI decided to again raise the BI 7-Day Reverse Repo Rate by 25bps to 6.00%. This decision is to strengthen efforts to reduce the current account deficit to a safe level. The increase in policy rates was also to strengthen the attractiveness of domestic financial assets by anticipating a rise in global interest rates in the next few months

## INFORMATION ON MATERIAL TRANSACTIONS WITH CONFLICT OF INTEREST AND/OR TRANSACTION WITH AFFILIATED OR RELATED PARTIES

### Material Transactions with Conflict of Interest

There were no transactions with conflict of interest in 2017, hence no information is disclosed.

### Transactions with Affiliated or Related Parties

All transactions with related parties carried out in 2016 have been approved by both parties and are deemed fair based on SFAS No. 7 (revised 2010) "Related Party Disclosures".

A party is considered to have relations with the Company if:

- a) a party, directly or indirectly, through one or more intermediaries, (i) controls, or is controlled by, or under joint control with the Bank; (ii) has significant influence over the Bank; or (iii) has joint control over the Bank;
- b) a party is a member of the same business group as the Bank;
- c) a party is a joint venture in which the Bank has ventured in;
- d) a party is a key management personnel of the Bank;
- e) a party is a close family member of the person as provided in point (a) or (d);
- f) a party is an entity that is controlled, jointly controlled or is significantly influenced by several entities directly or indirectly, individual as stated in point (d) or (e);
- g) a party is a post-employment benefit program for the benefit of employees of either the Bank or an entity related to the Bank.

Transactions with related parties are carried out with the same terms and conditions as transactions with third parties. Transactions conducted by the Bank have complied with the regulations of the Capital Market and Financial Institution Supervisory Agency. IX.E.1 concerning "Affiliated Transactions and Conflicts of Interest of Certain Transactions", at the time these



## OTHER MATERIAL INFORMATION

transactions are carried out. All material transactions and balances with related parties are disclosed in the notes to the relevant financial statements and the details have been presented in Note 45 to the financial statements. Furthermore, balances and material transactions between the Bank and the Government of the Republic of Indonesia (RI) and other entities related to the Bank are also disclosed in Note 45.

In normal business activities, the Bank conducts transactions with related parties due to ownership and / or management relationships. All transactions with related parties have been carried out with agreed upon policies and conditions. The table below shows the details of the parties related to the Bank and the nature of the transactions carried out by the Bank up to the period ended December 31, 2018:

**Table of Related Parties**

Related Party	Nature of Transaction	Type of Transaction
Government of the Republic of Indonesia	Ownership as the main shareholder	Government Bonds
PT Bank Syariah Mandiri	Owned by the central government	Current accounts with other banks, and Placement in Bank Indonesia and Other Banks
PT Bank Mandiri Taspen Pos	Owned by the central government	Placement in Bank Indonesia and Other Banks, Securities, Deposits from Other Banks
PT BRI Agroniaga Tbk	Owned by the central government	Placement in Bank Indonesia and Other Banks, Deposits from Other Banks, Bonds Issued
Lembaga Pembiayaan Ekspor Indonesia	Owned by the central government	Placement in Bank Indonesia and Other Banks, Securities, Deposits from Other Banks
PT Utama Karya (Persero)	Owned by the central government	Loans granted and sharia financing/receivables
PT Indonesia Power	Owned by the central government	Securities
PT Kereta Api Indonesia (Persero)	Owned by the central government	Securities
PT Perusahaan Listrik Negara (Persero)	Owned by the central government	Securities and Guarantees issued
PT Pupuk Indonesia (Persero)	Owned by the central government	Guarantees issued
PT Timah (Persero) Tbk	Owned by the central government	Securities
Perum Perumnas	Owned by the central government	Securities and Loans granted and sharia financing/receivables
PT PP Properti Tbk	Owned by the central government	Acceptance receivables and Loans granted and sharia financing/receivables
PT Waskita Beton Precast Tbk	Owned by the central government	Acceptance receivables and Loans granted and sharia financing/receivables
PT Wijaya Karya Bangunan Gedung Tbk	Owned by the central government	Acceptance receivables and Guarantees issued
PT Wijaya Karya Industri Energi	Owned by the central government	Acceptance receivables
PT Wijaya Karya Industri & Konstruksi	Owned by the central government	Acceptance receivables, Loans granted and sharia financing/receivables, and Guarantees issued
Perum Percetakan Negara RI (Perum PNRI)	Owned by the central government	Loans granted and sharia financing/receivables
PT Adhi Karya (Persero) Tbk	Owned by the central government	Loans granted and sharia financing/receivables
PT Angkasa Pura II (Persero)	Owned by the central government	Loans granted and sharia financing/receivables and Securities issues
PT Asuransi Jiwasraya (Persero)	Owned by the central government	Loans granted and sharia financing/receivables and Securities issues
PT Brantas Abipraya (Persero)	Owned by the central government	Loans granted and sharia financing/receivables
PT Dok Dan Perkapalan Surabaya (Persero)	Owned by the central government	Loans granted and sharia financing/receivables



**Table of Related Parties**

Related Party	Nature of Transaction	Type of Transaction
PT HK Realtindo	Owned by the central government	Loans granted and sharia financing/receivables
PT Indah Karya (Persero)	Owned by the central government	Loans granted and sharia financing/receivables
PT Jasamarga Bali Tol	Owned by the central government	Loans granted and sharia financing/receivables and Securities issues
PT PNM Ventura Syariah	Owned by the central government	Loans granted and sharia financing/receivables
PT Pembangunan Perumahan (Persero) Tbk	Owned by the central government	Loans granted and sharia financing/receivables
PT Permodalan Nasional Madani	Owned by the central government	Loans granted and sharia financing/receivables
PT Peruri Properti	Owned by the central government	Loans granted and sharia financing/receivables
PT Perusahaan Pengelola Aset (Persero)	Owned by the central government	Loans granted and sharia financing/receivables
PT PP Urban	Owned by the central government	Loans granted and sharia financing/receivables
PT Taspen (Persero)	Owned by the central government	Loans granted and sharia financing/receivables and Securities issues
PT Trans Jawa Paspro Jalan Tol	Owned by the central government	Loans granted and sharia financing/receivables
PT Virama Karya (Persero)	Owned by the central government	Loans granted and sharia financing/receivables and Securities issues
PT Waskita Bumi Wira	Owned by the central government	Loans granted and sharia financing/receivables
PT Waskita Karya Realty	Owned by the central government	Loans granted and sharia financing/receivables and Securities issues
PT Wijaya Karya Realty	Owned by the central government	Loans granted and sharia financing/receivables and Securities issues
PT Wisma Seratus Sejahtera	Owned by the central government	Loans granted and sharia financing/receivables
PT Yodya Karya (Persero)	Owned by the central government	Loans granted and sharia financing/receivables and Securities issues
Perum Jaminan Kredit Indonesia	Owned by the central government	Securities issued
PT Asuransi Kredit Indonesia (Persero)	Owned by the central government	Securities and Guarantees issued
PT Asuransi Jasa Indonesia (Persero)	Owned by the central government	Securities Issued
PT Asuransi Jiwa Bringin dan Sejahtera	Owned by the central government	Securities Issued
PT Asuransi Jasa Raharja (Persero)	Owned by the central government	Securities Issued
PT AXA Mandiri Financial Services	Owned by the central government	Securities Issued
PT BNI Life Insurance	Owned by the central government	Securities Issued
PT Jasaraharja Putera	Owned by the central government	Securities Issued
PT Penjaminan Infrastruktur Indonesia (Persero)	Owned by the central government	Securities Issued
PT Pertamina Bina Medika	Owned by the central government	Securities Issued
PT Reasuransi Indonesia Utama (Persero)	Owned by the central government	Securities and Guarantees issued
PT Reasuransi Nasional Indonesia	Owned by the central government	Securities and Guarantees issued
PT Tugu Pratama Indonesia	Owned by the central government	Securities Issued
PT Sarana Multigriya Finance (Persero)	Owned by the central government	Borrowings and Subordinated Loans
Perum Damri	Owned by the central government	Guarantees issued
Perum Jasa Tirta I	Owned by the central government	Guarantees issued
PT Asuransi Asei Indonesia	Owned by the central government	Guarantees issued

## OTHER MATERIAL INFORMATION

**Table of Related Parties**

Related Party	Nature of Transaction	Type of Transaction
PT Barata Indonesia (Persero)	Owned by the central government	Guarantees issued
PT Jasa Layanan Pemeliharaan	Owned by the central government	Guarantees issued
PT LEN Railway Systems	Owned by the central government	Guarantees issued
PT Nindya Karya (Persero)	Owned by the central government	Guarantees issued
PT Pelabuhan Indonesia III (Persero)	Owned by the central government	Guarantees issued
PT Patra Trading	Owned by the central government	Guarantees issued
PT Pos Indonesia (Persero)	Owned by the central government	Guarantees issued
PT Peruri Digital Security	Owned by the central government	Guarantees issued
PT. Sucofindo Prima Internasional Konsultan	Owned by the central government	Guarantees issued
Key Management, including the Board of Directors, Commissioners, Audit Committee, Division Heads, and Head of Branch Office	Relations in controlling company operations	Loans granted and sharia financing/receivables, Customer Savings, and Temporary Syirkah Funds

### Purpose of Related Party Transaction

In general, the main purpose of transactions with related parties is for the Company's interest and business sustainability.

### Value of Transaction with Related Parties

The value of transactions with related parties is classified into two things (1) transactions due to ownership relationships with the government of the Republic of Indonesia; (2) transactions with key management as explained in Note No. 45 from Bank BTN's audit financial report which is an integral part of this annual report.

### Table of Value of Related Party Transactions for 2017-2018 (Rp million)

#### 1. Transactions with related parties due to ownership relationships with the government of the Republic of Indonesia

(in million Rp)

	2017	2018
<b>Asset</b>		
Current Account with other banks-netto	262,619	870,392
Placement in Bank Indonesia and other banks -nett	6,317	3,644
Securities	1,188,742	877,112
Government Bonds	8,183,973	9,393,138
Loans	4,393,372	11,483,694
Acceptances Receivable	8,081	528,148
Total assets for related parties	14,043,104	23,156,128
CKPN dari pihak-pihak berelasi	(1,764)	(2,153)
Total asset for related parties -netto	14,041,340	23,153,975
Percentage of total assets of related parties to total assets	5.37%	7.55%
<b>Liabilities</b>		
Deposits from customers	94,738,386	83,098,406
Acceptances Liabilities	8,081	528,148
Bonds Issued	5,370,625	6,925,026
Borrowings	4,993,145	8,069,151
Subordinated Bonds	2,999,319	2,999,519
Total liabilities for related parties	108,109,556	101,620,250
Percentage of total liabilities for related parties to total liabilities	48.28%	38.52%



(in million Rp)

	2017	2018
<b>Temporary Syirkah Fund</b>		
Mudharabah Current Account	154,636	534,702
Mudharabah Savings	200,000	81,973
Mudharabah Deposits	4,954,653	5,623,470
Total syirkah fund for related parties	5,309,289	6,240,145
Percentage of syirkah for related parties	33.68%	33.17%
<b>Interest revenue and profit sharing</b>		
Placement in Bank Indonesia and other banks	4,713	10,154
Securities	77,953	57,921
Government Bonds	493,675	413,742
Loans	200,215	461,592
Total interest revenue for related parties	776,556	943,409
Percentage to total interest revenue and profit sharing	4.03%	4.32%
<b>Interest , profit sharing and bonuses expenses</b>		
Deposits from customers	3,705,858	1,111,531
Bonds Issued	573,600	588,407
Borrowings	295,622	423,810
Subordinated Loans	270,200	270,200
Mudharabah Current Account	873	3,264
Mudharabah Savings	331	5,625
Mudharabah Deposits	106,935	30,364
Total interest expense for related parties	4,953,419	2,433,201
Percentage to total interest and profit sharing expenses	49.88%	20.67%
Commitments and Contingencies on off-balance sheet account		
Guarantee Issued	378,722	834,470
Percentage to total commitments and contingencies on off-balance sheet	12.62%	22.00%

## 2. Transaction with key management

(In million Rp)

	2017	2018
<b>Asset</b>		
Loans	98,061	125,193
Allowance for impairment losses from related parties	-	(19)
Total assets for related parties	98,061	125,174
Percentage of total asset for related parties to total assets	0.04%	0.04%
<b>Liabilities</b>		
Deposit from customers	76,493	100,338
Compensation for key employees	151,069	178,219
Total liabilities of key management	227,562	278,557
Percentage to total liabilities	0.10%	0.11%
<b>Temporary Syirkah Funds</b>		
Mudharabah Savings	1,157	2,316
Mudharabah Deposits	3,606	2,483
Total syirkah fund for related parties	4,763	4,799
Percentage of syirkah for related parties	0.03%	0.03%

(In million Rp)

	2017	2018
Interest revenue and profit sharing		
Loans	5,589	6,155
Percentage to total interest revenue and profit sharing	0.03%	0.03%
Interest, profit sharing and bonuses expense		
Deposits from customers	3,169	2,914
Percentage to total interest and profit sharing expense	0.03%	0.25%
Salaries and allowance expense:		
Board of Directors	61,714	85,289
Board of Commissioners	27,744	36,673
Key Employees	127,500	145,555
Total	216,958	267,517
Percentage to total employees salaries and allowance expenses	8.49%	9.30%

### Fairness of Related Party Transaction

The fairness of all transactions carried out with related parties, under the conditions and requirements with third parties or not, disclosed in the financial statements, in accordance with the SFAS 7 standard (revised 2010) on Related Party Disclosures.

### Review Mechanism and Regulatory Compliance for Transactions with Related Parties

The review mechanism for transactions with related parties is done through an audit conducted by the internal auditor and the external auditor. The affiliate transactions reports have been audited by the Auditor as an effort to ensure the level of fairness of transactions and compliance with accounting standards generally applicable in Indonesia. One of the purposes of the disclosure of related party transactions is to comply with SFAS 7 (revised 2010) on Related Party Disclosures and Capital Market and Financial Institutions Supervisory Agency No. IX.E.1 regarding Affiliated Transactions and Conflicts of Interest on Certain Transactions.

### Expansion

The Company did not carry out expansion activities in 2018 so that information related to the destination, transaction value and source of funds for expansion activities are not presented by the Company.

### Divestment

The Company did not conduct divestment activities in 2018 so that the Company does not present information regarding the purpose, transaction value and source of funds for divestment activities.

### Acquisition

In 2018, the Company did not conduct acquisition activities so that information related to the destination, transaction value and source of funds for acquisition activities were not presented by the Company.

### Debt and Capital Restructuring

The Company did not conduct debt or capital restructuring activities in 2018, therefore the Company does not present information about the purpose, transaction value and source of funds for restructuring activities.

## MATERIAL INFORMATION ON TRANSACTIONS RELATED TO INVESTMENT, EXPANSION, DIVESTMENT, ACQUISITIONS, OR RESTRUCTURING, AFFILIATED PARTIES AND CONFLICT OF INTEREST

### Investment

The Company did not carry out investment activities in the form of investment in agencies / companies in 2018 so no information is not provided regarding the purpose, transaction value and source of funds for investment activities.



## AMENDMENT OF LAWS THAT SIGNIFICANTLY AFFECT THE COMPANY

New regulations and amendments to existing regulations are subject to review by the Bank in order to identify possible impacts of changes in these laws/regulations and the Bank's compliance with these regulations. Description about regulations and changes that are effective throughout 2018 and their impact on the performance of Company are presented in the following table:

No	Regulation	Subject of Regulation	Impact on the Bank
1.	Regulation of the Coordinating Minister for Economic Affairs of the Republic of Indonesia Number 11 of 2017 dated December 13, 2017 on Guidelines for the Implementation of People's Business Credit	People's Business Credit	The Company issued BOD Circular No.21/DIR/SMLD/2018 concerning Business Loans
2.	Financial Services Authority Regulation Number 14/POJK.03/2017 dated April 4, 2017 on Recovery Plan for Systemic Banks	Implementation of Recovery Plan	The Company issued BOD Circular No.15/DIR/RMD/2018 on the Guidelines for Implementation of Recovery Plan
3.	Financial Services Authority Regulation Number 51/POJK.03/2017 dated July 27, 2017 on Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies	Partnership Program, Community Development Program and Corporate Social Responsibility Program	The Company issued BOD Regulation No.6/PD/CSD / 2018 regarding the Partnership Program, Community Development Program and Corporate Social Responsibility Program
4.	Financial Services Authority Regulation Number 36 / POJK.03 / 2017 dated July 12, 2017 concerning Prudential Principles in Equity Participation	Company Guidelines on Equity Participation	The Company issued BOD Regulation No. 9/PD/SPD/2018 on Amendment to BOD Regulation Number 9/PD/SIPD/2016 on Company Guidelines for Equity Participation
5.	Regulation of the Financial Services Authority Number 42 / POJK.03 / 2017 dated July 12, 2017 concerning the Obligation to Prepare and Implement Credit Policy and Financing for Commercial Banks	Credit or Financing Policy Committee	The Company issued Directors Regulation No. 1/ PD/PPD/2018 on the Credit or Financing Policy Committee
6.	Minister of SOE Regulation Number PER-03/MBU/08/2017 dated August 14, 2017 as amended by SOE Minister Regulation Number PER-04/MBU/09/2017 September 13, 2017	Guidelines for BUMN Cooperation	For adjustment of internal regulations, the Company issued Circular Letter BOD No.10/DIR/PGSD/2018 on Amendment of Circular BOD No.07/DIR/PGSD/2016 on SOP of Management of General Affair Services of PT. State Savings Bank (Persero) Tbk
7.	Regulation of the Member of the Board of Governors (PADG) No.19 / 10 / PADG / 2017 dated September 20, 2017	National Payment Gate	The Company issued Circular Letter of BOD No.36/DIR/DCCD/2018 on Guidelines for Implementation of ATM Cards and/or BTN Debt Card using National Logo in Order to Support the National Payment Gate Program (GPN)

## CHANGES IN ACCOUNTING POLICIES AND ITS IMPACTS IMPLEMENTED IN 2018

### Changes in Accounting Policies

One indicator of good and accountable financial statements is a report that complies with all accounting policies that are relevant to the company's business. Therefore, the Company is committed to comply with all financial accounting standards, especially in new policies or policy changes.

### Statement of Compliance with Accounting Policies

Financial statements on the date and for the year ending on December 31, 2018 and 2017 are compiled and presented in accordance with the Financial Accounting Standards in Indonesia, which include the Statement and Interpretation issued by the Financial Accounting Standards of Board of the Indonesian Accountants Association and Bapepam-LK Regulation No. VIII.G.7 attachment to the decision of the Chairman of Bapepam-LK No. KEP-347 / BL / 2012 dated June 25, 2012 concerning "Presentation and Disclosure of Financial Statements of Issuers or Public Companies".



## OTHER MATERIAL INFORMATION

The financial statements are prepared in accordance with the Statement of Financial Accounting Standards (PSAK) No.1 (Amendment 2015), "Presentation of Financial Statements".

Sharia branch financial statements based on sharia principles are presented in accordance with the Statement of Financial Accounting Standards (PSAK) No. 101 (Revised 2016) concerning "Presentation of Sharia Financial Statements", PSAK No. 102 (Revised 2016) concerning "Murabahah Accounting", PSAK No. 104 concerning "Istishna Accounting", PSAK No. 105 concerning "Mudharabah Accounting", PSAK No. 106 (Revised 2016) concerning "Musyarakah Accounting" and PSAK No. 107 concerning "Accounting for Ijarah" which replaces PSAK No. 59 concerning "Accounting for Islamic Banking" related to the recognition, measurement, presentation and disclosure for the topic, PSAK No. 110 (2015 Revision) concerning "Accounting for Sukuk", PSAK No. 111 concerning "Accounting Wa'd" and Accounting Guidelines for Indonesian Sharia Banking (2013 Revised PAPSI) issued by Bank Indonesia and the Indonesian Institute of Accountants (IAI).

The presentation currency used in the financial statements is Rupiah (Rp), which is the functional currency of the Bank. The numbers presented in the financial statements, unless otherwise stated, are rounded up in millions of Rupiah.

### Changes to Accounting Policies, Disclosures, and Their Impact on Financial Statements

The Company has applied accounting standards on January 1, 2018, which are considered relevant to the Company's financial statements, namely:

- a. PSAK No. 2 (Amendment 2016), "Cash Flow Statement About Disclosure Initiative", requires an entity to provide disclosures that allow users of Financial Statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.
- b. PSAK No. 46 (Amendment of 2016), "Income Tax Regarding Recognition of Deferred Tax Assets for Unrealized Losses", clarifying:
  - whereas deductible temporary differences arise when the carrying amount of debt instrument assets measured at fair value and fair value is smaller than the tax base, without considering whether the entity estimates to recover the carrying amount of the debt instrument through sale or use,

- whereas to determine whether taxable profits will be available so that deductible temporary differences can be utilized, the valuation of deductible temporary differences is carried out in accordance with tax regulations,
- that the reduction in tax originating from reversing deferred tax assets is excluded from the estimated future taxable income. Then the entity compares the deductible temporary differences with the estimated future taxable income that does not include tax deductions resulting from reversing the deferred tax asset,
- that some of the entity's assets exceed the carrying amount if there is sufficient evidence that it is likely that the entity will achieve this.

- c. PSAK No. 15 (2017 Adjustment), "Investment in Associate Entity and Joint Ventures", at initial recognition the entity may choose to measure its investee at fair value on the basis of investment per investment.
- d. PSAK No. 53 (Amendment 2017), "Stock-Based Payments, Classification and Measurement of Stock-Based Payment Transactions", aims to clarify accounting treatment related to the classification and measurement of stock-based payment transactions.
- e. PSAK No. 111, "Wa'd Accounting", governs the entity that gives or receives wa'ad does not recognize assets and liabilities that will occur from when it becomes a contract. PSAK No. 111 is complemented by an example of the wa'ad application to sharia hedging and repo transactions.

The impact of the financial statements on the application of the accounting standards mentioned above has been disclosed in the relevant financial statement notes.

### Accounting Standards Not Applicable Effectively for Financial Statements December 31, 2018

The following summarizes some of the Statement of Financial Accounting Standards (PSAK) and Interpretations of Financial Accounting Standards (ISAK) issued by the Financial Accounting Standards Board (DSAK) - IAI which are relevant to the Bank, but have not been effective for the financial statements of December 31, 2018:

- a. PSAK No. 24 (Amendment 2018), "Employee Benefits on Amendments, Curtailment, or Settlement of Programs", provide clearer



- guidance for entities in recognizing past costs, settlement gains and losses, current service costs and net interest after amendments, curtailment, or completion of the program because it uses the latest actuarial assumptions (previously use actural assumptions at the beginning of the annual reporting period). In addition, the Amendment to PSAK 24 also clarifies how the accounting requirements for amendments, curtailments, or settlement the program can affect the asset boundary requirements seen from the reduction in surplus which causes the impact of the upper limit of assets to change.
- b. PSAK 71: Financial Instruments, adopted from IFRS 9, effective January 1, 2020 with early application permitted. This PSAK regulates the classification and measurement of financial instruments based on the characteristics of the contractual cash flows and the entity's business model; the expectation credit loss method for impairment which results in more timely, relevant information understood by users of financial statements; accounting for hedges that reflects entity risk management is better by introducing more general requirements based on management considerations.
- c. PSAK 72: Revenues from Customers' Contracts, adopted from IFRS 15, effective January 1, 2020 with early application are permitted. This PSAK is a single standard for recognition of income resulting from successful joint projects between the International Accounting Standards Board and the Financial Accounting Standards Board, governing the model of revenue recognition from contracts with customers, so that the entity is expected to carry out analysis before recognizing revenue.
- d. PSAK 73: Leases, adopted from IFRS 16, effective January 1, 2020 with early application are permitted for entities that have also applied PSAK 72: Revenues from Contracts with Customers. This PSAK establishes the principle of recognizing, measuring, presenting and disclosing leases by introducing a single accounting model by requiring to recognize right-of-use assets and lease liabilities. There are 2 optional exceptions in the recognition of lease assets and liabilities, namely for: (i) short-term leases and (ii) leases for which the underlying assets (underlying assets) have low value.
- e. Amendment to PSAK 62: Insurance Contract concerning Implementing PSAK 71 Financial Instruments with PSAK 62 Insurance Contract, effective January 1, 2020. This amendment allows insurer that meet certain criteria to apply temporary exemptions from PSAK 71 (deferral approach) or choose to implement a layered approach (overlay approach) for defined financial assets.
- f. ISAK 33: Foreign Exchange and Advance Payment Transactions, effective 1 January 2019 with early application is permitted. ISAK 33 clarifies the use of transaction dates to determine the exchange rate used in initial recognition of assets, expenses or related income when the entity has received or paid in advance in foreign currency.
- g. ISAK 34: Uncertainty in the Treatment of Income Tax, effective January 1, 2019 with early application is permitted. This PSAK aims to clarify and provide guidance in reflecting the uncertainty of income tax treatment in financial statements.
- At present the Bank is evaluating and has not determined the impact of the revised PSAK on its financial statements.

## CONTRIBUTION TO THE STATE

Bank BTN has a strong commitment in meeting its obligations as taxpayers, namely taxpayers and tax collectors. The amount of tax deposits in 2018 is Rp2.54 trillion, higher than the position in 2017 valued at Rp2.47 trillion. As a tax collector/collector, the Bank actively plays a role in collecting, depositing and reporting on each object.

Table of Contribution to the State

(In Rp)

No.	Description	Amount	
		2017	2018
1	Corporate Income Tax	1,090,161,279,184	976,955,759,200
2	Personal Income Tax	243,703,714,860	270,300,492,986
3	Value Added Tax	16,125,182,882	16,571,099,648
4	Sales Tax on Luxury Goods	-	-
5	Land and Building Tax	7,673,144,300	10,343,823,750
6	Other Taxes:		
	Withholding Tax Article 22	3,208,876,542	4,455,043,563
	Withholding Tax Article 23	28,693,971,546	29,092,577,368
	Withholding Tax Article 26	26,058,806,421	33,727,244
	Withholding Tax Article 4 Cl 2	1,051,876,285,028	1,232,412,647,194
	Others		
	<b>Total Tax Payments</b>	<b>2,467,501,260,763</b>	<b>2,540,165,170,952</b>

## INFORMATION ON BUSINESS CONTINUITY

### Potential Matters that May Significantly Influence Business Continuity

The continued growth of the Company financial performance in line with operational performance in the past five years proves that Company does not face matters that may have a significant effect on business continuity, especially throughout 2018. The Company financial and operational performance show the Company ability to sustain business and it has been presented in the Overview of Important Financial Data and Overview of Operational Performance Indicators.

### Management Assessment of Potential Matters that May Significantly Influence Business Continuity

The Company has the ability to continue its business continuity based on the assessment made by Management. This assessment is based on various factors including the availability of adequate Company resources; and management's belief that there was no material uncertainty that could raise significant doubts about the Company's ability to continue its business. The Company has obtained the

opinion of the Purwantono, Sungkoro & Surja Public Accountants Office that financial statements have been fairly presented in all material matters, including the financial position, financial performance and cash flow of the Company.

In addition, the Company has a very good rating of debt securities quality (idAA +) by Securities Rating Indonesia (Pefindo). In addition to the bond ratings above, Company has a rating of idAA + companies issued by Pefindo and a long-term national rating of AA (idn) as well as a short-term national rating of AA (idn). This reinforces the Company ability to maintain its business continuity.

### Assumptions Used by Management in Conducting Assessment

Management uses a variety of assumptions both internally and externally including economic indicators such as GDP, inflation rates, exchange rates, and projections to assess business continuity in the future. Management also considers aspects of financial performance supported by the level of capital adequacy, liquidity and profitability, as well as the effectiveness of the implementation of the Company Business Policies and Plans.



## Company Position

The Company analyzes the various aspects that affect business continuity. External factors that are of concern and has become a focus to the Company include macroeconomic developments, government policies related to the Million Houses program and the growth of banking revenue pools that will affect the housing business. Meanwhile, the overall capacity and capability of the organization in addressing external conditions is the focus of attention of the Company internal factors. Furthermore, the external and internal factors were analyzed by SWOT analysis which produced the following matrix.

### THE BANK'S SWOT ANALYSIS AND TOWS MATRIX IN 2018



#### Internal Strength (S)

- Rapid business growth (Credit, TPF and Assets)
- Dominant market share of the mortgage business with an estimated > 35%
- Implementation of the Bank's business transformation initiative (BPI, Branch Activity and Organization)
- Strong customer base, with the main entry of mortgage loans, construction and institutional funds



#### Internal Weakness (W)

- Low business profitability
- Cost of Fund deposits are higher than industry
- Historical TPF Collection are still above 10%
- Domination of deposits with a balance of > Rp2.0 billion
- The marketing program has not maximized the potential of existing customers
- Col.5 portion of dominant of NPL
- Low and old passive credit recovery rates



#### External Opportunities (O)

- Relaxation of LTV for KPR
- Strong economic growth rate above 5%
- Government Commitment to One Million Houses program
- Growing affluent society
- Strengthened digital economy opportunity
- Demographic Bonus in the form of demographic growth of productive age population or millennial generation



#### External Threats (T)

- APBN/budget allocation for subsidized houses was lower than 2018 and 2019 assumption
- Aggressive increase of benchmark interest rate

# BUSINESS PROSPECT



## MACROECONOMIC PROSPECTS 2019

In 2019, global macroeconomic conditions are expected to slow down and continue the downward pressure that occurred in 2018. Financial market uncertainty is expected to ease slightly. Bank Indonesia estimates that the downturn in world economic growth is mainly influenced by economic growth in developed countries. In 2019, the economic growth of the United States (US) is expected to experience a slowdown as a result of an increasingly tight labor market and limited fiscal support. The Fed's monetary policy is more dovish and is expected to reduce the speed of increase in the Fed Fund Rate (FFR). In developing countries, China's economic

growth is expected to continue the slow down due to weaker consumption and net exports, among others, due to tensions in US trade relations and the impact of the ongoing deleveraging process. Meanwhile, financial market uncertainty will ease slightly and push capital flows into developing countries in line with lower forecasts of the speed of FFR increases and reduced escalation of tensions between US-China trade relations.

Indonesia's economic growth in 2019 is predicted to remain strong, supported by consumption demand from both private and government. The consumption sector is still the main contributor of Indonesia's economic growth so far. Bank Indonesia



“

**Bank Indonesia predicts that Indonesia's economy growth in 2019 remains satisfactory between a range of 5.0-5.4%, to be sustained by continuing domestic demand and improving net exports. In the banking industry, Bank Indonesia predicts that credit growth to exist in the range of 10-12% (yoy) and Third Party Deposits growth in the range of 8.0-10.0% (yoy).**

”

predicts 2019 Indonesia's economic growth to remain bullish at around 5.0-5.4%, supported by steady domestic demand and improved net exports. Controlled inflation at the level of 3.5% is expected to strengthen consumption expenditures, especially for households. Household consumption is estimated to grow 5.1% in the coming year. In the banking industry, Bank Indonesia predicts credit growth to be in the range of 10-12% (yoy). On the other hand, the transmission of an increase in the BI-7DRRR policy rate towards the increase in deposit rates that has been going well will encourage deposits in banks to become increasingly attractive. All types of deposits show increased growth. With developments in deposit growth starting to improve, Bank Indonesia predicts deposits growth in 2019 will be in the range of 8.0-10.0% (yoy).

The political transition in 2019 which is expected to run smoothly as has been the case in previous elections is predicted to be able to sustain consumption expenditure while maintaining improved economic growth in the coming year. Market confidence, business certainty and the investment climate in 2019 are expected to continue to grow in line with the implementation of the democracy/election every five years.

In order to anticipate future challenges, both from external and internal, the Company will implement several strategies including:

- Strengthening business positioning in mass segment
- Enhancing the role as housing market maker
- Developing Mortgage Digital Ecosystem



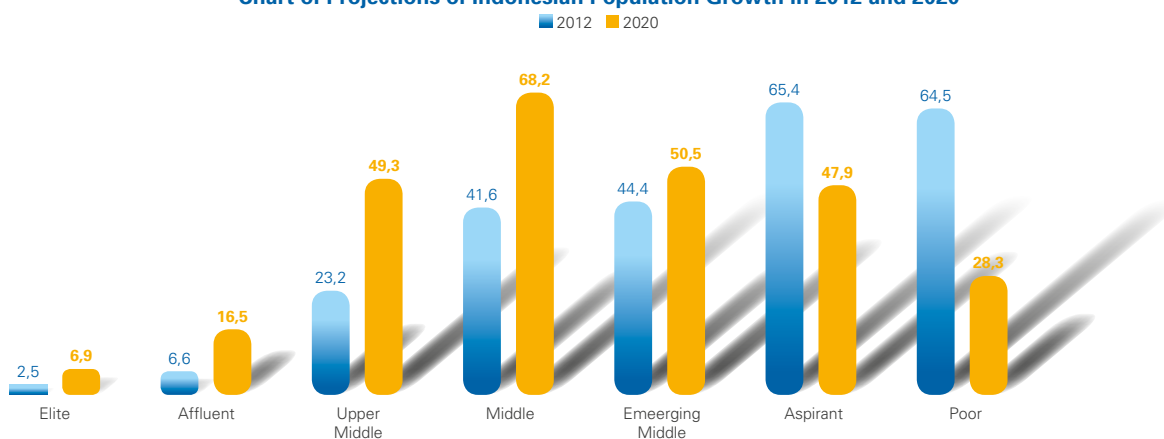
## BUSINESS PROSPECT

- Enhancing IT capabilities, especially for acceleration of digital banking
- Increasing acquisition of CASA-based consumer and institutional deposits
- Increasing FBI including the settlement of passive loans
- Improving the collection process
- Accelerating the initiatives for improvement of processes and digital banking in increasing efficiency and capturing the growth momentum of digital savvy customers

## HOUSING SECTOR PROSPECT AND DEVELOPMENT OF ONE MILLION HOUSES PROGRAM

In the future, the housing sector still has the prospect of growing faster supported by expectations of the middle class population predicted to continue to grow significantly from 74 million in 2012 to 141 million in 2020. The projected growth in the middle class population in Indonesia is shown below:

Chart of Projections of Indonesian Population Growth in 2012 and 2020



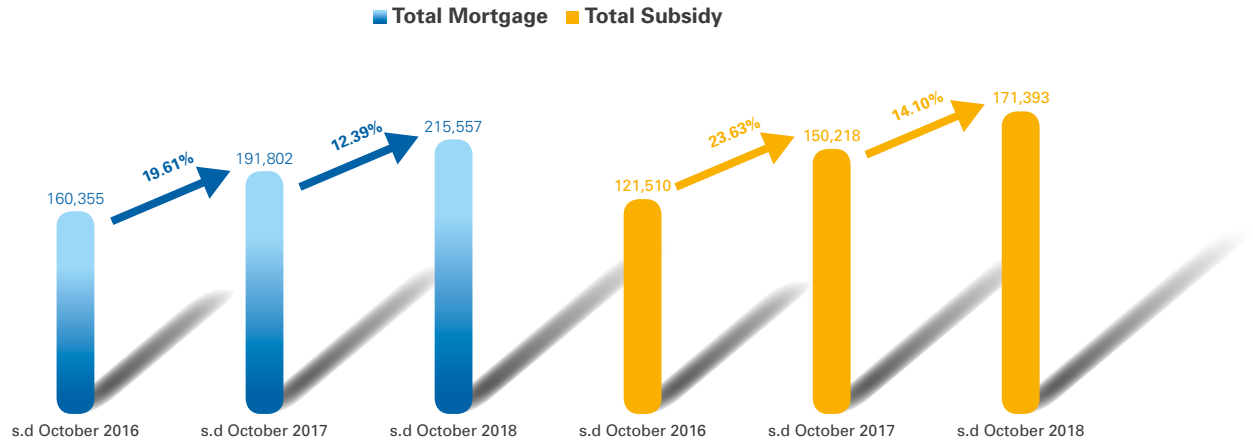
The growth of Home Ownership Loans (KPR) in 2018 reached 11.8%, an increase compared to the previous year's growth of 8.2%, one of which was driven as an effect of the loan to value (LTV) relaxation policy. LTV relaxation kept mortgages from growing above industrial growth. There are three LTV relaxation points including easing the LTV ratio for property loans and the FTV ratio (financing to value) for property financing. There was also the easing of the number of credit or financing facilities through an pre-order mechanism and adjusting the arrangements for the installments and amounts of disbursement of credit or financing.

Responding to the various economic and external indicators, the Company has formulated a strategic plan that aims to maintain sustainable business growth, among others, by continuing to support the Government's program of one million homes by distributing mortgage loans, both subsidized and non-subsidized mortgages. Based on data from the 2015 National Socio-Economic Survey (Susenas) there were around 11.38 million heads of family who did not have a home. This is a captive market for KPR Bank BTN, especially for subsidized mortgages where the Bank is the main distributor of subsidized Government KPR programs. The Bank's contribution to the mortgage business in Indonesia was very dominant with a market share above 35.0%, supported by the Company's rapid mortgage growth in addition to a strong customer base.

The Company is committed to support housing finance, especially for low-income communities through efforts such as encouraging affordability, strengthening funding sources, encouraging housing availability, and synergizing with housing stakeholders. Until the end of 2018, one million houses reached 1,132,621 units, of the total housing units built, 69% of them or 785,641 units were low-income community houses and 31% or 346,980 housing units for non-low income community. One of the Company's contributions, among others, was to reduce subsidy KPR rates from 7.25% to 5% with the aim of increasing the ability of communities to own houses. This decrease gives more flexibility and convenience to the low income community.



At the end of 2018, the Company has distributed Subsidized Mortgages to the MBR of more than 2.9 million with a mortgage value of Rp. 96.2 trillion. During the last 4 years the distribution of Subsidized Mortgages by the Company has increased compared to similar competitors.

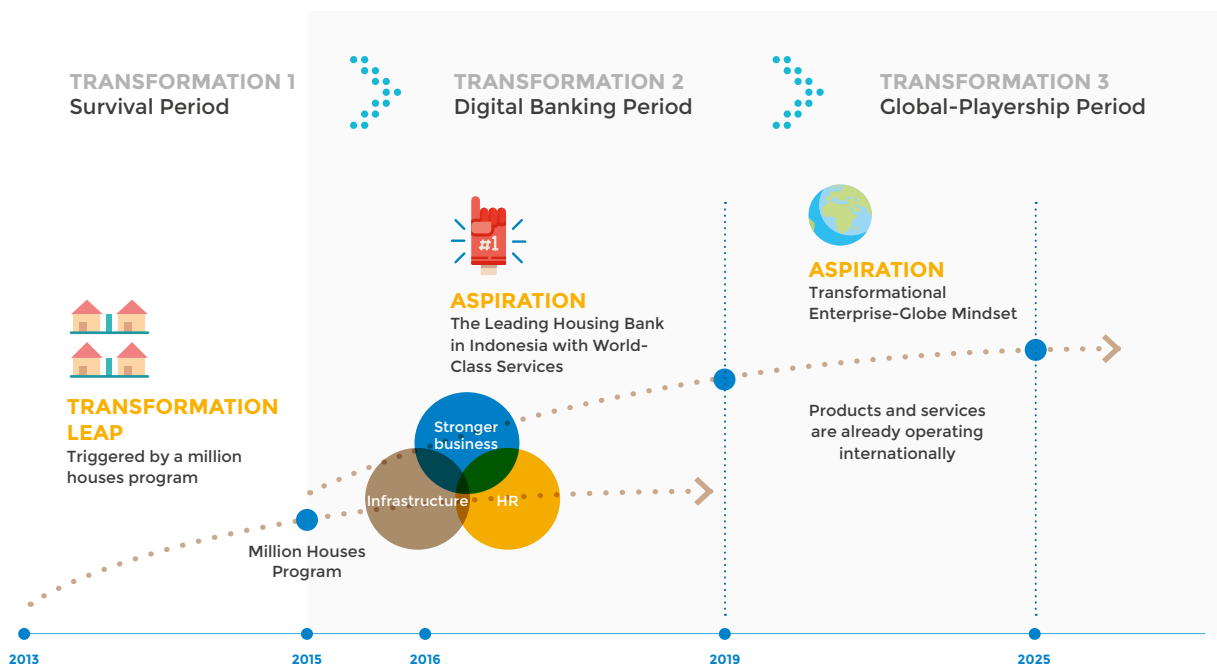


Besides focusing on the change business, the Company is also committed to continuing the digital banking initiative by implementing an integrated application that is able to facilitate banking transactions in just one hand. In addition, the Bank also optimized fee-based income by maximizing the potential to meet customers' daily needs through features of electricity bill payments, PDAM credit and others. This is executed in line with the shift in customer culture where customer conducted more e-channels transactions than using counter service. On the other hand, the Company also implements initiatives on the pillars of strengthening the Company's transformation business to sustain sustainable business development. All of these are the Company's efforts to achieve more brilliant business prospects in the future.

## BUSINESS DEVELOPMENT STRATEGY

### Transformation Journey Roadmap

Facing future challenges, the Company has compiled a transformation journey roadmap by drafting business development strategies in the future. At present, the Company has entered the digital banking phase II as follows:



## BUSINESS PROSPECT

In 2019, the Company has formulated a business development strategy taking into account SWOT analysis and global and national economic developments. The Board of Directors of the Company sets the direction of the General Policy of the Board of Directors, namely “Building stronger business-based growth momentum, developing competencies in human capital and reliable business infrastructure”. Furthermore, the Company prepares a corporate level Grand Strategy to support the General Policy of the Board of Directors’ direction and achieve the main strategy.

### General Policy of Board of Directors 2018



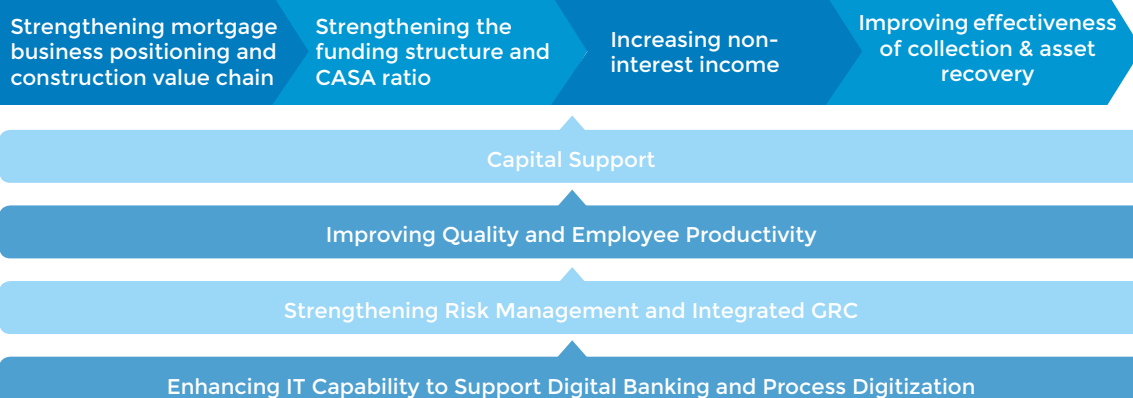
THEME OF KUD  
**2018**

“  
Building stronger business-based growth momentum, developing human capital competencies and reliable business infrastructure  
”

**Bank BTN**  
Sahabat Keluarga Indonesia

GRAND  
**STRATEGY**

#### Sustainable Growth





In 2018, the Company has implemented a business development strategy that will have a long-term impact on the Company's future performance, as follows:

- Increase credit expansion by conducting marketing and credit promotion programs, accelerating the credit process, and fostering debtors to be able to meet their obligations.
- Maintaining and promoting marketing activities, especially individual current/demand deposit and savings products, which are retail funds, in addition to establishing cooperation with educational institutions and agencies to increase institutional current account; Increasing more intensive fundraising by conducting marketing activities, such as promotions, national lotteries, product development, easy access to customer services by relocating outlets, expanding ATM networks, and mobile car services, as well as digital banking services; Increasing third party funds focuses on low-cost funds, namely demand deposits and savings, while deposits are marketed selectively (segmented).
- Efforts to increase interest income through increasing loan realization both in quality and quantity, increasing business from the realization of non-subsidized mortgages, improving the quality of credit portfolios and optimizing credit handling in progress.

There are four business pillars contained in the Company's grand strategy to achieve the Company's long-term vision which consists of strengthening the mortgage business positioning and construction value chain; strengthen the funding structure and CASA ratio; increase non-interest income; and increase the effectiveness of collection & asset recovery. The four business pillars are supported by four supporting enabler pillars including capital support, improved employee quality and productivity, strengthened risk management and integrated GRC, and enhanced IT capabilities to support digital banking and process digitalization.

### **1. Strengthening mortgage business and construction value chain positioning**

Strengthening the credit sector is focused on strengthening the bank's core business in the housing sector and expanding the construction value chain to support increased housing supply. The direction of bank policy in the credit sector is:

- Strengthen loan positioning in the subsidized and non-subsidized mass segment;
- Increase financing for the aspiring affluent and emerging affluent segment;

- Establish cooperation with state-owned companies and their subsidiaries engaged in non residential construction;
- Expand the market share of the SME, Commercial and Corporate segments to support housing supply;
- Conduct asset securitization as an alternative strategy in expanding mortgage financing.

### **2. Strengthening the funding structure and CASA ratio**

Strengthening the funding sector is directed at increasing low cost and sustainable funding with CASA-based funding. In addition, strengthening the funding sector is also carried out through commercial funding and cheap and long-term wholesale funds. The policy direction of the bank in the field of funding is:

- Optimize captive customers' share of wallet by increasing mass customers' balance average;
- Increase CASA-based consumer funding through aspiring affluent customer acquisition and increase account utilization as a basis for customer transactions;
- Expand cooperation in institutional funding based on the construction value chain;
- Enhance Business to Business (B2B) collaboration (together with credit units) to corporate and BUMN customers in the framework of up-selling;
- Increase cheap wholesale funding.

### **3. Increasing non-interest income sources**

The Company perceives non-interest income as having the potential to be increased. In addition, non-interest income is a new engine growth for the Company with a focus on developing digital banking services.

The bank's policy to realize this is:

- Increase administrative service-based non-interest income
- Expand corporate banking and treasury activities by developing targeted commercial and institutional customer transactions;
- Conduct marketing activities (cross-selling) in order to increase Supply Chain Financing (SCF) transactions to corporate & BUMN credit anchors to capture suppliers, distributors or agents;
- Optimize passive income through massive sales of off balance sheet assets;

#### 4. Increase the effectiveness of collections and asset recovery

The Company's commitment to improve quality asset growth is realized by efforts to maintain the consistent effectiveness of collection and asset recovery. This effort is prepared in the direction of bank policy, namely:

- Strengthen current loan collectability;
- Increase the improvement of credit collectibility postures;
- Improve loan collection and settlement

#### 5. Capital Support

In order to support the growth rate of credit that continues to grow, initiatives to strengthen capital have become one of the main objectives in the design of growth strategies in the next three years. The capital initiative is focused on maintaining the capital adequacy ratio in accordance with the regulatory provisions with the following strategies:

- Increase profitability;
- Issue commercial subdebt / convertible debt;
- Perform a rights issue if the shareholders agree.

#### 6. Improve Quality and Employee Productivity

The Company created a breakthrough innovation in human resource development to create sustainable value for shareholders. The innovation is expected to provide distinctive competence, especially in the field of housing to all Bitniz people. The direction of policies in developing HR in the next three years are as follows:

- Build top talent and succession management through career management evaluation and job family and develop a strategic man power planning with a pareto allocation strategy;

- Internalize employer value propositions through directed recruitment activities to attract top talent;
- Strengthening performance-based management by enhancing performance management systems and designing attractive compensation mechanisms for all business segments;
- Strengthening high-performance culture with collaborative cultural internalization and focus on external insights for digital transformation as well as enhancing the capabilities of the Human Capital unit to execute strategic initiatives to strengthen work culture supported by top management.

#### 7. Strengthening Risk Management and Integrated GRC (Governance, Risk & Compliance)

Integrated GRC implementation is carried out through continuous improvement of business processes and improvement of organizational capabilities that prioritize GCG principles and risk management in an integrated and comprehensive manner. The strategic initiatives to support this are:

- Reengineering loan disbursement, collection, remedial and other main processes;
- Conduct the implementation of integrated GRC by monitoring Key Performance Indicators (KPI), Key Risk Indicators (KRI), and Key Compliance Indicators (KCI).



## **8. Strengthening Information Technology Infrastructure (IT)**

The focus of strengthening IT infrastructure is carried out through digital banking-based development to improve process effectiveness and efficiency. Initiatives carried out referring to 2017 RSTIK include:

- Strengthening the role of the BTN Property Portal;
- Establish Customer Relationship Management (CRM) solution to find out the 360 degree customer view, profiling and improving customer service capabilities;
- Develop internet banking & mobile banking applications through platform upgrades and inter-system integration such as iColl, iCash and property portals;
- Develop management tools for marketing and sales activities by establishing digital marketing & sales tools;
- Comprehensive improvement of wealth management systems;
- Increased current operational supporting tools to increase risk prevention capacity;
- Maximize risk mapping (risk profiling) of work units;
- Integration of Loan Origination System and the addition of iCremo to monitor loan distribution;
- Re-engineering financing business process that is more directed at a centralized model through digitizing the back office system to automate the process and connect to various databases;
- Build a corporate performance planning and evaluation process system to improve the effectiveness and efficiency of Corporate Planning.



# RISK MANAGEMENT



**A**s the Bank with a main focus on providing credit and housing finance, the Company strives to minimize the negative impact of changes in the external business climate by managing risk in a sustainable manner. The Company also continuously bases every business activity by holding a strong capital structure and promoting the principle of prudence in lending to ensure that the Bank will continue to grow. Therefore, the capital structure and implementation of risk management play a role in identifying, measuring, monitoring and controlling risk exposures throughout the Bank's business processes.

## CAPITAL STRUCTURE

The Company constantly connects financial goals and capital adequacy to risk through the capital planning process. Likewise with businesses that are based on the capital and liquidity requirements of the Company. The capital requirements are planned and discussed regularly with the support of analytical data. The Company has a Capital Plan prepared based on the review and assessment of the required capital adequacy requirements and a review of the latest economic developments. The Board of Directors prepares a Capital Plan as part of the Company's Business Plan and approved by the Board of Commissioners.



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**The aim of the management policy on capital management is to ensure the Bank's capital is strong and able to create a strong capital structure to support the strategy for present business expansion and maintain future continuity of business development.**

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The implementation of management policies related to capital aims to ensure that the Company has a strong capital and capital structure to support the strategy of developing business expansion and maintaining the continuity of the Company's business development in the future. In addition, the capital policy is set to meet the capital adequacy requirements set by the regulator and ensure that the Company's capital structure is efficient.

In line with Bank Indonesia Regulations, the Company's capital consists of core capital and supplementary capital with each explanation as follows:

### **Core Capital**

Core capital refers to the bank's capital consisting of Primary Core Capital (Common Equity Tier – CET 1) and Supplementary Core Capital (Additional Tier 1). The primary core capital includes paid-up capital and disclose reserve. Disclose reserve consists of additional factors (agio, general reserves, previous year's profit, profit for the year, and stock options) and the deducting factors (other comprehensive losses and financial asset transactions classified as available for sale, difference of Allowance for Uncollectible Accounts (PPA) on earning assets with Allowance for Impairment Losses and non-earning PPA).

### Supplementary Capital (Maximum 100% of Core Capital)

The supplementary capital includes PPA general reserves on earning assets which shall be calculated by a maximum of 1.25% of RWA Credit Risk and Appropriated Reserves. In 2018, the Company's core capital and supplementary capital amounted to Rp23.33 trillion, higher than the core capital and supplementary capital in 2017 amounting to Rp22.09 trillion.

## RISK MANAGEMENT IMPLEMENTATION

### Basis for Determining Risk Management

The Company manages its capital to maintain the Bank's capital adequacy in accordance with the overall risk profile and strategy for maintaining capital levels. The amount of capital managed by the Company should be able to cover risks arising from the Company's activities but not limited to business expansion plans and other activities. The capital adequacy calculation refers to the Regulators' applicable regulations.

The Company has consistently reported capital adequacy to regulators and the public through the KPMM report and lists the KPMM ratio in the Bank Publication Report. The KPMM ratio shows that Bank Capital (CAR 16.97%) can cover risks (potential losses) arising from current and future activities of the Company.

### Risk Management General Implementation

1. The Board of Commissioners and the Board of Directors active supervision ensure that Risk Management has been implemented adequately in accordance with the characteristics, complexity, and profile of the Company's risks.
2. The Board of Commissioners and the Board of Directors have a good understanding of the type and level of risks inherent in the Company's business activities.
3. The Board of Directors has conducted supervision by:
  - Approving risk management policies, including the determined risk management strategies and framework.
  - Evaluating the Risk Management Policy and Strategies at least once a year or more frequently if there are changes in the factors significantly affecting the Bank's business activities.
4. The Board of Directors has conducted supervision by:
  - Evaluating and deciding the Board of Directors' request in respect of transactions requiring the Board of Commissioners' approval.
  - Evaluating the accountability of the Board of Directors and periodically providing direction for the enhancement of risk management policy implementation.
  - Formulating policies, strategies, and Risk Management framework in writing and comprehensively including the Risk limits as an overall and by Risk type.
  - Developing, establishing, and updating procedures as a tool to identify, measure, monitor, and control risks.
  - Preparing and establishing the mechanism of transaction approval including those that exceed limits and authority for each hierarchy.
  - Evaluating and updating Risk Management policy, strategy, and framework at least once a year or more frequently in the event of changes in the factors significantly affecting the Company's business activities, Risk exposure, and/or Risk profile.
  - Establishing organizational structure including clear authority and responsibility of every position level related to the implementation of Risk Management.
  - Being responsible for the implementation of Risk Management policies, strategies, and framework as well as evaluating and providing guidance based on the reports submitted by the Enterprise Risk Management Division (RMD), including reports on risk profile.
  - Ensuring that all material Risks with adverse effects have been followed-up and reported to the Board of Commissioners on a regular basis.
  - Ensuring the implementation of remedial measures for problems or irregularities in the Company's business activities discovered by the Internal Audit Division (IAD).
  - Developing risk awareness culture including anti-fraud culture at all levels of the organization.
  - Ensuring adequate financial support and infrastructure for managing and controlling risk.
  - Ensuring that the Risk Management function has been implemented independently among others, the segregation of functions between the RMD with the work units conducting and completing transactions.



## **Adequacy of Policies, Procedures and Limit Set**

The Company has policies, procedures, and limits in place for implementing Risk Management policies. The procedures and processes are set forth in the implementation guidelines reviewed and updated periodically to accommodate the occurring changes. In setting these policies, procedures, and limits, the Company considers risk management strategies, the level of risk taken and risk tolerance, as well as the limit with due regard to the ability of the Company's capital to absorb risk exposures.

### **Risk Management Policies and Procedures**

The implementation of risk management is supported by a framework that includes risk management policies and procedures as well as risk limits set in line with the Bank's vision, mission and business strategy. Risk management policies and procedures are implemented by taking into account the characteristics and complexity of business activities, Risk Appetite and Risk Tolerance, risk profiles and regulations stipulated by authorities and/or sound banking practices.

The Bank has procedures and processes for implementing risk management policies. The risk management policies and procedures are outlined in the implementation guidelines that are reviewed and updated periodically to accommodate changes that occur. In establishing a risk management framework including policies, procedures and limits, Bank BTN considers the level of Risk Appetite and Risk Tolerance, the Bank's strategy and business objectives, as well as the Bank's ability for risk bearing capacity.

### **Limit Determination**

Risk limits are determined by referring to the level of risk appetite, risk tolerance, and the overall strategy of the Bank by taking into account the ability of the Bank's capital to be able to absorb risk or loss exposures, experience past losses, human resource capabilities and compliance with provisions external applicable. Procedures and limit determination include accountability and clear levels of delegation of authority, adequate documentation of procedures and limits, as well as implementation of periodic reviews of procedures and limits. Determination of limits is carried out comprehensively on all aspects related to risk, which includes the overall limit, limit per risk, and limit per business activity of the bank that has risk exposure.

## **Risk Identification, Measurement, Monitoring and Control Process, as well as Risk Management Information System**

The Company also continues to ensure that the Bank has adequate risk identification, measurement, monitoring and control processes, as well as risk management information system.

### **Identification**

The risk identification process is done by analyzing all sources of Risks, Risk events and Risk impacts the least on the risk of the Company's products and activities and ensures that the Risks of new products and activities have gone through a proper Risk Management process before being introduced or executed.

### **Measurement**

The Risk measurement system is used to measure the Risk exposures inherent in the Company's activity compared with the Company's risk appetite so the Company can take risk mitigation actions and measure the Company's capital adequacy to cover the residual risk. Risk Measurement is done periodically both for product and portfolio as well as all business activities of the Company.

### **Monitoring**

The monitoring system and procedures include monitoring of the risk exposure magnitude, risk tolerance, adherence to the internal limit, and results of stress testing and the consistent implementation of the established policies and procedures. The monitoring is carried out either by the executing unit or by RMD.

### **Risk Control**

The risk control processes applied by the Company are tailored in accordance with the risk exposure, risk level, and risk tolerance. Risk control may be done, among others, by hedging mechanism and other risk mitigation methods such as the issuance of guarantees, asset securitization, and loan derivatives, as well as the Company's capital increase to absorb potential losses.

### Risk Management Information System

The Risk Management Information System is developed according to the needs of the Company in order to implement effective Risk Management. The Risk Management Information System and the resulting information are tailored to the characteristics and complexity of the Company's business activities and are adaptive to changes. In developing information system technology and new software, the Company makes sure that the implementation of the information system and new technologies will not disrupt the continuity of the Company's information system.

### A Comprehensive Internal Control System

1. Effective implementation of Risk Management is equipped with a reliable internal control system. Reliable and effective implementation of the Company's internal control system is the responsibility of all operational and supporting units and also IAD. Effective implementation of the internal control system in the implementation of the Company's Risk Management refers to the set policies and procedures.
2. The Company implements the four eyes principle (segregation of functions) between the loan units and risk management unit, especially in terms of decision making in lending by the Credit Risk Desk unit.
3. The internal control system in the application of Risk Management at least includes:
  - Correspondence between the internal control system with the type and level of Risks inherent in the Bank's business activities;
  - Establishment of authority and responsibility for monitoring the compliance with policies, procedures, and limits;

- Determination of reporting lines and a clear segregation of functions of the operating units with the unit performing control function;
- Organization structure that clearly illustrates the duties and responsibilities of each unit and individual;
- Accurate and timely financial and operational reporting;
- Adequate procedures to ensure the Bank's compliance with the legislation in force;
- An effective, independent, and objective review of the Bank's policies, frameworks, and operating procedures;
- Adequate testing and review of the management information system;
- Complete and adequate documentation of the audit scope, operational procedures, audit findings, as well as the Bank management's response to the audit results;
- Periodic and continuous verification and review of handling the Company's weaknesses that are material and the bank management's actions to fix occurring deviations.

4. Periodic Review of the Risk Management implementation at least every year by the RMD and IAD.

### Risk Management Specific Implementation

The Company applies risk management that includes 8 (eight) Risks, namely Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk, and Reputation Risk





## 8 (eight) Risk



### CREDIT RISK

#### Credit Risk Management

As part of credit risk management, the Bank regularly reviews and updates the Risk Management Policy Guidelines and the Credit and Financing Policy Guidelines for Bank loans and financing as part of the risk assessment process. Credit Risk exposures are monitored from the process of granting credit to the maturity of the credit. Monitoring and controlling credit risk includes evaluating credit risk exposure to the Risk Appetite & Risk Tolerance. The Bank is reviewing Internal Credit Rating policies between business units and the Credit Risk Division (CRD) for commercial credit in analyzing risk credit. CRD consists of CRD at Head Office, RCRH (Regional Credit Risk Head) in Regional Offices and BCRH (Branch Credit Risk Head) and BCRA (Branch Credit Risk Analyst) at Branch Offices and currently the Bank has implemented the Four Eyes Principle. In addition, a Monitoring Department in the Commercial Lending Division (CMLD) was formed specifically to monitor credit exposures of large debtors (50 core debtors). In contrast to commercial credit, the credit risk control process for consumer credit is carried out through the Consumer Banking system, which complements the application with the Credit Scoring Model (CSM). Management of Kol-2 consumer credit and NPL debtors is carried out by the Consumer Collection and Remedial Division (CCD) equipped with the Desk Call unit and the Consumer Collection and Remedial Unit (CCRU) unit at the Branch Office. Collection of debtors in arrears > 360 days (Consumer & Commercial loans), transfer of debtors (Novation, Receipt) and auctions managed by Asset Management Division (AMD).

As a follow-up to the implementation of Pillar 1 Basel II, the Bank has implemented the measurement of credit risk using the Standardized Approach in accordance with FSA Circular No. 42/SEOJK.03/2016 dated September 28, 2016 on Guidelines for Calculating Risk Weighted Assets (RWA) for Credit Risk using the Standard Approach.

The disclosures of Net Receivables by Region, Net Receivables by Contractual Maturity, Net Receivables by Economic Sector, Receivables and Reserves by Region, Receivables and Reserves by Economic Sector, as well as Movement of the Allowance for Impairment Loss (CKPN) are described in the following tables:



Table: Disclosure of Net Receivables by Region per December 31st 2017 and December 31st 2018

No	Portfolio Category	December 31, 2017				
		Net Receivables by Region				
		Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
1	Receivables to Government	45,427,435	-	-	-	45,427,435
2	Receivables to Public Sector Entities	394,809	-	-	-	394,809
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables to Bank	2,023,720	16,553	289	-	2,040,562
5	Loans Secured by Residential Property	60,682,877	38,956,028	23,696,509	24,169,762	147,505,176
6	Loans Secured by Commercial Real Estate	13,142,233	6,041,279	2,746,879	2,761,830	24,692,221
7	Employee/Retired Loans	523,014	374,502	191,777	199,701	1,288,994
8	Receivables to Micro, Small Business and Retail Portfolio	1,923,775	1,624,915	823,869	2,529,034	6,901,593
9	Receivables to Corporations	12,402,604	4,297,576	1,064,536	1,236,493	19,001,209
10	Past Due Receivables	966,583	711,365	533,996	888,346	3,100,290
11	Other Assets	4,836,185	2,182,664	572,505	968,405	8,559,759
	Total	142,323,235	54,204,882	29,630,360	32,753,571	258,912,048

\* Others consist of Kalimantan, Sulawesi, Bali, Maluku and Papua

Table: Disclosure of Net Receivables by Contractual Maturity per December 31st 2017 and December 31st 2018

No	Portfolio Category	December 31, 2017					
		Net Receivables by Contractual Maturity					
		<1 Year	> 1 Year - 3 Years	> 3 Years - 5 Years	>5 Years	Non Contractual	Total
1	Receivables to Government	40,559,434	3,709,960	354,642	803,399	-	45,427,435
2	Receivables to Public Sector Entities	53,487	20,936	196,510	123,876	-	394,809
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	1,260,451	726,024	54,087	-	-	2,040,562
5	Loans Secured by Residential Property	307,535	2,450,109	5,443,674	139,303,858	-	147,505,176
6	Loans Secured by Commercial Real Estate	6,266,653	12,156,922	5,080,524	1,188,122	-	24,692,221
7	Employee/Retired Loans	2,484	33,912	63,379	1,189,219	-	1,288,994
8	Receivables to Micro, Small Business and Retail Portfolio	828,603	821,249	614,973	4,636,768	-	6,901,593
9	Receivables to Corporations	8,981,952	4,006,449	1,600,888	4,411,920	-	19,001,209
10	Past Due Receivables	770,237	217,994	295,793	1,816,266	-	3,100,290
11	Other Assets	-	-	-	-	8,559,759	8,559,759
	Total	59.030.836	24.143.555	13.704.470	153.473.428	8.559.759	258.912.048



(Rp million)

No	Portfolio Category	December 31, 2018				
		Net Receivables by Region				
		Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
1	Receivables to Government	48,436,894	-	-	-	48,436,894
2	Receivables to Public Sector Entities	4,396,793	32,721	-	-	4,429,514
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-
4	Receivables to Bank	2,289,693	36,566	231	26	2,326,516
5	Loans Secured by Residential Property	73,888,564	46,489,642	29,496,132	30,608,861	180,483,199
6	Loans Secured by Commercial Real Estate	12,762,100	7,025,289	2,731,995	2,706,805	25,226,189
7	Employee/Retired Loans	635,411	441,782	227,676	240,080	1,544,949
8	Receivables to Micro, Small Business and Retail Portfolio	1,593,127	1,438,857	687,896	1,366,592	5,086,472
9	Receivables to Corporations	14,843,223	4,612,722	1,116,771	1,304,477	21,877,193
10	Past Due Receivables	1,179,554	1,010,470	662,954	1,091,326	3,944,304
11	Other Assets	6,815,693	2,322,784	697,224	1,137,669	10,973,370
	Total	166,841,052	63,410,833	35,620,879	38,455,836	304,328,600

\* Others consist of Kalimantan, Sulawesi, Bali, Maluku and Papua

(Rp million)

No	Portfolio Category	December 31, 2018					
		Net Receivables by Contractual Maturity					
		<1 Year	> 1 Year - 3 Years	> 3 Years - 5 Years	>5 Years	Non Contractual	Total
1	Receivables to Government	43,610,741	3,011,337	363,665	1,451,151	-	48,436,894
2	Receivables to Public Sector Entities	2,673,335	1,107,124	600,887	48,168	-	4,429,514
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	1,832,091	494,425	-	-	-	2,326,516
5	Loans Secured by Residential Property	155,711,328	2,435,328	6,259,200	16,077,343	-	180,483,199
6	Loans Secured by Commercial Real Estate	5,793,389	11,086,660	8,346,140	-	-	25,226,189
7	Employee/Retired Loans	1,417,185	40,634	87,130	-	-	1,544,949
8	Receivables to Micro, Small Business and Retail Portfolio	3,628,566	778,525	611,415	67,966	-	5,086,472
9	Receivables to Corporations	15,691,460	4,349,719	1,736,503	99,511	-	21,877,193
10	Past Due Receivables	3,072,487	530,199	235,455	106,163	-	3,944,304
11	Other Assets	-	-	-	-	10,973,370	10,973,370
	Total	233,430,582	23,833,951	18,240,395	17,850,302	10,973,370	304,328,600

Table: Disclosure of Net Receivables by Economic Sectors per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018

No	Economic Sector	Receivables to Government	Receivables to Public Sector Entities	Receivables to Multilateral Development Banks and International Institutions	
(1)	(2)	(3)	(4)	(5)	
December 31, 2017					
1	Agriculture, Hunting, Forestry	-	-	-	
2	Fishery	-	-	-	
3	Mining and Quarrying	-	-	-	
4	Manufacturing	-	5,009	-	
5	Electricity, Gas and Water	-	221,888	-	
6	Construction	-	71,489	-	
7	Wholesale and Retail Trading	-	40,063	-	
8	Hotel and Food and Beverage	-	-	-	
9	Transportation, Warehousing and Communication	-	30,092	-	
10	Financial Intermediary	37,914,975	26,268	-	
11	Real Estate, Rental and Business Services	-	-	-	
12	Public Administration, Defense and Compulsory Social Security	-	-	-	
13	Education Services	-	-	-	
14	Health Services and Social Activities	-	-	-	
15	Community Service, Socio-Culture, Entertainment and Other Individual Services	-	-	-	
16	Individual Services for Households	-	-	-	
17	International Agency and Other Extra-International Bodies	-	-	-	
18	Undefined Activities	-	-	-	
19	Non Business Field	-	-	-	
20	Others	7,512,460	-	-	
	Total	45,427,435	394,809	-	
31 December 2018					
1	Agriculture, Hunting, Forestry	-	-	-	
2	Fishery	-	-	-	
3	Mining and Quarrying	-	-	-	
4	Manufacturing	-	8,337	-	
5	Electricity, Gas and Water	-	186,573	-	
6	Construction	-	1,775,413	-	
7	Wholesale and Retail Trading	-	1,251,608	-	
8	Hotel and Food and Beverage	-	-	-	
9	Transportation, Warehousing and Communication	-	538,945	-	
10	Financial Intermediary	43,581,917	54,707	-	
11	Real Estate, Rental and Business Services	-	581,210	-	
12	Public Administration, Defense and Compulsory Social Security	-	-	-	
13	Education Services	-	-	-	
14	Health Services and Social Activities	-	-	-	
15	Community Service, Socio-Culture, Entertainment and Other Individual Services	-	-	-	
16	Individual Services for Households	-	-	-	
17	International Agency and Other Extra-International Bodies	-	-	-	
18	Undefined Activities	-	-	-	
19	Non Business Field	-	32,721	-	
20	Others	4,854,977	-	-	
	Total	48,436,894	4,429,514	-	



(Rp million)

	Receivables to Bank	Loans Secured by Residential Property	Loans Secured by Commercial Real Estate	Employee/ Retired Loans	Receivables to Micro, Small Business and Retail Portfolio	Receivables to Corporations	Past Due Receivables	Other Assets
	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	-	-	-	-	5,728	15,622	17,004	-
	-	-	-	-	-	-	-	-
	-	-	-	-	8,017	142,679	16,274	-
	-	-	-	-	20,460	96,182	24,196	-
	-	-	-	-	13,357	117,304	433	-
	-	-	21,933,515	-	425,558	8,901,650	503,935	-
	-	-	-	-	181,647	1,372,949	124,472	-
	-	-	-	-	13,477	612,892	104,440	-
	-	-	-	-	14,250	170,318	5,835	-
2,040,562	-	-	-	-	39,823	1,526,841	11,521	-
-	-	-	2,758,706	-	17,739	1,982,439	11,670	-
-	-	-	-	-	-	5,012	-	-
-	-	-	-	-	14,436	207,998	12,145	-
-	-	-	-	-	24,518	419,289	12,674	-
-	-	-	-	-	119,213	589,114	34,443	-
-	-	-	-	-	959	8,313	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	23,900	121,213	532	-
-	147,505,176	-	-	1,288,994	5,974,100	2,711,394	2,220,716	-
-	-	-	-	-	4,411	-	-	8,559,759
2,040,562	147,505,176	24,692,221	1,288,994	6,901,593	19,001,209	3,100,290	8,559,759	
	-	-	-	-	2,373	4,644	14,355	-
	-	-	-	-	1,420	1,538	2,650	-
	-	-	-	-	9,055	68,538	8,933	-
	-	-	-	-	17,123	93,632	32,161	-
	-	-	-	-	7,796	81,213	1,204	-
-	-	-	23,082,548	-	433,781	10,386,550	1,175,779	-
-	-	-	-	-	152,595	2,414,204	144,807	-
-	-	-	-	-	16,048	699,269	22,040	-
-	-	-	-	-	9,379	687,628	9,061	-
2,326,516	-	-	-	-	23,311	877,773	20,575	-
-	-	-	2,143,641	-	29,445	2,276,819	17,691	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	17,730	282,937	12,496	-
-	-	-	-	-	12,496	383,508	17,646	-
-	-	-	-	-	46,117	337,748	139,789	-
-	-	-	-	-	4,037	7,120	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	22,730	475,526	33,649	-
-	180,483,199	-	-	1,544,949	4,268,710	2,798,546	2,291,468	-
-	-	-	-	-	12,326	-	-	10,973,370
2,326,516	180,483,199	25,226,189	1,544,949	5,086,472	21,877,193	3,944,304	10,973,370	

Table: Disclosure of Receivables and Reserves by Region per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018

No	Description	December 31, 2017					
		Receivables by Region					
		Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total	
1	Receivables	135,852,279	52,701,486	29,447,262	32,592,751	250,593,778	
2	Impaired Receivables	349,353	161,466	23,198	124,942	658,959	
	a. Non Past Due	165,001	74,590	6,912	17,843	264,346	
	b. Past Due	184,352	86,876	16,286	107,099	394,613	
3	Allowances for Impairment Losses - Individual	156,853	62,567	19,768	108,714	347,902	
4	Allowances for Impairment Losses - Collective	768,772	377,837	319,105	559,260	2,024,974	
5	Written Off Receivables	326,871	118,123	75,325	145,050	665,369	

Table: Disclosure of Receivables and Reserves by Economic Sectors per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018

No	Economic Sector	Receivables	Impaired Receivables		Allowances for Impairment Losses- Individuals	Allowances for Impairment Losses - Collective	Written Off Receivable	
			Non Past Due	Past Due				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
December 31, 2017								
1	Agriculture, Hunting, Forestry	74,774	9,377	26,794	26,111	10,631	9,307	
2	Fishery	-	-	-	-	-	672	
3	Mining and Quarrying	178,499	-	-	-	14,514	8,984	
4	Manufacturing	170,983	-	23,800	15,903	13,962	19,774	
5	Electricity, Gas and Water	353,380	-	-	-	485	255	
6	Construction	29,352,289	175,041	151,407	153,167	637,619	254,388	
7	Wholesale and Retail Trading	1,843,859	60,732	23,992	24,885	134,899	202,918	
8	Hotel and Food and Beverage	839,785	-	126,443	68,719	40,951	9,731	
9	Transportation, Warehousing and Communication	243,077	17,540	270	18,933	4,020	29,675	
10	Financial Intermediary	41,577,436	-	1,695	1,695	37,084	10,470	
11	Real Estate, Rental and Business Services	4,778,660	-	6,478	6,155	19,819	37,148	
12	Public Administration, Defense and Compulsory Social Security	5,012	-	-	-	3	-	
13	Education Services	239,100	-	-	-	4,943	375	
14	Health Services and Social Activities	495,345	1,656	33,734	32,334	7,712	202	
15	Community Service, Socio-Culture, Entertainment and Other Individual Services	751,077	-	-	-	36,866	583	
16	Individual Services for Households	9,272	-	-	-	5	-	
17	International Agency and Other Extra-International Bodies	-	-	-	-	-	-	
18	Undefined Activities	145,981	-	-	-	4,145	-	
19	Non Business Field	160,736,422	-	-	-	1,057,316	80,887	
20	Others	8,798,827	-	-	-	-	-	
	Total	250,593,778	264,346	394,613	347,902	2,024,974	665,369	



(Rp million)

	No	Description	December 31, 2018				
			Receivables by Region				
			Jabodetabek	Java Non Jabodetabek	Sumatera	Others	Total
	1	Receivables	158,310,825	62,004,555	35,538,043	38,344,849	294,198,272
	2	Impaired Receivables	2,820,702	912,494	312,185	924,055	4,969,436
	a.	Non Past Due	2,669,054	808,535	227,556	858,123	4,563,268
	b.	Past Due	151,648	103,959	84,629	65,932	406,168
	3	Allowances for Impairment Losses - Individual	584,175	268,557	117,900	374,875	1,345,507
	4	Allowances for Impairment Losses - Collective	721,854	420,703	344,860	487,369	1,974,786
	5	Written Off Receivables	230,846	199,721	176,736	179,898	787,201

(Rp million)

	No	Economic Sector	Receivables	Impaired Receivables		Allowances for Impairment Losses - Individuals	Allowances for Impairment Losses - Collective	Written Off Receivable
				Non Past Due	Past Due			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
December 31, 2018								
	1	Agriculture, Hunting, Forestry	32,443	-	9,377	5,098	6,051	28,036
	2	Fishery	7,218	-	-	-	1,616	-
	3	Mining and Quarrying	93,175	9,402	-	1,418	5,243	11,019
	4	Manufacturing	193,356	4,577	24,720	26,032	17,654	2,205
	5	Electricity, Gas and Water	279,069	2,900	-	2,212	96	-
	6	Construction	34,557,960	3,267,293	268,419	949,160	732,745	328,596
	7	Wholesale and Retail Trading	4,165,798	112,606	26,504	104,474	110,171	196,252
	8	Hotel and Food and Beverage	797,715	437,799	31,793	54,527	6,067	72,058
	9	Transportation, Warehousing and Communication	1,274,581	25,013	270	21,737	8,646	15,915
	10	Financial Intermediary	46,924,317	10,802	4,111	12,980	47,258	10,518
	11	Real Estate, Rental and Business Services	5,132,235	590,970	15,735	79,007	19,628	18,946
	12	Public Administration, Defense and Compulsory Social Security	-	-	-	-	-	-
	13	Education Services	322,062	4,712	1,535	3,354	5,775	17
	14	Health Services and Social Activities	433,539	35,900	-	12,282	8,288	31,449
	15	Community Service, Socio-Culture, Entertainment and Other Individual Services	570,212	-	-	-	88,583	7
	16	Individual Services for Households	12,826	5,380	-	1,670	1	-
	17	International Agency and Other Extra-International Bodies	-	-	-	-	-	-
	18	Undefined Activities	540,872	-	-	-	10,878	-
	19	Non Business Field	192,375,750	55,913	23,704	71,556	906,086	72,183
	20	Others	6,485,144	1	-	-	-	-
		Total	294,198,272	4,563,268	406,168	1,345,507	1,974,786	787,201



**Table: Disclosure of the Movement of Allowance for Impairment Losses (CKPN) per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018**

No	Description	December 31, 2017	
		Individual CKPN	Collective CKPN
1	Starting Balance - Allowance for Impairment Losses	378,570	1,753,387
2	Additional (reversal) allowance for impairment losses during the year (Net)	174,127	732,161
2.a	Additional allowance for impairment losses during the year	174,127	732,161
2.b	Reversal allowance for impairment losses during the year	-	-
3	Allowance for impairment losses used for written off receivables during the year	(204,795)	(460,574)
4	Other additional (reversal) of allowance during the year	-	-
	Ending Balance of Allowance for Impairment Losses	347,902	2,024,974

Disclosure of Net Receivables Based on Portfolio Categories and Rating Scale and Counterparty Credit Risk are described as follows:

**Table: Disclosure of Net Receivables by Portfolio and Rating Category per December 31<sup>st</sup> 2017**

No	Portfolio Category						
		Rating Agency	Long-Term Rating				
		Standards and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)	
		PT. ICRA Indonesia	[Idr] AAA	[Idr]AA+ s.d [Idr]AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-	
		PT Pemeringkat Efek Indonesia	idAAA		idA+ s.d id A-	id BBB+ s.d id BBB-	
December 31 2017							
1	Receivables to Government	-	-	-	40,383,100		
2	Receivables to Public Sector Entities	278,428	-	5,005	-		
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-		
4	Receivables to Bank	1,791,159	-	28,227	-		
5	Loans Secured by Residential Property	-	-	-	-		
6	Loans Secured by Commercial Real Estate	-	-	-	-		
7	Employee/Retired Loans	-	-	-	-		
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-		
9	Receivables to Corporations	-	-	-	-		
10	Past Due Receivables	-	-	-	-		
11	Other Assets	-	-	-	-		



(Rp million)

No	Description	December 31, 2018	
		Individual CKPN	Collective CKPN
1	Starting Balance - Allowance for Impairment Losses	347,902	2,024,974
2	Additional (reversal) allowance for impairment losses during the year (Net)	1,244,838	489,781
2.a	Additional allowance for impairment losses during the year	1,244,838	489,781
2.b	Reversal allowance for impairment losses during the year	-	-
3	Allowance for impairment losses used for written off receivables during the year	(247,233)	(539,969)
4	Other additional (reversal) of allowance during the year	-	-
	Ending Balance of Allowance for Impairment Losses	1,345,507	1,974,786

(Rp million)

Net Receivables								Without Rating	Total
				Short-Term Rating					
	BB+ s.d BB-	B+ s.d B-	Kurang dari B-	A-1	A-2	A-3	Kurang dari A-3		
	BB+ s.d BB-	B+ s.d B-	Kurang dari B-	F1+ s.d F1	F2	F3	Kurang dari F3		
	Ba1 s.d Ba3	B1 s.d B3	Kurang dari B3	P-1	P-2	P-3	Kurang dari P-3		
	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Kurang dari B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Kurang dari F3(idn)		
	[Idr]BB+ s.d [Idr]BB-	[Idr]B+ s.d [Idr]B-	Kurang dari [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d [Idr]A2	[Idr]A3+ s.d [Idr] A3	Kurang dari [Idr]A3		
	id BB+ s.d id BB-	id B+ s.d id B-	Kurang dari idB-	idA1	idA2	idA3 s.d id A4	Kurang dari idA4		
								5,044,335	45,427,435
								111,376	394,809
								-	-
								221,176	2,040,562
								147,505,176	147,505,176
								24,692,221	24,692,221
								1,288,994	1,288,994
								6,901,593	6,901,593
								19,001,209	19,001,209
								3,100,290	3,100,290
								8,559,759	8,559,759

Table: Disclosure of Net Receivables by Portfolio and Rating Category per December 31<sup>st</sup> 2018

No	Portfolio Category						
		Rating Agency	Long-Term Rating				
		Standards and Poor's	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Fitch Rating	AAA	AA+ s.d AA-	A+ s.d A-	BBB+ s.d BBB-	
		Moody's	Aaa	Aa1 s.d Aa3	A1 s.d A3	Baa1 s.d Baa3	
		PT. Fitch Ratings Indonesia	AAA (idn)	AA+(idn) s.d AA-(idn)	A+(idn) s.d A-(idn)	BBB+(idn) s.d BBB-(idn)	
		PT. ICRA Indonesia	[Idr] AAA	[Idr]AA+ s.d [Idr]AA-	[Idr]A+ s.d [Idr]A-	[Idr]BBB+ s.d [Idr]BBB-	
		PT Pemeringkat Efek Indonesia	idAAA		idA+ s.d id A-	id BBB+ s.d id BBB-	
December 31 2018							
1	Receivables to Government	-	-	-	42,419,586		
2	Receivables to Public Sector Entities	282,634	-	4,884	101,709		
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-		
4	Receivables to Bank	1,212,506	-	51,057	-		
5	Loans Secured by Residential Property	-	-	-	-		
6	Loans Secured by Commercial Real Estate	-	-	-	-		
7	Employee/Retired Loans	-	-	-	-		
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-		
9	Receivables to Corporations	-	-	-	-		
10	Past Due Receivables	-	-	-	-		
11	Other Assets	-	-	-	-		

Whereas the Counterparty Credit Risk is divided into 2, namely:

**1. Derivatif Over the Counter Transactions**

The Company does not have any derivative transactions as of December 31, 2018 and December 31, 2017.

**2. Repo Transactions**

The description related to the Repo Transaction is described in the following table:

Table: Repo Transactions per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018

No	Portofolio Category	December 31, 2017			
		SB Repo Fair Value	Repo Liabilities	Net Receivables	RWA
1	Receivables to Government	1,532,720	1,400,539	132,181	-
2	Receivables to Public Sector Entities	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables to Bank				
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-
6	Receivables to Corporations	-	-	-	-
Total		1,532,720	1,400,539	132,181	-



(Rp million)

Net Receivables								Without Rating	Total
			Short-Term Rating						
	BB+ s.d BB-	B+ s.d B-	Kurang dari B-	A-1	A-2	A-3	Kurang dari A-3		
	BB+ s.d BB-	B+ s.d B-	Kurang dari B-	F1+ s.d F1	F2	F3	Kurang dari F3		
	Ba1 s.d Ba3	B1 s.d B3	Kurang dari B3	P-1	P-2	P-3	Kurang dari P-3		
	BB+(idn) s.d BB-(idn)	B+(idn) s.d B-(idn)	Kurang dari B-(idn)	F1+(idn) s.d F1(idn)	F2(idn)	F3(idn)	Kurang dari F3(idn)		
	[Idr]BB+ s.d [Idr]BB-	[Idr]B+ s.d [Idr]B-	Kurang dari [Idr]B-	[Idr]A1+ s.d [Idr]A1	[Idr]A2+ s.d [Idr]A2	[Idr]A3+ s.d [Idr] A3	Kurang dari [Idr]A3		
	id BB+ s.d id BB-	id B+ s.d id B-	Kurang dari idB-	idA1	idA2	idA3 s.d id A4	Kurang dari idA4		
	-	-	-	-	-	-	-	6,017,308	48,436,894
	-	-	-	-	-	-	-	4,040,287	4,429,514
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	1,062,953	2,326,516
	-	-	-	-	-	-	-	180,483,199	180,483,199
	-	-	-	-	-	-	-	25,226,189	25,226,189
	-	-	-	-	-	-	-	1,544,949	1,544,949
	-	-	-	-	-	-	-	5,086,472	5,086,472
	-	-	-	-	-	-	-	21,877,193	21,877,193
	-	-	-	-	-	-	-	3,944,304	3,944,304
	-	-	-	-	-	-	-	10,973,370	10,973,370

(Rp million)

No	Portfolio Category	December 31, 2018			
		SB Repo Fair Value	Repo Liabilities	Net Receivables	RWA
1	Receivables to Government	1,059,534	947,579	111,955	-
2	Receivables to Public Sector Entities	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables to Bank	-	-	-	-
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-
6	Receivables to Corporations	-	-	-	-
	Total	1,059,534	947,579	111,955	-

### 3. Reverse Repo Transaction

The Company does not have any Reverse Repo transactions as of December 31, 2018 and December 31, 2017.

In order to reduce credit risk exposure, the Company conducts pre-screening of debtors, requires debtors to fulfill required collateral, analyzes and evaluates credit worthiness, and legally engages in credit. The Company has allocated credit exposures based on the geographical area / region where they operate and allocated credit exposures based on the industrial sector to see the concentration of credit risk. The description regarding Disclosure of Net Receivables Based on Risk Weight after Calculating the Impact of Credit Risk Mitigation and Disclosure of Net Receivables and Credit Risk Mitigation Techniques are described as follows:

**Table: Net Receivables based on Risk Weighting after Considering the Impact of Credit Risk Mitigation per December 31<sup>st</sup> 2017**

No	Portfolio Category					
		0%	20%	25%	35%	
A	Balance Sheet Exposures					
1	Receivables to Government	45,295,254	-	-	-	
2	Receivables to Public Sector Entities	-	278,427	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	-	1,967,335	-	-	
5	Loans Secured by Residential Property	-	63,786,597	-	83,718,579	
6	Loans Secured by Commercial Real Estate	-	-	-	-	
7	Employee/Retired Loans	-	-	-	-	
8	Receivables to Micro, Small Business and Retail Portfolio	248,441	709,819	-	-	
9	Receivables to Corporations	962,090	5,602	-	-	
10	Past Due Receivables	-	349,443	-	-	
11	Other Assets	1,027,556	-	-	-	
	Total Exposures - Balance Sheet	47,533,341	67,097,223	-	83,718,579	
B	Commitment Liability Exposure / Contingencies in Administrative Account Transactions					
1	Receivables to Government	-	-	-	-	
2	Receivables to Public Sector Entities	-	-	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	-	-	-	-	
5	Loans Secured by Residential Property	-	-	-	-	
6	Loans Secured by Commercial Real Estate	-	-	-	-	
7	Employee/Retired Loans	-	-	-	-	
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	
9	Receivables to Corporations	-	-	-	-	
10	Past Due Receivables	-	-	-	-	
	Total TRA Exposure	-	-	-	-	
C	Exposures due to Counterparty Credit Risk					
1	Receivables to Government	132,181	-	-	-	
2	Receivables to Public Sector Entities	-	-	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	-	-	-	-	
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	
6	Receivables to Corporations	-	-	-	-	
	Total Counterparty Credit Risk	132,181	-	-	-	



(Rp million)

December 31, 2017								RWA	Capital Expenses
Net Receivables after Considering the Impact of Credit Risk Mitigation									
	40%	45%	50%	75%	100%	150%	Lainnya		
	-	-	-	-	-	-	-	-	-
	-	-	116,382	-	-	-	-	113,876	10,454
	-	-	-	-	-	-	-	-	-
	-	-	73,227	-	-	-	-	430,080	39,481
	-	-	-	-	-	-	-	42,058,822	3,861,000
	-	-	-	-	24,631,423	-	-	24,631,423	2,261,165
	-	-	1,288,994	-	-	-	-	644,497	59,165
	-	-	-	5,936,253	-	-	-	4,594,154	421,743
	-	-	-	-	15,016,749	-	-	15,017,869	1,378,640
	-	-	-	-	1,693,306	1,057,541	-	3,349,506	307,485
	-	-	-	-	7,454,613	77,590	-	7,570,998	695,018
	-	-	1,478,603	5,936,253	48,796,091	1,135,131	-	98,411,225	9,034,151
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	60,799	-	-	60,799	5,581
	-	-	-	-	-	-	-	-	-
	-	-	-	7,080	-	-	-	5,310	487
	-	-	-	-	3,016,768	-	-	3,016,768	276,939
	-	-	-	-	-	-	-	-	-
	-	-	-	7,080	3,077,567	-	-	3,082,877	283,007
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-



**Table: Net Receivables based on Risk Weighting after Considering the Impact of Credit Risk Mitigation per December 31<sup>st</sup> 2018**

No	Portfolio Category					
		0%	20%	25%	35%	
<b>A</b>	<b>Balance Sheet Exposures</b>					
1	Receivables to Government	48,324,939	-	-	-	
2	Receivables to Public Sector Entities	32,680	282,634	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	-	2,239,641	-	-	
5	Loans Secured by Residential Property	-	105,241,996	37,676,914	37,564,289	
6	Loans Secured by Commercial Real Estate	-	-	-	-	
7	Employee/Retired Loans	-	-	-	-	
8	Receivables to Micro, Small Business and Retail Portfolio	334,967	150,199	-	-	
9	Receivables to Corporations	2,335,427	3,194	-	-	
10	Past Due Receivables	-	372,405	-	-	
11	Other Assets	1,243,616	-	-	-	
	Total Exposures - Balance Sheet	52,271,629	108,290,069	37,676,914	37,564,289	
<b>B</b>	<b>Commitment Liability Exposure / Contingencies in Administrative Account Transactions</b>					
1	Receivables to Government	-	-	-	-	
2	Receivables to Public Sector Entities	-	-	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	-	-	-	-	
5	Loans Secured by Residential Property	-	-	-	-	
6	Loans Secured by Commercial Real Estate	-	-	-	-	
7	Employee/Retired Loans	-	-	-	-	
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	
9	Receivables to Corporations	-	-	-	-	
10	Past Due Receivables	-	-	-	-	
	Total TRA Exposure	-	-	-	-	
<b>C</b>	<b>Exposures due to Counterparty Credit Risk</b>					
1	Receivables to Government	111,955	-	-	-	
2	Receivables to Public Sector Entities	-	-	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	
4	Receivables to Bank	-	-	-	-	
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	
6	Receivables to Corporations	-	-	-	-	
	Total Counterparty Credit Risk	111,955	-	-	-	



(Rp million)

December 31, 2018								RWA	Capital Expenses
Net Receivables after Considering the Impact of Credit Risk Mitigation									
	40%	45%	50%	75%	100%	150%	Lainnya		
	-	-	-	-	-	-	-	-	-
	-	-	4,114,064	-	-	-	-	2,113,559	193,602
	-	-	-	-	-	-	-	-	-
	-	-	86,875	-	-	-	-	491,366	45,009
	-	-	-	-	-	-	-	43,615,129	3,995,146
	-	-	-	-	25,190,990	-	-	25,190,990	2,307,495
	-	-	1,544,949	-	-	-	-	772,474	70,759
	-	-	-	4,579,978	-	-	-	3,465,024	317,396
	-	-	-	-	15,739,311	-	-	15,739,950	1,441,779
	-	-	-	-	1,865,224	1,706,675	-	4,499,718	412,174
	-	-	-	-	9,652,163	77,591	-	9,768,548	894,799
	-	-	5,745,888	4,579,978	52,447,688	1,784,266	-	105,656,758	9,678,159
	-	-	-	-	-	-	-	-	-
	-	-	137	-	-	-	-	68	6
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	35,199	-	-	35,199	3,224
	-	-	-	-	-	-	-	-	-
	-	-	-	21,329	-	-	-	15,997	1,465
	-	-	-	-	3,799,261	-	-	3,799,261	348,012
	-	-	-	-	-	-	-	-	-
	-	-	137	21,329	3,834,460	-	-	3,850,525	352,707
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

Table: Net Receivables and Credit Risk Mitigation Techniques per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018

No	Portfolio Category	December 31, 2017						
		Net Receivables	Secured Portion				Unsecured Portion	
			Collateral	Guarantee	Loan Insurance	Others		
A	Balance Sheet Exposures							
1	Receivables to Government	45,295,254	-	-	-	-	45,295,254	
2	Receivables to Public Sector Entities	394,809	-	-	-	-	394,809	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Receivables to Bank	2,040,562	-	-	-	-	2,040,562	
5	Loans Secured by Residential Property	147,505,176	-	-	63,786,598	-	83,718,578	
6	Loans Secured by Commercial Real Estate	24,631,423	-	-	-	-	24,631,423	
7	Employee/Retired Loans	1,288,994	-	-	-	-	1,288,994	
8	Receivables to Micro, Small Business and Retail Portfolio	6,894,513	248,441	-	709,819	-	5,936,253	
9	Receivables to Corporations	15,984,441	962,090	-	5,602	-	15,016,749	
10	Past Due Receivables	3,100,290	-	-	349,443	-	2,750,847	
11	Other Assets	8,559,759	-	-	-	-	8,559,759	
	Total Exposures - Balance Sheet	255,695,221	1,210,531	-	64,851,462	-	189,633,228	
B	Commitment Liability Exposure / Contingencies in Administrative Account Transactions							
1	Receivables to Government	-	-	-	-	-	-	
2	Receivables to Public Sector Entities	-	-	-	-	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Receivables to Bank	-	-	-	-	-	-	
5	Loans Secured by Residential Property	-	-	-	-	-	-	
6	Loans Secured by Commercial Real Estate	60,799	-	-	-	-	60,799	
7	Employee/Retired Loans	-	-	-	-	-	-	
8	Receivables to Micro, Small Business and Retail Portfolio	7,080	-	-	-	-	7,080	
9	Receivables to Corporations	3,016,768	-	-	-	-	3,016,768	
10	Past Due Receivables	-	-	-	-	-	-	
	Total TRA Exposure	3,084,647	-	-	-	-	3,084,647	
C	Exposures due to Counterparty Credit Risk							
1	Receivables to Government	132,181	-	-	-	-	132,181	
2	Receivables to Public Sector Entities	-	-	-	-	-	-	
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-	
4	Receivables to Bank	-	-	-	-	-	-	
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	-	-	
6	Receivables to Corporations	-	-	-	-	-	-	
	Total Eksposur Counterparty Credit Risk	132,181	-	-	-	-	132,181	



(Rp million)

	No	Portfolio Category	December 31, 2018					
			Net Receivables	Secured Portion				Unsecured Portion
				Collateral	Guarantee	Loan Insurance	Others	
A		Balance Sheet Exposures						
1		Receivables to Government	48,324,939	-	-	-	-	48,324,939
2		Receivables to Public Sector Entities	4,429,378	32,680	-	-	-	4,396,698
3		Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	
4		Receivables to Bank	2,326,516	-	-	-	-	2,326,516
5		Loans Secured by Residential Property	180,483,199	-	-	88,636,110	-	91,847,089
6		Loans Secured by Commercial Real Estate	25,190,990	-	-	-	-	25,190,990
7		Employee/Retired Loans	1,544,949	-	-	-	-	1,544,949
8		Receivables to Micro, Small Business and Retail Portfolio	5,065,144	334,966	-	150,200	-	4,579,978
9		Receivables to Corporations	18,077,932	2,335,428	-	3,193	-	15,739,311
10		Past Due Receivables	3,944,304	-	-	372,405	-	3,571,899
11		Other Assets	10,973,370	-	-	-	-	10,973,370
		Total Exposures - Balance Sheet	300,360,721	2,703,074	-	89,161,908	-	208,495,739
B		Commitment Liability Exposure / Contingencies in Administrative Account Transactions						
1		Receivables to Government	-	-	-	-	-	-
2		Receivables to Public Sector Entities	137	-	-	-	-	137
3		Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4		Receivables to Bank	-	-	-	-	-	-
5		Loans Secured by Residential Property	-	-	-	-	-	-
6		Loans Secured by Commercial Real Estate	35,199	-	-	-	-	35,199
7		Employee/Retired Loans	-	-	-	-	-	-
8		Receivables to Micro, Small Business and Retail Portfolio	21,329	-	-	-	-	21,329
9		Receivables to Corporations	3,799,261	-	-	-	-	3,799,261
10		Past Due Receivables	-	-	-	-	-	-
		Total TRA Exposure	3,855,926	-	-	-	-	3,855,926
C		Exposures due to Counterparty Credit Risk						
1		Receivables to Government	111,955	-	-	-	-	111,955
2		Receivables to Public Sector Entities	-	-	-	-	-	-
3		Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4		Receivables to Bank	-	-	-	-	-	-
5		Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	-	-
6		Receivables to Corporations	-	-	-	-	-	-
		Total Eksposur Counterparty Credit Risk	111,955	-	-	-	-	111,955

### Asset Securitization

The Bank's objective in conducting securitization is to transform illiquid assets into liquid assets in the form of securities/marketable securities (referred to as Asset Backed Securities (ABS)). The Bank conducts KPR Asset Securitization for the purpose of, among others, mitigating maturity mismatch, as alternative sources of KPR financing, and increasing lending capacity.

The Bank's functions in securitization transactions are as follows: 1. Originator, 2. Servicer, 3. Investor.

In the securitization of receivables on KPR ("collective receivables"), the Bank has been selling the collective receivables to third parties (KPR securitization).

The Bank recognizes the securitization of housing loans (Asset-Backed Securities) as the sale on the KPR receivable because the Bank has transferred the risks and benefit of the ownership to the counter party. Therefore, the effective date of the Bank's securitization derecognizes the mortgage collective receivables including in the securitization.

The description regarding the calculation of RWA for Credit Risk by using the standard approach is as follows:

**Table: Asset Securitization, Rating, and Rating Agency**

(Rp million)

No	Year of Securitization	Securities Series	Amount of Securitization	Senior Class	Junior Class	Rating - Senior Class	Rating Agency
1	2018	SP BTN 04	2,000,000	1,824,000	176,000	idAAA	PT Pemeringkat Efek Indonesia
2	2017	SP BTN 03	1,000,000	913,000	87,000	idAAA	PT Pemeringkat Efek Indonesia
3	2016	SP BTN 02	1,000,000	913,000	87,000	idAAA	PT Pemeringkat Efek Indonesia
4	2015	SP BTN 01	200,000	181,600	18,400	idAAA	PT Pemeringkat Efek Indonesia
5	2014	KIK DBTN 05	1,500,000	1,371,000	129,000	idAAA	PT Pemeringkat Efek Indonesia
6	2013	KIK DBTN 04	1,000,000	928,000	72,000	idAAA	PT Pemeringkat Efek Indonesia
7	2012	KIK DBTN 03	1,000,000	925,000	75,000	idAAA	PT Pemeringkat Efek Indonesia
8	2011	KIK DBTN 02	703,450	645,000	58,450	idAAA	PT Pemeringkat Efek Indonesia
9	2010	KIK DBTN 01	750,000	688,500	61,500	idAAA	PT Pemeringkat Efek Indonesia
10	2009	KIK DSMF II	391,305	360,000	31,305	idAAA	PT Pemeringkat Efek Indonesia
11	2009	KIK DSMF I	111,111	100,000	11,111	AAA	PT Moody's Indonesia



Description of Securitization Transactions and Summary of securitization transaction activities - The Company acts as the original creditor described as follows:

**Table: Securitization Transactions per December 31<sup>st</sup> 2017**

(Rp million)

No	Eksposur Sekuritisasi	Value of Securitized Assets	Impaired Value of Securitized Assets		Profit/ Loss from Securitization	RWA	Asset Deduction
			Past Due	Not Yet Due			
1	Bank acts as the Originator - Receivables secured by Residential Property	7,655,866	-	-	-	-	-
2	Bank acts as Supporting Credit Facility						
	a. First loss facility	-	-	-	-	-	-
	b. Second loss facility	-	-	-	-	-	-
3	Banks act as the Liquidity Facility Provider	-	-	-	-	-	-
4	Banks act as the Service Provider	7,655,866	-	-	-	-	-
5	Banks act as the Custodian Bank	-	-	-	-	-	-
6	Banks act as the Investor	-	-	-	-	-	-
	a. Senior tranche						
	- Receivables secured by Residential Property	-	-	-	-	-	-
	b. Junior tranche						
	- Receivables secured by Residential Property	-	-	-	-	-	467.227

**Table: Securitization Transactions per December 31<sup>st</sup> 2018**

(Rp million)

No	Exposure of Securitization	Value of Securitized Assets	Impaired Value of Securitized Assets		Profit/ Loss from Securitization	RWA	Asset Deduction
			Past Due	Not Yet Due			
1	Bank acts as the Originator - Receivables secured by Residential Property	9,655,866	-	-	-	-	-
2	Bank acts as Supporting Credit Facility						
	a. First loss facility	-	-	-	-	-	-
	b. Second loss facility	-	-	-	-	-	-
3	Banks act as the Liquidity Facility Provider	-	-	-	-	-	-
4	Banks act as the Service Provider	9,655,866	-	-	-	-	-
5	Banks act as the Custodian Bank	-	-	-	-	-	-
6	Banks act as the Investor	-	-	-	-	-	-
	a. Senior tranche						
	- Receivables secured by Residential Property	-	-	-	-	-	-
	b. Junior tranche						
	- Receivables secured by Residential Property	-	-	-	-	-	595.415



**Table – Summary of Securitization Activities – The Company acts as an Initiator per December 31<sup>st</sup> 2017 and December 31<sup>st</sup> 2018**

(Rp million)

No	Underlying Asset	31 Desember 2017		31 Desember 2018	
		Value of Securitized Assets	Sales Profit (Loss)	Value of Securitized Assets	Sales Profit (Loss)
1	Receivables to Government	-	-	-	-
2	Receivables to Public Sector Entities	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-
4	Receivables to Bank	-	-	-	-
5	Loans Secured by Residential Property	-	-	-	-
6	Loans Secured by Commercial Real Estate	7,655,866	-	9,655,866	-
7	Employee/Retired Loans	-	-	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-
9	Receivables to Corporations	-	-	-	-
10	Other Assets	-	-	-	-
	Total	7,655,866	-	9,655,866	-

The description regarding the calculation of RWA for Credit Risk using the standard approach is as follows:

### 1. On-Balance Sheet Asset Exposure

**Table: On-Balance Sheet Asset Exposure**

(Rp million)

No	Portfolio Category	December 31, 2017			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
1	Receivables to Government	45,295,254	-	-	48,324,939	-	-
2	Receivables to Public Sector Entities	394,809	113,876	113,876	4,429,378	2,129,899	2,113,559
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	2,040,562	430,081	430,080	2,326,516	491,366	491,366
5	Loans Secured by Residential Property	147,505,176	51,626,812	42,058,822	180,483,199	54,955,803	43,615,129
6	Loans Secured by Commercial Real Estate	24,631,423	24,631,423	24,631,423	25,190,990	25,190,990	25,190,990
7	Employee/Retired Loans	1,288,994	644,497	644,497	1,544,949	772,474	772,474
8	Receivables to Micro, Small Business and Retail Portfolio	6,894,513	5,170,885	4,594,154	5,065,144	3,798,858	3,465,024
9	Receivables to Corporations	15,984,441	15,984,441	15,017,869	18,077,932	18,077,932	15,739,950
10	Past Due Receivables	3,100,290	3,630,372	3,349,506	3,944,304	4,800,402	4,499,718
11	Other Assets	8,559,759	7,570,998	7,570,998	10,973,370	9,768,548	9,768,548
	Total	255,695,221	109,803,384	98,411,225	300,360,721	119,986,271	105,656,758



## 2. Off-Balance Sheet Asset Exposure

**Table: Off-Balance Sheet Asset Exposure**

(Rp million)

No	Portfolio Category	December 31, 2017			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
1	Receivables to Government	-	-	-	-	-	-
2	Receivables to Public Sector Entities	-	-	-	137	68	68
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	-	-	-	-	-	-
5	Loans Secured by Residential Property	-	-	-	-	-	-
6	Loans Secured by Commercial Real Estate	60,799	60,799	60,799	35,199	35,199	35,199
7	Employee/Retired Loans	-	-	-	-	-	-
8	Receivables to Micro, Small Business and Retail Portfolio	7,080	5,310	5,310	21,329	15,997	15,997
9	Receivables to Corporations	3,016,768	3,016,768	3,016,768	3,799,261	3,799,261	3,799,261
10	Past Due Receivables	-	-	-	-	-	-
	<b>Total</b>	<b>3,084,647</b>	<b>3,082,876</b>	<b>3,082,877</b>	<b>3,855,926</b>	<b>3,850,525</b>	<b>3,850,525</b>

## 3. Exposures Causing Counterparty Credit Risk

**Table: Exposures Causing Counterparty Credit Risk**

(Rp million)

No	Portfolio Category	December 31, 2017			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
1	Receivables to Government	132,181	-	-	111,955	-	-
2	Receivables to Public Sector Entities	-	-	-	-	-	-
3	Receivables to Multilateral Development Banks and International Institutions	-	-	-	-	-	-
4	Receivables to Bank	-	-	-	-	-	-
5	Receivables to Micro, Small Business and Retail Portfolio	-	-	-	-	-	-
6	Receivables to Corporations	-	-	-	-	-	-
	<b>Total</b>	<b>132,181</b>	<b>-</b>	<b>-</b>	<b>111,955</b>	<b>-</b>	<b>-</b>

**4. Exposures causing Credit Risk due to Settlement Risk** The Company has not been exposed to credit risk due to settlement risk as of 31 December 2018 and 2017

**Table: Exposures causing Credit Risk due to Settlement Risk**

(Rp million)

No	Portfolio Category	December 31, 2017			December 31, 2018		
		Net Receivables	RWA before CRM	RWA after CRM	Net Receivables	RWA before CRM	RWA after CRM
1	Delivery versus payment	-	-	-	-	-	-
	a. Capital Expenses (5-15 days)	-	-	-	-	-	-
	b. Capital Expenses (16-30 days)	-	-	-	-	-	-
	c. Capital Expenses (31-45 days)	-	-	-	-	-	-
	d. Capital Expenses (more than 45 days)	-	-	-	-	-	-
2	Non-Delivery versus payment	-	-	-	-	-	-
	Total	-	-	-	-	-	-

**5. Securitization Exposure**

**Table: Securitization Exposure**

(Rp million)

No	Type of Transaction	December 31, 2017		December 31, 2018	
		Reducing Capital Factors	RWA	Reducing Capital Factors	RWA
1	Eligible Supporting Loan Facility	-	-	-	-
2	Ineligible Supporting Loan Facility	-	-	-	-
3	Eligible Supporting Liquidity Facility	-	-	-	-
4	Ineligible Supporting Liquidity Facility	-	-	-	-
5	Eligible Purchase of Assets Collateralized Securities	-	-	-	-
6	Ineligible Purchase of Assets Collateralized Securities	-	-	-	-
7	Exposure to Securitizations not Included in Bank Indonesia Regulation on the Principle of Prudence in Securitization Activities for Commercial Banks	-	-	-	-
	Total	-	-	-	-

**6. Total Credit Risk Measurement**

**Table: Credit Risk Measurement**

(Rp million)

No	Description	December 31, 2017	December 31, 2018
1.	Total RWA Credit Risk	109,507,283	101,494,102
2.	Total Capital Deduction Factor	595,415	467,227



## MARKET RISK

Market risk is the risk on statement of financial position and administrative accounts, due to changes in overall market conditions. In measuring market risk, the Company uses the Standardized Method in calculating CAR for market risk. Exchange rate risk arises from fluctuations in exchange rates maintained by keeping the net open position in accordance with Bank Indonesia regulations. External shocks are also being considered by stress testing, which is done to measure the extent to which the Bank can survive some scenario changes in external conditions, particularly changes in market interest rates.

All the foreign exchange transactions conducted by the Company are spot transactions. At present, the Company has no derivative foreign currency transaction. The Company uses standard methods to calculate CAR as stipulated in OJK Circular Letter No. 38/SEOJK.03/2016 dated 8 September 2016 on the Guidelines for Using a Standardized Method for Calculating the Minimum Capital Adequacy Requirement for Commercial Banks by Considering Market Risks. A description of the Market Risk using standard method is as follows:

**Table: Market Risk using Standardized Method**

(Rp million)

No	Risk Type	December 31, 2017		December 31, 2018	
		Bank		Bank	
		Capital Expenses	RWA	Capital Expenses	RWA
1	Interest Rate Risk	32,618	407,726	33,503	418,790
	a. Specific Risk	-	-	-	-
	b. General Risk	32,618	407,726	33,503	418,790
2	Exchange Rate Risk	20,529	256,614	47,077	588,459
3	Equity Risk	-	-	-	-
4	Commodity Risk	-	-	-	-
5	Option Risk	-	-	-	-
	Total	53,147	664,340	80,580	1,007,249

### Eksposur Interest Rate Risk in the Banking Book (IRRBB) (%)

Description	31 Desember 2017	31 Desember 2018
NII Sensitivity, NII 12 12 Bulan (25bps)	0.65	0.48

### LIQUIDITY RISK

Liquidity risk is the risk arising from the inability of the Bank to meet the maturing obligations from cash flow funding sources and/or from high-quality liquid assets that can be pledged, without disturbing the activities and financial condition of the Bank. The inability to obtain funding for cash flows resulting to liquidity risk can be contributed, among others, by:

1. Inability to generate cash flows from productive assets as well as from the sale of assets, including liquid assets; and/or
2. inability to generate cash flows from funding, interbank transactions and fund borrowings.

### OPERATIONAL RISK

Operational risk is a risk arising from the inadequacy and/or failure of internal processes, human error, system failure, and/or the presence of external events that can affect the operations of the Bank. Operational risk arising should be anticipated. Provision of capital held by bank is calculated based on minimum Capital Adequacy Ratio (CAR) which is one of anticipatory measures in order for the operational risk exposure not to interfere Bank's capital structure. In order to calculate the minimum Capital Adequacy Ratio (CAR) for operational risk, the Bank applies the Basic Indicator Approach, in accordance with Bank Indonesia Circular Letter No. 11/3/DPNP dated January 27, 2009 regarding the calculation of Risk Weighted Assets (RWA) for Operational Risk Calculated using Basic Indicator Approach (PID).

The Company measures Operational Risk using the Basic Indicator Approach in accordance with OJK Circular Letter No.24/SEOJK.03/2016 dated 14 July 2016 on the Calculation of Risk-Weighted Assets for Operational Risk by using the Basic Indicator Approach.

A description of the Operational Risk is provided below:

**Table: Operational Risk**

(Rp million)

No	Approach	31 December 2017			31 December 2018		
		Gross Revenue (Average for the Last 3 Years)	Capital Expenses	RWA	Gross Revenue (Average for the Last 3 Years)	Capital Expenses	RWA
1	Approach	7,964,706	1,194,706	14,933,824	11,180,456	1,677,068	20,963,355





A description of Maturity Profile in Rupiah and Foreign Currency is elaborated as follows:

**Table: Rupiah Maturity Profile per December 31<sup>st</sup> 2017**

No	Accounts	December 31, 2017						
		Balance	Past Due					
			≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months	> 12 Months	
I	Balance Sheet							
	A. Assets							
	1. Cash	1,022,212	1,022,212	-	-	-	-	
	2. Placement to Bank Indonesia	37,200,523	37,200,523	-	-	-	-	
	3. Interbank Placement	865,498	865,498	-	-	-	-	
	4. Securities	14,619,701	11,399,094	559	35,594	870,195	2,314,259	
	5. Loans granted	198,990,581	4,099,939	1,523,607	3,815,228	5,710,801	183,841,006	
	6. Other receivables	8,351	8,351	-	-	-	-	
	7. Others	7,632,120	7,632,120	-	-	-	-	
	Total Asset	260,338,986	62,227,737	1,524,166	3,850,822	6,580,996	186,155,265	
	B. Liabilities							
	1. Third Party Funds	192,583,585	154,058,217	20,110,272	3,118,493	14,315,661	980,942	
	2. Liabilities to Bank Indonesia	-	-	-	-	-	-	
	3. Interbank Liabilities	7,993,870	5,445,431	513,492	370,855	1,607,040	57,052	
	4. Issues Securities	17,932,020	-	-	899,157	-	17,032,863	
	5. Loans Received	10,990,372	-	1,299,911	3,998,083	1,693,127	3,999,251	
	6. Other Liabilities	1,393,081	5,277	863	1,941	450,000	935,000	
	7. Others	8,417,661	8,417,661	-	-	-	-	
	Total Liabilities	239,310,589	167,926,586	21,924,538	8,388,529	18,065,828	23,005,108	
	Difference between Balance Sheet Asset and Liabilities	21,028,397	(105,698,849)	(20,400,372)	(4,537,707)	(11,484,832)	163,150,157	
II	Off-Balance Sheet							
	A. Off-Balance Sheet Receivables							
	1. Commitment	-	-	-	-	-	-	
	2. Contingency	8,419,466	8,419,466	-	-	-	-	
	Total Off-Balance Sheet Receivables	8,419,466	8,419,466	-	-	-	-	
	B. Off-Balance Sheet Liabilities							
	1. Commitment	18,753,171	18,753,171	-	-	-	-	
	2. Contingency	2,930,233	2,930,233	-	-	-	-	
	Total Off-Balance Sheet Liabilities	21,683,404	21,683,404	-	-	-	-	
	Difference between Off-Balance Sheet Assets and Liabilities	(13,263,938)	(13,263,938)	-	-	-	-	
	Difference [(IA-IB)+(IIA-IIB)]	7,764,459	(118,962,787)	(20,400,372)	(4,537,707)	(11,484,832)	163,150,157	
	Cummulative Difference	7,764,459	(118,962,787)	(20,400,372)	(4,537,707)	(11,484,832)	163,150,157	



(Rp million)

	No	Accounts	December 31, 2018					
			Balance	Past Due				
				≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months	> 12 Months
I		Balance Sheet						
		A. Assets						
		1. Cash	1,240,510	1,240,510	-	-	-	
		2. Placement to Bank Indonesia	38,951,379	38,851,379	25,000	-	-	75,000
		3. Interbank Placement	258,234	258,234	-	-	-	-
		4. Securities	12,402,226	9,218,508	559	35,594	856,962	2,290,603
		5. Loans granted	237,757,674	5,969,746	2,246,973	3,142,422	6,521,652	219,876,881
		6. Other receivables	528,418	270	362,388	165,760	-	-
		7. Others	10,716,645	10,716,645	-	-	-	-
		Total Asset	301,855,086	66,255,292	2,634,920	3,343,776	7,378,614	222,242,484
		B. Liabilities						
		1. Third Party Funds	226,861,029	175,382,370	35,325,012	5,087,263	1,412,801	9,653,583
		2. Liabilities to Bank Indonesia	-	-	-	-	-	-
		3. Interbank Liabilities	3,514,194	3,514,194	-	-	-	-
		4. Issues Securities	20,140,377	-	2,221,227	4,227,380	13,691,770	-
		5. Loans Received	18,499,012	-	-	7,799,922	3,312,372	7,386,718
		6. Other Liabilities	1,463,148	-	-	528,148	-	935,000
		7. Others	9,087,156	9,087,156	-	-	-	-
		Total Liabilities	279,564,916	187,983,720	37,546,239	17,642,713	18,416,943	17,975,301
		Difference between Balance Sheet Asset and Liabilities	22,290,170	(121,728,428)	(34,911,319)	(14,298,937)	(11,038,329)	204,267,183
II		Off-Balance Sheet						
		A. Off-Balance Sheet Receivables						
		1. Commitment	57,687	57,687	-	-	-	-
		2. Contingency	10,108,195	10,108,195	-	-	-	-
		Total Off-Balance Sheet Receivables	10,165,882	10,165,882	-	-	-	-
		B. Off-Balance Sheet Liabilities						
		1. Commitment	21,908,920	21,908,920	-	-	-	-
		2. Contingency	3,712,682	3,712,682	-	-	-	-
		Total Off-Balance Sheet Liabilities	25,621,602	25,621,602	-	-	-	-
		Difference between Off-Balance Sheet Assets and Liabilities	(15,455,720)	(15,455,720)	-	-	-	-
		Difference [(IA-IB)+(IIA-IIB)]	6,834,450	(137,184,148)	(34,911,319)	(14,298,937)	(11,038,329)	204,267,183
		Cummulative Difference	6,834,450	(137,184,148)	(34,911,319)	(14,298,937)	(11,038,329)	204,267,183

Table: Rupiah Maturity Profile per December 31st 2018

No	Accounts	December 31, 2017						
		Balance	Past Due					
			≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months	> 12 Months	
I	Balance Sheet							
	A. Assets							
	1. Cash	5,342	5,342	-	-	-	-	
	2. Placement to Bank Indonesia	45,248	45,248	-	-	-	-	
	3. Interbank Placement	351,604	351,604	-	-	-	-	
	4. Securities	632,438	481,211	-	-	27,674	123,553	
	5. Loans granted	-	-	-	-	-	-	
	6. Other receivables	-	-	-	-	-	-	
	7. Others	-	-	-	-	-	-	
	Total Asset	1,034,632	883,405	-	-	27,674	123,553	
	B. Liabilities							
	1. Third Party Funds	391,244	378,631	12,497	-	116	-	
	2. Liabilities to Bank Indonesia	-	-	-	-	-	-	
	3. Interbank Liabilities	-	-	-	-	-	-	
	4. Issues Securities	-	-	-	-	-	-	
	5. Loans Received	-	-	-	-	-	-	
	6. Other Liabilities	-	-	-	-	-	-	
	7. Others	-	-	-	-	-	-	
	Total Liabilities	391,244	378,631	12,497	-	116	-	
	Difference between Balance Sheet Asset and Liabilities	643,388	504,774	(12,497)	-	27,558	123,553	
II	Off-Balance Sheet							
	A. Off-Balance Sheet Receivables							
	1. Commitment	-	-	-	-	-	-	
	2. Contingency	79,735	79,735	-	-	-	-	
	Total Off-Balance Sheet Receivables	79,735	79,735	-	-	-	-	
	B. Off-Balance Sheet Liabilities							
	1. Commitment	-	-	-	-	-	-	
	2. Contingency	70,955	70,955	-	-	-	-	
	Total Off-Balance Sheet Liabilities	70,955	70,955	-	-	-	-	
	Difference between Off-Balance Sheet Assets and Liabilities	8,780	8,780	-	-	-	-	
	Difference [(IA-IB)+(IIA-IIB)]	652,168	513,554	(12,497)	-	27,558	123,553	
	Cummulative Difference	652,168	513,554	(12,497)	-	27,558	123,553	



(Rp million)

	No	Accounts	December 31, 2018					
			Balance	Past Due				
				≤ 1 Month	> 1 Month - 3 Months	> 3 Months - 6 Months	> 6 Months - 12 Months	> 12 Months
I		Balance Sheet						
		A. Assets						
		1. Cash	3,105	3,105	-	-	-	-
		2. Placement to Bank Indonesia	2,927,599	2,927,599	-	-	-	
		3. Interbank Placement	1,478,034	1,478,034	-	-	-	-
		4. Securities	700,788	549,561	-	-	27,674	123,553
		5. Loans granted	-	-	-	-	-	-
		6. Other receivables	-	-	-	-	-	-
		7. Others	-	-	-	-	-	-
		Total Asset	5,109,526	4,958,299	-	-	27,674	123,553
		B. Liabilities						
		1. Third Party Funds	3,030,830	2,643,307	375,896	-	11,627	-
		2. Liabilities to Bank Indonesia	-	-	-	-	-	-
		3. Interbank Liabilities	-	-	-	-	-	-
		4. Issues Securities	-	-	-	-	-	-
		5. Loans Received	-	-	-	-	-	-
		6. Other Liabilities	-	-	-	-	-	-
		7. Others	-	-	-	-	-	-
		Total Liabilities	3,030,830	2,643,307	375,896	-	11,627	-
		Difference between Balance Sheet Asset and Liabilities	2,078,696	2,314,992	(375,896)	-	16,047	123,553
II		Off-Balance Sheet						
		A. Off-Balance Sheet Receivables						
		1. Commitment	-	-	-	-	-	-
		2. Contingency	130,569	130,569	-	-	-	-
		Total Off-Balance Sheet Receivables	130,569	130,569	-	-	-	-
		B. Off-Balance Sheet Liabilities						
		1. Commitment	-	-	-	-	-	-
		2. Contingency	81,283	81,283	-	-	-	-
		Total Off-Balance Sheet Liabilities	81,283	81,283	-	-	-	-
		Difference between Off-Balance Sheet Assets and Liabilities	49,286	49,286	-	-	-	-
		Difference [(IA-IB)+(IIA-IIB)]	2,127,982	2,364,278	(375,896)	-	16,047	123,553
		Cummulative Difference	2,127,982	2,364,278	(375,896)	-	16,047	123,553

**Tabel Liquidity Coverage Ratio (LCR)**

	LCR value (%)			
	Quarter I	Quarter II	Quarter III	Quarter IV
<b>2017</b>				
Bank (Individual)	156.20%	154.52%	150.79%	144.95%
<b>2018</b>				
Bank (Individual)	166.29%	153.20%	121.65%	108.99%

## LEGAL RISK

Legal risks are jointly measured by the Risk Management Division (RMD) and the Legal Division based on the analysis and evaluation report on individual legal cases against the contingency liability arising from the lawsuits. Legal Risks are monitored by the Risk Management Division by evaluating the effectiveness of policies, procedures, and compliance with policies, regulations and bank limits. Monitoring is routinely carried out for Legal Risk positions. The provides legal input and recommendation for all divisions and units and conducts a periodical review on the agreements and partnership contracts with counterparties to control Legal Risks.

## STRATEGIC RISK

Strategic risk is the risk arising from the inaccuracies in the decision making and/or the execution of a strategic decision and failure to anticipate changes in the business environment. Strategic Risk identification is based on the strategic risk factors on specific functional activities, such as lending, treasury and investment activities, as well as operations and services through a business plan prepared by the Strategy and Performance Management Division (SPMD) as elaborated in the General Policy of the BOD.

Strategic risk and parameter measurement are based on the Company's performance by comparing actual results with targets that have been set. Strategic risk monitoring is carried out by SPMD periodically to monitor the achievement of Key Performance Indicator and risk exposure compared to the Bank's risk appetite.

## COMPLIANCE RISK

Compliance risk is the risk arising from the Company's inability to comply and/or carry out laws and regulations. In identifying compliance risks, Compliance Division (CMPD) conducts a review regarding compliance risk associated with exposure to external provision inherent in internal regulations. In addition, CMPD analyzes the events that led to the emergence of risk, which are reported to and reviewed by RMD and RMC.

In order to minimize the Compliance Risk, Legal Division (LGD) has provided a special access called Internal Access Management Standards (AIMS) for easy access to the internal regulations of the Bank for the entire business units. In addition, CMPD monitors the events that contributed to compliance risk and reports these matters to RMD.

## REPUTATIONAL RISK

Reputation Risk is a risk due to a decrease in the level of trust of stakeholders (stakeholders) originating from negative perceptions of the Bank. Reputation Risk can be sourced from the following various Bank activities:

- 1) Events that have harmed the Bank, such as negative reporting in the mass media, violating business ethics and debt complaints; or
- 2) Other things that can cause Reputation Risk, for example weaknesses in governance, corporate culture, and business practices of the Bank.







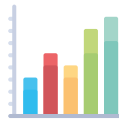
# BUSINESS SUPPORT



Human Capital  
Information Technology Governance

278  
294





# HUMAN CAPITAL



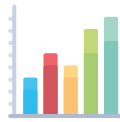
**T**he Company regards Human Resources (HR) as the most important factor in achieving a competitive advantage while playing a strategic role as the front-line in the Company's business activities. The banking industry is closely related to trust and exemplary service, requiring HR competency, integrity, and professionalism in all business elements. Sound HR management is the driving force behind the Company's performance in achieving the desired results.

Therefore, the Company is dedicated to position HR as a strategic partner in conducting business activities. The Company carries out its HR management strategy by mobilizing all its capabilities in response to challenges and adjusts to the dynamic demands of the banking industry, including being at the forefront of

digital banking. In addition, the Company continuously manages HR in accordance with the policies and strategies that have been drawn up, which refer to the Labor Laws.

Through the Strategic Human Capital Directorate, the Company has developed an effective and efficient organization by taking into account several factors, ranging from planning, recruitment, competency development, performance management systems, job and career design, remuneration and benefits, productivity analysis, and other matters. The directorate is headed by the Director of Strategic Human Capital as stipulated in Directors Decision No. 04/DIR/KD/TMO/2018, dated April 30, 2018. In carrying out its management duties and responsibilities, the Strategic Human Capital Directorate operates three





“

The Company maintains an effective and efficient organization with due consideration to a number of aspects from planning, recruitment, development competence, system work management, job design and career, remuneration and benefits, productivity analysis, and other related aspects.

”

Divisions, namely Human Capital Management, Human Capital Strategy and Learning Center Division.

## HR POLICY AND STRATEGY IN 2018

In 2018, the Company carried out strategic policies in the HR field as follows:

### 1. Alignment of human capital organizational structure with corporate and business strategies

This process has been conducted through evaluation and determination of the new organization structure along with its supporting devices (job description, job specification, job grading) and periodic monitoring of business achievement in the context of overall organizational evaluation.

### 2. Development of human capital policy

The development and improvement of human capital policies was carried out in order to realize governance and adjustments to the

development of the human capital business process. The development and improvement of human capital policies include several factors, namely organization development, human capital acquisition, human capital engagement, and human capital reward.

### 3. Increase employee productivity

Increased employee productivity is carried out through the implementation of individual sales incentives for business positions and business support in Regional and Branch Offices. Implementation of individual sales incentives begins with socialization to representatives of work units (Division, Regional Offices and Branch Offices). Providing incentives is carried out every quarter with multipliers of position allowances according to the grade of each position.

### 4. Increase employee engagement and proposition

In order to increase employee engagement and proposition, several steps are conducted, namely employee retention, employee engagement, and talent attraction.

**5. Planning and fulfillment of employees in a pareto principal manner**

Employee planning was carried out through the 2018 manpower planning review, in accordance with the established organizational structure; employee position fulfillment was achieved through 2 channels, namely internal (rotation and promotion) and external (fresh graduate and professional hire) in a sustainable manner to fill the vacant positions in a pareto principal method. Via this process, the target of 1,400 people as of July 2018.

**6. Strengthen the talent succession program**

The Company implemented a talent succession program that was carried out through the implementation of an assessment of 1,779 eligible employees for grade 14 and above. The company also conducted the development and improvement of the talent management system to HCIS, which was carried out in order to accelerate and maintain the objectivity of the BTN Bank career planning process. In addition, the Company implemented the mutation (promotion and rotation) of employees that was carried out continuously to fill vacant positions at the Bank.

**7. Internalization of corporate culture**

Implementation of the corporate culture program in 2018, in several stages, namely:

- a. Determination of Theme of Corporate Culture Program 2018
- b. Additional training of Change Agent (CA)
- c. SIIPS communication publication
- d. Internalization of corporate culture program

**8. Improve the effectiveness of employee performance management**

- a. Review and adjust individual KPIs
- b. Implementation of Annual Work Target Planning (PSKT) and guidance on employee performance in 2018
- c. Implementation of the Performance Management System (SMK) in 2018.
- d. Development of performance management system

**9. Strengthening risk management and GRC implementation, through improving the GRC road map of BTN Bank in the human capital field**

The human capital aspect has been included in GRC to ensure business processes and risk management aspects of the human capital are operating accordingly. The regulated aspects include manpower planning, alignment of work

and employee specifications, employee career paths, fraud risk and Know Your Employee Policy, work culture, as well as the Employee Development and Training System.

**10. Operational excellence**

- a. Improvement of human capital division service index

The human capital division service index was conducted through distributing questionnaires in order to obtain feedback for the advancement and improvement of the business process of BTN Bank's human capital. The implementation of the human capital service index was conducted 3 times in 2018.

- b. Development and improvement of the Intelligence BTN Employee Service (iBES) application

The digital-based application development to accelerate the business of human capital processes has been developed through iBES by implementing the Organization Management module, personnel administration, benefit administration, time management, HR analytics, talent management, personal cost management, travel management, payroll, compensation management, performance management, learning solution, knowledge management, and fiori.

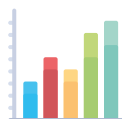
In addition to implementing strategic policies, the Company conducted initiatives in the HR field in 2018, namely improving employee quality and productivity. The achievements of the initiatives that were conducted were, among others:

**1. Implementation of career and job family management according to best practices, through:**

- The composition of the position group and job family of the Bank as the basis for employee career paths.
- The drafting of Bank Competencies (Core, leadership and family positions) as the basis for employee career paths and education curriculum.
- Implementation of the 2018 employee assessment, for 1,779 employees as the basis for mapping employee talent.
- The development of digital talent planning tools, namely BTN Bank's Talent Management.

**2. The fulfillment of consistently reliable human capital, through:**

- The drafting of man power planning (MPP) calculations in 2018, in accordance with the needs of the Organization.



- The fulfillment of the needs of business unit employees and business support according to MPP through external recruitment of 1,400 employees in 2018, comprising fresh graduates & professional hire.
- The implementation of job fairs, campus hiring, seminars and public lectures to support employee recruitment at universities in Indonesia.
- The implementation of internal career planning through transfer and promotion of 2,520 employees.
- The implementation of the employee status transfer program for 324 front-liners (CS tellers) and 168 personnel from TAD (outsourcing).
- The establishment of online recruitment tools, namely the BTN Bank recruitment website.
- The implementation of the Company's EVP through video communication and digital posters.

### 3. The implementation of corporate culture in 2018 according to the stages of digital transformation through:

- The establishment of the corporate culture theme, 2018, namely "Going Digital through People Empowerment to win the Competition".
- Kick off training and socialization of cultural programs in 2018 to CL and CA, namely SIIPS thank you card, SIIPS Idea, SIIPS Story, Follow-up session, and Risk Champion. For the Change Leader, there are currently 140 employees and for the Change Agent 1,228 employees.
- The development of digital corporate culture monitoring tools, DigiSIIPS.
- The implementation of the 2018 Innovation Awards in order to foster an attitude of creation and innovation for all employees to perfect business processes at the Company.

- The implementation of the Culture Assessment Index in 2018 in order to discover the understanding of all BTN employees towards the implementation of the Corporate Culture Program

### 4. Improvement of remuneration components and employee benefits through:

- Adjustment of the salary position of the Company on the P75 percentile, to be competitive in the market.
- Improvement of terms and policies related to employee benefits such as: employee transfer facilities, employee credit, employee health facilities and employee overtime facilities.
- Establishment of digital tools for staffing, namely Intelligence BTN Employee Service iBES / HCIS that facilitates the accessibility of employees in management related to staffing.
- The arrangement of individual sales incentives as variable compensation for sales personnel.

### 5. Development of the competencies of business units and business support employees through:

- The implementation of education and training of employees through 3 schools, namely leadership, business, and operational banking, in which the achievements up to December 2018 amounted to 116.88% of the target, based on batches and number of participants.
- Implementation of the virtual classroom and improvement of the Knowledge Management System (KMS) to encourage e-learning.
- The implementation of scholarships for 25 domestic S2 employees and 10 overseas S2 employees, as well as 27 domestic S1 scholarship programs.
- The arrangement of BTN Corporate University implementation tools.

## HR PROFILE

In 2018, the Company had 11,810 employees, consisting of 10,025 Permanent Employees, 1,785 Contract Employees, 10,286 Outsourced Employees.

The number of employees in 2018 increased by 14% of the total employees of 10,360 in 2017.

Year	Number of Employees			Total	
	Permanent Employees	Contract Employees	Outsourced Employees	Not including Outsourced	Including Outsourced
2018	10,025	1,785	10,286	11,810	22,096
2017	8,780	1,580	9,223	10,360	19,583
2016	8,561	683	6,728	9,244	15,972

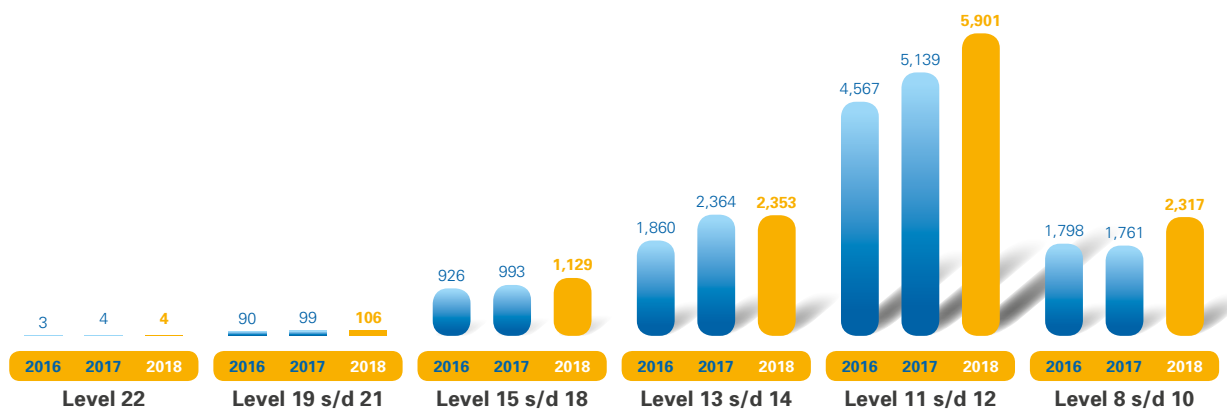


## HUMAN CAPITAL

The following table will explain the comparison of the composition of the Company's employees in the last 3 years with groupings based on organizational level, education level, employment status, age, gender and location of work units:

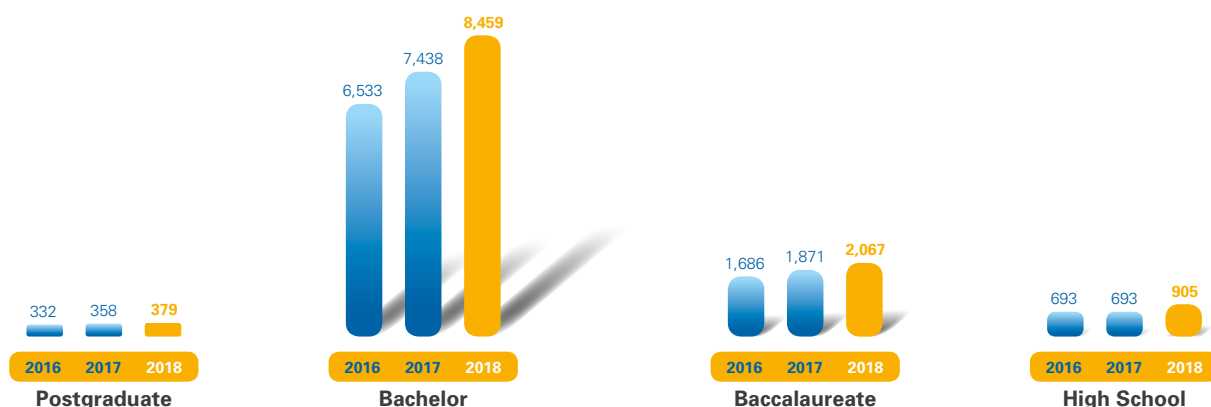
### Composition of the Number of Permanent Employees Based on Organization Level

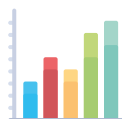
Organizational Level	2016		2017		2018	
	Total	%	Total	%	Total	%
Level 22	3	0.03%	4	0.04%	4	0.03%
Level 19 to 21	90	0.97%	99	0.96%	106	0.90%
Level 15 to 18	926	10.02%	993	9.58%	1,129	9.56%
Level 13 to 14	1,860	20.12%	2,364	22.82%	2,353	19.92%
Level 11 to 12	4,567	49.41%	5,139	49.60%	5,901	49.97%
Level 8 to 10	1,798	19.45%	1,761	17.00%	2,317	19.62%
Total	9,224	100%	10,360	100%	11,810	100%



### Composition of Permanent Employees Based on Education Level

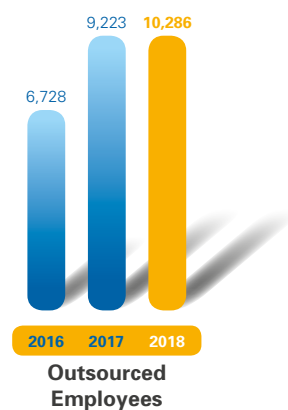
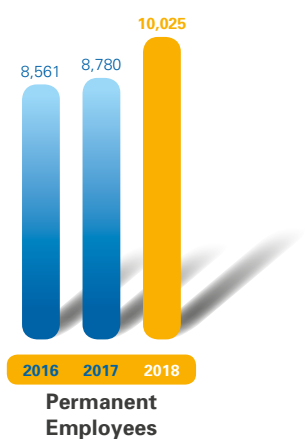
Level of Education	2016		2017		2018	
	Total	%	Total	%	Total	%
Postgraduate	332	3.59%	358	3.46%	379	3.21%
Bachelor	6,533	70.67%	7,438	71.80%	8,459	71.63%
Baccalaureate	1,686	18.24%	1,871	18.06%	2,067	17.50%
High School	693	7.50%	693	6.69%	905	7.66%
Total	9,224	100%	10,360	100%	11,810	100%





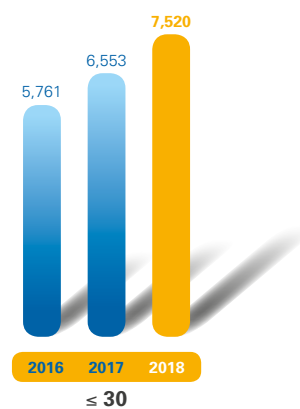
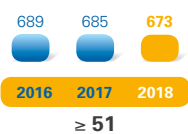
### Composition of Employees Based on Employees Status

Employees Status		2016		2017		2018	
		Total	%	Total	%	Total	%
Permanent Employees		8,561	92.6%	8,780	84.7%	10,025	85.99%
Contract Employees		683	7.4%	1,580	15.3%	1,785	14.01%
Outsourced Employees		6,728	42.1%	9,223	47.1%	10,286	46.55%
Total	Not Including Outsourced	9,244	100%	10,360	100%	11,810	100%
	Including Outsourced	15,972	100%	19,583	100%	22,096	100%



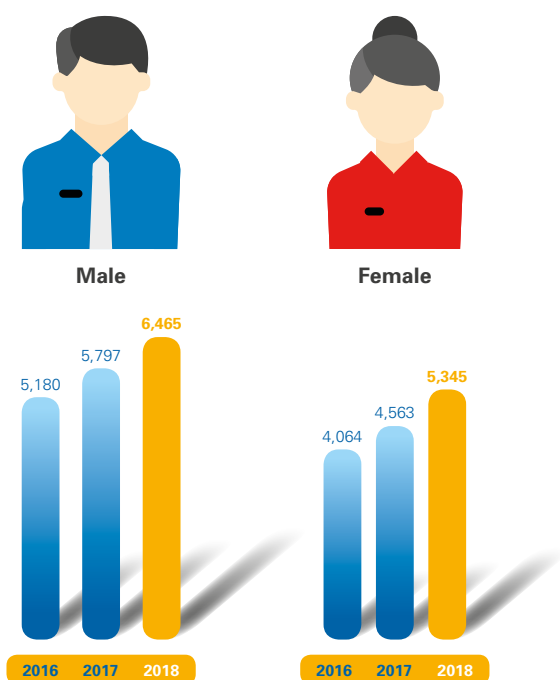
### Composition of Employees Based on Age

Age	2016		2017		2018	
	Total	%	Total	%	Total	%
≥ 51	689	7.45%	685	6.61%	673	5.70%
31 – 50	2,794	30.23%	3,122	30.14%	3,617	30.63%
≤ 30	5,761	62.32%	6,553	63.25%	7,520	63.67%
Total	9,244	100%	10,360	100%	11,810	100%



## Composition of Employees Based on Gender

Gender	2016		2017		2018	
	Total	%	Total	%	Total	%
Male	5,180	56.04%	5,797	55.96%	6,465	54.74%
Female	4,064	43.96%	4,563	44.04%	5,345	45.26%
Total	9,244	100%	10,360	100%	11,810	100%



## HR RECRUITMENT

The Company implements employee recruitment by upholding the principles of openness, fairness and equality. The recruitment process is based on business needs, and the quality and competencies of each candidate. Therefore, the Company implements a recruitment strategy and system by ensuring that it will only get the best talents as HR assets, through both internal and external channels.

Internal recruitment is carried out to fill vacant positions in a work unit through the promotion process and employee rotation. The Company provides opportunities for employees to work in other work units as an effort to improve career experience and development in accordance with the requirements and qualifications needed.

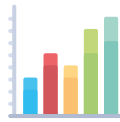
The Company recruits external candidates using a variety of recruitment channels, such as ad announcements in various print and electronic media, public lectures and/or seminars, job fairs, talent scouting or job searching in collaboration with several universities. External recruitment is conducted directly by the Company, and through outsourcing, using third parties. The outsourcing method is used to recruit employees with non-organic positions for non-core work. The web-based recruitment system (e-recruitment) and cooperation with professional recruitment sites related to the employee branding program have been used by the Company so that the recruitment process becomes more efficient.

In 2018, the recruitment process was managed accordingly and resulted in personnel that are capable of providing a competitive advantage for the Company. In terms of quantity, the Company organized recruitment of 1,400 new employees in 2018.

## MANPOWER PLANNING

The Company has implemented an effective and efficient organizational design, featuring a relevant number of employees in order to be aligned with the strategies, as well as the short-term and long-term business objectives while taking into account the risk management aspects through the annual preparation of ManPower Planning. ManPower Planning involves all work units to identify the number and needs of employee recruitment, competency development, and performance management in accordance with formation standards in supporting the implementation of the Company's business strategy. This process is reviewed periodically to ensure compliance with the Company's business growth and conditions.

In 2018, the implementation of Manpower Planning was able to influence the achievement of the Company's recruitment performance in reaching 100% of the target of 1,400 new employees.



## EQUALITY AND JOB OPPORTUNITIES

The Company is committed to opening employment opportunities to the best candidates to join and build careers based on principles and values of equality without distinguishing aspects of gender, ethnicity, race, and religion in line with the provisions that apply both internally and externally. Each employee is given the same opportunity to contribute in order to improve the Company's performance without individual discrimination. The manifestation of the implementation of equality principles has been carried out since the process of recruitment, selection and work placement including matters relating to wages, welfare, labor social security, working environment, training, and others.

## HR EDUCATION AND TRAINING

The Company believes that every employee has the same opportunity to progress and develop according to the potential, expertise and opportunities available. Therefore, the Company develops HR capabilities and competencies using an integrated approach, designed to pay attention to the needs of employees, organizations and business objectives. Employee education and training are also aligned with HR strategies and policies efficiently and effectively, in order to support the improvement of the performance of Human Capital.

The Company hands responsibility to the Learning Center Division to develop the capabilities and competencies of employees through the learning & development program. The program is focused on three schools, namely:

### 1. School of Leadership

This School focuses on leadership development, including Supervisory Development Program, Officer Development Program, Management Development Program, Senior Management Development Program, Vice President Development Program, and Executive Development Program.

### 2. School of Business Banking

This School focuses on developing training on the Company's products and services, namely Public Housing Loans, funding, treasury, collection, sales and service and others.

### 3. School of Operational Banking

This School focuses on developing training for operational activities to support business units, namely Information Technology, Finance, Risk, Human Capital, Legal and others.

The Company implements employee education and training programs with reference to management policies and strategies and the results of the Training Need Analysis (TNA). Through these two aspects, the Company can identify every employee who meets the requirements to be given the opportunity to attend training. Post-training evaluation is conducted through the Post Training Evaluation Form to measure Return of Training Investment, which reflects the effectiveness of the implementation of education and training programs. The results of the evaluation will be used as the basis for the career path and the level of need for further employee training. This evaluation is not only done for participants, but also for instructors and organizers.

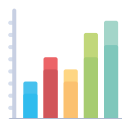
In 2018, the Company organized an education and training program which was attended by 28,827 employees. From that number, 10,153 employees attended the school of business, 4,893 participants attended the school of leadership, and 13,781 participants attended the school of operational banking. The investment or costs incurred by the Company in employee education and training programs throughout 2018 reached Rp138.27 billion, while in 2017 it amounted to Rp164.69 billion. The realization of education costs in 2018 was lower than in 2017 because the Company establishes a blended learning delivery method that combines online learning and offline learning so that the implementation of education and training becomes more efficient without reducing the effectiveness of each education and training program.

Table of Types, Objectives, and Participants/Job Position Level

Type of Training	Training Objectives	Position Level	Number of Participants	
			2018	2017
Leadership	Focus on developing leadership	<ul style="list-style-type: none"> <li>• Junior staff</li> <li>• Staff</li> <li>• Senior staff</li> <li>• Assistant Manager</li> <li>• Manager</li> <li>• Senior Manager</li> <li>• Ass. Vice President</li> <li>• Vice President</li> <li>• Exec. Vice President</li> <li>• Sr. Vice President</li> <li>• Direksi &amp; Komisaris</li> </ul>	4,893	1,112
Business	Focus on developing training on products and services	<ul style="list-style-type: none"> <li>• Junior staff</li> <li>• Staff</li> <li>• Senior staff</li> <li>• Assistant Manager</li> <li>• Manager</li> <li>• Senior Manager</li> <li>• Ass. Vice President</li> <li>• Vice President</li> <li>• Exec. Vice President</li> <li>• Sr. Vice President</li> <li>• Direksi &amp; Komisaris</li> </ul>	10,153	13,295
Operational Banking	Focus on developing training for operational activities to support business units	<ul style="list-style-type: none"> <li>• Junior staff</li> <li>• Staff</li> <li>• Senior staff</li> <li>• Assistant Manager</li> <li>• Manager</li> <li>• Senior Manager</li> <li>• Ass. Vice President</li> <li>• Vice President</li> <li>• Exec. Vice President</li> <li>• Sr. Vice President</li> <li>• Direksi &amp; Komisaris</li> </ul>	13,781	9,736

Table of Domestic Scholarship

No.	University	Receipient	Academic Degree
1	Binus University, Jakarta	1 Employee	Bachelor (S1)
2	STIE Atma Bhakti, Surakarta	1 Employee	Bachelor (S1)
3	STIE Indonesia Membangun, Serang	1 Employee	Bachelor (S1)
4	STIE Indonesia, Banjarmasin	1 Employee	Bachelor (S1)
5	STIE Kusuma Negara, Jakarta	1 Employee	Bachelor (S1)
6	STIE Persada Bunda, Riau	1 Employee	Bachelor (S1)
7	STIE Urip Sumoharjo, Surabaya	1 Employee	Bachelor (S1)
8	STMIK Bina Sarana Global, Tangerang	1 Employee	Bachelor (S1)
9	Universitas 17 Agustus 1945, Cirebon	1 Employee	Bachelor (S1)
10	Universitas Balikpapan, Balikpapan	2 Employee	Bachelor (S1)
11	Universitas Batam, Batam	2 Employee	Bachelor (S1)
12	Universitas Esa Unggul, Jakarta	1 Employee	Bachelor (S1)
13	Universitas Islam Kalimantan Muhammad Arsyad Albanjari, Banjarmasin	1 Employee	Bachelor (S1)
14	Universitas Kuningan, Kuningan	2 Employee	Bachelor (S1)
15	Universitas Mercu Buana, Jakarta	1 Employee	Bachelor (S1)
16	Universitas Muhammadiyah, Gresik	1 Employee	Bachelor (S1)
17	Universitas Muhammadiyah, Mataram	1 Employee	Bachelor (S1)
18	Universitas Pasundan, Bandung	1 Employee	Bachelor (S1)
19	Universitas PGRI Adi Buana, Surabaya	3 Employee	Bachelor (S1)



**Table of Domestic Scholarship**

No.	University	Receipient	Academic Degree
20	Universitas Swadaya Gunung Jati, Cirebon	1 Employee	Bachelor (S1)
21	Universitas Widyatama, Bandung	2 Employee	Bachelor (S1)
22	School of Business and Management ITB, Jakarta	10 Employee	Master (S2)
23	Universitas Gadjah Mada, Jakarta	15 Employee	Master (S2)

**Table of Overseas Scholarship**

No.	University	Receipient	Academic Degree
1	Birmingham University, United Kingdom	1 Employee	Master (S2)
2	Cardiff University, United Kingdom	2 Employee	Master (S2)
3	Greenwich University, United Kingdom	1 Employee	Master (S2)
4	IHS. Erasmus Rotterdam, Netherlands	1 Employee	Master (S2)
5	Malaya University, Malaysia	1 Employee	Master (S2)
6	Melbourne University, Australia	1 Employee	Master (S2)
7	Monash University, Australia	2 Employee	Master (S2)
8	Salford University, United Kingdom	1 Employee	Master (S2)

## CAREER MANAGEMENT

The Company realizes that the implementation of a clear career path can affect the level of satisfaction and engagement of employees. For this reason, the Company has implemented a career management system for employees in an effort to ensure the availability of capable officers in key positions. The application of this system has been stipulated in Circular of Directors No. 26/DIR/HCD/2014 Concerning Employee Career Planning. The implementation of employee career management is done to place the best employees in vacant positions, to identify potential employees, and to ensure that all employees have equal opportunities to develop their careers.

The Company has implemented a career pattern for all employees as follows:

### 1. Fast Track

The Fast Track career pattern is a highly accelerated career progression, where employees can be recommended for promotion after a working period of 1 to 2 years after occupying their last Personal Grade. The employees who get an opportunity through this Career Path are those included in the "Star" category based on the results of Talent Mapping.

### 2. Middle Track

The Middle Track career pattern is an accelerated career progression, where employees can be recommended for promotion after a working period of 2 to 3 years after occupying their last Personal Grade. The employees who get an opportunity through this Career Path are those who are included in the "Potentials" category based on the results of Talent Mapping.

### 3. Normal Track

The Normal Track Career Pattern is a career progression that follows general rules, where employees can be recommended for promotion after a work period of 3 to 4 years after occupying their last Personal Grade. The employees who get an opportunity through this Career Path are those who are included in the "Average and Need to Develop Group" in Talent Group 7, based on the results of Talent.

### 4. SlowTrack

The SlowTrack career pattern is a career progression where employees can be recommended for promotion after a work period of 4 to 5 years after occupying their last Personal Grade. The employees who get an opportunity through this Career Path are those who are included in the category of "Need to Develop" in Talent Group 3 and "Slow Starter" in Talent Group 4, based on the results of Talent.



### 5. Non Track

Employees who enter this career pattern cannot be recommended for promotion. The employees who are included in the Non-Track category are employees who are included in the "Slow Starter" category in Talent Group 2 and "Unfit" based on the results of Talent.

The career patterns are carried out through several channels by considering aspects including the needs and development of the organization and the assessment of the performance management system in the last three years. Employee career paths include:

#### 1. Promotion

The career path towards a higher position group and regulated by a promotion mechanism. Employees who are entitled to become candidates for promotion are those who are included in the career pattern of fast track, middle track, normal track and slow starter as explained in the company's career pattern.

#### 2. Rotation

The career path to the same position group and arranged in rotation. Rotation is carried out if there is a vacant position due to rotation or promotion from an equivalent position or if an officer is unable to remain in his/her current position.

#### 3. Career Path to a Position in the lower Position Group

Career paths to a lower position occur because of requests from employees themselves, for several

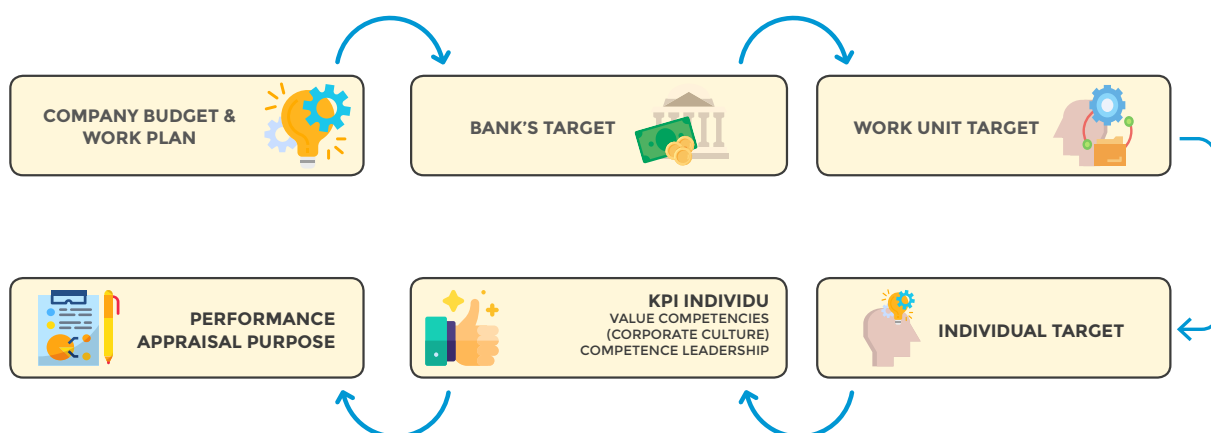
reasons, namely, to pursue careers in different occupations or family positions, but must start from a lower position, or the desire to move to a different work location where the position available is lower than the current position. In addition, the movement to a lower position can be caused by sanctions as stipulated in the demotion scheme in the policy concerning Discipline Regulations and Sanctions.

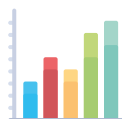
Employee career determination is based on clear and non-discriminatory mechanisms. Throughout 2018, the Company implemented such career management practices based on mechanisms that have been clearly regulated in accordance with applicable policies. In 2018, promotional programs were conducted for 1,025 employees and rotations were carried out on 1,495 employees.

## PERFORMANCE MANAGEMENT SYSTEM

The Company implements a performance management system that can encourage employee productivity and motivate employees to carry out their duties optimally, increase employee loyalty and drive work climates that are open, positive and progressive. Each year, the Company prepares and sets targets that are distributed to all Work Units to be further handed down to each individual based on the potential and capability of employees. The set of targets is quantitative in the form of Individual KPI. Every employee has a KPI as a work target derived from the Work Unit KPI.

Scheme for determining individual KPIs





At the end of the performance management system flow, the Company evaluates employee performance for the January 1 to December 31 period of the financial year. Individual performance is planned, determined, reviewed and assessed using a Performance Management Form that includes 3 performance assessment objectives, including Individual Work Goals in the year of ongoing performance appraisal, Competence Value (corporate culture) that includes the implementation of corporate cultural behavior, and Leadership Competency, that includes the level of leadership competence which is required for the individual positions that are assessed and indicated.

In addition, the Company's Performance Management System is implemented with the 4DX (Four Disciplines of Execution) Method as the basis for setting targets, performance planning and monitoring implementation. Using this method, the Corporate KPI is set as the most important target and becomes a component of the individual performance management system, while the Work Unit KPI is defined as the Lag KPI that becomes the responsibility of the position and encourages the achievement of Corporate KPI. Furthermore, the Individual KPI is determined as the Lead KPI, an activity which is a Lead Measurement to encourage the achievement of the Work Unit KPI. Moreover, for the implementation of monitoring, the Company uses Scoreboard and the implementation of Wig Session on an ongoing basis, as well as the implementation of coaching & mentoring to ensure the achievement of the goals of each individual.

## REWARDS AND PENALTIES

The Company applies rewards as a form of appreciation given to employees to continue to develop and create various innovations through the provision of several types of awards, including:

### 1. Appreciation for outstanding work achievements

This award is given to employees who show that the results of their thoughts and work that can benefit the Bank. The Top Work Award Charter is given in the form of granting a cash reward in the amount of 3 times the basic salary of the employee concerned, and additional paid leave of 5 working days.

### 2. Working Period Award

Employees with a work history of 15, 20, 25, 30 and 35 years are entitled to receive the satya bakti award in the form of satya bakti charter, satya bakti cash reward based on the years of work, and additional paid leave of 5 (five) working days.

### 3. Post Work Period Award

This award consists of three types, namely the award of post-service work, the award of Satya Abadi work, and the award for the end of the service period. Retired employees receive a post-service award. Meanwhile, employees who have passed away in the line of duty receive the Satya Abadi award, a charter given to heirs and for funeral assistance, in order to maintain the good name, security, and integrity of assets and the interests of the Company. The final award of service period is given to permanent employees who are honorably dismissed and pass away before retiring.

### 4. Special Appreciation

This award is given by the Board of Directors specifically to former employees of the Company or TNI/POLRI institutions at the Central and Regional levels, international and private institutions that are deemed to be meritorious or have made a major contribution to the Company.

### 5. Assignment Abroad Award

This award is given to a Division, Desk, Regional Office, or Branch Office that reaches certain targets.

The Company offers rewards to employees both financially and non-financially in accordance with the Company's ability; its implementation refers to Circular Letter of Directors SE No. 44/DIR/HCOD/2018. Every year the financial reward is evaluated and improved to maintain the Company's competitiveness.

On the other hand, the Company also imposes penalties to employees who violate the code of ethics and other related provisions. Penalties are imposed to instill behavior in accordance with the values and culture of the Company. Several types of penalties are imposed as follows:

#### Light category sanctions

1. Oral Reprimand (TL)
2. Written Reprimand (TT)
3. Dissatisfaction Statement (PTP)

#### Medium category sanctions

1. Withholding paid leave (TMUC)
2. Withholding periodic salary adjustments (TMPGB)
3. Downgrading by 1 grade (base salary adjustment) (PG1)

### Heavy category sanctions

1. Downgrading by at least 2 grades (basic salary adjustment) (PG2)
2. Termination of employment (PHK)
3. Termination of Employment and Reported to Authorities (PHKPYB)

## HR WELFARE

### Remuneration

The Company implements a remuneration system to motivate and maintain the best employees and aims to meet the needs of quality human resources. To support the Bank's strategy and encourage optimal and sustainable performance, the Company applies performance-based remuneration. In addition, the Company applies the structure and scale of wages in accordance with the provisions that apply to both the field of employment and to the related authorities in the banking industry.

The Company is committed to implementing a competitive, fair and balanced remuneration system, is risk based, and always ensures that no employee receives remuneration below the level set by the government.

### Pension Program

The Company pays attention to the welfare of employees before retirement through the Pension Preparation Period (MPP) program. The program is intended for permanent employees who have reached the age of 55 years. MPP was held for 12 months as an opportunity to participate in various training programs so that it is expected to support survival after retirement. In 2018, 104 employees continue to attend MPP training programs, namely:

No.	Batch	Date	Participants (Employees)
1	Batch 1	19 to 23 February	28
2	Batch 2	1 to 5 May	25
3	Batch 3	17 to 21 September	26
4	Batch 4	5 to 9 November	25
Total			104

The implementation of the pension program is a form of appreciation for permanent employees for their contribution to the Company. Permanent employees who have reached a normal retirement age of 56 years and permanent employees with the status of teller staff, customer service staff and 36 year-old secretaries are entitled to retirement benefits. The Company organizes a pension benefit program consisting of a

Defined Benefit Program and a Defined Contribution Program as the right of permanent employees who have become participants of the Pension Fund. In the Defined Benefit program, employees continue to receive benefits in line with the formula determined by the Pension Fund while in the Defined Contribution Program, employees continue to receive pension benefits from the accumulated contribution balance of 2.5% of the salary in question, 7.5% from the Company, and the results of its development. The amount of Pension Benefits that can be received by employees is 80% of Basic Pension Income and refers to the Decision of the Board of Directors which regulates Pension Fund Regulations of PT Bank Tabungan Negara (Persero) Tbk (Dapen BTN).

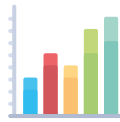
## INDUSTRIAL RELATIONS

The Company is committed to building and maintaining industrial relations as a system of healthy and constructive working relationships between employees and the Company. Harmonious relationships are needed to ensure the realization of employee productivity and fulfillment of the protection of the interests, rights and obligations of all parties in accordance with applicable laws and regulations.

In industrial relations, the Company places Trade Unions as strategic partners in building and maintaining harmonious industrial relations in the work environment through regular and continuous communication. This condition encourages the Company to manage industrial relations because productive workers will contribute greatly to the Company's performance.

The key factor for the realization of harmonious industrial relations is good communication between Management and employees. Therefore, the Company has formed a Bipartite Cooperation Institution (Bipartite LKS), namely a forum for communication and consultation on matters relating to industrial relations, whose members consist of Position Holders and Bank BTN Workers' Unions (SP-BTN). The Company together with SP-BTN has compiled a Collective Labor Agreement (PKB) that was agreed upon by both parties.

The Company and the Workers' Union periodically conduct formal and informal meetings to discuss the fulfillment of employee rights and obligations as well as the formulation of disciplinary sanctions if there are violations. The meeting also aims to build and maintain continuous communication. Until the end of 2018, there was 1 Workers' Union in the Company.



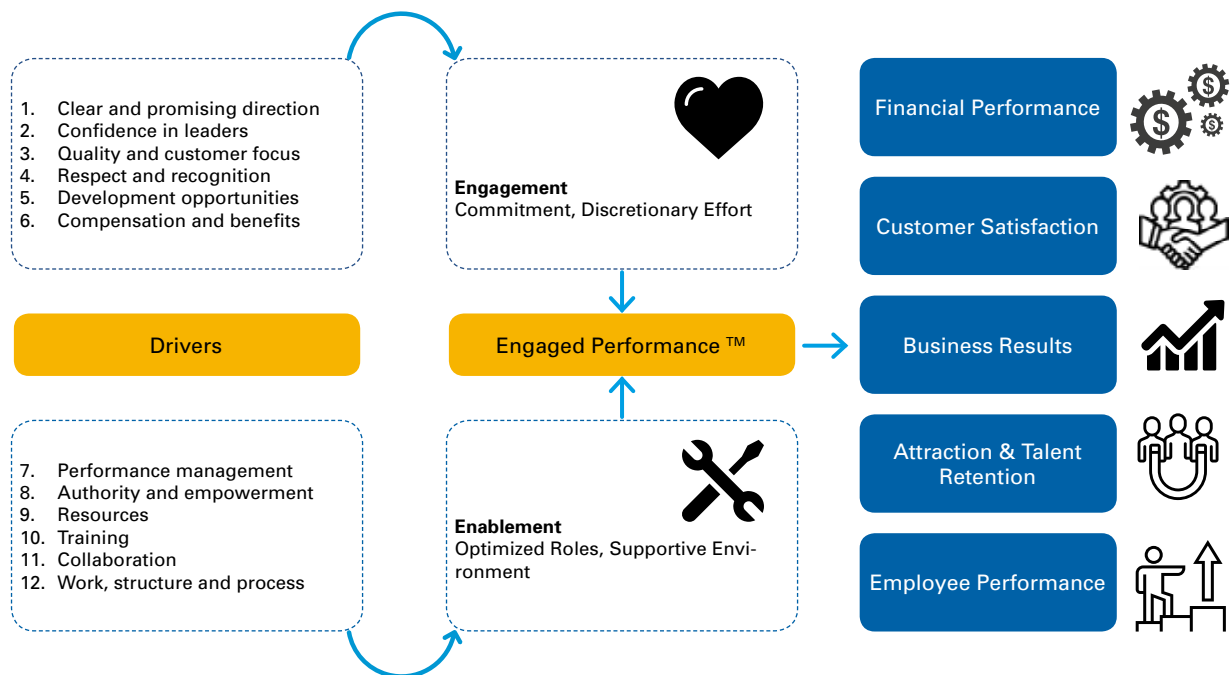
Throughout 2018, the Company and the Workers' Union held 1 (one) formal meeting through the BTN Bank Workers Union National Conference from May 13 to 16, 2018. Through a series of meetings, it is hoped that harmonious industrial relations will be created so that a safe and comfortable work environment can be built to support the smooth productive operation.

## EMPLOYEE ENGAGEMENT SURVEY (EES)

The Company conducts surveys on the level of satisfaction and engagement of employees on a regular basis with the Employee Engagement Survey (EES). The survey involves all employees at all levels of the organization to determine the level of employee engagement with the Company. In conducting this survey, employees can express their opinions honestly

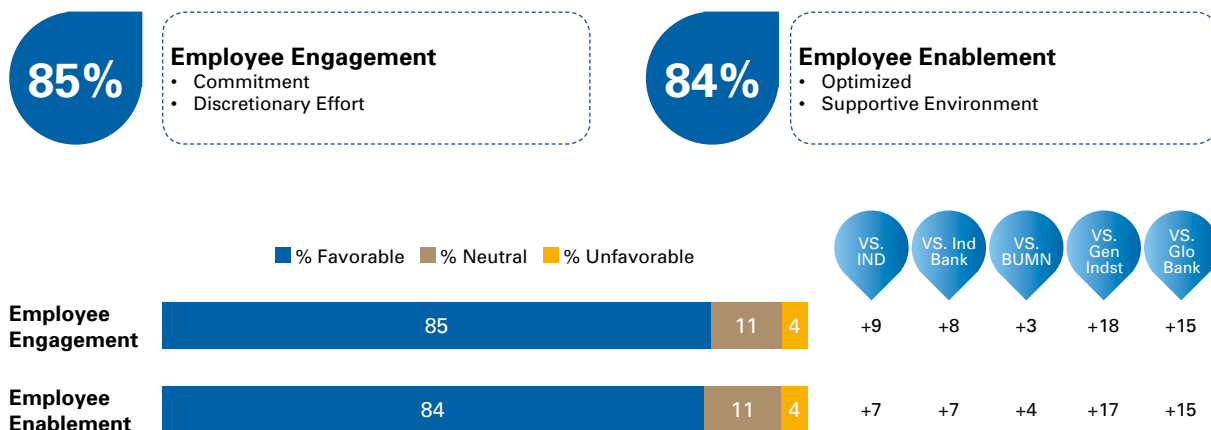
about matters that have gone well and matters that need to be improved in the Company. Through the results of the EES survey, the Company can obtain an overview of the strength of the Company and aspects that need to be improved; the results can then be used as a basis for developing improvement measures to support the achievement of better Company performance, and other aspects needed to create a comfortable and conducive work environment to encourage employee productivity.

In 2018, the Company implemented EES through collaboration with an independent consultant. The method used in conducting this survey was issuing on-line questionnaires to all permanent employees of the Company. The questionnaire consisted of questions covering two aspects, namely Engagement Questions and Driver Questions. In general the method of formulating employee engagement is shown in the following scheme:



The Company's EES score showed an increase to 85% in 2018, compared to the previous year at 78%. The EES results indicate that the level of employee engagement with the Company has increased by 8.97% and is at the Top Quartile level. The EES score of the Company in the last 2 years is above the benchmark level of other employees such as Financial Institution APAC at 67%, Financial Institution Indonesia at 72%, and BE Indonesia Benchmark at 86%. The Company follows up on the results of the survey by carrying out socialization and impact plans to design improvements to the organization. The proposed improvements were then streamed into the preparation of the Corporate Work Plan and Budget (RKAP) in the following year.

In detail, the results of the EES of the Company in 2018 indicated that the level of employee engagement was quite high as shown in the following scheme:



### MANAGEMENT OF INFORMAL EMPLOYEE ACTIVITIES

In order to provide a platform for informal activities of employees outside office hours, the Company provides a facility for employees to channel their hobbies and creativity in the fields of sports, arts, social and spirituality. This informal activity is also a form of the Company's concern to create a work-life balance for employees, which includes:

#### 1. Religious activities

Religious activities are carried out and are properly coordinated through religious organizations including Islam, Christianity, Catholicism, Hinduism and Buddhism.

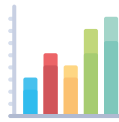
#### 2. Sports activities

Sports activities are carried out and are properly coordinated through sporting communities, which include:

- Bicycling, through BCC (Batara Cycle Community)
- Running, through BTN Runners
- Futsal and football, through PS Batara
- Golf, through Batara Golf
- Bowling, through the BTN Bowling Association

#### 3. Art activities

- Photography, through BTN Photography
- Dance, through Lenggang Harmoni
- Music, through Batara Music Club

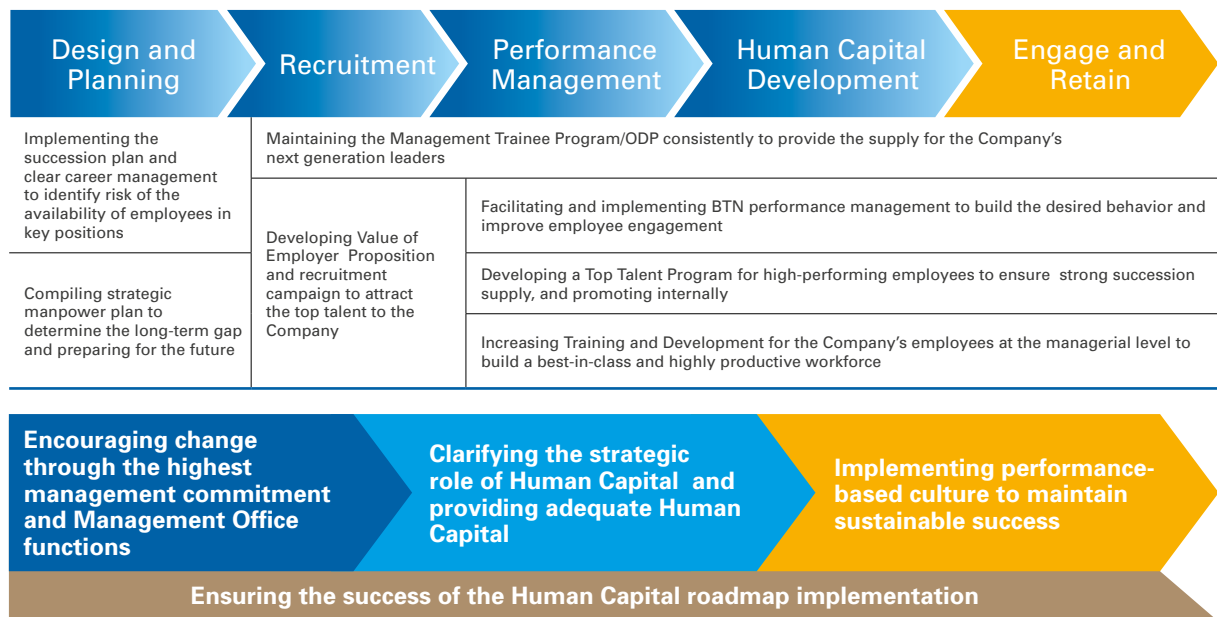


## HUMAN RESOURCES DEVELOPMENT ROADMAP 2016-2020

Optimal Company business growth can be achieved by aligning strategic development in all business elements, including human resource development. Looking ahead, the Company has compiled the HR Development Roadmap, valid until 2020, as the basis for HR management in line with the Company's transformation roadmap in the Digital Banking stage. The HR Development Roadmap focuses on 7 main initiatives as follows:

1. Implement a succession plan and clear career management to identify the risk of availability of employees in key positions
2. Develop strategic manpower planning to determine the long-term gap and prepare for future needs
3. Develop a value of employer proposition and recruitment campaign to attract the best talent to the Company
4. Improve and apply the Company's performance management to build desired behavior and improve employee engagement
5. Develop a top talent program for high-performance Company employees to ensure precise succession
6. Encourage change through top management support
7. Application of a performance-based culture and risk ,to maintain sustainable success

### Human Resources Development Roadmap 2016-2020





# TATA KELOLA TEKNOLOGI INFORMASI



**T**he Company acknowledges that Information Technology management plays a significant role in supporting the operation and security of processing data and information. In addition, sound management of Information Technology can provide increased efficiency in operational activities and the quality of digital banking services. Recognizing this matter, the Company utilizes Information Technology to provide optimal services and minimize operational business risks that may be encountered. On the other hand, the continuous development of Information Technology can also make the Company's risk management system run effectively.

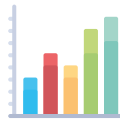
## VISION AND MISSION OF INFORMATION TECHNOLOGY

### Vision

"To synergize Business Strategy and Information Technology by Providing a World Class Information Technology Service to Achieve Victory in the Digital Age"

### Mission

"To be a reliable business partner who provides responsive and accurate services through cutting-edge technology and a leading integration system."



“

**The Company utilizes Information Technology to provide the best service and to minimize operational risks in its business. On the other side, sustainable development of Information Technology can also make lead to an effective implementation of the Company's risk management system.**

”

## **INFORMATION TECHNOLOGY MANAGEMENT POLICIES AND STRATEGIES**

The Company has implemented Information Technology management policies and strategies in order to support Digital Based Services stipulated by the Decision of the Board of Directors. Periodically, the Company reviews policies that have been prepared to strengthen Information Technology infrastructure so that it is able to provide solutions to financial services that are increasingly accessible to, and efficient for, customers. The Company's policies in managing Information Technology are as follows:

1. Board of Directors Regulation No. 11/PD/ITPD/2017 on Risk Management-Based Information Technology Governance, Amendment to Board of Directors Regulation No. 35/PD/ICTD/2010 on Risk Management-Based Information Technology Governance
2. Board of Directors Regulation No. 12/PD/ICTD/2016 on the Information and Communication Technology Strategic Plan 2016-2018.
3. Board of Directors Decision No. 05/PD/ICTD/2014 on the Amendment to Directors' Decision No. 18/PD/CMO/2011 dated July 20, 2011, on the IT Steering Committee.
4. The policy of IT Business Continuity Plan, which covers Board of Directors Circular Letter No. 01/DIR/DTI/2006 on Operating Procedure Disaster Recovery Center (DRC) Directive; Board of Directors Circular Letter No. 23/DIR/ICTD/2011 on Guidelines for Business Continuity Plan Implementation; Board of Directors Circular Letter No. 35/DIR/

ICTD/2013 on Disaster Recovery Plan (DRP) Manual; and Board of Directors Circular Letter No. 18/DIR/RMD/2017 on Business Continuity Management (BCM) Policy and Standard Operating Procedure (SOP) of the Business Continuity Plan (BCP).

5. IT information security policy includes Board of Directors Circular Letter No. 17/DIR/DTI/2007 on Security Management Guidelines of Password/Cryptographic Key/Personal Characteristics (Fingerprint, Retina, Sounds)/PIN, and Board of Directors Circular Letter No. 26/DIR/ICTD/2017 on Non-Disclosure Agreement.
6. Operational Policy comprised of Board of Directors Circular Letter No. 04/DIR/DTI/1999 on Housing Loan (KPR) Application Operation Guidelines; Board of Directors Circular Letter No. 05/DIR/DTI/1999 on Operation Guidelines on Backup Data; Directors' Circular Letter No. 02/DIR/ICTD/2014 on Operational Guidelines on Master Error Report Finishing.
7. IT Management Policy comprised of Board of Directors Circular Letter No. 41/DIR/ICTD/2011 on Operation Guidelines of IT Risk Management, and Board of Directors Circular Letter No. 33/DIR/ICTD/2011 on Information Technology Standard Operating Procedure (SOP).
8. IT Standardization Policy includes Board of Directors Circular Letter No. 59/DIR/ITPD/2017 on Information System Technology Standardization, which is the review result of Directors' Circular Letter No. 51/DIR/ICTD/2014 on Information System Technology Standardization.
9. Information Security Policy includes Board of Directors Circular Letter No. 64/DIR/ITPD/2017 on Information Security Manual, which is an Amendment to Board of Directors Circular Letter No. 31/DIR/ICTD/2011 on Information Security Management System, and Board of Directors Circular Letter No. 40/DIR/ICTD/2016 on the Amendment to the Directors' Circular Letter No. 01/DIR/ICTD/2014 on Information Security Guidelines.
10. IT Operational Policy that includes Board of Directors Circular Letter No. 02/DIR/ICTD/2014 on the Operational Guidelines for Completion of Master Error Reports
11. IT Operational Policy that includes Board of Directors Circular Letter No. 05/DIR/DTI/1999 on the Data Backup Operation Guidelines of PT Bank Tabungan Negara (Persero) Tbk
12. Information Security Policy that includes Circular Letter No. 26/DIR/ICTD/2017 on the Information Disclosure Agreement (Non-Disclosure Agreement)

In order to support the policy and achieve the targets of the established Information Technology roadmap, the Company applies several Information Technology management strategies as follows:

### 1. Flexible Distribution

- Sales and multi-channel services that provide a consistent service level in each distribution channel
- Flexible channel to support cooperation with partners
- Starting a transaction in one channel and completing it through another channel

### 2. Automated Processing

- End-to-end automation and integration by using Enterprise Application Integration (EAI) and Straight-Through Processing (STP)
- Reduce the need of user involvement
- Optimize the speed of the transaction

### 3. Resource Empowerment

- Self-assisted training, education, and improvement of employee skills
- Acceleration in product launch
- Improvement in employee empowerment and better customer experience

### 4. Agile Manufacturing

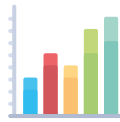
- Agile product manufacturing that allows for modifications to the product specifications
- Enable product bundling
- Accelerate distribution time of new products to the market

### 5. Integrated Customer Analytics

- Availability of customer information in all channels, including customer's profile and segmentation, product portfolio, risk evaluation, and current loan
- 3600 customers' visibility- a comprehensive view from the customer's perspective
- Customer insights from the analytical system

### 6. Advanced Security

- Authentication platform and strong security
- Establish a secure and trusted environment for customers and partners in order to maintain an excellent customer experience



## INFORMATION TECHNOLOGY INVESTMENT PROGRAM AND WORK INITIATIVE 2018

In 2018, the Company continued its focus, initiatives and strategic policies on IT development from the previous year, as stated in Information Technology based on the Information Technology & Communication Strategic Plan and its derivative policies that were in line with the Company's main strategies in increasing operational effectiveness and efficiency through business process automation, ultimately being able to improve customer service.

Through the IT Strategic Planning Development Division (ITPD) in 2018, the Company implemented programs and initiatives in the field of Information Technology in several fields of development to strengthen IT infrastructure covering the fields of technology, people, and processes including the following:

1. Marketing & Sales Management Solution Implementation
2. Agile Product Configuration and Bundling Enhancement
3. Branchless Banking Initiative
4. Integrated Supply Chain Financing & Cash Management Services Implementation
5. Data Integration Services Enhancement
6. Smart Forex System Implementation
7. Case Management Solution Implementation
8. Corporate Performance Management Planning & Budgeting Solution Implementation
9. Web Branch Enhancement: E-Forms
10. Fraud System Enhancement
11. Treasury System (Opics) Enhancement
12. Enterprise Risk Management System (ERMS) Implementation
13. Wealth Management Application Enhancement

In addition, the Company is developing IT in accordance with the needs of the Company with reference to digital-based financial services. Several IT developments in 2018 including BTN Property Phase 2 Enhancement Portal, SMART, Information Technology Security Devices (Firewall), Application Performance Monitoring, and Collaboration with Digital Platforms.

### 1. BTN Property Phase 2 Enhancement Portal

Internet users in Indonesia continue to experience significant growth. This aspect is a big challenge and an opportunity for the Company's business to be able to take optimal advantage of these

innovations so that the Company can dominate business competition in the banking industry. With the main business focus on housing financing, it requires a leap or breakthrough in business model innovation, accompanied by business processes that are flexible and adaptive to the development of external factors while still paying attention to internal factors. One strategy to help dominate business competition is to take advantage of these opportunities through the development of the BTN Property portal as a Digital Mortgage Ecosystem.

BTN Property Phase 2 Enhancement Portal is a development that is designed to provide better user interface, easier payment processes, actual monitoring of KPR processes, and various other facilities to become the best website in the field of property sales. The objectives include strengthening the Company's Brand Image, expanding core business, maintaining and increasing customer credit market share, supporting increasing customer acquisition, settlement of auction houses, supporting optimization of business opportunities in the property sector, and making the process of buying a home more convenient.

### 2. BTN SMART

The company is currently implementing the 2020 Transformation Program for the 2017-2018 period. One of the main programs that was implemented in the 2017-2018 period is the establishment of a digital salesforce device called BTN SMART, a digital device that integrates with the tools owned by business units for salesforce needs. Integration between systems in business units allows cross-selling to be carried out automatically for customers or potential customers to maximize understanding of customer needs. Some of these tools include iCustomer and iWealth.

BTN SMART (Salesforce Monitoring and Referral Tool) is an integrated salesforce device equipped with the Lead Management System (LMS) and a data processing algorithm for branch performance monitoring that can be accessed from mobile phones. The process itself starts from input, data processing, and output, to dashboard for monitoring achievement. Integrated salesforce tools can be used by all funding and lending users.

### 3. Information Technology Security Device

The Company has developed the IT security device in order to support business development in accordance with the 2016-2020 Strategic Transformation Plan blueprint, namely "Enhancing cross selling and distribution channels." The IT security device is also intended to improve the functions of internet banking and mobile banking; branch outlets to the head office/data center can be accessed through intranet or extranet and the internet-based networks; access to intranet and extranet networks, has a very high risk of cyber interference, thus a special device is needed that has security features in accordance with policies that are implemented in an integrated system of confidentiality, integrity and availability in an effective and efficient manner, by taking into account compliance with the provisions.

Overall, improvements to the Company's IT security in 2018 were able to : protect and mitigate access both internally and externally and protect the internet networks from internal and external attacks that appear extensively at office outlets; protect and mitigate access internally and externally and protect the internet networks from data theft through network spanning and interception; provide restrictions on access rights internally and externally and the internet networks with user identities based on policy provisions; in addition, provide a comprehensive audit trail and

real time monitoring of inbound and outbound traffic activities from office outlets, in order to meet compliance and audit needs.

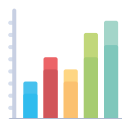
### 4. Application Performance Monitoring

The Company has developed many WEB-based applications, among these are several critical applications, supporting the Company's business to increase profits, including iLoan, iColl, iDoc, and Meddleware. In order to maintain and improve the SLA of application services, comprehensive Preventive Operation Monitoring is needed.

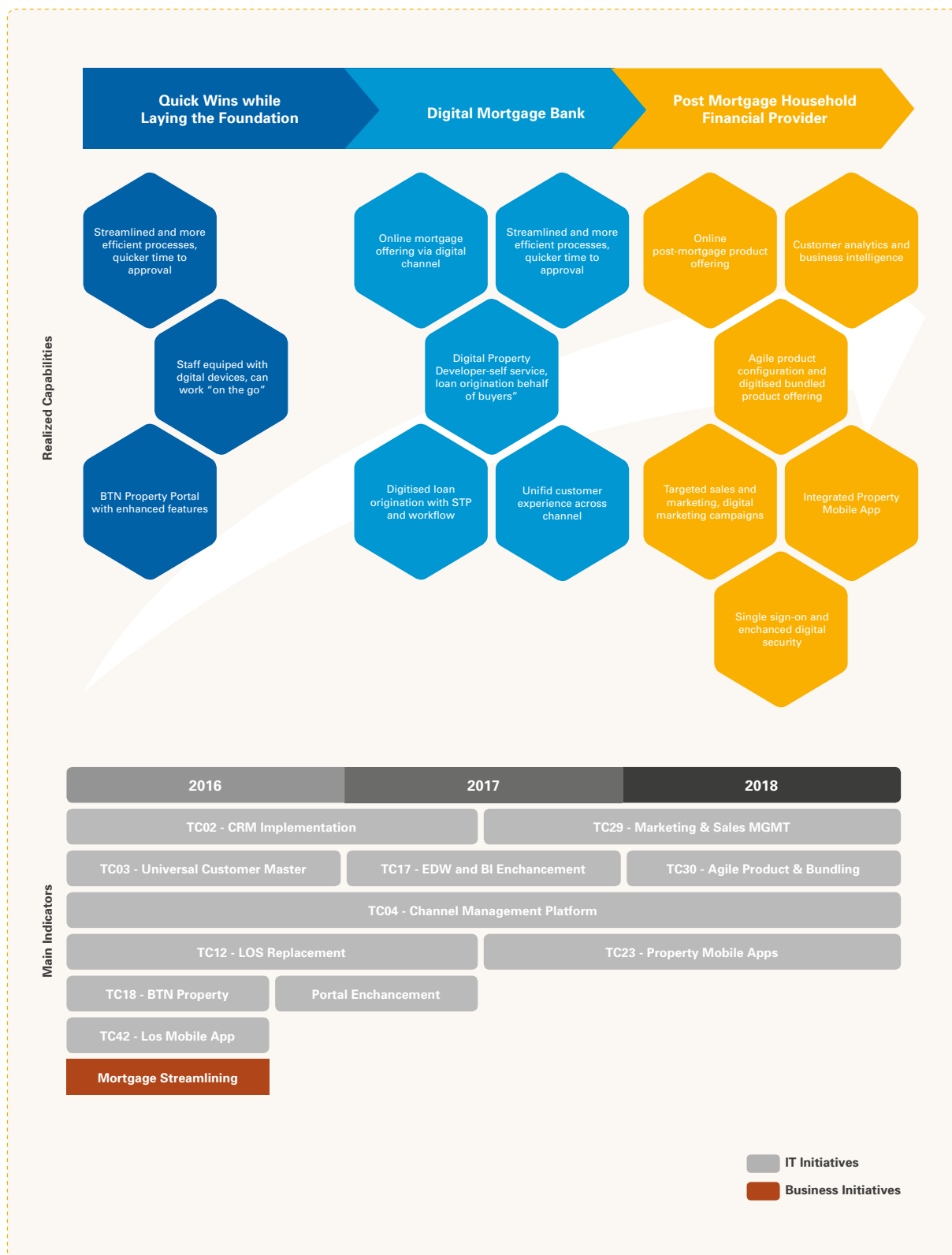
### 5. Collaboration with Digital Platform (Plug and Play Indonesia)

With the transformation of the Company towards Digital Banking, in order to accelerate services to customers and face global industry competition, dynamic steps need to be taken, one of which is becoming a member of PnP. Through PnP membership, it is hoped that it will become a bridge to establish relationships between players in various industry partners such as expanding networks, investment opportunities for startup companies, mentorship, and logistic support.

In 2018, the Company collaborated with StartUp Indonesia, including KYCK!, Manpro, Gradana, and Buildeco.



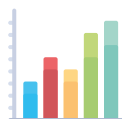
## ACHIEVEMENT OF THE 2016-2018 INFORMATION TECHNOLOGY ROADMAP





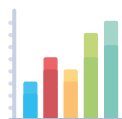
In the past three years, the Company has compiled and carried out an Information Technology Strategy Plan (RSTIK) in the form of the Company's management strategic plan for developing and managing Information Technology. Some of the benefits and achievements that have been accomplished are as follows:

No	Initiative Profile	Main Initiatives of RSTIK 2016-2018	Benefits	Total Initiative	Timeline	Percentage
1	People	PP 01 - ICTD Organisation & Workload Assessment	Assessment to identify existing ICTD resource capacity and workload requirements, future workload projections, and IT organizational structures needed to support businesses to move forward	1	2018	100.00%
2	People	PP 02 - Digital Banking Learning Implementation	Identify the skills needed to support digital banking and RSTIK aspirations for 2016-2018, and create learning and development plans to improve ICTD skills that exist in areas that still have gaps	1	2017	100.00%
3	People	PP 03 - Recruitment & Staff Transition	Staff placement in the roles needed to support the BTN and RSTIK digital banking aspirations for 2016-2018, either through transition from other divisions of the Bank or via external recruitment	3	2020	85.00%
4	People	PP 04 - Train the Trainer Practice Establishment	Establishment of Train the Trainer management practice for all core business applications, , to enable HQ employees and branches to be trained/ retrained when new resources are employed, existing resources are re-positioned, new features are introduced, or new applications are implemented. Creation of learning and sustainable development to support staff readiness in carrying out their functions, and reduce dependence on external vendors/suppliers.	1	2018	100.00%
5	Proses	PR 01 - Demand Management Governance	Establishment of management and Demand Management processes to increase demand and supply between business and IT. This initiative will increase BTN's capability to filter and prioritize projects to be carried out, and ensure that projects that are approved are those that are critical to the business and are aligned with the business strategy. This initiative will also improve the maturity of the project portfolio.	1	2017	100.00%
6	Proses	PR 02 - Supplier Management Improvement	Establishment of a supplier management framework that includes end-to-end relationships with suppliers / vendors, to enable better control and monitoring of problem and risk management, timely delivery and increased transition to business-as-usual (BAU) operations. BTN defines its sourcing strategy as moving forward to enable more efficient and effective delivery of IT.	3	2018	100.00%
7	Proses	PR 03 - Syariah IT Review (Spin Off Assessment)	Assessment to identify technological implications based on BTN's business direction and regulatory limitations for Sharia banking	2	2016	100.00%
8	Proses	PR 04 - Enterprise Architecture Practice & Governance Improvement	Establishment of Enterprise Architecture (EA) practices based on leading EA practices to enable business architecture to be aligned with the Company, flexibility and continuous adaptation of EA based on changes as in well-defined business and governance needs for the continuation and management of EA	1	2018	100.00%
9	Proses	PR 05 - Partnership with 3rd Party Switching Provider for H2H Connections	Building collaboration with third-party switching companies to outsource host-to-host configuration and project implementation. This will provide future host-to-host connections, both new and existing, managed by third parties, thereby reducing the internal ICTD workload	1	2019	100.00%



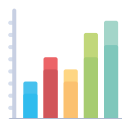
No	Initiative Profile	Main Initiatives of RSTIK 2016-2018	Benefits	Total Initiative	Timeline	Percentage
10	Proses	PR 06 - SDLC Process Improvement	Review existing SDLC processes and identify pain points and improvement opportunities to develop new SDLC processes that are more effective and efficient	1	2019	100.00%
11	Proses	PR 07 - PMO Assistance for RSTIK Digital 2016-2018 Implementation	Provide Project Management Office (PMO) assistance for implementing IT initiatives to ensure that initiatives are implemented in accordance with and are aligned with business needs and the overall business strategy. The PMO will also manage initiatives' scope, time and budget to ensure that implementation is within the scope, schedule and budget.	1	2020	45.00%
12	Teknologi	TC 01 - IBMB Enhancement	Enhancements to Internet banking and BTN mobile banking (IBMB) to improve features and functions by supporting the fulfillment of consumer needs and better integration with other channels (eg BTN Property Portal) and backend solutions. Improvements to IBMB BTN to enhance security and performance in technology, networks and infrastructure, in order to heighten security and increase speed of transaction services.	33	2018	85.00%
13	Teknologi	TC 02 - CRM Implementation	Develop integrated customer relationship management solutions to enable BTN to have a customer 360 ° view, customer profiling, and increase customer service capabilities.	2	2017	100.00%
14	Teknologi	TC 03 - Universal Customer Implementation	Enhance existing CIF data to create a central customer and company master repository (for consumers and commercial consumers) which contains detailed consumer profiles where each consumer will be given unique consumer recognition across products (loans and deposits), which allows a single customer view.	2	2017	85.00%
15	Teknologi	TC 04 - Channel Mgmt Platform Implementation	<ul style="list-style-type: none"> <li>Implementation of a channel management platform as a service layer to manage all channel activities and support smooth transactions or customer interactions from one channel to another, providing a greater choice and flexibility for consumers (all channels with and without assistance)</li> <li>Enable integration in all channels with or without assistance, ensuring excellent customer experience from different channels so that they can be merged.</li> <li>Conduct centralized maintenance for all channels through a one channel management solution.</li> </ul>	5	2019	100.00%
16	Teknologi	TC 05 - Branch Front End Enhancement	Increase and migrate from legacy branch development systems (BDS) to web-based front-end branch systems (web branches), which can improve the efficiency of bank tellers in providing services to consumers in branches, to improve customer experience	12	2017	95.00%
17	Teknologi	TC 06 - Reconciliation Enhancement	<ul style="list-style-type: none"> <li>Make improvements to the current reconciliation application (E-Recon) to cover all ATM networks (on-us, ATM Bersama, Prima, Alto and other networks) and all other E-channels (Internet and mobile banking, branchless banking, etc.)</li> <li>Improvements to applications related to GL (SAP, core banking) to enable increased speed and accuracy in processing financial data for better reporting capabilities</li> </ul>	6	2018	85.00%

No	Initiative Profile	Main Initiatives of RSTIK 2016-2018	Benefits	Total Initiative	Timeline	Percentage
18	Teknologi	TC 07 - <i>Operational Risk Supporting Tools Enhancement</i>	Make improvements to current operational support tools, which can underpin preventive risk mitigation for banks	9	2017	100.00%
19	Teknologi	TC 08 - <i>ERP Human Capital Enhancement</i>	<ul style="list-style-type: none"> <li>Identify the root causes of problems for SAP HCIS and suggest solutions according to BTN's future business needs.</li> <li>Determine the recommended solution to resolve the licensing problem for the Employee Self Service (ESS) module for SAP HCIS</li> <li>Enhancement in accordance with the strategy of the Human Capital division</li> </ul>	2	2018	70.00%
20	Teknologi	TC 09 - <i>Replication Enhancement for DC1 &amp; DC2</i>	<ul style="list-style-type: none"> <li>Improve replication for all non-AS / 400 applications (eg LOS, CMS, Internet banking, mobile banking, etc.)</li> <li>Implementation of the system for bank risk profiling and risk-based bank rating automation</li> </ul>	1	2020	100.00%
21	Teknologi	TC 10 - <i>Risk Profiling System Implementation</i>	Implementasi sistem untuk <i>bank risk profiling</i> dan otomatisasi <i>risk-based bank rating</i>	4	2017	45.00%
22	Teknologi	TC 11 - <i>E-Document Mgmt System Implementation</i>	Implementasi dari solusi manajemen dokumen sentral dengan fungsi pencitraan dan kapabilitas physical archive tagging yang terintegrasi. Untuk mengaktifkan kapabilitas seperti manajemen konten, generasi dokumen dan pencarian / pengambilan dokumen untuk semua dokumen pinjaman dan non-pinjaman	2	2018	100.00%
23	Teknologi	TC 12 - <i>LOS Replacement</i>	Implement new integrated loan solutions to replace current loan applications with newer LOS software built on the BPM platform to enable easier modifications and configurations for each change in the credit approval process. This solution will also accommodate the ability to originate straight-through processing with optimal automation and to reduce manual activity.	36	2018	85.00%
24	Teknologi	TC 13 - <i>ESB (iBridge) Enhancement &amp; BPM Implementation</i>	<ul style="list-style-type: none"> <li>Implement a Company workflow platform to support business rules and application services, and act as a centralized platform to determine, manage, distribute and monitor a more efficient and effective business workflow process.</li> <li>Upgrade and increase the flow of BTN (iBridge) middleware to adopt single, regional and uniform EAI / ESB solutions, and infrastructure in all applications with standard interface message formats based on best practices and industry standards.</li> </ul>	1	2017	100.00%
25	Teknologi	TC 14 - <i>IT Backend Automation &amp; Monitoring</i>	Implement IT backend monitoring and automation solutions to improve monitoring of IT infrastructure performance and enable proactive maintenance and infrastructure management.	2	2019	100.00%
26	Teknologi	TC 16 - <i>Security Enhancement for Database Encryption</i>	Improve existing databases and data security by developing a security layer that encrypts data transferred to the database. Encrypted databases and files will be used in applications for better security and prevent interruptions.	1	2017	100.00%



No	Initiative Profile	Main Initiatives of RSTIK 2016-2018	Benefits	Total Initiative	Timeline	Percentage
27	Teknologi	TC 17 - EDW/BI Analytics Enhancement	Centralize implementation of enterprise data warehouse and business analysis capabilities that allow banks to collect, clean, model and analyze key data points, which can then be enriched to build a greater understanding of the consumer bank base, product performance, profitability, transaction and performance interactions, data regulations, and statistical data. Reporting capabilities allow business users to design and produce the required reports. Provision of analytical tools and capabilities that enable consumer analysis in real time, data mining, lead analysis, real time predictive analysis, early warning about customer churn rates, etc.	16	2018	85.00%
28	Teknologi	TC 18 - BTN Property Portal Enhancement	Implementation of a single property portal for consumers, namely property developers and sellers (individuals, agents, etc.) for property listings (new, sub-sale, auction), property search, property reservations, loan applications, loan pre-approval for property and credit simulations, and monitoring online loan application processes	8	2017	100.00%
29	Teknologi	TC 20 - ATM/Debit Card Enhancement	Improvements to existing BTN debit cards, regarding the functions, availability and security aspects to support the growth of card business needs and for BTN competitiveness in the market	21	2017	85.00%

No	Initiative Profile	Main Initiatives of RSTIK 2016-2018	Benefits	Total Initiative	Timeline	Percentage
30	Teknologi	TC 21 - ATM (Cash/Non Cash) Enhancement	Enhance cash ATM features to activate the recycling function by applying ATM cash recycling (ATM deposit and cash withdrawal). Implementation of non-cash ATMs that can enable self-service functions such as the ability to print a savings book. Development of an ATM testing environment that can simulate ATM functions for development needs	13	2019	85.00%
31	Teknologi	TC 22 - Financial Reporting (PSAK/ Finstudio) Enhancement	Upgrade the current PSAK reporting application (based on Finstudio machines) to increase calculation speed and data accuracy	6	2016	70.00%
32	Teknologi	TC 23 - Property Mobile App Implementation	Implementation of the property mobile application to enable property search and support property purchases, with supporting features such as augmented reality experiences, a variety of property and search view options (including GPS location based search), property comparisons, simulation loans, and direct loan submissions through the mobile application.	1	2018	100.00%
33	Teknologi	TC 24 - Single Sign On (SSO) Implementation	Single Sign On implementation to allow one user ID and password to be able to log in to all applications for all Bank users	2	2016	60.00%
34	Teknologi	TC 25 - APT Solution Implementation	Implementation of the Advanced Persistent Threat (APT) application to heighten security and improve the protection of IT systems for viruses / malware that cannot be handled by anti-virus programs. This will protect against all suspicious elements, such as loss of network assets / company data, weaknesses that exist on all client devices, networks and security devices	1	2019	100.00%
35	Teknologi	TC 26 - IRBB System Implementation	Implementation of a gap analysis system on the IRBB (interest rate in the passbook) to support automatic analysis of interest rate increases or decreases and improved calculation accuracy	2	2018	100.00%
36	Teknologi	TC 27 - Liquidity Risk Monitoring System Implementation	Implementation of a risk liquidity monitoring system, which is used to measure and monitor risk liquidity under normal and critical conditions and present liquidity reports	6	2019	100.00%
37	Teknologi	TC 28 - Billing, Statementing & Communication Enhancement	<ul style="list-style-type: none"> <li>Implement an enhanced billing feature to consolidate billing requirements at banks and create joint billing hubs that utilize common processes in various consumer segments and business units.</li> <li>Implement centralized statementing and communication solutions to produce consumer reports and other forms of communication in a format needed specifically for consumers that can be sent to them through the right communication channel of their choice</li> </ul>	6	2020	100.00%
38	Teknologi	TC 29 - Marketing & Sales Mgmt Solution Implementation	<ul style="list-style-type: none"> <li>Central implementation of the marketing and campaign Company platforms across all channels (with and without assistance) where management, monitoring and feedback from campaign data and reporting can be carried out centrally and holistically.</li> <li>Lead can be generated in real-time or overnight and distributed to target segments. This also allows offers and campaigns to be based on consumer insights</li> <li>Enable sales planning, sales management, and sales force automation capabilities.</li> </ul>	6	2017	95.00%



No	Initiative Profile	Main Initiatives of RSTIK 2016-2018	Benefits	Total Initiative	Timeline	Percentage
39	Teknologi	TC 30 - <i>Agile Product Configuration &amp; Bundling Enhancement</i>	Implement features to activate bundled products such as mortgages, home insurance with 3rd party providers, and CASA accounts. Enhance features to allow for adjustment of interest rates with certain parent rates for deposits and loans.	6	2017	100.00%
40	Teknologi	TC 31 - <i>Branchless Banking Initiative</i>	Implementasi dari solusi <i>branchless banking</i> yang dapat mendukung interaksi konsumen dengan Perseroan melalui agen (yaitu tanpa harus pergi ke kantor cabang secara langsung) sebagai bagian dari inisiatif Laku Pandai pemerintah	18	2017	85.00%
41	Teknologi	TC 32 - <i>Integrated Supply Chain Financing with Cash Management Services Implementation</i>	Develop services in BTN cash management applications (iCash / commercial internet banking) to conduct cash supervision for developer supply chain financing. This will also be integrated with monitoring commercial credit loan solutions.	1	2018	100.00%
42	Teknologi	TC 34 - <i>Smart Forex System Implementation</i>	Develop and implement the smart forex system to enable full automation of data transfers between the current trading system and Bloomberg and Reuters for increased speed in trading activities.	1	2017	100.00%
43	Teknologi	TC 36 - <i>Corporate Performance Management Planning &amp; Budgeting Solution Implementation</i>	Implement a comprehensive Company performance management plan and budget solutions to improve the efficiency of BTN's corporate planning capabilities (RKAP development) and improve monitoring and tracking of key BTN performance indicators.	1	2016	45.00%
44	Teknologi	TC 37 - <i>Web Branch Enhancement - E-Forms</i>	Launch the e-form at front-end branches for single origin for opening CASA accounts, loans, credit / debit card applications, enabling single data entry for multiple products	1	2016	100.00%
45	Teknologi	TC 38 - <i>Fraud System Enhancement</i>	Improve the fraud system to meet regulatory requirements and allow the Bank to have an anti-money laundering (AML) and integrated Fraud Detection system that triggers warnings of money laundering activities or suspected fraudulent transactions with consumers and accounts for all channels.	1	2017	45.00%
46	Teknologi	TC 40 - <i>Enterprise Risk Management System Implementation</i>	Implement the company's risk management system, which is used to maintain the bank's strategic risk.	1	2020	100.00%
47	Teknologi	TC 41 - <i>Wealth Management Application Enhancement</i>	Increase wealth management (iWealth) application to improve support and automation for wealth management business needs.	7	2016	85.00%
48	Teknologi	TC 42 - <i>LOS Mobile App Implementation</i>	Implement the mobile extension of the existing Loan Origination System (LOS) to enable on-the-go loan-related activities, such as leads, valuations, approvals, and collections.	2	2016	100.00%
49	Teknologi	TC 43 - <i>Syariah Core Banking Upgrade</i>	Upgrade the Sharia business core banking system from AlphaBITS to Arium Core. Banking Next Generation which will enhance features and functions to provide better support for BTN needs. This new version will provide a more comprehensive view and integrated analysis for consumers to help banks increase business value and ease of integration with other applications.	2	2017	100.00%
Total Average of 2016-2018 RSTIK Settlements						90.20%

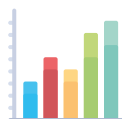


## INFORMATION TECHNOLOGY HR

The Company continues to develop IT infrastructure that is aligned with business needs, accompanied by competency support for Human Resources (HR) in the IT field. In 2018, the Company recruited and developed internal HR competencies in the IT field through various education and training programs both internally and externally according to prevailing needs, as follows:

**Table of IT Education and Training**

Education and Training Materials	Number of participants	Organizer
AS/400 System Administration & Control	2	Eksternal
Business Analyst Foundation	4	Eksternal
Certified IT Capacity Planning	1	Eksternal
Certified Risk Information System Contro	2	Eksternal
Certified Secure Programmer.Net (ECSP)	3	Eksternal
COBIT 5 Foundation dan Ujian Sertifikasi	4	Eksternal
IBM Infosphere Data Stage Essential	3	Eksternal
IRRBB Framework, Modelling, Implementasi	2	Eksternal
BTN KPU Confinement in 2018	1	Eksternal
BUMN KPU for Interpretation Class	1	Eksternal
Leadership Series Intermediate Batch 1	1	Internal
Leveraging Fintech for Business	2	Eksternal
Mapping OFI to AFI atas KPU 2017	1	Eksternal
Mastering ITIL Foundation 2011 & Exam	10	Eksternal
Corporate Governance Policy Guidelines	2	Eksternal
BTN QPR Application Administrator Training	5	Eksternal
APU & PPT Training in 2018	2	Internal
ITIL Foundation V.3 Training and Examination	3	Eksternal
Goods & Services Own Price (HPS) Training	8	Eksternal
UKMR Level 2 Training	1	Eksternal
Dynamic Archive Management in 2018	4	Eksternal
Management of Basic Documents and Guarantee Fund	2	Internal
Refreshment UKMR Level 3	1	Eksternal
TOGAF 9.1 Level 1 & 2 Certification	1	Eksternal
UKMR Level 2 Certification	1	Eksternal
BI-RTGS Bank System Guest Simulation	1	Eksternal
Industrial Relations Socialization and Employee Development	1	Internal
APU & PPT Socialization in 2018	72	Internal
Operational Risk Socialization	2	Internal
Internal Control System Socialization	1	Internal
Anti Fraud Strategy Socialization	1	Internal
System Analyst and Design Using SSADM	1	Eksternal
Training BMBOOK V6 and IEEE Standards	4	Eksternal
Training Of Trainers HCIS Intermediate	3	Eksternal
Training Of Trainers iBes/HCIS Basic	5	Eksternal
Own Price (HPS) Training	4	Eksternal
Training Website Corporate (User & IT)	9	Eksternal
Procurement Trend of IT in 2018	2	Eksternal
Website Corporate (User & Bisnis)	9	Eksternal
BTN-RCSA Workshop Implementation	2	Internal
BTN Velas Saving Workshop	5	Internal
Grand Total	189	



## INFORMATION TECHNOLOGY GOVERNANCE

In addition to leading to business operations, the development and management of Information Technology within the Company leads to the fulfillment of applicable regulations, in this case the governance of information technology. The Company applies Information Technology Governance throughout work processes. The implementation of the Company's Information Technology Governance continues to be improved in terms of Policy and Procedure by adopting Financial Services Authority and Central Bank Regulations, Government Regulations, International Best Practices, and mitigating new risks and threats based on technological developments.

The IT Strategic Planning Development Division (ITPD) constantly ensures that Information Technology is on the right track and complies with applicable regulations based on the Information Technology Governance framework as follows:

POJK 38/POJK.03/2016 Regarding Application of Risk Management in the Use of Information Technology by Commercial Banks									
SEOJK No. 21/SEOJK.03/2017 Regarding Application of Risk Management in the Use of Information Technology by Commercial Banks									
PKTKP 01/DIR/KD/PPD/2018 Regarding Corporate Governance Guidelines (PKTKP)									
Management	Development and Procurement	Information Technology Operations	Communication Network	Information Security	Disaster Recovery Plan	Electronic Banking Services	Use of IT Service Providers	Provision of IT Services by Banks	
PMS TI 01/PD/DIR/PPD/2019 Regarding Information Technology Policy Guidelines									
Domain	Board of Directors Regulation No. 12/ PD/ICTD/2016 on the Information and Communication Technology Strategic Plan 2016-2018.								
	Board of Directors Circular Letter No.41/ DIR/ICTD/2011 on Implementation Policy of IT Risk Management and Attachment	SE No. 59/DIR/ITPD/2017 Regarding Information Technology System Standardization			Board of Directors Circular Letter No. 18 / DIR / RMD / 2017 Regarding Business Continuity Management (BCM) and Business Continuity Plan (BCP) Standard Operating Procedure				
		SE No. 02/DIR/ ICTD/2014 Regarding Master Error Report Settlement Operational Instructions		Board of Directors Circular Letter No. 64 / DIR / ITPD / 2017 Regarding Information Security Guidelines	Board of Directors Circular Letter No. 35 / DIR / ICTD / 2013 Regarding Implementation Guidelines for Disaster Recovery Plans (DRP) of PT Bank Tabungan Negara (Persero) Tbk				
		SE No. 05/DIR/ DTI/1999 Regarding PT Bank Tabungan Negara (Persero) Tbk Data Backup Operational Guidelines		Board of Directors Circular Letter No. 26 / DIR / ICTD / 2017 Regarding Information Confidentiality Agreement (non Disclosure Agreement)	Board of Directors Circular Letter No. 23 / DIR / ICTD / 2011 Regarding the Guidelines for Implementing the Business Continuity Plan of PT Bank Tabungan Negara (Persero) Tbk				
		SE No. 04/DIR/ DTI/1999 Regarding Mortgage (KPR) Application Operational Guidelines		Board of Directors Circular Letter No.17 / DIR / DTI / 2007 concerning Implementation Guidelines for Security Management of Password / Cryptographic Key / Personal Characteristics (Fingerprint, Retina, Sound) / PIN	Board of Directors Circular Letter No. 01 / DIR / DTI / 2006 Concerning the Disaster Recovery Center (DRC) Operating Procedure				
	Board of Directors Letter No. 33 / DIR / ICTD / 2011 Regarding Information Technology Standard Operating Procedure (SOP) of PT Bank Tabungan Negara (Persero) Tbk								
	SK DIR No.01/SK/DIR/ ITPD/2019 Regarding IT Steering Committee								

# GOOD CORPORATE GOVERNANCE



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# GOOD CORPORATE GOVERNANCE



**T**he Company views the implementation of the principles of Good Corporate Governance (GCG) as not merely instilling a set of obligations, but is viewed as a necessity in maintaining the Transparency and Accountability of the Company's management to all shareholders and other stakeholders. The Company's commitment concerning its GCG implementation can be observed through the internalization of Governance principles into a Governance framework consisting of effective Governance structures and Governance processes, resulting in satisfying Governance outcomes, as desired by all stakeholders.

In regards to the Governance structure process, the Board of Commissioners continues to persevere in performing its supervisory function in order to ensure that the actions and decisions of the Board of Directors are in accordance with all applicable laws and regulations and to provide advice/opinions for each strategic action/decision related to achieving the Company's objectives. The Board of Directors performs its management and functions responsibly, professionally and through avoiding any Conflict of Interests.

Moreover, the Company persists in building the trust of investors and their sense of security regarding their investments in today's global era of competition by administering an effective and reliable strategy based on the principles of Good Corporate Governance.



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**At the ASEAN CG Scorecard event held in Kuala Lumpur on November 21, 2018, the Company was awarded the Top 50 ASEAN PLC's and Top 3 PLC's in Indonesia for GCG assessment based on ASEAN CG Scorecard.**

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All this effort is crucial in warranting the Company's respectable Governance outcomes, which are reflected in the Bank's financial and operational excellence, granting the Company a very respectable reputation of fulfilling all our stakeholders' expectations.

The Company's GCG implementation has become a duty in the pursuit of 'Moving Beyond Corporate Governance' to 'True Business Value': The Company is a proud State-Owned Bank that makes a considerable contribution in realizing the nation's advancement and prosperity. For this reason, the Company constantly oversees every business undertaking professionally and through upholding the principles of GCG. It all begins with reliable and professional Human Resources, possessing a high level of integrity, good

character and morality. Additionally, the committed implementation of GCG accompanied by unceasing innovation in both its products and services will help to secure the trust of all stakeholders, and establish a positive work culture in achieving the best.

The Company's recognition of its successful Governance implementation was verified through the Good Corporate Governance (GCG) awards the Company was awarded, both at the Regional (ASEAN) and national levels, originating from the FSA regulator and independent GCG expert institutions including PT. Indonesian RSM, Indonesian Institute for Corporate Directorship (IICD) and The Indonesian Institute for Corporate Governance (IICG).





Based on FSA's assessment criteria for Governance Self-Assessment during the first semester of 2018, the Company was awarded second place or ranked in the Good category, denoting that the Company has implemented Good Governance well.

In the ASEAN CG Scorecard, which was held in Kuala Lumpur on November 21, 2018, the Company successfully entered the ASEAN Top 50 PLC's and Top 3 PLC's in Indonesia for GCG assessment based on the ASEAN CG Scorecard.

At the 10th IICD Corporate Governance Award event held by IICD on Monday, December 11, 2018 in Jakarta, the Company was awarded the Best Overall of the Top 50 Big Capitalization PLC's.

The Company has continually taken part in the Corporate Governance Perception Index (CGPI) ratings and surveys for the past 7 (seven) consecutive years, which are assessed by the Indonesian Institute for Corporate Governance (IICG) as a research and rating institution for the quality assessment of Corporate Governance. At the CGPI event held in 2018, the Company won the title as "Very Trusted Company" with a score of 87.97.

Additionally, the Company continually prioritizes ethics and integrity. The Company has instigated the Gratification Control System in collaboration with KPK for the prevention of gratification and bribery. Coinciding with the commemoration of the World Anti-Corruption Day held by the KPK, the Company was awarded as a State-Owned/Regionally-Owned Enterprises with the Best Gratuity Control System for 2018.



# BASIS, OBJECTIVES, AND COMMITMENT IN THE APPLICATION OF GCG

## BASIS OF GCG IMPLEMENTATION

In regards to the basis of the implementation of GCG for the Company, the Company refers to several relevant provisions, regulations and laws and also refers to the GCG guidelines issued through both national and international institutions. The basis for referral of the Company's GCG implementation is as follows:

1. Law of the Republic of Indonesia Number 10 of 1998 concerning amendments to Law Number 7 of 1992 concerning Banking.
2. Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies.
3. Regulation of the Financial Services Authority Number 55/POJK.03/2016 concerning the Implementation of Governance for Commercial Banks.
4. Regulation of the State Minister for State-Owned Enterprises No. PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in State-Owned Enterprises as amended by Regulation of the State Minister for State-Owned Enterprises Number PER-09/MBU/2012 concerning Amendments to the Regulation of the State Minister for State-Owned Enterprises Number PER-01/MBU/2011 concerning the Implementation of Good Corporate Governance in State-Owned Enterprises.
5. Bank Indonesia Regulation Number 11/33/PBI/2009 dated December 7, 2009 concerning the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Units.
6. Regulation of the Financial Services Authority Number 17/POJK.03/2014 concerning the Application of Integrated Risk Management for Financial Conglomerates.
7. Financial Services Authority Regulation Number 8/POJK.04/2015 concerning the Issuer or Public Company Website.
8. Financial Services Authority Regulation Number 31/POJK.04/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies.
9. Financial Services Authority Regulation Number 29/POJK.04/2016 dated 29 July 2016 concerning the Annual Report of Issuers or Public Companies;
10. Financial Services Authority Circular Letter Number 13/SEOJK.03/2017 concerning the Implementation of Governance for Commercial Banks.

11. Financial Services Authority Circular Letter Number 32/SEOJK.04/2015 concerning Public Company Governance.

In addition, the Company has adopted a variety of best Corporate Governance standards applicable both at the regional and international levels, and raising the scope of GCG implementation as follows:

1. Prinsip-prinsip *Corporate Governance* yang dikembangkan oleh *Organization for Economic Cooperation and Development* (OECD).
2. ASEAN Corporate Governance (CG) Scorecard issued by the ASEAN Capital Market Forum (ACMF).
3. Indonesian GCG Guidelines issued by the National Committee regarding Governance (KNKG).
4. Indonesian Banking GCG Guidelines issued by the National Committee regarding Governance (KNKG).
5. Principles for Enhancing Corporate Governance issued by the Basel Committee regarding Banking Supervision.

## OBJECTIVES OF GCG PRINCIPLES IMPLEMENTATION

The Company comprehends that business sustainability is not merely quantified by its financial performance and profits, but also owing to the Company's internal management including the effective implementation of GCG. This is to warrant the overall balance of business so that all forms of interest, both business and social, individuals and groups, internal as well as external, short-term and long-term interests and the interests of shareholders and stakeholders will lead to a balance.

The implementation of the principles of GCG is an obligation, in creating a stronger bank that will subsist in the midst of the challenge of an increasingly competitive industry. The Company has established a GCG Framework that includes GCG structure and GCG infrastructure to be compliant with all prevailing laws and regulations and applicable best practices.

The Company closely monitors the development of the best GCG practices at the national, regional and international levels that are relevant and tailored to the requirements of the Company. The foundation of the

## BASIS, OBJECTIVES, AND COMMITMENT IN THE APPLICATION OF GCG

principles of GCG are enforced across all of the Company's businesses, this will further encourage the Company's management to perform in a more professional, efficient and effective manner, as well as empowering and developing the independency of the Company's stakeholders; presenting long-term business continuity; amplifying the Company's contribution to the national economy; and compounding investor confidence in the Company.

### CORPORATE GCG PRINCIPLES



### GCG IMPLEMENTATION COMMITMENTS

In its drive, the Company has established and applied the principles of Good Corporate Governance in order to generate added value and maintain our stakeholder's high level of trust in achieving the business's vision and provide sustainability. For the Company, GCG is a tool that is exercised to develop business success and accountability to fulfill shareholder values in the long-term whilst protecting the interests of other stakeholders, in agreement with all prevailing laws and business ethics.

The Company fully comprehends that the banking industry now and again continues to confront diverse and increasingly complex risks, thereby escalating the requirement for GCG best practices. Therefore, the Company constantly refines its Governance implementation in conjunction with the transformation of regulations, including FSA Regulation Number 55/POJK.03/2016 concerning the Implementation of Governance for Commercial Banks, FSA Circular Letter Number 13/SEOJK.03/2017 concerning the

Implementation of Governance Management for Commercial Banks and FSA Regulation Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Institutions, Issuers and Public Companies.

Never ceasing efforts for the application of GCG is an indispensable part of the journey from "Moving Beyond Corporate Governance True Business Value", the Company's mission to become a proud state-owned bank, and in contributing to the nation's advancement and prosperity. Thus, the Company is committed to professionally conduct business by upholding GCG principles that are adhered to through the availability of reliable professionals with integrity and morals. Furthermore, the Company's commitment to the implementation of GCG that is both consistent and sustainable is supplemented with the continuous development of product and service innovations warranting the trust of every stakeholder. By end of the Financial Year, the Company had benefited greatly from the implementation of GCG; the Bank now has the guidelines for conducting its business in line with the goals and demands of each stakeholder.



The certainty that advancement in GCG implementation has is directly proportional to the overall advancement in a performance that has yielded tangible results. This is evidenced by the numerous respectable achievements attained by the Company throughout 2018, both in terms of financial achievements, operations, and awards the Company was awarded. The Company was able to maintain Third-Party Funds growth and was also able to preserve its position as the market leader in housing finance.

In addition, the Company excelled in gaining recognition from other parties through recognitions and awards that were based on the Bank's overall performance, transparency of information and the implementation of GCG in 2018, which includes the following:

- Top 50 of ASEAN PLC's and Indonesia's Top 3 PLC's at the ASEAN 2018 Corporate Governance Awards from ASEAN Corporate Governance and ASEAN Capital Markets Forum (ACMF)

- Top 50 and The Best Overall in 2018 in the category of Public Companies with Substantial Capitalization in Indonesia at the 2018 10th IICD Corporate Governance Conference & Award event from the Indonesian Institute for Corporate Directorship.
- Trusted Company Based on the Corporate Governance Perception Index (CGPI) in the 2018 Indonesia Most Trusted Companies Award from the Indonesian Institute for Corporate Governance (IICG).
- State-Owned Enterprise with the Best Gratification Control System in 2018 awarded by the Corruption Eradication Committee (KPK) during the World Anti-Corruption Day (HARKORDIA).

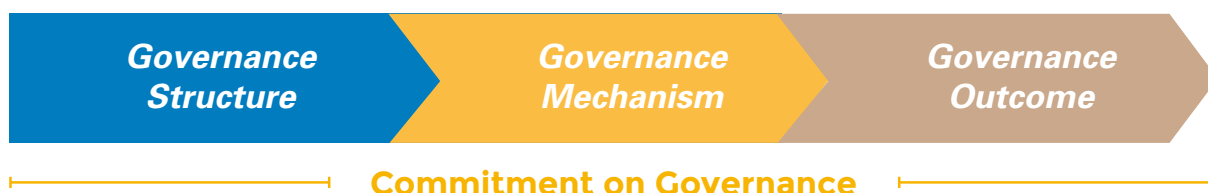
Harmony between stakeholders and the Company will foster a mutually beneficial trust, which in turn will foster exceptional work ethics and professionalism. In the face of fierce global competition, the Company's respectable financial achievements and its position will be further strengthened, and will certainly lead to an improved path for further advancement.

# SUSTAINABLE GCG IMPLEMENTATION

## CORPORATE GOVERNANCE ROADMAP

The Company is fully committed to constantly refining its GCG implementation, not only based on the applicable standards in Indonesia, but also based on international best practices, including the ASEAN Corporate Governance Scorecard. The Company has compiled a GCG Roadmap to strengthen GCG both now and in to the future, which includes the 4 (four) pillars of GCG, these include Commitment to Governance, Governance Structure, Governance Mechanism and Governance Outcome. The application of these four pillars of GCG aim to generate a coalition of interests and goals between the Company and its stakeholders and will further encourage Company's ongoing sustainability over the long-term.

### BTN's GCG Pillars



For the 2017-2020 period, the Company has developed a Bank Governance Roadmap, which falls in line with the Company's long-term transformation plans, for example, taking into consideration the implementation of the Integrated Governance Risk & Compliance (iGRC) initiative, the implementation of a Financial Conglomerate through the establishment of subsidiaries and a Sustainable Finance action plan. Eventually, the Governance Roadmap will provide further guidance in the pursuit of the Company's goals, with the ultimate goal of becoming one of the premier companies in terms of the application of Good Corporate Governance practices.

The Governance Roadmap commences with the Company's foundational reinforcement of boosting our Governance capacity and capability, by building and strengthening the Bank's Governance structure and infrastructure. The Company continually conducts Human Resource mapping, recruitment, education and training, adjusting the organizational structure, drafting new policies, regulations, systems and procedures in order to apply Governance, risk, and compliance in a comprehensive and integrated manner.

In 2018, the Company entered into a phase of upgrading our Governance capability, which was implemented through Integrated Governance Risk Compliance (iGRC). The initial stage of the Integrated GRC is expected to create stronger co-ordination of the control and optimization functions so that the process becomes more efficient without reducing its effectiveness. The Company performs the fundamental function of IGRC, which includes the functions of GCG, Risk Management, Compliance, Corporate Culture, Business Ethics (Code of Conduct), and Anti-Fraud. The benefits of implementation of the iGRC include:

- Improving our ability to collect information more quickly and efficiently
- Improving our ability to make decisions more quickly and accurately
- Enhancing process capabilities more consistently
- Reducing the instance of duplications
- Improving our cost efficiency

The next phase is the effective and efficient iGRC procedures in minimizing deviations in both business processes and results. The Company has instigated several strategic transformation pillars, including: focused and specific business segments, agile organizations, human capital and work culture, sales channel optimization, and IT infrastructure.

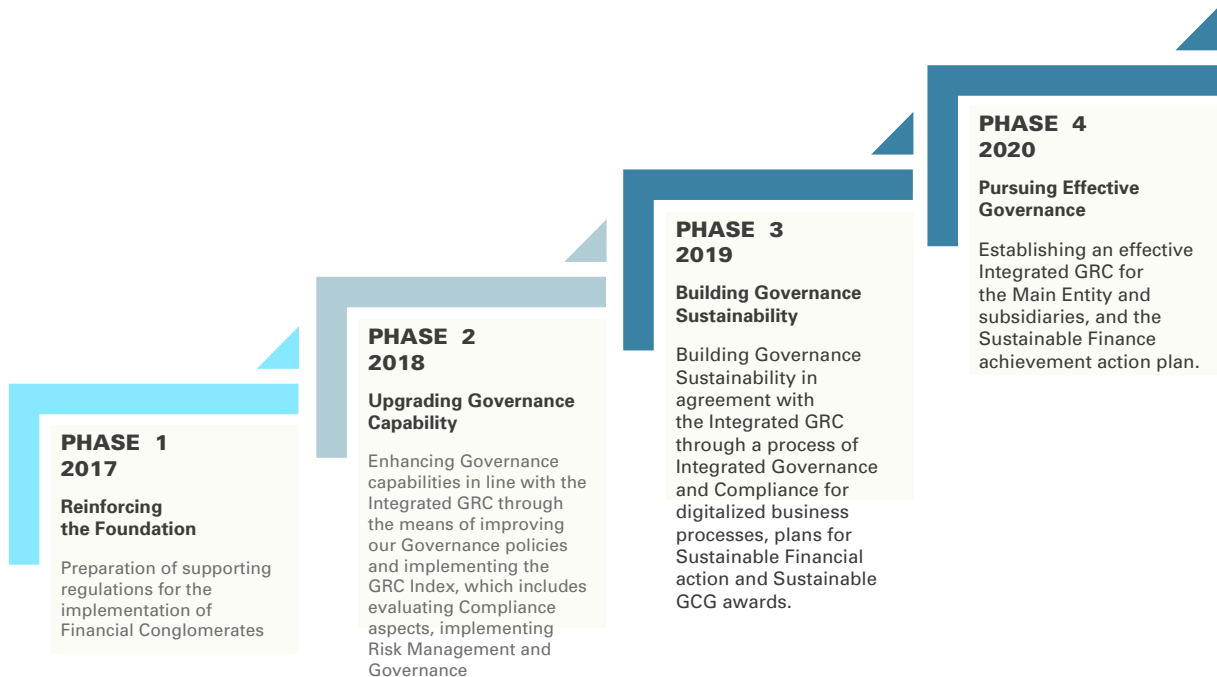




The ultimate goal of the Roadmap is in the pursuit of effective Governance in order to attain the effective level of Governance implementation, this is a pre-requisite of our prudent business transformation goal through the means of smart and measurable Risk Management, as well as complying with all applicable laws and regulations.

The stages of the 2017-2020 Corporate Governance Roadmap are as follows:

## BTN Governance Roadmap



## 2018 GCG IMPLEMENTATION FOCUS

In 2018, the Company focused on upgrading its Governance capabilities in line with the Integrated GRC through the enhancement of Governance policies and adherence to the GRC Index, which includes Compliance Evaluation aspects, Risk Management and Governance. In 2018, implementation of GCG was in accordance with the Company's GCG Roadmap, which was fulfilled through the application of the 3 GCG Pillars, which are as follows:

2018 Upgrading Governance Capability	
<i>Governance Structure</i>	Policy reviews and improvements: <ul style="list-style-type: none"> <li>• Parent Company Guidelines PKTKP;</li> <li>• Hierarchy of internal Company policies.</li> <li>• Establishment of an organization that separates the functions of policy making, operation and sales;</li> <li>• Establishment of a New Operating Model including BPI; Network &amp; Distribution Design; and Organization Design</li> </ul>
<i>Governance Process</i>	1. Development of People Capability which includes: <ul style="list-style-type: none"> <li>• Employee Engagement with our Millennial employees;</li> <li>• Strong Leadership &amp; Capability for top and middle management levels (L1 and L2);</li> <li>• Empower the Core of middle management and subordinate employees (L3)</li> </ul> 2. Excellent Processes which includes: Business Process Enhancement (BPI); Enactment of the Compliance checklist; GRC Index; Corporate Culture Program (SIIPS); and Management Information Systems Provision in APU PPT 3. Product Competitiveness which includes: Customer Centricity: Mass, Emerging Affluent, SME & Corp & Syndications and Simplification of savings products.
<i>Governance Outcome</i>	<ul style="list-style-type: none"> <li>• Review of new Governance Organizational Structures;</li> <li>• Governance training program;</li> <li>• FSA Governance Self-Assessment ranking of second place (Satisfactory category);</li> <li>• Governance Assessment based on Third Party Assessment:               <ol style="list-style-type: none"> <li>a. ACMF -&gt; Top 50 ASEAN PLC's and Top 3 PLC's in Indonesia;</li> <li>b. CGPI -&gt; Indonesian Most Trusted Company;</li> <li>c. KPK -&gt; State-Owned Enterprises with the Best Gratuity Control System;</li> <li>d. IICD -&gt; Best Overall Issuer based on ACGS;</li> <li>e. ASEAN Risk Award.</li> </ol> </li> </ul>



### REFINEMENT OF THE BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS CHARTER REFINEMENT

Periodically, the Company refines the guidelines and Code of Conduct of the Board of Directors and Board of Commissioners (Board Manual). The Board Manual is prepared by referring to the laws and regulations governing the Board of Directors and the Board of Commissioners, in particular with the issuance of FSA Regulation Number 55 of 2016 and FSA Circular Letter Number 13 of 2017 concerning the Implementation of Commercial Bank Governance. The Company follows up by establishing guidelines and work policies for the Board of Directors and the Board of Commissioners in their respective decisions and the work relations between them in a Joint Decree (SKB).

#### Governance Regulations Refinement

Throughout 2018, the Company made modifications to the Corporate Governance Policy Guidelines (PKTKP), which is the main reference for Corporate Governance policies covering 21 chapters of all the Bank's business process policies.

PKTKP is valid for 6 months from the date of stipulation, which was on July 23, 2018. Since the PKTKP entry came into force, the Decree of the Board of Directors number 06/DIR/DK/2009 dated May 27, 2009 concerning the Guidelines for Good Corporate Governance of PT. Bank Tabungan Negara (Persero) was revoked and declared no longer valid.

Subsequent to the Corporate Governance Policy Guidelines (PKTKP) issuance, the Corporate Governance Management System (PMS) was correspondingly issued as a PKTKP regulation through Board of Directors Regulation Number 11/PD/DIR/PPD/2018 dated July 23, 2018 concerning the Guidelines for Corporate Governance.

#### Strengthening the FSA Governance Guidelines and the ASEAN CG Scorecard Enactment

The Company fulfilled the majority of FSA recommendations, which consisted of 25 recommendations across 5 aspects and 8 principles of Corporate Governance in order to strengthen the enactment of the Indonesian Corporate Governance Roadmap, Public Company Governance Guidelines, and ASEAN CG Scorecard principles. The Company correspondingly amended the quality of information disclosure, including the disclosure of essential information regarding the General Meeting of Shareholders (GMS) on the Company's website, so as

to facilitate shareholders and investors in accessing any information required. At the ASEAN CG Scorecard event held in Kuala Lumpur on November 21, 2018, BTN was recognized in the Top 50 ASEAN PLC's and Top 3 PLC's in Indonesia for GCG assessment based on the ASEAN CG Scorecard, meaning that BTN is categorized as one of the 50 Best ASEAN companies and the top Three Best companies in Indonesia based on the ASEAN CG Scorecard assessment.

#### Zero Tolerance to Fraud & Zero-Defect Program

To warrant effective undertakings in mitigating the risk of fraud, the Company continues to intensify awareness of BITNIZ Personnel regarding compliance through the Anti-Fraud program dissemination and forming the Anti-Fraud Team. Anti-Fraud Strategy is backed by 4 (four) pillars, including (a) Prevention; (b) Detection; (c) Investigation, Reporting and Sanctions; and (d) Monitoring, Evaluation and Follow-Up. Furthermore, our commitment to Anti-Fraud was also demonstrated through the submission of a Declaration of Commitment to Clean Governance to all stakeholders. "Clean Commitments" includes being free of Bribery, Corruption, Collusion and Nepotism (CCN), and practices of Extortion, Mark-Up and any other dealings that may lead to CCN.

#### Integrated Governance, Risk and Compliance (iGRC) Implementation Initiatives

In 2018, the Company's initiative regarding the implementation of Integrated Governance, Risk and Compliance (iGRC) was included in the aspects of the implementation of Integrated Governance, Risk and Compliance. These three aspects are embedded as the foundation of performance appraisals in the Head Office, Branch, Divisions and Work Units, so that the overall financial achievement becomes a reflection of the Internal Controls that were executed at every level of the organization.

