



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 tantiem 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
Tantiem		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

REMUNERATION GOVERNANCE

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