

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, of which the application 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:

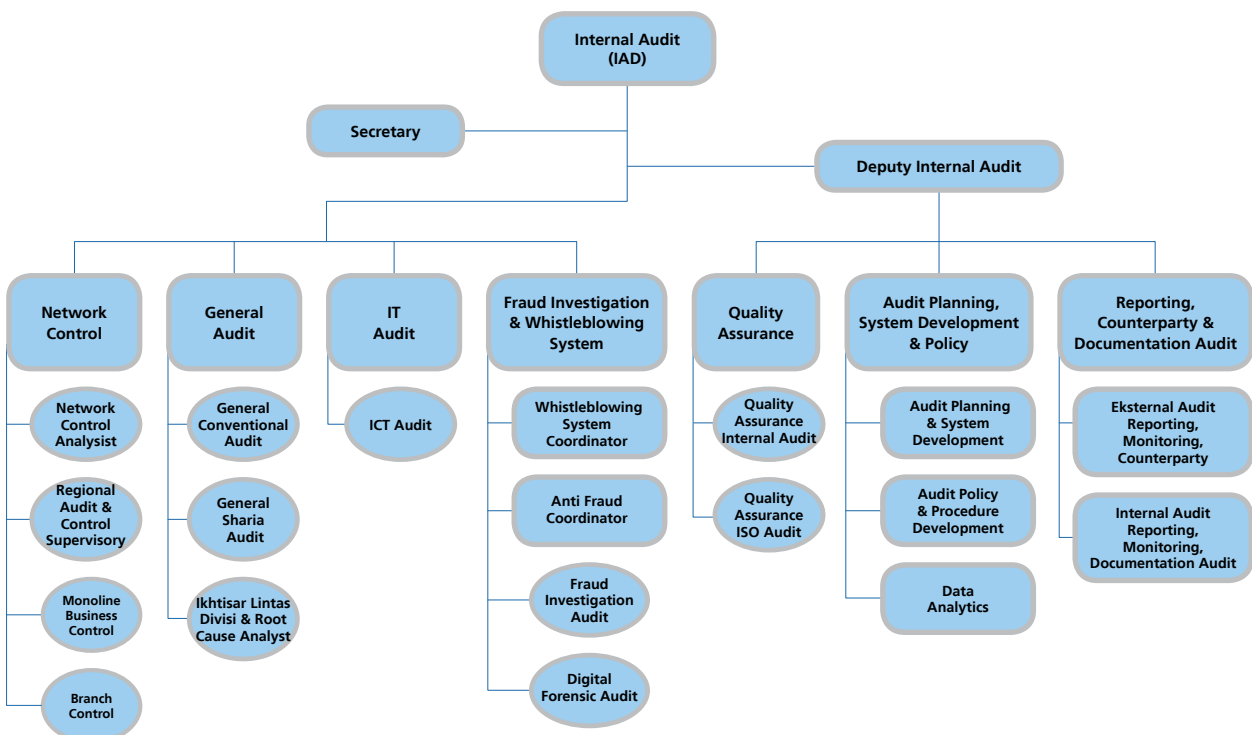
- Receive proposals for the agenda and materials that will be decided at the Board of Directors' meetings and Joint meetings between the Board of Directors and the Board of Commissioners from the Division/Desk/other Work Units.

- 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.
- Prepare Minutes of Meeting of the Board of Directors meetings, which are then signed by all members of the Board of Directors in attendance.
- Administering the minutes of the Board of Directors Meeting. Delivering the decisions of the Board of Directors Meeting and the Board of Commissioners to the related Divisions/Desks/work units for immediate follow-up. During 2020, The Company has held 272 (two hundred and seventy two) meetings of the Board of Directors and 18 (eighteen) meetings of the Board of Commissioners with the Board of Directors and 3 (three) meetings of the Board of Directors with the Board of Commissioners.