BTN has put into practice several strategic pillars in this transformation, which include: focus and specific business segments, agile organizations, human capital and work culture, sales channel optimization, and IT infrastructure.

To enforce these strategic pillars, BTN has launched the main function's transformation in the Head Office, Regional Offices and Branch Office levels. Subsequently, this transformation plan is also backed by a new operating model that includes: (1) Business Process Improvement, (2) Network & Distribution Design, and (3) Organizational Design Improvements, this includes expanding the role of Risk Management and Human Capital capacity.



The role of the iGRC is very crucial in ensuring that the Head Office, Region, and Branches will perform their functions properly and in an integrated manner. iGRC is also vital in ensuring that Business Processes and Risk Management function accordingly and are handled by personnel with adequate competence.

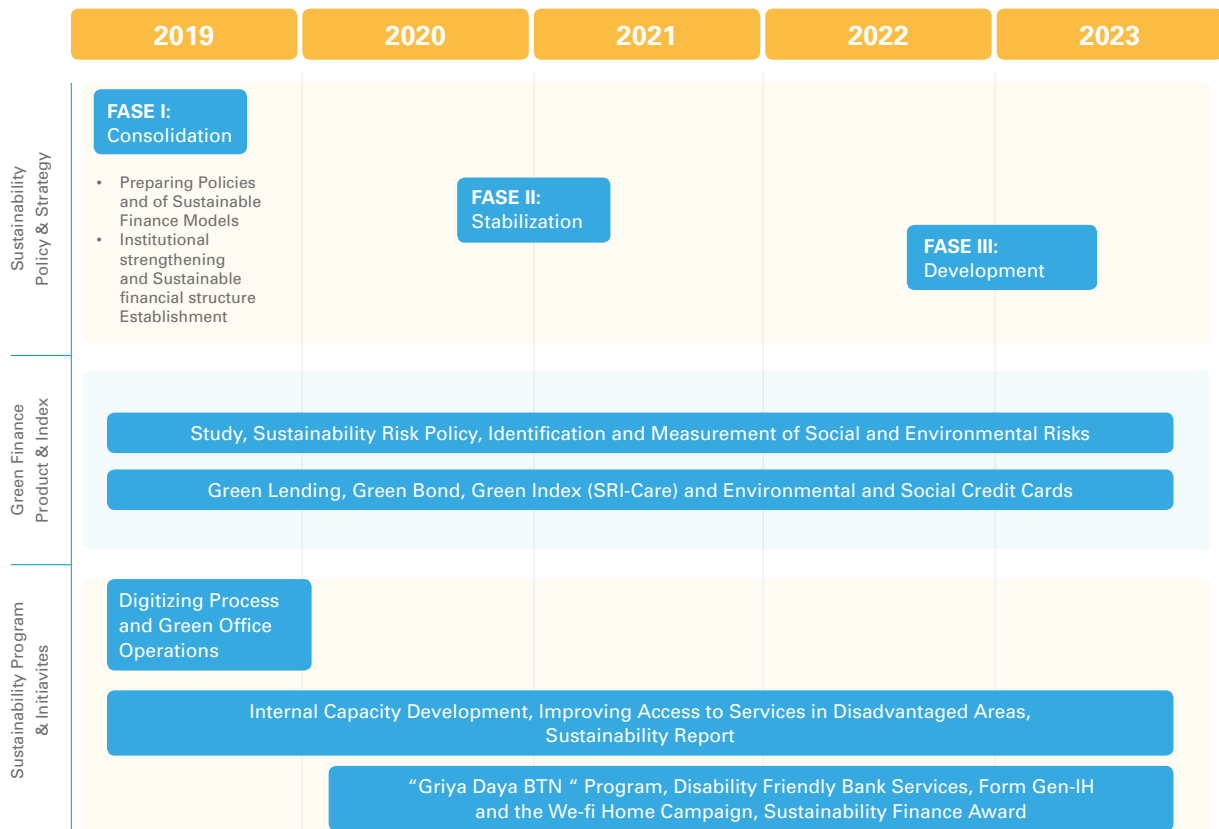
## APPLICATION OF SUSTAINABLE FINANCE INITIATIVES

In regards to the FSA Regulation Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies, the Company correspondingly enacts various supporting policies in fulfilling the principles of Sustainable Finance, which consist of: (1) Responsible Investment Principles; (2) Principles regarding Strategies and Sustainable Business practices; (3) Principles regarding Managing Social and Environmental Risks; (4) Principles of Governance; (5) Principles of Informative Communication; (6) The Principle of Inclusivity; (7) Principles for the Establishment of Priority Superior Sectors; and (8) Principles of Co-ordination and Collaboration.

The Company's approach to Sustainable Finance was reflected in one of the Bank's missions, which is "Caring for the Interests of the Society and the Environment in a Sustainable Manner". The Company has formulated a Sustainable Financial Action Plan to create long-term added value, not only through the creation of sustainable competitive advantages, but also for the benefit of the wider Community, Environment and Resilience strengthening. This is attributable to the fact that the Company managed all risks (Economic, Social and Environmental) more effectively.

The Company has formulated a Sustainable Financial Action Plan to be included in the Roadmap for Sustainable Finance over the next 1 to 5 year time period (2019-2023). The program formulated in the BTN Bank's Sustainable Financial Implementation Roadmap include the design and preparation of Sustainability Policy & Strategy (policies, structure adjustments, and the role of the organization), adjustments and the launching of the Green Finance Product & Index, and the enactment of various Sustainability Programs and other Initiatives.

Bank BTN Sustainable Financial Implementation Roadmap for 2019-2023



## APPLICATION OF OTHER CORPORATE GOVERNANCE ASPECTS, PRINCIPLES AND BEST PRACTICES

One of the endeavors pursued by the Company in in the application of sustainable GCG is to apply the principles of internationally accepted Governance. Several of these principles include the Guidelines of Corporate Governance Principles for Banks, which are published by the Basel Committee for Banking Supervision covering 12 principles of Corporate Governance, ASEAN CG Scorecard, CGPI, OECD, ASEAN Risk Award, and other best practices.

## APPLICATION OF PUBLIC COMPANY GOVERNANCE GUIDELINES

The Company adheres to the GCG in accordance with all applicable regulations, including the Guidelines for Governance of Public Companies specified under FSA Regulation Number 21/POJK.04/2015 and FSA Circular Letter Number 32/SEOJK.04/2015 concerning the Guidelines for Corporate Governance in Public Companies. The FSA regulation polices consists of 5 (five) aspects, 8 (eight) principles, and 25 (twenty-five) recommendations regarding the application of aspects and the principles of Good Corporate Governance. In 2018, the Company incorporated all recommendations under these regulations with the following details:

No	Recommendations	Status	Company Compliance
<b>Aspect 1: Relationship between Public Company and Shareholders in Guaranteeing Shareholders' Rights</b>			
<b>Principle 1. Improve the GMS Organizing Value</b>			
1	The Public Company has the technical means or procedures for voting both openly and closed, which prioritizes independence and the interests of shareholders.	Complied	<ol style="list-style-type: none"> <li>1. The procedure for voting to make decisions regarding GMS agenda was implemented through closed voting as stated in the GMS Rules of Conduct, which was publicly disclosed through the Company's website.</li> <li>2. The voting procedure maintained the independency or shareholders free conscience.</li> <li>3. In 2018, the Company held an Annual GMS on March 23, 2018. All decisions were made based on a deliberation to reach consensus. In the event that a decision based on a deliberation for consensus was not reached, voting was to be performed. Decisions were made if approved by more than ½ (one half) of the total shares with valid voting rights presented at the meeting.</li> </ol> <p>Voting was executed by means of the following procedures:</p> <ol style="list-style-type: none"> <li>1. Shareholders or their proxies who casted abstention or those who did not agree were asked to raise their hands and submit their ballots to the officers.</li> <li>2. The Meeting Officer collected ballots from the shareholders, or their proxies then submitted all ballots to the Notary to be counted.</li> <li>3. The number of votes that abstained and did not agree were calculated by the valid votes issued at the Meeting and the difference was the number of votes agreed.</li> <li>4. Shareholders with valid voting rights but who did not vote (abstained) were considered to have cast the same vote as the votes of the majority of shareholders who cast votes.</li> <li>5. The notary counted and submitted the voting results regarding the proposed decision</li> </ol>
2	All members of the Board of Directors and members of the Board of Commissioners of the Public Company to be present at the Annual GMS.	Complied	In the execution of the GMS, the Company complied with all applicable regulations. Throughout the Annual General Meeting of Shareholders held on March 23, 2018, all members of the Board of Directors and Board of Commissioners, including members of the Audit Committee, were present.
3	A summary of the Minutes of the GMS are to be made available on the Public Company's Website for at least 1 (one) year.	Complied	The Company submitted a summary of the GMS Minutes both in Indonesian and English through the Company's website <a href="http://www.btn.co.id">www.btn.co.id</a> under the Investor Relations menu, in print media, as well as on the IDXnet Electronic Reporting System and FSA E-Reporting System on March 23, 2018 for the 2017 Annual GMS.



No	Recommendations	Status	Company Compliance
<b>Principle 2. Improve the quality of communication between Public Companies and Shareholders or Investors</b>			
4	Public Company possesses a communication policy with Shareholders or Investors	<i>Complied</i>	The Company has in place a communication policy with Shareholders or Investors referring to the Investor Relations Policy, which includes analyst meetings, public expose, investor meetings, Annual Reports and so forth.
5	The Public Company discloses the communication policy of the Public Company with Shareholders or Investors on the Company's Website.	<i>Complied</i>	The Company has disclosed communication policies to Shareholders or Investors on the Company's website ( <a href="http://www.btn.co.id">www.btn.co.id</a> ) Investor Relations menu - Policy Guidelines under the Investor Relations menu.
<b>Aspect 2: Functions and Roles of the Board of Commissioners</b>			
<b>Principle 3. Strengthening the Membership and Composition of the Board of Commissioners..</b>			
6	Determination of the number of members of the Board of Commissioners by considering the Public Company's condition	<i>Complied</i>	Determination of the number of members of the Board of Commissioners has considered the condition of the Company including characteristics, capacity and size, as well as the means of fulfilling the bank's business requirements and goals in accordance with the provisions of the Regulator. The current number of members of the Board of Commissioners is considered sufficient and in accordance with FSA Regulation Number 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies or equal to the number of members of the Board of Directors.
7	Determination of the composition of members of the Board of Commissioners considering the diversity of expertise, knowledge, and experience required.	<i>Complied</i>	The Company has considered the composition of the members of the Board of Commissioners based on the diversity of expertise, knowledge, and experience required as disclosed in the Diversity Composition section of the Board of Commissioners in this Annual Report.
<b>Principle 4. Enhancing the Board of Commissioners' Quality of Implementation of Duties and Responsibilities.</b>			
8	The Board of Commissioners has in place a Self-Assessment policy that assesses the performance of the Board of Commissioners.	<i>Complied</i>	The Board of Commissioners has in place a Self-Assessment policy listed in the Joint Decree (SKB) concerning the Work Relationship between the Board of Commissioners and the Board of Directors of the Company on November 24, 2017 Chapter IV where Performance Evaluation is described in the performance evaluation section of the Board of Commissioners in this Annual Report and on the Company's website.
9	Self-Assessment policies to assess the performance of the Board of Commissioners to be disclosed through the Annual Report of the Public Company.	<i>Complied</i>	The Self-Assessment policy to assess the performance of the Board of Commissioners was disclosed in the performance evaluation section of the Board of Commissioners in this Annual Report.
10	The Board of Commissioners has a policy regarding the resignation of members of the Board of Commissioners if involved in financial crimes.	<i>Complied</i>	The Company has a policy under the Board of Commissioners Guidelines and Work Rules in Decision of the Board of Commissioners No. 01/DEKOM-BTN/2017 regarding the Resignation and Dismissal of members of the Board of Commissioners should any of the board members be involved in any deed that is considered harmful to the Company and/or the State and if the person concerned is found guilty in a court of law having permanent legal force.
11	The Board of Commissioners or the Committee that performs the Nomination and Remuneration function composed a Nomination succession policy for members of the Board of Directors.	<i>Complied</i>	The appointment and dismissal of the Company's Directors is based on the principles of professionalism and GCG. The Company is a State-Owned Enterprise (BUMN), therefore the succession policy of the Board of Directors refers to Minister of State-Owned Enterprises Regulation No. PER-03/MBU/02/2015 concerning the Requirements, Procedures for Appointment and Dismissal of Directors of State-Owned Enterprises. In addition, as a Public Company, the Company's policy also refers to the Financial Services Authority regulation Number 33/POJK.04/2014 concerning Directors and Commissioners of Issuers or Public Companies. The description of the succession policy in the Nomination process of the members of the Company's Board of Directors has been disclosed in the Policy section of the Board of Directors' Annual Report Succession.

No	Recommendations	Status	Company Compliance
Aspect 3: Functions and Roles of the Board of Directors			
Principle 5. Strengthening the Membership and Composition of the Board of Directors.			
12	The Public Company has in place a communication policy with Shareholders or Investors	Complied	Determination of the number of members of the Board of Directors has taken into consideration the condition of the Company, including characteristics, capacity and size, as well as the means of achieving objectives and fulfilling the Bank's business requirements in accordance with Regulatory provisions. The number of members of the Board of Directors has fulfilled the provisions of FSA Regulation No. 33/POJK.04/2014 concerning the Board of Directors and Commissioners of Issuers or Public Companies.
13	The Public Company discloses the communication policy of the Public Company with Shareholders or Investors on the Company's Website.	Complied	The composition of the members of the Board of Directors has taken into consideration the diversity of expertise, knowledge and experience required as disclosed in the Diversity Composition section of the Board of Directors in this Annual Report.
14	Members of the Board of Directors in charge of Accounting or Finance have the required expertise and/or knowledge in Accounting.	Complied	<p>Throughout 2018, the Director in charge of Accounting or Finance possesses an educational background and work experience in the financial field with the following information:</p> <ol style="list-style-type: none"> <li>1. Education <ul style="list-style-type: none"> <li>• Bachelor of Mechanical Engineering ITB</li> <li>• Master's in Accounting and Finance from the University of Birmingham, UK.</li> </ul> </li> <li>2. Work Experience <ul style="list-style-type: none"> <li>• Hong Kong Treasury Manager PT Bank Pembangunan Indonesia (Persero) (1992 - 1995)</li> <li>• Hong Kong Deputy General Manager PT Bank Pembangunan Indonesia (Persero). (1995 - 1996)</li> <li>• General Manager (CE) of the Hong Kong Branch of PT Bank Pembangunan Indonesia (Persero). (1996 - 1997)</li> <li>• Deputy Head of Financial and Service Affairs at Bank PT Bank Pembangunan Indonesia (Persero). (1998 - 1999)</li> <li>• General Manager (CEO) Singapore Branch PT Bank Mandiri (Persero) Tbk. (1999 - 2001)</li> <li>• UP3 Financial Institution &amp; Overseas Network (FION) Group Head of PT Bank Mandiri (Persero) Tbk. (2001 - 2002)</li> <li>• Correspondent Banking Department Head of PT Bank Mandiri (Persero) Tbk. (2002 - 2003)</li> <li>• FI Department Head PT Bank Mandiri (Persero) Tbk. (2003 - 2006)</li> <li>• Head of Credit Recovery II group and Senior Recovery Manager Asset Management and Disposal Department of PT Bank Mandiri (Persero) Tbk (in 2006)</li> <li>• The Authority of Credit Termination (PKMK) at the level of Group Head for PT Bank Mandiri (Persero) Tbk International Banking and Capital Market Services (2009 - 2010)</li> <li>• Group Head of PT Bank Mandiri (Persero) Tbk IBCMS Group (2009 - 2010)</li> <li>• Bank Mandiri Europe Ltd. (BMEL) PT Bank Mandiri (Persero) Tbk (2010 - 2013)</li> </ul> <p>The certification held by the Director in charge of Finance/Accounting can be found in the Competency Development section of the Board of Directors of this Annual Report.</p> </li></ol>
Principle 6. Enhancing the Quality of the Board of Directors' Duties and Responsibilities			
15	The Board of Directors has in place a Self-Assessment policy used to assess the performance of the Board of Directors.	Complied	The Board of Directors has in place a Self-Assessment policy, which is stated in the Joint Decree regarding the Working Relationship between the Board of Commissioners and the Board of Directors of the Company dated November 24 , 2017 under the Chapter IV Performance Evaluation and the Valuation System that are summarized as Key Performance Indicators (KPI) as described regarding the Performance Evaluation section of the Board of Directors of this Annual Report and the Company's website ( <a href="http://www.btn.co.id">www.btn.co.id</a> ) under the Investor Relations-GCG menu - Crossreference ASEAN CG Scorecard-SKB.
16	Self-Assessment policies in order to assess the performance of the Board of Directors are disclosed through the Annual Report of the Public Company.	Complied	The Self-Assessment policy in order to assess the performance of the Board of Directors has been disclosed in the Performance Evaluation section of the Board of Directors in this Annual Report.



No	Recommendations	Status	Company Compliance
17	The Board of Directors has a policy regarding the resignation of members of the Board of Directors if involved in financial crimes.	<i>Complied</i>	The Company has in place a policy in the Board of Commissioners Charter under the Decree of the Board of Directors Number 07/DIR/KD/CMPD/2017 regarding the Resignation and Dismissal of members of the Board of Directors if involved in actions considered to harm the Company and/or the State and if the individual involved is found guilty in a court of law having permanent legal force.

#### Aspect 4: Stakeholder Participation

##### Principle 7. Upgrading corporate governance aspects through stakeholder participations.

18	The Public Company has in place policies to prevent Insider Trading.	<i>Complied</i>	The Company has in place a policy to prevent Insider Trading as stipulated in the Regulation of the Board of Directors No. 39/PD/CSD/2011 concerning the Investor Relations Activity Policy Guidelines as can be seen on the Company's website (www.btn.co.id) under the Investor Relations menu - Investor Relations Policy Guidelines.
19	The Public Company has in place an Anti-Corruption and Anti-Fraud policy.	<i>Complied</i>	The Company's Fraud Prevention System has been regulated on the basis of the Board of Directors' Circular Number 22/DIR/IAD/2014 concerning the Company's Standard Operating Procedure regarding its Anti-Fraud Strategy. As a guideline in Gratification Control and as an initiative of the national Anti-Corruption Program, the Company has issued guidelines related to Gratification Control implementation based on the Board of Directors' Circular Number 68/DIR/CMPD/2017.
20	The Public Company has a policy in place regarding the selection and improvement of suppliers or vendor ability.	<i>Complied</i>	<p>The Company has policies in place regarding vendor management as stipulated in the Regulation of the Board of Directors Number 13/PD/PGSD/2015 and Circular of the Board of Directors No. 47/DIR/PGSD/2015. Broadly speaking, the scope of this policy includes in the vendor selection criteria, transparent procurement mechanisms, vendor performance evaluation, and vendor track records.</p> <p>Enhancing suppliers or vendors ability is performed through providing guidance to vendors by means of co-ordination meetings, monitoring and a vendor performance assessment.</p> <p>The implementation of vendor selection policies is implemented based on the Bank's Preferred List of Vendors, which can be utilized as a vendor database for direct vendor appointment. The Board of Directors' Regulations and Circular above also regulates a Transparent Standard Operating Procedure (SOP) regarding procurement through tender/direct appointment methods and provisions regarding work contracts with vendors. Through enforcing this policy, the continuity of supply required by the Company can be better guaranteed.</p>
21	The Public Company has a policy on fulfilling the rights of creditors.	<i>Complied</i>	<p>The policy regarding fulfilling creditor rights is utilized as a guideline for providing loans to creditors. The purpose of the policy is to maintain the fulfillment of creditor rights and to maintain creditor trust in the Public Company. The policy includes consideration for making agreements, and follow-up procedures in fulfilling the obligations of the Public Company to creditors. The creditors' basic rights policies include:</p> <ol style="list-style-type: none"> <li>1. To receive the repayment of Principal and Interest payments at the agreed time.</li> <li>2. To secure the rights to any penalties regarding the repayment of Principal and Interest payments.</li> <li>3. To request for explanation, information, documents and inspect the Company's books.</li> </ol> <p>In 2018, there were two forms of Company creditors: Bilateral Loan Lender and Lender of Bonds.</p>



No	Recommendations	Status	Company Compliance
22	The Public Company has a Whistle-Blowing System policy.	<i>Complied</i>	The Company has a Whistle-Blowing System policy, which is regulated in Circular Letter Number 21/DIR/IAD/2014 regarding Bank BTN's Standard Operating Procedure regarding the Whistle-Blowing System, which includes types of violations that can be reported through the Whistle Blowing system, methods of filing complaints, protection of and guaranteeing reporters' confidentiality, complaint handling, parties managing complaints, and the results of handling and the follow-up of complaints in accordance with FSA regulations. Disclosure of the 2018 Whistle-Blowing System policy is outlined in the Whistle Blowing System section of this Annual Report.
23	The Public Company has a policy for awarding long-term incentives to the Board of Directors and employees.	<i>Complied</i>	<p>Long-term incentives for the Board of Directors and the Board of Commissioners are regulated under the Board of Directors Regulation No.02/PD/HCD/2017 regarding the Income of the Board of Directors and Board of Commissioners and Board of Directors' Circular Letter Number 57/DIR/HCD/2016 concerning the Implementation of Governance for Remuneration, as disclosed in the section regarding the Implementation of Corporate Governance for Remuneration of the Company in this Annual Report. The Board of Directors regulation includes deferred variable-based remuneration and Risk Taker Materials as the Ministry of State-Owned Enterprises Regulation Number 04/MBU/2014 concerning Guidelines for Determining Remuneration for the Board of Directors, Board of Commissioners and Supervisory Board of State-Owned Enterprises and Financial Supervisory Authority Number 45 /POJK.03/2015 concerning the Implementation of Governance and Provision of Remuneration for Commercial Banks.</p> <p>Since 2009, the Company has implemented long-term incentives in the form of MESOP for the Board of Directors and Employees as outlined in the Share Option section of this Annual Report. In 2018, the Company implemented Performance and Risk-Based Remuneration.</p>

## Aspek 5: Disclosure of Information

## Principle 8. Enhancing the Implementation of Information Disclosure.

24	The Public Companies utilize Information Technology more broadly other than just the Website as a medium of information disclosure.	<i>Complied</i>	<p>The Company strives to improve the quality of information disclosure to stakeholders through the use of Information Technology, in addition to the Company's website including through various forms of Social Media such as: Youtube Bank BTN Facebook BankBTNcoid Twitter @BankBTNcoid Instagram @bankbtn LinkedIn PT Bank Tabungan Negara</p> <p>The Company also delivers the latest information to shareholders through e-mail, conference calls and the Indonesian Stock Exchange, IBCM Channel, Capital Market TV, in addition to mentoring site visits by Investors to Bank BTN Branch Offices, Non-Deal Roadshows, one-on-one meetings, Public Analyst Meeting Expose.</p>
25	The Annual Report of the Public Company discloses the ultimate benefit of the Ownership of the Public Company of at least 5%, in addition to the disclosure of the ultimate beneficial owner of the share ownership of the Public Company through the main and controlling shareholders.	<i>Complied</i>	The Company has disclosed information regarding shareholders owning 5% (five percent) or more of the Company's shares to FSA and IDX. In this Annual Report the matter was disclosed in the Information section to the Investor.

## GCG QUALITY IMPROVEMENT PLAN FOR 2019

In 2019, endeavours to further the implementation of Sustainable GCG have now entered the Building Governance Sustainability phase. In this phase, the Company will shape and maintain Governance sustainability through the application of Governance, plans for Sustainable Financial undertakings and Sustainable GCG awards. The implementation of Governance will continue to be directed at bolstering Company's financial and non-financial transparency, customer protection, expanding compliance function, banking problem solving, and refining GCG implementation in accordance with the provisions established by the Financial Services Authority, State-Owned Enterprises and ASEAN Corporate Governance Scorecard.



# THE COMPANY'S GCG ASSESSMENT

## THE BANK'S GOVERNANCE SELF-ASSESSMENT

The Company implements Self-Assessment semi-annually at end of June and December. Governance Standards other than referring to FSA Regulation Number 55/POJK.03/2016 concerning the Implementation of Governance for Commercial Banks, the Bank has also adhered to the FSA Circular Letter Number 13/POJK.03/2017 concerning the Implementation of Governance for Commercial Banks.

### Criteria Exercised

The standard Self-Assessment implementation indicator includes 11 (eleven) parameters, which consist of the following:

1. Implementation of the duties and responsibilities of the Board of Directors;
2. Implementation of the duties and responsibilities of the Board of Commissioners;
3. Comprehensiveness and execution of the duties of the Committees;
4. Handling of any Conflicts of Interest;

5. Application of the Compliance function;
6. Implementation of the Internal Audit function;
7. Application of the External Audit function;
8. Application of Risk Management including the Internal Control System;
9. Provision of funds to related parties and large exposure;
10. The Bank's Financial and Non-Financial Transparency, Corporate Governance implementation and Internal Reporting;
11. The Bank's Strategic Plan.

### Parties Conducting Assessment

The Company fulfils the Self-Assessment of Governance by involving all members of the Board of Commissioners, Board of Directors and work units inter-related to the proposed Governance assessment aspects.

### Assessment Results

Figures regarding the progress of the Corporate Governance Self-Assessment results within the last 4 years are as follows:

#### Results of the Self-Assessment of Governance Implementation 2014 - 2017

Description	2015	2016	2017	2018
Corporate Governance Self Assessment Results	2	2	2	2

Results of the Self-Assessment of the Company's implementation of Governance conducted in June 2018 are as follows:

#### Results of the Self-Assessment regarding the Implementation of Governance

	Rating	Definition of Rating
(Individual)	2	The Bank's management has implemented Good Corporate Governance well in general. This was reflected through the adequate fulfilment of Governance principles. In the event that there were weaknesses in the application of Governance principles, in general these weaknesses were not significant and can be resolved by the Bank's Standard Operating Procedures.

In December 2018, the Company once more conducted a Self-Assessment regarding the implementation of Corporate Governance with the following results:

#### Results of the Self-Assessment regarding the Implementation of Governance

	Rating	Definition of Rating
(Individual)	2	The Bank's management has implemented Good Corporate Governance well in general. This was reflected through the adequate fulfilment of Governance principles. In the event that there were weaknesses in the application of Governance principles, in general these weaknesses were not significant and can be resolved by Bank's Standard Operating Procedures.

From the results of the two assessments, in 2018, the Company's implementation of Governance can be summarized as follows:

## Results of the Self-Assessment regarding the Implementation of Governance

	Rating	Definisi Peringkat
(Individual)	2	The Bank's management has implemented Good Corporate Governance well in general. This was reflected through the adequate fulfilment of Governance principles. In the event that there were weaknesses in the application of Governance principles, in general these weaknesses were not significant and can be resolved by Bank's Standard Operating Procedures.

## Analysis

Based on the Self-Assessment evaluation of the implementation of Governance comprising of Governance Structure, Governance Process, and Governance Outcome in each of the Governance evaluation aspects, it can be concluded that:

### A. Governance Structure

The Governance Structure is generally adequate evidenced under following summary:

#### 1. Positive Factors

- Bank BTN has in place a comprehensive Governance Structure and Infrastructure, which is in accordance with the provisions of the Financial Services Authority (OJK).
- The Risk Management, Compliance and Internal Audit Unit are under separate and independent organizations apart from the Operational Units.
- Bank BTN has made refinements related to the policies concerning the Board of Commissioners and Board of Directors work order guidelines, that are in accordance with the provisions of the latest FSA Regulations.
- Bank BTN has in place policies, systems, and procedures regarding the provision of funds to affiliated parties, large exposures, and transparency regarding financial and non-financial circumstances.
- Bank BTN has prepared a Corporate Plan and Corporate Business Plan that are consistent with the Company's Vision and Mission.

#### 2. Negative Factors

In 2018, the Company held a GMS and changed the composition of the members of the Board of Commissioners, but were not permitted office immediately, without prior obtaining approval from the FSA.

#### 3. Identification of Problems and Root Cause

There is 1 (one) member of the Board of Commissioners that is effective after obtaining approval for the assessment of FSA fit and proper test.

#### 4. Strength

The Board of Commissioners and Board of Directors of Bank BTN are fully committed in fulfilling and refining its Governance Structures and Infrastructure so that the Company at all times adheres to all provisions of regulators, supervisors, and keeps up with business dynamics.

### B. Governance Process

The general Governance Process is considered adequate as presented under the following summary:

#### 1. Positive Factors

- The Board of Commissioners has implemented the supervisory function and advised the Board of Directors
- The Board of Directors has fully committed to operating the management of the Company through enforcing the principles of Corporate Governance in every business line of the Bank
- The Internal Audit Unit always performs its functions in accordance with all applicable regulations
- External Audits are performed professionally, without intervention, and conducted by the Public Accountant and Public Accountant Office registered and licensed through the Financial Services Authority
- Provision of Funds to related parties and large funds has been implemented in accordance with the principle of prudence.
- Based on the findings of the Financial Services Authority, the Board of Directors has followed-up on improvements in credit Governance procedures including revamping the authority regarding recurrent restructuring, novation, refinements to the accounting guidelines for deferred interest treatment.

#### 2. Negative Factors

In general, Internal Control was considered adequate, but improvements are still required to be made based on the Audit findings regarding the Bank's operations.

#### 3. Identification of Problems and Root Cause

- A requirement to improve the Risk culture and develop a Culture of Compliance across all aspects of the Bank's operations.
- A requirement to further develop Human Resources based on the current and future organizational demands as per the Bank's business plan.
- A requirement to improve the quality of Human Resources, including improving operational and technical competencies, and supervisory functions across all operational management in the Bank.
- A requirement to improve the functions of Risk Management, Compliance, and Internal Audit.



#### 4. Strength

- I. Bank BTN is committed in developing a Risk Culture and a Culture of Compliance through ongoing Corporate Culture programs.
- II. Bank BTN is fully committed to improve the management of the Bank's operations, whether in staffing, employee competencies, HR supervision capabilities, and Business Process improvements.
- III. Bank BTN is committed to perfecting Corporate Governance, one of which is through the implementation of the Integrated Governance Risk and Compliance (IGRC) framework by optimizing the functions of the Three Lines of Defense.

#### C. Governance Outcome

Governance Outcome is generally considered to be adequate as presented under the following summary:

##### 1. Positive Factors

- I. The Bank has transparently disclosed financial and non-financial conditions in accordance with all applicable regulations.
- II. The Bank has implemented objective assessments/audits
- III. The Bank has executed the precautionary principle, Capital Market Regulations, Taxation, Anti-Money Laundering, Prevention of Terrorism Funding and other Regulations.
- IV. The Bank has instigated consumer protection provisions.
- V. The Bank as per December 31, 2018 (Un-Audit) has demonstrated respectable achievements, as follows:
  - Total assets of Rp308.67 trillion, which is growth of 18.10% when compared to 2017 of Rp261.36 trillion
  - Net income of Rp3.21 trillion, a rise of 5.91% when compared to 2017 recorded at Rp3.03 trillion
  - Third-Party Funds of Rp230.26 trillion this rose by 19.34% when compared to 2017 recorded at Rp192.95 trillion
  - Credit/Financing of Rp237.76 trillion, growth of 19.49% when compared to 2017 recorded at Rp198.99 trillion
  - Credit quality of 2.35% (Net) this marked an improvement of 0.31% up from 2.66% when compared to 2017

##### 2. Negative Factors

- I. There were still fines/penalties due to the Bank's report to BI/FSA, nonetheless the amount is declining (improving)
- II. There were cases of fraud that required comprehensive attention and improvement.
- III. Even though the Bank's performance as of December 2018 on a year-on-year (yoy) basis indicated an improvement, nevertheless still remained below the performance target, in particular for proportional profit performance until Desember 2018.

##### 3. Identification of Problems and Root Cause

- I. Data quality and support for the Bank's Information Technology Management System still needs to be improved.
- II. A requirement to improve Anti-Fraud strategies through a combined effect of the Three Lines of Defense, especially concerning Anti-Fraud awareness, the identification of vulnerabilities, and know your employees.
- III. A requirement to evaluate the implementation, and improvements concerning business strategies to ensure the Bank's performance is consistent with the Bank's business plan.

##### 4. Strength

The Bank's Governance Structure Comprehensiveness is considered adequate, backed by the commitments of the Board of Commissioners and the Board of Directors to advance Governance Outcomes in order to maintain business continuity.

## ASSESSMENT BY EXTERNAL PARTIES

In addition to Self-Assessment, the Company has also consistently conducted Third Party assessment to gain a second opinion regarding the quality of GCG implementation in order to unceasingly refine the quality of implementation of GCG, this includes the Corporate Governance Perception Index survey, hereinafter abbreviated as CGPI, which is organized by the Indonesian Institute for Corporate Governance (IICG) and GCG Assessment based on the ASEAN Corporate Governance Scorecard standards conducted by the FSA and the Indonesian Institute for Corporate Directorship (IICD).

### 2018 GCG Rating - CGPI Award

The Company constantly takes part in ratings and the Corporate Governance Perception Index, hereinafter abbreviated as CGPI, every year, which is organized by the Indonesian Institute for Corporate Governance (IICG). CGPI is a research program and rating of the quality of Corporate Governance assessment with the following assessment stages:

1. Instruments and Document Analysis Stages are implemented through the following activities:
  - a. *Self Assessment*;
  - b. Penilaian Dokumen.
2. Observation Stages

The stages of observation are performed through the classification of assessment instruments and Company documents extensiveness, executive exposure, and Company internal discussions.

#### Criteria Utilized

Assessment aspects in the 2018 CGPI include Governance Structure, Governance Process, and Governance Outcomes.

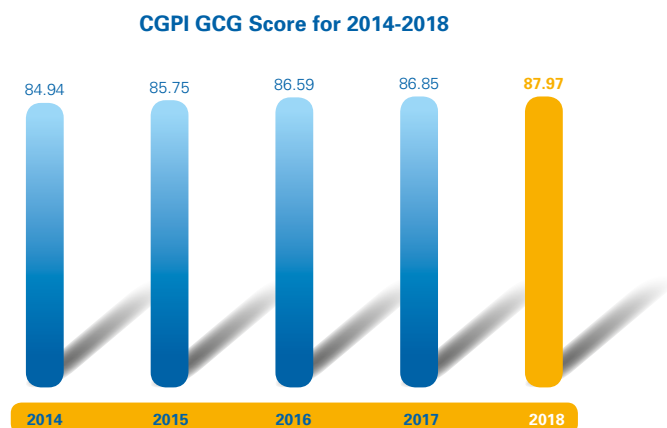
## THE COMPANY'S GCG ASSESSMENT

### Parties Conducting the Assessment

The Indonesian Institute of Corporate Governance (IICG) conducted the Company's CGPI assessment.

### Score Ratings

In 2018, the Company scored 87.97 on the CGPI assessment with the title "Most Trusted Company". The results of the Company's CGPI assessment for the past 4 consecutive years are as follows:



### Recommendations and Follow-Up Assessment Results

IICG presented several recommendations to the Company regarding its Governance. The recommendation was of material improvement in nature and its implementation to be followed-up within the Company's Governance.

#### IICG Recommendations and Follow-up

Recommendations	Follow-up
Governance Structure	
The Company must protect the rights of Minority Shareholders by accommodating the Minority Shareholders voice in the choice of Independent Commissioners and Unaffiliated Directors.	All shareholders that attended the GMS have the right to vote in electing members of the Board of Directors and the Board of Commissioners.
The Company must consider and respond to the Gender diversity issue in the composition of members of the Board of Directors	The decision regarding the composition of the Board of Commissioners and the Board of Directors refers to the diversity policy based on the provisions of Shareholders and the provisions set out in the Board of Commissioners Charter, which is a guideline for the nomination and succession of the Board of Commissioners and Board of Directors by considering skill/education, work experience, age, gender, and Company requirements and complexity.
The Company is to develop and update guidelines regarding the implementation of the duties of the Board of Directors and the Board of Commissioners, specifically related to the resignation of members of the Board of Commissioners and the Board of Directors	The Company constantly evaluates and refines the Board of Directors and the Board of Commissioners charter including regulating the resignation of members of the Board of Commissioners and the Board of Directors.
The Company must establish an organizational structure tailored to meet the demands and division of duties and responsibilities among the Board of Directors in accordance with their scope of work.	The Company has launched transformation measures backed by a new operating model that includes (1) Business Process Improvement, (2) Network & Distribution Design, and (3) Perfecting Organizational Design by elevating the role of Risk Management and further developing the Bank's Human Capital capacity.
Governance Process	
The Company must formulate the Company's Internal Control System and mechanism, as well as evaluating its effectiveness.	Evaluation of the effectiveness of the Company's Internal Control System (risk control) is implemented at the Headquarters and all Branch Offices. All that is related to the adequacy of Internal Control issues have been reported directly to the Board of Directors through the President Director and to the Board of Commissioners through the Audit Committee.



## IICG Recommendations and Follow-up

Recommendations	Follow-up
The Company must establish policies and update guidelines regarding the disclosure and transparency of the Company's information to stakeholders.	The Company at all times prioritizes information disclosure to stakeholders steered by the Financial Services Authority Regulation and the ASEAN CG Scorecard principles.
The Company must develop policies, guidelines, systems and mechanisms regarding the implementation of Sustainability and Green Banking	The Company has formulated Sustainable Finance initiatives for the implementation of Green Finance products, including the Company's products and services that advocate Environmental preservation in funding, lending, and fee-based income.
The Company must formulate and refine its Human Resource management system in an integrated manner	The Company has launched transformation measures backed by a new operating model, which includes Human Capital competence enhancements.
The Company must establish efficient and effective planning and procurement of Goods and Services.	The Company procures Goods and Services, whether strategic or non-strategic, based on the Company's Goods and Services Procurement Policy sustaining the Company's operations in accordance with quality, quantity, timely requirements and at the best prices considering the principles of Risk Control.
The Company must build and refine its systems and instruments in transforming the Company's business model.	The Company is in the process of transforming the head Office, Regional Offices and Branch Office main functions. Moreover, this transformation plan will also be reinforced by the establishment of a new operating model that includes: (1) Business Process Improvement, (2) Network & Distribution Design, and (3) Improving Organizational Design including compounding the role of Risk Management and Human Capital competencies.

## Governance Outcomes

Financial growth performance to be preserved by ongoing adherence to the principle of prudence and the application of systematic Risk Management.	The Company continues to develop the quality of Risk Management and lead periodic reviews to warrant the effectiveness and adequacy of the Risk Management Function as a means of compliance to the applicable regulations and as a performance growth strategy.
The Company must consider and respond to concerns of individuals with disabilities and/or the handicapped in the recruitment and development of Company's HR program.	The Company pays attention to employees with special needs.
The Company must develop communication to facilitate the employees' better understanding regarding ethical values to prevent ethical dilemmas.	The Company has compounded the effectiveness of ethical value dissemination to employees through the provision of video micro learning that can be accessed through the Knowledge Management System, the implementation of quizzes regarding the subject of Gratuities, socialization and training.
The Company must develop subsequent handling and settlement of legal issues confronted by the Company.	The Company persistently adheres to the precautionary principle in its business processes to circumvent any legal predicaments.
The Company must heed the imposition of fines and reprimands of follow-ups from the regulator.	The Company is continually enhancing the Culture of Compliance at all levels of the organization to circumvent any regulatory sanctions.

## GCG Assessment Based on the ASEAN Corporate Governance Scorecard (ACGS)

Another GCG assessment that the Company participates in is the ASEAN Corporate Governance Scorecard, a standard for measuring Governance practices agreed upon by the ASEAN Capital Market Forum (ACMF). The parameters of assessment are based on the OECD Principles with the aim of raising investor confidence in listed companies in the ASEAN region.

### Criteria Exercised

The assessment component of the ASEAN Corporate Governance Scorecard includes:

1. Shareholders' Rights
2. Equal Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Board Responsibilities



## THE COMPANY'S GCG ASSESSMENT

### Party Conducting Assessment

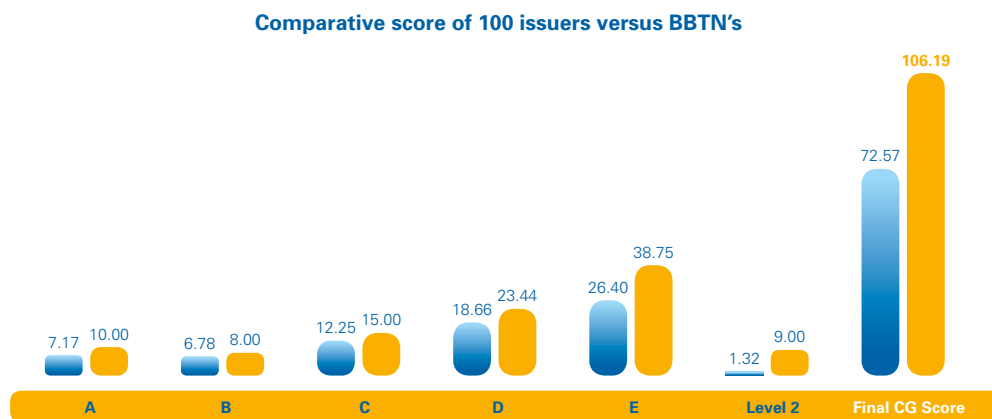
Governance Practices conducted by the Company is based on the ASEAN Corporate Governance Scorecard obtained through Third Party Assessment. One of the independent institutions assessing the ASEAN CG Scorecard is the Indonesian Institute of Corporate Directorship (IICD).

### Score Ratings

In 2018, the Company obtained GCG scores based on the ASEAN Corporate Governance Scorecard (ACGS) standard performed by the Financial Services Authority and the Indonesian Institute for Corporate Directorship (IICD).

The Company scored 106.19 points in the category of Leadership in Corporate Governance. The total score obtained by the Company is far above the average score for Public Companies (Tbk) or Issuers that are included in the 100 largest Market Capitalization on the Stock Exchange with a score of 72.57 for the 2018 assessment.

The following chart presents a comparison between the Company's ASEAN CG Score against the score of the top 100 issuers (the largest Market Capitalization) based on the 2018 ASEAN CG Scorecard.



As displayed on the graph, the Company's CG final score in the 2018 ASEAN CG Scorecard remained above the average Final CG Score of all Issuers assessed based on the largest Market Capitalization (n = 100), both based on the score per principle and overall score. For the past 3 consecutive years, since 2016, the Company has ranked at level 5 with a total score of more than 100.

The total score or final score for the performance of the Company's Corporate Governance is interpreted as follows:

No.	Score (Points)	Company CG Performance	Interpretation
1	60.00-69.99	Level 1	Minimum Requirement
2	70.00-79.99	Level 2	Fair
3	80.00-89.99	Level 3	Good
4	90.00-99.99	Level 4	Very Good
5	100 atau lebih	Level 5	Leadership in corporate governance



Description of the Company's Compliance Statement regarding the Guidelines for Corporate Governance based on the ASEAN CG Scorecard as follows:

Level/ No. Item	Corporate Governance Standard Criteria	Comply Status	Description
<b>Level 1</b>			
<b>Part A The Rights of Shareholders</b>			
A.1	Basic Rights of Shareholders.	<i>Complied</i>	-
A.2	The right to participate in decisions regarding fundamental corporate changes.	<i>Complied</i>	-
A.3	The right to participate effectively and cast votes in the GMS and the right to obtain information regarding the rules that apply at the GMS.	<i>Complied</i>	-
A.4	Markets for corporate control must be permitted to function efficiently and transparently.	<i>Complied</i>	-
A.5	The exercise of ownership rights by all shareholders, including institutional investors, must be facilitated.	<i>Complied</i>	-
<b>Part B Equitable Treatment of Shareholders</b>			
B.1	Shares and voting rights	<i>Complied</i>	-
B.2	GMS Notification	-	1. Disclosure of the profile of the candidates for the members of Board of Commissioners and Board of Directors were not available during the GMS; 2. The GMS invitation did not contain information related to the External Auditor to be appointed at the GMS; 3. The Letter for Power of Attorney of the absent shareholders from the GMS was not attached to the GMS Summoning.
B.3	Prevent Insider Trading and personal gain abuse.	<i>Complied</i>	-
B.4	Related Party Transactions by the Board of Commissioners and the Board of Directors.	<i>Complied</i>	-
B.5	Protect minority shareholders from abuse.	<i>Complied</i>	-
<b>Part C Role of Stakeholders</b>			
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.	<i>Complied</i>	-
C.2	Where the interests of stakeholders are protected by law, stakeholders must receive effective compensation for any violations of their rights.	<i>Complied</i>	-
C.3	Mechanisms for employee participation should be permitted to develop.	<i>Complied</i>	-
C.4	Stakeholders including individual employees and their representative bodies, should be able to freely communicate their concerns regarding illegal or unethical practices to the Board and their rights should not be compromised for doing this.	<i>Complied</i>	-

## THE COMPANY'S GCG ASSESSMENT

Level/ No. Item	Corporate Governance Standard Criteria	Comply Status	Description
<b>Part D Disclosure and Transparency</b>			
D.1	Transparent Ownership Structure	<i>Complied</i>	-
D.2	Quality of Annual Report	-	The Company has not disclosed the remuneration of each member of the Board of Directors and Board of Commissioners
D.3	Disclosure of Related Party Transactions (RPT)	<i>Complied</i>	-
D.4	The Board of Directors and the Board of Commissioners dealings with the Company's Shares	<i>Complied</i>	-
D.5	External Auditor and Auditor Report	<i>Complied</i>	-
D.6	Media Communications	<i>Complied</i>	-
D.7	Timely Filing/Release of Annual/Financial Reports	<i>Complied</i>	-
D.8	The Company website	<i>Complied</i>	-
D.9	Investor Relations	<i>Complied</i>	-
<b>Part E Responsibilities of The Board</b>			
E.1	The Board's Duties and Responsibilities	<i>Complied</i>	-
E.2	The Board's Structure	<i>Complied</i>	-
E.3	The Board's Processes	<i>Complied</i>	-
E.4	The Board's Positions	<i>Complied</i>	-
E.5	The Board's Performance	-	The Company has not disclosed the individual assessment and performance appraisal process of the Board of Commissioners, including its assessment process and criteria.

On the assessment of bonuses, some of the items that can be satisfied by the Company are as follows:

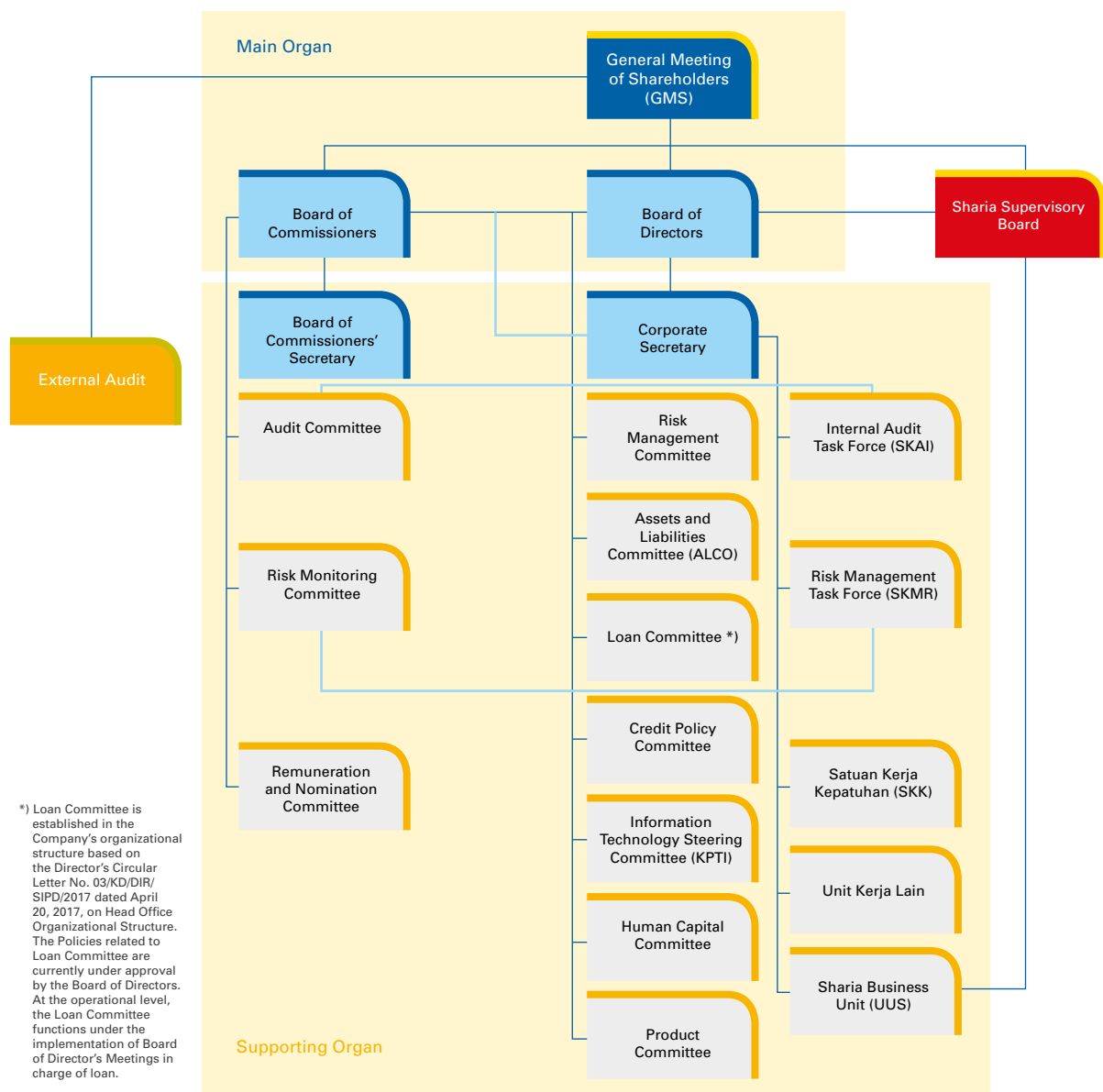
Level/ No. Item	Corporate Governance Standard Criteria	Comply Status	Description
<b>Level 2</b>			
(B)C.1.1.	The Company has adopted an international based Sustainability Report framework (such as the GRI, Integrated Reporting, SASB).	<i>Complied</i>	-
(B)D.1.1.	The issuance period of the Audited Financial Statements is within 60 days from the end of the Financial Year.	<i>Complied</i>	-
(B)E.2.2.	The Company has aligned its nomination process with the existing strategy map.	<i>Complied</i>	-
(B)E.6.1.	The Company has in place a Risk Oversight Committee that is separate from the Board of Commissioners.	<i>Complied</i>	-



# STRUCTURE, POLICY AND CORPORATE GOVERNANCE MECHANISM

## GOVERNANCE ORGAN STRUCTURE

In accordance with Law No. 40 of 2017 regarding a Limited Liability Company, it is stated that the Company Organ consists of a General Meeting of Shareholders (GMS), the Board of Directors, and the Board of Commissioners. The GMS, Board of Directors, and Board of Commissioners must respect their duties, responsibilities, and authorities in accordance with all rules and legislation and Articles of Association. The Company's Organs are established in order to ensure that the implementation of the Company's Governance shall be conducted effectively with clear roles and responsibilities as to create a checks and balance control mechanism.



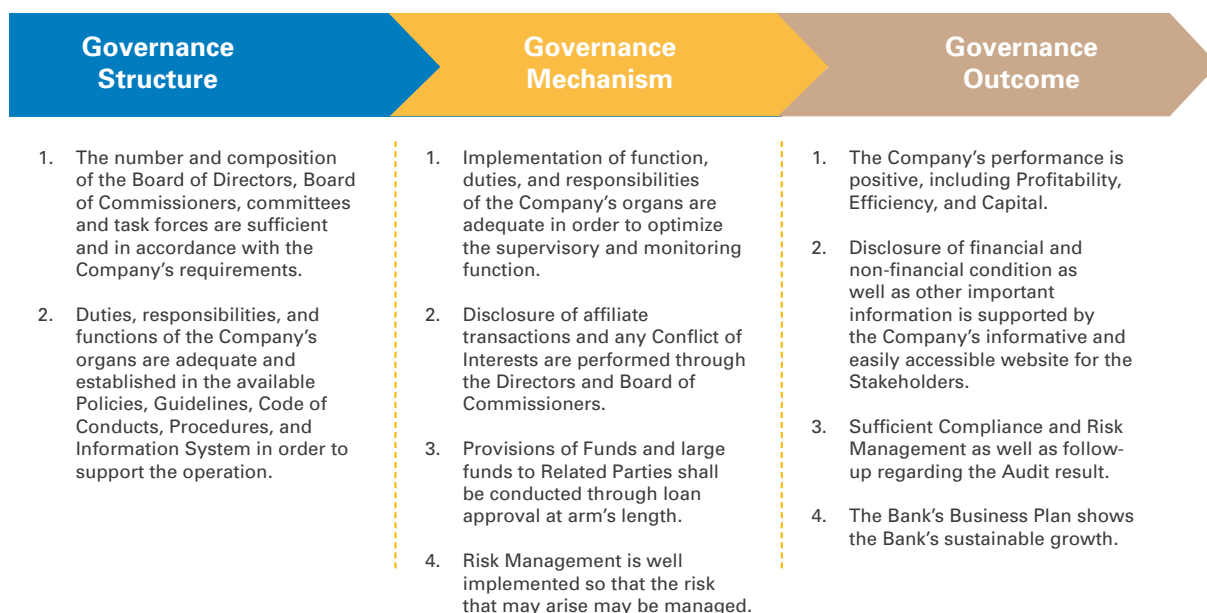
### GOVERNANCE POLICY AND INFRASTRUCTURE

The Governance mechanism is a set of rules designed to implement GCG, which governs the relationship between the organs inside the Company so that the duties, responsibilities, and authorities are clear and in accordance with all prevailing rules and regulations, GCG principles, healthy business ethics, and best practices. The Company implements the Governance Mechanism that is reflected through the main policies of GCG principles (soft structure of GCG). This mechanism shall be the living document for all and every part of organization of the Bank.

The design of the Company's Governance policy is an arrangement of policies as a basic framework for Governance through the formulation of policies and the Company's activities, which is as follows:

1. The GCG Guidelines adopted in the Regulation of the Board of Directors No. 11/PD/DIR/PPD/2018 concerning Guidelines for Good Corporate Governance;
2. The Board of Commissioners Work Guidelines and Rules adopted in the Joint Decree of the Board of Commissioners No. 01/KOM-BTN/2017 dated as a renewal of the Board Manual which became the guideline of the previous work guidelines;
3. The Board of Directors Charter and Rules of Conduct adopted in the Board of Directors Decree No. 07/DIR/KD/CMPD/2017 as a renewal of the Board Manual that has become the work guideline of the prior;
4. The working relationship of the Board of Directors and Board of Commissioners ratified through the Joint Decree of the Board of Commissioners No.02/DEKOM-BTN/2017 and Board of Directors No. 01/DIR-BTN/2017;
5. The Guidelines for Business Ethics and Behavior (Code of Conduct) ratified through the Board of Directors Regulation No. 16/PD/CMPD/2015;
6. Application of Gratification Control ratified through Circular Letter No. 68/DIR/CMPD/2017;
7. The Violation Reporting System Policy - SPP (Whistle-Blowing System - WBS) and Anti-Fraud System, which has been ratified through the Circular Letter of the Board of Directors SE No. 21/DIR/IAD/2014.

### Relationship between Structure, Mechanism, and Governance Results



### Governance Mechanism

The GCG mechanism is defined as a process of applying the fundamentals that are dependent on the adequacy of the Company's Governance Structure and its Infrastructure, to yield results to meet the expectations of stakeholders. The process of implementation is inherent within the Governance Structure of an organization, which includes the GMS, Board of Commissioners, Board of Directors, Committees under the Board of Commissioners, Committees under the Board of Directors, Corporate Secretary, Compliance Function, Internal Audit Function, External Audit Function and Risk Management Function.



# GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders (GMS) is the highest body in the Governance of the Company that functions as a forum for shareholders to make decisions. Decisions taken at the GMS are based on the interests of the Bank and are implemented fairly and transparently.

## LEGAL BASIS

The GMS is the Company's body, which has authority not granted to the Board of Directors or the Board of Commissioners within the limits specified in Law No. 40 of 2007 concerning Limited Liability Companies and/or Articles of Association. Based on the Company's Articles of Association the GMS consists of the Annual GMS and Extraordinary GMS (EGMS), which can be held at anytime based on the needs.

## POLICY RELATIONS WITH SHAREHOLDERS

In Article 5 of FSA Regulation Number 35/POJK.04/2014 concerning the Corporate Secretary of Issuers or Public Companies, one of the functions of the Corporate Secretary is as a liaison between Issuers and Shareholders, FSA and other stakeholders. By end of 2018, communication with shareholders was managed through the Corporate Secretary with reference to the Company's internal policies that regulate the relationship between the Company and shareholders. The policy includes the management of external and internal communication strategies openly.

## RIGHTS, PRIVILEGES AND RESPONSIBILITIES OF SHAREHOLDERS AT THE GMS

The Company has 2 (two) types of shares, which are Series A Dwiwarna Shares and Series B Shares, with a nominal value of Rp500 (five hundred Rupiah) per share. Series A Dwiwarna Shareholders are controlling shareholders and have privileges with the following rights and authorities:

1. The right of consent at the GMS are the following:
  - Approval of amendments to the Articles of Association;
  - Approval of changes in Capital;
  - Approval of the Appointment and Dismissal of members of the Board of Directors and Board of Commissioners;
  - Approval related to mergers, consolidation, expropriation, separation and dissolution;
  - Approval of remuneration of members of the Board of Directors and Board of Commissioners;
  - Approval of the transfer of assets based on the Articles of Association, which is required to be approved by the GMS;
  - Approval regarding the participation and reduction in the percentage of capital participation in other companies, which based on the Articles of Association must be approved by the GMS;
  - Approval of the use of profit;
  - Approval of investment and long-term financing that is not operational in nature based on the Articles of Association, which requires the approval of the GMS;
2. Right to propose candidates as members of the Board of Directors and prospective members of the Board of Commissioners;
3. The right to propose GMS agendas;
4. The right to request and access Company data and documents.



Apart from the Series A Dwiwarna Share privileges, insofar as it is not determined otherwise by the Articles of Association of the Company, the Series A Dwiwarna Share Holders and Series B Shareholders have the same rights, among others, including the following:

1. The right to attend, express opinions, and vote in a GMS based on one share, provides the holder the right to cast one vote;
2. The right to obtain information regarding the Company in a timely, correct and orderly manner, except for confidential matters;
3. The right to receive a portion of the Company's profits intended for the Shareholders in the form of dividends and other profit sharing, proportional to the number of shares held;
4. The right to obtain a full explanation and accurate information regarding the procedures that must be fulfilled with regard to the implementation of the GMS;
5. In the event that there is more than one type and classification of shares in the Company, each shareholder has the right to cast votes in accordance with the type, classification and number of shares in possession, and each shareholder has the right to be treated equally based on the type and classification of shares owned;
6. The right to transfer, release rights or make a debt guarantee on all or a large portion of the Company's assets more than 50% (fifty percent) of the total value of the Company's net assets in one transaction or several transactions that are independent or related to each other, the Board of Directors must obtain the approval of the GMS.

The GMS has the authority to:

1. To appoint and dismiss members of the Board of Commissioners and Board of Directors based on policies/guidelines established by shareholders;
2. Providing ratification/decisions required to safeguard the Company's business interests in the long and short term in accordance with the laws and regulations and/or Articles of Association;
3. To approve Annual Reports including the ratification of financial statements and supervisory duties of the Board of Commissioners in accordance with laws and regulations and/or Articles of Association;

4. Establish targets and assess the performance of the Board of Directors and the Board of Commissioners;
5. Determine the remuneration of the Board of Commissioners and Directors;
6. Determine External Auditors;
7. Approving or rejecting the Company's Long-Term Plan and Corporate Budget Work Plan;
8. Make decisions through a process that is transparent and fair and accountable;
9. Implement Good Corporate Governance in accordance with the authority and responsibility granted.

The duties and responsibilities of Shareholders include:

1. Comply with the provisions of the Articles of Association and all laws and regulations;
2. Not be involved in any of the Bank's supervision and management performed by the Board of Commissioners and the Board of Directors;
3. Not utilizing the Company for personal, family, Company or business group interests with intentions and manners that contradict prevailing laws and best practices in the banking industry;
4. Evaluate the performance of the Board of Commissioners and Board of Directors through a GMS mechanism.

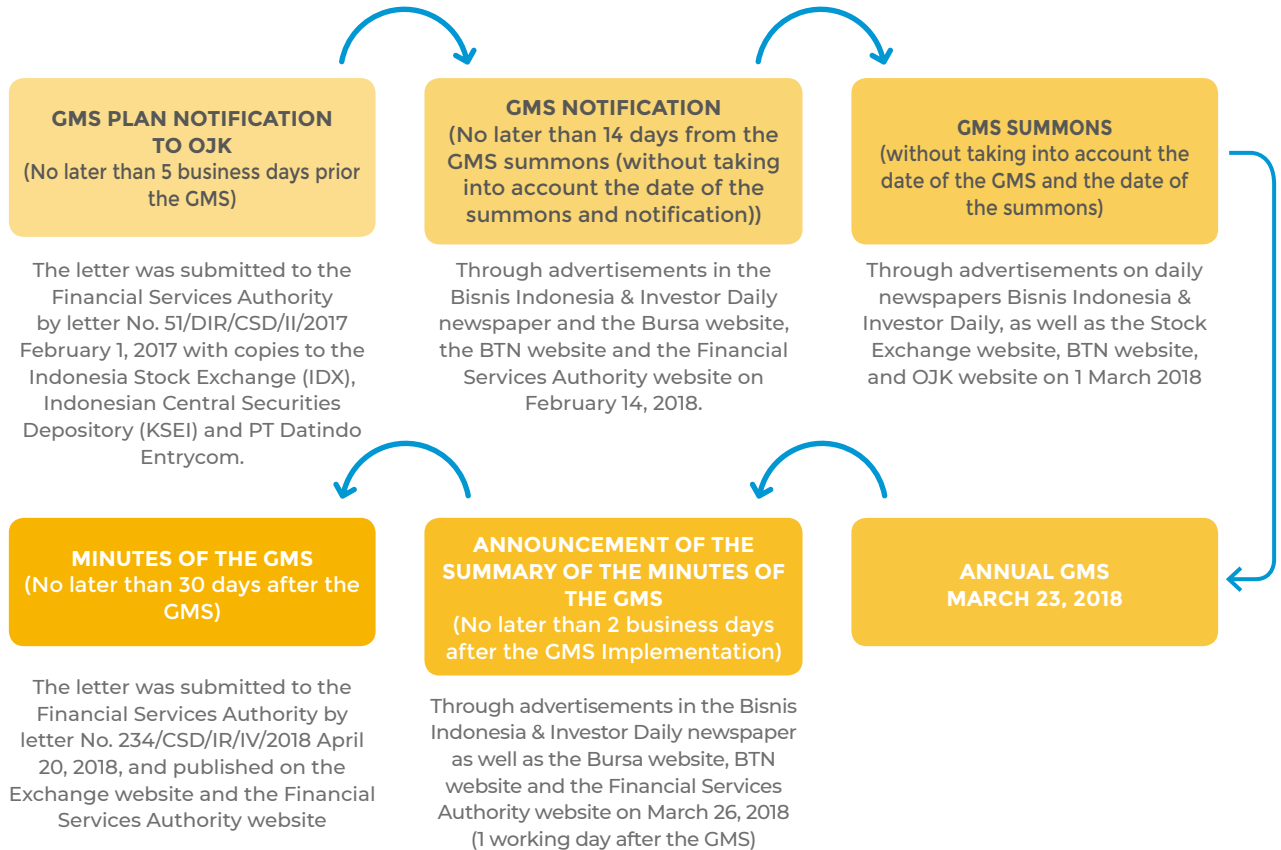
### IMPLEMENTATION OF THE 2018 GMS

The implementation of the Company's GMS refers to the Limited Liability Company Law, Financial Services Authority Regulation (POJK) Number 32/POJK.04/2014 concerning the Plan and Implementation of a Public Company GMS and the amendments through POJK Number 10/POJK.04/2017 concerning changes to POJK Number 32/POJK.04/2014. In accordance with Article 21 of the Company's Articles of Association, the GMS consists of (1) Annual GMS which must be held at the latest 6 (six) months after the year ends and (2) Extraordinary GMS that can be held at any time based on the needs and interests of the Company. Throughout 2018, the Company conducted 1 (one) Annual GMS for the 2017 Financial Year on March 23, 2018.



## IMPLEMENTATION STAGES OF THE 2018 ANNUAL GMS FOR THE 2017 FINANCIAL YEAR

The stages of the GMS are executed in accordance with FSA Regulation Number 32/POJK.04/2014 concerning the Plan and Implementation of a Public Company GMS and the amendments through FSA Regulation Number 10/POJK.04/2017 concerning changes to FSA Regulation Number 32/POJK.04/2014 and the Company's Articles of Association as follows:



In presenting individuals and institutions the opportunity to voice their rights as shareholders, the Company announces and calls for the GMS with each term, at least through 1 (one) nationally circulated Indonesian newspaper, the Indonesian Stock Exchange website and the Company's website both in Indonesian and English.

Subsequent to the execution of the GMS, the Company announces the summary of the minutes of the GMS no later than 2 (two) working days after the GMS is held, in at least 1 (one) Indonesian language newspaper with national circulation, the Indonesian Stock Exchange website and the Company's website in Indonesian and Language

## GMS QUORUM

Attendance quorum and GMS resolutions regarding the decisions made in the GMS shall be performed if the GMS is attended by the Bicolor Series A shareholder and other shareholders, and/or their legitimate representatives that represent more than ½ (one half) of the total shares with voting rights, and the decision is approved by the Bicolor Series A shareholder and other shareholders and/or their legitimate representatives that represent more than ½ (one half) of the overall shares with voting rights who attended the GMS. The GMS is held fairly and transparently, as stipulated in the Financial Services Authority Regulation (POJK) No. 10/POJK.04/2017 regarding the amendment of POJK No. 32/POJK.04/2014 and the Company's Articles of Association.

## 2018 ANNUAL GMS

### The Annual GMS was held on

Day/Date : Friday / March 23, 2018

Time : 14:51 WIB at 17:37 WIB

Place : Menara Bank BTN Building, 6th floor Jl. Gajah Mada No. 1 Central Jakarta - 10130

### Table Attendance of the Board of Commissioners, the Board of Directors, and the Audit Committee in the 2018 Annual GMS

Based on the decision of the Board of Commissioners meeting on March 13, 2018 delivered through a letter by the Company's Board of Commissioners Number 42/KOM/BTN/III/2018 dated March 13, 2018 concerning the Chairman of the 2018 GMS PT Bank Tabungan Negara (Persero) Tbk, and attended by all Board members the Commissioners, Directors and members of the Company's Audit Committee are as follows:

Name	Position	Attended	Absence
I Wayan Agus Mertayasa	President Commissioner/ Independent	V	
Kamaruddin Sjam	Independent Commissioner	V	
Arie Coerniadi	Independent Commissioner	V	
Lucky Fathul Aziz Hadibrata	Independent Commissioner	V	
Garuda Wiko	Independent Commissioner	V	
Sumiyati	Non Independent Commissioner	V	
Maurin Sitorus	Non Independent Commissioner	V	
Iman Sugema	Non Independent Commissioner	V	
Maryono	President Director	V	
Iman Nugroho Soeko	Director of Finance & Treasury	V	
Adi Setianto	Director of IT & Operation	V	
Oni Febriarto Rahardjo	Director of Commercial Banking	V	
Budi Satria	Director of Consumer Banking	V	
R. Mahelan Prabantarikso	Director of Strategy, Compliance & Risk	V	
Nixon L.P Napitupulu	Director of Collection, Asset Management & Legal	V	
Dasuki Amsir	Director of Distribution & Network	V	
Kamaruddin Sjam	Chairman of the Audit Committee	V	
I Wayan Agus Mertayasa	Audit Committee Member	V	
Lucky Fathul Aziz Hadibrata	Audit Committee Member	V	
Garuda Wiko	Audit Committee Member	V	
Sondang Gayatri	Audit Committee Member	V	
Rachmat Supratman	Audit Committee Member	V	
Adi Prakoso	Audit Committee Member	V	

### Shareholders Attendance

The meeting was attended by shareholders and/or power of attorney of the shareholders who all had 8,985,474,653 (eight billion nine hundred eighty five million four hundred seventy four thousand six hundred fifty three) shares including Series A Dwiwarna shares or constituting 84.85% (eighty four point eight five percent) of the total shares with valid voting rights that have been issued by the Company until the Meeting Day, totaling 10,590,000,000 (ten billion five hundred and ninety million) shares consisting of:

- 1 (one) Series A Dwiwarna stock; and

- 10,589,999,999 (ten billion five hundred eighty-nine million nine hundred ninety-nine thousand nine hundred and ninety-nine) Series B shares; by observing the Register of Shareholders of the Company on February 28, 2018 until 16:15 West Indonesia Time.

### Opportunities to submit questions and/ or provide opinions

Shareholders or their proxies were provided with the opportunity to raise questions and/or share opinions. The question and answer session was conducted after



the completion of the presentation of the agenda and before the onset of decision making.

### GMS Decision-Making Mechanism

Meeting decisions were made by deliberation to reach a consensus. Should the deliberation and consensus be not reached, the decision making in the Meeting was conducted by voting. The first agenda meeting through to the eighth agenda of the meeting was performed openly wherein the Shareholders or their proxies who cast in abstention or those who did not agree were asked to raise their hands and submit their ballots to the officers.

Whereas in the the tenth and eleventh Meeting agendas, a closed vote was held in which the Shareholders or their proxies voted by by casting their ballots provided at the time of registration and submitted to the officers for electronic vote counting. The ninth Meeting agenda was a reporting agenda, hence there was no casting of votes.

### Independent Voting Counter

The results of the decision-making were calculated by PT Datindo Entrycom as the Securities Administration Bureau and subsequently validated by Notary Ashoya Ratam SH., MKn.

## Decision and Realization of the Results of the 2018 Annual GMS

Agenda	Decision	Remarks
1	<ul style="list-style-type: none"> <li>a. To approve the Company's Annual Report including the Supervisory Task Report that was implemented by the Board of Commissioners for the Financial Year ending December 31, 2017, and to ratify the Company's Financial Report for the Financial Year ending December 31, 2017, which was audited by KAP Purwantono, Sungkoro &amp; Surja - Ernst &amp; Young according to Report No. RPC-5666/PSS/2018 dated February 14, 2018 with reasonable opinions in all material matters.</li> <li>b. To ratify the Annual Report including the Financial Report concerning the implementation of the Partnership and Community Development Program for the Financial Year ending on December 31, 2017, which was audited by KAP Purwantono, Sungkoro &amp; Surja - Ernst &amp; Young in accordance with Report No. RPC-5817 / PSS / 2018 March 9, 2018 with reasonable opinions in all material matters.</li> <li>c. With the approval of the Company's Annual Report including the Supervisory Task Report implemented by the Board of Commissioners and the ratification of the Company's Financial Report for the Financial Year ended December 31, 2017 and approval of the Annual Report including the Financial Report for the implementation of the Partnership Program for the Financial Year, which ends on December 31, 2017, the GMS granted the release of responsibility (acquite at de charge) to the members of the Board of Directors and the Board of Commissioners for the management and supervision that was conducted throughout the Fiscal Year that ended on December 31, 2017, insofar as these actions did not constitute a criminal offense, and these actions are reflected in the Annual Report, the Company's Financial Report and Annual Report and Financial Report pertaining to the implementation of the Partnership and Community Development Program for the Financial Year ending on 31 December 2017.</li> </ul>	Realized
2	<p>To approve the use of the 2017 net income of Rp3,027,466,149,252.00 as follows:</p> <ul style="list-style-type: none"> <li>a. Dividends of 20% or Rp605,493,229,850.40 stipulated as a Cash Dividend distributed to Shareholders to be paid under the following conditions: <ul style="list-style-type: none"> <li>• In particular for Government dividends with 60% ownership of shares in the amount of IDR 363,295,937,910.24 to be deposited to the State General Cash Account Number: 502.000000980 at Bank Indonesia in the denomination of Rupiah</li> <li>• Granting the authority and power of attorney to the Board of Directors of the Company with substitution rights to determine the schedule and procedure for the distribution of the 2017 Financial Year dividends in accordance with applicable regulations.</li> </ul> </li> <li>b. As much as 80% or Rp2,421,972,919,401.60 will be used as retained earnings.</li> </ul>	Realized
3	<ul style="list-style-type: none"> <li>a. To appoint the Purwantono, Sungkoro &amp; Surja - Ernst &amp; Young Public Accounting Firm, as the Public Accountant Office to audit the Company's Financial Statements and Financial Report concerning the implementation of the Partnership and Community Development Program for the 2018 Fiscal Year.</li> <li>b. To authorize the Board of Commissioners of the Company to determine the honorarium and other requirements for the Public Accountant Office, and establish a substitute Public Accountant Office in the case of Purwantono, Sungkoro &amp; Surja - Ernst &amp; Young Public Accountants, for any reason were unable to complete the Audit Report of the Company's Finance and Financial Report regarding the implementation of the Partnership and Community Development Program for the 2018 Fiscal Year, including determining the honorarium and other requirements for the substitute Public Accountant Office.</li> </ul>	Realized

## Decision and Realization of the Results of the 2018 Annual GMS

Agenda	Decision	Remarks
4	<p>a. To grant authority and power to the holders of Series A Dwiwarna Shares to determine the amount of bonus for the 2017 Fiscal Year, and determine the salary/honorarium, allowances, facilities and other incentives for members of the Board of Commissioners for 2018.</p> <p>b. To grant authority and power to the Board of Commissioners by first obtaining written approval from the Dwiwarna Series A Shareholder to determine the amount of bonus for the 2017 Financial Year, and determine the salary/honorarium, allowances, facilities and other incentives for members of the Board of Directors for 2018.</p>	Realized
5	To approve the Company's Recovery Plan document in fulfilling the provisions of the Financial Services Authority Regulation (POJK) No. 14/POJK.03/2017 dated April 4, 2017 concerning the Recovery Plans for Systemic Banks.	Realized
6	<p>a. To approve the Funding Adequacy Ratio (RKD) of Company's Pension Fund at a minimum of 107% (one hundred and seven percent).</p> <p>b. To delegate authority to the Board of Commissioners of the Company to make decisions regarding a raise in pension benefits and/or the provision of other benefits on the basis of and by taking into account the proposals of the Board of Directors of the Company, with the following conditions:</p> <ul style="list-style-type: none"> <li>Fund Adequacy Ratio (RKD) after the increase in pension benefits and/or Other Retirement Benefits provisions referred to in number 1.</li> <li>Does not create an additional obligation in fees and expenses/liabilities IAS 24 accounting for the Company.</li> </ul>	Realized
7	<p>a. To confirm the enactment of the State-Owned Enterprises Minister Regulation Number: PER-02/MBU/7/2017 concerning the Second Amendment to SOE Minister Regulation Number: PER-09/MBU/07/2015 concerning the State-Owned Enterprise Partnership Program and Community Development Program and its changes.</p> <p>b. To authorize the Board of Commissioners by first obtaining written approval from the Dwiwarna Series A Shareholders regarding the authority of the GMS as stipulated in the Minister of State-Owned Enterprises Regulation Number: PER-09/MBU/07/2015 as previously amended by the Minister of State-Owned Enterprises Number: PER-02/MBU/7/2017 and its changes.</p>	Realized
8	<p>a. To approve the amendments of the Company's Articles of Association as stated in the Meeting explanation.</p> <p>b. To approve the re-arrangement of all provisions in the Articles of Association in connection with the changes referred to in item 1 of the above decision.</p> <p>c. To grant power and authority to the Board of Directors of the Company with the right of substitution to take all necessary actions relating to the decisions of the agenda of this Meeting, including drafting and restating the Company's Articles of Association in a Notary Deed and submitting to the competent authority for approval and/or signs of receipt of notification of changes to the Articles of Association of the Company, perform everything deemed necessary and useful for this purpose with none excluded, including to make additions and/or amendments to the Articles of Association if required by the authorized agency .</p>	Realized
9	The Ninth Meeting agenda was a reporting agenda, hence, no decision making involved.	Realized
10	<p>a. To agree to honorably to dismiss these individuals as members of the Company's Sharia Supervisory Board:</p> <ul style="list-style-type: none"> <li>Mr. Ahmad Nazri Adlani as Chairman</li> <li>Mr. Mohamad Hidayat as member Anggota</li> <li>Mr. Muhammad Syakir Sula as member</li> </ul> <p>Dismissal of members of the Sharia Supervisory Board is effective from the closing of this Meeting.</p> <p>b. To appoint the individuals mentioned below as members of the Sharia Supervisory Board:</p> <ul style="list-style-type: none"> <li>Mr. M. Quraish Shihab as Chairman</li> <li>Mr. Mohamad Hidayat as a Member</li> <li>Mr. Muhammad Gunawan Yasni as a Member</li> </ul> <p>under the condition that the appointment of these members, except for Mr. Mohamad Hidayat, be effective after obtaining approval from the Financial Services Authority.</p> <p>c. The expiration of the Term of Office of the members of the appointed Sharia Supervisory Board of the Company is valid until the closing of the 5th Annual GMS in 2023, with due observance of all laws and regulations without reducing the right of the GMS to terminate them at any time.</p>	Confirm to HMCD/SHAD



## Decision and Realization of the Results of the 2018 Annual GMS

Agenda	Decision	Remarks																													
	<div>d. To ratify the delegation of authority to the Board of Commissioners to determine the remuneration of the Company's Sharia Supervisory Board in the context of implementing business activities based on Sharia principles.</div> <div>e. To grant power and authority to the Directors of the Company with the right of substitution to take all necessary actions relating to the decision of this agenda in accordance with all applicable laws and regulations, including to declare it in a separate Notary Deed and notify the Company's Sharia Supervisory Board to the Ministry of Law and Human Rights.</div>																														
11	<div>1. To honorably dismiss Mr. Adi Setianto as Director of IT &amp; Operation, as of the closing of the Meeting with gratitude for the valuable contribution of energy and thought provided while serving as a member of the Company's Board of Directors.</div> <div>2. To amend the nomenclature of the position of members of the Company's Board of Directors as follows:</div> <table><tr><th>No.</th><th>Previous position</th><th>New Position</th></tr><tr><td>1.</td><td>Director of Collection, Asset Management &amp; Legal</td><td>Director of Collection &amp; Asset Management</td></tr><tr><td>2.</td><td>-</td><td>Director of Strategic Human Capital</td></tr></table> <div>3. Transferring the assignment of Mr. Nixon L.P. Napitupulu who previously served as the Director of Collection, Asset Management &amp; Legal to become the Director of Collection &amp; Asset Management with a Term of Office to continue with the remaining Term of Office since the appointment at the GMS.</div> <div>4. To appoint the following people as members of the Company's Board of Directors:</div> <div><div>• Mr. Andi Nirwoto as the Director of IT &amp; Operation;</div><div>• Mr. Yossi Istanto as the Director of Strategic Human Capital.</div></div> <div>5. To appoint Mr. Parman Nataatmadja as a Commissioner of the Company.</div> <div>6. The Term of Office of the appointed members of the Board of Directors and the Board of Commissioners of the Company as referred to in number 4 and number 5 is until the closing of the 5th Annual GMS in the 2022 Fiscal Year, with due regard to the Capital Market regulations and without prejudice to the right of the GMS to dismiss at any time.</div> <div>7. With the amendments of the Company's Management as referred to in points 1,2,3,4 and 5, the composition of the Company's Board of Directors and Board of Commissioners is presently as follows:</div> <div>Board Of Directors</div> <table><tr><th>Jabatan</th><th>Name</th></tr><tr><td>President Director</td><td>Sdr. Maryono</td></tr><tr><td>Director of Finance &amp; Treasury</td><td>Sdr. Iman Nugroho Soeko</td></tr><tr><td>Director of IT &amp; Operation</td><td>Sdr. Andi Nirwoto</td></tr><tr><td>Director of Commercial Banking</td><td>Sdr. Oni Febriarto Rahardjo</td></tr><tr><td>Director of Consumer Banking</td><td>Sdr. Budi Satria</td></tr><tr><td>Director of Strategy, Compliance &amp; Risk</td><td>Sdr. R. Mahelan Prabantarikso</td></tr><tr><td>Director of Collection &amp; Asset Management</td><td>Sdr. Nixon L.P. Napitupulu</td></tr><tr><td>Director of Distribution &amp; Network</td><td>Sdr. Dasuki Amsir</td></tr><tr><td>Director of Strategic Human Capital</td><td>Sdr. Yossi Istanto</td></tr></table>	No.	Previous position	New Position	1.	Director of Collection, Asset Management & Legal	Director of Collection & Asset Management	2.	-	Director of Strategic Human Capital	Jabatan	Name	President Director	Sdr. Maryono	Director of Finance & Treasury	Sdr. Iman Nugroho Soeko	Director of IT & Operation	Sdr. Andi Nirwoto	Director of Commercial Banking	Sdr. Oni Febriarto Rahardjo	Director of Consumer Banking	Sdr. Budi Satria	Director of Strategy, Compliance & Risk	Sdr. R. Mahelan Prabantarikso	Director of Collection & Asset Management	Sdr. Nixon L.P. Napitupulu	Director of Distribution & Network	Sdr. Dasuki Amsir	Director of Strategic Human Capital	Sdr. Yossi Istanto	Realized, except for Mr. Parman Nataatmadja, which was still subject to fit and proper test
No.	Previous position	New Position																													
1.	Director of Collection, Asset Management & Legal	Director of Collection & Asset Management																													
2.	-	Director of Strategic Human Capital																													
Jabatan	Name																														
President Director	Sdr. Maryono																														
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Director of Distribution & Network	Sdr. Dasuki Amsir																														
Director of Strategic Human Capital	Sdr. Yossi Istanto																														



## Decision and Realization of the Results of the 2018 Annual GMS

Agenda	Decision	Remarks																				
	<div><div><div>Board Of Commissioners</div><table><tr><th>Jabatan</th><th>Nama</th></tr><tr><td>President Commissioner / Independent Commissioner</td><td>Sdr. I Wayan Agus Mertayasa</td></tr><tr><td>Non Independent Commissioner</td><td>Sdr. Iman Sugema</td></tr><tr><td>Non Independent Commissioner</td><td>Sdr. Maurin Sitorus</td></tr><tr><td>Non Independent Commissioner</td><td>Sdri. Sumiyati</td></tr><tr><td>Non Independent Commissioner</td><td>Sdr. Parman Nataatmadja</td></tr><tr><td>Independent Commissioner</td><td>Sdr. Arie Coerniadi</td></tr><tr><td>Independent Commissioner</td><td>Sdr. Lucky Fathul Aziz Hadibrata</td></tr><tr><td>Independent Commissioner</td><td>Sdr. Kamaruddin Sjam</td></tr><tr><td>Independent Commissioner</td><td>Sdr. Garuda Wiko</td></tr></table></div><div><div>8.</div><div>To grant power and authority to the Board of Directors of the Company with the right of substitution to take all necessary actions with the decision of this agenda in accordance with all applicable laws and regulations, including to state in a separate notary deed and notify the composition of the Company's Board of Directors and Board of Commissioners to the Ministry of Law and Human Rights, and request the Financial Services Authority to conduct a Capability and Compliance Assessment (fit &amp; proper test) for candidates for the Board of Directors and the Board of Commissioners in accordance with applicable regulations.</div></div></div>	Jabatan	Nama	President Commissioner / Independent Commissioner	Sdr. I Wayan Agus Mertayasa	Non Independent Commissioner	Sdr. Iman Sugema	Non Independent Commissioner	Sdr. Maurin Sitorus	Non Independent Commissioner	Sdri. Sumiyati	Non Independent Commissioner	Sdr. Parman Nataatmadja	Independent Commissioner	Sdr. Arie Coerniadi	Independent Commissioner	Sdr. Lucky Fathul Aziz Hadibrata	Independent Commissioner	Sdr. Kamaruddin Sjam	Independent Commissioner	Sdr. Garuda Wiko	Telah direalisasikan, kecuali Sdr. Parman Nataatmadja masih subject to fit and proper test
Jabatan	Nama																					
President Commissioner / Independent Commissioner	Sdr. I Wayan Agus Mertayasa																					
Non Independent Commissioner	Sdr. Iman Sugema																					
Non Independent Commissioner	Sdr. Maurin Sitorus																					
Non Independent Commissioner	Sdri. Sumiyati																					
Non Independent Commissioner	Sdr. Parman Nataatmadja																					
Independent Commissioner	Sdr. Arie Coerniadi																					
Independent Commissioner	Sdr. Lucky Fathul Aziz Hadibrata																					
Independent Commissioner	Sdr. Kamaruddin Sjam																					
Independent Commissioner	Sdr. Garuda Wiko																					

## Schedule and Procedure for Cash Dividend Payment

In agreement with the decision of the GMS Agenda of the Second Meeting as mentioned above, the Meeting has approved and set forth a Cash Dividend for 2017 amounting to Rp605,493,229,850.40 or Rp57,175,942 per share to be disbursed to the Company's Shareholders, therefore the schedule and procedure concerning the payment of the Cash Dividends for the 2017 Financial Year, are as follows:

Dividend Distribution Schedule Table

No.	Description	Date
1	End of Stock Trading Period with Dividend Rights (Cum Dividend) <ul style="list-style-type: none"> <li>Regular Market and Negotiation</li> <li>Cash Market</li> </ul>	April 2, 2018 April 5, 2018
2	Beginning Stock Trading Period Without Dividend Rights (Ex Dividend) <ul style="list-style-type: none"> <li>Regular Market and Negotiation</li> <li>Cash Market</li> </ul>	April 3, 2018 April 6, 2018
3	Date of List of Shareholders entitled to Dividends (Record Date)	April 5, 2018
4	Date of Cash Dividend Payment for the 2017 Fiscal Year	April 24, 2018



## FOLLOW-UP REGARDING THE PREVIOUS ANNUAL GMS DECISION

### Decision and Realization of Results of the 2017 Annual GMS

Agenda	Decision	Remarks
1	<p>a. • Approved the Company's Annual Report including the Supervisory Task Report implemented by the Board of Commissioners for the Financial Year ended 31 December, 2016 and ratified the Company's Financial Report for the Financial Year ended 31 December, 2016 Audited by KAP Purwantono, Sungkoro &amp; Surja according to Report No. RPC-2935/PSS/2017 dated February 10, 2017 with reasonable opinions concerning all material matters.</p> <p>• Has ratified the Financial Report regarding the implementation of the Partnership and Community Development Program for the Financial Year ended 31 December, 2016, which was audited by Purwantono, Sungkoro &amp; Surja KAP in accordance with Report No. RPC-2973/PSS/2017 17 February, 2017 with reasonable opinions concerning all material matters</p> <p>b. With the approval of the Company's Annual Report including the Supervisory Task Report that was implemented by the Board of Commissioners and the ratification of the Company's Financial Report for the Financial Year ended 31 December, 2016 and the Financial Report for the implementation of the Partnership and Community Development Program for the Financial Year ended 31 December, 2016, the GMS granted full acquite at de charge to all members of the Board of Directors and members of the Board of Commissioners for the management and supervisory actions that were performed throughout the Fiscal Year ending 31 December, 2016, to the extent there was no criminal offenses and the actions are reflected in the Annual Report, the Company's Financial Report and the Financial Report regarding the implementation of the Partnership Program and Community Development Program for the Financial Year ending on 31 December, 2016.</p>	Realized
2	<p>Approved the use of net income for 2016 of Rp2,618,905,537,321.00 as follows:</p> <p>a. Dividend of 20% or Rp523,781,107,464.20 set forth as Cash Dividends and distributed to Shareholders, which will be paid under the following conditions:</p> <ul style="list-style-type: none"> <li>Particularly for dividends of the Government portion of Share ownership with 60% amounting to Rp314,268,664,478.52, which will be deposited to the State General Cash Account in Rupiah, Number: 502.000000980 at Bank Indonesia</li> <li>Granted the authority and power to the Board of Directors of the Company with substitution rights to determine the schedule and procedures for the distribution of the 2016 Financial Year dividends in accordance with all applicable regulations.</li> </ul> <p>b. As much as 80% or Rp2,095,124,429,856.80 will be used as retained earnings.</p>	Realized
3	<p>a. Appointed the Purwantono, Sungkoro &amp; Surja Public Accountant Office, as the Public Accountant Office that will conduct the External Audit of the Company's Financial Statements and the Financial Report regarding the implementation of the Partnership and Community Development Program for the 2017 Fiscal Year.</p> <p>b. Granted power to the Board of Commissioners of the Company to determine the honorarium and other requirements for the Public Accountant Office, and to determine the substitute Public Accountant Office in the case of Purwantono, Sungkoro &amp; Surja Public Accountants for any reason were unable to complete the External Audit of the Company's Financial Statements and Financial Statements regarding the implementation of the Partnership Program and Community Development Program for the 2017 Financial Year, including determining the honorarium and other requirements for the substitute Public Accountant Office.</p>	Realized
4	<p>a. Granted the authority and power to the holders of Series A Dwiwarna Shares to determine the amount of bonus for the 2016 Financial Year, and determine the salary/honorarium, allowances, facilities and other incentives for members of the Board of Commissioners for 2017.</p> <p>b. Granted authority and power to the Board of Commissioners by first obtaining written approval from the Series A Dwiwarna Shareholder to determine the amount of bonus for the 2016 Financial Year, and determining the salary/honorarium, allowances, facilities and other incentives for the Board of Directors for 2017.</p>	Realized
5	Reaffirmed the enactment of State-Owned Enterprises Minister Regulation PER-03/MBU/12/2016 concerning Amendments to the Minister of State-Owned Enterprises Regulation No. PER-09/MBU/07/2015 concerning the State-Owned Enterprises' Partnership Program and Community Development Program regarding the activities of the Partnership Program and The Company's Community Development Program.	Realized
6	<p>a. Approved the amendment to the Company's Articles of Association, within the framework of the Ministry of State-Owned Enterprises program to standardize the transparency of the SOE's Articles of Association.</p> <p>b. Approved to reconstitute each of the provisions of the Articles of Association in connection with the changes referred to in paragraph 1 (a) of the above decision.</p>	Realized

## GENERAL MEETING OF SHAREHOLDERS

Agenda	Decision	Remarks																																				
	<p>c. Granted the power and authority to the Board of Directors with the right of substitution to take all necessary actions relating to the decisions of the agenda of this Meeting, including drafting and restating all Articles of Association in a Notary Deed and submitting to the competent authority to obtain approval and/or sign of receipt of notification of amendment to the Articles of Association, and to perform all that is deemed necessary and useful for this purpose with none being excluded, including to make additions and/or changes in the amendment to the Articles of Association if this is required by the competent agency.</p>																																					
7	The seventh meeting agenda was a reporting agenda; hence no decision was involved.	Realized																																				
8	<p>1. Honorably dismissed the following individuals below as members of the Board of Directors:</p> <ul style="list-style-type: none"><li>• Mr. Maryono as President Director.</li><li>• Mr. Mansyur Syamsuri Nasution as Director.</li><li>• Mr. Catur Budi Harto as Director</li><li>• Mr. Sulis Usdoko as Director</li></ul> <p>Dismissal of the members of the Board of Directors as of the closing of this Meeting was with gratitude for the hard work and the valuable contributions and opinions provided while serving as members of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk.</p> <p>2. Appointed the individuals below as members of the Board of Directors:</p> <ul style="list-style-type: none"><li>• Mr. Maryono as President Director.</li><li>• Mr. R. Mahelan Prabantarikso as Director</li><li>• Mr. Nixon L.P. Napitupulu as Director</li><li>• Mr. Budi Satria as Director</li></ul> <p>3. Appointed Mr. Garuda Wiko as an Independent Commissioner.</p> <p>4. The Term of Office of the Board of Commissioners and Board of Directors is through until the closing of the 5th Annual General Meeting to be held in 2022, with due regard to the legislation of the Capital Market and without prejudice to the right of the GMS to dismiss at any time.</p> <p>5. With the above appointments, the composition of the Board of Commissioners and the Board of Directors of the Company is as follows:</p> <p><b>Board of Commissioners</b></p> <table><tr><th>Jabatan</th><th>Nama</th></tr><tr><td>President Commissioner/Independent</td><td>I Wayan Agus Mertayasa</td></tr><tr><td>Independent Commissioner</td><td>Kamaruddin Sjam</td></tr><tr><td>Independent Commissioner</td><td>Arie Coerniadi</td></tr><tr><td>Independent Commissioner</td><td>Lucky Fathul Aziz Hadibrata</td></tr><tr><td>Independent Commissioner</td><td>Garuda Wiko</td></tr><tr><td>Non Independent Commissioner</td><td>Sumiyati</td></tr><tr><td>Non Independent Commissioner</td><td>Maurin Sitorus</td></tr><tr><td>Non Independent Commissioner</td><td>Iman Sugema</td></tr></table> <p><b>Board of Directors</b></p> <table><tr><th>Jabatan</th><th>Nama</th></tr><tr><td>President Director</td><td>Maryono</td></tr><tr><td>Director</td><td>Iman Nugroho Soeko</td></tr><tr><td>Director</td><td>Adi Setianto</td></tr><tr><td>Director</td><td>Oni Febriarto R.</td></tr><tr><td>Director</td><td>Handayani</td></tr><tr><td>Director</td><td>R. Mahelan Prabantarikso</td></tr><tr><td>Director</td><td>Nixon L.P. Napitupulu</td></tr><tr><td>Director</td><td>Budi Satria</td></tr></table>	Jabatan	Nama	President Commissioner/Independent	I Wayan Agus Mertayasa	Independent Commissioner	Kamaruddin Sjam	Independent Commissioner	Arie Coerniadi	Independent Commissioner	Lucky Fathul Aziz Hadibrata	Independent Commissioner	Garuda Wiko	Non Independent Commissioner	Sumiyati	Non Independent Commissioner	Maurin Sitorus	Non Independent Commissioner	Iman Sugema	Jabatan	Nama	President Director	Maryono	Director	Iman Nugroho Soeko	Director	Adi Setianto	Director	Oni Febriarto R.	Director	Handayani	Director	R. Mahelan Prabantarikso	Director	Nixon L.P. Napitupulu	Director	Budi Satria	Realized
Jabatan	Nama																																					
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Director	Nixon L.P. Napitupulu																																					
Director	Budi Satria																																					



Agenda	Decision	Remarks
	6. Granted the power and authority to the Board of Directors of the Company with the right of substitution to take all necessary actions relating to the decision of this agenda in accordance with the applicable laws and regulations, including to declare then on a separate Notary Deed and notify the composition of the Board of Commissioners and Board of Directors of the Company to the Ministry of Law and Human Rights, and request the Financial Services Authority to conduct a Fit and Proper Test of candidates for the Board of Commissioners and the Board of Directors in accordance with the applicable regulations.	

## Decision of the Extraordinary General Meeting for Fiscal Year 2017

Agenda	Decision of the Extraordinary General Meeting for the 2017 Fiscal Year	Status																		
		Realized	Not Realized with reason																	
First Agenda	<div><div><div>1. Confirming the dismissal of Ms. Handayani as a Director of the Company as of October 18, 2017.</div><div>2. Amended the nomenclature of the position of the Company's Directors to the following:<ul style="list-style-type: none"><li>Previously Director became Director of Finance &amp; Treasury</li><li>Previously Director became Director of IT &amp; Operation</li><li>Previously Director became Director of Commercial Banking</li><li>Previously Director became Director of Consumer Banking</li><li>Previously Director became Director of Strategy, Compliance &amp; Risk</li><li>Previously Director became Director of Collection, Asset Management &amp; Legal</li><li>Previously Director became Director of Distribution &amp; Network</li></ul></div><div>3. Transferred the assignments of the individuals below as members of the Company's Board of Directors:<ul style="list-style-type: none"><li>Mr. Iman Nugroho Soeko from previously serving as Director to serve as Director of Finance &amp; Treasury</li><li>Mr. Adi Setianto from previously serving as Director to serve as Director of IT &amp; Operation</li><li>Mr. Oni Febriarto Rahardjo from previously serving as Director to serve as Director of Commercial Banking</li><li>Mr. R. Mahelan Prabantarikso from previously serving as Director to serve as Director of Strategy, Compliance &amp; Risk</li><li>Mr. Nixon L.P. Napitupulu from previously serving as Director to serve as Director of Collection, Asset Management &amp; Legal</li><li>Mr. Budi Satria from previously serving as Director to serve as Director of Consumer Banking</li></ul></div><div>4. Appointed Mr. Dasuki Amsir to serve as Director of Distribution &amp; Network.</div><div>5. The termination of the appointed members of the Board of Directors is through to the closing of the fifth (fifth) Annual GMS to be held in 2022, taking into account the laws and regulations in the Capital Market sector and without prejudice to the right of the GMS to terminate at any time.</div><div>6. With the dismissal, change of nomenclature positions, the transfer of duties and appointment of members of the Board of Directors, then the membership of the Board of Directors to be as follows:</div></div><div><div>Board of Directors</div><table><tr><th>Jabatan</th><th>Nama</th></tr><tr><td>President Director</td><td>Sdr. Maryono</td></tr><tr><td>Director of Finance &amp; Treasury</td><td>Sdr. Iman Nugroho Soeko</td></tr><tr><td>Director of IT &amp; Operation</td><td>Sdr. Adi Setianto</td></tr><tr><td>Director of Commercial Banking</td><td>Sdr. Oni Febriarto Rahardjo</td></tr><tr><td>Director of Consumer Banking</td><td>Sdr. Budi Satria</td></tr><tr><td>Director of Strategy, Compliance &amp; Risk</td><td>Sdr. R. Mahelan Prabantarikso</td></tr><tr><td>Director of Collection, Asset Management &amp; Legal</td><td>Sdr. Nixon L.P. Napitupulu</td></tr><tr><td>Director of Distribution &amp; Network</td><td>Sdr. Dasuki Amsir</td></tr></table></div></div>	Jabatan	Nama	President Director	Sdr. Maryono	Director of Finance & Treasury	Sdr. Iman Nugroho Soeko	Director of IT & Operation	Sdr. Adi Setianto	Director of Commercial Banking	Sdr. Oni Febriarto Rahardjo	Director of Consumer Banking	Sdr. Budi Satria	Director of Strategy, Compliance & Risk	Sdr. R. Mahelan Prabantarikso	Director of Collection, Asset Management & Legal	Sdr. Nixon L.P. Napitupulu	Director of Distribution & Network	Sdr. Dasuki Amsir	Realized
Jabatan	Nama																			
President Director	Sdr. Maryono																			
Director of Finance & Treasury	Sdr. Iman Nugroho Soeko																			
Director of IT & Operation	Sdr. Adi Setianto																			
Director of Commercial Banking	Sdr. Oni Febriarto Rahardjo																			
Director of Consumer Banking	Sdr. Budi Satria																			
Director of Strategy, Compliance & Risk	Sdr. R. Mahelan Prabantarikso																			
Director of Collection, Asset Management & Legal	Sdr. Nixon L.P. Napitupulu																			
Director of Distribution & Network	Sdr. Dasuki Amsir																			

## GENERAL MEETING OF SHAREHOLDERS

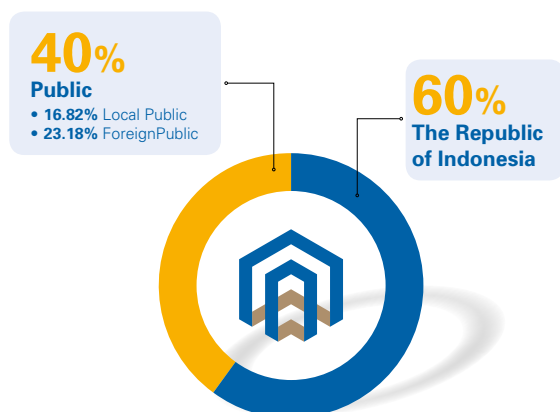
Agenda	Decision of the Extraordinary General Meeting for the 2017 Fiscal Year	Status	
		Realized	Not Realized with reason
	7. Granted power and authority to the Directors of the Company with the right of substitution to take all necessary actions relating to the decision of this agenda in accordance with all applicable laws and regulations, including to declare in its own Notary Deed and notify the composition of the Company's Board of Directors to the Ministry of Law and Human Rights and requesting the Financial Services Authority to conduct a Fit & Proper Test on the prospective Directors in accordance with applicable regulations.		

## INFORMATION REGARDING THE MAIN SHAREHOLDERS AND CONTROLLERS

Shareholders are individuals or legal entities that are legally registered as Shareholders in the Shareholder Register. As the owners of capital, shareholders exercise the rights and responsibilities based on the principle of fairness in accordance with the statutes and regulations with due regard to the continuity of the Company's business.

As a listed State-Owned Enterprise Bank, the largest shareholder of the Company is the Republic of Indonesia amounting to 60% of the shares, which places the Republic of Indonesia as the controlling shareholder. Moreover, the State of the Republic of Indonesia also has 1 (one) sheet of Series A Dwiwarna Shares, which provides the holders privileges that are not granted to other shareholders and at the same time are the Controlling Shareholders. Beyond that, 40% of the Company's shares are publicly owned.

The list of Shareholders as of 31 December, 2018 is 10,590,000,000 (ten billion five hundred and ninety million) shares consisting of 1 (one) Series A Dwiwarna share and 10,589,999,999 (ten billion five hundred eighty-nine million nine hundred ninety-nine thousand nine hundred and ninety-nine) Series B shares.



No	Shareholders	31 Desember 2018		
		Total	Shares	
			Number of Shares	%
1	The Republic of Indonesia	1	6,354,000,000	60.00%
2	Public			
	Local Public	17,895	1,781,005,375	16.82%
	Foreign Public	580	2,454,994,625	23.18%
	<b>Total</b>	<b>18,476</b>	<b>10,590,000,000</b>	<b>100.00%</b>



# BOARD OF COMMISSIONERS

The Board of Commissioners is a Corporate Governance body that performs the supervisory function of the Company's management to ensure the Bank's operation of its business is in accordance with its stipulated objectives. The Board of Commissioners supervises and provides advice regarding the implementation of the duties and responsibilities of the Board of Directors and other functions stipulated in the Articles of Association and legislation. In fulfilling its duties and responsibilities, the Board of Commissioners acts independently.

## LEGAL BASIS

Law No. 40 of 2007 concerning Limited Liability Companies and Financial Services Authority Regulation No. 33/POJK.04/2014 concerning Directors and Commissioners of Issuers or Public Companies, requiring all companies in Indonesia to have a Board of Commissioners tasked with the oversight of management policies, management processes within the Company, as well as supervising and providing recommendations/advice to the Board of Directors. Other legal references that form the basis of the formation of the Board of Commissioners are as follows:

1. Law No. 7 of 1992 concerning Banking as amended by Law No. 10 of 1998.
2. Bank Indonesia Regulation (PBI) No. 11/1/PBI/2009 dated January 27, 2009 concerning Commercial Banks.
3. Bank Indonesia Regulation PBI No. 13/27/PBI/2011 dated December 28, 2011 concerning Amendments to PBI No. 11/1/PBI/2009 concerning Commercial Banks.
4. Regulation of the Financial Services Authority (POJK) No. 33/POJK.04/2014 concerning Directors and Commissioners of Issuers or Public Companies.

5. Regulation of the Financial Services Authority (POJK) No. 27/POJK.03/2016 dated July 22, 2016 concerning Capability and Compliance Assessment for the Main Parties of Financial Service Institutions.
6. Financial Services Authority Circular Letter (SEOJK) No. 39/SEOJK.03/2016 dated September 13, 2016 concerning the Capability and Compliance Assessment for Prospective Controlling Shareholders, Candidates for Members of the Board of Directors and Candidates for Members of the Board of Commissioners of the Bank.
7. Regulation of the Financial Services Authority (POJK) No. 18/POJK.03/2016 dated March 16, 2016 concerning Application of Risk Management for Commercial Banks.
8. Regulation of the Financial Services Authority (POJK) No. 37/POJK.03/2017 July 12, 2017 concerning the Utilization of Foreign Workers and Knowledge Transfer Programs in the Banking Sector.
9. The Bank's Articles of Association.

## COMPOSITION OF THE BOARD OF COMMISSIONERS

The Company has in place various policies regarding the composition of the Board of Commissioners, which is regulated in a manner designed to perform the supervisory function effectively, objectively and independently, tolerating no Conflicts of Interest that will interfere with its ability to implement its duties and responsibilities. As of end of 31 December, 2018, the Company maintains 9 (nine) members of the Board of Commissioners with the following information and composition:

**Table of Composition of the Board of Commissioners of the Company as of 31 December, 2018**

Name	Position	Legal Basis for Appointment
I Wayan Agus Mertayasa	President Commissioner/ Independent Commissioner	Extraordinary General Meeting of Shareholders (EGM) dated January 7, 2016
Iman Sugema	Non Independent Commissioner	Annual General Meeting of Shareholders dated April 12, 2016
Maurin Sitorus	Non Independent Commissioner	Extraordinary General Meeting of Shareholders (EGM) dated January 7, 2016
Sumiyati	Non Independent Commissioner	Annual General Meeting of Shareholders dated September 2, 2015



## BOARD OF COMMISSIONERS

**Table of Composition of the Board of Commissioners of the Company as of 31 December, 2018**

Name	Position	Legal Basis for Appointment
Parman Nataatmadja*)	Non Independent Commissioner	Annual General Meeting of Shareholders (GMS) of PT Bank Tabungan Negara (Persero) Tbk on March 23, 2018
Arie Coerniadi	Commissioner Independent	Annual General Meeting of Shareholders dated March 24, 2015
Lucky Fathul Aziz Hadibrata	Commissioner Independent	Extraordinary General Meeting of Shareholders (EGM) dated January 7, 2016
Kamaruddin Sjam	Commissioner Independent	Annual General Meeting of Shareholders dated March 24, 2015
Garuda Wiko	Commissioner Independent	Annual General Meeting of Shareholders dated March 17, 2017

\*) To be effective once attaining approval from FSA subsequent to the Fit and Proper Test

## FIT AND PROPER TEST

The appointment of all members of the Board of Commissioners is based on the Fit and Proper Test which refers to FSA Regulation No.27/POJK.03/2016 concerning the Fit and Proper Test for the Main Parties of the Financial Services Institution stating that the prospective member of the Board of Commissioners must pass the Fit and Proper Test and obtain approval from the FSA before performing their duties and responsibilities in their positions. The capability and propriety assessment that must be performed indicates that each member of the Board of Commissioners has integrity, a good financial reputation and competence and is relevant to his position to perform his duties and responsibilities.

**Table: Board of Commissioners Competency and Fit and Proper Test**

Name	Position	Competence/ Expertise	Fit & Proper Test Organizer	Effective Date in Office	Status
I Wayan Agus Mertayasa	President Commissioner / Independent Commissioner	1. Finance 2. Banking	Financial Services Authority	April 6, 2016	Effective
Iman Sugema	Non Independent Commissioner	1. Economy 2. Finance	Financial Services Authority	July 21, 2017	Effective
Maurin Sitorus	Non Independent Commissioner	1. Law 2. Economy	Financial Services Authority	June 6, 2016	Effective
Sumiyati	Non Independent Commissioner	1. Audit 2. Public Finance 3. Human Resource Development	Financial Services Authority	February 22, 2016	Effective
Parman Nataatmadja*)	Non Independent Commissioner	1. Economy 2. Finance	Financial Services Authority		Effective
Arie Coerniadi	Independent Commissioner	1. Finance 2. Information Technology	Financial Services Authority	June 29, 2015	Effective
Lucky Fathul Aziz Hadibrata	Independent Commissioner	1. Finance 2. Macro Economy 3. Management Strategy	Financial Services Authority	November 15, 2017	Effective
Kamaruddin Sjam	Independent Commissioner	1. Audit 2. Finance	Financial Services Authority	June 29, 2015	Effective
Garuda Wiko	Independent Commissioner	1. Law 2. Education	Financial Services Authority	July 21, 2017	Effective

\*) To be effective once attaining the approval of the FSA subsequent to Fit and Proper Test



## APPOINTMENT AND DISMISSAL OF THE BOARD OF COMMISSIONERS

The Company appoints members of the Board of Commissioners based on FSA Regulation No. 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies, FSA Regulation No. 27/POJK.03/2016 concerning the Fit and Proper Test for the Main Parties of Financial Services Institutions, FSA Circular Letter No. 39/SEOJK.03/2016 concerning the Fit and Proper Test for Prospective Controlling Shareholders, Prospective members of the Board of Directors, and Prospective Members of the Board of Commissioners of the Bank.

By means of the GMS, the Company appoints members of the Board of Commissioners and to be effective subsequent to attaining approval from OJK regarding the Fit and Proper Test which refers to BI Regulation Number 12/23/PBI/2010 concerning Capability and Compliance Test (fit and proper test) Article 17, which states that the Board of Commissioners must have integrity, competence and a good financial reputation. In agreement with the Company's Articles of Association, dismissal of Board of Commissioners Members can be performed should the Board of Commissioners fail to implement their duties properly; do not implement the provisions of legislation and provisions of the Articles of Association; are involved in actions that cause harm to the Company and are found guilty in court of law. In addition, the GMS can also dismiss members of the Board of Commissioners

with justifiable reasons regarding the interests and objectives of the Company in accordance with Article 71 of the FSA Regulation No.55/POJK.03/2016.

## TERM OF OFFICE

Members of the Board of Commissioners are appointed for the period commencing from the date determined by the GMS that appoints them and ends at the closing of the 5<sup>th</sup> (fifth) Annual GMS after the date of appointment, provided that the tenures do not exceed 5 (five) years, with due observance of all regulations and legislation in the Capital Market, but without prejudice for the right of the GMS to at any time be able to dismiss members of the Board of Commissioners before their Term of Office ends. At end of tenure, members of the Board of Commissioners may be re-appointed by the GMS for another term of office.

## PROVISION OF BOARD OF COMMISSIONERS SUPERVISORY TASKS

The supervision or focus of the supervisory duties of each member of the Board of Commissioners is determined based on the roles as Chairman and Vice Chairman of the Board of Commissioners Committee, which is adapted to their competence and experience. The supervisory duties of the Board of Commissioners are:

**Table Supervisory Focus of the Board of Commissioners**

Nama	Jabatan	Fokus Pengawasan
I Wayan Agus Mertayasa	President Commissioner / Independent Commissioner	Chairman of the Remuneration and Nomination Committee and Member of the Audit Committee and Risk Oversight Committee
Iman Sugema	Non Independent Commissioner	Member of the Remuneration and Nomination Committee
Maurin Sitorus	Non Independent Commissioner	Member of the Risk Monitoring Committee
Sumiyati	Non Independent Commissioner	Member of the Audit Committee and Member of the Risk Oversight Committee
Parman Nataatmadja*)	Non Independent Commissioner	
Arie Coerniadi	Independent Commissioner	Chairman of the Risk Oversight Committee and Member of the Remuneration and Nomination Committee
Lucky Fathul Aziz Hadibrata	Independent Commissioner	Member of the Audit Committee and Member of the Remuneration and Nomination Committee
Kamaruddin Sjam	Independent Commissioner	Chairman of the Audit Committee and Member of the Remuneration and Nomination Committee
Garuda Wiko	Independent Commissioner	Member of the Risk Oversight Committee

\*) To be effective once attaining the approval of the FSA subsequent to Fit and Proper Test

## BOARD OF COMMISSIONERS

### BOARD OF COMMISSIONERS' ORIENTATION PROGRAM

The Company continually holds an Orientation Program for newly appointed members of the Board of Commissioners in order to be acquainted with one another and establish co-operation as a solid, comprehensive, effective team. The orientation program also aims to provide knowledge regarding the condition of the Company in general.

Provisions related to the Board of Commissioners' introduction program are regulated by the Board of Commissioners Charter, including:

1. Application of the principles of Good Corporate Governance and Business Ethics in the Company.
2. Description regarding the duties and responsibilities of the Board of Commissioners and Board of Directors and other matters that are not permitted.
3. Overview of the Company relating to the objectives, nature and scope of the Company's activities, financial performance, strategies, the Company's short and long-term plans, risks, Internal Control and other strategic issues.

4. Information relating to delegated authority, Internal and External Audits, systems and Internal Control policies and the Audit Committee.

On April 24, 2018, the Company through the Corporate Secretary organized an introduction program for the Board of Commissioners concerning the following subject material:

1. Overview of the roles, duties and responsibilities of the Board of Directors and the Board of Commissioners
2. Implementation of Compliance and GCG and Risk Management
3. The Company's Audit results
4. Application of Corporate Culture
5. The Company's business overview

### BOARD OF COMMISSIONERS INDEPENDENCY

The Company's Board of Commissioners upholds the principle of independency in performing its duties, by prioritizing the Bank's interests above its own interests and to be free of any undue influence from any party.

### BOARD OF COMMISSIONERS SHARE OWNERSHIP

In conforming to the Bank Indonesia regulations, members of the Board of Commissioners either individually or jointly are prohibited from owning more than 25% of paid-in capital in other companies, hence the Company seeks to improve Compliance with every applicable provision and maintain the independence of each serving member of the Board of Commissioners to be obliged to disclose its share ownership, whether in the Company, other Banks, Non-Bank Financial Institutions or other companies domestically and Foreign.

Name	Position	Share Ownership			
		Company %	Other Banks	Non-Bank Financial Institutions	Other companies
I Wayan Agus Mertayasa	President Commissioner/Independent Commissioner	None	None	None	None
Iman Sugema	Non Independent Commissioner	0.0007828	None	None	None
Maurin Sitorus	Non Independent Commissioner	0.0007828	None	None	None
Sumiyati	Non Independent Commissioner	0.0007828	None	None	None
Parman Nataatmadja*)	Non Independent Commissioner	None	None	None	None
Arie Coerniadi	Independent Commissioner	None	None	None	None
Lucky Fathul Aziz Hadibrata	Independent Commissioner	None	None	None	None
Kamaruddin Sjam	Independent Commissioner	None	None	None	None
Garuda Wiko	Independent Commissioner	None	None	None	None

\*) To be effective once attaining the approval of the FSA subsequent to Fit and Proper Test



## CONCURRENT POSITION OF BOARD OF COMMISSIONERS

The concurrent positions of the Board of Commissioners are governed by the Board of Commissioners Charter, where members of the Board of Commissioners can only hold concurrent positions as Members of the Board of Commissioners, Directors or Officials in 1 (one) non-financial institution/company and Board of Commissioners, Board of Directors or Executive Officers who perform the supervisory function in 1 (one) non-Bank subsidiary company controlled by the Company.

**Table of the Board of Commissioners' Concurrent positions**

Name	Position	Concurrent Position
I Wayan Agus Mertayasa	President Commissioner/Independent Commissioner	Not concurrent
Iman Sugema	Non Independent Commissioner	Permanent Lecturer of Bogor Agricultural University (IPB)
Maurin Sitorus	Non Independent Commissioner	Not concurrent
Sumiyati	Non Independent Commissioner	Inspectorate General of the Ministry of Finance
Parman Nataatmadja*)	Non Independent Commissioner	Ministerial Staff of State-Owned Enterprises
Arie Coerniadi	Independent Commissioner	Not concurrent
Lucky Fathul Aziz Hadibrata	Independent Commissioner	Not concurrent
Kamaruddin Sjam	Independent Commissioner	Not concurrent
Garuda Wiko	Independent Commissioner	Permanent Lecturer of University Tanjungpura

\*) To be effective once attaining the approval of the FSA subsequent to Fit and Proper Test

In 2018, there were 4 members of the Board of Commissioners of the Company who have concurrent positions, but this does not violate the provisions contained in the Board of Commissioners Charter and Regulations that apply

## CONFLICT OF INTEREST OF THE BOARD OF COMMISSIONERS

Conflict of interest is a circumstance where the financial interests of the Company clash with personal monetary interests. In the event of a Conflict of Interest, members of the Board of Commissioners, Board of Directors and Executive Officers of the Company are barred from taking any actions that could damage the Company or reduce the Company's profits and must disclose the matter of any Conflict of Interest referred to in each decision.

Conflicts of Interest of the Board of Commissioners as set out in the Board of Commissioners Charter is as follows:

1. Prioritize the interests of the Company and not diminishing the Company's financial interest in the event of a Conflict of Interest
2. Avoid any decision making in situations and conditions in conflict with Executive interests in 1 (one) non-financial institution/company and Board of Commissioners, Board of Directors or Executive

Officers who perform the supervisory function in 1 (one) non-bank subsidiary company controlled by the Company.

3. Disclose any family relationships, financial relationships, management relations, ownership relations with other Members of the Board of Commissioners and/or members of the Board of Directors and/or the Bank's controlling shareholders and/or other parties within the Company's business network.
4. Conduct disclosures in the event that permanent decision making must be taken in the event of a Conflict of Interest.

## BOARD OF COMMISSIONERS CODE OF CONDUCT

The Board of Commissioners possesses work guidelines and order, including work ethics, working times, and meetings, stipulated separately in the Board of Commissioners' Regulation No. 01/DEKOM-BTN/2017 regarding the Board Charter of the Board of Commissioners PT Bank Tabungan Negara (Persero) Tbk. dated August 10, 2017. The Board Charter is based on the principles of Corporate Governance, Articles of Association provisions, prevailing rules and legislation, the directive of Shareholders, and Good Corporate Governance best practices.

## BOARD OF COMMISSIONERS

The Board Charter shall ensure the Board of Commissioners performs their duties effectively and it shall also be used as a performance assessment tool for the Board of Commissioners. The Board Charter has stipulated various aspects, as follows:

Scope of Board of Commissioners' Guidelines and Charter	
Chapter I	Introduction
Chapter II	Legal Basis
Chapter III	Vision, Mission and Corporate Cultural Value
Chapter IV	<p>The Board of Commissioners Charter contains:</p> <ol style="list-style-type: none"> <li>1) Structure and Composition of the Board of Commissioners;</li> <li>2) Requirements for Members of the Board of Commissioners;</li> <li>3) Additional criteria for members of the Independent Commissioners;</li> <li>4) Concurrent Positions;</li> <li>5) Appointment and Dismissal;</li> <li>6) Term of Office;</li> <li>7) Duties and Responsibilities;</li> <li>8) Obligations;</li> <li>9) Rights and Authorities;</li> <li>10) The Mechanism of Segregation of Duties and Authorities of the Board of Commissioners;</li> <li>11) Prohibition;</li> <li>12) Work Ethics;</li> <li>13) Working Time;</li> <li>14) Meeting Arrangements;</li> <li>15) Leadership;</li> <li>16) Performance Evaluation;</li> <li>17) Reporting and Accountability; and</li> <li>18) Secretary of the Board of Commissioners and Committees under the Board of Commissioners</li> </ol>
Chapter V	<p>Work Relations of the Board of Commissioners and the Board of Directors which contains:</p> <ol style="list-style-type: none"> <li>1) General Provisions;</li> <li>2) Report of the Board of Directors to the Board of Commissioners;</li> <li>3) Report of the Board of Commissioners Inspection of the Company's premises;</li> <li>4) Board of Commissioners Advice to the Board of Directors;</li> <li>5) Board of Directors Actions requiring Board of Commissioners' Approval;</li> <li>6) Board of Directors Actions Requiring Consultation of the Board of Commissioners; and</li> <li>7) Board of Commissioners and the Board of Directors Joint Meetings</li> </ol>
Chapter VI	Relations with Stakeholders
Chapter VII	Mechanism of Change
Chapter VIII	Closing

The full disclosure of the Board of Commissioners Guidelines and Charter can be accessed on the Company's website with the address [www.btn.co.id](http://www.btn.co.id) (Investor Relations menu - governance policy).

## DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS

In accordance with the Articles of Association and the authority granted by the GMS, set forth in the Code of Conduct of the Board of Commissioners, the Board of Commissioners duties and responsibilities are as follows:

### Duties of President Commissioner

1. To ensure the Board of Commissioners functions well;
2. To lead meetings of the Board of Commissioners;
3. To co-ordinate and establish meeting agendas of the Board of Commissioners effectively, including policies and strategic matters;
4. To create a culture of transparency and to facilitate constructive discussion;

5. To ensure accurate and appropriate information delivery between the Board of Commissioners with the Board of Directors;
6. To present suggestions and maintain an effective and healthy relationship with the Board of Directors.

### Main duties and responsibilities of the Board of Commissioners

Commissioners, are:

1. To supervise the Company's management policy and implementation by the Board of Directors, including supervision regarding the implementation of the Long-Term Plan (RJP), the Company's Work Budget and Plan (CBP), Articles of Association, and GMS Resolutions, rules and legislation, in the best interest of the Bank and in accordance with the Company's Vision and Mission; to perform special duties granted in the Articles of Association, rules and legislation, and/or GMS Resolutions;



2. To compile the segregation of duties of the members of Board of Commissioners in accordance with the expertise and experience of each member;
3. To compile the work program and performance targets each year for the Board of Commissioners as well as the peer review mechanism regarding the Board of Commissioners performance;
4. To compile the information delivery mechanism between the Board of Commissioners with the Stakeholders;
5. To account for the execution of duties of the Board of Commissioners regarding the GMS;
6. Related to the GCG Improvement Action Plan, the Board of Commissioners performs supervision regarding the implementation of healthy loan management and the implementation of GCG across every activity of the Company at every level of the organization;
7. Related to the implementation of the GCG Improvement Action Plan, the Board of Commissioners performs active supervision through Board of Commissioners' meetings and/or the Board of Commissioners' meetings with the Board of Directors, regarding the matter of GCG Implementation.

### **Authorities of the Board of Commissioners**

1. To request information and/or explanation from the Board of Directors and/or Bank Officers reporting directly to the Directors regarding all issues related to the Company's management;
2. To know every policy and action that has been conducted and will be conducted by the Board of Directors;
3. To request the Board of Directors to attend the Board of Commissioners' meeting;
4. To request information and/or explanations from the officer reporting directly to the Board of Directors regarding issues related to the Company's management, pertaining to the implementation of duties and the authorities of the Board of Commissioners, without prior knowledge of the Board of Directors;
5. To appoint and dismiss a Secretary of the Board of Commissioners, upon the suggestion from Bicolor Series A Shareholder;
6. To establish an Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee, and other committees as deemed necessary taking into account the demands of the Company;
7. To manage the Company's management in certain circumstances for a period of time in accordance with the Company's Articles of Association;
8. To attend the Board of Directors' meeting and provide opinions regarding the matters discussed.
9. To perform other supervision authority if it is not contradictory to rules and legislation, Articles of Association, and/or GMS Resolutions.

### **BOARD OF COMMISSIONERS SUPERVISORY DUTIES IMPLEMENTATION IN 2018**

Throughout 2018, the Board of Commissioners directed, monitored, and evaluated the strategic policy implementation as part of the supervisory duty of the Board of Commissioners, which includes:

1. To supervise the management policy, the management of the Bank by the Board of Directors, which includes supervision concerning:
  - The Bank's Business Plans for 2017-2019 and the realization
  - The Company's Annual Work Budget and Plan (CBP) and the realization
  - Monthly Performance Evaluation
  - Legislation, in the interest of the Bank and in accordance with the Bank's business objectives and strategy.
  - The Company's Transformation Blueprint
2. To perform the tasks specifically granted to them based on the Articles of Association, legislation, the provisions of Bank Indonesia and/or GMS Resolutions, as follows:
  - To supervise and advise the Board of Directors in conducting the Bank's business activities (the Board of Directors' management policies).
  - To supervise the effectiveness of Governance across every level of the Bank's organization.
  - To supervise the Risk Management, Compliance, and Internal Audit.
  - To monitor and evaluate the Board of Director's performance.
  - To supervise the Bank's compliance with the Bank Indonesia regulations and all prevailing legislation, and the commitment to Bank Indonesia and other parties.
  - To direct, monitor, and evaluate the implementation of RJP, RBB, and Company's Work Budget and Plan (CPB).
  - To review the development and utilization of Information Technology.
3. To provide opinions and suggestions in writing to the GMS regarding the Company's Long-Term Plan (RJP), Bank Business Plan (RBB), and Company's Work Budget and Plan (CBP) proposed by the Board of Directors;
4. To provide opinions to the GMS related to important strategic issues, including opinions regarding the adequacy of the Bank's Vision and Mission.
5. To examine and review the periodic reports and Annual Reports prepared by the Board of Directors, including the Bank's Internal Audit report.



## BOARD OF COMMISSIONERS

6. To ensure that the Board of Directors has followed-up on Audit findings and recommendations from the Internal Audit Task Force, External Auditors, Bank Indonesia supervisory results, and/or other authorities' supervision results.
7. To ensure that the established committees perform their duties effectively.
8. To review the Organizational Structure
9. To review the Corporate Work Culture
10. To oversee the Housing Loan Financing Liquidity Facility (FLPP) loan fund re-imbursement.
11. To direct and provide advice to the Board of Directors regarding the lending that is consulted to the Board of Commissioners through the Board of Directors.

## BOARD OF COMMISSIONERS' COMPETENCE TRAINING AND DEVELOPMENT PROGRAM

In addition to the supervisory task, the Board of Commissioners also attend training and seminars in order to improve their banking knowledge and receive development updates in banking and other fields in order to support their duties and responsibilities. Each member of the Company's Board of Commissioners plans a minimum of 1 (once) a year to attend a training and/or seminar, both inside and outside the country. The following are the seminars/workshops attended by the members of the Board of Commissioners throughout January - December 2018.

No	Name	Position	Date		Organizer	Education Information
1	I Wayan Agus Mertayasa	President Commissioner / Independent Commissioner	06/10/2018	14/10/2018	LSPP & MMUGM	Int Risk Mngnt & Treasury Dealer Refreshment Programme for Executives
			07/03/2018	10/03/2018	CLDI	Expanding Leadership Program for BoD/BoC.
2	Kamaruddin Sjam	Independent Commissioner	02/07/2018	09/07/2018	LPPI	Executive Risk Management Refreshment Program
			29/09/2018	07/09/2018	IIA	Madrid ECIIA Conference and On-Site Learning Program 2018
			28/08/2018	29/08/2018	IIA	IIA 2018 Conference
3	Ari Coerniadi	Independent Commissioner	16/04/2018	20/04/2018	SRW	Transforming the Asean Organization: The Leadership Imperative
			27/09/2018	28/09/2018	BARA	Key Risk Management Challenges in 2018
4	Lucky Fathul Aziz Hadibrata	Independent Commissioner	16/04/2018	20/04/2018	SRW	Transforming the Asean Organization: The Leadership Imperative
			12/07/2018	13/07/2018	BARA	BARA Risk Forum
			05/09/2018	06/09/2018	IICD	In Depth Directorship Program
			27/09/2018	28/09/2018	BARA	Key Risk Management Challenges in 2018
			06/12/2018	07/12/2018	ERMA CRMS	International Conference Risk Beyond
5	Garuda Wiko	Independent Commissioner	16/04/2018	20/04/2018	SRW	Transforming the Asean Organization: The Leadership Imperative
			06/10/2018	14/10/2018	LSPP & MMUGM	Int Risk Mngnt & Treasury Dealer Refreshment Programme for Executives
6	Iman Sugema	Non Independent Commissioner	25/02/2018	03/03/2018	MMUGM	International Risk Management Refreshment Program for Executive
7	Maurin Sitorus	Non Independent Commissioner	25/02/2018	03/03/2018	MMUGM	International Risk Management Refreshment Program for Executives
			02/07/2018	09/07/2018	LPPI	Executive Risk Management Refreshment Program



No	Name	Position	Date		Organizer	Education Information
8	Sumiyati	Non Independent Commissioner	02/07/2018	09/07/2018	LPPI	Executive Risk Management Refreshment Program
			15/09/2018	22/09/2018	CRMS	Enterprise Risk Management
			28/08/2018	29/08/2018	IIA	IIA 2018 Conference
9	Parman Nataatmadja	Non Independent Commissioner	02/05/2018	09/05/2018	Sandra Chalick	Briefing of Level 1 Commissioner Risk Management Competency Certification
			04/06/2018		LSPP	Test Level 1 Commissioner Risk Management Competency Certification

## BOARD OF COMMISSIONERS MEETING

The Board of Commissioners' meetings throughout 2018 based on the frequency, agenda, and participants of the meetings are further discussed in a separate chapter titled 'Meetings of the Board of Commissioners and the Board of Directors' in the Corporate Governance Chapter in this Annual Report.

## BOARD OF COMMISSIONERS 'DECISIONS

Throughout 2018, the Board of Commissioners issued 145 (one hundred and forty-five) letters containing supervisory and advisory decisions, some of which are related to the following aspects:

No	Decisions/Recommendations
1	Referrals and advice in credit consulting
2	Approval of providing funds to Related Parties
3	Approval of the Organizational Structure of PT Bank Tabungan Negara (Persero) Tbk
4	Increased supervision of Compliance with statutory reserve obligations
5	Customer Complaints Follow-Up
6	Approval of Rating Determination of Participants in the Public Accounting Firm
7	Approval of the 2018 Educational Activities Plan
8	Approval of Changes to Priority Banking Service SOPs
9	Approval of the Appointment of Head of the Internal Audit Work Unit (SKAI)
10	Approval of the Winner of the Procurement of Service by KAP for the General Audit of Financial Statements for the 2018 Financial Year & Financial Report Implementation of PKBL for the 2018 Financial Year in Bank BTN
11	Response to the Financial Report Draft as of December 31, 2017 (Audited)
12	Approval of the Tender Winner for the Procurement of Service Implementing the KAP for the General Audit of Financial Statements for the 2018 Fiscal Year & Financial Report Implementation of PKBL for the 2018 Fiscal Year in Bank BTN
13	The Board of Commissioners' Response to Bank BTN's Performance in Quarter IV of 2017
14	Procurement Responses and the 2018 KAP Determination Proposals
15	Approval of the Annual Report
16	Delay in Submitting Reports to the Financial Services Authority
17	Recommendation and assessment of Candidates for Board of Directors
18	Assessment of Employee Performance Special Assignment at the Board of Commissioners Secretariat
19	Policy Approval concerning Guidelines for Co-operation between State-Owned Enterprises
20	Policy Approval concerning Guidelines for Co-operation between State-Owned Enterprises
21	The 2017 Bank BTN BTMR Review Approval
22	Approval of Directors' Regulations concerning the Management of Customers complaints
23	Changes to the Composition of the Committees Membership

## BOARD OF COMMISSIONERS

No	Decisions/Recommendations
24	Approval of the Recommendations of the members of the Sharia Board of Trustees Unit
25	Remuneration Recommendations of the Company's Sharia Supervisory Board
26	Approval of Organizational Structure and provisions of SEVP Position of PT Bank Tabungan Negara (Persero) Tbk
27	Recommendations and Assessment of Candidates as Members of the Board of Directors and Members of the Board of Commissioners
28	Appointment of Experts on the Board of Commissioners
29	Reporting of the Bank's Risk Profile to the Financial Services Authority
30	Division of the Supervisory tasks of the Board of Commissioners in the Context of the Cultural Internalization of PT Bank Tabungan Negara (Persero) Tbk
31	Direction of the Board of Commissioners regarding the Performance Review in March 2018 of PT Bank Tabungan Negara (Persero) Tbk
32	Request for Data and Information regarding the Development of Bank BTN's Blueprint Implementation
33	Referrals of the Board of Commissioners for the performance and Business Process of PT BTN
34	Improvement of Internal Controls regarding the Management of Third-Party Deposits
35	Improved Credit Management in Col. 2 and 5
36	Responses to the Key Performance Indicators (KPI) of the Board of Commissioners of PT Bank Tabungan Negara (Persero) Tbk
37	Fulfillment of the Board of Commissioners Staff Formation
38	Optimization of the Internal Control Work Unit
39	Determination of the Honorarium Salaries, Benefits and Facilities for 2018 and Tantiem for the Performance of the 2017 Financial Year of PT Bank Tabungan Negara (Persero) Tbk
40	Implementation of External Validation as Part of the ASEAN Corporate Governance Scorecard Assessment Activities
41	Board of Commissioners' directives regarding the Company Performance in May 2018
42	Approval of the Revision of the Corporate Work Plan and Budget (RKAP) of 2018 and the Bank's Business Plan (RBB) for 2018 - 2020 of PT Bank Tabungan Negara (Persero) Tbk
43	Reporting of the Bank's Health Level and the Minimum Capital Requirement (KPM) to the Financial Services Authority
44	Review of Bookkeeping Regulations and Implementation of PSAK 71 at PT Bank Tabungan Negara (Persero) Tbk
45	Follow-up Request for Written Responses to RSEJK concerning the Consumer Complaint Services in the Financial Services Sector
46	Approval of the Revision of the Board of Directors Circular regarding Outsourcing Power
47	Payment of the Long-Term Incentive Remuneration Component (LTI) of the Board of Directors and the Board of Commissioners
48	Direction of the Board of Commissioners Against Anticipation and Follow Up of Fraud Events at BTN
49	Direction of the Board of Commissioners regarding the Performance Review through to July 2018 for PT Bank Tabungan Negara (Persero) Tbk
50	Recording the assets that have been deleted from the balance sheet
51	Direction from the Board of Commissioners Achievement of the Bank's Performance Targets
52	Request for the Commercial Credit Termination Authority (BWMK) Agreements Consulted by the Board of Commissioners of PT Bank Tabungan Negara Tbk
53	Procurement of a Public Accounting Firm (KAP) for the 2019 Financial Year
54	The Human Capital Management Program in order to Support the Bank's Transformation
55	The response of the Board of Commissioners to the Performance of PT Bank Tabungan Negara (Persero) Tbk Quarter III 2018
56	Approval of the Bank's Business Plan (RBB) for 2019 - 2021 and Corporate Work Plan and Budget (RKAP) for 2019 for PT Bank Tabungan Negara (Persero) Tbk
57	Plans for Equity Participation in PT Permodalan Nasional Madani Investment Management (PNMIM)
58	Submission of the Work Plan and Company Budget for PT Bank Tabungan Negara (Persero) Tbk
59	Follow-up Progress of the External Examination Results
60	Approval of the proposed Risk Appetite and Risk Tolerance of PT Bank Tabungan Negara (Persero) Tbk in 2019
61	Recommendations for the 2019 Strategic Human Capital Management Program
62	Principle of the Approval of the Task Evaluation Director of Compliance Strategy & Transformation as a Follow-Up of the FSA findings



## BOARD OF COMMISSIONERS' RECOMMENDATIONS, APPROVAL, AND ADVICE

In every decision of the Board of Commissioners' and the Board of Directors' meetings are documented in the Minutes of Meeting, and the follow-ups will be reported on at the next meeting. Throughout 2018, the Board of Commissioners provided various recommendations, approvals, and advice to the Shareholders. The recommendations, approvals, and advice are as follows:

1. Board of Commissioner's Recommendations
  - KAP Appointment to perform the Financial Statement Audit Report
  - Plan of Equity Participation in the subsidiaries
  - Boundaries and Criteria of the Board of Directors' actions that do not require the Approval of the Board of Commissioners and Shareholders.
2. Board of Commissioners' Approvals
  - Letter of Collective Agreement regarding the Working Guidelines of the Board of Commissioners and Board of Directors
  - Blueprint of the Company Transformation
  - Anti-Money Laundering (APU) and Prevention of the Financing of Terrorism (PPT) Programs
  - Business Continuity Management Policy
  - Recovery Plan
  - Criteria and Authority of the Board of Directors in accordance with the Articles of Association
  - Provision of Funds to Related Parties
  - CBP 2018 and RBB 2018-2020
3. Board of Commissioners' Advice
  - Recommendations to Follow-Up from the External and Internal Auditors
  - Implementation of the Anti-Fraud Strategy and Whistleblowing System
  - Problem Loans Handling Strategy
  - Third-Party Fundraising Strategies
  - Loan Management Improvement
  - Implementation of Human Resource Management and Corporate Culture

## PERFORMANCE ASSESSMENT

In order to achieve an effective supervisory and advisory function, the Board of Commissioners assesses the performance of the Board of Commissioners, and the Board of Directors both individually and jointly, and all committees as the supporting bodies of the Board of Commissioners. The performance assessment is detailed as follows:

### Board of Commissioners Performance Assessment

General Policy regarding the performance evaluation of the Board of Commissioners refers to the Board's Charter for the Board of Commissioners. The performance evaluation of the Board of Commissioners shall be conducted based on the criteria related to the execution of duties and responsibilities of the Board of Commissioners, and the submission of the Board of Commissioners' performance report, which will be evaluated by the Shareholders.

### Procedure of Board of Commissioners' Performance Assessment

The procedure of the Board of Commissioners' performance assessment is to be held in the GMS forum. The GMS is a meeting attended by the shareholders who meet the quorum requirements and are convened by the Board of Directors at the request of the Board of Commissioners. The Board of Commissioners or shareholders representing 1/10 of the total number of shares in decision-making and/or for decision making regarding matters whose authorities are not granted to the Board of Directors or the Board of Commissioners.

In addition, the Board of Commissioners has an assessment mechanism, referring to FS Regulation and State-Owned Enterprises Ministry regulation as follows:

1. Self-Assessment in line with SEOJK No. 32/SEOJK.04/2015 the Board of Commissioners has formulated Key Performance Indicators (KPI) based on 3 (three) aspects, i.e. Supervisory and Guidance aspects, Reporting aspects, as well as the Dynamic aspect (other than those related to the duties and responsibilities of the Board of Commissioners).
2. The Board of Commissioners is also assessed by the GCG Self-Assessment mechanism based on the POJK No.55/POJK.03/2016, and
3. Third-Party Assessment with the international standard, i.e. ASEAN CG Scorecard. Further explanation regarding the Bank's GCG Self-Assessment results based on the BI/OJK provisions and ASEAN CG Scorecard are provided in the section 'Developing the Commitment to Sustainable GCG' in this Annual Report.

### Board of Commissioners' Performance Assessment Criteria

The implementation of the performance evaluation of the Board of Commissioners shall be based on the assessment criteria related to the implementation of the Board of Commissioners' functions in conducting supervision and advising the Board of Directors on behalf of the Company and the shareholders, in particular, the interested parties in general, which will be evaluated by the shareholders.

The assessment is based on the evaluation criteria of the duties and responsibilities of the Board of Commissioners in the implementation of the GCG Self-Assessment as stipulated in the Financial Services Authority Circular No. 13/SEOJK.03/2017 dated March 17, 2017 concerning the Implementation of Governance for Commercial Banks.

The Board of Commissioners' assessment criteria has several measurement instruments, which include:

- The Board of Commissioners' Key Performance Indicator (KPI)
- The Bank's GCG Self-Assessment
- The ASEAN CG Scorecard

### Parties Conducting Assessment on the Board of Commissioners

The party conducting an assessment of the performance of the Board of Commissioners is the shareholders in the GMS.

### Board of Commissioners' Performance Indicators (KPI) Achievements

The performance assessment of the Board of Commissioners is based on the Performance Indicator, which shows that overall the Board of Commissioners has successfully achieved the pre-determined targets.

### Key Performance Indicator (KPI) Dewan Komisaris

No	Board of Commissioners Work Program	2018				Score		Weighted Score
		Target KPI		Achievement KPI	Weight	%	Score	
		(1)		(2)	(3)	(4)	(5)	
						(2):(1)	*) Calculation of Score	(3)x(5)
I	Supervisory & Directive Aspects				70			280
1.	The Company's Plan Review & Response	4 times	4	7	5	175%	4	20
2.	The Bank's Performance Review & Response	12 times	12	15	20	125%	4	80
3.	Review of Follow-Up Results/Findings of the Internal/External Audit	6 times	6	12	5	200%	4	20
4.	The Board of Commissioners' meetings	24 times	24	82	20	342%	4	80
5.	Providing Feedback/Advice/Approval/Suggestions/Instructions to the Board of Directors	24 times	24	145	20	604%	4	80
II	Reporting Aspect				20			60
1.	Preparing & Delivering the Annual Work Program	1 time	1	1	5	100%	3	15
2.	Delivering Report/Opinions to Shareholders/GMS	4 times	4	4	10	100%	3	30
3.	Delivering a Report regarding the Duties of the Supervisor (Regulator)	2 times	2	2	5	100%	3	15
III	Other/Dynamic Aspect				10			33
1.	Induction	1 time	1	1	2	100%	3	6
2.	Competence Development	16 times	16	20	3	125%	4	12
3.	Ratification of the Company's Budget and LPT Work Plan (Annual Accountability Report to the GMS)	1 time	1	1	5	100%	3	15
Total Score					100			373
							Score	Excellent



**\*) Calculation of Score**

Result	Score
>110%	4
> 95% - < 110%	3
> 85% - < 95%	2
> 75% - < 85%	1

Range Of Performance Weighted Score	Category
351 - 400	Excellent
281 - 350	Very Good
101 - 280	Good
0 - 100	Enough

**Board of Commissioners' Assessment on the Performance of the Board of Directors**

The performance appraisal of the Board of Directors is determined based on the duties and responsibilities of the Board of Directors, which are listed in the Board of Directors Charter, Charter and Mandate of Shareholders as outlined in the criteria for performance assessment of the Board of Directors and each individual Director, then the report performance appraisal of the Board of Directors and each member of the Board of Directors are evaluated by the Board of Commissioners to be submitted to the Shareholders. The performance evaluation of the Board of Directors is performed at the GMS. Moreover, throughout 2018, the Board of Commissioners who have performed the duties of supervision of the Company have assessed that the Board of Directors performed the management of the Company very well and in line with the Vision, Mission and objectives of the Company.

**Board of Commissioners' assessment on the Committee's Performance**

The Board of Commissioners dutifully supervises and evaluates the performance of committees under the Board of Commissioners, which includes the Audit Committee, Risk Monitoring Committee and Nomination and Remuneration Committee. The assessment is based on the accomplishment and completion of the work program listed in the Committee's Work Plan and Budget and reported to the Board of Commissioners in the reports of each committee. The basis of the Committee's performance assessment includes (1) the realization of reports regarding the implementation of the Committee's duties in accordance with their respective responsibilities, (2) recommendations provided and (3) the frequency of meetings conducted by the Committee so that they can assist the Board of Commissioners.

The duties and responsibilities of the Audit Committee are to oversee matters related to Financial Information, Internal Control Systems, effectiveness of Audits by External and Internal Auditors, effectiveness of implementation of Risk Management and Compliance

with all applicable laws and regulations. Throughout 2018, the Audit Committee monitored and evaluated the planning and implementation of Audits and the follow-up of Audit results in assessing the adequacy of Internal Controls.

The duties and responsibilities of the Risk Monitoring Committee are to supervise the implementation of the Company's Risk Management whilst fulfilling the adequacy of Risk Management procedures and methodologies. Throughout 2018, the Risk Monitoring Committee evaluated the provision of credit and provision of funds to Related Parties, the Bank's recovery plan and a review of the implementation of the Company's Risk Management.

The Risk Monitoring Committee has the duties and responsibilities to provide recommendations to the Board of Commissioners by evaluating the Bank's risk management policy manual (Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk, and Reputation Risk), evaluating the conformity of the Bank's risk management policy manual and its implementation, and monitoring as well as evaluating the implementation of the Risk Management Committee's duties. In the implementation of its duties and responsibilities, the Risk Monitoring Committee regularly organizes meetings with the Enterprise Risk Management Division to discuss the latest issues and Bank BTN's Quarterly Risk Profile, the Bank's soundness level, and other matters related to Bank BTN's risk management, including reviewing the Risk Management Policy Manual, which includes the Bank's Risk Appetite and Risk Tolerance

In 2018, the Board of Commissioners assessed the effectiveness of the performance of committees under the Board of Commissioners. The Board of Commissioners considers that throughout the Fiscal Year, the committees have effectively performed their duties and responsibilities well based on the achievements as reflected in the Key Performance Indicators (KPI) of each committee.



# INDEPENDENT COMMISSIONER

## CRITERIA FOR INDEPENDENT COMMISSIONERS

The appointment of Independent Commissioners is to create a more objective and independent business, and similarly to maintain “fairness” and to be able to create a balance between the interests of the majority shareholders and protecting the minority shareholders interests including other stakeholders. The fulfillment of the independency criteria of each of the Company’s Independent Commissioners can be observed in the following table:

Name	Criteria				Status	Description
	1	2	3	4		
I Wayan Agus Mertayasa	√	√	√	√	Independent	<b>Independence Criteria</b> 1. Not a person who works or has the authority and responsibility to plan, lead, control, or supervise the activities of the Issuer or Public Company within the last 6 (six) months, except for reappointment as an Independent Commissioner of the Issuer or Public Company in the next period; 2. Not having shares directly or indirectly with the Issuer or Public Company; 3. Does not have an affiliate relationship with the Issuer or Public Company, members of the Board of Commissioners, members of the Board of Directors, or the majority shareholders of the Issuer or Public Company; 4. Does not have a business relationship, either directly or indirectly, related to the business activities of the Issuer or Public Company.
Iman Sugema	√	√	√	√	Independent	
Maurin Sitorus	√	√	√	√	Independent	
Sumiyati	√	√	√	√	Independent	
Parman Nataatmadja	√	√	√	√	Independent	
Arie Coerniadi	√	√	√	√	Independent	
Lucky Fathul Aziz Hadiabrata	√	√	√	√	Independent	
Kamaruddin Sjam	√	√	√	√	Independent	
Garuda Wiko	√	√	√	√	Independent	

## INDEPENDENT COMMISSIONERS COMPOSITION

The Company has several effective Independent Commissioners as of December 31, 2018, as many as 5 (five) of the total number of Commissioners of the 8 (eight) or 62.5% are Independent Commissioners. The Company has fulfilled the 50% minimum composition requirement of Independent Commissioners as set forth by the Financial Services Authority Regulation No.55/POJK.03/2016 concerning the Implementation of Governance for Commercial Banks.



## INDEPENDENT COMMISSIONERS STATEMENT OF INDEPENDENCE

The Company's Independent Commissioners have prepared and signed an Independent Statement and submitted to the OJK, with respectively the following statements: 1.) Has no financial, management, ownership, and/ or family relationship with the Bank, that may affect my ability to act independently as stipulated in the Financial Services Authority Regulation that regulates the Implementation of Governance for Commercial Banks; 2.) In the event that on a later date I have been found to have a relationship as referred to in number 1, I am willing to surrender my Independent Commissioner position and willing to be replaced.

In addition to the independence statement, members of the Board of Commissioners shall also report any changes to the status that may affect its independence as well as ensuring that this practice has been implemented in accordance with the GCG principles.

In details, the independence statement letter referred to as stated below:

SURAT PERNYATAAN INDEPENDENSI	
PT BANK TABUNGAN NEGARA (PERSERO) Tbk	
Saya yang bertanda tangan di bawah ini:	
Nama	Arif Curnandi
Tempat/tanggal lahir	Rembang, 2 Desember 1947
Alamat domisili (saya KTP-HM saya)	8920 Kusuma I Blok C/316 TSP RT 06/04
Alamat tempat tinggal	Rawa Rupa, Semarang
Alamat tempat tinggal	(K2) TIRTHA
Jabatan	Direktur
Nama perusahaan	PT Bank Tabungan Negara (Persero) Tbk
Nama sebagai pemegang saham	(K2) 220801

# BOARD OF DIRECTORS

The Board of Directors is one of the organizational bodies that is fully responsible for the Corporate Governance of the Company. The Board of Directors is responsible to decide and manage the Company's strategic directive, by utilizing and safeguarding the Company's assets for the objective and interest of the Company. Moreover, the Board of Directors is directly responsible to the Board of Commissioners.

## LEGAL BASIS

The legal basis for the appointment of the Board of Directors refers to several provisions, including:

1. Law No. 40 of 2007 concerning Limited Liability Companies.
2. Law No. 7 of 1992 concerning Banking as amended by Law No. 10 of 1998.
3. Bank Indonesia Regulation (PBI) No. 11/1/PBI/2009 dated January 27, 2009 concerning Commercial Banks.
4. BI Regulation No. 11/1/PBI/2009 dated January 27, 2009 concerning Commercial Banks.
5. Regulation of the Financial Services Authority (POJK) No. 33/POJK.04/2014 on December 8, 2014 concerning Directors and Commissioners of Issuers or Public Companies.
6. FSA Regulation No. 27/POJK.03/2016 dated July 22, 2016 concerning Capability and Compliance Assessment for the Main Parties of Financial Service Institutions.
7. FSA Circular Letter (SEOJK) No. 39/SEOJK.03/2016 dated September 13, 2016 concerning the Capability and Compliance Assessment for Prospective Controlling Shareholders, Candidates for Membership of the Board of Directors and Candidates for Membership of the Board of Commissioners of the Bank.
8. FSA Regulation No. 55/POJK.03/2016 dated December 7, 2016 concerning the Implementation of Governance for Commercial Banks.
9. FSA Regulation No. 18/POJK.03/2016 dated March 16, 2016 concerning Application of Risk Management for Commercial Banks.
10. FSA Regulation No. 37/POJK.03/2017 July 12, 2017 concerning the Utilization of Foreign Workers and Knowledge Transfer Programs in the Banking Sector.
11. FSA Regulation No. 46/POJK.03/2017 July 12, 2017 concerning the Implementation of the Compliance Function of Commercial Banks.
12. The Bank's Articles of Association.

## BOARD OF DIRECTORS COMPOSITION

Based on the Annual General Meeting of Shareholders dated March 23, 2018, the composition of the Company's Board of Directors as of April 2018 to December 31, 2018 is comprised of 9 (nine) directors with the following details:

Name	Name Of Position	Basis Of Appointment
Maryono	Direktur Utama	Re-appointed for a second term at the Company's Annual GMS on March 17, 2017
Iman Nugroho Soeko	Direktur Finance & Treasury	Appointed at the Company's Annual GMS on February 25, 2014
Andi Nirwoto	Direktur IT & Operation	Appointed at the Company's Annual GMS on March 23, 2018
Oni Febriarto Rahardjo	Direktur Commercial Banking	Appointed at the Company's Annual GMS on March 24, 2015
Budi Satria	Direktur Consumer Banking	Appointed at the Company's Annual GMS on March 17, 2017
R. Mahelan Prabantarikso	Direktur Strategy, Compliance & Risk	Appointed at the Company's Annual GMS on March 17, 2017
Nixon L.P Napitupulu	Direktur Collection & Asset Management	Appointed at the Company's Annual GMS on March 17, 2017
Dasuki Amsir	Direktur Distribution & Network	Appointed at the Company's Extraordinary GMS on December 28, 2017
Yossi Istanto	Direktur Strategic Human Capital	Appointed at the Company's Annual GMS on March 23, 2018



The appointment of the Board of Directors is based on the qualifications of personnel as regulated by FSA Regulation No.27/POJK.03/2016 concerning the Fit and Proper Test for the Main Parties and obtaining approval from the FSA before implementing their duties and responsibilities in their positions.

## CAPABILITY AND COMPLIANCE ASSESSMENT

All candidates for the Board of Directors for the 2018 period have passed the Fit and Proper Test and have obtained approval from the FSA prior to their appointment as the Company's Directors through the GMS to perform their duties and responsibilities in their positions.

**Table of Board of Directors' Competency and Fit and Proper Test**

Name	Position	Competency / Expertise	Organizers of Fit and Proper Test	Effective Date in Office	Term of Office	Status
Maryono	President Director	1. Banking 2. Leadership 3. Strategic Management	Financial Services Authority	March 17, 2017	AGMS March 17, 2017 - AGMS March 17, 2022	Effective
Iman Nugroho Soeko	Director of Finance & Treasury	1. Operation 2. Information Technology	Financial Services Authority	June 16, 2014	AGMS February 25, 2014 - AGMS February 25, 2019	Effective
Andi Nirwoto	Director of IT & Operation	1. Credit 2. Commercial Banking	Financial Services Authority	September 10, 2018	AGM March 23, 2018 - March 23, 2023	Effective
Oni Febriarto Rahardjo	Director of Commercial Banking	1. Consumer Banking 2. Management	Financial Services Authority	May 19, 2015	AGM March 24 2015 - March 24, 2020	Effective
Budi Satria	Director of Consumer Banking	1. Compliance 2. Risk Management	Financial Services Authority	July 25, 2017	AGMS March 17, 2017 - AGMS March 17, 2022	Effective
R. Mahelan Prabantarikso	Director of Strategy, Compliance & Risk	1. Compliance 2. Risk Management	Financial Services Authority	July 25, 2017	AGMS March 17, 2017 - AGMS March 17, 2022	Effective
Nixon L.P Napitupulu	Director of Collection & Asset Management	1. Credit 2. Collection 3. Asset Management	Financial Services Authority	July 25, 2017	AGMS March 17, 2017 - AGMS March 17, 2022	Effective
Dasuki Amsir	Director of Distribution & Network	1. Finance 2. Distribution Network	Financial Services Authority	June 26, 2018	2017 AGMS - 2022 AGMS	Effective
Yossi Istanto	Director of Strategic Human Capital	1. Law 2. Credit	Financial Services Authority	September 10, 2018	AGM March 23, 2018 - AGMS March 23, 2023	Effective

## TERM OF OFFICE

Members of the Board of Directors are appointed for a Term of Office as of the closing of the GMS or other date stipulated by the GMS that appoints it and ends at the closing of 5 (five) Annual GMS after the date of appointment, provided that the term is not more than 5 (five) years, in consideration of legislation including the prevailing regulations in the Capital Market, without prejudice to the rights of the GMS to be able to terminate members of the Board of Directors at any time.

## APPOINTMENT AND DISMISSAL OF DIRECTORS

The replacement and/or appointment of members of the Company's Board of Directors always adhere to the recommendations of the Remuneration and Nomination Committee, where the Remuneration and Nomination Committee recommends candidates for members of the Board of Directors to the Minister of BUMN as the Controlling Shareholder to be submitted to the GMS. Appointment and dismissal of members of the Board of Directors of the Company is carried out by the GMS after going through the fit and proper test process which refers to POJK No. 27/POJK.03/2016 dated July 22, 2016 and OJK Circular Letter (SEOJK) No. 39/SEOJK.03/2016 dated September 13, 2016.

## BOARD OF DIRECTORS

Based on the Articles of Association, dismissal of members of the Board of Directors can be done if the Board of Directors is unable to carry out their duties properly; do not implement the provisions of legislation and provisions of the Articles of Association; involved in actions that harmed the Persean and were found guilty of court decisions. In addition to the above reasons, the GMS can also dismiss members of the Board of Directors with the right reasons for the interests and objectives of the Company.

### INDUCTION PROGRAM OR ORIENTATION FOR NEW MEMBERS OF THE BOARD OF DIRECTORS

Following the appointment of new members of the Board of Directors and Board of Commissioners, the Corporate Secretary has conducted an orientation program in April 2017 and also conducted an advanced orientation program in January of 2018. The purpose of this orientation program is to provide a general introduction to the Company's conditions so that members of the Board of Directors and the Board of Commissioners can work together as a solid team, despite their different backgrounds. The material presented in the orientation program is as follows:

1. Outline of the role, duties, and responsibilities of the Board of Directors and the Board of Commissioners
2. Compliance and GCG implementation as well as Risk Management
3. The Company's Audit result
4. Company Culture implementation
5. Overview of the Company's business

### BOARD OF DIRECTORS' INDEPENDENCY

Independence is an important quality that is required from the Board of Directors, especially in relation to decision making and actions taken in order to be in line with the objectives of the Company and solely for the interest of the Company.

The Board of Directors are obliged not to have any financially affiliated relationships to and/or family relationships with fellow members of the Board of Commissioners, Board of Directors and/or Controlling Shareholders or relationships with the Bank, as well as managerial relationships and/or shareholding and thus, can perform their duties and responsibilities independently.

In addition, the Board of Directors are prohibited from holding another position as the President Director or other Director position in a State-Owned Enterprise, Regional Government Owned Enterprise and the Private sector or other positions related to the management of the Company, as well as structural positions, and other functional positions in central and/or local government agencies/institutions as well as other positions that could potentially result in a Conflict of Interest in accordance with the provisions of the Articles of Association and other legislation in force.

### BOARD OF DIRECTORS SHARE OWNERSHIP

In accordance with the Bank Indonesia regulations, members of the Board of Directors either individually or jointly are prohibited from owning shares in excess of 25% of the paid-up capital in another company. Therefore, the Company seeks to improve compliance with every applicable provision and maintain the independence of each serving Director, one of which is by requiring members of the Board of Directors to disclose their share ownership, both in the Company, with other Banks, Non-Bank Financial Institutions and other companies domiciled domestically and overseas.

As of December 31, 2018, the share ownership of members of the Board of Directors achieved 5% or more of paid-up capital, which includes the type and number of shares in the Company, with other Banks, Non-Bank Financial Institutions, other companies domiciled at home and abroad are presented in the following table:

Table Board of Directors Share Ownership as of December 31, 2018

Name	Position	Share Ownership			
		Company %	Other Banks	Non-Bank Financial Institutions	Other companies
Maryono	President Director	0.0032748	None	None	None
Iman Nugroho Soeko	Director of Finance & Treasury	0.0017403	None	None	None
Andi Nirwoto	Director of IT & Operation	None	None	None	None
Oni Febriarto Rahardjo	Director of Commercial Banking	0.0017403	None	None	None
Budi Satria	Director of Consumer Banking	0.0013824	None	None	None
R. Mahelan Prabantarikso	Director of Strategy, Compliance & Risk	0.0019868	None	None	None



**Table Board of Directors Share Ownership as of December 31, 2018**

Name	Position	Share Ownership			
		Company %	Other Banks	Non-Bank Financial Institutions	Other companies
Nixon L.P Napitupulu	Director of Collection & Asset Management	0.0013824	None	None	None
Dasuki Amsir	Director of Distribution & Network	0.0000189	None	None	None
Yossi Istanto	Director of Strategic Human Capital	None	None	None	None

All members of the Board of Directors do not have share ownership of up to 5% or more, either shares in the Company, with other banks, non-bank financial institutions and other companies complying with the provisions of POJK No.55/POJK.03 2016.

## CONCURRENT POSITIONS

The provisioning of concurrent positions of the Board of Directors is regulated in the Board of Directors Charter, where the Board of Directors are prohibited from concurrently holding positions as:

1. A member of the Board of Directors at State-Owned Enterprises (SOEs), Regional-Owned Enterprises, and other Private Owned Enterprises;
2. A member of the Board of Commissioners/Board of Trustees in other SOEs;
3. Other structural and functional positions in institutions/agencies of the central and/or local government;
4. Members of the management of political parties, a legislative member and/or regional/deputy regional head; and/or a candidate of the legislative or a candidate for the regional/deputy regional head;
5. Other positions in accordance with the rules and legislation, and other positions that may cause any potential Conflict of Interest.

6. Holds a position as a member of the Board of Directors, the Board of Commissioners, or Executive Officer in another bank, company, and/or institution.
7. Members of the Board of Directors are prohibited from having concurrent positions as a member of the Board of Commissioners in another company, with the exception of:

- Members of the Board of Commissioners of a Subsidiary/joint venture of the respective SOE, under the provisions that they are only entitled to the accumulation of income as a Member of the Board of Commissioners at one or more subsidiaries/joint ventures i.e. maximum of 30% (thirty percent) salaries of members of the respective Board of Directors in the SOE. Other/additional income is transferred and considered to be the respective SOE's revenue.
- Members of the Board of Commissioners of another company to represent/fight for the SOE's interest, with permission of the Minister of SOEs.

Excluding concurrent positions, if the members of the Board of Directors are responsible for the supervision of the Bank's investments in subsidiaries or joint ventures, performing functional tasks as a member of the Board of Commissioners in subsidiaries controlled by the Bank, as long as the concurrent position does not interfere with their duties and responsibilities as members of the Board of Directors of the Bank.

**Table Board of Directors' Concurrent Positions**

Name	Position	Concurrent Position
Maryono	President Director	None
Iman Nugroho Soeko	Director of Finance & Treasury	None
Andi Nirwoto	Director of IT & Operation	None
Oni Febriarto Rahardjo	Director of Commercial Banking	None
Budi Satria	Director of Consumer Banking	None
R. Mahelan Prabantarikso	Director of Strategy, Compliance & Risk	None
Nixon L.P Napitupulu	Director of Collection & Asset Management	None
Dasuki Amsir	Director of Distribution & Network	None
Yossi Istanto	Director of Strategic Human Capital	None



### CONFLICT OF INTEREST

In the event of a Conflict of Interest, i.e. a certain condition in which the economic interest of the Company conflicts with personal economic interest, the member of the Board of Directors shall always:

- Prioritize the Company's interest without diminishing the Company's economic interest in the event of any Conflict of Interest;
- Avoid making decisions in the event of any Conflict of Interest;
- Disclose any decision required to be taken in the event of any Conflict of Interest.
- In the event of loan to the members of the Board of Directors, the loan shall be based on the fairness limits in accordance with the Bank's provisions without discriminating other customers (arm's length basis).
- Report the Company's share transactions within 3 (three) workdays.
- Members of the Board of Directors, either individually or jointly, are prohibited from owning more than 25% of the paid-up capital of another company,

- Members of the Board of Directors are prohibited from granting power of attorney to any other party that may result in the transfer of the Board of Directors' duties and responsibilities.

### BOARD OF DIRECTORS' GUIDELINES AND CODE OF CONDUCT

The Board of Directors has in place Work Guidelines and a Code of Conduct including arrangements for work ethics, working time and meetings which are regulated in:

- Decree of the Board of Directors No. 07/DIR/KD/CMPD/2017 Concerning the Board of Directors Guidelines and Work Rules as a change from the Joint Decree (SKB) of the Board of Commissioners No.01-DEKOM-BTN/2016 and Directors No.SK-01/DIRBTN/2016 concerning Guidelines for Working Procedure of Commissioners and Directors (Manual Board).
- Regulation of the Board of Directors No. 16/PD/CMPD/2015 dated December 31, 2015 concerning the Guidelines for Business Ethics and Behavior (Code of Conduct).

The Work Guidelines of the Board of Directors aims to facilitate the Board of Directors in performing their duties effectively and as a performance assessment instrument for the Board of Directors. The Work Guidelines and Code of Conduct stipulate various aspects, which are as follows:

#### Scope of Work Guidelines and Code of Conduct of the Board of Directors under the Board of Directors Chapter

Chapter I	Introduction
Chapter II	Values
Chapter III	<p>Work Guidelines and Code of Conduct of the Board of Directors contains:</p> <ol style="list-style-type: none"> <li>Structure and Composition of the Board of Directors</li> <li>Requirements for Members of the Board of Directors</li> <li>Criteria for Directors who performs the Compliance Function</li> <li>Double Position of the Board of Directors</li> <li>Appointment and Dismissal of the Board of Directors</li> <li>Term of Office of the Board of Directors</li> <li>Duties and Responsibilities of the Board of Directors</li> <li>Obligations of the Board of Directors</li> <li>Rights and Authorities of the Board of Directors</li> <li>Actions of the Board of Directors that Require the Board of Commissioners' Approval</li> <li>Division of Duties and Authorities of the Board of Directors</li> <li>Prohibition</li> <li>Transparency</li> <li>Work Ethics</li> <li>Working Time</li> <li>Meeting Settings</li> <li>Leadership</li> <li>Performance Evaluation of the Board of Directors,</li> <li>Reporting and Accountability</li> <li>Committee</li> </ol>

The full disclosure of the Board of Directors' Work Guidelines and Code of Conduct can be accessed on the Company's website address [www.btn.co.id](http://www.btn.co.id) (Investor Relations menu - governance policy).



## JOB DESCRIPTIONS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company always manages the Company in accordance with the authorities and responsibilities as stipulated in the Articles of Association, prevailing laws and regulations, the Board of Directors Charter and the Board of Directors' decisions regarding the Directors Job Description, as follows:

Name	Position	Field of Duties and Responsibilities
Maryono	President Director	Supervise the Internal Audit Division (IAD) and Corporate Secretary Division (CSD),
Iman Nugroho Soeko	Director of Finance & Treasury	Supervise the Finance & Accounting Division (FAD), Treasury Division (TRSD), Institutional Banking Division (IBD)
Andi Nirwoto	Director of IT & Operation	Supervise the IT Strategic Planning & Development Division (ITPD), IT Operation Division (ITOD), Operation and Business Support Division (OBSD), Credit Operations Division (COD), Procurement and General Services Division (PGSD)
Oni Febriarto Rahardjo	Director of Commercial Banking	Supervise the Commercial Funding & Services Division (CMFD), Commercial Lending Division (CMLD), Small Medium Enterprise Lending Division (SMLD), Corporate & Loan Syndication Division (CLSD).
Budi Satria	Director of Consumer Banking	Supervise the Non-Subsidized Mortgage & Consumer Lending Division (NSLD), Subsidized Mortgage Division (SMD), Retail Funding & Services Division (RFSD), Wealth Management Division (WMD), Sharia Division (SHAD)
R. Mahelan Prabantarikso	Director of Strategy, Compliance & Risk	Supervise the Corporate Strategy & Performance Management Division (SPD), Transformation Management Office (TMO), Compliance & Governance Division (CMPD), Policy & Procedure Desk (PPD), Enterprise Risk Management Division (RMD)
Nixon L.P Napitupulu	Director of Collection & Asset Management	Retail Risk Division (RRD), Commercial Risk Division (CRD), Consumer Collection & Remedial Division (CCD), Asset Management Division (AMD)
Dasuki Amsir	Director of Distribution & Network	Digital Channels Division (DCD), Service Quality & Distribution Division (SQND), Regional Offices
Yossi Istanto	Director of Strategic Human Capital	Supervise the Human Capital Management & Culture Specialist Division (HMCD), Human Capital Organization Development & Policy Division (HCOD), Learning Center Division (LCD) and Legal Division (LGD)

## BOARD OF DIRECTORS' DUTIES AND RESPONSIBILITIES

- The Board of Directors is responsible for implementing all actions relating to the operations and responsibility of the Company's management for the Company's benefit in accordance with the Company's purposes and objectives and to represent the Company, both inside and outside of Court regarding all matters and all occurrences with limitations as regulated in the legislation, Articles of Association, and/or the GMS resolutions.
- The President Director is the the Board of Directors' Coordinator. His/her duties are as follows:
  - To lead the Board of Directors' meetings;
  - To create a Culture of Transparency and to facilitate constructive discussion;
  - To provide advice to members of the Board the of Directors' related to the effectiveness of the management.
  - To nurture good relations and harmony between the Board of Directors regarding the management duties.
  - To maintain an effective and healthy relationship with the Board of Commissioners.
- Each member of the Board of Directors is fully liable for any loss of the Company caused by inaccuracies or omissions from the members of the Board of Directors in performing their duties. The Board of Directors' members are not to be

held accountable for the loss as mentioned above, if proven that:

- a. The loss is not caused by his/her fault or negligence;
  - b. The Director has conducted managerial undertakings in good faith and with prudence that is consistent with the Company's goals and objectives;
  - c. The Director has no Conflict of Interest, be it directly or indirectly regarding the managements action that resulted in this loss;
  - d. The Director has taken necessary measures to prevent this loss from arising or continuing.
4. Duties and Responsibilities of the Directors of the Compliance Function, include:
- a. Formulating strategies to empower the Culture of Compliance;
  - b. Recommending Compliance policies or other Compliance principles that shall be set forth by the Board of Directors;
  - c. Establishing the Compliance System and procedures that shall be used to compile the Bank's internal guidelines and regulations;
  - d. Ensuring every policy, regulation, system, and procedures, as well as business activities conducted by the Bank, which are in accordance with the Bank Indonesia Regulations, Financial Services Authority, and all prevailing regulations and legislation, including Sharia Principles for Sharia Commercial Banks and Sharia Business Units;
  - e. Minimizing the Bank's Compliance Risks;
  - f. Taking preventive actions to have the policies and/or decisions made by the Bank's Board of Directors aligned with the provisions of Bank Indonesia and all prevailing laws and regulations;
  - g. Performing other tasks related to the Compliance Function.
  - h. Reporting the implementation of duties and responsibilities to the President Director, with a copy to the Board of Commissioners at least quarterly

## REPORT OF THE BOARD OF DIRECTORS' DUTIES

Throughout 2018, the members of the Board of Directors' have performed their stewardship and reporting responsibilities, which have been submitted to the Board of Commissioners in the form of:

1. Performance Review report
2. The Bank's Health Rate report
3. Compliance Function report
4. The Implementation of Good Corporate Governance report
5. Audit Findings Follow-Up report

In addition, the Board of Directors have also conducted the principles of Corporate Governance in all of the Bank's activities across all levels of the organization throughout 2018, the details are as follows:

1. Implemented Corporate Governance as required by POJK.
2. Implemented Corporate Governance as required by the Asean CG Scorecard.
3. Disseminated and implemented the Code of Conduct.
4. Reported Gratification to the Corruption Eradication Agency (KPK)
5. Conducted Self-Assessment regarding the Implementation of Corporate Governance in accordance with POJK
6. Compiled and submitted an Annual Report & Sustainability Report

## BOARD OF DIRECTORS TRAINING AND COMPETENCE DEVELOPMENT PROGRAM

Periodically, the Company provides an opportunity for the Board of Directors to attend education/training/workshops/seminars, both inside the country and abroad, in order to increase knowledge regarding banking and the latest developments related to finance and other fields that support the implementation of duties and responsibilities.



In 2017, members of the Company's Board of Directors have attended various programs designed to increase competence in the form of conferences/training/seminars/workshops the details are as follows:

No.	Name	Date	Venue	Competency Development and Training Materials	Organizer
1.	Maryono (Direktur Utama)	November 15-18, 2018	New Delhi-India	25th WSBI World Congress	World Savings and Retail Banking Institute (WSBI)
		October 12, 2018	Bali-Indonesia	Annual Meeting IMF	IMF
		October 8-11, 2018	Roma-Milan	Workshop Risk Management	BARA
		August 6-10, 2018	Zurich	Workshop Bancassurance Innovation	
2.	Iman Nugroho Soeko (Direktur)	November 02, 2018	Jakarta	CEO Forum International Public Relations Summit	
		October 15-19, 2018	Cambridge-Inggris	Seminar of Asean Global Leadership Programme	SRW & Co
		October 9, 2018	Bali	Seminar Paradigma Infrastruktur Finance	
		September 26, 2018	Jakarta	Assessment ITMS	
		August 27, 2018	Jakarta	Investor Summit 2018	
		February 26-March 3, 2018	Taiwan	Refreshment International Risk Management Program for Executives	
3.	Andi Nirwoto (Direktur)	November 10-10, 2018	Zurich	Fact Finding Mission regarding Swiss Fintech	
		October 16, 2018	Jakarta	Executive Leader Forum	
		October 11-12, 2018	Bali	Annual Meeting IMF	
		September 26, 2018	Jakarta	Assessment ITMS	
		July 31, 2018	Jakarta	Workshop BUMN Executive Club	
4.	Oni Febriarto (Direktur)	October 16, 2018	Jakarta	Executive Leader Forum	
		August 8-10, 2018	Zurich	Workshop Bancassurance Innovation	
		March 07-09, 2018	Bangkok	CLSA Asean Forum	
5.	Budi Satria (Direktur)	November 15-18, 2018	New Delhi-India	25th WSBI World Congress	World Savings and Retail Banking Institute (WSBI)
		October 8-11, 2018	Roma-Milan	Workshop Risk Management	BARA
		September 26, 2018	Jakarta	Assessment ITMS	
		August 27-29, 2018	New Zealand	National Championship League 2018	
		July 31, 2018	Jakarta	Seminar Proyeksi Ekonomi & Bisnis Relaksasi LTV	
		April 17-19, 2018	Hongkong	WSBI Regional Group Meeting Asia Pacific ke-24	
6.	R. Mahelan Prabantarikso (Direktur)	October 12, 2018	Bali	Seminar High Level Meeting OJK	FSA
		August 27, 2018	Jakarta	Investor Summit 2018	
		July 31, 2018	Jakarta	Workshop BUMN Executive Club	
		July 9-14, 2018	Jakarta	Executive Education Harvard Business School	
7.	Nixon L.P. Napitupulu (Direktur)	October 15-19, 2018	Cambridge	Seminar on Asean Global Leadership Programme	
		September 26, 2018	Jakarta	Assessment ITMS	
		August 27, 2018	Jakarta	Investor Summit 2018	

## BOARD OF DIRECTORS

No.	Name	Date	Venue	Competency Development and Training Materials	Organizer
8.	Dasuki Amsir (Direktur)	June 28-29, 2018	Singapura	Digital BCG Asia Pacific Conference	
		February 3, 2018	Jakarta	UKMR level 5	
9.	Yossi Istanto (Direktur)	October 8, 2018	Jakarta	Seminar Directorship Program	
		August 02, 2018	Jakarta	Sosialisasi Integrated Talent Management Kementerian BUMN	
		April 5-6, 2018	Jakarta	BSMR level 5	

## BOARD OF DIRECTORS MEETINGS

The implementation of the Board of Directors' meetings throughout 2018 based on the frequency, agenda and participants of the meetings is discussed further in a separate chapter entitled The Meetings of the Board of Commissioners and Directors in the Corporate Governance Chapter of this Annual Report.

## DECISIONS OF THE BOARD OF DIRECTORS

In addition to the Board of Directors' meetings that have been scheduled and a number of decisions made, throughout 2018 the Board of Directors also issued various Decisions including the following:

No.	Subject	Decision
1.	Credit	Credit approval and credit restructuring according to the authority of the Board of Directors
2.	Funding	Launching of New Products, Services and Activities
3.	Transformation	Pilot Project of Transformation, National Strategic Transformation Roll Out
4.	Network	Additions to the Regional Office outlets, Branch Offices, Sub-Branch Offices, Conventional and Sharia Cash Offices and ATM networks
5.	Human Resources	Employee Promotion and Transfer of Assignment
6.	Risk Management	Preparation of a Recovery Plan, Business Continuity Management
7.	Strategic Plan	2019 Corporate Budget Work Plan and Bank Business Plans for 2019-2021

## PERFORMANCE ASSESSMENT

The Annual General Meeting of Shareholders is a forum where the Board of Directors reports and accounts for the Company's performance to shareholders based on Managements Performance Contracts, i.e. to evaluate the performance of the Board of Directors individually and the performance of each committee as a supporting body of the Board of Directors.

### Board of Directors Performance Assessment

General Policy regarding the performance evaluation of the Board of Directors refers to the Board of Directors Charter. The performance evaluation of the Board of Directors is performed based on the benchmarks for evaluating the performance of each member of the Board of Directors.

### Board of Directors' Performance Assessment Procedures

The procedure for evaluating the Board of Directors' performance is discussed in the GMS forum. The GMS is a meeting that is attended by the Shareholders who meet the quorum criteria and is organized by the Board of Directors at the request of Board of Commissioners. The Board of Directors, or shareholders who represent 1/10 of all the shares; in order to make decisions and/or to decide matters where the authority has not been granted to the Board of Directors' or Board of Commissioners'.

The result of the evaluation regarding the Board of Directors' collective performance and individual performance of each member of the Board of Directors, which is an integral part of the compensation scheme and provision of incentives for the members of the Board of Directors.



## The Board of Directors' Performance Assessment Criteria

Pelaksanaan penilaian Direksi dilakukan dengan beberapa kriteria dan alat ukur diantaranya:

### 1. The Board of Directors' Key Performance Indicators (KPI)

The performance of the Board of Directors and each member of the Board of Directors is evaluated by the Board of Commissioners. The KPI outcome of each member of the Board of Directors is reported to the Board of Commissioners and further reviewed by the Remuneration and Nomination Committee as consideration in determining the remuneration of each member of the Board of Directors.

The individual performance of the Board of Directors can be observed specifically in the individual KPIs, which is comprised of the Joint KPI and the KPI of the Directorate. The individual KPI of the members of the Board of Directors are as follows:

#### Individual Key Performance Indicator (KPI) of Material Risk Taker (MRT) Officers of the Board of Directors in 2018

Perspective	KPI 2018	Director								
		President Director	Commercial Banking	Consumer Banking	Distribution & Network	Collection & Asset Man.	IT & Operation	Finance & Treasury	Strategy, Compliance & Risk	Strategic Human Capital
Finance and Market	Profit after Tax	◆	◆	◆	◆	◆	◆	◆	◆	◆
	Corporate Financial Indicator (% Market Cap Growth, % ROE, % CIR, % NIM)	◆	◆	◆	◆	◆	◆	◆	◆	◆
	Rp. Growth asset	◆							◆	
	Rp. Growth of Loans and Third Party Funding		◆	◆		◆	◆			
	Rp. Wholesale funding							◆		
	Rp. Fee based income		◆	◆	◆		◆	◆		
	% NPL Nasional		◆	◆		◆				
Customer Focus	% growth Market Share for Mortgages	◆	◆	◆	◆	◆	◆	◆	◆	◆
	Results of customer satisfaction survey by an independent surveyor (MRI)				◆					
Effectiveness of products and processes	Growth branchless banking				◆					
	% Implementasi PAB			◆	◆			◆		
	Rp Asset securitization							◆		
	Availability of Network & Core						◆			
	HR fulfillment according to MPP									◆
	% Kol 2		◆	◆		◆				
	Recovery rate					◆				
Workforce Focus	Rp. Earnings per employee									◆
	Employee Engagement survey									◆
	GRC Index	◆	◆	◆	◆	◆	◆	◆	◆	◆
	% Implementation of RSTIK						◆			
Leadership, governance, and social responsibility	KPKU Score	◆							◆	
	% PKBL Realization	◆	◆							
	CGPI Score	◆	◆	◆	◆	◆	◆	◆	◆	◆
	Supervision of Divisions & Regions	◆	◆	◆	◆	◆	◆	◆	◆	◆
Agent of Development	% Agent of Development Implementation		◆		◆			◆		
Transformation	Transformation Program	◆	◆	◆	◆	◆	◆	◆	◆	◆
Jumlah		12	13	12	12	11	11	11	10	10
Total		100	100	100	100	100	100	100	100	100

◆ KPI Collegial ◆ KPI Unit



## 2. The Board of Directors' Work Plan

The Board of Directors compiled a Work Plan as the Company's target or focus in 2018. This was conducted in the framework of the Company's development and execution of the Shareholders' assignment and in order to fulfill the KPI target compiled, consisting of:

No.	Field	Activities
1	Credit	Expanded SME, Commercial and Corporate segments market share
2	Credit Quality	Implemented Smart Collection program through optimization of smart mobile and i-collection applications
3	Funding	Strengthen the average balance of the mass segment by maximizing the KPR customers' captive market; Intensify acquisition of new customers in the emerging affluent and affluent segment through the digital banking feature proposition.
4	Fee Based Income and Establishment of Subsidiaries	Bolstered customer transactions by developing internet & mobile banking features and applications and offering digital banking services aimed at emerging affluent segments
5	Sharia Business	Mapped out the potential of sharia business development at the BTN Conventional Branch Office according to the potential of the sharia market
6	Capital	Increased profitability; Increase mortgage securitization
7	Human Capital	Strengthened 2017 cultural program focus is aligned with increased productivity, process efficiency and the application of GCG principles
8	Information Technology (IT) and Digital Banking	Strengthened the role of BTN Property Portal; Develop internet banking & mobile banking applications through platform upgrades and inter-system integration such as iColl, iCash and portal properties.
9	GCG	Carried out banking management in accordance with the principles of prudence and Good Corporate Governance to increase shareholder value
10	Risk Management	Strengthened integrated capital and liquidity management by developing a liquidity risk monitoring system
11	Network Development	Network expansion strategy focused on five main initiatives, namely regionalization strategies; Branch expansion; Kiosk placement; Agent Banking; and Digital Channel.

## 3. The Board of Directors' GCG Assessment

The assessment is conducted based on the criteria parameter of assessment of duties and responsibilities of the Board of Directors through Self-Assessment regarding the implementation of GCG, as stipulated in the OJK Circular Letter No. 13/SEOJK.03/2017 regarding the Implementation of GCG for Commercial Banks. In addition, the Board of Directors has an assessment mechanism, referring to POJK and the Ministry of SOEs, which is as follows:

- State-Owned Enterprise Superior Performance Assessment Criteria (KPKU)
- The Bank's GCG Self-Assessment
- ASEAN CG Scorecard

### Board of Directors' Performance Assessment Exercising the Superior Performance Criteria (KPKU)

The Assessment System for State-Owned Enterprise Performance Evaluation is based on the Ministry of SOEs Letter No. S-153/SMBU/2012 dated July 19, 2012, regarding the Performance Reporting Based on the Approach of Superior Performance Criteria (KPKU) of SOEs that have adopted and adapted the "Malcolm Baldrige Criteria for Performance Excellence".

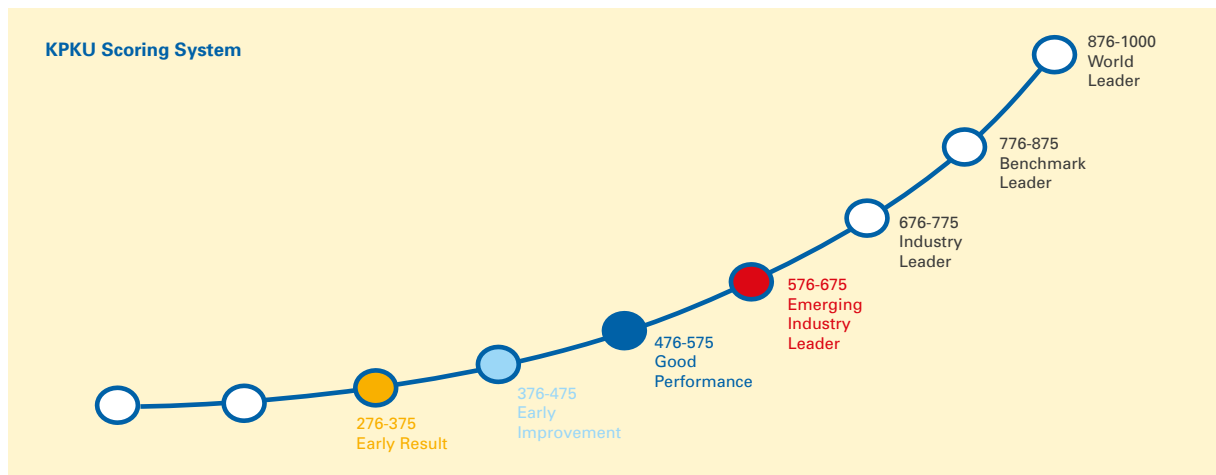
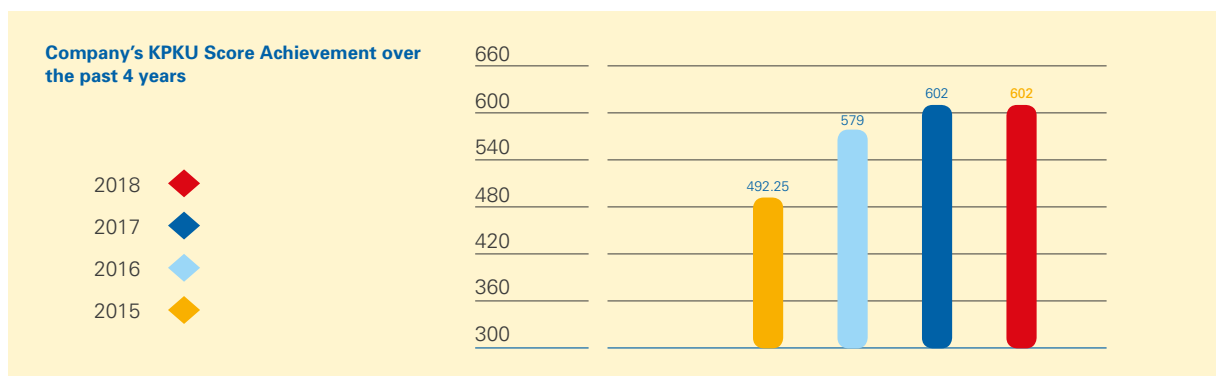
The Company assesses the Board of Directors' performance through the KPKU Assessment, which is described as follows:

1. The Ministry of SOEs establishes a Forum of SOEs Excellence (FEB), to perform the assessment.
2. The Ministry of SOEs provides the FEB Team to the Company who will perform the Company's assessment.
3. The Board of Directors appoints the Corporate Strategic & Performance Management Division (SPD) as a Liaison Officer to coordinate all task forces to perform the assessment.
4. The FEB Team performs the assessment and makes a conclusion based on the assessment result.
5. The FEB Team conveys the assessment results to the Ministry of SOEs in order to obtain approval.
6. The Ministry of SOEs determines the assessment results



The KPKU assessment criteria consists of 7 (seven) categories, i.e. Leadership, Strategic Planning, Customer Focus, Analysis Measurement and Knowledge Management, Workforce Focus, Operational Focus, and Results. In addition to the 7 (seven) categories, the SOEs performance evaluation is also based on two dimensions' of assessment, i.e. (1) Process, through the factors of Approach, Deployment, Learning, and Integration (ADLI), and (2) Results, through the factors of Level, Trend, Comparison, and Integration (LeTCl).

In accordance with the letter of the Ministry of State-Owned Enterprises No. S-08/D7.MBU/01/2019 dated January 23, 2019 concerning the Implementation of Superior Performance Assessment Criteria (KPKU) of State-Owned Enterprises in 2019, it is affirmed that in the 2018 implementation review of the Superior Performance Assessment Criteria (KPKU) to be performed, thus the assessment of KPKU assessment was not performed in 2018. For the 2018 KPKU score, the 2017 KPKU score of 602 was exercised with a band score in the Emerging Industry Leader (EIL).



### GCG Self Assessment of the Company

The Company's Board of Directors conducted the GCG Self-Assessment. The Board of Directors' performance assessment refers to the Corporate Budget Plan targets established at the beginning of the period and were set as Key Performance Indicators (KPI). The Board of Directors based on the accountability in the supervision aspect, risk mitigation, and compliance with all of the applicable regulations.

Further explanation on the Bank's GCG Self-Assessment of the Directors' aspect based on the BI/FSA regulation, which is described in the 'Company GCG Assessment' of this Annual Report.

### Parties Conducting the Assessment

The party that evaluates the performance of the Board of Directors is the Board of Commissioners and the GMS. In evaluating the performance of the Board of Directors, the Board of Commissioners refers to the KPI. Then, the Board of Commissioners and the Board of Directors will account for their performance achievements in the 2018 period, including the implementation of the duties and responsibilities of the Board of Commissioners and the Board of Directors in the GMS to be held in 2019.

In addition to the Board of Directors' performance assessment through the GMS, the Board of Directors performance assessment is also conducted through a GCG Self-Assessment pursuant to BI/OJK provisions and a Third-Party Assessment using international standards, i.e. ASEAN CG Scorecard. Further explanation regarding the Bank's GCG self-assessment results based on the BI/FSA provisions and ASEAN CG Scorecard are provided in the section 'Developing the Commitment to Sustainable GCG'.

### Committee's Performance Assessment

The Performance Assessment for the Committees reporting directly to the Board of Directors is determined based on the committee work plan related to the Company work plan. The Committee's work is reflected through the Committee's work meetings and the decisions of the Committee's meetings.

Overall, the Committee meetings of the Board of Directors were considered effective throughout 2018. The Criteria and basic considerations for evaluating the performance of the committees under the Board of Directors are based on several aspects, including

1. The number of meetings held
2. The presence of Directors
3. Minutes of Meeting
4. Decision making taken throughout meetings discussion



# WORKING RELATIONSHIP OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

The effectiveness of the implementation of GCG, one of which is achieved through the working mechanism arrangements between Governance bodies, specifically the working relations between the Board of Commissioners and the Board of Directors. The implementation of these two functions is indicated by the presence of the working relations pattern between the Board of Commissioners and the Board of Directors that requires integrated, sustainable and accountable systems and policies.

In creating a sustainable and accountable working relationship between the Board of Commissioners and the Board of Directors, there is a demand for equal perception and communication between the Board of Commissioners and the Board of Directors. Therefore, the Board of Commissioners and the Board of Directors determine and agree on the basic principles in the working relationship of the Board of Commissioners and the Board of Directors as stipulated in the Joint Decree of the Board of Commissioners No.02/DEKOM-BTN/2017 and the Board of Directors No.01/DIR-BTN/2017 concerning the Working Relationship of the Board of Commissioners and the Board of Directors of the Company.

## WORKING RELATIONSHIP OF THE BOARD OF COMMISSIONERS WITH THE BOARD OF DIRECTORS

Working Relationship of the Board of Commissioners with the Board of Directors is a working procedure for the Board of Commissioners and the Board of Directors and explains the stages of activities in a structured, systematic, understandable and consistent manner, this becomes a reference for the Board of Commissioners and the Board of Directors in performing their respective tasks in order to achieve the Company's Vision and Mission, which is in line with the principles of GCG.

The scope of the Working Relationship between the Board of Commissioners and the Board of Directors includes:

1. General Provisions
2. The Board of Directors to the Board of Commissioners Report
3. The Board of Commissioners Inspection of Company's premises
4. Provision of Advice by the Board of Commissioners to the Board of Directors
5. The Board of Directors' actions that require the Board of Commissioners' Approval
6. Submission of Request for the Approval Mechanism for the Board of Commissioners
7. Actions of the Board of Directors requiring the approval of the GMS with prior written responses from the Board of Commissioners
8. Submission for Requesting a Response Mechanism to the Board of Commissioners
9. The Board of Directors Actions requiring Consultation with the Board of Commissioners
10. Joint meetings consisting of a Board of Directors Meeting together with Members of the Board of Commissioners and Joint Board of Commissioners Meetings with Members of the Board of Directors
11. Performance Evaluation consists of:
  - Performance Evaluation of the Board of Commissioners and the Board of Directors
  - Assessment regarding the performance of members of the Board of Commissioners and members of the Board of Directors
  - Performance evaluation regarding the Board of Commissioners and the Board of Directors

### APPLICATION OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS WORK RELATIONS

The Board of Commissioners and the Board of Directors of the Company always respect and understand each other's duties, responsibilities and authorities in accordance with the laws and legislation. The Board of Commissioners and the Board of Directors always co-ordinate and work together in order to achieve the goals and sustainability of the Company's business in the long-term and set out an example for the ranks below.

The Board of Commissioners and the Board of Directors convene regular meetings between the Board of Commissioners and the Board of Directors to unify the views and decide on important issues concerning the business continuity and operations of the Company. This periodic meeting is held to discuss

various agendas regarding work plans, operations, business opportunities, and strategic issues that require the approval of the Board of Commissioners. This meeting is a form of co-ordination in order to discuss the Board of Directors' periodic reports and provide responses, notes and advice as outlined in the Minutes of Meeting.

Decisions in the meetings are made based on the principle of deliberation to reach a consensus or be taken based on the majority of votes and are binding to the implementation of the follow-up. In voting, if a member of the Board of Commissioners has a Conflict of Interest, he/she may not vote and the clarification regarding this matter shall be recorded in the Minutes of Meeting.



# AFFILIATED RELATIONSHIPS BETWEEN THE BOARD OF COMMISSIONERS, BOARD OF DIRECTORS AND MAIN SHAREHOLDERS/ CONTROLLERS

The Board of Commissioners and the Board of Directors of the Company always maintain independency and partake in no Conflict of Interest that can interfere with their ability to perform their duties professionally and objectively. All members of the Board of Commissioners and the Board of Directors shall not have any affiliated family nor financial relationship with fellow Commissioners, Directors and Shareholders.

## BOARD OF COMMISSIONERS AFFILIATE RELATIONS

Family and financial relationships of members of the Board of Commissioners and fellow members of the Board of Commissioners and/or members of the Board of Directors and Shareholders throughout 2018 can be observed in the following table:

**Table of Family Relations and Finances of the Board of Commissioners**

Name	Position	Family Ties with			Financial Relationship with		
		The Board of Commissioners	The Board of Directors	Shareholders	The Board of Commissioners	The Board of Directors	Shareholders
I Wayan Agus Mertayasa	President Commissioner/ Independent Commissioner	None	None	None	None	None	None
Iman Sugema	Commissioner	None	None	None	None	None	None
Maurin Sitorus	Commissioner	None	None	None	None	None	None
Sumiyati	Commissioner	None	None	None	None	None	None
Parman Nataatmadja*)	Commissioner	None	None	None	None	None	None
Arie Coerniadi	Independent Commissioner	None	None	None	None	None	None
Lucky Fathul Aziz H	Independent Commissioner	None	None	None	None	None	None
Kamaruddin Sjam	Independent Commissioner	None	None	None	None	None	None
Garuda Wiko	Independent Commissioner	None	None	None	None	None	None

\*) effective after obtaining approval from FSA subsequent to the Fit and Proper Test

Throughout 2018, the Board of Commissioners of the Company did not have any Family and/or Financial Relations with fellow members of the Board of Commissioners, Members of the Board of Directors and the major Shareholders and/or Controlling Shareholders.



## AFFILIATED RELATIONSHIPS BETWEEN THE BOARD OF COMMISSIONERS, BOARD OF DIRECTORS AND MAIN SHAREHOLDERS/ CONTROLLERS

### AFFILIATE RELATIONS OF THE BOARD OF DIRECTORS

The Family and Financial Relationship of members of the Board of Directors and fellow members of the Board of Commissioners and/or members of the Board of Directors and Shareholders in 2018 can be viewed in the following table:

**Table Family and Financial Relations of the Board of Directors**

Name	Position	Family Ties with			Financial Relationship with		
		The Board of Commissioners	The Board of Directors	Shareholders	The Board of Commissioners	The Board of Directors	Shareholders
Maryono	President Director	None	None	None	None	None	None
Iman Nugroho Soeko	Director of Finance & Treasury	None	None	None	None	None	None
Andi Nirwoto	Director of IT & Operation	None	None	None	None	None	None
Oni Febriarto R.	Director of Commercial Banking	None	None	None	None	None	None
Budi Satria	Director of Consumer Banking	None	None	None	None	None	None
R. Mahelan Prabantarikso	Director of Strategy, Compliance & Risk	None	None	None	None	None	None
Nixon L.P. Napitupulu	Director of Collection, Asset Management & Legal	None	None	None	None	None	None
Dasuki Amsir	Director of Distribution & Network	None	None	None	None	None	None
Yossi Istanto	Director of Strategic Human Capital	None	None	None	None	None	None



# DIVERSITY POLICY COMPOSITION OF MEMBERS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

The majority of the Company's members of the Board of Commissioners and Directors have a background in banking and also have varying competencies and experience. The diversity in the composition of the Board of Commissioners and the Board of Directors is very central in ensuring a strong decision-making process and effective management of the Company, which is in accord with the requirements and consistent with the strategies, vision and mission of the Company.

Determination of the composition of the Board of Commissioners and the Board of Directors refers to the diversity policy based on the provisions of Shareholders and the provisions set forth in the Board's Charter of the Board of Commissioners, which is a reference for consideration in the process of the nomination and succession of the Company's Board of Commissioners and the Board of Directors, with due regard to knowledge, expertise, and experience that is in line with the Company's requirements, thus obtaining the optimal composition of the Board of Commissioners and the Board of Directors.

Diversity policies relating to the composition of members of the Board of Commissioners and the Board of Directors includes the following:

1. Having at least 1 (one) Female member in the composition of the Board of Commissioners and the Board of Directors.

2. Possessing an Educational background and expertise including Accounting, Finance, Law and Business.
3. Having at least 1 (one) member of the Board of Commissioners who is a Foreign Citizen in order to enrich the knowledge and experience of the Board of Commissioners towards the development of the banking industry both inside and outside of Indonesia.

In addition, the scope and the balance of knowledge, skills, and experience is also considered in achieving the optimal composition of the Board of Commissioners and the Board of Directors who are expected to optimize the decision-making process and improve the Company's performance.

In 2018, the composition of the Board of Commissioners and the Board of Directors has fulfilled the elements of diversity, including the combination of Independency, Expertise/Education, Work Experience, Age and Gender, in consideration of the demands and complexity of the Company's business. All the Company's members of the Board of Commissioners and Board of Directors possess Integrity, Competence and an excellent Financial Reputation. This was verified through the Financial Services Authority approval of the Company's members of the Board of Commissioners subsequent to the Fit and Proper Test.

## Composition of the Board of Commissioners

Name	Position	Gender	Age	Education Background	Work Experience	Expertise
I Wayan Agus Mertayasa	President Commissioner/ Independent Commissioner	Male	71 Years	Bachelor of Science (S1) in Economics from Brawijaya University Malang in 1973	<ol style="list-style-type: none"> <li>1. General Manager at Bank Bumi Daya Los Angeles Agency (USA)</li> <li>2. Chief Executive at Bumi Daya Finance Hongkong</li> <li>3. General Manager at Bank Bumi Daya New York</li> <li>4. Director of the Indonesian Development Bank</li> <li>5. EVP &amp; Director of PT Bank Mandiri (Persero) Tbk</li> <li>6. Deputy President Director of PT Bank Mandiri (Persero) Tbk</li> <li>7. Chairman, Non-Executive Director, Bank Mandiri (Europe) Limited, London UK</li> </ol>	<ol style="list-style-type: none"> <li>1. Finance</li> <li>2. Banking</li> </ol>

## DIVERSITY POLICY COMPOSITION OF MEMBERS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

### Composition of the Board of Commissioners

Name	Position	Gender	Age	Education Background	Work Experience	Expertise
Iman Sugema	Commissioner	Male	54 years	Ph.D. in Economics Department of Economics, Research School of Pacific and Asian Studies, The Australian National University.	1. President/Independent Commissioner of PT Perusahaan Gas Negara Tbk, 2. Senior Economics Lector at the Megawati Institute, 3. Lector of the Faculty of Economics & Management, IPB.	1. Economy 2. Finance
Maurin Sitorus	Commissioner	Male	61 years	Ph.D. in Monetary and International Economics from the University of Kentucky, Lexington, USA	1. Director General of Housing Finance of the Ministry of Public Works 2. Secretary of the Directorate General of Debt Management, and Directorate General of Debt Management, Ministry of Finance of the Republic of Indonesia.	1. Law 2. Economy
Sumiyati	Commissioner	Female	57 years	Master of Financial Management (M.F.M), Central Queensland University, Australia	1. Inspector General of the Ministry of Finance (Period 2017-present) 2. Head of the Ministry of Finance's Financial Education and Training Agency (BPPK) 3. Head of Planning and Finance Bureau, Secretariat General of the Ministry of Finance 4. Commissioner of PT Jiwasraya (Persero)	1. Audit Finance 2. Public & Human Resource Development
Parman Nataatmadja*)	Commissioner	Male	61 years	Master of Finance from SUNY in Buffalo, New York	1. Special V Staff, Ministry of SOEs 2. Chief Commissioner of Madani Trade Partners 3. President Commissioner of PT PNM Investment Management	1. Economy 2. Finance
Arie Coerniadi	Independent Commissioner	Male	51 years	Bachelor of Electrical Engineering from the University of Indonesia	1. Vice President at the NISP Securities Group 2. Vice President at the National Bank Restructuring Agency 3. Vice President at the Indonesian Central Securities Depository 4. Chief Finance Officer at Sarana Global Indonesia	1. Finance 2. Information Technology
Lucky Fathul Aziz Hadibrata	Independent Commissioner	Male	62 years	1. Master of Art (MA) in Development Economics from Boston University, Massachusetts, USA 2. Master of Science (MS) from Hasanuddin University, Makassar	1. Director of the Pension Fund, FSA 2. Deputy Commissioner for Strategic Management 1B, FSA 3. Head of Bank Indonesia Representative Office, Region VI, Bandung 4. Head of Bank Indonesia, New York Representative	1. Finance 2. Macro Economy & Strategy 3. Management
Kamaruddin Sjam	Komisaris Independen	Laki-laki	71 tahun	Master of Management (MM) from the IPWI School of Economics, Jakarta	1. Member of the House of Representatives Commission XI 2. Director of Institutional Supervision at the Financial and Development Supervisory Agency 3. President Commissioner of PT Lanang Bersatu	1. Audit 2. Finance
Garuda Wiko	Komisaris Independen	Laki-laki	53 tahun	Doctorate in Law from Diponegoro University	1. Master of Management Program Lecturer, Tanjungpura University 2. Member of the Senate of the State Islamic Institute, Pontianak, and Professor of the Sharia Department	Law

\*) effective after obtaining approval from FSA subsequent to the Fit and Proper Test



### Composition of the Board of Directors

Name	Position	Gender	Age	Education Background	Work Experience	Expertise
Maryono	President Director	Male	63 years	Masters (S2) from the 1998 IPWI College of Economics	<ol style="list-style-type: none"> <li>1. President Director at PT Bank Mutiara Tbk</li> <li>2. EVP/Group Head Jakarta Network, PT Bank Mandiri (Persero) Tbk</li> <li>3. Regional Office Head I/Medan, PT Bank Mandiri (Persero) Tbk</li> <li>4. Regional Office Head IX/Banjarmasin, PT Bank Mandiri (Persero) Tbk</li> </ol>	<ol style="list-style-type: none"> <li>1. Banking</li> <li>2. Leadership</li> <li>3. Strategic</li> <li>4. Management</li> </ol>
Iman Nugroho Soeko	Director of Finance & Treasury	Male	63 years	Master of Social Science (M. Soc. Sc) from the University of Birmingham, UK 1989	<ol style="list-style-type: none"> <li>1. Chief Executive of Bank Mandiri (Europe) Ltd</li> <li>2. Group Head International Banking &amp; Capital Market Services of PT Bank Mandiri (Persero) Tbk</li> <li>3. Senior Manager of Asset Management &amp; Disposal Department of PT Bank Mandiri (Persero) Tbk</li> <li>4. Credit Recovery II Department Head, PT Bank Mandiri (Persero) Tbk</li> <li>5. FI Risk &amp; Product Credit Development Department Head of PT Bank Mandiri (Persero) Tbk</li> <li>6. Correspondence Banking Department Head, PT. Bank Mandiri General Manager (Bank Mandiri Singapore Branch)</li> <li>7. General Manager (Bapindo Hongkong Branch)</li> </ol>	<ol style="list-style-type: none"> <li>1. Treasury</li> <li>2. Accounting and Corporate Finance;</li> <li>3. Corporate Banking</li> </ol>
Andi Nirwoto	Director of IT & Operation	Male	48 years	Master of Finance from the University of Lexington Kentucky, USA 1997	<ol style="list-style-type: none"> <li>1. General Manager of Operational Information Technology, PT Bank Negara Indonesia (Persero) Tbk</li> <li>2. General Manager of Information Technology Solutions &amp; Security Division, PT Bank Negara Indonesia (Persero) Tbk</li> <li>3. General Manager of the Information Technology Division of PT Bank Negara Indonesia (Persero) Tbk</li> <li>4. Deputy General Manager of the Information Technology Division of PT Bank Negara Indonesia (Persero) Tbk</li> </ol>	<ol style="list-style-type: none"> <li>1. Operation</li> <li>2. Information &amp; Technology</li> </ol>
Oni Febriarto R.	Director of Commercial Banking	Male	48 years	Master of Management (MM) from the PPM Management School 1996	<ol style="list-style-type: none"> <li>1. Small &amp; Micro Lending Division Head, PT Bank Tabungan Negara (Persero) Tbk</li> <li>2. Branch Manager KC Ciputat, PT Bank Tabungan Negara (Persero) Tbk</li> </ol>	<ol style="list-style-type: none"> <li>1. Commercial lending;</li> <li>2. Mortgage Banking;</li> <li>3. Sharia Banking</li> </ol>
Budi Satria	Director of Consumer Banking	Male	55 years	Master of Management from the University of Indonesia, Jakarta in 2001	<ol style="list-style-type: none"> <li>1. Jakarta Area Leader PT Bank Rakyat Indonesia (Persero) Tbk</li> <li>2. Corporate Secretary of PT Bank Rakyat Indonesia (Persero) Tbk</li> <li>3. Palembang Region Leader PT Bank Rakyat Indonesia (Persero) Tbk</li> <li>4. Inspector (Regional Head, Office) Inspection Office Banjarmasin, PT Bank Rakyat Indonesia (Persero) Tbk</li> <li>5. Deputy Head of Marketing Communication, PT Bank Rakyat Indonesia (Persero) Tbk</li> <li>6. Chief Representative, Hong Kong Representative Office, PT Bank Rakyat Indonesia (Persero) Tbk</li> </ol>	<ol style="list-style-type: none"> <li>1. <i>Marketing</i></li> <li>2. <i>Consumer Banking</i></li> <li>3. <i>Quality Service</i></li> </ol>

## DIVERSITY POLICY COMPOSITION OF MEMBERS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

### Composition of the Board of Directors

Name	Position	Gender	Age	Education Background	Work Experience	Expertise
R. Mahelan Prabantarikso	Director of Strategy, Compliance & Risk	Laki-laki	49 Tahun	Master of Management (S2) from Gajah Mada University and Doctoral candidate in Business Management/ Strategic Agribusiness Management from Bogor Agricultural Institute, Bogor in 2018.	<ol style="list-style-type: none"> <li>1. Head of Strategic Innovation and Performance Management Division, PT Bank Tabungan Negara (Persero) Tbk</li> <li>2. Head of Division of Change Management Office Division of PT Bank Tabungan Negara (Persero) Tbk</li> </ol>	<ol style="list-style-type: none"> <li>1. <i>Strategic Management</i></li> <li>2. <i>Corporate Governance</i></li> <li>3. <i>Risk and Compliance</i></li> </ol>
Nixon L.P. Napitupulu	<i>Director of Collection, Asset Management &amp; Legal</i>	Male	49 years	Bachelor of Accounting Economics from the University of North Sumatra, Medan in 1994.	<ol style="list-style-type: none"> <li>1. Managing Director of PT Bank Mandiri Taspen Pos</li> <li>2. Corporate Transformation Group Senior Vice President - Head of Priority Projects, PT Bank Mandiri (Persero) Tbk</li> <li>3. Group Head - Group Senior Vice President of the Corporate Secretary, PT Bank Mandiri (Persero) Tbk</li> <li>4. PJ Group Head - Senior Vice President of Strategy &amp; Performance Management Group, PT Bank Mandiri (Persero) Tbk</li> <li>5. Group Head - Senior Vice President of Micro Network Development Group, PT Bank Mandiri (Persero) Tbk</li> <li>6. PJ Group Head - Senior Vice President of Micro Network Development Group, PT Bank Mandiri (Persero) Tbk</li> </ol>	<ol style="list-style-type: none"> <li>1. Mortgage Banking</li> <li>2. Collection and Asset Management</li> <li>3. Consumer Banking</li> </ol>
Dasuki Amsir	Director of Distribution & Network	Male	56 years	Master of Management (MM) from Gajah Mada University in 2009	<ol style="list-style-type: none"> <li>1. Managing Director of BUMN Plantation Holding PT. Perkebunan Nusantara (PT. PN) III</li> <li>2. President Director of PT. Perkebunan Nusantara (PT. PN) IV</li> <li>3. Director of Finance of PT. Perkebunan Nusantara (PT. PN) XII</li> <li>4. CEO of PT. BNI Regional Office of Surabaya</li> </ol>	<ol style="list-style-type: none"> <li>1. Operation</li> <li>2. Network and Electronic Channel</li> </ol>
Yossi Istanto	Director of Strategic Human Capital	Male	45 years	Master of Business Law (S2) from Parahyangan Catholic University in 2004	<ol style="list-style-type: none"> <li>1. Head of Legal Division of PT Bank Tabungan Negara (Persero) Tbk (Mar 2017 - Mar 2018)</li> <li>2. Head of Legal &amp; Loan Document Desk of PT Bank Tabungan Negara (Persero) Tbk (Apr 2014 - Mar 2017)</li> </ol>	<ol style="list-style-type: none"> <li>1. Legal</li> <li>2. Human Capital</li> <li>3. Banking</li> </ol>



# REMUNERATION GOVERNANCE

The Company provides various remuneration systems in order to support the welfare of the Board of Commissioners, the Board of Directors, and its employees, both compulsory, which is in accordance with the applicable legislation, or additional in nature. The remuneration system is one of the aspects of promoting, motivating, and maintaining the best employees in order to provide quality Human Resources. The compilation of this remuneration policy is inseparable from the Company's capability and is always based on a competitive, fair, and risk-based manner, which is in line with the Financial Services Authority (OJK) direction and policy. In order to maintain a competitive remuneration scheme; the Company continually conducts benchmarking through surveys by independent parties.

## PROCEDURES AND MECHANISMS FOR THE ESTABLISHMENT OF THE REMUNERATION POLICY

The Company's remuneration policy has been adjusted to OJK Regulation No. 45 / POJK.03/2015 and SEOJK No. 40/SEOJK.03/2016 concerning the Implementation of Governance for the Provision of Remuneration for Commercial Banks. The Company always pays close attention to the precautionary principle in providing risk-based remuneration as well as the implementation of variable forms of remuneration that are in accordance with the regulator's provisions regarding the implementation of Remuneration for Commercial Banks.

## Remuneration Policy Organizational Procedure for the Board of Commissioners and the Board of Directors

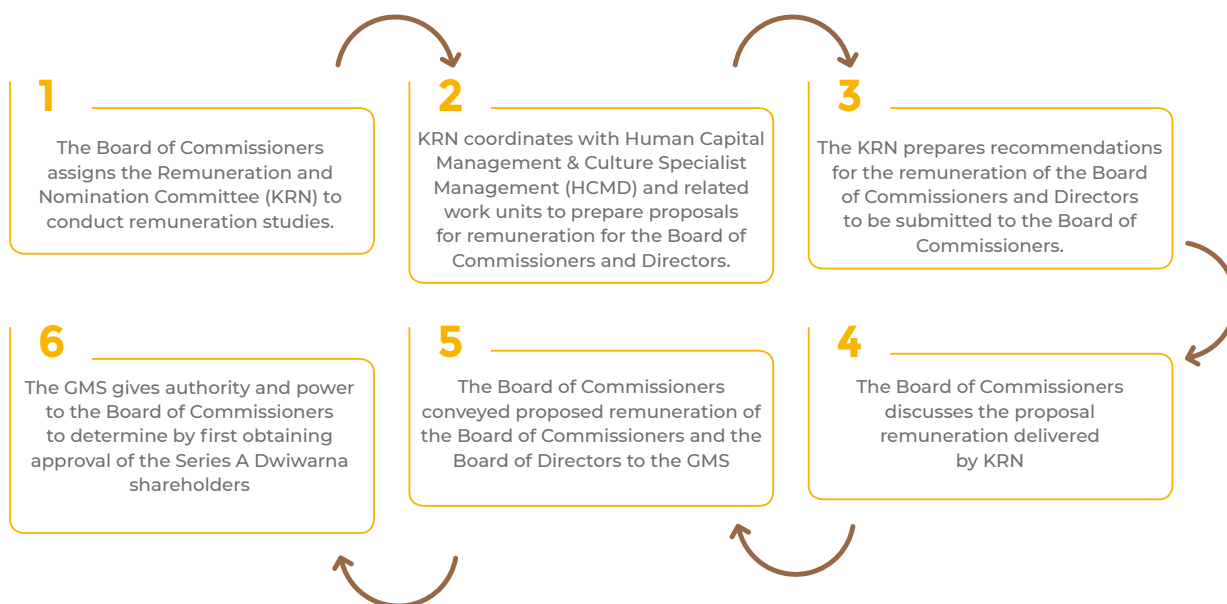
The Company has issued the Board of Directors' Circular Letter No. 57/DIR/HCD/2016 concerning the Implementation of Governance in the Provision of Remuneration by considering aspects, including the Bank's financial stability, the creation of Risk Management, Short-Term and Long-Term Liquidity requirements and future Revenue potential. Through the Circular Letter, the Company implements a competitive, fair and balanced remuneration system, that is risk-based and always ensures that no employee receives benefits below the stipulated conditions.

The coverage aspects of the policy include the objectives of implementing Governance in the provision of remuneration, variable remuneration and material risk takers. The Company determines the remuneration for the Board of Commissioners and Directors in reference to the provisions of the Minister of State-Owned Enterprises, which is the amount of income of the Board of Commissioners and the Board of Directors, which is determined at the General Meeting of Shareholders (GMS). The policy stipulated at the GMS is to provide authority and power to the holder of the Series A Dwiwarna Share to determine the amount of the bonuses in the 2017 Financial Year, and determine the salary/honorarium, allowances, facilities and other incentives for the Board of Commissioners and provide authority and power to the Board of Commissioners first to obtain written approval from the Series A Dwiwarna Share Holder to determine the amount of *tantien*, salary/honorarium, allowances, facilities and other incentives for the Board of Directors.



### Procedure for Determining Remuneration

The procedure to set out the remuneration of the Board of Commissioners and the Board of Directors is as follows:



The scope of the Company's remuneration policy, which has been adjusted to the FSA Regulation No. 45/POJK.03/2015 and FSA Circular Letter (SEOJK) No. 40/SEOJK.03/2016 regarding Governance Implementation concerning Commercial Bank's Remuneration includes the following:

1. The principle of prudence in Remuneration is based on performance and risk.
2. The Material Risk Taker (MRT) is categorized as follows:
  - Material Risk Takers (MRT) can be determined by using qualitative methods in accordance with the portion of responsibilities affecting the main risk profile to be determined in accordance with the evaluation of the risk profile specified by the Bank annually.
  - The MRT category can be determined quantitatively through a comparison of the variable Remuneration between MRT and non-MRT employees, by taking into consideration the performance and position risk of the employees.
3. The application of variable Remuneration is in accordance with regulatory provisions related to the Remuneration for Commercial Banks.

Improvement of the Remuneration strategy includes reviewing the performance and risk-based Remuneration policies, empowerment through the

implementation of a Remuneration System and improving policies and procedures for implementing benefit programs. Assessment of the Remuneration System and employee welfare is performed both periodically and continuously, taking into account matters, which includes the Bank's financial performance, employee competency and performance, and Remuneration practices that apply in the market.

### Remuneration Structure

The Remuneration Structure that denotes the types and/or short-term, long-term and/or post-employment benefits is as follows:

1. Short-term Remuneration consists of Salary, Allowances (holiday, transportation), Amenities (health, legal aid), and Performance Bonus.
2. Long-term Remuneration and/or post-employment consists of Full Insurance based on Position and may be awarded in the form of additional long-term rewards (long-term incentives/LTI).

### Scope of the Remuneration Policy and its Implementation per Business Unit, per Area, and in Subsidiary or Branch Offices Located Abroad

The Company's Remuneration Policy has considered the geographical area of the said Branch Office. The Company has policies related to the terms of providing regional support for certain regions.



## Remuneration Based Performance and Risk

The Company may postpone the variable Remuneration payment that is suspended (Malus) or retract the variable Remuneration payment, which has already been paid (Claw back) to an officer that has been categorized as a Material Risk Taker (MRT), with the following provisions:

- Loss or damage to the Company's reputation
- Employee's involvement directly or indirectly related to the act or transaction conducted

An officer who is categorized as an MRT, with the following criteria:

1. Causing any significant damage to the Company's Reputation or negative impacts on the Company's Finances or potential Business Opportunities.
2. Causing any significant Financial Loss.
3. Conducted any Fraud, Unethical Actions, and/or Falsification of Records.
4. Causing any Material Risk or providing any False Financial Statements.
5. Conducted any Violation of Policies, Rules, and Procedures Deliberately.
6. Causing any significant Loss to the Related Work Unit because the Risk Management Function was not conducted properly.
7. Causing any significant negative impact on the Bank's Capital, which was not caused through Climate Change, Economics, or Industrial.
8. The Deliberate Disclosure of any Confidential Information to External Parties.

## Performance Measurement Associated with Remuneration

### 1. Remuneration policy linked to the Performance Assessment

The Company has policies regarding the Performance Management System that stipulates the increase of Remuneration concerning payment for performance, which is regulated in a separate policy regarding the Basic Salary Policy.

### 2. Method to Calculate Remuneration linked to the Company's Performance, Work Unit Performance, Individual Performance

Policy regarding the Company's Performance Management System stipulates the Performance Target Assessment, which includes the Company's Work Target (SKP), Task Force Target (SKU), and Individual Work Target (SKI). The Work Target Assessment is conducted by comparing the Actual Work Achievement with the Respective

Work Target. In the Performance Management System Policy, the Company also regulates the assessment of the Corporate Culture Competence and Leadership Competence for employees who have subordinates.

### 3. Descriptions of the methods used by the Company to state that the specific performance is not achieved; thus, the requirement to adjust the Remuneration and Remuneration Value if the condition occurs.

The Remuneration Adjustment Method is related to the performance achievement. The adjustment is conducted by the Company through the policy of increasing the basic salary every year based on the value determined by the Performance Management System of the previous year and Comparatio. Comparatio is a percentage calculated from the basic salary of a Permanent Employee to the midpoint of the basic salary range, in the category of Permanent Employee.

In order to maintain qualified employees, the Company provides Production Services as a form of Remuneration directly related to the employees' Performance Assessment, as reflected in the Performance Management System (SMK).

## External Consultants Regarding Remuneration Policy

**Name of Consultant:** Korn Ferry Indonesia

### Scope of work:

1. Honorary study of the Board of Directors and Board of Commissioners for 2018 compared to Market Standards.
2. Review of the tantiem of the Board of Directors and Board of Commissioners for the 2017 Fiscal Year.
3. Assessment of the Long-Term Incentive (LTI) The Board of Directors and the Board of Commissioners for the financial year 2017 and according POJK No. 45/POJK.03/2015 concerning Governance Practices in Providing Remuneration of Commercial Bank.

## Connection between Remuneration with Public Performance of a Public Company

In the Board of Directors' Decree No. 02/PD/HDC/2017 regarding the Board of Directors' and the Board of Commissioners' Income, it is stated that the Remuneration type, which is accepted by the Board of Directors and the Board of Commissioners is tantiem/work incentive, which is a reward for the improvement of the Company's performance and ensuring it does not accumulate any losses.

### THE BOARD OF COMMISSIONERS' AND THE BOARD OF DIRECTORS' INDICATORS FOR DETERMINING REMUNERATION

In setting the indicator, the Board of Commissioners and the Board of Directors refer to the State Ministry for State-Owned Enterprises Regulation Number: PER-01/MBU/06/2017 regarding the Second Amendment to the Minister of State-Owned Enterprises Regulation No. PER-04/MBU/2014 regarding the Guidelines for Stipulation of the Board of Directors, Board of Commissioners, and Board of Trustees of State-Owned Enterprises. The Salary/Honorarium of members of the Board of Directors, Board of Commissioners, and Board of Trustees shall be determined based on the following factors:

1. Business scale factor;
2. Business complexity factor;
3. Inflation rate;

4. The Company's financial condition and capability;
5. Other relevant factors, which must not conflict with any laws and regulations;
6. The composition of Salary/Honorarium of the Board of Directors and the Board of Commissioners is stipulated as follows:
  - The salary of the President Director is determined through using internal guidance stipulated by the Minister;
  - Salaries of the other members of the Board of Directors is 85% of the President Director's salary;
  - The President Commissioner's Honorarium is 45% of the President Director's salary;
  - The members of the Board of Commissioners' honorarium is 40.5% of the President Commissioner.

### THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS REMUNERATION STRUCTURE FOR 2018

The components of the remuneration of the Board of Commissioners and the Board of Directors are as follows:

#### Total Compensation



Based on the Board of Directors' Circular Letter No. 57/DIR/HCD/2016 concerning the Implementation of Governance in the Provision of Remuneration, there are fixed and variable remuneration components of the Board of Commissioners and the Board of Directors, which are as follows:

1. Fixed Remuneration is provided in the form of cash, which may be accompanied with the provision of a non-cash benefit.
2. Variable Remuneration is provided in the form of cash or shares or share-based instruments issued by the Company.

Written approval from the Bicolor Series A Shareholder determined the tantien for the 2017 Fiscal Year, and the salary/honorarium, allowances, and facilities for the Board of Directors and the Board of Commissioners in 2018. The description regarding the types and facilities received by the Board of Commissioners and the Board of Directors throughout 2018 are as follows:

#### Board of Commissioners' Remuneration

Type of Remuneration and Other Amenities	2018 (Amount received in 1 year)	
	Board of Commissioners	
	Person	Amount (in million Rupiah)
1. Remunerasi	9**)	
Honorarium		11,220
Regular Benefits *)		7,636
Tantien		17,816



### Board of Commissioners' Remuneration

Type of Remuneration and Other Amenities	2018 (Amount received in 1 year)	
	Board of Commissioners	
	Person	Amount (in million Rupiah)
2. Other Benefits in nature	9**)	
a. Retained		-
b. Not Retained		-
Total		36,672

Remarks:

\*) Leave allowance, Income Tax Allowance, Clothing Money, Holiday Allowance and Full Compensation Premium;

\*\*) The total members of the existing Board of Commissioners are 9 (nine), 1 (one) member of the Board of Commissioners was newly appointed at the 2018 Annual GMS on March 23, 2018.

### Board of Directors' Remuneration

Type of Remuneration and Other Benefits	2018 (Amount received in 1 year)	
	Board of Directors	
	Person	Amount (in million Rupiah)
1. Remunerasi	14***)	
Honorarium		25,109
Regular Benefits *)		17,790
Tantiem		42,390
2. Other Benefits in nature **) yang:	14***)	
a. Retained		5,283
b. Not Retained		4,210
Total		94,782

Remarks:

\*) Leave allowance, Income Tax Allowance, Clothing Money, Holidays Allowance and Full Position Compensation Premium;

\*\*) The Board of Directors receive Transportation, Communication and Housing Facilities

\*\*\*) 14 (fourteen) members of the Board of Directors, which consists of:

- 9 (nine) members of the Board of Directors, 2 (two) of them are including the newly appointed members at the 2018 Annual GMS on March 23, 2018;
- 5 (five) members of the Board of Directors who have not served but still obtained the remuneration rights in 2018 in the form of Tantiem, and 1 (one) member of the Board of Directors including their Term of Office at the Annual GMS on March 23, 2018.

The Board of Directors, The Board of Commissioners, and Employees who received Variable Remuneration for 1 (one) year and the nominal rate is stated in the table below:

Variable Remuneration (Total)	Amount Received in 2018					
	Board of Directors		Board of Commissioners		Employees*	
	Person	In Million Rupiah	Person	In Million Rupiah	Person	In Million Rupiah
	12	42,389	8	17,816	10,478	407,616
	Amount Received in 2017					
	Board of Directors		Board of Commissioners		Employees*	
	Person	In Million Rupiah	Person	In Million Rupiah	Person	In Million Rupiah
	14	32,553	10	14,331	9,516	323,230

Note: \*) composed of employees who received the Production and Individual Incentives

### Total Remuneration of the Board of Directors and the Board of Commissioners Per Person in 1 Year

Remuneration per Person in 1 year *)	2017		2018	
	Total Members of the Board of Directors	Total Members of the Board of Commissioners	Total Members of the Board of Directors	Total Members of the Board of Commissioners
> Rp2 billion	8	7	11	8
> Rp. 1 billion to Rp. 2 billion	4	0	3	1
> Rp. 500 million to Rp1 billion	1	2	0	0
<Rp. 500 million	0	1	0	0

Remarks: \*) received in cash

### SHARE OPTIONS IN POSSESSION BY MEMBERS OF THE BOARD OF DIRECTORS, BOARD OF COMMISSIONERS, EXECUTIVE OFFICERS AND EMPLOYEES

The Extraordinary General Meeting of Shareholders (EGMS) held on October 6, 2009 approved the issuance of new shares in the portfolio of PT Bank Tabungan Negara (Persero) Tbk as much as 30% (thirty percent) or totaling 2,723,142,857 shares of the total shares that were issued and fully paid after the issuance of new shares so that the ownership of the Republic of Indonesia changed to 70% (seventy percent) or 6,354,000,000 shares of the total shares issued and fully paid after the issuance of the new shares. The issuance of the new shares in the portfolio referred to as offered to the public through an IPO (Initial Public Offering), which included all shares including Management and Employee Stock Allocation/MESA and the Management and Employee Stock Options Plan/MESOP.

### Requirements for Eligible Employees and/or Management

Participants of the MESA and MESOP programs are employees who were registered as of September 30, 2009, and the members of the Board of Directors', Board of Commissioners', Sharia Supervisory Board, Secretary of the Board of Commissioners, and Audit Committee members.



## Amount of Share Options Allocated

Table of Share Ownership Based on Shares Option

No.	Name and Position	Number of Shares Owned	Option Amount		Option Price (Rp.)	Duration
			Number of Shares Given	Number of Shares Executed		
Board of Commissioners						
1	Arie Coerniadi	-	-	-	-	-
2	Kamaruddin Sjam	-	-	-	-	-
3	Lucky Fathul Aziz Hadibrata	-	-	-	-	-
4	Catherinawati Hadiman	-	-	-	-	-
5	Fajar Harry Sampurno	-	-	-	-	-
6	Sumiyati	-	-	-	-	-
Board of Directors						
1	Maryono	-	-	-	-	-
2	Irman Alvian Zahiruddin	3,991,000	1,354,000	1,354,000	855.00	Feb 2011- Aug 2014
3	Mansyur Syamsuri Nasution	-	-	-	-	-
4	Iman Nugroho Soeko	-	-	-	-	-
5	Sis Apik Wijayanto	-	-	-	-	-
6	Adi Setianto	-	-	-	-	-
7	Sulis Usdoko	-	138,500	138,500	855.00	Feb 2011- Aug 2014
8	Oni Febriarto R.	-	65,000	65,000	855.00	Feb 2011- Aug 2014
Executive Officer		7,430,600	6,925,500	6,925,500	855.00	Feb 2011- Aug 2014
Staff		-	136,751,500	136,751,500	855.00	Feb 2011- Aug 2014

### MESOP Phase 2

No.	Name and Position	Number of Shares Owned	Option Amount		Option Price (Rp.)	Duration
			Number of Shares Given	Number of Shares Executed		
Board of Commissioners						
1	Arie Coerniadi	-	-	-	-	-
2	Kamaruddin Sjam	-	-	-	-	-
3	Lucky Fathul Aziz Hadibrata	-	-	-	-	-
4	Catherinawati Hadiman	-	-	-	-	-
5	Fajar Harry Sampurno	-	-	-	-	-
6	Sumiyati	-	-	-	-	-
Board of Directors						
1	Maryono	-	-	-	-	-
2	Irman Alvian Zahiruddin	3,991,000	855,500	855,500	1,297.44	2011 - Aug 2015
3	Mansyur Syamsuri Nasution	-	-	-	-	-
4	Iman Nugroho Soeko	-	-	-	-	-
5	Sis Apik Wijayanto	-	-	-	-	-
6	Adi Setianto	-	-	-	-	-
7	Sulis Usdoko	-	109,000	109,000	1,297.44	Feb 2011- Aug 2015
8	Oni Febriarto R.	-	51,000	51,000	1,297.44	Feb 2011- Aug 2015
Executive Officer		7,430,600	5,467,500	5,467,500	1,297.44	Feb 2011- Aug 2015
Staff		-	102,442,500	102,442,500	1,297.44	Feb 2011- Aug 2015



## REMUNERATION GOVERNANCE

### MESOP Phase 3

No.	Name and Position	Number of Shares Owned	Option Amount		Option Price (Rp.)	Duration
			Number of Shares Given	Number of Shares Executed		
Board of Commissioners						
1	Arie Coerniadi	-	-	-	-	-
2	Kamaruddin Sjam	-	-	-	-	-
3	Lucky Fathul Aziz Hadibrata	-	-	-	-	-
4	Catherinawati Hadiman	-	-	-	-	-
5	Fajar Harry Sampurno	-	-	-	-	-
6	Sumiyati	-	-	-	-	-
Board of Directors						
1	Maryono	-	-	-	-	-
2	Irman Alvian Zahiruddin	3,991,000	828,500	828,500	1,098.36	Feb 2011 - Aug 2016
3	Mansyur Syamsuri Nasution	-	-	-	-	-
4	Iman Nugroho Soeko	-	-	-	-	-
5	Sis Apik Wijayanto	-	-	-	-	-
6	Adi Setianto	-	-	-	-	-
7	Sulis Usdoko	-	108,500	108,500	1,098.36	Feb 2011- Aug 2016
8	Oni Febriarto R.	-	54,500	54,500	1,098.36	Feb 2011- Aug 2016
Executive Officer		7,430,600	5,566,500	5,566,500	1,098.36	Feb 2011- Aug 2016
Staff		-	102,367,500	102,367,500	1,098.36	Feb 2011- Aug 2016

### MESOP 2018 Program

The MESA and MESOP programs were completed in the 2016 period. In 2017, there was no further Share Option program for the Board of Directors, Board of Commissioners, Executive Officers, and Employees. In 2018, the Company no longer implemented the Bank's Share Ownership Program for employees and/or management.

### MESOP Data as of 2018 Position

No.	Name and Position	Number of Shares Owned	Option Amount		Option Price (Rp.)	Duration
			Number of Shares Given	Number of Shares Executed		
Commissioners						
1	I Wayan Agus Mertayasa	None	None	None	None	None
2	Iman Sugema	None	None	None	None	None
3	Maurin Sitorus	None	None	None	None	None
4	Sumiyati	None	None	None	None	None
5	Parman Nataatmadja	None	None	None	None	None
6	Arie Coerniadi	None	None	None	None	None
7	Lucky Fathul Aziz Hadibrata	None	None	None	None	None
8	Kamaruddin Sjam	None	None	None	None	None
9	Garuda Wiko	None	None	None	None	None
Directors						
1	Maryono	None	None	None	None	None
2	Iman Nugroho Soeko	None	None	None	None	None
3	Andi Nirwoto	None	None	None	None	None
4	Oni Febriarto R.	None	None	None	None	None



#### MESOP Data as of 2018 Position

No.	Name and Position	Number of Shares Owned	Option Amount		Option Price (Rp.)	Duration
			Number of Shares Given	Number of Shares Executed		
5	Budi Satria	None	None	None	None	None
6	R. Mahelan Prabantarikso	None	None	None	None	None
7	Nixon L. Pahotan Napitupulu	None	None	None	None	None
8	Dasuki Amsir	None	None	None	None	None
9	Yossi Istanto	None	None	None	None	None
Executive Officers		-	None	None	None	None
Employees		-	None	None	None	None

#### HIGHEST AND LOWEST SALARY RATIO

The Company strives to avoid any extreme disparities in remuneration. The ratio of the highest to the Lowest salaries for 2018 are as follows:

Table Highest and Lowest Salary Ratios for 2018

DESCRIPTION	2016 Ratio	2017 Ratio	2018 Ratio
Highest and Lowest Employee Salary.	18,85 : 1	18,64 : 1	20.96 : 1
Highest and Lowest Directors Salary	1,11 : 1	1,1 : 1	1.18 : 1
Highest and Lowest Salary of the Commissioner	1,11 : 1	1,1 : 1	1.11 : 1
Highest Board of Directors Salaries and Highest Employees Salaries	2,70 : 1	2,99 : 1	2.95 : 1

#### Number of Employees affected by layoffs and total severance paid in 2018

No.	Severance per Person in 1 (one) year	Number of PPST Employees	
		2017	2018
1.	Above Rp1 billion	1	-
2.	Above Rp500 million up to 1 billion	6	14
3.	Rp500 million and below	3	-

#### Total Deferred Variable Remuneration

Deferred Variable Remuneration in 2017		Deferred Variable Remuneration in 2018	
Cash	None	Cash	1,059
Shares	None	Shares	4,961

### **Total Deferred Variable Remuneration paid in 1 year**

The Deferred Variable Remuneration, which is to be paid within 3 years began to be implemented for the 2017 Fiscal Year (payment in 2018) and will be paid over three years starting in 2019.

