



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, outcoming 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"> 1. General Provisions; 2. Audit Committee Meetings; 3. The purpose and objectives; 4. Reporting Committee; 5. The duties and responsibilities and authority of the Audit Committee 6. Term of Office; 7. The obligations of the Committee; 8. Increased Professionalism of Audit Committee Members and Use of Supporting Personnel; 	<ol style="list-style-type: none"> 9. Information Access and Confidentiality; 10. Committee Budget; 11. Structure, Appointment and Dismissal of the Committee; 12. Income of Committee Members; 13. Requirements for Committee Members; 14. Closing 15. Procedures and Working Procedures of the Committee
--	---

In full, the Audit Committee Charter can be retrieved from the Company's website (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.