Internal Audit Function

The internal audit function was a strategic business partner for management in optimizing the implementation of the Company's GCG, risk management and providing independent and objective assurance and input regarding the Company's internal control. The internal audit function was carried out by the Internal Audit Division (IAD) through an evaluation process based on an objective risk-based audit and consulting services, especially those concerning the improvement and refinement of risk management, control and governance processes. This function was carried out through a proactive, enthusiastic and dynamic approach, communicating effectively, oriented to business and stakeholders, understanding the root of the problem and areas with high risk, emphasizing findings on quality, and recommending practical and workable.

Organizational Structure of The Internal Audit Division



The Function of The Internal Audit in The Organization Structure

The position of the Internal Audit Division (IAD) as executor of the internal audit function is under the supervision of the President Director as determined based on the Decree of the Board of Directors No. 01/DIR/PPBD/2020 dated May 26, 2020 concerning the Organizational Structure of the Head Office and Regional Offices of PT Bank Tabungan Negara (Persero) Tbk. and updated through Circular No. 36/SE/DIR/TPMD/2020 regarding Special Decree of Pilot Project Branch Control, Monoline Business Control, Regional Audit & Control Supervisory in Internal Audit Division and Regional Compliance in Compliance & Governance Division. In addition, the position of the internal audit function is also explained in the Internal Audit Charter which is regulated in the Board of Commissioners' Joint Decree (SKB) No. 01/DEKOM-BTN/2019 and the Board of Directors No. 01/DIR-BTN/2019 dated 29 May

2019 concerning the Internal Audit Charter of PT Bank Tabungan Negara (Persero) Tbk., In Chapter II Article 3 Structure and Position of IAD Article 3, namely:

1. Article 3 Paragraph (1) stated that it was an Internal Audit Work Unit (SKAI) within a Bank organization whose position was directly under the President Director.
2. Article 3 Paragraph (2) stated that the IAD as referred to in Article 3 paragraph (1) was led by a Division Head who was directly responsible to the President Director.
3. Article 3 Paragraph (3) stated that the Head of IAD as referred to in Article 3 paragraph 2 was appointed and dismissed by the President Director after obtaining approval from the Board of Commissioners by considering the recommendations of the Audit Committee and reported to the Financial Services Authority.

Profile of The Internal Audit Division's Head

The current Head of Internal Audit Division is Mr. Hertanta, who served effectively since March 8, 2019 based on the Decree of the Board of Directors No. 227/DIR/2019 dated March 1, 2019 concerning the Head of the Internal Audit Unit of PT Bank Tabungan Negara (Persero) Tbk., and obtained the approval of the Board of Commissioners based on the letter of the Commissioner of PT Bank Tabungan Negara No.11/KOM/BTN/II/2019 dated February 26, 2019 regarding Approval of the Proposed Appointment of the Head of the Internal Audit Division (IAD)/Head of the Internal Audit Work Unit (SKAI).



Hertanta

Internal Audit Division Head



Domicile

Jakarta



Date of birth

Yogyakarta, January 19, 1965



Age

55 years old



Citizenship

Indonesia



Educational background

- Bachelor of Social and Technology/Agribusiness, IPB Bogor (1988)
- MBA Preparatory University of Arkansas Collaboration Program, The Economics Institute and the Institute for State Administration (LAN) (1997)
- Master of Financial Management, UNPAD Bandung (2005)



Position History

Starting his career at Bank BTN since 1991, and has served as:

- Enterprise Risk Management Division Head (2015 - 2017).
- Commercial Risk Division Head (2017- 2018).
- Human Capital Strategy Division Head (2018-2019).
- Internal Audit Division Head from 2019 to Now.