### **Quantitative Information regarding Other Remuneration**

The number of recipients and the total amount of Variable Remuneration guaranteed without conditions will be provided by the Company to prospective Directors, candidates for the Board of Commissioners, and/or prospective Employees for the first 1 (one) working year.

The Company does not have a Variable Remuneration (RBV) and unconditional policy, as the policy regarding RBV is applied uniformly without considering the length of the working period.

The Company is committed to implementing a competitive, fair, and balanced Remuneration System, and always ensures that no employee receives compensation below the terms set forth by the Government. The Company reviews and updates the remuneration policies to be relevant to industry developments and business strategies. The Company also adopts compliance aspects of the prevailing banking regulations regarding gradual remuneration.



# MEETING OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

The Board of Commissioners and the Board of Directors regularly convene Board of Commissioners-Directors meetings to unite the views and decide on important issues concerning the Company's business continuity.

## BOARD OF COMMISSIONERS MEETINGS AND JOINT MEETINGS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

The internal meeting of the Board of Commissioners refers to the Board of Commissioners Decree No. 01/DEKOMBTN/2017 regarding the Board of Commissioners Charter and Rules of Conduct dated August 10, 2017. Meanwhile the Board of Commissioners and the Board of Directors meetings are referred to in the Joint Decree of the Board of Commissioners No. 02/DECOM -BTN/2017 and the Board of Directors No. 01/DIR-BTN/2017 concerning the Working Relationship between the Board of Commissioners and the Board of Directors on November 24, 2017.

In accordance with the guidelines, the Company's Board of Commissioners meetings consist of:

1. The Board of Commissioners Internal Meeting is a meeting conducted at least 1 (one) time in 2 (two) months with the meeting material being delivered to participants before the meeting is held, but if necessary, the Board of Commissioners' meeting may be held at any time upon the request of a member of the Board of Commissioners or at the written request of the Board of Directors.
2. Joint meetings of the Board of Commissioners and Board of Directors periodically at least 1 (one) in four (4) months to at least discuss the agenda include:
  - Bank Business Plan (RBB) and the Work Plan Budget (CBP);
  - Performance Review (including discussion of APU PPT);
  - GCG Implementation and the Follow-up regarding Internal and External Audit findings.

Decision making mechanism for the Board of Commissioners and the Board of Directors Joint Meetings conducted at Scheduled Meetings of the Board of Commissioners must be attended by a minimum of  $(1/2) + 1$  of the total members of the meeting.

## Frequency of Meetings and Attendance Level of the Board of Commissioners

Throughout 2018, the Board of Commissioners has held 46 (forty-six) Internal Meetings of the Board of Commissioners and 36 (thirty-six) Joint Meetings of the Board of Commissioners and Board of Directors with the following details:

### 1. Attendance of the Board of Commissioner in the Meetings

Name	Position	Period	The Board of Commissioners Meeting			Joint Meeting of the Board of Commissioners and the Board of Directors		
			Meetings	Attendance	%	Meetings	Attendance	%
I Wayan Agus Mertayasa	President Commissioner/ Independent Commissioner	January 1 - December 31, 2018	46	41	89%	36	35	97%
Iman Sugema	Non Independent Commissioner	January 1 - December 31, 2018	46	30	65%	36	26	72%
Maurin Sitorus	Non Independent Commissioner	January 1 - December 31, 2018	46	43	93%	36	33	92%

## MEETING OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

Name	Position	Period	The Board of Commissioners Meeting			Joint Meeting of the Board of Commissioners and the Board of Directors		
			Meetings	Attendance	%	Meetings	Attendance	%
Sumiyati	Non Independent Commissioner	January 1 - December 31, 2018	46	25	54%	36	25	69%
Parman Nataatmadj	Non Independent Commissioner	March 23 - December 31, 2018	36	30	83%	27	18	67%
Arie Coerniadi	Independent Commissioner	January 1 - December 31, 2018	46	39	85%	36	30	83%
Lucky Fathul Aziz Hadibrata	Independent Commissioner	January 1 - December 31, 2018	46	38	83%	36	30	83%
Kamaruddin Sjam	Independent Commissioner	January 1 - December 31, 2018	46	41	89%	36	30	83%
Garuda Wiko	Independent Commissioner	January 1 - December 31, 2018	46	29	63%	36	24	67%

## 2. Meeting Agenda and Participants

### a. Internal Meeting of the Board of Commissioners

Implementation of meetings, agendas and meeting participants in the Board of Commissioners internal meetings throughout 2018 is as follows:

Date	Agenda	Participants
January 9, 2018	<ul style="list-style-type: none"> <li>Incoming Letters of the Board of Commissioners</li> <li>Current Issues</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus
January 16, 2018	<ul style="list-style-type: none"> <li>Evaluation of the 2017 Board of Commissioners Work Program</li> <li>Discussion and Ratification of the 2018 Board of Commissioners Work Program</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus
January 23, 2018	<ul style="list-style-type: none"> <li>Current issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Credit Consultation</li> <li>Finalization of the 2018 Board of Commissioners Work Program</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Maurin Sitorus; Sumiyati
January 30, 2018	<ul style="list-style-type: none"> <li>Current issues</li> <li>Letter of Entry from the Board of Commissioners</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
February 13, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Discussion of the Draft Financial Report December 31, 2017</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
February 20, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Discussion regarding the Draft of the Board of Commissioners' Supervisory Report for Semester II 2017</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
February 27, 2018	<ul style="list-style-type: none"> <li>January 2018 Performance Review and APU-PPT Implementation</li> <li>Discussion and Approval of the Draft Annual Report and 2017 Sustainability Report PT Bank Tabungan Negara (Persero) Tbk</li> </ul>	Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Kamaruddin Sjam; Sumiyati
March 6, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus
March 13, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Credit Consultation</li> <li>Preparation of 2018 GMS</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus
March 20, 2018	<ul style="list-style-type: none"> <li>Incoming Letter of the Board of Commissioners</li> <li>Preparation of the 2018 GMS</li> <li>Current Issues</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus



Date	Agenda	Participants
March 27, 2018	<ul style="list-style-type: none"> <li>Current Issues               <ul style="list-style-type: none"> <li>Discussion of the 2018 Performance Review in February</li> <li>Discussion of Changes in the Organizational Structure in accordance with the Nomenclature of the 2018 GMS</li> </ul> </li> <li>Incoming Letter of the Board of Commissioners</li> </ul>	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Maurin Sitorus; Parman Nataatmadja; Sumiyati
April 03, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Credit Consultation Discussion</li> </ul>	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
April 10, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja; Sumiyati
April 17, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> </ul>	I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja; Sumiyati
April 24, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> </ul>	I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
April 30, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Draft Progress of the Board of Commissioners' Response to the 2018 First Quarter Performance</li> </ul>	I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja; Sumiyati
May 8, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Draft Progress of the Board of Commissioners' Response to the 2018 First Quarter Performance</li> <li>Credit Consultation</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
May 15, 2018	<ul style="list-style-type: none"> <li>Current Issues: Portrait of HR Readiness in Supporting the Era of Digital Banking</li> <li>Incoming Letter of the Board of Commissioners</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja; Sumiyati
May 22, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Discussion of the 2018 Performance Review in April</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Maurin Sitorus; Parman Nataatmadja; Sumiyati
May 30, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Credit consultation</li> </ul>	Arie Coerniadi; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja; Sumiyati
June 5, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja; Sumiyati
June 26, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
July 10, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Credit consultation</li> </ul>	Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Parman Nataatmadja; Sumiyati
July 17, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Credit consultation</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
July 24, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Discussion of Performance Review in June 2018</li> <li>Risk Profile and KPMM Calculation report, First Semester 2018</li> <li>Discussion regarding the Bank's Soundness, First Semester 2018</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
July 31, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja; Sumiyati
August 7, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Credit Consultation Discussion</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja; Sumiyati
August 14, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Discussion of the Internalization Schedule of the Corporate Culture</li> <li>Progress of the Bank's Business Plan Supervision Report for the First Semester 2018</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja



## MEETING OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

Date	Agenda	Participants
August 21, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
August 28, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Audit Committee Exposure regarding the Performance Review in July 2018</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Iman Sugema; Maurin Sitorus; Parman Nataatmadja; Sumiyati
September 4, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Credit consultation</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
September 12, 2018	<ul style="list-style-type: none"> <li>Current Issues - Discussion regarding the Findings of the Financial Services Authority</li> <li>Incoming Letter of the Board of Commissioners</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
September 18, 2018	<ul style="list-style-type: none"> <li>Incoming Letter of the Board of Commissioners</li> <li>Current Issues: Discussion regarding the Follow-Up Results of the Exit Meeting of the Financial Services Authority Examination</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
September 25, 2018	<ul style="list-style-type: none"> <li>Incoming Letter of the Board of Commissioners</li> <li>Current Issues</li> <li>Audit Committee presentation regarding the Performance Review in August 2018</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
October 2, 2018	<ul style="list-style-type: none"> <li>Incoming Letter of the Board of Commissioners</li> <li>Current Issues</li> <li>Persiapan Laporan Komite Triwulan III 2018</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja; Sumiyati
October 9, 2018	<ul style="list-style-type: none"> <li>Incoming Letter of the Board of Commissioners</li> <li>Current Issues</li> </ul>	Lucky Fathul Aziz Hadibrata; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
October 16, 2018	<ul style="list-style-type: none"> <li>Incoming Letter of the Board of Commissioners</li> <li>Current Issues</li> </ul>	Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja; Sumiyati
October 23, 2018	<ul style="list-style-type: none"> <li>Incoming Letter of the Board of Commissioners</li> <li>Current Issues</li> </ul>	Arie Coerniadi; Garuda Wiko; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
October 24, 2018	<ul style="list-style-type: none"> <li>Discussion regarding the Draft Financial Report publication as of September 30, 2018</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus
October 31, 2018	<ul style="list-style-type: none"> <li>Incoming Letter of the Board of Commissioners</li> <li>Current Issues</li> <li>Audit Committee Review regarding the Performance Review in September 2018</li> </ul>	Arie Coerniadi; Lucky Fathul; Aziz Hadibrata; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam
November 6, 2018	<ul style="list-style-type: none"> <li>Incoming Letter of the Board of Commissioners</li> <li>Current Issues</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
November 21, 2018	<ul style="list-style-type: none"> <li>Review of the Board of Commissioners' Committee regarding the Draft of the Bank's Business Plan for 2019-2021 and the 2019 Corporate Budget Plan</li> <li>Incoming Letter of the Board of Commissioners</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Sumiyati
November 27, 2018	<ul style="list-style-type: none"> <li>Incoming Letter of the Board of Commissioners</li> <li>Current Issues</li> <li>The Committee's recommendations for the Board of Commissioners' approval request documents from the Board of Directors, which must be submitted no later than the end of November 2018 including the following:                             <ul style="list-style-type: none"> <li>Exposure of the Board of Directors regarding the planned Equity Investment in PT PNM Investment Management</li> <li>Exposure of the Board of Directors regarding the Draft Financial Report and ongoing Financial Action Plan for the period 2019-2023</li> <li>Exposure of the Financial Action Plan (recovery plan) for Systemic Banks</li> </ul> </li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
December 4, 2018	<ul style="list-style-type: none"> <li>Incoming Letter of the Board of Commissioners</li> <li>Current Issues</li> <li>Exposure to the Risk Monitoring Committee for pending Credit Consultation letters</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
December 11, 2018	<ul style="list-style-type: none"> <li>Incoming Letter of the Board of Commissioners</li> <li>Current Issues</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; Garuda Wiko; I Wayan Agus Mertayasa; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja
December 18, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Review of the 2019 PKMR proposal</li> </ul>	Arie Coerniadi; Lucky Fathul Aziz Hadibrata; I Wayan Agus Mertayasa; Iman Sugema; Kamaruddin Sjam; Maurin Sitorus; Parman Nataatmadja; Sumiyati



## b. Joint Meeting of the Board of Commissioners and Directors

The implementation of meetings, agendas and meeting participants at the Joint Meeting of the Board of Commissioners and the Board of Directors in 2018 are as follows:

Date	Agenda	Participant
January 9, 2018	<ul style="list-style-type: none"> <li>November 2017 Performance Review and December 2017 Performance Prognosis</li> <li>Discussion regarding the Changes in Bank BTN's Organizational Structure</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus
January 17, 2018	<ul style="list-style-type: none"> <li>Transformation Policies and Strategies to strengthen the role of BTN Offices in the Regions</li> <li>Strengthening the Roles and Functions of the BTN Network Distribution in the Future</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Kamaruddin Sjam Maurin Sitorus Sumiyati
January 30, 2018	<ul style="list-style-type: none"> <li>Discussion of the 2018 Performance Review in December</li> <li>Development of the Transformation Plans for Regional Offices and Branch Offices</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Sumiyati
February 6, 2018	Discussion of Proposed Replacement of the Head of Internal Audit Division	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Sumiyati
February 20, 2018	<ul style="list-style-type: none"> <li>2018 BTN Asset Securitization</li> <li>Plan for Issuance of BTN Bonds</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Sumiyati
February 27, 2018	<ul style="list-style-type: none"> <li>Current Issues</li> <li>Incoming Letter of the Board of Commissioners</li> <li>Discussion and Approval of the Draft Annual Report and 2017 Sustainability Report, PT Bank Tabungan Negara (Persero) Tbk</li> </ul>	Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Kamaruddin Sjam Sumiyati
March 6, 2018	<ul style="list-style-type: none"> <li>Discussion of the 2018 Performance Review and APT PPT in January</li> <li>Digital Ecosystem in the second phase of the BTN Digital Banking Transformation</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus
March 13, 2018	Preparation of the 2018 Annual GMS	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus
March 20, 2018	The 2018 AGMS Rehearsal	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Sumiyati
March 27, 2018	<ul style="list-style-type: none"> <li>Discussion of the 2018 Performance Review in February</li> <li>Changes in the Organizational Structure in accordance with the Nomenclature of the 2018 AGM</li> </ul>	Arie Coerniadi Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Maurin Sitorus Parman Nataatmadja Sumiyati
April 17, 2018	Development of Indications of the Customer Fund Loss Case at the Pontianak Branch and an Explanation regarding the Reporting of Suspicious Financial Transactions	I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja Sumiyati
April 24, 2018	<ul style="list-style-type: none"> <li>Discussion of the 2018 Performance Review in March</li> <li>Follow-up regarding the FSA special inspection results in accordance with the FSA Letter No. SR-09 / PB.132 / 2018 dated March 6, 2018 and Minutes of Meeting Number RR-10 / PB.132 / 2018 February 15, 2018</li> </ul>	I Wayan Agus Mertayasa Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja
May 15, 2018	Handling of Credit Collectability 2 and Collectability 5	Arie Coerniadi Lucky Fathul Aziz Hadibrata Iman Sugema Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja Sumiyati
May 22, 2018	<ul style="list-style-type: none"> <li>Discussion of the 2018 Performance Review in April</li> <li>Explanation regarding the Blueprint Implementation Progress and Transformation Pilot Project</li> <li>Progress in Handling the Case where there are Indications of a loss of Customer Funds at the Pontianak Branch Office</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Maurin Sitorus Parman Nataatmadja Sumiyati
May 30, 2018	Explanation of the Board of Directors regarding the concerns of the Board of Commissioners	Arie Coerniadi I Wayan Agus Mertayasa Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja Sumiyati
June 5, 2018	Management's presentation of the implementation of Internal Control of the Work Units of Branch Offices, Regional Offices, Headquarters	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja Sumiyati

## MEETING OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

Date	Agenda	Participant
June 26, 2018	<ul style="list-style-type: none"> <li>Management's presentation regarding the revision of the Company's 2018 Work Plan and Budget and the Bank's Business Plan (RBB) for 2019-2020 in PT Bank Tabungan Negara (Persero) Tbk</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Sumiyati
July 10, 2018	<ul style="list-style-type: none"> <li>Management's presentation regarding the revision of the Company's 2018 Work Plan and Budget and the Bank's Business Plan (RBB) for 2019-2020 in PT Bank Tabungan Negara (Persero) Tbk</li> </ul>	Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Parman Nataatmadja Sumiyati
July 24, 2018	<ul style="list-style-type: none"> <li>Discussion of the 2018 Performance Review in June</li> <li>Risk Profile and report regarding the KPMM Calculation for Semester I 2018</li> <li>Discussion of the Bank's Semester I 2018 Health Level</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Sumiyati
July 31, 2018	<ul style="list-style-type: none"> <li>Management's Presentation regarding the Revised SE No. 43 / D   R / CMO / 2011 concerning Outsourcing</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja Sumiyati
August 7, 2018	<ul style="list-style-type: none"> <li>Request for Data and an Explanation concerning the Framework of the Integrated Talent Management System of the Ministry of State-Owned Enterprises</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja Sumiyati
August 14, 2018	<ul style="list-style-type: none"> <li>Presentation of Fraud Statistics and the Follow-Up Position through to Quarter II 2018</li> <li>Discussion of Top Talent Data Proposals to the Ministry of State-Owned Enterprises through the ITMS application</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus
August 28, 2018	<ul style="list-style-type: none"> <li>Discussion of the 2018 Performance Review in July</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata I Wayan Agus Mertayasa Iman Sugema Maurin Sitorus Parman Nataatmadja Sumiyati
September 18, 2018	<ul style="list-style-type: none"> <li>Discussion of Follow-Up Results of the FSA Exit Meeting</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja
September 25, 2018	<ul style="list-style-type: none"> <li>Discussion of the 2018 Performance Review in August</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja
October 2, 2018	<ul style="list-style-type: none"> <li>Discussion regarding the Progress of the Follow-up of the FSA Action Plan Examination Position January 31, 2018</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Maurin Sitorus Parman Nataatmadja Sumiyati
October 5, 2018	<ul style="list-style-type: none"> <li>Discussion regarding the threshold of the authority granted to the Board of Commissioners</li> <li>Credit Consultation</li> </ul>	Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Maurin Sitorus Sumiyati
October 16, 2018	<ul style="list-style-type: none"> <li>Presentation of CGPI Observation Preparations on October 23, 2018</li> <li>Presentation of the Follow-Up Progress regarding the Transformation of Bank BTN's Organizational Structure</li> <li>FSA Invitation to the President Commissioner of Bank BTN in the Context of the Visit to Palu</li> </ul>	Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja Sumiyati
October 23, 2018	<ul style="list-style-type: none"> <li>Presentation from the Management for the Quarter III Risk Profiles</li> <li>Presentation of Follow-Up Progress regarding the Transformation of Bank BTN's Organizational Structure</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja
October 31, 2018	<ul style="list-style-type: none"> <li>Discussion regarding the 2018 Performance Review in September</li> <li>Finalization of the FSA findings Action Plan for January 31, 2018</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata I Wayan Agus Mertayasa Kamaruddin Sjam Sumiyati
November 6, 2018	<ul style="list-style-type: none"> <li>Discussion of the 2018 Performance review in September</li> <li>Finalization of the OJK's findings Action Plan position for January 31, 2018</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata I Wayan Agus Mertayasa Kamaruddin Sjam Maurin Sitorus
November 13, 2018	<ul style="list-style-type: none"> <li>Managements Explanation of BTN News "State Loss of Rp50 Billion, AGO Publishes BTN Investigation Order"</li> <li>Management's Exposure to the Development of the Business Process of the Sharia Business Unit Loans</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus
November 21, 2018	<ul style="list-style-type: none"> <li>Presentation of the Board of Directors regarding the Bank's Draft Business Plan for 2019-2021 and the 2019 Corporate Budget Work Plan</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Kamaruddin Sjam Maurin Sitorus Sumiyati



Date	Agenda	Participant
November 23, 2018	<ul style="list-style-type: none"> <li>Presentation of the Board of Directors regarding the Bank's Draft Business Plan for 2019-2021 and the 2019 Corporate Budget Work Plan phase II</li> </ul>	Arie Coerniadi I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Sumiyati
November 27, 2018	<ul style="list-style-type: none"> <li>Presentation of the Board of Directors regarding the Bank's Draft Business Plan for 2019-2021 and the 2019 RKAP stage III</li> <li>Presentation of the Board of Directors regarding the planned Capital participation in PT PNM Investment Management</li> <li>Presentation of the Board of Directors regarding the draft report concerning Sustainable Financial Action Plans for 2019-2023</li> <li>Recovery Plan Presentation for Systemic Banks</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata Garuda Wiko I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja
December 18, 2018	<ul style="list-style-type: none"> <li>Evaluation of the implementation of Good Corporate Governance throughout 2018</li> <li>Presentation of the Board of Directors regarding the issues of the 'Jiwasraya Protection Plan and Customers Get Customers' (KC Surabaya Special Audit)</li> <li>The presentation of the Board of Directors regarding the steps to reduce collectability 2 and loss collectability</li> <li>Presentation of the Board of Directors regarding the issues facing the Sharia Business Unit and their follow-up</li> </ul>	Arie Coerniadi Lucky Fathul Aziz Hadibrata I Wayan Agus Mertayasa Iman Sugema Kamaruddin Sjam Maurin Sitorus Parman Nataatmadja Sumiyati

Decisions taken in Board of Commissioners meetings and Joint Meetings of the Company's Board of Commissioners and Board of Directors have been registered and well documented in the minutes of the Board of Commissioners meetings. Minutes of Meetings are signed by members of the Board of Commissioners and members of the Board of Directors present and submitted to all members of the Board of Directors and members of the Board of Commissioners and related parties if necessary. Differences of opinion (dissenting opinion) that occurred in the meeting is to be recorded in the Minutes of Meeting along with the reasons outlining the differences of opinion.

### The Board of Commissioners Meeting Plan for 2019

Based on the Minutes of the Board of Commissioners' Internal Meeting, it was agreed upon that the Board of Commissioners' meetings in 2019 shall be held once a week every Tuesday or as required.

Throughout the first, second and third weeks, the Board of Commissioners are to conduct an internal meeting with the Supporting Body Committees of the Board of Commissioners, which will broadly discuss the agenda as follows:

- Discuss Current Issues
- Review/assessment of incoming reports /incoming letters and developments regarding the follow-up recommendations/guidance to the previous Board of Directors

- Exposure of the Board of Commissioners' Supporting Body Committees i.e. proposals, opinions/recommendations to the Board of Commissioners regarding matters reviewed/assessed, which then can subsequently become ideas for the Board of Commissioners in delivering recommendation and advice to the Board of Directors as part of its major supervisory duties.
- There is an additional Audit Committee Exposure Agenda in the 3<sup>rd</sup> week of the month for the Study of Findings of the Bank's Internal and/or External Audit Results.

Moreover, in the fourth week, the Board of Commissioners is to convene joint meetings with the Board of Directors discussing at least the Board of Directors' Exposition regarding the Company's performance agenda.

### Follow-up Evaluation of the Board of Commissioners' Meeting Results

In the Board of Commissioners' Internal Meeting, the follow-up of previous meetings shall be evaluated before discussing the Board of Commissioners' Inbox. The Board of Commissioners and the Board of Directors actively monitor whether the meeting's directives have been submitted to the Board of Directors in written letters and acted upon.

## BOARD OF DIRECTORS' MEETING

The Board of Directors shall hold the Board of Directors Meeting, the implementation refers to the Company's Articles of Association Article 13, namely the Board of Directors Meeting is legal and has the right to make binding decisions if attended and or represented by more than 1/2 (one half) of the number of members of the Board of Directors, and refers to the Decree of the Board of Directors No. 07/DIR/KD/CMPD/2017 on the Board of Directors Charter and Work Procedures dated 28 September 2017

According to the Guidelines, the Board of Directors must hold:

1. The Board of Directors' Internal Meeting to be attended by the Board of Directors and is regularly held at least once a month, or more well-known as the Scheduled Board of Directors' Meetings (ALCO and Performance Review Meeting). The Board of Directors' meetings shall be conducted at any time if considered necessary by one or more members of Board of Directors, or at the written request by one or more members of Board of Commissioners.
2. The Joint Meeting of the Board of Directors with the Board of Commissioners is a Board of Directors' meeting, which is attended by the members of the Board of Commissioners. The meeting is held regularly at least once every 4 (four) months in order to ask direction or report the management of the Company's to the Board of Commissioners.

Meanwhile, for the implementation of joint meetings, namely the Joint Meeting of the Board of Directors and Board of Commissioners refers to the Joint Agreement of the Board of Commissioners No. 02/DEKOM-BTN/2017 and Board of Directors No. 01/DIR-BTN/2017 dated 24 November 2017 on the Working Relationship between the Board of Commissioners and Board of Directors.

## Frequency of the Board of Directors' Meetings

Throughout 2018, the Board of Directors held 188 Board of Directors Internal Meetings, 5 (five) Joint Meetings of the Board of Directors and the Board of Commissioners with the following details:

### 1. Board of Directors Level of Attendance at the Meeting

Nama	Position	Period	Meeting Board of Directors			Joint Meeting of Directors and Board of Commissioners		
			Meetings	Attendance	%	Meetings	Attendance	%
Maryono	President Director	January to December 2018	188	157	84%	5	3	60%
Iman Nugroho Soeko	Director of Finance & Treasury	January to December 2018	188	148	79%	5	4	80%
Adi Setianto	Director of IT & Operation	January to March 2018	47	34	72%	1	1	100%
Andi Nirwoto	Director of IT & Operation	March to December 2018	141	115	82%	4	3	75%
Oni Febriarto R.	Director of Commercial Banking	January to December 2018	188	175	93%	5	3	60%
R. Mahelan Prabantarikso	Director of Strategy, Compliance & Risk	January to December 2018	188	170	90%	5	5	100%
Nixon L.P. Napitupulu	Director of Collection, Asset Management & Legal	January to December 2018	188	156	83%	5	2	40%
Budi Satria	Director of Consumer Banking	January to December 2018	188	151	80%	5	3	60%
Dasuki Amsir	Director of Distribution & Network	January to December 2018	188	146	78%	5	3	60%
Yossi Istanto	Director of Strategic Human Capital	March to December 2018	141	123	87%	4	2	50%

The Board of Directors Meeting Agenda at a minimum discussed the following:

- Preparation of a Bank Business Plan (RBB) and Corporate Budget Work Plan (RKAP);
- Performance Review (including discussion about APU PPT);
- GCG Implementation and the Follow-up regarding Internal and External Audit findings.



## 2. Meeting Agenda and Participants

### a. Internal Directors Meeting

The following are the meetings, agendas and Meeting participants at the Board of Directors internal meeting throughout 2018:

Date	Agenda	Participant
January 3, 2018	Internal Board of Directors	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Budi Satria
January 8, 2018	Subsidiary Progress Report	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu
January 10, 2018	Subsidiary Progress Report	Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Budi Satria
January 11, 2019	Stages of Bank BTN's Transformation Implementation	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria
January 15, 2018	Discussion of the 2017 Performance Review in December	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Budi Satria
January 15, 2018	ALCO	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Budi Satria
January 17, 2018	Credit Committee Meeting regarding the Extension of Bank Guarantee facilities	Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Budi Satria
January 17, 2018	Credit Committee Meeting regarding the Proposed Addition of a Line Facility Ceiling	Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Budi Satria
January 17, 2018	Risk Management Committee Meeting	Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Budi Satria
January 22, 2018	Internal Board of Directors	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Budi Satria
January 22, 2018	Human Capital Material	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Budi Satria
January 22, 2018	Review of Yasa Griya (KYG) Credit Policy for Subsidized Housing	Iman Nugroho Soeko Adi Setianto R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Budi Satria
January 29, 2018	Risk Management Committee Meeting	Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Budi Satria
February 7, 2018	Accountability for the Performance of the BTN Pension Fund Financial Statements as of December 31, 2017	Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria
February 7, 2018	Preparation of the 2018 GMS	Iman Nugroho Soeko Adi Setianto R. Mahelan Prabantarikso Nixon L.P Napitupulu
February 12, 2018	Internal Board of Directors - Pension Fund	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria
February 12, 2018	Discussion of KAP EY Audit Report Results	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria
February 13, 2018	(MEETING WITH THE BOARD OF COMMISSIONERS) Closing Meeting Audit of the PSS EY KAP Financial Report	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir
February 13, 2018	Internal Board of Directors - Use of Profit Plan	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir
February 13, 2018	Discussion of the 2017 Performance Review of the Division, Regional Offices & Branch Offices	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
February 14, 2018	Update regarding Bank BTN's 2017 Annual Report & Sustainability Report	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria



## MEETING OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

Date	Agenda	Participant
February 15, 2018	Credit Policy	Maryono Oni Febriarto Rahardjo Nixon L.P Napitupulu Budi Satria
February 19, 2018	Discussion of the 2018 Performance Review and Implementation of the AML-PPT Program in January	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria
February 19, 2018	Discussion of the 2017 Performance Review of the Division, Regional Offices and Branch Offices	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria
February 19, 2018	Submission of the Theme of the 2018 Corporate Work Culture	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria
February 19, 2018	Human Capital Material - SEVP	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria
February 20, 2018	ALCO	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria
February 21, 2018	Plan for the Implementation of Bank BTN's Organizational Structure	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir
February 27, 2018	Material of YKP-BTN and Pension Fund BTN	Maryono Oni Febriarto Rahardjo Budi Satria
February 27, 2018	Credit Committee Meeting (RKK) regarding Working Capital Credit Restructuring (KMK)	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso
February 27, 2018	RKK regarding Working Capital Loan (KMK) Restructuring	Maryono Oni Febriarto Rahardjo Budi Satria
February 27, 2018	RKK regarding KMK Restructuring	Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria
February 27, 2018	RKK regarding KMK Restructuring	Maryono Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
February 27, 2018	RKK concerning Application for Investment Credit	Maryono Oni Febriarto Rahardjo Budi Satria
February 27, 2018	RKK concerning Application for Investment Credit	Maryono Oni Febriarto Rahardjo Budi Satria
March 8, 2018	Coordination Meeting of State-Owned Enterprises & Preparation of the 2018 GMS	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
March 12, 2018	Internal Meeting	Maryono Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria
March 14, 2018	RKK concerning the Application for Investment Credit	Maryono Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria
March 14, 2018	RKK concerning Changes in the Allocation of Construction KMK Facilities	Maryono Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria
March 14, 2018	RKK concerning Application for Investment Credit	Maryono Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria
March 14, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
March 19, 2018	HMCD material	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
March 21, 2018	HMCD material	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
March 21, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
March 21, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
March 21, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir



Date	Agenda	Participant
March 21, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Adi Setianto Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
March 26, 2018	Discussion of the 2018 Performance Review in February	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Yossi Istanto
March 26, 2018	ALCO	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
March 26, 2018	HCD material	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
March 26, 2018	Organizational Structure - Follow-up to the GMS	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
March 28, 2018	NPL	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Andi Nirwoto Yossi Istanto
April 3, 2018	Coordination Meeting of State-Owned Enterprises & Fun Bike, the Launching of KPR Pendidikan, Launching of BTN TCASH Savings, Facade Standardization of the Branch Offices	Maryono Iman Nugroho Soeko R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
April 5, 2018	Progress Report regarding the Transformation Pilot Project	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
April 10, 2018	Internal Board of Directors & the 2018 KPI of the Board of Directors	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
April 11, 2018	Internal Board of Directors, Cost Authority, Facade Standardization	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
April 11, 2018	Progress Report regarding the Transformation Pilot Project	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
April 12, 2018	HCD material	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
April 17, 2018	Risk Management Committee Meeting	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
April 23, 2018	ALCO	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo Budi Satria Andi Nirwoto Yossi Istanto
May 7, 2018	Internal Board of Directors	Maryono Iman Nugroho Soeko R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
May 8, 2018	Credit Performance Analysis	Maryono Iman Nugroho Soeko R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
May 8, 2018	Credit Committee Meeting	Maryono Iman Nugroho Soeko R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
May 17, 2018	Acceleration of LAT Document Completion Pension Credit Material Standardization of the BTN Building Façade NPL material	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Andi Nirwoto Yossi Istanto

## MEETING OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

Date	Agenda	Participant
May 18, 2018	Appointment of Fronting agent	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Dasuki Amsir Andi Nirwoto Yossi Istanto
May 18, 2018	Credit Committee Meeting regarding Investment Loans	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
May 18, 2018	RKK regarding KMK Construction	Iman Nugroho Soeko R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
May 18, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
May 18, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
May 21, 2018	Discussion of the 2018 Performance Review in April	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Andi Nirwoto Yossi Istanto
May 21, 2018	ALCO	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Andi Nirwoto Yossi Istanto
May 22, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
May 23, 2018	RKK regarding KMK Construction	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria 0 Andi Nirwoto Yossi Istanto
May 23, 2018	RKK regarding KMK Construction	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Andi Nirwoto Yossi Istanto
May 23, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Andi Nirwoto Yossi Istanto
June 4, 2019	Revision of the Bank's Business Plan	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	Approval of the Plan for the Procurement of the BTN Strategic Transformation Project and Digital Ecosystem	
	NPL material	
June 5, 2019	Human Capital Material	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
June 6, 2019	Revision of the Bank's Business Plan	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir 0 Yossi Istanto
	Operational Preparation During the led Holidays	
June 6, 2019	RKK regarding KMK Construction	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Yossi Istanto
June 6, 2019	RKK concerning Disbursement of Investment Loans	Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Yossi Istanto
June 6, 2018	RKK regarding KMK Restructuring	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Yossi Istanto
June 8, 2018	BTN Housing Loan Scheme for ASN, TNI / POLRI	Maryono Iman Nugroho Soeko R. Mahelan Prabantarikso 0 Budi Satria Andi Nirwoto Yossi Istanto
June 25, 2018	NPL material	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	Profit Performance Material	



Date	Agenda	Participant
June 28, 2018	ALCO	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo Nixon L.P Napitupulu Andi Nirwoto Yossi Istanto
June 28, 2018	Discussion of the 2018 Performance Review in May	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Yossi Istanto
July 2, 2018	Strategy for KPR BI Relaxation Policy Coordination Meeting (Coordination Meeting)	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
July 4, 2018	ALCO (continued)	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
July 9, 2018	Follow up of the Coordination Meeting	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
July 16, 2018	Continuing the Package for Accelerating the Performance of the Results of the Coordination Meeting	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
July 17, 2018	(MEETING WITH THE BOARD OF COMMISSIONERS) Discussion regarding the ASEAN Corporate Governance Scorecard (ACGS)	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Andi Nirwoto Yossi Istanto
July 18, 2018	RKK regarding the Pre-Approval Line	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
July 18, 2018	RKK concerning Application for Appeal for SP2K	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
July 18, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
July 18, 2018	RKK regarding the Credit Line	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
July 18, 2018	RKK regarding KMK Restructuring	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
July 18, 2018	Web Branch Assessment Report	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Andi Nirwoto Yossi Istanto
July 20, 2018	Coordination Meeting Results of the Performance Accelerating Package	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
July 20, 2018	Human Capital Management	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
July 23, 2018	Discussion regarding the 2018 Prognosis and performance achievements in July	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Andi Nirwoto Yossi Istanto
July 24, 2018	ALCO	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
July 26, 2018	RKK regarding Syndicated Credit Facilities	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto
July 26, 2018	RKK concerning Non-Cash Loan Facilities	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto

## MEETING OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

Date	Agenda	Participant
July 26, 2018	RKK concerning Non-Cash Loan Facilities	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto
July 26, 2018	RKK concerning Application for Corporate Loan	Iman Nugroho Soeko Oni Febriarto Rahardjo Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto
July 26, 2018	RKK Appeal for Terms & Conditions	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
July 26, 2018	RKK Appeal for Terms & Conditions	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
August 7, 2018	Recovery Plan	Iman Nugroho Soeko R. Mahelan Prabantarikso 0 Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	Business Continuity Management (Lombok & Bali)	
	Update concerning the Provisions Regarding Restructuring	
August 13, 2018	The decline in Non-Performing Loan	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	Discussion of the 2018 Prognosis and performance achievements in July	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
August 20, 2018	FSA Findings	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	Proposed Lombok Disaster Impact (Credit, Employees & Operations)	
August 28, 2018	Joint Meeting with Board of Commissioners (Implementation Kick Off PSAK 71)	Iman Nugroho Soeko R. Mahelan Prabantarikso Dasuki Amsir Andi Nirwoto
August 30, 2018	ALCO	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
September 3, 2018	FSA Findings	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	Internal Board of Directors (Press Released FSA Letter regarding Natural Disasters)	
September 5, 2018	Follow-Up of the Exit Meeting of FSA Findings	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	RKK Appeal for Terms & Conditions	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Yossi Istanto
September 10, 2018	Collectability 5	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria 0 Andi Nirwoto Yossi Istanto
	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
September 12, 2018	FSA Outline	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
September 13, 2018	Human Capital Material	Maryono Oni Febriarto Rahardjo Nixon L.P Napitupulu Budi Satria Dasuki Amsir Yossi Istanto
September 17, 2018	RKK	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
September 19, 2018	Kick Off Inspection KAP PSS-EY	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Yossi Istanto
September 19, 2018	RKK regarding KMK Construction	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir



Date	Agenda	Participant
September 19, 2018	RKK concerning Application for KMK	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Yossi Istanto
September 20, 2018	Proposed Amendments to SE concerning the Sanctions Matrix	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Andi Nirwoto Yossi Istanto
September 20, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
September 20, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
September 24, 2018	Discussion of the FSA findings Action Plan	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	Performance Review (NPL & NPL Improvement Mechanism (PPA Collaboration)	
	Program Development Update (Savings & Digital Banking)	
September 25, 2018	ALCO	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
October 2, 2018	Proposed Handling of the Palu Disaster Impact (Credit, Employees & Operations)	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Andi Nirwoto Yossi Istanto
	Internal Board of Directors	
	Updated the FSA findings Action Plan	
October 3, 2018	Credit Life Insurance Update	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Yossi Istanto
	Threshold proposal	
October 8, 2018	General Policy of the Board of Directors (RBB Assumption 2019)	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
	Internal Board of Directors (Relaxation of Fees)	
October 10, 2018	Follow-Up of the Exit Meeting of the General Inspection of the Sharia Business Units	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
October 15, 2018	RKK regarding KMK Construction	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 15, 2018	Insurance Issues	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 15, 2018	Follow-up of the Update of the Exit meeting of Bank BTN's UUS General Examination Meeting	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 15, 2018	Update regarding the FSA Findings Action Plan	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 16, 2018	Risk Management Committee Meeting	Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Yossi Istanto
October 17, 2019	RKK concerning Addition of Ceiling and Extension of Credit Term	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 17, 2019	RKK regarding KMK Construction	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 17, 2019	RKK regarding KMK Construction	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 17, 2019	RKK concerning Investment Loans	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 22, 2018	Discussion of the 2018 Performance Review in September	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto



## MEETING OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

Date	Agenda	Participant
October 22, 2018	ALCO	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 22, 2018	Prime Debtors Who Made Purchases of NPL/Col. 5 and WO Assets	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 22, 2018	Calculation of CKPN (343 Debtors & Col. 5), CKPN & Deferred Interest Coverage	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 22, 2018	Collateral Settlement (Mismatch i-Doc, LAT & Debtor Debit)	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 24, 2018	RKK concerning the Addition of Ceiling and Extension of the Credit Terms	Maryono Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	RKK regarding the Appeal Terms & Conditions	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	Follow-up to Palu's Disaster Impact regarding Credit	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto
	Administrative Monitoring & Credit Documents	
	Plans for Making the Bank's Products & Services Marketing Kit	
October 25, 2018	General Board of Directors Policy (RBB Assumption 2019)	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
October 31, 2018	Proposed Improvement of CKPN Provisions	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto
	Calculation of CKPN	
November 7, 2018	Discussion of the 2018 Prognosis & the 2019 RKAP RBB	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Yossi Istanto
November 8, 2018	RKK regarding Corporate Loans	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Yossi Istanto
November 8, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Yossi Istanto
November 8, 2018	Results of the Due Diligence & Plans for Equity Participation	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Yossi Istanto
	Roll Out of the Transformation of the National Procurement Advisory Services for Strategic Procurement in Bank BTN	
November 9, 2018	Discussion of the 2018 Prognosis & Corporate Budget Work Plan, and the Bank's 2019 Business Plan	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Dasuki Amsir Yossi Istanto
November 13, 2018	ALCO	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
November 19, 2018	Highlight the Follow Up of the FSA Findings	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
November 28, 2018	RKK regarding KMK Construction	Maryono Oni Febriarto Rahardjo Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto
	RKK regarding KMK Construction	
November 29, 2018	RKK concerning Extension of Current Account (PRK) Loans	Maryono Oni Febriarto Rahardjo Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
November 29, 2018	RKK regarding Principal Re-scheduling & Change of Shareholder	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto



Date	Agenda	Participant
November 29, 2018	RKK regarding KMK Collateral Appeal	Maryono Oni Febriarto Rahardjo Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
November 29, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
November 29, 2018	RKK regarding KMK Restructuring	Maryono Oni Febriarto Rahardjo Nixon L.P Napitupulu Dasuki Amsir Andi Nirwoto Yossi Istanto
December 4, 2018	Evaluation of the Duties of the Compliance Director	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	Network (Classification & Segmentation)	
	Roll Out 5 Pilot Branch Offices	
	Strategic Human Capital Procurement	
December 4, 2018	Internal Board of Directors	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 4, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 4, 2018	RKK concerning Permit for KMK Principles	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 5, 2018	Bank BTN Pension Fund	Maryono Iman Nugroho Soeko R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 11, 2018	Discussion of the 2018 Performance Review in November	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 11, 2018	Internal Board of Directors	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 13, 2018	Plans for Sales of Receivables to PT Asset Management Company (Persero) ("PPA")	Maryono Iman Nugroho Soeko R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 13, 2018	ALCO	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 17, 2018	Discussion of the 2018 Performance Review	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 18, 2018	Prognosis of the 2018 Performance, KPI, Follow-up of the FSA Action Plan	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
	Proposed Policy for the Receipt of Document Mechanism in I-Docs (Completion of FSA Findings)	
	Calculation of CKPN (Proposed Policy to FSA)	
December 19, 2018	RKK regarding KMK Construction	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
December 19, 2018	RKK concerning Investment Loans	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
December 19, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
December 19, 2018	RKK regarding Corporate Credit Appeal	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
December 19, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir

## MEETING OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

Date	Agenda	Participant
December 19, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 19, 2018	RKK regarding KMK Construction	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir
December 27, 2018	RKK - Request for Disbursement of KMK	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 28, 2018	Establishment of the 'BUMN Present for the Nation' Foundation	Maryono Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 28, 2018	RKK - Request for Disbursement of KMK	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto
December 28, 2018	RKK - Request for Disbursement of KMK	Iman Nugroho Soeko Oni Febriarto Rahardjo R. Mahelan Prabantarikso Nixon L.P Napitupulu Budi Satria Dasuki Amsir Andi Nirwoto Yossi Istanto

### b. Joint Meeting of Directors and Board of Commissioners

Implementation of meetings, agendas and participants in the Board of Directors and Board of Commissioners meetings throughout 2018 as are follows:

Date	Agenda	Meeting's Participants
February 13, 2018	Closing Meeting Audit of Financial Statements of PSS EY Public Accounting Firm	Maryono; Iman Nugroho Soeko; Adi Setianto; Oni Febriarto Rahardjo; R. Mahelan Prabantarikso; Budi Satria; Dasuki Amsir
July 17, 2018	Asean Corporate Governance Scorecard	Maryono; Iman Nugroho Soeko; Oni Febriarto Rahardjo; R. Mahelan Prabantarikso; Nixon L.P Napitupulu; Budi Satria; Andi Nirwoto; Yossi Istanto
August 28, 2018	Performance Review in July 2018 PSAK 71 Implementation Kick Off	Iman Nugroho Soeko; R. Mahelan Prabantarikso; Dasuki Amsir; Andi Nirwoto
October 31, 2018	Performance Review in September 2018 Action Plan Finalization on the Financial Services Authority's Findings as of January 31, 2018	Maryono; Iman Nugroho Soeko; R. Mahelan Prabantarikso; Budi Satria; Dasuki Amsir; Andi Nirwoto
November 06, 2018	Discussion on credit consulting	Oni Febriarto Rahardjo; R. Mahelan Prabantarikso; Nixon L.P Napitupulu; Yossi Istanto

### Evaluation of the Follow-Up Results of the Board of Directors Meetings:

The decisions of the Board of Directors' meetings are recorded in the Minutes of the Board of Directors' Meeting, which shall be followed up in accordance with the authority of the relevant division and will be implemented at the Bank's operational policy level. The mechanism is as follows:

1. Corporate Secretary submits the Board of Directors' Meeting decisions to the related task force.
2. The Working Unit and other relevant task forces shall implement the result of the Board of Directors' resolutions as well as possible.
3. The Working Unit must report the work in writing to the Board of Directors.



# ORGANS AND COMMITTEES UNDER THE BOARD OF COMMISSIONERS

Based on OJK Regulation No. 55/POJK.03/2016 concerning the Implementation of Governance for Commercial Banks article 34, in supporting the effectiveness of the implementation of the duties and responsibilities, the Board of Commissioners of the Company has formed an Audit Committee, Risk Monitoring Committee and Remuneration and Nomination Committee. In addition, the Company also has a Secretary of the Board of Commissioners who assists with the smooth running of the duties and responsibilities of the Board of Commissioners.

## THE BOARD OF COMMISSIONERS' SECRETARY

### Legal Basis

Based on Minister of State-Owned Enterprises Regulation No. PER-12/MBU/2012 concerning the Supporting Organs of the Board of Commissioners/Supervisory Board of State-Owned Enterprises, the

Board of Commissioners can establish a Secretariat of the Board of Commissioners led by the Secretary of the Board of Commissioners whose task it is to assist the administration with the duties and responsibilities of the Board of Commissioners

The Secretary of the Board of Commissioners of the Company is appointed by the Board of Commissioners and is responsible to the Board of Commissioners of the Company. The responsibilities of the Secretary of the Board of Commissioners includes managing the administration, assisting the Board of Commissioners in performing the oversight function of an effective performance of the Company and ensuring that the Board of Commissioners has implemented the principles of GCG properly.

In 2017, the position of Secretary of the Board of Commissioners was entrusted to Ms. Siti Fauziah through the Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 573/DIR/2017 dated October 1, 2017.

## Board of Commissioners' Secretary Profile



### Siti Fauziah

Secretary of the Board of Commissioners

Is an Indonesian Citizen, she was born in Kebumen, she is currently 44 years old. Holds a Magister in Economic from UPI YAI, Jakarta, 2016. She was appointed as Secretary of the Board of Commissioners starting on November 1, 2017.

### Work Experience

1. Head of Governance and Risk Management of Trading Business, Warehouse, Distribution, and Services Certification Subdivision (May 22, 2006-October 6, 2010)
2. Head of Primary Industrial Business Ib2 Subdivision (October 7, 2010-May 8, 2014)
3. Head of SOEs Executive Resources Training Subdivision (May 9, 2014 - December 21, 2014)
4. Head of Human Resources Services Subdivision (December 22, 2014-July 6, 2017)
5. Head of Agro and Pharmaceutical Industry lia.1 Subdivision (July 7, 2017-present)

### Training

1. Problem Solving and Decision Making by PT MDI Tack, Jakarta in July 2018
2. Business Modeling by PT PwC Strategy, Jakarta in July 2018
3. Business Law and Capital Market Law by PT Justitia Learning Center, Jakarta in October 2018

### Organizational Structure of the Board of Commissioners' Secretary

In the Organizational Structure, Secretary of the Board of Commissioners reports directly to the Board of Commissioners and is assisted by 1 (one) Secretariat personnel of the Board of Commissioners.

### Training Program for the Secretary of the Board of Commissioners

The Company always supports the Secretary of the Board of Commissioners in order to update knowledge through training activities and skills development. In 2018, the Secretary of the Board of Commissioners participated in the following training and skill development:

Training	Organizer	Date
Problem Solving and Decision-Making Batch 2	PT MDI Tack	July 11, 2018
Business Modeling Batch 2	PT PWC Strategy & teams	July 25, 2018
Business Law and Capital Market Law	PT Justisia Learning Center	October 18, 2018

### Work Guidelines

The Board of Commissioners' Secretary is equipped with the Code of Conduct to support all activities. The Code of Conduct refers to the Board's Charter of the Board of Commissioners. Work Guidelines of the Secretary of Board of Commissioners is reviewed at least once a year to ensure the scope of guidelines is always in line with the requirements or related prevailing regulations. The Guidelines of the Secretary of the Board of Commissioners has been reviewed and was not amended considering that it remains relevant to the Company's current conditions.

### Duties and Responsibilities of the Secretary to the Board of Commissioners

Duties and responsibilities of the Company's Secretary of the Board of Commissioners are as follows:

1. To organize administrative secretariat activities in the Board of Commissioners' environment.
2. To organize the Board of Commissioners Meetings and meetings/assembly between the Board of Commissioners and Shareholders, the Board of Directors and other Related Parties, including Preparation of meeting invitations, Preparation of meeting materials, Documentation of documents and Preparation of the Minutes of Meetings.
3. To prepare the Minutes of the Board of Commissioners' meetings, and the minutes of Joint Meetings between the Board of Commissioners and the Board of Directors together with the Corporate Secretary.
4. To deliver the original Minutes of Meetings of the Board of Commissioners to the Board of Directors through the Corporate Secretary.
5. To compile the Work Program & Budget draft of the Board of Commissioners.
6. To draft the reports of the Board of Commissioners.
7. To ensure that Board of Commissioners comply with all prevailing legislation and to implement the principles of GCG.
8. To deliver necessary information to the Board of Commissioners periodically and/or at any time requested
9. To co-ordinate with other members of Committee if required in order to facilitate the duties of Board of Commissioners.
10. Collect data or information relevant to the duties of Board of Commissioners.
11. To provide data/information necessary for the Board of Commissioners and the Committees in the Board of Commissioners' environment
12. Collect technical data from the Committees in the Board of Commissioners' environment to meet the Board of Commissioners' requirements.
13. To be a liaison in between the Board of Commissioners with Shareholders, the Board of Directors, and other Related Parties (stakeholder).
14. To perform other duties contracted by the Board of Commissioners in order to implement the duties and function of the Board of Commissioners.



## 2018 Report of the Secretary of the Board of Commissioners'

The Board of Commissioners' Secretary performs the supporting role of the Board of Commissioners in performing its supervisory function and ensuring the Board of Commissioners implements GCG practices in accordance with the prevailing legislation. Throughout 2018, the Secretary of the Board of Commissioners performed the following activities:

1. Organized administrative secretariat undertakings in the Board of Commissioners' environment, i.e. incoming and outgoing administrative mail, as well as the Company's Minutes of Board of Commissioners' Meetings
2. Assembled the Board of Commissioners Joint Meeting with the Board of Directors or other Related Parties, including in preparing the Meeting invitation, Meeting's agenda, outgoing mail, based on the Meeting's decisions
3. Compiled the Minutes of Board of Commissioners Meetings, and the Minutes of Joint Meetings between the Board of Commissioners and the Board of Directors together with the Corporate Secretary
4. Distributed the original Minutes of Meetings of the Board of Commissioners with the Board of Directors through the Corporate Secretary
5. Compiled the Board of Commissioners' draft reports.
6. Supplied necessary information to the Board of Commissioners periodically and/or at any time requested
7. Coordinated the members of the Committees if required in order to facilitate the duties of the Board of Commissioners.
8. Accumulated data or information relevant to the duties of the Board of Commissioners.
9. Delivered data/information necessary for the Board of Commissioners and the Committees in the Board of Commissioners' environment
10. Gathered technical data from the Committees in the Board of Commissioners' environment for the Board of Commissioners' requirements.

## AUDIT COMMITTEE

The Company has formed an Audit Committee to support the Board of Commissioners in performing the oversight function regarding the implementation and reporting of Financial Records, the adequacy of Risk Management and Internal Controls effectively and independently. The Audit Committee also supervises the Company's compliance with all applicable laws and regulations.

### Legal Basis

The legal basis for establishing an Audit Committee is based on the following regulations:

1. Regulation of the Financial Services Authority (POJK) No. 55 / POJK.04 / 2015 dated December 23, 2015 concerning the Establishment and Work Guidelines of the Audit Committee.
2. Financial Services Authority Regulation No. 33/ POJK.04/2014 dated December 8, 2014 concerning Directors and Commissioners of Issuers or Public Companies.
3. Regulation of the Financial Services Authority No. 55/POJK.03/2016 dated December 7, 2016 concerning the Implementation of Governance for Commercial Banks.
4. Financial Services Authority Circular Letter (SEOJK) No. 13/SEOJK.03/2017 dated March 17, 2017 concerning the Implementation of Governance for Commercial Banks.
5. Regulation of the Financial Services Authority No. 46/POJK.03/2017 July 12, 2017 concerning the Implementation of the Compliance Function of Commercial Banks.
6. Bank Indonesia Circular Letter (SEBI) No. 13/28/DPNP dated December 9, 2011 concerning the Application of Anti-Fraud Strategies for Commercial Banks.
7. The Company's Articles of Association.

## Composition of the Audit Committee

In 2018, the quantity and composition of the Company's Audit Committee was as follows:

Name	Position	Legal Basis for Appointment	Term of Office
Kamaruddin Sjam	Chairman / Independent Commissioner	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 507/DIR/2015 dated September 9, 2016.	09/09/2015 – 02/07/2018
I Wayan Agus Mertayasa	Member / Independent Commissioner	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) No. 797/DIR/2018 dated October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk	25/04/2016 – 24/04/2019



## ORGANS AND COMMITTEES UNDER THE BOARD OF COMMISSIONERS

Name	Position	Legal Basis for Appointment	Term of Office
Lucky Fathul Aziz Hadibrata	Member / Independent Commissioner	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) No. 797/DIR/2018 dated October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk	21/11/2017 – 23/03/2020
Garuda Wiko	Member / Independent Commissioner	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) No. 797/DIR/2018 dated October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk	15/08/2017 – 14/08/2020
Adi Prakoso	Member / Independent	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) No. 797/DIR/2018 dated October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk	25/09/2018 – 25/09/2021
Rachmat Supratman	Member / Independent	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) No. 797/DIR/2018 dated October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk	08/11/2016 – 07/11/2019
Sondang Gayatri*	Member / Independent	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) No. 736/DIR/2015 October 2, 2013 concerning the Appointment of Audit Committee Members of PT Bank Tabungan Negara (Persero) Tbk and Extension Decree No. 390/DIR/2016 dated September 15, 2016	25/09/2016 – 25/09/2018

\*) Sondang Gayatri status as a member of the Audit Committee ends in accordance with SK Extension 390/DIR/2016 dated September 15, 2016 and decided at the Board of Commissioners meeting held on September 25, 2018 as outlined in the Letter of the Board of Commissioners No. 170/KOM/BTN/X/2018 dated October 9, 2018

### Profile of the Audit Committee



#### Kamaruddin Sjam

Audit Committee Chairman

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

#### Expertise

Audit & Finance



#### I Wayan Agus Mertayasa

Audit Committee Member

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

#### Expertise

Finance & Banking



### Lucky Fathul Aziz Hadibrata

Audit Committee Member

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

#### Expertise

Finance, Macro Economics & Management Strategy



### Garuda Wiko

Audit Committee Member

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

#### Expertise

Law & Economy



### Rachmat Supratman

Audit Committee Member

Is an Indonesian citizen, he was born in Surabaya, he is currently 62 years old, he is domiciled in West Jakarta, DKI Jakarta. He graduated from the Law Faculty of Airlangga University in 1981 and from the Boston University Faculty of Economics in 1987.

#### Expertise

Finance, Banking, Law, Economics and Audit

#### Work Experience

Served as Chair of the Bank Indonesia Internal Audit Team (2008-2012), Chair of the Bank Indonesia Internal Audit Research and Development Team (2004-2008), Head of Section in the work units of the Directorate of Economic and Monetary Statistics at Bank Indonesia (2002-2004).

#### Training

Asian Conference on Internal Audit 2007 in Beijing, China; International Statistics Conference in 2008 in Malaysia; Money and Bank in 2004 in Washington, USA.



**Adi Prakoso**

Audit Committee Member

Is an Indonesian Citizen, he was born in Jakarta, he is currently 53 years old, he is domiciled in Depok, West Java. He graduated from the Faculty of Economics, Accounting Department, Padjadjaran University in 1989.

### Expertise

Audit, Banking and Accounting.

### Working Experience

He Served as Section Head in Financial Administration Affairs of PT Bank Dagang Negara (Oct 1991 -Jan 1996), Chairman of the Internal Audit Team of Bank Dagang Negara (1996-1997), Quality Assurance Auditor at Bank Dagang Negara (1997-1999), Merger Team for the Internal Audit in Bank Mandiri (1999), Senior Investigator at Bank Mandiri's Special Audit Department (1999-2010), Team Leader at the Wholesale Banking Audit Department and subsequently at Bank Mandiri's Counterpart Relations (2010-2012), Head of PT PANN's Internal Financing Maritime Audit/ Agency Subsidiaries State-Owned Business (2013 - 2018) and since March 13, 2018 has served as a Member of the Audit Committee as Non-Commissioner of PT Bank Tabungan Negara.

### Training

Certified Fraud Examiner (CFE) from the Association of Certified Fraud Examiners, USA, Qualified Internal Auditors (QIA) from the Certification Board Qualified Internal Auditors, Chartered Accountants from the Indonesian Accountants Association, Competency Certificates as Audit Supervisors from Banking Professional Certification Institutions (LSPP), Certificates in Risk Management Level 1 and 2 from BSMR (Risk Management Certification Agency) and LSPP (Banking Professional Certification Institute)

## Appointment and Dismissal

The appointment of the Audit Committee of the Company refers to the Joint Decree of the Board of Directors and Board of Commissioners No. 02/DEKOM-BTN/2013 dated December 18, 2013 concerning the Audit Committee Charter article 7 regarding the Requirements for Audit Committee Membership paragraph 1, i.e. "Having high integrity, ability and knowledge and sufficient work experience in the field of supervision/inspection, and being able to communicate well". The Audit Committee members may resign or be dismissed by the Board of Commissioners based on the Audit Committee Charter in Article 6, which states that the Chairperson and Committee Members are appointed and dismissed by the Board of Commissioners.

## Independency of the Audit Committee Members

All members of the Audit Committee have satisfied all independency criteria and are able to perform their duties independently, upholding the Bank's best interests and cannot be influenced by any party. The Audit Committee is chaired by an Independent

Commissioner, 3 (three) members of the Board of Commissioners are from an independent party and 2 (two) other professional members are sourced from outside the Company.

All Independent Commissioners and Independent Parties who are members of the Audit Committee are 100% of the total members of the Audit Committee. All members have fulfilled the independency requirements in accordance with the provisions in FSA Regulation No. 55/POJK.03/2016 concerning the Implementation of Governance for Banks Article 41 paragraph 4 that Independent Commissioners and Independent Parties who are members of the Audit Committee must account for at least 51% of the total Audit Committee.

In addition, all members of the Company's Audit Committee who come from an independent party must not have any Financial, Management, Share Ownership and/or Family Relations with the Board of Commissioners, Board of Directors and/or Controlling Shareholders or relations with the Bank that may affect their ability to act independently.



Independency Aspect	Kamaruddin Sjam	I Wayan Agus Mertayasa	Lucky Fathul Aziz Hadibrata	Garuda Wiko	Sondang Gayatri	Rachmat Supratman
Do not have any Financial Relations with the Board of Commissioners and the Board of Directors	✓	✓	✓	✓	✓	✓
Has no Management Relationship in the Company, subsidiaries or affiliated companies	✓	✓	✓	✓	✓	✓
Has no Shareholding Relationship in the Company	✓	✓	✓	✓	✓	✓
Has no Family Relationship with the Board of Commissioners, the Board of Directors, and/or fellow members of the Audit Committee	✓	✓	✓	✓	✓	✓

### Audit Committee Concurrent Position

The Audit Committee members may not have multiple positions as required in the Joint Decree of the Board of Directors and Board of Commissioners No. 02/DEKOM-BTN/2013 dated December 18, 2013 concerning the Audit Committee Charter of PT Bank Tabungan Negara (Persero) Tbk. in article 7 regarding the Audit Committee Membership Requirements paragraph 10, 11 and paragraph 12, as follows:

1. Paragraph 10 "is not an insider of the Public Accounting Office, Legal Consultant Office, Public Appraisal Service Office or other party that provides assurance, non-assurance services, appraisal services and/or other consulting services to the Bank within the last 6 (six) months"
2. Paragraph 11 "is not an individual who works or has the authority and responsibility to plan, lead, control or supervise the activities of the Bank within the last 6 (six) months except as an Independent Commissioner"
3. Paragraph 12 "does not have direct or indirect shares in the Bank"

Name	Position	Concurrent Position in the Company	Multiple positions in other companies / institutions
Kamaruddin Sjam	Chairman/ Independent Commissioner	1. Independent Commissioner 2. Member of the Remuneration and Nomination Committee	None
I Wayan Agus Mertayasa	Member/ Independent Commissioner	1. President Commissioner/ Independent 2. Chairperson of the Remuneration and Nomination Committee 3. Member of the Risk Monitoring Committee	None
Lucky Fathul Aziz Hadibrata	Member/ Independent Commissioner	1. Independent Commissioner 2. Remuneration and Nomination Committee Member	None
Garuda Wiko	Member/ Independent Commissioner	1. Independent Commissioner 2. Member of the Risk Monitoring Committee	Permanent Lecturer at Tanjungpura University
Adi Prakoso	Member/ Independent	None	None
Rachmat Supratman	Member/ Independent	None	None

As of December 31, 2018, concurrent positions as Chairman of the Committee are in accordance with the provisions of the Commissioner stating that an Independent Commissioner cannot serve as Chairman Committee of more than 2 (two) Committees in the same company.

### Term of Office

The Term of Office of the Audit Committee may not be longer than the Term of Office of the Board of Commissioners in accordance with FSA Regulation No. 55/POJK.04/2015 regarding the Audit Committee Charter and can be re-elected for only one subsequent period. The Term of Office of the Committee members appointed between the Term of Office of the Board of Commissioners will end at the same time as the end of the Term of Office of the Board of Commissioners.

### Audit Committee Work Guidelines

The Audit Committee's Work Guidelines refers to the Audit Committee Charter where the Audit Committee Charter is compiled based on the applicable laws and regulations and is regularly reviewed and has been ratified based on the Board of Commissioners Decree Number 02/DEKOMBTN/2016 and the Board of Directors Decree Number SKB-02/DIR-BTN/2016 concerning Amendments to the Joint Decree of the Board of Commissioners Number 02/DEKOM-BTN/2013 and the Board of Directors Number SKB-02/DIRBTN/2013

#### Scope of the Audit Committee Charter

<ol style="list-style-type: none"> <li>1. General Provisions;</li> <li>2. Audit Committee Meetings;</li> <li>3. The purpose and objectives;</li> <li>4. Reporting Committee;</li> <li>5. The duties and responsibilities and authority of the Audit Committee</li> <li>6. Term of Office;</li> <li>7. The obligations of the Committee;</li> <li>8. Increased Professionalism of Audit Committee Members and Use of Supporting Personnel;</li> </ol>	<ol style="list-style-type: none"> <li>9. Information Access and Confidentiality;</li> <li>10. Committee Budget;</li> <li>11. Structure, Appointment and Dismissal of the Committee;</li> <li>12. Income of Committee Members;</li> <li>13. Requirements for Committee Members;</li> <li>14. Closing</li> <li>15. Procedures and Working Procedures of the Committee</li> </ol>
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In full, the Audit Committee Charter can be retrieved from the Company's website ([www.btn.co.id](http://www.btn.co.id)) on the Investor Relations menu under Governance Policies

### Duties and Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee are as follows:

1. Assisting the Board of Commissioners to ensure the effectiveness of the Internal Control System and the effectiveness of implementation of the tasks of the External and Internal Auditors.
2. Assessing the activities and the results of Audits conducted by the Internal Audit Unit and External Auditors.
3. Presenting recommendations regarding improvements of the Management Control System and its implementation.
4. Warranting satisfactory evaluation procedures for all information issued by the Company.
5. Identifying matters that require the attention and duty of the Board of Commissioners.
6. Examining the financial information to be released by the Company to the public and/or authorities including Financial Statements, Projections, and other reports related to the financial information of the Company.
7. Assessing adherence to the laws and regulations related to the activities of the Company.
8. Offering independent opinions in the event of disagreements between management and accountants over the services rendered.
9. Providing recommendations to the Board of Commissioners regarding the appointment, re-appointment, and discharge of the Public Accountant based on independency, scope of the assignment, and audit fee.
10. Evaluating the implementation of the Financial Report Audit services by the KAP
11. Reviewing the implementation of inspections by the Internal Auditor and supervising the implementation of the follow-up by the Board of Directors regarding the Internal Auditor's findings.

12. Reviewing complaints related to Accounting Processes and Financial Reports by the Company.
13. Reviewing and offering advice to the Board of Commissioners related to any potential Conflicts of Interest of the Company.
14. Upholding and maintaining the confidentiality of documents, data, and information regarding the Company.

### The Audit Committee's Authority

1. The Committee is authorized to access documents, data, and information regarding the Company's employees, funds, assets, and the Company's resources as required.
2. The Committee is authorized to communicate directly with the Board of Directors and employees including those who perform the functions of Internal Audit, Risk Management, and Accounting-related duties and responsibilities of the Committee.
3. The Committee is authorized to engage independent parties outside the Committee members, if required, to assist in performing their duties.
4. The Committee is authorized to perform other powers granted by the Board of Commissioners.

### The Audit Committee's Training and Competence Development Program

The Audit Committee systematically arranges the Committee's training and development programs in order to further update their knowledge and understanding regarding current issues concerning tasks and programs they perform, therefore, improving the effectiveness of the implementation of the Audit Committee's functions in assisting the Board of Commissioners in overseeing and advising. The Company has put aside budget for training derived from the Company's Board of Commissioners budget.



Throughout 2018, the training and competence development undertakings attended by the Audit Committee Members are as follows:

Name	Position	Date	Training Subject	Organizer
Kamaruddin Sjam	Chairperson/ Independent Commissioner	07/02/2018	• Executive Risk Management Refreshment Program	LPPI
		29/09/2018	• Madrid ECIIA Conference and 2018 On-Site Learning Program	IIA
		28/08/2018	• IIA 2018 Conference	IIA
I Wayan Agus Mertayasa	Member/ Independent Commissioner	14/10/2018	• International Risk Management & Treasury Dealer Refreshment Program for Executives	LSPP & MM UGM
		03/07/2018	• Expanding Leadership Program for BoD/BoC	CLDI
Lucky Fathul Aziz Hadibrata	Member/ Independent Commissioner	16/04/2018	• Transforming ASEAN Organization: The Leadership Imperative	SRW
		21/07/2018	• BARA Risk Forum	BARa
		05/09/2018	• In Depth Directorship Program	IICD
		27/09/2018	• Key Risk Management Challengers in 2018	BARa
		06/12/2018	• International Conference of Beyond Risk	ERMA CRMS
Garuda Wiko	Member/ Independent Commissioner	16/04/2018	• Transforming Asean Organization: The Leadership Imperative	SRW
		10/06/2018	• International Risk Management & Treasury Dealer Refreshment Program Executives	LSPP & MM UGM
Adi Prakoso	Member/ Independent	14/11/2018	• Oversight Effectiveness of the Board of Commissioners and Audit Committee: Learning from the case of PT SNP Finance	Indonesian Institute of Audit Committee
Rachmat Supratman	Member/ Independent	14/11/2018	• Oversight Effectiveness of the Board of Commissioners and Audit Committee: Learning from the case of PT SNP Finance	Indonesian Institute of Audit Committee

## Audit Committee Work Plan 2019

The Audit Committee annually compiles the Audit Committee Work Plan. The preparation of the Audit Committee Plan is based on the Audit Committee Charter and input from the Board of Commissioners. The Audit Committee Work Plan for 2019 includes:

1. Prepare an Audit Committee Activity Implementation Report in evaluating the effectiveness of the Bank's Internal Controls
2. Audit Committee Meetings
3. Audit Committee Competence Training and Development
4. Review of the follow-up of Internal and External Audit findings
5. Delivering the recommendations for the appointment of a Public Accounting Firm that will perform the Audit of the Company's Financial Statements to the Board of Commissioners for further submission to the GMS for approval from the GMS.
6. Evaluate the implementation of the duties of the Public Accountant Office regarding the Company's Financial Statement Audit Services



### 2018 Audit Committee Work Plan Accomplishments

#### Audit Committee Activity Report

As part of its responsibility, the Audit Committee is obliged to submit a report for each task every year to the Board of Commissioners, accompanied by recommendations should it be necessary. Throughout 2018, the Audit Committee has accomplished its duties and responsibilities as follows:

1. Monitored and Evaluated the Internal Audit Task Force accomplishments:
  - Discussed and monitored the realization of the 2018 Annual Audit Plan.
  - Conversed regarding the findings of the Internal Audit Division Audit
  - Attended the Audit Exit Meeting
2. Monitored and Evaluated the Compliance of the Public Accountants Firm Audit with the prevailing Audit standards
3. Researched and reviewed Compliance of the Bank's published Financial Report with the prevailing Financial Report standards.
4. Monitored the implementation and completion of the Bank's commitment to the recommendations of IAD Audit and the External Auditor's (Bank Indonesia, OJK, KAP, BPK RI) findings.
5. Provided input regarding the strategic issues in the framework of providing advice by the Board of Commissioners.
6. Provided recommendations to the Board of Commissioners regarding the appointment of a Public Accountant Firm to Audit the 2018 Financial Report, which then shall be submitted to the General Meeting of Shareholders.

7. Conducted other duties requested from the Board of Commissioners, which were in line with the Committee's duties
8. Attended training and education in order to further improve the competence of the Committee's members.

#### The Audit Committee Meeting Frequency and Attendance

In accordance with the Audit Committee Charter and the Audit Committee Work Plan, the Audit Committee's meetings shall be conducted at least equal to the minimum requirement of the Board of Commissioners' meetings, Chaired by the Chairman of the Audit Committee. Decisions of the Audit Committee meeting are conducted through deliberation.

Decisions taken in the Audit Committee meetings are logged and documented appropriately in the Minutes of the Audit Committee Meeting. Minutes of Meetings are signed by the Chairman of the meeting and distributed to all members of the Audit Committee whether they attended the meeting or otherwise. Dissenting opinions in the meeting will be included in the minutes of the meeting along with the reasons for dissent.

Throughout 2018, the Audit Committee convened meetings 5 (five) of those meetings were attended by at least 51% (fifty one percent) of the total members including Independent Commissioners and Independent Parties presented based on the Audit Committee members' Term of Office, as follows:

Name	Position	Number of Meetings	Attendance	% Attendance
Kamaruddin Sjam	Chairman / Independent Commissioner	5	4	80%
I Wayan Agus Mertayasa	Member / Independent Commissioner	5	4	80%
Lucky Fathul Aziz Hadibrata	Member / Independent Commissioner	5	4	80%
Garuda Wiko	Member / Independent Commissioner	5	2	40%
Sondang Gayatri	Member / Independent	5	3	60%
Rachmat Supratman	Member / Independent	5	5	100%
Adi Prakoso	Member / Independent	5	2	100%

#### Audit Committee Performance Assessment

The performance of the Company's Audit Committee is evaluated by the Company's Board of Commissioners every 3 (three) months. The assessment is based on the realization and completion of the Work Program stipulated in the Audit Committee Work Plan and Budget. The assessment will be reported to the Board of Commissioners in the Audit Committee report. The assessment result becomes one of the considerations for the Board of Commissioners to re-appoint and/or dismiss Audit Committee Members for the next Term of Office.



### The Audit Committee's Meeting Plan for 2019

In observance to the Audit Committee's Work Plan for 2019, the Audit Committee has scheduled at least 4 meetings with the main agenda of a monthly evaluation of the realization of the 2019 Annual Audit Plan and Audit Services Evaluation of the Public Accountants' Office regarding the Financial Statements for the 2018 Financial Year, and incidental meetings with related divisions.

## RISK MONITORING COMMITTEE

The Risk Monitoring Committee is an Organizational Body established by the Board of Commissioners and is responsible to the Board of Commissioners in supporting the effectiveness of risk monitoring duties and responsibilities, in observance to the Regulation of the Financial Services Authority regarding the Implementation of Good Corporate Governance for Commercial Banks, and the State Ministry of SOEs Regulation regarding the SOEs Supporting Organ of Board of Commissioners/Supervisory Agency.

### Legal Basis

The Company established a Risk Monitoring Committee based on the following regulations:

1. FSA Regulation No. 55/POJK.03/2016 dated December 7, 2016 concerning the Implementation of Governance for Commercial Banks.
2. FSA Circular No. 13/SEOJK.03/2017 dated March 17, 2017 concerning the Implementation of Governance for Commercial Banks.
3. The Company's Articles of Association.

### Composition of the Risk Monitoring Committee

The composition of the members of the Company's Risk Monitoring Committee at the end of 2018 is as follows:

Nama	Jabatan	Dasar Hukum Pengangkatan	Periode Jabatan
Arie Coerniadi	Chairman / Independent Commissioner	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 798/DIR/2018 October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk	02/07/2018 – 22/03/2020
I Wayan Agus Mertayasa	Member / Independent Commissioner	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 798/DIR/2018 October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk	25/04/2016 – 24/04/2019
Sumiyati	Member / Independent Commissioner	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 798/DIR/2018 October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk	31/10/2017 – 24/04/2019
Garuda Wiko	Member / Independent Commissioner	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 798/DIR/2018 October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk	15/08/2017 – 14/08/2020
Iman Sugema	Member / Independent	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 798/DIR/2018 October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk	15/08/2017 – 14/08/2020
Heru Ratna Azimada	Member / Independent	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 798/DIR/2018 October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk	01/12/2016 – 30/11/2019
Yuki Noviani Kohar	Member / Independent	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 798/DIR/2018 October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk	08/11/2016 – 07/11/2019

### Profile of the Risk Monitoring Committee



#### Arie Coerniadi

Risk Monitoring Committee Chairman

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

#### Expertise

Finance and Information Technology



#### Sumiyati

Risk Monitoring Committee Member

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

#### Expertise

Public Finance Audit & Human Resource Development



#### I Wayan Agus Mertayasa

Risk Monitoring Committee Member

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

#### Expertise

Finance and Banking



#### Garuda Wiko

Risk Monitoring Committee Member

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

#### Expertise

Law



## Iman Sugema

Risk Monitoring Committee Member

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

### Expertise

Financial Economics



## Heru Ratna Azimada

Risk Monitoring Committee Member

Is an Indonesian citizen, he was born in Magelang, he is currently 69 years old, he is domiciled in South Jakarta, DKI Jakarta. He has a Bachelor degree from Gadjah Mada University, Faculty of Economics, Department of Corporation.

### Expertise

Banking, Risk Management

### Working Experience

He has served as EVP/Expert Staff as the Director of Human Resources at PT Bank Mandiri (Persero) Tbk (2003), Executive Vice President of the Training Group at PT Bank Mandiri (Persero) Tbk (2001-2003); EVP Coordinator (SEVP) in Corporate, Government, Commercial and Restructuring in PT Bank Mandiri (Persero) Tbk (2000-2001); Executive Vice President of Corporate Banking at PT Bank Mandiri (Persero) Tbk (1999); Director at PT Bank Indonesia Import Export (Persero) (1998-1999).

### Training

Risk Modeling in Financial Institutions Workshop held by the Indonesian Economic Bachelor Association in September 2017, Senior Executives Forum IV 2002 in Australia; 2000 Asia Pacific Economic Summit in Australia; 200th Asian Banker Summit in Singapore; Asian Pacific Non-Performing Loans in 2000 in South Korea; The Asian Banker Summit in 2000 in Australia; Treasury Management in 1996 in Singapore; Asset Liability Management in 1996 in Singapore.



**Yuki Noviani Kohar**

Risk Monitoring Committee Member

Is an Indonesian citizen, she was born in Bandung, she is currently 57 years old she is domiciled in Kebayoran Baru, South Jakarta, DKI Jakarta. She graduated from the Faculty of Economics, majoring in Accounting, Padjadjaran University in 1986.

### Expertise

Banking, Credit

### Work Experience

She has served as Vice President - Deputy GM of the Commercial Credit Division of PT Bank BNI (Persero) Tbk (2010-2015); As Vice President, Group Head of Bank CIMB Niaga's Commercial Business Development (2007-2009); Special Assignment as Bank CIMB Niaga's Representative Commercial Banking Merger Team (2007-2009)

### Training

Risk Management Certification Body Training in Jakarta in 2014; Account Management & Relationship by Michigan University Ross School of Business in Hong Kong in 2005; Financial for Senior Management - London Business School in London, UK in 2015.

## Appointment and Dismissal

The structure and membership of the Risk Monitoring Committee is established based on the decision of the Board of Commissioners meeting on September 25, 2018, which was formulated in a Letter of the Board of Commissioners No. 170/KOM/BTN/X/2018 dated October 9, 2018 concerning Changes to the Committee Membership Composition, and stipulated by Decree 798/DIR/2018 dated October 17, 2018 concerning Changes in the Audit Committee Membership Structure of PT Bank Tabungan Negara (Persero) Tbk. The appointment of the Company's Risk Monitoring Committee has fulfilled the requirements set forth in the Risk Monitoring Committee Charter, i.e. "Have expertise in Finance, Risk Management, Macro-Economics, Management Strategy, Banking, and Loan". The Risk Monitoring Committee members may resign or be dismissed based on Article 6 in the Charter

of the Risk Monitoring Committee stating that the Chairperson and Committee Members are appointed and dismissed by the Board of Commissioners.

## Independency of the Risk Monitoring Committee Members

In performing their duties and responsibilities, every member of the Risk Monitoring Committee has to be characteristically independent, objective, and professional, both in appearance and in act. There are 51% or more of the Risk Monitoring Committee Members that concurrently are Independent Commissioners. This arrangement has fulfilled the independence requirements in accordance with the provisions in FSA Regulation No. 55/POJK.03/2016 regarding the Implementation of Good Corporate Governance for the Bank Article 42 paragraph 4.

Independency Aspect	Arie Coerniadi	I Wayan Agus Mertayasa	Sumiyati	Garuda Wiko	Iman Sugema	Heru Ratna Azimada	Yuki Noviani Kohar
Has no Financial Relations with the Board of Commissioners and the Board of Directors	✓	✓	✓	✓	✓	✓	✓
Has no Management Relationship at the Company, Subsidiaries or Affiliated Companies	✓	✓	✓	✓	✓	✓	✓
Has no relationship to the Company's Share Ownership	✓	✓	✓	✓	✓	✓	✓
Has no Family Relationship with the Board of Commissioners, the Board of Directors, and/or fellow members of the Audit Committee	✓	✓	✓	✓	✓	✓	✓



## Concurrent Position

The Risk Monitoring Committee Members shall not hold any concurrent positions, as stated in the Joint Decree of the Directors and Board of Commissioners No. 01/DEKOM-BTN/2013 dated December 18, 2013, regarding the Risk Monitoring Committee Charter of PT Bank Tabungan Negara (Persero) Tbk. Regarding Article 7, the Risk Monitoring Committee Membership Requirements paragraphs 9 and 10, i.e.:

1. Paragraph 9 states 'the member shall not be a person who has authorities and responsibilities to plan, lead, control, or supervise the Bank's activities within the last 6 (six) months before being appointed by the Board of Commissioners'
2. Paragraph 10 states 'the member shall not have shares directly and indirectly in the Bank. In the event that a member of the Committee obtains shares due to a legal event, then within 6 (six) months after obtaining these shares, he/she shall transfer it to another party'

Name	Position	Concurrent Position at the Company	Concurrent Position in Other Companies/ Institution
Arie Coerniadi	Chairman / Independent Commissioner	1. Independent Commissioner 2. Member of the Remuneration and Nomination Committee	None
I Wayan Agus Mertayasa	Member / Independent Commissioner	1. Chairman/ Independent Commissioner 2. Chairperson of the Remuneration and Nomination Committee 3. Member of the Audit Committee	None
Sumiyati	Member/Non Independent Commissioner	1. Commissioner	Inspector General of the Ministry of Finance
Garuda Wiko	Member/Independent Commissioner	1. Independent Commissioner 2. Member of the Audit Committee	Permanent Lecturer at Tanjungpura University
Iman Sugema	Member/Non Independent Commissioner	1. Non Independent Commissioner	Permanent Lecturer of Bogor Agricultural University (IPB)
Heru Ratna Azimada	Member/Independent	None	None
Yuki Noviani Kohar	Member/Independent	None	None

## Term of Office

The Term of Office of the Risk Monitoring Committee may not be longer than the Term of Office of the Board of Commissioners as stipulated in the Articles of Association and the Charter of the Risk Monitoring Committee and can be re-elected. The Term of Office of the Committee members appointed between the Term of Office of the Board of Commissioners will end at the same time as the Term of Office of the Board of Commissioners ends.

## Risk Monitoring Committee Work Guidelines

The Work Guidelines of the Risk Monitoring Committee refers to the Risk Monitoring Committee Charter. The Charter of the Risk Oversight Committee is prepared based on the applicable laws and regulations and is constantly reviewed regularly and has been ratified based on the Joint Decree of the Board of Commissioners No. SKB-01/DEKOM-BTN/XII/2013 and the Board of Directors No. SKB-01/DIR-BTN/XII/2013 concerning the Charter of the Company's Risk Monitoring Committee with the contents as follows:

Scope of the Risk Monitoring Committee Charter	
1. Purpose and Objectives; 3. Committee's Responsibilities; 5. Information Access and Confidentiality;	2. Duty, Authority 4. Committee's Obligations; 6. Structure;

## Duties and Responsibilities of the Risk Monitoring Committee

Based on FSA Regulation No. 55/POJK.03/2016 dated December 7, 2016, regarding the Implementation of Governance for Commercial Banks Article 48, the Risk Monitoring Committee must conduct at least:

1. Evaluation of the conformity between the Bank's Risk Management policy and the implementation of the Bank's policy; and
2. Monitoring and evaluation of implementation of the duties of the Risk Management Committee and Risk Management task force, to provide recommendations to the Board of Commissioners



## ORGANS AND COMMITTEES UNDER THE BOARD OF COMMISSIONERS

In observance to the Risk Monitoring Committee Charter, the Risk Monitoring Committee duties and responsibilities are:

1. To collect data and information and evaluate the Bank's Risk Management policies, which consist of at least: (1) Credit Risk, (2) Market Risk, (3) Liquidity Risk, (4) Legal Risk, (5) Reputation Risk, (6) Strategic Risk, (7) Compliance Risk and (8) Operational Risk.
2. To perform evaluation of the conformity between the Bank's Risk Management policy and the implementation of the policy.
3. To monitor and evaluate the Risk Management Committee's duties and Risk Management Unit.
4. To encourage the Company's Risk Management function.
5. To report to the Board of Commissioners in terms of the likelihood of the Bank's risk as well as providing alternative solutions.
6. To conduct risk monitoring in work units related to risk-based decision making and co-operate with the Risk Management Division.
7. To invite management and other internal parties to attend the Committee's meetings if necessary.
8. To conduct other duties requested from the Board of Commissioners, which is in line with the duties of the Risk Management Committee.

### The Risk Monitoring Committee Competence Training and Development

The Company has provided budget from the Company's Board of Commissioners in order to improve the effectiveness of the Risk Monitoring Committee's function to assist the supervisory and advisory tasks of the Board of Commissioners by having the Risk Monitoring Committee continuously participate in training and development programs as a means of updating their knowledge and understanding of current issues concerning the duties and programs undertaken.

Throughout 2018, the training and competence development attended by the Risk Monitoring Committee Members is as follows:

Name	Position	Date	Training	Organizer
Arie Coerniadi	Chairman / Independent Commissioner	16/04/2018	1. Transforming Asean Organization	SRW
		27/09/2018	2. Key Risk Management Challenges in 2018	BARa
I Wayan Agus Mertayasa	Member / Independent Commissioner	14/10/2018	1. International Risk Management & Treasury Dealer Refreshment Program Executives	LSPP & MM UGM
		03/07/2018	2. Expand Leadership Program for BoD/BoC	CLDI
Garuda Wiko	Member / Independent Commissioner	16/04/2018	1. Transforming Asean Organization: The Leadership Imperative	SRW
		10/06/2018	2. International Risk Management & Treasury Dealer Refreshment Program Executives	LSPP & MM UGM
Iman Sugema	Member / Non Independent Commissioner	25/02/2018	International Risk Management Refreshment Program For Executives	MM UGM
Sumiyati	Member / Non Independent Commissioner	07/09/2018	1. Executive Risk Management Refreshment Program	LPPI
		15/09/2018	2. Enterprise Risk Management	CRMS
		28/08/2018	3. IIA 2018 Conference	IIA
Heru Ratna Azimada	Member / Independent	-	-	-
Yuki Noviani Kohar	Member / Independent	-	-	-



## Risk Monitoring Committee Work Plan 2019

The Risk Monitoring Work Plan in 2019 includes:

1. Give suggestions and recommendations to the Board of Commissioners about:
  - a. Compilation of RKAP and RBB
  - b. Compilation of Risk Management Policy Guidelines (PKMR)
2. Monitoring Risk Management consisting of Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk and Reputation Risk
3. Monitoring Risk Profile, Bank Health Rating, Minimum Capital Requirement (KPMR), Net Open Position (NOP), Legal Lending Limit
4. Review the performance results or Performance Review, which is related to the level of achievement of the RKAP and RBB and risk management
5. Provide input to the Board of Commissioners in order to prepare responses to Quarterly Performance to the Ministry of State-Owned Enterprises
6. Providing input to the Board of Commissioners in the framework of preparing the Bank Business Plan (RBB) Inspection Supervision Report to the Financial Services Authority (semester)
7. Conducting studies and proposals for improvement of company policies related to credit policy in the following matters:
  - a. Earning Assets Quality
  - b. Credit / Novation Restructuring
  - c. Collection of NPL
  - d. Preparation in the framework of implementing PSAK 71
  - e. Adequacy of CKPN

## Accomplishment of the 2018 Risk Monitoring Committee Work Plan

### Risk Monitoring Committee Implementation Report

Throughout 2018, the Risk Monitoring Committee has implemented tasks supporting the supervisory function of the Board of Commissioners by delivering recommendations to the Board of Commissioners, regarding Risk Management, which are detailed as follows:

- a. Evaluated the implementation of Risk Management through:
  - Periodic discussions regarding the Bank's Risk Profile Reports (quarterly)
  - Periodic discussions regarding the Bank's Soundness
  - Discussions regarding the performance reviews every month

- b. Evaluated and provided input relevant to the Board of Commissioners:

- Credit Consultation according to the authority limit
- Approval of the Provision of Funds to Related Parties
- Limitations and criteria regarding the actions of the Board of Directors that are not required to obtain the Board of Commissioners' Approval
- Application of new policies or new products
- Plans for capital participation in the framework of inorganic growth

- c. Analyze credit quality by reviewing:

- Drag allowance that occurs with the core debtor
- Progress regarding the implementation of credit consulted with the Board of Commissioners
- Follow-up regarding the financial write off activity of the previous year.
- "back testing" mechanism to find the root of the problem in the event of a decrease in credit quality.

- d. Analyze the suitability of the Risk Management Policy Guidelines in line with the Bank's business activities.

- e. Evaluating Company Policies in respect to:

1. Anti-Money Laundering and Prevention of Terrorism Funding Program (APUPPT) Application
2. Guidelines for Co-operation between State-Owned Enterprises in accordance with the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-03/MBU/08/2017 dated August 14, 2017 and amended by Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-04/MBU/09/2017 September 13, 2017
3. Due Diligence & Capital Participation Plans at PT. Cemodalan Nasional Madani Investment Management
4. Regulations of the Board of Directors regarding the Management of Customer Complaints, in accordance with:
  - FSA No. 1/POJK.07/2013 Regulation concerning the Financial Services Sector Consumer Protections
  - FSA No. 2/POJK.07/2014 Circular Letter concerning Services and Settlement of Consumer Financial Services Complaints
  - BI Circular Letter No. 7/24/DPNP concerning the Settlement of Customer Complaints

## ORGANS AND COMMITTEES UNDER THE BOARD OF COMMISSIONERS

### The Risk Monitoring Committee's Frequency of Meetings and Attendance Level

The Risk Monitoring Committee Meetings are convened at least 4 (four) times a year and are chaired by the chairman of the Risk Monitoring Committee in compliance with the Risk Monitoring Committee Charter. The decisions at the Risk Monitoring Committee meetings are taken based on deliberation. All discussions at the Risk Monitoring Committee meetings have been logged, documented, signed by the Chairman and distributed to all members of the Risk Monitoring Committee.

Throughout 2018, the Risk Monitoring Committee was convened 9 (nine) times with the following attendance details:

Name	Position	Meeting's Frequency	Attendance	% Attendance
Arie Coerniadi	Chairman / Independent Commissioner	9	6	66%
I Wayan Agus Mertayasa	Member / Independent Commissioner	9	5	55%
Sumiyati	Member / Non Independent Commissioner	9	2	22%
Garuda Wiko	Member / Independent Commissioner	9	5	55%
Iman Sugema	Member / Non Independent Commissioner	9	1	11%
Heru Ratna Azimada	Member / Independent	9	9	100%
Yuki Noviani Kohar	Member / Independent	9	8	88%

### The Risk Monitoring Committee Performance Assessment

The performance of the Risk Monitoring Committee is evaluated by the Company's Board of Commissioners every 3 (three) months. The assessment is based on the accomplishment of Work Program specified in the Risk Monitoring Committee Work Plan and Budget. The assessment outcome is to be reported to the Board of Commissioners in the Risk Monitoring Committee report.

The result of assessment becomes part of the consideration for Board of Commissioners to re-appoint and/or dismiss the Risk Monitoring Committee members for the next Term of Office.

### The Risk Monitoring Committee Meeting Plan for 2019

In accordance with the Risk Monitoring Committee Work Plan for 2018, the Risk Monitoring Committee has planned 4 meetings for 2019, with the main agenda as follows:

1. Conducting periodic evaluations and providing input to the Board of Commissioners regarding the following matters:
  - Risk Profile
  - The Bank's Health Rate
  - The Bank's Business Plans
  - Others, in adherence to the prevailing rules and legislation
2. Evaluating the completeness of the tools and policies related to Credit Risk as well as the risks that have become the priority of 2019, i.e. Compliance Risk, Legal Risk, Strategic Risk, and Reputation Risk.

3. Monitoring the policy process and comprehensiveness regarding the targeted business activities in 2019, i.e.:
  - Strengthening the Mortgage Business positioning and Construction of the Value Chain
  - Strengthening the Funding Structure and CASA Ratio
  - Improving Non-Interest Income
  - Enhancing the effectiveness of Collection and Asset Recovery
  - Quality of credit collectibility 1 and 2
  - Restructurisation
4. Analyzing and Evaluating the Risk Management undertakings in connection with the plan to augment the Information Technology capability in its course toward digital banking. Monitoring the process and policy completeness of the 2019 business objectives, i.e.:
  - Strengthening the Mortgage Business positioning and Construction of the Value Chain
  - Strengthening the Capital Structure and the ratio of CASA
  - Increasing Non-Interest Income
  - Increasing the effectiveness of Collection & Asset Recovery
5. Analyzing and Evaluating the Risk Management undertakings in connection with the plan to augment the Information Technology capability in its course toward digital banking.



## REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee was established by the Board of Commissioners and reports directly to the Board of Commissioners in supporting the functions and duties of the Board of Commissioners in relation to the Remuneration and Nomination of the members of the Board of Directors and members of the Board of Commissioners. The Committee is a supporting tool of the Board of Commissioners, working hand in hand with the Human Capital Management & Culture Specialist Division (HMCD) as a tool of the Board of Directors for Human Capital Improvement and preparation of future leaders who provide exemplary examples and pay careful attention to the implementation of the Company's Good Corporate Governance.

### Legal Basis

The Company founded the Nomination and Remuneration Committee based on the following Regulations, Provisions and Legislation:

1. Regulation of the State Minister for State-Owned Enterprises Number: PER-01/MBU/2011 dated August 1, 2011 concerning the Implementation of Good Corporate Governance (GCG) in State-Owned Enterprises as amended by Regulation of the State Minister for State-Owned Enterprises No. PER-09/MBU/2012 July 6, 2012;
2. BI Regulation No. 11/33/PBI/2009 dated December 7, 2009 concerning the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Units.
3. FSA Regulation No. 59/POJK.03/2017 dated December 18, 2017 concerning the Implementation of Governance in the provision of Remuneration for Sharia Commercial Banks and Sharia Business Units.
4. Regulation of the State Minister for State-Owned Enterprises Number: PER-12/MBU/2012 dated August 24, 2012, concerning the Supporting Organs of the Board of Commissioners;
5. Regulation of the Financial Services Authority No. 33/POJK.04/2014 dated December 8, 2014 concerning the Board of Directors and the Board of Commissioners of Issuers or Public Companies;
6. Regulation of the Financial Services Authority (POJK) No. 34/POJK.04/2014 dated December 8, 2014 concerning the Remuneration and Nomination Committee of Issuers or Public Companies;
7. Regulation of the Financial Services Authority Number 21/POJK.04/2015 dated November 16, 2015, concerning the Implementation of the Guidelines for Corporate Governance of a Public Company;
8. Regulation of the Financial Services Authority No. 45/POJK.03/2015 dated December 23, 2015 concerning the Implementation of Governance in Providing Remuneration for Commercial Banks.
9. Financial Services Authority Circular No. 40/SEOJK.03/2016 dated September 26, 2016 concerning the Implementation of Governance in Remuneration for Commercial Banks.
10. Regulation of the Financial Services Authority No. 55/POJK.03/2016 dated December 7, 2016 concerning the Implementation of Governance for Commercial Banks;
11. Financial Services Authority Circular No. 13/SEOJK.03/2017 dated March 17, 2017 concerning the Implementation of Governance for Commercial Banks.
12. Regulation of the Minister of State-Owned Enterprises Number: PER-06/MBU/06/2018 dated June 4, 2018 regarding the Third Amendment to the Regulation of the State Minister for State-Owned Enterprises Number: PER-04/MBU/2014 concerning Guidelines for Determining Incomes for the Board of Directors, Board of Commissioners, and the Supervisory Board of State-Owned Enterprises.
13. The Bank's Articles of Association Number 90 dated June 21, 2017, and Amendments Number 66 dated March 23, 2018 of PT Bank Tabungan Negara (Persero) Tbk.
14. Decision of the Board of Commissioners No. 01/DEKOM-BTN/2017 dated August 10, 2017 concerning the Board of Commissioners Charter, PT Bank Tabungan Negara (Persero), Tbk.
15. Agreement Letter with the Board of Commissioners of PT Bank Tabungan Negara (Persero), Tbk No. 02/DEKOM-BTN/2017 and the Board of Directors of PT Bank Tabungan Negara (Persero), Tbk No. 01/DIR-BTN/2017 dated November 24, 2017, regarding the Working Relationship between the Board of Commissioners and the Board of Directors of PT Bank Tabungan Negara (Persero), Tbk.
16. Joint Decree of the Board of Commissioners of PT Bank Tabungan Negara (Persero), Tbk No. 03/DEKOM-BTN/XII/2013 and the Board of Directors of PT Bank Tabungan Negara (Persero), Tbk No. SKB-03/DIR-BTN/XII/2013 regarding the Charter of the Remuneration and Nomination Committee of PT Bank Tabungan Negara (Persero), Tbk dated December 18, 2013 and its amendments in accordance with the Joint Decree of the Board of Commissioners of PT Bank Tabungan Negara (Persero), Tbk No. 03/DEKOM-BTN/2016 and the Board of Directors of PT Bank Tabungan Negara (Persero), Tbk No. SKB-03/DIR-BTN/2016, July 18, 2016.

### Composition of the Remuneration and Nomination Committee

In 2018, the Company's Remuneration and Nomination Committee consisted of 7 (seven) members. The composition of the Remuneration and Nomination Committee Members consisted of 1 (one) Independent Commissioner serving as the Chairperson, 3 (three)

## ORGANS AND COMMITTEES UNDER THE BOARD OF COMMISSIONERS

Independent Commissioners, 1 (one) Commissioner, 1 (one) Independent member and 1 (one) Executive Officer in charge of Human Resources.

The structure and membership of the Remuneration and Nomination Committee as of December 31, 2018 is as follows:

Name	Position	Legal Basis of Appointment	Term of Office
I Wayan Agus Mertayasa	Chairperson/ President Commissioner/ Independent	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 163/DIR/2016 dated 25 April, 1 2016	25/04/2016 – 24/04/2019
Lucky Fathul Aziz Hadibrata	Member/ Independent Commissioner	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No.650/DIR/2017 dated November 21, 2017	21/11/2017 – 23/03/2020
Arie Coerniadi	Member/ Independent Commissioner	Decree of the Board of Directors of the Bank Tabungan Negara (Persero) Tbk No.163/DIR/2015 dated April 25, 2015	25/04/2016 – 24/04/2019
Kamaruddin Sjam	Member/ Independent Commissioner	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 476/DIR/2016 dated November 1, 2016	01/11/2016 – 30/09/2019
Maurin Sitorus	Member/Non Independent Commissioner	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 476/DIR/2016 dated November 1, 2016	01/11/2016 – 30/09/2019
I Nengah Rentaya	Member/ Independent	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 476/DIR/2016 dated November 1, 2016	08/11/2016 – 07/11/2019
Eko Waluyo	Ex-officio Member/ Executive Officer of Human Resources	Decree of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk No. 401/DIR/2017 dated August 24, 2017	06/06/2017 – 06/06/2020

### Remuneration and Nomination Committee Profile



#### I Wayan Agus Mertayasa

Remuneration and Nomination Committee Chairman

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

##### Expertise

Finance, Banking



#### Lucky Fathul Aziz Hadibrata

Remuneration and Nomination Committee Member

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

##### Expertise

Finance, Macro Economics, Management Strategy



### **Arie Coerniadi**

Remuneration and Nomination Committee Member

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

#### **Expertise**

Finance and Information Technology



### **Maurin Sitorus**

Remuneration and Nomination Committee Member

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

#### **Expertise**

Law, Economy



### **Kamaruddin Sjam**

Remuneration and Nomination Committee Member

Educational history, Work Experience and Expertise Training can be viewed in the Profile section of the Board of Commissioners in this Annual Report.

#### **Expertise**

Audit, Finance





### **I Nengah Rentaya**

Remuneration and Nomination  
Committee Member

Is an Indonesian citizen, he was born in Tabanan, Bali, he is currently 60 years old, he is domiciled in Jakarta. He holds a bachelor's degree (S1) from the Faculty of Economics, University of Gajah Mada, Yogyakarta in 1987 and Master of International Affairs in Economic Policy and Management from Columbia University, NYC, USA in 1993. Certificate Program in Treasury Management from New York University, School of Continuing Education, NYC, USA, 1994 Summer Session Program.

#### **Expertise**

Monetary Economics, Banking, Human Capital Management and Learning Development.

#### **Work Experience**

He has served as the Senior Vice President - Group Head of Corporate Banking of PT Bank Mandiri (Persero) Tbk (2007-2014); as the Senior Vice President-Group Head of Human Capital Group of PT Bank Mandiri (Persero) Tbk (2006-2007); as a Senior Vice President - Deputy of the Head of Human Capital Group of PT Bank Mandiri (Persero) Tbk (2003-2006).

#### **Training**

Train the Trainer Bank Mandiri Methodology and Tool Delivery Program (2013); 60 hour Certificate Coaching Program Training, by ICF, USA (2013); Service Excellence for Senior Program Manager, by SQC, Singapore (2012); The 4 Disciplines of Execution (4DX), Manager Certification Gold Programs, by Franklin Covey and Dunamis Indonesia, 2012; ASIA PASIFIC Program Human Resources Management, by INSEAD, Singapore, Nov. 27' – Dec' 01 2000; Achieving an Outstanding Performance program, by INSEAD, Fontainebleau, France, 7 - 12 April 2002. Human Performance Improvement (HPI) Certification Program (Six Modules), from ASTD, USA, 2001. Certificate in Using Assessment Center to Grow Your Future Leader, Advance Level, by DDI Indonesia 2001. Certified Interviewer of Targeted Selection (TS) by DDI Indonesia, 2000. Human Resources Executive Program, by the Michigan Ross School of Business, Hong Kong, 2008. Strength Based Performance Coaching, by Gallup University, Singapore, 2009. Train the Trainer Execution Focus (4DX) Program, by Dunamis Indonesia, 2012. Human Resource Skills in Banking and Finance, by Euromoney Training, London, 2002.



## Eko Waluyo

Remuneration and Nomination Committee  
Ex-officio member

Is an Indonesian citizen, he was born in Temanggung, he is currently 47 years old. He graduated with a bachelor's degree in Accounting, from Gajah Mada University in 1995 and earned a master's in management (MM) in Finance from Gajah Mada University (UGM) and University of Kentucky USA in 2004.

**Expertise**  
Finance

### Work Experience

He served as Head of the Corporate Secretary Division (2015-2017), Head of Investor Relations (2013-2015), Investor Relations Manager (2011-2013), Investor Communication Manager (2010-2011), and Section Head of the KPR Securities Team (2006-2010). Previously he was the Manager of the Risk Management Department of PT Sarana Multigriya Finansial (2006) and Young Auditor of the Supreme Audit Agency (BPK) (2006-2007).

### Training

Investor Relations Masterclass, Executive Workshop, the Investor Relations Society, United Kingdom (UK) (2013), Banking Risk Management Competency Certificates Level 1, 2, 3 and 4 by Banking Professional Certification Institutions (LSPP) (2011, 2012 and 2014), ASEAN Corporate Governance Scorecard Workshop, Indonesian Institute for Corporate Directorship (IICD), Jakarta (2015), Workshop on Roles and Functions of the Board of Commissioners/Supervisory Board of State-Owned Enterprises, Ministry of State Owned Enterprises, Bandung, Indonesia (2015), The First Asean Marketing Summit, Markplus Institute, Jakarta (2015), The 1<sup>st</sup> Corporate Secretary Leadership Forum, Press Company Union (SPS), Bangkok, Thailand (2015) and The Workshop on Making Small-Scale Savings Work for Everyone in a Digitized World, The World Savings Bank Institute (WSBI), Washington DC, USA (2015). Workshop of State-Owned Enterprises HR Directors & Managers, Jakarta (2017); The Second Indonesia Human Capital Summit 2017, Jakarta (2017); Talent Management Workshop World-class State-Owned Enterprises, Bali (2017).

## Appointment and Dismissal

The appointment and dismissal of the Company's Remuneration and Nomination Committee refers to the Joint Decree of the Board of Directors and Board of Commissioners No. 03/DEKOM-BTN/2013 dated December 18, 2013 concerning the Charter of the Remuneration and Nomination Committee of PT Bank Tabungan Negara (Persero) Tbk, as well as the Board Decree Commissioner No. 01/DEKOMBTN/2017, August 10, 2017 concerning the Guidelines and Code of Conduct of the Board of Commissioners of PT Bank Tabungan Negara (Persero), Tbk. The appointment and dismissal of Members of the Remuneration and Nomination Committee is based on the decision of the Board of Commissioners by considering the aspects of integrity, character and morals, independency, knowledge of the provisions of the remuneration system and/or the nominations and succession planning of the Human Capital Management.

## Independency of the Remuneration and Nomination Committee Members

Members of the Remuneration and Nomination Committee have fulfilled all independence criteria and are able to perform their duties independently, upholding the Bank's best interests and be free from the influence of any party. The Independent Commissioners in the composition of the Remuneration and Nomination Committee consists of 4 (four) members from 7 (seven) members of the Remuneration and Nomination Committee, which is in accordance with the Financial Services Authority Regulation No. 55/POJK.03/2016 concerning the Implementation of Governance for Commercial Banks Article 43 paragraph 4 that the members of the Remuneration and Nomination Committee must shall be at least 3 (three) members, and of which shall consist of least 2 (two) Independent Commissioner members.

## ORGANS AND COMMITTEES UNDER THE BOARD OF COMMISSIONERS

Independency Aspect	I Wayan Agus Mertayasa	Lucky Fathul Aziz Hadibrata	Arie Coerniadi	Kamaruddin Sjam	Maurin Sitorus	I Nengah Rentaya	Eko Waluyo
No Financial Relationship with the Board of Commissioners and the Board of Directors	✓	✓	✓	✓	✓	✓	✓
No Management Relationship with the Company, Subsidiaries or Affiliated Companies	✓	✓	✓	✓	✓	✓	✓
No relationship with the Company's Share Ownership	✓	✓	✓	✓	✓	✓	✓
No Family ties with the Board of Commissioners, the Board of Directors, and/or fellow members of the Audit Committee	✓	✓	✓	✓	✓	✓	✓

### Concurrent Position

The concurrent position of Company's independent party has referred to the Decree of the Board of Commissioners No. 01/DEKOM-BTN/2017, dated August 10, 2017 concerning the Board of Commissioners Charter and Rules of State-Owned Enterprises No. PER-12/MBU/2012 dated August 24, 2012 concerning the Supporting Bodies of the Board of Commissioners/Supervisory Board of State-Owned Enterprises as well as the GMS Decision of PT Bank Tabungan Negara (Persero) Tbk dated March 27, 2013. Likewise, it has taken into account and consideration the Independency, Confidentiality, Code of Ethics and the implementation of the duties and responsibilities of the Board of Commissioners. The details of the concurrent positions of the Remuneration and Nomination Committee members are presented in the following table:

Name	Position	Concurrent Position in the Company	Concurrent Position in other companies/agencies
I Wayan Agus Mertayasa	Chairman/ President Commissioner/ Independent	1. President / Independent Commissioner 2. Member of the Audit Committee 3. Member of the Risk Monitoring Committee	None
Lucky Fathul Aziz Hadibrata	Member / Independent Commissioner	1. Independent Commissioner 2. Member of the Audit Committee	None
Arie Coerniadi	Member / Independent Commissioner	1. Independent Commissioner 2. Chairman of the Risk Monitoring Committee	None
Kamaruddin Sjam	Member / Independent Commissioner	1. Independent Commissioner 2. Chairman of the Audit Committee	None
Maurin Sitorus	Member / Non Independent Commissioner	1. Non Independent Commissioner	None
I Nengah Rentaya	Member / Independent	None	None
Eko Waluyo	Ex-officio Member / Executive Officer of Human Resources	Human Capital Management & Culture Specialist Division Head	None

### Term of Office

The Term of Office of the Remuneration and Nomination Committee may not be longer than the Term of Office of the Board of Commissioners in accordance with FSA Regulation No. 34/ POJK.04/2014 and the Charter of the Remuneration and Nomination Committee and can be re-elected. The Term of Office of the Committee members appointed between the Term of Office of the Board of Commissioners will end at the same time as the Term of Office of the Board of Commissioners ends.

### Work Guidelines for the Remuneration and Nomination Committee

The Work Guidelines for the Remuneration and Nomination Committee refer to the Remuneration and Nomination Committee Charter. The Charter of the Remuneration and Nomination Committee is prepared based on the applicable laws and regulations and is constantly reviewed regularly and was ratified based on the Board of Commissioners Decree Number No. SKB-03/DECOM BTN/2016 and the Board of Directors No. SKB-03/DIR-BTN/2016 dated July 18, 2016.



#### Scope of the Remuneration and Nomination Committee Charter

- |  |   |
|--|---|
| <ol style="list-style-type: none"><li>1. General Provisions;</li><li>2. Definition and Objectives of the Formation of the Committee;</li><li>3. Duties of the Committee;</li><li>4. Responsibilities and Activity Reports;</li><li>5. Authority of the Committee;</li><li>6. Scope of Duties and Working Mechanism;</li><li>7. Information Access and Confidentiality;</li><li>8. Composition and Structure;</li></ol> | <ol style="list-style-type: none"><li>9. Membership Requirements;</li><li>10. Committee Meetings;</li><li>11. Activity Budget;</li><li>12. Income of Committee Members;</li><li>13. Education;</li><li>14. Supporting Staff;</li><li>15. Closing.</li></ol> |
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In 2018, the Remuneration and Nomination Committee evaluated the remuneration guidelines by reflecting upon the financial performance, individual work performance, fairness with peer groups, and the Company's long-term goals and strategies.

### Training and Competency Development of the Remuneration and Nomination Committee

Throughout 2018, the Remuneration and Nomination Committee members, as stated in the profile of the Board of Commissioners, have participated in competency development programs.

### Duties and Responsibilities of the Remuneration and Nomination Committee

Based on the Financial Services Authority Regulation (POJK) No. 34/POJK.04/2014 dated December 8, 2014 concerning the Nomination and Remuneration Committee of Issuers or Public Companies Article 8 states that the Nomination and Remuneration Committee fulfills at least the following duties and responsibilities:

#### A. In regard to Nomination:

1. Offering recommendations to the Board of Commissioners regarding the:
  - a. Composition of members of the Board of Directors and/or members of the Board of Commissioners;
  - b. Policies and criteria required in the Nomination process; and
  - c. Performance evaluation policy regarding the members of the Board of Directors and/or members of the Board of Commissioners;
2. Assist the Board of Commissioners to evaluate the performance of the members of the Board of Directors and/or members of the Board of Commissioners based on benchmarking that has been prepared as evaluation material;
3. Provide recommendations to the Board of Commissioners regarding the capacity building curriculums for members of the Board of Directors and/or members of the Board of Commissioners;

4. Propose candidates who qualify as members of the Board of Directors and/or members of the Board of Commissioners to the Board of Commissioners to be submitted to the GMS.

In performing its Nomination function as referred to in Article 8 letter a, the Nomination and Remuneration Committee is obliged to adhere to the procedures as specified in Article 9 as follows:

1. Arrange the composition and nomination process of members of the Board of Directors and/or members of the Board of Commissioners;
2. Formulate policies and criteria required in the nomination process for prospective members of the Board of Directors and/or members of the Board of Commissioners;
3. Assist the evaluation of the performance of members of the Board of Directors and/or members of the Board of Commissioners;
4. Arrange the agenda for developing the capabilities of members of the Board of Directors and/or members of the Board of Commissioners; and
5. Reviewing and proposing candidates who qualify as members of the Board of Directors and/or members of the Board of Commissioners to the Board of Commissioners to be submitted to the GMS.

#### B. In regard to Remuneration:

1. Provide recommendations to the Board of Commissioners concerning:
  - a. Remuneration Structure;
  - b. Policy regarding Remuneration; and
  - c. Level of Remuneration.
2. Assist the Board of Commissioners to evaluate the performance of members of the Board of Directors and/or members of the Board of Commissioners with the suitability of the Remuneration they receive.

In performing its Remuneration function, as referred to in Article 8 letter b, the Nomination and Remuneration Committee as specified in Article 10, is obliged to:

1. Perform the following tasks:
  - a. Formulate the structure of Remuneration for the members of the Board of Directors and/or members of the Board of Commissioners;

- b. Prepare a policy regarding the Remuneration for the members of the Board of Directors and/or members of the Board of Commissioners;
  - c. Arrange the amount of Remuneration for the members of the Board of Directors and/or members of the Board of Commissioners.
2. The Remuneration structure as referred to in paragraph 1 of letter a above, in the classification of:
  - a. Salary;
  - b. Honorarium;
  - c. Incentive; and/or
  - d. Fixed and/or Variable Benefits.
3. Preparation of the structure, policy and amount of Remuneration as referred to in paragraph 1, with due regard to:
  - a. Remuneration that applies to the industry in accord with the business activities of the Issuer or Public Company in a similar category and scale of the business of the Issuer or Public Company in its industry;
  - b. The duties, responsibilities and authority of the members of the Board of Directors and/or members of the Board of Commissioners are inter-related with the achievement of objectives and accomplishment of the Issuer or Public Company;
  - c. Target performance of each member of the Board of Directors and/or members of the Board of Commissioners;
  - d. Balance between Fixed and Variable Benefits.
4. The structure, policies, and amount of Remuneration as referred to in paragraph 1 must be evaluated by the Nomination and Remuneration Committee at least 1 (one) time in 1 (one) year.

Based on OJK Regulation No. 55/POJK.03/2016 dated December 7, 2016 concerning the Implementation of Governance for Commercial Banks Article 49, the Remuneration and Nomination Committee has the following duties and responsibilities as follows:

1. The Remuneration Policy shall:
  - a. Evaluate the Remuneration Policy based on performance, risk, fairness with the peer group, goals and long-term strategies of the Bank, fulfillment of reserves as stipulated in the legislation and the Bank's probable future income;
  - b. Submit the evaluation results and recommendations to the Board of Commissioners concerning:
    - 1) The Remuneration Policy for the Board of Directors and the Board of Commissioners to be submitted to the GMS; and
    - 2) The Remuneration Policy for employees as a whole to be submitted to the Board of Directors.

- 3) Ensure that the Remuneration Policy is in accordance with the provisions; and
  - 4) Periodically evaluate the implementation of the Remuneration Policy.
2. The Nomination Policy shall:
  - a. Prepare and provide recommendations regarding the system and procedures for selecting and/or replacing members of the Board of Directors and members of the Board of Commissioners to the Board of Commissioners to be submitted to the GMS;
  - b. Deliver recommendations regarding prospective members of the Board of Directors and/or prospective members of the Board of Commissioners to the Board of Commissioners to be submitted to the GMS; and
  - c. Offer recommendations regarding qualified Independent Parties as candidate members of the Audit Committee as referred to in Article 41 paragraph (1) letter b and letter c and members of the Risk Monitoring Committee as referred to in Article 42 paragraph (1) letters b and c to the Board of Commissioners.

### Scope of Duty of the Remuneration and Nomination Committee:

The Remuneration and Nomination Committee, in performing their duties and responsibilities are bound by the following Scope of Duty:

1. Compile and recommend payroll and benefit systems to the members of the Board of Commissioners and the Board of Directors.
2. Preparing the criteria for the selection and nomination procedures for the members of the Board of Commissioners, Board of Directors, and create a rating system and provide recommendations regarding the number of members of the Board of Commissioners and the Board of Directors and ensure the formation of the talent pool, monitor and analyze the nomination criteria and procedures for other executives up to 1 (one) level below the Board of Directors.
3. Submitting recommendations regarding prospective independent parties in fulfilling the requirements as members of the Audit Committee and Risk Monitoring Committee.
4. In the event that a member of the Committee encounters a Conflict of Interest with a recommended proposal, the matter must be disclosed in the proposal stating the Conflict of Interest concerned and the deliberations underlying the proposal.
5. Warranting assurance/certainty to the Board of Commissioners by periodic reviewing of the SOPs (procedures) in connection with the dissemination of information to be issued by the Company





6. Ensuring that each decision of the Board of Commissioners and the GMS is in accordance with the provisions, rules and regulations in force.
7. Evaluating and periodically revising the Joint Agreement Letter (Board Manual) including the Board of Commissioners Charter and Work Rules to be attuned to the development of the applicable regulations, provisions and laws.
8. Ensuring that all policies proposed by the Board of Directors' requiring the approval of the Board of Commissioners have complied to the communication flow established in the Board of Commissioners' and the Board of Directors' Joint Letters of Agreement.
9. Based on the Board of Commissioners' Approval Letter, the committee has the authority to examine any Material Transactions that are suspected of containing Fraud and/or actions that may cause harm to the Company.
10. Report to the Board of Commissioners in writing if deviations from the principles of GCG are suspected.

## **Rights and Authorities of the Remuneration and Nomination Committee**

### **A. The Remuneration and Nomination Committee is contracted with the following tasks and responsibilities:**

1. Review, examine, analyze and provide opinions and recommendations within the scope of their duties.
2. Search for and obtain relevant information (unlimited access) from the Bank's Internal Units, Reports, or from any member of the Board of Directors, employees or individuals or related sources.
3. Inviting management to attend the Remuneration and Nomination Committee meetings.

### **B. The Remuneration and Nomination Committee reserves the following rights and authorities:**

1. The Remuneration and Nomination Committee is entitled to gain full, unrestricted and unlimited access to archives, employees, assets and other resources of the Bank relating to the implementation of their duties.
2. In executing their rights, the Remuneration and Nomination Committee co-operates with the Human Resources Division, Compliance Desk, and other Units.
3. The members of the Remuneration and Nomination Committee are Independent parties entitled to receive an honorarium set through the Board of Directors Decision Letter based on the results of the Board of Commissioners meeting.

## **Committee Working Mechanism**

The Remuneration and Nomination Committee, in performing their duties and responsibilities abide to the following Work Mechanism:

1. Reviewing the criteria for the selection and nomination procedures for the members of the Board of Commissioners, the Board of Directors, and creating a scoring system and providing recommendations regarding the number of members of the Board of Commissioners and the Board of Directors, including the payroll and allowance system for the members of the Board of Commissioners and the Board of Directors, monitoring and analyzing the criteria and nomination procedures for other Executives up to 1 (one) level below the Board of Directors.
2. Deliver recommendations for the Company's nomination criteria and remuneration system improvements and their implementation to ensure and review procedures are satisfactorily complied with throughout all of the Company's operations in observance to the Company's applicable Standard Operating Procedures.

## **The Remuneration and Nomination Committee Work Plan for 2019**

The Remuneration and Nomination Committee annually formulates a Work Plan. Preparation of the 2019 Remuneration and Nomination Committee Work Plan refers to the provisions, laws and regulations enforced including Board of Commissioners' directives regarding Strategic Program priority.

### **The 2019 Remuneration and Nomination Committee Work Plan includes:**

1. Preparing the criteria/procedures for the selection and the nomination of candidates as members of the Board of Commissioners and the Board of Directors, to select, and assess the Company's Management candidates.
2. Compile and recommend a Remuneration policy system and provide bonuses for the Board of Commissioners and the Board of Directors, including the Production Services Policy (Jasprod) system for Bank Employees.
3. Review the Job Grading System Policy in the Bank's Organizational Structure and recommend the Top Talented Employee Promotion Acceleration Program Policy selectively, including the Bank's Succession Planning of Company's Strategic posts up to 2 (two) levels below the Board of Directors.
4. Recommend Career Path Policies and Cross-Clan Career Path Policies in the Field of Work in accordance with the new Organizational Structure in line with the development efforts of Talent by the Bank, who possess the competencies required by the Bank in the era of Digital Transformation.



## ORGANS AND COMMITTEES UNDER THE BOARD OF COMMISSIONERS

5. Implement a Performance Management System Policy study in pursuit of the Bank's targets in conforming to the SMART-CC principle and the competitive Best Practice Remuneration System policy in the Market.
6. Assess the implementation of the Corporate Culture and Engagement Programs executed throughout 2018.
7. Conduct a review of the existing Employee Training Programs and School-School Programs, in particular those related to Credit Competency i.e.: Commercial, Mortgage and Consumer Banking and Leadership.
8. Review and recommend Coaching, Mentoring and Special Project Programs Promotion and Competence Development Acceleration Programs for employees under the classification of STAR and POTENTIAL selectively to be prepared to take up Strategic Positions 2 (two) levels above the Grade.
9. Fulfill other duties as directed or recommended by the Board of Commissioners which are in line with the duties of the Remuneration and Nomination Committee.
10. To advance the competence of members through training activities, seminars and workshops including certifications pertinent to the duties and responsibilities of the Committee.

### The Remuneration and Nomination Committee Work Plan Accomplishments for 2018

Remuneration and Nomination Committee Activity Report:

Throughout 2018, the Remuneration and Nomination Committee fulfilled numerous undertakings as follows:

No	Activity/Agenda	Minutes/Memo/Letter	Decision/Directive/Result
1	Compiled and Coordinated the preparation of the Board of Commissioners Draft Work Program and KPI in 2018	MEMO INTERN Koreno No. 01/MI/KORENO /I/2018, January 23, 2018 to the Remuneration and Nomination Committee.	Directives from the Chairman of the Remuneration and Nomination Committee that in principle agree to the proposal of Committee Members with some improvements. To be proposed immediately to the Board of Commissioners.
2	Compiling Presentation Materials regarding Strategic Human Capital and Management with HCMD as study material and reports to the Remuneration and Nomination Committee and the Board of Commissioners.	Presentation of material for the Remuneration and Nomination Committee Meeting and the Board of Commissioners on January 23, 2018.	Policy Direction and Implementation of Strategic Human Capital and Management, to HCMD and Management.
3	Assessment of the proposed 2018 Education Activities Plan.	Letter of the Board of Commissioners to the Board of Directors No. 09/KOM/ BTN/I/2018, January 30, 2018.	Approval of the Board of Commissioners regarding the Plan of Education Activities in 2018.
4	Compile and Co-ordinate the follow-up preparation of the 2018 Board of Commissioners Proposal for Work Programs and KPIs to the Board of Commissioners	Internal Memo of the Remuneration and Nomination No. 02/MI/KORENO /I/2018 February 11, 2018.	The decision of the Board of Commissioners Meeting, that agrees with the Committee's proposal and specifically for the Board of Commissioners KPI, so that it is immediately submitted to the Board of Directors for information or material from the Annual Report.
5	Prepared the 2017 Remuneration and Nomination Committee Activity Report to the Board of Commissioners.	Internal Memo of the Remuneration and Nomination No. 03/MI/KORENO/II/2018, February 20, 2018.	The Committee Report was approved by the Remuneration and Nomination Committee and reported to the Board of Commissioners, as part of the Board of Commissioners' Supervision Report.
6	Arranged the Minutes of Remuneration and Nomination Committee Meetings with Deputy of Financial Services Business, Survey Services and SOE Ministry Consultants, Minutes of Candidate Determination and Power of Attorney for Determination of Candidates for Bank Management as the complete Selection procedures on behalf of Mr. Dasuki Amsir.	Minutes of Meeting of the Remuneration and Nomination No. 16/N/KRN/BTN/ XII/2017 Regarding the Decision of Extraordinary GMS in December 2017	Minutes of the Remuneration and Nomination Committee Meeting as a complete procedure for the selection and completeness of the FSA Fit and Proper Test documents.
7	Discussion of Remuneration, Tantiem, LTI BOD and BOC	Minutes of Koreno Meeting No. 05/N/ KRN/BTN/II/2018 February 23, 2018	Approved the Remuneration, Tantiem, LTI BOD and BOC amounts
8	Discussed and reviewed the Recommendations for Remuneration for the Board of Directors and the Board of Commissioners for 2018	Internal Memo of the Remuneration and Nomination No. 07/MI/KRN/III/2018, March 6, 2018.	The Remuneration and Nomination Committee's Approval to be proposed to the Board of Commissioners.
9	Reviewed the proposals for Raising Pension Benefits and other Benefits for the Bank's Retired employees and proposing them to the Board of Commissioners.	Letter of the Board of Commissioners to the Board of Directors No. 40/KOM/BTN/ III/2018, March 13, 2018.	Obtained approval from the Board of Commissioners, after going through the process of analyzing the financial capabilities of the Bank's Pension Fund.



No	Activity/Agenda	Minutes/Memo/Letter	Decision/Directive/Result
10	Reviewed and recommended the Company's Sharia Supervisory Board Remuneration in the framework of the Annual GMS March 23, 2018.	Letter of the Board of Commissioners to the Board of Directors No. 46/KOM/BTN/III/2018 dated March 14, 2018.	Was approved by the Board of Commissioners to be recommended to the Board of Directors in the framework of the 2018 Annual GMS.
11	Discussed the Criteria and evaluated the Prospective Management of the Company from the Bank internally within the framework of the 2018 Annual GMS.	Letter of the Board of Commissioners to the Minister of State-Owned Enterprises No. 48/KOM/BTN/III/2018, March 20, 2018.	Approval regarding the recommendations for the Company's Managerial Positions to be sourced from Talents within the Bank.
12	Reviewed and re-proposed the Selection Criteria and Talent of the Bank's Management Candidates for the preparation of the Annual GMS on March 23, 2018, with regards to the presence of additional candidates to take up for the Bank's Management positions.	Minutes of Meeting of the Remuneration and Nomination Meeting. No. 06/N/KRN/BTN/III/2018, dated March 23, 2018.	Approved the recommendations of the Bank's proposed Managerial Positions sourced from within the Bank to the Board of Commissioners.
13	Evaluated and conversed regarding the prospective candidates to fill Company's Managerial Positions together with the team from the Ministry of State-Owned Enterprises in the context of the Annual GMS March 23, 2018.	Minutes of Meeting of the Remuneration and Nomination. No. 07/N/KRN/BTN/III/2018, March 23, 2018.	Approved the Prospective Management of the Company to be proposed to the Annual GMS on March 23, 2018.
14	Assessed and recommended candidates for the Board of Directors and Board of Commissioners for the 2018 Annual GMS and completed the FSA's Fit and Proper Test documents.	Letter of the Board of Commissioners to the Board of Directors No. 57/KOM/BTN/IV/2018, dated April 2, 2018.	Obtained approval from the Remuneration and Nomination Committee and the Board of Commissioners to be recommended to the Board of Directors.
15	The Sharia Supervisory Board (DPS) Remuneration Discussion and Reviews	Minutes of Meeting of the Remuneration and Nomination No. 11/N/KRN/BTN/IV/2018, April 24, 2018.	Approved the recommendation of the DPS Remuneration proposal to be submitted to the Board of Directors.
16	Implemented the 2018 Board of Commissioners' KPI Review	Letter to the Board of Directors pertaining to the results of the KPI review of the Board of Commissioners No. 93/KOM/BTN/V/2018, May 22, 2018.	KPI has been approved by the Board of Commissioners to be implemented.
17	Prepared the Material for Socialization of the Work Culture of the Board of Commissioners to Work Units/Regional Offices/Branches.	Material Internalization of Work Culture: "Going Digital Through People Empowerment to Win the Competition", which has been synergized with the Management Material (Directors) on June 6, 2018	The Internalization Material for Work Culture has been refined and has been approved by the Board of Commissioners and implemented.
18	Conducted studies and recommendations regarding the Revision of Bank's Outsourcing Policies.	Letter of the Board of Commissioners to the Board of Directors No. 133/KOM/BTN/VII/2018, July 31, 2018.	Recommendations and advice to the Board of Directors was presented as the Guidelines for the SE Revision of the Outsourcing Policy.
19	Discussion regarding Bank BTN's Talent Candidates in the context of the State-Owned Enterprises' ITMS Program.	Minutes of Meeting of the Remuneration and Nomination , No. 12/N/KRN/BTN/VIII/2018, Tuesday August 07, 2018.	The Committee's recommendations have been forwarded to the Board of Commissioners for further follow up.
20	Followed up on the Ministry of State-Owned Enterprises' Approval related to Payment of the Long-Term Incentive Remuneration Component (LTI) of the Board of Directors and the Board of Commissioners.	Letter of the Board of Commissioners to Board of Directors No. 136/KOM/BTN/VIII/2018, August 8, 2018.	The letter has been submitted as a guideline for the follow-up of the Board of Directors.
21	Performed joint discussions at the Board of Commissioners' meetings regarding Bank BTN's Talented Candidates within the framework of the BUMN ITMS Program.	Minutes of Board of Commissioners Meeting No. 052/KOM/BTN/VIII/2018, Tuesday August 14, 2018.	The Board of Commissioners' approval has been submitted to the Board of Directors to be submitted to the Ministry of State-Owned Enterprises.
22	Prepared a report regarding the Remuneration and Nomination activities for semester I / 2018.	Internal Memo to the Board of Commissioners No. 014/MI/KORENO/IX/2018, September 12, 2018.	SMA / 2018 Remuneration and Nomination Committee Report was signed.
23	Reviewed and assessed the Feasibility of candidates for the Head of the Corporate Secretary Division in accordance with the Terms of Qualification for the Head of the CSD Division (Circular Letter of the Board of Directors No. 58/DIR/2015)	Circular Letter of the Board of Commissioners to the Board of Directors No. 161/KOM/BTN/IX/2018, September 25, 2018.	Proposed Single Candidates cannot be considered. The Board of Commissioners Requests the Board of Directors to submit Candidates for the Head of the Corporate Secretary Division of at least 3 (three) people.
24	Discussed the follow up regarding the Candidates for the Head of the Corporate Secretary Division (CSD) position.	Minutes of Meeting of the Remuneration and Nomination No. 12/N/KRN/BTN/IX/2018, September 25, 2018.	The Remuneration and Nomination Committee has not been able to decide on the Prospective Head of the CSD Division proposed by the Board of Directors, due to insufficient data.
25	Further discussion regarding the selection of the Head of the Corporate Secretary Division (CSD) candidates.	Minutes of Meeting of the Remuneration and Nomination No. 13/N/KRN/BTN/X/2018, October 29, 2018.	The Remuneration and Nomination Committee Meeting agreed to decide that Mr. Achmad Chairul would be the new Head of the Corporate Secretary Division, effective from October 29, 2018.

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No	Activity/Agenda	Minutes/Memo/Letter	Decision/Directive/Result
26	Submitted the Board of Commissioners' Letter to the Board of Directors regarding the Approval of Prospective Candidates for the Head of the Corporate Secretary Division (CSD).	Letter of the Board of Commissioners to the Board of Directors No. 180/KOM/ BTN/X/2018, October 29, 2018.	Approval of Prospective Candidates for the Head of the Corporate Secretary Division (CSD).
27	Prepared a report regarding the Remuneration and Nomination Committees Activities in Quarter III / 2018	Internal Memo of the Remuneration and Nomination Committee No. 015/ MI/KORENO/XI/2018, November 5, 2018 and MEMO from the Remuneration and Nomination Committee to the Board of Commissioners No. 016/MI/KORENO/ XI/2018, November 19, 2018.	The Remuneration and Nomination Committee Activity Report was approved by the Remuneration and Nomination Committee and reported to the Board of Commissioners.
28	Commissioned a study of the Human Capital Management Program to support the Bank's transformation based on Personnel Statistics and the Bank's Internal Audit Results for the past 5 years.	Letter of the Board of Commissioners to the Board of Directors No. 188/KOM/ BTN/ XI/2018, November 19, 2018.	Recommended to the Board of Directors to improve the HC Management Policy and Program to better support the Bank's Transformation.
29	Compiled the 2019 Draft Work Program and KPI (Key Performance Indicator) for the Board of Commissioners 2019.	Internal Memo of the Remuneration and Nomination Committee No. 20/MI/ KORENO/XII/2018, December 10, 2018.	The Draft Work Program of the Board of Commissioners can be approved in principle with a number of improvements and enhancements, among others: additional activities to Discuss the Study of the findings of Internal and/or External Audit Results every 3rd week of each month and the Internalization of the Bank's Mid Term 2019 Work Agenda
30	Delivered the Draft discussion results of the Revision regarding the Charter of the Remuneration and Nomination Committee jointly with the Management Representative Team (Compliance Division) on December 12, 2018.	Internal Memo of the Remuneration and Nomination Committee No. 21/MI/ KORENO/XII/2018, December 17, 2018.	The revised Draft of the Remuneration and Nomination Committee's Charter was not able to be discussed during the Board of Commissioners meeting.
31	Discussed the subject matter related to the Evaluation of the Task Force for Compliance, Strategy and Transformation Director and its follow-up at the Board of Commissioners' Meeting related to the Follow-Up of the FSA Findings.	Letter of the Board of Commissioners to the Board of Directors No. 216/KOM/ BTN/ XII/2018, December 18, 2018.	The Board of Commissioners agreed to the principle of the Proposed Revision of the Compliance Director's Organizational Structure, to be further followed up in accordance with the applicable Regulations.
32	Discussed the Follow-Up Portrait of the Bank's HR Condition in accordance with the previous Committee Review and submitted the Recommendations for priority in the 2019 Strategic Human Capital Management Program.	Letter of the Board of Commissioners to the Board of Directors No. 215/KOM/ BTN/ XII/2018, December 19, 2018.	The Board of Commissioners submitted recommendation to the Board of Directors the Priority of the 2019 Strategic Human Capital Management Program.

### Frequency and Attendance Level of the Remuneration and Nomination Committee Meetings

In observance to the Remuneration and Nomination Committee Charter, meetings were held at least 4 (four) times throughout the year and were Chaired by the Chairperson of the Remuneration and Nomination Committee. The Remuneration and Nomination Committee meeting decisions were based on a consensus as stated in the Charter of the Remuneration and Nomination Committee.

Decisions made in the Remuneration and Nomination Committee meetings have been logged and documented appropriately in the Minutes. Minutes of Meetings were signed by the Chairman of the meeting and distributed to all members of the Remuneration and Nomination Committee whether they attended the meeting or not. Dissenting opinions that occurred during the meeting was included in the Minutes of Meeting supplemented with the reasons for dissent.

In 2018, the Remuneration and Nomination Committee held 8 (eight) times meetings, and 8 of them were attended by at least 51% (fifty one percent) of the total members including the Independent Commissioners and Independent Parties presented based on the Term of Office of the members of the Remuneration and Nomination Committee, which is as follows:



#### Tingkat Kehadiran Rapat Komite Remunerasi dan Nominasi

Name	Position	Number of Meetings	Attendance	% Attendance
I Wayan Agus Mertayasa	Chairman/President Commissioner/ Independent Commissioner	8	8	100%
Lucky Fathul Aziz Hadibrata	Member/Independent Commissioner	8	8	100%
Arie Coerniadi	Member/Independent Commissioner	8	8	100%
Kamaruddin Sjam	Member/Independent Commissioner	8	8	100%
Maurin Sitorus	Member/Non Independent Commissioner	8	8	100%
I Nengah Rentaya	Member/Independent	8	8	100%
Eko Waluyo	Ex-officio member/HR Executive Officer	8	7	83%

#### Rincian Rapat Komite Remunerasi dan Nominasi Tahun 2018

No.	Activity/Agenda	Minutes Meeting	Decision/Direction	Description
1	Discussion of Remuneration, Tantem, LTI BOD and BOC	Minutes of Koreno Meeting No.05/N/KRN/BTN/II/2018 February 23, 2018	Approved the Remuneration, Tantem, LTI BOD and BOC amounts	Remuneration
2	Review and re-propose Selection Criteria and Talent for Bank Management Candidates for the preparation of the Annual GMS on March 23, 2018, in connection with the existence of additional proposals for Bank Management Candidates	Minutes of Koreno Meeting No.06/N/KRN/BTN/III/2018 March 23, 2018	Approved the recommendation of the proposed Bank Management from Internal Affairs to the Board of Commissioners	Nomination
3	Evaluate and discuss the Company Management Candidates together with the Team from the Ministry of BUMN in the framework of the Annual GMS on March 23, 2018	Minutes of Koreno Meeting No. 07/N/KRN /BTN/III/2018 March 23, 2018	Approved the Prospective Management of the Company to be proposed to the Annual GMS on March 23, 2018	Nomination
4	Discuss and review the Shariah Supervisory Board (DPS) Remuneration	Minutes of Koreno Meeting No. 07/N/KRN /BTN/III/2018 March 23, 2018	Approved the recommendation of the DPS Remuneration proposal to be submitted to the Directors	Nomination
5	Discusses BTN Bank Talent Candidates in the framework of the BUMN ITMS Program	Minutes of Koreno Meeting No. 12/N/KRN/BTN/VIII/2018 August 07, 2018	The Committee's recommendations have been forwarded to the Board of Commissioners for discussion of their follow-up	Nomination
6	Discuss together at the Board of Commissioners' meeting regarding BTN Bank Talent Candidates in the context of the BUMN ITMS Program	Minutes of No. Koreno Meeting. 52/N/KRN /BTN/VIII/2018 August 14, 2018	The approval of the Board of Commissioners has been submitted to the Directors to be submitted to the Ministry of BUMN	Nomination
7	Discussing the follow up of the Candidates for the Head of the Corporate Secretary Division (CSD)	Minutes of Koreno Meeting No. 12/N/KRN/BTN/IX/2018 September 25, 2018	The Committee Meeting has not been able to decide on the Prospective Head of Division proposed by the Board of Directors because it is not yet supported with sufficient data	Nomination
8	Discuss the further selection process of the Head of Corporate Secretary Division (CSD)	Minutes of Koreno Meeting No. 13/N/KRN/BTN/X/2018 October 28, 2018	The Committee Meeting agreed to decide Bro. Achmad Chaerul as Head of the Corporate Secretary Division, effective from October 29, 2018	Nomination

#### Assessment of the Remuneration and Nomination Committee

The performance of the Remuneration and Nomination Committee is evaluated by the Company's Board of Commissioners every quarter. The assessment is based on the realization and completion of the Work Program listed in the Remuneration and Nomination Committee Work Plan and Budget and reported to the Board of Commissioners in the Remuneration and Nomination Committee report. The results of the assessment form the basis for the re-appointment and/or dismissal of the members of the Remuneration and Nomination Committee for the next Term of Office.

### The Remuneration and Nomination Committee Meetings Planned for 2019

In observance of the Remuneration and Nomination Committee Work Plan for 2019, the Remuneration and Nomination Committee intends to hold a minimum of 8 meetings with the following main agendas:

1. To establish the selection criteria, procedures and nominations for the Company's Management candidates.
2. To compile and recommend a Remuneration Policy System and to recommend the Tantiem for the Management of the Company.
3. To review the Job Grading System Policy and the Top Talent Promotion Acceleration Program Policy.
4. To assess the Career Paths and the Cross-Cluster Career Paths Policy.
5. To review the Performance Management System and the Best Practice Remuneration Policy.
6. To review the implementation of the Corporate Culture and the Bank Engagement Programs.
7. To review Employee Training Programs and 'School-School Bank' Programs in connection with credit and leadership competency.
8. To review the Coaching Program, Mentoring Program and Top Talent Career Acceleration Special Project.

The details of the Committee's Work Plan are presented as follows:

#### Activity Schedule

Activities in 2019	Quarter I	Quarter II	Quarter III	Quarter IV
1 Prepare selection criteria and procedures as well as nominations for Candidates for members of the Board of Commissioners and Directors, and carry out selection and review of Comprehensive assessment results (Personality for Company Management Candidates);	←→			
2 Compile and recommend a Remuneration policy system and award a bonus for the Board of Commissioners and Directors, as well as a Production Service policy system (Jasprod) to Bank Employees;	←→			
3 Review Job Branding Position System Policy in the Bank's Organizational Structure and recommending the Top Talent Employee Promotion Accreditation Program Policy as well as the Bank Succession Planning to Strategic Position 2 (two) levels below the Board of Directors;	←→			
4 Recommend Career Path Policies and Cross-Clan Career Path Policies for Employment in accordance with the new Organizational Structure in line with the efforts to develop Talent Banks that have the competencies needed by the Bank's era of digital transformation;		←→		
5 Carry out a Performance Management Policy study in order to achieve Bank's targets in accordance with the SMARTCC principle and the Comprehensive Remuneration Best Practice System policy in the Market;	←→			
6 Review the application of Corporate Culture and Engagement Programs that have been running until 2018;		←→		
7 Carry out reviews of existing Employee Training Programs and School-School Programs, especially those related to credit competencies: Commercial, Mortgage and Consumer Banking and Leadership;		←→		
8 Review and recommend Special Coaching Mentoring and Project Programs Promotion and Competence Development Acceleration Program for Employees with STAR and POTENTIAL performance categories to be selectively prepared to occupy Strategic Position 2 (two) levels above the Grade;	←→			
9 Carry out other duties according to the direction of the Board of Commissioners		←→	←→	
10 Develop member competencies through training activities, seminars and workshops as well as certifications relevant to Tasks and Responsibilities				



## Remuneration of the Remuneration and Nomination Committee Members

Remuneration for Remuneration and Nomination Committee members refers to the Financial Services Authority Regulation No. 34/POJK.04/2014 regarding the Nomination and Remuneration Committee of Public Listed Companies Article 10 paragraphs 2 and 3. The 2019 Remuneration for members of the Remuneration and Nomination Committee, excluding the members of the Board of Commissioners and executive officers, are provided in the table below:

Name	Period	Amount of Remuneration
I Nengah Rentaya	January 1 to December 31, 2018	606.904.764

## The Board of Commissioners and the Board of Directors Succession and Nomination Policy

### Succession Planning

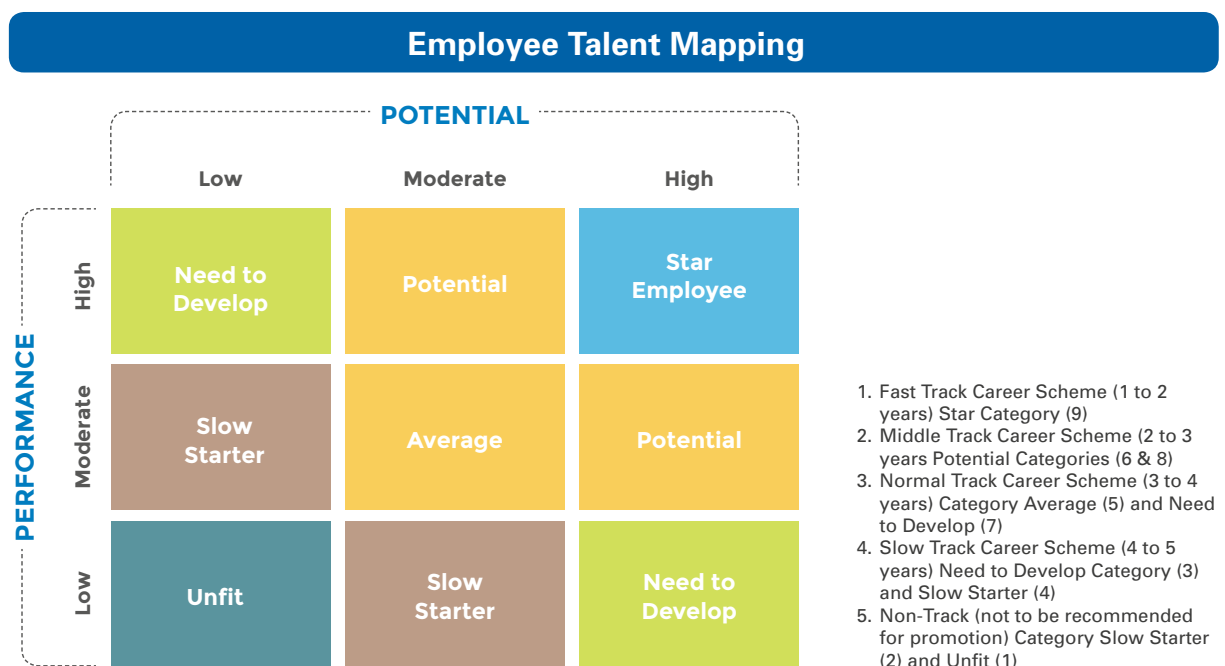
The Company through the Human Capital Management Division instigates a Talent Management System (TMS) to conduct a Fit and Proper Test in order to groom potential cadres of employees as prospective Directors under several programs as follows:

### Talent Mapping Program

Identification and/or nomination of members of the Board of Directors and members of the Board of Commissioners begins with the management and placement of employees by implementing the Talent Mapping programs. The Company firmly believes that through the proper management and placement of employees is the key to the success in achieving Company's objectives. The Company has established a method and procedure for managing all employees so that management can place them in the right positions, especially strategic positions that greatly determine the accomplishment of key targets in realizing Company's vision and mission.

The Talent Mapping scheme is performed with the aim of:

- Determining the management and development programs for employees.
- Placement of Employees in the right position.
- Taking measures in order to enhance and synchronize the maximizing of the Bank's performance.
- This Talent Mapping is an assessment procedure that gauges the aspects of Employee Performance and Potential as outlined in the matrix "9 Boxes" as illustrated in the picture, as follows:





Based on the assessment results, there are 9 (nine) employee groups that reflect the different characteristics of the two aspects assessed, as follows:

1. Talent Group 9 (Star): High-Potential High-Performance Employees.
2. Talent Group 8: Potential Employees with High Performance.
3. Talent Group 7 (Need to Develop): High Potential Low Performance Employees.
4. Talent Group 6 (Potential): Employees with moderate high potential performance.
5. Talent Group 5 (Average): Employees with Moderate Performance Medium Potential.
6. Talent 4 (Slow Starter): Employees with Moderate Low Potential Performance.
7. Talent Group 3 (Needs to Develop): Employees with High Potential Low Performance.
8. Talent Group 2 (Slow Starter): Employee with Low Potential Medium Performance.
9. Talent Group 1 (Unfit): Employees with Low Potential Low Performance.

### Succession Program

Based on the talent mapping program, the Company then implements a succession planning program. The Company establishes a policy and mechanism for filling strategic positions (through to the top management level) that play a key role in being able to align the Company's strategic goals in a way that is aligned with the Company's strategic directions so that the Bank's Vision and Mission can be realized.

### The objectives of succession planning include:

Being able to create sustainable value for the Shareholders in accordance with the Bank's Strategic Business Development Plan, the Company has endeavored to implement various initiatives in an attempt to further expand the Bank's business, and various innovations in developing the Human Resources (HR) competencies. With these innovations, the Company can award distinctive competencies to employees, in particular competence in housing business to all BTN (Bitniz) employees. The Board of Directors has also established a General Board of

Directors Policy (KUD) focused on Sustainable and Quality Growth buoyed by HR, IT Infrastructure and Risk Management under the theme: "A More Prudent Controllable business Growth with Quality", as stated in the Bank Business Plan (RBB) in 2019-2021, and in achieving the new VISION goals of the Bank: "The Leading and Reliable Bank in Facilitating the Housing Sector and Family Financial Services", as an accelerator and integrator in the housing sector and family finance partners. As the main mandate provider in the implementation of the Government-related housing program, Bank BTN possesses the ambition to strengthen its presence as a leading housing provider by becoming an integrator of both the demand and supply side.

The Board of Directors has also set forth the direction of the Management policy regarding the development of HR in order to create Sustainable Value to Shareholders, i.e.:

1. Foster Top Talent and Succession Management, explicitly:
  - Evaluate career management and job family;
  - Develop succession and handover plans;
2. Develop strategic manpower planning with a pareto allocation strategy;
3. Strengthen the internalization of the Employer Value Proposition (EVP) through targeted recruitment activities in order to attract the Top Talent;
4. Strengthen performance-based management:
  - Strengthen the performance-based management system;
  - Design attractive compensation means for employees and for all business segments.
5. Strengthening the high-performance culture:
  - Internalize a collaborative Work Culture and focus on external insights for the Era of Digital Transformation;
  - Boost the capabilities of the Human Capital unit in order to implement strategic initiatives to strengthen the work culture under the backing of Top Management.



The Company's Succession Program is implemented through the following stages:

1. The succession planning committee creates a succession plan for each designated position based on the selection of candidates for successor;
2. The succession planning committee deliberates on succession plans with management, direct supervisors, employees and other parties in order to finalize the succession plan to be agreed upon;
3. Successor and direct supervisor or appointed mentor to analyze the assessment results and develop plans for competency gaps in both technical and behavioral;
4. The direct supervisor or appointed mentor recommends a specific development program for each successor, which is then discussed with the Succession Planning Committee.

The Company must periodically evaluate the succession planning program that has been held by:

1. Reviewing and revising the strategies and plans according to the individual and organizational developments;
2. The Succession Planning Committee annually reviewing and revising the succession strategies and plans according to individual development and organizational demands.

#### **Directors and Commissioners Succession Program**

The Talent Mapping and Succession Program, as described above, is used as the basis by which the Company's management will determine the potential candidates for the Board of Directors who will co-ordinate with the Remuneration and Nomination Committee and the Board of Commissioners. The criteria set forth by the Company for employees to be successful or prospective members of the Board of Directors who are in the "Star" group based on the results of Talent Mapping.

Talent Mapping by the Company's management is a key consideration for the Remuneration and Nomination Committee for the selection of candidates for the Board of Directors that are aligned with their competency demands to realize the strategic objectives set forth by the Company. In addition, the Remuneration and Nomination Committee implements its duties by referring to the applicable regulations, including the provisions of Bank Indonesia (BI)/Financial Services Authority (OJK), which stipulates that each proposal to dismiss and/or appoint members of the Board of Directors and Board of Commissioners to the GMS then the recommendations of the Board of Commissioners must heed the recommendations of the Remuneration and Nomination Committee.

#### **Procedure for Submitting Prospective Directors**

1. From the results of the TMS, HMCD submits the proposals for the prospective Directors to the Board of Directors.
2. The Board of Directors submits the proposals of the prospective Directors to the Board of Commissioners.
3. The Board of Commissioners through the Remuneration and Nomination Committee (KRN) discusses the proposals of the prospective Directors.
4. The KRN recommends the prospective Directors to the Board of Commissioners.

The procedure for Proposing to Shareholders of Series A Dwiwarna is Based on the Minister of State-Owned Enterprises Regulation No. PER-03/MBU/ 02/2015 dated February 17, 2015 concerning the Requirements, Procedures for Appointment and Dismissal of Directors of State-Owned Enterprises regulating that Candidates for the Board of Directors of State-Owned Enterprises are sourced from:

1. Directors of State-Owned Enterprises
2. Board of Commissioners/Board of Supervisory of State-Owned Enterprises
3. State-Owned Enterprise talents prerequisites are:
  - Official one level below the Directors or officials who exhibit special achievements;
  - Directors of State-Owned Companies/State-Owned Joint Venture Companies.
4. Talents from the Ministry of State-Owned Enterprises;
5. Officials of other State-Owned Enterprises and other sources.

For this reason, the steps taken in the process of proposing the Talent of a State-Owned Enterprise as Candidates for Directors to the Holder of the Series A Dwiwarna Share are as follows:

1. The Board of Commissioners submits the candidates for Directorship to the Ministry of State-Owned Enterprises (Series A Dwiwarna Shareholders) as the Talents of State-Owned Enterprises from the Company.
2. Should the Ministry of State-Owned Enterprises possess other candidates, the Ministry of State-Owned Enterprises obliges the Board of Commissioners to evaluate the proposed candidates and if they meet the requirements as candidates, then the Board of Commissioners is to propose to the Ministry of State-Owned Enterprises.

### **Selection/Testing Procedure**

1. Prospective Directors will be evaluated for Formal Requirements and other requirements and undergo a Fit and Proper Test (UKK) by the Ministry of State-Owned Enterprises.
2. Evaluation of Formal Requirements and Other Requirements is performed by the Deputy/Technical Deputy of the Ministry of State-Owned Enterprises.
3. Fit and Proper Tests are performed by professional institutions or the Ministry of State-Owned Enterprises.
4. Evaluation of the prospective candidates to be submitted at the GMS, are conducted by the Ministry of State-Owned Enterprises Ministry Team involving the Chair of the KRN or if the Chairperson of the KRN is unable, the Chairperson is to be replaced by an Independent Commissioner from the KRN.

Candidates fulfilling the Formal Requirements and Other Requirements and having passed the Fit and Proper Test are formally designated as candidates for the Board of Directors.

### **Procedure for Determination at the GMS**

Authorities or Representatives of the Series A Dwiwarna Shareholders submit proposals for naming the candidates for the Directorship position (along with their curriculum vitae) to the Chair of the GMS to be appointed as Directors at the relevant GMS.



# COMMITTEES UNDER THE BOARD OF DIRECTORS

The Company has established and set forth the structure and membership of the Committees reporting directly to the Board of Directors, stipulated under the Board of Directors' Regulation. The Committees that support the Board of Directors' duties have a role in facilitating monitoring, and creating effectiveness in problem-solving, and developing aspects that are considered strategic by the Company, in accordance with the prevailing legislation. These Committees consist of:

1. Risk Management Committee
2. Asset and Liability Management Committee (ALCO)
3. Credit Policy Committee
4. Credit Committee \*)
5. Product Committee
6. Personnel Committee
7. Information Technology Steering Committee (IT)

\*) The structure, policies, and membership of the Credit Committee are in the process of the Board of Directors' Decree. The duties and functions are performed by the Board of Directors Meeting, which is responsible to discuss loans.

## RISK MANAGEMENT COMMITTEE

The Risk Management Committee (RMC) has an active role in providing recommendations to the President Director regarding inherent risks in policies that will be established by the Board of Directors as well as providing evaluations on policies determined to disagree with the latest development and need to be adjusted. The RMC is actively involved in assessing the inherent risks of each new product and/ or services/ activities, which will allow the Bank to conduct the required mitigation measures as well as perform evaluations on the Risk Management Policy Manual (RMPM).

### Structure and Membership

The Risk Management Committee as stipulated based on the Board of Directors' Regulation No.4/PD/RMD/2016 dated April 27, 2016, regarding the Amendment to the Board of Directors' Regulation No. 8/PD/RMD/2015 regarding the Risk Management Committee.

<b>Chairman</b>	Director of Strategy, Compliance & Risk
<b>Secretary</b>	<i>Enterprise Risk Management Division Head</i>
<b>Permanent Members</b>	<b>Board of Directors</b> 1. Director of Finance & Treasury 2. Director of IT & Operation 3. Director of Commercial Banking 4. Director of Consumer Banking 5. Director of Collection & Asset Management 6. Director of Distribution & Network 7. Director of Strategic Human Capital  <b>Division Head</b> 1. Internal Audit Division 2. Compliance & Governance Division
<b>Non-Permanent Members</b>	<b>Division Head</b> All Division and Desk Head except for the Enterprise Risk Management Division Head, Compliance & Governance Division Head and Internal Audit Division Head.

### Duties and Responsibilities

The Risk Management Committee's duties and responsibilities are to deliver recommendations to the President Director regarding matters relating to, among others, and at a minimum the following:

## COMMITTEES UNDER THE BOARD OF DIRECTORS

1. Formulation of Risk Management Policies and its amendments, including the Risk Management strategy and contingency planning in the event of an abnormal external condition. The formulation is performed together with the Head of Operations Task Force and the Head of the Risk Management Task Force.
2. Periodic and incidental improvements or refinements of Risk Management as a result of changes in the Bank's external and internal conditions affecting the Bank's Capital Adequacy, risk profile and the evaluation results regarding the effective implementation.
3. Determining matters (justification) related to business decisions that were not in accordance with the normal procedures (irregularities), including significant business expansion decisions when compared to the Bank's pre-determined business plan or a position/risk exposure that exceeds the set limits. The justification is presented in the form of recommendations to the President Director based on business considerations and analysis results related to specific Bank transactions or business activities, therefore, requiring exceptions to procedures established by the Company.

### 2018 Task Implementation

The duties of the Risk Management Committee were implemented in the form of meetings. In 2018, the Risk Management Committee has conducted several activities including 5 (five) meetings with the following agenda:

**Table The Risk Management Committee Meeting Agenda**

Date	Agenda
January 17, 2018	Self-Assessment results for Quarter IV /2017 Risk Profile Report
January 29, 2018	<i>Risk Appetite and PKMR 2017 Risk Tolerance</i>
April 17, 2018	Self-Assessment results for Quarterly I 2018 Risk Profile Report
July 17, 2018	Self-Assessment results of Quarter II /2018 Risk Profile Report
October 16, 2018	Self-Assessment results of Quarter III / 2018 Risk Profile Report

## ASSET AND LIABILITY COMMITTEE (ALCO)

The Asset and Liability Committee (ALCO) plays a role in formulating the policies, strategy, and targets. It also plays a role in facilitating the monitoring and decision making related to the Company's Asset and Liability Management (ALMA).

### Struktur dan Keanggotaan

The Asset and Liability Committee (ALCO) is established based on the Board of Directors' Regulation No. 2/PD/TRSD/2015 dated February 5, 2015, regarding the Company's Asset and Liability Committee (ALCO). The structure and membership are as follow:

<b>Chairman</b>	President Director
<b>Secretary</b>	Head of Treasury Division
<b>Permanent Members</b>	<ol style="list-style-type: none"> <li>1. All Directors (particularly for the President Director, he/she shall be a permanent member but only to provide compliance opinion)</li> <li>2. Head of the Division that manages Funding</li> <li>3. Head of the Division that manages Lending</li> <li>4. Head of the Sharia Division</li> <li>5. Head of the Banking Institutional Division</li> <li>6. Head of the Corporate &amp; Loan Syndication Division</li> <li>7. Head of the Finance and Accounting Division</li> <li>8. Head of the Strategy and Performance Management Division</li> <li>9. Head of the Consumer Collection and Remedial Division</li> <li>10. Head of the Asset Management Division</li> <li>11. Head of the Risk Management Division</li> <li>12. Head of the Compliance and Governance Division</li> <li>13. Head of the Corporate Secretary Division</li> </ol>
<b>Non-Permanent Members</b>	Divisions invited by necessity



## Duties and Responsibilities

The Asset and Liability Management Committee (ALCO) oversees the preparation of the Asset and Liability Management strategies in order to maximize the Bank's profitability and maintain the Company's balance sheet structure through the management of Earning Assets, Cost Reduction and Management of Rate Risk and Liquidity Risk.

## Duties Implementation

The duties of Asset and Liability Committee (ALCO) are accomplished through meetings. In 2018, the Asset and Liability Committee (ALCO) convened 14 (fourteen) meetings with the following agenda:

**Table of Asset and Liability Committee (ALCO) Meeting Agenda**

Date	Agenda
January 15, 2018	ALCO January 2018 and Performance Asset and Liabilities December 2017
February 20, 2018	ALCO February 2018 and Asset and Liabilities Performance January 2018
March 26, 2018	ALCO March 2018 and Asset and Liabilities Performance February 2018
April 23, 2018	ALCO April 2018 and Asset and Liabilities Performance March 2018
May 21, 2018	ALCO May 2018 and Asset and Liabilities Performance April 2018
June 28, 2018	ALCO June 2018 and Asset and Liabilities Performance May 2018
July 2, 2018	ALCO June 2018 and Asset and Liabilities Performance May 2018
July 4, 2018	ALCO June 2018 and Asset and Liabilities Performance May 2018
July 24, 2018	July 2018 ALCO and Asset and Liabilities Performance June 2018
August 30, 2018	ALCO August 2018 and Asset and Liabilities Performance July 2018
September 25, 2018	ALCO September 2018 and Asset and Liabilities Performance July 2018
October 22, 2018	ALCO October 2018 and Asset and Liabilities Performance September 2018
November 13, 2018	ALCO November 2018 and Asset and Liabilities Performance October 2018
December 13, 2018	ALCO December 2018 and Asset and Liabilities Performance November 2018

## CREDIT POLICY COMMITTEE

The Credit Policy Committee assists the Board of Directors in formulating policies, overseeing policy implementation, monitoring the progress of the loan portfolio, and delivering recommendations regarding credit improvements.

## Structure and Membership

The Credit Policy Committee was established based on the Regulation of the Board of Directors Number 1/PD/PPD/2018 dated February 8, 2018 concerning the Credit or Financing Policy Committee with the following structure and membership:

<b>Chairman</b>	President Director
<b>Secretary</b>	Head of Division for the Supervision of Policy and Procedure
<b>Member (voting member)</b>	All Directors except the Director of Compliance Supervision
<b>Member (non-voting member)</b>	The Director of Compliance Supervision
<b>Supplementary meeting participants</b>	<ol style="list-style-type: none"> <li>1. Head of the Division for the Supervision of Collections and Asset Management</li> <li>2. Head of the Legal Supervision Division</li> <li>3. Head of the Compliance and Governance Supervision Division</li> <li>4. Head of the Credit Risk Supervision Division</li> <li>5. Head of the Credit/Financing Supervision Division, according to segment</li> <li>6. Head of the Internal Audit Supervision Division</li> <li>7. Head of Division/other units, as required</li> </ol>



## COMMITTEES UNDER THE BOARD OF DIRECTORS

### Duties and Responsibilities

The Credit Policy Committee's duties and responsibilities include making recommendations to the President Director regarding matters relating to, at a minimum the following:

1. Suggesting advice to the Board of Directors for the preparation of Credit or Bank Financing Policies (KPB), especially those relating to the formulation of the precautionary principle in Credit or Financing.
2. Monitoring that the Credit Policy is correctly applied and implemented efficiently and consistently and to also formulate solutions if there are problems in applying the Credit Policy. Furthermore, the Credit or Financing Policy Committee also conducts periodic reviews of the Credit Policy and provides advice to the Board of Directors if there is a need to modify/improve the Credit Policy Committee.
3. Monitor and evaluate:
  - a. The development and overall quality of the loan portfolio;
  - b. Authority's decisions regarding loan or financing procedure compliance;
  - c. The development and the quality of loans granted to parties related to the Bank and major debtors;
4. Submit written reports to the Board of Directors periodically with a copy to the Board of Commissioners regarding:
  - a. Results of supervision regarding the application and implementation of CDE;
  - b. The results of monitoring and evaluation regarding matters referred to in the functions of the Credit Policy or Financing Committee.
5. Provide suggestions for corrective steps to the Board of Directors with a copy to the Board of Commissioners regarding matters relating to responsibility number 1.
6. In the event of irregularities in the implementation of CDE related to the fulfillment of the principles of Sharia, the report shall also be submitted to the Sharia Supervisory Board.
- d. Compliance with the implementation of the Lending Limit;
- e. Observance of all provisions of the legislation and other regulations in the execution of lending, restructuring and the resolution of loans;
- f. The settlement of Non-Performing Loans;
- g. The Company's efforts in meeting the adequacy of the reserve for loan losses

### 2018 Task Implementation

The task of the Credit Policy Committee was executed through meetings. Throughout 2018, the Credit Policy Committee held meetings 5 (five) times with the following agenda:

**Table: The Credit Policy Committee Meeting Agenda**

Date	Agenda
January 22, 2018	Review of KYG Policy for Subsidized Housing
May 8, 2018	Credit Performance Analysis
July 2, 2018	Strategy for KPR BI Relaxation Policy
October 22, 2018	Calculation of Reserves for Depreciation Losses, Coverage Reserves for Depreciation Losses & Deferred Interest
December 18, 2018	Calculation of Reserves for Depreciation Losses (Proposed Policy to FSA)



## PRODUCT COMMITTEE

Product Committee plays a role in compiling the policies, supervising the implementation of policies, monitoring the development, and providing advice regarding the improvement of steps related to the Company's products.

### Structure and Membership

The Product Committee was set up based on the Board of Directors' Regulation No.02/PD/PPD/2018 dated February 26, 2018 concerning Committee Products with structure and membership as follows:

<b>Chairman</b>	President Director
<b>Secretary</b>	Head of the Division for Supervision of Policy and Procedure
<b>Member (voting member)</b>	All Directors except the Director of Compliance Supervision
<b>Member (non-voting member)</b>	Director of Compliance Supervision
<b>Supplementary meeting participants</b>	1. Head of the IT Planning and Development Supervision Division 2. Head of the IT Operations Supervision Division 3. Head of the Legal Supervision Division 4. Head of the Compliance Supervision Division 5. Head of the Risk Management Supervision Division 6. Head of other divisions/units as required

### Duties and Responsibilities

The Product Committee's duties and responsibilities include assisting the President Director regarding matters relating to, and at a minimum the following:

1. Ensuring the suitability of Product Development which are in line with the demands and the Bank's objectives.
2. Decision making and/or recommendations relating to Product Development, new activities, and their application in the long term.
3. Determine the direction of Product Development and long-term activities.
4. Determine the policies of the Company/ Bank related to Product Development and activities.
5. Monitoring and discussing:
  - a. Progress in the implementation of new products and activities that have been created;
  - b. Product Development Plans and implementation;
  - c. Strategic issues encountered in the development and implementation of products
  - d. Technology and standards that must be considered, and the possibilities of its implementation in the Company.
6. The Committee is responsible for the decisions and/or recommendations of proposals as referred to in Article 3 of these the Board of Directors' regulations, which will then be decided through the mechanism of the Board of Directors' meeting.
7. The Product Committee is responsible for submitting written reports to the Board of Directors regarding:
  - a. The main points of the Product and the Activities Development Policy that was set forth as the guideline for the Bank in implementing Product Development and undertakings;
  - b. Results of the supervision over the implementation and execution of Product Development Policies and the Bank's Undertakings;
  - c. Monitoring and evaluation of the results regarding matters relating to Product Development, undertakings, and make a report to the Board of Directors.
8. Establish corrective measures regarding matters relating to the development of products and undertakings and make a report to the Board of Directors.

## COMMITTEES UNDER THE BOARD OF DIRECTORS

### Duties Implementation

The duties of the Product Committee are implemented by means of meetings. In 2018, the Product Committee conducted 2 (two) meetings with the following agenda:

**Table The Product Committee Meeting Agenda**

Date	Agenda
April 3, 2018	Launching of KPR Education, Launching of BTN TCASH Savings, Facade Standardization of the Branch Offices
October 24, 2018	Plans for making the Bank's Products & Services Marketing Kit

### PERSONNEL COMMITTEE

The Personnel Committee plays a role in policy formulation, oversees the implementation of policies, monitors the development and conditions of employment and provides suggestions for corrective steps in accordance with the Company's Manpower regulations and the Manpower Act applicable in Indonesia.

#### Structure and Membership

The Personnel Committee is established based on Board of Directors Regulation No. 04/PD/HCD/2014 concerning the Personnel Committee with the following structure and membership:

<b>Coordinator</b>	President Director
<b>Secretary</b>	Human Capital Management & Culture Specialist Division Head
<b>Permanent Members</b>	The Director who supervises Human Capital and other Directors regarding HR in the unit whose supervision is being discussed
<b>Non-Permanent Members</b>	Other Division Heads invited out of necessity
<b>Supporting Group</b>	Head of the Human Capital Department together with Human Capital Career & Development Unit at the Human Capital Management & Culture Specialist Division

Membership of the Division Chief in the Central Personnel Committee cannot be delegated so that if he/she is unable to perform his/her duties and responsibilities as a member of the Personnel Committee, his/her role cannot be delegated to other office holders in his/her work unit.

#### Duties and Responsibilities

The duties and responsibilities of the Personnel Committee are to assist the President Director on matters relating to, among other and at least include:

1. Recommend strategies, policies and HR management systems that are in line with the Bank's Business Plan.
2. Monitor and supervise the implementation of the HR program in accordance with the HR management strategies, policies and systems.
3. Recommend the resolution of problems relating to the advice submitted by the Personnel Committee, Division/Region/Branch/Team relating to item number 1.
4. As an independent forum for employees who clarify the decisions of the Personnel Committee, Division/ Region/Branch/ Team regarding the placement/ assignment of the Employee.
5. Responsible for recommendations on proposed policies to be decided through the Board of Directors Meetings.
6. The Committee can have the authority to decide on HR outside matters related to item number 1 to item number 5 stated above if given the mandate at the Board of Directors Meetings.
7. If required, the Personnel Committee can coordinate with the Remuneration and Nomination Committee in reviewing the Human Capital Management system/ policy.



## 2018 Task Implementation

The task of the Personnel Committee is carried out in meetings. Throughout 2018, the Personnel Committee held 7 (seven) meetings with the following agendas:

**Table of Personnel Committee Meeting Agendas**

Date	Agenda
February 19, 2018	<ul style="list-style-type: none"> <li>Proposed SEVP Policy</li> <li>BTN Pension Fund Management Replacement Proposal, BTN Welfare Foundation and its Subsidiaries</li> </ul>
March 19, 2018	Reassignment of Head of Division, Head of Regional Office and Branch Head
March 21, 2018	<ul style="list-style-type: none"> <li>Branch Head Reassignment</li> <li>Individual Performance Assessment for Employees Layer 1 (Head of Division, Head of Regional Office and Branch Head)</li> </ul>
March 26, 2018	<ul style="list-style-type: none"> <li>Proposed Employee Salary Increase 2018</li> <li>Proposed Production Services Incentive Payment for the 2017 financial year</li> </ul>
June 5, 2018	Fill in Layer 1 Position, to include the Division Head and Branch Head
July 20, 2018	Reassignment of Head of Division, Head of Regional Office and Branch Head
September 13, 2018	Reassignment of Head of Division, Head of Regional Office and Branch Head

## INFORMATION TECHNOLOGY STEERING COMMITTEE

The Information Technology Steering Committee plays a role in formulating policies, strategy, targets, and facilities in monitoring and making decisions related to the Company's Information Technology management.

### Structure and Membership

The Information Technology Steering Committee was established based on the Board of Directors' Regulation No. 05/PD/ICTD/2014 dated July 2, 2014, regarding the Amendment to the Board of Directors Regulation No. 18/PD/CMO/2011 dated July 20, 2011, regarding the Information Technology Steering Committee (IT Steering Committee). The structure and membership are as follows:

<b>Chairman</b>	<p>Director of IT &amp; Operation (ex-officio)</p> <p>In the event that the President Director attends the Information Technology Steering Committee Meeting, the President Director acts as the Chair of the Information Technology Steering Committee</p>
<b>Secretary</b>	Information Technology Operation Division Head (ex-officio)
<b>Permanent Members as stipulated in 05 / PD / ICTD / 2014</b>	<ol style="list-style-type: none"> <li>Director of Strategy, Compliance &amp; Risk (ex-officio)</li> <li>Director of the Distribution &amp; Network (ex-officio)</li> <li>Director of Consumer Banking (ex-officio)</li> <li>Enterprise Risk Management Division Head (ex-officio)</li> <li>Operation and Business Support Division Head (ex-officio)</li> <li>Sharia Division Head (ex-officio)</li> <li>Regional Office I Head (ex-officio)</li> </ol>
<b>Permanent Members</b>	<ol style="list-style-type: none"> <li>Director of Strategy, Compliance &amp; Risk (ex-officio)</li> <li>Director of Commercial Banking (ex-officio)</li> <li>Director of Consumer Banking (ex-officio)</li> <li>Director of the Distribution &amp; Network (ex-officio)</li> <li>Information Technology Operation Division Head (ex-officio)</li> <li>Enterprise Risk Management Division Head (ex-officio)</li> <li>Operation &amp; Business Support Division Head (ex-officio)</li> <li>Sharia Division Head (ex-officio)</li> <li>Corporate Strategy &amp; Performance Management Division Head (ex-officio)</li> <li>Compliance &amp; Governance Division Head (ex-officio)</li> <li>Internal Audit Division Head (ex-officio)</li> <li>Service Quality &amp; Distribution Division Head (ex-officio)</li> </ol>
<b>Non-Permanent Members</b>	Other directors and divisions based on requirements

### Duties and Responsibilities

The Information Technology Steering Committee's duties and responsibilities include making recommendations to the President Director regarding matters relating to, among others:

1. The Information Technology Strategic Plan is in accordance with the strategic plans of the Company's business activities. In providing recommendations, the Committee should consider the factors of efficiency, effectiveness, and further matters as follows.
  - The roadmap to achieving the requirements of the IT demands that support the Company's business strategy. The roadmap consists of the current state, the future state as well as measures to be embarked on to achieve the future state;
  - Data sources required;
  - Advantages/benefits that will be obtained when the plans are implemented.
  - Constraints that may arise in implementing an IT Strategic Plan;
2. Formulation of major IT policies and procedures including IT security policy and Risk Management related to the use of IT in the Company.
3. Compliance of IT projects approved by the IT Strategic Plan. The Committee also assigns priority status to IT projects that are critical (have significant impact on the Company's operational activities), for example, a change of the core banking applications, production servers, and network topology.
4. Compliance of the implementation of IT projects with the project charter that was agreed upon in a Service Level Agreement. The Committee should complete the recommendations based on the results of the analysis of key IT projects to better enable the Board of Directors to make decisions efficiently.
5. Suitability of IT with the demands of the Information Management System that supports the management of the Company's business activities.
6. The effectiveness of measures to minimize risk concerning the Company's investment in the IT sector and the investments that will contribute to achieving our business objectives.
7. The monitoring of and efforts in order to increase IT performance, by detecting IT obsolescence and measuring the effectiveness and efficiency of the implementation of IT security policies.
8. Efforts to settle various IT related issues, which cannot be solved by the user unit and organizing unit. The Committee may facilitate the relationship between the units.
9. The adequacy and allocation of resources owned by the Company. If the resources are inadequate, and the Bank uses the services of other parties in the implementation of IT, the IT Steering Committee should ensure that the Company has established policies and procedures.
10. The Committee is responsible for recommendations and referring the next proposals to be decided upon by the Board of Directors' meeting.

### Duties Implementation

The duties of the Information Technology Steering Committee were implemented through meetings. In 2018, the Information Technology Steering Committee held 3 (three) meetings with the following agenda:

**Table The Information Technology Steering Committee Meeting Agenda**

Date	Agenda
Wednesday, March 21, 2018	<ol style="list-style-type: none"> <li>1. BTN RSTIK 2016 - 2018</li> <li>2. IT Project Charter 2018</li> </ol>
Tuesday, April 23, 2018	<ol style="list-style-type: none"> <li>1. Status Report per Directorate (IT Project Monitoring Dashboard)</li> <li>2. Report regarding the Initiatives to Support Transformation, follow up regarding the FGDs and directives of the Board of Directors</li> </ol>
Friday, December 21, 2018	<ol style="list-style-type: none"> <li>1. Translation of the 2019 Initiative Planning Strategy</li> <li>2. Descriptions of the Directorate and Capability Initiative that are appreciated</li> <li>3. Proposed Initiative Development Strategy for 2019</li> </ol>



# CORPORATE SECRETARY

The Corporate Secretary role is established to ensure that the Company fully complies with the provisions related to the Transparency requirement, which is in line with the principles of GCG. The Corporate Secretary strives to deliver information required by the Board of Directors and Board of Commissioners, and to fulfill the Company's responsibilities regarding the delivery of materials and relevant information to the stakeholders.

As a liaison officer, the Corporate Secretary organizes, coordinates, and documents the Board of Directors' meetings, joint meetings of the Board of Directors and Board of Commissioners', the Annual GMS, and other meetings with the stakeholders. In addition, the Corporate Secretary organizes the introduction program for newly appointed members of the Board of Directors and/or Board of Commissioners.

## LEGAL BASIS OF APPOINTMENT

The Board of Directors of PT Bank Tabungan Negara (Persero) Tbk (the Company) has appointed Achmad Chaerul as the Corporate Secretary starting on October 30, 2018, based on the Decree of the Board of Directors No. 812/DIR/2018 dated October 30, 2018 concerning the Appointment of Officials as a Corporate Secretary of PT Bank Tabungan Negara (Persero) Tbk and has obtained the approval of the Board of Commissioners through letter No. 180/KOM/BTN/X/2018 dated October 29, 2018 concerning the Approval of Prospective Candidates as the Head of

Division of the Corporate Secretary. The appointment of Achmad Chaerul as the Corporate Secretary was reported to the Financial Services Authority through Letter No. 555/CSD/IR/X/2018 dated 31 October, 2018 regarding the Appointment of the Corporate Secretary of PT Bank Tabungan Negara (Persero) Tbk, as well as information contained on the Indonesian Stock Exchange website ([www.idx.co.id](http://www.idx.co.id)), Authority Electronic Reporting System Financial Services ([www.spe.ojk.go.id](http://www.spe.ojk.go.id)) and the Bank BTN website ([www.btn.co.id](http://www.btn.co.id)).

The position of Corporate Secretary from January 1, 2018 to October 29, 2018 was held as follows:

- Agus Susanto as Corporate Secretary from the period of June 14, 2017 to August 31, 2018;
- Eko Waluyo as the Acting Corporate Secretary for the period of September 01, 2018 to September 18, 2018;
- Eko Hapsoro as the Acting Corporate Secretary for the period of September 19, 2018 to October 29, 2018.

The appointment of the Corporate Secretary and Acting Corporate Secretary as above was reported to the regulator in accordance with the applicable regulations.

## POSITION PERIOD

Achmad Chaerul has served as the Corporate Secretary effectively since October 30, 2018 to present.



## PROFILE OF THE CORPORATE SECRETARY



**Achmad Chaerul**

Corporate Secretary

Indonesian citizen, 48 years old, domiciled in Jakarta. Obtained a Master degree in Law from University of Indonesia, Jakarta in 2002.

### Work Experience

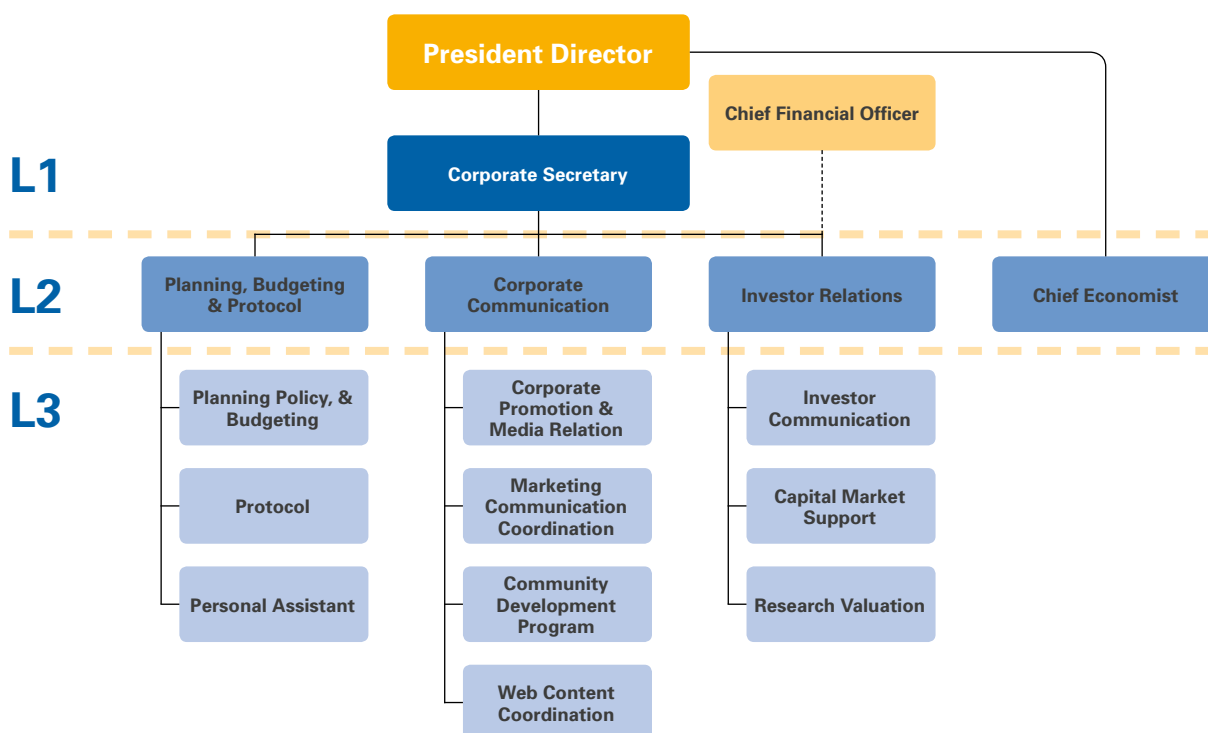
Started a career at PT Bank Tabungan Negara (Persero) Tbk since 1997, and previously has served as Chief Makassar Branch (2016), Head of Regional Office Region 5 (2017) and Division Head Compliance & Governance (2018).

### Training

Participated in a number of training and seminars including Corporate Secretary organized by Manpower Indonesia in Jakarta (2018), Strategy Excellence organized by Aztech in Dubai (2018), APU & PPT Training organized by Effective Pro in Jakarta (2018), UKMR Level 4 Certification held by the Banking Professional Certification Institute in Jakarta (2018), Briefing of UKMR level 4 held by Effective Pro in Jakarta (2018) and Credit Certification organized by the Institute Banking Professional Certification in Jakarta (2018).

## CORPORATE SECRETARY ORGANIZATIONAL STRUCTURE

The Corporate Secretary is assisted by the Manager/Senior Manager who is responsible for each task force, including for Investor Relations, Corporate Communication and Planning, Budgeting & Protocol. The Corporate Secretary is responsible to the President Director regarding the execution of their duties. The organizational structure of the Company's Corporate Secretary is as follows:





## DUTIES AND RESPONSIBILITIES OF THE CORPORATE SECRETARY

In performing its duties and responsibilities, the Corporate Secretary also refers to the Financial Services Authority Regulation No.35/POJK.04/2014 dated December 8, 2014 concerning the Corporate Secretary of Issuers or Public Companies. Based on these regulations, the Corporate Secretary of the Company performs its duties and responsibilities, which includes the following:

1. To remain updated with the developments in the Capital Market, especially concerning the laws and regulations that apply to the Capital Market.
2. To provide recommendations to the Board of Directors and the Board of Commissioners to ensure compliance with all laws and regulations in the Capital Market.
3. To assist the Board of Directors and the Board of Commissioners in implementing Corporate Governance which includes the following:
  - Information disclosure to the public, including the availability of information on the website of the Issuer or Public Company;

- Submitting reports to the Financial Services Authority in a timely manner;
  - Organizing and documenting the General Meeting of Shareholders;
  - Organizing and documenting the Board of Directors and/or Board of Commissioners meetings; and
  - Implementation of the Company's orientation program for the newly appointed members of the Board of Directors and/or the Board of Commissioners.
4. As a liaison between the Company and shareholders of the Issuer or Public Company, the Financial Services Authority, and other stakeholders.

## THE COMPETENCE DEVELOPMENT PROGRAM OF THE CORPORATE SECRETARY

Throughout 2018, the Corporate Secretary has attended training and seminar activities in order to support the implementation of the duties and responsibilities as follows:

**Tabel The Corporate Secretary Competency Development Program for 2018**

Development Program	Organizer	Time and Place
Corporate Secretary Division	Manpower Indonesia	Jakarta, 13-14 Desember 2018

## IMPLEMENTATION OF THE DUTIES AND RESPONSIBILITIES OF THE CORPORATE SECRETARY IN 2018

Throughout 2018, the Corporate Secretary performed the following duties and responsibilities:

1. Submission of Capital Market Developments to the Board of Directors and Board of Commissioners consisting of:  
 The Company's Corporate Secretary routinely presents to the Board of Directors and the Board of Commissioners regarding developments in the Capital Market, which consists of:
  - a. The latest rules and regulations in the Capital Market sector must be implemented by Bank BTN. Some new socialized regulations or legislations updated by the Corporate Secretary to the Board of Directors and/or the Board of Commissioners are as follows:

No	Regulation	Dissemination to the Board of Directors
1.	Submission of the Proposed Threshold for the Actions related to Directors Regarding Article 12 Paragraph 7 in the Articles of Association	Letter No. 351/DIR/SD/V/2018 dated May 25, 2018
2.	Proposed Threshold for the Actions of Directors who must obtain approval from the Board of Commissioners and the Series A Dwiwarna Shareholders	Letter No. 637/DIR/CSD/X/2018 dated October 5, 2018

- b. The Developments of BBTN shares, including any unusual market activities. Throughout 2018 reports regarding the progress of BBTN shares included the following:

No	Description	Submission to the Board of Directors
1.	Submission of the Schedule of Communication Activities with the Capital Market Community regarding the 2017 Full Year Financial Statements and First Quarter of 2018	Memo No. 379/M/CSD/IR/II/2018 dated February 08, 2018
2.	Report regarding the Performance of BBTN Stocks in 2017	Memo No. 495/M/CSD/IR/II/2018 dated March 05, 2018
3.	Movement of BBTN Shares for the June 2018 Period	Memo No. 1113/M/CSD/IR/VI/2018 dated June 29 2018
4.	Submission of the Schedule of Communication Activities with the Capital Market Community for the period through September 2018	Memo No. 1485/M/CSD/IR/IX/2018 dated September 12, 2018
5.	Reports regarding the Quarterly Performance of BBTN Shares in the Third Quarter of 2018	Memo No. 1854/M/CSD/IR/XI/2018 dated November 21, 2018
6.	BBTN Shares remain included in the MSCI Indonesian SMID Cap Index (USD)	Memo No. 1877/M/CSD/IR/XI/2018 dated November 21, 2018
7.	Report regarding Bank BTN's Non-Deal Roadshow Travel in Hong Kong	Memo No. 1958/M/CSD/IR/XII/2018 dated December 7, 2018

- c. Feedback, responses and expectations from investors, analysts and other Capital Market communities regarding business developments and improving the performance of Bank BTN. Submission of advice and responses from the investors is usually delivered after Bank BTN meets with investors, through the Investor Conference and Non-Deal Roadshow forums.

No	Activity	Submission to the Board of Directors and/or Board of Commissioners
1.	<i>Review of the meeting with Moody's</i>	Memo No. 597/M/CSD/IR/III/2018 dated March 26, 2018
2.	Report regarding the trip following the 2018 Indonesian Investment Day in Singapore	Memo No. 1758/M/CSD/XI/2018 dated November 01, 2018

2. The implementation of communication programs with the Capital Market community through public exposure is performed, according to the following: The Company's Corporate Secretary organizes meeting forums with analysts, investors, rating agencies and other Capital Market communities to ensure information transparency will be performed properly, with the following objectives:

- Providing updates to shareholders and the Capital Market community regarding the development of business, the operational and financial performance of Bank BTN, as well as targets to be achieved over the short, medium and long term.
- Improve the performance of BBTN Shares, regarding for both liquidity/trading volumes and a fair valuation.
- Improve reputation and maintain quality relations with long-term investors.

- d. Extending the investor base and coverage to the BBTN Shares by developing marketing programs with potential investors.

- e. Establish quality relations and co-operation with securities companies that routinely write reports concerning Bank BTN and provide positive recommendations for BBTN Shares.

The basic principles used by the Corporate Secretary in communicating with the Capital Market community are listed as follows:

- Information disclosure is the fair disclosure information by considering the principles of Equality (Equitable treatment) and Transparency.
- Information is provided by adhering to the precautionary principle by considering the provisions of Confidentiality in the applicable banking sector.



The Public Exposure method used is as follows:

- Direct, which includes: The General Meeting of Shareholders, Public Expose, Non-Deal Road Show, Investor Conference, Press Conference, 1-on-1 Meetings, Group Meetings, Conference Calls, Branch Visits and Site Visits.
- Indirect, which includes: The Annual Report, Publication of Financial Reports, Press Releases, Website, Broadcast Media (TV, Newspaper, Online Media), Social Media, and Emails.

The following is the communication program for the Capital Market community, which was implemented by the Company throughout 2018:

Date	Activity	Place
January 12, 2018	JP Morgan ASEAN Banks 1x1 Forum	Singapore
February 9, 2018	Mandiri Investment Forum	Jakarta
March 5-6 2018	UBS Indonesia Conference	Jakarta
March 7-9 2018	CLSA Asean Forum	Bangkok
March 14, 2018	UOB KayHian Asean Forum	Taipei
March 15-16 2018	Non-Deal Roadshow	Hong Kong
March 23, 2018	Annual General Meeting of Shareholders	Jakarta
April 23-26 2018	Non-Deal Roadshow	USA
April 30, 2018	Non-Deal Roadshow	Paris
01-03 2018	Non-Deal Roadshow	London
May 3 to 2018	Citi Indonesia Investor Conference	Jakarta
July 10, 2018	CIMB 12th Annual Indonesia Conference	Bali
August 15-16 2018	Credit Suisse Indonesia Conference	Singapura
August 24, 2018	Public Expose	Jakarta
12-13 September 2018	Non-Deal Roadshow	Jakarta
September 19, 2018	Public Expose	Surabaya
November 14, 2018	dbAccess Indonesia Conference	Jakarta

In addition to organizing and participating in the aforementioned activities, throughout 2018 the Company also served requests for Meetings, Conference Calls and Site Visits from the Capital Market community, which were performed both with the Directors and through the Investor Relations unit. The details of the activities are as follows:

	Analysis	Investor		Rating Agency	Site Visit	Total
		Lokal	Asing			
Total	85	15	50	4	2	157

3. Transparency of the Corporate Secretary role fulfills the obligations regarding information disclosure as set forth in:

- Financial Services Authority Regulation No. 31/POJK.04/2015 dated December 22, 2015 concerning the Openness of Material Information or Facts by Issuers or Public Companies
- Indonesian Stock Exchange Regulation No. I-E dated July 19, 2004 concerning the Obligations for Submitting Information
- Financial Services Authority Regulation No. 6/POJK.03/2015 dated March 31, 2015 concerning Transparency and the Publication of Bank

#### Reports

- Financial Services Authority Regulation No. 32/POJK.03/2016 dated August 12, 2016 concerning Amendments to the Financial Services Authority Regulation No. 6/POJK.03/2016 concerning Transparency and the Publication of Bank Reports
- Financial Services Authority Regulation No. 8/POJK.04/2015 dated June 25, 2015 concerning the Website of the Issuer or Public Company

Throughout 2018, the Corporate Secretary submitted 169 (Hundred and Sixty-Nine) reports pertaining to information disclosures to the

FSA and the Securities Exchange (details are in appendix 1). All reports were submitted within the deadline and in accordance with all applicable provisions, which includes being no later than the end of the second (second) working day after the decision or the presence of information or material facts that might affect the value of the Company's securities or investment decisions.

In addition to the information disclosure report above, the Corporate Secretary also coordinated the submission of deliberations should there be any questions or requests from the Indonesian Stock Exchange regarding news related to Bank BTN or any BBTN stock transactions. Which was in accordance with Indonesian Stock Exchange Regulation No. I-E, stating that the Listed Company must provide written responses to matters that were questioned by the Indonesian Stock Exchange, no later than 3 (three) Exchange Days after the receipt of an explanation request from the Securities Exchange either delivered by the Exchange through facsimile or any other shipping media. Throughout 2018, Bank BTN received 1 (one) explanation request from the Indonesian Stock Exchange.

4. Enhanced access to Information for the Public  
Communication with the stakeholders of Bank BTN uses a one door policy, which is coordinated through the Corporate Secretary. Bank BTN always makes it as convenient as possible for stakeholders to access information. In addition to publications information is also distributed through various mass media, the public can also access information concerning Bank BTN through the Bank BTN website ([www.btn.co.id](http://www.btn.co.id)), as well as through social media including Facebook (BankBTNcoid), Twitter (@BankBTNcoid), YouTube (officialBankBTN) and Instagram (officialBankBTN).

Bank BTN is consistent in improving the quality

of information delivery to the public by providing Public Information Disclosure services on the Bank BTN website, in order to fulfill the following conditions:

- a. Government Regulation of the Republic of Indonesia No. 61 of 2010 dated August 23, 2010 concerning the Implementation of Law No. 14 of 2008 concerning Public Information Openness
  - b. Information Commission Regulation No. 1 of 2010 dated June 7, 2010 concerning the Public Information Service Standards
  - c. Law of the Republic of Indonesia No. 14 of 2008 dated April 30, 2008 concerning Public Information Disclosure
5. Media Relations and Information Access  
The Corporate Secretary strives to establish positive relations with the mass media, both electronic media (TV, radio), print media (newspapers, magazines) and online media. Throughout 2018, the Corporate Secretary issued various press releases that were news worthy for Bank BTN, which were regarding the development of the Business Performance, Business, CSR and Operations of Bank BTN.
  6. General Meeting of Shareholders (GMS)  
The Corporate Secretary coordinates the implementation of Bank BTN's General Meeting of Shareholders (RUPS) by referring to the Financial Services Authority Regulation No. 32/POJK.04/2014 dated 8 December 2014 concerning the Plan and Implementation of the GMS of a Public Company. Throughout 2018, Bank BTN held 1 (one) Annual GMS on March 23, 2018

All stages of the GMS were performed in accordance with the FSA Regulations and Bank BTN's Articles of Association, including the notification, announcement and summons of the GMS and the submission of Minutes and Minutes of the GMS.

Activity	Date
Notification to FSA, BEI and KSEI	February 7, 2018
GMS announcement in Newspapers, the website of the FSA, IDX and Bank BTN	February 14, 2018
Summons of GMS in Newspapers, the website of the FSA, IDX and Bank BTN	March 1, 2018
GMS	March 23, 2018
Announcement of summary of Minutes of the GMS in Newspapers, the website of FSA, IDX and Bank BTN	March 26, 2018
Submission of the Minutes of the GMS to the FSA and IDX	April 20, 2018



7. Implementation and Documentation of the Board of Directors' Meeting and Joint Meeting with the Board of Commissioners

The Corporate Secretary bears the responsibility of coordinating the implementation of the Board of Directors meetings and Joint meetings between the Board of Directors and the Board of Commissioners, whose implementation refers to Article 16 of the Financial Services Authority Regulation No. 33/POJK.04/2014 dated December 8, 2014 concerning the Board of Directors and the Board of Commissioners of Issuers or Public Companies.

The duties of the Corporate Secretary in organizing the Board of Directors meetings and Joint meetings between the Board of Directors and the Board of Commissioners are as follows:

1. Receive proposals for the agenda and materials that will be decided at the Board of Directors' meetings and Joint meetings between the Board of Directors and the Board of Commissioners from the Division/Desk/other Work Units.
2. Ensure the delivery of materials, quorum and decision making at the Board of Directors' meetings and Joint meeting between the Board of Directors' and the Board of Commissioners run in accordance with the FSA regulations as mentioned above.
3. Prepare Minutes of Meeting of the Board of Directors meetings, which are then signed by all members of the Board of Directors in attendance.
4. Administer the Minutes of the Board of Directors' meeting.
5. Submit the decisions of the Board of Directors meeting and Joint meetings between the Board of Directors and the Board of Commissioners' to the relevant Division/Desk/Work Unit to be immediately followed up.

Throughout 2018, Bank BTN held 188 (one hundred and eighty-eight) Board of Directors meetings and 5 (five) Joint meetings between the Board of Directors and the Board of Commissioners.

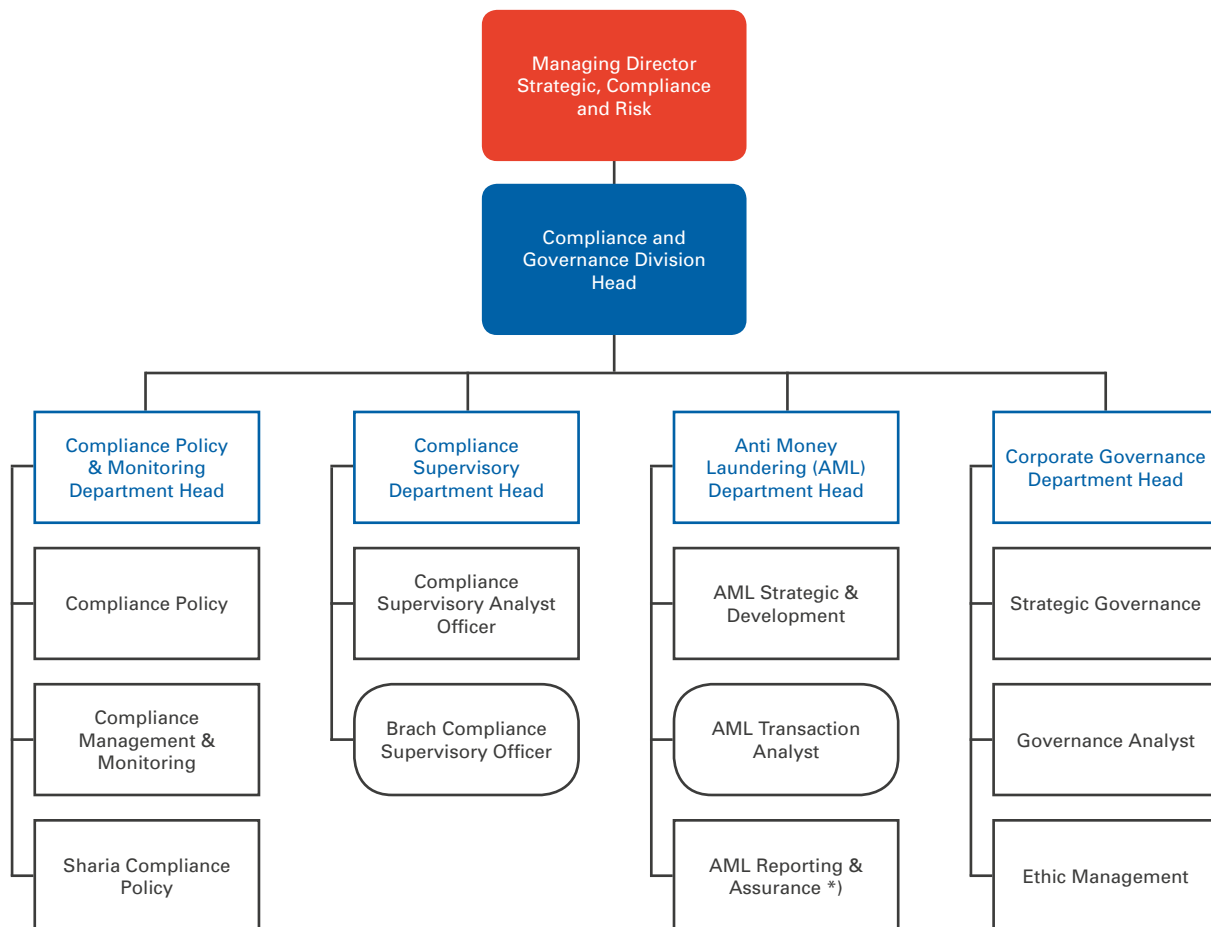


# COMPLIANCE FUNCTION

The banking industry has become progressively complex and in tune with the rapid growth of Information Technology, Globalization and Financial Market Integration. This is further compounded with the ever-tightening competition between banks posing a considerable challenge that must be confronted by the Company. In confronting this challenge, one of which, requires the enforcement of the precautionary principle as well as efforts to mitigate the risks of the Bank's business activities, both preventive (ex-ante) and curative (ex-post). Ex-ante measures can be pursued by complying with the various applicable banking rules in order to reduce or minimize risks that threaten the Company's business activities.

The Company always consistently implements the Compliance Function, which is a series of preventive (ex-ante) actions or steps. These efforts are performed in order to realize the implementation of the Compliance Culture across all levels of the organization and business activities of the Bank; managing Compliance Risk; and ensuring the Company's compliance with the Financial Services Authority and/or other authorized supervisory authorities.

## COMPLIANCE FUNCTION ORGANIZATIONAL STRUCTURE



\*) Have 4 Layers



The implementation of the Organizational Structure of the Compliance Function is stipulated in the Board of Directors Decree No. 03/KD/DIR/SIPD/2017 April 20, 2017 and was last modified through the Decree of the Board of Directors No. 04/KD/DIR/SIPD/2017 dated May 29, 2017 concerning the Organizational Structure of the Head Office, which refers to the FSA Regulation No. 46/POJK.03/2017 dated July 12, 2017 concerning the Implementation of the Compliance Function of Commercial Banks and has been regulated in the Bank's internal policies consisting of the following:

1. The Board of Commissioners plays an active role in supervising the implementation of the Bank's Compliance Function.
2. The Board of Directors plays an active role in fostering and realizing the implementation of the Culture of Compliance across all levels of the organization and business activities of the Bank and ensuring the implementation of the Bank's Compliance Function.
3. The Compliance Director is a member of the Board of Directors who has been approved by the Financial Services Authority, who is in charge of the Compliance Function and the Compliance Unit in the Company, which is responsible for formulating strategies to encourage the Bank's Culture of Compliance and the implementation of duties in ensuring the Bank's Compliance Function.
4. The Compliance and Governance Division is a Work Unit in the Head Office, which is the Company's Compliance Unit whose duty it is to perform the Company's Compliance Function.

## **DIRECTOR IN CHARGE OF THE COMPLIANCE FUNCTION**

The Director in charge of the Company's Compliance Function is also the Managing Director of Strategic, Compliance and Risk.

The process of appointment, dismissal and/or resignation of the Director in charge of the Company's Compliance Function has been arranged and implemented as follows:

1. Appointment, dismissal, and/or resignation of the Director in charge of the Compliance Function refers to the provisions concerning the appointment, dismissal, and/or resignation of members of the Board of Directors as referred to in Bank Indonesia's regulations governing Commercial Banks and through the Fit and Proper Test according to the provisions of the applicable Financial Services Authority.
2. In the event that the Compliance Director is temporarily unable to perform the duties of his office, then the execution of the relevant task will

be temporarily replaced by another Director until the Compliance Director is able to resume his/her position again.

3. In the event that the Director in charge of the Compliance Function resigns or the Term of Office expires, the Company may immediately appoint a replacement Director in charge of the Compliance Function and during the process of replacing the Director in charge of the Compliance Function, one of the other Directors will temporarily perform the duties of the Director in charge of the Compliance Function.
4. To fulfill the independence requirements, the Director who performs his duties as the Director in charge of the Compliance Function, is not held by the President Director and/or Director in charge of functions that can affect its independence.
5. Every replacement of the position of the Director in charge of the Compliance Function is always reported to the Financial Services Authority.

Based on the decision of the Annual General Meeting of Shareholders of PT. Bank Tabungan Negara (the Company) Tbk dated March 17, 2017, the Director in charge of the Company's Compliance Function was appointed, Mr. R. Mahelan Prabantarikso. The approval and appointment of the Director in charge of the Compliance Function was reported to the Financial Services Authority as stipulated in Article 9 of Bank Indonesia Regulation Number 13/2/PBI/2011 January 12, 2011.

On July 19, 2017 Mr. R. Mahelan Prabantarikso effectively became the Director in charge of the Company's Compliance Function based on the Financial Services Authority's Approval.

## **THE DUTIES AND RESPONSIBILITIES OF THE DIRECTOR IN CHARGE OF THE COMPLIANCE FUNCTION**

The duties and responsibilities of the Compliance Director in performing the Compliance function are as follows:

1. To formulate strategies to encourage the creation of a Culture of Compliance;
2. To propose Compliance policies or principles of Compliance to be determined by the Board of Directors;
3. To establish Compliance Systems and procedures that will be used to further develop the Bank's internal rules and guidelines;

4. To ensure that all policies, provisions, systems and procedures, as well as business activities performed by the Bank are in accordance with the provisions of the Financial Services Authority, Bank Indonesia and all applicable laws and regulations, including Sharia Principles;
5. To manage and minimize Compliance Risk;
6. To take precautionary measures so that the policies and/or decisions taken by the Board of Directors of the Company do not deviate from the provisions of the Financial Services Authority, Bank Indonesia and all applicable laws and regulations including dissenting opinions if there are policies and/or decisions that deviate from the provisions of the Financial Services Authority, Bank Indonesia and the applicable laws and regulations;
7. To perform other duties related to the Compliance Function including monitoring and maintaining the Company's Compliance with commitments made by the Company to the Financial Services Authority, Bank Indonesia, and other authorized supervisory authorities;
8. To ensure that the Company's Compliance Unit is effective in performing the duties of the Compliance Function;
9. To coordinate with the Sharia Supervisory Board regarding the implementation of the Sharia Business Unit Compliance Function against Sharia Principles; and
10. To act as the coordinator for the implementation of the Compliance Function for all the Bank's business activities in order to achieve Good Corporate Governance.

## COMPLIANCE UNIT

The Role of the Company's Compliance Unit as stipulated in OJK Regulation No. 46/POJK.03/2017 dated July 12, 2017 concerning the Implementation of the Compliance and Governance Division of Commercial Banks, as stipulated in the Decree of the Board of Directors No. 03/KD/DIR/SIPD/2017 April 20, 2017 and previously modified through the Decree of the Board of Directors No. 04/KD/DIR/SIPD/2017 dated May 29, 2017 concerning the Head Office Organizational Structure, Compliance and Governance Division under the coordination of the Director in charge of the Compliance Function and separate from the Business and Operational Units, Risk Management Units that make decisions regarding the activities of

the Company's Business, Treasury Units, Financial and Accounting Units, Logistics Units and Procurement of Goods/Services and Units that manage Information Technology.

The Compliance and Governance Division is led by the Head of the Division (Division Head) who has met the criteria as Head of the Compliance Unit as stipulated in FSA Regulation No. 46/POJK.03/2017 July 12, 2017 concerning the Implementation of the Compliance Function of Commercial Banks. The appointment and/or termination of the Compliance and Governance Division Head is always reported to the Financial Services Authority with the criteria set out in the internal policy regarding compliance, which is as follows:

1. Meeting the independence requirements as stipulated in the provisions of the applicable Financial Services Authority;
2. Mastering the provisions of the Financial Services Authority, Bank Indonesia and all applicable laws and regulations;
3. Not performing any other duties outside of the Compliance Function; and
4. To possess a high commitment to implement and develop a Culture of Compliance.

The Board of Directors of the Company has appointed R. Wahyu B. Witjaksono as the Head of the Company's Compliance Unit, effectively December 10, 2018. The appointment of R. Wahyu B. Witjaksono as the Head of the Company's Work Unit was reported to the Financial Services Authority.

In 2018, there were changes to the Head of the Compliance Unit of the Company due to retirement, therefore, the procession of the Company's Head of the Compliance Work Unit replacement was as follows:

- a. Sudaryo Bagyo Utomo as the Head of the Company's Compliance Work Unit from September 1, 2014 to September 30, 2018;
- b. Achmad Chaerul as the Head of the Company's Compliance Work Unit from of October 1, 2018 to October 31, 2018;
- c. Sahat Sihombing as temporary official Head of the Company's Work Unit for the period of 1 November 2018 until 9 December 2018.

The replacement of the Head of the Company's Compliance Work Unit and the temporary officials mentioned above were reported to the Financial Services Authority.



## PROFILE OF THE HEAD OF THE COMPLIANCE WORK UNIT

The current Head of Compliance Unit is Mr. R. Wahju B. Witjaksono, who has held office effective since December December 10, 2018 based on Decree of the Board of Directors No. No.1037/DIR/2018 December 10, 2018.



**R. Wahju B. Witjaksono**

Head of Compliance Work Unit

Is an Indonesian citizen, he is 48 years old. He holds a Masters in Management from Gajah Mada University and University of Kentucky, USA, 2004.

### Work Experience

He served as the Head of the Compliance and Governance Division (CMPD) since December 10, 2018. Prior to serving as Head of the CMPD he held various key positions in Bank BTN as Senior App Development-Business Analyst (2011-2014), Dept. Head of System Development Audit (2014-2017), Deputy Head of the Internal Audit Division (2017-2018)

### Training

He has attended various overseas and domestic training and workshops, including: Job training at Lexington USA Central Bank (2003), HDFC Training on Housing Finance Management in Mumbai India (2008), Short Course MBA Program University of Kentucky, USA (2003), ECIAA Internal Audit, France (2015). Internal Audit International Conference (2017), Certified Internal Auditor/CIA Certification (2016), Certified Information System Auditor-CISA (2017), The Institute of Internal Auditors Indonesia (2017), Technical Digital Banking Workshop IAIB CAEs (2017), IIA International Conference and Financial Institutions Benchmarking Program (2017), LSPP Risk Management Certification (2018).

## THE DUTIES AND RESPONSIBILITIES OF THE COMPLIANCE UNIT

The Duties and Responsibilities of the Compliance and Governance Division, include

1. To establish steps in order to support the creation of a Culture of Compliance across all the Company's business activities and at every level of the organization.
2. To coordinate with other Units in identifying, measuring, monitoring, and controlling Compliance Risk by referring to the Financial Services Authority regulations regarding the Implementation of Risk Management for Commercial Banks.
3. To assess and evaluate the effectiveness, adequacy and suitability of policies, provisions, systems and procedures that are owned by the Bank with the applicable laws and regulations.
4. To review and/or recommend updates and refinements of policies, provisions, systems and procedures that the Company implements to ensure in Compliance with the provisions of the
5. Financial Services Authority, Bank Indonesia and all applicable laws and regulations, including Sharia Principles.
5. To make efforts to ensure that the policies, provisions, systems and procedures, as well as the Bank's business activities are all in accordance with the provisions of the Financial Services Authority, Bank Indonesia and all applicable laws and regulations.
6. To perform other tasks related to the Compliance Function i.e.:
  - To ensure the Company's Compliance with its commitments to the Financial Services Authority and/or other authorized supervisory authorities;
  - To conduct socialization with all employees regarding matters related to the Compliance Function, especially regarding the applicable regulatory provisions;
  - To act as a contact person for the Company's Compliance issues for both internal and external parties.

### COMPLIANCE FUNCTION WORK PROGRAM ACCOMPLISHMENT FOR 2018

In 2018, the accomplishments of the Company's Compliance Function include the following:

1. One of the Directors' active supervisions was to ensure the implementation of the Bank's Compliance Function and to foster and realize the implementation of the Culture of Compliance across all levels of the organization and business activities of the Bank. In this regard, the Board of Directors has approved and determined the Company's Compliance Policy proposed by the Director in charge of the Compliance Function, which acts as a guideline in conducting business and banking operations as well as approving and establishing the Compliance Procedures as proposed by the Director in charge of the Compliance Function that will be used to draft internal regulations to ensure the Company is always in line with and does not violate any of the provisions of the Financial Services Authority, Bank Indonesia and the applicable laws and regulations, including Sharia Principles.
2. The Board of Commissioners' oversight of the Company's Compliance Function includes providing a review and approval of the Company's Compliance Policy before it is determined by the Board of Directors.
3. In every decision and discussion process related to the Company's business and operation performed in the Board of Directors meeting forum, the Board of Directors always takes into consideration the opinions of the Compliance aspect submitted by the Director in charge of the Compliance Function and/or Compliance Work Unit that provides the relevant regulatory provisions with materials for discussion by the Board of Directors' meetings.
4. In nurturing a Culture of Compliance and ensuring that all policies, provisions, systems, procedures, and the Bank's business activities are in agreement with the regulatory provisions of the Financial Services Authority, Bank Indonesia and other applicable laws and regulations, throughout the 2018 period, the Company has implemented a series of steps, which include the following:
  - a. Supporting the Company's Sustainable business growth whilst remaining in adherence to all applicable laws and regulations, measures are required to harmonize the Company's commercial interests with

adherence to external regulations, which also include regulatory provisions, including the Financial Services Authority, Bank Indonesia and other applicable legislation, including Sharia Principles for Sharia Business Units. In accomplishing this, the Company has taken the following measures:

- 1) Dissemination of the regulator's regulations to the related Work Unit. To ensure new regulatory provisions have been socialized by the Compliance and Governance Division with the Operational Work Units, either in writing or through face-to-face media while conducting discussions with the related units in order to gain a shared understanding of the newly issued regulatory provisions.
- 2) Reviewing the Compliance aspects of the Company's internal regulatory draft and business and operational policy plan to be implemented, to ensure Compliance with the regulations of the Financial Services Authority, Bank Indonesia, and the prevailing rules and legislation. In the Company's provisions regarding Internal Procedures, it is stipulated that each draft of the internal regulation shall be subjected to review regarding the aspects of Compliance by the Company's Compliance Task Force
- 3) Reviewing the aspects of Compliance concerning the plans for the development and publication of any new products and/or activities, to ensure Compliance with the regulations of the Financial Services Authority, Bank Indonesia, and the prevailing rules and legislation.
- 4) In addition to the Company's internal regulation draft, the Compliance Task Force also reviews existing internal regulations in order to ensure the consistency of policy adequacy. The focus of the review of existing internal regulations in 2018 was on credit regulations including the Policy regarding the Legal Lending Limit (LLL), Policies regarding Assessing Asset Quality, Reporting and Requesting Debtor Information through the Financial Information Service System (SLIK) and regulations regarding the Implementation of the Digital Banking Services by Commercial banks.



- b. Conducting Compliance Assessments through the Compliance Map across all Company units consisting of the Headquarters, Regional Offices and Branch Offices. This Compliance Map was intended to measure the level of Compliance Awareness in each unit and to know the areas that will be the focus of attention and guidance for improving Compliance goals in the Company and specifically for each unit.
5. Implementation of an Anti-Money Laundering Program and the Prevention of Financing of Terrorism (APU and PPT) by referring to the prevailing rules and legislation. In order to implement the APU and PPT programs, the Bank has conducted several activities described separately in the subchapter APU and PPT.
6. Compliance Effectiveness Improvement in Branch Offices. The Bank is committed to optimizing the Compliance and Governance Division of Compliance Function in Branch Offices in order to optimize the application of the Internal Control System to Compliance Awareness, i.e. through the Branch Compliance Supervisory Officer (BCSO), which is an organ of the Compliance and Governance Division in each Branch Office. The main duties and functions of BCSO are to evaluate the level of Compliance and operational conformity of the Branch Office and its subordinate Offices (Conventional and Sharia), both transactional and non-transactional operations with the applicable regulations. In its implementation, the BCSO monitors and evaluates by sampling the implementation of the Head Office policy in Branch Offices. The evaluation report will be submitted to the Compliance and Governance Division and forwarded to the Branch Manager and the Internal Audit Task Force in the Regional Office, complete with recommendations of steps required to improve in order to implement the policy more effectively. The results of the evaluation and monitoring conducted by BCSO are as follows:
  - a. Evaluation of the level of the Branch's Operational Compliance by using the Compliance Control Application (CCA) system.
  - b. Monitoring the effectiveness of the Bank's policy implementation in the Branch Offices made by the Head Office.

## COMPLIANCE RISK MANAGEMENT

Compliance Risk Management aims to improve the Culture of Compliance across all business activities, and at every level of the Company's organization including to mitigate the Bank's Risk Compliance in a continuous manner with the following description:

1. One of the impacts arising from exposure to Risk Compliance is the possible imposition of sanctions in the form of fines from regulators for both the Conventional and Sharia units. Throughout 2018, the composition of the types of violations committed frequently were largely sanctioned due to errors in the reporting of the Debtor Information Systems (SID), Commercial Bank Reports (LBU) and Foreign Exchange Traffic (LLD)
2. Based on the Risk Assessment and historical data, the Bank still has potential Compliance Risk with the highest risk, which is quite significant is related to the Debtor Information Reporting Activities, the Bank's Periodic Reports to regulators and Foreign Exchange Traffic reporting related to Foreign Currency Transactions.
3. Regarding the potential fines referred to above, the Company has established effective preventive and corrective measures in order to mitigate the potential Compliance Risks, which is in the imposition of significant SID, LBU and LLD fines from Bank Indonesia in the following period, including:
  - Reporting Information regarding Debtors who have gone through the SLIK-FSA system in 2018, which has been centralized in the Head Office so that the verification and control of data before being sent to the regulator can be standardized and always monitored.
  - A monitoring application system has been established to identify the complete data of customers/debtors from each branch that is the object of monitoring from the Head Office to the branches as data owners. Data that has been confirmed as being complete through the application system will then be sent to the regulator.
  - Conducted a review and proposed changes to the Organizational Structure and changes to the Job Description in the Division that manages the Reporting of Debtor Information to the Regulators in the Head Office by adding special units with tasks related to monitoring and Reporting the SLIK Debtor Information to the OJK.



- Analyzed the adequacy of personnel in the Special Unit for Debtor Information Reporting in the Head Office as well as making efforts to fulfill HR in accordance with the results of analysis of adequacy, since the report was conducted centrally, which covers all debtors in the Company's Branch Offices.
- Optimized the Internal Controls related to the process of developing employees who are able to perform when necessary reprimands, coaching and assistance for both Conventional and Sharia Branch Offices, which may still have errors in implementing the SID/LBU/LSMK reporting.
- Perform data mapping regarding the completeness of mandatory credit requirements in the SID/LBU reporting by business units and coordinated by supporting units.

### OTHER COMPLIANCE ACTIVITIES

1. To improve continuous business processes, Compliance Work Unit, Risk Management Work Unit and the Internal Audit Work Unit the Company has standardized business processes referring to international standards in order to make improvements and changes to business processes. The international standardization process performed by the Compliance Unit, the Risk Management Work Unit and the Company's Internal Audit Unit is following the ISO 9001 Quality Management System certification. At present each of these Work Units have followed the ISO 9001: 2008 surveillance with the result that each Work Unit has consistently met the requirements and conditions outlined in the ISO 9001: 2008 standard. In 2018, the Compliance Unit, the Risk Management Work Unit and the Internal Audit Unit of the Company participated in the ISO Certification in order to renew the ISO 9001: 2008 Certification to the latest ISO 9001: 2015 Certification.
2. The Company continues to refine the quality of the application of Combined Assurance initiated through the Internal Control Unit (Risk Management Division, Compliance and Governance Division and the Internal Audit Division) and other Work Units that aim to improve Internal Control Functions across all aspects of the Bank's operations through

to the Zero Tolerance to Fraud and Zero program Defects that are guided by the Implementation of the Anti-Fraud Strategies for Commercial Banks as stipulated in the provisions of Bank Indonesia Circular Number 13/28/DPNP dated December 9, 2011. The implementation of the Zero Tolerance to Fraud and Zero-Defect program in 2018 was for prevention through awareness activities or the socialization of the program of Zero Tolerance to Fraud and Defects in Branches and Regional Offices. The awareness activities or socialization of the Zero Tolerance to Fraud and Defect program in 2018 were implemented across several Branches with a priority order of implementation based on the consideration of potential Operational Risks and Fraud Risks (based on historical data).

3. Implementation of the Integrated GRC (Governance Risk and Compliance) within the Company. Which is in accord with the Bank's Transformation Blueprint i.e. achieving an Integrated GRC through the implementation of Governance Practices, Risk Management and Integrated Compliance that will be performed in 3 stages: Wave 1 Initial implementation of Integrated GRC, Wave 2 Integrated GRC improvements, and Wave 3 GRC Maturity.

As an application of Wave 1 (in 2018) the measures to be taken were as follows:

- The formulation and implementation of Governance, Risk, Compliance, Corporate Culture and Anti-Fraud Initiatives.
- Joint socialization with the Compliance Unit, Risk Management Work Unit, Internal Audit Unit and other Units that manage Human Resources for the Branch Offices.
- The GRC Index Assessment and re-assessment of Context, Corporate Culture and Stakeholder demands.

In the GRC Index Assessment, an assessment method will be implemented for each Work Unit with a Key Performance Indicator, Key Risk Indicator, and Key Compliance Indicator. Each Work Unit will have a GRC Index, which is an indicator of the application of aspects of Governance, Risk Management and Compliance in an Integrated manner.



## HUMAN RESOURCES QUALITY ENHANCEMENT

Throughout 2018, the education and training performed in order to improve the management of Company's Compliance Functions are as follows:

1. Audit Command Language (ACL) Training
2. English Conversation For Executives Training
3. Governance Risk and Compliance (GRC) Strategy Workshop
4. Integrating GRC (Governance Risk and Compliance) Workshop
5. Workshop Comparison of Corporate Governance Methodology
6. Banking Risk Management Certification through Risk Management Competency Test (UKMR)
7. Manager Development Program (MDP)
8. Senior Manager Development Program (SMDP)
9. Executive Development Program (EDP) - Strategic Leadership Experience
10. Executive Development Program (EDP) - Mastering Innovation Leadership
11. ASEAN Corporate Governance (CG) Scorecard Workshop
12. Training In-House New IRRBB Framework Modelling Implementation
13. Training ISO 37001 Anti Bribery Management System
14. Training ISO 9001:2015 Quality Management System
15. Focus Group Discussion Indonesian Financial Transaction Reports and Analysis Center (INTRAC)

## ANTI-MONEY LAUNDERING (APU) AND TERRORISM FINANCING PREVENTION (PPT) PROGRAMS

The Company always conducts the APU and PPT programs in our customer detection activity whilst referring to the prevailing rules and legislation. In order to anticipate Money Laundering and the Financing of Terrorism, the Company implements the APU and PPT Programs in order to detect the customer's activity whilst referring to the prevailing rules and legislations the Company has implemented the APU and PPT Programs, with the following details:

1. As a guideline for conducting a Suspicious Financial Transaction analysis, an evaluation and development tool for Customers in the High Risk Criteria and Unusual Customer Transaction (UCT) parameters, which have been developed based on the Bank's experience in identifying Suspicious Financial Transactions as stated in SE Directors Letter Number 33/DIR/CMPD/2018 June 6, 2018 Regarding the Guidelines for the Implementation of a Suspicious Financial Transaction Analysis Based on the Risk Based Approach (RBA) of the Board of Commissioners' Active Supervision. In performing its supervision, the Board of Commissioners actively plays a role in providing oversight, by providing approval regarding policies and procedures for implementing the AML and CFT programs proposed by the Board of Directors.
2. Active Supervision of the Board of Commissioners. In performing their supervision, the Board of Commissioners also plays an active role in providing oversight by granting approval regarding the policies and procedures for implementing the AML and CFT programs proposed by the Board of Directors.

3. To identify, analyze, monitor and provide reports effectively within the framework of the Implementation of the AML and CFT Program, coordination was conducted with the Bank's IT Management Unit with the provision of the Information Management System, as follows:
  - a. Through the Information Management System the Management can quickly identify, analyze, monitor and provide reports effectively regarding the characteristics of transactions performed by the Customer, which was performed using the AML-CFT Application.
  - b. Changes to the APU-PPT Application Parameters were made in accordance with the Board of Directors' Circular Letter Number 33/DIR/CMPD/2018 dated June 6, 2018 Regarding the Guidelines for the Implementation of a Suspicious Financial Transaction Analysis Based on the Risk Based Approach (RBA).
  - c. Additional databases have been included that monitor customers transactions and profiles on an ongoing basis include the following:
    - i. List of Suspected Terrorists and Terrorist Organizations (DTTOT)
    - ii. Proliferation of Weapons of Mass Destruction (Proliferation of WMDs)
    - iii. Name of the suspect or defendant published in mass media or by any competent authority.
4. The Company organizes constant training related to the AML and CFT programs through the following:
  - a. Having face-to-face discussions with the Branch Manager, Service Quality Unit Head/ DBM Business, Sub Branch Head, Cash Office Head, Priority Banking, Customer Service and Teller Service in several Branch Offices.
  - b. Sharing the Module Application of the Anti-Money Laundering and Prevention of Terrorism Funding Program in the Knowledge Management System (KMS), which can be conveniently accessed by all employees.
  - c. Conducting training through E-Learning channels, which is the Micro Film "Customer Due Diligence" for each of the Front liners and the Person in Charge of APU and PPT at the Branch Office and conducting evaluations.
5. In instigating the reporting obligation to the Financial Transaction Reports and Analysis Center, the Company has submitted a report, which includes the following:
  - a. Reporting regarding Cash Financial Transactions (LTKT) and Suspicious Financial Transactions (LTKM)
  - b. Reporting of Fund Transactions from and to Foreign Countries (LTKL)/International Fund Transfer Instruction Report (IFTI)
  - c. Reporting of the Integrated Service User Information System (SIPJT)
  - d. Reporting to Law Enforcement Officials and Regulators



# INTERNAL AUDIT FUNCTION

The Internal Audit Function is a strategic business partner for management in optimizing the Company's GCG implementation and providing assurance and advice independently and objectively regarding the Company's Internal Controls. The Internal Audit Function is implemented by the Internal Audit Division (IAD), one of which is by objectively evaluating Risk-Based Audits and consulting services, especially those that involve improving and refining Risk Management, Internal Control and Governance Processes. This function is performed through a proactive, enthusiastic and dynamic approach, communicating effectively, business and stakeholder oriented, understanding the root issues of the problem and areas that possess a high risk, emphasizing the findings of quality, and recommending practical and workable solutions.

## POSITION OF THE INTERNAL AUDIT FUNCTION WITHIN THE ORGANIZATIONAL STRUCTURE

The position of the Internal Audit Division (IAD) as the executor of the Internal Audit Function is under the supervision of the President Director as stipulated based on the Board of Directors' Decree No. 03/KD/DIR/SIPD/2017 dated April 20, 2017 concerning the Organizational Structure of PT Bank Tabungan Negara (Persero) Tbk, which was updated in the Decree of the Board of Directors No. 02/DIR/KD/HCOD/2018 dated March 29, 2018 concerning changes to the provisions of the Board of Directors Number 04/KD/SIPD/2017 concerning the Organizational Structure of PT Bank Tabungan Negara (Persero) Tbk. In addition, the position of the Internal Audit Function is also explained in the Internal Audit Charter No. 03-SKB/DECOM-DIR/BTN/IAD/VI/2011 dated June 30, 2011 in Chapter II, article 3 as follows:

1. Article 3 Paragraph (1) states that the Internal Audit Division (IAD) is an Internal Audit Work Unit (SKAI) within a Bank organization whose position is directly under the President Director.

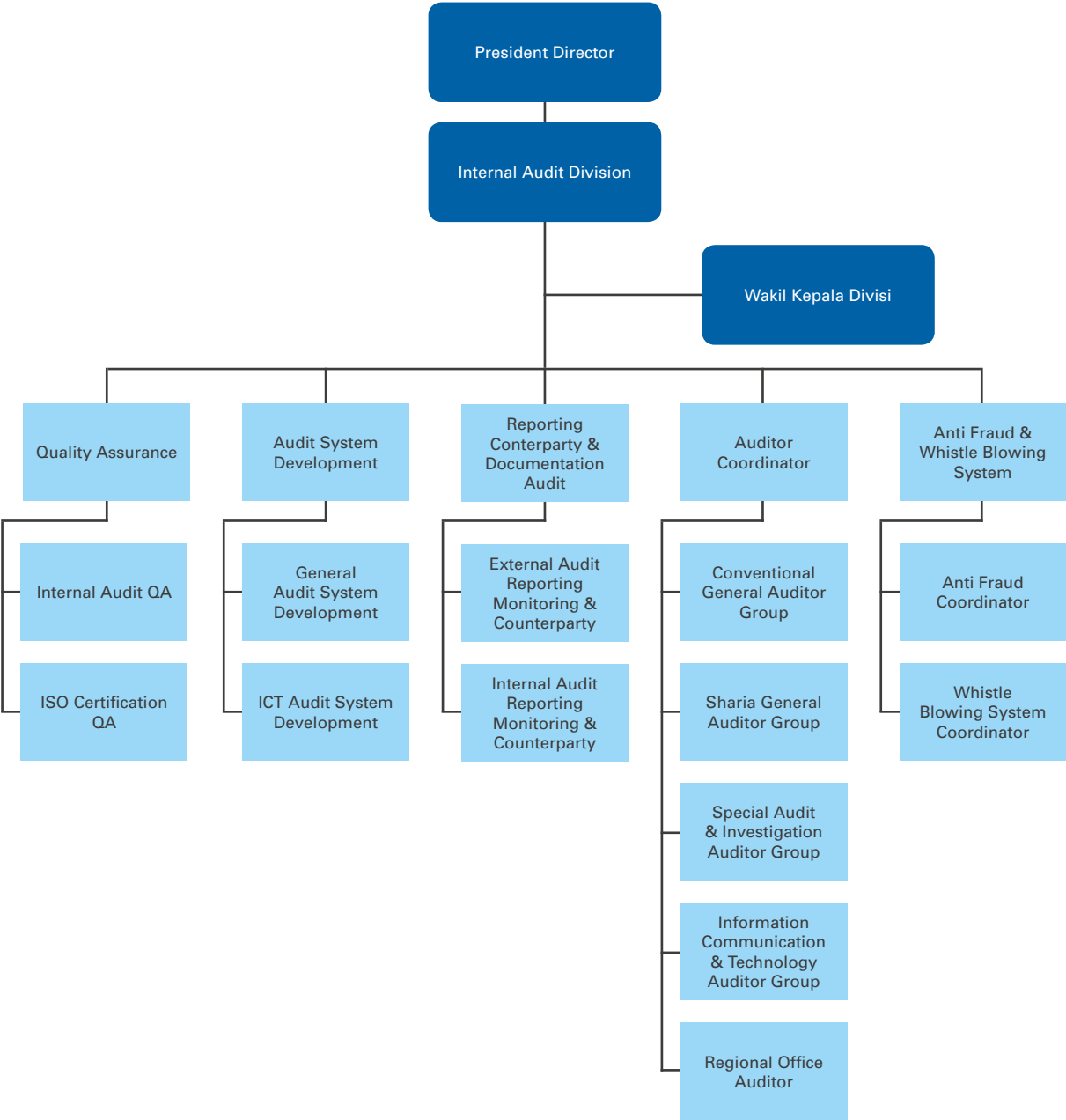
2. Article 3 Paragraph (2) states that the IAD as referred to in paragraph (1) is led by a Division Head who is directly responsible to the President Director.
3. Article 3 Paragraph (3) states that the Head of the IAD as referred to in paragraph (2) is appointed and dismissed by the President Director with the approval of the Board of Commissioners and reported to Bank Indonesia and the Capital Market and Financial Institution Supervisory Agency.
4. Article 3 Paragraph (6) states that the Auditors serving in the IAD are directly responsible to the Head of the IAD.

## APPOINTMENT AND DISMISSAL OF THE HEAD OF THE INTERNAL AUDIT

The parties involved in the appointment or dismissal of the Head of the Company's Internal Audit are the Managing Director, the Board of Commissioners and the Financial Services Authority as regulators. Broadly speaking, the involvement of several parties referred to in the appointment or dismissal is as follows:

1. The President Director conducts a Fit and Proper Test for candidates of the Head of the Internal Audit Work Unit.
2. The President Director submits an application for the approval of the appointment/dismissal of the Head of the Internal Audit Unit to the Board of Commissioners.
3. The Board of Commissioners then either approves or does not approve the appointment/dismissal of the Head of the Internal Audit Unit.
4. The Board of Commissioners and the Board of Directors submit reports regarding the appointment/dismissal of the Heads of the Internal Audit Unit to the Financial Services Authority as regulators.

THE INTERNAL AUDIT ORGANIZATIONAL STRUCTURE





## HEAD OF THE INTERNAL AUDIT PROFILE

The current Head of the Internal Audit Unit is Ms. Triani Pudjiastuti, who has served effectively since November 13, 2017 based on the Decree of the Board of Directors No. 612/DIR/2017 November 7, 2017 concerning Employee Rotation/Promotion and was approved by the Board of Commissioners.



Indonesian citizen, 55 years old, domiciled in Jakarta. Obtained a Bachelor of Economics degree from Gajah Mada University, Yogyakarta in 1985.

### Work Experience

Started her career at PT Bank Tabungan Negara (Persero) Tbk since 1986 and previously has served as Head of Finance & Accounting Division (2011 - 2017).

### Training

Participated in a number of educational workshops both at home and abroad as follows: Developing The Strategic Manager 2 organized by AGSM UNSW business School, Australia in 2016, Training in Asset Accounting (PSAK & ISAK) held by the Indonesian Accounting Association (IAI), Jakarta in 2017, the Asset Accounting Implementation Workshop held by PT Barka Cahaya Mediatama in Jakarta in 2017.

### Triani Pudjiastuti

Head of Internal Audit

## INTERNAL AUDIT PERSONNEL PROFILE

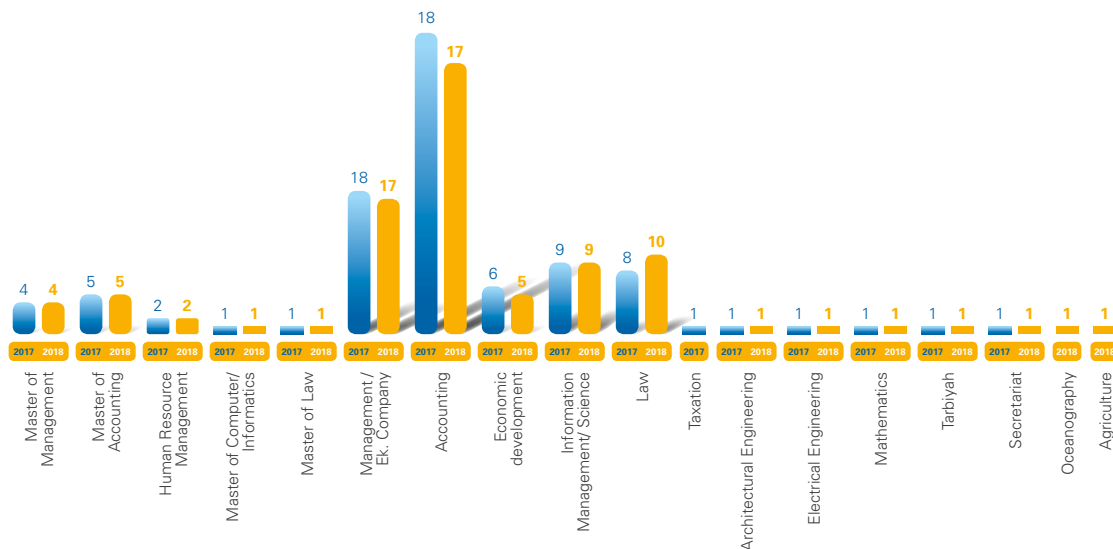
The Company is highly motivated regarding the adequacy in the composition of the Internal Audit Division in supporting the implementation of its duties in terms of the number of job qualifications for competence. The Internal Audit Division personnel numbers 99 (ninety nine) personnel who are led by 1 (one) Head of Division and assisted by 1 (one) Secretary, 1 (one) Audit Coordination Head, 6 (six) Quality Assurance people, 6 (six) Personnel in the Audit System Development Department, 7 (seven) Personnel in the Audit Department Reporting to Counterparty, 42 (forty two) Conventional General Auditors, 8 (eight) Sharia General Auditors, 8 (eight) Special & Investigative Auditors, 5 (five) Information Technology Communication Auditors, 9 (nine) Regional Office Auditors, 3 (three) Personnel in the Anti-Fraud & Whistleblowing System Strategy and 2 (two) personnel on Special Assignments (Audit Committee)



## INTERNAL AUDIT FUNCTION

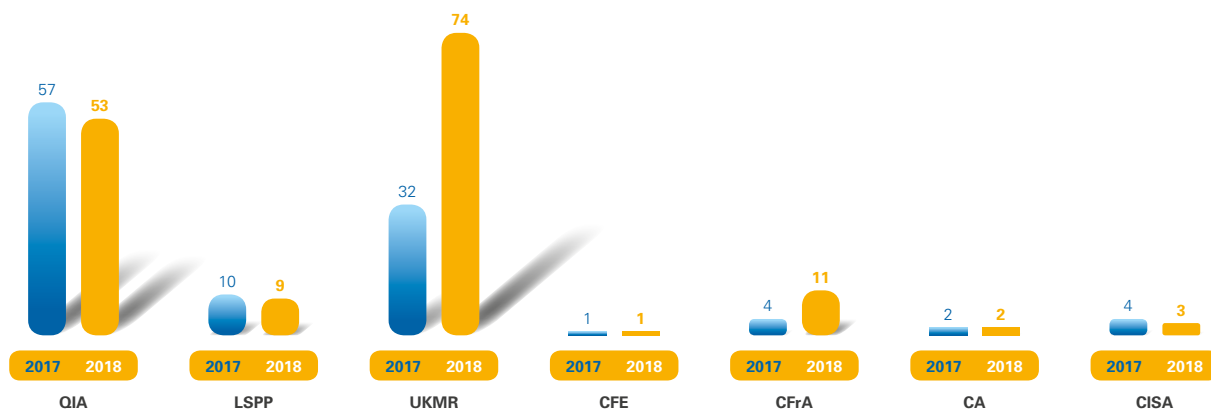
The composition of the Internal Audit Division is based on their formal education, which can be viewed in the following diagram:

**Composition of Internal Audit Division Personnel Based on Education**



Meanwhile, the total number of Internal Audit Division personnel certifications can be viewed in the following diagram:

**Internal Audit Division Personnel Certification**



Remarks: QIA (Qualified Internal Auditor), LSPP/Banking Professional Certification Institution (certifying auditor competencies for auditor level to assessor), UKMR (Risk Management Competency Test), CFE (Certified Fraud Examiner), CFrA (Certified Forensic Auditor), CA (Certified Accountant) and CISA (Certified Information Systems Auditor).

In addition, the Company has also formed an Audit Team assigned to each Business and Operational Unit. Preparation and determination of the number of personnel for each Audit Team is performed by considering the results of the Risk Assessment of 14 business processes and ICT management activities, Auditor qualifications (position and focus of competence), as well as Branch/Division/Desk classes. Determination and adequacy of the number of personnel who will also have an impact on the Audit day and preparation of IAD Audit costs. The composition of the Audit Team assigned to each business unit is as follows:



**Table Audit Team**

Business Unit	Team Head			Team Member		
	AS	SAA	AA	SA	AG-14	AG-13
<b>General Audit</b>						
Head Office - Division	1			1	2	
Regional Office	1			1	2	
Branch office						
First class	1			1	2	
class I		1		1	2	
class II		1		1	1	1
class III			1	1	1	1
Sharia Unit			1	1	1	1
<b>Audit ICT</b>						
Application: Office Division/Desk and DT I		1	1	1	1	
Application: Branch Office Sampling		1	1	1	1	
Fraud Investigation	1			1		
Special Review		1		1		
<b>Special Audit</b>						
ISO Surveillance regarding IAD Work Units			1	1		
ISO Surveillance in the Auditor Group			1	1		
Audit ISO 1-5-1 Credit Distribution			1	2		

Notes: AS = Audit Superintendent (Set. Department Head - Grade 18), SAA = Senior Associate Auditor (Set. Department Head - Grade 17), AA = Associate Auditor (Set. Manager - Grade 16), SA = Senior auditor (Set. Manager G.15), A = Auditor (Set. Assistant Manager G.14 or Assistant Manager G.13)

## INTERNAL AUDIT COMPETENCE DEVELOPMENT FOR 2018

Every IAD personnel is both facilitated and encouraged to further develop their competence in supporting the implementation of the Internal Audit Function. Competency development is performed including by way of knowledge sharing between the Head of the IAD, the Board of Directors and the Auditors of Internal Policies and Procedures, Certification Programs, Education and Training, Workshops and Seminars. Throughout 2018, competency development training, which was held both internally and externally includes the following:

**Table Internal Audit Division Personnel Competence Development**

No	Training	Institution	Number of Participants
<b>Domestic Program</b>			
<b>Certification</b>			
1	Basic Qualified Internal Audit Education (I & II)	YPIA	21
2	Education of Advanced Level Qualified Internal Auditors (QIA) II	YPIA	4
3	Education & Certification Training Qualified Internal Auditor Level Pre-Managerial I	YPIA	1
4	Debriefing and Certification of Banking Risk Management (UKMR) Level 1	LSPP	9
5	Debriefing of Level 2 Risk Management Competency Test (UKMR) Participants	LSPP	5
6	Debriefing of Level 1 Batch 7 Risk Management Competency Test (UKMR) in 2018	LSPP	12
7	Debriefing of Level 1 Batch 8 Risk Management Competency Test (UKMR) in 2018	LSPP	8
8	Debriefing of Level 1 Batch 10 Risk Management Competency Test (UKMR) in 2018	LSPP	10
9	Debriefing of Level 2 Batch 4 Risk Management Competency Test (UKMR) in 2018	LSPP	7
10	Debriefing of Level 2 Batch 4 Risk Management Competency Test (UKMR) in 2018	LSPP	2
11	Level 1 Debriefing Batch 17 Risk Management Competency Test (UKMR)	LSPP	7
12	Forensic Auditor Training and Certified Forensic Auditor (CFrA) Certification	LSPA	10

Table Internal Audit Division Personnel Competence Development

No	Training	Institution	Number of Participants
13	Maintenance Program for Risk Management Certificates (UKMR Refreshment) Batch 4 of 2018	LSPP	1
Training and Workshop			
1	Business Process Education	LCD	90
2	Senior Manager Development Training (SMDP) Grade 18, Year 2018, Phase I	Michigan Ross	2
3	Executive Development Program (EDP) at the Strategic Leadership Experience Activities	PT. Daya Dimensi Indonesia	1
4	Education and Training related to the Audit Cycle	LCD	24
5	OFI to AFI Mapping Training on KPKU 2017	LCD	1
7	Managerial Development Program (MDP) Batch 2 of 2018	Prasetya Mulya	2
8	Cobit 5 Training	PT Proxis Global Solusi	1
9	Workshop regarding Analytic & Continuous Audit Workshop	IAIB	2
10	Workshop regarding Corporate Governance Policy Guidelines (PKTKP)	LCD	1
11	IBES / HCIS Training for Trainers in 2018	LCD	2
12	ASEAN CG Scorecard Plus Company and Explain Principle Workshop	LCD	1
13	ISO 37001 Anti Bribery Management System	CRMS Indonesia	1
14	Information Technology Procurement Training Trend 2018: Application - Big Data - Cloud	PT Sharing Vision Bandung	2
15	Management of Dynamic Records, 2018	Arsip Nasional Republik Indonesia	2
16	ISO 9001: 2015 Auditor/Lead Auditor Course	PT SGS Indonesia	1
17	Certified Information Security Manager (CISM)	Pusilkom UI	3
18	Certified Information System Auditor (CISA)	Pusilkom UI	3
19	Managerial Development Program (MDP)	Prasetya Mulya	2
20	Participants in Workshop Review of Property Valuation Basics	Masyarakat Profesi Penilai Indonesia	2
21	KPKU Training for Regional Office Assessor, 2018	LCD	1
22	Maintenance of Risk Management Certificates (UKMR Refreshment) Level 1 and 2 Batch 2, Year 2018	LSPP	1
23	Batch 3 Refreshment Secretary Training, 2018	PT Sarel Sentra Inspira	1
24	Maintenance Program for Risk Management Certificate (Refreshment UKMR) Level 3 Batch 3, Year 2018	LSPP	1
25	ISO 9001: 2015 Auditor/Lead Auditor Course Training	PT SGS	1
26	Batch 2 APU & PPT Training, 2018	LCD	2
27	BTN-RCSA Application Workshop for Division & Desk	LCD	2
28	In House Training for HPS Compilation of Procurement of Goods and/or Services	PT Caraka Global Informasi	1
29	Workshop regarding the Implementation of Collateral Valuation and Loan Quality Assurance Functions	PT Mahesa Prima Solusindo	1
30	TOT Training for DMS (Document Management System) Implementation	LCD	1
31	Advance Series Leadership Training	LCD	1
Seminar and Conference			
1	2018 National Internal Audit (SNIA) Seminar	YPIA	5
2	National Anti-Fraud Conference (NAFC) 2018	ACFE	4
3	National Conference III, 2018	FKSPI	3
4	National Conference IIA Indonesia 2018	IIA Indonesia	3
5	National Conference X Bank Internal Auditor Association (IAIB), 2018	IAIB	2



**Table Internal Audit Division Personnel Competence Development**

No	Training	Institution	Number of Participants
Overseas Program			
Training and Workshop			
1	Senior Manager Development Training (SMDP) Grade 18, Year 2018 Phase II	Michigan Ross	2
Seminar and Conference			
1	International Conference 2018 and Financial Institutions Benchmarking Program	IIA International	1
2	SOPAC Conference 2018 and Financial Institutions Benchmarking Program	IIA International	2

## PARTICIPATION IN THE ASSOCIATION OF PROFESSIONAL INTERNAL AUDITORS

In expanding the insight and professional competence of the Internal Auditors, IAD employees have included their Auditors in events organized by the Association of Professional Internal Auditors, including the Bank's Internal Auditor Association (IAIB), the Internal Audit Unit Communication Forum (FKSPI) and the Institute of Internal Audit (IIA), both the Indonesian and International chapters.

## INTERNAL AUDIT GUIDELINES (AUDIT CHARTER)

The Internal Audit Division is equipped with the Work Guidelines, known as the Internal Audit Charter, which was compiled in 2002 and then updated and finally determined based on the Joint Decree of the Board of Commissioners and the Board of Directors Number: SKB-03/DECOMDIR/BTN/IAD/VI/2011 dated June 30, 2011. The Internal Audit Charter is also the basis for the presence, implementation of duties and responsibilities of supervision for the IAD. Thus, the Internal Audit Charter is disseminated to all employees and other related parties to encourage the effectiveness of the Internal Audit Function. The contents of the Internal Audit Charter are as follows:

1. Vision and Mission
2. Structure and Position
3. Scope
4. Authority, Functions, Duties and Responsibilities
5. Statement of Independence
6. Audit Responsibilities
7. Code of Ethics and Requirements for Internal Auditors
8. Accountability and Reporting
9. Follow-up
10. Others

## The Internal Auditor's Duties and Responsibilities

The Internal Audit Division assists the President Director and the Board of Commissioners and all levels of management in ensuring the adequacy of the Company's Internal Control System and also by providing strategic and constructive suggestions regarding the management of the Company within the framework of implementing Good and Sound Corporate Governance with the following tasks:

1. To formulate a plan and describe operationally the implementation of the Audit, as well as monitoring the follow-up of the Audit results
2. To analyze and evaluate concerning the fields of Finance, Accounting, Operations and other activities through On-Site Audits and Off-Site Monitoring, including conducting management Audits of all Work Units of the Company.
3. To provide suggestions for improving and share objective information regarding the Audited activities across all levels of management.
4. To inspect, assess and identify all potential likelihoods in order to improve the efficiency and effectiveness in the fields of Finance, Accounting, Operations, Resource Use, Marketing, Information Technology and other undertakings related to the Bank's operations and business based on all applicable provisions.
5. To conduct testing and evaluation in order to improve/enhance the effectiveness of Risk Management, Internal Control and Governance Processes.

## Scope of Internal Audit

The Company's Internal Audit Charter is determined through a Joint Decree of the Board of Commissioners and Board of Directors No. SKB-03/DECOM-DIR/BTN/IAD/VI/2011 dated June 30, 2011 concerning PT Bank Tabungan Negara (Persero) regarding the Internal Audit Charter in Chapter III, which is related to the Scope of Audit Work, including the following:

- Article 4 paragraph (2): "The Scope of Audit Work by IAD covers all aspects and elements of the Bank's organizational operations. The Audit Work is performed through a Risk-Based Audit approach by looking at a minimum of 8 risks referring to the Bank Indonesia Regulation, i.e.: Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Reputation Risk, Strategic Risk, Compliance Risk "
- Article 4 paragraph (3): "Based on the direction of the President Director and/or the Board of Commissioners, the Scope of Audit Work by DAI/ IAD also covers the activities of affiliated business entities and subsidiaries that may directly or indirectly affect the interests of the Bank"
- Article 4 paragraph (4): "The Scope of Work of the IAD includes Audits and Assessments concerning the effectiveness of Risk Management, the Adequacy & Effectiveness of Internal Control Systems, quality of performance in implementing the outlined responsibilities, and the effectiveness of the Governance processes: The Compliance Audit, Financial Audit, Operational Audit (Operational/Management Audit), Audit Rating, ITS Audit (Information Technology System Audit), Special and Investigative Audit, Off-Site

Monitoring (Desk Audit), an Assessment of the Security System of the Company's Assets including Resources and Funds, ensuring the Security of the Company's Assets.

## BRIEF REPORT REGARDING INTERNAL AUDIT ACTIVITIES 2018

In 2018, the Internal Audit Division (IAD) prepared an Audit Plan or Work Program and Audit activities, which are in accordance with the plans that were prepared. The Work Plan includes the nature and scope of the Audit, Business Process Risk Assessment, Composition and Number of Audit Team Personnel, Standard Effective Audit Work Day, Length of Audit Day Standard Time, Number of Personnel Requirements and IAD Personnel Qualifications, Personnel Qualification Conditions IAD, Risk Assessment and Development of IAD Personnel.

### Internal Audit Work Plan

The Internal Audit Division Work Plan is described in the Annual Audit Plan with a work period of 1 year. The Annual Audit Work Plan for the Internal Audit Division (IAD) in 2018 was submitted to the President Director based on the IAD memo No. 30/M/IAD/ASD/II/2018 dated January 31, 2018 concerning the Submission of the Annual Audit Plan in 2018 and approved and signed by the President Director in February 2018. Regarding the 2018 General Audit Planning (Conventional and Sharia), ICT Audits, Special Audits & Investigations as well as scheduled Audits of ISO 9001: 2015 are as follows:

Table Internal Audit Work Program

Object of Audit	Total		Changes		Description
	2017	2018	+/-	%	
A. General Audit (AU)	121	135	14	11,57%	
1. AU Conventional	96	111	15	15,63%	
2. AU Sharia	25	24	(1)	(4,00)%	
B. Audit ICT	24	17	(7)	(29,17)%	The 2018 ICT Audit objects were focused on: 1. LHPK SKNBI, BI-RTGS, BI-ETP, BI-SSSS, KPDHN in Conventional and Sharia. 2. Business Continuity Management 3. Data Integrity (Funding & Lending) 4. Electronic Banking 5. Third-Party Management 6. Core Sharia Banking & Project Management 7. ITOD 8. ITPD
Total Objects of General Audit & ICT	145	156	11	7,59%	



**Table Internal Audit Work Program**

Object of Audit	Total		Changes		Description
	2017	2018	+/-	%	
C. Special Audit & Investigation					
1. Thematic Audit	0	0	0	0%	-
2. Special Audit/Investigation (incidental) assignments	0	0	0	0%	There were no scheduled plans for Special Audits/Investigations for 2018, these will follow assignments from the stakeholders and the Whistle-Blowing Systems.
D. Internal Quality Audit (AMI) ISO 9001: 2015 Certification	19	20	1	5.26%	
E. Regional Office Auditor Audits	88	413	325	369.32%	
Total Objects Audited	252	585	333	132.14%	Obyek Audit

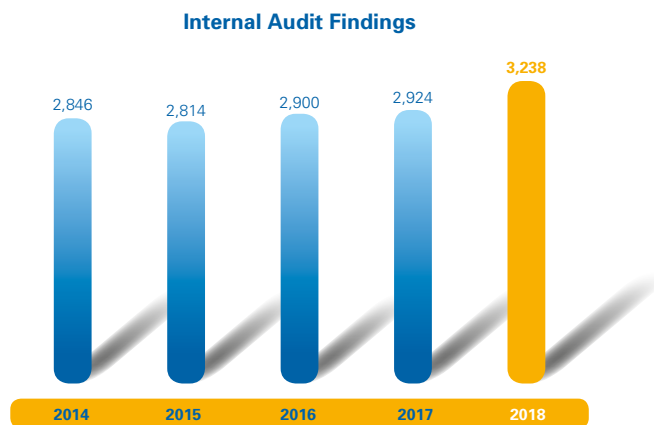
### Internal Audit Work Program Implementation

The Internal Audit Division has performed Audits with Audit Objects including the General Audit (Conventional and Sharia), ICT Audit, Thematic Audit, ISO Audit and Special Audits throughout 2018 with the details of Audit Objects as follows:

**Table Internal Audit Work Program Accomplishment**

No	Keterangan	Target	Realisasi	% Realisasi
A	General Audit (General Audit)	135	143	105.93%
	1. Conventional	111	115	103.6%
	2. Sharia	24	28	116.7%
B	ICT Audit (Information & Communication Technology Audit)	17	18	105.9%
C	Internal Quality Audit (AMI) ISO 9001: 2008 Certification	20	23	115.0%
D	Auditor Regional Office Audit	413	467	113.1%
E	Special Audit	0	19	-
F	Review Audit	0	85	-
Total		585	755	129.06%

The Audits performed in 2018 resulted in 3,238 Audit Findings. The number of findings are showing an increasing trend over the past two years as presented in the graph of Audit Findings over the past 5 (five) years:





## INTERNAL AUDIT FUNCTION

### Follow-Up on Audit Results

Follow-up regarding Audit Findings performed by Auditees. The results of the follow-up are reported to the Head of the IAD and then evaluated to determine whether the follow-up is in accordance with the planned. For completed follow-up, it will be declared "completed followed up" and informed to the Auditee and the Board of Directors. The follow-up Audits that have not been completed and remain under "pending item" status are requested to be finalized by the Auditee with the accounts required and to be reported by the IAD Head to the Board of Directors. Throughout 2018, follow-up of Audit Findings from both the 2017 and 2018 Audit results with the Audit follow-up resumes are presented in the following table:

**Table Follow-Up of Audit Results in Accordance with the Settlement Due Date**

NO	Type of Audit	2017							
		Total Findings	Due Date Status				Findings Completion Status		
			Not Due		Past Due				
			Total	%	Total	%	Total	%	
1	General Audit - Head Office	259	-	-	259	100%	259	100%	
2	General Audit - Branch Office	1,884	-	-	1,884	100%	1,884	100%	
3	General Audit - Sharia Branch Office	580	-	-	580	100%	580	100%	
4	ICT Audit (Information & Communication Technology Audit)	201	-	-	201	100%	201	100%	
5	Internal Quality Audit (AMI)	-	-	-	-	-	-	-	
6	Special Audit	-	-	-	-	-	-	-	

NO	Type of Audit	2018							
		Total Findings	Due Date Status				Findings Completion Status		
			Not Due		Past Due				
			Total	%	Total	%	Total	%	
1	General Audit - Head Office	314	66	21%	248	79%	248	100%	
2	General Audit - Branch Office	1,959	110	6%	1,849	94%	1,849	100%	
3	General Audit - Sharia Branch Office	570	71	12%	499	88%	499	100%	
4	ICT Audit (Information & Communication Technology Audit)	395	15	4%	380	96%	380	100%	
5	Internal Quality Audit (AMI)	-	-	-	-	-	-	-	
6	Special Audit	-	-	-	-	-	-	-	

## INTERNAL FRAUD

Throughout 2018, there were 24 cases of internal irregularities with the following explanation:

**Table: Internal Fraud throughout 2018**

Internal Fraud	Number of cases committed by					
	Management		Permanent employee		Non-permanent employees	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Number of Cases of Internal Fraud	-	-	16	24	4	-
Completed	-	-	16	13	2	-
In the Internal Settlement Process	-	-	-	11	-	-
Solution has not been sought	-	-	-	-	-	-
It has been followed up through a Legal Process	-	-	4	4	3	-



## INTERNAL AUDIT ASSURANCE REVIEW

The Company's Internal Audit is periodically reviewed to assess Compliance with the ISO 9001: 2008 quality standards every year, and in December 2017 the Internal Audit Division of PT Bank Tabungan Negara (Persero) Tbk, succeeded in upgrading the ISO 9001: 2008 quality standards to ISO 9001: 2015.

**Table Implementation of Audit Surveillance regarding ISO 9001: 2008 Certification and ISO 9001: 2015**

No.	External Audit	Year	Description
1	PT SGS	2014	Surveillance Audit for ISO 9001: 2008 certification by PT SGS External Audit
2	PT SGS	2015	Surveillance Audit for ISO 9001: 2008 certification by PT SGS External Audit
3	PT SGS	2016	Surveillance Audit for ISO 9001: 2008 certification by PT SGS External Audit
4	PT SGS	2017	The implementation of Surveillance Audits for ISO 9001: 2015 Certification by PT SGS External Audit
5	PT SGS	2018	The implementation of Surveillance Audits for ISO 9001: 2015 Certification by PT SGS External Audit

For review to assess Compliance with the Internal Audit Charter regulations, Standards and Codes of Ethics and efficiency and effectiveness of the Internal Audit Function in meeting the demands of various stakeholders based on best practice, Independent Assessor consultants have performed Assessments of at least once every 3 (three) years, with the following description:

**Table: Independent Assessor Regarding Assessment of Audit Implementation**

No.	External Audit	Year	Description
1	PT PricewaterhouseCoopers (PWC)	2015	Conducted a review of policy gap analysis, procedures and methodologies and conducted Audits of the SPFAIB best practices every 3 years by the External Auditors
2	PT Deloitte Touche Tohmatsu (DELOITTE)	2018	Conducted a review of policy gap analysis, procedures and methodologies and conducted Audits of the SPFAIB best practices every 3 years by the External Auditors

## EFFECTIVENESS OF INTERNAL AUDIT ACTIVITIES

Throughout 2018, the Company considered that the implementation of IAD undertakings were very effective as is evidenced by the added value generated and the improved the quality of the Company's management as evidenced through the Company's numerous achievements, performance and various awards presented to the Company throughout 2018.

The Company dutifully implements Audit activities as stipulated in the Company's Internal Audit policy based on the Risk-Based Audit that has been implemented since 2004 and later passed in the Board of Directors Regulation No.09/PD/DAI/2008 dated 30 April, 2008 concerning the Company's Internal Audit Policy with changes, at PD No. 08/PD/IAD/2013 dated December 5, 2013, all forms of activities related to Auditing and the reporting of Audit results regarding the implementation of a coordinated structure at every level of management. Audit activities and assessments of the Internal Control System will provide added value and improve the quality of the Company's management in realizing a sound and developing Bank BTN in a reasonable manner, as well as fulfilling the best interests of the Company and the public in terms of good fund management.

# EXTERNAL AUDIT FUNCTION

In fulfilling the Financial Services Authority Regulation No. 32/POJK.03/2016 concerning changes to No. 6/POJK.03/2015 concerning Transparency and the Publication of Bank Reports, the Company has appointed External Auditors and has conducted Audits of the Financial Statements for the 2018 Fiscal Year. External Auditors are required to deliver accountable, independent and reasonable information and data explicitly regarding the Financial, Operational and Compliance with all applicable regulations.

External Audits are performed by independent parties that have fulfilled the requirements to ensure that the Company's accounting records were compiled in accordance with the provisions of the Accounting and Financial Standards (PSAK) and prepared reports present a reasonable financial position and the results of operations executed by the Company do not violate any provisions and/or applicable regulations.

## APPOINTMENT OF EXTERNAL AUDITORS

Through the GMS, the Company appoints a Public Accountant Office for the purpose of the 2018 Financial Report Audit. The appointment of a Public Accountant and Public Accountant Firm is conducted through a short-listed tender procedure to procure the General Audit services, with tender participants in accordance with the following qualifications:

1. The Public Accountant Firm is ranked in the top 10 (ranking by the official association of the Public Accountants Firms).
2. Has an affiliation certificate with an International Public Accounting Firm.
3. Has experience in performing General Audits on Public Banks and has Assets of at least Rp100 trillion.

4. The Manager has at least 3 (three) years' experience in Auditing Commercial Banks and PKBL (Partnership and Community Development Program)
5. The KAP (Public Accountants Firm) is registered with the BI, OJK, and the Audit Board of the Republic of Indonesia (BPK).
6. General Audit services regarding Financial Statements by KAP for a maximum of 5 (five) consecutive years.
7. The same Signing Partner of the KAP for a maximum of a 3 consecutive Fiscal Year Audit period.
8. Partner has experience in a Public Accounting for more than 10 years,
9. Has experience in performing General Audits on Banks with a Sharia Business Unit.
10. Has at least one CISA certified person and Conventional or Sharia Accounting
11. Has expertise in at least: Quality Assurance, Computer Audit Specialist, Tax Specialist.

The Board of Commissioners has appointed Purwantono, Sungkoro & Surja - Ernst & Young Public Accountants as Auditors to Audit the Financial Statements of PT Bank Tabungan Negara (Persero) Tbk for 2018. The legality of the General Assignment of Audits of Financial Statements and PKBL Reports of PT. Bank Tabungan Negara (Persero) Tbk, for the 2018 Financial Year was stated in the Appointment Letter No. 391/PGSD/PROC/II/2018 February 27, 2018 regarding the Appointment Letter.

## ACCOUNTANT, PUBLIC ACCOUNTANTS FIRM, AND AUDIT FEE

Accountant and Public Accountant Firms (KAP) who conducted the Audit and received an Audit Fee over the previous 5 years (including the Audit of the Partnership and Community Development Program or PKBL) is presented in the following table:



Fiscal Year	Accountant	Public Accountant Firm	Scope of Audit	Auditor's Opinion	Audit Fee
2018	Yasir Izin No. AP.0703	Purwantono, Sungkoro & Surja Permit No. 603/KM.1/2015	1. Audit of Financial Statements 2. Audit the Partnership Program and Community Development Program (PKBL)	Fair without exception	Rp2.367.000.000,-
2017	Yasir Izin No. AP.0703	Purwantono, Sungkoro & Surja Permit No. 603/KM.1/2015	1. Audit of Financial Statements 2. Audit the Partnership Program and Community Development Program (PKBL)	Fair without exception	Rp2.290.000.000,-
2016	Danil Setiadi Handaja Izin No. AP.1008	Purwantono, Sungkoro & Surja Permit No. 603/KM.1/2015	1. Audit of Financial Statements 2. Audit the Partnership Program and Community Development Program (PKBL)	Fair without exception	Rp2.175.000.000,-
2015	Danil Setiadi Handaja Izin No. AP.1008	Purwantono, Sungkoro & Surja Permit No. 603/KM.1/2015	1. Audit of Financial Statements 2. Audit the Partnership Program and Community Development Program (PKBL)	Fair without exception	Rp1.967.000.000,-
2014	Benyanto Suherman Izin No. AP. 0685	Purwantono, Suherman & Surja Permit No. 381/KM.1.2010	1. Audit of Financial Statements 2. Audit the Partnership Program and Community Development Program (PKBL)	Fair without exception	Rp1.769.000.000,-

## OTHER SERVICES PROVIDED

In 2018, the Public Accountant and Public Accountant Office of the Company did not provide other services other than Financial Report Audit services and PKBL in the 2018 financial year, so there was no other audit service fee information.

## OTHER EXTERNAL AUDITORS AND SERVICES PROVIDED

In addition to the Public Accountant and Public Accountant's Office, there were other External Auditors who conducted the Company's Audits for the 2018 Fiscal Year i.e. Bank Indonesia, the Financial Services Authority, the Republic of Indonesia's Supreme Audit Agency and PT. SGS in connection with the Surveillance Audits for the ISO 9001:2015 Certification.

## FINDINGS AND FOLLOW UP OF THE EXTERNAL AUDITOR'S RECOMMENDATIONS

The Company dutifully follows up regarding any findings and recommendations the External Audit put forward. The Board of Directors consistently oversees the External Audit Findings follow-ups during every coordination meeting between the Board of Directors and the relevant Work Units to ensure that all are well resolved and able to mitigate any further findings that may arise later. The total number of External Audit Findings that were followed up by the Company throughout 2018 are as follows

Audit Result	Total Findings	Followed Up		Not Finished	
		Total	%	Total	%
FSA					
Audit January 2018	120	103	86%	17	14%
Market Conduct 2018	18	18	100%	0	0%
Action Plan 2018	30	24	80%	6	20%
Audit January 2017	40	40	100%	0	0%
Audit July 2017	88	88	100%	0	0%
KAP (EY)					
ML 2017	35	31	89%	4	11%
BPK (Financial Audit Board)					
KUR 2014	38	29	76%	9	24%
KUR Subsidy 2017	22	15	68%	7	32%

### EFFECTIVENESS OF THE EXTERNAL AUDIT AND THE BANK'S COMPLIANCE WITH PROVISIONS IN INTER-BANK RELATIONS, PUBLIC ACCOUNTANTS AND BANK INDONESIA

The Company always maintains communication between the Public Accountants Firm, Audit Committee, and the Company's management in an effort to ensure the Audit executed is effective and will have a significant positive impact on the Company's performance improvement. The Audit Committee routinely coordinates with the Internal Audit Division (IAD) to conduct a study on the effectivity of External Audit implementation and to ensure that every finding can be resolved.

The Audit result regarding the Financial Statement for the Fiscal Year ended on December 31, 2018, will be submitted to the Financial Services Authority (OJK). The implementation of Transparency regarding the Financial Statements for the 2017 Fiscal Year is based on the Bank Indonesia Regulations and Financial Services Authority (OJK) regulations, which are as follows:

1. PBI No. 3/22/PBI/2001 dated December 13, 2001, as amended partly by PBI No. 7/50/PBI/2005 dated November 29, 2005, regarding the Bank's Financial Condition Transparency, and amended partly by PBI No. 14/14/2012 dated October 18, 2012, regarding the Bank's Report Publication and Transparency;
2. BI Circular Letter No. 3/31/DPNP dated December 14, 2001, regarding Commercial Banks Annual Reports and specified Annual Reports submitted to Bank Indonesia;
3. PBI No. PBI No. 8/4/PBI/2006 dated January 30, 2006, regarding the Implementation of Good Corporate Governance for Commercial Banks;
4. Financial Services Authority Regulation No. 6/POJK.03/2015 dated March 31, 2015, regarding Transparency and the Publication of Bank Reports.

The Audit strategies are as follows:

1. Planning
  - Communication with the Regulators.
  - Coordinating with Bank BTN to develop Audit planning.
  - Formulating strategies and a detailed Audit Plan.
  - Conducting internal training for the assigned team.
2. Interim Audit
  - Understanding the Business Process, Risk, and Internal Control.
  - Reviewing the process of book closing.
  - Identifying and resolving Accounting and Auditing issues.
  - Testing of Internal Control in the Head Office and Branch Offices.
  - Review the collectivity and adequacy of CKPN and KYD.
3. Follow up regarding the interim results
  - Update the understanding of Internal Control.
  - Follow up regarding the interim results.
  - Presentation of the Audit interim result.
4. The end of year Audit
  - Review subsequent events
  - Roll forward of substantive procedure.
  - Review the books for the Fiscal Year ending on January 31, 2018.
  - Finalization of the Audit conformation.
  - Publish a report regarding the assignment.
5. PKBL Completion Report, Management Letter, Performance Evaluation Report and PSA 62.

Audit results are in accordance with the Audit Scope set forth by the Company, i.e. as follows:

1. Audit of the Financial Statements and the Consolidated Financial Statements of PT Bank Tabungan Negara (Persero) Tbk for the Fiscal Year that ended on December 31, 2018.
2. Audit of the Financial Statements of the Partnership and Community Development Program (PKBL) for the Fiscal Year that ended on December 31, 2018.
3. Audit regarding Compliance with Legislation and Internal Control (PSA 62) on December 31, 2018.
4. Audit regarding the Performance Evaluation Report (LHEK) 2018.



# RISK MANAGEMENT FUNCTION

The Company continuously strives to improve the quality of Risk Management and conducts periodic reviews to ensure the effectiveness and adequacy of the Risk Management Function to comply with all applicable regulations and create a healthy Culture of Compliance in the Company. The Risk Management function also has a large role and responsibility related to the Company's Internal Control System, especially related to the Risk Assessment component in the COSO Internal Control Framework. In addition, the application of the Risk Management Function is based on the Financial Services Authority Regulation (POJK) No. 18/POJK.03/2016 concerning the Implementation of Risk Management for Commercial Banks and the Financial Services Authority Circular Letter (SEOJK) No. 34/POJK.03/2016 concerning the Application of Risk Management for Commercial Banks, which is also a reference for the Company's Risk Management.

## RISK MANAGEMENT POLICIES AND PROCEDURES

The Company has developed policies in the field of Risk Management, i.e. the Risk Management Policy Manual (PKMR), which covers the minimum provisions required by Bank Indonesia and the Financial Services Authority regulations. The PKMR is reviewed regularly at the frequency of at least once a year by the Board of Directors and Board of Commissioners by refining the Risk Management Policy Manual. An additional review of internal policies is also implemented to be in line with the regulator's latest provisions by conducting a gap analysis and accommodating the common best practices used in the banking industry to increase the quality of Risk Management.

## COMPANY'S RISK MANAGEMENT SYSTEM

The Risk Management System is designed to support the Company in realizing sound business management and achieving sustainable growth, thus optimizing shareholder value. The Company adopts a comprehensive approach to managing risks comprehensively, by improving the performance in managing uncertainty, minimizing threats, and maximizing opportunities without neglecting the principles of Risk Management that at least include the following:

1. Active supervision by the Board of Commissioners and the Board of Directors;
2. Adequacy of policies, procedures, and limits set;
3. Adequacy of Risk Identification, Measurement, Monitoring, and Control Process, as well as the Risk Management Information System;
4. A comprehensive Internal Control System.

In addition, the Company's Risk Management strategy is adjusted to the Company's Business strategy. The Risk Management Strategies are applied in order to support the Company's business development in the future through:

1. The application of Risk Management, in addition to being focused on further developing and simulating Risk and Capital measurements, is also focused on developing a Culture of Risk Awareness across all levels of the Company as well as the Ex-Ante Function to minimize Risk Exposure. This is so that the established Risk Management policies will be applied in the business process and daily operations at all levels.
2. Preparation of Risk Management policies and procedures.
3. Develop an Internal Credit Rating (ICR) for commercial credit and Enhancement Risk and Control Self-Assessment (RCSA) for operational risk control as part of the risk management information system.
4. The implementation of Stress Testing for Credit Risk is performed twice a year, Market Risk Stress Testing also twice a year and Stress Testing of Liquidity Risk is conducted 4 times a year in order to assess the Company's resilience to stress/crisis scenarios.



### THE ROLE OF THE BOARD OF COMMISSIONERS AND DIRECTORS IN THE COMPANY'S RISK MANAGEMENT SYSTEM

The Board of Commissioners has clear duties and responsibilities, including:

- a. To endorse the Risk Management policy, including the Risk Management strategies and framework set forth in accordance with the Risk Appetite and Risk Tolerance; The Board of Directors Regulation No. 14/PD/DIR/PPD/2018 dated December 28, 2018 concerning the Risk Management Policy Guidelines (PKMR) in PT Bank Tabungan Negara (Persero) Tbk.
- b. The Board of Commissioners and / or through the Risk Monitoring Committee has conducted regular discussions and evaluations on the risk profile report (quarterly).
- c. To evaluate the accountability of the Board of Directors and periodically provide direction regarding improvements in the implementation of Risk Management policies. Evaluation is conducted in order to ensure that the Board of Directors has managed the Company's risks and activities effectively. The Risk Profile is submitted to the Board of Commissioners and Risk Monitoring Committee on a quarterly basis as part of the evaluation materials concerning the implementation of Risk Management policies and Risk Management strategies.

The Board of Directors has clear duties and responsibilities, including:

1. To compile the Risk Management policy, including the strategy and framework of Risk Management comprehensively and in writing. The policy shall include the Risk Limits and type of risks, considering the risk level faced and Risk Tolerance level regarding Capital Adequacy. After obtaining approval from the Board of Commissioners, the Board of Directors stipulates the policy, strategy, and framework of the stated Risk Management;
  - a. The Board of Directors' Circular Letter No. 33/DIR/RMD/2012 dated July 31, 2012, regarding the Guidelines for Formulating the Bank's Risk Profile.
  - b. The Board of Directors compiles, sets, and updates the procedures, and measures the Company's soundness included in the risk profile, i.e. in the Board of Directors' Regulation No. 06/PD/RMD/2015 dated June 1, 2015, regarding the Self-Assessment of the Company's Soundness.
  - c. The Board of Directors' Regulation No. 04/PD/RMD/2016 dated April 27, 2016, regarding the Amendment to the Board of Directors Regulation

No. 08/PD/RMD/2015 regarding the Risk Management Committee.

- d. The Board of Directors' Circular Letter No. 48/DIR/RMD/2016 dated November 4, 2016, regarding the Amendment to the Board of Directors' Circular Letter No. 30/DIR/RMD/2015 dated August 25, 2015, regarding the Guidelines for Risk Data Collection for the Bank BTN-Loss Event Database Application (BTN-LED Tool).
- e. The Board of Directors' Circular Letter No. 41/DIR/RMD/2015 dated October 5, 2015, regarding the Guidelines for Implementing the Liquidity Risk Measurement Process.
- f. The Board of Directors' Circular Letter No. 60/DIR/RMD/2015 dated December 28, 2015, regarding the Market Risk Measurement Guidelines.
- g. The Board of Directors' Circular Letter No. 63/DIR/RMD/2015 dated December 30, 2015, regarding the Interest Rate Risk Management in the Banking Book.
- h. Circular Board of Directors No. 67/DIR/RMD/2017 dated December 8, 2017 concerning Amendments to the Board of Directors' Circular No. 03/DIR/RMD/2016 dated January 6, 2016 concerning Implementation Guidelines for Stress Testing.
- i. The Board of Directors' Circular Letter No. 10/DIR/RMD/2017 March 27, 2017 concerning the Policies and Procedures for Implementing a Risk Culture.
- j. The Board of Directors' Circular Letter No. 11/DIR/RMD/2017 dated March 30, 2017 regarding Risk and Control Self-Assessment (RCSA) Policies and Procedures.
- k. The Board of Directors' Circular Letter No. 18/DIR/RMD/2017 April 3, 2017 concerning Business Continuity Management (BCM) and the Business Continuity Plan (BCP) and Standard Operating Procedures.
- l. The Board of Directors' Decree No. 08/SK/DIR/RMD/2017 dated May 16, 2017 concerning Risk Appetite and Risk Tolerance for the Credit Concentration of 50 Core Debtors in 2017.
- m. The Board of Directors' Circular Letter No. 45/DIR/MD/2017 dated August 14, 2017 Regarding the Guidelines and Assessment of Risk Profiles of the Branch Offices and Sharia Branch Offices
- n. The Board of Directors' Circular Letter No. 15/DIR/RMD/2018 dated March 22, 2018 concerning the Guidelines for the implementation of a Recovery Plan
- o. A Monthly Credit Risk Exposure Monitoring Report from the RMD is reported to the Board of Directors.
- p. RMD's Monitoring of the Liquidity Risk report on a regular basis is reported to the Board of Directors



- q. The Operational Risk Report (LED/Loss Event Database) is reported by the RMD to the Board of Directors.
  - r. Branch Office Risk Profile Report for the Third Quarter of 2018.
  - s. RMD memo to Director of Strategic, Compliance and Risk No. 357/M/RMD/ERM/X/2018 dated November 28, 2018 concerning Application for approval of proposed changes in risk appetite and risk tolerance of BTN Bank in 2019.
2. Compile, stipulate, and update procedures and tools to Identify, Measure, Monitor, and Control Risks.
  3. Regulation of the Board of Directors No. 14/PD/DIR/PPD/2018 dated December 28, 2018 concerning the Risk Management Policy Guidelines (PKMR) of PT Bank Tabungan Negara (Persero) Tbk.
  4. Compile and determine the mechanism of transaction approvals, including those that exceed the limits and authority for each level of position;
    - a. The Board of Directors has set out Risk and maximum Risk Limits through considering experience, ability to manage Risk Management, Human Resources, Bank Indonesia and the FSA regulations, and the implementation of prudential banking practices.
    - b. The determination of Risk Limits are prepared by the Business Work Unit to be recommended to the Risk Management Work Unit and then request for a decision from the Board of Directors.
    - c. Limit of authority Classification in deciding Loans at Branch Offices and Head Office per position level.
    - d. Limit of authority classification in conducting treasury transactions per position level.
    - e. Limit of authority classification in performing authorizations and fiat payments at Branch Offices and Headquarters per position level.
  5. Evaluate and/or update the Risk Management policy, strategy and framework at least once a year or more often if there are changes in factors that have affected the Bank's Business Activities, Risk Exposure, and/or Risk Profiles significantly;
    - a. Regulation of the Board of Directors No. 14/PD/DIR/PPD/2018 dated December 28, 2018 concerning the Risk Management Policy Guidelines (PKMR) of PT Bank Tabungan Negara (Persero) Tbk.
    - b. The Board of Directors' Circular Letter No. 41/DIR/RMD/2015 dated October 5, 2015 concerning the Implementation Guidelines for the Measurement of Liquidity Risk.
    - c. Regulation of the Board of Directors No. 10/PD/TRSD/2015 dated August 8, 2015 concerning the Guidelines for Liquidity Monitoring
    - d. The Board of Directors' Circular Letter No. 48/DIR/TRSD/2015 dated November 5, 2015 concerning the Guidelines for Preparing the Contingency Funding Plan.
- e. The Board of Directors' Circular Letter No. 15/DIR/RMD/2018 March 22, 2018 concerning the Guidelines for Implementing the Recovery Plan.
  - f. RMD memo to the Board of Directors' of SCR No. 357/M/RMD/ERM/X/2018 dated November 28, 2018 concerning the Application for Approval of the Proposed Changes in the Risk Appetite and Risk Tolerance of Bank BTN in 2019.
- Establish the Organizational Structure including issuing clear authority and responsibility at every level of office related to the implementation of Risk Management:
- Regulation of the Board of Directors No. 14/PD/DIR/PPD/2018 dated December 28, 2018 concerning the Risk Management Policy Guidelines (PKMR) of PT Bank Tabungan Negara (Persero) Tbk.
  - The Board of Directors has established through a Board of Directors Regulation concerning Risk Management organizations consisting of the Risk Management Committee and Divisions that support the implementation of Risk Management, which is the RMD as a Risk Management Work Unit, the IAD's Internal Control Function, Credit Risk Desk in an effort to improve the processes for the Commercial Credit Business through the implementation of the four eyes principle and the Compliance Function performed by the CMPD as a Compliance Unit including the authority and responsibility of each of the Work Units.
- Responsible for the implementation of the Risk Management policies, strategies and framework, which was approved by the Board of Commissioners and evaluating and providing direction based on the reports submitted by the SKMR including reports regarding Risk Profiles;
- As part of the responsibilities, the Board of Directors to provide direction regarding the report submitted by RMD, i. e.:
- The Bank's Risk Profiles submitted quarterly.
  - The Risk Profile of the Third Quarter of 2018 of Branch Offices that are centralized and is delivered to all Work Units
  - Monitoring the Report regarding the Position of Liquidity Risk, which is submitted in a standard manner.
  - Credit Risk Exposure Monitoring Report submitted monthly.
  - Liquidity Risk Stress Testing was implemented 4 times and delivered through the Risk Profile Report to the FSA in the

Fourth Quarter of 2017, First Quarter of 2018, Second Quarter of 2018 and Third Quarter of 2018.

- Credit Risk and Market Risk Stress Testing is conducted at least once a year and was implemented twice, in March 2018 and September 2018. For March 2018 the reporting was submitted to the FSA and for the September 2018 report an update was made to the reporting requirements of the Recovery Plan Document.
  - Reports and evaluations regarding the implementation of Operational Risk Monitoring of Branch Offices (BTN-LED) submitted to the Board of Directors.
- g. To ensure that all Material Risks and the impacts caused by the stated Risks have been followed up and accountability reports were submitted to the Board of Commissioners on a regular basis. The intended report includes, among other things, progress reports and material risk-related problems along with the corrective steps that have been, are being, and will be performed:
- Based on the Bank's Risk Profile, the types of significant risks are Credit Risk, Liquidity Risk and Operational Risk. Through the Bank's Risk Profile report, Monitoring Position and Liquidity Risk reports and Monitoring Reports regarding the Credit Risk Exposure, the Board of Directors ensures that the related Work Units are to follow up on the recommendations in these reports so that Credit Risk, Operational Risk and Liquidity Risk will better managed.
  - The development of a significant Risk Profile has been submitted to the Board of Commissioners in the Bank's Quarterly Risk Profile Report.

Ensure corrective measures for problems or irregularities in the Bank's business activities found by SKAI:

- The Board of Directors has ensured corrective steps for problems or irregularities identified in the bank's Business Activities through:
  - Providing direction regarding the monitoring reports concerning the follow-up of External/Internal Audit Findings, which are submitted periodically by the IAD to the Board of Directors.
  - Evaluate the follow-up of the Audit results from the previous year at the Audit Exit meeting
  - Audit Committee Meeting

- As part of the developer of a Culture of Risk Management, the Board of Directors ensures that:

- Risk Management Certification and Certification refreshment programs for Bank BTN employees and officials.
- Providing Risk Management training for new employees.

Developing a Culture of Risk Management, which includes Risk Awareness across all organizational levels, including adequate communication to all levels of the organization concerning the importance of effective Internal Control:

- Making an effort to internalize the Culture of Risk Management with all employees in accordance with the Board of Directors' Circular Letter No. 10/DIR/RMD/2017 March 27, 2017 concerning the Policies and Procedures for Implementing a Risk Culture.
- Risk Culture Socialization through the body of the employee's salary slip email, which aims to foster further Risk Awareness for all Bank BTN employees.
- The Board of Directors' support for the development of a Risk Culture through Memo No. 01/M/DIR/RMD/IV/2018 April 20, 2018 concerning the Managements Support for the Role of a Risk Champion in the 2018 Risk Culture Program, in which all Division/Desk Management Regional Offices and Branch Offices are required to support the role of a Risk Champion and actively participate in fostering a Culture of Risk Awareness and applying the principle of prudence in achieving a superior performance.
- The Risk Management Work Unit initiates a strategy to increase the Risk Awareness of all Bank BTN employees using the gamification method. This gamification method is expected to facilitate all employees in better understanding the importance of Risk Awareness in every activity, especially at work. To implement a more fun and attractive Risk Awareness program by initiating the 2018 Risk Culture Festival event, which is the Movie Review, Risk Poster, Risk Jingle, Short Movie and Risk Ambassador with the theme of Risk Management, which was attended by all employees across all Work Units.
- Preparing the Risk Awareness materials, Anti-Fraud, Whistle-Blowing System and Culture of Compliance in coordination with the Internal Audit and Compliance, which



is socialized by the Risk Champion and accompanied through the implementation of quizzes in each Work Unit for 1 month.

Develop a Risk Awareness program that includes 6 of the following themes:

- a. Dissemination by the Head of the Work Unit regarding the Board of Directors' Circular Letter No. 10/DIR/RMD/2017 dated March 27, 2017 concerning the Policies and Procedures for Implementing a Risk Culture.
- b. Incorporate Risk Management material as mandatory material in each employee training.
- c. Deliver messages concerning Risk Awareness through the Corporate SMS and E-mail.
- d. Socialize Risk Management through the BITNIZ bulletin/Paras magazine.
- e. Develop Risk Management tools as a Risk Management practice through the Work Units.

Ensure the adequacy of financial and infrastructure support in order to manage and Control Risk;

The Board of Directors has ensured financial/budget sufficiency through approval in the 2018 Corporate Budget Work Plan and Infrastructure Support.

- Provided recommendations for the 2018 Corporate Budget Work Plan and the Bank's Business Plan for 2018-2020, which was submitted by the Board of Directors at the Joint Board of Commissioners and Board of Directors meeting on November 21, 2017 and provided approval for the 2017 Corporate Budget Work Plan, which was submitted through the Board of Commissioners' Circular Letter No. 168/KOM/BTN/XI/2017 dated November 22, 2017 concerning the Approval of the 2018 Corporate Work Plan and Budget (RKAP) and Bank Business Plan (RBB) for 2018-2020 of PT Bank Tabungan Negara (Persero) Tbk.
- Provided direction regarding the Revision of the Bank's Business Plan and Corporate Budget Work Plan through the Board of Commissioners Circular Letter No. 110/KOM/BTN/VI/2018 dated June 26, 2018 concerning the Approval of the Revision of the Corporate Work Plan and Budget (RKAP) for 2018 and the Bank Business Plan (RBB) for 2018-2020 of PT Bank Tabungan Negara (Persero) Tbk.

- Prepared the Bank's Strategic Plan, provided direction and approval for the Bank Business Plan (RBB) for 2018-2020 and submitted it to the Board of Commissioners, Bank Indonesia and the Financial Services Authority (OJK).
- The Board of Directors provided guidance regarding supervision and guidance through memos to all Work Units in line with the direction of the Transformation of Bank BTN towards "The Leading Housing Bank in Indonesia with World Class Service" by 2022, with the key to success directed by the following:
  1. Make the work culture a driver of target achievement
  2. The successful implementation of the Transformation of Bank BTN
  3. Monitor performance regularly
  4. Work according to the SOP
  5. Improve the Sales Culture and Risk Culture

- h. Ensure that the Risk Management Function was implemented independently, which is reflected in, among other things, the separation of functions between SKMR, which Identifies, Measures, Monitors and Controls Risks with the Work Unit that conducts and completes transactions

- Regulation of the Board of Directors No. 14/PD/DIR/PPD/2018 dated December 28, 2018 concerning the Risk Management Policy Guidelines (PKMR) of PT Bank Tabungan Negara (Persero) Tbk.
- The Board of Directors has ensured that the Risk Management Function was applied independently with each business unit and the IAD. The RMD as a Risk Management Work Unit (SKMR) has performed its function as a Risk Manager who continues to identify, measure, monitor and control risk and Business Work Units or Operational Work Units as Risk Owners must submit reports or information regarding the Risk Exposures managed by the Work Unit to the RMD.
- The Board of Directors' Decree No. 6/KD/DIR/TMO/2018 dated July 4, 2018 Regarding the Amendments to the Board of Directors' Decree Number 04/DIR/KD/TMO/2018 concerning the Organizational Structure of the Headquarters and Regional Offices of PT Bank Tabungan Negara (Persero) Tbk.

### RISK MONITORING COMMITTEE

The Risk Monitoring Committee possesses the duty and responsibility of providing recommendations to the Board of Commissioners by evaluating the Bank's Risk Management policy guidelines (Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk and Reputation Risk), evaluating the conformity between the Bank's Risk Management policy guidelines and their implementation and monitoring and evaluating regarding the implementation of the duties of the Risk Management Committee. In performing its duties and responsibilities, the Risk Monitoring Committee holds regular meetings with the Enterprise Risk Management Division to periodically discuss Current Issues, Bank BTN's Quarterly Risk Profile, Bank Soundness and matters related to Bank BTN's Risk Management including reviewing the Policy Guidelines related to Risk Management, which includes Risk Appetite and the Bank's Risk Tolerance.

### RISK MANAGEMENT COMMITTEE

The Risk Management Committee (KMR) plays an active role in delivering recommendations to the President Director regarding the Inherent Risks in the policies determined by the Board of Directors as well as evaluating the provisions that are deemed not in accordance with the latest developments and are required to be adjusted. The KMR is actively involved in conducting Risk Assessments inherent in each new product and/or service/activity so that the Bank can perform the necessary mitigation measures and conduct an evaluation of the Risk Management Policy Guidelines (PKMR).

### RISK MANAGEMENT UNIT

The Enterprise Risk Management Division (RMD) is a Risk Management Unit (SKMR) of the Bank, which is led by a Division Head who is directly responsible to the Director of Strategy, Compliance & Risk. The Enterprise Risk Management Division Organizational Structure consists of the Market Risk Management Department, the Credit Risk Management Department, the Operational Risk Management Department and the Enterprise Risk Management Department.

Beginning on February 4, 2016, the Enterprise Risk Management Division (RMD) implemented and obtained the ISO 9001:2015 Certification and is highly committed to continuing to work in accordance with the applied quality standards by making continuous improvements to foster a Culture of Risk and encourage the implementation of effective Risk Management throughout all levels of organization and the Bank's Business Operation in accordance with all applicable regulations.

The ISO 9001:2015 Certification itself is currently being used by millions of organizations around the world, which can help them perform more efficient and profitable operations. The ISO 9001:2015 Certification provides a framework for a more consistent business performance, excellent service and continuous improvement for an extended period of time. The ISO 9001:2015 Certification provides many advantages and capabilities in terms of business scale over the recent years. This standard is a tool that is very helpful in developing a company and makes Bank BTN's organization a more resilient one.

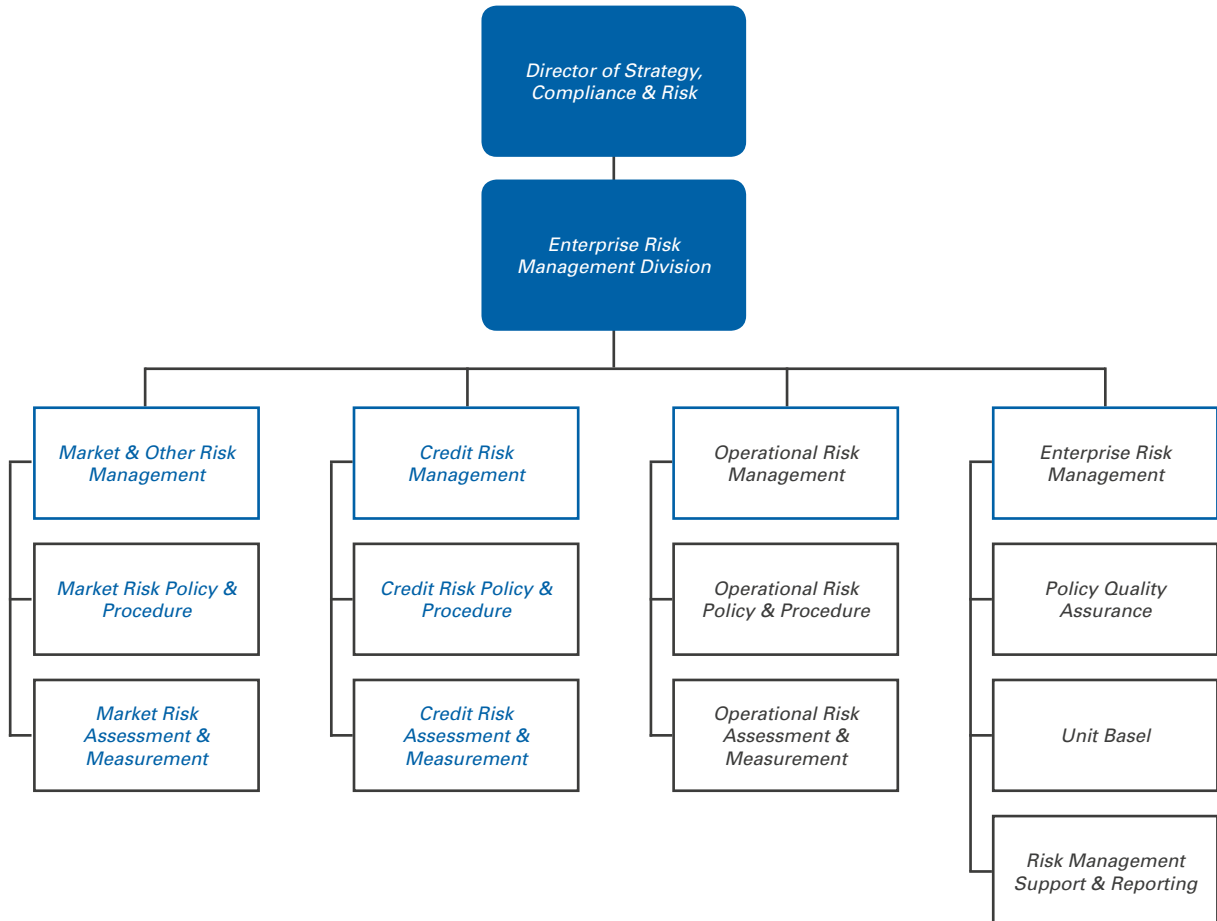
The Credit Risk Management Department functions to ensure the effectiveness of Credit Risk management, the Market Risk Management Department functions to ensure the effectiveness of managing Market Risk and Liquidity Risk, the Operational Risk Management Department serves to ensure the effectiveness of managing Operational Risk, Legal Risk, Strategic Risk, Compliance Risk and Reputation Risk. The Department Head is assisted by a Work Unit for Policy & Procedure and Assessment & Measurement Work Units.

The Enterprise Risk Management Department functions in order to coordinate and ensure the effective integration of Risk Management with strategic planning, performance measurement and incentives in order to increase shareholder value, increase investor confidence, support the decision-making process and improve the efficiency of capital utilization.



## RISK MANAGEMENT DIVISION ORGANIZATIONAL STRUCTURE

The Risk Management Division Organizational Structure refers to the Board of Directors' Decree No. 03/KD/DIR/SIPD/2017 dated April 20, 2017 concerning the Organizational Structure of the Head Office of PT Bank Tabungan Negara (Persero) Tbk are as follows:



Within the Risk Management Division Organizational Structure, there is a Market Risk Management Department function to ensure the effectiveness of managing Market Risk and Liquidity Risk, the Credit Risk Management Department serves to ensure the effectiveness of Credit Risk management, the Operational Risk Management Department serves to ensure the effectiveness of managing Operational Risk, Legal Risk, Strategic Risk, Compliance Risk and Reputation Risk. Each Department Head is assisted by a Policy & Procedure Work Unit and an Assessment & Measurement Work Unit.

The Strategic Risk Management Department functions to coordinate and ensure the integration of Risk Management with the strategic planning, performance measurement and incentives related to increasing shareholder value, increasing investor confidence, supporting decision-making processes and increasing the efficiency of Capital utilization.



### ENTERPRISE RISK MANAGEMENT DIVISION HEAD PROFILE

The Head of the Enterprise Risk Management Division also serves as the secretary of the Risk Management Committee held by Mr. Sahat Sihombing based on the Board of Directors' Decree No.: 353/DIR/2017 dated August 1, 2017.



**Sahat Sihombing**

Head of Enterprise Risk Management Division

Is an Indonesian citizen, he is 53 years old, and was born in Medan on October 23, 1966. He holds a bachelor's degree in Planology Engineering from the University of Bandung Institute of Technology in 1990 and Master of Management, from the University of IPPM Jakarta in 1992.

#### Work Experience

Started his career at PT Bank Tabungan Negara (Persero) Tbk in 1991 and has held various key positions in the Company, such as BTN Branch Heads Class 1 Branch Office Jakarta Cawang (2013-2014) and Tangerang Main Branch Offices (2014-2016) and Head Wealth Management Division (2016-2017) and Corporate Strategic & Performance Division (2017).

#### Trainings

He has attended education and training including ODP VII (1994) education with the title best graduate in the class, best graduate in line manager education (1996), Education Middle Manager 16 with the title of Best Graduate by LPPI (2002), IT Service Management as key by LAP-ITB (2010) Level 3 Risk Management Certification by BSMR (2011), Level 3 Risk Management Refreshment by LSPP (2015) by Sespibank 66 by LPPI (2017) Certification of General Banking Level 3 by LSPP (2017), level 4 risk management certification (2018), Executive Development Program (2018) and others. The Enterprise Risk Management Division HR Certification Program fulfilling Enterprise Risk Management Division HR competencies through training or certification programs in risk management as an effort to enhance risk management quality, Risk Management Certification by LSPP (2018), ISO 9001: 2015 by Robbere & Ass (2018), Executive Risk Management Refreshment Program by LPPI (2018), Enterprise Risk Management Create & Protect Value Workshop by CRMS Indonesia (2018), DR candidates/University of Brawijaya (2016).

### RISK MANAGEMENT HUMAN RESOURCE DEVELOPMENT

In Human Resources development, the Bank has in place HR development programs in education and training for Risk Management officials. The bank includes all employees (according with job specifications) including the RMD regarding the Risk Management Certification.

The Bank periodically conducts education and training and actively engages its staff and officials in accordance with Bank Indonesia's Regulation (PBI) No. 11/19/PBI/2009 dated June 4, 2009 concerning the Certification for Management and Officials of Commercial Banks as amended by PBI No. 12/7/PBI/2010 dated April 19, 2010, and the basis for determining the minimum level of UKMR certification

based on job title is the several levels of job titles resting below the Board of Directors in accordance with the prevailing Organizational Structure. The minimum level of certification based on job title still refers to the RMD memo No. 42/M/RMD/ERM/I/2017 dated January 15, 2017 regarding the Assessments of Employees' based on job titles entitled to the UKMR Certification. The Bank also includes several employees and officials in the Risk Management Work Unit to attend Master's programs in Risk Management, Banking and Finance.

The Bank also provides in-house training and pre-tests as a preliminary filter for officials and employees to be eligible for the Risk Management Certification exam organized by LSPP (Banking Professional Certification Institute).



## ENTERPRISE RISK MANAGEMENT DIVISION HR CERTIFICATION PROGRAM

The Company fulfills the competencies of the Enterprise Risk Management Division HR through training programs or Risk Management Certification as an effort to improve the quality of Risk Management. The following is the training program or the Enterprise Risk Management Division HR Certification issued throughout 2018:

**Table of the Enterprise Risk Management Division HR Certification Program for 2018**

Certification Program	Organizer	Participants
Risk Management Competency Test (UKMR) Certification	LSPP	24

### TYPES OF RISKS FACED BY THE COMPANY

There are 8 categories of risks loomed the Company that include assessment of inherent Risk and an assessment of the implementation quality of Risk Management that reflects the risk control system, both for the Bank as an individual and on a consolidated basis. The assessment was conducted on 8 (eight) Risks such as Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk and Reputation Risk.

#### Credit Risk

Credit Risk is the Risk of Loss due to the counter parties' failure to fulfill their obligations. Included in Credit Risk is Credit Risk due to the failure of the debtor, Credit Risk due to the concentration of funds (Credit Concentration Risk), Credit Risk due to the Failure of Counter-party Credit, Credit Risk due to Settlement Failure, and Credit Risk due to Country Risk.

Credit risk can be found across many of the Bank's businesses. For most banks, Credit is the biggest source of Credit Risk. In addition to Credit, the Bank confronts Credit Risk from various Financial Instruments, which includes Securities, Acceptances, Interbank Transactions, Trade Finance Transactions, Exchange and Derivative Transactions and Commitment and Contingency Obligations.

#### Market Risk

Market Risk is the Risk in balance sheet and administrative account positions including Derivative Transactions, due to overall changes in market conditions, including the risk of changes in option prices.

Market Risk includes, among others, Interest Rate Risk, Exchange Rate Risk, Equity Risk, and Commodity Risk, which may cause harm to the Bank. Market Risk can come from both the Trading Book position and the Banking Book position.

#### Liquidity Risk

Liquidity Risk is a Risk due to the Bank's inability to fulfill maturing obligations from its Cash Flows and/or from high-quality Liquid Assets that can be pledged, without disrupting the Bank's Business Operations and its Financial situation.

Inability to obtain sources of funding from Cash Flows, which can cause Liquidity Risk due to the following points:

- Inability to generate Cash Flows from productive Assets as well as those originating from the sale of Assets including Liquid Assets; and/or
- Inability to generate Cash Flows from Sourcing Funds, Interbank Transactions, and Loans Received.

#### Operational Risk

Operational Risk is a Risk due to insufficiency and/or the non-functioning of Internal Processes, Human Errors, System Failures, and/or the presence of External events that affect the Bank's operations.

Operational Risk can be caused by, among others, HR, Internal Processes, Systems and Infrastructure, and External Events.

These Risks can cause events that have a detrimental impact to the Bank's operations. The capability to circumvent these undesirable Operational Risks is the key factor to measure the success or failure of Risk Management. The types of Operational Risks can be classified into several types of events, which includes Internal Fraud, External Fraud, Employment Practices and Safety of the Work Environment, Customers, Products and Business Practices, Physical Asset Damage, Disruption of Business Activities and System Failures, and Process and Execution errors, including Fraud arising from Money Laundering and Terrorism Financing Activities.

### Legal Risk

Legal Risk is a risk due to lawsuits and/or weaknesses in juridical aspects. Legal Risk can be triggered by, among other things, the weaknesses of the juridical aspects caused by flaws in the agreements made by the Bank, the absence and/or changes in laws and regulations that cause a Bank transaction to be not in accordance with the provisions, and litigation from a Third-Party claim against the Bank or the Bank against a Third-Party.

### Strategic Risk

Strategic Risk is Risk due to inaccuracy in making and/or implementing a strategic decision and failure to anticipate business changes.

Strategic Risk can be triggered from weaknesses in weak strategy formulation and inaccuracies in strategy formulation, inadequate management information systems, inadequate analysis of internal and external circumstances, overly aggressive strategic objectives, inaccuracies in strategy implementation, and failure to anticipate changes in business situations.

### Compliance Risk

Compliance Risk is a risk due to the Bank not complying with and/or not implementing the laws and regulations. Compliance Risk can be sourced from, among other things, legal behavior, which is behavior or activities of the Bank that deviates or violates the provisions and/or legislation and organizational behavior, which is the Bank's behavior or the Bank's activities that deviate from generally accepted standards.

### Reputation Risk

Reputation Risk is a risk due to the stakeholders' diminishing level of trust due to negative perceptions of the Bank. Reputation Risk can be triggered through the Bank's various business activities as follows:

1. Events that could adversely affect the Bank's Reputation, including negative reporting in the Mass Media, violations of Business Ethics, and customer complaints; or
2. Weaknesses in Governance, Corporate Culture, and business practices of the Bank.

## RISK MANAGEMENT EFFORTS

The Company, as a Bank whose main focus is in Housing Loans or Financing, its Asset Portfolio is dominated by Home Ownership Loans (KPR), which are pre-disposed by the changes in business climate, which includes inflation and the BI Rate. Endeavors to minimize the negative impacts are the responsibility of the Risk Management Division in its day-to-day Risk Management activities, based on the principles of Good Corporate Governance (GCG) to ensure all procedures and mechanisms are at hand in achieving the Company's objectives, preventing the Company from deviations and risks that can lead to a failure in the pursuit of Company's objectives, and based on the principle of prudence to ensure the Bank's Healthy and Sustainable growth.

PT Bank Tabungan Negara (Persero) Tbk is classified as a Systemic Bank. As an effort to prevent and deal with potential a Financial System crisis, particularly with regard to the Systemically Important Bank problem, the Bank must be able to establish a plan to be implemented in the event of Financial Stress situations that could endanger the sustainability of the business. The plan is outlined in the form of a Recovery Plan in accordance with the FSA Regulation No. 14/POJK.03/2017 April 4, 2017 and the Bank's SE internal regulations No. 15/DIR/RMD/2018 March 22, 2018 concerning the Guidelines for implementing the Recovery Plan. Bank BTN has compiled a Recovery Plan Document, which includes Trigger Levels (for the purpose of prevention, recovery and repair). For each of Recovery Options indicators in the Recovery Plan, it includes: Capital Indicators, Liquidity, Rentability and Asset Quality.

### Credit Risk Management

In managing Credit Risk, the Bank regularly reviews and updates the Risk Management Policy Guidelines, Credit Policy Guidelines, Financing for Bank Loans, and Financing as part of the Risk Assessment process. Credit Risk exposures are monitored from the start of the Credit granting process to Credit Maturity.

Monitoring and controlling Credit Risk is performed by evaluating Credit Risk exposure to Credit Risk Limits (Risk Appetite & Risk Tolerance). The Bank reviews the Internal Credit Rating policy between business units and the Credit Risk Division (CRD) for Commercial Credit in analyzing Credit Risk. The CRD



consists of the Head Office CRD, RCRH (Regional Credit Risk Head) Regional Office and BCRH (Branch Credit Risk Head) Branch Office BCRA (Branch Credit Risk Analyst) Branch Office, and currently the Bank has implemented the Four Eyes principle. In addition, a Monitoring Department in the Commercial Lending Division (CMLD) has been formed, which specifically monitors the Credit Exposure of large debtors (50 core debtors). In contrast to Commercial Credit, the Credit Risk Control process for consumer credit is performed through the Consumer Loans system, which complements the application with the Credit Scoring Model (CSM). Management of Kol-2 Consumer Credit Debtors and Non-Performing Loans is the responsibility of the Consumer Collection and Remedial Division (CCD), which is equipped with a Desk Call unit and a Consumer Collection and Remedial Unit (CCRU) at the Branch Office. Collection of Debtors in arrears of more than 360 days (Consumer & Commercial credit), Transfer of Debtors (Novation, Receipt) and Auctions managed through the Asset Management Division (AMD).

As a follow up to the implementation of Pillar 1 Basel II, the Bank has implemented the measurement of Credit Risk by using the Standardized Approach in accordance with the FSA Circular Letter No. 42/SEOJK.03/2016 dated September 28, 2016 concerning the Guidelines for the Calculation of Risk Weighted Assets (RWA) for Credit Risk using the Standard Approach.

## Market Risk Management

The Bank's Market Risk management is generally aimed at minimizing negative impacts due to changes in market conditions towards the Bank's Assets and Capital. In accordance with regulations and considering that the Bank has no consolidation with its subsidiaries, the management of Market Risk only covers managing Interest Rate Risk and Exchange Rate Risk. Most Interest Rate and Exchange Rate Risks managed by the Bank come from the Banking Book position and a small portion comes from the Trading Book position.

Regarding Market Risk Management, the Bank has an Assets and Liabilities Committee (ALCO) Committee. In this case, ALCO periodically discusses, among others, Interest Rates and Market Risk Management at the Bank, especially those originating from the Banking Book position.

As part of Managing Market Risk, the Bank identifies, measures, monitors and controls Market Risk through its Business Units and/or the Enterprise Risk Management Division. Identification of Market Risk is performed on every new product or activity.

In measuring Interest Rate Risk in Trading Book and Banking Book positions, the Bank analyzes the sensitivity aimed at measuring the impact of changes in Market Interest Rates regarding Profit (loss) and the Bank's Equity. Whereas in measuring Exchange Rate Risk, the Bank analyzes the sensitivity aimed at measuring the impact of changes in Exchange Rates concerning the Bank's Profit (loss).

Explicitly, for the Banking Book position, the Bank measures Interest Rate Risk in the Banking Book with the repricing gap method as stated in the Board of Directors' Circular Letter No. 63/DIR/RMD/2015 dated December 30, 2015 concerning Interest Rate Risk Management in the Banking Book. In accordance with the Financial Services Authority Circular Letter No. 12 /SEOJK.03/2018 dated August 21, 2018 concerning the Implementation of Risk Management and Standard Measurement of Risk Measurement for Interest Rate Risk in the Banking Book (Interest Rate Risk in The Banking Book) for Commercial Banks, Banks must submit policy adjustments related to IRRB in accordance with the FSA Circular Letter no later than June 2019 and IRRBB calculation report no later than July 2019. In calculating Interest Rate Risk in the Banking Book, the Bank is developing an IRRBB measurement system/application and preparing IRRBB policies.

To complement the measurement of Market Risk with standard methods and sensitivity analysis, the Bank conducts Stress Testing to assess the resilience of the Bank in the face of extreme changes in Interest Rates and Exchange Rates, with scenarios referring to regulatory provisions and the Bank's internal scenarios. For the Bank's internal scenario, at the beginning of each year the Enterprise Risk Management Division coordinates with the Working Group Stress Test (related division) to formulate scenarios and assumptions that will be used in the implementation of the Market Risk Stress Test for the next 1 (one) year.

In controlling or limiting Market Risk exposure, the Bank has set out limits that include limits on Treasury Transactions, Dealer Limits, Budget Loss Limits and Stop Loss/Stop Gain Limits. In controlling or limiting the exposure to Exchange Rate Risk, the Bank has set a Net Open Position (NOP) limit that is in accordance with the maximum limit specified in the Bank Indonesia Regulation 17/5/PBI/2015 dated 29 May, 2015 the Bank Indonesia Regulation No. 17/5/PBI/2015 dated May 29, 2015 concerning the Fourth Amendment to the Bank Indonesia Regulation Number 5/13/PBI/2003 concerning the Net Open Position for Commercial Banks.

In calculating the minimum Capital Risk (KPMM) requirements for Market Risk, the Bank measures Market Risk using standard methods as regulated by the regulators. Portfolios considered in determining Market Risk KPMM consists of Trading Book portfolios for Interest Rate Risk, Trading Book portfolio, and Banking Book for Exchange Rate Risk.

### Management of Liquidity Risk

As part of the management of Liquidity Risk, the Bank established an ALCO (Assets and Liabilities Committee) Management Committee, which functions to manage Liquidity and periodically discuss the management of the Bank's Liquidity Risk.

As a guideline in managing Liquidity Risk, the Bank has a Liquidity Risk Management Policy Manual, which is part of the Bank's Risk Management Policy Manual (PKMR). The Liquidity Risk Management Policy Guidelines regulate the active supervision of the Board of Commissioners and the Board of Directors in implementing Liquidity Risk Management, Liquidity Risk Management Processes, as well as policies, procedures and Liquidity Risk Limits.

Referring to the Liquidity Risk Management Policy Guidelines, the Bank identifies, measures, monitors and controls Liquidity Risk. Liquidity Risk identification is basically intended to determine the number and trend of Liquidity requirements and funding sources available to meet the demands.

The measurement of Liquidity Risk at the Bank is performed by the Treasury Division (TRSD) and Enterprise Risk Management Division (RMD). Liquidity Risk measurement uses 4 (four) methods, which includes Stock-Based, analysis of Maturity Profiles, Cash Flow projections and Stress Testing. The Stock-Based method is used to measure the Bank's Liquidity Risk by using Liquidity Ratios, the method of analysis of Maturity Profiles is used to measure Liquidity Gaps and Cash Flow projections are used to measure the amount and trend of Liquidity Requirements.

The Bank conducts Stress Testing using the Bank Specific Crisis (BSC) and General Market Crisis (GMC) scenarios, the purpose of which is to measure the adequacy of available Liquid Assets and the ability of the Bank to meet Liquidity demands in crisis conditions. At the beginning of each year the Enterprise Risk Management Division coordinates with the Working Group Stress Test (related division) to formulate scenarios and assumptions that will be used in the implementation of the Liquidity Risk Test for the next 1 (one) year.

In managing Liquidity Risk, the Bank regularly monitors Liquidity Risk, which is performed through the TRSD and RMD. Monitoring of Liquidity Risk by RMD is submitted to the Board of Directors on a weekly basis.

In maintaining the availability and adequacy of Liquid Assets as well as controlling or limiting Liquidity Risk exposure, the Bank has set limits that covers the limits of minimum Secondary Reserves (SR) and the limit on Maturity Gaps. In measuring Liquidity Risk, the Bank has provisions regarding the method of measuring Liquidity Risk, which is part of an effort to establish a Liquidity Risk Management Information System.

In accordance with FSA Regulation No. 14/POJK.03/2017 dated April 4, 2017 concerning Recovery Plans For Systemic Banks, Bank BTN has monitored Liquidity indicators, one of which is witnessed from the LCR and NSFR Ratio according to FSA Regulation No. 42/POJK.03/2015 dated December 23, 2015 concerning the Obligation to Fulfill the Liquidity Coverage Ratio (LCR) and Liquidity Adequacy Ratio for Commercial Banks and FSA Regulation No. 50/POJK.03/2017 dated July 13, 2017 concerning the Obligation to Fulfill the Net Stable Funding Ratio.

### Management of Operational Risk

In implementing the process of Risk Management, in particular Operational Risk, the Bank has in place an application for the BTN Loss Event Database (BTN-LED) that functions as an Operational Risk Data Collection point for Operational Risk events in Branch Offices using the criteria for risk events based on Basel II (7 risk event types). This Bank BTN LED application is connected to the Branch Office so that in its reporting, the Branch Office can send Loss Event Data online through web-based media every month. The output from Bank BTN's LED is data regarding accumulated Bank losses over one month in the form of actual loss, near miss and potential loss from each risk event, then the data is converted into the Top 10 Risks. The results of the collected data will be processed and analyzed so that Operational Risk exposure maps can be identified from each of the Branch Offices and Regional Offices. This exposure map functions as a reference in preventing similar incidents by taking measures to designed improve current business processes or by adding other forms of Risk Mitigation.





The Bank has developed a Risk and Control Self-Assessment (RCSA) policy and procedure based on Basel II, whose approach uses the reference to the Risk Management Process ISO 31000: 2009. RCSA policies and procedures are supported by the web-based RCSA applications and must be implemented across all Work Units, which includes the Head Office, Regional Offices and Branch Offices as a means of identifying, measuring, monitoring and controlling the Operational Risk of Work Units.

Operational Risk Mitigation is performed by all the Bank's Work Units. Compliance with policies and procedures is one method of Operational Risk Mitigation. The Enterprise Risk Management Division ensures that the Bank has adequate Risk Management policies and procedures in performing transactions and activities accurately, efficiently and on-time. The Bank has placed a Branch Compliance Supervisory Officer (BCSO) at each Branch Office, which has the following duties and responsibilities:

1. To evaluate the level of Compliance of the Work Unit with the rules and regulations and applicable SOPs in implementing operational activities (transactions and non-transactions) at Branch Offices (Conventional and Sharia).
2. To analyze and evaluate Compliance violations in order to propose further guidance to the Division concerned as well as the filing of a review concerning the provisions in force.
3. To coordinate with the relevant Work Units and the Internal/External Auditors in the context of evaluating Compliance and conducting Audits.
4. To monitor the follow-up regarding the improvements based on the evaluation results of Compliance levels and Audit findings.
5. To deliver a Compliance opinion concerning the Branch Office's operational activities that require a Compliance opinion based on the request of the Branch Office.
6. To promote a Culture of Compliance and Risk Awareness

To warrant the continuity of the Bank's operations and to be able to remain serving customers in the event of a disruption or disaster, whether caused by natural events, social conflict or IT system failure, the Bank has in place Business Continuity Management (BCM) policies and procedures. BCM policies and procedures aim to ensure that the Bank can continue its business activities and serve customers should a disaster occur, including a disruption to its Information Technology System. BCM policies and procedures contain integrated steps that are exercised as guidelines by employees starting from pre-disaster preparedness procedures, response to disasters, operational continuity plans to return to normal conditions.

Internalization of BCM policies with all employees is conducted by compiling socialization material in the form of videos and conducting periodic trials or simulations. The results of the trial or simulation report will be used as material for continuous improvement so that the BCM policies remain in line with the development of existing business processes.

### Management of Legal Risk

Legal Risk Identification is performed on factors that trigger risks including lawsuits and juridical aspects weaknesses that are inherent in Credit (functional provision), Treasury and Investment Activities, Operations and Services, Information Technology System and MIS, and Human Resource Management.

The Bank identifies Legal Risk based on Risk factors, which include lawsuits and the existence of juridical weaknesses.

Legal Risk Measurement is performed by the Enterprise Risk Management Division (RMD) together with the Legal Division (LGD) and Credit Operation Division (COD). From the LGD an evaluation report regarding the analysis of individual legal cases is obtained from contingent liabilities arising from lawsuits that occur, while the quality level of Credit Document Engagement (LAT) is obtained from the COD.



Legal Risk Measurements are implemented by the RMD together with LGD and COD based on reports concerning the results of analysis and evaluation of individual legal cases regarding contingent liabilities arising from lawsuits as well as quality reports regarding the binding of Credit Document Agreements. The indicators/parameters employed in measuring Legal Risk includes potential losses due to lawsuits, the weaknesses of the engagement due to the failure to fulfill the legal requirements, and changes in legislation that cause the Bank's products to fall out of line with the existing provisions.

Legal Risk Monitoring is performed by the RMD through the evaluation of the effectiveness regarding the implementation of policies, procedures and compliance with policies, legal regulations and the Bank's limit provisions. Monitoring is performed regularly on all Legal Risk positions. In implementing Legal Risk Control, the LGD provides legal advice and recommendations to each Division and Work Unit and periodically reviews agreements and contracts with counterparties. In addition, the Bank has a Legal Report Information System (LRIS) application that is designed in the form of a website and is used as a register and for monitoring legal cases being handled by the Bank, both Criminal and Non-Criminal so that the development of each case, both in the Branches and the Headquarter, can be effectively monitored.

The Bank has assigned employees in the Regional Office as a Regional Legal Representative (RLR) with duties and responsibilities including the following:

1. To monitor and manage potential legal issues in operational activities that may harm the Bank in accordance with its authority by providing legal opinion, legal consultation and performing the legal observation function.
2. To deal with legal issues arising in Regional Offices and Branch Offices as a result of or related to the Bank's operational activities in all judicial bodies in Indonesia.
3. To perform the monitoring function of management and settlement of principal Credit Documents at the Branch Office in order to agree with the stipulated policies.
4. To communicate policies and important issues related to the LGD task area in managing risks arising from legal aspects in the Bank's operations.

### Strategic Risk Management

Strategic Risk Identification is performed based on Strategic Risk factors regarding certain functional activities, including Credit, Treasury and Investment activities as well as Operations and Services through a Business Plan prepared by the Corporate Strategy & Performance Management Division (SPD) as a description of the Board of Directors General Policy (KUD).

Strategic Risk Measurement is performed based on the achievement of the Bank's performance by comparing actual results with pre-determined targets. Strategic Risk Monitoring is implemented by the Corporate Strategy & Performance Management Division (SPD) periodically through monitoring the achievement of the Key Performance Indicators (KPI) and Enterprise Risk Management Division (RMD) that monitors Risk Exposure as compared to the Bank's Risk Appetite and monitoring Risk Appetite and Risk Tolerance Strategies on a monthly basis. Furthermore, the Board of Commissioners, the Board of Directors and the Division review the basic strategies with a focus on business transformation, infrastructure and HR.

Moreover, the Enterprise Risk Management Division monitors Strategic Risk by comparing the anticipated results with actual results, evaluating each Work Unit, and ensuring achievement of the targets (target objectives).

In managing Strategic Risk, the Corporate Strategy & Performance Management Division (SPD) functions to analyze the gap between the actual report and the targets of the Business Plan and to convey the steps that must be taken with the Board of Directors periodically.

### Management of Compliance Risk

The Bank through its Legal Division (LGD) has created a special portal called Access Internal Management Standards (AIMS) to facilitate all Work Units in accessing the Bank's internal provisions. The Bank has in place a Branch Compliance Supervisory Officer (BCSO) at each Branch Office to evaluate the level of Compliance with the Bank's operational and non-transaction flows, whether they are in accordance with applicable rules, regulations or SOPs.



In identifying and monitoring Compliance Risk, the Compliance Division (CMPD) lists the Bank's obligations to external parties and reviews internal provisions on an ongoing basis to remain relevant with the applicable external provisions. In addition, the CMPD monitors events that may cause Compliance Risk to arise and inform them to the Enterprise Risk Management Division (RMD). CMPD monitors and reports Compliance Risks to the Bank's Directors at any time or periodically in the event of a Compliance Risk.

Compliance Risk Measurement is performed on potential losses caused by non-compliance and inability of the Bank to comply with the applicable external provisions. Indicators/parameters used in measuring Compliance Risk include the type, significance, and frequency of violations of applicable regulations or the Bank's Compliance track record, the behavior underlying the violation, and violations of generally accepted standards.

In controlling Compliance Risk, the RMD and CMPD are tasked with evaluating the effectiveness of the implementation of Compliance Risk by regularly monitoring all types of activities that have the potential to cause Compliance Risk.

### Management of Reputation Risk

All employees including Business Unit Management and the Bank's support activities form a part of the implementation structure of Risk Management for Reputation Risk, providing that Reputation is the result of a combination of the Bank's business activities. The role of the Business Unit Management is to identify Reputation Risk in the business or activity of the unit and as a front liner taking the responsibility in developing and preventing Reputation Risk, particularly related to customer relationships. Reputation Risk Identification is performed on Risk factors inherent in certain functional activities including Credit (provision of funds), Fund Collection, Treasury and Investment, Operations and Services, Information Technology System and MIS, as well as HR. Bank BTN has created an SPN application (Customer Complaint System) and actively monitors all mass media (local and national, print and electronic). The Bank records all news concerning the Bank whether directly (direct news) or indirectly (mentioned). The SPN application is integrated with Branch Offices and Contact Centers. Service Quality & Network Division (SQND) as an SPN manager will follow up regarding customer complaints and resolve them in accordance with the established SLA.

Reputation Risk Measurement is performed based on the assessment results of the factors that affect the Bank's Reputation, including customer complaints and negative reporting concerning the Bank. The Bank's Reputation Risk is managed by the Corporate Secretary Division (CSD) Work Unit that manages news regarding the Bank published in mass media both print and electronic and the Service Quality & Network Division (SQND) that manages customer complaints.

In monitoring Reputation Risk and ensuring customer satisfaction, the Bank's SPN (Customer Complaint System) serves to sustain the management of services and handling of customer complaints online between parties related to problems at Branch Offices and Headquarters. In addition, Reputation Risk monitoring is also performed by the Enterprise Risk Management Division (RMD) Work Unit through regular reminders and the recommendation of improvements to the Reputation Risk Management Division of CSD and SQND based on an assessment of the Reputation Risk Profile parameters.

In managing Reputation Risk, the Corporate Secretary Division is responsible for implementing policies to deal with and resolve negative news or avoid counter-productive information and implement the functions of the Public Service Obligation (PSO) in implementing Corporate Social Responsibility (CSR). Corporate Social Responsibility activities are not only focused on charity, but also on other social programs. To control the Reputational Risk of customer complaints, SQND follows up concerning the customer complaints and resolves them in accordance with the established SLA.

### Risk Management Improvement and Refinement

As a Bank whose main focus is in the area of providing Loans and Housing Finance, the Bank's Asset Portfolio is dominated by Home Ownership Loans (KPR), which are influenced by changes in the external business climate including Inflation and the BI Rate. Risk Management efforts to minimize the negative impacts are required to be performed on an ongoing basis with the principles of Good Corporate Governance (GCG). To ensure that the business process achieves the Company's goals and prevents irregularities and risks that can lead to failure, it is necessary to use the precautionary principle to ensure healthy and sustainable growth in the Bank's performance. In improving the Culture of Risk Management, the Risk Management Work Unit has initiated a strategy to increase the Risk Awareness of all Bank BTN employees through using the gamification method. This gamification method makes it more convenient

for all employees to understand the importance of Risk Awareness in every activity, especially at work. This Risk Awareness Program becomes even more entertaining and attractive by initiating the 2018 Risk Culture Festival event such as Movie Reviews, Risk Poster, Risk Jingle, Short Movie and the Risk Ambassador with the theme of Risk Management, which was attended by employees from all Work Units.

### TARGET AND STRATEGIC INITIATIVE FOR RISK MANAGEMENT IMPLEMENTATION IN 2018

The target and strategic initiatives for implementing Risk Management in 2018 were as follows:

- The application of Risk Management in addition to being focused on the development and simulation of Risk and Capital Measurement, was also focused on the development of a Culture of Risk Awareness across all levels of Bank BTN as well as on the Ex-Ante function in minimizing the potential of Risk Exposure. The established Risk Management policies must be implemented in all business activities and daily operations.
- The preparation of the Risk Management policies and procedures for 2018 were as follows:
  1. Regulation of the Board of Directors No. 14 / PD/DIR/PPD/2018 dated December 28, 2018 concerning the Risk Management Policy Guidelines (PKMR) PT Bank Tabungan Negara (Persero) Tbk.
  2. The Board of Directors' Circular Letter No. 15/ DIR/RMD/2018 March 22, 2018 concerning the Guidelines for implementing the Recovery Plan
  3. Regarding Progress Review the Board of Directors' Circular Letter No. 18/DIR/RMD/2017 April 3, 2017 regarding Business Continuity Management (BCM) and the Business Continuity Plan (BCP) and Standard Operating Procedures (in 2019).
  4. Implementation of Stress Testing to assess the Bank's resilience to stress/crisis scenarios:
    - a. Liquidity Risk Stress Testing has been performed 4 times and delivered through the Risk Profile Report for Fourth Quarter 2017, First Quarter 2018, Second Quarter 2017 and Third Quarter 2018.

- b. Market Risk and Credit Risk Stress Testing is conducted at least once a year and was performed twice in 2018, in March 2018 and September 2018. Reporting in March 2018 has been submitted to the FSA, and updates were made in September 2018 for reporting on the Recovery Plan Document.

### BASEL IMPLEMENTATION

In implementing Risk Management and anticipating the implementation of Basel II, especially pillar 1, the Bank has implemented the following:

- a. Measurement of Credit Risk using the Standardized Approach in accordance with the FSA Circular Letter No. 42/SEOJK.03/2016 dated September 28, 2016 concerning Guidelines for Calculating Risk-Weighted Assets for Credit Risk by Using a Standard Approach.
- b. Use of the Standardized Model for Market Risk in accordance with the FSA Circular Letter No. 38/ SEOJK.03/2016 dated September 8, 2016 concerning the Guidelines for Using Standard Methods in Calculating Minimum Capital Requirements for Commercial Banks by Considering Market Risk.
- c. Calculation of minimum Capital requirements by using the Basic Indicator Approach for Operational Risk in accordance with the FSA Circular Letter No. 24/SEOJK.03/2016 dated 14, July 2016 concerning the Calculation of Risk Weighted Assets for Operational Risk using the Basic Indicator Approach.

For the implementation of Basel III Bank, which includes the following:

- a. Calculating and reporting the Liquidity Coverage Ratio (LCR) to the regulator on a monthly and quarterly basis according to FSA Regulation No. 42/POJK.03/2015 dated December 23, 2015 concerning the Obligation to Fulfill the Liquidity Coverage Ratio for Commercial Banks.
- b. Calculate and report on a quarterly basis of the Net Stable Funding Ratio (NSFR) to regulators in accordance with the FSA Regulation No. 50/ POJK.03/2017 dated 13, July 2017 concerning the Obligation to Fulfill the Net Stable Funding Ratio for Commercial Banks.



- c. Calculate and report a trial calculation of the Leverage Ratio (LR) to the regulator quarterly according to the LR Consultative Paper.
- d. Considering the buffer in the calculation of minimum Capital Adequacy by referring to the following:
  - Conservation Buffer in accordance with article 6 of the FSA Regulation No. 11/POJK.03/2016 dated January 29, 2016 concerning the Minimum Capital Requirements for Commercial Banks.
  - Counter-cyclical Buffer according to the Bank Indonesia Regulation No. 17/22/PBI/2015 dated December 23, 2015 concerning the Obligation of the Counter-cyclical Buffer Formation
  - Capital Surcharge for Systemic Banks in accordance with the FSA Regulation No. 46/POJK.03/2015 dated December 23, 2015 concerning the Determination of Systemically Important Bank and Capital Surcharges and Systemic Bucket Bank determination letters from regulators.

## RISK PROFILE ASSESSMENT

The Company always assesses the Company's Risk Profile through inherent Risk Rating surveys, and the quality rating regarding the implementation of Risk Management to determine the Company's overall Risk Rating. Inherent Risk Assessment is an assessment of the Risks inherent in the Company's business activities, whether they can be quantified or not, which have the potential to negatively affect the Company's financial position. The Quality Assessment regarding the Implementation of Risk Management is an evaluation of 4 (four) interrelated aspects including Risk Governance, Risk Management Framework, Risk Management Process, Adequacy of Human Resources, and Adequacy of Management Information Systems, and the Adequacy of Risk Control Systems.

In 2018, based on the results of the Company's independent assessment of the health level of the Company, the Company's Risk Profile is as follows:

No	Risk Profile	Quarter IV / 2018			Quarter IV / 2017		
		Inherent Risk Ratings	Rating Of Risk Management Application Quality	Risk Rating	Inherent Risk Ratings	Rating Of Risk Management Application Quality	Risk Rating
1	Credit Risk	Low To Moderate (2)	Satisfactory (2)	Low To Moderate (2)	Low To Moderate (2)	Satisfactory (2)	Low To Moderate (2)
2	Market Risk	Low (1)	Satisfactory (2)	Low (1)	Low (1)	Satisfactory (2)	Low (1)
3	Liquidity Risk	Low To Moderate (2)	Satisfactory (2)	Low To Moderate (2)	Low To Moderate (2)	Satisfactory (2)	Low To Moderate (2)
4	Operational Risk	Low To Moderate (2)	Satisfactory (2)	Low To Moderate (2)	Low To Moderate (2)	Satisfactory (2)	Low To Moderate (2)
5	Legal Risk	Low To Moderate (2)	Strong (1)	Low (1)	Low To Moderate (2)	Strong (1)	Low (1)
6	Strategic Risk	Low (1)	Satisfactory (2)	Low (1)	Low (1)	Satisfactory (2)	Low (1)
7	Compliance Risk	Low To Moderate (2)	Satisfactory (2)	Low To Moderate (2)	Low To Moderate (2)	Satisfactory (2)	Low To Moderate (2)
8	Reputation Risk	Low To Moderate (2)	Satisfactory (2)	Low To Moderate (2)	Low To Moderate (2)	Satisfactory (2)	Low To Moderate (2)
Composite Ratings		Low To Moderate (2)	Satisfactory (2)	Low To Moderate (2)	Low To Moderate (2)	Satisfactory (2)	Low To Moderate (2)

### Analysis

Considering the Bank's business activities, the possibility of a Bank loss resulting from the Composite Inherent Risk score was classified as low over a period of time into the future. The quality of Composite Risk Management is adequate. Although there are minor weaknesses, these weaknesses require the attention of management.

### EVALUATION REGARDING THE EFFECTIVENESS OF THE RISK MANAGEMENT SYSTEM

The Enterprise Risk Management Division as a Risk Management Unit periodically evaluates the implementation of the Risk Management System is on a quarterly basis by using Risk Profile tools, which include Risk Management for Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Compliance Risk, Legal Risk, Strategic Legal Risk and Reputation Risk. As stipulated in the FSA Regulation No. 18/POJK.03/2016 concerning the Application of Risk Management for Commercial Banks and the FSA Circular Letter No. 34/SEOJK.03/2016 concerning the Application of Risk Management for Commercial Banks, the Risk Profile report includes an assessment of the Inherent Risk and an assessment of the Quality of the Application of the Bank's Risk Management.

The Inherent Risk Assessment is an evaluation of the Inherent Risks in the Bank's business activities, whether they can be quantified or not, which have the potential to negatively affect the Bank's financial position. The Quality Assessment concerning the Implementation of Risk Management is an assessment of 4 (four) interrelated aspects including Risk Governance, Risk Management Framework, Risk Management Process, Adequacy of Human Resources, and Adequacy of Management Information Systems, and the Adequacy of Risk Control Systems.

### Adequacy of Risk Management Information Systems

The Risk Management Information System from the initial stage was focused on gathering and improving the quality of the Risk Databases, which are expected to be developed and applied to the Risk Management Information System in stages so that the Risk Measurement and Risk Monitoring Processes will be implemented in an integrated manner and will also be presented in a timely manner. At present, Bank BTN is developing an Internal Credit Rating (ICR) for Commercial Credit and an Enhancement Loss Event Database (LED) that helps collect Loss Event Data that occurs at the Branch Office so that Risks will be identified at the KC and will be followed up with effective mitigation.

### Adequacy of Risk Identification, Measurement, Monitoring and Control Processes

The process of Identifying, Measuring, Monitoring and Controlling Risks is performed by the Risk Management Unit, in this case the RMD has a Work Unit of assessment and measurement in order to identify and measure each risk. Risk monitoring and control is conducted regularly so as to mitigate significant risks to the Bank.

### Strategy/Direction of Risk Management Policy for the next 1 (one) year period

Objectives of Enterprise Risk Management:

- a. To create a system or mechanism for the Company to anticipate and manage Risks in order to increase and maintain the Company's value.
- b. To encourage management and employees to act proactively to reduce the Risk of Loss, making Risk Management a competitive advantage and corporate performance advantage.
- c. To Develop the ability to socialize Risk Understanding and maintaining the Company's Risk Management.
- d. To improving the Company's performance by providing Risk level information as outlined in the Risk Map that is useful for management in the development of strategies and the improvement of the Risk Management Process continuously and sustainably.

The Bank's Risk Management Target:

- a. Human Resources with Insight and a Risk Culture, a Sustainable and Planned Development Pattern.
- b. To support the achievement of the CBP for 2019
- c. To improve and maintain the Risk Profile and the Company's soundness at the desired level.
- d. To optimize the Company's KPMM and maintain it at the desired level.



To achieve this goal, each Work Unit must implement Risk Management as stipulated in this provision. In realizing the objectives of implementing Risk Management, by referring to the blueprint for the Bank's Transformation Strategic Plan for 2016-2020, specifically strengthening comprehensive GRC implementation, the Bank has prepared Strategic Work Plans related to the implementation of Risk Management with a 1 (one) year Strategy and Work Plan target as follows:

- a. In accordance with the transformation of Bank BTN's Blueprint and with reference to 11 Integrated GRC initiatives, which are the responsibility of the RMD (RM 7 to RM 16 and RM 20) to support the direction of optimizing the implementation of RMD Risk Management and the Bank's Risk Management Transformation Roadmap Bank BTN for the period 2019-2025 with an emphasis on the objectives to be achieved in the implementation as follows:
  - 2019: Effective Capital;
  - 2020: Optimal Earnings;
  - 2021: Controlled Risk;
  - 2021 – 2025: Good Corporate Governance.
- b. Strengthening Risk Capability (RM.7), among others by restoring the Risk Management HR workforce and through increasing the Competence of HR in RMD and Bank BTN as a whole related to Risk Management.
- c. Establish the Risk Appetite and Tolerance (RM.8) and clear strategies with the Compilation of Risk Management Policies (including RA / RT per type of risk for 2020).
- d. Improving the Credit Decision process (RM.9) and Building an effective Risk Scoring model (RM.11), this is performed by enriching/expanding the capabilities of the Internal Credit Rating (ICR), Credit Scoring model (CSM), Model development Probability of Default (PD), Loss Given Default (LGD) and EAD as part of the implementation of PSAK 71, as well as developing a Risk Model Validation Framework, including Credit Risk and establishing the Limits of the Credit Termination Authority (BWMK).
- e. Establish a strong Structure of Governance in order to increase the Risk Culture (RM.10) by increasing the Risk Awareness of all Bank BTN employees through using the gamification method. It is expected that the gamification method will make it more convenient for all employees to understand the importance of Risk Awareness in every activity, especially at work. By performing a Risk Awareness program that is more entertaining and attractive with the Implementation of the 2019 Risk Culture Program.

- f. Improve the capability of Operational Risk Management (RM.12) and implement the Integrated GRC and monitor KPI, KRI, and KCI (RM. 20) by strengthening internal provisions governing the Loss Event Database (LED), Risk & Control Self-Assessment (RCSA) and Business Continuity Management (BCM), in addition to increasing the capability of Operational Risk Management to be expanded by developing the provisions of Key Risk Indicators (KRI) and IT Risk Management and implementing IT applications/systems designed to support the implementation of RCSA and Integration of the Operational risk Tools ( LED, KRI and RCSA)
- g. Improve the capability of Liquidity Management and Market Risk (RM.14), which is through developing a framework for validating the Market Risk & Liquidity Model and intensifying the monitoring of the concentration of Core Customers, Liquidity Coverage Ratio (LCR) & Net Stable Funding Ratio (NSFR).
- h. Develop a Risk Information System (RM.15) by developing and/or strengthening the IT system applications that includes the Risk Management Integration Application and the Credit Risk Datamart Application.
- i. Implementation of a rule-based early warning system (RM 16) by developing a Recovery Plan application,

In refining the implementation of the above strategies, the RMD has obtained and implemented ISO 9001: 2015 Certification and committed to continue to perform its duty in accord with the applied quality standards and to continuously advancing in order to foster a Culture of Risk and encourage the application of effective Risk Management across all organizational levels and the Bank's business activities.



# INTERNAL CONTROL SYSTEM

The implementation of the Internal Control System is conducted in order to support the achievement of the Company's performance objectives, enhancing the value for stakeholders, minimizing the Risk of Loss and maintaining Compliance with all applicable laws and regulations. The Company enforces an Internal Control System, which is an important monitoring feature regarding the management of the Company and becomes a reference point for healthy and controlled operational activities. The Company refers to the COSO (Committee of the Sponsoring Organizations of the Treadway Commission) - the Internal Control Integrated Framework in developing an Internal Control Framework to ensure adequate Operational and Financial Controls, Financial Reporting, Operational effectiveness and efficiency, and Compliance with all applicable laws and regulations.

## BASIS OF ESTABLISHMENT

The Internal Control System is a monitoring mechanism that is determined by management on an ongoing basis. The Company established an Internal Control System by referring to the applicable regulations, including the following:

1. FSA Regulation No. 18/POJK.03/2016 dated March 16, 2016 concerning the Application of Risk Management for Commercial Banks.
2. FSA Regulation No. 34/SEOJK.03/2016 dated September 1, 2016 concerning the Application of Risk Management for Commercial Banks.
3. FSA Regulation No. 35/SEOJK.03/2017 concerning the Guidelines for Internal Control Standards for Commercial Banks.

## FINANCIAL AND OPERATIONAL CONTROL ACTIVITIES.

Control activities cover several aspects, which are not limited to the establishment of Control policies and procedures as well as the verification process to ensure that these policies and procedures are consistently followed. Control activities specifically related to Operations and Finance are applied across all functional levels whose responsibilities are adjusted based on the Company's organizational structure, including:

### 1. Management Review (Top Level Reviews)

The Bank's Board of Directors periodically conducts coordination meetings to obtain information regarding the Company's performance from officials and employees. This is to assess the realization as compared to the set targets, which includes financial statements or management reports when compared to the planned budget. Based on the review, the Board of Directors can immediately detect possible problems including weaknesses in Control, Financial Reporting errors or other irregularities (fraud).

### 2. Review of Operational Performance (Functional Review)

This review is performed by the Internal Audit Division on a monthly, quarterly, semester or annual basis which includes the following:

- To conduct a review of the Risk Assessment (risk profile report) presented by the Risk Management Work Unit;
- To analyze Operational data, both risk-related data and financial data by verifying transaction details and activities rather than outputs (reports) prepared by the Risk Management Work Unit;
- To conduct a review of the achievements of the Work Plan and budget implementation, in order to:
  - a. Identify the causes of significant irregularities,
  - b. Establish requirements for corrective action.

### 3. Information Technology System Control

Information Technology System Control is performed by verifying the accuracy and completeness of transactions and implementing authorization procedures, in accordance with internal regulations. Information Technology System Control can be classified into two criteria, which are as follows:

- General Control includes controlling the operation of data centers, software procurement and maintenance systems, access security, as well as the upgrading and maintenance of existing application systems. This General Control is applied to mainframes, servers, and user workstations, as well as internal-external networks.



- Application Controls are applied to programs used by the Company in processing transactions and to ensure that all transactions are correct, accurate and properly authorized. In addition, Application Control must be able to ensure the availability of an effective Audit process and to examine the correctness of the Audit process.

#### 4. Physical Asset Control (Physical Control)

Physical Assets Control is to guarantee the implementation of physical security of the Company's assets. These undertakings include safeguarding assets, recording and limiting access to computer programs and data files, as well as comparing the Assets and Liabilities of the Company with the values listed in the controlling records, specifically examining asset value regularly.

#### 5. Documentation

The Company must at least formalize and document adequate policies, procedures, systems and Accounting standards and Audit processes. The document must be updated regularly to reflect the Company's Operational activities in real time, and to be informed to officials and employees. Upon request, the document must always be available for the benefit of the Internal Auditor, Public Accountant and the Company's supervisory authority. Accuracy and availability of documents must be assessed by Internal Auditors when conducting routine and non-routine Audits.

#### 6. Segregation of Duties

Separation of functions is part of the Control procedure, which is intended that all personnel in their position do not have the opportunity to continue and hide errors or irregularities in performing their duties across all levels of the organization and all stages of Operational activities, which are as follows:

- To comply with the principle of separating this function, known as "Dual Control";
- To establish procedures (authority), including the determination of the list of officers who can access a High-Risk business transaction or operation;

- To avoid granting authority and responsibility excessively that may lead to various Conflicts of Interest. All aspects that may cause any Conflict of Interest are identified, minimized and carefully monitored by other independent parties;
- The Company takes determined steps in implementing the separation of functions, including the following:
  - a. To establish certain functions and tasks that are separated or delegated to several personnel so as to reduce the Risk of Financial Data Manipulation or misuse of the Company's Assets,
  - b. The separation of functions is not limited to activities conducted in the front and back office, but also in controlling approvals regarding Expenditure of Funds and Realization of Expenditure; Customer Accounts and Bank Account Owners; Transactions on the Books of the Company; Providing information to the Company's customers; Assessment of the adequacy of Credit Documentation and monitoring of Debtors after Credit Disbursement; or any other business activities that have the potential to cause a significant Conflict of Interest; and the Independence of the Risk Management function in the Company.

### CONFORMITY OF THE COMPANY'S INTERNAL CONTROL SYSTEM WITH THE COSO FRAMEWORK

The Company's Internal Control System is in accordance with the Integrated Internal Control Framework developed by the Committee of the Sponsoring Organization of the Treadway Commission (COSO). The objectives of Internal Control according to COSO include Operational objectives, Reporting objectives and Compliance objectives.

In COSO it is stated that Internal Control is a system or process performed by the Board of Commissioners, Board of Directors, Management and employees in a company, to provide adequate guarantees to achieve the Control objectives. COSO – the Internal Control Framework, consists of 5 (five) Control components, which are Environment Control, Risk Assessment, Activities Control, Information and Communication Control, and Monitoring Control.

The implementation of the Company's Internal Control System that refers to COSO has been adapted to the Joint Decree of the Board of Commissioners and the Board of Directors of the Company No. SKB-04 dated July 29, 2011 concerning the Guidelines for the Internal Control System. Based on the decree, the Company's Internal Control component is in line with the COSO Internal Control Framework which includes the following:

1. Environment Control, which is a fundamental component in the Internal Control System. The component reflects the nuances and atmosphere of concern regarding all levels of officials and leaders pertaining to the importance of effective Internal Controls. This Environment Control is strongly influenced by a Strong Tone from the Top.
2. Risk Assessment, which is a series of Risk Awareness initiatives for all employees towards the development of a Risk Culture and the activities of evaluating, rating and mitigating risks.
3. Activities Control, which includes the adequacy of policies, provisions, procedures and compliance in the implementation of Operational activities.
4. Information and Communication Control, which pertains to the condition of effective communication channels both internally and externally in accordance with their respective responsibilities.
5. Monitoring Control, which is an assessment process for monitoring the effectiveness of the design and operation of the Internal Control Structure and performance of the Management, whether it has been conducted properly and has made adjustments that are in accordance with the prevailing circumstances.

While elements of the Bank's Internal Control System as mentioned in the Joint Decree No. SKB-04 No. SKB-04 dated July 29, 2011 which refers to the regulations of Bank Indonesia (BI) and the Financial Services Authority (OJK) include the following:

1. Supervision by Management and the Culture of Control where the Board of Commissioners are responsible for ensuring that the Board of Directors have monitored the effectiveness of the Internal Control System, in order for the Board of Commissioners to ensure that improvements concerning the Company's problems will be enhanced due to the effectiveness of the Internal Control System.

The Board of Directors is responsible for establishing Internal Control policies, strategies and procedures. The Board of Directors is also responsible for monitoring the adequacy and effectiveness of the Internal Control System. The Board of Commissioners and the Board of Directors are responsible for

improving and developing an Organizational Culture that promotes and emphasizes good Work Ethics and High Levels of Integrity, to all of the Bank's employees regarding the importance of Internal Controls that apply in the Company.

2. Risk Identification and Assessment is a series of actions performed by the Board of Directors in Identifying, Analyzing and Assessing the Risks confronted by the Company in order to achieve the business objectives.
3. Control and the Separation Activities regarding Operational Functions where Activities Control will assist the Company's Board of Directors and Board of Commissioners in managing and controlling risks that may cause harm on performance or result in losses to the Company.

Activities Control includes policies, procedures and practices that provide confidence for the officials and employees of the Company that the direction of the Board of Commissioners and the Board of Directors of the Company have been implemented effectively. The separation of functions is intended that all personnel in their positions do not have the opportunity to perform and conceal errors or irregularities in performing their duties across all levels of the organization and at all phases of Operational activities.

4. Accounting/Financial, Information Technology and Communication Systems where the Accounting/Financial System must include methods and records in identifying, grouping, analyzing, classifying, recording/registering and reporting the Company's transactions. The Information Technology System must be able to produce reports regarding Business Activities, Financial conditions, the implementation of Risk Management and Compliance with the provisions that support the implementation of the duties of the Board of Commissioners and the Board of Directors. The Communication System must be able to provide information to all parties, both internal and external, including the Bank's Supervisory Authorities, External Auditors, Shareholders and Customers of the Company.
5. Monitoring Activities and Actions regarding the Correction of Deviations where the Company must continuously monitor the effectiveness of the overall implementation of Internal Control. Monitoring of the Company's main risks must be prioritized and function as an integral part of the Company's daily activities including periodic evaluations, both by the Operational Work Unit and by the Internal Audit Work Unit.



## INTERNAL CONTROL STATEMENT OF ADEQUACY

The Board of Directors and the Board of Commissioners are committed to ensuring that Good Corporate Governance rests as the basis for achieving our goals, safeguarding, and enhancing the value of the Company. One of the implementations of Good Corporate Governance is ensuring that the Internal Control System has been implemented adequately.

The Board of Directors and the Board of Commissioners or the Audit Committee conducts an examination of the evaluation results concerning the effectiveness of the Company's Internal Control System, which includes five main components of Control, they are Environment Control including the Supervision by Management and Culture of Control (Oversight and Culture of Control Management), Risk Recognition and Assessment, Control and Separation of Activities (Activities Control and Segregation of Duties), Information Technology and Accounting and Communication Systems (Accountancy, Information and Communication), Monitoring Activities and any Deviations/Weakness Correction Actions (Monitoring Activities and Correction of Deficiencies).

This Internal Control System Standard Guide is a guideline that contains the Internal Control System's minimum measure, which must be enforced by the Company in all aspects of Operations and implementation within the Company, to nurture a common understanding and foundation for the maintenance and commitment of all parties related to the Company.

## INTERNAL CONTROL EFFECTIVENESS EVALUATION

In 2018, the Company implemented Internal Controls in accordance with the principles of Control, and overall, a good quality Internal Control System. The Company, through the Internal Audit Division (IAD), conducted Internal Control Assessment (ICA) in evaluating the effectiveness of the Internal Control System. The assessment measured the Internal Control quality of the Auditee Work Unit for the 5 (five) Internal Control components of the COSO Framework using the rating criteria and methodology of the Internal Control Assessment (ICA) questionnaire and the Auditor's professional judgment through an in the field walkthrough.

Broadly speaking, the steps taken by the Company in ensuring the implementation of effective monitoring activities include the following:

1. To ensure that the Monitoring function is clearly defined and well-structured within the Company's organization;
2. To establish Work Units/employees who are assigned to monitor the effectiveness of the Internal Controls;
3. To establish the right frequency for monitoring activities based on Inherent Risks in the Company and the nature/frequency of changes occurring in Operational activities;
4. To integrate SPIN into all Operational activities and provide routine reports including Book-keeping Journals, Management Reviews and Reports regarding the approvals for exceptions/deviations from established policies and procedures (justifications for irregularities) which are then reviewed;
5. To conduct reviews of the documentation and results of the evaluation of the Work Unit/employee assigned to perform the monitoring function;
6. To establish information/feedback in the correct format and frequency level.

To assess the adequacy and effectiveness of the Internal Control System and Performance Quality being implemented is as follows:

1. Adequacy and Effectiveness of Internal Control employs the Internal Control Assessment (ICA) questionnaire to create a Risk Control Assessment and Audit Rating, which are retested during the implementation of a Field Audit (walkthrough).
2. Performance is assessed based on the achievement of real performance targets with the performance set forth in the Company's Work Budget Plan (RKAP).

Evaluation of the effectiveness of the Company's Internal Control System (Risk Control) was implemented on all Work Units based in the Headquarters (division/desk) as well as 76 Branch Offices and 24 Sharia Branch Offices. All that was related to the issue of the adequacy of Internal Control was reported directly to the Board Directors through the President Director and to the Board of Commissioners via the Audit Committee. Follow-up efforts were conducted in order to minimize risks and overcome problems that had arisen.

# LEGAL ISSUES

## IMPORTANT ISSUES FACED BY THE BOARD OF DIRECTORS, BOARD OF COMMISSIONERS AND SUBSIDIARIES

Throughout 2018, there were no members of the Board of Directors and/or Board of Commissioners of the Company who encountered any legal problems, either Civil and/or Criminal. Thus far, the Company does not have any subsidiary.

## IMPORTANT ISSUES CONFRONTED BY THE COMPANY

In 2018, the Company confronted case/lawsuit problems, which were submitted through legal proceedings as per the following table:

**Table Legal Issues in 2017–2018**

No.	Legal Issues	2017			2018		
		Civil	Criminal	Industrial Relation	Civil	Criminal	Industrial Relation
1.	Case closed (permanent legal force)	127	207*	0	134	173*	1
2.	In settlement	243	58	2	214	101	1
Total		370	265	2	348	274	2

\*) In 2017 out of 207 criminal law problems, the Company acted as a witness as many as 200 cases and in 2018 out of 173 criminal law issues, the Company acted as a witness as many as 166 cases.

**Table Significant Legal Cases Faced by the Company in 2018**

Principal Case / Claim	Settlement Status	Impact to the Company's	Recent Status
<b>A Debtor lawsuit regarding Novation</b>			
A Lawsuit from a land owner against the Company regarding Novation conducted by the Company, the land owner claims he has not been paid in full by the property developer.	Being verified in the District Court	Novation can be ruled void by the District Court Decision	The Plaintiff in the phase of proving the case
<b>The lawsuit filed by land owner regarding annulment of land certificate</b>			
A claim filed by the land owner against the Company, because the land owner suspects that the land certificate issued did not go through the proper procedure.	The Company won the case	The risk of losing collateral	Appeal
<b>The lawsuit filed by debtor regarding opposition to property auction</b>			
A Lawsuit submitted by the Debtor against the Company due to the Non-Performing Loans of the Plaintiff was performed by the Company to perform Mortgage Rights	Plaintiff's written response to the Defendant's claim	Risk of Mortgage Rights Auction cancellation	Plaintiff's written response to the Defendant's claim
<b>lawsuit regarding official residence disputes</b>			
Dispute of one of the Company's official residence's where the Company has not regained its rights to the Official residence because the Heirs do not want to vacate and feel entitled to the house.	Appeal Decision	Cannot take over Official residence	Appeal Decision



# ADMINISTRATION SANCTIONS

Throughout 2018, there were no administrative sanctions that affected the continuity of the Company's business and there were also no administrative sanctions imposed on members of the Board of Directors or members of the Board of Commissioners.

# COMPANY INFORMATION AND DATA ACCESS

## ACCESS TO INFORMATION AND DATA

The Company provides complete access to information and data both Financial and Non-Financial related reports to the public Transparently through various forms of media including Websites (in two languages), Mass Media, Mailing Lists, Newsletters, Meetings with Analysts, IDX Official Website, Publications (press releases), Products, Corporate Actions, the Company's Presentation materials to the public and so on. Access to Company information regarding Financial and Company information can be done through the following media:

1. Website [www.btn.co.id](http://www.btn.co.id), which is presented in both the Indonesian and English language, and provides information regarding the following:
  - Shareholder information through to the individual final owner;
  - Analysis of Financial performance.
  - Financial Reports for the past 5 years
  - Profile of the Board of Commissioners and the Board of Directors
2. For more information, customers may contact the Call Center 1500 286 or email [csd@btn.co.id](mailto:csd@btn.co.id).
3. Investors can directly contact the Corporate Secretary/Investor Relations of the Company by sending an email to [investor\\_relations@btn.co.id](mailto:investor_relations@btn.co.id) or by telephone at (62-21) 633 6789 ext: 2003.
4. The Company has consistently delivered a Statement of Disclosure and/or Material Facts letters to the Financial Services Authority and the Indonesian Stock Exchange as well as through the Electronic Reporting System [spe.ojk.go.id](http://spe.ojk.go.id) and the [idxnet.co.id](http://idxnet.co.id) and [www.btn.co.id](http://www.btn.co.id) websites.

5. Information through other media, including the Mass Media (Press Releases), Magazine/ Internal Bulletins, Posters and Banners.
6. Submission of reports to Regulators, Analyst Meetings, Press Conferences, and so forth.

In addition, to receive further information regarding the Company, the general public and investors can contact:

### Corporate Secretary

Name : **Achmad Chaerul**

Address : Menara BTN

Jl. Gajah Mada No.1, Jakarta Pusat 10130

Phone : (021) 6336789 ext. 2003

Fax : (021) 6336719

E-mail : [achmad.chaerul@btn.co.id](mailto:achmad.chaerul@btn.co.id)

Website : [www.btn.co.id](http://www.btn.co.id)

### Head Office Address

#### BTN Tower

Jl. Gajah Mada No. 1 Jakarta 10130, Indonesia

Phone : (021) 6336789, 6332666

Fax : (021) 6346704

Email : [csd@btn.co.id](mailto:csd@btn.co.id)

Website : [www.btn.co.id](http://www.btn.co.id)

### Contact Center

**1500-286**

[www.btn.co.id](http://www.btn.co.id)





### INVESTOR RELATIONS EVENTS FOR 2018

In establishing harmonious relationships with Shareholders, potential Investors, Analysts and other Capital Market Communities, the Company organizes regular activities, which includes meetings with analysts/investors on a national and international scale and exposure to the public. The Company also fulfills the obligations regarding the Disclosure of Information as stipulated in the Indonesian Capital Market regulations including Disclosure to Material Information or Facts, Financial Reports, Annual Reports and Certain Shareholders' Reports.

In addition, the Company actively organizes other activities including media meetings, media reviews and media promotions. Throughout 2018, the

Company held various forms of communication with Investors (Investor Relations) as is described in the Implementation of Duties and Responsibilities of the Corporate Secretary.

The Company's Investor Relations contact information:

Email : Investor\_Relations@btn.co.id

Phone : +6221 63870107/4

### PRESS CONFERENCE

Throughout 2018, the Company performed several Press Releases, one of the aspects of the Disclosure of Information and Accountability to the wider community. The Company's Press Releases throughout 2018 are as follows:

Date	Title
January 10, 2018	In cooperation with the court, Bank BTN launched the E-Panjar application
February 3, 2018	Bank BTN is optimistic of issuing new Loans amounting to Rp5 trillion in IPEX for 2018
February 13, 2018	In 2017, Bank BTN's Net Profit amounted to Rp3.02 trillion
February 19, 2018	Bank BTN held a Bank BTN Mortgtech hackathon competition
March 7, 2018	Bank BTN supports the electrification of 305 homes in Larantuka
March 8, 2018	Bank BTN supports Home Financing for employees of the Lion Air Group
March 9, 2018	SMF and Bank BTN Issued BTN04 EBA-SP amounting to Rp2 trillion
March 25, 2018	The Revitalization of Housing Finance, Bank BTN holds a Mortgtech hackathon
March 28, 2018	To target property and priority customers, Bank BTN inaugurated a new Branch in Bintaro
April 10, 2018	To support Education, Bank BTN offers single digit Education Loans
April 15, 2018	Bank BTN sends SMEs to the ICPF held in Malaysia
April 19, 2018	First Quarter of 2018, Bank BTN DPK achieved 23.54%
May 1, 2018	For the Labor Day Commemorations, Bank BTN provided an opportunity for 60,000 workers to have a home
May 7, 2018	Bank BTN cooperates with the South Jakarta District Court inaugurating E-Panjar
May 9, 2018	Bank BTN targets for Non-Subsidized KPR's to increase by 24%
May 10, 2018	Tcash and Bank BTN to reach customers via mobile
May 16, 2018	Bank BTN offers Special Interest Credit services to Sucofindo
May 30, 2018	Support the 2018 Asian Games, Bank BTN prepares Mortgages specifically for athletes
June 4, 2018	Aiming for potential Foreign Funds, Bank BTN launches the felas savings program
June 29, 2018	Bank BTN was awarded the title of Best Bank for 2018
July 5, 2018	Fluctuating conditions: Bank BTN remains optimistic that the 2018 Performance Target will be achieved
July 11, 2018	September 2018, Bank BTN is ready to acquire Investment Management
July 19, 2018	Supporting the development of the Maja area, Bank BTN is providing Credit to Civil Servants in Lebak
July 26, 2018	Bank BTN was one of the 3 most Profitable relating to the Bank's Books
August 8, 2018	Throughout the NTB Earthquake disaster, Bank BTN continued to operate normally
August 15, 2018	Success in the "One Million Homes Program", Bank BTN held the 2018 Bank BTN Property Awards
August 27, 2018	In 2018, Bank BTN remains optimistic regarding the Target's achievement
August 28, 2018	To support the infrastructure for Airport Development in Indonesia, Bank BTN disbursed Rp1 trillion in Loans to AP II
September 19, 2018	To encourage the "One Million Homes Program", Bank BTN increased its Housing Loans in East Java
September 19, 2018	Bank BTN Commercial Loans amounted to Rp38.14 trillion
September 21, 2018	Bank BTN Pluit officially began operations as a full Branch



Date	Title
September 27, 2018	Micro KPR for MBR with ABCG, pilot program was tested in Central Java
September 27, 2018	In support for the Ministry of PUPR, BPN, Kendal Regency Government and Undip, Bank BTN provided facilities for low-income communities to have decent homes
September 29, 2018	Bank BTN invited Mulawarman University to implement ABCG Micro KPR
October 3, 2018	Bank BTN launches a special Millennial Mortgage Loan program called KPR GAEESSS !!
October 15, 2018	Thousands of KOI athletes can enjoy Bank BTN KPR
October 25, 2018	NPLs down, Bank BTN Credit grew above the industry average
October 28, 2018	Collaborating with notaries throughout Indonesia, Bank BTN increases Credit quality
November 7, 2018	Bank BTN collaborates with Bluebird to provide Housing Finance programs for their drivers and employees
November 30, 2018	Welcoming the 42 <sup>nd</sup> Bank BTN KPR anniversary, Bank BTN holds 19,760 Mass Mortgage contracts
December 7, 2018	The 2018 digital start up "Connects", was inaugurated by the Indonesian President Joko Widodo and was attended by thousands of Millennial youth
December 10, 2018	In the 42 <sup>nd</sup> anniversary of KPR BTN Millennial played a leading role
December 14, 2018	Improved Credit quality, Bank BTN will launch Auction Mortgages
December 18, 2018	Starting in 2019, Bank BTN KTA Debtors can receive Credit guarantees from Jamkrindo

## TRANSPARENCY IN REPORT SUBMISSION

Throughout 2018, the Company through the Corporate Secretary has periodically submitted reports to the public through Mass Media, the Company's website and IDX using Indonesian and English, and periodically and incidentally submitted reports to the Financial Services Authority (OJK), BEI, the Deposit Insurance Agency (LPI), the Ministry of Finance, and the Ministry of State-Owned Enterprises as follows:

No	Date	Subject	Address
1	January 4, 2018	Monthly Report regarding Securities Holder Registration	FSA (SPE OJK)
2	January 4, 2018	Monthly Report regarding Securities Holder Registration	IDX (IDXNET)
3	January 4, 2018	Monthly Report regarding Securities Holder Registration	FSA (SPE OJK)
4	January 4, 2018	Monthly Report regarding Securities Holder Registration	IDX (IDXNET)
5	January 5, 2018	Report regarding the Realization of the Use of Proceeds from the Sustainable Public Offering (PUB) of Bank BTN III Phase I Sustainable Bonds 2017	Chief Executive Officer of the Capital Market Supervisory, FSA
6	January 5, 2018	Report regarding the Realization of the Use of Proceeds from the Sustainable Public Offering (PUB) of Bank BTN III Phase I Sustainable Bonds 2017	FSA (SPE OJK)
7	January 5, 2018	Report regarding the Realization of the Use of Proceeds from the Sustainable Public Offering (PUB) of Bank BTN III Phase I Sustainable Bonds 2017	IDX (IDXNET)
8	January 5, 2018	Specific Shareholders Disclosure of Information Report	Chief Executive Officer of the Capital Market Supervisory, FSA
9	January 5, 2018	Specific Shareholders Disclosure of Information Report	FSA (SPE OJK)
10	January 5, 2018	Specific Shareholders Disclosure of Information Report	IDX (IDXNET)
11	January 9, 2018	The 10 <sup>th</sup> Interest Payment Report of Bank BTN II Phase I Sustainable Bonds 2015	Chief Executive Officer of the Capital Market Supervisory, FSA
12	January 9, 2018	The 10 <sup>th</sup> Interest Payment Report of Bank BTN II Phase I Sustainable Bonds 2015	FSA (SPE OJK)
13	January 9, 2018	The 10 <sup>th</sup> Interest Payment Report of Bank BTN II Phase I Sustainable Bonds 2015	IDX (IDXNET)
14	January 16, 2018	2 <sup>nd</sup> Interest Payment Report of Bank BTN III Phase I Sustainable Bonds 2017	IDX (IDXNET)
15	January 16, 2018	2 <sup>nd</sup> Interest Payment Report of Bank BTN III Phase I Sustainable Bonds 2017	Chief Executive Officer of the Capital Market Supervisory, FSA
16	January 16, 2018	2 <sup>nd</sup> Interest Payment Report of Bank BTN III Phase I Sustainable Bonds 2017	FSA (SPE OJK)

## COMPANY INFORMATION AND DATA ACCESS

No	Date	Subject	Address
17	January 22, 2018	Submission of Minutes of the 2017 EGM of PT Bank Tabungan Negara (Persero) Tbk	Chief Executive Officer of the Capital Market Supervisory, FSA
18	January 22, 2018	Submission of Minutes of the 2017 EGM of PT Bank Tabungan Negara (Persero) Tbk	FSA (SPE OJK)
19	January 22, 2018	Submission of Minutes of the 2017 EGM of PT Bank Tabungan Negara (Persero) Tbk	IDX (IDXNET)
20	February 7, 2018	Notification of the 2018 GMS of PT Bank Tabungan Negara (Persero) Tbk	Chief Executive Officer of the Capital Market Supervisory - FSA
21	February 14, 2018	Clarification of Mass Media coverage	Head of the Capital Market Supervision Department 2B - FSA
22	February 14, 2018	Announcement of the AGMS	FSA (SPE OJK)
23	February 14, 2018	Proof of Announcement of the AGMS	FSA (SPE OJK)
24	February 14, 2018	Announcement of the AGMS	IDX (IDXNET)
25	February 14, 2018	Announcement of the AGMS	IDX (IDXNET)
26	February 14, 2018	Publication of the Financial Statements as of 31 December 2017	FSA (SPE OJK)
27	February 14, 2018	Publication of the Financial Statements as of 31 December 2017	IDX (IDXNET)
28	February 14, 2018	Submission of the Financial Statements as of 31 December 2017 (Audited) Bank BTN	Chief Executive Officer of the Capital Market Supervisory - FSA
29	February 14, 2018	Submission of the Financial Statements as of 31 December 2017 (Audited) Bank BTN	Indonesian stock exchange
30	February 14, 2018	Submission of the Financial Statements as of 31 December 2017 (Audited) Bank BTN	Indonesian Capital Market Electronic Library (ICaMEL)
31	February 14, 2018	Submission of Proof of Publication for the Announcement of the Bank BTN 2018 GMS	Chief Executive Officer of the Capital Market Supervisory - FSA
32	February 14, 2018	Submission of the Financial Statements as of 31 December 2017 (Audited) Bank BTN	FSA (SPE OJK)
33	February 14, 2018	Submission of the Financial Statements as of 31 December 2017 (Audited) Bank BTN	IDX (IDXNET)
34	February 15, 2018	Submission of the Financial Report Errors as of 31 December 2017 (Audited) Bank BTN	Chief Executive Officer of the Capital Market Supervisory - FSA
35	February 15, 2018	Submission of the Financial Report Errors as of 31 December 2017 (Audited) Bank BTN	FSA (SPE OJK)
36	February 15, 2018	Submission of the Financial Report Errors as of 31 December 2017 (Audited) Bank BTN	FSA (SPE OJK)
37	February 15, 2018	Submission of the Financial Report Errors as of 31 December 2017 (Audited) Bank BTN	IDX (IDXNET)
38	March 1, 2018	Submission of the Publication Proof of Summoning for Bank BTN's 2018 AGM	OJK Capital Market Supervisors Executive Chief
39	March 1, 2018	Summoning for the 2018 GMS	FSA (SPE OJK)
40	March 1, 2018	Summoning for the 2018 GMS	IDX (IDXNET)
41	March 1, 2018	Proof of the Publication of Summoning for the 2018 AGMS	FSA (SPE OJK)
42	March 1, 2018	Proof of the Publication of Summoning for the 2018 AGMS	IDX (IDXNET)
43	March 1, 2018	Submission of Bank BTN's 2017 Annual Report	OJK Capital Market Supervisors Executive Chief
44	March 1, 2018	Submission of Bank BTN's 2017 Annual Report	Indonesian stock exchange
45	March 1, 2018	Submission of Bank BTN's 2017 Annual Report	FSA (SPE OJK)
46	March 1, 2018	Submission of Bank BTN's 2017 Annual Report	IDX (IDXNET)
47	March 2, 2018	The 6 <sup>th</sup> Interest Payment Report of Bank BTN II Phase II Sustainable Bonds 2016	Chief Executive Officer of the Capital Market Supervisory, FSA
48	March 2, 2018	The 6 <sup>th</sup> Interest Payment Report of Bank BTN II Phase II Sustainable Bonds 2016	FSA (SPE OJK)
49	March 2, 2018	The 6 <sup>th</sup> Interest Payment Report of Bank BTN II Phase II Sustainable Bonds 2016	IDX (IDXNET)
50	March 5, 2018	Monthly Report regarding Securities Holder Registration	FSA (SPE OJK)
51	March 5, 2018	Monthly Report regarding Securities Holder Registration	IDX (IDXNET)
52	March 12, 2018	Correction of the Monthly Report regarding Securities Holder Registration	IDX (IDXNET)



No	Date	Subject	Address
53	March 13, 2018	Annual Rating Results and Bank BTN Debt Securities for the period of March 1, 2018 as of March 1, 2019	Chief Executive Officer of the Capital Market Supervisory, FSA
54	March 14, 2018	31 <sup>st</sup> Annual Interest Payment Report of Bank BTN XIV Bonds for 2010	Chief Executive Officer of the Capital Market Supervisory, FSA
55	March 14, 2018	31 <sup>st</sup> Annual Interest Payment Report of Bank BTN XIV Bonds for 2010	FSA (SPE OJK)
56	March 14, 2018	31 <sup>st</sup> Annual Interest Payment Report of Bank BTN XIV Bonds for 2010	IDX (IDXNET)
57	March 14, 2018	Changes in the Membership Structure of Bank BTN's Audit Committee	Chief Executive Officer of the Capital Market Supervisory, FSA
58	March 14, 2018	Changes in the Membership Structure of Bank BTN's Audit Committee	FSA (SPE OJK)
59	March 14, 2018	Changes in the Membership Structure of Bank BTN's Audit Committee	IDX (IDXNET)
60	March 14, 2018	Annual Rating Results and Bank BTN Debt Securities for the period of March 1, 2018 as of March 1, 2019	FSA (SPE OJK)
61	March 14, 2018	Annual Rating Results and Bank BTN Debt Securities for the period of March 1, 2018 as of March 1, 2019	IDX (IDXNET)
62	March 26, 2018	Submission of the Summary of Minutes of Bank BTN's 2018 GMS	Chief Executive Officer of Capital Market Supervisory, FSA
63	March 26, 2018	Submission of Decisions in Bank BTN's 2018 AGMS	FSA (SPE OJK)
64	March 26, 2018	Submission of Decisions in Bank BTN's 2018 AGMS	IDX (IDXNET)
65	March 26, 2018	Publication Proof of the Decisions of Bank BTN's 2018 AGMS	FSA (SPE OJK)
66	March 26, 2018	Publication Proof of the Decisions of Bank BTN's 2018 AGMS	IDX (IDXNET)
67	March 26, 2018	Dividend Payments	IDX (IDXNET)
68	March 29, 2018	The 20 <sup>th</sup> Interest Payment Report of Bank BTN Phase II Sustainable Bonds I 2013	Chief Executive Officer of the Capital Market Supervisory, FSA
69	March 29, 2018	The 27 <sup>th</sup> Annual Payment Report of BTN Bank XV Bonds for 2011	Chief Executive Officer of the Capital Market Supervisory, FSA
70	March 29, 2018	The 27 <sup>th</sup> Annual Payment Report of BTN Bank XV Bonds for 2011	FSA (SPE OJK)
71	March 29, 2018	The 27 <sup>th</sup> Annual Payment Report of BTN Bank XV Bonds for 2011	IDX (IDXNET)
72	March 29, 2018	The 20 <sup>th</sup> Annual Interest Payment Report of Bank BTN Phase II Sustainable Bonds I 2013	FSA (SPE OJK)
73	March 29, 2018	The 20 <sup>th</sup> Annual Interest Payment Report of Bank BTN Phase I Sustainable Bonds 2013	IDX (IDXNET)
74	March 29, 2018	Submission of the Errors Summary of Minutes of Bank BTN's 2018 GMS	Chief Executive Officer of the Capital Market Supervisory, FSA
75	March 29, 2018	Submission of the Errors Summary of Minutes of Bank BTN's 2018 GMS	FSA (SPE OJK)
76	March 29, 2018	Submission of the Errors Summary of Minutes of Bank BTN's 2018 GMS	IDX (IDXNET)
77	March 29, 2018	Proof of Publication of the Preliminary Summary of Minutes of Bank BTN's 2018 GMS	FSA (SPE OJK)
78	March 29, 2018	Proof of Publication of the Preliminary Summary of Minutes of Bank BTN's 2018 GMS	IDX (IDXNET)
79	April 20, 2018	Minutes of Bank BTN's 2018 Annual General Meeting of Shareholders	OJK Capital Market Supervisors Executive Chief
80	April 20, 2018	Minutes of Bank BTN's 2018 Annual General Meeting of Shareholders	FSA (SPE OJK)
81	April 20, 2018	Minutes of Bank BTN's 2018 Annual General Meeting of Shareholders	IDX (IDXNET)
82	April 20, 2018	Submission of Bank BTN's Financial Statements as of March 31, 2018	OJK Capital Market Supervisors Executive Chief
83	April 20, 2018	Submission of Bank BTN's Financial Statements as of March 31, 2018	Indonesian stock exchange
84	April 20, 2018	Submission of Bank BTN's Financial Report as of March 31, 2018	Indonesian Capital Market Electronic Library (ICaMEL)
85	April 20, 2018	Publication of Bank BTN's Financial Statements as of March 31, 2018	FSA (SPE OJK)

## COMPANY INFORMATION AND DATA ACCESS

No	Date	Subject	Address
86	April 20, 2018	Publication of Bank BTN's Financial Statements as of March 31, 2018	IDX (IDXNET)
87	April 20, 2018	Submission of Bank BTN's Financial Statements as of March 31, 2018	FSA (SPE OJK)
88	May 7, 2018	Submission of the Deed of Amendment to the Articles of Association	Chief Executive Officer of the Capital Market Supervisory, FSA
89	May 7, 2018	Submission of the Deed of Amendment to the Articles of Association	FSA (SPE OJK)
90	May 7, 2018	Submission of the Deed of Amendment to the Articles of Association	IDX (IDXNET)
91	May 8, 2018	Monthly Report regarding Securities Holder Registration	FSA (SPE OJK)
92	May 8, 2018	Monthly Report regarding Securities Holder Registration	IDX (IDXNET)
93	May 31, 2018	The 7 <sup>th</sup> Interest Payment Report of Bank BTN Phase II Sustainable Bonds II 2016	Chief Executive Officer of the Capital Market Supervisory, FSA
94	June 4, 2018	The 7 <sup>th</sup> Interest Payment Report of Bank BTN Phase II Sustainable Bonds II 2016	FSA (SPE OJK)
95	June 4, 2018	The 7 <sup>th</sup> Interest Payment Report of Bank BTN Phase II Sustainable Bonds II 2016	IDX (IDXNET)
96	June 5, 2018	The 24 <sup>th</sup> Interest Payment Report of Bank BTN Phase I Sustainable Bonds I 2012	Chief Executive Officer of the Capital Market Supervisory, FSA
97	June 5, 2018	The 24 <sup>th</sup> Interest Payment Report of Bank BTN Phase I Sustainable Bonds I 2012	FSA (SPE OJK)
98	June 5, 2018	The 24 <sup>th</sup> Interest Payment Report of Bank BTN Phase I Sustainable Bonds I 2012	IDX (IDXNET)
99	June 5, 2018	Monthly Report regarding Securities Holder Registration	FSA (SPE OJK)
100	June 5, 2018	Monthly Report regarding Securities Holder Registration	IDX (IDXNET)
101	June 29, 2018	Effective Appointment Report of the Distribution & Network Director of PT Bank Tabungan Negara (Persero) Tbk	Bank Supervision Department 1, FSA
102	July 2, 2018	Disclosure of Information that is required to be known by the public regarding the Effective Appointment Report of the Distribution & Network Director of PT Bank Tabungan Negara (Persero) Tbk	FSA (SPE OJK)
103	July 2, 2018	Disclosure of Information that is required to be known by the public regarding the Effective Appointment Report of the Distribution & Network Director of PT Bank Tabungan Negara (Persero) Tbk	IDX (IDXNET)
104	July 3, 2018	Monthly Report regarding Securities Holder Registration	FSA (SPE OJK)
105	July 3, 2018	Monthly Report regarding Securities Holder Registration	IDX (IDXNET)
106	July 5, 2018	Debt Repayment Fund Readiness Report	Indonesian stock exchange
107	July 5, 2018	Debt Repayment Fund Readiness Report	IDX (IDXNET)
108	July 10, 2018	12 <sup>th</sup> Principal Repayment and Interest Payment Report of Bank BTN II Phase Sustainable Bonds I 2015	Chief Executive Officer of the Capital Market Supervisory, FSA
109	July 10, 2018	12 <sup>th</sup> Principal Repayment and Interest Payment Report of Bank BTN II Phase Sustainable Bonds I 2015	FSA (SPE OJK)
110	July 10, 2018	12 <sup>th</sup> Principal Repayment and Interest Payment Report of Bank BTN II Phase Sustainable Bonds I 2015	IDX (IDXNET)
111	July 10, 2018	Explanation of News in the Mass Media	IDX (IDXNET)
112	July 19, 2018	Submission of Bank BTN's Financial Statements as of 30 June 2018	Chief Executive Officer of the Capital Market Supervisory, FSA
113	July 19, 2018	Submission of Bank BTN's Financial Statements as of 30 June 2018	Indonesian Capital Market Electronic Library
114	July 19, 2018	Submission of Bank BTN's Financial Statements as of 30 June 2018	Head of Company Appraisal Division 3, Indonesian Stock Exchange
115	July 19, 2018	Monthly Report regarding Securities Holder Registration	FSA (SPE OJK)
116	July 19, 2018	Monthly Report regarding Securities Holder Registration	IDX (IDXNET)
117	July 19, 2018	Appointment of the Acting Bank BTN Corporate Secretary	FSA (SPE OJK)
118	July 19, 2018	Appointment of the Acting Bank BTN Corporate Secretary	IDX (IDXNET)
119	August 7, 2018	Appointment of the Acting Bank BTN Corporate Secretary	FSA (SPE OJK)



No	Date	Subject	Address
120	August 7, 2018	Plan for Organizing a Public Expose (Jakarta)	IDX (IDXNET)
121	August 8, 2018	Plan for Organizing a Public Expose (Surabaya)	Chief Executive Officer of the Capital Market Supervisory, FSA
122	August 8, 2018	Submission of Public Expose Material (Jakarta)	FSA (SPE OJK)
123	August 8, 2018	Submission of Public Expose Material (Surabaya)	IDX (IDXNET)
124	August 9, 2018	Report regarding the Implementation of the 2018 Public Expose (Jakarta)	IDX (IDXNET)
125	August 9, 2018	The 8 <sup>th</sup> Interest Payment Report of Bank BTN Phase II Sustainable Bonds II 2016	IDX (IDXNET)
126	August 21, 2018	The 8 <sup>th</sup> Interest Payment Report of Bank BTN Phase II Sustainable Bonds II 2016	IDX (IDXNET)
127	August 21, 2018	The 8 <sup>th</sup> Interest Payment Report of Bank BTN Phase II Sustainable Bonds II 2016	IDX (IDXNET)
128	August 30, 2018	Monthly Report regarding Securities Holder Registration.	IDX (IDXNET)
129	August 31, 2018	Monthly Report regarding Securities Holder Registration.	Chief Executive Officer of the Capital Market Supervisory, FSA
130	August 31, 2018	Appointment of the Acting Bank BTN Corporate Secretary	FSA (SPE OJK)
131	August 31, 2018	Appointment of the Acting Bank BTN Corporate Secretary	IDX (IDXNET)
132	September 4, 2018	Appointment of the Acting Bank BTN Corporate Secretary	FSA (SPE OJK)
133	September 4, 2018	Report regarding Changes in the Shareholders of the Board of Commissioners and Board of Directors of PT Bank Tabungan Negara (Persero) Tbk	IDX (IDXNET)
134	September 4, 2018	Report regarding Changes in the Shareholders of the Board of Commissioners and Board of Directors of PT Bank Tabungan Negara (Persero) Tbk	Chief Executive Officer of the Capital Market Supervisory, FSA
135	September 4, 2018	Report regarding Changes in the Shareholders of the Board of Commissioners and Board of Directors of PT Bank Tabungan Negara (Persero) Tbk	FSA (SPE OJK)
136	September 4, 2018	Appointment of the Acting Bank BTN Corporate Secretary	IDX (IDXNET)
137	September 10, 2018	Report regarding Changes in the Shareholders of the Board of Commissioners and Board of Directors of PT Bank Tabungan Negara (Persero) Tbk	Chief Executive Officer of the Capital Market Supervisory, FSA
138	September 10, 2018	Report regarding Changes in the Shareholders of the Board of Commissioners and Board of Directors of PT Bank Tabungan Negara (Persero) Tbk	FSA (SPE OJK)
139	September 10, 2018	Report regarding Changes in the Shareholders of the Board of Commissioners and Board of Directors of PT Bank Tabungan Negara (Persero) Tbk	IDX (IDXNET)
140	September 14, 2018	Effective Appointment Report of the Members of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk	Bank Supervision Department 1, FSA, copy to the Banking Licensing and Information Department
141	September 14, 2018	Effective Appointment Report of the Members of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk	FSA (SPE OJK)
142	September 14, 2018	Effective Appointment Report of the Members of the Board of Directors of PT Bank Tabungan Negara (Persero) Tbk	IDX (IDXNET)
143	September 19, 2018	Appointment of the Acting Bank BTN Corporate Secretary	Chief Executive Officer of the Capital Market Supervisory, FSA
144	September 19, 2018	Appointment of the Acting Bank BTN Corporate Secretary	FSA (SPE OJK)
145	September 19, 2018	Appointment of the Acting Bank BTN Corporate Secretary	IDX (IDXNET)
146	September 24, 2018	Report regarding the 2018 Public Expose (Surabaya)	IDX (IDXNET)
147	October 1, 2018	22 <sup>nd</sup> Annual Payment Report of Bank BTN I Bonds Phase II for 2013	Chief Executive Officer of the Capital Market Supervisory, FSA
148	October 1, 2018	29 <sup>th</sup> Annual Interest Payment Report of Bank BTN Sustainable Bonds for 2011	Chief Executive Officer of the Capital Market Supervisory, FSA
149	October 1, 2018	22 <sup>nd</sup> Annual Payment Report of Bank BTN I Bonds Phase II for 2013	FSA (SPE OJK)
150	October 1, 2018	22 <sup>nd</sup> Annual Payment Report of Bank BTN I Bonds Phase II for 2013	IDX (IDXNET)



## COMPANY INFORMATION AND DATA ACCESS

No	Date	Subject	Address
151	October 1, 2018	29 <sup>th</sup> Annual Interest Payment Report of Bank BTN Sustainable Bonds 2011	FSA (SPE OJK)
152	October 1, 2018	29 <sup>th</sup> Annual Interest Payment Report of Bank BTN Sustainable Bonds 2011	IDX (IDXNET)
153	October 9, 2018	Monthly Report regarding Securities Holder Registration	FSA (SPE OJK)
154	October 9, 2018	Monthly Report regarding Securities Holder Registration	IDX (IDXNET)
155	October 10, 2018	Report regarding Changes in the Membership Structure of Bank BTN's Audit Committee	Chief Executive Officer of the Capital Market Supervisory, FSA
156	October 10, 2018	Report on Changes in the Membership Structure of Bank BTN's Audit Committee	FSA (SPE OJK)
157	October 10, 2018	Report on Changes in the Membership Structure of Bank BTN's Audit Committee	IDX (IDXNET)
158	October 26, 2018	Submission of Bank BTN's Financial Statements as of 30 September 2018	Chief Executive Capital Market Supervisor, FSA
159	October 26, 2018	Submission of Bank BTN's Financial Statements as of 30 September 2018	Indonesian stock exchange
160	October 26, 2018	Submission of Bank BTN's Financial Statements as of 30 September 2018	Indonesian Capital Market Electronic Library
161	October 26, 2018	Submission of Bank BTN's Financial Statements as of 30 September 2018	IDX (IDXNET)
162	October 26, 2018	Submission of Bank BTN's Financial Statements as of 30 September 2018	IDX (IDXNET)
163	October 31, 2018	Appointment of the Corporate Secretary of PT Bank Tabungan Negara (Persero) Tbk	Chief Executive Officer of the Capital Market Supervisory, FSA
164	November 1, 2018	Appointment of the Corporate Secretary of PT Bank Tabungan Negara (Persero) Tbk	FSA (SPE OJK)
165	November 1, 2018	Appointment of the Corporate Secretary of PT Bank Tabungan Negara (Persero) Tbk	IDX (IDXNET)
166	November 6, 2018	Monthly Report regarding Securities Holder Registration	FSA (SPE OJK)
167	November 6, 2018	Monthly Report regarding Securities Holder Registration	IDX (IDXNET)
168	December 4, 2018	Monthly Report regarding Securities Holder Registration	FSA (SPE OJK)
169	December 4, 2018	Monthly Report regarding Securities Holder Registration	IDX (IDXNET)



# CORPORATE ETHICS CODE (CODE OF CONDUCT)

For the Company, the Code of Ethics is an indicator of the Company's commitment to warrant the application of the high standards of GCG that refers to the best practice of credible and trusted banking institutions. Credibility and Public Trust, Shareholders, and Customers are aspects that are essential for the development and continuity of the Company's business. The Company performs business activities in compliance with all applicable rules and regulations and also fulfills the expectations regarding the norms and ethics. Awareness of implementing good ethics will enhance and strengthen the Company's constructive image and recognize the Company as a Good Corporate Citizen. Therefore, the Company always upholds its integrity by preserving and applying Ethical and Behavioral guidelines that form the basis of the attitudes and actions of all the Company's personnel in order to perform their duties professionally and ethically by exercising basic principles as quantified in the Company's Vision, Mission and Values and the prevailing regulations.

The Company has formulated several policies that construct the fundamental Ethical and Behavioral guidelines for each of the Company's constituents to abide by in performing their business activities. The Company imposes Ethical and Behavioral standards in performing all its business activities in accordance with the Vision, Mission and Cultural Values through enforcement of the Code of Conduct.

## CODE OF CONDUCT CONTENTS

The Code of Conduct contains Ethical and Behavioral standards for the Company as a business entity and all its elements in interacting both internally and externally. The enforcement of the Code of Conduct aims to accomplish the creation of ideal behavior that develops into a work culture based on honorable values. The Code of Conduct is summarized in 4 chapters which are briefly described as follows:

<b>01. Introduction</b>	<p>This Code of Conduct is the codification or a compilation of policies, employee regulations, and agreements that have been jointly established between the Company and employees who will influence, shape, and set forth the standards of behavior, both for Management and employees in performing all business activities.</p> <p>The implementation of the Code of Conduct, whether Compliance or Non-Compliance forms one aspect of the employee's performance appraisal. Therefore, this Code of Conduct will always be used as a guideline in the formulation of policies, manuals/procedures and management practices in the Company. The application of the Code of Conduct that will consistently reflect the Company is the Company that upholds honorable business values and ethics in conducting business, while simultaneously upholding the principles of Good Corporate Governance.</p>
<b>02. Standards of Business Ethics</b>	<ol style="list-style-type: none"><li><b>1. Bank Ethics with Employees</b> Adanya Keadilan perlakuan terhadap pegawai, kedisiplinan pegawai, serta adanya larangan keterlibatan pegawai dalam aktivitas bisnis surat berharga Bank.</li><li><b>2. Bank Ethics with Customers</b><ol style="list-style-type: none"><li>a. The Bank prioritizes customer satisfaction and trust and employees must support the Bank in an effort to achieve customer satisfaction.</li><li>b. Bank ethics with providers of Goods and Services for the procurement of Goods and Services must be based on the assessment of capabilities, achievements, and based on Compliance and the objectivity of standard prices, quality, availability, requirements and services provided by partners/suppliers.</li></ol></li><li><b>3. Bank Ethics with providers of goods and services</b> The selection of providers of goods and services must be based on the assessment of capabilities, achievements, and based on compliance and objectivity in the field of standard prices, quality, availability, requirements and services provided by partners / suppliers.</li><li><b>4. Bank Ethics with Competitors</b> The Bank places competitors as drivers of unremitting performance enhancements.</li><li><b>5. Bank Ethics with Competitors</b> The Bank upholds mutual trust and respect, and upholds friendship with business partners in accordance with prevailing business rules.</li><li><b>6. Bank Ethics with the Partners</b> The Bank is committed to comply with the legislation in force.</li><li><b>7. Bank Ethics with the Public</b> The Bank is committed to making a positive contribution to Sustainable Economic Development by considering Corporate Social Responsibility, by focusing on a balance between the aspects of Economic, Social and Environmental.</li></ol>

	<p><b>8. Bank Ethics with Mass Media</b></p> <p>a. The Bank considers Mass Media as a working partner and internal media</p> <p>b. Campaign in developing a positive image.</p> <p><b>9. Bank Ethics with Professional Organizations</b></p> <p>The Bank fosters upright cooperative relations with professional and regulatory organizations in sharing information, experiences and discussing business developments, and exploring best solutions to solving problems of mutual interest.</p>
<b>03. Standards of Conduct Policy</b>	<p>1. Employees are at all times to avoid conditions, situations or the impression of any Conflict of Interest and the inappropriate use of position.</p> <p>2. Each member of the Board of Commissioners, Board of Directors, and Bank employees are prohibited from giving and/or receiving something for their own benefit, directly or indirectly, from a business partner who can influence decisions.</p> <p>3. The Company's constituents and Bank employees must comply with all State laws and regulations.</p>
<b>04. Application and Enforcement</b>	<p>Each Bank employee must report any evidence of a deviation from the Corporate Code of Conduct to the Human Capital Management &amp; Culture Specialist Division and the identity of the reporter is to be protected. The Human Capital Management &amp; Culture Specialist Division follows up on each report and submits the results of the study to the Board of Directors and/or the Board of Commissioners in accordance with the scope of their responsibilities. Finally, the Board of Directors and Board of Commissioners will make a decision regarding the various actions available of coaching, disciplinary sanctions and/or corrective and preventive actions that are required to be performed by superiors directly in their respective work environments.</p>

### CODE OF CONDUCT ENACTMENT STATEMENT FOR THE BOARD OF DIRECTORS, BOARD OF COMMISSIONERS AND EMPLOYEES

The Code of Conduct applies to all Management (Board of Commissioners, Board of Directors) and Employees in implementing all of the Company's business activities and interactions between the Board of Commissioners, Board of Directors and Employees with all Stakeholders. The enactment statement of the Code of Conduct for all levels of the organization is formally documented through the Regulation of the Board of Directors No. 16/PD/CMPD/2015 December 31, 2015 concerning the Guidelines for Business Ethics and Behavior. The Company compels the signing of Code of Conduct statement, which is labelled the "Integrity Pact" by all the Company's personnel to be fully exercised. The success of the application of the Code of Conduct is the responsibility of all leaders in their respective work units. For this reason, all unit leaders are required to provide their understanding regarding the application of the Code of Conduct with employees in their respective work units.

### DISSEMINATION OF THE CODE OF CONDUCT

The Code of Conduct is disseminated to all the Company's personnel and stakeholders through the Company's website under the heading of Standard Access Internal Management (AIMS) that can be conveniently accessed at any time. The Company has also disseminated with representatives of the Most Valuable Player (MVP) from all Work Units of the Head Office and Branch Offices.

The Code of Conduct is circulated to all the Company's personnel through Anti-Fraud dissemination activities performed at the Head Office and Regional Office. The Company has also implemented a program of awareness regarding the Code of Conduct and Gratification Control through Compliance Quiz activities, which are participated in by the Company's employees.

### EFFORTS TO IMPLEMENT AND ENFORCE THE CODE OF CONDUCT

The Company provides strict and consistent sanctions against violations of the Code of Conduct. Enforcement of the Code of Conduct through the Board of Commissioners and Board of Directors along with its sanctions is based on the Company's Articles of Association and the decisions of the GMS. While the imposition of sanctions on employees is performed in accordance with the rules of employment of the Company. Throughout 2018, the efforts made by the Company in implementing and enforcing the Code of Conduct included the following:

1. Signing of the "Integrity Pact" by all employees according to the Code of Conduct values;
2. Dissemination of the Code of Conduct and Gratification Control through Anti-Fraud activities;
3. Collaborating with the Corruption Eradication Commission in order to disseminate the Gratuity Control program and the Code of Conduct;
4. Manage reports regarding the receipt of



- Gratification from all Work Units and make a report to the KPK according to the provisions;
5. Submission of a Declaration of Commitment Letter regarding Gratuity Control in the Head Office and Branch Office with the Stakeholders;
  6. Use of PIN "Refuse Gratuity" by every member of the Company;
  7. Formation of micro learning regarding Gratification Control programs through the Company's Smart-share media;
  8. Implement the Whistle-Blowing System (WBS);
  9. Punishment/Sanctions for employees who violate Business Ethics.

## CATEGORY OF SANCTIONS REGARDING CODE OF CONDUCT VIOLATIONS

The Company has set forth the various types of sanctions in relation to each violation of the Code of Conduct in the following two nature of sanctions:

1. Administrative sanctions
  - Light, i.e.: Verbal reprimands; written warning, and dissatisfaction statement. The employee guidance sanction period is 3 (three) months.
  - Medium, i.e.: No leave benefits; no periodic salary promotion and Employee Grade diminution by 1 (one) grade (salary downgrade). Employee guidance sanction period is 1 (one) year.

- Heavy, i.e.: Employee Grade diminution by at least 2 grades (basic salary adjustment); Employment termination and legal proceeding.

The validity period of sanctions as guidance for employees is for 2 (two) years.

2. Financial Sanctions  
Financial sanctions are to recuperate all Financial Losses that have arisen as a result of the disciplinary violations committed.

## RANGE OF THE CODE OF CONDUCT VIOLATIONS IN 2018

In 2018, the range of violations of the Code of Conduct was recorded at 139 violations, which are as follows: light sanctions imposed on 75 employees, moderate sanctions imposed on 37 employees, severe sanctions imposed on 27 employees.

# DISCLOSURE OF CORPORATE CULTURE



S

## SINERGY

Nurturing teamwork with all stakeholders based on a sincere, accessible attitude and encouraging productive collaboration by upholding mutual trust and respect for the attainment common goals.

I

## INTEGRITY

Fostering cooperation with the integrity of all stakeholders based on a sincere, open attitude and encouraging productive collaboration by upholding mutual trust and respect for the attainment of common goals.

I

## INNOVATION

Constantly innovating and striving for unending refinements to create added values for the Company.

P

## PROFESSIONALISM

Visionary, Competent in their Expertise, continuously self-advancing with the latest technological updates in order to deliver the best performance.

S

## SPIRIT TO ACHIEVE EXCELLENCE

Demonstrating a passion and strong commitment to deliver the very best and offer beyond and above for our customers', regarding their expectation of services (internal and external) by safeguarding the importance of quality aspects in every activity in addition to the calculated risks.



## SYNERGY

1. Be sincere, open and show productive collaboration.
2. Show mutual trust and respect.



## INTEGRITY

1. Be consistent and disciplined.
2. Be honest and dedicated.



## INNOVATION

1. Respond to change.
2. Be creative and innovative in making value-added improvements.



## PROFESSIONALISM

1. Be competent, show intrapreneurship and be responsible.
2. Work smart and be result oriented.



## SPIRIT TO ACHIEVE EXCELLENCE

1. Be enthusiastic, proactive and never give up.
2. Be effective, efficient and prioritize customer satisfaction.



# GRATIFICATION CONTROL POLICY

Gratification Control is an important aspect to preserving business activities in line with Business Ethics, which highlights the significance of Integrity. The Company enforces Gratification Control policies aimed at developing the principles of GCG values and instilling the importance of Integrity with all employees, so that business activities are constantly founded on Ethics and Responsibility. Gratuity Control is likewise compulsory so that the business interests are well maintained ethically and do not conflict with the provisions regarding the prohibition of Gratification.

The Company emphasizes the point that its personnel do not give or accept any gift or reward from Customers, Debtors, Vendors, Partners, and other Third-Parties regarding the service provided by the Employees in performing their duties, especially gifts or rewards that may create a Conflict of Interest. This is usually experienced its peak in the days leading up to Religious Holidays (Eid Mubarak, Christmas/New Year). The Company always makes an announcement in a widely distributed national newspaper, stating that the Board of Commissioners, the Board of Directors, and the Employees of Company are fully committed to declining the receipt of and/or requesting any gifts or presents in any form either from or to our customers, debtors, partners/vendors, and other related third-parties.

The Company also persuade all customers, debtors, partners / vendors / work partners and other parties who have or intend to conduct business relations with the Company to support this commitment by not giving gifts or gifts of any kind, whether directly or indirectly directly. The Company also notifies the company through written letters to each customer, debtor, vendor, partner, business partner and other third parties who conduct business relations with the Company.

## GRATIFICATION CONTROL

The Company has established policies that guide the implementation of the Company's Gratification Control through the Board of Directors' Circular Letter No. 68/DIR/CMPD/2017 dated December 11, 2017 concerning the Guidelines for Gratification Control as an initiative in supporting Gratification Control. The Circular Letter regulates a number of things including the following:

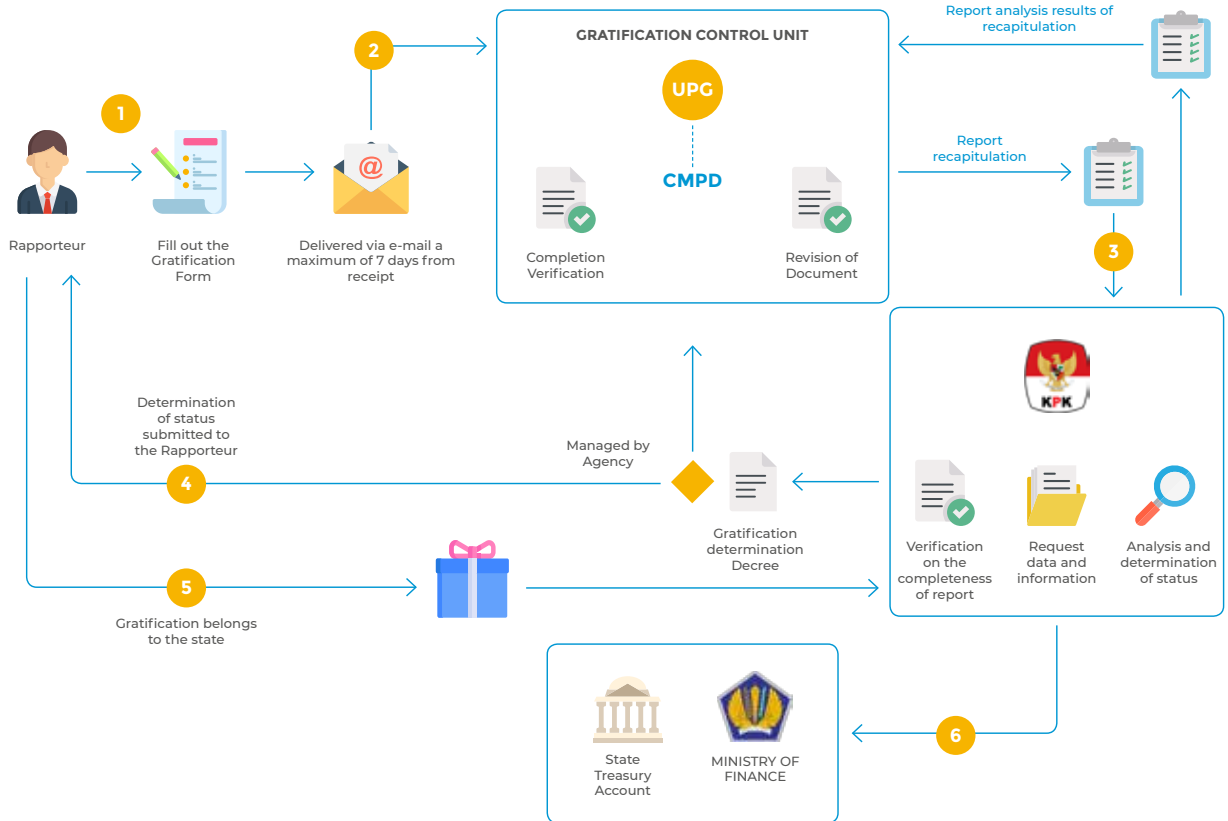
1. General Provisions for Gratification;
2. Basic Principles of Gratification Control;
3. Gratification Category;
4. Manager of Gratification Control;
5. Gratification Reporting Mechanism;
6. Implementation of Gratification Control.

In supporting the efforts to eradicate corruption, the Company actively participates in activities coordinated by the Corruption Eradication Commission including the following:

- a. Attending workshops with the KPK and KLOP (Ministries, Institutions, Organizations and Government);
- b. Attending the National Gratification Control Unit Coordination Meeting held in Bogor on 12-15 November 2018.
- c. Participating in the 2018 World Anti-Corruption Day Festival held in Jakarta on December 4-5, 2018. In the event the Company was named the State-Owned Enterprise with the Best Gratuity Control System in 2018.



The Company has in place a Gratuity Reporting Mechanism as detailed in the following flowchart:



### Description of the Gratification Reporting Mechanism:

1. Employees report the receipt of Gratification to the Corruption Eradication Commission (KPK) through the UPG (d. CMPD) by filling out forms prior to 7 working days from the date the Gratuity was received, Gratuities received by the Reporting Entity are to be kept by the Reporting Party until a Decree from the KPK regarding the ownership status of the intended Gratification.
2. Submission of the form is sent via UPG e-mail address: upg.btn@btn.co.id

The form used in this Circular Letter is adjusted to the type of gratuity received, with the following explanation:

- a. Use form 1, if gratuities are in the form of cash and include bribery Gratuities;
- b. Use form 2, if gratuities are obtained from official activities with values above the limits of gratification as stipulated in item 6.1 of this Circular Letter;
- c. Use form 3, if the gratification is in the form of food/drinks/parcels in order to welcome the holiday season. But if the gratuities obtained in the framework of the holiday season are provided in the form of money/vouchers/goods then continue to use the form 1.

Other aspects that must also be considered in completing the data on the form is the inclusion of Work Units, positions, detailed descriptions regarding the chronology/events of the Gratification referred to as well as any contact telephone numbers and e-mail addresses provided the process of clarifying reports by the UPG and KPK.

3. The UPG continues the Gratuity report to the KPK within 14 working days after the Gratification report was received by the UPG. Then the KPK handles the Gratification report which includes (1) verification of the comprehensiveness of the Gratification report; (2) request for additional data and information from the related parties; (3) analysis of the receipt of Gratification; and (4) the determination of the ownership status of the Gratuities. The process implemented through the Corruption Eradication Commission to determine the status regarding the receipt of Gratification reports are within 30 working days after the Gratification report was received by the KPK in full.
4. The KPK issues a Decree regarding the status of the receipt of the Gratification to the recipient/reporter of the Gratuities and copies it to the UPG no later than 7 working days from the date the decree is stipulated. In the event that the ownership status of the Gratuity is determined to be managed by the agency, the Gratification is submitted by the Bank to the UPG for management.
5. In the event that the Corruption Eradication Commission determines the Gratuities as state property, the Reporting/Recipient renders the Gratuities received to the Corruption Eradication Commission no later than 7 working days from the date the decree was issued. Proof of the rendering to the KPK is to be submitted to UPG,
6. In the case of Gratuities in the form of cash, then the KPK will deposit the cash that has been rendered by the reporter to the account of the State Treasury and then submits the evidence of its deposit to the Reporting Party. Whereas if the Gratuity rendered is in the form of goods, the KPK will submit it to the Directorate General of State Assets and submit the evidence of submission to the Reporting Party.

## GRATUITY CONTROL POLICY IMPLEMENTATION

### Integrity Pact

The Company has in place an "Integrity Pact" program, which is a unified statement from all levels of the Company committing to uphold Morals and Integrity, to Protect and Maintain Reputation, Credibility and the best Interests of the Company by not demanding or receiving Gratuities from parties possessing a Conflict of Interest. The "Integrity Pact" must always be upheld to the highest level, in order to support the Gratification Control activities.

### Gratification Control Awareness Program

On an ongoing basis, in 2018 the Company re-implements the Gratification Control Awareness program as a continuation of the implementation of Gratification policies and Anti-Corruption efforts through several activities, which include the following:

1. The use of a PIN stating "Refuse Gratuity" is attached to attire worn by all the Company's employees;
2. Dissemination of the Gratification Control Program through Anti-Fraud activities to all the Company's employees at the Head Office and the Branch Offices;
3. The issuance of a Pocket Book for the Gratification Control Program;
4. The refinement of internal regulations regarding the Company's Gratuity Control Efforts, which are in accordance with the recommendations of the Corruption Eradication Commission (KPK);
5. Completion of the Compliance quiz by all employees of the Company, which includes quizzes regarding Gratification Control;
6. Announcements in national newspapers regarding the Company's Gratuity Control Program; and
7. Statement of Declaration regarding the commitment of the Company to the pursuit of zero corruption in the Head Office and Branch Offices with the Stakeholders and Partners.
8. Preparation of the Micro Learning Gratification Control Program conducted through Smartshare media that can be conveniently accessed by all employees of the Company.



The Company was awarded the recognition of being a State-Owned Enterprise/Regional Owned Enterprise with the Best Gratuity Control System for 2018. The criteria for evaluation included the completeness of the Gratification Control System tools including the commitments, rules and the Gratuity Control Unit (UPG); Continued innovation of the internal and external socialization, the reporting processes and management quality; quantity of reports concerning Gratuities and the quality of reports, with the following explanation:

**a. Commitment.**

The Board of Directors and Board of Commissioners have fully committed to prohibit all forms of Criminal Acts of Corruption through the signing of the "Integrity Pact" signed by the Board of Directors and the Board of Commissioners

**b. Regulations.**

Bank BTN has enforced all regulations regarding the Implementation Guidelines for Gratification Control through the Board of Directors' Circular Letter No. 68/DIR/CMPD/2017 dated December 11, 2017.

**c. Gratification Control Unit (UPG)**

Bank BTN established the UPG, which comes under the supervision of the Compliance and Governance Division (CMPD), more specifically the Corporate Governance Department. The duties and responsibilities of the UPG includes the dissemination of policies and guidelines across all Work Units and levels of the Bank's organization; receiving and processing Gratuity reports from the Bank's Management and Employees; reviewing Gratification reports and providing the recommendation for the report to be processed by the Gratification Manager or by the KPK and the submission of all Gratification reports received to the KPK.

**d. Innovation**

In 2018, Bank BTN initiated several awareness programs concerning Gratification Control including the concept of Micro-Learning in 5 videos concerning Gratification Control, which can be conveniently accessed by all employees through the Smartshare Knowledge Management System media channel. In addition, the Company has likewise organized prize quizzes associated with Gratification Control that

are required to be attended by all employees of the Head Office and Branch Offices. Whereas externally it is executed through the publication of information through several leading newspapers regarding the policies of the prohibition of Gratification with Bank BTN employees.

**e. Quality Management**

Gratification Control in the Bank BTN work environment is exercised through effective Monitoring and Evaluation by the KPK conducted annually. The KPK has ensured that the Control of Gratuities was implemented consistently including the assessment of innovation and the quantity and quality of reporting Gratuities in the Bank BTN work environment.

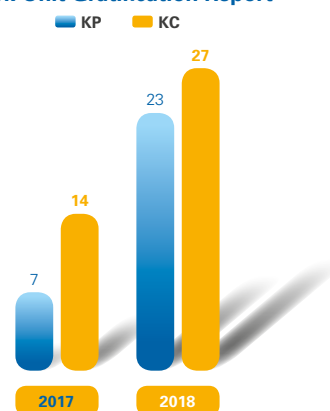
**f. Quantity and Quality of Reports**

Quantitatively, the total number of reports of Gratuities received by UPG throughout 2018 were 50 reports. This marked an increased when compared to the previous year with only 21 reports. Whereas in terms of the quality of reports there was an increase in the level of awareness of reporters, which came from various ages, levels, and positions within the Company.

**REPORT REGARDING THE ACCEPTANCE OF GRATIFICATION**

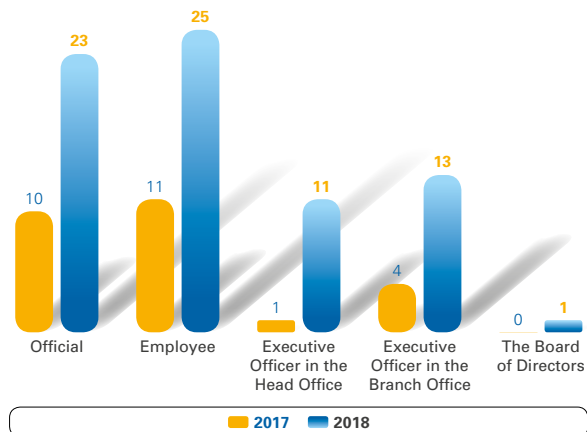
Throughout 2018, there were 50 reports of Gratuities received from the Head Office and Branch Offices, which consisted of reports concerning Bribery, Official Gratification, and Gratuity of Parcels in the lead up to Religious Holidays.

**Work Unit Gratification Report**

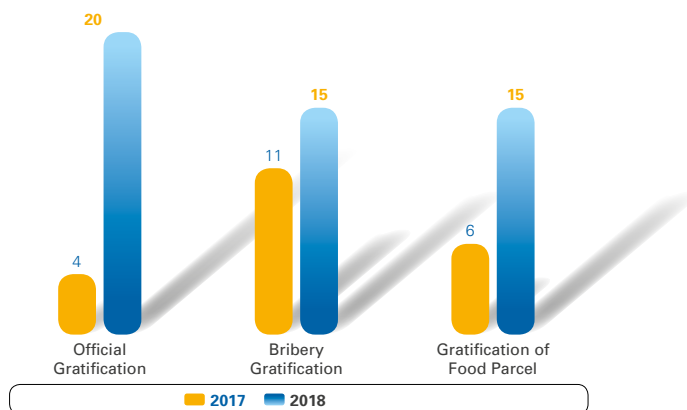


## GRATIFICATION CONTROL POLICY

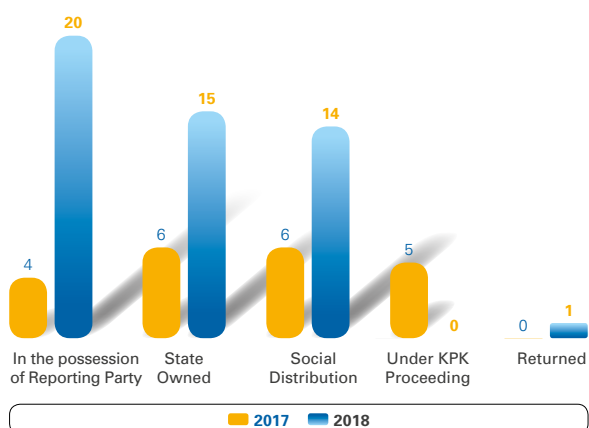
### Gratification Report based on of Reporter's Position



### Gratification Report on the basis of the Type of Gratification



### Gratification Report on the basis of Ownership Status





# GOODS AND SERVICES PROCUREMENT POLICY

The Company has policies related to the procurement of Goods and Services, which form the central reference point for all procurement activities performed by the Procurement Unit. This policy forms one of the indicators in the Corporate Governance process, which is specifically Transparency in the terms of procurement, where the course of procurement is implemented through a Tender process through the consideration of several aspects including the Disclosure of Information, avoiding Conflicts of Interest, efficiency, and converging on the determination of obtaining the best quality Goods or Services. The procurement of Goods and Services is regulated under the Company's Procurement of Goods and Services policy, this acts as a guideline for the procurement of both strategic and non-strategic Goods and Services in order to assist the Company's Operational activities in accordance with the expectations of quality, quantity, time schedule, price and the application of the principles of Risk Control Management.

## PRINCIPLES OF PROCUREMENT OF GOODS AND SERVICES

The Company enforces the procedures for the procurement of Goods and Services with the desired aim of providing added value in boosting business operations. Therefore, the Company pays close attention to the basic principles of implementing procurement as follows:

<b>Effective</b>	Procurement activities must be in accordance with the requirements/plans that have been determined and will provide optimal benefits for the Bank.
<b>Efficient</b>	Procurement is performed in order to achieve quality in accordance with the agreed time at the best price level
<b>Open and competitive</b>	Procurement implementation must be open to Goods and Services Providers who have fulfilled the requirements and is implemented through a spirit of fair competition with Goods and Services Providers and fulfilling certain conditions/criteria based on Clear and Transparent regulations and procedures
<b>Transparent</b>	All regulations and information regarding the implementation of Procurement, including technical and administrative requirements, procedures for evaluation, results of evaluation, determination of prospective Providers of Goods and Services are open in nature.
<b>Fair and Non-discriminatory</b>	Provide equal treatment with all prospective Suppliers of Goods and Services and do not lead to providing benefits or means to certain parties for any reason
<b>Accountable</b>	The process, results, and payment of procurement must be fully Accountable
<b>Responsible</b>	Procurement is to be implemented carefully and must comply with all applicable regulations.
<b>Independent</b>	The procurement decision is taken objectively and is to be free from the undue influence of any party.

The Company strives to realize procurement based on the basic principles, by implementing the following matters:

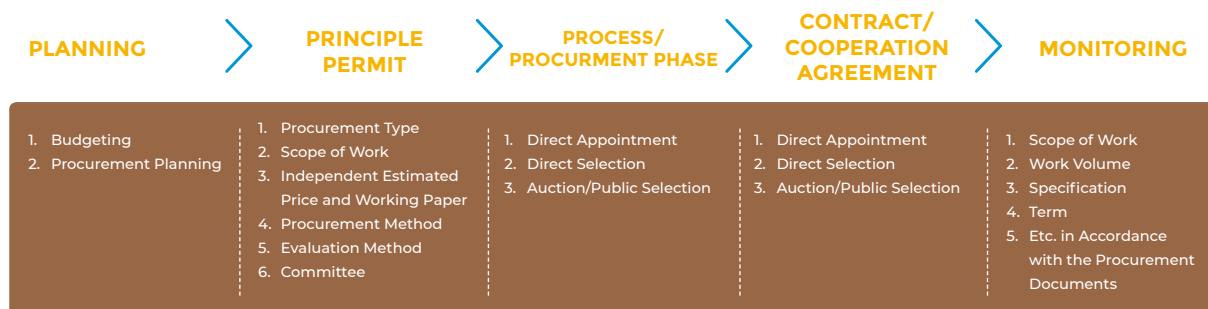
1. Separation of functions in the Procurement Implementation Unit, i.e. a unit that conducts the selection process for potential partners/vendors, a unit that performs the procurement process, a unit that compiles the Independent Estimated Price; and the Compliance Task Force.
2. Always complying with and to be in accordance with all internal and external regulations;
3. Implementing the principles of Risk Management, which include Identification, Assessment, Mitigation, Monitoring and Operational Risk Measurement.
4. Guided by a Working Culture based on the Company's values, GCG, and compliance with the Code of Conduct and principles of prudence.



## GOODS AND SERVICES PROCUREMENT POLICY

In addition, to maintain a quality procurement process with no Conflict of Interest and free from Corruption, the Company's Executives are required to sign the "Integrity Pact" in order to perform the procurement of Goods and Services.

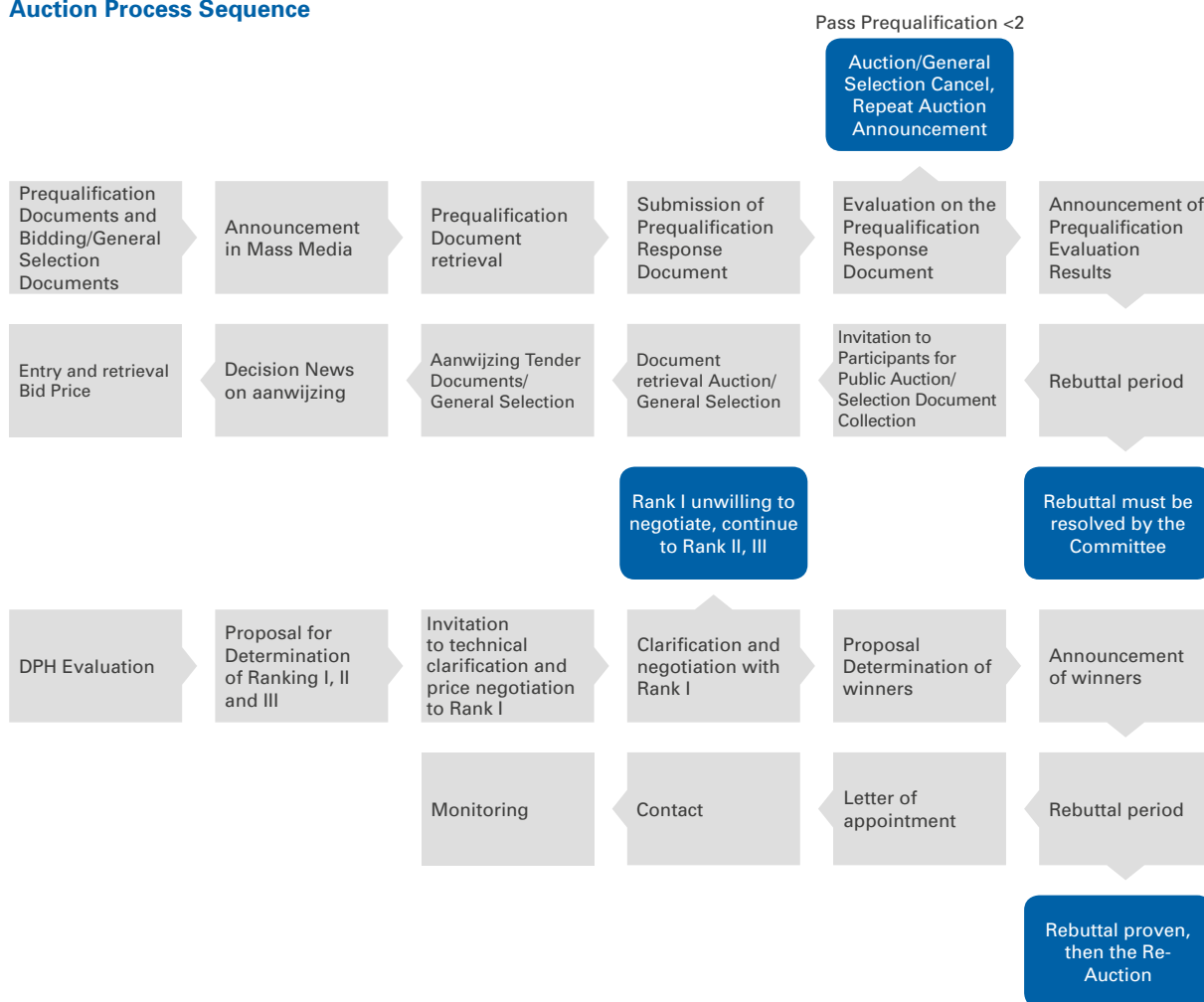
### Procedure for Procurement of Goods and Services



The method used in the procurement of Goods and Services are performed through:

1. Auction, for the procurement of Goods and Services with a value of over Rp2,500,000,000 (Two billion, Five hundred million Rupiah).

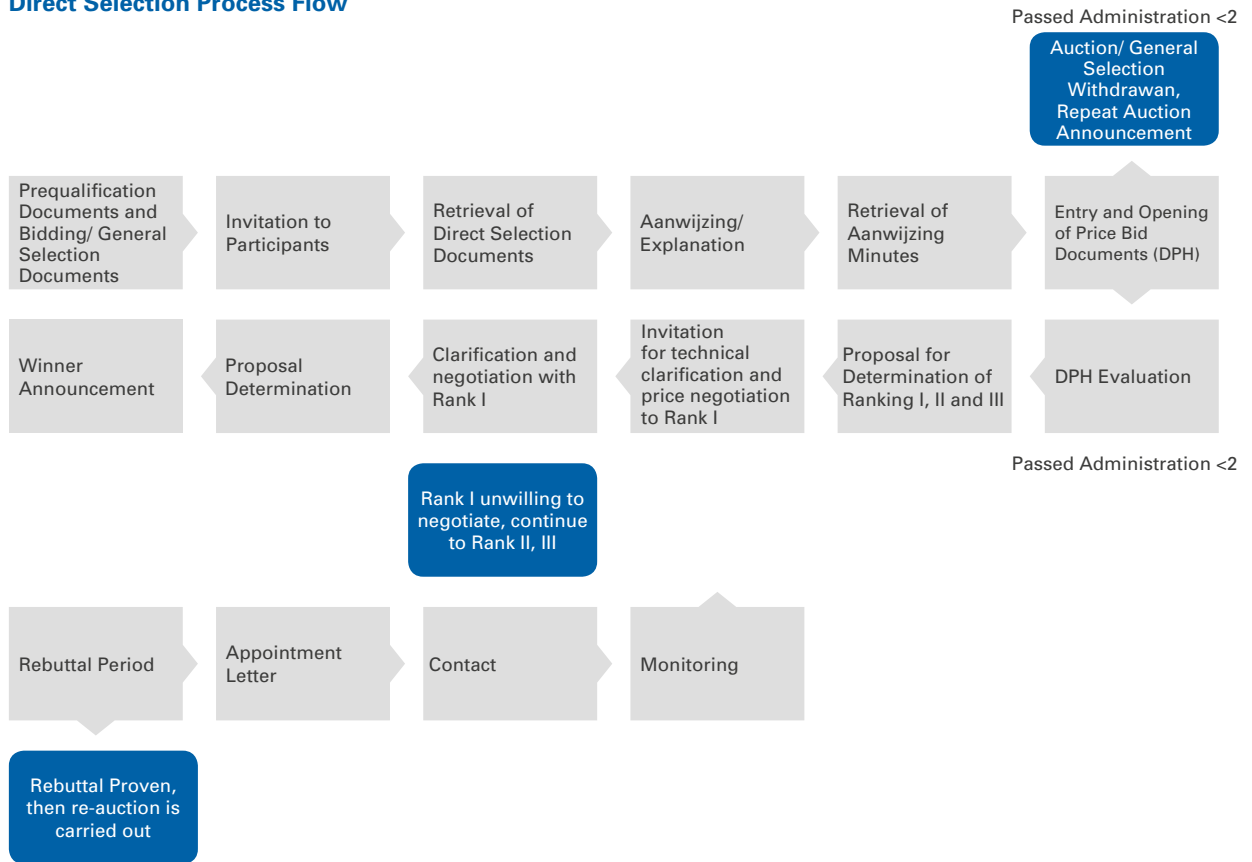
### Auction Process Sequence





2. Direct Selection, for the procurement of Goods and Services with a value of over Rp500,000,000 (Five hundred million Rupiah) through to Rp2,500,000,000 (Two billion Five hundred million Rupiah).

#### Direct Selection Process Flow



3. Direct Appointment, for the procurement of Goods and Services with a value of up to Rp500,000,000 (Five hundred million Rupiah)

#### Direct Appointment Process Sequence



### PARTNER MANAGEMENT

The Company establishes partners to meet the qualifications and classifications as determined by each unit of service users and in full accordance with the policy. The Company conducts standards and programs that will optimize the quality of partners in collaborating with the Company through the following activities:

Assessment of the partners is conducted using Assessment Variables that cover the aspects of quality, delivery, flexibility, responsiveness, price, and violations. The following vendors that are managed by PGSD must fulfill the following criteria:

- Vendor Excellence : 55.85%
- Need Improvement : 3.72%
- Good Vendor : 40.43%

### PROCUREMENT OF GOODS AND SERVICES FOR 2018

Throughout 2018, the total value of the procurement of Capital Expenditure that was managed through the Procurement Division amounted to Rp526.7 billion, amounted Rp407.5 billion was managed by PGSD's capital expenditure outside IT procurement, which generally included land-related procurement, building construction/renovation, office machinery, office furniture and official homes.

### GOODS AND SERVICES PROCUREMENT AUDIT

Throughout 2018, there were no Audit Findings, either through the External Auditors or Internal Auditors regarding any procurement that could jeopardize the Company and there were no objections to the selection of Suppliers of Goods and Services. The procurement of Goods and Services of the Company is constantly evaluated to ensure that the procurement of Goods and Services was implemented properly. One of the undertakings, which is the implementation of both Regular and Occasional Audits, Internal and External Audits.



# VIOLATION REPORTING SYSTEM (WHISTLEBLOWING SYSTEM)

The Company's Whistleblowing System (WBS) policy is guided by Bank Indonesia Regulation No. 5/8/PBI/2003 amended by PBI Number 11/23/PBI/2009 and the Bank Indonesia Circular Letter No. 13/28 /DPNP concerning the Anti-Fraud Policy. The Company's WBS forms an integral part of the Internal Control System in preventing the occurrence of irregularities with the aim of both detecting and preventing the occurrence of irregularities or violations and to gradually create an open, sincere, honest and responsible work climate in the Company.

## TYPES OF ABUSES THAT MAY BE REPORTED

Violations or deviations are any form of action that significantly interferes with the business continuity or threatens the safety of the Company. Several examples of violations and/or irregular practices that may be reported based on the WBS policy include the following:

1. All criminal violations (including theft, fraud, drug use, corruption etc.);
2. Abuse of Authority in serving customers, vendors, or suppliers (e.g. unwarranted payment delays, extortion, etc.);
3. Violations of Banking regulations regulated in the Law No. 10/1998 of Law No. 7/1992, regarding the failure to implement the principle of prudence, disclosing customers' personal data to unauthorized persons, making incorrect logging, asking for money for banking services performed, etc.;
4. Actions that endanger Occupational Health and Safety;
5. Actions that may jeopardize the Company, both financially and non-financially, including the tarnishing of the Company's reputation;
6. Violations of Internal Rules (SOP), which may damage the Integrity of Corporate Reporting, both in the field of finance and any other fields.
7. Actions that may damage the Company, both financially and non-financially, including damaging the Company's Reputation;

8. Actions of serious violations of the Code of Conduct for Employees;

## WHISTLE-BLOWING SYSTEM INFORMATION DISSEMINATION

WBS internalization within the Company is implemented by distributing the guidelines concerning the Whistle-Blowing System (WBS) as stipulated by the Board of Directors' Circular Letter and through sharing sessions presented directly to all the Company's leaders and employees. In addition, to reaching all the Company's stakeholders, the Whistle-Blowing System socialization was also conducted through the Company's website and various other media, including internal newsletters, posters, live presentations of the WBS ethics and policy guidelines.

## ABUSE REPORT AND WBS CHANNELS SUBMISSION MECHANISM

In submitting violation reports, the mechanism is designed for the informant to submit a report/disclosure and then send it based on the indications of the committed violations and the suspects, including the following:

1. The alleged violation report shall be directly addressed to the SPP/WBS team if the alleged violator is staff.
2. The alleged violation report shall be directly addressed to the President Director if the alleged violator is a member of the SPP/WBS team.
3. The alleged violation report shall be directly addressed the President Director and reported to the Board of Commissioners if the alleged violator is a member of the Board of Directors or their family members.
4. The alleged violation report shall be directly addressed to the President Director if the alleged violator is a member of the Board of Commissioners or their family members.

## VIOLATION REPORTING SYSTEM (WHISTLE-BLOWING SYSTEM)

In addition, the Company also develops the supporting arrangements in implementing the WBS policies whereby the reporter shall submit reports through the following media:

1. The Whistle-Blowing System Team of PT Bank Tabungan Negara (Persero) Tbk
  - a. PO Box 10000 BTN Whistle-Blowing System (WBS) Bank BTN
  - b. Email: wbs.btn@btn.co.id
  - c. SMS/Phone: 0811-92-45678
2. President Director if the reported party is a member of the Board of Commissioners or their family members:
  - a. President Director of PT Bank Tabungan Negara (Persero) Tbk
  - b. PO Box 10000 BTN Whistle-Blowing System (WBS) Bank BTN
3. The Board of Commissioners if the reported party is a member of the Board of Directors or their family members:
  - a. The Board of Commissioners of PT Bank Tabungan Negara (Persero) Tbk
  - b. PO Box 10000 Bank BTN Whistle-Blowing System (WBS) Bank BTN

## WHISTLEBLOWER PROTECTION

The Company guarantees the protection of the Whistle-Blower who shows a good intention of reporting any violations that may risk causing a loss for the Company. The protections included are the following:

1. Reporting communication channel (verbally, telephone, email) that is free and confidential or an independent and confidential Ombudsman. The Informant will receive follow-up information from the communication channel regarding the report submitted concerning the alleged violations;

2. Guaranteeing the Informant's anonymity, unless there is a legal requirement that requires the identity to be disclosed in the presence of the judge;
3. Protection from retaliation from the Informant or the Organization being reported. This protection may include the following measures:
  - a. Physical protection either against himself/herself or his/her family;
  - b. Protection of his/her property and his/her family against terror or retaliation;
  - c. Administrative protection in the form of promotion delays, dismissal, exclusion in the workplace, infeasible transfers, including job security, etc.;
  - d. Legal protection, in the litigation process in the District Court, including the cost, and if necessary, including protection through the Witness and Victim Protection Agency (LPSK).

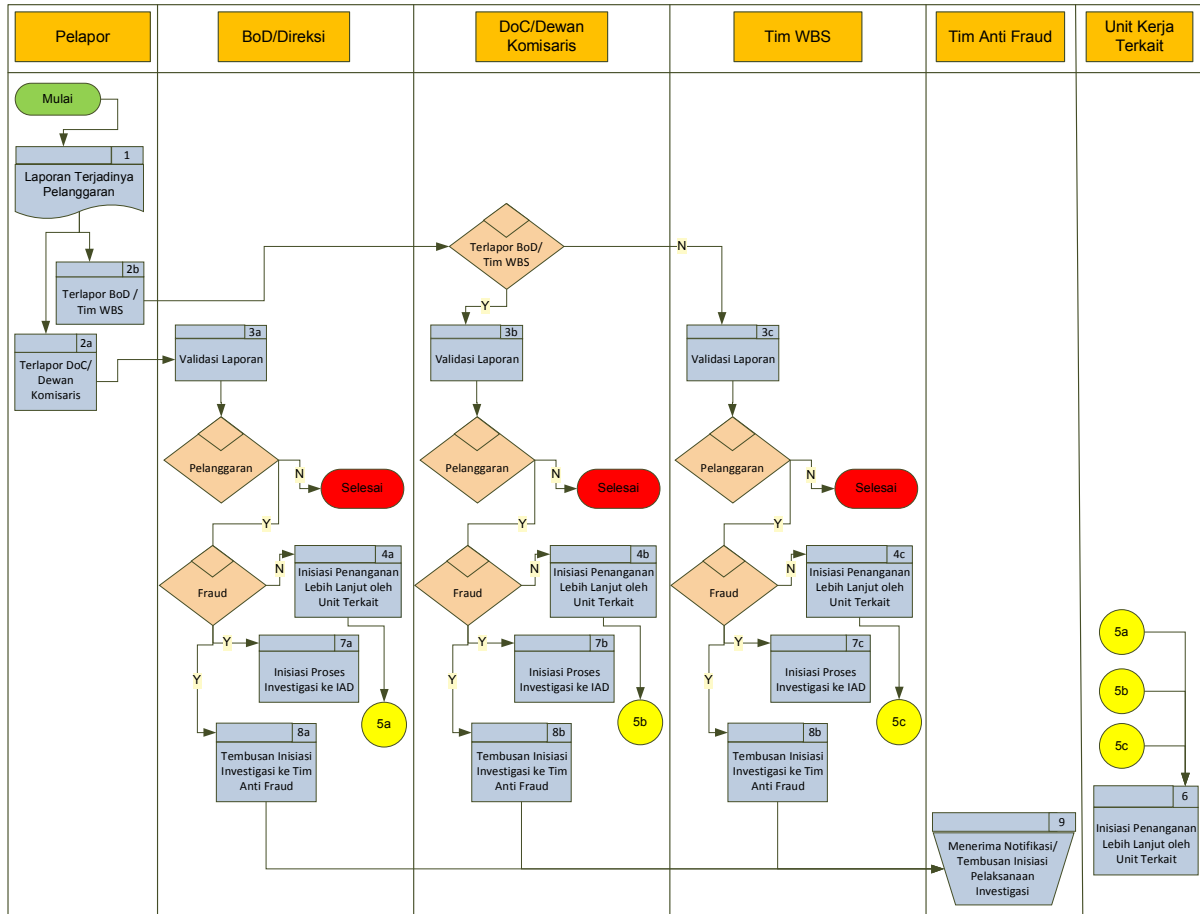
## MANAGEMENT TEAM AND COMPLAINT HANDLING MECHANISM THROUGH WBS

The Company's WBS is managed by the WBS Team, which consists of:

1. Head of the Internal Audit Division
2. WBS Management Unit (Secretary),
3. Head of the Compliance Division (Member),
4. Head of the Human Capital Division (Member) and
5. Head of the Risk Management Division (Member).



Every report received, is followed up by the WBS Team with the following procedure:



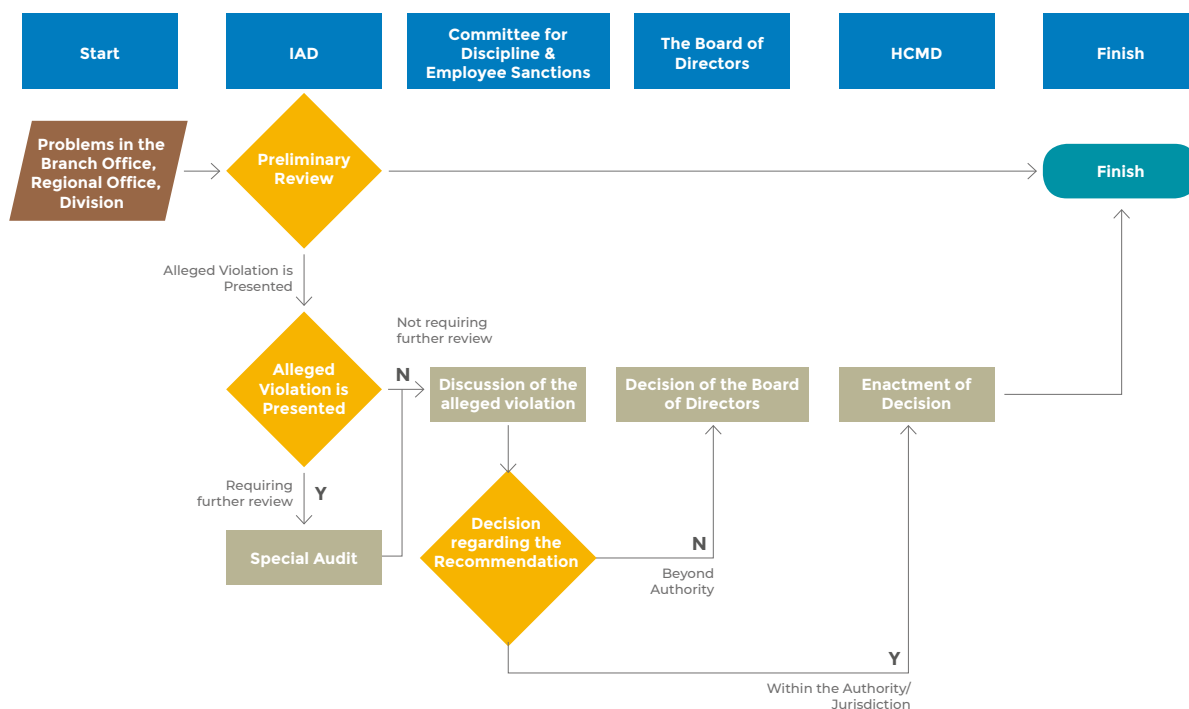
Sanctions (Legal) Process Flow Chart





## VIOLATION REPORTING SYSTEM (WHISTLE-BLOWING SYSTEM)

Sanctions (Bank) Process Flow Chart



## WBS REPORTING AND HANDLING SUMMARY

In 2018, there were 122 reports received, which consisted of 11 reports that were submitted via Letter/PO BOX, 30 reports via text/phone/direct report, and 71 reports via email. Based on the reports received, 106 reports were settled without any further Audit (Audit clarification and/or Special Audit) and 6 reports were passed for further Audit processing (Audit clarification and/or Special Audits). In detail, the extent of complaints/accusations forwarded to the Audit process over the last 5 years are as follows:

Year	Media Channel			Follow Up			
	Letter/ PO BOX	SMS/ HP/ Direct Reporting	Email	Closed reports (Not proven)	Ongoing reports (Audit process/ Reporting process/ Interdivision process)	Reports that were issued with sanctions (Including Administrative Sanctions)	Reports forwarded to Investigators (Related to Public Crimes or Corruption)
2014	0	1	2	1	0	2	0
2015	7	3	9	7	0	11	1
2016	5	2	1	0	1	7	0
2017	1	0	4	0	2	2	1
2018	1	0	5	0	6	0	0



# SHARIA BUSINESS UNIT GOVERNANCE (UUS)

## UUS GOVERNANCE IMPLEMENTATION POLICY

The Company has established a Sharia Business Unit Management (UUS), which is designed to guide the Company's management to operate in accordance with the five basic principles of Sharia, and is also targeting broader interests. The main interests of concern here include protecting the interests of stakeholders and increasing compliance with the prevailing laws and regulations and ethical values that apply generally to the Islamic banking industry.

The Company is at all times consistent in promoting and refining our performance, particularly in UUS services to our customers and stakeholders whilst adhering to the principles of Sharia and based on the five basic principles of GCG, which are Transparency, Accountability, Responsibility, Professionalism and Equality. Policies regarding the management of UUS in the Company refer to several regulations, including the following:

1. Law No. 21 of 2008 concerning Islamic Banking dated July 16, 2008.
2. Bank Indonesia Regulation No. 11/10/PBI/2009 concerning Sharia Business Units as amended by Bank Indonesia Regulation No. 15/14/PBI/2013;
3. Bank Indonesia Regulation No. 11/33/PBI/2009 concerning the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Units.
4. Bank Indonesia Circular Letter No. 12/13/DPbS dated April 30, 2010 concerning the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Units.
5. The Board of Directors Decree No. 02/KD/DIR/SPMD/2015 regarding the Organizational Structure of the Head Office of PT. Bank Tabungan Negara (Persero) Tbk.
6. The Company's Articles of Association.

The implementation of UUS Governance in the Company is based on 5 (five) basic principles consisting of:

- **Transparency:** i.e. directness in presenting materials and relevant information and Transparency in the decision-making process.
- **Accountability:** i.e. the clarity and truth of the presentation of information regarding the management of the Bank that operates effectively as per the objectives set forth.
- **Accountability:** i.e. the management of the Bank adheres to all applicable laws and regulations and the principles of Healthy UUS management.
- **Professionalism:** possessing the competence, ability to act objectively and free from undue influence/pressure from any party and possessing a high commitment to expanding the Sharia business.
- **Fairness:** i.e. justice and equality in fulfilling the rights and interests of all stakeholders based on all applicable legislations.

## UUS'S VISION AND MISSION

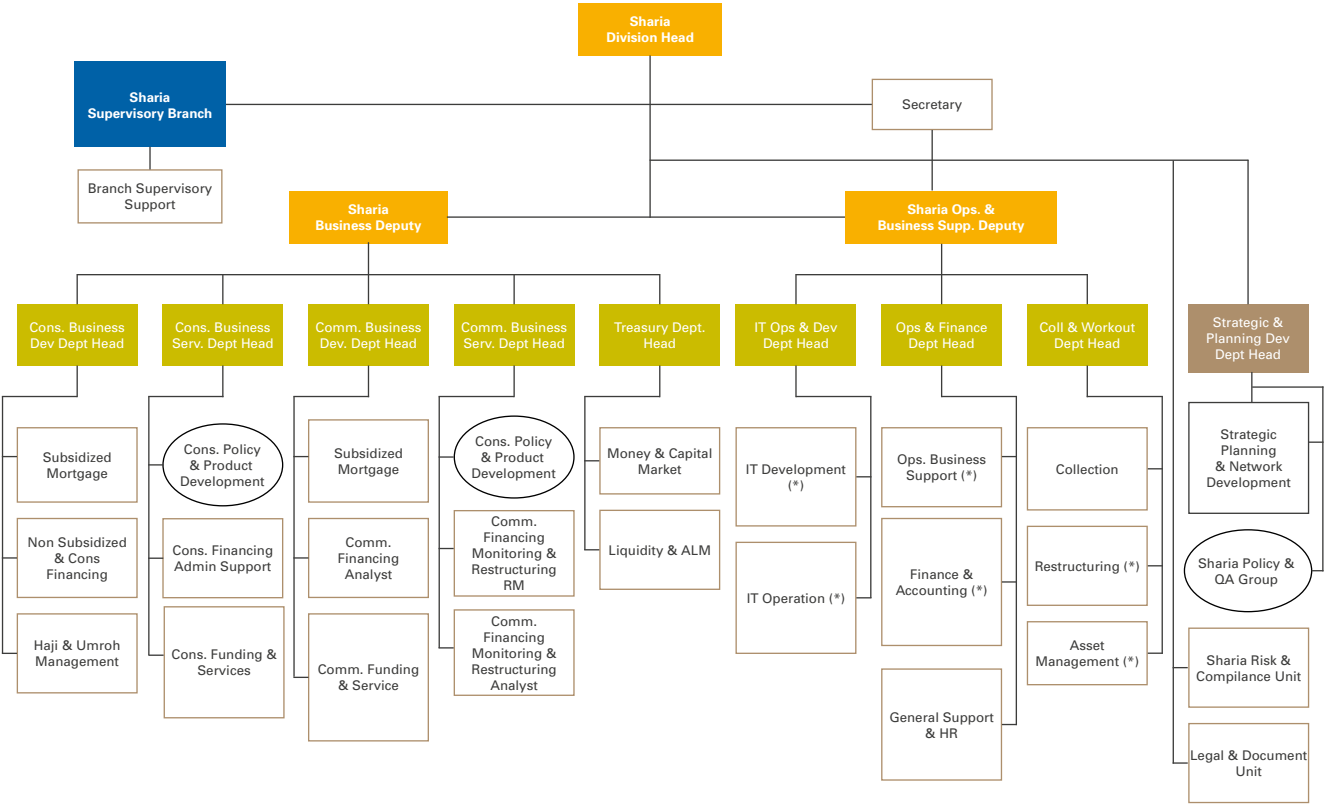
### Vision

"Becoming the leading Islamic Bank in Housing Finance and related industries"

### Mission

1. Providing innovative products and services as well as superior service that is focused on providing Housing and Industrial Financing along with Low-Cost Funding sources.
2. Develop quality Human Capital possessing high levels of integrity and through the application of Good Corporate Governance and Compliance.
3. Increasing our competitive advantage through the latest Information Technology.
4. Caring about the interests of the Community and the Environment.

Sharia Business Unit Structure





In conducting the Sharia Business Unit, the Company is supervised by the Sharia Supervisory Board of the Company and managed by the Director of Sharia Business Unit, as well as established 1 (one) Division at the Head Office by providing a service network in the form of Sharia Branch Offices (KCPS), Sharia Cash Offices (KKS) and Shariah Office Channeling.

## SHARIA SUPERVISORY BOARD

The Company is supervised by the Sharia Supervisory Board (DPS), which is the board responsible to provide advice and recommendations to the Board of Directors and to supervise the UUS's activities in accordance with the principles of Sharia as stipulated in Bank Indonesia Regulation No. 15/14/PBI/2013 regarding the Amendment to Bank Indonesia Regulation No. 11/10/PBI/2009 regarding Sharia Business Units. All the UUS' funds products, financing, and services must be approved by the DPS in order to ensure the Suitability and Compliance of the products with the principles of Sharia.

### Composition of the Sharia Supervisory Board (DPS)

Appointment of the Company's DPS is based on the DPS requirements in accordance with Bank Indonesia Regulation No. 11/10/PBI/2009 concerning Sharia Business Units as amended by Bank Indonesia Regulation No. 15/14/PBI/2013, where the DPS Members must possess Integrity, Competence and a Positive Reputation in Finance.

Prior to the 2018 Annual GMS, the number of Company's DPS amounted to 3 people, consisting of 1 (one) DPS chairman and 2 (two) DPS members, as follows:

Name	Position
Drs. H. Ahmad Nazri Adlani	Chairman of the Sharia Supervisory Board
DR.H. Mohamad Hidayat, MBA,MH	Member of the Sharia Supervisory Board
Ir. H. Muhammad Syakir Sula	Member of the Sharia Supervisory Board

Based on the decision of the 2018 Annual GMS, it was decided to appoint a new Chairman and Member of the DPS of the Company and dismiss the Chairman and Members of the previous DPS, thus the DPS of the Company was named in March 23, 2018:

Name	Position
Prof. Dr. H. Muhammad Quraish Shihab, MA	Chairman of the Sharia Supervisory Board
DR.H. Mohamad Hidayat, MBA,MH	Member of the Sharia Supervisory Board
Muhammad Gunawan Yasni, SE.Ak., MM, CIFA, FIIS, CRP, CA	Member of the Sharia Supervisory Board

### Appointment and Dismissal of DPS

The Company appoints and dismiss DPS through the GMS after obtaining a recommendation from the National Sharia Council of the Indonesian Ulama Council (DSN-MUI) by referring to Bank Indonesia Regulation Number 11/10/PBI/2009 concerning Sharia Business Units as amended by Bank Indonesia Regulation Number 15/14/PBI/2013, including the following:

1. The Remuneration and Nomination Committee provides recommendations to prospective DPS members to the Board of Commissioners;
2. Based on the recommendations of the Remuneration and Nomination Committee, the Board of Commissioners recommends DPS member candidates to the Board of Directors;
3. Based on certain considerations by taking into account the recommendations of the Board of Commissioners, the Board of Directors' meeting shall determine prospective DPS members for recommendations to the Indonesian Ulama Council;
4. The Indonesian Ulama Council provides or does not provide recommendations for prospective DPS members submitted by the Board of Directors;

5. The Bank submits an application for approval to Bank Indonesia/the Financial Services Authority for prospective members of the DPS that have received a recommendation from the Indonesian Ulama Council;
6. Bank Indonesia/the Financial Services Authority gives approval or rejection of the intended members of the Sharia Supervisory Board;
7. Prospective DPS Members who have obtained approval from Bank Indonesia/the Financial Services Authority are appointed by the Company at the GMS no later than 3 (three) months from the date of approval;
8. The General Meeting of Shareholders appoints members of the Sharia Supervisory Board who have received a recommendation from the Indonesian Ulama Council and the approval of Bank Indonesia/the Financial Services Authority. In the event that the appointment of members of the Sharia Supervisory Board by the General Meeting of Shareholders is carried out prior to Bank Indonesia's approval, then the appointment will only be effective if the member of the Sharia Supervisory Board has been approved by Bank Indonesia/the Financial Services Authority.
9. Appointment of prospective DPS members must be reported by the Sharia Business Unit to Bank Indonesia/the Financial Services Authority no later than 10 (ten) days from the date of appointment;
10. Dismissal and/or resignation of DPS members are reported by the Sharia Business Unit to Bank Indonesia/Financial Services Authority no later than 10 (ten) days after effective dismissal and/ or resignation.

### Sharia Supervisory Board Profile

A brief profile of the Sharia Supervisory Board (DPS) is expounded in the Profile section of the Sharia Supervisory Board of this Annual Report.

### Work Guidelines

In exercising its duties and responsibilities, the DPS refers to Bank Indonesia Regulation No. 11/33/PBI/2009 concerning the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Units.

### DPS Duties and Responsibilities

1. Assess and Warrant Compliance with the Principles of Sharia regarding Operational guidelines and products issued by the Bank;
2. Oversee the of development process new Bank products in accordance with the fatwa of the National Sharia Council - Indonesian Ulema Council;
3. Deliver Sharia opinions regarding new products and/or restructured financing
4. Request a fatwa from the National Sharia Council - Indonesian Ulema Council for new Bank products having no fatwa's;
5. Conduct periodic reviews regarding the fulfillment of Sharia Principles in raising and channeling funds, and Bank services;
6. Request data and information related to Sharia aspects from the Bank's Work Units in order to perform its duties.

### DPS Independency

The Company's members of the UUS Sharia Supervisory Board are independent parties having no Family Ties, Financial Relationships with the Controlling Shareholders, Directors of the UUS, and members of the Board of Commissioners.

Independency Aspect	Prof. Dr. H. Muhammad Quraish Shihab, MA	DR.H. Mohamad Hidayat, MBA,MH	Muhammad Gunawan Yasni, SE.Ak., MM, CIFA, FIIS, CRP, CA
Having no Family Ties with members of the Board of Commissioners, the Board of Directors and Shareholders	√	√	√
Having no Financial Relationships with the Board of Commissioners, the Board of Directors and Shareholders	√	√	√
Having no Concurrent positions either as consultants, members of the Board of Directors or as members of the DPS.	√	√	√



#### DPS Concurrent Positions

Name	Position	Concurrent Position
Prof. Dr. H. Muhammad Quraish Shihab, MA	Chairperson of the Sharia Supervisory Board	<ul style="list-style-type: none"> <li>Chairman of Bank BTN's UUS DPS</li> <li>Chairman of CIMB Niaga's DPS</li> </ul>
DR.H. Mohamad Hidayat, MBA,MH	Member of the Sharia Supervisory Board	<ul style="list-style-type: none"> <li>SSB Member of BTN Syariah SBU (banking)</li> <li>SSB Member of BSM (banking)</li> <li>SSB Member of PT Asuransi Manulife (insurance)</li> <li>SSB Member of PT Asuransi Allianz Syariah (insurance)</li> <li>SSB Member of PT BRIngin Life Syariah</li> </ul>
Muhammad Gunawan Yasni, SE.Ak., MM, CIFA, FIIS, CRP, CA	Member of the Sharia Supervisory Board	<ul style="list-style-type: none"> <li>Member of Bank BTN's UUS DPS</li> <li>Member of Bank BRI Syariah's DPS</li> <li>Chairman of the DPS of Manulife Asset Management Indonesia</li> <li>Chairman of the DPS at Astra Buana Insurance</li> </ul>

## Sharia Supervisory Board (DPS) Report

### 1. DPS Meetings

The DPS meetings are held according to the fulfillment of functions and responsibilities of the DPS in delivering Sharia opinions regarding new products, to assess and warrant compliance with the principles of Sharia regarding Operational, product guidelines, and to have the right to data and information for the evaluation of the aspects of Sharia Work Units.

Policies related to the implementation of the DPS meetings refer to Bank Indonesia Regulation No. 11/33/PBI/2009 dated December 7, 2009 concerning the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Units, in which the DPS meetings are scheduled to be held regularly at the frequency of 1 time per month. All decisions taken in the Company's DPS meetings are based on consensus. Minutes of the Company's DPS Meetings are initialed and signed by all DPS members who were present and well documented. The results of the DPS meeting are used as information for the Company's UUS business decisions.

Throughout 2018, the Company's DPS has conducted meeting as much as 12 (twelve) meetings with the frequency and level of attendance of DPS, as follows:

Name	Number of Meetings	Attendance	Frequency (%)
Prof. Dr. H. Muhammad Quraish Shihab, MA	12	10	83%
DR.H. Mohamad Hidayat, MBA,MH	12	12	100%
Muhammad Gunawan Yasni, SE.Ak., MM, CIFA, FIIS, CRP, CA	12	10	83%

### 2. The Opinion of DPS Regarding the Implementation of Sharia Compliance

In 2018, the DPS of the Company's Sharia Business Unit has conducted 12 (twelve) meetings and issued 8 (eight) opinions related to the implementation of sharia compliance with a list of opinions, based on the minutes of the DPS meeting with the Company's Sharia Business Unit as follows:

Date	Subject Matter	Bank Operational Activities
January 10, 2018	Preparation of Draft Material for the Second Semester Report for 2017	
February 07, 2018	Finalization of the DPS Supervisory report for the Second Semester Report of 2017	
March 07, 2018	Bank BTN UUS December Performance Report for 2017	
April 27, 2018	IAD Findings and Materials Regarding the Use of Promotional Budgets for Customers in savings books with a certain balance	Bank Activities



Date	Subject Matter	Bank Operational Activities
May 04, 2018	<ul style="list-style-type: none"> <li>Materials for the Bank BTN's Syariah Savings Promotion Program</li> <li>Materials of IAD Findings Concerning the Use of Promotional Budgets to Customers in a savings book with a certain balance Material of BTN Syaria Savings Promotion Program</li> </ul>	Bank Activities
Juny 25, 2018	Elimination of Ta'widh and Ta'zir Clauses for Commercial Financing	Bank Activities
July 30, 2018	Audit Findings and Materials Associated with the Settlement of Suspended and Differences, and Improvements to the Imposition of Ta'widh fines and the Elimination of segments of the Murabahah margins and Advance Loans	Bank Activities
October 03, 2018	Overview of DPS Activities and Results of Pick Tests in 2018	
October 29, 2018	Additional Profit Sharing at iB BTN Gold Savings	Bank activities
December 10, 2018	Takeover of the Troubled Assets of the Bank BTN UUS by the Asset Management Company (Persero)	Bank Activities

### 3. Frequency, Advice and Recommendation Method, Supervision of Practice Compliance

The Company's DPS performs its duties by providing advice and recommendations to the Director of the UUS and supervising the UUS activities to ensure compliance with the principles of Sharia as set forth in the Minutes of Meeting and Report of the DPS Supervisory. The supervision of the Company's UUS operation was implemented on the existing products, as detailed below:

DPS Supervision Activities	Monitoring Mechanism	Frequency
Supervised the development process regarding the Company's new products in accordance with the Fatwa of the National Sharia Council - Indonesian Ulama Council.	<ol style="list-style-type: none"> <li>Assessed and Warranted the Company's Operational guidelines and product Compliance with the principles of Sharia.</li> <li>Assessed and Warranted the Company's Operational guidelines and product Compliance with the principles of Sharia.</li> </ol>	<ol style="list-style-type: none"> <li>Provided opinions regarding new products in 2018 that had no previous opinions.</li> <li>Providing opinions related to daily work activities as many as 8 (eight) opinions.</li> </ol>
Conducted periodic principles of Sharia Compliance reviews regarding the mechanism of raising and channeling funds and the Bank's services.	<ol style="list-style-type: none"> <li>Reviewed of the fulfillment of the principles of Sharia regarding the mechanism of raising funds and channeling funds and providing the Bank's services through random sampling tests of Sharia Branch Offices.</li> <li>Prepared reports regarding results of the random sampling tests concerning the fulfillment of the principles of Sharia regarding the mechanism of raising funds and channeling funds and providing the Bank's services through the random sampling tests at Sharia Branch Offices.</li> <li>Prepared the Semester Report for the Financial Services Authority regarding the results of the supervision report concerning Compliance with the principles of Sharia in Bank BTN's UUS</li> <li>Convened Sharia Supervisory Board Meetings.</li> </ol>	<ol style="list-style-type: none"> <li>Performed on 6 Sharia Branch Offices.</li> <li>The DPS Random Sampling Test Results Report on 6 Sharia Branch Offices.</li> <li>2017 Second Semester Report and 2018 First Semester Report.</li> <li>The implementation of DPS meeting throughout 2018 was held 12 times</li> </ol>
Analyzed reports submitted by and/or requested from the Board of Directors, implemented Internal Audit Functions and/or Compliance Functions in order to determine the quality of implementation of Compliance with the principles of Sharia concerning fund raising and distribution, and the Bank's services.	Delivered responses to the findings of the Internal Audit Division regarding the Settlement of suspended accounts and differences, improvements to the imposition of ta'wid and ta'zir and the elimination of accelerated repayment in marginal segments.	The response was made at the DPS meeting on 30 July 2018.
Held Sharia Supervisory Board Meetings with the Compliance Director.	Convened Sharia Supervisory Board meetings with the Compliance Director at least 2 times in the year.	The implementation of the Sharia Supervisory Board meetings with the Compliance Director was held on October 3, 2018.



#### 4. DPS Competency Development

DPS periodically improves competencies for all staff in supporting the implementation of the DPS tasks through required Development and Training programs. Throughout 2018, members of the DPS of the Company participated in various training programs, workshops, conferences, seminars including the following:

Name	Position	Development Program
Prof. Dr. H. Muhammad Quraish Shihab, MA	Chairman	Ijtima' Samawi (Sharia Forum held by the National Sharia Council / DSN) in Jakarta from 09-10 November 2018
DR.H. Mohamad Hidayat, MBA, MH	Member	Ijtima' Samawi (Sharia Forum held by the National Sharia Council / DSN) in Jakarta from 09-10 November 2018
Muhammad Gunawan Yasni, SE.Ak., MM, CIFA, FIIS, CRP, CA	Member	Ijtima' Samawi (Sharia Forum held by the National Sharia Council / DSN) in Jakarta from 09-10 November 2018

#### 5. Report of Supervision Results and Recommendations of the Sharia Supervisory Board

Throughout 2018, the DPS provided advice and recommendations to the Director of the UUS and supervised the activities of the UUS in accordance with the principles of Sharia as outlined in the Minutes of Meetings and the DPS Supervision Report. Supervision of the Company's UUS Operations was performed on existing products, as follows:

Bank Operational Activity	Type	Name of Product
Supervised the development process of the Company's new products regarding Compliance with the Fatwa of the National Sharia Council - Indonesian Ulama Council.	<ol style="list-style-type: none"> <li>Assessed and Warranted the Company's Operational guidelines and product Compliance with the principles of Sharia.</li> <li>Provided Sharia opinions regarding new products and/or Restructured Financing.</li> </ol>	<ul style="list-style-type: none"> <li>Provided opinions regarding new products in 2018 that had no previous opinions.</li> <li>Giving opinions related to daily work activities as many as 8 (eight) opinions</li> </ul>
Conducted periodic principles of Sharia Compliance reviews concerning the mechanism of raising and channeling funds and the Bank's services.	<ol style="list-style-type: none"> <li>Reviewed of the fulfillment of the principles of Sharia regarding the mechanism of raising funds and channeling funds and providing the Bank's services through the random sampling tests of Sharia Branch Offices.</li> <li>Prepared reports regarding the results of the random sampling tests regarding the fulfillment of the principles of Sharia concerning the mechanism of raising funds and channeling funds and providing the Bank's services through the random sampling tests at Sharia Branch Offices.</li> <li>Prepared the Semester Report for the Financial Services Authority regarding the results of the supervision report concerning Compliance with the principles of Sharia in Bank BTN's UUS.</li> <li>Convened Sharia Supervisory Board meetings.</li> </ol>	<ol style="list-style-type: none"> <li>Performed on 6 Sharia Branch Offices.</li> <li>The DPS Random Sampling Test Results Report on 6 Sharia Branch Offices.</li> <li>2017 Second Semester Report and 2018 First Semester Report.</li> <li>The implementation of the DPS meeting throughout 2018 was held 12 times</li> </ol>
Analyzed reports submitted by and/or requested from the Board of Directors, implemented Internal Audit Functions and/or Compliance Functions to determine the quality of implementation of Compliance with the principles of Sharia concerning fund raising and distribution, and the Bank's services.	Delivered responses to the findings of the Internal Audit Division regarding the Settlement of suspended accounts and differences, improvements to the imposition of ta'wid and ta'zir and the elimination of accelerated repayment on marginal segments.	The response was made at the DPS meeting on 30 July 2018.
Held Sharia Supervisory Board meetings with the Compliance Director.	Convened Sharia Supervisory Board meetings with the Compliance Director at least 2 times in the year.	The implementation of the Sharia Supervisory Board meetings with the Compliance Director was held on October 3, 2018.

### DPS Remuneration and Benefits

The Remuneration package/policy and other benefits for the DPS are as follows:

1. The Remuneration package and other facilities for members of the DPS are determined through the Company's GMS, which consists of salaries and bonuses/tantiem.
2. Types of Remuneration and other benefits for all members of the DPS, the total Remuneration packages and other facilities are as follows below:

Amount of Remuneration and Other Benefits	Amount Received in 1 (one) Year	
Remuneration	3 persons	Rp1,320 million
Other Benefits		
Owned	-	-
Not Owned	-	-

The number of members of the DPS Remuneration over one year are grouped in the income range, as follows:

Amount of remuneration per person in 1 year	Number of Supervisory Board Members
Above Rp2 billion	-
Above Rp1 billion – Rp2 billion	3 persons
Above Rp500 million – Rp1 billion	-
Below Rp500 million	-

### DIRECTOR OF SHARIA BUSINESS UNIT (UUS)

#### Role of the Director of UUS

The UUS of the Company is led by the Director of the UUS who is fully responsible for ensuring the implementation of the principles of GCG were implemented in all of the Company's UUS business activities across all levels of the organization. The implementation of the principles of GCG is performed through Sharia Risk Management planning, following up on the recommendations from the supervision of the Sharia Supervisory Board, the results of the supervision of the Financial Services Authority, the findings of Internal Audits and External Audits. The Director of the UUS in 2018, Mr. Budi Satria was appointed based on the Board of Directors' Circular letter No. 375/DIR/CSD/V/2017 dated May 22, 2017 to the previous Letter No. 508/DIR/CSD/VII/2017 dated July 14, 2017.

#### Criteria for the Director of UUS

The Company's Director of the UUS has fulfilled the Fit and Proper Test as referred to in Bank Indonesia Regulation No. 14/6/PBI/2012 regarding the Fit and Proper Test of Sharia Bank and Sharia Business Units. Article 44 stated that the Director of the UUS is obliged to possess adequate competence in the field of Sharia

Banking and a commitment to the development of the UUS. Article 46 paragraph (3) stipulates that Candidates of the Director of the UUS are required to follow the Fit and Proper Test based on the provisions of the Fit and Proper Test for the Conventional Commercial Bank.

#### Duties and Responsibilities of the Director of the UUS

The focus of the Director of the UUS' responsibilities is management of the UUS, based on the principles of prudence and Sharia, which are in line with the Company's Articles of Association by emphasizing the principles of prudence, Sharia, and GCG.

#### HEAD OF SHARIA DIVISION

In conducting the UUS Operations, the Director of UUS is assisted by the Head of the Sharia Division. Based on the Company's Guidelines, the duties and authorities of the Head of the Sharia Division as stated in the Job Description are as follows:

1. To set out the Work Plan and Budget of their field in line with all prevailing provisions.
2. To ensure the Strategic Planning process for Bank BTN's Sharia Business Unit.
3. To ensure the policy formulation related to Bank BTN's Sharia Business Unit.



4. To ensure the Secretarial function of the Sharia Supervisory Board.
5. To ensure the Operation is performing smoothly along with the performance of the Sharia Business Unit.
6. To Manage and Control Risks confronted under their management
7. To implement the principles of GCG in their task force.

## REPORT OF DPS' ACTIVITIES

Throughout 2018, the UUS of the Company performed the following activities:

### 1. Fund Distribution to Financing Core Customers

- The provision of funds by the Bank to relevant parties and or large exposures have met Bank Indonesia's provisions regarding the Legal Lending Limits (LLL) and takes into consideration the principles of prudence and all prevailing rules and regulations.
- The Director of Compliance through the Compliance Work Unit continuously monitors the Company's Compliance with the LLL's provisions and reports it to BI each semester.
- Pursuant to PD No. 01/PD/HCLD/2011 dated January 13, 2011, regarding the Provision of Funds to Large Debtors (Large Funds) of PT Bank Tabungan Negara (Persero) Tbk, it is mentioned as follows:
  - a. Limit regarding the Provision of Funds shall be set forth at the highest level in accordance with the limits stipulated in the Bank Indonesia Regulation, regarding the maximum credit limit and the level of the provision of funds shall be determined through an impact analysis of the Provision of Funds concerning the Balance Sheet Structure and the Bank's Risk Profile. Analysis of the impact on the Balance Sheet Structure and Risk Profile of the Bank and in accordance with the Bank's internal policies regarding lending.

- b. The Provision of funds is performed, considering the size, type, duration, and diversification of the Provision of Funds portfolio as a whole, in order to prevent the Provision of Fund portfolio being concentrated on a particular Borrower or Group of Borrowers.
- c. The determination of the Provision of Funds limits shall be made by considering the amount, type, duration of the Fund Provision or the impact of Provision of Funds on the Bank's overall portfolio diversification policy and strategy. Stipulation of the limits of exposure to certain parties is determined based on geographical limits and certain industries.
- d. Impact assessment regarding the Provision of Funds on the Balance Sheet Structure and Risk Profile is conducted by measuring Credit Risk with pools of the Provision of Funds having similar characteristics, in terms of magnitude, type, or duration. The Credit Risk is measured based on the historical default rate of data and the transfer of the quality of the Funds (Credit rating migration) over a certain period.
- e. In addition to analyzing the concentrations of the Provision of Funds to Borrowers and a set of Provision of Funds as described above, the Bank shall also undertake an analysis of the allocations assigned to each component of the Provisioning Fund portfolio.

### 2. Transparency of the Financial and Non-Financial Conditions, GCG Implementation Report, and Internal Reporting

The Company's UUS has delivered the Financial and Non-Financial information to the public in a timely, complete, and accurate manner through an adequate website and media in a Transparent manner. The Company's UUS Quarterly Published Financial Report in the 2018 Fiscal Year was published in several newspapers, among others:

Financial Report Publication	Newspaper
Quarter IV of 2017	Bisnis Indonesia, Investor Daily
Quarter I of 2018	Bisnis Indonesia, Investor Daily
Quarter II of 2018	Bisnis Indonesia, Investor Daily, Kontan
Quarter III of 2018	Bisnis Indonesia, Investor Daily

### 3. UUS Consultants and Advisors

Throughout 2018, the Company's UUS did not cooperate with any Consultant

### 4. UUS Internal Deviation Report

In order to reduce Internal Irregularities (Internal Fraud) conducted by the management, permanent, and non-permanent employees (honorary and outsourced) related to the Company's Work Processes and Operational activities that significantly affect the Company's performance, the Company conducts various efforts in order to prevent possible Internal Fraud by the employees.

Throughout 2018, deviations/fraud related to UUS Work Processes and Operations are described in the following table:

Internal Fraud	Number of Cases Committed by					
	Management		Permanent Employee		Non-Permanent Employee	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Number of internal fraud	0	0	2	5	0.	0.
Completed	0	0	2	4	0.	0.
In the internal settlement process	0	0	0	1	0	0.
The solution has not been attempted	0	0	0	0.	0.	0.
It has been followed up through a legal process	0	0	0	0	0	0.