Training and Certification

He participated in a number of trainings, certifications and seminars including: GRC Risk Management Certification held by the Banker Association for Risk Management (BARa) in Bandung in 2015, School of Staff and Bank Leadership Class 65 organized by the Indonesian Banking Development Institute (LPPI) in Jakarta in 2016, the Basic Certification for Pension Funds organized by the Pension Fund Professional Certification Institute in Jakarta in 2018, the National Internal Audit Seminar organized by the Internal Audit Education Foundation (YPIA) in Palembang and Bali in 2019, the 2019 ECIAA Conference in Luxembourg in 2019, the level 5 UKMR Certification organized by the Banking Professional Certification Institute in Jakarta in 2019, the Audit Standards Workshop and Professional Code of Ethics held by YPIA in Jakarta in 2020, ISO 37001: 2016 Anti-Bribery Management System held by PT. Integra Solusi Optima in Jakarta (through online media) in 2020, PSAK 71 training held by the LPPI in Jakarta (via online media) in 2020, Certification in Audit Committee Practices (CACP) education held by the Indonesian Audit Committee Association in Jakarta (via online media) in 2020, the 2013 COSO-based Internal Control Workshop held by YPIA in Jakarta (via online media) in 2020, The Role of Internal Audit in Assessing Risk Management Workshop held by YPIA in Jakarta (via online media) in 2020.

Program for Enhancing The Competency of Internal Audit Division

The Internal Audit Division competency improvement program has been presented in the Company Profile Chapter in this Annual Report.

The Parties That Appointed and Dismissed The Head of The Internal Audit Division

The parties involved in the process of appointing or dismissing the Head of the Internal Audit Division are the President Director, the Board of Commissioners and the Financial Services Authority as regulators. The process of appointment or dismissal involved several of these parties is as follows:

1. The Main Board of Directors conducted fit and proper tests on candidates for Head of Internal Audit Division.
2. Directors submitted a request for approval of the appointment/dismissal of the Head of the Internal Audit Division to the Board of Commissioners.
3. The Board of Commissioners approved or did not approve the appointment/dismissal of the Head of the Internal Audit Division.
4. The Board of Commissioners and the Board of Directors submit reported on the appointment/dismissal of the head of the Internal Audit Division to the Financial Services Authority as the regulator.

Internal Audit Charter

The Internal Audit Division had been equipped with a Work Manual called the Internal Audit Charter (Audit Charter) which had been compiled since 2002 and was updated and finalized based on the Joint Decree (SKB) of the Board of Commissioners Number 01/DEKOM-BTN/2019 and the Board of Directors Number 01/DIR-BTN/2019 dated May 29, 2019 concerning the Internal Audit Charter of PT. BTN (Persero) Tbk. The Internal Audit Charter is also the basis for the existence, implementation of supervisory duties and responsibilities for 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. Duties and Responsibilities, as well as Authority.
4. Independency and Prohibition of Concurrent Internal Audit Duties and Positions.
5. Code of Conducts and Internal Auditor Professional Standards Requirements.
6. Use of External Party Services in Conducting Internal Audit.
7. Relationship of Internal Audit Unit with External Auditors Legal Expert.
8. Others.

Internal Auditor 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 Company's management within the framework of implementing Good and Sound Corporate Governance with the following duties:

1. Assisting the President Director and the Board of Commissioners' with their supervisory duties by outlining operational aspects of planning, implementation and monitoring of audit findings.
2. Building analyzes and assessment on the fields of Finance, Accounting, Operations and other activities through On-Site Audits and Off-Site Monitoring, including conducting management Audits of all the Company's Work Units.
3. Identifying all potential likelihoods in order to improve the efficiency of the use of resources and fund.
4. Providing suggestions for improving and sharing objective information regarding the Audited activities across all levels of management.
5. Preparing and implementing an Annual Internal Audit plan.