### 5. Legal issues monitoring

In 2018, there were no legal (civil or criminal) issues in connection with the Sharia Business Unit operation. Throughout 2018, the Civil and Criminal Law issues faced by the Company's UUS, which were filed through the legal process are reflected in the following table:

No	Legal Case	Civil	Criminal
1	Has been completed (already has permanent legal force)	-	-
2	In the process of completion	18	33
Total		18	33

In resolving legal issues, the UUS of the Company always prioritizes deliberation in handling disputes with customers. However, if the deliberation cannot resolve the dispute, the Company's UUS and the customer agree to settle the dispute by using arbitration or through a court-based decision relevant to the regulations in accordance with the principles of Sharia.

### 6. Non-Halal Income and its Utilization

Throughout 2018, the Company's Non-Halal income sources came from fines and Non-Halal income also included interest services, summarized in the table as follows:

Source and Utilization of Qard January 1, 2018 - December 31, 2017 (in full unit)



No	Description	Desember 31, 2018
1	Initial Balance of Source of Virtue Funds	31,931,799
2	Recipient of Source of Virtue Funds	
	a. Infaq	-
	b. Sedekah	
	c. Refund of Virtue Funds	
	d. Fine; and	-
	e. Non-Halal Income	30,239,353
	Total Revenue	30,239,353
3	Virtue Fund Utilization	
	a. Productive Virtue Fund	
	b. Contribution	
	c. Other Use for the Public's Needs	56,330,732
	Total Expenditures	56,330,732
4	Increase (Decrease) of Virtue Fund source after Expenses	(26,091,379)
5	Virtue Fund Ending Balance	5,840,420

#### 7. Conducted Self-Assessment of Sharia Business Unit GCG for 2018 Fiscal Year

In 2018, the assessment of the implementation of the Company's Sharia Business Unit GCG was conducted by self-assessment with the assessment score of each Criteria as follows:

Faktor	Bobot (%)	Peringkat	Nilai
Implementation of duties and responsibilities of the Director of Sharia Business Unit	0.35	1.00	0.35
Implementation of the duties and responsibilities of the Sharia Supervisory Board	0.20	2.00	0.40
Implementation of Sharia Principles in fund raising and fund disbursement activities and services	0.10	2.00	0.20
Distribution of funds to core financing customer and deposit of fund by core depositors	0.10	2.00	0.20
Transparency of Financial and Non-Financial Conditions, Implementation Reports of GCG and Internal Reporting	0.25	2.00	0.50
Composite Total Value	1.00		1.65
Criteria for Numbers			2
Predicate			Good

Based on the results of the Self Assessment conducted, the composite value of the Company's Sharia Business Unit is 1.65 with the criteria of number 2 and the predicate "Good", the composite value slightly increased by 0.10 points from the composite value of the previous year. However, this reflects the Management of the Company has implemented the Good Corporate Governance which is generally good and consistent. This is reflected in adequate fulfillment of the principles of Good Corporate Governance. If there are weaknesses in the application of the Good Corporate Governance principles, in general these weaknesses are less significant and can be resolved by normal actions by the Company's management.

#### 8. Compliance with the Sharia Principles

Pursuant to the FSA Regulation No. 46/POJK.03/2017 dated July 12, 2017, regarding Bank's Compliance Function, the Company through the Director of Compliance has conducted coordination meetings with the Sharia Supervisory Board once in December 2018 to ensure the implementation of the principles of Sharia Compliance Function.



## 9. Sharia Business Unit Risk Management Reporting

In the Sharia Business Unit the report for risk management is no different from a Conventional Commercial Bank but adds 2 types of risks, namely:

### a. Managing Risk of Returns

Sharia Division employees (SHAD) including the Bank's business unit management are part of the Risk Management executor for Yield Risk, considering that the Yield is the result of all Sharia Business Unit (UUS) business activities.

The role of the Business Unit Management in this case the Sharia Treasury Department Unit (UUS) identifies the Risk of Returns where the Risk is due to changes in the rate of return paid by the Bank to the customer, due to changes in the rate of return received by the Bank from the distribution of funds, which can affect customer behavior Bank third party funds.

Measurement of Risk of Returns based on hasis assessment with the parameters / indicators used is the composition of third party funds, strategies and bank performance in generating profit / income and behavior of customers of third party funds. Of the three indicators used by the Sharia Treasury Department (UUS) manage the Risk of Returns.

In order to monitor the Risk of Returns and ensure the maintenance of the yield given to customers, the Syariah Division (SHAD) in this case the Treasury Department manages policies related to special profit sharing for financing by coordinating with the business units in this case the Commercial Business Department and Sharia Branch Office .

### b. Investment Risk Management

Investment Risk Management is the risk of financing provided by the Profit Sharing ratio which is part of the Bank's Risk Management Policy Guidelines for the Sharia Business Unit (UUS) of the Bank and as a Guideline part of the risk assessment process. Investment Risk Exposures are monitored since the process of granting Financing up to the due date of Financing. Identifying Investment Risk where the risk is due to the Bank taking responsibility for the loss of the customer's business that is financed in profit-based financing both those using the net revenue sharing method and those using the profit and loss sharing method.

Risk Measurement Yields assess the inherent Risk of Investment Risk using parameters / indicators consisting of the composition and concentration level of profit-based financing, the quality of financing based on profit sharing and external factors. Of the three indicators used by the Commercial Business Department in the Sharia Business Unit (UUS) in managing Investment Risk.

Monitoring and controlling Investment risk includes evaluating the results-based financing risk exposure to the Investment risk limit. Reviewing the Internal Credit Rating policy between the Commercial Business Department of the Sharia Business Unit (UUS) and the Credit Risk Division (CRD). Management of profit-based financing is carried out by the Commercial Business Department of the Sharia Business Unit (UUS) and Sharia Branch Offices.



## BUY BACK SHARE AND BUY BACK BONDS

The main driver of buying back shares and buying back bonds is to reduce the number of shares or subordinated bonds issued by the Company by buying back shares or subordinated bonds. The procedure for payment complies with the applicable regulations. Until end of 2018, the Company did not buy back any shares or subordinated bonds. The details of the explanations are in the following table:

Elucidation of Bond and Stock Buyback Policies	Amount of Bonds and Shares Buybacks (millions of Rp.)	Buy Back Price	Increase in Profit from Bond Buy Back (millions of Rupiah)
None	None	None	None

## PROVISION OF FUNDS TO RELATED PARTIES AND LARGE EXPOSURES

The Company provides funds to Related Parties with the approval of the Company's Board of Commissioners. Information regarding the Provision of Funds to Related Parties and Large Exposure throughout 2018 are as follows:

Provision of Funds	Total	
	Debtor	Nominal
To Related Parties	None	None
To 50 Core Debtors:	174	22,831,933
Single Loan	39	7,062,048
Group	135	15,769,884

From January to December 2018, the Company never violated the Legal Lending Limit (LLL). The Compliance Director through the Compliance Work Unit constantly monitored the Company's Compliance with the LLL provisions and reported it to the Financial Services Authority each semester. The implementation of the Provision of Funds by the Company to Related Parties and/or the Provision of Large Funds always takes into consideration the principles of prudence and all applicable laws and regulations, and has Complied with the Bank Indonesia ruling concerning LLL.

# PROVISION OF FUNDS FOR SOCIAL ACTIVITIES

In 2018, the Company allocated funds for Social activities through various programs and activities (CSR). Broadly speaking, the costs incurred for CSR throughout 2017 and 2018 are as follows:

Provision of Funds	Funds Distribution	
	2017 (in Million Rupiah)	2018 (in Million Rupiah)
Economy	451.29	1,455.57
Art and Culture	114.50	100.00
Sports	0	149.43
Education	227.93	1,047.34
Health	20.00	203.59
Facilities and Infrastructure	4,214.47	644.56
Religious	120.00	1,573.60
Environmental Conservation	0	6.00
Total	4,998.07	5,180.09

Further information regarding the Company's CSR programs can be found under the Corporate Social Responsibility (CSR) section of this Annual Report and 2018 Sustainability Report.

## FUNDING POLITICAL ACTIVITIES

In 2018, there was no funding for political activities or political parties.

## INFORMATION DISCLOSURE ON ADMINISTRATIVE SANCTIONS FOR CAPITAL MARKET AND OTHER AUTHORITIES

In 2017, no Material Administrative Sanctions affected the Company's business sustainability and no Administrative Sanctions were imposed on the members of the Board of Directors or the members of the Board of Commissioners.



# TRANSACTIONS CONTAINING CONFLICT OF INTEREST

The Company always complies with the provisions applicable in the Financial Services Authority Circular No. 13 / SEOJK.03 / 2017 dated March 17, 2017 concerning IX.E.1 dated November 25, 2009 concerning Affiliated Transactions and Conflicts of Interest of Certain Transactions. The company also adheres to the implementation of Governance for commercial banks and provisions in the capital market sector such as the Decree of the Chair of the Capital Market and Financial Institution Supervisory Agency (BAPEPAM-LK) No.IX.E.1 dated November 25, 2009 concerning Affiliated Transactions and Conflicts of Interest for Certain Transactions.

The Company has a Policy regarding Transactions with a Conflict of Interest as set forth in the Board Manual. The policy regarding Provision of Funds for Related Parties with a Conflict of Interest is included in a separate Board of Directors regulation stating that the Bank is prohibited from funding Related Parties without obtaining an approval from the Board of Commissioners.

In the event of a Conflict of Interest between the Company and the shareholder, member of the Board of Commissioners, member of the Board of Directors, Executive Officers, and/or other parties related to the Bank should occur, then the member of the Board of

Commissioners, member of the Board of Directors, and Executive Officers are prohibited in taking actions that might jeopardize the Bank or reduce the profits of the Bank, and shall fully disclose the Conflict of Interest in every decision.

The Company properly documents every transaction containing any Conflict of Interest and discloses it in accordance with the applicable regulations. The Disclosure of Conflict of Interest is stated in the Minutes of Meeting, which at least includes the name of the party having the Conflict of Interest, the main problematic issue of the Conflict of Interest and the basis of consideration in the decision making.

In principle, all Company employees must avoid making any decisions in situations and conditions containing any Conflict of Interest. Loans are granted to the Board of Directors, the Board of Commissioners and Company Employees relevant with reasonable limits and in accordance with the applicable Bank regulations without any distinction from customers (arm's length basis).

Information related to transactions with a Conflict of Interest throughout 2018 are as follows:

Funder	Name & Position Having Conflict of Interest		Decision Maker	Type of Transaction	Amount of Transaction (in million Rupiah)	Description
	Name	Position				
PT. Bank Tabungan Negara, Tbk	Vachromi Umar	Head of the Madiun Branch Office	Commissioner	Kredit Agunan Rumah (KAR) BTN	450	In Line with the Procedure
PT. Bank Tabungan Negara, Tbk	Darminto	Head of the Kebon Jeruk Branch Office	Commissioner	Kredit Pemilikan Rumah (KPR) BTN	800	In Line with the Procedure

## Insider Trading Prevention

The Company has in place policies regarding Insider Trading actions, which are regulated in the Board of Directors' Regulation No. 39/PD/CSD/2011 concerning the Investor Relations Activity Policy Guidelines as well as the Board of Directors Charter and the Board of Commissioners Charter.

In this provision, the Board of Directors and the Board of Commissioners and Employees are prohibited from conducting Insider Trading through the following:

- a. Conducting transactions regarding the Company's shares and other shares of companies that conduct business transactions with the Company;
- b. Influencing other parties to buy the Company's shares and/or other companies shares that conduct business transactions with the Company;
- c. Providing unauthorized information to other parties.

Subsequent to the stock transaction, the Board of Directors and the Board of Commissioners must report the transaction to the Financial Services Authority and the Indonesian Stock Exchange within 3 working days.

The purpose of this policy is to circumvent any potential Insider Trading.

# TRANSPARENCY OF FINANCIAL AND NON-FINANCIAL CONDITIONS

The Company fulfills the obligation of Transparency and the publication of Financial and Non-Financial conditions to Stakeholders and the Financial Services Authority (OJK) in accordance with the provisions, as follows:

1. Monthly Financial Reports to the Regulators and published through the Company's website;
2. Quarterly Financial Reports to the FSA Regulators, Indonesian Stock Exchange (IDX), Indonesian Capital Market Electronic Library (ICaMEL) and published through newspapers and websites of the Company;
3. The Company's Annual Report prepared and presented in accordance with the provisions and submitted to the Regulators and Shareholders and published through the Company's website;
4. Information regarding Corporate Governance which includes the Report regarding the Implementation of Corporate Governance, Vision and Mission, Company Values, Composition and Profile of the Board of Commissioners and the Board of Directors as well as Internal Regulations related to Governance including the Company's Articles of Association and Committee Charter, which are also published through the Company's website;
5. Information regarding the Company's Products and Services including office networks is published through the Annual Report and the Company's website so that customers, investors and the general public can conveniently access information regarding the Bank's Products and Services;
6. Information regarding the Procedure for Submitting Customers Complaints in using banking services are published through the Company's website for the implementation of consumer protection provisions;
7. Other information that aims to support the Disclosure of Information, Financial Education and Services to the Public.



# BANK STRATEGIC PLAN

The Strategic Plan is outlined in the Corporate Plan and Business Plan in accordance with the Bank's Vision and Mission. The Corporate Plan in the Long-Term Plan (CPR) contains the plans spacing out over more than 5 years, while the Business Plan contained in the Bank's Business Plan (RBB) is a 3 year plan.

The preparation of the Long-Term Plan and the Bank's Business Plan is prepared by the Board of Directors, which involves Work Units with a top down scheme where the Board of Directors provides direction concerning the strategic goals to be achieved from bottom up i.e. Submitting proposals, suggestions, and/or views originating from Work Units, including in the Division, Regional Office and Branch Offices.

RJP and RBBs proposals are submitted to the Board of Commissioners for approval. After obtaining approval, the RJP and RBB are then submitted to the Controlling Shareholders through the Board of Commissioners, and the RBB is to be submitted also to the Financial Services Authority. The annual implementation of the RJP and RBB is implemented through the Corporate Work Plan and Budget (RKAP).

The progress of the Annual Work targets regarding the RKAP are monitored on a monthly basis by the Board of Directors through Performance Review meetings, and the Board of Commissioners supervise the progress through Joint Meetings of the Board of Commissioners and the Board of Directors scheduled once a month.

The accomplishment of the Bank's Business Plan (RBB) is reported by the Board of Directors to the Financial Services Authority as a banking supervisory institution every quarter. The Board of Commissioners supervises the implementation of the Bank's Business Plan through deliberation with the Board of Directors and by submitting the Bank's Business Plan Supervision Report to the Financial Services Authority every semester.

From the monthly monitoring, the accomplishments are reviewed and evaluated, if it is deemed necessary to revise the managements Strategies and Work Plans, the Board of Directors submits a proposed revised RBB in the middle of the Financial Year to the Board of Commissioners for approval.

By end of March 2018, the Fed's benchmark interest rate went up by 25 bps to 1.75%, this has had a large broad-based impact on the global Financial Markets including Indonesia. The global challenge has prompted Bank Indonesia (BI) to step up monetary stabilization by increasing the BI 7 Days Repo benchmark interest rate by 50 bps to 4.75% within less than a month in mid-May of 2018.

The progress of macro dynamics in midst of the Second Quarter of 2018 and Bank BTN's position was taken into consideration when making amendments to the Bank's Business Plan (RBB) for 2018. The grounds for the revision to the 2018 RBB were the macro-economic dynamics and preparation for the application of PSAK 71.

## THE COMPANY'S OBJECTIVES

The Company's objectives are in agreement with the Company's Long-Term Plan (2025) towards a Transformational Enterprise - global mindset, to transform into a global company in the field of Housing, Property and Basic Infrastructure by executing a transformation activity beginning in 2013, which is comprised of 3 stages as detailed below:

1. Survival Phase (2013 - 2015) with the objective of 'domination of the nationwide market leader' in the Housing business.
2. The Digital Banking Phase (2016-2019) with the objective of 'the leading Housing Bank in Indonesia providing a world class service'.
3. Global Player-ship Phase (2020-2025) with the objective of 'A Transformational Enterprise Global Mindset'.

## LONG-TERM PLAN

The Company's Long-Term Plan (RJP) at the second stage of the transformation is the Digital Banking period, which remains focused on strengthening its business with a focus on strengthening the two segments' of its Core Business, which is Consumer Banking and the Commercial Banking segments as follows:



## 1. Business Strengthening: Consumer Banking & Commercial Banking

The strategy to strengthen this business sector is based on its segmentation. In the Consumer segment, strengthening the Housing Loan positioning in the mass segment and expanding our Digital Banking services. In the Commercial segment, business development is focused on increasing Housing supply and the customer value chain mapping. In addition, initiatives to raise the CASA are performed through expanding Housing Loan-Based Funding and strengthening cooperation with various agencies. The short- and medium-term strategies in each segment are as follows:

### Consumer Banking

- a. Strengthening the positioning of Bank BTN in the mass segment (subsidized & non subsidized) by strengthening the role of Bank BTN as a Housing Market maker through the role of Bank BTN HFC and expanding strategic alliances with developers outside Java;
- b. Increasing Financing penetration in emerging affluent segments through the development of the Digital Mortgage ecosystem;

### Commercial Banking

Expanding the market share of the SME, Commercial and Corporate segments to support housing supply by building a construction value chain.

## 2. Infrastructure Transformation

To support the phases of the Digital Banking Phase transformation and sustainable business growth, the infrastructure sector is focused on three main things, including the following:

- a. Infrastructure Transformation, which is focused on improving IT capabilities in supporting the implementation of Digital Banking, process digitalization and big data analytics through:
  - **The Reorganization of IT based on Digital Banking**  
In addition to providing special portions to the emerging affluent segments, Bank BTN's Digital Banking is also a new growth engine for modern banking business services. This is conducted through cultivating business harmony between units through the role of IT as an enabler.

- **Process Automation and Centralized Operations**

This is conducted by integrating the end-to-end utilization of Enterprise Application Integration (EAI) and Straight-Through Processing (STP) with the aim of reducing user involvement demands and optimizing the speed of transaction processing.

- b. Strengthening the pillars of GCG through implementing Governance, Risk & Compliance in an integrated manner through several strategies, including:
  - Implementing a Risk Culture reinforced by organizational capabilities and processes that prioritize the principles of GCG.
  - Defining Risk Appetite & Risk Tolerance as an ongoing concern and balancing between Risk Management and Business Strategy.
  - Simplification of the IT systems and processes through data quality assurance.

## 3. Strengthening Human Resources (People Transformation)

This transformation is to strengthen ten building blocks for the development of Human Resources and improve HR capabilities as agents of transformation implementation through the following strategies:

- Establishing top talent programs for high-performing Bank BTN employees;
- Advancing Human Capital capabilities and preparation of Manpower Planning;
- Strengthening performance-based management and Risk Culture.

## SHORT- AND MEDIUM-TERM PLANS

In its commitment to support the Government's goals, the Company's short- and medium-term target is to focus on Housing Finance by supporting the realization of the construction of the "One Million Homes Program". To realize this, Bank BTN has revised its Business Strategy to be more directed toward customer segmentation mapping.

Owing to this strategy, Asset growth is more focused on strengthening the mass segment market share with the support for expansion from other segments. Meanwhile, funding is intensified concerning the Consumer and Commercial CASA shares and Wholesale Funding.



To maintain sustainable business growth, consolidation in the Infrastructure sector is correspondingly performed, which supports the short- and medium-term targets through Digital Banking innovations, developing a Mortgage Ecosystem and upgrading the quality of Human Resources and revamping business processes that prioritize the principles of Corporate Governance.

### Credit Sector

The Consumer Credit Strategy will be more focused toward strengthening Bank BTN's positioning in the Mass Subsidized & Non-Subsidized segment and expanding market share in the emerging Affluent segments through the establishment of a Mortgage Ecosystem. While for Commercial Loans, strategies are more focused towards strengthening the supply of Housing through optimizing the potential construction value chain in the Small and Medium Enterprises (SME), Commercial and Corporate segments.

The Credit Sector Strategy is as follows:

1. Strengthening Bank BTN positioning in the mass segment (subsidized & non-subsidized);
2. Increasing Financing penetration in the Emerging Affluent segment;
3. Expand market share of the SME, Commercial and Corporate segments.

### Credit Quality

Improving Credit quality is a benchmark for improving the process and the success of loans. Basically, the Credit quality strategy remains based on time buckets, but in its management the emphasis is on profiling the debtor's ability to pay and also the Risk Exposures that can arise.

The strategic initiatives implemented in order to support the achievement of Credit quality are the following:

1. Optimizing collectability classification by strengthening the Smart Collection System.
2. Intensifying the Credit Collectability posture improvement through Monitoring and Credit development periodically in order to optimize billing through debt collectors.
3. Expanding Credit Collection and settlement through Asset Recovery programs, profiling debtor criteria, and executing repossession.

### Financing

In pursuance of the bank's Business Strategy, the fund growth initiative is focused on strengthening the structure of the Current Account and Saving Account (CASA) and supporting Wholesale Funding. Broadly speaking, the funding sector strategy is as follows:

1. Raising the average balance of the mass segment, by optimizing the captive market of KPR customers;
2. The Recomposing of Consumers Third Party Funds by increasing the acquisition of new customers in the emerging affluent segment through the Digital Banking feature proposition;
3. Compounding CASA-based Commercial Funding through the customer value chain mapping and Endowment Funding based on KPR cooperation; and
4. Accomplishing wholesale front loading funding to cover the maturity mismatch gap.

### Fee-Based Income (FBI) and the Establishment of Subsidiaries

Considering the contribution of Fee-Based Income (FBI) to the Operating Income remained low when compared to the industry average, the strengthening of several strategic initiatives must be conducted to boost revenue from Consumer and Commercial based fees as follows:

1. Augment Admin-Based Revenue, through increasing the Number of Accounts (NOA) and Transactions;
2. Extend customer Share of Wallet (s.o.w), by offering Digital Banking and Wealth Management products on a large scale;
3. Strengthening the acquisition of FBI in the Commercial segment, through upgrading Trade Finance, Bank Guarantees and Profitability of Securities Transactions; and
4. Optimizing passive Credit settlements.

In addition to the aforementioned strategy, the acquisition of the FBI will be performed by establishing a subsidiary that is focused on supporting the Parent business in the property business by optimizing the "One Million Homes Program". As for business expansion initiatives, the planned capital participation, which initially focused on four activities (Investment Management, Life Insurance, Finance Companies and Loss Insurance) was changed into one activity in 2018, which is Investment Management and the rest are planned to be rolled out in 2019-2020 period.

### Sharia Business

In the short-term, the Sharia business remains to support the Bank's Core business in the realization of Government's "One Million Homes Program" with a strategic focus based on customer segmentation mapping. With this Parent business strategy, the growth of Sharia Assets is directed more towards the expansion of Consumer Financing growth through Commercial Financing.

In pursuance of the Government's plan, in particular the Ministry of State-Owned Enterprises to consider several options for further developing the Sharia Bank and State-Owned Enterprises businesses, an initiative to expand the contribution of Sharia banking to the banking industry as a whole. For this reason, Bank BTN's Sharia business is retained, in the short-term, as a Sharia Business Unit (UUS) backing the Bank's Core business in the pursuit of the "One Million Homes" goal.

However, considering Law No. 21 of 2008 (Sharia Banking Act), which requires the UUS conversion no later than 2023, preparations for the spin-off are planned to be implemented in 2020, which is in accordance with the Government's plan to implement Sharia banking consolidation. Bank BTN is preparing for the spin-off by boosting Bank BTN's UUS productivity and profitability through several preparation steps as follows:

- a. Utilizing a master infrastructure in order to expand the reach of Bank BTN's Syariah.
  - Mapping Sharia business development potential at the Bank BTN Conventional Branch Office by considering the Sharia market potential;
  - Designing specific Key Performance Indicators (KPIs) for the sale of Sharia products in the Conventional Branch Offices;
  - Boosting the capability of Conventional Bank BTN salespeople to market Sharia products through the sales force effectiveness programs;
  - Designing more simplified products easing the opportunity for Conventional Banking staff to market Sharia products.
- b. As soon as there is a clear disposition from the holding regarding the Sharia Banking Plan, preparations for the spinoff will be implemented.
  - Preparation of spin off by forming a Task Force to review the arrangement in detail to ensure minimal Operational Risk.
- c. The spin-off is to be executed over 3 stages, i.e. Preparation & Licensing, the Procedure for Execution & Assistance, and the Separation Process (planned for 2023).

## Capital Strengthening

To boost business expansion, adequate Capital is required considering the Bank's obligation to fulfill the minimum Capital requirement in accordance with Basel III. Pursuant to the FSA Regulation No. 11/POJK.03/2016 dated January 29, 2016 concerning

the Minimum Capital Requirement for Commercial Banks, that banks must provide Capital in the form of a minimum level of Capital based on Risk Ratings and additional Capital as a buffer under Basel III (there are 3 categories: Capital Conservation Buffer, Counter-Cyclical Buffer, Capital Surcharge). The strategy to strengthen Capital to be implemented by Bank BTN is the following:

- Increase Bank profitability;
- Subordinated Loans;
- Propose a dividend policy scheme that supports the Bank's Housing focus;
- Propose the issuance of new shares through a rights issue (with the shareholders' approval).

## Human Capital

In accelerating business transformation and growth, a sustainable people transformation strategy is also required, which is supported by the alignment of Human Capital Management Systems in accordance with the industry's best practices.

To strengthen the Bank's Business Operations Risk, the Human Resource Development Strategy must also include Internal Control strengthening through the proper allocation of HR in Manpower Planning, upgrading employee competency and strengthening the Corporate Culture including KYC (Know Your Customer) & KYE (Know Your Employee). To realize this, the short and medium-term Human Resource Development Work Program can be described as follows:

### 1. Short-term Work Program

- Strengthening the focus of Cultural programs in tune with the Digital Transformation by imposing a Digital Culture, and efficiency and effectiveness of work;
- Evaluate career management, job family;
- Compiling Human Capital Plans and allocation strategies by formulating the HR recruitment strategies and communicating employer branding;
- Implementing a new employer Value Proposition by organizing talent attraction and employee retention and employee engagement programs;
- Improving the Performance Management System (SMK) through simplifying the Competency Assessments and establishing KPIs according to the new Organizational Structures; and
- Establishing a Variable Compensation System;



## 2. Medium-Term Target

- Develop career management and job family through reviewing, evaluating and developing succession plans;
- Develop a Strategic Manpower Plan for 2018-2020 with a clear strategy for meeting employee demands;
- Evaluate the implementation of the employer Value Proposition by analyzing brand image performance and EVP channels;
- Improve the Performance Management System (SMK) through the KPI review and Organizational Structure competencies.
- Instill a collaborative culture and focus on external insights for the Digital Transformation in accordance with the Corporate Culture Plan for 2019-2020; and
- Implement the Integrated Human Capital Information System (HCIS).

## Strengthening Information Technology (IT) and Digital Banking

Untuk mendukung inisiatif pengembangan layanan *digital banking* dan *mortgage ecosystem* diperlukan penguatan Teknologi Informasi (IT) yang memadai. Sejalan dengan hal tersebut, inisiatif strategis IT diselaraskan dengan strategi utama bank yaitu sebagai bank fokus perumahan dengan peningkatan efektivitas dan efisiensi operasional melalui otomatisasi proses bisnis.

In imposing the Digital Banking and Mortgage Ecosystem services development initiative, an adequate strengthening of Information Technology (IT) is desirable. In sync with this, IT strategic initiatives are aligned with the Bank's main strategy, explicitly as a Bank focused on Housing Loans with increased Operational effectiveness and efficiency through the automation of business processes.

In the pursuit of Infrastructure Transformation, initiatives to strengthen IT remain to be based on the Information & Communication Technology Strategy Plan (RSTIK), but are prioritized on ten strategic pillars aimed at supporting the implementation of the Transformation Blueprint, which includes the following:

1. Strengthening the role of Bank BTN's Property Portal
2. Establish a Customer Relationship Management (CRM) solution to find out the 360-degree customer view, profiling and improving customer service capabilities;
3. Develop Internet Banking & Mobile Banking applications through platform enhancements and inter-system integration including iColl, iCash and property portals;

4. Develop management tools for marketing and sales activities by forming Digital Marketing & Sales Tools;
5. Overall improvement of the Wealth Management Systems;
6. Upgrade current Operational supporting tools, in order to increase Risk Prevention capacity;
7. Maximize Risk Mapping (Risk Profiling) of Work Units
8. Integration of the Loan Origination System and addition of iCremo to monitor Credit Distribution;
9. Reengineer the Financing business process that is more directed at a centralized model through digitizing the back-office system to automate the process and connect to various databases;
10. Systematize the Corporate Performance Planning and Evaluation Processes through system implementation to improve the effectiveness and efficiency of Corporate Planning.

Furthermore, the transformation of the Digital Banking initiative is to further develop product innovations, features, applications and processes replication as one of the rebranding strategies to obtain new Bank BTN customers in the emerging affluent segment.

To accomplish this, Digital Banking capabilities are enhanced by establishing a Digital Ecosystem organization that operates independently from other business units. The efforts to increase incubation and commercialization capabilities are as follows:

1. Enhance the incubation capability through:
  - Translating research output into product development;
  - Integrating products into digital channels; and
  - Developing a customer journey based on user experience
2. Enhance the capability of commercialization through:
  - Developing marketing and promotion strategies;
  - Expanding strategic alliances with various potential partners for deals/promotions;
  - Mapping the target market;
  - Developing transactional and back-office operations.

## Improvement of Good Corporate Governance (GCG), Risk Management, and Compliance

Bank BTN realizes and understands the importance of the implementation of GCG as one of the strategic measures that must be implemented in order to attain the Vision as a leading bank in Housing Finance. Therefore, strengthening Organizational Structures and Business Processes based on the principles of GCG

must be consistently enforced through strengthening the four main pillars of GCG implementation, which are: (i) Commitment to Governance; (ii) Governance Structure; (iii) Governance Process, and (iv) Governance Outcome.

Strengthening the first pillar is conducted through internalizing the principles of Corporate Governance across all the Bank's business activities and operations, enlisted as one of the Bank's Missions specifically is "Implementing Banking Management that upholds the principles of prudence and Good Corporate Governance to augment shareholder value".

Furthermore, strengthening the second and third pillars is performed by implementing the principles of GCG regarding the overall changes in Organizational Structure and Business Processes that are currently being implemented as a stage of the Bank's business transformation. Broadly speaking, these changes are performed by streamlining the process to segregate the roles of Sales, Operations and Risk Policies. Strengthening these pillars is conducted by reinforcing the Operational supervision mechanism of the office, both from the Directorate through to the Work Unit level.

### Enhanced Risk Management

In addition to strengthening Infrastructure and Human Resources, Bank BTN also focuses on Risk-Based business development. In this case, broadly

strengthening Risk Management is performed through strengthening the four main pillars, which are: (i) Strengthening and Internalizing Risk Culture across all levels of the Organization; (ii) Integrated capital and Liquidity management; (iii) Enhancing Credit Risk Management capabilities and (iv) Strengthening the Compliance Functions for Comprehensive Operational Risk Management practices. The strategic initiatives that will be implemented to strengthen the four pillars are as follows:

1. Strengthening and Internalizing the Risk Culture;
2. Intensifying the Integrated Capital and Liquidity Management by creating a Liquidity Risk Monitoring System;
3. Compounding Credit Risk capabilities through the development of Credit Risk applications;
4. Intensifying the Compliance Function to Comprehensively mitigate Operational Risk.

### Network Development (Delivery Channel)

Maximizing delivery channels in supporting businesses is conducted through the expansion in quantity and variation of various media with a network expansion strategy focused on five main initiatives, which includes the following:

1. Regionalization Strategy;
2. Branch Expansion;
3. Kiosk Placement;
4. Agent Banking; and
5. Digital Channel.

## STATEMENT AND BAD CORPORATE GOVERNANCE PRACTICE

The Company realizes that the practices of Bad Corporate Governance will interfere with the established Good Corporate Governance (GCG) system. Throughout 2018, the Company did not take any actions and/or policies relating to Bad Corporate Governance practices shown in the table as follows:

Description	Practiced
Being reported as a Company that pollutes the Environment	No
Significant cases confronted by the Company, Subsidiaries, members of the Board of Directors and/or members of the Board of Commissioners serving in office but not disclosed in the Annual Report	No
Non-Compliance in fulfilling Tax obligations	No
Mismatch in the presentation of Annual Reports and Financial Reports with the applicable regulations and Financial Accounting standards	No
Serious cases regarding Labor and Employees	No
There is no Disclosure of Operating Segments as a Listed Company	No
There is a Discrepancy between the Annual Report hardcopy and the softcopy version	No



# STATEMENT AND GOOD CORPORATE GOVERNANCE PRACTICE

The Company states that in performing its business activities it has applied the principles of Good Corporate Governance and there are no Material Violations of the applicable laws and regulations. The Company also constantly applies the principles of GCG in accordance with applicable regulations and regulations both nationally and internationally. The Board of Directors, the Board of Commissioners, and all employees are committed to continually improving our Good Corporate Governance practices in a Transparent, Accountable, Responsible, Independent manner, paying close attention to Fair and Sustainable Equality and Fairness in achieving the Company's Vision, Mission and Goals.

# STATEMENT REGARDING THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

The Company has exercised a comprehensive evaluation of the Company's activities regarding the effectiveness of the Internal Control System and Risk Management. As a closing statement of this chapter concerning Corporate Governance, the Company states that the Company's Internal Control and Risk Management System was well implemented, which was accordingly, effectively and adequately reflected in the implementation effectiveness of Internal Control Functions, including Internal Audit, Risk Management, Compliance, Financial and Operational Controls throughout 2018.

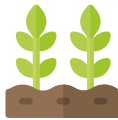


# CORPORATE SOCIAL RESPONSIBILITY



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# CORPORATE SOCIAL RESPONSIBILITY



## INTRODUCTION

The Company realizes that business success is not merely determined by management and its operational performance, but is also based on the Company's contribution to non-financial investment through the Corporate Social Responsibility (CSR) program as well as the Partnership and Community Development Program (PKBL). The CSR and PKBL programs are the Company's commitment to foster a sustainable economy by constantly being attentive to economic, social, and environmental aspects.

The Company understands that the significance of CSR, besides building harmonious and mutually beneficial relationships with the environment, community, and

stakeholders, both locally, nationally, and globally, also leads to the Company's mission of bringing positive impacts and contributions toward sustainable economic development. The Company has a moral duty to develop business and promote a sustainable national economy by showing stakeholders with high integrity, complying with applicable laws and regulations, and upholding business ethics.

The implementation of the Company's CSR aims to make a real contribution to sustainable development, to provide support for business success in the long-term, and to fulfill stakeholders' expectations toward the Company.



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## GOVERNANCE AND SOCIAL RESPONSIBILITY

### Commitment to Sustainable Financial Principles

In realizing sustainable development, the Company is truly committed to applying sustainable finance principles to prevent the possibilities of funding or business investment practices that consume excessive natural resources, which ultimately cause social inequality and harm the environment. The implementation of these principles aims to ensure the integrity of the environment as well as the safety, ability, welfare and quality of life of present and future generations.

In this regard, the Company conducts its business based on the Financial Services Authority Regulation No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance. Eight principles are enforced in the Company's business activities, including (1) Principle of Responsible Investment, (2) Principle of Strategy and Practice of Sustainable Business, (3) Principle of Management of Social and Environmental Risks, (4) Principle of Governance, (5) Principle of Informative Communication, (6) Inclusive Principle, (7) Principle of Priority Sector Development, and (8) Principle of Coordination and Collaboration. The enactment of these principles is also evident in various CSR and PKBL agendas that have been consistently executed by the Company under the triple bottom line approach, such as economic, social, and environmental.

The Company has compiled detailed PKBL Program Report and Sustainability Report that contain various corporate social responsibility activities during 2018, in addition to the dissemination of information on CSR and PKBL programs published in this Annual Report.

### CSR Vision and Mission

#### Vision

"Caring about the interests of the community and the environment by contributing to economic development and community empowerment in a sustainable manner, particularly in a housing/residential environment which is the core business of BTN Bank."

#### Mission

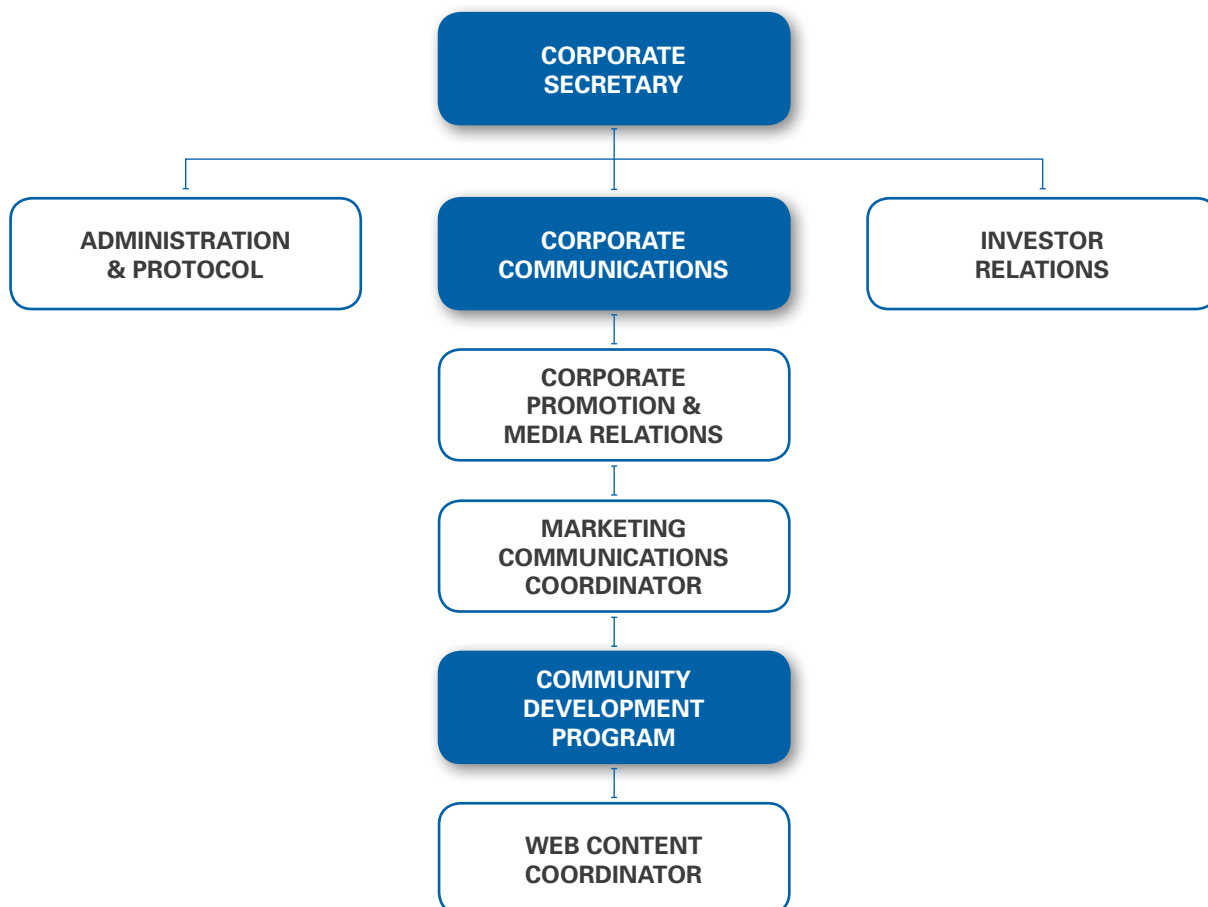
1. Improve the welfare of society and the environment.
2. Promote the Bank's values and culture.
3. Establish a good image of the Bank in the eyes of the public.
4. Intensify cooperation with, and mutual respect of, the community and the Bank's Office operating environment.

In achieving the CSR Vision and Mission, the Company has compiled a CSR program that is in line with the principles of 3P (people, profit, planet), oriented towards creating added value to stakeholders and the surrounding community, and achieving sustainable development goals.

### Basis of Corporate Social Responsibility

1. Law No. 19 of 2003 regarding State-Owned Enterprises.
2. Law No. 40 of 2007 regarding Limited Liability Companies.
3. Regulation of Financial Services Authority No. 1/POJK.07/2013 concerning Consumer Protection of the Financial Services Sector.
4. Deed of Statement of Shareholders' Decisions regarding Amendments to the Articles of Association of PT Bank Tabungan Negara (Persero) Tbk No. 34 dated August 11, 2008.
5. Regulation of the Board of Directors No. 6/PD/CSD/2018 regarding the Partnership Program, Community Development Program, and Corporate Social Responsibility Program on May 18, 2018.

### Company CSR Management Structure





The Company has in place a special unit dealing with CSR, such as the Community Development Program Unit under the Corporate Secretary Division. In carrying out CSR activities, the Corporate Secretary Division coordinates or collaborates with several parties, including:

1. Company Internal Parties; and
2. Company External Parties or Third Parties, which include:
  - » Government
  - » Universities
  - » Non Governmental Organizations
  - » Social Agencies
  - » Mass media
  - » Other institutions that have capability to carry out the Company CSR activities.

### **Method and Scope of Due Diligence of Social, Economic and Environmental Impacts due to Bank Activities**

The Company has reviewed the social, economic, and environmental impact of its business activities in providing added value to all shareholders and stakeholders. As for social impact on the community, the Company has created an umbrella policy for the implementation of CSR activities that synergizes both interests of improving community quality of life in line with the Company's business interests. This is intended so that the Company and the community can obtain long-term benefits for the implementation of these programs.

Related to economic impact, the Company has conducted CSR activities aiming to empower the community in alleviating poverty. In addition, the Company has compiled a Sustainable Financial Action Plan (RAKB), which anticipated to provide long-term value creation. The RAKB is not only for defining competitive advantage, but is also for the wider community and environment, as well as strengthening resilience since the Company has managed all risks (economic, social and environmental) more accurately.

Related to environmental impact, the Company has conducted CSR programs for environment preservation as well as channeled CSR programs to support the Company's business to be environmentally friendly. In conducting its business, the Company has implemented an environmentally friendly credit policy through credit assessments that attend to the Environmental Impact Analysis (AMDAL) results prior to its decision to disburse any loan for any project. This policy is stated in Circular Letter No.17/DIR/CMLD/2016, dated March 31, 2016 concerning the Commercial Loan Standard Operating Procedure stating that "Environmental Feasibility Study or Environmental Management Efforts (UKL/UPL) and/or Environmental Impact Analysis (AMDAL) if required by the local government, or specified in the Location Permit or Land Use Permit." In addition to the AMDAL, the Company also conducts direct observation of the site to ensure that the debtors or developers fulfil the environmental requirements.

### **Stakeholders Affecting or Influencing by the Company Activities**

The Company has identified its stakeholders aiming to get a clear understanding of the parties that have the most interest in the Company, and in a reciprocal manner, what kind of relationships need to be built, what matters need to be communicated, and how to maximize communication media to connect with stakeholders effectively, and finally able to achieve the set target in distributing CSR programs. All of these have the potential to influence the Company's operations and performance sustainability. Some of the stakeholders affecting or influencing the Bank's activities are as follows:

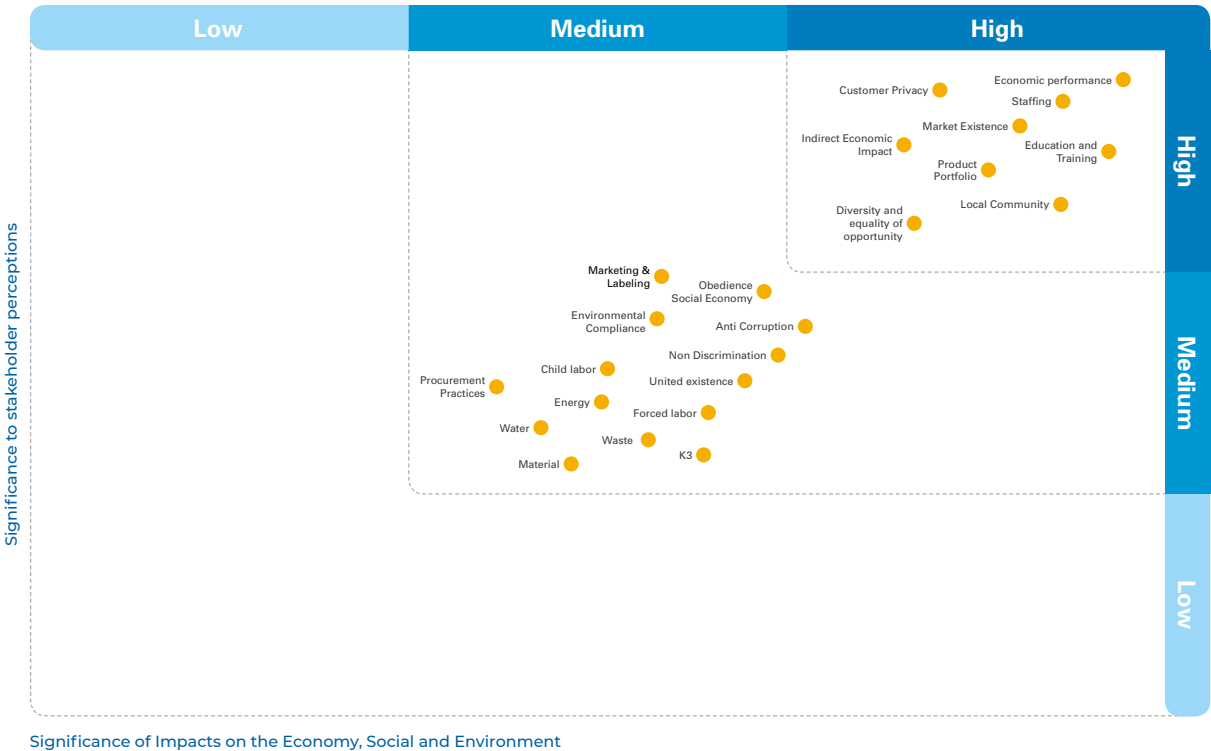
1. Shareholders
2. Customers
3. Employees
4. Partners / Suppliers
5. Government and Financial Authorities



Important Social, Economic and Environmental Issues Regarding Bank Operations

In determining the economic, social, and environmental issues that influence the Company’s business activities as well as significant evaluation and decision making of stakeholders, the Company has mapped these areas in the materiality tables and graphs below:

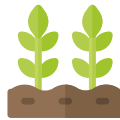
Mapping of Material Topics on Social, Economic, and Environmental Issues Related to the Impacts of Company Activities



Scope of Social Responsibility

The Company’s CSR programs are divided into 4 (four) main areas, as follows:





## Programs that Exceed Minimum Responsibilities

The Company supports and participates in achieving the Sustainable Development Goals (SDGs) both directly and indirectly through the implementation of corporate social responsibility activities and programs. One of them is by participating in the SDG 11.1 to develop towns and residential areas that are decent, safe, and affordable for all people through mortgage products for the community. The Company has started with the ABCG program, which is a residential building program involving Academic, Business, Community, and Government.

## CSR Programs and Budget

### CSR Program 2018

The Company has in place a CSR program that is in agreement with the principles of 3P (people, profit, planet), which are formulated by focusing on program needs and sustainability and are projected to cultivate compounded benefits for stakeholders through the implementation of CSR budget allocation policies adhering to compliance and fairness principles. The Company CSR program is also oriented towards creating added value to stakeholders and the

surrounding communities, as well as reinforcing sustainable development goals.

The Company's CSR Agenda focuses on several programs and points of interest including education, health, arts and culture, sports, religion, development of socio-economic welfare, environmental management, and incidental matters. The pursuits are carried out based on careful and responsible planning, and refer to the Company's CSR policies such as Regulation of the Board of Directors No. 6/PD/CSD/2018 regarding the Partnership Program, Community Development Program, and Corporate Social Responsibility Program on May 18, 2018. They are also oriented towards bringing long-term benefits to communities and the environment.

### CSR Budget 2018

In 2018, the Company allocated a CSR program budget of Rp5.5 billion with the realization of fund disbursement as of December 2018 reaching 94% or Rp5.18 billion. The funds disbursed for CSR include the economy, arts and culture, sports, education, health, facilities and infrastructure, religious, and nature conservation.

**Table: Realization of 2016-2018 CSR Fund Distribution**

Subject	Fund Disbursement (Rp Million)		
	2018	2017	2016
Economy	1,455.57	451.28	753.03
Art and culture	100	114.50	199.20
Sports	149.43	-	94.95
Education	1,047.34	227.94	409.32
Health	203.60	20	54.67
Facilities and infrastructure	644.56	4,214.47	2,250.93
Religious	1,573.60	120	564.01
Nature Conservation	6	-	44.95
<b>Total</b>	<b>5,180.09</b>	<b>5,148.19</b>	<b>4,371.06</b>

In addition to these CSR undertakings, as a state-owned bank, the Company conducts the Partnership and Community Development Program. The Company has specifically prepared a separate account to report on the performance of the PKBL which is an integral part of the Company's Annual Report. The PKBL performance report is adjusted to the provisions of SOE Minister Regulation No. PER-02/MBU/7 2017 dated July 5, 2017 regarding the Second Amendment to the Minister of State-Owned Enterprises Regulation No. PER-09/MBU/04/2015 regarding the State-Owned Enterprises' Partnership Program and Community Development Program.

Based on the results of the 2018 Annual General Meeting of Shareholders, the Company allocated Rp22 billion for the 2018 PKBL. The actual disbursement of PKBL funds by the end of 2018 reached Rp21.78 billion.

Table: PKBL Program Actual Fund Disbursement for 2016-2017

Subject	Funds Disbursement (Rp Million)		
	2016	2017	2018
Partnership Program	37,274.07	6,531.20	1,780.63
Community Development Program	21,782.21	20,033.23	13,153.14
<b>Total</b>	<b>59,056.28</b>	<b>26,564.43</b>	<b>14,933.77</b>

## COMPANY'S CSR KALEIDOSCOPE 2018

### Field of Activities

#### ECONOMY



Held Bank BTN Cheap Market at the Bengkulu City Sport Center in commemoration of the 73rd Independence Day of Indonesia.

#### SPORTS



Towards competing at the 2018 Asian Games, the Rock Climbing National Team prepared for the 2018 Asian Games had extra support from the Company by providing a coaching support worth Rp100 million.

#### ART AND CULTURE



The Company also maintains and preserves the unique arts of the Karanganyar Village, Borobudur District by supporting the implementation of the 2018 Pottery Festival at the Karanganyar Village Economic Center that is assisted by the Company

#### EDUCATION



Training for BUMN Creative Home Trainer. BUMN Creative Houses will assist and encourage SMEs in responding to the main challenges of SME business development in terms of competency improvement, Increasing Access to Marketing and Facilitating Capital access.



#### HEALTH



Free medical treatment for the community in Bengkulu celebrating the 73rd Independence Day of Indonesia.

#### FACILITIES AND INFRASTRUCTURE



Presentation of Educational Amenities and Infrastructure Assistance for MI Ma'arif Karanganyar Borobudur by the International Council of Women and the Company.

#### ENVIRONMENTAL CONSERVATION



The Company made contributions to the environmental conservation by planting trees surrounding the area of Balkondes Karanganyar, which is held to coincide with the Date of Visit of the International Council of Women Delegation dated October 18-19, 2018.



# SOCIAL RESPONSIBILITY RELATED TO HUMAN RIGHTS



**T**he Company is committed to constantly upholding the Human Rights (HAM). The scope of social responsibility related to the application of human rights within the Company includes the enforcement of diversity and equality principles for all employees, freedom of association, remuneration system and employee welfare implementation, commitment to collective labor agreements, and other related matters. The Company's target in 2018 in social responsibility for human rights includes the implementation of all policies within its scope.

The Company applies the principle of diversity and equality for all employees in accordance with the basic principles of employment contained within Law No. 13 of 2003 regarding Employment. This principle applies to human rights regulations or policies contained in the Board of Directors Regulations, Board of Directors Circular, and Collective Labor Agreements. In the regulations, the Company applies the principle of equality in employee recruitment, training and employee competency development, employee career development, employee remuneration and welfare without distinguishing gender, religion, ethnicity, race, and other diversities.



In freedom of association, since June 24, 1999, the Company has formed a trade union called the Bank's Workers Union and has obtained registration No. Kep-2241/W.26/K.2/1000 from the DKI Labor Department. The establishment of the Company's Trade Union is an effective communication forum between the Company management and all employees.

The Company has formulated and registered a Collective Labor Agreement (PKB) since October 2, 2012 with the Ministry of Manpower and Transmigration of the Republic of Indonesia with No. Kep.157/PHIJSKPKKAD/PKB/X/2012. PKB is updated periodically with the Workers' Union to be registered with the Manpower Office. In 2018, 100% of the Company's employees were protected by the PKB's rights.

In terms of remuneration and welfare of employees, the Company has issued a policy that regulates this in Circular of the Board of Directors No. 36/DIR/HCD/2017 regarding Human Capital Rewards. Human Capital Rewards applies fair reward patterns and equal treatment without discrimination of all employees without distinguishing gender, ethnicity, race, religion, skin color, and other diversities, but based on the achievement of performance and responsibility of the position held.



# RESPONSIBILITY TO THE ENVIRONMENT



In conjunction with the application of sustainability principles, in a broader sense, the Company is committed to environmental preservation for future generations by minimizing negative impacts on the environment. Internally, the Company focuses on creating a healthy work environment through environmentally sound policies and initiatives.

## Policies

The Company's policies regarding environmental management and protection refer to Law No. 32 of 2009 regarding the Environmental Protection and Management manifested in the Company's appeals, declarations and regulations to minimize the harmful impact of the Company's operations on the environment. The Company's policies regarding

the environment serve as guidelines in carrying out operational activities that are increasingly more environmentally friendly.

The Company is fully aware of its role as a Bank that provides loan/capital to customers and also as a development agent that participates in fostering a sustainable development, including to maintain environmental sustainability. In addition, the Company also focuses on environmentally friendly lending by adhering to the Company's Commercial Credit Facility Guidelines. In the guidelines, there are credit requirements that require documents on Effort for Environmental Feasibility/Environmental Management Efforts (UKL/UPL) and/or Environmental Impact Assessment (AMDAL). This is an arrangement



of the implementation of the Bank's compliance with Law No. 32 of 2009 regarding Environmental Protection and Management. The Environmental Policy is a guideline for the Company in carrying out operational endeavors that are increasingly environmentally friendly.

### Target Activities

The Company's CSR program in the field of the environment is carried out as a form of the Company's participation towards sustainable finance. The Company has set the target of environmental management in accordance with the Bank's Business Plan (RBB) and in agreement with sustainable financial principles as stated in the Financial Services Authority Regulation No. 51/POJK.03/2017 regarding the Implementation of Sustainable Finance for Financial Service Institutions, Issuers and Public Companies.

In addition, other Company targets are managing and coordinating the Company's operational activities by implementing green banking, enforced by Bank Indonesia through environmentally friendly operations and lending strategies. In green banking, the Company deliberates the environmental aspects of providing loans to customers, where customers are required to submit an AMDAL feasibility study as one of the conditions for credit approval by the Company. This aims to build strategic synergies which in turn raises Company efficiency and effectiveness.

In other instances, the Company fulfills its commitments on environmental conservation at the head office by reducing electricity consumption and cutting down on emissions.

### Activities and Quantitative Impacts

Throughout 2018, the Company has implemented policies and achieved targets that has been set in the environmental management and preservation through various activities that have positive impacts, both held at the head office and in its business activities.

## KARANGANYAR TOURISM VILLAGE AND VILLAGE ECONOMIC CENTER HOMESTAY FOSTERED BY BANK BTN

Karanganyar Village consists of 4 hamlets totaling 700 households. One of the special skills possessed by the residents of Karanganyar Village is pottery production. This craft was handed down by their ancestors to the current generation. In the past, production of pottery was done with simple tools and the pottery produced was only limited to cooking utensils. Nowadays, the pottery produced varies, from cooking utensils to souvenirs. In the past, it was arguably reported that every household in the village pursued pottery. At present, there are only 85 villagers left in pottery crafting. Karanganyar village is famous for its good quality clay and earthenware production is the most popular livelihood for the residents to pursue.

At present, pottery crafting by some of the Karanganyar villagers is projected to improve the economy both individually and the village economy in general. To reinforce this, the Company collaborated with Karanganyar Village stakeholders to transform Karanganyar Village, as the Company Patronage, by building facilities and infrastructure for residents i.e. the Construction of the Karanganyar Village Economic Center (Balkondes Karanganyar). Aside from being a center to improve the economy, Balkondes is envisaged to ensure preservation of the traditional pottery production culture and make it a tourism icon in the vicinity of Borobudur Temple.

The presence of Balkondes has created a positive economic bearing on the economy of the of Karanganyar village, i.e. the development of skills for pottery craftsmen through coaching and training as well as increasing economic income for the people of Karanganyar Village.

### **“Turning clay into saleable, esthetic pottery in Balkondes Karanganyar”**

Balkondes Karanganyar is located not far from the Indonesian heritage Borobudur Temple tourism complex, recognized by UNESCO. It is an impressive nature tourism site with a blend of Mount Menoreh natural attractions with an inherent rural atmosphere and highly artistic pottery crafts. Balkondes Karanganyar is independently established under the name Pottery Academy, where local and foreign visitors can learn about the art of clay processing into high-value works of art.

The benefits of Balkondes Karanganyar for the community are as follow:

1. Village economy surges.
2. Educational tourism for the art of pottery.
3. Attraction for local and foreign tourists.
4. Tourist attractions of natural scenery and village tranquility.

### **Green Banking Application**

#### **Environmentally Friendly Financing**

In agreement with Bank Indonesia's green banking policies and participating in a sustainable finance, the Company consistently sets out rules and policies that enforces effective implementation of sustainable finance. This is realized through training to expand employee understanding of environmental analysis, conducted both in-house and externally. The training outcomes are then disseminated to the credit team to be applied in the credit approval procedures.

The Company has the initiative to instigate a green finance product (the Company's products that heed environmental, social, and governance aspects). One consistent endeavor is the provision of loans. The Company has enacted a policy related to environmentally friendly loans by not disbursing loans to customers who do not comply with the Environmental Impact Analysis (AMDAL). In which, even for customers who have included the results of the AMDAL, the Company will still check for validation.

#### **Digital Banking for Paper Savings (Paperless)**

Through digital banking, the Company has reduced paper usage at branch offices by encouraging customers to make transactions via electronic channel services. In 2018, the number of electronic channel transactions rose to 14,436,252 compared to 1,222,057 transactions at teller counters.

From a business operational perspective, the Company saves on paper by means of iflow application, such as correspondence applications across divisions and/or branches that are structured in distribution. In addition to having advantages in distributing structured correspondence, this application has other benefits including swift mail distribution, delivered document and letter monitoring, as well as significantly reduces the need for printing.

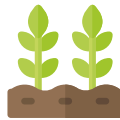
In addition, the Company's commitment to save on paper is further intensified by reusing old or pre-used paper, streamlining telephone billing or directly utilizing information technology applications that support mobile, paperless, historical records, and parameterized applications, 2-sided printing, e-mails, and Smart Branch initiatives by not using deposit slips, and maximizing digitalization.

### **Energy Saving and Emission Reduction**

Throughout 2018, the Company enacted various initiatives to cut down on electricity use, assisting the Company in reducing greenhouse gas emissions. The initiatives include:

1. Dissemination of information to all employees regarding the importance of turning off lights and other electronic equipment after working hours;
2. Activating the BAS (Building Automation System) that can turn off and turn on lights automatically based lighting zoning;
3. Using solar power for water heaters;
4. Replacing coolant/room temperature regulator Freon synthetic refrigerant with more environmentally friendly refrigerants such as R-32, R134A and R410;
5. Replacing damaged cooling/temperature regulators or procuring a new AC unit of Inverter type;
6. Replacing conventional lamps with Light Emitting Diode (LED) lamps;
7. Using the Videotron LED system for advertising media;
8. Modernizing 10 elevators by upgrading their system control with the latest models that are more efficient in electricity consumption;
9. Reducing the frequency of face-to-face meetings and prioritizing meetings through teleconference. This can reduce the use of fuel oil (BBM) which is used for transportation of meeting participants;
10. Rejuvenating Company vehicles to be more environmentally friendly;





11. Advising employees to use public transportation to and from work. Obliging operational vehicles to use high-octane fuel that is more environmentally friendly in accordance with the policy of the Government of the Republic of Indonesia which requires state-owned operational vehicles to use non-subsidized fuel. Through memo number 1836/M/PGSD/GS/XI/2013 dated November 6, 2013, the Procurement and General Service Division delivered memos to Regional Offices, Branch Offices and Sharia Branch Offices regarding the prohibition on using RON 88 fuel oil (gasoline) for operational vehicles of the Company; and
12. Earth Hour 2018 Participation

The Company participated in saving electricity consumption on the last Saturday of the month for one hour during the Earth Hour event on March 24, 2018. This is a campaign to build an environmentally friendly culture and an effort to change lifestyles by reducing ecological footprint and greenhouse gas emissions for the sake of environmental preservation.

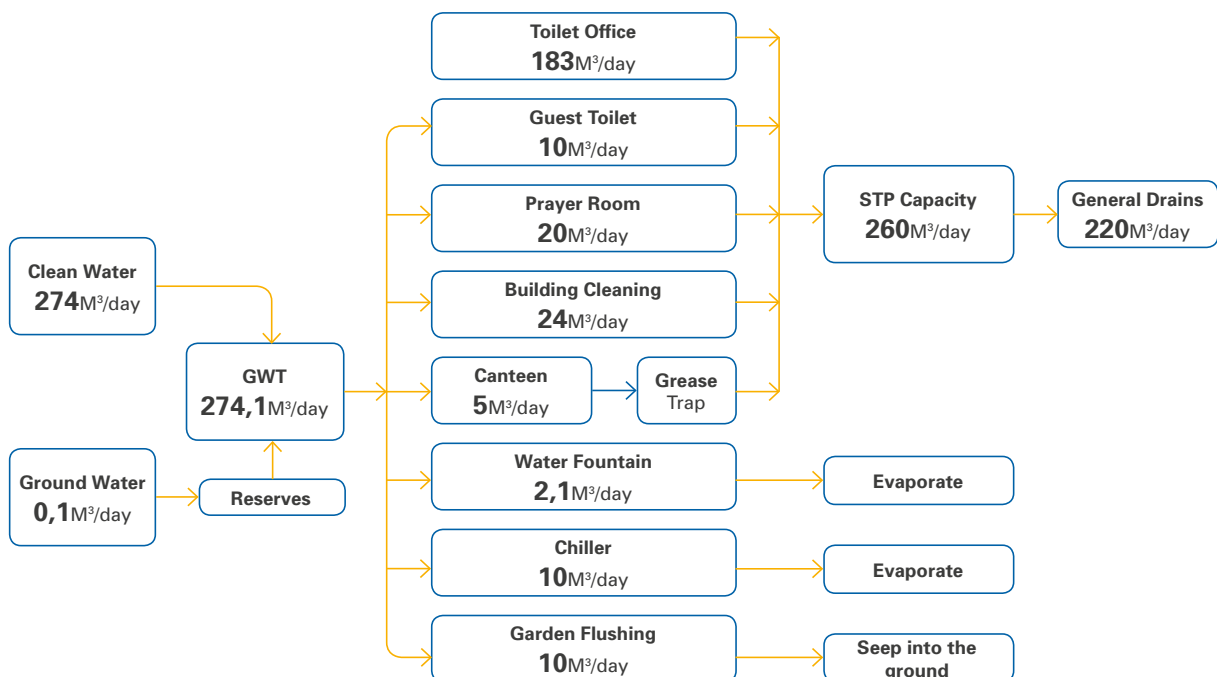
As a result of the austerity effort, in 2018, the Company's electricity consumption at Head Office was around 1,310,630 kWh. This amount is slightly lower compared to the previous year.

### Water usage

The Company reduces water usage by consuming water as needed and encourages all employees to turn off water taps when not needed. Moreover, the Company also recycles water for various purposes, such as watering plants and routinely controls plumbing and faucets in an effort to avoid waste and water leakage.

The company prioritizes the use of municipal water as the main water source in accordance with the Regional Regulation concerning the use of ground water. The Company took the initiative to construct a waste water treatment plant with a capacity of 260 m<sup>3</sup>/day with current output reaching 220 m<sup>3</sup>/day in accord with the Wastewater Disposal Permit issued on July 19, 2018. The resulting wastewater is processed via STP (Sewage Treatment Plan) so that it does not harm the environment and has obtained a Waste Water Disposal Permit (IPAL) from the relevant establishment. All of the above are the Company's efforts to ensure efficient use of clean water, maintenance, and water disposal. Furthermore, the Company also regulates water bills for efficiency in the BTN Tower Building, with the balance of clean water usage as follows:

#### SCHEME OF CLEAN WATER USE



## RESPONSIBILITY TO THE ENVIRONMENT

As a result, in 2018, the amount of Head Office water usage was 537 m3, up from 2017. This upsurge was due to the addition of man power and water reservoir draining. Despite this increase in water use, the Company remains committed to saving water, in particular at Head Office.

**Tabel of Ground Water**

Tahun	Ground Water			
	SAP 02 (556)		SAP 03 (628)	
	M³	Rp	M³	Rp
2018	421	7,221,728	158	2,672,759
2017	40	676,647	131	2,258,145

**Table of Clean (PDAM) Water**

Tahun	Clean (PDAM) Water	
	M³	Rp
2018	97,859	1,229,932,290.-
2017	97,370	1,224,171,380.-

## Waste Management

Companies engaged in the banking industry produce waste in the form of plastic, paper and waste water. This waste is not categorized as Hazardous and Toxic Waste (B3) based on the provisions of the Ministry of Environment of the Republic of Indonesia. However, the Company processes waste water through a STP (Sewage Treatment Plan) which is managed in collaboration with third parties in accordance with environmental management standards so as not to endanger the environment. In addition, the Company has a hazardous waste storage (B3) facility on its premises with a capacity of 104.5 kg.

Throughout 2018, the Company routinely monitored waste water at the Head Office every three months. With this monitoring system, the Company can make certain that the discarded water has met the quality standards in accordance with the Jakarta Capital City Governor's Regulation No. 122 of 2005 concerning the management of domestic wastewater in the Special Capital Region of Jakarta so as not to pollute the environment.



The description of waste management produced by the Company in the last three years is as follows:

NO	Type of Hazardous Waste (B3)	Treatment	2016	2017	2018
1	Building Waste (Waste Food, General Waste, Beverages, Paper, Cardboard)	Produced	43,200 kg	38,400 kg	28,800 kg
		Stored at TPS	0	0	0
		Submitted to Authorized Third Parties Licensed	Yes	Yes	Yes
2	Waste Oil	Produced	50 kg	120 kg	20 kg
		Stored at TPS	0	0	0
		Submitted to Authorized Third Parties Licensed	Yes	Yes	Yes
3	Used Batteries	Produced	50 kg	20 kg	60 kg
		Stored at TPS	0	0	0
		Submitted to Authorized Third Parties Licensed	Yes	Yes	Yes
4	lighting  (TL lamps, PLC, Ballast, Cable)	Produced	10 kg	10 kg	4.4 kg
		Stored at TPS	0	0	0
		Submitted to Authorized Third Parties Licensed	Yes	Yes	Yes
5	Freon Tube Waste	Produced	15 kg	10 kg	20 kg
		Stored at TPS	0	0	0
		Submitted to Authorized Third Parties Licensed	Yes	Yes	Yes

## Green BTN

Green BTN is a manifestation of the Company's real effort to enhance environmental preservation. The BTN Green activities include reforestation by planting trees around the Company's work area. In addition, in housing development, the Company always stipulates that every house built has a green area which must be planted with at least one tree per house.

## Environmental Problem Complaints Mechanism

The Company is always open to complaints from the public regarding environmental impacts that may arise due the Company's operations. The mechanism for complaints of environmental problems can be submitted to the Company by sending an environmental complaint report about the area surrounding the BTN Tower through an official letter. During 2018, the Company received no complaints regarding environmental issues nor was it subjected to fines and/or sanctions for non-compliance with laws and environmental regulations.

## Environmental Certification

Until the end of 2018, the Company had not received any certification regarding the environment.

## Implementation Cost

In 2018, the Company outlaid Rp72.94 million in management and preservation of the environment. The cost of managing STP (Sewage Treatment Plan) and waste management in 2018 amounted to Rp150.30 million.



# RESPONSIBILITY TO LABOR, HEALTH, AND SAFETY

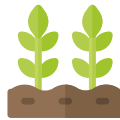


**T**he Company places Labor, Occupational Health and Safety (K3) practices as important elements in sustaining operations that can promote productivity and improve quality of life, both for employees and all stakeholders. Hence, the Company provides a safe working environment and a harmonious working relationship between management and all employees as the main foundation and prerequisite in achieving the vision, mission, and goals of the sustainable Bank Business Plan (RBB).

## EMPLOYMENT SECTOR

### Policies

The Company is committed to promoting sound and conducive industrial relations between the Company and employees, and ensures that all employees obtain the same rights in employment. This commitment is stated in the Company's policy on the Regulation of Board of Directors No. 29/DIR/CMO/2011 concerning the Human Capital Management Policy Guidelines (PKMHC), PT Bank Tabungan Negara (Persero) Tbk. In addition, the Company also adheres to labor policies that refer to Law Number 13 of 2003 regarding Manpower. This is to warrant compliance with



applicable laws and minimize the risk of human rights violations in employment relations. The Company also heeds, and commits to, gender equality and employment opportunities, job training to improve employee professionalism and the appropriate remuneration system.

### Activities Target

The Company sets targets for CSR planning in employment in accordance with the Company's direction and strategy under HR management. These targets include educating and training employees to enhance the competency of HR (People Transformation) in the context of digital banking transformation, fulfillment of employee welfare, treatment of equality, and creating harmonious industrial relations. The overall target, in line with the business transformation plan, is to reinforce the human resources sector by intensifying and enhancing HR capabilities as agents of transformation.

### Employment Activities

In 2018, the Company conducted activities in employment as follows:

#### 1. Employee Welfare

The Company conducts an employee welfare program through a number of measures including: increasing employee benefits, bonuses, raising job grades, promotions and awards to outstanding employees. The remuneration and benefits provided to permanent employees are basic salary, Religious Holiday allowance, leave money,

clothing, allowances (for position, housing, vehicles, expertise, fuel, location, tax), performance bonuses, housing loans, pensions, social security, periodic health care costs, medical assistance, and relief money.

In 2018, the Company budgeted for an employee welfare fund of Rp2,876.56 billion, up by 12.61% compared to 2017, which amounted to Rp2,554.43 million.

#### 2. Employee Remuneration

The Company constantly attends to the welfare of all employees, maintaining a mutual synergy in order to create high work productivity. Remuneration is given to employees based on merit systems by prioritizing employees, performance, competence and integrity in the form of basic salaries, allowance and other benefits in accordance with Company regulations and applicable legislation. The Company remuneration system complies with the prevailing minimum labor wage provisions in Indonesia and adheres to the International Labor Organization (ILO) convention on Equal Remuneration, where the salaries of new employees are above the minimum regional wage standards applicable where the Company operates. Moreover, the Company constantly strives to maintain an appropriate salary gap ratio for all employees to circumvent too large a difference.

**Table: Highest and Lowest Salary Ratio 2018**

Description	Ratio
Highest and lowest employee salary	35.4:1
Highest and lowest Directors salary	1.1: 1
highest and lowest Commissioner salary	1.1: 1
Highest Board of Directors and Highest Employees' Salaries	2.59: 1

#### 3. Equal Opportunities in Education and Training

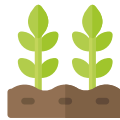
On a recurrent basis, the Company organizes education and training to strengthen business operations in line with the needs and development of the banking industry. The Company provides equal opportunities to all employees in developing their potential through education and training as stated in the Board of Directors Decision No. 04/KD/SIPD/2017, dated May 29, 2017. Employee participation contributes significantly to the achievement of the Company's business performance.

## RESPONSIBILITY TO LABOR, HEALTH, AND SAFETY

The structures of education and training that have been applied are divided into three groups, i.e. School of Leadership, School of Operations, and School of Business. In 2018, the Learning Center attained 116.88% of its target based on batch targets and participants through the 3 (three) schools that conduct training for employees, which are:

- **School of Leadership**  
Providing training aimed at shaping leadership attitudes at the Company Leader level. This program consists of ODP (Officer Development Program), MDP (Management Development Program), SDP (Supervisor Development Program), overseas and domestic Master Degree Scholarship Programs, SESPIBANK (School of Staff and Bank Leaders) Board of Commissioners and Board of Directors, EDP (Executive Development Program) abroad for Division Heads, and other leadership programs.
- **School of Operation Banking**  
Training that aims to improve the Company's supporting skills or competencies which buoy up the Company's business. This training consists of Faculty of Audit, Faculty of Compliance, Faculty of Corporate Affairs, Faculty of Human Capital, Faculty of Information Technology, Faculty of Legal, Faculty of Management System, Faculty of Risk, Faculty of Risk, Finance & Accounting, Operational Banking, and others.
- **School of Business Banking**  
Training that aims to deliver expertise and competency that focuses on business and management development consisting of Collection & Asset Management, Commercial Funding, Retail Funding & Services, Commercial Lending, Consumer Lending, Digital Banking, Islamic Financing, Service Quality, Sharia Funding and others, Treasury, Wealth Management, and others.

Type of Activities	Number of Participants	
	2018	2017
<b>School Of Business</b>		
• Loan Academy	10,153	13,295
• Sales Academy		
• Wealth Management Series		
• Collection Series		
• Asset Management Series		
• Service Series		
• Sharia Series		
• Financing Academy		
<b>School of Operational Banking Training Program:</b>		
• Audit	13,781	9,736
• Compliance		
• Corporate Affair		
• Human Capital		
• Information Technology		
• Legal		
• Management System		
• Risk		
• Finance & Accounting		
• Operational Banking		
<b>School of Leadership</b>		
• Executive Training for Board of Directors	4,893	1,112
• Executive Training for Board of Commisionners		
• Executive Training for Division Head & Regional Office Head		
• Sespibank (Sekolah Staff dan Pimpinan Bank)		
• Executive Development Program (EDP)		



Type of Activities	Number of Participants	
	2018	2017
• Vice President Development Program (VPDP)		
• Senior Manager Development Program (SMDP)		
• Manager Development Program (MDP)		
• Officer Development Program (ODP)		
• Supervisor Development Program (SDP)		
• Branch Manager Development Program (BMDP)		
• Leadership Series		
• Domestic Scholarship for S1 (Undergraduate)		
• Domestic and Overseas Scholarship for S2 (Graduate)		

#### 4. Equal Treatment for All Employees

The Company applies the principles of diversity and equality for all employees in accordance with the basic principles of employment contained within Law No. 13 of 2003, concerning employment.

In 2018, the Company had 11,810 employees, consisting of 54.74% or 6,465 male employees and 45.26% or 5,345 female employees. The composition reflects that the Company upholds the principles of equality in employment. This composition reflects that the recruitment system implemented by the Company has been carried out by upholding the principles of equality as well as conducting employment opportunities by not distinguishing between men and women in hiring employees.

In employment opportunities, employee recruitment is based on selection, and evaluation results of probation and worker orientation. The Company applies equal opportunities to all candidates, both men and women, without ethnic, religious, racial, class, gender or physical discrimination in the recruitment of potential employees. In practice, the Company opens opportunities for the best physically challenged candidates to work in the Company. By end of 2018, the Company had 4 physically challenged employees in several branch offices, such as the Banjarmasin Branch Office, Malang Branch Office, Medan Branch Office, and Human Capital Management & Culture Specialist Division (HMCD).

#### 5. Employee Protection (Industrial Relations)

The Company regards employees as the Company's strategic partners in achieving common goals. Consequently, the Company constantly strives

to respect the rights of employees and carries out its obligations in accordance with applicable laws and regulations in order to build harmonious relationships. The Company has established a Bipartite Cooperation Institution (Bipartite LKS) as a communication forum and consultation relating to industrial relations of the Company where its members consist of Position Holders and Bank BTN Workers' Unions (SP-BTN).

Moreover, the Company has also compiled and agreed on a Collective Labor Agreement (PKB) which contains the rights and obligations of the Company and its employees to uphold harmonious and impartial industrial relations. The Company routinely convenes meetings with trade unions to discuss various matters related to employee rights and obligations or to formulate disciplinary sanctions for employee violations. In 2018, all the rights of the Company's permanent employees (100%) were secured by PKB.

#### 6. Employee Turnover Rate

In 2018, the employee turnover rate was 2.26% with 267 employees leaving the Company voluntary. However, this employee turnover rate is still within the average level of the banking industry. This turnover rate comprises 253 employees resigning and 14 employees retiring early.

### Occupational Health and Safety

The Company makes a serious effort to create a safe and comfortable work environment for all employees by constantly observing occupational health and safety aspects to sustain the best corporate performance. In occupational health and safety, the Company's policy refers to Law No. 13 of 2003 article 86 paragraph 2 regarding employee protection. Implementation



of employee health and safety programs are also contained within the Company's internal policies, such as:

1. Regulation of Board of Directors No. 5/PD/PGSD/2017 dated October 31, 2017, regarding Policy Guidelines for Occupational Safety and Health Management System;
2. Circular of Board of Directors No. 60/DIR/PGSD/2017, dated 31 October, 2017, concerning Standard Operating Procedures for Implementing an Occupational Safety and Health Management System.

### Target Activities

In 2018, the Company's target in occupational health and safety (OHS) focused on improving competence, training and awareness of employees at work, so that the application of OHS was able to be maintained at zero accidents. The Company also provides adequate health care benefits for employees and work safety management to prevent workplace accidents. Determination of these targets is envisaged to augment employee productivity and warrant sustainably.

### Occupational Health and Safety Pursuits

Throughout 2018, the Company organized various agendas and facilities in occupational health and safety which included enlightening the importance of OHS, health checks, workplace safety along with OHS training, and enforcement of policies on Occupational Health and Safety Management System (OHSMS).

### Efforts to Raise Understanding of Occupational Health and Safety

The Company, in 2018, once more made various attempts to upgrade the understanding of, and skills in, Occupational Safety and Health (OHS). The Company is strongly committed to a healthy work environment, and accident free operations in accordance with applicable rules. To realize occupational health, the Company has compiled health programs in business processes, Medical Check Up facilities, training, medical emergency response simulations, and workshops on Occupational Health.

### Health Check Implementation

The Company also carries out periodic health checks on employees and registers all employees in the mandatory Labor and Health Management Agency (BPJS) insurance scheme, provides maternity assistance, checks, treatment and health care for employees and establishes cooperation with various hospitals in the vicinity of the Company's area of operation.

The Company periodically inspects all OHS apparatus to warrant their functionality when needed. By having adequate health facilities and unceasingly safeguarding employee safety, the Company anticipates that employee productivity will continue to expand.

### Safety Facilities and OHS Training

In averting work accidents and various work environment disasters, the Company has furnished all of its offices with a range of work safety standard equipment, such as: light fire extinguishers, smoke detectors, diesel pumps, emergency evacuation stairs and work safety warning signs, adhering to the standards based on Minister of Public Works Technical Requirements for Fire Protection Systems in Buildings and the Environment.

The Company also routinely inspects work safety equipment to guarantee its feasibility, certificates issued by the DKI Jakarta Provincial Manpower and Transmigration Office for operators of work safety devices, such as lift and transport gear and fire evacuation plans and laying out fire safety operational procedures in rooms and every floor of the building so that all employees are well informed.

By the end of 2018, the Company required employees to participate in OHS training making them aware of the importance of OHS, and take proper action in the event of a tragedy. The Company routinely engages employees in "Coaching and Certification of Public Occupational Health and Safety Experts (AK3U)" certification training organized by BPJS Kesehatan. All employees have been included in Labor Social Security (Jamsostek) through BPJS Employment, such as Pension Insurance (JHT), Work Accident Insurance (JKK), and Death Insurance (JK), to protect employees from socio-economic risks such as work accidents, disability, retirement and death, resulting in reduced or loss of income.



### Occupational Safety and Health Management System (OHSMS)

In 2018, the Company implemented the Occupational Safety and Health Management System (OHSMS) as the Company's commitment in managing OHS related to the OHSMS Standard Operational Procedure (SOP) and the Company's OHS Special Policy. The aim of OHSMS is to improve the effectiveness of safety and health protection in a planned, measurable, structured, and integrated manner and to prevent work accidents and work-related illnesses.

In 2018, the Company once more certified several of the Company's employees for AK3U. This certification is carried out in the context of Occupational Safety and Health Laws implementation issued by the Indonesian Ministry of Manpower and Transmigration. The occupational safety and health certification material includes:

1. Supporting building facilities and infrastructure such as elevators, generators, air conditioners, and lighting;
2. Employee regular medical check-ups;
3. Work supporting equipment that has no effect on health; and
4. Periodic employee rotation so not to be psychologically saturated.

### Occupational Accident Rate

Throughout 2018, the Company carried out programs and pursuits on optimal employee safety and health. No Company employees were reported to have been exposed to illnesses or high risk accidents (zero accident).

### Complaint Mechanisms for Employment Issues

The Company offers a complaint channel for employees in dealing with the Company as one of its responsibilities to protect employees and guarantee their rights. Some employee complaint mechanisms are as follows:

1. If the reported party is an employee of the Company, the alleged violation report is addressed directly to the Whistle Blowing System team at the following address:
  - » Whistleblowing System Team of PT Bank Tabungan Negara (Persero) Tbk.
  - » PO BOX Whistleblowing System (WBS) BTN Jakarta
  - » Email: wbs.btn@btn.co.id
  - » SMS/Mobile: 081311434343

Reports can be made verbally or by other means by the Whistle Blower.

2. If the reported party is a member of the Whistle Blower System Team, then the alleged report of the violation is sent directly to the President Director.
3. If the reported party is a member of the Board of Directors or his family, then the alleged violation report is sent directly to the Board of Commissioners.
4. If the reported party is a member of the Board of Commissioners or his family, then the alleged violation report is sent directly to the President Director.

With effective management and implementation of labor practices and human rights, during 2018 there were no complaints concerning employment practices or human rights violations, including incidents of discrimination experienced by employees of the Company.

### Quantitative Impacts

In 2018, CSR implementation related to employment was effective in accordance with its objectives in fulfilling the interests of employees, and the alignment between employee goals and Company objectives was fulfilled. The Company EES score rose to 85% in 2018 compared to the previous year at 78%. The Company's EES indicates that the level of employee engagement with the Company had increased by 8.97% and is at the Top Quartile level. The Company EES score in the last two years has been above the level of other employee engagement benchmarks, such as APAC's Financial Institution of 67%, the 72% of the Financial Institution Indonesia, and the BE Indonesia Benchmark of 86%.



## RESPONSIBILITY TO LABOR, HEALTH, AND SAFETY

In addition, Company employee turnover rate in 2018 decreased to 2.26% compared to 2.27% in 2017.

**Table: Company Employee Turnover**

Description	2014	2015	2016	2017	2018
Number of Employees*	8,607	9,069	9,424	10,360	11,810
Voluntary Resignation**	260	338	248	235	267
Turnover Ratio	3.02%	3.73%	2.63%	2.27%	2.26%

Notes :

\* The number of permanent employees includes contract employees/prospective employees/PKWT

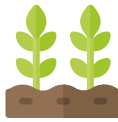
\*\* Employee decisions to leave the organization voluntarily (resignation and early retirement)

Other quantitative impacts on the implementation of the Company's CSR on OHS include significant improvements in health and employee performance. With a work safety management system coupled with socialization and various training programs, it has made quite an effective impact. In 2018, there were no work accidents (zero accident) in the Company.

### Certification

The Company has obtained Fire Safety certification issued by the Jakarta Provincial Fire and Rescue Agency. This certification has encouraged the Company to realize a safer and healthier work environment for Company employees.

Type of Certifications	Fire Safety Certificate
Validity Period	October 20, 2018 * has been extended
Issuing Agency	Provincial Government Special Region of Jakarta Capital Investment and One Stop Service



Highlights 2018  
Management Report  
Company Profile  
Management Discussion and Analysis

Business Support  
Good Corporate Governance  
• **Corporate Social Responsibility**  
Audited Financial Statements

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# RESPONSIBILITY IN SOCIAL AND COMMUNITY DEVELOPMENT



**T**he Company implements its CSR in social and community development undertakings with an aim to empower the community, improve living standards and the welfare of the community.

## Policies

The policy to implement the Company's CSR in the community social sector is a commitment to sustainable economic development. This policy is enacted in various Partnership and Community Development undertakings as well as in other Corporate Social Responsibility pursuits. These implementations refer to the Company's CSR Regulations i.e. Board of Directors Regulation No. 6/PD/CSD/2018 regarding the Partnership Program, Community Development, and Corporate Social Responsibility Program, dated 18 May, 2018.

## Target Activities

The Company CSR target for social and community aspects is contained within the Bank Business Plan (RBB) established earlier in the year. The RBB is prepared in accordance with the focus and target of the Company's CSR and Partnerships and Community Development Program (PCDP) activities throughout the financial year. The Company's CSR and PCDP program aims at community socio-economic empowerment divided into seven categories of distribution, including natural disasters, education/training, health improvement, public facilities improvement, religious facilities, nature conservation and social assistance in alleviating poverty.



## Activities and Quantitative Impacts

The Company anticipates that the CSR and PCDP programs can lessen undesirable impact due to its operational activities and provide maximum benefits as stipulated in the applicable legislation. The Company also hopes to provide shared value that is widely beneficial to the entire community in Indonesia.

## Corporate Social Responsibility Undertakings

The Company's active role in contributing to the community is demonstrated through its Corporate Social Responsibility Program. In 2018, the Company resumed the BTN Harmony Environment Program which aims to educate the public in an integrated manner through numerous training programs and/or education and assistance for communities as a basis for developing integrated programs. There are nine main undertakings that are the focus of community development programs, i.e. Prosperous BTN, Religious BTN, Green BTN, Fit BTN, Healthy BTN, Smart BTN, Hygienic BTN, Care BTN and BTN Partnership.

## Labor Utilization and Local Suppliers

The Company constantly strives to carry out CSR agendas that provide benefits and direct empowerment to the community. Thus, the Company recruits local workers for its operations and cooperates with local suppliers for goods and services as short- and long-term partners, particularly with construction companies promoting the Million Housing Program. In selecting sustainable local suppliers, the Company prioritizes local Indonesian suppliers. In addition to reducing overhead costs, it aims to promote domestic companies.

## Financial Education and Literacy Program

The Banking Financial Literacy and Education Program as directed by Bank Indonesia and the Financial Services Authority (FSA) disseminates knowledge of banking to the public. Throughout 2018, the Company

organized educational sessions for the community in increasing community knowledge and skills in managing financial resources (financial literacy) for improved welfare, including:

- Smart Branch Education in the "Students Get to Know the Archipelago" Program
- BTN Zone
- School Reading Parks

## Communication on Policies and Anti-Corruption Procedures

The Company has in place several policies on the prevention of corruption to guarantee a clean and transparent banking operation, including the Company's code of ethics, and Anti-Fraud. Anti-fraud implementation in the Company is regulated by Circular of the Board of Directors No. 22/DIR/IAD/2014, dated May 28, 2014 concerning Anti-fraud Strategy Standard Operating Procedure of PT Bank Tabungan Negara (Persero) Tbk. Anti-Fraud Strategy consists of 4 (four) pillars, i.e. (1) prevention; (2) detection; (3) investigation, reporting and sanctions, and (4) monitoring, evaluation, and follow-up.

The Company realizes the importance of nurturing an anti-fraud culture. Thus, the Company constantly organizes Anti-Fraud Awareness Campaigns in the workplace by disseminating information to all employees and stakeholders regarding the Company Anti-Fraud Strategy, corruption, money laundering, and Gratuity Control policies. The Awareness Enhancement Program is conveyed by the Company to customers and the public through banners on anti-corruption/gratuities at Head Office and throughout the Company's Branch Offices.

## Anti-Corruption Training

In 2018, the Company carried out various awareness undertakings regarding Gratuity Control in the Company, including: (1) PIN Refuse Gratuity used by all Company employees; (2) Gratification Control Program Dissemination to MVP representatives of

## RESPONSIBILITY IN SOCIAL AND COMMUNITY DEVELOPMENT

all work units of the head office and branch offices; (3) Issuance of Pocket Book for Gratification Control Program; and (4) Letters to Partners/Stakeholders of the Company at Headquarters and branch offices.

In addition, the Company correspondingly organizes anti-corruption education and training as its commitment to anti-fraud/gratification practice control. The Company participated in an anti-corruption awareness campaign held by the Corruption Eradication Commission. The socialization and training of gratuity control programs aims to prevent corruption, fraud, especially within the Company.

### Partnership and Community Development Program

#### Partnership Program

The Company's commitment to social and community development is to improve the ability of small businesses to become resilient and independent through Company lending. The objective is to select prospective fostered partners to fulfil banking requirements, and motivate them to become resilient and independent entrepreneurs. The Company hopes that the allocated loans can expand small businesses and cultivate maximum usability.

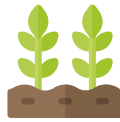
In 2018, the Company channeled funding assistance under the partnership program of Rp37,275 billion to 760 fostered partners, divided into 7 (seven) sectors covering fisheries, plantations, agriculture, livestock, industrial, service, and trade sectors. Actual funds distribution of Partnership Program in 2018 is as follows:

**Table: Actual Distribution of Partnership Fund Based on Business Sector 2018**

Business Sectors	Debtors	Realization
Industry Sector	41	1,703,000,000
Trade Business Sector	371	13,758,450,000
Agriculture Business Sector	77	3,750,000,000
Plantations Business Sector	22	1,065,000,000
Livestock Business Sector	123	7,601,000,000
Fisheries Business Sector	6	150,000,000
Service Business Sector	118	8,014,062,500
Creative Industry Sector	2	78,000,000
Partnership Development Funds (Hibah)	0	1,154,560,000
Other Business Sector	0	0
Total	760	37,274,072,500

**Table: Actual Partnership Program Fund Distribution Based on Company Regional Offices 2018**

Provinces	Debtors	2018 Realization
Bali	20	1,000,000,000.00
Bangka Belitung	15	530,000,000.00
Banten	41	2,461,900,000.00
Bengkulu	3	120,000,000.00
DI Yogyakarta	15	665,000,000.00
DKI Jakarta	66	4,269,400,000.00
Gorontalo	3	59,062,500.00
Jambi	13	430,000,000.00
West Java	103	5,963,650,000.00
Central Java	80	4,657,000,000.00
East Java	170	7,999,050,000.00
West Kalimantan	15	500,000,000.00
South Kalimantan	51	893,500,000.00
Central Kalimantan	6	178,750,000.00



**Table: Actual Partnership Program Fund Distribution Based on Company Regional Offices 2018**

Provinces	Debtors	2018 Realization
East Kalimantan	7	280,000,000.00
Kepulauan Riau	4	110,000,000.00
Lampung	3	150,000,000.00
Maluku	11	164,500,000.00
North Maluku	1	20,000,000.00
Nanggroe Aceh Darussalam	1	20,000,000.00
West Nusa Tenggara	23	980,000,000.00
East Nusa Tenggara	4	83,000,000.00
Papua	5	207,500,000.00
Riau	2	70,000,000.00
South Sulawesi	69	3,703,760,000.00
Central Sulawesi	7	350,000,000.00
Southeast Sulawesi	7	696,000,000.00
North Sulawesi	1	17,000,000.00
West Sumatera	8	525,000,000.00
South Sumatera	3	105,000,000.00
North Sumatera	3	65,000,000.00
Total		37,274,072,500.00

## Community Development Program

The Company's Community Development Program aims to assist communities in the vicinity of the Company's operations, both Head Office and Branch Offices. In 2018, the actual distribution of Community Development Program funds amounted to Rp21.78 billion to communities in 34 Provinces through 6 (six) working areas of the Company.

Funds for the Community Development program were channeled through various sectors including education and training, public facilities, religious facilities, health and social communities in poverty alleviation. The following is the actual distribution of funds for the Community Development Program in 2018.

**Table: Actual Distribution of Community Development Funds Based on Work Areas in 2018**

Regional Branch Office	Work Area	Value of Disbursement (Rp)	Nilai Penyaluran (Rp Juta)
Regional Office I	West Java		1,534.76
Regional Office II	• Jakarta Capital Special Region • Banten		2,123.18
Regional Office III	• East Java • Bali	• West Nusa Tenggara • East Nusa Tenggara	6,526.82
Regional Office IV	• Nanggroe Aceh Darussalam • North Sumatra • West Sumatra • Riau • Jambi	• South Sumatra • Bengkulu • Lampung • Bangka Belitung • Riau Islands	3,593.93
Regional Office V	• West Kalimantan • Central Kalimantan • South Kalimantan • East Kalimantan • North Kalimantan • North Sulawesi • Central Sulawesi • South Sulawesi	• Southeast Sulawesi • Gorontalo • West Sulawesi • Maluku • North Maluku • Papua • West Papua	3,323.46
Regional Office VI	• Central Java • Special Region of Yogyakarta		4,680.06
Total			21,782.21



**Table: Accomplishment of Distribution of Community Development Program Based on Field of Activities in 2018**

Field of Activities	Disbursement (Rp Million)
Natural disasters	1,790.09
Education and/or Training	5,739.55
Health Improvement	292.12
Infrastructure Development and/or Public Facilities	4,881.12
Places of worship	1,791.26
Environmental Conservation	72.94
Community Social Assistance in Poverty Alleviation, including: 1. Electrification of areas without electricity 2. Provision of clean water 3. Provision of toilet facilities for washing latrines 4. Educational, training, apprenticeship, promotion and other assistance related to increasing the economic independence of small businesses in addition to the Fostered Partners Development Partnership Program 5. Housing renovation for the under privileged 6. Nursery assistance for agriculture, livestock and fisheries 7. Business tools assistance	7,215.13
Total	21,782.21

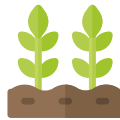
## Budget and Implementation Activities of CSR

The Company's CSR budget is stipulated in the Company's budget work plan by paying attention to propriety and fairness. In 2018, the Company disbursed funds for the social and community CSR programs amounting to Rp5,181 billion which were disbursed to various sectors including, economy, education, health, public facilities, cultural arts and religious events.

Field of Activities	Disbursement (Rp Million)		
	2018	2017	2016
Economy	1,455.57	451.28	753.03
Arts & Culture	100.00	114.50	199.20
Sport	149.43	-	94.95
Education	1,047.34	227.94	409.32
Health	203.59	20	54.67
Public Facilities	644.56	4,214.47	2,250.93
Religious Affair	1,573.60	120	564.01
Environmental Conservation	6.00	-	44.95
Total	5,180.09	5,148.19	4,371.06

**Table: 2018 CSR Activities and Costs**

Implementation Date	Activities Performed
January	<ul style="list-style-type: none"> <li>Scholarship for outstanding students at Sumbawa University of Technology in the context of the working visit of the Minister of State-Owned Enterprises in UTS, December 2017 Bantuan beasiswa bagi mahasiswa berprestasi di Universitas Teknologi Sumbawa dalam rangka kunjungan kerja Menteri BUMN di UTS tanggal Desember 2017</li> <li>Scholarship for outstanding students at Sumbawa University of Technology during the working visit of the Minister of State-Owned Enterprises of UTS, December 2017</li> <li>Bank BTN's participation in supporting the construction of environmental roads in Ujan Mas Village, South Oku District, Sunagai Are District</li> <li>Provision of facilities and infrastructure for the President Director in assisting the Working Visit of the Minister of State-Owned Enterprises in Papua Province together with the welder vocational program participants from Papua and Papua Barat on January 12, 2018 (reclassification to 561,400)</li> <li>Bank BTN's participation in the natural disaster response program in collaboration with the Financial Services Authority over the eruption of Mount Agung, Karangasem Regency, Bali</li> <li>Provision of supporting facilities and infrastructure in preparation for the Working Visit of the Minister of State-Owned Enterprises in Papua Province along with vocational program participants from Papua and Papua Bara on January 2018</li> <li>The site visit to Liran Island to calculate the cost of renovating homes as Bank BTN's commitment in the State-Owned Enterprise Presence for the Nation Program on Liran Island</li> </ul>



**Table: 2018 CSR Activities and Costs**

Implementation Date	Activities Performed
February	<ul style="list-style-type: none"> <li>Bank BTN's participation in greening activities in the Ministry of State-Owned Enterprises</li> <li>Bank BTN's participation in the construction of Nurul Huramain Islamic Boarding School located in Tegal Banyu Kebon, Lembuak, Narmada, Lembuak, Narmada, West Lombok Regency, West Nusa Tenggara</li> <li>Preparation of facilities and infrastructure in the framework of working visits of the Minister of State-Owned Enterprises in Papua to dialogue with Vocation Welder participants on January 12, 2018 and tree planting site visit at the Lembang Police Department on 29-30 January, 2018 and site visit for construction sites Bank BTN's homestays in Karanganyar, Magelang on 16-17 February, 2018</li> </ul>
March	<ul style="list-style-type: none"> <li>Provision of supporting facilities and infrastructure for the electrification program in Lantuka District and a home renovation project for ex-East Timorese integration fighters during the working visit of the Minister of State-Owned Enterprises in NTT Province dated</li> <li>The cost of conducting site visit and monitoring activities for Bank BTN's assistance on Rinca and Labuan Bajo, West Manggarai Regency, NTT Province</li> <li>Provision of supporting facilities and infrastructure in preparation for the visit of the International Council of Women (ICW) delegation at Balkondes Karanganyar</li> <li>Bank BTN's participation in helping Wali Songo Islamic Boarding School, Guntung Manggis, Warasatul Fukaha Islamic Boarding School, Kemuning, Sungai Besar and the disabled in Netra, Banjarbaru</li> </ul>
April	<ul style="list-style-type: none"> <li>Bank BTN's participation in social service activities carried out by the Greater Jakarta Rembang Family Association to provide compensation to the poor in Taman Kartini Rembang on April 21, 2018</li> <li>The cost for printing 30 banners in preparation for the Minister of State-Owned Enterprises' Working Visit to the Papua Province</li> <li>Bank BTN's participation in providing supporting facilities and infrastructure at the Maslakul Huda Islamic Boarding School located in Jalan Raya Pati - Tayu, Kajen, Margoyoso, Pati Regency, Central Java</li> <li>The cost for CSR site visit in Subang Regency at the Jamboree Bicycle event on February 25, 2018</li> <li>Bank BTN's participation to help renovate the Indonesian Baptist Church located in No. Diponegoro Park. 4 Semarang City, Central Java</li> <li>The participation of Bank BTN in improving the quality of life of 20 residents Takmir Masjid Istiqlal to obtain habitable housing facilities and infrastructure</li> </ul>
May	<ul style="list-style-type: none"> <li>Bank BTN's participation in the development of the Al Mujahidin Mosque located in Tumpu Village, sub-district of Bolo Bima Regency, West Nusa Tenggara</li> <li>Provision of supporting facilities and infrastructure in the form of a set of sports equipment to support the work visit of the Minister of State-Owned Enterprises on Liran Island, East Nusa Tenggara Province</li> <li>The participation of Bank BTN in providing supporting facilities and infrastructure for the Nurul Falah Mosque located in Pamulang, South Tangerang Regency</li> <li>The participation of Bank BTN in supporting the activities of the 1439 H Ramadan Blessing Package Program as many as 4,000 mustahiqs carried out by Baziz Bank BTN in 2018 at all BTN Bank Branch Offices</li> <li>Bank BTN's participation in supporting arts and cultural activities organized by the Regional Secretariat of Rembang Regency on April 20, 2018</li> <li>Bank BTN's participation in facilities and infrastructure to support religious activities carried out by the Jakarta Istiqlal Mosque Management Board for the Amaliyah Ramadhan Program 1439 H</li> <li>Site visit and monitoring of assistance that has been allocated for the renovation of 3 homestay units on Rinca Island as well as site visit to the home renovation project for the former East Timorese integration fighters and to attend to the work visit of the Minister of State-Owned Enterprises on the electrification project in Lantuka Regency in East Nusa Tenggara</li> <li>Scholarships for Open University students</li> <li>Compensation for orphans during the Ramadhan safari at the Bangkalan Branch Office</li> <li>Procurement of 150 school bags and stationery given out to 150 orphans on June 5, 2018 at Menara Bank BTN, 6th floor, Central Jakarta</li> <li>The participation of Bank BTN in social service activities and orphanage compensation carried out by the Executive Board of the Indonesian Provincial Mosque of DKI Jakarta at the North Jakarta Islamic Center Mosque June 10, 2018</li> <li>Compensation for orphans during Ramadhan safari activities on May 21, 2018 at Jambi Branch Office</li> <li>Compensation for orphans during Ramadhan safari activities on May 28, 2018 at Pekalongan Branch Office</li> <li>Compensation for orphans during Ramadhan safari activities on May 28, 2018 at the Banda Aceh Branch Office</li> <li>Compensation for orphans during Ramadhan safari activities on June 6, 2018 at the Palu Branch Office</li> </ul>

**Table: 2018 CSR Activities and Costs**

Implementation Date	Activities Performed
June	<ul style="list-style-type: none"> <li>Sharing the budget for providing supporting facilities and infrastructure to support the activities carried out by the Indonesian Youth Communication Board by the President of Indonesia on April 25, 2018</li> <li>Budget sharing for compensation for 200 orphans to support the iftar program and compensation provided by Rohis Ministry of State-Owned Enterprises on June 4, 2018</li> <li>Bank BTN's participation in the development program of modern catfish cultivation for the under privileged communities in poverty alleviation program in Purwakarta Regency</li> <li>Bank BTN's participation in the construction of the Amirul Mukminin Mosque located in Wonua Morini Village, sub-district of Morosi Konawe Regency, Southeast Sulawesi Province</li> <li>Provision of compensation to 150 orphans, assistance in improving the quality of education for 5 foundations during the BTN Bank break fasting with internal and external BTN Bank on June 5, 2018, 6th floor Multipurpose Room</li> <li>Bank BTN's participation in the renovation of the Al Istiqomah Mosque is located at Jalan Ampel Jaya III RT 06/026, Keel. Harapan Jaya, City of Bekasi</li> <li>Bank BTN's participation in assistance for the facilities and infrastructure of Al Hikmah Mosque located at Trs Batik Halus No. 18C, Ex. Sukaluyu, Subdistrict of Cibeunying Kaler, City of Bandung</li> <li>Compensation for orphans during the Ramadhan safari on June 7, 2018 at Kendari Branch Office</li> <li>Compensation for orphans and orphans in supporting the Ramadhan safari activities on May 22, 2018 at Banyuwangi Branch Office</li> <li>Provision of facilities and infrastructure in the Ramadhan Low-Cost Market in 2000 basic staples packages in Bekasi Regency</li> <li>Compensation for orphans during the Ramadhan safari on May 24, 2018 at Ambon Branch Office</li> <li>Bank BTN's participation in providing compensation to 2000 orphans organized by the DPP Garda NKRI on June 2, 2018 at the Central Jakarta Proclamation Monument</li> </ul>
July	<ul style="list-style-type: none"> <li>Bank BTN's participation in improving educational facilities and infrastructure at the Daruut Tarbiyah Mts located in Kapuk Muara No. 2 Cengkayang, West Jakarta as a commitment in the implementation of Fasting Breaking with the Orphans on June 8, 2018 at the JCC</li> <li>Bank BTN's participation in Khairul Anam's TKQ and TPQ facilities and infrastructure located at Nusa Indah II RT 004/05, Perumnas Klender, East Jakarta</li> <li>The electrification program for 305 poor families in Tanjung Bunga, Ujung Timur Larantuka sub-district, East Flores Regency as part of the BUMN Presence for the Nation Program in NTT Province in 2018</li> <li>Bank BTN's participation in the renovation of Al Anwar Mosque located in I. Al Anwar Mosque, Sukabumi Utara, Kebon Jeruk, West Jakarta City</li> <li>Bank BTN's participation in providing 411 basic food packages in order to support the implementation of Bank BTN Fasting with orphans on June 4, 2018 at Menara Bank BTN, 6th floor</li> <li>The cost of conducting Board of Directors' Ramadan Safari at Pekalongan Al Fusha Islamic Boarding School on May 27-29, 2018</li> <li>Bank BTN's participation in supporting sports activities in Indonesia, especially for promoting Rock-Climbing Sports in collaboration with KONI</li> <li>Bank BTN's participation in the construction of Al Syahlan Muhdi Mosque in Binti Muhammad located in Sendang Hamlet, Watuagung, Baturetno, Wonogiri Regency</li> <li>Provision of transportation costs for 10 participants of vocational welder participants from the provinces of Papua and West Papua who attended training at PAL Indonesia in Surabaya</li> <li>Bank BTN's participation in assisting in the construction of the Nurul Falah Mosque, located on Jl. Nurul Falah No. 9 RW II, Linggarjati, subdistrict of Parupuk, Koto Tengah District, Padang City</li> <li>Bank BTN's participation in supporting the improvement of the facilities and infrastructure of the Haqqul Yakin Mosque located in the DPR RI Housing, Meruya Selatan, West Jakarta</li> </ul>
August	<ul style="list-style-type: none"> <li>Bank BTN's participation in assisting with the renovation of the Library room at Sembawa Elementary School 19 located in Muara Damai Village, Sembawa District, Banyuasin Regency, South Sumatra</li> <li>Bank BTN's participation in supporting religious activities Eid al-Adha Day sharing of nine basic necessities carried out by the Juang Anak Bangsa Foundation on August 19, 2018 in the Asrama Yon Arhanud 6 Hall, North Jakarta</li> <li>Provision of 1 (one) qurban animal in collaboration with the NU Madin Educational Institution Sablilil Muttaqien is intended for the underprivileged in subdistrict of Karangjati, Lumbang District, Pasuruan Regency</li> <li>Bank BTN's participation in helping renovate the Kyai Demak Entrepreneur Islamic Boarding School located in Salem Village, Pondok Salam District, Purwakarta Regency</li> <li>Bank BTN's participation in religious activities Eid al-Adha 1439 H in the form of providing 2 qurban animals working together with Baziz Bank BTN which is distributed to the community in the vicinity of Bank BTN Head Office</li> <li>Bank BTN's participation in assisting in making a madrasah fence at MI Nurul Islam Nibung located on Jl. Poros Simpang Tebing Tinggi, Nibung District, Musi Regency, North Rawas, South Sumatra</li> <li>Bank BTN's participation in the renovation of Nurul Yasin Mosque located on Jl. Grand Mosque No. 30 Sungguminasa Gowa Regency, South Sulawesi</li> <li>Bank BTN's participation in supporting religious activities (Qurban animal slaughter) in collaboration with the BSP Foundation for the poor in the Demak, Kudus and Jepara regions</li> </ul>



**Table: 2018 CSR Activities and Costs**

Implementation Date	Activities Performed
September	<ul style="list-style-type: none"> <li>Bank BTN's participation in helping the construction of the Laa Tatarroquu Mosque located on Jalan Plered, Kebon Kopi, Pengasinan Village, Sawangan District, Depok</li> <li>Bank BTN's participation in supporting the Saren Taun Customary arts and culture which was held on August 29 - September 3, 2018 in Cigugur, Kuningan West Java</li> <li>Bank BTN's participation in the Ramadhan Low-Cost Market, with 2000 packages of basic necessities, held in Cikarang on June 7, 2018 in the framework of the BUMN Presence for the Nation Program in 2018</li> <li>Bank BTN's participation in supporting the facilities and infrastructure supporting our Food House in the context of the synergy of State-Owned Enterprises with PT Bulog located in Serang Regency, Banten Province</li> <li>The implementation of the Bengkulu Province Senior High School participants while in Jakarta on August 12, 2018</li> </ul>
October	<ul style="list-style-type: none"> <li>Bank BTN's participation in awarding scholarships to Magistiar Linar Nugrahandi in the 2018/2019 academic period</li> <li>Phase II for Bank BTN's participation in supporting social activities carried out by the Financial Services Authority to help victims of the earthquake and tsunami in Palu City, Sigi and Donggala, Central Sulawesi Province</li> <li>Bank BTN's participation in helping renovate the Nurul Qolam Mosque located in Palembang City</li> <li>Provision of ready-to-eat food to be distributed to the community around Bank BTN outlets as an emergency response to the earthquake and tsunami in Central Sulawesi Province</li> <li>Provision of ready-to-eat food prepared by the Bank BTN Public Kitchen to be distributed to the community around Bank BTN outlets as an emergency response to the earthquake and tsunami that occurred in Central Sulawesi Province</li> </ul>
November	<ul style="list-style-type: none"> <li>Bank BTN's participation in supporting Nyangku's traditional arts and culture activities and the Panjalu Culture Festival held on December 4, 2018 in Cimendung Hamlet, Panjalu Village, Ciamis District, West Java</li> <li>Phase I payments for Bank BTN's participation in assisting in the construction of the 1st floor of the Sriwedari Park Mosque located at the Sriwedari Ex-Bank Market, Jalan Brigjend Slamet Riyadi No.275, Surakarta</li> <li>Provision of facilities and infrastructure to support Bank BTN homestays in preparation for the International Council of Women on September 18-19, September 2018 in Balkondes and Homestay at Bank BTN in Karanganyar Village, Borobudur District, Magelang Regency, Central Java</li> <li>Bank BTN's participation in the renovation of Palembang Nur Hidayah Mosque, located on Jl. Demang Lebar Daun Palembang City</li> <li>Well Drilling for the development of modern catfish cultivation for the under privileged community to alleviate poverty in Purwakarta Regency</li> </ul>
December	<ul style="list-style-type: none"> <li>Compensation for a number of nursing homes and foundations and communities affected by the tsunami and earthquake in Palu, Sigi and Donggala during the Joint Christmas on December 21, 2018</li> <li>Bank BTN's participation in the renovation of Palembang Nur Hidayah Mosque, located on Jl. Demang Lebar, Daun Kota, Palembang (reclassify to Community Development)</li> <li>Stage II Bank BTN's participation in social activities carried out by the Financial Services Authority to help victims of the earthquake and tsunami in Palu City, Sigi and Donggala, Central Sulawesi Province (reclassify to Community Development)</li> <li>Bank BTN's participation in helping renovate the Kyai Demak Entrepreneur Islamic Boarding School located in Salem Village, Pondok Salam District, Purwakarta Regency (reclassified to Community Development)</li> <li>Bank BTN's participation in the renovation of Al Anwar Mosque located in I. Al Anwar Mosque, Sukabumi Utara, Kebon Jeruk, West Jakarta City (reclassify to Community Development)</li> <li>Bank BTN's participation in assisting the Wali Songo Islamic Boarding School, Guntung Manggis, Warasatul Fukaha Islamic Boarding School, Kemuning, Sungai Besar and People with Net Disabilities, Banjarbaru (reclassified to Community Development)</li> <li>Bank BTN's participation in the construction of Nurul Hiramain Islamic Boarding School located in Tegal Banyu Kebon, Lembuak, Narmada, Lembuak, Narmada, West Lombok Regency, West Nusa Tenggara (reclassified to Community Development)</li> <li>Bank BTN's participation in the natural disaster response program cooperates with the FSA on the eruption of Mount Agung, Karangasem Regency, Bali (reclassified to Community Development)</li> <li>Provision of facilities and infrastructure to support education for Al Ghiffar PAUD located in Palembang City</li> <li>Bank BTN's assistance for the disaster that occurred to workers who were carrying out the construction of the Parapat City Entrance Gate</li> <li>Distribution of aid to the Kalianda Village community as a tsunami disaster response in Lampung and Cilegon</li> <li>Distribution of aid to the Kalianda Village community as a tsunami disaster response in Lampung and Cilegon</li> <li>Bank BTN's participation in supporting the renovation of the Great Mosque of Panjalu located in Kaum Cimendong Village No. 2, Panjalu, Ciamis Regency, West Java</li> <li>Support for the provision of facilities and infrastructure for 19 people in the Istiqlal Mosque consisting of muadzin, priests and employees</li> <li>Cataract surgery in commemorating the 72nd Oeang day working with the Directorate General of Tax of the Ministry of Finance of the Republic of Indonesia</li> </ul>

# RESPONSIBILITY OF PRODUCTS AND CUSTOMERS



**A**s 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](http://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.

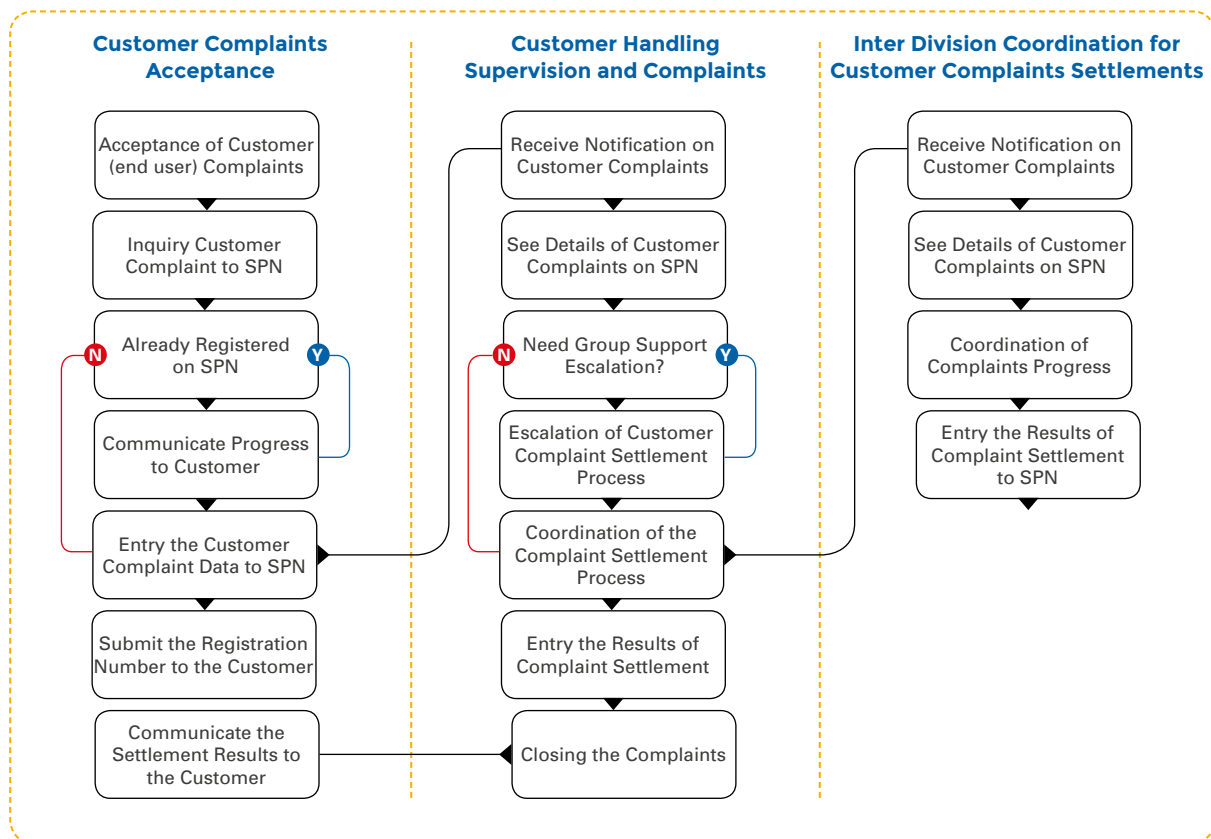
### Customer Complaint Mechanism

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.

## RESPONSIBILITY OF PRODUCTS AND CUSTOMERS

### 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

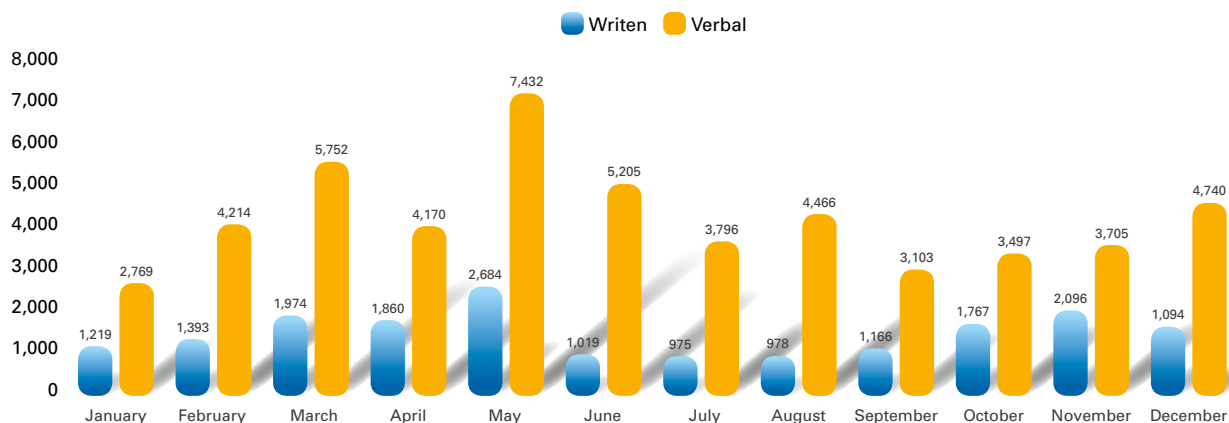
Fax: (021) 6336719

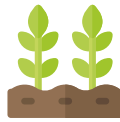
Contact Center 1500 286

Email Contact Center: [btncontactcenter@btn.co.id](mailto:btncontactcenter@btn.co.id)

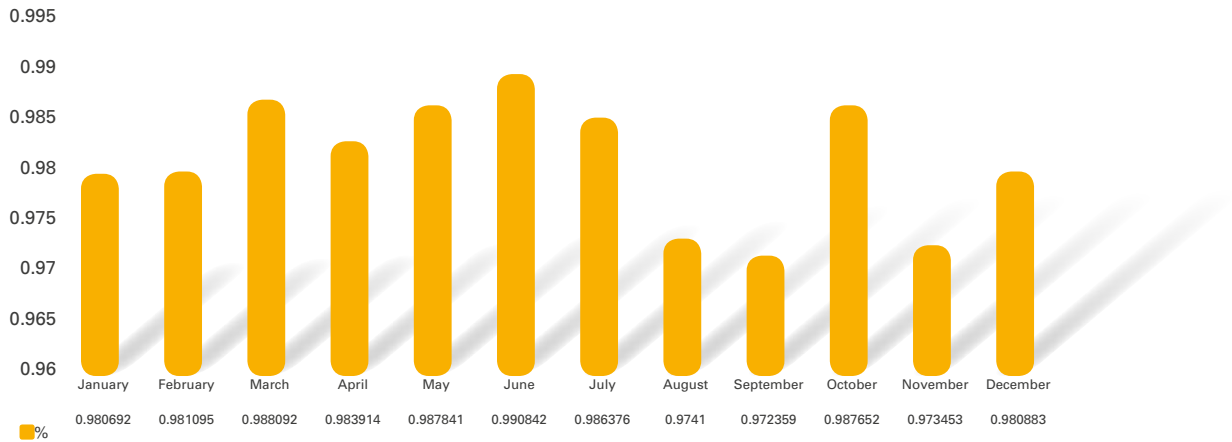
Throughout 2018, the Company received 71,674 complaints with 70,453 complaints being followed up. Of these, 98.30% were properly resolved during the financial year.

### 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.



# AUDITED FINANCIAL REPORT









## PT Bank Tabungan Negara (Persero) Tbk

Laporan keuangan  
Tanggal 31 Desember 2018  
dan untuk tahun yang berakhir pada tanggal tersebut  
beserta laporan auditor independen/  
*Financial statements*  
*As of December 31, 2018*  
*and for the year then ended*  
*with independent auditors' report*

**SURAT PERNYATAAN DIREKSI  
TENTANG  
TANGGUNG JAWAB ATAS LAPORAN KEUANGAN  
TANGGAL 31 DESEMBER 2018  
DAN UNTUK TAHUN YANG BERAKHIR PADA  
TANGGAL TERSEBUT  
PT BANK TABUNGAN NEGARA  
(PERSERO) Tbk**

**BOARD OF DIRECTORS' STATEMENT  
REGARDING  
THE RESPONSIBILITY FOR  
THE FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018  
AND FOR THE YEAR THEN ENDED  
PT BANK TABUNGAN NEGARA  
(PERSERO) Tbk**

Kami yang bertanda tangan di bawah ini :

Nama **Maryono**  
Alamat Kantor PT Bank Tabungan Negara (Persero) Tbk  
Jl. Gajah Mada No. 1 Jakarta 10130  
Alamat Domisili Jl. Kartika Pinang SG 2-3 RT 014 RW 016  
Kel. Pondok Pinang, Kec. Kebayoran Lama,  
Jakarta Selatan  
Nomor Telepon 021-6346764  
Jabatan Direktur Utama / President Director

*We, the undersigned :*

Name  
Office Address

Residential Address

Telephone

Title

Nama **Iman Nugroho Soeko**  
Alamat Kantor PT Bank Tabungan Negara (Persero) Tbk  
Jl. Gajah Mada No. 1 Jakarta 10130  
Alamat Domisili Jl. Brawijaya IV/1 RT 002 RW 002  
Kel. Pulo, Kec. Kebayoran Baru  
Jakarta Selatan  
Nomor Telepon 021-6346762  
Jabatan Direktur / Director

Name  
Office Address

Residential Address

Telephone

Title

Menyatakan bahwa :

*Declare that :*

- |   |  |
|---|--|
| 1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan PT Bank Tabungan Negara (Persero) Tbk;   | 1. <i>We are responsible for the preparation and the presentation of the financial statements of PT Bank Tabungan Negara (Persero)Tbk;</i>   |
| 2. Laporan keuangan PT Bank Tabungan Negara (Persero) Tbk telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;                                      | 2. <i>PT Bank Tabungan Negara (Persero) Tbk's financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;</i>                  |
| 3. a. Semua informasi dalam laporan keuangan PT Bank Tabungan Negara (Persero) Tbk telah diungkapkan secara lengkap dan benar;  | 3. a. <i>All information in the financial statements of PT Bank Tabungan Negara (Persero) Tbk has been disclosed in a complete and truthful manner;</i>                                |
| b. Laporan keuangan PT Bank Tabungan Negara (Persero) Tbk tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material; | b. <i>PT Bank Tabungan Negara (Persero) Tbk's financial statements do not contain any incorrect material information or facts, nor do they omit any material information or facts;</i> |
| 4. Kami bertanggung jawab atas sistem pengendalian internal dalam PT Bank Tabungan Negara (Persero) Tbk.  | 4. <i>We are responsible for PT Bank Tabungan Negara (Persero) Tbk internal control system.</i>  |

Demikian pernyataan ini dibuat dengan sebenarnya.

*This is our declaration, which has been made truthfully.*

Jakarta, 28 Maret 2019 / March 28, 2019

Atas nama dan mewakili Direksi / For and on behalf of Board of Directors

  
  
  
**Maryono**  
Direktur Utama/President Director

**Iman Nugroho Soeko**  
Direktur/Director

**PT BANK TABUNGAN NEGARA (PERSERO) TBK  
LAPORAN KEUANGAN  
TANGGAL 31 DESEMBER 2018 DAN  
UNTUK TAHUN YANG BERAKHIR  
PADA TANGGAL TERSEBUT  
BESERTA LAPORAN AUDITOR INDEPENDEN**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK  
FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 AND  
FOR THE YEAR THEN ENDED  
WITH INDEPENDENT AUDITORS' REPORT**

**Daftar Isi**

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The original report included herein is in the Indonesian language.

## Laporan Auditor Independen

Laporan No. 00354/2.1032/AU.1/07/0703-  
2/1/III/2019

**Pemegang Saham, Dewan Komisaris dan Direksi  
PT Bank Tabungan Negara (Persero) Tbk**

Kami telah mengaudit laporan keuangan PT Bank Tabungan Negara (Persero) Tbk terlampir, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2018, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

## Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan ini sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

## Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan ini berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan tersebut bebas dari kesalahan penyajian material.

## Independent Auditors' Report

Report No. 00354/2.1032/AU.1/07/0703-  
2/1/III/2019

**The Shareholders, the Boards of Commissioners  
and Directors  
PT Bank Tabungan Negara (Persero) Tbk**

We have audited the accompanying financial statements of PT Bank Tabungan Negara (Persero) Tbk, which comprise the statement of financial position as of December 31, 2018, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such financial statements are free from material misstatement.

**Laporan Auditor Independen (lanjutan)**

Laporan No. 00354/2.1032/AU.1/07/0703-2/1/III/2019 (lanjutan)

**Tanggung jawab auditor (lanjutan)**

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

**Opini**

Menurut opini kami, laporan keuangan terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Bank Tabungan Negara (Persero) Tbk tanggal 31 Desember 2018, serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

**Independent Auditors' Report (continued)**

Report No. 00354/2.1032/AU.1/07/0703-2/1/III/2019 (continued)

**Auditors' responsibility (continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Bank Tabungan Negara (Persero) Tbk as of December 31, 2018, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Purwantono, Sungkoro & Surja



Yasir

Registrasi Akuntan Publik No. AP.0703/Public Accountant Registration No. AP.0703

28 Maret 2019/March 28, 2019



**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN POSISI KEUANGAN**  
Tanggal 31 Desember 2018  
(Disajikan dalam jutaan Rupiah,  
kecuali dinyatakan lain)

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF FINANCIAL POSITION**  
As of December 31, 2018  
(Expressed in millions of Rupiah,  
unless otherwise stated)

	31 Desember/ December 31, 2018	Catatan/ Notes	31 Desember/ December 31, 2017	
<b>ASET</b>				<b>ASSETS</b>
<b>KAS</b>	1.243.615	2a,2d,4	1.027.554	<b>CASH</b>
<b>GIRO PADA BANK INDONESIA</b>	15.417.862	2a,2d,2f,5	12.554.585	<b>CURRENT ACCOUNTS WITH BANK INDONESIA</b>
<b>GIRO PADA BANK LAIN</b>		2a,2c,2d		<b>CURRENT ACCOUNTS WITH OTHER BANKS</b>
Pihak ketiga	718.377	2e,2f,6,43	295.378	Third parties
Pihak berelasi	870.392		262.619	Related parties
	1.588.769		557.997	
Cadangan kerugian penurunan nilai	(1.718)		(1.696)	Allowance for impairment losses
	1.587.051		556.301	
<b>PENEMPATAN PADA BANK INDONESIA DAN BANK LAIN</b>		2a,2c,2d 2e,2g,7,43		<b>PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS</b>
Pihak ketiga	26.461.116		24.691.186	Third parties
Pihak berelasi	3.644		6.317	Related party
	26.464.760		24.697.503	
<b>EFEK-EFEK</b>		2a,2c,2d, 2e,2h,8,43		<b>SECURITIES</b>
Pihak ketiga				Third parties
Nilai wajar melalui laba rugi	4.147.137		4.857.775	Fair value through profit or loss
Tersedia untuk dijual	637.512		1.430.651	Available-for-sale
Dimiliki hingga jatuh tempo	206.897		243.786	Held-to-maturity
	4.991.546		6.532.212	
Pihak berelasi				Related parties
Tersedia untuk dijual	874.112		1.185.742	Available-for-sale
Dimiliki hingga jatuh tempo	3.000		3.000	Held-to-maturity
	877.112		1.188.742	
	5.868.658		7.720.954	
Cadangan kerugian penurunan nilai	(20.173)		(14.923)	Allowance for impairment losses
	5.848.485		7.706.031	
<b>OBLIGASI PEMERINTAH</b>		2a,2c,2d, 2e,2h,9,43		<b>GOVERNMENT BONDS</b>
Nilai wajar melalui laba rugi	2.777.574		497.939	Fair value through profit -or-loss
Tersedia untuk dijual	3.904.235		4.357.109	Available-for-sale
Dimiliki hingga jatuh tempo	2.711.329		3.328.925	Held-to-maturity
	9.393.138		8.183.973	

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN POSISI KEUANGAN (lanjutan)**  
Tanggal 31 Desember 2018  
(Disajikan dalam jutaan Rupiah,  
kecuali dinyatakan lain)

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF FINANCIAL POSITION (continued)**  
As of December 31, 2018  
(Expressed in millions of Rupiah,  
unless otherwise stated)

	31 Desember/ December 31, 2018	Catatan/ Notes	31 Desember/ December 31, 2017	
<b>ASET (lanjutan)</b>				<b>ASSETS (continued)</b>
<b>KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/ PIUTANG SYARIAH</b>		2c,2d,2e,2i, 2j,10,43		<b>LOANS AND SHARIA FINANCING/RECEIVABLES</b>
Kredit yang diberikan				Loans
Pihak ketiga	204.110.956		176.511.761	Third parties
Pihak berelasi	11.605.291		4.491.022	Related parties
	215.716.247		181.002.783	
Cadangan kerugian penurunan nilai	(2.777.845)		(2.024.561)	Allowance for impairment losses
	212.938.402		178.978.222	
Pembiayaan/piutang syariah				Sharia financing/receivables
Pihak ketiga	22.037.831		17.987.387	Third parties
Pihak berelasi	3.596		411	Related parties
	22.041.427		17.987.798	
Cadangan kerugian penurunan nilai	(520.287)		(331.426)	Allowance for impairment losses
	21.521.140		17.656.372	
	234.459.542		196.634.594	
<b>TAGIHAN SPOT SUKU BUNGA</b>		2d,2e		<b>INTEREST RATE SPOT RECEIVABLE</b>
Pihak ketiga	167	2a1	-	Third parties
<b>TAGIHAN AKSEPTASI</b>		2d,2e		<b>ACCEPTANCES RECEIVABLE</b>
Pihak berelasi	528.148	2k,11	8.081	Related parties
<b>PENYERTAAN SAHAM</b>		2d,2e		<b>INVESTMENT IN SHARES</b>
Pihak ketiga	270	2l,12	270	Third parties
Cadangan kerugian penurunan nilai	(270)		(270)	Allowance for impairment losses
	-		-	
<b>ASET TETAP</b>		2m,2n,13,34		<b>PREMISES AND EQUIPMENT</b>
Biaya perolehan/Nilai revaluasi	7.411.526		6.940.933	Cost/Revaluation value
Akumulasi penyusutan	(2.393.832)		(2.103.614)	Accumulated depreciation
	5.017.694		4.837.319	
<b>BUNGA YANG MASIH AKAN DITERIMA</b>	2.959.502	2d,14	2.296.440	<b>INTEREST RECEIVABLE</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

The original financial statements included herein are in the Indonesian language.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN POSISI KEUANGAN (lanjutan)**  
Tanggal 31 Desember 2018  
(Disajikan dalam jutaan Rupiah,  
kecuali dinyatakan lain)

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF FINANCIAL POSITION (continued)**  
As of December 31, 2018  
(Expressed in millions of Rupiah,  
unless otherwise stated)

	31 Desember/ December 31, 2018	Catatan/ Notes	31 Desember/ December 31, 2017	
<b>ASET (lanjutan)</b>				<b>ASSETS (continued)</b>
<b>ASET PAJAK</b>				<b>DEFERRED TAX</b>
<b>TANGGUHAN - Neto</b>	260.251	2ae,38	174.555	<b>ASSETS - Net</b>
		2d,2n, 2o,2ak,15		
<b>ASET LAIN-LAIN</b>	3.255.979		2.688.331	<b>OTHER ASSETS</b>
<b>TOTAL ASET</b>	<b>306.436.194</b>		<b>261.365.267</b>	<b>TOTAL ASSETS</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN POSISI KEUANGAN (lanjutan)**  
Tanggal 31 Desember 2018  
(Disajikan dalam jutaan Rupiah,  
kecuali dinyatakan lain)

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF FINANCIAL POSITION (continued)**  
As of December 31, 2018  
(Expressed in millions of Rupiah,  
unless otherwise stated)

	31 Desember/ December 31, 2018	Catatan/ Notes	31 Desember/ December 31, 2017	
<b>LIABILITAS, DANA SYIRKAH TEMPORER DAN EKUITAS</b>				<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY</b>
<b>LIABILITAS</b>				<b>LIABILITIES</b>
<b>LIABILITAS SEGERA</b>	2.301.930	2d,2p,16	2.813.874	<b>LIABILITIES DUE IMMEDIATELY</b>
<b>SIMPANAN DARI NASABAH</b>		2c,2d,2q,43		<b>DEPOSITS FROM CUSTOMERS</b>
Giro		17		Demand deposits
Pihak ketiga	17.774.334		9.871.173	Third parties
Pihak berelasi	35.898.854		40.148.653	Related parties
	53.673.188		50.019.826	
Giro Wadiah		17		Wadiah demand deposits
Pihak ketiga	1.314.451		956.128	Third parties
Pihak berelasi	1.467.403		1.793.198	Related parties
	2.781.854		2.749.326	
	56.455.042		52.769.152	
Tabungan		18		Savings deposits
Pihak ketiga	37.991.758		37.672.125	Third parties
Pihak berelasi	359.081		545.811	Related parties
	38.350.839		38.217.936	
Tabungan Wadiah		18		Wadiah savings deposits
Pihak ketiga	765.695		621.268	Third parties
Pihak berelasi	629		1.133	Related parties
	766.324		622.401	
	39.117.163		38.840.337	
Deposito berjangka		19		Time deposits
Pihak ketiga	69.989.506		33.155.848	Third parties
Pihak berelasi	45.472.777		52.326.084	Related parties
	115.462.283		85.481.932	
Total simpanan dari nasabah	211.034.488		177.091.421	Total deposits from customers

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN POSISI KEUANGAN (lanjutan)**  
Tanggal 31 Desember 2018  
(Disajikan dalam jutaan Rupiah,  
kecuali dinyatakan lain)

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF FINANCIAL POSITION (continued)**  
As of December 31, 2018  
(Expressed in millions of Rupiah,  
unless otherwise stated)

	31 Desember/ December 31, 2018	Catatan/ Notes	31 Desember/ December 31, 2017	
<b>LIABILITAS, DANA SYIRKAH TEMPORER DAN EKUITAS (lanjutan)</b>				<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)</b>
<b>SIMPANAN DARI BANK LAIN</b>		2c,2d,2r, 20		<b>DEPOSITS FROM OTHER BANKS</b>
Pihak ketiga	2.992.579		5.063.433	Third parties
<b>EFEK-EFEK YANG DIJUAL DENGAN JANJI DIBELI KEMBALI</b>		2d,2s, 21		<b>SECURITIES SOLD UNDER REPURCHASE AGREEMENTS</b>
Pihak ketiga	935.000		1.385.000	Third parties
<b>LIABILITAS AKSEPTASI</b>		2c,2d,2k 22,43		<b>ACCEPTANCES PAYABLE</b>
Pihak berelasi	528.148		8.081	Related parties
<b>LIABILITAS SPOT SUKU BUNGA</b>		2c,2d,2al		<b>INTEREST RATE SPOT PAYABLE</b>
Pihak ketiga	152		-	Third parties
<b>SURAT-SURAT BERHARGA YANG DITERBITKAN</b>		1c,2c,2d, 2t,23,43		<b>SECURITIES ISSUED</b>
Pihak ketiga	13.719.734		15.109.834	Third parties
Pihak berelasi	6.925.026		5.370.625	Related parties
	20.644.760		20.480.459	
<b>PINJAMAN YANG DITERIMA</b>		2c,2d,2u, 24,43		<b>FUND BORROWINGS</b>
Pihak ketiga	7.430.342		2.997.908	Third parties
Pihak berelasi	8.069.151		4.993.145	Related parties
	15.499.493		7.991.053	
<b>BUNGA YANG MASIH HARUS DIBAYAR</b>	630.134	2d,26	492.361	<b>INTEREST PAYABLE</b>
<b>LIABILITAS IMBALAN KERJA DAN LAIN-LAIN</b>	6.217.814	2d, 2ac 28,40	5.612.462	<b>EMPLOYEE BENEFITS AND OTHER LIABILITIES</b>
<b>PINJAMAN SUBORDINASI</b>		2c,2d,2v 25,43		<b>SUBORDINATED LOAN</b>
Pihak berelasi	2.999.519		2.999.319	Related party
<b>TOTAL LIABILITAS</b>	<b>263.784.017</b>		<b>223.937.463</b>	<b>TOTAL LIABILITIES</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN POSISI KEUANGAN (lanjutan)**  
Tanggal 31 Desember 2018  
(Disajikan dalam jutaan Rupiah,  
kecuali dinyatakan lain)

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF FINANCIAL POSITION (continued)**  
As of December 31, 2018  
(Expressed in millions of Rupiah,  
unless otherwise stated)

	31 Desember/ December 31, 2018	Catatan/ Notes	31 Desember/ December 31, 2017	
<b>LIABILITAS, DANA SYIRKAH TEMPORER DAN EKUITAS (lanjutan)</b>				<b>LIABILITIES, TEMPORARY SYIRKAH FUNDS AND EQUITY (continued)</b>
<b>DANA SYIRKAH TEMPORER</b>				<b>TEMPORARY SYIRKAH FUNDS</b>
<b>SIMPANAN NASABAH</b>		2c,2d,2y,43 17		<b>DEPOSITS FROM CUSTOMERS</b>
Giro <i>Mudharabah</i>				<i>Mudharabah current accounts</i>
Pihak ketiga	1.059.570		1.731.342	Third parties
Pihak berelasi	534.702		154.636	Related parties
	1.594.272		1.885.978	
Tabungan <i>Mudharabah</i>		18		<i>Mudharabah savings deposits</i>
Pihak ketiga	2.675.780		1.905.085	Third parties
Pihak berelasi	84.289		201.157	Related parties
	2.760.069		2.106.242	
Deposito berjangka <i>Mudharabah</i>				<i>Mudharabah time deposits</i>
Pihak ketiga	8.814.203	19	6.431.893	Third parties
Pihak berelasi	5.625.953		4.958.259	Related parties
	14.440.156		11.390.152	
Total simpanan nasabah	18.794.497		15.382.372	Total deposits from customers
<b>SIMPANAN DARI BANK LAIN</b>		2c,2d,2y 20		<b>DEPOSITS FROM OTHER BANKS</b>
Giro <i>Mudharabah</i>				<i>Mudharabah current accounts</i>
Pihak ketiga	315		2.334	Third parties
Tabungan <i>Mudharabah</i>		20		<i>Mudharabah savings deposits</i>
Pihak ketiga	8.857		1.632	Third parties
Deposito berjangka <i>Mudharabah</i>		20		<i>Mudharabah time deposits</i>
Pihak ketiga	8.060		378.032	Third parties
Total simpanan dari bank lain	17.232		381.998	Total deposit from other banks
<b>TOTAL DANA SYIRKAH TEMPORER</b>	<b>18.811.729</b>		<b>15.764.370</b>	<b>TOTAL TEMPORARY SYIRKAH FUNDS</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

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**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN POSISI KEUANGAN (lanjutan)**  
**Tanggal 31 Desember 2018**  
**(Disajikan dalam jutaan Rupiah,**  
**kecuali dinyatakan lain)**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF FINANCIAL POSITION (continued)**  
**As of December 31, 2018**  
**(Expressed in millions of Rupiah,**  
**unless otherwise stated)**

	31 Desember/ December 31, 2018	Catatan/ Notes	31 Desember/ December 31, 2017	
<b>LIABILITAS, DANA SYIRKAH</b>				<b>LIABILITIES, TEMPORARY</b>
<b>TEMPORER DAN EKUITAS (lanjutan)</b>				<b>SYIRKAH FUNDS AND</b>
				<b>EQUITY (continued)</b>
<b>EKUITAS</b>				<b>EQUITY</b>
Modal saham - nominal				Capital stock - Rp500
Rp500 (Rupiah penuh)				par value per share (full amount)
per saham masing-masing				as of December 31, 2018 and
pada tanggal 31 Desember 2018				2017, respectively
dan 2017				Authorized capital 20,478,432,000
Modal dasar 20.478.432.000				shares (full amount)
saham (nilai penuh)				(consisting of 1 share of Series A
(terdiri dari 1 lembar saham seri A				Dwiwarna and 20,478,431,999
Dwiwarna dan 20.478.431.999				shares of series B)
lembar saham seri B)				as of December 31, 2018
masing-masing pada tanggal				and 2017, respectively
31 Desember 2018 dan 2017				Issued and fully paid capital
Modal ditempatkan dan disetor penuh				10,590,000,000 shares (full amount)
10.590.000.000 saham (nilai penuh)				(consisting of 1 share of series A
(terdiri dari 1 lembar saham seri A				Dwiwarna and 10,589,999,999 shares
Dwiwarna dan 10.589.999.999 lembar				of series B as of
Saham seri B)				December 31, 2018 and
masing-masing pada tanggal				2017, respectively
31 Desember 2018 dan 2017	5.295.000	2w,29a	5.295.000	Additional paid-in capital
Tambahan modal disetor	2.054.454		2.054.454	Net unrealized loss
Kerugian neto yang belum direalisasi				on available-for-sale
atas efek-efek dan obligasi				securities and Government
Pemerintah yang tersedia untuk				bonds, net of deferred tax
dijual, setelah pajak tangguhan	(107.430)	2h,8,9	(21.742)	Remeasurement
Pengukuran kembali				of defined benefit plan
Program Imbalan Pasti -				- net of deferred tax
setelah pajak tangguhan	(82.886)	2ac	(143.158)	Revaluation Surplus of Fixed Assets
Surplus Revaluasi Aset Tetap	2.966.991	2m,13	2.966.991	Retained Earnings <sup>*)</sup>
Saldo laba <sup>*)</sup>				Appropriated
Telah ditentukan penggunaannya	10.749.657		8.327.684	Unappropriated
Belum ditentukan penggunaannya	2.964.662	2b,2x	3.184.205	
<b>TOTAL EKUITAS</b>	<b>23.840.448</b>		<b>21.663.434</b>	<b>TOTAL EQUITY</b>
<b>TOTAL LIABILITAS, DANA</b>				<b>TOTAL LIABILITIES</b>
<b>SYIRKAH TEMPORER</b>				<b>TEMPORARY SYIRKAH</b>
<b>DAN EKUITAS</b>	<b>306.436.194</b>		<b>261.365.267</b>	<b>FUNDS AND EQUITY</b>

<sup>\*)</sup> Saldo defisit sebesar Rp14.226.290 telah dieliminasi akibat kuasi-reorganisasi pada tanggal 31 Mei 2007.

<sup>\*)</sup> Accumulated losses amounted to Rp14,226,290 was eliminated as a result of quasi-reorganization as on May 31, 2007.

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN LABA RUGI DAN**  
**PENGHASILAN KOMPREHENSIF LAIN**  
**Untuk Tahun yang Berakhir Pada Tanggal**  
**31 Desember 2018**  
**(Disajikan dalam jutaan Rupiah,**  
**kecuali dinyatakan lain)**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**For the Year Ended**  
**December 31, 2018**  
**(Expressed in millions of Rupiah,**  
**unless otherwise stated)**

Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,				
	2018	Catatan/ Notes	2017	
<b>PENDAPATAN DAN BEBAN OPERASIONAL</b>				<b>INCOME AND EXPENSES FROM OPERATIONS</b>
Pendapatan Bunga dan Bagi Hasil Bunga	20.781.512	2z,2aa 30a	18.446.732	Interest Income and Income from Profit Sharing Interest
Bagi hasil dan marjin unit syariah	2.070.246	2ab,30b	1.644.868	Profit Sharing and Margin from Sharia Unit
Total Pendapatan Bunga dan Bagi Hasil	22.851.758		20.091.600	Total Interest Income and Income from Profit Sharing
Beban Bunga, Bagi Hasil dan Bonus				Interest, Profit Sharing and Bonus Expenses
Bunga	(11.627.554)	2z,31a	(9.805.116)	Interest
Beban pendanaan lainnya	(128.826)		(113.773)	Other financing expenses
Bonus Simpanan <i>Wadiah</i> <sup>*)</sup>	(12.436)	2ab,31b	(11.753)	<i>Wadiah Bonus</i> <sup>*)</sup>
Hak Pihak Ketiga atas Bagi hasil <i>Mudharabah</i> <sup>*)</sup>	(993.765)	2ab,31b	(820.018)	Third Parties' Share on Return of <i>Mudharabah</i> <sup>*)</sup>
Total Beban Bunga, Bagi Hasil dan Bonus	(12.762.581)		(10.750.660)	Total Interest, Profit Sharing and Bonus Expenses
Pendapatan Bunga dan Bagi Hasil - Neto	10.089.177		9.340.940	Interest Income and Income from Profit Sharing - Net
Pendapatan Operasional Lainnya				Other Operating Income
Pungutan administrasi dan denda atas simpanan dan kredit yang diberikan	819.837		750.364	Administration fees and penalties on deposits and loans
Pendapatan dari penerimaan kredit yang dihapusbukukan	130.900		138.972	Income from recovery of loans written-off
Keuntungan dari penjualan efek-efek - neto	437.553	2h,8	294.486	Gain on sale of securities - net
Keuntungan dari penjualan obligasi pemerintah - neto	8.586	2h,9	101.934	Gain on sale of government bonds - net
Keuntungan yang belum direalisasi dari perubahan nilai wajar efek-efek - neto	30.316	2h,8	8.145	Unrealized gain on changes in fair value of securities - net
Keuntungan yang belum direalisasi dari perubahan nilai wajar obligasi pemerintah - neto	11.999	2h,9	-	Unrealized gain on changes in fair value of Government Bonds - net
Lain-lain	632.403	32	312.030	Others
Total Pendapatan Operasional Lainnya	2.071.594		1.605.931	Total Other Operating Income
Penyisihan kerugian penurunan nilai aset keuangan dan non-aset keuangan	(1.714.427)	2e,2n,33	(884.401)	Provision for Impairment Losses on Financial and Non-financial Assets

<sup>\*)</sup> Direklasifikasi, catatan nomor 51

<sup>\*)</sup> As reclassified, Note 51

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

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**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN LABA RUGI DAN**  
**PENGHASILAN KOMPREHENSIF LAIN (lanjutan)**  
**Untuk Tahun yang Berakhir Pada Tanggal**  
**31 Desember 2018**  
**(Disajikan dalam jutaan Rupiah,**  
**kecuali dinyatakan lain)**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME (continued)**  
**For the Year Ended**  
**December 31, 2018**  
**(Expressed in millions of Rupiah,**  
**unless otherwise stated)**

Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,				
	2018	Catatan/ Notes	2017	
<b>PENDAPATAN DAN BEBAN OPERASIONAL (lanjutan)</b>				<b>INCOME AND EXPENSES FROM OPERATIONS (continued)</b>
Beban Operasional Lainnya				Other Operating Expenses
Umum dan administrasi	(3.225.353)	34	(2.952.916)	General and administrative
Gaji dan tunjangan karyawan	(2.876.562)	2ac,35,43	(2.554.429)	Salaries and employee benefits
Kerugian yang belum direalisasi dari perubahan nilai wajar obligasi pemerintah - neto	-	2h,9	(1.801)	Unrealized loss on changes in fair value of Government Bonds - net
Premi program penjaminan Pemerintah	(401.532)	42	(346.755)	Premium on Government's guarantee program
Lain-lain	(349.097)	36	(314.666)	Others
Total Beban Operasional Lainnya	(6.852.544)		(6.170.567)	Total Other Operating Expenses
<b>LABA OPERASIONAL</b>	<b>3.593.800</b>		<b>3.891.903</b>	<b>INCOME FROM OPERATIONS</b>
<b>PENDAPATAN (BEBAN) BUKAN OPERASIONAL - NETO</b>	<b>16.475</b>	<b>37</b>	<b>(30.348)</b>	<b>NON-OPERATING INCOME (EXPENSES) - NET</b>
<b>LABA SEBELUM BEBAN PAJAK</b>	<b>3.610.275</b>		<b>3.861.555</b>	<b>INCOME BEFORE TAX EXPENSE</b>
<b>BEBAN PAJAK</b>	<b>(802.352)</b>	<b>2ae,38</b>	<b>(834.089)</b>	<b>TAX EXPENSE</b>
<b>LABA TAHUN BERJALAN</b>	<b>2.807.923</b>		<b>3.027.466</b>	<b>INCOME FOR THE YEAR</b>
<b>Pendapatan Komprehensif Lain:</b>				<b>Other Comprehensive Income:</b>
<b>Akun-akun yang tidak akan direklasifikasi ke laba rugi</b>				<b>Items that will not be reclassified to profit or loss</b>
Pengukuran kembali program imbalan pasti	80.363	2ac,40	(86.149)	Remeasurement of defined benefit plan
Pajak penghasilan terkait akun-akun yang tidak akan direklasifikasi ke laba rugi	(20.091)		21.537	Income tax related to items that will not be reclassified to profit or loss
<b>Akun-akun yang akan direklasifikasi ke laba rugi</b>				<b>Items that may be reclassified to profit or loss</b>
Keuntungan (kerugian) neto yang belum direalisasi atas perubahan nilai efek-efek dan obligasi pemerintah yang tersedia untuk dijual	(114.250)	2h,8,9	125.100	Unrealized net gain (loss) on changes in value of available-for-sale securities and government bonds -
Pajak penghasilan terkait akun-akun yang akan direklasifikasi ke laba rugi	28.562		(31.275)	Income tax related to items that may be reclassified to profit or loss
<b>Total laba komprehensif tahun berjalan</b>	<b>2.782.507</b>		<b>3.056.679</b>	<b>Total Comprehensive Income for the year</b>
<b>LABA PER SAHAM</b>				<b>EARNINGS PER SHARE</b>
Dasar (nilai penuh)	265	2ag, 48	286	Basic (full amount)

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

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**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN PERUBAHAN EKUITAS**  
**Untuk Tahun yang Berakhir Pada Tanggal 31 Desember 2018**  
**(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)**

Catatan/ Notes	Modal Ditempatkan dan Disetor Penuh/ Issued and Fully Paid Capital Stock	Tambahan modal disetor/ Additional paid-in capital	Keuntungan (kerugian) yang Belum Direalisasi Atas Efek-efek Pemerintah yang Tersedia Untuk Dijual - Neto/ Unrealized Gain (Loss) on Available-for-Sale Securities and Government Bonds - Net	Pengukuran Kembali Program Imbalan Pasti - Neto/ Remeasurement of Defined Benefit Plan - Net	Surplus Revaluasi Aset Tetap/ Revaluation Surplus of Fixed Assets	Saldo Laba/Retained Earnings *)		Ekuitas/ Equity
						Telah Ditetapkan Penggunaannya/ Appropriated	Belum Ditetapkan Penggunaannya/ Unappropriated	
<b>Saldo per 31 Desember 2016</b>	<b>5.295.000</b>	<b>2.054.454</b>	<b>(115.567)</b>	<b>(78.546)</b>	<b>2.966.991</b>	<b>6.232.559</b>	<b>2.775.645</b>	<b>19.130.536</b>
Total laba komprehensif tahun berjalan	2h.8 9,40	-	93.825	(64.612)	-	-	3.027.466	3.056.679
Pembagian laba Dividen	29c	-	-	-	-	-	(523.781)	(523.781)
Pembentukan cadangan umum dan cadangan tujuan	-	-	-	-	-	2.095.125	(2.095.125)	-
<b>Saldo per 31 Desember 2017</b>	<b>5.295.000</b>	<b>2.054.454</b>	<b>(21.742)</b>	<b>(143.158)</b>	<b>2.966.991</b>	<b>8.327.684</b>	<b>3.184.205</b>	<b>21.663.434</b>

\*) Saldo defisit sebesar Rp14.226.200 telah dieliminasi akibat kuasi-reorganisasi pada tanggal 31 Mei 2007.

\*)

Accumulated losses amounted to Rp14,226,200 had been eliminated as a result of quasi-reorganization as of May 31, 2007.

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN PERUBAHAN EKUITAS**  
**Untuk Tahun yang Berakhir Pada Tanggal 31 Desember 2018**  
**(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended December 31, 2018**  
**(Expressed in millions of Rupiah, unless otherwise stated)**

Catatan/ Notes	Modal Ditempatkan dan Disetor Penuh/ Issued and Fully Paid Capital Stock	Tambahkan modal disetor/ Additional paid-in capital	Keuntungan (kerugian) yang Belum Direalisasi Atas Efek-efek dan Obligasi Pemerintah yang Tersedia Untuk Dijual - Neto/ Unrealized Gain (Loss) on Available-for-sale Securities and Government Bonds - Net	Pengukuran Kembali Program Imbalan Pasti - Neto/ Remeasurement of Defined Benefit Plan - Net	Surplus Revaluasi Aset Tetap/ Revaluation Surplus of Fixed Assets	Saldo Laba/Retained Earnings *)		Ekuitas/ Equity	Balance as of December 31, 2017
						Telah Ditetapkan Penggunaannya/ Appropriated	Belum Ditetapkan Penggunaannya/ Unappropriated		
Saldo per 31 Desember 2017	5.295.000	2.054.454	(21.742)	(143.158)	2.966.991	8.327.684	3.184.205	21.563.434	
Total laba komprehensif tahun berjalan	-	-	(85.688)	60.272	-	-	2.807.923	2.782.507	Total comprehensive income for the year
Pembagian laba Dividen	-	-	-	-	-	-	(605.493)	(605.493)	Distribution of income Dividends
Pembentukan cadangan umum dan cadangan tujuan	-	-	-	-	-	2.421.973	(2.421.973)	-	Appropriation for general and special reserves
Saldo per 31 Desember 2018	5.295.000	2.054.454	(107.430)	(82.886)	2.966.991	10.749.657	2.964.662	23.840.448	Balance as of December 31, 2018

\*) Saldo defisit sebesar Rp 14.226.290 telah dieliminasi akibat kuasi-reorganisasi pada tanggal 31 Mei 2007.

\*) Accumulated losses amounted to Rp 14,226,290 had been eliminated as a result of quasi-reorganization as of May 31, 2007.

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

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**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN ARUS KAS**  
**Untuk Tahun yang Berakhir Pada Tanggal**  
**31 Desember 2018**  
**(Disajikan dalam jutaan Rupiah,**  
**kecuali dinyatakan lain)**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended**  
**December 31, 2018**  
**(Expressed in millions of Rupiah,**  
**unless otherwise stated)**

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,		
	2018	Catatan/ Notes	2017
<b>ARUS KAS DARI AKTIVITAS OPERASI</b>			<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>
Penerimaan bunga, bagi hasil, dan marjin	22.179.899		19.605.492
Penerimaan kredit yang telah dihapusbukukan	151.188		160.844
Pembayaran bunga dan bonus, provisi dan komisi	(12.624.698)		(10.641.698)
Pembayaran pajak penghasilan badan	(976.956)		(975.516)
Penerimaan dari surat ketetapan pajak	3.941		
Pembayaran atas surat ketetapan pajak	-		(477.742)
Beban operasional lainnya - neto	(5.163.188)		(4.519.265)
Pendapatan (beban) bukan operasional lainnya - neto	16.475		(30.347)
Penerimaan kas sebelum perubahan aset dan liabilitas operasi	3.586.661		3.121.768
Perubahan dalam aset dan liabilitas operasi:			
Penurunan (kenaikan) dalam aset operasi:			
Efek-efek yang diukur pada nilai wajar melalui laporan laba rugi	740.954		(4.301.109)
Obligasi pemerintah untuk nilai wajar melalui laporan laba rugi	(2.350.369)		703.654
Kredit yang diberikan dan pembiayaan/ piutang syariah	(39.554.295)		(35.209.569)
Aset lain-lain	10.680		3.048
Kenaikan (penurunan) dalam liabilitas operasi:			
Liabilitas segera	(414.568)		773.805
Simpanan dari nasabah			
Giro	3.653.362		7.376.147
Giro Wadiah	32.528		486.967
Tabungan	132.903		5.441.102
Tabungan Wadiah	143.923		54.609
Deposito berjangka	29.980.351		15.944.980
Simpanan dari bank lain	(2.070.854)		1.419.543
Liabilitas lain-lain	650.935		929.317
Dana syirkah temporer	3.047.359		3.555.426
<b>Kas Neto Diperoleh Dari (digunakan untuk) Aktivitas Operasi</b>	<b>(2.410.430)</b>		<b>299.688</b>
			<b>Net Cash Provided by (used in) Operating Activities</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.



**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN ARUS KAS (lanjutan)**  
**Untuk Tahun yang Berakhir Pada Tanggal**  
**31 Desember 2018**  
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**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF CASH FLOWS (continued)**  
**For the Year Ended**  
**December 31, 2018**  
**(Expressed in millions of Rupiah,**  
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		Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
		2018	Catatan/ Notes	2017	
<b>ARUS KAS DARI AKTIVITAS INVESTASI</b>					<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>
Penerimaan saat jatuh tempo dari efek-efek yang dimiliki hingga jatuh tempo		36.889		51.388	Proceeds from matured held-to-maturity securities
Pembelian aset tetap		(526.743)	13	(396.710)	Acquisitions of premises and equipment
Penurunan efek-efek tersedia untuk dijual		1.089.818		743.790	Decrease available-for-sale securities
Penurunan obligasi pemerintah tersedia untuk dijual		464.873		719.340	Decrease in available-for-sale government bonds
Penerimaan dari obligasi pemerintah yang dimiliki hingga jatuh tempo		944.573		14.046	Proceeds from maturity of held-to-maturity of government bonds
Pembelian obligasi pemerintah yang dimiliki hingga jatuh tempo		(319.917)		(299.246)	Purchase of held-to-maturity government bonds
<b>Kas Neto diperoleh dari Aktivitas Investasi</b>		<b>1.689.493</b>		<b>832.608</b>	<b>Net Cash provided by Investing Activities</b>
<b>ARUS KAS DARI AKTIVITAS PENDANAAN</b>					<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>
Penerimaan dari surat-surat berharga yang diterbitkan		1.040.000		5.828.447	Proceeds from issuance of securities
Pembayaran atas jatuh tempo surat-surat berharga yang diterbitkan		(900.000)		(201.000)	Payment of matured securities issued
Pembayaran atas jatuh tempo efek-efek yang dijual dengan janji dibeli kembali		(450.000)		-	Payments of matured securities sold under repurchase agreements
Pembayaran dividen		(605.493)	29c	(523.781)	Payments of dividends
Penerimaan dari pinjaman yang diterima		11.507.255		3.993.479	Proceeds from fund borrowings
Pembayaran dari pinjaman yang diterima		(3.993.458)		(1.000.000)	Payment from fund borrowings
<b>Kas Neto diperoleh dari Aktivitas Pendanaan</b>		<b>6.598.304</b>		<b>8.097.145</b>	<b>Net Cash Provided by Financing Activities</b>
<b>KENAIKAN NETO KAS DAN SETARA KAS</b>		<b>5.877.367</b>		<b>9.229.441</b>	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>
<b>KAS DAN SETARA KAS AWAL TAHUN</b>		<b>38.837.639</b>		<b>29.608.198</b>	<b>CASH EQUIVALENTS AT BEGINNING YEAR</b>
<b>KAS DAN SETARA KAS AKHIR TAHUN</b>		<b>44.715.006</b>		<b>38.837.639</b>	<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**LAPORAN ARUS KAS (lanjutan)**  
**Untuk Tahun yang Berakhir Pada Tanggal**  
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**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**STATEMENT OF CASH FLOWS (continued)**  
**For the Year Ended**  
**December 31, 2018**  
**(Expressed in millions of Rupiah,**  
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	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2018	Catatan/ Notes	2017	
Rincian kas dan setara kas akhir tahun adalah sebagai berikut:				The details of cash and cash equivalents at end of period are as follows:
Kas	1.243.615	2a,4	1.027.554	Cash
Giro pada Bank Indonesia	15.417.862	2f,5	12.554.585	Current accounts with Bank Indonesia
Giro pada bank lain	1.588.769	2f,6	557.997	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain - jangka waktu jatuh tempo tiga bulan atau kurang sejak tanggal perolehan	26.364.760	2g,7	24.697.503	Placements with Bank Indonesia and other banks - maturing within three months or less since the acquisition date
Sertifikat Bank Indonesia - jangka waktu jatuh tempo tiga bulan atau kurang sejak tanggal perolehan	100.000	2h,8	-	Certificates of Bank Indonesia - maturing within three months or less since the acquisition date
<b>Total</b>	<b>44.715.006</b>		<b>38.837.639</b>	<b>Total</b>

Catatan atas laporan keuangan terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan secara keseluruhan.

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**CATATAN ATAS LAPORAN KEUANGAN**  
**Tanggal 31 Desember 2018 dan untuk**  
**Tahun yang Berakhir pada Tanggal Tersebut**  
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**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. UMUM**

**a. Pendirian Bank**

PT Bank Tabungan Negara (Persero) Tbk ("Bank") didirikan sebagai bank milik negara, semula dengan nama "Bank Tabungan Pos" berdasarkan Undang-undang Darurat No. 9 Tahun 1950 tanggal 9 Februari 1950. Selanjutnya, berdasarkan Peraturan Pemerintah Pengganti Undang-undang No. 4 tahun 1963, nama Bank Tabungan Pos diubah menjadi "Bank Tabungan Negara". Pada tanggal 29 April 1989, Bank mulai beroperasi sebagai bank umum milik negara.

Berdasarkan Peraturan Pemerintah No. 24 Tahun 1992, status Bank diubah menjadi perseroan terbatas milik negara (Persero). Akta pendirian Bank sebagai Persero dibuat dihadapan Notaris Muhani Salim, S.H., No. 136 tanggal 31 Juli 1992 dan telah disahkan oleh Menteri Kehakiman dengan Surat Keputusan No. C2-6587.HT.01.01. TH.92 tanggal 12 Agustus 1992, serta diumumkan dalam Berita Negara No. 73 tanggal 11 September 1992 Tambahan No. 6A.

Berdasarkan surat keputusan Direksi Bank Indonesia No. 27/55/KEP/DIR tanggal 23 September 1994, Bank memperoleh status sebagai bank devisa.

Bank telah mendapatkan persetujuan dari Bank Indonesia untuk melakukan kegiatan umum perbankan berdasarkan prinsip syariah melalui surat No. 6/1350/DPbS tanggal 15 Desember 2004.

Bank mulai melakukan kegiatannya berdasarkan prinsip syariah pada tanggal 14 Februari 2005 dengan mulai beroperasinya cabang syariah pertama di Jakarta - Harmoni.

Pernyataan keputusan Rapat Umum Pemegang Saham Luar Biasa yang menyetujui perubahan seluruh Anggaran Dasar PT Bank Tabungan Negara (Persero) menjadi Perseroan Terbuka telah diaktakan dengan akta notaris No. 7 tanggal 12 Oktober 2009 dari notaris Fathiah Helmi, S.H. Perubahan anggaran dasar tersebut mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia melalui surat No. AHU-49309.AH.01.02. tahun 2009.

**1. GENERAL**

**a. Bank's establishment**

*PT Bank Tabungan Negara (Persero) Tbk ("the Bank") was originally established as a state-owned bank under the name "Bank Tabungan Pos" based on Martial Law No. 9 of 1950 dated February 9, 1950. Subsequently, the name of the Bank was changed to "Bank Tabungan Negara" based on Government Regulation Amendment of Law No. 4 of 1963. The Bank started operating as a state-owned commercial bank on April 29, 1989.*

*Based on Government Regulation No. 24 of 1992, the status of the Bank was changed to a state-owned limited liability corporation (Persero). The Bank's deed of establishment as a limited liability corporation was documented under deed No. 136 dated July 31, 1992 of Notary Muhani Salim, S.H. and was approved by the Ministry of Justice in its Decision Letter No. C2-6587.HT.01.01. TH.92 dated August 12, 1992 and was published in Supplement No. 6A of State Gazette No. 73 dated September 11, 1992.*

*Based on the Decision Letter No. 27/55/KEP/DIR dated September 23, 1994 of the Directors of Bank Indonesia, the Bank obtained the status of a foreign exchange bank.*

*The Bank has obtained approval from Bank Indonesia to conduct commercial banking activities based on sharia principles through letter No. 6/1350/DPbS dated December 15, 2004.*

*The Bank started its activities based on sharia principles on February 14, 2005 with the operation of its first sharia branch in Jakarta - Harmoni.*

*The decision of the Extraordinary General Stockholders' Meeting to amend all of the Bank's Articles of Association to become a public company was notarized under notarial deed No. 7 dated October 12, 2009 of Fathiah Helmi, S.H. The amendment was approved by the Ministry of Laws and Human Rights in its letter No. AHU-49309.AH.01.02. of 2009.*

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**1. UMUM (lanjutan)**

**a. Pendirian Bank (lanjutan)**

Anggaran Dasar Bank telah mengalami beberapa kali perubahan. Penyesuaian tersebut dinyatakan dalam Akta No. 66 tanggal 23 Maret 2018 yang dibuat dihadapan Ashoya Ratam, S.H., M.Kn., notaris di Jakarta, berdasarkan keputusan Rapat Umum Pemegang Saham Tahunan tanggal 23 Maret 2018 dan telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia, dengan Surat Keputusan No. AHU-AH.01.02-50609 tanggal 21 April 2018.

Berdasarkan pasal 3 Anggaran Dasar Bank, ruang lingkup kegiatan Bank adalah menjalankan kegiatan umum perbankan sesuai dengan undang-undang dan peraturan yang berlaku, termasuk melakukan kegiatan Bank berdasarkan prinsip syariah.

Bank berdomisili di Jakarta dan kantor pusat Bank berlokasi di Jalan Gajah Mada No. 1, Jakarta Pusat.

Pada tanggal 31 Desember 2018, Bank memiliki 100 kantor cabang (termasuk 24 kantor cabang syariah), 352 kantor cabang pembantu (termasuk 48 kantor cabang pembantu syariah), 476 kantor kas (termasuk 8 Kantor Kas Syariah), dan 3.013 SOPP (System on-line Payment Point/Kantor Pos on-line) (tidak diaudit).

Pada tanggal 31 Desember 2017, Bank memiliki 99 kantor cabang (termasuk 24 kantor cabang syariah), 315 kantor cabang pembantu (termasuk 40 kantor cabang pembantu syariah), 492 kantor kas (termasuk 7 Kantor Kas Syariah), dan 2.996 SOPP (System on-line Payment Point/Kantor Pos on-line) (tidak diaudit).

**1. GENERAL (continued)**

**a. Bank's establishment (continued)**

*The Articles of Association of the Bank has been amended several times. The amendment was covered by Notarial Deed No. 66 dated March 23, 2018 of Ashoya Ratam, S.H., M.Kn., a notary in Jakarta, as approved in the Annual General Shareholders' Meeting on March 23, 2018 and approve by the Ministry of Laws and Human Rights of the Republic of Indonesia, in its Decision Letter No. AHU-AH.01.02-50609 dated April 21, 2018.*

*According to Article 3 of the Bank's Articles of Association, the scope of the Bank's activities is to conduct commercial banking activities in accordance with the prevailing laws and regulations, including the Bank's activities based on sharia principles.*

*The Bank is domiciled in Jakarta and its head office is located at Jalan Gajah Mada No. 1, Central Jakarta.*

*As of December 31, 2018, the Bank has 100 branch offices (including 24 sharia branch offices), 352 sub-branch offices (including 48 sharia sub-branch offices), 476 cash offices (including 8 sharia cash offices), and 3,013 SOPPs (System on-line Payment Point/on-line Post office) (unaudited).*

*As of December 31, 2017, the Bank has 99 branch offices (including 24 sharia branch offices), 315 sub-branch offices (including 40 sharia sub-branch offices), 492 cash offices (including 7 sharia cash offices), and 2,996 SOPPs (System on-line Payment Point/on-line Post office) (unaudited).*

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**1. UMUM (lanjutan)**

**b. Rekapitalisasi**

Pada tanggal 28 Mei 1999, Pemerintah mengeluarkan Peraturan Pemerintah No. 52 Tahun 1999 tentang penambahan penyertaan Pemerintah pada Bank dalam rangka Program Rekapitalisasi yang dijalankan oleh Pemerintah dengan nilai setinggi-tingginya sebesar Rp11.200.000. Pada tanggal 21 Agustus 2000, Pemerintah mengeluarkan Peraturan Pemerintah No. 68 Tahun 2000 tentang penambahan modal Pemerintah pada Bank dalam rangka Program Rekapitalisasi yang dijalankan oleh Pemerintah dengan nilai setinggi-tingginya sebesar Rp2.805.000, sehingga tambahan penyertaan Pemerintah keseluruhan menjadi sebesar Rp14.005.000. Penambahan modal tersebut dilakukan melalui penerbitan obligasi rekapitalisasi Pemerintah untuk Bank sebesar Rp9.803.500 dan Rp4.201.500 masing-masing pada tanggal 25 Juli 2000 dan 31 Oktober 2000.

Pada tanggal 28 Februari 2001, Direksi Bank dan Menteri Keuangan menandatangani Kontrak Manajemen yang berisikan antara lain bahwa jumlah kebutuhan rekapitalisasi akhir Bank adalah sebesar Rp13.843.540 dan kelebihan obligasi rekapitalisasi sebesar Rp161.460 harus dikembalikan kepada Pemerintah. Pada tanggal 5 November 2001, kelebihan obligasi rekapitalisasi tersebut dikembalikan kepada Pemerintah.

Sebagai tindak lanjut dari Kontrak Manajemen tersebut, Menteri Keuangan Republik Indonesia mengeluarkan Peraturan Menteri Keuangan No. 40/PMK.06/2008 tanggal 29 Februari 2008 tentang penetapan nilai akhir kebutuhan rekapitalisasi Bank sebesar Rp13.843.540 dan pelaksanaan hak-hak pemerintah yang timbul sebagai akibat penambahan penyertaan modal negara Republik Indonesia ke dalam modal Perusahaan Perseroan (Persero) PT Bank Tabungan Negara dalam rangka program rekapitalisasi bank umum dengan mengkonversi menjadi 13.843.540 lembar saham yang diterbitkan oleh Bank dengan nominal Rp1.000.000 (Rupiah penuh) per lembar. Peraturan ini berdaya laku surut sejak tanggal 31 Mei 2007.

**1. GENERAL (continued)**

**b. Recapitalization**

On May 28, 1999, the Government issued Government Regulation No. 52 of 1999 regarding the increase in the Government's capital participation in the Bank within the framework of the Government's Recapitalization Program for a maximum amount of Rp11,200,000. On August 21, 2000, the Government issued Government Regulation No. 68 of 2000 regarding the increase in the Government's capital participation in the Bank within the framework of the Government's Recapitalization Program for a maximum amount of Rp2,805,000 so that the additional Government capital participation would become Rp14,005,000. The increase in the Government participation was settled through the issuance to the Bank of the government's recapitalization bonds amounting to Rp9,803,500 and Rp4,201,500 on July 25, 2000 and October 31, 2000, respectively.

On February 28, 2001, the Bank's Directors and the Ministry of Finance entered into a Management Contract which includes, among others, the total final recapitalization requirement of the Bank of Rp13,843,540 and the excess recapitalization bonds of Rp161,460 should be returned to the Government. On November 5, 2001, the Bank returned such excess recapitalization bonds to the government.

As a result of the Management Contract, the Ministry of Finance issued Regulation No. 40/PMK.06/2008 dated February 29, 2008 regarding the determination of the final amount of the Government's required capital contribution to the Bank amounting to Rp13,843,540 and implementation of the Government's rights as a result of the additional contributed capital by the Republic of Indonesia to the capital of PT Bank Tabungan Negara (Persero) Tbk, as a limited liability company, in relation to the commercial banks' recapitalization program through conversion of additional capital to 13,843,540 shares of stock, which were issued by the Bank with a par value (full Rupiah) of Rp1,000,000 per share. This regulation was applied retroactively since May 31, 2007.



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**1. UMUM (lanjutan)**

**c. Penawaran umum obligasi Bank**

Bank telah menerbitkan obligasi sebanyak 22 (dua puluh dua) kali penerbitan dan 1 (satu) kali penerbitan instrumen obligasi subordinasi sejak tanggal 25 Juli 1989 sampai dengan tanggal 31 Desember 2018 dengan rincian sebagai berikut:

Nama Obligasi/ Name of Bonds	Jumlah Nominal/ Nominal Amount	Jangka Waktu/ Term	Jatuh Tempo/ Maturity Date	Tingkat Bunga/ Interest
Obligasi BTN I/ BTN Bonds I	50.000	5 tahun/years	25 Juli/ July 25, 1994*)	18,75% tetap/ fixed
Obligasi BTN II/ BTN Bonds II	50.000	5 tahun/years	1 Juni/ June 1, 1995*)	16,25% tetap/ fixed
Obligasi BTN III/ BTN Bonds III	50.000	5 tahun/years	11 November/ November 11, 1996*)	20,00% tetap/ fixed
Obligasi BTN IV/ BTN Bonds IV	100.000	5 tahun/years	23 Januari/ January 23, 1996*)	17,00% tetap/ fixed
Obligasi BTN V/ BTN Bonds V	150.000	5 tahun/years	31 Juli/ July 31, 1998*)	15,25% tetap untuk tahun pertama dan kedua, mengambang untuk tahun berikutnya hingga jatuh tempo/ 15.25% fixed for first and second years, floating for remaining years until maturity
Obligasi BTN VI/ BTN Bonds VI	350.000	5 tahun/years	21 Desember/ December 21, 2000*)	17,25% tetap untuk tahun pertama, mengambang untuk tahun berikutnya hingga jatuh tempo/ 17.25% fixed for first year, floating for remaining years until maturity
Obligasi BTN VII/ BTN Bonds VII	200.000	5 tahun/years	22 Juli/ July 22, 2001*)	17,125% tetap untuk tahun pertama, mengambang untuk tahun berikutnya hingga jatuh tempo/ 17.125% fixed for first year, floating for remaining years until maturity
Obligasi BTN VIII/ BTN Bonds VIII	400.000	5 tahun/years	18 Juli/ July 18, 2002*)	14,15% tetap/ fixed
Obligasi BTN IX/ BTN Bonds IX	750.000	5 tahun/years	2 Oktober/ October 2, 2008*)	12,50% tetap/ fixed
Obligasi BTN X/ BTN Bonds X	750.000	5 tahun/years	25 Mei/ May 25, 2009*)	12,20% tetap/ fixed
Obligasi BTN XI/ BTN Bonds XI	750.000	5 tahun/years	6 Juli/ July 6, 2010*)	12,00% tetap/ fixed
Obligasi BTN XII/ BTN Bonds XII	1.000.000	10 tahun/years	19 September/ September 19, 2016*)	12,75% tetap/ fixed
Obligasi BTN XIII A/ BTN Bonds XIII A	300.000	3 tahun/years	29 Mei/ May 29, 2012*)	11,75% tetap/ fixed
Obligasi BTN XIII B/ BTN Bonds XIII B	300.000	4 tahun/years	29 Mei/ May 29, 2013*)	12,00% tetap/ fixed
Obligasi BTN XIII C/ BTN Bonds XIII C	900.000	5 tahun/years	29 Mei/ May 29, 2014*)	12,25% tetap/ fixed
Obligasi BTN XIV/ BTN Bonds XIV	1.650.000	10 tahun/years	11 Juni/ June 11, 2020	10,25% tetap/ fixed

\*) Bank telah melakukan pelunasan obligasi yang diterbitkan pada tanggal jatuh temponya.

**1. GENERAL (continued)**

**c. Public offering of Bank's bonds**

The Bank issued 22 (twenty-two) series of bonds and 1 (one) serie of subordinated bond instruments from July 25, 1989 to December 31, 2018, with the details as follows:

\*) The Bank has made the repayment of bonds issued on maturity date.



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**1. UMUM (lanjutan)**

**c. Penawaran umum obligasi Bank (lanjutan)**

Bank telah menerbitkan obligasi sebanyak 22 (dua puluh dua) kali penerbitan dan 1 (satu) kali penerbitan instrumen obligasi subordinasi sejak tanggal 25 Juli 1989 sampai dengan tanggal 31 Desember 2018 dengan rincian sebagai berikut (lanjutan):

Nama Obligasi/ Name of Bonds	Jumlah Nominal/ Nominal Amount	Jangka Waktu/ Term	Jatuh Tempo/ Maturity Date	Tingkat Bunga/ Interest
Obligasi BTN XV/ BTN Bonds XV	1.300.000	10 tahun/years	28 Juni/ June 28, 2021	9,50% tetap/ fixed
Obligasi Berkelanjutan I Tahap I BTN/ Shelf Registration Bonds I Phase I BTN	2.000.000	10 tahun/years	5 Juni/ June 5, 2022	7,90% tetap/ fixed
Obligasi Berkelanjutan I Tahap II BTN/ Shelf Registration Bonds I Phase II BTN	2.000.000	10 tahun/years	27 Maret/ March 27, 2023	7,90% tetap/ fixed
Obligasi Berkelanjutan II Tahap I BTN/ Shelf Registration Bonds II Phase I BTN				
Seri A/A Series	900.000	3 tahun/years	8 Juli/ July 8, 2018*)	9,63% tetap/ fixed
Seri B/B Series	500.000	5 tahun/years	8 Juli/ July 8, 2020	9,88% tetap/ fixed
Seri C/C Series	800.000	7 tahun/years	8 Juli/ July 8, 2022	10,00% tetap/ fixed
Seri D/D Series	800.000	10 tahun/years	8 Juli/ July 8, 2025	10,50% tetap/ fixed
Obligasi Berkelanjutan II Tahap II BTN/ Shelf Registration Bonds II Phase II BTN				
Seri A/A Series	1.347.000	3 tahun/years	30 Agustus/ August 30, 2019	8,20% tetap/ fixed
Seri B/B Series	1.653.000	5 tahun/years	30 Agustus/ August 30, 2021	8,75% tetap/ fixed
Obligasi Berkelanjutan III Tahap I BTN/ Shelf Registration Bonds III Phase I BTN				
Seri A/A Series	1.466.000	3 tahun/years	13 Juli/ July 13, 2020	8,30% tetap/ fixed
Seri B/B Series	1.295.000	5 tahun/years	13 Juli/ July 13, 2022	8,50% tetap/ fixed
Seri C/C Series	853.000	7 tahun/years	13 Juli/ July 13, 2024	8,70% tetap/ fixed
Seri D/D Series	1.386.000	10 tahun/years	13 Juli/ July 13, 2027	8,90% tetap/ fixed
Obligasi Subordinasi BTN I/ Subordinated Bonds BTN I	250.000	10 tahun/years	25 Mei/ May 25, 2014**)	12,60% tetap untuk tahun pertama sampai tahun kelima, 22,60% tetap untuk tahun keenam sampai tahun kesepuluh jika Bank tidak melakukan opsi beli pada tahun kelima sejak tanggal penerbitan/ 12.60% fixed for first year until fifth year, 22.60% fixed for sixth year until tenth year if the Bank does not exercise its option to buyback on the fifth year since the issuance date

\*) Bank telah melakukan pelunasan obligasi yang diterbitkan pada tanggal jatuh temponya.

\*\*) Bank telah melakukan opsi beli kembali pada 25 Mei 2009

**1. GENERAL (continued)**

**c. Public offering of Bank's bonds (continued)**

The Bank issued 22 (twenty-two) series of bonds and 1 (one) series of subordinated bond instruments from July 25, 1989 to December 31, 2018, with the details as follows (continued):

\*) The Bank has made the repayment of bonds issued on maturity date.

\*\*) The Bank has exercised the call options on May 25, 2009

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**1. UMUM (lanjutan)**

**d. Penawaran Umum Saham Perdana (IPO)**

Bank telah memperoleh izin untuk melakukan Penawaran Umum sesuai dengan persetujuan Dewan Perwakilan Rakyat Republik Indonesia yang tertuang dalam Surat Ketua Dewan Perwakilan Rakyat Republik Indonesia No.PW.01/3104/DPRI/V/2009 tanggal 29 Mei 2009, serta penetapan dari Pemerintah sebagaimana tertuang dalam Peraturan Pemerintah Republik Indonesia No. 66 tahun 2009 dan diundangkan dalam Lembaran Negara No.167 tanggal 16 November 2009 tentang Perubahan Struktur Kepemilikan Saham Negara Melalui Penerbitan dan Penjualan Saham Baru Pada PT Bank Tabungan Negara (Persero).

Berdasarkan Surat Badan Pengawas Pasar Modal dan Lembaga Keuangan (BAPEPAM-LK) No. S-10523/BL/2009 tanggal 8 Desember 2009, pernyataan pendaftaran yang diajukan Bank dalam rangka IPO sejumlah 6.353.999.999 lembar Saham Biasa Atas Nama Seri B milik Negara Republik Indonesia dan 2.360.057.000 lembar Saham Biasa Atas Nama Seri B baru, dengan nilai nominal sebesar Rp500 (Rupiah penuh) setiap saham kepada masyarakat telah menjadi efektif pada tanggal 8 Desember 2009. Saham yang ditawarkan tersebut dicatatkan dan mulai diperdagangkan di Bursa Efek Indonesia pada tanggal 17 Desember 2009 dengan harga jual Rp800 (Rupiah penuh) per saham.

Berkaitan dengan penawaran umum saham perdana, Bank telah mengimplementasikan program kepemilikan saham oleh Manajemen dan Karyawan (*Management and Employee Stock Allocation/MESA*). Program MESA diberikan maksimal 9,62% dari saham baru yang diterbitkan kepada karyawan yang tercatat pada tanggal 30 September 2009. Program MESA tersebut telah efektif pada tanggal 17 September 2009 dan seluruh karyawan yang memiliki kualifikasi telah mengambil program tersebut dengan jumlah lembar saham biasa atas nama Seri B sebanyak 226.928.500 lembar (nilai nominal Rp500 per lembar saham) dengan harga beli Rp640 per lembar saham (setelah diskon 20% dari harga penawaran perdana sebesar Rp800 per lembar saham) dengan masa *lock up* selama enam bulan.

**1. GENERAL (continued)**

**d. Initial Public Offering (IPO)**

The Bank obtained a permit to undertake a Public Offering based on the approval of the House of Representatives of the Republic of Indonesia in its Chairman Letter No. PW.01/3104/DPRI/V/2009 dated May 29, 2009 and was enacted by the Government as stipulated by the Republic of Indonesia Government Regulation No. 66 of 2009 and circulated in State Gazette No. 167 dated November 16, 2009 regarding the amendment of the stock ownership structure of the State through Initial Public Offering of the shares of PT Bank Tabungan Negara (Persero).

Based on Letter No. S-10523/BL/2009 of the Capital Market and Financial Institutions Supervisory Agency (BAPEPAM-LK) dated December 8, 2009, the Registration Statement submitted by the Bank relating to the IPO of 6,353,999,999 ordinary shares Series B of the Republic of Indonesia and 2,360,057,000 new ordinary shares Series B, at par value of Rp500 (full Rupiah) per share to the public, became effective on December 8, 2009. The shares which were offered to the public, were listed and traded on the Indonesia Stock Exchange on December 17, 2009, with the selling price of Rp800 (full Rupiah) per share.

In relation to the Initial Public Offering of the shares, the Bank implemented the Management and Employee Stock Allocation (MESA) program. MESA program is allocated with a maximum of 9.62% of the newly issued shares for registered employees as of September 30, 2009. The MESA Program became effective on September 17, 2009 and all qualified employees availed of the program consisting of 226,928,500 Series B shares (with par value of Rp500 per share) with a purchase price of Rp640 per share (after share price discount of 20% from the initial public offering price of Rp800 per share) and a lock up period until six months.

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**1. UMUM (lanjutan)**

**d. Penawaran Umum Saham Perdana (IPO)  
(lanjutan)**

Diskon harga saham untuk program MESA menjadi beban Bank di tahun 2009, yaitu sebesar 20% atau Rp41.353, yang termasuk beban pajak penghasilan.

**e. Penerapan kuasi reorganisasi**

Kondisi ekonomi yang buruk yang terjadi sejak pertengahan tahun 1997 sampai dengan tahun 1999, yang disebabkan terutama oleh melemahnya kurs mata uang Rupiah terhadap mata uang asing, seperti dolar Amerika Serikat dan tingkat suku bunga yang tidak stabil, sangat langkanya likuiditas serta menurunnya tingkat kepercayaan investor, telah memberikan dampak yang buruk bagi industri perbankan di Indonesia. Kondisi tersebut juga berdampak pada para debitur Bank dalam memenuhi kewajibannya, sehingga Bank mengalami defisit yang cukup besar.

Untuk memperoleh awal yang baik (fresh start) dengan laporan posisi keuangan yang menunjukkan nilai sekarang dan tidak dibebani oleh defisit, maka Bank melaksanakan Kuasi-Reorganisasi per 31 Mei 2007 (Catatan 2b). Kuasi-Reorganisasi dilakukan Bank sebagai langkah penting untuk bisa meneruskan usaha secara lebih baik.

Dalam Rapat Umum Pemegang Saham (RUPS) Bank tentang Pengesahan Rencana Kerja dan Anggaran Perusahaan tanggal 19 Januari 2006, pemegang saham Bank memutuskan antara lain bahwa pemegang saham mendukung rencana Bank untuk melakukan Kuasi-Reorganisasi dalam rangka menetapkan besarnya nilai akhir Penyertaan Modal Negara dalam Bank dan perbaikan struktur modal Bank, dan agar dilaksanakan sesuai dengan ketentuan yang berlaku.

Sebagai hasil dari Kuasi-Reorganisasi, saldo defisit Bank sebesar Rp14.226.290 dieliminasi ke akun saldo laba.

**1. GENERAL (continued)**

**d. Initial Public Offering (IPO) (continued)**

*In relation to the Initial Public Offering of the share price discount for MESA program was recognized as the Bank's expense in 2009, amounting to 20% or Rp41,353 including the income tax expense.*

**e. Implementation of quasi - reorganization**

*The unfavorable economic condition starting in mid-1997 until 1999, which was caused mainly by the weakening of the rupiah in relation to other foreign currencies such as the United States dollar, the instability of interest rates, liquidity problem and the low level of trust by investors, had an adverse impact to the banking industry in Indonesia. This condition also affected the Bank debtors in fulfilling their obligations. As a result, the Bank suffered a significant amount of deficit.*

*In order to make a fresh start with a statement of financial position showing present values without the burden of deficit, the Bank conducted a Quasi-Reorganization on May 31, 2007 (Note 2b). The Quasi-Reorganization was recognized by the Bank as a necessary step to positively continue its business.*

*In the Bank's General Stockholders' Meeting held on January 19, 2006 regarding the Approval of the Bank's Budget and Work Plan, the stockholders approved, among others, the Bank's plan to conduct the Quasi-Reorganization in order to determine the final amount of the Government's capital contribution and to restructure the Bank's capital, which should be implemented according to the prevailing regulations.*

*As a result of the quasi-reorganization, the Bank's deficit balance amounting to Rp14,226,290 was eliminated against the net amount of the retained earnings.*

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**1. UMUM (lanjutan)**

**f. Dewan Komisaris, Direksi, Dewan  
Pengawas Syariah, Komite Audit dan  
Karyawan**

Berdasarkan Rapat Umum Pemegang Saham Tahunan (RUPST) Bank tanggal 23 Maret 2018, dengan berita acara No. 63 tanggal 23 Maret 2018, yang dibuat oleh Notaris Ashoya Ratam, S.H., M.Kn, susunan Dewan Komisaris Bank adalah sebagai berikut:

**31 Desember 2018**

Komisaris Utama/Independen	I Wayan Agus Mertayasa
Komisaris Independen	Arie Coerniadi
Komisaris Independen	Lucky Fathul Aziz Hadibrata
Komisaris Independen	Kamaruddin Sjam
Komisaris Independen	Garuda Wiko
Komisaris	Iman Sugema
Komisaris	Maurin Sitorus
Komisaris	Sumiyati
Komisaris	Parman Nataatmadja*

\* Diangkat sebagai Komisaris PT Bank Tabungan Negara (Persero) Tbk berdasarkan hasil keputusan RUPS Tahunan Perseroan tanggal 23 Maret 2018 dan berlaku efektif setelah mendapatkan persetujuan dari Otoritas Jasa Keuangan (OJK) atas penilaian Kemampuan dan Kepatutan (Fit and Proper Test) dan memenuhi Peraturan Perundang-undangan yang berlaku.

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa (RUPSLB) Bank tanggal 28 Desember 2017, dengan berita acara No. 291 tanggal 28 Desember 2017, yang dibuat oleh Notaris Ashoya Ratam, S.H., M.Kn, susunan Dewan Komisaris Bank adalah sebagai berikut:

**31 Desember 2017**

Komisaris Utama/Independen	I Wayan Agus Mertayasa
Komisaris Independen	Kamaruddin Sjam
Komisaris Independen	Arie Coerniadi
Komisaris Independen	Lucky Fathul Aziz H
Komisaris Independen	Garuda Wiko
Komisaris	Sumiyati
Komisaris	Maurin Sitorus
Komisaris	Iman Sugema

**1. GENERAL (continued)**

**f. Boards of Commissioners, Directors, Sharia  
Supervisory Board, Audit Committee and  
Employees**

Based on the Bank's Annual General Meeting of Stockholders held on March 23, 2018, as stated under the notarial No. 63 dated March 23, 2018 by Notary Ashoya Ratam, S.H., M.Kn, the composition of the Bank's Board of Commissioners are as follows:

**December 31, 2018**

President/Independent Commissioner
Independent Commissioner
Independent Commissioner
Independent Commissioner
Independent Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

\* Appointed as a Commissioner of PT Bank Tabungan Negara (Persero) Tbk based on the Annual General Meeting of Shareholders dated March 23, 2018 and will be effective upon approval from the Financial Services Authority (OJK) on Fit and Proper Test and in compliance with the prevailing laws and regulations.

Based on the Bank's Extraordinary General Meeting of Stockholders held on December 28, 2017, as stated under the notarial No. 291 dated December 28, 2017 by Notary Ashoya Ratam, S.H., M.Kn, the composition of the Bank's Board of Commissioners are as follows:

**December 31, 2017**

President/Independent Commissioner
Independent Commissioner
Independent Commissioner
Independent Commissioner
Independent Commissioner
Commissioner
Commissioner
Commissioner

**PT BANK TABUNGAN NEGARA (PERSERO) TBK  
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**1. UMUM (lanjutan)**

**f. Dewan Komisaris, Direksi, Dewan Pengawas Syariah, Komite Audit dan Karyawan (lanjutan)**

Berdasarkan Rapat Umum Pemegang Saham Tahunan (RUPST) Bank tanggal 23 Maret 2018, dengan berita acara No. 63 tanggal 23 Maret 2018, yang dibuat oleh Notaris Ashoya Ratam, S.H., M.Kn, susunan Direksi Bank adalah sebagai berikut:

**31 Desember 2018**

Direktur Utama	Maryono
Direktur <i>Finance and Treasury</i>	Iman Nugroho Soeko
Direktur <i>IT and Operation</i>	Andi Nirwoto*
Direktur <i>Commercial Banking</i>	Oni Febriarto Rahardjo
Direktur <i>Consumer Banking</i>	Budi Satria
Direktur <i>Strategy, Compliance and Risk</i>	R. Mahelan Prabantari
Direktur <i>Collection and Asset Management</i>	Nixon L.P. Napitupulu
Direktur <i>Distribution and Network</i>	Dasuki Amsir
Direktur <i>Strategic Human Capital</i>	Yossi Istanto**

\* Telah mendapatkan persetujuan Otoritas Jasa Keuangan (OJK) melalui Salinan Keputusan Dewan Komisiner OJK Nomor 27/KDK.03/2018 tanggal 7 September 2018 tentang Hasil Penilaian Kemampuan dan Kepatutan Sdr. Andi Nirwoto selaku Direktur *IT & Operation* PT Bank Tabungan Negara (Persero) Tbk. Pengangkatan tersebut berlaku efektif sejak tanggal 10 September 2018.

\*\* Telah mendapatkan persetujuan Otoritas Jasa Keuangan (OJK) melalui Salinan Keputusan Dewan Komisiner OJK Nomor 28/KDK.03/2018 tanggal 7 September 2018 tentang Hasil Penilaian Kemampuan dan Kepatutan Sdr. Yossi Istanto selaku Direktur *Strategic Human Capital* PT Bank Tabungan Negara (Persero) Tbk. Pengangkatan tersebut berlaku efektif sejak tanggal 10 September 2018.

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa (RUPSLB) Bank tanggal 28 Desember 2017, dengan berita acara No. 291 tanggal 28 Desember 2017, yang dibuat oleh Notaris Ashoya Ratam, S.H., M.Kn, susunan Dewan Direksi Bank adalah sebagai berikut:

**31 Desember 2017**

Direktur Utama	Maryono
Direktur <i>Finance and Treasury</i>	Iman Nugroho Soeko
Direktur <i>IT and Operation</i>	Adi Setianto
Direktur <i>Commercial Banking</i>	Oni Febriarto Rahardjo
Direktur <i>Strategy, Compliance and Risk</i>	R. Mahelan Prabantari
Direktur <i>Collection and Asset Management</i>	Nixon L.P. Napitupulu
Direktur <i>Consumer Banking</i>	Budi Satria
Direktur <i>Distribution and Network</i>	Dasuki Amsir

**1. GENERAL (continued)**

**f. Boards of Commissioners, Directors, Sharia Supervisory Board, Audit Committee and Employees (continued)**

Based on the Bank's Annual General Meeting of Stockholders held on March 23, 2018, as stated under the notarial No. 63 dated March 23, 2018 by notary Ashoya Ratam, S.H., M.Kn, the composition of the Bank's Board of Directors are as follows:

**December 31, 2018**

President Director
Director Finance and Treasury
Director IT and Operation
Director Commercial Banking
Director Consumer Banking
Director Strategy, Compliance and Risk
Director Collection and Asset Management
Director Distribution and Network
Director Strategic Human Capital

\* Has been approved by Financial Services Authority (OJK) through the OJK's Board of Commissioner's decision letter No. 27/KDK.03/2018 dated September 7, 2018 regarding the Result on Fit and Proper Test of Andi Nirwoto as the Director of IT & Operation PT Bank Tabungan Negara (Persero) Tbk. The appointment has been effective since September 10, 2018.

\*\* Has been approved by Financial Services Authority (OJK) through the OJK's Board of Commissioner's decision letter No. 28/KDK.03/2018 dated September 7, 2018 regarding the Result on Fit and Proper Test of Yossi Istanto as the Director of Strategic Human Capital PT Bank Tabungan Negara (Persero) Tbk. The appointment has been effective since September 10, 2018.

Based on the Bank's Extraordinary General Meeting of Stockholders held on December 28, 2017, as stated under the notarial No. 291 dated December 28, 2017 by Notary Ashoya Ratam, S.H., M.Kn, the composition of the Bank's Board of Directors are as follows:

**December 31, 2017**

President Director
Director Finance and Treasury
Director IT and Operation
Director Commercial Banking
Director Strategy, Compliance and Risk
Director Collection and Asset Management
Director Consumer Banking
Director Distribution and Network



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**1. UMUM (lanjutan)**

**f. Dewan Komisaris, Direksi, Dewan Pengawas Syariah, Komite Audit dan Karyawan (lanjutan)**

Gaji dan kompensasi lainnya yang dibayarkan kepada dewan komisaris adalah sebesar Rp36.673 dan Rp27.744 masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017 (Catatan 43b). Gaji dan kompensasi lainnya yang dibayarkan kepada direksi adalah sebesar Rp85.289 dan Rp61.714 masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017 (Catatan 43b).

Pada Rapat Umum Pemegang Saham Bank yang diadakan pada tanggal 23 Maret 2018 dan 17 Maret 2017, Bank membagikan tantiem masing-masing sebesar Rp60.205 dan Rp46.884 bagi Dewan Komisaris dan Direksi yang dialokasikan dari laba tahun berjalan yang dibayarkan masing-masing pada tanggal 6 Juni 2018 dan 5 Juli 2017.

Sekretaris Perusahaan dan Kepala Divisi Audit Internal Bank adalah sebagai berikut:

**31 Desember 2018**

Sekretaris Perusahaan  
Kepala Divisi Audit Internal

Achmad Chaerul\*  
Triani Pudjiastuti

\* Diangkat berdasarkan Surat Keputusan Direksi Bank No. 812/DIR/2018 tanggal 30 Oktober 2018 dan berlaku efektif sejak tanggal 30 Oktober 2018.

**31 Desember 2017**

Sekretaris Perusahaan  
Kepala Divisi Audit Internal

Agus Susanto\*  
Triani Pudjiastuti\*\*

\* Diangkat berdasarkan Surat Keputusan Direksi Bank No. 300/DIR/2017 tanggal 3 Juli 2017 dan berlaku efektif sejak tanggal 14 Juni 2017.

\*\* Diangkat berdasarkan Surat Keputusan Direksi Bank No. 614/DIR/2017 tanggal 8 November 2017 dan berlaku efektif sejak tanggal 13 November 2017.

**1. GENERAL (continued)**

**f. Boards of Commissioners, Directors, Sharia Supervisory Board, Audit Committee and Employees (continued)**

Salaries and other compensation benefits paid to the Board of Commissioners of the Bank amounting to Rp36,673 and Rp27,744 for the year ended December 31, 2018 and 2017, respectively (Note 43b). Salaries and other compensation benefits paid to the Board of Directors of the Bank amounted to Rp85,289 and Rp61,714 for the year ended December 31, 2018 and 2017, respectively (Note 43b).

During the Bank's Stockholders' General Meetings held on March 23, 2018 and March 17, 2017, the Bank distributed tantiem to the Boards of Directors and Commissioners amounting to Rp60,205 and Rp46,884, respectively, which were allocated from current year income and paid on June 6, 2018 and July 5, 2017, respectively.

The Bank's Corporate Secretary and the Head of Internal Audit Division are as follows:

**December 31, 2018**

Corporate Secretary  
Head of Internal Audit Division

\* Appointed based on the Bank's Board of Directors' Decision Letter No.812/DIR/2018 dated October 30, 2018 and effective since October 30, 2018.

**December 31, 2017**

Corporate Secretary  
Head of Internal Audit Division

\* Appointed based on the Bank's Board of Directors' Decision Letter No. 300/DIR/2017 dated July 3, 2017 and effective since June 14, 2017.

\*\* Appointed based on the Bank's Board of Directors' Decision Letter No. 614/DIR/2017 dated November 8, 2017 and effective since November 13, 2017.



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**1. UMUM (lanjutan)**

**f. Dewan Komisaris, Direksi, Dewan Pengawas Syariah, Komite Audit dan Karyawan (lanjutan)**

Berdasarkan Rapat Umum Pemegang Saham Tahunan (RUPST) Bank tanggal 23 Maret 2018, dengan berita acara No. 63 tanggal 23 Maret 2018, yang dibuat oleh Notaris Ashoya Ratam, SH., MKn susunan Dewan Pengawas Syariah Bank adalah sebagai berikut:

**31 Desember 2018**

Ketua  
Anggota  
Anggota

M. Quraish Shihab\*  
Mohamad Hidayat  
Muhammad Gunawan Yasni\*\*

\* Telah mendapatkan persetujuan Otoritas Jasa Keuangan (OJK) melalui Salinan Keputusan Dewan Komisiner OJK Nomor SR-4/PB.13/2019 tanggal 10 Januari 2019 dan diangkat berdasarkan Surat Keputusan Direksi Bank No 61/DIR/SHAD/II/2019 tanggal 25 Januari 2019 dan efektif sejak tanggal 22 Januari 2019.

\*\* Telah mendapatkan persetujuan Otoritas Jasa Keuangan (OJK) melalui Salinan Keputusan Dewan Komisiner OJK Nomor SR-4/PB.13/2019 tanggal 10 Januari 2019 dan diangkat berdasarkan Surat Keputusan Direksi Bank No 61/DIR/SHAD/II/2019 tanggal 25 Januari 2019 dan efektif sejak tanggal 22 Januari 2019.

Susunan Dewan Pengawas Syariah Bank, berdasarkan Surat Keputusan Direksi Bank No.131/DIR/2017 tanggal 23 Maret 2017 dan No.379/DIR/2015 tanggal 30 Juni 2015 adalah sebagai berikut:

**31 Desember 2017**

Ketua  
Anggota  
Anggota

Ahmad Nazri Adlani  
Mohamad Hidayat  
Muhammad Syakir Sula

Susunan Anggota Komite Audit Bank berdasarkan Surat Dewan Komisaris Bank No. 170/KOM/BTN/X/2018 tanggal 9 Oktober 2018 adalah sebagai berikut:

**31 Desember 2018**

Ketua  
Anggota  
Anggota  
Anggota  
Anggota  
Anggota

Kamaruddin Sjam  
I Wayan Agus Mertayasa  
Lucky Fathul Aziz Hadiabrata  
Garuda Wiko  
Rachmat Supratman  
Adi Prakoso\*

\* Diangkat sebagai anggota Komite Audit PT Bank Tabungan Negara (Persero) Tbk berdasarkan Surat Keputusan Direksi No. 190/DIR/2018 tanggal 21 Maret 2018, efektif sejak tanggal 13 Maret 2018.

**1. GENERAL (continued)**

**f. Boards of Commissioners, Directors, Sharia Supervisory Board, Audit Committee and Employees (continued)**

Based on the Bank's Annual General Meeting of Stockholders held on March 23, 2018, as stated under the notarial No. 63 dated March 23, 2018 by notary Ashoya Ratam, SH., MKn the composition of the Bank's Board of Sharia Supervisory are as follows:

**December 31, 2018**

Chairman  
Member  
Member

\* Has been approved by Financial Services Authority (OJK) through the OJK's Board of Commissioner's decision letter No. SR-4/PB.13/2019 dated January 10, 2019 and have appointed based on the Bank's Board of Directors' Decision Letter No. 61/DIR/SHAD/II/2019 dated January 25, 2019 and effective since January 22, 2019.

\*\* Has been approved by Financial Services Authority (OJK) through the OJK's Board of Commissioner's decision letter No. SR-4/PB.13/2019 dated January 10, 2019 and have appointed based on the Bank's Board of Directors' Decision Letter No. 61/DIR/SHAD/II/2019 dated January 25, 2019 and effective since January 22, 2019.

The composition of the Bank's Sharia Supervisory Board based on the Bank's Board of Directors' Decision Letter No.131/DIR/2017 dated March 23, 2017 and No.379/DIR/2015 dated June 30, 2015 are as follows:

**December 31, 2017**

Chairman  
Member  
Member

The composition of the Bank's Audit Committee, based on the Bank's Board of Commissioners' Decision Letter No. 170/ KOM/BTN/X/2018 dated October 9, 2018 are as follows:

**December 31, 2018**

Chairman  
Member  
Member  
Member  
Member  
Member

\* Appointed as the member of Audit Committee PT Bank Tabungan Negara (Persero) Tbk, based on the Board of Director's Decision Letter No. 190/DIR/2018 dated March 21, 2018, effective since March 13, 2018.

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**1. UMUM (lanjutan)**

**f. Dewan Komisaris, Direksi, Dewan Pengawas Syariah, Komite Audit dan Karyawan (lanjutan)**

Susunan Anggota Komite Audit Bank berdasarkan Surat Keputusan Direksi Bank No. 648/DIR/2017 tanggal 21 November 2017 (menindaklanjuti Ketetapan Komisaris melalui Surat No. 163/KOM/BTN/XI/2017 tanggal 21 November 2017) adalah sebagai berikut:

**31 Desember 2017**

Ketua	Kamaruddin Sjam
Anggota	I Wayan Agus Mertayasa
Anggota	Lucky Fathul Aziz Hadibrata
Anggota	Garuda Wiko
Anggota	Sondang Gayatri
Anggota	Rachmat Supratman

Berdasarkan ketentuan internal Bank, manajemen kunci Bank cakupannya adalah Dewan Komisaris, Komite Audit, Direksi, Kepala Kantor Wilayah, Kepala Divisi, dan Kepala Cabang. Jumlah karyawan tetap Bank pada tanggal 31 Desember 2018 dan 2017 masing-masing adalah 10.192 dan 8.780 orang (tidak diaudit).

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN**

**a. Dasar Penyajian Laporan Keuangan**

**Pernyataan Kepatuhan**

Laporan keuangan pada tanggal dan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2018 dan 2017 disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia, yang mencakup Pernyataan dan Interpretasi yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia dan peraturan Bapepam-LK No. VIII.G.7 lampiran keputusan Ketua Bapepam-LK No. KEP-347/BL/2012 tanggal 25 Juni 2012 tentang "Penyajian dan Pengungkapan Laporan Keuangan Emiten atau Perusahaan Publik".

**1. GENERAL (continued)**

**f. Boards of Commissioners, Directors, Sharia Supervisory Board, Audit Committee and Employees (continued)**

The composition of the Bank's Audit Committee, based on the Board of Directors' Decision Letter No. 648/DIR/2017 dated November 21, 2017 (followed up of the Bank's Board of Commissioners' Decision No. 163/KOM/BTN/XI/2017 dated November 21, 2017) are as follows:

**December 31, 2017**

Chairman
Member
Member
Member
Member
Member

Based on the Bank's internal policy, key management consists of board of commissioners, audit committee, board of directors, regional office head, division head, and branch manager. The Bank has permanent employees as of December 31, 2018 and 2017 of 10,192 and 8,780 employees, respectively (unaudited).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of Preparation of the Financial Statements**

**Statement of Compliance**

The financial statements as of and for the year ended December 31, 2018 and 2017 were prepared and presented in accordance with Indonesian Financial Accounting Standards, which includes the Statements and Interpretations issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants and Bapepam-LK's Regulation No. VIII.G.7, Appendix of the Decision of the Chairman of Bapepam-LK No. KEP-347/BL/2012 dated June 25, 2012 regarding the "Guidelines on Financial Statements Presentations and Disclosures for Issuers or Public Companies".

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG  
SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (continued)**

**a. Dasar Penyajian Laporan Keuangan  
(lanjutan)**

**a. Basis of Preparation of the Financial  
Statements (continued)**

**Pernyataan Kepatuhan (lanjutan)**

**Statement of Compliance (continued)**

Laporan keuangan disusun sesuai dengan Pernyataan Standar Akuntansi Keuangan (PSAK) No.1 (Amandemen 2015), "Penyajian Laporan Keuangan".

The Financial Statements is presented in conformity with the Statement of Financial Accounting Standards ("SFAS") No.1 (Amendment 2015), "Presentation of Financial Statements".

Laporan keuangan Bank cabang syariah yang didasarkan pada prinsip syariah disajikan sesuai dengan Pernyataan Standar Akuntansi Keuangan (PSAK) No. 101 (Revisi 2016) tentang "Penyajian Laporan Keuangan Syariah", PSAK No. 102 (Revisi 2016) tentang "Akuntansi Murabahah", PSAK No. 104 tentang "Akuntansi Istishna", PSAK No. 105 tentang "Akuntansi Mudharabah", PSAK No. 106 (Revisi 2016) tentang "Akuntansi Musyarakah" dan PSAK No. 107 tentang "Akuntansi Ijarah" yang menggantikan PSAK No. 59 tentang "Akuntansi Perbankan Syariah" yang berkaitan dengan pengakuan, pengukuran, penyajian dan pengungkapan untuk topik tersebut, PSAK No. 110 (Revisi 2015) tentang "Akuntansi Sukuk", PSAK No. 111 tentang "Akuntansi Wa'd" dan Pedoman Akuntansi Perbankan Syariah Indonesia (PAPSI Revisi 2013) yang diterbitkan oleh Bank Indonesia dan Ikatan Akuntan Indonesia (IAI).

The financial statements of the Bank's sharia branches have been presented in conformity with the Statement of Financial Accounting Standards ("SFAS") No. 101 (Revised 2016) on "Sharia Financial Statements Presentation", SFAS No. 102 (Revised 2016) on "Accounting for Murabahah", SFAS No. 104 on "Accounting for Istishna", SFAS No. 105 on "Accounting for Mudharabah", SFAS No. 106 (Revised 2016) on "Accounting for Musyarakah" and SFAS No. 107 on "Accounting for Ijarah", which supersede SFAS No. 59 on "Accounting for Sharia Banking" associated with recognition, measurement, presentation and disclosure for the respective topics, SFAS No. 110 (Revised 2015) on "Accounting for Sukuk", SFAS No. 111 on "Accounting for Wa'd" and the Indonesia Sharia Banking Accounting Guidelines (PAPSI Revised 2013) issued by Bank Indonesia and Indonesian Institute of Accountants (IAI).

Laporan keuangan telah disajikan berdasarkan nilai historis, kecuali untuk beberapa akun yang dinilai menggunakan dasar pengukuran lain sebagaimana dijelaskan pada kebijakan akuntansi dari akun tersebut. Laporan keuangan disusun dengan dasar akrual, kecuali pendapatan dari *istishna* dan bagi hasil dari pembiayaan *mudharabah* dan *musyarakah* serta laporan arus kas.

The Financial Statements have been prepared on a historical cost basis, except for some accounts that were assessed using another measurement basis as explained in the accounting policies of the account. The Financial Statements have been prepared on accrual basis, except for the revenue from *istishna* and the profit sharing from the *mudharabah* and *musyarakah* financing and the statement of cash flow.

Laporan arus kas disusun menggunakan metode langsung dan arus kas dikelompokkan atas dasar aktivitas operasi, investasi dan pendanaan. Kas dan setara kas terdiri dari kas, giro pada Bank Indonesia dan giro pada bank lain, penempatan pada Bank Indonesia dan bank lain, Sertifikat Bank Indonesia dan Sertifikat Deposito Bank Indonesia, yang jatuh tempo dalam waktu 3 (tiga) bulan sejak tanggal perolehan, sepanjang tidak digunakan sebagai jaminan atas pinjaman yang diterima serta tidak dibatasi penggunaannya.

The statement of cash flows have been prepared using direct method and the cash flows have been classified on the basis of operating, investing and financing activities. Cash and cash equivalents consists of cash, current accounts with Bank Indonesia and current accounts with other banks, placements with Bank Indonesia and other banks, Bank Indonesia Certificates and Deposits Certificates of Bank Indonesia maturing within 3 (three) months or less from the acquisition date provided they are neither pledged as collateral for borrowings nor restricted.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**a. Dasar Penyajian Laporan Keuangan (lanjutan)**

**Pernyataan Kepatuhan (lanjutan)**

Mata uang penyajian yang digunakan dalam laporan keuangan adalah Rupiah (Rp), yang merupakan mata uang fungsional Bank. Angka-angka yang disajikan dalam laporan keuangan, kecuali dinyatakan lain dibulatkan dalam jutaan Rupiah.

**b. Kuasi-Reorganisasi**

Berdasarkan PSAK No. 51 (Revisi 2003) tentang "Akuntansi Kuasi-Reorganisasi", kuasi-reorganisasi merupakan prosedur akuntansi yang mengatur perusahaan merestrukturisasi ekuitasnya dengan menghilangkan defisit dan menilai kembali seluruh aset dan liabilitasnya berdasarkan nilai wajar. Dengan kuasi-reorganisasi, perusahaan mendapatkan awal yang baik (fresh start) dengan laporan posisi keuangan yang menunjukkan nilai sekarang dan tanpa dibebani defisit karena defisit dieliminasi menjadi nihil.

Estimasi nilai wajar aset dan liabilitas dalam rangka kuasi-reorganisasi ditentukan berdasarkan informasi terbaik sesuai dengan karakteristik aset dan liabilitas yang bersangkutan atau nilai pasar aset dan liabilitas yang bersangkutan. Apabila nilai pasar tidak tersedia, estimasi nilai wajar dilakukan dengan mempertimbangkan harga aset sejenis, estimasi nilai sekarang atau arus kas yang didiskontokan. Untuk aset dan liabilitas tertentu, penilaian dilakukan sesuai PSAK terkait.

**c. Transaksi dengan pihak-pihak berelasi**

Dalam menjalankan usahanya, Bank melakukan transaksi dengan pihak-pihak berelasi seperti yang didefinisikan dalam PSAK No. 7 (Penyesuaian 2015) tentang "Pengungkapan Pihak-pihak Berelasi".

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**a. Basis of Preparation of the Financial Statements (continued)**

**Statement of Compliance (continued)**

The presentation currency used in the financial statements is the Indonesian Rupiah (Rp), which is the Bank's functional currency. Unless otherwise stated, all figures presented in the financial statement are rounded off to millions of Rupiah.

**b. Quasi-Reorganization**

Based on SFAS No. 51 (Revised 2003), "Accounting for Quasi-Reorganization", a quasi-reorganization is an accounting procedure that enables a company to restructure its equity by eliminating its deficit and revaluing all its assets and liabilities based on their fair values. Under a quasi-reorganization, a company will have a fresh start with its statement of financial position showing figures that represent present values and without the burden of a deficit because the deficit has been eliminated.

The fair value estimate for assets and liabilities under a quasi-reorganization is determined based on the best available information according to the characteristics of the related assets and liabilities or the market value for the related assets and liabilities. If the market value is not available, the fair value estimation is conducted by considering the value of similar assets, present value estimation, or discounted cash flows. For certain assets and liabilities, the valuation is conducted according to the related SFAS.

**c. Transactions with related parties**

In the normal course of its business, the Bank enters into transactions with related parties which are defined under SFAS No. 7 (2015 Adaptation), "Related Party Disclosures".



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**c. Transaksi dengan pihak-pihak berelasi (lanjutan)**

Suatu pihak dianggap berelasi dengan Bank jika:

- a) suatu pihak yang secara langsung, atau tidak langsung yang melalui satu atau lebih perantara, suatu pihak (i) mengendalikan, atau dikendalikan oleh, atau berada di bawah pengendalian bersama, dengan Bank; (ii) memiliki pengaruh signifikan atas Bank; atau (iii) memiliki pengendalian bersama atas Bank;
- b) suatu pihak yang berada dalam kelompok usaha yang sama dengan Bank;
- c) suatu pihak yang merupakan ventura bersama di mana Bank sebagai *venturer*;
- d) suatu pihak adalah anggota dari personil manajemen kunci Bank;
- e) suatu pihak adalah anggota keluarga dekat dari individu yang diuraikan dalam butir (a) atau (d);
- f) suatu pihak adalah suatu program imbalan pasca kerja untuk imbalan kerja dari Bank atau entitas terkait Bank.
- g) suatu pihak adalah entitas yang dikendalikan, dikendalikan bersama atau dipengaruhi signifikan oleh beberapa entitas, langsung maupun tidak langsung, individu seperti diuraikan dalam butir (d) atau (e);

Transaksi dengan pihak-pihak berelasi dilakukan dengan syarat dan kondisi yang sama dengan transaksi-transaksi dengan pihak ketiga. Transaksi yang dilakukan Bank telah memenuhi peraturan Badan Pengawas Pasar Modal dan Lembaga Keuangan No. IX.E.1 tentang "Transaksi Afiliasi dan Benturan Kepentingan Transaksi Tertentu", pada saat transaksi-transaksi tersebut dilakukan. Seluruh transaksi dan saldo yang material dengan pihak-pihak berelasi diungkapkan dalam catatan atas laporan keuangan yang relevan dan rinciannya telah disajikan dalam Catatan 43 atas laporan keuangan. Selanjutnya, saldo dan transaksi yang material antara Bank dan Pemerintah Negara Republik Indonesia (RI) dan entitas lain yang berelasi dengan Bank diungkapkan juga pada Catatan 43.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**c. Transactions with related parties (continued)**

The Bank considers the following as its related parties:

- a) a person who, directly or indirectly through one or more intermediaries, (i) controls, or is controlled by, or under common control with the Bank, (ii) has significant influence over the Bank or (iii) has joint control over the Bank;
- b) an entity which is a member of the same group as the Bank;
- c) an entity which is a joint venture of a third party in which the Bank has ventured in;
- d) a member of key management personnel of the Bank;
- e) a close family member of the person described in clause (a) or (d);
- f) an entity which is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank.
- g) an entity that is controlled, jointly controlled or significantly influenced, directly or indirectly by the person described in clause (d) or (e);

Transactions with related parties are made on the same term and conditions as those transactions with third parties. All transaction done by Bank have complied with Bapepam-LK Regulation No. IX.E.1 regarding "The affiliate transactions and conflict of interest of certain transactions", at the time the transaction were made. All material transactions and balances with related parties are disclosed in the relevant notes to the Financial Statements and the details have been presented in Note 43 of the Financial Statements. Furthermore, material transactions and balances between Bank and the Government of the Republic of Indonesia (RI) and other entities related to the Bank are also disclosed in Note 43.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Aset keuangan dan liabilitas keuangan**

**d. Financial assets and liabilities**

Aset keuangan Bank terdiri dari kas, giro pada Bank Indonesia, giro pada bank lain, penempatan pada Bank Indonesia dan bank lain, efek-efek, obligasi Pemerintah, efek-efek yang dibeli dengan janji dijual kembali, tagihan derivatif, tagihan akseptasi, penyertaan saham, kredit yang diberikan dan pembiayaan/piutang syariah, bunga yang masih akan diterima dan aset lain-lain (tagihan kepada pihak ketiga).

The Bank's financial assets consist of cash, current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks, securities, government bonds, reverse repo, derivatives receivable, acceptance receivable, investment in shares, loans and sharia financing/receivables, interest receivable and other assets (third party receivables).

Liabilitas keuangan Bank terdiri dari liabilitas segera, simpanan dari nasabah, simpanan dari bank lain, surat-surat berharga yang diterbitkan, liabilitas derivatif, liabilitas akseptasi, pinjaman yang diterima, pinjaman subordinasi, efek-efek yang dijual dengan janji dibeli kembali, bunga yang masih harus dibayar dan liabilitas lain-lain (setoran jaminan dan dana jaminan pengembang).

The Bank's financial liabilities consist of liabilities due immediately, deposits from customers, deposits from other banks, securities issued, derivatives payable, acceptance payable, fund borrowings, subordinated loan, securities sold under repurchase agreements, interest payable and other liabilities (guarantee deposits and developers' security deposits).

**(i) Klasifikasi**

**(i) Classification**

Bank mengklasifikasi aset keuangannya berdasarkan kategori sebagai berikut pada saat pengakuan awal:

The Bank classifies its financial assets in the following categories at initial recognition:

- Aset keuangan yang diukur pada nilai wajar melalui laba rugi, yang memiliki 2 (dua) sub-klasifikasi, yaitu aset keuangan yang ditetapkan demikian pada saat pengakuan awal dan aset keuangan yang diklasifikasi dalam kelompok yang diperdagangkan;
- Kredit yang diberikan dan piutang;
- Investasi dalam kelompok dimiliki hingga jatuh tempo;
- Investasi tersedia untuk dijual.

- Financial assets at fair value through profit or loss, which have 2 (two) sub-classifications, i.e. financial assets designated as such upon initial recognition and financial assets classified as held-for-trading;
- Loans and receivables;
- Held-to-maturity investments;
- Available-for-sale investments.

Liabilitas keuangan diklasifikasikan ke dalam kategori sebagai berikut pada saat pengakuan awal:

Financial liabilities are classified into the following categories at initial recognition:

- Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi, yang memiliki 2 (dua) sub-klasifikasi, yaitu liabilitas keuangan yang ditetapkan demikian pada saat pengakuan awal dan liabilitas keuangan yang telah diklasifikasikan dalam kelompok diperdagangkan;

- Financial liabilities at fair value through profit or loss, which have 2 (two) sub-classifications, i.e. those designated as such upon initial recognition and those classified as held-for-trading;



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Aset keuangan dan liabilitas keuangan (lanjutan)**

**d. Financial assets and liabilities (continued)**

**(i) Klasifikasi (lanjutan)**

**(i) Classification (continued)**

Liabilitas keuangan diklasifikasikan ke dalam kategori sebagai berikut pada saat pengakuan awal: (lanjutan)

*Financial liabilities are classified into the following categories at initial recognition: (continued)*

- Liabilitas keuangan lain yang tidak diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi dikategorikan dan diukur dengan biaya perolehan diamortisasi.

- *Other financial liabilities that are not classified as financial liabilities at fair value through profit or loss are categorized and measured at amortized cost.*

Kelompok aset dan liabilitas yang diukur pada nilai wajar melalui laba rugi terdiri dari aset dan liabilitas keuangan yang diperoleh atau dimiliki Bank terutama untuk tujuan dijual atau dibeli kembali dalam waktu dekat, atau dimiliki sebagai bagian dari portofolio instrumen keuangan tertentu yang dikelola bersama untuk memperoleh laba jangka pendek atau *position taking*.

*The sub-classification of financial assets and liabilities at fair value through profit or loss consist of financial assets and liabilities that the Bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a financial instrument portfolio that is managed together for short-term profit or position taking.*

Kredit yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan tidak mempunyai kuotasi di pasar aktif, kecuali:

*Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market, except:*

- yang dimaksudkan oleh Bank untuk dijual segera dalam waktu dekat, yang diklasifikasikan dalam kelompok diperdagangkan, serta yang pada saat pengakuan awal ditetapkan diukur pada nilai wajar melalui laba rugi;
- yang pada saat pengakuan awal ditetapkan dalam kelompok investasi tersedia untuk dijual; atau
- dalam hal Bank tidak akan memperoleh kembali seluruh investasi awal kecuali yang disebabkan oleh penurunan kualitas kredit yang diberikan dan piutang, yang diklasifikasikan dalam kelompok tersedia untuk dijual.

- *those that the Bank intends to sell immediately or in the short term, which are classified as held-for-trading, and those that the Bank upon initial recognition designates at fair value through profit or loss;*
- *those that upon initial recognition are designated as available-for-sale investments; or*
- *those for which the Bank may not recover substantially all of its initial investment, other than because of loans and receivable deterioration, which are classified as available-for-sale.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Aset keuangan dan liabilitas keuangan (lanjutan)**

**d. Financial assets and liabilities (continued)**

**(i) Klasifikasi (lanjutan)**

**(i) Classification (continued)**

Investasi dalam kategori dimiliki hingga jatuh tempo adalah aset keuangan non-derivatif yang dapat dikuotasikan dengan pembayaran tetap atau telah ditentukan dan jatuh temponya telah ditetapkan dimana Bank mempunyai intensi positif dan kemampuan untuk memiliki aset keuangan tersebut hingga jatuh tempo. Investasi yang dimiliki untuk periode yang tidak dapat ditentukan tidak dikategorikan dalam klasifikasi ini.

*Held-to-maturity investments consist of quoted non-derivative financial assets with fixed or determinable payments and fixed maturity which the Bank has the positive intention and ability to hold until maturity. Investments intended to be held for an undetermined period of time are not included in this classification.*

Setelah pengukuran awal, investasi tersedia untuk dijual diukur menggunakan nilai wajar dengan laba atau rugi yang diakui sebagai bagian dari ekuitas sampai dengan investasi dihentikan pengakuannya atau sampai investasi dinyatakan mengalami penurunan nilai dimana akumulasi laba atau rugi sebelumnya dilaporkan dalam ekuitas dilaporkan dalam laporan laba rugi dan penghasilan komprehensif lain.

*After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognized in equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gains or losses previously reported in equity is included in the statement of profit or loss and other comprehensive income.*

Hasil efektif dan (bila dapat diaplikasikan) hasil dari nilai tukar dinyatakan kembali untuk investasi tersedia dijual dan dilaporkan pada laporan laba rugi dan penghasilan komprehensif lain.

*The effective yield and (where applicable) results of foreign exchange restatement for available-for-sale investments are reported in the statement of profit or loss and comprehensive income.*

Liabilitas keuangan lainnya merupakan liabilitas keuangan yang tidak dimiliki untuk dijual atau ditentukan sebagai nilai wajar melalui laporan laba rugi saat pengakuan liabilitas.

*Other financial liabilities represent financial liabilities that are neither held for trading nor designated at fair value through profit or loss upon the recognition of the liability.*

**(ii) Pengakuan awal**

**(ii) Initial recognition**

a. Pembelian atau penjualan aset keuangan yang memerlukan penyerahan aset dalam kurun waktu yang telah ditetapkan oleh peraturan dan kebiasaan yang berlaku di pasar (pembelian secara reguler) diakui pada tanggal penyelesaian.

*a. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way purchases) are recognized on the settlement date.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Aset keuangan dan liabilitas keuangan (lanjutan)**

**d. Financial assets and liabilities (continued)**

**(ii) Pengakuan awal (lanjutan)**

**(ii) Initial recognition (continued)**

- b. Aset keuangan dan liabilitas keuangan pada awalnya diukur pada nilai wajarnya. Dalam hal aset keuangan atau liabilitas keuangan tidak diukur pada nilai wajar melalui laba rugi, nilai wajar tersebut ditambah/dikurangkan biaya transaksi yang dapat diatribusikan secara langsung. Pengukuran aset keuangan dan liabilitas keuangan setelah pengakuan awal tergantung pada klasifikasinya.

- b. Financial assets and liabilities are initially recognised at fair value. For those financial assets or financial liabilities not measured at fair value through profit or loss, the fair value includes directly attributable transaction costs. The subsequent measurement of financial assets and liabilities depends on their classification.

Biaya transaksi hanya meliputi biaya-biaya yang dapat diatribusikan secara langsung untuk perolehan suatu aset keuangan atau penerbitan suatu liabilitas keuangan dan merupakan biaya tambahan yang tidak akan terjadi apabila instrumen keuangan tersebut tidak diperoleh atau diterbitkan. Untuk aset keuangan, biaya transaksi ditambahkan pada jumlah yang diakui pada awal pengakuan aset, sedangkan untuk liabilitas keuangan, biaya transaksi dikurangkan dari jumlah utang yang diakui pada pengakuan awal liabilitas.

Transaction costs only include costs that are directly attributable to the acquisition of a financial asset or issuance of a financial liability and an additional charge that would not occur if the instrument is not acquired or issued. For financial assets, transaction costs are added to the amount recognized in the initial recognition of the asset, while for financial liabilities, transaction costs are deducted from the amount of debt recognized on initial recognition of a liability.

Biaya transaksi tersebut diamortisasi selama umur instrumen berdasarkan metode suku bunga efektif dan dicatat sebagai bagian dari pendapatan bunga untuk biaya transaksi sehubungan dengan aset keuangan atau sebagai bagian dari beban bunga untuk biaya transaksi sehubungan dengan liabilitas keuangan.

The transaction costs are amortized over the terms of the instrument based on the effective interest rate method and recorded as part of interest income for transaction costs related to the financial asset or as part of interest expense for transaction costs related to financial liabilities.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Aset keuangan dan liabilitas keuangan (lanjutan)**

**d. Financial assets and liabilities (continued)**

**(ii) Pengakuan awal (lanjutan)**

**(ii) Initial recognition (continued)**

Bank, pada pengakuan awal, dapat menetapkan aset keuangan dan liabilitas keuangan tertentu sebagai nilai wajar melalui laba rugi (opsi nilai wajar). Opsi nilai wajar dapat digunakan hanya bila memenuhi ketentuan sebagai berikut:

*The Bank, upon initial recognition, may designate certain financial assets and liabilities, at fair value through profit or loss (fair value option). The fair value option is only applied when the following conditions are met:*

- penetapan sebagai opsi nilai wajar mengurangi atau mengeliminasi ketidak-konsistenan pengukuran dan pengakuan (accounting mismatch) yang dapat timbul; atau
- aset keuangan dan liabilitas keuangan merupakan bagian dari portofolio instrumen keuangan yang risikonya dikelola dan dilaporkan kepada manajemen kunci berdasarkan nilai wajar; atau
- aset keuangan dan liabilitas keuangan terdiri dari kontrak utama dan derivatif melekat yang harus dipisahkan.

- *the determination of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or*

- *the financial assets and liabilities are part of a portfolio of financial instruments, the risks of which are managed and reported to key management on a fair value basis; or*

- *the financial assets and liabilities consist of a host contract and an embedded derivative that must be bifurcated.*

Opsi nilai wajar digunakan untuk kredit yang diberikan dan piutang tertentu yang dilindung nilai menggunakan *credit derivatives* atau *spot* suku bunga, namun tidak memenuhi kriteria untuk akuntansi lindung nilai. Jika tidak, kredit yang diberikan akan dicatat menggunakan biaya diamortisasi dan derivatif akan diukur menggunakan nilai wajar melalui laba rugi.

*The fair value option is applied to certain loans and receivables that are hedged with credit derivatives or interest rate spot, but does not meet the criteria for hedge accounting. Otherwise, the loans would be recorded at amortized cost, while the derivatives are measured at fair value through profit or loss.*

Opsi nilai wajar juga digunakan untuk dana investasi yang merupakan bagian dari portofolio yang dikelola dengan basis nilai wajar. Opsi nilai wajar juga digunakan untuk *structured investment* termasuk derivatif melekat.

*The fair value option is also applied to investment funds that are part of a portfolio managed on a fair value basis. Furthermore, the fair value option is applied to structured investments that include embedded derivatives.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Aset keuangan dan liabilitas keuangan (lanjutan)**

**d. Financial assets and liabilities (continued)**

(iii) Pengukuran setelah pengakuan awal

(iii) Subsequent measurement

Aset keuangan dalam kelompok tersedia untuk dijual dan aset keuangan dan liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi diukur pada nilai wajarnya.

*Available-for-sale financial assets and financial assets and liabilities measured at fair value through profit or loss are subsequently measured at fair value.*

Kredit yang diberikan dan piutang serta investasi dimiliki hingga jatuh tempo dan liabilitas keuangan yang diukur pada biaya perolehan diamortisasi diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

*Loans and receivables and held-to-maturity investments and other financial liabilities measured at amortized cost are measured at amortized cost using the effective interest rate method.*

(iv) Penghentian pengakuan

(iv) Derecognition

a. Aset keuangan dihentikan pengakuannya jika:

a. Financial assets are derecognized when:

- Hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut berakhir; atau
- Bank telah mentransfer hak-nya untuk menerima arus kas yang berasal dari aset keuangan atau menanggung liabilitas untuk membayarkan arus kas yang diterima tersebut secara penuh tanpa penundaan berarti kepada pihak ketiga di bawah kesepakatan pelepasan (pass-through arrangement); dan antara (a) Bank telah mentransfer secara substansial seluruh risiko dan manfaat atas aset, atau (b) Bank tidak mentransfer maupun tidak memiliki secara substansial seluruh risiko dan manfaat atas aset, namun telah mentransfer pengendalian atas aset.

- *The contractual rights to receive cash flows from the financial assets have expired; or*
- *The Bank has transferred its rights to receive cash flows arising from the financial assets or has assumed an obligation to pay the cash flows in full without significant delay to a third party under a 'pass-through arrangement'; and either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.*

Ketika Bank telah mentransfer hak untuk menerima arus kas dari aset atau telah memasuki *pass through arrangement* dan tidak mentransfer serta tidak mempertahankan secara substansial seluruh risiko dan manfaat atas aset atau tidak mentransfer kendali atas aset, aset diakui sebesar keterlibatan Bank yang berkelanjutan atas aset tersebut.

*When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset.*



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Aset keuangan dan liabilitas keuangan (lanjutan)**

**d. Financial assets and liabilities (continued)**

(iv) Penghentian pengakuan (lanjutan)

(iv) Derecognition (continued)

Kredit yang diberikan atau aset keuangan lain dihapusbukukan ketika tidak terdapat prospek yang realistis mengenai pengembalian kredit dalam waktu dekat atau hubungan normal antara Bank dan debitur telah berakhir. Kredit yang tidak dapat dilunasi dihapusbukukan dengan mendebit cadangan kerugian penurunan nilai. Penerimaan kemudian atas kredit yang telah dihapusbukukan sebelumnya, jika pada periode berjalan dikreditkan ke dalam akun cadangan kerugian penurunan nilai atas kredit yang diberikan di laporan posisi keuangan, sedangkan jika setelah tanggal laporan posisi keuangan dikreditkan sebagai pendapatan operasional lainnya dalam laporan laba rugi dan penghasilan komprehensif lain.

Loans or other financial assets are written off when there is no realistic prospect of collection in the near future or the normal relationship between the Bank and the borrowers has ceased to exist. When a loan is deemed uncollectible, it is written off against the related allowance for impairment losses. Subsequent recoveries from loans previously written off, are added to the allowance for impairment losses account in the statement of financial position, if recovered in the current year and are recognized in the statement of profit or loss and comprehensive income as other operating income, if recovered after the statement of financial position dates.

b. Liabilitas keuangan dihentikan pengakuannya jika liabilitas keuangan tersebut berakhir, yaitu ketika liabilitas yang ditetapkan dalam kontrak dilepaskan atau dibatalkan atau kadaluwarsa.

b. Financial liabilities are derecognized when they are extinguished, i.e. liabilities stated in the contract are discharged, cancelled or expired.

Jika suatu liabilitas keuangan yang ada digantikan dengan yang lain oleh pemberi pinjaman yang sama pada keadaan yang secara substansial berbeda, atau berdasarkan suatu liabilitas yang ada yang secara substansial telah diubah, seperti pertukaran atau modifikasi yang diperlakukan sebagai penghentian pengakuan liabilitas awal dan pengakuan liabilitas baru dan perbedaan nilai tercatat masing-masing diakui dalam laporan laba rugi dan penghasilan komprehensif lain.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Aset keuangan dan liabilitas keuangan (lanjutan)**

**d. Financial assets and liabilities (continued)**

(v) Pengakuan pendapatan dan beban

(v) *Income and expense recognition*

- a. Pendapatan dan beban bunga atas aset tersedia untuk dijual, serta aset keuangan dan liabilitas keuangan yang dicatat berdasarkan biaya perolehan diamortisasi diakui pada laporan laba rugi dan penghasilan komprehensif lain dengan menggunakan metode suku bunga efektif.

- a. *Interest income and expense on available-for-sale assets and financial assets and liabilities measured at amortized cost are recognised in the statement of profit or loss and other comprehensive income using the effective interest method.*

- b. Keuntungan dan kerugian yang belum terealisasi yang timbul dari perubahan nilai wajar aset keuangan dan liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi diakui pada laporan laba rugi dan penghasilan komprehensif lain.

- b. *Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities measured at fair value through profit or loss are included in the statement profit or loss and other comprehensive income.*

Keuntungan dan kerugian yang belum direalisasi yang timbul dari perubahan nilai wajar aset keuangan yang diklasifikasikan dalam kelompok tersedia untuk dijual, kecuali keuntungan dan kerugian nilai tukar, diakui secara langsung dalam laba setelah pajak dalam ekuitas, sampai aset keuangan tersebut dihentikan pengakuannya atau adanya penurunan nilai.

*Unrealized gains and losses arising from changes in fair value of available-for-sale, except financial assets other than foreign exchange gains and losses are recognized, net of tax, in equity, until the financial assets are derecognized or impaired.*

Pada saat aset keuangan dihentikan pengakuannya atau mengalami penurunan nilai, keuntungan atau kerugian kumulatif yang sebelumnya diakui dalam ekuitas harus diakui pada laporan laba rugi dan penghasilan komprehensif lain.

*When a financial asset is derecognized or impaired, the cumulative gains or losses previously recognized in equity is recognized in the statement of profit or loss and other comprehensive income.*

(vi) Reklasifikasi aset keuangan

(vi) *Reclassification of financial assets*

Bank tidak diperkenankan untuk mereklasifikasi setiap instrumen keuangan dari diukur pada nilai wajar melalui laba rugi, jika pada pengakuan awal instrumen keuangan tersebut ditetapkan oleh Bank sebagai diukur pada nilai wajar melalui laba rugi.

*Bank is not allowed to reclassify any financial instrument out of or into the fair value through profit or loss, if the initial recognition of financial instruments is determined by Bank as measured at fair value through profit or loss.*

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**d. Aset keuangan dan liabilitas keuangan (lanjutan)**

**d. Financial assets and liabilities (continued)**

(vi) Reklasifikasi aset keuangan (lanjutan)

(vi) *Reclassification of financial assets (continued)*

Bank tidak boleh mengklasifikasikan aset keuangan sebagai investasi dimiliki hingga jatuh tempo, jika dalam tahun berjalan atau dalam kurun waktu dua tahun sebelumnya, telah menjual atau mereklasifikasi investasi dimiliki hingga jatuh tempo dalam jumlah yang lebih dari jumlah yang tidak signifikan sebelum jatuh tempo (lebih dari jumlah yang tidak signifikan dibandingkan dengan jumlah nilai investasi dimiliki hingga jatuh tempo), kecuali penjualan atau reklasifikasi tersebut:

*The Bank not allowed to classify financial assets as held-to-maturity investments, if the Bank during the current year or in the two preceeding years, sold or reclassified more than an insignificant amount of held-to-maturity investments before maturity (more than an insignificant amount in relation to the total amount of held-to-maturity investments), other than sales or reclassifications:*

- a. dilakukan ketika aset keuangan sudah mendekati jatuh tempo atau tanggal pembelian kembali di mana perubahan suku bunga tidak akan berpengaruh secara signifikan terhadap nilai wajar aset keuangan tersebut;
- b. terjadi setelah Bank telah memperoleh secara substansial seluruh jumlah pokok aset keuangan tersebut sesuai jadwal pembayaran atau Bank telah memperoleh pelunasan dipercepat; atau
- c. terkait dengan kejadian tertentu yang berada di luar kendali Bank, tidak berulang, dan tidak dapat diantisipasi secara wajar oleh Bank.

- a. *are so close to maturity or repurchase date that changes in the market rate of interest would not have a significant effect on the financial assets' fair value;*

- b. *occur after the Bank has collected substantially all of the original principal of the financial assets through scheduled payments or prepayments; or*

- c. *are attributable to an isolated event, that is beyond the Bank's control, is non-recurring, and could not be reasonably anticipated by the Bank.*

Reklasifikasi aset keuangan dari kelompok dimiliki hingga jatuh tempo ke kelompok tersedia untuk dijual dicatat sebesar nilai wajarnya. Keuntungan atau kerugian yang belum direalisasi tetap dilaporkan dalam ekuitas dan diamortisasi menggunakan metode suku bunga efektif selama sisa umur aset keuangan tersebut.

*Reclassification of financial assets from held-to-maturity to available-for-sale category is recorded at fair value. Unrealized gains or losses are reported in equity and are amortized using effective interest method over the remaining life of the financial assets.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Aset keuangan dan liabilitas keuangan (lanjutan)**

**d. Financial assets and liabilities (continued)**

**(vii) Saling hapus**

**(vii) Offsetting**

Aset keuangan dan liabilitas keuangan dilakukan saling hapus dan nilai bersihnya disajikan dalam laporan posisi keuangan jika, dan hanya jika Bank memiliki hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui tersebut dan adanya maksud untuk menyelesaikan secara neto atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara simultan.

*Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Bank has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.*

Hal yang berkekuatan hukum harus tidak kontingen atas peristiwa di masa depan dan harus dapat dipaksakan di dalam situasi bisnis yang normal, peristiwa kegagalan atau kebangkrutan dari entitas atas seluruh pihak lawan.

*The legally enforceable right must not be, contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.*

Pendapatan dan beban disajikan dalam jumlah neto hanya jika diperkenankan oleh Standar Akuntansi Keuangan.

*Income and expenses are presented on a net basis only when permitted by the Financial Accounting Standards.*

**(viii) Pengukuran nilai wajar**

**(viii) Fair value measurement**

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar pada tanggal pengukuran.

*Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.*

Pengukuran nilai wajar mengasumsikan bahwa transaksi untuk menjual aset atau mengalihkan liabilitas terjadi:

*Fair value measurement assumes the transaction to sell assets or transfer liabilities occurs:*

- Di pasar utama untuk aset dan liabilitas tersebut; atau
- Jika tidak terdapat pasar utama, dipasar yang paling menguntungkan untuk aset atau liabilitas tersebut.

- *In the primary market for such assets and liabilities; or*
- *If there is no primary market, in the most profitable market for these assets or liabilities.*

Nilai wajar suatu aset atau liabilitas diukur menggunakan asumsi yang akan digunakan pelaku pasar ketika menentukan harga aset dan liabilitas tersebut dengan asumsi bahwa pelaku pasar bertindak dalam kepentingan ekonomik terbaiknya.

*The fair value of an asset or liability is measured using the assumptions that would be use by market participants in determining the price of the asset and the liability assuming that market participants act in their best economic interests.*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Aset keuangan dan liabilitas keuangan (lanjutan)**

**d. Financial assets and liabilities (continued)**

**(viii) Pengukuran nilai wajar (lanjutan)**

**(viii) Fair value measurement (continued)**

Pengukuran nilai wajar aset non keuangan memperhitungkan kemampuan pelaku pasar untuk menghasilkan manfaat ekonomik dengan menggunakan aset dalam penggunaan tertinggi dan terbaiknya atau dengan menjualnya kepada pelaku pasar lain yang akan menggunakan aset tersebut dalam penggunaan tertinggi dan terbaiknya.

The measurement of the fair value of non-financial assets takes into account the ability of market participants to generate economic benefits by using the asset in the highest and best use or by selling them to other market participants that would use the asset in the highest and best use.

Bank menggunakan teknik penilaian yang sesuai dalam keadaan dan dimana data yang memadai tersedia untuk mengukur nilai wajar, mengoptimalkan penggunaan input yang dapat diobservasi yang relevan dan meminimalkan penggunaan input yang tidak dapat diobservasi.

Bank uses suitable valuation techniques in the circumstances and where sufficient data are available to measure fair value, optimizing the use of relevant observable inputs and minimize the use of inputs that are not observable.

Semua aset dan liabilitas dimana nilai wajar diukur atau diungkapkan dalam laporan keuangan dapat dikategorikan pada level hirarki nilai wajar, berdasarkan tingkatan input terendah yang signifikan atas pengukuran nilai wajar secara keseluruhan:

All assets and liabilities which fair value is measured or disclosed in the financial statements can be classified in fair value hierarchy levels, based on the lowest level of input that is significant to the overall fair value measurement:

- Tingkat 1 : harga kuotasian (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik yang dapat diakses pada tanggal pengukuran.
- Tingkat 2 : input selain harga kuotasian yang termasuk dalam level 1 yang dapat diobservasi untuk aset dan liabilitas, baik secara langsung atau tidak langsung.

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities which are accessible at the measurement date.

- Level 2 : inputs other than quoted prices included in level 1 that are observable for the assets and liabilities, either directly or indirectly.

Tingkat 3 : input yang tidak dapat diobservasi untuk aset dan liabilitas.

- Level 3 : inputs that are not observable for the assets and liabilities.

Untuk aset dan liabilitas yang diakui pada laporan keuangan secara berulang, Bank menentukan apakah terjadi transfer antara level di dalam hirarki dengan cara mengevaluasi kategori (berdasarkan input level terendah yang signifikan dalam pengukuran nilai wajar) setiap akhir periode pelaporan.

For assets and liabilities that are recognized in the financial statements on recurring basis, the Bank determines whether there is a transfer between levels in the hierarchy by evaluating categories (based on the lowest level input that is significant to the fair value measurement) at the end of each reporting period.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Aset keuangan dan liabilitas keuangan (lanjutan)**

**d. Financial assets and liabilities (continued)**

(viii) Pengukuran nilai wajar (lanjutan)

(viii) Fair value measurement (continued)

Bank, untuk tujuan pengungkapan nilai wajar, telah menentukan kelas aset dan liabilitas berdasarkan sifat, karakteristik, risiko aset dan liabilitas, dan level hirarki nilai wajar (Catatan 47).

The Bank, for purposes of disclosing the fair value, has determined the classes of assets and liabilities based on the nature, characteristics, risk of assets and liabilities, and the fair value hierarchy levels (Note 47).

(ix) Pengukuran biaya diamortisasi

(ix) Amortized cost measurement

Biaya perolehan diamortisasi dari aset keuangan atau liabilitas keuangan adalah jumlah aset keuangan atau liabilitas keuangan yang diukur pada saat pengakuan awal dikurangi pembayaran pokok pinjaman, ditambah atau dikurangi amortisasi kumulatif menggunakan metode suku bunga efektif yang dihitung dari selisih antara nilai pengakuan awal dan nilai jatuh temponya, dan dikurangi penurunan nilai.

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(x) Aset keuangan sukuk

(x) Sukuk Financial Asset

Berdasarkan PSAK No.110 (Revisi 2015), Bank menentukan investasi pada sukuk *ijarah* dan *mudharabah* sebagai diukur pada biaya perolehan, diukur pada nilai wajar melalui penghasilan komprehensif lain atau diukur pada nilai wajar melalui laba rugi.

In accordance with SFAS No.110 (Revised 2015), the Bank determines the classification of investments in sukuk *ijarah* and *mudharabah* either measured at cost, fair value through other comprehensive income or fair value through profit or loss.

Klasifikasi sukuk adalah sebagai berikut:

Sukuk classifications are as follows:

a. Diukur pada biaya perolehan

a. Measured at cost

- Investasi tersebut dimiliki dalam suatu model usaha yang bertujuan utama untuk memperoleh arus kas kontraktual dan terdapat persyaratan kontraktual dalam menentukan tanggal tertentu atas pembayaran pokok dan atau hasilnya.
- Biaya perolehan sukuk termasuk biaya transaksi, dan selisih antara biaya perolehan dan nilai nominal diamortisasi secara garis lurus selama jangka waktu sukuk dan diakui dalam laba rugi.

- The investment is held in a business model whereby the primary goal is to obtain contractual cash flows and has contractual terms in determining the specific date of principal payments and or the results.
- Sukuk acquisition cost includes transaction cost, and difference between the acquisition cost and the nominal value is amortized on a straight-line basis over the period of the sukuk and recognized to profit or loss.



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Aset keuangan dan liabilitas keuangan (lanjutan)**

**d. Financial assets and liabilities (continued)**

(x) Aset keuangan sukuk (lanjutan)

(x) Sukuk Financial Asset (continued)

Klasifikasi sukuk adalah sebagai berikut: (lanjutan)

Sukuk classifications are as follows: (continued)

b. Diukur pada nilai wajar melalui penghasilan komprehensif lain

b. Measured at fair value through other comprehensive income

- Investasi tersebut dimiliki dalam suatu model usaha yang bertujuan utama untuk memperoleh arus kas kontraktual dan melakukan penjualan sukuk, terdapat persyaratan kontraktual dalam menentukan tanggal tertentu atas pembayaran pokok dan atau hasilnya.
- Biaya perolehan sukuk termasuk biaya transaksi, dan selisih antara biaya perolehan dan nilai nominal diamortisasi secara garis lurus selama jangka waktu sukuk dan diakui dalam laba rugi.
- Keuntungan atau kerugian dari perubahan nilai wajar diakui dalam penghasilan komprehensif lain setelah memperhitungkan saldo selisih biaya perolehan dan nilai nominal yang belum diamortisasi dan saldo akumulasi keuntungan atau kerugian nilai wajar yang telah diakui dalam penghasilan komprehensif lain sebelumnya. Ketika investasi sukuk dihentikan pengakuannya, akumulasi keuntungan atau kerugian yang sebelumnya diakui dalam penghasilan komprehensif lain direklasifikasi ke laba rugi.

- The investment is held in a business model whereby the primary goal is to obtain contractual cash flows and sell sukuk, has contractual terms in determining the specific date of principal payments and or the results.
- Sukuk acquisition cost includes transaction cost, and difference between the acquisition cost and the nominal value is amortized on a straight-line basis over the period of the sukuk and recognized to profit or loss.
- Gain or loss from changes of fair value is recognized in other comprehensive income after considering unamortized difference of acquisition cost and nominal value and accumulated gain or loss of fair value which has previously recognized in other comprehensive income. When sukuk is derecognized, accumulated gain or loss which has previously recognized in other comprehensive income is reclassified to profit or loss.

c. Diukur pada nilai wajar melalui laba rugi

c. Measured at fair value through profit or loss

Biaya perolehan sukuk tidak termasuk biaya transaksi, dan selisih antara nilai wajar dan jumlah tercatat diakui dalam laba rugi.

Sukuk acquisition cost excludes transaction cost and the difference between fair value and the carrying value is recognized in profit or loss.



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**e. Cadangan kerugian penurunan nilai atas aset keuangan**

**e.1. Kredit yang Diberikan dan Pembiayaan/Piutang Murabahah**

Pada setiap tanggal laporan posisi keuangan, Bank mengevaluasi apakah terdapat bukti obyektif bahwa aset keuangan yang tidak dicatat pada nilai wajar melalui laporan laba rugi telah mengalami penurunan nilai.

Aset keuangan mengalami penurunan nilai jika bukti obyektif menunjukkan bahwa peristiwa yang merugikan telah terjadi setelah pengakuan awal aset keuangan dan peristiwa tersebut berdampak pada arus kas masa datang atas aset keuangan yang dapat diestimasi secara handal.

Kriteria yang digunakan oleh Bank untuk menentukan bukti obyektif dari penurunan nilai adalah sebagai berikut:

- a. kesulitan keuangan signifikan yang dialami penerbit atau pihak peminjam;
- b. pelanggaran kontrak, seperti terjadinya wanprestasi atau tunggakan pembayaran pokok atau bunga;
- c. pihak pemberi pinjaman, dengan alasan ekonomi atau hukum sehubungan dengan kesulitan keuangan yang dialami pihak peminjam, memberikan keringanan (konsesi) pada pihak peminjam yang tidak mungkin diberikan jika pihak peminjam tidak mengalami kesulitan tersebut;
- d. terdapat kemungkinan bahwa pihak peminjam akan dinyatakan pailit atau melakukan reorganisasi keuangan lainnya;
- e. hilangnya pasar aktif dari aset keuangan akibat kesulitan keuangan; atau
- f. data yang dapat diobservasi mengindikasikan adanya penurunan yang dapat diukur atas estimasi arus kas masa datang dari kelompok aset keuangan sejak pengakuan awal aset dimaksud, meskipun penurunannya belum dapat diidentifikasi terhadap aset keuangan secara individual dalam kelompok aset tersebut, termasuk:
  1. memburuknya status pembayaran pihak peminjam dalam kelompok tersebut; dan
  2. kondisi ekonomi nasional atau lokal yang berkorelasi dengan wanprestasi atas aset dalam kelompok tersebut.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e. Allowance for impairment losses on financial assets**

**e.1. Loans and Murabahah Financing Receivables**

On each statement of financial position reporting date, Bank assesses whether there is an objective evidence that financial assets not carried at fair value through profit or loss are impaired.

Financial assets are impaired when an objective evidence demonstrate that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows of the financial asset that can be estimated reliably.

The criteria used by the Bank to determine objective evidence of impairment are as follows:

- a. significant financial difficulties by the issuer or debtor;
- b. breach of contract, like defaults or deferred principal or interest payments;
- c. the creditor, for economic or legal reasons relating to the financial difficulties of the debtor, provides relief (concession) to the debtor that the creditor would not otherwise consider;
- d. it becomes probable that the debtor will enter into bankruptcy or other financial reorganization;
- e. the loss of an active market for that financial asset due to financial difficulties; or
- f. observable data has indicated that there is measurable decrease in the estimated future cash flows of the financial assets since the initial measurement, although the decrease can not be identified to the individual financial assets in the portfolio, including:
  1. adverse changes in the payment status of borrowers in the portfolio; and
  2. national or local economic condition related to defaults on the assets in the portfolio.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)**

**e.1. Kredit yang Diberikan dan Pembiayaan/Piutang Murabahah (lanjutan)**

Estimasi periode antara terjadinya peristiwa dan teridentifikasinya kerugian ditentukan oleh manajemen untuk setiap portofolio yang diidentifikasi. Pada umumnya, periode tersebut bervariasi antara 3 (tiga) dan 12 (dua belas) bulan dan untuk kasus tertentu diperlukan periode yang lebih lama.

Bank pertama kali menentukan apakah terdapat bukti obyektif penurunan nilai secara individual atas aset keuangan yang signifikan secara individual atau kolektif untuk aset keuangan yang tidak signifikan secara individual. Jika Bank menentukan tidak terdapat bukti obyektif mengenai penurunan nilai atas aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka Bank memasukkan aset tersebut ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang serupa dan menilai penurunan nilai kelompok tersebut secara kolektif. Aset keuangan yang penurunan nilainya dilakukan secara individual, dan untuk itu kerugian penurunan nilai telah diakui atau tetap diakui, tidak termasuk dalam penilaian penurunan nilai secara kolektif.

Bank menetapkan kredit yang harus dievaluasi penurunan nilainya secara individual, jika memenuhi salah satu kriteria di bawah ini:

1. Kredit yang secara individual memiliki nilai signifikan dan memiliki bukti obyektif penurunan nilai;
2. Kredit yang direstrukturisasi yang secara individual memiliki nilai signifikan.

Berdasarkan kriteria diatas, Bank melakukan penilaian secara individual untuk: (a) Kredit yang diberikan dengan plafond sama dengan atau lebih besar dari Rp5.000 dengan kolektibilitas kurang lancar, diragukan dan macet; atau (b) Kredit yang diberikan dengan plafond sama dengan atau lebih besar dari Rp5.000 yang direstrukturisasi.

Bank menetapkan kredit yang harus dievaluasi penurunan nilainya secara kolektif, jika memenuhi salah satu kriteria di bawah ini:

1. Kredit yang secara individual memiliki nilai signifikan namun tidak memiliki bukti obyektif penurunan nilai;
2. Kredit yang secara individual memiliki nilai tidak signifikan;
3. Kredit yang direstrukturisasi yang secara individual memiliki nilai tidak signifikan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e. Allowance for impairment losses on financial assets (continued)**

**e.1. Loans and Murabahah Financing Receivables (continued)**

The estimated period between the occurrence of events and identification of loss are determined by management for every identified portfolio. Generally, the period varies between 3 (three) and 12 (twelve) months and for specific cases, it may need longer period.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment.

The Bank determines loans to be evaluated for impairment through individual evaluation if one of the following criteria is met:

1. Loans which individually have significant value with objective evidence of impairment;
2. Restructured loans which individually have significant value.

Based on the above criteria, the Bank performs individual assessment for: (a) Loans with credit limit equal to or greater than Rp5,000 with collectibility classification of substandard, doubtful and loss; or (b) Restructured loans with credit limit equal to or greater than Rp5,000.

The Bank determines loans to be evaluated for impairment through collective assessment if one of the following criteria is met:

1. Loans which individually have significant value with no objective evidence of impairment;
2. Loans which individually have insignificant value;
3. Restructured loans which individually have insignificant value.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)**

**e.1. Kredit yang Diberikan dan Pembiayaan/Piutang Murabahah (lanjutan)**

Berdasarkan kriteria di atas, penilaian secara kolektif dilakukan untuk: (a) Kredit yang diberikan dengan plafond sama dengan atau lebih besar dari Rp5.000 dengan kolektibilitas lancar dan dalam perhatian khusus serta tidak direstrukturisasi; atau (b) Kredit yang diberikan dengan plafond dibawah Rp5.000.

Perhitungan cadangan kerugian penurunan nilai atas aset keuangan yang dinilai secara kolektif berdasarkan karakteristik risiko kredit yang sama dengan mempertimbangkan segmentasi kredit berdasarkan pengalaman kerugian masa lalu dan kemungkinan terjadinya kegagalan (probability of default). Aset keuangan dikelompokkan berdasarkan karakteristik risiko kredit yang sama antara lain dengan mempertimbangkan segmentasi kredit dan tunggakan debitur.

Bank menggunakan metode *roll rate* analisis yang merupakan suatu metode analisis statistik, untuk menilai cadangan kerugian penurunan nilai atas kredit yang diberikan secara kolektif. Dengan metode ini, Bank menggunakan data historis 3 (tiga) tahun dalam menghitung *Probability of Default* (PD) dan *Loss Given Default* (LGD).

Bank menggunakan nilai wajar agunan sebagai dasar arus kas masa datang apabila memenuhi salah satu kondisi berikut:

1. Kredit bersifat *collateral dependent*, yaitu jika pelunasan kredit hanya bersumber dari agunan;
2. Pengambilalihan agunan kemungkinan besar terjadi dan didukung dengan perjanjian legal pengikatan agunan.

Sebagai panduan praktis, Bank dapat mengukur penurunan nilai berdasarkan nilai wajar instrumen dengan menggunakan harga pasar yang dapat diobservasi, dimana perhitungan nilai kini dari estimasi arus kas masa datang atas aset keuangan dengan agunan (*collateralized financial asset*) mencerminkan arus kas yang dapat dihasilkan dari pengambilalihan agunan dikurangi biaya-biaya untuk memperoleh dan menjual agunan, terlepas apakah pengambilalihan tersebut berpeluang terjadi atau tidak.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e. Allowance for impairment losses on financial assets (continued)**

**e.1. Loans and Murabahah Financing Receivables (continued)**

Based on the above criteria, the Bank performs collective assessment for: (a) Loans with credit limit equal to or greater than Rp5,000 with collectibility classification of current and special mention, and have never been restructured; or (b) Loans with credit limit below Rp5,000.

Calculation of allowance for impairment losses on financial assets assessed collectively grouped based on similar credit risk characteristics and taking into account the loan segmentation based on historical loss experience and the possibility of failure (probability of default). Financial assets are grouped on the basis of similar credit risk characteristics by considering the credit segmentation and past due status of the debtors, among others.

The Bank uses the *roll rate* analysis method, which is a statistical model analysis method to collectively assess allowance for impairment losses on loans. Under this method, the Bank uses 3 (three) years of historical data to compute for the *Probability of Default* (PD) and *Loss Given Default* (LGD).

The Bank uses the fair value of collateral as the basis for future cash flow if one of the following conditions is met:

1. Loans are collateral dependent, i.e. if the source of loans repayment is only from the collateral;
2. Foreclosure of collateral is most likely to occur and supported by legally binding collateral agreement.

As a practical guidance, the Bank may measure the impairment based on the instrument's fair value by using observable market price, where the calculation of the present value of estimated future cash flows on collateralized financial assets reflects the generated cash flow from the foreclosure of collateral net of costs to acquire and sell the collateral, regardless whether or not foreclosure is probable.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)**

**e.1. Kredit yang Diberikan dan Pembiayaan/Piutang Murabahah (lanjutan)**

Kerugian penurunan nilai atas aset keuangan yang dicatat pada biaya perolehan diamortisasi diukur sebesar selisih antara nilai tercatat aset keuangan dengan nilai kini estimasi arus kas masa datang didiskonto menggunakan suku bunga efektif awal dari aset keuangan tersebut. Jika kredit yang diberikan atau surat-surat berharga yang dimiliki hingga jatuh tempo dan obligasi Pemerintah memiliki suku bunga variabel, maka tingkat diskonto yang digunakan untuk mengukur setiap kerugian penurunan nilai adalah suku bunga efektif yang berlaku yang ditetapkan dalam kontrak.

Kerugian penurunan nilai yang terjadi diakui pada laporan laba rugi dan penghasilan komprehensif lain dan dicatat pada akun "Cadangan kerugian penurunan nilai" sebagai pengurang terhadap aset keuangan yang dicatat pada biaya perolehan diamortisasi.

Pendapatan bunga atas aset keuangan yang mengalami penurunan nilai tetap diakui atas dasar suku bunga yang digunakan untuk mendiskonto arus kas masa datang dalam pengukuran kerugian penurunan nilai. Ketika peristiwa yang terjadi setelah tanggal laporan posisi keuangan menyebabkan jumlah kerugian penurunan nilai berkurang, kerugian penurunan nilai yang sebelumnya diakui harus dipulihkan dan pemulihan tersebut diakui pada laporan laba rugi dan penghasilan komprehensif lain.

Untuk aset keuangan yang tersedia untuk dijual, pada setiap tanggal laporan posisi keuangan, Bank mengevaluasi apakah terdapat bukti obyektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai.

Penurunan yang signifikan atau penurunan jangka panjang atas nilai wajar investasi dalam instrumen ekuitas dibawah biaya perolehannya merupakan bukti obyektif terjadinya penurunan nilai dan menyebabkan pengakuan kerugian penurunan nilai. Kerugian penurunan nilai atas efek-efek yang tersedia untuk dijual diakui dengan mengeluarkan kerugian kumulatif yang telah diakui secara langsung dalam ekuitas ke dalam laporan laba rugi dan penghasilan komprehensif lain.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e. Allowance for impairment losses on financial assets (continued)**

**e.1. Loans and Murabahah Financing Receivables (continued)**

Impairment losses on financial assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and present value of estimated future cash flows discounted at the financial assets' original effective interest rate. If loans and receivables or held-to-maturity securities and Government bonds have variable interest rate, the discount rate used to measure impairment loss is the current effective interest rate specified in the contract.

Impairment losses are recognized in the statement of profit or loss and other comprehensive income and reflected in an "Allowance for impairment losses" account as a deduction from financial assets carried at amortized cost.

Interest income on the impaired financial assets continues to be recognized using the original rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss previously recognized and the recovery is recognized in the statement of profit or loss and other comprehensive income.

For financial assets classified as available - for - sale, Bank assesses on each statement of financial position reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

In the case of equity instruments, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. Impairment losses on available - for - sale marketable securities are recognized by transferring the cumulative loss that has been recognized directly in equity to the statements of profit or loss and other comprehensive income.



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)**

**e.1. Kredit yang Diberikan dan Pembiayaan/Piutang Murabahah (lanjutan)**

Jumlah kerugian kumulatif yang dikeluarkan dari ekuitas dan diakui pada laporan laba rugi dan penghasilan komprehensif lain merupakan selisih antara biaya perolehan (setelah dikurangi dengan nilai pelunasan pokok dan amortisasi) dengan nilai wajar kini, dikurangi kerugian penurunan nilai aset keuangan yang sebelumnya telah diakui pada laporan laba rugi dan penghasilan komprehensif lain.

Jika pada periode berikutnya, nilai wajar efek-efek yang diklasifikasikan dalam kelompok tersedia untuk dijual dan obligasi Pemerintah yang mengalami penurunan nilai meningkat dan peningkatan tersebut dapat secara obyektif dihubungkan dengan peristiwa yang terjadi setelah pengakuan kerugian penurunan nilai pada laporan laba rugi dan penghasilan komprehensif lain, maka kerugian penurunan nilai tersebut harus dipulihkan dan pemulihan tersebut diakui pada tahun terjadinya.

Jika persyaratan kredit yang diberikan, piutang atau efek-efek yang dimiliki hingga jatuh tempo dinegosiasi ulang atau dimodifikasi karena debitur atau penerbit mengalami kesulitan keuangan, maka penurunan nilai diukur dengan suku bunga efektif awal yang digunakan sebelum persyaratan diubah.

Jika pada suatu periode berikutnya, jumlah cadangan kerugian penurunan nilai berkurang dan pengurangan tersebut dapat dikaitkan secara obyektif pada peristiwa yang terjadi setelah penurunan nilai diakui (seperti meningkatnya peringkat kredit debitur atau penerbit), maka kerugian penurunan nilai yang sebelumnya diakui harus dipulihkan, dengan menyesuaikan akun cadangan. Jumlah yang terpulihkan diakui pada laporan laba rugi dan penghasilan komprehensif lain.

Penerimaan kembali atas aset keuangan yang telah dihapusbukukan pada tahun berjalan dikreditkan dengan menyesuaikan akun cadangan kerugian penurunan nilai. Penerimaan kembali atas kredit yang diberikan yang telah dihapusbukukan pada tahun-tahun sebelumnya dicatat sebagai pendapatan operasional lainnya.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e. Allowance for impairment losses on financial assets (continued)**

**e.1. Loans and Murabahah Financing Receivables (continued)**

The cumulative loss that has been removed from equity and recognized in the statement of profit or loss and other comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in the statement of profit or loss and other comprehensive income.

If in a subsequent period, the fair value of an impaired available-for-sale securities and Government bonds increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of profit or loss and other comprehensive income, the impairment loss previously recognized must be recovered and the recovery is recognized in the year it occurred.

If the terms of the loans and receivables or held-to-maturity securities are renegotiated or modified since the debtor or issuer has financial difficulties, the impairment is measured using the original effective interest rate before the modification of terms.

If in the next period, the amount of allowance for impairment losses is decreased and the decrease can be related objectively to an event that occurred after the recognition of the impairment loss (i.e. upgrade debtor's or issuer's collectibility), the impairment loss that was previously recognized has to be reversed by adjusting the allowance account. The amount of reversal is recognized in the statement of profit or loss and other comprehensive income.

The recoveries of written-off financial assets in the current year are credited by adjusting the allowance for impairment losses account. Recoveries of written-off loans from previous years are recorded as other operating income.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**e. Cadangan kerugian penurunan nilai atas aset keuangan (lanjutan)**

e.2. Pembiayaan/Piutang Syariah selain Murabahah

Untuk Aset keuangan berupa piutang *istishna*, pinjaman *qardh*, pembiayaan *mudharabah*, dan pembiayaan *musyarakah*, Bank menerapkan Peraturan Bank Indonesia No. 14/15/PBI/2012 tanggal 24 Oktober 2012 tentang "Penilaian Kualitas Aset Bank Umum" dan Peraturan Otoritas Jasa Keuangan (POJK) No.16/POJK.03/2014 tanggal 18 November 2014 dan perubahannya pada POJK No. 19/POJK.03/2018 tanggal 20 September 2018 tentang "Penilaian Kualitas Aset Bank Umum Syariah dan Unit Usaha Syariah" yang berlaku efektif tanggal 1 Januari 2015.

Cadangan kerugian minimum yang harus dibentuk sesuai dengan Peraturan Bank Indonesia adalah sebagai berikut:

- 1% dari aset produktif yang digolongkan Lancar, di luar penempatan pada Bank Indonesia, obligasi pemerintah, instrumen hutang lain yang diterbitkan oleh Pemerintah Republik Indonesia dan aktiva produktif yang dijamin dengan agunan tunai;
- 5% dari aset produktif yang digolongkan Dalam Perhatian Khusus setelah dikurangi agunan;
- 15% dari aset produktif yang digolongkan Kurang Lancar setelah dikurangi agunan;
- 50% dari aset produktif yang digolongkan Diragukan setelah dikurangi agunan; dan
- 100% dari aset produktif yang digolongkan Macet setelah dikurangi agunan.

Kriteria penilaian nilai agunan yang dapat dikurangkan dalam pembentukan cadangan kerugian penurunan nilai sesuai dengan Peraturan Bank Indonesia (OJK).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**e. Allowance for impairment losses on financial assets (continued)**

e.2. Sharian Financing/Receivables Other Than Murabahah

For financial assets of *istishna* receivables, funds of *qardh*, *mudharabah* financing, and *musyarakah* financing, the Bank implements Bank Indonesia Regulation No. 14/15/PBI/2012 dated October 24, 2012 about "Assessment of Commercial Banks' Asset Quality" and POJK No.16/POJK.03/2014 dated November 18, 2014 and its amendment POJK No. 19/POJK.03/2018 dated September 20, 2018 regarding "Asset Quality Ratings for Sharia Bank and Sharia Business Unit" which was effective on January 1, 2015.

The minimum allowance to be provided in accordance with Bank Indonesia Regulation is as follows:

- 1% of earning assets classified as Current, excluding placements with Bank Indonesia, government bonds, other debt instruments issued by the Government of the Republic of Indonesia and earning assets secured by cash collateral;
- 5% of earning assets classified as Special Mention, net of deductible collateral;
- 15% of earning assets classified as Sub-standard, net of deductible collateral;
- 50% of earning assets classified as Doubtful, net of deductible collateral; and
- 100% of earning assets classified as Loss, net of deductible collateral.

The criterias for assessment of the value of collateral that can be deducted in the calculation of allowance for impairment losses are based on Bank Indonesia Regulations (OJK).



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**f. Giro pada Bank Indonesia dan bank lain**

**f. Current accounts with Bank Indonesia and other banks**

Giro pada Bank Indonesia dan bank lain dinyatakan sebesar biaya perolehan diamortisasi menggunakan metode suku bunga efektif dikurangi cadangan kerugian penurunan nilai. Giro pada Bank Indonesia dan Bank lain diklasifikasikan sebagai kredit yang diberikan dan piutang.

Current accounts with Bank Indonesia and other banks are stated at amortized cost using the effective interest method less allowance for impairment losses. Current accounts with Bank Indonesia and other banks are classified under loans and receivables.

**g. Penempatan pada Bank Indonesia dan bank lain**

**g. Placements with Bank Indonesia and other banks**

Penempatan pada Bank Indonesia dan bank lain merupakan penanaman dana pada Bank Indonesia berupa *deposit facility*, *term deposit* dan *deposit facility* syariah, sedangkan penempatan pada bank lain berupa deposito berjangka, *interbank call money* dan tabungan.

Placements with Bank Indonesia and other banks represent placements of funds in Bank Indonesia in the form of deposit facility, term deposit and sharia deposit facility, whereas placement with other banks is in the form of time deposit, interbank call money and savings.

Penempatan pada Bank Indonesia dan bank lain dinyatakan sebesar biaya perolehan diamortisasi menggunakan metode suku bunga efektif dikurangi cadangan kerugian penurunan nilai. Penempatan pada Bank Indonesia dan bank lain diklasifikasikan sebagai kredit yang diberikan dan piutang.

Placements with Bank Indonesia and other banks are stated at amortized cost using the effective interest method less allowance for impairment losses. Placements with Bank Indonesia and other banks are classified as loans and receivables.

**h. Efek-efek dan Obligasi Pemerintah**

**h. Securities and Government Bonds**

Efek-efek terdiri dari surat berharga yang diperdagangkan dalam pasar modal dan pasar uang, antara lain Sertifikat Bank Indonesia (SBI), Sertifikat Deposito Bank Indonesia (SDBI), obligasi, *Negotiable Certificate of Deposit* (NCD), *Medium Term Notes* (MTN) dan penyertaan reksadana.

Securities consist of securities traded in the capital market and money market, such as Bank Indonesia Certificates (SBI), Deposits Certificates of Bank Indonesia (SDBI), bonds, *Negotiable Certificate of Deposit* (NCD), *Medium Term Notes* (MTN) and mutual funds.

Obligasi Pemerintah adalah obligasi yang diterbitkan oleh Pemerintah Indonesia termasuk obligasi rekapitalisasi yang merupakan obligasi yang diterbitkan oleh Pemerintah dalam rangka rekapitalisasi bank umum.

Government bonds are bonds issued by the Indonesian Government including recapitalization bonds that are issued by the Government for general bank recapitalization.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**h. Efek-efek dan Obligasi Pemerintah (lanjutan)**

Efek-efek syariah diklasifikasikan sebagai dimiliki hingga jatuh tempo dan efek-efek yang tersedia untuk dijual.

Efek-efek dan obligasi Pemerintah pada awalnya disajikan sebesar nilai wajar. Setelah pengakuan awal, efek-efek dan obligasi Pemerintah dicatat sesuai kategorinya, yaitu dimiliki hingga jatuh tempo, tersedia untuk dijual atau nilai wajar melalui laba rugi.

Pengukuran efek-efek dan obligasi Pemerintah didasarkan atas klasifikasinya sebagai berikut:

1. Efek-efek dan obligasi Pemerintah yang dimiliki hingga jatuh tempo dicatat pada biaya perolehan yang diamortisasi menggunakan metode suku bunga efektif.

Bank tidak mengklasifikasikan efek-efek dan obligasi Pemerintah sebagai aset keuangan dimiliki hingga jatuh tempo, jika dalam tahun berjalan atau dalam kurun waktu dua tahun sebelumnya Bank telah menjual atau mereklasifikasi efek-efek dan obligasi Pemerintah dimiliki hingga jatuh tempo dalam jumlah yang lebih dari jumlah yang tidak signifikan (more than insignificant) sebelum jatuh tempo selain dari pada penjualan atau reklasifikasi yang telah dijelaskan dalam PSAK No. 55 (Revisi 2014) yang dapat diaplikasikan dalam periode yang relevan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h. Securities and Government Bonds (continued)**

Sharia securities are classified as held-to-maturity investments and securities available-for-sale.

Securities and Government bonds are initially measured at fair value. Subsequently, securities and Government bonds are accounted for depending on their classification as held-to-maturity, available-for-sale or fair value through profit or loss.

The measurement of securities and Government bonds are based on the classification of the securities as follows:

1. Held-to-maturity securities and Government bonds are carried at amortized cost using the effective interest method.

The Bank does not classify securities and Government bonds as held-to-maturity financial assets if the bank has, during the current financial year or during the two preceding years, sold or reclassified more than an insignificant amount of held-to-maturity securities or Government bonds prior to maturity other than sales or reclassifications defined in SFAS No. 55 (Revised 2014) applicable in the relevant period.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**h. Efek-efek dan Obligasi Pemerintah (lanjutan)**

Pengukuran efek-efek dan obligasi Pemerintah didasarkan atas klasifikasinya sebagai berikut: (lanjutan)

2. Efek-efek dan obligasi Pemerintah yang diklasifikasikan sebagai investasi tersedia untuk dijual dinyatakan pada nilai wajar. Pendapatan bunga diakui dalam laporan laba rugi dan penghasilan komprehensif lain menggunakan metode suku bunga efektif. Laba atau rugi selisih kurs atas efek-efek dan obligasi Pemerintah yang tersedia untuk dijual diakui pada laporan laba rugi dan penghasilan komprehensif lain. Perubahan nilai wajar lainnya diakui langsung dalam ekuitas sampai efek-efek dan obligasi Pemerintah dijual atau mengalami penurunan nilai, dimana akumulasi keuntungan dan kerugian yang sebelumnya diakui dalam ekuitas diakui dalam laporan laba rugi penghasilan komprehensif lain.

3. Efek-efek dan obligasi Pemerintah dalam kategori nilai wajar melalui laba rugi dinyatakan pada nilai wajar.

Keuntungan atau kerugian yang belum direalisasi akibat kenaikan atau penurunan nilai wajarnya disajikan dalam laporan laba rugi dan penghasilan komprehensif lain. Pendapatan bunga dari efek-efek dan obligasi Pemerintah dalam kategori nilai wajar melalui laba rugi dicatat dalam laporan laba rugi dan penghasilan komprehensif lain sesuai dengan persyaratan dalam kontrak.

Atas penjualan portofolio efek-efek dan obligasi Pemerintah untuk nilai wajar melalui laba rugi, perbedaan antara harga jual dengan nilai pasar wajar diakui sebagai keuntungan atau kerugian penjualan pada tahun dimana efek-efek dan obligasi Pemerintah tersebut dijual.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h. Securities and Government Bonds (continued)**

The measurement of securities and Government bonds are based on the classification of the securities as follows: (continued)

2. Securities and Government bonds which are classified under available-for-sale investments are stated at fair value. Interest income is recognized in the statement of profit or loss and other comprehensive income using the effective interest method. Foreign exchange gains or losses on available-for-sale securities and Government bonds are recognized in the statement of profit or loss and other comprehensive income. Other fair value changes are recognized directly in equity until the securities and Government bonds are sold or impaired, whereby the cumulative gains and losses previously recognized in the equity are recognized in the statement of profit or loss and other comprehensive income.

3. Fair value through profit or loss securities and Government bonds are carried at fair value.

Unrealized gains or losses resulting from changes in fair values are recognized in the statement of profit or loss and other comprehensive income. The interest income from securities and Government bonds is recorded in the statement of profit or loss and other comprehensive income according to the terms of the contract.

Upon sale of portfolio of fair value through profit or loss securities and Government bonds, the difference between the selling price and the fair value is recognized as a gain or loss in the year when the securities and Government bonds are sold.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**h. Efek-efek dan Obligasi Pemerintah (lanjutan)**

3. Efek-efek dan obligasi Pemerintah dalam kategori nilai wajar melalui laba rugi dinyatakan pada nilai wajar (lanjutan)

Efek-efek dan obligasi Pemerintah yang diperdagangkan secara aktif di pasar keuangan yang terorganisasi, nilai wajar tersebut umumnya ditentukan dengan mengacu pada harga penawaran pasar yang terjadi di bursa efek pada tanggal yang terdekat dengan tanggal laporan posisi keuangan, kemudian disesuaikan dengan biaya-biaya yang akan dikeluarkan untuk memperoleh aset tersebut. Untuk efek-efek dan obligasi Pemerintah yang tidak mempunyai harga penawaran pasar, estimasi atas nilai wajar efek-efek dan obligasi Pemerintah ditetapkan dengan mengacu pada nilai wajar instrumen lain yang substansinya adalah sama atau dihitung berdasarkan arus kas yang diharapkan terhadap aset bersih efek-efek dan obligasi Pemerintah tersebut.

**i. Kredit yang diberikan**

Kredit yang diberikan merupakan penyediaan uang atau tagihan yang dapat disamakan dengan itu, berdasarkan kesepakatan dengan pihak penerima kredit dan mewajibkan pihak penerima kredit untuk melunasi setelah jangka waktu tertentu dengan imbalan bunga.

Kredit yang diberikan (termasuk kredit yang diberikan dalam pinjaman sindikasi) pada awalnya diukur pada nilai wajar ditambah dengan biaya transaksi yang dapat diatribusikan secara langsung dan biaya tambahan untuk memperoleh aset keuangan tersebut. Setelah pengakuan awal kredit yang diberikan diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif dikurangi dengan cadangan kerugian penurunan nilai.

Kredit yang diberikan diklasifikasikan sebagai kredit yang diberikan dan piutang.

Kredit yang diberikan dalam pinjaman sindikasi ataupun penerusan kredit dinyatakan sebesar pokok kredit sesuai dengan porsi risiko yang ditanggung oleh Bank.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h. Securities and Government Bonds (continued)**

3. Fair value through profit or loss securities and Government bonds are carried at fair value (continued)

Securities and Government bonds that are actively traded in organized financial markets, fair value is generally determined by reference to quoted market bid prices by the stock exchange at the date close to the statement of financial position date, adjusted for transaction costs necessary to realize the assets. For securities and Government bonds where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of securities and Government bonds.

**i. Loans**

Loans represent the lending of money or equivalent receivables under contracts with borrowers, where the borrowers are required to repay their debts with interest after a specified period of time.

Loans (including loans under syndication) are initially measured at fair value plus transaction costs that are directly attributable to obtaining the financial asset. After initial recognition, loans are measured at amortized cost using the effective interest method, net of allowance for impairment losses.

Loans are classified under loans and receivables.

Loans under syndication or channelling are stated at the principal amount equal to the risk portion assumed by the Bank.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**i. Kredit yang diberikan (lanjutan)**

**i. Loans (continued)**

Restrukturisasi kredit

Loan restructuring

Restrukturisasi kredit meliputi adanya perpanjangan jangka waktu pembayaran dan ketentuan kredit yang baru.

Loan restructuring may involve extending the payment arrangements and new loan conditions.

Kredit yang direstrukturisasi disajikan sebesar nilai yang lebih rendah antara nilai tercatat kredit pada tanggal restrukturisasi atau nilai tunai penerimaan kas masa depan setelah restrukturisasi. Kerugian akibat selisih antara nilai tercatat kredit pada tanggal restrukturisasi dengan nilai tunai penerimaan kas masa depan setelah restrukturisasi diakui dalam laporan laba rugi dan penghasilan komprehensif lain. Setelah restrukturisasi, semua penerimaan kas masa depan yang ditetapkan dalam persyaratan baru dicatat sebagai pengembalian pokok kredit yang diberikan dan pendapatan bunga sesuai dengan syarat-syarat restrukturisasi.

Restructured loans are stated at the lower of carrying value on the date of restructuring or value of the future cash receipts after the restructuring. Losses resulting from the difference between the carrying value on the date of restructuring the present value of future cash receipts after the restructuring is recognized in the statement of profit or loss and other comprehensive income. After the restructuring, all future cash receipts specified by the new terms are recorded as a return of principal loans and interest income in accordance with the terms of the restructuring.

Penjualan Kredit Pemilikan Rumah (KPR)

Sales of Housing Loans (KPR)

Bank telah melakukan penjualan atas KPR kepada pihak ketiga.

The Bank sold its KPR to third parties.

Atas penjualan tersebut, Bank telah memindahkan risiko dan manfaat atas kepemilikan KPR kepada pihak lawan. Oleh karena itu, pada tanggal efektif penjualan, Bank menghentikan pengakuan atas KPR tersebut.

In relation with the above mention sale, the Bank has transferred the risk and rewards of ownership of the KPR to counterparty. Hence, at the effective date of the sale, the Bank derecognized the KPR.

Penjualan tersebut telah memenuhi kriteria jual putus seperti yang tertuang dalam PBI No.7/4/PBI/2005 tanggal 20 Januari 2005.

The sale has fulfill the criteria of true sale according to Bank Indonesia regulation No. 7/4/PBI/2005 dated January 20, 2005.

**j. Pembiayaan/piutang syariah**

**j. Sharia financing/receivables**

Pembiayaan/piutang syariah adalah penyediaan uang atau tagihan yang dapat disamakan dengan itu, yang timbul dari transaksi berdasarkan prinsip jual beli dan bagi hasil antara Bank dengan pihak lain selama jangka waktu tertentu. Piutang tersebut meliputi piutang *murabahah*, piutang *istishna* dan *qardh*, untuk pembiayaan meliputi pembiayaan *mudharabah* dan pembiayaan *musyarakah*.

Financing/receivables based on Sharia principles is receivables from providing funds or other similar form of receivables arising from transactions carried out based on sale or purchase arrangements and profit sharing between Bank and other parties for a certain period of time. Such receivables consist of receivables arising from *murabahah* transactions, *istishna* transactions and *qardh* transactions, for financing consist of *mudharabah* and *musyarakah* financing.



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j. Pembiayaan/piutang syariah (lanjutan)**

**j. Sharia financing/receivables (continued)**

*Murabahah* adalah akad jual beli antara nasabah dengan Bank, dimana Bank membiayai kebutuhan konsumsi, investasi dan modal kerja nasabah yang dijual dengan harga pokok ditambah dengan keuntungan yang diketahui dan disepakati bersama. Pembayaran atas pembiayaan ini dilakukan dengan cara mengangsur dalam jangka waktu yang ditentukan.

*Murabahah* is a sale and purchase contract between the customer and Bank, whereby Bank finances the consumption, investment and working capital needs of the customer sold with a principle price plus a certain margin that is mutually informed and agreed. Repayment on this financing is made in installments within a specified period.

Piutang *murabahah* pada awalnya diukur pada nilai wajar ditambah dengan biaya transaksi yang dapat diatribusikan secara langsung dan merupakan biaya tambahan untuk memperoleh aset keuangan tersebut dan setelah pengakuan awal diukur pada biaya perolehan diamortisasi menggunakan metode margin efektif dikurangi dengan cadangan kerugian penurunan nilai.

*Murabahah* receivables are initially measured at fair value plus direct attributable transaction costs and is an additional cost to obtain the respected financial assets and after the initial recognition are measured at amortized cost using the effective margin method less any allowance for impairment losses value.

*Mudharabah* merupakan pembiayaan kerjasama antara Bank sebagai pemilik dana (*shahibul maal*) dengan nasabah sebagai pelaksana usaha (*mudharib*) selama jangka waktu tertentu. Pembagian hasil keuntungan dari proyek atau usaha tersebut ditentukan sesuai dengan *nisbah* (pre-determined ratio) yang telah disepakati bersama. Pada tanggal laporan posisi keuangan, pembiayaan *mudharabah* dinyatakan sebesar saldo pembiayaan dikurangi dengan saldo cadangan kerugian penurunan nilai yang dibentuk berdasarkan hasil revidu oleh manajemen terhadap kualitas pembiayaan yang ada.

*Mudharabah* financing is a joint financing made between Bank as the owner of the funds (*shahibul maal*) and the customer as a business executor (*mudharib*) during a certain period. The profit sharing from the project or the business is determined in accordance with the mutually agreed *nisbah* (pre-determined ratio). On the statement of financial position date, *mudharabah* financing is stated at the outstanding financing balance less allowance for impairment losses which is provided based on the management's review of the financing quality.

*Musarakah* adalah akad kerjasama yang terjadi diantara para pemilik modal (mitra *musarakah*) untuk menggabungkan modal dan melakukan usaha secara bersama dalam suatu kemitraan dengan *nisbah* pembagian hasil sesuai dengan kesepakatan, sedangkan kerugian ditanggung secara proporsional sesuai dengan kontribusi modal. Pada tanggal laporan posisi keuangan, pembiayaan *musarakah* dinyatakan sebesar saldo pembiayaan dikurangi dengan saldo cadangan kerugian penurunan nilai yang dibentuk berdasarkan hasil revidu oleh manajemen terhadap kualitas pembiayaan yang ada.

*Musarakah* is a partnership contract among fund's owners (*musarakah* partners) to contribute funds and conduct a business on a joint basis through partnership with the profit sharing based on a predetermined ratio, while the losses are borne proportionally based on the capital contribution. On the statement of financial position date, *musarakah* financing is stated at the outstanding financing balance less allowance for impairment losses which is provided based on the management's review on the financing quality.

*Istishna* adalah akad penjualan antara *al-mustashni* (pembeli) dan *al-shani* (produsen yang juga bertindak sebagai penjual). Berdasarkan akad tersebut, pembeli menugasi produsen untuk membuat atau mengadakan *al-mashnu* (barang pesanan) sesuai spesifikasi yang diisyaratkan pembeli dan menjualnya dengan harga yang disepakati. Piutang *istishna* disajikan sebesar tagihan termin kepada pembeli akhir dikurangi cadangan kerugian penurunan nilai.

*Istishna* is a sale and purchase contract between *al-mustashni* (buyer) and *al-shani* (manufacturer also acting as the seller). Based on the contract, the buyer orders the manufacturer to produce or to supply *al-mashnu* (goods ordered) according to the specifications required by the buyer and to sell them at agreed price. *Istishna* receivables are stated at outstanding billings to final buyer less allowance for impairment losses.



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**j. Pembiayaan/piutang berdasarkan prinsip syariah (lanjutan)**

*Qardh* adalah penyediaan dana atau tagihan yang dapat dipersamakan dengan itu berdasarkan persetujuan atau kesepakatan antara peminjam dan pihak yang meminjamkan yang mewajibkan peminjam melunasi hutangnya setelah jangka waktu tertentu. Pinjaman *qardh* dinyatakan sebesar saldo pinjaman dikurangi dengan saldo cadangan kerugian penurunan nilai yang dibentuk berdasarkan hasil *review* oleh manajemen terhadap kualitas pinjaman yang ada.

**k. Tagihan dan liabilitas akseptasi**

Tagihan dan liabilitas akseptasi merupakan transaksi Surat Kredit Berdokumen Dalam Negeri (SKBDN) yang diaksep oleh bank pengaksep (accepting bank).

Tagihan dan liabilitas akseptasi dinyatakan sebesar biaya perolehan diamortisasi. Tagihan akseptasi disajikan setelah dikurangi cadangan kerugian penurunan nilai.

Tagihan akseptasi diklasifikasikan sebagai kredit yang diberikan dan piutang. Liabilitas akseptasi diklasifikasikan sebagai liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi.

**l. Penyertaan Saham**

Penyertaan saham merupakan investasi jangka panjang pada perusahaan non-publik serta penyertaan modal sementara pada perusahaan debitur yang timbul akibat konversi kredit yang diberikan atau jenis transaksi tertentu yang berakibat Bank memiliki saham pada perusahaan debitur.

Penyertaan saham dengan persentase kepemilikan 20,00% sampai dengan 50,00% dicatat dengan metode ekuitas yaitu penyertaan dicatat sebesar biaya perolehan disesuaikan dengan bagian Bank atas ekuitas perusahaan asosiasi dan dikurangi dengan penerimaan dividen sejak tanggal perolehan, dikurangi cadangan kerugian penurunan nilai.

Penyertaan modal sementara dihapus buku dari laporan posisi keuangan apabila telah melampaui jangka waktu 5 (lima) tahun sesuai dengan Peraturan Bank Indonesia No. 14/15/PBI/2012 tanggal 24 Oktober 2012 tentang "Penilaian Kualitas Aset Bank Umum".

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j. Sharia financing/receivables (continued)**

*Qardh* is the provision of funds or equivalent claims based on agreement between the borrower and the lender that requires the borrower to repay the debts after a certain period of time. *Qardh* are stated at outstanding balance less allowance for impairment losses based on the management's review on the financing quality.

**k. Acceptances receivable and payable**

Acceptances receivable and payable represent letters of Credit by Local Document (SKBDN) transactions that have been accepted by the accepting bank.

Acceptances receivable and payable are stated at amortized cost. Acceptances receivable are stated net of allowance for impairment losses.

Acceptances receivable are classified as loans and receivables. Acceptances payable are classified as financial liabilities measured at amortized cost.

**l. Investment in shares**

Investments in shares represent long-term investments in non-publicly-listed companies and temporary investments in debtor companies arising from conversion of loans or certain of transactions which resulted The Bank have shares in debtor's company.

Investments in shares represent ownership interests of 20.00% to 50.00% are recorded using the equity method. Under this method, investments are recorded at cost and adjusted for the Bank's proportionate share in the net equity of the investees and reduced by dividends earned starting the acquisition date net of by allowance for impairment losses

Temporary investment is written-off from the statement of financial position if it is held for more than 5 (five) years in accordance with Bank Indonesia No. 14/15/PBI/2012 dated October 24, 2012 regarding "Asset Quality Rating for Commercial Banks".

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**l. Penyertaan Saham (lanjutan)**

Penyertaan saham yang tidak memiliki pengaruh yang signifikan atau kepemilikan dibawah 20% dicatat sesuai dengan PSAK No. 55 (Revisi 2014) dan dikurangi dengan cadangan kerugian penurunan nilai.

**m. Aset tetap**

Aset tetap awalnya diakui sebesar biaya perolehan, yang terdiri atas harga perolehan dan biaya-biaya tambahan yang dapat diatribusikan langsung untuk membawa aset ke lokasi dan kondisi yang diinginkan supaya aset tersebut siap digunakan sesuai dengan maksud manajemen.

Setelah pengakuan awal, aset tetap selain tanah dinyatakan pada biaya perolehan dikurangi akumulasi penyusutan dan akumulasi rugi penurunan nilai.

Aset tetap yang diperoleh dalam pertukaran aset non-moneter atau kombinasi aset moneter dan non-moneter diukur pada nilai wajar, kecuali:

- (i) transaksi pertukaran tidak memiliki substansi komersial, atau
- (ii) nilai wajar dari aset yang diterima dan diserahkan tidak dapat diukur secara andal.

Penyusutan bangunan dihitung dengan menggunakan metode garis lurus (straight-line method) sedangkan peralatan kantor dan kendaraan bermotor dihitung dengan menggunakan metode saldo menurun ganda (double-declining balance method) berdasarkan taksiran masa manfaat aset tetap sebagai berikut:

	<b>Tahun/Years</b>
Bangunan	10 - 20
Peralatan kantor dan kendaraan bermotor	4 - 8

Penilaian aset tetap dilakukan atas penurunan dan kemungkinan penurunan nilai wajar aset jika terjadi peristiwa atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat mungkin tidak dapat seluruhnya terealisasi.

Pada setiap akhir tahun buku, manajemen melakukan pengkajian ulang atas nilai residu, masa manfaat dan metode penyusutan dan disesuaikan secara prospektif, jika diperlukan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**l. Investment in shares (continued)**

*Investment in shares with no significant influence or share ownership under 20% are recorded in accordance with SFAS No. 55 (Revised 2014) and deducted by allowance for impairment losses.*

**m. Premises and equipment**

*All premises and equipment are initially recognized at cost, which comprises its purchase price and any costs directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.*

*Subsequent to initial recognition, premises and equipment besides lands are carried at cost less any subsequent accumulated depreciation and impairment losses.*

*Premises and equipment acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets are measured at fair values, unless:*

- (i) the exchange transaction lacks commercial substance, or*
- (ii) the fair value of neither the assets received nor the assets given up can be measured reliably.*

*Depreciation of buildings is computed using the straight-line method while depreciation of office furniture and fixtures, and motor vehicles is computed using the double-declining balance method, based on the estimated useful lives of the assets as follows:*

Buildings
Office furniture and fixtures, and motor vehicles

*The carrying amounts of premises and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be fully recoverable.*

*The residual values, useful lives and methods of depreciation of premises and equipment are reviewed by the management and adjusted prospectively, if appropriate, at the end of each year, if necessary.*

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**m. Aset tetap (lanjutan)**

Jumlah tercatat aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan aset (dihitung sebagai perbedaan antara jumlah neto hasil pelepasan dan jumlah tercatat dari aset) diperhitungkan dalam laporan laba rugi dan penghasilan komprehensif lain pada periode aset tersebut dihentikan pengakuannya.

Tanah awalnya dinyatakan sebesar biaya perolehan dan tidak disusutkan. Setelah pengakuan awal, tanah diukur pada nilai wajar pada tanggal revaluasi dikurangi akumulasi rugi penurunan nilai setelah tanggal revaluasi. Penilaian terhadap tanah dilakukan oleh penilai yang memiliki kualifikasi profesional, dan dilakukan secara berkala untuk memastikan bahwa jumlah tercatat tanah tidak berbeda secara material dengan jumlah yang ditentukan dengan menggunakan nilai wajarnya pada akhir periode pelaporan (Catatan 13).

Kenaikan nilai tercatat yang timbul dari revaluasi dicatat sebagai "Surplus Revaluasi Aset Tetap", dan disajikan dalam penghasilan komprehensif lain. Namun, kenaikan tersebut diakui dalam laba rugi hingga sebesar jumlah penurunan nilai aset yang sama akibat revaluasi yang pernah dilakukan sebelumnya dalam laba rugi. Penurunan nilai tercatat yang timbul dari revaluasi diakui dalam laba rugi.

Beban pemeliharaan dan perbaikan dibebankan pada operasi pada saat terjadinya. Beban pemugaran dan penambahan dalam jumlah besar dikapitalisasi kepada jumlah tercatat aset tetap terkait bila besar kemungkinan bagi Kelompok Usaha manfaat ekonomi masa depan menjadi lebih besar dari standar kinerja awal yang ditetapkan sebelumnya dan disusutkan sepanjang sisa masa manfaat aset tetap terkait.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**m. Premises and equipment (continued)**

An item of premises and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the period such asset is derecognized.

Land are initially recognized at cost and not depreciated. Subsequent to initial recognition, land is measured at fair value at the revaluation date less any subsequent accumulated impairment losses. Valuation of land are performed by appraisers with professional qualification, and is done in regular basis to ensure that the carrying amount does not differ materially from its fair value at the end of reporting period (Note 13).

Increase in the carrying amount arising from revaluation is recorded in "Fixed Asset Revaluation Surplus" of and presented in other comprehensive income. However, the increase is recognized in profit or loss, up to the amount of impairment of the same assets due to revaluation previously recognised in profit or loss. A decrease in carrying value arising as a result of a revaluation should be recognised in profit or loss.

Repairs and maintenance is charged to the profit or loss as incurred. The cost of major renovation and restoration is capitalized to the carrying amount of the related premises and equipment when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset and is depreciated over the remaining useful life of the related asset.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**m. Aset tetap (lanjutan)**

**m. Premises and equipment (continued)**

Aset tetap dalam penyelesaian dicatat sebesar biaya perolehan, yang mencakup kapitalisasi beban pinjaman dan biaya-biaya lainnya yang terjadi sehubungan dengan pendanaan aset tetap dalam penyelesaian tersebut. Akumulasi biaya perolehan akan direklasifikasi ke akun "Aset Tetap" yang bersangkutan pada saat aset tetap tersebut telah selesai dikerjakan dan siap untuk digunakan. Aset tetap dalam penyelesaian tidak disusutkan karena belum tersedia untuk digunakan.

Construction in-progress are stated at cost, including capitalized borrowing costs and other charges incurred in connection with the financing of the said asset constructions. The accumulated costs will be reclassified to the appropriate "Premises and Equipment" account when the construction is completed and available for intended use. Assets under construction are not depreciated as these are not yet available for use.

Biaya pengurusan legal hak atas tanah dalam bentuk Hak Guna Usaha ("HGU"), Hak Guna Bangunan ("HGB") dan Hak Pakai ("HP") ketika tanah diperoleh pertama kali diakui sebagai bagian dari biaya perolehan tanah pada akun "Aset Tetap". Biaya pengurusan perpanjangan atau pembaruan legal hak atas tanah diakui sebagai aset tidak berwujud dan diamortisasi sepanjang umur hak hukum atau umur ekonomi tanah, mana yang lebih pendek.

The legal cost of land rights in the form of Business Usage Rights ("Hak Guna Usaha" or "HGU"), Building Usage Right ("Hak Guna Bangunan" or "HGB") and Usage Rights ("Hak Pakai" or "HP") when the land was initially acquired are recognized as part of the cost of the land under the "Premises and Equipment". The extension or the legal renewal costs of land rights were recognized as intangible assets and were amortized over the shorter of the rights' legal life and land's economic life.

Jika nilai wajar dari aset yang direvaluasi mengalami perubahan yang signifikan dan fluktuatif, maka perlu direvaluasi secara tahunan, sedangkan jika nilai wajar dari aset yang direvaluasi tidak mengalami perubahan yang signifikan dan fluktuatif, maka perlu dilakukan revaluasi paling kurang 3 (tiga) tahun sekali.

If the fair value of the revalued asset change significantly, it is necessary to revalue on an annual basis, whereas if the fair value of the revalued asset does not change significantly, it is necessary to revalue at a minimum every 3 (three) years.

**n. Penurunan nilai aset non-keuangan**

**n. Impairment of non-financial assets**

Pada setiap akhir periode pelaporan, Bank menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut, maka Bank akan membuat estimasi atas jumlah terpulihkan aset tersebut.

The Bank assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, Bank makes an estimate of the asset's recoverable amount.

Jumlah terpulihkan yang ditentukan untuk aset individual adalah jumlah yang lebih tinggi antara nilai wajar aset atau Unit Penghasil Kas (UPK) dikurangi biaya pelepasan dengan nilai pakainya, kecuali aset tersebut tidak menghasilkan arus kas masuk yang sebagian besar independen dari aset atau kelompok aset lain.

An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU)'s fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.



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**n. Penurunan nilai aset non-keuangan (lanjutan)**

Jika nilai tercatat aset lebih besar daripada nilai terpulihkannya, maka aset tersebut dianggap mengalami penurunan nilai dan nilai tercatat aset diturunkan menjadi sebesar nilai terpulihkannya. Rugi penurunan nilai dari operasi yang berkelanjutan diakui pada laporan laba rugi dan penghasilan komprehensif lain sebagai "rugi penurunan nilai".

Dalam menghitung nilai pakai, estimasi arus kas masa depan neto didiskontokan ke nilai kini dengan menggunakan tingkat diskonto sebelum pajak yang menggambarkan penilaian pasar kini atas nilai waktu uang dan risiko spesifik aset.

Dalam menentukan nilai wajar dikurangi biaya pelepasan, mengacu pada PSAK 68: "Pengukuran Nilai Wajar" (Catatan 2d).

Kerugian penurunan nilai dari operasi yang berkelanjutan, jika ada, diakui pada laporan laba rugi dan penghasilan komprehensif lain sesuai dengan kategori biaya yang konsisten dengan fungsi aset yang diturunkan nilainya.

**o. Biaya dibayar di muka**

Biaya dibayar di muka diamortisasi selama masa manfaat dengan menggunakan metode garis lurus (straight-line method).

**p. Liabilitas segera**

Liabilitas segera dicatat pada saat timbulnya kewajiban atau diterimanya perintah pemindahbukuan dari nasabah maupun dari bank lain.

Liabilitas segera dicatat berdasarkan biaya perolehan diamortisasi dan diklasifikasikan sebagai liabilitas keuangan lainnya.

**q. Simpanan**

Giro merupakan simpanan nasabah yang dapat digunakan sebagai alat pembayaran dan penarikannya dapat dilakukan setiap saat melalui cek atau pemindahbukuan dengan bilyet giro dan sarana perintah pembayaran lainnya. Giro dinyatakan sebesar nilai titipan pemegang giro di Bank.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**n. Impairment of non-financial assets (continued)**

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income as "impairment losses".

In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, refers to SFAS 68, "Fair Value Measurements" (Note 2d).

Impairment losses of continuing operations, if any, are recognized in the statements of profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

**o. Prepaid expenses**

Prepaid expenses are amortized over the periods benefited using the straight-line method.

**p. Liabilities due immediately**

This account is recorded at the time the obligations occur or upon receipt of transfer orders from customers or other banks.

Current liabilities are stated at amortized cost and classified as other financial liabilities.

**q. Deposits**

Demand deposits represent customer funds which can be used as payment instruments, and can be withdrawn at any time through cheque, or transferred through current account drafts and other transfer instruction media. Demand deposits are stated at the amounts entrusted to the Bank by the depositors.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**q. Simpanan (lanjutan)**

**q. Deposits (continued)**

Giro *Wadiah* merupakan titipan dana pihak ketiga yang setiap saat tersedia untuk dikembalikan dan dapat diberikan bonus sesuai kebijakan Bank. Giro *Wadiah* dinyatakan sebesar nilai titipan pemegang giro di Bank.

*Wadiah demand deposits represent entrusted third party funds which are available for withdrawal at any time and earn bonus based on the Bank's policy. Wadiah demand deposits are stated at the amounts invested by the depositors in the Bank.*

Tabungan merupakan simpanan nasabah yang penarikannya hanya dapat dilakukan nasabah sesuai dengan persyaratan tertentu yang disepakati. Tabungan dinyatakan sebesar nilai kewajiban pada pemilik tabungan.

*Savings deposits represent customer funds which can be withdrawn by the depositors only under certain conditions. Savings deposits are stated at the agreed amounts due to the depositors.*

Tabungan *Wadiah* merupakan simpanan pihak lain yang mendapatkan bonus berdasarkan kebijaksanaan Bank. Tabungan *Wadiah* dinyatakan sebesar nilai investasi pemegang tabungan di Bank.

*Wadiah savings deposits represent third party funds which earn bonus based on the Bank's policy. Wadiah savings deposits are stated at the amounts invested by the depositors in the Bank.*

Deposito berjangka merupakan simpanan nasabah yang penarikannya hanya dapat dilakukan nasabah pada waktu tertentu sesuai dengan perjanjian antara pemegang deposito berjangka dengan Bank. Deposito berjangka dinyatakan sebesar nilai nominal yang tercantum dalam sertifikat yang diterbitkan oleh Bank, sesuai dengan perjanjian antara pemegang deposito berjangka dengan Bank.

*Time deposits represent customer funds which can be withdrawn by the depositors only on specific maturity dates based on the agreements between the depositors and the Bank. Time deposits are stated at the nominal amounts stated in the certificates issued by the Bank in accordance with the agreements between the depositors and the Bank.*

Simpanan nasabah diklasifikasikan sebagai liabilitas keuangan lainnya dan diukur pada biaya perolehan diamortisasi menggunakan suku bunga efektif kecuali simpanan yang didasarkan pada prinsip perbankan syariah yang dinyatakan sebesar kewajiban Bank kepada nasabah. Biaya tambahan yang dapat diatribusikan secara langsung kepada perolehan simpanan nasabah, dikurangkan dari jumlah simpanan yang diterima.

*Deposits from customers are classified as other financial liabilities and measured at amortized cost using the effective interest method except for sharia deposits which are stated at the Bank's liability to the customers. Incremental costs that can be attributed directly to the acquisition of deposits from customers are deducted from total deposits received.*

**r. Simpanan dari bank lain**

**r. Deposits from other banks**

Simpanan dari bank lain merupakan kewajiban kepada bank lain, dalam bentuk tabungan, giro, deposito berjangka dan *inter-bank call money*.

*Deposits from other banks represent liabilities to other banks, in the form of savings deposits, demand deposits, time deposits and inter-bank call money.*

Di dalam simpanan dari bank lain termasuk simpanan syariah dalam bentuk giro *wadiah*.

*Deposits from other banks include sharia deposits in the form of wadiah demand deposits.*



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**r. Simpanan dari bank lain (lanjutan)**

**r. Deposits from other banks (continued)**

Simpanan dari bank lain diklasifikasikan sebagai liabilitas keuangan lain dan diukur pada biaya perolehan diamortisasi menggunakan suku bunga efektif kecuali simpanan syariah yang dinyatakan sebesar nilai kewajiban Bank kepada nasabah. Biaya tambahan yang dapat diatribusikan secara langsung kepada perolehan simpanan dari bank lain dikurangkan dari jumlah simpanan yang diterima.

Deposits from other banks are classified as other financial liabilities and measured at amortized cost using the effective interest method except for sharia deposits which are stated at the Bank's liability amount to the customer. Incremental costs that can be attributed directly to the acquisition of deposits from other banks are deducted from the total deposits received.

**s. Efek-efek yang dibeli dengan janji dijual kembali dan efek-efek yang dijual dengan janji dibeli kembali**

**s. Securities purchased under agreement to resell and securities sold under agreement to repurchase**

Efek-efek yang dibeli dengan janji dijual kembali

Securities purchased under agreement to resell

Efek-efek yang dibeli dengan janji untuk dijual kembali disajikan sebagai aset keuangan dalam laporan posisi keuangan sebesar jumlah penjualan kembali dikurangi dengan bunga yang belum diamortisasi dan cadangan kerugian penurunan nilai.

Securities purchased under agreement to resell are presented as financial assets in the statement of financial position, at the net resale price of unamortized interest and net of allowance for impairment losses.

Selisih antara harga beli dan harga jual kembali diperlakukan sebagai pendapatan bunga yang ditangguhkan (belum diamortisasi) dan diakui sebagai pendapatan selama periode sejak efek-efek tersebut dibeli hingga dijual kembali dengan menggunakan suku bunga efektif.

The difference between the purchase price and the resale price is treated as unearned interest income (unamortized) and recognized as income over the period starting from when those securities are purchased until they are resold using effective interest rate.

Efek-efek yang dibeli dengan janji untuk dijual kembali diklasifikasikan sebagai kredit yang diberikan dan piutang yang diukur dengan biaya perolehan diamortisasi.

Securities purchased under agreement to resell are classified as loans and receivables measured at amortized cost.

Efek-efek yang dijual dengan janji dibeli kembali

Securities sold under agreement to repurchase

Efek-efek yang dijual dengan janji untuk dibeli kembali disajikan sebagai liabilitas dalam laporan posisi keuangan sebesar jumlah pembelian kembali, dikurangi dengan bunga dibayar di muka yang belum diamortisasi.

Securities sold under agreements to repurchase are presented as liabilities in the statement of financial position, at the repurchase price, net of unamortized prepaid interest.

Selisih antara harga jual dan harga beli kembali diperlakukan sebagai biaya dibayar di muka dan diakui sebagai beban selama jangka waktu sejak efek-efek tersebut dijual hingga dibeli kembali menggunakan metode suku bunga efektif.

The difference between the selling price and the repurchase price is treated as prepaid expenses and recognized as expense over the period starting from when those securities are sold until they are repurchased using the effective interest method.

Efek-efek yang dijual dengan janji untuk dibeli kembali diklasifikasikan sebagai liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi.

Securities sold under agreement to repurchase are classified as financial liabilities measured at amortized cost.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**s. Efek-efek yang dibeli dengan janji dijual kembali dan efek-efek yang dijual dengan janji dibeli kembali (lanjutan)**

Efek-efek yang dibeli dengan janji dijual kembali atas surat berharga syariah

Sejak 1 Januari 2018, Bank mencatat transaksi efek-efek yang dibeli dengan janji dijual kembali mengacu ke PSAK No 111 tentang "Akuntansi Wa'd" yang berlaku secara prospektif. Pada saat pengakuan awal, Bank mengklasifikasikan surat berharga syariah yang diperoleh dari transaksi jual beli pertama dalam kategori diukur pada nilai wajar melalui penghasilan komprehensif lain. Keuntungan atau kerugian dari perubahan nilai wajar diakui dalam penghasilan komprehensif lain.

**t. Surat-surat berharga yang diterbitkan**

Surat-surat berharga yang diterbitkan Bank adalah Obligasi dan *Negotiable Certificate of Deposit* (NCD).

Surat berharga yang diterbitkan diakui sebesar nilai wajar pada awalnya dan selanjutnya diukur sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif (EIR).

Biaya perolehan diamortisasi dihitung dengan memperhitungkan adanya diskonto atau premi terkait dengan pengakuan awal dan biaya transaksi yang tidak terpisah dari suku bunga efektif.

**u. Pinjaman yang diterima**

Pinjaman yang diterima merupakan dana yang diterima oleh Bank dari Bank Indonesia, Pemerintah dan lembaga pembiayaan lain dengan kewajiban pembayaran berdasarkan perjanjian pinjaman.

Pinjaman yang diterima diakui sebesar nilai wajar pada awalnya dan selanjutnya diukur sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif (EIR). Biaya perolehan diamortisasi dihitung dengan memperhitungkan adanya diskonto atau premi terkait dengan pengakuan awal dan biaya transaksi yang tidak terpisah dari suku bunga efektif.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**s. Securities purchased under agreement to resell and securities sold under agreement to repurchase (continued)**

Securities purchased under agreement to resell of sharia-compliant securities

Effective January 1, 2018, the Bank records securities purchased under resale agreements in accordance with SFAS No 111 on "Accounting for Wa'd" which is implemented prospectively. At initial recognition, the Bank classifies the underlying securities from the first sale and purchase transaction as at fair value through other comprehensive income. Gain or losses arising from changes in its fair value is recorded as other comprehensive income.

**t. Securities issued**

Securities issued by Bank consist of Bonds and *Negotiable Certificate of Deposit* (NCD).

The securities issued are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method (EIR).

Amortized cost is calculated by taking into account any discount or premium associated related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

**u. Fund borrowings**

Fund borrowings are funds received by the Bank from Bank Indonesia, the Government and other financing institutions with payment obligation based on borrowing agreements.

Fund borrowings are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium associated related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**v. Pinjaman subordinasi**

Pinjaman subordinasi diakui sebesar nilai wajar pada awalnya dan selanjutnya diukur sebesar biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif. Biaya perolehan diamortisasi dihitung dengan memperhitungkan adanya diskonto atau premi terkait dengan pengakuan awal dan biaya transaksi yang tidak terpisah dari suku bunga efektif.

**w. Modal saham**

Modal saham diukur pada nilai nominal untuk semua saham yang diterbitkan.

**x. Saldo laba**

Saldo laba merupakan saldo kumulatif dari hasil operasi Bank, pembagian dividen, penyesuaian periode sebelumnya, efek dari perubahan kebijakan akuntansi dan penyesuaian modal lainnya.

**y. Dana syirkah temporer**

Dana syirkah temporer merupakan investasi dengan akad *mudharabah mutlaqah*, yaitu pemilik dana (shahibul maal) memberikan kebebasan kepada pengelola dana (mudharib/BTN Unit Syariah) dalam pengelolaan investasinya dengan keuntungan dibagikan sesuai kesepakatan. Dana syirkah temporer terdiri dari giro *mudharabah*, tabungan *mudharabah*, dan deposito *mudharabah*.

Giro dan tabungan *mudharabah* merupakan investasi yang bisa ditarik kapan saja (on call) atau sesuai dengan persyaratan tertentu yang disepakati. Giro dan tabungan *mudharabah* dinyatakan sebesar saldo giro dan tabungan nasabah di Bank.

Deposito *mudharabah* merupakan investasi yang hanya bisa ditarik pada waktu tertentu sesuai dengan perjanjian antara pemegang deposito *mudharabah* dengan Bank. Deposito *mudharabah* dinyatakan sebesar nilai nominal sesuai dengan perjanjian antara pemegang deposito dengan Bank.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**v. Subordinated Loans**

Subordinated loans are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium associated related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

**w. Capital stock**

Capital stock is measured at par value for all shares issued.

**x. Retained earnings**

Retained earnings represent the cumulative balance of the Bank's results of operations, dividend distributions, prior period adjustments, effects of the changes in accounting policy and other capital adjustments.

**y. Temporary syirkah funds**

Temporary syirkah funds represent investments from other parties conducted on the basis *mudharabah mutlaqah* contract in which the owners of the funds (shahibul maal) grant freedom to the fund manager (mudharib/BTN Sharia Unit) in the management of their investments with profit distributed based on the contract. Temporary syirkah funds consist of *mudharabah* current accounts, *mudharabah* saving deposits, and *mudharabah* time deposits.

*Mudharabah* current accounts and saving deposits represent investment which could be withdrawn anytime (on call) or can be withdrawn based on certain agreed terms. *Mudharabah* current accounts and savings deposits are stated based on the customer's demand and savings deposit balance in Bank.

*Mudharabah* time deposits represent investment that can only be withdrawn at a certain time based on the agreement between the customer and the Bank. *Mudharabah* time deposits are stated at nominal amount as agreed between the deposit holder and the Bank.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**y. Dana *syirkah* temporer (lanjutan)**

**y. Temporary *syirkah* funds (continued)**

Dana *syirkah* temporer tidak dapat digolongkan sebagai kewajiban. Hal ini karena BTN Unit Syariah tidak berkewajiban untuk mengembalikan jumlah dana awal dari pemilik dana kecuali akibat kelalaian atau wanprestasi ketika mengalami kerugian. Di sisi lain dana *syirkah* temporer tidak dapat digolongkan sebagai ekuitas karena mempunyai waktu jatuh tempo dan pemilik dana tidak mempunyai hak kepemilikan yang sama dengan pemegang saham seperti hak *voting* dan hak atas realisasi keuntungan yang berasal dari aset lancar dan aset non-investasi (current and other non-investment accounts).

Temporary *syirkah* fund cannot be classified as liability. This was due to the BTN Sharia Unit does not have any liability to return the initial fund to the owners, except for losses due to BTN Sharia Unit's management negligence or default of loss is incurred. On the other hand, temporary *syirkah* fund cannot be classified as shareholders' equity, because of the maturity period and the depositors do not have the same rights as the shareholders' such as voting rights and the rights of realised gain from current assets and other non-investment accounts.

Pemilik dana *syirkah* temporer mendapatkan imbalan bagi hasil sesuai dengan *nisbah* yang ditetapkan.

The owner of temporary *syirkah* funds receives a return from the profit sharing based on a predetermined ratio.

Hak nasabah atas bagi hasil dana *syirkah* temporer merupakan bagian bagi hasil milik nasabah yang didasarkan pada prinsip *mudharabah* atas hasil pengelolaan dana mereka oleh Bank. Pendapatan yang dibagikan adalah yang telah diterima (cash basis).

Third parties' share on returns of temporary *syirkah* funds represents customer's share on the Bank's income derived from the management of their funds by the Bank under *mudharabah* principles. Income that will be distributed is the cash received (cash basis) from the share.

Pembagian hasil usaha dilakukan berdasarkan prinsip bagi hasil usaha yaitu dari pendapatan Bank yang diterima berupa laba kotor (gross profit margin).

The distribution of revenue is based on profit sharing scheme on the Bank's gross profit margin.

Pendapatan margin dan bagi hasil atas pembiayaan yang diberikan dan atas aset produktif lainnya akan dibagikan kepada nasabah penyimpan dana dan Bank sesuai dengan proporsi dana yang dipakai dalam pembiayaan yang diberikan dan aset produktif lainnya. Selanjutnya, pendapatan margin dan bagi hasil yang tersedia untuk nasabah tersebut kemudian dibagikan ke nasabah penabung dan deposan sebagai *shahibul maal* dan Bank sebagai *mudharib* sesuai porsi *nisbah* bagi hasil yang telah disepakati bersama sebelumnya. Pendapatan margin dan bagi hasil dari pembiayaan dan aset produktif lainnya yang memakai dana Bank, seluruhnya menjadi milik Bank, termasuk pendapatan dari investasi Bank berbasis imbalan.

Margin income and profit sharing on financing facilities and other earning assets are distributed to fund owners and the Bank based on proportion of fund used in the financing and other earning assets. Margin income and profit sharing income allocated to the fund owners are then distributed to fund owners and depositors as *shahibul maal* and the Bank as *mudharib* based on a predetermined ratio (*nisbah*). Margin income and profit sharing from financing facilities and other earning assets using the Bank's funds, are entirely shared for the Bank, including income from the Bank's fee-based transactions.



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**z. Pendapatan dan beban bunga**

**z. Interest income and expense**

Pendapatan dan beban bunga diakui pada laporan laba rugi dan penghasilan komprehensif lain dengan menggunakan metode suku bunga efektif. Suku bunga efektif adalah suku bunga yang secara tepat mendiskontokan estimasi pembayaran atau penerimaan kas di masa datang selama perkiraan umur dari aset keuangan atau liabilitas keuangan (atau, jika lebih tepat, digunakan periode yang lebih singkat) untuk memperoleh nilai tercatat bersih dari aset keuangan atau liabilitas keuangan.

*Interest income and expenses are recognized in the statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument (or, where appropriate, a shorter period) to obtain the carrying amount of the financial asset or financial liability.*

Pada saat menghitung suku bunga efektif, Bank mengestimasi arus kas di masa datang dengan mempertimbangkan seluruh persyaratan kontraktual dalam instrumen keuangan tersebut, tetapi tidak mempertimbangkan kerugian kredit di masa mendatang. Perhitungan ini mencakup seluruh komisi, provisi, dan bentuk lain yang diterima oleh para pihak dalam kontrak yang merupakan bagian tidak terpisahkan dari suku bunga efektif.

*When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses. This calculation includes all commissions, fees, and other forms received by the parties in the contract that are an integral part of the effective interest rate.*

Jika aset keuangan atau nilai kelompok aset keuangan serupa telah diturunkan sebagai akibat kerugian penurunan nilai, maka pendapatan bunga yang diperoleh setelahnya diakui berdasarkan suku bunga yang digunakan untuk mendiskonto arus kas masa datang dalam menghitung kerugian penurunan nilai.

*If a financial asset or group of similar financial assets' value has diminished as a result of impairment losses, interest income subsequently obtained is recognized based on the interest rate used to discount future cash flows in calculating impairment losses.*

**aa. Pendapatan provisi dan komisi**

**aa. Fees and commissions**

Pendapatan provisi dan komisi yang berkaitan langsung dengan kegiatan pinjaman, atau pendapatan provisi dan komisi yang berhubungan dengan jangka waktu tertentu, diamortisasi sesuai dengan jangka waktu kontrak menggunakan metode suku bunga efektif dan diklasifikasikan sebagai bagian dari pendapatan bunga pada laporan laba rugi dan penghasilan komprehensif lain.

*Fees and commissions directly related to lending activities, or fee and commission income which relates to a specific period, is amortized over the term of the contract using the effective interest method and classified as part of interest income in the statement of profit or loss and other comprehensive income.*

Pendapatan provisi dan komisi yang tidak berkaitan dengan kegiatan pemberian kredit atau suatu jangka waktu dan/atau terkait dengan pemberian suatu jasa, diakui sebagai pendapatan pada saat terjadinya transaksi dan dicatat pada akun pendapatan operasional lainnya.

*Fees and commissions that are not related to the credit activity or a period of time and/or associated with the service provided, are recognized as revenue at the time of the transaction and recorded under other operating income.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**ab. Pendapatan bagi hasil dan beban bonus secara syariah**

Pendapatan bagi hasil secara syariah merupakan pendapatan *istishna*, margin *murabahah* dan bagi hasil pembiayaan *mudharabah* dan *musyarakah* serta aset produktif lainnya yang diakui dengan menggunakan metode akrual. Beban secara syariah merupakan distribusi bonus dan bagi hasil kepada pemilik dana yang diakui berdasarkan metode akrual.

Pendapatan *istishna* diakui apabila telah terjadi penyerahan barang.

Pendapatan atas piutang *murabahah* menggunakan metode setara tingkat imbal hasil efektif (margin efektif). Margin efektif adalah margin yang secara tepat mendiskontokan estimasi pembayaran atau penerimaan kas di masa datang selama perkiraan umur dari piutang *murabahah*. Pada saat menghitung margin efektif, Bank mengestimasi arus kas di masa datang dengan mempertimbangkan seluruh persyaratan kontraktual dalam instrumen keuangan tersebut, tetapi tidak mempertimbangkan kerugian piutang di masa mendatang. Perhitungan ini mencakup seluruh komisi, provisi dan bentuk lain yang diterima oleh para pihak dalam kontrak yang merupakan bagian tak terpisahkan dari margin efektif, biaya transaksi, dan seluruh premi atau diskon lainnya.

Pendapatan bagi hasil pembiayaan *mudharabah* dan *musyarakah* diakui pada saat diterima atau dalam periode terjadinya hak bagi hasil sesuai porsi bagi hasil (nisbah) yang disepakati.

**ac. Imbalan kerja**

Imbalan kerja jangka pendek

Imbalan kerja jangka pendek seperti upah, iuran jaminan sosial, cuti jangka pendek, bonus dan imbalan non-moneter lainnya diakui selama periode jasa diberikan. Imbalan kerja jangka pendek dihitung sebesar jumlah yang tidak didiskontokan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ab. Sharia profit sharing income and bonus expense**

Sharia profit sharing income represents income from *istishna*, margin from *murabahah* and profit-sharing on *mudharabah* and *musyarakah* financing and other earning assets which are recognized on the accrual basis. Sharia expense represents the bonus distribution and profit-sharing to fund owners which are recognized on an accrual basis.

Income from *istishna* is recognized at the date of transfer of assets.

Income from *murabahah* receivables using the effective rate of return method (effective margin). Effective margin is the margin that precisely discounts the estimated future cash payments or receipts through the expected life of the *murabahah* receivables. When calculating the effective margin, Bank estimates the future cash flows considering all contractual terms of the financial instrument, but does not consider the loss of receivables in the future. This calculation includes all commissions, provision fees and other forms accepted by the parties in the contract that are an inseparable part of the effective margin, transaction costs and all other premiums or discounts.

*Mudharabah* and *musyarakah* income are recognized when cash is received or in a period where the right of revenue sharing is due based on agreed portion (nisbah).

**ac. Employee benefits**

Short-term employee benefits

Short-term employee benefits such as wages, social security contributions, short-term compensated leaves, bonuses and other non-monetary benefits are recognized during the period when services have been rendered. Short-term employee benefits are measured using undiscounted amounts.



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ac. Imbalan kerja (lanjutan)**

**ac. Employee benefits (continued)**

Program pensiun iuran pasti

Defined contribution plan

Iuran kepada dana pensiun sebesar persentase tertentu gaji pegawai yang menjadi peserta program pensiun iuran pasti Bank, dicadangkan dan diakui sebagai biaya ketika jasa telah diberikan oleh pegawai-pegawai tersebut. Pembayaran dikurangkan dari utang iuran. Iuran terutang dihitung berdasarkan jumlah yang tidak didiskontokan.

Contribution payable to a pension fund equivalent to a certain percentage of salaries for qualified employees under the Bank's defined contribution plan is accrued and recognized as expense when services have been rendered by qualified employees. Actual payments are deducted from the contribution payable. Contribution payable is measured using undiscounted amounts.

Program imbalan pasti dan imbalan kerja jangka panjang lainnya

Defined benefit plan and other long-term employee benefits

Imbalan pasca-kerja dicadangkan dan diakui sebagai biaya ketika jasa telah diberikan oleh pegawai yang menjadi peserta program pensiun Bank. Imbalan kerja ditentukan berdasarkan peraturan Bank dan persyaratan minimum Undang-undang Tenaga Kerja No. 13/2003, mana yang lebih tinggi.

The post-employment benefits are accrued and recognized as expense when services have been rendered by qualified employees. The benefits are determined based on the Bank's regulations and the minimum requirements of Labor Law No. 13/2003, whichever is higher.

Imbalan pasca-kerja dan imbalan kerja jangka panjang lainnya secara aktuaris ditentukan berdasarkan metode *Projected Unit Credit*.

The post-employment benefits and other long-term employee benefits are actuarially determined using the Projected Unit Credit Method.

Pengukuran kembali atas liabilitas (aset) imbalan pasti neto, yang diakui sebagai penghasilan komprehensif lain, terdiri atas:

Remeasurement of defined benefit liabilities (assets) net, which is recognized as other comprehensive income consist of:

- (i) Keuntungan dan kerugian aktuarial.
- (ii) Imbal hasil atas aset program, tidak termasuk jumlah yang dimasukkan dalam bunga neto atas liabilitas (aset).
- (iii) Setiap perubahan dampak batas aset, tidak termasuk jumlah yang dimasukkan dalam bunga neto atas liabilitas (aset).

- (i) Actuarial gain and losses.
- (ii) Return on plan assets, excluding amounts that is included in net interest on liabilities (assets).
- (iii) The effect of the asset ceiling, excluding amounts included in the net interest of liabilities (assets).

Pengukuran kembali atas liabilitas (aset) imbalan pasti neto, yang diakui sebagai penghasilan komprehensif lain tidak direklasifikasi ke laba rugi pada periode berikutnya.

Remeasurement of defined benefit liabilities (assets) - net, which is recognized as other comprehensive income is not reclassified to profit or loss in the subsequent periods.

Untuk imbalan kerja jangka panjang lain atas biaya jasa kini, biaya bunga neto atas liabilitas (aset) imbalan pasti neto, dan pengukuran kembali liabilitas (aset) imbalan pasti neto langsung diakui pada laporan laba rugi dan penghasilan komprehensif lain tahun berjalan.

For other long-term employee benefits which are current service cost, net interest expense of net defined benefit assets liabilities (assets), and re-measurement of liability (asset) is recognized immediately in the current year statement of profit or loss and other comprehensive income.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ac. Imbalan kerja (lanjutan)**

**ac. Employee benefits (continued)**

Program imbalan pasti dan imbalan kerja jangka panjang lainnya (lanjutan)

Defined benefit plan and other long-term employee benefits (continued)

Biaya jasa lalu diakui sebagai beban pada tanggal yang lebih awal antara ketika amandemen atau kurtailmen program terjadi, dan ketika biaya restrukturisasi atau pesangon diakui, sehingga biaya jasa lalu yang belum vested tidak lagi dapat ditangguhkan dan diakui selama periode vesting masa depan.

Past service costs are recognized as expense at the earlier date between the amendments or curtailment program occurs, and when the costs of restructuring or severance is recognized, therefore, unvested past service cost can no longer be deferred and recognized over the future vesting period.

**ad. Transaksi dan saldo dalam mata uang asing**

**ad. Foreign currency transactions and balances**

Transaksi dalam mata uang asing dicatat berdasarkan kurs yang berlaku pada saat transaksi dilakukan. Pada tanggal laporan posisi keuangan, aset dan liabilitas moneter dalam mata uang asing dijabarkan ke dalam mata uang Rupiah berdasarkan kurs spot Reuters pada tanggal tersebut pukul 16.00 WIB. Laba atau rugi kurs yang terjadi diakui di dalam laporan laba rugi dan penghasilan komprehensif lain tahun berjalan.

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At statement of financial position dates, monetary assets and liabilities denominated in foreign currencies are translated into Rupiah based on Reuters' spot rates at 16.00 WIB (West Indonesian local time) on that date. The resulting gains or losses are recognized in the statement of profit or loss and other comprehensive income for the current year.

Pada tanggal-tanggal 31 Desember 2018 dan 2017, kurs yang digunakan untuk menjabarkan mata uang asing ke dalam Rupiah adalah sebagai berikut (Rupiah penuh):

As of December 31, 2018 and 2017, the exchange rates used in translating the foreign currencies into Rupiah are as follows (full Rupiah):

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
1 Dolar Amerika Serikat	14.380,00	13.567,50	1 United States Dollar
1 Dolar Australia	10.162,35	10.594,19	1 Australia Dollar
1 Poundsterling Inggris	18.311,50	18.325,62	1 British Poundsterling
1 Euro Eropa	16.440,66	16.236,23	1 European Euro
1 Yen Jepang	130,62	120,52	1 Japanese Yen
1 Ringgit Malaysia	3.476,79	3.352,07	1 Malaysian Ringgit
1 Dolar Hongkong	1.836,28	1.736,21	1 Hongkong Dollar
1 Riyal Arab Saudi	3.859,39	3.612,56	1 Saudi Arabian Riyal
1 Renminbi	2.090,57	2.083,64	1 Renminbi
1 Dolar Singapura	10.554,91	10.154,56	1 Singapore Dollar

**ae. Pajak penghasilan**

**ae. Income tax**

Beban pajak tahun berjalan ditetapkan berdasarkan taksiran penghasilan kena pajak tahun berjalan. Aset dan liabilitas pajak tangguhan diakui atas perbedaan temporer aset dan liabilitas antara pelaporan komersial dan pajak pada setiap tanggal pelaporan.

Current tax expense is provided based on the estimated taxable income for the current year. Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**ae. Pajak penghasilan (lanjutan)**

Aset pajak tangguhan diakui untuk seluruh perbedaan temporer yang boleh dikurangkan dan saldo rugi fiskal yang belum dikompensasikan, sepanjang perbedaan temporer dan rugi fiskal yang belum dikompensasikan tersebut dapat dimanfaatkan untuk mengurangi laba fiskal pada masa yang akan datang.

Jumlah tercatat aset pajak tangguhan ditelaah pada setiap tanggal posisi keuangan dan nilai tercatat aset pajak tangguhan tersebut diturunkan apabila tidak lagi terdapat kemungkinan besar bahwa laba fiskal yang memadai akan tersedia untuk mengkompensasi sebagian atau semua manfaat aset pajak tangguhan.

Aset dan kewajiban pajak tangguhan diukur berdasarkan tarif pajak yang akan berlaku pada tahun saat aset direalisasikan atau liabilitas diselesaikan berdasarkan peraturan perpajakan yang berlaku atau yang telah secara substantif telah diberlakukan pada tanggal laporan posisi keuangan.

Pengaruh pajak terkait dengan penyisihan untuk dan/atau pembalikan seluruh perbedaan temporer selama tahun berjalan, termasuk pengaruh perubahan tarif pajak, diakui sebagai "Beban Pajak Penghasilan - Tangguhan" dan termasuk dalam laba atau rugi neto tahun berjalan, kecuali untuk transaksi-transaksi yang sebelumnya telah langsung dibebankan atau dikreditkan ke ekuitas.

Perubahan terhadap liabilitas pajak diakui pada saat surat ketetapan pajak diterima, atau apabila diajukan keberatan dan atau banding oleh Bank, pada saat telah ada keputusan atas banding dan atau keberatan tersebut.

Dalam menentukan jumlah pajak kini dan tangguhan, Bank memperhitungkan dampak atas posisi pajak yang tidak pasti dan tambahan pajak serta penalti. Hal ini termasuk juga melakukan evaluasi terhadap surat ketetapan pajak yang diterima dari kantor pajak.

Aset dan liabilitas atas pajak tangguhan dan pajak kini dapat saling hapus apabila terdapat hak yang berkekuatan hukum untuk melakukan saling hapus.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ae. Income tax (continued)**

*Deferred tax assets are recognized for all deductible temporary differences and carry forward of uncompensated tax losses to the extent that it is probable for temporary differences and carry forward of uncompensated tax losses to be utilized in deducting future taxable profit.*

*The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the benefit of the deferred tax assets to be utilized.*

*Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled based on tax laws that have been enacted or substantively enacted as at statement financial position date.*

*The related tax effects of the provisions for and/or reversals of all temporary differences during the year, including the effect of change in tax rates, are recognized as "Income Tax Expense - Deferred" and included in the determination of net profit or loss for the year, except to the extent that they relate to items previously charged or credited to equity.*

*Amendment to tax obligation is recorded when an assessment letter is received or, if objected to or appealed against by the Bank, when the result of such appeal or objection is determined.*

*In determining the amount of current and deferred tax, the Bank takes into account the impact of uncertain tax positions and any additional taxes and penalties. This includes evaluation on tax assessment letters received from tax authorities.*

*Assets and liabilities on deferred tax and current tax can be offset if there is a legal enforceable right to offset.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**af. Pelaporan segmen**

**af. Segment reporting**

Informasi segmen diungkapkan untuk memungkinkan pengguna laporan keuangan untuk mengevaluasi sifat dan dampak keuangan dari aktivitas bisnis yang mana Bank terlibat dalam lingkungan ekonomi dimana Bank beroperasi.

*Segment information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the Bank is involved in and the economic environment where the Bank operates.*

Segmen operasi adalah suatu komponen dari entitas:

*An operating segment is a component of an entity:*

- a) yang terlibat dalam aktivitas bisnis yang mana memperoleh pendapatan dan menimbulkan beban (termasuk pendapatan dan beban terkait dengan transaksi dengan komponen lain dari entitas yang sama);
- b) hasil operasinya dikaji ulang secara reguler oleh pengambil keputusan operasional untuk membuat keputusan tentang sumber daya yang dialokasikan pada segmen tersebut dan menilai kinerjanya; dan
- c) tersedia informasi keuangan yang dapat dipisahkan.

- a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);*

- b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and*

- c) for which discrete financial information is available.*

Bank telah mengidentifikasi dan mengungkapkan informasi keuangan berdasarkan kegiatan bisnis dimana Bank terlibat (segmen usaha). Segmen pendapatan, biaya, hasil, aset dan liabilitas, termasuk bagian yang dapat diatribusikan langsung kepada segmen, serta yang dapat dialokasikan dengan dasar yang memadai untuk segmen tersebut.

*The Bank identifies and discloses financial information based on the business activities in which the Bank engages (business segments) in. Segment revenues, expenses, income, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment.*

**ag. Laba per saham dasar**

**ag. Basic earnings per share**

Laba per saham dasar dihitung dengan membagi laba tahun berjalan dengan jumlah rata-rata tertimbang saham yang ditempatkan dan disetor penuh pada tahun yang bersangkutan.

*Basic earnings per share is computed by dividing income for the year by the weighted average number of issued and fully paid shares during the related year.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ah. Biaya emisi penerbitan saham**

**ah. Shares issuance costs**

Biaya-biaya emisi efek yang terjadi sehubungan dengan penawaran saham kepada masyarakat (termasuk penerbitan hak memesan efek terlebih dahulu) dikurangkan langsung dari hasil emisi dan disajikan sebagai pengurang pada akun "Tambahan Modal Disetor - Neto", sebagai bagian dari Ekuitas pada laporan posisi keuangan.

Costs related to the public offering of shares (including pre-emptive rights issue) are deducted from the proceeds and presented as a deduction from the "Additional Paid-in-Capital - Net" account, under Equity section in the statement of financial position.

**ai. Opsi Saham**

**ai. Stock Options**

Bank telah memberikan opsi saham kepada Direksi dan pekerja pada posisi dan jabatan tertentu berdasarkan persyaratan yang telah ditetapkan. Biaya kompensasi saham pada penerbitan dihitung dengan menggunakan nilai wajar dari opsi saham tersebut dan diakui dalam akun "Beban Tenaga Kerja dan Tunjangan" menggunakan metode garis lurus selama masa tunggu (vesting period). Akumulasi dari biaya kompensasi saham diakui sebagai "Opsi Saham" dalam bagian ekuitas. Penentuan nilai wajar dari opsi saham yang diberikan dihitung dengan menggunakan model penentuan harga opsi *Binomial-tree* (Binomial-tree option pricing model).

The Bank has granted stock options to the Board of Directors and employees of certain positions and levels based on established criteria. Cost of stock compensation at the issuance date is calculated using the fair value of the stock options and is recognized as part of "Salaries and Employee Benefits Expense" using the straight-line method over the vesting period. The accumulation of the stock compensation cost is recognized as "Stock Options" in the equity. The fair value of the stock options granted are calculated using the *Binomial-tree* option pricing model.

**aj. Provisi**

**aj. Provisions**

Provisi diakui jika Bank memiliki kewajiban kini (baik bersifat hukum maupun bersifat konstruktif) yang akibat peristiwa masa lalu, besar kemungkinannya penyelesaian kewajiban tersebut mengakibatkan arus keluar sumber daya yang mengandung manfaat ekonomi dan estimasi yang andal mengenai jumlah kewajiban tersebut dapat dibuat.

Provisions are recognized when the Bank has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisi ditelaah pada setiap tanggal pelaporan dan disesuaikan untuk mencerminkan estimasi terbaik yang paling kini. Jika arus keluar sumber daya untuk menyelesaikan kewajiban kemungkinan besar tidak terjadi, maka provisi dibatalkan.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ak. Agunan yang diambil alih**

**ak. Foreclosed collaterals**

Agunan yang diambil alih sehubungan dengan penyelesaian kredit (disajikan dalam akun "Aset Lain-lain") diakui sebesar nilai neto yang dapat direalisasi atau sebesar nilai tercatat dari kredit, mana yang lebih rendah. Nilai neto yang dapat direalisasi adalah nilai wajar agunan setelah dikurangi estimasi biaya pelepasan.

*Foreclosed collaterals acquired in settlement of loans (included as part of "Other Assets") are recognized at net realizable values or loan carrying amount, whichever is lower. Net realizable value is the fair value of the collateral after deducting the estimated costs of disposal.*

Kelebihan saldo kredit yang diberikan, yang belum dilunasi oleh peminjam diatas nilai dari agunan yang diambil alih, dibebankan sebagai penyisihan penghapusan kredit yang diberikan pada tahun berjalan. Selisih antara nilai agunan yang diambil alih dengan hasil penjualannya diakui sebagai keuntungan atau kerugian pada saat penjualan agunan.

*The excess in loan balances which has not been paid by debtors over the value of foreclosed collaterals is charged to allowance for possible loan write-off on loans in the current year. The difference between the value of the collateral and the proceeds from sale thereof is recognized as a gain or loss at the time of sale of the collateral.*

Manajemen mengevaluasi nilai agunan yang diambil alih secara berkala. Penyisihan kerugian agunan yang diambil alih dibentuk berdasarkan penurunan nilai agunan yang diambil alih.

*Management evaluates the value of foreclosed collaterals periodically. Allowance for losses foreclosed collaterals is provided based on the impairment of foreclosed collaterals.*

Beban perbaikan (Reconditioning costs) yang timbul setelah pengambilalihan agunan dikapitalisasi dalam akun agunan yang diambil alih tersebut.

*Reconditioning costs arising after foreclosure capitalized in the accounts of the foreclosed collaterals.*

**al. Instrumen derivatif**

**al. Derivatives Instrument**

Instrumen keuangan derivatif diukur dan diakui di laporan posisi keuangan pada nilai wajar dikurangi cadangan kerugian penurunan nilai.

*Derivatives financial instruments are valued and recognized in the statement of financial position at fair value net of allowance for possible losses.*

Setiap kontrak derivatif dicatat sebagai aset apabila memiliki nilai wajar positif dan sebagai liabilitas apabila memiliki nilai wajar negatif.

*Each derivatives contract is recorded as asset when the fair value is positive and as liability when the fair value is negative.*

Tagihan dan liabilitas derivatif diklasifikasikan sebagai aset dan liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi.

*Derivatives receivable and payable are classified as financial assets and liabilities measured at fair value through profit or loss.*

Keuntungan atau kerugian yang terjadi dari perubahan nilai wajar diakui dalam laporan laba rugi dan penghasilan komprehensif lain.

*Gains or losses resulting from fair value changes are recognized in the statement of profit or loss and other comprehensive income.*

Nilai wajar instrumen derivatif ditentukan diskonto arus kas dan model penentu harga atau harga yang diberikan oleh broker (quoted price) atas instrumen lainnya yang memiliki karakteristik serupa, yang mengacu pada PSAK No. 68: "Pengukuran Nilai Wajar" (Catatan 2d).

*The fair value of derivatives instruments is determined based on discounted cash flows and pricing models or quoted prices from brokers of other instruments with similar characteristics, which refers to SFAS No. 68: "Fair Value Measurement" (Note 2d)*



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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**am. Perubahan atas kebijakan akuntansi dan pengungkapan**

Bank telah menerapkan standar akuntansi pada tanggal 1 Januari 2018, yang dianggap relevan dengan laporan keuangan Bank, yaitu:

- PSAK No. 2 (Amandemen 2016), "Laporan Arus Kas Tentang Prakarsa Pengungkapan", mensyaratkan entitas untuk menyediakan pengungkapan yang memungkinkan pengguna Laporan Keuangan untuk mengevaluasi perubahan pada liabilitas yang timbul dari aktivitas pendanaan, termasuk perubahan yang timbul dari arus kas maupun perubahan nonkas.
- PSAK No. 46 (Amandemen 2016), "Pajak Penghasilan Tentang Pengakuan Aset Pajak Tangguhan Untuk Rugi Yang Belum Direalisasi", mengklarifikasi:
  - bahwa perbedaan temporer dapat dikurangkan timbul ketika jumlah tercatat aset instrumen utang yang diukur pada nilai wajar dan nilai wajar tersebut lebih kecil dari dasar pengenaan pajaknya, tanpa mempertimbangkan apakah entitas memperkirakan untuk memulihkan jumlah tercatat instrumen utang melalui penjualan atau penggunaan,
  - bahwa untuk menentukan apakah laba kena pajak akan tersedia sehingga perbedaan temporer yang dapat dikurangkan dapat dimanfaatkan, maka penilaian perbedaan temporer yang dapat dikurangkan tersebut dilakukan sesuai dengan peraturan pajak,
  - bahwa pengurangan pajak yang berasal dari pembalikan aset pajak tangguhan dikecualikan dari estimasi laba kena pajak masa depan. Lalu entitas membandingkan perbedaan temporer yang dapat dikurangkan dengan estimasi laba kena pajak masa depan yang tidak mencakup pengurangan pajak yang dihasilkan dari pembalikan aset pajak tangguhan tersebut,

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**am. Changes in accounting policy and disclosures**

The Bank adopted the revised accounting standard on January 1, 2018, which is considered relevant to the Bank's Financial Statements, as follows:

- SFAS No. 2 (2016 Amendment), "Disclosure Initiative on Statement of Cash Flow", requires the entity to provide disclosures that enable users of Financial Statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and as well as non-cash changes.
- SFAS No. 46 (2016 Amendment), "Recognition of Deferred Tax Assets for Unrealized Losses on Income Tax", clarifies:
  - the temporary difference may be deducted when the carrying amount of the debt instrument assets measured at fair value and the fair value is less than its tax base, regardless of whether the entity estimates to recover the carrying amount of the debt instrument through sale or use,
  - to determine whether the taxable profit will be available so that the deductible temporary differences can be utilized, then the valuation of the deductible temporary differences shall be made in accordance with the tax regulations,
  - tax deductions arising from the reversal of deferred tax assets are excluded from future estimated taxable income. Then the entity compares the deductible temporary differences with the estimated future taxable income that does not include the tax deductions resulting from the reversal of the deferred tax asset,

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**am. Perubahan atas kebijakan akuntansi dan pengungkapan (lanjutan)**

Bank telah menerapkan standar akuntansi pada tanggal 1 Januari 2018, yang dianggap relevan dengan laporan keuangan Bank, yaitu: (lanjutan)

- PSAK No. 46 (Amandemen 2016), "Pajak Penghasilan Tentang Pengakuan Aset Pajak Tangguhan Untuk Rugi Yang Belum Direalisasi", mengklarifikasi: (lanjutan)
  - bahwa beberapa aset entitas melebihi jumlah tercatatnya jika terdapat bukti yang memadai bahwa kemungkinan besar bahwa entitas akan mencapai hal tersebut.
- PSAK No. 15 (Penyesuaian 2017), "Investasi pada Entitas Asosiasi dan Ventura Bersama", saat pengakuan awal entitas dapat memilih untuk mengukur *investee*-nya pada nilai wajar atas dasar investasi per investasi.
- PSAK No. 53 (Amendemen 2017), "Pembayaran Berbasis Saham, Klasifikasi dan Pengukuran Transaksi Pembayaran Berbasis Saham", bertujuan untuk memperjelas perlakuan akuntansi terkait klasifikasi dan pengukuran transaksi pembayaran berbasis saham.
- PSAK No. 111, "Akuntansi *Wa'd*", mengatur entitas yang memberi atau menerima *wa'd* tidak mengakui aset dan liabilitas yang akan terjadi dari *wa'd* ketika menjadi akad. PSAK No. 111 ini dilengkapi dengan contoh penerapan *wa'd* pada transaksi lindung nilai dan repo syariah.

Dampak terhadap laporan keuangan atas penerapan standar akuntansi tersebut diatas telah diungkapkan dalam catatan laporan keuangan yang relevan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**am. Changes in accounting policy and disclosures (continued)**

The Bank adopted the revised accounting standard on January 1, 2018, which is considered relevant to the Bank's Financial Statements, as follows: (continued)

- SFAS No. 46 (2016 Amendment), "Recognition of Deferred Tax Assets for Unrealized Losses on Income Tax", clarifies: (continued)
  - some of the entity's assets exceed the carrying amount if there is sufficient evidence that it is probable that the entity will achieve it.
- SFAS No. 15 (2017 Adjustment), "Investments in Associates and Joint Ventures", at initial recognition, the entity may choose to measure its investee at fair value on an investment-by-investment basis.
- SFAS No. 53 (2017 Amendment), "Share-Based Payment, Classification and Measurement of Share-Based Payment Transactions", aims to clarify the accounting treatment regarding the classification and measurement of share-based payment transactions.
- SFAS No. 111, "Wa'd Accounting", regulates the entity that give or receive *wa'd* not recognizing assets and liabilities that may happen from *wa'd* when the contract occurs. The SFAS No. 111 is complemented with examples of *wa'd* application on sharia hedging and repo transactions.

The impact on the Financial Statements of the adoption of the accounting standards mentioned above has been disclosed in the relevant notes to the Financial Statements.

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**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI  
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Penyusunan laporan keuangan Bank mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah yang dilaporkan dari pendapatan, beban, aset dan liabilitas, dan pengungkapan atas liabilitas kontinjensi, pada akhir periode pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat aset dan liabilitas dalam periode pelaporan berikutnya.

**Pertimbangan**

Pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Bank yang memiliki pengaruh paling signifikan atas jumlah yang diakui dalam laporan keuangan Bank:

Usaha yang berkelanjutan

Manajemen Bank telah melakukan penilaian atas kemampuan Bank untuk melanjutkan kelangsungan usahanya dan berkeyakinan bahwa Bank memiliki sumber daya untuk melanjutkan usahanya di masa mendatang. Selain itu, manajemen Bank tidak mengetahui adanya ketidakpastian material yang dapat menimbulkan keraguan yang signifikan terhadap kemampuan Bank untuk melanjutkan usahanya. Oleh karena itu, laporan keuangan telah disusun atas dasar usaha yang berkelanjutan.

Klasifikasi aset dan liabilitas keuangan

Bank menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan mempertimbangkan bila definisi yang ditetapkan PSAK No. 55 (Revisi 2014) dipenuhi. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Bank seperti diungkapkan pada Catatan 2d.

**3. USE OF SIGNIFICANT ACCOUNTING  
JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Bank's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of the asset and liability affected in future periods.

**Judgments**

The following judgments are made by management in the process of applying the Bank's accounting policies that have the most significant effects on the amounts recognized in the Bank's Financial Statements:

Going concern

The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue its business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt to the Bank's ability to continue as a going concern. Therefore, the Financial Statements continues to be prepared on the going concern basis.

Classification of financial assets and financial liabilities

The Bank determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 55 (Revised 2014). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Bank's accounting policies disclosed in Note 2d.

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**Pertimbangan (lanjutan)**

Pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Bank yang memiliki pengaruh paling signifikan atas jumlah yang diakui dalam laporan keuangan Bank: (lanjutan)

Nilai wajar instrumen keuangan

Semua aset dan liabilitas dimana nilai wajar diukur atau diungkapkan dalam laporan keuangan dapat dikategorikan pada level hirarki nilai wajar, berdasarkan tingkatan input terendah yang signifikan atas pengukuran nilai wajar secara keseluruhan:

- Level 1 : harga kuotasian (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik yang dapat diakses pada tanggal pengukuran.
- Level 2 : input selain harga kuotasian yang termasuk dalam level 1 yang dapat diobservasi untuk aset dan liabilitas, baik secara langsung atau tidak langsung.
- Level 3 : input yang tidak dapat diobservasi untuk aset dan liabilitas.

Investasi dimiliki hingga jatuh tempo

Surat berharga dengan klasifikasi dimiliki hingga jatuh tempo membutuhkan *judgment* yang signifikan. Dalam membuat *judgment* ini, Bank mengevaluasi intensi dan kemampuan untuk memiliki investasi tersebut hingga jatuh tempo. Jika Bank gagal untuk memiliki investasi ini hingga jatuh tempo selain dalam kondisi-kondisi tertentu sebagai contoh, menjual dalam jumlah yang insignifikan saat mendekati jatuh tempo, Bank harus mereklasifikasi seluruh portofolio tersebut menjadi surat berharga yang tersedia untuk dijual. Surat berharga yang tersedia untuk dijual tersebut akan diukur pada nilai wajar dan bukan menggunakan biaya yang diamortisasi.

**3. USE OF SIGNIFICANT ACCOUNTING  
JUDGMENTS, ESTIMATES AND ASSUMPTIONS  
(continued)**

**Judgments (continued)**

*The following judgments are made by management in the process of applying the Bank's accounting policies that have the most significant effects on the amounts recognized in the Bank's Financial Statements: (continued)*

Fair value of financial instruments

*All assets and liabilities in which fair value is measured or disclosed in the Financial Statements can be classified in fair value hierarchy levels, based on the lowest level of input that is significant to the overall fair value measurement:*

- *Level 1: quoted prices (without adjustments) in active markets for identical assets or liabilities which are accessible at the measurement date.*
- *Level 2: inputs other than quoted prices included in level 1 that are observable for the assets and liabilities, either directly or indirectly.*
- *Level 3 : inputs that are not observable for the assets and liabilities.*

Held-to-maturity securities

*The classification under held-to-maturity securities requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than in certain specific circumstances for example, selling an insignificant amount close to maturity, it will be required to reclassify the entire portfolio as available-for-sale securities. The available-for-sale securities would therefore be measured at fair value and not at amortized cost.*

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(lanjutan)**

**Pertimbangan (lanjutan)**

Pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Bank yang memiliki pengaruh paling signifikan atas jumlah yang diakui dalam laporan keuangan Bank: (lanjutan)

Aset keuangan yang tidak memiliki harga pasar

Bank mengklasifikasikan aset keuangan dengan mengevaluasi, antara lain, apakah nilai tersebut dikutip atau tidak di pasar aktif. Termasuk dalam evaluasi pada apakah aset keuangan yang dikutip di pasar aktif adalah penentuan apakah harga pasar dapat segera dan secara teratur tersedia, dan apakah mereka mewakili harga aktual dan teratur terjadi transaksi pasar secara *arms-length*.

Kontinjensi

Bank sedang terlibat dalam proses hukum. Perkiraan biaya kemungkinan bagi penyelesaian klaim telah dikembangkan melalui konsultasi dengan bantuan konsultan hukum Bank didasarkan pada analisis hasil yang potensial. Manajemen tidak berkeyakinan bahwa hasil dari hal ini akan mempengaruhi hasil usaha. Besar kemungkinan, bagaimanapun, bahwa hasil operasi di masa depan dapat secara material terpengaruh oleh perubahan dalam estimasi atau efektivitas dari strategi yang terkait dengan hal tersebut.

**Estimasi dan Asumsi**

Asumsi utama masa depan dan sumber utama estimasi ketidakpastian lain pada tanggal pelaporan yang memiliki risiko untuk dapat menyebabkan penyesuaian yang material terhadap nilai tercatat aset dan liabilitas untuk tahun berikutnya seperti yang diungkapkan di bawah ini. Bank mendasarkan asumsi dan estimasi yang digunakan pada parameter yang tersedia pada saat laporan keuangan disusun.

Asumsi dan situasi mengenai perkembangan masa depan dapat berubah akibat perubahan pasar atau situasi yang timbul di luar kendali Bank. Perubahan tersebut dicerminkan dalam asumsi yang digunakan pada saat terjadinya.

**3. USE OF SIGNIFICANT ACCOUNTING  
JUDGMENTS, ESTIMATES AND ASSUMPTIONS  
(continued)**

**Judgments (continued)**

*The following judgments are made by management in the process of applying the Bank's accounting policies that have the most significant effects on the amounts recognized in the Bank's Financial Statements: (continued)*

Financial assets not quoted in an active market

*The Bank classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.*

Contingencies

*The Bank is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the external legal counsel handling the Bank's defense in this matter and is based upon an analysis of potential results. Management does not believe that the outcome of this matter will affect the results of operations. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.*

**Estimates and Assumptions**

*The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Bank based its assumptions and estimates on parameters available when the financial statement were prepared.*

*Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.*



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**(lanjutan)**

**3. USE OF SIGNIFICANT ACCOUNTING**  
**JUDGMENTS, ESTIMATES AND ASSUMPTIONS**  
**(continued)**

**Estimasi dan Asumsi (lanjutan)**

**Estimates and Assumptions (continued)**

Cadangan kerugian penurunan nilai dari kredit  
dan pembiayaan/piutang syariah

Allowance for impairment losses on loans and  
sharia financing/receivables

Bank menelaah portofolio pinjaman dan piutang setiap tahun untuk menilai penurunan nilai dengan memperbaharui cadangan kerugian penurunan nilai yang dibentuk selama periode yang diperlukan berdasarkan analisis berkelanjutan dan pemantauan terhadap rekening individual oleh petugas kredit.

The Bank reviews its loan portfolio and receivables to assess impairment on an annual basis with updating allowance for impairment losses made during the intervals as necessary based on the continuing analysis and monitoring of individual accounts by credit officers.

Dalam menentukan apakah penurunan nilai harus dibentuk dalam laporan laba rugi dan penghasilan komprehensif lain, Bank membuat penilaian, apakah terdapat data yang dapat diobservasi yang menunjukkan bahwa terdapat penurunan yang dapat diukur dalam laporan perkiraan arus kas masa depan dari portofolio pinjaman sebelum penurunan tersebut dapat diidentifikasi secara individual dalam portofolio tersebut.

In determining whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio.

Bukti seperti ini dapat termasuk data yang dapat diobservasi yang menunjukkan bahwa telah terjadi perubahan yang merugikan pada status pembayaran kelompok debitur, atau kondisi ekonomi nasional atau lokal yang berkorelasi dengan wanprestasi atas aset dalam kelompok. Bank menggunakan perkiraan dalam menentukan jumlah dan waktu dari arus kas masa depan ketika menentukan tingkat cadangan kerugian yang diperlukan.

This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Bank uses estimates in the amount and timing of future cash flows when determining the level of allowance for losses required.

Estimasi tersebut didasarkan pada asumsi mengenai sejumlah faktor dan hasil aktual yang dapat berbeda, yang mengakibatkan perubahan terhadap jumlah cadangan kerugian di masa yang akan datang.

Such estimates are based on assumptions about a number of factors and actual results may differ, resulting to future changes in the amount of allowance for losses.

Penurunan nilai untuk surat berharga

Impairment of securities

Bank menentukan bahwa surat berharga memiliki kriteria penurunan nilai yang sama dengan aset keuangan yang dicatat pada biaya perolehan diamortisasi.

The Bank determines that securities are impaired based on the same criteria as financial assets carried at amortized cost.



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(lanjutan)**

**Estimasi dan Asumsi (lanjutan)**

Umur ekonomis dari aset tetap

Bank memperkirakan masa manfaat aset tetap berdasarkan periode dimana aset diharapkan akan tersedia untuk digunakan. Masa manfaat ekonomis aset tetap ditinjau secara berkala dan diperbarui jika memiliki ekspektasi yang berbeda dari perkiraan sebelumnya, karena kerusakan secara fisik dan teknis, atau keusangan secara komersial dan legal atau batasan lainnya atas penggunaan aset tersebut.

Selain hal tersebut, estimasi masa manfaat dari aset tetap didasarkan pada penilaian secara kolektif dengan menggunakan praktik industri, teknik evaluasi internal dan pengalaman dengan aset serupa.

Tetap dimungkinkan, bagaimanapun, bahwa hasil masa depan dapat secara material dipengaruhi oleh perubahan estimasi yang disebabkan oleh perubahan faktor-faktor tersebut di atas.

Jumlah dan saat pencatatan biaya untuk setiap periode akan dipengaruhi oleh perubahan dari faktor dan keadaan saat pencatatan. Pengurangan taksiran masa manfaat dari aset tetap akan meningkatkan beban operasional yang diakui.

Penurunan nilai aset non-keuangan

Bank mengevaluasi penurunan nilai aset non-keuangan apabila terdapat kejadian atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat aset non-keuangan tidak dapat dipulihkan kembali.

Faktor-faktor penting yang dapat menyebabkan penelaahan penurunan nilai adalah sebagai berikut:

- Kinerja yang rendah secara signifikan jika dibandingkan dengan ekspektasi dari hasil operasi historis maupun proyeksi hasil operasi di masa yang akan datang;
- perubahan yang signifikan dalam cara penggunaan aset atau strategi bisnis secara keseluruhan; dan
- Industri atau tren ekonomi yang secara signifikan bernilai negatif.

Bank mengakui kerugian penurunan nilai apabila nilai tercatat aset melebihi nilai yang dapat dipulihkan.

**3. USE OF SIGNIFICANT ACCOUNTING  
JUDGMENTS, ESTIMATES AND ASSUMPTIONS  
(continued)**

**Estimates and Assumptions (continued)**

Useful lives of premises and equipment

The Bank estimates the useful lives of premises and equipment based on the period over which the assets are expected to be available-for-use. The estimated useful lives of premises and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, estimation of the useful lives of premises and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of premises and equipment would increase the recorded operating expenses.

Impairment of non-financial assets

The Bank assesses impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of non-financial asset may not be recoverable.

The factors that the Bank considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Bank recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount.

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**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI YANG SIGNIFIKAN (lanjutan)**

**3. USE OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**Estimasi dan Asumsi (lanjutan)**

**Estimates and Assumptions (continued)**

Penurunan nilai aset non-keuangan (lanjutan)

Impairment of non-financial assets (continued)

Jumlah terpulihkan adalah nilai yang lebih tinggi antara nilai wajar dikurang biaya pelepasan dengan nilai pakai aset (atau unit penghasil kas). Jumlah terpulihkan diestimasi untuk aset individual atau, jika tidak memungkinkan, untuk unit penghasil kas yang mana aset tersebut merupakan bagian daripada unit tersebut.

The recoverable amount is the higher of an asset's (or Cash Generating Unit's) fair value less costs of disposals and its value in use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the Cash Generating Unit to which the asset belongs.

Pengakuan aset pajak tangguhan

Recognition of deferred tax assets

Aset pajak tangguhan diakui untuk seluruh saldo rugi fiskal yang belum digunakan sejauh terdapat kemungkinan bahwa saldo rugi tersebut dapat dikompensasikan terhadap penghasilan kena pajak di masa yang akan datang.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable income will be available against which the losses can be utilized.

Pertimbangan manajemen yang signifikan diperlukan untuk menentukan jumlah aset pajak tangguhan yang dapat diakui, sesuai dengan saat dan jumlah penghasilan kena pajak di masa mendatang seiring dengan strategi perencanaan pajak.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

Bank menelaah aset pajak tangguhan pada setiap tanggal laporan posisi keuangan dan mengurangi jumlah tercatat dalam hal tidak adanya lagi kemungkinan bahwa penghasilan kena pajak yang cukup akan tersedia untuk mengkompensasi sebagian atau seluruh aset pajak tangguhan.

The Bank reviews its deferred tax assets at each statement of financial position date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Pertimbangan signifikan diperlukan dalam menentukan provisi perpajakan

Significant judgement is required in determining the provision for taxes

Bank menentukan provisi perpajakan berdasarkan estimasi atas kemungkinan adanya tambahan beban pajak. Jika hasil akhir dari hal ini berbeda dengan jumlah yang dicatat semula, maka perbedaan tersebut akan berdampak terhadap laba/rugi.

The Bank provides for tax provision based on estimates whether the additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the profit/loss.

Nilai kini atas kewajiban pensiun

Present value of retirement obligation

Biaya atas program pensiun dan imbalan pasca kerja lainnya ditentukan dengan perhitungan aktuaris.

The cost of defined retirement pension plan and other post employment benefits is determined using actuarial valuations.

Perhitungan aktuaris melibatkan penggunaan asumsi mengenai tingkat diskonto, tingkat pengembalian yang diharapkan dari aset, kenaikan gaji di masa depan, tingkat kematian dan tingkat kecacatan. Karena program tersebut memiliki sifat jangka panjang, maka perkiraan tersebut memiliki ketidakpastian yang signifikan.

The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and disability rate. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The original financial statements included herein are in the Indonesian language.

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**4. KAS**

	31 Desember/December 31, 2018	
	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah
Rupiah		1.240.510
Mata uang asing		
Dolar Amerika Serikat	79.540	1.144
Dolar Singapura	130.629	1.379
Euro Eropa	16.925	278
Pound Sterling Inggris	4.675	86
Dolar Australia	6.135	62
Dolar Hong Kong	28.190	52
Ringgit Malaysia	11.078	39
Renminbi	18.206	38
Yen Jepang	125.000	16
Riyal Arab Saudi	2.967	11
		3.105
<b>Total</b>		<b>1.243.615</b>

Saldo dalam mata uang Rupiah termasuk uang pada Anjungan Tunai Mandiri (ATM) sebesar Rp244.754 dan Rp192.754, masing-masing pada tanggal 31 Desember 2018 dan 2017.

**4. CASH**

	31 Desember/December 31, 2017		
	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	
Rupiah		1.022.212	Rupiah
Mata uang asing			Foreign currencies
Dolar Amerika Serikat	187.833	2.548	United States Dollar
Dolar Singapura	214.420	2.177	Singapore Dollar
Euro Eropa	7.090	115	European Euro
Pound Sterling Inggris	2.910	53	Great Britain Pound Sterling
Dolar Australia	11.815	125	Australian Dollar
Dolar Hong Kong	160	1	Hong Kong Dollar
Ringgit Malaysia	9.460	32	Malaysia Ringgit
Renminbi	13.081	27	Renminbi
Yen Jepang	236.000	28	Japanese Yen
Riyal Arab Saudi	65.384	236	Saudi Arabian Riyal
		5.342	
<b>Total</b>		<b>1.027.554</b>	<b>Total</b>

The Rupiah balance includes cash in ATMs (Automated Teller Machines) of Rp244,754 and Rp192,754, as of December 31, 2018 and 2017, respectively.

**5. GIRO PADA BANK INDONESIA**

	31 Desember/ December 31, 2018	
	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah
Rupiah		15.151.113
Mata uang asing		
Dolar Amerika Serikat	18.550.000	266.749
<b>Total</b>		<b>15.417.862</b>

Dalam giro pada Bank Indonesia termasuk giro yang didasarkan pada prinsip perbankan syariah sebesar Rp1.337.912 dan Rp1.059.796 masing-masing pada tanggal 31 Desember 2018 dan 2017.

**5. CURRENT ACCOUNTS WITH BANK INDONESIA**

	31 Desember/ December 31, 2017		
	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	
Rupiah		12.509.337	Rupiah
Mata uang asing			Foreign currency
Dolar Amerika Serikat	3.335.000	45.248	United States Dollar
<b>Total</b>		<b>12.554.585</b>	<b>Total</b>

Current accounts with Bank Indonesia include current accounts based on sharia banking principles amounting to Rp1,337,912 and Rp1,059,796 as of December 31, 2018 and 2017, respectively.

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**5. GIRO PADA BANK INDONESIA (lanjutan)**

Rasio GWM Bank (tidak diaudit) pada tanggal 31 Desember 2018 dan 2017 adalah sebagai berikut:

	31 Desember December 31, 2018	31 Desember December 31, 2017
<u>Konvensional</u>		
Rupiah		
Utama	6,61%	7,02%
Harian	3,50%	5,00%
Rata-rata	3,11%	2,02%
Sekunder	-	6,42%
PLM <sup>*)</sup>	5,45%	-
Dolar Amerika Serikat	8,69%	8,38%
<u>Syariah</u>		
Rupiah	5,30%	5,00%

<sup>\*)</sup> Per 16 Juli 2018, berdasarkan PBI No. 20/4/PBI/2018 tanggal 29 Maret 2018, istilah GWM Sekunder berubah menjadi PLM (Penyangga Likuiditas Makroprudensial) dan GWM LFR berubah menjadi RIM (Rasio Intermediasi Makroprudensial)

Saldo giro pada Bank Indonesia disediakan untuk memenuhi persyaratan Giro Wajib Minimum (GWM) dari Bank Indonesia.

Rasio GWM pada tanggal 31 Desember 2018 dan 2017 dihitung berdasarkan Peraturan Bank Indonesia Nomor 15/15/PBI/2013 tanggal 24 Desember 2013 sebagaimana telah diubah beberapa kali dengan PBI No. 17/11/PBI/2015 tanggal 25 Juni 2015, PBI No. 17/21/PBI/2015 tanggal 25 November 2015, PBI No. 18/3/PBI/2016 tanggal 10 Maret 2016, PBI No. 18/14/PBI/2016 tanggal 18 Agustus 2016, PBI No. 19/6/PBI/2017 tanggal 17 April 2017, PBI No. 20/4/2018 tanggal 29 Maret 2018 dan perubahan terakhir PBI No. 20/3/2018 tanggal 29 Maret 2018 tentang "Giro Wajib Minimum dalam Rupiah dan Valuta Asing bagi Bank Umum Konvensional, Bank Umum Syariah, dan Unit Usaha Syariah".

Rasio GWM berdasarkan prinsip syariah pada tanggal 31 Desember 2017 dihitung berdasarkan Peraturan Bank Indonesia (PBI) No. 15/16/PBI/2013 tanggal 24 Desember 2013 tentang "Giro Wajib Minimum dalam Rupiah dan Valuta Asing bagi Bank Umum Syariah dan Unit Usaha Syariah".

**5. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)**

The minimum reserve requirement ratios of the Bank (unaudited) of December 31, 2018 and 2017, are as follows:

	31 Desember December 31, 2018	31 Desember December 31, 2017
<u>Conventional</u>		
Rupiah		
Primary	7,02%	7,02%
Daily	5,00%	5,00%
Average	2,02%	2,02%
Secondary	6,42%	6,42%
PLM <sup>*)</sup>	-	-
United States Dollar	8,38%	8,38%
<u>Sharia</u>		
Rupiah	5,00%	5,00%

<sup>\*)</sup> As of July 16, 2018, based on PBI No. 20/4/PBI/2018 dated March 29, 2018, the term GWM Secondary changed to PLM (Macroprudential Liquidity Buffer) and the LFR GWM changed to RIM (Macroprudential Intermediation Ratio)

Current accounts with Bank Indonesia are maintained to comply with Bank Indonesia's Minimum Legal Reserve Requirements (GWM).

The calculation of the GWM ratios as of December 31, 2018 and 2017 is based on Bank Indonesia regulation (PBI) 15/15/PBI/2013 dated December 24, 2013 which has amended several times with PBI No. 17/11/PBI/2015 dated June 25, 2015, PBI No. 17/21/PBI/2015 dated November 25, 2015, PBI No. 18/3/PBI/2016 dated March 10, 2016, PBI No. 18/14/PBI/2016 dated August 18, 2016, PBI No. 19/6/PBI/2017 dated April 17, 2017, PBI No. 20/4/2018 dated March 29, 2018 and amendment the latest by PBI No. 20/3/2018 dated March 29, 2018 "Minimum Statutory Reserve Requirements in Rupiah and Foreign Currencies of Conventional Commercial Banking, Sharia Commercial Banking, and Sharia Business Units".

The calculation of the GWM ratios based on sharia principle as of December 31, 2017 is based on Bank Indonesia's regulation (PBI) No. 15/16/PBI/2013 dated December 24, 2013, regarding "Reserve Requirement in Rupiah and Foreign Currencies for Sharia Banks and Sharia Business Units".



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**5. GIRO PADA BANK INDONESIA (lanjutan)**

Pada tanggal-tanggal 31 Desember 2018 dan 2017, sesuai dengan ketentuan Bank Indonesia tersebut di atas, Bank harus memenuhi persyaratan GWM Utama dalam Rupiah masing-masing sebesar 6,50%, sedangkan untuk mata uang asing masing-masing sebesar 8,00%. Untuk PLM adalah sebesar 4,00% dalam Rupiah pada tanggal 31 Desember 2018 dan GWM Sekunder adalah sebesar 4,00% dalam Rupiah pada tanggal 31 Desember 2017.

Pada tanggal-tanggal 31 Desember 2018 dan 2017, sesuai dengan ketentuan Bank Indonesia tersebut di atas, berdasarkan prinsip syariah Bank harus memenuhi persyaratan GWM dalam Rupiah dan mata uang asing masing-masing sebesar 5% dan 1%.

Pada tanggal-tanggal 31 Desember 2018 dan 2017, Bank juga harus memenuhi PBI No. 20/4/PBI/2018 tanggal 29 Maret 2018 tentang "Rasio Intermediasi Makroprudensial dan Penyangga Likuiditas Makroprudensial bagi Bank Umum Konvensional, Bank Umum Syariah, dan Unit Usaha Syariah".

GWM Primer adalah simpanan minimum yang wajib dipelihara oleh Bank dalam bentuk saldo Rekening Giro pada Bank Indonesia. GWM Sekunder dan Penyangga Likuiditas Makroprudensial (PLM) adalah cadangan minimum yang wajib dipelihara oleh Bank berupa SBI, Surat Utang Negara (SUN), Surat Berharga Syariah Negara (SBSN) dan/atau excess reserve yang merupakan kelebihan saldo Rekening Giro Rupiah Bank dari GWM Primer, GWM LFR dan Rasio Intermediasi Makroprudensial (RIM). GWM LFR dan RIM adalah tambahan simpanan minimum yang wajib dipelihara oleh Bank dalam bentuk saldo Rekening Giro pada Bank Indonesia, jika LFR dan RIM target Bank Indonesia (80%) atau jika di atas maksimum LFR dan RIM target BI (92%) dan Kewajiban Penyediaan Modal Minimum (KPMM) Bank lebih kecil dari KPMM Insentif BI sebesar 14%.

Bank telah memenuhi ketentuan Bank Indonesia tentang Giro Wajib Minimum pada tanggal-tanggal 31 Desember 2018 dan 2017.

Sisa umur jatuh tempo atas giro pada Bank Indonesia dikategorikan sebagai kurang dari satu bulan (Catatan 46).

**5. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)**

As of December 31, 2018 and 2017, based on the above Bank Indonesia regulations, Bank is required to maintain primary GWM in Rupiah amounting to 6.50%, respectively, while GWM for foreign currency amounting to 8.00%, respectively. PLM amounting to 4.00% in Rupiah as of December 31, 2018 and Secondary GWM amounting to 4.00% in Rupiah as of December 31, 2017.

As of December 31, 2018 and 2017, based on the above Bank Indonesia regulations, based on sharia principle, Bank is required to maintain GWM both in Rupiah and in foreign currencies of 5% and 1%, respectively.

As of December 31, 2018 and 2017, Bank must also comply with Bank Indonesia Regulation (PBI) 20/4/PBI/2018 dated March 29, 2018 regarding "Macroprudential Intermediation Ratios and Macroprudential Liquidity Buffers for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Unit".

Primary Minimum Statutory Reserve is a minimum reserve that should be maintained by the Bank in Current Accounts with Bank Indonesia. Secondary Minimum Statutory Reserve and Macroprudential Liquidity Buffer are the minimum reserves that should be maintained by the Bank which comprised of Certificates of Bank Indonesia (SBI), Government Debenture Debt (SUN), Sharia Government Securities (SBSN), and/or excess reserve which represent the excess reserve of the Bank's Current Accounts in Rupiah over the Primary Minimum Statutory Reserve, Minimum Statutory Reserve on LFR and Macroprudential Intermediation Ratio (RIM). Minimum Statutory Reserve on LFR and RIM is the additional reserve that should be maintained by the Bank in the form of Current Accounts with Bank Indonesia, if the Bank's LFR and RIM is below the minimum of LFR dan RIM targeted by Bank Indonesia (80%) or if the Bank's LFR and RIM is above the maximum of LFR and RIM targeted by BI (92%) and the Capital Adequacy Ratio (CAR) is below BI requirement of 14%.

The Bank has complied with Bank Indonesia regulations concerning the minimum reserve requirements as of December 31, 2018 and 2017.

The remaining period of current accounts with Bank Indonesia is categorized as less than one month (Note 46).

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**6. GIRO PADA BANK LAIN**

a. Berdasarkan mata uang

	31 Desember/December 31, 2018		31 Desember/December 31, 2017		
	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	
Rupiah		110.735		206.393	Rupiah
Mata uang asing					Foreign currencies
Dolar Amerika Serikat	92.897.525	1.335.866	23.077.433	313.103	United States Dollar
Yen Jepang	724.394.891	94.620	103.744.638	12.503	Japanese Yen
Singapura Dollar	4.321.332	45.611	2.368.534	24.051	Singapore Dollar
Euro Eropa	104.380	1.716	104.380	1.695	European Euro
Renminbi	105.639	221	120.902	252	Renminbi
		1.478.034		351.604	
Total		1.588.769		557.997	Total
Dikurangi cadangan kerugian penurunan nilai		(1.718)		(1.696)	Less allowance for impairment losses
<b>Neto</b>		<b>1.587.051</b>		<b>556.301</b>	<b>Net</b>

b. Berdasarkan bank

b. By bank

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<u>Rupiah</u>			<u>Rupiah</u>
<u>Pihak Ketiga</u>			<u>Third Parties</u>
PT Bank Maybank Indonesia Tbk	97.661	118.142	PT Bank Maybank Indonesia Tbk
PT Bank Central Asia Tbk	5.602	76.102	PT Bank Central Asia Tbk
Standard Chartered Bank, Jakarta	4.630	6.016	Standard Chartered Bank, Jakarta
PT Bank Pembangunan Daerah Jawa Tengah	707	2.612	PT Bank Pembangunan Daerah Jawa Tengah
Citibank N.A., Jakarta	925	925	Citibank N.A., Jakarta
Lainnya	361	467	Others
	109.886	204.264	
<u>Pihak Berelasi (Catatan 43)</u>			<u>Related Parties (Note 43)</u>
PT Bank Rakyat Indonesia (Persero) Tbk	741	1.721	PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Syariah Mandiri	108	362	PT Bank Syariah Mandiri
PT Bank Negara Indonesia (Persero) Tbk	-	36	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Mandiri (Persero) Tbk	-	10	PT Bank Mandiri (Persero) Tbk
	849	2.129	



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**6. GIRO PADA BANK LAIN (lanjutan)**

**6. CURRENT ACCOUNTS WITH OTHER BANKS (continued)**

b. Berdasarkan bank (lanjutan)

b. By bank (continued)

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<u>Mata uang asing</u>			<u>Foreign currencies</u>
<u>Pihak Ketiga</u>			<u>Third Parties</u>
Standard Chartered Bank, Jakarta	283.211	145	Standard Chartered Bank, Jakarta
PT Bank Central Asia Tbk	270.865	58.493	PT Bank Central Asia Tbk
PT Bank DBS Indonesia	45.611	24.050	PT Bank DBS Indonesia
Citibank N.A., Jakarta	6.865	6.478	Citibank N.A., Jakarta
Indonesische Overzeese Bank N.V., Amsterdam	1.718	1.696	Indonesische Overzeese Bank N.V., Amsterdam
PT Bank ICBC Indonesia	221	252	PT Bank ICBC Indonesia
	608.491	91.114	
<u>Pihak Berelasi (Catatan 43)</u>			<u>Related Parties (Note 43)</u>
PT Bank Mandiri (Persero) Tbk	769.636	244.078	PT Bank Mandiri (Persero) Tbk
PT Bank Negara Indonesia (Persero) Tbk	99.907	16.412	PT Bank Negara Indonesia (Persero) Tbk
	869.543	260.490	
Total	1.588.769	557.997	Total
Dikurangi cadangan kerugian penurunan nilai	(1.718)	(1.696)	Less allowance for impairment losses
<b>Neto</b>	<b>1.587.051</b>	<b>556.301</b>	<b>Net</b>

Dalam giro pada bank lain termasuk giro yang didasarkan pada prinsip perbankan syariah sebesar Rp108 dan Rp362, masing-masing pada tanggal 31 Desember 2018 dan 2017.

Current accounts with other banks include current accounts based on sharia banking principles amounting to Rp108 and Rp362, as of December 31, 2018 and 2017, respectively.

c. Tingkat suku bunga rata-rata per tahun untuk giro pada bank lain adalah sebagai berikut:

c. Average annual interest rates for current accounts with other banks are as follows:

	2018	2017	
Rupiah	1,23%	0,33%	Rupiah
Mata uang asing	2,19%	0,04%	Foreign currencies

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**6. GIRO PADA BANK LAIN (lanjutan)**

**d. Kolektibilitas**

Pada tanggal 31 Desember 2018 dan 2017, kolektibilitas giro pada bank lain adalah sebagai berikut :

	<b>31 Desember/ December 31, 2018</b>	<b>31 Desember/ December 31, 2017</b>
Lancar	1.587.051	556.301
Macet	1.718	1.696
Total	1.588.769	557.997
Dikurangi cadangan kerugian penurunan nilai	(1.718)	(1.696)
<b>Neto</b>	<b>1.587.051</b>	<b>556.301</b>

e. Pada tanggal 31 Desember 2018 dan 2017, tidak terdapat saldo giro pada bank lain yang digunakan sebagai agunan.

f. Perubahan cadangan kerugian penurunan nilai giro pada bank lain adalah sebagai berikut:

	<b>31 Desember/ December 31, 2018</b>	<b>31 Desember/ December 31, 2017</b>
Saldo awal tahun	1.696	1.482
Penyisihan kerugian penurunan selama tahun berjalan (Catatan 33)	22	214
<b>Saldo akhir period</b>	<b>1.718</b>	<b>1.696</b>

Manajemen berpendapat bahwa jumlah cadangan kerugian atas giro pada bank lain yang dibentuk telah memadai.

g. Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai diungkapkan pada Catatan 46.

**6. CURRENT ACCOUNTS WITH OTHER BANKS (continued)**

**d. Collectibility**

As of December 31, 2018 and 2017, the collectibility of current accounts with other banks are as follows:

	<b>31 Desember/ December 31, 2018</b>	<b>31 Desember/ December 31, 2017</b>	
Lancar	1.587.051	556.301	Current
Macet	1.718	1.696	Loss
Total	1.588.769	557.997	Total
Dikurangi cadangan kerugian penurunan nilai	(1.718)	(1.696)	Less allowance for impairment losses
<b>Neto</b>	<b>1.587.051</b>	<b>556.301</b>	<b>Net</b>

e. As of December 31, 2018 and 2017, there are no current accounts with other banks which are used as collateral.

f. The movements in the allowance for impairment losses on current accounts with other banks are as follows:

	<b>31 Desember/ December 31, 2018</b>	<b>31 Desember/ December 31, 2017</b>	
Saldo awal tahun	1.696	1.482	Balance at beginning of year
Penyisihan kerugian penurunan selama tahun berjalan (Catatan 33)	22	214	Provision for impairment losses during the year (Note 33)
<b>Saldo akhir period</b>	<b>1.718</b>	<b>1.696</b>	<b>Balance at end of period</b>

The management believes that the allowance for impairment losses provided on current accounts with other banks is adequate.

g. Information with respect to classification of impaired and not impaired of financial assets are disclosed in Note 46.

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**7. PENEMPATAN PADA BANK INDONESIA DAN BANK LAIN**

**7. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS**

a. Berdasarkan mata uang dan jenis

a. Based on currency and type

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<u>Rupiah</u>		
<u>Pihak Ketiga</u>		
Term Deposit Bank Indonesia	12.496.316	5.998.644
Deposit Facility Bank Indonesia	7.198.950	14.798.542
Deposit Facility Syariah		
Bank Indonesia	4.005.000	3.894.000
Sertifikat Bank Indonesia Syariah	100.000	-
	23.800.266	24.691.186
<u>Pihak Berelasi (Catatan 43)</u>		
Tabungan		
PT Bank Mandiri (Persero) Tbk	3.644	6.317
	3.644	6.317
<u>Mata uang asing</u>		
<u>Pihak Ketiga</u>		
Term Deposit Bank Indonesia	2.660.850	-
<b>Total</b>	<b>26.464.760</b>	<b>24.697.503</b>

<u>Rupiah</u>	
<u>Third Parties</u>	
Term Deposit Bank Indonesia	
Deposit Facility Bank Indonesia	
Deposit Facility Sharia	
Bank Indonesia	
Bank Indonesia Sharia Certificate	
<u>Related Party (Note 43)</u>	
<u>Savings Deposits</u>	
PT Bank Mandiri (Persero) Tbk	
<u>Foreign currencies</u>	
<u>Third Parties</u>	
Term Deposit Bank Indonesia	

Dalam penempatan pada Bank Indonesia dan bank lain termasuk penempatan yang didasarkan pada prinsip perbankan syariah sebesar Rp4.105.000 dan Rp3.894.000, masing-masing pada tanggal 31 Desember 2018 dan 2017.

As of December 31, 2018 and 2017, placements with Bank Indonesia and other banks include placements based on sharia banking principles amounting to Rp4,105,000 and Rp3,894,000, respectively.

b. Berdasarkan Sisa Umur Hingga Jatuh Tempo

b. Based on Remaining Period Until Maturity

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
≤ 1 bulan	26.364.760	24.697.503
> 1 bulan ≤ 6 bulan	25.000	-
> 1 tahun	75.000	-
<b>Total</b>	<b>26.464.760</b>	<b>24.697.503</b>

≤ 1 month	
> 1 month ≤ 6 months	
> 1 year	

c. Tingkat suku bunga rata-rata per tahun untuk penempatan pada Bank Indonesia dan bank lain:

c. Average annual interest rates for placement with Bank Indonesia and other banks:

	Tahun yang berakhir pada tanggal 31 Desember/Year Ended December 31	
	2018	2017
Rupiah	4,39%	5,20%
Mata Uang Asing	0,81%	-

<u>Rupiah</u>	
<u>Foreign Currencies</u>	

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**7. PENEMPATAN PADA BANK INDONESIA DAN BANK LAIN (lanjutan)**

- d. Seluruh penempatan pada bank lain dan Bank Indonesia pada tanggal-tanggal 31 Desember 2018 dan 2017 diklasifikasikan sebagai lancar.
- e. Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai tidak diperlukan pada tanggal 31 Desember 2018 dan 2017, karena manajemen berkeyakinan bahwa penempatan pada Bank Indonesia dan bank lain dapat ditagih.
- f. Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai diungkapkan pada Catatan 46.

**7. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)**

- d. All placements with other banks and Bank Indonesia as of December 31, 2018 and 2017, are classified as current.
- e. Management believes that no allowance for impairment losses is necessary as of December 31, 2018 and 2017, because management believes that placements with Bank Indonesia and other banks are fully collectible.
- f. Information with respect to classification of impaired and not impaired of financial assets are disclosed in Note 46.

**8. EFEK-EFEK**

- a. Berdasarkan mata uang, jenis dan penerbit

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<u>Nilai wajar melalui laba rugi</u> <u>Rupiah</u>		
<u>Pihak Ketiga</u>		
Sertifikat Bank Indonesia	3.005.636	-
Sertifikat Deposito Bank Indonesia	1.141.501	4.857.775
	4.147.137	4.857.775
<u>Tersedia untuk dijual</u> <u>Rupiah</u>		
<u>Pihak Ketiga</u>		
Sertifikat Deposito Bank Indonesia	-	578.665
<u>Obligasi</u>		
PT BPD Sulawesi Selatan dan Barat (Sulselbar) Sukuk Mudharabah II 2016	15.458	16.580
PT BPD Sumatera Barat (Bank Nagari) Sukuk Mudharabah II 2015	10.108	10.650
PT Bank OCBC NISP Tbk Tahap I Seri B 2016	-	50.363
Tahap II Seri C 2015	-	46.739
PT Bank Tabungan Pensiunan Nasional Tbk Tahap II 2017	-	24.969

**8. SECURITIES**

- a. Based on currency, type and issuer

<u>Fair value through profit or loss</u> <u>Rupiah</u>
<u>Third Parties</u>
Certificates of Bank Indonesia Deposits Certificates of Bank Indonesia
<u>Available-for-sale</u> <u>Rupiah</u>
<u>Third Parties</u>
Deposits Certificates of Bank Indonesia
<u>Bonds</u>
PT BPD Sulawesi Selatan dan Barat (Sulselbar) Sukuk Mudharabah II 2016
PT BPD Sumatera Barat (Bank Nagari) Sukuk Mudharabah II 2015
PT Bank OCBC NISP Tbk Phase I Series B 2016
Phase II Series C 2015
PT Bank Tabungan Pensiunan Nasional Tbk Phase II 2017

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**8. EFEK-EFEK (lanjutan)**

a. Berdasarkan mata uang, jenis dan penerbit (lanjutan)

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<u>Tersedia untuk dijual (lanjutan)</u>		
<u>Rupiah (lanjutan)</u>		
<u>Pihak Ketiga (lanjutan)</u>		
<i>Negotiable Certificate of Deposits</i>		
PT BPD Jawa Barat dan Banten Tbk		
Tahap II Seri B 2017	95.160	88.840
Tahap I Seri B 2017	-	24.295
Tahap I Seri C 2017	-	23.457
Tahap II Seri A 2017	-	47.660
PT BPD Jawa Tengah		
Seri A Tahun 2018	48.695	-
PT Bank CIMB Niaga Tbk		
Tahap III Seri C 2017	-	58.578
<i>Medium Term Notes</i>		
PT BPD Jawa Tengah		
MTN Syariah Mudharabah		
Tahap I 2017	24.339	24.946
PT BPD Jawa Barat dan Banten Tbk		
Tahap II 2016	-	100.039
<i>Reksadana</i>		
Reksadana EMCO Terproteksi	-	82.432
<i>Efek Beragun Aset</i>		
EBA - SP - BTN04		
Kelas B	154.216	-
EBA - SP - BTN02		
Kelas B	107.178	80.765
EBA - SP - BTN03		
Kelas B	78.109	80.765
KIK EBA BTN 04		
Kelas B	60.329	60.946
EBA - SP - BTN04		
Kelas A	19.156	-
EBA - SP - BTN01		
Kelas B	17.040	17.199
EBA - SP - BTN03		
Kelas A	7.724	12.763
	637.512	1.430.651

**8. SECURITIES (continued)**

a. Based on currency, type and issuer (continued)

<u>Available-for-sale (continued)</u>
<u>Rupiah (continued)</u>
<u>Third Parties (continued)</u>
<i>Negotiable Certificate of Deposits</i>
PT BPD Jawa Barat dan Banten Tbk
Phases II Series B 2017
Phases I Series B 2017
Phases I Series C 2017
Phases II Series A 2017
PT BPD Jawa Tengah
Series A Year 2018
PT Bank CIMB Niaga Tbk
Phase III Series C 2017
<i>Medium Term Notes</i>
PT BPD Jawa Tengah
MTN Syariah Mudharabah
Phase I 2017
PT BPD Jawa Barat dan Banten Tbk
Phases II 2016
<i>Mutual Funds</i>
Protected EMCO Mutual Funds
<i>Asset Backed Securities</i>
EBA - SP - BTN04
Class B
EBA - SP - BTN02
Class B
EBA - SP - BTN03
Class B
KIK EBA BTN 04
Class B
EBA - SP - BTN04
Class A
EBA - SP - BTN01
Class B
EBA - SP - BTN03
Class A

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**8. EFEK-EFEK (lanjutan)**

a. Berdasarkan mata uang, jenis dan penerbit (lanjutan)

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<u>Tersedia untuk dijual (lanjutan)</u>		
<u>Rupiah (lanjutan)</u>		
<u>Pihak Berelasi (Catatan 43)</u>		
<u>Obligasi</u>		
PT Bank Rakyat Indonesia (Persero) Tbk		
Tahap III Seri A 2017	198.072	202.180
Tahap III Seri B 2016	-	102.211
Tahap II Seri B 2016	-	30.851
PT Bank Mandiri (Persero) Tbk		
Tahap II 2017 Seri D	133.551	126.581
Tahap I 2016 Seri A	24.860	25.363
PT Perusahaan Listrik Negara (Persero)		
Sukuk Tahap II 2017 Seri B	46.522	51.726
Sukuk Tahap II 2017 Seri A	23.456	25.078
PT Bank Mandiri Taspen Pos		
Tahap I Seri A 2017	34.710	35.720
PT Kereta Api Indonesia (Persero)		
Tahun 2017 Seri A	28.662	29.834
PT Timah (Persero) Tbk		
Tahap I Tahun 2017	4.884	5.005
<u>Negotiable Certificate of Deposits</u>		
PT Bank Negara Indonesia (Persero) Tbk		
Seri F 2016	97.060	90.830
Tahap II Seri A 2017	-	172.987
Seri E 2016	-	131.342
Tahap II Seri B 2016	-	14.799
<u>Efek Beragunan Aset</u>		
PT Indonesia Power		
KIK EBA IP PLN		
Seri A Tahun 2017	112.276	141.235
<u>Medium Term Notes</u>		
Perum Perumnas		
Tahap III 2018 Seri A	101.709	-
	805.762	1.185.742
<u>Mata Uang Asing</u>		
<u>Dolar Amerika Serikat</u>		
<u>Pihak Berelasi (Catatan 43)</u>		
<u>Medium Term Notes</u>		
Lembaga Pembiayaan		
Ekspor Indonesia		
EMTN Programme		
Indonesia Eximbank - 2017	68.350	-
	68.350	-
	1.511.624	2.616.393

**8. SECURITIES (continued)**

a. Based on currency, type and issuer (continued)

<u>Available-for-sale (continued)</u>
<u>Rupiah (continued)</u>
<u>Related Parties (Note 43)</u>
<u>Bonds</u>
PT Bank Rakyat Indonesia (Persero) Tbk
Phase III Series A 2017
Phase III Series B 2016
Phase II Series B 2016
PT Bank Mandiri (Persero) Tbk
Phase II Series D 2017
Phase I Series A 2016
PT Perusahaan Listrik Negara (Persero)
Sukuk Phase II Series B 2017
Sukuk Phase II Series A 2017
PT Bank Mandiri Taspen Pos
Phase I Series A 2017
PT Kereta Api Indonesia (Persero)
Year 2017 Series A
PT Timah (Persero) Tbk
Phase I 2017
<u>Negotiable Certificate of Deposits</u>
PT Bank Negara Indonesia (Persero) Tbk
Series F 2016
Phases II Series A 2017
Series E 2016
Phases II Series B 2016
<u>Asset Backed Securities</u>
PT Indonesia Power
KIK EBA IP PLN
Series A Year 2017
<u>Medium Term Notes</u>
Perum Perumnas
Phase III 2018 Series A
<u>Foreign Currencies</u>
<u>United States Dollar</u>
<u>Related Parties (Note 43)</u>
<u>Medium Term Notes</u>
Lembaga Pembiayaan
Ekspor Indonesia
EMTN Programme
Indonesia Eximbank - 2017



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**8. EFEK-EFEK (lanjutan)**

- a. Berdasarkan mata uang, jenis dan penerbit (lanjutan)

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<u>Dimiliki hingga jatuh tempo</u>		
<u>Rupiah</u>		
<u>Pihak Ketiga</u>		
<u>Obligasi</u>		
PT Berlian Laju Tanker Tbk		
Sukuk Ijarah 2007	2.000	2.000
Efek Beragunan Aset		
KIK EBA BTN 05		
Kelas B	120.000	120.000
KIK EBA BTN 03		
Kelas B	60.000	60.000
KIK EBA BTN 02		
Kelas B	19.415	42.200
EBA-SP-BTN 02		
Kelas A1	5.482	12.879
KIK EBA BTN 01		
Kelas B	-	6.353
KIK EBA BTN 05		
Kelas A1	-	354
	206.897	243.786
<u>Pihak Berelasi (Catatan 43)</u>		
<u>Obligasi</u>		
PT Perusahaan Listrik		
Negara (Persero)		
Sukuk Ijarah IV 2010	3.000	3.000
	3.000	3.000
	209.897	246.786
Total	5.868.658	7.720.954
Cadangan kerugian		
penurunan nilai	(20.173)	(14.923)
<b>Neto</b>	<b>5.848.485</b>	<b>7.706.031</b>

**8. SECURITIES (continued)**

- a. Based on currency, type and issuer (continued)

<u>Held-to-maturity</u>	
<u>Rupiah</u>	
<u>Third Parties</u>	
<u>Bonds</u>	
PT Berlian Laju Tanker Tbk	
Sukuk Ijarah 2007	
Asset Backed Securities	
KIK EBA BTN 05	
Class B	
KIK EBA BTN 03	
Class B	
KIK EBA BTN 02	
Class B	
EBA - SP-BTN02	
Class A1	
KIK EBA BTN 01	
Class B	
KIK EBA BTN 05	
Class A1	
<u>Related Parties (Note 43)</u>	
<u>Bonds</u>	
PT Perusahaan Listrik	
Negara (Persero)	
Sukuk Ijarah IV 2010	
Total	
Allowance for	
impairment losses	
<b>Net</b>	

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**8. EFEK-EFEK (lanjutan)**

**b. Jatuh tempo dan suku bunga**

**8. SECURITIES (continued)**

**b. Maturity and interest rate**

Penerbit	Jenis/ Type	Tanggal Jatuh Tempo/ Maturity Date	Suku Bunga/ Bagi Hasil Per Tahun/ Annual Interest Rate/ Profit Sharing	Issuer
Rupiah Bank Indonesia	Sertifikat Bank Indonesia, Sertifikat Deposito Bank Indonesia/ Bank Indonesia Certificates, Deposits Certificates Of Bank Indonesia	< 1 tahun/ < 1 year	5,70% s.d 6,66%, dan 5,04% s.d 6,20% untuk periode yang berakhir masing masing pada tanggal 31 Desember 2018 dan 2017/ 5.70% to 6.66% and 5.04% to 6.20% for periods ended December 31, 2018 and 2017, respectively	Rupiah Bank Indonesia
PT BPD Sulawesi Selatan dan Barat (Sulselbar) Sukuk Mudharabah II 2016	Obligasi/Bonds	15 Juli/ July 15, 2021	9,35% tetap/ fixed	PT BPD Sulawesi Selatan dan Barat (Sulselbar) Sukuk Mudharabah II 2016
PT BPD Sumatera Barat (Bank Nagari) Sukuk Mudharabah II 2015	Obligasi/Bonds	8 Januari/ January 8, 2021	10,99% tetap/ fixed	PT BPD Sumatera Barat (Bank Nagari) Sukuk Mudharabah II 2015
PT Bank OCBC NISP Tbk Tahap II Seri C 2015	Obligasi/Bonds	10 Februari/ February 10, 2018	9,80% tetap/ fixed	PT Bank OCBC NISP Tbk Phase II Series C 2015
Tahap I Seri B 2016	Obligasi/Bonds	11 Mei/ May 11, 2018	8,00% tetap/ fixed	Phase I Series B 2016
PT Bank Tabungan Pensiunan Nasional Tbk Tahap II 2017	Obligasi/Bonds	27 Oktober/ October 27, 2018	6,60% tetap/ fixed	PT Bank Tabungan Pensiunan Nasional Tbk Phase II 2017
PT BPD Jawa Barat dan Banten Tbk Tahap II 2016	Medium Term Notes Negotiable	8 Januari/ January 8, 2018	9,00% tetap/ fixed	PT BPD Jawa Barat dan Banten Tbk Phase II 2016
Tahap I Seri B 2017	Certificate of Deposits Negotiable	21 Juni/ June 21, 2018	7,60% tetap/ fixed	Phase I Series B 2017
Tahap I Seri C 2017	Certificate of Deposits Negotiable	21 Desember/ December 21, 2018	7,80% tetap/ fixed	Phase I Series C 2017
Tahap II Seri A 2017	Certificate of Deposits Negotiable	2 Oktober/ October 2, 2018	6,85% tetap/ fixed	Phase II Series A 2017
Tahap II Seri B 2017	Certificate of Deposits	2 Oktober/ October 2, 2019	7,20% tetap/ fixed	Phase II Series B 2017
PT BPD Jawa Tengah MTN Syariah Mudharabah Tahap I 2017	Medium Term Notes Negotiable	12 Desember/ December 12, 2020	8,05% tetap/ fixed	PT BPD Jawa Tengah MTN Syariah Mudharabah Phase I 2017
Seri A Tahun 2018	Certificate of Deposits	21 Mei/ May 21, 2019	8,50% tetap/ fixed	Series A Year 2018
PT Bank CIMB Niaga Tbk Tahap III Seri C 2017	Negotiable Certificate of Deposits	18 Mei/ May 18, 2018	7,45% tetap/ fixed	PT Bank CIMB Niaga Tbk Phase III Series C 2017
PT Bank Rakyat Indonesia (Persero) Tbk Tahap II Seri B 2016	Obligasi/Bonds	4 Februari/ February 4, 2019	9,25% tetap/ fixed	PT Bank Rakyat Indonesia (Persero) Tbk Phase II Series B 2016
Tahap III Seri B 2016	Obligasi/Bonds	25 Mei/ May 25, 2019	8,20% tetap/ fixed	Phase III Series B 2016
Tahap III Seri A 2017	Obligasi/Bonds	24 Agustus/ August 24, 2020	7,60% tetap/ fixed	Phase III Series A 2017

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**8. EFEK-EFEK (lanjutan)**

**b. Jatuh tempo dan suku bunga (lanjutan)**

**8. SECURITIES (continued)**

**b. Maturity and interest rate (continued)**

Penerbit	Jenis/ Type	Tanggal Jatuh Tempo/ Maturity Date	Suku Bunga/ Bagi Hasil Per Tahun/ Annual Interest Rate/ Profit Sharing	Issuer
Rupiah (lanjutan)				Rupiah (continued)
PT Bank Mandiri (Persero) Tbk Tahap I Seri A 2016	Obligasi/Bonds	30 September/ September 30, 2021	7,95% tetap/ fixed	PT Bank Mandiri (Persero) Tbk Phase I Series A 2016
Tahap II Seri D 2017	Obligasi/Bonds	15 Juni/ June 15, 2020	7,80% tetap/ fixed	Phase II Series D 2017
PT Perusahaan Listrik Negara (Persero) Sukuk Ijarah IV 2010	Obligasi/Bonds	12 Januari/ January 12, 2020	12,55% tetap/ fixed	PT Perusahaan Listrik Negara (Persero) Sukuk Ijarah IV 2010
Sukuk Tahap II 2017 Seri A	Obligasi/Bonds	3 November/ November 3, 2022	7,20% tetap/ fixed	Sukuk Phase II Series A 2017
Sukuk Tahap II 2017 Seri B	Obligasi/Bonds	3 November/ November 3, 2027	8,20% tetap/ fixed	Sukuk Phase II Series B 2017
PT Mandiri Taspen Pos Tahap I 2017 Seri A	Obligasi/Bonds	11 Juli/ July 11, 2020	8,50% tetap/ fixed	PT Mandiri Taspen Pos Phase I Series A 2017
PT Kereta Api Indonesia (Persero) Tahun 2017 Seri A	Obligasi/Bonds	21 November/ November 21, 2022	7,75% tetap/ fixed	PT Kereta Api Indonesia (Persero) Year 2017 Series A
PT Timah (Persero) Tbk Tahap I Tahun 2017	Obligasi/Bonds	28 September/ September 28, 2020	8,50% tetap/ fixed	PT Timah (Persero) Tbk Phase I 2017
PT Bank Negara Indonesia Tbk Tahap II Seri B 2016 Seri E 2016	Negotiable Certificate of Deposits	26 Maret/ March 26, 2018	7,60% tetap/ fixed	PT Bank Negara Indonesia Tbk Phases II Series B 2016 Series E 2016
Seri F 2016	Negotiable Certificate of Deposits	15 Juni/ June 15, 2018	8,25% tetap/ fixed	Series F 2016
Tahap II Seri A 2017	Negotiable Certificate of Deposits	14 Juni/ June 14, 2019	8,40% tetap/ fixed	Phases II Series A 2017
Perum Perumnas MTN Tahap III Tahun 2018 Seri A	Medium Term Notes	15 Maret/ March 15, 2018	7,55% tetap/ fixed	Perum Perumnas MTN Phase III Year 2018 Series A
PT Indonesia Power KIK EBA IP PLN Seri A Tahun 2017	Efek Beragunan Aset/ Asset Backed Securities	10 Desember/ December 10, 2021	10,75% tetap/ fixed	PT Indonesia Power KIK EBA IP PLN Series A Year 2017
PT Berlian Laju Tanker Tbk Sukuk Ijarah 2007	Obligasi/Bonds	19 September/ September 19, 2022	8,02%	PT Berlian Laju Tanker Tbk Sukuk Ijarah 2007
EBA - SP - BTN01 Kelas B	Obligasi/Bonds	5 Juli/ July 5, 2012	10,35% tetap/ fixed	EBA - SP - BTN 01 Class B
EBA - SP - BTN02 Kelas A1	Efek Beragunan Aset/ Asset Backed Securities	7 Maret/ March 7, 2022	Arus kas tidak tetap/ Variable cash flows	EBA - SP - BTN02 Class A1
		7 Juni/ June 7, 2027	8,15%	

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**8. EFEK-EFEK (lanjutan)**

**b. Jatuh tempo dan suku bunga (lanjutan)**

**8. SECURITIES (continued)**

**b. Maturity and interest rate (continued)**

Penerbit	Jenis/ Type	Tanggal Jatuh Tempo/ Maturity Date	Suku Bunga/ Bagi Hasil Per Tahun/ Annual Interest Rate/ Profit Sharing	Issuer
Rupiah (lanjutan)				Rupiah (continued)
EBA - SP - BTN02 Kelas B	Efek Beragunan Aset/ Asset Backed Securities	7 Juni/ June 7, 2027	Arus kas tidak tetap/ Variable cash flows	EBA - SP - BTN02 Class B
EBA - SP - BTN03 Kelas A	Efek Beragunan Aset/ Asset Backed Securities	28 April/ April 28, 2019	8,00%	EBA - SP - BTN03 Class A
EBA - SP - BTN03 Kelas B	Efek Beragunan Aset/ Asset Backed Securities	7 Juli/ July 7, 2029	Arus kas tidak tetap/ Variable cash flows	EBA - SP - BTN03 Class B
EBA - SP - BTN04 Kelas A	Efek Beragunan Aset/ Asset Backed Securities	27 Desember/ December 27, 2021	7,00%	EBA - SP - BTN04 Class A
EBA - SP - BTN04 Kelas B	Efek Beragunan Aset/ Asset Backed Securities	7 Mei/ May 7, 2029	Arus kas tidak tetap/ Variable cash flows	EBA - SP - BTN04 Class B
KIK - EBA BTN 01 Kelas B	Efek Beragunan Aset / Asset Backed Securities	27 September/ September 27, 2019	Arus kas tidak tetap/ Variable cash flows	KIK - EBA BTN 01 Class B
KIK - EBA BTN 02 Kelas B	Efek Beragunan Aset / Asset Backed Securities	27 Februari/ February 27, 2021	Arus kas tidak tetap/ Variable cash flows	KIK - EBA BTN 02 Class B
KIK - EBA BTN 03 Kelas B	Efek Beragunan Aset/ Asset Backed Securities	7 Januari/ January 7, 2023	Arus kas tidak tetap/ Variable cash flows	KIK - EBA BTN 03 Class B
KIK - EBA BTN 04 Kelas B	Efek Beragunan Aset/ Asset Backed Securities	26 Februari/ February 26, 2022	Arus kas tidak tetap/ Variable cash flows	KIK - EBA BTN 04 Class B
KIK - EBA BTN 05 Kelas A1	Efek Beragunan Aset/ Asset Backed Securities	7 September/ September 7, 2025	10,00%	KIK - EBA BTN 05 Class A1
KIK - EBA BTN 05 Kelas B	Efek Beragunan Aset / Asset Backed Securities	7 September/ September 7, 2025	Arus kas tidak tetap/ Variable cash flows	KIK - EBA BTN 05 Class B
Mata Uang Asing Dolar Amerika Serikat Lembaga Pembiayaan Ekspor Indonesia EMTN Programme Indonesia Eximbank - 2017	Medium Term Notes	6 April/ April 6, 2024	3,88% tetap/ fixed	Foreign Currencies United States Dollar Lembaga Pembiayaan Ekspor Indonesia EMTN Programme Indonesia Eximbank - 2017

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**8. EFEK-EFEK (lanjutan)**

- c. Berdasarkan sisa umur hingga jatuh tempo (efek-efek yang dimiliki hingga jatuh tempo)

	31 Desember December 31, 2018	31 Desember December 31, 2017
≤ 1 tahun	-	13.233
> 1 tahun ≤ 5 tahun	87.897	51.553
> 5 tahun ≤ 10 tahun	120.000	180.000
> 10 tahun	2.000	2.000
	<b>209.897</b>	<b>246.786</b>

- d. Peringkat

Daftar peringkat efek-efek seperti yang dilaporkan oleh PT Pemeringkat Efek Indonesia adalah sebagai berikut:

**8. SECURITIES (continued)**

- c. Remaining period to maturity (held-to-maturity securities)

≤ 1 year
> 1 year ≤ 5 years
> 5 years ≤ 10 years
> 10 years

- d. Rating

The ratings of securities, as reported by PT Pemeringkat Efek Indonesia, are as follows:

Penerbit	Jenis/ Type	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	Issuer
PT BPD Sulawesi Selatan dan Barat (Sulselbar) Sukuk Mudharabah II 2016	Obligasi/Bonds	idA+(sy)	idA+(sy)	PT BPD Sulawesi Selatan and Barat (Sulselbar) Sukuk Mudharabah II 2016
PT BPD Sumatera Barat (Bank Nagari) Sukuk Mudharabah II 2015	Obligasi/Bonds	idA(sy)	idA(sy)	PT BPD Sumatera Barat (Bank Nagari) Sukuk Mudharabah II 2015
PT Bank OCBC NISP Tbk Tahap II Seri C 2015 Tahap I Seri B 2016	Obligasi/Bonds Obligasi/Bonds	- -	idAAA idAAA	PT Bank OCBC NISP Tbk Phase II Series C 2015 Phase I Series B 2016
PT Bank Tabungan Pensiunan Nasional Tbk Tahap II Tahun 2017	Obligasi/Bonds	-	AAA(idn)	PT Bank Tabungan Pensiunan Nasional Tbk Phase II Year 2017
PT BPD Jawa Barat dan Banten Tbk Tahap II 2016	Medium Term Notes	-	idAA-	PT BPD Jawa Barat and Banten Tbk Phase II 2016
PT BPD Jawa Tengah MTN Syariah Mudharabah Tahap I 2017	Medium Term Notes	idAA-(sy)	idAA-(sy)	PT BPD Jawa Tengah MTN Mudharabah Sharia Phase I 2017
PT Bank Rakyat Indonesia (Persero) Tbk Tahap II Seri B 2016 Tahap III Seri B 2016 Tahap III Seri A 2017	Obligasi/Bonds Obligasi/Bonds Obligasi/Bonds	- - idAAA	idAAA idAAA idAAA	PT Bank Rakyat Indonesia (Persero) Tbk Phase II Series B 2016 Phase III Series B 2016 Phase III Series A 2017
PT Bank Mandiri (Persero) Tbk Tahap I Seri A 2016 Tahap II Seri D 2017	Obligasi/Bonds Obligasi/Bonds	idAAA idAAA	idAAA idAAA	PT Bank Mandiri (Persero) Tbk Phase I Series A 2016 Phase II Series D 2017
PT Perusahaan Listrik Negara (Persero) Sukuk Ijarah IV 2010 Sukuk Tahap II 2017 Seri A Sukuk Tahap II 2017 Seri B	Obligasi/Bonds Obligasi/Bonds Obligasi/Bonds	idAAA(sy) idAAA(sy) idAAA(sy)	idAAA(sy) idAAA(sy) idAAA(sy)	PT Perusahaan Listrik Negara (Persero) Sukuk Ijarah IV 2010 Sukuk Phase II 2017 Series A Sukuk Phase II 2017 Series B
PT Mandiri Taspen Pos Tahap I Seri A 2017	Obligasi/Bonds	AA(idn)	AA(idn)	PT Mandiri Taspen Pos Phase I Series A 2017
PT Kereta Api Indonesia (Persero) Tahun 2017 Seri A	Obligasi/Bonds	idAAA	idAAA	PT Kereta Api Indonesia (Persero) Year 2017 Series A
PT Timah (Persero) Tbk Tahap I 2017	Obligasi/Bonds	idA+	idA+	PT Timah (Persero) Tbk Phase I 2017

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**8. EFEK-EFEK (lanjutan)**

**d. Peringkat (lanjutan)**

Daftar peringkat efek-efek seperti yang dilaporkan oleh PT Pemeringkat Efek Indonesia adalah sebagai berikut: (lanjutan)

Penerbit	Jenis/ Type	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	Issuer
PT Indonesia Power KIK EBA IP PLN Seri A Tahun 2017	Efek Beragunan Aset/ Asset Backed Securities	idAAA(sf)	idAAA(sf)	PT Indonesia Power KIK EBA IP PLN Series A Year 2017
Perum Perumnas MTN Tahap III Tahun 2018 Seri A	Medium Term Notes	idBBB+	-	Perum Perumnas MTN Phase III Year 2018 Series A
Lembaga Pembiayaan Ekspor Indonesia EMTN Programme Indonesia Eximbank - 2017	Obligasi/Bonds	idAAA	-	Lembaga Pembiayaan Ekspor Indonesia EMTN Programme Indonesia Eximbank - 2017
PT Berlian Laju Tanker Tbk Sukuk Ijarah 2007	Obligasi/Bonds	idD (sy)	idD (sy)	PT Berlian Laju Tanker Tbk Sukuk Ijarah 2007
EBA - SP -BTN 02 KPR BTN Kelas A	Efek Beragunan Aset/ Asset Backed Securities	idAAA(sf)	idAAA	EBA - SP - BTN 02 KPR BTN Class A
EBA - SP -BTN 03 KPR BTN Kelas A	Efek Beragunan Aset/ Asset Backed Securities	idAAA	idAAA	EBA - SP - BTN 03 KPR BTN Class A
EBA - SP -BTN 04 KPR BTN Kelas A	Efek Beragunan Aset/ Asset Backed Securities	idAAA	idAAA	EBA - SP - BTN 04 KPR BTN Class A
KIK - EBA BTN 05 - KPR BTN Kelas A1	Efek Beragunan Aset/ Asset Backed Securities	-	idAAA	KIK EBA BTN 05 - KPR BTN Class A1

**e. Kolektibilitas**

Kolektibilitas efek-efek adalah sebagai berikut:

**e. Collectibility**

The collectibility of securities are as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
Lancar	5.723.571	7.602.315	Current
Dalam Perhatian Khusus	72.382	68.724	Special Mention
Kurang Lancar	6.922	4.545	Substandard
Diragukan	10.952	7.372	Doubtful
Macet	54.831	37.998	Loss
Total	5.868.658	7.720.954	Total
Cadangan kerugian penurunan nilai	(20.173)	(14.923)	Allowance for impairment losses
<b>Neto</b>	<b>5.848.485</b>	<b>7.706.031</b>	<b>Net</b>



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**8. EFEK-EFEK (lanjutan)**

- f. Perubahan cadangan kerugian penurunan nilai efek-efek adalah sebagai berikut:

	31 Desember December 31, 2018
Rupiah	
Saldo awal tahun	14.923
Penyisihan	
kerugian penurunan nilai	
selama tahun berjalan	
(Catatan 33)	5.250
<b>Saldo akhir</b>	<b>20.173</b>

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai efek-efek yang dibentuk telah memadai.

- g. Bank mengakui keuntungan bersih atas penjualan efek-efek masing-masing sebesar Rp437.553 dan Rp294.486, masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017 yang disajikan dalam akun "Keuntungan dari penjualan efek-efek - neto" di laporan laba rugi dan penghasilan komprehensif lain.
- h. Bank mengakui keuntungan yang belum direalisasi-neto dari kenaikan nilai efek-efek untuk nilai wajar melalui laba rugi sebesar Rp30.316 dan Rp8.145, masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017, yang disajikan dalam akun "Keuntungan yang belum direalisasi dari perubahan nilai wajar efek-efek-neto" di laporan laba rugi dan penghasilan komprehensif lain.
- i. Nilai pasar efek-efek yang diklasifikasikan sebagai "Nilai Wajar melalui laporan Laba Rugi dan Tersedia untuk Dijual" pada tanggal 31 Desember 2018 dan 2017, masing-masing berkisar dari 89,03% sampai dengan 101,71% dan 84,39% sampai dengan 106,50%.

**8. SECURITIES (continued)**

- f. The movements in the allowance for impairment losses on securities are as follows:

	31 Desember/ December 31, 2017	
Rupiah		
Balance at beginning of year	14.441	
Provision for		
impairment losses during		
the year (Note 33)	482	
<b>Balance at end</b>	<b>14.923</b>	

Management believes that the allowance for impairment losses provided on securities is adequate.

- g. The Bank recognized net gain on sale of securities amounting to Rp437,553 and Rp294,486, for the year ended December 31, 2018 and 2017, respectively, which is presented in the statement of profit or loss and other comprehensive income as "Gain on sale of securities - net".
- h. The Bank unrealized gain - net from the increase in value of fair value through profit or loss securities amounting to Rp30,316 and Rp8,145, for the year ended December 31, 2018 and 2017, respectively, which is presented in the statement of profit or loss and other comprehensive income as "Unrealized gain on changes in fair value of securities - net".
- i. As of December 31, 2018 and 2017, the market values of securities classified as fair value through profit or loss and available for sale range from 89.03% to 101.71% and range from 84.39% to 106.50%, respectively.

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**8. EFEK-EFEK (lanjutan)**

- j. Bank mengakui keuntungan yang belum direalisasi bersih (setelah pajak tangguhan) sebesar Rp2.472 dan Rp17.425 dari perubahan nilai wajar efek-efek yang tersedia untuk dijual masing-masing pada posisi 31 Desember 2018 dan 2017 dalam akun keuntungan dan kerugian neto yang belum direalisasi atas efek-efek dan obligasi pemerintah yang tersedia untuk dijual, setelah pajak tangguhan net dalam laporan posisi keuangan.
- k. Mutasi keuntungan/(kerugian) efek-efek tersedia untuk dijual yang belum direalisasi adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
Saldo awal tahun	17.425	(3.586)	Balance at beginning of year
Rugi yang belum direalisasi yang diakui di ekuitas	(10.610)	21.543	Unrealized loss recognized in equity
Jumlah yang direalisasi ke laba rugi	(9.327)	6.472	Amount realized to profit or loss
Efek pajak	4.984	(7.004)	Tax effect
<b>Saldo akhir tahun</b>	<b>2.472</b>	<b>17.425</b>	<b>Balance at end of year</b>

- l. Terdapat investasi efek-efek dengan pihak - pihak berelasi sebesar Rp877.112 dan Rp1.188.742, masing-masing pada tanggal 31 Desember 2018 dan 2017 (Catatan 43).
- m. Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai diungkapkan pada Catatan 46.

**8. SECURITIES (continued)**

- j. The Bank recognized unrealized gain - net (after deferred tax) of Rp2,472 and Rp17,425 from the changes in fair values of available-for-sale securities as of December 31, 2018 and 2017, which are presented as unrealized gain and loss on available-for-sale securities and government bonds, net of deferred tax in the statement of financial position.
- k. Movements in unrealized gain/(loss) on available-for-sale securities are as follows:

- l. As of December 31, 2018 and 2017, investments in securities with related parties amounted to Rp877,112 and Rp1,188,742, respectively (Note 43).
- m. Information with respect to classification of impaired and not impaired financial assets are disclosed in Note 46.

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**9. OBLIGASI PEMERINTAH**

a. Berdasarkan mata uang dan jenis

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<b>Pihak berelasi</b>		
<u>Nilai wajar melalui laba rugi</u>		
<u>Rupiah</u>		
Tingkat bunga tetap		
FR 0070	30.441	33.283
FR 0065	26.058	-
FR 0078	20.425	-
FR 0069	19.073	-
FR 0056	10.148	-
FR 0064	8.776	-
ORI 15	7.560	-
FR 0075	6.311	-
SR 0008	598	103
ORI 14	445	148.827
ORI 13	354	3.178
SR 0009	183	2.759
SR 0010	75	-
FR 0074	-	36.806
FR 0053	-	21.458
FR 0061	-	20.783
FR 0076	-	10.261
SR 0007	-	997
ORI 12	-	103
	130.447	278.558
<b>Zero Coupon Bonds</b>		
SPNS11042019	575.669	-
SPN03190207	497.095	-
SPNS08052019	490.110	-
SPN03190124	298.968	-
SPN03190222	268.312	-
SPN03190110	249.713	-
SPN12190214	148.951	-
SPN12190131	99.533	-
SPN12190314	18.776	-
	2.647.127	-
	2.777.574	278.558
<b>Mata uang asing</b>		
<u>Dolar Amerika Serikat</u>		
Tingkat bunga tetap		
INDON 2023N	-	81.027
INDOIS 2027	-	55.924
INDON 2027	-	41.812
INDON 2028N	-	40.618
	-	219.381
	2.777.574	497.939

**9. GOVERNMENT BONDS**

a. Based on currency and type

<b>Related parties</b>	
<u>Fair value through profit or loss</u>	
<u>Rupiah</u>	
Fixed interest rate	
FR 0070	
FR 0065	
FR 0078	
FR 0069	
FR 0056	
FR 0064	
ORI 15	
FR 0075	
SR 0008	
ORI 14	
ORI 13	
SR 0009	
SR 0010	
FR 0074	
FR 0053	
FR 0061	
FR 0076	
SR 0007	
ORI 12	
<b>Zero Coupon Bonds</b>	
SPNS11042019	
SPN03190207	
SPNS08052019	
SPN03190124	
SPN03190222	
SPN03190110	
SPN12190214	
SPN12190131	
SPN12190314	
<b>Foreign Currencies</b>	
<u>United States Dollar</u>	
Fixed interest rate	
INDON 2023N	
INDOIS 2027	
INDON 2027	
INDON 2028N	

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**9. OBLIGASI PEMERINTAH (lanjutan)**

**9. GOVERNMENT BONDS (continued)**

a. Berdasarkan mata uang dan jenis (lanjutan)

a. Based on currency and type (continued)

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<u>Tersedia untuk dijual</u>			<u>Available-for-sale</u>
<u>Rupiah</u>			<u>Rupiah</u>
Tingkat bunga tetap			Fixed interest rate
FR 0064	447.551	233.227	FR 0064
ORI 013	278.799	303.516	ORI 013
SR 0010	225.720	-	SR 0010
FR 0065	147.662	58.300	FR 0065
FR 0063	127.241	-	FR 0063
FR 0075	99.937	-	FR 0075
FR 0061	58.609	-	FR 0061
FR 0070	50.735	22.188	FR 0070
FR 0062	49.880	57.494	FR 0062
FR 0072	49.316	-	FR 0072
FR 0059	46.636	-	FR 0059
FR 0074	37.344	-	FR 0074
FR 0056	30.443	11.258	FR 0056
SR 0008	30.158	31.045	SR 0008
	1.680.031	717.028	
Tingkat bunga mengambang			Floating interest rate
VR 0031	1.108.811	1.088.775	VR 0031
VR 0029	708.036	704.693	VR 0029
VR 0028	-	807.560	VR 0028
VR 0027	-	559.468	VR 0027
VR 0026	-	383.262	VR 0026
Obligasi Syariah Negara			Government Sharia Bond
PBS 019	101.735	-	PBS 019
PBS 016	59.115	-	PBS 016
PBS 013	24.893	25.229	PBS 013
PBS 011	8.133	8.889	PBS 011
PBS 014	4.076	4.252	PBS 014
SPNS05032019	710	-	SPNS05032019
SPNS08022019	49.030	-	SPNS08022019
SPNS03042019	22.134	-	SPNS03042019
	2.086.673	3.582.128	
<u>Mata uang asing</u>			<u>Foreign Currencies</u>
<u>Dolar Amerika Serikat</u>			<u>United States Dollar</u>
Tingkat bunga tetap			Fixed interest rate
INDOIS 2023	70.402	-	INDOIS 2023
INDON 2047N	54.028	57.953	INDON 2047N
INDON 2048N	13.101	-	INDON 2048N
	137.531	57.953	
	3.904.235	4.357.109	
<u>Dimiliki hingga jatuh tempo</u>			<u>Held-to-maturity</u>
<u>Rupiah</u>			<u>Rupiah</u>
Tingkat bunga tetap			Fixed interest rate
FR 0063	296.250	290.101	FR 0063
FR 0053	248.098	247.456	FR 0053
FR 0056	215.247	214.838	FR 0056
FR 0070	125.704	125.090	FR 0070
FR 0034	64.875	66.569	FR 0034
FR 0069	12.933	12.712	FR 0069
ORI 012	-	607.086	ORI 012
FR 0066	-	35.594	FR 0066
	963.107	1.599.446	

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**9. OBLIGASI PEMERINTAH (lanjutan)**

a. Berdasarkan mata uang dan jenis (lanjutan)

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<u>Dimiliki hingga jatuh tempo (lanjutan)</u>		
<u>Rupiah (lanjutan)</u>		
Tingkat Bunga mengambang		
VR 0031	1.124.338	1.123.940
VR 0029	199.946	199.865
Obligasi Syariah Negara		
Sukuk BI	300.000	-
IFR 0002	-	50.011
Sukuk Negara		
SR 0007	-	559
	1.624.284	1.374.375
	2.587.391	2.973.821
<u>Mata uang asing</u>		
<u>Dolar Amerika Serikat</u>		
Tingkat bunga tetap		
INDON 2019	58.474	60.318
INDOIS 2019	36.229	35.461
INDOIS 2021	29.235	27.774
INDON 2018	-	203.877
INDOIS 2018	-	27.674
	123.938	355.104
	2.711.329	3.328.925
<b>Total</b>	<b>9.393.138</b>	<b>8.183.973</b>

**9. GOVERNMENT BONDS (continued)**

a. Based on currency and type (continued)

<u>Held-to-maturity (continued)</u>	
<u>Rupiah (continued)</u>	
Floating interest rate	
VR 0031	
VR 0029	
Government Sharia Bond	
Sukuk BI	
IFR 0002	
Sukuk Negara	
SR 0007	
<u>Foreign Currencies</u>	
<u>United States Dollar</u>	
Fixed interest rate	
INDON 2019	
INDOIS 2019	
INDOIS 2021	
INDON 2018	
INDOIS 2018	
<b>Total</b>	

b. Berdasarkan jatuh tempo dan suku bunga

b. Based on maturity and interest rate

Keterangan	Tanggal jatuh tempo/ Maturity date	Suku Bunga/ Interest Rate	Description
<u>Nilai wajar melalui laporan laba rugi</u>			<u>Fair value through profit or loss</u>
<u>Rupiah</u>			<u>Rupiah</u>
Tingkat bunga tetap			Fixed interest rate
ORI 012	15 Oktober/ October 15, 2018	9,00% tetap/ fixed	ORI 012
ORI 013	15 Oktober/ October 15, 2019	6,60% tetap/ fixed	ORI 013
ORI 014	15 Oktober/ October 15, 2020	5,85% tetap/ fixed	ORI 014
ORI 015	15 Oktober/ October 15, 2021	8,25% tetap/ fixed	ORI 015
SR 0007	11 Maret/ March 11, 2018	8,25% tetap/ fixed	SR 0007
SR 0008	10 Maret/ March 10, 2019	8,30% tetap/ fixed	SR 0008
SR 0009	10 Maret/ March 10, 2020	6,90% tetap/ fixed	SR 0009
SR 0010	10 Maret/ March 10, 2021	5,90% tetap/ fixed	SR 0010
FR 0053	15 Juli/ July 15, 2021	8,25% tetap/ fixed	FR 0053
FR 0056	15 September/ September 15, 2026	8,375% tetap/ fixed	FR 0056
FR 0061	15 Mei/ May 15, 2022	7,00% tetap/ fixed	FR 0061
FR 0064	15 Mei/ May 15, 2028	6,13% tetap/ fixed	FR 0064
FR 0065	15 Mei/ May 15, 2033	6,63% tetap/ fixed	FR 0065
FR 0069	15 April/ April 15, 2019	7,87% tetap/ fixed	FR 0069

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**9. OBLIGASI PEMERINTAH (lanjutan)**

**b. Berdasarkan jatuh tempo dan suku bunga (lanjutan)**

Keterangan	Tanggal jatuh tempo/ Maturity date	Suku Bunga/ Interest Rate
<u>Nilai wajar melalui laporan laba rugi (lanjutan)</u>		
<u>Rupiah (lanjutan)</u>		
Tingkat bunga tetap (lanjutan)		
FR 0070	15 Maret/ March 15, 2024	8,38% tetap/ fixed
FR 0074	15 Agustus/ August 15, 2032	7,50% tetap/ fixed
FR 0075	14 Mei/ May 14, 2028	7,50% tetap/ fixed
FR 0076	15 Mei/ May 15, 2048	7,38% tetap/ fixed
FR 0078	15 Mei/ May 15, 2029	8,25% tetap/ fixed
Zero Coupon Bonds SPN	Beragam/ Various	Beragam/ Various
<u>Dolar Amerika Serikat</u>		
Tingkat bunga tetap		
INDON 2027	18 Juli/ July 18, 2027	3,85% tetap/ fixed
INDOIS 2027	29 Maret/ March 29, 2027	4,15% tetap/ fixed
INDON 2023N	11 Januari/ January 11, 2023	2,95% tetap/ fixed
INDON 2028N	11 Januari/ January 11, 2028	3,50% tetap/ fixed
<u>Tersedia untuk dijual</u>		
<u>Rupiah</u>		
Tingkat bunga tetap		
ORI 013	15 Oktober/ October 15, 2019	6,60% tetap/ fixed
SR 008	10 Maret/ March 10, 2019	8,30% tetap/ fixed
SR 010	10 Maret/ March 10, 2021	5,90% tetap/ fixed
FR 0056	15 September/ September 15, 2026	8,38% tetap/ fixed
FR 0059	15 Mei/ May 15, 2027	7,00% tetap/ fixed
FR 0061	15 Mei/ May 15, 2022	7,00% tetap/ fixed
FR 0062	15 April/ April 15, 2042	6,38% tetap/ fixed
FR 0063	15 Mei/ May 15, 2023	5,63% tetap/ fixed
FR 0064	15 Mei/ May 15, 2028	6,13% tetap/ fixed
FR 0065	15 Mei/ May 15, 2033	6,63% tetap/ fixed
FR 0070	15 Maret/ March 15, 2024	8,38% tetap/ fixed
FR 0072	15 Mei/ May 15, 2036	8,25% tetap/ fixed
FR 0074	15 Agustus/ August 15, 2032	7,50% tetap/ fixed
FR 0075	14 Mei/ May 15, 2028	7,50% tetap/ fixed
Obligasi Syariah Negara		
PBS 011	15 Agustus/ August 15, 2023	8,75% tetap/ fixed
PBS 013	15 Mei/ May 15, 2019	6,25% tetap/ fixed
PBS 014	15 Mei/ May 15, 2021	6,50% tetap/ fixed
PBS 016	15 Maret/ March 15, 2020	6,25% tetap/ fixed
PBS 019	15 September/ September 15, 2023	8,25% tetap/ fixed

**9. GOVERNMENT BONDS (continued)**

**b. Based on maturity and interest rate (continued)**

Description	Suku Bunga/ Interest Rate
<u>Fair value through profit or loss (continued)</u>	
<u>Rupiah (continued)</u>	
Fixed interest rate (continued)	
FR 0070	8,38% tetap/ fixed
FR 0074	7,50% tetap/ fixed
FR 0075	7,50% tetap/ fixed
FR 0076	7,38% tetap/ fixed
FR 0078	8,25% tetap/ fixed
Zero Coupon Bonds SPN	Beragam/ Various
<u>United States Dollar</u>	
Fixed interest rate	
INDON 2027	3,85% tetap/ fixed
INDOIS 2027	4,15% tetap/ fixed
INDON 2023N	2,95% tetap/ fixed
INDON 2028N	3,50% tetap/ fixed
<u>Available-for-sale</u>	
<u>Rupiah</u>	
Fixed interest rate	
ORI 013	6,60% tetap/ fixed
SR 008	8,30% tetap/ fixed
SR 010	5,90% tetap/ fixed
FR 0056	8,38% tetap/ fixed
FR 0059	7,00% tetap/ fixed
FR 0061	7,00% tetap/ fixed
FR 0062	6,38% tetap/ fixed
FR 0063	5,63% tetap/ fixed
FR 0064	6,13% tetap/ fixed
FR 0065	6,63% tetap/ fixed
FR 0070	8,38% tetap/ fixed
FR 0072	8,25% tetap/ fixed
FR 0074	7,50% tetap/ fixed
FR 0075	7,50% tetap/ fixed
Government Sharia Bonds	
PBS 011	8,75% tetap/ fixed
PBS 013	6,25% tetap/ fixed
PBS 014	6,50% tetap/ fixed
PBS 016	6,25% tetap/ fixed
PBS 019	8,25% tetap/ fixed



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**9. OBLIGASI PEMERINTAH (lanjutan)**

b. Berdasarkan jatuh tempo dan suku bunga (lanjutan)

Keterangan	Tanggal jatuh tempo/ Maturity date	Suku Bunga/ Interest Rate
<u>Tersedia untuk dijual (lanjutan)</u> <u>Rupiah (lanjutan)</u>		
Obligasi Syariah Negara SPNS05032019	5 Maret/ March 5, 2019	Beragam/ Various
SPNS08022019	8 Februari/ February 8, 2019	Beragam/ Various
SPNS03042019	3 April/ April 3, 2019	Beragam/ Various
Tingkat bunga mengambang VR 0026	25 Januari/ January 25, 2018	SPN 3 bulan/ months
VR 0027	25 Juli/ July 25, 2018	SPN 3 bulan/ months
VR 0028	25 Agustus/ August 25, 2018	SPN 3 bulan/ months
VR 0029	25 Agustus/ August 25, 2019	SPN 3 bulan/ months
VR 0031	25 Juli/ July 25, 2020	SPN 3 bulan/ months
<u>Dolar Amerika Serikat</u> Tingkat bunga tetap INDOIS 2023	01 Maret/ March 01, 2023	3,75% tetap/ fixed
INDON 2047N	18 Juli/ July 18, 2047	4,75% tetap/ fixed
INDON 2048N	11 Januari/ January 11, 2048	4,35% tetap/ fixed
<u>Dimiliki hingga jatuh tempo</u> <u>Rupiah</u>		
Tingkat bunga tetap FR 0034	15 Juni/ June 15, 2021	12,80% tetap/ fixed
FR 0053	15 Juli/ July 15, 2021	8,25% tetap/ fixed
FR 0056	15 September/ September 15, 2026	8,38% tetap/ fixed
FR 0063	15 Mei/ May 15, 2023	5,63% tetap/ fixed
FR 0066	15 Mei/ May 15, 2018	5,25% tetap/ fixed
FR 0069	15 April/ April 15, 2019	7,88% tetap/ fixed
FR 0070	15 Maret/ March 15, 2024	8,38% tetap/ fixed
ORI 012	15 Oktober/ October 15, 2018	9,00% tetap/ fixed
Tingkat bunga mengambang VR 0029	25 Agustus/ August 25, 2019	SPN 3 bulan/ months
VR 0031	25 Juli/ July 25, 2020	SPN 3 bulan/ months
Obligasi Syariah Negara IFR 0002	15 Agustus/ August 15, 2018	11,95% tetap/ fixed
Sukuk BI	4 Januari/ January 4, 2019	6,20% tetap/ fixed
Sukuk Negara SR 0007	11 Maret/ March 11, 2018	8,25% tetap/ fixed

**9. GOVERNMENT BONDS (continued)**

b. Based on maturity and interest rate (continued)

Description
<u>Available-for-sale (continued)</u> <u>Rupiah (continued)</u>
Government Sharia Bonds SPNS05032019
SPNS08022019
SPNS03042019
Floating interest rate VR 0026
VR 0027
VR 0028
VR 0029
VR 0031
<u>United States Dollar</u> Fixed interest rate INDOIS 2023
INDON 2047N
INDON 2048N
<u>Held-to-maturity</u> <u>Rupiah</u>
Fixed interest rate FR 0034
FR 0053
FR 0056
FR 0063
FR 0066
FR 0069
FR 0070
ORI 012
Floating interest rate VR 0029
VR 0031
Government Sharia Bond IFR 0002
Sukuk BI
Sukuk Negara SR 0007

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**9. OBLIGASI PEMERINTAH (lanjutan)**

**9. GOVERNMENT BONDS (continued)**

b. Berdasarkan jatuh tempo dan suku bunga (lanjutan)

b. Based on maturity and interest rate (continued)

Keterangan	Tanggal jatuh tempo/ Maturity date	Suku Bunga/ Interest Rate	Description
<u>Dolar Amerika Serikat</u>			<u>United States Dollar</u>
Tingkat bunga tetap			Fixed interest rate
INDON 2019	4 Maret/ March 4, 2019	11,63% tetap/ fixed	INDON 2019
INDOIS 2018	21 November/ November 21, 2018	4,00% tetap/ fixed	INDOIS 2018
INDOIS 2019	15 Maret/ March 15, 2019	6,13% tetap/ fixed	INDOIS 2019
INDOIS 2021	29 Maret/ March 29, 2021	3,40% tetap/ fixed	INDOIS 2021
INDON 2018	29 Januari/ January 29, 2018	6,88% tetap/ fixed	INDON 2018

Obligasi pemerintah (tersedia untuk dijual) sejumlah nominal Rp1.075.000 dan Rp1.570.000, masing-masing pada tanggal 31 Desember 2018 dan 31 Desember 2017, telah dijual dengan janji dibeli kembali (Catatan 21).

As of December 31, 2018 and December 31, 2017, government bonds (available-for-sale) with nominal amounts of Rp1,075,000 and Rp1,570,000, respectively, were sold under repurchase agreements (Note 21).

Pembayaran kupon obligasi pemerintah dengan tingkat bunga tetap dan mengambang masing-masing dibayarkan tiap semester dan triwulanan.

Coupon payments of government bonds with fixed and floating interest rates are payable semi-annually and quarterly, respectively.

Obligasi pemerintah syariah seri SR dan seri ORI, masing-masing dibayarkan secara bulanan dan semester.

SR series and ORI series sharia government bonds are paid monthly and semi-annually, respectively.

Nilai pasar obligasi pemerintah yang diklasifikasikan sebagai Nilai Wajar melalui laporan Laba Rugi dan Tersedia untuk Dijual berkisar dari 77,03% sampai dengan 102,12% dan 95,50% sampai dengan 110,94% masing-masing pada tanggal 31 Desember 2018 dan 2017.

The market values of government bonds classified as fair value through profit or loss and available for sale ranging from 77.03% to 102.12% and 95.50% to 110.94% of nominal amounts as of December 31, 2018 and 2017 respectively.

Kerugian yang belum direalisasi akibat penurunan nilai wajar obligasi pemerintah yang tersedia untuk dijual (setelah pajak tangguhan) pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp109.902 dan Rp39.167, yang disajikan dalam akun "Kerugian neto yang belum direalisasi atas obligasi pemerintah yang tersedia untuk dijual setelah pajak tangguhan" pada ekuitas dalam laporan posisi keuangan.

As of December 31, 2018 and 2017, the unrealized loss due to the decrease in the fair value of available-for-sale government bonds (after deferred tax) amounted to Rp109,902 and Rp39,167, respectively, which are presented as "Net-unrealized losses on available-for-sale government bonds net of deferred tax" in the equity section of the statement of financial position.

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**9. OBLIGASI PEMERINTAH (lanjutan)**

Mutasi keuntungan/(kerugian) obligasi pemerintah tersedia untuk dijual yang belum direalisasi adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
Saldo awal tahun	(39.167)	(111.981)	Balance at beginning of year
Laba yang belum direalisasi yang diakui di ekuitas	(100.457)	96.308	Unrealized gain recognized in equity
Jumlah yang direalisasi ke laba rugi	6.144	777	Amount realized to profit or loss
Efek pajak	23.578	(24.271)	Tax effect
<b>Saldo akhir tahun</b>	<b>(109.902)</b>	<b>(39.167)</b>	<b>Balance at end of year</b>

Bank mengakui keuntungan bersih atas penjualan obligasi pemerintah masing-masing sebesar Rp8.586 dan Rp101.934, untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2018 dan 2017, yang disajikan dalam akun "Keuntungan dari penjualan obligasi pemerintah - neto" di laporan laba rugi dan penghasilan komprehensif lain.

The Bank recognized net gain on sale of government bonds amounting to Rp8,586 and Rp101,934 for the year ended December 31, 2018 and 2017, respectively, which is presented in the statement of profit or loss and other comprehensive income as "Gain on sale of government bonds - net".

Bank mengakui keuntungan dan kerugian yang belum direalisasi-neto atas perubahan nilai wajar obligasi pemerintah melalui laba rugi sebesar Rp11.999 dan Rp1.801 masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017, yang disajikan dalam akun "Keuntungan (Kerugian) yang belum direalisasi dari perubahan nilai wajar obligasi pemerintah - neto" di laporan laba rugi dan penghasilan komprehensif lain.

The Bank recognized unrealized gain and loss-net from the change in fair value of government bonds classified as fair value through profit or loss amounting to Rp11,999 and Rp1,801 for the year ended December 31, 2018 and 2017, respectively, which is presented in the statement of profit and loss in other comprehensive income as "Unrealized gain (loss) from change in fair value of government bonds - net".

Sebagai bagian dari pengelolaan risiko Bank, manajemen telah memitigasi risiko dari dampak fluktuasi harga pasar terhadap obligasi yang dimiliki dengan melakukan investasi dalam reksadana terproteksi yang dimiliki hingga jatuh tempo yang mempunyai underlying obligasi pemerintah seri FR63. Pada tanggal-tanggal 31 Desember 2018 dan 2017, Bank merupakan satu-satunya pihak yang memegang unit reksadana tersebut.

As part of the Bank's risk management, the management has mitigated the risk of market price fluctuation in relation with the bonds owned by investing in protected mutual fund which held to maturity and has underlying of government bonds series FR63. As of December 31, 2018 and 2017, the Bank is the only party who holds the mutual fund unit.

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**10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/ PIUTANG SYARIAH**

Seluruh kredit yang diberikan oleh Bank, termasuk pembiayaan/piutang syariah adalah dalam Rupiah. Rincian kredit dan pembiayaan/piutang syariah yang diberikan oleh Bank berdasarkan jenis, transaksi dengan pihak-pihak berelasi, sektor ekonomi, jangka waktu sesuai dengan perjanjian, sisa umur jatuh tempo dan kolektibilitas adalah sebagai berikut:

**a. Jenis Kredit dan Pembiayaan/Piutang Syariah**

**10. LOANS AND SHARIA FINANCING/ RECEIVABLES**

All loans provided by the Bank, including sharia financing/receivables are in Rupiah. The details of loans and sharia financing/receivables classified by type, transactions with related parties, economic sector, period based on agreements, remaining period to maturity and collectibility are as follows:

**a. Types of Loans and Sharia Financing/Receivables**

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<u>Konvensional</u>			<u>Conventional</u>
Konsumsi			Consumer
Pemilikan rumah (KPR)	158.819.443	132.353.301	Housing loan
Non-kepemilikan rumah	11.259.553	10.744.816	Non-housing loan
	170.078.996	143.098.117	
Modal kerja	36.734.329	30.881.041	Working capital
Investasi	6.711.315	5.183.895	Investment
Sindikasi	77.033	78.057	Syndicated
Direksi dan karyawan			Directors and employees
- Pihak ketiga	2.007.106	1.673.333	Third parties -
- Pihak yang berelasi	107.468	88.340	Related parties -
	215.716.247	181.002.783	
<u>Syariah</u>			<u>Sharia</u>
Konsumsi			Consumer
Pemilikan rumah (KPR)	17.077.295	12.819.467	Housing loan
Non-kepemilikan rumah	242.278	280.094	Non-housing loan
	17.319.573	13.099.561	
Modal kerja	4.265.861	4.315.861	Working capital
Investasi	452.397	571.965	Investment
Direksi dan karyawan			Directors and employees
- Pihak yang berelasi	3.596	411	Related parties -
	22.041.427	17.987.798	
Total	237.757.674	198.990.581	Total
Dikurangi cadangan kerugian penurunan nilai	(3.298.132)	(2.355.987)	Less allowance for impairment losses
<b>Neto</b>	<b>234.459.542</b>	<b>196.634.594</b>	<b>Net</b>

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**10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/**  
**PIUTANG SYARIAH (lanjutan)**

**10. LOANS AND SHARIA FINANCING/**  
**RECEIVABLES (continued)**

**b. Sektor Ekonomi**

**b. Economic Sector**

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<u>Konvensional</u>			<u>Conventional</u>
Perumahan	197.544.051	168.467.003	Property
Konstruksi	7.842.439	5.569.783	Construction
Jasa usaha	6.038.298	3.462.806	Business service
Perdagangan, restoran, dan hotel	1.303.412	1.557.731	Trading, restaurant and hotel
Jasa-jasa sosial	780.783	836.737	Social service
Transportasi, Pergudangan, dan Komunikasi	1.225.355	202.793	Transportation, warehousing, and communication
Manufaktur	157.818	153.708	Manufacturing
Pertambangan	87.799	164.435	Mining
Listrik, gas dan air	89.603	128.923	Electricity, gas and water
Pertanian	37.055	63.377	Farming
Lain-lain <sup>*)</sup>	609.634	395.487	Other <sup>*)</sup>
	215.716.247	181.002.783	
<u>Syariah</u>			<u>Sharia</u>
Perumahan	17.079.613	12.819.486	Property
Jasa usaha	1.966.834	2.233.304	Business service
Konstruksi	2.994.980	2.935.008	Construction
	22.041.427	17.987.798	
Total	237.757.674	198.990.581	Total
Dikurangi cadangan kerugian penurunan nilai	(3.298.132)	(2.355.987)	Less allowance for impairment losses
<b>Neto</b>	<b>234.459.542</b>	<b>196.634.594</b>	<b>Net</b>

\*) Terdiri dari rumah tangga dan sektor ekonomi lainnya

\*) Consists of household and other economic sectors

**c. Kolektibilitas**

**c. Collectibility**

	31 Desember/December 31, 2018	31 Desember/December 31, 2017	
	Nilai tercatat/ Carrying amount	Cadangan kerugian penurunan nilai/ Allowance for impairment losses	Nilai tercatat/ Carrying amount
<u>Konvensional</u>			<u>Conventional</u>
Individual			Individual
Lancar	1.961.445	430.427	169.074
Dalam perhatian khusus	2.077.246	449.313	88.359
Kurang lancar	313.999	47.706	-
Diragukan	148.137	46.505	20.618
Macet	466.620	369.568	378.942
	4.967.447	1.343.519	656.993
Kolektif			
Lancar	189.224.980	7.600	159.592.404
Dalam perhatian khusus	16.917.304	4.327	16.036.307
Kurang lancar	163.993	642	200.870
Diragukan	242.137	5.453	308.091
Macet	4.200.386	1.416.304	4.208.118
	210.748.800	1.434.326	180.345.790
<u>Syariah</u>			<u>Sharia</u>
Lancar	19.589.972	49.135	16.485.799
Dalam perhatian khusus	1.288.049	8.915	1.330.565
Kurang lancar	91.940	2.932	35.541
Diragukan	83.092	13.855	19.821
Macet	988.374	445.450	116.072
	22.041.427	520.287	17.987.798
<b>Total</b>	<b>237.757.674</b>	<b>3.298.132</b>	<b>198.990.581</b>

Conventional  
Individual  
Current  
Special mention  
Substandard  
Doubtful  
Loss  
  
Collective  
Current  
Special mention  
Substandard  
Doubtful  
Loss  
  
Sharia  
Current  
Special mention  
Substandard  
Doubtful  
Loss

**Total**

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**10. LOANS AND SHARIA FINANCING/**  
**RECEIVABLES (continued)**

d. Transaksi dengan pihak-pihak berelasi

d. Transactions with related parties

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<u>Konvensional</u>			<u>Conventional</u>
Konsumsi			Consumer
Pemilikan rumah (KPR)	8.118	4.292	Housing Loan
Non-kepemilikan rumah	113.479	93.358	Non-housing loan
	121.597	97.650	
Modal Kerja	10.051.669	4.195.370	Working capital
Investasi	1.354.992	119.945	Investment
Sindikasi	77.033	78.057	Syndicated
	11.605.291	4.491.022	
<u>Syariah</u>			<u>Sharia</u>
Konsumsi			Consumer
Pemilikan rumah (KPR)	2.318	19	Housing Loan
Non- kepemilikan rumah	1.278	392	Non-housing loan
	3.596	411	
<b>Total</b>	<b>11.608.887</b>	<b>4.491.433</b>	<b>Total</b>

e. Jangka waktu (sesuai dengan perjanjian kredit dan pembiayaan/piutang syariah)

e. Loan period (based on agreements covering loan and sharia financing/receivables)

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<u>Konvensional</u>			<u>Conventional</u>
≤ 1 tahun	4.367.964	2.683.103	≤ 1 year
> 1 tahun ≤ 2 tahun	3.198.280	2.833.512	> 1 year ≤ 2 years
> 2 tahun ≤ 5 tahun	15.879.934	16.134.245	> 2 years ≤ 5 years
> 5 tahun	192.270.069	159.351.923	> 5 years
	215.716.247	181.002.783	
<u>Syariah</u>			<u>Sharia</u>
≤ 1 tahun	93.225	210.251	≤ 1 year
> 1 tahun ≤ 2 tahun	1.897.087	1.885.546	> 1 year ≤ 2 years
> 2 tahun ≤ 5 tahun	2.452.388	2.652.691	> 2 years ≤ 5 years
> 5 tahun	17.598.727	13.239.310	> 5 years
	22.041.427	17.987.798	
Total	237.757.674	198.990.581	Total
Dikurangi Cadangan kerugian penurunan nilai	(3.298.132)	(2.355.987)	Less allowance for impairment losses
<b>Neto</b>	<b>234.459.542</b>	<b>196.634.594</b>	<b>Net</b>



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**10. LOANS AND SHARIA FINANCING/ RECEIVABLES (continued)**

f. Sisa Umur Jatuh Tempo

f. Remaining Period to Maturity

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<u>Konvensional</u>			<u>Conventional</u>
≤ 1 tahun	15.080.614	12.460.834	≤ 1 year
> 1 tahun ≤ 2 tahun	8.665.193	8.720.032	> 1 year ≤ 2 years
> 2 tahun ≤ 5 tahun	25.174.550	20.125.611	> 2 years ≤ 5 years
> 5 tahun	166.795.890	139.696.306	> 5 years
	215.716.247	181.002.783	
<u>Syariah</u>			<u>Sharia</u>
≤ 1 tahun	2.800.179	2.688.741	≤ 1 year
> 1 tahun ≤ 2 tahun	1.507.452	1.719.455	> 1 year ≤ 2 years
> 2 tahun ≤ 5 tahun	1.452.323	1.529.458	> 2 years ≤ 5 years
> 5 tahun	16.281.473	12.050.144	> 5 years
	22.041.427	17.987.798	
Total	237.757.674	198.990.581	Total
Dikurangi Cadangan kerugian penurunan nilai	(3.298.132)	(2.355.987)	Less Allowance for impairment losses
<b>Neto</b>	<b>234.459.542</b>	<b>196.634.594</b>	<b>Net</b>

g. Informasi pokok lainnya

g. Other significant information

- i. Termasuk di dalam kredit yang diberikan adalah pembiayaan/piutang syariah yang diberikan dengan rincian sebagai berikut:

- i. Loans include sharia financing/receivables with details, as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
Piutang <i>Murabahah</i>	15.839.440	12.033.936	<i>Murabahah receivables</i>
Pembiayaan <i>Musyarakah</i>	3.994.172	3.952.369	<i>Musyarakah financing</i>
Piutang <i>Istishna</i>	1.522.644	1.090.406	<i>Istishna receivables</i>
Pembiayaan <i>Mudharabah</i>	616.198	795.318	<i>Mudharabah financing</i>
Pinjaman <i>Qardh</i>	68.973	115.769	<i>Funds of Qardh</i>
Total	22.041.427	17.987.798	Total
Dikurangi Cadangan kerugian penurunan nilai	(520.287)	(331.426)	Less Allowance for impairment losses
<b>Neto</b>	<b>21.521.140</b>	<b>17.656.372</b>	<b>Net</b>

- ii. Tingkat suku bunga rata-rata per tahun untuk kredit konsumen sebesar 11,43% dan 12,29% masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017. Tingkat suku bunga rata-rata per tahun untuk kredit komersial masing-masing sebesar 11,50% dan 11,46% masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017.

- ii. Average annual interest rates for consumer loans are 11.43% and 12.29% for the year ended December 31, 2018 and 2017, respectively. Average annual interest rates for commercial loans are 11.50% and 11.46% for the year ended December 31, 2018 and 2017, respectively.

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**10. LOANS AND SHARIA FINANCING/**  
**RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

- iii. Kredit yang diberikan dijamin dengan hak tanggungan atau surat kuasa memasang hak tanggungan atau surat kuasa untuk menjual, giro, tabungan, deposito berjangka atau jaminan lain yang umumnya diterima oleh Bank (Catatan 17, 18 dan 19).

- iii. The loans are collateralized by registered mortgages or by powers of attorney to mortgage or sell, demand deposits, savings deposits, time deposits, or by other collaterals generally acceptable by the Bank (Notes 17, 18 and 19).

- iv. Bank telah menjual dan mengalihkan Kredit Pemilikan Rumah (KPR) yang dimilikinya kepada penerbit PT Sarana Multigriya Finansial (Persero) yang tertuang dalam Akta Jual Beli No. 47 tanggal 17 April 2017 dan Akta Cessie No. 97 tanggal 28 April 2017.

- iv. The Bank has sold and transferred its housing loans (KPR) to PT Sarana Multigriya Finansial (Persero) based on sale-purchase deed No. 47 dated April 17, 2017 and Deed of Cessie No. 97 dated April 28, 2017.

Nilai KPR yang dijual tersebut adalah sebesar Rp1.000.000 yang terdiri dari 11.237 debitur dengan harga jual sebesar nilai pokok KPR pada tanggal *cut-off* final (10 April 2017). Penjualan ini memenuhi kriteria penjualan putus karena risiko dan manfaat atas kepemilikan KPR telah dialihkan kepada pembeli.

The principal amount of KPR sold is amounted to Rp1,000,000 which consists of 11,237 debtors with selling price same as principal amount of KPR as of final cut off date (April 10, 2017). This sale qualified for derecognition as the risk and rewards of ownership over the KPR were transferred to the buyer.

- v. Bank telah menjual dan mengalihkan Kredit Pemilikan Rumah (KPR) yang dimilikinya kepada penerbit PT Sarana Multigriya Finansial (Persero) yang tertuang dalam Akta Jual Beli No. 23 tanggal 12 Februari 2018 dan Akta Cessie No. 41 tanggal 28 Februari 2018.

- v. The Bank has sold and transferred its housing loans (KPR) to PT Sarana Multigriya Finansial (Persero) based on sale-purchase deed No. 23 dated February 12, 2018 and Deed of Cessie No. 41 dated February 28, 2018.

Nilai KPR yang dijual tersebut adalah sebesar Rp2.000.000 yang terdiri dari 18.728 debitur dengan harga jual sebesar nilai pokok KPR pada tanggal *cut-off* final (8 Februari 2018). Penjualan ini memenuhi kriteria penjualan putus karena risiko dan manfaat atas kepemilikan KPR telah dialihkan kepada pembeli.

The principal amount of KPR sold is amounted to Rp2,000,000 which consists of 18,728 debtors with selling price same as principal amount of KPR as of final cut off date (February 8, 2018). This sale qualified for derecognition as the risk and rewards of ownership over the KPR were transferred to the buyer.

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**10. LOANS AND SHARIA FINANCING/ RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

vi. Kredit yang diberikan kepada direksi dan karyawan Bank merupakan kredit untuk membeli kendaraan dan keperluan pribadi lainnya yang dibebani bunga dengan suku bunga rata-rata pada periode yang berakhir pada tanggal 31 Desember 2018 dan 2017 sebesar 6,37% dan 4,97%, dengan jangka waktu berkisar antara 1 sampai dengan 15 tahun. Kredit ini akan dibayar kembali melalui pemotongan gaji setiap bulan. Perbedaan antara tingkat bunga pinjaman karyawan dan *Base Lending Rate* (BLR) ditangguhkan dan dicatat sebagai beban yang ditangguhkan untuk pinjaman karyawan, bagian dari aset lain-lain. Besarnya akun beban yang ditangguhkan untuk pinjaman karyawan sebesar Rp174.336 dan Rp175.858 pada tanggal 31 Desember 2018 dan 2017 (Catatan 15).

vi. The loans given to the Bank's directors and employees consist of loans intended for purchase of vehicles and other personal necessities. These loans earn an average interest of 6.37% and 4.97%, for year ended December 31, 2018 and 2017, with term ranging from 1 to 15 years. This loan will be repaid through employee deduction salary. Difference between employee loan's interest rates and Base Lending Rate (BLR) is deferred and recorded as deferred expense for employee loans as part of other assets. Deferred expense for employee loans amounted to Rp174,336 and Rp175,858 as of December 31, 2018 and 2017, respectively (Note 15).

vii. Kredit yang diberikan dan pembiayaan/piutang syariah kepada pihak-pihak berelasi pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp11.608.887 dan Rp4.491.433 (Catatan 43). Persentase kredit yang diberikan dan pembiayaan/piutang syariah dari pihak-pihak berelasi terhadap jumlah kredit yang diberikan dan pembiayaan/piutang syariah masing-masing pada tanggal 31 Desember 2018 dan 2017 adalah sebesar 4,88% dan 2,26%.

vii. As of December 31, 2018 and 2017, the outstanding balances of loans and sharia financing/receivables from related parties amounted to Rp11,608,887 and Rp4,491,433, respectively (Note 43). As of December 31, 2018 and 2017, the percentage of loans and sharia financing/receivables from related parties represent approximately 4.88% and 2.26%, respectively, of the total loans and sharia financing/receivables.

viii. Perubahan cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah adalah sebagai berikut:

viii. The movements in the allowance for impairment losses on loans and sharia financing/receivables are as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
Saldo awal tahun	2.355.987	2.116.034	Balance at beginning of year
Penyisihan kerugian penurunan nilai selama tahun berjalan (Catatan 33)	1.709.059	883.450	Provision for impairment losses during the year (Note 33)
Penerimaan kembali kredit yang telah dihapusbukukan	20.288	21.872	Recovery of loans written-off
Penghapusbukukan kredit	(787.202)	(665.369)	Loans written-off
<b>Saldo akhir tahun</b>	<b>3.298.132</b>	<b>2.355.987</b>	<b>Balance at the end of year</b>

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**10. LOANS AND SHARIA FINANCING/**  
**RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

- viii. Perubahan cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah adalah sebagai berikut (lanjutan):

- viii. The movements in the allowance for impairment losses on loans and sharia financing/receivables are as follows (continued):

Termasuk di dalam saldo cadangan kerugian adalah cadangan kerugian pembiayaan/piutang syariah sebesar Rp520.287 dan Rp331.426, masing-masing pada tanggal 31 Desember 2018 dan 2017.

As of December 31, 2018 and 2017, the balance of allowance for impairment losses includes allowance for impairment losses on sharia financing/ receivables amounting to Rp520,287 and Rp331,426, respectively.

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah yang dibentuk telah memadai.

Management believes that the amount of allowance for impairment losses on the loans and sharia financing/receivables is adequate.

- ix. Fungsi pengawasan kredit Bank berfokus pada pencegahan penurunan kualitas portofolio kredit dan aktivitas penyaluran kredit yang tidak sehat yang dapat mengakibatkan timbulnya kerugian. Risiko kredit dikelola dan diatasi dengan membuat pembatasan penyaluran kredit (credit limit) dan kebijakan penyaluran kredit yang beragam, melakukan pengawasan individual portofolio secara periodik dan pengukuran tingkat kolektibilitas portofolio kredit.
- x. Dalam laporan Bank ke Otoritas Jasa Keuangan (OJK) disebutkan bahwa pada tanggal 31 Desember 2018 dan 2017, Bank telah mematuhi ketentuan Batas Maksimum Pemberian Kredit (BMPK), baik terhadap pihak-pihak berelasi maupun kepada pihak yang tidak berelasi.

- ix. The credit control function of the Bank focuses on preventing the deterioration of the quality of credit portfolio and unsound practices in granting credit facilities that may result in losses. Credit risks are managed by establishing credit limits and setting consistent lending policies, periodic monitoring of individual portfolio, and measuring the collectibility level of credit portfolio.
- x. Based on the report submitted by the Bank to Financial Services Authority (OJK) as of December 31, 2018 and 2017, the Bank is in compliance with the legal lending limit (BMPK) regulations, both for the related and non-related party borrowers.

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**10. LOANS AND SHARIA FINANCING/ RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

xi. Rasio kredit dan pembiayaan/piutang syariah yang diklasifikasikan *non-performing* terhadap jumlah kredit dan pembiayaan/piutang syariah (metode gross dan net) adalah seperti yang terlihat pada tabel berikut:

xi. The ratios of non-performing loans and sharia financing/receivables to total loans and sharia financing/receivables (using the gross and net methods) are shown in the following table:

Kolektibilitas	31 Desember/December 31, 2018		31 Desember/December 31, 2017		Collectibility
	Konvensional/ Conventional	Syariah/ Sharia	Konvensional/ Conventional	Syariah/ Sharia	
Kurang Lancar	477.992	91.940	200.870	35.541	Substandard
Diragukan	390.274	83.092	328.709	19.821	Doubtful
Macet	4.667.006	988.374	4.587.060	116.072	Loss
	5.535.272	1.163.406	5.116.639	171.434	
Cadangan kerugian Penurunan nilai atas NPL/NPF	(1.886.178)	(462.237)	(1.942.746)	(34.204)	Allowance for impairment losses for NPL/NPF
	<b>3.649.094</b>	<b>701.169</b>	<b>3.173.893</b>	<b>137.230</b>	
Kredit yang diberikan dan pembiayaan/ piutang syariah	215.716.247	22.041.427	181.002.783	17.987.798	Loans and sharia financing/ receivables
% Non-performing kredit yang diberikan dan pembiayaan/ piutang syariah - Gross (Gross NPL/NPF)	2,57%	5,28%	2,83%	0,95%	% of Non-performing loans and sharia financing/ receivables - Gross (Gross NPL/NPF)
% Non-performing kredit yang diberikan dan pembiayaan/ piutang syariah - Neto (Neto NPL/NPF)	1,69%	3,18%	1,75%	0,76%	% of Non-performing loans and sharia financing/ receivables - Net (Net NPL/NPF)

NPL/NPF Neto dihitung dengan membagi antara jumlah kredit/pembiayaan/piutang syariah bermasalah setelah dikurangi cadangan kerugian dan jumlah kredit/pembiayaan/piutang syariah keseluruhan.

The Net NPL/NPF ratios are computed by dividing the total non-performing loans/sharia financing/receivables, net of allowance for possible losses, by the total loans and sharia financing/receivables.

Rasio NPL/NPF Gross (total konvensional dan syariah) adalah 2,82% dan 2,66% masing-masing pada tanggal 31 Desember 2018 dan 2017.

The Gross NPL/NPF Ratio (total conventional and sharia) is 2.82% and 2.66% as of December 31, 2018 and 2017, respectively.

Rasio NPL/NPF Neto (total konvensional dan syariah) adalah 1,83% dan 1,66% masing-masing pada tanggal 31 Desember 2018 dan 2017.

The Net NPL/NPF Ratio (total conventional and sharia) is 1.83% and 1.66% as of December 31, 2018 and 2017, respectively.

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**10. LOANS AND SHARIA FINANCING/**  
**RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

- xii. Kredit yang diberikan dan pembiayaan/  
 piutang syariah *non-performing*  
 berdasarkan sektor ekonomi:

- xii. *Non-performing loans and sharia*  
*financing/receivables by economic*  
*sectors:*

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<u>Konvensional</u>			<u>Conventional</u>
Perumahan	4.679.032	4.091.898	Property
Perdagangan, restoran dan hotel	223.969	356.155	Trading, restaurant and hotel
Konstruksi	287.513	267.103	Construction
Jasa Usaha	111.591	117.573	Business service
Manufaktur	53.942	52.485	Manufacturing
Jasa-jasa sosial	42.613	67.776	Social service
Pertanian	29.792	45.120	Farming
Transportasi, Pergudangan, dan Komunikasi	13.661	9.622	Transportation, warehousing, and communication
Pertambangan	13.068	32.388	Mining
Listrik, gas dan air	1.275	904	Electricity, gas and water
Lain-lain <sup>*)</sup>	78.816	75.615	Other <sup>*)</sup>
	5.535.272	5.116.639	
<u>Syariah</u>			<u>Sharia</u>
Perumahan	133.825	53.628	Property
Jasa usaha	507.084	94.861	Business service
Konstruksi	522.497	22.945	Construction
	1.163.406	171.434	
Total	6.698.678	5.288.073	Total
Dikurangi cadangan kerugian penurunan nilai	(2.348.415)	(1.976.950)	Less allowance for impairment losses
<b>Neto</b>	<b>4.350.263</b>	<b>3.311.123</b>	<b>Net</b>

<sup>\*)</sup> Terdiri dari rumah tangga dan sektor ekonomi lainnya

<sup>\*)</sup> Consists of household and other economic sectors

- xiii. Rasio cadangan kerugian penurunan nilai  
 kredit *non-performing* terhadap total kredit  
*non-performing* adalah 35,06% dan  
 37,39% masing-masing pada tanggal  
 31 Desember 2018 dan 2017.

- xiii. The ratio of NPL's allowance for  
 impairment losses to total NPL share  
 35.06% and 37.39% as of December 31,  
 2018 and 2017, respectively.

- xiv. Rasio kredit usaha kecil (KUK) terhadap  
 total kredit adalah sebesar 0,40% dan  
 0,11% masing-masing pada tanggal  
 31 Desember 2018 dan 2017.