Authority of Internal Audit

In order to realize the vision and in order to carry out the mission, functions and duties of the audit, the IAD has the authority to:

1. Access all relevant information about the Company related to its duties and functions.
2. Communicate directly with the Board of Directors, Board of Commissioners and/or Audit Committee as well as members of the Board of Directors, Board of Commissioners and Audit Committee and Sharia Supervisory Board.
3. Hold regular and incidental meetings with the Board of Directors, the Board of Commissioners and/or the Audit Committee as well as the Sharia Supervisory Board in connection with the implementation of their duties and functions.
4. Coordinate activities with the activities of external auditors.
5. Attend strategic meetings.

Scope of Internal Audit Implementation

Dalam Peraturan Direksi No.09/PD/DAI/2008 tanggal 30 April 2008 perihal Kebijakan Audit Intern PT Bank In the Board of Directors' Regulation No. 09/PD/DAI/ 2008 dated April 30, 2008 concerning PT Bank Tabungan Negara (Persero) Tbk's Internal Audit Policy in Chapter III Audit Scope and Methodology Point 3.1 The Scope of Audit Work stipulates that basically its scope must be able to provide certainty that:

1. The risk management system functions effectively
2. The internal control system functions efficiently and effectively
3. The governance process functions effectively through setting values and goals/targets, monitoring activities and performance, and defining accountability measures.

These activities are conducted through the audit process as follows:

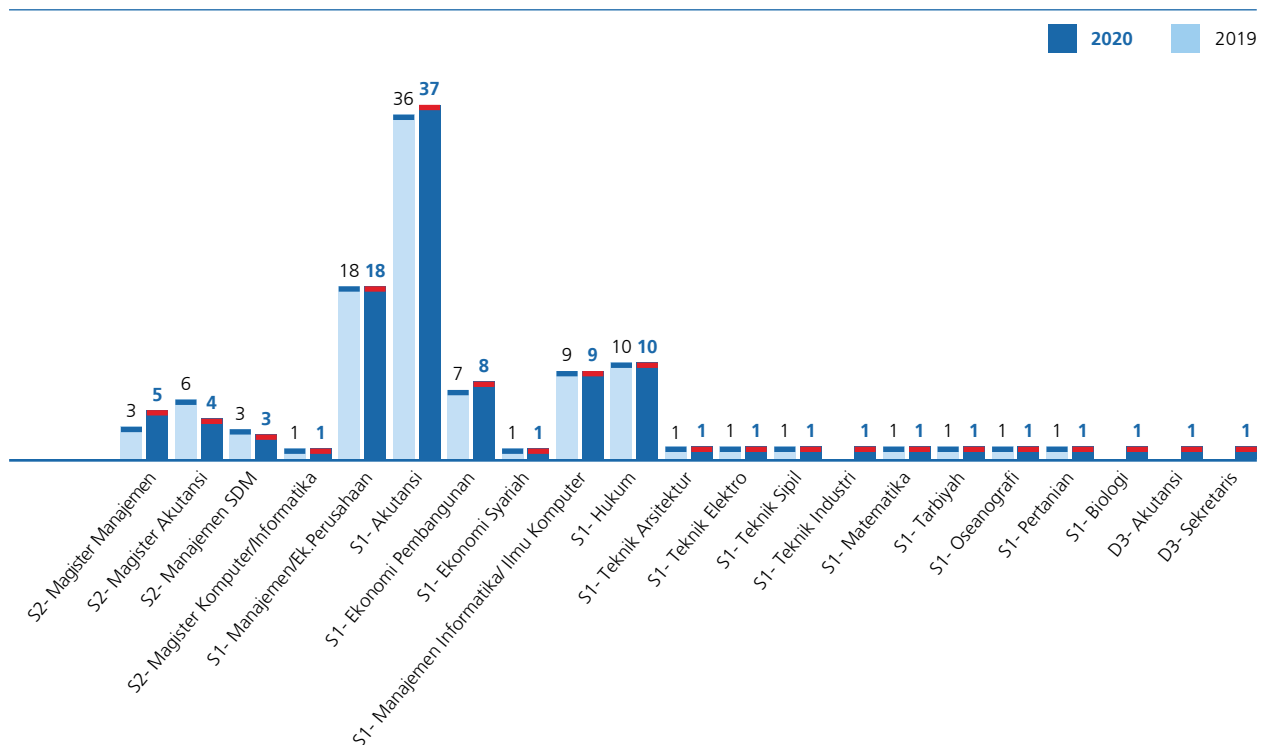
1. General Audit which focuses on Financial Aspects, Conformity Aspects and Operational Aspects.
2. Information System Technology Audit which includes risk evaluation and control in the Technology and Information Systems (TIS) environment.
3. Special Audits focused on deviations/violations of conformity, indications of fraud.