- xiv. The ratio of small-scale enterprise loans to  
 total loans is 0.40% and 0.11% as of  
 December 31, 2018 and 2017,  
 respectively.



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**10. LOANS AND SHARIA FINANCING/**  
**RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

xv. Kredit sindikasi merupakan kredit yang diberikan kepada nasabah di bawah perjanjian pembiayaan bersama dengan bank-bank lain. Keikutsertaan Bank sebagai anggota sindikasi dengan persentase penyertaan sebesar 6,00% (tidak diaudit) dari jumlah kredit sindikasi masing-masing pada tanggal 31 Desember 2018 dan 2017.

xv. Syndicated loans represent loans provided to customers under syndication agreements with other banks. As of December 31, 2018 and 2017, the Bank's share as a co-lender in syndicated loans is 6.00% (unaudited) for each, respectively, of the total syndicated loans.

xvi. Kredit dan pembiayaan/piutang syariah yang direstrukturisasi berdasarkan kolektibilitas dan sektor ekonomi (tidak diaudit):

xvi. Restructured loans and sharia financing/receivables by collectibility and economic sector (unaudited):

31 Desember/December 31, 2018

	Lancar/ Current	Dalam perhatian khusus/ Special mention	Kurang lancar/ Substandard	Diragukan/ Doubtful	Macet/ Loss	Total	
Perumahan	8.567.715	7.866.991	390.958	256.270	1.189.555	18.271.489	Property
Konstruksi	565.961	300.253	12.081	24.146	313.896	1.216.337	Construction
Perdagangan, restoran dan hotel	140.702	518.159	41.852	-	86.214	786.927	Trading, restaurant and hotel
Jasa usaha	225.221	89.258	6.784	13.999	194.392	529.654	Business service
Listrik, gas dan air	8.029	2.895	-	-	-	10.924	Electricity, gas and water
Jasa-jasa sosial	59.431	19.236	-	5.664	19.706	104.037	Social services
Manufaktur	11.044	16.400	-	3.943	4.941	36.328	Manufacturing
Pertambangan	54.064	2.516	-	-	8.247	64.827	Mining
Transportasi, pergudangan dan komunikasi	1.323	37.317	-	-	3.260	41.900	Transportation, warehousing and communication
Pertanian	-	873	-	-	9.377	10.250	Farming
Lain-lain <sup>*)</sup>	5.103	16.373	572	975	8.659	31.682	Other <sup>*)</sup>
<b>Total</b>	<b>9.638.593</b>	<b>8.870.271</b>	<b>452.247</b>	<b>304.997</b>	<b>1.838.247</b>	<b>21.104.355</b>	<b>Total</b>

31 Desember/December 31, 2017

	Lancar/ Current	Dalam perhatian khusus/ Special mention	Kurang lancar/ Substandard	Diragukan/ Doubtful	Macet/ Loss	Total	
Perumahan	4.757.649	5.077.376	106.608	91.829	761.758	10.795.220	Property
Konstruksi	668.060	186.595	12.472	2.720	52.103	921.950	Construction
Perdagangan, restoran dan hotel	321.938	102.845	970	41	252.858	678.652	Trading, restaurant and hotel
Jasa usaha	472.490	172.982	11.257	5.408	30.070	692.207	Business service
Listrik, gas dan air	13.788	-	-	-	-	13.788	Electricity, gas and water
Jasa-jasa sosial	68.447	12.517	-	3.617	34.770	119.351	Social services
Manufaktur	4.781	4.852	-	753	4.807	15.193	Manufacturing
Pertambangan	11.378	11.544	-	10.227	15.667	48.816	Mining
Transportasi, pergudangan dan komunikasi	1.531	41.934	-	-	3.039	46.504	Transportation, warehousing and communication
Pertanian	9.377	873	-	-	-	10.250	Farming
Lain-lain <sup>*)</sup>	4.214	13.014	323	30	3.524	21.105	Other <sup>*)</sup>
<b>Total</b>	<b>6.333.653</b>	<b>5.624.532</b>	<b>131.630</b>	<b>114.625</b>	<b>1.158.596</b>	<b>13.363.036</b>	<b>Total</b>

\*) Terdiri dari rumah tangga dan sektor ekonomi lainnya

\*) Consists of household and other economic sectors

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**10. KREDIT YANG DIBERIKAN DAN PEMBIAYAAN/  
PIUTANG SYARIAH (lanjutan)**

**10. LOANS AND SHARIA FINANCING/  
RECEIVABLES (continued)**

g. Informasi pokok lainnya (lanjutan)

g. Other significant information (continued)

- xvi. Kredit dan pembiayaan/piutang syariah yang direstrukturisasi berdasarkan kolektibilitas dan sektor ekonomi (tidak diaudit): (lanjutan)

- xvi. Restructured loans and sharia financing/receivables by collectibility and economic sector (unaudited): (continued)

Skema restrukturisasi yang disepakati oleh Bank dan debitur meliputi antara lain penjadwalan ulang pembayaran pokok kredit dan bunga, pembebasan tunggakan bunga, penurunan suku bunga, penambahan fasilitas kredit, novasi dan lain-lain.

Restructured loans scheme agreed by the Bank and its debtors include loans principal and interest rescheduling, overdue interest exemption, reduction of interest rates, additional loan facilities, novation and others.

Dalam menerapkan kolektibilitas kredit dan pembiayaan/piutang syariah, Bank telah menerapkan Peraturan Otoritas Jasa Keuangan (POJK) Nomor 45/POJK.03/2017 tanggal 12 Juli 2017 tentang Perlakuan Khusus terhadap Kredit atau Pembiayaan Bank Bagi Daerah Tertentu di Indonesia yang Terkena Bencana Alam terhadap debitur-debitur yang terkena dampak bencana alam.

In determining collectability for loans and sharia financing/receivables, the Bank has implemented the Financial Services Authority Regulation (POJK) No. 45/POJK.03/2017 dated July 12, 2017 concerning Special Treatment of Bank Credit or Financing for Certain Areas in Indonesia Affected by Natural Disasters for debtors affected by disasters natural.

- xvii. Kredit yang telah dihapusbukukan oleh Bank dicatat sebagai kredit ekstra-komtabel di dalam rekening administratif.

- xvii. The loans written-off by Bank are recorded as extra-comptable in the administrative account.

- xviii. Jumlah minimum cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah, yang wajib dibentuk sesuai dengan ketentuan Otoritas Jasa Keuangan adalah sebesar Rp4.854.997 dan Rp3.809.133, masing-masing pada tanggal 31 Desember 2018 dan 2017.

- xviii. Minimum allowance for impairment losses for loans and sharia financing receivables required by Financial Service Authority amounted to Rp4,854,997 and Rp3,809,133 as of December 31, 2018 and 2017, respectively.

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai kredit yang diberikan dan pembiayaan/piutang syariah yang dibentuk telah memadai.

Management believes that the amount of allowance for impairment losses on the loans and sharia financing/receivables is adequate.

- h. Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai dan kualitas kredit diungkapkan pada Catatan 46.

- h. Information with respect to classification of impaired and not impaired and credit quality financial assets are disclosed in Note 46.

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**11. TAGIHAN AKSEPTASI**

Rincian tagihan akseptasi kepada nasabah adalah sebagai berikut:

a. Berdasarkan Jenis dan Mata Uang

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
Rupiah		
Pihak Berelasi		
Surat Kredit Berdokumen		
Dalam Negeri (SKBDN)	528.148	8.081
<b>Total</b>	<b>528.148</b>	<b>8.081</b>

**11. ACCEPTANCES RECEIVABLE**

The details of acceptances receivable from customers are as follows:

a. By Type and Currency

Rupiah
Related Parties
Domestic Document
Letter of Credit
<b>Total</b>

b. Berdasarkan Kolektibilitas

Pada tanggal-tanggal 31 Desember 2018 dan Desember 2017, semua tagihan akseptasi diklasifikasikan sebagai Lancar.

b. By Collectibility

All acceptances receivable were classified as current as of December 31, 2018 and December 31, 2017.

c. Berdasarkan Jangka Waktu

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
≤ 1 bulan	-	5.277
> 1 bulan - 3 bulan	362.388	863
> 3 bulan - 1 tahun	165.760	1.941
<b>Total</b>	<b>528.148</b>	<b>8.081</b>

≤ 1 month
> 1 month - 3 months
> 3 months - 1 year
<b>Total</b>

Bank melakukan penilaian atas penurunan nilai tagihan akseptasi secara individual dengan adanya bukti obyektif penurunan nilai.

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai tidak diperlukan pada tanggal 31 Desember 2018 dan 2017, karena Manajemen berkeyakinan bahwa tagihan akseptasi dapat ditagih.

The Bank assessed acceptance receivables individually for impairment based on whether an objective evidence of impairment exists.

Management believes that no allowance for impairment losses is necessary as of December 31, 2018 and 2017, because Management believes that acceptances receivable are fully collectible.

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**12. PENYERTAAN SAHAM**

Rincian penyertaan saham adalah sebagai berikut

**12. INVESTMENT IN SHARES**

The details of investment in shares are as follows:

31 Desember/December 31, 2018 and 2017				
Nama Perusahaan	Jenis usaha/ Type of business	Persentase kepemilikan/ Percentage of ownership	Nilai tercatat/ Carrying value	Company name
PT Berlian Laju Tengker Tbk	Jasa pelayaran angkutan laut/ Marine transportation service	0,01%	270	PT Berlian Laju Tengker Tbk
Cadangan kerugian penurunan nilai			(270)	Allowances for impairment losses
<b>Netto</b>			<b>-</b>	<b>Net</b>

Pada tanggal 6 Maret 2017, Bank memperoleh penyertaan saham dikarenakan *debt to equity spot* obligasi yang dilakukan perusahaan terkait. Bank melakukan penilaian atas penurunan nilai penyertaan saham secara individual dengan adanya bukti obyektif penurunan nilai.

On March 6, 2017, Bank acquired investment in shares because of the debt to equity spot of entity. Bank assessed investment in shares individually for impairment based on whether an objective evidence of impairment exists.

Pada tanggal 31 Desember 2018 dan 2017 semua penyertaan diklasifikasikan lancar.

As of December 31, 2018 dan 2017, all investment in associated entities are classified as current.

Perubahan cadangan kerugian penurunan nilai penyertaan saham adalah sebagai berikut:

The movements in the allowance for impairment losses on investment in shares are as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
Saldo awal	270	-	Beginning balance
Penyisihan kerugian penurunan nilai selama tahun berjalan (Catatan 33)	-	270	Provision for impairment losses during the year (Note 33)
<b>Total</b>	<b>270</b>	<b>270</b>	<b>Total</b>

Manajemen berpendapat bahwa jumlah cadangan kerugian penurunan nilai atas penyertaan saham yang dibentuk telah memadai.

Management believes that the allowance for impairment losses provided on investment in shares is adequate.

Informasi mengenai klasifikasi aset keuangan yang mengalami penurunan nilai dan tidak mengalami penurunan nilai diungkapkan pada Catatan 46.

Information with respect to classification of impaired and not impaired of financial assets are disclosed in Note 46.

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**13. ASET TETAP**

Akun ini terdiri dari:

**13. PREMISES AND EQUIPMENT**

This account consists of:

31 Desember/December 31, 2018				
	Saldo Awal/ Beginning Balance	Penambahan/ Reklasifikasi <sup>*)</sup> / Additions/ Reclassifications	Pengurangan/ Reklasifikasi/ Deductions/ Reclassifications	Saldo Akhir <sup>**) / Ending Balance<sup>**) /</sup></sup>
<u>Biaya/nilai revaluasi</u>				<u>Cost/revaluation value</u>
Tanah	3.579.953	48.653	-	3.628.606
Bangunan	1.354.709	226.217	82.343	1.498.583
Peralatan kantor dan kendaraan bermotor	1.946.112	321.990	2.971	2.265.131
	6.880.774	596.860	85.314	7.392.320
Aset dalam penyelesaian	60.159	180.234	221.187	19.206
	6.940.933	777.094	306.501	7.411.526
<u>Akumulasi Penyusutan</u>				<u>Accumulated Depreciation</u>
Bangunan	500.796	64.997	781	565.012
Peralatan kantor dan kendaraan bermotor	1.602.818	228.051	2.049	1.828.820
	2.103.614	293.048	2.830	2.393.832
<b>Nilai Buku Neto</b>	<b>4.837.319</b>			<b>5.017.694</b>
31 Desember/December 31, 2017				
	Saldo Awal/ Beginning Balance	Penambahan/ Reklasifikasi/ Additions/ Reclassifications	Pengurangan/ Reklasifikasi/ Deductions/ Reclassifications	Saldo Akhir <sup>**) / Ending Balance<sup>**) /</sup></sup>
<u>Biaya/nilai revaluasi</u>				<u>Cost/revaluation value</u>
Tanah	3.579.861	92	-	3.579.953
Bangunan	1.174.514	182.289	2.094	1.354.709
Peralatan kantor dan kendaraan bermotor	1.751.407	205.720	11.015	1.946.112
	6.505.782	388.101	13.109	6.880.774
Aset dalam penyelesaian	51.550	15.464	6.855	60.159
	6.557.332	403.565	19.964	6.940.933
<u>Akumulasi Penyusutan</u>				<u>Accumulated Depreciation</u>
Bangunan	444.222	57.679	1.105	500.796
Peralatan kantor dan kendaraan bermotor	1.453.731	158.109	9.022	1.602.818
	1.897.953	215.788	10.127	2.103.614
<b>Nilai Buku Neto</b>	<b>4.659.379</b>			<b>4.837.319</b>

\*) Termasuk reklasifikasi dari aset lain-lain dengan nilai perolehan dan akumulasi depresiasi masing-masing sebesar Rp29.164.

\*\*) Termasuk dalam penambahan aset tetap adalah surplus revaluasi hak atas tanah sebesar Rp3.042.739 yang dibukukan oleh Bank pada tanggal 13 Juni 2016.

\*) Included reclassification from other assets which consist of cost and accumulated depreciation amounted to Rp29,164, respectively.

\*\*) Included in additions of premises and equipment is gain on revaluation of landrights amounted to Rp3,042,739, recorded by Bank on June 13, 2016.

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**13. ASET TETAP (lanjutan)**

Jumlah penyusutan aset tetap yang dibebankan pada periode yang berakhir pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp263.884 dan Rp215.788 (Catatan 34).

Nilai tercatat bruto dari aset tetap yang telah didepresiasi penuh oleh Bank namun masih digunakan masing-masing adalah sebesar Rp625.279 dan Rp569.556 pada tanggal 31 Desember 2018 dan 2017 (tidak diaudit).

Hak atas tanah terdiri dari hak milik dan hak guna bangunan. Manajemen berpendapat bahwa jangka waktu hak atas tanah dapat diperbaharui atau diperpanjang kembali.

Bank telah mengasuransikan aset tetap kecuali tanah untuk menutup kemungkinan kerugian terhadap risiko kebakaran dan pencurian kepada PT Asuransi Bina Griya (pihak berelasi) pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp2.894.763 dan Rp2.137.434.

Persentase tingkat penyelesaian aset dalam penyelesaian pada tanggal 31 Desember 2018 dan 2017 berkisar antara 60% sampai dengan 92% (tidak diaudit).

Penilaian atas tanah dilakukan oleh penilai independen eksternal KJPP Immanuel, Johnny, dan Rekan melalui laporannya pada tanggal 19 April 2016. Penilaian dilakukan sesuai dengan dan tunduk kepada ketentuan-ketentuan dari Kode Etik Penilai Indonesia (KEPI) dan Standar Penilaian Indonesia serta Peraturan No. VIII.C.4 tentang Pedoman Penilaian dan Penyajian Laporan Penilaian di Pasar Modal, ditentukan berdasarkan transaksi pasar terkini dan dilakukan dengan ketentuan-ketentuan yang lazim dan menggunakan pendekatan penilaian.

Dalam pengukuran nilai wajar tanah, Penilai Independen memperhitungkan kemampuan peserta pasar untuk menghasilkan manfaat ekonomi dengan penggunaan tertinggi dan terbaik atas aset atau dengan menjual aset ke peserta pasar lain yang akan menggunakan aset pada kondisi tertinggi dan penggunaan terbaik. Metode penilaian yang digunakan oleh Penilai Independen adalah pendekatan pasar.

Informasi mengenai penilaian kembali aset tetap untuk kelompok aset tanah yang dilakukan Bank adalah sebagai berikut:

	Nilai Buku sebelum Revaluasi/ Carrying Amount Before Revaluation	Nilai Buku setelah Revaluasi/ Carrying Amount after Revaluation	Keuntungan/(Kerugian) Revaluasi/ Gain/(Loss) Revaluation	
Tanah	537.559	3.580.298	3.042.739	Land

**13. PREMISES AND EQUIPMENT (continued)**

Depreciation of premises and equipment charged to operations amounted to Rp263,884 and Rp215,788, for the year ended December 31, 2018 and 2017, respectively (Note 34).

The gross carrying amount of the Bank's fully depreciated premises and equipment that are still in use amounted to Rp625,279 and Rp569,556 as of December 31, 2018 and 2017, respectively (unaudited).

Landrights consist of ownership rights and rights to use. Management has the opinion that the terms of the landrights can be renewed or extended upon their expiration.

The Bank insured its premises and equipment from losses due to risks of fire and theft to PT Asuransi Bina Griya (related party) on date December 31, 2018 and 2017 amounted to Rp2,894,763 and Rp2,137,434, respectively.

The percentage of completion of the constructions in progress as of December 31, 2018 and 2017, is approximately 60% and to 92% (unaudited).

The valuations of land are performed by the external independent appraisers KJPP Immanuel, Johnny, dan Rekan through its report dated April 19, 2016. Appraisals are performed based on Indonesian Appraisers Ethics Code and Indonesian Appraise Standards, and regulation No. VIII.C.4 concerning the guidance on valuation and presentation for the appraisal report on the capital market based on references from recent market transactions and ensue within the clause.

In the fair value measurement of the land, the Independent Appraisers takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The valuation method used by the Independent Appraiser is market approach.

Information on the revaluation of land performed by Bank are as follows:



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**13. ASET TETAP (lanjutan)**

Kenaikan nilai tercatat yang timbul dari revaluasi dicatat sebagai "Surplus Revaluasi Aset Tetap", dan disajikan dalam penghasilan komprehensif lain sebesar Rp3.042.739.

Penilaian kembali tanah untuk tujuan perpajakan dilakukan setelah mendapatkan persetujuan dari Direktorat Jenderal Pajak dengan Surat Keputusan No. KEP-435/WPJ.19/2016 tanggal 8 Juni 2016. Jumlah pajak yang telah dibayar oleh Bank sehubungan penilaian kembali tersebut adalah sebesar Rp75.748.

Jika tanah dicatat sebesar harga perolehan, maka pada tanggal 31 Desember 2018 dan 2017 adalah sebesar Rp585.867 dan Rp537.214.

Nilai wajar hak atas tanah termasuk pada hirarki nilai wajar level 3.

Tidak ada aset tetap yang dimiliki Bank yang dijadikan jaminan pada tanggal-tanggal 31 Desember 2018 dan 2017.

Manajemen berpendapat bahwa tidak terdapat penurunan nilai aset tetap dan jumlah nilai pertanggungan asuransi cukup untuk menutup risiko kerugian yang mungkin timbul atas aset tetap pada tanggal-tanggal 31 Desember 2018 dan 2017.

**13. PREMISES AND EQUIPMENT (continued)**

Increase in the carrying amount arising from revaluation is recorded in "Fixed Asset Revaluation Surplus" and presented in other comprehensive income amounted to Rp3,042,739.

Revaluation of land for tax purposes is performed after the approval from Directorate General of Tax through its letter No. KEP-435/WPJ.19/2016 dated June 8, 2016. The amount of tax which has been paid by the Bank in relation with the revaluation was amounting to Rp75,748.

If land is recorded on historical cost basis, the amount as of December 31, 2018 and 2017, would be Rp585,867 and Rp537,214.

The fair value of landrights included in the fair value hierarchy as level 3.

As of December 31, 2018 and 2017, there are no fixed assets owned by the Bank which are pledged as collateral.

Management believes that there is no impairment in value of premises and equipments and the amount of insurance coverage is adequate to cover the risk of loss that may arise on the premises and equipments as of December 31, 2018 and 2017.

**14. BUNGA YANG MASIH AKAN DITERIMA**

Akun ini terdiri dari:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
Kredit yang diberikan	2.859.189	2.189.968
Obligasi pemerintah	77.753	77.036
Efek-efek dan penempatan pada bank lain	22.560	29.436
<b>Total</b>	<b>2.959.502</b>	<b>2.296.440</b>

**14. INTERESTS RECEIVABLE**

This account consists of:

Loans
Government bonds
Securities and placement with other Banks
<b>Total</b>

**15. ASET LAIN-LAIN**

Akun ini terdiri dari:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<u>Pihak ketiga</u>		
Tagihan kepada pihak ketiga	1.100.960	1.132.149
Biaya dibayar di muka	1.270.875	769.454
Beban yang ditangguhkan untuk pinjaman karyawan (Catatan 10g)	174.336	175.858
Agunan yang diambil alih	77.591	77.591
Uang muka pajak (Catatan 38)	409.138	413.079
Aset <i>Istishna</i> dalam penyelesaian	92	273
Lainnya	222.987	119.927
<b>Total</b>	<b>3.255.979</b>	<b>2.688.331</b>

**15. OTHER ASSETS**

This account consists of:

<u>Third party</u>
Third party receivables
Prepaid expenses
Deferred expense for employee loan (Note 10g)
Foreclosed collateral
Prepaid taxes (Note 38)
Istishna assets in progress
Others
<b>Total</b>

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**15. ASET LAIN-LAIN (lanjutan)**

Tagihan kepada pihak ketiga merupakan tagihan kepada nasabah dan pihak lainnya seperti tagihan kepada Pemerintah Republik Indonesia (Perumpera), tagihan kepada PT Pos Indonesia (Persero) sehubungan dengan kerja sama penyelenggaraan Tabungan Batara Kantor Pos, penagihan angsuran KPR dan asuransi untuk KPR subsidi serta tagihan kepada PT Artajasa terkait dengan transaksi ATM Bersama, PT Finnet Indonesia atas transaksi ATM Link, PT Alto Network atas transaksi ATM Alto, dan PT Rintis Sejahtera atas transaksi ATM Prima.

Rincian biaya dibayar dimuka terutama terdiri dari biaya sewa dan biaya pemeliharaan gedung dan peralatan kantor.

Berdasarkan surat Kementerian Pekerjaan Umum dan Perumahan Rakyat No. UM.01.03-Dp/374 tanggal 23 Desember 2016, tagihan Fasilitas Likuiditas Pembiayaan Perumahan (FLPP) dari Bank atas KPR Sejahtera FLPP tahun 2015 dikonversi menjadi subsidi bunga. Pada tanggal 31 Desember 2018 dan 2017, tagihan Bank kepada Pemerintah Republik Indonesia terkait transaksi tersebut masing-masing sebesar Rp108.829 dan Rp80.419 yang termasuk dalam tagihan kepada pihak ketiga.

**15. OTHER ASSETS (continued)**

Third party receivables represent receivables from customers and other parties such as the receivables from the Government of the Republic of Indonesia, (Perumpera) receivables from PT Pos Indonesia (Persero) regarding collaboration on holding Tabungan Batara Kantor Pos, receiving KPR's instalments and subsidized mortgage insurances and receivables from PT Artajasa arising from transactions with ATM Bersama, receivables from PT Finnet Indonesia arising from ATM Link's transactions, receivables from PT Alto Network arising from transaction with ATM Alto, and receivables from PT Rintis Sejahtera arising from transaction with ATM Prima.

Details of prepaid expenses consist mainly of rent expenses and building and office furnitures maintenance expenses.

Based on a letter from the Ministry of Public Works and Public Housing No. UM.01.03-Dp/374 dated December 23, 2016, the Bank's FLPP receivable from KPR Sejahtera FLPP 2015 was converted to interest subsidy. On December 31, 2018 and 2017, the Bank's bills to the Government of the Republic of Indonesia on such transactions amounting to Rp108,829 and Rp80,419, respectively, are included in Third Party Receivables.

**16. LIABILITAS SEGERA**

Akun ini terdiri dari:

**16. LIABILITIES DUE IMMEDIATELY**

This account consists of:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
Kewajiban kepada pihak ketiga	1.983.330	2.037.322	Third party payables
Hutang pajak			Taxes payable
Pajak penghasilan			Income tax
Pasal 29 (Catatan 38)	3.425	100.801	Article 29 (Note 38)
Pasal 4 ayat (2)	134.445	97.729	Article (4) paragraph 2
Pajak pertambahan nilai	9.607	8.200	Value added tax
Pasal 21	47.117	27.151	Article 21
Bagi hasil yang belum dibagikan	44.622	28.037	Undistributed profit sharing
Deposito berjangka jatuh tempo	62.874	501.036	Matured time deposits
Bunga atas deposito berjangka			Interest on time deposits not
namun belum diambil nasabah	1.677	8.503	collected by customers
Lainnya	14.833	5.095	Others
<b>Total</b>	<b>2.301.930</b>	<b>2.813.874</b>	<b>Total</b>

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**17. GIRO**

Akun ini terdiri dari:

	<b>31 Desember/December 31, 2018</b>	
	<b>Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)</b>	<b>Ekuivalen/ Equivalent Rupiah</b>
Pihak ketiga		
Rupiah		19.076.586
Dolar Amerika Serikat	848.351	12.199
		19.088.785
Pihak berelasi (Catatan 43)		
Rupiah		37.366.188
Dolar Amerika Serikat	4.802	69
		37.366.257
<b>Total</b>		<b>56.455.042</b>

Pada tanggal 31 Desember 2018 dan 2017, saldo giro termasuk giro yang didasarkan pada prinsip perbankan syariah adalah masing-masing sebesar Rp2.781.854 dan Rp2.749.326.

Tingkat suku bunga rata-rata untuk giro Rupiah adalah sebesar 1,84% dan 1,74% masing-masing tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017, dan tingkat suku bunga rata-rata untuk giro Dolar Amerika Serikat adalah sebesar 0,02% dan 0,01% untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017.

Giro yang digunakan sebagai jaminan atas fasilitas kredit yang diberikan oleh Bank pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp160.511 dan Rp10.850 (Catatan 10).

**Dana Syirkah Temporer - Giro Mudharabah**

a. Berdasarkan jenis produk

	<b>31 Desember/ December 31, 2018</b>	<b>31 Desember/ December 31, 2017</b>
Giro BTN Prima iB	1.594.272	1.885.978
<b>Total</b>	<b>1.594.272</b>	<b>1.885.978</b>

**17. DEMAND DEPOSITS**

This account consists of:

	<b>31 Desember/December 31, 2017</b>	
	<b>Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)</b>	<b>Ekuivalen/ Equivalent Rupiah</b>
Third parties		
Rupiah		10.819.476
Dolar Amerika Serikat	576.764	7.825
		10.827.301
Related parties (Note 43)		
Rupiah		41.926.286
Dolar Amerika Serikat	1.147.218	15.565
		41.941.851
<b>Total</b>		<b>52.769.152</b>

As of December 31, 2018 and 2017, demand deposits balance include deposits based on sharia banking principles amounted to Rp2,781,854 and Rp2,749,326, respectively.

The average annual interest rates for Rupiah demand deposits are 1.84% and 1.74% for the year ended December 31, 2018 and 2017, respectively, and for United States Dollar denominated demand deposits are 0.02% and 0.01% for the year ended December 31, 2018 and 2017, respectively.

Demand deposits amounted to Rp160,511 and Rp10,850 as of December 31, 2018 and 2017, respectively, are pledged as collateral for loans provided by the Bank (Note 10).

**Temporary Syirkah Funds - Mudharabah Current Accounts**

a. By product

Giro BTN Prima iB

**Total**

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**17. GIRO (lanjutan)**

Dana Syirkah Temporer - Giro Mudharabah  
(lanjutan)

b. Berdasarkan hubungan

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
Pihak Ketiga	1.059.570	1.731.342
Pihak Berelasi (Catatan 43)	534.702	154.636
<b>Total</b>	<b>1.594.272</b>	<b>1.885.978</b>

Nisbah dan tingkat bagi hasil rata-rata untuk giro Mudharabah untuk tahun yang berakhir pada 31 Desember 2018 dan 2017 adalah sebagai berikut:

2018		
	Nisbah (%)/ Ratio (%)	Tingkat bagi hasil (%)/ Profit sharing rate (%)
Giro <u>Mudharabah</u>	14 : 86	1,50
Mudharabah current accounts		
2017		
	Nisbah (%)/ Ratio (%)	Tingkat bagi hasil (%)/ Profit sharing rate (%)
Giro <u>Mudharabah</u>	14 : 86	1,83
Mudharabah current accounts		

Pada tanggal 31 Desember 2018 dan 2017 tidak terdapat giro mudharabah yang dijadikan jaminan.

The average rate of ratio and profit sharing for Mudharabah current accounts for the year ended December 31, 2018 and 2017 are as follows:

As of December 31, 2018 and 2017, there are no mudharabah demand deposits which are pledged as collateral.

**18. TABUNGAN**

**18. SAVINGS DEPOSITS**

	31 Desember/December 31, 2018		31 Desember/December 31, 2017		
	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	
<u>Rupiah</u>					<u>Rupiah</u>
Tabungan Batara		38.322.138		38.217.936	Batara saving deposits
Tabungan Batara Wadiah		766.324		622.401	Batara Wadiah savings deposit
		39.088.462		38.840.337	
<u>Dolar Amerika Serikat</u>					<u>United States Dollar</u>
Tabungan Batara	1.824.309	26.234	-	-	Batara saving deposits
<u>Dolar Singapura</u>					<u>Singapore Dollar</u>
Tabungan Batara	233.731	2.467	-	-	Batara saving deposits
<b>Total</b>		<b>39.117.163</b>		<b>38.840.337</b>	<b>Total</b>

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**18. TABUNGAN (lanjutan)**

Pada tanggal 31 Desember 2018 dan 2017, saldo tabungan termasuk tabungan yang didasarkan pada prinsip perbankan syariah masing-masing sebesar Rp766.324 dan Rp622.401.

Tingkat suku bunga rata-rata untuk tabungan rupiah sebesar 3,75% dan 3,75% masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017. Tingkat suku bunga rata-rata untuk tabungan valas sebesar 0,39% dan nihil masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017.

Tabungan yang digunakan sebagai jaminan atas fasilitas kredit yang diberikan oleh Bank pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp1.423.373 dan Rp1.193.113 (Catatan 10).

Tabungan Batara dan wadiah dari pihak-pihak berelasi pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp359.710 dan Rp546.944 (Catatan 43).

Dana Syirkah Temporer - Tabungan Mudharabah

a. Berdasarkan jenis produk

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<u>Rupiah</u>		
Tabungan BTN Prima iB	2.664.925	2.017.946
Tabungan BTN Haji & Umroh iB	92.296	86.040
Tabungan Qurban BTN iB	2.147	1.754
Tabungan BTN Emas iB	701	502
<b>Total</b>	<b>2.760.069</b>	<b>2.106.242</b>

b. Berdasarkan hubungan

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
Pihak Ketiga	2.675.780	1.905.085
Pihak Berelasi (Catatan 43)	84.289	201.157
<b>Total</b>	<b>2.760.069</b>	<b>2.106.242</b>

Tabungan *Mudharabah* merupakan simpanan dana pihak lain yang mendapatkan imbalan bagi hasil dari pendapatan Bank atas penggunaan dana tersebut dengan *nisbah* yang ditetapkan dan disetujui sebelumnya.

**18. SAVINGS DEPOSITS (continued)**

As of December 31, 2018 and 2017, savings deposits balance include savings deposits based on sharia banking principles amounted to Rp766,324 and Rp622,401.

The average annual interest rates for rupiah savings deposits are 3.75% and 3.75%, for the year ended December 31, 2018 and 2017, respectively. The average annual interest rates for foreign currencies savings deposits are 0.39% and nil, for the year ended December 31, 2018 and 2017, respectively.

Savings deposits amounted to Rp1,423,373 and Rp1,193,113 as of December 31, 2018 and 2017, respectively, are pledged as collateral for loans provided by the Bank to its customers (Note 10).

As of December 31, 2018 and 2017, Batara and wadiah savings deposits from depositors who are related parties of the Bank amounted to Rp359,710 and Rp546,944, respectively (Note 43).

Temporary Syirkah Funds – Mudharabah Savings Deposits

a. By product

<u>Rupiah</u>	
Tabungan BTN Prima iB	
Tabungan BTN Haji & Umroh iB	
Tabungan Qurban BTN iB	
Tabungan BTN Emas iB	
<b>Total</b>	

b. By relationship

Third Parties  
Related Party (Note 43)

*Mudharabah savings deposits represent deposits from third parties who receive a share in the revenue derived by the Bank from the use of such funds based on a pre-determined and pre-agreed ratio.*

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**18. TABUNGAN (lanjutan)**

Dana Syirkah Temporer - Tabungan Mudharabah (lanjutan)

Nisbah dan tingkat bagi hasil rata-rata untuk tabungan *Mudharabah* untuk periode dan tahun yang berakhir pada 31 Desember 2018 dan 2017 adalah sebagai berikut:

2018		
	<i>Nisbah (%) / Ratio (%)</i>	<i>Tingkat bagi hasil (%) / Profit sharing rate (%)</i>
Tabungan BTN Prima iB	25 : 75	2,67
Tabungan BTN Haji & Umroh iB	15,50 : 84,50	1,66
Tabungan <i>Qurban</i> BTN iB	15,50 : 84,50	1,66
Tabungan BTN Emas iB	25 : 75	2,67
2017		
	<i>Nisbah (%) / Ratio (%)</i>	<i>Tingkat bagi hasil (%) / Profit sharing rate (%)</i>
Tabungan BTN Prima iB	25 : 75	3,26
Tabungan BTN Haji & Umroh iB	15,50 : 84,50	2,02
Tabungan <i>Qurban</i> BTN iB	15,50 : 84,50	2,02
Tabungan BTN Emas iB	25 : 75	3,26

Pada tanggal 31 Desember 2018 dan 2017 tidak terdapat tabungan *mudharabah* yang dijadikan jaminan.

**18. SAVINGS DEPOSITS (continued)**

Temporary Syirkah Funds - Mudharabah Savings Deposits (continued)

The average rate of ratio and profit sharing for Mudharabah savings deposits for the period and year ended 31 December 2018 and 2017 are as follows:

Tabungan BTN Prima iB  
 Tabungan BTN Haji & Umroh iB  
 Tabungan *Qurban* BTN iB  
 Tabungan BTN Emas iB

Tabungan BTN Prima iB  
 Tabungan BTN Haji & Umroh iB  
 Tabungan *Qurban* BTN iB  
 Tabungan BTN Emas iB

As of December 31, 2018 and 2017, there are no mudharabah saving deposits which are pledged as collateral.

**19. DEPOSITO BERJANGKA**

- a. Tingkat suku bunga rata-rata per tahun untuk deposito berjangka adalah sebagai berikut:

	2018	2017
<u>Rupiah</u>		
1 bulan	5,36%	5,80%
3 bulan	5,46%	5,93%
6 bulan	5,58%	5,69%
12 bulan	5,39%	5,42%
24 bulan	5,77%	6,28%
Dolar Amerika Serikat	0,76%	0,32%

**19. TIME DEPOSITS**

- a. Average annual interest rates for time deposits are as follows:

Rupiah  
 1 month  
 3 months  
 6 months  
 12 months  
 24 months

United States Dollar



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**19. DEPOSITO BERJANGKA (lanjutan)**

**19. TIME DEPOSITS (continued)**

- b. Rincian deposito berjangka berdasarkan mata uang dan jangka waktu kontrak:

- b. The details of time deposits by currency and contract period are as follows:

	31 Desember/December 31, 2018		31 Desember/December 31, 2017		
	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	
<u>Rupiah</u>					<u>Rupiah</u>
1 bulan		56.863.504		40.561.063	1 month
3 bulan		37.997.222		20.444.161	3 months
6 bulan		5.790.978		7.736.325	6 months
12 bulan		2.163.461		3.035.715	12 months
24 bulan		9.657.257		13.336.814	24 months
		112.472.422		85.114.078	
<u>Dolar Amerika Serikat</u>					<u>United States Dollar</u>
1 bulan	180.969.246	2.602.338	26.183.252	355.241	1 month
3 bulan	26.137.123	375.852	921.079	12.497	3 months
12 bulan	808.538	11.627	8.538	116	12 months
		2.989.817		367.854	
<u>Dolar Singapura</u>					<u>Singapore Dollar</u>
3 bulan	4.203	44		-	3 months
		44		-	
<b>Total</b>		<b>115.462.283</b>		<b>85.481.932</b>	<b>Total</b>

- c. Rincian deposito berjangka berdasarkan mata uang dan sisa umur hingga jatuh tempo:

- c. Details of time deposits by currency and remaining period to maturity are as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<u>Rupiah</u>			<u>Rupiah</u>
≤ 1 bulan	66.126.560	50.298.156	≤ 1 month
> 1 bulan ≤ 3 bulan	30.251.503	16.559.741	> 1 month ≤ 3 months
> 3 bulan ≤ 6 bulan	5.046.891	2.975.964	> 3 months ≤ 6 months
> 6 bulan ≤ 12 bulan	1.393.904	14.299.278	> 6 months ≤ 12 months
> 12 bulan ≤ 24 bulan	9.653.564	980.939	> 12 months ≤ 24 months
	112.472.422	85.114.078	
<u>Dolar Amerika Serikat</u>			<u>United States Dollar</u>
≤ 1 bulan	2.602.338	355.241	≤ 1 month
> 1 bulan ≤ 3 bulan	375.852	12.497	> 1 month ≤ 3 months
> 6 bulan ≤ 12 bulan	11.627	116	> 6 months ≤ 12 months
	2.989.817	367.854	
<u>Dolar Singapura</u>			<u>Singapore Dollar</u>
> 1 bulan ≤ 3 bulan	44	-	> 1 month ≤ 3 months
	44	-	
<b>Total</b>	<b>115.462.283</b>	<b>85.481.932</b>	<b>Total</b>

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**19. DEPOSITO BERJANGKA (lanjutan)**

Deposito berjangka yang dijadikan jaminan atas fasilitas kredit yang diberikan oleh Bank kepada konsumennya pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp1.342.090 dan Rp1.397.870 (Catatan 10).

Deposito berjangka dari pihak-pihak berelasi pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp45.472.777 dan Rp52.326.084 (Catatan 43).

Dana Syirkah Temporer - Deposito Mudharabah

a. Berdasarkan jangka waktu kontrak

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
1 bulan	8.444.297	5.903.565
3 bulan	5.901.271	4.492.474
6 bulan	67.976	961.585
12 bulan	26.590	32.454
24 bulan	22	74
<b>Total</b>	<b>14.440.156</b>	<b>11.390.152</b>

b. Berdasarkan sisa umur jatuh tempo

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
≤ 1 bulan	9.307.359	7.680.706
> 1 bulan ≤ 3 bulan	5.073.509	3.550.531
> 3 bulan ≤ 6 bulan	40.372	142.529
> 6 bulan ≤ 12 bulan	18.897	16.383
> 12 bulan ≤ 24 bulan	19	3
<b>Total</b>	<b>14.440.156</b>	<b>11.390.152</b>

c. Berdasarkan hubungan

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
Pihak Ketiga	8.814.203	6.431.893
Pihak Berelasi (Catatan 43)	5.625.953	4.958.259
<b>Total</b>	<b>14.440.156</b>	<b>11.390.152</b>

**19. TIME DEPOSITS (continued)**

As of December 31, 2018 and 2017, time deposits amounted to Rp1,342,090 and Rp1,397,870, respectively, are pledged as collateral for loans provided by the Bank to its customers (Note 10).

As of December 31, 2018 and 2017, time deposits from depositors who are related parties of the Bank amounted to Rp45,472,777 and Rp52,326,084, respectively (Note 43).

Temporary Syirkah Funds – Mudharabah Time Deposits

a. By contractual period

1 month  
3 months  
6 months  
12 months  
24 months

b. By remaining period to maturity

≤ 1 month  
> 1 month ≤ 3 months  
> 3 months ≤ 6 months  
> 6 months ≤ 12 months  
> 12 months ≤ 24 months

c. By relationship

Third Parties  
Related Party (Note 43)

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**19. DEPOSITO BERJANGKA (lanjutan)**

Dana Syirkah Temporer - Deposito Mudharabah (lanjutan)

Deposito *mudharabah* merupakan investasi pihak lain yang mendapatkan imbalan bagi hasil dari pendapatan atas penggunaan dana tersebut dengan *nisbah* yang ditetapkan dan disetujui sebelumnya.

*Nisbah* dan tingkat bagi hasil rata-rata untuk deposito *mudharabah* untuk periode dan tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017 adalah sebagai berikut:

	2018		2017		
	<i>Nisbah (%) / Ratio (%)</i>	<i>Tingkat bagi hasil (%) / Profit sharing rate (%)</i>	<i>Nisbah (%) / Ratio (%)</i>	<i>Tingkat bagi hasil (%) / Profit sharing rate (%)</i>	
1 bulan	40 : 60	4,27	40 : 60	4,24	1 month
3 bulan	43 : 57	4,60	43 : 57	5,61	3 months
6 bulan	44 : 56	4,70	44 : 56	5,74	6 months
12 bulan	44 : 56	4,70	44 : 56	5,74	12 months
24 bulan	39 : 61	4,17	39 : 61	5,09	24 months

Pada tanggal 31 Desember 2018 dan 2017 tidak terdapat deposito *mudharabah* yang dijadikan jaminan.

**19. TIME DEPOSITS (continued)**

Temporary Syirkah Funds - Mudharabah Time Deposits (continued)

*Mudharabah time deposits* represent investment from other parties who receive share in the income derived from the use of such funds based on a predetermined and pre-agreed ratio.

The average rate of ratio and profit sharing for *mudharabah time deposits* for the period and year ended 31 December 2018 and 2017, are as follows:

As of December 31, 2018 and 2017, there are no *mudharabah time deposits* which are pledged as collateral.

**20. SIMPANAN DARI BANK LAIN**

Tingkat suku bunga rata-rata per tahun untuk simpanan dari bank lain adalah sebagai berikut:

	2018	2017	
Giro	1,82%	1,30%	Demand Deposit
Deposito	5,90%	4,11%	Time Deposits
Inter-bank call money	5,25%	4,31%	Inter-bank call money

Rincian simpanan dari bank lain berdasarkan sisa umur sampai dengan saat jatuh tempo adalah sebagai berikut:

**20. DEPOSITS FROM OTHER BANKS**

Average annual interest rates for deposits from other banks are as follows:

Details of deposits from other banks by remaining period to maturity are as follows:

31 Desember/December 31, 2018					
	≤ 1 bulan/ month	> 1 - 3 bulan/ months	> 3 - 6 bulan/ months	> 6 - 12 bulan/ months	Total
Rupiah					
Deposito	2.972.970	-	-	-	2.972.970
Giro	19.609	-	-	-	19.609
<b>Total</b>	<b>2.992.579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.992.579</b>

Rupiah  
Time deposits  
Demand deposits

**Total**

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**20. SIMPANAN DARI BANK LAIN (lanjutan)**

Rincian simpanan dari bank lain berdasarkan sisa umur sampai dengan saat jatuh tempo adalah sebagai berikut: (lanjutan)

**20. DEPOSITS FROM OTHER BANKS (continued)**

Details of deposits from other banks by remaining period to maturity are as follows: (continued)

31 Desember/December 31, 2017						
	≤ 1 bulan/ month	> 1 - 3 bulan/ months	> 3 - 6 bulan/ months	> 6 - 12 bulan/ months	Total	
<u>Rupiah</u>						<u>Rupiah</u>
Deposito	5.040.230	-	-	-	5.040.230	Time deposits
Giro	23.203	-	-	-	23.203	Demand deposits
<b>Total</b>	<b>5.063.433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.063.433</b>	<b>Total</b>

Simpanan dari bank lain yang termasuk pihak-pihak berelasi pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar RpNihil (Catatan 43).

As of December 31, 2018 and 2017, deposits from other banks which are related parties of the Bank amounted to RpNil, respectively (Note 43).

Pada tanggal 31 Desember 2018 dan 2017 tidak terdapat simpanan dari bank lain yang dijadikan jaminan.

As of December 31, 2018 and 2017, there are no deposits from other banks which are pledged as collateral.

Dana Syirkah Temporer - Simpanan Dari Bank Lain

Temporary Syirkah Funds - Deposits From Other Banks

Akun ini terdiri dari:

This account consists of:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<u>Pihak Ketiga</u>			<u>Third Parties</u>
<u>Rupiah</u>			<u>Rupiah</u>
Tabungan <i>Mudharabah</i>	8.857	1.632	<i>Mudharabah Saving deposits</i>
Deposito berjangka <i>Mudharabah</i>	8.060	378.032	<i>Mudharabah Time deposits</i>
Giro <i>Mudharabah</i>	315	2.334	<i>Mudharabah Current accounts</i>
<b>Total</b>	<b>17.232</b>	<b>381.998</b>	<b>Total</b>

Simpanan bank lain berdasarkan dana syirkah temporer yang termasuk pihak-pihak berelasi pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar RpNihil.

Deposits from other banks based on temporary syirkah funds which are related parties on the bank as of December 31, 2018 and 2017 amounted to RpNil, respectively.

Tabungan dan giro *Mudharabah* merupakan simpanan dana pihak lain yang mendapatkan imbalan bagi hasil dari pendapatan Bank atas penggunaan dana tersebut dengan *nisbah* yang ditetapkan dan disetujui sebelumnya.

*Mudharabah* savings deposits and current account represent deposits from third parties who receive a share in the revenue derived by the Bank from the use of such funds based on a pre-determined and pre-agreed ratio.

Deposito *Mudharabah* merupakan investasi pihak lain yang mendapatkan imbalan bagi hasil dari pendapatan atas penggunaan dana tersebut dengan *nisbah* yang ditetapkan dan disetujui sebelumnya.

*Mudharabah* time deposits represent investment from other parties who receive share in the income derived from the use of such funds based on a predetermined and pre-agreed ratio.

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**20. SIMPANAN DARI BANK LAIN (lanjutan)**

Dana Syirkah Temporer - Simpanan Dari Bank Lain (lanjutan)

Berdasarkan tingkat suku bunga dan bagi hasil per tahun

	2018
Giro mudharabah	1,50%
Tabungan mudharabah	2,67%
Deposito berjangka mudharabah	4,27%

Pada tanggal 31 Desember 2018 dan 2017 tidak terdapat simpanan dari bank lain mudharabah yang dijadikan jaminan.

**20. DEPOSITS FROM OTHER BANKS (continued)**

Temporary Syirkah Funds - Deposits From Other Banks (continued)

By annual interest rates and profit sharing

	2017	
	1,83%	Mudharabah demand deposits
	3,26%	Mudharabah saving deposits
	5,53%	Mudharabah Time deposits

As of December 31, 2018 and 2017, there are no mudharabah deposits from other banks which are pledged as collateral.

**21. EFEK-EFEK YANG DIJUAL DENGAN JANJI DIBELI KEMBALI**

Rincian efek-efek yang dijual dengan janji dibeli kembali adalah sebagai berikut:

**21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS**

The details of securities sold under repurchase agreements with third parties are as follows:

**31 Desember/December 31, 2018**

Nasabah/ Customer	Jenis Surat Berharga/ Type of Securities	Suku Bunga/ Interest rate	Nilai Nominal/ Nominal Amount	Tanggal Dimulai/ Commencement Date	Tanggal Pembelian Kembali/ Repurchase Date	Harga Pembelian Kembali/ Repurchase Price	Beban Bunga yang Belum Diamortisasi/ Unamortized Interest Expense	Nilai Tercatat/ Carrying Value
<b>Pihak ketiga/Third parties</b>								
Deutsche Bank	VR0031	SPN+1,25%	575.000	14 Januari/ January 14, 2011	23 Juli/ July 23, 2020	500.000	-	500.000
Standard Chartered Bank	VR0031	SPN+1,40%	500.000	18 Januari/ January 18, 2011	22 Juli/ July 22, 2020	435.000	-	435.000
<b>Total</b>			<b>1.075.000</b>			<b>935.000</b>	<b>-</b>	<b>935.000</b>

**31 Desember/December 31, 2017**

Nasabah/ Customer	Jenis Surat Berharga/ Type of Securities	Suku Bunga/ Interest rate	Nilai Nominal/ Nominal Amount	Tanggal Dimulai/ Commencement Date	Tanggal Pembelian Kembali/ Repurchase Date	Harga Pembelian Kembali/ Repurchase Price	Beban Bunga yang Belum Diamortisasi/ Unamortized Interest Expense	Nilai Tercatat/ Carrying Value
<b>Pihak ketiga/Third parties</b>								
Deutsche Bank	VR0031	SPN+1,25%	575.000	14 Januari/ January 14, 2011	23 Juli/ July 23, 2020	500.000	-	500.000
Standard Chartered Bank	VR0031	SPN+1,40%	500.000	18 Januari/ January 18, 2011	22 Juli/ July 22, 2020	435.000	-	435.000
Standard Chartered Bank	VR0027	SPN+0,95%	495.000	2 Maret/ March 2, 2011	23 Juli/ July 23, 2018	450.000	-	450.000
<b>Total</b>			<b>1.570.000</b>			<b>1.385.000</b>	<b>-</b>	<b>1.385.000</b>

Efek-efek yang dijual dengan janji dibeli kembali yang termasuk pihak-pihak berelasi pada tanggal 31 Desember 2018 dan 2017 sebesar RpNihil (Catatan 43).

As of December 31, 2018 and 2017, securities sold under repurchase agreement with related parties amounted to RpNil (Note 43).

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**22. LIABILITAS AKSEPTASI**

Rincian liabilitas akseptasi kepada nasabah adalah sebagai berikut:

a. Berdasarkan Jenis dan Mata Uang

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
Rupiah		
Pihak Berelasi (Catatan 43)		
Surat Kredit Berdokumen		
Dalam Negeri (SKBDN)	528.148	8.081
<b>Total</b>	<b>528.148</b>	<b>8.081</b>

**22. ACCEPTANCES PAYABLE**

The details of acceptances payable from customers are as follows:

a. By Type and Currency

Rupiah
Related Parties (Note 43)
Domestic Document
Letter of Credit
<b>Total</b>

b. Berdasarkan Jangka Waktu:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
≤ 1 bulan	-	5.277
> 1 bulan - 3 bulan	362.388	863
> 3 bulan - 1 tahun	165.760	1.941
<b>Total</b>	<b>528.148</b>	<b>8.081</b>

≤ 1 month
> 1 month - 3 month
> 3 month - 1 year
<b>Total</b>

**23. SURAT-SURAT BERHARGA YANG DITERBITKAN**

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
Rupiah		
Obligasi Berkelanjutan III Tahap I		
setelah dikurangi biaya emisi yang		
belum diamortisasi masing-masing		
sebesar Rp5.275 dan Rp6.552		
pada tanggal 31 Desember 2018		
dan 2017		
Pihak ketiga	3.021.809	3.308.160
Pihak berelasi (Catatan 43)	1.972.916	1.685.288
Obligasi Berkelanjutan II Tahap II		
setelah dikurangi biaya emisi yang		
belum diamortisasi masing-masing		
sebesar Rp1.277 dan Rp2.036		
pada tanggal 31 Desember 2018		
dan 2017		
Pihak ketiga	1.531.348	1.569.934
Pihak berelasi (Catatan 43)	1.467.375	1.428.030

**23. SECURITIES ISSUED**

Shelf Registration Bonds III Phase I  
net of unamortized issuance cost  
amounted to Rp5,275 and Rp6,552  
as of December 31, 2018  
and 2017, respectively  
Third parties  
Related parties (Note 43)

Shelf Registration Bonds II Phase II  
net of unamortized issuance cost  
amounted to Rp1,277 and Rp2,036  
as of December 31, 2018  
and 2017, respectively  
Third parties  
Related parties (Note 43)



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**23. SURAT-SURAT BERHARGA YANG**  
**DITERBITKAN (lanjutan)**

**23. SECURITIES ISSUED (continued)**

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<u>Rupiah (lanjutan)</u>			<u>Rupiah (continued)</u>
Obligasi Berkelanjutan II Tahap I setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp1.956 dan Rp2.808 pada tanggal 31 Desember 2018 dan 2017			<i>Shelf Registration Bonds II Phase I net of unamortized issuance cost amounted to Rp1,956 and Rp2,808 as of December 31, 2018 and 2017, respectively</i>
Pihak ketiga	1.331.758	2.057.073	<i>Third parties</i>
Pihak berelasi (Catatan 43)	766.286	940.119	<i>Related parties (Note 43)</i>
Obligasi Berkelanjutan I Tahap II setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp1.259 dan Rp1.499 pada tanggal 31 Desember 2018 dan 2017			<i>Shelf Registration Bonds I Phase II net of unamortized issuance cost amounted to Rp1,259 and Rp1,499 as of December 31, 2018 and 2017, respectively</i>
Pihak ketiga	1.614.983	1.929.553	<i>Third parties</i>
Pihak berelasi (Catatan 43)	383.758	68.948	<i>Related parties (Note 43)</i>
Obligasi Berkelanjutan I Tahap I setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp1.716 dan Rp2.136 pada tanggal 31 Desember 2018 dan 2017			<i>Shelf Registration Bonds I Phase I net of unamortized issuance cost amounted to Rp1,716 and Rp2,136 as of December 31, 2018 and 2017, respectively</i>
Pihak ketiga	1.768.480	1.908.958	<i>Third parties</i>
Pihak berelasi (Catatan 43)	229.803	88.905	<i>Related parties (Note 43)</i>
Obligasi BTN XV setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp1.218 dan Rp1.631 pada tanggal 31 Desember 2018 dan 2017			<i>BTN Bonds XV net of unamortized issuance cost amounted to Rp1,218 and Rp1,631 as of December 31, 2018 and 2017, respectively</i>
Pihak ketiga	1.190.884	1.207.483	<i>Third parties</i>
Pihak berelasi (Catatan 43)	107.898	90.886	<i>Related parties (Note 43)</i>
Obligasi BTN XIV setelah dikurangi biaya emisi yang belum diamortisasi masing-masing sebesar Rp818 dan Rp1.317 pada tanggal 31 Desember 2018 dan 2017			<i>BTN Bonds XIV net of unamortized issuance cost amounted to Rp818 and Rp1,317 as of December 31, 2018 and 2017, respectively</i>
Pihak ketiga	1.014.997	1.036.672	<i>Third parties</i>
Pihak berelasi (Catatan 43)	634.185	612.011	<i>Related parties (Note 43)</i>
<i>Negotiable Certificate of Deposits (NCD)</i> setelah dikurangi diskonto masing-masing sebesar Rp111.719 dan Rp131.559 pada tanggal 31 Desember 2018 dan 2017			<i>Negotiable Certificate of Deposits (NCD) net of discounts amounted to Rp111,719 and Rp131,559 as of December 31, 2018 and 2017, respectively</i>
Pihak ketiga	2.245.475	2.092.001	<i>Third parties</i>
Pihak berelasi (Catatan 43)	1.362.805	456.438	<i>Related parties (Note 43)</i>
<b>Total</b>	<b>20.644.760</b>	<b>20.480.459</b>	<b>Total</b>

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**23. SURAT-SURAT BERHARGA YANG  
DITERBITKAN (lanjutan)**

a. Obligasi

i. Obligasi Berkelanjutan III Tahap I

Bank menerbitkan Obligasi Berkelanjutan III BTN Tahap I Tahun 2017 dengan jumlah nilai nominal sebesar Rp5.000.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 8,30%, 8,50%, 8,70% dan 8,90% yang dibayarkan tiap tiga bulanan masing-masing untuk Obligasi Berkelanjutan III Tahap I Seri A, Seri B, Seri C dan Seri D dan akan jatuh tempo masing-masing pada tanggal 13 Juli 2020, 13 Juli 2022, 13 Juli 2024 dan 13 Juli 2027. Penerbitan Obligasi Berkelanjutan III Tahap I tahun 2017 tersebut telah dinyatakan efektif berdasarkan surat Dewan Komisiner Otoritas Jasa Keuangan No. S-352/D.04/2017 tanggal 22 Juni 2017.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun dikemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada dikemudian hari. Obligasi ini tidak termasuk dalam program jaminan Pemerintah terhadap kewajiban pembayaran bank umum.

Pada tanggal 31 Desember 2018 dan 2017, Obligasi Berkelanjutan III BTN Tahap I mendapat penilaian peringkat idAA+ dari PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi Berkelanjutan III Tahap I adalah PT Bank Mandiri (Persero) Tbk.

**23. SECURITIES ISSUED (continued)**

a. Bonds

i. Shelf Registration Bonds III Phase I

The Bank issued Shelf Registration Bonds III Phase I of 2017 with a total nominal value of Rp5,000,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rates of 8.30%, 8.50%, 8.70% and 8.90%, payable every three months for Shelf Registration Bonds III Phase I Series A, Series B, Series C and Series D, respectively, and will mature on July 13, 2020, July 13, 2022, July 13, 2024 and July 13, 2027, respectively. The issuance of Shelf Registration Bonds III Phase I of 2017 became effective based on Letter No. S-352/D.04/2017 dated June 22, 2017 of the Commissioner Board of the Financial Services Authority.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not included in the Government's guarantee program on the obligations of commercial banks.

As of December 31, 2018 and 2017, Shelf Registration Bonds III Phase I are rated idAA+ by PT Pemeringkat Efek Indonesia (PT Pefindo).

The trustee for Shelf Registration Bonds III Phase I is PT Bank Mandiri (Persero) Tbk.

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**23. SURAT-SURAT BERHARGA YANG  
DITERBITKAN (lanjutan)**

a. Obligasi (lanjutan)

ii. Obligasi Berkelanjutan II Tahap II

Bank menerbitkan Obligasi Berkelanjutan II Tahap II Tahun 2016 dengan jumlah nilai nominal sebesar Rp3.000.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 8,20% dan 8,75% yang dibayarkan tiap tiga bulanan masing-masing untuk Obligasi Berkelanjutan II Tahap II Seri A dan Seri B dan akan jatuh tempo masing-masing pada tanggal 30 Agustus 2019 dan 30 Agustus 2021. Penerbitan Obligasi Berkelanjutan II Tahap II tahun 2016 tersebut telah dinyatakan efektif berdasarkan surat Dewan Komisiner Otoritas Jasa Keuangan No. S-297/D.04/2015 tanggal 30 Juni 2015.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun dikemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada dikemudian hari. Obligasi ini tidak termasuk dalam program jaminan Pemerintah terhadap kewajiban pembayaran bank umum.

Pada tanggal 31 Desember 2018 dan 2017, Obligasi Berkelanjutan II Tahap II mendapat penilaian peringkat idAA+ dari PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi Berkelanjutan II Tahap II adalah PT Bank Mega Tbk.

**23. SECURITIES ISSUED (continued)**

a. Bonds (continued)

i. Shelf Registration Bonds II Phase II

The Bank issued Shelf Registration Bonds II Phase II of 2016 with a total nominal value of Rp3,000,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rates of 8.20% and 8.75%, payable every three months for Shelf Registration Bonds II Phase II Series A and Series B, respectively, and will mature on August 30, 2019 and August 30, 2021, respectively. The issuance of Shelf Registration Bonds II Phase II of 2016 became effective based on Letter No. S-297/D.04/2015 dated June 30, 2015 of the Commissioner Board of the Financial Services Authority.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not included in the Government's guarantee program on the obligations of commercial banks.

As of December 31, 2018 and 2017, Shelf Registration Bonds II Phase II are rated idAA+ by PT Pemeringkat Efek Indonesia (PT Pefindo).

The trustee for Shelf Registration Bonds II Phase II is PT Bank Mega Tbk.

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**23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)**

**23. SECURITIES ISSUED (continued)**

a. Obligasi (lanjutan)

a. Bonds (continued)

iii. Obligasi Berkelanjutan II Tahap I

iii. Shelf Registration Bonds II Phase I

Bank menerbitkan Obligasi Berkelanjutan II Tahap I Tahun 2015 dengan jumlah nilai nominal sebesar Rp3.000.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 9,63%, 9,88%, 10,00% dan 10,50% yang dibayarkan tiap tiga bulanan masing-masing untuk Obligasi Berkelanjutan II Tahap I Seri A, Seri B, Seri C dan Seri D dan akan jatuh tempo masing-masing pada tanggal 8 Juli 2018, 8 Juli 2020, 8 Juli 2022 dan 8 Juli 2025. Penerbitan Obligasi Berkelanjutan II Tahap I tahun 2015 tersebut telah dinyatakan efektif berdasarkan surat Dewan Komisiner Otoritas Jasa Keuangan No. S-207/D.04/2015 tanggal 30 Juni 2015.

The Bank issued Shelf Registration Bonds II Phase I of 2015 with a total nominal value of Rp3,000,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rates of 9.63%, 9.88%, 10.00% and 10.50%, payable every three months for Shelf Registration Bonds II Phase I Series A, Series B, Series C and Series D, respectively, and will mature on July 8, 2018, July 8, 2020, July 8, 2022 and July 8, 2025, respectively. The issuance of Shelf Registration Bonds II Phase I of 2015 became effective based on Letter No. S-207/D.04/2015 dated June 30, 2015 of the Commissioner Board of the Financial Services Authority.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun dikemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada dikemudian hari. Obligasi ini tidak termasuk dalam program jaminan Pemerintah terhadap kewajiban pembayaran bank umum.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not included in the Government's guarantee program on the obligations of commercial banks.

Pada tanggal 31 Desember 2018 dan 2017, Obligasi Berkelanjutan II Tahap I mendapat penilaian peringkat idAA+ dari PT Pemeringkat Efek Indonesia (PT Pefindo).

As of December 31, 2018 and 2017, Shelf Registration Bonds II Phase I are rated idAA+ by PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi Berkelanjutan II Tahap I adalah PT Bank Mega Tbk.

The trustee for Shelf Registration Bonds II Phase I is PT Bank Mega Tbk.

Pada tanggal 31 Desember 2018, Obligasi Berkelanjutan II Tahap I Seri A telah dilunasi oleh Bank pada tanggal jatuh tempo.

As of December 31, 2018, Shelf Registration Bonds I Phase I Series A has been redeemed by the Bank on the maturity date.

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**23. SURAT-SURAT BERHARGA YANG  
DITERBITKAN (lanjutan)**

**23. SECURITIES ISSUED (continued)**

a. Obligasi (lanjutan)

a. Bonds (continued)

iv Obligasi Berkelanjutan I Tahap II

iv. Shelf Registration Bonds I Phase II

Bank menerbitkan Obligasi Berkelanjutan I Tahap II Tahun 2013 dengan jumlah nilai nominal sebesar Rp2.000.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 7,90% yang dibayarkan tiap tiga bulanan dan akan jatuh tempo pada tanggal 27 Maret 2023. Penerbitan Obligasi Berkelanjutan I Tahap II tahun 2013 tersebut telah dinyatakan efektif berdasarkan surat Ketua BAPEPAM-LK No. S-6349/BL/2012 tanggal 28 Mei 2012.

*The Bank issued Shelf Registration Bonds I Phase II 2013 with a total nominal value of Rp2,000,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rate of 7.90%, payable every three months and are due on March 27, 2023. The issuance of Shelf Registration Bonds I Phase II of 2013 became effective based on Letter No. S-6349/BL/2012 dated May 28, 2012 of the Chairman of BAPEPAM-LK.*

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun di kemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada di kemudian hari. Obligasi ini tidak dijamin dengan jaminan khusus, tetapi dijamin dengan seluruh harta kekayaan Bank, baik barang bergerak maupun barang tidak bergerak, baik yang telah ada maupun yang akan ada di kemudian hari menjadi jaminan bagi pemegang obligasi.

*The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not secured by specific collateral, but are secured by all assets of the Bank, both movable and immovable, and those that are existing and will exist in the future, which are attributable to the Bank's bondholders.*

Pada tanggal 31 Desember 2018 dan 2017, Obligasi Berkelanjutan I BTN Tahap II mendapat penilaian peringkat idAA+, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

*As of December 31, 2018 and 2017, Shelf Registration Bonds I Phase II were rated idAA+, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).*

Bertindak sebagai wali amanat Obligasi Berkelanjutan I BTN Tahap II adalah PT Bank Mega Tbk.

*The trustee for Shelf Registration Bonds I Phase II is PT Bank Mega Tbk.*



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**23. SURAT-SURAT BERTHARGA YANG  
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a. Obligasi (lanjutan)

v. Obligasi Berkelanjutan I BTN Tahap I

Bank menerbitkan Obligasi Berkelanjutan I BTN Tahap I Tahun 2012 dengan jumlah nilai nominal sebesar Rp2.000.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 7,90% yang dibayarkan tiap tiga bulanan dan akan jatuh tempo pada tanggal 5 Juni 2022. Penerbitan Obligasi Berkelanjutan I BTN Tahap I tahun 2012 tersebut telah dinyatakan efektif berdasarkan surat Ketua BAPEPAM-LK No. S-6349/BL/2012 tanggal 28 Mei 2012.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun di kemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada di kemudian hari. Obligasi ini tidak dijamin dengan jaminan khusus, tetapi dijamin dengan seluruh harta kekayaan Bank, baik barang bergerak maupun barang tidak bergerak, baik yang telah ada maupun yang akan ada di kemudian hari menjadi jaminan bagi pemegang obligasi.

Pada tanggal 31 Desember 2018 dan 2017, Obligasi Berkelanjutan I BTN tahap I mendapat penilaian peringkat idAA+, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi Berkelanjutan I BTN tahap I adalah PT Bank Mega Tbk.

**23. SECURITIES ISSUED (continued)**

a. Bonds (continued)

v. Shelf Registration Bonds I Phase I

The Bank issued Shelf Registration Bonds I Phase I 2012 with a total nominal value of Rp2,000,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rate of 7.90%, payable every three months and are due on June 5, 2022. The issuance of Shelf Registration Bonds I Phase I of 2012 became effective based on Letter No. S-6349/BL/2012 dated May 28, 2012 of the Chairman of BAPEPAM-LK.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not secured by specific collateral, but are secured by all assets of the Bank, both movable and immovable, and those that are existing and will exist in the future, which are attributable to the Bank's bondholders.

As of December 31, 2018 and 2017, Shelf Registration Bonds I BTN Phase I were rated idAA+, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

The trustee for Shelf Registration Bonds I Phase I is PT Bank Mega Tbk.



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**23. SURAT-SURAT BERHARGA YANG  
DITERBITKAN (lanjutan)**

a. Obligasi (lanjutan)

vi. Obligasi BTN XV

Bank menerbitkan Obligasi BTN XV Tahun 2011 dengan jumlah nilai nominal sebesar Rp1.300.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 9,50% yang dibayarkan tiap tiga bulanan dan akan jatuh tempo pada tanggal 28 Juni 2021. Penerbitan Obligasi BTN XV tahun 2011 tersebut telah dinyatakan efektif berdasarkan surat Ketua BAPEPAM-LK No. S-6928/BL/2011 tanggal 21 Juni 2011.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun di kemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada di kemudian hari. Obligasi ini tidak dijamin dengan jaminan khusus, tetapi dijamin dengan seluruh harta kekayaan Bank, baik barang bergerak maupun barang tidak bergerak, baik yang telah ada maupun yang akan ada di kemudian hari menjadi jaminan bagi pemegang obligasi.

Pada tanggal 31 Desember 2018 dan 2017, Obligasi BTN XV mendapat penilaian peringkat idAA+, dari PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi BTN XV adalah PT Bank Mega Tbk.

**23. SECURITIES ISSUED (continued)**

a. Bonds (continued)

vi. BTN Bonds XV

The Bank issued BTN Bonds XV of 2011 with a total nominal value of Rp1,300,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rate of 9.50%, payable every three months and are due on June 28, 2021. The issuance of BTN Bonds XV of 2011 became effective based on Letter No. S-6928/BL/2011 dated June 21, 2011 of the Chairman of BAPEPAM-LK.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not secured by specific collateral, but are secured by all assets of the Bank, both movable and immovable, and those that are existing and will exist in the future, which are attributable to the Bank's bondholders.

As of December 31, 2018 and 2017, BTN Bonds XV were rated idAA+, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

The trustee for BTN Bonds XV is PT Bank Mega Tbk.

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**23. SURAT-SURAT BERHARGA YANG  
DITERBITKAN (lanjutan)**

a. Obligasi (lanjutan)

vii. Obligasi BTN XIV

Bank menerbitkan Obligasi BTN XIV Tahun 2010 dengan jumlah nilai nominal sebesar Rp1.650.000 yang terdaftar di Bursa Efek Indonesia (BEI). Obligasi tersebut diterbitkan senilai 100% dari nilai nominalnya dengan tingkat bunga tetap tahunan sebesar 10,25% yang dibayarkan tiap tiga bulanan dan akan jatuh tempo pada tanggal 11 Juni 2020. Penerbitan Obligasi BTN XIV tahun 2010 tersebut telah dinyatakan efektif berdasarkan surat Ketua BAPEPAM-LK No. S-4916/BL/2010 tanggal 3 Juni 2010.

Penerimaan bersih dari penerbitan obligasi tersebut digunakan sebagai sumber pembiayaan kredit. Hak pemegang obligasi adalah paripassu tanpa hak preferen dengan hak-hak kreditur Bank lainnya baik yang ada sekarang maupun dikemudian hari, kecuali hak-hak kreditur Bank yang dijamin secara khusus dengan kekayaan Bank baik yang telah ada maupun yang akan ada dikemudian hari. Obligasi ini tidak dijamin dengan jaminan khusus, tetapi dijamin dengan seluruh harta kekayaan Bank, baik barang bergerak maupun barang tidak bergerak, baik yang telah ada maupun yang akan ada di kemudian hari menjadi jaminan bagi pemegang obligasi.

Pada tanggal 31 Desember 2018 dan 2017, Obligasi BTN XIV mendapat penilaian peringkat idAA+ dari PT Pemeringkat Efek Indonesia (PT Pefindo).

Bertindak sebagai wali amanat Obligasi BTN XIV adalah PT Bank Mega Tbk.

**23. SECURITIES ISSUED (continued)**

a. Bonds (continued)

vii. BTN Bonds XIV

The Bank issued BTN Bonds XIV of 2010 with a total nominal value of Rp1,650,000, which are registered in the Indonesia Stock Exchange (IDX). Such bonds were issued at 100% of their nominal value with an annual fixed interest rate of 10.25%, payable every three months and are due on June 11, 2020. The issuance of BTN Bonds XIV of 2010 became effective based on Letter No. S-4916/BL/2010 dated June 3, 2010 of the Chairman of BAPEPAM-LK.

The net proceeds from the issuance of the bonds were used to finance loans. The rights of the bondholders rank paripassu, without preferential rights, with those of the Bank's other creditors for existing or future creditor rights, except for the Bank's creditors' rights which are guaranteed specifically by the Bank's existing or future assets. The bonds are not secured by specific collateral, but are secured by all assets of the Bank, both movable and immovable, and those that are existing and will exist in the future, which are attributable to the Bank's bondholders.

As of December 31, 2018 and 2017, BTN Bonds XIV are rated idAA+, respectively, by PT Pemeringkat Efek Indonesia (PT Pefindo).

The trustee for BTN Bonds XIV is PT Bank Mega Tbk.

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**23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)**

a. Obligasi (lanjutan)

Perjanjian perwalianamanatan atas seluruh obligasi memuat beberapa pembatasan terhadap Bank dan memerlukan persetujuan tertulis dari wali amanat sebelum melakukan hal-hal berikut:

- Mengalihkan, melepaskan hak, atau menjadikan jaminan hutang seluruh atau lebih dari 50% dari seluruh kekayaan Bank.
- Melakukan penggabungan, peleburan dan/atau akuisisi yang secara material akan mempunyai akibat negatif terhadap kelangsungan usaha Bank atau kemampuan Bank dalam memenuhi kewajiban Bank terhadap pemegang obligasi, kecuali atas permintaan dan/atau perintah Pemerintah dan/atau otoritas yang berwenang.
- Mengubah bidang usaha Bank yang secara material akan mempunyai akibat negatif terhadap kelangsungan usaha Bank atau kemampuan Bank dalam memenuhi kewajiban Bank terhadap pemegang obligasi, kecuali atas permintaan dan/atau perintah Pemerintah dan/atau otoritas yang berwenang.
- Mengurangi modal dasar dan modal disetor kecuali jika pengurangan tersebut dilakukan atas dasar permintaan/perintah dari Pemerintah Republik Indonesia dan/atau otoritas yang berwenang.

Selama tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017, Bank telah mengamortisasi biaya emisi obligasi masing-masing sebesar Rp4.460 dan Rp3.725 yang dicatat dalam laporan laba rugi dan penghasilan komprehensif lain.

Pada tanggal-tanggal 31 Desember 2018 dan 2017, Bank telah memenuhi ketentuan dan kondisi yang ada dalam perjanjian perwalianamanatan tersebut.

Untuk periode yang berakhir pada tanggal 31 Desember 2018 dan 2017, Bank telah melakukan pembayaran bunga sesuai nilai kupon kepada pemegang obligasi yang diterbitkan Bank pada saat jatuh tempo pembayaran bunga.

**23. SECURITIES ISSUED (continued)**

a. Bonds (continued)

The trusteeship agreements covering all the bonds imposed several restrictive covenants on the Bank and require the trustees' written approval prior to perform the following:

- Transfer, the right to, or pledge as collateral, all or more than 50% of the Bank's total assets.
- Enter into consolidation or merger and/or acquire entities that would result in a material negative impact to the Bank's going concern status or the ability of the Bank to fulfil its obligations to the bondholders, except when required and/or directed by the Government and/or any governing authority.
- Change the main business of the Bank resulting in a material negative impact to the Bank's going concern status or the ability of the Bank to fulfill its obligations to the bondholders, except when required and/or directed by the Government and/or any governing authority.
- Reduce the authorized capital and paid-in capital except when required or directed by the Government and/or any governing authority

For year ended December 31, 2018 and 2017, the Bank has amortized the bonds issuance cost amounting to Rp4,460 and Rp3,725, respectively, recorded in the statements of profit or loss and other comprehensive income.

As of December 31, 2018 and 2017, the Bank has complied with the existing terms and conditions of the above trusteeship agreements.

For year ended December 31, 2018 and 2017, coupon payments to all bond holders have been made by the Bank on the respective interest payment due dates.

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**23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)**

**23. SECURITIES ISSUED (continued)**

**b. *Negotiable Certificate of Deposits***

Pada tanggal 21 Februari 2017, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) Tahap I Tahun 2017 dengan nilai pokok sebesar Rp1.735.000 dalam 2 (dua) seri sebagai berikut:

- Seri A: Nilai pokok NCD sebesar Rp1.195.000 dengan tingkat bunga tetap sebesar 7,28% per tahun, untuk jangka waktu 180 (seratus delapan puluh) hari dan akan jatuh tempo pada tanggal 22 Agustus 2017. NCD tersebut diterbitkan sebesar 96,45%.
- Seri B: Nilai pokok NCD sebesar Rp540.000 dengan tingkat bunga tetap sebesar 7,43% per tahun, untuk jangka waktu 365 (tiga ratus enam puluh lima) hari dan akan jatuh tempo pada tanggal 16 Februari 2018. NCD tersebut diterbitkan sebesar 93,08%.

*Negotiable Certificate of Deposits* (NCD) Tahap I Seri A dan Seri B dengan nilai nominal Rp1.735.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

Pada tanggal 5 Oktober 2017, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) Tahap II Tahun 2017 dengan nilai pokok sebesar Rp1.050.000 dalam 2 (dua) seri sebagai berikut:

- Seri A: Nilai pokok NCD sebesar Rp230.000 dengan tingkat bunga tetap sebesar 6,00% per tahun, untuk jangka waktu 180 (seratus delapan puluh) hari dan akan jatuh tempo pada tanggal 3 April 2018. NCD tersebut diterbitkan sebesar 97,08%.
- Seri B: Nilai pokok NCD sebesar Rp820.000 dengan tingkat bunga tetap sebesar 6,25% per tahun, untuk jangka waktu 365 (tiga ratus enam puluh lima) hari dan akan jatuh tempo pada tanggal 5 Oktober 2018. NCD tersebut diterbitkan sebesar 94,04%.

*Negotiable Certificate of Deposits* (NCD) Tahap II Seri A dan Seri B dengan nilai nominal Rp1.050.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

**b. *Negotiable Certificate of Deposits***

On February 21, 2017, Bank issued *Negotiable Certificate of Deposits* (NCD) Phase I year 2017 with principal value amounted to Rp1,735,000 within 2 (two) series as follows:

- A Series: NCD principal value amounted to Rp1,195,000 with a fixed interest rate of 7.28% per annum, for 180 (one hundred and eighty) days period and will mature on August 22, 2017. The NCD were issued at 96.45%.
- B Series: NCD principal value amounted to Rp540,000 with a fixed interest rate of 7.43% per annum, for 365 (three hundred and sixty five) days period and will mature on February 16, 2018. The NCD were issued at 93.08%.

*Negotiable Certificate of Deposits* (NCD) Phase I Series A and Series B with a total nominal value of Rp1,735,000, has been redeemed by the Bank on the maturity date.

On October 5, 2017, Bank issued *Negotiable Certificate of Deposits* (NCD) Phase II year 2017 with principal value amounted to Rp1,050,000 within 2 (two) series as follows:

- A Series: NCD principal value amounted to Rp230,000 with a fixed interest rate of 6.00% per annum, for 180 (one hundred and eighty) days period and will mature on April 3, 2018. The NCD were issued at 97.08%.
- B Series: NCD principal value amounted to Rp820,000 with a fixed interest rate of 6.25% per annum, for 365 (three hundred and sixty five) days period and will mature on October 5, 2018. The NCD were issued at 94.04%.

*Negotiable Certificate of Deposits* (NCD) Phase II Series A and Series B with a total nominal value of Rp1,050,000, has been redeemed by the Bank on the maturity date.

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**23. SURAT-SURAT BERHARGA YANG  
DITERBITKAN (lanjutan)**

**b. *Negotiable Certificate of Deposits* (lanjutan)**

Pada tanggal 3 Oktober 2017, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) Tahap III Tahun 2017 dengan nilai pokok sebesar Rp1.000.000 dan maksimal penerbitan sebanyak Rp550.000 dengan tingkat bunga tetap sebesar 6,50% per tahun, untuk jangka waktu 364 (tiga ratus enam puluh empat) hari dan akan jatuh tempo pada tanggal 2 Oktober 2018.

*Negotiable Certificate of Deposits* (NCD) Tahap III dengan nilai nominal Rp1.000.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

Pada tanggal 13 Desember 2017, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) Tahap IV Tahun 2017 dengan nilai pokok sebesar Rp540.000 dalam 3 (tiga) seri sebagai berikut:

- Seri A: Nilai pokok NCD sebesar Rp160.000 dengan tingkat bunga tetap sebesar 5,90% per tahun, untuk jangka waktu 181 (seratus delapan puluh satu) hari dan akan jatuh tempo pada tanggal 12 Juni 2018. NCD tersebut diterbitkan sebesar 97,12%.
- Seri B: Nilai pokok NCD sebesar Rp320.000 dengan tingkat bunga tetap sebesar 6,20% per tahun, untuk jangka waktu 365 (tiga ratus enam puluh lima) hari dan akan jatuh tempo pada tanggal 13 Desember 2018. NCD tersebut diterbitkan sebesar 94,08%.
- Seri C: Nilai pokok NCD sebesar Rp60.000 dengan tingkat bunga tetap sebesar 6,60% per tahun, untuk jangka waktu 730 (tujuh ratus tiga puluh) hari dan akan jatuh tempo pada tanggal 13 Desember 2019. NCD tersebut diterbitkan sebesar 88,19%.

*Negotiable Certificate of Deposits* (NCD) Tahap IV Seri A dan Seri B dengan nilai nominal Rp480.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

**23. SECURITIES ISSUED (continued)**

**b. *Negotiable Certificate of Deposits* (continued)**

On October 3, 2017, the Bank issued *Negotiable Certificate of Deposits* (NCD) Phase III year 2017 with principal value amounted to Rp1,000,000 and maximum issued at Rp550,000 with a fixed interest rate of 6.50% per annum, for 364 (three hundred and sixty four) days period and has matured on October 2, 2018.

*Negotiable Certificate of Deposits* (NCD) Phase III Series A and Series B with a total nominal value of Rp1,000,000, has been redeemed by the Bank on the maturity date.

On December 13, 2017, Bank issued *Negotiable Certificate of Deposits* (NCD) Phase IV year 2017 with principal value amounted to Rp540,000 within 3 (three) series as follows:

- A Series: NCD principal value amounted to Rp160,000 with a fixed interest rate of 5.90% per annum, for 181 (one hundred and eighty one) days period and will mature on June 12, 2018. The NCD were issued at 97.12%.
- B Series: NCD principal value amounted to Rp320,000 with a fixed interest rate of 6.20% per annum, for 365 (three hundred and sixty five) days period and will mature on December 13, 2018. The NCD were issued at 94.08%.
- C Series: NCD principal value amounted to Rp60,000 with a fixed interest rate of 6.60% per annum, for 730 (seven hundred and thirty) days period and will mature on December 13, 2019. The NCD were issued at 88.19%.

*Negotiable Certificate of Deposits* (NCD) Phase IV Series A and Series B with nominal value of Rp480,000, has been redeemed by the Bank on the maturity date.



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**23. SURAT-SURAT BERHARGA YANG  
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**23. SECURITIES ISSUED (continued)**

**b. *Negotiable Certificate of Deposits* (lanjutan)**

**b. *Negotiable Certificate of Deposits* (continued)**

Pada tanggal 3 April 2018, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) Tahap I Tahun 2018 dengan nilai pokok sebesar Rp1.440.000 dalam 2 (dua) seri sebagai berikut:

On April 3, 2018, Bank issued *Negotiable Certificate of Deposits* (NCD) Phase I year 2018 with principal value amounted to Rp1,440,000 within 2 (two) series as follows:

- Seri A: Nilai pokok NCD sebesar Rp830.000 dengan tingkat bunga tetap sebesar 5,90% per tahun, untuk jangka waktu 182 (seratus delapan puluh dua) hari dan akan jatuh tempo pada tanggal 2 Oktober 2018. NCD tersebut diterbitkan sebesar 97,10%.
- Seri B: Nilai pokok NCD sebesar Rp610.000 dengan tingkat bunga tetap sebesar 6,20% per tahun, untuk jangka waktu 364 (tiga ratus enam puluh empat) hari dan akan jatuh tempo pada tanggal 2 April 2019. NCD tersebut diterbitkan sebesar 94,10%.

- A Series: NCD principal value amounted to Rp830,000 with a fixed interest rate of 5.90% per annum, for 182 (one hundred and eighty two) days period and will mature on October 2, 2018. The NCD were issued at 97.10%.
- B Series: NCD principal value amounted to Rp610,000 with a fixed interest rate of 6.20% per annum, for 364 (three hundred and sixty four) days period and will mature on April 2, 2019. The NCD were issued at 94.10%.

*Negotiable Certificate of Deposits* (NCD) Tahap I Seri A dengan nilai nominal Rp830.000 telah dilunasi oleh Bank pada tanggal jatuh tempo.

*Negotiable Certificate of Deposits* (NCD) Phase I Series A with nominal value of Rp830,000, has been redeemed by the Bank on the maturity date.

Pada tanggal 18 Juli 2018, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) Tahap II Tahun 2018 dengan nilai pokok sebesar Rp690.000 dalam 2 (dua) seri sebagai berikut:

On July 18, 2018, Bank issued *Negotiable Certificate of Deposits* (NCD) Phase II year 2018 with principal value amounted to Rp690,000 within 2 (two) series as follows:

- Seri A: Nilai pokok NCD sebesar Rp520.000 dengan tingkat bunga tetap sebesar 7,60% per tahun, untuk jangka waktu 181 (seratus delapan puluh satu) hari dan akan jatuh tempo pada tanggal 15 Januari 2019. NCD tersebut diterbitkan sebesar 96,32%.
- Seri B: Nilai pokok NCD sebesar Rp170.000 dengan tingkat bunga tetap sebesar 7,70% per tahun, untuk jangka waktu 363 (tiga ratus enam puluh tiga) hari dan akan jatuh tempo pada tanggal 16 Juli 2019. NCD tersebut diterbitkan sebesar 92,80%.

- A Series: NCD principal value amounted to Rp520,000 with a fixed interest rate of 7.60% per annum, for 181 (one hundred and eighty one) days period and will mature on January 15, 2019. The NCD were issued at 96.32%.
- B Series: NCD principal value amounted to Rp170,000 with a fixed interest rate of 7.70% per annum, for 363 (three hundred and sixty three) days period and will mature on July 16, 2019. The NCD were issued at 92.80%.



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**23. SURAT-SURAT BERHARGA YANG DITERBITKAN (lanjutan)**

**23. SECURITIES ISSUED (continued)**

b. Negotiable Certificate of Deposits (lanjutan)

b. Negotiable Certificate of Deposits (continued)

Pada tanggal 5 November 2018, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) Tahap III Tahun 2018 dengan nilai pokok sebesar Rp2.020.000 dalam 3 (tiga) seri sebagai berikut:

On November 5, 2018, Bank issued *Negotiable Certificate of Deposits* (NCD) Phase III year 2018 with principal value amounted to Rp2,020,000 within 3 (three) series as follows:

- Seri A: Nilai pokok NCD sebesar Rp1.340.000 dengan tingkat bunga tetap sebesar 8,30% per tahun, untuk jangka waktu 183 (seratus delapan puluh tiga) hari dan akan jatuh tempo pada tanggal 7 Mei 2019. NCD tersebut diterbitkan sebesar 95,95%.
- Seri B: Nilai pokok NCD sebesar Rp170.000 dengan tingkat bunga tetap sebesar 8,40% per tahun, untuk jangka waktu 270 (dua ratus tujuh puluh) hari dan akan jatuh tempo pada tanggal 2 Agustus 2019. NCD tersebut diterbitkan sebesar 94,07%.
- Seri C: Nilai pokok NCD sebesar Rp510.000 dengan tingkat bunga tetap sebesar 8,50% per tahun, untuk jangka waktu 365 (tiga ratus enam puluh lima) hari dan akan jatuh tempo pada tanggal 5 November 2019. NCD tersebut diterbitkan sebesar 92,07%.

- A Series: NCD principal value amounted to Rp1,340,000 with a fixed interest rate of 8.30% per annum, for 183 (one hundred and eighty three) days period and will mature on May 7, 2019. The NCD were issued at 95.95%.

- B Series: NCD principal value amounted to Rp170,000 with a fixed interest rate of 8.40% per annum, for 270 (two hundred and seventy) days period and will mature on August 2, 2019. The NCD were issued at 94.07%.

- C Series: NCD principal value amounted to Rp510,000 with a fixed interest rate of 8.50% per annum, for 365 (three hundred and sixty five) days period and will mature on November 5, 2019. The NCD were issued at 92.07%.

Pada tanggal 10 Desember 2018, Bank menerbitkan *Negotiable Certificate of Deposits* (NCD) Tahap IV Tahun 2018 dengan nilai pokok sebesar Rp340.000 dalam 2 (dua) seri sebagai berikut:

On December 10, 2018, Bank issued *Negotiable Certificate of Deposits* (NCD) Phase IV year 2018 with principal value amounted to Rp340,000 within 2 (two) series as follows:

- Seri A: Nilai pokok NCD sebesar Rp80.000 dengan tingkat bunga tetap sebesar 8,00% per tahun, untuk jangka waktu 90 (sembilan puluh) hari dan akan jatuh tempo pada tanggal 12 Maret 2019. NCD tersebut diterbitkan sebesar 97,99%.
- Seri B: Nilai pokok NCD sebesar Rp260.000 dengan tingkat bunga tetap sebesar 8,40% per tahun, untuk jangka waktu 180 (seratus delapan puluh) hari dan akan jatuh tempo pada tanggal 11 Juni 2019. NCD tersebut diterbitkan sebesar 95,90%.

- A Series: NCD principal value amounted to Rp80,000 with a fixed interest rate of 8.00% per annum, for 90 (ninety) days period and will mature on March 12, 2019. The NCD were issued at 97.99%.

- B Series: NCD principal value amounted to Rp260,000 with a fixed interest rate of 8.40% per annum, for 180 (one hundred and eighty) days period and will mature on June 11, 2019. The NCD were issued at 95.90%.

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**24. PINJAMAN YANG DITERIMA**

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<u>Pihak Ketiga</u>		
<u>Rupiah</u>		
PT Bank Central Asia Tbk	4.999.958	2.997.908
PT Bank DKI	998.071	-
	5.998.029	2.997.908
<u>Mata Uang Asing</u>		
<u>Dolar Amerika Serikat</u>		
PT Bank ANZ Indonesia	1.432.313	-
	7.430.342	2.997.908
<u>Pihak Berelasi (Catatan 43)</u>		
<u>Rupiah</u>		
PT Sarana Multigriya Finansial (Persero)	8.069.151	4.599.687
<u>Mata Uang Asing</u>		
<u>Dolar Amerika Serikat</u>		
PT Bank Negara Indonesia (Persero) Tbk	-	393.458
	8.069.151	4.993.145
<b>Total</b>	<b>15.499.493</b>	<b>7.991.053</b>

a. Pinjaman dari PT Bank Central Asia Tbk

Akun ini merupakan fasilitas pinjaman yang diperoleh dari PT Bank Central Asia Tbk ditujukan untuk pembiayaan Kredit Pemilikan Rumah (KPR) kepada debitur Bank.

Perjanjian pinjaman dengan PT Bank Central Asia Tbk telah mengalami beberapa kali perubahan. Perubahan terakhir didokumentasikan dalam Perjanjian No. 169/Add-KCK/2018 tanggal 28 Juni 2018 yang terdiri dari:

- *Term Loan I, II dan III* yang dilakukan perpanjangan selama 12 bulan atas pinjaman tersebut sebesar masing-masing Rp1 triliun yang memiliki bunga tetap sebesar masing-masing 7,75%, 7,70% dan 7,70% dan akan jatuh tempo masing-masing pada tanggal 28 Juni 2019, 21 Juni 2019, dan 14 Juni 2019.
- *Term Loan IV* sebesar Rp 2 triliun yang memiliki bunga tetap sebesar 6,5% dengan jangka waktu selama 12 bulan yang akan jatuh tempo masing-masing sebesar Rp1 triliun pada 25 April 2019 dan sebesar Rp1 triliun pada 8 Mei 2019.

**24. FUND BORROWINGS**

<u>Third Parties</u>	
<u>Rupiah</u>	
PT Bank Central Asia Tbk	
PT Bank DKI	
<u>Foreign Currencies</u>	
<u>United States Dollar</u>	
PT Bank ANZ Indonesia	
<u>Related Parties (Note 43)</u>	
<u>Rupiah</u>	
PT Sarana Multigriya Finansial (Persero)	
<u>Foreign Currencies</u>	
<u>United States Dollar</u>	
PT Bank Negara Indonesia (Persero) Tbk	
<b>Total</b>	

a. Loan from PT Bank Central Asia Tbk

This account represents loan facility obtained from PT Bank Central Asia Tbk which is intended to Finance Housing Loans (KPR) of the Bank's debtors.

The loan agreement with PT Bank Central Asia Tbk has been amended several times. The last amendment was documented under the loan agreement No. 169/Add-KCK/2018 dated June 28, 2018 consist of:

- The *Term Loan I, II, and III* the loan were extended for 12 months, amounting for each Rp1 trillion with fixed interest rate are 7.75%, 7.70% and 7.70% per annum and will mature on June 28, 2019, June 21, 2019 and June 14, 2019, respectively.
- The *Term Loan IV* amounting Rp2 trillion with fixed interest rate 6.5% with 12 months period which will mature amounting Rp1 trillion on April 25, 2019 and amounting Rp1 trillion on May 8, 2019, respectively.

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**24. PINJAMAN YANG DITERIMA (lanjutan)**

**b. Pinjaman dari PT Bank DKI**

Akun ini merupakan fasilitas pinjaman yang diperoleh dari pinjaman bilateral PT Bank DKI ditujukan untuk mendukung pengembangan bisnis dan operasional Bank.

Pada tanggal 14 Desember 2018, Bank mendapatkan pinjaman bilateral dengan plafond sebesar Rp1 triliun dengan bunga mengambang sebesar JIBOR 3 (tiga) bulan ditambah 1,20% dan akan jatuh tempo pada tanggal 13 Desember 2019.

**c. Pinjaman dari PT ANZ Indonesia Bank**

Akun ini merupakan fasilitas pinjaman yang diperoleh dari pinjaman bilateral luar negeri dengan konsorsium bank yang terdiri dari PT Bank SBI Indonesia, PT Bank Shinhan Indonesia, The Korea Development Bank Cabang Singapura, DBS Bank Ltd, Oversea-Chinese Banking Corporation Limited dan PT ANZ Indonesia Bank. Pinjaman ini ditujukan untuk mendukung pengembangan bisnis dan operasional PT Bank Tabungan Negara (Persero) Tbk.

Pada tanggal 12 Desember 2018, Bank mendapatkan pinjaman sindikasi dengan plafond sebesar USD130 juta (nilai penuh) dengan bunga mengambang sebesar LIBOR 3 (tiga) bulan ditambah 0,65% untuk *offshore* dan LIBOR 3 (tiga) bulan ditambah 0,85% untuk *onshore* dan akan jatuh tempo pada tanggal 6 Desember 2019.

Persyaratan-persyaratan penting (financial covenants) dalam perjanjian pinjaman Bank antara lain:

- Rasio *Non-Performing Loan* (NPL) maksimal 5,00%
- Nilai *Capital Adequacy Ratio* (CAR) minimal 9,00%
- Nilai Rasio Modal Inti (Tier 1 Ratio) minimal 6,00%
- Nilai Rasio Modal Inti Utama (Core Tier 1 Ratio) minimal 5,00%
- Rasio Giro Wajib Minimum (GWM) minimal 8,00%
- Rasio *Return on Average Assets* minimal 0,6%, dengan ketentuan bahwa nilai *Capital Adequacy Ratio* (CAR) sama dengan atau lebih besar dari 12,50%.

**24. FUND BORROWINGS (continued)**

**b. Loan from PT Bank DKI**

*This account represents loan facility obtained from a bilateral loan from PT Bank DKI which is intended to support the business and operational development of the Bank.*

*On December 14, 2018, the Bank received bilateral loan with plafond amounting to Rp1 trillion with floating interest rate of 3 (three) months JIBOR plus 1.20% and will mature on December 13, 2019.*

**c. Loan from PT ANZ Indonesia Bank**

*This account represents loan facility obtained from a offshore bank bilateral loan with consortium of banks consisting of PT Bank SBI Indonesia, PT Bank Shinhan Indonesia, The Korea Development Bank Singapore Branch, DBS Bank Ltd, Oversea-Chinese Banking Corporation Limited and PT ANZ Indonesia Bank. This loan is intended to support the business and operational development of PT Bank Tabungan Negara (Persero) Tbk.*

*On December 12, 2018, the Bank received syndicated loan with plafond amounting to USD130 million (full amount) with floating interest rate of 3 (three) months LIBOR plus 0.65% for offshore and 3 (three) months LIBOR plus 0.85% for onshore and will mature on December 6, 2019.*

*The significant requirements (financial covenants) in the Bank's loan agreement include the following:*

- *Non-Performing Loan (NPL) ratio maximum of 5.00%.*
- *Capital Adequacy Ratio (CAR) minimum 9.00%*
- *Tier 1 Ratio minimum of 6.00%*
- *Core Tier 1 Ratio minimum of 5.00%*
- *Minimum Statutory Reserve minimum of 8.00%*
- *Return on Average Assets ratio minimum of 0.6%, provided that Capital Adequacy Ratio (CAR) is equal to or greater than 12.50%*

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**24. PINJAMAN YANG DITERIMA (lanjutan)**

d. Pinjaman dari PT Sarana Multigriya Finansial (Persero) (SMF) (pihak berelasi)

Bank memiliki beberapa perjanjian pinjaman dengan SMF sebagai berikut:

- Pinjaman SMF Tahap 1 Tahun 2018

Berdasarkan perjanjian No. 021/PP/SMF-BTN/II/2018 tanggal 20 Februari 2018, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga variabel setiap 6 (enam) bulan yaitu sebesar 6,50% dan 6,60% dan akan jatuh tempo pada tanggal 20 Februari 2019.

- Pinjaman SMF Tahap 2 Tahun 2018

Berdasarkan perjanjian No. 022/PP/SMF-BTN/II/2018 tanggal 23 Februari 2018, Bank mendapatkan pinjaman dengan plafond sebesar Rp1,3 triliun dengan bunga variabel setiap 6 (enam) bulan yaitu sebesar 6,50% dan 6,60% dan akan jatuh tempo sebesar Rp1 triliun pada tanggal 23 Februari 2019 dan sebesar Rp300 miliar pada tanggal 27 Februari 2019.

- Pinjaman SMF Tahap 3 Tahun 2018

Berdasarkan perjanjian No. 059/PP/SMF-BTN/V/2018 tanggal 31 Mei 2018, Bank mendapatkan pinjaman dengan plafond sebesar Rp1 triliun dengan bunga tetap 6,60% dan akan jatuh tempo sebesar Rp500 miliar pada tanggal 31 Mei 2019 dan sebesar Rp500 miliar pada tanggal 7 Juni 2019.

- Pinjaman SMF Tahap 4 Tahun 2018

Berdasarkan perjanjian No. 116/PP/SMF-BTN/VIII/2018 tanggal 28 Agustus 2018, Bank mendapatkan pinjaman dengan plafond sebesar Rp1,5 triliun dengan bunga tetap 8,40% dan akan jatuh tempo pada tanggal 28 Agustus 2021.

**24. FUND BORROWINGS (continued)**

d. Loan from PT Sarana Multigriya Finansial (Persero) (SMF) (related parties)

The Bank has several loan agreements with SMF as follow:

- SMF Loan Phases 1 Year 2018

Based on loan agreement No. 021/ PP/SMF-BTN/II/2018 dated February 20, 2018, the Bank received loan with plafond amounting to Rp500 billion with variable interest rate every 6 (six) months are 6.50% and 6.60% and will mature on February 20, 2019.

- SMF Loan Phases 2 Year 2018

Based on loan agreement No. 022/PP/SMF-BTN/II/2018 dated February 23, 2018, the Bank received loan with plafond amounting to Rp1,3 trillion with variable interest rate every 6 (six) months are 6.50% and 6.60%, will mature on February 23, 2019 amounting Rp1 trillion and on February 27, 2019 amounting Rp300 billion.

- SMF Loan Phases 3 Year 2018

Based on loan agreement No. 059/ PP/SMF-BTN/V/2018 dated May 31, 2018, the Bank received loan with plafond amounting to Rp1 trillion with fixed interest rate is 6.60% and will mature on May 31, 2019 amounting Rp500 billion and on June 7, 2019 amounting Rp500 billion.

- SMF Loan Phases 4 Year 2018

Based on loan agreement No.116/ PP/SMF-BTN/VIII/2018 dated August 28, 2018, the Bank received loan with plafond amounting to Rp1,5 trillion with interest rate is 8.40% and will mature on August 28, 2021.

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**24. PINJAMAN YANG DITERIMA (lanjutan)**

d. Pinjaman dari PT Sarana Multigriya Finansial (Persero) (SMF) (pihak berelasi) (lanjutan)

• Pinjaman SMF Tahap 5 Tahun 2018

Berdasarkan perjanjian No. 154/PP/SMF-BTN/X/2018 tanggal 26 Oktober 2018, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar yang terdiri atas sebesar Rp382 miliar dengan bunga tetap 8,75% yang akan jatuh tempo pada tanggal 26 Oktober 2019, dan sebesar Rp118 miliar dengan bunga tetap 9,10% yang akan jatuh tempo pada tanggal 26 Oktober 2021.

• Pinjaman SMF Tahap 6 Tahun 2018

Berdasarkan perjanjian No. 161/PP/SMF-BTN/XI/2018 tanggal 22 November 2018, Bank mendapatkan pinjaman dengan plafond sebesar Rp1 triliun dengan bunga tetap 9,20% dan akan jatuh tempo pada tanggal 22 November 2021.

• Pinjaman SMF FLPP 2018

Berdasarkan perjanjian No.81/PP/SMF-BTN/VIII/2018 tanggal 14 Agustus 2018, Bank mendapatkan pinjaman dalam rangka penyaluran kredit pemilikan rumah sejahtera untuk masyarakat berpenghasilan rendah.

Pencairan atas fasilitas ini dilakukan selama *availability period* sampai dengan tanggal 28 Desember 2018. Baki Debet pada tanggal 31 Desember 2018 adalah sebesar Rp736.037 dengan suku bunga paling rendah sebesar 4,45% dengan jangka waktu paling lama 15 (lima belas) tahun. Pengembalian dana pinjaman (angsuran pokok dan bunga) kepada SMF dilaksanakan paling lambat tanggal 10 setiap bulannya, apabila tanggal jatuh tempo pembayaran pokok dan bunga jatuh pada hari libur nasional, maka pembayaran dilakukan pada hari kerja sesudah tanggal jatuh tempo pembayaran.

**24. FUND BORROWINGS (continued)**

d. Loan from PT Sarana Multigriya Finansial (Persero) (SMF) (related parties) (continued)

• SMF Loan Phases 5 Year 2018

Based on loan agreement No. 154/PP/SMF-BTN/X/2018 dated October 26, 2018, the Bank received loan with plafond amounting to Rp500 billion with details of amounting Rp382 billion with interest rate is 8.75% and will mature on October 26, 2019, and amounting Rp118 billion with interest rate is 9.10% and will mature on October 26, 2021.

• SMF Loan Phases 6 Year 2018

Based on loan agreement No. 161/PP/SMF-BTN/XI/2018 dated November 22, 2018, the Bank received loan with plafond amounting to Rp1 trillion with interest rate is 9.20% and will mature on November 22, 2021.

• SMF Loan FLPP 2018

Based on loan agreement No.81/PP/SMF-BTN/VIII/2018 dated August 14, 2018, the Bank received loan which is intended to distributing housing loans for low-income communities.

This disbursement of facility is carried out during the *availability period* until December 28, 2018. The Outstanding Balance as of December 31, 2018 is amounting to Rp736,037 with the lowest interest rate of 4.45% for a maximum period of 15 (fifteen) years. Loan repayments (principal and interest instalments) to the SMF are held no later than the 10 of each month, if the due date of principal and interest payments falls on a national holiday, the payment is made on the working day after the payment due date.



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**24. PINJAMAN YANG DITERIMA (lanjutan)**

d. Pinjaman dari PT Sarana Multigriya Finansial (Persero) (SMF) (pihak berelasi) (lanjutan)

- Pinjaman SMF *Mudharabah Muqayadah* 2018

Berdasarkan perjanjian No.153/AKAD/SMF-BTNS/X/2018 tanggal 25 Oktober 2018, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan *nisbah* bagi hasil sebesar 76,22% dari Pendapatan Bagi Hasil Yang Ditawarkan atas Fasilitas Pembiayaan yang ditarik dan akan jatuh tempo pada tanggal 25 Oktober 2019.

- Pinjaman SMF *Mudharabah Muqayadah* FLPP 2018

Berdasarkan perjanjian No.103A/AKAD/SMF-BTNSy/VIII/2018 tanggal 14 Agustus 2018, Bank mendapatkan pinjaman dalam rangka penyaluran kredit kepemilikan rumah sejahtera untuk masyarakat berpenghasilan rendah.

Pencairan atas fasilitas ini dilakukan selama *availability period* sampai dengan tanggal 28 Desember 2018. Baki Debet pada tanggal 31 Desember 2018 adalah sebesar Rp33,218 dengan *nisbah* bagi hasil sebesar 22,25% yang dihitung dari pendapatan bagi hasil yang ditawarkan atas fasilitas pembiayaan yang ditarik selama *availability period* atau dengan ekuivalen sebesar setara dengan 4,45% per tahun dengan pendapatan yang dibagikan yang menggunakan rata-rata tingkat imbal hasil kas efektif dari Pembiayaan KPR Sejahtera sebesar setara dengan 5% per tahun dengan jangka waktu paling lama 15 (lima belas) tahun. Pengembalian dana pinjaman (angsuran pokok dan bunga) kepada SMF dilaksanakan paling lambat tanggal 10 setiap bulannya, apabila tanggal jatuh tempo pembayaran pokok dan bunga jatuh pada hari libur nasional, maka pembayaran dilakukan pada hari kerja sesudah tanggal jatuh tempo pembayaran.

**24. FUND BORROWINGS (continued)**

d. Loan from PT Sarana Multigriya Finansial (Persero) (SMF) (related parties) (continued)

- SMF Loan *Mudharabah Muqayadah* 2018

Based on loan agreement No.153/AKAD/SMF-BTNS/X/2018 dated October 25, 2018, the Bank received loan with plafond amounting to Rp500 billion with *nisbah* ratio is 76.22% from profit sharing of financing facilities and will mature on October 25, 2019.

- SMF Loan *Mudharabah Muqayadah* FLPP 2018

Based on loan agreement No.103A/AKAD/SMF-BTNSy/VIII/2018 dated August 14, 2018, the Bank received loan which is intended to distributing housing loans for low-income communities.

This disbursement of facility is carried out during the *availability period* until December 28, 2018. The Outstanding Balance as of December 31, 2018 is Rp33,218 with a profit sharing ratio of 22.25%, which is calculated from profit sharing income offered for financing facilities drawn during *availability period* or an equivalent of 4.45% per annum with revenue divided by using the average yield rate effective cash financing for KPR Sejahtera Financing equal to 5% per year for a maximum period of 15 (fifteen) years. Loan repayments (principal and interest instalments) to the SMF are held no later than the 10 of each month, if the due date of principal and interest payments falls on a national holiday, the payment is made on the working day after the payment due date.



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**24. PINJAMAN YANG DITERIMA (lanjutan)**

d. Pinjaman dari PT Sarana Multigriya Finansial (Persero) (SMF) (pihak berelasi) (lanjutan)

• Pinjaman SMF Tahap 1 Tahun 2017

Berdasarkan perjanjian No. 009/PP/SMF-BTN/II/2017 tanggal 3 Februari 2017, Bank mendapatkan pinjaman dengan plafond sebesar Rp1 triliun dengan bunga tetap sebesar 8,55% dan akan jatuh tempo pada tanggal 3 Januari 2020.

• Pinjaman SMF Tahap 2 Tahun 2017

Berdasarkan perjanjian No. 013/PP/SMF-BTN/II/2017 tanggal 24 Februari 2017, Bank mendapatkan pinjaman dengan plafond sebesar Rp1,3 triliun dengan bunga tetap sebesar 7,95%.

Bank telah melakukan pelunasan atas pinjaman tersebut sebesar Rp1 triliun saat jatuh tempo pada tanggal 24 Februari 2018 dan sebesar Rp300 miliar saat jatuh tempo pada tanggal 27 Februari 2018.

• Pinjaman SMF Tahap 3 Tahun 2017

Berdasarkan perjanjian No. 031/PP/SMF-BTN/V/2017 tanggal 30 Mei 2017, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 7,80%.

Bank telah melakukan pelunasan atas pinjaman tersebut saat jatuh tempo pada tanggal 31 Mei 2018.

• Pinjaman SMF Tahap 4 Tahun 2017

Berdasarkan perjanjian No. 032/PP/SMF-BTN/VI/2017 tanggal 7 Juni 2017, Bank mendapatkan pinjaman dengan plafond sebesar Rp500 miliar dengan bunga tetap sebesar 7,80%.

Bank telah melakukan pelunasan atas pinjaman tersebut saat jatuh tempo pada tanggal 7 Juni 2018.

**24. FUND BORROWINGS (continued)**

d. Loan from PT Sarana Multigriya Finansial (Persero) (SMF) (related parties) (continued)

• SMF Loan Phases 1 Year 2017

Based on loan agreement No. 009/PP/SMF-BTN/II/2017 dated February 3, 2017, the Bank received loan with plafond amounting to Rp1 trillion with fixed interest rate of 8.55% and will mature on January 3, 2020.

• SMF Loan Phases 2 Year 2017

Based on loan agreement No. 013/PP/SMF-BTN/II/2017 dated February 24, 2017, the Bank received loan with plafond amounting to Rp1.3 trillion with fixed interest rate of 7.95%.

The Bank had paid the loan amounting Rp1 trillion on February 24, 2018 and amounting Rp300 billion on February 27, 2018.

• SMF Loan Phases 3 Year 2017

Based on loan agreement No. 031/PP/SMF-BTN/V/2017 dated May 30, 2017, the Bank received loan with plafond amounting to Rp500 billion with fixed interest rate of 7.80%.

The Bank fully paid the loan at maturity date on May 31, 2018.

• SMF Loan Phases 4 Year 2017

Based on loan agreement No. 032/PP/SMF-BTN/VI/2017 dated June 7, 2017, the Bank received loan with plafond amounting to Rp500 billion with fixed interest rate of 7.80%.

The Bank fully paid the loan at maturity date on June 7, 2018.

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**24. PINJAMAN YANG DITERIMA (lanjutan)**

**24. FUND BORROWINGS (continued)**

d. Pinjaman dari PT Sarana Multigriya Finansial (Persero) (SMF) (pihak berelasi) (lanjutan)

d. Loan from PT Sarana Multigriya Finansial (Persero) (SMF) (related parties) (continued)

• Pinjaman SMF Tahap 5 Tahun 2017

• SMF Loan Phases 5 Year 2017

Berdasarkan perjanjian No. 069/PP/SMF-BTN/XI/2017 tanggal 23 November 2017, Bank mendapatkan pinjaman dengan plafond sebesar Rp1 triliun dengan bunga variabel setiap 3 (tiga) bulan yaitu sebesar 6,50%, 6,60%, 6,70%, dan 6,80%.

Based on loan agreement No. 069/PP/SMF-BTN/XI/2017 dated November 23, 2017, the Bank received loan with plafond amounting to Rp1 trillion with variable interest rate every 3 (three) months are 6.50%, 6.60%, 6.70%, and 6.80%.

Bank telah melakukan pelunasan atas pinjaman tersebut saat jatuh tempo pada tanggal 23 November 2018.

The Bank fully paid the loan at maturity date on November 23, 2018.

• Pinjaman SMF Mudharabah Muqayadah

• SMF Loan Mudharabah Muqayadah

Berdasarkan perjanjian No. 083/AKAD/SMF-BTNS/XII/2017 tanggal 27 Desember 2017, Bank mendapatkan pinjaman dengan plafond sebesar Rp300 miliar dengan bagi hasil setara dengan 6,65%.

Based on loan agreement No. 083/AKAD/SMF-BTNS/XII/2017 dated December 27, 2017, the Bank received loan with plafond amounting to Rp300 billion with indicative rate of 6.65%.

Bank telah melakukan pelunasan atas pinjaman tersebut saat jatuh tempo pada tanggal 27 Desember 2018.

The Bank fully paid the loan at maturity date on December 27, 2018.

e. Pinjaman dari PT Bank Negara Indonesia (Persero) Tbk (pihak berelasi)

e. Loan from PT Bank Negara Indonesia (Persero) Tbk (related parties)

Akun ini merupakan fasilitas pinjaman yang diperoleh dari PT Bank Negara Indonesia (Persero) Tbk ditujukan untuk mendukung modal kerja PT Bank Tabungan Negara (Persero) Tbk.

This account represents loan facility obtained from PT Bank Negara Indonesia (Persero) Tbk which is intended to support working capital of PT Bank Tabungan Negara (Persero) Tbk.

Berdasarkan perjanjian No. INT/2.1/0773/R tanggal 4 Desember 2017, Bank mendapatkan pinjaman dengan plafond sebesar ASD29 juta (nilai penuh) dengan bunga tetap sebesar 2,2351% dan akan jatuh tempo pada tanggal 7 Desember 2018.

Based on loan agreement No. INT/2.1/0773/R dated December 4, 2017, the Bank received loan with plafond amounting to USD29 million (full amount) with fixed interest rate of 2.2351% and will mature on December 7, 2018.

Pada tanggal 31 Desember 2018, pinjaman yang diterima telah dilunasi oleh Bank pada tanggal jatuh tempo.

As of December 31, 2018, the loan has been redeemed by the Bank on the maturity date.

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**24. PINJAMAN YANG DITERIMA (lanjutan)**

**f. Transaksi dengan pihak-pihak berelasi**

Pinjaman yang diterima dari pihak-pihak berelasi pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp8.069.151 dan Rp4.993.145 (Catatan 43).

Pada tanggal 31 Desember 2018 dan 2017, Bank telah memenuhi ketentuan dan kondisi yang ada dalam seluruh perjanjian pinjaman yang diterima.

**24. FUND BORROWINGS (continued)**

**f. Related parties transactions**

As of December 31, 2018 and 2017, fund borrowings received from related parties amounted to Rp8,069,151 and Rp4,993,145, respectively (Note 43).

As of December 31, 2018 and 2017, the Bank has complied with all of the existing terms and condition of the fund borrowing agreements.

**25. PINJAMAN SUBORDINASI**

**25. SUBORDINATED LOAN**

	<u>31 Desember/ December 31, 2018</u>	<u>31 Desember/ December 31, 2017</u>
Rupiah		
<u>Pihak Berelasi (Catatan 43)</u>		
PT Sarana Multigriya Finansial (Persero)	2.999.519	2.999.319

Rupiah
<u>Related Party (Note 43)</u>
PT Sarana Multigriya Finansial (Persero)

Akun ini merupakan fasilitas pemberian Pinjaman Subordinasi yang diperoleh dari PT SMF (Persero) yang ditujukan untuk mendukung Program Sejuta Rumah. Pinjaman Subordinasi sebesar Rp3 triliun dengan suku bunga 9,00% dilakukan dalam 2 (dua) kali tahapan pencairan. Pencairan tahap ke-1 pada 30 Mei 2016 sebesar Rp1,5 triliun dan tahap ke-2 pada 20 Juni 2016 sebesar Rp1,5 triliun. Jangka waktu Pinjaman Subordinasi adalah 5 tahun (60 bulan) yang akan jatuh tempo masing-masing pada 30 Mei 2021 dan 20 Juni 2021.

Pinjaman subordinasi ini telah mendapat persetujuan dari Otoritas Jasa Keuangan (OJK) melalui surat No. S-69/PB.31/2016 tanggal 30 Juni 2016.

Pada tanggal 31 Desember 2018 dan 2017, Bank telah memenuhi ketentuan dan kondisi yang ada dalam seluruh perjanjian pinjaman subordinasi yang diterima.

This account is a subordinated loan that was obtained from PT SMF (Persero) that is aimed to support the one million housing program. Subordinated loan in the amount of Rp3 trillion with interest rate of 9.00% is done in 2 (two) steps credit disbursement. The first disbursement is done on May 30, 2016 in the amount of Rp1.5 trillion and the second disbursement is on June 20, 2016 in the amount of Rp1.5 trillion. The time period of the subordinated loan is 5 years (60 months) that will mature on May 30, 2021 and June 20, 2021.

Subordinated loan has been approved by Financial Service Authority through letter No. S-69/PB.31/2016 dated June 30, 2016.

As of December 31, 2018 and 2017, the Bank has complied with all of the existing terms and conditions of the subordinated loan agreements.

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**26. BUNGA YANG MASIH HARUS DIBAYAR**

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
Deposito berjangka	378.627	244.938
Surat-surat berharga yang diterbitkan	187.772	207.743
Efek yang dijual dengan janji dibeli kembali	12.579	15.539
Pinjaman yang diterima	35.567	12.326
Pinjaman subordinasi	8.250	8.250
Simpanan dari bank lain	7.120	3.565
Lain-lain	219	-
<b>Total</b>	<b>630.134</b>	<b>492.361</b>

**26. INTEREST PAYABLE**

Time deposits
Securities issued
Securities sold under repurchase agreements
Fund borrowings
Subordinated loan
Deposits from other Banks
Others
<b>Total</b>

**27. ESTIMASI KERUGIAN KOMITMEN DAN KONTINJENSI**

Bank melakukan penilaian atas transaksi komitmen dan kontinjensi yang mempunyai risiko kredit secara individual dengan menggunakan bukti obyektif, kecuali transaksi berdasarkan prinsip syariah penilaian dilakukan menggunakan panduan kolektibilitas Otoritas Jasa Keuangan (OJK).

Kolektibilitas garansi yang diterbitkan dan fasilitas kredit yang belum ditarik yang mempunyai risiko kredit adalah sebagai berikut:

**27. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES**

Bank assessed commitment and contingency transaction which have credit risk individually for impairment based on whether an objective evidence of impairment exists, except transaction based on sharia principles, assessment was performed using a collectability guidance of Otoritas Jasa Keuangan (OJK).

The collectability classification of guarantees issued and unused loan facility bearing credit risks are as follows:

	31 Desember/December 31, 2018		31 Desember/December 31, 2017		
	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	Jumlah nosional mata uang asing/ Notional amount in foreign currencies (angka penuh/ full amount)	Ekuivalen/ Equivalent Rupiah	
<u>Lancar</u>					<u>Current</u>
<u>Rupiah</u>					<u>Rupiah</u>
Garansi yang diterbitkan (Catatan 39)		3.712.682		2.930.233	Guarantees issued (Note 39)
Fasilitas kredit yang belum ditarik (committed)		224.440		398.816	Unused loan facility (committed)
		3.937.122		3.329.049	
<u>Mata uang asing</u>					<u>Foreign currencies</u>
Garansi yang diterbitkan (Catatan 39)					Guarantees issued (Note 39)
Dolar Amerika Serikat	5.275.284	75.859	5.229.775	70.955	United States Dollar
Euro Eropa	184.351	3.031	-	-	European Euro
Dolar Singapura	226.676	2.393	-	-	Singapore Dollar
		81.283		70.955	
		4.018.405		3.400.004	
<u>Dalam Perhatian Khusus</u>					<u>Special mention</u>
<u>Rupiah</u>					<u>Rupiah</u>
Fasilitas kredit yang belum ditarik (committed)		45.128		7.547	Unused loan facility (committed)
<b>Total</b>		<b>4.063.533</b>		<b>3.407.551</b>	<b>Total</b>

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**27. ESTIMASI KERUGIAN KOMITMEN DAN KONTINJENSI (lanjutan)**

Pada tanggal 31 Desember 2018 dan 2017 terdapat transaksi dengan pihak-pihak berelasi untuk fasilitas kredit yang belum ditarik masing-masing sebesar RpNihil.

Pada tanggal 31 Desember 2018 dan 2017, garansi bank yang diterbitkan kepada pihak-pihak berelasi, masing-masing sebesar Rp834.470 dan Rp378.722 (Catatan 43).

Manajemen berpendapat bahwa tidak diperlukan penyisihan estimasi kerugian komitmen dan kontinjensi yang perlu dibentuk oleh manajemen.

**27. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)**

As of December 31, 2018 and 2017, there are transaction with related parties for unused loan facility amounted to RpNil, respectively.

As of December 31, 2018 and 2017, guarantees issued to related parties amounted to Rp834,470 and Rp378,722, respectively (Note 43).

Based on management's judgment, there is no provision for estimated losses on commitments and contingencies should be provided by management.

**28. LIABILITAS IMBALAN KERJA DAN LAIN-LAIN**

**28. EMPLOYEE BENEFITS AND OTHER LIABILITIES**

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<u>Liabilitas imbalan kerja</u>		
Bonus dan tantiem	272.915	491.004
Imbalan kerja jangka panjang (Catatan 40b)	297.317	260.316
	570.232	751.320
<u>Liabilitas lain-lain</u>		
Dana jaminan pengembang (kewajiban pada pihak ketiga)	5.354.174	4.465.798
Lainnya	293.408	395.344
	5.647.582	4.861.142
<b>Total</b>	<b>6.217.814</b>	<b>5.612.462</b>

Employee benefits liabilities  
 Bonuses and tantiem  
 Long term employee benefits  
 (Note 40b)

Other liabilities  
 Developers' security deposits  
 (liabilities to third party)  
 Others

**Total**

Cadangan atas bonus merupakan kewajiban atas jasa produksi karyawan pada tahun berjalan yang belum dibagikan pada akhir tahun.

Dana jaminan pengembang merupakan setoran jaminan dari pengembang untuk menjamin penyelesaian kewajiban pengembang di Bank.

Bank telah mengidentifikasi dugaan pemalsuan bilyet deposito Bank dan dari hasil pemeriksaan Bank menunjukkan bahwa terdapat beberapa bilyet deposito Bank yang diduga dipalsukan oleh pihak lain di luar Bank sehingga tidak tercatat dalam sistem Bank. Bank telah melaporkan kasus tersebut kepada pihak berwajib dan saat ini sedang dalam proses penyidikan sehingga jumlah pasti atas potensi kerugian dari kasus tersebut belum dapat ditentukan. Sebagai bentuk penerapan prinsip kehati-hatian, Bank telah membentuk cadangan atas potensi kerugian operasional masing-masing per tanggal 31 Desember 2018 dan 31 Desember 2017 sebesar Rp165.090 juta dan Rp275.090 juta.

Provision for bonus represents unpaid employees' bonus for the current year which was not yet distributed at the end of the year.

Developer's security deposits represent security deposit from developer to ensure that the developer settle its obligation in the Bank.

The Bank has identified an indication of forged transaction in the Bank's certificate of time deposits and based on the Bank's investigation, there were several Bank's certificate of time deposits forged by third party, therefore it is not recorded in the Bank's system. The Bank has reported this case to the authority and currently it is in the process of investigation therefore the definite amount of potential loss from this case still can not be determine yet. In view of implementation of prudential banking principle, the Bank has provided allowance for potential operational losses as of December 31, 2018 and 2017 amounting to Rp165,090 million and Rp275,090 million, respectively.

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**29. EKUITAS**

a. Modal Saham

Rincian modal dasar, modal ditempatkan dan disetor penuh Bank adalah sebagai berikut:

31 Desember/December 31, 2018					
	Jumlah lembar saham/ Number of shares	Nilai nominal per lembar saham (Rupiah penuh)/ Par value per share (Full Rupiah)	Jumlah nilai saham/ Total value of shares	Persentase kepemilikan/ Percentage ownership	
<b>Modal Dasar</b>					<b>Authorized Capital</b>
Saham Seri A Dwiwarna	1	500	-	0%	Series A Dwiwarna Stock
Saham Biasa atas nama Seri B	20.478.431.999	500	10.239.216	100%	Series B Common Stock
	<b>20.478.432.000</b>		<b>10.239.216</b>	<b>100%</b>	
<b>Modal Ditempatkan dan Disetor Penuh</b>					<b>Issued and Fully Paid Capital</b>
Saham Seri A Dwiwarna Pemerintah	1	500	-	0%	Series A Dwiwarna Stock Government
Saham Seri B					Series B Stock Government
Pemerintah	6.353.999.999	500	3.177.000	60,00%	Board of Commissioners:
Dewan Komisaris:					Iman Sugema
Iman Sugema	82.900	500	42	0,00%	Maurin Sitorus
Maurin Sitorus	82.900	500	42	0,00%	Sumiyati
Sumiyati	82.900	500	42	0,00%	Board of Directors:
Dewan Direksi:					Maryono
Maryono	346.800	500	173	0,00%	Iman Nugroho Soeko
Iman Nugroho Soeko	184.300	500	92	0,00%	Oni Febriarto Rahardjo
Oni Febriarto Rahardjo	184.300	500	92	0,00%	Budi Satria
Budi Satria	146.400	500	73	0,00%	R. Mahelan
R. Mahelan					Prabantarikso
Prabantarikso	210.400	500	105	0,00%	Nixon L.P. Napitupulu
Nixon L.P. Napitupulu	146.400	500	73	0,00%	Dasuki Amsir
Dasuki Amsir	2.000	500	1	0,00%	
Masyarakat (kepemilikan masing-masing dibawah 5% untuk setiap pihak)	4.234.530.700	500	2.117.265	40,00%	Public (ownership less than 5% each)
<b>Total</b>	<b>10.590.000.000</b>		<b>5.295.000</b>	<b>100,00%</b>	<b>Total</b>

**29. EQUITY**

a. Capital Stock

The details of the Bank's authorized capital stock and issued and fully paid capital stock are as follows:



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**29. EKUITAS (lanjutan)**

a. Modal Saham (lanjutan)

Rincian modal dasar, modal ditempatkan dan disetor penuh Bank adalah sebagai berikut (lanjutan):

31 Desember/December 31, 2017					
	Jumlah lembar saham/ Number of shares	Nilai nominal per lembar saham (Rupiah penuh)/ Par value per share (Full Rupiah)	Jumlah nilai saham/ Total value of shares	Persentase kepemilikan/ Percentage ownership	
<b>Modal Dasar</b>					<b>Authorized Capital</b>
Saham Seri A Dwiwarna	1	500	-	0,00%	Series A Dwiwarna Stock
Saham Biasa atas nama Seri B	20.478.431.999	500	10.239.216	100,00%	Series B Common Stock
	<b>20.478.432.000</b>		<b>10.239.216</b>	<b>100,00%</b>	
<b>Modal Ditempatkan dan Disetor Penuh</b>					<b>Issued and Fully Paid Capital</b>
Saham Seri A Dwiwarna Pemerintah	1	500	-	0,00%	Series A Dwiwarna Stock Government
Saham Seri B Pemerintah Maryono	6.353.999.999	500	3.177.000	60,00%	Series B Stock Government Maryono
(Direktur Utama)	98.500	500	49	0,00%	(President Director)
R. Mahelan Prabantarikso (Direktur)	64.000	500	32	0,00%	R. Mahelan Prabantarikso (Director)
Masyarakat (kepemilikan masing-masing dibawah 5% untuk setiap pihak)	4.235.837.500	500	2.117.919	40,00%	Public (ownership less than 5% each)
<b>Total</b>	<b>10.590.000.000</b>		<b>5.295.000</b>	<b>100,00%</b>	<b>Total</b>

Saham Seri A Dwiwarna adalah saham yang memberikan hak-hak preferen kepada pemegangnya untuk menyetujui pengangkatan dan pemberhentian Dewan Komisaris dan Direksi, perubahan anggaran dasar, menyetujui penggabungan, peleburan, pengambilalihan dan pemisahan Bank, pengajuan permohonan agar Bank dinyatakan pailit dan pembubaran Bank.

Saham Seri B adalah saham biasa atas nama yang dapat dimiliki oleh masyarakat.

**29. EQUITY (continued)**

a. Capital Stock (continued)

The details of the Bank's authorized capital stock and issued and fully paid capital stock are as follows (continued):

Series A Dwiwarna share is the share that gives the shareholder preferential rights to approve the appointment or dismissal of Commissioners and Directors, changes in Articles of Association, approve on Bank's merger, dissolution, acquisition and separation, submission of request for bankruptcy and liquidation of Bank.

Series B shares are common shares that can be owned by the public.

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**29. EKUITAS (lanjutan)**

**a. Modal Saham (lanjutan)**

Per 31 Desember 2018 terdapat perubahan kepemilikan saham yang dimiliki oleh Dewan Komisaris Bank, dimana kepemilikan saham pada tahun sebelumnya nihil. Kepemilikan saham tersebut dalam rangka Peraturan Otoritas Jasa Keuangan (POJK) No. 45/POJK.03/2015 tanggal 23 Desember 2015 tentang Penerapan Tata Kelola dalam Pemberian Remunerasi Bagi Bank Umum, dimana anggota Direksi dan Dewan Komisaris Non Independen diberikan remunerasi yang bersifat variabel dalam bentuk saham Perseroan atas kinerja untuk tahun buku 2017.

Saham yang dimiliki oleh Dewan Komisaris dan Direksi untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar 1.469.300 lembar saham dan 162.500 lembar saham atau 0,01% dan 0,00% dari jumlah modal dasar.

**b. Tambahan modal disetor**

Perubahan tambahan modal disetor adalah sebagai berikut:

Saldo pada tanggal 1 Januari 2009	-
Tambahan Modal disetor akibat penawaran umum perdana tahun 2009	708.017
Biaya emisi penerbitan saham	(68.391)
	639.626
Tambahan Modal disetor akibat adanya pelaksanaan opsi pembelian (eksekusi) saham MESOP I tahap 1 dan 2 Tahun 2011	94.733
	734.359
Tambahan Modal disetor akibat adanya pelaksanaan opsi pembelian (eksekusi) saham MESOP I tahap 3 dan 4 Tahun 2012	5.219
Tambahan Modal disetor akibat adanya pelaksanaan opsi pembelian (eksekusi) saham MESOP II tahap 1 dan 2 Tahun 2012	1.130
	740.708

**29. EQUITY (continued)**

**a. Capital Stock (continued)**

As of December 31, 2018, there was a change in share ownership held by the Board of Commissioners of the Bank, wherein the previous year's share ownership was nil. The ownership is in the framework of the Financial Services Authority Regulation (POJK) No. 45/ POJK.03/2015 dated December 23, 2015 concerning Implementation of Governance in the Provision of Remuneration for Commercial Banks, where members of the Non-Independent Board of Directors and Board of Commissioners are given variable remuneration in the form of the Company's shares for performance for the financial year 2017.

Shares held by the Board of Commissioners and Directors for the years ended December 31, 2018 and 2017 amounted to 1,469,300 shares and 162,500 shares or 0.01% and 0.00% of the total authorized capital.

**b. Additional Paid In Capital**

The movements in additional paid in capital are as follows:

Balance as 1 January 2009
Additional Paid in capital due to Initial Public Offering in 2009
Shares Issuance Cost
Additional Paid in capital due to purchased stock option during phases 1 and 2 of MESOP I in 2011
Additional Paid in capital due to purchased stock option during phases 3 and 4 of MESOP I in 2012
Additional Paid in capital due to purchased stock option during phases 1 and 2 of MESOP II in 2012

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**29. EKUITAS (lanjutan)**

**b. Tambahan modal disetor (lanjutan)**

Perubahan tambahan modal disetor adalah sebagai berikut: (lanjutan)

Tambahan Modal disetor akibat  
 Penawaran Umum Saham  
 Terbatas I pada tahun 2012

1.111.949

Biaya emisi penerbitan saham

(59.154)

1.793.503

Tambahan Modal disetor akibat  
 adanya pelaksanaan opsi  
 pembelian (eksekusi) saham  
 MESOP I tahap 5 dan 6 Tahun 2013

11.063

Tambahan Modal disetor akibat  
 adanya pelaksanaan opsi  
 pembelian (eksekusi) saham  
 MESOP II tahap 3 dan 4 Tahun 2013

117.623

Tambahan Modal disetor akibat  
 adanya pelaksanaan opsi  
 pembelian (eksekusi) saham  
 MESOP III tahap 1 dan 2 Tahun 2013

103.575

2.025.764

Tambahan Modal disetor akibat  
 adanya pelaksanaan opsi  
 pembelian (eksekusi) saham  
 MESOP I tahap 7 dan 8 Tahun 2014

1.840

Tambahan Modal disetor akibat  
 adanya pelaksanaan opsi  
 pembelian (eksekusi) saham  
 MESOP II tahap 5 dan 6 Tahun 2014

243

Tambahan Modal disetor akibat  
 adanya pelaksanaan opsi  
 pembelian (eksekusi) saham  
 MESOP III tahap 3 dan 4 Tahun 2014

289

2.028.136

Tambahan Modal disetor akibat  
 adanya pelaksanaan opsi  
 pembelian (eksekusi) saham  
 MESOP II tahap 7 dan 8 serta  
 MESOP III tahap 5 dan 6 Tahun 2015

18.462

2.046.598

Tambahan Modal disetor akibat  
 adanya pelaksanaan opsi  
 pembelian (eksekusi) saham  
 MESOP III tahap 7 Tahun 2016

7.856

**2.054.454**

**29. EQUITY (continued)**

**b. Additional paid-in capital (continued)**

The movements in additional paid in capital are as follows: (continued)

*Additional paid in capital due to  
 Right Issue I in 2012*

*Shares Issuance Cost*

*Additional Paid in capital due to  
 purchased stock option during  
 phases 5 and 6 of MESOP I in 2013*

*Additional Paid in capital due to  
 purchased stock option during  
 phases 3 and 4 of MESOP II in 2013*

*Additional Paid in capital due to  
 purchased stock option during  
 phases 1 and 2 of MESOP III in 2013*

*Additional Paid in capital due to  
 purchased stock option during  
 phases 7 and 8 of MESOP I in 2014*

*Additional Paid in capital due to  
 purchased stock option during  
 phases 5 and 6 of MESOP II in 2014*

*Additional Paid in capital due to  
 purchased stock option during  
 phases 3 and 4 of MESOP III in 2014*

*Additional Paid in capital due to  
 purchased stock option during  
 phases 7 and 8 of MESOP II and  
 phases 5 and 6 of MESOP III in 2015*

*Additional Paid in capital due to  
 purchased stock option during  
 phase 7 of MESOP III in 2016*

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**29. EKUITAS (lanjutan)**

c. Penggunaan Laba

Penggunaan Laba Tahun 2017

Alokasi penggunaan laba untuk tahun yang berakhir pada tanggal 31 Desember 2017 adalah sebagai berikut:

- a. Dividen sebesar Rp605.493
- b. Laba ditahan yang telah ditentukan penggunaannya Rp2.421.973

Penggunaan Laba Tahun 2016

Alokasi penggunaan laba untuk Periode yang berakhir pada tanggal 31 Desember 2016 adalah sebagai berikut:

- a. Dividen sebesar Rp523.781
- b. Laba ditahan yang telah ditentukan penggunaannya Rp2.095.125

**29. EQUITY (continued)**

c. Profit Distribution

Profit Distribution for Year 2017

Allocation of profit distribution for the year ended December 31, 2017 are as follow:

- a. Dividends amounted to Rp605,493
- b. Appropriated retained earnings amounted to Rp2,421,973

Profit Distribution for Year 2016

Allocation of profit distribution for the year ended December 31, 2016 are as follow:

- a. Dividends amounted to Rp523,781
- b. Appropriated retained earnings amounted to Rp2,095,125

**30. PENDAPATAN BUNGA DAN BAGI HASIL**

a. Pendapatan Bunga

Akun ini terdiri dari:

**30. INTEREST INCOME AND INCOME FROM PROFIT SHARING**

a. Interest Income

This account consists of:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31		
	2018	2017	
<b>Kredit yang diberikan dan piutang</b>			<b>Loans and receivables</b>
Kredit yang diberikan	19.860.531	17.391.610	Loans
Giro pada Bank Indonesia	59.382	79.768	Current accounts with Bank Indonesia
Giro pada bank lain	1.357	1.852	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	214.578	167.323	Placements with Bank Indonesia and other banks
<b>Nilai wajar melalui Laba rugi</b>			<b>Fair value through profit or loss</b>
Obligasi pemerintah	22.353	32.982	Government bonds
Efek-efek	1.649	1.531	Securities
<b>Tersedia untuk dijual</b>			<b>Available-for-sale</b>
Obligasi pemerintah	223.308	263.526	Government bonds
Efek-efek	168.981	257.813	Securities
<b>Dimiliki hingga jatuh tempo</b>			<b>Held-to-maturity</b>
Obligasi pemerintah	168.081	189.120	Government bonds
Efek-efek	61.292	61.209	Securities
<b>Total</b>	<b>20.781.512</b>	<b>18.446.734</b>	<b>Total</b>

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**30. PENDAPATAN BUNGA DAN BAGI HASIL**  
**(lanjutan)**

b. Bagi hasil dan marjin unit syariah

Akun ini terdiri dari:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31	
	2018	2017 <sup>*)</sup>
Pendapatan <i>murabahah</i>	1.419.649	1.066.765
Pendapatan bagi hasil <i>musyarakah</i>	358.858	319.901
Pendapatan <i>istishna</i>	142.611	108.275
Pendapatan bagi hasil <i>mudharabah</i>	25.733	44.984
Pendapatan usaha utama lainnya	123.395	104.943
<b>Total</b>	<b>2.070.246</b>	<b>1.644.868</b>

<sup>\*)</sup> Direklasifikasi, catatan nomor 51

**30. INTEREST INCOME AND INCOME FROM PROFIT SHARING (continued)**

b. Profit Sharing and Margin from Sharia Unit

This account consists of:

*Income from murabahah*  
*Musyarakah profit sharing income*  
*Income from istishna*  
*Mudharabah profit sharing income*  
*Other main operating income*

**Total**

**31. BEBAN BUNGA, BAGI HASIL DAN BONUS**

a. Beban Bunga

Akun ini terdiri dari:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31	
	2018	2017
Deposito berjangka	6.121.822	5.129.165
Surat-surat berharga yang diterbitkan	1.753.488	1.520.084
Tabungan	1.433.139	1.187.888
Giro	925.651	802.585
Pinjaman yang diterima	737.136	566.758
Simpanan dari bank lain	291.627	236.255
Pinjaman Subordinasi	270.200	270.200
Efek yang dijual dengan janji dibeli kembali	94.491	92.181
<b>Total</b>	<b>11.627.554</b>	<b>9.805.116</b>

b. Bonus Simpanan *Wadiah* dan Hak Pihak Ketiga  
 atas Bagi hasil *Mudharabah*

Bonus simpanan wadiah:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31	
	2018	2017 <sup>*)</sup>
Beban bonus simpanan wadiah:		
Giro wadiah	10.270	8.913
Tabungan wadiah	2.166	2.840
<b>Total</b>	<b>12.436</b>	<b>11.753</b>

<sup>\*)</sup> Direklasifikasi, catatan nomor 51

**31. INTEREST, PROFIT SHARING AND BONUS EXPENSES**

a. Interest Expense

This account consists of:

*Time deposits*  
*Securities issued*  
*Savings deposits*  
*Demand deposits*  
*Fund borrowings*  
*Deposits from other banks*  
*Subordinated Loan*  
*Securities sold under*  
*repurchase agreements*

**Total**

b. *Wadiah* Deposit Bonus and Third Parties' Share  
 on Return of *Mudharabah*

*Wadiah* deposit bonus:

*Wadiah* bonus expenses:  
*Wadiah demand deposit*  
*Wadiah saving deposit*

<sup>\*)</sup> As reclassified, Note 51

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**31. BEBAN BUNGA, BAGI HASIL DAN BONUS**  
**(lanjutan)**

- b. Bonus Simpanan *Wadiah* dan Hak Pihak Ketiga  
atas Bagi hasil *Mudharabah* (lanjutan)

Hak bagi hasil *mudharabah*:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31	
	2018	2017 <sup>*)</sup>
Hak Pihak Ketiga atas Bagi hasil <i>Mudharabah</i> :		
Deposito <i>mudharabah</i>	803.413	718.218
Giro <i>mudharabah</i>	66.362	20.315
Tabungan <i>mudharabah</i>	105.345	81.485
Pinjaman <i>mudharabah</i>	18.645	-
<b>Total</b>	<b>993.765</b>	<b>820.018</b>

<sup>\*)</sup> Direklasifikasi, catatan nomor 51

**31. INTEREST, PROFIT SHARING AND BONUS**  
**EXPENSES (continued)**

- b. *Wadiah* Deposit Bonus and Third Parties' Share  
on Return of *Mudharabah* (continued)

*Mudharabah* share on return:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31	
	2018	2017 <sup>*)</sup>
Third Parties' Share on Return of <i>Mudharabah</i> :		
<i>Mudharabah</i> time deposit		
<i>Mudharabah</i> demand deposit		
<i>Mudharabah</i> saving deposit		
<i>Mudharabah</i> borrowing		
<b>Total</b>	<b>993.765</b>	<b>820.018</b>

<sup>\*)</sup> As reclassified, Note 51

**32. PENDAPATAN OPERASIONAL LAINNYA -**  
**LAIN-LAIN**

Akun ini terdiri dari:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31	
	2018	2017
Jasa perbankan	163.551	154.239
Jasa penagihan - <i>payment points</i>	21.253	18.244
<i>Servicing Fee</i> Sekuritisasi Aset	117.658	44.127
Lainnya	329.941	95.420
<b>Total</b>	<b>632.403</b>	<b>312.030</b>

Jasa perbankan terdiri dari pendapatan dari transaksi transfer dana, pendapatan sewa *safe deposit box* dan pendapatan administrasi layanan ATM.

Lainnya terutama terdiri dari provisi atas garansi bank yang diterbitkan, komisi yang diterima dari perusahaan asuransi atas produk asuransi yang terjual melalui Bank, pembalikan atas cadangan risiko pajak serta pembalikan cadangan operasional terkait dengan kasus pemalsuan bilyet deposito yang kasusnya telah dimenangkan oleh Bank di tingkat Mahkamah Agung.

**32. OTHER OPERATING INCOME - OTHERS**

This account consists of:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31	
	2018	2017
Bank services		
Collection services - <i>payment points</i>		
Securitization Assets <i>Servicing Fee</i>		
Others		
<b>Total</b>	<b>632.403</b>	<b>312.030</b>

*Bank services* pertains to income from fund transfer transactions, *safe deposit box* rentals and ATM service charges.

*Others* consist mainly of provision from bank guarantee issued, commission received from insurance companies for insurance products sold by the Bank to its borrowers, reversal of tax risks reserves and reversal of operational reserves related to cases of fictitious deposit bills which have been won by the Bank in Supreme Court.



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**33. PENYISIHAN (PEMBALIKAN) KERUGIAN  
PENURUNAN NILAI ASET KEUANGAN DAN  
NON- ASET KEUANGAN**

Akun ini terdiri dari:

**33. PROVISION FOR (REVERSAL OF) IMPAIRMENT  
LOSSES ON FINANCIAL AND NON-FINANCIAL  
ASSETS**

This account consists of:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31		
	2018	2017	
Kredit yang diberikan dan pembiayaan/piutang syariah (Catatan 10)	1.709.059	883.450	Loans and sharia financing/ receivables (Note 10)
Efek-efek (Catatan 8)	5.250	482	Securities (Note 8)
			Investment in associated Current accounts with other banks (Note 6)
Giro pada bank lain (Catatan 6)	22	214	Abandoned properties entities (Note 12)
Properti terbengkalai	96	(15)	
Penyertaan saham (Catatan 12)	-	270	
<b>Total</b>	<b>1.714.427</b>	<b>884.401</b>	<b>Total</b>

**34. BEBAN UMUM DAN ADMINISTRASI**

Akun ini terdiri dari:

**34. GENERAL AND ADMINISTRATIVE EXPENSES**

This account consists of:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31		
	2018	2017	
Perbaikan dan pemeliharaan	924.065	807.856	Repairs and maintenance
Promosi	597.337	523.425	Promotion
Sewa	529.059	507.088	Rent
Listrik, air dan komunikasi	286.390	286.296	Electricity, water and telecommunications
Penyusutan (Catatan 13)	263.884	215.788	Depreciation (Note 13)
Beban kantor	219.039	259.794	Office expenses
Transportasi	157.771	129.572	Transportation
Jasa profesional	100.811	92.021	Professional fees
Outsourcing	81.961	64.566	Outsourcing
Lainnya	65.036	66.510	Others
<b>Total</b>	<b>3.225.353</b>	<b>2.952.916</b>	<b>Total</b>

Lainnya terutama terdiri dari beban administrasi sekuritisasi aset, premi asuransi untuk gedung, premi asuransi kas dalam perjalanan serta kas dalam khazanah.

Others consist mainly of securitization asset administration expense, insurance premium on the building, insurance premium on cash in transit and cash in vault.

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**35. GAJI DAN TUNJANGAN KARYAWAN**

Akun ini terdiri dari:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31	
	2018	2017
Gaji dan upah		
Rutin	1.800.749	1.475.267
Tidak rutin	881.187	858.145
Pelatihan dan pengembangan	138.272	165.223
Lainnya	56.354	55.794
<b>Total</b>	<b>2.876.562</b>	<b>2.554.429</b>

Lainnya terdiri dari beban imbalan kerja, biaya perekrutan, pesangon dan tunjangan rekreasi karyawan.

**35. SALARIES AND EMPLOYEE BENEFITS**

This account consists of:

Salaries and wages  
Recurring  
Non-recurring  
Training and development  
Others

**Total**

Others consists mainly of employee benefits expense, recruitment costs, severance costs and employee recreational costs.

**36. BEBAN OPERASIONAL LAINNYA - LAIN-LAIN**

Akun ini terdiri dari:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31	
	2018	2017
Imbalan atas jasa penagihan	82.539	83.461
Kerugian atas penyelesaian kredit bermasalah	48.190	41.081
Lainnya	218.368	190.124
<b>Total</b>	<b>349.097</b>	<b>314.666</b>

Lainnya terutama terdiri dari beban representasi dan jamuan makan dan minum rapat, beban terkait dengan restrukturisasi struktur organisasi Bank, serta beban cadangan atas potensi risiko operasional.

**36. OTHER OPERATING EXPENSES - OTHERS**

This account consists of:

Fees for collection services  
Loss on bad debt settlement  
Others

**Total**

Others consist mainly of representation and entertainment expense, expense related to the restructuring of the Bank's organization structure and provision for potential operational risk.

**37. PENDAPATAN (BEBAN) BUKAN OPERASIONAL - NETO**

Akun ini terdiri dari:

	Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31	
	2018	2017
Pendapatan sewa gedung	157	253
Beban lainnya - neto	16.318	(30.601)
<b>Total</b>	<b>16.475</b>	<b>(30.348)</b>

Lainnya terutama terdiri dari beban denda administrasi, keuntungan/(kerugian) jual beli mata uang asing dan beban bina lingkungan.

**37. NON-OPERATING INCOME (EXPENSES) - NET**

This account consists of:

Building rental income equipment  
Other expense - net

**Total**

Others consist mainly of administration penalty expense, gain/(loss) on trading of foreign currency and community development expense.

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**38. PERPAJAKAN**

- a. Rekonsiliasi antara laba sebelum beban pajak menurut laporan laba rugi dan penghasilan komprehensif lain dengan taksiran penghasilan kena pajak, adalah sebagai berikut:

	<b>Tahun yang berakhir pada tanggal 31 Desember/ For the Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Laba sebelum beban pajak	3.610.275	3.861.555
Beda temporer:		
Pembentukan cadangan kerugian penurunan nilai aset keuangan dan non-aset keuangan	224.613	413.985
Penyisihan untuk imbalan kerja	117.364	(16.245)
Penurunan (kenaikan) nilai efek-efek yang dimiliki untuk diperdagangkan	(33.068)	703
	308.909	398.443
Beda tetap:		
Kenikmatan karyawan	230.268	188.340
Beban kantor	38.163	16.659
Sewa	69.852	39.927
Sumbangan	24.903	24.226
Perbaikan dan pemeliharaan	13.135	10.239
Dana sosial dan representasi	98.982	42.429
Penyusutan atas aset tetap yang tidak dapat disusutkan menurut pajak	1.782	3.240
Lain-lain	1.788	83.694
Pendapatan sewa tarif final	(158)	(254)
	478.715	408.500
Taksiran penghasilan kena pajak	4.397.899	4.668.498
Beban pajak penghasilan Pajak penghasilan Pasal 25	879.580 (876.155)	933.700 (832.899)
<b>Hutang pajak penghasilan badan (Catatan 16)</b>	<b>3.425</b>	<b>100.801</b>

**38. TAXATION**

- a. The reconciliation between income before tax expense, as shown in the statement of profit or loss and other comprehensive income are as follows:

Income before tax expense
Temporary differences:
Provision for allowance for impairment losses on financial assets and non-financial assets
Provision for employee benefits
Decrease (increase) in fair value of trading securities
Permanent differences:
Employee welfare
Office expense
Rent
Donations
Repairs and maintenance
Social funds and representation
Depreciation of premises and equipment which are non-depreciable for tax purposes
Others
Rent income subject to final tax
Estimated taxable income
Income tax expense
Income tax - Article 25
Corporate income tax payable (Note 16)

Berdasarkan Undang-undang Perpajakan yang berlaku di Indonesia, Bank menghitung, menetapkan dan membayar sendiri besarnya jumlah pajak yang terutang. Direktur Jendral Pajak ("DJP") dapat menetapkan atau mengubah liabilitas pajak dalam batas waktu 5 (lima) tahun sejak saat terutangnya pajak.

Under the prevailing Taxation Laws of Indonesia, the Bank calculates, determines and pays tax payable based on self-assessment. The Directorate General of Taxes ("DGT") may assess or amend taxes within 5 (five) years from the time the tax becomes due.

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**38. PERPAJAKAN (lanjutan)**

- b. Rincian pendapatan (beban) pajak tangguhan - neto dengan memperhitungkan pengaruh beda temporer pada tarif pajak adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
Pembentukan atas kerugian penurunan nilai aset keuangan dan non-aset keuangan	56.153	103.497
Penyisihan untuk imbalan kerja	29.341	(4.062)
Kenaikan (penurunan) nilai wajar efek-efek yang dimiliki untuk diperdagangkan	(8.267)	176
<b>Pendapatan (beban) Pajak Tangguhan - Neto</b>	<b>77.227</b>	<b>99.611</b>

**38. TAXATION (continued)**

- b. The details of deferred tax benefit (expense)-net computed by computing the effect of temporary differences on tax rate are as follows:

Provision for allowance for impairment losses on financial and non-financial assets
Provision for employee benefits
Increase (decrease) in fair value of trading securities
<b>Deferred Tax benefit (expense) - Net</b>

- c. Aset (Liabilitas) Pajak Tangguhan

Pengaruh pajak atas perbedaan temporer yang signifikan antara pelaporan keuangan dan pajak adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<b>Aset (liabilitas) pajak tangguhan - dampak dari laporan laba rugi</b>		
Penyisihan untuk imbalan kerja	46.701	17.360
Cadangan kerugian penurunan nilai aset keuangan dan non-aset keuangan	160.690	104.537
(Kenaikan) penurunan nilai efek-efek yang dimiliki untuk diperdagangkan	(10.579)	(2.312)
	196.812	119.585

- c. Deferred tax assets (liabilities)

The tax effects on significant outstanding temporary differences between financial and tax reporting purposes are as follows:

<b>Deferred tax assets (liabilities) - effect from statement of profit or loss</b>
Provision for employee benefits
Allowance for impairment losses on financial and non-financial assets
(Increase) decrease in fair value of trading securities

**Aset (liabilitas) Pajak Tangguhan - efek dari ekuitas**

Kerugian yang belum direalisasi atas efek-efek dan obligasi Pemerintah yang tersedia untuk dijual	35.810	7.251
Pengukuran kembali imbalan pasti	27.629	47.719
	63.439	54.970

**Deferred Tax Assets (Liabilities) - effect from equity**

Unrealized loss in fair value of - available for sale securities and government bonds
Remeasurement of defined benefit obligation

<b>Aset/(Liabilitas) Pajak Tangguhan - Neto</b>	<b>260.251</b>	<b>174.555</b>
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**Deferred Tax Assets/ (Liabilities) - Net**

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**38. PERPAJAKAN (lanjutan)**

c. Aset (Liabilitas) Pajak Tangguhan (lanjutan)

Pada tanggal 31 Desember 2018 dan 2017, manajemen berkeyakinan bahwa estimasi Bank terhadap penghasilan atas manfaat pajak masa mendatang yang timbul dari perbedaan temporer akan dapat diakui di masa mendatang.

- d. Rekonsiliasi antara beban pajak penghasilan dengan menggunakan tarif pajak yang berlaku dari laba sebelum beban pajak dan beban pajak penghasilan seperti yang disajikan dalam laporan laba rugi dan penghasilan komprehensif lain untuk periode yang berakhir pada tanggal-tanggal 31 Desember 2018 dan 2017 adalah sebagai berikut:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
Laba sebelum beban pajak	3.610.275	3.861.555
Beban pajak dengan tarif pajak yang berlaku	(722.055)	(772.311)
Beda tetap	(95.743)	(81.700)
Selisih Tarif Pajak	15.446	19.922
<b>Beban pajak</b>	<b>(802.352)</b>	<b>(834.089)</b>

e. Uang Muka Pajak

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
Tahun Pajak 2012	48.683	52.567
Tahun Pajak 2013	163.484	163.541
Tahun Pajak 2014	196.971	196.971
<b>Saldo akhir tahun (Catatan 15)</b>	<b>409.138</b>	<b>413.079</b>

**Penurunan Tarif Pajak Penghasilan Badan**

Berdasarkan pasal 17 ayat 2 Undang-undang No. 7 tahun 1983 mengenai "Pajak Penghasilan" yang telah diubah untuk keempat kalinya dengan Undang-undang No. 36 tahun 2008, tarif Pajak Penghasilan Badan adalah sebesar 25%.

**38. TAXATION (continued)**

c. *Deferred tax assets (liabilities) (continued)*

*As of December 31, 2018 and 2017, management believes that the Bank's estimates of future taxable income indicate that the future income tax benefits arising from the temporary differences will be realized in the future.*

- d. *The reconciliation between the tax expense computed by applying the applicable tax rate on the income before tax expense and the tax expense shown in the statement of profit or loss and other comprehensive income for the year ended December 31, 2018 and, 2017, are as follows:*

<i>Income before tax expense</i>
<i>Tax expense at the applicable tax rate</i>
<i>Permanent differences</i>
<i>Tax Rate Difference</i>
<b><i>Tax expense</i></b>

e. *Prepaid Tax*

<i>Fiscal Year 2012</i>
<i>Fiscal Year 2013</i>
<i>Fiscal Year 2014</i>

***Balance at end of year (Note 15)***

***Reduction of the Tax Rate of Corporate Income Tax***

*Under article paragraph 17 (2) of Law No. 7 year 1983 regarding "Income Tax" which was revised for the fourth time by Law No. 36 year 2008, the corporate tax rate is 25%.*



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**38. PERPAJAKAN (lanjutan)**

**Penurunan Tarif Pajak Penghasilan Badan  
(lanjutan)**

Namun demikian, berdasarkan Undang-undang No. 36 tahun 2008 tanggal 23 September 2008 tersebut, Peraturan Pemerintah No. 81 Tahun 2007 tanggal 28 Desember 2007, yang kemudian dicabut dan digantikan oleh Peraturan Pemerintah (PP) No. 77 tahun 2013 tanggal 21 November 2013 dan terakhir diganti dengan Peraturan Pemerintah (PP) No. 56 tahun 2015 tertanggal 3 Agustus 2015 tentang "Penurunan Tarif Pajak Penghasilan Bagi Wajib Pajak Badan Dalam Negeri yang Berbentuk Perseroan Terbuka" dan Peraturan Menteri Keuangan No. 238/PMK.03/2008 tanggal 30 Desember 2008 tentang "Tata Cara Pelaksanaan dan Pengawasan Pemberian Penurunan Tarif Bagi Wajib Pajak Badan Dalam Negeri yang Berbentuk Perseroan Terbuka" mengatur bahwa Perseroan Terbuka dalam negeri di Indonesia dapat memperoleh fasilitas penurunan tarif Pajak Penghasilan sebesar 5% lebih rendah dari tarif tertinggi Pajak Penghasilan yang ada, dengan memenuhi kriteria yang ditentukan, yaitu Perseroan Terbuka yang paling sedikit 40% dari jumlah keseluruhan saham yang disetor diperdagangkan di Bursa Efek Indonesia dan saham tersebut dimiliki paling sedikit oleh 300 (tiga ratus) pihak dan masing-masing pihak hanya boleh memiliki saham kurang dari 5% dari keseluruhan saham yang disetor. Ketentuan sebagaimana dimaksud di atas harus dipenuhi oleh Perseroan Terbuka dalam waktu paling singkat 183 (seratus delapan puluh tiga) hari dalam jangka waktu 1 (satu) tahun pajak.

Berdasarkan surat keterangan No. DE/II/2019-0145 tanggal 4 Januari 2019 dan laporan bulanan kepemilikan saham (Formulir No. X.H.I-2 tanggal 2 Januari 2019 dari Biro Administrasi Efek, Datindo Entrycom atas kepemilikan saham Bank selama periode 2018 yang berakhir pada tanggal 31 Desember 2018) semua kriteria di atas untuk memperoleh fasilitas penurunan tarif pajak tersebut atas laporan keuangan Bank untuk periode yang berakhir pada tanggal 31 Desember 2018 telah terpenuhi.

Berdasarkan surat keterangan No. DE/II/2018-0156 tanggal 5 Januari 2018 dan laporan bulanan kepemilikan saham (Formulir No. X.H.I-2 tanggal 3 Januari 2018 dari Biro Administrasi Efek, Datindo Entrycom atas kepemilikan saham Bank selama periode 2017 yang berakhir pada tanggal 31 Desember 2017) semua kriteria di atas untuk memperoleh fasilitas penurunan tarif pajak tersebut atas laporan keuangan Bank untuk periode yang berakhir pada tanggal 31 Desember 2017 telah terpenuhi.

**38. TAXATION (continued)**

**Reduction of the Tax Rate of Corporate Income  
Tax (continued)**

In addition, based on the above Law No. 36 year 2008 dated September 23, 2008, the Government Regulation No. 81 year 2007 dated December 28, 2007, which subsequently has been revoked and replaced by Government Regulation (GR) No. 77 Year 2013 dated November 21, 2013 and replaced by Government Regulation (GR) No. 56 Year 2015 dated August 3, 2015 on "Reduction of the Income Tax Rate on Resident Corporate Tax Payers in the Form of Public Companies" and the Ministry of Finance Regulation No. 238/PMK.03/2008 dated December 30, 2008 on "The Guidelines on the Implementation and Supervision on the Rate Reduction for Domestic Corporate Tax Payers in the Form of Public Companies" stipulates that resident public companies in Indonesia can obtain the reduced income tax rate at 5% lower than the highest existing income tax rate, provided they meet the prescribed criteria, public companies whose shares are owned by the public at a minimum of 40% or more of the total paid-up shares are traded in the Indonesia Stock Exchange and such shares are owned by at least 300 (three hundred) parties and each party owning only less than 5% of the total paid-up shares. These requirements should be fulfilled by the public companies for a minimum period of 183 (one hundred and eighty three) days in 1 (one) fiscal year.

Based on Letter No. DE/II/2019-0145 dated January 4, 2019 and the monthly report of shares ownerships (form No. X.H.I-2 dated January 2, 2019 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of Bank's shares during the period ended December 31, 2018), all of the above mentioned required criteria to obtain the tax rate reduction on Bank's financial statements for the period ended December 31, 2018 were fulfilled by the Bank.

Based on Letter No. DE/II/2018-0156 dated January 5, 2018 and the monthly report of shares ownerships (form No. X.H.I-2 dated January 3, 2018 from the Securities Administration Agency (Biro Administrasi Efek), Datindo Entrycom on the ownership of Bank's shares during the period ended December 31, 2017), all of the above mentioned required criteria to obtain the tax rate reduction on Bank's financial statements for the period ended December 31, 2017, were fulfilled by the Bank.



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**38. PERPAJAKAN (lanjutan)**

**Pemeriksaan tahun pajak 2012**

Pada tanggal 30 September 2014, Bank telah menerima Surat Pemberitahuan Hasil Pemeriksaan Pajak (SPHP) No. PHP-201/WPJ.02/KP.10/2014 mengenai kekurangan pembayaran pajak PPh Pasal 4 ayat (2) untuk tahun pajak 2012 atas Kantor Cabang Pekanbaru. Atas SPHP tersebut, pada tanggal 10 November 2014, Bank telah menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) dengan rincian sebagai berikut:

	Pokok/ Principal (Rp)	Denda/ Penalty (Rp)
<b>Tahun 2012</b>		
SKPKB PPh Pasal 4 ayat 2 No.00095/240/12/218/14	191	92
SKPKB PPh Pasal 4 ayat 2 No.00096/240/12/218/14	191	92
SKPKB PPh Pasal 4 ayat 2 No.00097/240/12/218/14	190	91
SKPKB PPh Pasal 4 ayat 2 No.00098/240/12/218/14	168	81
SKPKB PPh Pasal 4 ayat 2 No.00099/240/12/218/14	214	103
SKPKB PPh Pasal 4 ayat 2 No.00100/240/12/218/14	196	94
SKPKB PPh Pasal 4 ayat 2 No.00101/240/12/218/14	207	99
SKPKB PPh Pasal 4 ayat 2 No.00102/240/12/218/14	245	118
SKPKB PPh Pasal 4 ayat 2 No.00103/240/12/218/14	238	114
SKPKB PPh Pasal 4 ayat 2 No.00104/240/12/218/14	229	110
SKPKB PPh Pasal 4 ayat 2 No.00105/240/12/218/14	250	120
SKPKB PPh Pasal 4 ayat 2 No.00106/240/12/218/14	305	146
<b>Total</b>	<b>2.624</b>	<b>1.260</b>

Pada tanggal 8 Desember 2014, Bank telah melakukan pembayaran atas seluruh tagihan dalam Surat Ketetapan Pajak Kurang Bayar (SKPKB) tersebut yaitu sebesar Rp3.884. Pembayaran tersebut dicatat oleh Bank pada aset lain-lain (Catatan 15).

Pada tanggal 20 Januari 2015, Bank mengajukan surat keberatan atas seluruh SKPKB tersebut di atas. Pada tanggal 14 Januari 2016, Kantor Pajak telah menerbitkan Surat Keputusan Keberatan yang menolak seluruh permohonan keberatan Bank. Pada tanggal 2 April 2016 Bank mengajukan permohonan banding atas Surat Keputusan Keberatan tersebut ke Pengadilan Pajak. Pada tanggal 19 Oktober 2017 Pengadilan Pajak telah menerbitkan surat keputusan yang memenangkan Wajib Pajak dan memerintahkan untuk membayar kembali uang muka pajak tersebut.

**38. TAXATION (continued)**

**Assessment for fiscal year 2012**

On September 30, 2014, the Bank received Notification of Tax Audit Findings No. PHP-201/WPJ.02/KP.10/2014 regarding tax underpayment for Income Tax Article 4 (2) for fiscal year 2012. Based on Notification of Tax Audit Findings, Bank has received issued Tax Assessment Letter of Tax Underpayment (SKPKB) on November 10, 2014 as follows:

	<b>Year 2012</b>
SKPKB Article 4 (2) No.00095/240/12/218/14	SKPKB Article 4 (2) No.00095/240/12/218/14
SKPKB Article 4 (2) No.00096/240/12/218/14	SKPKB Article 4 (2) No.00096/240/12/218/14
SKPKB Article 4 (2) No.00097/240/12/218/14	SKPKB Article 4 (2) No.00097/240/12/218/14
SKPKB Article 4 (2) No.00098/240/12/218/14	SKPKB Article 4 (2) No.00098/240/12/218/14
SKPKB Article 4 (2) No.00099/240/12/218/14	SKPKB Article 4 (2) No.00099/240/12/218/14
SKPKB Article 4 (2) No.00100/240/12/218/14	SKPKB Article 4 (2) No.00100/240/12/218/14
SKPKB Article 4 (2) No.00101/240/12/218/14	SKPKB Article 4 (2) No.00101/240/12/218/14
SKPKB Article 4 (2) No.00102/240/12/218/14	SKPKB Article 4 (2) No.00102/240/12/218/14
SKPKB Article 4 (2) No.00103/240/12/218/14	SKPKB Article 4 (2) No.00103/240/12/218/14
SKPKB Article 4 (2) No.00104/240/12/218/14	SKPKB Article 4 (2) No.00104/240/12/218/14
SKPKB Article 4 (2) No.00105/240/12/218/14	SKPKB Article 4 (2) No.00105/240/12/218/14
SKPKB Article 4 (2) No.00106/240/12/218/14	SKPKB Article 4 (2) No.00106/240/12/218/14
<b>Total</b>	<b>Total</b>

On December 8, 2014, the Bank has paid the entire amount in the Tax Assessment Letter of Tax Underpayment (SKPKB) amounted to Rp3,884. The payment is recorded as other assets (Note 15).

On January 20, 2015, the Bank filed letters of tax objection on all of the aforementioned underpayment TAL. On January 14, 2016, the Tax Office has issued Objection Decision Letters which has rejected all of the Bank's objections. On April 2, 2016, The Bank filed the appeal letters to the Tax Court on all of the aforementioned objection decision letters. On October 19, 2017, The Tax Court has issued an appeal decision which has granted the Bank's Tax Appeal and order to repay the prepaid tax.

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**38. PERPAJAKAN (lanjutan)**

**Pemeriksaan tahun pajak 2012 (lanjutan)**

Berdasarkan Surat Pemberitahuan Hasil Pemeriksaan Pajak (SPHP) No. SPHP-03/PJ.0401/2017 tanggal 22 Mei 2017 mengenai hasil pemeriksaan pajak untuk tahun 2012, Bank telah menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) PPh Badan Tahun 2012 sebesar Rp59.307 dengan rincian sebagai berikut:

	Pokok/ Principal (Rp)
Tahun 2012	
SKPKB PPh Badan	
No.00003/206/12/093/17	40.073

Selain itu, Bank juga telah menerima SKPKB PPh Pasal 21, 23, 4 ayat (2) dan PPN sebesar Rp4.834 (termasuk penalti). Seluruh SKPKB tersebut termasuk SKPKB PPh Badan telah dibayar pada tanggal 21 Agustus 2017.

Namun demikian Bank tidak setuju dengan SKPKB PPh Badan sebesar Rp48.683 dan mengajukan Surat Keberatan kepada Direktorat Jenderal Pajak tanggal 10 Oktober 2017 yang diterima oleh DJP pada tanggal 12 Oktober 2017. Pembayaran tersebut dicatat oleh Bank pada aset lain-lain (Catatan 15).

Kantor Pajak telah menerbitkan Surat Keputusan Keberatan yang menolak permohonan Bank pada tanggal 25 September 2018. Kemudian Bank mengajukan Surat Permohonan Banding ke Pengadilan Pajak pada tanggal 14 Desember 2018. Sampai dengan tanggal laporan ini proses Banding tersebut masih berjalan.

**38. TAXATION (continued)**

**Assessment for fiscal year 2012 (continued)**

Based on Notification of Tax Audit Findings No. SPHP-03/PJ.0401/2017 dated May 22, 2017, regarding tax audit result for the year of 2012, Bank has received issued Tax Assessment Letter of Tax Underpayment (SKPKB) of Corporate Income Tax for the year of 2012 amounting to Rp59.307 as follows:

	Denda/ Penalty (Rp)	Year 2012
		SKPKB Article Corporate Income Tax
		No.00003/206/12/093/17
	19.234	

On the otherhand, Bank has also received the Tax Assessment Letters of Tax Underpayment (SKPKB) of Article 21, 23, 4 paragraph (2) Income Tax and VAT amounting to Rp4,834 (including penalties). The entire SKPKB including for the Corporate Income Tax has been paid on August 21, 2017.

However, Bank does not agree with the SKPKB of the Corporate Income Tax amounting to Rp48,683 and has applied the objection letter dated October 10, 2017 which has been received by the Tax Office on October 12, 2017. This payment is recorded as other assets (Note 15).

The Tax Office has issued an Objection Decision Letter, which has rejected all of the Bank's objection request, on September 25, 2018. Therefore, Bank has filed an appeal letter dated December 14, 2018 to the Tax Court. As the date of this report, the appeal process is still in progress.

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**38. PERPAJAKAN (lanjutan)**

**Pemeriksaan tahun pajak 2013**

Berdasarkan Surat Pemberitahuan Hasil Pemeriksaan Pajak (SPHP) No. SPHP-294/WPJ.10/KP.1005/RIK.SIS/2016 tanggal 21 September 2016 mengenai hasil pemeriksaan terhadap Kantor Cabang Semarang untuk tahun 2013, Bank telah menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) dengan rincian sebagai berikut:

	Pokok/ Principal (Rp)	Denda/ Penalty (Rp)
<b>Tahun 2013</b>		
SKPKB PPh Pasal 21 No.00001/243/13/511/16	64	30
SKPKB PPh Pasal 23 No.00060/203/13/511/16	0,2	0,1
<b>Total</b>	<b>64,2</b>	<b>30,1</b>

**38. TAXATION (continued)**

**Assessment for fiscal year 2013**

Based on Notification of Tax Audit Findings No. SPHP-294/WPJ.10/KP.1005/RIK.SIS/2016 dated September 21, 2016, regarding tax audit result conducted to the Semarang Branch Office for the year of 2013, Bank has received Tax Assessment Letter of Tax Underpayment (SKPKB) as follows:

	Pokok/ Principal (Rp)	Denda/ Penalty (Rp)	Year 2013
			SKPKB Article 21 No.00001/243/13/511/16
			SKPKB Article 23 No.00060/203/13/511/16
<b>Total</b>	<b>64,2</b>	<b>30,1</b>	<b>Total</b>
	Pokok/ Principal (Rp)	Denda/ Penalty (Rp)	
SKPKB PPh Pasal 4 ayat 2 No.00012/240/13/511/16	381	183	SKPKB Article 4 (2) No.00012/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00013/240/13/511/16	381	183	SKPKB Article 4 (2) No.00013/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00014/240/13/511/16	381	183	SKPKB Article 4 (2) No.00014/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00015/240/13/511/16	381	183	SKPKB Article 4 (2) No.00015/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00016/240/13/511/16	381	183	SKPKB Article 4 (2) No.00016/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00017/240/13/511/16	381	183	SKPKB Article 4 (2) No.00017/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00018/240/13/511/16	381	183	SKPKB Article 4 (2) No.00018/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00019/240/13/511/16	381	183	SKPKB Article 4 (2) No.00019/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00020/240/13/511/16	381	183	SKPKB Article 4 (2) No.00020/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00021/240/13/511/16	381	183	SKPKB Article 4 (2) No.00021/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00022/240/13/511/16	381	183	SKPKB Article 4 (2) No.00022/240/13/511/16
SKPKB PPh Pasal 4 ayat 2 No.00023/240/13/511/16	381	183	SKPKB Article 4 (2) No.00023/240/13/511/16
<b>Total</b>	<b>4.572</b>	<b>2.196</b>	<b>Total</b>

Pada tanggal 17 November 2016, Bank telah melakukan pembayaran atas seluruh tagihan dalam Surat Ketetapan Pajak Kurang Bayar (SKPKB). Pembayaran atas SKPKB PPh Pasal 21 dan Pasal 23 yaitu sebesar Rp94 telah dicatat sebagai biaya pajak di tahun 2016 karena bank setuju atas SKPKB tersebut. Sedangkan pembayaran atas SKPKB PPh Pasal 4 ayat (2) yaitu sebesar Rp6.768 dicatat sebagai uang muka pajak (Catatan 15) karena Bank tidak setuju dengan SKPKB tersebut. Pada tanggal 6 Januari 2017, Bank mengajukan surat keberatan atas SKPKB PPh Pasal 4 ayat (2) tersebut di atas.

On November 17, 2016, the Bank has paid the entire amount in the Tax Assessment Letters (TAL) of Tax Underpayment (SKPKB). The payment of the TAL of Article 21 and Article 23 amounted to Rp94 has been charged as tax expenses in 2016 since Bank has agreed with the said SKPKB. However, in regard to the payment of the SKPKB of Article 4 paragraph (2) amounted to Rp6,768 has been recognized as prepaid tax (Note 15) since Bank did not agree with the SKPKB. On January 6, 2017, the Bank filed letters of tax objection on the aforementioned TAL of Article 4 paragraph (2).

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**38. PERPAJAKAN (lanjutan)**

**Pemeriksaan tahun pajak 2013 (lanjutan)**

Pada tanggal 16 Oktober 2017, Kantor Pajak telah menerbitkan Surat Keputusan Keberatan yang menerima sebagian dari permohonan Bank. Berdasarkan Keputusan Keberatan tersebut, Kantor Pajak telah mengembalikan kelebihan pembayaran pajak sebesar Rp57 yang telah dicatat sebagai pengurang uang muka pajak (catatan 15). Atas pajak yang masih belum diterima, kemudian Bank mengajukan Surat Permohonan Banding ke Pengadilan Pajak pada tanggal 12 Januari 2018. Sampai dengan tanggal laporan ini proses Banding tersebut masih berjalan.

Berdasarkan Surat Pemberitahuan Hasil Pemeriksaan Pajak (SPHP) No. SPHP-00011/WPJ.19/KP.040/RIKSIS/2017 tanggal 19 Juli 2017 mengenai hasil pemeriksaan pajak untuk tahun 2013, Bank telah menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) PPh Badan Tahun 2013 sebesar Rp183.958 dengan rincian sebagai berikut:

	Pokok/ Principal (Rp)	Denda/ Penalty (Rp)
<b>Tahun 2013</b>		
SKPKB PPh Badan No.00006/206/13/093/17	124.296	59.662

Selain itu, Bank juga telah menerima SKPKB PPh Pasal 21, 4 ayat (2) dan PPN sebesar Rp9.945 (termasuk penalti). Seluruh SKPKB tersebut termasuk SKPKB PPh Badan telah dibayar pada tanggal 4 September 2017.

Namun demikian Bank tidak sepenuhnya setuju dengan SKPKB PPh Badan sebesar Rp156.773 dan mengajukan Surat Keberatan kepada Direktorat Jenderal Pajak melalui surat tanggal 26 Oktober 2017. Pembayaran tersebut dicatat oleh Bank pada aset lain-lain (Catatan 15).

**38. TAXATION (continued)**

**Assessment for fiscal year 2013 (continued)**

On October 16, 2017, the Tax Office has issued an Objection Decision Letter, which has partially granted the Bank's objection request. Based on the said Objection Decision Letter the Tax Office has paid the tax overpayment amounting to Rp57 which was booked as a deduction to the prepaid taxes (Note 15). Therefore, Bank has filed an appeal letter dated January 12, 2018 to the Tax Court for the remaining ungranted amounts. As the date of this report, The appeal process is in progress.

Based on Notification of Tax Audit Findings No. SPHP-00011/WPJ.19/KP.040/RIKSIS/2017 dated July 19, 2017, regarding tax audit result for the year of 2013, Bank has received issued Tax Assessment Letter of Tax Underpayment (SKPKB) of Corporate Income Tax for the year of 2013 amounting to Rp183,958 as follows:

	<b>Year 2013</b>
SKPKB Article Corporate Income Tax No.00006/206/13/093/17	

On the otherhand, Bank has also received the Tax Assessment Letters of Tax Underpayment (SKPKB) of Article 21, 4 paragraph (2) Income Tax and VAT amounting to Rp9,945 (including penalties). The entire SKPKB including for the Corporate Income Tax has been paid on September 4, 2017.

However, Bank did not fully agree with the SKPKB of the Corporate Income Tax amounting to Rp156,773 and has applied the objection letter dated October 26, 2017. The payment is recorded as other assets (Note 15).

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**38. PERPAJAKAN (lanjutan)**

**Pemeriksaan tahun pajak 2013 (lanjutan)**

Kantor Pajak telah menerbitkan Surat Keputusan Keberatan yang menolak permohonan Bank pada tanggal 18 September 2018. Kemudian Bank mengajukan Surat Permohonan Banding ke Pengadilan Pajak pada tanggal 14 Desember 2018. Sampai dengan tanggal laporan ini proses Banding tersebut masih berjalan.

**Pemeriksaan tahun pajak 2014**

Berdasarkan Surat Pemberitahuan Hasil Pemeriksaan Pajak (SPHP) No. SPHP-00016/WPJ.19/KP.04/2017 tanggal 5 Desember 2017 mengenai hasil pemeriksaan pajak untuk tahun 2014, Bank telah menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) PPh Badan Tahun 2014 sebesar Rp206.337 dengan rincian sebagai berikut:

	Pokok/ Principal (Rp)	Denda/ Penalty (Rp)
<b>Tahun 2014</b> SKPKB PPh Badan No.00008/206/14/093/17	139.417	66.920

Selain itu, Bank juga telah menerima SKPKB PPh Pasal 21, 23, 4 ayat (2) dan PPN sebesar Rp 13.530 (termasuk penalti). Seluruh SKPKB tersebut termasuk SKPKB PPh Badan telah dibayar pada tanggal 28 Desember 2017.

Namun demikian Bank tidak sepenuhnya setuju dengan SKPKB PPh Badan sebesar Rp196.971 dan akan mengajukan Surat Keberatan kepada Direktorat Jenderal Pajak pada tanggal 9 Maret 2018.

Kantor Pajak telah menerbitkan Surat Keputusan Keberatan yang menolak permohonan Bank pada tanggal 2 November 2018. Kemudian Bank mengajukan Surat Permohonan Banding ke Pengadilan Pajak pada tanggal 31 Januari 2019. Sampai dengan tanggal laporan ini proses Banding tersebut masih berjalan.

**38. TAXATION (continued)**

**Assessment for fiscal year 2013 (continued)**

The Tax Office has issued an Objection Decision Letter, which has rejected the Bank's objection request, on September 18, 2018. Therefore, Bank has filed an appeal letter dated December 14, 2018 to the Tax Court. As the date of this report, The appeal process is still being processed by the Tax Court.

**Assessment for fiscal year 2014**

Based on Notification of Tax Audit Findings No. SPHP-00016/WPJ.19/KP.04/2017 dated December 5, 2017, regarding tax audit result for the year of 2014, Bank has received issued Tax Assessment Letter of Tax Underpayment (SKPKB) of Corporate Income Tax amounting to Rp206,337 for the year of 2014 as follows:

	<b>Year 2014</b> SKPKB Article Corporate Income Tax No.00008/206/14/093/17
--	--

On the otherhand, Bank has also received the Tax Assessment Letters of Tax Underpayment (SKPKB) of Article 21, 23, 4 paragraph (2) Income Tax and VAT amounting to Rp13,530 (including penalties). The entire SKPKB including for the Corporate Income Tax has paid on December 28, 2017.

However, Bank did not fully agree with the SKPKB of Corporate Income Tax amounting to Rp196,971 and will submit the objection letter to the Tax Office dated March 9, 2018.

The Tax Office has issued an Objection Decision Letter, which has rejected the Bank's objection request, on November 2, 2018. Therefore, Bank has filed an appeal letter dated January 31, 2019 to the Tax Court. As the date of this report, The appeal process is still in progress.



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**38. PERPAJAKAN (lanjutan)**

**Pajak atas penilaian kembali aset tetap**

Bank berdasarkan surat No.1195/S/DIR/XII/2015 tanggal 8 Desember 2015 mengajukan kepada Kepala Kantor Wilayah DJP WP Besar "Permohonan penilaian kembali aset tetap untuk tujuan perpajakan yang diajukan tahun 2016 oleh wajib pajak yang belum melakukan penilaian kembali aset tetap".

Berdasarkan Peraturan Menteri Keuangan No.191/PMK.010/2015 tanggal 15 Oktober 2015, permohonan yang diajukan sampai dengan tanggal 31 Desember 2015, akan mendapatkan perlakuan khusus berupa pajak penghasilan yang bersifat final menjadi sebesar 3%. Sehubungan dengan estimasi atas kenaikan nilai wajar tanah, Bank telah melakukan pembayaran pajak sebesar Rp40.035 pada tanggal 10 Desember 2015.

Kemudian berdasarkan hasil penilaian dari Kantor Jasa Penilai Publik (KJPP), Bank telah menyampaikan surat No.473/S/DIR/V/2016 tanggal 23 Mei 2016 perihal tambahan dokumen terkait proses penilaian kembali aset tetap dimana pada tanggal 20 Mei 2016, Bank telah melunasi sisa pembayaran pajak sebesar Rp35.713. Kemudian Kantor Pajak telah menerbitkan surat Keputusan DJP No.KEP-435/WPJ.19/2016 tanggal 8 Juni 2016 mengenai persetujuan atas permohonan penilaian kembali aset tetap yang dilakukan oleh Bank.

**38. TAXATION (continued)**

**Tax for revaluation of fixed assets**

The Bank based on the letter No. 1195/S/DIR/XII/2015 on date December 8, 2015 have submitted an application regarding "revaluation of fixed assets for tax purposes on 2016 by tax payer that have not revalued fixed assets".

Based on the regulation No.191/PMK.010/2015 on October 15, 2015, from the Ministry of Finance, applications that are submitted up to December 31, 2015 will receive special treatment in the form of final tax rate of 3%. In connection with the estimated increase in fair value of land, the Bank have made tax payment amounting to Rp40,035 on December 10, 2015.

Based on the revaluation report issued by Public Appraisal Company, the Bank has reported a letter No.473/S/DIR/V/2016 dated May 23, 2016 regarding additional data for assets revaluation, in which on May 20, 2016, the Bank has paid the remaining tax of Rp35,713. Furthermore, The Tax Office has issued a Decision Letter No.KEP-435/WPJ.19/2016 dated June 8, 2016 that has granted the the Bank's request for assets revaluation.

**39. KOMITMEN DAN KONTINJENSI**

Saldo komitmen dan kontinjensi pada tanggal 31 Desember 2018 dan 2017 adalah sebagai berikut:

**39. COMMITMENTS AND CONTINGENCIES**

The outstanding commitments and contingencies as of December 31, 2018 and 2017 are as follows:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<b>KOMITMEN</b>			<b>COMMITMENTS</b>
Liabilitas Komitmen			Commitments payable
Fasilitas kredit kepada nasabah yang belum ditarik	21.892.927	18.740.054	Unused loan facility commitments
<b>KONTINJENSI</b>			<b>CONTINGENCIES</b>
Tagihan Kontinjensi			Contingent receivables
Pendapatan bunga dalam penyelesaian	2.818.535	2.372.209	Interest income on non-performing assets
Liabilitas Kontinjensi			Contingent payables
Garansi yang diterbitkan (Catatan 27)	(3.793.965)	(3.001.188)	Guarantees issued (Note 27)
<b>Kontinjensi - neto</b>	<b>(975.430)</b>	<b>(628.979)</b>	<b>Contingencies - net</b>



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**40. IMBALAN KERJA**

Program pensiun imbalan pasti

Program dana Pensiun diadministrasikan dan dikelola oleh Dana Pensiun PT Bank Tabungan Negara (Persero) Tbk (DPBTN).

Sesuai dengan ketentuan Dana Pensiun, Program Pensiun dibiayai dari iuran karyawan dan iuran Bank. Iuran karyawan adalah sebesar 5% dari penghasilan dasar pensiun karyawan dan atas sisa jumlah yang perlu didanakan kepada DPBTN merupakan kontribusi Bank.

Program pensiun iuran pasti

Efektif tanggal 1 Januari 2004, semua pekerja yang baru diangkat sebagai pekerja tetap tidak diikutsertakan dalam program pensiun imbalan pasti (DPBTN), namun demikian, karyawan Bank diikutsertakan dalam program pensiun iuran pasti yang berlaku efektif sejak bulan Januari 2004. Program Pensiun ini dikelola oleh Dana Pensiun Lembaga Keuangan PT Bank Negara Indonesia (Persero) Tbk (DPLK).

Beban pensiun iuran pasti yang telah dibebankan pada laporan laba rugi adalah sebesar Rp24.375 dan Rp19.449 masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2018 dan 2017.

Imbalan kerja jangka panjang lainnya

Bank memberikan imbalan kerja kepada pegawai berupa penghargaan masa kerja dan Masa Persiapan Pensiun (MPP) yaitu 1 (satu) tahun sebelum pegawai mencapai usia pensiun normal (usia 56 tahun).

Karyawan Bank juga memperoleh manfaat dari pemberian program kesejahteraan, kontribusi karyawan terhadap dana kesejahteraan sebesar 2,57% dikali gaji bersih dan kontribusi Bank sebesar 8,93%. Aset program diadministrasikan dan dikelola oleh Yayasan Kesejahteraan Pegawai PT Bank Tabungan Negara (YKPBTN).

Perhitungan aktuaris atas imbalan kerja pada tanggal 31 Desember 2018 dan 2017 adalah berdasarkan laporan aktuaris tanggal 4 Januari 2019 dan 5 Januari 2018 dari aktuaris independen Bestama Aktuaria dengan menggunakan metode "Projected Unit Credit".

**40. EMPLOYEE BENEFITS**

Defined benefit pension plan

The Pension Plan's assets are being administered and managed by Dana Pensiun PT Bank Tabungan Negara (Persero) Tbk (DPBTN).

According to the Pension Fund regulation, the pension plan is funded through contributions from both the employees and the Bank. Employees' contributions are computed at 5% of the employees' basic pension salaries and any remaining amount required to fund DPBTN represents the contributions by the Bank.

Defined contribution plan

Effective January 1, 2004, all newly appointed permanent employees are not included in the defined benefit pension plan (DPBTN), instead of, The Bank's employees are included in the defined contribution pension plan which was effective since January 2004. This defined contribution pension plan is managed by Dana Pensiun Lembaga Keuangan PT Bank Negara Indonesia (Persero) Tbk (DPLK).

Defined contribution pension expense that was charged to profit or loss amounted to Rp24,375 and Rp19,449 for the years ended December 31, 2018 and 2017, respectively.

Other long-term employee benefits

The Bank provides employee benefits in the form of allowance for gratuity for services and retirement preparation period (MPP), which is within 1 (one) year before the normal pension age (56 years old).

Bank employees are also given welfare program, employees' contributions are 2.57% of their net wages for welfare program benefits and the Bank contributions are 8.93%. The plan assets are being administered and managed by Yayasan Kesejahteraan Pegawai PT Bank Tabungan Negara (YKPBTN).

The actuarial valuation of employee benefits as of December 31, 2018 and 2017 is based on the actuarial reports dated January 4, 2019 and January 5, 2018, of Bestama Aktuaria, an independent actuary using the "Projected Unit Credit" method.

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**40. IMBALAN KERJA (lanjutan)**

**40. EMPLOYEE BENEFITS (continued)**

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<b>Asumsi ekonomi:</b>			<b>Economics assumptions:</b>
Tingkat kenaikan penghasilan dasar pensiun	6,00%	6,00%	Basic pensionable annual salary increase rate
Tingkat diskonto per tahun sebelum usia pensiun normal	9,20%	7,80%	Annual discount rate before normal retirement age
<b>Asumsi lainnya:</b>			<b>Other assumptions:</b>
Usia pensiun normal	56 tahun/years	56 tahun/years	Normal retirement age
Tingkat mortalita (kematian)	TMI-2011	GAM-1971	Mortality rate
Tingkat cacat	1,00% mortalita/ mortality	1,00% mortalita/ mortality	Disability rate
Tingkat Diskonto per tahun untuk:			Annual Discount rate:
Imbalan Jangka Panjang Lainnya -			Other long-term benefits
Penghargaan Masa Kerja	9,20%	7,80%	Gratuity
Program Pesangon Pensiun -			Retirement severance program
Selisih DPLK	9,20%	7,80%	Difference from DPLK
Masa Persiapan Pensiun	8,20%	6,90%	Retirement Preparation Period
Program Pensiun Imbalan Pasti	8,90%	7,80%	Deferred Benefit Pension Plan
Program Kesejahteraan	8,00%	6,40%	Welfare Program
Tingkat pengunduran diri			Turnover rate
Sampai dengan umur 45	5,00%	5,00%	Up to age 45
Umur 46-50	3,00%	3,00%	Age 46-50
Umur 51	4,00%	4,00%	Age 51
Umur 52	5,00%	5,00%	Age 52
Umur 53	6,00%	6,00%	Age 53
Umur 54	7,00%	7,00%	Age 54
Umur 55	9,00%	9,00%	Age 55
Penghargaan masa kerja, program pesangon pensiun-selisih DPLK, masa persiapan pensiun dan program kesejahteraan dicantumkan dalam program lainnya.			Gratuity for services, retirement severance program-difference from DPLK, retirement preparation period and welfare program are included in other benefits.

**a. Biaya imbalan kerja**

**a. Employee benefits expense**

	31 Desember/December 31, 2018			
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Biaya jasa kini	33.252	127.716	160.968	Current service cost
Iuran peserta	(7.908)	(8.106)	(16.014)	Contribution from participant
Beban (pendapatan) bunga neto	(536)	20.998	20.462	Net interest (income) cost
Kerugian aktuarial	-	13.823	13.823	Actuarial loss
Biaya jasa lalu	50.913	-	50.913	Past service cost
<b>Beban imbalan kerja - neto</b>	<b>75.721</b>	<b>154.431</b>	<b>230.152</b>	<b>Employee benefits expense - net</b>

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**40. IMBALAN KERJA (lanjutan)**

**40. EMPLOYEE BENEFITS (continued)**

a. Biaya imbalan kerja (lanjutan)

a. Employee benefits expense (continued)

31 Desember/December 31, 2017

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Biaya jasa kini	32.121	63.359	95.480	Current service cost
Iuran peserta	(7.627)	(7.835)	(15.462)	Contribution from participant
Beban (pendapatan) bunga neto	(440)	13.312	12.872	Net interest (income) cost
Kerugian aktuarial	-	10.312	10.312	Actuarial loss
Biaya jasa lalu	2.952	-	2.952	Past service cost
<b>Beban imbalan kerja - neto</b>	<b>27.006</b>	<b>79.148</b>	<b>106.154</b>	<b>Employee benefits expense - net</b>

b. Mutasi atas kewajiban imbalan kerja

b. Movements of liabilities for employee benefits

31 Desember/December 31, 2018

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	-	260.316	260.316	Balance at beginning of year
Beban imbalan kerja tahun berjalan - neto	75.721	154.431	230.152	Employee benefits expense during the year - net
Pengukuran kembali liabilitas (aset) imbalan kerja - neto	(36.635)	(43.727)	(80.362)	Reameasurement of employee benefit liability (asset) - net
Pembayaran iuran periode berjalan	(39.086)	(73.703)	(112.789)	Payment contribution from current period
<b>Saldo kewajiban pada akhir tahun (Catatan 28)</b>	<b>-</b>	<b>297.317</b>	<b>297.317</b>	<b>Balance liabilities at end of year (Note 28)</b>

31 Desember/December 31, 2017

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	-	169.793	169.793	Balance at beginning of year
Beban imbalan kerja tahun berjalan - neto	27.006	79.148	106.154	Employee benefits expense during the year - net
Pengukuran kembali liabilitas (aset) imbalan kerja - neto	8.767	77.381	86.148	Reameasurement of employee benefit liability (asset) - net
Pembayaran iuran periode berjalan	(35.773)	(66.006)	(101.779)	Payment contribution from current period
<b>Saldo kewajiban pada akhir tahun (Catatan 28)</b>	<b>-</b>	<b>260.316</b>	<b>260.316</b>	<b>Balance liabilities at end of year (Note 28)</b>

c. Mutasi nilai kini liabilitas imbalan kerja adalah sebagai berikut:

c. The movements in the present value of liabilities for employee benefits are as follows:

31 Desember/December 31, 2018

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	1.487.751	1.078.194	2.565.945	Balance at beginning of year
Biaya jasa kini	33.252	127.716	160.968	Current service cost
Beban bunga	113.391	72.395	185.786	Interest cost
Biaya jasa lalu	50.913	-	50.913	Past service cost
Manfaat yang dibayarkan	(101.291)	(111.414)	(212.705)	Benefits paid
Kerugian/(keuntungan) aktuarial	29.336	(108.133)	(78.797)	Actuarial loss/(gain)
<b>Saldo pada akhir tahun</b>	<b>1.613.352</b>	<b>1.058.758</b>	<b>2.672.110</b>	<b>Balance at end of year</b>

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**40. IMBALAN KERJA (lanjutan)**

**40. EMPLOYEE BENEFITS (continued)**

- c. Mutasi nilai kini liabilitas imbalan kerja adalah sebagai berikut: (lanjutan)

- d. The movements in the present value of liabilities for employee benefits are as follows: (continued)

31 Desember/December 31, 2017				
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	1.398.477	865.766	2.264.243	Balance at beginning of year
Biaya jasa kini	32.121	63.359	95.480	Current service cost
Beban bunga	107.068	67.013	174.081	Interest cost
Biaya jasa lalu	2.952	-	2.952	Past service cost
Manfaat yang dibayarkan	(83.739)	(88.846)	(172.585)	Benefits paid
Kerugian/(keuntungan) aktuarial	30.872	170.902	201.774	Actuarial loss/(gain)
<b>Saldo pada akhir tahun</b>	<b>1.487.751</b>	<b>1.078.194</b>	<b>2.565.945</b>	<b>Balance at end of year</b>

- d. Mutasi nilai wajar aset program adalah sebagai berikut: (tidak diaudit)

- d. The movements in the fair value of plan assets are as follows: (unaudited)

31 Desember/December 31, 2018				
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	1.743.289	817.877	2.561.166	Balance at beginning of year
Hasil pengembangan aset program	118.339	102.041	220.380	Return on plan asset
Kontribusi Bank	39.086	31.361	70.447	Contributions by the Bank
Kontribusi pegawai	7.908	8.106	16.014	Employees contribution
Manfaat yang dibayarkan	(101.291)	(69.072)	(170.363)	Benefits paid
<b>Saldo pada akhir tahun</b>	<b>1.807.331</b>	<b>890.313</b>	<b>2.697.644</b>	<b>Balance at end of year</b>

31 Desember/December 31, 2017				
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	1.590.127	740.164	2.330.291	Balance at beginning of year
Hasil pengembangan aset program	193.501	92.718	286.219	Return on plan asset
Kontribusi Bank	35.773	30.277	66.050	Contributions by the Bank
Kontribusi pegawai	7.627	7.835	15.462	Employees contribution
Manfaat yang dibayarkan	(83.739)	(53.117)	(136.856)	Benefits paid
<b>Saldo pada akhir tahun</b>	<b>1.743.289</b>	<b>817.877</b>	<b>2.561.166</b>	<b>Balance at end of year</b>

- e. Pengukuran kembali (aset) liabilitas imbalan kerja neto:

- e. Remeasurement of net employee benefit (asset) liabilities:

31 Desember/December 31, 2018				
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	81.219	109.658	190.877	Balance at beginning of year
Kerugian aktuarial	29.336	(121.956)	(92.620)	Actuary loss
Imbal hasil atas aset program	15.520	(50.644)	(35.124)	Return on plan assets
Perubahan atas dampak atas aset diluar bunga neto aset/liabilitas	(81.491)	128.873	47.382	Change in effect of the asset ceiling excluding net interest of asset/liabilities
<b>Saldo pada akhir tahun</b>	<b>44.584</b>	<b>65.931</b>	<b>110.515</b>	<b>Balance at the end of year</b>

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**40. IMBALAN KERJA (lanjutan)**

**40. EMPLOYEE BENEFITS (continued)**

- e. Pengukuran kembali (aset) liabilitas imbalan kerja neto: (lanjutan)

- e. Remeasurement of net employee benefit (asset) liabilities: (continued)

31 Desember/December 31, 2017

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Saldo pada awal tahun	72.452	32.277	104.729	Balance at beginning of year
Kerugian aktuaris	30.872	160.590	191.462	Actuary loss
Imbal hasil atas aset program	(71.044)	(35.571)	(106.615)	Return on plan assets
Perubahan atas dampak atas aset diluar bunga neto aset/liabilitas	48.939	(47.638)	1.301	Change in effect of the asset ceiling excluding net interest of asset/liabilities
<b>Saldo pada akhir tahun</b>	<b>81.219</b>	<b>109.658</b>	<b>190.877</b>	<b>Balance at the end of year</b>

- f. Portofolio investasi aset program yang ditempatkan dalam bentuk instrumen keuangan yang terdiri dari reksadana, efek beragunan aset, surat berharga negara, obligasi, deposito berjangka dan saham.

- f. The asset program's investment portfolio that placed in the form of financial instruments including mutual funds, asset backed securities, government securities, bonds, time deposits and shares of stocks.

Status pendanaan imbalan kerja per 31 Desember 2018 dan 2017 disajikan sebagai berikut:

Funding status of employee benefit as of December 31, 2018 and 2017 are as follow:

31 Desember/December 31, 2018

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Nilai wajar aset dana (tidak diaudit)	1.807.331	890.313	2.697.644	Fair value of plan assets (unaudited)
Nilai kini liabilitas manfaat pasti yang didanai	(1.613.352)	(761.438)	(2.374.790)	Present value of funded defined benefit obligation
Selisih lebih (kurang) pendanaan	193.979	128.875	322.854	Funding surplus (deficit)
Selisih lebih pendanaan yang tidak diakui	(193.979)	(128.875)	(322.854)	Asset adjustment
<b>Kewajiban - neto</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Liabilities - net</b>

31 Desember/December 31, 2017

	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total	
Nilai wajar aset dana (tidak diaudit)	1.743.289	-	1.743.289	Fair value of plan assets (unaudited)
Nilai kini liabilitas manfaat pasti yang didanai	(1.487.751)	-	(1.487.751)	Present value of funded defined benefit obligation
Selisih lebih (kurang) pendanaan	255.538	-	255.538	Funding surplus (deficit)
Selisih lebih pendanaan yang tidak diakui	(255.538)	-	(255.538)	Asset adjustment
<b>Kewajiban - neto</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Liabilities - net</b>

Per tanggal 31 Desember 2018, tidak ada aset Program Pensiun yang diakui di laporan posisi keuangan karena ketentuan untuk pengakuan aset dari selisih lebih pendanaan yang disyaratkan dalam standar akuntansi tidak terpenuhi.

As of December 31, 2018, there were no recognition of Pension Plan assets in the statement of financial position as the funding surplus did not meet the recognition criteria of assets under the accounting standards.

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**40. IMBALAN KERJA (lanjutan)**

**40. EMPLOYEE BENEFITS (continued)**

- g. Sensitivitas dari imbalan kerja (tidak diaudit) terhadap perubahan asumsi aktuarial sebagai berikut:

- g. The sensitivity of employee benefit (unaudited) to the changes in actuarial assumptions is as follow:

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017	
<b>Tingkat diskonto</b>			<b>Discount rate:</b>
Kenaikan 1%	(1.678)	(125.195)	Increase 1%
Penurunan 1%	21.938	161.964	Decrease 1%
<b>Tingkat kenaikan gaji</b>			<b>Salary increase rate:</b>
Kenaikan 1%	91.832	109.532	Increase 1%
Penurunan 1%	(73.410)	(79.352)	Decrease 1%

- h. Analisis jatuh tempo yang diharapkan dari manfaat pension yang tidak terdiskonto adalah sebagai berikut: (tidak diaudit)

- h. Expected maturity analysis of undiscounted pension benefit is as follows: (unaudited)

31 Desember/December 31, 2018			
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total
Kurang dari 1 tahun	66.983	151.361	218.344
2 sampai 5 tahun	88.415	273.177	361.592
Lebih dari 5 tahun	83.877	31.322.636	31.406.513
<b>Total</b>	<b>239.275</b>	<b>31.747.174</b>	<b>31.986.449</b>
31 Desember/December 31, 2017			
	Program Pensiun/ Pension Plan	Program Lainnya/ Other Benefits	Total
Kurang dari 1 tahun	67.760	134.419	202.179
2 sampai 5 tahun	90.652	198.387	289.039
Lebih dari 5 tahun	108.665	16.253.141	16.361.806
<b>Total</b>	<b>267.077</b>	<b>16.585.947</b>	<b>16.853.024</b>

- i. Risiko

- i. Risk

Bank terespos beberapa risiko atas program imbalan kerja antara lain:

The Bank is exposed to a number of risks through its employee benefit plans as follows:

- Risiko yang terekspos pada program iuran pasti adalah hasil investasi dibawah tingkat diskonto. Hal ini akan mengakibatkan akumulasi iuran aktual lebih kecil dari nilai yang diasumsikan sehingga mengakibatkan selisih pembayaran terhadap Undang-Undang Ketenagakerjaan akan meningkat dan berdampak pada beban dan liabilitas yang akan meningkat pula.
- Risiko yang terekspos pada program manfaat pasti adalah adanya tingkat hasil investasi dibawah asumsi discount rate dan kenaikan gaji aktual yang lebih besar dari asumsi. Hal tersebut menimbulkan peningkatan iuran yang dibayarkan kepada Dana Pensiun.
- The exposed risks in defined contribution plan is the lower return on investment compared to assumption on discount rate and therefore, will cause the accumulated actual contribution to be lower than its assumption, increase the difference in the amount of contribution based on Labor Law, and will also increase the amount of the related expenses and liabilities.
- The exposed risks in defined benefit pension plan is the lower return on investment compared to assumption on discount rate and the increase in the actual salary is higher than its assumption. These will cause an increase in contribution paid to Pension Fund.



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**41. PELAPORAN SEGMENT**

Informasi segmen usaha berdasarkan jenis usaha adalah sebagai berikut:

**41. SEGMENT REPORTING**

Segment information based on business type are as follows:

	31 Desember/December 31, 2018				
	Konvensional/ Conventional	Syariah/ Sharia	Eliminasi/ Elimination	Total	
Pendapatan segmen	20.781.512	2.070.246	-	22.851.758	Segment income
Beban segmen	(11.756.380)	(1.006.201)	-	(12.762.581)	Segment expenses
Pendapatan segmen - neto	9.025.132	1.064.045	-	10.089.177	Segment Income - net
Pendapatan operasional lainnya	1.979.067	92.527	-	2.071.594	Other operating income
Penyisihan kerugian penurunan nilai aset keuangan dan non-aset keuangan	(1.273.482)	(440.945)	-	(1.714.427)	Provision for impairment losses on financial assets and non-financial assets
Beban operasional lainnya	(6.462.296)	(390.248)	-	(6.852.544)	Other operating expenses
Laba operasional	3.268.421	325.379	-	3.593.800	Income from operations
Pendapatan (beban) bukan operasional - neto	126.086	(109.611)	-	16.475	Non-operating income (expenses) - net
Tidak dialokasi				(802.352)	Unallocated
<b>Laba tahun berjalan</b>				<b>2.807.923</b>	<b>Income for the year</b>
<b>Total aset</b>	<b>280.367.092</b>	<b>28.399.275</b>	<b>(2.330.173)</b>	<b>306.436.194</b>	<b>Total assets</b>
<b>Total liabilitas dan dana syirkah temporer</b>	<b>259.995.522</b>	<b>24.930.397</b>	<b>(2.330.173)</b>	<b>282.595.746</b>	<b>Total liabilities and temporary syirkah fund</b>

	31 Desember/December 31, 2017				
	Konvensional/ Conventional	Syariah/ Sharia	Eliminasi/ Elimination	Total	
Pendapatan segmen	18.446.732	1.644.868	-	20.091.600	Segment income
Beban segmen	(9.918.889)	(831.771)	-	(10.750.660)	Segment expenses
Pendapatan segmen - neto	8.527.843	813.097	-	9.340.940	Segment Income - net
Pendapatan operasional lainnya	1.538.350	67.581	-	1.605.931	Other operating income
Penyisihan kerugian penurunan nilai aset keuangan dan non-aset keuangan	(855.103)	(29.298)	-	(884.401)	Provision for impairment losses on financial assets and non-financial assets
Beban operasional lainnya	(5.842.016)	(328.551)	-	(6.170.567)	Other operating expenses
Laba operasional	3.369.074	522.829	-	3.891.903	Income from operations
Pendapatan (beban) bukan operasional - neto	10.290	(40.638)	-	(30.348)	Non-operating income (expenses) - net
Tidak dialokasi				(834.089)	Unallocated
<b>Laba tahun berjalan</b>				<b>3.027.466</b>	<b>Income for the year</b>
<b>Total aset</b>	<b>240.473.209</b>	<b>23.396.603</b>	<b>(2.504.545)</b>	<b>261.365.267</b>	<b>Total assets</b>
<b>Total liabilitas dan dana syirkah temporer</b>	<b>221.762.803</b>	<b>20.443.575</b>	<b>(2.504.545)</b>	<b>239.701.833</b>	<b>Total liabilities and temporary syirkah fund</b>

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**42. JAMINAN PEMERINTAH TERHADAP  
KEWAJIBAN PEMBAYARAN BANK UMUM**

Berdasarkan Keputusan Presiden Republik Indonesia No. 15 tahun 2004 tentang pengakhiran tugas dan pembubaran BPPN, dinyatakan dalam pasal 8 bahwa dengan diakhirinya tugas dan dibubarkannya BPPN, Program Penjaminan Pemerintah terhadap kewajiban pembayaran bank umum yang semula dilakukan oleh BPPN berdasarkan Keputusan Presiden Republik Indonesia No. 26 tahun 1998 dan Keputusan Presiden Republik Indonesia No. 27 tahun 1998, selanjutnya dilaksanakan oleh Menteri Keuangan melalui Unit Pelaksanaan Penjaminan Pemerintah (UP3) sebagaimana diatur oleh Keputusan Presiden Republik Indonesia No. 17 tahun 2004, yang diatur lebih lanjut dengan Keputusan Menteri Keuangan No. 84/KMK.06/2004 tanggal 27 Februari 2004 tentang Perubahan atas Keputusan Menteri Keuangan Republik Indonesia No.179/KMK.017/2000 tentang Syarat, Tata cara dan Ketentuan Pelaksanaan Jaminan Pemerintah terhadap Kewajiban Pembayaran Bank Umum.

Program Penjaminan Pemerintah melalui UP3 telah berakhir pada tanggal 22 September 2005, sebagaimana dinyatakan dalam Peraturan Menteri Keuangan Republik Indonesia No. 68/PMK.05/2005 tanggal 10 Agustus 2005 tentang Perhitungan Dan Pembayaran Premi Program Penjaminan Terhadap Pembayaran Bank Umum untuk periode 1 Juli sampai 21 September 2005. Sebagai pengganti UP3 Pemerintah telah membentuk Lembaga Independen, yaitu Lembaga Penjamin Simpanan (LPS) berdasarkan Undang-undang Republik Indonesia No. 24 tahun 2004 tanggal 22 September 2004 tentang Lembaga Penjamin Simpanan dimana LPS menjamin dana masyarakat termasuk dana dari bank lain dalam bentuk giro, deposito, sertifikat deposito, tabungan dan/atau bentuk lainnya yang dipersamakan dengan itu.

Berdasarkan salinan Peraturan LPS No. 1/PLPS/2006 tanggal 9 Maret 2006 tentang "Program Penjaminan Simpanan" diatur besarnya saldo yang dijamin untuk setiap nasabah pada satu bank adalah paling tinggi sebesar Rp100 juta.

Sesuai dengan Peraturan Pemerintah No. 66 Tahun 2008 tanggal 13 Oktober 2008 tentang "Besaran Nilai Simpanan yang Dijamin Lembaga Penjamin Simpanan" maka nilai simpanan setiap nasabah pada satu bank yang dijamin oleh Pemerintah naik menjadi sebesar Rp2 miliar dari semula Rp100 juta, efektif sejak tanggal tersebut di atas.

**42. GOVERNMENT GUARANTEES ON THE  
OBLIGATIONS OF COMMERCIAL BANKS**

Based on Article 8 of the Decision No. 15 year 2004 of the President of the Republic of Indonesia regarding the termination of the role and winding-up of IBRA, stated on article 8 that in relation with the task completion and dismissal of IBRA the Government Guarantee Program on the obligations of domestic banks which was originally handled by IBRA based on the Decisions of the President of the Republic of Indonesia No. 26 year 1998 and No. 27 year 1998 would be handled by the Ministry of Finance, specifically by the Government Guarantee Implementation Unit Pelaksanaan Penjaminan Pemerintah (UP3) as provided in the Decision of the President of the Republic of Indonesia No. 17 year 2004, which was further regulated by the Decision No. 84/KMK.06/2004 dated February 27, 2004 of the Ministry of Finance regarding the Amendment of Decision No. 179/KMK.017/2000 of the Ministry of Finance on the Terms, Implementation Guidelines, and Conditions of the Government Guarantees on the obligations of commercial banks.

The Guarantee Program by the Government through UP3 ended on September 22, 2005, as stated in Regulation No. 68/PMK.05/2005 dated August 10, 2005 of the Ministry of Finance concerning the Calculation and Payments of Premium on Guarantee Program from Commercial Banks for the period July 1 to September 21, 2005. The Government established the Deposit Insurance Corporation (LPS), an independent agency, to replace UP3, based on Law No. 24 year 2004 dated September 22, 2004 of the Republic of Indonesia regarding the establishment Deposit Insurance Corporation (LPS) to guarantee public funds including funds from other banks in the form of demand deposits, time deposits, certificates of deposit, savings deposits and/or other equivalent form.

Based on LPS regulation No. 1/PLPS/2006 dated March 9, 2006 regarding "Government Guarantee Program on Saving Account", the balance of saving accounts guaranteed for each customer is at a maximum of Rp100 million.

In accordance with Government Regulation No. 66 of 2008, dated October 13, 2008 regarding "The Amount of Public Savings Guaranteed by the Indonesia Deposit Insurance Corporation", the total amount of customers' saving accounts in banks which is guaranteed by the Government has increased to Rp2 billion, from the previous Rp100 million, effective on the date stated above.

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**42. JAMINAN PEMERINTAH TERHADAP  
KEWAJIBAN PEMBAYARAN BANK UMUM  
(lanjutan)**

Suku bunga penjaminan LPS pada tanggal 31 Desember 2018 dan 2017 masing-masing adalah sebesar 6,75% dan 5,75% untuk simpanan dalam mata uang Rupiah, dan masing-masing sebesar 2,00% dan 0,75% untuk simpanan dalam mata uang asing.

Pada tanggal 31 Desember 2018 dan 2017, Bank telah membayar premi program penjaminan masing-masing sebesar Rp401.532 dan Rp346.755.

**42. GOVERNMENT GUARANTEES ON THE  
OBLIGATIONS OF COMMERCIAL BANKS  
(continued)**

LPS interest rates guarantee as of December 31, 2018 and 2017 were 6.75% and 5.75% for each deposits in Rupiah and 2.00% and 0.75% for deposits in foreign currencies.

The Bank paid a premium on the guarantee program amounting to Rp401,532 and Rp346,755 as of December 31, 2018 and 2017, respectively.

**43. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI**

Dalam kegiatan normal usaha, Bank melakukan transaksi dengan pihak berelasi karena hubungan kepemilikan dan/atau kepengurusan. Semua transaksi dengan pihak-pihak berelasi telah dilakukan dengan kebijakan dan syarat yang telah disepakati bersama.

Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2018 dan 2017:

**43. TRANSACTIONS WITH RELATED PARTIES**

In the normal course of business, Bank enters into certain transactions with parties which are related to the management and/or owned by the same ultimate shareholder. All transactions with related parties have been entered into the agreed terms and conditions.

The table below details the related parties of the Bank along with the nature of transactions entered into by the Bank during December 31, 2018 and 2017:

<u>Pihak-pihak berelasi/ Related parties</u>	<u>Jenis hubungan/ Type of relationship</u>	<u>Unsur transaksi pihak berelasi/ Nature of related party transactions</u>
Pemerintah Republik Indonesia (RI)	Kepemilikan saham mayoritas melalui Kementerian Keuangan RI/ Ownership of majority shares through the Ministry of Finance of the Republic of Indonesia	Obligasi Pemerintah / Government Bonds
PT Bank Mandiri (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Giro pada bank lain, Penempatan pada Bank Indonesia dan Bank Lain, Efek-efek, Simpanan dari Bank Lain, dan Surat Berharga yang Diterbitkan / Current accounts with other banks, Placement with Bank Indonesia and Other Banks, Securities, Deposits from Other Banks, and Securities issued
PT Bank Negara Indonesia (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Giro pada bank lain, Penempatan pada Bank Indonesia dan Bank Lain, Efek-efek, Simpanan dari Bank Lain, Tagihan Derivatif, Surat Berharga yang Diterbitkan dan Pinjaman yang Diterima / Current accounts with other banks, Placement with Bank Indonesia and Other Banks, Securities, Deposits from Other Banks, Derivative Receivable, Securities issued and Fund borrowings

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**43. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI  
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Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2018 dan 2017 (lanjutan):

**43. TRANSACTIONS WITH RELATED PARTIES  
(continued)**

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2018 and 2017 (continued):

<u>Pihak-pihak berelasi/ Related parties</u>	<u>Jenis hubungan/ Type of relationship</u>	<u>Unsur transaksi pihak berelasi/ Nature of related party transactions</u>
PT Bank Rakyat Indonesia (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Giro pada bank lain, Penempatan pada Bank Indonesia dan Bank Lain, Efek-efek, Simpanan dari Bank Lain, dan Surat Berharga yang Diterbitkan / Current accounts with other banks, Placement with Bank Indonesia and Other Banks, Securities, Deposits from Other Banks, and Securities issued
PT Bank Syariah Mandiri	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Giro pada bank lain, dan Penempatan pada Bank Indonesia dan Bank Lain / Current accounts with other banks, and Placement with Bank Indonesia and Other Banks
PT Bank Mandiri Taspen Pos	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Penempatan pada Bank Indonesia dan Bank Lain, Efek-efek, dan Simpanan dari Bank Lain / Placement with Bank Indonesia and Other Banks, Securities, and Deposits from Other Banks
PT BRI Agroniaga Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Penempatan pada Bank Indonesia dan Bank Lain, Simpanan dari Bank Lain, Surat Berharga yang Diterbitkan / Placement with Bank Indonesia and Other Banks, Deposits from Other Banks, Securities issued
Lembaga Pembiayaan Ekspor Indonesia	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Penempatan pada Bank Indonesia dan Bank Lain, Efek-efek, dan Simpanan dari Bank Lain / Placement with Bank Indonesia and Other Banks, Securities, and Deposits from Other Banks
PT Utama Karya (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Indonesia Power	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Efek-efek / Securities
PT Kereta Api Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Efek-efek / Securities
PT Perusahaan Listrik Negara (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Efek-efek dan Garansi yang diterbitkan / Securities and Guarantees issued

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**43. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI**  
**(lanjutan)**

Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2018 dan 2017 (lanjutan):

**43. TRANSACTIONS WITH RELATED PARTIES**  
**(continued)**

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2018 and 2017 (continued):

<u>Pihak-pihak berelasi/ Related parties</u>	<u>Jenis hubungan/ Type of relationship</u>	<u>Unsur transaksi pihak berelasi/ Nature of related party transactions</u>
PT Pupuk Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan / Guarantees issued
PT Timah (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Efek-efek / Securities
Perum Perumnas	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Efek-efek, dan Kredit yang diberikan dan pembiayaan/piutang syariah / Securities, and Loans and sharia financing/receivables
PT PP Properti Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Tagihan Akseptasi dan Kredit yang diberikan dan pembiayaan/piutang syariah / Acceptances Receivable and Loans and sharia financing/receivables
PT Waskita Beton Precast Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Tagihan Akseptasi dan Kredit yang diberikan dan pembiayaan/piutang syariah / Acceptances Receivable and Loans and sharia financing/receivables
PT Wijaya Karya Bangunan Gedung Tbk	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Tagihan Akseptasi dan Garansi yang diterbitkan / Acceptances Receivable and Guarantees issued
PT Wijaya Karya Industri Energi	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Tagihan Akseptasi / Acceptances Receivable
PT Wijaya Karya Industri & Konstruksi	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Tagihan Akseptasi, Kredit yang diberikan dan pembiayaan/piutang syariah dan Garansi yang diterbitkan / Acceptances Receivable, Loans and sharia financing/receivables and Guarantees issued
Perum Percetakan Negara RI (Perum PNRI)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables



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**43. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI**  
**(lanjutan)**

Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2018 dan 2017 (lanjutan):

**43. TRANSACTIONS WITH RELATED PARTIES**  
**(continued)**

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2018 and 2017 (continued):

<u>Pihak-pihak berelasi/</u> <u>Related parties</u>	<u>Jenis hubungan/</u> <u>Type of relationship</u>	<u>Unsur transaksi pihak berelasi/</u> <u>Nature of related party transactions</u>
PT Adhi Karya (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>
PT Angkasa Pura II (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah dan Surat Berharga yang Diterbitkan / <i>Loans and sharia financing/receivables and Securities issued</i>
PT Asuransi Jiwasraya (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah dan Surat Berharga yang Diterbitkan/ <i>Loans and sharia financing/receivables and Securities issued</i>
PT Brantas Abipraya (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>
PT Dok Dan Perkapalan Surabaya (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>
PT HK Realtindo	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>
PT Indah Karya (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>
PT Jasamarga Bali Tol	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah dan Garansi yang diterbitkan / <i>Loans and sharia financing/receivables dan Guarantees issued</i>
PT PNM Ventura Syariah	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>
PT Pembangunan Perumahan (Persero) Tbk	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>



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**43. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI**  
**(lanjutan)**

Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2018 dan 2017 (lanjutan):

**43. TRANSACTIONS WITH RELATED PARTIES**  
**(continued)**

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2018 and 2017 (continued):

<u>Pihak-pihak berelasi/</u> <u>Related parties</u>	<u>Jenis hubungan/</u> <u>Type of relationship</u>	<u>Unsur transaksi pihak berelasi/</u> <u>Nature of related party transactions</u>
PT Permodalan Nasional Madani	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>
PT Peruri Properti	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>
PT Perusahaan Pengelola Aset (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>
PT PP Urban	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>
PT Taspen (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah dan Surat Berharga yang Diterbitkan / <i>Loans and sharia financing/receivables and Securities issued</i>
PT Trans Jawa Paspro Jalan Tol	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>
PT Virama Karya (Persero)	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah dan Garansi yang diterbitkan / <i>Loans and sharia financing/receivables and Guarantees issued</i>
PT Waskita Bumi Wira	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah / <i>Loans and sharia financing/receivables</i>
PT Waskita Karya Realty	Kepemilikan melalui pemerintah pusat RI/ <i>Ownership through the Central Government of the Republic of Indonesia</i>	Kredit yang diberikan dan pembiayaan/piutang syariah dan Garansi yang diterbitkan / <i>Loans and sharia financing/receivables and Guarantees issued</i>

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**43. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI**  
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Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2018 dan 2017 (lanjutan):

**43. TRANSACTIONS WITH RELATED PARTIES**  
**(continued)**

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2018 and 2017 (continued):

<u>Pihak-pihak berelasi/ Related parties</u>	<u>Jenis hubungan/ Type of relationship</u>	<u>Unsur transaksi pihak berelasi/ Nature of related party transactions</u>
PT Wijaya Karya Realty	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah dan Garansi yang diterbitkan / Loans and sharia financing/receivables and Guarantees issued
PT Wisma Seratus Sejahtera	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah / Loans and sharia financing/receivables
PT Yodya Karya (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Kredit yang diberikan dan pembiayaan/piutang syariah dan Garansi yang diterbitkan / Loans and sharia financing/receivables and Guarantees issued
Perum Jaminan Kredit Indonesia	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan / Securities issued
PT Asuransi Kredit Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan dan Garansi yang diterbitkan / Securities Issued and Guarantees issued
PT Asuransi Jasa Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan / Securities issued
PT Asuransi Jiwa Bringin dan Sejahtera	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan/ Securities issued
PT Asuransi Jasa Raharja (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan/ Securities issued
PT AXA Mandiri Financial Services	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan / Securities issued

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**43. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI**  
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Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2018 dan 2017 (lanjutan):

**43. TRANSACTIONS WITH RELATED PARTIES**  
**(continued)**

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2018 and 2017 (continued):

<u>Pihak-pihak berelasi/</u> <u>Related parties</u>	<u>Jenis hubungan/</u> <u>Type of relationship</u>	<u>Unsur transaksi pihak berelasi/</u> <u>Nature of related party transactions</u>
PT BNI Life Insurance	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan / Securities issued
PT Jasaraharja Putera	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan / Securities issued
PT Penjaminan Infrastruktur Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan / Securities issued
PT Pertamina Bina Medika	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan/ Securities Issued
PT Reasuransi Indonesia Utama (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan dan Garansi yang diterbitkan/ Securities issued and Guarantees issued
PT Reasuransi Nasional Indonesia	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan dan Garansi yang diterbitkan/ Securities issued and Guarantees issued
PT Tugu Pratama Indonesia	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Surat Berharga yang Diterbitkan/ Securities issued
PT Sarana Multigriya Finance (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Pinjaman yang diterima dan Pinjaman Subordinasi / Fund borrowings and Subordinated Loan
Perum Damri	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan / Guarantees issued

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**43. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI**  
**(lanjutan)**

Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2018 dan 2017 (lanjutan):

**43. TRANSACTIONS WITH RELATED PARTIES**  
**(continued)**

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2018 and 2017 (continued):

<u>Pihak-pihak berelasi/</u> <u>Related parties</u>	<u>Jenis hubungan/</u> <u>Type of relationship</u>	<u>Unsur transaksi pihak berelasi/</u> <u>Nature of related party transactions</u>
Perum Jasa Tirta I	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Asuransi Asei Indonesia	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Barata Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Jasa Layanan Pemeliharaan	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT LEN Railway Systems	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Nindya Karya (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Pelabuhan Indonesia III (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Patra Trading	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan/ Guarantees issued
PT Pos Indonesia (Persero)	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan / Guarantees issued
PT Peruri Digital Security	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan / Guarantees issued

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**43. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI**  
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Tabel di bawah menunjukkan rincian pihak-pihak berelasi dengan Bank beserta sifat dari transaksi yang dilakukan oleh Bank tersebut pada tahun 31 Desember 2018 dan 2017 (lanjutan):

**43. TRANSACTIONS WITH RELATED PARTIES**  
**(continued)**

The table below details the related parties with of the Bank along with the nature of transactions entered into by the Bank during December 31, 2018 and 2017 (continued):

<u>Pihak-pihak berelasi/</u> <u>Related parties</u>	<u>Jenis hubungan/</u> <u>Type of relationship</u>	<u>Unsur transaksi pihak berelasi/</u> <u>Nature of related party transactions</u>
PT. Sucofindo Prima Internasional Konsultan	Kepemilikan melalui pemerintah pusat RI/ Ownership through the Central Government of the Republic of Indonesia	Garansi yang diterbitkan / Guarantees issued
Manajemen Kunci termasuk Direksi, Komisaris, Komite Audit, Kepala Divisi dan Kepala Cabang/ Key Management including Director, Commissioner, Audit Committee, Head Division and Branch Manager	Hubungan pengendalian kegiatan perusahaan/ Control on company's activities	Kredit yang Diberikan dan Pembiayaan/piutang Syariah, Simpanan dari Nasabah, dan Dana Syirkah Temporer / Loans and sharia financing/receivables, Deposit from Customers and Temporary Syirkah Fund

a. Transaksi dengan pihak berelasi karena hubungan kepemilikan dengan pemerintah Republik Indonesia:

a. Transactions with related parties due to ownership relation with government of the Republic of Indonesia:

	<u>31 Desember/</u> <u>December 31, 2018</u>	<u>31 Desember/</u> <u>December 31, 2017</u>	
<b>Aset</b>			<b>Assets</b>
Giro pada bank lain (Catatan 6)	870.392	262.619	Current accounts with other banks (Note 6)
Penempatan pada Bank Indonesia dan bank lain (Catatan 7)	3.644	6.317	Placements with Bank Indonesia and other banks (Note 7)
Efek-efek (Catatan 8)	877.112	1.188.742	Securities (Note 8)
Obligasi pemerintah (Catatan 9)	9.393.138	8.183.973	Government bonds (Note 9)
Kredit yang diberikan dan pembiayaan/piutang syariah (Catatan 10)	11.483.694	4.393.372	Loans and sharia financing/receivables (Note 10)
Tagihan Akseptasi (Catatan 11)	528.148	8.081	Acceptance Receivable (Note 11)
<b>Total aset untuk pihak-pihak berelasi</b>	<b>23.156.128</b>	<b>14.043.104</b>	<b>Total assets to related parties</b>
Cadangan kerugian penurunan nilai dari pihak-pihak berelasi	(2.153)	(1.764)	Allowance for impairment losses for related parties
<b>Total dari aset pihak-pihak berelasi - neto</b>	<b>23.153.975</b>	<b>14.041.340</b>	<b>Total assets from related parties - net</b>
<b>Persentase total aset pihak berelasi terhadap total aset</b>	<b>7,55%</b>	<b>5,37%</b>	<b>Percentage of total assets from related parties to total assets</b>

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**43. TRANSACTIONS WITH RELATED PARTIES**  
**(continued)**

- a. Transaksi dengan pihak berelasi karena hubungan kepemilikan dengan pemerintah Republik Indonesia (lanjutan):

- a. Transactions with related parties due to ownership relation with government of the Republic of Indonesia (continued):

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<b>Liabilitas</b>		
Simpanan dari nasabah (Catatan 17, 18 dan 19)	83.098.406	94.738.386
Liabilitas Akseptasi (Catatan 22)	528.148	8.081
Surat-surat Berharga yang Diterbitkan (Catatan 23)	6.925.026	5.370.625
Pinjaman yang diterima (Catatan 24)	8.069.151	4.993.145
Pinjaman Subordinasi (Catatan 25)	2.999.519	2.999.319
<b>Total liabilitas untuk pihak- pihak berelasi</b>	<b>101.620.250</b>	<b>108.109.556</b>
<b>Persentase total liabilitas pihak berelasi terhadap total liabilitas</b>	<b>38,52%</b>	<b>48,28%</b>
<b>Dana Syirkah Temporer</b>		
Giro Mudharabah (Catatan 17)	534.702	154.636
Tabungan Mudharabah (Catatan 18)	81.973	200.000
Deposito Mudharabah (Catatan 19)	5.623.470	4.954.653
<b>Total dana syirkah temporer untuk pihak-pihak berelasi</b>	<b>6.240.145</b>	<b>5.309.289</b>
<b>Persentase total dana syirkah temporer berelasi terhadap dana syirkah temporer</b>	<b>33,17%</b>	<b>33,68%</b>
	<b>2018</b>	<b>2017</b>
<b>Pendapatan bunga dan bagi hasil</b>		
Penempatan pada Bank Indonesia dan bank lain	10.154	4.713
Efek-efek	57.921	77.953
Obligasi pemerintah	413.742	493.675
Kredit yang diberikan dan pembiayaan/piutang syariah	461.592	200.215
<b>Total pendapatan bunga dan bagi hasil dari pihak-pihak berelasi</b>	<b>943.409</b>	<b>776.556</b>
<b>Persentase terhadap total pendapatan bunga dan bagi hasil</b>	<b>4,32%</b>	<b>4,03%</b>

<b>Liabilities</b>
Deposits from customers (Notes 17, 18 and 19)
Acceptance Payable (Note 22)
Securities Issued (Note 23)
Fund borrowings (Note 24)
Subordinated Loan (Note 25)
<b>Total liabilities to related parties</b>
<b>Percentage of total liabilities from related parties to total liabilities</b>
<b>Temporary Syirkah Funds</b>
Mudharabah current accounts (Note 17)
Mudharabah savings deposits (Note 18)
Mudharabah time deposits (Note 19)
<b>Total temporary syirkah funds to related parties</b>
<b>Percentage of total temporary syirkah funds related parties to total temporary syirkah funds</b>
<b>Interest income and income from profit sharing</b>
Placements with Bank Indonesia and other banks
Securities
Government bonds
Loans and sharia financing/ receivables
<b>Total interest income and income from profit sharing from related parties</b>
<b>Percentage to total interest income and income from profit sharing</b>



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**43. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI**  
**(lanjutan)**

- a. Transaksi dengan pihak berelasi karena hubungan kepemilikan dengan pemerintah Republik Indonesia (lanjutan):

	2018	2017
<b>Beban bunga, bagi hasil dan bonus</b>		
Simpanan dari nasabah	1.111.531	3.705.858
Surat-surat Berharga yang Diterbitkan	588.407	573.600
Pinjaman yang diterima	423.810	295.622
Pinjaman Subordinasi	270.200	270.200
Giro Mudharabah	3.264	873
Tabungan Mudharabah	5.625	331
Deposito Mudharabah	30.364	106.935
<b>Total beban bunga dan bonus dari pihak berelasi</b>	<b>2.433.201</b>	<b>4.953.419</b>
<b>Persentase terhadap total beban bunga, bagi hasil dan bonus</b>	<b>20,67%</b>	<b>49,88%</b>
	<b>31 Desember/ December 31, 2018</b>	<b>31 Desember/ December 31, 2017</b>
<b>Komitmen dan Kontinjensi pada Rekening Administratif (Catatan 27)</b>		
Garansi yang diterbitkan	834.470	378.722
<b>Persentase terhadap total komitmen dan kontinjensi pada rekening administratif</b>	<b>22,00%</b>	<b>12,62%</b>

**43. TRANSACTIONS WITH RELATED PARTIES**  
**(continued)**

- a. Transactions with related parties due to ownership relation with government of the Republic of Indonesia (continued):

<b>Interest, profit sharing and bonus expenses</b>
Deposits from customers
Securities Issued
Fund borrowings
Subordinated Loan
Mudharabah current accounts
Mudharabah savings deposits
Mudharabah time deposits
<b>Total interest and bonus expenses from related parties</b>
<b>Percentage to total interest, profit sharing and bonus expense</b>
<b>Commitments and Contingencies in Administrative Accounts (Note 27)</b>
Guarantees issued
<b>Percentage to total commitments and contingencies in administrative accounts</b>

- b. Transaksi dengan manajemen kunci

- b. Transactions with key management personnel

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<b>Aset</b>		
Kredit yang diberikan dan piutang/ pembiayaan syariah (Catatan 10)	125.193	98.061
Cadangan kerugian penurunan nilai dari pihak-pihak berelasi	(19)	-
<b>Total dari aset pihak-pihak berelasi - neto</b>	<b>125.174</b>	<b>98.061</b>
<b>Persentase terhadap total aset</b>	<b>0,04%</b>	<b>0,04%</b>

<b>Assets</b>
Loan and sharia financing/receivables (Note 10)
Allowance for impairment losses for related parties
<b>Total assets from related parties - net</b>
<b>Percentage to total assets</b>

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**43. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI**  
**(lanjutan)**

**43. TRANSACTIONS WITH RELATED PARTIES**  
**(continued)**

b. Transaksi dengan manajemen kunci (lanjutan)

b. Transactions with key management personnel (continued)

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<b>Liabilitas</b>		
Simpanan dari nasabah (Catatan 17, 18 dan 19)	100.338	76.493
Liabilitas imbalan kerja	178.219	151.069
<b>Total liabilitas dari manajemen kunci</b>	<b>278.557</b>	<b>227.562</b>
<b>Persentase terhadap total liabilitas</b>	<b>0,11%</b>	<b>0,10%</b>

<b>Liabilities</b>
Deposits from customers (Notes 17, 18 and 19)
Employee benefits liability
<b>Total liabilities from key management personnel</b>
<b>Percentage to total liabilities</b>

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<b>Dana Syirkah Temporer</b>		
Tabungan Mudharabah (Catatan 18)	2.316	1.157
Deposito Mudharabah (Catatan 19)	2.483	3.606
<b>Total dana syirkah temporer untuk pihak-pihak berelasi</b>	<b>4.799</b>	<b>4.763</b>
<b>Persentase total dana syirkah temporer berelasi terhadap dana syirkah temporer</b>	<b>0,03%</b>	<b>0,03%</b>

<b>Temporary Syirkah Funds</b>
Mudharabah savings deposits (Note 18)
Mudharabah time deposits (Note 19)
<b>Total temporary syirkah funds to related parties</b>
<b>Percentage of total temporary syirkah funds related parties to total temporary syirkah funds</b>

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<b>Pendapatan bunga dan bagi hasil</b>		
Kredit yang diberikan dan pembiayaan/piutang syariah	6.155	5.589
<b>Persentase terhadap total pendapatan bunga dan bagi hasil</b>	<b>0,03%</b>	<b>0,03%</b>

<b>Interest income and income from profit sharing</b>
Loans and sharia financing/ receivables
<b>Percentage to total interest income and income from profit sharing</b>

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<b>Beban bunga, bagi hasil dan bonus</b>		
Simpanan dari nasabah	2.914	3.169
<b>Persentase terhadap total beban bunga, bagi hasil, dan bonus</b>	<b>0,25%</b>	<b>0,03%</b>

<b>Interest, profit sharing and bonus expenses</b>
Deposits from customers
<b>Percentage to total interest, profit sharing and bonus expense</b>

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**43. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI**  
**(lanjutan)**

b. Transaksi dengan manajemen kunci

	31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
<b>Beban gaji dan tunjangan:</b>		
Direksi (Catatan 1f)	85.289	61.714
Dewan Komisaris (Catatan 1f)	36.673	27.744
Karyawan Kunci Lain	145.555	127.500
<b>Total</b>	<b>267.517</b>	<b>216.958</b>
<b>Persentase terhadap total beban gaji dan tunjangan karyawan</b>	<b>9,30%</b>	<b>8,49%</b>

**43. TRANSACTIONS WITH RELATED PARTIES**  
**(continued)**

b. Transactions with key management personnel  
(continued)

<b>Salaries and employee benefits:</b>
Board of Directors (Note 1f)
Board of Commissioners (Note 1f)
Other Key Employees
<b>Total</b>
<b>Percentage to total salaries and employee benefits</b>

**44. ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING**

Posisi Devisa Neto

Perhitungan Posisi Devisa Neto (PDN) didasarkan pada Peraturan Bank Indonesia No. 5/13/PBI/2003 tanggal 17 Juli 2003 sebagaimana telah diubah dengan perubahan keempat Peraturan Bank Indonesia No. 17/5/PBI/2015 tanggal 29 Mei 2015. Berdasarkan peraturan tersebut, Bank diwajibkan untuk menjaga rasio PDN laporan posisi keuangan dan secara keseluruhan maksimum 20% dari jumlah modal. PDN adalah penjumlahan nilai absolut yang dinyatakan dalam Rupiah dari selisih bersih antara aset dan liabilitas dalam mata uang asing dan selisih bersih dari tagihan dan liabilitas komitmen dan kontinjensi yang dicatat dalam rekening administratif yang didenominasi dalam setiap mata uang asing.

PDN Bank pada tanggal-tanggal 31 Desember 2018 dan 2017:

**44. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

Net Open Position

The Net Open Position (NOP) is calculated based on Bank Indonesia Regulation No. 5/13/ PBI/2003 dated July 17, 2003 which was fourth amended by Bank Indonesia Regulation No. 17/5/PBI/2015 dated May 29, 2015. Based on this regulation, the Bank is required to maintain Net Open Position ratio of the overall statement of financial position at a maximum of 20% of the total capital. The NOP is the sum of the absolute values, which are stated in Rupiah, of the net difference between the assets and liabilities denominated in each foreign currency and the net difference of the receivables and payables of both commitments and contingencies recorded in the administrative accounts denominated in each foreign currency.

The Bank's NOP as of December 31, 2018 and 2017 are as follows:

	31 Desember/December 31, 2018			
	Aset/ Assets	Liabilitas/ Liabilities	Posisi Devisa Neto/ Net Open Position	
<u>Laporan posisi keuangan dan</u>				<u>Statement of financial position</u>
<u>Rekening administratif</u>				<u>and Administrative accounts</u>
Dolar Amerika Serikat	4.777.623	4.576.632	200.991	United States Dollar
Yen Jepang	94.638	-	94.638	Japanese Yen
Dolar Singapura	67.923	2.512	65.411	Singapore Dollar
Euro Eropa	278	-	278	European Euro
Renminbi	259	-	259	Renminbi
Pound Sterling Inggris	86	-	86	Great Britain Poundsterling
Dolar Australia	62	-	62	Australian Dollar
Dolar Hongkong	52	-	52	Hongkong Dollar
Ringgit Malaysia	39	-	39	Malaysian Ringgit
Riyal Arab Saudi	11	-	11	Saudi Arabian Riyal
			<b>361.827</b>	
<b>Modal (Catatan 45)</b>			<b>23.328.446</b>	<b>Capital (Note 45)</b>
<b>Rasio PDN</b>			<b>1,55%</b>	<b>NOP ratio</b>

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**44. ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING (lanjutan)**

**44. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES (continued)**

PDN Bank pada tanggal-tanggal 31 Desember 2018 dan 2017 (lanjutan):

The Bank's NOP as of December 31, 2018 and 2017 are as follows (continued):

31 Desember/December 31, 2017				
	Aset/ Assets	Liabilitas/ Liabilities	Posisi Devisa Neto/ Net Open Position	
<u>Laporan posisi keuangan dan</u>				<u>Statement of financial position</u>
<u>Rekening administratif</u>				<u>and Administrative accounts</u>
Dolar Amerika Serikat	3.150.193	3.395.206	245.013	United States Dollar
Dolar Singapura	26.235	-	26.235	Singapore Dollar
Yen Jepang	12.532	-	12.532	Japanese Yen
Renminbi	279	-	279	Renminbi
Riyal Arab Saudi	236	-	236	Saudi Arabian Riyal
Dolar Australia	125	-	125	Australian Dollar
Euro Eropa	115	-	115	European Euro
Pound Sterling Inggris	53	-	53	Great Britain Poundsterling
Ringgit Malaysia	32	-	32	Malaysian Ringgit
			284.620	
<b>Modal (Catatan 45)</b>			<b>22.094.944</b>	<b>Capital (Note 45)</b>
<b>Rasio PDN</b>			<b>1,29%</b>	<b>NOP ratio</b>

**45. RASIO KEWAJIBAN PENYEDIAAN MODAL MINIMUM (KPMM)**

**45. MINIMUM REQUIRED CAPITAL ADEQUACY RATIO (CAR)**

Bank secara aktif mengelola modalnya sesuai dengan peraturan yang berlaku. Tujuan utamanya adalah untuk memastikan bahwa setiap saat Bank dapat menjaga kecukupan modalnya untuk menutup risiko bawaan (inherent risk) pada kegiatan perbankan tanpa mengurangi optimalisasi nilai pemegang saham.

Bank actively manages its capital in accordance with the regulatory requirements. The primary objective of which is to ensure that Bank, at all times, maintains adequate capital to cover inherent risks to its banking activities without prejudice to optimizing shareholder's value.

CAR pada tanggal 31 Desember 2018 dan 2017 dihitung berdasarkan Peraturan Otoritas Jasa Keuangan (OJK) No. 34/POJK.03/2016 tanggal 22 September 2016 tentang Perubahan atas Peraturan OJK No. 11/POJK.03/2016 tanggal 29 Januari 2016 tentang Kewajiban Penyediaan Modal Minimum Bank Umum.

CAR on December 31, 2018 and 2017 was calculated based on Otoritas Jasa Keuangan (OJK) No. 34/POJK.03/2016 on date September 22, 2016 concerning of Change regulation No. 11/POJK.03/2016 on date January 29, 2016 concerning the Minimum Capital Requirement for Commercial Banks.

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**45. RASIO KEWAJIBAN PENYEDIAAN MODAL MINIMUM (KPM) (lanjutan)**

Berdasarkan POJK No. 34/POJK.03/2016 tentang Kewajiban Penyediaan Modal Minimum Bank Umum, PBI No. 17/22/PBI/2015 tentang Kewajiban Pembentukan *Countercyclical Buffer* dan POJK No. 46/POJK.03/2015 tentang Penetapan *Systemically Important Bank* dan *Capital Surcharge*, Bank diwajibkan membentuk tambahan modal sebagai penyangga (buffer) yang berlaku secara bertahap mulai 1 Januari 2016. Pembentukan modal *buffer* yaitu *Capital Conservation Buffer*, *Countercyclical Buffer* dan *Capital Surcharge* untuk D-SIB yang wajib dibentuk berdasarkan persentase tertentu dari Aset Tertimbang Menurut Risiko (ATMR) masing-masing sebesar 1,88%, 0,00% dan 0,75%.

Berdasarkan profil risiko Bank masing-masing per 31 Desember 2018 dan 2017, yaitu *low to moderate*, maka rasio kecukupan modal (KPM) minimum per 31 Desember 2018 dan 2017 ditetapkan masing-masing sebesar 9% sampai dengan 10%.

Penentuan kepatuhan Bank terhadap peraturan dan rasio yang berlaku didasarkan pada peraturan praktik akuntansi yang berbeda dalam beberapa hal dengan Standar Akuntansi Keuangan di Indonesia.

Pada tanggal-tanggal 31 Desember 2018 dan 2017, Bank telah memenuhi rasio sesuai yang disyaratkan Bank Indonesia dan/atau Otoritas Jasa Keuangan untuk KPM.

Perhitungan KPM Bank pada tanggal 31 Desember 2018 dan 2017 adalah sebagai berikut:

		31 Desember/ December 31, 2018	31 Desember/ December 31, 2017
Modal Inti	a	20.460.086	18.726.949
Modal Pelengkap (Maksimal 100% dari Modal Inti)	b	2.868.360	3.367.995
Modal Pelengkap Tambahan yang Dialokasikan untuk Mengantisipasi Risiko Pasar	c	-	-
<b>Jumlah Modal Inti dan Modal Pelengkap</b>	<b>d=a+b</b>	<b>23.328.446</b>	<b>22.094.944</b>

**45. MINIMUM REQUIRED CAPITAL ADEQUACY RATIO (CAR) (continued)**

Based on POJK No. 34/POJK.03/2016 concerning the Minimum Capital Requirement for Commercial Banks, PBI No. 17/22/PBI/2015 concerning the Establishment of *Countercyclical Buffer Requirement*, and POJK No. 46/POJK.03/2015 concerning the Determination of *Systemically Important Bank* and *Capital Surcharge*, Bank is required to form additional capital as a buffer that apply in stages starting on January 1, 2016. The establishment of buffer capital consist of *Capital Conservation Buffer*, *Countercyclical Buffer*, and *Capital Surcharge* for D-SIB which shall be established based on a percentage of Risk Weighted Assets (RWA) of 1.88%, 0.00% and 0.75%, respectively.

Based on the risk profile as of December 31, 2018 and 2017, respectively, which are both *low to moderate*, the minimum CAR for December 31, 2018 and 2017, is set at 9% to less than 10%, respectively.

The determination of the Bank's compliance with regulations and applicable ratios are based on the accounting rules which is differ in several aspects with the Financial Accounting Standards in Indonesia.

As of December 31, 2018 and 2017, the Bank has fulfilled the required ratios of Bank Indonesia and/or Financial Services Authority for the CAR.

The computation of the Bank's CAR as of December 31, 2018 and 2017 follows:

Core Capital  
 Supplementary Capital  
 (Maximum of 100% of  
 Core Capital)  
 Additional Supplementary  
 Capital Allocated  
 for Anticipation  
 of Market Risk  
  
**Total Core Capital and  
 Supplementary Capital**

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**45. RASIO KEWAJIBAN PENYEDIAAN MODAL**  
**MINIMUM (KPM) (lanjutan)**

Perhitungan CAR Bank pada tanggal 31 Desember 2018 dan 2017 adalah sebagai berikut (lanjutan):

**45. MINIMUM REQUIRED CAPITAL ADEQUACY**  
**RATIO (CAR) (continued)**

The computation of the Bank's CAR as of December 31, 2018 and 2017 follows (continued):

		<b>31 Desember/ December 31, 2018</b>	<b>31 Desember/ December 31, 2017</b>	
Jumlah Modal Inti, Modal Pelengkap dan Modal Pelengkap Tambahan yang Dialokasikan untuk Mengantisipasi Risiko Pasar	e=c+d	23.328.446	22.094.944	Total Core Capital, Supplementary Capital and Additional Supplementary Capital Allocated for Anticipation of Market Risk
Penyertaan	f	-	-	Investment
Jumlah Modal untuk Risiko Kredit	g=d-f	23.328.446	22.094.944	Total Capital for Credit Risk
Jumlah Modal untuk Risiko Kredit dan Risiko Pasar	h=e-f	23.328.446	22.094.944	Total Capital for Credit Risk and Market Risk
Aset Tertimbang Menurut Risiko Kredit	i	109.507.283	101.494.102	Risk Weighted Assets
ATMR untuk Risiko Pasar	j	1.007.249	664.340	Credit Risk
ATMR untuk risiko operasional	k	17.623.217	14.933.824	RWA for Market Risk
Jumlah ATMR untuk Risiko Kredit dan Risiko operasional	l=i+k	127.130.500	116.427.926	RWA for Operational Risk
Jumlah ATMR untuk Risiko Kredit, Risiko Operasional dan Risiko Pasar	m=i+j+k	128.137.749	117.092.266	Total RWA for Credit Risk and Operational Risk
CAR untuk Risiko Kredit dan Risiko Operasional	n=g/l	18,35%	18,98%	RWA for Credit Risk, Operational Risk and Market Risk
CAR untuk Risiko Kredit Risiko Operasional dan Risiko Pasar	o=h/m	18,21%	18,87%	CAR for Credit Risk and Operational Risk
CAR Minimum yang Diwajibkan		9%	9%	CAR for Credit Risk Operational Risk and Market Risk
				Minimum CAR



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**46. MANAJEMEN RISIKO**

Bank portofolio asetnya didominasi oleh Kredit Pemilikan Rumah (KPR) yang dipengaruhi oleh adanya perubahan iklim bisnis eksternal seperti inflasi dan tingkat BI rate. Upaya meminimalkan dampak negatif tersebut dilakukan dengan pengelolaan risiko secara *day to day risk management activities*, dengan berlandaskan prinsip *Good Corporate Governance* (GCG) untuk memastikan seluruh proses dan mekanisme yang terjadi dalam mencapai tujuan perusahaan, mencegah perusahaan dari penyimpangan dan risiko yang dapat mengakibatkan kegagalan pencapaian tujuan perusahaan, serta berlandaskan prinsip kehati-hatian untuk memastikan pertumbuhan kinerja Bank yang sehat dan berkesinambungan.

Sebagai tindak lanjut penerapan Pilar 1 Basel II, Bank telah mengimplementasikan pengukuran risiko kredit dengan menggunakan *Standardized Approach* sesuai dengan SEOJK No. 11/SEOJK.03/2018 tentang perubahan atas SEOJK No. 42/SEOJK.03/2016 perihal Pedoman Perhitungan Aset Tertimbang Menurut Risiko (ATMR) untuk Risiko Kredit dengan menggunakan Pendekatan Standar. Selain dari itu Bank juga telah melakukan perhitungan kebutuhan modal minimum dengan menggunakan *Basic Indicator Approach* untuk risiko operasional sesuai dengan SEOJK No. 24/SEOJK.03/2016 tanggal 14 Juli 2016 perihal Perhitungan Aset Tertimbang Menurut Risiko untuk Risiko Operasional. Penggunaan *Standardized Model* untuk risiko pasar sesuai dengan SEOJK No. 38/SEOJK.03/2016 tanggal 8 September 2016 perihal Pedoman Penggunaan Metode Standar dalam Perhitungan Kewajiban Penyediaan Modal Minimum Bank Umum dengan Memperhitungkan Risiko Pasar.

Guna melengkapi pengukuran risiko khususnya risiko pasar dan risiko likuiditas, Bank melakukan *stress test* dengan *worst case scenario*. Selain melakukan *scenario analysis* terhadap aktivitas bank secara keseluruhan, Bank juga melakukan *scenario analysis* terhadap aktivitas tertentu, khususnya aktivitas baru, yang berpotensi meningkatkan eksposur risiko suku bunga. *Stress Test* yang dilakukan oleh Bank fokus pada 3 (tiga) jenis risiko yaitu risiko kredit, risiko pasar dan risiko likuiditas. Untuk menyempurnakan pengukuran risiko khususnya risiko pasar, risiko likuiditas dan risiko kredit, Bank melakukan *stress test* terhadap *worst case scenario* sebagaimana diatur dalam SE Direksi No. 67/DIR/RMD/2017 tanggal 08 Desember 2017 perihal Perubahan Atas SE Direksi No. 03/DIR/RMD/2016 perihal Petunjuk Pelaksanaan Stress Testing dengan frekuensi minimal 1 (satu) tahun sekali untuk risiko kredit dan risiko pasar serta per triwulan untuk risiko likuiditas.

**46. RISK MANAGEMENT**

The bulk of the Bank's loan portfolio consists of mortgage loans (KPR) that are affected by changes in the external business environment such as inflation and the BI rate. Efforts to minimize the negative impact is being done through risk management activities on a daily basis, with the principles of Good Corporate Governance (GCG) as the basis to ensure that all the processes and mechanisms in connection to achieve the Bank's objectives, to prevent the bank from deviations and risks that can lead to failure in achieving corporate objectives. The principle of prudence is the basis of risk management activities to ensure the healthy growth of the Bank's performance and sustainability.

As a follow up to the implementation of Pillar 1 of Basel II, the Bank has implemented a credit risk measurement using the Standardized Approach in accordance with SEOJK No.11/SEOJK.03/2018 in changed from SEOJK No. 42/SEOJK.03/2016 regarding the Guidelines for Calculation of Risk Weighted Assets (RWA) for Credit Risk by using Standardized Approach. Apart from that, the Bank has been calculating of minimum capital requirements using the Basic Indicator Approach for operational risk in accordance with SEOJK No. 24/SEOJK.03/2016 dated in July 14, 2016 regarding the calculation of risk weighted assets (RWA) for Operational Risk. The use of Standardized Method for market risk are in accordance with SEOJK No. 38/SEOJK.03/2016 dated in September 8, 2016 regarding the Guidelines for the Use of Standardized Method in the Calculation of Capital Adequacy Ratio on Market Risk for Commercial Banks.

In measuring risks, particularly market risk and liquidity risk, the Bank conducts stress testing using worst case scenario in addition to scenario analysis of the Bank's activities as a whole, the Bank also performs scenario analysis on specific activities, especially new activity, which could potentially increase the interest rate risk exposure. Currently, the stress tests conducted by the Bank is focused on 3 (three) types of risks, namely, credit risk, market risk (including interest rate risk) and liquidity risk. To improve the measurement of market risk, liquidity risk and credit risk, the Bank conduct stress test on worst case scenario as regulated in Director Circular Letter No. 67/DIR/RMD/2017 dated in December 8, 2017 regarding amendment of Director Circular Letter No. 03/DIR/RMD/2016 regarding The Guidelines of Implementation for Stress Testing with a minimum frequency of 1 (one) year for credit risk and market risk and quarterly for liquidity risk.

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**46. MANAJEMEN RISIKO (lanjutan)**

Bank melakukan *stress testing* secara berkala untuk menilai kecukupan modal dalam hal terjadinya kejadian-kejadian risiko yang bersifat ekstrim atau *catastrophy*. Stress Testing Risiko Likuiditas telah dilakukan sebanyak 4 kali yaitu disampaikan melalui laporan Profil Risiko Triwulan IV/2017, Triwulan I/2018, Triwulan II/2018 dan Triwulan III/2018. Stress Testing Risiko Kredit dan Risiko Pasar dilakukan sedikitnya sekali dalam satu tahun dan telah dilakukan sebanyak 2 kali pada bulan Maret 2018 dan September 2018. Untuk bulan Maret 2018 pelaporannya telah disampaikan kepada OJK dan Untuk bulan September 2018 dilakukan update untuk kebutuhan pelaporan Dokumen Recovery Plan.

**Struktur Manajemen Risiko**

Tata kelola risiko Bank yang berlandaskan prinsip GCG terwujud dari terlibatnya seluruh organ Bank dalam pengelolaan manajemen risiko. Hal ini dapat dilihat dari susunan organisasi manajemen risiko Bank. Dewan Komisaris dan Direksi bertanggung jawab untuk memastikan penerapan Manajemen Risiko telah memadai sesuai dengan karakteristik, kompleksitas dan profil risiko Bank. Dewan Komisaris dan Direksi berperan aktif pada proses manajemen risiko dalam rangka memitigasi risiko Bank melalui Kualitas Penerapan Manajemen Risiko yang meliputi tata kelola risiko, kerangka manajemen risiko, proses manajemen risiko, kecukupan sumber daya manusia, dan kecukupan sistem informasi manajemen risiko, serta kecukupan sistem pengendalian risiko.

Komite Manajemen Risiko

Komite Manajemen Risiko (KMR) berperan aktif dalam memberikan pertimbangan-pertimbangan terhadap risiko yang melekat pada kebijakan yang akan ditetapkan Direksi maupun memberikan evaluasi terhadap ketentuan-ketentuan yang dinilai kurang sesuai dengan perkembangan terkini dan perlu dilakukan penyesuaian. KMR terlibat secara aktif dalam melakukan penilaian risiko yang melekat pada setiap produk dan/atau jasa/aktivitas baru sehingga Bank dapat melakukan langkah-langkah mitigasi yang diperlukan. Selain itu apabila dipandang perlu, KMR dapat melakukan evaluasi terhadap Pedoman Kebijakan Manajemen Risiko (PKMR).

**46. RISK MANAGEMENT (continued)**

The Bank conducts periodic stress testing to assess capital adequacy in anticipation of the occurrence of risk events that are extreme or catastrophic. Stress Testing for liquidity risk has been carried out 4 times, which is submitted through the Risk Profile report for Quarter IV / 2017, Quarter I / 2018, Quarter II / 2018 and Quarter III / 2018. Market Risk and Credit Risk Stress Testing is conducted at least once a year and has been conducted twice in March 2018 and September 2018. For March 2018 the report has been submitted to the OJK and for September 2018 an update is made to the reporting requirements of the Recovery Plan Document.

**Risk Management Structure**

The Bank's risk governance, which is based on the principles of GCG, involves the entire Bank in managing risks. This can be seen in the composition of the Bank's risk management organizational structure. The Board of Commissioners (BOC) and Board of Directors (BOD) are responsible for ensuring the proper implementation of risk management in accordance to the characteristics, complexity and risk profile of the Bank. The BOC and BOD play an active role in the risk management process in order to mitigate the risk of the Bank through Quality of Risk Management Implementation which covers risk governance, risk management framework, risk management process, the adequacy of human resources and risk management information systems, as well as the adequacy of risk management systems.

Risk Management Committee

The Bank's Risk Management Committee (RMC) is actively involved in providing advice on the inherent risks associated to new policies to be established by the BOD and providing evaluation to the regulations that are considered to be outdated and require updating. The RMC is also actively involved in conducting risk measurement of the risks associated to new products and/or services to enable the Bank to take the necessary mitigating actions. The RMC may evaluate the Risk Management Policy Guidelines, if necessary.

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**46. MANAJEMEN RISIKO (lanjutan)**

**Struktur Manajemen Risiko (lanjutan)**

Satuan Kerja Manajemen Risiko

*Risk Management Division (RMD)* merupakan Satuan Kerja Manajemen Risiko (SKMR) pada Bank, dipimpin oleh seorang Kepala Divisi yang bertanggung jawab langsung kepada *Risk, Compliance & Strategic Director*. Struktur organisasi *Risk Management Division* terdiri dari *Market Risk Management Department*, *Credit Risk Management Department*, *Operational Risk Management Department* dan *Risk Officer Coordination Department*.

*Market Risk Management Department* berfungsi untuk melakukan pengelolaan Risiko Pasar dan Risiko Likuiditas. Fungsi *Credit Risk Management Department* melakukan pengelolaan Risiko Kredit sedangkan *Operational Risk Management Department* berfungsi mengelola Risiko Operasional, Risiko Kepatuhan, Risiko Strategik, Risiko Reputasi dan Risiko Hukum. Setiap *Department Head* dibantu oleh Unit *Policy & Procedure* dan Unit *Assessment & Measurement*.

*Risk Officer Coordination (ROC)* bertanggung jawab melakukan koordinasi dan supervisi terhadap *Risk Officer* dalam melakukan pemantauan implementasi manajemen risiko di Bank. Dalam menjalankan fungsi pemantauan risiko, ROC dibantu oleh *Risk Superintendent (RS)* pada tingkat Divisi, *Regional Risk Superintendent (RRS)* pada tingkat Kantor Wilayah dan *Branch Risk Officer (BRO)* di Kantor Cabang di bawah koordinasi *Risk Officer Coordination (ROC)* yang bertanggung jawab langsung kepada Kepala *Risk Management Division (RMD)*.

RS dan RRS merupakan pejabat yang bertanggung jawab langsung pada ROC dan bertugas melakukan pemantauan implementasi manajemen risiko di Divisi dan Kantor Wilayah (Regional Office) dengan melakukan proses identifikasi, pengukuran, pemantauan dan merekomendasikan pengendalian risiko kepada Divisi dan Kantor Wilayah dimana RS dan RRS bertugas. BRO adalah pejabat yang bertanggung jawab langsung kepada ROC dan bertugas melakukan pemantauan implementasi manajemen risiko di Kantor Cabang dengan melakukan proses identifikasi, pengukuran, pemantauan dan merekomendasikan pengendalian risiko kepada Kantor Cabang dimana BRO bertugas.

**46. RISK MANAGEMENT (continued)**

**Risk Management Structure (continued)**

Risk Management Division

*Risk Management Division (RMD)* is a *Risk Management Working Unit (RMWU)* at the Bank, led by a *Division Head* that is responsible directly to the *Risk, Compliance & Strategic Director*. The organizational structure of the *RMD* consists of the *Market Risk Management Department*, *Credit Risk Management Department*, *Operational Risk Management Department* and *Risk Officer Coordination Department*.

*Market Risk Management Department* is responsible for managing market risk and liquidity risk. *Credit Risk Management Department* is responsible for credit risk management, while *Operational Risk Management Department* is responsible for managing operational risk, compliance risk, strategic risk, reputational risk and legal risk. The *Department Head* is assisted by *Policy & Procedure Unit* and *Assessment & Measurement Unit*.

*Risk Officer Coordination (ROC)* has a responsibility in coordinating and supervising the *Risk Officer* during monitoring the implementation of risk management in the Bank. In performing risk monitoring functions, ROC assisted by the *Risk Superintendent (RS)* at the *Division* level, the *Regional Risk Superintendent (RRS)* at the level of the *Regional Office* and *Branch Risk Officer (BRO)* in the *Branch Office* under the coordination of *Risk Coordination Officer (ROC)* which is directly responsible to the *Head of Risk Management Division (RMD)*.

*RS and RRS* is directly responsible to the *ROC* and is responsible for the monitoring of the implementation of risk management in the *Division* and *Regional Office*, including the process of identification, measurement, monitoring and recommending risk controls to the *Division* and *Regional office* where the *RS* and *RSS* is assigned. The *BRO* is also directly responsible to the *ROC* and is responsible for the monitoring of the implementation of risk management at branch offices, including the process of identification, measurement, monitoring and recommending risk controls to the branch office where the *BRO* is assigned.



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**46. MANAJEMEN RISIKO (lanjutan)**

**Kebijakan dan Prosedur Pengelolaan  
Manajemen Risiko**

Bank telah memiliki panduan kebijakan di bidang manajemen risiko yaitu Pedoman Kebijakan Manajemen Risiko (PKMR) di mana di dalamnya telah mencakup ketentuan-ketentuan minimal yang disyaratkan di dalam Peraturan Bank Indonesia. Pengkajian ulang terhadap kebijakan internal juga dilakukan agar sesuai dengan ketentuan terkini dari regulator dengan melakukan *gap analysis* serta mengakomodasi *best practices* yang lazim digunakan untuk meningkatkan kualitas penerapan manajemen risiko.

Sistem informasi manajemen risiko pada tahap awal difokuskan pada pengumpulan dan perbaikan *database* risiko yang diharapkan dapat dikembangkan dan diaplikasikan ke dalam sistem teknologi informasi secara bertahap agar proses pengukuran risiko dan pemantauan risiko dapat dilakukan secara terintegrasi dan dapat disajikan secara tepat waktu.

**Profil Risiko**

Sesuai dengan POJK No. 18/POJK.03/2016 tanggal 16 Maret 2016 dan SE OJK No. 34/SEOJK.03/2016 tanggal 01 September 2016 tentang Penerapan Manajemen Risiko Bagi Bank Umum, RMD menyampaikan laporan profil risiko kepada Otoritas Jasa Keuangan per triwulan yang memuat tentang eksposur risiko kredit, risiko pasar, risiko likuiditas, risiko operasional, risiko kepatuhan, risiko hukum, risiko reputasi dan risiko strategis. Selanjutnya berdasarkan PBI No. 13/1/PBI/2011 tanggal 5 Januari 2011 dan SE BI No. 13/24/DPNP tanggal 25 Oktober 2011 tentang Penilaian Tingkat Kesehatan Bank Umum, meliputi penilaian faktor profil risiko yang meliputi penilaian terhadap risiko inheren dan kualitas penerapan manajemen risiko dalam aktivitas operasional Bank.

Secara umum risiko komposit profil risiko Bank berada pada peringkat *low to moderate*, yang tercermin dari tingkat risiko *inherent moderate* dan tingkat kualitas penerapan manajemen risiko dengan peringkat *satisfactory*. Risiko Inheren meliputi strategi bisnis, karakteristik bisnis, kompleksitas produk dan aktivitas Bank, industri dimana Bank melakukan kegiatan usaha, serta kondisi makro ekonomi. Kualitas Penerapan Manajemen Risiko meliputi tata kelola risiko, kerangka manajemen risiko, proses manajemen risiko, kecukupan sumber daya manusia, dan kecukupan sistem informasi manajemen risiko, serta kecukupan sistem pengendalian risiko.

**46. RISK MANAGEMENT (continued)**

**Risk Management Policies and Procedures**

The Bank's risk management policies are formalized in the RMPM. RMPM sets out the minimum requirements based on Bank Indonesia regulations. A regular review is conducted on internal policies to comply with the prevailing regulations from regulatory bodies. Gap analysis are performed and best practices are applied to enhance the quality of the risk management implementation.

The Bank also performs risk management on information systems which focuses on risk database collection and improvement. The data is gradually developed and applied in the information technology system so that risk measurement and monitoring can be integrated into the Bank's risk management on a timely basis.

**Risk Profile**

In accordance with POJK No.18/POJK.03/2016 dated March 16, 2016 and SE OJK No. 34/SEOJK.03/2016 dated September 1, 2016 regarding on Risk Management for Commercial Banks, RMD submits on a quarterly basis a risk profile report to the Financial Services Authority, which contains exposure to credit risk, market risk, liquidity risk, operational risk, compliance risk, legal risk, reputational risk and strategic risk. Furthermore, based on PBI No. 13/1/PBI/2011 dated January 5, 2011 and SE BI No. 13/24/DPNP dated October 25, 2011 regarding a Bank's health level, the assessment of the risk profile will cover the inherent risk and quality of risk management implementation through the operational activities of the Bank.

In general, the Bank's composite risk profile is low to moderate, which is reflected in the moderate inherent risk level and satisfactory level of quality of risk management implementation. Inherent risks include business strategy, business characteristics, complexity of products and activities of the Bank, the industry in which the Bank conducts business, as well as macroeconomic conditions. The quality of risk management implementation covers risk governance, risk management framework, risk management process, the adequacy of human resources and risk management information systems, as well as the adequacy of the risk management system.

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit**

Pengelolaan risiko kredit merupakan bagian dari pengelolaan manajemen risiko secara keseluruhan, yang mengacu pada Peraturan Bank Indonesia (PBI) No. 11/25/PBI/2009 tanggal 1 Juli 2009 tentang Perubahan atas Peraturan Bank Indonesia No.5/8/PBI/2003 tentang Penerapan Manajemen Risiko bagi Bank Umum dimana Risiko Kredit merupakan risiko yang terjadi akibat kegagalan debitur dan/atau pihak lain dalam memenuhi kewajiban mereka kepada Bank.

Bank secara teratur meninjau dan memperbarui Pedoman Kebijakan Manajemen Risiko serta Pedoman Kebijakan Kredit dan Pembiayaan.

Eksposur Risiko Kredit dipantau sejak proses pemberian kredit sampai dengan jatuh tempo kredit. Pemantauan risiko diantaranya adalah memastikan kepatuhan dengan persyaratan kredit, kecukupan agunan dan penanganan kredit bermasalah.

Pemantauan risiko secara reguler dilakukan oleh RMD, RS, RRS dan BRO untuk memastikan bahwa unit kerja melakukan kegiatan kredit secara konsisten menerapkan ketentuan dan Standar Operasional Prosedur (SOP) sesuai dengan batasan yang ditetapkan oleh Bank.

Langkah strategis lainnya dalam penerapan manajemen risiko kredit Bank adalah dengan melakukan penyebaran risiko kredit dan pengendalian konsentrasi kredit dengan meningkatkan portofolio kredit maupun pembiayaan di luar sektor perumahan (non-housing related).

- (i) Analisa eksposur maksimum terhadap risiko kredit setelah memperhitungkan dampak agunan dan mitigasi risiko kredit lainnya:

Nilai tercatat dari aset keuangan Bank selain kredit yang diberikan menggambarkan eksposur maksimum atas risiko kredit.

**46. RISK MANAGEMENT (continued)**

**Credit Risk**

Credit risk management is part of the overall risk management, which is defined in Bank Indonesia Regulation (PBI) No. 11/25/PBI/2009 dated July 1, 2009 regarding the Amendment to Bank Indonesia Regulation No. 5/8/PBI/2003 regarding Risk Management Implementation for Commercial Banks, as the risk arising from the failure of debtors and/or other parties to fulfill their obligations to the Bank.

The Bank regularly reviews and updates the RMPM Guidelines as well as the Credit and Financing Manual Policy.

Credit risk exposure is monitored from the credit granting process until the maturity of the credit. Credit risk monitoring includes, among others, ensuring compliance with the terms of the loan, adequacy of collateral and handling of non-performing loans.

Regular risk monitoring is undertaken by RMD, RS, RRS, and BRO to ensure that the business units carrying out credit activities are consistently implementing regulation and Standard Operating Procedures (SOP) based on the limits set by the Bank.

Another strategic step in the implementation of the Bank's credit risk management is to distribute credit risk and minimize credit concentration by increasing the loan portfolio as well as financing non-housing related sectors.

- (i) Analysis on maximum exposures against credit risks considering the impact of collateral and other credit risks mitigation:

The carrying value of the Bank's financial assets other than loans represents its maximum exposure to credit risk.

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

- (i) Analisa eksposur maksimum terhadap risiko kredit setelah memperhitungkan dampak agunan dan mitigasi risiko kredit lainnya: (lanjutan)

Bank menetapkan jenis dan nilai agunan yang dijamin sesuai skema kredit dan perkiraan tingkat risiko kredit dari *counterparty* sebagai *second way out* yang ditetapkan. Jenis dari agunan terdiri dari:

- a) *Physical collateral*, berupa tanah dan bangunan.
- b) *Financial collateral*, berupa simpanan (tabungan, giro dan deposito), surat berharga, dan lain-lain.
- c) Lainnya berupa garansi, lembaga penjamin, dan lain-lain.

Pemberian kredit yang dilaksanakan oleh Bank diatur dalam kebijakan dan prosedur perkreditan dimana untuk setiap jenis atau skema kredit telah ditentukan agunan minimal yang harus dipenuhi.

Untuk segmen kredit komersial yang umumnya merupakan kredit yasa griya, sesuai ketentuan perkreditan wajib dijamin oleh agunan yang memadai. Agunan dapat berupa *physical collateral*, *financial collateral* atau lainnya berupa tagihan usaha atau garansi. Untuk seluruh agunan khususnya *physical collateral* akan dilakukan retaksasi dimana nilai likuidasi atas agunan tersebut yang akan dipergunakan dalam menentukan kecukupan nilai agunan (coverage ratio).

Selain aspek agunan untuk meminimalkan risiko kredit, pemberian kredit oleh Bank selalu dilakukan berdasarkan evaluasi dan analisa kelayakan sehingga kemampuan pengembalian kredit (*first way out*) dapat dipastikan.

Adanya keharusan bagi debitur untuk memenuhi agunan yang dipersyaratkan, evaluasi atas kelayakan kredit, pengikatan kredit secara legal dan prosedur *pre screening* akan menurunkan *credit risk* eksposur Bank ke tingkat yang layak dan dapat diterima.

**46. RISK MANAGEMENT (continued)**

**Credit Risk (continued)**

- (i) *Analysis on maximum exposures against credit risks considering the impact of collateral and other credit risks mitigation: (continued)*

*The Bank determined the type and value of collateral according to the loan scheme as well as estimated credit risk level from the counterparty as a determined second way out. The types of collateral are as follows:*

- a) Physical collateral, such as land and buildings.*
- b) Financial collateral, such as third party funds (saving deposits, demand deposits and time deposits), securities, etc.*
- c) Others, such as guarantees, guarantee institution, etc.*

*The loan granting conducted by the Bank is stipulated in the loan policy and procedure in which every loan type or scheme has minimum determinable collaterals that should be fulfilled.*

*For commercial loans segment which generally represent yasa griya loan, according to the loan policy has to be collateralized adequately. The collaterals can be physical collateral, financial collateral or others such as accounts receivable or guarantees. All collaterals particularly for physical collateral will be assessed in which the collateral's liquidation value will be use in determining the coverage ratio.*

*In addition collateral aspect to minimize credit risk, loan granting is conducted based on evaluation and feasibility analysis so that the loan repayment ability (first way out) can be ascertained.*

*The necessity for debtors to comply with collaterals requirement, loan feasibility evaluation, notarial agreement and pre screening procedures will decrease the Bank's credit risk exposure to the acceptable level.*



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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

- (ii) Konsentrasi risiko aset keuangan dengan eksposur risiko kredit

a) Sektor geografis

Tabel berikut menggambarkan rincian eksposur kredit Bank pada nilai tercatat, yang dikategorikan berdasarkan area geografis pada tanggal 31 Desember 2018 dan 2017. Untuk tabel ini, Bank telah mengalokasikan eksposur area berdasarkan wilayah geografis tempat mereka beroperasi.

**46. RISK MANAGEMENT (continued)**

**Credit Risk (continued)**

- (ii) Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following tables provide details of the Bank's credit exposures at their carrying amounts, as categorized by geographical region as of December 31, 2018 and 2017. For these tables, the Bank has allocated exposures to the regions based on the geographical area where activities are undertaken.

31 Desember/December 31, 2018

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others**)	Total	
Giro pada Bank Indonesia	15.417.862	-	-	-	-	15.417.862	Current accounts with Bank Indonesia
Giro pada bank lain	1.587.595	-	916	231	27	1.588.769	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	26.464.760	-	-	-	-	26.464.760	Placements with Bank Indonesia and other banks
Efek-efek	5.868.658	-	-	-	-	5.868.658	Securities
Obligasi Pemerintah	9.393.138	-	-	-	-	9.393.138	Government bonds
Tagihan Akseptasi	-	528.148	-	-	-	528.148	Acceptance Receivable
Tagihan Spot	-	-	-	-	-	-	Interest Rate
Suku Bunga	167	-	-	-	-	167	Spot Receivable
Penyertaan Saham	270	-	-	-	-	270	Investment in Shares
Kredit yang diberikan dan piutang/pembiayaan syariah	-	-	-	-	-	-	Loans and sharia financing/receivables
Konsumer	-	72.838.728	44.094.458	29.013.786	29.949.766	175.896.738	Consumer
Pemilikan rumah	-	3.210.950	4.313.881	1.376.266	2.600.734	11.501.831	Housing loan
Non-kepemilikan rumah	-	23.039.651	9.905.251	3.849.541	4.205.747	41.000.190	Non-housing loan
Modal kerja	-	4.247.565	1.906.544	479.711	529.892	7.163.712	Working capital
Investasi	-	77.033	-	-	-	77.033	Investment
Sindikasi	-	-	-	-	-	-	Syndicated
Direksi dan karyawan:	-	916.583	528.200	261.188	301.135	2.007.106	Director and Employees
- Pihak ketiga	-	60.617	22.310	13.346	14.791	111.064	Third party -
- Pihak berelasi	-	-	-	-	-	-	Related party -
Bunga yang masih akan diterima	100.312	1.155.166	763.116	362.312	578.596	2.959.502	Interest receivable
Aset lain-lain <sup>*)</sup>	1.089.426	5.822	2.676	1.482	1.554	1.100.960	Other assets <sup>*)</sup>
<b>Total kotor</b>	<b>59.922.188</b>	<b>106.080.263</b>	<b>61.537.352</b>	<b>35.357.863</b>	<b>38.182.242</b>	<b>301.079.908</b>	<b>Total gross</b>
Cadangan kerugian penurunan nilai	-	-	-	-	-	(3.320.293)	Allowances for impairment losses
<b>Neto</b>						<b>297.759.615</b>	<b>Net</b>

31 Desember/December 31, 2017

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others**)	Total	
Giro pada Bank Indonesia	12.554.585	-	-	-	-	12.554.585	Current accounts with Bank Indonesia
Giro pada bank lain	554.283	72	2.749	810	83	557.997	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	24.697.503	-	-	-	-	24.697.503	Placements with Bank Indonesia and other banks

<sup>\*)</sup> Terdiri atas tagihan kepada pihak ketiga  
<sup>\*\*)</sup> Lain-lain terdiri atas Kalimantan, Sulawesi, Bali, Maluku dan Papua.

<sup>\*)</sup> Consists of third party receivables  
<sup>\*\*)</sup> Others consists of Kalimantan, Sulawesi, Bali, Maluku and Papua.

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

(ii) Konsentrasi risiko aset keuangan dengan eksposur risiko kredit (lanjutan)

a) Sektor geografis (lanjutan)

31 Desember/December 31, 2017

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others <sup>*)</sup>	Total	
Efek-efek	7.720.954	-	-	-	-	7.720.954	Securities
Obligasi Pemerintah	8.183.973	-	-	-	-	8.183.973	Government bonds
Tagihan Akseptasi	8.081	-	-	-	-	8.081	Acceptance Receivable
Penyertaan Saham	270	-	-	-	-	270	Investment in Shares
Kredit yang diberikan dan piutang/pendanaan syariah	-	-	-	-	-	-	Loans and sharia financing/receivables
Konsumer	-	-	-	-	-	-	Consumer
Pemilikan rumah	-	60.076.342	36.956.819	23.356.014	24.783.593	145.172.768	Housing loan
Non-kepemilikan rumah	-	3.145.422	3.884.083	1.435.451	2.559.954	11.024.910	Non-housing loan
Modal kerja	-	19.202.730	8.655.804	3.515.565	3.822.803	35.196.902	Working capital
Investasi	-	2.961.318	1.758.289	439.240	597.013	5.755.860	Investment
Sindikasi	-	78.057	-	-	-	78.057	Syndicated
Direksi dan karyawan:	-	-	-	-	-	-	Director and Employees
- Pihak ketiga	-	765.772	442.366	221.512	243.683	1.673.333	Third party -
- Pihak berelasi	-	53.180	16.765	9.504	9.302	88.751	Related party -
Bunga yang masih akan diterima	106.472	907.969	562.915	324.265	394.819	2.296.440	Interest receivable
Aset lain-lain <sup>*)</sup>	1.121.692	5.525	2.128	1.274	1.530	1.132.149	Other assets <sup>*)</sup>
<b>Total kotor</b>	<b>54.947.813</b>	<b>87.196.387</b>	<b>52.281.918</b>	<b>29.303.635</b>	<b>32.412.780</b>	<b>256.142.533</b>	<b>Total gross</b>
Cadangan kerugian penurunan nilai	-	-	-	-	-	(2.372.876)	Allowances for impairment losses
<b>Neto</b>						<b>253.769.657</b>	<b>Net</b>

<sup>\*)</sup> Terdiri atas tagihan kepada pihak ketiga

<sup>\*\*)</sup> Lain-lain terdiri atas Kalimantan, Sulawesi, Bali, Maluku dan Papua.

<sup>\*)</sup> Consists of third party receivables

<sup>\*\*)</sup> Others consists of Kalimantan, Sulawesi, Bali, Maluku and Papua.

Eksposur risiko kredit atas rekening administratif pada tanggal-tanggal 31 Desember 2018 dan 2017 adalah sebagai berikut:

Credit risk exposure related to administrative accounts as of December 31, 2018 and 2017 are as follows:

31 Desember/December 31, 2018

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others <sup>*)</sup>	Total	
Fasilitas kredit yang belum ditarik <sup>**)</sup>	-	62.120	114.577	74.934	17.937	269.568	Unused loan facilities <sup>**)</sup>
Garansi yang diterbitkan	-	3.035.052	683.178	36.617	39.118	3.793.965	Guarantees issued
<b>Total</b>	<b>-</b>	<b>3.097.172</b>	<b>797.755</b>	<b>111.551</b>	<b>57.055</b>	<b>4.063.533</b>	<b>Total</b>

31 Desember/December 31, 2017

	Kantor Pusat/ Head Office	Jabodetabek	Jawa selain Jabodetabek/ Java other than Jabodetabek	Sumatera	Lain-lain/ Others <sup>*)</sup>	Total	
Fasilitas kredit yang belum ditarik <sup>**)</sup>	-	239.569	35.012	61.933	69.849	406.363	Unused loan facilities <sup>**)</sup>
Garansi yang diterbitkan	-	2.782.046	118.322	69.646	31.174	3.001.188	Guarantees issued
<b>Total</b>	<b>-</b>	<b>3.021.615</b>	<b>153.334</b>	<b>131.579</b>	<b>101.023</b>	<b>3.407.551</b>	<b>Total</b>

<sup>\*)</sup> Lain-lain terdiri atas Kalimantan, Sulawesi, Bali, Maluku dan Papua

<sup>\*\*)</sup> Hanya fasilitas kredit committed yang belum ditarik

<sup>\*)</sup> Others consists of Kalimantan, Sulawesi, Bali, Maluku dan Papua

<sup>\*\*)</sup> Only for committed unused loan facility

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

(ii) Konsentrasi risiko aset keuangan dengan eksposur risiko kredit (lanjutan)

b) Sektor industri

Tabel berikut ini menggambarkan rincian eksposur kredit Bank pada nilai tercatat (tanpa memperhitungkan agunan atau pendukung kredit lainnya), yang dikategorikan berdasarkan sektor industri pada tanggal-tanggal 31 Desember 2018 dan 2017:

**46. RISK MANAGEMENT (continued)**

**Credit Risk (continued)**

(ii) Concentration of risks of financial assets with credit risk exposure (continued)

b) Industry sectors

The following tables provide the details of the Bank's credit exposure at carrying amounts (without taking into account any collateral held or other credit enhancements), categorized based on industry sectors as of December 31, 2018 and 2017:

	31 Desember/December 31, 2018						
	Pemerintah (termasuk Bank Indonesia)/ Government (including Bank Indonesia)	Bank/ Banks	Lembaga keuangan bukan bank/ Non-bank financial institutions	Perusahaan lainnya/ Other companies <sup>*)</sup>	Perseorangan/ Individuals	Total	
Giro pada Bank Indonesia	15.417.862	-	-	-	-	15.417.862	Current accounts with Bank Indonesia
Giro pada bank lain	-	1.588.769	-	-	-	1.588.769	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	26.461.116	3.644	-	-	-	26.464.760	Placements with Bank Indonesia and other banks
Efek-efek	859.203	3.969.947	717.000	322.508	-	5.868.658	Securities
Obligasi Pemerintah	9.393.138	-	-	-	-	9.393.138	Government bonds
Tagihan Akseptasi	-	-	-	528.148	-	528.148	Acceptance Receivable
Tagihan Spot	-	-	-	-	-	-	Interest Rate
Suku Bunga	167	-	-	-	-	167	Spot Receivable
Penyertaan Saham	-	-	-	270	-	270	Investment in Shares
Kredit yang diberikan dan pembiayaan/piutang syaria	1.052.971	538.511	2.225.513	41.137.277	192.803.402	237.757.674	Loans and sharia financing/receivables
Bunga yang masih akan diterima	87.277	3.186	24.583	927.068	1.917.388	2.959.502	Interest receivable
Aset lain-lain <sup>*)</sup>	210.542	203.584	-	396.325	290.509	1.100.960	Other assets <sup>*)</sup>
<b>Total kotor</b>	<b>53.482.276</b>	<b>6.307.641</b>	<b>2.967.096</b>	<b>43.311.596</b>	<b>195.011.299</b>	<b>301.079.908</b>	<b>Total gross</b>
Cadangan kerugian penurunan nilai	-	-	-	-	-	(3.320.293)	Allowances for impairment losses
<b>Neto</b>						<b>297.759.615</b>	<b>Net</b>

	31 Desember/December 31, 2017						
	Pemerintah (termasuk Bank Indonesia)/ Government (including Bank Indonesia)	Bank/ Banks	Lembaga keuangan bukan bank/ Non-bank financial institutions	Perusahaan lainnya/ Other companies <sup>*)</sup>	Perseorangan/ Individuals	Total	
Giro pada Bank Indonesia	12.554.585	-	-	-	-	12.554.585	Current accounts with Bank Indonesia
Giro pada bank lain	-	557.997	-	-	-	557.997	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	24.691.186	6.317	-	-	-	24.697.503	Placements with Bank Indonesia and other banks
Efek-efek	4.457.480	2.428.938	576.657	257.879	-	7.720.954	Securities
Obligasi Pemerintah	8.183.973	-	-	-	-	8.183.973	Government bonds
Tagihan Akseptasi	-	-	-	8.081	-	8.081	Acceptance Receivable
Penyertaan Saham	-	-	-	270	-	270	Investment in Shares
Kredit yang diberikan dan pembiayaan/piutang syaria	-	521.428	133.001	35.851.115	162.485.037	198.990.581	Loans and sharia financing/receivables
Bunga yang masih akan diterima	87.063	5.922	8.191	674.486	1.520.778	2.296.440	Interest receivable

\*) Terdiri atas tagihan kepada pihak ketiga.

\*\*) Termasuk perusahaan yang bergerak di industri perumahan, konstruksi, manufaktur, transportasi, perdagangan dan komunikasi, perdagangan, pertanian, pertambangan dan industri lainnya.

\*) Consists of third party receivables.

\*\*) Includes other companies under real estate, construction, manufacturing, transportation, warehousing and communication, trading, farming, mining and other industries.

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

- (ii) Konsentrasi risiko aset keuangan dengan eksposur risiko kredit (lanjutan)
- b) Sektor industri (lanjutan)

Tabel berikut ini menggambarkan rincian eksposur risiko Bank pada nilai tercatat (tanpa memperhitungkan agunan atau pendukung kredit lainnya), yang dikategorikan berdasarkan sektor industri pada tanggal-tanggal 31 Desember 2018 dan 2017: (lanjutan)

31 Desember/December 31, 2017							
	Pemerintah (termasuk Bank Indonesia)/ Government (including Bank Indonesia)	Bank/ Banks	Lembaga keuangan bukan bank/ Non-bank financial institutions	Perusahaan lainnya/ Other companies <sup>*)</sup>	Perseorangan/ Individuals	Total	
Aset lain-lain <sup>*)</sup>	115.466	361.683	-	378.258	276.742	1.132.149	Other assets <sup>*)</sup>
<b>Total kotor</b>	<b>50.089.753</b>	<b>3.882.285</b>	<b>717.849</b>	<b>37.170.089</b>	<b>164.282.557</b>	<b>256.142.533</b>	<b>Total gross</b>
Cadangan kerugian penurunan nilai						(2.372.876)	Allowances for impairment losses
<b>Neto</b>						<b>253.769.657</b>	<b>Net</b>
<sup>*)</sup> Terdiri atas tagihan kepada pihak ketiga. <sup>**)</sup> Termasuk perusahaan yang bergerak di industri perumahan, konstruksi, manufaktur, transportasi, pergudangan dan komunikasi, perdagangan, pertanian, pertambangan dan industri lainnya.							
<sup>*)</sup> Consists of third party receivables. <sup>**)</sup> Includes other companies under real estate, construction, manufacturing, transportation, warehousing and communication, trading, farming, mining and other industries.							

Eksposur risiko kredit yang terkait dengan unsur rekening administratif adalah sebagai berikut pada tanggal-tanggal 31 Desember 2018 dan 2017:

Credit risk exposure relating to administrative account items as of December 31, 2018 and 2017, are as follows:

31 Desember/December 31, 2018							
	Pemerintah (termasuk Bank Indonesia)/ Government (including Bank Indonesia)	Bank/ Banks	Lembaga keuangan bukan bank/ Non-bank financial institutions	Perusahaan lainnya/ Other companies <sup>*)</sup>	Perseorangan/ Individuals	Total	
Fasilitas kredit yang belum ditarik <sup>**)</sup>	-	-	1.028	225.103	43.437	269.568	Unused loan facilities <sup>**)</sup>
Garansi yang diterbitkan	-	-	-	3.793.965	-	3.793.965	Guarantees issued
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.028</b>	<b>4.019.068</b>	<b>43.437</b>	<b>4.063.533</b>	<b>Total</b>
31 Desember/December 31, 2017							
	Pemerintah (termasuk Bank Indonesia)/ Government (including Bank Indonesia)	Bank/ Banks	Lembaga keuangan bukan bank/ Non-bank financial institutions	Perusahaan lainnya/ Other companies <sup>*)</sup>	Perseorangan/ Individuals	Total	
Fasilitas kredit yang belum ditarik <sup>**)</sup>	-	-	-	33.798	372.565	406.363	Unused loan facilities <sup>**)</sup>
Garansi yang diterbitkan	-	-	-	2.726.914	274.274	3.001.188	Guarantees issued
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.760.712</b>	<b>646.839</b>	<b>3.407.551</b>	<b>Total</b>
<sup>*)</sup> Termasuk perusahaan yang bergerak di industri perumahan, konstruksi, manufaktur, transportasi, pergudangan dan komunikasi, perdagangan, pertanian, pertambangan dan industri lainnya. <sup>**)</sup> Hanya fasilitas kredit komitmen yang belum ditarik							
<sup>*)</sup> Includes other companies under real estate, construction, manufacturing, transportation, warehousing and communication, trading, farming, mining and other industries. <sup>**)</sup> Only for committed unused loan facility							

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

(iii) Informasi mengenai aset keuangan yang mengalami dan tidak mengalami penurunan nilai

1. Giro pada Bank Lain

31 Desember/December 31, 2018			
	Tidak mengalami penurunan nilai/ Not Impaired	Mengalami penurunan nilai/ Impaired	Total
Rupiah	110.735	-	110.735
Mata Uang Asing	1.476.316	1.718	1.478.034
<b>Total</b>	<b>1.587.051</b>	<b>1.718</b>	<b>1.588.769</b>
Cadangan kerugian penurunan nilai			(1.718)
<b>Neto</b>			<b>1.587.051</b>

31 Desember/December 31, 2017			
	Tidak mengalami penurunan nilai/ Not Impaired	Mengalami penurunan nilai/ Impaired	Total
Rupiah	206.393	-	206.393
Mata Uang Asing	349.908	1.696	351.604
<b>Total</b>	<b>556.301</b>	<b>1.696</b>	<b>557.997</b>
Cadangan kerugian penurunan nilai			(1.696)
<b>Neto</b>			<b>556.301</b>

2. Penempatan pada Bank Indonesia dan bank lain

Per 31 Desember 2018 dan 2017, aset keuangan ini tidak mengalami penurunan nilai secara individual maupun kolektif.

3. Efek-efek

31 Desember/December 31, 2018			
	Tidak mengalami penurunan nilai/ Not Impaired	Mengalami penurunan nilai/ Impaired	Total
Sertifikat Bank Indonesia	3.005.636	-	3.005.636
Sertifikat Deposito Bank Indonesia	1.141.501	-	1.141.501
Obligasi	523.283	2.000	525.283
Negotiable certificate of deposits	240.915	-	240.915
Medium Term Notes	194.398	-	194.398
Efek Beragunan Aset	760.925	-	760.925
<b>Total</b>	<b>5.866.658</b>	<b>2.000</b>	<b>5.868.658</b>
Cadangan kerugian penurunan nilai			(20.173)
<b>Neto</b>			<b>5.848.485</b>

**46. RISK MANAGEMENT (continued)**

**Credit Risk (continued)**

(iii) Information about impaired and not impaired financial assets

1. Current Accounts with Other Banks

2. Placements with Bank Indonesia and other banks

As of December 31, 2018 and 2017, these financial assets are not impaired individually as well as collectively.

3. Securities

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

(iii) Informasi mengenai aset keuangan yang mengalami dan tidak mengalami penurunan nilai (lanjutan)

**3. Efek-efek (lanjutan)**

	31 Desember/December 31, 2017			
	Tidak mengalami penurunan nilai/ Not Impaired	Mengalami penurunan nilai/ Impaired	Total	
Sertifikat Deposito				Deposits Certificates
Bank Indonesia	5.436.440	-	5.436.440	of Bank Indonesia
Obligasi	786.850	2.000	788.850	Bonds
Negotiable certificate of deposits	652.788	-	652.788	Negotiable certificate of deposits
Reksadana	82.432	-	82.432	Mutual Fund
Medium Term Notes	124.985	-	124.985	Medium Term Notes
Efek Beragunan Aset	635.459	-	635.459	Asset-Backed Securities
<b>Total</b>	<b>7.718.954</b>	<b>2.000</b>	<b>7.720.954</b>	<b>Total</b>
Cadangan kerugian penurunan nilai			(14.923)	Allowance for impairment losses
<b>Neto</b>			<b>7.706.031</b>	<b>Net</b>

**4. Rekening administratif**

Per 31 Desember 2018 dan 2017, rekening administratif tidak mengalami penurunan nilai secara individual maupun kolektif.

**5. Penyertaan saham**

Per 31 Desember 2018 dan 2017, penyertaan saham mengalami penurunan nilai masing-masing sebesar RpNihil dan Rp270.

**6. Tagihan Akseptasi**

Per 31 Desember 2018 dan 2017, tagihan akseptasi tidak mengalami penurunan nilai secara individual.

**7. Kredit yang diberikan dan pembiayaan/ piutang syariah**

Per 31 Desember 2018 dan 2017, aset keuangan ini mengalami penurunan nilai secara individual maupun kolektif sesuai ketentuan dalam PSAK No. 55 dan Peraturan Otoritas Jasa Keuangan (POJK).

**46. RISK MANAGEMENT (continued)**

**Credit Risk (continued)**

(iii) Information about impaired and not impaired financial assets (continued)

**3. Securities (continued)**

**4. Administrative account**

As of December 31, 2018 and 2017, these administrative account items are not impaired individually as well as collectively.

**5. Investment in Shares**

As of December 31, 2018 and 2017, investment in shares are impaired amounted RpNil and Rp270, respectively.

**6. Acceptance Receivable**

As of December 31, 2018 and 2017, acceptance receivable are not impaired individually.

**7. Loans and sharia financing/receivables**

As of December 31, 2018 and 2017, these financial assets are impaired subject to individual and collective impairment according to SFAS No. 55 and Financial Service Authority regulations (POJK).



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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

(iii) Informasi mengenai aset keuangan yang mengalami dan tidak mengalami penurunan nilai (lanjutan)

**7. Kredit yang diberikan dan pembiayaan/ piutang syariah (lanjutan)**

Ikhtisar kredit yang diberikan dan pembiayaan/ piutang syariah yang diberikan pada tanggal 31 Desember 2018 dan 2017 (tidak diaudit) adalah sebagai berikut:

**46. RISK MANAGEMENT (continued)**

**Credit Risk (continued)**

(iii) Information about impaired and not impaired financial assets (continued)

**7. Loans and sharia financing/receivables (continued)**

Loans and sharia financing/receivables, as of December 31, 2018 and 2017 (unaudit), are summarized as follows:

31 Desember/December 31, 2018						
	Belum jatuh tempo atau tidak mengalami penurunan nilai/ <i>Neither past due nor impaired</i>	Tingkat standar/ <i>Standard grade</i>	Tingkat tinggi/ <i>High grade</i>	Telaah jatuh tempo tetapi tidak mengalami penurunan nilai/ <i>Past-due but not impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total
Perumahan	157.647.099	35.225.492	14.796.419	6.954.654	214.623.664	Property
Konstruksi	8.946.789	436.950	840.802	612.878	10.837.419	Construction
Jasa-jasa dunia usaha	6.275.580	716.760	629.458	383.334	8.005.132	Business services
Perdagangan, restoran dan hotel	299.236	179.004	178.913	646.259	1.303.412	Trading, restaurants and hotels
Jasa-jasa sosial	598.743	51.117	47.811	83.112	780.783	Social services
Manufaktur	49.531	23.628	34.906	49.753	157.818	Manufacturing
Transportasi, pergudangan dan komunikasi	1.069.154	22.316	97.219	36.666	1.225.355	Transportation, warehousing and communications
Pertanian	4.358	399	2.829	29.469	37.055	Farming
Pertambangan	12.514	45.721	2.635	26.929	87.799	Mining
Listrik, gas dan air	53.121	25.594	7.988	2.900	89.603	Electricity, gas and water
Lain-lain	464.159	38.852	23.581	83.042	609.634	Others
<b>Total</b>	<b>175.420.284</b>	<b>36.765.833</b>	<b>16.662.561</b>	<b>8.908.996</b>	<b>237.757.674</b>	<b>Total</b>
Cadangan kerugian penurunan nilai					(3.298.132)	Allowance for impairment losses
<b>Neto</b>					<b>234.459.542</b>	<b>Net</b>

31 Desember/December 31, 2017						
	Belum jatuh tempo atau tidak mengalami penurunan nilai/ <i>Neither past due nor impaired</i>	Tingkat standar/ <i>Standard grade</i>	Tingkat tinggi/ <i>High grade</i>	Telaah jatuh tempo tetapi tidak mengalami penurunan nilai/ <i>Past-due but not impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total
Perumahan	135.608.990	27.275.069	15.101.069	3.301.361	181.286.489	Property
Konstruksi	7.260.724	555.469	362.766	325.832	8.504.791	Construction
Jasa-jasa dunia usaha	4.525.187	550.409	491.138	129.376	5.696.110	Business services
Perdagangan, restoran dan hotel	568.280	517.966	136.526	334.959	1.557.731	Trading, restaurants and hotels
Jasa-jasa sosial	646.321	97.074	36.780	56.562	836.737	Social services
Manufaktur	70.190	21.244	13.839	48.435	153.708	Manufacturing
Transportasi, pergudangan dan komunikasi	129.752	28.835	19.336	24.870	202.793	Transportation, warehousing and communications
Pertanian	2.052	2.879	5.522	52.924	63.377	Farming
Pertambangan	18.062	36.013	83.209	27.151	164.435	Mining
Listrik, gas dan air	113.656	14.436	66	765	128.923	Electricity, gas and water
Lain-lain	221.424	46.464	61.164	66.435	395.487	Others
<b>Total</b>	<b>149.164.638</b>	<b>29.145.858</b>	<b>16.311.415</b>	<b>4.368.670</b>	<b>198.990.581</b>	<b>Total</b>
Cadangan kerugian penurunan nilai					(2.355.987)	Allowance for impairment losses
<b>Neto</b>					<b>196.634.594</b>	<b>Net</b>

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

(iv) Tabel di bawah menunjukkan kualitas aset keuangan berdasarkan golongan aset untuk semua aset keuangan yang mempunyai risiko kredit (cadangan kerugian penurunan nilai bruto):

**46. RISK MANAGEMENT (continued)**

**Credit Risk (continued)**

(iv) The tables below shows the quality of financial assets by class of assets for all financial assets with credit risk (gross of allowance for impairment losses):

31 Desember/December 31, 2018						
	Belum jatuh tempo dan tidak mengalami penurunan nilai/ <i>neither past due nor impaired</i>	Tingkat tinggi/ <i>High Grade</i> <sup>*)</sup>	Tingkat standar/ <i>Standard grade</i> <sup>**)</sup>	Jatuh tempo dan tidak mengalami penurunan nilai/ <i>Past due but not impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total
<b>Efek-efek</b>						<b>Securities</b>
Nilai wajar melalui laba rugi	4.147.137	-	-	-	-	<i>Fair value through profit -or-loss</i>
Tersedia untuk dijual	1.511.624	-	-	-	-	<i>Available-for-sale</i>
Dimiliki hingga jatuh tempo	207.897	-	-	-	2.000	<i>Held-to-maturity</i>
<b>Obligasi Pemerintah</b>						<b>Government Bonds</b>
Nilai wajar melalui laba rugi	2.777.574	-	-	-	-	<i>Fair value through profit -or-loss</i>
Tersedia untuk dijual	3.904.235	-	-	-	-	<i>Available-for-sale</i>
Dimiliki hingga jatuh tempo	2.711.329	-	-	-	-	<i>Held-to-maturity</i>
<b>Kredit dan piutang</b>						<b>Loans and receivables</b>
Giro pada bank Indonesia	15.417.862	-	-	-	-	<i>Current accounts with Bank Indonesia</i>
Giro pada bank lain	1.587.051	-	-	-	1.718	<i>Current accounts with other banks</i>
Penempatan pada Bank Indonesia dan bank lain	26.464.760	-	-	-	-	<i>Placements with Bank Indonesia and other banks</i>
Tagihan Akseptasi	528.148	-	-	-	-	<i>Acceptance Receivable</i>
Tagihan Spot	-	-	-	-	-	<i>Interest Rate</i>
Suku Bunga	167	-	-	-	-	<i>Spot Receivable</i>
Penyertaan Saham	-	-	-	-	270	<i>Investment in Shares</i>
Kredit yang diberikan dan piutang/ pembiayaan syariah						<i>Loans and sharia financing/ receivables</i>
Konsumer						<i>Consumer</i>
Pemilikan rumah	131.465.479	29.193.720	12.759.423	2.478.116	175.896.738	<i>Housing loan</i>
Non kepemilikan rumah	8.328.337	2.046.217	821.030	306.247	11.501.831	<i>Non-housing loan</i>
Modal kerja	28.934.892	4.497.272	2.585.634	4.982.392	41.000.190	<i>Working capital</i>
Investasi	4.611.745	1.003.922	488.502	1.059.543	7.163.712	<i>Investment</i>
Sindikasi	-	-	-	77.033	77.033	<i>Syndicated</i>
Direksi dan karyawan						<i>Directors and employees</i>
- Pihak ketiga	1.969.274	24.195	7.972	5.665	2.007.106	<i>Third parties -</i>
- Pihak yang berelasi	110.557	507	-	-	111.064	<i>Related parties -</i>
Bunga yang masih akan diterima	2.959.502	-	-	-	2.959.502	<i>Interests receivable</i>
Aset lain-lain <sup>*)</sup>	1.100.960	-	-	-	1.100.960	<i>Other assets<sup>*)</sup></i>
<b>Total</b>	<b>238.738.530</b>	<b>36.765.833</b>	<b>16.662.561</b>	<b>8.912.984</b>	<b>301.079.908</b>	<b>Total</b>
Cadangan kerugian nilai					(3.320.293)	<i>Allowance for impairment losses</i>
<b>Neto</b>					<b>297.759.615</b>	<b>Net</b>

\*) Terdiri atas tagihan kepada pihak ketiga  
 \*\*) Tidak diaudit

\*) Consists of third party receivables  
 \*\*) Unaudited

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

- (iv) Tabel di bawah menunjukkan kualitas aset keuangan berdasarkan golongan aset untuk semua aset keuangan yang mempunyai risiko kredit (cadangan kerugian penurunan nilai bruto) (lanjutan): (tidak diaudit)

**46. RISK MANAGEMENT (continued)**

**Credit Risk (continued)**

- (iv) The tables below shows the quality of financial assets by class of assets for all financial assets with credit risk (gross of allowance for impairment losses) (continued): (unaudited)

31 Desember/December 31, 2017						
	Belum jatuh tempo dan tidak mengalami penurunan nilai/ <i>neither past due nor impaired</i>	Tingkat tinggi/ <i>High Grade<sup>*)</sup></i>	Tingkat standar/ <i>Standard grade<sup>**)</sup></i>	Jatuh tempo dan tidak mengalami penurunan nilai/ <i>Past due but not impaired</i>	Mengalami penurunan nilai/ <i>Impaired</i>	Total
<b>Efek-efek</b>						<b>Securities</b>
Nilai wajar melalui laba rugi	4.857.775	-	-	-	-	Fair value through profit -or-loss
Tersedia untuk dijual	2.616.393	-	-	-	-	Available-for-sale
Dimiliki hingga jatuh tempo	244.786	-	-	-	2.000	Held-to-maturity
<b>Obligasi Pemerintah</b>						<b>Government Bonds</b>
Nilai wajar melalui laba rugi	497.939	-	-	-	-	Fair value through profit -or-loss
Tersedia untuk dijual	4.357.109	-	-	-	-	Available-for-sale
Dimiliki hingga jatuh tempo	3.328.925	-	-	-	-	Held-to-maturity
<b>Kredit dan piutang</b>						<b>Loans and receivables</b>
Giro pada bank Indonesia	12.554.585	-	-	-	-	Current accounts with Bank Indonesia
Giro pada bank lain	556.301	-	-	-	1.696	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	24.697.503	-	-	-	-	Placements with Bank Indonesia and other banks
Tagihan Akseptasi	8.081	-	-	-	-	Acceptance Receivable
Penyertaan Saham	-	-	-	-	270	Investment in Shares
Kredit yang diberikan dan piutang/ pembiayaan syariah						Loans and sharia financing/ receivables
Konsumer						Consumer
Pemilikan rumah	107.968.908	22.391.964	12.605.553	2.206.343	145.172.768	Housing loan
Non kepemilikan rumah	8.113.990	1.624.015	966.531	320.374	11.024.910	Non-housing loan
Modal kerja	27.196.063	4.335.900	2.357.669	1.307.270	35.196.902	Working capital
Investasi	4.060.569	786.441	377.562	531.288	5.755.860	Investment
Sindikasi	78.057	-	-	-	78.057	Syndicated
Direksi dan karyawan						Directors and employees
- Pihak ketiga	1.658.377	7.461	4.100	3.395	1.673.333	Third parties -
- Pihak yang berelasi	88.674	77	-	-	88.751	Related parties -
Bunga yang masih akan diterima	2.296.440	-	-	-	2.296.440	Interests receivable
Aset lain-lain <sup>*)</sup>	1.132.149	-	-	-	1.132.149	Other assets <sup>*)</sup>
<b>Total</b>	<b>206.312.624</b>	<b>29.145.858</b>	<b>16.311.415</b>	<b>4.372.636</b>	<b>256.142.533</b>	<b>Total</b>
Cadangan kerugian nilai					(2.372.876)	Allowance for impairment losses
<b>Neto</b>					<b>253.769.657</b>	<b>Net</b>

<sup>\*)</sup> Terdiri atas tagihan kepada pihak ketiga

<sup>\*\*)</sup> Tidak diaudit

<sup>\*)</sup> Consists of third party receivables

<sup>\*\*)</sup> Unaudited

Kualitas kredit didefinisikan sebagai berikut:

**Tingkat tinggi**

- (a) Giro pada Bank Indonesia, giro pada bank lain, penempatan pada Bank Indonesia dan bank lain yaitu giro atau penempatan pada institusi Pemerintah, transaksi dengan bank yang memiliki reputasi baik dengan tingkat kemungkinan gagal bayar atas kewajiban yang rendah.

The credit quality are defined as follows:

**High grade**

- (a) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements with government institution, transaction with reputable banks with low probability of default for its liabilities.

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

- (iv) Tabel di bawah menunjukkan kualitas aset keuangan berdasarkan golongan aset untuk semua aset keuangan yang mempunyai risiko kredit (cadangan kerugian penurunan nilai bruto) (lanjutan):

Kualitas kredit didefinisikan sebagai berikut (lanjutan):

Tingkat tinggi (lanjutan)

- (b) Kredit yang diberikan dan piutang/pembiayaan syariah, bunga yang masih akan diterima, dan tagihan kepada pihak ketiga yaitu debitur dengan riwayat pembayaran yang sangat baik dan tidak pernah menunggak sepanjang jangka waktu kredit.
- (c) Efek-efek dan obligasi pemerintah yaitu efek-efek yang dikeluarkan oleh Pemerintah RI, efek-efek dan obligasi yang termasuk dalam *investment grade* dengan rating minimal BBB- (Pefindo) atau Baa3 (Moody's).

Tingkat standar

- (a) Giro pada Bank Indonesia, giro pada bank lain, penempatan pada Bank Indonesia dan bank lain yaitu giro atau penempatan pada bank lokal yang tidak terdaftar di bursa.
- (b) Kredit yang diberikan dan piutang/pembiayaan syariah, bunga yang masih akan diterima, dan tagihan kepada pihak ketiga yaitu debitur dengan riwayat pembayaran yang baik dan tidak pernah menunggak 90 hari atau lebih.
- (c) Efek-efek dan obligasi Pemerintah yaitu efek-efek dan obligasi dengan rating antara idBB+ sampai dengan idB (Pefindo) atau Ba1 sampai dengan B2 (Moody's).

**46. RISK MANAGEMENT (continued)**

**Credit Risk (continued)**

- (iv) The tables below shows the quality of financial assets by class of assets for all financial assets with credit risk (gross of allowance for impairment losses) (continued):

The credit quality are defined as follows (continued):

High grade (continued)

- (b) Loans and sharia financing/receivables, interests receivables and third party receivables are receivables from borrowers with very satisfactory track record of loan repayment and whose accounts did not turn past due during the term of the loan.
- (c) Securities and government bonds are Sovereign securities issued by government of RI, investment grade securities and bonds with a rating of at least BBB- (Pefindo) or Baa3 (Moody's).

Standard grade

- (a) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements with the local banks not listed in the stock exchange.
- (b) Loans and sharia financing/receivables, interests receivables and third party receivables are receivables from borrowers who have an average track record of loan repayment and whose account did not turn past due for 90 days.
- (c) Securities and Government bonds with a rating between idBB+ to idB (Pefindo) or Ba1 to B2 (Moody's).

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

- (v) Analisis umur pinjaman yang jatuh tempo tetapi tidak mengalami penurunan nilai pada tanggal 31 Desember 2018 dan 2017, sebagai berikut:

	31 Desember/December 31, 2018				
	1 sampai 90 hari/ 1 to 90 days	91 sampai 120 hari/ 91 to 120 days	121 sampai 180 hari/ 121 to 180 days	180 sampai 270 hari/ 180 to 270 days	Total
Konsumer					
Pemilikan rumah	11.496.901	251.379	688.165	322.978	12.759.423
Non kepemilikan rumah	778.095	5.560	19.284	18.091	821.030
Modal kerja	2.380.466	20.027	83.445	101.696	2.585.634
Investasi	460.646	2.604	12.253	12.999	488.502
Direktur dan karyawan	4.890	607	1.178	1.297	7.972
<b>Total</b>	<b>15.120.998</b>	<b>280.177</b>	<b>804.325</b>	<b>457.061</b>	<b>16.662.561</b>
Cadangan kerugian nilai					(430.641)
<b>Neto</b>					<b>16.231.920</b>

Consumer  
Housing Loan  
Non housing loan  
Working capital  
Investment  
Directors and employees  
**Total**

Allowance for  
impairment losses

**Net**

	31 Desember/December 31, 2017				
	1 sampai 90 hari/ 1 to 90 days	91 sampai 120 hari/ 91 to 120 days	121 sampai 180 hari/ 121 to 180 days	180 sampai 270 hari/ 180 to 270 days	Total
Konsumer					
Pemilikan rumah	11.945.564	105.353	239.917	314.719	12.605.553
Non kepemilikan rumah	898.232	12.045	26.651	29.603	966.531
Modal kerja	2.177.496	41.542	35.599	103.032	2.357.669
Investasi	353.033	2.525	8.843	13.161	377.562
Direktur dan karyawan	2.139	-	444	1.517	4.100
<b>Total</b>	<b>15.376.464</b>	<b>161.465</b>	<b>311.454</b>	<b>462.032</b>	<b>16.311.415</b>
Cadangan kerugian nilai					(290.211)
<b>Neto</b>					<b>16.021.204</b>

Consumer  
Housing Loan  
Non housing loan  
Working capital  
Investment  
Directors and employees  
**Total**

Allowance for  
impairment losses

**Net**

- (vi) Mutasi cadangan berdasarkan jenis kredit yang diberikan adalah sebagai berikut:

- (vi) Movements in allowance for impairment losses by type of loans are as follows:

	31 Desember/December 31, 2018						
	Konsumsi/Consumer						
	Pemilikan Rumah/ Housing Loan	Non-kepemilikan rumah/Non- Housing Loan	Modal Kerja/ Working Capital	Investasi/ Investment	Sindikasi/ Syndicated	Direksi dan Karyawan/ Directors and Employees	
Saldo awal tahun	926.078	128.641	987.427	311.114	61	2.666	Balance at beginning of year
Penyisihan kerugian penurunan nilai selama tahun berjalan	(33.311)	15.312	1.522.237	197.398	4.431	2.992	Provision for impairment losses during the year
Penerimaan kembali kredit yang telah dihapus-bukukan	8.815	373	10.060	1.040	-	-	Recovery of loans written-off
Penghapusbukuan kredit	(63.024)	(7.754)	(520.432)	(194.586)	-	(1.406)	Loans written-off
<b>Saldo akhir tahun</b>	<b>838.558</b>	<b>136.572</b>	<b>1.999.292</b>	<b>314.966</b>	<b>4.492</b>	<b>4.252</b>	<b>Balance at end of year</b>
Penurunan nilai individual	67.070	3.885	1.071.174	196.296	4.492	602	Individual impairment
Penurunan nilai kolektif	771.488	132.687	928.118	118.670	-	3.650	Collective impairment
Jumlah kotor kredit yang secara individu ditentukan sebagai mengalami penurunan nilai sebelum dikurangi kerugian penurunan nilai atas penilaian secara individual	75.131	3.885	3.929.694	881.102	77.033	602	Gross amount of loans individually determined to be impaired, before deducting any individually assessed impairment losses

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kredit (lanjutan)**

(vi) Mutasi cadangan berdasarkan jenis kredit yang diberikan adalah sebagai berikut: (lanjutan)

**46. RISK MANAGEMENT (continued)**

**Credit Risk (continued)**

(vi) *Movements in allowance for impairment losses by type of loans are as follows: (continued)*

31 Desember/December 31, 2017

	Konsumsi/Consumer						
	Pemilikan Rumah/ Housing Loan	Non-kepemilikan rumah/Non-Housing Loan	Modal Kerja/ Working Capital	Investasi/ Investment	Sindikasi/ Syndicated	Direksi dan Karyawan/ Directors and Employees	
Saldo awal tahun	723.133	99.950	1.018.305	272.603	31	2.012	Balance at beginning of year
Penyisihan kerugian penurunan nilai selama tahun berjalan	265.141	35.235	407.672	174.148	30	1.226	Provision for impairment losses during the year
Penerimaan kembali kredit yang telah dihapus-bukukan	11.389	186	8.001	2.294	-	-	Recovery of loans written-off
Penghapusbukuan kredit	(73.585)	(6.730)	(446.551)	(137.931)	-	(572)	Loans written-off
<b>Saldo akhir tahun</b>	<b>926.078</b>	<b>128.641</b>	<b>987.427</b>	<b>311.114</b>	<b>61</b>	<b>2.666</b>	<b>Balance at end of year</b>
Penurunan nilai individual	-	-	180.529	163.407	-	-	Individual impairment
Penurunan nilai kolektif	926.078	128.641	806.898	147.707	61	2.666	Collective impairment
Jumlah kotor kredit yang secara individu ditentukan sebagai mengalami penurunan nilai sebelum dikurangi kerugian penurunan nilai atas penilaian secara individual	-	-	358.699	298.294	-	-	Gross amount of loans individually determined to be impaired, before deducting any individually assessed impairment losses

**Risiko Likuiditas**

Risiko Likuiditas merupakan risiko akibat ketidakmampuan Bank untuk memenuhi kewajiban yang jatuh tempo dari sumber pendanaan arus kas dan/atau dari aset likuid berkualitas tinggi yang dapat diagunkan, tanpa mengganggu aktivitas dan kondisi keuangan Bank. Ketidakmampuan memperoleh sumber pendanaan arus kas sehingga menimbulkan Risiko Likuiditas dapat disebabkan antara lain oleh:

- ketidakmampuan menghasilkan arus kas yang berasal dari aset produktif maupun yang berasal dari penjualan aset termasuk aset likuid; dan/atau

**Liquidity Risk**

*Liquidity risk is the risk arising from the inability of the Bank to meet the maturing obligations from cash flow funding sources and/or from high-quality liquid assets that can be pledged, without disturbing the activities and financial condition of the Bank. The inability to obtain funding for cash flows resulting to liquidity risk can be contributed, among others, by:*

- inability to generate cash flows from productive assets as well as from the sale of assets, including liquid assets; and/or*



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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Likuiditas (lanjutan)**

Risiko Likuiditas merupakan risiko akibat ketidakmampuan Bank untuk memenuhi kewajiban yang jatuh tempo dari sumber pendanaan arus kas dan/atau dari aset likuid berkualitas tinggi yang dapat diagunkan, tanpa mengganggu aktivitas dan kondisi keuangan Bank. Ketidakmampuan memperoleh sumber pendanaan arus kas sehingga menimbulkan Risiko Likuiditas dapat disebabkan antara lain oleh: (lanjutan)

- b. ketidakmampuan menghasilkan arus kas yang berasal dari penghimpunan dana, transaksi antar Bank, dan pinjaman yang diterima.

Secara umum, tujuan utama manajemen risiko untuk risiko likuiditas adalah untuk meminimalkan kemungkinan ketidakmampuan Bank dalam memperoleh sumber pendanaan arus kas. Dengan demikian Bank dapat memenuhi setiap kewajiban finansial yang sudah diperjanjikan secara tepat waktu, dan agar senantiasa dapat memelihara tingkat likuiditas yang memadai dan optimal. Kebijakan pengelolaan risiko likuiditas antara lain mencakup pengawasan aktif Dewan Komisaris dan Direksi, yang pada intinya mengatur penerapan Manajemen Risiko likuiditas pada Bank, Kebijakan, Prosedur dan Penetapan Limit yang secara umum mencakup strategi manajemen risiko likuiditas, tingkat risiko yang akan diambil (risk appetite) dan toleransi risiko (risk tolerance) dan Sistem Informasi Manajemen Risiko serta Sistem Pengendalian Internal dengan menerapkan pengendalian internal dan kaji ulang independen yang memadai terhadap penerapan Manajemen Risiko untuk Risiko likuiditas yang dilaksanakan oleh *Internal Audit Division* (IAD) dan *Risk Management Division* (RMD).

Pengendalian Risiko Likuiditas melalui strategi pendanaan, pengelolaan posisi likuiditas dan pemantauan risiko likuiditas harian, pengelolaan aset likuid yang berkualitas tinggi, dan rencana pendanaan darurat serta penerapan sistem informasi manajemen risiko secara wajar untuk mendukung pelaksanaan proses identifikasi, pengukuran, pemantauan, dan pengendalian, serta pelaporan risiko likuiditas dalam kondisi normal dan kondisi krisis secara lengkap, akurat, terkini dan berkesinambungan.

Alat pengukuran yang digunakan dalam pengukuran Risiko Likuiditas antara lain adalah Rasio Likuiditas, Profil Maturitas, Proyeksi Arus Kas, dan *Stress Testing* (pengujian terhadap kemampuan Bank untuk memenuhi kebutuhan likuiditas pada kondisi krisis dengan menggunakan skenario *stress* secara spesifik pada Bank maupun skenario *stress* pada faktor pasar).

**46. RISK MANAGEMENT (continued)**

**Liquidity Risk (continued)**

*Liquidity risk is the risk arising from the inability of the Bank to meet the maturing obligations from cash flow funding sources and/or from high-quality liquid assets that can be pledged, without disturbing the activities and financial condition of the Bank. The inability to obtain funding for cash flows resulting to liquidity risk can be contributed, among others, by:* (continued)

- b. inability to generate cash flows from funding, interbank transactions and fund borrowings.*

*In general, the main objective of risk management for liquidity risk is to minimize the possibility of the Bank's inability to obtain source of cash flow funding. Thus, the Bank can meet some financial obligations that have been agreed upon in a timely manner, and to always be able to maintain adequate and optimal levels of liquidity. Liquidity risk management policies include the active supervision of the BOC and BOD who basically set the implementation of the Bank's liquidity risk management, policy, procedures and determination of limits, which generally includes the liquidity risk management strategy, level of risk to be taken (risk appetite) and risk tolerance, and risk management process, information systems and internal control systems by implementing internal controls and adequate independent review of the risk management implementation for liquidity risk which are being carried out by the Management and conducted by the Internal Audit Division (IAD) and Risk Management Division (RMD).*

*Liquidity risk management is being carried out through funding strategy, liquidity positions and monitoring of daily liquidity, management of high quality liquid assets, planning the emergency funding as well as implementation of a sound risk management information system to support the process of identification, measurement, monitoring and control, as well as reporting of liquidity risk under normal and extreme conditions in a comprehensive, accurate, timely and sustainable manner.*

*The tools used in the measurement of liquidity risk among others are Liquidity Ratio, Maturity Profile, Cash Flow Projection, and Stress Testing (testing the Bank's ability to meet liquidity needs on a state of crisis by using the specific stress scenarios on the Bank as well as on the market factor).*

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Likuiditas (lanjutan)**

Tabel jatuh tempo berikut menyajikan informasi mengenai perkiraan sisa jatuh tempo dari aset dan liabilitas keuangan:

**46. RISK MANAGEMENT (continued)**

**Liquidity Risk (continued)**

The following maturity tables provide information about the expected maturities of the Bank's financial assets and liabilities:

31 Desember/December 31, 2018							
	Total	Lainnya/ Others *)	≤ 1 Bulan/ ≤ 1 Month	> 1 - 6 Bulan/ Months	> 6 - 12 Bulan/ > 6 - 12 Months	> 12 Bulan/ > 12 Months	
<b>ASET</b>							<b>ASSETS</b>
Kas	1.243.615	-	1.243.615	-	-	-	Cash
Giro pada Bank Indonesia	15.417.862	-	15.417.862	-	-	-	Current accounts with Bank Indonesia
Giro pada bank lain	1.587.051	(1.718)	1.588.769	-	-	-	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	26.464.760	-	26.364.760	25.000	75.000	-	Placements with Bank Indonesia and other banks
Efek-efek	5.848.485	(20.173)	5.658.761	-	-	209.897	Securities
Obligasi Pemerintah	9.393.138	-	948.214	2.253.145	1.187.135	5.004.644	Government bonds
Tagihan Akseptasi	528.148	-	-	528.148	-	-	Acceptance Receivable
Tagihan Spot	-	-	-	-	-	-	Interest Rate
Suku Bunga	167	-	167	-	-	-	Spot Receivable
Penyertaan saham	-	(270)	-	-	-	270	Investment in Shares
Kredit yang diberikan dan pembiayaan/piutang syariah	234.459.542	(3.298.132)	5.969.746	5.389.395	6.521.652	219.876.881	Loans and sharia financing/receivables
Bunga yang masih akan diterima	2.959.502	-	2.959.502	-	-	-	Interest receivable
Aset lain-lain**)	1.100.960	-	1.100.960	-	-	-	Other assets**)
<b>Total</b>	<b>299.003.230</b>	<b>(3.320.293)</b>	<b>61.252.356</b>	<b>8.195.688</b>	<b>7.783.787</b>	<b>225.091.692</b>	<b>Total</b>
<b>LIABILITAS</b>							<b>LIABILITIES</b>
Liabilitas segera ***)	2.092.503	-	2.092.503	-	-	-	Liabilities due immediately***)
Simpanan nasabah	211.034.488	-	159.137.118	35.518.200	1.413.904	14.965.266	Deposits from customers
Simpanan dari bank lain	2.992.579	-	2.992.579	-	-	-	Deposits from other banks
Efek-efek yang dijual dengan janji dibeli kembali	935.000	-	-	-	-	935.000	Securities sold under repurchase agreements
Surat berharga yang diterbitkan	20.644.760	-	504.383	2.221.227	4.227.380	13.691.770	Securities issued
Liabilitas akseptasi	528.148	-	-	528.148	-	-	Acceptance payable
Liabilitas spot suku bunga	152	-	152	-	-	-	Interest rate spot liabilities
Pinjaman yang diterima	15.499.493	-	-	7.799.922	3.312.372	4.387.199	Fund borrowings
Bunga yang masih harus dibayar	630.134	-	630.134	-	-	-	Interest payables
Liabilitas lain-lain****)	5.366.155	-	5.366.155	-	-	-	Other liabilities****)
Pinjaman subordinasi	2.999.519	-	-	-	-	2.999.519	Subordinated Loans
<b>Total</b>	<b>262.722.931</b>	<b>-</b>	<b>170.723.024</b>	<b>46.067.497</b>	<b>8.953.656</b>	<b>36.978.754</b>	<b>Total</b>
<b>Perbedaan jatuh tempo</b>	<b>36.280.299</b>	<b>(3.320.293)</b>	<b>(109.470.668)</b>	<b>(37.871.809)</b>	<b>(1.169.869)</b>	<b>188.112.938</b>	<b>Maturity gap</b>

\*) Cadangan kerugian penurunan nilai atas aset keuangan.

\*\*) Terdiri atas tagihan pihak ketiga.

\*\*\*) Terdiri atas kewajiban kepada pihak ketiga, bagi hasil yang belum dibagikan, deposito berjangka jatuh tempo dan bunga atas deposito berjangka namun belum diambil nasabah.

\*\*\*\*) Terdiri atas setoran jaminan dan dana jaminan pengembang (kewajiban kepada pihak ketiga).

\*) Allowance for impairment losses on financial assets.

\*\*) Consists of third party receivables.

\*\*\*) Consists of third party payables, undistributed profit sharing, matured time deposits and interest on time deposits not collected by customers.

\*\*\*\*) Consists of guarantee deposits and developers' security deposits (liabilities to third party).

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Likuiditas (lanjutan)**

Tabel jatuh tempo berikut menyajikan informasi mengenai perkiraan sisa jatuh tempo dari aset dan liabilitas keuangan (lanjutan):

**46. RISK MANAGEMENT (continued)**

**Liquidity Risk (continued)**

The following maturity tables provide information about the expected maturities of the Bank's financial assets and liabilities (continued):

31 Desember/December 31, 2017							
	Total	Lainnya/ Others *)	≤ 1 Bulan/ ≤ 1 Month	> 1 - 6 Bulan/ Months	> 6 - 12 Bulan/ > 6 - 12 Months	> 12 Bulan/ > 12 Months	
<b>ASET</b>							<b>ASSETS</b>
Kas	1.027.554	-	1.027.554	-	-	-	Cash
Giro pada Bank Indonesia	12.554.585	-	12.554.585	-	-	-	Current accounts with Bank Indonesia
Giro pada bank lain	556.301	(1.696)	557.997	-	-	-	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	24.697.503	-	24.697.503	-	-	-	Placements with Bank Indonesia and other banks
Efek-efek	7.706.031	(14.923)	7.474.168	12.879	354	233.553	Securities
Obligasi Pemerintah	8.183.973	-	587.138	37.150	2.051.902	5.507.783	Government bonds
Tagihan Akseptasi	8.081	-	5.277	2.804	-	-	Acceptance Receivable
Penyertaan saham	-	(270)	-	-	-	270	Investment in Shares
Kredit yang diberikan dan pembiayaan/piutang syariah	196.634.594	(2.355.987)	4.099.939	5.338.835	5.710.801	183.841.006	Loans and sharia financing/receivables
Bunga yang masih akan diterima	2.296.440	-	2.296.440	-	-	-	Interest receivable
Aset lain-lain**)	1.132.149	-	1.132.149	-	-	-	Other assets**)
<b>Total</b>	<b>254.797.211</b>	<b>(2.372.876)</b>	<b>54.432.750</b>	<b>5.391.668</b>	<b>7.763.057</b>	<b>189.582.612</b>	<b>Total</b>
<b>LIABILITAS</b>							<b>LIABILITIES</b>
Liabilitas segera ***)	2.574.898	-	2.574.898	-	-	-	Liabilities due immediately***)
Simpanan nasabah	177.091.421	-	121.697.147	18.364.498	15.962.112	21.067.664	Deposits from customers
Simpanan dari bank lain	5.063.433	-	5.063.433	-	-	-	Deposits from other banks
Efek-efek yang dijual dengan janji dibeli kembali	1.385.000	-	-	-	450.000	935.000	Securities sold under repurchase agreements
Surat berharga yang diterbitkan	20.480.459	-	-	1.783.504	1.607.040	17.089.915	Securities issued
Liabilitas akseptasi	8.081	-	5.277	2.804	-	-	Acceptance payable
Pinjaman yang diterima	7.991.053	-	-	5.297.994	1.693.127	999.932	Fund borrowings
Bunga yang masih harus dibayar	492.361	-	492.361	-	-	-	Interest payables
Liabilitas lain-lain****)	4.476.233	-	4.476.233	-	-	-	Other liabilities****)
Pinjaman subordinasi	2.999.319	-	-	-	-	2.999.319	Subordinated Loans
<b>Total</b>	<b>222.562.258</b>	<b>-</b>	<b>134.309.349</b>	<b>25.448.800</b>	<b>19.712.279</b>	<b>43.091.830</b>	<b>Total</b>
<b>Perbedaan jatuh tempo</b>	<b>32.234.953</b>	<b>(2.372.876)</b>	<b>(79.876.599)</b>	<b>(20.057.132)</b>	<b>(11.949.222)</b>	<b>146.490.782</b>	<b>Maturity gap</b>

\*) Cadangan kerugian penurunan nilai atas aset keuangan.

\*\*) Terdiri atas tagihan pihak ketiga.

\*\*\* Terdiri atas kewajiban kepada pihak ketiga, bagi hasil yang belum dibagikan, deposito berjangka jatuh tempo dan bunga atas deposito berjangka namun belum diambil nasabah.

\*\*\*\* Terdiri atas setoran jaminan dan dana jaminan pengembang (kewajiban kepada pihak ketiga).

\*) Allowance for impairment losses on financial assets.

\*\*) Consists of third party receivables.

\*\*\* Consists of third party payables, undistributed profit sharing, matured time deposits and interest on time deposits not collected by customers.

\*\*\*\* Consists of guarantee deposits and developers' security deposits (liabilities to third party).

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Likuiditas (lanjutan)**

Tabel di bawah ini menunjukkan sisa jatuh tempo kontraktual dari liabilitas keuangan berdasarkan pada arus kas yang tidak didiskonto (pokok dan bunga) (tidak diaudit):

31 Desember/December 31, 2018													
	Total	On demand	≤ 1 Bulan/ Month	> 1 - 6 Bulan/ Months	> 6 - 12 Bulan/ Months	> 12 Bulan/ Months							
<b>LIABILITAS</b>							<b>LIABILITIES</b>						
Liabilitas segera*)	2.092.503	-	2.092.503	-	-	-	Liabilities due immediately*)						
Simpanan nasabah							Deposits from customers						
Deposito berjangka	136.024.263	-	68.058.821	42.813.938	1.521.266	23.630.238	Time deposits						
Tabungan	40.552.467	40.552.467	-	-	-	-	Savings deposits						
Giro	57.390.964	55.334.069	-	-	-	2.056.895	Demand deposits						
Simpanan dari bank lain	3.284.206	21.520	3.262.686	-	-	-	Deposits from other banks						
Efek-efek yang dijual							Securities sold under						
dengan janji dibeli kembali	1.052.578	-	16.797	16.797	33.594	985.390	repurchase agreements						
Liabilitas akseptasi	528.148	-	-	528.148	-	-	Acceptance payable						
Liabilitas spot suku bunga	152	-	152	-	-	-	Interest rate spot liabilities						
Surat berharga yang													
diterbitkan	27.302.913	-	627.330	2.882.532	2.982.591	20.810.460	Securities issued						
Pinjaman yang diterima	16.945.930	-	133.720	8.397.039	3.227.002	5.188.169	Fund borrowings						
Bunga yang masih harus													
dibayar	630.134	-	630.134	-	-	-	Interest payables						
Liabilitas lain-lain**)	5.366.155	-	5.366.155	-	-	-	Other liabilities**)						
Pinjaman Subordinasi	3.663.750	-	22.500	112.500	135.000	3.393.750	Subordinated Loan						
<b>Total</b>	<b>294.834.163</b>	<b>95.908.056</b>	<b>80.210.798</b>	<b>54.750.954</b>	<b>7.899.453</b>	<b>56.064.902</b>	<b>Total</b>						

31 Desember/December 31, 2017													
	Total	On demand	≤ 1 Bulan/ Month	> 1 - 6 Bulan/ Months	> 6 - 12 Bulan/ Months	> 12 Bulan/ Months							
<b>LIABILITAS</b>							<b>LIABILITIES</b>						
Liabilitas segera*)	2.574.898	-	2.574.898	-	-	-	Liabilities due immediately*)						
Simpanan nasabah							Deposits from customers						
Deposito berjangka	101.970.793	-	60.244.979	23.225.825	17.403.918	1.096.071	Time deposits						
Tabungan	40.031.066	40.031.066	-	-	-	-	Savings deposits						
Giro	53.580.649	33.245.947	-	-	-	20.334.702	Demand deposits						
Simpanan dari bank lain	5.299.688	24.286	5.275.402	-	-	-	Deposits from other banks						
Efek-efek yang dijual							Securities sold under						
dengan janji dibeli kembali	1.561.257	-	20.782	20.782	485.021	1.034.672	repurchase agreements						
Liabilitas akseptasi	8.081	-	5.277	2.804	-	-	Acceptance payable						
Surat berharga yang													
diterbitkan	27.416.569	-	75.000	2.573.174	2.443.205	22.325.190	Securities issued						
Pinjaman yang diterima	7.432.161	-	49.593	4.511.267	1.778.676	1.092.625	Fund borrowings						
Bunga yang masih harus													
dibayar	492.361	-	492.361	-	-	-	Interest payables						
Liabilitas lain-lain**)	4.476.233	-	4.476.233	-	-	-	Other liabilities**)						
Pinjaman Subordinasi	3.933.750	-	22.500	112.500	135.000	3.663.750	Subordinated Loan						
<b>Total</b>	<b>248.777.506</b>	<b>73.301.299</b>	<b>73.237.025</b>	<b>30.446.352</b>	<b>22.245.820</b>	<b>49.547.010</b>	<b>Total</b>						

\*) Terdiri atas kewajiban kepada pihak ketiga, bagi hasil yang belum dibagikan, deposito berjangka jatuh tempo dan bunga atas deposito berjangka namun belum diambil nasabah.

\*\*) Terdiri atas setoran jaminan dan dana jaminan pengembang (kewajiban kepada pihak ketiga).

\*) Consists of third party payables, undistributed profit sharing, matured time deposits and interest on time deposits not collected by customers.

\*\*) Consists of guarantee deposits and developers' security deposits (liabilities to third party).

**Risiko Pasar**

Risiko Pasar merupakan risiko pada laporan posisi keuangan dan rekening administratif, akibat perubahan secara keseluruhan dari kondisi pasar.

**Market Risk**

Market risk is the risk on statement of financial position and administrative accounts, due to changes in overall market conditions.

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Pasar (lanjutan)**

Sesuai Surat Edaran Otoritas Jasa Keuangan Nomor 12 /SEOJK.03/2018 tanggal 21 Agustus 2018 tentang Penerapan Manajemen Risiko dan Pengukuran Risiko Pendekatan Standar, Bank menggunakan perhitungan *Standardized Method* yang digunakan untuk menghitung Kewajiban Penyediaan Modal Minimum (KPMM) untuk Risiko Pasar. Risiko nilai tukar yang timbul dari fluktuasi nilai tukar dikelola dengan cara menjaga Posisi Devisa Neto sesuai dengan peraturan Bank Indonesia. Gejolak eksternal juga diakomodasi dengan dilakukan *stress testing* untuk melihat sejauh mana Bank dapat bertahan dengan beberapa skenario perubahan kondisi eksternal, khususnya perubahan suku bunga pasar.

Termasuk di dalam risiko pasar adalah risiko perubahan harga instrumen keuangan akibat perubahan faktor-faktor pasar, seperti perubahan suku bunga dan perubahan nilai tukar.

**i. Risiko tingkat suku bunga**

Risiko tingkat bunga timbul dari adanya kemungkinan bahwa perubahan tingkat suku bunga akan mempengaruhi arus kas di masa yang akan datang dari nilai wajar instrumen keuangan.

Tabel di bawah ini menyajikan informasi mengenai tingkat suku bunga rata-rata per tahun untuk aset dan liabilitas keuangan yang penting untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2018 dan 2017:

Aset	31 Desember/December 31, 2018		31 Desember/December, 2017		Assets
	Rupiah	Mata Uang Asing/ Foreign currencies	Rupiah	Mata Uang Asing/ Foreign currencies	
Giro pada bank lain	1,23%	2,19%	0,33%	0,04%	Current accounts with other Bank
Penempatan pada Bank Indonesia dan Bank Lain	4,39%	0,81%	5,20%	-	Placements with Bank Indonesia and other Banks
Efek-efek	6,40%	2,46%	6,53%	-	Securities
Obligasi Pemerintah	8,28%	3,53%	8,69%	0,78%	Government bonds
Tingkat bunga tetap					Fixed interest rate
Tingkat bunga Mengambang	9,43%	-	7,79%	-	Variable interest rate
Kredit yang diberikan dan Piutang Syariah	11,47%	-	11,88%	-	Loans and sharia financing/receivables
Liabilitas					Liabilities
Simpanan nasabah					Deposits from customers
Giro	1,84%	0,02%	1,74%	0,01%	Demand deposits
Tabungan	3,75%	0,39%	3,75%	-	Savings deposits
Deposito Berjangka	5,50%	0,76%	5,82%	0,32%	Time deposits
Simpanan dari Bank lain					Deposits from other banks
Giro	1,82%	-	1,30%	-	Demand deposits
Deposito Berjangka	5,90%	-	4,11%	-	Time deposits
Inter-bank call money	5,25%	-	4,31%	-	Inter-bank call money
Efek-efek yang dijual dengan janji dibeli kembali	5,52%	-	5,93%	-	Securities sold under repurchase agreements
Surat berharga yang diterbitkan	9,13%	-	8,86%	-	Securities issued

**46. RISK MANAGEMENT (continued)**

**Market Risk (continued)**

In accordance with the Financial Services Authority Circular No.12 /SEOJK.03/2018 dated in August 21, 2018 regarding the Implementation of Risk Management and Measurement of Risk in the Standard Approach In measuring market risk, the Bank uses the Standardized Method in calculating CAR for market risk. Exchange rate risk arises from fluctuations in exchange rates maintained by keeping the net open position in accordance with Bank Indonesia regulations. External shocks are also being considered by stress testing, which is done to measure the extent to which the Bank can survive some scenario changes in external conditions, particularly changes in market interest rates.

Market risk includes the risk of price changes of financial instruments due to changes in market factors, such as changes in interest rates and exchange rates.

**i. Interest rate risk**

Interest rate risks arise from the possibility that changes in interest rates will affect future cash flows from the fair values of financial instruments.

The following table presents information on the average annual interest rates for significant financial assets and liabilities for the year ended December 31, 2018 and 2017:



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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Pasar (lanjutan)**

**i. Risiko tingkat suku bunga (lanjutan)**

Tabel di bawah ini mengikhtisarkan eksposur Bank terhadap risiko tingkat suku bunga (gross) (tidak diaudit):

**46. RISK MANAGEMENT (continued)**

**Market Risk (continued)**

**i. Interest rate risk (continued)**

The tables below summarize the Bank's exposure to interest rate risk (gross) (unaudited):

31 Desember/December 31, 2018						
Suku bunga mengambang/Variable interest rate						
	Tidak lebih dari 3 bulan/ Not more than 3 months	Lebih dari 3 bulan tetapi tidak lebih dari 1 tahun/ More than 3 months but less than 1 year	Lebih dari 1 tahun/ More than 1 year	Suku bunga tetap/ Fixed interest rate	Tidak dikenakan bunga/syariah Non-interest bearing/sharia	Total
<b>Aset Keuangan</b>						<b>Financial Assets</b>
Kas	-	-	-	-	1.243.615	Cash
Giro pada Bank Indonesia	14.079.950	-	-	-	1.337.912	Current accounts with Bank Indonesia
Giro pada bank lain	1.588.661	-	-	-	108	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	-	-	-	22.359.760	4.105.000	Placements with Bank Indonesia and other banks
Efek-efek	616.287	-	-	5.127.488	124.853	Securities
Obligasi Pemerintah	3.141.131	-	-	5.682.181	569.826	Government bonds
Tagihan Akseptasi	-	-	-	-	528.148	Acceptance Receivable
Tagihan spot suku bunga	-	-	-	-	167	Interest rate Spot receivable
Penyertaan Saham	-	-	-	-	270	Investment in Associated Entities
Kredit yang diberikan dan piutang /pembiayaan syariah	5.326.203	8.276.069	108.620.296	93.493.679	22.041.427	Loans and sharia financing/receivable
Bunga yang masih akan diterima	-	-	-	-	2.959.502	Interest receivable
Aset lain-lain <sup>*)</sup>	-	-	-	-	1.100.960	Other assets <sup>*)</sup>
<b>Total aset keuangan</b>	<b>24.752.232</b>	<b>8.276.069</b>	<b>108.620.296</b>	<b>126.663.108</b>	<b>34.011.818</b>	<b>Total financial assets</b>
<b>Liabilitas Keuangan</b>						<b>Financial Liabilities</b>
Liabilitas segera <sup>**)</sup>	-	-	-	-	2.092.503	Liabilities due immediately <sup>**)</sup>
Simpanan dari nasabah	-	-	-	-	-	Deposits from customers
Giro	-	-	-	53.673.188	2.781.854	Demand deposits
Tabungan	-	-	-	38.350.839	766.324	Savings deposits
Deposito berjangka	-	-	-	115.462.283	-	Time deposits
Simpanan dari bank lain	19.609	-	-	2.972.970	-	Deposits from other banks
Liabilitas akseptasi	-	-	-	-	528.148	Acceptance payable
Liabilitas Spot suku bunga	-	-	-	-	152	Interest rate Spot payable
Surat-surat berharga diterbitkan	-	-	-	20.644.760	-	Securities issued
Efek-efek yang dijual dengan janji dibeli kembali	935.000	-	-	-	-	Securities sold under repurchase agreements
Pinjaman yang diterima	2.430.383	-	-	12.535.892	533.218	Fund Borrowings
Bunga yang masih harus dibayar	-	-	-	-	630.134	Interest payables
Liabilitas lain-lain <sup>**)</sup>	-	-	-	-	5.366.155	Other liabilities <sup>**)</sup>
Pinjaman subordinasi	-	-	-	2.999.519	-	Subordinated Loan
<b>Total liabilitas keuangan</b>	<b>3.384.992</b>	<b>-</b>	<b>-</b>	<b>246.639.451</b>	<b>12.698.488</b>	<b>Total financial liabilities</b>
<b>Gap repricing suku bunga-kotor</b>	<b>21.367.240</b>	<b>8.276.069</b>	<b>108.620.296</b>	<b>(119.976.343)</b>	<b>21.313.330</b>	<b>Gross interest repricing gap</b>

31 Desember/December 31, 2017						
Suku bunga mengambang/Variable interest rate						
	Tidak lebih dari 3 bulan/ Not more than 3 months	Lebih dari 3 bulan tetapi tidak lebih dari 1 tahun/ More than 3 months but less than 1 year	Lebih dari 1 tahun/ More than 1 year	Suku bunga tetap/ Fixed interest rate	Tidak dikenakan bunga/syariah Non-interest bearing/sharia	Total
<b>Aset Keuangan</b>						<b>Financial Assets</b>
Kas	-	-	-	-	1.027.554	Cash
Giro pada Bank Indonesia	11.494.789	-	-	-	1.059.796	Current accounts with Bank Indonesia
Giro pada bank lain	557.635	-	-	-	362	Current accounts with other banks
Penempatan pada Bank Indonesia dan bank lain	-	-	-	20.803.503	3.894.000	Placements with Bank Indonesia and other banks
Efek-efek	468.228	-	-	7.036.314	216.412	Securities
Obligasi Pemerintah	4.867.563	-	-	3.227.470	88.940	Government bonds
Tagihan Akseptasi	-	-	-	-	8.081	Acceptance Receivable
Penyertaan Saham	-	-	-	-	270	Investment in Associated Entities
Kredit yang diberikan dan piutang /pembiayaan syariah	4.601.148	8.078.042	93.635.723	74.687.870	17.987.798	Loans and sharia financing/receivable
Bunga yang masih akan diterima	-	-	-	-	2.296.440	Interest receivable
Aset lain-lain <sup>*)</sup>	-	-	-	-	1.132.149	Other assets <sup>*)</sup>
<b>Total aset keuangan</b>	<b>21.989.363</b>	<b>8.078.042</b>	<b>93.635.723</b>	<b>105.755.157</b>	<b>27.711.802</b>	<b>Total financial assets</b>

<sup>\*)</sup> Terdiri dari tagihan kepada pihak ketiga.

<sup>\*\*)</sup> Terdiri dari kewajiban kepada pihak ketiga, bagi hasil yang belum dibagikan, deposito berjangka jatuh tempo dan bunga atas deposito berjangka namun belum diambil nasabah.

<sup>\*\*\*)</sup> Terdiri atas setoran jaminan dan dana jaminan pengembang (kewajiban kepada pihak ketiga).

<sup>\*)</sup> Consists of third party receivables.

<sup>\*\*)</sup> Consists of third party payables, undistributed profit sharing, matured time deposits and interest on time deposits not collected by customers.

<sup>\*\*\*)</sup> Consists of guarantee deposits and developers' security deposits (liabilities to third party).



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**46. MANAJEMEN RISIKO (lanjutan)**

**46. RISK MANAGEMENT (continued)**

**Risiko Pasar (lanjutan)**

**Market Risk (continued)**

**i. Risiko tingkat suku bunga (lanjutan)**

**i. Interest rate risk (continued)**

Tabel di bawah ini mengikhtisarkan eksposur Bank terhadap risiko tingkat suku bunga (gross) (tidak diaudit) (lanjutan):

The tables below summarize the Bank's exposure to interest rate risk (gross) (unaudited) (continued):

31 Desember/December 31, 2017								
Suku bunga mengambang/Variable interest rate								
	Tidak lebih dari 3 bulan/ Not more than 3 months	Lebih dari 3 bulan tetapi tidak lebih dari 1 tahun/ More than 3 months but less than 1 year	Lebih dari 1 tahun/ More than 1 year	Suku bunga tetap/ Fixed interest rate	Tidak dikenakan bunga/syariah Non-interest bearing/sharia	Total		
<b>Liabilitas Keuangan</b>							<b>Financial</b>	<b>Liabilities</b>
Liabilitas segera <sup>*)</sup>	-	-	-	-	2.574.898	2.574.898	Liabilities due immediately <sup>*)</sup>	
Simpanan dari nasabah							Deposits from customers	
Giro	29.993.100	-	-	20.026.726	2.749.326	52.769.152	Demand deposits	
Tabungan	37.497.390	-	-	720.546	622.401	38.840.337	Savings deposits	
Deposito berjangka	-	-	-	85.481.932	-	85.481.932	Time deposits	
Simpanan dari bank lain	5.063.433	-	-	-	-	5.063.433	Deposits from other banks	
Liabilitas akseptasi	-	-	-	-	8.081	8.081	Acceptance payable	
Surat-surat berharga diterbitkan	-	-	-	20.480.459	-	20.480.459	Securities issued	
Efek-efek yang dijual	-	-	-	-	-	-	Securities sold under	
dengan janji dibeli kembali	-	450.000	935.000	-	-	1.385.000	repurchase agreements	
Pinjaman yang diterima	-	-	-	7.691.053	300.000	7.991.053	Fund Borrowings	
Bunga yang masih harus dibayar	-	-	-	-	492.361	492.361	Interest payables	
Liabilitas lain-lain <sup>**)</sup>	-	-	-	-	4.476.233	4.476.233	Other liabilities <sup>**)</sup>	
Pinjaman subordinasi	-	-	-	2.999.319	-	2.999.319	Subordinated Loan	
Total liabilitas keuangan	72.553.923	450.000	935.000	137.400.035	11.223.300	222.562.258	Total financial liabilities	
<b>Gap repricing suku bunga-kotor</b>	<b>(50.564.560)</b>	<b>7.628.042</b>	<b>92.700.723</b>	<b>(31.644.878)</b>	<b>16.488.502</b>	<b>34.607.829</b>	<b>Gross interest repricing gap</b>	

\*) Terdiri dari tagihan kepada pihak ketiga.

\*) Consists of third party receivables.

\*\*) Terdiri dari kewajiban kepada pihak ketiga, bagi hasil yang belum dibagikan, deposito berjangka jatuh tempo dan bunga atas deposito berjangka namun belum diambil nasabah.

\*\*) Consists of third party payables, undistributed profit sharing, matured time deposits and interest on time deposits not collected by customers.

\*\*\* Terdiri atas setoran jaminan dan dana jaminan pengembang (kewajiban kepada pihak ketiga).

\*\*\* Consists of guarantee deposits and developers' security deposits (liabilities to third party).

Analisis sensitivitas untuk beberapa faktor pasar menunjukkan bagaimana laba atau rugi dan ekuitas dapat dipengaruhi oleh perubahan dari beberapa faktor risiko sesuai dengan tabel dibawah ini. Secara umum, sensitivitas diestimasi dengan membandingkan suatu nilai awal ke nilai tertentu setelah perubahan tertentu dari faktor pasar, dengan mengasumsikan seluruh variabel lainnya tetap. Sensitivitas atas laporan laba rugi dan penghasilan komprehensif lain merupakan efek atas perubahan estimasi suku bunga atas laba rugi untuk suatu periode, berdasarkan nilai suku bunga mengambang atas aset dan liabilitas yang diperdagangkan dan tidak diperdagangkan yang dimiliki Bank pada tanggal-tanggal 31 Desember 2018 dan 2017. Analisis sensitivitas atas ekuitas dihitung dengan menilai kembali perubahan estimasi suku bunga tetap atas aset keuangan yang tersedia untuk dijual pada tanggal-tanggal 31 Desember 2018 dan 2017. Jumlah sensitivitas atas ekuitas didasarkan pada asumsi bahwa terdapat perubahan paralel dalam kurva imbal hasil.

Sensitivity analyses for several market factors showing how profit or loss and equity could be affected by changes in the relevant risk factor are shown in the tables below. In general, sensitivity is estimated by comparing an initial value to the value derived after a specified change in the market factor, assuming all other variables are constant. The sensitivity of the statement of profit or loss and other comprehensive income is the effect of the assumed changes in interest rates on the profit or loss for a period, based on the variable rate trading and non-trading financial assets and liabilities held by the Bank as of December 31, 2018 and 2017. The sensitivity of equity is calculated by revaluing fixed interest rate available-for-sale financial assets as of December 31, 2018 and 2017 for the effects of the assumed changes in interest rates. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Pasar (lanjutan)**

i. Risiko tingkat suku bunga (lanjutan)

Tabel dibawah ini menunjukkan sensitivitas dari laporan laba rugi dan penghasilan komprehensif lain dan ekuitas Bank terhadap kemungkinan perubahan wajar atas suku bunga untuk aset dan liabilitas keuangan dengan suku bunga tetap (tidak diaudit) pada tanggal-tanggal 31 Desember 2018 dan 2017:

**46. RISK MANAGEMENT (continued)**

**Market Risk (continued)**

i. Interest rate risk (continued)

The tables below demonstrate the sensitivity of the Bank's statement of profit or loss and other comprehensive income and equity to reasonably possible changes in interest rates for fixed rate financial assets and liabilities (unaudited) as of December 31, 2018 and 2017:

31 Desember/December 31, 2018			
	Perubahan basis poin/Change in basis point	Dampak ke laporan laba rugi komprehensif sebelum pajak/ Impact to Statement of Comprehensive Income before tax	Dampak ke ekuitas/ Impact to Equity
Rupiah	+125	(8.177)	(91.929)
	+50	(3.386)	(38.185)
	-50	3.550	40.220
	-125	9.206	104.677
Dolar Amerika Serikat	+125	-	(14.485)
	+50	-	(6.187)
	-50	-	6.790
	-125	-	18.285
			Rupiah
			United States Dollar
31 Desember/December 31, 2017			
	Perubahan basis poin/Change in basis point	Dampak ke laporan laba rugi komprehensif sebelum pajak/ Impact to Statement of Comprehensive Income before tax	Dampak ke ekuitas/ Impact to Equity
Rupiah	+125	(13.547)	(13.547)
	+50	(5.584)	(17.563)
	-50	5.822	18.506
	-125	15.043	15.043
Dolar Amerika Serikat	+125	(7.176)	(4.210)
	+50	(7.176)	(4.210)
	-50	7.493	4.724
	-125	7.493	4.724
			Rupiah
			United States Dollar

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Pasar (lanjutan)**

i. Risiko tingkat suku bunga (lanjutan)

Tabel dibawah ini menunjukkan sensitivitas dari laporan laba rugi terhadap kemungkinan perubahan suku bunga untuk aset dan liabilitas keuangan dengan suku bunga *variable* (tidak diaudit) pada tanggal-tanggal 31 Desember 2018 dan 2017:

31 Desember/December 31, 2018	
Perubahan basis poin/ Change in basis point	Pengaruh ke laporan laba rugi komprehensif/ Impact to Statement of comprehensive income
Rupiah	±125 ± 7.378 ±50 ± 2.951

Rupiah

31 Desember/December 31, 2017	
Perubahan basis poin/ Change in basis point	Pengaruh ke laporan laba rugi komprehensif/ Impact to Statement of comprehensive income
Rupiah	±125 ±6.092 ±50 ±2.437

Rupiah

ii. Risiko Nilai Tukar

Risiko nilai tukar adalah kemungkinan kerugian yang timbul dari perubahan kurs valuta asing. Bank mengelola paparan terhadap pengaruh fluktuasi nilai tukar dengan Posisi Devisa Neto sesuai dengan peraturan OJK (tidak diaudit).

ii. Exchange rate risk

Exchange rate risk is the probability of loss to earnings arising from changes in foreign exchange rates. The Bank manages exposure to effects of fluctuations in exchange rates with Net Open Position based on OJK regulations (unaudited).

31 Desember/December 31, 2018	
Perubahan persentase nilai tukar mata uang asing/ Percentage change in foreign currency rate	Pengaruh ke laporan laba rugi komprehensif/ Impact to Statement of comprehensive income
Dolar Amerika Serikat	±0,30% ±923 ±0,35% ±1.007

United States Dollar

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Pasar (lanjutan)**

ii. Risiko Nilai Tukar (lanjutan)

Risiko nilai tukar adalah kemungkinan kerugian yang timbul dari perubahan kurs valuta asing. Bank mengelola paparan terhadap pengaruh fluktuasi nilai tukar dengan Posisi Devisa Neto sesuai dengan peraturan OJK (tidak diaudit). (lanjutan)

31 Desember/December 31, 2017

	Perubahan persentase nilai tukar mata uang asing/ Percentage change in foreign currency rate	Pengaruh ke laporan laba rugi komprehensif/ Impact to Statement of comprehensive income	
Dolar Amerika Serikat	±0,30% ±0,35%	±798 ±931	United States Dollar

Sensitivitas atas laporan laba rugi dan penghasilan komprehensif lain merupakan dampak yang diestimasi atas perubahan yang diasumsikan atas perubahan nilai tukar berdasarkan aset dan liabilitas keuangan dalam mata uang asing.

Pada tanggal 31 Desember 2018 dan 2017, dampak atas perubahan nilai tukar mata uang lainnya seperti Pound Sterling Inggris, Euro Eropa, Yen Jepang, Dolar Singapura, Dolar Australia dan Dolar Hongkong tidak material.

ii. Exchange rate risk (continued)

Exchange rate risk is the probability of loss to earnings arising from changes in foreign exchange rates. The Bank manages exposure to effects of fluctuations in exchange rates with Net Open Position based on OJK regulations (unaudited). (continued)

The sensitivity of the statement of profit or loss and other comprehensive income is the estimated effect of the assumed change in foreign currency exchange rates on income, based on foreign currency denominated assets and liabilities.

As of December 31, 2018 and 2017, the effect of fluctuations in exchange rates of other currencies, such as British Pound Sterling, European Euro, Japanese Yen, Singapore Dollar, Australian Dollar and Hongkong Dollar, is not material.

**Risiko Operasional**

Risiko Operasional merupakan risiko akibat ketidakcukupan dan/atau tidak berfungsinya proses internal, kesalahan manusia, kegagalan sistem, dan/atau adanya kejadian-kejadian eksternal yang mempengaruhi operasional Bank.

Risiko Operasional yang timbul harus segera diantisipasi. Pencadangan modal yang dilakukan Bank dihitung berdasarkan kebutuhan modal minimum (CAR) merupakan salah satu langkah antisipasi agar eksposur Risiko Operasional tidak sampai mengganggu permodalan.

Dalam rangka menghitung kebutuhan modal minimum (CAR) untuk risiko operasional, Bank menerapkan Pendekatan Indikator Dasar (Basic Indicator Approach), sesuai Surat Edaran Otoritas Jasa Keuangan Nomor 24/SEOJK.03/2016 tanggal 14 Juli 2016 tentang Perhitungan Aset Tertimbang Menurut Risiko untuk Risiko Operasional dengan Menggunakan Pendekatan Indikator Dasar.

**Operational Risk**

Operational risk is a risk arising from the inadequacy and/or failure of internal processes, human error, system failure, and/or the presence of external events that can affect the operations of the Bank.

Operational risk arising should be anticipated. Provision of capital held by bank is calculated based on minimum Capital Adequacy Ratio (CAR) which is one of anticipatory measures in order the operational risk exposure not interfere Bank's capital structure.

In order to calculate the minimum Capital Adequacy Ratio (CAR) for operational risk, the Bank applies the Basic Indicator Approach, in accordance with Financial Services Authority Circular Letter No. 24/SEOJK.03/2016 dated July 14, 2016 regarding the calculation of Risk Weighted Assets (RWA) for Operational Risk Calculated using Basic Indicator Approach (PID).

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Operasional (lanjutan)**

Dalam pemantauan risiko operasional, fungsi Internal Audit melaksanakan penilaian terhadap implementasi kebijakan dan prosedur manajemen risiko pada setiap aktivitas fungsional, produk atau layanan baru dan *Risk Management Division* (RMD) berfungsi memastikan proses identifikasi, pengukuran, pemantauan dan pengendalian risiko berjalan dengan efektif pada setiap aktivitas fungsional, produk atau layanan baru.

Dalam rangka melakukan proses identifikasi risiko, saat ini Bank sedang mengembangkan aplikasi *BTN Loss Event Database* (BTN-LED). Aplikasi BTN LED ini dirancang terhubung dengan Kantor Wilayah dan Kantor Cabang. Dengan demikian Kantor Wilayah dan Kantor Cabang dapat secara periodik mengirimkan data *loss event* masing-masing kantor secara online melalui media web (web based).

Data yang terkumpul selanjutnya akan diolah dan dianalisis. Dari hasil pengolahan dan analisis tersebut diharapkan akan teridentifikasi peta eksposur risiko yang diperoleh, selanjutnya akan dilakukan langkah mitigasi terhadap eksposur risiko yang teridentifikasi tersebut.

Pengendalian dan mitigasi risiko operasional dilaksanakan oleh seluruh satuan kerja Bank. *Risk Management Division* bertugas untuk memastikan bahwa Bank telah memiliki kebijakan dan prosedur pengendalian dan mitigasi risiko operasional yang memadai yang wajib dipatuhi dan dilaksanakan oleh setiap satuan kerja dalam melaksanakan transaksi dan aktivitas dengan akurat, efisien dan tepat waktu.

Bank melaksanakan identifikasi risiko hukum berdasarkan faktor-faktor penyebab timbulnya risiko yang meliputi tuntutan hukum, tidak adanya peraturan atau regulasi yang mendukung dan kelemahan perjanjian atau perikatan. Di samping itu, setiap divisi bersama-sama dengan *Risk Management Division* dan *Legal Division* secara berkala menganalisis dampak perubahan ketentuan atau peraturan tertentu terhadap eksposur risiko hukum.

**46. RISK MANAGEMENT (continued)**

**Operational Risk (continued)**

*In monitoring operational risk, Internal Audit performs an assessment of the implementation of risk management policies and procedures at each functional activity, product or new service and the RMD also ensures that the identification, measurement, monitoring and risk control, work effectively on any functional activity, product or new services.*

*In order to make the process of identifying risks, the Bank is currently developing applications BTN Loss Event Database (BTN-LED). The application of LED was designed BTN connected with regional offices and branch offices. Thus regional offices and branch offices can periodically send data loss event each office online through media web (web based).*

*The Data collected will be processed and analyzed. Processing and analysis of the results are expected to be identified as a risk exposure maps are obtained, further mitigation measures will be performed against the identified risk exposures.*

*Controlling and mitigating operational risk is conducted by risk taking units within the Bank. The Risk Management Division ensures that the Bank has adequate policies and procedures, which must be complied and carried out by each risk taking unit in conducting its daily transactions and activities accurately, efficiently and in a timely manner.*

*The Bank identifies legal risk based on its causes which include legal litigation, absence of support in policy or regulation and weak agreement or engagement. At the same time, each division together with Risk Management Division and Legal Division, analyzes periodically the impact of changes in certain rules and regulations on the Bank's legal risk exposures.*



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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Hukum**

Pengukuran risiko hukum dilaksanakan oleh *Risk Management Division* bersama-sama *Legal Division* berdasarkan laporan hasil evaluasi atas analisis kasus-kasus hukum secara individual terhadap liabilitas kontinjensi yang timbul dari tuntutan hukum yang terjadi.

Pemantauan risiko hukum dilaksanakan oleh *Legal Division* untuk mengevaluasi efektivitas dari implementasi kebijakan, prosedur dan kepatuhan terhadap kebijakan, regulasi hukum serta ketentuan limit Bank. Pemantauan dilaksanakan secara berkala terhadap seluruh posisi risiko hukum.

Dalam melaksanakan pengendalian risiko hukum, *Legal Division* memberi masukan hukum dan rekomendasi kepada setiap divisi dan satuan kerja serta melakukan *review* secara berkala terhadap perjanjian dan kontrak kerjasama dengan *counterparty*.

**Risiko Reputasi Risiko Reputasi**

Identifikasi risiko reputasi dilakukan pada faktor-faktor risiko yang melekat pada aktivitas fungsional yang mencakup keterbukaan (*disclosure requirement*), keluhan nasabah terhadap pelayanan Bank, perilaku karyawan Bank dalam melayani nasabah dan sistem komunikasi Bank.

Pengukuran risiko reputasi dilakukan berdasarkan hasil *assesment* terhadap faktor-faktor risiko reputasi. Risiko reputasi Bank dikelola oleh *Corporate Secretary Division* (CSD) dan dilaporkan ke Bank Indonesia oleh *Customer Care Division* (CCD).

Dalam rangka pemantauan risiko reputasi, dikembangkan aplikasi Sistem Pengaduan Nasabah (SPN) untuk mendukung layanan dan penanganan pengaduan nasabah yang memungkinkan proses penanganan pengaduan secara *online* antar pihak-pihak yang terkait dengan permasalahan di Kantor Cabang dan Kantor Pusat. Hal ini berguna untuk memastikan terjadinya kepuasan nasabah.

**46. RISK MANAGEMENT (continued)**

**Legal Risk**

*Legal risk measurement is conducted together by Risk Management Division and Legal Division based on the evaluation report resulting from the analysis of individual legal cases on contingent liabilities arising from legal litigation.*

*Legal risk monitoring is conducted by Legal Division to evaluate the effectiveness of policies, procedures and compliance with the Bank's policies and prevailing laws and regulations. Periodic monitoring is conducted on all legal risk exposures.*

*To mitigate legal risk, Legal Division provides legal advice and recommendation to each division and risk taking units and also conducts a regular review of agreements and partnership contracts with counterparty.*

**Reputational Risk**

*Reputational risk is identified on inherent risk factors associated to functional activities including disclosure requirements, customer complaints against the Bank, employee attitude when providing services to customers and the Bank's communication systems.*

*Reputation risk measurement is based on the results of assessment on the reputation risk factors. Bank reputation risk is managed by CSD and being reported to Bank Indonesia by Customer Care Division (CCD).*

*In order to monitor reputational risk, the Bank developed an application called Customer Complaint System (CCS) to support customer service and complaint handling that allows online complaints handling process between the parties related to the issues at branch offices and head office. This will be useful to ensure sustained customer satisfaction.*



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**Risiko Reputasi Risiko Reputasi (lanjutan)**

Dalam pengendalian risiko reputasi, satuan kerja yang berfungsi sebagai *corporate secretary* bertanggung jawab dalam penerapan kebijakan yang berkaitan dengan penanganan dan penyelesaian berita negatif atau menghindari informasi kontra produktif serta untuk menjalankan fungsi *Public Service Obligation* (PSO) dalam rangka melaksanakan tanggung jawab sosial perusahaan (*corporate social responsibility*).

Kegiatan *Corporate Social Responsibility* tidak terfokus kepada kegiatan *charity* saja, tetapi juga dalam bentuk program yang berkesinambungan. Hal ini dapat diwujudkan dalam bentuk pemberian kredit subsidi dan pelaksanaan Program Kemitraan dan Bina Lingkungan (PKBL).

**Risiko Strategik**

Risiko Strategik merupakan risiko akibat ketidaktepatan Bank dalam pengambilan dan/atau pelaksanaan suatu keputusan strategik serta kegagalan dalam mengantisipasi perubahan lingkungan bisnis. Identifikasi risiko strategik dilakukan berdasarkan atas faktor-faktor risiko strategik pada aktivitas fungsional tertentu, seperti aktivitas perkreditan, treasury dan investasi, serta operasional dan jasa melalui *business plan* yang disusun oleh *Strategy and Performance Management Division* (SPMD) sebagaimana yang dijabarkan dalam Kebijakan Umum Direksi (KUD).

Pengukuran Risiko Strategik dan parameter pengukurannya dilakukan berdasarkan kinerja Bank yaitu dengan membandingkan hasil aktual dengan target yang telah ditetapkan. Pemantauan risiko strategik dilakukan oleh SPMD secara berkala dengan memonitor pencapaian *Key Performance Indicator* dan *risk exposure* dibandingkan dengan *risk appetite* bank.

Selanjutnya, Dewan Komisaris, Direksi, Divisi dan Kantor Cabang mereview strategi dasar yang fokus pada perubahan-perubahan antara lain struktur organisasi Bank, perkreditan komersial, pembiayaan perdagangan, treasury, operasional dan kekuatan serta kelemahan sistem teknologi informasi.

Dalam pengendalian risiko strategik, *Strategy & Performance Management Division* (SPMD) berfungsi menganalisa laporan aktual dan target rencana bisnis dan menyampaikannya kepada Direksi secara berkala.

**46. RISK MANAGEMENT (continued)**

**Reputational Risk (continued)**

CSD is responsible for implementing policies related to managing and settling negative issues or avoiding counter-productive information and performs the *Public Service Obligation* (PSO) function in connection with carrying out corporate social responsibility.

*Corporate Social Responsibility* is not focused only on charity, but also in the form of a sustainable program. This can be realized in the form of credit subsidies and implementation of the Partnership and Community Development Program (PCDP).

**Strategic Risk**

*Strategic risk* is the risk arising from the inaccuracies in the decision making and/or the execution of a strategic decision and failure to anticipate changes in the business environment. Strategic Risk identification is based on the strategic risk factors on specific functional activities, such as lending, treasury and investment activities, as well as operations and services through a business plan prepared by the Strategy and Performance Management Division (SPMD) as elaborated in the General Policy of the BOD.

*Strategic risk and parameter measurement* are based on the Bank's performance by comparing actual results with targets that have been set. Strategic risk monitoring is carried out by SPMD periodically to monitor the achievement of Key Performance Indicator and risk exposure compared to the Bank's risk appetite.

Furthermore, the BOC, BOD, Divisions and Branch Offices are reviewing the basic strategy that focuses on changes in among others, the organizational structure of the Bank, commercial lending, trade finance, treasury, operations and the strengths and weaknesses of information technology systems.

In controlling strategic risk, the Strategy & Performance Management Division (SPMD) analyzes actual results against target and periodically reports to the BOD.

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**46. MANAJEMEN RISIKO (lanjutan)**

**Risiko Kepatuhan**

Risiko Kepatuhan merupakan risiko yang timbul akibat Bank tidak mematuhi dan/atau tidak melaksanakan peraturan perundang-undangan dan ketentuan yang berlaku. Dalam mengidentifikasi risiko kepatuhan, *Compliance Division* (CMPD) melakukan kajian terkait dengan eksposur Risiko Kepatuhan terhadap ketentuan eksternal yang melekat pada ketentuan internal. Di samping itu, CMPD menganalisis kejadian yang menyebabkan timbulnya risiko kepatuhan dan menginformasikan hal tersebut ke RMD dan RMC untuk di-review.

Dalam rangka meminimalkan timbulnya Risiko Kepatuhan, *Legal Division* (LGD) telah menyediakan portal khusus yang bernama Akses Internal Manajemen Standar (AIMS) untuk memudahkan seluruh unit bisnis melakukan akses terhadap ketentuan internal Bank. Di samping itu, *Compliance Division* melakukan monitoring terhadap kejadian-kejadian yang menyebabkan timbulnya risiko kepatuhan dan menginformasikan hal tersebut ke RMD.

Pengukuran risiko kepatuhan dilakukan untuk mengukur potensi kerugian yang disebabkan oleh ketidakpatuhan dan ketidakmampuan Bank dalam memenuhi ketentuan yang berlaku. Besarnya risiko kepatuhan diestimasi berdasarkan kemampuan Bank untuk memenuhi seluruh peraturan pada waktu yang lampau dan yang akan datang. Kegiatan-kegiatan ini termasuk mereviu semua penalti, litigasi, dan keluhan yang pernah diterima Bank.

Dalam pemantauan risiko kepatuhan, RMD dan CMPD bertugas untuk mengevaluasi efektivitas implementasi manajemen risiko dengan memantau secara berkala seluruh jenis kegiatan yang berpotensi menimbulkan risiko kepatuhan.

Secara berkala, IAD melakukan pemantauan terhadap hasil tindak lanjut audit baik dari intern maupun ekstern. BRO memastikan bahwa kantor cabang telah menyelesaikan temuan/hasil pemeriksaan tersebut.

**46. RISK MANAGEMENT (continued)**

**Compliance Risk**

*Compliance risk is the risk arising from the Bank's inability to comply and/or carry out laws and regulations. In identifying compliance risks, Compliance Division (CMPD) conducts a review regarding compliance risk associated with exposure to external provision inherent in internal regulations. In addition, CMPD analyzes the events that led to the emergence of risk, which are reported to and reviewed by RMD and RMC.*

*In order to minimize the Compliance Risk, Legal Division (LGD) has provided a special access called Internal Access Management Standards (AIMS) for easy access to the internal regulations of the Bank for the entire business units. In addition, CMPD monitors the events that contributed to compliance risk and reports these matters to RMD.*

*Compliance risk is assessed by measuring the potential loss caused by the Bank's non-compliance or inability to comply with prevailing regulations. The level of compliance risk is estimated based on the Bank's ability to comply with prevailing and upcoming regulations. These activities include reviewing all penalties, litigations and complaints received by the Bank.*

*In monitoring compliance risk, RMD and CMPD are responsible to evaluate the effectiveness of the implementation of risk management by monitoring regularly all kinds of activities that could potentially pose a compliance risk.*

*Periodically, IAD monitors and follow-up results of both internal and external audits. BRO ensures that the branch offices have completed the findings/results of the related audit.*

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**47. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN**

Tabel di bawah ini menyajikan perbandingan antara nilai tercatat dan nilai wajar dari semua aset dan liabilitas keuangan. Nilai wajar yang diungkapkan adalah berdasarkan informasi relevan yang tersedia pada tanggal 31 Desember 2018 dan 2017, dan tidak diperbaharui untuk mencerminkan perubahan dalam kondisi pasar yang telah terjadi setelah tanggal ini.

**47. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The table below summarizes the comparison between the carrying amounts and fair values of all financial assets and liabilities of the Bank. The fair values disclosed are based on relevant information available as of December 31, 2018 and 2017 and are not updated to reflect changes in market conditions which have occurred after these dates.

	31 Desember/December 31, 2018		31 Desember/December 31, 2017		
	Nilai Tercatat/ Carrying Value	Nilai wajar/ Fair value	Nilai Tercatat/ Carrying Value	Nilai wajar/ Fair value	
<b>Aset Keuangan</b>					<b>Financial Assets</b>
Kas	1.243.615	1.243.615	1.027.554	1.027.554	Cash
Nilai wajar melalui laba rugi					Fair value through profit or loss
Efek-efek	4.147.137	4.147.137	4.857.775	4.857.775	Securities
Obligasi Pemerintah	2.777.574	2.777.574	497.939	497.939	Government bonds
Tagihan Spot suku bunga	167	167	-	-	Interest rate Spot receivable
Tersedia untuk dijual					Available for sale
Efek-efek	1.503.858	1.503.858	2.613.138	2.613.138	Securities
Obligasi Pemerintah	3.904.235	3.904.235	4.357.109	4.357.109	Government bonds
Dimiliki hingga jatuh tempo					Held to maturity
Efek-efek	197.490	199.462	235.118	222.008	Securities
Obligasi Pemerintah	2.711.329	2.721.058	3.328.925	3.372.664	Government bonds
Tagihan Akseptasi	528.148	528.148	8.081	8.081	Acceptance Receivable
Giro pada Bank Indonesia	15.417.862	15.417.862	12.554.585	12.554.585	Current accounts with Bank Indonesia
Giro pada bank lain	1.587.051	1.587.051	556.301	556.301	Current accounts with other Bank
Penempatan pada Bank Indonesia dan Bank Lain	26.464.760	26.464.760	24.697.503	24.697.503	Placements with Bank Indonesia and other Banks
Kredit yang diberikan dan Piutang Syariah					Loans and sharia financing/ receivables
Konsumsi					Consumer
Pemilikan rumah	175.058.180	174.484.516	144.246.690	143.375.135	Housing loan
Non-kepemilikan Rumah	11.365.259	11.365.259	10.896.269	10.896.269	Non-housing loan
Modal kerja	39.000.898	39.000.898	34.209.475	34.209.475	Working capital
Investasi	6.848.746	6.848.746	5.444.746	5.444.746	Investment
Sindikasi	72.541	72.541	77.996	77.996	Syndicated
Direksi dan karyawan	2.113.918	2.113.918	1.759.418	1.759.418	Directors and employees
Bunga yang masih akan diterima	2.959.502	2.959.502	2.296.440	2.296.440	Interest receivable
Aset lain-lain <sup>*)</sup>	1.100.960	1.100.960	1.132.149	1.132.149	Other assets <sup>*)</sup>
<b>Total aset keuangan</b>	<b>299.003.230</b>	<b>298.441.267</b>	<b>254.797.211</b>	<b>253.956.285</b>	<b>Total financial assets</b>
<b>Liabilitas Keuangan</b>					<b>Financial Liabilities</b>
Nilai wajar melalui laba rugi					Fair value through profit or loss
Liabilitas Spot suku bunga	152	152	-	-	Interest rate Spot liability
Liabilitas segera <sup>**)</sup>	2.092.503	2.092.503	2.574.898	2.574.898	Current liabilities <sup>**)</sup>
Simpanan nasabah					Deposits from customers
Giro	56.455.042	56.455.042	52.769.152	52.769.152	Demand deposits
Tabungan	39.117.163	39.117.163	38.840.337	38.840.337	Savings deposits
Deposito Berjangka	115.462.283	115.462.283	85.481.932	85.481.932	Time deposits
Simpanan dari Bank Lain					Deposits from other banks
Giro	19.609	19.609	23.203	23.203	Demand deposits
Deposito Berjangka	2.972.970	2.972.970	5.040.230	5.040.230	Time deposits
Efek-efek yang dijual dengan janji dibeli kembali	935.000	935.000	1.385.000	1.385.000	Securities sold under repurchase agreements
Surat berharga yang Diterbitkan	20.644.760	20.903.003	20.480.459	20.862.468	Securities issued
Liabilitas akseptasi	528.148	528.148	8.081	8.081	Acceptance Payable
Pinjaman yang diterima	15.499.493	15.499.493	7.991.053	7.991.053	Fund Borrowings
Bunga yang masih harus dibayar	630.134	630.134	492.361	492.361	Interest payables
Liabilitas lain-lain <sup>***)</sup>	5.366.155	5.366.155	4.476.233	4.476.233	Other liabilities <sup>***)</sup>
Pinjaman Subordinasi	2.999.519	2.999.519	2.999.319	2.999.319	Subordinated Loan
<b>Total liabilitas keuangan</b>	<b>262.722.931</b>	<b>262.981.174</b>	<b>222.562.258</b>	<b>222.944.267</b>	<b>Total financial liabilities</b>

<sup>\*)</sup> Terdiri dari tagihan pihak ketiga.

<sup>\*\*)</sup> Terdiri dari kewajiban kepada pihak ketiga, bagi hasil yang belum dibagikan, deposito berjangka jatuh tempo dan bunga atas deposito berjangka namun belum diambil nasabah.

<sup>\*\*\*)</sup> Terdiri atas setoran jaminan dan dana jaminan pengembang (kewajiban kepada pihak ketiga).

<sup>\*)</sup> Consists of third party receivables.

<sup>\*\*)</sup> Consists of third party payables, undistributed profit sharing, matured time deposits and interest on time deposits not collected by customers.

<sup>\*\*\*)</sup> Consists of guarantee deposits and developers' security deposits (liabilities to third party).

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**47. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN (lanjutan)**

Tabel di bawah ini menyajikan instrumen keuangan yang diakui pada nilai wajar berdasarkan hirarki yang digunakan Bank untuk menentukan dan mengungkapkan nilai wajar dari instrumen keuangan:

- (i) Tingkat 1: harga kuotasi (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik yang dapat diakses pada tanggal pengukuran;
- (ii) Tingkat 2: input selain harga kuotasi yang termasuk dalam level 1 yang dapat diobservasi untuk aset dan liabilitas, baik secara langsung atau tidak langsung;
- (iii) Tingkat 3: input yang tidak dapat diobservasi untuk aset dan liabilitas.

**47. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)**

The tables below show the financial instruments recognized at fair value based on the hierarchy used by the Bank in determining and disclosing the fair value of financial instruments:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities which are accessible at the measurement date;
- (ii) Level 2: inputs other than quoted prices included in level 1 that are observable for the assets and liabilities, either directly or indirectly;
- (iii) Level 3: inputs that are not observable for the assets and liabilities.

	31 Desember/December 31, 2018				
	Nilai Wajar/ Fair Value	Tingkat/ Level 1	Tingkat/ Level 2	Tingkat/ Level 3	
<b>Aset Keuangan</b>					<b>Financial Assets</b>
Nilai wajar melalui					Fair value through profit or loss
laba rugi					Securities
Efek-efek	4.147.137	4.147.137	-	-	Government bonds
Obligasi Pemerintah	2.777.574	2.777.574	-	-	
Total nilai wajar melalui laporan					Total fair value through profit or loss
laba rugi	6.924.711	6.924.711	-	-	
Tersedia untuk dijual					Available-for-sale
Efek-efek	1.503.858	1.503.858	-	-	Securities
Obligasi Pemerintah	3.904.235	3.904.235	-	-	Government bonds
Total tersedia untuk dijual	5.408.093	5.408.093	-	-	Total available-for-sale
Dimiliki hingga jatuh tempo					Held-to-maturities
Efek-efek	199.462	199.462	-	-	Securities
Obligasi Pemerintah	2.721.058	2.721.058	-	-	Government bonds
Tagihan Akseptasi	528.148	528.148	-	-	Acceptance Receivable
Total dimiliki hingga jatuh tempo	3.448.668	3.448.668	-	-	Total held-to-maturities
Kredit yang diberikan dan piutang					Loan and receivables
Kredit yang diberikan, piutang					Loan and sharia
dan pembiayaan syariah	233.885.878	-	230.261.950	3.623.928	financing receivables
<b>Liabilitas Keuangan</b>					<b>Financial Liabilities</b>
Surat berharga yang					Securities issued
Diterbitkan	20.903.003	-	20.903.003	-	

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**47. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN (lanjutan)**

Tabel di bawah ini menyajikan instrumen keuangan yang diakui pada nilai wajar berdasarkan hirarki yang digunakan Bank untuk menentukan dan mengungkapkan nilai wajar dari instrumen keuangan: (lanjutan)

**47. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)**

The tables below show the financial instruments recognized at fair value based on the hierarchy used by the Bank in determining and disclosing the fair value of financial instruments: (continued)

	31 Desember/December 31, 2017				
	Nilai Wajar/ Fair Value	Tingkat/ Level 1	Tingkat/ Level 2	Tingkat/ Level 3	
<b>Aset Keuangan</b>					<b>Financial Assets</b>
Nilai wajar melalui laba rugi					Fair value through profit or loss
Efek-efek	4.857.775	4.857.775	-	-	Securities
Obligasi Pemerintah	497.939	497.939	-	-	Government bonds
Tagihan <i>Spot</i> suku bunga	167	167	-	-	Interest rate <i>Spot</i> receivable
Total nilai wajar melalui laporan laba rugi	5.355.881	5.355.881	-	-	Total fair value through profit or loss
Tersedia untuk dijual					Available-for-sale
Efek-efek	2.613.138	2.613.138	-	-	Securities
Obligasi Pemerintah	4.357.109	4.357.109	-	-	Government bonds
Total tersedia untuk dijual	6.970.247	6.970.247	-	-	Total available-for-sale
Dimiliki hingga jatuh tempo					Held-to-maturities
Efek-efek	222.008	222.008	-	-	Securities
Obligasi Pemerintah	3.372.664	3.372.664	-	-	Government bonds
Tagihan Akseptasi	8.081	8.081	-	-	Acceptance Receivable
Total dimiliki hingga jatuh tempo	3.602.753	3.602.753	-	-	Total held-to-maturities
Kredit yang diberikan dan piutang					Loan and receivables
Kredit yang diberikan, piutang dan pembiayaan syariah	195.763.039	-	195.449.982	313.057	Loan and sharia financing receivables
<b>Liabilitas Keuangan</b>					<b>Financial Liabilities</b>
Surat berharga yang Diterbitkan	20.862.468	-	20.862.468	-	Securities issued



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**47. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN (lanjutan)**

- a. Nilai wajar aset dan kewajiban keuangan tertentu, kecuali efek-efek dan Obligasi Pemerintah yang dimiliki hingga jatuh tempo, kredit yang diberikan, pinjaman yang diterima, dan surat berharga yang diterbitkan, mendekati nilai tercatatnya karena mempunyai jangka waktu jatuh tempo yang singkat.

Estimasi nilai wajar terhadap aset keuangan tertentu ditetapkan berdasarkan diskonto arus kas dengan menggunakan suku bunga pasar uang yang berlaku untuk utang dengan risiko kredit dan sisa jatuh tempo yang serupa.

Estimasi nilai wajar terhadap kewajiban keuangan tertentu yang tidak memiliki kuotasi di pasar aktif ditetapkan berdasarkan diskonto arus kas dengan menggunakan suku bunga utang baru dengan sisa jatuh tempo yang serupa.

- b. Kredit yang diberikan

Portofolio kredit Bank secara umum terdiri dari kredit yang diberikan dengan suku bunga mengambang dan kredit yang diberikan dengan jangka pendek dengan suku bunga tetap. Kredit yang diberikan dinyatakan berdasarkan *amortized cost*. Nilai wajar dari kredit yang diberikan menunjukkan nilai diskon dari perkiraan arus kas masa depan yang diharapkan akan diterima oleh Bank dengan menggunakan suku bunga pasar saat ini.

Nilai tercatat dari kredit yang diberikan dengan suku bunga mengambang dan nilai tercatat atas kredit jangka pendek dengan suku bunga tetap adalah perkiraan yang layak atas nilai wajar.

- c. Efek-efek dan Obligasi Pemerintah

Nilai wajar untuk surat-surat berharga dan Obligasi Pemerintah yang dimiliki hingga jatuh tempo ditetapkan berdasarkan harga pasar atau harga kuotasi perantara (broker)/pedagang efek (dealer). Jika informasi ini tidak tersedia, nilai wajar diestimasi dengan menggunakan harga pasar kuotasi efek yang memiliki karakteristik kredit, jatuh tempo dan *yield* yang serupa atau dinilai dengan menggunakan metode penilaian internal.

**47. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)**

- a. The fair values of certain financial assets and liabilities, except for securities and Government Bonds classified as held to maturity, loans, fund borrowings, and marketable securities issued approximate to their carrying values due to their short-term maturities.

The estimated fair values of certain financial assets are determined based on discounted cash flows using money market interest rates for debt instruments with similar credit risk and remaining maturities.

The estimated fair values of certain financial obligations which are not quoted in an active market are determined based on discounted cash flows using interest rates of instruments with similar remaining maturities.

- b. Loans

Generally, the Bank's loan portfolio consists of loans with variable interest rate and short-term loans with fixed interest rate. Loans are stated at amortized cost. The estimated fair value of loans represents the discounted amount of estimated future cash flows expected to be received by the Bank using the current market rates.

The carrying amounts of variable rate loans and short-term fixed rate loans are the reasonable approximation of their fair values.

- c. Securities and Government Bonds

The fair values of held-to-maturity marketable securities and Government Bonds are based on the market prices or broker/dealer price quotations. When this information is not available, the fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics or using internal valuation model.



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**47. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN (lanjutan)**

- d. Surat-surat berharga yang diterbitkan dan pinjaman yang diterima

Nilai wajar agregat berdasarkan model diskonto arus kas menggunakan tingkat suku bunga pasar untuk sisa periode jatuh temponya.

**47. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)**

- d. Securities issued and fund borrowings

The aggregate fair values are based on discounted cash flow model using current market rate for the remaining term to maturity.

**48. LABA PER SAHAM**

Rekonsiliasi faktor-faktor penentu perhitungan laba per saham dasar untuk tahun yang berakhir tanggal 31 Desember 2018 dan 2017, adalah sebagai berikut:

**48. EARNINGS PER SHARE**

The reconciliation of the factors used in calculating the basic earnings per share, for the year ended December 31, 2018 and 2017, are as follows:

	<b>31 Desember/ December 31, 2018</b>		
(i) Laba tahun berjalan	2.807.923	(a)	Income for the year (i)
(ii) Rata-rata tertimbang			Weighted average (ii)
saham biasa yang beredar	10.590.000	(b)	number of shares outstanding
(iii) Laba per saham dasar	265	(a/b)	Basic earnings per share (iii)
	<b>31 Desember/ December 31, 2017</b>		
(i) Laba tahun berjalan	3.027.466	(a)	Income for the year (i)
(ii) Rata-rata tertimbang			Weighted average (ii)
saham biasa yang beredar	10.590.000	(b)	number of shares outstanding
(iii) Laba per saham dasar	286	(a/b)	Basic earnings per share (iii)

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**49. PERJANJIAN DAN KONTINJENSI SIGNIFIKAN**

**a. Perjanjian Signifikan**

Pada tanggal 21 Mei 2018, Bank mengadakan perjanjian dengan PT Binayasa Putra Batara sehubungan dengan pengelolaan gedung Menara Bank BTN selama tiga tahun dengan nilai kontrak sebesar Rp62.123.

Pada tanggal 20 April 2018, Bank mengadakan perjanjian dengan PT Integra Dayacipta Grahata sehubungan dengan renovasi LC lantai 2, 3, 4, dan 5 Gedung Exitama dengan nilai kontrak sebesar Rp8.235.

Pada tanggal 6 Desember 2018, Bank BTN mengadakan perjanjian dengan PT Halik Selindo Alpha sehubungan dengan pengadaan perangkat contact center dengan nilai kontrak sebesar Rp4.950.

Pada tanggal 25 Oktober 2017, Bank mengadakan perjanjian dengan PT Mitra Integrasi Informatika sehubungan dengan pengembangan aplikasi *website corporate* yang terdiri dari pengadaan pengembangan aplikasi *website*, pengadaan *server*, pengadaan lisensi kebutuhan *website* dan perawatan website selama 1 (satu) tahun dengan kontrak sebesar Rp4.920.

Pada tanggal 31 Mei 2017, Bank mengadakan perjanjian dengan PT Niagaprima Paramitra sehubungan dengan pengadaan lisensi Concurrent Aplikasi *LANDesk Service Desk* (SPN) untuk level analis sejumlah 67 (enam puluh tujuh) lisensi dan perawatan lisensi selama 1 (satu) tahun dengan nilai kontrak sebesar Rp1.480.

Pada tanggal 1 Februari 2017, Bank mengadakan perjanjian dengan PT Mastersystem Indonesia sehubungan dengan pengadaan perangkat untuk *enhance security* dan *performance* aplikasi *internet banking* dan *mobile banking* peruntukan tahun 2017 selama 6 (enam) bulan dengan nilai kontrak sebesar Rp7,9 miliar.

**49. SIGNIFICANT AGREEMENTS AND CONTINGENCIES**

**a. Significant Agreements**

*On May 21, 2018, Bank signed an agreement with PT Binayasa Putra Batara in relation to provide maintenance of Menara Bank BTN Building for 3 years with a contract value amounted to Rp62,123.*

*On April 20, 2018, Bank signed an agreement with PT Integra Dayacipta Grahata in relation to provide LC renovation of 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> floor Gedung Exitama with a contract value amounted to Rp8,235.*

*On December 6, 2018, Bank signed an agreement with PT Halik Selindo Alpha in relation to provide procurement contact center device with a contract value amounted Rp4,950.*

*On October 25, 2017, Bank signed an agreement with PT Mitra Integrasi Informatika in relation to develop corporate website application consisting of provide server, licence and maintenance for 1 (one) year with a contract value amounted to Rp4,920.*

*On May 31, 2017, Bank signed an agreement with PT Niagaprima Paramitra in relation to provide 67 (sixty seven) licenses of Concurrent LANDesk Service Desk (SPN) Application for analyst level and maintenance for 1 (one) year with a contract value amounted to Rp1,480.*

*On February 1, 2017, Bank signed an agreement with PT Mastersystem Indonesia in relation to procurement of equipment to enhance security and performance of internet banking and mobile banking application for 2017 for 6 (six) months with contract value of Rp7.9 billion.*

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**49. PERJANJIAN DAN KONTINJENSI SIGNIFIKAN  
(lanjutan)**

**b. Liabilitas Kontinjensi**

Dalam melakukan usahanya, Bank menghadapi berbagai perkara hukum dan tuntutan di mana Bank sebagai tergugat, terutama sehubungan dengan kepatuhan dengan kontrak. Walaupun belum ada kepastian yang jelas, Bank berpendapat bahwa berdasarkan informasi yang ada dan keputusan terakhir dari perkara bahwa tuntutan hukum ini tidak akan berdampak secara material pada operasi, posisi keuangan atau tingkat likuiditas Bank.

Jumlah klaim terhadap Bank atas tuntutan hukum yang belum selesai pada tanggal 31 Desember 2018 dan 2017 masing-masing sebesar Rp7.984 dan Rp4.560. Pada tanggal-tanggal 31 Desember 2018 dan 2017, Bank telah membentuk cadangan (disajikan dalam akun "Liabilitas Imbalan Kerja dan Lain-lain") untuk sejumlah tuntutan hukum yang belum diputuskan masing-masing adalah sebesar Rp7.984 dan Rp4.485. Manajemen berpendapat bahwa jumlah cadangan yang dibentuk atas kemungkinan timbulnya kerugian akibat tuntutan hukum yang belum diputuskan atau masih dalam proses tersebut telah memadai.

**49. SIGNIFICANT AGREEMENTS AND  
CONTINGENCIES (continued)**

**b. Contingent Liabilities**

*In conducting its business, Bank is a defendant with various litigation proceedings and legal claims mainly with respect to matters of contractual compliance. Although there is no clear assurance yet, Bank believes that based on information currently available, the ultimate resolution of these legal proceedings and legal claims will not likely have a material effect on the operations, financial position or liquidity level of Bank.*

*The Bank's total potential financial exposure arising from outstanding lawsuits as of December 31, 2018 and 2017 amounted to Rp7,984 and Rp4,560, respectively. As of December 31, 2018 and 2017, Bank has established an allowance (included in "Employee Benefits and Other Liabilities") for several pending lawsuits filed against Bank amounted to Rp7,984 and Rp4,485. Management believes that the allowance is adequate to cover possible losses arising from pending litigations or legal claims that are currently in progress.*

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**50. PERNYATAAN STANDAR AKUNTANSI  
KEUANGAN YANG DIKELUARKAN DAN  
DIREVISI**

Berikut ini ikhtisar beberapa Pernyataan Standar Akuntansi Keuangan (PSAK) dan Interpretasi Standar Akuntansi Keuangan (ISAK) yang diterbitkan oleh Dewan Standar Akuntansi Keuangan (DSAK) - IAI yang relevan untuk Bank, namun belum berlaku efektif untuk laporan keuangan 31 Desember 2018:

- a. PSAK No. 24 (Amandemen 2018), "Imbalan Kerja tentang Amendemen, Kurtailmen, atau Penyelesaian Program", memberikan panduan yang lebih jelas bagi entitas dalam mengakui biaya masa lalu, keuntungan dan kerugian penyelesaian, biaya jasa kini dan bunga neto setelah adanya amendemen, kurtailmen, atau penyelesaian program karena menggunakan asumsi aktuarial terbaru (sebelumnya menggunakan asumsi aktuarial pada awal periode pelaporan tahunan). Selain itu, Amendemen PSAK 24 juga mengklarifikasi bagaimana persyaratan akuntansi untuk amendemen, kurtailmen, atau penyelesaian program dapat mempengaruhi persyaratan batas atas aset yang terlihat dari pengurangan surplus yang menyebabkan dampak batas atas aset berubah.

- b. PSAK 71: Instrumen Keuangan, yang diadopsi dari IFRS 9, berlaku efektif 1 Januari 2020 dengan penerapan dini diperkenankan.

PSAK ini mengatur klasifikasi dan pengukuran instrumen keuangan berdasarkan karakteristik dari arus kas kontraktual dan model bisnis entitas; metode kerugian kredit ekspektasian untuk penurunan nilai yang menghasilkan informasi yang lebih tepat waktu, relevan dan dimengerti oleh pemakai laporan keuangan; akuntansi untuk lindung nilai yang merefleksikan manajemen risiko entitas lebih baik dengan memperkenalkan persyaratan yang lebih umum berdasarkan pertimbangan manajemen.

- c. PSAK 72: Pendapatan dari Kontrak dengan Pelanggan, yang diadopsi dari IFRS 15, berlaku sejak 1 Januari 2020 dengan penerapan dini diperkenankan.

PSAK ini adalah standar tunggal untuk pengakuan pendapatan yang merupakan hasil dari *joint project* yang sukses antar Dewan Standar Akuntansi Internasional dan Dewan Standar Akuntansi Keuangan, mengatur model pengakuan pendapatan dari kontrak dengan pelanggan, sehingga entitas diharapkan dapat melakukan analisis sebelum mengakui pendapatan.

**50. REVISED AND ISSUED STATEMENTS OF  
FINANCIAL ACCOUNTING STANDARDS**

The following summarizes the Several Statement of Financial Accounting Standards (SFAS) and the Interpretation of Financial Accounting Standards (IFAS) which were issued by the Financial Accounting Standards Board (FASB) and are relevant to the Bank, but not yet effective to the Bank on financial statements as of December 31, 2018:

- a. SFAS No. 24 (2018 Amendment), "Employee Benefits regarding Amendments, Kurtailmen, or Program Settlement", provide clearer guidance for entities in recognizing past service costs, settlement gains and losses, current service costs and net interest after amendments, curtailments, or completion of programs because they use the latest actuarial assumptions (previously using actuarial assumptions at the beginning of the reporting period annual). In addition, the Amendment to SFAS No 24 also clarifies how the accounting requirements for amendments, curtailments, or program completion can affect the asset boundary requirement as seen from the reduction in surplus which causes the impact of the asset limit to change.

- b. SFAS 71: Financial Instruments, adopted from IFRS 9, effective January 1, 2020 with earlier application.

This SFAS provides for classification and measurement of financial instruments based on the characteristics of contractual cash flows and business model of the entity; expected credit loss impairment model that resulting information more timely, relevant and understandable to users of financial statements; accounting for hedging that reflect that entity's risk management better by introduce a more general requirements based on management's judgement.

- c. PSAK 72: Revenue from Contracts with Customers, adopted from IFRS 15, effective January 1, 2020 with earlier application is permitted.

This SFAS is a single standards that a joint project between the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB), provides revenue recognition from contracts with customers, and the entity is expected to have analyzing before recognizing the revenue.

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**50. PERNYATAAN STANDAR AKUNTANSI  
KEUANGAN YANG DIKELUARKAN DAN  
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Berikut ini ikhtisar beberapa Pernyataan Standar Akuntansi Keuangan (PSAK) dan Interpretasi Standar Akuntansi Keuangan (ISAK) yang diterbitkan oleh Dewan Standar Akuntansi Keuangan (DSAK) - IAI yang relevan untuk Bank, namun belum berlaku efektif untuk laporan keuangan 31 Desember 2018: (lanjutan)

- d. PSAK 73: Sewa, yang diadopsi dari IFRS 16, berlaku efektif 1 Januari 2020 dengan penerapan dini diperkenankan untuk entitas yang juga telah menerapkan PSAK 72: Pendapatan dari Kontrak dengan Pelanggan.

PSAK ini menetapkan prinsip pengakuan, pengukuran, penyajian, dan pengungkapan atas sewa dengan memperkenalkan model akuntansi tunggal dengan mensyaratkan untuk mengakui aset hak-guna (right-of-use assets) dan liabilitas sewa. Terdapat 2 pengecualian opsional dalam pengakuan aset dan liabilitas sewa, yakni untuk: (i) sewa jangka-pendek dan (ii) sewa yang aset dasarnya (underlying assets) bernilai rendah.

- e. Amendemen PSAK 62: Kontrak Asuransi tentang Menerapkan PSAK 71 Instrumen Keuangan dengan PSAK 62 Kontrak Asuransi, berlaku efektif 1 Januari 2020

Amandemen ini mengizinkan asurandur yang memenuhi kriteria tertentu untuk menerapkan pengecualian sementara dari PSAK 71 (deferral approach) atau memilih untuk menerapkan pendekatan berlapis (overlay approach) untuk aset keuangan yang ditetapkan.

- f. ISAK 33: Transaksi Valuta Asing dan Imbalan di Muka, berlaku efektif 1 Januari 2019 dengan penerapan dini diperkenankan.

ISAK 33 mengklarifikasi penggunaan tanggal transaksi untuk menentukan kurs yang digunakan pada pengakuan awal aset, beban atau penghasilan terkait pada saat entitas telah menerima atau membayar imbalan di muka dalam valuta asing.

**50. REVISED AND ISSUED STATEMENTS OF  
FINANCIAL ACCOUNTING STANDARDS  
(continued)**

The following summarizes the Several Statement of Financial Accounting Standards (SFAS) and the Interpretation of Financial Accounting Standards (IFAS) which were issued by the Financial Accounting Standards Board (FASB) and are relevant to the Bank, but not yet effective to the Bank on financial statements as of December 31, 2018: (continued)

- d. SFAS 73: Leases, adopted from IFRS 16, effective January 1, 2020 with earlier application is permitted, but not before an entity applies SFAS 72: Revenue from Contracts with Customers.

This SFAS establish the principles of recognition, measurement, presentation, and disclosure of the lease by introducing a single accounting model, with the requirement to recognize the right-of-use assets and liability of the lease; there are 2 optional exlusions in the recognition of the lease assets and liabilities: (i) short-term lease and (ii) lease with low-value underlying assets.

- e. Amendments to SFAS 62: Insurance Contract on Applying PSAK 71 Financial Instruments with SFAS 62 Insurance Contract, effective January 1, 2020.

This amendments allows those who meet certain criteria to apply a temporary exclusion of SFAS 71 (deferral approach) or choose to implement overlay approach for financial assets designated.

- f. ISAK 33: Foreign Currency Transaction and Advance Considerations, effective January 1, 2019 with earlier application is permitted

ISAK 33 clarify the use of the transaction date to determine the exchange rate used in the initial recognition of the related asset, expense or income at the time the entity has received or paid advance consideration in the foreign currency.



**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**CATATAN ATAS LAPORAN KEUANGAN**  
**Tanggal 31 Desember 2018 dan untuk**  
**Tahun yang Berakhir pada Tanggal Tersebut**  
**(Disajikan dalam jutaan Rupiah,**  
**kecuali dinyatakan lain)**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of December 31, 2018**  
**and for the Year Then Ended**  
**(Expressed in millions of Rupiah,**  
**unless otherwise stated)**

**50. PERNYATAAN STANDAR AKUNTANSI KEUANGAN YANG DIKELUARKAN DAN DIREVISI (lanjutan)**

Berikut ini ikhtisar beberapa Pernyataan Standar Akuntansi Keuangan (PSAK) dan Interpretasi Standar Akuntansi Keuangan (ISAK) yang diterbitkan oleh Dewan Standar Akuntansi Keuangan (DSAK) - IAI yang relevan untuk Bank, namun belum berlaku efektif untuk laporan keuangan 31 Desember 2018: (lanjutan)

- g. ISAK 34: Ketidakpastian dalam Perlakuan Pajak Penghasilan, berlaku efektif 1 Januari 2019 dengan penerapan dini diperkenankan.

PSAK ini bertujuan untuk mengklarifikasi dan memberikan panduan dalam merefleksikan ketidakpastian perlakuan pajak penghasilan dalam laporan keuangan.

Saat ini Bank sedang mengevaluasi dan belum menetapkan dampak dari PSAK yang direvisi tersebut terhadap laporan keuangannya.

**50. REVISED AND ISSUED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (continued)**

The following summarizes the Several Statement of Financial Accounting Standards (SFAS) and the Interpretation of Financial Accounting Standards (IFAS) which were issued by the Financial Accounting Standards Board (FASB) and are relevant to the Bank, but not yet effective to the Bank on financial statements as of December 31, 2018: (continued)

- g. SFAS 34: Uncertainty over Income Tax Treatments, effective January 1, 2019 with earlier application is permitted.

This SFAS is to clarifies and guidance of uncertainty over income tax treatments at financial report.

Currently, Bank are evaluating and have not yet determined the impact of the revised SFAS on their financial statements.

**51. REKLASIFIKASI AKUN**

Akun tertentu dalam laporan posisi keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2017, telah direklasifikasi agar sesuai dengan penyajian laporan posisi keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2018.

**51. ACCOUNTS RECLASSIFICATION**

Certain accounts in the statement of financial position for the year ended December 31, 2017, have been reclassified to conform with the presentation of the statement of financial position for the year ended December 31, 2018.

31 Desember/December 31, 2017			
	Sebelum reklasifikasi/ Before reclassifications	Reklasifikasi/ Reclassification	Setelah reklasifikasi/ After reclassifications
Total Pendapatan Bunga dan Bagi Hasil	19.271.582	820.018	20.091.600
Total Beban Bunga, Bagi Hasil dan Bonus	(9.930.642)	(820.018)	(10.750.660)
			Total Interest Income and Income from Profit Sharing
			Interest, Profit Sharing and Bonus Expenses



**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
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**(Disajikan dalam jutaan Rupiah,**  
**kecuali dinyatakan lain)**

**PT BANK TABUNGAN NEGARA (PERSERO) TBK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As of December 31, 2018**  
**and for the Year Then Ended**  
**(Expressed in millions of Rupiah,**  
**unless otherwise stated)**

**52. TAMBAHAN INFORMASI ARUS KAS**

Perubahan pada liabilitas yang timbul dari aktivitas pendanaan pada laporan arus kas adalah sebagai berikut:

	Arus Kas/Cash Flow				31 Desember/ December 31, 2018	
	31 Desember/ December 31, 2017	Penerimaan/ Receipts	Pembayaran/ Payment	Perubahan Non-Kas/ Non-Cash Changes		
Surat Berharga yang Diterbitkan	20.480.459	1.040.000	(900.000)	24.301	20.644.760	Securities Issued
Efek-efek yang Dijual dengan Janji Dibeli Kembali	1.385.000	-	(450.000)	-	935.000	Securities Sold Under Repurchase Agreements
Pinjaman yang Diterima	7.991.053	11.507.255	(3.993.458)	(5.357)	15.499.493	Fund Borrowings
<b>Total</b>	<b>29.856.512</b>	<b>12.547.255</b>	<b>(5.343.458)</b>	<b>18.944</b>	<b>37.079.253</b>	<b>Total</b>

**52. SUPPLEMENTARY CASH FLOW INFORMATION**

Changes in liabilities arising from financing activities in the cash flow statement are as follows:

	Arus Kas/Cash Flow				31 Desember/ December 31, 2017	
	31 Desember/ December 31, 2016	Penerimaan/ Receipts	Pembayaran/ Payment	Perubahan Non-Kas/ Non-Cash Changes		
Surat Berharga yang Diterbitkan	14.919.910	5.828.447	(201.000)	(66.898)	20.480.459	Securities Issued
Efek-efek yang Dijual dengan Janji Dibeli Kembali	1.385.000	-	-	-	1.385.000	Securities Sold Under Repurchase Agreements
Pinjaman yang Diterima	4.999.616	3.993.479	(1.000.000)	(2.042)	7.991.053	Fund Borrowings
<b>Total</b>	<b>21.304.526</b>	<b>9.821.926</b>	<b>(1.201.000)</b>	<b>(68.940)</b>	<b>29.856.512</b>	<b>Total</b>

**53. INFORMASI TAMBAHAN**

- Pada tanggal 31 Desember 2018 dan 2017, rasio aset produktif yang diklasifikasikan *non-performing* terhadap jumlah aset produktif (non-performing ratio) masing-masing adalah sebesar 2,65% dan 2,48%.
- Pada tanggal 31 Desember 2018 dan 2017, rasio jumlah cadangan kerugian penurunan nilai aset keuangan yang telah dibentuk berdasarkan PSAK No. 55 (Revisi 2014) terhadap jumlah minimum cadangan kerugian penurunan nilai aset keuangan sesuai ketentuan Otoritas Jasa Keuangan masing-masing sebesar 65,47% dan 60,09%.

**53. ADDITIONAL INFORMATION**

- As of December 31, 2018 and 2017, the Bank's non-performing assets to total earning assets (non-performing ratio) are 2.65% and 2.48%, respectively.
- As of December 31, 2018 and 2017, the ratio of allowance for impairment losses on financial assets based on SFAS No. 55 (Revised 2014) to minimum allowance for impairment losses based on Financial Service Authority regulation is 65.47% and 60.09%, respectively.

**54. PENYELESAIAN LAPORAN KEUANGAN**

Manajemen Bank bertanggung jawab penuh terhadap penyajian laporan keuangan terlampir yang diselesaikan dan disetujui untuk diterbitkan pada tanggal 28 Maret 2019.

**54. COMPLETION OF THE FINANCIAL STATEMENTS**

The management of the Bank is fully responsible for the preparation of the accompanying Financial Statements which were completed and authorized for issue on March 28, 2019.

# REFERENCE SEOJK NO. 30-SEOJK.04-2016:

## ANNUAL REPORT OF PUBLIC COMPANY

Description	Page
<b>I. General Provision</b>	
1. Annual Report of a listed company is one of the most important sources as the base for investors or shareholders in making investment decision, and is a means of monitoring issuers or public company.	√
2. Along with the development of Capital Market and the growing needs of investors or shareholders regarding information disclosure, the Board of Directors and the Board of Commissioners are required to improve the quality of information disclosure through annual report.	√
3. Annual Report should be prepared in an orderly manner and should be informative to provide conveniences for the investors or shareholders in getting the information they need.	√
4. This Circular Letter of the Financial Service Agency serves a guidelines for Issuers or Public Companies that should be applied in preparing their Annual Report.	√
<b>II. Format Of Annual Report</b>	
1. Annual Report should be presented in the printed format and in electronic document copy.	√
2. The printed version of the Annual Report should be printed on light-colored paper of fine quality, in A4 size, bound and can be reproduced in good quality.	√
3. The Annual Report presented in electronic document format is the Annual Report converted into pdf format.	√
<b>III. Content Of Annual Report</b>	
<b>1. General Provision</b>	
a. Annual Report should contain at least the following information:	
1) summary of key financial information;	18
2) stock information (if any);	24-28
3) the Board of Directors report;	53-65
4) the Board of Commissioners report;	47-51
5) profile of Issuer or Public Company;	70-154
6) management discussion and analysis;	158-274
7) corporate governance applied by the Issuer or Public Company;	310-557
8) corporate social and environmental responsibility of the Issuer or Public Company;	560-597
9) audited annual report; and	606-846
10) statement that the Board of Directors and the Board of Commissioners are fully responsible for the Annual Report;	602
b. Annual Report may present the information in form of images, charts, tables, and diagrams are presented by mentioning the title and/or clear description, that is easy to read and be understood;	√
<b>2. Description of Content of Annual Report</b>	
a. Summary of Key Financial Information Summary of Key Financial Information contains financial information presented in comparison with previous 3 (three) fiscal years or since commencement of business if the Issuers or the Public Company commencing the business less than 3 (three) years, at least contain:	18
1) income/sales;	18
2) gross profit;	18
3) profit (loss);	18
4) total profit (loss) attributable to equity holders of the parent entity and non-controlling interest;	18
5) total comprehensive profit (loss);	18
6) total comprehensive profit (loss) attributable to equity holders of the parent entity and non controlling interest;	18
7) earning (loss) per share;	18
8) total assets;	18
9) total liabilities;	18

Description	Page
10) total equities;	18
11) profit (loss) to total assets ratio;	19
12) profit (loss) to equities ratio;	19
13) profit (loss) to income ratio;	19
14) current ratio;	19
15) liabilities to equities ratio;	19
16) liabilities to total assets ratio; and	19
17) other information and financial ratios relevant to the Issuer or Public Company and type of industry;	19
b. Stock Information	
Stock Information (if any) at least contains:	
1) shares issued for each three-month period in the last 2 (two) fiscal years (if any), at least covering:	25
a) number of outstanding shares;	25
b) market capitalization based on the price at the Stock Exchange where the shares listed on;	25
c) highest share price, lowest share price, closing share price at the Stock Exchange where the shares listed on; and	25
d) share volume at the Stock Exchange where the shares listed on;	
Information in point a) should be disclosed by the Issuer, the public company whose shares is listed or not listed in the Stock Exchange;	25
Information in point b), point c), and point d) only be disclosed if the Issuer is a public company whose shares is listed in the Stock Exchange;	25
2) in the event of corporate actions, including stock split, reverse stock, dividend, bonus share, and change in par value of shares, then the share price referred to in point 1), should be added with explanation on:	
a) date of corporate action;	28
b) stock split ratio, reverse stock, dividend, bonus shares, and change in par value of shares;	28
c) number of outstanding shares prior to and after corporate action; and	28
d) share price prior to and after corporate action;	28
3) in the event that the company's shares were suspended and/or delisted from trading during the year under review, then the Issuers or Public Company should provide explanation on the reason for the suspension and/or delisting; and	N/A
4) in the event that the suspension and/or delisting as referred to in point 3) was still in effect until the date of the Annual Report, then the Issuer or the Public Company should also explain the corporate actions taken by the company in resolving the suspension and/or delisting;	N/A
c. The Board of Directors Report	
The Board of Directors Report should at least contain the following items:	
1) the performance of the Issuer or Public Company, at least covering:	
a) strategy and strategic policies of the Issuer or Public Company;	54-56
b) comparison between achievement of results and targets; and	56
c) challenges faced by the Issuer or Public Company;	56, 58
2) description on business prospects;	58-59
3) implementation of good corporate governance by Issuer or Public Company; and	59
4) changes in the composition of the Board of Directors and the reason behind (if any);	64
d. The Board of Commissioners Report	
The Board of Commissioners Report should at least contain the following items:	
1) assessment on the performance of the Board of Directors in managing the Issuer or the Public Company;	48-49
2) supervision on the implementation of the strategy of the Issuer or Public Company;	49
3) view on the business prospects of the Issuer or Public Company as established by the Board of Directors;	49
4) view on the implementation of the corporate governance by the Issuer or Public Company;	49-50
5) changes in the composition of the Board of Commissioners and the reason behind (if any); and	51
6) the frequency and procedure of providing advice to members of the Board of Directors;	49

Description	Page
e. Profile of the Issuer or Public Company	
Profile of the Issuer or Public Company should cover at least:	
1) name of Issuer or Public Company, including change of name, reason of change, and the effective date of the change of name during the year under review;	70-71
2) access to Issuer or Public Company, including branch office or representative office, where public can have access of information of the Issuer or Public Company, which include:	
a) address;	
b) telephone number;	
c) facsimile number;	
d) e-mail address; and	
e) website address;	
3) brief history of the Issuer or Public Company;	72-75
4) vision and mission of the Issuer or Public Company;	76-78
5) line of business according to the latest Articles of Association, and types of products and/or services produced;	82-99
6) structure of organization of the Issuer or Public Company in chart form, at least 1 (one) level below the Board of Directors, with the names and titles;	100-101
7) the Board of Directors profiles include:	118-126
a) name and short description of duties and functions;	
b) latest photograph;	
c) age;	
d) citizenship;	
e) education;	
f) history position, covering information on:	
(1) legal basis for appointment as member of the Board of Directors to the said Issuer or Public Company;	
(2) dual position, as member of the Board of Directors, member of the Board of Commissioners, and/or member of committee, and other position (if any); and	
(3) working experience and period in and outside the Issuer or Public Company;	
g) competency enhancement education and/or training program for member of the Board of Directors during the year under review (if any); and	
h) disclosure of affiliation with other members of the Board of Directors, members of the Board of Commissioners, and major shareholders (if any) including name of the affiliated party;	
8) the Board of Commissioners profiles, at least include:	104-112
a) name;	
b) latest photograph;	
c) age;	
d) citizenship;	
e) education;	
f) history position, covering information on:	
(1) legal basis for the appointment as member of the Board of Commissioners who is not Independent Commissioner at the said Issuer or Public Company;	
(2) legal bases for the first appointment as member of the Board of Commissioners who also Independent Commissioner at the said Issuer or Public Company;	
(3) dual position; as member of the Board of Commissioners, member of the Board of Directors, and/or member of committee and other position (if any); and	
(4) working experience and period in and outside the Issuer or Public Company;	
g) competency enhancement education and/or training program for member of the Board of Commissioner during the year under review (if any);	
h) affiliation with other members of the Board of Commissioners, and major shareholders (if any) including name of the affiliated party; and	
i) statement of independence of Independent Commissioner in the event that the Independent Commissioner has been appointed more than 2 (two) periods (if any);	

Description	Page
9) in the event that there were changes in the composition of the Board of Commissioners and/or the Board of Directors occurring between the period after year-end until the date the Annual Report submitted, then the last and the previous composition of the Board of Commissioners and/or the Board of Directors shall be stated in the Annual Report;	√
10) number of employees and description of distribution of education level and age of the employee in the year under review;	132-135
11) names of shareholders and ownership percentage at the end of the fiscal year, including:	136-139
a) shareholders having 5% (five percent) or more shares of Issuer or Public Company;	
b) Commissioners and Directors who own shares of the Issuers or Public Company; and	
c) groups of public shareholders, or groups of shareholders, each with less than 5% (five percent) ownership shares of the Issuers or Public Company;	
12) number of shareholders and ownership percentage at the end of the fiscal year, based on:	136-139
a) ownership of local institutions;	
b) ownership of foreign institutions;	
c) ownership of local individual; and	
d) ownership of foreign individual;	
13) information on major shareholders and controlling shareholders the Issuers of Public Company, directly or indirectly, and also individual shareholder, presented in the form of scheme or diagram;	346
14) name of subsidiaries, associated companies, joint venture controlled by Issuers or Public Company, with entity, percentage of stock ownership, line of business, total assets and operating status of the Issuers of Public Company (if any);	139
For subsidiaries, include the addresses of the said subsidiaries;	
15) chronology of share listing, number of shares, par value, and bid price from the beginning of listing up to the end of the financial year, and name of Stock Exchange where the Issuers of Public Company shares are listed;	140
16) chronology of securities listing in addition to the said security in point 15), which at least should contain the name of the Securities, year of issuance, date of maturity, bid price, and rating of the securities (if any);	141-143
17) name and address of capital market supporting institutions and/or professionals;	144
18) in the event that the capital market supporting professionals provide services on a regular basis to the Issuer or the Public Company, then information on the services provided, fee and period of assignment should be disclosed; and	144
19) awards and/or certification of national and international scales bestowed on the Issuer or Public Company during the last fiscal year (if any), covering:	37-43
a) name of award and/or certification;	
b) organization/institution that gives the awards; and	
c) award/certificate validity period (if any);	
f. Management Discussion and Analysis	
Management Analysis and Discussion Annual should contain discussion and analysis on financial statements and other material information emphasizing material changes that occurred during the year under review, at least including:	
1) operational review per business segment, according to the type of industry of the Issuer or Public Company including:	164-181
a) production, including process, capacity, and growth;	
b) income/sales; and	
c) profitability;	
2) comprehensive financial performance analysis which includes a comparison between the financial performance of the last 2 (two) fiscal years, and explanation on the causes and effects of such changes, among others concerning:	188-204
a. current assets, non-current assets, and total assets;	
b) short term liabilities, long term liabilities, total liabilities;	
c) equities;	
d) sales/operating revenues, expenses and profit (loss), other comprehensive revenues, and total comprehensive profit (loss); and	
e) cash flows;	

Description	Page
3) the capacity to pay debts by including the computation of relevant ratios;	206-208
4) accounts receivable collectability of the Issuer or Public Company, including the computation of the relevant ratios;	208-209
5) capital structure and management policies concerning capital structure, including the basis for determining the said policy;	210-212
6) discussion on material ties for the investment of capital goods, including the explanation on at least:	213
a) the purpose of such ties;	
b) source of funds expected to fulfill the said ties;	
c) currency of denomination; and	
d) steps taken by the Issuer of Public Company to protect the position of a related foreign currency against risks;	
7) discussion on investment of capital goods which was realized in the last fiscal year, at least include:	213
a) type of investment of capital goods;	
b) objective of the investment of capital goods; and	
c) value of the investment of capital goods;	
8) material Information and facts that occurring after the date of the accountant's report (if any);	213
9) information on the prospects of the Issuer or the Company in connection with industry,economy in general, accompanied with supporting quantitative data if there is a reliable data source;	232-239
10) comparison between target/projection at beginning of year and result (realization), concerning:	214-215
a) income/sales;	
b) profit (loss);	
c) capital structure; or	
d) others that deemed necessary for the Issuer or Public Company;	
11) target/projection at most for the next one year of the Issuer or Public Company, concerning:	214-215
a) income/sales;	
b) profit (loss);	
c) capital structure; or	
d) dividend policy;	
e) or others that deemed necessary for the Issuer or Public Company;	
12) marketing aspects of the company's products and/or services the Issuer or Public Company, among others marketing strategy and market share;	182-187
13) description regarding the dividend policy during the last 2 (two) fiscal years, at least:	217
a) dividend policy;	
b) the date of the payment of cash dividend and/or date of distribution of non-cash dividend;	
c) amount of cash per share (cash and/or non cash); and	
d) amount of dividend per year paid;	
14) use of proceeds from Public Offerings, under the condition of:	220
a) during the year under review, on which the Issuer has the obligation to report the realization of the use of proceeds, then the realization of the cumulative use of proceeds until the year end should be disclosed; and	
b) in the event that there were changes in the use of proceeds as stipulated in the Regulation of the Financial Services Authority on the Report of the Utilization of Proceeds from Public Offering, then Issuer should explain the said changes;	
15) material information (if any), among others concerning investment, expansion, divestment, acquisition, debt/capital restructuring, transactions with related parties and transactions with conflict of interest that occurred during the year under review, among others include:	226
a) transaction date, value, and object;	
b) name of transacting parties;	
c) nature of related parties (if any);	
d) description of the fairness of the transaction; and	
e) compliance with related rules and regulations;	



Description	Page
16) changes in regulation which have a significant effect on the Issuer or Public Company and impacts on the company (if any); and	
17) changes in the accounting policy, rationale and impact on the financial statement (if any);	
g. Corporate Governance of the Issuer or Public Company	
Corporate Governance of the Issuer or Public Company contains at least:	
1) the Board of Directors, covering:	336-346, 362-376, 383-392
a) the tasks and responsibilities of each member of the Board of Directors;	
b) statement that the Board of Directors has already have board manual or charter;	
c) procedure, legal basis, structure, and amount of remuneration of each member of the Board of Directors, relation between remuneration and performance of the Issuer or Public Company;	
d) the policies and the frequency of the meeting of the Board of Directors, including the joint meeting with Board of Commissioners, and attendance of member of the Board of Directors in the said meeting;	
e) information on the resolution from the AGM of the previous 1 (one) year, covering:	
(1) AGM resolutions that were realized during the fiscal year; and	
(2) explanation for the unrealized resolution;	
f) information regarding the AGM resolution in the year under review, including:	
(1) AGM resolutions that were realized during the fiscal year; and	
(2) explanation for the unrealized resolution;	
g) assessment on the performance of the committee under the Board of Directors;	
2) the Board of Commissioners, among others include:	347-359
a) duties and responsibilities of the Board of Commissioners;	
b) statement that the Board of Commissioner has already have the board manual or charter;	
c) procedure, legal basis, structure, and amount of remuneration for each member of Board of Commissioners;	
d) policies and frequency of meeting of the Board of Commissioners, including meeting with the Board of Directors, and attendance of each member of the Board of Commissioners in the said meetings;	
e) policies of the Issuer or Public Company regarding the assessment on the performance of the Board of Directors and Board of Commissioners and the implementation, at least covering:	
(1) procedure for the implementation of performance assessment;	
(2) criteria for assessment; and	
(3) assessor;	
f) assessment on the performance of the committees under the Board of Commissioners; and	
g) in the event that the Board of Commissioners does not establish the Nomination and Remuneration Committee, than should contain at least:	
(1) reason not to establish the committee; and	
(2) procedure of nomination and remuneration performed in the year under review;	
3) Sharia Supervisory Board, for Issuer or Public Company that conduct business based on sharia law, as stipulated in the articles of association, at least containing:	537-540
a) name;	
b) duty and responsibility of Sharia Supervisory Board; and	
c) frequency and procedure in providing advice and suggestion, as well as the compliance of Sharia Principles by the Issuer or Public Company in the Capital Market;	
4) Audit Committee, among others covering:	413-421
a) name and position in the committee;	
b) age;	
c) citizenship;	
d) education background;	
e) history of position; including:	
(1) legal basis for the appointment as member of the committee;	
(2) dual position, as member of Board of Commissioners, member of Board of Directors, and/or member of committee, and other position (if any); and	
(3) working experience and period in and outside the Issuer or Public Company;	

Description	Page
f) period and terms of office of the member of Audit Committee;	
g) statement of independence of the Audit Committee;	
h) policies and implementation of the frequency of meeting of the Audit Committee and attendance of member of Audit Committee;	
i) education and/or training during the year under review (if any); and	
j) the activities of the Audit Committee in the year under review, in accordance with the Audit Committee Charter;	
5) other committee of the Issuer or the Public Company formed to support the function and duty of the Board of Directors and/or the Board of Commissioners, such as Nomination and Remuneration Committee, containing:	421-446
a) name and position in the Committee;	
b) age;	
c) citizenship;	
d) education background;	
e) history of position, including:	
(1) legal basis for the appointment as member of the committee;	
(2) dual position, as member of Board of Commissioners, member of Board of Directors, and/or member of committee, and other position (if any); and	
(3) working experience and period in and outside the Issuer or Public Company;	
f) period and terms of office of the member of Audit Committee;	
g) description of duty and responsibility;	
h) statement that the Committee has already have the Charter;	
i) statement of independence of the Committee;	
j) policies and frequency of meeting of the committee, and attendance of each member of the committee in the said meetings;	
k) education and/or training during the year under review (if any); and	
l) brief description on the activities of the committee;	
6) Corporate Secretary, including:	455-461
a) name;	
b) domicile;	
c) history of position, including:	
(1) legal basis for the appointment as Corporate Secretary; and	
(2) working experience and period in and outside the Issuer or Public Company;	
d) education background;	
e) education and/or training during the year under review; and	
f) brief description on the implementation of duties of the Corporate Secretary in the year under review;	
7) Internal Audit Unit, among others including:	471-481
a) name of Head of Internal Audit Unit;	
b) history of position, including:	
(1) legal basis for the appointment as Head of Internal Audit Unit; and	
(2) working experience and period in and outside the Issuer or Public Company;	
c) qualification or certification as internal auditor (if any);	
d) education and/or training during the year under review;	
e) structure and position of Internal Audit Unit;	
f) description of duties and responsibilities;	
g) statement that the Internal Audit Unit has already have Internal Audit Unit charter; and	
h) brief description on the implementation of duty of Internal Audit Unit during the year under review;	
8) description on internal control system adopted by the Issuer or Public Company, at least covering:	504-507
a) financial and operational control, and compliance to the other prevailing rules; and	
b) review on the effectiveness of internal control systems;	

Description	Page
9) risk management system implemented by the company, at least includes:	240-274, 485-503
a) general description about the company's risk management system the Issuer or Public Company;	
b) types of risk and the management; and	
c) review the effectiveness of the risk management system applied by the Issuer or Public Company;	
10) important cases faced by the Issuer or Public Company, subsidiaries, current members of the Board of Commissioners and the Board of Directors, among others include:	508
a) substance of the case/claim;	
b) status of settlement of case/claim; and	
c) potential impacts on the condition of the Issuer or Public Company;	
11) information about administrative sanctions imposed to Issuer or Public Company, members of the Board of Commissioners and the Board of Directors, by the Capital Market Authority and other authorities during the last fiscal year (if any);	509
12) information about codes of conduct of the Issuer or Public Company, includes:	517-519
a) key points of the code of conduct;	
b) socialization of the code of conduct and enforcement; and	
c) statement that the code of conduct is applicable for the Board of Commissioners, the Board of Directors, and employees of the Issuer of Public Company;	
13) information about corporate culture (if any) of the Issuer or Public Company;	520-521
14) description of employee or management stock ownership program of the Issuer or Public Company, among others contains:	217-219
a) number of share and/or option;	
b) period;	
c) requirement for eligible employee and/or management; and	
d) exercised price;	
15) description of whistleblowing system at the Issuer or Public Company (if any), among others include:	531-534
a) mechanism for violation reporting;	
b) protection for the whistleblower;	
c) handling of violation reports;	
d) unit responsible for handling of violation report; and	
e) results from violation report handling, at least includes:	
(1) number of complaints received and processed during the fiscal year; and	
(2) follow up of complaints;	
16) implementation of the Guidelines of Corporate Governance for Public Companies for Issuer issuing Equity-based Securities or Public Company, including:	320-324
a) statement regarding recommendation that have been implemented; and/or	
b) description of recommendation that have not been implemented, along with the reason and alternatives of implementation (if any);	
h. Social and Environmental Responsibility of the Issuer or Public Company	
1) Information on social and environmental responsibility of the Issuer or Public Company that covers policies, types of programs, and cost, among others related to:	
a) environment, among others:	570-575
(1) the use of environmentally friendly and recyclable materials and energy;	
(2) the waste treatment systems of the Issuer or Public Company;	
(3) mechanism for filling complaint on environmental issues; and	
(4) environmental certifications;	

Description	Page
b) employment practices, occupational health and safety, among others:	576-582
(1) gender equality and equal work opportunity;	
(2) work and safety facilities;	
(3) employee turnover;	
(4) work incident rate;	
(5) education and/or training;	
(6) remuneration; and	
(7) mechanism for filling complaint on employment issues;	
c) social and community development, among others:	584-591
(1) the use of local work force;	
(2) empowerment of local communities among others through the use of raw material produced by the community or by providing education;	
(3) improvement of public social facilities and infrastructure;	
(4) other form of donation; and	
(5) dissemination of the policies and procedures of anti-corruption at the Issuers or Public Company, and training on anti-corruption (if any);	
d) products and/or services responsibilities, among others:	592-597
(1) consumers' health and safety;	
(2) products and/or services information; and	
(3) facilities, number, and resolution of consumer complaint.	
2) In the event that the Issuer or the Public Company imparts information on social and environmental responsibility as referred to in point 1) in separate report such corporate social and environmental responsibility report, or sustainability report, then the Issuers or the Public Company is excluded from disclosing information on social and environmental responsibility in Annual Report; and	√
3) The said report in point 2) should be submitted to the Financial Service Authority along with the Annual Report;	√
i. Audited Annual Financial Statement	
Financial Statements included in Annual Report should be prepared in accordance with the Financial Accounting Standards in Indonesia and audited by an Accountant. The said financial statement should be included with statement of responsibility for financial report as stipulated in the legislations in the Capital Markets sector governing the responsibility of the Board of Directors on the financial report or the legislations in the Capital Markets sector governing the periodic reports of securities company in the event the Issuer is a Securities Company; and	√
j. Letter of Statement of the Board of Directors and the Board of Commissioners regarding the Responsibility for Annual Reporting	
Letter of statement of the Board of Directors and the Board of Commissioners regarding the responsibility for Annual Reporting should be prepared according to the format of letter of statement of member of Board of Directors and the Board of Commissioners regarding the responsibility for Annual Reporting as attached in the Attachment, which is an integral part of this Circulation Letter of the Financial Services Authority.	√

# ANNUAL REPORT AWARD CRITERIA 2018

Criteria and Explanations		Page
<b>I. General</b>		
1.	The Annual Report shall be written in good and correct Indonesian, and is recommended to be presented in English	√
2.	The Annual Report shall be printed with good quality using readable type and size of fonts	√
3.	The Annual Report shall present clear identity of the company Company name and the annual report financial year shall be presented on: a. Front Cover; b. Side Cover; c. Back Cover; and d. Every page	√
4.	The Annual Report shall be posted in the company's website  Including the latest annual report as well as those for the last four years, at least.	√
<b>II. Key Financial Highlights</b>		
1.	Income statement in comparison for 3 (three) financial years or since the commencement of business if the company has been running its business activities for less than 3 (three) years  Information contains the following: a. Income; b. Profit (loss): • Attributable to equity holders of the parent entity; and • Attributable to non controlling interest; c. Total comprehensive profit (loss): • Attributable to equity holders of the parent entity; and • Attributable to non controlling interest; d. Earning (loss) per share.  Note: If the company does not have subsidiaries, the profit (loss) and other comprehensive income is presented in total.	18, 20, 22
2.	Financial position in comparison for 3 (three) financial years or since the commencement of business if the company has been running its business activities for less than 3 (three) years  Information contains the following: a. Total investment on associates; b. Total assets c. Total liabilities; and d. Total equity.	18, 19-20
3.	Financial ratio in comparison for 3 (three) financial years or since the commencement of business if the company has been running its business activities for less than 3 (three) years  Information covers 5 (five) financial ratios, which are generally applied and relevant to the company's industry.	19
4.	Share price information in tables and charts a. Number of shares outstanding; b. The table forms contain the following information: • Market capitalization based on share price on the Stock Exchange where the shares are listed; • Highest, lowest and closing share price based on share price on the Stock Exchange where the shares are listed; and • Trading volume of shares on the Stock Exchange where the shares are listed. c. The graph forms contain at least the following information: • The closing price of shares based on share price on the Stock Exchange where the shares are listed; and • Trading volume of shares on the Stock Exchange where the shares are listed  For each quarter in the latest 2 (two) financial years.  Note: Should be disclosed if the company does not have market capitalization, share price, and share trading volume.	24-28

Criteria and Explanations		Page
5.	<p>Information regarding outstanding bonds, sukuk or convertible bonds, in 2 (two) latest financial years</p> <p>Information contains:</p> <ol style="list-style-type: none"> <li>Number of outstanding bonds, sukuk or convertible bonds;</li> <li>Interest rate/yield;</li> <li>Maturity date; and</li> <li>Rating of bonds/sukuk in 2015 and 2016.</li> </ol> <p>Note: Should be disclosed if the company does not have outstanding bonds, sukuk or convertible bonds.</p>	28-29
<b>III. Board of Commissioners and Board of Directors' Report</b>		
1.	<p>Board of Commissioners' Report</p> <p>Contain the following:</p> <ol style="list-style-type: none"> <li>Assessment on the performance of the Board of Directors in managing the company and the basis for such evaluation;</li> <li>Views on the business prospects of the company as prepared by the Board of Directors and the basis for such consideration;</li> <li>Views on the implementation/management of the company's whistleblowing system (WBS), and the role of the Board of Commissioners in the WBS; and</li> <li>Changes in the composition of the Board of Commissioners (if any) and the reason for such changes.</li> </ol>	47-51
2.	<p>Board of Directors' report</p> <p>Contain the following:</p> <ol style="list-style-type: none"> <li>Analysis of the company's performance, covering among others: <ul style="list-style-type: none"> <li>strategic policies;</li> <li>comparison between targets and achievements; and</li> <li>challenges faced by the company and initiatives to deal with those challenges;</li> </ul> </li> <li>Analysis on business prospects;</li> <li>Developments in the implementation of GCG during the fiscal year; and</li> <li>Changes in the composition of the Board of Directors (if any) and the reason for such changes.</li> </ol>	53-65
3	<p>Signatures of members of the Board of Commissioners and Board of Directors</p> <p>Contain the following:</p> <ol style="list-style-type: none"> <li>Signatures on a separate page;</li> <li>Statement of responsibility of the Board of Commissioners and Board of Directors for the accuracy of the contents of the Annual Report;</li> <li>Signed by all members of the Board of Commissioners and Board of Directors by stating their names and position; and</li> <li>Written explanation in separate letter from the person(s) concerned in the event that member(s) of Board of Commissioners or Board of Directors fail to sign the annual report; or: written explanation in separate letter from other member(s) in the event that there is no written explanation from the person(s) concerned.</li> </ol>	66-67
<b>IV. Company Profile</b>		
1.	<p>Name and complete address of the company</p> <p>Information contains, among others, name and address, post code, telephone number, fax, email and website.</p>	70-71
2.	<p>Brief history of the company</p> <p>Contain among others: date/year of establishment, name of the company, change of name (if any), and effective date of the change of name.</p> <p>Note: to be disclosed if the company never had a change of name</p>	70-75
3.	<p>Line of business</p> <p>Description of, among others:</p> <ol style="list-style-type: none"> <li>The line of business as stated in the latest Articles of Association;</li> <li>Business activities; and</li> <li>Product and/or services offered.</li> </ol>	82-99
4	<p>Organization structure</p> <p>Diagram of organization structure, containing name and position of personnel up to one level below Director, at least</p>	100-101
5.	<p>Vision, Mission and Corporate Culture</p> <p>Covers:</p> <ol style="list-style-type: none"> <li>Vision;</li> <li>Mission;</li> <li>Statement that the vision and mission have been reviewed and approved by the Board of Commissioners/Directors in the fiscal year; and</li> <li>Statement on the corporate culture.</li> </ol>	76-78



Criteria and Explanations	Page
<p>6. Profiles of members of the Board of Commissioners</p> <p>Contain information on:</p> <ol style="list-style-type: none"> <li>Name;</li> <li>Position and period in position (including position(s) held at other company/institution);</li> <li>Age;</li> <li>Domicile;</li> <li>Education (study field and education institution);</li> <li>Work experience (position, company, and period in position); and</li> <li>History of assignments (period and position) as member of the Board of Commissioners at the company since the first appointment.</li> </ol>	104-112
<p>7. Profiles of members of the Board of Directors</p> <p>Contain information on:</p> <ol style="list-style-type: none"> <li>Name;</li> <li>Position and period in position (including position(s) held at other company/institution);</li> <li>Age;</li> <li>Domicile;</li> <li>Education (study field and education institution);</li> <li>Work experience (position, company, and period in position); and</li> <li>History of assignments (period and position) as member of the Board of Directors at the company since the first appointment.</li> </ol>	118-126
<p>8. Total number of employees (comparative for 2 years) and data on employee competence development programs reflecting equal opportunities for each level of the organization</p> <p>Information contains, among others:</p> <ol style="list-style-type: none"> <li>Number of employees at each level of the organization;</li> <li>Number of employees by education;</li> <li>Number of employees by employment status;</li> <li>Data on employee competence development programs during the fiscal year, concerning position of participants, type of training, and purpose of training; and</li> <li>The costs of employee competence development programs in the fiscal year.</li> </ol>	132-135
<p>9. Shareholders composition</p> <p>Covering among others:</p> <ol style="list-style-type: none"> <li>Names of the 20 largest shareholders and their shareholding percentage;</li> <li>Details of shareholders and shareholding percentage: <ul style="list-style-type: none"> <li>Names of shareholders with 5% or more shareholding; and</li> <li>Group of public shareholders with individual shareholding of less than 5% each.</li> </ul> </li> <li>Names of Director and Commissioner with direct or indirect share-ownership and the percentage of such shareholding.</li> </ol> <p>Note: should be disclosed if the Director and Commissioner does not own shares, directly or indirectly.</p>	136-139
<p>10. List of subsidiaries and/or associated entities</p> <p>In table form, containing:</p> <ol style="list-style-type: none"> <li>Name of subsidiary and/or associated entity;</li> <li>Share-ownership percentage;</li> <li>Line of business of subsidiary and/or associated entity; and</li> <li>Operational status of subsidiary and/or associated entity (in commercial operation/not yet in commercial operation).</li> </ol>	139
<p>11. Corporate group structure</p> <p>Diagram of corporate group structure involving relationship of the parent company, subsidiary, associated entity, joint venture, and special purpose vehicle (SPV).</p>	136
<p>12. Chronology of share listing (including private placement) and/or share listing from the share issuance up to the end of the fiscal year</p> <p>Covers, among others:</p> <ol style="list-style-type: none"> <li>Year of share issuance, number of shares issued, par value, and share offer price, for each separate corporate action;</li> <li>Total number of shares outstanding following the corporate action; and</li> <li>The stock exchange where the shares are listed.</li> </ol> <p>Note: should be disclosed if the company does not have a chronology of share listing.</p>	140

Criteria and Explanations		Page
13.	<p>Chronology of other securities issuance and/or listing from the time of issuance up until the end of the fiscal year</p> <p>Covers, among others:</p> <ol style="list-style-type: none"> <li>Name of security instrument, year of issuance, interest rate/yield of securities, and maturity date;</li> <li>Offering price of other securities;</li> <li>The stock exchange where the securities are listed; and</li> <li>Rating of securities.</li> </ol> <p>Note: should be disclosed if the company does not have chronology of other securities issuance/listing</p>	140-143
14.	<p>Name and address of supporting institutions and/or professionals</p> <p>Covers, among others:</p> <ol style="list-style-type: none"> <li>Name and address of the company's Share Registrar;</li> <li>Name and address of Public Accountant Firm; and</li> <li>Name and address of rating agencies.</li> </ol>	144
15.	<p>Awards received during the fiscal year, or valid certification in the fiscal year, at both national and international levels</p> <p>Covers, among others:</p> <ol style="list-style-type: none"> <li>Name of award and/or certification;</li> <li>Year received/issued;</li> <li>Name of institution that issued the award/certification; and</li> <li>Validity period (certification).</li> </ol>	37-43
16.	<p>Name and address of subsidiaries and/or branch offices or representative offices (if any)</p> <p>Covers information on:</p> <ol style="list-style-type: none"> <li>Name and address of subsidiaries; and</li> <li>Name and address of branch/representative office.</li> </ol> <p>Note: should be disclosed if the company does not have a subsidiary, branch office or representative office.</p>	150-154
17.	<p>Information in the corporate website</p> <p>Covers at the very least:</p> <ol style="list-style-type: none"> <li>Information of shareholders up to the individual ultimate shareholder;</li> <li>Contents of the Code of Conduct;</li> <li>Information on the General Meeting of Shareholders (GMS), covering at least agenda of the GMS, summary of GMS resolutions, and information of pertinent dates, namely the dates of GMS announcement, GMS invitation, GMS event, and announcement of summary GMS resolutions;</li> <li>Annual financial statements (last 5 years);</li> <li>Profiles of the Board of Commissioners and Directors; and</li> <li>Board manual/Charter of the BoC, BoD, Committees and Internal Audit Unit.</li> </ol>	145-146
18.	<p>Training and education for Board of Commissioners, Board of Directors, Committees, Corporate Secretary, and Internal Audit Unit</p> <p>Cover at least information of type of training and participant of:</p> <ol style="list-style-type: none"> <li>Training and/or education for Board of Commissioners;</li> <li>Training and/or education for Board of Directors;</li> <li>Training and/or education for Audit Committee;</li> <li>Training and/or education for Nomination and Remuneration Committee;</li> <li>Training and/or education for other Committee(s);</li> <li>Training and/or education for Corporate Secretary; and</li> <li>Training and/or education for Internal Audit Unit.</li> </ol> <p>During the fiscal year.</p> <p>Note: should be disclosed if there are no training and/or education during the fiscal year</p>	104-112, 118-126, 132
V.	Management Discussion and Analysis on the Company Performance	
1.	<p>Operation review per business segment</p> <p>Includes analysis on:</p> <ol style="list-style-type: none"> <li>Elaboration on each business segment.</li> <li>Performance of each business segment, among others: <ul style="list-style-type: none"> <li>Production;</li> <li>Increase/Decrease of production capacity;</li> <li>Sales/income; and</li> <li>Profitability.</li> </ul> </li> </ol>	164-181

Criteria and Explanations	Page
<p>2. Description on the Company's financial performance</p> <p>An analysis comparing the performance of the current year and that of the previous year (in the form of narration and tables) and the reasons for the increase/decrease of the accounts, including in:</p> <ul style="list-style-type: none"> <li>a. Current assets, non-current assets, and total assets;</li> <li>b. Short-term liabilities, long-term liabilities, and total liabilities;</li> <li>c. Equity;</li> <li>d. Sales/operating revenues, expenses, Profit (Loss), other comprehensive income, comprehensive income for the current year; and</li> <li>e. Cash flows.</li> </ul>	188-204
<p>3. Discussion and analysis on solvability and level of the company receivables collectibility, by presenting relevant ratio calculation in line with the company's type of industry</p> <p>Explanation on:</p> <ul style="list-style-type: none"> <li>a. Solvability, both short term and long term; and</li> <li>b. Level of receivables collectibility.</li> </ul>	206-209
<p>4. Discussion on capital structure, and management policy on capital structure</p> <p>Explanation of:</p> <ul style="list-style-type: none"> <li>a. Details of capital structure comprising of interest-bearing debts/sukuk and equity;</li> <li>b. Capital structure policies; and</li> <li>c. Basis for the determination of capital structure policies.</li> </ul>	210-212
<p>5. Discussion on material commitments of capital investments (instead of funding commitments) in the last fiscal year</p> <p>Explanation on:</p> <ul style="list-style-type: none"> <li>a. Parties in the commitments;</li> <li>b. Objectives of the commitments;</li> <li>c. Sources of funds to meet the commitments;</li> <li>d. Denomination currency of commitments; and</li> <li>e. Initiatives taken to mitigate exchange rate risk.</li> </ul> <p>Note: should be disclosed if the company does not have any material commitment for capital investments in the fiscal year.</p>	213
<p>6. Discussion on capital investment realized at the latest financial year</p> <p>Explanation on:</p> <ul style="list-style-type: none"> <li>a. Type of capital investment;</li> <li>b. Objectives of capital investment; and</li> <li>c. Nominal value of capital investment realized in the last fiscal year.</li> </ul> <p>Note: should be disclosed if there are no capital investment.</p>	213
<p>7. Information on the comparison between initial target at the beginning of financial year and the realization and target or projection for the next year concerning income, profit, capital structure, and others considered significant target for the company.</p> <p>Contain information on:</p> <ul style="list-style-type: none"> <li>a. Comparison of targets at the beginning of fiscal year and achievements; and</li> <li>b. Targets or projections set for the next 1 (one) year.</li> </ul>	214-215
<p>8. Information and material facts following the date of accounting report (Subsequent events)</p> <p>Description of significant events following the date of accounting report including its impact on business risk and performance in the future.</p> <p>Note: should be disclosed if there are no subsequent events.</p>	213
<p>9. Business prospects</p> <p>Description on business prospects related to the general industry and economy including quantitative supporting data from reliable resources</p>	232-239
<p>10. Marketing aspects</p> <p>Description on marketing aspects of the company's products and/or services, among others marketing strategy and market shares</p>	182-187

Criteria and Explanations		Page
11.	<p>Description on dividend policy and total cash dividend per share and total dividend per year that are published or disbursed during last 2 (two) financial years</p> <p>Contain information on:</p> <ol style="list-style-type: none"> <li>Dividend payout policy;</li> <li>Total dividend disbursement;</li> <li>Total cash dividend per share;</li> <li>Payout ratio; and</li> <li>Announcement date and cash dividend payout for each year.</li> </ol> <p>Note: To disclose if there are no dividend disbursement and its reasons.</p>	217
12.	<p>Employee/Management Share Ownership Program (ESOP/MSOP) still ongoing in the fiscal year</p> <p>Contain information on:</p> <ol style="list-style-type: none"> <li>Number of ESOP/MSOP shares and its execution;</li> <li>Period;</li> <li>Eligible employee/management; and</li> <li>Exercise price.</li> </ol> <p>Note: should be disclosed if there are no such programs</p>	217-219
13.	<p>Realization of initial public offering proceeds (in the event of the company is obligated to submit the report)</p> <p>Covers the following:</p> <ol style="list-style-type: none"> <li>Total proceeds;</li> <li>Proceeds utilization plan;</li> <li>Proceeds utilization details;</li> <li>Proceeds balance; and</li> <li>The date of GMS/GMB resolution on the change of proceeds utilization (if any).</li> </ol> <p>Note: should be disclosed if there are no such information of realization of proceeds of public offering.</p>	220
14.	<p>Material transaction information with conflict of interest and/or transaction with related parties</p> <p>Covers the following:</p> <ol style="list-style-type: none"> <li>Name of transacting parties and the nature of related parties;</li> <li>Description of the transaction fairness;</li> <li>Transaction background;</li> <li>Transaction realization at the last financial year;</li> <li>Company policy related with transaction review mechanism; and</li> <li>Compliance to relevant regulations and provisions.</li> </ol> <p>Note: To disclose if there are no transactions.</p>	221-226
15.	<p>Description on changes in laws and regulations during the fiscal year that impacted on the company</p> <p>Covers information on:</p> <ol style="list-style-type: none"> <li>Name of regulations; and</li> <li>The impact (quantitative and/or qualitative) on the company, or statement of the insignificant impact</li> </ol> <p>Note: To disclose if there are no changes in the laws and regulations that have significant impacts</p>	227
16.	<p>Description on the changes in accounting policy implemented by the company at the last financial year</p> <p>Descriptions include among others:</p> <ol style="list-style-type: none"> <li>Changes in accounting policy;</li> <li>Reasons for the change; and</li> <li>Quantitative impact on the financial statements</li> </ol> <p>Note: To disclose if there are no changes in accounting policies during the fiscal year</p>	227-229
17.	<p>Information on business continuity</p> <p>Disclosures on:</p> <ol style="list-style-type: none"> <li>Significant issues on the company business continuity at the last financial year;</li> <li>Management assessment on point 1; and</li> <li>Assumption implemented by the management in conducting the assessment.</li> </ol> <p>Note: if there are no issues that potentially have significant influences to the company's business continuity at the last financial year, to disclose the basis of management assumption in ensuring that there are no issues that potentially have significant influences to the company's business continuity at the last financial year.</p>	230-231

Criteria and Explanations		Page
<b>VI. Good Corporate Governance</b>		
1. Description on the Board of Commissioners		347-359
Covers the following: a. Board of Commissioners responsibilities; b. Assessment of performance of committees under the Board and the basis for such assessment; and c. Board Charter disclosures (Board of Commissioners work guidelines and procedures)		
2. Independent Commissioners (at least 30% of the total personnel of the Board of Commissioners)		360-361
Covers the following: a. Assignment criteria of Independent Commissioners; and b. Independency statement of each Independent Commissioner.		
3. Description on the Board of Directors		362-376
Covers information on, among others: a. Duties and responsibilities of each member of the Board of Directors; b. Assessment of performance of committees under the Board (if any); and c. Board Charter disclosures (Board of Directors work guidelines and procedures)		
4. GCG implementation assessment for 2015, at least for aspects of the Board of Commissioners and/or Board of Directors		325-332
Covers the following: a. Assessment criteria; b. Assessor; c. Assessment score on each criteria; d. Recommendations on results of assessment; and e. Reasons for the delay or non implementation of such recommendations.  Note: should be disclosed if there are no GCG assessment for fiscal 2015.		
5. Description of the remuneration policy for the Board of Commissioners and Board of Directors		383-392
Covers the following: a. Disclosure of procedure for the proposal and determination of remuneration for the Board of Commissioners; b. Disclosure of procedure for the proposal and determination of remuneration for the Board of Directors; c. Remuneration structure showing the remuneration components and amounts per component for each member of the Board of Commissioners; d. Remuneration structure showing the remuneration components and amounts per component for each member of the Board of Directors; e. Disclosure of indicators for the remuneration of the Board of Directors; and f. Disclosure of performance bonus, non-performance bonus, and/or share option received by each members of the Board of Commissioners and Directors (if any).  Note: should be disclosed if there are no performance bonus, non-performance bonus, and/or share option received by each members of the Board of Commissioners and Directors.		
6. Meeting frequency and attendance of Board of Commissioners (at least once in 2 months), Board of Directors (at least once in a month), and joint meetings of BoC and BoD (at least once in 4 months)		393-410
Covers among others: a. Date; b. Attendance; and c. Agenda. Of each of the meetings of BoC, BoD and Joint Meetings of BoC and BoD.		
7. Information on majority and controlling shareholders, direct or indirect, up to the ultimate individual shareholder		346
Diagram with separate illustration for majority shareholders and controlling shareholders  Note: majority shareholders are parties that own, directly or indirectly, at least 20% of the voting rights of the total share with voting rights issued by the company, but is not the controlling shareholder		

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<p>8. Disclosure of affiliation between members of the Board of Directors, Board of Commissioners and Majority/Controlling Shareholders</p> <p>Covers, among others:</p> <ul style="list-style-type: none"> <li>a. Affiliation between a member of the Board of Directors with fellow members of the Board of Directors;</li> <li>b. Affiliation between a member of the Board of Directors with members of the Board of Commissioners;</li> <li>c. Affiliation between a member of the Board of Directors with Majority and/or Controlling Shareholder;</li> <li>d. Affiliation between a member of the Board of Commissioners with fellow members of the Board of Commissioners; and</li> <li>e. Affiliation between a member of the Board of Commissioners with Majority and/or Controlling Shareholder.</li> </ul> <p>Note: should be disclosed if there are no affiliation relationship</p>	377-378
<p>9. Audit Committee</p> <p>Includes the following:</p> <ul style="list-style-type: none"> <li>a. Name, position and tenure of audit committee members;</li> <li>b. Education qualifications (study field and institution) and work experience (position, company and tenure) of audit committee members;</li> <li>c. Independency of audit committee members;</li> <li>d. Duties and responsibilities;</li> <li>e. Brief report of audit committee activity; and</li> <li>f. Meeting frequency and attendance of audit committee.</li> </ul>	413-421
<p>10. Nomination and/or Remuneration Committee</p> <p>Includes the following:</p> <ul style="list-style-type: none"> <li>a. Name, position and brief profiles of members of the Nomination and/or Remuneration Committee;</li> <li>b. Independency of Nomination and/or Remuneration Committee;</li> <li>c. Duties and responsibilities ;</li> <li>d. Brief report of committee activity in the fiscal year;</li> <li>e. Meeting frequency and attendance;</li> <li>f. Statement of committee charter; and</li> <li>g. Policies on Director succession.</li> </ul>	429-446
<p>11. Other committees under the Board of Commissioners</p> <p>Includes the following:</p> <ul style="list-style-type: none"> <li>a. Name, position and brief profile of members of committee;</li> <li>b. Independency of committee;</li> <li>c. Duties and responsibilities ;</li> <li>d. Committee activity in the fiscal year; and</li> <li>e. Committee meeting frequency and attendance.</li> </ul>	421-428
<p>12. Description of duties and functions of Corporate Secretary</p> <p>Information on, among others:</p> <ul style="list-style-type: none"> <li>a. Name and brief work experience of Corporate Secretary;</li> <li>b. Domicile;</li> <li>c. Duties and responsibilities; and</li> <li>d. Report of activities of Corporate Secretary in the fiscal year.</li> </ul>	455-461
<p>13. Description on Internal Audit Unit</p> <p>Includes the following:</p> <ul style="list-style-type: none"> <li>a. Name of internal audit unit head;</li> <li>b. Total employees (internal auditors) in internal audit unit;</li> <li>c. Certification on internal audit profession;</li> <li>d. Internal audit unit composition in the company's structure;</li> <li>e. Brief report on internal audit unit activity implementation; and</li> <li>f. The parties responsible to appoint/terminate the internal audit unit head.</li> </ul>	471-481
<p>14. Public Accountant</p> <p>Includes the following:</p> <ul style="list-style-type: none"> <li>a. Name and year of public accountant that audits the annual financial statements in the last 5 years;</li> <li>b. Name and year of Public Accountant Firm that audits the annual financial statements in the last 5 years;</li> <li>c. The amount of fee for each service provided by public accountant at the last financial year; and</li> <li>d. Other services provided by the accountant apart from the audit service of annual financial statements at the last financial year.</li> </ul> <p>Note: to disclose if there are no other services rendered</p>	482-484



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<p>15. Description on risk management of the company</p> <p>Includes the following:</p> <ul style="list-style-type: none"> <li>a. Explanation on risk management system implemented by the company;</li> <li>b. Explanation on risk management system effectiveness evaluation;</li> <li>c. Explanation on risks faced by the company; and</li> <li>d. Risk mitigation.</li> </ul>	240-274, 485-503
<p>16. Description of internal control system</p> <p>Includes the following:</p> <ul style="list-style-type: none"> <li>a. Brief explanation on internal control system, among others on financial and operational control;</li> <li>b. Explanation on internal control system alignment with international standard framework (COSO – internal control framework); and</li> <li>c. Explanation on internal control system effectiveness evaluation.</li> </ul>	504-507
<p>17. Description of corporate social responsibility related to organizational governance of social responsibility:</p> <ul style="list-style-type: none"> <li>a. Information on Company's commitment to social responsibility;</li> <li>b. Information on methods and scope of due diligence on the social, economic and environmental impacts of Company's activities;</li> <li>c. Information on significant stakeholders that are impacted by, or having an influence to the impact of, the Company's activities;</li> <li>d. Information on significant social, economic and environmental issues related to impact of the Company's activities;</li> <li>e. Information on the scope of the Company's corporate social responsibility, both obligatory as well as beyond obligatory;</li> <li>f. Information on the Company's strategy and work programs in the management of social, economic and environmental issues, as a form of stakeholder engagement and in creating value for stakeholders and shareholders;</li> <li>g. Information on programs that are beyond the minimum obligatory level for the Company as relevant with its business activities;</li> <li>h. Information on the funding and budgeting of social responsibility programs.</li> </ul>	561-566
<p>18. Description of corporate social responsibility related to core subject - Human Rights:</p> <ul style="list-style-type: none"> <li>a. Information on commitment and policies related to social responsibility core subject - Human Rights;</li> <li>b. Information on Company's definition on the scope of social responsibility core subject - Human Rights;</li> <li>c. Information on the planning of CSR initiatives in the area of Human Rights;</li> <li>d. Information on the execution of CSR initiatives in the area of Human Rights;</li> <li>e. Information on achievements and awards for CSR initiatives in the area of Human Rights.</li> </ul>	568-569
<p>19. Description of corporate social responsibility related to core subject - fair operating practices:</p> <ul style="list-style-type: none"> <li>a. Information on commitment and policies related to social responsibility core subject - fair operating practices;</li> <li>b. Information on Company's definition on the scope of social responsibility core subject - fair operating practices;</li> <li>c. Information on the planning of CSR initiatives related to fair operating practices;</li> <li>d. Information on the execution of CSR initiatives related to fair operating practices;</li> <li>e. Information on achievements and awards for CSR initiatives related to fair operating practices.</li> </ul>	569
<p>20. Description of corporate social responsibility related to the environment:</p> <ul style="list-style-type: none"> <li>a. Information on commitment and policies on environment;</li> <li>b. Information on significant environmental impact and risks, both directly or indirectly related to the Company;</li> <li>c. Information on 2018 activity target/plan established by the Management;</li> <li>d. Information on environment-related activities or programs undertaken as related to the Company's operational activities;</li> <li>e. Information on the execution of CSR initiatives related to the environment;</li> <li>f. Information on the quantitative impact or achievement of such CSR initiatives, such as the use of environmental-friendly and recyclable material and energy, waste processing system, mechanism for environment-related complaints, consideration of environmental aspects in the granting of credit to creditors, and others.</li> <li>g. Environment-related certification.</li> </ul>	570-575
<p>21. Description of corporate social responsibility related to labor practices, covering information on, among others:</p> <ul style="list-style-type: none"> <li>a. Commitment and policies on social responsibility core subject - labor practices;</li> <li>b. Information on scope and definition of social responsibility related to labor practices;</li> <li>c. Information on 2018 activity target/plan established by the Management;</li> <li>d. Information on initiatives undertaken and the quantitative impact of such initiatives;</li> <li>e. Information related to labor practices and work health and safety, such as gender equality and equal work opportunity, work health and safety equipment, employee turnover rate, work accident rate, employee remuneration, mechanism for labor-related complaints, and others.</li> </ul>	576-582
<p>22. Description of corporate social responsibility related to consumer issues, covering among others:</p> <ul style="list-style-type: none"> <li>a. Information on 2018 activity target/plan established by the Management;</li> <li>b. Initiatives undertaken and the impact of such initiatives;</li> <li>c. Information related to product stewardship, such as consumer health and safety issues, product information, mechanism, number and resolution of consumer complaints, and others.</li> </ul>	592-597

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<p>23. Description of corporate social responsibility related to community involvement and development, covering among others:</p> <ul style="list-style-type: none"> <li>a. Commitment and policies on social responsibility core subject - community involvement and development;</li> <li>b. Information on social issues relevant to the Company;</li> <li>c. Information on social risks managed by the Company;</li> <li>d. Information on scope and definition of social responsibility related to community involvement and development;</li> <li>e. Information on 2018 activity target/plan established by the Management;</li> <li>f. Initiatives undertaken and the impact of such initiatives;</li> <li>g. Budget spent;</li> <li>h. Information related to community involvement and development, such as use of local workers, empowerment of surrounding communities, improvement of public facilities or infrastructure, other forms of donations, communications on anti-corruption policies and procedures, training on anti-corruption, and others.</li> </ul>	584-591
<p>24. Significant litigation currently faced by the company, subsidiaries, and members of the Board of Commissioners and Board of Directors that served the position at the annual report period</p> <p>Includes the following:</p> <ul style="list-style-type: none"> <li>a. The principal litigation/claims;</li> <li>b. Settlement status of litigation/claims;</li> <li>c. Impact to the company's condition; and</li> <li>d. Administration sanctions charged to the company, members of the Board of Commissioners and Board of Directors, by relevant authorities (capital market, banking and others) at the last fiscal year (or a statement of no administration sanction being charged)</li> </ul> <p>Note: To disclose in the event of no litigation</p>	508-509
<p>25. Access to company information and data</p> <p>Description on the availability of company information and data for public access, including dissemination through company website (in Bahasa and English), mass media, mailing list, bulletin, analyst gatherings, and others).</p>	509-516
<p>26. Discussion on code of conduct</p> <p>Includes the following:</p> <ul style="list-style-type: none"> <li>a. Contents of Code of Conduct;</li> <li>b. Disclosure of code of conduct application in all level of organization;</li> <li>c. Code of conduct dissemination;</li> <li>d. Sanctions on code of conduct violations; and</li> <li>e. Number of violation and sanction in the last fiscal year.</li> </ul> <p>Note: should be disclosed if there are no violations of code of conduct in the last fiscal year.</p>	517-519
<p>27. Disclosure on whistleblowing system</p> <p>Includes the following mechanism of whistleblowing system:</p> <ul style="list-style-type: none"> <li>a. Violations report submission;</li> <li>b. Whistleblowers protection;</li> <li>c. Claims handling;</li> <li>d. Claims managers; and</li> <li>e. Total claims registered; and</li> <li>f. Sanctions/report processed at the last fiscal year including its follow up measures.</li> </ul> <p>Note: should be disclosed if there is no report and follow up action in the last fiscal year.</p>	531-534
<p>28. Diversity of the Board of Commissioners and Board of Directors Composition</p> <p>Description of written policy regarding diversity of the Board of Commissioners and Board of Directors composition regarding education, work experience, age, and gender</p> <p>Note: to disclose the reasons and considerations, if there is no policy applied</p>	379-382

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<b>VII. Financial Information</b>		
1. Board of Directors and/or Board of Commissioners' Statements regarding the Responsibility for the Financial Statements Conformity with related regulations regarding the Financial Statements Responsibility		602
2. Independent auditor opinion on financial statements		604-605
3. Independent Auditor Description in the Opinion  Description contains the following: a. Name & signatures; b. Audit Report date; and c. License of Public Accountant Firm and license of Public Accountant		604-605
4. Comprehensive financial statements  Comprehensively covers the financial statements elements: a. Statements of financial position; b. Statements of comprehensive income and other comprehensive income; c. Statements of changes in equity; d. Statements of cash flows; e. Notes to financial statements; f. Comparative information on previous periods; and g. Statements of financial position at the beginning of previous periods upon the application of retrospective accounting policy by the entity or representation of financial statements postings, or reclassifications of postings in the financial statements (if relevant).		606-846
5. Profitability level comparison Comparison of current profit (loss) with the previous year		613-614
6. Statements of Cash Flows  Conformity to the following provisions: a. Grouping into three category of activities of operations, investment, and financing; b. Direct method application in the statements of cash flows from operations activity; c. Separation of presentation between cash in and or cash out during current year in the operation, investment and financing activities; d. Disclosure of non cash transaction shall be stated in the notes to financial statements.		617-619
7. Summary of accounting policies  Including at least: a. Compliance statement to SAK; b. Basis of measurement and formulation of financial statements; c. Recognition of income and expense; d. Employee benefits; and e. Financial instrument.		631-679
8. Disclosure of related parties transactions  The disclosures includes: a. Name of related parties, and the nature and relationship with related parties; b. Transaction values and its percentage to total income and expense; and c. Total balance and its percentage to total assets or liabilities.		788-800
9. Disclosure related to taxes  The disclosures shall includes: a. Fiscal reconciliation and current tax expense calculation; b. Explanation of relationship between tax expenses (income) and accounting profit; c. Statement that Taxable Income as a result of reconciliation is use as the basis in completing the 2016 Annual corporate income tax return; d. The details of deferred tax assets and liabilities recognized in the financial position statements for every presentation period, and total deferred tax expenses (income) recognized in the income statements if the total are not visible from the total deferred tax assets or liabilities recognized in the financial position statements; and e. Disclosure of availability or un-availability of tax disputes.		770-779

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10.	<p>Disclosure related to fixed assets</p> <p>The disclosures shall includes:</p> <ul style="list-style-type: none"> <li>a. Used depreciation method;</li> <li>b. Description on accounting policies selected between revaluation model and cost model;</li> <li>c. Significant methods and assumptions used in estimation of fixed assets fair value (for revaluation model) or disclosure of fixed assets fair value (for cost model); and</li> <li>d. Reconciliation of gross total recorded and accumulation of fixed assets depreciation at the beginning and end of period by presenting: addition, deduction and reclassification.</li> </ul>	724-726
11	<p>Disclosure related to operations segments</p> <p>The disclosures shall includes:</p> <ul style="list-style-type: none"> <li>a. General information covering factors used to identify reported segments;</li> <li>b. Information on segment's reported profit loss, assets, and liabilities;</li> <li>c. Reconciliation of segment's total revenues, segment's reported profit loss, segment's assets, segment's liabilities, and segment's other material elements to related total in entity; and</li> <li>d. Disclosure of entity level, which covers information on products and/or services, geographic areas and main customers.</li> </ul>	724
12.	<p>Disclosure related to Financial Instruments</p> <p>The disclosures shall includes:</p> <ul style="list-style-type: none"> <li>a. Accounting requirements, conditions and policies for every financial instruments group;</li> <li>b. Financial instrument classification;</li> <li>c. Fair value of every financial instrument group;</li> <li>d. Risk management objectives and policies;</li> <li>e. Explanation on risks related to financial instrument: market risk, credit risk and liquidity risk; and</li> <li>f. Risk analysis related to financial instrument in quantitative way.</li> </ul>	784, 826, 837-838
13.	<p>Financial statements publication</p> <p>The disclosures includes:</p> <ul style="list-style-type: none"> <li>a. Date of financial statements authorized for publication; and</li> <li>b. Parties responsible to authorize the financial statements.</li> </ul>	605

# ASEAN CORPORATE GOVERNANCE SCORECARD (ACGS) CRITERIA

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A.4	Markets for corporate control must be permitted to function efficiently and transparently.	334
A.5	The exercise of ownership rights by all shareholders, including institutional investors, must be facilitated.	336-339
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<b>Part C Role of Stakeholders</b>		
C.1	The rights of stakeholders that are established by law or through mutual agreements are to be respected.	59
C.2	Where the interests of stakeholders are protected by law, stakeholders must receive effective compensation for any violations of their rights.	535, 561, 563-564, 595
C.3	Mechanisms for employee participation should be permitted to develop.	279-281, 284-289 568-569, 576-579,
C.4	Stakeholders including individual employees and their representative bodies, should be able to freely communicate their concerns regarding illegal or unethical practices to the Board and their rights should not be compromised for doing this.	290-291, 568-569, 579
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(B)C.1.1.	The Company has adopted an international based Sustainability Report framework (such as the GRI, Integrated Reporting, SASB).	548
(B)D.1.1.	The issuance period of the Audited Financial Statements is within 60 days from the end of the Financial Year.	550
(B)E.2.2.	The Company has aligned its nomination process with the existing strategy map.	435, 443-446
(B)E.6.1.	The Company has in place a Risk Oversight Committee that is separate from the Board of Commissioners.	421-428



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# 2018

Annual Report

PREPARING FOR **DIGITAL ECOSYSTEMS**  
THROUGH TRANSFORMATION TO SUPPORT  
**SUSTAINABLE BUSINESS**

**2018**  
Annual Report  
PT Bank Tabungan Negara (Persero) Tbk

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THROUGH TRANSFORMATION TO SUPPORT  
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**Bank  BTN**

Sahabat Keluarga Indonesia

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