Composition of Personnel Internal Audit Division

The Company paid close attention to the adequacy of the composition of the Internal Audit Division personnel in supporting the implementation of its duties, both in terms of the number of job qualifications to competence. There were 107 (one hundred and seven) Internal Audit Division personnel led by 1 (one) Division Head and assisted by 1 (one) Secretary, 1 (one) Deputy Division Head, 15 (fifteen) people in the Network Control Department, 51 (fifty one) people at the General Audit Department, 9 (nine) people at the IT Audit Department, 13 (thirteen) people at the Fraud Investigation & Whistleblowing System Department, 6 (six) people at the Quality Assurance Department, 5 (five) people in the Audit Planning, System Development & Policy Department, and 6 (six) people in the Reporting, Counterparty & Documentation Audit Department.

The composition of the Internal Audit Division personnel based on formal education can be seen in the following graph:

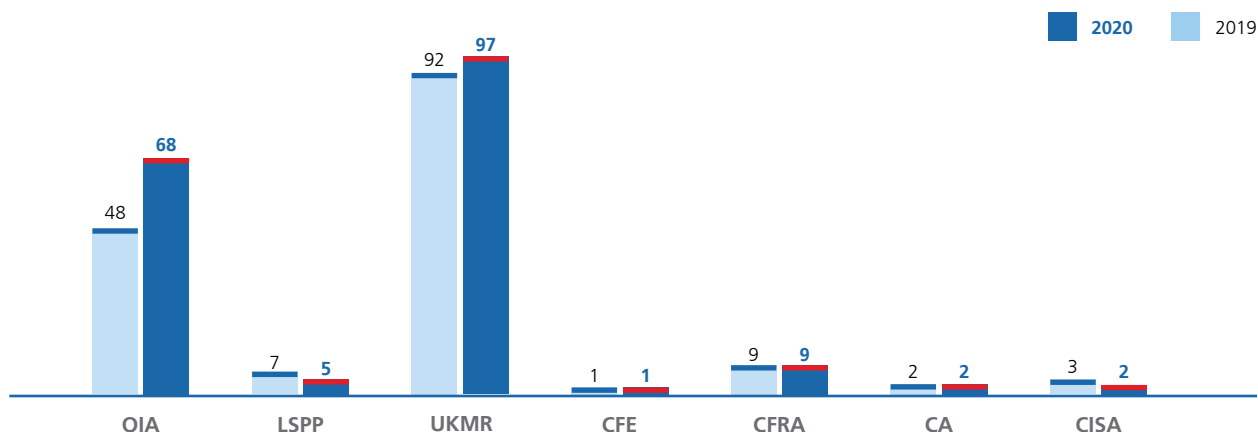
Composition of Internal Audit Division Personnel Based on Education



Internal Audit Division Personnel Profession Certification

In 2020, Internal Audit personnel who have 68 (sixty eight) people received QIA (Qualified Internal Audit) certification, 5 (five) LSPP/Banking Professional Certification Institutions (certifying auditor competence for auditor to assessor level), 5 (five) people, UKMR (Risk Management Competency Test) as many as 97 (ninety-seven people, 1 (one) CFE (Certified Fraud Examiner), 9 (nine) CFrA (Certified Forensic Auditor), 2 (two) CA (Certified Accountant), and CISA (Certified Information Systems) Auditor) as many as 2 (two) persons.

Internal Audit Personnel Certification



Description : QIA (Qualified Internal Audit), LSPP/Banking Professional Certification Institute (certifying auditor competence for auditor to assessor level), UKMR (Risk Management Competency Test), CFE (Certified Fraud Examiner), CFRA (Certified Forensic Auditor), CA (Certified Accountant) and CISA (Certified Information Systems Auditor).

Participation In The Internal Audit Professional Association

In expanding the insight and professional competence of the Internal Auditors, the Internal Audit Organization of the Bank has participated by involving its auditors in various internal audit professional organizations, including as management, members and participation in the activities of the internal audit profession association as follows:

a. Communication Forum of Internal Oversight Unit (FKSPI) - BUMN/BUMD

Involving IAD members as administrators and members and actively participating either as participants or organizing committees in events initiated by the Internal Control Unit Communication Forum.

b. Bank Indonesia Internal Auditor Association (IAIB)

The Company's Internal Audit also includes its Auditors as members and management in the activities of the Banking Internal Auditor Professional Association. All Bank Internal Auditors have been registered as members of the Company Internal Auditor Association (IAIB). In developing and enhancing insights, the Leaders and Auditors of IAD always participate in benchmarking discussion meetings and best practice development workshops held by the IAIB forum. Workshop and benchmarking material in the IAIB forum includes material for the managerial level management of the Internal Audit function for the leaders of the Chief Auditor Executive (CAE) of IADs as well as for the Auditor level in the form of audit techniques, methodologies and system audits and ICT

Audit held through discussion forums and workshops with the auditors of other banks which are members of the Internal Audit Benchmarking Association that are held through this IAIB initiative.

c. Indonesia Internal Audit Association (PAII) and Indonesia Accountants Association (IAI)

Some members of the Internal Auditor have also become members of the Indonesia Internal Audit Association (PAII) & the Indonesia Accountants Association (IAI).

d. The Institute of Internal Auditor (IIA) and Association Certified Fraud Examiner (ACFE) – Indonesia Chapter

Furthermore, internal audit members are also encouraged to become members of The Institute of Internal Auditors (IIA) and the Association Certified Fraud Examiner (ACFE) -Indonesia Chapter.

Auditor Code of Conduct

The Internal Audit Code of Ethics became the norms and principles regarding appropriateness and appropriateness that had to be adhered to and implemented by internal audit, which at least included a code of ethics for the conduct of an internal audit as stipulated by the internal audit professional association in Indonesia or a code of conduct that was commonly applicable internationally. IAD's internal auditors are required to comply with the Internal Auditor Code of Ethics.

Brief Report on Internal Audit Activities In 2020

In 2020, the Internal Audit Division (IAD) has prepared an audit plan or work program and conducted audit activities in accordance with the plans that have been prepared. The Work Program plan includes the nature and scope of the audit, the risk assessment of the business process, the composition and number of audit team personnel, the standard effective audit working days, the length of time on the standard audit days, the need for the number of personnel and qualifications for IAD personnel, the conditions for personnel qualifications IAD, risk assessment and IAD personnel development.

Internal Audit Work Plan

The Internal Audit Division Work Plan is described in the Annual Audit Plan book with a work period of 1 (one) year. The Annual Audit Work Plan for the Internal Audit Division (IAD) for 2020 had been submitted to the President Director based on the IAD memo No.36/M/IAD/ASD/II/2020 dated February 7, 2020 regarding the Submission of the Annual Audit Plan. 2020 and has been approved and signed by the Director. In addition, according to POJK Regulation No.1/POJK.03/2019 concerning the Implementation of the Internal Audit Function in Commercial Banks, the Annual Audit Plan has also been approved by the Board of Commissioners based on the letter of the Board of Commissioners No. 032/KOM/BTN/II/ 2020 dated February 27, 2020, planning for general audits (conventional and sharia), ICT audits, special audits and investigations and implementation of ISO 9001: 2015 audits scheduled as follows:

Internal Audit Work Program

Audit Objects	Total		Changing		Description
	2019	2020	+/-	%	
A. General Audit	141	124	-17	-12,06%	
B. ICT Audit	17	26	9	52,94%	
C. Special Audit and Investigation	0	0	0	0,00%	There was no scheduled planning for the implementation of a special audit/ investigation for the 2020 period, will follow the assignment of stakeholders and the whistleblowing system.
D. Internal Quality Audit (AMI) ISO 9001: 2015 Certification	22	21	-1	-4,55%	
Total Objects Audited	180	171	-9	-5,00%	

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 2019 with the details of Audit Objects as follows:

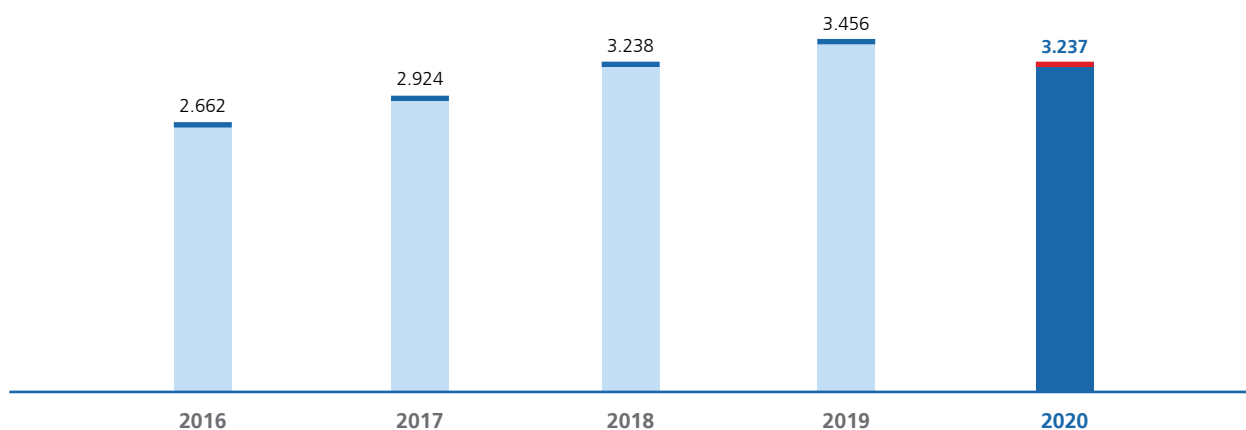
Internal Audit Work Program Accomplishment

No	Description	Goals	Realization	Realization
A	Audit Umum (General Audit)	124	124	100,00%
B	Audit ICT (Information & Communication Technology Audit)	26	30	115,38%
C	Audit Khusus & Investigasi	0	11	100,00%
D	Audit Mutu Internal (AMI) Sertifikasi ISO 9001:2008	21	25	119,05%
E	Surprise Audit	-	4	100,00%
	TOTAL	171	194	113,45%

Follow-Up on Audit Findings

Audit activities throughout 2020 resulted in 3.237 audit findings as presented in the audit findings chart for the following 5 (five) years:

Internal Audit Findings



Follow-up regarding Audit Findings performed by Auditees. The results of the follow-up are reported to the IAD Head 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 2020, follow-up on audit findings had been carried out both from the 2019 and 2020 audit results with the audit follow-up resumes presented in the following table:

Table of Follow Up of Audit Findings in Accordance with The Time Accomplishment

No	Audit Results	Number of Findings	Finished		Not finished			
			Total	%	Not yet due	%	Has Matured	%
A	2020							
	General Audit of KC	1.999	1.563	78,19%	409	20,46%	27	1,35%
	General Audit of KC Syariah	553	432	78,12%	121	21,88%	0	0,00%
	General Audit Divisions and Regional Offices	253	184	72,73%	58	22,92%	11	4,35%
	ICT Audit	432	351	81,25%	47	10,88%	34	7,87%
	TOTAL	3.237	2.530	78,16%	635	19,62%	72	2,22%
B	2019							
	General Audit of KC	2.097	2.097	100,00%	0	0,00%	0	0,00%
	General Audit of KC Syariah	565	565	100,00%	0	0,00%	0	0,00%
	General Audit Division	319	318	99,69%	0	0,00%	1	0,31%
	ICT Audit	475	475	100,00%	0	0,00%	0	0,00%
	TOTAL	3.456	3.455	99,97%	0	0,00%	1	0,03%

Internal Audit Assurance Review

The Company's Internal Audit is periodically reviewed to assess Compliance with the ISO 9001: 2015 quality standards every year, and in December 2017 the Internal Audit Division of the Company, succeeded in upgrading the ISO 9001: 2008 quality standards to ISO 9001: 2015.

Table of Implementation of Audit Surveillance for Certification of ISO 9001:2008 and ISO 9001:2015

No	External Audit	Year	Information
1.	Société Générale de Surveillance (PT SGS)	2015	Implementation of Surveillance Audit for ISO 9001: 2008 Certification by PT SGS External Audit
2.	Société Générale de Surveillance (PT SGS)	2016	Implementation of Surveillance Audit for ISO 9001: 2008 Certification by PT SGS External Audit
3.	Société Générale de Surveillance (PT SGS)	2017	Implementation of Surveillance Audit for ISO 9001: 2015 Certification by PT SGS External Audit
4.	Société Générale de Surveillance (PT SGS)	2018	Implementation of Surveillance Audits for ISO 9001: 2015 Certification by PT SGS External Audit
5.	Société Générale de Surveillance (PT SGS)	2019	Implementation of Surveillance Audits for ISO 9001: 2015 Certification by PT SGS External Audit
6.	Société Générale de Surveillance (PT SGS)	2020	Implementation of Surveillance Audits for ISO 9001: 2015 Certification by PT SGS External Audit

The review (assessment) to assess compliance with the internal audit charter regulations, standards and codes of conducts and the efficiency and effectiveness of the internal audit function in meeting the needs of various stakeholders based on best practice has been conducted by the independent assessor consultants at least every 3 (three) years with the following description:

Table of Independent Assessor Regarding Assessment on Audit Implementation

No	External Audit	Year	Information
1.	PT PricewaterhouseCoopers (PWC)	2015	Conducted a review on 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 on policy gap analysis, procedures and methodologies and conducted Audits of the SPFAIB best practices every 3 years by the External Auditors
3.	PT KPMG Sidharta Advisory	2020	Conducted a review on 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

The Company carried out a risk-based audit since 2004 which was later legalized and regulated in the Board of Directors Regulation No. 09/PD/DAI/2008 dated April 30, 2008 concerning the Company's Internal Audit Policy with the last amendment in PD No. 08/PD/IAD/2013 dated December 5, 2013. The policy regulates all forms of activities related to auditing and reporting of audit results aimed at ensuring a coordinated control structure at all levels of management. The audit activities and assessment of the internal control system were considered to have added value in efforts to improve the quality of the Company's management to create a healthy and developing bank that is reasonable, as well as the fulfillment of the interests of the Company and the public in proper fund management.

Risk Management Unit

The Enterprise Risk Management Division (ERMD) was a Risk Management Unit (SKMR) at the Company, led by a Division Head who reported directly to the Director of Enterprise Risk Management, Big Data & Analytics. The organizational structure of the Enterprise Risk Management Division consisted of the Market Risk Management Department, Credit Risk Management Department, Operational Risk Management Department, Integrated Risk Management Department and Quality Assurance.